Indegene Ltd (INDLTD)

CMP: ₹ 609 | Target: ₹ 750 (23%) | Target Period: 12 months | **BUY**

September 28, 2026

A life sciences workflow outsourcing growth story…

About the company- Indegene, founded in 1998, is a digital-first commercialization partner focused on the global life sciences industry. It serves 20/20 top biopharma companies and operates across 80+ markets through 17+ delivery and operational centres in 11+ countries.

Investment Rationale

Structural outsourcing opportunity in life sciences provides a growth runway: Indegene addresses a US$135bn+ life-sciences operations market across Marketing & Sales (US$55bn), Drug Discovery & Clinical Trials (US$36bn), Regulatory & Medical Affairs (US$24bn) and Pharmacovigilance (US$21bn) and Indegene estimates that outsourcing operations across these verticals grew at ~9–14% CAGR during 2022–26. Marketing & Sales represents the largest component of the addressable TAM and is currently outsourced to the extent of 15-20% which is expected to increase to 25-30% by 2030, resulting in a ~6% CAGR growth in the outsourced marketing and sales spend pool. **The underlying pharma market is also supportive, with global revenues expected to rise from ~US$1.4tn to >US$2tn by 2030. Going forward, management expects the global pharma industry to grow at 5–8% CAGR during 2026–28. Patent expiries, pricing pressure and productivity requirements should further support outsourcing adoption in Life Sciences operations. Thus, we expect US$ revenue to grow at ~14% CAGR over FY26–29E.**

Deep domain expertise and embedded client relationships create a differentiated competitive EDGE: Indegene's **competitive positioning is supported by 27+ years of exclusive life-sciences experience, 5,500+ employees, 1,500+ life-sciences specialists and relationships with all 20 leading global biopharma companies**. Its expertise across commercial, medical, regulatory and safety workflows, coupled with embedded client relationships, supports customer retention and account expansion. Net revenue retention has remained above 100% for the past five years, highlighting the potential to deepen existing customer relationships and expand wallet share. **The delivery workforce comprises ~29% healthcare-qualified professionals and 25% technology professionals, supporting the execution of specialised life-sciences engagements**. The Indegene EDGE is underpinned by four pillars – i) Embedded in Revenue, ii) Domain-Led Work, iii) GenAI Disruptor & iv) Outcome-Aligned Engagement Model.

AI led improving revenue productivity and operating leverage to support margin recovery: AI is increasingly becoming a differentiator in Indegene's delivery model as it is embedding AI across content, medical writing, regulatory, pharmacovigilance & commercial workflows. This can improve employee productivity & reduce incremental cost of delivering services while expanding the addressable revenue pool by shifting previously internal or fragmented workflows toward technology-enabled operating partners. **Early productivity indicators are encouraging. Revenue per employee increased from approximately US$56k three years ago to US$75k in FY26 and US$77.1k in Q1FY27. Management has indicated that AI-related revenue currently stands at ~US$400mn, with a near-term opportunity exceeding US$500mn. We thus bake in EBITDA margins of 17.7%/19%/19% in FY27E/FY28E/FY29E, led by operating leverage & improving revenue productivity.**

Rating and Target Price: We initiate our coverage on Indegene with a **BUY** rating and **target price of ₹ 750 based on 27x FY28E EPS.**

Conviction Pick

ICICI Securities – Retail Equity Research

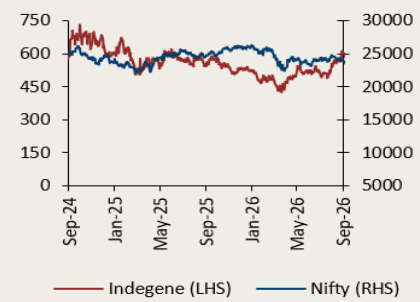
Particulars

Particulars	Amount
Market Cap (₹ Crore)	14,615
Total Debt (₹ Crore)	-
Cash & Invests (₹ crore)	1,481
EV (₹ Crore)	13,133
52-week H/L	622/414
Equity capital (₹ Crore)	48.1
Face value (₹)	2.0

Shareholding pattern (%)

Particulars	Sep-25	Dec-25	Mar-26	Jun-26
FII	11.3	11.5	10.3	9.9
DII	7.0	8.1	8.3	8.7
Others	81.8	80.5	81.4	81.3

Price Chart



Key risks

- Any adverse regulatory, data privacy and compliance changes, especially in the US life sciences space (75% of revenue mix)
- High client concentration (9%/30%/46%/67% of its revenues from top client/Top5/Top10/Top20)

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Key Financial Summary

₹ Crore	FY25	FY26	5 Year CAGR (FY22-26)	FY27E	FY28E	FY29E	3 Year CAGR (FY26-29E)
Net Sales	2,839	3,511	20.5	4,448	5,032	5,595	16.8
EBITDA	534	619	21.2	786	956	1,063	19.8
EBITDA Margin (%)	18.8	17.6		17.7	19.0	19.0	
Net Profit	407	401	24.9	536	654	728	22.0
EPS (₹)	17.0	16.6		22.3	27.2	30.3	
P/E	36.0	36.6		27.5	22.5	20.2	
RoNW (%)	15.5	12.8		14.8	15.5	14.9	
RoCE (%)	20.1	15.8		17.9	18.9	18.3	

Source: Company, ICICI Direct Research

Company Background

Indegene: A life-sciences specialist operating at the intersection of healthcare, technology and AI

Indegene Limited is a technology-led life-sciences solutions provider that acts as a strategic operating partner to global biopharma companies. It supports commercial, medical, clinical, regulatory and consulting workflows across the product lifecycle. Established in 1998, the company has built a specialised platform at the intersection of life-sciences domain knowledge, technology, data, analytics and AI.

Indegene serves all 20 of the world's top biopharma companies, with 91 active clients as of FY26 and 105 active clients as of Q1FY27. Its operating footprint spans 80+ markets, supported by 17+ delivery and operational centres across 11+ countries.

The company follows an integrated delivery model that combines life-sciences expertise with technology, data, analytics and AI. It supports clients across five core pillars: Discovery & Evidence, Regulatory & Compliance, Commercial Launch, Content & Engagement, and Patient & Outcomes. This end-to-end positioning allows Indegene to participate in multiple stages of the product lifecycle and deepen its role within client workflows.

