

The Issue	
Type of Issue	Issue size Rs. Mn
Fresh Issue	7,600.0
Offer for Sale	10,817.6
Total	18,417.9
Post issue mkt cap (Rs. mn)*	108,141
Lot size	33 shares

*At Upper Price Band

Issue Break-Up	
Reservation for	% of Issue
QIB	50%
NIB	15%
Retail	35%
Total	100%

Indicative Offer Timeline	Indicative Date
Bid/Offer Opening Date	May 6, 2024
Bid/Offer Closing Date	May 8, 2024
Finalization of the Basis of Allotment	May 9, 2024
Credit of shares	May 10, 2024
Initiation of refunds	May 10, 2024
Listing Date	May 13, 2024

Use of Proceeds	
Re-payment/pre-payment of debt	- Rs 3,913 mn
Capex	- Rs 1,029 mn
General Corp Purpose	- Rs 2,658 mn

Manager	Kotak, Citi, J.P. Morgan, Nomura
Registrar	Link Intime India Pvt. Ltd.

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Indomitable player in Lifesciences industry

Established in 1998, Indegene Ltd. is one of the leading provider of digital-led commercialization services for the life sciences industry, (1) including biopharmaceutical, (2) emerging biotech and (3) medical devices companies, that assist them with (a) drug development and clinical trials, (b) regulatory submissions, (c) pharmacovigilance and (d) complaints management, and (e) the sales and marketing of their products.

The company's technological expertise primarily involves converting unstructured clinical data and information into structured content and analytics-ready data sets. Using such data sets, they are able to create scientific, medical and promotional content, accelerate patient recruitment for clinical trials, and deliver personalized omnichannel experiences to physicians and patients.

The company has internally developed AI and ML based proprietary platforms which allow it to offer its solutions from its operation hubs located across North America, Europe and Asia. It also has an established client relationships with each of the 20 largest biopharmaceutical companies in the world and received 69% of its revenue from the 20 customers. Also the company has 65 active clients spread across North America, Europe and Asia.

The company offers solutions across different stages of the commercialization lifecycle of drugs and medical devices. (1) Its **Enterprise Commercial Solutions** and (2) its **Omnichannel Activation solutions** cater to the commercial functions of life sciences companies while (3) its **Enterprise Medical Solutions** and **Enterprise Clinical Solutions** cater to their medical and R&D functions.

Enterprise Commercial Solutions (59% of rev) helps the life sciences companies with their digital marketing operations and development of promotional and educational content, as well as the design and execution of marketing campaigns directed at HCPs, i.e., physicians, and patients using digital communication channels.

Omnichannel Activation solutions (12% of rev) helps life sciences companies to optimise last-mile promotion of biopharma products and medical devices to HCPs across multiple channels. Here, it plays the role of an MR using digital tech and proprietary analytics, and seeks to achieve the same outcome at higher efficiencies and lower costs.

Enterprise Medical Solutions (23% of rev): The company has established Centres of excellence (CoEs) in which it assists companies with: (i) writing medical content, regulatory submissions, product labels and other medical information; (ii) reviewing medical communications to ensure compliance with regulatory guidelines and ethical practices; (iii) pharmacovigilance services, i.e., the monitoring and processing of adverse occurrences arising from the use of biopharmaceutical products; and (iv) conducting real-world evidence ("RWE") based medical research to support market access and pricing strategies.

Indegene also offers **Enterprise clinical solutions (~6% of sales)** and **consultancy services**. It helps drive efficiencies in the drug discovery and clinical trial operations of life sciences companies.

MAY 03, 2024

Indegene key financial summary

Financial summary (Rs. mn)	FY21	FY22	FY23	9MFY24
Revenue	9,663	16,646	23,061	19,166
Adj. EBITDA	2,305	2,869	3,962	3,667
Adj. EBITDA margin (%)	23.9%	17.2%	17.2%	19.1%
PAT	1,857	1,628	2,661	2,419
P/E (x) (at upper band)	58.2	66.4	40.6	33.5*

