August 26, 2025

Wockhardt Limited: Ratings upgraded; outlook revised to Positive

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term Loan	75.00	75.00	[ICRA]BBB (Positive); upgraded from [ICRA]BBB- (Stable); outlook revised to Positive from Stable
Long-term/ Short-term – Fund-based	512.80	512.80	[ICRA]BBB (Positive)/ [ICRA]A3+; upgraded from [ICRA]BBB- (Stable)/ [ICRA]A3; outlook revised to Positive from Stable
Long-term/ Short-term – Non-fund based	171.20	171.20	[ICRA]BBB (Positive)/ [ICRA]A3+; upgraded from [ICRA]BBB- (Stable)/ [ICRA]A3; outlook revised to Positive from Stable
Long-term/ Short-term – Unallocated Limits	326.00	326.00	[ICRA]BBB (Positive)/ [ICRA]A3+; upgraded from [ICRA]BBB- (Stable)/ [ICRA]A3; outlook revised to Positive from Stable
Total	**1,085.00**	**1,085.00**	

**Instrument details are provided in Annexure-I*

Rationale

The ratings upgrade and the positive outlook factor in the improved financial profile of Wockhardt Limited in FY2025 and ICRA's expectations that the same will sustain going forward. The ratings also factor in the significant improvement in Wockhardt's liquidity position, following the equity raising through Qualified Institutional Placement (QIP) concluded in November 2024. Part proceeds of the same were used for deleveraging in FY2025, with the balance expected to be used for funding the capital expenditure (capex) and other funding requirements in FY2026.

During FY2025, the company undertook various measures aimed at increasing profit margins, including increased focus on margin accretive business, several cost rationalisation initiatives, as well as exit from the US generics business. Overall, the company reported a YoY revenue growth of 7.4% in FY2025 led by ramp up in the base business, with improvement in its operating profit margins (OPM) to around 13.1% in FY2025 from around 6.1% in FY2024. Increased profit margins together with a reduction in the working capital borrowings (post-QIP), led to improvement in the leverage and coverage metrics. The revenue outlook for the company remains healthy led by the continued ramp up in the base business as well as proposed new product launches, particularly in the biosimilars segment. Coupled with expectations of sustained OPMs and resultant healthy cash flows, this should facilitate further improvement in the debt coverage indicators. This remains a key monitorable.

The ratings also consider the extensive experience of Wockhardt's promoters in the pharmaceutical industry, the regular need-based funding support from them, and Wockhardt's established track record and healthy market position in the domestic, the UK and Ireland pharmaceutical markets, in addition to its improving market position in the emerging markets. ICRA also notes Wockhardt's diversified nature of operations, given its presence in the formulations, vaccines, biotechnology and Active Pharmaceutical Ingredient (API) segments across multiple therapeutic areas and its strong manufacturing infrastructure with production facilities in multiple countries. ICRA further notes that as on June 30, 2025, the promoters held a 49.09% equity stake in the company. Of the same, around 15.6% was pledged, a decline from the earlier 52.9% as on March 31, 2024.

ICRA notes the significant investments made by the company towards ongoing development of its new chemical entity (NCE) molecules in the antibiotic space. The company has launched one of the NCEs – MIQNAF in India in May 2025. The success of these molecules remains critical for improvement in profitability of the company, going forward. Wockhardt's profit margins continue to remain vulnerable to raw material prices and foreign exchange rate fluctuations as export markets account for a major portion of its revenues. Additionally, the company remains exposed to regulatory risks, pricing controls and potential litigation risks like other industry players. ICRA will continue to monitor the impact of these risks, if any, on the credit profile of the company. ICRA also notes that the company has sizeable contingent liabilities and ongoing tax disputes with various tax departments as on March 31, 2025, though the same has reduced from the previous year. Any large payout towards demands from tax authorities, adversely impacting the liquidity position of the company, will be a key rating monitorable.

The company has a track record of growing and diversifying through acquisitions. Any significant debt-funded acquisition, impacting the company's credit metrics, remains an event risk and would be evaluated on a case-to-case basis. However, ICRA understands that the company does not have plans for any debt-funded acquisition in the near term.

