MOLBIO DIAGNOSTICS LIMITED

IPO NOTE | 10th AUGUST, 2026

Canara Bank Securities Ltd

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ABOUT THE COMPANY: Molbio Diagnostics, incorporated in October 2000, is a global point-of-care molecular diagnostics company offering rapid testing solutions through its proprietary, portable, battery-operated Truenat PCR platform. Its portfolio covers over 30 diseases through 43 assays, including TB, COVID-19, HIV, Hepatitis B & C, and HPV, alongside radiology, digital pathology, and breast health solutions. With six manufacturing facilities, operations across 90+ countries, strong R&D capabilities, patents and certifications, the company has 1,225 permanent employees in FY2026.

KEY BUSINESS INSIGHTS: Molbio has miniaturized PCR-based molecular diagnostics into a simple, portable and battery-operated platform that can be deployed in the remotest parts of the world. The platform eliminates the need for patients to travel long distances or send samples to centralized laboratories. Molbio earns revenue through two models—selling the diagnostic hardware and generating recurring revenue from disease-specific, single-use consumables. Each consumable is used for only one test and must then be discarded and replaced with a new one. The consumables work only with Molbio machines, and the machines work only with Molbio consumables, requiring customers to continue purchasing tests from the company after installing the equipment. Molbio's platform is the only point-of-care molecular diagnostic system globally that is patented in more than 100 countries and can test for multiple infectious diseases on a single platform. During COVID-19, company also deployed a 16-slot machine capable of conducting 16 tests simultaneously in a 4-by-4 configuration. The diagnostic kits have a claimed shelf life of two years. The kits remain stable for two years when stored between 2°C and 30°C, which is a unique feature of the product design. Conventional PCR systems generally require reagents to be stored under cold conditions and cannot typically be maintained at room temperature. Molbio's storage requirements reduce the need for cold-storage infrastructure and continuous refrigeration power, which may not be available in villages or remote locations.

OUR VIEW: Molbio is leading player in innovati9ve point-of-care diagnostics and enjoy monopoly and majorly supported by government-led initiatives such as tuberculosis eradication, while its portable PCR platform can diagnose around 30 diseases and be deployed in remote locations for future pandemics and urgent outbreaks. Larger laboratories may also use Molbio machines for urgent or specific tests when sample volumes are insufficient to efficiently operate centralized systems. With strong revenue, EBITDA and PAT grew by 31.46%, 33.16% and 40.17% respectively and EBITDA Margin declined in FY2026 due to acquisition of Prognosys Medical Systems, which operates at lower margins. At a P/E multiple of approximately 55x, Molbio trades at a valuation lower than its peers, although the comparison is not entirely like-for-like and is being made with companies operating in the broader medical equipment/diagnostic industry. They have significant capacity to scale from 1.75 crore to 3.9 crore test kits without additional capex, Molbio offers strong long-term growth potential with international market penetration, hence, we recommend **Subscribe** with a long-term view.

SUBSCRIBE

ISSUE DETAILS

Price Band (in ₹ per share)	768.00-807.00
Issue size (in ₹ Crore)	940.00
Fresh Issue (in ₹ Crore)	200.00
Offer for Sale (in ₹ Crore)	740.00
Issue Open Date	10-08-2026
Issue Close Date	12-08-2026
Tentative Date of Allotment	13-08-2026
Tentative Date of Listing	17-08-2026
Total Number of Shares	11646246
Face Value (in ₹)	1.00
Exchanges to be Listed on	NSE/BSE

APPLICATION	LOTS	SHARES	AMOUNT (₹)
Retail (Min)	1	18	₹14,526
Retail (Max)	13	234	₹1,88,838
S-HNI (Min)	14	252	₹2,03,364
S-HNI (Max)	68	1224	₹9,87,768
B-HNI (Min)	69	1242	₹10,02,294

BRLMs: Kotak Mahindra Capital Co Ltd, IIFL Capital Services Ltd, Jefferies India Pvt Ltd, Motilal Oswal Investment Advisors Ltd.

PROMOTERS: Sriram Natarajan, Dr. Chandrasekhar Bhaskaran Nair, Sangeetha Sriram, Shiva Sriram, Sowmya Sriram and Exxora Trading LLP

OBJECTS OF THE OFFER

- R&D infrastructure and office setup – ₹125.12 crore.
- Plant, machinery and equipment purchase – ₹80.81 crore & General corporate purposes.

BRIEF FINANCIALS

PARTICULARS (Rs. Cr) *	FY26	FY25	FY26
Share Capital***	11.27	2.25	2.25
Net Worth	1,144.68	952.95	807.94
Revenue From Operations	1445.69	1020.41	836.56
EBITDA	328.24	256.63	185.09
EBITDA Margin (%)	22.56	24.97	22.02
Profit/(Loss) After Tax	164.14	138.57	83.54
EPS (in Rs.)	14.77	12.87	9.05
Net Asset Value (in ₹)	101.51	84.51	71.70
P/E#	54.64	NA	NA
P/B#	7.95	NA	NA

**Restated consolidated financials; #Calculated at upper price band ***A 4:1 bonus issue on July 29, 2025, led to the allotment of 9.02 crore additional shares.*

INDUSTRY OVERVIEW

GLOBAL OVERVIEW OF TB (TUBERCULOSIS)

- Tuberculosis (TB), a highly contagious disease that primarily affects the lungs, is a significant contributor to this burden. It spreads through the air when individuals with active TB cough, sneeze, or spit.
- Despite being both preventable and curable, TB continues to pose a major global health threat. In Calendar Year 2024, 10.7 million people contracted TB, up from 10.1 million in Calendar Year 2020.
- TB is the world's leading cause of death from a single infectious agent (replacing COVID-19) and claims twice as many lives as HIV/AIDS, with approximately 3,400 deaths daily on a global scale.

