

Dodla Dairy

18 May 2026

Operator: Good day and welcome to Dodla Dairy Limited Q4 FY26 earnings conference call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not 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 star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Dodla Sunil Reddy, Managing Director of Dodla Dairy Limited. Thank you and over to you, sir.

Management: Thank you very much. Good morning to all the participants. On behalf of Dodla Dairy Limited, I extend a very warm welcome to everyone joining us on our call today. On this call, I am joined by our CEO, Mr. B.V.K. Reddy; CFO, Mr. Madhusudhan Reddy; Mr. Murali Mohan Raju; and SGA, our investor relations advisors. I hope everyone has had the opportunity to go through the financial results and investor presentation which have been uploaded on the stock exchanges and our company's website.

Now coming to the business, FY26 was a year that tested the dairy industry. Milk supplies remained constrained for most of the year, procurement cost inflation was sharp, and erratic rainfall affected demand for certain value-added products in some regions. Against that backdrop, Dodla Dairy Limited delivered resilient performance. Revenue growth was 11% year-on-year, EBITDA margin stood at 7.5%, and a PAT margin of 6.5%. Notably, the performance is overall on the healthy base of FY25 which delivered an exceptional growth of almost 20% over the previous year. To better understand the trends of the dairy industry, one should look at the three to 4-year cycle. On that basis, our 4-year CAGR stands at a healthy level of 16%. Based on our growth and expansion plans for the next three to 4 years, we are confident to maintain or even surpass this CAGR number in the long run. The pressures we faced were industry-wide. In such tough times, the diversifications which we have built via Africa and Orgafeed played a critical role.

Now coming to the quarter performance. During the quarter, we recorded our highest ever revenue growth for the fourth time in a row with a topline of 1,074 crores, reflecting a year-on-year growth of 18%, primarily driven by volume expansion. The EBITDA for the quarter stood at 5.5% and PAT margin stood at 6.5%. Margins remained under pressure due to elevated milk procurement costs and a calibrated pricing strategy. An increase in procurement price was not fully passed on to the selling price to maintain the market share. Our pricing strategy is in line with the overall industry. Going forward, the situation is turning positive. Milk supply is improving, which should result in a normalization of procurement costs for milk sales. Some price hikes will also be considered. Some trends are already visible where a few of the northern players have already increased their milk prices.

Our value-added product segment witnessed steady performance during the quarter. Due to operational variability, the overall VAP portfolio could not grow to its full potential during the quarter, but once our planned expansion fully stabilizes, directionally we are confident that the VAP mix will improve further. This growth will be delivered by curd, paneer, and ice cream, and broadly we are targeting closer to 32-35% in terms of VAP contribution.

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Africa business recorded a revenue of 151 crores, reflecting a robust growth of 48% year-on-year, driven by more than 60% growth in liquid milk sales. As a result of continuous increase in the scaling of business along with better operational efficiency, we have achieved our highest ever EBITDA number of 18 crores in Africa, and this is for the fourth quarter. The decision that we took 12 years ago to extend our footprint in Africa has now become an important engine for long-term growth of the company. We see Africa scaling towards 15–18% of consolidated revenue by FY28, supported by a Phase 2 expansion in Uganda, which will include pasteurized milk and milk products that will be sold in Uganda.

Orgafeed business delivered a strong revenue growth of 23.2% year-on-year with a slight dip in margin as a factor of higher raw material costs and expansion of our distribution footprint. This business complements our core dairy operation with a strategic angle which helps in strengthening farmer relationships through assured feed supply and creating an important loyalty loop in our procurement network. Orsam business reported steady progress with our focus remaining intact on enhancing operational efficiency in this business to improve profitability. I also would like to welcome Ms. Dodla Shilpa Reddy who was appointed by the board as a senior management personnel for strategy and transformation. Shilpa has spent considerable time understanding the business across verticals and now she is increasingly taking responsibility in the strategic and operational areas.