Key rating drivers and their description

Credit strengths

Extensive experience of the promoters in the pharmaceutical industry; regular need-based fund infusion by the promoters - The company's promoters have an extensive experience in the pharmaceutical industry and have provided regular, need-based funding support to the company over the years. As on March 31, 2025, the company had around Rs. 1,180 crore loans outstanding from its promoters and interest on the same is being accrued at present.

Healthy market position in the formulation segment in the Indian and European markets; improving market position in the emerging markets - The company has an established track record and healthy market position in various regulated markets such as the UK, Ireland, in addition to the domestic market. Further, the company has been launching new products across geographies and is focused on improving its market position in the emerging markets. Overall, export markets contributed around 77% to the company's revenues in FY2025. The company derived around 80% of its revenues from the branded generic/generic formulations segment and around 19% from the biosimilars segment in FY2025, while the balance was derived from the NCE segment, wherein the company sells Emrok and Emrok O in the domestic market. The company is currently focusing on launching its existing biosimilars in markets where it does not have presence and launching new biosimilars (such as insulin glargine) in existing and new markets to support its growth, going forward. ICRA also notes that the company has partnered with Serum Institute of India (Serum) to manufacture vaccines at the company's manufacturing facility in the UK and revenues from the same are largely expected to commence from FY2027.

Significant improvement in financial profile and liquidity position post recent QIP - The company raised around Rs. 974 crore (after transaction charges) equity proceeds through a QIP in November 2024, which resulted in a significant improvement in the company's liquidity position. Part proceeds of the same were used for deleveraging in FY2025 and reduction in utilisation of working capital borrowings. As on March 31, 2025, the company had Rs. 433.8 crore of unspent QIP proceeds, which is expected to be utilised towards repayment of borrowings, capex and general corporate purposes. During FY2025, the company undertook various measures for increasing its profit margins, including increased focus on margin accretive business, several cost rationalisation initiatives, as well as exit from the US generics business. The company reported a YoY revenue growth of 7.4% in FY2025 led by ramp up in the base business, with improvement in its OPM to around 13.1% in FY2025 from around 6.1% in FY2024. Increased profit margins together with a reduction in the working capital borrowing led to improvement in the leverage and coverage metrics. The total debt vis-à-vis operating profit before interest, tax, depreciation and amortisation (OPBDITA) improved to 5.1 times as on March 31, 2025, compared to 13.7 times as on March 31, 2024. In terms of the coverage metrics with interest coverage ratio[1] increasing to 1.5 times in FY2025 compared to 0.6 times in FY2024. The revenue outlook for the company remains healthy led by the continued ramp up in the base business as well as proposed growth in revenue from biosimilars segment. Coupled with expectations of sustained OPMs and resultant healthy cash flows, this should facilitate further improvement in the debt coverage indicators. This remains a key monitorable.

Credit challenges

High investments in NCE and biosimilar business, ability of the company to generate commensurate returns remain critical – The company has been heavily investing in its NCE segment for antimircrobial resistance molecules. In the last six to seven years, the company has incurred a capex of around Rs. 2,000 crore, majorly towards NCEs. Wockhardt's new drug discovery programme has been focused on the anti-biotic segment. Six antibiotics, which have been developed in-house by the company,

[1] Interest coverage ratio has been computed post inclusion of interest on promoter debt which is being accrued as of now.

have received the qualified infectious disease product (QIDP)[2] status (WCK 771, WCK 2349, WCK 4873, WCK 5222, WCK6777 and WCK 4282). WCK 771 and WCK 2349 (brand names are Emrok and Emrok O, respectively) were launched in the domestic market in June 2020. WCK 4873 (brand name – MIQNAF) was launched in the domestic market in May 2025. WCK 5222 has completed the phase-3 clinical trials and has been filed for approval in India and is planned to be filed for approval in the US by end of August 2025. WCK 4282 is currently undergoing phase-3 clinical trials. Given the significant investments made by the company in developing its NCE portfolio, its success remains critical to ensure improvement in Wockhardt's profitability metrics and cash flows.

