Corporate Debt Restructuring of ~ ₹ 28,000 Million – Lloyds Steel Industries Ltd. and Lloyds Metals and Engineers Ltd.

Summary Terms

Name of Client	Lloyds Steel Industries Ltd., & Lloyds Metals and Engineers Ltd.		
Debt Restructured	₹ 28,000 Million		
No. of Lenders	26 (Banks & FII's)		
Transaction Date	2005		



About the Company

- The group has diversified interests in the areas of Steel, Engineering and Real Estate.
- Lloyds group has its activities in steel industry mainly through Lloyds Steel Industries Ltd (LSIL) and Lloyds Metal & Engineering Limited (LMEL).
- LSIL is engaged in the manufacturing and marketing of hotrolled and cold-rolled products as well as galvanized corrugated and plain sheets.
- LMEL is engaged in the manufacturing of sponge iron, cold rolled coils and pipes/tubes.

Business Problem

- Downturn in the steel industry had taken its toll on many steel companies, LSIL and LMEL were no exception to this.
- Financial constraints had lead to low capacity utilization.
- Competitive pressure due to high cost of manufacturing and high cost of funds lead to a spiralling debt burden making the operations unviable.

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Summary Terms

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Debt Restructured Amt	~ Rs. 28, 000 Million.
No. of Lenders	26 (Banks & FII's)

About the company

Lloyds group has evolved to become one of India's leading business houses. The group has diversified interests in the areas of Steel, Engineering, and Real Estate

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Business Problem

Downturn in the steel industry had taken its toll on many steel companies, LSIL and LMEL were no exception to this. Financial constraints had lead to low capacity utilization

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Trustcap's Role

Based on the expertise built up over the years, TRUSTCAP worked out a comprehensive restructuring proposal which included complete balance sheet restructuring of LMEL and LSIL

TRUSTCAP brought the 26 lenders to the negotiating table and convinced them for a mutually beneficial restructuring package. A unique customized package for each lender comprising of 8 buckets was presented.

TRUSTCAP convinced the lenders about the future prospects of the company and presented a strong case for financial restructuring

The lenders agreed to reduce the rate of interest and extended the duration of their loans. The company received the moratorium period for repayment of loans for initial years.

Benefits

The financial restructuring gave a new lifeline to the company through reduction of interest cost and debt to acceptable and serviceable levels.

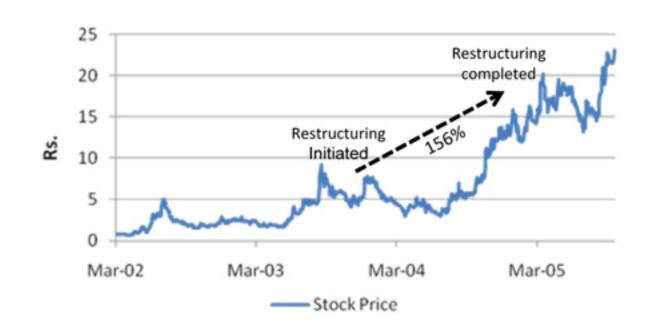
The exercise helped the company to improve its long term viability and LMEL and LSIL gradually became performing assets in books of many of its lenders. The company was able to achieve a turnaround and it turned profitable from the year 2005 onwards

Enhancement in shareholder value reflected with the increase in stock prices. The stock price for LSIL went up by 156% from Rs. 5 per share in Nov 2003 to Rs. 12.8 per share in Nov 2004 and that for LMEL increased by 500% from Rs. 6.25 to Rs. 38 during the same period

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Lloyds Steel Industries Ltd.

Key Financials			
	2003	2004	2005
P&L Figures			
Revenue	648.8	873.3	1,518.9
EBIDTA	(7.3)	32.9	182.1
Int Exp	117.5	8.8	23.1
PAT	(234.1)	(4.5)	121.4
Debt Details			
Secured	2,260.3	2,134.2	1,558.8
Unsecured	52.1	39.0	256.7
Total Debt	2,312.5	2,173.2	1,815.5



Lloyds Metals and Engineers Ltd.

2003	2004	2005
170.6	199.4	281.6
7.9	7.1	25.8
24.5	6.0	4.2
(32.4)	(1.6)	29.8
478.0	458.1	305.9
28.9	27.6	4.5
507.0	485.7	310.4
	170.6 7.9 24.5 (32.4) 478.0 28.9	170.6 199.4 7.9 7.1 24.5 6.0 (32.4) (1.6) 478.0 458.1 28.9 27.6

