



LAXMI DENTAL LIMITED



Issue Opens – January 13, 2025 to January 15, 2025

Price Band
₹407 to ₹428

Face Value
₹2

Issue Size
₹698.06 Cr

Lot Size
33 Shares

Issue Type
Book Built

Issue Size

1,63,09,766 shares / ₹698.06 Cr

Fresh Issue

32,24,299 shares / ₹ 138.00 Cr

Offer for Sale

1,30,85,467 shares / ₹560.06 Cr

Basis of Allotment

Thursday, January 16, 2025

Initiation of Refunds

Friday, January 17, 2025

Credit of Shares to Demat

Friday, January 17, 2025

Laxmi Dental Listing Day

Monday, January 20, 2025



Objects of The Offer

The company plans to use the net proceeds for the following purposes:

1. Repayment/prepayment, in full or in part, of certain outstanding borrowings availed by the Company up to Rs. 22.98 crores "
2. Investment in certain Subsidiaries for the repayment/prepayment, in full or in part, of certain outstanding borrowings up to Rs. 4.6 crores "
3. Funding the capital expenditure requirements for purchasing new machinery for the Company up to Rs. 43.50 crores "
4. Investment in their subsidiary, Bizdent Devices Private Limited, is needed for the capital expenditure requirements for the purchase of new machinery up to Rs. 2.5 crores
5. General corporate purposes.

Brief profile of the Directors

Rajesh Vrajlal Khakhar is one of the promoters and the Chairperson of the company. He manages international partnerships and business development. With over 30 years of experience, he also directs Bizdent Devices Private Limited, a subsidiary. He received the ICONS award (2020-21) for his contributions to dentistry.

Sameer Kamlesh Merchant is the Managing Director and CEO. He oversees business strategy, operations, and technology initiatives. With 20+ years of experience, he has diversified the company's offerings. Sameer is also involved in Bizdent Devices Private Limited and received various certificates for his expertise.

Sumona Chakraborty is a Non-Executive Director and nominee of OrbiMedAsia. With a tech background and 10+ years of experience, she is currently with OrbiMedAdvisors.

Rajesh Shashikant Dalal is a Non-Executive Independent Director with 34 years of experience in engineering and past roles at OrbiMedAdvisors and Johnson & Johnson.

Anjana Rajendra Grewal is a Non-Executive Independent Director with 23 years of experience in finance and management. She is a professor at SDA Bocconi Asia Center and has worked at several major companies, including Birla Sun Life and Global Trust Bank.



Key Business Operations

Incorporation: Laxmi Dental Limited was incorporated on July 8, 2004, initially as Laxmi Dental Export Private Limited. It has since evolved into India's only end-to-end integrated dental products company.

- a. **Product Portfolio:** The company offers a wide array of products categorized into three main segments: Dental Laboratories: Custom-made crowns and bridges, metal-ceramic restorations, and metal-free restorations like zirconia crowns.
- b. **Aligner Solutions:** Clear aligners (Illusion Aligners), thermoforming sheets, and associated products, including 3D printing resins.
- c. **Pediatric Dental Products:** Specialized products for children's dental needs, such as flexible crowns and silver diamine fluoride (SDF) for treating dental caries.

Manufacturing Facilities: Laxmi Dental operates six manufacturing facilities across Maharashtra and Kerala, covering over 147,000 square feet. These facilities are equipped to produce a variety of dental products efficiently. The company is recognized as one of the top two largest dental laboratories in India and the largest exporter of dental laboratory products. It has a vast distribution network that reaches over 22,000 dental clinics across 320 cities in India and exports to more than 95 countries.

Below table sets forth contribution of customers of their aligner solutions from tier I, tier II, and tier III cities to total customers served for aligners in the six month period ended September 30, 2024 and Fiscals 2024, 2023, and 2022



	total customers served for aligners in		total customers served for aligners in		total customers served for aligners in		total customers served for aligners in	
	Six month period ended September 30, 2024 (in number)	Six month period ended September 30, 2024 (in %)	Fiscal, 2024 (in number)	Fiscal 2024 (in %)	Fiscal, 2023 (in number)	Fiscal 2023 (in %)	Fiscal 2022 (in number)	Fiscal 2022 (in %)
Tier I	1,810	46.90%	2,348	47.09%	2,109	51.33%	1,027	50.37%
Tier II	1,423	36.87%	1,774	35.58%	1,323	32.20%	704	34.53%
Tier III	626	16.22%	864	17.33%	677	16.48%	308	15.11%

Set forth below is a breakup of our revenue across our various product offerings for six month period ended September 30, 2024 and Fiscals 2024, 2023 and 2022:

Revenue Segment	Six month period ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue from sale of goods and services (in ₹ million)	Percentage of Revenue from sale of goods and services	Revenue from sale of goods and services (in ₹ million)	Percentage of Revenue from sale of goods and services	Revenue from sale of goods and services (in ₹ million)	Percentage of Revenue from sale of goods and services	Revenue from sale of goods and services (in ₹ million)	Percentage of Revenue from sale of goods and services
Laboratory	729.61	63.07%	1,239.59	64.75%	1,055.10	66.38%	932.13	71.99%
Aligner solutions	359.76	31.10%	538.44	28.12%	350.63	22.06%	229.71	17.74%
Others	67.42	5.83%	136.47	7.13%	183.69	11.56%	132.95	10.27%
Total	1,156.79	100.00%	1,914.50	100.00%	1,589.41	100.00%	1,294.78	100.00%

