Midas
Equities and Research

Molbio Diagnostics

Initiating Coverage

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RESEARCH ANALYST

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Spark Initiating Coverage Reports – Rebooted!

Outlining the framework from our desk

In our new, rejuvenated approach to publishing fundamental research ideas, we aim to balance a traditional, time-tested framework with a contemporary and hopefully refreshing segue into stock-picking. Accordingly, our Initiating Coverage reports will be presented in four sections: **(1) Annual Report Deep-dive, (2) Business Assessment Scores, (3) Valuation Framework and (4) Stock Buzz & Influencing Factors.**

This report is underpinned by three key beliefs: (1) business assessment should be separated from valuation frameworks, enabling equity research to calibrate the mix objectively when making stock calls; (2) the decision tree we publish makes this process simple and objective, highlighting the three major factors that underpin our recommendation; and (3) reactions to "buzz" and other factors that influence price action must be identified and given due regard when timing stock calls, particularly in the current environment, where information flow is incessant.

Forensic Analysis

Drawing on the time-tested, but often neglected, practice of drilling into historical annual reports, we choose to dedicate the starting section to the **Analytical Perspective** we could glean. The much helpful forensic overlay provides a clearer view of the company's **historical operating performance, balance sheet behavior, cash-flow quality, and governance structure.** By anchoring the analysis in reported numbers and disclosures, this section helps assess earnings quality and risk before progressing on any forward-looking calls of conviction

Business Assessment Scores

Done in detail to answer the question of "Can this company's business have what it takes to be a winner in the long-term," we try drawing on Porter's 5P models to discuss vitals like revenue models, pricing risks, market positions, moats, et al. The financial analysis and estimates hinge on our reading of the business performance as well as potential. So that objectivity is not colored to suit gut-based calls, we have put in place a scoring model, capturing all drivers to the assessment across 5 composite vectors, and the scores alone would dictate our call on the business.

Valuation Framework

We have watched with disdain how the markets have made target multiples look like the proverbial rabbits out of a hat! To cut away from our own temptation to merrily justify alongside the masses, we went back to first principles when designing the Valuation Framework. Contoured by market, peer, and historical absolute axes, our scores for Valuation multiples take into account Economic Value Added, Return Profiles, Growth and Leadership positions mapped against relevant multiples. All said the question of "All told about the business, markets and peers, does the pricing look attractive for this stock?" is a question that is the bedrock of stock-picking in equity research!

Stock Buzz & Influencing Factors

The **Buzz Chart** & Liquidity Chart tracks stock-specific news flow, events, and market activity to help identify **periods of elevated attention or sentiment shifts,** complementing fundamental and valuation analysis.

Source: Company, Midas Research.

Report in Gist (1/3)

Last Day Close	1Y TP	Upside	Rating
Rs. 1,144	Rs. 1,596	40%	BUY

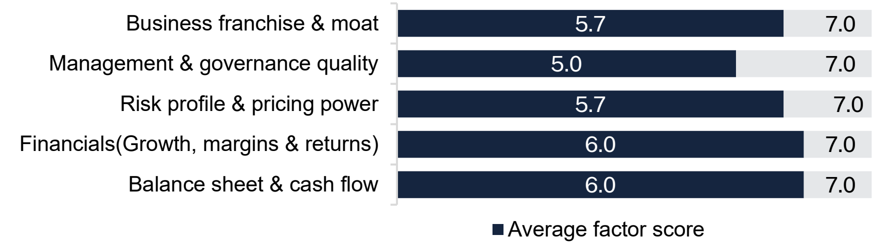
About the company

- Molbio Diagnostics Limited is an Indian medical technology company based in Goa. It designs, manufactures, and sells point-of-care (POC) molecular diagnostic devices-portable machines that can test patients for infectious diseases outside a traditional laboratory, without requiring electricity infrastructure, refrigeration or a trained lab technician.
- The company operates six manufacturing facilities across India, four of which are directly operated by the company-two in Goa, one in Bengaluru, and one in Andhra Pradesh-for its core devices and kits. The remaining two are operated by subsidiaries: one in Bengaluru for radiology & X-ray products and one in Pune for digital pathology scanners.

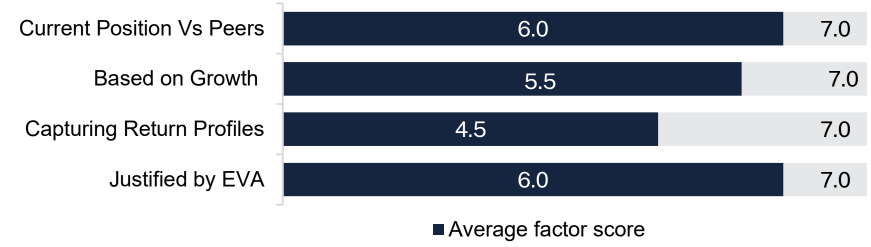
Red Herring Prospectus (RHP) Deep-Dive

Molbio's earnings are high-quality, with kits accounting for ~72% of FY26 revenue and growing ~44% Y-o-Y, while gross margin held at ~60%. The EBITDA margin decline from 28% to 22% primarily reflects higher other expenses, led by increased commissions and expansion-related costs, rather than pricing erosion. Cash conversion is the key monitorable-FY26 post-tax OCF of Rs. 50 cr versus PBT of Rs. 233 cr, as inventory and government receivables absorb working capital. Disclosure is candid: a FY24 disclaimer of opinion on internal financial controls, PF/TDS delays, and three frauds (~Rs. 21 cr), each provided for and remediated via SAP S4 HANA. Promoter remuneration was ~Rs. 12.1 cr, or 7.4% of PAT, while related-party dealings stood at 1.34% of revenue.

Business Assessment Scores



Valuation Framework



Financials and Estimates Summary

Particulars (Rs. cr)	Revenue	EBITDA	EBITDA %	PAT	EPS	RoE %	RoCE %	PE	EV/EBITDA
2024	837	234	28.0	102	9.0	18.8	19.4	NA	NA
2025	1,020	262	25.7	145	12.9	17.4	20.8	NA	NA
2026	1,446	321	22.2	167	14.8	15.6	19.3	77.4	41.2
2027E	1,875	450	24.0	251	21.8	18.0	21.4	52.5	29.4
2028E	2,357	601	25.5	361	31.3	20.0	24.5	36.6	22.0

28 Aug 2026

Industry	Medical Equipment & Supplies

Key Stock Data

Bloomberg	MOLBIO IN
Shares o/s (cr)	11.52
Market Cap (Rs. cr)	13,185
52-wk High/Low	1,265 / 926
20D ADV ('000)	-
Index	-
F&O	N

Latest Shareholding (%)

	Aug 26
Promoters	41.3
Institutions	17.9
Public	40.8
Pledge	0.0

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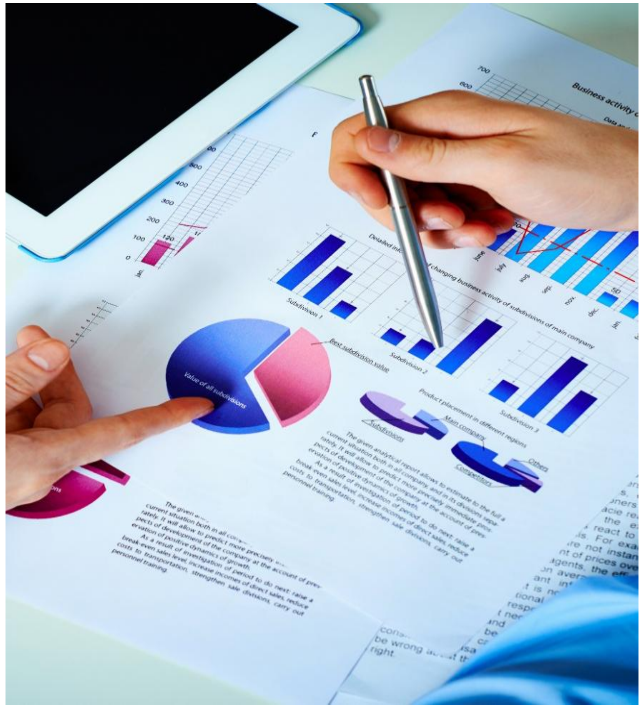
Source: Company reports, Bloomberg, Midas Research
Note: The company is recently listed so stock performance% is not mentioned.

Report in Gist (2/3)

Stock Buzz & Influence Factors

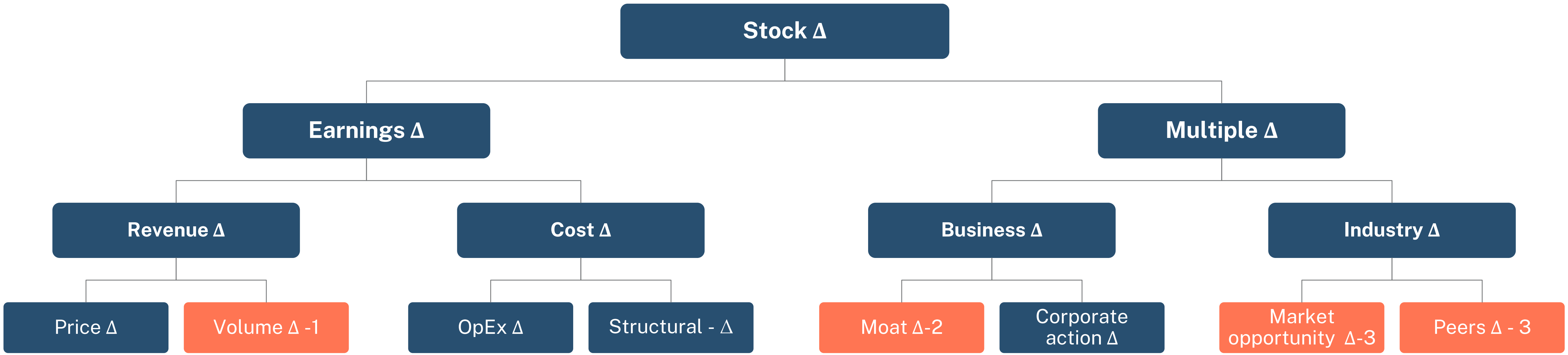
- **Strong institutional backing, but IPO is largely an OFS:** The Rs. 940 cr IPO comprised a **Rs. 200 cr fresh issue and Rs. 740 cr OFS**, with marquee investors including **India Business Excellence Fund III (Motilal Oswal Private Equity)** among the selling shareholders. The fresh issue proceeds are largely growth-oriented, with **Rs. 105.5 cr towards the Bengaluru R&D/Centre of Excellence and Rs. 72.3 cr towards automation at Goa and Visakhapatnam facilities**, supporting the next phase of platform expansion.
- **Government-led revenue creates tender and policy sensitivity:** Government and international aid agencies contributed **~84.6% of finished-goods revenue in FY26**, making order flows dependent on healthcare budgets, tender cycles and public-health programmes. This remains the biggest near-term variable to revenue visibility, particularly given the high concentration of sales among public-sector programmes.
- **TB remains the key earnings driver:** TB kits contributed **~70% of finished-goods revenue**, with 16.9mn TB kits accounting for ~96% of total kits sold. Any change in TB-testing protocols, government programmes, funding or adoption of alternative technologies could therefore materially affect growth.
- **R&D-led expansion creates both upside and execution risk:** Molbio continues to invest in expanding its molecular diagnostics menu, with Truenat covering **30 diseases through 43 commercially available kits** and additional assays under development. However, new assays require successful development, regulatory approvals, and commercial adoption; failure to translate R&D into new revenue streams could limit the diversification story.
- **The installed-base model provides an important structural tailwind:** Truelab analysers operate with Truenat kits, making each device placement a potential recurring consumables revenue stream. Devices sold increased to **2,524 in FY26**, while kits sold rose to **17.56mn**, with kit revenue growing at ~37% CAGR over FY24–26 versus ~5% CAGR for device revenue. Rising utilisation and a broader assay menu can therefore drive revenue without proportionate increases in hardware placements.



Investment Rationale

- Molbio Diagnostics is a proprietary, IP-led molecular diagnostics platform rather than a conventional diagnostics chain. Truenat, developed over 13 years and protected by 207 patents, is one of only two platforms globally endorsed by the WHO for initial TB diagnosis and rifampicin resistance detection, while monetisation is increasingly annuity-led-test kits contributed ~72% of FY26 revenue and grew ~44% Y-o-Y across an installed base of 12,500+ devices.
- Growth is driven by rising utilisation of the installed base, a widening assay menu (30 diseases across 43 commercial kits) and the scale-up of Prognosys and OptraScan, supporting a **revenue CAGR of ~28% and a PAT CAGR of ~47% over FY26–28E**-the strongest in the peer set-with the EBITDA margin recovering from the FY26 trough of 22% to ~26% by FY28E as front-loaded regulatory, commission and manpower costs normalise.
- We value Molbio on a growth-adjusted basis, assigning a **PEG of ~1.1x on FY28E** (~51x FY28E EPS) against a 47% PAT CAGR, representing a **~38% discount to the peer PEG of ~1.8x**. This discount also incorporates a **holding-company discount for the presence of Prognosys and OptraScan**, reflecting the current mix of businesses within the consolidated entity. We arrive at a **target price of Rs.1,596 (~40% upside)**. The premium on absolute multiples is supported by superior earnings compounding, the only positive EVA spread in the peer set and RoE improving from ~16% to ~20%. Key monitorables include revenue concentration in government and aid-agency channels (~84.6%), reliance on TB as the dominant assay (~70%) and weak cash conversion (~0.3x CFO/PAT).

Report in Gist-Decision Tree (3/3)



1 Reasoning 1

- Revenue growth will be driven by monetisation of the growing installed base of Truelab devices through recurring Truenat kit consumption, structural tailwinds in TB testing, and expansion of the assay menu across a widening molecular diagnostics market.
- Molbio's razor-and-blade model is driving recurring, consumables-led growth, with test kits expected to contribute ~74% of FY28E revenue and grow at ~30% CAGR over FY26–28E, supported by ~32% CAGR in kit volumes to 3.1 cr units.
- TB remains the key demand driver, with only ~45% of India's TB tests using upfront molecular diagnostics versus the WHO/UN target of 100% by CY2027.

2 Reasoning 2

- Truenat is one of only two rapid molecular TB tests globally with WHO endorsement (and the only one from India), integrated into India's NTEP; this qualifies it for government and aid-agency procurement (~85% of FY26 revenue), creating a barrier that new entrants cannot price their way past.
- Deep R&D moat reinforced by IP-a 13-year development runway culminating in ICMR approval, 207 patents (16 in India, 191 foreign), and a platform now spanning 30 diseases across 43 assays; a moat measured in years, leaving any new entrant over a decade behind.

3 Reasoning 3

- The Indian molecular diagnostics market is expected to grow at a ~21.6% CAGR, driven by the shift from smear microscopy to point-of-care molecular testing and the WHO's 100% molecular TB testing target by CY2027.
- Molbio is expected to deliver Revenue/EBITDA/PAT CAGRs of 28%/37%/47% over FY26–FY28E, well ahead of the peer average of 18%/21%/26%.
- Its superior growth, proprietary IP and industry-leading installed-base moat justify a sustained premium valuation, while a PEG of ~0.8x (on CMP vs. a peer average of ~1.8x) indicates meaningful comfort in valuation.

