ANANDRATHI

Laxmi Dental Limited

10-Jan-25

SUBSCRIBE for LONG TERM

Rinkle Vira
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RINKLE SHAILESH VIRA
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Date: 2025.01.10 14:37:27 +05'30'

Issue Details

Issue Details	
Issue Size (Value in ` million, Upper Band)	6,980
Fresh Issue (No. of Shares in Lakhs)	32.2
Offer for Sale (No. of Shares in Lakhs)	130.8
Bid/Issue opens on	13-Jan-25
Bid/Issue closes on	15-Jan-25
Face Value	Rs. 2
Price Band	407-428
Minimum Lot	33

Objects of the Issue

- Repayment/prepayment, of certain outstanding borrowings by the Company.
- Funding the capital expenditure requirements for purchasing new machinery for the Company.
- Investment in our subsidiary, Bizdent Devices Private Limited, is needed for Capex requirements for the purchase of new machinery.
- General corporate purposes.

- **Fresh issue: ₹ 1380 million**
- **Offer for sale: ₹ 5600 million**

Book Running Lead Managers
Nuvama Wealth Management Limited, Motilal Oswal Investment Advisors Limited, SBI Capital Markets Limited
Registrar to the Offer
LinkIntime India Private Limited

Capital Structure (` Million)	Aggregate Value
Authorized share Capital	130.0
Subscribed paid up Capital (Pre-Offer)	103.5
Paid up capital (Post - Offer)	109.9

Share Holding Pattern %	Pre Issue	Post Issue
Promoters & Promoter group	46.6%	42.7%
Public	53.4%	57.3%
Total	100.0%	100.0%

Financials

Particulars (Rs. In Million)	6M FY25	FY24	FY23	FY22
Revenue from operations	**1,167.8**	**1,935.5**	**1,616.3**	**1,368.4**
Operating expenses	940.6	1,697.7	1,526.7	1,314.3
EBITDA	**227.2**	**237.8**	**89.6**	**54.1**
Other Income	11.2	17.0	22.1	12.2
Depreciation	67.6	119.3	109.9	83.9
EBIT	**170.8**	**135.5**	**1.8**	**(17.6)**
Interest	25.9	49.5	40.9	35.7
PBT	**144.9**	**86.0**	**(39.1)**	**(53.3)**
Tax	29.0	(94.1)	1.9	23.7
Consolidated PAT	**115.9**	**180.1**	**(41.0)**	**(77.0)**
EPS	2.1	3.3	(0.7)	(1.4)
Ratio	**6M FY25**	**FY24**	**FY23**	**FY22**
EBITDAM	19.5%	12.3%	5.5%	4.0%
PATM	9.9%	9.3%	-2.5%	-5.6%
Sales growth		19.7%	18.1%	

Company description

Laxmi Dental Ltd is India's only end-to-end integrated dental product company as of Sep'24, offering a comprehensive portfolio of dental products. The company operates in 3 verticals i) Laboratory Offerings which include custom made crowns & bridges; ii) Aligner Solutions which includes dental aligners and related branded products and iii) Paediatric Dental Products which include range of products like pre-formed crowns, Silver Diamide Fluoride (SDF), space maintainers, fissure sealants, etc.

The company has adopted B2B2C business model for sale of customized clear aligner solutions while offering a flexible 'pay as you go' model along with the upfront payment model, making aligners more affordable to the end customers. Adoption of a B2B2C model involves sale of clear aligners through Dental Network who in turn offer dental products to end customers, which has helped it grow rapidly owing to its already established Dental Network with reach of over 22,000 dental clinics, dental companies and dentists between Fiscals 2022 to September 30, 2024.

The company's primary dental laboratory offerings include custom-made dental prostheses, such as metal-free crowns and bridges, including its premium zirconia crown and bridge brand, Illusion Zirconia, as well as porcelain-fused-to-metal (PFM) crowns, bridges, and dentures. In Fiscal 2024, metal-free products accounted for 53.70% of the domestic dental laboratory revenue and 36.31% of the international dental laboratory revenue. On August 9, 2024, the company introduced iScanPro, a branded intraoral scanner designed for digital dentistry, now utilized by 264 dentists. Digital impressions accounted for 48.61% of the dental restoration units sold domestically and 55.48% of the units sold internationally, by volume, in Fiscal 2024, highlighting the growing adoption of digital dentistry in its operations.

