



LAXMI DENTAL LIMITED

formerly known as Laxmi Dental Export Private Limited

Registered Office: 103, Akruiti 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: February 17, 2026

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

Re: LAXMI DENTAL LIMITED - ISIN: INE0WO601020

Dear Sir(s)/Madam(s),

Sub: - Transcript of the Q3FY26 Earnings Conference Call of Laxmi Dental Limited ("Company")

Further to our intimations dated February 04, 2026, February 10, 2026, February 11, 2026 and pursuant to the provisions of Regulation 30 read with Para A Part A Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI Listing Regulations"), we are enclosing the Transcript of the 'Q3FY26 Earnings Conference Call' (i.e., Post Earnings/Quarterly Call), organized by Elara Securities (India) Private Limited on Wednesday, February 11, 2026 at 09:00 A.M. (IST), wherein, inter-alia, the unaudited financial results (Standalone and Consolidated) of the Company for the quarter and nine months ended December 31, 2025, were discussed.

The aforementioned transcript of the 'Q3FY26 Earnings Conference Call' (i.e., Post Earnings/Quarterly Call) is also uploaded on the Company's website at www.laxmidentallimited.com.

Kindly take the above on record.

Thanking you,

For Laxmi Dental Limited

(Formerly Known as Laxmi Dental Export Private Limited)

Suman Saha

Company Secretary and Compliance Officer

ICSI Membership Number: A33035

Encl.: As above.



LAXMI DENTAL LIMITED

Formerly known as Laxmi Dental Export Private Limited

“Laxmi Dental Limited

Q3 FY ‘26 Earnings Conference Call”

February 11, 2026

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on February 11, 2026, will prevail.”



ElaraSecurities



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. KASHISH THAKUR – ELARA SECURITIES

Moderator: Ladies and gentlemen, good day and welcome to Laxmi Dental Limited Q3 FY '26 Earnings Conference Call, hosted by Elara Securities India Private Limited.

This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participants' 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. Kashish from Elara Securities. Thank you and over to you.

Kashish Thakur: Hi, thank you. Good day everyone. I, Kashish Thakur, on behalf of Elara Capital, welcome you all to the Q3 and nine months FY '26 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, Chief Financial Officer.

I now hand over the call to Mr. Rajesh Khakhar for his opening remarks. Over to you, Rajesh sir.

Rajesh Khakhar: Thank you so much, Kashish, 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 presentation are uploaded on the Stock Exchange and company website. I hope everybody has had a chance to look at them.

- For Q3FY26, we delivered a revenue of INR 66 crores as against INR 61.7 crores in the same period last year, recording a year-on-year growth of 7.1%. It is noteworthy that the performance was despite a challenging global environment owing to uncertainties around the macroeconomic environment as well as geopolitical situations.
- This reflects the resilience of our products across countries and we are confident that we can grow our business even faster going ahead. The India-US trade has offered a much-needed breather to exporters like us. Lower tariffs are expected to give a positive push to both our volumes and profitability.
- Coming to our domestic lab and aligner solution business, we experienced some softness during the quarter towards which we have already undertaken some innovative strategies.

- Gross profit margin stood at 69.5%, which is minor improvement sequentially due to relatively lower sales-mix contribution from scanner sales, which usually comes at a lower margin.
 - Scanner sales are strategically important for us, serving as a key enabler for future growth across segments and playing a crucial role in advancing our digital dentistry mission.
 - Gross profit margins in the laboratory business and aligner business remain steady. Hence, the overall gross margin profile moves in line with the product mix shift during the particular period.
- Our EBITDA and PAT margin for the quarter stood at 10.6% and 3% respectively.
 - For Q3FY26, we saw a full quarter impact of US tariff weighing on our EBITDA margin by around 150 bps. Considering the recent development, we expect a reversal of this impact to some extent in the next few quarters.
- Based on the requirement of new labour code and relevant accounting standard, we recorded a one-time impact of INR 5.8 crores as an exceptional item for the quarter. We will evaluate and account for any additional impact, if required, in subsequent periods.
- Going ahead, we are already seeing healthy performance in the month of January 2026 across businesses and expect this momentum to continue through the rest of Q4FY26 and are aiming for closing this year with a strong exit quarter.
- We are confident to sail through these near-term challenges on the back of solid fundamentals which are placed alongside multiple initiatives such as promoting digital dentistry, implementation of AI, innovative product launches, enhancing brand visibility, and expanding global dental network.

Now I will request Sameer, to give you some more colour on our business performance during the quarter.

Sameer Merchant:

Thank you, Rajesh bhai. Morning everyone. After a strong start to the calendar year, February brought additional positive news with the India-US trade deal. In fact, yesterday itself we got good news from our custom agent that the tariffs have been reduced to 25% from 50%. In FY25, the US market contributed nearly 20% of our revenues, amounting to INR 46 crores, reflecting a 25% YoY growth. This year as well, the business continued to grow at a healthy pace.

