Molbio Diagnostics Ltd.

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IPO Note **07th Aug 2026**

Company Overview

Molbio Diagnostics Limited (MDL) is a molecular diagnostics company that develops and manufactures rapid point-of-care (POC) diagnostic solutions for infectious and non-communicable diseases. Its business is built around the proprietary Truenat platform, a portable, battery-operated molecular testing system that enables healthcare providers to diagnose diseases in about one hour, even in locations with limited laboratory infrastructure. The Truenat platform comprises two devices that work together. A patient's sample is first processed in Trueprep, which automatically extracts the genetic material (DNA/RNA). The processed sample is then placed on a disease-specific Truenat test chip and inserted into Truelab, a compact real-time PCR (Polymerase Chain Reaction) analyser that detects the disease. By simply changing the test chip, the same workstation can diagnose multiple diseases. The platform supports 43 diagnostic tests (assays) covering 30 diseases, including Tuberculosis (TB), COVID-19, HIV, Hepatitis B & C and HPV. Notably, its TB test is one of only two rapid molecular diagnostics globally endorsed by the World Health Organization (WHO) for initial TB diagnosis and rifampicin resistance detection. MDL follows a razor-and-blade business model, selling Trueprep and Truelab workstations to hospitals, diagnostic laboratories, government healthcare programmes and international health agencies, while generating recurring revenue through proprietary Truenat test chips and reagents that work exclusively on its devices. Consequently, every installed workstation creates recurring demand for consumables, with test kits contributing 74% of FY26 revenue, while devices accounted for 14.5%. The company derives 85% of its revenue from Indian government agencies and international health institutions, while TB diagnostics contributed 70.2% of product revenue, highlighting its strong positioning in national disease control programmes. MDL has a presence in over 90 countries, although 90% of FY26 revenue was generated from India. Operations are supported by six manufacturing facilities with an annual capacity of 5,400 devices and 39 million test kits. Innovation is driven by its R&D subsidiary Bigtec, where 153 researchers, including 136 scientists, support product development. The company invested Rs. 875 million, equivalent to 6.1% of FY26 revenue, towards R&D and holds a portfolio of 207 patents globally. Supported by experienced promoters, MDL has established itself as a leading innovator in the molecular diagnostics industry.

Objects of the issue

The Offer comprises a fresh issue of Rs. 200 crores and an offer for sale of Rs. 740 crores. The company proposes to utilise the net proceeds from the fresh issue towards:

- ⇒ Setting up R&D and centre of excellence infrastructure, along with associated office space;
- ⇒ Purchase of plant, machinery and equipment for Goa unit I, Goa unit II and Visakhapatnam unit; and
- ⇒ General corporate purposes.

Investment Rationale

Expanding product portfolio supported by R&D, manufacturing and geographic expansion

MDL's Truenat platform is positioned to benefit from the growing adoption of decentralised molecular diagnostics by enabling PCR based testing closer to the point of care, particularly in settings with limited laboratory infrastructure. The platform currently supports testing across 30 diseases through 43 assays, with the company expanding beyond its established tuberculosis franchise into areas such as Hepatitis, HIV, HPV and other infectious and non-communicable diseases. This expansion increases the potential utilisation of its existing Truenat installed base and supports the recurring consumables led nature of the business. The company's ability to adapt its platform across disease categories was also demonstrated during the COVID-19 period, when devices deployed under the tuberculosis programme were repurposed for COVID testing. MDL's product expansion is supported by its in house R&D capabilities through Bigtec, which has enabled the development of new diagnostic platforms and assays. The company is also investing in the Centre of Excellence which is a dedicated facility that the company plans to establish to strengthen its R&D and innovation capabilities, while planned capital expenditure is expected to strengthen manufacturing capacity across its Goa and Visakhapatnam facilities. In parallel, MDL is expanding its geographical presence, with its Truenat platform already deployed across international markets and plans to increase penetration in regions including Africa and Southeast Asia. The company has also expanded into adjacent diagnostic segments such as radiology and digital pathology through acquisitions.