Indegene's business profile at a glance

Particulars	Q1FY27
Years of life-sciences expertise	27+ years
Global top 20 pharma clients	20/20
Markets served	80+
Delivery/operational centres	17+
Countries	11+
Life-sciences specialists	1,500+
Top client revenue contribution	9.30%
Top 5 revenue contribution	31.20%
Top 10 revenue contribution	47.30%
Top 20 revenue contribution	68.60%

Exhibit 1: Indegene's end-to-end capabilities

Clinical Development
- Accelerating trial start-up and conduct with RWD/E
- Accelerating trial conduct leading to submissions
- Clinical operations oversight
- Clinical data management

Medical Affairs
- Medico-Legal Review
- Medical Information Management
- Publication Management & writing
- Medical Communication

PV & Regulatory Affairs
- Pharmacovigilance case processing
- Aggregate report writing
- Literature monitoring
- Regulatory writing and operations
- Artwork
- Labeling operations

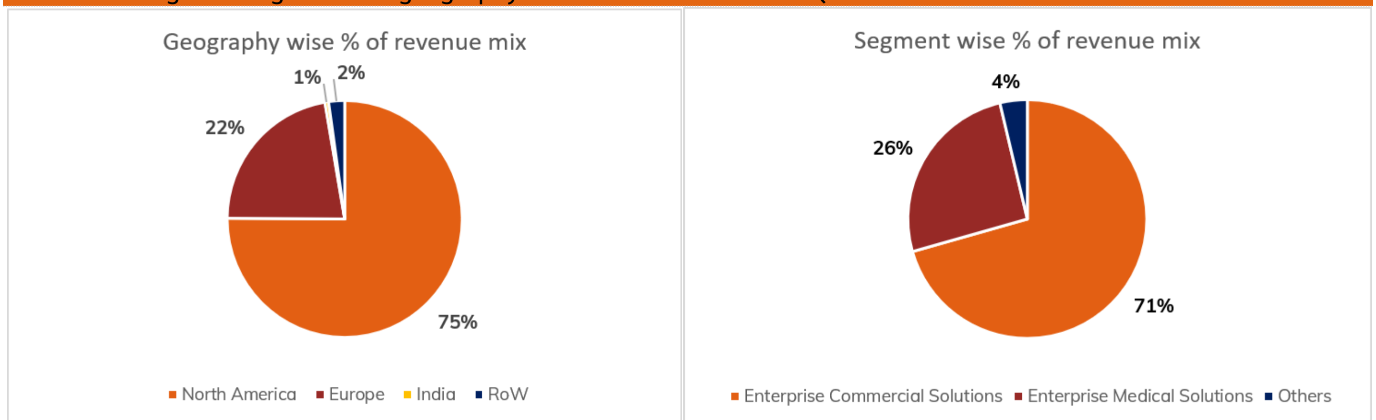
Commercial Operations
- Strategy and consulting
- Pricing and market access
- Omnichannel marketing operations
- Technology transformation
- Data and analytics
- Marketing agency

Patient Engagement
- Patient support services
- Patient analytics
- Patient engagement

Source: Company, ICICI Direct Research

In April 2021, a Carlyle-led consortium, together with Brighton Park Capital Partners (BCP), invested US$200mn for a 38% minority stake in Indegene, implying a company valuation of approximately US$526mn and an EV/EBITDA multiple of 9.89x. Carlyle also invested US$122mn in April 2021 through the purchase of 45.5mn shares at ₹201 per share. These transactions provided capital and strategic support for the company's subsequent capability expansion. Following Carlyle's exit, currently, Nadathur Group and BPC together hold ~30% stake in Indegene.

Exhibit 2: Indegene's segment and geography wise % of revenues as of Q1FY27



Source: Company, ICICI Direct Research

The company has developed proprietary platforms such as **Cortex,** its knowledge-engineering platform, alongside the **Content Super App, MLR Automation (Medical-Legal-Regulatory), Medical Writing Platform and Audience Intelligence Platform.** Rather than creating a separate AI business, Indegene is embedding AI into workflows that it already manages for clients, enabling automation of content creation, medical writing, regulatory review, HCP engagement and other processes.

Indegene Introduced Tectonic in Q1FY26, a GenAI platform that is aiding revenue growth in its top-10 clients with US$1 mn+ engagements with two of the top-10 clients. **Through Tectonic, Indegene is moving up the marketing value chain on the commercial content creation side and capturing the work from specialised healthcare agencies. NEXT medical writing automation** offers advanced medical writing automation solutions powered by AI technology to help life sciences organisations streamline their document creation processes. **With help of its Tectonic offering, it can access about 35-50% of marketing budgets vs ~5-15% it addressed with its commercial capabilities within the ECS segment. Tectonic remains a material growth driver for ECS segment in FY27.** NEXT, its medical writing automation platform, leverages GenAI to accelerate the production of high-quality, compliant documents across clinical development & regulatory submissions.

Indegene has expanded its capabilities largely through a combination of organic development and capability-led acquisitions. The acquisition strategy is increasingly focused on adding specialised capabilities that can be cross sold into Indegene's existing customer base. The BioPharm acquisition, for instance, added AI-driven commercialisation and AdTech capabilities. **Integration of BioPharm was completed ahead of schedule, with management also identifying ~US$1mn of annual cost synergies to accrue progressively in FY27.**

Exhibit 3: Indegene's capabilities led acquisition history

S.No.	Company	Date	Location	Key capabilities	Strategic rationale
1	Medsn	Sep-05	US	Medical education and marketing services	Expanded US presence and commercial capabilities
2	Medcases	Aug-06	US	E-learning solutions	Added digital learning capabilities
3	Lifesystems	Nov-12	Canada	Multi-channel marketing	Strengthened commercial and multi-channel capabilities
4	Aptilon Holdings	Nov-12	Canada	HCP engagement platform and analytics	Added digital engagement and analytics capabilities
5	Total Therapeutic Management	Dec-13	US	Healthcare marketing solutions	Enhanced commercial and marketing capabilities
6	Vantage Point Healthcare Information Systems	Oct-15	US	Healthcare analytics platform	Added healthcare analytics and data capabilities
7	Scura Corporation	Apr-16	Canada	Omnichannel capabilities	Strengthened omnichannel and customer engagement
8	Encima Group	Dec-16	US	Data-driven, targeted and personalised omnichannel marketing	Enhanced omnichannel and data-led marketing
9	Wincere	Dec-16	US	Clinical data management and clinical R&D services	Added clinical development capabilities
10	DT Associates	Sep-19	UK	Customer experience and digital operations	Enhanced customer experience and digital capabilities
11	Cult Health	Oct-22	US	Healthcare creative and omnichannel planning	Strengthened creative and DTC campaign capabilities
12	Trilogy Writing & Consulting	Mar-24	Germany, UK & US	Medical writing, regulatory and medical content	Enhanced medical, regulatory and content capabilities
13	MJL Life Sciences	Sep-25	US	Pricing, reimbursement and market access	Expanded market access and HEOR capabilities
14	BioPharm	Oct-25	US	Commercialisation, AdTech and omnichannel orchestration	Added commercialisation and AdTech capabilities
15	Warn & Co.	Oct-25	US	Life sciences consulting	Strengthened consulting and strategic advisory
16	CAKE Health	Mar-26	US	Healthcare marketing and patient engagement	Enhanced patient engagement and digital health capabilities

