

2 Day Workshop on Cash Flow Modeling for Securitisation



Date: 21st - 22nd April, 2014
Place: Mumbai, India
Venue: To be announced

Organised by: Vinod Kothari Consultants P. Ltd.

Why this Workshop?

Concepts of securitisation are better understood with numbers running before you. Like a craftsman, you can see the structure of the transaction shaping before you with the help of numbers. Hence, cash -flow modeling is critical to structuring of any securitisation transaction.

In the 2 days of the workshop, which is focused on excel modeling, we will see how the numbers running on the screen provide clarity to the concepts of securitisation, pick-up case studies to understand various asset classes, typicality in structures and more. If you have anything to do with securitisation, covered bonds or asset-backed funding, and getting inputs on this very important financial instrument is on your wish list, you would find it extremely sensible to join this event. As the coverage is very comprehensive, you will emerge with complete inputs on securitisation. We will hand-hold you in learning modeling and structuring for securitisation. The two days of the workshop on cash-flow modeling has been a part of our famous six days school and has been the highlight of the schools with most participants.

For Whom?

- ❖ Banks/ financial institutions/ issuers
- ❖ Consultants and practitioners
- ❖ Rating agencies



Course Outline

Day 1

Session 1: Introduction to Securitisation

- ❖ Securitisation: Concepts, motivators, market
- ❖ Overview of the securitisation market: India and world-over
- ❖ Asset classes and structures
- ❖ Waterfall and cash-flows in securitisation structures
- ❖ Introduction to synthetic securitisation
- ❖ Introduction to Covered Bonds
- ❖ RBI Guidelines on securitisation
 - ♦ Workings on retained interest and amortization
 - ♦ Par and premium structures

Session 2: Basics of securitisation modeling

- ❖ Waterfall of the transaction
 - ♦ Sequential pay-down
 - ♦ Proportionate pay-down
- ❖ Pass-through/ Pay-through structures
- ❖ Determining probability of default
- ❖ Determining classes of investments and ratings
- ❖ Impact of correlation
- ❖ Use of simulation

Session 3: Asset finance structures

- ❖ Various asset classes
- ❖ Typical risks in asset finance business
- ❖ Case Study of Auto Loan transaction
- ❖ Plain vanilla equipment lease deal: typical features



Day 2

Session 4: Understanding RMBS structure:

- ❖ Introduction to RMBS structures;
- ❖ US RMBS market - agency and non-agency issuance;
- ❖ Case study: A US private label RMBS
- ❖ Key elements in CMBS transactions
- ❖ Comparative between RMBS and CMBS transactions

Session 5: Revolving asset deals:

- ❖ Essential nature of revolving credits: a securitized working capital.
- ❖ Extent of originator dependence in revolving type deals.
- ❖ Key risks and structural mitigation.

Case study: a microfinance structure/ gold loan structure



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.
- ❖ Director of Indian Securitisation Foundation, a representative body of the securitisation industry in India promoting capital market instruments 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:

- ❖ Securitisation, Asset Reconstruction and Enforcement of Security Interests, Fourth Edition, 2013
- ❖ Taxation of Lease Transactions in India, co-authored by Sikha Bansal, 2013
- ❖ Prepared the key highlights and reference tables for “Corporate Laws” second edition and “The Companies Act, 2013” published by Lexis Nexis
- ❖ Guide to Housing Finance – A comprehensive guide to mortgage lending, 2013 Edition
- ❖ Lease Financing and Hire Purchase, Fourth Edition, 1996.
- ❖ Securitisation: The Financial Instrument of the Future, Fifth edition 2006.
- ❖ Credit Derivatives and Structured Credit Trading, 2009 Edition
- ❖ Introduction to Securitization (co-authored with Frank J. Fabozzi)
- ❖ Editor of Guide to Companies Act, 1956, A. Ramaiya, 17th Edition
- ❖ Author of 3 Chapters in Handbook of Finance, (editor Frank Fabozzi), published by Wiley, USA.

LECTURING:

- ❖ 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 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.

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.



Faculty



Nidhi Bothra

Qualification: Company Secretary

CONSULTING EXPERIENCE:

- ❖ Led a capacity building program for IFC on developing a toolkit on Housing
- ❖ Microfinance and Micro-mortgages in India, 2012
- ❖ Engaged on study on Covered Bonds into India for a Working Committee set up by
- ❖ National Housing Bank India, 2012
- ❖ Currently acting as a leasing consultant to several NBFCs in India
- ❖ Assisted on project for leasing in Egypt for a microfinance entity in Egypt in 2010
- ❖ Assisted on Affordable Housing Project for the Govt. of Jordan in 2009

LECTURING:

- ❖ Lectured for 2 days at 16th Securitisation & Covered Bonds Masterclass, a public workshop open for corporates held in Mumbai.
- ❖ 2 days public workshops on Asset Backed Lending & Operating Leases 5 days
- ❖ Training on securitization at African
- ❖ Lectured in Calcutta University on Functioning of Financial Markets
- ❖ Corporate trainings, trained over 200 employees across India on asset backed funding
- ❖ Part of training team for SME lending business for a leading NBFC in India
- ❖ Guest Lecture at ICAI's Masters of Business Finance course
- ❖ Lectured in Institute of Chartered Accountants of India on Carbon Credits
- ❖ Lectured several CS students in Institute of Company Secretaries of India (ICSI)

ARTICLES & PUBLICATIONS:

- ❖ Article on Euromoney Handbook on Structured Finance on “Securitisation in Asia”
- ❖ Co-Authored article on “Islamic Lease” published in World Leasing News
- ❖ Articles on Islamic Finance News, Red Money publication “Understanding of Sukuk” and “Islamic securitisation structures – more needs to be done?”
- ❖ Articles in Asset Finance International on “India’s leasing rebirth in the wake of economic boom”
- ❖ Articles in moneylife.com on “FDI in Retail – FAQs” and “Securitisation Guidelines impact on India”
- ❖ Articles in Easter India Regional Council Newsletter, ICSI on “Microfinance in India”



- ❖ Articles on Easter India Regional Council Newsletter, ICAI on “Carbon Credits Regulatory, Accounting, Taxation Issues”
- ❖ Articles and reviews on the microfinance industry in microfinancefocus.com
- ❖ Several articles published in www.vinodkothari.com, www.india-financing.com, www.credit-deriv.com and www.suvidha.com on Micro finance, laws of venture capital, mortgage industry and carbon credits, leasing, cost management, Introduction to Financial Markets etc
- ❖ Analysis of the state of securitization and leasing industry in several countries

OTHER ENGAGEMENTS:

- ❖ Director of Indian Securitisation Foundation, the only forum representing the securitisation industry, focused towards promoting securitisation in India.
- ❖ On the Correspondent Board for Islamic Finance News, Red Money Publications for “Securities and Securitisation.”
- ❖ Profile of the month for January, 2012, in Asset Finance International, an international online journal focused on asset backed lending.
- ❖ Presently retained as an expert with Globalexperts4u as an expert on legal and financial topics
- ❖ Participated in Doing Business 2010, 2012 & 2013 by IFC, World Bank on regulatory scenario in India

AREA OF EXPERTISE: Mortgage Lending, Leasing, Securitisation, Affordable Housing etc.

COUNTRIES OF WORK EXPERIENCE: India, Africa, Sri Lanka, Jordan, Egypt.



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 above. Registration shall be confirmed on the realization of the cheque.

For more details please drop a mail to –

fintrain@vinodkothari.com or pooja@vinodkothari.com or abhirup@vinodkothari.com



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