



LAXMI DENTAL LIMITED

formerly known as Laxmi Dental Export Private Limited

Registered Office: 103, Akruti Arcade, Opposite A H Wadia High School, Near Azad Nagar Metro Station, Andheri (West), Mumbai –400058.

Tel: 022 61437991 | **Email:** info@laxmidentallimited.com | **Website:** www.laxmidentallimited.com

CIN No: L51507MH2004PLC147394 | **GST No:** 27AABCL0001A1ZL

Date: May 30, 2025

To,

Listing Department

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001

BSE Scrip Code: 544339

Listing & Compliance Department

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor

Plot No. C/1, “G” Block

Bandra-Kurla Complex

Bandra (E), Mumbai – 400 051

Symbol: LAXMIDENTL

Dear Sir/Madam,

Re: LAXMI DENTAL LIMITED - ISIN: INE0WO601020

Sub: - Submission of the Transcript of the Q4FY25 Earnings Conference Call of Laxmi Dental Limited (“Company”).

Further to our letters dated May 21, 2025, May 27, 2025, and pursuant to the provisions of Regulation 30 (read with clause 15 of Para A, Part A, Schedule III) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”), we are enclosing the Transcript of the ‘Q4FY25 Earnings Conference Call’ (i.e., Post Earnings/Quarterly Call), organized by Investec Capital Services (India) Private Limited on Tuesday, May 27, 2025 at 11:00 A.M. (IST), wherein, inter-alia, the audited financial results of the Company for the quarter and financial year ended March 31, 2025, were discussed.

The aforementioned transcript of the ‘Q4FY25 Earnings Conference Call’ (i.e., Post Earnings/Quarterly Call) is also uploaded on the Company’s website i.e. www.laxmidentallimited.com.

We request you to take the above on record and treat the same as compliance under the applicable provisions of the SEBI Listing Regulations.

Thanking you,

For Laxmi Dental Limited

(Formerly Known as Laxmi Dental Export Private Limited)

Nupur Joshi

Company Secretary & Compliance officer

Membership Number: A43768

Encl.: As above.



**“Laxmi Dental Limited
Q4 FY25 Earnings Conference Call”**

May 27, 2025

“E&OE – This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on May 27, 2025 will prevail.”



**MANAGEMENT: MR. RAJESH KHAKHAR – CHAIRPERSON AND WHOLE-TIME DIRECTOR – LAXMI DENTAL LIMITED
MR. SAMEER MERCHANT – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – LAXMI DENTAL LIMITED
MR. DHARMESH DATTANI – CHIEF FINANCIAL OFFICER – LAXMI DENTAL LIMITED**

MODERATOR: MR. ANSHUMAN GUPTA – INVESTEC CAPITAL SERVICES INDIA PRIVATE LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY25 Conference Call of Laxmi Dental Limited, hosted by Investec Capital Services India Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anshuman Gupta from Investec Capital Services. Thank you and over to you, sir.

Anshuman Gupta: Thank you very much and good day, everyone. I'm Anshuman Gupta from Investec. I cover pharma and healthcare here. Welcome all of you to Q4 and full year FY25 Earnings Conference Call of Laxmi Dental Limited. From the management side, we have with us today, Mr. Rajesh Khakhar, Chairperson and Whole-Time Director, Mr. Sameer Merchant, Managing Director and CEO, and Mr. Dharmesh Dattani, CFO.

I would like to hand over the conference call to Mr. Rajesh for his opening remarks and we will then open the floor for Q&A questions. So over to you, Rajesh, sir.

Rajesh Khakhar: Thank you so much, Anshuman, for the introduction. Good morning, everybody. A warm welcome to all of you and thanks for joining our Earnings Call. On this call, we are joined by our MD and CEO, Sameer Merchant, CFO, Dharmesh Dattani and strategic growth advisors, our investor relations advisors. The results and the presentations are uploaded on the stock exchange and company website. I hope everybody has had a chance to look at them.

To start with, I would like to highlight about a global dental event which took place in Germany in March, the International Dental Show, IDS. It is a premier dental event held once every two years, showcasing the latest innovations and products in the dental industry. We have always been a regular participant in IDS events and this time around; I am proud to share with you that Laxmi Dental Limited had three booths in this event.

It was very impactful from a business development perspective. Each of our business showcased their product to global dentists, dental labs, dental companies and distributors who came from all over the world. It is also a great learning platform as we explore latest technologies and innovative products which can be added to our portfolio.

We are proud to be the only Indian listed company from the main board to representing India in this event. We are a growth-focused company, continue to see financial performance improving year after year. FY25 was no exception, delivering highest ever revenues and profits at INR239 crores and INR32 crores respectively.

