

# Management Discussion and Analysis

## Life Sciences Industry Overview

### Market Overview

The life sciences industry is enhancing human health through the production of pharmaceuticals, biotechnology innovation, medical, and diagnosis products. The industry significantly contributes to the development of new methods for treating diseases and the improvement of global healthcare. All companies dealing in research, development, manufacturing and marketing of drugs and medical devices are part of the sciences industry. The industry primarily consists of two main segments – biopharmaceutical and medical devices segments.

In 2024, the global life sciences industry was estimated to have grown to US\$ 2.0 trillion, up 5.3% from US\$ 1.9 trillion in 2023. Innovation fueled by increased investment in targeted therapy, precision medicine, machine learning in drug development, and other targeted treatment options, growing prevalence of chronic conditions, rising awareness in patients, and discovery of new diseases, are leading to market growth.

Economic conditions have an impact on the business operations of most industries. However, the life sciences industry is fairly insulated from market risks, given the nature of the business. Historically, large to mid-size biopharmaceutical companies have been the least impacted by economic conditions. But Biotech and medical device companies face financial stress on funding.

### 2025 and Future Outlook

The life sciences sector is expected to remain in recovery mode in 2025, after bottoming out in 2023 amid a post-pandemic correction. The sector has taken its time recuperating and while there are reasons to be optimistic, a rapid recovery is not to be expected in 2025. Most of 2025 is likely centered on the Trump administration's policies and what they mean for the world's largest healthcare market.

In terms of drug launch and R&D, the activity remains robust. ~70 Novel Active Substance (NAS) launches are expected in 2025, slightly higher than the decadal average of 63. Oncology and Immunology are the leading therapy areas in these launches. The drug pipeline is expected to grow ~4-5% in 2025.

While the industry is looking at another patent cliff, with ~US\$ 250-300 billion of revenue at risk during 2026-2030, it is much better prepared this time. The number of drug approvals annually has increased to 50+ as compared to ~20 in 2010,

showing better breadth and diversification. This, coupled with the deep drug pipeline, positions the pharma industry well to make up for the impact from patent cliffs with healthy growth.

We believe that over the medium and long term, drug pricing will remain under pressure and require pharma companies to get more efficient on their spends, across all of their operations and functions, from R&D to Regulatory and Sales & Marketing.

### Life Sciences Operations

Life sciences operations spend is estimated to have grown sales and marketing at 6.2% CAGR over 2022 to 2024, reaching approximately US\$ 176 billion in 2024. Life sciences operations involve various activities related to the discovery, manufacturing, and marketing of drugs and medical devices. These life sciences operations can be broadly categorized into five value chain segments:

- **Drug discovery and clinical trials:** involves research and development of new therapies, vaccines, diagnostic procedures and medical devices for the treatment of existing diseases.
- **Regulatory and medical affairs:** involves studying, monitoring and adhering to various processes necessary for approvals of new biopharmaceutical products or medical devices, and also making key stakeholders such as payers, providers and regulatory bodies understand the importance of drugs and medical devices.
- **Sales and marketing:** involves activities undertaken to enhance awareness among patients, payers and physicians regarding drugs or medical devices, and influencing HCPs to prescribe drugs or medical devices.

Life sciences operations spend is estimated to have grown at 6.2% CAGR over 2022 to 2024, estimated at US\$ 176 billion in 2024.

- **Pharmacovigilance:** involves an in-depth understanding of the adverse effects or product complaints by closely monitoring, detecting, assessing, reporting, and preventing untoward incidences.
- **Manufacturing, supply chain and distribution:** involves all activities related to manufacturing, supplying and distributing drugs or medical devices, completing the journey to the intended use.

In 2024, the sales and marketing segment was expected to continue having the highest operations spend, constituting approximately 35% of the overall life sciences operations market. This was followed by drug discovery and clinical trials, and regulatory and medical affairs, which constituted 22% and 15% of the market, respectively. Until 2026, sales and marketing are expected to continue to be the largest value chain segment by spend, mainly due to increased digital HCP engagement, and adoption of 'beyond-the-pill' services, among other factors. Pharmacovigilance is likely to observe the largest growth due to increasing regulatory importance on safety, among other factors.

### Key Trends in the Life Sciences Industry

#### Rise of AI and Digital Technologies

The life sciences industry is accelerating digital investments in generative AI, advanced analytics, automation, cybersecurity and enterprise-wide transformation initiatives to enhance operational efficiency and innovation in R&D.

#### Continued push to cut drug prices

Around the world, including in the US market, efforts are intensifying to help reduce the price of medicines. The mechanisms to reduce prices include direct government intervention like the Inflation Reduction Act (IRA) and competitive pricing strategies in the commercial market, leveraging the increased number of treatment options.