GLOBAL OVERVIEW OF HEPATITIS

- Hepatitis, caused by various infectious viruses and non-infectious agents, leads to liver inflammation and a range of potentially fatal health problems.
- Hepatitis Type B and C cause chronic disease in hundreds of millions, being the leading causes of liver cirrhosis, liver cancer, and deaths from viral hepatitis.
- A WHO study estimated that 4.5 million premature deaths could be prevented in low and middle-income countries by Calendar Year 2030 through better access to vaccines, diagnostic tests, medicines, and educational campaigns.
- WHO's global hepatitis strategy aims to reduce new hepatitis infections by 90.0% and deaths by 65.0% between Calendar Year 2016 and Calendar Year 2030.

WIDESPREAD HEALTH IMPACT

- HPV is a highly prevalent viral infection and the primary cause of cervical cancer, which is the second most common cancer in women after breast cancer. HPV causes over 90.0% of cervical cancer cases and is also linked to other cancers, including lip & oral, anal, vaginal, vulvar, penile, and oropharyngeal cancers.
- The virus is widespread, affecting both men and women, but its impact on women, particularly in relation to cervical cancer, is profound. People with weakened immune systems, such as those living with HIV/AIDS, are more susceptible to persistent HPV infections and the associated health complications.

TB CASES IN INDIA INCREASED FROM 1.8 MILLION IN CALENDAR YEAR 2020 TO 2.7 MILLION IN CALENDAR YEAR 2024

- In Calendar Year 2024, India reported 2.7 million TB cases, surpassing the Calendar Year 2022 total of 2.4 million cases. The public sector achieved 93.5% of its target by notifying approximately 1.7 million TB cases, while the private sector reached 90.1% of its set objectives by reporting around 0.8 million.
- The Calendar Year 2024 TB notifications marked a significant increase, with a 26.2% rise from Calendar Year 2021 and the highest ever private sector notifications at 0.8 million (90.1% of the target).

Overview of Indian molecular diagnostics & POCT market

India holds a huge market for POCT with the current market potential (TAM) at ₹ approximately 203.2 billion (USD approximately 2.2 billion) in Fiscal 2026, projected to grow at 17.0% CAGR to be at ₹ approximately 446.8 billion (USD 5.0 billion) market by Fiscal 2031.

- India has become the diabetes capital of the world and a hotbed for major infectious diseases such as TB. It is evident that India holds significant market potential in both Endocrinology and Infectious disease (based on the number of tests performed).
- The infectious POCT market is estimated to have a market potential of ₹ 89.7 billion (USD 1.0 billion), closely followed by endocrinology diseases with a market potential of ₹ 90.5 billion (USD 1.0 billion) in Fiscal 2026.

The Indian Molecular POCT equipment market valued at ₹ 31.4 billion (USD 0.3 billion) is projected to grow at a CAGR of 26.3% between Fiscal 2026 to 2031P

- The Indian market for molecular POCT equipment is projected to grow drastically, backed primarily by strong government intervention to expand the reach of point-of-care testing to rural areas and PHCs.
- The market is ₹ 31.4 billion (USD 0.3 billion) in Fiscal 2026 and displayed a robust growth of 21.3% in the period spanning Fiscal 2021 to 2026. Fuelled by the increasing penetration of POCT in India, the market is projected to grow at a CAGR of 26.3% between Fiscal 2026 to 2031P to reach ₹ 101.1 billion (USD 1.1 billion) by Fiscal 2031P.

COMPETITIVE STRENGTHS OF THE COMPANY

Well placed to address unmet demand in a large and growing molecular diagnostic market with gaining credence of point-of-care testing.

- Company's 'Truenat' platform enables screening and diagnosis for 30 infectious and non-communicable diseases, including TB, COVID, Hepatitis B and C, HIV, and HPV as of March 31, 2026.
- Over the years, company have established company's expertise in providing testing solutions to the last mile, offering accurate and rapid solutions to improve disease diagnosis and pandemic preparedness
- Once COVID-19 testing declined, the public health programs for TB resumed their normal course.
- Company's '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 WHO for initial diagnosis of TB and rifampicin resistance detection using molecular diagnostic technology

Innovative, R&D focused business

- Company have strong in-house R&D capabilities with a track record of developing innovative diagnostic products. Company undertake R&D through company's wholly-owned subsidiary, Bigtec, to design and develop diagnostic platforms that address gaps in clinical need and can be effectively deployed in POC settings.
- Company's commitment to R&D is evident through the launch of an initial version of company's novel platform, which underwent extensive R&D work for over 13 years, and obtained ICMR certification.
- Company's dedicated R&D unit is based in Bengaluru, Karnataka and is equipped with advanced equipment such as lyophilisers, oligonucleotide synthesizer, ultrasonic welding machine, high-performance liquid chromatography system, spectrophotometer and flash chromatography system.