Now speaking about the expansion projects. Our Maharashtra project is progressing as per the scheduled timelines and is expected to start commercial operations by the end of FY27. The work is under progress and 106 crores worth of capex has already been deployed cumulatively across 2025 and 2026. We have also made decent progress towards improving our operational efficiencies of the Orsam business, improved its product quality, and upgraded the infrastructure. We will continue in this direction until margins are at par with the overall company-level margins. We were also allocated a seven-acre land parcel by the Bihar Industrial Area Development Authority for a dairy project, which will call for an additional investment of around 4.4 crores towards the land. The project is presently under consideration and further details shall be disclosed after board approvals. On the Uganda expansion plan, we acquired 70 acres of land parcel for a greenfield expansion. Total capex budgeted for this project is currently around 60 crores, including land as well as the plant. It will be executed in a phased manner and will be completed by the end of 2029.

Before I hand over to Mr. B.V.K. Reddy, let me share our directional views for FY27. We expect revenue growth to be in the low to mid-teens supported by Orsam's full-year contribution, Africa continuing on its current trajectory, and 8–9% organic growth in our India business. We are expecting a gradual gross margin recovery of 50–100 basis points over FY26 levels as procurement normalizes and our pricing actions take effect. Effective tax rate will return to the normal 25–27% range post completion of the favorable tax orders we received in FY26.

On capital allocation, let me articulate the firm's priority. Our priority order is: first, fund growth capex where Maharashtra, Uganda, and our current regular capex are both covered from our internal accruals; second, regular dividends; third, selective bolt-on acquisitions where we see procurement or distribution synergy. The combination of strong company fundamentals, a clean balance sheet, healthy cash flows, and all of these growth initiatives underpins our commitment towards a disciplined capital allocation and long-term sustainable growth of the company. With this

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brief, I will now hand over to our CEO, Mr. B.V.K. Reddy. Thank you very much.

Management: Thank you, Mr. Sunil Reddy. I will now walk you through the consolidated performance highlights of our business. During the quarter, despite a shortage of milk in the overall industry, our milk procurement level remained stable at 18.5 lakh liters per day, which is an increase of 13.4% on a year-on-year basis, underscoring the strength of our procurement network and long-standing farmer relationships.

The average procurement cost in Q4 FY26 stood at 41 per liter as against 38.7 per liter in the previous quarter and 37.4 per liter in Q4 FY25. However, we did not entirely pass on this increase in cost to the consumers. Our average milk sales price for the quarter stood at 58.4 per liter, which was 57.7 per liter in the previous quarter. This was the primary reason for our margin being under pressure during the quarter.

To give some context, our standalone India EBITDA margin for the quarter reflected the sharpest quarter of procurement cost inflation in this cycle. The consolidated EBITDA margin of 5% was supported meaningfully by Africa and Orgafeed, which together delivered around 22 crores EBITDA in Q4. On a 9-month basis, our standalone India EBITDA margin was approximately 6–7%. Since Q4 represented a cyclical trough, we expect this to begin to recover in Q1 FY27. We also witnessed some cost pressure in packing and logistic costs, among other things, due to the shift of bulk sales into higher liquid milk and milk product sales.

Speaking of Africa, we continue with our growth momentum in the Kenya market. The business is now seeing the benefits of scale, with profitability improving steadily. We continue to price our products competitively to strengthen market presence and remain confident of the gradual improvement in margins.

Now coming to our product sales mix, Dodla Dairy Limited recorded its highest ever milk sales of 14 lakh liters per day, driven by the continuous efforts of our team towards expanding the geographic reach across India and Africa. Total value-added products stood at 2,969 million as against 2,841 million in Q4 FY25. Excluding bulk sales, VAP delivered growth of 21% on a year-on-year basis. Curd sales volume reported a healthy growth of 15.4% on a year-on-year basis and stood at 442 metric tons. In terms of value, curd sales grew by 19.1% on a year-on-year basis. Products like curd, paneer, buttermilk, flavored milk, and lassi delivered recent growth, whereas the other products remained muted due to seasonal variance.