Issue Details	
Offer Period	10th Aug 2026 - 12th Aug 2026
Price Band	Rs. 768 - Rs. 807
Bid Lot	18
Listing	BSE & NSE
Issue Size (no. of shares in million)	11.6
Issue Size (Rs. in million)	9,399
Face Value (Rs.)	2

Issue Structure	
QIB	50%
NII	15%
Retail	35%
BRLM	Kotak Mahindra Capital Company Ltd, IIFL Capital Services Ltd, Jefferies India Private Ltd, Motilal Oswal Investment Advisors Ltd.
Registrar	KFin Tech. Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	44.89	41.29
Public	55.11	58.71
Total	**100.00**	**100.00**

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

Scalable business model supported by recurring revenues and strategic expansion

MDL's Truenat platform follows a closed system model comprising Trueprep extraction and Truelab analyser devices that are designed to operate with Truenat test kits. Once the devices are installed, healthcare providers can conduct multiple disease tests using the company's expanding range of kits, supporting recurring demand for consumables while increasing the utility of the installed base. The platform's ability to accommodate a growing range of infectious and non-communicable disease tests also provides scope to expand its addressable market. MDL operates in an oligopolistic molecular diagnostics market with high entry barriers, with the Truenat platform having undergone an extended R&D and certification process and its TB test receiving WHO endorsement for initial diagnosis and rifampicin resistance detection. The company has also expanded its capabilities through acquisitions and strategic collaborations. The acquisition of Prognosys has added radiology and digital imaging capabilities, including ultraportable X-ray systems, while its investment in OptraScan has expanded MDL's presence in digital pathology through scanners, AI-enabled analysis and telepathology solutions. In addition, collaborations across TB screening, multiplex molecular testing, breast health screening and veterinary diagnostics allow MDL to broaden its product offerings and extend its point-of-care capabilities into adjacent applications. These initiatives provide additional avenues for product and geographical expansion while leveraging MDL's existing diagnostics platform and commercial capabilities.

Valuation

MDL Diagnostics Limited (MDL) is a differentiated molecular diagnostics company with a proprietary point-of-care (POC) platform that follows a closed-system business model, generating recurring revenue through proprietary test kits and consumables. Its Truenat platform, deployed across 90+ countries, has established a strong position in decentralised molecular diagnostics, while its WHO-endorsed TB test and in-house R&D capabilities create high technological and regulatory entry barriers. The company is well positioned to benefit from the growing adoption of molecular diagnostics through an expanding portfolio of 43 diagnostic tests across 30 diseases, driving higher utilisation of its installed base and recurring consumables revenue. Continued investments in R&D, manufacturing capacity and international expansion, along with strategic acquisitions in adjacent diagnostic segments, provide multiple long-term growth drivers. Financial performance has remained strong, with revenue, EBITDA and PAT registering CAGRs of 31.4%, 33.2% and 40.2%, respectively, during FY24-FY26. Revenue grew 41.7% YoY in FY26, while test kit volumes nearly doubled from 8.8 million in FY24 to 17.6 million, highlighting the scalability of its recurring revenue model. Although EBITDA margin moderated to 22.6% in FY26 from 25.0% in FY25 due to acquisitions and growth investments, the company's pre-R&D EBITDA margin remained a healthy 28.6%, reflecting the underlying profitability of its core business. At the upper price band of Rs. 807, the issue is valued at 54.6x FY26 earnings, compared with the listed peer average of 64.9x. While the business remains exposed to customer concentration, with 84.6% of finished goods revenue derived from government agencies and international health institutions, its differentiated technology platform, recurring revenue model and high entry barriers support its premium positioning. **Accordingly, we recommend a "SUBSCRIBE" rating for the issue with a long-term investment horizon.**

Key Risks

⇒ **Heavy reliance on government spending:** Government agencies and international aid organisations contributed 85% of FY26 finished goods revenue. Any reduction in public healthcare spending, policy changes or funding constraints could adversely impact revenue and growth.

