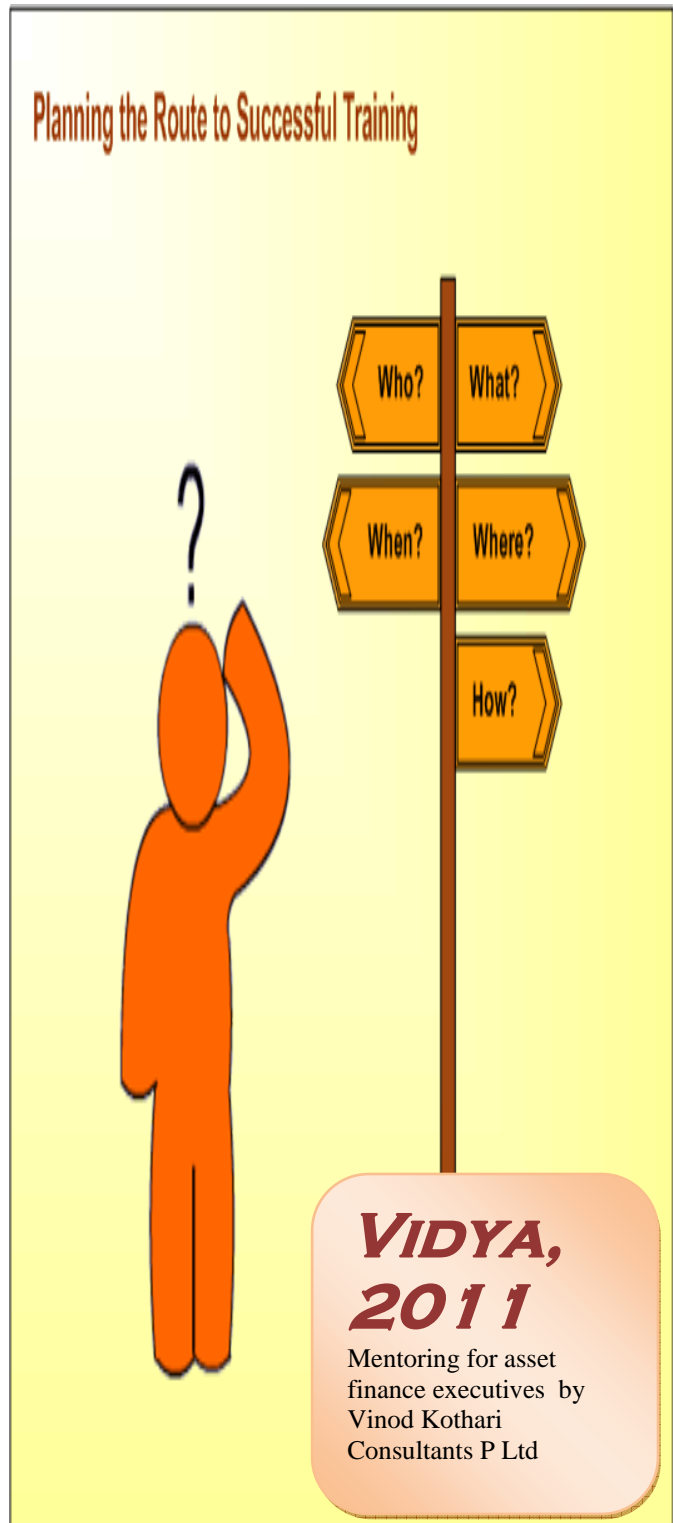


***VIDYA, 2011:  
YEAR-LONG  
MENTORING  
PROGRAM  
FOR  
ASSET FINANCE  
EXECUTIVES***



## **VIDYA 2011 – A QUICK OVER VIEW**

- It is not just a formal tutorial or workshop, but a year-long program where you constantly being mentored by the best mentors in asset finance business.
- Combination of workshop, written lessons, evaluation, year-long advisory support
- Would go a long way in shaping your career path and hand-holding you on your way up.

## **ABOUT THE PROGRAM**

Vidya, 2011 is our initiative to handhold executives of asset finance companies and to help them gain an understanding of not just their department but also the business of the organization. The training shall not be limited to the functional area that the participant is currently engaged in; but shall include the entire spectrum of business of the company – from the time an asset is originated, till it results into profits for the company.