With a more stable operating environment in USA, alongside the recent positive developments of EU FTA, starting FY27 we expect to scale our international business at a faster pace in the upcoming years.

EU FTA is seen as a major development for India's healthcare sector and, over time, could support greater export opportunities, for us, improved access to advanced medical markets, and stronger industry growth.

Speaking about segment-specific quarterly performance:

The dental lab business recorded a decent growth of 10.4% YoY.

- Our International lab business delivered a robust growth of 25% YoY.

- In the USA, we continued to absorb higher tariff cost to maintain our market share in Q3, due to which the revenue grew at a healthy rate, while the profitability was lower.
- But as mentioned by Rajesh bhai in his opening remarks, and by me as well, we are confident of improving our profitability supported by recent positive development with the newer tariff which has come down to 25% from 50%.
- As we operate in 95-plus countries, our focus remains on deepening penetration in these markets while continuously expanding into new ones. To support this, we are placing greater emphasis on business development initiatives such as
 - Participating in large dental events like IDS, and many more, and also a few more in the collaboration with our DSOs.
 - We are actively working towards securing the required export certifications from multiple countries which will open up opportunities for us going ahead.
- Speaking about Domestic lab business, it delivered a softer performance for the quarter:
 - However, we have implemented some strategic initiatives in Q3FY26, and it has a good positive impact has begun to reflect in January 2026. We expect Q4FY26 to mark a robust YoY performance in the domestic lab business.
 - In the long run we remain committed towards promoting digital dentistry and expect this segment to scale meaningfully over the long run, supported by strong tailwinds such as enhanced brand visibility, industry-wide consolidation, and stricter regulatory norms.
- The Aligner solution business performance largely remained in line with Q3FY25 and stood at INR 16.4 crores.
 - Bizdent, which is a clear aligner business in India, continued to face pressure due to competitive pricing environment as discussed in the previous earnings call.
 - However, as we speak today, the pricing situation is trending towards normalcy and we expect it to continue for the rest of the quarter. So similar to the domestic lab business, with the help of new strategies we expect a strong quarter from Bizdent in Q4FY26.
 - Vedia, our aligner raw material business, delivered a robust YoY growth of 19.6%.
 - Building on Taglus' strong global brand equity in the aligner raw material space, we expect this business to grow at a decent pace going ahead.

Scanner sales for the quarter stood at INR 6.4 crore with a YoY growth of 46%.

- Our focus remains clear on increasing the penetration of scanners in Indian markets to drive future growth for the overall dental industry as well as for Laxmi Dental.

- Currently, within the domestic market, the digital penetration at the company level has already gone up to 79% as opposed to a single-digit penetration level for the overall Indian dental industry.
- This consistent increase in our company-level digital penetration marks our strong commitment towards promoting digital dentistry and spearheading this revolution for the entire dental industry in India.

Now speaking about our pediatric dental business, Kids-e-Dental:

- The revenue for the quarter stood at INR 5.9 crore, delivering a YoY growth of 7.2%.
- With a portfolio of unique, innovative, world-class products, this business has significant growth potential both in Indian and global markets. We are actively working towards securing the CE certification for our Kids-e range and once approved, we expect this to have meaningful acceleration growth in this segment.

Based on the trends observed in January, demand conditions across our business segments have begun to show positive signs of growth. We expect to sustain this trend on back of continued engagement with our dental network, positive development on the US tariff and Europe FTA, which will allow us expansion into new geographies, and growing adoption of our scanners.

With initiatives undertaken by the company along with overall consolidation in the domestic market, we at Laxmi Dental are well-positioned to deliver resilient, industry-leading growth in the years ahead.

I now hand it over to our CFO, Mr. Dharmesh Dattani to take it forward. Thank you so much.

Dharmesh Dattani:

Thank you so much. Good morning to all. Allow me to walk you through our financial performance.

Let me give a glance at our consolidated financial performance during Q3FY26.

- Revenue from operations grew by 7.1% on a YoY basis, reaching to INR 66 crore, up from INR 61.7 crores.
- Gross profit for the quarter stood at INR 45.9 crore, with a gross margin of 69.5%.
- Employee costs during the quarter stood at INR 25.9 crore, reflecting a YoY increase of 19.2%. This includes ESOP expenses amounting to INR 1.6 crore as against INR 0.4 crore in Q3FY25.
- Other expenses were at INR 13 crore.
- EBITDA for the quarter stood at INR 7 crore with a margin of 10.6%.
- For better comparability, one can look at the Adjusted EBITDA which includes - Recorded EBITDA, plus 60% of Kids-e-Dental PAT, plus 49% of IDBG AI Dent PAT and ESOP expenses. This stood at INR 9.6 crore.
- We also achieved a significant reduction in finance costs, which declined sharply to INR 0.3 crore from INR 1.5 crore as the company is debt-free.
- Profit after tax for the quarter stood at INR 2 crore.

