Case Study: Strategic Debt Restructuring

Client Profile

A prominent services company with an annual revenue of ₹150 Cr was facing significant financial strain due to a fragmented debt portfolio. They were managing multiple high-interest loans from various lenders, leading to inefficiencies and increased operational costs.

The Challenge

The company was juggling 7 distinct loans, each with differing Equated Monthly Installments (EMIs), amounting to a colossal ₹3.2 Cr every month. This heavy and inconsistent repayment burden severely impacted their cash flow, preventing crucial investments in growth initiatives and innovation.

Our Approach

MoneySutra conducted an exhaustive analysis of the client's entire debt portfolio. We meticulously identified opportunities for consolidation and optimization, then engaged in strategic negotiations with both existing and potential new lenders to devise an optimal restructuring plan.

The Solution

We successfully streamlined their debt obligations by consolidating all 7 loans into just 2 strategically structured facilities, totaling ₹38 Cr. This included extending the repayment tenure, drastically reducing the overall interest rate by 2.3%, and aligning repayment schedules to match the company's business cash flow cycles.

Measurable Results

- Monthly EMI slashed from ₹3.2 Cr to ₹2.1 Cr, a remarkable 34% reduction.
- Freed up an additional ₹13.2 Cr annually for critical business reinvestment and growth.
- Improved Debt Service Coverage Ratio (DSCR) from a precarious 1.1x to a healthy 2.3x.
- Restored damaged banking relationships and significantly enhanced the company's overall credit rating, opening doors for future financing.