Source: Company, ICICI Direct Research Note: Key acquisitions; not exhaustive

Industry Overview

Life sciences: a large, structurally growing and increasingly complex outsourcing opportunity

The global pharmaceutical industry remains a structurally attractive end-market for technology-enabled services, supported by continued innovation, rising R&D intensity and the need to efficiently commercialize an expanding product pipeline. **Indegene estimates the global pharma market at ~US$1.4 trillion currently, increasing to >US$2 trillion by 2030, implying a 5–7% CAGR, while global annual R&D and commercial expenditure is estimated at >US$500 billion. The long product lifecycle of drugs, estimated at 12–15 years, creates a sustained requirement for services spanning discovery, clinical development, regulatory compliance, commercialization and lifecycle management.**

Exhibit 4: Specialised end-to-end partners (select) Pharma industry relies on to accelerate the 'Lab to Market' chain

Source: Company, ICICI Direct Research; Annual Report 2025

Rising complexity is driving greater outsourcing

Pharma companies are increasingly required to balance innovation, regulatory compliance, speed-to-market and commercial productivity. Indegene's management highlights that patent expiries, pricing pressure and the need to optimise R&D returns remain structural challenges for Pharma companies, while M&A activity, broader patient access and a strong innovation pipeline support industry growth. As revenues from mature products decline, companies are increasingly focused on improving operating efficiency, accelerating product launches and modernising commercial operations. This is driving demand across content, medical, regulatory, safety and omnichannel functions.

The trend supports growth in specialist outsourcing, extending beyond traditional IT services to encompass critical life-sciences operating expenditure. Indegene is positioned within this opportunity, with its revenue linked to spending on pharmaceutical commercialisation, regulatory processes, medical affairs, safety and related operating workflows.

The convergence of pharmaceutical market growth, increasing outsourcing penetration and technology-led productivity improvement creates a multi-layered opportunity for Indegene. The company's combination of life-sciences domain expertise, technology capabilities and knowledge of regulated workflows positions it to participate in the ongoing transformation of pharmaceutical operations and capture a broader share of client spending.

Investment Rationale

Structural outsourcing opportunity in life sciences provides a growth runway

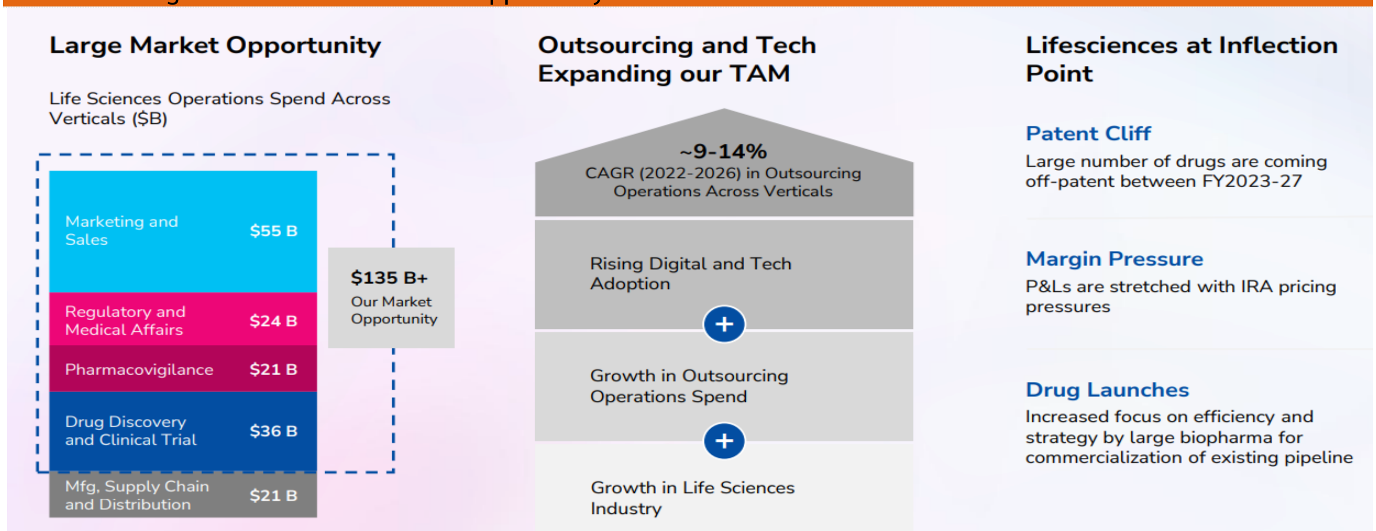
Indegene addresses a US$135bn+ life-sciences operations market opportunity, spanning Marketing & Sales (US$55bn), Drug Discovery & Clinical Trials (US$36bn), Regulatory & Medical Affairs (US$24bn) and Pharmacovigilance (US$21bn) and Indegene estimates that outsourcing operations across these verticals grew at ~9–14% CAGR during 2022–26. (Refer Exhibit 5). Marketing & Sales represents the largest component of the addressable TAM, currently outsourced to the extent of 15-20% and expected to increase to 25-30% by 2030, resulting in a ~6% CAGR growth in the outsourced marketing and sales spend pool.

Indegene positions itself as an AI-Native Life Sciences Operating Partner, combining domain expertise, technology and AI to take accountability for regulated workflows and their outcomes. Unlike conventional IT outsourcing, its services are embedded within the pharma value chain and linked to commercial, medical, regulatory, safety and clinical workflows which are closely linked to clients' product launches and brand performance.