Within the Orgafeed business, the revenue growth is healthy and the utilization levels also are scaling up in a good way. However, rising raw material input costs have not been fully passed on to the farmers in order to sustain long-term relationships in the low milk supply environment and heightened competitive intensity. Some moderation in the input cost is expected in the upcoming quarters, which would improve the profitability of this business. Our pricing strategy is in line with the overall industry and we also see an opportunity to increase milk prices in the near term to pass on some part of elevated procurement costs. We are also witnessing some moderation in procurement cost as the milk supply in the industry is coming back. Hence, we expect a gradual improvement in the margin going ahead. With the strong underlying fundamentals and expansion plans in place, we remain focused on effective execution and achieving long-term objectives while delivering profitable growth.

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Now, I would request our CFO, Mr. Murali Mohan Raju, to share the financial highlights for the quarter. Thank you.

Management: Thank you, Mr. B.V.K. Reddy. Talking about consolidated financial performance in Q4 FY26, revenue from operations stood at 1,074 crores, making it our highest ever quarterly revenue, growing 18.1% on a year-on-year basis from 910 crores in Q4 FY25. Gross profit stood at 247 crores with a margin of 23%. Employee expenses for the quarter stood at 52 crores, up approximately 27% from FY25, primarily reflecting Orgafeed inclusion, Maharashtra greenfield expansion, and the Kenya plant ramp up.

Other expenses stood at 141 crores compared to 123 crores in the corresponding quarter last year. While other expenses remained broadly in line with revenue as a percentage of sales, the increase in absolute terms was primarily driven by an increase in infrastructure-related expenses—including rent, employee travel, and conveyance costs due to an increase in headcount—and higher transport costs owing to the shift in product mix from bulk sales towards liquid milk and VAP.

We reported EBITDA of 54 crores for the quarter with an EBITDA margin of 5%. Depreciation expense increased to 22 crores during the quarter as against 18 crores in the same period last year. Other income for the quarter stood at 20 crores, including 10 crores of interest income pertaining to a tax refund following a favorable ITAT order. In Q4, we recorded an exceptional item, which is 3 crores worth of reversal on the one-time labor code expense that was recorded in Q3 FY26. An exceptional expense of 5.7 crores was recognized in the previous quarter pursuant to the revised labor code guidelines; however, the actual impact was lower than initially estimated due to the restructuring of salary components.

Additionally, the company recorded a tax reversal of 29.2 crores for the quarter relating to earlier years following a favorable order received from the ITAT. This tax credit represents the final portion and, accordingly, no further impact shall be reflected from the next quarter onwards. Net profit for the quarter stood at 70 crores with a net profit margin of 6.5%. I want to call out the one-off support to Q4 PAT explicitly. The 70 crore reported Q4 PAT includes 29 crore earlier tax credit, as I just mentioned, and 10 crore of interest income on the related tax refund. Excluding these two one-off items, our Q4 underlying PAT is approximately 40 crores.

For the full year FY26, the reported PAT of 267 crores includes total one-off benefits of approximately 70 crores, consisting of 58.7 crores of earlier tax credit through the year and 10 crores of related interest income. Adjusted FY26 PAT is therefore approximately 215 crores with an adjusted PAT margin of around 5.2%. This is the clean baseline against which FY27 should be evaluated.

Coming to FY26 full-year performance, revenue from operations grew by 10.9% year-on-year to the highest ever 4,125 crores compared to 3,720 crores in the previous year. Revenue remained over 1,000 crores for all the quarters of FY26. Gross profit increased by 3.3% year-on-year to 1,053 crores. EBITDA for the year stood at 309 crores with an EBITDA margin of 7.5%. The company reported a profit after tax of 267 crores, translating into a PAT margin of 6.5%. The company generated healthy cash flow from operations of 295 crores during the year, while total cash and cash equivalents stood at 649 crores as of March 31, 2026. This includes cash and bank balances plus our current as well as non-current investments, as all of those are liquid in nature.

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Our debt-to-equity remains under control at 0.03 levels. The capital investment done in FY26 is about 430 crores. This includes around 271 crores of expansion capex in Narsapur, 86 crores in Maharashtra during FY26—taking the cumulative Maharashtra spend across FY25 and FY26 to 106 crores against a total project envelope of 280 crores—and the balance of 73 crores of maintenance capex. For FY26, the board has recommended a final dividend of 5 per equity share. With this, we conclude this presentation and open the floor for further discussion.

Operator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Praveen Kumar from Equitas Capital Advisors. Please go ahead.