In terms of our quarterly results, despite some aberrations which featured in our Q4 results, we were able to meet our guidance share in the previous quarter. During the quarter, we generated revenue of INR61 crores with an adjusted EBITDA of INR12.4 crores, including our share of

profit in Kids-e-Dental, ESOP expenses, expenses pertaining to IDS which happened once in two years. The details for this are available on Slide number 6 of the investor presentations.

Sameer will cover a bit more details on this. As a company with a strong balance sheet positive after the IPO, we are focused on accelerated growth in line with our long-term objectives. Digitalization is the way to go in industry in dentistry and we are investing in the scanner to be able to deploy it aggressively across our dental partners.

During the year, our digital penetration increased to 64% from 49%. Further, we are also looking at select inorganic growth opportunities to enhance our capabilities and reach. Frugality is an inherent part of our DNA and shall very much resonate with our inorganic growth plans.

On the ending note, from my side, we have had a good start to the year and aim maintaining this growth momentum. Now, I will request Sameer to give out some more facts about our business performance during the quarter. Thank you.

Sameer Merchant: Hi, good morning everyone. Anshuman, am I audible?

Moderator: Yes, sir. You are. Please go ahead.

Sameer Merchant: Great. Thank you. Good morning, everyone. Thank you, Anshuman. Thank you, Rajesh bhai. Let me begin our discussion with the business mix for the year. So, the domestic business grew by around 22%, contributing two-thirds of our revenue. However, the international business grew by 26%, contributing the remaining one-third of our revenue.

In terms of our product offerings, dental laboratory business grew by 19% and constituted 62% of the revenues. We have included the sales of scanners in this business as this is largely driven by our long-term goal of increasing our digital penetration, as Rajesh bhai mentioned that during the year, our digital penetration increased to 64% from 49%.

Aligner Solutions revenue grew by 41% and contributed 32% of the revenue. The balance revenue came from our other businesses. Our Kids-e-Dental business delivered a revenue of INR26 crores with the EBITDA of INR15.5 crores and PAT of INR12 crores during the year. I am happy to share with you that recently we have got a regulatory clearance to go ahead for Singapore, and this is just the beginning and we are very confident to get green signals from many other countries soon.

We will keep you posted on the same. The dental industry is continuously evolving space and are very well positioned for faster uptake as a result of increasing awareness and discretionary spending by the customers towards appearance-related products and services. And just like every other industry, AI is gaining prominence in our walk of business too.

We are looking at adding AI capabilities to our portfolio to increase productivity, enhance the experience of our dentists as well as of our customers. We see the dentists as a major enabler for our goal and we have been actively investing in our brand-building campaigns to reach out to our end customers.

Quarter 4 of FY25 was a lumpy quarter like I had mentioned in terms of our promotional expenses with approximately 45 lakhs of expenses towards the IDS Germany dental show which happens only once in two years. Going ahead on a full year basis, our A&P can be taken at approximately 5% of the sales.

I want to emphasize that these are viewed as investments towards brand-building which yield long-term benefits with enhanced brand visibility and a recall while also supporting our long-term growth strategy. In line with this, we felt it's prudent to associate ourselves with the IPL which we did in this quarter, a household sporting brand with powerful regional loyalty.

Cricket is the most important religion in this country. So, we took that innovative marketing to have broad reach and more importantly high youth engagement and a great brand recall. Taking a minute to update on the capex. Post our participation in the IDS dental show in Germany, we have identified some machine equipment with cutting-edge technologies along with intraoral scanners and have placed orders for the same in this quarter.

With a continuous focus towards brand and capability-building, we are looking at increasing the wallet share with existing dental partners, adding new dentists and expanding our geographical reach. I would like to say thank you and now I hand over to CFO, Dharmesh Dattani.

Dharmesh Dattani: Good morning everyone. Hi Anshuman, am I audible?

Moderator: Yes, sir. Please go ahead.

Dharmesh Dattani: Thank you, everyone. Allow me to talk you through our financial performance. Let me give you a glance at our consolidated financial performance during quarter 4 of FY25. Revenue from operations rose by 10.2% to INR61 crores from INR55 crores on year-on-year basis. Gross margin stood at 78.7 percentage in the quarter and it increased by a percentage point compared to last year Q4.

This is largely due to the product mix. Employee cost, which is a major cost in our business, stood at INR26 crores (Please read this as INR 24.4 crores). It includes ESOP expenses of INR1.75 crores. Other expenses include additional A&P costs for IDS, which Sameer explained in his opening remarks. We will book IPL-related costs in FY26. The company reported an EBITDA of around INR9.5 crores for the quarter.

For better comparability, one can look at the adjusted EBITDA, which includes recorded EBITDA plus 60% of the incidental PAT, plus IDS event expenses and ESOP expenses. This stood at INR12.4 crores. Our finance cost was INR1.3 crores, which decreased on year-on-year basis. We plan to further bring down our tax.