Source: Company, Midas Research

Research Rebooted

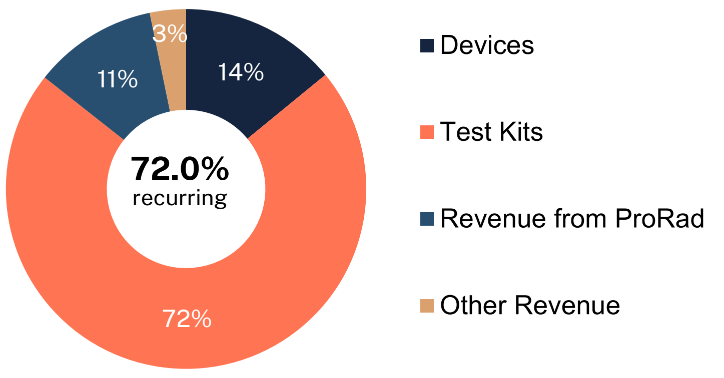
Report in Gist

CONTENT

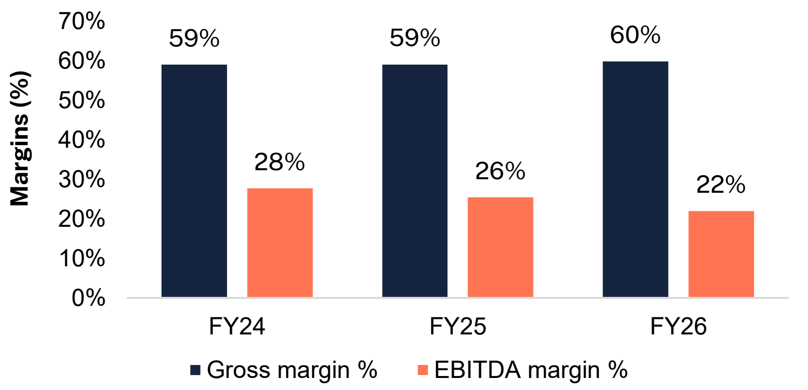
1 – Red Herring Prospectus Deep-Dive (1/3)

Quality of earnings drives quality of valuation

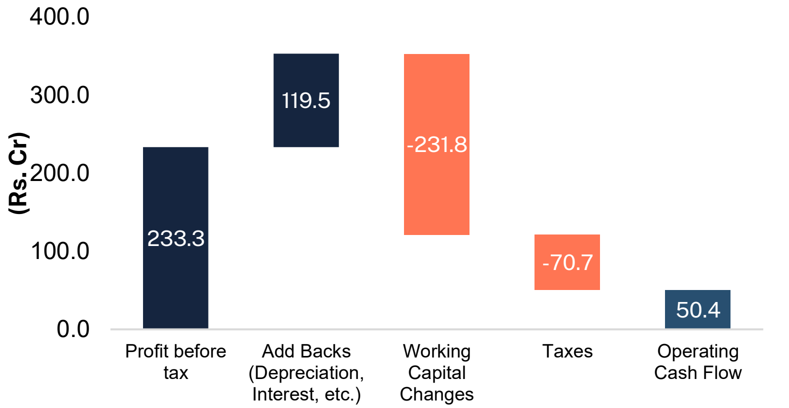
FY26 revenue mix (%)



EBITDA margin contraction on higher non-recurring costs



FY26 PBT vs post-tax OCF (Rs. cr)



The annuity is real

- Kits accounted for ~72% of revenue and grew ~44% Y-o-Y in FY26, while device revenue remained flat at ~Rs. 203 cr.
- Kits are single-use 'Truenat' micro-PCR consumables-chips, cartridges and reagents-that run only on Molbio's Truelab analysers, spanning 30 diseases.
- Growth comes from the installed base-a razor-and-blade model.

Margin optics need care

- Other expenses rose from Rs. 198.1 cr in FY24 to Rs. 402.8 cr in FY26, with FY26 growth of ~67% Y-o-Y, led by higher commission costs.
- Commission expenses jumped ~159% Y-o-Y to Rs. 168.3 cr in FY26, contributing ~64% of the incremental Other Expenses; the increase reflects higher distributor/agent payouts as sales scaled.
- The FY26 increase also includes higher warranty and FX losses, but these remain smaller contributors; the bulk of the cost increase is linked to business expansion and front-end execution.

Cash conversion lags

- FY26 post-tax operating cash flow (OCF) of Rs. 50 cr trailed PBT of Rs. 233 cr as working capital absorbed cash.
- Inventory was built ahead of demand, while receivables track government budget cycles; this remains the key earnings-quality watch item

The read on earnings quality

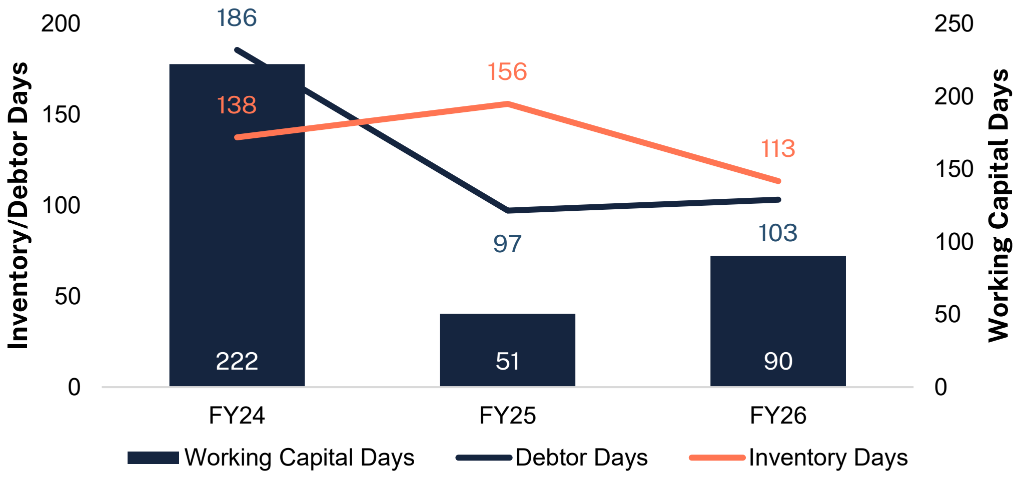
Molbio's earnings are high-quality, with a genuinely recurring, volume-driven revenue base and stable gross margins. The margin decline is primarily attributable to higher Other Expenses, led by increased commission costs. The key divergence between reported profit and cash flow is working capital-particularly inventory and government receivables-which remains structural given ~85% of sales are to public health programmes. We view the razor-and-blade annuity as the durable core of the business, while working-capital discipline remains the key metric to monitor.

Source: Company, Midas Research

1 – Red Herring Prospectus Deep-Dive (2/3)

Auditor's Observations - Control gaps and past lapses are real, but each has been provided for, penalised or remediated

The Working Capital Story – FY24 was the anomaly, not the baseline



Reading the FY24 Working Capital Build

- FY24 revenue was 51% dependent on state governments - the slowest-paying channel in Molbio's mix - versus 21% in FY25 and 23% in FY26. This left trade receivables at Rs 425 cr (186 days), forcing an impairment allowance of Rs 34 cr (4.1% of revenue) under Ind AS 109 ECL provisioning.
- In FY24, Inventory built to Rs 315 cr (38% of revenue), carrying a Rs 16.9 cr obsolescence provision for excess COVID-era stock. Combined, the receivables + inventory build absorbed Rs 264 cr of working capital in FY24 alone.
- In FY25, central government share rose to 50.8% (from 33.8%) while state government share fell to 21.4% (from 50.9%) - central pays faster. Rs 154 cr of receivables were released, OCF surged to Rs 287 cr (109% of EBITDA).
- In FY26. revenue scaled 42% to Rs 1,446 cr, yet debtor days held near 103 (vs 186 in FY24), inventory days fell to 113 (vs 138 in FY24), and impairment allowance dropped to 0.88% of revenue - the lowest in three years.

Bottom line:

The CARO trail reads as governance and control immaturity in a fast-scaling group rather than ongoing malfeasance-every flagged item has been provided for, penalised or remediated, and SAP S4 HANA, along with the July-25 audit trail, addresses the root cause. Residual risk is execution, not disclosure: IFC adequacy still has to be re-established at audit, asset-level capitalisation runs through Mar-27, and any repeat of the PF/TDS or CSR lapses would signal that the fixes have not stuck. Underwrite the name with a governance discount until two clean audit cycles are on record.

Other flagged Items

Fraud & misconduct: Rs 19.9 cr EMD misappropriation at Prognosys (pre-Molbio); Rs 0.61 cr + Rs 0.44 cr internal frauds.	**FIRs filed**
IFC disclaimer: FY24 disclaimer on internal financial controls; audit trail fully enabled July 2025.	**Implemented SAP S4 HANA in March 2023**
Companies Act: CSR shortfall FY22–24 (S.135); Bigtec interest-free loans without S.185 approval.	**Compounded with RoC**
Statutory Dues: 1-day delays on term/vehicle loans FY25; 15-day HDFC delay FY24; PF/TDS timing lapses.	**Paid with interest**

Source: Company, Midas Research

1 – Red Herring Prospectus Deep-Dive (3/3)

Auditor and disclosure quality

- The statutory auditors are S. R. Batliboi & Associates LLP, and the restated consolidated financial information for Fiscal 2024 to 2026 is drawn from audited statements prepared under Indian Accounting Standards (Ind AS) and the SEBI ICDR Regulations.
- Disclosure on the downside is candid. For Fiscal 2024, the auditors issued a disclaimer of opinion on internal financial controls (IFC) over the consolidated financial statements, while CARO reports flag delays in provident fund and tax deducted at source (TDS) deposits and short repayment delays on term and vehicle loans.
- Three frauds are disclosed: Rs. 19.9 cr of Earnest Money Deposit misappropriated at Prognosys Medical Systems before Molbio's investment, Rs. 0.61 cr by a former Bigtec employee in Fiscal 2024, and Rs. 0.44 cr by external parties impersonating customers and vendors in Fiscal 2025. All are fully provided for, with First Information Reports filed..
- Remediation is visible: SAP S4 HANA went live in March 2023, and the database-level edit log (audit trail) was fully enabled in July 2025, although individual capitalisation of grouped fixed assets runs through March 2027.

Management remuneration & governance assessment

- Remuneration to the promoter family totalled ~Rs. 12.1 cr in Fiscal 2026, or ~7.4% of restated profit after tax (PAT) of Rs. 164.1 cr- meaningful, but not excessive for a founder-run business.
- Shiva Sriram (President, Business Development) drew the largest amount at Rs. 4.01 cr, up ~46% year-on-year from Rs. 2.75 cr. Dr. Chandrasekhar Bhaskaran Nair received Rs. 2.60 cr and Sriram Natarajan (Chief Executive Officer) Rs. 2.44 cr, both flat year-on-year.
- Five members of the promoter family are on the payroll, including Sangeetha Sriram at Rs. 1.44 cr and Anita Chandrasekhar at Rs. 1.61 cr, so family compensation-not third-party dealings-is the dominant related-party line.
- The company also pays interest on promoter funding (Rs. 2.44 cr to Sriram Natarajan and Rs. 0.16 cr to Exxora Trading LLP) and reimburses Rs. 0.86 cr for director travel and accommodation. All related-party transactions are stated to be at arm's length and aggregate to 1.34% of Fiscal 2026 revenue.
- Key governance monitorables are promoter remuneration growth after listing and intra-group lending discipline, following Bigtec's interest-free loans to associates that required Section 185 ratification.

Source: Company, Midas Research

2 - Business Assessment Scores

Business Assessment Scores – Summary

1

Business franchise and moat:

- Molbio's moat rests on WHO endorsement for Truenat-one of only two rapid molecular TB tests globally and the only one from an Indian company-reinforced by 207 patents and a 13-year R&D lead through Bigtec.
- With 12,500+ devices installed, kits now drive ~72% of FY26 revenue. Hence, we assign a rating of **5.7/7.0**.

2

Management and governance quality:

- Molbio's technical bench is deep-a founder-CEO with 35 years of experience in diagnostics and a CTO who won the Infosys Prize.
- All three executive directors are Promoters, and the CFO position has turned over recently, with the current incumbent in place only since December 2025. Hence, a rating of **5.0/7.0.**

3

Risk profile and pricing power:

- The overall industry structure remains favorable, driven by high barriers, customer stickiness, and premium pricing power.
- However, this is moderated by input cost volatility and high buyer concentration, leading to a rating of **5.7/7.0.**

4

Financials (Growth, margins & returns):

- Structurally advantaged-point-of-care molecular testing is displacing microscopy, Molbio owns the installed base, and radiology is now self-funding.
- Held back a notch by tender dependence, a maturing device cycle and a margin recovery that is still to be demonstrated. Hence, a rating of **6.0/7.0**

5

Balance sheet and cash flow:

- Molbio's balance sheet and cash-flow strength are aided by improving working-capital efficiency, a shift to sustained positive FCF as capex normalises, and a transition from Rs. 152 cr of net debt in FY24 to ~Rs. 185 cr of net cash by FY28E, providing increasing capacity to fund growth through internal accruals. Hence, a rating of **6.0/7.0**.

Molbio Diagnostics Ltd – Company Snapshot

Corporate factsheet		
Company background	▪ Molbio Diagnostics Ltd. is an Indian molecular diagnostics company incorporated in Goa in 2000. Its 'Truenat' platform is a portable, battery-operated real-time PCR system (Trueprep sample-prep device plus Truelab analyser).	
Business segments	▪ Test kits (Rs. 1,035 cr, 72% of FY26 revenue) ▪ Devices (Rs. 203 cr, 14%); imaging and digital pathology via Prognosys and OptraScan (balance)	▪ 30 diseases and 43 assays commercialised; TB is 96% of FY26 total kit units ▪ India is 90% of FY26 revenue; exports 10%
Manufacturing facility	▪ Goa I: 9.0mn kits (58% utilisation); Goa II: 30.0mn kits (58%) ▪ Bengaluru I: 22.5mn kit components (96%)	▪ Visakhapatnam: 5,400 devices (42%), 14.4 mn kit components (71%) ▪ Bengaluru II (Prognosys): 1,820 X-ray devices (51%); Pune (OptraScan): 120 scanners (28%)
Key facts	▪ Sold 17.56mn test kits and 2,524 devices in FY26; 12,500+ devices installed across 90+ countries; 16 patents registered in India and 191 abroad; FY26 R&D spend of Rs. 87 cr (6.1% of revenue) with 153 R&D staff including 136 scientists.	
Key management personnel	▪ Sriram Natarajan, Executive Director & CEO ▪ Dr. Chandrasekhar B. Nair, Executive Director & CTO	▪ Sangeetha Sriram, Executive Director, Operations ▪ Manan Bimal Khokhani, President Finance & CFO
Auditors	▪ S. R. Batliboi & Associates LLP, Chartered Accountants	
Key customers	▪ Indian central and state government public health programmes and international aid agencies accounted for 84.6% of FY26 product revenue; the top 10 customers were 83.3%.	
IPO details & objects of the Offer	▪ Total offer size of Rs. 940 cr - Fresh Issue of Rs. 200 cr (2,480,246 shares) and Offer for Sale of Rs. 740 cr (9,166,000 shares), on 112,759,750 shares outstanding pre-Offer. ▪ Objects: R&D facility and Centre of Excellence for Bigtec (Rs. 106 cr); plant and machinery for Goa I, Goa II and Visakhapatnam (Rs. 72 cr); general corporate purposes.	
Employee count	▪ 1,225 permanent employees as of March 31, 2026, including 153 in R&D.	

