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DODLA

**Date: 05 February 2025**

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| The General Manager<br>Department of Corporate Services<br>**BSE Limited**<br>Phiroze Jeejeebhoy Towers<br>Dalai Street, Fort<br>Mumbai-400 001 | The Manager<br>Listing Department<br>**National Stock Exchanges of India Limited**<br>"Exchange Plaza", 5th Floor,<br>Plot No.C/1, G Block<br>Bandra-Kurla Complex<br>Bandra (East), Mumbai 400051. |
| **Scrip Code : 543306** | **Scrip Code : DODLA** |

Dear Sir/Madam,

**Sub: Transcript of Q3 FY25 Results Earnings Conference Call held on Friday, 31 January 2025**

In Continuation to our letter dated 21 January 2025 the Company had organized a Q3 FY25 Results Earnings Conference Call with the Investors/ Analysts on Friday, 31 January 2025 at 10:00 AM IST. A copy of Transcript of Earnings Conference call held with the Investors/ Analysts is enclosed herewith and the same has also been uploaded on the Company's Website at www.dodladairy.com.

This is for your information and records.

Thanking You,
Yours Faithfully,
**For Dodla Dairy Limited**

SURYA PRAKASH MUNGELKAR

Digitally signed by SURYA PRAKASH MUNGELKAR
Date: 2025.02.05 10:36:17 +05'30'

**Surya Prakash M**
Company Secretary & Compliance Officer

# "Dodla Dairy Limited

# Q3 FY25 Earnings Conference Call"

# January 31, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 31st January 2025 will prevail

**MANAGEMENT:** **MR. SUNIL REDDY DODLA – MANAGING DIRECTOR – DODLA DAIRY LIMITED**
**MR. BUSIREDDY VENKAT KRISHNA REDDY – CHIEF EXECUTIVE OFFICER – DODLA DAIRY LIMITED**
**MR. MURALI MOHAN RAJU – CHIEF FINANCIAL OFFICER – DODLA DAIRY LIMITED**

**Moderator:** Ladies and good day, and welcome come to the Dodla Dairy Limited Q3 FY '25 Earnings Conference Call. 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. Please note that this conference is being recorded.

I now hand over to Mr. Sunil Reddy Dodla, Managing Director from Dodla Dairy Limited, Thank you and over to you.

**Sunil Reddy Dodla:** Thank you very much. Good morning. On behalf of Dodla Dairy Limited, I extend a very warm welcome to everyone joining us today on our call. I hope everyone has had an opportunity to go through the financial results, our investor presentation which has been uploaded on the stock exchanges and on our company website.

I'm happy to announce that for the quarter, Dodla has delivered a healthy performance by achieving a year-over-year revenue growth of 21%, reaching INR 901 crores in Q3 for the year '25. As all of you know, Q3 is a relatively a moderate quarter for the overall dairy business due to seasonality dynamics of this industry.

Yet Dodla was able to grow by a double-digit number and maintain healthy margin levels. The growth is witnessed across all the key segments including India, Africa and Ografeed with the later two experiencing a higher growth as compared to our Indian operations on the back of capacity additions in Q4 last year. Both these segments delivered their highest ever quarterly revenue in Q3 for the year '25 and also the revenue for the 9 months period from both the business has already surpassed the full year revenue of the financial year '24.

Our value-added product sales remained soft in this quarter, reflecting the seasonal nature of our industry and they have contributed 32.3% of our total revenues. Going forward, we will see an improvement in VAP sales due to the summer season. But over a longer term, we aim to curb the seasonality effect by expanding into newer geographies as well as improving our share in the regions where we currently are present.

Now coming to the milk procurement. The prices of milk are on the rise. We are entering into the lean season. However, our direct-to-farmer, farmer model helps us maintain the quality of milk procurement and enables us to deliver good quality milk to our customers on a consistent basis.

I would also like to inform you that we have strategically maintained sufficient inventory levels in order to meet our full year requirements for good quality milk and satisfy our customers' demand. To fuel our growth further, the Board has approved a capex of INR280 crores towards a Greenfield facility in Maharashtra. This is expected to come on stream by the end of the financial year '27.

We will be funding this capex via a combination of debt and internal accruals. It will be approximately 10 lakh litre per day handling capacity plant. As a company, we will remain focused on improving our brand salience by maintaining consistency of high quality in all our products, along with ongoing investments towards advertisement and promotional initiatives, which will help us gain new customers and cross-sell our new products to existing customers.

With this brief, I will now hand it over to our CEO of our company, Mr. BVK Reddy. Thank you very much.

**BVK Reddy:** Thank you, sir. As Mr. Sunil stated in his opening remarks, we have seen a decent performance in Q3 '25. The festive season was good. And just as we anticipated, there was a surge in demand, which played an important role in achieving this double-digit revenue growth rate. For Indian business, the performance was driven by the combination of overall volume growth, along with higher VAP sales compared with Q3 last year.

We have maintained milk prices during the quarter, but we have planned to price hike considering in the increase in our procurement cost during this quarter. This increase is in selling price in line with the industry trend. And it is just an inflationary change and there is nothing specific to be concerned about it.

In Africa, we saw a faster revenue growth, thanks to increase in utilization of our new capacity in Kenya which was added last year. However, our margins were impacted due to delayed monsoon leading to higher procurement cost. We expect this to improve in over a couple of months. Ografeed business is witnessing positive trend and delivering a promising numbers.

As mentioned previously, this business plays an pivotal role from the strategic perspective. It helps to improve our relationship with farmers, also ensures high-quality nutrition for the cattle. Speaking of margins, overall margin profile remained in line with the previous quarter. This stability in margin is a result of our ongoing efforts towards improvement in overall efficiency in both milk procurement and milk processing operations.

Our EBITDA stood 10.6% compared to 11.1% in last year same period and we are confident in maintaining these margin levels as a sustainable basis. Typically, Q3 tends to be a softer quarter for the VAP portfolio due to softness in curd sales as well as in the ice cream segment. However, on a year-on-year basis, we have witnessed an increase in overall VAP sales with Paneer continuing to perform well.

We have also done a bulk sale of SMP butter around INR 72 crores in Q3 FY '25. As we enter the summer season, we are expected to increase our VAP sales contribution reflected in the upcoming quarters, mainly driven by high butter milk, flavored milk and ice cream sales. During the quarter, we were able to procure 17.1 lakh litres of milk on average. This was around 17.5 lakh litres in the same period of the last year.

