

## MODERN DIAGNOSTIC &amp; RESEARCH CENTRE LTD.

## IPO NOTE

IPO Price Band: INR 85 to 90 per share

M.Cap: ~INR 135.89 Cr.

Recommendation: May Subscribe

**ABOUT:** Incorporated in 2012, Company is a healthcare service provider offering a "one-stop solution" for diagnostic testing, integrating both Pathology (lab testing) and Radiology (imaging) services under one roof. The business began in 1985 as a proprietary firm named 'Modern X-Ray and Clinical Lab'. The company operates on a Hub and Spoke model, where specimens collected from various points are transported to centralized laboratories for testing. As of September 30, 2025, the network consists of 21 centers across 8 states, comprising 18 laboratories and 3 diagnostic centers.

**INVESTMENT RATIONALE:**

- **Geographic Expansion:**

- The company plans to utilize INR 20.68 Crore of its Net Issue Proceeds to purchase medical equipment for setting up a new comprehensive diagnostic centre in Lucknow and six new labs across Delhi, Meerut, Kanpur, Aligarh and Chandigarh.
- While the company currently derives 65-68% of its revenue from Haryana, it is actively expanding its footprint in Uttar Pradesh, Rajasthan, and Punjab to reduce geographic concentration.

- **B2B Segment Scaling**

- Revenue contribution from B2B clients (hospitals, nursing homes, and clinics) has consistently risen from 46.58% in FY23 to 59.57% in the period ended June 30, 2025.

- **Better Operating Metrics**

- Tests conducted jumped from 187.9 lakhs in FY23 to 324.3 lakhs in FY25 which is an absolute increase of 72% over 2 years.
- Revenue per patient increased from INR 488.5 in FY23 to INR 590.5 in Jun'25 which is approx. 21% increase.

**BRIEF FINANCIALS:**

Particulars (INR Cr.)	FY23	FY24	FY25	Q1FY26
Revenue ( <i>excl. other inc.</i> )	56.3	67.1	77.9	22.5
Growth Rate Y-o-Y %	-	19.3%	16.1%	
EBITDA ( <i>excl. other inc.</i> )	(1)	11.1	18.0	5.9
PAT	(5.7)	5.8	9.0	3.0
Gross Margin %	68.9%	73.7%	75.9%	74.8%
EBITDA % ( <i>excl. other inc.</i> )	(1.8%)	16.5%	23.0%	26.1%
PAT %	(10.1%)	8.4%	11.4%	13.2%
Debt ( <i>Short+Long</i> )	15.3	20.5	22.1	30.4
Equity	6.0	11.8	20.7	23.7
Debt/Equity	2.6x	1.7x	1.1x	1.3x
NWC	2	5	9	11
NWC ( <i>days</i> )	12	26	44	43
NWC includes Inventory, Receivables & Payables; & NWC days is computed as % of rev.				
ROE %	(64.92)%	65.4%	55.21%	13.49%*
ROCE %	(17.18)%	25.57%	36.18%	9.54%*
CFO / EBITDA %		71.7%	76.4%	(107.4%)

\*Not Annualized

**IPO VALUATION & VIEW:**

Issue is valued at P/E ratio of 15.2x based on FY25 PAT. Strengths of experienced promoter, strong financial turnaround with margin expansion, upcoming new centers, favorable tailwinds for healthcare industry are offset by small scale, competitive intensity & ramp up of operations from IPO led capex, we assign a MAY SUBSCRIBE to this issue.

**ISSUE SUMMARY**

Particulars	Details
<b>Price Band (INR)</b>	<b>85 to 90</b>
Face Value (INR)	10
Implied M.Cap (INR Cr.)	135.89
Exchange	BSE SME
Min. Lot Size (Retail   HNI)	3,200   4,800
Issue Opens on	31-Dec'25
Issue Closes on	02-Jan'26
Listing Date	07-Jan'26
No. of shares pre-issue (#)	1,10,00,000
Fresh Issue of Shares (#)	40,99,200
Offer for Sale (#)	-
No. of shares post-issue (#)	1,50,99,200
Funds Mobilized (INR Cr.)	
(a) Fresh Issue of Shares	36.89
(b) Offer for Sale	0.0
IPO Reservation	
(a) QIB shares offered	<=50%
(b) Retail shares offered	>=35%
(c) NII (HNI) shares offered	>=15%
Registrar	MUFG Intime India
Book Running Lead Managers	Beeline Capital
Objects of Issue (INR Cr.)	
(a) Funding capex for purchase of Medical Equipment	20.69
(b) Funding working capital	8.00
(c) Repayment of borrowings	1.00
(d) General Corporate Purposes	[•]