The company has significant presence in both domestic and international markets, exporting to over 90 countries. As of September 30, 2024, the company has six manufacturing facilities spread across 147,029.63 square feet: three in Mira Road, Mumbai, two in Boisar, and one in Kochi, along with five supporting facilities in Mumbai, Delhi, Bengaluru, and Ahmedabad.

Valuation & outlook

Laxmi Dental is one of the leading company offering comprehensive portfolio of dental products globally. Its offerings include custom-made crowns and bridges, branded dental products such as clear aligners, thermoforming sheets and aligner related products as a part of aligner solutions, and paediatric dental products. The company is among the few vertically integrated players globally and the only vertically integrated company in India as of Sep'24

On valuation parse at the upper band of Rs 428/-, the issue is asking for a Market Cap of Rs 23,522 Mn and based on FY25 annualised earnings, the company is asking a PE of 64.6x times which is aggressively priced.

The company ranks among the top two dental laboratories in India by revenue and is the leading exporter of dental products. We believe that going forward company's growth factor could be driven by trends such as the changing regulatory requirements in the medical devices sector helps transition from unorganized to organized players, increasing awareness and demand for dental aesthetics, and the growing preference for metal-free dental products. Hence considering all parameters, we recommend the issue can be consider as "**SUBSCRIBE for LONG TERM**".

Company's Operations

Laxmi Dental is offering a comprehensive portfolio of dental products, they are India's only end-to-end integrated dental products company as at September, 2024. The company's offerings include custom-made crowns and bridges, branded dental products such as clear aligners, thermoforming sheets and aligner related products as a part of aligner solutions, and paediatric dental products. They have had a presence of more than 20 years and based on revenue for Fiscal 2024, they are amongst the top 2 largest Indian dental laboratories. Based on the revenue from operations and PAT Margin for Fiscal 2023 and the product offered, the company is the largest and most profitable vertically integrated and indigenous B2B2C dental aligner solutions company.

In terms of export revenue for the Fiscal 2023 among the Indian dental labs, The Company is the largest exporter for custom made dental prosthesis, catering primarily to US and UK. Having evolved from a dental laboratory with a few members to an integrated dental products company, they now have a presence of 20 years in the dental laboratories business with a reach of over 22,000 dental clinics, dental companies and dentists between Fiscals 2022 to September 30, 2024.

Geographical Mix								
Particulars	FY ended September 30,2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(in Million)	(%)	(in Million)	(%)	(in Million)	(%)	(in Million)	(%)
India	781	67.5%	1,292	78%	1,088	68.5%	755	58.3%
USA	221	19.1%	372	22%	295	18.6%	367	28.4%
UK	85	7.3%	137	8.5%	116	7.3%	81	6.3%
Others	70	6.1%	114	7.0%	90	5.7%	92	7.1%
Total	**1,157**	**100%**	**1,915**	**100%**	**1,589**	**100%**	**1,294**	**100%**

Primary dental products offered by their laboratory include custom made dental prosthesis such as metal free crowns and bridges, including range of branded premium zirconia crowns and bridges "Illusion Zirconia", porcelain fused to metal ("PFM") crowns, bridges, and dentures. Metal-free products contributed to 53.70% of the total revenue from their dental laboratory business catering to the Indian market and to 36.31% of total revenue from dental laboratory business catering to international markets respectively in Fiscal 2024. We have launched iScanPro on August 9, 2024, branded intraoral scanners for digital dentistry, currently being employed by 264 dentists. Dental restoration units prepared using digital impression constituted 48.61%, by volume, of the total units sold by domestic laboratory business and constituted 55.48%, by volume, of the total units sold by international laboratory business in Fiscal 2024. The company's facilities in Boisar are in compliance with the quality system regulations enforced by the United States Food and Drug Administration ("US FDA") and our manufacturing facilities in Mira Road and Boisar have received certifications for ISO 13485:2016 compliance, an internationally recognized standard for medical device quality.

