

2-Day Workshop on Operating Leasing & Asset Backed Financing



Venue: TBA, Kolkata

**Date: 12th – 13
September, 2011**

Faculty: Vinod Kothari



- Comprehensive coverage on secured lending, operating leasing, financial leasing, other methods of asset-based financing
- Most pertinent discussion on operating leases – their limitations, possibilities, opportunities
- Loads of scope for innovative business ideas
- Ideal for NBFCs, banks, IT companies, telecom companies and other vendors
- Discussion on new Exposure Draft lease accounting
- By one of India's most authentic speakers on the subject

Organized by:

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Why this course?

Asset-backed financing is not a new type of funding but a difference of approach – where asset becomes the primary basis for credit decision of the lender. Asset financing differs in technique and structure, and has been preferred World-over, as assets are easier to analyze and predict than entities. Multi-lateral entities have been stressing the use of asset backed financing, and governments all over the world have tried to create enabling legal environment to promote asset-backed financing.

While the simplest form of asset-backed financing is a secured loan, there are numerous variants – leasing, instalment sale, hire purchase, conditional sales, mortgages, etc.

Crucial in all forms of asset backed financing is the understanding of the asset, and ensuring that the lender has predominant legal control and access over the asset.

This workshop is targeted at exploring all nuances of asset-backed financing. We will start with choosing between several forms of asset-backed financing and the parameters that go in that choice. We explain the legal and tax nuances inherent in different forms of asset – backed financing. We delve into asset analysis and asset evaluation. Statistical methods available for predicting asset values and the uncertainty inherent therein are discussed.

Operating leasing is growing in significance in India – lessees are opting for it for a variety of reasons – taxation, off-balance sheet, unlocking investment in non-core assets, freeing up regulatory capital and so on. The business of operating leasing requires understanding of a matrix of regulatory, taxation and accounting parameters – decisions gone wrong may involve high costs. Over the years, Vinod Kothari has been regarded as one of the most authentic speakers on the subject.

For whom

- Financial companies, leasing companies, banks engaged in asset-based funding
- Manufacturers and technology companies which have taken or propose to take assets on lease
- IT companies selling their hardware/software in form of lease solutions
- Telecom companies and other vendors using leasing for promoting sales of equipment
- Financial consultants, accounting firms, solicitors advising clients on operating lease transactions
- Technology companies focusing on developing IT solutions for operating lease transactions
- Financial regulators

Date and Venue details

Date: 12th – 13th September, 2011

Venue: TBA

Time: 9:30 a.m. to 5:30 p.m.

On the first day, participants are expected to report at 9 am for registration.

Your Investment

The fee for this non-residential course is Rs. 30000/- (USD 1000) per participant.

Course fee includes:

- * Tuition fees, Course Material
- * Lunch and snacks during the breaks

Fees along with the Registration Form should be mailed with cheques payable to Vinod Kothari Consultants Private Limited and may be mailed as per details annexed.

Bookings can be cancelled by written intimation at least 3 days before the Course date, when a refund of fees after a 20% deduction on account of administrative charges shall be made. No refund is possible for cancellation thereafter or for no shows. We generally do not encourage proxies. We surely do not allow one person taking a part of the course and another person taking the other part.

About the Faculty



Vinod Kothari is well known as *the guru* of the leasing industry. Author of *Lease Financing and Hire purchase*, a tome running over 2000 pages, Vinod Kothari is known and consulted all over the region as an authority on leases. As such, he lectures all over the world and is internationally recognized as author, trainer, consultant and expert on

specialized financial subjects, viz., securitisation, credit derivatives, accounting for financial instruments, asset backed financing, etc. The locations where he has lectured on these subjects include New York, Washington, London, Milan, Frankfurt, Luxembourg, Singapore, Hong Kong, Sydney, Colombia (South America), South Africa, Malaysia, Jordan, Egypt, Dubai, Kuwait, Sri Lanka, Bangladesh, etc., besides almost every important location in India.