Praveen Kumar – Equitas Capital Advisors: Hello. Thanks for the opportunity. I had a few questions. The first one was, can you give us a sense of what is the steady state margin that we can expect in this current environment? Earlier in the call, you had specified 50–100 basis point margin improvement from FY26 levels, which would still take you to about 8% at an EBITDA level—8 or 8.5—which is at the lower end of the earlier margin band you were referring to. So, are you recognizing a structural lowering of the steady state margin that you can achieve, or are you saying that FY27 is a year in transition and onwards there are factors which can take it upwards?

Management: Thank you very much for the question. I think it is more in terms of being cautious with this whole uncertain environment that we are in, because none of us are able to be sure of what will be the pricing of fuel, the pricing of plastics, or the impact on agriculture from urea production. None of this is very clear for us. So that is why we are remaining on the cautious side of what we can achieve even by considering all the uncertainties that are there. This is more regarding the year 2027 where, taking into consideration uncertainties, we are trying to give this kind of guidance.

Praveen Kumar – Equitas Capital Advisors: Just as a side to that, do you see, for example, when you are talking about the urea issues, on one hand it can indirectly impact your feed business, but on the other hand, if farmers are constrained on the agricultural side of things, they might focus more on the livestock part and might improve the dairy procurement side? Could you throw some light on that?

Management: You are exactly right. If there is drought and less agriculture, then animal husbandry steps in to act as a buffer for the farmers. But like I said, we are not too sure where this is going to end. Is El Nino actually going to play out and result in more procurement pricing coming in? That is the reason we are being more cautious because we have the weather as a normal uncertainty, but added to that is the uncertainty of the war and the pricing coming from that. Keeping that in consideration, we are being more cautious.

Praveen Kumar – Equitas Capital Advisors: So to understand you, you are saying that post FY27, assuming some of these things normalize, you can get back to your more normal kind of a margin profile?

Management: Yes, we will come back to the normal. Also, one more thing is that in these uncertain times, we have to be very careful to take care of both ends of the chain—the farmer and the customer. If we go and unreasonably try to increase costs for the customer, then consumption will start taking a hit. If we are unreasonable with the farmer, the long-term impact on productivity will get hit. Keeping both in consideration is why we are being more cautious than being aggressive.

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Praveen Kumar – Equitas Capital Advisors: Understood. And on the VAP mix, can you throw some light on the steps you are taking to reduce its seasonality? I think you had already indicated a stable mix you want to get to, but can you talk about how you plan to reduce the seasonality part, given a lot of your existing products in the VAP segment are somewhat seasonal in nature?

Management: Seasonality impacts three major products for us. One is ice cream, which does not move the needle significantly because it is a smaller portion of the overall business. Buttermilk, lassi, and curd are the ones which majorly affect seasonality. I think it is very much a southern consumption habit that if there is a strong summer, people shift more towards fermented products. We are trying to see if it can become a year-round product. For what was exclusively a 2–3 month period, we are trying to extend that to a 6-month period to see that people start using it as a refreshment rather than just a summer product.

On the other hand, products like paneer have improved for us. Paneer has seen significant growth in local consumption once placements are in place. We are also looking at flavored milk, which is also expanding at a steady state growth. I think in the days to come, depending on customer habits and health grounds, buttermilk and such will become regular products. Other than that, we will not be able to change customer habits dramatically.

Praveen Kumar – Equitas Capital Advisors: Understood. And on OSAM, what operational changes incrementally are you driving to converge OSAM margins with the overall company margins?

Management: The operational margins we are looking at in OSAM are across all fronts: production, markets, and procurement. I will ask Mr. B.V.K. Reddy to give you more detail on what operational efficiencies we have undertaken in OSAM to improve our margins.

Management: In OSAM, we have implemented SAP and corrected a lot of infrastructure. A lot of stress is being given toward quality and streamlining logistics costs. It took a couple of months once the business was acquired. In the coming year, you will see further refining and a lot of operational efficiencies in OSAM.

Praveen Kumar – Equitas Capital Advisors: How long will it take for it to converge, and how does the new land allocation and spending for expansion in Bihar affect the margin convergence trajectory?

