



“Indegene Limited Q3 & 9M FY-25 Earnings  
Conference Call”

**January 31, 2025**



**MANAGEMENT: MR. MANISH GUPTA – CHAIRMAN & CEO, INDEGENE  
LIMITED  
MR. SUHAS PRABHU – CFO, INDEGENE LIMITED**

**Moderator:** Ladies and gentlemen, good morning and welcome to the Indegene Limited Q3 and 9M FY25 Conference Call.

As a reminder all participants' lines will remain in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhishek. Thank you and over to you sir.

**Abhishek:** Thank you. A very good morning and thank you for joining us today for Indegene's earnings conference call for the 3rd Quarter and Nine Months Ended Financial Year 2025.

Today we have with us Mr. Manish Gupta – Indegene's Chairman and CEO and Mr. Suhas Prabhu – CFO to share the highlights of the business and financials of the quarter.

I hope you have gone through our Results Release and the Quarterly Investor Presentation which have been uploaded on our website as well as the Stock Exchange Website.

The transcript for this call will be available in a week's time on the Company's website. Please note that today's discussion may be forward looking in nature and must be viewed in relation to risks pertaining to our business. After the end of this call, in case you have any further questions, please feel free to reach out to the Investor Relations Team.

I now handover the call to Manish to make his opening remarks.

**Manish Gupta:** Thank you, Abhishek. Good morning, all. Thank you for joining our Q3 Earnings Call.

Over the last few calls, we have taken time to explain the industry we operate in, business model, growth drivers, etc. We believe this was important because of our uniqueness. We are one of its kind in the Indian market. A very specialized Company bringing healthcare and medical expertise along with technology expertise. We use this expertise to help life science companies, bring their life saving products from labs to patients more effectively and efficiently. This is a very large industry and the spends in the areas we operate in are large and hence the headroom to grow is immense for us. We have shared details about this. We have spoken about this in many of our meetings with you all in our earlier calls and meetings.

Today, apart from our results, I intend to talk about the industry outlook and some commentary on our customer groups. The reason we are bringing this up in our Q3 Earnings Call is that most of our clients have a January to December fiscal year and planning cycle. Their outlook, key areas for focus and priorities are firm up and our renewals along with them and the potential future growth areas with existing clients start getting crystallized formed up during this time of the year.

With that, let me get started with the industry. I will utilize this opportunity to talk a little bit about the industry macro, covering the year gone by and the future outlook of the industry.

Talking about the industry macro:

The continued push to cut drug prices will exert pressure on the biopharma business model and margins. Both in the US and the rest of the world, government policies, competitive dynamics and the very rapidly evolving technology landscape, we believe will force biopharma to reimagine how they do commercialization and R&D. This will provide a big impetus to digital first commercial services companies like Indegene in the next few years and we believe this is going to happen irrespective of what administration is in different countries. Although the current administration in the United States' stance on this needs to emerge. We believe there will be a continuous pressure on drug pricing. Broadly speaking, while the pace of change may vary directionally, there is unlikely to be significant change due to different administrations or even the steps taken by any given administration. The regulatory complexity continues to increase across clinical trials, manufacturing and safety, putting increased pressure on in house regulatory teams and driving greater outsourcing as well as adoption of technology. This provides another opportunity for players like Indegene to support the medical and regulatory functions within our customer groups. Overall, we also believe that the integration of technology into both pharma and health care delivery will continue to increase and we are seeing trends of that happening and that is good news for us.

Now coming to the industry growth after a weak Calendar Year of '23 which we have spoken about to you earlier, where there was clear degrowth. Calendar year '24 was a period of low to modest growth for the industry. Most players reported a 0% to 10% growth and industry growing at 4% to 5%. Heading into calendar year '25, this seems to be a year of cautious recovery for the industry. Many of you would have tracked the narrative from the biopharma companies in the JPM Healthcare Conference which happens every year in the early part of Jan and this time happened in SFO in mid Jan. 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 an increased optimism and better outlook. There continue to be a few of the top 20 pharma companies, call it 2 to 4 which are still trying to get over a weak pipeline of new products. With the exception of these, we believe there is momentum in the industry as a whole and we see that in our conversations with our customers as well.

