



GENERATED ON 05/01/2023

RISK EXPOSURE REPORT

PREPARED FOR RAGHNALL



COMPANY PROFILE

Company Name:	M3
Industry Type:	Construction/Utilities/Contracting
Industry Sub Type:	AC & Heating
Estimated Annual Turnover:	400000
Estimated Asset Value:	400000
Number of Employees:	100

INDUSTRY OUTLOOK

The Indian construction market size was \$609.6 billion in 2021. The market is projected to grow at an AAGR of more than 6% during the period 2023 to 2026. 2023 is likely to be an exciting year for the industry. Here are some of the notable trends to watch closely:



Diversification - Several companies in the engineering sector have diversified, either geographically (mainly to Middle-Eastern countries) or sector-wise e.g., Larsen and Toubro (L&T) have diversified into power equipment manufacturing, Thermax has entered the power utility segment, Reliance Industries diversified into telecom, power generation, fertiliser and retail sectors.

Entry of International Companies - With 100% FDI allowed through the automatic route, major international players such as Cummins, GE, ABB and Alfa Laval have entered the Indian engineering sector due to growth opportunities.

Partnership - Companies across this sector are partnering with technology providers to enhance their capabilities and sustain the market uncertainties. E.g., In February 2022, Microsoft India and Larsen & Toubro (L&T) signed a Memorandum of Understanding (MoU) to build a regulated sector cloud product. The two businesses will collaborate with a select group of significant customers in regulated industries to design architectures and roadmaps to help them achieve their digital transformation goals and transition traditional data centres to hybrid cloud architecture.

RISK OUTLOOK



Extreme



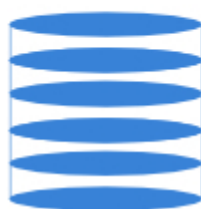
Medium



Cyber Risk



Crime Risk



Property Risk



Employee Risk

RISK INSIGHTS

Liability

- Indian legal environment is changing very fast and the legal expenses of companies are also increasing each year. The legal requirement of industries varies from industry to industry.
- As per the analysis of various costs incurred by different industries over a period of 10 years (2010-2019), the legal cost incurred by the construction industry was 0.44% of their total expenses and 0.47% of their 10 year average sales revenue.

Employee

- The pandemic has shifted the dynamics between employers and employees, with employees expecting organizations to recognize the importance of their lives inside and outside of work.
- Global talent shortages has reached a 16-year high as 3 in 4 (75%) employers report difficulty finding the talent they need.
- 85% of the construction firms are facing talent shortage.
- According to data collected by global workers' union, industrial sectors such as manufacturing, chemicals and construction report the most fatalities in India. In 2021 alone, it said an average of seven accidents were reported every month in Indian manufacturing industries, killing more than 162 workers.

Crime

As per PwC's Global Economic Crime and Fraud Survey (GECS) 2022, 52% of Indian organizations experienced fraud or economic crime within the last 24 months.

- Out of these, 17% of the companies lost between USD 1Mn - 50Mn.
- The major crime faced by the utilities sector was procurement fraud (45%) followed by cybercrime (29%) and supply chain fraud (29%).

Cyber

- Cyber attacks have been rated the top business risk in 2022 and have become the new norm across public and private sectors.
- Between November 2020 and October 2021, 5212 organizations worldwide experienced data breaches, out of which 1% belonged to the construction industry.
- This risky industry continues to grow in 2022 as IoT cyber attacks alone are expected to double by 2025.
- Cybercrime will cost companies worldwide an estimated \$10.5 trillion annually by 2025, up from \$3 trillion in 2015.

WHY RAGHNALL



We, at Raghnall, build partnerships with your organization that goes beyond pure risk transfer and offer a variety of additional services, like assessing your risk exposure, crisis management support or help with preventative measures. At Raghnall, we have specialized underwriters and product experts who take time to understand your business and procure protection from the most appropriate source according to your needs.

KNOW MORE

THIS REPORT HAS BEEN PREPARED BY

Raghnall Insurance Broking and Risk Management Pvt Ltd. A-702, Rustomjee Central Park, Andheri - Kurla Rd, Chakala, Andheri East, Mumbai 400093
For information, please visit - <https://www.raghnall.co.in>

Disclaimer

This assessment is provided for informational purposes only. Risk-related analyses and statements in this assessment are statements of opinion of possible risks to entities as on the date they are expressed, and not statements of current or historical fact as to the security of any entity. You should not rely upon the material or information in this report as a basis for making any business, legal, or any other decisions. Raghnall or MSME Accelerate shall not be liable for any damages arising in contract, tort or otherwise from the use or inability to use this report, or any action or decision taken as a result of using the report. Neither Raghnall nor MSME Accelerate warrant that (i) the assessment will meet all your requirement; (ii) the assessment will be uninterrupted, timely, secure or error-free; or (iii) that all the errors in the assessment will be corrected.