Coming to our 9MFY26 performance,

- Revenue from operations stood at INR 203.9 crore, registering a 14.3% growth compared to INR 178.4 crores in the previous year.
- EBITDA for the period stood at INR 29.9 crore, while Adjusted EBITDA came in at INR 38.1 crore.
- The Company reported a profit after tax of INR 18.8 crores with a margin of 9.2%.

With this, we conclude our opening remarks and open the floor for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Sanjay Sood, an individual investor. Please go ahead.

Sanjay Sood: Good morning. Thanks for giving me the opportunity to ask the question. My question is that, this quarter sale was down considerably and what I was assuming that sale will go up because of two issues. You had this peak season, this quarter is the peak season that was told by you in the previous quarters. And number two, tariff basically should impact the margin, not the sale. So what actually has changed in this quarter? That is what I just wanted to understand this. Thank you.

Sameer Merchant: Sure, thank you, Sanjay. See, we saw the softness. Now when you say about tariffs, so if not for 50% tariff, we would have had even much more stronger growth. So we had to let go of few customers where the tariff situation could not allow us to give them the pricing that they needed. So that was also one of the reason especially in the US where tariff, even if it's at say 20-25% growth, we could have grown much stronger there if not for the tariff situation.

Number two, I think the scanner sale itself was slightly lesser as compared to the Q2. And with the initiatives that we have built, so we saw there was a slowdown and there are multiple factors. You know, there was, peak season in India is usually due to a lot of NRIs coming in to India for treatment, where this time for US especially our zone in certain part of India where there are a lot of US NRIs was very less.

And that was clearly evident which, we personally experienced at couple of places and the dentists also were saying that people are not traveling. With all those things combined, you know, we saw the situation. We have implemented some initiatives on Q3 and that is what we said, Q4 we expect it to have a very strong quarter in terms of dental lab and in terms of the aligner business both. And we have already seen great results in January.

Sanjay Sood: Okay. And another thing, this -- these sales what you project is on common currency basis? Like dollar has considerably gone up. So in fact, sales should have gone up. That is what was my assumption?

Sameer Merchant: So we are charging from -- in India when we are charging say domestic is anyways the same. On the export side, there is a marginal difference but there is always an offset because we are buying a lot of raw materials internationally. So yes, there could be a minor thing in terms of the revenue because of the dollar increase, but that is very, very small.

- Sanjay Sood:** Okay. Okay, thank you. That's all from my side.
- Moderator:** Thank you. The next question comes from the line of Kashish Thakur from Elara Securities Private Limited. Please go ahead.
- Kashish Thakur:** Hi, thank you. Thank you for the opportunity. Sir, just wanted to know a bit deeper on US tariff as like we had an impact of around 150 bps in Q3. Now the tariff coming down from 50% to 25%, what will be the expected recovery timeline probably? I think so in your opening comments you said that the Q1FY27 probably is more what you are expecting to normalize it and what kind of impact do we anticipate in FY27 from the same?
- Sameer Merchant:** Thank you, Kashish. So I think, on our side, which I told you yesterday night itself we got details from our custom agent that the tariffs have been reduced to 25%. In fact, one of our shipment was tariffed at 25%. In the past, it was all 50% plus plus -- actually it was going to almost 55%-56% because of certain additional tariffs on the 50% tariff. So now it's flat 25%.
- So I think for this quarter, we should see probably half the impact because today it's already 11th, so one and a half month we have paid 50%, but for the rest one and a half month we will pay 25%. But like you said from Q1FY27, we think this should improve our efforts on the US side. This should increase business on the US side because now we will be able to be, I would say, more competitive as compared to what we were before when we were paying 50%.
- So we are already making an effort to reach out to those customers in the past who probably could not do business with us at 50% and also taking initiatives to bring in new customers as well.
- Kashish Thakur:** Thank you, sir. So another question is on Bizdent. With pricing pressure in Bizdent normalizing in Q4, like what is our like expected volume versus pricing contribution we expect in FY27 towards the aligner business?
- Sameer Merchant:** So the early trends now, whatever initiatives that we have taken in Q3, it has shown a very good impact in January and we expect it to continue in this quarter. And moving forward as well, we are adding few more important aspects in the aligner category, so we see that it should have good growth in the next year.
- Kashish Thakur:** Understood, sir. And sir, one last question on Kids-e-Dental. Broadly it has grown a bit, but what is your aspiration for this business, like probably in next two-three years?
- Sameer Merchant:** In the next two-three years, it should have a solid growth. You know, we believe that we have products which are world-class. We are awaiting registration in many independent countries as well as, we are awaiting CE registration which will allow us to sell in whole of Europe and with the Europe FTA being planned for next financial year, I think we are in a good position to scale this very, very well.
- Kashish Thakur:** Thank you, sir. I'll join back the queue.

