

# Course Outline

## Workshop on Factoring

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## 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