

Laxmi Dental

| | |
|-----------------|---|
| Estimate change | ↔ |
| TP change | ↓ |
| Rating change | ↔ |

| | |
|-----------------------|-------------|
| Bloomberg | LAXMIDEN IN |
| Equity Shares (m) | 55 |
| M.Cap.(INRb)/(USDb) | 20.9 / 0.2 |
| 52-Week Range (INR) | 584 / 308 |
| 1, 6, 12 Rel. Per (%) | -9/-16/- |
| 12M Avg Val (INR M) | 375 |

Financials & Valuations (INR b)

| Y/E March | FY25 | FY26E | FY27E |
|----------------------|------|-------|-------|
| Sales (in billions) | 2.4 | 3.0 | 3.7 |
| EBITDA (in billions) | 0.4 | 0.6 | 0.9 |
| Adjusted PAT | 0.3 | 0.5 | 0.7 |
| EBITDA Margin (%) | 17.5 | 20.9 | 24.4 |
| Cons. Adj EPS (INR) | 4.8 | 9.0 | 12.5 |
| EPS Growth (%) | 4.9 | 88.9 | 38.6 |
| BV/Share (INR) | 37.9 | 46.9 | 59.4 |

Ratios

| | | | |
|------------|------|------|------|
| Net D-E | -0.4 | -0.4 | -0.4 |
| RoE (%) | 20.9 | 21.2 | 23.4 |
| RoCE (%) | 18.6 | 19.6 | 22.7 |
| Payout (%) | 0.0 | 0.0 | 0.0 |

Valuations

| | | | |
|----------------|------|------|------|
| P/E (x) | 79.4 | 42.0 | 30.3 |
| EV/EBITDA (x) | 47.9 | 31.2 | 21.6 |
| Div. Yield (%) | 0.0 | 0.0 | 0.0 |
| FCF Yield (%) | 1.4 | 0.5 | 1.5 |
| EV/Sales (x) | 8.4 | 6.5 | 5.3 |

Shareholding Pattern (%)

| As On | Jun-25 | Mar-25 |
|----------|--------|--------|
| Promoter | 41.7 | 41.7 |
| DII | 14.3 | 12.9 |
| FII | 33.6 | 34.2 |
| Others | 10.4 | 11.2 |

FII includes depository receipts

CMP: INR380 TP: INR500 (+32%) Buy

Operationally in-line quarter

Digital push and scanner sales momentum to drive multi-year growth

- Laxmi Dental (LAXMIDEN) reported in-line revenue for the quarter, with EBITDA beating expectations by 7%. Earnings were also in line with estimates.
- Compared to the robust 20% revenue CAGR over FY23-25, 1QFY26 witnessed a temporary moderation in YoY revenue growth. That said, LAXMIDEN has a well-defined plan in place to maintain its growth trajectory on an annual basis.
- LAXMIDEN has been implementing measures to increase its digital presence in key focus markets. This is expected to not only enhance engagement within its dentist network but also support the marketing of additional products, such as aligners, through the same channel.
- Compared to 250 scanners sold in FY25, LAXMIDEN sold over 200 scanners in 1QFY26 and targets to sell over 1,000 scanners in FY26.
- Industry tailwinds remain strong for the aligners business, and LAXMIDEN is well-positioned to benefit from them, given its established relationship with dentists and its end-to-end manufacturing capabilities. The company continues to expand its presence across Tier I/II cities and is steadily increasing business from its existing dentist network.
- We largely maintain our estimates for FY26/FY27. We value LAXMIDEN at 40x 12M forward earnings to arrive at a TP of INR500.
- We expect 24%/47%/68% revenue/EBITDA/PAT CAGR over FY25-27, led by a) increased traction driven by a higher digital reach, b) CE approval for its kid-e-dental product, c) higher registration in newer geographies, and d) better operating leverage. Reiterate BUY.

