ICICI Lombard

CORPORATE INDIA RISK INDEX

2024

Intelligence partner FROST & SULLIVAN

Navigating Risks, Powering India's Growth

SECTOR REPORT 2024

FMCG

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Preface

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

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

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

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

Executive Summary

In 2024, India's Fast-Moving Consumer Goods (FMCG) sector faced significant challenges but showed resilience in adapting to a rapidly changing landscape. Geopolitical tensions, logistical disruptions, and supply chain bottlenecks impacted the availability and cost of essential raw materials like edible oils and packaging materials. To mitigate these risks, FMCG companies embraced local sourcing, diversified suppliers, and leveraged AI-powered logistics to optimize operations. Inflationary pressures also weighed on the sector, with rising costs of key ingredients and fuel, prompting companies to introduce alternative formulations and invest in energy-efficient production methods to maintain profitability.

The shift in consumer preferences towards healthier, organic, and sustainable products was another key trend in 2024. As competition from Direct-to-Consumer (D2C) startups and e-commerce intensified, FMCG companies responded by launching organic, sugar-free, and eco-friendly offerings, while also focusing on digital engagement. Regulatory changes, such as stricter sustainability regulations and food labeling norms, required companies to adapt quickly, transitioning to recyclable packaging and enhancing product transparency to ensure compliance. Additionally, the sector faced cybersecurity risks as digital transformation increased, prompting businesses to invest in robust cyber defenses and AI-driven threat detection systems.

Despite these challenges, the FMCG sector in India demonstrated resilience by embracing innovation, sustainability, and digital transformation. Companies that adapted to changing consumer demands, regulatory shifts, and supply chain complexities were better positioned for long-term success. Moving forward, ongoing investments in AI, eco-friendly practices, and regulatory compliance will be essential for sustaining growth in the dynamic FMCG market.

Introduction

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

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

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

Market and Economic Risk

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

- **Inflation**: Inflation is the general increase in prices within the economy. The rising prices for businesses could result in bigger production spending and a fall in profitability. The companies should be attentive, acute, and responsive to changes in inflation to efficiently manage the prices of final products.
- **Taxation**: In a large democracy like India, complexity of multiple taxes (multiple taxes like GST, custom duties, central excise duty, etc.) is a major concern. The changing legislations, increased scrutiny by tax authorities and increasing public attention are together resulting in tax risks for organizations. There is, thus an increasing urgency for firms to manage their tax affairs efficiently to minimize tax risks.

- **Regulatory Risks**: Regulatory risk is the risk of changes in regulations and laws that might affect an industry or businesses. The regulatory changes can pertain to tariffs and trade policies, business laws pertaining to employment, minimum wage laws, financial regulation, Foreign Direct Investment etc.
- **Foreign Exchange Risk**: The exchange rate plays an important role for firms who export goods and import raw materials. The fluctuations in foreign exchange will have great impacts on the prices of traded goods. For example, if the currency depreciates (devaluation), the exporting firms will benefit. However, the firms importing raw materials will face higher costs on imports. The firms need to hedge their exposure to foreign exchange risks to insulate themselves from the impact from forex changes.
- **Geo-political Tension**: Geopolitical risk means the political and economic risks that are a potential threat to the financial and operational stability of companies.
- **Competitive risk**: Competitive risk is the risk associated with the fact that there are multiple companies competing in the market, each seeking to obtain the highest position and consumer ratings, to gain maximum benefits for themselves. The companies devise different strategies to garner a higher market share and acquire customers from competitors. Any failure in managing the competitive stand could lead to losses in business, thereby making marketing and competition a major risk in market.

Technology Risk

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

- **Innovation Risk / Obsolete Technology**: Innovation is the key to success in all the industries. Risk of redundancy and losing out to competition on account of poor R&D is a major concern.
- **Intellectual Property risk:** Dependence on trade secrets and unpatented proprietary know-how.
- **Disruptive Technologies:** These will fundamentally alter the financial prospects of the industry.
- **Data Compromise:** Hardware failure refers to malfunctions within the electronic circuits or electromechanical components (disks, tapes) of a computer system; Software failure refers to an operating system crash. Such failures lead to stoppage of entire computer or operating systems creating substantial losses to business.

Operational and Physical Risk

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

- **Critical Infrastructure Failure / Machine Breakdown:** Industries with a heavy dependence on machinery consider any rise in machinery breakdowns a hindrance to their businesses operations. An untimely equipment breakdown can bring businesses to a standstill or be the root cause for fires and explosions. Mostly, human errors and deferred maintenances are the major reasons for such breakdowns. The companies should actively invest in timely maintenance of all machineries.
- **Business Continuity / Sustainability:** Non adoption of Business Continuity/ Sustainability Plans and Lack of Internal Control tools would result in: Failure of businesses, Brand Equity / Loss of reputation, Financial Loss, Business model Failure, Ineffective engagement/communication with stakeholders, Losses in productivity, Lack of opportunity monitoring.
- **Supply chain risk:** Raw Material unavailability and Heavy Dependence on Global Supply Chains / Supplier concentration risk. Unavailability of raw materials owing to disruption in the supply chain or heavy dependency on one source (company/country) which is unable to supply owing to some geo- political tensions, fires, or any other incidents. Transportation is one of the key activities for companies making it an important risk to mitigate. The loss of goods in transit and spillage is one of the major concerns as it accounts for a sizeable loss of revenue to companies.
- **Commodity Price Risk - Volatility in prices of raw materials:** The fluctuations in raw material prices creating a margin pressure / top-line pressure in the scenario of rising input costs.
- **Portfolio Risk:** Loss of key customers, Customer concentration - Key customers accounting for a larger share of revenue, Over-dependence on suppliers, Business Model Risk: Transformative changes in business model, Tail Risks: Ability to overcome or manage extreme worst-case scenarios.
- **Environmental Hazard Risk:** Any environmental hazard having the potential to affect the surrounding environment.
- **Workplace Accident:** Fire and Explosion Hazards, Containment Incidents, Workplace Injuries
- **Human Resource:** Key person risk: This risk occurs when a business or business unit becomes heavily reliant on a key individual. Talent acquisition and retention - The companies require a highly skilled labor force for R&D as well as continuous production. Accessing skilled resources and expertise on an on-going basis is one of the major challenges; moreover, retention of trained staff is imperative. Labor shortages, Union Strikes & Industrial Actions, Employee

health, safety, and security (SHE/Sustainability risk).

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

Crime & Security Risk

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

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

- **Cyber Crimes:** Data Theft, Spam, scams and phishing, Hacking, Malwares and Viruses, Piracy, Fraud, Corruption, Malicious attacks
- **Counterfeiting:** Counterfeiting of goods/services leads to loss of revenues, profits and ultimately affects the brand equity
- Threat to Women Security
- **Terrorism:** Un-lawful use of violence and intimidation, especially against civilians, in the pursuit of political aims.

Natural Hazard Risk

A natural hazard is the threat of an event that will likely have a negative impact. A natural disaster is the negative impact following an actual occurrence of natural hazard if it significantly harms a community. Due to India's geographical structure, it is one of the most disaster-prone countries in the world. Natural hazards like floods, earthquakes, landslides, and cyclones are common risks faced by India. The situation has worsened due to rise in GHG emissions, loss of biodiversity, deforestation, and degradation of environment. Natural disasters hamper the day-to-day operations of corporates, and it is important for them to understand that such risks cannot go unheeded. Over the years, Indian corporates have learnt to mitigate such risks by diversifying their supply chains, having multiple logistics partners, diversified geographical presence and multiple vendors.

- **Pandemic and other global epidemic diseases:** Risk to business owing to disruptions caused by global pandemic scale events like the COVID-19 pandemic

Strategic Risk

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

- **Resource scarcity / Misutilization / Overall Utilization:** Difficulties in acquisition of land, water, fuel, or other resources for operations of business.
- **Public Sentiment:** Current events playing out in the public scene can change the public sentiment.
- **Delay in execution of projects:** Delays in execution of projects can surge in the capex.
- **Increased number of recalls and quality audits:** Impacts both the brand equity and increased operational expenses.
- **Failed / Hostile Mergers & Acquisitions:** High dependence on inorganic growth.