Vulnerable to regulatory and litigation risks - Given that the company derives a significant amount of its revenues from international markets, including the UK, it is also exposed to regulatory risks. ICRA further notes that the company has outstanding import alerts and warning letters for some of its manufacturing facilities. Given its presence in the branded formulations segment, the company remains exposed to pricing controls and any adverse regulatory development in the Indian market. The company is also exposed to potential litigations because of its presence in multiple regulated and semi-regulated markets. Any impact arising from regulatory changes or litigations will be evaluated on a case-to-case basis for their impact on the credit profile of the company.

Profitability remains exposed to raw material price risk - Raw materials frequently experience market volatility, often resulting from supply disruptions, pent-up demand, or significant peaks and troughs in prices. The company's margins also remain exposed to volatility in raw material prices.

Environment and Social Risks

Environmental considerations – Wockhardt does not face any major physical climate risk. However, it remains exposed to tightening environmental regulations related to breach of waste and pollution norms, which can lead to an increase in operating costs or capital investments.

Social considerations – The company faces high social risks related to product safety and the associated litigation risks, access to qualified personnel for R&D and process engineering, and maintenance of high manufacturing compliance standards akin to other industry players. Further, entities in the pharmaceutical industry are also exposed to risks emanating from Government intervention related to price caps/controls.

Liquidity position: Adequate

The company's liquidity remains adequate with free cash and bank balance of around Rs. 112 crore as on March 31, 2025. Also, the company had Rs. 422.0 crore of unutilised QIP proceeds earmarked for capex, debt repayment and general corporate purposes. The company has a sanctioned working capital limit of Rs. 512.8 crore, whose average utilisation has declined to around 31% for the five months after the QIP in November 2024, from 92.5% during April-October 2024. The company is expected to generate healthy cash flow from operations in FY2026. It is expected to incur a capex of around Rs. 300 crore in FY2026 and around Rs. 250 crore in FY2027 which is likely to be funded by QIP proceeds and incremental term debt. Wockhardt has repayment obligation of Rs. 152 crore (as per audited financials) and Rs. 141 crore in FY2026 and FY2027, respectively.

Rating sensitivities

Positive factors – The company's ratings can be upgraded if there is a sustained healthy increase in its earnings and cash flows, maintaining a healthy liquidity position and debt protection metrics on a sustained basis.

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[2] *QIDP status is granted to drugs identified by Centre for Disease Control, USA, which act against pathogens with a high degree of unmet need in their treatment. The status provides fast track clinical development and review of the drug application by the USFDA for drug approval and a five year extension of market exclusivity after product approval in the US.*

Negative factors – The outlook may be revised to stable in case of slower than anticipated ramp up in revenues and cash flows. The company's ratings may be downgraded if there is a material deterioration in the company's earnings, adversely impacting the leverage and coverage indicators on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Pharmaceuticals
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial statements of the rated entity

About the company

Wockhardt is a global pharmaceutical and biotechnology company, headquartered in India. It primarily operates in four segments namely formulations, vaccines, biotechnology and new drug discovery. It has manufacturing and research facilities in India, the UK and a manufacturing facility in Ireland. Overall, the company has 12 manufacturing facilities across the world and has the capacity to produce injectables. Wockhardt's new drug discovery programme is focused on developing antibiotic drugs. The USFDA has granted QIDP status for six antibiotics discovered by Wockhardt. The company currently employs around 2,900 people (including around 315 scientists and a 145-member drug discovery team with more than 50 PhD's) across the US, the UK, Ireland, Switzerland, France, Mexico, and Russia, etc.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	2,800.0	3,008.0
PAT	-472.0	-57.0
OPBDIT/OI	6.1%	13.1%
PAT/OI	-16.9%	-1.9%
Total outside liabilities/Tangible net worth (times)	0.9	0.6
Total debt/OPBDIT (times)	13.7	5.1
Interest coverage (times)	0.6	1.5

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA:

CRA	Date of PR	Rating
India Ratings	July 03, 2024	IND B+ (ISSUER NOT COOPERATING)/Negative/ IND A4 (ISSUER NOT COOPERATING); Withdrawn