Lower revenue and operating leverage drag EBITDA and PAT for 1QFY26

- LAXMIDEN's 1QFY26 revenue grew 10% YoY to INR656m (in-line).
- Laboratory offering sales grew 14% YoY to INR444m. The International business grew 12% YoY to INR176m, while the domestic business grew 4.4% YoY to INR210m. Within lab offerings for the domestic/international segment, scanner sales grew 93% YoY to INR58m.
- Aligner solution sales grew 7% YoY to INR186m. Within aligners, the Bizdent business grew 3.3% YoY to INR93m. The Vedia business grew 37% YoY to INR92m.
- Gross Margin (GM) contracted 260bp YoY to 73.3% due to an increase in raw material costs (down 260bp YoY).
- EBITDA margin contracted 530bp YoY to 18.2% (our est: 17%), largely due to a contraction in GM, supported by increased employee expenses (820bp YoY each as a % of sales).
- As a result, EBITDA declined 15% YoY to INR119m (our est: INR112m).
- Kids-e-dental's 1QFY26 revenue stood at INR44m, down 48% YoY.

- PAT declined 21% YoY to INR83m (in line) due to ESOP as well as a decline in Kids-e-dental's revenue.

Highlights from the management commentary

- While revenue grew 10% YoY in 1QFY26, management remains confident of achieving 20-25% YoY growth for FY26.
- LAXMIDEN has sold over 200 scanners in 1QFY26; it aims to sell over 1,000 scanners during FY26.
- Delays in regulatory approvals impacted the performance of Kids-e-dental. However, LAXMIDEN expects growth in this segment to pick up from 2QFY26/3QFY26.
- Through its investments in AI Dent, LAXMIDEN aims to offer AI-powered solutions—such as dental imaging, X-ray analysis software, and other AI-driven dentistry tools—to existing customers. These additions are expected to further enhance the value proposition of its current offerings.

Quarterly perf. (Consol.)

| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | FY26E | |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | 1QE | vs Est |
| Net Sales | 597 | 571 | 617 | 607 | 656 | 714 | 802 | 877 | 2,391 | 3,049 | 656 | 0.0% |
| YoY Change (%) | N/A | N/A | 29.0 | 10.2 | 9.9 | 25.0 | 30.0 | 44.6 | 23.5 | 27.5 | 10 | |
| Total Expenditure | 457 | 484 | 520 | 511 | 537 | 578 | 623 | 674 | 1,972 | 2,412 | 545 | |
| EBITDA | 140 | 87 | 96 | 95 | 119 | 136 | 179 | 204 | 419 | 637 | 112 | 6.7% |
| YoY Change (%) | N/A | N/A | 144.7 | -18.5 | -15.0 | 55.5 | 85.9 | 113.9 | 76.1 | 52.2 | -20 | |
| Margins (%) | 23.5 | 15.3 | 15.6 | 15.7 | 18.2 | 19.0 | 22.3 | 23.2 | 17.5 | 20.9 | 17 | 115.0 |
| Depreciation | 34 | 34 | 40 | 43 | 36 | 48 | 52 | 64 | 150 | 200 | 45 | |
| EBIT | 106 | 53 | 57 | 52 | 83 | 88 | 127 | 139 | 269 | 437 | 67 | 25.2% |
| YoY Change (%) | N/A | N/A | 728.8 | -38.0 | -21.7 | 64.6 | 123.9 | 166.5 | 126.7 | 62.7 | -37 | |
| Interest | 14 | 12 | 15 | 13 | 5 | 3 | 2 | -7 | 54 | 3 | 6 | |
| Other Income | 4 | 7 | 6 | 16 | 17 | 20 | 22 | 25 | 33 | 84 | 18 | |
| PBT before EO expense | 96 | 49 | 47 | 56 | 96 | 105 | 147 | 171 | 248 | 518 | 79 | 22.1% |
| Extra-Ord expense | -59 | 0 | 0 | -4 | 0 | 0 | 0 | 0 | -70 | 0 | 0 | |
| PBT | 155 | 49 | 47 | 60 | 96 | 105 | 147 | 171 | 318 | 518 | 79 | 22.1% |
| Tax | 18 | 11 | 11 | 25 | 23 | 24 | 34 | 25 | 65 | 107 | 16 | |
| Rate (%) | 11.4 | 23.3 | 22.7 | 41.2 | 23.8 | 23.0 | 23.5 | 14.8 | 20.3 | 20.6 | 21 | |
| MI & P/L of Asso. Cos. | -20 | -22 | -12 | -8 | 10 | 22 | 22 | 29 | 64 | 83 | 21 | |
| Reported PAT | 157 | 59 | 48 | 43 | 83 | 102 | 134 | 174 | 318 | 494 | 83 | -0.4% |
| Adj PAT | 105 | 59 | 48 | 40 | 83 | 102 | 134 | 174 | 262 | 494 | 83 | -0.4% |
| YoY Change (%) | N/A | N/A | 133.2 | -51.0 | -21.3 | 73.3 | 178.7 | 331.7 | 4.9 | 88.9 | -21 | |
| Margins (%) | 17.6 | 10.3 | 7.8 | 6.7 | 12.6 | 14.3 | 16.7 | 19.9 | 10.9 | 16.2 | 13 | |

