

# Laxmi Dental

Estimate change



TP change



Rating change

**CMP: INR206**

**TP: INR260 (+26%)**

**Buy**

**Tariff uncertainty and Bizdent competition weigh on earnings**

**Growth pauses; long-term story intact**

Bloomberg	LAXMIDEN IN
Equity Shares (m)	55
M.Cap.(INRb)/(USD\$b)	11.3 / 0.1
52-Week Range (INR)	510 / 180
1, 6, 12 Rel. Per (%)	-18/-53/-65
12M Avg Val (INR M)	138

## Financials & Valuations (INRm)

Y/E March	FY26E	FY27E	FY28E
Sales	2,751	3,326	3,976
EBITDA	407	662	811
Adjusted PAT	302	496	620
EBITDA Margin (%)	14.8	19.9	20.4
Cons. Adj EPS (INR)	5.5	9.0	11.3
EPS Growth (%)	15.6	64.1	24.9
BV/Share (INR)	43.0	52.0	63.3

## Ratios

Net D-E	-0.4	-0.4	-0.4
RoE (%)	13.6	19.0	19.6
RoCE (%)	13.9	18.5	19.1
Payout (%)	0.0	0.0	0.0

## Valuations

P/E (x)	37.4	22.8	18.3
EV/EBITDA (x)	26.0	15.7	12.2
EV/Sales (x)	3.8	3.1	2.5
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	-0.4	0.9	3.5

## Shareholding Pattern (%)

As On	Dec-25	Sep-25
Promoter	41.7	41.7
DII	10.8	11.9
FII	32.5	32.4
Others	15.0	14.1

FII includes depository receipts

- Laxmi Dental (LAXMIDEN) reported in-line revenue in 3QFY26. However, EBITDA/PAT came in 34%/38% below expectations. The weakness in domestic lab business and biz-dent revenue impacted the performance for the quarter. While gross profit margin was better QoQ, EBITDA margin was impacted by lower operating leverage.
- LAXMIDEN continued to face challenges in US markets due to uncertainty on tariffs for the past six months. However, there is now clarity on the tariffs from the respective governments.
- The aligners business, comprising biz-dent, was impacted by competition in 3Q as well. Having said this, LAXMIDEN has revised its strategy to boost its growth prospects going forward.
- LAXMIDEN has exhibited steady sales of scanners QoQ. However, it is yet to reflect in improved sales in domestic lab offerings.
- We cut our estimates by 35%/20%/18% for FY26/FY27/FY28, factoring in a) a gradual recovery in business as global uncertainties have eased, b) a gestation period for laboratory business after the implementation of scanners. We value LAXMIDEN at 26x 12-month forward earnings to arrive at a TP of INR260.
- FY26 has been a challenging year for LAXMIDEN amid global policy issues and increased competition in biz-dent business. LAXMIDEN is implementing strategic initiatives, including promoting digital dentistry. A revival in revenue growth remains key to driving better earnings prospects going forward. Maintain BUY.

## Earnings miss on lower margins and one-off expense

- 3Q revenue grew 7.1% YoY to INR660m (our est: INR678m).
- EBITDA margin came in at 10.5% (our est: 16%), down 510bp YoY. EBITDA declined 27.6% YoY to INR70m (our est: INR105m).
- There was a one-time expense of INR57.8m due to impact of new labor laws.
- Adj. PAT was stable YoY at INR47m (our est: INR75m).
- In 9MFY6, revenue grew 14% YoY to INR2b, EBITDA declined 8% YoY to INR299m, and PAT remained steady YoY at INR212m.

## International lab and scanner growth offset by aligner weakness

- Laboratory business grew 9% YoY to INR414m. International lab business grew 27% YoY to INR202m. Domestic lab business declined 4.1% YoY to INR212m.
- Scanner sales zoomed 46% YoY to INR64m for the quarter.
- Aligner business declined 20.5% YoY to INR163m. Vedia business grew 10% YoY to INR76m. Bizdent declined 36% YoY to INR87m.
- Kidz-e-dental garnered revenue of INR59m/INR157m for 3QFY26/9MFY26.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

### Highlights from the management commentary

- Management expects a recovery from 4QFY26 onward, aided by easing global policy headwinds and course corrections done by the company in various segments.
- With US tariffs on products reduced from 50% to 25%, it would not only make LAXMIDEN cost competitive but also provide better certainty of business from the US.
- The company estimated ~150bp impact on EBITDA due to US tariffs in 3Q.
- Management expects 20-25% near-term growth in the international business, supported by improving trade dynamics and a better pricing environment.
- Overall, management guided for 20%+ YoY growth in revenue for FY27, subject to limited geopolitical disruption.

