

Laxmi Dental IPO NOTE

- ① India's only end to end integrated dental products Company.
- ② Top Two largest Indian Dental lab based on Revenue for Fiscal 2024.
- ③ They use B2B2C model. They sell products to Dental professionals and laboratories and International customers.
- ④ They generate revenue by selling custom made crowns and Bridges. Crowns is basically a cap placed over damaged or decayed tooth to restore its shape, size, strength and appearance. Bridge is used to replace one or more missing teeth by anchoring artificial teeth to adjacent natural teeth or implants. 22000 Network of Dental Clinics, Dental Companies and dentist
- ⑤ Apart from this they also sell Clean aligners, Thermoforming sheets and Paediatric dental products.
- ⑥ In FY 2024, Total Revenue is 193cr, out of which 62cr comes from export market.
- ⑦ Revenue has grown from 138cr in FY22 to 195cr in FY24, showcasing CAGR growth of 18.87%. PAT has grown from loss of 18cr in FY22 to profit of 25cr in FY24.
- ⑧ As on Sept'24, Total debt is 40cr and Equity is 67cr. D/E is less than 1. Total Balance sheet size as on 30th Sept 2024 is 158cr.
- ⑨ This is Mix of OFS + Fresh Issue.
 - * OFS = 560cr
 - * Fresh = 138cr
 } Promoters and other shareholders are selling it. Making Good Profit

⑩ $MCap = 5.50cr \times 428 = 2354cr$

$P/E = 94x$

$MCap/Sales = 12x$

* Valuation looks very high.

⑪ Global dental Industry is expected to grow at CAGR of 10.5% from USD 177 Billion in 2023 to USD 356 Billion in 2030. Indian custom made crowns and Bridges market is currently around \$1.4 billion and is expected to grow to \$3.1 billion from 2023 to 2030.

* India Market Size = ~ INR 11,200cr

⑫ The Industry has challenges for new entrants due to need to establish trust.

⑬ The purpose of raising funds is to pay debt, investment in Subsidiaries, Funding Capital Expenditure on purchase of new machinery etc.

Conclusion

Pros

- ① The Lexmi Dental is positioned as India's only end to end integrated dental company having 20 years of experience serving 22000 dental clinics, dental companies and dentists. They have wide range of products like crown, bridges, clean aligners and paediatric dental products.
- ② They have significant international presence in 25 countries.
- ③ They sell branded products having higher margins which are manufactured in their 57244 sq. ft facility at Mira Road and 84000 sq. feet (2 units) at Boisar.
- ④ They use advance tech. equipment such as iScanpro, branded intrapol scanners launched for Dentist Network. Digital impressions are instantly transmitted to dental lab which eliminates logistic cost and streamline the process.

Cons

- ① The Revenue is just ~200cr even after 20 years of operation suggesting scale is difficult in this business.
- ② OFS by promoter and other selling shareholder is negative.
- ③ The IPO is coming at P/E of 94x based on ₹724 revenue and PAT is very high.