- Moderator:** Thank you. The next question comes from the line of Tushar Manudhane from Motilal Oswal. Please go ahead.
- Tushar Manudhane:** Yes, thanks for the opportunity. Sir, two parts. First, if you could elaborate in terms of the steps which you have taken to revive growth in aligner business, that is first?
- Sameer Merchant:** So hi, Tushar. On the aligner side, we saw certain situation. Now these are a lot of internal assessments which we have created where, when we took those decisions in Q3, now we are seeing the trend going up in Q4 in terms of some initiatives towards the doctors, initiatives towards the orthodontist and the dentist, and we are also launching couple of newer products as well in the aligner space, which should give us the growth that we are looking for moving forward.
- Tushar Manudhane:** So shall we expect this growth coming in like Q4 onwards or that will take maybe another three-five months to see that pickup in the growth?
- Sameer Merchant:** Q4 itself we should see growth as compared to even Q3 or even last year Q4. So we should see stronger Q4 and then moving forward in the next year we should start seeing growth back in the aligner segment.
- Tushar Manudhane:** And even the domestic lab offering has been pretty stable. So, if you can highlight measures taken to sort of improve growth prospects in that segment?
- Sameer Merchant:** So even there like we said, you know, January did extremely well and we are confident that our Q4 domestic lab will also do very good because we saw certain situations what is happening in the market and we took those initiatives. And we are pretty positive in that regard. So we are seeing January which is good and again Q4 should for domestic lab business be very good.
- Tushar Manudhane:** So sort of can you quantify like, in terms of how, considering the current revenue base of INR 20-21 crores? So how do we see the scale-up happening in this business?
- Sameer Merchant:** So currently from a quarter which is INR 20-21, I would say we should be in good pace to have close to INR24 for the Q4 and then moving forward with that.
- Tushar Manudhane:** Okay, sir. Thank you. That's it from my side.
- Moderator:** Thank you. The next question comes from the line of Payal Shah from Billion Securities. Please go ahead.
- Payal Shah:** Good morning. Thank you so much for the opportunity. I have two questions. First, just wanted to check if you have opened up new countries during the quarter for any of your segments? If you can throw some light on your strategy, you know, towards the international business? That is my first question.
- Sameer Merchant:** So in the Q3 usually the countries that we open up should happen in the other quarter. So we have had one or two smaller countries which have opened up because December being Christmas month internationally, it's always slightly slower. But our international plan moving forward is

to get into as many geographies as possible through the distributor network since we already have the products.

And we believe that the certification plays a key role and that's for us is probably the most time-taking aspect in getting into newer geographies than the BD part. Because we have products which are dental products are also, borderline healthcare or medical products. So when we enter a country, it can take say between three months to one and a half year, depends upon which country we are targeting for it to open up.

Right now we are in 95 but we believe that as we move forward, we will keep adding countries every quarter.

Payal Shah: Okay, okay. So my next question is, how do you see your domestic dental business performing going ahead? Like do we see any seasonality in this particular business?

Sameer Merchant: So there is a little bit of seasonality from H1 to H2 which has been historic. I would say this year was probably slightly exceptional with Q3 having a lot of especially the American NRIs not opting to come here. So I don't know, if you have some friends, family who are US-based, they were all very, very hesitant.

In fact, doctors, especially the Gujarat belt, which receives a lot of foreign tourists which are from USA or the NRIs from USA, they have really not come as much as, you know, they wanted to come. But apart from that, it is usually seasonal. So H1 is usually 45%, H2 would be 55% for a domestic lab. That has been the trend since a long, long time.

Payal Shah: Okay, okay. That's it from my side, sir. Thank you so much for answering them.

Moderator: Thank you. The next question comes from the line of Smith Gala from RSPN Ventures. Please go ahead.

Smith Gala: Yes, thank you for the opportunity. Just wanted to understand a bit more on the tariff part. So yes, tariffs coming down to 25% from 56%-57% has helped a bit, but in our earlier conversations during con calls we also mentioned that at 25% tariffs which were earlier, yes, the majority of the hit was taken by the customers back in the US but at that time at this tariff -- at 25% tariff rate also -- we had to take certain portion of the hit. So how this 25% tariff is derived considering whatever articles news we are reading it is down to 18%? And at 25% how confident are we on our margins and growth?

Sameer Merchant: Thank you, Smith, for the question. So on see, whenever something happens from 50%-57% to 25%, generally you know there is a positive sentiment among customers, amongst us, we can go back to them saying, "Hey, you know, it's not 50% anymore, it's 25%." So it's a bit of a breather for all. At the same time, 25% becoming 18% is there is clarity in terms of that 25% will go to 18%. The timeline when we spoke to our custom agent is however not sure. So they said it could happen within two weeks, within one month, within two months, they are not sure. 25% has happened, which is very clear because the custom charged 25% to one of our shipment. But 25% to 18% journey of when it will happen, we'll have to wait and watch.

Now how this will impact us in terms of our growth as China is at 34% while we were at 50%. So we were anyways more expensive. Being at 25% gives us certain leverage to go ahead and speak to the customers like I said before in our call who were not probably willing or not comfortable giving us business as it was tariffed at 50%.