E: MOFSL Estimates



Conference call highlights

- By converting physical reach into digital reach, LAXMIDEN aims to channel both its laboratory solutions and aligners through its dentist network.
- Delays in regulatory approvals impacted the performance of Kids-e-dental. LAXMIDEN expects growth in this segment to pick up from 2QFY26/3QFY26.
- LAXMIDEN was successful in passing earlier 10% US tariff to its customers. It is discussing with customers for the subsequent tariff increase effect. Notably, the competing country also has similar tariff from US and hence, there is very limited pricing disruption impact on the exports business of LAXMIDEN.
- The company plans to diversify geography-specific risks by expanding its offerings in other countries.
- Biz-Dent revenue was largely stable at INR93m for the quarter, while Vedia's revenue posted strong 37% YoY growth to INR92m.
- Almost 55% of the company's Indian business revenue comes from Tier-1 cities, while 34%/11% comes from Tier-II/III cities.

Stable domestic labs; resilient international sales amid tariff impact

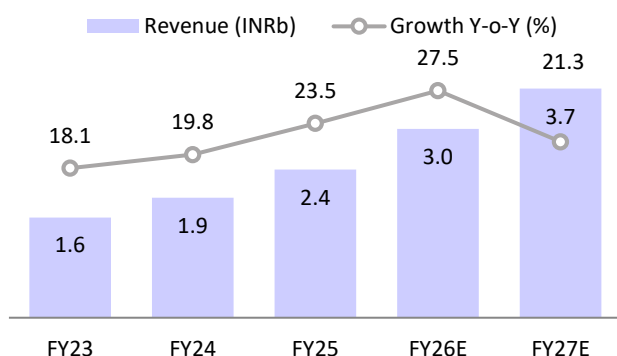
- LAXMIDEN's 10% YoY growth % for the quarter was a breather after three years of robust 20%+ growth in revenue.
- Domestic lab offerings were stable on a YoY basis. Excluding one-time products in 1QFY25, YoY growth in domestic lab offerings would be 10.5% YoY, partly due to seasonality. 2H is typically expected to be better than 1H of the financial year.
- International lab offering sales grew 12% YoY for the quarter compared to 38% YoY growth in FY25. US tariff-related aspects led to renegotiations, with customers temporarily impacting business over the near term. In fact, the 10% tariff imposed in Apr'25 has been passed on to customers, reflecting the strong quality of LAXMIDEN's lab offerings and their acceptability by customers.
- LAXMIDEN delivered a strong performance in the Vedia segment within aligners for the quarter, led by improved visibility from the IDS exhibition. This implies sustained growth momentum in the coming quarters.
- However, this benefit was offset to some extent by stable sales in the B2B2C business (Bizdent). LAXMIDEN continues to focus on improving customer service, widen its reach in Tier II/III cities, and revive growth in near-to-medium term.
- LAXMIDEN is awaiting CE approval for the scale up of the Kids-e-dental business.

Reiterate BUY

- We largely maintain our estimates for FY26/FY27. We value LAXMIDEN at 40x 12M forward earnings to arrive at a TP of INR500.
- We expect 24%/47%/68% revenue/EBITDA/PAT CAGR over FY25-27, led by a) increased traction driven by a higher digital reach, b) CE approval for its kid-e-dental product, c) higher registration in newer geographies, and d) better operating leverage. Reiterate BUY.