As a result, we expect a considerable reduction in our finance cost from Q1 FY26. PAT for the quarter stood at INR4.3 crores. Now coming to FY25 performance. For FY25, the company reported revenue from operations of INR239 crores up 23.5 percentage compared to INR194 crores in the previous year. EBITDA stood at INR42 crores, a strong year-on-year growth of 75.8 percentage.

Adjusted EBITDA stood at INR52 crores. PAT grew by 26.7 (please read it as 26.2%) percentage year-on-year to INR32 crores and PAT margin for the year was 13.4 percentage (please read it as 13.3%). Currently, our debt-to-equity ratio stands at 0.06. With this, we conclude our opening remarks and open the floor for Q&A. Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, this conference may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. We will now begin with the question-and-answer session. The first question comes from the line of Nikhil Mathur from HDFC Mutual Funds. Please go ahead.

Nikhil Mathur: Hi, good morning, sir. Thank you so much for the opportunity. My first question is on growth in the laboratory business. In 4Q, the domestic business has grown or rather de-grown by 14% and the overall FY25 growth is only 8%. So, can you just highlight what's happening in the domestic laboratory business? Is there some competitive intensity or something else that is playing out here, which is dragging the growth here?

Sameer Merchant: So, on the lab side, like I said while the domestic, you have seen an X percentage. We would like to say that we see it as an overall scenario and especially in the last two quarters or maybe one quarter, if you see two quarters starting today with this tariff situation in the US, we have really managed to be there, make sure that the tariff has not affected the international operations on our side.

And the overall lab business, when you combine the domestic and international, they both have shown good growth as compared to just the domestic part.

Nikhil Mathur: No, I was talking more for the domestic piece. I mean, why is the domestic piece lagging on growth?

Sameer Merchant: Like I said on our side, I would say that moving forward, we have put all the strategies in place in terms of whether you talk about digitization, whether you talk about just branding that we did with the IPL that we just finished or we'll just finish in the next couple of weeks. We are confident that will start seeing momentum as we move forward because the last year's goal was how soon and fast can we digitize.

And that is what we have done in a limited way, in a frugal way with what money we had. Since now, post the IPO, we have all the resources available on our side. We have just started deploying that digitization process and the geographical reach both within this quarter. And I'm sure we will see results in this coming year.

Nikhil Mathur: Understood. And in terms of the tangible benefits of the conference in Cologne that you're talking about, will it be more visible in the laboratory business or in the aligner solutions business? And how, I mean, do you have some concrete visibility that growth will accelerate post this event?

Sameer Merchant: Absolutely. Whenever we have done this event, even in the past we have seen very good results. And, in fact, this time like Rajesh bhai mentioned, we had three booths. We had one booth for the laboratory, one booth for aligners and one booth for Kids-e-Dental. So we actually have seen great leads which have come in from multiple countries across the world who have reached out to us.

And we have started processing all three different businesses. And we expect that within this year, we will see good results in all three categories. And this momentum will keep carrying forward for the next two years because some registration takes three months once we have products and services that we want to sell. Some may take slightly higher, but we are definitely very excited about the IDS.

This is the first time we had a full-blown IDS post-COVID. Because post-COVID, it didn't happen. After that, it happened in 2021, 2022, which was a very curtailed version of it. But this was the first full-fledged conference we had. And we are very excited internally about how the leads will pan out and how the results will happen in this financial year.

Nikhil Mathur: Got it. Understood. My second set of questions is on the margin front. So, what I have seen is that the mix in FY25 has shifted towards aligner solutions by almost 4 percentage points. And your gross margin has improved by almost 100 bps. So, let's assume that over the next 3 years, 4 years, if your aligner business continues to grow faster than the laboratory business, can your gross margins continue to move up? Is that the right way of looking at it?

Sameer Merchant: I think we believe that there is a constant drive, not just on the aligner side, but even on the laboratory side. So, if you see at an overall level, the laboratory margins have also improved. And that is the goal moving forward. I spoke about the digitization. I spoke about introducing AI to our product portfolio.

I think both of them blended will improve the margins probably in all directions, not just in one direction. Some may be faster, some may be slightly higher. But the improvement, what we see as management, this should happen across the board.

Nikhil Mathur: Any quantification here? I mean, let's say you reported EBITDA margin of 18%. Obviously, there are adjustments. If you add back or remove ESOP expenses and all?

Sameer Merchant: Correct, then it's about 21%.

Nikhil Mathur: Yes, but if I'm taking 18% of the reported margin, any quantification guidance for FY26-27 that you would want to highlight?

Sameer Merchant: Like Rajesh bhai said, we did the highest level last year Nikhil. So, based on that, we are very confident that the only path is moving forward. We have just started, like I said, till March. If you see, we haven't deployed a lot of cash. We just made the repayment to debt. And all the equipment or machinery that we wanted to buy, we had to wait for IDS because an event which happens once in two years, we wanted to make sure that we see all the best technologies and take the right decision for Laxmi Dental.

