

*2 Days Workshop on*  
**Leasing & Asset Backed Lending**  
**05<sup>th</sup> - 06<sup>th</sup> Nov, 2015**  
**Delhi | India**

**Organized by:**  
**Vinod Kothari Consultants Pvt. Ltd.**  
**Kolkata | Mumbai**  
**Venue: To be announced**

## ***Why this workshop?***

Leasing has been the centre of attraction in the last few years. There are numerous reasons for which leasing has become vibrant in India and globally while there are several models and notions floating in the market and more and more players wanting to have a share in the market.

New players are entering the market, new asset classes are being tried in the leasing space, lessor are trying again the much jinxed sale and lease back transactions also, leasing has surely picked up and is doing well 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.

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. The workshop will also cover the international draft Lease Accounting Standard and its impact.

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.

## ***Who can attend?***

- Financial Companies, Leasing Companies, Banks engaged in Asset Backed funding;
- Manufacturers and Technology Companies which have taken or propose to take assets on lease;
- IT Companies selling their hardware/software in the form of lease solutions;
- Telecom Companies and other vendors using leasing for promoting sale of equipments;
- Financial Consultants, Accounting Firms, Solicitors advising clients on Lease transactions;
- Technology Companies focusing on developing IT solutions for Lease Transactions;



# Course Outline

## Day 1

### **Session 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

### **Session 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 – symmetry in lessor and lessee consideration

### **Session 3: Quick overview of the legal fundamentals:**

- Is operating leasing an NBFC activity?
- Legal requisites of leases – law of bailment
- Concept of a true lease
- Rights and obligations of the lessor in case of operating leases on quality of goods

### **Session 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

## Day 2

### **Session 5: Structure of leases and asset risk Transaction structure**

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

### **Session 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
- Characterization by the lessor and the lessee - achieving financial lease accounting by the lessor and operating lease accounting by the lessee
- New lease accounting standards
- Can there be operating hire purchase

### **Session 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

### **Session 8: 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

# Faculty



**Ms. Nidhi Bothra**

**Qualification:** Associate Company Secretary

**Present Engagement:** Executive Vice President, Vinod Kothari Consultants P Ltd.

## **PUBLICATIONS:**

- ❖ Guide to Factoring, 2015 edition
- ❖ Contributor to the book - Guide to Structured Finance, 2014
- ❖ Co-author of the book - 'Understanding Companies Act, 2013', Taxmann publication, 2013 edition.

## **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](http://www.vinodkothari.com), [www.india-financing.com](http://www.india-financing.com), [www.credit-deriv.com](http://www.credit-deriv.com) and [www.suvidha.com](http://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 Globalexerts4u 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

The fees for participation: Rs. 20,000/- plus applicable taxes per person

**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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