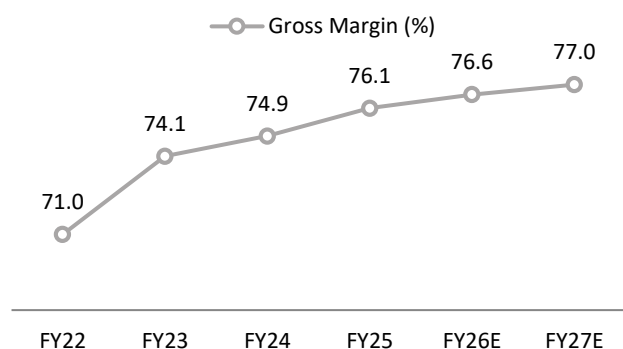
Story in charts

Exhibit 1: Expect revenue CAGR of 24% over FY25-27



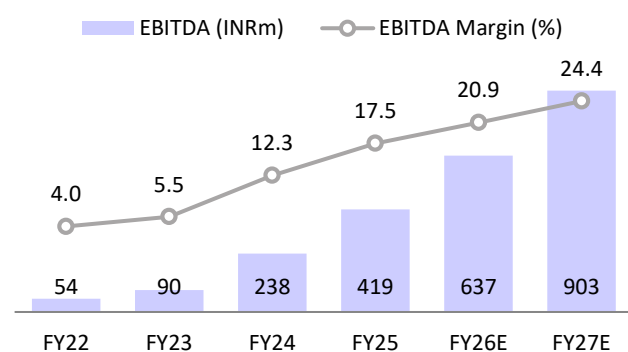
Source: MOFSL, Company

Exhibit 2: Gross margin to expand 90bp over FY25-27



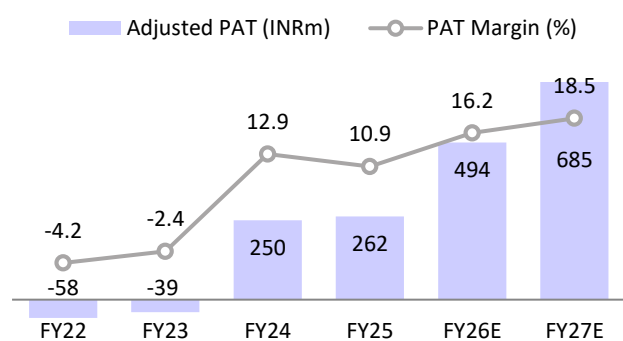
Source: MOFSL, Company

Exhibit 3: EBITDA margin to expand 690bp over FY25-27



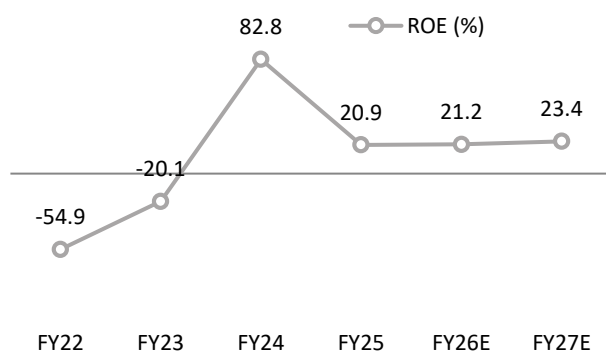
Source: MOFSL, Company

Exhibit 4: PAT margins to expand 760bp over FY25-27



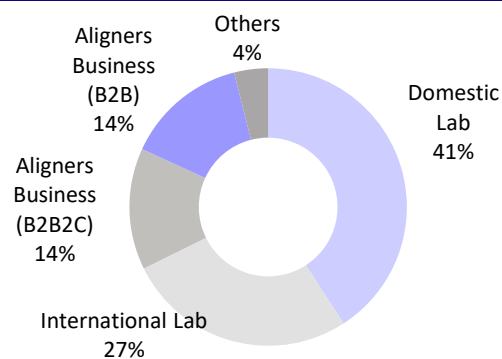
Source: MOFSL, Company

Exhibit 5: ROE to expand 250bp over FY25-27



Source: MOFSL, Company

Exhibit 6: Revenue breakup for 1QFY26



Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement

(INR Million)

| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Income from Operations | 1,368 | 1,616 | 1,936 | 2,391 | 3,049 | 3,699 |
| Change (%) | NA | 18.1 | 19.8 | 23.5 | 27.5 | 21.3 |
| Raw Materials | 397 | 418 | 485 | 572 | 713 | 851 |
| Employees Cost | 531 | 653 | 715 | 845 | 1,009 | 1,147 |
| Other Expenses | 387 | 455 | 498 | 555 | 689 | 799 |
| Total Expenditure | 1,314 | 1,527 | 1,698 | 1,972 | 2,412 | 2,796 |
| % of Sales | 96.0 | 94.5 | 87.7 | 82.5 | 79.1 | 75.6 |
| EBITDA | 54 | 90 | 238 | 419 | 637 | 903 |
| Margin (%) | 4.0 | 5.5 | 12.3 | 17.5 | 20.9 | 24.4 |
| Depreciation | 84 | 110 | 119 | 150 | 200 | 264 |
| EBIT | -30 | -20 | 119 | 269 | 437 | 639 |
| Int. and Finance Charges | 36 | 41 | 50 | 54 | 3 | 1 |
| Other Income | 12 | 22 | 17 | 33 | 84 | 107 |
| PBT bef. EO Exp. | -53 | -39 | 86 | 248 | 518 | 745 |
| EO Items | -110 | -1 | -1 | 70 | 0 | 0 |
| PBT after EO Exp. | -163 | -40 | 85 | 318 | 518 | 745 |
| Total Tax | 24 | 2 | -94 | 65 | 107 | 155 |
| Tax Rate (%) | -14.5 | -4.7 | -110.5 | 20.3 | 20.6 | 20.8 |
| Minority Interest | -3 | -2 | 5 | 1 | -1 | 0 |
| Share of profit in JV/associate | -1 | 6 | 89 | 72 | 82 | 95 |
| loss from disc operations | 0 | 0 | -16 | -7 | 0 | 0 |
| Reported PAT | -184 | -40 | 248 | 318 | 494 | 685 |
| Adjusted PAT | -58 | -39 | 250 | 262 | 494 | 685 |
| Change (%) | NA | -32.5 | -738.9 | 4.9 | 88.9 | 38.6 |
| Margin (%) | -4.2 | -2.4 | 12.9 | 10.9 | 16.2 | 18.5 |

Consolidated - Balance Sheet

(INR Million)

| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|-------------------------------------|------------|------------|------------|--------------|--------------|--------------|
| Equity Share Capital | 3 | 3 | 3 | 110 | 110 | 110 |
| Total Reserves | 208 | 175 | 422 | 1,975 | 2,470 | 3,155 |
| Net Worth | 211 | 178 | 425 | 2,085 | 2,580 | 3,265 |
| Minority Interest | 19 | 17 | 21 | 2 | 2 | 2 |
| Total Loans | 387 | 387 | 498 | 195 | 20 | 10 |
| Deferred Tax Liabilities | -1 | -2 | -109 | -109 | -109 | -109 |
| Capital Employed | 615 | 580 | 835 | 2,173 | 2,493 | 3,168 |
| Gross Block | 417 | 519 | 690 | 893 | 1,193 | 1,513 |
| Less: Accum. Deprn. | 30 | 137 | 253 | 404 | 604 | 868 |
| Net Fixed Assets | 387 | 382 | 436 | 489 | 589 | 645 |
| Total Investments | 35 | 40 | 129 | 104 | 104 | 104 |
| Curr. Assets, Loans&Adv. | 604 | 547 | 708 | 2,252 | 2,720 | 3,535 |
| Inventory | 295 | 242 | 247 | 187 | 301 | 375 |
| Account Receivables | 204 | 204 | 249 | 367 | 484 | 608 |
| Cash and Bank Balance | 11 | 10 | 7 | 908 | 926 | 1,328 |
| Loans and Advances | 95 | 91 | 204 | 791 | 1,009 | 1,224 |
| Curr. Liability & Prov. | 411 | 388 | 439 | 672 | 920 | 1,117 |
| Account Payables | 266 | 225 | 158 | 321 | 484 | 598 |
| Other Current Liabilities | 115 | 127 | 239 | 305 | 389 | 472 |
| Provisions | 30 | 36 | 42 | 47 | 47 | 47 |
| Net Current Assets | 193 | 159 | 269 | 1,580 | 1,800 | 2,419 |
| Appl. of Funds | 615 | 580 | 835 | 2,173 | 2,492 | 3,168 |