Bottom-Up Risk Assessment Approach

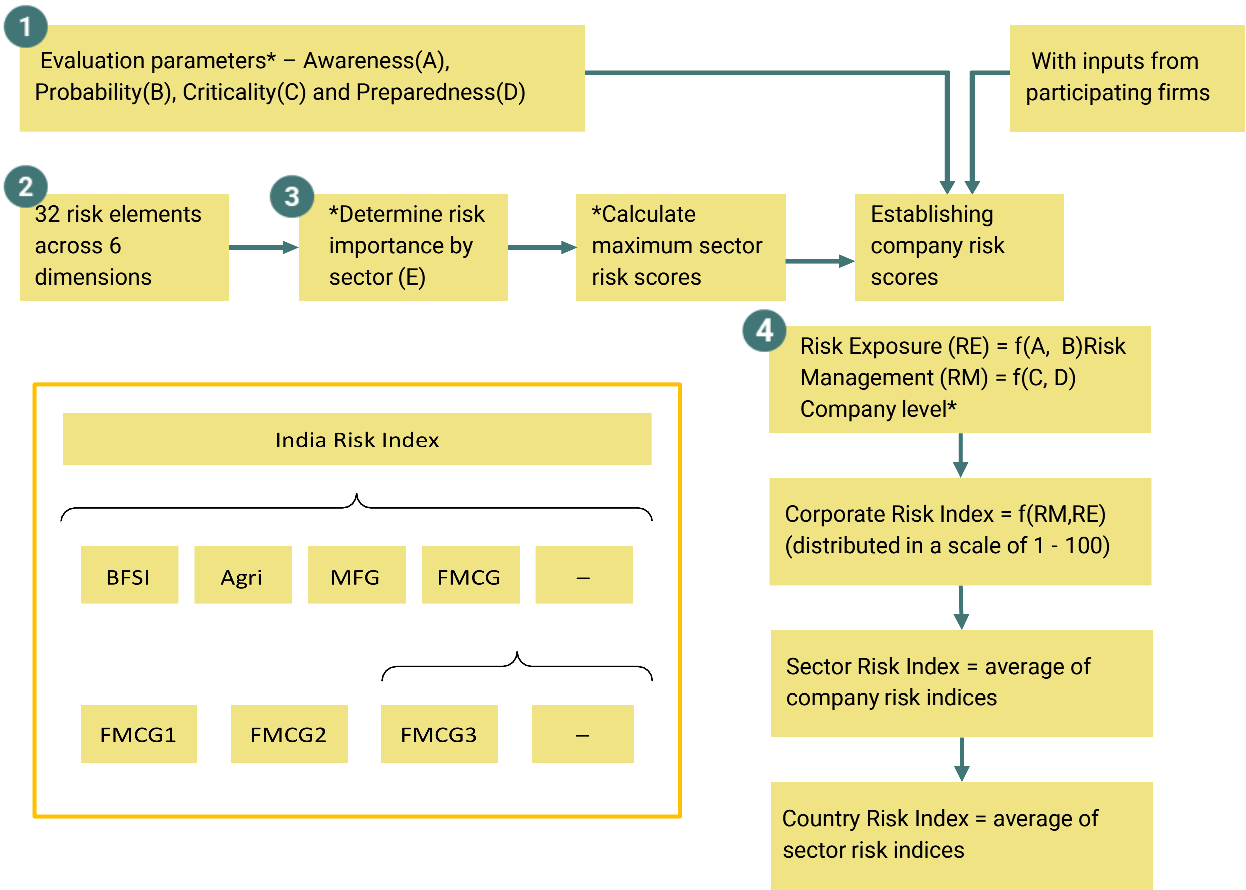


Figure 1: Risk Assessment Approach

1. **Evaluation Parameters*:** The index maps the risks faced by any enterprise basis of Awareness, Probability, Criticality and Preparedness against the defined Risk elements. The evaluation Parameters are defined as:

- Awareness - Level of awareness of potential risk affecting the firm.
- Probability - Likelihood of risk to affect the business goals of the firm adversely.
- Criticality - Level of impact of the identified risk on the success of business goals.
- Preparedness - Risk handling practices/ mechanisms already in place to handle the risk.

2. **Determining Risk Importance*:** Importance/Impact of individual risk element is established against individual sector based on the published corporate risk reports, in depth sector

understanding by F&S team and SMEs.

3. **Calculating Maximum Sector Risk Score**: Weighted Sum of all risk elements based on their importance to the respective sector.
4. **Company Level*:** All the Risk Index scores for companies in a sector are averaged to represent the sector; and sectors average to India. Risk Exposure is defined as the function of corporate's Risk Awareness and Probability of risk occurrence. Risk Management is defined as the function of an enterprise risk preparedness and criticality risk impact assessment.

Defining the Risk Scale

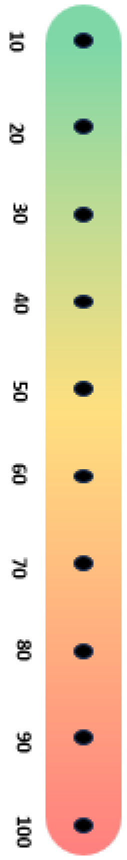
We have selected 20 sectors to understand the current stand of our country today in terms of risk. Risk for various sectors is measured on the risk exposure scale and risk management scale.

A. ICICI Lombard Corporate Risk Exposure – Scale

Risk Exposure: The impact of any internal, external or strategic occurrence on the financial performance of an organization is defined as the corporate risk exposure.

Risk has traditionally been seen as something to be avoided – with the belief that if behavior is risky, it's not something a business should pursue. But the very nature of business is to take risks to attain growth. Risk can be a creator of value and can play a unique role in driving business performance.

Let's look at the risk exposure scale.



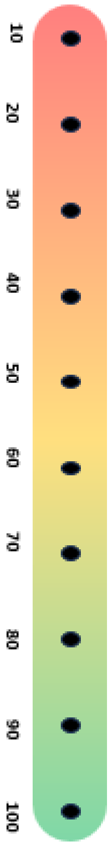
Score: If less than 30 means there is very low risk exposure, and the sector has minimal exposure to overall risk
Score between 30 to 50 indicates low risk exposure and its risk exposure is within acceptable or tolerable limits
Score between 50 to 60 indicates moderate exposure indicating corporate can balance the impact of overall risks up to a certain extent
Score between 60 to 80 indicates high risk exposure and its impact is very high in the industry in which the corporate operates
Score greater than 80 indicates very high-risk exposure. The corporate is unable to foresee risk incidents and probability of occurrence of these incidents may be extremely high

B. ICICI Lombard Corporate Risk Management – Scale

Risk Management: Identification, Evaluation and Prioritization of corporate risks followed by well- coordinated steps to minimize the occurrence of uncertainties in the foreseeable future is defined as the Corporate Risk Management.

The risk management scale works in the opposite to that of the risk exposure scale.

Let's look at the risk management scale.

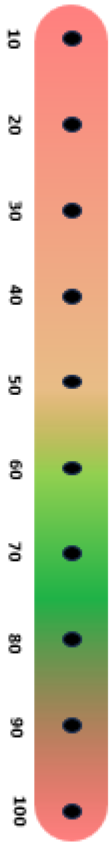


Score less than 40 means poor risk management. The enterprise is unable to understand the concept of risk management
Score between 40 and 50 indicates the risk management is below par so there are inefficient risk management practices which is reactive to newer or unknown risks
Score between 50 to 70 indicates acceptable risk management. The corporate is prepared to handle known risk, and the criticality of its risks are not severe
Score between 70 to 80 indicates superior risk management. Top class risk management practices have been employed to manage dynamic and unknown risk.
Scores above 80 indicate Exemplary risk management. The companies are over prepared in risk management practices and are proactive to emerging risks.

C. ICICI Lombard Corporate Risk Index – Scale

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

Let's look at the risk Index scale.



Score under 40 indicates Ineffective Risk Index which means the corporate has very high-risk exposure or very poor risk management practices or both.

Score between 40 - 55 is Sub-optimal risk index, indicating not all risks are handled effectively. Risk management practices are likely dated or inefficient.

Score between 55 - 65 is optimal risk index indicating most current risks are being handled effectively. Emerging risks associated with strategic initiatives need more diligence

Score between 65 - 80 is superior risk index indicating very effective and efficient risk management practices well positioned to handle current and future risks across dimensions

Score above 80 is over preparedness indicating high investment in risk mitigation practices likely over investment in one or more risk dimensions difficult to justify ROI

India - Resilient Growth and Superior Risk Management

In 2024, India's diverse sectors demonstrated significant growth and resilience, leveraging technological advancements, strategic reforms, and proactive risk management to navigate an evolving economic landscape. Despite global challenges, industries embraced innovation, digital transformation, and sustainable practices, positioning themselves for long-term success.

In this year, the integration of Artificial Intelligence (AI) across various sectors presented both significant opportunities and risks. While AI-driven innovations enhanced productivity, decision-making, and customer engagement, the adoption also raised concerns around data privacy, cybersecurity, and workforce displacement. India navigated these risks by implementing robust data protection regulations and promoting AI ethics in the development and deployment of technology. Additionally, the government and private sector invested in reskilling programs, ensuring the workforce was equipped to adapt to the evolving digital landscape. AI's strategic implementation across sectors like BFSI, healthcare, and manufacturing helped India enhance operational efficiency while balancing the challenges posed by rapid technological transformation.

The Aerospace & Defence sector saw substantial advancements as India attracted global aerospace companies seeking to strengthen supply chains. Local firms expanded their capabilities, particularly in the growing private space sector, driving both revenue growth and global competitiveness. The Agri & Food Processing sector turned to precision farming and AI-driven analytics to enhance productivity, while renewable energy solutions like solar-powered cold storage reduced post-harvest losses, improving sustainability and efficiency.

