IPO REVIEW

Molbio Diagnostics IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127 Reviewed on 8 August 2026

- The company has emerged as a leading player in innovative point-of-care diagnostics products based on modern technology.
- It has a global presence with more than 100 countries using its products and services.
- The company marked steady growth in its top and bottom lines for the reported periods.
- The company enjoys virtual monopoly in its offerings.
- Based on its recent financial data, the issue appears fully priced.
- Well-informed investors can park funds for medium to long term.

About the Company

Molbio Diagnostics Ltd. (MDL) is an innovative point-of-care (“POC”) diagnostics company focused on expanding access to accurate, rapid and cost-effective healthcare technologies to diagnose infectious and non-communicable diseases. It has developed ‘Truenat’ platform, which is a novel POC polymerase chain reaction (“PCR”) platform that can operate in resource limited settings since its battery operated, facilitating decentralized diagnosis within an hour. As of March 31, 2026, Truenat is patented in more than 100 countries for the diagnosis of multiple infectious and non-communicable diseases.

As of March 31, 2026, it offers molecular testing for 30 diseases, including tuberculosis (“TB”), COVID, Hepatitis B and C, Human immunodeficiency virus (“HIV”), and Human Papillomavirus (“HPV”) with 43 assays. MDL operates in an oligopolistic market with high entry barriers, evidenced by the fact that its platform underwent 13 years of R&D to obtain Indian Council of Medical Research (“ICMR”) certification and ‘Truenat’ test chip for diagnosing TB is the only one by an Indian company and one of the only two rapid molecular tests in the world, which has been endorsed by the World Health Organization (“WHO”) for initial diagnosis of TB and rifampicin resistance detection using molecular diagnostic technology. (Source: 1Lattice Report).

The company also provide devices, enabling radiology, digital pathology and breast health screening, through its Subsidiaries, Prognosys and OptraScan and collaboration partner - UE Lifesciences. Further, it is focused towards building a pipeline of additional products and platforms that are currently at various stages of development. The total addressable market for global POCT (based on the number of tests conducted) currently stands at USD 29.3 billion (equivalent to Rs. 2588.6 billion) (infectious and non-infectious diseases) and is projected to grow at CAGR of 17.9% between 2025 and 2030 to be a USD 67.1 billion (equivalent to Rs. 5928.2 billion) market by 2030. (Source: 1Lattice Report) Infectious diseases remain one of the most critical global health challenges, accounting for

approximately 31.0% (19.4 million) of global deaths in 2023. Of the estimated 1.5 million deaths globally caused by infectious diseases like TB, hepatitis and HPV, an average of over 4,100 deaths occurred daily. (Source: 1Lattice Report) Limited access to affordable diagnostics solutions, inadequate infrastructure, including electricity and laboratory resources, and a lack of facilities pose significant obstacles to providing healthcare for patients with infectious and non-communicable diseases, particularly in underserved populations across the globe. (Source: 1Lattice Report).

Molecular diagnostics tests play a crucial role in detecting specific infectious and non-communicable diseases, conditions, and genetic variances, enabling healthcare providers to enhance patient outcomes and reduce healthcare costs by facilitating early and accurate disease diagnosis and improved disease monitoring. (Source: 1Lattice Report). Its 'Truenat' platform, equipped with fully automated, user-friendly features such as portability, simple workflow and rapid sample-to-result turnaround time, is designed to perform a wide array of tests swiftly and efficiently with high sensitivity and specificity compared to conventional diagnostic methods. (Source: 1Lattice Report) These features address the challenges faced by underserved populations worldwide, including limited access to diagnostic facilities, cost-effective diagnostic solutions, timely detection and treatment of diseases and electricity-dependent laboratory infrastructure. (Source: 1Lattice Report).