Illusion Zirconia

iScanPro

Illusion Dental Laboratory

Illusion Aligners

3D Printing Resin

Aligner Material

Thermoforming Machine

Taglus

The company has more focused approach towards capturing the Indian aligner market share and they have launched clear aligners under their brand Illusion Aligners which is the first Indian brand to receive 510(k) clearance from US FDA in 2021 to market clear aligners. The company has adopted B2B2C business model for sale of their customised clear aligner solutions while offering a flexible 'pay as you go' model along with the upfront payment model, making their aligners more affordable to the end customers. Adoption of a B2B2C model involves sale of clear aligners through Dental Network who in turn offer their dental products to end customers, which has helped them grow rapidly owing to their already established Dental Network with reach of over 22,000 dental clinics, dental companies and dentists between Fiscals 2022 to September 30, 2024.

Customers served for Aligners								
Particulars	FY ended September 30,2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	6M FY25 (in Numbers)	(%)	FY24 (in Numbers)	(%)	FY23 (in Numbers)	(%)	FY22 (in Numbers)	(%)
Tier I	1,810	46.9%	2,348	47.0%	2,109	51.3%	1,027	50.3%
Tier II	1,423	36.8%	1,774	35.5%	1,323	32.2%	704	34.5%
Tier III	626	16.2%	864	17.3%	677	16.4%	308	15.1%

Laxmi dental is the only aligner company in India which is fully vertically integrated having end-to-end capabilities from raw material to distribution, enabling significant control on the supply chain. The company is one of the very few companies in India to manufacture and supply thermoforming sheets, thermoforming machines, dental consumables, biocompatible resins for 3D printing under our brand 'Taglus' tailored for manufacturing of clear aligners. Their thermoforming machines, thermoforming sheets, and biocompatible resins have also received certificate of conformity under Regulation EU 2017/745.

The company entered the paediatric dental market through their Jointly Controlled Entity Kids-E-Dental LLP by acquiring a 60% stake in 2021. In terms of revenue from operations as of March 31, 2024, we are one of the leading paediatric dental product brands in India. Kids-E-Dental LLP is the only Indian company specialized in paediatric dental products and manufacturing of pre-formed metal free paediatric dental crowns. The company offer a comprehensive range of paediatric products, including pre-formed branded paediatric crowns, Silver Diamide Fluoride ("SDF"), space maintainers, fissure sealant, reinforced splint and mineral trioxide aggregate. We are the only Indian manufacturer of US FDA cleared SDF. The company has been granted a design registration on "Bioflx", a semi-flexible tooth coloured pre-formed dental crown for children in India. Further, they have partnered with a leading paediatric dental company for distribution of Bioflx crowns manufactured by them globally across 81 countries.

Revenue Segment: Revenue from Sale of Good & Services								
Particulars	FY ended September 30,2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(in Million)	(%)	(in Million)	(%)	(in Million)	(%)	(in Million)	(%)
Laboratory	729.6	46.9%	2,348	47.0%	2,109	51.3%	1,027	50.3%
Aligner solutions	359.7	36.8%	1,774	35.5%	1,323	32.2%	704	34.5%
Others	67.42	16.2%	864	17.3%	677	16.4%	308	15.1%
Total	**1,156.7**	**100%**	**1,914.5**	**100%**	**1,589.4**	**100%**	**1,294.7**	**100%**

Revenue Segment: Revenue from Sale of Good & Services								
Particulars	FY ended September 30,2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(in Million)	(%)	(in Million)	(%)	(in Million)	(%)	(in Million)	(%)
Branded dental products (Illusion Zirconia, Illusion Aligners, Taglus)	471.4	40.3%	740.8	38.2%	463.2	28.6%	239.4	17.5%
Branded paediatric dental products (by Kids-E-Dental LLP)	160.0	100%	266.7	100%	79.2	100%	21.8	100%

As of September 30, 2024, the company has 6 manufacturing facilities, 3 of which are located in Mira Road, Mumbai Metropolitan Region, 2 in Boisar, Mumbai Metropolitan Region, Maharashtra and 1 in Kochi, Kerala, and further 5 supporting facilities 2 of which are located in Mumbai, and 1 each in Delhi, Bengaluru, and Ahmedabad with manufacturing capabilities. Their manufacturing facilities in Boisar and one of manufacturing facilities in Mira Road have been registered with the US FDA, and all of the manufacturing facilities in Mira Road and Boisar have been certified by ISO (International Organization for Standardization). There are certain pending government approvals in relation to the operations of the Company, which they believe will not have material impact on the financials and operations of the Company.