Now coming to renewals:

All our major client engagements which were due to renew this quarter have been largely renewed with minor variance without anything being out of line and we enter the calendar year '25 with a net positive rate of renewal. Outside of the renewals, if I look at a pipeline compared to last year, it is clearly stronger. Again, this is in line with the macro industry outlook and also the fact that I think now after having consolidated, companies are stepping back and trying to evolve to the next level of progression on their commercial and R&D medical models. Other than the regular renewals and conversion of pipeline in the quarter gone by, I would also like to

mention that we won five key deals on expansion into new regions, adjacent areas with existing and new customers with deal sizes of 2 million to 4 million ACV each, which will go live in the coming month or two and start contributing revenues in the upcoming quarters. Our pursuit for large scale expansion with few of our top 10 to 20 customers continue to make progress, though a bit slower than what we originally anticipated. But with the increased momentum in the industry as a whole and these customers in particular, we remain optimistic about closing these pursuits in the next few quarters.

With this broad commentary about the industry, let me now come to the regular commentary on our performance:

Q3 for us, Q3 FY25 revenues came in at 7,204 million, which is a growth of 4.9% sequentially quarter-on-quarter. Now this is driven by some of the wins we had earlier during the year. Q3 FY25 EBITDA came in at INR 1,501 million. That's a growth of 18.5% quarter-on-quarter. Total number of active clients grew from 68 to 75 and the USD1 million clients grew from 37 to 38 in Q3. More than 95% of our revenues continues to come from the US and EU regions.

Now let me drill a bit into the customer revenue breakup:

If you see our revenue from top five accounts has grown 3.1% sequentially. We see continued growth in our largest customer and we are doing a run rate of a tad below USD50 million in this account. In the two specific accounts which we had called out issues in the past, we are seeing stabilization of business and revenues. Overall, within this top five customer cohort, we are confident we'll continue to grow and our pipeline and customer conversations reflect this confidence as well. Though there might be some quarter-on-quarter and account specific variability. If I step back and look at outside of the top five and focus on the next 15 customers, we see good opportunities over here, basis our wins earlier in the year and pipeline, we believe we are going to continue to expand in this cohort also.

Now if I just step back and articulate our, let's call it GTM:

We pursue two predominant tracks for growth on the customer segments. Growth in top 20 pharma which we have spoken about earlier many times and then growth in the 20 to 100 pharma. As we have indicated earlier and mentioned to many of you in our one on one as that the second track which is the 20 to 100 is something which we pursued much more deliberately only a few years back. Otherwise used to be predominantly a big pharma Top 20 pharma focused Company. While we started pursuing it more recently, we continue to make investments in this and we are seeing encouraging results.

Now coming back to the top 20:

We believe in the mid-to-long term this is a place where we will continue to grow and we will build USD100 million, 75 million and 50 million plus accounts. Something which we again spoken about earlier in our calls. Our conversations, opportunities we pursue with our clients,

their internal initiatives give us a lot of conviction in this direction. However, given that these are large companies and what we do for them is not standard business as usual but a shift in their operating models, the cycle times might vary. Hence, we are calling out this mid to long term. On the other hand, we see immediate opportunities for growth in the second track. This is 20 to 100 and our efforts are delivering results here. Already there's a large section of the industry which needs to modernize and drive more effectiveness and efficiency. Hence there is a need and shorter decision cycle. This track should continue to play out well for us even in the long term. Now if I just translate what it means over here. If you see our customers, we are seeing a lot of activity in our active clients. On clients which are in the USD1 to 10 million category, we see more active clients, less than USD 1 million moving to the USD 1 million plus category. Clients in the 1 to 5 million category, moving into 5 to 10.

Now we don't break down 1 to 5 and 5 to 10. But if I just drill deeper, the 1 to 5 are moving more in that category and obviously moving into the 5 to 10 range. We see the 5 to 10 million customers growing within that range. And this is what has happened in Q3 as well and will be a likely driver of growth in the near term as well. Extending this trend of big pharma top 20 and this one into the medium term, we should see our customer pyramid, the way we report getting healthier across all levels as customers as we move up in terms of value and we keep adding new customers at the base as well.

I will also touch upon margins a bit:

Our margins remain stable. We are a very disciplined Company and hence have stable solid clients where we deliver high value solutions and hence managing margin for us has been a way of doing things at Indegene. Our cash position remains strong. We now have a tad above INR 1,500 crores in cash and cash equivalents. We continue to actively scout for M&A opportunities and have a good pipeline of M&A opportunities. Here again we continue to be disciplined. Pretty much that's what I had to cover.