The company aims to establish a new standard of healthcare by ensuring accessibility to advanced testing technology for underserved populations globally through portable and cost effective testing solutions that deliver accurate results, ensuring essential medical care. Its 'Truenat' platform comprises two portable instruments - the Trueprep universal nucleic acid extraction device, which performs fully automated sample preparation; and the Truelab analyzer, which conducts real-time PCR and is available in three variants: UnoDx, Duo, and Quattro, which are capable of performing one, two, and four tests simultaneously, respectively. These tests are conducted using its disease-specific 'Truenat' test kits. These test kits are ready-to-use, room temperature stable, single-use consumables that are pre-loaded with necessary reagents required to conduct a real-time PCR test on the Truelab analyzers.

MDL offers its products globally to public health programs, diagnostic laboratories, and private and public hospitals. Till March 31, 2026, it has sold over 12,500 devices in over 90 countries. It derives a portion of revenues from the sale of its products to the Indian central and state governments, and international aid agencies for their public healthcare programs. Its revenue from such government and international aid agencies was 84.56%, 87.83% and 91.60% of its revenue from contracts with customers – sale of products - finished goods in Fiscals 2026, 2025 and 2024, respectively. Any unfavorable policy changes by these agencies or a decrease in funding for public healthcare programs may impact the sale of its products and adversely affect its business, financial condition, results of operations and cash flows.

The company depends on a few suppliers for the supply of some of its raw materials and any disruption in the supply or increase in the prices of raw materials could adversely affect its business,

financial condition, results of operations and cash flows. It derives revenues from the sale of ‘Truenat’ platform, which is designed to work exclusively with its range of ‘Truenat’ test kits that generate recurring revenues. A key feature of its platform is its versatility in diagnostic applications accommodating tests for various infectious and non-communicable diseases. MDL’s platform is designed to connect wirelessly to help healthcare providers manage clinical data and workflow online. This could assist with the transmission of ‘notifiable infections’ to public health authorities to facilitate the tracking of reportable diseases. This capability also enables it to remotely manage platform, such as providing remote software updates. According to the 1Lattice Report, its platform is cost-effective for healthcare providers on a long-term basis in terms of initial capital expenditure required for its installation as well as recurring costs per test.

It is focused on strengthening capabilities and expanding offerings through strategic acquisitions and collaborations with various organizations. This acquisition enabled it to provide end-to-end screening and confirmatory tests for TB at the community level. Further, Prognosys has also expanded its presence in the animal healthcare imaging market through veterinary diagnostic imaging products and veterinary software applications. Further, in October 2024, Company entered into a stock purchase agreement to invest and hold 60.00% of the paid-up equity share capital of OptraScan INC. Pursuant to which, in November 2024, it received the share certificate in respect of the first tranche investment, acquiring 19.68%, equity stake in OptraScan INC., a USA based company which provides digital pathology solutions, offering a range of digital pathology scanners, AI-powered analysis tools, and telepathology services, enabling remote consultations and collaboration.

MDL has six manufacturing facilities in India, of which two are in Goa, one in Bengaluru, Karnataka and one in Visakhapatnam, Andhra Pradesh which are operated by it and dedicated to manufacturing of devices and test kits, one in Bengaluru, Karnataka is operated by its Subsidiary, Prognosys Medical Systems Private Limited and is dedicated to manufacturing of radiology products such as ultraportable X-ray systems, mobile digital X-ray systems, floor-mounted and ceiling-suspended X-ray systems and C-arm systems, and one in Pune, Maharashtra is operated by its Subsidiary, OptraScan India Private Limited and is dedicated to manufacturing of digital pathology scanners. As of March 31, 2026, its installed capacity was 5,400 devices per annum and 39,000,000 ‘Truenat’ test kits per annum. In the Fiscals 2026, 2025 and 2024, its capacity utilization was 42.30%, 58.89% and 19.83% for devices and 58.25%, 43.44% and 27.45% for test kits, respectively, indicating that its manufacturing infrastructure is prepared for future growth since the company made early investments in it. The company also collaborate with electronic manufacturing services (“EMS”) vendors to assemble Truenat devices as and when required to meet demand. It has leveraged automation to enhance precision and efficiency in processes, ensuring that its products are of high quality and reliable. As of March 31, 2026, it had 1225 employees on its payroll and additional 1615 contract labourers in various departments.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO worth Rs. 939.70 cr. (approx. 11644315 equity shares at the upper cap). The IPO consists of fresh equity shares worth Rs. 200.00 cr. (approx. 2478315 equity shares) and an Offer for Sale (OFS) of 9166000 equity shares (worth Rs. 739.70 cr. at the upper cap). The company has announced a price band of Rs. 768 – Rs. 807 per equity shares of Re. 1 each. The issue opens for subscription on August 10, 2026, and will close on August 12, 2026. The minimum application to be made is for 18 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 10.10% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 105.53 cr. for funding capex onsetting up of infrastructure for R & D facility etc., Rs. 72.28 cr. for capex on purchase of certain plant and machinery, and the rest for general corporate purposes.