Consulting assignments:

Vinod Kothari claims extensive consulting experience in asset backed financing, leasing, securitisation, etc. As one of India's top expert on leasing, Vinod Kothari has been retained by most of the larger players in asset backed financing. In addition, Vinod Kothari offers comprehensive securitisation-related consulting services to a variety of clients including originators, investors, IT companies, etc. Apart from one-off services to several companies in different countries, Vinod Kothari has been retained by an Indian rating agency for structured finance ratings. Vinod Kothari had been retained by Govt. of Jordan for suggesting and working on funding for a high-profile low-cost housing project.

Author of Books:

- **Credit Derivatives and Structured Credit Trading, 2009 edition:** This is one of the very few comprehensive texts on credit derivatives and is read all over the World.
- **Introduction to Securitisation by Frank J. Fabozzi and Vinod Kothari,** July 2008 outlines the basics of securitization, addressing applications for this technology to mortgages, collateralized debt obligations, future flows, credit cards, and auto loans. The authors present a comprehensive overview of the topic with experience they have gathered through years of interaction with practitioners and graduate students around the world. This book contains coverage of such key topics as: structuring agency MBS deals and non-agency deals, credit enhancements and sizing, using interest rate derivatives in securitization transactions, asset classes securitized, operational risk factors, implications for financial markets, valuation of MBSs and ABSs, and applying securitization technology to CDOs.
- **Securitisation, Asset Reconstruction and Enforcement of Security Interests,** 2010 Third edition: This book is a detailed commentary on the law by the same name enacted in India. Besides a thorough and incisive commentary on the law, the book contains generic chapters dealing in detail with the law of enforcement of security interests in global context.
- **Securitisation: The Financial Instrument of the Future,** Third edition 2006: Published by Wiley, this highly popular book runs over nearly 1000 pages, and is an internationally-read publication. The book has received rave reviews from readers and reviewers all over. The book explains securitisation techniques in lucid details and includes comprehensive coverage on multi-faceted issues relating to

securitisation and international case studies to illustrate different aspects of securitisation.

- **Lease Financing and Hire purchase** (4th edition, 1996): This book, first published in 1985, is widely recognised as the bible on leasing in the continent and has been the most popular text on the subject for last 15 years. The book runs over 2000 pages and has elaborate contents on leasing, hire purchase and similar credit agreements.
- **E-book on Leasing** – forthcoming soon. This brief booklet will provide a quick and concise view of all that is required for good understanding of leasing.
- Author of 3 Chapters in Handbook of Finance, (editor Frank Fabozzi), published by Wiley, USA
- Editor - Guide to the Companies Act, 1956, A. Ramaiya, 17th Edition, 2010

Articles:

- Vinod Kothari's articles on asset-based finance, securitisation etc. have appeared in several national and international journals including Duke Journal of Comparative International Law (USA), US Banker (USA), Exportrader (Spain), Trade and Forfaiting Review (UK), Journal of International Banking Law and Regulation (UK), Equipment Finance Journal (USA), Monitordaily (USA), Analyst (India), etc
- Vinod Kothari also contributes to Euromoney's yearbooks on leasing and securitisation.

Lecturing:

- Regular speaker at professional institutes,
- Visiting faculty at Indian Institute of Management, Joka, Calcutta for several years. Currently, offering a course on structured finance, rated as one of the most popular courses (last term had 130 registrations).
- Guest faculty at National University for Juridical Sciences: the subject taught here are insolvency and credit interest enforcement laws in India and other countries. The course included a comparative study of the insolvency and creditors' rights in USA, UK and Australia.

Websites

Vinod Kothari owns and runs some of the World's most popular websites on specialized financial subjects:

- Securitisation: <http://vinodkothari.com>
- Credit derivatives: <http://credit-deriv.com>
- Leasing and asset-backed financing: <http://india-financing.com>
- Asset reconstruction companies: <http://india-financing.com/arc/>

Positions

Vinod Kothari has been retained by the Asian Development Bank, Manila for two important projects: to advise the Govt. of India on reforming secured lending law in India; and to develop securitisation-related legal framework in the Asian region.

