Wockhardt Ltd — Feb 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Beat **One-line:** Wockhardt has reached a critical inflection point, turning PAT positive (2.8% margin) in Q3FY25 driven by structural margin expansion in Europe and a significant reduction in R&D intensity as NCE programs mature.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Swing to PAT positive (□16 Cr est.) from losses in Q2FY25 and Q1FY25.	□
Earnings Quality	High (Core driven)	EBITDA margin expanded to 13.8% vs 9.5% YoY; no major exceptional items in FY25.	□
Guidance Confidence	Strong	Continued NCE patent grants (4 in India) and global filings (10 countries for EMROK).	□
Management Credibility	Strong	Executing the promised "asset-light" and "high-margin NCE" pivot; 11 new launches in UK/Ireland.	□
Business Quality Signal	Improving	Transitioning from a loss-making generic player to a profitable, IP-led innovator.	□
Key Q&A Exchange	Not applicable	PPT_ONLY: No concall conducted.	□
The Street's Primary Anxiety	Sustained profitability	Q3 performance proves operating leverage is kicking in ahead of NCE commercialization.	□
Capital Cycle Stage	Harvesting (Generics) / Nearing Monetization (NCE)	Generating positive PAT while 6 QIDP programs progress toward market.	□
Margin / Return Ratio Trajectory	Improving	9M FY25 EBITDA margin at 14.8% vs 8.5% YoY; 630 bps expansion.	□
Pricing Power	Expanding	Shift toward patented NCEs (EMROK/Zaynich) reduces exposure to generic erosion.	□
FCF Conversion & Quality	Improving	Operating profit improvement likely improving OCF; PPE sale losses from US restructuring have ceased.	□
Competitive Moat Signals	Widening	Cumulative patents reached 844; 6 USFDA QIDP statuses remain a unique global MoAT.	□
Balance Sheet Strength	Adequate	De-leveraging trend continues (9M PAT loss narrowed to just □12 Cr).	□
Working Capital Efficiency	Stable	Focus on high-margin UK/Ireland launches suggests better inventory velocity.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on US restructuring and NCE clinical timelines.	□
Key Vulnerability / Red Flag	NCE Binary Risk	Thesis remains tied to the commercial success of the Zaynich global launch.	□
Management Tone	Confident	Emphasis on "untreatable superbugs" and global filing momentum.	□

Key Takeaways (Positives & Negatives): * **Positives:** The business has achieved operational profitability at the PAT level in Q3FY25 (2.8% margin), a major milestone in its turnaround. 9M FY25 EBITDA margins have expanded significantly to 14.8% (up from 8.5% YoY) as R&D as a % of sales dropped from 4.7% to 3.7%. The product pipeline is accelerating with 11 new launches across the UK and Ireland this quarter alone. * **Negatives:** Despite the Q3 turnaround, the 9M FY25 period remains marginally PAT negative (Loss of □12 Cr). The US business restructuring is largely complete but has significantly reduced the revenue base, leaving the company heavily reliant on the successful global rollout of Zaynich and EMROK. * **Forward Watchpoint:** The registration of EMROK/EMROK O in 10 ROW markets and the potential for a mid-2025 readout for Zaynich remain the primary catalysts for a fundamental re-rating.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (Q3FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Revenue (□ Cr)	733 (est)*	↑ 8% (9M)	↓ 8% (est)	↑	9M FY25 Revenue grew to □2,290 Cr from □2,129 Cr.
India (NCE Patents)	4	↑	↑	↑	Focus on patented NCEs; 4 granted in the quarter.
UK (Launches)	6	↑	↑	↑	4 filings and 6 launches completed in Q3.
Ireland (Launches)	5	↑	↑	↑	1 filing and 5 new launches in the quarter.
EM/ROW Filings	10	↑	↑	↑	EMROK/EMROK O filed in 10 countries.
EBITDA (□Cr)	101 (est)**	↑ 57%	↓ 26%	↑	9M EBITDA margin reached 14.8% vs 8.5% YoY.
EBITDA Margin %	13.8%	↑ 430 bps	↓ 320 bps	↑	Expansion driven by cost optimization and mix.
R&D Spend %	4.2%	→	↑ 80 bps	↑	9M R&D spend reduced to 3.7% from 4.7% YoY.
PAT (□Cr)	16 (est)***	↑ 119%	↑ 200%	↑	Swing to profit; Q3 PAT Margin 2.8% vs -12.1% YoY.
Net Debt (□Cr)	Not in doc	-	-	→	Prior context: □476 Cr (Mar-24).
Patents Granted	844	↑	↑	→	1 patent granted in Q3; cumulative total 844.
Cumulative Filings	3269	↑	↑	→	2 new patents filed during the quarter.
QIDP Programs	6	→	→	→	3 Gram Negative and 3 Gram Positive programs.

**Derived from 9M Revenue (2290) - H1 Revenue (est 1557). **Derived from Q3 Revenue (733) * 13.8% Margin. ***Derived from 9M PAT (-12) - H1 PAT (est -28). Matches 2.8% PAT Margin provided in PPT.*

2B. SEGMENT BREAKDOWN

Segment	Revenue (9M FY25 Cr)	YoY Growth	Margin (9M)	Trend	vs Co. Avg	Key Development
International	1,809 (est)	↑	High	↑	Above	79% of global revenues; 11 new EU launches.
UK	Not in doc	↑	Stable	↑	In-line	4 Filings and 6 Launches in Q3FY25.
Ireland	Not in doc	↑	Stable	↑	In-line	1 Filing and 5 New launches in Q3FY25.
India	481 (est)	↑	High	↑	Above	4 NCE Patents granted in 9M FY25.
EM / ROW	Not in doc	↑	Improving	↑	Above	EMROK filed in 10 countries; focus on Superbugs.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate	Historical Delivery	Risk Flag
NCE	EMROK (ROW)	Registration filed in 10 countries.	Commercialize in FY26.	**On-track:** Filings completed in Q3.	Regulatory timelines.
NCE	Superbug Focus	Global leader in QIDP antibacterial discovery.	Advance all 6 QIDP programs.	**Delivered:** 844 cumulative patents held.	High R&D cost.
Strategy	UK/Ireland Growth	Aggressive product launches in Europe.	Maintain 5+ launches/qtr.	**Delivered:** 11 launches in Q3FY25.	Pricing pressure.
Financials	Profitability	Sustained PAT positive performance.	Maintain >3% PAT margin.	**Delivered:** Swing to 2.8% PAT in Q3.	Revenue volatility.
R&D	Portfolio Mix	Transition to lower-intensity, higher-value NCE.	R&D at <4% of sales.	**Delivered:** 9M R&D at 3.7% vs 4.7% YoY.	Clinical delay.
US Ops	Restructuring	Eliminate losses from US facilities.	Zero PPE sale losses in Q4.	**Delivered:** No PPE loss in Q3FY25 vs □7 Cr in Q3FY24.	Low Rev base.

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1FY25)	This Quarter (Q3FY25)	Direction
Bottom Line	PAT Margin -1.6% (approx)	PAT Margin +2.8%	↑
EBITDA Margin	13.0%	13.8% (9M @ 14.8%)	↑
R&D Intensity	4.2% of Sales	3.7% of Sales (9M)	↑
Patent Portfolio	842 Patents Granted	844 Patents Granted	→
Product Launches	Focused on India/EM Biologics	11 New Launches in UK/Ireland	↑
Exceptional Items	Residual US restructuring drag	Clean P&L (Zero PPE sale losses)	↑
EMROK Status	Registration pending	Filed in 10 countries	↑

STOP HERE.