



Sector: Education Skill Development

ICICI Lombard Corporate India Risk Index

Introduction

- ICICI Lombard Corporate India Risk Index is a one of its kind, unified, credible, standardised corporate Risk Index that spans over the country level, the industry level and the company level
- This is the 2nd Iteration of the Corporate India Risk Index which was started in 2021. This index maps the risks to a company on the basis of awareness, preparedness, probability and criticality.
- The Corporate India Risk Index for 2021 is based on published business performance reports, assessments, insights & collaborative inputs from key executives/ officials of 220 companies in India across 20 key sectors. It will help the companies understand the level of risk exposure and current level of risk management.

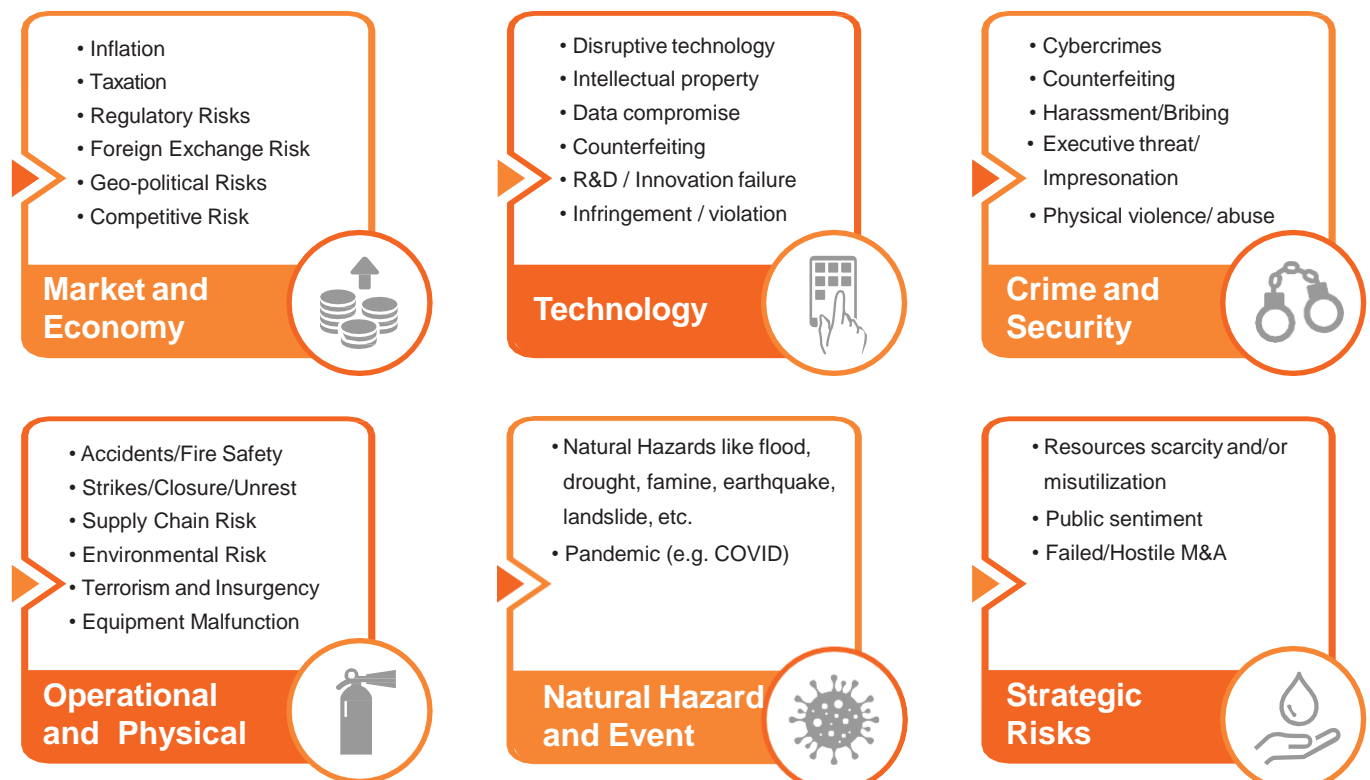
Comprehensive Sector Coverage

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

* New Sectors for ICICI Lombard Corporate India Risk Index 2021

Risk Framework

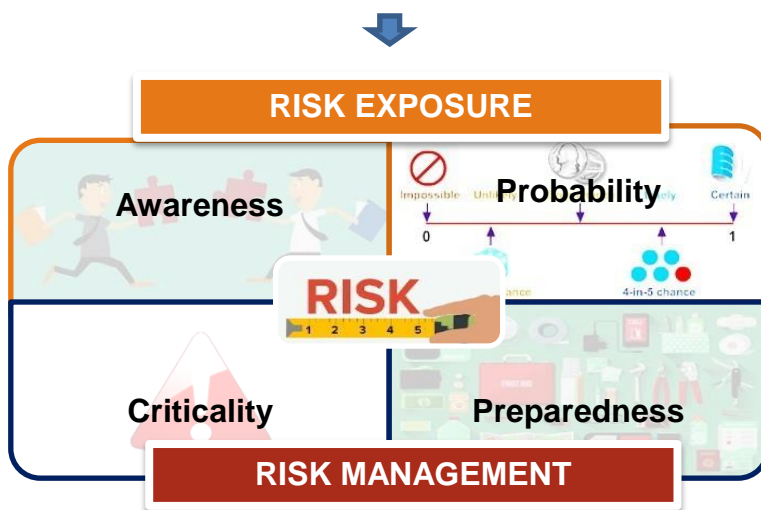
The ICICI Lombard Corporate India Risk Index Framework comprises of 32 risk elements across 6 broad dimensions:



ICICI Lombard Corporate India Risk Index – Approach



The Risk Framework comprises of 32 risk elements across 6 broad dimensions



