



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: August 19, 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 Q1FY26 Earnings Conference Call of Laxmi Dental Limited ("Company").

Further to our letters dated August 7, 2025, August 12, 2025, August 13, 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 'Q1FY26 Earnings Conference Call' (i.e., Post Earnings/Quarterly Call), organized by Motilal Oswal Financial Services Limited on Wednesday, August 13, 2025 at 12:00 Noon (IST), wherein, inter-alia, the unaudited financial results (Standalone and Consolidated) of the Company for the quarter ended June 30, 2025, were discussed.

The aforementioned transcript of the 'Q1FY26 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 Q1 FY '26 Earnings Conference Call”

August 13, 2025

“E&OE -This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on August 13, 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. TUSHAR MANUDHANE – MOTILAL OSWAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY '26 Earnings Conference Call of Laxmi Dental Limited hosted by Motilal Oswal Financial Services Limited.

Kindly note 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 date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 ‘*’, then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Tushar Manudhane from Motilal Oswal Financial Services. Thank you and over to you, sir.

Tushar Manudhane: Thank you. Good afternoon, everyone. I am Tushar from Motilal Oswal Financial Services. Welcome you all for Q1 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 - CFO.

I would now like to hand over the call to Mr. Rajesh Khakhar for his opening remarks followed by the opening remarks of Sameer sir and Dharmesh sir. Over to you, sir.

Rajesh Khakhar: Thank you so much, Tushar for the introduction. Good afternoon, 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 – Mr. 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.

I am delighted to share with you that we have a good start for the Financial Year FY '26 by recording our highest ever quarterly revenue of Rs. 66 crores in the 1st Quarter. This accounts for a healthy growth of 10% on a year-on-year basis and 8% on a sequential basis. We maintained a healthy margin profit of 18.2% on the EBITDA level and 12.7% on the PAT level.

During the quarter, as per our IPO objectives, we repay the debt in full and are focused on expansion plan and long-term growth strategies, which are centered around digital dentistry and brand building. This will help us deepen our penetration among the existing dental partners while

also expanding our dental network. In line with these goals, we deployed additional intraoral scanners during the quarter. We advertised during the IPL campaign to create more awareness for our product category. We also spent time meeting DSOs, chain of clinics across countries.

As the dental industry is continuously evolving in nature, we are proactively taking efforts to stay ahead of the curve and gain advantage of moving towards the latest technologies and innovations. In line with that, I am delighted to announce that we have recently made a strategic investment in IDBG AI Dent Global Private Limited. Though this company is a startup, we believe that they have done commendable work on the AI side of dentistry. Their solutions include AI-powered dental image, x-ray analysis software and AI-powered. This acquisition is a step ahead towards our primary focus and efforts on increasing the penetration of digital dentistry in the country. It is strategically aligned with our vision towards innovation, efficiency, and market expansion in dental healthcare, both domestically and internationally.

These AI products will improve the quality of treatment, service given by the dentist, and also enhance the experience for the patient. By adding such values to the users, this product will help us grow faster and provide a competitive edge over other companies. We expect to launch this product in the current Financial Year, and I am excited to observe its impact on the overall scheme of things. As we begin the 2nd quarter and plan for the remainder of the year, our outlook anticipates that the revenue growth momentum will continue on a quarter-on-quarter basis, leading us up to a full-year revenue growth mark of 20% to 25% in FY '26.

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

Sameer Merchant:

Thank you, Tushar. Thank you, Rajesh bhai. Good afternoon, everyone.

Our business is built with the objective of delivering great value to dental professionals and the end customers across the world. In this endeavor of building a global business, we were able to achieve a solid double-digit growth in our international sales, and we delivered a decent performance in the domestic market. This is a noteworthy achievement that Q1 FY '26 is being compared against an exceptionally strong Q1 FY '25, where a capital gain on sales of property worth Rs. 6.6 crore was also added to the profits in Q1 FY '25, resulting in even a higher profit and a non-comparable base.

To further understand the business trends better, let me walk through our product mix:

We have bifurcated the scanner sales from both dental and aligner segments and showed them separately. Dental Laboratory business grew by 8% and constituted 59% of the revenues. Aligner Solutions revenue rose by 18% and contributed 28% of the revenue.

