# Indegene Ltd (INDLTD)

CMP: 585 | Target ₹ 750 (28%) | Target Period: 12 months | BUY

October 30, 2026

## Strong deal momentum supports upgraded FY27 revenue outlook

**About the stock:** Indegeneis a digital-first commercialization partner focused on the global life sciences industry. It serves 20/20 top biopharma companies and operates across 80+ markets in 11+ countries.

**Q2FY27 performance:** Revenues came at ₹1,122.3 crore (US$117.5 million), up 5.6% QoQ/39.5% YoY in INR terms (4.4% QoQ/27.5% YoY in USD terms). EBITDA margin was up 20 bps QoQ/ down ~100 bps YoY at 16.5% impacted by wage hikes (-150 bps). PAT declined 3.4% QoQ but increased 10% YoY to ₹112.3 crore.

### Investment Rationale:

- **Strong deal wins and deeper client penetration to drive sustained growth:** Indegene is witnessing broad-based growth across large and emerging clients, with active clients increasing to 107 (vs 76 YoY) and $1 million+ clients rising to 59 (vs. 40 YoY). During Q2FY27, it secured 9 deals with ACV >US$1 million, including 3 large deals, with expansion of existing engagements. **Management expects commercial business to outpace medical over the next couple of quarters with stronger H2FY27 growth, supported by deal ramp-ups and healthy pipeline. It also expects organic growth rate for FY27 to be stronger than FY26. We expect US$ revenue to grow at CAGR of 14.2% over FY26-29E.**
- **GenAI-led transformation and operating leverage to drive margin expansion:** Indegene's integrated GenAI capabilities, including **Tectonic and Agentic AOR,** enable it to move upstream across the pharma commercialisation value chain, creating opportunities for higher-value, outcome-based engagements. **Tectonic's quarterly revenue run rate increased to US$1.7 million, with contracted business exceeding US$2 million per quarter**. Further, over 60% of revenue is outcome-aligned, supporting productivity-led scalability. **Management expects margin growth in H2 to outpace revenue growth and with wage hikes fully absorbed, it remains confident of achieving 19%+ quarterly EBITDA margin by Q4FY27,** aided by operating leverage, productivity gains and ramp-up of outcome-based contracts. **We bake in EBITDA margins of 17.4%/19%/19% in FY27E/FY28E/FY29E.**
- **Strong industry tailwinds and favourable outsourcing opportunity:** The life sciences industry is benefiting from a favourable demand environment, driven by a recovery in pharma and biotech funding (+85% YoY), higher M&A activity, record drug approvals and an expanding late-stage development pipeline. Convergence across service offerings such as Agentic AOR, Tectonic and production points to an integrated, AI-led content model across the commercialization value chain. Rising GenAI adoption is further accelerating the shift towards partners combining deep domain expertise, proprietary data and technology capabilities, positioning Indegene to capture a larger share of the growing outsourcing opportunity

**Rating and Target Price:** Given sustained revenue momentum, expanding client relationships and management's H2 margin expansion outlook, **we maintain our BUY rating, with a target price of ₹750; valuing it at 27x P/E on FY28E EPS.**

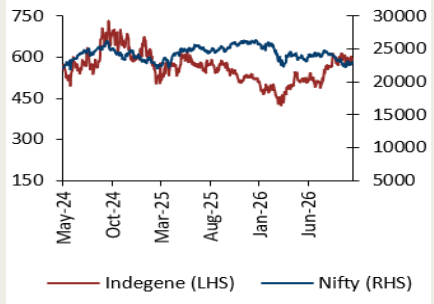
### Particulars

| Particulars | Amount |
|---|---|
| Market Cap (₹ Crore) | 14,040 |
| Total Debt (₹ Crore) | - |
| Cash & Invests (₹ Crore) | 1,481 |
| EV (₹ Crore) | 12,559 |
| 52 week H/L | 712/474 |
| Equity capital (₹ Crore) | 48.1 |
| Face value (₹) | 2.0 |

### Shareholding pattern

| | Dec-25 | Mar-26 | Jun-26 | Sep-26 |
|---|---|---|---|---|
| FII | 11.5 | 10.3 | 9.9 | 12.4 |
| DII | 8.1 | 8.3 | 8.7 | 15.8 |
| Public | 80.5 | 81.4 | 81.3 | 71.8 |

### Price Chart




### Key risks

- Slower than expected revenue and margin growth;
- Slower than expected pipeline growth and deal conversion.