With this I will pass it on to Suhas for a bit more deep dive on our financials.

**Suhas Prabhu:**

Thank you Manish. Once again, a very good morning to everyone on this call and we appreciate your participation here today.

Let me straightaway dive into the details of the Financial Performance for the Quarter:

Our revenues grew 7% year-on-year and 4.9% sequentially to Rs. 7,204 million. Our enterprise businesses which comprise the Enterprise Commercial Solutions and Enterprise Medical Solutions segments, grew at a healthy rate of 3.7% sequentially and most of this came in from growth in the mid-sized pharma clients which are beyond the top 20 globally ranked pharma as Manish already alluded to. Our other segments, omnichannel activation and others also grew 11.8% sequentially. And as you would recollect here, there is a higher proportion of project revenue, non-enterprise revenue and many of those kicking off this quarter has resulted in that growth.

Our geographical split based on location of origination remained in line with the previous quarter. North America revenue came in at 69.3%, Europe revenue at 27.9%, both varying by just under 1% with shift from North America in favor of Europe.

Coming to the margins:

Our EBITDA for the quarter stood at 20.8%, an improvement of 240 basis points sequentially. Continued productivity improvement initiatives through better capacity management and automation helped absorb the impact of the wage bill hike which was effective July and which you saw reflected in our margins in the last quarter and that impact has been negated and we believe this will continue to play out as we continue these initiatives in the future.

I wanted to draw attention to two particular items in our income statement impacting other income and other expenses. In Q3 we entered into a final settlement of the earnout due to an acquisition that we had done in the past of CultHealth. Further, we also paid out the earnout for the first milestone related to the Trilogy acquisition that we had concluded in March of 2024. These payouts cumulatively were lower than the liability that we were carrying in the books and hence there is a write back of USD1.87 million or INR157 million which is recognized in other income. With this all the payments related to Cult are now settled and also, we are not carrying any deferred liability in the books related to any of the past acquisitions.

Secondly, on the Trilogy acquisition, as part of that acquisition we had also invested in an early-stage technology business which was associate Company of Trilogy called TriloDocs through a convertible loan instrument of €1.5 million or INR135 million. This was a business which complemented our regulatory writing business which is part of Enterprise Medical Solutions and had certain interesting tech-based solutions that was being worked upon by TriloDocs. Nine months into this investment with a review of the progress made thereat, we believe that there hasn't been sufficient progress both on the revenue side while the technology development is yet to play out in the market and conservatively, we have decided to take a charge in the books by writing off this loan which is reflected in the other expenses. The net impact of the write back which reflects in other income and write off which reflects in other expenses is a positive impact of INR22 million impacting positively both EBITDA and PBT margins. Excluding these items, the EBITDA margin would still be a healthy 20.5%.

Coming to the PAT:

PAT for the quarter stood at INR1,097 million, an improvement of 19.6% sequentially and the PAT margins came in at 15.2%, an improvement of 190 basis points sequentially. This is largely in line with the growth of our EBITDA.

With that, let me conclude my commentary on the financial performance and move into the questions and queries that either me or Manish can answer for all of you.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press '\*' and '1' on the touchtone telephone. If you wish to remove yourself from the question queue you may press '\*' and '2'. Participants are requested to use their handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Abhishek Kumar from JM Financials. Please go ahead.

**Abhishek Kumar:** Hi, good morning. Thanks for taking my question. You know, one of the IT services players recently indicated that there is kind of a tug of war between Veeva and Salesforce in the life sciences space. I just wanted to pick your brain on what you are seeing and if either of these end up getting higher share, does that impact us in any way?

**Manish Gupta:** That's a great question, Abhishek. We agree with that thing there is a tug of war between Veeva and Salesforce and from our perspective, actually there could be a net positive, right given this development for us. Because the opportunities play out at two levels. On the technology level, if somebody is changing the platform, then of course there's a lot of technology implementation work which requires your tech capabilities and domain expertise which where we could play in. But also, after that, if you're changing platform, there is a lot of work to be done in terms of triaging, getting the content right, operating model, a bunch of things where a Company like us comes in, right. So, there's a bolus of work which comes our way. We believe it's going to be net positive for us and we continue to engage with both these providers, Salesforce and Veeva as partners.

