

1 Day Workshop on Factoring



Date: 17th January, 2014
Mumbai, India
Venue: To be announced



Why this workshop?

Factoring as a form account receivables financing has been a widely acceptable mode of asset-backed financing world-over. It is a \$1 trillion industry worldwide and worth more than \$100 billion in the United States. The vast significance of factoring and its immense potential to release the capital tied up in trade debt critical to the survival of any business cannot be stressed anymore.

This is one reason why factoring has prominence in mature economies. Unfortunately in India, the factoring business has had several stumbling blocks.

For several years the absence of a legal framework regulating factoring has caused factoring to have limited relevance in India. While the government has made efforts to provide a facilitating regulatory environment for factoring business to develop, the fog does not seem to have cleared out completely.

This training programme aims at providing a clear picture of the Indian factoring industry, the regulatory environment concerning the business, present day constraints faced by factoring companies, issues on refinancing for factoring companies and more.

This workshop tries to bring out a much clearer picture on the hindrances and also try and offer solutions to some of these challenges under the extant regulations.

Who can attend

The workshop is useful for:

- *Banks*
- *Factoring companies*
- *Non-banking financial companies and others engaged in receivables financing*
- *Financial consultants*
- *Regulators*

Course Outline

Session 1: Factoring and Receivables Financing

- Factoring and receivables financing as a case of asset-based financing
- Place of factoring in working capital financing options
- History and current business scenario of factoring, globally and in India
- Key differences between factoring and other forms of financing
- Advantages of factoring to the client
- Factoring as off-balance sheet transaction

Session 2: Pricing and structuring of a factoring transaction

- Types of Factoring: Includes
 - Domestic and Export Factoring,
 - Recourse and non-Recourse Factoring,
 - Advance Factoring
 - Maturity Factoring
 - Invoice Discounting,
 - Agency Factoring
- Structuring of a factoring transaction
 - Understanding the elements of a factoring transaction - financing, servicing costs, and risk premium
 - Structuring of a factoring transaction
- Pricing of a factoring transaction
 - Understanding cost of capital
 - Pricing of the risk premium
 - Quantitative methods for pricing of risk premium

Session 3: Regulatory Framework and legal issues

- Introduction to the law of assignment of receivables
 - Key issues – partial assignment, assignment of future receivables, etc.
 - Assignment documentation and issues involved
- An overview into the regulatory framework viz
 - The Factoring Regulations Act, 2011 and the NBFC - Factors (Reserve bank) Directions, 2012
 - Advantages of being covered by the factoring law – stamp duty exemption
- RBI's guidelines to factoring companies – detailed understanding

Session 4: Practical Issues

- Constraints of faced by factoring companies
 - Limited Reach
 - Stamp Duty aspect
 - Central Registry Mechanism
 - Credit Insurance
 - Access to Debt Recovery Platforms
 - Issues with regard to Export Factoring
- Refinancing of factoring companies

Faculty



Vinod Kothari

Qualification: Company Secretary, Chartered Accountant

Internationally recognized as an author, trainer and consultant on specialised financial subjects, viz., housing finance, securitisation, credit derivatives, accounting for financial instruments, 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, Singapore, Hong Kong, Sydney, Colombia (South America), South Africa, Malaysia, Jordan, Dubai, Kuwait, Egypt, Sri Lanka, Bangladesh, etc. Mr. Kothari with his efficient team has handled very diverse groups – from rating agency professionals in Malaysia, to group of investors in Sydney, to tax officers in South Africa, to group of lawyers in India, to executives of the World’s largest securitisation agency in Washington, to a group of quants in New York.

CONSULTING ASSIGNMENTS:

- He is an integral part in developing a toolkit for the IFC titled “India Toolkit for Low Income Housing Finance – A Practitioner’s Guide” prepared in collaboration with Habitat for Humanity.
- He was sub-consultant to “Affordable Housing Finance Project” of IFC, awarded to IMAcS.
- Currently retained by National Housing Bank for assisting them in promoting Covered Bonds in India.
- Was a part of Working Committee formulated by National Housing Bank for promoting capital market instruments such as RMBS and Covered Bonds for the housing sector in India.
- Has been retained by Govt. of Jordan for suggesting and working on funding for a high-profile low-cost housing project.
- 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.

- 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
- Claims extensive consulting experience in securitisation – offering 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.

AUTHOR OF BOOKS:

- Guide to Housing Finance: A Comprehensive Guide to Mortgage Lending, 2013.
- Credit Derivatives and Structured Credit Trading, 2009 edition.
- Introduction to Securitisation by Frank J. Fabozzi and Vinod Kothari, July 2008.
- Securitisation, Asset Reconstruction and Enforcement of Security Interests, 2010 Third edition.
- Securitisation: The Financial Instrument of the Future, Fifth edition 2006.
- Lease Financing and Hire purchase (4th edition, 1996), Wiley
- Author of 3 Chapters in Handbook of Finance, (editor Frank Fabozzi), published by Wiley, USA.
- Reviewing editor of seventeenth edition of A Ramiya's Company Law, a book running over 12000 pages.

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), Monitor daily (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, teaching a fully fledged course for the final year students on Structured Finance and Taxation. Over 125 students sign up of the course every year.
- Guest faculty at the National University of 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.

Registration Form

Cancellations made prior up to 5 days before the event will be entitled to a refund of 75% of the fee paid. No refund will be made for cancellations post that or for no show.

Name: _____

Designation: _____

Organization: _____

Approving Manager: _____

Address: _____

City: _____ State: _____ Pin Code: _____

Please keep me informed via email about this and other related events.

I cannot attend, but please keep me informed of all future events.

Please 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.



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