And we have done that in this quarter. So, we have just started deploying. I think as we plan out the next couple of quarters, we will start seeing those results. And for us, we are very confident of moving only forward from what we have achieved.

Nikhil Mathur: So, we can continue to expect expansion by, let's say, some percentage points of the next 2 years, 3 years, right?

Sameer Merchant: Absolutely. There is no doubt in our mind that we are really well positioned for growth. We have the capital and we also have the capability to make sure that we carry this momentum of growth forward.

Nikhil Mathur: Thank you so much and all the best.

Sameer Merchant: Sure. And like Rajesh Bhai said, we always keep saying that there is a population of INR140 crores, and there are 32 teeth. So, I think dentistry is here to stay and we will make sure we contribute well to it.

Nikhil Mathur: Absolutely, sir. Thank you so much.

Sameer Merchant: Thank you, Nikhil.

Moderator: The next question comes from the line of Mahesh Attal from Attal Investment Advisors. Please go ahead.

Mahesh Attal: Hi, sir. My question would be more on. See, I am very fairly new to the company, but I am failing to understand a company of our stature, which is -- we have been in the industry, why are we not able to achieve the margins whatever, other competitors are able to get? Maybe we are at very, benign margins right now. And where do you think next year or maybe a couple of years down the line you would be able to take the margins towards?

I am talking about more of EBITDA margins. So, if you could guide us on -- I have no doubt on the revenue side, because that's a very large market you are having and which is yet to be covered. I am more worried on what margins you would be taking your business on? So, if you could throw some light on that?

Sameer Merchant: Hi, I missed you somewhere in between because the volume went up and down. But if I get the gist of the question, is the revenue side, you see no doubt, but you spoke about the margin side. Am I correct?

Mahesh Attal: Yes, yes.

Sameer Merchant: Great. So, if you see on our side, having last year when we were on the full-fledged roadshow for an IPO, we were managing with very frugal cash that we had. If you see, if you take out the ESOPs that we said we are at about 21% EBITDA.

And the only way from here which we have clearly said that we have just started deploying cash, we have just started putting efforts of 48% digitization to 60% plus digitization and moving

forward, our goal is to go towards 90%-95%, hopefully 100% digitization. Like in the aligner category, we are at almost 99% digitization.

We just want to make sure the other categories also follow and with those capital spend that we are going to do and how we are shaping up in the future in terms of all of our different product timelines with some registration clearance for a couple of businesses that I spoke that we just got Singapore, we are going to get other countries as well.

We have no doubt in our mind that the margin will improve as we keep moving forward. And that's the only part that we see because this is, if you see post-COVID, this is the first full year where we have capital at our deployment as well as all the capabilities that we have taken all the hard work of last 5 years to build and now build momentum on that.

Mahesh Attal: What is the total value of aligners in the revenue that we have done for last year?

Sameer Merchant: The aligners revenue is INR77 crores total of the aligners solutions.

Mahesh Attal: So out of INR239 crores it's INR77 crores is aligned, right?

Sameer Merchant: Correct.

Mahesh Attal: And where do you see this number or any guidance that you would like to give?

Sameer Merchant: I think, I would love to but like I said, we have just started deploying we just came back from IDS we finished our IPO 7 months we were travelling constantly we had 3 exhibitions that we attended, let's give it some time but on a simple side we have done phenomenal last year we achieved the highest ever revenue we achieved the highest ever EBITDA we achieved the highest ever PAT and the only way forward is how we are able to increase this to the next step. That's the only part that we are seeing.

Mahesh Attal: Alright, that's fair enough. Now sir I would like to talk about the competitive picture of this aligners segment. So there is one competitor of ours who did lot of marketing before we came into marketing stuff which was Toothsi. So now you must have done some what is the market that they enjoy and what is the market that we are having currently coming to domestic market?

And where do you want to -- how are you taking on the competition into this particular thing because everyone would like to take a larger share so how are you trying to surpass your competition in this area?

Sameer Merchant: I think there are multiple plans that we have done, happy to share but I think the primary thought that you should or everyone should understand that the name that you spoke of, they are a direct to consumer brand. So it's very different than what we are doing, we are a brand which is led by dentist.

And the difference there of what we have created in fact if you see, I am sure if you have heard the name you should see the other details we are on our side extremely profitable aligner company while if you see of all the other people they are really having issues with their profitability.

And one of the core reasons for that is our name which is there since so many years in the market so the dentist who are trusting Illusion for their Zirconia, Illusion for their crown and bridge, Illusion for their other products they really welcomed our aligner category and from INR4 crores we have done almost 10x to like I said we have increased the revenue tremendously since the past 3, 3.5 years of our launch.

