

LAXMI DENTAL LTD

13-01-2025 TO 15-01-2025

Recommendation: Subscribe for long term
Industry: Dental Medical Equipment & Supplies

Price Band: ₹ 407 - 428
Post Implied Market Cap: ₹ 2,244 Cr - ₹ 2,352 Cr

Key Data

Issue Size (₹ Cr)	698
Fresh (₹)	138
OFS (₹)	560
No. of shares offered	1,64,76,130 - 1,63,09,767
Face Value (₹ /share)	2
Bid Lot	33

About the Company

Laxmi Dental Ltd is a leading integrated dental products company offering a comprehensive portfolio, including custom-made crowns and bridges, clear aligners, thermoforming sheets, and pediatric dental products. With over 20 years in the business, it is one of the top two largest Indian dental laboratories by revenue in FY2024, serving more than 22,000 dental clinics, companies, and dentists as of September 2024. It is also the most profitable indigenous B2B2C dental aligner solutions company in India, with strong operational and financial performance in FY2023.

Investment Rationales

- The only integrated dental products company in India, well-positioned to capture industry tailwinds:** Laxmi Dental offers a wide range of primary dental products, focusing on custom-made prostheses like metal-free crowns, branded premium crowns under "Illusion Zirconia," PFM crowns, bridges, and dentures. It promotes digital dentistry with its branded intraoral scanners, iScanPro, deploying over 160 units in the Indian market. The company also provides aligner solutions under the "Illusion Aligners" brand and associated materials like thermoforming sheets and 3D printing resins through "Taglus." Additionally, its Kids-E-Dental brand offers specialized pediatric dental products. As a vertically integrated player, Laxmi Dental operates a backward and forward-integrated model, covering raw material production to treatment planning solutions.
- Second largest player in domestic laboratory business and largest export laboratory with increasing adoption of digital dentistry:** Laxmi Dental has an extensive network of over 22,000 dental clinics, companies, and dentists across 320 cities in India between FY2022 and September 30, 2024. Known for early innovation, it launched branded zirconia crowns under "Illusion Zirconia," with metal-free units contributing significantly to revenue in domestic and international markets. Its 100% EOU laboratory serves global markets with fixed and removable restorations. The iScanPro intraoral scanner, introduced in August 2024, enhances treatment accuracy, planning, and affordability, driving adoption of digital dentistry. Digital impressions accounted for 62.43% and 61.78% of dental restoration units in domestic and international labs, respectively, as of H1 FY2025, reflecting steady growth in digital workflows.
- Vertically integrated diverse branded product portfolio:** Laxmi Dental leverages its 20+ years of experience and extensive Dental Network to expand offerings from custom-made crowns and bridges to branded products like clear aligners and pediatric dental solutions. The company benefits from a first-mover advantage in manufacturing thermoforming sheets, machines, and 3D printing resins for clear aligners, supplying over 95 countries. Its manufacturing facility in Boisar spans 38,656 sq. ft. Aligner solutions revenue grew at a CAGR of 49.25% between FY2022-2024, while the pediatric dental products segment, through a 60% stake in Kids-E-Dental LLP, generated ₹26.67 Cr in FY2024, showcasing strong growth across its product lines.
- Large Dental Network providing the company with competitive advantage in the market:** Laxmi Dental, with over 20 years of market presence, has a robust Dental Network reaching 22,000+ clinics, companies, and dentists globally and across 320 Indian cities. It exports dental products to 95+ countries. The company employs a B2B2C model for clear aligner sales, leveraging its network to reach end consumers through dentists, enhancing credibility and wallet share. Its affordable, high-quality products enable it to tap into the underpenetrated clear aligner market effectively, supported by a comprehensive portfolio and strategic global and domestic presence.