The Risk Exposure and Risk Management is measured across 4 parameters.

The Corporate Risk Index for 2021 is based on published business performance reports, assessments, insights & collaborative inputs from key executives/officials of 220 companies in India across 20 key sectors.

$$\text{Risk Exposure (RE)} = f(\text{Awareness, Probability})$$

$$\text{Risk Management (RM)} = f(\text{Criticality, Preparedness})$$

$$\text{COMPANY RISK INDEX} = f(\text{Risk Management, Risk Exposure})$$

$$\text{Sector Risk Index} = \text{average of company risk indices}$$

$$\text{Country Risk Index} = \text{average of sector risk indices}$$

ICICI Lombard Corporate India Risk Exposure – Scale

Score	< 40	40 - 50	50 – 60	60 - 80	> 80
Category	Very Low Risk Exposure	Low Risk Exposure	Moderate Risk Exposure	High Risk Exposure	Very High Risk Exposure
	Has minimal exposure to overall risks and thus probability of a risk incident is very less.	Has low exposure to overall risks and its risk exposure is within acceptable tolerable limits.	The corporate is able to balance the impact of moderate exposure to overall risks up to a certain extent.	The risk exposure and its impact is very high in the industry in which the corporate operates.	Unable to foresee risk incidents, the probability of these incidents and quantified business loss may be extremely high.

