

Elder Pharma to repay creditors by selling assets

OUR BUREAU

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Troubled drug firm Elder Pharmaceuticals plans to repay its creditors and investors by raising funds through a combination of debt, equity and asset sale.

The company intends to sell its stake in its subsidiaries in the UK and Bulgaria.

Earlier this month, the Bombay High Court directed the company repay ₹155 crore to small investors who had invested in the company's fixed deposit in January.

In its appeal, the company said it has proposed to repay the entire amount which it said would come through a lender with whom the company has a term sheet. The company has to also pay a bunch of debenture holders ₹263 crore.

The ailing company also faces

24 winding up petition, including one by Tata Financials. The company was also restrained from creating any third party rights or to sell off its assets except in the natural course of business, without permission from the Court.

The company has been going through tough cash flow situations but is on the path of recovery and has substantial asset base to cover all its liabilities. Raising funds is a time consuming process and cannot be done overnight as the 'due diligence' by investors takes up many months, said the company.

Due to numerous legal issues - coupled with a weak real estate market - the company has not been able to sell off its non-core assets at the right price. But the efforts continue to realise the best value for the non-core assets.

Company