Category	% Share
Promoters	41.3
FII	1.5
DII	16.4
Public	40.8
Pledge	0.0
Total	**100%**

Key Metrics	FY24	FY25	FY26
Revenue (Rs. cr)	837	1,020	1,446
EBITDA (Rs. cr)	234	262	321
EBITDA Margin	28.0%	25.7%	22.2%
PBT (Rs. cr)	130	196	233
PBT Margin	15.5%	19.2%	16.1%
PAT (Rs. cr)	102	145	167
Net worth (Rs. cr)	823	968	1,169
Net debt (Rs. cr)	152	(6)	46
NWC (Rs. cr)	647	477	658
Total assets (Rs. cr)	1,221	1,462	2,148
FCF (Rs. cr)	(7)	232	1
RoCE %	19%	21%	19%

Source: Company, Midas Research

Core Operations | What Molbio Actually Does

Molbio Diagnostics manufactures diagnostic equipment that identifies infectious diseases from patient samples on-site within 60 minutes

Truenat, its flagship platform, is a portable, battery-operated molecular testing platform that delivers lab-grade PCR diagnostics at the point of care in about 60 minutes, without requiring a laboratory, cold chain, or trained technician.

THE OLD WAY - CENTRAL LAB PCR

- Requires a proper laboratory with controlled conditions
- Samples must be transported to a central facility in batches of around 100
- Results take 2–7 days-patients often do not return for them

THE TRUENAT WAY - TEST AT THE PATIENT

- Works at the clinic itself-no laboratory infrastructure needed
- One sample at a time, run by minimally trained personnel
- Results in about 60 minutes-enabling diagnosis and treatment in the same visit

How one test works

STEP 1
Take the sample
Blood, sputum, swab, urine, tissue, or stool is collected from the patient at the clinic.

STEP 2
Trueprep extracts
The Trueprep device automatically extracts and purifies the genetic material (DNA / RNA) from that sample.
DEVICE 1

STEP 3
Truelab tests
A single-use Truenat chip for the suspected disease is loaded into the Truelab analyser, which runs real-time PCR.
DEVICE 2 + KIT

STEP 4
Result on the spot
The result is available in about 60 minutes, so the patient can be diagnosed and started on treatment immediately.

Why it works anywhere

Battery-operated. **No mains power needed**	**No cold chain.** **Kits stable at room temperature**	**No laboratory.** **Runs at the point of care**	**~60-minute result.** **vs 2–7 days centrally**	**30 diseases.** **43 kits on one analyser**

Revenue contribution

Indian central govt. (~56.5%)	**Indian state governments (~23.3%)**	**International aid agencies (~4.8%)**	**Non-government agencies (~15.4%)**

Source: Company, Midas Research

Group Structure - From One Platform to Four Businesses

Molbio built the Truenat core in-house before adding three businesses from 2023 to broaden its diagnostics offering

PARENT
Molbio Diagnostics Limited
Truenat platform - the core business

Rs. 1,445.7 cr
FY26 group revenue

Rs. 166.6 cr
FY26 group profit

Molbio Diagnostics is the manufacturing and commercial arm of the group-it uses Truenat technology developed and owned by its wholly-owned subsidiary Bigtec; manufactures the devices and test kits across four facilities in Goa, Bengaluru and Visakhapatnam, and sells them to customers.

100% — Bigtec
IP & R&D ENGINE

In the group since 2015

Owns all micro-PCR patents behind Truenat and conducts all group R&D, with 153 scientists and researchers. Molbio licenses the technology from it.

Rs. 124.4 cr
Revenue

MOST PROFITABLE — FY26 profit Rs. 27.6 cr, up from Rs. 9.5 cr in FY24

Bigtec Holdings Private was amalgamated into Molbio in September 2016 (effective April 2015) via a share swap of 1 Molbio share for every 801 Bigtec shares, with no cash consideration.

70.0% — Prognosys Medical
RADIOLOGY & X-RAY

Acquired in March 2023

Manufactures radiology and fluoroscopy systems - portable and mobile X-ray and digital imaging equipment, sold as “ProRaD”.

Rs. 150.4 cr
Revenue

PROFITABLE — Turned around: −Rs. 22.5 cr in FY24 to +Rs. 11.9 cr in FY26

Acquired 65.47% of Prognosys Medical in January 2023 for Rs. 39.07 cr across two transactions - Rs. 24.61 cr primary CCPS + Rs. 14.46 cr secondary, both at fair value of Rs. 162.46/share (Rs. 52.65 cr for 100% equity). Stake raised to 70.0% in April 2026; consideration not disclosed.

60.0% — OptraScan
DIGITAL PATHOLOGY

Control taken in Nov 2025

US-based digital pathology systems (San Jose). Its Indian arm makes automated scanners that digitise tissue slides for pathologists.

Rs. 9.2 cr
Revenue

EARLY STAGE — Only five months in the group; FY26 loss of Rs. 10.9 cr

Acquired in two tranches (Nov 2024 and Nov 2025) for USD 30.0 mn, implying a 100% equity value of USD 50.0 mn, at a 9.3% discount to the independent fair value of USD 1.85/share.

54.5% — Prognosys Healthcare
DIGITAL HEALTH SOFTWARE

Acquired in July 2023

Digital health software. Its software and IP were written down by Rs. 19.8 cr in FY24 and it has no external customers today.

No external revenue
Past sales were intercompany only

DORMANT — Immaterial: FY26 loss of Rs. 0.7 cr

Molbio acquired 54.54% stake for a cash consideration of Rs. 10.26 Cr. This transaction was classified as an asset acquisition rather than a business combination. The purchase price was allocated entirely to the fair value of its Telemedicine Solutions software.

How the group evolved

PHASE 1 - BUILD THE CORE (2000–2018)

- **2000** — Molbio incorporated in Goa
- **2015–16** — Bigtec joins as R&D and IP arm
- **2017–18** — Truenat platform and kits launched

PHASE 2 - WIDEN THE PLATFORM (2023–2026)

- **2023** — Both Prognosys businesses acquired
- **2024–25** — OptraScan taken to 60% control
- **2026** — Prognosys Medical raised to 70%

Source: Company, Midas Research

Product Portfolio (1/2): Truenat - A Two-Part Point-of-Care Platform

One installed device runs disposable test kits for 30 diseases

Truenat is Molbio Diagnostics' flagship **point-of-care** molecular diagnostics platform, encompassing its **hardware, disease-specific test kits**, and **underlying PCR technology**. The hardware "**Truenat Platform (workstation)**" comprises the **Trueprep sample-preparation** device and **the Truelab analyser** which runs **disease-specific Truenat test kits**.

THE HARDWARE - One-time sale (14% of FY26 revenue)

Trueprep

Automated sample-preparation device. Extracts and purifies DNA/RNA from patient samples (blood, sputum, swab, urine, tissue, stool).

Truelab

Real-time PCR analyser that runs the actual test and delivers results. Three configurations by throughput:

UnoDx	Duo	Quattro
1 test at a time	2 tests in parallel	4 tests in parallel

Platform attributes

- Battery-operated & portable
- Results in ~60 minutes (vs. 2–7 days for centralised PCR)
- Operable by minimally trained personnel
- No cold chain or laboratory infrastructure required

THE CONSUMABLES - Recurring sale (72% of FY26 revenue)

Test Kits

Single-use, disease-specific chips pre-loaded with reagents. Each kit tests for one specific disease.

Microchip

Microtube

Microtip

Finished Kit

30 diseases commercialised

43 test kits (assays) available

Coverage includes

Tuberculosis (incl. rifampicin resistance) • COVID-19 • Hepatitis B & C • HIV • HPV • Dengue • Chikungunya • Malaria • H1N1 • Nipah

Closed system: Truelab analysers work only with Molbio's own Truenat kits - every test on the installed base drives recurring kit revenue.

12,500+ devices sold to date	90+ countries	22.7 mn kits produced in FY26	2,524 devices sold in FY26

Source: Company, Midas Research

Product Portfolio (2/2): Beyond Truenat | Imaging, Pathology & Digital Health

Prognosys Medical Systems

RADIOLOGY & IMAGING • Brand: ProRaD • 70% owned • Bengaluru

Digital imaging solutions for point-of-care radiology - from ultraportable battery-operated X-rays to ceiling-mounted hospital systems.

Products

Ultraportable X-ray
Battery-operated, US FDA approved

Mobile X-ray
Bedside imaging for ICUs

Fixed / Ceiling X-ray
High-throughput hospitals

C-arm Systems
Surgical imaging

DR Retrofit Panels
Analog to digital upgrade

ProDigi + Tele-Rad
AI X-ray interpretation + remote radiologist review

Who buys it

Government health programmes (TB screening via chest X-ray at PHCs), hospitals, diagnostic centres, and mobile health units

Rs. 150.4 cr FY26 revenue	**10.40%** of group revenue	**Profitable** FY26 PAT Rs. 11.99 cr

OptraScan (US + India)

DIGITAL PATHOLOGY • San Jose (design) + Pune (mfg) • 60% owned

Automated scanners that digitise tissue slides for pathologists - enabling AI-assisted diagnosis and remote consultation.

Products

OS 15 Scanner
Scans 15 tissue slides

OS Ultra Series
80–480 slides, <60 sec/slide

OS Lite
Wireless, flexible storage

AI Analysis Tools
Automated pathology diagnosis

Telepathology
Remote consultation between pathologists

Who buys it

Hospitals, pathology labs, research institutions & clinical reference labs that need to digitise tissue slides

Rs. 9.2 cr FY26 revenue (5 months)	**0.63%** of group revenue	**Early stage** FY26 loss Rs. 10.95 cr

Source: Company, Midas Research

Manufacturing Footprint - Six Facilities, All Leasehold

Significant capacity headroom across all product lines - volumes can grow before new factory investment is needed

Manufacturing facilities

#	Location	Operated by	Products	Lease term
1	Verna, Goa (Unit I)	Molbio Diagnostics	Truenat test kits	Till Sep 2050
2	Verna, Goa (Unit II)	Molbio Diagnostics	Truenat test kits	Till Sep 2048
3	Peenya, Bengaluru	Molbio Diagnostics	Truenat Test Kits Components	Till Nov 2026
4	Visakhapatnam, AP	Molbio Diagnostics	Truenat devices and test kits	99-yr from Jun 2020
5	Machohalli, Bengaluru	Prognosys Medical (70%)	X-ray and radiology devices	Till May 2027
6	Erandawane, Pune	OptraScan India (60%)	Digital pathology scanners	Till 2028

R&D facility

Rajaji Nagar, Bengaluru - operated by Bigtec (100% owned). 153 R&D staff, including 136 scientists.

Lease: till Sep 2030

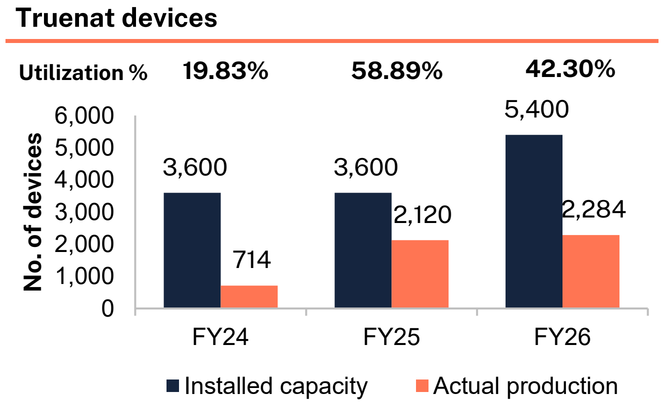
New R&D facility proposed in Bengaluru (Rs. 105.54 cr from IPO proceeds), handover by Mar 2028.

US presence

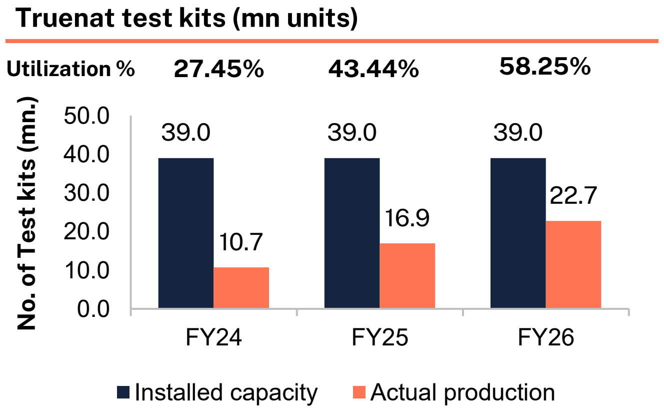
OptraScan INC, San Jose, California - 60% owned. Design, development, sales and servicing of digital pathology systems.

Not a manufacturing facility - scanners are manufactured by OptraScan India at the Pune plant.

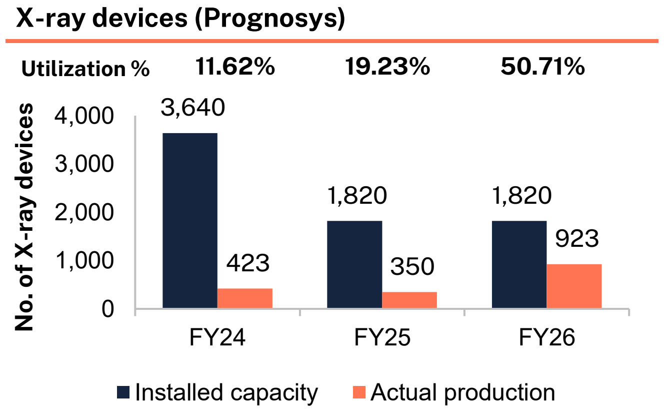
Installed capacity and utilisation over three years



Capacity expanded from 3,600 to 5,400 in FY26



Capacity steady at 39 mn; utilisation doubled in 2 years



Capacity halved from 3,640 to 1,820; output rose 164%

Digital pathology scanners

OptraScan India - subsidiary from 1 Nov 2025 (5 months in FY26 only)

120 installed capacity

33 produced

27.50% utilisation

Utilisation has been rising across test kits and X-ray devices-test-kit utilisation more than doubled from 27.45% to 58.25% in two years, while Truenat device utilisation jumped from 19.83% to 42.30%-but significant headroom remains before new capacity investment is required. Accordingly, fresh issue proceeds are being directed towards automation and R&D rather than new production lines.

Source: Company, Midas Research

2.1 - Business Franchise & Moat (1/3)

A WHO-endorsed platform built over 13 years of R&D and approvals

Molbio's moat rests on WHO endorsement for Truenat-one of only two rapid molecular TB tests globally and the only one from an Indian company-reinforced by 207 patents and a 13-year R&D lead through Bigtec. With 12,500+ devices installed, kits now drive ~72% of FY26 revenue.

THE ENDORSEMENT

One of only two rapid molecular tests in the world endorsed by the WHO for initial TB diagnosis and rifampicin resistance detection-**and the only one from an Indian company.**

Jan 2020	13 years	Truenat
WHO endorsement received	of R&D to ICMR certification	Offers complete replacement for smear microscopy

What that endorsement unlocks

Integrated into the national programme

Endorsed as a complete replacement for smear microscopy-not an add-on-and since integrated into India's National TB Elimination Programme.

92% of incremental NTEP installations outside Designated Microscopy Centres since 2019

A two-player global market

The 1Lattice Report identifies Cepheid and Molbio as the two players holding the major share in point-of-care molecular testing for TB and related infections.