### Consolidated - Quarterly Earning Model

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	vs Est
<b>Net Sales</b>	<b>597</b>	<b>571</b>	<b>617</b>	<b>607</b>	<b>656</b>	<b>723</b>	<b>660</b>	<b>712</b>	<b>2,391</b>	<b>2,751</b>	<b>678</b>	<b>-2.6%</b>
YoY Change (%)	N/A	N/A	29.0	10.2	9.9	26.5	7.1	17.4	23.5	15.1	10	
Total Expenditure	457	484	520	511	537	612	591	604	1,972	2,344	573	
<b>EBITDA</b>	<b>140</b>	<b>87</b>	<b>96</b>	<b>95</b>	<b>119</b>	<b>110</b>	<b>70</b>	<b>108</b>	<b>419</b>	<b>407</b>	<b>105</b>	<b>-33.7%</b>
YoY Change (%)	N/A	N/A	144.7	-18.5	-15.0	26.3	-27.6	13.7	76.1	-2.8	9	
Margins (%)	23.5	15.3	15.6	15.7	18.2	15.3	10.5	15.2	17.5	14.8	16	<b>-32.0%</b>
Depreciation	34	34	40	43	36	37	42	42	150	156	39	
<b>EBIT</b>	<b>106</b>	<b>53</b>	<b>57</b>	<b>52</b>	<b>83</b>	<b>73</b>	<b>28</b>	<b>67</b>	<b>269</b>	<b>251</b>	<b>66</b>	<b>-57.7%</b>
YoY Change (%)	N/A	N/A	728.8	-38.0	-21.7	36.6	-50.6	27.7	126.7	-6.6	17	
Interest	14	12	15	13	5	2	3	0	54	10	2	
Other Income	4	7	6	16	17	24	21	14	33	76	22	
<b>PBT before EO expense</b>	<b>96</b>	<b>49</b>	<b>47</b>	<b>56</b>	<b>96</b>	<b>94</b>	<b>46</b>	<b>80</b>	<b>248</b>	<b>316</b>	<b>86</b>	<b>-47.2%</b>
Extra-Ord expense	-59	0	0	-4	0	0	58	0	-70	58	0	
<b>PBT</b>	<b>155</b>	<b>49</b>	<b>47</b>	<b>60</b>	<b>96</b>	<b>94</b>	<b>-12</b>	<b>80</b>	<b>318</b>	<b>258</b>	<b>86</b>	<b>-114.3%</b>
Tax	18	11	11	25	23	19	-22	19	65	39	20	
Rate (%)	11.4	23.3	22.7	41.2	23.8	19.8	175.6	23.4	20.3	15.0	24	
MI & P/L of Asso. Cos.	-20	-22	-12	-8	10	10	10	25	64	55	10	
<b>Reported PAT</b>	<b>157</b>	<b>59</b>	<b>48</b>	<b>43</b>	<b>83</b>	<b>85</b>	<b>19</b>	<b>86</b>	<b>318</b>	<b>274</b>	<b>75</b>	<b>-74.2%</b>
<b>Adj PAT</b>	<b>105</b>	<b>59</b>	<b>48</b>	<b>40</b>	<b>83</b>	<b>85</b>	<b>47</b>	<b>86</b>	<b>262</b>	<b>302</b>	<b>75</b>	<b>-37.8%</b>
YoY Change (%)	N/A	N/A	133.2	-51.0	-21.3	44.8	-2.3	114.0	4.9	15.6	57	
Margins (%)	17.6	10.3	7.8	6.7	12.6	11.8	7.1	12.1	10.9	11.0	11	



### Conference call highlights

- In the aligner segment, new product launches planned in 4QFY26 are expected to boost sales in the current quarter and help to sustain growth ahead.
- The domestic lab business has shown recovery from Jan'26, with further improvement expected in 4Q.
- In 3Q, LAXMIDEN entered 1-2 new countries; however, the addition was relatively slow due to the festive season impact.
- The company is targeting ~90% digital penetration over time through higher scanner sales and expansion of scanner-related services.
- LAXMIDEN has about 300 field representatives in India market to promote lab products and aligners.