The average procurement cost is Q3 of '25 was 35.6 per litre. This was around 37.8 litres from the same period of the last year. The average procurement cost in Q2 FY '25 was INR34.6 per litre. Average milk sales is 11.6 lakh litre, an increase of 9.1% on a year-on-year basis. Curd sales stood around 307 metric tons with a year-on-year growth of 5.2%. And lastly, the VAP sales were INR 281 crores with a growth of 50.9% on a year-on-year basis.

Overall, our focus remains on enhancing our procurement strength and widening our product portfolio as well as product distribution range. We also aim to keep our VAP sales contribution above a certain level and maintain overall profitability. With this, now I request our CFO, Mr. Murali Mohan Raju to share the financial highlights. Thank you.

**Murali M Raju:** Thank you, Mr. BVK. Reddy and a very good afternoon to all the participants on the call. Talking about quarterly performance in Q3 FY '25. The revenue from operations came in at INR 901 crores versus INR 747 crores in Q3 FY '24. In the quarter, our gross margin stood at 28.2% which remained broadly in line with our full year levels. Employee expenses increased by 19.8%, primarily due to annual increments and some addition of employees in Kenya plant and Ografeed plant in Kuppam.

Other expenses remained in line with the previous quarter. We reported an EBITDA of INR 96 crores as against INR 83 crores during Q3 FY '24 with the margin standing at 10.6%. Our depreciation for the quarter stood at INR 20 crores versus INR 18 crores in Q3 of last year. Our finance cost for the quarter remained stable at INR 1 crores in Q3 FY '25.

With the backing of strong cash flow generated by the company, the other income has increased phenomenally by 92.9% year-over-year. We saw a decrease in our tax from INR 28 crores last year to INR 23 crores in Q3 FY '25. Reason being we obtained tax residency certificate in Singapore, which enables the exemption of dividend income in Singapore, resulting in a tax saving of INR 5 crores.

This factor has contributed to the improvement of net profit margin by 152 bps and the absolute value standing at INR 64 crores. The net profit margin stood at 7.1%. Now for the 9 months performance. Revenue grew by 20% and stood at INR 2,810 crores as against INR 2,338 crores. EBITDA margin saw an improvement of 145 basis points and stood at INR 297 crores. Net profit was at INR 192 crores as against INR 120 crores, a growth of 60% year-on-year.

With this, we conclude the presentation and open the floor for further discussion. Thank you.

**Moderator:** Thank you. We will now begin the question and answer session. The first question comes from the line of Vinamra Hirawat from JM Financial. Please go ahead.

**Vinamra Hirawat:** So, sir, congrats on a good set of numbers. My first question is a little bit on the quick commerce side. My team and I checked for dairy products in the South region, Hyderabad, Chennai and we checked on Blinkit, Instamart and Zepto. And what we saw is Dodla is only present in Zepto in Hyderabad, while our competitors like Heritage, Hatsun and the Co-ops are present throughout the channels.

So sir, I wanted to know quick commerce as a percentage of your sales. Is there a push to be present across quick commerce platforms? And when can we expect some progress on sales through quick commerce? Because the way it's growing and eating up share from general trade, this has to be a notable channel for us going forward?

**Sunil Reddy Dodla:** See, quick commerce, we are present and we are experimenting with Hyderabad and we have also extended to other towns in Andhra and Telangana, for example, places like Kurnool and other places where we are stronger. We are taking it and we will be expanding to all other places, but we are also being very cautious in terms of -- because most of -- a couple of them have a lot of the dark stores, but we also have to make sure that supplies are proper, the cold chains are maintained well and there are no other issues from our end as well as their end.

So I think it's only a shorter time before we go there. But as a percentage, I think for all of us, for us to put together, it is still a small percentage of overall. It's still 0.5% of our revenues. I think in the days to come, it will grow, but we'll also have to keep both the channels growing. So all the channels will be there. We should also be present in all the channels.

**Vinamra Hirawat:** Okay. And where do you see this 0.5% of sales right now getting to...

**Sunil Reddy Dodla:** In the short term, it will be still moving by another 0.5%, 1%, 1.5%, 2% because there is still a good amount of delivery available in the old school where milk delivery is made at home. People are still being able to deliver a lot more of the app-based deliveries are coming in and a lot of them are using products.

So multi chain quick commerce will move along with modern trade and others will also come. I think this will move in the 1% to 2% ranges over the short term.

**BVK Reddy:** Yes. We are expecting roughly about INR100 crores revenue this financial year. Yes, modern trade and e-commerce.

**Sunil Reddy Dodla:** Modern trade and quick commerce put together.

**BVK Reddy:** Together we are expecting roughly about INR100 crores. So last year, not even 50% of that.

**Vinamra Hirawat:** Sir, sorry, last year, not even INR50 crores was booked in quick commerce and modern trade?

**Sunil Reddy Dodla:** Less than that. And this year will be...

**BVK Reddy:** Less than that. And this year, we are expecting roughly about INR100 crores.

**Vinamra Hirawat:** Okay, sir. Sir, my next question is also on the distribution side. Sir, what percentage of our sales come from Dodla Parlour? And I see that you have a pretty strong growth in Dodla Parlours for this quarter. What are the number of Dodla Parlour we expect over the next 2 years? And do we have higher margins selling in our own Parlours?

**Sunil Reddy Dodla:** So our Parlours are, numbers are -- we try to keep our DRP numbers, I think, are 657. We are not concentrating surely on a blind number growth, but also to make sure that there are profitable number growth that we do. Our Parlours will be around second in terms of margins coming after our distributor network, our Parlour network comes second in terms of realization because we also are trying to do -- it's a company-owned and franchisee-operated kind of a model.

So we're trying to keep it with the long-term view of maintaining more hygiene standards and making sure that we can do a little more cross-selling. So that's why it's number 2. But that's one of the tools that we use to go to market. Wherever if you're finding other channels of difficulty or we need to create our own, we start using our DRPs. And I think they should grow another 2%, 3% over a period of time.

**Vinamra Hirawat:** So you said 2%, 3% growth a year in number of Dodla Parlours?

**Sunil Reddy Dodla:** Yes. The Parlour number, we will not be too because we want to make them profitable. But as a percentage of growth, the sales will grow by at least 2%, 3%.