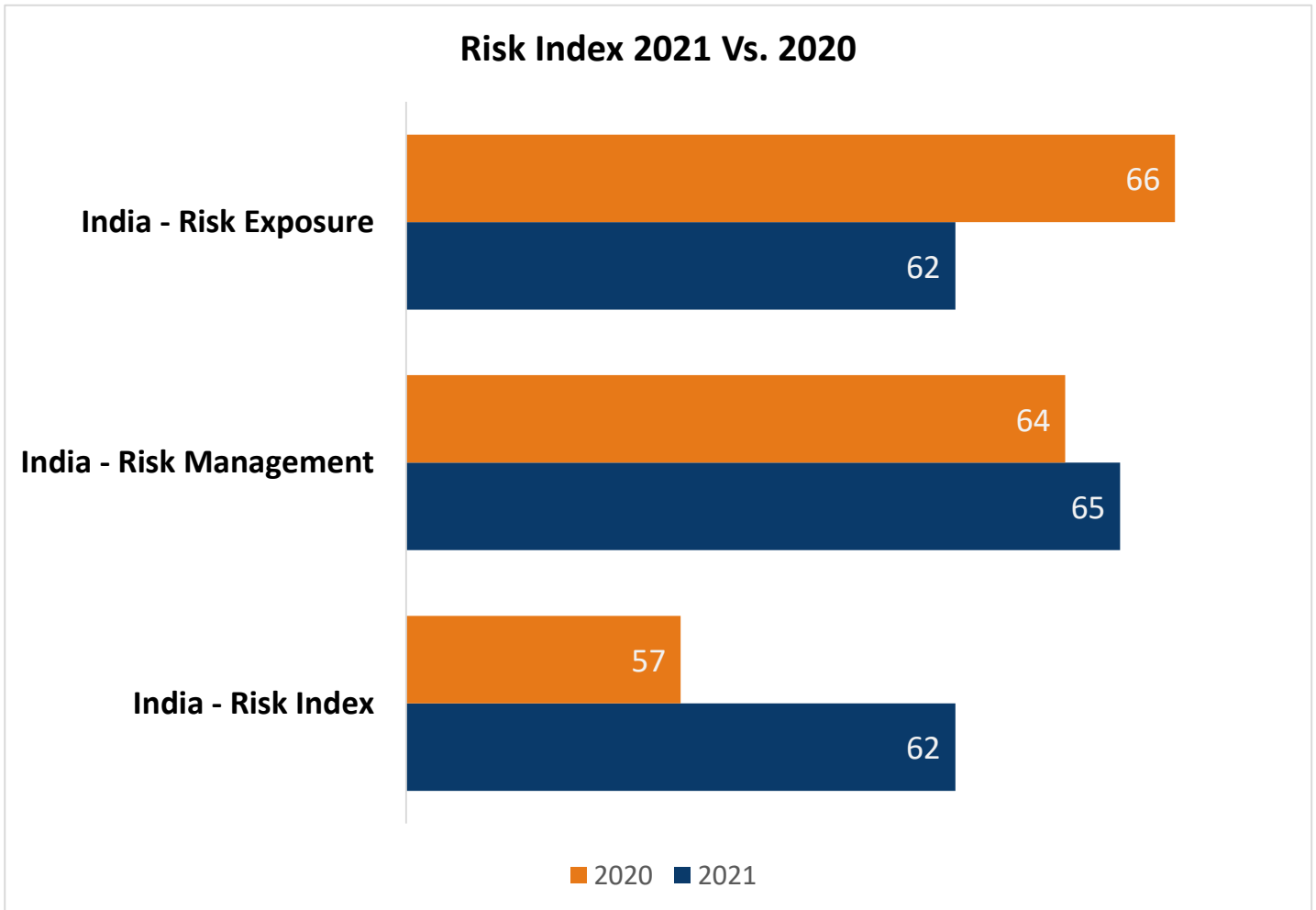
ICICI Lombard Corporate Risk Management – Scale

Score	< 40	40 - 50	50 – 70	70 - 80	> 80
Category	Poor Risk Management	Below Par Risk Management	Acceptable Risk Management	Superior Risk Management	Exemplary Risk Management
	Unable to understand the concept of Risk management and reactive to overall risks that affect it.	Use of inefficient or legacy risk management practices which is reactive to newer or unknown risks.	The corporate is prepared to handle known risks and the criticality of its risks are not severe.	Top class risk management practices with its ability to manage dynamic risks as well as unknown risks.	Over prepared in Risk management practices, proactive to emerging risks with high investment in risk mitigation practices

ICICI Lombard Corporate Risk Index – Scale

Score	< 40	40 - 55	55 – 65	65 - 75	> 75
Category	Ineffective	Sub-optimal	Optimal	Superior	Over-prepared
	The corporate has very high exposure or very poor risk management practices or both	Not all risks are handled effectively. Risk management practices are likely dated or inefficient.	Most current risks are being handled effectively. Emerging risks associated with strategic initiatives need more diligence.	Very effective and efficient risk management practices. Well positioned to handle current and future risks across dimensions.	High investment in risk mitigation practices. Likely over-investment in one or more risk dimensions. Difficult to justify ROI