**Abhishek Kumar:** Got it. Second question is to Suhas, this earnout reversal. I just wanted to understand given that we keep looking for new acquisitions, etc. How do we ensure that the acquired entities due diligence is done, what is the risk governance framework, etc.? So that we don't end up acquiring companies who don't perform as per the initial expectations and hence any earn out possibilities.

**Manish Gupta:** Abhishek, I will pass it on to Suhas. But let me take this. As far as the governance framework is concerned, I would say that we have a very strong governance framework, right. The way this works inside the Company is following, that a business will get an M&A opportunity. They got to build a business case; they got to defend it vis-à-vis Suhas and our strategy team which is putting a separate independent track. Let's say they are able to defend it internally within this internal committee, then it goes to investment committee which has a few independent directors, some part people who are on the board as well. And they have to defend it at that level holistically. And the people on these committees are people who know investing very well. So only after that we are able to make a non-binding offer also, forget the final offer. So that's how it is structured. Now coming to these particular things, I think one of the things to understand is that the acquisitions we have done, are companies, I would call it a smaller size. And these companies operate in a certain way. They are entrepreneurial driven and hence the way we structure the deal given their expectations, what is the best way to win the deal, is of a certain order that there are earnouts. And the only way to get out of that is that we pay higher upfront, which doesn't make commercial sense for us. So that's one of the ways we structure these deals. Overall if you think about these over a 3-year period, I would call it, you realize that all these

deals we would have done will be very sensible deals, what we have paid versus what we have got. Interim accounting treatments might be appearing this way. Let's say take TriloDocs, the one which you're writing of also right now. We are very clear that we were having internal initiative. We saw this thing being developed, we did a holistic deal with Trilogy and TriloDocs and we thought about the whole deal in totality. Now what we saw is our internal effort on technology which is much more GenAI based is yielding better results and we are convinced about that direction more than what TriloDocs was doing and that we wanted to have as an option value. So instead of now investing in that which we could have continued over here we are seeing that doesn't make sense for us. We rather double down on our internal initiatives. So that's a broad approach. So Suhas, do you want to add on anything beyond this?

**Suhas Prabhu:**

Yes. And more particularly Abhishek and the rest want to highlight while there is a write back, that is the nature of this business. We are very happy and satisfied with the performance of the acquisitions and more specifically not the standalone performance, but the integrated offering and go to market business which the deferred payouts get calculated and paid out. And this is just a small quantum of write back in relation to the overall payment. For instance, we are carrying little north of 6 million in deferred liability for Cult and the payout was about US\$5 million. We are carrying little north of €5.5 million for Trilogy and the payout was very close to €5 million. So don't read these write backs as significant difference from what the original assessment was. But the nature of deferred payouts with performance linkage will have minor variation. And I would still look at this as successful endeavors with minor variation which has impacted positively because we tend to be a little conservative when it comes to our future assessment.

**Abhishek Kumar:**

Very helpful. Thank you. And all the best.

**Manish Gupta:**

Thank you.

**Moderator:**

Thank you. Ladies and gentlemen, if you wish to ask a question, please press '\*' and '1'. The next question comes from the line of Shiwani from Monarch Networth Capital. Please go ahead.

**Shiwani:**

Hi. Thank you for the opportunity. I have two questions. One, with respect to the seven new clients that we have added, what are the nature of these clients and what is the revenue potential that we can expect going forward?

**Suhas Prabhu:**

So, Shiwani, Manish had mentioned in his script that these customers are largely beyond what globally are ranked as the top 20 customers by revenue. So, you could classify them as mid-tier companies which would have revenues, I would say north of \$2 billion to \$4-\$5 billion each. And from a potential perspective, while as things stand today, if we were to look at a top 20 globally ranked customer becoming a \$75-\$100 million account for us over period, I would say these kind of accounts for the same kind of nature of work would have a potential of becoming a \$25-\$35 and even \$50 million in relative terms. So, we believe that's a large potential and which is why over period we have expanded our coverage. We have from a sales perspective



and today we have a significant part of our sales operations and dollars focused on accounts going beyond the top 20, say the next 50 and 75 and so on.

