

Online Workshop on

Commodity Risk Management

- Process, Compliance and Payback

June 19-20, 2021



Background

Since the start of Covid-19, volatility in commodity prices have increased due to disruption in production/supply chain and their processing. On the other hand, the commodity user businesses are faced with dwindling market for their products. Under such conditions, commodity businesses not only take a hit on their overall sales, but also a hit on their overall net profit/business margins. Derivative instruments, OTC and market-traded instruments help them cover their position in advance and offer a competitive pricing scenario that will keep them healthy even when markets are fluctuating. Thus, hedging their price risk through derivative instruments not only help them better manage their competitiveness and business margins but also help them add value to their stakeholders. Keeping the same in mind, SEBI during November 15, 2018, had mandated measurement and disclosure of commodity price risks and risk management in a tabular format to be complied by all the firms in commodity businesses.

In addition, transactions in most commodities including broad commodities such as iron ore and coal have moved away from long-term contracts into short-term contracts or contracts dynamically benchmarked to available benchmarks reported by the Price Reporting Agencies. These Price Reporting Agencies follow a robust mechanism of assessing the spot market prices and announce them for the benefit of stakeholders to have a robust reference for their market transactions. Off late, these benchmarks apart from their use in OTC transactions have also been used in trading and settlement of derivative products in many of the international markets for broad commodities such as coal, liquid natural gas, etc. With their increasing usage, to enhance the trust of users of these benchmarks, IOSCO had issued principles for oil price reporting agencies. Adoption of similar principles are being considered by global regulators to be extended to price reporting functions for various other commodities.

Additionally, Corporate India has transitioned into IndAS – new accounting standards from the old accounting standards. This had not only called for robust transparency on derivative positions of the businesses but had also provided for dynamic hedging practices adjusting for sudden but adverse price changes. Under the previous accounting

regime (IAS 39/ AS 30), firms with hedging interests also had limited access to hedging interests and with the coming into being of Ind AS 109 accounting standards had not only provided for access to a wider set of financial instruments to be used in hedging but also hedging using proxy hedging. Hence, apart from the regulatory disclosure requirements, accounting standards are increasingly warrant transparency about risks faced by businesses transforming stakeholders into risk hedgers than risk pass on.

It is in this regard, this workshop is being organized to share knowledge on the entire gamut of commodity price risk and its measurement, suitable financial products, risk management strategies and their assessment/reporting. All the topics are being delivered by respective experts in the area of commodity/risk management/accounting with considerable experience in their respective area of practice with suitable examples.

About the Program

NISM, an educational and capacity building arm of SEBI is organizing an **Online Workshop on Commodity Risk Management - Process, Compliance and Payback** during **June 19-20, 2021 (Weekend)** for procurement / business development / finance officials of the commodity related businesses, listed companies including SMEs with some examples to understand the process, products and paybacks

Session Plan

Time	Day 1: Saturday, June 19, 2021	Proposed Speakers
09:30 am to 10:00 am	Inaugural Session	
09:30 am to 10:00 am	Commodity Price Risk - Identification, measurement, and impact	Mr. Sandeep Daga Regus Consulting
11:00 am to 11:15 pm	Tea Break	
11:15 pm to 12:15 pm	Importance of Commodity Price Risk Management	Mr. Ashutosh Deshpande Essar Oil
12:15 pm to 1:15 pm	Steps in Commodity Price Risk Management	Mr. Keerthivasan Titan
01:15 pm to 02:15 pm	Lunch Break	
02:15 pm to 03:15 pm	Drafting Risk Management Policy - Elements and Essentials	Mr. Vikram Sondhi Hindalco Industries
03:15 pm to 03:30 pm	Tea Break	
03:30 pm to 04:30 pm	Risk Management Strategies - Aligning with Procurement and Marketing Strategies	Mr. Rahul Murthi Acies
04:30 pm to 05:30 pm	Price Risk Management - Various Instruments of Commodity Price Risk Management and their Suitability - RBI Norms on Hedging in Global Markets - Norms in Indian Commodity Derivative Markets	Mr. Muzammil Patel Acies
05:30 pm to 06:00 pm	Quiz and Recap of the Day	Dr. V. Shunmugam NISM
Time	Day 2: Sunday, June 20, 2021	
09:30 am to 10:30 am	Commodity Derivative Markets - Products, Liquidity, Participation Costs	Dr. V. Shunmugam, NISM
10:30 am to 11:30 am	Price Reporting Agencies - Roles, Responsibilities, Coverage of Commodities, Benchmark for Indian market stakeholders, utility in hedging	
11:30 am to 12:00 pm	Tea Break	
12:00 pm to 01:00 pm	Execution of Risk Management Strategy - Roles and Responsibilities of the front office	Mr. Muzammil Patel Acies
01:00 pm to 02:00 pm	Lunch Break	
02:00 pm to 03:30 pm	Surveillance, Monitoring, Mid-course Strategy Correction - Roles and responsibilities of the middle and back office	Mr. Mihir Sanghvi EY
3:30 pm to 3:45 pm	Tea Break	
03:45 pm to 05:15 pm	Reporting, Accounting, Compliance - Assessing Performance of Risk Management Strategy, Reporting to the Board, Accounting Practices, SEBI Norms, Compliances	Mr. Punit Ajani KPMG
05:15 pm to 05:45 pm	Quiz and Recap of the Day	Dr. V Shunmugam NISM
5:45 pm to 6:15 pm	Valedictory Session	

Programme Fees

Early Bird Discount

Sr. No.	Fees Applicable if Registered	Fees for a Participant (Rs.)
01	On or Before June 5, 2021	4,500/-
02	After June 5, 2021	6,000/-

Group Discount

Sr. No.	Fees Applicable if Registered Group Members are	Fees for a Participant (Rs.)
01	Three or more than Three	4,500/-
02	Less than Three	6,000/-

Note:

- The above-mentioned fees are exclusive of applicable taxes, GST and bank charges (if any).
 - The both offers will not be combined for any registered participants. Only one offer will apply at the time of registration.
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How to Register for This Program?

Step 1:

Please click this registration link or open this link in any browser

<http://slims.nism.ac.in/eduwiz/forms/newregister.html>

Step 2:

Please click on New registration (Once the registration is complete, you will receive User ID and Password in your registered Email ID).

Step 3:

In programme name, please select 'Online Workshop on Commodity Risk Management - Process, Compliance and Payback' and fill other necessary(*) details.

Step 4:

Please complete the registration and payment of fees. You may have to use the login credentials sent on your registered email id to complete the payment of programme fees.

After the successful registration, you will receive the fees payment receipt in the same portal.

Program Director

Dr. V. Shunmugam
Consultant, NISM
Email: venkatachalam.
shunmugam@nism.ac.in

Program Coordinator

Ms. Jinal Rohit
Management Trainee, NISM
Email: jinal.rohit@nism.ac.in