**Vinamra Hirawat:** Got it, sir. Sir, if I can just fit one more question in. So leaving out other income this quarter, why are your EBITDA margins lower year-on-year since we have Africa, Ografeed and VAP, which is notably higher percentage of our sales in Q3 of F '25 versus Q3 of F '24?

**Sunil Reddy Dodla:** So I'll just give you broadly the explanation and Murali will give you more specifically the number. If I look at my absolute number, actually, it has grown from INR 64 crores on Q3 '24 to INR 76 crores on absolute number, we have grown. The reason was as a percentage of our showing lesser from an 8.68% to 8.48% is fundamentally because Africa, where we started Kenya, which gave us a 40,000 litres of market, which is a new market.

We've got volume, but we still didn't get the margin because it was also a tougher summer. So procurement prices didn't go down as expected, which have been corrected now. So that is why you will see the percentage drop from 8.68% to 8.48%. But as an absolute number, it grew from INR 64.8 crores to INR 76.4 crores.

**Murali M Raju:** Apart from that, last quarter, we don't have a bulk sale. This quarter, we have a bulk sale of INR 72 crores, which also...

**Sunil Reddy Dodla:** Which normally pushes up the revenue, but might not help much in terms of the quarter.

**Murali M Raju:** As a percentage of revenue margin.

**Vinamra Hirawat:** Okay. So you're saying Y-o-Y compared to 3Q of last year was 3Q of this year. The only reason your margins are down is because of Kenya not having the margins required and higher bulk sales?

**Murali M Raju:** Yes. And also addition of depreciation because when you are calculating EBIT the depreciation also is there because of the Kenya plant full year.

**Vinamra Hirawat:** I'm looking at the EBITDA margins anyway. So the depreciation won't come on that. Thank you so much. I will come back in the queue for further questions.

**Moderator:** Thank you. The next question comes from the line of Aditya from Securities Investment Management. Please go ahead.

**Aditya:** Congratulations on a good set of results. Sir, first was what is the average procurement price and realization price per litre this quarter?

**Sunil Reddy Dodla:** Only procurement, Aditya, you want anything else which we can.

**Murali M Raju:** Procurement...

**Sunil Reddy Dodla:** Only procurement price Murali will give you.

**Murali M Raju:** The procurement price for this quarter, Q3 is INR 35.62.

**Aditya:** And realization?

**Murali M Raju:** And realization Is INR 62.17 including the bulk. If you exclude the bulk sale price, it is INR 58.06.

**Aditya:** Understood. And what is the curd sales amount in rupee terms?

**Murali M Raju:** Gross sales amount is basically...

**Sunil Reddy Dodla:** For the quarter or for the 9 months...

**Aditya:** For the quarter?

**Murali M Raju:** Gross revenue is for the quarter INR901 crores.

**Aditya:** No, sir, I was asking curd sales in rupee terms?

**Sunil Reddy Dodla:** I didn't get the question, Aditya. Could you repeat it again?

**Aditya:** Curd sales in rupee terms?

**Sunil Reddy Dodla:** Curd sales sorry curd sales one minute.

**Murali M Raju:** Curd sales consolidated, the revenue was so INR159 crores for this quarter.

**Sunil Reddy Dodla:** FY '25.

**Aditya:** Understood. Now sir, my question is on growth. Now if I look at your India business and if I exclude the bulk Fat sales, your India business is growing in low single digits for the last 3 quarters. So if you could just explain what is leading to such lower growth? And how are we looking for next year in terms of growth?

**Sunil Reddy Dodla:** So basically, lower growth was on earlier, like we said, the number of packets and volume reduction that had happened was the reason why the lower growth numbers were there in terms of liquid milk. And it was generally also, I think as the higher price went in a bit of a consumption had dropped.

But we are seeing good offtake starting off from Jan and the summer months coming in. So we are confident that these growth numbers will come back to the regular 8% to 10% of volume growth.

**Aditya:** Understood. And now if I look at your VAP sales as well, now if I exclude your curd and bulk fat sales, your other VAP, that is Paneer...

**Sunil Reddy Dodla:** That is other VAP is basically Paneer, flavored milks, butter milk and other products. ice creams...

**Moderator:** Aditya line as dropped. One moment please. May I request that we move to the next participant. The line for Mr. Aditya has dropped, we move to the next question that comes from the line of Nandita from Marcellus Investment Managers. Please go ahead.

**Nandita:** First of all, congratulations on an excellent set of numbers, sir. So I have a couple of questions. First of all, I wanted to understand that in the standalone results, we can see that the tax rate has actually gone down to 19.9% from last quarter where it was 25.3%. So the reason for that I wanted to understand.

And secondly, the capex in Maharashtra that you have recently announced of INR280 crores. So I wanted to understand the strategy, the idea behind what exactly is going to come up under that capex in Maharashtra, what sort of greenfield project are you looking at? And in terms of the payment -- I mean, in terms of funding that capex, how much of the net cash today that you have on your balance sheet is going to be used and how much of debt is going to be taken? If you can just clarify these things?

**Sunil Reddy Dodla:** Nandita, I'll explain the capex part. BVK will explain the operation part and Murali will explain the tax part of it. So the capex that we are looking at, we can actually do the entire thing to our internal accruals that we have. But we will be looking at debt because we have certain advantages of if the government is willing to give us an interest subvention.

And if we're able to get some benefits from the government side is the reason why we'll be taking the debt and using not our internal accruals and making it as an overall more efficient return on the capital that we are deploying. So that is the reason why we look at debt. Otherwise, we will have ample capital of our own to deploy it. And if we need to be, we will be making it as 100% equity, although we know it's a little more on the expensive side.

I think operationally, it is making sense that our returns are there between 5 years or 6 years is where we look at our discounted cash flows wise to be making our money back even with 100% equity. So subject to we getting any benefits, we will go for debt. If we're not getting any benefits, we will go with our own cash. BVK will explain the operations of what we are looking forward with Maharashtra.

**BVK Reddy:** Yes. since a couple of years, we have already started procurement for Maharashtra. Right now, we are collecting 2.3 lakhs average procurement from Maharashtra, the Solapur surrounding area. And we have already identified land acquired. Now already civil work has been started, and we are expecting by end of '27.