~9,500 public-sector molecular labs in India run Truenat or CBNAAT, incl. ~9,000 PHCs

Proven under emergency conditions

Among the first tests approved by ICMR during COVID-19; the Truenat Nipah chip was the first in India to receive emergency use authorisation from the DCGI.

30 / 43 diseases and assays available on the same installed platform

Why it's hard to replicate - 13 years from founding to WHO endorsement

2000	2015	2017	2018	Jan 2020	2024
Molbio incorporated	Bigtec joins as R&D arm	Truenat launched	First ICMR certification	WHO endorsement	92% NTEP share

A competitor starting today is 13 years behind. The platform took 13 years of R&D to reach ICMR certification, is protected by 207 registered patents (16 India, 191 foreign), and has WHO endorsement for TB shared by only two companies globally.

10.7 mn people contracted TB globally in CY2024	**2.4 mn** undiagnosed – a 23% detection gap	**150 – 200 mn** smear tests globally that could shift to molecular	**18% molecular site share** in India (from 7% in 2018)	WHO targets for **100% molecular TB testing**

Source: Company, Midas Research

2.1 - Business Franchise & Moat (2/3)

An R&D engine that builds barriers rivals can't cross

High entry barriers – patents & WHO endorsement provide a moat

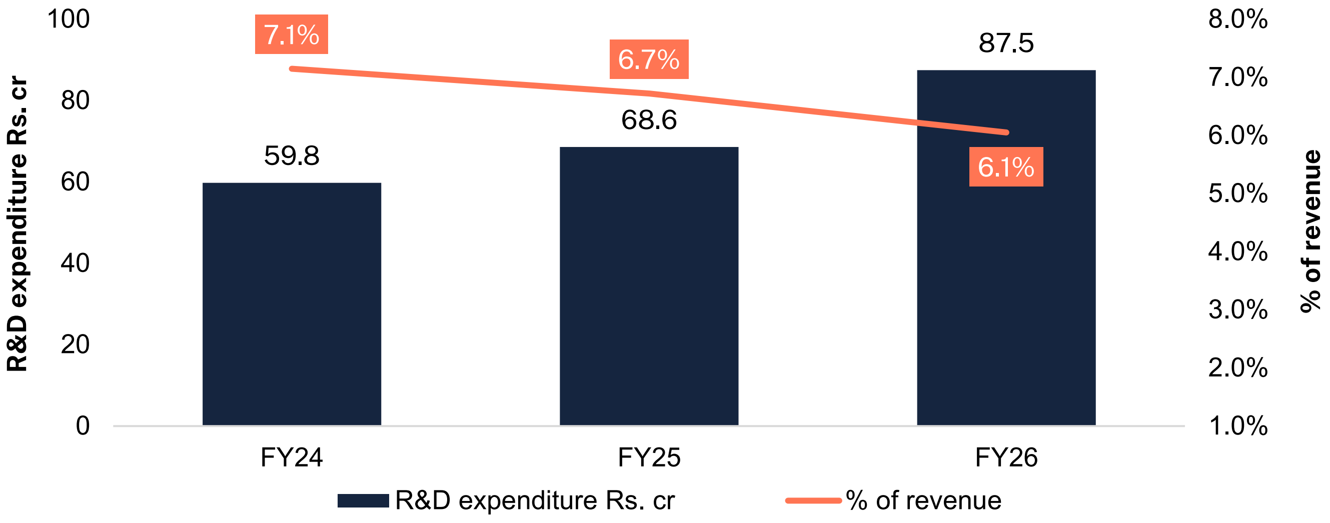
1 of 2
Truenat' is one of only two rapid molecular tests in the world endorsed by the WHO for initial TB diagnosis.

207
patents registered - 16 in India, 191 in foreign jurisdictions

13 yrs
Their platform underwent 13 years of R&D to obtain Indian Council of Medical Research (ICMR) approval.

12,500+
devices sold across 90+ countries as of March 31, 2026

Innovative, R&D-focused business – the engine behind the regulatory position



Regulatory endorsement and a decade-plus lead create a durable entry barrier

- Truenat is WHO-endorsed for initial TB diagnosis and rifampicin-resistance detection-one of only two rapid molecular tests globally to hold this endorsement, and the only one from an Indian company.
- This endorsement qualifies the product for procurement by national TB programmes and aid agencies, making it a gate to the addressable market rather than a marketing position.
- Reinforced by 207 registered patents across India and 191 foreign jurisdictions, along with the 13-year R&D runway required to secure ICMR certification, the barrier facing a new entrant is measured in years, not price.

An in-house R&D engine that turns clinical needs into commercialised assays at speed

- Development is run through Bigtec, a wholly owned subsidiary operating a dedicated Bengaluru facility and led by the Promoter and Chief Technology Officer. As of March 31, 2026, the team numbered 153, including 136 scientists, ~12.5% of total permanent headcount, while R&D expenditure rose 46% over two fiscal years to Rs. 87.45 cr.
- The output is measurable in speed to market rather than spend alone: the 'Truenat' Nipah virus test chip was the first in India to receive emergency use authorisation from the Drug Controller General of India, and the Company developed one of the earliest point-of-care (PCR) platforms for influenza and swine flu.

Source: Company, Midas Research

2.1 - Business Franchise & Moat (3/3)

Razor-and-blade economics: devices place the platform; kits generate the annuity

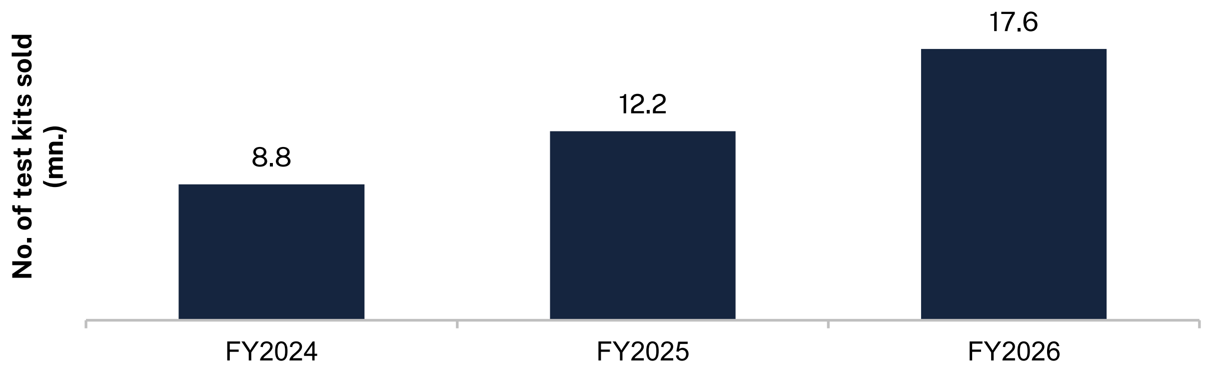
Revenue composition - How Molbio earns across four streams

Particulars (Rs. cr)	FY24	FY25	FY26	CAGR
Revenue	836.6	1020.4	1,445.7	31%
From sale of Devices	184.7	203.0	203.3	5%
From Sale of Test Kits	552.5	731.0	1,034.8	37%
Revenue from selling Prognosys radiology devices - under "ProRad" brand	78.0	49.8	160.7	44%
Other Revenue	21.3	36.7	46.9	

Molbio's revenue grew at a 31% CAGR from Rs. 836.6 cr to Rs. 1,445.7 cr over FY24–26, spread across four distinct streams.

- Test kits are the largest and fastest-growing stream, with a 37% CAGR to Rs. 1,034.8 cr, now accounting for ~**72% of total revenue.**
- Device revenue has plateaued at ~Rs. 203 cr (5% CAGR), reflecting the business's transition from placing machines to earning from them.
- Prognosys radiology devices ("ProRaD" brand) recorded the highest CAGR at 44%, albeit from a small base and with a volatile trajectory-revenue fell to Rs. 49.8 cr in FY25 before rebounding to Rs. 160.7 cr in FY26 as the subsidiary turned around post the acquisition.

Total test kits sold – Compounded growth from a fixed base of devices



Of the 39 mn annual installed kit capacity, Molbio manufactured 22.72 mn kits in FY26 (58.25% utilisation) but sold 17.56 mn-a gap of ~5.16 mn units. The difference sits as finished-goods inventory on the balance sheet, built ahead of expected demand.

High growth of recurring revenue stream

1 Place the device

Trueprep + Truelab workstation is installed at a customer site - government health facility, lab, hospital, or aid-agency programme.

2,524 devices sold in FY26

2 Customer selects the test

The same installed device can run any of 43 test kits across 30 diseases-the customer buys the required kit for each patient.

12,500+ devices installed to date

3 Every test = a new kit sale

Because Truelab is a closed system, each test performed drives a fresh kit purchase. The installed base compounds into a growing consumable annuity.

5.1× kit revenue vs. device revenue

Test kit mix today: TB kits account for ~96.02% of units sold in FY2026-the multi-disease optionality across 30 diseases remains largely unmonetised.

Source: Company, Midas Research

2.2 - Management & Governance Overview (1/2)

Molbio's technical bench is deep-a founder-CEO with 35 years of experience in diagnostics and a CTO who won the Infosys Prize-but all three executive directors are Promoters, and the CFO position has turned over recently, with the current incumbent in place only since December 2025.

Founder-scientist leadership, with the finance seat held by an outside professional

Sriram Natarajan
Executive Director & CEO

- Brings 35 years of experience in diagnostics, spanning product development, manufacturing and marketing across domestic and international markets.
- A co-founder of Tulip Diagnostics, he brings extensive experience in building and scaling diagnostic businesses.
- At Molbio, he oversees overall business management and strategy.

Dr. Chandrasekhar B. Nair
Executive Director & CTO

- Has 34 years of experience in translational R&D, with a track record of leading multidisciplinary teams in product development.
- Previously headed Engineering & Computer Sciences at the Vittal Mallya Scientific Research Foundation.
- Leads Molbio's R&D and technology development, providing significant technical depth to the organisation.

Sangeetha Sriram
Executive Director, Ops

- B.Sc. from Sri Venkateswara University, Tirupati; M.Sc. in Botany from the University of Delhi.
- Oversees operations and administration, with five years of experience in the diagnostics sector.
- Has been on the Board since June 2020; spouse of CEO Sriram Natarajan.

Manan Bimal Khokhani
President Finance & CFO

- Chartered Accountant (ICAI); B.Com. from H.L. College of Commerce, Gujarat University.
- 15 years of experience in finance and accounts, with previous stints at Larsen & Toubro, Thermo Fisher Scientific India and Worley Services India.
- Joined Molbio in December 2025; FY26 remuneration of Rs 3.9mn.
- Company Secretary: Darshan R. Karekar (FCS), since July 2024.

Source: Company, Midas Research

2.2 - Management & Governance Overview (2/2)

✅: Positive
☑: Neutral
❌: Negative

Rating		Corporate Factsheet
✅	**Board of Directors-Independence & diversity**	▪ Six Directors - three Executive (Sriram Natarajan, Dr. Chandrasekhar Bhaskaran Nair, Sangeetha Sriram) and three Independent (Dr. Arun Kumar Jha, Dr. Balram Bhargava, Nupur Garg). ▪ Independents are 50% of the Board; two Directors are women, including one woman Independent Director, spanning public health, economic policy and private equity.
☑	**Board of Directors-changes in directors**	▪ Dr. Arun Kumar Jha and Dr. Balram Bhargava joined as Independent Directors on November 16, 2024 for five-year terms; Nupur Garg on January 31, 2025. ▪ The whole independent cohort was inducted ahead of the Offer, so its oversight track record is short.
✅	**Board of Directors-Independence in board committees**	▪ Audit Committee: three members, two of them Independent, chaired by Nupur Garg. ▪ Nomination and Remuneration Committee: three members, all Independent, chaired by Dr. Balram Bhargava. Stakeholders' Relationship, CSR and Risk Management committees also in place.
✅	**Changes in Key Managerial Personnel**	▪ Manan Bimal Khokhani appointed President Finance & Accounts and CFO from December 22, 2025; Darshan Raghunath Karekar Company Secretary since July 24, 2024. ▪ Both the finance and secretarial seats have turned over within roughly two years of the Offer.
✅	**Management continuity**	▪ CEO Sriram Natarajan has been on the Board since incorporation; the CTO since August 2011 and Sangeetha Sriram since June 2020. ▪ Executive Directors retire by rotation rather than on fixed terms - continuity is high but not contractually time-bound.
☑	**Governance Structure (Promoter-led vs Professionally Managed)**	▪ All three Executive Directors - CEO, CTO and Director Operations - are Promoters, and the CEO and Director Operations are spouses. ▪ Professional depth sits one level below the Board: an outside Chartered Accountant as CFO and a fellow Company Secretary in compliance.
☑	**Promoter holding**	▪ Promoters hold 41.3% as of Aug 2026 ▪ The CTO holds 5.42% jointly; the CEO holds no shares directly, participating through Exxora Trading LLP.
☑	**Stock-based compensation**	▪ ESOP 2025, adopted on August 22, 2025, allows issue of up to 2,819,000 Equity Shares - about 2.5% of pre-Offer capital. ▪ A live alignment tool for key employees, with modest dilution.
✅	**Related-party transactions**	▪ Related-party profit-and-loss transactions are small and have shrunk relative to revenue. ▪ The CTO draws no pay from Molbio, receiving Rs 26.0mn from subsidiary Bigtec.

Source: Company, Midas Research

2.3 - Risk Profile & Pricing Power

Risk profile and pricing power

The overall industry structure remains favorable, driven by high barriers, customer stickiness, and premium pricing power. However, this is moderated by input cost volatility and high buyer concentration.

Porter's 5 Forces

Threat of New Entrants-Low

- The biggest protection around Molbio is the time and expertise required to develop, validate and obtain regulatory approval for a reliable molecular diagnostic platform.
- Truenat took ~13 years of R&D to reach ICMR certification and now has WHO endorsement for TB and integration into India's NTEP. Molbio also had 30 commercialised diseases and 43 assays as of FY26.
- The risk of a new entrant materially disrupting Molbio in the near term is low, but the threat from established global players is higher than from start-ups.

Threat of Substitutes-Moderate

- Molbio competes against two broad substitutes: conventional diagnostic methods and centralised molecular testing.
- Conventional methods are unlikely to disappear quickly, but the greater long-term risk is technological advancement by competing molecular diagnostic platforms.
- Hence, conventional diagnostics are a declining competitive threat, while technological substitution remains relevant.

Competitive Rivalry- Moderate

- The molecular diagnostics industry is inherently competitive, with rapid technological change and substantial R&D requirements. Molbio itself identifies competition from centralised laboratories as well as other diagnostic solution providers.
- However, the competitive intensity around Molbio's specific niche is more limited. Truenat is the global multi-disease battery operated PoC PCR platform capable of operating in resource-constrained settings.

Bargaining power of Suppliers-Moderate

- The company uses specialised inputs including enzymes, primers, probes, electronic components and chips, sourced from both domestic and international suppliers. Raw materials and components accounted for 46.7% of total expenses in FY26.
- More importantly, procurement is relatively concentrated. The top 10 suppliers accounted for 58.5% of raw-material and component purchases in FY26, and Molbio specifically notes that some materials have single-source suppliers.

Bargaining power of Buyers- Moderate

- Customer power is relatively high because a large part of Molbio's business is linked to government programmes, tenders and a concentrated customer base.
- In FY26, Indian central government customers accounted for 56.5% of finished-goods revenue, while state governments contributed another 23.3%. However, customer power is partly offset by Truenat's economics and installed base. The platform offers molecular testing with ~60-minute turnaround, operates on battery power and requires considerably less infrastructure than conventional centralised PCR systems.