In fact we just started our IPL campaign as well to create more awareness for our product category where we not only just spoke about the aligners, we spoke about the Zirconia as we believe being a more end to end integrated dental company a more holistic dental company than just a one brand company that's the whole part.

And we like I said we work with the experts directly which are the dentist and the orthodontist and not directly with the patient. So there is a lot of difference to what they are doing and we are doing our goal is simple, trust is tremendous when a dentist sends a patient case to Illusion the trust factor is what we have built across 2, 3 decades, that is what we know that if we send a case to this organization it is here to stay and that is what our goal is.

We think like a startup brand or someone that we have built for 100 years, that is what the philosophy internally is that we build a brand which survives 100 years not just a brand which is a very short term thought process that's how we always think.

Mahesh Attal:

That's a great strategy, sir. Now, what I want to know here is that, let's say I as someone who's having some issues with my teeth, I just go to orthodontist and -- there are two options available to me on table. Now why would I choose your brand over the other brand? That is what my question was. Is it pricing friendly? Is it like any added thing that you are giving maybe the service side or maybe something that apart from the doctor's recommendation?

Sameer Merchant:

So when you visit a dentist, currently what we have mentioned our coverage of about 22,000 dentists and while we growing that coverage, India has 3 lakh dentists. So if you land up at dentists who are using our products among the 22,000, they will give an option and we have created a great brand.

It's also a great value proposition of the brand as compared to the others. And at the same time, one of our key features against an international brand is pay as you go as well, where as a patient if you want to pay in 12 months there is no Bajaj Finance that you need.

There is no financing from the dentist we can deliver the aligner every week or every 2 weeks as and when it's required for you to also create a market which probably didn't exist before, if you see it was only full aligner treatment in one go or with Bajaj Finance we came up and told you almost close to 50 % of the revenue is pay as you go.

So we have USPs along with the brand, which is creating great customer awareness with the trust factor of being a company which is there since more than 2 to 3 decades. And the third part is the flexibility of either the value proposition or how you make the payment to the dentist in terms of a pay as you go.

So these are a lot of benefits where, see in the end, please understand when you want to do any treatment, for you the dentist is the final decision maker. For you, dentist is the person who is accountable. For the dentist, they always want to choose people where they can forward the same trust and accountability which the patient is putting them.

So that is where we really stand apart from lot of people who are very new. And it's the same philosophy, correct? If tomorrow you are not feeling well and something is wrong, you would want to go to a doctor. You can, of course, go to a medical store, buy some medicine which the store suggests.

But the right and the ethical way is to go to a doctor. That is what we believe. That our doctor-led model is the strongest model. And it's not just proven in India. Across the world, if you research, this is the model which is built very, very successfully across the world.

Maresh Attal: And with our current capacity, what would be the revenue that we could achieve in a aligners segment?

Sameer Merchant: See again on the aligner segment part, on the guidance part like I said, we've just, it's been less than 2 months that we have just started ordering things...

Maresh Attal: No, no, I'm saying if you want to do a complete, let's say I use the complete capacity of yours, how much I would be able to achieve?

Sameer Merchant: Mathematical analysis, it will be 67% capacity utilization in the aligner category. That is how, what we are currently.

Maresh Attal: All right, sir. Thank you so much and all the very best.

Sameer Merchant: Thanks a lot. Thank you.

Moderator: The next question comes from the line of Rajat from Tata Mutual Funds. Please go ahead.

Rajat: Just one thing in terms of number of customers served would you have any metric around it or can you just elaborate, how many customers you would have served in this year versus let's say last year and last to last year, how has the growth been over there?

Sameer Merchant: So are you talking about the number of patients or the number of dentists?

Rajat: No, number of patients? Who would have used your aligners or your laboratory equipment whatever? So I just wanted to understand that how many patients so just taking cues from the previous participant questions so you could just tell us how has the growth been in of number of patients you have served? I think that would be helpful.

Sameer Merchant: Yes, number of patients means we have number of cases, happy to share with you offline but we can give you the number of cases that we are doing that is a very easy math that we have because If the growth is happening, it is happening with the number of cases that we're delivering more...

Rajat: Yes, there would be an element of price hikes also?