So we will be able to commence our plant. By the time we are adding another couple of chilling center this financial year also. By the time our plant comes for commencement, so at least we will have 50% milk required for that. So we are looking for 1 million litre capacity plant. So by end of '27, we were able to collect 5 lakh litres milk per day from the Solapur surrounding area. So that is our plan.

**Murali M Raju:** With regard to the tax ma'am.

**Nandita:** Yes, please go ahead.

**Murali M Raju:** Okay. With regard to the tax, in Q3 of last year, we have declared a dividend of around INR 34 crores. At that time, we don't have a tax resident certificate. So we ended up paying 15% in Africa as well as 17%. That has resulted in almost 30% of the tax. But as the dividend was squared off because it's an intercompany transaction, you have a higher tax amount. And this quarter, we have declared a dividend, but actually, we have only 15% we have to pay because we got the tax resident certificate.

That's why our 17% of benefit was there. Apart from that, why it is lower than our tax effective rate of 26% to 27% is because earlier, whatever the cash balances we have on that, we have to create a deferred tax amount. But because we already created a deferred tax at that time, now because the money has moved in that we have reversed the deferred tax. That's why the tax amount effectively has come down. That was the reason.

**Nandita:** Okay. Sir, just one follow-up question, Mr. BVK Reddy, on what you said. So I wanted to understand what part of Maharashtra are you looking at? And has the land -- obviously, if you're saying that FY '26 end you are going to commence. So what area of Maharashtra are you looking at?

And what are the operational -- other operational things that you're seeing because Maharashtra is typically cooperative heavy. So I wanted to understand your idea strategy behind why set up a plant in Maharashtra?.

**BVK Reddy:** So Maharashtra, see, roughly about Maharashtra, if you take madam roughly INR 2 crores lakh liters of milk is available in Maharashtra, only 50 lakhs Liter milk the organised dairies are collecting. So we have ample milk in Maharashtra, especially in Solapur area. And see, we identified our land closer to Solapur, 25 kilometers away from Solapur.

And now we'll be concentrating around 200 kilometers radius. So these 200 kilometers radius itself, we have enough potential to collect 10 lakh liters of milk. So that is the plan behind this.

**Sunil Reddy Dodla:** And Nandita, also, once we start going ahead with this 10 lakh liters, this is going to be in lieu of if we consider our growth at the baselines of where we are and what we need to add milk. We will also be derisking from other states of between Andhra, Tamil Nadu, Karnataka, and we'll make Maharashtra also a reasonably large part of our overall procurement network. And for us, it is also advantageous to our operating plants. I think BVK can tell you that it's close to our Hyderabad plant.

**BVK Reddy:** We already know what milk what we are collecting from Maharashtra, we are condensing and getting to Hyderabad. So Hyderabad is also closer only 275 kilometers, 300 kilometers from our existing location. And also it is very close to our Karnataka plant also. So whenever milk is required to Hyderabad and Karnataka, so condensed milk can be transported to Hyderabad and Karnataka our Sattenapalle plant. So these are the major reasons why we have set up a plant in Solapur.

**Nandita:** Fantastic. All right. Thank you so much.

**Moderator:** Thank you. The next question comes from the line of Pratik Kothari from Unique PMS. Please go ahead.

**Pratik Kothari:** Sir, just one question. I mean, our thought process on -- I mean, how do we think about doing this bulk sale? And what is this driven by? And just one observation, I mean, say, in quarter 2 and quarter 3, both when we did some large bulk sales, we're still able to maintain our gross margins and operating margins on the stand-alone level. So I mean, how do we even achieve that?

**Sunil Reddy Dodla:** See, basically, I'll give you the broader thing in saying regarding margins. Murali will explain regarding bulk sale volume and what is the price and what the realizations are. But Pratik, broadly, we are not putting up this thing to enter into the ingredient sale per se. We are now creating a lot more brand awareness and getting into selling ghee as a product and creating a lot more market.

This is -- the bulk sale that we are doing is only a sort of an intermediary requirement when we are not able to match procurement and sales. Like I've been saying earlier, overall, when we look at our kg fat and kg SMP that we require to what we are going to be selling as a balancing, we will end up with maybe -- earlier, we used to end up by erring on the side of caution and being a net buyer.

Now we are doing it and saying that we will be more aggressive and we'll end up being a net seller. So selling bulk quantities that we are looking at and compare with the market is miniscule small. Even a couple of dealers or traders itself will be able to wipe out whatever we hold as our inventories because even in the worst-case scenario, we can look at it being 10,000 tons of milk powder, which is a very small quantity in the overall scheme of markets that are available within India and the rest of the world.

This is more or less to take care of our consumer requirement, but we will not have any shortage, and we will move from an era of not having enough milk and using all kinds of buying from third parties, we will be only dependent on our milk and will not be dependent on third parties. Regarding your second part of the question of maintaining.

**Murali M Raju:** So basically, in this 9-month period, we have sold almost INR 274 crores of commodity. And whereas in the beginning of the year -- we have around INR 299 crores, which was INR 170 crores difference in Bulk Sales, we already liquidated, okay? That's whatever provision we made also, most of the amount we have record it. Only there is a INR 10 crores, which we have mark-to-market is there.

And quarter-on-quarter also, our prices are increasing when we are doing a bulk sales. So like Sir said that because of net selling, it is always beneficial that we maintain the consistency across the year.

**Pratik Kothari:** Right. So just to confirm this is, I mean, timing mismatch. I mean we are kind of getting our procurement uptick very quickly. And until we get our sales done, I mean, we'll see this from a time-to-time basis?

**Sunil Reddy Dodla:** Yes. So that's what it is. This is more a balancing thing that will happen and we don't want to be caught on the wrong side of not having product with us.

**Pratik Kothari:** Correct. Great. Thank you and all the best.

**Moderator:** Thank you. The next question comes from the line of Anushka Chitnis with Arihant Capital. Please go ahead.

**Anushka Chitnis:** I just have a couple of questions. I would like to know about the fat sales. How much of this quarter was attributable to fat? And also, did you see any traction across your sweet portfolio given the festive season?

**Sunil Reddy Dodla:** Murali will give you the specific number. The sweet portfolio for us, although the numbers will be in terms of 0.5 ton to 600 kilos a day kind of average sales. Overall, it's still a small portion of our portfolio because we sell it only through a few retail outlets and a few areas of plant areas because we want to keep the freshness of the sweet going. Fat sales have been good this year.