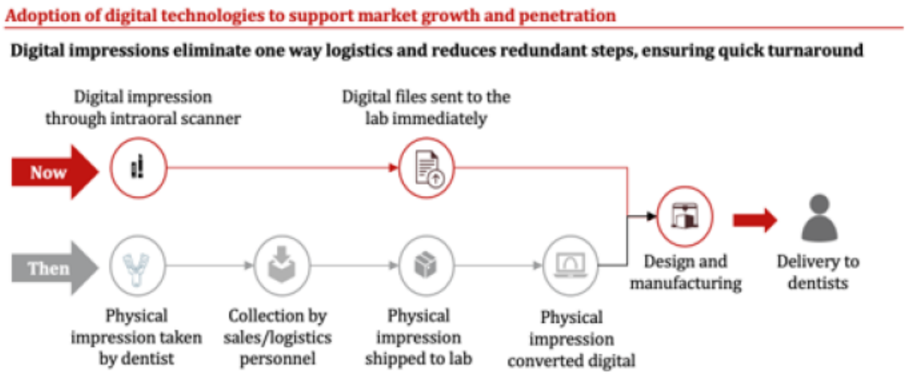
Strengths

- **The only integrated dental products company in India, well-positioned to capture industry tailwinds**

The company is among the few vertically integrated players globally and the only vertically integrated company in India as of Sep'24. Company's business model includes both backward (manufacturing of raw materials to designing of products) and forward (offering solutions for treatment planning) integration. The vertically integrated approach contributes significantly to the company's competitive edge by having direct control over raw material sourcing, thus maintaining consistency in quality of products. Kids-E-Dental offers a comprehensive range of paediatric products, including pre-formed branded paediatric crowns, silver diamide fluoride ("SDF"), space maintainers, fissure sealant, reinforced splint and mineral trioxide aggregate. Our presence across the value chain of dental products us to benefit from cross-selling opportunities and increases wallet share from the existing Dental Network, which positions us well to capture the increased potential of the growing market opportunities across segments.

- **Second largest player in domestic laboratory business and largest export laboratory with increasing adoption of digital dentistry**

Laxmi Dental laboratory offerings has evolved over 20 years from a team of few members to an integrated dental product company. The laboratory offers custom made dental prosthesis such as metal bridges and crows, including range of premium crowns (under brand 'Illusion Zirconia'), PFM crowns, bridges and dentures. The company is amongst the top 2 largest Indian dental laboratories by FY24 revenue and was the largest exporter of custom made dental prothesis from India, catering to US and UK market by FY23 revenue. Company's 100% EOU laboratory catering to international markets offers fixed restorations such as CAD-CAM Zirconia, PFM, veneers, and removable restorations such as dentures, cast partial dentures, and night guards. The company has also launched iScanPro, branded intraoral scanners for their Dental Network to optimize their workflow. Digital impressions obtained with iScanPro, and intraoral scanners are instantly transmitted to our dental laboratory which eliminates the logistics cost and streamlines the production process for dental restorations. Technologies such as intraoral scanners have enabled dentists to tailor the treatment to each patient's unique needs, improve accuracy, optimize treatment planning, and predict outcomes accurately, and reduce production time and costs making dental restorations accessible to a broader range of patients and these factors lead to increase in operating profitability.