In the Automotive sector, the shift toward electric vehicles (EVs) gained momentum, supported by government schemes aimed at promoting EV adoption. Major manufacturers expanded their EV portfolios, addressing both sustainability goals and evolving consumer demands. The BFSI sector continued its digital transformation, with AI integration enhancing fraud detection and compliance, further improving security and efficiency.

The Biotech & Lifesciences sector experienced accelerated growth, particularly in genomics and vaccine development, with India solidifying its role as a global leader in pharmaceutical manufacturing. The sector's innovation, supported by public and private investments, enhanced healthcare technology and medical devices. In Chemicals & Petrochemicals, India attracted significant investments to meet rising demand, driven by growing consumption from its expanding middle class, while the Education sector embraced AI and digital learning platforms, expanding access to quality education and equipping the workforce for future demands in emerging technologies.

The Energy sector made substantial progress towards sustainability, with a focus on renewable energy, including ultra-mega solar parks and offshore wind projects. These initiatives were supported by favorable government policies and decreasing costs of clean energy technologies. The FMCG sector adapted to inflationary pressures by shifting focus towards premium products and e-commerce platforms, which were increasingly driving sales, particularly in rural markets.

In Healthcare, there was significant growth fueled by digital innovations such as telemedicine and AI-driven diagnostics, which helped improve access and efficiency in healthcare delivery. India also continued to strengthen its position as a global hub for medical tourism, offering competitive treatment options. The Real Estate sector benefitted from increased demand in affordable housing and infrastructure development, with commercial real estate seeing steady growth and an emphasis on sustainable building practices.

The IT sector continued to thrive despite global challenges, driven by demand for cloud services, cybersecurity solutions, and AI technologies. Tier 2 and 3 cities emerged as new tech hubs, with government support enhancing regional tech expansion. The Pharmaceutical sector saw an uptick in exports and domestic manufacturing, with reduced dependence on imports and new product launches in global markets bolstering its growth. In Manufacturing, India focused on boosting production through initiatives like the Production-Linked Incentive schemes, especially in electronics and EV manufacturing, which also contributed to job creation and supply chain resilience. The "China + 1" strategy adopted by global firms has played a pivotal role in shaping India's manufacturing sector. While it has increased risk exposure, it has also driven companies to invest in more sophisticated, globally relevant risk management practices, strengthening the sector's resilience and positioning India as a key player in global supply chains.

Media & Entertainment saw continued growth, with OTT platforms gaining popularity, especially in regional content. The Gaming industry also flourished, becoming a key revenue generator as mobile gaming gained dominance. In Steel and Mining, investments in decarbonization and digitalization allowed the sectors to reduce environmental impact and enhance operational efficiency. Startups saw substantial funding despite global slowdowns, with SaaS, fintech, and D2C brands leading the charge in innovation and market expansion.

The Telecom sector expanded 5G coverage and rural internet penetration, narrowing the digital divide and improving connectivity across the country. The Tourism & Hospitality sector rebounded strongly, attracting both domestic and international visitors, with eco-conscious travelers opting for sustainable tourism options and luxury experiences. Finally, the Logistics sector benefited from advancements in automation and multimodal connectivity, reducing costs and improving efficiency, while the government's National Logistics Policy streamlined operations, cutting transit times and enhancing cross-sector integration.

In summary, 2024 saw India's sectors display resilience and adaptability, addressing emerging risks through innovation, digital adoption, and sustainability initiatives. The country's ongoing focus on risk management, technological advancement, and strategic reforms has positioned its economy for continued growth and transformation, paving the way for India to solidify its place as a global economic leader.

India Showcasing an Optimized Risk Handling

Figure 2: Corporate India Risk Index 2024

A score of 65 on the Corporate Risk Index indicates optimal handling of risk by the Indian companies. In 2024, India faced significant market, economy, and operational risks across various sectors, highlighting areas for improvement in the coming years. The year was further complicated by global events such as the ongoing Israel-Palestine conflict, which led to geopolitical instability and fluctuations in global oil prices. The rise of recession fears in major economies like the United States and Europe disrupted supply chains and created demand uncertainties, impacting Indian exports and manufacturing. Investor sentiment in India remains flat in 2024, reflecting the cautious behavior of Angel and VC investors globally. This persistent challenge, which has carried over from 2023, highlights ongoing risks in the market and underscores the uncertainty that continues to affect investment decisions in the country.

Additionally, India's national elections increased risk exposure, with political uncertainty and policy shifts potentially affecting business operations, investor confidence, and sectoral reforms. These global and domestic challenges underscored the need for stronger risk management frameworks and adaptive strategies across India's industries to navigate future uncertainties effectively.

In response to the heightened risks in 2024, companies across India have increasingly focused on strengthening their risk management frameworks. With the backdrop of global uncertainties, such as geopolitical conflicts and economic slowdowns, alongside domestic challenges like the national elections, businesses have prioritized proactive risk identification, mitigation strategies, and resilience-building measures. This shift reflects a broader trend of embedding risk management into corporate strategy, with an emphasis on agility, digital transformation, and sustainability.

As a result, sectoral risk indices have remained within the superior and optimal risk index range, demonstrating that most industries in India have effectively managed the challenges they faced. Through a combination of technological innovations, regulatory compliance, and strategic planning, sectors have been able to maintain stability and navigate both internal and external risks. This disciplined approach to risk management has ensured that, despite various pressures, India’s sectors remained well-positioned for sustainable growth and continued progress in 2024.

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

Figure 3: Corporate India Risk Index 2024 Sector Score

Superior Risk Index

Superior risk handling was found in nine industrial sectors:, Pharmaceuticals, Healthcare Delivery, Automotive & Ancillary, Manufacturing, Metals & Mining, Telecom & Communication, BFSI, Tourism & Hospitality, and Transportation & Logistics.

Optimal Risk Index

Optimal risk handling was found in 11 industrial sectors: Media & Gaming, FMCG, Infra & Realty, Agriculture & Food processing, Biotech & Lifesciences, IT ITES, Energy, New Age & Startup, Aerospace & Defence, Chemicals & Petrochemicals and Education & Skill Development.

FMCG Sector Insights 2024

The Fast-Moving Consumer Goods (FMCG) sector in India is one of the largest industries in the country, playing a vital role in economic growth, employment generation, and consumer consumption. FMCG includes a wide range of products such as food and beverages, personal care, household care, and healthcare products. In 2020, the Indian FMCG market was valued at approximately $110 billion and is expected to grow at a CAGR of 14.9% to reach $220 billion by 2025. The industry is characterized by the presence of both domestic and international players, with major companies such as Hindustan Unilever Limited (HUL), ITC, Nestlé India, Dabur, Britannia, Marico, Godrej Consumer Products, and Procter & Gamble (P&G) dominating the market.

Several factors are driving the rapid growth of the FMCG industry in India. One of the major growth drivers is rising disposable income. With increasing household incomes and a growing middle-class population, consumer spending on FMCG products is on the rise. The per capita income in India has seen consistent growth, leading to higher demand for premium and branded products. The rural market is another key driver of FMCG growth, contributing significantly to the industry's overall expansion. Government initiatives such as rural electrification, road connectivity, and digitalization have enhanced access to FMCG products in rural India. The rural market accounts for about 36% of total FMCG sales and is expected to grow further.

The rise of e-commerce and digitalization has transformed FMCG sales in India. The emergence of online retail platforms such as Amazon, Flipkart, BigBasket, and JioMart has improved consumer accessibility to FMCG products. Digital payment systems and doorstep delivery services have significantly increased convenience, boosting online FMCG sales. Additionally, the Indian government has introduced several initiatives to support the sector, including the Goods and Services Tax (GST), which has streamlined the taxation system. Policies such as Make in India, Atmanirbhar Bharat, and the Production-Linked Incentive (PLI) scheme have encouraged local manufacturing and investment in the FMCG industry.

Changing consumer preferences have also influenced the sector's growth. There is a noticeable shift towards organic, natural, and sustainable products, driven by increasing health awareness. Consumers are now demanding healthier food options, herbal personal care products, and eco-friendly packaging. Rapid urbanization and evolving lifestyles have also contributed to the growth of FMCG products, with increased demand for packaged foods, ready-to-eat meals, and convenience products.

Despite its strong growth potential, the FMCG industry in India faces several challenges. One of the biggest challenges is intense competition, as both global giants and domestic players compete for market share. Companies need constant innovation and aggressive marketing strategies to maintain their position in the market. Rising raw material costs pose another challenge, as the prices of essential commodities such as edible oils, sugar, and packaging materials have been increasing, impacting profit margins. Inflation and supply chain disruptions further add to cost pressures.

Regulatory and compliance issues also affect the FMCG industry. The sector is subject to various regulations related to food safety, labeling, advertising, and environmental norms. Adhering to these regulatory requirements can be complex and costly for companies. The rural market, despite its growth potential, presents challenges such as low penetration of modern retail, poor infrastructure, and inconsistent demand patterns, making expansion difficult. The FMCG sector is also under pressure to reduce plastic waste and adopt eco-friendly packaging. The increasing consumer preference for sustainable products requires significant investment in green manufacturing and recycling initiatives.