**Murali M Raju:** Fat sales this quarter, we have done around INR 65 crores. Last year, the same quarter, we have done around INR 12 crores only. But if you talk about last previous quarter of this, it is INR 147 crores. And if you see last 9-month period it is INR 33 crores and now we are at INR 254 crores.

**Anushka Chitnis:** Got it. Thank you so much.

**Moderator:** Thank you. The next question comes from the line of Resha Mehta from GreenEdge Wealth. Please go ahead.

**Resha Mehta:** Congrats on a very good performance. So the first question is on the acquisition side, right? So because we are doing a big capex in Maharashtra, would you say that, that would higher our acquisition ambitions, if any? So for example, your peer in South has acquired a company in East.

And historically, even we have done some small, small plant acquisitions in the South over the period of last several years. So just wanted to understand this Maharashtra is a big capex. So would that kind of prohibit us from getting into some kind of a big acquisition for geographic expansion or any other such objective?

**Sunil Reddy Dodla:** So thank you, Resha, for giving a compliment about our results. But Maharashtra will not restrict our acquisition ambitions. We will continue to do both. Maharashtra is like we have been doing all the time. We've always grown with a mixture of acquisitions and greenfields. Maharashtra was online plan for us from the beginning have been -- I think we've also informed earlier. Maybe the delays can be 3 to 6 months in terms of call that we take.

But in terms of opportunity, if we do find an opportunity which we think matches our performance requirements or our price criteria, we will still look forward for acquisitions because we still are on a very healthy cash flows, which we have with us. Maharashtra will be a project which extends over 18 months and our future accruals can be used for Maharashtra. We can still have our own cash for our working capital requirements, plus we will have money for expansion also. So it's only a question of finding the right opportunity.

**Resha Mehta:** Got it. And the numbers that you have provided for the procurement price, INR 35.6 and realizations INR 58.1 for this quarter, was that for the stand-alone or the console?

**Sunil Reddy Dodla:** It was for the console.

**Resha Mehta:** Sorry, this was the console? All right. And can you mention that for the stand-alone as well, the procurement price of the milk and the selling price?

**Murali M Raju:** Yes, sure. The procurement price for this quarter of stand-alone is INR 36.13.

**Resha Mehta:** INR36.13?

**Murali M Raju:** INR 36.13, and the selling price will be INR 62.82.

**Sunil Reddy Dodla:** INR 62.82 including the fat, minus that, it would be...

**Murali M Raju:** It would be INR 58.06.

**Resha Mehta:** Got it. And how -- so you did mention in your opening remarks that since we are entering the lean season, milk prices have started inching up. So any flavor you can provide in terms of what is the kind of inflation that we are seeing in the milk prices and any stress at the farmer level, if any?

And also in line with this milk price inflation that we are seeing or anticipating further, what are the kind of price hikes that we can take? Would it be fully covering up for the inflation that we are seeing?

**BVK Reddy:** Yes, madam. See, in the milk prices , we are expecting INR 1 to INR 2 price hike already INR 1 already some areas, it has already gone up. And further we are expecting INR 1 more also will go up in the month of March and April. For that already selling price also corrections have already started. So one round we have already seen this from tomorrow, day after we are doing in Telangana and Andhra. In some parts of Karnataka also we have already included. So simultaneously selling price also we are taking up.

**Resha Mehta:** And this is in line with what your peers have also been doing?

**BVK Reddy:** Yes, yes, ma'am.

**Resha Mehta:** On the fat products, right? So can you give a breakup of -- so I understand INR 72 crores was the bulk sale. Can you give a breakup of that between butter, SMP, ghee?

**Sunil Reddy Dodla:** INR 72 crores was only fat. It was not considering SMP also. It was only fat. In that, we can give the difference between.

**Murali M Raju:** Yes. SMP was around INR 32 crores ma'am and butter is around INR 40 crores and ghee is around INR 25 crores for this quarter.

**Resha Mehta:** Okay. And so ghee is something that is completely B2C. Is that understanding right?

**Murali M Raju:** Ghee is B2C, madam, butter and SMP is B2B.

**Resha Mehta:** Correct. And what would be the kind of EBITDA margins that we make on butter, SMP, which are fat products basically and which is...

**Sunil Reddy Dodla:** Commodity mam which changes. I think 3 months ago, it was a breakeven level of pricing that we have taken. Currently, it has moved into 6% or 7% kind of EBITDA margins. Consumer Ghee can go up to 8%, 9% EBITDA margins, depending on the channel, but average should be around 8%.

**Resha Mehta:** Okay. So ghee you are saying despite such a low base, we are already doing around 8%, 9% kind of margins. And what these margins, 8%, 9%, what you're saying would hold true for the 9-month period? For ghee?

**Sunil Reddy Dodla:** Not for the 9-month period, current period because again, it is predominantly ghee prices fluctuate more than like milk prices are almost stable and we only keep taking a hike not very rarely do we go down. But ghee prices go in tandem with the butter prices that are available. Even consumer ghee, butter prices really crash and the ghee prices come down, the butter prices go up, consumer prices of ghee also go up.

**BVK Reddy:** But third quarter being a festive season in third quarter, we had a good realization in ghee. And see now also the trend is maintaining. It is on a higher side. If you see in the overall year, maybe ghee overall entire year, 12 months, we'll be in the plus side only, not in the minus side.

**Resha Mehta:** Okay. So if we were to think about this more from a mid- to long-term standpoint, right, so where do you see your ghee margins on an average, like for the full year, considering the cyclicality, seasonality, all those factors put in together and considering that now we are going to be net sellers and not net buyers, right? So...

**Sunil Reddy Dodla:** It should be around 8% to 10% number because, ghee once you get more of a brand, we were there at a while and then we had a shortage of product, therefore, we had to withdraw from markets like Gujarat and certain areas. But once you build yourself a brand, any good quality ghee versus any ghee, you will find a wide range of pricing.

There will be almost a consumer end of at least INR 50 to INR 60 change. That means a 10% to 15% variation in price from a brand to brand. I think we will be at that higher end of the brand pricing and we'll get our brand value growing, and we should maintain 8% to 10% kind of margins.

