Molbio Diagnostics Ltd.

DEVEN CHOKSEY RESEARCH

Rating	Issue Opens on	Issue Closes on	Listing Date	Price Band	Issue Size
SUBSCRIBE	August 10, 2026	August 12, 2026	August 17, 2026	INR 768 – 807	INR 9,397 Mn

Molbio Diagnostics Ltd. – Driving Growth in Molecular Decentralised Testing

Molbio Diagnostics Ltd is a Goa-based point-of-care (POC) molecular diagnostics company built around its proprietary Truenat platform, a portable, battery-operated real-time PCR system capable of delivering molecular test results within one hour. Truenat is patented in 100+ countries, offers 43 assays across 30 diseases, and has been deployed across 12,500+ devices in 90+ countries. It is also one of only two rapid molecular tests endorsed by the WHO for TB diagnosis, highlighting its strong global positioning.

Molbio has expanded beyond molecular diagnostics through Prognosys Medical Systems and its 60% stake in OptraScan, providing capabilities across digital radiology, ultraportable X-rays and digital pathology. These acquisitions enable the company to build an integrated screening-to-confirmation diagnostic ecosystem, particularly across TB and cancer, while expanding its addressable market. Strong in-house R&D capabilities support continued product development and expansion of its diagnostics portfolio.

Molbio is raising INR 9,397 Mn through an IPO, comprising a INR 2000 Mn crore fresh issue and INR 7,397 Mn OFS. Proceeds from the fresh issue will primarily be utilised towards setting up an R&D facility and purchasing new plant & machinery, supporting future product development, capacity expansion and growth.

Key Positives

- **Differentiated Technology & POC Leadership** – Truenat is a world leader in portable, battery-operated real-time PCR platform with no directly comparable commercially available battery-operated POC real-time PCR platform globally. Compared with isothermal amplification technologies, micro- PCR offers superior multiplexing and accuracy, while Truenat combines these benefits with portability and decentralised deployment, enabling molecular testing closer to the patient.
- **Proven Global Footprint & Export Opportunity** – Truenat is deployed across 90+ countries, including Nigeria, Bangladesh and Kenya, providing Molbio with an established international distribution and deployment base. The company is focused on deeper penetration across Africa and Southeast Asia, while expanding into Latin America and pursuing registrations in developed markets such as the US and EU. Its customer base includes government agencies and international health organisations, supporting credibility and access to large-scale infectious disease programmes.
- **Integrated Diagnostics Platform & Innovation Engine** – Molbio has expanded beyond IVD into adjacent diagnostic segments through acquisitions in digital radiology, medical imaging and digital pathology/cloud-based solutions. Its vertically integrated R&D and manufacturing capabilities support in-house assay development, device manufacturing and commercialisation, reducing third-party dependence. With 34 additional assays across 22 diseases under development, continued R&D and sales investments provide scope for sustained product innovation and market expansion.
- **Structural Tailwinds from Decentralisation of Diagnostics** – The shift from centralised laboratories towards decentralised molecular testing at primary healthcare and POC settings is a key structural growth driver. Truenat's low infrastructure requirements, battery-operated design and limited dependence on high-voltage power make it well suited for rural and resource-constrained markets. Its test kits and chips can be stored at ambient temperatures of ~30–40°C for up to two years, eliminating cold-chain requirements, logistics costs and overall deployment costs, thereby supporting scalability across government-led infectious disease programmes, particularly TB.

Outlook and Valuation:

- Molbio Diagnostics has delivered strong financial growth, with Revenue (Sales) CAGR of 31.46% and PAT CAGR of 40.17% over FY24–FY26, reflecting a robust growth trajectory and improving earnings profile.
- Assuming full capacity utilisation and a successful ramp-up in volumes, with realisations remaining broadly stable, the company has the potential to more than double its standalone revenue from FY26 levels, driven by higher device placements and the resulting increase in recurring test-kit consumption.
- Molbio Diagnostics trades at 56.7x P/E and 27.9x EV/EBITDA, broadly reasonable relative to diagnostics peers trading at ~62x P/E and 25x EV/EBITDA. While Molbio commands a modest premium on EV/EBITDA, the valuation is supported by its higher growth potential, differentiated molecular diagnostics portfolio, strong R&D capabilities and significant operating leverage opportunity.
- **We recommend SUBSCRIBE to the IPO for the long term**.

Offer Details

Particulars	IPO Details
No. of Shares under IPO (Mn)	11.65
Fresh issue # Shares (Mn)	2.48
OFS # Shares (Mn)	9.17
Price Band	768 - 807
Post Issue M.Cap (INR Mn)	9,397

Issue	# Shares	INR Mn	%
QIB	5.82	4,699	50
NIB	1.75	1,410	15
Retail	4.08	3,289	30

Category	Pre-Issue (%)	Post-Issue (%)
Promoters & Promoter Group	44.89%	41.29%
Public / Others	55.11%	58.71%

BRLM	Kotak Mahindra, IIFL, Jefferies, Motilal Oswal
Registrar	Kfin Technologies Limited

IPO Proceeds	Amount (Mn.)
Prepayment / Repayment of borrowings	1,251.2
Funding capex for purchase of commercial vehicles, plant and machinery	722.81
General Corporate Purposes	Balance Amount

Indicative Timetable	
Offer Closing Date	August 12, 2026
Finalization of Basis of Allotment with Stock Exchange	August 13, 2026
Initiation of Refunds	August 14, 2026
Credit of Equity Shares to Demat accounts	August 14, 2026
Commencement of Trading of Eq. shares	August 17, 2026

Source: IPO Prospectus, RHP, DR Choksey Research

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Company Overview

Incorporated in 2000, Molbio Diagnostics Limited is an innovative point-of-care (POC) diagnostics company focused on delivering rapid, accurate, and affordable diagnostic solutions for infectious and non-communicable diseases. Its flagship Truenat platform is a portable, battery-operated PCR system capable of providing results within one hour, even in resource-limited settings. As of March 31, 2026, the company offers 43 assays covering 30 diseases, including TB, COVID-19, HIV, Hepatitis B & C, and HPV. Truenat is one of only two rapid molecular tests globally endorsed by the WHO for the initial diagnosis of tuberculosis and rifampicin resistance. The company has also expanded into radiology, digital pathology, and breast health screening through strategic acquisitions and collaborations.

