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## Wockhardt Swiss arm scouts for foreign lenders

### BIDDING FOR TIME

#### MAIN TRIGGER

Wockhardt's Swiss arm tries to strike a deal with offshore lenders

#### LOAN COUNTER

Total loans raised by Swiss arm: \$250 m

Amount it failed to repay on Thursday: \$10 m

Amount raised by Wockhardt via asset sale: Rs 690 cr

#### THE RIDER

Company assures foreign creditors said that Wockhardt would not divest any of its assets.



- Wockhardt, along with some Indian banks, is trying to persuade foreign lenders to allow the firm to stagger the payment

- If Wockhardt fails to reschedule the Swiss subsidiary's loans, its local CDR plan is likely to go awry

## Part Of \$250 Million Loans Due For Repayment

Our Bureau  
MUMBAI

**T**HE troubled pharma company Wockhardt is battling a new front. The company's debt-laden Swiss subsidiary is trying hard to strike a deal with offshore lenders even as the parent Wockhardt is involved in a complex legal tussle with foreign unsecured creditors in the Bombay High Court.

A slice of the \$250 million loans raised by the overseas subsidiary is understood to be coming up for repayment and Wockhardt, along with some of the Indian banks, are trying to persuade the foreign lenders to allow the firm to stagger the payment and avert further default.

According to banking circles, the foreign subsidiary failed to make a payment of close to \$10 million on Thursday. When contacted by ET, a Wockhardt spokesperson said, "The company is trying to restructure the loan with the foreign banks."

Wockhardt could find itself in a spot if it fails to reschedule the Swiss subsidiary's loans as bulk of the money raised by the company through sale of assets would be used as part of the corporate debt restructuring programme (CDR) that the company has entered into with local lenders. The CDR involves Wockhardt reorganising the credit terms with its Indian lenders. Till now Wockhardt has raised Rs 690 crore by selling some of its businesses. Some of these assets are held onshore while

some are located overseas. The outcome of Wockhardt's court battle with lenders will determine whether the proceeds from the sale of assets held offshore can be used to repay the Swiss arm's creditors. On Thursday the foreign unsecured creditors of Wockhardt said they may allow Wockhardt to sell its nutrition business to the US's Abbott Labs subject to the modalities of the sale being worked out and a fair proposal being brought to the court in a week's time. The issue of Wockhardt's divestment of its non-core businesses

### VERDICT CRUCIAL

Outcome of Wockhardt's court battle with lenders to be very crucial in settling Swiss problem

came up for hearing in the Bombay High Court on Thursday, said persons familiar with the development. They added that both Wockhardt and its foreign creditors will now have to thrash out a solution that will be in the interests of both the parties and all classes of creditors before the next hearing in the HC next Friday. Wockhardt is being represented by Majmudar & Co while the foreign banks are being represented by Juris Corp and the FCCB holders by DSK legal.

The foreign lenders including Calyon, Barclays Banks and its foreign currency convertible bond (FCCB) holders had approached the court last year after the company failed to repay their debts. The company had through a letter of assurance to foreign creditors said that Wockhardt would not divest any of its assets during the pendency of the applications filed by the foreign lenders. The creditors had argued that the company should not alienate any of its assets, including subsidiaries.