**Resha Mehta:** So currently, when you say we are being able to charge a premium, so let's say, versus the cooperatives or the -- somebody like a heritage, et cetera, how much premium would our ghee be commanding or would it be at par?

**Sunil Reddy Dodla:** No, we'll all be at par. So most of them are already commanding a premium in the markets when you look at it, compare it. We have a lot of standalone brands of ghee, which are priced lower. unlike the organized dairy guys. So most of the dairy guys will become more premiumized ghee and the stand-alone people who buy butter from us and then convert it to ghee will be the lower pricing ones.

**Resha Mehta:** Got it. And what was the other income of close to INR 30 crores in the stand-alone business? That's a sharp jump?

**Sunil Reddy Dodla:** **Murali will** Answer, but it's majority of our.

**Murali M Raju:** Basically, other income is basically from the investments we made it on that we have accrued madam, basically mutual fund because around INR 250 crores of cash profits and liquidation of INR 170 crores, which was invested in the mutual fund. So basically, that was resulting. We invest only in the debt mutual fund.

**Sunil Reddy Dodla:** And compared to previous year, which was around INR 18 crores or INR 19 crores. This year it is INR 25 crores, INR 26 crores.

**Murali M Raju:** If you see the stand-alone madam, there is a dividend income is there INR 18 crores. But if you're talking about consolidated, it is not, it is only the interest income, what we got. And apart from that, there is a minor income which got it from the milk cans and all those things. Those are small -- those are the smaller amounts which we get.

**Resha Mehta:** Right. And this time, the growth has been quite strong even in the India stand-alone dairy business, if I were to exclude the bulk fat revenues also, unlike the previous quarter. So would you attribute this revenue growth to some specific geography, specific region or have you seen this is a secular trend across the territories that you operate in? Any color here that you can give in terms of geographies for...

**Sunil Reddy Dodla:** As a secular trend, it's all across more than volume also, the value also has increased in the terms of pricing which had come earlier. So you're seeing an impact of both secular...its all across

**Resha Mehta:** Right. And just lastly, on this the fat sale, right? So in Q3 of -- so when actually did we start recording fat sales since which quarter would that be from Q1 of this financial year? Or was it even in last financial year?

**Sunil Reddy Dodla:** Mostly fat sales was in the current year.

**Murali M Raju:** Sales was only from the current year. Accumulation of the time we have done in Q3 of last year. But Q3, Q4, we have not done any we started selling it.

**Resha Mehta:** Sorry, I missed that. So you're saying in Q3 FY '24 and Q4 FY '24, we did not have any fat sale, bulk sales, right?

**Sunil Reddy Dodla:** No bulk sale.

**Murali M Raju:** We don't have bulk sale.

**Resha Mehta:** So it was only since Q1 that we have started this, Q1 of this financial year?

**Sunil Reddy Dodla:** Yes madam.

**Resha Mehta:** And can you help me with the number for Butter SMP and ghee for Q1 FY '25, if you have it handy or maybe I can otherwise just reach out to you?

**Sunil Reddy Dodla:** You can reach out to us ma'am, but...

**Murali M Raju:** You want to have a Q1 of butter sale. FY '25 butter sale was basically value wise INR 194 crores and SMP was INR 80 crores.

**Sunil Reddy Dodla:** That is for the year.

**Murali M Raju:** That is for the year.

**Sunil Reddy Dodla:** She wanted Q3, I don't have Q1 readily with me. They have Q3 and it was between quarter-on-quarter and up to the date.

**Resha Mehta:** And the ghee for the 9 month?

**Moderator:** Sorry to interrupt ma'am. Maybe request that you return to the question queue for follow up question as there are several participants waiting. The next question comes from the line of Aejas Lakhani from Unifi Please go ahead..

**Aejas Lakhani:** Congratulations on excellent execution as always. Mr. Dodla could you just -- I'm looking for a more slightly zoomed out sort of view on how the trends for FY '26 will pan out, especially given that in '22, we saw a fairly stable year. '23 was an off year with procurement prices rising. We couldn't pass through all of them. '24 was a fairly more stabilized year. '25 has been what it is.

It's been a good year. How do you -- given the cyclicality of this industry to a certain extent, how do you see the cycle playing out for procurement prices as well as your ability to pass through given that you've been able to do this consistently over so many quarters. Do you still see that trend continuing?

**Sunil Reddy Dodla:** Thank you so much, Mr. Lakhani. Yes, what will happen is it is going to be that what we call as food inflation will continue to be there, and we will be doing both the procurement and passing it on to the customers is what it will happen. It only depends on the quantum. I don't think we'll see such a steep increase like we saw in the previous years.

It will be more a steady-state increase, maybe INR 2, INR 3 of going up to the farmer and to the consumer kind of a scenario, and we will be able to pass that on as we go forward. It is more also that the industry is sort of mature and become more uniform in nature. The differences between the cooperatives, the private sector and all that are also being evened out.

So therefore, you will see that equal passing of prices whenever there's a price inflationary that the farmers get that will also pass to the consumer, and we will maintain these kind of steady-state margin. The advantage that we have is now because we have 3 lines of revenue coming in from India operations, Africa and with the cattle feed.

I think between the 3 we will be able to maintain this healthy state of growth and margins even for a few more years to come. And like we had announced, if you take our Maharashtra project coming online, I think we are pretty much organized for the next 3 years, at least in the short term to maintain good growth rates and bottom line rates.

**Aejas Lakhani:** Got it, sir. That's very clear. And sir, just two more things. I think in your opening remarks, Murali spoke about something about the Singapore entity. So can you help me bridge my understanding that I thought that the cash flows from Africa sit to the Singapore entity and we don't repatriate them back because of taxation-related matters. So is there any change on that?

**Sunil Reddy Dodla:** No. Actually, we don't get them because of the taxation-related matters. So what happened was Murali will give you the specifics. Earlier, when Singapore government had said that if it was only you had an address, a local director, they would give us a tax residency certificate, which means that I would get the credit for whatever tax that I paid in Africa when I repatriate it to Singapore.

In the middle, they changed that to saying you have to be sort of a little more of an operating entity where you must have senior management personnel and other such things, which we have sort of complied with it, and they have given us a tax residency certificate, wherein when the money that is repatriated from Africa comes to Singapore, we get the benefit of getting the money from Singapore. We don't pay the tax in Singapore for what has already been paid in Africa.

