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chid Pharm

GIREESH BABU Chennai, 17 June

he debt recovery tribunal (DRT) here on Tuesday cleared the decks for Orchid Chemicals and Pharmaceuticals Ltd (Orchid Pharma) to transfer its penicillin and penem active pharmaceutical ingredient (API) business, along with a few facilities, to US-based Hospira, according to a \$200-million deal announced in August, 2012.

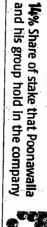
On Tuesday, the DRT vacated a stay on a business transfer agreement between the two companies, issued about a year ago in favour of ING Vysya Bank, a lender to Orchid Pharma. During the hearing, ING Vysya Bank argued Orchid Pharma had to pay ₹44 crore, which the bank had given as working capital. Before implementing any agreement, ING the bank's accounts should be settled, it said.

It added it had opposed corporate debt restructuring (CDR) for the com-

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***444 crose** Amount that Orchid Pharma had to pay ING Vysya Bank, according to the bank

₹364 crore Amount the company's 22 lenders were to let go of, according to the CDR proposal





pany, as it would get only a few crores if CDR was carried out. However, orchid Pharma argued the CDR proposal was accepted by an empowered posal was accepted by an empowered group on CDR.

According to the CDR proposal, in the company's 22 lenders were to let 190 of ₹364 crore, mostly interest.

Recently, a dispute between the company and one of its largest share-holders, billionaire investor Cyrus Poonawalla and his group (including biotech firm Serum Institute), was

heard by the Chennai bench of the Company Law Board (CLB). Poonawalla and his group, together holding 14 per cent stake in the company, alleged oppression and mismanagement in the affairs of Orchid Pharma. They also argued against the business transfer agreement. The CLB, however, refused to issue a stay on the implementation of Orchid Pharma's CDR programme.

The business transfer agreement between Orchid Pharma and

Hospira (India) Pvt Ltd was signed in August, 2012. According to the deal, Hospira would buy Orchid Pharma's facility in Aurangabad, as well as affiliated facilities, for about \$200 million (which was later increased to \$218 million).

to meet the company's working capital requirements. debt of ₹2,866 crore. About ₹430 crore well as restructuring the remaining CDR scheme for Orchid Pharma from the sale proceeds would be used lenders out of the sale proceeds, as included repayment of ₹681 crore to facility at Sholinganallur, Chennal Aurangabad, Maharashtra, and an with its manufacturing facilities at cillin and penem API business, along for ₹1,348 crore to Hospira. It also associated research and development included sale of the company's peni-According to earlier reports, the

The restructured debt; along with the loans, would have to be repaid through eight years starting April 2015, subject to regulatory approvals.