Business Operations

- **Core Diagnostic Platform:** Molbio's flagship Truenat is a portable, battery-operated point-of-care PCR platform comprising the Trueprep sample preparation system and Truelab analyzer. The company sold 2,524 devices and 17.56 million test kits in FY26, with test kits contributing 73.98% of finished goods revenue, reflecting a strong recurring revenue model.
- **Research & Development:** Through its subsidiary Bigtec Private Limited, Molbio invested INR 874.6 million (6.1% of revenue) in R&D during FY26. The company has 16 patents in India, 191 international patents, and is developing 34 additional assays covering 22 diseases.
- **Manufacturing:** Molbio operates six manufacturing facilities across Goa, Bengaluru, Visakhapatnam, and Pune, with an annual installed capacity of 5,400 devices and 39 million Truenat test kits. Its facilities comply with international quality standards, including ISO 13485 and US FDA requirements.
- **Global Presence:** As of March 31, 2026, the company had installed over 12,500 devices across 90+ countries. India contributed 90.4% of FY26 revenue, while exports accounted for 9.6% (INR 1.39 billion), with key markets including Nigeria, Peru, and Indonesia. Molbio is also targeting expansion into the US and European markets.
- **Strategic Expansion:** The company has strengthened its diagnostics portfolio through acquisitions of Prognosys Medical Systems (digital radiology), OptraScan Inc. (AI-powered digital pathology), and a collaboration with UE LifeSciences for radiation-free breast health screening.

Subsidiary and Associate Information

The company's corporate structure includes the following entities:

- **Wholly Owned Subsidiary:**
  - **Bigtec Private Limited:** Based in Bengaluru, it acts as the Group's innovation hub and is responsible for carrying out all research and development (R&D) activities on behalf of the Company.
- **Other Subsidiaries:**
  - **Prognosys Medical Systems Private Limited:** Provides digital imaging solutions, including radiology products such as X-ray systems. The Company holds a 70.00% equity stake as of the date of the RHP.
  - **OptraScan INC:** A US-based entity providing AI-powered digital pathology solutions and scanners. The Company holds a 60.00% stake.
  - **OptraScan India Private Limited:** A subsidiary of OptraScan INC (becoming a subsidiary of the Company effective November 1, 2025) that focuses on manufacturing digital pathology scanners.
  - **Prognosys Healthcare (India) Private Limited:** Engaged in providing telemedicine solutions. The Company holds a 54.54% stake.
- **Associate Company:**
  - **Chayagraphics (India) Private Limited:** The Company holds a 22.11% equity shareholding

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Client Concentration

Molbio Diagnostics exhibits significant client concentration, primarily relying on government entities and international aid agencies.

- **Government and Aid Agency Dependency:** A substantial portion of the company's revenue is derived from the Indian central and state governments and international aid agencies for public healthcare programs accounting for 84.56% of revenue from finished goods in FY26, compared with 87.83% in FY25 and 91.60% in FY24**.**
- **Top 10 Customers:** Revenue from the top 10 customers accounted for **83.26%** of revenue from finished goods in Fiscal 2026, compared to 83.62% in Fiscal 2025 and 78.54% in Fiscal 2024.
- **Largest Customer:** The "Top One" customer, identified as the **Indian Central government**, contributed **56.52%** of revenue from finished goods in Fiscal 2026.
- **Key Identified Customers (FY26):** These include the Central Medical Services Society, Nexus Ventures Private Limited, Medi Era Life Science, Virtuoso Medico Infratech Private Limited, Indus Pharma Agency, and Inventa Systems.

Particulars	FY24	% of Revenue	FY25 (INR Mn)	% of Revenue	FY26 (INR Mn)	% of Revenue
Top 1	2,757.97	33.83%	4,998.20	50.81%	7,609.52	56.52%
Top 5	5,079.46	62.31%	7,375.18	74.97%	10,328.01	73.83%
Top 10	6,402.78	78.54%	8,225.64	83.62%	11,647.31	83.26%

Source: RHP, DR Choksey Research

Product Concentration

Molbio Diagnostics exhibits significant product concentration, with revenue primarily driven by its Truenat platform and disease-specific diagnostic test kits, particularly Tuberculosis (TB) test kits.

- **Truenat Platform and Test Kits:** The company's business model relies on the sale of Truenat devices and recurring revenue from disease-specific test kits. Revenue from test kits accounted for 73.98% of revenue from finished goods in FY26.
- **Tuberculosis (TB) Kit Concentration:** TB test kits remain the primary revenue driver within the diagnostic portfolio, contributing 70.20% of revenue from finished goods in FY26, compared with 69.11% in FY25 and 62.40% in FY24.
- **TB Kit Volume Concentration:** TB test kits accounted for 96.02% of total test kits sold in FY26, with 16.86 Mn units out of 17.56 Mn total test kits sold.
- **Other Disease Areas:** Despite offering testing for 30 diseases, other disease categories contributed relatively smaller volumes, with Hepatitis B and HLA-B27 accounting for 1.33% and 0.55%, respectively, of total test kits sold in FY26.