#### Effective and efficient interaction with HCPs and patients

The life sciences industry is gradually shifting from sales representatives visiting healthcare professionals (HCPs) to a hybrid omnichannel model wherein HCPs are approached using both physical visits by sales reps and digital channels, depending on the preference of the HCP. Leveraging technological innovations, patients are also becoming more engaged in their wellness journeys. Online health tools enable patients to actively participate in their treatment enhance communication and allow for real-time symptom tracking. Patients' role in decision-making and their expectations for value will continue to increase.

#### Source:

<https://www.pwc.com/us/en/industries/pharma-life-sciences/pharmaceutical-industry-trends.html>  
<https://www.bcg.com/publications/2025/biopharma-trends>  
<https://www.weforum.org/stories/2025/01/2025-can-be-a-pivotal-year-of-progress-for-pharma/>

### Rise in adoption of decentralized clinical trials

Decentralized clinical trials involve decentralized elements, and trial-related procedures performed outside of trial centers. Various digital tools facilitate research without the need for physical contact between research teams and participants.

### Novel treatments based on innovative science and new modalities

An unprecedented level of knowledge about human biology is converging with the rise of novel therapeutic modalities to enable the development of transformative and potentially curative treatments.

Data plus computing power have unlocked a deeper understanding of the human body. The ability of AI to analyze vast data sets quickly, screen compounds, and design potential drug candidates could help shorten timelines and reduce the cost of preclinical activities, giving companies with strong AI capabilities an edge over those using traditional methods.

### All of these trends are expected to impact life sciences companies' business models as well.

A race to commercialize science and organizational agility is emerging as a key differentiator. More medicines, increased competition and faster changes to standards of care mean speed will matter even more. While this is good news for patients, it also has the potential to create more distance between those pharma players who execute with urgency and those who cannot keep up.

### Life sciences companies will need to be more agile and more efficient in their processes and spends going forward.\*

### Company Overview

Since 1998, Indegene Limited (the Company) has strengthened its positioning as a global, differentiated business entity, committed to applying cutting-edge technology and contemporary practices to modernize healthcare. A digital-first organization, we bring together healthcare domain expertise, fit-for-purpose technology, and an agile operating model to provide a diverse range of solutions. We cater to biopharmaceutical, emerging biotech and medical devices companies across the commercialization value chain. We enable healthcare organizations to be future-ready by enabling them to apply the latest technology through their lifecycle in a more effective, efficient, and modern way. Our portfolio of solutions spans all aspects of commercial, medical, regulatory and R&D / Clinical operations of life sciences companies.

Digital innovation and enterprise-wide transformation initiatives have become imperative for life sciences companies to improve operational efficiencies amidst the limited availability of the requisite talent pool and severe margin pressures. Indegene is the natural choice in the journey of life sciences companies to embrace technological partners, due to our rich experience and in-depth domain knowledge. A testament to our success is that we earn 65.5% of revenue from the top 20 global biopharmaceutical companies. We boast a total of 73 active client relationships (i.e., clients from whom we earned US\$ 0.25 million or more in revenues during the 12 months preceding the relevant date) and 41 client relationships with US\$ 1 million or more revenue, as of 31 March 2025.

Operating at the intersection of healthcare and technology, we provide a one-stop solution to clients globally across North America, Europe and Asia. We operate through 9 hubs and 19 offices spread across the globe with a total strength of 5,005 full-time employees. Our Key Managerial Personnel and Senior Management Personnel are positioned across India and the United States. We have a highly proficient team with rich experience in life sciences, marketing and digital transformation. For effective client engagement, we have centralized global processes. Coupled with the scalable nature of our solutions, we effectively interact with our clients across time zones and languages.

Solutions and Business Models

We offer solutions straddling the different stages of the commercialization lifecycle of drugs and medical devices. We cater to the commercial function needs of life sciences companies through our Enterprise Commercial Solutions and our Omnichannel Activation Solutions. For the medical and R&D function needs, we operate through our Enterprise Medical Solutions and Enterprise Clinical Solutions.

- Enterprise Commercial Solutions**  
Our Enterprise Commercial Solutions business unit caters to the digital marketing operations of the life sciences companies, a significant cost item. To learn more, please refer to page 20 of this report.
- Omnichannel Activation**  
Our Omnichannel Activation Solutions business unit augments the promotion of biopharmaceutical products and medical devices to HCPs for life sciences companies across channels. Through our subsidiary, CultHealth, we provide support in planning marketing strategies, creative designing, and producing marketing content for use across channels. To learn more, please refer to page 22.

Indegene is a digital-first company bringing together deep healthcare domain expertise, fit-for-purpose technology, and an agile operating model across the life sciences commercialization value chain.

- Enterprise Medical Solutions**  
Our Enterprise Medical Solutions aim to consolidate large-scale regulatory and medical operations for life sciences companies through our Centers of Excellence (CoEs), comprising multi-disciplinary teams that work on one or more client engagements. To learn more, please refer to page 21.
- Others**  
We also offer Enterprise Clinical Solutions and Consultancy Services. Our Enterprise Clinical Solutions, comprising digitally-enabled patient recruitment for clinical trials, clinical data management and assistance with regulatory submissions, aid in the drug discovery and clinical trial operations of life sciences companies. To enable our clients to improve their customer experience, we offer consultancy services through DT Consulting, our subsidiary, by leveraging digital transformation. To learn more, please refer to page 23.