**Shiwani:** Sure, thank you, that was helpful. And secondly, on the segmental mix. I just wanted to understand, on the omnichannel, although QOQ we have seen some 10%-11% of growth, but year-on-year the growth has been, I think (- 3%), (- 4%). So how do we see the segmental mix playing out? Specifically talking about the omnichannel, which is still premature in my opinion.

**Sahas Prabhu:** Yes, your observation is correct and valid, Shiwani. So, this is a segment which is growing, but as you would understand, this segment has a higher proportion of non-enterprise or you could say higher proportion of non-recurring kind of business as projects with a finite life, 6 months, 9 months, 12 months, and therefore quarter-on-quarter, you would see some variability. But having said that, when I look at the new projects that have kicked off, we see that things are evolving and strengthening from a revenue profile perspective of these new projects. Many of them are actually moving from a 6 month kind of life to a 12 month with the ability to get transformed over period into enterprise agreements which tend to be a lot more recurring and sticky going beyond one year, recurring year-on-year. And that's the promise and that's the endeavor as we scale that this proportion over period would keep changing from smaller term projects to longer terms to eventually multiyear constructs which are enterprise. So, some of these may actually move from the omnichannel activation segment to the enterprise commercial segment as well. The engagements may start as a project in omnichannel activation and as you know, both are addressing the commercial function or the sales and marketing function at our customer. And that could also be a journey that you would see going forward.

**Shiwani:** Sure. Thank you. That was helpful. All the best.

**Moderator:** Thank you. The next question comes from the line of Nikhil from Kizuna Wealth. Please go ahead.

**Nikhil:** Thank you for giving me the opportunity, sir. Like as we can see our employee count is reducing and we are expecting a modest recovery in the industry. So how are we planning to add the employees and what kind of hiring are we doing? Like we are hiring freshers or lateral hires, can you just highlight that?

**Sahas Prabhu:** Sure, Nikhil. So, we have been mentioning in the past and even I alluded to briefly in our call earlier today, at Indigene we continue to have initiatives. We are a digital first new age technology led Company. While we have significant domain and industry expertise to make contextualize this and make this come to life. And while doing so, even internally we have initiatives to keep improving on productivity and operating models, our contracts also allow us to do that. We typically have hybrid contracts which are not just time and material or FTE contracts but also output based pricing and which enables us to be involved in this in a much more committed manner. And that keeps showing in the increase in output and more importantly an increase in revenue per employee. Having said that last quarter in November, I would say we have also increased our footprint. We opened a center in Hyderabad in India. We now have close

to 200 people in Hyderabad and the vicinity. We registered a presence in Spain and we started the journey of recruiting people based in Spain. Again, in November, we expanded our office in London UK to 1800 people capacity office and we actually already have more than those people given its hybrid working model and so on. So, we continue to grow our footprint and build on capacity but at the same time new technologies, GenAI, RPA AI, all of that also contribute to the same and we continue to pursue on both these fronts.

**Nikhil:**

Okay, so that's great to know. Sir. my second question is like as we have added a few clients from their revenue potential is \$2 to \$5 million. So, are we still looking to add client in that range or lower than that? And sir my second set of question is like we are looking at the acquisition, right? So, what kind of capabilities are we looking to add on and what are the valuation we are ready to pay for those?

**Suhas Prabhu:**

On the first one actually Manish spoke about. But let me reiterate Nikhil. We have added clients, right? So that is one track we will pursue and add clients. Most of the new logos that we add, given that we already work with pretty much all the top 20 globally ranked pharma companies, the addition that you will see will be in the list that is beyond the top 20. But having said that, what we will continue to pursue and which will show up likely in the mid to longer term would be us getting more deeper within our existing clients and many of whom are the globally ranked top 20 customers. But as you would understand, these are large enterprises, you know, \$40-\$50-\$60 billion in revenue, 80-100 country operations, 50-60 products and the likes. The change management to adopt new models, to adopt new technology typically takes more time, both from a decision making as well as go live and implementation and the likes. So, in the interim you may see that, you know the earlier track that I mentioned, which is the new customer addition contributing a little more, but over the medium to long term, we believe that both these tracks would continue to have a significant impact on our growth going forward. And Manish if you would like to take the question on the acquisition.

