

TYPES OF RISKS

ABC Ltd. is a crude-oil processing company in India. It imports oil from Saudi Aramco and majorly extracts petroleum out of it to be distributed in the Indian market. During the Russia-Ukraine war, the oil supplies got hit globally due to which ABC Ltd. also had to face shortages and delay in further deliveries. This led to delayed payments and a hype amongst the creditors of the firm. ABC, thus, had to procure a Working capital loan from HDFC Bank to make the payments and keep the day-to-day operation alive. The loan had been backed by the company's Certificate of Deposit procured from the lending bank itself. Additionally, the Diesel-procuring unit of the company caught fire which led to casualties of approximately 35 workers. The workers cited lack of proper safety measures as the reason behind the same and went on an indefinite strike demanding proper compensation as well as assurance of safety as per the standards of the Oil Industry Safety Directorate under the Ministry of Petroleum and Natural Gas in India. Keeping the above case insight in mind, ABC Ltd. has hired your consultancy to get some relief from the grave situation they are facing. You are required to get solutions for the following:

- Q1.** Identify the kinds of risks involved in the above scenario based on your understandings.
- Q2.** What are the methods, you being a consultant of ABC Ltd., would advise to the company for handling risks.
- Q3.** Can the company make use of Insurance products in any form to avoid such critical situation in the future?