Although we were absorbing some cost, say even if we split it was still 25%-25%. If in the 25 scenario we split, it becomes 12.5% and 12.5%. So it's much lesser as compared to what it was in the past. And already with the news, like we said, we have reached out to our past customers and there are a few new customers who have reached out to us as well.

So we will -- it's still like two-three days old. So I would say we give it a couple of months, but we on our side are very positive that US should show a very positive growth moving forward.

Smith Gala: Okay, so in quantifiable terms assuming the rate comes back to 18% by Q1FY27, so on an annual basis keeping a 26 as a low base, what sort of growth are we expecting on a CAGR terms for next two-three years and what are the EBITDA margins that we should target considering the tariffs come down at 18%?

Sameer Merchant: So already as compared to last year, we are in the range of about 25% growth for the international market. So moving forward also, we feel that this range, 20%-25% range, provided something again exceptional doesn't happen in the US in terms of tariffs, it should be achievable.

And in terms of margin, when you said on the international side, we are already close to 22% margin. So this should also increase, post the tariff situation going down, we should see some improvement there as well.

Smith Gala: So 20%-25% growth on international numbers and what about domestic?

Sameer Merchant: So even domestic like I said, today we are in domestic at about 12% in the year, but like we told you Q3 was even a surprise for us in terms of slowdown, but when we actually reached out to a lot of doctors asking them about the situation, they said that this is one of their situation where they also anticipated a lot of US NRIs to come in which did not happen.

And western region is our strong belt anyways, so 45%-50% of the business is west. So that had an impact, but otherwise I think we should still do in the range that we had said in the past which was 20%-25% if, you know, something like this year doesn't happen.

This year had so many situations, you know, with the labor codes coming in, with the tariffs coming in, with the geopolitical scenario. We hope that next year should be a more smoother year as compared to this.

Smith Gala: Okay, okay. Understood. And just on consol-level margins, I want to just more -- want more clarity. So around 16%-17% considering if we assume that all scenarios are good, be it geopolitical tensions or tariffs.

Sameer Merchant: Oh yes, absolutely. In fact, we were doing -- so in fact last year FY25 we were at 17.5%. So we expected this year, on our side to be higher, but we had a few impacts which was out of our

control. You know, tariff, labor codes -- these are impacts which are absolutely beyond our control. But we don't expect, next year if there are no surprises like this, I think we should keep moving upwards.

Dharmesh Dattani: Additionally, the ESOP costs will also come down because the first year has a larger ESOP impact, so the next year onwards the ESOP impact will probably be half of that.

Smith Gala: Okay. So should we assume a ballpark number of around 20% then?

Sameer Merchant: I would say, you know, that's our internal aspirations, Smith, that we should be in that range and even in, I would say past when we were doing business we always, 20% is something in our mind which should be achievable on a normal basis.

Smith Gala: Okay, thank you. That's all from my side. Best of luck.

Moderator: Thank you. The next question comes from the line of Kashish Thakur from Elara Securities. Please go ahead.

Kashish Thakur: Hi, thank you, sir. Thank you again for the opportunity. Sir, just one question on Digital Dentistry. Just an overview that how is it changing dentist behavior in India and are you seeing some resilience from smaller clinics towards scanner adoption?

Sameer Merchant: Thank you, Kashish. So, in the past we have explained that even current penetration is single digit. I would say even if we validate a lot of data since everything is private, it could be probably 4% or 5%. We don't anticipate it to be more. So 95% of dentists are still not using a scanner. So there is resistance. It could be in terms of just the technology adoption, could be in terms of price, could be in terms of just how they process their own workflow. But what we are seeing is that our penetration is what we are focusing on.

So if you see where we were probably three-four years back, we were in the 20s in terms of penetration, now we are 79% in terms of penetration. So once we reach a threshold of 90%, I think that's the pivoting point for us as for us to make a decision if to go 100% digital or not. Right now still 21% of our business is physical impressions. But I think having said that, we are now seeing dentists which are much more open to adopting digital dentistry.

The scanner price also from what it was, you know, in the past pre-COVID levels were INR 15 to INR 20 lakhs and now it has come close to INR 3 – INR 4 lakh and with easy EMIs available on the scanners from a lot of distributors. I think digital dentistry in the next five years will grow very, very strong. You will see more and more dentists adopting scanners.

Kashish Thakur: Understood, sir. Sir, just one more question, on this innovative products which you mentioned in your opening remark, the AI initiatives and all what you're taking. So can you just throw some light on that as well?

Sameer Merchant: So we have done some soft launches on the AI-Dent part and also internally we are implementing a lot of AI which is still in pilot phases, but we believe we have seen very, very good potential.

You know, internal potential to increase efficiencies and external products which can really help the dental fraternity in terms of diagnosis and in terms of monitoring of a patient.