Despite these challenges, the FMCG sector in India offers significant opportunities for growth and expansion. The growing e-commerce market presents a major opportunity, as digital platforms, increasing smartphone penetration, and improved internet connectivity have opened new avenues for FMCG brands to reach consumers directly. The Direct-to-Consumer (D2C) model is gaining traction, allowing brands to interact directly with customers without intermediaries. Another promising opportunity lies in health and wellness products. The rising awareness of health, nutrition, and personal care has created demand for organic food, natural skincare products, plant-based proteins, and immunity-boosting supplements. Companies investing in these segments can capitalize on evolving consumer preferences.

Innovation and product diversification are also key drivers of growth. FMCG companies are launching premium, customized, and regional products to cater to different consumer segments. The introduction of value-for-money packs, sachets, and combo offers has also helped in increasing market penetration, especially in rural areas. Private label and local brands are gaining popularity, with supermarkets and online retailers launching their own brands as cost-effective alternatives to established FMCG products. Additionally, local and homegrown brands, particularly in the natural and herbal products category, are seeing increased consumer preference.

Sustainability initiatives present another major opportunity for the FMCG industry. Companies investing in biodegradable packaging, plastic alternatives, and carbon-neutral operations can gain a competitive edge as sustainability becomes a key purchasing factor for consumers. With increasing rural incomes and better connectivity, FMCG companies also have opportunities to expand their distribution networks and introduce affordable, small-sized packaging to cater to price-sensitive rural consumers.

The FMCG sector in India is one of the fastest-growing industries, driven by rising consumer spending, urbanization, digital transformation, and increasing rural market penetration. While the industry faces challenges such as competition, rising costs, and regulatory complexities, it also offers significant opportunities in e-commerce, health-conscious products, sustainability, and product innovation. With continued investments in technology, supply chain efficiency, and sustainable practices, the Indian FMCG sector is poised for robust growth, making it an attractive destination for both domestic and global players. The future of the industry will be shaped by consumer preferences, government policies, and advancements in digital commerce and sustainability initiatives.

FMCG Sector Risk Index 2024 Vs 2023

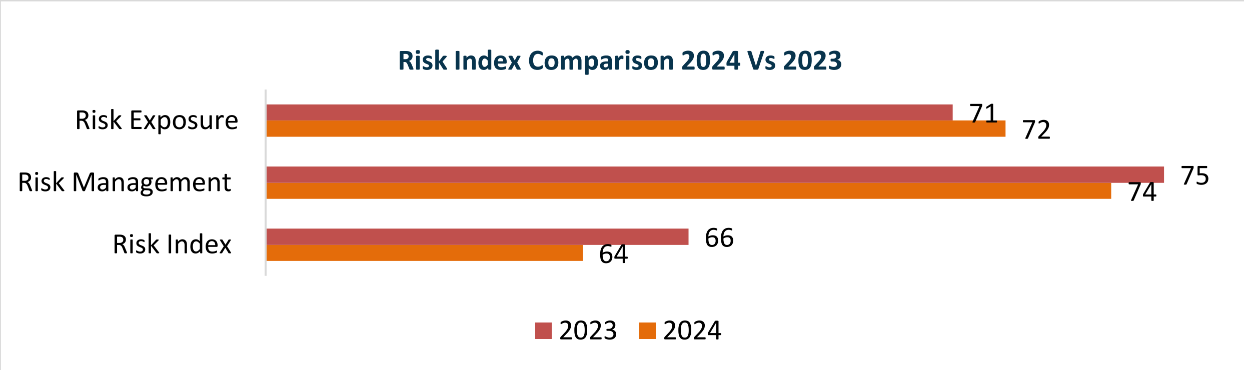


Figure 4: Detailed Comparative Analysis 2024 Vs. 2023

FMCG Sector Risk Index 2024 Vs 2023

The overall Risk Index for the sector decreased from 66 to 64. The sector witnessed an increase in the risk exposure and a reduction in the risk management score.

FMCG Sector Risk Exposure 2024 Vs 2023

Risk exposure increased primarily due to a combination of rising inflationary pressures, supply chain disruptions, and changing consumer behavior. Geopolitical tensions, such as the ongoing impacts of the Russia-Ukraine war, led to higher prices for key raw materials (e.g., edible oils, wheat, and sugar) and logistics costs, exposing FMCG companies to greater financial risks. Additionally, the heightened competition from Direct-to-Consumer (D2C) startups and evolving consumer preferences toward healthier, sustainable products placed increased pressure on traditional FMCG brands to adapt. Regulatory changes, including stricter sustainability requirements and food labeling norms, further added to the complexity and uncertainty faced by the sector.

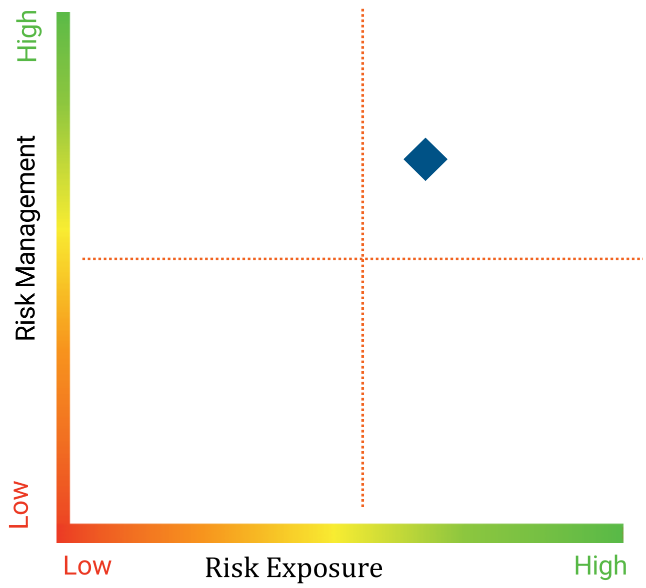
FMCG Sector Risk Management 2024 Vs 2023

Risk management decreased due to several factors. While FMCG companies have historically managed risks related to supply chains, inflation, and consumer preferences, the pace and scale of these changes in 2024 likely outstripped the sector's ability to quickly adapt. For example, while efforts were made to localize sourcing, diversify supply chains, and adjust product offerings, the cost of implementing these strategies may have led to slower or less comprehensive responses.

Key Highlights

Risk Dimension Analysis: Market and Economy

Risk Exposure Score: 78
Risk Management Score: 76



Inflation

- Inflation affects FMCG pricing and demand. In 2024, India's retail inflation in Dec 2024 was 5.22%, leading to reduced consumer spending on non-essential FMCG products.
- Rising prices of commodity inputs such as palm oil, coffee and cocoa contributed to a dip in urban consumption, leading to losses.
- Alternative channels like modern trade, e-commerce, and quick commerce continued to post strong growth, while general trade, which mainly consists of neighborhood kirana stores, was under pressure in 2024.

Taxation Risk

- Boosting disposable income and consumer spending theme of the budget in 2024 was an increase in disposable income, achieved through revisions in tax regulations. Standard deduction for the new tax regime had been raised from *50,000 to 75,000, coupled with revised tax slabs that offer reduced tax rates for income up to 15 lakh.
- Higher allocation towards rural development and agriculture as well as various schemes for employment and skilling of youth is expected to boost both rural and urban consumption for FMCG products.
- Increasing premiumisation and growth in volume will expand operating margin by 50-75 basis points to 20-21%. The margin expansion would have been higher but for rising selling and marketing expenses amid heightened competition among organised and unorganised players alike.

Geopolitical Risks

- In 2024, geopolitical risks significantly impacted India's FMCG sector by disrupting supply chains, causing fluctuations in raw material costs, impacting trade flows, and creating overall uncertainty, potentially leading to price increases for consumers and affecting profitability for FMCG companies due to potential disruptions in imports and exports from regions experiencing political instability. The Israel-Hamas war contributed to regional instability, impacting trade routes and supply chains.
- The conflict between Russia and Ukraine has led to major disruptions in commodity markets, potentially affecting global trade dynamics. The ongoing conflict posed risks of supply chain disruptions, soaring raw material prices, and intensified geopolitical conflicts worldwide.
- There was a sharp rise in the Geopolitical Risk Index, reflecting escalating global tensions, supply chain disruptions, and trade policy shifts, as highlighted by the Economic Survey 2025. The report warned of potential capital outflows, weaker FDI, and inflationary pressures on India, while insisting policymakers to accelerate initiatives like the PLI scheme and infrastructure investments to weather the risks.

Foreign Exchange Risk

- In 2024, a fluctuating foreign exchange rate in India significantly impacted the FMCG sector by influencing the cost of imported raw materials, potentially leading to price hikes for consumers, impacting demand, and putting pressure on profit margins, especially when the rupee weakens against major currencies like the US dollar.
- As a result of the weakening Rupee against the dollar, the prices of imported raw materials like palm oil, coffee, cocoa, and certain packaging materials increased.
- Some FMCG companies explored sourcing alternatives from domestic suppliers or other countries with more favorable exchange rates to minimize the impact of currency volatility.
- To maintain profit margins, FMCG companies had to pass on some of these increased costs to consumers through price hikes, which in turn dampened demand, especially in price-sensitive segments.