## Near-term softness amid external headwinds; revenue recovery expected from early FY27

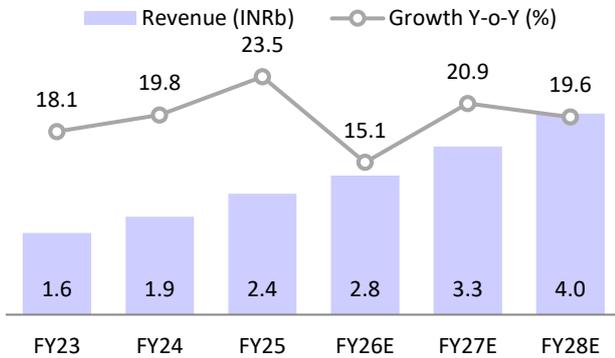
- LAXMIDEN reported consolidated revenue of INR2.0b in 9MFY26, registering 14% YoY growth, although 3Q growth moderated to 7% YoY, reflecting a softer demand environment and external headwinds during the quarter.
- The laboratory business grew 8% YoY to INR1.2b in 9MFY26, aided by continued digital adoption; however, performance was uneven within the segment.
- Within labs, domestic laboratory revenue declined 4% YoY to INR647m in 9MFY26, impacted by muted patient inflows, particularly lower-than-expected NRI traffic in key western markets, and temporary demand softness in 3Q.
- In contrast, international laboratory revenue grew 26% YoY to INR563m for 9MFY26, demonstrating resilience despite elevated US tariffs during most of the period and reflecting steady traction across the company's 95+ country presence.
- The aligner segment declined 3% YoY to INR549m in 9MFY26, primarily due to a 21% YoY decline in Bizdent to INR284m, where competitive pricing pressure weighed on performance; management indicated that pricing trends are gradually stabilizing.
- This was partially offset by Vedia, which grew 27% YoY to INR265m, supported by steady demand for aligner raw materials and improving global traction.
- Kids E-Dental business declined 27% YoY, largely due to a high base in 1HFY25 following customer and geographic additions; 3Q performance showed modest improvement, with management highlighting long-term potential subject to certification approvals.
- Scanner sales recorded 55% YoY growth, contributing 10% of total revenue in 9MFY26 (vs. 8% in 9MFY25), reflecting continued progress in digital penetration and strengthening engagement with partner dentists.
- While FY26 performance has been affected by US tariff uncertainty, competitive pressures in aligners and temporary domestic softness, the recent reduction in US tariffs to 25% (further decline to 18% in near term) is expected to improve export competitiveness and support revenue recovery.
- Furthermore, anticipated benefits from the EU-India FTA, ongoing CE certification efforts, and the rollout of new products and digital initiatives position the company for a more constructive revenue trajectory in early FY27, following the current transitional phase.

### Maintain BUY

- We cut our estimates by 35%/20%/18% for FY26/FY27/FY28, factoring in a) a gradual recovery in business as global uncertainties have eased, and b) a gestation period for laboratory business after the implementation of scanners. We value LAXMIDEN at 26x 12-month forward earnings to arrive at a TP of INR260.
- FY26 has been a challenging year for LAXMIDEN amid global policy issues and increased competition in biz-dent business. LAXMIDEN is implementing strategic initiatives, including promoting digital dentistry. A revival in revenue growth remains key to driving better earnings prospects going forward. Maintain BUY.

