

India Ratings Downgrades Wockhardt to 'IND B+(ISSUER NOT COOPERATING)'/Negative

Oct 10, 2023 | Pharmaceuticals

India Ratings and Research (Ind-Ra) has downgraded Wockhardt Limited's bank loan rating to 'IND B+(ISSUER NOT COOPERATING)' from 'IND BB+(ISSUER NOT COOPERATING)'. The Outlook is Negative. The detailed rating actions are as follows:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating	Rating Action
Term loans	-	-	March 2024	INR1,112	IND B+(ISSUER NOT COOPERATING)/Negative	Downgraded
Fund-based limits	-	-	-	INR3,390	IND B+(ISSUER NOT COOPERATING)/Negative	Downgraded
Non-fund-based limits	-	-	-	INR1,712	IND A4(ISSUER NOT COOPERATING)	Downgraded
Fund-based/ non-fund-based interchangeable limits	-	-	-	INR1,737.5	IND B+(ISSUER NOT COOPERATING) /Negative/IND A4(ISSUER NOT COOPERATING)	Downgraded



* ISSUER NOT COOPERATING: The issuer did not cooperate; based on best available information. The ratings were last reviewed on 6 June 2023.

Analytical Approach: The agency continues to take a consolidated view of Wockhardt and its 33 subsidiaries (as on 31 March 2023) while arriving at the ratings, due to the operational and financial linkages among them.

The downgrade and the Negative Outlook reflect Wockhardt's weak financial performance during FY23 and 1QFY24, leading to a weakening of its credit risk profile as well as its liquidity position, based on the publicly available information.

Key Rating Drivers

The ratings have been maintained in the non-cooperating category because the issuer did not participate in the rating exercise, despite requests by the agency through emails and phone calls, and has not provided information pertaining to the liquidity position of the company over the near-to-medium term.

The rating of 'IND B+(ISSUER NOT COOPERATING)' may not reflect Wockhardt's credit strength as the company has been non-cooperative with agency, therefore, investors and other users are advised to take appropriate caution while using these ratings.

Company Profile

Founded in 1960, Wockhardt has operations in India, the US, the UK, Ireland, and France. Apart from finished dosage formulations, the company produces injectables, biopharmaceuticals, orals (tablets and liquids) and topicals (creams and ointments).

CONSOLIDATED FINANCIAL SUMMARY

Particulars	FY23	FY22
Revenue (INR billion)	26.51	32.30
EBITDA (INR billion)	1.01	2.98
EBITDA margin (%)	3.81	10.19
Gross Interest coverage (x)	0.33	1.00
Net leverage (x)	20.73	6.25

Source: BSE Limited, Ind-Ra



Non-Cooperation with previous rating agency

Not applicable

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

APPLICABLE CRITERIA

Parent and
Subsidiary Rating
Linkage

Evaluating
Corporate
Governance

Short-Term Ratings
Criteria for Non-
Financial
Corporates

Corporate Rating
Methodology

Guidelines on What
Constitutes Non-
Cooperation

The Rating Process

**DETAILED FINANCIAL
SUMMARY**

[Click Here to
Download](#)

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook				
	Rating Type	Rated Limits (million)	Current Rating	18 September 2023	6 June 2023	22 December 2022	30 September 2021	30 September 2020
Issuer rating	Long-term	-	-	WD	IND BB+ (ISSUER NOT COOPERATING)	IND BB+/Stable	IND BBB-/Stable	IND BBB-/Stable
Fund-based limits	Long-term	INR3,390	IND B+ (ISSUER NOT COOPERATING)/Negative	-	IND BB+ (ISSUER NOT COOPERATING)	IND BB+/Stable	IND BBB-/Stable	IND BBB-/Stable
Non-fund-based limits	Short term	INR1,712	IND A4 (ISSUER NOT COOPERATING)	-	IND A4+ (ISSUER NOT COOPERATING)	IND A4+	IND A3	IND A3
Fund-based/non-fund-based interchangeable limits	Long-term/short term	INR1,737.5	IND B+ (ISSUER NOT COOPERATING)/IND A4 (ISSUER NOT COOPERATING)/Negative	-	IND BB+ (ISSUER NOT COOPERATING) /IND A4+ (ISSUER NOT COOPERATING)	IND BB+/Stable/IND A4+	IND BBB-/Stable/IND A3	IND BBB-/Stable/IND A3
Term loans	Long-term	INR1,112	IND B+ (ISSUER NOT COOPERATING)/Negative	-	IND BB+ (ISSUER NOT COOPERATING)	IND BB+/Stable	IND BBB-/Stable	IND BBB-/Stable



Complexity Level of Instruments

Instrument Type	Complexity Indicator
Fund-based working capital limits	Low
Non-fund-based working capital limits	Low
Long-term loan	Low

For details on the complexity levels of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Contact

Primary Analyst

Nishith Sanghvi

Associate Director

India Ratings and Research Pvt Ltd

Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai - 400051

022 4000 1712

For queries, please contact: infogrp@indiaratings.co.in

Secondary Analyst

Shashikala Hegde

Senior Analyst

022 4035 6139

Chairperson

Abhishek Bhattacharya

Senior Director and Head Large Corporates

+91 22 40001786

Media Relation

Ameya Bodkhe

Marketing Manager

+91 22 40356121



About India Ratings and Research: India Ratings and Research (Ind-Ra) is committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

India Ratings is a 100% owned subsidiary of the Fitch Group.

For more information, visit www.indiaratings.co.in.

DISCLAIMER

All credit ratings assigned by india ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.indiaratings.co.in/rating-definitions>. In addition, rating definitions and the terms of use of such ratings are available on the agency's public website www.indiaratings.co.in. Published ratings, criteria, and methodologies are available from this site at all times. India ratings' code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the code of conduct section of this site.