Regulatory Risk

- Food safety regulator FSSAI ordered licensed food manufacturers and importers to submit quarterly data on rejected and expired food items through its online compliance system FOSCOS to prevent their resale for human consumption.
- With stricter environmental regulations in place, FMCG companies have had to alter their normal course of business to ensure compliance with the rules.

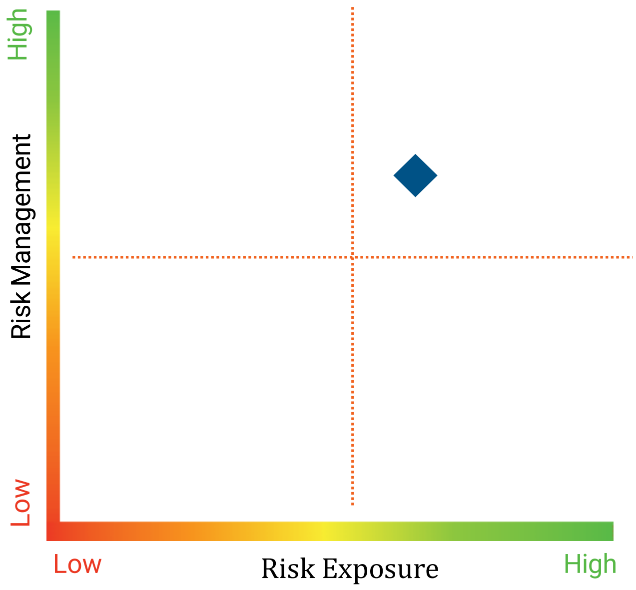
Competitive Risk

- The FMCG sector in India encounters significant competition risks, including intense rivalry among established brands and emerging direct-to-consumer (D2C) players. Companies must continuously innovate and optimize pricing strategies to meet consumer expectations while navigating challenges like counterfeit products and shifting market dynamics.

- The rise of direct-to-consumer brands has disrupted traditional retail models, forcing FMCG companies to adapt quickly to changing consumer preferences and shopping behaviors. This shift requires a robust online presence and innovative marketing approaches to compete effectively.
- Aggressive pricing strategies among competitors can lead to price wars, which erode profit margins and can commoditize brands. FMCG companies must find a balance between competitive pricing and maintaining product quality to sustain profitability.

Risk Dimension Analysis: Technology

Risk Exposure Score: 73
Risk Management Score: 78



Innovation Risk / Obsolete Technology

- FMCG industry in India is experiencing significant growth and transformation, driven by various factors such as rising demand, policy support, investments, and global trends. However, along with these opportunities come innovation risks that need to be carefully considered.
- Benchmarking against global clusters reveals challenges such as limited domestic feedstock availability, delayed regulatory approvals, and a scarcity of skilled R&D talent.
- Global FMCG companies entering or expanding in India need to strategically consider factors like catering to demand via exports or local manufacturing, resource allocation strategies, and overcoming structural challenges
- The growing emphasis on sustainability and changing consumer preferences towards eco-friendly products globally present both opportunities and risks for the Indian FMCG industry. Adapting to these trends requires innovation in product development and manufacturing processes.
- Advances in technology have revolutionized the FMCG sector. From supply chain management to marketing and product development, technology has enhanced efficiency and productivity. Continuous and interconnected supply chains driven by technological innovations are key strength

Intellectual Property Risk

- The intellectual property (IP) risks faced by the Indian FMCG industry in 2024 are crucial considerations for companies operating in this sector.
- The developments in the external value of intellectual property in the FMCG, highlight potential implications for companies.
- The industry is challenged by the lack of availability of indigenous technologies, stemming from insufficient technological development in the country. This poses a risk as companies may be more vulnerable to intellectual property infringements.
- Intellectual property risks in the Indian FMCG industry require proactive measures such as IP protection strategies, risk assessments, security vulnerability evaluations, and regulatory

compliance. By addressing these risks effectively, companies can safeguard their innovations, maintain competitiveness, and ensure sustainable growth

Disruptive Technology

- Advances in technology have revolutionized the FMCG sector. From supply chain management to marketing and product development, technology has enhanced efficiency and productivity. Continuous and interconnected supply chains driven by technological innovations are key strengths.
- The lack of availability of indigenous technologies due to limited technological development in India poses a significant risk for the sector. This challenge hampers the industry's ability to keep pace with technological advancements, making companies more vulnerable to disruptions caused by new technologies.
- The Indian FMCG sector is undergoing transformative change, emphasizing the importance of investing in research and development (R&D) to innovate new processes and materials. This strategic focus on R&D is crucial for adapting to disruptive technologies and staying competitive in the evolving landscape.
- Companies with limited resources for adopting AI/ML solutions could fall behind in terms of efficiency and innovation. Additionally, concerns about job displacement due to automation might arise.

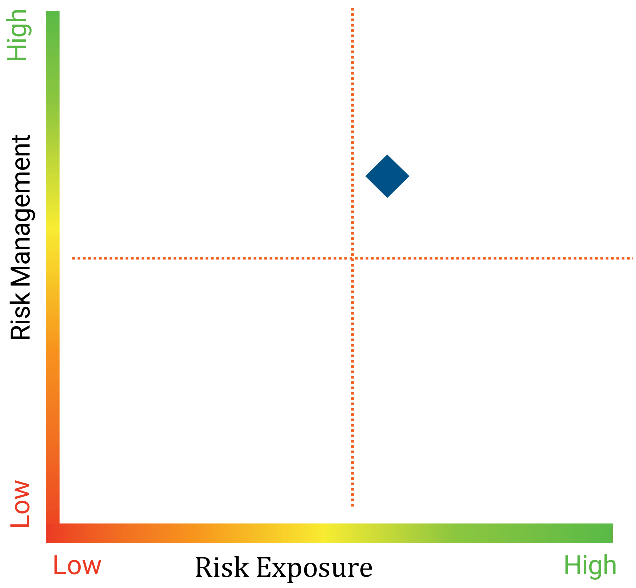
Data Compromises

- The growing reliance on digital platforms for reservations and transactions heightens the risk of data theft. Cybercriminals exploit weaknesses in online systems, leading to potential fraud and unauthorized access to customer information, which can severely impact a business's reputation and financial stability.
- Many hospitality businesses rely on third-party vendors for services such as payment processing and booking systems. If these vendors have inadequate security measures, they can become entry points for cyber-attacks, compromising sensitive data and exposing the hospitality business to risks.

Risk Dimension Analysis: Operational and Physical

Risk Exposure Score: 74

Risk Management Score: 77



Critical Infrastructure Failure / Machine Breakdown

- Disruptions in infrastructure—whether due to cyber threats, natural disasters, geopolitical instability, or systemic failures—can severely impact manufacturing efficiency, product availability, and overall business continuity.
- A survey by CBRE revealed that nearly 50% of public infrastructure in India is unprepared for disaster management, highlighting vulnerabilities to natural and man-made disasters.

Business Continuity / Sustainability

- The FMCG industry in India is focusing on safe, sustainable, and eco-friendly production practices, driving the development of new technologies and innovations. Introducing regulations like the Chemical (Management and Safety) Rules (CMSR) and Extended Producer Responsibility (EPR) demonstrates a commitment to creating a safer and more sustainable petrochemical industry critical for long-term economic growth
- Emphasis is placed on cleaner energy consumption to align with environmental goals and contribute to India's journey towards a greener future

Supply Chain Risk

- FMCG industry is particularly vulnerable to supply chain disruptions due to its complex distribution network, reliance on timely deliveries, and the need for consistent inventory levels.
- The Russia-Ukraine war led to a 30-40% surge in wheat and edible oil prices and the Red Sea tensions (2024) increased shipping costs, delaying imports of palm oil and crude-based raw materials.

Commodity Price Volatility Risk

- Commodity price volatility is a major risk for the Indian FMCG sector, as it directly impacts raw material costs, product pricing, and profit margins. FMCG companies rely on essential commodities like edible oils, wheat, sugar, milk, and crude derivatives (for packaging and logistics), all of which are highly susceptible to price fluctuations.

- The Russia-Ukraine war led to a 30-40% surge in wheat and edible oil prices and the Red Sea tensions (2024) increased shipping costs, delaying imports of palm oil and crude-based raw materials.
- FMCG companies that quickly adapted to changing circumstances, such as sudden lockdowns or transportation restrictions, were better positioned to mitigate the impact on their supply chains. Incorporating flexibility in production processes, distribution networks, and inventory management proved crucial in responding to unforeseen challenges.

Portfolio Risk

- The shift towards health-conscious and sustainable products in 2024 has increased pressure on companies to diversify portfolios with organic, plant-based, and environmentally friendly options. Brands that fail to adapt to these trends risk losing market share.
- In order to be resilient against global pressures of unrest and inflation, companies have had to diversify their portfolio in order to stay relevant in the FMCG industry.

