



CASE STUDY

**CHANGE IN THE REPAYMENT
SCHEDULE & REPAYMENT OF
EXTERNAL COMMERCIAL
BORROWING (ECB)**

BACKGROUND OF THE CASE

Our client is an Italian wholly owned subsidiary Company incorporated in the year 2003 and is engaged in trading of machineries and spare parts used by Ceramic Industry in India and abroad. The Company raised an External Commercial Borrowing ("ECB") from its holding Company in 2005 and obtained Loan Registration Number from The Reserve Bank of India ("RBI") submitting that the repayment will be done in three separate installments in the year 2021, 2022 and 2023 respectively. The client thereafter decided to make the complete repayment in one instalment at the first due date and asked Octagona to advise and assist them for changing the repayment schedule and making the outward remittance/pre-payment of ECB, within the due date of first instalment.

HOW DID OCTAGONA INDIA HELP?

- Octagona India drafted, finalised and submitted with the client's Authorised Dealer ("AD") Bank a detailed application/ request letter for changing the repayment schedule of ECB together with Form ECB, in RBI's prescribed format, for revised repayment schedule and other relevant documents such as lender's consent and revised Average Maturity (AVM) calculation.
- As a next step, Octagona assisted its client to submit the necessary documents and information required for outward remittance, in consultation with the AD Bank, which includes bank forms, request letters, declarations under Foreign Exchange Management Act, Forms 15CA and 15CB and final ECB-2 return with the comprehensive details of the pre-repayment and closure of ongoing ECB.
- After filing the applications for amendment and repayment, Octagona India followed up proactively with the AD Bank.

FINAL OUTCOME

As a result of careful drafting of all the relevant documents and diligent follow up, the change in repayment schedule was executed and the client was able to make the complete outward remittance within the timeline. The lender issued a no dues certificate to our client and the company was able to close the ECB and consequently became debt free. We served our client throughout the process by providing timely updates about the stages of remittance application.

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