We repatriate that money into India whenever we are doing a dividend or a dividend policy because I think it is more effective for us to do it. Murali will explain the effectiveness of getting the dividend from Africa to India and getting to Indian shareholders.

**Murali M Raju:** Yes. Basically, when we are talking about Africa money bringing to Singapore, there will be a double taxation was made earlier, 15% of the current impact on the 85%. Again, when we remit to Singapore, we have to pay 17%. Effectively, it is coming 30%. Earlier, we don't have a tax residency certificate. So after that, we got that certificate for '23, '24 and now we got even for '25.

So based on that, we have remitted back the money again this year, again, another INR 34 crores, okay? That's why. So effectively, our tax will be only 15%. Second is, whatever the money we are getting into Singapore, like last year, whatever we got the money, out of that around INR 18 crores, we already declared as a dividend in India. So based on our dividend planning and based on the requirement in India.

So we will either move on to the India or we will hold it at the Singapore. The idea of the company was to minimize the cash balances to be maintained in Africa. That was the reason.

**Aejas Lakhani:** Okay. So that was a lot of data given to me at a very rapid space, so my ability to absorb was a little lower. But what I'm understanding that you're saying is you figured out the taxation structure from Africa, whatever pool you can repatriate back to India at a 30% effective tax rate, and you're trying to minimize the capital that you hold in Singapore as much as possible and repatriate it back to India. Is that broad understanding correct?

**Murali M Raju:** Absolutely. Yes.

**Aejas Lakhani:** Okay. And probably I'll get into the semantics of it in a one-on-one call. And sir, lastly, I just want to understand from the team that so basically, as a company, you guys are super efficient. So your strategy around Maharashtra is in close proximity to your centers in Telangana and the region.

So you're basically trying to make efficient the distribution route, which is already being enforced and used and using that as a playbook to build Maharashtra from that area and then go about. Is that correct?

**Sunil Reddy Dodla:** Yes. What will happen is, Lakhani sir, we will cater to our -- let's say, Maharashtra, we're looking at East and West. Maharashtra will now push more milk whenever it's required to the Eastern market growth that we are having, which is our Hyderabad, North Karnataka and South Karnataka requirements.

And also gives us the establishment of going westward into Maharashtra, we'll start with the displays and establish there and move forward. So it will be a 2-way thing, which will be there. It will also act as a stabilizing milk requirement for our existing markets and for growth into Maharashtra market.

**Aejas Lakhani:** Got it. And sir, given that you're dispersed in fairly several regions now, what is the health of the cooperatives in each of these? Because from time to time when the health of the cooperatives is weaker, the farmer switches over to us. And because of our great factors of paying them on time in their accounts, etcetera, you get a better stickiness from a collection standpoint. So I just wanted to understand what is the health of the cooperatives in that light?

**BVK Reddy:** I will answer this. See, especially if you take Telangana, so Telangana is very poor, so they are not able to see -- make a payment to the farmers and they are due almost a couple of months. So it is very shabby, especially in Telangana. And Telangana and Andhra, see they are net buyers, throughout the year, see, they don't have surplus milk.

And Tamil Nadu, Tamil Nadu also cooperatives are not doing well. They are also running late by 1 or 2 months. They are not very efficient. Tamil Nadu also is the same problem. Karnataka, they were paying subsidy since 10 years or 10 to 15 years from 2004 onwards. But they are also now running late almost 7 months, 8 months.

The cooperatives dairies, their portion of money they're paying promptly, but the government what they promised INR 5 per litre that they are not getting into the farmer account. So it is running late. So cooperatives now it is very difficult. So maintaining consistency payment, promptly payment they are not making at all.

And if you see -- come to Maharashtra, Maharashtra cooperative dairies are very weak, smaller, all very small. So majority the Sonai, Country Delight or Govind Dairy, Parag Dairy, these are the major dairies.

**Aejas Lakhani:** Understood, sir. And so sir, is it -- just lastly, is it fair to assume that you're doing an expansion of the number of farmers where you're collecting milk by basically taking share from the cooperatives in all the geographies that you are present today?

**BVK Reddy:** Not only the cooperatives. Overall, because each and every village they are operating, people are competing whoever may be efficient, the farmer will attract mainly the service and prompt payment.

**Sunil Reddy Dodla:** So to be more specific Mr. Lakhani sir, it would be that whoever is not operating well in a certain area will be the loser only in hierarchy and wise and the better operator starts to get more share.

**Aejas Lakhani:** Noted sir and wish you the best for execution 26.

**Moderator:** Thank you. The next question is from the line of Shaurya Punyani with Arjav Partners. Please go ahead.

**Shaurya Punyani:** Sir, just a clarification that new plant in Maharashtra, is it active by end of FY '27 or '26?

**Sunil Reddy Dodla:** '26 December or let's assume that it would be '27 March, between '26 December to '27 March is where it will be operational.

**Shaurya Punyani:** March '27. Okay. And sir, could you give a broad view as to what kind of overall top line growth you are expecting in '26 and '27?

**Sunil Reddy Dodla:** We will try to maintain the CAGR growth that we've been promising at 10% by volume and 15% by revenue. Maybe they might vary in terms of the volume, might be a little lesser or a little more and the revenues might be a percent here and there, but the 10% and 15% is what we'll be looking at.

**Moderator:** Mr. Shaurya, does that answer your questions?

**Shaurya Punyani:** Yes.

**Moderator:** Thank you. The next question comes from the line of Sameer Gupta from India Infoline. Please go ahead.

**Sameer Gupta:** Sir, a little bit more on the INR 280 crores capex that you plan to do. This is 1 million capacity is what I understand. Does it include only liquid milk at this point or do you plan to add value-added products like curd and any other that you are thinking?

**BVK Reddy:** Yes. See, there, we are putting up a powder plant that is 60 tons per day capacity. So that 60 ton capacity powder plant itself will take away almost -- requirement of milk is 7.5 lakhs. And balance, there we are also planning liquid milk as well as curd and all other products also.

**Sunil Reddy Dodla:** That should be another 2.5 lakh to 3 lakh litres that will be there for the consumer B2C.

**Sameer Gupta:** And this would be in the INR 280 crores capex everything. You don't plan to add like later?

**Sunil Reddy Dodla:** Yes. No, no. This will be is the INR 280 crores capex including liquid milk and the powder plant. The other things that we'll be planning to add later can be Cattle Feed and others as per the requirement.