- **Vertically integrated diverse branded product portfolio**

The company has been engaging in efforts to establish 'Illusion' as a well-recognized brand, which along with company's established market presence and experience in manufacturing quality products will help it build and scale future brands. Further, the company has strategically selected and onboarded national brand ambassadors to build awareness and connect with customers. The company also offer thermoforming sheets, biocompatible 3D printing resins, thermoforming machines and consumables under their brand 'Taglus' which are used for manufacturing clear aligners. The company benefit from the first mover advantage by being one of the very few companies in India to manufacture and supply thermoforming sheets, thermoforming machines, dental consumables, biocompatible resins for 3D printing tailored for manufacturing of clear aligners. Kids-E-Dental offers a comprehensive range of paediatric products, including pre-formed branded paediatric crowns, silver diamide fluoride ("SDF"), space maintainers, fissure sealant, reinforced splint and mineral trioxide aggregate. Laxmi dental is the only Indian company specialized in paediatric dental products. With the in-house production of raw materials and manufacturing equipment, and automating the production lines they operate at scale, improving production efficiency delivering faster turnaround time and minimizing errors.

- **Large Dental Network providing them with competitive advantage in the market**

The company operates through a B2B2C model and has established a large dental network of over 22,000 dental clinics, dental companies and dentists as of Sep'24. Further, the company has catered to domestic and global demand by selling its products across 320 Indian cities and 95+ countries between FY22-1HFY25. The company's strong relationship with dentists, clinics and dental companies acts as a strong moat and entry barrier for new entrants in the Indian dental market. The B2B2C business model for sale of clear aligners, which means that their dental products are sold through the Dental Network to the end consumer patient, lending credibility to their dental products since they are being recommended by the Dental Network. The vertically integrated product portfolio further ensures a lower cost of manufacturing, and a comparatively lower Customer Acquisition Costs (CAC) due to B2B2C model, which allows them to offer dental products at affordable prices while maintaining high profitability. The company believe that affordable pricing along with high quality of dental products has enabled them to tap into the large underpenetrated clear aligners market.

- **Robust technologically advanced capabilities with stringent regulatory compliance ensuring high quality standards**

The company has employ advanced technological equipment and machinery such as iScanPro, branded intraoral scanners launched for their Dentist Network to optimize workflow. Digital impressions obtained with iScanPro, and intraoral scanners are instantly transmitted to the dental laboratory which eliminates the logistics cost and streamlines the production process for dental restorations. This streamlined communication between dental practitioners and technicians leads to quicker turnaround times and improved profitability owing to operational efficiencies. Their operations involve use of milling machines, which include wet and dry milling for metal and metal-free restorations respectively, and 3D printing machines, for which they have a range of printers with various build sizes. These machines help provide more precise fit, eventually reducing the time taken to do manual finishing and avoiding repeat work. Automated thermoforming machines at their facilities enable thermoforming multiple aligners at a time, in comparison to traditional manual thermoforming machines, eventually reducing the time taken to fabricate an aligner. The company's robotic trimming machines remove manpower dependency and trim each aligner precisely resulting in consistent quality product. They also employ speciality extrusion machines to produce thermoforming sheets. Other machines deployed at facilities include laser sintering and laser cutting machines, and 3D lab scanners.

Strategies:

- **Deepen penetration amongst existing Dental Network while also expanding their Dental Network**

With over 20 years of experience, the company has built a robust Dental Network, reaching over 22,000 dental clinics, companies, and dentists as of the six-month period ended September 30, 2024, and across the last three fiscals. They export dental products to more than 95 countries and serve over 320 cities in India (Fiscal 2022 to September 30, 2024), with significant potential for regional and international expansion. As one of the few organized players in the dental laboratory segment with sufficient scale, Laxmi dental adhere to stringent quality standards while catering to both domestic and international markets. Notably, they are the preferred partner for a leading DSO in the USA, servicing over 1,650 clinics, highlighting substantial growth opportunities in the region. The company's ability to cross-sell, coupled with tailored product offerings and advanced technology, positions us to capture a larger share of the fragmented dental products market, ensuring sustained growth and network stickiness

- **Continue to scale up branded product offerings**

Incorporated with the vision of providing affordable dental products and operating an Export Oriented Unit (EOU), company continue to expand their offerings. Their B2B2C business model leverages the extensive Dental Network to market branded products to end consumers through credible recommendations by dental professionals. This approach enhances cross-selling opportunities and supports the growth of our branded product portfolio, which constituted 38.28% of revenue from operations (₹1,935.55 million) in Fiscal 2024. The penetration of branded dental products such as clear aligners and crowns is increasing globally, driven by premiumization and rising expenditure on dental procedures. Domestic brands, particularly in emerging markets like India and China, are gaining market share, with indigenous players offering affordable and customized solutions. Focus on emerging markets where domestic brands have the potential to replace global players by addressing affordability gaps.