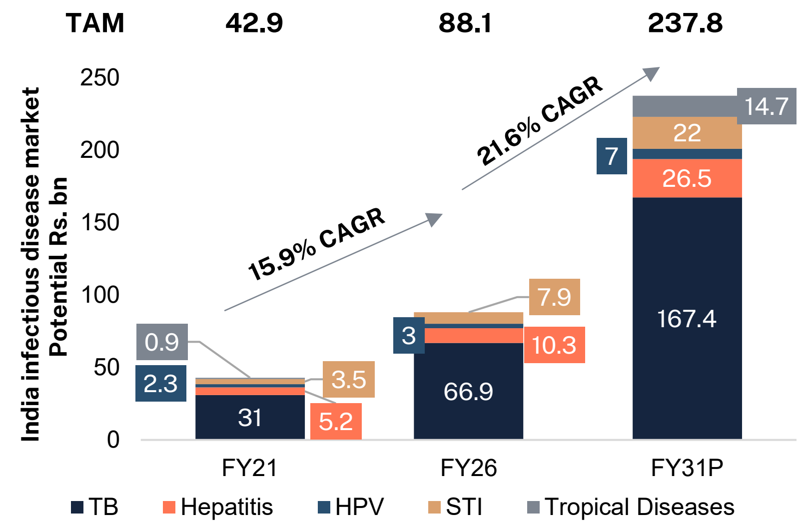
Source: Company, Midas Research

Structurally advantaged-point-of-care molecular testing is displacing microscopy, Molbio owns the installed base, and radiology is now self-funding. Held back a notch by tender dependence, a maturing device cycle, and a margin recovery that is still to be demonstrated.

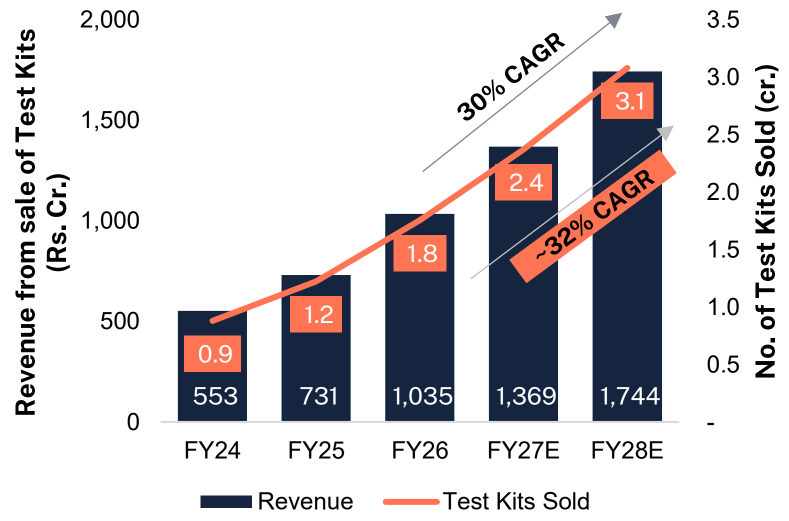
2.4 – Financials (1/3)

TB is - and stays - the largest segment of India's infectious-disease diagnostics market

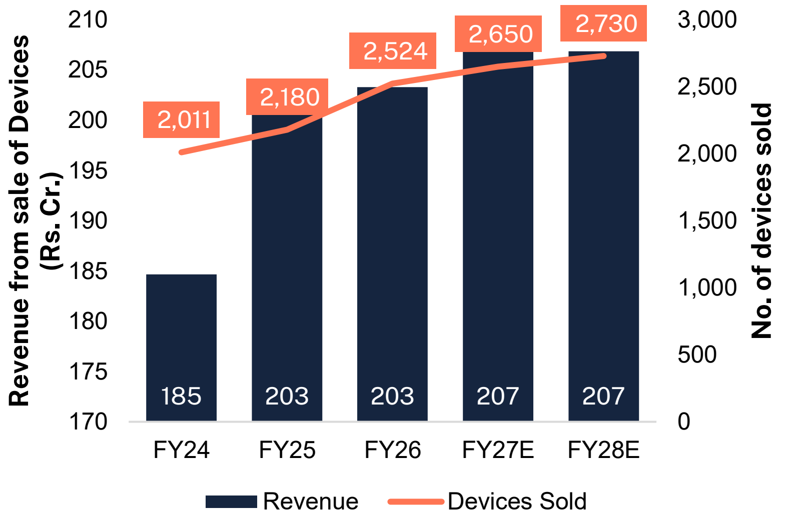
5x runway by FY31 – TB alone a Rs. 167bn market



Test-kit revenue on track to compound at 30% CAGR over FY26 to FY28E as volume compounds at ~33% CAGR



Device revenue plateaus near Rs. 207 cr as the installed base matures



Molecular testing is displacing smear microscopy - Molbio is a direct beneficiary:

- India is **replacing century-old smear microscopy with rapid molecular TB testing**, and **Molbio is a prime beneficiary**.
- Its Truenat platform is portable, battery-operated, and deployable at primary health centres without electricity, **catching 60% more cases than smear microscopy** and flagging rifampicin resistance within two hours.
- It already reaches ~11,000 DOTS centres. But only about 45% of TB centres currently use upfront molecular tests-**meaning over half of India's centres are still uncovered, against a UN target of 100% molecular-testing** coverage for newly diagnosed TB by CY2027.
- As the world moves toward the WHO's 100%-molecular target, a low-cost, battery-operated, point-of-care platform is uniquely suited to high-burden, low-infrastructure geographies.

~10.7 mn
people contracted TB globally

2.4 mn
TB cases undiagnosed globally - a ~23% detection gap

100%
WHO target for molecular TB testing by CY2027

150–200 mn
smear tests globally that could shift to molecular

Test kits to remain the primary growth engine

- **Test-kit revenue has emerged as Molbio's key growth driver, growing at ~37% CAGR over FY24–26 to Rs. 1,035 Cr and contributing ~72% of FY26 revenue**, with **volume doubling from 0.9 cr to 1.8 cr units over the same period.** We expect this momentum to sustain, with kit revenue projected to grow at **~30% CAGR over FY26–28E, and volume to compound at ~32% CAGR**, led by continued growth in TB testing and increasing adoption of **Hepatitis, HPV, HIV and other assays**. TB will remain the dominant contributor, while a broader test menu should gradually diversify the revenue mix.
- **Device revenue, meanwhile, is expected to remain broadly flat at FY26 levels**, reflecting the shift from device-led growth towards recurring consumables. With a growing installed base, the next leg of growth will increasingly come from **higher utilisation and repeat kit consumption rather than incremental device placements.**

Source: Company, Midas Research

2.4 – Financials (2/3)

Subsidiaries – Prognosys turns profitable and scales; OptraScan emerges as an option

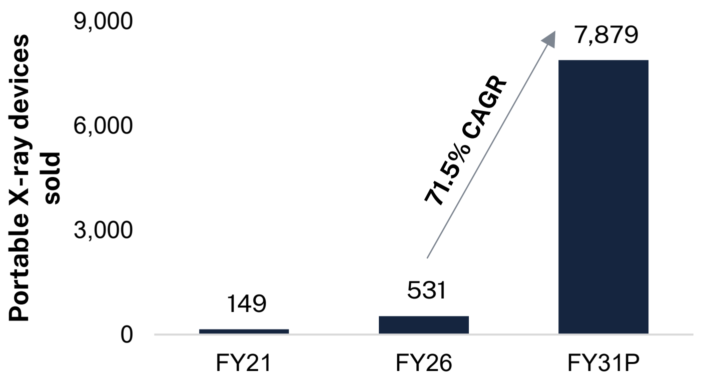
PROGNOSYS Radiology & Imaging (ProRaD)

70% owned • profitable since FY26

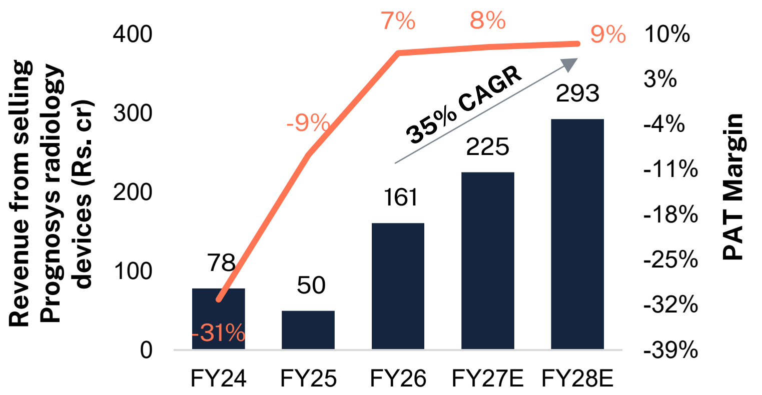
OPTRASCAN

Digital Pathology • 60% owned

Portable X-ray market is expected to grow at 71.5% CAGR over FY26-FY31P, reaching ~7,900 sales



Radiology (ProRaD) is now a profitable, fast-growing second engine



Prognosys: Emerging growth engine with operating leverage

- **ProRad is positioned in one of the fastest-growing segments of Indian radiology**. The ultra-portable X-ray market is expected to grow at ~71.5% CAGR over FY26–31, significantly outpacing the overall Indian X-ray market, which is projected to reach Rs. 52.6 bn by FY31 at a ~9.3% CAGR.
- **Its portable, battery-operated ProRad ATLAS systems address an important gap in healthcare access.** US FDA clearance and EU MDR certification support global acceptance, while the compact form factor enables deployment across PHCs, rural screening camps and ICUs, where conventional fixed X-ray systems are difficult to install or operate. Its lower cost also improves its competitiveness against imported systems.
- **ProRad also benefits from Molbio's existing diagnostic ecosystem**. Chest X-ray is an important first-line screening tool for TB, creating a natural cross-selling opportunity alongside Truenat's molecular confirmation. As volumes scale, operating leverage should drive further margin expansion, with the business already turning profitable in FY26.
- We expect radiology-device revenue to increase to Rs. 293 cr in FY28E from Rs. 161 cr in FY26, implying ~35% CAGR over FY26–28E. This growth, combined with improving utilisation and operating leverage, should make Prognosys an increasingly meaningful contributor to Molbio's consolidated earnings.

OptraScan: Early-stage investment, emerging earnings lever

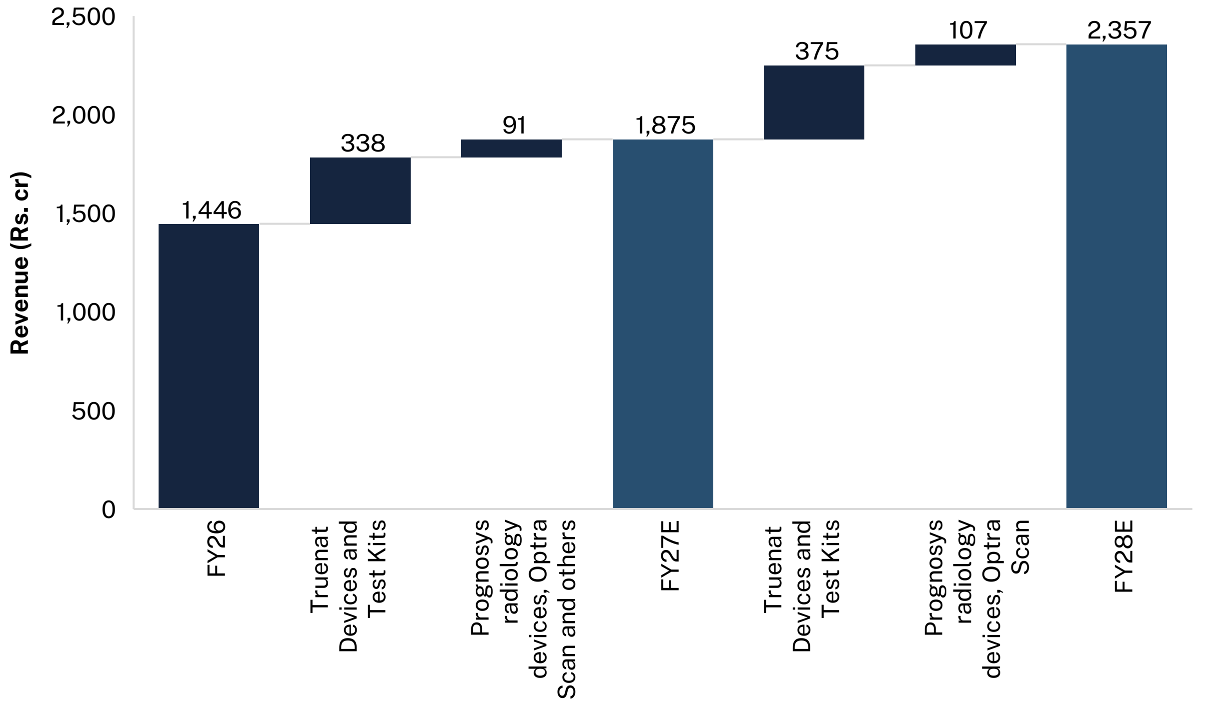
- **OptraScan gives Molbio an entry into the rapidly evolving digital pathology market**, with a portfolio spanning digital pathology scanners, AI-enabled image analysis, and telepathology solutions. The acquisition broadens Molbio beyond molecular diagnostics into tissue-based diagnostics, creating a complementary technology platform.
- **The business is still at an early stage within the group.** Molbio took control of OptraScan in November 2025, with FY26 reflecting only five months of consolidation. OptraScan generated ~Rs. 9 Cr of revenue but reported a **Rs. 10.9 Cr loss** during FY26, highlighting the upfront investment required to scale the platform.
- **We expect OptraScan to remain loss-making in FY27E as the company invests in commercialisation and expands its digital pathology scanner footprint.** However, rising production and utilisation should improve operating leverage, with digital pathology scanner capacity at **120 units versus only 33 units produced in FY26 (~28% utilisation)**.
- **We expect the business to turn profitable in FY28E**, as scale-up absorbs its fixed costs and the installed scanner base begins generating recurring software, AI and digital pathology revenues.
- While OptraScan is unlikely to materially contribute to group earnings in the near term, **FY28E profitability provides an additional earnings lever and validates Molbio's strategy of building a broader diagnostics platform.**