*annualised PE

Pre-issue and post-issue holding structure

	No. of Shares	% of total share capital	OFS share & Fresh issue	No. of shares	% of total equity capital
Public – Individual Selling Shareholders	44,253,174	19.89%	5,503,868	38,749,306	16.20%
Public – Investor Selling Shareholders	81,628,727	36.70%	18,428,864	63,199,863	26.42%
Public – Other	96,180,482	43.24%	16,814,159	136,927,373	57.23%
Total for Public Shareholders	222,062,383	99.83%		238,876,542	99.84%
Shares held by Employee Trust	372,708	0.17%		372,708	0.16%
Total Equity Share Capital	222,435,091	100.00%		239,249,250	100.00%

* At upper price band

Valuation and View:

At the upper price band of Rs 452, the IPO is valued at a PE of 40.6x/33.5x FY23/24E EPS on our estimates. The company has grown its Rev/ EBITDA/PAT at a CAGR of 54%/31%/20% over FY21-23 backed by 55%/89%/36% Revenue CAGR in Enterprise Commercial solutions / Omnichannel activation / Enterprise medical solutions segment. Additionally, since inception, the company has completed a total of 13 acquisitions, and has reaped strong synergies from these acquisitions. Indegene also has an established client relationships with each of the 20 largest biopharmaceutical companies in the world coupled with 65 active client base. We thus believe as the global pharma companies focus on increased drug discovery and ramp up of new molecules, the addressable market for Indegene is poised to grow at a healthy pace. We thus like Indegene due to its specialized global healthcare driven business model, superior management expertise and healthy balance sheet. We assign a **SUBSCRIBE** rating to the IPO.

Key risk:

- Any **slowdown in life sciences** industry could impact the company's revenues. Consequently, demand for its solutions would largely hinge on (i) the pace of growth of the life sciences industry; and (ii) trends in the life sciences industry, including outsourcing trends, healthcare reform and the pace of digitization.
- **Customer concentration risk:** The company derives 49% / 67% of its sales from top 5 customers and top 10 customers respectively.
- Any increase in **Subcontracting cost risk (6.6% of sales in YTD FY24 v/s 9.2% in FY23)** may impact margins.

Revenue by Segment (in Rs. Mn.)

	FY21	FY22	FY23	9MY24
Enterprise Commercial Solutions	5,646	10,162	13,569	11,360
Omnichannel Activation	787	1,414	2,827	2,312
Enterprise Medical Solutions	3,050	4,316	5,602	4,406
Others	180	755	1,063	1,088
Total	9,663	16,646	23,061	19,166

No. of clients and Net revenue trend

	YTD FY24	YTD FY23	FY23	FY22	FY21
No. of active clients	44	46	62	62	65
Net sales	9,663	16,646	23,061	16,739	19,166
Net sales (\$ mn)	131	224	287	210	232
PAT	1,857	1,628	2,661	2,173	2,419
PAT %	19.2%	9.8%	11.5%	12.9%	12.6%
EBITDA	2,640	2,659	4,542	3,435	4,199

Revenue by Clients (in Rs. Mn.)

	FY21	FY22	FY23	9MY24
Biopharmaceutical Companies	8,999	15,379	20,864	17,881
Medical Devices Companies	348	686	1,040	627
Emerging Biotech Companies	95	367	934	524
Others	221	214	223	134
Total	9,663	16,646	23,061	19,166

Key metrics relating to clients:

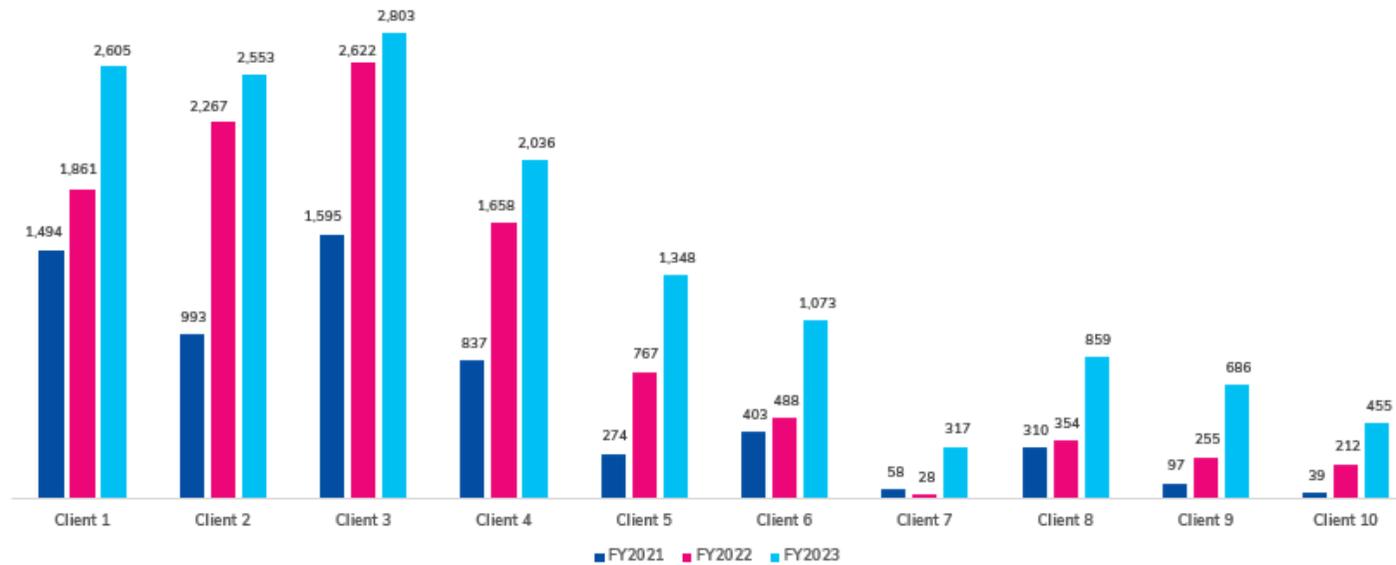
Clients	FY21	FY22	FY23	9MY24
No. of Active clients	44	46	62	65
No. of active clients added	10	2	16	3
Clients of rev of US\$1 – 10 million	18	23	26	27
Clients of rev of US\$10 – 25 million	4	2	4	5
Clients of rev of >US\$25 million	-	3	4	3

Indegene Ltd.