Particulars	FY24	% of Revenue	FY25	% of Revenue	FY26	% of Revenue
Revenue from diagnostic test kits for TB	5,087.19	62.40%	6,798.78	69.11%	9,820.12	70.20%
Revenue from diagnostic test kits for disease other than TB	438.26	5.28%	510.80	5.20%	528.08	3.78%
Total	5,525.45	67.78%	7,309.58	74.31%	10,348.20	73.98%

Source: RHP, DR Choksey Research

Realization and Capacity Utilization

Molbio has expanded its manufacturing capacity while scaling volumes across its Truenat platform. Capacity utilisation for test kits has increased steadily, while device utilisation moderated in FY26 following an increase in installed capacity. At the same time, realisation per unit has declined, indicating a greater focus on volume expansion and wider adoption of the platform.

1. **Truenet Devices:**
   - **Capacity:** Installed capacity for Truenat devices increased from 3,600 units in FY25 to 5,400 units in FY26, while production increased from 2,120 units to 2,284 units.
   - **Device Utilisation & Realisation:** Device capacity utilisation declined from 58.89% in FY25 to 42.30% in FY26, following the capacity expansion. Meanwhile, device realisation declined from INR 0.93 Mn/unit in FY25 to INR 0.81 Mn/unit in FY26, despite devices sold increasing from 2,180 to 2,524.
2. **Test Kit:**
   - **Capacity Utilisation:** Test-kit production increased from 10.71 Mn units in FY24 to 22.72 Mn units in FY26, with capacity utilisation improving from 27.45% to 58.25% over the same period.
   - **Test-Kit Realisation:** Test-kit realisation declined from INR 628/unit in FY24 to INR 589/unit in FY26, while test-kit sales increased from 8.80 Mn units to 17.56 Mn units, reflecting strong volume-led growth.

Truenet Devices	FY24	FY25	FY26
Capacity	3,600	3,600	5,400
Production	714	2,120	2,284
Utilization	19.83%	58.89%	42.30%
Units Sold	2,011	2,180	2,524
Revenue (In Mn)	1,847	2,030	2,033
Realisation (Mn/unit)	**0.918349**	**0.931**	**0.805404**

Test-kits	FY24	FY25	FY26
Capacity	3,90,00,000	3,90,00,000	3,90,00,000
Production	1,07,07,041	1,69,43,080	2,27,16,566
Utilization	27.45%	43.44%	58.25%
Units Sold (In Mn)	8.8	12.24	17.56
Revenue (In Mn)	5525.45	7309.58	10348.2
Realisation per unit	**627.89**	**597.19**	**589.31**

Other Products	As of For the year ended Mar'31, 2026			As of For the year ended Mar'31, 2025			As of For the year ended Mar'31, 2024		
	Installed Capacity (Units)	Actual Production (Units)	Capacity Utilisation (%)	Installed Capacity (Units)	Actual Production (Units)	Capacity Utilisation (%)	Installed Capacity (Units)	Actual Production (Units)	Capacity Utilisation (%)
X-ray Devices	1,820	923	50.71%	1,820	350	19.23%	3,640	423	11.62%
Digital Pathology Scanners	120	33	27.50%	NA	NA	NA	NA	NA	NA

The blended ASP of Truenat devices stand at INR 8,05,404, while the average selling price (ASP) of test kits is INR 589. Assuming full capacity utilisation and a successful ramp-up in volumes, with realisations remaining broadly stable, the company has the potential to more than double its standalone revenue from FY26 levels, driven by higher device placements and the resulting increase in recurring test-kit consumption.

Parameters	Current PCR machines (Centralised)	Truenat (Decentralised)
TAT	120 mins	60 mins
Cost	INR 12-15lakhs	INR 6.5-13lakhs
Power source	Primary power source	Battery operated
Temperature	4°C to 99°C	Can work in high temperature
Samples	Batch processing upto 96 tests (require fixed number of samples to start the test)	1/2/4 samples processed simultaneously
Portability	Not portable	Portable, designed for field use
Training	Training is required	User-friendly, minimal training
Maintenance	Proper and routine maintenance	Low maintenance, minimal calibration

Source: RHP, Company, DR Choksey Research

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How the Machine Works

Step 1 – Sample Preparation:
The Truenat solution comprises Trueprep AUTO V2, a fully automated, universal cartridge-based sample preparation device, and Truelab, a real-time quantitative micro-PCR analyzer.

Step 2 – Nucleic Acid Extraction:
Trueprep AUTO V2 is a fully automated extraction device used for the extraction and purification of nucleic acids from a wide range of specimen types, including cerebrospinal fluid (CSF), pus, blood, urine, tissue, sputum, pleural fluid, lymph node aspirate, peritoneal fluid, plasma, serum, saliva, stool, swabs and bronchoalveolar lavage (BAL). The automated extraction and purification process is completed in approximately 20 minutes.

Step 3 – PCR Amplification and Detection:
Following nucleic acid extraction, the sample is transferred to the Truelab Micro PCR Analyzer, which amplifies the extracted RNA/DNA using Polymerase Chain Reaction (PCR) technology and disease-specific Truenat micro-PCR chips. The complete sample-to-result process is completed within approximately 35 minutes, enabling rapid detection of infectious diseases with the high sensitivity and specificity associated with PCR-based testing.

Truenat Platform

The Truenat platform is a portable, automated molecular diagnostics platform designed to provide rapid and reliable testing at the point of care. The platform combines a simple workflow, portability, automation and rapid sample-to-result turnaround time, enabling a broad range of molecular tests to be performed efficiently and with high sensitivity and specificity compared with conventional diagnostic methods.

The platform is particularly suited to underserved and resource-constrained settings, where access to centralized diagnostic facilities may be limited. Its portable and decentralized architecture helps address key challenges including limited access to diagnostic infrastructure, the need for cost-effective testing solutions, timely disease detection and treatment, and dependence on conventional laboratory infrastructure and electricity-intensive systems.