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	16-01-2025
Refunds/Unblocking ASBA Fund	17-01-2025
Credit of equity shares to DP A/c	17-01-2025
Trading commences	20-01-2025

Shareholding (No. of shares)

Pre-Issue	5,17,37,850
Post Issue (Lower price band)	55,128,513
Post Issue (Higher price band)	54,962,149

Shareholding Pattern

Promoter :	
Pre Issue	36.19%
Post Issue	32.92%
Promoter Group:	
Pre Issue	10.37%
Post Issue	8.78%
Public- Others:	
Pre Issue	53.44%
Post Issue	58.30%

Issue Breakup

QIB	75%
NIB	15%
Retail	10%

Other Details

BRLMs: Nuvama Wealth Management Ltd, Motilal Oswal Investment Advisors, SBI Capital Markets

Registrar: MUFG Intime India Pvt Ltd..

Listing: BSE & NSE

Research Analyst

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Risk

- Chinese manufacturers.
- High government regulated industry.

MView

We believe Laxmi Dental Ltd brings investors an opportunity to invest in a niche and growing segment of the healthcare industry. With over 20 years of experience, the company has built a robust network of 22,000+ clinics and dentists across 320 Indian cities and exports to 95+ countries. We think its vertically integrated model, spanning raw material production to treatment planning, enhances operational efficiency and product quality. Innovations like "Illusion Zirconia" crowns, iScanPro scanners, and Taglus materials for clear aligners demonstrate its commitment to digital dentistry and technological leadership. We also believe the company's clear aligner segment, growing at a CAGR of 49.25% from FY 2022-2024, and the pediatric dental division further diversify its revenue streams, showcasing strong growth potential. By looking at the financials, the company demonstrated a good growth in revenue from operations by 18.1% and 19.8% in FY 2023/2024, while net profit saw a sharp surge by 706% in FY 2024, reflecting a solid recovery from pandemic-induced losses. On valuation parse at the upper band of Rs.428 /-, issue is asking for a Market cap of Rs.2352 Cr. Based on annualized FY 2025 earnings and fully diluted post-IPO paid-up capital the company is asking for a PE of 76.8x (adjusted for exceptional items) which seems aggressively priced considering the near term growth triggers and compared to its industry peers. As the company is India's only end-to-end integrated dental product company operating in a niche and growing market segment may command a higher valuation multiple. Investors should also look at IPO offers which come with Rs.560.06cr OFS which is 80% of total issue which is an area of concern for new investors. We believe by leveraging its B2B2C model and innovative offerings, Laxmi Dental is well-positioned to capture a significant share in the growing dental solutions space. Hence, we recommend risk taking investors to "SUBSCRIBE" for Laxmi Dental Ltd IPO for long term perspective only.



CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at Sept 30th	As at March' 31		
	2024 (06)	2024	2023	2022
Equity Share Capital	5.56	0.31	0.31	0.31
Net Worth	67.09	44.57	19.48	22.94
Borrowings	40.91	42.03	31.44	29.63
Revenue from Operations	116.78	193.56	161.63	136.84
Revenue Growth (%)	-	19.75%	18.11%	-
Adj. EBIDTA	27.98	32.68	9.57	5.27
Adj. EBITDA Margin (%) as stated	23.96%	16.88%	5.92%	3.85%
Net Profit for the Period	22.74	25.23	-4.16	-18.68
Net Profit Margin (%)	19.47%	13.03%	-2.58%	-13.65%
EPS	4.39	4.80	-0.77	-3.56
ROE (%)	40.73%	78.78%	-19.62%	-60.47%
Net Asset Value (₹) as stated	12.97	8.63	3.77	4.44
ROCE (%)	24.64%	19.97%	-0.33%	-19.40%
Asset Turnover (%)	79.78%	167.54%	162.21%	1.28%

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS Rs. (in Cr)

Companies	Total Income (Rs. in Cr.)	Mcap (in Cr)	FV	EPS	NAV (Rs. Per share)	P/B	P/E	RoNW
laxmi Dental Ltd.	195.26	2352	2	8.27	41.45	10.3	51.7	78.78%
Poly Medicure Ltd.	1,434.54	27385	5	26.92	153.22	10.6	92.8	19.05%

Date as on 31st March 2024, Cline Mcap, PE, PB calculated as on 09-01-2025

Laxmi Dental Ltd, EPS/PE, P/B,NAV calculated on annualised basis post money



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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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