**SHAREHOLDING**

Particulars	Pre-Issue	Post-Issue
Promoter & Promoter Group	99.99%	72.85%
Public	0.01%	27.15%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

**KEY RISKS / MONITORABLES**

- Geographical Concentration: 65.8% of revenue (30 Jun'25) comes from single state – Haryana.
- Company has a high debt to equity ratio. However, with IPO proceeds for funding working capital, debt to equity ratio is expected to come down going forward.
- Regulatory Intervention Risk: Government may cap diagnostic test prices.
- Diagnostics industry is highly competitive with presence of national chains, regional labs and price-aggressive standalone centers.
- Related Party Transactions such as rent to the Promoter (INR 82.09 Lakhs in FY25) remains a key monitorable.

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## ❑ Revenue Breakup :

Particulars	FY23	FY24	FY25	June 30, 2025
Pathology	72.97%	74.66%	75.23%	80.70%
Radiology	27.03%	25.34%	24.77%	19.30%
B2B	46.58%	49.07%	51.34%	59.57%
B2C	53.42%	50.93%	48.66%	40.43%

**B2B (Business-to-Business):** Includes revenue from hospitals, nursing homes, clinics, and other healthcare establishments. B2B revenue increasing (46.58% in FY23 → 51.34% in FY25)

**B2C (Business-to-Consumer):** Includes revenue from direct customers, walk-ins, home appointments, and references.

## ❑ Operational Metrics and Unit Economics:

Particulars	FY23	FY24	FY25	June 30, 2025
Number of Tests Conducted (In Lakhs)	187.95	191.91	324.37	90.16
Number of Patients Served (In Lakhs)	11.52	12.41	13.68	3.81
Average Revenue Per Patient (₹)	488.56	540.94	569.78	590.58

The company has 2 NABH accreditations for its imaging services, both located in Gurugram and 5 NABL-accredited labs in Gurugram, Srinagar, Amritsar, Yamuna Nagar, Bareilly and Guwahati.

Revenue % from State	June 30, 2025
Haryana	65.80%
Jammu & Kashmir	8.51%
Uttar Pradesh	7.95%
Rajasthan	6.16%
West Bengal	4.15%

**Geographic Concentration:** For the period ended June 30, 2025, 65.80% of total domestic revenue came from Haryana. This is a decrease from 68.24% in FY25 and 72.20% in FY24, indicating a gradual diversification though dependence remains high.

## ❑ Promoters:

- Dr. Devendra Singh Yadav** (age 72 years) is Promoter, Chairman and Managing Director of the Company having 40 years of experience in the medical diagnostic and research field. He holds a Bachelor of Medicine and Bachelor of Surgery (MBBS) from Medical College Rohtak and a Diploma in Medical Radio-diagnosis (DMRD) from the University of Delhi.
- Dr. Deepali Yadav** (age 42 years) is the Promoter and Whole Time Director of the Company. She holds a Doctor of Medicine (MD) degree in Radio-diagnosis from HIHT University, Dehradun. She specializes in CT Coronary Angiography, CT/MRI case reporting, and ultrasound-guided FNAC.

## ❑ Peer Comparison: As per RHP, peers mentioned are Vijaya Diagnostics Ltd.

Particulars (INR Cr.)	FY23	FY24	FY25	FY23	FY24	FY25
	Modern Diagnostics			Vijaya Diagnostic		
Operating Revenues	56.3	67.1	77.9	459	548	681
Rev. growth rate % (Y-o-Y)	-	19.3%	16.1%	(1%)	19%	24%
Gross Margins %	68.9%	73.7%	75.9%	87.1%	88%	87.5%
EBITDA Margins %	(1.8%)	16.5%	23.0%	39.6%	40.3%	40.1%
PAT Margins %	(10.1%)	8.4%	11.4%	17.9%	21%	20.5%
Debt	15.3	20.5	22.1	248	259	320
Equity	6	11.8	20.7	545	657	796
D/E	2.6x	1.7x	1.1x	0.45x	0.39x	0.4x
CFO / EBITDA %	(12%)	71.7%	76.4%	90%	83%	82%
NWC Days	12	26	44	9	14	11
Market Cap (INR Cr.)	135.89			10,632		
PE Ratio (FY25)	15.2x			74x		

## **STANDARD DISCLOSURES:**

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## **RATING RATIONALE:**

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- Buy: > 15%
- Hold: -5% to 15%
- Reduce: -15% to -5%
- Sell: < -15%