Environmental Hazard Risk

- FMCG companies have tried to decrease their reliance on fossil fuels to overcome the ravages of climate change and achieve the goal of environment sustainability. A clear problem for the FMCG sector is the wastes emanating from packaging materials
- The role of packaging has evolved beyond containment and protection, now shaping experiences, perceptions, and environmental impact. The unboxing experience, packaging materials like corrugated boards, flexible plastics, and integration of technology such as QR codes enable informed consumer choices, authenticity verification, and virtual trials.
- As online shopping continues to rise, the demand for safe, convenient, and tech-enabled packaging solutions will increase, prompting a transformation in the packaging landscape that prioritizes experience, sustainability, and innovation.

Human Resource Risk

- The FMCG industry experiences notable employee turnover, especially in metropolitan areas, with attrition rates reaching 27%. Tier 1 and Tier 2 cities follow closely with rates of 26%, while Tier 3 and Tier 4 towns have comparatively lower rates at 20%. This high turnover disrupts operational continuity and increases recruitment and training costs.
- Attracting and retaining skilled professionals is a persistent issue. The scarcity of qualified talent hampers growth by affecting delivery schedules and overall productivity. This challenge underscores the need for effective talent management strategies within the sector.

Workplace Accidents

- In 2024, India's manufacturing sector, which encompasses Fast-Moving Consumer Goods (FMCG) industries, experienced significant workplace safety challenges. According to data compiled by Industrial .ALL Global Union, by December 10, at least 240 workplace accidents occurred in the manufacturing, mining, and energy sectors, resulting in over 400 fatalities and more than 850 serious injuries.
- Even though the incidents are not specific to the FMCG industry, this calls for the need to ensure safety protocols for factory workers across the country.

Financial Risk

- Persistently high inflation in India has led to reduced consumer spending, particularly among the middle class. This trend has adversely affected consumer goods firms, with Nestlé India reporting its first revenue drop since 2020. The slowdown in urban consumption, which had been a key driver of economic growth post-pandemic, raises concerns about long-term growth prospects for FMCG companies.
- The FMCG sector in India is subject to a complex web of laws, regulations, and compliances, including obtaining various licenses and adhering to advertising restrictions. These regulatory requirements increase the cost of doing business and pose challenges, especially for small and medium-sized enterprises (SMEs), potentially limiting their market entry and growth.

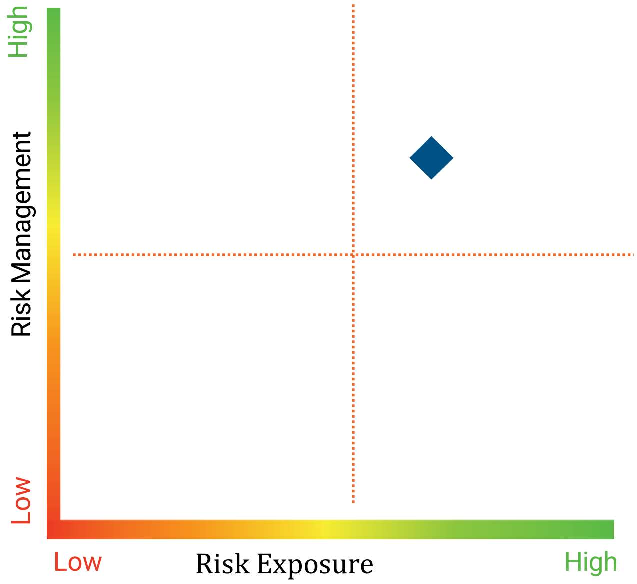
Breaches of Law

- The Indian government intensified scrutiny of FMCG giants, including Hindustan Unilever, Amul, and Nestlé, for failing to display mandatory disclosures, such as expiry dates, on products sold through their e-commerce platforms. This crackdown followed a surge in consumer complaints regarding the absence of essential product information.
- There were notable actions against some companies like Patanjali Ayurved for disseminating misleading advertisements that disparaged allopathy to promote its products.

Risk Dimension Analysis: Crime and Security

Risk Exposure Score: 73

Risk Management Score: 74



Cyber-crimes

- With the disruption caused by cyber-attacks can compromise environmental safeguards put in place by regulations. For instance, if a cyber-attack hampers a company's ability to monitor air emissions or manage liquid waste treatment effectively, it can result in environmental violations and risks to ecosystems
- Companies in the FMCG industry invested in advanced cybersecurity tools and technologies to strengthen their defences against cyber threats. This included implementing network monitoring, endpoint security, access control, and threat intelligence to protect against attacks like ransomware
- Collaborative efforts with government agencies like the Cybersecurity and Infrastructure Agency (CISA) were pursued to promote a higher standard of cybersecurity across the sector. This partnership focused on capabilities for visibility, threat detection for industrial control systems, information sharing, and analytical coordination

Counterfeiting

- Almost 25-30 per cent of all products sold in the country are spurious with counterfeiting being most prevalent in apparel and FMCG sectors.
- The FMCG sector incurs substantial revenue losses due to counterfeit products undercutting genuine goods, diverting revenue away from legitimate brands.
- The Central Board of Indirect Tax and Customs has arrested over 3,000 individuals and seized foreign products worth ₹40 crore in efforts to combat counterfeit goods and smuggling over a 15-month period.
- These consequences highlight the resilience of the FMCG industry in adapting to unforeseen challenges while also emphasizing the need for agility, strategic planning, and innovation to navigate through such crises.

Threat to Women Security

- Despite the implementation of the Prevention of Sexual Harassment (POSH) Act, incidents of sexual harassment and gender discrimination remain prevalent. A Deloitte report highlighted that nearly half of the women surveyed expressed concerns about their safety at work or during their commute. Additionally, 43% reported experiencing non-inclusive behaviors, including harassment or microaggressions, in the past year.

- Women working in unorganized sectors, including certain segments of the FMCG industry, often lack job security and face harassment. The absence of formal structures leaves them vulnerable to exploitation and abuse.
- However, no major threat was seen to women security in the past year.

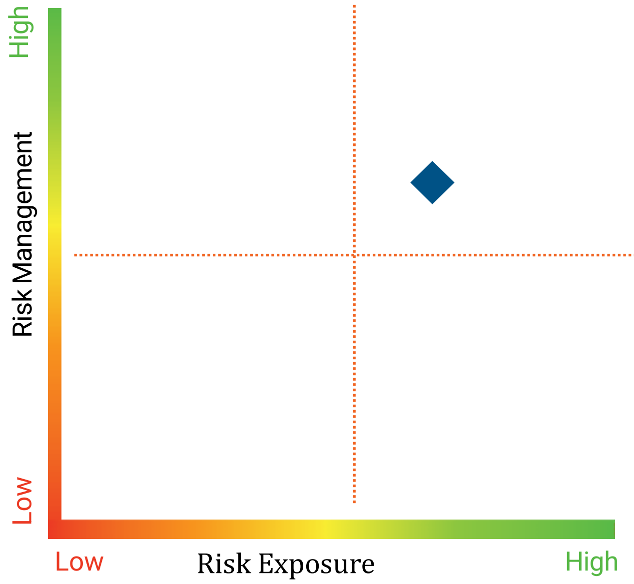
Terrorism

- A PwC survey reported that 59% of Indian organizations experienced financial or economic fraud in the past 24 months, with procurement fraud emerging as the top threat. Corruption and bribery constituted 33% of these economic crimes, highlighting vulnerabilities within the FMCG sector.
- Regarding terrorism, while India continues to face challenges, the FMCG sector has remained resilient, with no significant disruptions reported in 2024. The Global Terrorism Index 2024 indicates that over 90% of terrorist attacks and 98% of terrorism deaths occurred in conflict zones, suggesting a limited direct impact on India's FMCG industry.

Risk Dimension Analysis: Natural Hazard and Event

Risk Exposure Score: 69

Risk Management Score: 75



Natural Hazards like flood, drought, famine, earthquake, landslide etc

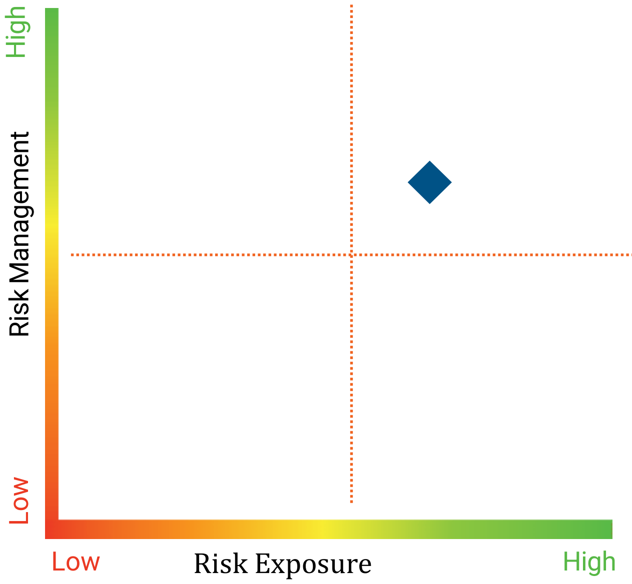
- Natural disasters like floods, earthquakes, or cyclones can lead to infrastructure damage, potentially causing chemical spills or leaks that contaminate soil, water sources, and air. This contamination can have severe consequences on ecosystems, wildlife, and human health
- Natural hazards increase safety risks for workers in manufacturing units and nearby communities. Industrial accidents triggered by natural disasters can lead to injuries, fatalities, and health hazards for individuals exposed to hazardous substances