- **Undertake product enhancements of existing dental products and launch new dental products**

To meet the evolving needs of dental professionals and their patients over the course of next few years and consequently increase the wallet share with their Dental Network and add new dentists and dental clinics, the company intend to undertake product enhancements of existing dental products and launch new dental products. As part of their laboratory offerings, they intend to upgrade their zirconia restorations to offer greater strength, durability, and aesthetics and provide improved natural-looking appearance, augment the range of metal-free offerings. It also intend to enhance its range of removable prosthesis to ensure greater comfort, functionality, usability and a more lifelike appearance for patients. Within aligner solutions, the company intend to launch an upgraded generation of clear aligners that are more comfortable, effective, and virtually invisible. As part of their paediatric dental products business, to address the unique needs of the youngest patients, the company aim to enhance our paediatric zirconia crowns to offer improved fit, aesthetics, and durability, specifically designed for the paediatric population.

- **Continue to follow a multi-channel approach in marketing**

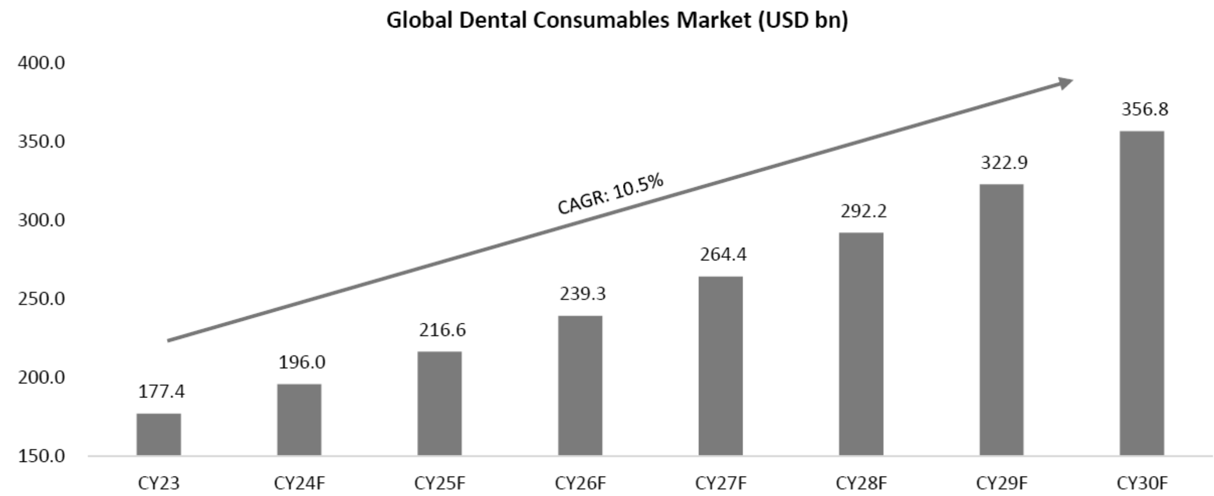
The company adopt a multi-channel marketing approach to increase patient flow into their Dental Network and enhance awareness about dental health and products. Their promotional strategies include B2B and B2C marketing through exhibitions, events, hands-on workshops, in-clinic branding, digital marketing, and collaborations with key opinion leaders and influencers. To strengthen brand recognition, they have engaged leading Indian celebrities as brand ambassadors for their aligners and dental prostheses, leveraging print, electronic media, and social networking platforms to boost awareness. The company also focus on training dental professionals through workshops, forums, and seminars to drive product adoption. For broader market penetration, they plan to expand their distribution network, partner with dentists in high-potential regions, and explore international collaborations. Additionally, we aim to educate potential patients on the benefits of clear aligners via social media and website, their position as a trusted dental solutions provider.