The underlying end-market also provides a strong growth base. Indegene estimates global pharma revenues to increase from ~US$1.4tn to >US$2tn by 2030, with pharma companies already spending >US$500bn annually on R&D and commercialisation. The 12–15-year drug lifecycle creates recurring requirements across development, regulatory approval, launch and lifecycle management. At the same time, patent expiries (patent-cliff in 2023-27), pricing pressure and the need to improve productivity are encouraging pharma companies to modernise operating models and increase outsourcing.

Management expects the global pharma industry to grow at 5–8% CAGR during 2026–28, while outsourcing operations have historically grown at a faster clip. This creates a multi-layered opportunity for Indegene, where underlying pharma growth provides the base, increasing outsourcing penetration expands the addressable pool and technology adoption further accelerates the shift towards specialised operating partners. **Thus, the underlying industry backdrop remains supportive. Against this backdrop, we estimate Indegene's US$ revenue to grow at ~14% CAGR over FY26–29E.**

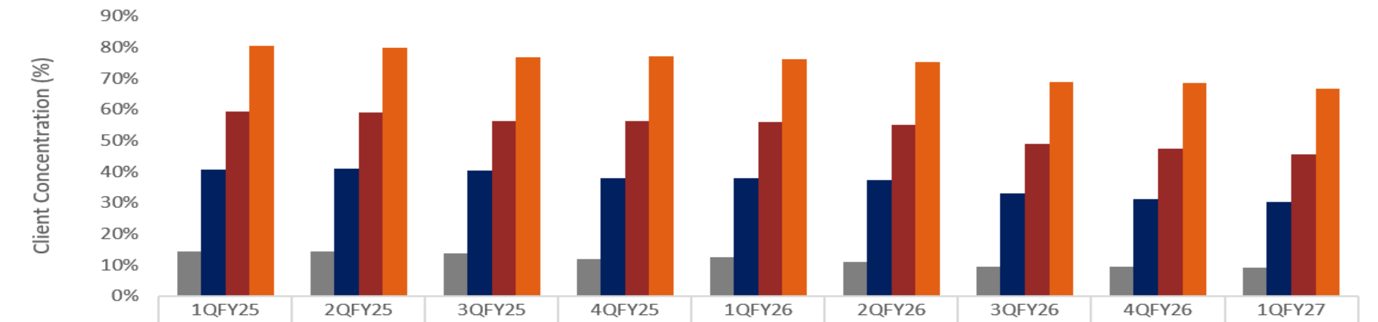
Exhibit 5: Indegene's addressable market opportunity



Source: Company, ICICI Direct Research

The customer pyramid provides increasing visibility to this growth. **Active clients increased from 73 at FY26-start to 91 at FY26-end and 105 in Q1FY27, while clients contributing >US$1mn annually increased from 41 to 53 and 54. With ~68.6% of FY26 revenue already coming from the top 20 global biopharma companies,** Indegene has a direct presence in the industry's largest customer pool. However, **revenue from accounts outside the top 20 has also increased to 33.4% in Q1FY27,** indicating that its growth model is increasingly moving from dependence on a limited number of large accounts towards a broader land-and-expand model.

Exhibit 6: Client concentration has reduced across categories



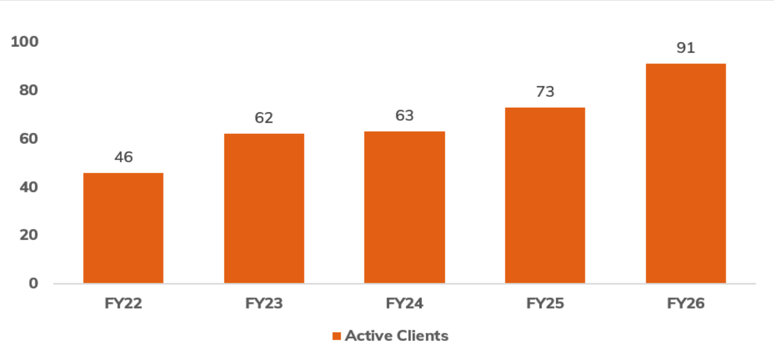
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Top Client	14%	14%	14%	12%	12%	11%	10%	9%	9%
Top 5	41%	41%	40%	38%	38%	37%	33%	31%	30%
Top 10	59%	59%	56%	56%	56%	55%	49%	47%	46%
Top 20	81%	80%	77%	77%	76%	75%	69%	69%	67%

Source: Company, ICICI Direct Research

Management has also indicated that several customers outside the top 20 are progressing towards larger average contract values (ACVs), while enterprise mandates such as omnichannel orchestration can potentially scale into US$10mn+ annual revenue opportunities. The customer pyramid therefore offers additional source of growth through client additions and expansion within existing accounts.

The opportunity is particularly attractive because larger customers can adopt multiple workflows across commercialisation, medical, regulatory, safety and AI. As Indegene gains deeper access to client workflows, cross-selling additional capabilities can increase wallet share without requiring a proportionate increase in customer-acquisition costs.

Exhibit 7: Number of active clients has grown steadily over the years



Source: Company, ICICI Direct Research

Thus, even without assuming aggressive market-share gains, the underlying growth in pharma spending and increasing outsourcing penetration provides a sizeable structural runway for Indegene. Indegene should therefore benefit not only from underlying industry growth but also from increasing outsourcing intensity and market-share gains within its addressable workflows.

While Indegene's US$ revenue grew at a CAGR of ~11% over FY22–26, we estimate ~14% CAGR over FY26–29E, taking revenue to ~US$589mn in FY29E. We expect growth to be led by the full-year contribution of BioPharm, increasing wallet share within existing accounts, addition of new customers and scaling of larger enterprise operating-model engagements.