**Manish Gupta:**

Absolutely. So, from an acquisition perspective, we continue to pursue a few tracks. One of them actually I would say it's across board. We are trying to expand our footprint from, let's call it omnichannel perspective, capability perspective. Right. We have some geographical presence. We are trying to expand that globally. That's been driven by the need that as Suhas said, that while some of the omnichannel capabilities combined with enterprise commercial capabilities is what customers are looking for in terms of transformational stuff they are trying to do. And we are seeing some very good traction over there with our customers to accelerate our build out in multiple geographies, some of the capabilities we are looking at doing acquisitions in this space. Now these are not going to be very large acquisitions. It's more of capabilities and need for doing this fast is what is driving us. But that's one category. We continue to look at business technology I would say. Somebody, we had just asked answered the question about Veeva versus Salesforce as a classic example of one of the capabilities, right. This migration and a bunch of things like that where we continue to get pulled in by our customers opportunistically where they call us and say listen, we are working with these SIs, they don't understand the domain for this piece, you anyway are doing all the value-added work on top of the technology platforms. Can you do this technology part as well? We believe more strategically we can build out that capability as

the adjacent area. We look at analytics, we look at some areas on the regulatory and medical side. So those are broadly the areas we look at from an acquisition perspective. As far as size of these concerned. What we have right now in the pipeline are I would call all of them being sub-\$50-\$60 million revenue all the way from \$2 to \$50 million type of revenue range right now. And we will be always disciplined in what we pay for these kinds of companies.

**Sahas Prabhu:** If I may add there, size is not actually the primary criteria. It's not a financial bulk up that we are attempting. It's more acquiring the right credibility and capability in market, in areas that are adjacent or upstream, downstream in what we do. And in some cases, this would even end up being very small. What you would typically categorize as acqui-hire kind of a transaction also.

**Nikhil:** That's great to hear. So, my last question is like, can you just provide like how is the ACV TCV growing? You said that omnichannel is getting better orders. So, can you highlight the portion of orders on omnichannel like how has it been growing quarter-on-quarter, Y-on-Y?

**Sahas Prabhu:** So, Nikhil, what I would want to highlight is today the customer, the number of logos that we are working with for the same value, if I were to index it at say 100, right. We are working getting the same 100 from fewer customers with longer duration projects. Today we have I would say six to seven logos in omnichannel activation which is getting us give or take a little between 70% to 80% of the revenues in that segment. And if I dial back, this would have been lower in that 55% ish range which means that we are getting entrenched more and more with customers with higher value and longer duration engagement. So that's how I would measure and that's what we are tracking on this.

**Moderator:** Thank you. People, in the interest of time, please restrict yourselves to two questions per participant. The next question comes from the line of Punit Pujara from Helios Capital. Please go ahead.

**Punit Pujara:** Thanks for taking my question. So, I needed one clarification in the trends that I have been observing over the last few quarters, which is that the overall employees in delivery function have been coming down, at the same time the absolute number of delivery employees with healthcare expertise is going up and this is not like a quarter or two when it's been persisting. So, could you just throw some more light on this trend? That's my first question.

**Sahas Prabhu:** Sure. So, at this point in time, Punit, and maybe I will take a small example to help visualize this better. So, initiative on automation using the GenAI platforms which we have made significant progress in, is HTML code automation. Over period the need for this skill set has reduced in the delivery function, but use of this technology, given the maturity curve that we see on the domain side, which is medical and pharma specific is likely to take longer. The low hanging fruit I would say in this example is the code automation versus say something much more complex from a technology maturity perspective, which is the medical writing or more specifically say regulatory dossier preparation or safety case processing and stuff like that. And therefore, you would see that the proportion of people with the domain knowledge would be increasing, but it's

not a significant change. We have been in that 21.5% to 22.5% with slight mix changes itself given the nature of projects. The 23 point whatever is not a significant shift there.

**Manish Gupta:**

If I may just add on beyond the numbers, some slightly more long-term bit to long term commentary on this. If you think about it as GenAI and AI based technologies will progress, what are customers, how customers thinking about it? Obviously, they want to drive automation, but they are worried about the risk, especially industry like ours. And risk mitigation happens by domain experts who are in charge of these technologies and can drive as far as automation in non-domain stuff. So, across the board more and more non domain stuff, getting automated with the domain people operating these and that's something we are excited about. On the other hand, Suhas spoke about things like medical writing, regulatory writing, bunch of things like that. To build and drive automation over there from a GenAI perspective requires very, if you want to create an agentic model. It just requires so much more expertise, experiences. A Company like ours which has spent 18-20 years in figuring out what does good medical writing look like, what is a good entry point, how do you train people, what are the kind of mistakes we make? All those things going into the agentic model and driving automation but still having that layer of a strong reviewer, make sure that you're not 95% correct but 100% correct is what the proposition is. And we believe more and more as you see AI automation happening, the domain expert companies, us and any other people in other domains will be the guys who will drive that agenda.

