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# NCLT Okays Dhanuka Lab's ₹1,116 cr Plan to Buy Debt-hit Orchid Pharma

**Group of 24 banks had lent over ₹3,200 crore to drug co; lenders will now take around 65% haircut**

**Indulal PM & Joel Rebello**

**Mumbai:** The National Company Law Tribunal (NCLT) on Monday approved Gurgaon-based Dhanuka Laboratories' ₹1,116-crore resolution plan to take over debt-ridden Orchid Pharma in what could be termed as yet another case resolved under the Insolvency and Bankruptcy Code (IBC).

The Chennai bench of NCLT held the view that a majority of the financial creditors had approved the bid by Dhanuka overruling an objection filed by Accord Life Spec.

As per the terms set, the lenders will get about ₹1,116 crore including ₹570 crore quoted by Dhanuka Lab. A consortium of 24 banks has lent a total of over ₹3,200 crore to the drug maker and the lenders will be taking a haircut of around 65%.

ET ARCHIVES

ET reported on June 5 that Dhanuka leads the race to buy Orchid Pharma.

Earlier this month, Accord Life Spec, another resolution applicant, asked the court to consider its bid after Punjab National Bank (PNB) subsidiary, PNB International (PIL), withdrew its consent to the resolution plan, leading to votes in favour of the plan falling below the 66% required.

Without PIL's consent, the plan received 65.60% of the vote which the court considered as 66% required clearing the plan.

"The court has approved this plan and now Accord challenging in the NCLAT does not look like a possibility. This resolution is a classic case of effectiveness of IBC. The whole process had gone haywire when Ingen Capital backtracked last year, but creative intervention of NCLT ensured success of the resolution process," said Shiju P Veetil, senior partner, IndiaLaw, which was advising resolution professional Ram Kumar in the process.

Besides Dhanuka, two other companies — Accord Life Spec and Covalent Laboratories — had bid for Chennai-based Orchid Pharma in a second round of bidding.

A second round of bids was necessitated after the previous winner, Ingen Capital, could not fulfil its financial obligation, including 334 crore in upfront cash. The Chennai bench of the NCLT annulled Ingen Capital's resolution plan in February and allowed 105 days to the resolution professional and the committee of creditors (CoC) to seek fresh expressions of interest.

Orchid's bankruptcy reflects the state of India's API manufacturers, experts said. The company had to sell assets to rein in debt. In 2012, it sold its penicillin business to US drug maker Hospira for $200 million.

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