IPO Note:

Molbio Diagnostics Ltd - SUBSCRIBE

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IPO Note: Molbio Diagnostics Ltd– Subscribe **10th August 2026**

Molbio Diagnostics is a POC (point-of-care) diagnostics company offering rapid, decentralized molecular testing solutions for infectious and non-communicable diseases. Its flagship platform, Truenat, is a battery-operated PCR-based system enabling accurate diagnosis within an hour, even in resource-constrained settings a key differentiator versus lab-based molecular diagnostics.

Platform & Product Suite: Truenat comprises two instruments- The Trueprep (automated nucleic acid extraction) and The Truelab analyzer (real-time PCR, available in UnoDx/Duo/Quattro variants for 1/2/4 simultaneous tests)- paired with disease-specific, room-temperature-stable test kits. As of Mar-26, the company offers testing across 30 diseases via 43 assays, including TB, COVID, Hepatitis B/C, HIV and HPV. Notably, Truenat is the only Indian-developed, WHO-endorsed rapid molecular test for TB and rifampicin-resistance detection, and one of only two such tests globally.

Scale & Reach: The company has sold 12,500+ devices across 90+ countries (cumulative to Mar-26), with the platform patented in 100+ countries. Devices/test kit revenue grew from ₹7,372mn (FY24) to ₹9,339mn (FY25) to ₹12,381mn (FY26).

Diversification (Subsidiaries/Partnerships): Beyond molecular diagnostics, Molbio has expanded into adjacent screening modalities: Prognosys (65.47% stake, acquired Mar-23) — radiology/digital imaging (portable X-ray, C-arm systems), also with a veterinary imaging vertical.

OptraScan (60% agreed stake; 19.68% acquired in first tranche, Nov-24) — US-based digital pathology (AI-powered scanners, telepathology).

Collaboration with **UE Lifesciences** for breast health screening, and with Testi Technologies (Promilless saliva-based alcohol test strips) and an animal diagnostics partner for veterinary assays.

R&D & IP Moat: R&D is housed in Bigtec Pvt Ltd (Bengaluru; wholly-owned since 2015), with 153 R&D employees (136 scientists, 11.1% of 1,225 total headcount). R&D spend was ₹874.56mn in FY26 (6.05% of revenue from operations) vs ₹685.69mn (FY25, 6.72%) and ₹597.77mn (FY24, 7.15%) reflecting revenue outpacing R&D spend growth. The Truenat platform took 13 years of R&D to secure ICMR certification, underscoring high entry barriers. **IP portfolio**: 16 Indian patents, 191 foreign patents (US, China, Singapore, etc.), plus 29 trademarks, 11 designs and 3 copyrights.

Key dependency to flag: Revenue is heavily government/aid-agency concentrated (91.60%/87.83%/84.56% in FY24/25/26) and top-10 customer concentrated (78.54%/83.62%/83.26%) — a monitorable risk despite the declining trend.

Investment Recommendation and Rationale: -

Molbio is well-positioned in the fast-growing global POCT market ($29.3bn→$67.1bn by 2030, 17.9% CAGR), addressing significant unmet diagnostic need in underserved, infrastructure-poor regions through its battery-operated Truenat platform. The company is R&D-driven, backed by a dedicated Bigtec R&D unit and a strong IP portfolio (16 Indian + 191 foreign patents), underpinning its proprietary, already-commercialized multi-disease platform — 12,500+ devices sold across 90+ countries, covering 43 assays for 30 diseases, including the only WHO-endorsed Indian TB molecular test. At the upper price band of ₹807, the issue is valued at a P/E multiple of about 56.67× on its FY26 post-IPO EPS of ₹14.24. We give a 'SUBSCRIBE' rating to the issue for the following reasons:

1. Near-monopoly, WHO-endorsed TB testing technology built on a 13-year R&D moat, making replication extremely difficult for competitors.