Financials and valuations

Ratios

| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|-------------------------------|-------------|-------------|------------|------------|------------|-------------|
| Basic (INR) | | | | | | |
| EPS | -1.1 | -0.7 | 4.5 | 4.8 | 9.0 | 12.5 |
| Cash EPS | 17.0 | 46.0 | 239.6 | 7.5 | 12.6 | 17.3 |
| BV/Share | 136.8 | 115.5 | 275.7 | 37.9 | 46.9 | 59.4 |
| DPS | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Payout (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Valuation (x) | | | | | | |
| P/E | NA | NA | 83.2 | 79.4 | 42.0 | 30.3 |
| Cash P/E | 22.3 | 8.2 | 1.6 | 50.4 | 29.9 | 21.9 |
| P/BV | 2.8 | 3.3 | 1.4 | 10.0 | 8.1 | 6.4 |
| EV/Sales | 0.7 | 0.6 | 0.6 | 8.4 | 6.5 | 5.3 |
| EV/EBITDA | 17.7 | 10.7 | 4.5 | 47.9 | 31.2 | 21.6 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| FCF per share | -2.4 | 34.9 | -10.9 | 5.2 | 2.0 | 5.6 |
| Return Ratios (%) | | | | | | |
| RoE | -54.9 | -20.1 | 82.8 | 20.9 | 21.2 | 23.4 |
| RoCE | -6.7 | 1.4 | 63.5 | 18.6 | 19.6 | 22.7 |
| RoIC | -12.0 | -3.9 | 40.6 | 23.0 | 26.4 | 31.6 |
| Working Capital Ratios | | | | | | |
| Fixed Asset Turnover (x) | 3.3 | 3.1 | 2.8 | 2.7 | 2.6 | 2.4 |
| Asset Turnover (x) | 2.2 | 2.8 | 2.3 | 1.1 | 1.2 | 1.2 |
| Inventory (Days) | 79 | 55 | 47 | 28 | 36 | 37 |
| Debtor (Days) | 54 | 46 | 47 | 56 | 58 | 60 |
| Creditor (Days) | 71 | 51 | 30 | 49 | 58 | 59 |
| Leverage Ratio (x) | | | | | | |
| Current Ratio | 1.5 | 1.4 | 1.6 | 3.4 | 3.0 | 3.2 |
| Interest Cover Ratio | -0.8 | -0.5 | 2.4 | 5.0 | 150.4 | 1,242.4 |
| Net Debt/Equity | 1.6 | 1.9 | 0.9 | -0.4 | -0.4 | -0.4 |

Consolidated - Cash Flow Statement

| Y/E March | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|----------------------------------|-------------|------------|-------------|--------------|-------------|--------------|
| OP/(Loss) before Tax | -162 | -46 | 69 | 310 | 600 | 840 |
| Depreciation | 84 | 110 | 120 | 150 | 200 | 264 |
| Interest & Finance Charges | 33 | 39 | 48 | 40 | -81 | -107 |
| Direct Taxes Paid | 0 | -3 | -10 | -25 | -107 | -155 |
| (Inc)/Dec in WC | -90 | 44 | -119 | 19 | -202 | -216 |
| CF from Operations | -135 | 145 | 107 | 494 | 411 | 626 |
| Others | 115 | 4 | 11 | -56 | 0 | 0 |
| CF from Operating incl EO | -20 | 149 | 118 | 438 | 411 | 626 |
| (Inc)/Dec in FA | 16 | -95 | -135 | -153 | -300 | -320 |
| Free Cash Flow | -4 | 54 | -17 | 285 | 111 | 306 |
| (Pur)/Sale of Investments | 0 | -4 | 0 | -15 | 0 | 0 |
| Others | 14 | 5 | -10 | -124 | 84 | 107 |
| CF from Investments | 30 | -94 | -144 | -292 | -216 | -213 |
| Issue of Shares | 15 | 0 | 0 | 1,380 | 0 | 0 |
| Inc/(Dec) in Debt | -20 | 22 | 23 | -134 | -175 | -10 |
| Interest Paid | -36 | -41 | -50 | -54 | -3 | -1 |
| Dividend Paid | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | 0 | 0 | 0 | -86 | 1 | 0 |
| CF from Fin. Activity | -40 | -19 | -27 | 1,106 | -177 | -11 |
| Inc/Dec of Cash | -30 | 36 | -53 | 1,252 | 18 | 403 |
| Opening Balance | -109 | 10 | 10 | 7 | 908 | 926 |
| Others | 149 | -36 | 50 | -351 | 0 | 0 |
| Closing Balance | 10 | 10 | 7 | 908 | 926 | 1,328 |

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| Explanation of Investment Rating | |
|----------------------------------|--|
| Investment Rating | Expected return (over 12-month) |
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

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