



CASE STUDY

Availing of External Commercial Borrowings (ECB)

BACKGROUND OF THE CASE

Our client is the Indian subsidiary of a very well-known Italian company. The company provides consultancy services involving study, design and management of engineering works. In order to fulfil the ongoing requirement of working capital and general corporate purposes, the subsidiary was in requirement of funds in the form of loan and as it is a newly incorporated company with low revenue, the company desired to take the loan on a low/ minimum interest rate and with more flexible terms and conditions. Thereafter, the Company approached Octagona India for taking assistance on determining the Lender, interest rates, terms and conditions, preparation of Loan Agreement, and compliances & reporting with Reserve Bank of India ("RBI") under FEMA.

HOW DID OCTAGONA HELP?

Octagona executed the following steps to meet the client needs:

- Octagona advised the Company to choose its parent company as its Lender while keeping in mind their relationship and significantly lower rates in ECB than Indian bank rates. Octagona also assisted the Company in determining the tenure of the loan period while analysing the company's potential growth, plans and profits in Indian markets;
- Drafted Loan Agreement and also provide advisory on finalisation of major key points i.e. Average Maturity Period, Interest Rate and repayment terms;
- Preparation of all necessary documents required for obtaining Loan Registration Number (LRN) and submission all properly executed documents to a reputed Indian bank; and
- Post obtaining LRN, Octagona provide assistance in infusion of money from Lender at prescribed time.

FINAL OUTCOME

As a result of careful drafting of all the relevant documents and diligent follow up, Octagona completed the assigned mandate in a comprehensive and timely way ensuring that client needs were met and to the satisfaction of the client.



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