Pandemic and other Global Epidemic Diseases

- The COVID-19 pandemic led to disruptions in supply chains, affecting the availability of raw materials, transportation, and logistics within the chemical industry. This disruption impacted production schedules and overall operational efficiency
- The pandemic altered demand dynamics for FMCG products, leading to fluctuations in market demand for various products. Changes in consumer behavior, industrial operations, and global trade patterns influenced the demand for chemicals in India
- Despite the challenges posed by the pandemic, there were opportunities for growth within the FMCG industry.
- These consequences highlight the resilience of the FMCG industry in adapting to unforeseen challenges while also emphasizing the need for agility, strategic planning, and innovation to navigate through such crises

Risk Dimension Analysis: Strategic Risk

Risk Exposure Score: 65
Risk Management Score: 68



Resource scarcity / Misutilization / Overall Utilization

- Specific resource scarcity risks faced by the FMCG industry in India in 2024 include challenges related to water scarcity, rise in prices of palm oil, etc.
- These risks can impact the industry's operations, sustainability efforts, and overall growth trajectory. The industry is adapting to address these challenges through initiatives focusing on decarbonization, sustainability, and digitalization to mitigate risks associated with resource scarcity and create new investment opportunities.

Public Sentiments

- FMCG industry faces the effects of environmental regulations, sustainability demands and the brand reputation of companies is at stake.
- Because of this, there is a much higher chance of recalls and quality audits in order to maintain tight quality control and a secure workplace. Concerned parties and the government have established a number of laws and guidelines pertaining to quality control and safety audits in ensure adherence by companies.

Delay in Execution of projects

- The sector faced significant supply chain disruptions, which impeded the timely execution of projects. These disruptions affected the availability of raw materials and the distribution of finished goods, leading to project delays.
- Inflationary pressures and escalating commodity prices strained profit margins, prompting companies to reassess and sometimes postpone planned projects. This economic environment made it challenging to maintain project timelines.

Increased in no. of recalls and quality audits

- In 2024, India's Fast-Moving Consumer Goods (FMCG) sector experienced a notable increase in product recalls and quality audits, underscoring heightened regulatory scrutiny and a commitment to consumer safety.

- Approximately 12% of tested spice samples failed to meet quality and safety standards, prompting the Food Safety and Standards Authority of India (FSSAI) to conduct nationwide inspections and testing of spice blends.
- The number of samples analyzed by FSSAI grew from 107,829 in 2020-21 to over 451,000 in 2023-24, with non-compliance cases rising from 28,347 to 44,626 during the same period, indicating more rigorous enforcement of food safety regulations

Failed Mergers and Acquisitions

- The FMCG industry saw a number of mergers and acquisitions and these acquisitions are seen as a strategic move and is a common practice to diminish the threat of new entrants in the market.

ICICI LOMBARD: Key Solution Offerings

Property

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

- **Property Loss Prevention:** We believe users should carry out detail risk visit followed by benchmarking of the industry good practices (Industry Risk Profiling). For instance, industries such as chemicals & petrochemicals impose a major challenge in manufacturing due to inherent risk. We recommend solutions for "Low Focus - High Loss Areas. This can help in minimizing severity losses. All the risk recommendations are grouped into four different segments based on cost-impact matrix and the priority is decided accordingly. Key decision makers at user's end can ensure to get recommendations implemented.
- **Comprehensive Risk Assessment (CRA):** A Comprehensive Risk Assessment is a systematic approach to electrical safety specially designed for industries to evaluate potential hazards and recommend improvements, coupled with savings. It is an important tool for identifying risks, severity of hazards and avoid incidents arising out of electrical faults.
- **Electrical Risk Assessment (ERA):** An Electrical Risk Assessment is a basic solutions focused towards electrical safety designed to evaluate potential hazards and recommend improvements. Majority of fires in India are caused due to electrical installations. Ensuring safety of electrical installations of industrial unit or organization is critical to reduce risk and ensure safety compliance with Safety Standards and Regulation. ERA is an important tool which have 6 inbuilt solutions such as Electrical Audit & Thermography, etc.
- **Fire Hydrant IoT:** Fire Hydrant IoT: Fire hydrant IOT (ILGIC Patented Solution) is an automated device for monitoring key parameters such as Hydrant and Sprinkler line pressure, Main and Jockey pump on-off status, Firewater tank level. These can be interpreted to provide intelligence on unauthorized usage of water and leakage, effectively saving water. This information pertaining to breach of above-mentioned parameters is notified through dashboard & email alerts. Monitoring of such system is essential as these fire fighting systems are lifeline during any emergency.
- **Temperature & Humidity IoT:** Provides end-to-end plug & play ambient temperature and humidity monitoring Solution to manage temperature and humidity-controlled environment more efficiently. It generates - Automated reports (historical trends for different locations etc.). Intelligent Alerts - SMS & emails is sent to the concerned (one or multiple) stakeholders in case

any anomaly.

- **Electrical IoT:** Electrical IoT is a patented solution (ILGIC Patented Solution) to avoid any instances of short circuiting due to abnormal voltage & current conditions. These are mainly built for application in warehouses. This solution has been created as these locations are having huge stocks with lesser manpower during emergencies mainly during non-business hours. The device automatically cuts off power in case of abnormality & restarts back when situation is normal.
- **Ultrasound technology for Gas Leak Detection:** Use of ultrasound technology for leak detection in process lines. The methodology recommends a non-destructive way of avoiding losses with no downtime. The main objective is to identify the leakages in all pressurized systems including pipelines by using ultrasound technology and tag them for rectification. It also includes listing leaks with individual CFM losses and cost savings possible.
- **Fire Mitigation Solutions:** Solutions have been designed based on their specific needs, keeping in mind the level of awareness and complexity of the location. These best-in-class solutions which are installed at correct locations.
- **Renewable Solutions:** In line with our philosophy of recommending business solutions, we recommend efficiency measurements for wind and solar power generating assets. Drones are used to provide high accuracy and quick reach which is not possible through any traditional methodology. User get to know about the low performing module and ways to improve the same within the entire solar plant with latlong identification. We recommend advanced drone-based technology for inspection of wind turbines and solar PV modules.

Marine

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

- **MLCE (Marine loss control engineering):** Frequent occurring losses due to Peril such as accident, wet damage, theft, non-delivery, pilferage, hijack of consignments, mishandling shall be examined with ground inspections, to determine root cause analysis with MIS, claim assessment reports collectively in the form of logistics audit.
- **MWS (Marine warranty surveys):** Our inhouse practices of condition survey prior risk inception & post risk inceptions helps our customers to have an independent risk management of the high value / ODC (over dimensional cargo) movements conducted by the Insured so that reliance over logistics service provider is supervised with Insured's nominated risk assessment team having a worldwide presence with a supervised network. Not only marine cargo, but HULL insurance risk exposures are surveyed for risk assessment and risk management.
- **Technical engagements:** Uncertainty of the risk associated with the transit can be concluded

with marine experts. Assessing vessel's condition for SEA transit as a full chartered load on behalf of the Insured, Risk assessment of cargo from packing, handling, lifting, securing, transit and final delivery methodology shall be discussed with the logistics team. Vessel selection, stowage and securing methods can be jointly discussed with the User's logistics team for a safe transit, dispatch and delivery coverage after assessing the risk on desktop with a virtual or F2F engagement and / or a ground visit.

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

Liability

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

- **Phishing Simulation:** Experience cutting-edge phishing simulation tests to fortify your organization's defenses against cyber threats. You can enable phishing attack simulations to educate your employees on identifying and handling potential risks. Through engaging and interactive scenarios, you can raise awareness and equip your team with the necessary skills to detect and thwart phishing attempts.
- **Awareness Campaigns:** With Cyber Awareness Campaigns, you can go beyond just educating organizations about cybersecurity. The campaigns are meticulously designed to empower your team with essential best practices, insights into global incident trends and a comprehensive understanding of potential risks. Interactive designs help you captivate and engage your employees, fostering a cyber-aware culture within your organization. Customized campaigns can perfectly align with your unique needs and requirements and stay informed and vigilant.
- **Incident Response and Readiness:** A bespoke service that fortifies organizations with robust processes and clear communication channels for proficient cyber-incident management. This

recommendation not only trims down the incident response time but also facilitates prompt, accurate action within the crucial initial hours. By meticulously assessing your organization's incident response policies and sculpting response systems in alignment with global industry benchmarks, this ensures you are thoroughly prepared to tackle the evolving digital threat landscape.