- Sameer Merchant:** It be very small. But if you're growing 24 % as compared to last year, the price hike will not be proportionate to 24%. It's only going to be smaller. And we can keep the growth in number of cases. So that's not a problem.
- Rajat:** And on the international business, if I remember correctly so we had tied up with some larger dental chain based out of US. So just wanted to understand when will revenues from that tie up start contributing to our top line in a material way?
- Sameer Merchant:** Already if you see our US in spite of probably the concerns that some investors had when trump declared the tariffs, we I would say have done very well. So you would see in not just in the last quarter where we have done good export business, even in the future we see strong growth happening there as compared to China versus what India tariffs are, there's a lot of difference and we are seeing a lot of traction on all aspects in the internationally, especially in the US.
- So we see this as a positive. If you ask us, of course, initially we were concerned, everyone was concerned, but we instantly went there, we met a lot of people, we had a lot of meetings. So we are now actually very positive about it, rather than negative about the tariffs.
- Rajat:** And on this ESOP can you just tell us, who are these ESOPs given to which employees what level in terms of hierarchy are these ESOPs granted and till what time will they keep hitting the P&L? If you could just elaborate on that.
- Sameer Merchant:** Sure. So ESOP has been given to close to almost 200 plus people. And we have all kind of hierarchy from people who have contributed great on a long term, or people who have contributed extremely good on the midterm, and also certain short term, where we see a lot of potential in people.
- So that's the mix of all of them, where ESOPs have been given, to make sure that we still fundamentally maintain the core group, who have been instrumental in creating the foundation for Laxmi Dental to go limited. Now on the vesting side, this is a standard 4 year vesting that we have given to them.
- Rajat:** So this quarterly run rate of INR1.5 crores. So annual basis INR6 crores so how should we think about it going forward?
- Sameer Merchant:** I think going forward this is a four years spread, 25 % each year. That's how the spread is. There was something which happened in the financial year, which was already there. And I think in the next 4 years, we are looking at about INR14 crores of ESOPs. That is in the next 4 years. All put together, spread across four years, all put together. The four year total amount is INR14 crores.
- Moderator:** The next question comes from the line of Shalini Gupta from East India Securities. Please go ahead.
- Shalini Gupta:** Good afternoon. So I was just wondering, if I want to understand your company a little better, who do I get in touch with? Because previously, all my efforts at trying to get in touch with you were not successful?

- Sameer Merchant:** I think you should have got in touch with easily. Just on a lighter side, if you had called dentist he would have called me to meet you but please reach out to SGA. Dharmik from SGA is here Jigar from SGA is also here. Please reach out to them and they will be very happy to explain. In fact, we have keep doing site visits. So if you want to know more details if you go to the dentist how are your teeth made they are happy to show you our technology and how we are doing things.
- Shalini Gupta:** No, actually I will get in touch with Dharmik, but I would be keen to get in touch with the management also?
- Sameer Merchant:** Absolutely. And that's how Dharmik and team are maintaining our calendars for the visit or the meetings with important investors and all the people who want to know more about Laxmi Dental. We are very happy, very open and very excited to always keep talking about dentistry to all the people who approach us because we truly believe that awareness of dentistry is growing and we want to be that people and pioneers in creating that awareness in India.
- Shalini Gupta:** Okay, good to know sir, thanks.
- Sameer Merchant:** Absolutely, welcome.
- Moderator:** Thank you. Next question comes from the line of Moksh Ranka from Aurum Capital. Please go ahead.
- Moksh Ranka:** Hello. I just wanted to ask. What is generally our cost difference between a D2C player or maybe another competing player for aligners solution?
- Sameer Merchant:** So you said if you are making aligners if direct to consumer versus a B2B2C. Is that correct?
- Moksh Ranka:** Yes.
- Sameer Merchant:** If you go to a dentist versus you go direct. See again, if you...
- Moksh Ranka:** And for the customer also
- Sameer Merchant:** Yes, for the end customer which is the patient there could be a difference which could range from maybe 10%-15% to maybe 30%. It's very hard to say because what kind of treatment do you need, if you need a simple treatment, if you need a moderate treatment, if you need a complex treatment. There are a lot of permutations and combinations that will decide the treatment path.
- So it's not that one size fits all. So it's not the off the shelf product, correct? When you do aligner treatment it is not off the shelf. It is customized to you for your needs and the amount of whether crookedness that you have in your teeth, whether there are gaps in your teeth, whether functionally we want to expand the jaw. So there are a lot of permutations and combinations that drive this cost.
- If I say like I gave an average, maybe 10%-30% is what you could think of at an average. It could be 10, it could be 20 it could be 30, but that's what I can tell you just on a general basis