The Truenat platform comprises two primary portable instruments:

- Trueprep universal nucleic acid extraction device: Performs fully automated sample preparation, including extraction and purification of nucleic acids from various specimen types.
- Truelab analyzer: Performs real-time PCR-based amplification and detection of target pathogens.

The Truelab analyzer is available in three variants based on testing capacity:

- **Truelab UnoDx:** One test at a time
- **Truelab Duo**: Two tests simultaneously
- **Truelab Quattro:** Four tests simultaneously

Testing is conducted using disease-specific Truenat test kits, which are ready-to-use, room-temperature-stable, single-use consumables containing the necessary reagents required to perform real-time PCR testing on Truelab analyzers. This integrated system simplifies molecular testing and reduces the need for complex laboratory infrastructure.

The company markets the Truenat platform globally across public health programmes, diagnostic laboratories, and private and public hospitals. As of March 31, 2026, the company had sold more than 12,500 devices across over 90 countries, highlighting the platform's global adoption and scalability

Source: RHP, Company, DR Choksey Research

Other Platforms

OptraScan is a digital pathology solution designed to support the digitisation of histopathology workflows. Using whole slide imaging scanners, integrated analytical software, and secure cloud-based infrastructure, OptraScan converts glass slides into high-resolution digital images for viewing, analysis, and sharing.

The ProRad Atlas Ultraportable is an AI-powered, ultraportable digital X-Ray system designed for imaging in various settings, including home healthcare, mobile health camps, and remote areas.

Source: Company, DR Choksey Research

Key Strengths

- **Proprietary technology moat:** The Truenat platform enables rapid, point-of-care molecular diagnostics — a portable, battery-operated alternative to centralized lab-based PCR testing, with 43 assays live across 30 diseases as of March 31, 2026.

- **Deep government channel penetration:** The company has built a strong footprint within government and public health procurement programs, giving it privileged access to India's largest institutional testing volumes.

- **Broad and expanding disease coverage:** Current coverage spans TB, COVID-19, HIV, hepatitis B & C, and HPV — addressing several of the highest-burden infectious diseases globally. Six new assays were launched in the last three fiscal years alone, and 34 further assays across 22 diseases are in the pipeline, supported by the platform's inherent flexibility for continuous menu expansion.

- **Vertically integrated innovation engine:** In-house R&D is directly supported by integrated manufacturing capabilities, allowing the company to move from assay development to commercial deployment without third-party dependency — with continued investment planned in R&D and the sales/marketing network to sustain this edge.

- **Established and scaling global footprint**. Products are already deployed across 90+ countries — including Nigeria, Bangladesh, and Kenya as of March 31, 2026 — giving the company a proven international distribution base. The company is prioritizing deeper exports into Africa and Southeast Asia, entry into Latin America, and new-market registrations including the US and EU.

- **Positioned for a structural industry shift**: The global move from smear-based TB testing to molecular diagnostics could shift 15–20 crore tests annually onto molecular platforms. Since the top 30 high-TB-burden countries account for 87% of global cases — led by India — and Truenat is already present in most of these markets, Molbio sits directly in the path of this transition.

- **Platform extensibility beyond infectious disease:** R&D and multiplex PCR capabilities are being extended into immunochemistry, hematology, histopathology, antimicrobial resistance detection, and biochemistry — opening a path into non-communicable disease diagnostics beyond the current infectious-disease core.

- **Proven inorganic execution:** 70% stake in Prognosys Medical Systems strengthened the digital imaging portfolio under "ProRaD" and enabled end-to-end POC screening for infectious diseases. Prognosys's e-clinic model — remote patient data transfer for immediate consultation — extends diagnostic access into underserved regions, alongside a veterinary imaging division with international expansion plans.

Key Risks

- **Competition & Technological Disruption:** While Molbio has no direct competitor today for a battery-operated multi-disease POC-PCR platform, Cepheid (GeneXpert, now part of Danaher), Abbott (ID NOW), bioMérieux, and Roche Diagnostics all have integrated PCR platforms with greater financial resources, global distribution, and R&D budgets. A well-funded competitor entering the POC-PCR space with a superior or cheaper platform could erode Molbio's market position. CRISPR-based and isothermal amplification platforms are early-stage potential disruptors.

- **Acquisition Integration Risk:** Goodwill + intangibles jumped from INR 566 Mn to INR 2,329 Mn in FY26 (17.8% of equity). OptraScan (60% stake) and Prognosys are still being integrated. OptraScan's share of associates loss was INR 22 Mn in FY26. If acquired businesses fail to scale or require further capital, impairment risk could emerge. Prognosys radiology and OptraScan digital pathology are distinct businesses from core molecular diagnostics and will stretch management bandwidth.

- **Export Revenue Lumpiness:** Export revenue fell from INR1,971 Mn (FY25) to INR 1,390 Mn (FY26) despite domestic revenue growing 59%. International procurement from aid agencies is inherently lumpy and project-based. The US and EU market entry strategy is still early-stage (no US FDA clearance for Truenat platform yet).

- **Customer Concentration & Government Dependence:** 84.6% of finished goods revenue comes from government and aid agencies. Top 10 customers = 83.3% of revenue. Any policy shift — reduced NTEP funding, change in procurement norms from proprietary to competitive tender, price caps — would have a disproportionate impact. The government could also shift to alternate technologies or mandate open-platform architectures. The closed-system moat is only as durable as the regulatory endorsement that supports it.

- **Cash Flow Quality & Working Capital:** PAT-to-CFO conversion was only 31% in FY26. Working capital swings are extreme (INR -2,201 Mn to INR +818 Mn to INR -2,318 Mn over three years). Government receivables carry inherent collection risk. If the business scales further without proportional CFO improvement, the company may need continued debt funding to finance growth — eroding the quality of the growth story.