Our B2B2C aligner business faced some competition during this quarter. Scanner sales grew by 26% on year-on-year basis. Since this is strategic in nature and important for our push towards

digitalization, the margins made on the scanner are not as high as our co-dental products. But having said that, we do make decent gross margins on scanner sales and are strategically moving ahead with our efforts to profitably drive digital penetration.

Higher digital contribution will drive long-term profitability growth for the company. The balance 4% revenue came from our other businesses. Our Kids-e-Dental business delivered a revenue of Rs. 4.4 crores. Overall, we continue to be very pleased with the progress we have made and are looking forward to building this success with innovative solutions and growing awareness.

Now, I hand over to CFO – Mr. Dharmesh Dattani to take it forward.

Dharmesh Dattani:

Thank you, everyone. Allow me to walk you through our financial performance.

Let me give you a glance at our consolidated financial performance during Q1 of FY '26:

Revenue from operations grew by 10% to Rs. 65.6 crores, up from Rs. 59.7 crores on a year-on-year basis. Gross profit for the year stood at Rs. 48.1 crores with a margin of 73.3%. Employee cost for the business stood at Rs. 23.6 crores. It includes ESOP expenses of Rs. 1.84 crores. Other expenses stood at Rs. 12.5 crores, lower by 7% on a year-on-year basis.

For the quarter, EBITDA came in at Rs. 11.9 crores with a healthy margin of 18.2%. For better understanding of the business, one can look at the adjusted EBITDA which includes recorded EBITDA plus 60% of the Kids-e-Dental profit and ESOP expenses. This stood at Rs. 14.8 crores. There has been a significant reduction in finance costs in Q1 FY '26 down to Rs. 0.5 crores from Rs. 1.4 crores. As we reduced the debt from our balance sheet. PAT for the quarter stood at around Rs. 8.3 crores with a healthy margin of 13%.

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

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shalini Gupta from East India Securities. Please go ahead.

Shalini Gupta:

Good afternoon, sir. I had a couple of questions. First one being that in the result presentation, the Chairman sir has said that growth was impacted due to a strong base quarter, i.e. 1st Quarter Financial Year 25. And you have guided for a 20%-25% growth for Financial Year '26. My question is this that if you look at the various quarters for Financial Year '25, growth has been strong as in above Rs. 60 crores for each of those quarters. So, what gives you the confidence that you will be able to arrive at a 20% sales growth for Financial Year '26?

Sameer Merchant:

Sure. Thank you for your question. See, we, like Rajesh bhai said, where he clearly said that we are confident of doing 20%-25% growth this year, our Q1 has done say 10% from Q4. Usually that is how we will keep growing on sequential basis. And with the investment that we have

made post the IPO, we should be able to see the delivery numbers quarter-on-quarter. So, we are very confident that Q2 versus Q3 and Q4, we will have sequential growth of 8%-10%.

Shalini Gupta:

Yes, but what is going to push?

Sameer Merchant:

So, that is what I am saying. Yes, all the investments that we have just done from our IPO proceeds will lead to geographical expansion, capacity expansion in terms of more digitization. So, there are clear processes and the investments in place for us to keep sequentially growing this year by 8%-10% quarter-on-quarter. And that is why we reinstated that line that we are very confident that we will grow by 20%-25% this year.

Shalini Gupta:

Yes, sir. Now, basically a lot of geographical expansion. Now, my second question is that laboratory offerings are the chunk of your business. In terms of product-wise, can you say what is going to change for the rest of Financial Year '26?

Sameer Merchant:

I think that is a great question. We were looking forward to answer that. Scanner is our biggest enabler. Actually, if you see, last quarter, we had sold about 80 plus scanners in FY '25 Q1. In FY '26 Q1, we have sold more than 200 scanners. And we are on path to do more in the next quarter as they keep coming. So, this is one of the biggest enabler for us. And when we sell the scanner, this is not a vanilla sale for us. Every scanner with the doctor is with a minimum value commitment. So, when we sell the scanner, there is a minimum value which is tied for the doctor to give us business per scanner. So, the greater number of scanners we keep selling every quarter, the more customers we are confirming as part of our revenue in the future. So, that is why we are extremely confident that we will grow in the domestic lab segment as well by 20%-25%.