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Aug 26, 2025	Date	Rating	Date	Rating	Date	Rating
Term Loan	Long-term	75.00	[ICRA]BBB (Positive)	May 15, 2024	[ICRA]BBB-(Stable)	-	-	-	-
Fund Based	Long-term/ Short-term	512.80	[ICRA]BBB (Positive)/ [ICRA]A3+	May 15, 2024	[ICRA]BBB-(Stable)/ [ICRA]A3	-	-	-	-
Non Fund Based	Long-term/ Short-term	171.20	[ICRA]BBB (Positive)/ [ICRA]A3+	May 15, 2024	[ICRA]BBB-(Stable)/ [ICRA]A3	-	-	-	-
Unallocated Limits	Long-term/ Short-term	326.00	[ICRA]BBB (Positive)/ [ICRA]A3+	May 15, 2024	[ICRA]BBB-(Stable)/ [ICRA]A3	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term -Fund Based – Term Loan	Simple
Long term/ Short term – Fund Based	Simple
Long term/ Short term – Non-Fund Based	Very Simple
Long term/ Short term – Unallocated Limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Long term - Fund Based –Term Loan**	FY2024	12.4%	FY2026	75.00	[ICRA]BBB (Positive)
NA	**Long term/ Short term –Fund Based**	FY2023/FY2024	NA	NA	512.80	[ICRA]BBB (Positive)/ [ICRA]A3+
NA	**Long term/ Short term –Non Fund Based**	FY2023/FY2024	NA	NA	171.20	[ICRA]BBB (Positive)/ [ICRA]A3+
NA	**Long term/ Short term – Unallocated Limits**	NA	NA	NA	326.00	[ICRA]BBB (Positive)/ [ICRA]A3+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Wockhardt Infrastructure Development Limited	100.00%	Full Consolidation
Wockhardt Medicines Limited	100.00%	Full Consolidation
Wockhardt Bionova Limited# [Formerly, Wockhardt Biologics Limited until April 22, 2024]	100.00%	Full Consolidation
Z&Z Services GmbH@	85.85%	Full Consolidation
Wockhardt Europe Limited	100.00%	Full Consolidation
Wockhardt Nigeria Limited	100.00%	Full Consolidation
Wockhardt UK Holdings Limited	100.00%	Full Consolidation
CP Pharmaceuticals Limited@	85.85%	Full Consolidation
CP Pharma (Schweiz) AG@	85.85%	Full Consolidation
Wallis Group Limited	100.00%	Full Consolidation
The Wallis Laboratory Limited	100.00%	Full Consolidation
Wockhardt Farmaceutica do Brazil Ltd	100.00%	Full Consolidation
Wallis Licensing Limited	100.00%	Full Consolidation
Wockhardt USA LLC@	85.85%	Full Consolidation
Wockhardt Bio AG	85.85%	Full Consolidation
Wockhardt UK Limited@	85.85%	Full Consolidation
Wockpharma Ireland Limited@	85.85%	Full Consolidation
Pinewood Laboratories Limited@	85.85%	Full Consolidation
Wockhardt Holding Corp@	85.85%	Full Consolidation
Morton Grove Pharmaceuticals Inc@	85.85%	Full Consolidation
MGP Inc@	85.85%	Full Consolidation
Wockhardt Farmaceutica SA DE CV	85.85%	Full Consolidation
Wockhardt Services SA DE CV@	85.85%	Full Consolidation
Pinewood Healthcare Limited@	85.85%	Full Consolidation
Wockhardt Bio (R) LLC@	85.85%	Full Consolidation
Wockhardt Bio Pty Ltd@	85.85%	Full Consolidation
Wockhardt Bio Ltd# @	85.85%	Full Consolidation

Source: Annual report FY2025

@Company holds 85.85% shareholding in Wockhardt Bio AG which in turn holds 100% shareholding in these subsidiaries.

#Wockhardt Biologics Ltd and Wockhardt Medicines Limited, incorporated in India, and Wockhardt Bio Limited, incorporated in New Zealand, are yet to commence operations

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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