

Bio Medica Laboratories IPO

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Reviewed on 20 May 2026

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- Most of its business comes from contract manufacturing of pharma products.
- It is operating in a highly competitive and fragmented segment.
- Based on its recent financial data, the issue appears aggressively priced.
- Only well-informed/cash surplus/risk seekers may park moderate funds for medium term.
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About the Company

Bio Medica Laboratories Ltd. (BMLL) is engaged in the manufacturing of Pharmaceutical Parenteral Formulations. It manufactures generic drugs in the form of injectables namely Liquid Injections and Dry Powder Injections. These injectables are available in both single dose and multi dose forms, catering both human and veterinary needs. Its products address a wide range of medical needs and preferences.

The Company operates on a B2B business model through contract manufacturing and does not deal directly with the end users. The company manufacture formulations for various companies according to their specific requirements and specifications for the type of formulation needed. Additionally, BMLL enters into agreements with them, allowing their name and address to be displayed on the packaging as "Technical Collaborator" or "marketed by" alongside Company's name as the manufacturer. It holds Good Manufacturing Practices (GMP) certificate issued by Food & Drugs Administration, Madhya Pradesh, for complying with established GMP standards and guidelines. The company maintains stringent quality control standards throughout the entire manufacturing process. This ensures that its products consistently meet relevant quality standards before they reach the market.

BMLL also possesses a Good Laboratory Practices (GLP) certificate issued by the Food & Drugs Administration, Madhya Pradesh, demonstrating its commitment in maintaining standards of quality and compliance in laboratory operations. Its in-house laboratory is equipped with various instruments, such as HPLC (High-Performance Liquid Chromatography), GC (Gas Chromatography), UV-Vis (Ultraviolet-Visible Spectrophotometer), polarimeter, and other advanced equipments and instruments. This comprehensive array of tools enables it to conduct a wide range of tests and analyses efficiently and accurately. Further, the Company continues to benefit from the various incentives extended by the government to support the MSME segment. Under the MSME Incentive Scheme 2021.

The company manufactures pharmaceutical formulations based solely on formulas and processes that are publicly available and not protected by any patent rights. As a result, it does not require acquiring patents or maintaining an in-house research and development department. Additionally, the company ensures that all required standards and environmental conditions, including the appropriate temperature, are maintained throughout the manufacturing process until the product is dispatched. Its revenue mix includes sale of manufactured goods and traded goods. As of April 30, 2026, it had 56 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 3772000 equity shares of Rs. 10 each to mobilize Rs. 52.43 cr. at the upper cap. The company has announced a price band of Rs. 132 - Rs. 139 per share. The IPO consists of 3395000 fresh equity shares worth Rs. 47.19 cr. (at the upper cap), an Offer for Sale (OFS) of 377000 equity shares worth Rs. 5.24 cr. (at the upper cap). The minimum application to be made is for 2000 shares and in multiples of 1000 shares thereon, thereafter. The IPO opens for subscription on May 21, 2026, and will close on May 25, 2026. The IPO constitute 30% of the post-IPO paid-up capital of the company. The shares will be listed on NSE SME Emerge. From the net proceeds of the fresh equity share issue, it will utilize Rs. 6.50 cr. for repayment/prepayment of certain borrowings, Rs. 28.50 cr. for capex on setting up of new manufacturing facility at the existing premises, and the rest for general corporate purposes.

The IPO is solely lead managed by Narnolia Financial Services Ltd., and Skyline Financial Services Pvt. Ltd. is the registrar to the issue. Prabhat Financial Services Ltd., is the market maker. The IPO is underwritten to the tune of 15.01% by Narnolia Financial, and 84.99% by Giriraj Stock Broking Pvt. Ltd.

The company has issued initial equity capital at par value. It has also issued bonus shares in the ratio of 50 for 1 in September 2024, and 8 for 10 in November 2024. The average cost of acquisition of shares by the promoters is Rs. NIL per share.

Post-IPO, company's current paid-up equity capital of Rs. 9.18 cr. will stand enhanced to Rs. 12.58 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 174.79

cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/ net profit, of Rs. 16.25 cr. / Rs. 0.33 cr. (FY23), Rs. 15.34 cr. / Rs. 2.50 cr. (FY24), Rs. 38.33 cr. / Rs. 9.50 cr. (FY25). For 8M of FY26 ended on November 30, 2025, it earned a net profit of Rs. 8.66 cr. on a total income of Rs. 28.63 cr. While it posted higher net on a lower top line for FY24, the higher margins from FY25 onward not only raise eyebrows, but also concern over its sustainability as it is operating in a highly competitive and fragmented segment.

After static top and bottom lines for FY24 and FY25, it marked bumper jump in top and bottom lines for FY26, that not only raise eyebrows but also concern over its sustainability. FY26 financial data appears to have been inflated to fetch fancy valuation for IPO. The company is asking fancy price based on such inflated numbers.

For the last three fiscals, the company has reported an average EPS of Rs. 6.30, and an average RoNW of 74.69%. The issue is priced at a P/BV of 7.46 based on its NAV of Rs. 18.64 per share as of November 30, 2025, and at 2.72 P/BV based on its post-IPO NAV of Rs. 51.14 at the upper cap.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 13.46, and based on FY25 earnings, the P/E stands at 17.84. Though the issue appears fully priced, based on its bumper earnings for FY26, (which may not be sustained). On other parameters, it appears aggressively priced.

For the reported periods, the company has posted PAT margins of 2.06% (FY23), 16.39% (FY24), 25.64% (FY25), 30.35% (8M-FY26), and RoCE margins of 10.16%, 29.92%, 48.20%, 23.24% respectively, for referred periods. Its debt-equity ratio of 2.23 as of November 30, 2025, raise alarm.

Dividend Policy

The company has not declared dividend for any financial year. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Zenotech Lab, Shukra Pharma, as its listed peers. They are currently trading at a P/E of NA, and 60.3 (as of May 18, 2026). However, they are not truly comparable on an apple-to-apple basis. This compare appears to be an eyewash.

Merchant Banker's Track Record

This is the 29th mandate from Narnolia Financial in the last four fiscals (including the ongoing one). From the last 10 listings, 2 listed at discount, and the rest with premium ranging from 19.23% to 90% on the date of listing.

Conclusion / Investment Strategy

BMLL is engaged in the manufacturing and trading of pharma products in B2B segment. Most of its business comes from contract manufacturing of pharma products. It is operating in a highly competitive and fragmented segment. Based on its recent financial data, the issue appears aggressively priced. Only well-informed/cash surplus/risk seekers may park moderate funds for medium term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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