### Research Analyst


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Result Update

ICICI Securities – Retail Equity Research

### 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 | 4,514 | 5,054 | 5,618 | 17.0 |
| EBITDA | 534 | 619 | 21.2 | 786 | 960 | 1,067 | 19.9 |
| EBITDA Margin (%) | 18.8 | 17.6 | | 17.4 | 19.0 | 19.0 | |
| Net Profit | 407 | 401 | 24.9 | 499 | 656 | 731 | 22.2 |
| EPS (₹) | 17.0 | 16.6 | | 20.7 | 27.3 | 30.4 | |
| P/E | 34.4 | 35.0 | | 28.2 | 21.4 | 19.2 | |
| RoNW (%) | 15.5 | 12.8 | | 13.9 | 15.7 | 15.1 | |
| RoCE (%) | 20.1 | 15.8 | | 17.0 | 19.1 | 18.4 | |

*Source: Company, ICICI Direct Research*

## Performance highlights and outlook

- **Revenue Performance:** Indegene reported Q2FY27 revenue of ₹1,122.3 crore (US$117.5 million), up 5.6% QoQ/39.5% YoY in INR terms (4.4% QoQ/27.5% YoY in USD terms). The company has now delivered over 5% sequential revenue growth for five consecutive quarters in INR terms. H1FY27 revenue stood at ₹2,185.4 crore, up 39.6% YoY in INR terms/27% in USD terms.
- **Geography performance:** Geography-wise on a QoQ basis in US$ terms North America (74.5% of revenue), Europe (22.9% of revenue) and RoW (2.2% of mix) grew 4.6%, 9.1% and 6.7% while India (0.4% of mix) declined 14.5%.
- **Vertical performance:** Enterprise Commercial Solutions (71.3% of revenue) grew 6.6% QoQ/45.1% YoY, while Enterprise Medical Solutions (24.5% of revenue) grew 0.6% QoQ/22.8% YoY. Others (4.2% of revenue) grew 19.3% QoQ/63% YoY.
- **Margin performance:** EBITDA margin was up 20 bps QoQ/ down ~100 bps YoY at 16.5%, impacted by wage hikes (-150 bps). PAT declined 3.4% QoQ but increased 10% YoY to ₹112.3 crore.
- **Outlook: Management highlighted that it expects H2 to be stronger than H1, and the organic growth rate for FY27 to be stronger than the previous year.** It expects commercial business to outpace medical over the next couple of quarters, while maintaining a positive outlook on the medical pipeline. On the margins front, the $10 million ACV outcome-based deal's revenue recognition is expected to peak in Q4, significantly impacting margins, with any true-ups showing up then. However, it expects productivity gains and operating leverage to support margin expansion, with quarterly EBITDA margin targeted at 19%+ by Q4FY27.
- **Deal wins:** Indegene secured nine deal wins with ACV exceeding US$1 million, including three large deals (one US$5 million+ and two US$3-5 million deals).
- **Attrition and employee addition:** Headcount increased by 126 QoQ to 5952. Attrition came at 15.4%, down 30 bps QoQ.

