IPO REVIEW

Modern Diagnostic & Research Centre IPO

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- The company is a pathology and radiology tests provider with all related services under one roof.
- The company has its operations in 8 states with 21 centres and is also on expansion spree.
- With hub and spoke method, it operates asset light operations resulting in higher margins.
- Based on its recent financial data, the issue appears reasonably priced.
- Investors can park funds for medium to long term.

About the Company

Modern Diagnostic Research Centre Ltd. (MDRCL) is a services provider in diagnostic and related healthcare tests services in India. It offers a one-stop solution for pathology and radiology testing services such as imaging (including radiology), pathology/clinical laboratory. Through its integrated, nationwide network, the company offers a complete range of diagnostic facilities in radiology and pathology. It provides healthcare tests and services for use in core testing, patients' diagnosis and prevention, monitoring of disease and other health conditions. Its customers include individual patients, hospitals and other healthcare providers and corporate customers.

MDRCL is focused on providing reliable diagnostic and related healthcare tests and value-added services such as home collection of specimens and online access to test reports. The company also offers customized test packages to institutional customers/patients as per their requirement. Its patient centric approach is a critical differentiator which results in several individuals and healthcare providers choosing it as their diagnostic healthcare services provider. Presently, the company has 21 centres which includes 18 laboratories and 3 diagnostics centres in 8 states. The company offers wide range of diagnostic facilities in Radiology and High-end Pathology.

Its healthcare tests and services include Ultrasound and colour doppler, CT scan, MRI, Digital X-ray, Mammography, Heart lab, Neuro lab and laboratory, ECG, CBCT, OPG, PFT etc. Its diagnostic testing portfolio includes (i) "Pathology" which includes Anatomical Pathology, Clinical Pathology, Forensic Pathology and Molecular Pathology; (ii) "Radiology" which includes Diagnostic Radiology and Interventional Radiology such as X-ray, Computed Tomography (CT scan), Magnetic Resonance Imaging (MRI), Ultrasound etc. It performs these tests and services in its clinical laboratories using sophisticated and computerized instruments.

The company focuses on providing quality diagnostic and related healthcare tests and services to patients. This is because in India, patients generally choose their diagnostic healthcare service

provider based on quality and affordability. Patients and healthcare providers seek good and reliable healthcare service providers. The company has also implemented a PACS (Picture Archiving and Communication System) for efficient data storage, retrieval, and management of medical images. This advanced system allows it to securely store diagnostic images such as X-rays, CT scans, MRIs, and ultrasounds in a digital format, eliminating the need for physical film. Additionally, PACS enables seamless remote access to medical images and reports via the internet. This allows radiologists and healthcare professionals to analyse and interpret diagnostic images from any location, improving workflow efficiency and ensuring faster reporting. With this system, patient data remains securely stored while providing quick and convenient access for accurate diagnosis and timely medical decisions.

Its revenue mix is approx..25% from Radiology and 75% from Pathology. It served 381127 patients as of June 30, 202, against 1368567 as of March 31, 2025. As of September 30, 2025, it had 616 employees (including Doctors and Consultants) on its payroll. Post planned expansion, the management is aiming for revenue mix of 40% Radiology and 60% from Pathology.Radiology is a high margin business for the company.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 4099200 equity shares of Rs. 10 each to mobilize Rs. 36.89 cr. The company has announced the price band of Rs. 85 – Rs. 90 per share of Rs. 10 each. The IPO opens for subscription on December 31, 2025, and will close on January 02, 2025. The minimum application to be made is for 3200 shares and in multiple of 1600 shares thereon, thereafter. Post allotment, shares will be listed on BSE SME. The issue constitutes 27.15% of post-IPO paid-up equity capital of the company. From the net proceeds of the issue, the company will utilize Rs. 8.00 cr. for working capital, Rs. 20.69 cr. for capex on purchase of medical equipment for diagnostic centre and labs, Rs. 1.00 cr. for repayment of certain outstanding, and the rest for general corporate purpose.

The IPO is solely lead managed by Beeline Capital Advisors Pvt. Ltd., while MUFG Intime India Pvt. Ltd. is the registrar to the issue. Beeline Group’s Spread X Securities Pvt. Ltd. Is the market maker, as well as a syndicate member.

The company has issued/converted entire initial equity shares at par value, it has also issued bonus equity shares in the ratio of 10 for 1 in February 2025. The average cost of acquisition of shares by the promoters is Rs. 0.90, and Rs. 0.91 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 11.00 cr. will stand enhanced to Rs. 15.10 cr. Based on the upper price band of the IPO, the company is looking for a market cap of Rs. 135.89 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit/ - (loss), of Rs. 56.61 cr. / Rs. – (5.73) cr. (FY23), Rs. 68.67 cr. / Rs. 5.80 cr. (FY24), Rs. 78.80 cr. / Rs. 8.97 cr. (FY25). For Q1- FY26 ended on June 30, 2025, it earned a net profit of Rs. 3.00 cr. on a total income of Rs. 22.67 cr.

For the last three fiscals, the company has reported an average EPS of Rs. 4.96, and an average RoNW of 22.04%. The issue is priced at a P/BV of 4.17 based on its NAV of Rs. 21.57 as of June 30, 2025, but its post-IPO NAV data is missing from the offer documents.

If we attribute its FY26 super annualized earnings on post-IPO expanded equity base, then the asking price is at a P/E of 11.34, and based on its FY25 earnings, the P/E stands at 15.15. Thus, the issue appears reasonably priced.

The company has posted PAT margins of – (10.18) % (FY23), 8.63% (FY24), 11.51% (FY25), 13.32% (Q1-FY26), but its RoCE Margins data is missing from the offer document.

Dividend Policy

The company not paid any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performances and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Vijaya Diagnostic as its listed peer. It is currently trading at a P/E 69.4 (as of December 24, 2025, 2025). However, they are not truly comparable on an apple-to-apple basis. This comparison with only one peer appears an eyewash.

MERCHANT BANKER’S TRACK RECORDS:

This is the 70th mandate from Beeline Capital in the last four fiscals. Out of the last 14 listings, all listed with premium ranging from 0.56% to 146.91% on the date of listing.

Conclusion / Investment Strategy

MDRCL is a pathology and radiology tests provider with all related services under one roof. The company has its operations in 8 states with 21 centres and is also on expansion spree. With hub and spoke method, it operates asset light operations resulting in higher margins. Despite rising competition and fragmented segment, it hopes to maintain the trends. Based on its recent financial data, the issue appears reasonably priced. Investors can park funds for medium to long 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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