The company has reserved equity shares worth Rs. 1.50 cr. (approx. 18587 equity shares at the upper cap) and offering them a discount of Rs. 76 per share. From the rest, it has allocated not more than 50% for QIBs, not less than 15% for HNIs and not less than 35% for Retail investors.

The four Book Running Lead Managers (BRLMs) to this issue are Kotak Mahindra Capital Co. Ltd., IIFL Capital Services Ltd., Jefferies India Pvt. Ltd., and Motilal Oswal Investment Advisors Ltd., while KFin Technologies Ltd. is the registrar to the issue. Kotak Securities Ltd., and Motilal Oswal Financial Services Ltd., are syndicate members.

After issuing/converting initial equity shares at par value, the company has issued further equity shares in the price range of Rs. 651.46 - Rs. 5449.591 (on the basis of Re. 1 FV) between May 2021, and September 2024. It has also issued bonus shares in the ratio of 4 for 1 in July 2025. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. NIL, Rs. Negligible, Rs. 0.20, Rs. 5.60, Rs. 5.74, Rs. 6.54, Rs. 6.90, Rs. 6.91, Rs. 6.94, Rs. 7.08, Rs. 7.28, Rs. 10.21, Rs. 10.85, and Rs. 187.14 per share.

Post-IPO, its current paid-up equity capital of Rs. 11.28 cr. will stand enhanced to Rs. 11.52 cr. Based on the upper cap of the price band, the company is looking for a market cap of Rs. 9299.71 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit of Rs. 840.66 cr. / Rs. 83.54 cr. (FY24), Rs. 1027.94 cr. / Rs. 138.58 cr. (FY25), and Rs. 1455.17 cr. / Rs. 164.14 cr. (FY26). The company posted growth in its top and bottom lines for the reported periods. Its contingent liability stood at Rs. 168.74 cr. as of March 31, 2026.

For the last three fiscals, the company has posted an average EPS of Rs. 13.18 and an average RoNW of 14.46 %. The issue is priced at a P/BV of 7.95 based on its NAV of Rs. 101.51 as of March 31, 2026, and at a P/BV of 6.92 based on its post-IPO NAV of Rs. 116.68 per share 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 P/E of 56.55. Based on FY25 earnings, the P/E stands at 67.08. The issue appears fully priced.

For the reported periods, the company has posted PAT margins of 9.94% (FY24), 13.48% (FY25), 11.28% (FY26), and RoCE margins of 15.80%, 20.98%, 17.55% respectively for the referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in August 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Poly Medicure, Dr. Lal Pathlabs, Metropolis Healthcare, and Vijaya Diagnostics, as its listed peers. They are currently trading at a P/E of 52.6, 57.6, 56.3, and 74.4 (as of August 07, 2026). However, they are not truly comparable on an apple-to-apple basis.

Merchant Banker's Track Record

The four BRLMs associated with this issue has handled 97 IPOs in the last three fiscals out of which 28 issues closed below the issue price on the listing date.

Conclusion / Investment Strategy

MDL has emerged as a leading player in innovati9ve point-of-care diagnostics products based on modern technology. It has a global presence with more than 100 countries using its products and services. The company marked steady growth in its top and bottom lines for the reported periods. The company enjoys virtual monopoly in its offerings. Based on its recent financial data, the issue appears fully priced. Well-informed 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.

SEBI Registered Research Analyst – Mumbai · Registration No.: INH000003127 (Perpetual)

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