- Moksh Ranka:** Okay. Thank you so much
- Moderator:** The next question comes from the line of Kamlesh Bagmar from Lotus Asset Managers please go ahead
- Kamlesh Bagmar:** Yes. Hi Sameer Bhai. And congrats for strong set of numbers.
- Sameer Merchant:** Thank you so much, Kamlesh.
- Kamlesh Bagmar:** One question on the part of your -- or like suggesting laboratory division. So in domestic our revenue has declined by roughly around 13%-14% and even quarter-over-quarter it has fallen. So when we are saying that the TAM is such a big, so why we are seeing such a sharp decline year-over-year, as well as quarter-over-quarter. I understand that in international business there were some add-bins or uncertainty on the tariffs or your events which were there in the international market. But why in domestic we are seeing such a sharp fall?
- Sameer Merchant:** So if you see on overall year-on-year basis, you know, we went from INR80 to almost INR88 crores, so there we had about 9% to 10%. Now specifically on the quarter part is as compared to last quarter the scanner sales are also part of our lab division as well. And that is where we saw, specially with the IDS which was there in March, sometime if you have large conference coming once in 2 years the dentist or the customer probably wants to wait a little bit more and take a decision once the new launches are available, which was not the case last to last year.
- But again we don't see that as a challenge. Like I said, we have done everything on our side with the technology available to deploy the scanners to add geographies to add number of dentists to create more new products and in the next coming few quarters you will start seeing that this is getting even stronger push than what it has done before as compared to last year
- Kamlesh Bagmar:** And secondly what is the share of Zirconia in your laboratory revenues both in domestic and international?
- Sameer Merchant:** So Zirconia contributes, I would say significant majority or depends on the domestic part it's more than 50% in terms of revenue. On the export part there is a significant majority of Zirconia because there are other products as well that we do in the international market. Zirconia is a strong contributor for us and that's why we have a branded version of Illusion Zirconia with Madhuri Dixit that we have just an advertisement in the IPL and we also keep promoting the brand in a very strong way.
- Kamlesh Bagmar:** Okay. And lastly, like in the last con call, you had given the guidance of 20%-25% revenue for next 2-3 years. So this time around we are little bit heavy on giving the guidance. So where we see the revenue growth for next 2-3 years and secondly on the margins?
- Sameer Merchant:** I think on our side we are extremely strong. Like Rajesh Bhai said last year we did the highest ever at 24% and what we are clearly saying that the path is only forward. We are only going to build on what we have done last year. So according to in our mind it's not easy. We are actually very clear that if we have done highest ever last year we like breaking records. Hopefully we'll see extremely good results in the coming year as well.

- Kamlesh Bagmar:** So the 20%-25% of revenue guidance, CAGR guidance remains intact?
- Sameer Merchant:** Absolutely. In fact, like I said, we are more bullish on achieving stronger as compared to last year which is 24%.
- Kamlesh Bagmar:** And on margins, like the same, similar level of margins or do we see further improvement in the margin because we are going more on the digitization or automation. So what scope for margin expansion there?
- Sameer Merchant:** I think there is definitely scope for expansion
- Kamlesh Bagmar:** Perfect. Great. Thanks.
- Sameer Merchant:** Thank you, welcome.
- Moderator:** Thank you. The next question comes from Swaraj Mehta from Perpetual Capital Advisors. Please go ahead
- Swaraj Mehta:** Thank you for the opportunity I just wanted to understand how many labs do we have currently and what are the delivery timelines of, you know, we get an impression to deliver it back to the customer and what is the maximum utilization that a lab can achieve and if any more investment in labs is needed in the future. And how are scanners used in this process. Thank you
- Sameer Merchant:** So I think that's a great question on the timeline. The current TAT at an average would be, if it's the same city, maybe from one day it can go up to five days. Like I said, it just depends, if it's a single crown, if it's a three-unit bridge, if it's a full mouth restoration. So there are complexities to it. But we have our internal TAT based on the number of units that the dentist prescribes.
- Two, on the impression part, there is a lot of area that we have discussed about being digitization on the impression material. So if it's a physical impression coming in from different part of the country then it could take from one to two days, but if it's a digital impression it takes hardly like five minutes to be here.
- So on a digital side, we can deliver the jobs faster. On the analog side, the time taken is for the impression to reach the location. And in terms of labs, we have a lab in Mumbai. We have setup in Kerala. We have mini setups, which we call as satellites, and your hub and spoke model in Chennai, Ahmedabad, Delhi Bangalore, multiple cities. So we operate in a hub and spoke kind of a model. So the large hub is in Mumbai. There is a mini hub in south and then there are other spokes in different cities.
- At the same time, I think the crucial part that we are building and we have built in last few years is our digital sales people. So we don't have sales people who are like regular sales people, these are digital sales people who have a laptop and an intraoral scanner on their backpack.
- And this is what we revolutionized, you know, I think much, much, probably 4-5-6 years back in India when we started with this concept saying that a person can be trained along with a dentist to take a scan in the patient's mouth and that is what we have done very successfully. In fact, a reasonable amount of our revenue is coming from people who are scanning today.

So that is a model which we are really leveraging to make sure that we take India digital. Because when we go digital there is not only just patient who is of the benefit in terms of shorter turnaround time, you know, not putting that messy material in your mouth that you are currently accustomed to. The dentist has very ease of scanning. The dentist can see the teeth real time in an extremely large screen to make a decision that if everything is correct and may not have to call you back, like they normally do in their physical impression.