2. Exposure to a large, fast-growing $29.3bn global POCT market, projected to expand at a 17.9% CAGR to $67.1bn by 2030.

3. High-margin, recurring "razor-razorblade" revenue model, with Truelab analyzers locked to proprietary Truenat consumables, improving revenue visibility.

Issue Opens	**10th August, 2026**
Issue Closes	**12th August , 2026**
Type of Issue	Fresh Issue 24,80,246 shares (agg. up to ₹200 Cr) Offer for Sale 91,66,000 shares of ₹1(agg. up to ₹740 Cr)
Issue size	**₹940 Cr**
Price Band	₹768 to ₹807 per share
Bid lot/ Bid Size	18 shares/ Rs. 14,526
Issue structure	QIB - 50%, HNI - 15%, Retail - 35%
Post issue equity shares	11,52,39,996 shares
Promoters and Promoter Group **Public**	Pre Issue – 46.65%|Post Issue – 37.69% Pre issue – 53.35%|Post Issue – 62.31%
Post issue implied market cap	₹ 9,296.64 Cr
BRLMs	Kotak Mahindra Capital Company Limited, IIFL Capital Services Limited, Jefferies India Private Limited, Motilal Oswal Investment Advisors Limited.
Registrar to the issue	KFin Technologies Limited

Financial Summary and Key Performance Indicators

KPIs	Unit	FY2024	FY2025	FY2026
Revenue from Operations	(₹ in million)	14,456.87	10,204.18	8,365.61
India	(₹ in million)	13,066.43	8,232.78	7,543.13
Outside India		1,390.44	1,971.40	822.48
EBITDA	(₹ in million)	3,282.43	2,566.39	1,850.93
EBITDA Margin (%)	(%)	22.56%	24.97%	22.02%
EBITDA Pre R&D	(₹ in million)	4,156.99	3,252.08	2,448.70
EBITDA Pre R&D Margin (%)	(%)	28.57%	31.64%	29.13%
Profit / (Loss) for the year	(₹ in million)	1,641.40	1,385.79	835.42
Profit / (Loss) Margin (%)	(%)	11.28%	13.48%	9.94%
ROE	(%)	15.59%	16.20%	13.20%
ROCE	(%)	17.55%	20.98%	15.80%
Number of devices sold	(in numbers)	2,524	2,180	2,011
Number of test kits sold	(in million)	17.56	12.24	8.80

Source: RHP

Objects of the issue Offer for Sale of 91,66,000 shares aggregating up to Rs. 740.00 Cr

Shareholding pattern:

Name of the Selling Shareholders	Type	Number of Equity Shares Offered	Weighted Average Cost of Acquisition per Equity Share (in ₹)	Name of the Selling Shareholders	Type	Number of Equity Shares Offered	Weighted Average Cost of Acquisition per Equity Share (in ₹)
Exxora Trading LLP	Promoter Selling Shareholder	Up to 1,811,000 Equity Shares of face value of ₹1 each	0.20	Gopalakrishna Sampathgiri	Other Selling Shareholder	Up to 902,000 Equity Shares of face value of ₹1 each	6.90
Dr. Chandrasekhar Bhaskaran Nair	Promoter Selling Shareholder	Up to 1,221,000 Equity Shares of face value of ₹1 each	6.90	Sangeetha M Kini	Other Selling Shareholder	Up to 452,000 Equity Shares of face value of ₹1 each	Negligible**
India Business Excellence Fund III	Investor Selling Shareholder	Up to 1,000,000 Equity Shares of face value of ₹1 each	187.14	M.A. Usha Rani	Other Selling Shareholder	Up to 451,000 Equity Shares of face value of ₹1 each	7.08
Gopalkrishna Mangalore Kini	Other Selling Shareholder	Up to 1,125,000 Equity Shares of face value of ₹1 each	5.60	M.A. Rohit	Other Selling Shareholder	Up to 248,000 Equity Shares of face value of ₹1 each	6.54
J. Guru Dutt	Other Selling Shareholder	Up to 902,000 Equity Shares of face value of ₹1 each	6.94	Shruthi G Kini	Other Selling Shareholder	Up to 226,000 Equity Shares of face value of ₹1 each	Nil