Exhibit 1: Quarter Performance

| Particulars | Q2FY27 | Q2FY26 | YoY (%) | Q1FY27 | QoQ (%) |
|---|---|---|---|---|---|
| Revenue (₹ crore) | 1,122 | 804 | 39.6 | 1,063 | 5.6 |
| Employee expenses | 682 | 516 | 32.2 | 659 | 3.4 |
| | | | | | |
| Gross Margin | 441 | 288 | 52.8 | 404 | 9.1 |
| Gross margin (%) | 39.3 | 35.9 | 340bps | 38.0 | 126bps |
| Other expenses | 255 | 148 | 72.5 | 230 | 10.9 |
| | | | | | |
| EBITDA | 186 | 141 | 32.1 | 174 | 6.6 |
| EBITDA Margin (%) | 16.5 | 17.5 | -94bps | 16.4 | 16bps |
| Depreciation & amortisation | 46 | 23 | 98.3 | 44 | 5.2 |
| EBIT | 139 | 117 | 18.9 | 130 | 7.1 |
| EBIT Margin (%) | 12.4 | 14.6 | -216bps | 12.2 | 17bps |
| Other income | 8 | 16 | -49.1 | 23 | -64.2 |
| PBT | 147 | 133 | 10.7 | 153 | -3.5 |
| Tax paid | 35 | 31 | 13.2 | 37 | -3.8 |
| Share of profit/(loss) of JVand associate | 0.0 | 0.0 | NM | 0.0 | NM |
| PAT | 112 | 102 | 10.0 | 116 | -3.4 |

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

| | FY27E | | | FY28E | | | FY29E | | |
|---|---|---|---|---|---|---|---|---|---|
| (₹ Crore) | Old | New | % Change | Old | New | % Change | Old | New | % Change |
| Revenue (USD mn) | 471 | 475 | 0.9 | 530 | 532 | 0.4 | 589 | 591 | 0.4 |
| Revenue | 4,448 | 4,514 | 1.5 | 5,032 | 5,054 | 0.4 | 5,595 | 5,618 | 0.4 |
| EBITDA | 786 | 786 | 0.0 | 956 | 960 | 0.4 | 1,063 | 1,067 | 0.4 |
| EBITDA Margin (%) | 17.7 | 17.4 | -26bps | 19.0 | 19.0 | 0bps | 19.0 | 19.0 | 0bps |
| PAT | 536 | 499 | -6.9 | 654 | 656 | 0.4 | 728 | 731 | 0.4 |
| Diluted EPS (₹) | 22.3 | 20.7 | -6.9 | 27.2 | 27.3 | 0.4 | 30.3 | 30.4 | 0.4 |

Source: Company, ICICI Direct Research

## Financial summary

Exhibit 3: Profit and loss statement ₹ crore

| (Year-end March) | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|
| **Total Revenues** | 3,511 | 4,514 | 5,054 | 5,618 |
| Growth (%) | 23.6 | 28.6 | 12.0 | 11.2 |
| | | | | |
| Employee Benefit Expense | 2,198 | 2,754 | 3,083 | 3,427 |
| Other Expenses | 694 | 974 | 1,011 | 1,124 |
| **EBITDA** | **619** | **786** | **960** | **1,067** |
| Growth (%) | 15.9 | 27.0 | 22.2 | 11.2 |
| Depreciation | 126 | 184 | 197 | 213 |
| Other Income | 72 | 80 | 120 | 120 |
| Interest | 19 | 27 | 20 | 12 |
| **PBT** | **545** | **655** | **863** | **962** |
| Growth (%) | 1.1 | 20.1 | 31.8 | 11.5 |
| Tax | 124 | 156 | 207 | 231 |
| **PAT before Excep. Items** | **421** | **499** | **656** | **731** |
| Exceptional items | 20 | - | - | - |
| **PAT after exceptional items** | **401** | **499** | **656** | **731** |
| Growth (%) | -1.4 | 24.4 | 31.5 | 11.5 |
| Diluted EPS | 16.6 | 20.7 | 27.3 | 30.4 |
| EPS (Growth %) | **-2.4** | **24.5** | **31.8** | **11.5** |