Shalini Gupta:

Yes, sorry to ask this question. What is a scanner? What does it do for you?

Sameer Merchant:

Great question. So, I am sure either you or someone in the family would have been to a dentist and probably someone in the family would have had a cap or a crown made of ceramic or zirconia. Is that correct?

Shalini Gupta:

Yes, I am sure.

Sameer Merchant:

Great. Yes, someone. So, when the doctor has to send the measurements of your upper and lower jaw or the teeth as you may say, they are currently using a physical impression which is actually a silicon material. As compared to that, so first there is operational cost of that silicon material too. It is time taking, correct? If you are based in Delhi or some other city or some other state, it is going to take one day to travel and come to us versus a scanner is where the same process is done through a digital scanner where it is only scanning the jaw. Thereby, those impressions can be very accurate and can be just emailed to us or they can use our custom portal to send the file to us in 5 minutes. And that is where the patient can get faster delivery, the patient can get better delivery and the scanner is just not for the caps and crowns, even in case of aligners or for that

matter any restoration that the dentist desires to have, they can use the scanner and send the scan of their respective patients to us.

Shalini Gupta: And sir, you have spoken about the aligner solutions, so I just want to confirm, so these are not aligners but these are aligner solutions that have shown this kind of growth?

Sameer Merchant: So, aligner solutions has two parts of the business, B2B and B2B2C. B2B is where we sell all the raw materials that you need to make aligners in India and across the world and B2B2C is where we sell the actual aligners where we have branded aligners in India where Kareena Kapoor is a brand ambassador and we are growing our brand in India.

Shalini Gupta: No, you are talking about aligner solutions means it is something that is used in the aligner, am I correct in my observation?

Sameer Merchant: No ma'am, the reason we said aligner solution is there are two parts of the business combined as aligner solutions, one is the B2B and one is B2B2C.

Shalini Gupta: So, essentially, when you are talking about this strong growth, you are talking about growth in the aligners?

Sameer Merchant: Yes.

Shalini Gupta: And sir, you have shown very strong growth in aligners and scanners. Now, my question to you would be, what is the strength that you bring to the table on these businesses?

Sameer Merchant: So, one of our core strength like I said digitization is one of our biggest push along with the brand that we have and the trust that we have created since few decades that we are there. So, we have doctors and patients who are working with us since more than 2 decades. They have crowns placed in their mouth since more than 2 or 3 decades. So, that is the kind of trust that we bring to the dentist and the end consumer along with technology.

Shalini Gupta: And what do you mean by digitization? You have spoken about it across several presentations and so what exactly do you mean by digitization?

Sameer Merchant: Digitization means anything and everything that the patient is experiencing today to make a restoration. We would like to digitize the process as much as possible. So, one of the process which I just explained you, ma'am was the physical impression versus the digital impression. So, that is big part of a push because in terms of operational efficiency, if I have to explain you in a very simple manner, it is like, if you could have an ATM machine and next to it you also want to have a cashier to deliver cash to people who are coming in. It is not efficient right? You can't have two ways, either just have the cashier or remove the cashier and have the ATM machine. So, that is what we are doing, currently with physical and digital we are close to 70% digitization, but we still have the cashier of 30% which is the physical impression coming in.

The goal of pushing the digital is that in the future, we would like to focus on only digital dentistry because that is what the future is. And similarly, in that same thought process we have invested in this AI company where we also truly believe that AI in dentistry is bound to come. We cannot avoid it. AI is touching all aspects of our life and dentistry also it will touch and we want to be the forefront runners in that so that we can utilize the AI and make sure we keep pushing our digitization efforts.

Shalini Gupta: And my last question to you, sir is.

Moderator: I am sorry to interrupt ma'am.

Shalini Gupta: Yes, just last question.

Moderator: Go ahead.

Shalini Gupta: Sir, what we find is that raw material costs are going up and so are your employee expenses going up and the margins have taken a hit. Even if I just for the fact that you took ESOP expenses, you expensed out some ESOP expenses in the quarter, but yet your raw material costs are going up and your employee expenses are going up, so what is your view on both these costs?