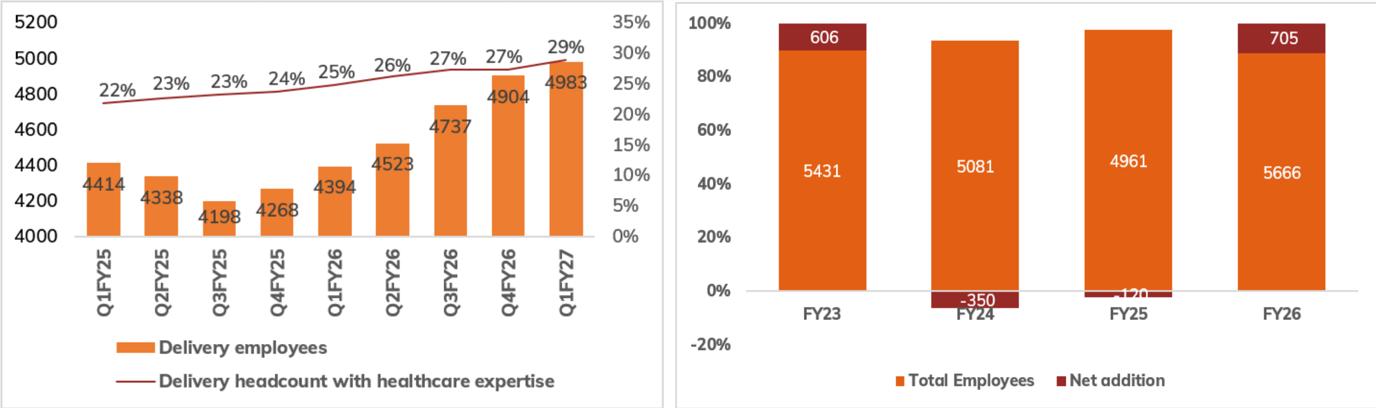
Deep domain expertise and embedded client relationships create a differentiated competitive EDGE

Indegene's competitive positioning is underpinned by its deep life-sciences domain expertise, proprietary technology and embedded client relationships. With over 27 years of exclusive experience in the life-sciences sector, 5,500+ employees and 1,500+ life-sciences specialists, the company has developed capabilities across complex commercial, medical, regulatory and drug-safety workflows. **Its relationships with all 20 leading global biopharma companies further support its positioning within the industry's established enterprise ecosystem. Indegene has reported net revenue retention above 100% for the past five years, indicating the**

potential to deepen relationships and expand revenue within its existing customer base. This creates an opportunity to transition from individual project engagements towards broader, integrated enterprise relationships.

Indegene's delivery workforce is also differentiated by its mix of healthcare and technology capabilities. Approximately 29% of employees possess healthcare qualifications, including MD, MBBS, PhD, BDS, MPharm and BPharm degrees, while 25% are classified as technology and AI professionals.

Exhibit 8: Employee profile of Indegene



Source: Company Annual Report FY2026, ICICI Direct Research

The Indegene EDGE – The four pillars underpinning its differentiated positioning

Embedded in Revenue: Indegene's services are closely linked to product launches, brand performance and market growth, making its spending more closely aligned with clients' revenue pools than traditional cost-based outsourcing.

Domain-Led Work: Indegene combines deep life-sciences expertise with AI-enabled technology across complex workflows where medical, scientific and regulatory judgement remains critical.

GenAI Disruptor: Pharma companies face complexity explosion (content volume & regulatory compliance) & fragmented non-standardized models resulting in efforts to centralize operations. Indegene's AI-enabled solutions engage at enterprise level (not brand-by-brand) to re-engineer & re-imagine end-to-end processes, thus accelerating this transformation & taking wallet share from incumbents.

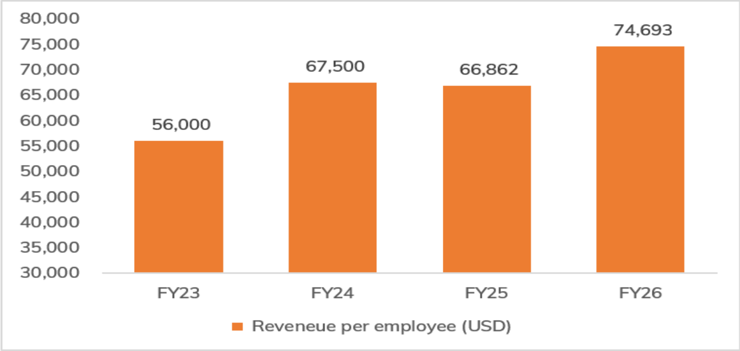
Outcome-Aligned Engagement Model: Indegene's engagement model is anchored on outputs and outcomes rather than on full-time-equivalent staffing (~60% revenue outcome-aligned), allowing efficiency gains to accrue to margin rather than to per-headcount rate erosion. Thus, this model provides scope for revenue to scale faster than delivery costs & supports structural operating leverage as AI adoption increases.

AI led improving revenue productivity and operating leverage to support margin recovery

Indegene is integrating AI into its existing delivery workflows across content, medical writing, regulatory, pharmacovigilance and commercial operations. This approach is aimed at improving delivery productivity, reducing incremental servicing costs and enabling the company to undertake more complex, technology-enabled engagements. The application of AI in life sciences requires domain expertise, regulatory knowledge and appropriate human oversight, areas in which Indegene has an established operating presence.

Early productivity indicators are encouraging. Revenue per employee increased from approximately US$56k three years ago to US$75k in FY26 and US$77.1k in Q1FY27. Management has indicated that AI-related revenue currently stands at approximately US$400mn, with a near-term opportunity exceeding US$500mn.

Exhibit 9: Consistent improvement in revenue per employee



Source: Company, ICICI Direct Research

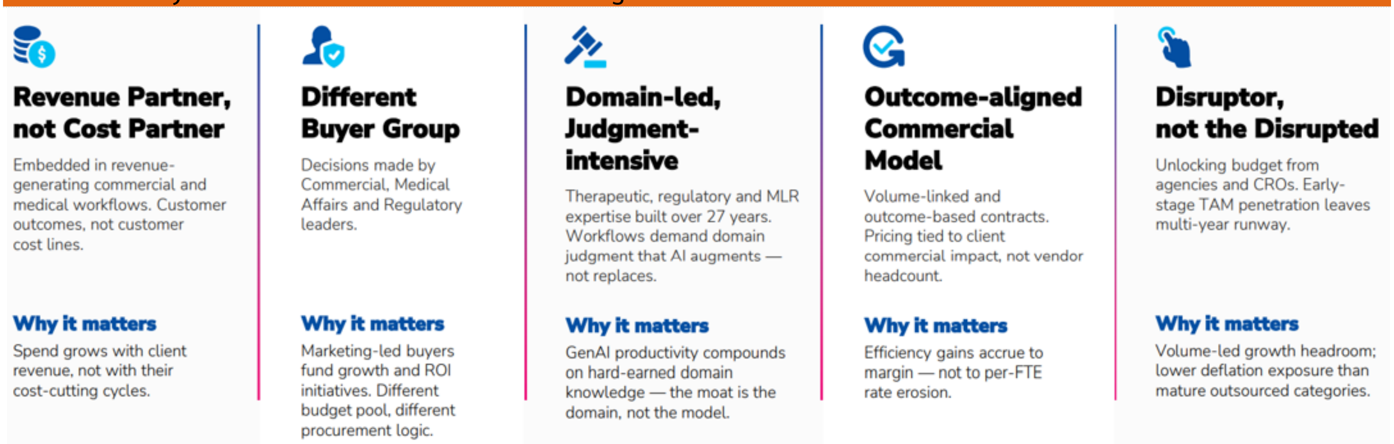
Indegene's increasing use of output- and outcome-based pricing provides an opportunity to retain a greater share of productivity gains. Unlike traditional FTE-based pricing, this model allows efficiency improvements to support margins rather than being passed on entirely to clients through lower billing rates.

