

# GPI Textiles Ltd. – Financial Restructuring & Re-Capitalisation ₹ 7,300 Million



## Summary Terms

<b>Investor</b>	Avenue Asia Capital
<b>Client</b>	GPI Textiles Ltd. (An Ispat Group Company)
<b>Purpose</b>	Settlement with lenders and infusion of fresh funds.
<b>Deal Size</b>	₹ 7,300 Million
<b>Instruments</b>	Mix of Equity and Debt
<b>Transaction Date</b>	March 2007
<b>Stake sold</b>	40%

## Role

- End to end solution for a distressed Company from restructuring to re-capitalisation.
- Conceptualisation and execution of the “re-engineered business plan” of the Company.
- Successfully found a global player to invest in the distressed Textile space in India.
- Negotiations on behalf of the Company both with the new investor as well as old lender

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## Key Challenges

- First such transaction in the Textile sector. Textile was going through a bad patch and it was challenging to find an investor in the sector.
- Structuring of optimum capital structure through a mix of Debt and Equity instruments given the high leverage in the Company.
- To simultaneously settle all the lenders through a mix of One Time Settlement (OTS) / restructuring of obligations within limited time frame.
- Security creation in favour of new lenders given presence of old senior secured lender

## Transaction Highlights

- This remains as one of the largest Foreign Direct Investment in the distressed space in Textile sector in India till date.
- Restructured the obligations through a mix of innovative instruments and rescheduling of existing debt.
- Conceptualised and created a security structure that provided adequate security to the new investor whilst providing comfort to the previous lender
- Successfully negotiated a One Time Settlement (OTS) with the existing lenders (PSU Banks) whilst convincing them to continue with part of the existing outstanding with the Company.
- The transaction led to lowering of financial charges and reduction in debts coupled with re-capitalisation and the net loss during 2006-07 reduced 51.23% from ₹ 3,350 Million to ₹ 1,640 Million.