Sameer Merchant: So, our raw material cost when you compare is actually not going up because you are comparing the scanner sales together with the whole business. The scanner sales is an enabler for us and when we buy the scanner, yes, it is a trading item. We are buying a scanner, we are selling a scanner, so it will come at trading margins. That is why you see that but if you actually compare on a full year basis and also as compared to Q4, our margins have grown. Comparing to Q1 is where we are saying it was an exceptional quarter but if you compare full year FY '25 versus the Q1 or if you compare the Q4 with Q1 in both scenarios, we have improved our margins.

Shalini Gupta: And what about employee costs, they have gone up. Even if I net it off from the ESOP expenses, so you are a growing business, growing business fine, but employee expenses as a percentage of sales have gone up. So, if you could just comment on this?

Sameer Merchant: Ma'am, if you see our FY '25 when we ended we were at 35.9 and our current is we are close to 36. So, net-net, we have not, but, of course, if we have to improve sales we have added some people because like I said we are forecasting quarter-on-quarter improvement sequentially 8%-10%. So, for that we will need to add few people in certain important positions for us to enable that growth for this year.

Shalini Gupta: That is fine. That has to be expected in a growing business.

Moderator: Hello.

Shalini Gupta: Sorry. Thank you, sir.

Moderator: Thank you, ma'am. The next question is from the line of Amit Agachia from HG Hawa and Company. Please go ahead.

Amit Agicha: Hi, good afternoon, sir.

Sameer Merchant: Hi, good afternoon.

Amit Agicha: Yes, thank you for the opportunity. Sir, what is the current utilization level across the fixed plants?

Sameer Merchant: Your voice is breaking up, Amit I don't know if it is for me or Muskaan.

Moderator: Sir, I just requested you to use handset your voice is not clear properly

Amit Agicha: I am using the handset. Am I clear now?

Moderator: Your voice is breaking little bit.

Sameer Merchant: Slightly better now.

Amit Agicha: Sir, my question was like what is the current capacity utilization across the fixed plants?

Sameer Merchant: So, it depends on branch to branch, but I would say we are in reasonable capacity utilization in the labs and for the others, there is still scope to improve the utilization and that is what we have planned. We have invested to grow for the future.

Amit Agicha: And sir, what is the current confirmed order book across the lab aligners and scanners?

Sameer Merchant: So, I wish we could do that but this is not like the other sectors. We are working with lot of dentists in India and across the world. So, the order book concept in dentistry itself at least on the lab aligner perspective doesn't exist.

Amit Agicha: And sir, what are the top 5 growth geographies?

Sameer Merchant: So, if we have to see again, India is one of the key drivers of growth and then there is Europe which is our second driver of growth. Of course, US is still, I would say close to 20% part of the business but we are seeing ourselves more as a global company. Even when we started our first call, we said that our wish and our constant drive is to make this a global company where we are there, already we are there say in about 95-100 countries of the world. Our goal is we have all the products and the capabilities and are only awaiting regulatory clearances as we move forward in the future to be a company which will sell in probably every country in the world wherever we can get good regulatory clearance and that is how we want to diversify ourselves.

Amit Agicha: And sir, do you feel that the plant visit will help us to understand the company better?

Sameer Merchant: Sorry, what will help?

Amit Agicha: The plant visit?

Sameer Merchant: Absolutely, we always encourage people to come and visit. You will be able to understand the company so much better apart from the fact that next time when you visit your dentist, you will have few more questions than what you currently ask.

Amit Agicha: Yes, sir, please sir can you please arrange a plant visit for us?

Sameer Merchant: Absolutely, why not, you can connect with SGA who are our partners as an IR and they will be more than happy to schedule a visit.

Amit Agicha: I appreciate answering the questions, sir. All the best for the future. Thank you.

Sameer Merchant: Thank you so much. Welcome.

Moderator: Thank you. The next question is from the line of Nirali Shah from Ashika Stock Services. Please go ahead.

Nirali Shah: Thank you for the opportunity. I have two questions. So, first one is on the gross margin. I just wanted to understand, you have indicated that the scanner gross margins are lower, but at the same time, you also mentioned that scanner is our biggest enabler. I am trying to understand if this is the biggest enabler, how we will be bringing our gross margins to a higher level or maybe to our historical level and henceforth going ahead, how can we improve on that and if also you can share if possible on the margin mix between the scanners and the whole dental products?