So I would say in our next earning call, we should be able to give some input on both of these situation. Internal probably less because it's still a pilot internal, but on the AI-Dent we have already done a soft launch to certain key opinion leaders and we are awaiting feedback and once we have that, we should be able to give you more insights in the next earnings call, but we are very excited on what we are creating.

Kashish Thakur: Thank you, sir. That's all from my side.

Moderator: Thank you. The next question comes from the line of [Wrongly said it is Akash Dobhada] from Investec. Please go ahead.

Akash: Hi, hi, sir. Akash here. So my -- so the thing is you are saying that FY27 will be a comparatively better year because of improving tariff situations and also the EU-India treaty. Now I just wanted to understand that you're also intending to further your digital penetration to 90%. So combining these two scenarios, how do you see its impact on the Gross and the PAT margins going ahead? Because we had guided for 75% to 80% Gross margins and PAT margins of 13% to 15%. So just wanted to have some light on that?

Sameer Merchant: Sure. So I think, all the situation hopefully this year has been a lot of I would say surprises every month, every quarter since the Trump era started, especially in the US part. And now we believe we have seen a lot of settling of the macro dynamics, volatility which was there. So that should definitely help our US and the European business.

In India, in terms of expanding, in terms of the digital portfolio that you mentioned of moving towards 90%, I think we're pretty positive that, if we have gained from 20% to 79%, I think the 79% to 90% journey may be slightly tougher because that's the last leg of it, but we believe we should be able to push the dentist with two aspects that we have. One is selling of the scanners and the other is Scan as a Service. So we have both models for us to push.

And in terms of the margins that you said, see we had guided 13% to 15%. If you see before the exceptional items, we are already close to 12.1%. So we were in that range in that ESOP came into picture in that all the tariff scenarios came into picture. So there are a lot of things which came into the picture as well. And there's a one-time impact of labor code as well, which again, this is a government decision, right?

You know, we are at a company with 2,400 people, the government decides something we respect it and we have to take that into account, but those are external factors which nobody can account for. And hopefully, next year there are no surprises and we will keep going strong. We have done for the past 36 years of our company since Rajesh bhai started it, and we are very, very confident even today that fundamentally nothing has changed.

Fundamentally we are still a strong company, we are still committed, we are still creating products, we are still delivering products, we are still expanding our geography from 95 to different countries. Now the fact itself that our product is accepted by 95 countries, it says a lot

about what we are doing. Just that the first year the way we wanted has not become that first year.

And we are the first one to accept that yes, we wanted it to be in a certain way, but then there were so many dynamics, external dynamics that we had to go with it. So, we have decided fine, external dynamics we have had COVID in the past, we have had other situation in the past, this is one more year, we keep working hard, keep our heads down and focus on what we do best in growing the company.

Akash: Right. So -- so the thing is let's say if, if the adverse macro and geopolitical dynamics did dent your performance this year, should we expect that in FY27 the favorable tailwinds, you know, especially in the case of US and in the case of Europe deal as well? So I mean, are you still -- still confident of achieving your earlier guided margins for FY27 onwards?

Sameer Merchant: Absolutely. If you ask us internally, yes, if there are no external surprises, we should have even achieved this year as well. So we should achieve next year.

Akash: Okay. And sir, one more question. Last year you had guided -- sorry, last quarter you had told that you were expecting certifications for your pediatric products in 4Q. So any -- any color on that? I mean, can we see any -- any approvals in the fourth quarter coming for the pediatric division?

Sameer Merchant: Yes. So for the CE, we have applied. So now when you apply for a certification like CE, you know, the control is majority on the I would say the regulatory people sitting in Germany. So all we can do is send them a nice email saying, "Hi, you know, what is the status?" and they will say, "It's in progress." So that is all what they say. They don't give you a specific timeline. It's not like a cutoff time for them.

So we are hoping that we should get it in Q4. We'll keep you posted how situations move. But we haven't heard anything which is a surprise where we should not get it. So that that is a positive part that we have not heard any hurdles to say that oh we will not be able to give you. The only thing is they are asking certain questions, they will ask some documentation constantly. So that's at least a good part that we should get it. Now it's only a matter of time.

Akash: Alright, sir. That's it from me. Thank you and all the best.

Moderator: Thank you. The next question comes from the line of Manjeet Buaria from Saamy Advisors. Please go ahead.

Manjeet Buaria: Hello. Good morning and thanks for taking my questions. I had two basic questions. One was, when you sell scanners to dentists, the scans which they take using that, can those scans be sent only to us to get the final product or the scans can be sent to any dental lab? Was first question.

The second question was, earlier before scanners came, I would presume that the company would have had many feet on street which would have ensured that turnaround time is very fast to collect the physical impressions and then also get them delivered once the products were

made. So with the scanners coming in, is that an edge which goes away and gives a chance to other dental labs to start off catering much faster to the dentists?

So those were my two questions. Thank you.