AI adoption is also translating into commercial opportunities. Approximately 50% of the code for internal products was developed with AI support, while automation generated annual cost savings of approximately US$1mn in FY26. **During the year, Indegene secured a GenAI-powered omnichannel orchestration engagement with a top-five customer covering a product portfolio valued at more than US$1bn**. Other wins included end-to-end commercialisation and AI-enabled pharmacovigilance engagements.

Management expects the increasing consolidation of agency, revenue-operations and CRO spending among specialised, technology-led providers to create additional opportunities. AI could allow Indegene to address selected spending pools that have historically remained outside its serviceable market, including agency budgets, CRO clinical operations and internal regulatory activities.

We view AI as a potential growth and margin lever for Indegene. Its impact will depend on the company's ability to convert productivity gains into higher-value mandates, expand wallet share within existing accounts and scale AI-enabled delivery without compromising quality, compliance or client outcomes.

Exhibit 10: Why GenAI is a structural tailwind for Indegene



Source: Company, ICICI Direct Research

On the margins front, Indegene's EBITDA margin declined to 17.6% in FY26, reflecting increased investments in go-to-market (GTM) capabilities, technology, workforce transformation and newer business initiatives. **Margins remained subdued at 16.9% in Q1FY27, with management indicating that the bulk of these investments is front-loaded and profitability should recover towards the historical 19–20% range in H2FY27.**

We believe the margin recovery is expected to be driven by three factors: (1) improved revenue productivity from the expanded GTM platform, (2) higher contribution from AI/output-based engagements and (3) operating leverage as investments in technology and delivery capabilities scale across a larger revenue base. **Indegene's domain expertise, regulatory capabilities and integration into**

client workflows provide a foundation for customer retention and account expansion, supporting revenue monetisation as the business scales.

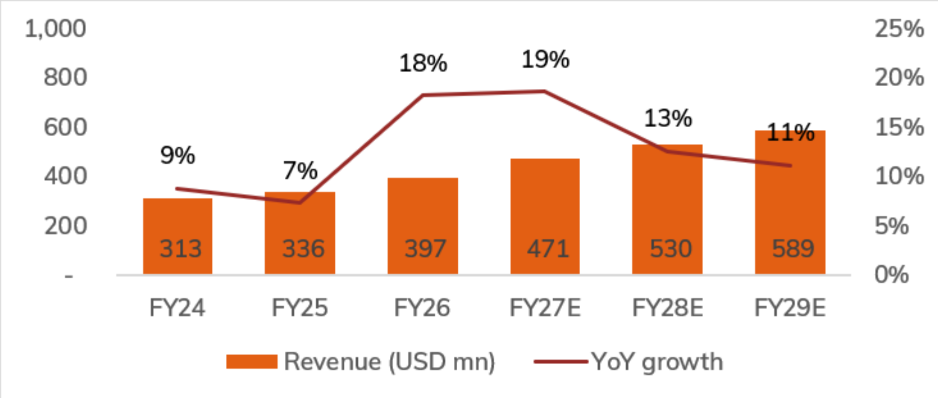
We expect EBITDA to increase from ₹619 crore in FY26 to ₹1,063 crore in FY29E, implying a ~20% CAGR, ahead of revenue growth. Consequently, we model 17.7%/19%/19% EBITDA margins for FY27E/FY28E/FY29E respectively. We expect margins to improve progressively through FY27E–FY29E, reflecting a gradual recovery in profitability as investment intensity moderates and operating leverage improves.

Key Financial Summary

US$ Revenues to grow at CAGR of 14% over FY26-29E…

Indegene's US$ revenues grew at CAGR of 11% over FY22-26. Continued pressure on drug pricing may encourage pharmaceutical companies to outsource more cost-optimisation and productivity-related work. The approaching patent cliff may also encourage companies to increase R&D spending to replenish pipelines, creating opportunities across development, regulatory, medical and commercial workflows. We thus expect revenue growth to improve as the product pipeline strengthens and client-specific issues moderate. **We expect FY26-29E US$ revenue to grow at CAGR of 14% to US$589 mn in FY29E, aided by the acquisition of BioPharm and broader industry tailwinds.**

Exhibit 11: Revenues to grow at 14% CAGR during FY26-29E

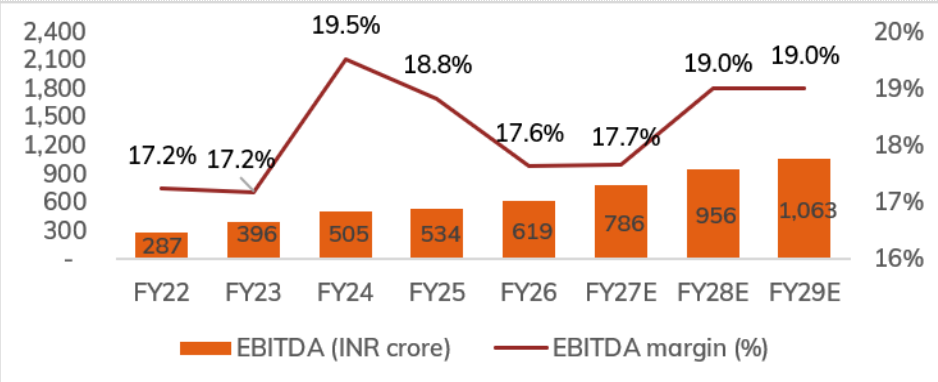


Source: Company, ICICI Direct Research

EBITDA margins to improve hereon led by operating leverage and normalisation of investments…

EBITDA margins declined during FY24–26 due to customer-specific issues and investments in go-to-market capabilities, technology and capability building. Management has indicated that margins should return to the 19–20% range by H2FY27 as these investments normalise and BioPharm synergies begin to materialise. **We therefore expect margins to improve through FY27E-FY29E and model 17.7%/19%/19% margins for FY27E/FY28E/FY29E**.

