

One Stop Investment Avenue



GEPL
CAPITAL



IPO Note

LAXMI DENTAL LIMITED

JAN 13, 2025



LAXMI DENTAL LIMITED



Jan 10, 2025

Details of the Issue

Price Band	₹ 407 - ₹ 428
Issue Size	₹ 698.06 Cr
Face Value	₹ 2
Bid Lot	33
Listing on	BSE, NSE
Post Issue Mcap	₹ 2,352.38 Cr
Investment Range	₹ 13,431- ₹ 14,124

Important Indicative Dates (2025)

Opening	13 - Jan
Closing	15 - Jan
Basis of Allotment	16 - Jan
Refund Initiation	17 - Jan
Credit to Demat	17 - Jan
Listing Date	20 - Jan

Lead Manager

Nuvama Wealth Management Limited
Motilal Oswal Investment Advisors Limited
SBI Capital Markets Limited

Offer Details

Offer Size	₹ 698 Cr
Fresh Issue	₹ 138 Cr
OFS	₹ 560 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	523.6	12.9	12.2	75
NIB	104.7	2.6	2.4	15
Retail	69.8	1.6	1.7	10
Em-ploy.	-	-	-	-
Total	698.1	17.1	16.3	100

Invest Now**Company Profile**

Incorporated in 2004, Laxmi Dental Limited evolved from a dental laboratory business to India's only end to end integrated dental products company. The company manufactures and supplies products such as 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. Between fiscal 2022 and September 2024, the company's dental laboratories business had a reach of over 22,000 dental clinics, dental companies, and dentists. The company operates six manufacturing facilities spread across 147,030 square feet, five in Mumbai Metropolitan Region (MMR), Maharashtra and one in Kochi, Kerala. Furthermore, the company also have five supporting facilities, two in Mumbai and one each in Delhi, Bengaluru, and Ahmedabad. Given its large presence, Laxmi Dental exports is dental products to 95 countries and sells its products to over 320 cities within India.

GEPL's Insights & Investment Thesis:

- LDL has a vertically integrated business model with backward and forward integration, leading to significant control over raw material sourcing and production processes.
- India's crown and bridges market is expected to grow by 12.6% whereas clear aligner market is expected to grow by 23% over the next six years, indicating strong future prospects for the company. This growth should be driven by rise in dental problems such as cavities, growing awareness for dental care, and technological innovations.
- The company's achieved healthy financial growth with revenue and EBITDA growing at a CAGR of 18% and 110% over FY22-FY24. In FY24, the company showcased impressive ROE and ROCE of 41% and 25%.
- Based on the FY24 earnings relative to the company's post-IPO paid-up equity capital, the issue is priced at a P/E ratio of 89.65x. We believe the company is fairly valued given the strong industry tailwinds and new product innovations through continued investments. Therefore, we recommend a "Subscribe" rating for the issue.

Business Highlights & Services

Laxmi Dental reports its revenue under three operating segments: Laboratory, Aligner Solutions, and Others. Under the Laboratory segment, the company sells custom made dental prosthesis such as metal free crowns and bridges, including its range of branded premium zirconia crowns and bridges "Illusion Zirconia", porcelain fused to metal ("PFM") crowns, bridges, and dentures. On August 9, 2024, the company launched iScanPro, which is an intraoral scanner used in digital dentistry. The digital dental impressions obtained from this device will be instantly transmitted to dental laboratories for manufacturing. This will eliminate logistics cost and streamline processes between dental practitioners and technicians. This segment generates 65% of the total revenue.

In the Aligner Solutions segment, the company offers clear aligners under the brand name "Illusion Aligners", a first Indian brand to receive 510(K) clearance from US FDA to market clear aligners. The segment also offers retainer materials, thermoforming sheets, biocompatible 3D printing resins, thermoforming machines and consumables under the brand 'Taglus' which are used for manufacturing clear aligners. This segment generates 28% of the total revenue.