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Financial Performance, Balance Sheet & Cash Flow Analysis

- Revenue growth was primarily driven by strong growth in test-kit volumes, which recorded a 41% CAGR, while device revenue remained broadly flat, increasing from INR 1,847 Mn to INR 2,033 Mn. This supports the recurring-revenue thesis, with increasing contribution from test-kit sales driving the overall growth rather than one-time device sales. Gross margin, calculated as raw material cost plus inventory change as a percentage of revenue, remained broadly stable at ~37–40%, indicating limited pressure on underlying product-level profitability.

- Despite strong revenue growth, EBITDA margin compressed from 25.0% in FY25 to 22.6% in FY26. The margin decline was primarily driven by a significant increase in employee costs, which rose from INR 1,028 Mn to INR 1,452 Mn (+41%), along with other expenses, which nearly doubled from INR 2,406 Mn to INR 4,028 Mn (+67%). The increase in operating expenses likely reflects investments in international go-to-market initiatives, regulatory filings, and the integration of Prognosys/OptraScan, which could support future growth but have weighed on near-term profitability.

- On a pre-R&D basis, management's preferred profitability metric, EBITDA stood at INR 4,157 Mn in FY26, translating into a 28.6% margin. This highlights the underlying profitability of the business before accounting for its relatively high R&D intensity. R&D expenditure stood at INR 875 Mn, or ~6% of revenue, reflecting continued investment in product development and innovation. The sharp reduction in exceptional items, from INR 532 Mn in FY24 to just INR 5 Mn in FY26, has also resulted in a more normalized reported PAT profile. The effective tax rate stood at approximately 29% in FY26.

- The balance sheet expanded significantly in FY26, with total assets increasing from INR 14,616 Mn to INR 21,484 Mn. The increase was primarily driven by three factors. First, goodwill and intangible assets increased sharply from INR 566 Mn to INR 2,329 Mn, largely reflecting the consolidation of OptraScan, including INR 621 Mn of goodwill and INR 1,708 Mn of other intangible assets. Second, cash and cash equivalents increased substantially from INR 1,147 Mn to INR 3,555 Mn. Third, non-current borrowings increased sharply from INR 61 Mn to INR 2,124 Mn, with the higher borrowing used to fund both organic capex and acquisitions.

- Despite the significant increase in gross debt, overall leverage remains manageable, with net debt at INR 571 Mn. However, the increase in borrowings and financial leverage warrants monitoring as the company continues to invest in capacity, international expansion and acquisitions. Financial leverage increased from 1.51x to 1.64x, reflecting the higher borrowing levels.

- Working capital efficiency has improved meaningfully over the period. Debtor days declined from 134 days in FY24 to 86 days in FY26, representing a ~36% improvement, while inventory turnover improved from 1.03x to 1.30x. However, trade receivables increased significantly to INR 4,087 Mn in FY26, following the improvement witnessed in FY25. The increase reflects the revenue ramp-up as well as some elongation in collection cycles, particularly from public-sector customers. Trade receivables increased by INR 1,460 Mn in FY26, compared with a INR 1,371 Mn decline in FY25, making the movement in receivables an important monitorable going forward.

- Cash-flow quality remains a key area of scrutiny. CFO has been highly volatile over the past three years, increasing from only INR 96 Mn in FY24 to INR 2,871 Mn in FY25, before declining sharply to INR 504 Mn in FY26. The primary driver of this volatility has been working capital movements, particularly trade receivables. Trade receivables consumed INR 2,639 Mn of cash in FY24, released INR 1,372 Mn in FY25, and again consumed INR 1,461 Mn in FY26. While this volatility is partly consistent with the lumpy nature of government procurement and quarterly payment cycles, the weak FY26 conversion remains a concern. PAT-to-CFO conversion was only ~31% in FY26 (INR 504 Mn CFO / INR 1,641 Mn PAT), which is a key red flag to monitor.

- Free cash flow generation has also remained inconsistent. FCF, calculated as CFO less capex, was negative at INR -65 Mn in FY24, improved sharply to INR 2,324 Mn in FY25, but was almost negligible at just INR 4 Mn in FY26. Thus, despite strong reported earnings growth, the company has not yet demonstrated consistent free cash flow generation. The FY26 financing cash flow of INR 2,761 Mn further highlights the reliance on external funding, comprising INR 2,248 Mn of long-term borrowings and INR 980 Mn of short-term borrowings. Consequently, the increase in cash balance during FY26 was largely supported by debt funding rather than internally generated operating cash flows.

- Overall, while the company continues to demonstrate strong test-kit volume growth, improving working-capital efficiency and manageable net leverage, declining EBITDA margins, higher operating expenses, rising borrowings, volatile CFO and weak FCF generation remain key areas of concern. The ability to convert reported earnings into sustainable operating cash flows, particularly as international operations and acquired businesses scale up, will be an important monitorable post listing.

Industry Overview

1. Macroeconomic Overview

- Global and Indian Growth: Global real GDP is projected to grow at an average of 3.2% between 2025 and 2030, while India is expected to maintain the highest growth rate among major economies at 6.5% over the same period.
- India's Economic Trajectory: India is currently the fourth largest economy and is estimated to reach a Nominal GDP of USD 6.2 trillion by 2030, up from USD 3.9 trillion in 2025, representing a CAGR of 9.5%.
- Per Capita Income and Healthcare Headroom: India's per capita income is expected to rise from USD 2,675.3 in 2025 to USD 4,047.8 by 2030. Despite this growth, India's healthcare expenditure stood at only 1.9% of GDP in 2024, significantly lower than developed nations like the USA (17.2%) and Germany (12.3%), indicating substantial headroom for expansion.