Sameer Merchant:

Sure, thank you. I'll come to the first question that you asked regarding the scanner versus the physical impression collection. Now we have close to 300 people which are feet on street and if we have to collect an impression pan-India, the person has to go to a dentist, collect the impression, come to the center office in the city, consolidate, so everyone will have to come if there are say 25 people in Delhi, they will all have to come to the Delhi office, submit all the impressions, someone will pack it, put it in the air cargo on a plane and then it lands in Mumbai, we get it from Mumbai to our Mira Road facility, and then the job starts.

So that was the whole logistics that because of scanner we don't need to do that. So if the person moving around in Delhi scans from any part of Delhi, within two minutes the scan is in Mumbai. So he doesn't need to go back to the office, so it saves his time. The office doesn't need to have people who are packing impressions, shipping through the air cargo coming to Mumbai and then collecting from Mumbai, getting it to Mira Road facility. All of that gets eliminated. So with scanner, the speed is definitely a big change and if you speak to any dentist, I'm sure they would say that that has been the biggest change in terms of speed.

And number two, whenever a dentist makes an impression, there is always a situation where a dental lab could reject the impression saying they need certain more clarity on the impression making. So that was very routine not just in India but across the world. When you make an impression, it comes to Mumbai, our technician will make that negative replica into a positive replica, so we pour what we call plaster in the impression.

Once we see the model, we are able to give more insights to a dentist saying that, "Oh, you know what, maybe we need certain changes here," and I'm sure someone in with you or in your family would have experienced that the dentist have called you back to make a new impression. So with scanner, that goes away.

So what we have is we call a Live Scan Verification team where as soon as the dentist takes a scan, they can send it to us, within five minutes our customer service team gets on a call with them, assures them that everything is fine and if there are any changes needed, we can make the changes then the dentist makes the changes, rescans then and there and sends the scan again.

So that repeat trip is not needed. The speed is very, very important and of course, the quality of the scan also enhances the product as well when it's delivered. So that is very, very clear. And you can -- you can do Google Gemini, ChatGPT on how scanners help against physical impression. There are loads of content out there which tell you why scanners are important.

Now coming to your question two in terms of how this scanner is shaping up for us. Now within the manufacturing facility, some of us -- some of the investors have done facility visit and I highly recommend anyone who is looking at Laxmi Dental should do the site visit for you to have more understanding. The operations itself for a physical impression and digital impression varies very differently.

So when you do a digital impression, you eliminate almost 30%-35% of the process that is there if you are doing a physical impression. So with that, once we reach a threshold like I mentioned of about say 90% plus, we should be in the position to have a fully digital dental lab as compared to a hybrid dental lab that we have today.

So that should enhance in terms of the speed of the product, the quality of the product, and also the efficiency in terms of realization of margin for us as well.

Manjeet Buaria:

Right. So -- sir, sorry, I had two follow-ups on this itself. One was, again, what I wanted to understand was if the whole ecosystem starts becoming digital, right, I would have thought having feet on street is what's only large dental labs can do to give a certain turnaround time. So does becoming all digital increase the competition for us, was my question.

Because, you don't need enough -- you don't need so many people on the ground, it goes directly to dental labs. So, that whole aspect of giving fast service goes away because everybody can give fast service. That was one point I was specifically trying to understand. And the second one, sir, was can your scanners be used to send those scans to other dental labs as well? Or your scanners can be used to send the scans only to your labs? That was my fourth specific question.

Sameer Merchant:

Sure. So two parts to it. On your question of the scanner being sent to other dental lab, so how we sell the scanner is we sell it at a minimum value or a volume commitment from the dentist. If they are reaching that threshold, over and above that we keep the scanners open for them to decide what they want to do.

Because if you lock it 100% -- we had done it in the past, but it gives a, I would say, slightly uncomfortable thought to a dentist where the scanner is completely locked. While we may evaluate that in the future once the mindset of a lot of people opens up about having a locked scanner, but currently when we sell a scanner, we have a minimum value commitment and over and above, like I said, they are able to do what they feel like doing.

Number two on the competition part, I think scanner is not just a tool which can digitize dentistry. Scanner is just a start point. So like I said, if you visit the facility, you will see after the scanner is what you need is a 3D printing machine, then you need CNC machines. So this becomes more of a, I would say, healthcare engineering tech kind of a situation. So this is no longer just a regular dental lab.

And unfortunately not just in India but across the world, but especially in India, 95% plus dental labs are lot of mom-and-pop small dental labs with three, four, five, say maybe 10 people maximum. And they are doing a lot of traditional dentistry of physical impressions in the past.

So when we are seeing that they need to move from say buying the scanner, buying a 3D printing machine, buying a CNC machine, developing a technology platform to have integrations with all of them and having engineers to support all of that, we feel that transition is going to be tougher for a lot of dental labs. It may happen for some for sure, there'll be some who will be able to do it, but majority of them would find it tougher.

And it has -- it has been international as well and that is why consolidation has happened. If you see US, from 10 years back the number of dental labs that they had today, they have less than 50% of that dental labs. 50% have completely shut down because it's very hard to be updated with technology every year.