Management: Presently, we are looking at the land because the government is offering it, but that's for a future project which will not be immediate. We have to go through board approvals. Regarding existing operations, we expect all improvements to fully take effect within 6–12 months, and then it will come back to the regular margins of the overall company structure.

Operator: Thank you. Next question is from the line of Yash Goenka from Everica Capital. Please go ahead.

Yash Goenka – Everica Capital: Thank you for taking my question. My question is on the cycle. Do you see anything different about this current dairy cycle?

Management: Hi Yash. As usual when the summer comes, we have seen a significant volume off-take in the first quarter. That is one side on sales where we see significant improvement, and

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the product mix is giving a better realization over the same period last year. On the other end, procurement was still under stress. We are seeing improving times and we hope that within another month or so, that will also start to improve. Maharashtra and Karnataka have improved a bit in terms of productivity. We are waiting to see how the productivity in Tamil Nadu, Andhra Pradesh, Telangana, and other places will come into place. The shift has happened in a proper manner on the sale side and procurement is on track. We hope to see better results coming in the next month or so.

Yash Goenka – Everica Capital: Are cooperatives raising their prices in all the regions you are operating in the southern states?

Management: They have increased the selling prices. Amul and Mother Dairy increased selling prices by 2. We had already taken the price increase in mid-March. The cooperatives are just following the increase we have taken to compensate for costs.

Yash Goenka – Everica Capital: Over the next 2–3 months, would you be taking further price hikes and what would that range be?

Management: We will not be taking price hikes per se, but we will be trying to correct certain things. For example, if packaging material costs change, it will only be minor corrections, not a major price correction because we already have significant headroom over the cooperatives. We will mainly correct things on the procurement side.

Yash Goenka – Everica Capital: Lastly, just to confirm, you said that margins will be reverting to the mean by FY28, right?

Management: Yes.

Operator: Thank you. Next question is from the line of Abhishek Mathur from Systematic Group. Please go ahead.

Abhishek Mathur – Systematic Group: Thank you for the opportunity. I wanted to check what the milk procurement cost is as of today. What part of the cost inflation is currently covered as of mid-May with the price hikes taken so far?

Management: Majority of the procurement price is in line with the March prices; there is no major increase. We provided a consolidated figure of 37.36 to 40.97, which is 9.7% growth overall year-on-year, and that same trend is continuing. Standalone, it is 9.3%. We have passed on around 1 in the sales recovery that we are currently doing. We are anticipating that as procurement improves, we should see it come down by another 1 in the procurement price.

Abhishek Mathur – Systematic Group: If I am hearing correctly, as of mid-May there is no sequential increase from the number you gave for procurement costs. Is that correct?

Management: Yes, that is the right understanding. There is no price reduction yet, but we are anticipating that in certain areas, price reductions will become effective at the end of May.

Abhishek Mathur – Systematic Group: For FY27, what is the capex planning and its breakup? Could you also share the consolidated overall realizations and the VAP realizations for the fourth quarter?

Management: Regarding capex, the highest numbers will come from Maharashtra, OSAM, and the Africa business. For the regular capex, we have considered 65 crores. Around 33 crores is considered for OSAM and hardware around 7 crores. Overall standalone, we are expecting around 120 crores of capex, excluding the Maharashtra project. Out of the 280 crores for Maharashtra, 20 crores were spent in FY25 and 86 crores were spent in FY26. We plan to spend the remaining 180 crores in FY27. Those will be the broad areas of capex.

The consolidated sales realization is 51.19, including the product mix. For milk sales realizations specifically in India, it moved from 56.15 to 58.25. That is a 2.10 increase in the milk sales realization excluding VAP. The standalone VAP realization moved from 60.89 to 60.54 because the product mix changed as we exited bulk sales.

Operator: Thank you. Next question is from the line of Aditya from Securities Investment Management. Please go ahead.

Aditya – Securities Investment Management: Thank you for the opportunity. I wanted to understand the price inflation in our packaging and freight costs. Is it manageable now and how are we looking to mitigate it?