Source: Company, Midas Research

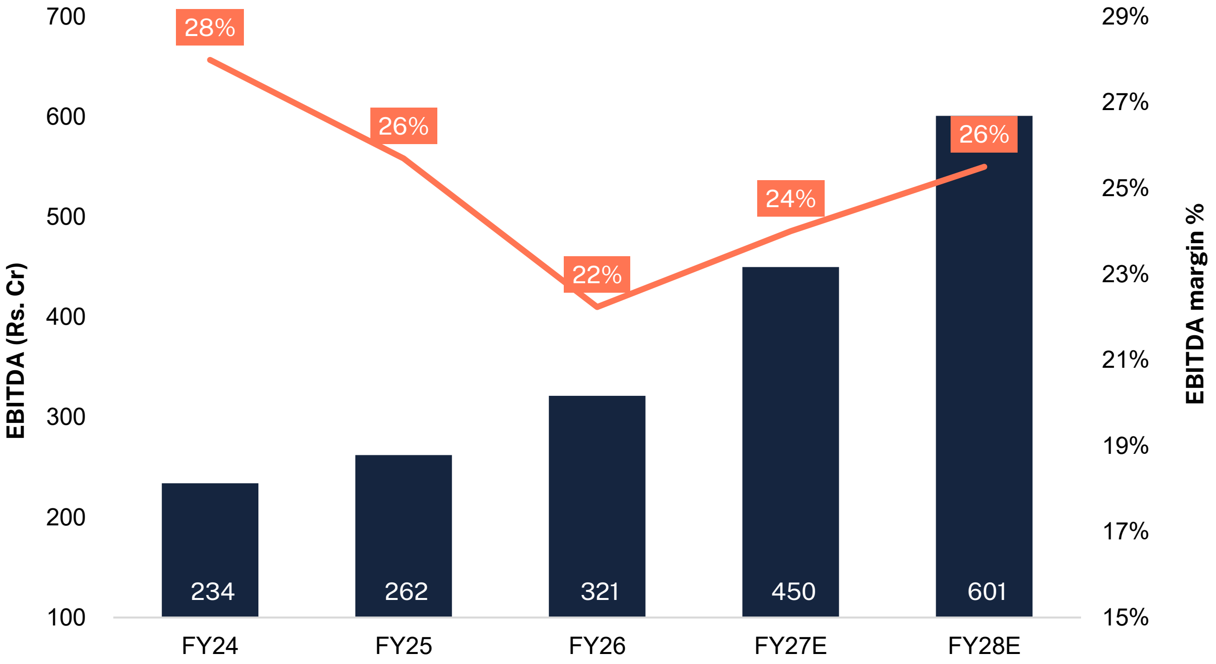
2.4 – Financials (3/3)

Revenue to grow ~27% CAGR over FY26–28E, while EBITDA margin recovers from the FY26 trough

Truenat core drives ~78% of revenue addition over FY26–28E



EBITDA margin troughs at 22% in FY26 and recovers to 26% by FY28E



- We expect **revenue to grow 30% Y-o-Y to Rs. 1,875 cr in FY27E and a further 26% to Rs. 2,357 cr in FY28E**. The core Truenat franchise remains the primary growth engine, contributing **~78% of the Rs. 911 cr incremental revenue over FY26–28E**. Test-kit revenue is expected to scale to **Rs. 1,744 cr by FY28E**, driven by continued adoption of molecular testing and the gradual displacement of smear microscopy in TB diagnostics, with the TB diagnostics market estimated to reach **Rs. 167 bn by FY31**.
- **Subsidiaries provide the balance of growth.** Prognosys revenue is expected to increase from **Rs. 161 cr in FY26 to Rs. 293 cr in FY28E**, a ~35% CAGR, with the business already PAT-positive at ~7% margin.
- **FY26's 22% EBITDA margin should mark the trough rather than a new normal.** The compression was driven by a combination of **higher distributor commissions, front-loaded US/EU regulatory, consultancy, and legal expenses, higher contract manpower costs, and ~Rs. 7 cr of forex losses**. Importantly, a significant portion of these costs were incurred ahead of the associated revenue recognition, as war-related delivery disruptions delayed shipments.
- We therefore expect **EBITDA margin to recover to ~24% in FY27E and ~26% in FY28E**, supported by recognition of the delayed revenue without a commensurate repeat of the upfront costs, moderation in advisory/regulatory spending, and profitable contribution from Prognosys and OptraScan. This should drive **operating leverage and a faster recovery in earnings than revenue growth alone would suggest**.

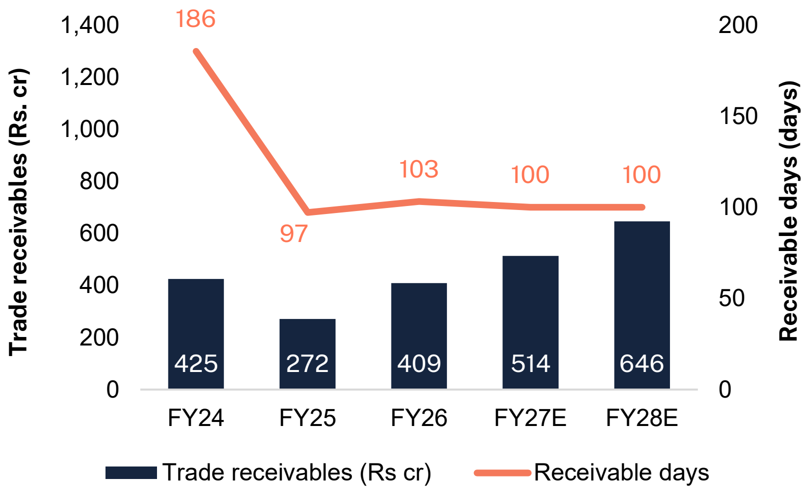
Source: Company, Midas Research

2.5 - Balance Sheet & Cash Flow Analysis

Revenue is vanity, profit is sanity, but cash is reality

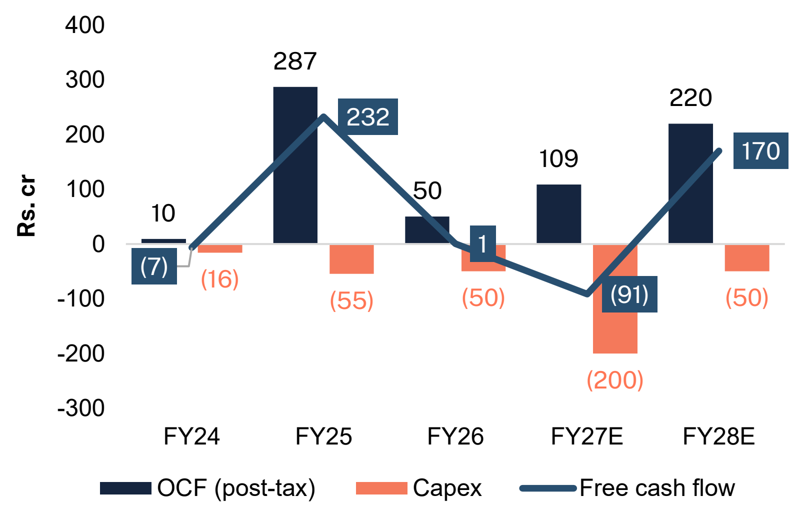
Molbio's balance sheet and cash-flow strength are aided by improving working-capital efficiency, a shift to sustained positive FCF as capex normalises, and a transition from Rs. 152 cr of net debt in FY24 to ~Rs. 185 cr of net cash by FY28E, providing increasing capacity to fund growth through internal accruals.

Working capital efficiency improves with scale



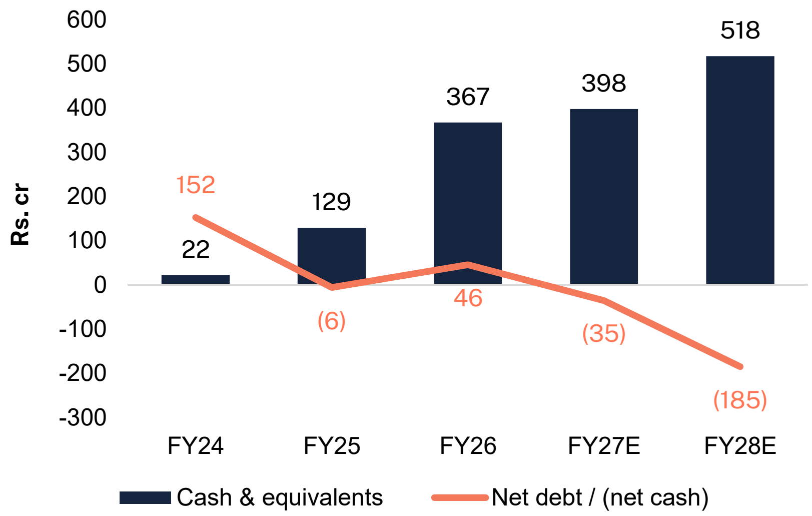
- Receivable days are expected to almost half from 186 days in FY24 to 100 days by FY28E, while trade receivables increase only from Rs. 425 cr to Rs. 646 cr even as revenue nearly triples.
- The sharp improvement reflects better collections and operating leverage in the working-capital cycle, rather than simply slower growth in receivables. This is important for Molbio given its exposure to government healthcare programmes and public-health institutions, where payment cycles tend to be elongated.
- As consumables scale, improving collection efficiency should allow a greater proportion of reported growth to translate into cash.

FCF turns sustainably positive as capex normalises



- Operating cash flow has been volatile despite strong earnings, reflecting the working-capital intensity of Molbio's growth phase. OCF of Rs. 287 cr in FY25 fell to Rs. 50 cr in FY26 as working capital absorbed cash, while FY27E FCF of -Rs. 91 cr is primarily capex-led, with Rs. 200 cr of planned investment.
- With receivables normalising and capex moderating, OCF is expected to rise to Rs. 220 cr in FY28E, translating into Rs. 170 cr of FCF. The key inflection is therefore not earnings growth alone, but the conversion of that growth into cash as the working-capital cycle matures.

Balance sheet strengthens into a net cash position



- The balance sheet is likely to strengthen materially as cash generation improves, with cash and equivalents expected to rise from Rs. 22 cr in FY24 to Rs. 518 cr by FY28E. Net debt of Rs. 152 cr in FY24 is expected to turn into net cash of Rs. 185 cr by FY28E, despite the planned FY27 capex cycle.
- This indicates that capacity expansion can increasingly be funded via internal accruals rather than incremental leverage. Beyond bolstering the balance sheet, the emerging cash surplus gives Molbio flexibility to pursue capacity expansion, product development or inorganic opportunities without straining the balance sheet.

Source: Company, Midas Research

3 - Valuation Framework

Valuation Framework - Summary

3.1

Currently Versus Peers:

- Molbio trades at ~0.8x FY28E PEG versus a peer average of ~1.8x, despite the strongest growth in the set, with expected revenue/EBITDA/PAT CAGRs of 28%/37%/47%, respectively, through FY28E.
- Proprietary Truenat IP, WHO endorsement, and a 12,500+ device installed base support a re-rating as kit utilisation and margins improve. Accordingly, we assign a rating of **6.0/7.0.**

3.2

Based on Growth:

- Molbio offers the strongest growth in the peer set; ~47% PAT and ~37% EBITDA CAGRs over FY26-28E - at a PEG of ~0.8x and ~22x EV/EBITDA, making it the most attractive growth-adjusted valuation in the group. Accordingly, we assign a rating of **5.5/7.0.**

3.3

Capturing Return Profiles:

- Molbio's RoE is expected to improve from ~16% in FY26 to ~20% by FY28E, while RoCE, at ~21%, is in the upper half of the peer set.
- The TTM P/E is projected to de-rate from ~79x to ~37x by FY28E. Weaker cash conversion (~0.3x CFO/PAT) remains the key monitorable. Accordingly, we assign a rating of **4.5/7.0.**

3.4

Reflecting EVA:

- Molbio is the only company in the peer set generating a positive EVA spread (~7% in FY26), with the spread expected to widen to ~11.4% by FY28E as profitability scales-evidence of genuine economic value creation that supports a premium multiple. Accordingly, we assign a rating of **6.0/7.0.**

3.1 – Current Position Versus Peers:

Peer comparison

Molbio trades at ~0.8x FY28E PEG versus a peer average of ~1.8x, despite the strongest growth in the set, with expected revenue/EBITDA/PAT CAGRs of 28%/37%/47%, respectively, through FY28E. Proprietary Truenat IP, WHO endorsement, and a 12,500+ device installed base support a re-rating as kit utilisation and margins improve.

- **Molbio trades at ~0.8x FY28E PEG, below the peer average of ~1.8x, despite delivering the strongest growth profile in the set.** Revenue/EBITDA/PAT are expected to grow at **28%/37%/47% CAGRs through FY28E**, versus the peer average of **18%/21%/25%,** respectively. This makes the current valuation reasonable relative to the earnings growth embedded in the business.
- **The business model is fundamentally more technology- and IP-led than the broader diagnostic universe.** While peers are largely pathology-led diagnostic chains or medical-device manufacturers, Molbio operates a proprietary molecular diagnostics platform through Truenat. Developed over 13 years, the platform is protected by **207 patents** and is one of only two globally endorsed by WHO for initial TB diagnosis and rifampicin resistance, creating meaningful technological, regulatory and qualification barriers.
- **The superior growth is supported by a differentiated recurring-revenue model.** Molbio is increasingly monetising its installed base of **12,500+ devices** through recurring test-kit consumption, rather than relying solely on new device placements. Test kits already account for ~72% of FY26 revenue and provide a scalable annuity as utilisation increases and the test menu expands.
- **Profitability currently lags peers, but the gap provides scope for operating leverage.** Molbio's EBITDA margin is expected to improve from **22% in FY26 to 26% in FY28E**, still below the peer average of 31%. Similarly, RoE is expected to rise from **16% to 20%**, broadly converging with the peer average of 19%. As the installed base scales and fixed R&D/manufacturing costs are absorbed over a larger revenue base, margin expansion should increasingly translate into earnings growth.
- **At the current valuation, investors are paying less for significantly higher earnings growth.** Molbio's **47% PAT CAGR** is ~22 ppt above the peer average, while its FY28E PEG of 0.8x is ~56% below the peer average. This asymmetry becomes more compelling if the company can diversify beyond its current TB-heavy kit franchise and demonstrate sustained operating leverage.
- Molbio offers a differentiated play on molecular diagnostics, combining **proprietary IP, regulatory validation, an installed-base consumables model and superior earnings growth**, while currently trading at a discount to the peer average. The key re-rating trigger is not further multiple expansion, but **conversion of the technology moat into higher kit utilisation, broader assay adoption and improving margins/returns.**

