

2-Day Workshop on **Operating Leasing & Asset Backed Financing**

**Mumbai,
15th-16th February, 2012**



- 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:

Vinod Kothari Consultants Pvt. Ltd
1012, Krishna Building, 224 A.J.C Bose Road, Kolkata
– 700017, India

Ph – 91-33-22811276/7715/ 3742

Fax – 91-33 22811276/22813742

To register, email: nidhi@vinodkothari.com;
nehabaid@vinodkothari.com

Why this course?

Leasing is making a come-back and that too with a bang! With the infrastructure sector taking an upbeat and new players entering the market, leasing is surely picking up in India. Leasing is not new to India and 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, installment 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

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. For making remittance into our bank account, call us up.

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.

Date and Venue details

Date: 15th-16th February, 2011

Venue: TBA, Mumbai

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

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

**Qualifications:**

Chartered Accountant
Company Secretary

Achievements:

- Internationally recognised as author, trainer and consultant on specialised financial subjects, viz., securitisation, credit derivatives, asset-backed financing, accounting for financial instruments, Basel III, etc. As such, he lectures all over the world. 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, Dubai, Kuwait, Turkey, Egypt, Sri Lanka, Bangladesh, Jakarta, Lagos, Abuja, etc.
- Has been a member of the consulting team of the Asian Development Bank to advise the Govt of India on (a) security interest laws in India; (b) reducing the burden of the judiciary under sec. 138.
- Has been a Government-nominated trustee on the Investor Protection and Education Fund under sec 205 (1C) of the Companies Act.

Author of Books:

1. Lease Financing and Hire purchase (4th edition, 1996), published by Wadhwa & Company
2. Securitisation: The Financial Instrument of the Future, 3rd edition 2006 published by Wiley Finance Singapore.
3. Credit Derivatives and Structured Credit Trading, 2nd edition, Wiley, Singapore
4. Securitisation, Asset Reconstruction and Enforcement of Security Interests, Third edition 2010, published by Butterworths Lexis Nexis Wadhwa.
5. Introduction to Securitization, co-author with Frank Fabozzi, published by Wiley, USA
6. Author of 3 Chapters in Handbook of Finance, (editor Frank Fabozzi), published by Wiley, USA
7. Reviewing editor of A Ramaiya's Companies Act, 2010 edition. The book runs over about 14000 pages.
8. In addition, regular contributor of articles in various journals and web-based publications.

Lecturing:

9. Regular speaker at professional institutes
10. Visiting faculty at Indian Institute of Management, Joka, Calcutta for several years, teaching a full fledged course for the final year students on **Structured Finance**.
11. Guest faculty at the National University of Juridical Sciences

Positions:

12. Director of Association of Leasing and Financial Services Cos., a body of NBFCs in India.
13. Former Chairman of the Institute of Company Secretaries of India.
14. Executive Director of the Asian Securitisation Forum
15. Independent director in several listed public companies.

Directorships:

16. AllBank Finance Limited-Director
17. JSW Ispat Steel Limited – Director and member of the Audit Committee.
18. Gontermann Piepers Limited – Director and member of the Audit Committee
19. Greenply Industries Limited – Director and Member of the Audit Committee
20. Rupa & Company Limited – Director and Chairman of the Audit Committee
21. Investrust Capital, Sri Lanka-Director and Chairman
22. Association of Leasing and Financial Services Companies, a Sec 25 Company-Director
23. Vinod Kothari Consultants Pvt Limited-Founder Director
24. Wise Men's Consultancy Co Pvt Limited-Founder Director Academy of Financial Services Pvt. Ltd-Founder Director

Awards:

25. In 1987, a voluntary organisation of Calcutta chose him as the Outstanding Young Person of Calcutta in the field of Finance and Taxation.
26. 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 in different situations
- Comparative study of VAT on Leases in various States

- 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. Hire Purchase:

- Transaction structure
- Forms of Hire Purchase
- Accounting on Hire Purchase Transaction
- Tax implication in Hire Purchase Transaction
- Vat on Hire Purchase transactions

12. Case studies:

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



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

Name:

Designation:

Company name:

Contact details:

e-mail:

Contact Us:

Nidhi Bothra

Krishna Room No. 1012
224 AJC Bose Road
Kolkata- 700 017 (India)
Phone 91-33- 22817715/ 22811276
Mobile: 9830159504
Fax 91-33-2281276
Email: nidhi@vinodkothari.com

Mumbai Office

Neha Baid

222, Ashoka shopping centre
2nd Floor, LT Road
Near GT Hospital
Mumbai – 400 001
Phone : 022-22675600
Mobile : 9819722234
Email : nehabaid@vinodkothari.com