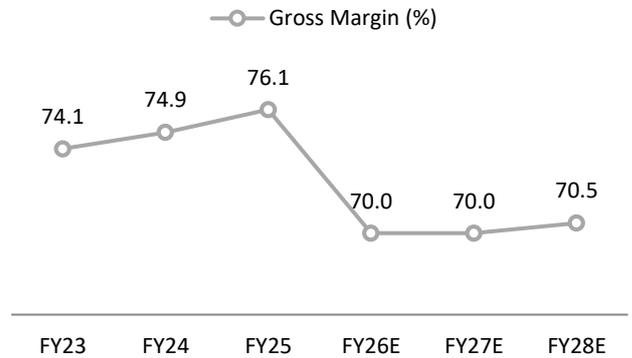
## Story in charts

**Exhibit 1: Expect revenue CAGR of 19% over FY25-28**



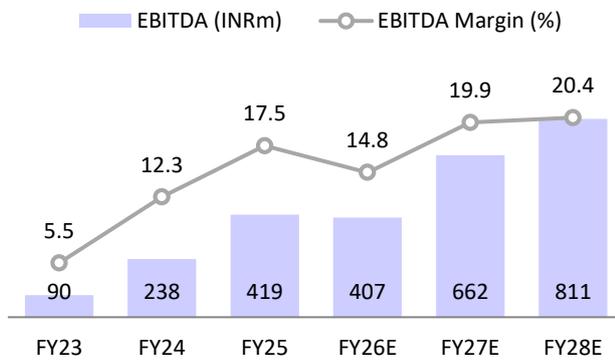
Source: MOFSL, Company

**Exhibit 2: Gross margin to be around 70%**



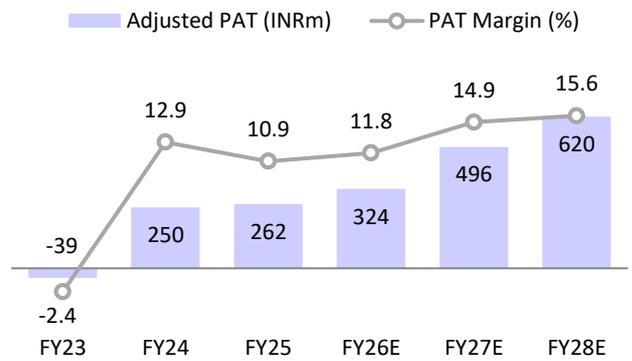
Source: MOFSL, Company

**Exhibit 3: EBITDA margin to expand 290bp over FY25-28**



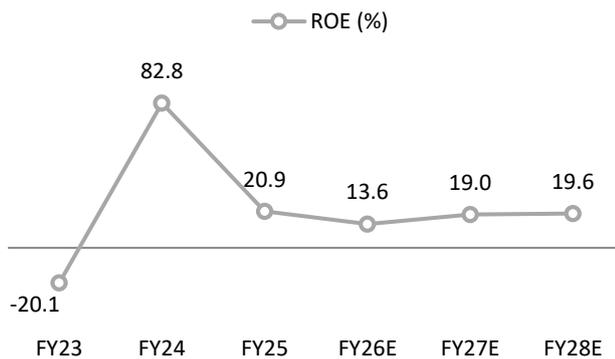
Source: MOFSL, Company

**Exhibit 4: PAT margins to expand 460bp over FY25-28**



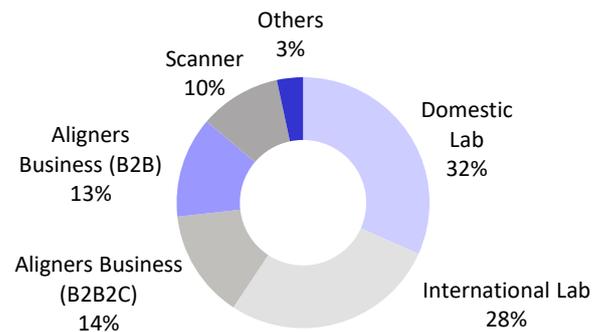
Source: MOFSL, Company

**Exhibit 5: ROE to decline 130bp over FY25-28**



Source: MOFSL, Company

**Exhibit 6: Revenue breakup for 9MFY26**



Source: MOFSL, Company

## Financials and valuations

### Consolidated - Income Statement

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Total Income from Operations</b>	<b>1,616</b>	<b>1,936</b>	<b>2,391</b>	<b>2,751</b>	<b>3,326</b>	<b>3,976</b>
Change (%)	18.1	19.8	23.5	15.1	20.9	19.6
Raw Materials	418	485	572	825	998	1,173
Employees Cost	653	715	845	1,010	1,031	1,245
Other Expenses	455	498	555	509	635	748
<b>Total Expenditure</b>	<b>1,527</b>	<b>1,698</b>	<b>1,972</b>	<b>2,344</b>	<b>2,664</b>	<b>3,165</b>
% of Sales	94.5	87.7	82.5	85.2	80.1	79.6
<b>EBITDA</b>	<b>90</b>	<b>238</b>	<b>419</b>	<b>407</b>	<b>662</b>	<b>811</b>
Margin (%)	5.5	12.3	17.5	14.8	19.9	20.4
Depreciation	110	119	150	156	203	238
<b>EBIT</b>	<b>-20</b>	<b>119</b>	<b>269</b>	<b>251</b>	<b>459</b>	<b>573</b>
Int. and Finance Charges	41	50	54	10	1	0
Other Income	22	17	33	76	83	111
<b>PBT bef. EO Exp.</b>	<b>-39</b>	<b>86</b>	<b>248</b>	<b>316</b>	<b>542</b>	<b>684</b>
EO Items	-1	-1	70	-58	0	0
<b>PBT after EO Exp.</b>	<b>-40</b>	<b>85</b>	<b>318</b>	<b>258</b>	<b>542</b>	<b>684</b>
Total Tax	2	-94	65	39	108	137
Tax Rate (%)	-4.7	-110.5	20.3	15.0	20.0	20.0
Minority Interest	-2	5	1	-1	0	0