And the third is when it comes to us, we get instant impression, so there is no logistic cost and at the same time our internal processes are also reduced thereby improving the operational efficiency. And all in all, this gives great comfort to the patient, great quality and also reduce time, which is all what as a patient you would want. If you want to go to a dentist, if you want to get your teeth done in two days, one day, why you want to spend more time without teeth.

Swaraj Mehta:

Thank you. And the maximum utilization that a dental lab can achieve, like in terms of how is it defined in terms of area or dentists, how many, like, or the number of pieces.

Sameer Merchant:

I think it's getting more dynamic. You the definitions can change in multiple ways. If you are an analog lab, the definition is different. If you are a digital lab, the definition is different. What kind of products that you do, the definition is different. So there's a lot of mix which decide, you know, utilization. So it's not a simple answer.

Like I said, you know, happy for people to visit, do a site visit, understand more. And then I can explain, because right now it's going to be very complex if I explain that, okay, if I do this kind of restoration, then the utilization works on this method.

Swaraj Mehta:

Okay. Thank you.

Sameer Merchant:

Thank you.

Moderator:

The next question comes from Rajat from Tata Mutual Funds. Please go ahead

Rajat:

Yes, hi. Thanks for taking my question again. Sameer, just lastly we have some INR100 crores of cash sitting on the books, so could you just tell me how do you plan to utilize this going forward? Because as I understand you will be generating another INR100-INR120 crores of cash over the next 2 years, so all put together you will be having around INR200-INR220 crores of cash. So what would be the best use of that

Sameer Merchant:

See for now we have Rajat from our IPO proceed, we have planned for capex, which is close to INR68 crores and we have only done very small amount in the last financial year, while we are deploying more in the current year.

And as we keep moving forward, we will keep evaluating whether we actually enhance the capex based on the visibility of growth which is coming in faster, since there is faster growth, which again has lot of things based on our regulatory clearance, based on how the tailwinds are in the category that we are present, we will enhance that capex.

Or we are also open at looking inorganic. So we'll keep our eyes and ears open, that if there is any inorganic thing which can really have great synergy with the company and can leverage future growth for Laxmi Dental we will keep our eyes and ears open for that as well

Rajat:

Sure. And how should we think about promotional expenses going forward?

Sameer Merchant:

It is standard, like IDS is just one time, like I said, it's once in 3 years, or once in 2 years, correct? IDS happens once in 2 years and it just came in where in this year, as soon as we got listed on IDS happened in this year. So otherwise, we would see it as normal, which we have said, 5% of our sales. So that is what you should think of, that is 5% of our sales.

Rajat:

Sorry, you said 5% of sales.

Sameer Merchant:

Yes.

Rajat:

Sure. Okay, thanks.

Sameer Merchant:

Thanks, Rajat.

Moderator:

The next question comes from the line of Ashutosh Nemani from JM Financial. Please go ahead.

Ashutosh Nemani:

Thanks for the opportunity. So my question is on the aligner segment, aligner growth from FY '24 to FY '25, around 42% that we have witnessed. We just wanted to understand what percentage of this growth is given by number of aligners and what percentage is given by price hike, if we have taken from FY '24 to FY '25.

Sameer Merchant:

I would say the say majority is in the number of cases and the growth. The price hike has been extremely small. So we are focusing more on delivering more units, more operational efficiency, because the goal is with the automation and with the capital that we have and with the AI that we are evaluating, we should be able to really leverage our operational cost and in fact create still the great product that we have and at a similar price or even the better price in the future for a doctor and the consumer, so that it becomes more accessible and we are able to leverage more volume.

Ashutosh Nemani:

Okay, understood. And the second question is to understand a bit better, in our PPT when we report aligners we break it up into Bizdent and Vedia. Can you just tell what this subsidiary is like intended to do? Is Bizdent for selling the brand of aligner or is it something like that? What does Bizdent and Vedia mean exactly?

Sameer Merchant:

Bizdent is the brand of aligners, which is illusion aligners with Kareena Kapoor as a brand ambassador. Vedia is actually our backward integration of raw material and the machine that we sell across the world.

Ashutosh Nemani:

Understood. And sir on a similar question on the laboratory business, can we say that it is majority volume driven or have we taken price hike from 24 to 25 in this growth

Sameer Merchant:

There is a minor price hike based on inflation and other things. We will always do a slight price hike. But majority of it will always come from the volume that we are doing. And that is the

goal right now, you know, the digitization, like I said, happy for you to come see the process, we can eliminate 25% to 30% processes with digitization and that is what is our constant strive to do.

Ashutosh Nemani: Okay, yes. Understood. Thanks a lot, sir.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for the closing remarks

Sameer Merchant: Great. Thank you so much, everyone. With this, we conclude the call. If you have any further queries please contact SGA, our Investor Relation Advisor. I really thank everyone for joining on us on this earning call today. Thank you so much. Have a great day.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Investec Capital Services, India Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.