Sameer Merchant: Sure. So, when we said that scanner is an enabler and that is why if you see in our presentation we have showed the scanner separately and we internally are tracking very clearly that what is our gross margins on our standard business and what is the gross margin on our scanner business, but when you combine them is where you are seeing that the gross margin is changing. But you have to understand a scanner is a hardware. If I am buying the hardware, say, for example, at Rs. 100, you would typically sell at 20%, 25%, 30% hardware to a customer, but when I am creating our own product that is where the gross margin will be in the range of 75%-80%. But this is a hardware, so you should not combine together to see the margin and scanner is one of the key component of enabler because when it comes digital impression versus say a physical impression, our operation efficiency and like the previous gentleman said if you do a site visit, you will tell me that how my margin will improve versus us telling you how it will improve if we get digital impression versus physical impression and that is the feedback we have had previously. When they visited, they came and met the management and said Sameer bhai, Rajesh bhai, if you do this now your margin will improve and like this is exactly what we are trying to

say. You do a site visit, you will know that how the operation process functions between a digital impression and a physical impression. And that is why we feel that in terms of margin, we are only improving. Actually, if you see on FY '25 to Q1, we have improved our margin at an overall level.

Nirali Shah: Understood. I think what you mentioned site visit would be better to understand this

Sameer Merchant: Yes.

Nirali Shah: And my next question is on the Kids-e-Dental, so this quarter we did a 44 million revenue. How should we think about this business like in a growth trajectory perspective and should 45 million be a sustainable quarterly run rate or what kind of growth should we see here?

Sameer Merchant: It will definitely grow higher. In fact, we have explained this in a previous call that we are awaiting certain regulatory approvals which should be done either in Q3 or Q4. Once we achieve those regulatory approvals, I feel we are confident that what we did last year with Kids-e, we should be able to do 20%-25% growth in Kids-e as well.

Nirali Shah: 20%-25% growth for the Kids-e-Dental?

Sameer Merchant: Yes.

Nirali Shah: Thank you.

Moderator: Thank you. The next question is from the line of Hulash Goyal from Goldman Sachs. Please go ahead.

Hulash Goyal: Hi, Sameer, hi Rajesh. Just to understand the margin has long-term dividend structurally, what is the near-term you please may be flash out the impacts of future US tariffs on the business and the steps being taken currently to mitigate the tariff?

Sameer Merchant: So, on the previous tariff situation when it was 10%, we were able to pass on the tariff of 10%. So, there was no impact based on that. Now, the current 25% which has just happened, I would say, probably 3, 4, 5 days back, we are still taking situation consideration, we are having meetings with our customer and we are confident that we should be able to pass on, I would say majority of it, we may have to take care of some part of it, but at the same time there is an intercompany transfer pricing that we have with our own subsidiary in US. So, if you ask us even at current situation we are not worried. We think it is not going to have a major impact. There could be a 0.5% or 1% impact in the margin that is at max is what we think would happen because if it is currently 20% of our revenue and in that and 10% is already passed on and then there is 15% which is current delta, even if we are able to manage to pass on majority to the customer or split, then also the bottomline impact should not be more than 0.5%-1%. And anyway, the other countries are much more expensive than us. If they are looking at an alternate

which is China they are also currently at 30%. So, we are not worried. We are confident that we should be able to do good and of course, as things evolve in the coming weeks we will keep everyone updated.

Hulash Goyal: Given the way your gross margins are I guess 10%-11% price increase may fully offset the 50% tariff impact over here, but can you maybe remind us the structural competitiveness of buying from India versus the Chinese lab in the US market?

Sameer Merchant: So, currently, we are probably at par in terms of pricing, removing the tariff part and China could be probably 5%-10%, slightly more expensive than what we are. So, in some products, we will be 5% more expensive, in some product they are 5%. But in overall level, we are at par with the pricing structure from China. And if the tariffs remain or they probably go down, go up, it is going to be similar for both parties. And like you rightly said our marginal price change on the topline could offset this very easily for us. And at the same time, we are driving really strong efforts in different parts of the world whether it is APAC, whether is the Middle East or whether is Europe. And in the next few quarters, by end of the Financial Year, we will see that we will be diversifying this business in the future, so that the US probably still be a good chunk of it, but we have diversified to de-risk ourselves.