Statement of Profit and Loss



(All amounts are in Indian Rupees millions, unless otherwise stated)

Particulars	Six month period ended September 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Income				
Revenue from operations	1,167.80	1,935.55	1,616.31	1,368.43
Other Income	11.2	17.09	22.13	12.27
Total Income (A)	1,179.00	1,952.64	1,638.44	1,380.70
Expenses				
Cost of material consumed	262.39	464.18	306.28	306.37
Purchase of stock-in-trade	24.77	38.35	100.7	100.58
Change in inventories of finished goods	-4.61	-17.64	10.99	-10.39
Employee benefits expenses	383.39	715.11	653.37	530.78
Finance costs	25.99	49.54	40.94	35.67
Depreciation and amortization expenses	67.68	119.36	109.94	83.98
Other expenses	274.53	497.65	455.33	386.96
Total Expenses (B)	1,034.14	1,866.55	1,677.55	1,433.96
Profit/(loss) before tax D = (A-B-C)	211.03	85.24	-42.61	-147.12
Income tax expense				
Current tax	9.72	17.85	1.96	0
Adjustment of tax relating to earlier periods	-0.51	-0.14	0.04	14.51
Deferred tax	19.85	-111.88	-0.12	9.2
Total income tax expense (E)	29.06	-94.17	1.88	23.71
Profit/(loss) after tax F=(D-E)	181.97	179.41	-44.49	-170.83
Share in profit after tax of Joint ventures G	52.51	88.88	6.02	-1.45
Profit/(loss) for the year	234.48	268.29	-38.47	-172.28
Profit/(loss) for the year	227.89	252.39	-41.63	-186.73
Earnings/ (Loss) per equity shares				
Basic EPS (INR)	4.39	4.8	-0.77	-3.56
Diluted EPS (INR)	4.39	4.8	-0.77	-3.56

Strengths



- **Market Leadership:** Laxmi Dental is recognized as India's only fully integrated dental products company, which allows it to control the entire production process from raw materials to final distribution. This vertical integration enhances efficiency and quality, providing a competitive edge in the market.
- **Diverse Product Portfolio:** The company offers a wide range of dental products, including custom crowns, bridges, clear aligners, and pediatric dental solutions. This diversity helps mitigate risks associated with reliance on a single product line and caters to various customer needs.
- **Strong Growth Potential:** The Indian dental market is experiencing significant growth, particularly in segments like custom-made crowns and clear aligners. The clear aligner market is expected to grow at a CAGR of 23%, which positions Laxmi Dental favorably to capitalize on this trend.
- **Extensive Distribution Network:** Laxmi Dental has established a robust network connecting over 22,000 dental clinics, facilitating widespread adoption of its products and ensuring stable demand. This network also serves as a barrier to entry for potential competitors.
- **Technological Innovation:** The company has embraced digital dentistry and advanced manufacturing technologies, positioning itself at the forefront of industry innovation. This focus on technology enhances operational efficiency and product quality.

Threats

- **Niche Market Focus:** The company's heavy reliance on the dental solutions market may limit diversification opportunities. Economic downturns can lead to reduced consumer spending on dental care, impacting revenues.
- **High Competition:** The dental products market is fragmented with numerous players, which could lead to pricing pressures and reduced profit margins as competition intensifies.
- **Forex Risk:** As Laxmi Dental operates internationally, fluctuations in currency exchange rates can affect profitability, especially given its export activities to over 95 countries.
- **Brand Perception and Network Dependence:** The company's success heavily depends on expanding its dental network and maintaining positive brand perception among dental professionals. Any negative shifts in these areas could impact sales and growth prospects.

Valuation and Outlook



Laxmi Dental Limited IPO is expected to be priced between ₹407 to ₹428 per share. At this price, the company is valued at Price-to-Earnings (P/E) ratio of 89.16x whereas the industry average is 94.02x.

Name of Company	Face Value (₹ per share)	Total Income, for Fiscal 2024 (in ₹ million)	EPS (₹) Basic	EPS (₹) Diluted	NAV (₹ per share)	P/E	RoNW (%)
Laxmi Dental Limited	2	1,952.64	4.8	4.8	8.63	NA	78.78
Peer Group							
Poly Medicare	5	14,345.44	26.92	26.9	153.22	94.02	19.05

The last three financial years, the company reported total income and net profit (or loss) as follows: Rs. 138.07 crore / Rs. -17.08 crore in FY22, Rs. 163.84 crore / Rs. -4.45 crore in FY23, and Rs. 195.26 crore / Rs. 17.94 crore in FY24. For the first half of FY25, it earned Rs. 18.20 crore net profit on Rs. 117.90 crore income. Average EPS was Rs. 1.55, and RoNW was 22.77%, with a P/E of 64.65 based on FY25 estimates.

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