As a large company it becomes easier for us to adopt tech, but for a smaller company, constantly adopting technology becomes a challenge. So that is where we feel the other labs, while some of them will be able to do it, it's not the majority factor.

Manjeet Buaria: Okay, very helpful. Sir, can I ask one more question, please?

Sameer Merchant: Sure.

Manjeet Buaria: Okay. Sir, just one thing I wanted to understand -- the digital scans itself. You know, when we speak with dentists, they say the digital scanning ecosystem still takes them a lot of time, right, to get the scan perfectly. So is this a technology issue at the scanner level or is it the practice issue at the medical professional level which takes time to sort of adapt to? That was my last question. Thank you.

Sameer Merchant: I think you rightly said it's -- the tech is not a problem. You know, if you see on YouTube, you could do a scan within a minute. So there are lot of videos where a dentist saying, "Oh, I do a scan within a minute," "I do scan within three minutes, five minutes." So it's just the practice of that dentist, is just the adoption curve that they're going through right now.

In fact, there are dentists that we know who have three dental chairs and three scanners because they feel that scanner is like a necessity like having a handpiece which is trimming or cutting a tooth or having an RVG on every dental chair, a small X-ray -- like the scanner should be there because it's such an important tool.

So answer to your question, the technology is not time-consuming, it's the practice of that individual which decides the timeline. You know, we have our own Scan as a Service people where they are taking scans in a breeze. They would just go within 10 minutes they are completely done, taking -- opening a laptop, setting up the data, scanning impression or scanning the patient and then coming out.

While some dentists, yes, if they start, you know, early or if they're not comfortable with using the tech, they may take time, but eventually it's just a matter of time. Any dentist who has used it long-term, if you ask them, you know, they will be able to scan very, very quickly.

Manjeet Buaria: Okay, thank you, sir. Thanks for taking my questions.

Moderator: Thank you. The next question comes from the line of Kamlesh Bagmar from Lotus Asset Managers. Please go ahead.

Kamlesh Bagmar: Yes, thanks for the opportunity, sir. Sir, I don't know whether you have called out in the call, sir, how do we see the margins going forward? Because honestly, over the past two quarters, I do agree that the situation has been very volatile, but in terms of guiding as well, we have not been

up to the mark which is expected. So if we see the last quarter, we were saying that we had a tariff impact of 90 bps.

Now this quarter, it is a full quarter impact of 150 bps. But despite that, our margins have fallen by roughly around 450 bps quarter-on-quarter adjusted basis. And on top of that, our exposure to the US is around 20-odd percent. So why we are seeing such a significant impact over quarter-on-quarter and in terms of guiding, how are we seeing the growth path and the margins path?

Sameer Merchant:

Hi, thank you for the question. I think, see, again like I said, when we are guiding with all intent on our side to be as close or to beat the guidance, there are factors which are coming in from external which are creating those situations for us. Again, if you see what we did last year, fundamentally what we are doing this year in terms of how we do a business, not much has changed. But from say close to 17.5 or close to 18% last year, no -- we are today on a yearly basis at 15%.

So there's a difference of 3% in terms of EBITDA, that too with everything that just you mentioned, about the volatility, about our ESOPs, about our tariff situation. So we feel that we have still been pretty strong in what we have done and we remain committed and we remain strong that -- we have been doing this since 36 years. We will keep moving forward in a very very strong way. There will be years which will have an impact like this. But there is going to be many many years which should have good growth as well.

So, unfortunately for us, it is the first year of being listed, that the year it is right now. But having said that, we are still very confident internally. As management we are absolutely razor focused on what we do in dentistry and we truly believe that we have created leadership position and we will consolidate in the coming future as well.

Kamlesh Bagmar:

And in terms of guiding forward?

Sameer Merchant:

See guiding forward we said, apart from if the situation is not like this year, next year we should have no issues in growing by 20%-25% and coming close to a margin of between 18% to 20%. We were already there at 17.5% was already there last year, in terms of EBITDA.

Kamlesh Bagmar:

And can you highlight like, how is the competition, competitive intensity in the market?

Sameer Merchant:

So competition I would say it has been there, you know, even previous to our listing or post our listing I don't think something has changed very, very substantial. It has always been there. You know, we've been business in 36 year or any business, I don't think any business can say they don't have any competition.

There is competition, it is going to be here today, it is going to be there tomorrow, it is going to be there in the next 10 years. But that is what we have done and we keep working hard on our side. Fundamentally we keep doing things which we believe are right and long-term sustainable and good from a company perspective and that is how we will always keep moving forward.

Kamlesh Bagmar:

Okay, great, sir. Great. Thanks a lot.

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

Rajesh Khakhar: Thank you. With this, I conclude the call. If you have any further queries, please contact SGA, our Investor Relation Advisors. Thank you everyone for joining us today on this earnings call.

Moderator: Thank you. On behalf of Elara Securities India Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.