*Source: Company, ICICI Direct Research*

Exhibit 4: Cash flow statement ₹ crore

| (₹ Crore) | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|
| **Profit after tax** | **421** | **499** | **656** | **731** |
| Finance cost | 19 | 27 | 20 | 12 |
| Depreciation | 126 | 184 | 197 | 213 |
| Others | (72) | (80) | (120) | (120) |
| Change in working capital | 393 | (84) | (45) | (47) |
| **CF from operations** | **889** | **546** | **708** | **789** |
| Other Investments | 315 | 80 | 120 | 120 |
| (Purchase)/Sale of FA | (194) | (253) | (281) | - |
| Intangible Assets and goodwill | (1,075) | - | - | - |
| **CF from investing Activities** | **(954)** | **(173)** | **(161)** | **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) | (27) | (20) | (12) |
| NCI | - | - | - | - |
| **CF from Financial Activities** | **125** | **(75)** | **(80)** | **(84)** |
| Net change in cash | 60 | 298 | 467 | 825 |
| Opening cash | 241 | 301 | 599 | 1,066 |
| **Closing cash** | **301** | **599** | **1,066** | **1,891** |

*Source: Company, ICICI Direct Research*

Exhibit 5: Balance sheet ₹ crore

| (Year-end March) | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|
| **Equity** | **48** | **48** | **48** | **48** |
| Reserves & Surplus | 3,091 | 3,541 | 4,137 | 4,796 |
| Networth | 3,139 | 3,590 | 4,185 | 4,844 |
| Total debt | - | - | - | - |
| Minority Interest | - | - | - | - |
| Other liabilities | 435 | 435 | 435 | 435 |
| **Source of funds** | **3,574** | **4,024** | **4,620** | **5,279** |
| Fixed assets | 194 | 337 | 499 | 371 |
| CWIP | 12 | 12 | 12 | 12 |
| Intangible assets | 483 | 410 | 331 | 246 |
| Goodwill | 1,134 | 1,134 | 1,134 | 1,134 |
| Other non current assets | 179 | 225 | 249 | 275 |
| Current Investments | 1,100 | 1,100 | 1,100 | 1,100 |
| Cash & Bank Balance | 382 | 680 | 1,147 | 1,972 |
| Debtors | 982 | 1,262 | 1,413 | 1,571 |
| Other current assets | 155 | 198 | 221 | 244 |
| Trade payables | 181 | 232 | 260 | 289 |
| Other Current liabilities | 866 | 1,100 | 1,226 | 1,357 |
| **Application of funds** | **3,574** | **4,024** | **4,620** | **5,279** |

*Source: Company, ICICI Direct Research*

Exhibit 6: Key ratios

| (Year-end March) | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|
| **Per share data (₹)** | | | | |
| Diluted EPS | 16.7 | 20.7 | 27.3 | 30.4 |
| BV | 130.8 | 149.3 | 174.0 | 201.4 |
| DPS | 2.2 | 2.0 | 2.5 | 3.0 |
| Cash Per Share | 12.5 | 24.9 | 44.3 | 78.6 |
| **Operating Ratios (%)** | | | | |
| EBITDA Margin | 17.6 | 17.4 | 19.0 | 19.0 |
| PAT Margin | 11.4 | 11.1 | 13.0 | 13.0 |
| | | | | |
| Debtor days | 102 | 102 | 102 | 102 |
| Creditor days | 19 | 19 | 19 | 19 |
| **Return Ratios (%)** | | | | |
| RoE | 12.8 | 13.9 | 15.7 | 15.1 |
| RoCE | 15.8 | 17.0 | 19.1 | 18.4 |
| RoIC | 23.7 | 27.0 | 32.3 | 38.9 |
| **Valuation Ratios (x)** | | | | |
| P/E | 35.0 | 28.2 | 21.4 | 19.2 |
| EV / EBITDA | 20.3 | 15.6 | 12.3 | 10.3 |
| Market Cap / Sales | 4.0 | 3.1 | 2.8 | 2.5 |
| Price to Book Value | 4.5 | 3.9 | 3.4 | 2.9 |
| **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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Sell: <-15%

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