Vinod Kothari is the Director of Association of Leasing and Financial Services Cos., a body of over 500 top leasing companies in India and is editor of its Newsletter Fin-n-lease.

Vinod Kothari is the former Chairman of the Institute of Company Secretaries of India.

Vinod Kothari is the Executive Director of the Asian Securitisation Forum

Awards:

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

Course Outline

Day 1

1. Leasing and lending- basic differences and similarities:

- Asset based financing – basic principles
- Financial and operating leases and rental contracts
- Is the business environment for leasing improving?
 - Experience and data over the recent period

2. Essentials of lease structuring:

- Basic objectives of lease structures: key variables in pricing
- Credit risk and asset risk – key variables in structuring
- IRR-based pricing, NPV-based pricing, dual rate pricing, enhancing the value-addition in leases
- Various rental structures
- Understanding of lease pricing from lessee viewpoint – asymmetry in lessor and lessee consideration

3. Quick overview of the legal fundamentals:

- Is operating leasing an NBFC activity?
- Legal requisites of leases – law of bailments
- Concept of a true lease

- Rights and obligations of the lessor in case of operating leases on quality of goods

4. The tax structure of lease rentals

- Understanding the uniqueness of lease taxation
- Impact of VAT and other taxes on lease economics:
 - Introducing the concept of Post-VAT IRR
 - Illustrating computation of post-VAT IRR indifferent situations
- Post-tax returns from leases and factors affecting the same
- Post-tax post-VAT IRR
- Post-tax cost of a lease to lessee and factors affecting the same

5. Structure of leases and asset risk:

- Various forms of asset value risk:
 - Residual value-based leases
 - Lessor guaranteed residual value leases
- Assessment of residual values
- Pricing of residual value risk
- Asset risk as a key variable: targeting asset-risk based recoveries
- Residual value risk management and mitigation

6. Off balance sheet accounting and the accounting standards:

- Off balance sheet – a major motivation
- Accounting standards: IAS 17, FAS 13, and AS 19
- Defining features of operating leases and tests for determination
- Structuring of operating leases– financial features
- Disclosures in case of operating leases under new IAS 17
- Characterisation by the lessor and the lessee – achieving financial lease accounting by the lessor and operating lease accounting by the lessee
- Discussion Paper on Lease Accounting issued by IASB – lessee accounting
- Can there be operating hire purchase?

Day 2

7. Pricing of leases: (Excel modeling)

- This is intended to be 100% practical
- Impact of different pricing strategies on the leasing company/ lessee
- Stand-alone pricing versus portfolio pricing

8. Goods and services taxes on leasing:

- General scheme of sales-tax – inter-state, intra-state and international sales

- Taxability of leases under different regimes
- Taxability of leases under the VAT regime
- Tax offset by lessees under the
- VAT regime
- Taxability of operating hire purchase
- Applicability of service tax –is there a service tax on operating leases?
- Applicability of service tax on leases

9. Securitisation of leases:

- Distinction between securitisation of financial and operating leases
- How does securitisation of an operating lease work?
- Residual value risk and its disclosure under IAS 30/ IAS 32/ ED 7

10. Cross border leases:

- Leasing out and leasing in
- The double dip possibilities
- Foreign tax credit rules
- The UNIDROIT convention

11. Case studies:

- We will take up selected examples of leases from real life from the standpoint of transaction structure, innovative applications, etc.

About the Organisers

Vinod Kothari Consultants Pvt. Ltd.

As imparter of training on leasing, securitisation, structured finance, credit derivatives, etc., its success is almost peerless. From the nerve-center of World financial markets to developing economies, it has been at variety of places, and has addressed variety of groups – bankers, investment bankers, regulators, lawyers, rating agencies, investors, students, etc. All the past workshops have received an overwhelming response drawing participants from different countries

Registration Details

Send your check for the participation fees along with the following details to the address mentioned below. Registration shall be confirmed on the realization of the check.

NAME:

DESIGNATION:

COMPANY NAME:

CONTACT DETAILS:

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