**BVK Reddy:** As per the requirement.

**Sameer Gupta:** And what is the potential revenue that this plant alone can generate, let's say, assuming an optimum capacity utilization? I understand there is a seasonality in the business. But in your estimate, whatever optimum capacity utilization a plant reaches, the revenue potential from this plant?

**BVK Reddy:** So normally, 1 lakh litre of milk giving roughly about INR 175 crores to INR 200 crores top line. So once this becomes 100%, it will add INR 2,000 crores revenue to the top line.

**Sameer Gupta:** Okay. So that's asset turn of around 6, 7x. Just a bookkeeping question, sir. Procurement mix between cow and buffalo milk for you?

**BVK Reddy:** Mostly, it is cow milk. 99% Maharashtra is cow milk only.

**Sameer Gupta:** No, no, no. Overall I am asking, not just Maharashtra?

**Sunil Reddy Dodla:** Buffalo milk will hardly be 5%, the rest is all cow milk.

**Sameer Gupta:** For your company, I'm asking, not just for Maharashtra?

**Sunil Reddy Dodla:** For the company also.

**Sameer Gupta:** Okay, so 95% is cow milk. Thank you, sir. That's all from me.

**Moderator:** Thank you. The next question is from the line of Srishti with Monarch AIF. Please go ahead.

**Srishti:** Sir, with respect to Africa, how do we see growth panning out now that you've touched quarterly run rate of about INR100 crores. What is the utilization level there? And what kind of margins are we doing there currently?

**Sunil Reddy Dodla:** Africa, see, this year, we have done 9 months, our volume growth roughly -- about 67% volume growth we have done. Last year, 9 months cumulative, we have done around 1,05,837 litres. Now we are doing around 1,77,183 litres. In future, I think we can add -- in future also now Kenya plant, we have done only 40% of the capacity utilization. So we have originally planned for 1 lakh liter capacity. Now 9 months average is 40,000 litres.

So there's a big headroom to go ahead in Kenya. And also, Uganda also last -- compared to last year, these 9 months also there also, we have grown. So we think we still have growth of around 50,000, 60,000 liters available with us.

**Srishti:** Understood, sir. And sir, we were facing the margin pressure right? Do we see that improving?

**Sunil Reddy Dodla:** Margins in Africa we will always maintain, seasonality-wise might they go down or go up, but we will maintain the same margin levels.

**BVK Reddy:** Same margin levels.

**Srishti:** Understood. Sir what are the utilization in the cattle feed and how is the realization trending there?

**BVK Reddy:** Cattle feed plant, the plant which has commenced in Kuppam plant last April, now we are almost doing 30% capacity utilization.

**Srishti:** And how is the realization trending there, it was trending upwards, right?

**BVK Reddy:** Trending upwards.

**Sunil Reddy Dodla:** Trending upwards.

**Srishti:** It continues to be there?

**Sunil Reddy Dodla:** Around 7%, 8% of margin, which we are always maintaining or going up as a differential between the commodity price and the selling price.

**Srishti:** Understood, sir. Thank you and all the best.

**Moderator:** Thank you. The next question comes from the line of Jayvansh Mehta from Care PMS. Please go ahead.

**Jayvansh Mehta:** My first question was like we saw inch up in the gross margins on a sequential basis, but what could be the reason and the driver for the same thing?

**Sunil Reddy Dodla:** Could you repeat the question?

**Murali M Raju:** Voice is breaking. Can you repeat.

**Moderator:** Sir, maybe request you to use your handset.

**Jayvansh Mehta:** Is it clear?

**Moderator:** Maybe I request you to use your handset please. In case you have connected on a BlueTooth device maybe request you to use your handset.

**Jayvansh Mehta:** Is it clear now?

**Sunil Reddy Dodla:** That's very clear. Thank you.

**Jayvansh Mehta:** Sorry about that, sir. My question was basically we saw an inch up in the gross margin in the latest quarter. So what could be the driver for the same?

**Sunil Reddy Dodla:** Basically, it's the pricing that has improved on all the ends of the bulk sales and regular sales also, the prices were there and the product mix also helped us in terms of the overall gross margin improvement.

**Jayvansh Mehta:** Okay, sir. And sir, what would be the current inventory position? And how do we see it going forward? And did we have any inventory gain in the current quarter?

**Sunil Reddy Dodla:** No. Inventory gains, we still have a INR10 crores of NRV provision that we have with us for what we have provided earlier, which I think our consumption, I think we are maintaining it for our own requirement now and not much of sales to go forward because the summer months are coming.

I think we still have an advantage of the INR10 crores that we have provisioned. All the pricing is doing better than the NRV that we have. I think when it comes to the consumption, we will have the advantage of that revision if we have to do it depending on when we consume.

**Murali M Raju:** As of now, we have only INR129 crores for the commodity.

**Sunil Reddy Dodla:** Inventory.

**Murali M Raju:** Inventory.

**Jayvansh Mehta:** Okay, sir. And just last question, sir, like recently, we saw Amul taking a price cut of around INR1. So what would be our pricing strategy that you said? Can you repeat that please?

**Sunil Reddy Dodla:** Amul basically have taken up a price increase and then a price cut. BVK will explain of course.

**BVK Reddy:** Yes. Amul now, see they've taken now, they've decreased in certain areas, but not across India. But here, we already in south all competitors now see they have already started taking the price hike.

**Sunil Reddy Dodla:** Including the cogs .

**BVK Reddy:** Including the cogs , and the other side, see the procurement price also they are taking up.

**Jayvansh Mehta:** Okay. Okay. Sir, just one last question, sir. So like how do we see demand scenario in the industry like going forward in the coming quarters and for the full year?

**Sunil Reddy Dodla:** The demand will continue to increase. So we are again seeing good pullback coming from consumption. We are confident that the demand will play out as we go forward.

**Moderator:** Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

**Sunil Reddy Dodla:** Thank you, everyone, for joining us today on this earnings call. We appreciate your interest in Dodla Dairy. If you have any further queries, please contact SGA, our Investor Relations adviser or you can reach out to us also. Thank you so much.

**Moderator:** Thank you. On behalf of Dodla Dairy Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.