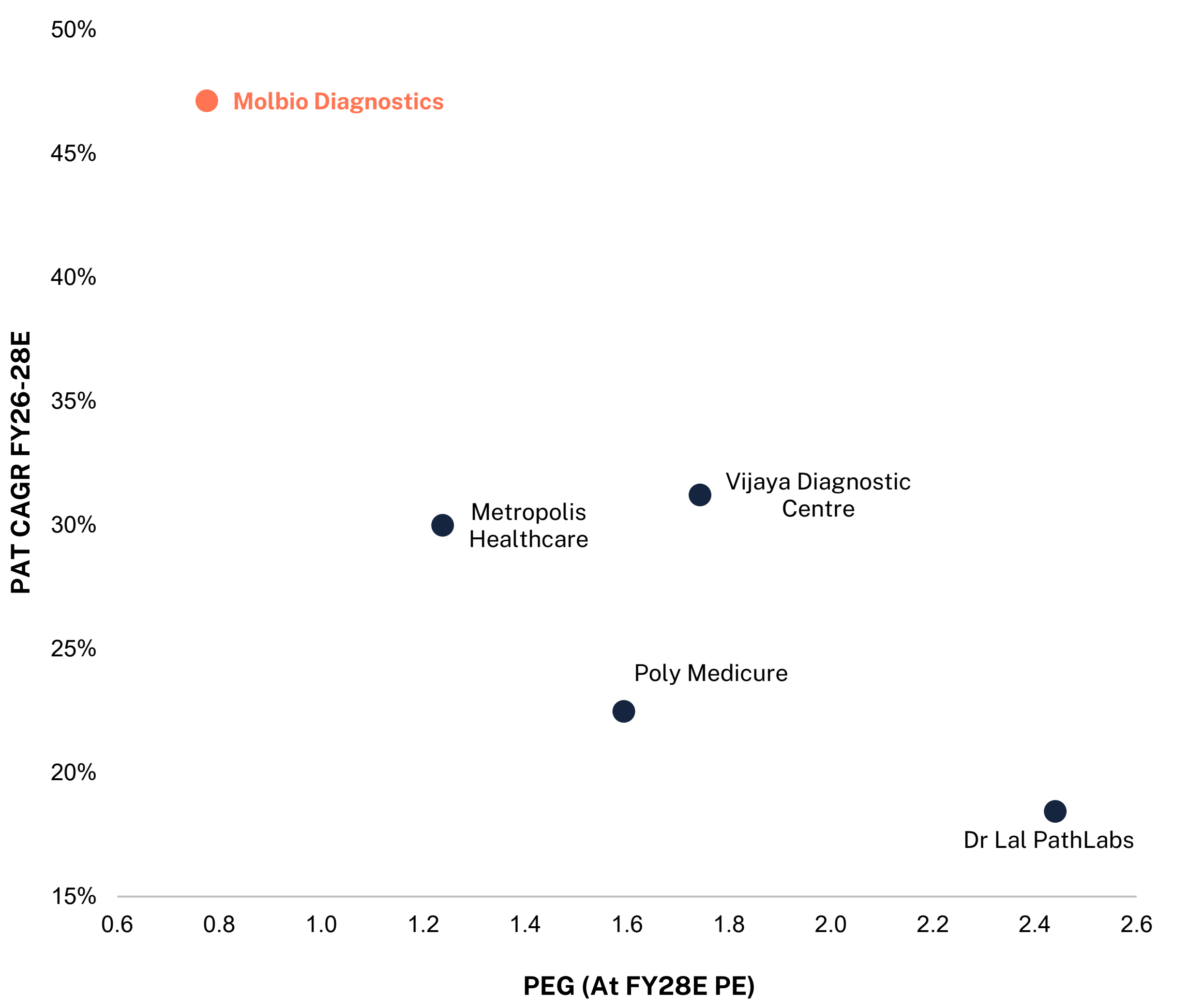
Company	CMP Rs	Mkt cap Rs. cr	Revenue (Rs.cr)			EBITDA(Rs.cr)			PAT(Rs.cr)			EBITDA Margin		RoE		PEG
			FY26	FY28E	CAGR	FY26	FY28E	CAGR	FY26	FY28E	CAGR	FY26	FY28E	FY26	FY28E	FY28E
Molbio Diagnostics	**1,144**	**13,185**	**1,446**	**2,357**	**28%**	**321**	**601**	**37%**	**167**	**361**	**47%**	**22%**	**26%**	**16%**	**20%**	**0.8**
Dr Lal PathLabs	1,940	32,563	2,763	3,632	15%	794	1,063	16%	515	722	18%	29%	29%	22%	24%	2.4
Poly Medicure	1,713	17,359	1,859	2,707	21%	443	707	26%	327	491	22%	24%	26%	11%	13%	1.6
Vijaya Diagnostic Centre	1,472	15,202	814	1,168	20%	335	500	22%	163	278	31%	41%	43%	20%	21%	1.7
Metropolis Healthcare	577	11,953	1,646	2,184	15%	402	577	20%	191	322	30%	24%	26%	13%	17%	1.2
Average	-	-	-	-	**18%**	-	-	**21%**	-	-	**25%**	**30%**	**31%**	**16%**	**19%**	**1.8**

*Note; Peer Average includes *(Dr. Lal PathLabs, Metropolis Healthcare, Vijaya Diagnostic Centre and Poly Medicure)*
Source: Company, Midas Research, Bloomberg

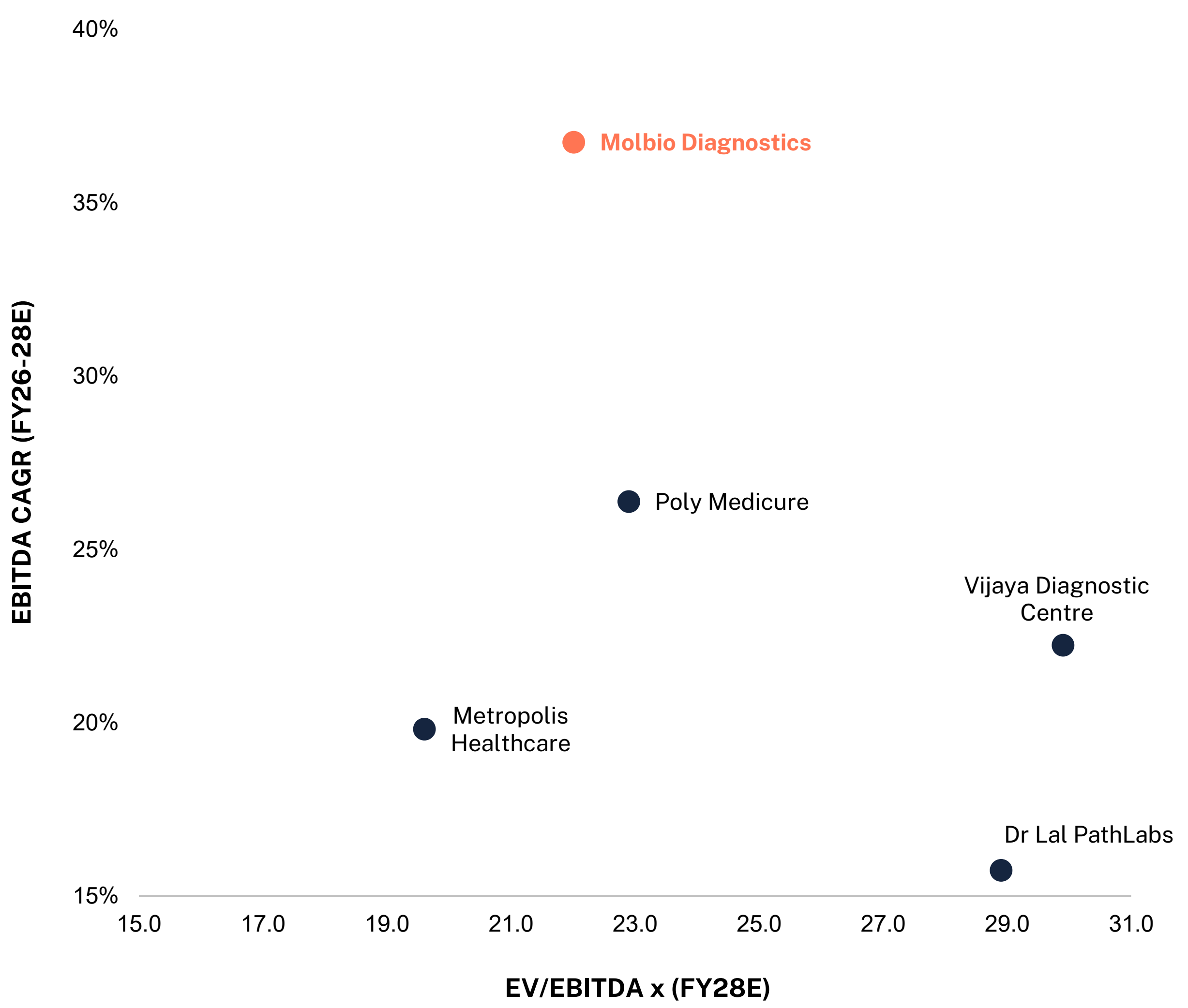
3.2 – Based on Growth

Molbio offers the strongest growth in the peer set - ~47% PAT and ~37% EBITDA CAGRs over FY26-28E - at a PEG of ~0.8x and ~22x EV/EBITDA, making it the most attractive growth-adjusted valuation in the group.

Highest PAT growth in the peer set at the lowest PEG (~0.8x)



Fastest EBITDA growth at a mid-range EV/EBITDA of ~22x

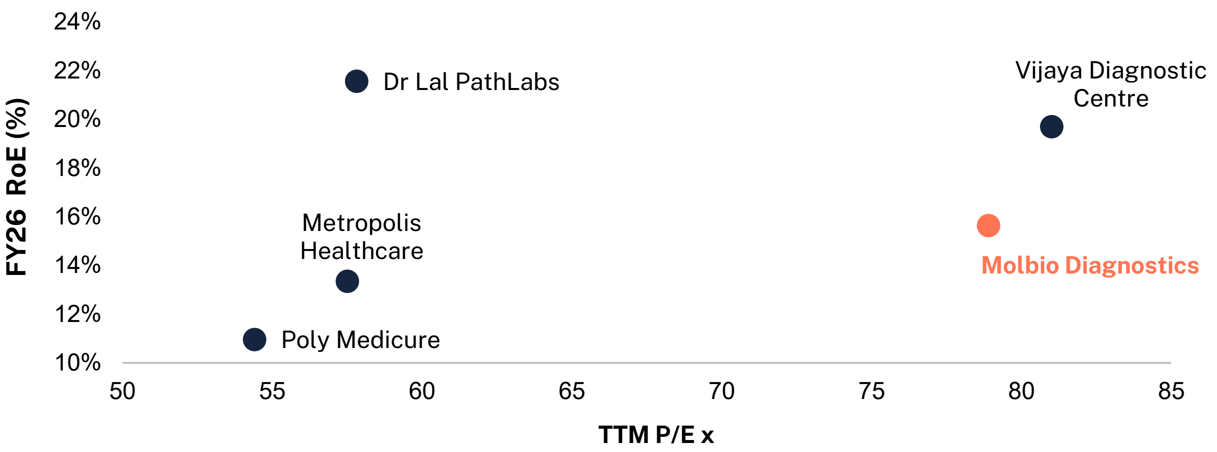


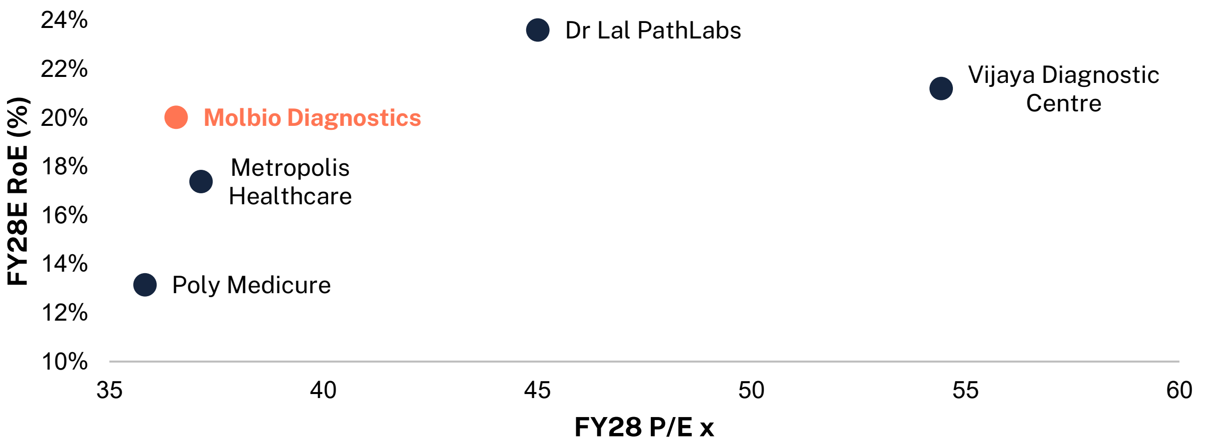
Source: Company, Midas Research, Bloomberg

3.3 – Capturing Return Profiles

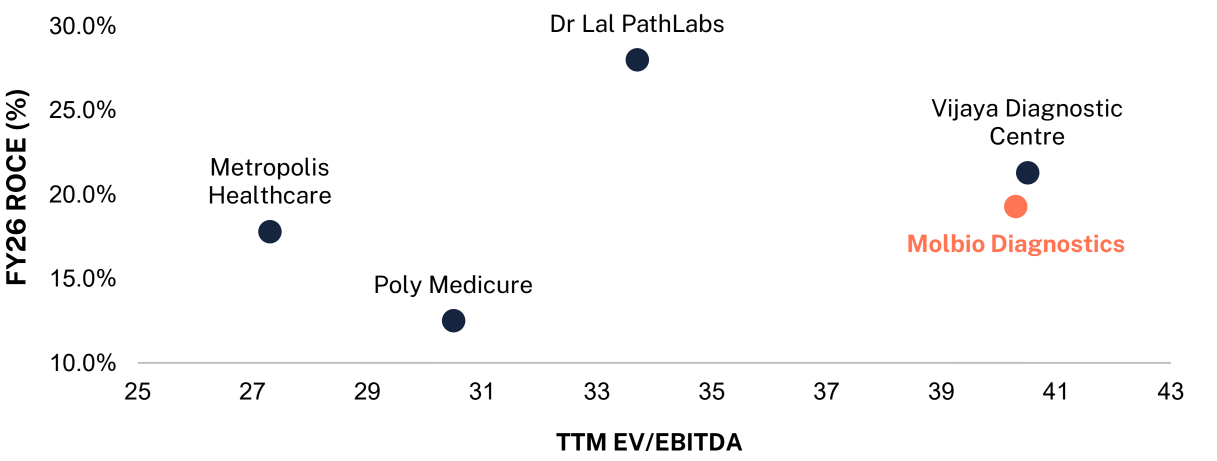
Molbio's RoE is expected to improve from ~16% in FY26 to ~20% by FY28E, while RoCE, at ~21%, is in the upper half of the peer set. The TTM P/E is projected to de-rate from ~79x to ~37x by FY28E. Weaker cash conversion (~0.3x CFO/PAT) remains the key monitorable.