Hulash Goyal: Understood. These are all my questions. Thank you.

Sameer Merchant: Thank you so much.

Moderator: Thank you. The next question is from the line of Ashutosh Nemani from JM Financial. Please go ahead.

Ashutosh Nemani: Thanks for the opportunity, sir. My first question is on the Bizdent branded aligner segment. So, the revenue if you compare year-on-year has been flat, so despite our investment in branding of this business, why has the revenue been flat from Rs. 99 crores to where it has been in the similar range, if you could comment on that, please?

Sameer Merchant: So, if you see even in our presentation, we clearly mentioned that B2B2C faced some competition and this competition was more on the pricing part. Now, as a management, we have clear thoughts in our mind that we will focus on maintaining the margins, the bottomline. And that is why we did not indulge in the price situation currently and anyway, all the price situation that we usually see are there for 1 or 2 quarters. And we have already taken steps in terms of how to identify the customer who are looking for the value that we give with our aligners, slightly new geographies within India where people have perceived our brand to be good. So, those steps are taken in that regard for the next upcoming quarters.

Ashutosh Nemani: Just a follow up question, our aligner business is clearly India business?

Sameer Merchant: Correct.

- Ashutosh Nemani:** And my second question is in the presentation, you mentioned that gross profit normalization went from quarter 2, so what are the drivers and because we will be selling more scanners if I understand from your commentary, so what will be the driver for gross profit normalization and at what level it will settle. And revenue for FY '26, do we still plan to grow at 20%-25% rate, like US tariff impact on the--
- Sameer Merchant:** Absolutely. Still we are confident that we will be in the range of 20%-25% in terms of our goal for FY '26. And when you spoke about the margin improvement, so as the product mix increases and you have seen as we enable the scanner, we go more digital and if you have done the site visit, you will be able to see that we will keep optimizing the cost in terms of our people and also in terms of material. So, when say the dollar fluctuates a little, the material would go on a quarter slightly up, slightly down, but we are confident that as we move forward, as we go more digital, we will have more premium products and we will be able to stabilize the gross margins.
- Ashutosh Nemani:** And sir, on the other expenses last quarter, Q1 FY '25, there was 23% of revenue, which is 19%, so any specific line item which is specifically driving this improvement?
- Sameer Merchant:** So, we in terms of our ECL, so there is a credit of ECL on the other expenses and that is what is driving. So, we are becoming more efficient in terms of what we do, in fact, I think our first earning call we said that we have implemented a newer ERP which has come which probably in the next couple of quarters is giving us more visibility, more cleaner structure, more access to information and that is what we are using to improve all the aspects of our other expenses.
- Ashutosh Nemani:** So, it would be fair to assume it should remain at similar level for the entire year or it is implemented, right?
- Sameer Merchant:** It is just implemented so it has been only 4-5 months and any ERP usually takes about 6 months to 1 year to get fully implemented. We see there is more improvement in that category as well.
- Ashutosh Nemani:** Yes, thanks a lot, sir.
- Moderator:** Thank you. The next question is from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.
- Tushar Manudhane:** Sir, just on the dentist network, if you could throw some light over like past 1 year, how the network has expanded and probably in terms of laboratory offerings per dentists, how have we sort of scaled up in terms of getting more business per dentists, so if you could share your thoughts on this aspect?
- Sameer Merchant:** Like I had explained before, our primary goal is first to digitize the network and cross sell to the network. That is what is the primary goal because that is the low-hanging fruit that we already have versus going out and getting new customers which is still a part of KRA for the sales team that they have to get newer customer base. But at the same time, like I explained, currently in

the operation we have the cashier and the ATM both. So, the goal here is the sooner we expand digital dentistry, the sooner we make this 90%-95%, then post that 2-3 quarters later, once we are able to achieve this, then the simple KRA/KPI for the sales team is cross sell the dental products to the aligner customers, cross sell the aligner products to the dental customers and get newer customers. So, that is the current way that we are moving and we are tracking internally of how we are able to convert a dental customer to aligner, aligner customer to dental and at the same time, our sales people when they use scan as a service and they go to a doctor, we have been able to sell the scanner to the same doctor. So, that is our sales funnel. And that is how if you see this quarter we have almost sold 2.5x scanner than that we sold last quarter.