2. Indian Diagnostics Market Assessment

- Market Size and Growth: The Indian diagnostics market is valued at INR 1,354.2 billion (USD 15.3 billion) in Fiscal 2026. It is projected to grow at a CAGR of 11.7% to reach INR 2,356.5 billion by Fiscal 2031.
- In Vitro Diagnostics (IVD) Dominance: IVD contributes 56.1% of the total diagnostics market share, with a value of INR 760.5 billion in Fiscal 2026. Within IVD, clinical chemistry is the leading technique (31.0% share), followed by immunodiagnostics.
- Transition to Decentralization: The industry is witnessing a paradigm shift from centralized laboratories to decentralized testing models (peripheral and point-of-care), which reduce turnaround times and enhance patient access in remote areas.

3. Molecular Diagnostics Market

- Global Market Projection: The global molecular diagnostics market was valued at USD 19.8 billion in 2025 and is expected to reach USD 31.1 billion by 2030, growing at a CAGR of 9.4%.
- Technological Trends: Polymerase Chain Reaction (PCR) remains the dominant technology, holding a 42.9% share of the global molecular diagnostics market.
- Indian Market Potential: The molecular diagnostics segment in India is poised for rapid growth with a projected CAGR of 12.0% between Fiscal 2026 and 2031, driven by increasing awareness post-COVID-19 and advancements in point-of-care testing (POCT).

4. Point-of-Care Testing (POCT) Market

- Global POCT Dynamics: The global POCT market is valued at USD 29.3 billion in 2025 and is projected to grow at a CAGR of 17.9% to reach USD 67.1 billion by 2030. APAC is expected to be a major growth driver with an 18.7% CAGR.
- India POCT Market potential: India's POCT Total Addressable Market (TAM) is estimated at INR 203.2 billion in Fiscal 2026, projected to grow at a 17.0% CAGR to INR 446.8 billion by Fiscal 2031.
- Infectious Disease Focus: The Indian molecular POCT market for infectious diseases is valued at INR 61.6 billion in Fiscal 2026 and is expected to grow at a CAGR of 19.8% to reach INR 152.1 billion by Fiscal 2031. Tuberculosis (TB) and other respiratory diseases account for 70.9% of this market.

5. Competitive Landscape and Molbio's Position

- Oligopolistic Market Structure: The molecular diagnostic industry has high entry barriers due to extensive R&D requirements and stringent regulatory clearances.
- Molbio's Unique Standing: Molbio's 'Truenat' platform is the only Indian company and one of only two globally endorsed by the World Health Organization (WHO) for initial TB diagnosis and rifampicin resistance detection.
- Market Leadership: Molbio holds a 92% share of incremental installations under India's National Tuberculosis Elimination Program (NTEP) outside of designated microscopy centers since 2019. Key global competitors in this space include Cepheid, Eiken Chemical, Hain Lifesciences, Abbott Laboratories, bioMérieux etc.

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Peer Analysis

Company	Mkt Cap (₹ Cr)	P/E (x)*	EV/EBITDA*	ROCE (%)	3Y Sales CAGR	EBITDA Margin
Molbio Diagnostics**	**9,300**	**56.7**	**27.9**	**17.55%**	**20.5%**	**22.56%**
Poly Medicure Ltd	17,461	53.6	30.1	15.00%	16%	28%
Dr. Lal PathLabs	28,384	57.6	33.6	28.50%	15%	27%
Metropolis Healthcare	12,004	56.1	26.6	15.90%	9%	25%
Vijaya Diagnostic Centre	13,802	74.2	37.2	22.10%	19%	44%
Tarsons Products Ltd	1,529	110	14.3	4.60%	6%	28%
Krsnaa Diagnostics	1,810	17.7	7.79	12.70%	14%	31%
Average Valuation (exl Molbio)		**62x**	**25x**			

Source: DR Choksey Research
**Stock Price and Valuation as on 7th Aug 2026*
***Molbio Valuation done on post-issue basis*

- Molbio Diagnostics trades at 56.7x P/E and 27.9x EV/EBITDA, broadly reasonable relative to diagnostics peers, which trade at ~62x P/E and 25x EV/EBITDA. While Molbio commands a slight premium on EV/EBITDA, the valuation is supported by its higher growth potential, differentiated molecular diagnostics portfolio and significant operating leverage opportunity, with current capacity utilisation at only 40–60%.
- The company also reports pre-R&D EBITDA margins of ~29%, which are expected to improve as utilisation scales up and fixed costs get absorbed. Importantly, Molbio's R&D intensity is significantly higher at ~6% of revenue, compared with <2% for peers such as Poly Medicure, reflecting greater investments in product development and innovation and potentially providing a stronger long-term competitive moat.
- Molbio also has a relatively stronger international presence, with exports contributing ~10% of revenue, the highest among its key peers. This provides greater geographical diversification and offers an additional growth avenue as the company expands its international footprint. Overall, the modest EV/EBITDA premium appears justified by Molbio's under-utilised capacity, higher R&D investments, superior export exposure and potential for margin expansion through operating leverage.

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Financial Summary

Balance Sheet (INR in Mn)