Return profile improves into FY28E: RoE rises from ~16% to ~20% as TTM P/E de-rates from ~79x to ~37x on rapid earnings growth

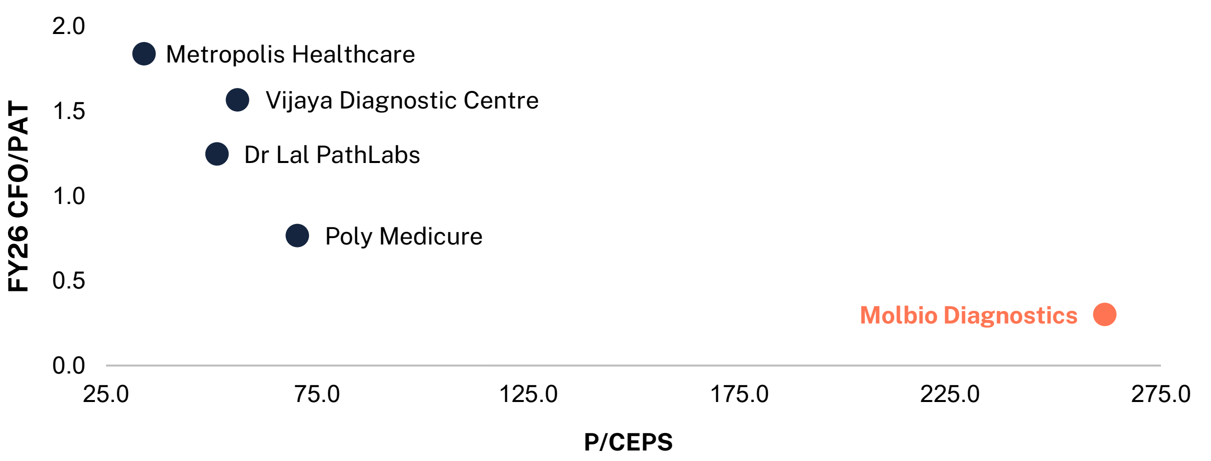




FY26 RoCE of ~19% ranks in the upper half of the peer set at ~40x EV/EBITDA



Cash conversion lags peers at ~0.3x CFO/PAT; highest P/CEPS in the set



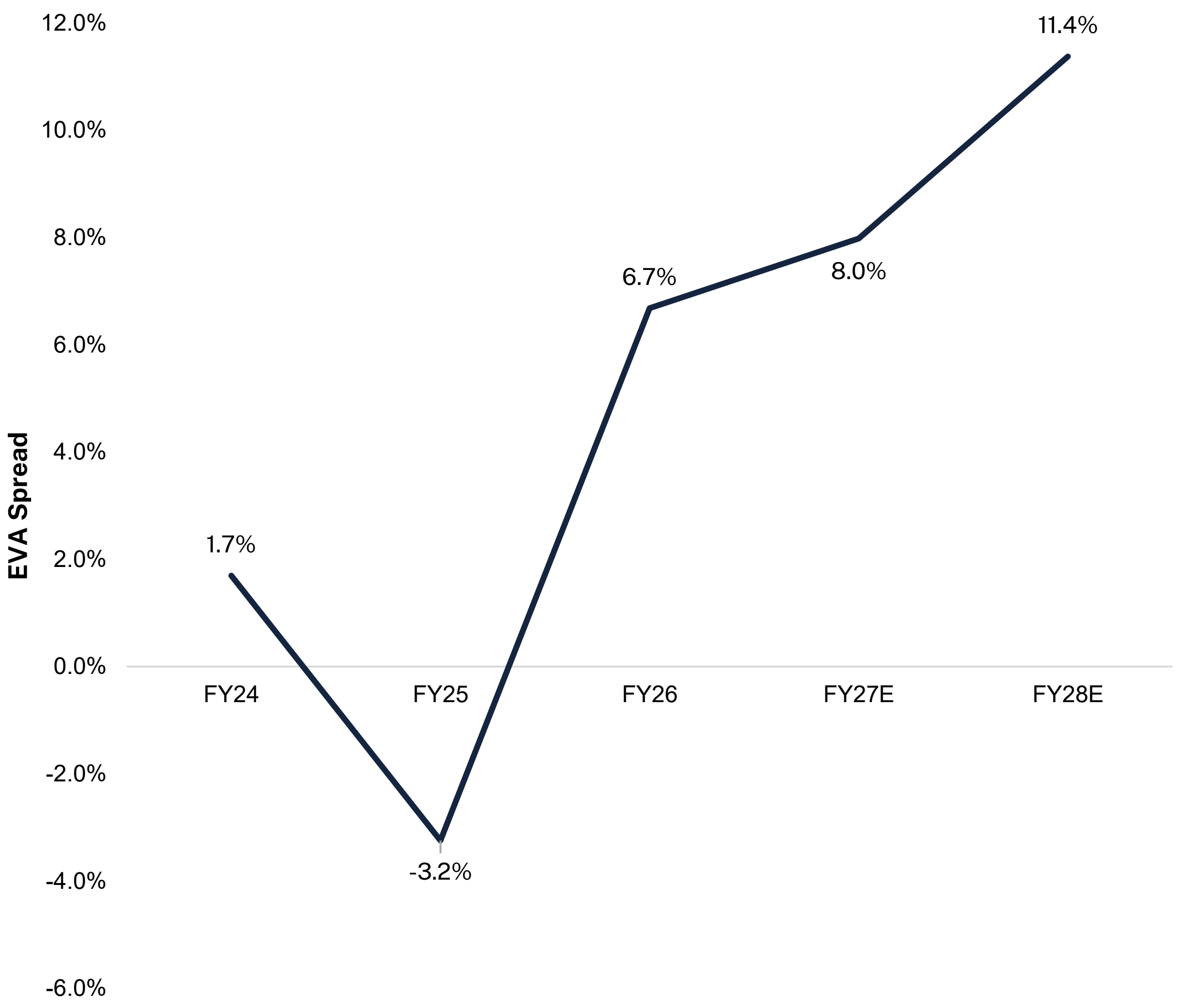
Source: Company, Midas Research, Bloomberg

3.4 – Reflecting EVA

Molbio is the only peer generating a positive EVA spread (~7% in FY26), with the spread likely to widen to ~11.4% by FY28E as profitability scales-evidence of genuine economic value creation that aids a premium multiple.

Only peer with a positive EVA spread (~+7% in FY26)

EVA spread is likely to widen from 1.7% in FY24 to 11.4% by FY28E



Source: Company, Midas Research, Bloomberg

Valuation Rationale

Conclusion

Growth Is Real - and Underpriced
STRONGEST VALUATION ARGUMENT

- **Fastest compounder in the set:** We expect revenue/EBITDA/PAT CAGR of 28%/37%/47%, respectively, over FY26–28E versus a peer average of 18%/21%/25%, led by recurring test-kit consumption across a 12,500+ installed device base.
- **Growth-adjusted valuation is attractive:** Molbio trades at ~0.8x FY28E PEG versus a peer average of ~1.8x, with P/E expected to de-rate from ~77x FY26 to ~37x FY28E on earnings delivery alone.
- **PEG-based target price:** We assign ~1.1x PEG to the 47% FY26–28E PAT CAGR (~51x FY28E EPS), **representing a ~38% discount to the peer PEG**. This discount also incorporates a holding-company discount for the subsidiaries - Prognosys and OptraScan, resulting in a TP of Rs. 1,596 (~40% upside).

Why the Growth Is Defensible
SUPPORTING ARGUMENT

- **IP-led, regulator-validated platform:** Truenat, developed over 13 years and protected by 207 patents, is one of only two platforms globally endorsed by the WHO for initial TB diagnosis and rifampicin resistance - a qualification barrier peers cannot replicate.
- **Annuity, not hardware, drives growth:** Test kits are ~72% of FY26 revenue and grew ~44% Y-o-Y; the Truenat core contributes ~78% of the Rs. 911 cr revenue addition over FY26-28E, driven by rising utilisation rather than fresh device placements.
- **Economics are inflecting, not peaking:** FY26's 22% EBITDA margin is a cost-timing trough, recovering to ~26% by FY28E; RoE rises from ~16% to ~20% and Molbio is the only peer with a positive EVA spread (~7% in FY26, widening to ~11.4% by FY28E).

Valuation Verdict:

Molbio's premium is supported by the strongest earnings growth in the peer set at the lowest growth-adjusted valuation, backed by proprietary IP, WHO endorsement and a recurring test-kit annuity that provides both visibility and scalability. Key monitorables are the ~84.6% dependence on government and aid-agency orders, TB concentration (~70% of finished-goods revenue), and weak cash conversion (~0.3x CFO/PAT). A re-rating beyond our target requires evidence of assay diversification and improving working capital. We initiate with a **BUY** rating and a Target Price of Rs. 1,596 (PEG of ~1.1x on FY28E, implying ~51x FY28E EPS and **~40% upside)**.

Future Lens

- Molbio's Truenat platform - with 207 patents, WHO endorsement for TB & rifampicin-resistance testing, and a 12,500+ installed device base - is the only scaled Indian point-of-care molecular diagnostics franchise, monetised via a recurring test-kit revenue stream (~72% of FY26 revenue).
- The opportunity remains under-penetrated - the domestic TB diagnostics market alone is estimated at ~Rs. 16,700 cr by FY31 - while the installed base gives Molbio first-mover access to the shift from smear microscopy to molecular testing.
- Growth post FY28E should be led by menu expansion beyond TB (~70% of FY26 finished-goods revenue), with the portfolio now spanning 30 diseases across 43 kits, backed by the Rs. 105.5 cr Bengaluru Centre of Excellence and US/EU approvals.
- Subsidiaries add non-TB optionality: Prognosys is expected to grow at ~35% CAGR to Rs. 293 cr by FY28E and is already PAT-positive, while OptraScan opens up digital pathology opportunities in the US and India.
- We expect PAT to compound at ~47% over FY26-28E and ~30% thereafter (~38% CAGR over FY26-30E), with EBITDA margin recovering from 22% to ~26% by FY28E.

Entry at **Rs. 1,144** @ 37x FY28E P/E

Exit multiple at **51x** on FY30E EPS

+

Cumulative Dividend of **Rs. 0/share**

Total returns **136%**

Sensitivity of 3-yr TP

Target price sensitivity		EPS				
		43	48	53	58	64
Valuation multiple	47	2,015	2,235	2,485	2,735	3,010
	49	2,100	2,330	2,590	2,850	3,135
	51	2,185	2,430	2,695	2,965	3,265
	53	2,270	2,525	2,805	3,085	3,390
	55	2,355	2,620	2,910	3,200	3,520

Key Risks

Government & policy dependence

~84.6% of product revenue is government/aid-agency dependent, exposing Molbio to tenders and policy shifts.

Single-disease reliance

TB test kits account for ~70% of total revenue & ~96% of total kit units, making core business vulnerable to programme or protocol changes.

Customer concentration

Top 10 customers account for 83.3% of finished-goods revenue, indicating significant customer concentration risk.

Working capital & inventory

Inventory is ~31% of revenue, with management flagging significant working-capital needs.
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Capacity under-utilisation

Low utilisation offers upside if demand increases, but remains a fixed-cost drag if demand does not.

FX & execution risk

Growth strategy leans on exports and US/EU entry, adding currency and regulatory risks.

Financial Summary

All figures in Rs. cr

Particulars	FY24	FY25	FY26	FY27E	FY28E
Profit & Loss					
Revenue	837	1,020	1,446	1,875	2,357
Gross profit	496	606	870	1,125	1,414
EBITDA	234	262	321	450	601
Depreciation	(41)	(45)	(64)	(69)	(75)
EBIT	193	218	258	381	526
Other Income	4	8	9	15	18
Interest expense	(14)	(18)	(33)	(43)	(38)
Exceptional items	(53)	(11)	(0)	-	-
PBT	130	196	233.3	353	506
Reported PAT (after Non-controlling Interest)	102	145	167	251	361
Adj PAT	155	156	167	251	361
EPS (Rs.)	9.0	12.9	14.8	21.8	31.3
Balance Sheet					
Net Worth	823	968	1,169	1,621	1,981
Total debt	175	123	413	363	333
Non-controlling Interest	5	(1)	139	142	151
Other liabilities and provisions	218	371	427	515	621
Total Net worth and liabilities	**1,221**	**1,462**	**2,148**	**2,641**	**3,086**
Gross Fixed assets	411	481	725	837	957
Net fixed assets	253	286	474	516	561
Capital work-in-progress	2	27	11	100	30
Goodwill	4	4	62	62	62
Investments	39	46	6	6	6
Cash and bank balances	22	129	367	398	518
Loans & advances and other assets	161	263	370	428	488
Net working capital	647	477	658	871	1,095
Total assets	**1,221**	**1,462**	**2,148**	**2,641**	**3,086**
Capital Employed	998	1,092	1,582	1,983	2,314
Invested Capital (CE - cash - CWIP)	974	935	1,204	1,485	1,766
Net debt	152	(6)	46	(35)	(185)
Cash Flows					
Cash flows from Operations (Pre-tax)	53	367	121	207	357
Cash flows from Operations (post-tax)	10	287	50	109	220
Capex	(16)	(55)	(50)	(200)	(50)
Free cashflows	(7)	232	1	(91)	170
Free cashflows (post interest costs)	(18)	221	(24)	(134)	132
Cash flows from Investing	(45)	(123)	(93)	(185)	(32)
Cash flows from Financing	(32)	(26)	276	107	(68)
Total cash & liquid investments	**22**	**129**	**367**	**398**	**518**

Particulars	FY24	FY25	FY26	FY27E	FY28E
Growth ratios (%)					
Revenue	-	22.0%	41.7%	29.7%	25.7%
EBITDA	-	12.0%	22.6%	40.0%	33.6%
Adj PAT	-	0.7%	6.9%	50.5%	43.5%
Margin ratios					
Gross	59.3%	59.3%	60.1%	60.0%	60.0%
EBITDA	28.0%	25.7%	22.2%	24.0%	25.5%
Adj PAT	18.5%	15.3%	11.6%	13.4%	15.3%
Performance ratios					
Pre-tax OCF/EBITDA	22.6%	139.9%	37.7%	46.1%	59.3%
OCF/IC (%)	1.0%	30.7%	4.2%	7.3%	12.5%
RoE (%)	18.8%	17.4%	15.6%	18.0%	20.0%
RoCE (%)	19.4%	20.8%	19.3%	21.4%	24.5%
Fixed asset turnover (x)	2.0	2.3	2.4	2.4	2.6
Total asset turnover (x)	0.7	0.8	0.8	0.8	0.8
Financial stability ratios					
Net Debt to Equity (x)	0.2	(0.0)	0.0	(0.0)	(0.1)
Net Debt to EBITDA (x)	0.7	(0.0)	0.1	(0.1)	(0.3)
Interest cover (x)	13.4	12.3	7.7	8.9	13.8
Working capital days	282	171	166	170	170
Valuation metrics					
Fully Diluted Shares (cr)	11.3	11.3	11.3	11.5	11.5
Market cap (Rs. cr)			13,185		
P/E (x)			77.4	52.5	36.6
P/OCF(x)			261.7	121.5	59.9
EV (Rs.cr)			13,231		
EV/ EBITDA (x)			41.2	29.4	22.0
EV/ OCF(x)			262.6	121.9	60.1
FCF Yield			0.0%	-0.7%	1.3%
Price to BV (x)			11.3	8.1	6.7
Dividend pay-out (%)			0%	0%	0%
Dividend yield (%)			0.0%	0.0%	0.0%
Cash as a % of CE			23.2%	20.1%	22.4%

Source: Number of shares changed in FY27 post IPO, Mcap calculated based on new number of shares

Glossary

CBNAAT	Cartridge Based Nucleic Acid Amplification Test
CDSCO	Central Drugs Standard Control Organisation
DCGI	Drug Controller General of India
DOTS	Directly Observed Treatment, Short-course
EMD	Earnest Money Deposit
EU MDR	EU Medical Device Regulation
HIV	Human Immunodeficiency Virus
HPV	Human Papillomavirus
MDSAP	Medical Device Single Audit Program
H1N1	Influenza A (H1N1) virus
ICMR	Indian Council of Medical Research
EV	Enterprise Value
FCF	Free Cash Flow
P/E	Price to Earnings
PBT	Profit Before Tax
RoE	Return on Equity

RoCE	Return on Capital Employed
RoIC	Return on Invested Capital
R&D	Research and Development
PBT	Profits Before Tax
ROA	Return on Assets
DTL	Deferred Tax Liabilities
CAPEX	Capital Expenditure
CF	Cash Flow
QoQ	Quarter on Quarter
RM	Raw Material
CoGS	Cost of Goods Sold
Cr	Crores
DCF	Discounted Cash Flow

Disclaimer (1/2)

Absolute Rating Interpretation

BUY	Stock expected to provide positive returns of >15% over a 1-year horizon	**REDUCE**	Stock expected to provide returns of <5% – -10% over a 1-year horizon
ACCUMULATE	Stock expected to provide positive returns of >5% – <15% over a 1-year horizon	**SELL**	Stock expected to fall >10% over a 1-year horizon
The terms defined above are applicable to fundamental research reports published by the Research Analyst. For technical research reports, the expected (target) price is given in the report along with the time period within which it can be achieved. For Momentum Ideas the expected timeline to achieve the price target would be upto 3 months from the date of publication of the research report.			

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