**Nikhil:**

Sure. And the second question is what has been the trend in the subcontracting cost, especially in this quarter and is it the main driver for the higher OPEX in the quarter?

**Suhas Prabhu:**

Punit, right observation. The subcontracting cost has gone up a tad bit, but that is also reflective of the growth I mentioned. One of the contributing factors there is we registered our office in Spain, but people that we took on board have been taken on board ahead of when the registration could be concluded through a third-party service provider. And therefore, there is a marginal uptick in the subcontracting costs. But this would get regularized as those people are moved into our payroll as not just the registration, but the office set up, the payroll setup and all are concluded in due course. It's not going to be a major movement, but there will be some costs that move from subcontracting to payroll and maybe 10-12 people getting added to the employee count, but nothing material and that's one of the main contributors.

**Nikhil:**

Out of 4,500 employees, how many would be stationed in the US?

**Suhas Prabhu:**

US, our employee count is in the region of 500 people. We have about between 83% and 84% of our workforce in India and the balance outside India, US being the largest, followed by Europe and then China and Japan.

**Moderator:**

Thank you. The next question comes from the line of Abhishek Bhandari from Nomura. Please go ahead.

**Abhishek Bhandari:**

Thank you for the opportunity. Manish and Suhas, good to talk to you in the new year. Manish, I had just only one question. There's a lot of anxiety around the drug pricing under the Trump

administration because apparently the new secretary is going after the big pharma in terms of lowering the very high prices of drugs. You mentioned at the start that drug pricing is actually on a downward trend. Maybe you could elaborate, how do you think this will play out in terms of the S&M spending of the big pharma companies and how it will benefit us or be against us in the near to future term?

**Manish Gupta:**

Hi Abhishek. First of all, good to hear from you. I think our point is we still are waiting for clarity on this administration stance on drug pricing, but nevertheless, outside of that, we believe that drug pricing will be on a downward pressure. There will be downward pressure because the numbers just don't add up at a higher level. Intensity might vary here or there depending on the government, the stance and these are complex issues, but the pressure will be downward. The reality is that our business, given that we do offer more effectiveness, efficiency and if you call it the inertia of companies to move to these new models is what kind of delays our ramp ups with them over here. With more pressure on drug pricing, typically you don't have an option. You just have to become more efficient, do things more effectively rather than having so many reps on the ground, doing things that are not adding value. You have to drive more efficiency and effectiveness. We typically end up benefiting from that. If I just go way back into history, we used to be a 35 crores revenue Company in 2010 then the whole so called massive pipeline, the patent expiry happened and pharma was forced to become more efficient, then we had surged. So, we believe that with more pricing pressure on drugs, the need to get more efficient will increase and we will benefit from that. The pace is what needs to be defined by the intensity of the regulation.

**Abhishek Bhandari:**

Got it. Thank you, Manish. My second and last question Suhas is to you. I think a lot of questions were asked to you around this movement in the net headcount. My question is if I think Manish also said we are going to use more automation to lower the dependence on non-core tech stuff. So, should we think this to be a margin tailwind for us going forward? And a related point is, if I look at your metrics what you report, your offshore mix is actually on a downward trend. It has almost dropped by 300 basis points last seven to eight quarters whereas onsite is going up. So are you letting go more people in India while the on-site addition is as per the ramp ups?