Financial Review

Revenue from operations, during FY 2024-25, grew 9.6% to ₹ 28,393 million from ₹ 25,896 million in FY 2023-24. Our revenues very closely mirror the global life sciences industry's spends on operations. 65.5% of our revenues come from the top 20 (by revenue) global biopharma companies.

EBITDA increased 5.0% to ₹ 5,622 million from ₹ 5,356 million in FY 2023-24. This growth reflects our focus on operational excellence, cost optimization and value-driven service delivery.

PAT increased 20.8% to ₹ 4,067 million from ₹ 3,367 million in FY 2023-24. Profit margin increased to 14.3% in FY 2024-25 from 13.0% in FY 2023-24.

During the year, cash flow from operating activities generated ₹ 4,419 million as compared to ₹ 5,077 million in FY 2023-24.

Particulars	(in ₹ Million)		
	FY 2024-25	FY 2023-24	YoY Growth (in %)
Revenue from operations	28,393	25,896	9.6
Revenue from operations (US\$ Mn)	335.7	312.8	7.3
EBITDA	5,622	5,356	5.0
Profit before tax	5,393	4,586	17.6
Profit after tax	4,067	3,367	20.8

Ratio analysis

The Company has identified the following ratios as key financial ratios:

Particulars	FY 2024-25	FY 2023-24
Days sales outstanding (DSO)	72	73
Cash and investments as a % of total assets	50.0%	38.8%
Revenue growth (%)	9.6%	12.3%
Net profit margin (%)	14.3%	13.0%
Basic EPS (₹)	17.15	15.19

Business Outlook

Despite a weak 2023, the life sciences industry witnessed moderate growth in 2024. We expect 2025 to experience a cautious recovery as the outlook of most of the top 20 pharma and many mid-tier and small biopharma companies is encouraging. They are looking forward to a slew of launches and success with new products, with increased optimism and a better outlook. At the Company level, we won five key deals on expansion into new regions and adjacent areas with existing and new customers. These large-sized deals are expected to start contributing revenues in the next fiscal year. Our pursuit of large-scale expansion with a few of our top 10 to 20 customers continues to make progress. With the increased momentum in the industry as a whole and these customers in particular, we remain optimistic.

We have exhibited consistency in revenue earnings while maintaining stable and profitable growth, reflecting the robust nature of our business operations. Continued traction with large pharma customers and growth momentum with mid-size pharma customers enables us to achieve this goal. Our largest customer is witnessing strong traction, and there is a steady increase in the revenues from our Top 5 customers, boosting our own confidence.

Going forward, pricing pressure on life sciences companies will provide a big impetus to digital-first commercialization services companies like ours in the next few years. The regulatory complexity continues to increase across clinical trials, manufacturing and safety, putting increased pressure on in-house regulatory teams and driving greater outsourcing avenues as well as the need for adoption of technology. This provides another opportunity for us to support the medical and regulatory functions within our customer groups.

As a part of our strategy, we will continue to strengthen our go-to-market engine, which involves: (i) deepening our relationship with our existing clients, including each of the 20 largest biopharmaceutical companies globally, and tapping into cross-sell, up-sell and geographic expansion opportunities; (ii) expanding our customer base to (and footprint in) biopharmaceutical companies beyond such 20 largest biopharmaceutical companies; (iii) making inroads into new market segments; (iv) focusing on high-value opportunities with our key clients; and (v) scaling nascent business verticals.

Overall, we believe that the integration of technology such as AI into both pharma and healthcare delivery will continue to increase, providing ample growth opportunities for us.

## Risk Management

We have an extensive Enterprise Risk Management (ERM) framework in place according to the size and nature of business operations. This ERM framework enables us to identify, evaluate and address risks across operations in various geographies. The Chief Risk Officer heads the ERM function and the Board of Directors also oversee the functions. To ensure effective management of risks, Indegene has devised robust risk management policies that help to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

To ensure effective readiness against both internal and external risks, there is regular review of risk management policies and systems, which helps to incorporate any changes in regulations and the Company's activities. It is a constant endeavor to foster a disciplined and constructive control work environment through various training and management procedures.

## Internal Controls

We keep a close watch on internal controls for ensuring orderly and efficient conduct of the business, including adherence to the Company's policies, the prevention and detection of fraud and errors, the safeguarding of Company's assets, the accuracy and completeness of the accounting records including timely preparation of reliable financial disclosures. The Management has laid down internal financial controls to be followed by the Company. The performance and adequacy of the internal control systems is reviewed by the Audit Committee along with the Management at periodic intervals. Any irregularities in the internal control systems of a material nature are reported by the internal auditors to the Committee.

More details available in the Business Responsibility and Sustainability Report.