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No stay on Orchid Pharma loan rejig

BS REPORTER
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The southern regional bench of the Company Law Board (CLB) has dismissed a request of Cyrus Poonawalla and his firms for an injunction restraining Orchid Chemicals and Pharmaceuticals from implementing its corporate debt restructuring (CDR) programme.

The billionaire investor and his firms, including biotech company Serum Institute, had alleged certain acts of oppression and mismanagement in the affairs of Orchid Pharma. They wanted Orchid to be stopped from implementing the CDR till their petition was disposed. Poonawalla and his affiliated firms have 14 per cent stake in Orchid.

K Raghavendra Rao, managing director of Orchid, said, "If they have refused to stay it (CDR), then it is not a hindrance to the programme." This is an interim order on the request for a stay, while the litigation on the allegations of Serum Institute and others will continue, said a legal expert.

Attempts to get a response from Serum were unsuccessful till the time of going to press. CLB had on March 24 rejected the request for a preliminary order to stay the CDR proposal, following which the investors approached the high court here. The latter told the CLB to conclude its hearings on this issue by April 30, which it did. Orchid had argued 22 banks were involved in the CDR and the creditors were sacrificing ₹364 crore, mostly the interest on the credit. Orchid has around ₹3,500 of debt that it is struggling to repay. During the arguments, Serum and the Poonawalla firms argued an agreement between Orchid and Hospira Health Care (India) to buy the former's facility in Aurangabad and affiliated facilities for $200 million (later increased to $218 mn) should also be set aside, alleging the valuations fixed for the transaction were false.

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