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Dr Reddyâ??s, Aurobindo to buy Orchid Pharma

18 December 2017 | News

Orchid Pharma owes more than Rs 3,500 crore to a group of lenders led by the State Bank of India.



Drug firms Dr Reddy's Laboratories Ltd. and Aurobindo Pharma Ltd. are emerging as key players to buy out Orchid Pharma Ltd. as they plan to expand their capacities.

Orchid has received interest from 7-8 companies including international private equity funds and stressed asset buyout firms.

Orchid had attracted interest from both private equity funds and strategic domestic companies and the likes of KKR, the distressed asset platform of Piramal Enterprises & Bain Capital and pharma giant Lupin.

Orchid Pharma owes more than Rs 3,500 crore to a group of lenders led by the State Bank of India. It was on the Reserve Bank of India's second list of 28 defaulters that had to be referred to the National Company Law Tribunal (NCLT) before December 31 if no resolution was found by December 13.

The company, once a leader in injectibles and manufacturing of some APIs, has been facing a financial crisis with lenders and investors approaching legal fora for a remedy. It was brought under the corporate debt restructuring scheme, initiated during 2013, for the revival of its operations.