Exhibit 12: EBITDA margins to recover as investments normalise

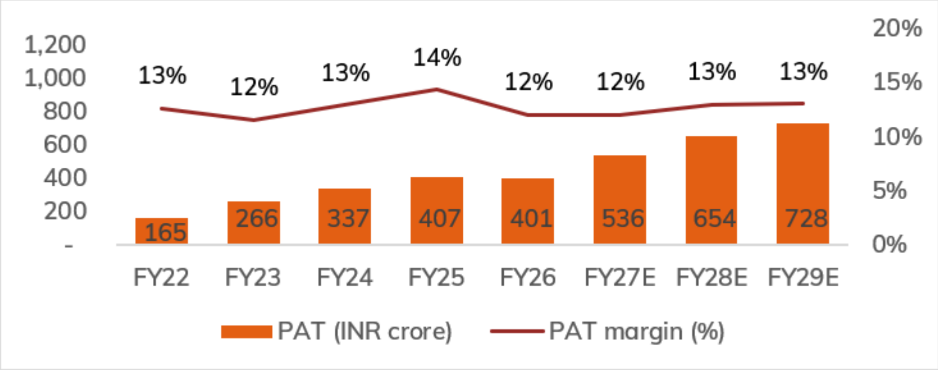


Source: Company, ICICI Direct Research

PAT to further improve led by better profitability…

Reported FY26 PAT declined 1.4% to ₹401 crore, primarily due to higher amortisation and a ₹20.3 crore provision toward an estimated settlement of a legacy US class-action matter. Management indicated that adjusted PAT, excluding non-operational one-time expenses and the accounting impact of cash-flow hedge treatment, was ₹458 crore representing 12.7% YoY. We expect absolute PAT to improve as revenue growth resumes, margins recover and the impact of current investments is absorbed, resulting into consistent profitable growth over FY27-29E. PAT will recovery from ₹401 crore in FY26 to ₹728 crore by FY29E, translating into a 22% CAGR over FY26-29E.

Exhibit 13: PAT to improve ahead led by better profitability...

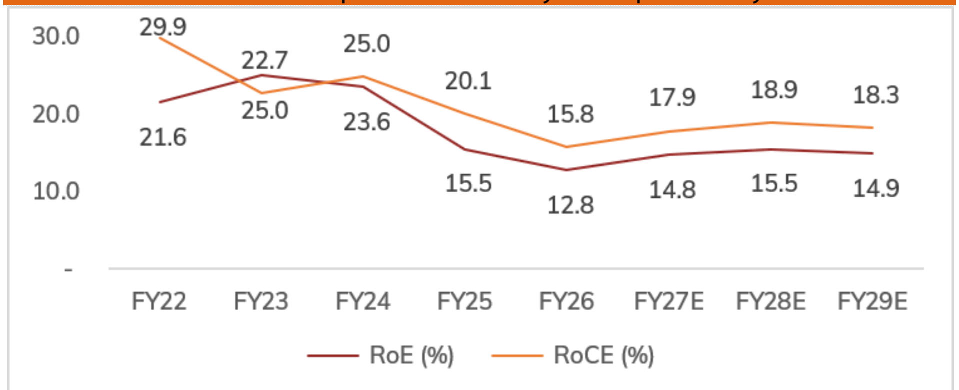


Source: Company, ICICI Direct Research

Return profile to further improve led by better profitability...

Indegene's RoE/RoCE declined to 12.8%/15.8% in FY26 from 23.6%/25% in FY24, respectively, primarily reflecting the moderation in profitability and higher investments undertaken to support growth. We expect the recovery in EBITDA margins recovery, operating leverage and earnings growth to drive a gradual improvement in capital efficiency over FY27-29E. Consequently, we expect RoE/RoCE to improve to 14.9%/18.3% by FY29E.

Exhibit 14: Return ratios to improve ahead led by better profitability...



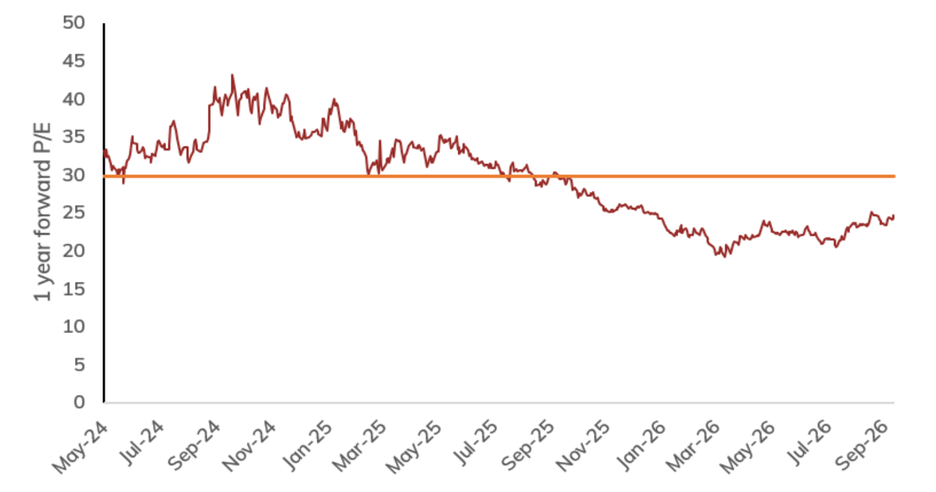
Source: Company, ICICI Direct Research

Valuation and Target Price

Indegene's investment case rests on the convergence of structural pharma outsourcing, AI-led workflow transformation, differentiated domain expertise and operating leverage. The key monitorable is whether recent investments and AI-led wins translate into sustained revenue acceleration while margins recover towards the company's historical range.

We initiate our coverage on Indegene with a BUY rating and target price of ₹750 based on 27x FY28E EPS.