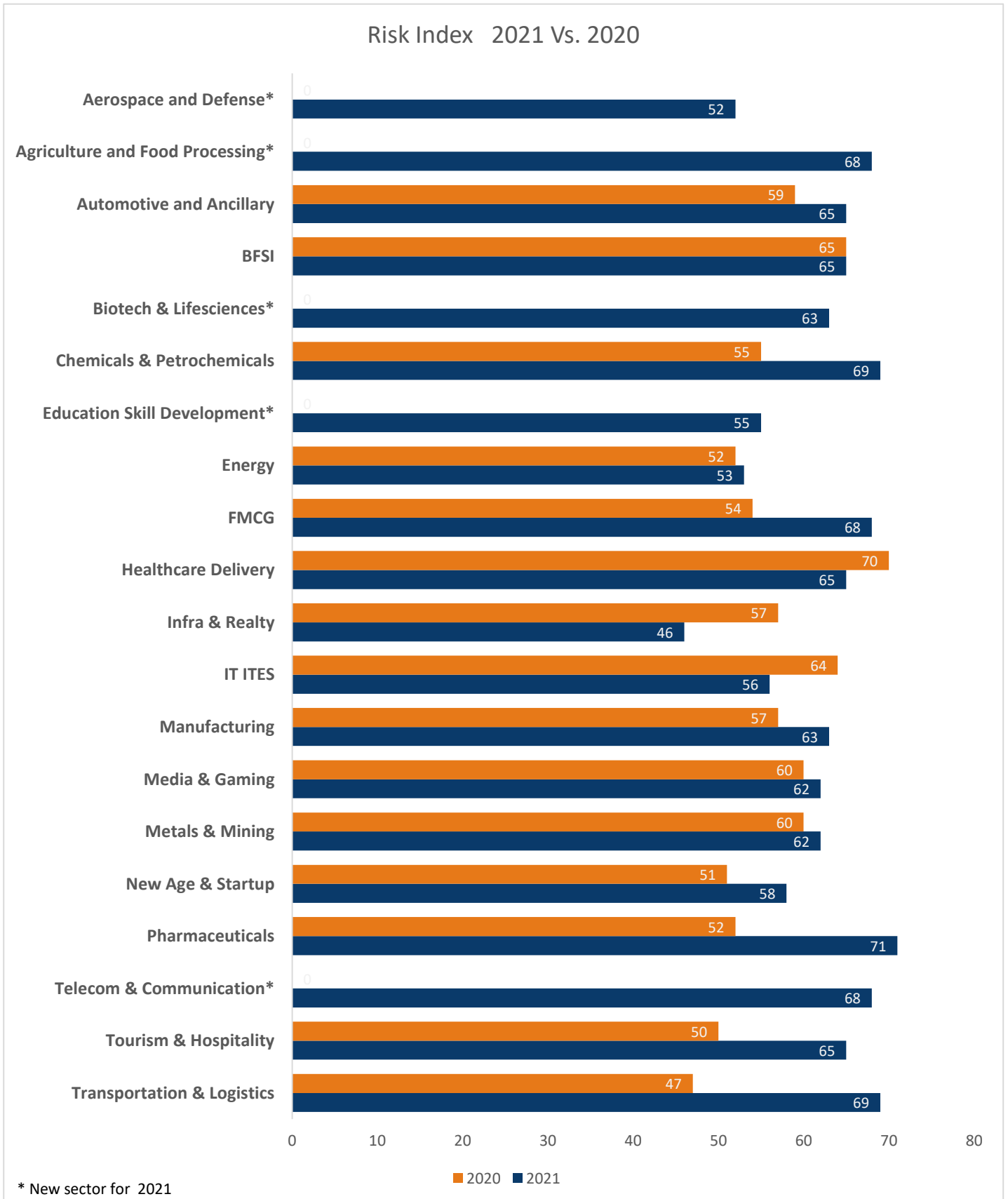
ICICI Lombard Corporate India Risk Index



