

GENERATED ON **16/12/2022**

RISK EXPOSURE REPORT

Prepared for
Online



Company Profile

Company Name: **Online**

Industry Type: **Construction/Utilities/Contracting**

Industry Sub Type: **Equipment Rental**

Estimated Annual Turnover: **1000**

Estimated Asset Value: **10**

Number of Employees: **18**

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:

- 1. 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.
- 2. 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.
- 3. 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 Risk

 Medium Risk



Cyber Risk



Crime Risk



Property Risk



Employee Risk

Risk Insights

- **Cyber** - Cyber attacks have been rated the top business risk in 2022 and have become the new norm across public and private sectors. 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. Between November 2020 and October 2021, 5212 organizations worldwide experienced data breaches, out of which 1% belonged to the construction industry.
- **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%).
- **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. Further, shifting demographics, including shrinking birth rates and the rise in early retirees, means talent is scarcer than ever before. Global talent shortages reach 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.
- **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.

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