India's dental care services market, valued at US\$ 3.4 Bn in 2023, is projected to grow at 12.6% annually, reaching US\$ 7.8 Bn by 2030. This growth is fuelled by the rising prevalence of oral health issues like dental cavities, malocclusion (non-alignment), and periodontal diseases, alongside increasing demand for both general and specialized dental care driven by greater awareness. While independent clinics dominate, dental chains are rapidly expanding in metropolitan and Tier I cities due to improved affordability, awareness, and financing options. The organized dental chain market share is expected to rise. India's dental sector also benefits from over 5,000 dental laboratories and 306 dental institutes. According to the F&S Report, the Indian market for custom-made crowns and bridges is projected to grow from USD 1.4 billion in 2023 to USD 3.1 billion by 2030, at an impressive rate of 11.8%. In comparison, the global market is expected to expand from USD 71 billion in 2023 to USD 121.6 billion by 2030, growing at 8.0%.

The company will be using the net proceeds from the fresh issuance for the repayment of certain outstanding borrowings for the company and its subsidiaries and purchase new machinery for the company as well for its subsidiary Bizdent Devices Pvt Ltd. The company currently has a total borrowings (long term and short term) of Rs. 515.54 million and it plans to repay Rs. 229.84 million from the IPO net proceeds. Similarly, the subsidiary companies has a total borrowings of Rs. 515.54 million and it plans to repay Rs. 46 million from the net proceeds. LDL and its subsidiary Bizdent Devices Pvt Ltd plans to improve the quality of its products and operational efficiency by purchasing new machineries using Rs. 685 million from the issuance amount. These machineries will be installed at two of its divisions; Vedia Solutions and Illusion Dental Laboratory.

Product wise revenue

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%

Geography wise Revenue

Zone	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
India	780.94	67.51%	1,291.58	67.46%	1,088.20	68.47%	754.61	58.28%
USA	220.70	19.08%	371.68	19.41%	295.34	18.58%	367.23	28.36%
UK	84.76	7.33%	137.48	7.18%	115.96	7.30%	81.15	6.27%
Others	70.39	6.08%	113.76	5.94%	89.91	5.66%	91.79	7.09%
Total	1,156.79	100.00%	1,914.50	100%	1,589.41	100%	1,294.78	100%

Peers Comparison

Name of the company	Face Value (₹)	Total Income (₹ Cr)	EPS	NAV (₹)	P/E	RoNW(%)
Laxmi Dental Limited	2	1,953	4.80	8.63	NA	78.8
Peers Group						
Poly Medicure Limited	5	14,345	26.92	153.22	94.02	19.1

Companies Competitive Strength :

- The only integrated dental products company in India, well-positioned to capture industry tailwinds.
- Second largest player in domestic laboratory business and largest export laboratory with increasing adoption of digital dentistry.
- Vertically integrated diverse branded product portfolio.
- Large Dental Network providing with competitive advantage in the market.
- Robust technologically advanced capabilities with stringent regulatory compliance ensuring high quality standards.
- Experienced management team with significant industry experience.

Key Strategies Implemented by Company

- Deepen penetration amongst existing Dental Network while also expanding its Dental Network.
- Undertake product enhancements of existing dental products and launch new dental products;
- Enhance manufacturing capacities with increasing focus on automation and adoption of new technologies.
- Continue to follow a multi-channel approach in marketing.
- Expanding the presence globally by scaling and expanding operations and facilities.

Particular (INR in cr)	6M FY25	FY24	FY23	FY22
Borrowings	41	42	31	30
Net Worth	56	32	21	31
Revenue	117	194	162	137
Growth (%)		20%	18%	
EBITDA	23	24	9	5
EBITDAM (%)	19%	12%	6%	4%
PAT	23	25	-4	-19
PATM (%)	19%	13%	-3%	-14%
ROCE (%)	25%	20%	0%	-19%
ROE (%)	41%	79%	-20%	-60%



Notes

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