India Risk Index(Optimal Risk Handling)

- As the pandemic and pandemic related constraints eased up, Sectors showed varied recovery as risk related to **Resource Scarcity, Delay in Execution of projects** due to pandemic and **Financial Risks** due to **tax relaxation** pacified
- The overall Risk Index for India improved from **57** to **62** in 2020-2021 , however sectors like **Infra & Realty, Metals & Mining** and **New Age & Startup** the risk Index decreased which was primarily due to the increased **Strategic Related Risks, Crime & Security Risks, Financial Risks, Inflation** and **Technology Risks**
- Sectors like **Transportation & Logistics, BFSI, Chemicals & Petrochemicals** and **Tourism & Hospitality** showcased significant improvement in the Risk Index, because the risk exposure lessened across all the risk dimensions.
- It was also observed that the Risk Exposure came down for the **Large Businesses(67 vs. 64) , Medium Businesses(65 vs. 61)** and **Small businesses (64 vs. 63)** for 2020 vs. 2021.
- With the reduced impact of the pandemic and innovative initiatives by business leaders over the supply-chain, sectors like **Manufacturing, Automotive, FMCG** and **Chemicals & Petrochemicals** improved on the **Risk Index**.

ICICI Lombard Corporate India Risk Index – Sector Comparison



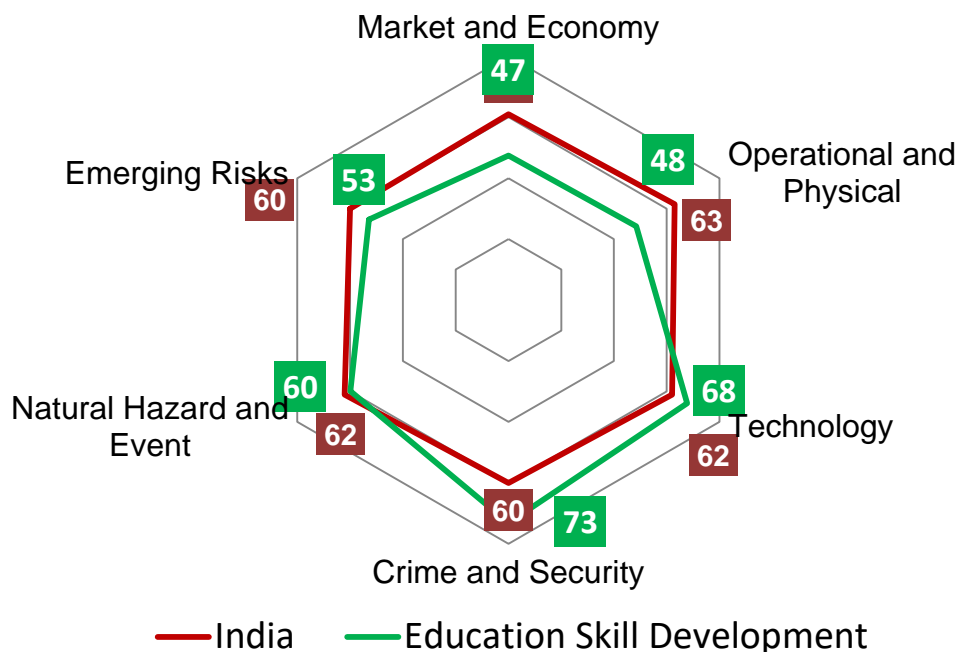
Observations:

Automotive & Ancillary, FMCG, Manufacturing and Pharmaceuticals sector have been managing their Risk in a defined, methodical and strategic manner, with continuous monitoring and containment of Risks. Transportation & Logistics, Metals & Mining, Healthcare Delivery and Biotech & Life Sciences sectors need to improve their Risk management capabilities in order to have an overall acceptable Risk measure.

