

### About the Company

**Wockhardt Ltd.** is a global pharmaceutical and biotechnology company headquartered in Mumbai, India. Founded by Dr. Habil Khorakiwala, the company develops and manufactures formulations, active pharmaceutical ingredients (APIs), and biopharmaceuticals. It operates in over 20 countries, with a significant presence in India, the US, the UK, and Europe. Wockhardt is a pioneer in biosimilars, notably producing recombinant human insulin. Its state-of-the-art R&D facilities focus on innovative drug delivery systems and complex generics. Through strategic global acquisitions, the company has strengthened its position in key markets.

### Investment Rationale

- **Turnaround in Financial Performance:** Wockhardt has undergone a significant transformation in the past few years, shifting from a debt-ridden, compliance-hit generic drugmaker to a more focused, innovation-led pharmaceutical company. Post the divestment of its domestic formulations business to Dr. Reddy's, the company deployed proceeds to deleverage the balance sheet and fund R&D. The company has revenues remained broadly stable, hovering between Rs 2,800 Cr and Rs 3,000 Cr annually, reflecting its shift from U.S. generics toward niche therapies and speciality products. After posting heavy net losses exceeding Rs 600 Cr in FY23—driven by regulatory challenges, high U.S. operating costs, and legal settlements—Wockhardt managed to narrow its losses substantially to just Rs 47 Cr in FY25. This turnaround was supported by cost rationalisation, the closure of the loss-making Morton Grove facility in the U.S.
- **Upcoming Opportunities:** Wockhardt has several new opportunities ahead. It recently launched Miquaf (nafithromycin) in India to treat pneumonia, a big step as antibiotic resistance grows worldwide, with the global pneumonia antibiotic market estimated at over \$3–4 Bn annually. Miquaf also earned Breakthrough Medicinal Product status in Saudi Arabia, speeding up its potential entry into the Middle East market. Beyond Miquaf, it has other innovative antibiotics like Zaynich (WCK-5222) in the pipeline, targeting infections with an estimated \$9 Bn global market potential. The company is also branching into medical devices and diabetes care with products like the mypen 2 insulin device, tapping into a diabetes device market worth over \$15 Bn globally. These moves could improve margins, open new revenue streams, and help Wockhardt return to profitability.
- **Debt Reduction:** In FY24 and FY25, Wockhardt significantly improved its financial footing by raising ~Rs 1,600 Cr through a Qualified Institutional Placement (QIP), following an earlier Rs 748 Cr rights issue. As a result, the company's net debt stood at Rs 64 Cr in FY25 (ex Promoter debt), down sharply from over Rs 975 Cr two years ago. This reduction has lowered interest costs, helping narrow the FY25 net loss to Rs 47 Cr, a marked improvement from a Rs 463 Cr loss in FY24. With reduced leverage and healthier cash flows, Wockhardt now has greater flexibility to fund R&D for its new antibiotic pipeline and invest in global expansion. A leaner balance sheet and disciplined capital allocation put the company in a stronger position to monetise upcoming launches like Miquaf and Zaynich, aiming to drive growth in both domestic and international markets.

### Valuation & Analyst recommendation:

- Wockhardt Ltd. is poised to benefit from its strategic focus on complex generics, biosimilars, and novel antibiotics. Management remains optimistic about improving operational performance, supported by new product launches and recovery in key markets like the US and Europe. Recent deleveraging efforts and cost rationalisation have strengthened the balance sheet, enhancing financial flexibility for future growth. The company's differentiated pipeline, including breakthrough antibiotics like Miquaf & Zaynich, positions it well in niche, high-value segments. **We recommend a BUY rating on the stock, with a target price of Rs 1,870/share reflecting 10% upside potential from the CMP.**

### Financial Summary

Y/E Mar (Rs Cr)	Net Sales	EBITDA	Net Profit	EPS (Rs)	PER (x)	P/BV (x)	EV/EBITDA (x)	ROE (%)
FY24	2,798	39	-472	-31	-	8	702	-14
FY25	3,012	393	-57	-4	-	6	74	-1
FY26E	3,484	592	171	11	161	6	49	4
FY27E	4,902	1,128	598	37	46	5	25	12

Source: Axis Securities; CMP as on 7<sup>th</sup> July, 2025

Duration: 3-6 Months

CMP (Rs)	1,697
Target Price (Rs)	1,870
Upside (%)	10%

### Why Wockhardt Ltd

- ✓ **Robust Pipeline**
- ✓ **Innovative R&D**
- ✓ **Developing Complex Biosimilar**

### Key risks

- ✓ **Delay in Drug Launch**
- ✓ **Increase in Input Costs**
- ✓ **USFDA Form 483 Observations**

### MARKET DATA

No. of Shares	15.3 Cr
Market Cap	27,600 Cr
52-week High / Low	1870/750
BSE Code	532300
NSE Code	WOCKPHARMA

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## | Axis PUNCH is a strong, research-based idea based on



**Events-Based:** Our recommendations are based on the following critical factors, providing a comprehensive approach to medium-term investment opportunities:

- **Company-Specific Events:** Recommendations consider significant company-specific events such as new orders, product launches, acquisitions, management changes, and the commissioning of new plants.
- **Commodity Price Fluctuations:** We analyse changes in commodity prices, including metals, cement, chemicals, and pharmaceutical materials.
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- **Sector Developments:** Material developments within sectors, including monthly production and sales numbers in industries like Auto, Cement, and Steel, as well as competitive landscape changes due to business actions or new entrants/exits, are considered.
- **Earnings Surprises:** We identify companies expected to report better-than-anticipated earnings in upcoming quarters.
- **Corporate Actions:** Corporate actions such as mergers and acquisitions, capital raising programs, and regulatory announcements that impact a company or its industry form crucial elements for our recommendations.

**Strategic Insights:** Benefit from insights based on a blend of critical business events, economic trends, and thorough company valuations.

**Informed Decisions:** Make well-informed investment decisions backed by the expertise of our dedicated research team.

**Medium-term Horizon:** Enjoy the medium-term investment strategy, perfectly suited for those looking to optimise returns over 3 to 6 months.

## | Why to choose Axis PUNCH



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