**Suhas Prabhu:**

Yes. Abhishek let me take the second one first. So, you know two parts. One is if you look at it over a four-quarter period, you'd also recollect we acquired the small business Trilogy entirely on site. So that would have created a bit of movement in the on-site ratio going up. The other is as we also ramp up in the new engagements, whether with existing customers, but a new buying group as well as new logos that we had. The start of the project, it tends to be more on site heavy because there is, as Manish also mentioned earlier, when you're changing the ways of doing work, challenging the status quo and standard. There needs to be a more intense involvement in the client offices in various markets. And you start with the on-site layer being a lot more significant and as things stabilize and you move from that change management and transformation phase to the execution phase, that is when the offshore work tends to scale up at a pace faster than the on-site work. So, I would use that slide to say that it is changing over period. You will also see some of that shifting back to the offshore side. We are not looking at moving the work that Trilogy, small business getting offshore. It's more capability in markets

that we have acquired. But the joint and integrated go to markets with larger deals, which includes global scale and offshoring would mean that even that would start contributing to higher offshoring numbers as things progress. And we are already seeing some of that playing out already. Coming to the absolute numbers itself. Again, it's a function of the productivity initiatives. It contributes positively to our margins. We had a wage bill impact and as you would recollect from our last quarter's call was a little north of 2.2% impact from wage bill. And these kind of automation and productivity initiatives help us offset that. And these are continual. It's not a one-time intervention. We see that benefit coming in progressively. Wage bill is an offset. In the longer run would also have to pass on some of these benefits to the customers to remain ahead of the curve in the market and be competitive. So that would be the offset but certainly a net positive to our margins.

**Abhishek Bhandari:** Thank you, Manish, and thank you Suhas and all the best.

**Suhas Prabhu:** Thanks Abhishek.

**Moderator:** Thank you. The next question comes from the line of Satish Kumar from Kotak. Please go ahead.

**Satish Kumar:** Hi Manish. Congrats on a good quarter. I have a couple of questions. One, is a growth in the top 20 to 100 cohort, is it more driven by first time outsourcing or is it from market share gains from other players? And second is are we continuing to see market share gains in the top 10 customers and is it more broad based against the set of competition or is it more focused on marketing agencies or broad based or BPO providers?

**Manish Gupta:** First of all, hi Satish. Two things. If I see the 20 to 100 customers, it's a combination of both. It's first-time outsourcing, things they are doing internally, They are figuring out more efficient models. It's also taking share from the others. Some of these models which were done by big pharma of centralization and more efficient operating models, They are implementing those. And now we have created solutions that are much more effective for mid-tier kind of companies other than the larger companies. So that's essentially what is helping in this segment. So, it's a combination of both these things you alluded to. If you go to top 20 customers, what we are seeing is one hand some of the customers which are still subscale for us in the top 20, we continue to engage with them on pretty much the first set of operating models. Whereas our existing large customers, now the discussions with them are about taking the model to the next level. I am going to go back to my initial explanation of processes, steps 1 to 10 and we said, you know what we have done steps 5 to 10, centralization, let's say. Now these discussions are about centralizing steps 3 to 5 which are much more high value added. And companies are looking at centralizing those steps, especially on the commercial side. Most of them today sit with agencies and there is a lot of spend, can be done effectively and efficiently and our customers are having discussions about that. Suhas spoke about, alluded to in the earlier discussion about the change management, initial presence, being there, transformation, that is what is going on with these customers. And at some point in time we believe these will start scaling up.

**Abhishek Bhandari:** Got that.

**Suhas Prabhu:** Yes. If I may add that just if I take a segmental view, Satish, in enterprise medical, especially the mid-tier, the non-top 20 pharma, maybe the skew is a little more towards first time outsourcing rather than doing it internally. If I go to the top 20 pharma, most of the discussions and forays are to expand into adjacent upstream or downstream areas where it would tantamount to taking market share from others, largely agencies because agencies are the large players in the commercial. So, the enterprise commercial segment, hopefully that helps make it real in terms of market share versus outsourcing.

**Abhishek Bhandari:** Got that, sir. Thanks Manish, thanks Suhas for the comprehensive answers.

**Manish Gupta:** Thank you, Satish.

**Moderator:** Thank you. Ladies & gentlemen, in the interest of time, that concludes the question-and-answer session. I now hand the conference over to the management for their closing comments.

**Suhas Prabhu:** Thank you everyone for your participation on this call today and continued interest in Indegene. We have had an exciting quarter and we are hopeful that the financial performance and growth that we have delivered is something that we continue from a momentum perspective into the new calendar year as well. With that, we conclude this call and thank everyone for your participation and look forward to the next earnings call next quarter. Thank you, everyone.

**Moderator:** On behalf of Indigen Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.