- **Enhance manufacturing capacities with increasing focus on automation and adoption of new technologies**

The company intend to continue to focus on improving their operational efficiency by increased technology integration in business. Furthermore, the integration of new machines with superior technology and automation into their operations will streamline business processes, making them more efficient, effective, and improve TAT. Post completion of the Offer, they plan to incur capital expenditure towards purchase of new machinery including for (i) injection moulding and extrusion, (ii) CAD/CAM machinery such as computers, 3D printers, CADCAM software, scanners, (iii) other machinery such as packing, polishing, laser marking machine, pump, furnaces and weighing balance, resin machine, extrusion and tools. We also expect to spend towards research and development and quality control through material testing and research and development for new products, including testing for biocompatibility, toxicology and mechanical. We plan to deepen digital penetration through our branded intraoral scanners which leads to quicker turnaround times and improved profitability owing to operational efficiencies.

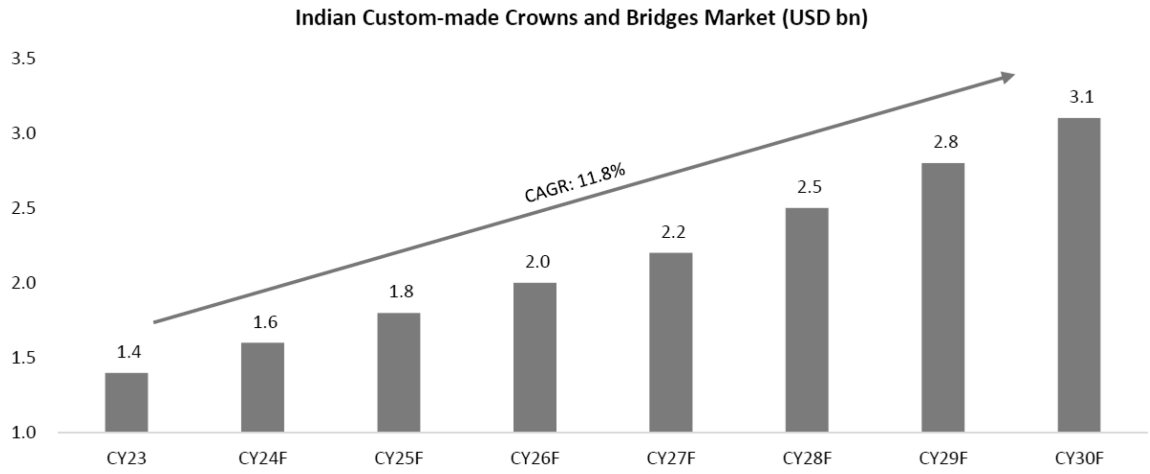
Industry Snapshot

The Global Dental Consumables Market was valued at USD 177.4 bn in CY23 and is forecasted to grow at a CAGR of 10.5% between CY23-CY30F to reach USD 356.8 bn by CY30F driven by increased awareness and adoption of dental products such as clear aligners & dental crowns in emerging economies such as China, India and Brazil.



- **Custom-made crowns and bridges**

Indian market for custom-made crowns and bridges is estimated to grow from USD 1.4 billion in 2023 to USD 3.1 billion in 2030 at a higher rate of 11.8% compared to the global market which is estimated to grow from USD 71 billion in 2023 to USD 121.6 billion in 2030 at a rate of 8.0% as per the F&S Report, in terms of retail sales. The Indian dental laboratories market is characterized by the presence of fragmented and unorganized dental laboratories with less than ten technicians and a dearth of quality management standard compliant dental products. (Source: F&S Report, as replicated on page 264) Changing regulatory requirements in the medical devices sector is expected to transition the fragmented and unorganized dental products and consumables market to organized and consolidated market dominated by companies focusing on quality, operational efficiency, and consumer experience.