- **CXO's Session:** CXO’s Session service provides immersive training sessions, personalized coaching & interactive discussions to empower your CXOs with cybersecurity knowledge that aligns with your business objectives. The subject matter experts recommend strategic guidance and in-depth insights into the ever-evolving threat landscape, translating technical jargon into practical language. Regular cybersecurity forums facilitate peer-to-peer learning and benchmarking against industry standards. CXO- focused approach ensures a cyber-aware leadership team that drives your organization’s success securely into the future.
- **Weekly Threat Intelligence Bulletin:** Stay ahead of cyber threats with the Weekly Threat Intelligence Bulletin. We meticulously curate this comprehensive bulletin, providing timely insights on emerging threats, vulnerabilities, and attack trends. Delivered directly to your inbox, it recommends proactive advantage by promptly identifying potential risks. With continuous updates and ongoing support, you can confidently adapt your Defence strategies to combat the most sophisticated threats. It enables you to make informed decisions and protect your organization from emerging threats with Weekly Threat Intelligence Bulletin.
- **Email Security:** Safeguard your organization's communication channels with the Email Security solutions. We recommend robust measures to protect against phishing, malware & other email-borne threats. The advanced email filtering and authentication technologies prevent malicious emails from reaching your users inbox. Implementing encryption protocols to ensure the confidentiality of sensitive data in transit is a good idea. With real-time monitoring and threat intelligence, email security measures provide proactive Defence, detecting and blocking suspicious activities promptly. You can protect your organization's reputation and sensitive information with comprehensive Email Security measures, ensuring a secure and reliable email environment.
- **Agent-less Patching:** Agent-less patching platform for companies and MSMEs who want a rapid solution to distribute critical security updates and vulnerability fixes without causing system downtime. The patching platform not only assists with patch deployment, but it also enables your system administrator in understanding the patches, Adjustments & impact of the patches on the system. Before applying the patch, the software generates a warning if the system requires downtime or a reboot. You can experience a hassle-free patching process with the platform recommending enhanced security for your organization.
- **EDR/MDR Services:** Elevate your organization's cybersecurity capabilities with the Endpoint Detection and Response (EDR) and Managed Detection and Response (MDR) services. These advanced solutions provide continuous monitoring, rapid threat detection & effective incident response, safeguarding your digital assets in real-time. With EDR, proactively detect and

respond to threats at the endpoint level, while MDR service offers 24/7 monitoring and expert support. You can strengthen defenses against the most sophisticated cyber-attacks with EDR/MDR services, ensuring a resilient and secure digital environment.

- **All-in-one Operating System:** All-in-One Operating System is a true game-changing platform that provides a fortified desktop environment to foster secure collaboration and centrally managed cybersecurity resilience. Inbuilt endpoint security serves as a vigilant guard, blocking potential dangers. Effortless IT management provides with a user-friendly interface, leading to significant cost savings in IT infrastructure. It provides in-built end-point security, automated updates and patches along with extensive device reports. Organizations can unlock a secure and prosperous future by embracing the All-in-One Operating System in their IT infrastructure.
- **Cyber Risk Management & Compliance Dashboard:** Gain a clear understanding of your organization's cyber risk exposure with Cyber Risk Management & Compliance Dashboard. This powerful tool assesses your risk posture, quantifies potential financial Impact & evaluates compliance with industry standards and regulations. Armed with this information you can make informed decisions to prioritize cybersecurity investments and ensure compliance with relevant laws and regulations. The intuitive dashboard provides a comprehensive view of your cybersecurity performance enabling data-driven decision-making. This solution enables organizations to stay ahead of threats and ensure a resilient cybersecurity posture.
- **Security Score Card:** Track your organization's cybersecurity performance with a dynamic Security Score Card solution. This comprehensive rating provides a clear overview of your security posture, highlighting areas that require attention and improvement. It empowers data-driven decisions, allowing you to focus on strengthening key areas. Identify potential risks and compliance gaps with industry standards and regulations. With actionable insights, you can prioritize cybersecurity investments effectively, ensuring a robust and resilient Defence against cyber threats. This Security Score Card solution can be your strategic tool to proactively elevate your cybersecurity posture.
- **VAPT:** Enhance your organization's cybersecurity defenses with the Vulnerability Assessment and Penetration Testing (VAPT) service. Skilled professionals conduct rigorous assessments, simulating real-world attacks to identify potential vulnerabilities in your digital infrastructure. With detailed insights, you can fortify your defenses and proactively address weak points before malicious actors exploit them. This service goes beyond identifying vulnerabilities, you also get actionable recommendations to mitigate risks effectively. Organizations can be one step ahead of cyber threats, ensuring the security and resilience of your critical assets with the comprehensive VAPT service.

Engineering

In engineering risk management, it's vital to adopt a holistic approach that extends beyond immediate concerns to proactively tackle potential risks and uncertainties. Drawing upon considerable expertise in claims handling and risk evaluation, a robust and customized protection strategy can be ensured.

Construction endeavors face a myriad of risks such as floods, cyclones, impact damage, fires, theft, and collapse. However, the adverse effects of these risks can be mitigated through the implementation of extensive loss prevention measures specifically tailored for engineering projects.

- **Engineering Loss Prevention Exercise (ELP):** To effectively manage losses in Engineering Risk, fostering a culture of loss prevention is crucial. It's widely acknowledged that each construction project is distinct, presenting specific challenges related to geography, geology, occupancy, and construction methodology, which in turn result in unique associated risks. To cater this challenge a specific risk management framework which deals about the unique requirement of each project could be created for the loss prevention with reference to some parameters of distinctive research and industries best practices.
- **Drone Solutions for Linear Projects:** In recent years, the construction industry has undergone significant changes due to the introduction of drone-based construction solutions. These cutting-edge technologies are transforming the planning, design, and execution of construction projects. A major benefit of drone technology in construction is its capacity to conduct aerial surveys, providing extensive coverage and detail. Drones, equipped with advanced cameras and sensors, can rapidly capture precise images and data, offering project managers valuable insights into site conditions. This data can facilitate project planning, cost estimation and design optimization by providing a comprehensive understanding of the project's parameters.
- **CPM - Fleet & Fuel Management:** An advanced GPS-equipped sensor is available to precisely measure direct fuel consumption, evaluate engine efficiency, and detect potential tampering of diesel engines in both mobile vehicles and stationary machinery. This solution enables real-time alerts for service reminders and critical health issues, facilitating prompt resolutions and enhanced utilization. Additionally, it offers valuable insights into machinery and equipment performance through comprehensive analyses, resulting in optimized inventory usage and increased efficiency.

Health

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

- **Pioneering Digital Platform:** We recommend exploring digital health innovations offered by industry leaders, which provide cutting edge health solutions through the IL TakeCare (ILTC) app. Our platform has transformed the way health services are delivered by introducing a fully digital and cashless Outpatient Department (OPD) and Wellness Program.

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

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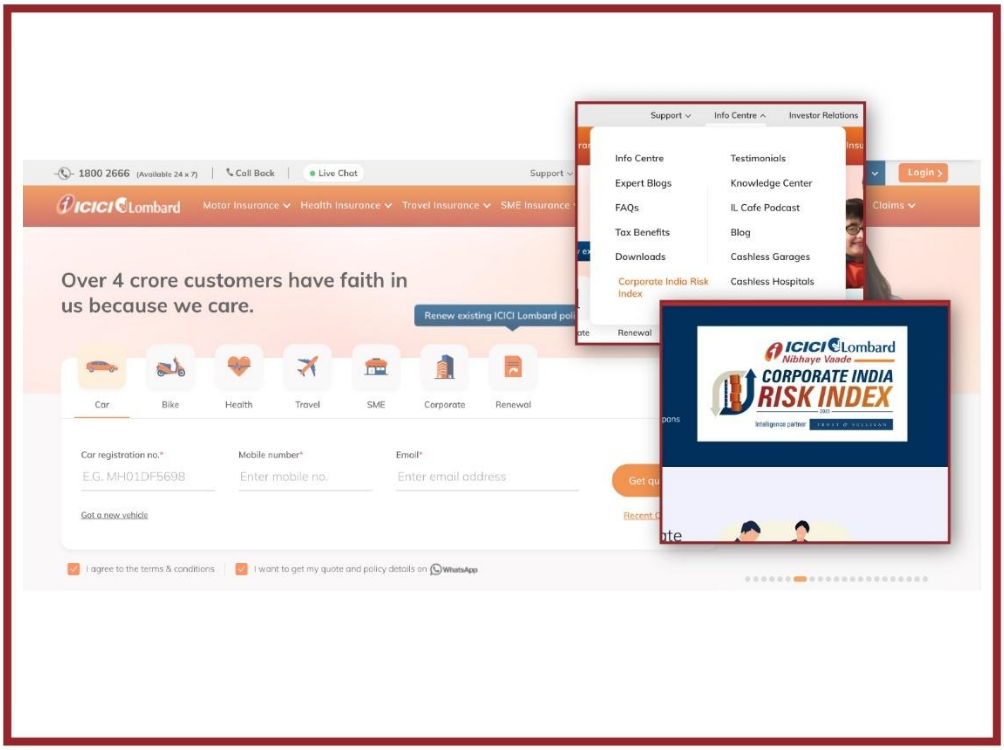

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