Exhibit 15: : Historical 1 year forward PE and average 1 year forward PE trend (Avg. PE = ~29.77x, currently at ~24.69x)



Source: Company, ICICI Direct Research;

Key Risk and Concerns

Dependence on large pharma clients: Indegene has meaningful revenue exposure to its largest customers, with 68.6% of FY26 revenue derived from the top 20 global biopharma companies. While these relationships provide scale and recurring opportunities, lower client spending, project delays, loss of a major account or insourcing could adversely affect growth. The company's ability to diversify its customer base and expand within existing accounts will therefore remain important.

Exposure to life-sciences spending cycles and patent cliff sensitivity: Although healthcare spending is relatively resilient, Indegene's clients remain exposed to patent expiries, pricing pressure, changes in drug pipelines, M&A activity and shifts in R&D and commercial spending. A weaker innovation pipeline, loss of exclusivity or lower discretionary spending by pharmaceutical companies could affect demand for selected services.

Execution risk from scaling and acquisitions: Indegene has expanded its capabilities and geographic footprint through acquisitions, including BioPharm and CAKE Health, while also scaling newer offerings and entering additional markets. Successful integration, retention of acquired talent, cross-selling and delivery of expected synergies will be important to sustaining growth and protecting margins. Execution challenges could delay the benefits of these investments, albeit BioPharm integration remain on track, as per the management.

Client concentration: Indegene derives ~9%/30%/46%/67% of revenue from its top client/top five/top ten/top twenty clients, respectively. The loss of a large client, a delay in project ramp-up or a reduction in spending by a major account could therefore create disproportionate volatility in reported growth.

Regulatory, data privacy and compliance changes: Indegene operates in highly regulated life-sciences workflows and increasingly uses AI in medical, regulatory and safety processes. Changes in regulation, data-privacy requirements, AI governance standards or client compliance requirements could increase delivery, restrict certain use cases or lengthen implementation timelines.

Financial Summary

Exhibit 16: Profit and loss statement — Rs. crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Total Revenues	3,511	4,448	5,032	5,595
Growth (%)	23.6	26.7	13.1	11.2
Employee Benefit Expense	2,198	2,737	3,070	3,413
Other Expenses	694	925	1,006	1,119
EBITDA	**619**	**786**	**956**	**1,063**
Growth (%)	15.9	27.0	21.6	11.2
Depreciation	126	179	196	213
Other Income	72	119	120	120
Interest	19	21	20	12
Share of profit/(loss) of joint venture and associate (net of tax)	-	-	-	-
PBT	**545**	**705**	**860**	**958**
Growth (%)	1.1	29.3	22.0	11.5
Tax	124	169	206	230
PAT before Exceptional Items	**421**	**536**	**654**	**728**
Minority interest	-	-	-	-
Exceptional items	20	-	-	-
PAT after exceptional items	**401**	**536**	**654**	**728**
Growth (%)	-1.4	33.6	22.0	11.5
Diluted EPS	16.6	22.3	27.2	30.3
EPS (Growth %)	**-2.4**	**33.9**	**22.1**	**11.5**

Source: Company, ICICI Direct Research

Exhibit 17: Cash Flow Statement — Rs. Crore

(₹ Crore)	FY26	FY27E	FY28E	FY29E
Profit after tax	**421**	**536**	**654**	**728**
Finance cost	19	21	20	12
Depreciation	126	179	196	213
Others	(72)	(119)	(120)	(120)
Change in working capital	393	(78)	(49)	(47)
CF from operations	**889**	**539**	**701**	**786**
Other Investments	315	119	120	120
(Purchase)/Sale of FA	(194)	(252)	(280)	-
Intangible Assets and goodwill	(1,075)	-	-	-
CF from investing Activities	**(954)**	**(133)**	**(160)**	**120**
Inc / (Dec) in Equity Capital	150	(96)	(120)	(144)
Inc/(Dec) in borrowings/lease liab	43	-	-	-
Dividend & Dividend tax	(48)	48	60	72
Interest Paid on Loans	(19)	(21)	(20)	(12)
NCI	-	-	-	-
CF from Financial Activities	**125**	**(69)**	**(80)**	**(84)**
Net change in cash	60	337	461	822
Opening cash	241	301	638	1,099
Closing cash	**301**	**638**	**1,099**	**1,921**

Source: Company, ICICI Direct Research

Exhibit 18: Balance Sheet — Rs. crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Equity	**48**	**48**	**48**	**48**
Reserves & Surplus	3,091	3,578	4,172	4,828
Networth	3,139	3,626	4,220	4,876
Total debt	-	-	-	-
Minority Interest	-	-	-	-
Other liabilities	435	435	435	435
Source of funds	**3,574**	**4,061**	**4,655**	**5,311**
Fixed assets	194	338	500	372
CWIP	12	12	12	12
Intangible assets	483	412	333	248
Goodwill	1,134	1,134	1,134	1,134
Other non-current assets	179	222	248	274
Current Investments	1,100	1,100	1,100	1,100
Cash & Bank Balance	382	719	1,180	2,002
Debtors	982	1,244	1,407	1,565
Other current assets	155	195	220	243
Trade payables	181	229	259	288
Other Current liabilities	866	1,084	1,221	1,352
Application of funds	**3,574**	**4,061**	**4,655**	**5,311**

Source: Company, ICICI Direct Research

Exhibit 19: Ratio Analysis

(Year-end March)	FY26	FY27E	FY28E	FY29E
Per share data (₹)				
Diluted EPS	16.7	22.3	27.2	30.3
BV	130.8	150.8	175.5	202.7
DPS	2.2	2.0	2.5	3.0
Cash Per Share	12.5	26.5	45.7	79.9
Operating Ratios (%)				
EBITDA Margin	17.6	17.7	19.0	19.0
PAT Margin	11.4	12.0	13.0	13.0
Debtor days	102	102	102	102
Creditor days	19	19	19	19
Return Ratios (%)				
RoE	12.8	14.8	15.5	14.9
RoCE	15.8	17.9	18.9	18.3
RoIC	23.7	27.2	32.2	38.7
Valuation Ratios (x)				
P/E	36.6	27.5	22.5	20.2
EV / EBITDA	21.3	16.4	13.0	10.9
Market Cap / Sales	4.2	3.3	2.9	2.6
Price to Book Value	4.7	4.1	3.5	3.0
Solvency Ratios				
Net Debt/Equity	(0.5)	(0.5)	(0.5)	(0.6)
Debt / EBITDA	-	-	-	-
Current Ratio	1.3	1.3	1.3	1.3
Quick Ratio	1.3	1.3	1.3	1.3

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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