- **Aligner Solutions**

As per the F&S Report, in terms of retail sales, the Indian clear aligner market is estimated to grow from USD 133.6 million in 2023 to USD 569.0 million in 2030 at a much higher rate of 23.0% compared to the global market which is estimated to grow from USD 20.7 billion in 2023 to USD 54.9 billion in 2030 at a rate of 15.0%. Increasing number of patients are opting for clear aligner treatment compared to traditional braces for malocclusion, which refers to misalignment of the upper and/or lower teeth measurable enough to interfere with the person's ability to bite properly. Increased treatment adoption among kids and adults alike, especially adults with poor treatment rate in the past, is one of the key factors driving adoption of clear aligners. Growth in Indian clear aligner market is further expected to be driven by factors such as growing emphasis of Indian consumers on dental aesthetics (driving the adoption of clear aligners as alternative to braces), increasing number of general practitioners providing care for malocclusion, rising disposable income and propensity to spend on health products with cosmetic elements, and increased awareness through social media. The global clear aligner market is sizable, and the Indian clear aligner market is expected to grow very rapidly over the next few years.

- **Paediatric dental products**

As per the F&S Report, in terms of retail sales, the Indian paediatric dental crown market is estimated to grow from USD 63.9 million in 2023 to USD 164.8 million in 2030 at a higher rate of 14.5% compared to the global market which is estimated to grow from USD 2.1 billion in 2023 to USD 3.5 billion in 2030 at a rate of 7.5%.

Comparison with listed entity

Name of Company	Mcap(₹ million)	Face Value Per Share (₹)	Total Income for Fiscal 2024 (₹ million)	EPS	P/E	EV/EBIDTA	NAV per equity share (₹)	P/BV
Laxmi Dental Ltd	23,524	2	1,936	3.3	64.6*	94.8	65	3.2
Peer Group								
Poly Medicure Ltd	2,80,368	5	13,758	30.2	102.8	78.7	110	10.3

Date as on 31st March 2024, Mcap, PE, EV/EBITDA calculated as on 09-01-2025 Laxmi dental Ltd, EPS/PE* FY25 annualized, PB, NAV calculated as on FY24

Key Risks

- **Network risk:** The Company depends upon its ability to continue expanding its network by retaining existing dental clinics, dental companies and dentists, while simultaneously adding new ones to increase business, visibility, and profitability. The company has primarily adopted a B2B2C business model for sale of products, which means the dental products are sold through the Dental Network to the end consumer (patient), lending credibility to dental products since they are recommended by the dental network. Any failure to add or retain clinics, companies or dentists to the network in a cost-effective manner may have an adverse effect on business, operations, financial condition and result of operations.

- **Geographical concentration risk:** The Company derived 58.3%/68.5%/67.5%/67.5% of its FY22/FY23/FY24/1HFY25 revenue respectively from India and 28.4%/18.6%/19.4%/19.1% of its FY22/FY23/FY24/1HFY25 revenue respectively from US, denoting a dependency on these geographies for a substantial portion of its revenue. Any economic slowdown or social, political or criminal development may have an adverse effect on business, operations, financial condition and result of operations.

- **Brand risk:** The Company depends heavily on its reputation and perception of the brands. Any negative publicity or other harm to the brand or failure to maintain and enhance brand recognition and maintain quality standards may materially and adversely affect the reputation which in turn may have an adverse effect on business, operations, financial condition and result of operations.

- **Manufacturing facility risk:** The company operates through 6 manufacturing facilities, out of which 5 are located in Mumbai and one 1 is located in Kochi, Kerala. The continued operation of manufacturing facilities can be substantially interrupted due to a number of factors, including natural calamities, fuel shortages, mechanical breakdowns, terrorist attacks, loss of licenses, certifications & permits, regulatory changes, etc.

Valuation & Outlook

Laxmi Dental is one of the leading company offering comprehensive portfolio of dental products globally. Its offerings include custom-made crowns and bridges, branded dental products such as clear aligners, thermoforming sheets and aligner related products as a part of aligner solutions, and paediatric dental products. The company is among the few vertically integrated players globally and the only vertically integrated company in India as of Sep'24

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DISCLAIMER:

Analyst Certification

- The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Ratings Methodology

- Analysts' ratings and the corresponding expected returns take into account their definitions of Large Caps, Mid-Caps & Small Caps as described in the Ratings Table below:

	Buy	Hold	Sell
Large Caps (Top 100 companies)	**>15%**	**0%-15%**	**Below 0%**
Mid-Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small Caps (251st company onwards)	>25%	0%-25%	Below 0%

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