India Risk Profile Vs. Sector Risk Profile

Risk Profile	2021 Risk Exposure	2021 Risk Management	2021 Risk Index	2020 Risk Index
India	62	65	62	57
Education Skill Development	63	64	55	NA

India Risk Index Vs. Education Skill Development Sector Risk Index



The Education Skill Development sector's Risk Exposure score is 63 mainly due to its high exposure to Market & Economic conditions and Strategic Risk.

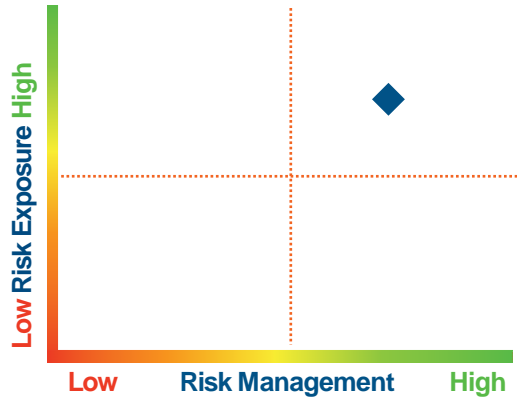
- The E-Learning Market is facing consolidation as big player's are buying out smaller players in the market.
- The potential risk of negative regulations similar to China due to the building pressure on kids resulting in negative long term consequence.

The overall Risk Management score is 64 which is within the acceptable risk management Level and indicating that the most companies are well prepared to handle risk posed by the industry.

- Companies should ensure a strategic approach in the messaging to consumers to prevent negative public sentiments.
- The market is moving towards a more hybrid version of learning hence companies should prepare to meet the needs of the changing trend.

Risk Dimension Analysis: Market and Economy

Risk Exposure Score: 70
Risk Management Score: 69



Indian Ed-tech market is expected to grow five fold by 2025

- India has the largest demography in the age group of 5-24 years in the world with around 580 million people.
- The government has promoted the industry by allowing 100% FDI in the education sector.
- China's latest ban on for profit tutoring has become an opportunity for India.
- Highly competitive ecosystem with new age players dominating the market in the online learning segment and is also expected to crave a large chunk of market share from traditional players.

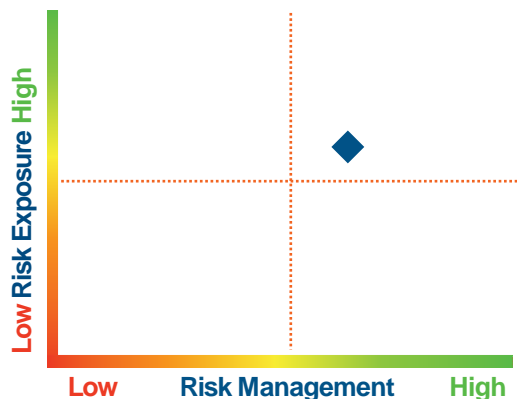


Recommendation:

The sector should persuade the government to push policies that promote accessibility to internet.

Risk Dimension Analysis: Technology

Risk Exposure Score: 58
Risk Management Score: 62



Huge migration towards Online learning

- The pandemic has accelerated the industry's integration of technologies in its product offering.
- E-learning tech is giving a competitive edge over the traditional learning platforms.
- The government has significantly promoted online based learning through initiative like SWAYAM etc.
- Large population does not have access to devices and Internet.

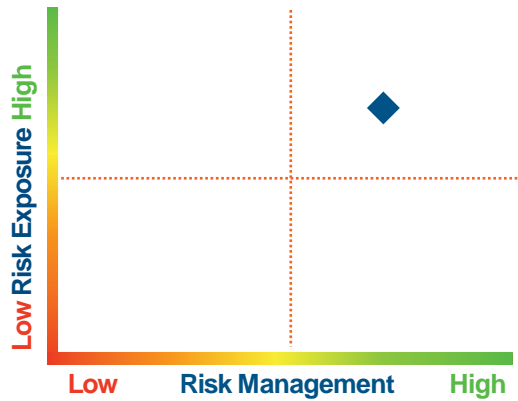


Recommendation:

The sector and GOI should work closely to ensure an equitable access to the platforms to prevent any negative public sentiments.

