

Online Workshop on

# Commodity Risk Management

- Process, Compliance and Payback

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October 23-24, 2021



## Background

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Pandemic and its impact on the value chains had increased the volatility in commodity prices due to disruption in production/supply chain and their processing. On the other hand, the commodity user businesses are faced with dwindling markets for their products due to economic slowdown and reduced mobility of the economic stakeholders. Under such conditions, the sales of businesses with commodity exposures not only gets impacted, but also their net profit/business margins. Derivative instruments, OTC and market-traded instruments help businesses cover their exposures in advance through locking in prices and enable them offer competitive prices for their goods or services. Hedging commodity risks will keep businesses with commodity exposures 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 published by the Price Reporting Agencies. 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 or off-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, iron ore, liquid natural gas, etc. With their increasing usage in the energy markets, to enhance the trust amongst users, IOSCO had issued principles for oil price reporting agencies. Adoption of similar principles are being considered by global regulators to various other price reporting functions being undertaken by private/public institutions.

Additionally, Corporate India has transitioned into IndAS – a new accounting standard that had not only

helped them enhance their accounting and reporting functions but also instill global best practices in their business including risk management. IndAS had not only called for transparency on derivative positions held by the businesses but had also provided for adoption of dynamic hedging practices adjusting for sudden but adverse price movements in the hedged commodities. 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 commonly adopted practice of proxy hedging. Hence, apart from the regulatory disclosure requirements, accounting standards are increasingly warranting transparency about risks faced by businesses transforming commodity 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 will be delivered by respective experts in the area of commodity/risk management/accounting with suitable examples.

## About the Program

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This program is meant for the procurement/business development/finance officials of the commodity related businesses, listed companies including SMEs with some examples to understand the process, products and paybacks in commodity price risk management. Industry Experts and NISM Faculty will deliver the proposed program. The program may be conducted on online during October 23 - 24, 2021 (Weekend) through the Cisco WebEx platform.

# Programme Schedule

## Day 1: Saturday October 23, 2021

Timing	Topic/Coverage	Resource Person ##
09:15 am to 09:30 am	Opening Remarks	
09:30 am to 10:30 am	Commodity Price Risk - Identification, measurement, and impact	<b>Mr. Sandeep Daga</b> Regus Consulting
10:30 am to 10:45 am	Tea/Coffee Break	
10:45 am to 11:45 am	Importance of Commodity Price Risk Management (One on One)	<b>Mr. Ashutosh Deshpande</b> Essar Oil
11:45 am to 12:45 pm	Steps in Commodity Price Risk Management	<b>Mr. Keerthivasan Subramanian</b> Titan
12:45 pm to 02:00 pm	Lunch Break	
02:00 pm to 03:00 pm	Drafting Risk Management Policy - Elements and Essentials (One on One)	<b>Mr. Ayush Kakkar</b> Trafigura
03:00 pm to 04:00 pm	Risk Management Strategies - Aligning with Procurement and Marketing Strategies	<b>Mr. Rahul Murthi</b> Acies
04:00 pm to 04:15 pm	Tea/Coffee Break	
04:15 pm to 05:45 pm	Reporting, Accounting, Compliance - Assessing Performance of Risk Management Strategy, Reporting to the Board, Accounting Practices, SEBI Norms, Compliances	<b>Mr. Punit Ajani</b> KPMG

## Day 2: Sunday October 24, 2021

Timing	Topic/Coverage	Resource Person
09:30 am to 11:00 am	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	<b>Mr. Muzammil Patel</b> Acies
11:00 am to 11:15 am	Tea/Coffee Break	
11:15 am to 12:15 pm	Commodity Derivative Markets - Products, Liquidity, Participation Costs	<b>Dr. V. Shunmugam</b> NISM
12:15 pm to 01:15 pm	Price Reporting Agencies - Roles, Responsibilities, Coverage of Commodities, utility in hedging	<b>Dr. V. Shunmugam</b> NISM
01:15 pm to 02:00 pm	Lunch Break	
02:00 pm to 03:30 pm	Execution of Risk Management Strategy - Roles and Responsibilities of the front office	<b>Mr. Muzammil Patel</b> Acies
3:30 pm to 3:45 pm	Tea/Coffee Break	
03:45 pm to 05:15 pm	Surveillance, Monitoring, Mid-course Strategy Correction - Roles and responsibilities of the middle and back office	<b>Mr. Sandeep Daga</b> Regus Consulting
05:15 pm to 5:30 pm	<b>Valedictory Session</b>	

## Invited Faculties

# Programme Fees

## 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: Fees mentioned above are exclusive of applicable taxes, GST and bank charges (if any).

## How to Register for This Workshop?

### 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.

### Programme Director

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