⇒ **Product concentration towards TB:** Tuberculosis diagnostic test kits accounted for 70% of FY26 finished goods revenue. Any decline in TB testing demand, changes in government programmes or adoption of alternative technologies could materially impact the company's financial performance.

⇒ **R&D and regulatory risk:** The company relies on continuous R&D to expand its diagnostic portfolio. Delays in product development or failure to obtain regulatory approvals could impact new product launches, growth prospects and returns on R&D investments.

Molbio Diagnostics Ltd.

Income Statement (Rs. in millions)

Particular	FY24	FY25	FY26
Revenue			
Revenue from operations	8,366	10,204	14,457
Total revenue	**8,366**	**10,204**	**14,457**
Expenses			
Purchase of stock-in-trade	3,207	4,373	5,749
Changes in inventories of stock-in-trade	197	-225	13
Employee benefit expenses	639	1,028	1,452
Other expenses	1,981	2,406	4,028
Total operating expenses	**6,024**	**7,582**	**11,242**
EBITDA	**2,342**	**2,622**	**3,214**
Depreciation & amortization expenses	410	446	636
EBIT	**1,932**	**2,177**	**2,578**
Other Income	41	75	95
Finance costs	144	177	335
PBT (before exceptional item)	**1,828**	**2,075**	**2,338**
Exceptional items (net)	532	111	5
PBT (after exceptional item)	**1,297**	**1,964**	**2,333**
Tax Expense	461	558	670
Total comprehensive profit	**836**	**1,405**	**1,663**
Diluted EPS	**9.04**	**12.87**	**14.77**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particular	FY24	FY25	FY26
Cash Flow from operating activities	96	2,871	504
Cash flow from/(used in) investing activities	-450	-1,227	-932
Net cash flows (used in) / from financing activities	-316	-261	2,761
Net increase/(decrease) in cash and cash equivalents	-670	1,383	2,332
Cash and cash equivalents at the beginning of the period	-81	-751	632
Add: Upon addition of subsidiary	**0**	**0**	**245**
Net foreign exchange difference on cash and cash equivalents	**0**	**0**	**148**
Cash and cash equivalents at the end of the period	**-751**	**632**	**3,358**

Source: RHP, BP Equities Research

Molbio Diagnostics Ltd.

Balance Sheet (Rs. in millions)

Particular	FY24	FY25	FY26
ASSETS			
Non-current assets			
Property, Plant and Equipment	1,679	2,041	2,481
Capital work-in-progress	16	273	113
Goodwill	38	38	622
Right-of-use assets	142	288	554
Other financial assets	321	877	879
Other non-current assets	1,782	1,800	2,987
Total Non-Current Assets	**3,979**	**5,317**	**7,636**
Current assets			
Inventories	3,151	4,359	4,493
Trade receivables	4,254	2,717	4,087
Bank balance & cash equivalents	221	1,291	3,671
Other financial assets	92	66	255
Other current assets	512	866	1,342
Total Current Assets	**8,232**	**9,298**	**13,848**
Total Assets	**12,211**	**14,616**	**21,484**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	23	23	113
Other equity	8,211	9,661	11,581
Non-controlling interest	55	-11	1,394
Total Equity	**8,288**	**9,673**	**13,088**
Liabilities			
Non Current Liabilities			
Borrowings	151	61	2,124
Other non-current liabilities	343	465	699
Total Non-Current Liabilities	**495**	**526**	**2,823**
Current liabilities			
Borrowings	1,595	1,170	2,002
Trade payables	940	2,302	1,995
Other current liabilities	893	944	1,576
Total Current Liabilities	**3,428**	**4,417**	**5,574**
Total Liabilities	**3,922**	**4,943**	**8,396**
Total Equity and Liabilities	**12,211**	**14,616**	**21,484**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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