Share of profit in JV/associate	6	89	72	55	63	73
loss from disc operations	0	-16	-7	0	0	0
<b>Reported PAT</b>	<b>-40</b>	<b>248</b>	<b>318</b>	<b>274</b>	<b>496</b>	<b>620</b>
<b>Adjusted PAT</b>	<b>-39</b>	<b>250</b>	<b>262</b>	<b>302</b>	<b>496</b>	<b>620</b>
Change (%)	-32.5	-738.9	4.9	15.6	64.1	24.9
Margin (%)	-2.4	12.9	10.9	11.0	14.9	15.6

### Consolidated - Balance Sheet

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	3	3	110	110	110	110
Total Reserves	175	422	1,975	2,251	2,747	3,367
<b>Net Worth</b>	<b>178</b>	<b>425</b>	<b>2,085</b>	<b>2,361</b>	<b>2,857</b>	<b>3,477</b>
Minority Interest	17	21	2	2	2	2
Total Loans	387	498	195	20	10	10
Deferred Tax Liabilities	-2	-109	-109	-109	-109	-109
<b>Capital Employed</b>	<b>580</b>	<b>835</b>	<b>2,173</b>	<b>2,274</b>	<b>2,760</b>	<b>3,380</b>
Gross Block	519	690	893	1,193	1,513	1,663
Less: Accum. Deprn.	137	253	404	560	763	1,001
<b>Net Fixed Assets</b>	<b>382</b>	<b>436</b>	<b>489</b>	<b>633</b>	<b>750</b>	<b>662</b>
Capital WIP	0	0	0	0	0	0
<b>Total Investments</b>	<b>40</b>	<b>129</b>	<b>104</b>	<b>104</b>	<b>104</b>	<b>104</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>547</b>	<b>708</b>	<b>2,252</b>	<b>2,371</b>	<b>2,915</b>	<b>3,811</b>
Inventory	242	247	187	271	337	403
Account Receivables	204	249	367	437	547	654
Cash and Bank Balance	10	7	908	753	931	1,439
Loans and Advances	91	204	791	910	1,100	1,315
<b>Curr. Liability &amp; Prov.</b>	<b>388</b>	<b>439</b>	<b>672</b>	<b>835</b>	<b>1,009</b>	<b>1,197</b>
Account Payables	225	158	321	437	538	643
Other Current Liabilities	127	239	305	351	424	507
Provisions	36	42	47	47	47	47
<b>Net Current Assets</b>	<b>159</b>	<b>269</b>	<b>1,580</b>	<b>1,537</b>	<b>1,906</b>	<b>2,614</b>
Misc Expenditure	0	0	0	0	0	0
<b>Appl. of Funds</b>	<b>580</b>	<b>835</b>	<b>2,173</b>	<b>2,273</b>	<b>2,760</b>	<b>3,380</b>