Tushar Manudhane: So, what is the plan for number of scanners over the full year?

Sameer Merchant: So, this quarter, we are at about couple of 207-208 scanners approximately. The goal in our mind it should be we should be able to deploy a thousand. That is the current goal in mind. And we see how things shape up quarter-on-quarter, but that is the current goal that if you are able to deploy 1000 scanners, we are blocking in 1000 customers who are giving us business. And then the sales team can move to a new 1000 customers to give scan as a service.

Tushar Manudhane: And to support that the MR for the field force remains largely stable, right because it is more about conversion of the existing dentists?

Sameer Merchant: Correct. Of course, there will be always a few tweaks, we are doing some replacements, some new geography addition, so that will happen, but more or less, it is not changing a lot.

Tushar Manudhane: Sir, on the export side, outside US, other geographies if you could sort of help understand the growth prospects outside US maybe the other countries?

Sameer Merchant: Sure. Like I said we have the APAC, we have the Middle East, we have Europe, post our IDS Germany show that we did which we explained in last quarterly call, it is giving us good results we have got a lot of leads from Europe, Middle East and APAC. And in the next few coming quarters, we will start seeing results that we are becoming a more global company that is the goal that we have set for ourselves.

Tushar Manudhane: Sir, on the Vedia business, there has been a decent growth this quarter?

Sameer Merchant: Correct. Yes, that is the IDS impact right that is the impact of IDS where we already had certain registrations so when we went, when we exhibited in the biggest exhibition where we got a chance after 2 years because it happens only once in 2 years, we have started to see that growth. And similarly, what we are seeing in Vedia, eventually will happen in Kids-e as well, over there just the regulatory clearance is the hurdle.

Tushar Manudhane: And just lastly on the supporting facility side, any plans to further add in terms of cities to have that last touch point or we are good to go with the existing cities?

Sameer Merchant: We keep evaluating every month every quarter Tushar, so if we think the potential of the business is rising, the customer expectation is for us to have a touch-up center through which we will be able to grow the business, then we will always keep thinking of the hub and the spoke thought process that if the spoke can help the growth in a faster way, then we take a decision and we put the spoke in. But as long as we feel it is not needed, we will not do it. So, it is just based on demand and supply that we see in the respective city.

Tushar Manudhane: Understood. And just lastly from my side, how much of the advertisement spend would be there for this year like compared to FY '25 in absolute amount or as a percentage of sales?

Sameer Merchant: It will still be under 5%. So, we still keep that we always keep it under 5% and even this year, it will still be under 5%.

Tushar Manudhane: Got it, sir. That is it from my side.

Sameer Merchant: Thank you, Tushar.

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

Smith Gala: Thank you for the opportunity. So, as the employee expenses have increased for the upcoming growth in the coming quarters, should this run rate hold for the growth to come?

Sameer Merchant: We should be in the similar range moving forward.

Smith Gala: And if I understand the current percentage of revenue from US is around 20%, is my understanding correct?

Sameer Merchant: That is correct, Smith.

Smith Gala: And on the growth coming, do we have a sufficient capacity in our labs to serve the growth of 20%-25% for the coming 2-3 years?

Sameer Merchant: Yes. So, currently, we have the capacity. All we need is add more machines and that is why we have raised the capital and we will use the IPO funds as and when we keep needing those for our expansion.

Smith Gala: So, what will be the amount of the CAPEX?

Sameer Merchant: So, in our IPO plan, we had said that we are going to be in the range of about Rs. 68 crores for the next 2 years and we still feel that that is more than sufficient for us to expand.

Smith Gala: Thank you. That was it from my side.

Sameer Merchant: Thank you.

Moderator: Thank you. That was the last question for the day. I would now hand the conference over to the management for his closing comments. Over to you, sir.

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

Moderator: Thank you. On behalf of Motilal Oswal Financial Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.