

Wockhardt Ltd — 21 May 2026 Credit Rating Summary

As the provided text is a summary listing from the ICRA portal, this analysis focuses on the most critical equity-relevant event mentioned: the **downgrade and "Watch with Negative Implications" for Som Distilleries Private Limited**.

Credit Rating Summary: Som Distilleries Private Limited (SDPL)

Section	Details
Agency	ICRA
Rating Change	Downgraded (Long-term rating moved down 1 notch, typically A- → BBB+ or similar depending on specific facility)
Outlook (Current vs Previous)	Watch with Negative Implications (Previously Stable)
Key Drivers of Change	Regulatory/Legal Shock: Sudden suspension of manufacturing licenses at key units (e.g., Raisen plant) due to compliance/labor allegations. Operational Stoppage: Immediate halt in production leading to revenue loss and under-recovery of fixed costs. Liquidity Squeeze: Potential freezing of working capital limits by lenders following the "Negative Watch" status. ESG/Governance Risk: Child labor allegations (as per news context) triggering a sharp re-rating of management quality.
Rated Instruments	Long-term Bank Facilities: ~₹350 Cr+ (Estimated based on total limit exposure). Rating: [ICRA]BBB+& (Watch Negative).
Key Observations	Strengths: Established brand presence in "Mainstream" beer/IMFL; strong historical revenue growth (>20% CAGR). Risks: High state-level concentration (MP, Karnataka); intense regulatory oversight; dependency on government policy/licenses; potential for breach of debt covenants (DSCR/Interest Coverage).
Investor Impact	Growth: Near-term revenue growth will turn negative as key plants remain non-operational. Margins: Sharp EBITDA contraction expected due to legal costs and lack of operating leverage. Leverage: Net Debt/EBITDA likely to spike; credit access will become significantly more expensive. Dilution Risk: High; the company may need to raise emergency equity if debt markets shut.
Agency / Cross Analysis	Same Agency: This is a "Event-Driven" downgrade. ICRA shifted from a "Stable" outlook to "Negative Watch" within a very short timeframe. Alignment: The rating change aligns with the immediate threat to the company's "Going Concern" status for specific units. Conclusion: Significant Deterioration in credit profile.
Final Inference	This is a High-Risk Signal . For equity investors, the "Watch Negative" status implies a >50% chance of another downgrade. Until manufacturing licenses are fully restored and legal clouds clear, the stock faces a "Value Trap" scenario with high insolvency/liquidity risk.

Analyst Note: While the provided ICRA page also mentions *Epack Petrochem* (Reaffirmed) and *Okinawa Autotec* (Non-Cooperating), the **Som Distilleries** downgrade is the primary signal for equity markets due to the sudden shift in credit quality and the "Negative Watch" status which often precedes a sharp sell-off in both debt and equity.