## **HOW VIDYA, 2011 RUNS?**

- **Participants are selected by the host organisation**
- **We conduct our evaluation to assess the level and skill sets of the participants**
- **We send our first batch of study materials**
- **We conduct written evaluation**
- **Successful participants move to second level, and so on**
- **In the meantime, based on logistics, a physical workshop will be held at selected locations**

### **Eligible participants**

- **Any executive working in asset finance companies, irrespective of functional areas**
- **Seniors with substantial experience have benefited in the past**
- **Freshers are also welcome**

# Regulatory Environment for NBFCs

## **1. Brief Introduction to NBFCs**

- a. Meaning of NBFC
  - i. Definition of principally engaged
- b. Types of NBFCs
  - i. Deposit taking and Non deposit taking
  - ii. Systematically Important
- c. Overview of regulatory set up distinguishing between non-banking non-financial companies, non-banking financial companies and banking companies
- d. Registration requirements
- e. Capital Adequacy Norms
- f. Prudential regulations, income recognition and provisioning
- g. Miscellaneous requirements and compliances

## **2. Different forms of funding transactions:**

- a. Asset-backed lending business –loans against commercial assets
  - i. Creation of security interest on commercial assets
  - ii. Alternative forms of asset-backed funding: hire purchase and leasing
- b. Loans against financial assets (shares and securities)
  - iii. Essential rules of pledging and procedures in case of physical and demat securities
  - iv. Restrictions on loans against shares by SEBI and stock exchanges
  - v. Rights of a pawnee under contracts law
- c. Unsecured personal loans:
  - vi. Money lending laws
  - vii. Enforcement of personal loans

# Financial Analysis and Structuring Skills

1. Basic Concepts
  - a. Understanding business as financial system
  - b. Business Analysis using Financial Statements
  - c. Accounting Analysis
  - d. Financial Analysis
2. Creating the first financial statement model in Excel to begin with
  - a. Modeling Income Statement & Balance Sheet
  - b. Getting the model to balance and using the model as a decision making tool
3. Ratio analysis
  - a. Profitability ratios
  - b. Risk ratios
  - c. Trend analysis
  - d. Sensitivity analysis
  - e. Peer analysis
  - f. Case study
4. Liquidity Ratios
5. Elements of the Income statement
6. Leverage Ratios
7. Statement of Cash Flows
8. Forecasting and Cash Flow analysis
9. Firm valuation using discounted cash flows and discounted residual income methods
10. Common size comparative valuation analysis

# Receivables Management in Financial Services

- Receivables Management Features and Benefits
- Receivables Management Overview and Roadmap Integration
  - a. Overview of credit and collection field
- Understanding credit control policies
- Strategizing effective collection procedures
- Customer relationship management
- Collection skills

# Corporate Lending and Credit Origination

## 1. Understanding the business cycle of the customer

- a. Understanding of needs from the business process
- b. Different Products for matching different needs
- c. Mapping need versus Bank's Internal product requirement
- d. Description on Each products
- e. Understanding the reason for requirement of credit by a borrower
- f. Purpose of Long term , medium term and short term fund requirement

## 2. Understanding fixed capital needs:

- a. Reading and understanding of a business plan
- b. Identifying core and non-core processes and assets
- c. Identifying overcapitalization and undercapitalization
- d. Understanding the payback cycles of fixed assets and matching financial needs with the payback pattern
- e. Case study

## 3. Understanding working capital needs:

- a. Need for proper working capital
- b. Understanding the working capital cycle
- c. Assessing working capital needs for different industries

## Essentials of Secured Lending

1. What is secured lending?
2. Other forms of asset finance
3. Features of secured lending/ asset backed financing
  - a. Advantages
  - b. Disadvantages
4. What is security interest
  - a. Security Interests on moveable properties
  - b. Security Interest on immoveable properties
    - i. Mortgages
    - ii. Charges
      1. Fixed and Floating Charge
    - iii. Hypothecation
    - iv. Pledges
5. Assignment of debt
6. Enforcement of Security Interests
  - a. Enforcements
    - i. SARFAESI, DRT
    - ii. Winding up
  - b. Formal and Informal Workouts
  - c. Sale or settlement
    - i. RBI guidelines on sale of assets

# Credit Pricing And Risk Management

## 1. Credit evaluation and credit risk assessment

- a. Analytical, semi analytical and quantitative approaches to credit risk
- b. Quantification of credit risk
- c. Pricing of credit risk
- d. Portfolio credit risk management
- e. Excel spreadsheet examples on pricing of credit risk