Risk Dimension Analysis: Operational and Physical

Risk Exposure Score: 70
Risk Management Score: 69



The Industry was highly impacted due to the pandemic

- The pandemic has completely halted all physical operations of the firms.
- Huge push for the Ed-Tech segment as companies migrated to an online learning format.
- Operations highly impacted in tier 2 and tier 3 cities due to the lack of access to devices and network connectivity.

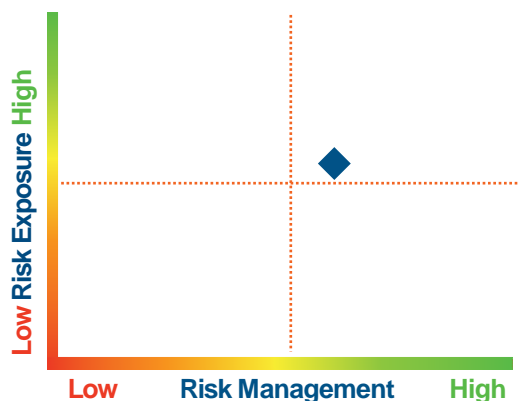


Recommendation:

The companies should capitalize on the digitalization of the industry and ensure no compromise is made to the quality of education on the process.

Risk Dimension Analysis: Crime and Security

Risk Exposure Score: 52
Risk Management Score: 58



Cyber security vital for the industry

- As the sector becoming more integrated with technology especially Ed-Tech sector latest cyber security infrastructure is a must.
- Cost of Cyber attack is very high as the whole Ed-Tech Business model revolves around the proprietary content.

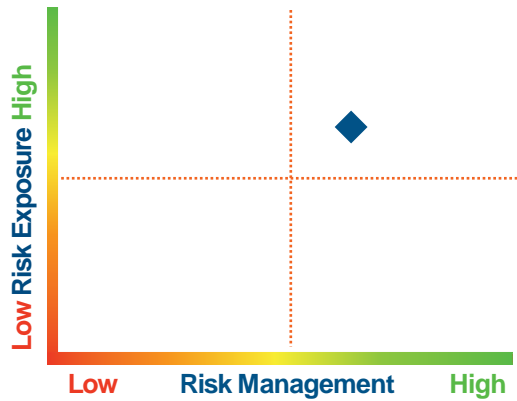


Recommendation:

The firms in this sector has to keeps its cyber security infrastructure updated in regular intervals to prevent any breaches as the cost of such mishap is very high.

Risk Dimension Analysis: Natural Hazard and Event

Risk Exposure Score: 62
Risk Management Score: 64



The pandemic has impacted the industry badly

- Operations of traditional educational institutes had come to an halt during early stages of the pandemic.
- The quality of education has been significantly impacted due to the sudden shift to online based teaching.
- The pandemic has given the Ed-Tech sector a great opportunity to scale its operations as traditional institutes operations were completely disrupted.

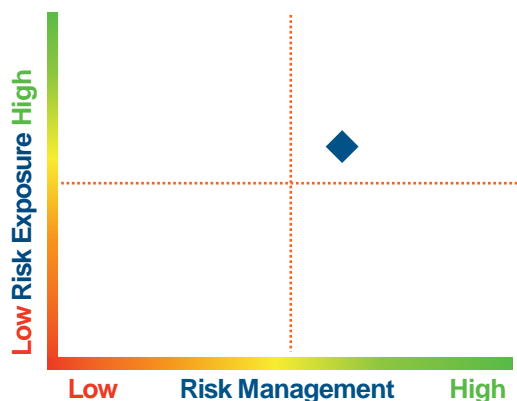


Recommendation:

The traditional Institute should embrace the digital change to survive in the industry in the long term

Risk Dimension Analysis: Strategic Risk

Risk Exposure Score: 59
Risk Management Score: 60



Other Risks

- The companies should be very strategic and mindful while marketing their products to prevent any negative sentiments among consumers.



Recommendation:

Firms should be very cautious of their messaging strategy and should also be mindful of the kids mental well being while engaging online.



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