Particulars	FY24	FY25	FY26
Assets			
Non-current Assets			
Property, Plant & Equipment	1,679.09	2,040.57	2,480.82
Capital Work-in-Progress	15.83	273.31	113.21
Investment Property	329.69	-	-
Goodwill	38.41	38.41	621.28
Other Intangible Assets	704.16	527.8	1,708.05
Intangible Assets Under Development	-	-	-
Right-of-Use Assets	142.24	288.34	553.56
Investments Accounted for Using Equity Method	59.83	455.65	59.77
Financial Assets			
Investments	0.03	0.03	0.03
Loans	-	-	93.28
Other Financial Assets	261.11	327.76	819.25
Deferred Tax Assets (Net)	291.12	469.43	515.53
Non-current Tax Assets (Net)	145.51	185.81	168.8
Other Assets	311.93	616.84	595.52
Total Non-current Assets	**3,978.95**	**5,317.23**	**7,635.82**
Current Assets			
Inventories	3,151.44	4,359.13	4,492.62
Financial Assets			
Trade Receivables	4,254.46	2,716.60	4,087.36
Cash & Cash Equivalents	221.1	1,147.48	3,555.30
Bank Balances (Other than Cash Equivalents)	-	143.06	115.79
Other Financial Assets	92.18	65.66	255.27
Other Assets	512.43	866.39	1,342.08
Total Current Assets	**8,231.61**	**9,298.32**	**13,848.42**
Total Assets	**12,210.56**	**14,615.55**	**21,484.24**
Equity & Liabilities			
Equity			
Equity Share Capital	22.54	22.56	112.76
Other Equity	8,211.27	9,661.35	11,580.60
Equity Attributable to Equity Holders	8,233.81	9,683.91	11,693.36
Non-controlling Interest	54.56	-11.06	1,394.40
Total Equity	**8,288.37**	**9,672.85**	**13,087.76**
Non-current Liabilities			
Financial Liabilities			
Borrowings	151.23	61.44	2,124.06
Lease Liabilities	46.34	174.14	272.03
Other Financial Liabilities	247	247	-
Net Employee Defined Benefit Liabilities	18.96	40.53	95.66
Deferred Tax Liabilities (Net)	31.03	2.94	331.14
Total Non-current Liabilities	**494.56**	**526.05**	**2,822.89**
Current Liabilities			
Financial Liabilities			
Borrowings	1,594.54	1,170.19	2,002.32
Lease Liabilities	44.14	63.55	102.35
Trade Payables	939.88	2302.12	1995.02
Other Financial Liabilities	133.57	262.15	369.07
Net Employee Defined Benefit Liabilities	8.41	9.2	18.48
Other Liabilities	499.12	402.75	772.25
Provisions	207.97	206.69	314.1
Total Current Liabilities	**3,427.63**	**4,416.65**	**5,573.59**
Total Liabilities	**3,922.19**	**4,942.70**	**8,396.48**
Total Equity & Liabilities	**12,210.56**	**14,615.55**	**21,484.24**

Source: RHP, DR Choksey Research

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Income Statement (INR in Mn)

Particulars	FY24	FY25	FY26
Income			
Revenue from Operations	8,365.61	10,204.18	14,456.87
Other Income	40.98	75.18	94.83
Total Income	**8,406.59**	**10,279.36**	**14,551.70**
Expenses			
Cost of Raw Materials & Components Consumed	3,199.28	4,347.71	5,699.23
Changes in Inventories of Finished Goods, Stock-in-Trade & WIP	196.75	-224.67	12.86
Purchase of Traded Goods	8.2	25.38	49.66
Employee Benefit Expenses	638.92	1,027.85	1,452.27
Depreciation & Amortisation Expenses	410.08	445.53	636.4
Finance Costs	144.46	176.58	334.66
Other Expenses	1,980.65	2,405.68	4,028.42
Total Expenses	**6,578.34**	**8,204.06**	**12,213.50**
EBIT	**1,828.25**	**2,075.30**	**2,338.20**
Share of Loss of Associates (Net of Tax)	-0.17	-19.7	-21.98
Profit Before Exceptional Items & Tax (PBT)	**1,828.08**	**2,055.60**	**2,316.22**
Exceptional Items (Net)	531.69	111.32	4.85
Profit Before Tax (PBT)	**1,296.39**	**1,944.28**	**2,311.37**
Tax Expenses			
Current Tax	649.53	759.58	732.93
Deferred Tax (Credit) / Charge	-192.41	-204.13	-62.96
Adjustment of Tax Relating to Earlier Years	3.85	3.04	-
Total Tax Expenses	**460.97**	**558.49**	**669.97**
Restated Profit/(loss)	835.42	1385.79	1641.4
EPS	9.05	12.87	14.77

Cash Flow Statement (INR in Mn)

Particulars	FY24	FY25	FY26
Profit before tax	1,296.39	1,944.28	2,311.37
Adjustments Related to Non-Cash & Non-Operating Items			
Operating Profits before Working Capital Changes	2,731.33	2,851.05	3,528.27
Adjustments for Changes in Working Capital			
Net cash generated from operations before tax	530.35	3,669.69	1,210.68
Income tax (paid)/Refund, (net)	-434.65	-798.66	-706.83
Net cash generated from operating activities	95.70	2,871.03	503.85
Net cash used in investing activities	-450.10	-1,226.5	-932.22
Net cash used in financing activities	-315.53	-261.47	2,760.66
Net (decrease)/increase in cash and cash equivalents during the period	-669.93	1,383.03	2,332.29
Cash and Cash Equivalents at the beginning of the year	-80.78	-750.71	632.32
Add: Upon addition of subsidiary (net of cash consideration paid)			244.94
Net foreign exchange difference on cash and cash equivalents			148.18
Cash and cash equivalents as at the end of the period	**-750.71**	**632.32**	**3,357.73**

Source: RHP, DR Choksey Research

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About the Management

- **Sriram Natarajan – Executive Director & CEO:** 35 years of experience in diagnostics, covering product development, manufacturing and marketing across domestic and international markets. Co-founder of Tulip Diagnostics. Recipient of Healthcare Award 2021, Tech Leader 2023 and Businessperson of the Year 2025.

- **Dr. Chandrasekhar Bhaskaran Nair – Executive Director & CTO:** 34 years of experience in translational R&D and leading multidisciplinary product development teams. Former Head of Engineering & Computer Sciences at Vittal Mallya Scientific Research Foundation. Recipient of the Infosys Prize 2021 and Healthcare Award 2021.

- **Sangeetha Sriram – Executive Director & Director Operations:** Responsible for operations and administration. Holds B.Sc. and M.Sc. in Botany from Sri Venkateswara University and University of Delhi, respectively. Has 5 years of experience in the diagnostics sector.