** Negligible denotes less than ₹ 0.01

Fresh Issue of 24,80,246 shares aggregating up to Rs. 200.00 Cr

Company plans to use the Net Proceeds to fund the following objects:

1. Funding capital expenditure for setting up infrastructure for a research and development facility and Center of Excellence, to be operated by its wholly-owned Subsidiary, Bigtec, and connected office space of the Company, Subsidiaries and Associate.
2. Funding capital expenditure for the purchase of certain plant, machinery and other equipment for Goa Unit I, Goa Unit II and Visakhapatnam Unit.
3. General Corporate purpose.

Source: Red Herring Prospectus (RHP)

The table below shows number of devices sold and test kits sold in the years indicated:

Particulars	Fiscal 2026	Fiscal 2025	Fiscal 2024
Number of devices sold within India	2,184	1,427	1,732
Number of devices sold outside India	340	753	279
Total Number of devices sold	**2,524**	**2,180**	**2,011**
Number of test kits sold within India (in million)	16.20	11.02	8.11
Number of test kits sold outside India (in million)	1.36	1.22	0.69
Total Number of test kits sold (in million)	**17.56**	**12.24**	**8.80**

Source: Red Herring Prospectus (RHP)

The table below shows Revenue Contribution by Customer Category:

Particulars	Fiscal 2026		Fiscal 2025		Fiscal 2024	
	Amount (₹ in million)	Percentage of Revenue from contracts with customers - Sale of products - Finished Goods (%)	Amount (₹ in million)	Percentage of Revenue from contracts with customers - Sale of products - Finished Goods (%)	Amount (₹ in million)	Percentage of Revenue from contracts with customers - Sale of products - Finished Goods (%)
Revenue from contracts with customers - Sale of products - Finished Goods from Indian Central government	7,906.52	56.52%	4,998.20	50.81%	2,757.97	33.83%
Revenue from contracts with customers - Sale of products - Finished Goods from Indian State governments	3,257.73	23.29%	2,101.54	21.36%	4,153.07	50.94%
Revenue from contracts with customers - Sale of products - Finished Goods from International aid agencies	664.52	4.75%	1,540.04	15.66%	556.47	6.83%
Revenue from contracts with customers - Sale of	2,159.48	15.44%	1,197.48	12.17%	684.87	8.40%

products - Finished Goods from nongovernment agencies						
Revenue from contracts with customers - Sale of products - Finished Goods	**13,988.25**	**100.00%**	**9,837.26**	**100.00%**	**8,152.38**	**100.00%**

The table below presents the revenue contribution from devices and test kits, along with their respective share of revenue from the sale of finished goods, for the periods indicated:

Particulars	Fiscal 2026		Fiscal 2025		Fiscal 2024	
	Amount (₹ in million)	Percentage of Revenue from contracts with customers - Sale of products - Finished Goods (%)	Amount (₹ in million)	Percentage of Revenue from contracts with customers - Sale of products - Finished Goods (%)	Amount (₹ in million)	Percentage of Revenue from contracts with customers - Sale of products - Finished Goods (%)
Revenue from sale of devices	2,032.84	14.53%	2,029.58	20.63%	1,846.80	22.65%
Revenue from sale of test kits	10,348.20	73.98%	7,309.58	74.31%	5,525.45	67.78%
Others*	1,607.21	11.49%	498.10	5.06%	780.13	9.57%
Revenue from contracts with customers - Sale of products - Finished Goods	**13,988.25**	**100.00%**	**9,837.26**	**100.00%**	**8,152.38**	**100.00%**

*Others primarily include revenue from the sale of devices manufactured by Prognosys Medical Systems Private Limited. ;Source: Red Herring Prospectus (RHP)

The table below sets forth the number of test kits sold, classified by disease (represented based on the top 3 diseases test kit sold in Fiscal 2026), for the years indicated:

Particulars	Fiscal 2026		Fiscal 2025		Fiscal 2024	
	Number of units (in million)	% of total units	Number of units (in million)	% of total units	Number of units (in million)	% of total units
Tuberculosis	16.86	96.02%	11.60	94.78%	8.26	93.88%
Hepatitis B	0.23	1.33%	0.16	1.34%	0.12	1.35%
HLA-B27	0.10	0.55%	0.07	0.55%	0.06	0.73%
Other diseases *	0.37	2.10%	0.42	3.32%	0.36	4.04%
Number of test kits sold	**17.56**	**100.00%**	**12.24**	**100.00%**	**8.80**	**100.00%**

*Other diseases primarily include Hepatitis C, Influenza, Covid, Dengue, Chikungunya and HPV.

Peer Comparison

Name of Company	Revenue from operations (₹ mn)	Face value	EPS Basic	EPS Diluted	Price /earnings ratio	Return on Net Worth (%)	NAV Per Equity Share (₹)
Molbio Diagnostics Limited	14,456.87	1	14.77	14.77	NA	14.55%	101.51
Peer Companies:							
Poly Medicure Limited	18,752.59	5	31.79	31.75	52.61	10.37%	306.45
Dr. Lal Pathlabs Limited	27,629.11	10	30.24	30.20	62.20	20.78%	145.00
Metropolis Healthcare Limited	16,458.46	2	9.19	9.19	63.72	12.56%	72.98
Vijaya Diagnostics Centre Limited	8,142.02	1	16.81	16.79	81.02	18.07%	93.02

Source: Red Herring Prospectus (RHP)

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Competitive Strengths

1. Well-positioned to capitalize on the growing molecular diagnostics market, supported by increasing adoption of point-of-care testing and a significant unmet need for rapid diagnostic solutions.
2. Innovation-driven, R&D-focused business with a strong emphasis on developing differentiated molecular diagnostic technologies.
3. Proprietary portable multi-disease point-of-care molecular diagnostics platform, successfully developed and commercialized to enable rapid, accurate, and decentralized testing.
4. Scalable business model characterized by high entry barriers, a growing portfolio of diagnostic assays, and a substantial proportion of recurring revenue from consumables and test cartridges.
5. Strategic collaborations and targeted acquisitions that strengthen technological capabilities, expand the product portfolio, and enhance market reach.
   Source: Red Herring Prospectus (RHP)

Growth Strategies

1. Expand domestic and international market presence by deepening penetration across India while increasing presence in key overseas markets through an expanded distribution network and strategic partnerships.
2. Broaden the diagnostic test portfolio by developing and commercializing assays for a wider range of infectious and non-infectious diseases.
3. Develop next-generation point-of-care (POC) diagnostic platforms to address emerging opportunities in both communicable and non-communicable disease testing.
4. Pursue strategic acquisitions, partnerships, and alliances to enhance technological capabilities, expand product offerings, and accelerate market access.
5. Establish a Centre of Excellence to drive innovation, strengthen R&D capabilities, and support the development of advanced molecular diagnostic solutions.
   Source: Red Herring Prospectus (RHP)

Key Risks

1. The company derives a significant portion of its revenue from Indian government agencies, international aid organizations, and a concentrated customer base. Any reduction in public healthcare funding, adverse policy changes, or loss of key customers could materially impact revenue, profitability, and cash flows.
2. The company's growth depends on successful R&D and timely regulatory approvals for new diagnostic tests. Failure to develop or commercialize new products could limit growth prospects and impact financial performance.
3. Product liability claims, regulatory actions, or failure to meet contractual obligations could result in financial penalties, reputational damage, and adverse impacts on profitability.
4. The business operates in a highly regulated environment, and any failure to obtain, renew, or comply with required licenses, permits, and regulatory approvals could disrupt operations and affect financial performance.
5. Rapid technological advancements in molecular diagnostics require continuous investment in innovation. Failure to develop or adopt new technologies in a timely and cost-effective manner could weaken the company's competitive position and growth prospects.
   Source: Red Herring Prospectus (RHP)

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