## Financials and valuations

### Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>						
EPS	-0.7	4.5	4.8	5.5	9.0	11.3
Cash EPS	46.0	239.6	7.5	8.3	12.7	15.6
BV/Share	115.5	275.7	37.9	43.0	52.0	63.3
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
<b>Valuation (x)</b>						
P/E	NA	45.4	43.3	37.4	22.8	18.3
Cash P/E	4.5	0.9	27.5	24.7	16.2	13.2
P/BV	1.8	0.7	5.4	4.8	4.0	3.3
EV/Sales	0.4	0.4	4.4	3.8	3.1	2.5
EV/EBITDA	7.8	3.4	25.3	26.0	15.7	12.2
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	34.9	-10.9	5.2	-0.8	1.9	7.2
<b>Return Ratios (%)</b>						
RoE	-20.1	82.8	20.9	13.6	19.0	19.6
RoCE	1.4	63.5	18.6	13.9	18.5	19.1
RoIC	-3.9	40.6	23.0	16.5	23.4	25.7
<b>Working Capital Ratios</b>						
Fixed Asset Turnover (x)	3.1	2.8	2.7	2.3	2.2	2.4
Asset Turnover (x)	2.8	2.3	1.1	1.2	1.2	1.2
Inventory (Days)	55	47	28	36	37	37
Debtor (Days)	46	47	56	58	60	60
Creditor (Days)	51	30	49	58	59	59
<b>Leverage Ratio (x)</b>						
Current Ratio	1.4	1.6	3.4	2.8	2.9	3.2
Interest Cover Ratio	-0.5	2.4	5.0	24.3	892.7	1,665.2
Net Debt/Equity	1.9	0.9	-0.4	-0.4	-0.4	-0.4

### Consolidated - Cash Flow Statement

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	-46	69	310	371	605	757
Depreciation	110	120	150	156	203	238
Interest & Finance Charges	39	48	40	-65	-83	-111
Direct Taxes Paid	-3	-10	-25	-39	-108	-137
(Inc)/Dec in WC	44	-119	19	-112	-192	-200
<b>CF from Operations</b>	<b>145</b>	<b>107</b>	<b>494</b>	<b>312</b>	<b>425</b>	<b>547</b>
Others	4	11	-56	-58	0	0
<b>CF from Operating incl EO</b>	<b>149</b>	<b>118</b>	<b>438</b>	<b>254</b>	<b>425</b>	<b>547</b>
(Inc)/Dec in FA	-95	-135	-153	-300	-320	-150
<b>Free Cash Flow</b>	<b>54</b>	<b>-17</b>	<b>285</b>	<b>-46</b>	<b>105</b>	<b>397</b>
(Pur)/Sale of Investments	-4	0	-15	0	0	0
Others	5	-10	-124	76	83	111
<b>CF from Investments</b>	<b>-94</b>	<b>-144</b>	<b>-292</b>	<b>-224</b>	<b>-237</b>	<b>-39</b>
Issue of Shares	0	0	1,380	0	0	0
Inc/(Dec) in Debt	22	23	-134	-175	-10	0
Interest Paid	-41	-50	-54	-10	-1	0
Dividend Paid	0	0	0	0	0	0
Others	0	0	-86	1	0	0
<b>CF from Fin. Activity</b>	<b>-19</b>	<b>-27</b>	<b>1,106</b>	<b>-185</b>	<b>-11</b>	<b>0</b>
<b>Inc/Dec of Cash</b>	<b>36</b>	<b>-53</b>	<b>1,252</b>	<b>-155</b>	<b>178</b>	<b>508</b>
Opening Balance	10	10	7	908	753	931
Others	-36	50	-351	0	0	0
<b>Closing Balance</b>	<b>10</b>	<b>7</b>	<b>908</b>	<b>753</b>	<b>931</b>	<b>1,439</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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