## 2. Loan documentation:

- a. Need for clear loan documentation
- b. Essential items in loan documentation
  - i. Terms of the loan
    1. rate of interest
    2. payment of principal and interest
  - ii. creation of security interest and collateral requirements
  - iii. surveillance requirements, inspection, information seeking
  - iv. insurance etc
  - v. representations and warranties of the borrower
  - vi. obligations of the borrower
  - vii. events of default
  - viii. adverse material change
  - ix. enforcement

## 3. Best practices for management of lending:

- i. Roles and responsibilities of Board of Banks;
- ii. Roles and responsibilities of Bank Management ;
- iii. Best practices for building up a strong credit culture;
- iv. Existence of Independent Risk Management Functions;
- v. Lending Policy and Collateral Policy ;
- vi. Credit Granting Criteria;
  1. Evaluation ;
    - a. Appraisal process of credit
    - b. Analysis process of credit
- vii. Risk measurement and evaluation process;
  1. Scope of risk measurement ;
  2. Risk Measurement methods ;
  3. Internal Rating Systems ;
- viii. Monitoring and review of risks ;
  1. Individual credit monitoring and review process;
  2. Portfolio credit monitoring and review process;
  3. Reporting of reviews to appropriate authority.

- Vinod Kothari
- Praloy Majumder
- Other associate faculties

## KNOW YOUR FACULTIES

Vinod Kothari

Vinod Kothari (VK), based in Kolkata, India is internationally recognised as an author, trainer and expert on specialised areas in finance, including securitisation, asset-based finance, credit derivatives, accounting for derivatives and financial instruments, microfinance, etc. VK is a Chartered Accountant and a Company Secretary with brilliant academic record. He has been ranker holder in high school, college, and topped the Eastern Region in Chartered Accountancy final exams. VK is the author of a book titled *Securitisation: The Financial Instrument of the Future*. The latest edition (July 2006) of the book running over 1000 pages has been published by Wiley Finance, which is the world's largest publisher of financial texts. VK is internationally acknowledged as an expert on leasing. His book **Lease Financing and Hire-purchase**, now in its 4th edition in 1996, runs over 2000 pages and is read in several countries and respected as the most authentic text on the subject all over Asia.

VK is currently a Visiting Faculty at Indian Institute of Management, Joka, Calcutta teaching structured finance to over 100 students every year. Indian Institute of Management is one of the top ranking business schools that sends brilliant finance professionals world-over every year.

VK is also a visiting Faculty at National University of Juridical Sciences, the no. 2 law college in India, teaching corporate bankruptcy.

In 1987, a voluntary organisation of Calcutta chose him as the Outstanding Young Person of Calcutta in the field of Finance and Taxation. VK won several academic awards.

**Praloy Majumder**

Mr. Praloy Majumder has trained more than 120 employees of international bank, trained more than 2000 managerial personnel in the renowned companies in India like ICICI Bank, Tata Tea, North Delhi Power Limited, Kotak Mahindra Bank Limited , Tata Motors Limited, Taught more than 700 students in the Post Graduate Management Course of the country which includes IIMC, one of the best business schools of the country. Mr. Praloy Majumder started his professional career as a Probationary Officer in Syndicate Bank. He worked in different areas of Syndicate Bank.

which include Operation, Branch Administration , Advances and Human Resources Department . He worked in Syndicate Bank from 1990 to 1995. In the year 1995, with the opening up of Banking sector, Mr. Praloy Majumder joined ICICI Bank Limited. In ICICI Bank , he worked in Branch Operation, Corporate Banking , Trade Finance , and Treasury Operations. In the year 2001, he joined Alumnus Software Limited, a software company engaged in the development of high-end soft ware as its Chief Financial Officer. During the last one and half years , Praloy Majumder has conducted large number of training workshops under which he has trained a large number of managerial personnel.

## PLEASE READ

- Trainees are expected to adhere to the Timeline and submit their answer scripts within the time frame provided.
- Answer scripts/ queries any communication of any kind is to be made through mail, with the following details:
  - Name
  - City/ Zone
  - Faculty Name
  - Query
- Participants are expected to maintain all fairness in attempting answers to be able to assess their position.
- All queries are to be addressed to the concerned faculty and no general mail should be send – please be very specific to seek timely answers
- Results to the tests will be sent via mail.
- Mail for all correspondents would be [training@vinodkothari.com](mailto:training@vinodkothari.com)
- Gradation/ remarks of the faculty would be final and shall not be contested in any manner.

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