Developed and commercialized a novel portable multi-disease point-of-care molecular diagnostics platform

- Company have developed and commercialized a novel portable POC molecular diagnostics platform, which uses PCR technology to enable accurate and rapid molecular diagnostics.
- Company's '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.
- These tests are conducted using company's diseasespecific 'Truenat' test kits. These test kits are ready-to-use, room temperature stable, single-use consumables that are pre-loaded with all reagents required to conduct a real-time PCR test on the Truelab analyzers.

Scalable Model with High Recurring Revenue and Capacity for Growth

The business operates on a "closed system" model where Truenat devices work exclusively with proprietary disease-specific test kits, ensuring a high proportion of recurring revenue. This scalability is reflected in operational growth:

- The number of test kits sold increased from 8.80 million in Fiscal 2024 to 17.56 million in Fiscal 2026.
- Cumulative sales have exceeded 12,500 devices across more than 90 countries as of March 31, 2026.
- With an installed capacity of 39 million test kits per annum and only 58.25% utilization in Fiscal 2026, the company is well-positioned to meet future surges in demand without immediate massive capital expenditure.

RISK FACTORS

1. Product and Disease-Specific Revenue Concentration (Tuberculosis)

The company's financial health is significantly tied to the performance of its diagnostic solutions for a single disease, Tuberculosis (TB).

- In Fiscal 2026, revenue from TB test kits reached ₹ 982.01 crores, accounting for 70.20% of total finished goods sales. This is an increase from ₹ 679.88 crores (69.11%) in Fiscal 2025 and ₹ 508.72 crores (62.40%) in Fiscal 2024.
- This concentration is more intense by volume, as TB kits made up 96.02% (1.686 crore units) of all test kits sold in Fiscal 2026.
- Any policy shift in the National Tuberculosis Elimination Programme (NTEP) or a global reduction in TB notification rates would severely impact the company's core revenue stream.

2. Institutional and Public Sector Revenue Concentration

A vast majority of the company's business is conducted with government entities and international aid agencies, making it highly vulnerable to changes in public health budgets.

- Combined sales to Indian central/state governments and international agencies contributed ₹ 1,182.88 crores (84.56%) of finished goods revenue in Fiscal 2026. For context, these figures were ₹ 863.98 crores (87.83%) in Fiscal 2025 and ₹ 746.75 crores (91.60%) in Fiscal 2024.
- In Fiscal 2026, the top 10 customers alone generated 83.26% of product sales revenue. Because most business is derived from competitive tenders and purchase orders rather than long-term fixed contracts, demand can be unpredictable and "lumpy".

3. Supplier Concentration and Global Sourcing Risks

The company relies on a limited group of vendors and international markets for critical manufacturing components.

- In Fiscal 2026, the top 10 suppliers accounted for 58.52% of all raw materials and components consumed. Certain essential materials, like substrates, are sourced from a single supplier, creating a high risk of production halts if that supply line is disrupted.
- Dependency on imports is increasing, rising to ₹ 243.40 crores (42.01% of total raw material purchases) in Fiscal 2026, up from ₹ 183.94 crores (33.94%) in Fiscal 2025. This high import content exposes the company to customs duty hikes and foreign exchange volatility.

4. High Working Capital Intensity and Liquidity Pressure

The business model requires significant capital to maintain high inventory levels and support long payment cycles common in the public sector.

- As of March 31, 2026, the total working capital requirement stood at ₹ 827.48 crores.
- Although working capital days improved to 166 days in FY26 (from 187 days in FY24), the cycle remains long. Average debtor days (credit cycle) were 86 days in Fiscal 2026, reflecting the time taken to realize payments from government clients.
- To finance these requirements, the company carries heavy debt; as of May 31, 2026, total consolidated borrowings were ₹ 422.50 crores, with ₹ 383.26 crores being secured loans. Failure to manage this debt or the working capital cycle could severely impact liquidity.

PEER COMPARISON

Name of the company	Revenue from Operations (in ₹ Cr)	Face Value (Rs per share)	EPS (in Rs)	NAV (Per share Rs)	RoNW (%)	P/E*	P/B*
Molbio Diagnostics Limited	1445.68	1	14.77	101.51	14.55%	55	8
Poly Medicure Limited	1875.25	5	31.79	306.45	10.37%	54	6
Dr. Lal Pathlabs Limited	2762.91	10	30.24	145.00	20.78%	64	13
Metropolis Healthcare Limited	1645.84	2	9.19	72.98	12.56%	61	8
Vijaya Diagnostics Centre Limited	814.20	1	16.81	93.02	18.07%	81	15

**P/E & P/B ratio based on upper price and of IPO, financial details consolidated audited results as of FY26.*

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