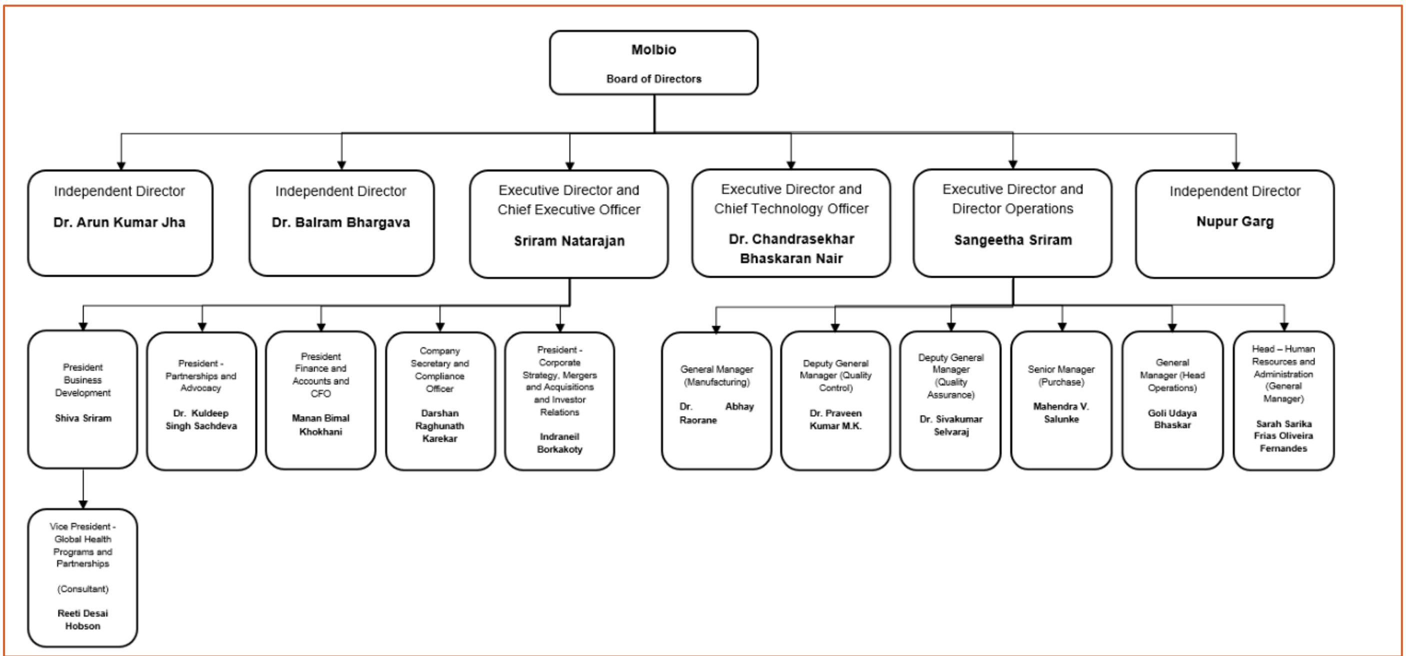
- **Dr. Arun Kumar Jha – Independent Director:** Retired Indian Economic Service officer with 36 years of public-sector experience. Former Principal Adviser, Ministry of Agriculture & Farmers Welfare and consultant at John Snow India. Currently Chancellor of NIAMT, Ranchi.

- **Dr. Balram Bhargava – Independent Director:** Medical professional with over 30 years of experience, including as Professor of Cardiology at AIIMS and Director General of ICMR. Former Secretary, Department of Health Research, Ministry of Health & Family Welfare. Currently serves as Director on the board of Cipla.

- **Nupur Garg – Independent Director:** Finance and private equity professional with 23+ years of experience, including roles at IFC and Discovery Communications India. MIT MBA and ICAI Associate. Has held advisory/directorship roles across investment and infrastructure platforms and has been recognised among influential women in finance/private markets.

- **Manan Bimal Khokhani – CFO:** Chartered Accountant with 15 years of experience in finance and accounts. Previously worked with Larsen & Toubro, Thermo Fisher Scientific India and Worley Services India. Joined the Company in December 2025.

- **Darshan Raghunath Karekar – Company Secretary & Compliance Officer:** Fellow member of ICSI with 8 years of manufacturing-sector experience. Previously held company secretarial and compliance roles at Smartlink Holdings, Digisol Systems, Chowgule Steamships and Goa Glass Fibre.



Source: RHP, DR Choksey Research

OFS - Selling Shareholders

Category	Pre IPO	Post IPO
Promoter and Promoter Group	44.89%	41.29%
Public	55.11%	58.71%
Total	**100%**	**100%**

Name	Category	No. of Shares Offered	Amount (INR Cr.)
Exxora Trading LLP	Promoter	18,11,000	146.15
Chandrasekhar Bhaskaran Nair	Promoter	12,21,000	98.53
Gopalkrishna Mangalore Kini	Other	11,25,000	90.79
J. Guru Dutt	Other	9,02,000	72.79
Gopalakrishna Sampathgiri	Other	9,02,000	72.79
Sangeetha M. Kini	Other	4,52,000	36.48
M. A. Usha Rani	Other	4,51,000	36.40
M. A. Rohit	Other	2,48,000	20.01
Abdul Qadir Mohamed Theruvath	Other	48,000	3.87
M. Ganesh Kamath	Other	17,000	1.37
M. A. Sharath	Other	2,02,000	16.30
Shaheeda Abdul Kader	Other	97,000	7.83
Shruthi G. Kini	Other	2,26,000	18.24
Vivek Devaraj	Other	78,000	6.29
India Business Excellence Fund III	Corporate	10,00,000	80.70
Chewbacca Services Ltd.	Corporate	1,93,000	15.58
Sujay Ltd.	Corporate	1,93,000	15.58
Total		**91,66,000**	**739.70**

Source: RHP, DR Choksey Research

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