

Regulatory roundup for Non-Banking Financial Companies

Several major regulatory changes to be discussed, including the impact of Indian Accounting Standards

|| 30th November, 2018 ||

Why this workshop?

Non-Banking Financial Companies (NBFCs) have rapidly emerged as an important segment of the Indian financial system. Moreover, NBFCs assume significance in the small business segment as they primarily cater to the credit requirements of the unorganized sector such as wholesale & retail traders, small-scale industries and small borrowers at the local level. NBFC is a heterogeneous group of financial institutions, performing a wide range of activities like hire-purchase finance, vehicle financing, equipment lease finance, personal loans, working capital loans, consumer loans, housing loans, loans against shares and investment, etc.

The non-banking financial segment has witnessed considerable growth in the last few years and is now being recognized as complementary to the banking sector due to implementation of innovative marketing strategies, introduction of tailor-made products, customer-oriented services, attractive rates of return on deposits and simplified procedures etc.

While NBFCs have witnessed substantial growth over the years, there are few areas of concern which need to be addressed. For instance, while NBFCs have enjoyed an edge over banks in semi-urban & rural markets where banking network is not yet strong, they have limited spread in urban markets. Nonetheless, in recent years, NBFCs have begun to create niches for themselves that are often neglected by banks. These primarily

include providing finance to non-salaried individuals, traders, transporters, stock brokers, etc.

In the past few years, the increased competition from banks in the retail finance segment has led to excess diversification by NBFCs from their core business activities. The sector has witnessed introduction of various innovative products such as used vehicles financing, small personal loans, three-wheeler financing, IPO financing, finance for tyres & fuel, asset management, mutual fund distribution and insurance advisory, etc. Besides, NBFCs are aspiring to emerge as a one-stop shop for all financial services.

NBFCs have also ventured into riskier segments such as unsecured loans, purchase finance for used commercial vehicles, capital market lending, etc. Moreover, NBFC's customer profile is concentrated on the self-employed segment. The earlier mentioned factors increase their risk profile which could have adverse impact on the financial health of NBFC.

All these developments have kept the financial regulator also busy in framing new laws for regulating this class of companies.

This workshop aims to cover all the recent regulatory changes, including the impact of Indian Accounting Standards on the NBFCs in the country.

Course Outline

Session 1: What is non-banking finance?

- Meaning of non-banking financial companies as per the RBI Act
- Overview of regulatory set up distinguishing between non-banking non-financial companies and non-banking financial companies
- Distinction between banks and non-banking financial companies - What can NBFCs do and not banks? What can banks do and not NBFCs?
- Principal business criteria

Session 2: RBI regulation on NBFC business

- RBI regulatory framework for NBFCs
- Registration requirement of NBFC with various entities, viz., FIU-IND, CERSAI, CIC, IUs, etc.
- Recent changes in the regulatory framework for NBFCs:
 - IT Directions
 - Outsourcing Directions
 - Ombudsman Scheme
 - Guidelines for co-origination of loans in priority sector by banks and NBFCs

Session 3: Implications of Ind AS applicability on NBFCs

- Applicability of Ind AS on NBFCs
- RBI Guidelines and Ind AS – The Desync
- Impact on Ind AS on the profitability of the NBFCs
- Impact on securitisation and direct assignment transactions

Relevant for

Chief Executive Officer/ Managing Director, Chief Financial Officer, Chief Risk Officer, Chief Investment Officer, Company Secretary & Head of Legal/ Regulatory Affairs, Head of Compliance, Head of Debt Markets, Head of Credit/ Stressed Assets, Head of Strategy & Planning, Product & Business Heads, Head of Private Equity/ Venture Capital, Head of Asset & Fund Management.

From which organisations?

- NBFCs into financing/ leasing/ credit
- Micro-finance/ SME credit
- Asset Management & Mutual Funds
- Financial Advisories & Consultants
- Asset Reconstruction Companies
- Private Wealth managers
- Stock brokers & traders

Faculties



Vinod Kothari
Director – Vinod Kothari
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Director – Indian Securitisation
Foundation

Mr. Vinod Kothari, both a Chartered Accountant and a Chartered Secretary, is an internationally recognised author, trainer and consultant on specialised financial subjects, viz., securitisation, credit derivatives, asset-backed financing, accounting for financial instruments, Basel III, etc. Mr. Kothari has been a member of the consulting team of the Asian Development Bank to advise the Govt of India on security interest laws in India. He has his share of notable contributions to the literature of securitization and other financial and non-financial resources which are very much accepted and followed by readers.

Mr. Kothari also is sought as faculty in various reputed colleges and institutions. He also has a vast experience in working with the various regulators like SEBI, NHB and Government of India and multilateral organisations like IFC and ADB.



Abhirup Ghosh
Assistant Vice President – Vinod
Kothari Consultants P. Ltd.

A commerce graduate from the University of Calcutta and an Associate Member of ICSI. Has over 5 years of experience in dealing with non-banking financial institutions. His work domain includes providing advisory and consulting services in the area of non-banking financial regulations, corporate laws, structured finance, financial instruments, housing finance, securitisation, valuation of financial instruments.

He also has the experience of working with multi-lateral organisations like International Finance Corporation and Asian Development Bank.



Anita Baid
Senior Manager – Vinod Kothari
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A commerce graduate from University of Calcutta and an Associate Member of ICSI. Her work domain includes advisory and consultancy in the area of corporate laws and NBFCs regulations, drafting legal documents/agreements and company secretarial matters.

Other Details

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