

INDEGENE LTD

06-05-2024 - 08-05-2024

Industry: Digital-Led Commercialization Services
Recommendation: Subscribe for long term

Price Band: ₹430-452
Post Implied Market Cap: – ₹10,346 - ₹10,836 Cr

Key Data

Issue Size (₹ Cr)	1,789 - 1,842
Fresh (₹)	760
OFS (₹)	1,082
No of shares offered	41,628,952 - 4,076,550
Face Value (₹ /share)	2
Bid Lot	33

About the Company

Indegene Ltd, established in 1998, provides digital-led commercialization services for the life sciences industry. They assist biopharmaceutical, emerging biotech, and medical device companies in product development, market launch, and sales. With over two decades of healthcare domain expertise and tailored technology, they offer comprehensive solutions covering commercial, medical, regulatory, and R&D operations for life sciences companies.

Investment Rationales

- Domain expertise in healthcare:** Indegene leverages its domain expertise to use technology effectively, optimizing sales and marketing costs, enabling omnichannel activation, expediting patient recruitment for clinical trials, and accelerating regulatory submissions. With a highly skilled team, including 20.49% of employees with healthcare backgrounds, they offer end-to-end support across the commercialization value chain for life sciences companies.
- Robust digital capabilities and in-house developed technology portfolio:** Indegene has developed proprietary AI-based tools and platforms under the "NEXT" brand, aiming to optimize various aspects of the R&D and commercialization processes in the life sciences industry. Supported by a team of 650 individuals, including a Gen AI workbench, these tools facilitate interaction between technology experts and subject matter experts, driving enterprise outcomes at scale across content management, safety, regulatory intelligence, customer data management, clinical trials, and workflow management.
- Global delivery model:** Indegene offers solutions through two delivery models: enterprise-wide technology-enabled COEs and digital Omnichannel Activation solutions. Their COEs consist of subject experts collaborating with clients to deliver technology-enabled solutions globally. Omnichannel Activation enables digital sales and marketing campaigns, reducing the reliance on medical representatives for biopharmaceutical companies.
- Track record of creating value through acquisitions:** Indegene has executed multiple successful acquisitions since 2005, leveraging synergies, networks, technologies, and talent pools. These acquisitions have expanded their solutions portfolio, accessing new technologies, markets, and clients. The latest acquisition is expected to enhance their commercialization portfolio with brand strategy, marketing development capabilities, and patient engagement platforms.

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	9/5/2024
Refunds/Unblocking ASBA Fund	10/5/2024
Credit of equity shares to DP A/c	10/5/2024
Trading commences	13/5/2024

Shareholding (No. of shares)

Pre-Issue	222,435,091
Post Issue (Lower price band)	240,606,392
Post Issue (Higher price band)	239,743,990

Shareholding Pattern

Public - Individual Selling S/h:

Pre Issue	19.89%
Post Issue	16.20%

Public - Investor Selling S/h:

Pre Issue	36.70%
Post Issue	26.42%

Public - Others:

Pre Issue	43.24%
Post Issue	57.23%

Employee Trust::

Pre Issue	0.17%
Post Issue	0.16%

Issue Breakup

QIB	50%
NIB	15%
Retail	35%

Other Details

BRLMs: Kotak Mahindra Capital, Citigroup Global, J.P.Morgan, Nomura Financial.

Registrar: Link Intime India Pvt. Ltd.

Listing: BSE & NSE

Research Analyst

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Risk

- 1) Concentration of clients in revenue contribution.
- 2) Regulated by data protection and various other laws.

MView

We believe Indegene Ltd IPO gives investors a unique opportunity to invest in a leading provider of digital-led commercialization services tailored for the life sciences industry. We think indegene's deep domain expertise in life sciences, coupled with advanced tech solutions, optimizes sales, activates omnichannels, speeds patient recruitment, and simplifies regulatory submissions, benefiting companies across the commercialization chain. We also believe the company's investment in proprietary tools and platforms, such as "NEXT" suite, underscores their commitment to driving transformation across the commercialization lifecycle. We also think operating through two effective delivery models, Indegene is well-positioned to provide customized, enterprise-wide solutions over multi-year periods, delivering significant value and impact to their clients. By looking at the financials the company has shown a substantial growth in revenue from operations and net profit in FY 2022 & FY2023 by 72%/39% & -12%/63%. On valuation parse at the upper band of ₹ 452/-, the issue is asking for a Market Cap of ₹ 10836/- Cr. Based on annualized FY 2024 earnings and fully diluted post-IPO paid-up capital, the company is asking a PE of 33.6x which seems fully priced looking at near term growth trigger. But considering its unique business model and virtual monopoly in its business that generates over 98% global revenue it seems the company may command premium valuation. Indegene successful track record of strategic acquisitions since 2005 has contributed to their growth trajectory by providing access to new technologies, markets and clients, further solidifying their position as an industry leader. Hence, considering all the parameter, we are recommending investors to "SUBSCRIBE" the issue for the long term and if we get good healthy listing gains above 25% we recommend conservative investors to book profit.



CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at Dec' 31		As at March' 31		
	2023 (09)	2022(09)	2023	2022	2021
Equity Share Capital	44.35	44.25	44.3	0.35	0.31
Reserves	1,282.65	967.24	1,019.43	763.55	324.2
Net Worth as Stated	1,327.00	1,011.49	1,063.72	763.90	333.09
Revenue from Operations	1,916.61	1,673.89	2,306.13	1,664.61	966.27
Revenue Growth (%) as stated	14.50%	-	38.54%	72.27%	-
Adj. EBITDA as stated	419.85	343.54	454.19	312.81	261.18
Adj. EBITDA Margin (%) as stated	21.91%	20.52%	19.69%	18.79%	27.03%
Net Profit for the Year	241.9	217.28	266.1	162.82	185.68
Net Profit (%) as stated	12.62%	12.98%	11.54%	9.78%	19.22%
EPS - Basic (₹)	10.91	9.83	12.03	7.50	7.56
RONW (%)	18.23%	21.48%	25.02%	21.57%	46.04%
NAV (₹)	59.86	45.75	48.10	34.80	16.42

Source: Company RHP



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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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