10 largest clients by revenue Rs mn during 9MFY24 v/s 9MFY23

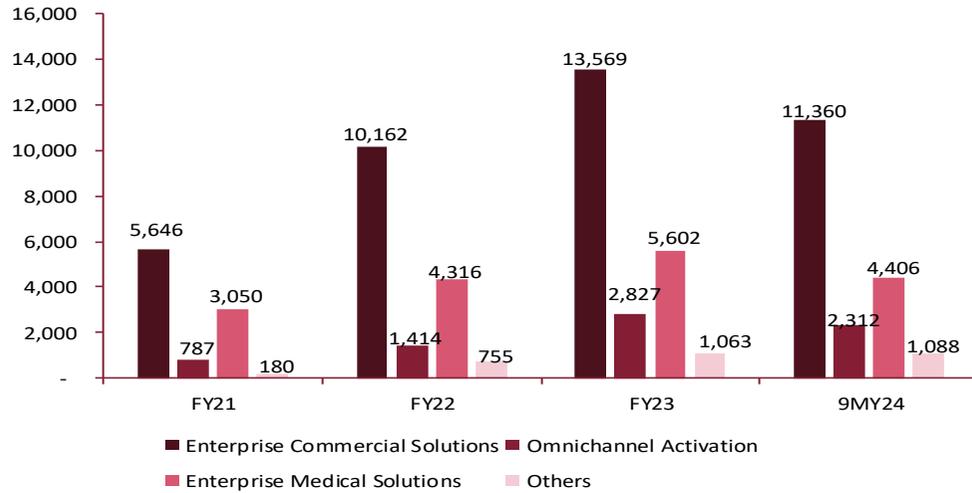


10 largest clients by revenue Rs mn during FY23 vs FY22 vs FY21

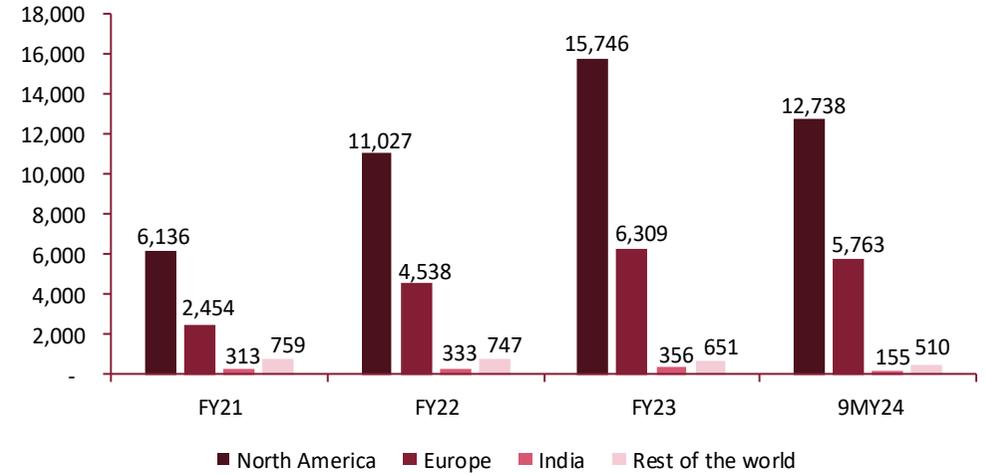


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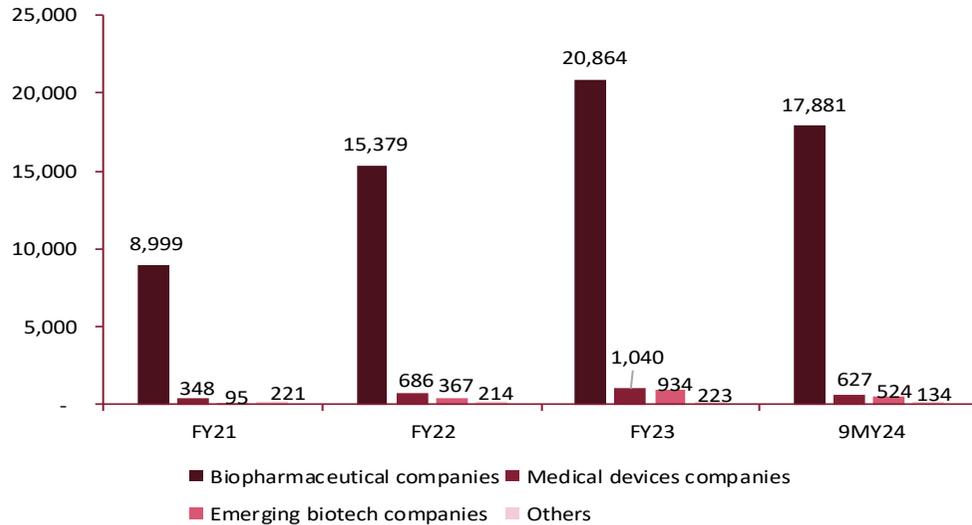
Revenue Mix by Segment (in Rs. Mn.)



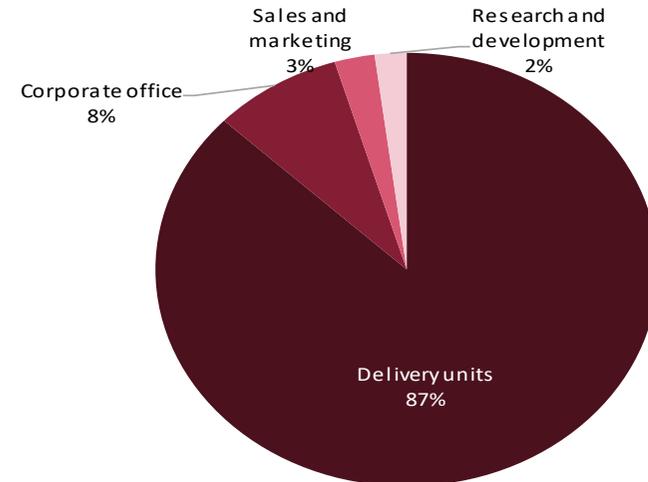
Revenue Mix by Geography (in Rs. Mn.)



Revenue Mix by Clients (in Rs. Mn.)



Employee Mix



INDSEC Rating Distribution

BUY : Expected total return of over 15% within the next 12-18 months.

HOLD : Expected total return between 0% to 15% within the next 12-18 months.

SELL : Expected total return is negative within the next 12-18 months.

NEUTRAL: No investment opinion, stock under review.

DISCLOSURE

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