Management: Packaging material costs have gone up by 30%, specifically the plastics we use. Those small corrections are what we have passed on to consumers in our price corrections. We are anticipating that plastic prices will remain at these current elevated levels unless something dramatic happens. We think it will hold at the current 30% increase over the previous year.

Aditya – Securities Investment Management: With the increase in fuel costs, how are you looking at our freight costs going forward?

Management: We will have to look at it for a month or so. We will absorb some of it because a portion is passed on to the transporters. We take price corrections only periodically. If fuel remains at 3 higher, we don't know if it will remain there or go up further to 6 or 7. We will wait and watch for another fortnight or a month before we decide how to take it forward.

Aditya – Securities Investment Management: In such an inflationary scenario, is a price increase the only solution or is grammage reduction an option?

Management: We will not do much grammage reduction this time because consumers realize what is happening. It will be a blend of mopping up procurement, operational efficiency, and marginal increases in pricing. To cover costs and improve margins, we need to find 1 or so more in pricing. If we manage 30–40 paisa in procurement, 30–35 paisa operationally, and 20–30 paisa in the front end, we should be able to improve our margin. Because our volume growth is there, even if the percentage is slightly lower, the absolute number will be higher due to the volumes in the first quarter.

Aditya – Securities Investment Management: There is an expectation of an intense summer and El Nino. While we may benefit from higher VAP sales, milk yields might take a hit, impacting

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procurement costs. With low milk inventory, how do you see these things impacting margins?

Management: Fluctuations will not be dramatic. If there is a severe drought, it is a double-edged sword. In some areas, animal husbandry improves because there is no other income for farmers, so they concentrate on it and production increases. If the sales mix remains high on the VAP side—with more buttermilk and lassi—our average realization increases. It helps us keep our costs going.

However, we are more worried about other costs shooting up, like fuel. Oil moved from 60 to 120 per barrel, a 100% increase. We are not sure if fuel will go up by another 20% or remain at current levels. Once we have clarity on that, we can decide how much to pass on to the customer, how much to take from farmers, and what to find in operational efficiency.

Aditya – Securities Investment Management: Liquid milk sales volume excluding OSAM has been over 9%. What is the growth in India specifically?

Management: We will continue to grow at 5–6% in terms of liquid milk volume. In the current year, excluding bulk and including value-added, we grew 9.4%. We think we will maintain an average growth of 10% in terms of volume including value-added. Liquid milk has seen an uptick of around 5–6% whereas value-added has grown 16%.

Aditya – Securities Investment Management: What are the OSAM revenue and EBITDA for this quarter and its gross margins?

Management: For Q4 FY26, OSAM revenue is 81.9 crores and EBITDA is 2.7 crores. For the full year, revenue is 214.7 crores and EBITDA is 4.8 crores. Gross margins are around 21% and will move to 25% soon through price hikes, VAP mix improvement, and efficiencies like bringing down freight costs and cutting losses.

Aditya – Securities Investment Management: In Orgafeed, we saw a drop in margins despite lower maize prices. What is the reason for this?

Management: Overall, maize prices did go up rather than coming down. Earlier, operating in close proximity to our area gave us advantages in freight. Now as we expand volumes into other areas like Maharashtra, we have freight impacts and must be competitive with local producers. For example, transport from Kuppam to Maharashtra adds margin pressure. However, we are maintaining 11% margins and expect that to continue.

Operator: Thank you. Next question is from the line of Pradyumna Choudhary from Bohead India. Please go ahead.

Pradyumna Choudhary – Bohead India: My first question is on butter prices. Recently, elevated butter prices were cited for higher milk procurement prices. What is the latest on global butter and SMP prices?

Management: Butter and powder prices are elevated because last year had low productivity in milk availability, so stocks were depleted. Only now are stocks beginning to be built up. That is the reason we exited bulk sales—we don't have extra butter. We compensated by increasing milk

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procurement. The market prices remain elevated.

Pradyumna Choudhary – Bohead India: My question was on global butter and SMP prices. We saw a lot of butter exports. Are those prices coming down now?

Management: India's export of butter is not significant; it is mostly ghee exported for the Indian diaspora. Global prices are looking at an oversupply, but for us, exports are not coming down yet. They are maintaining the same state.

Pradyumna Choudhary – Bohead India: So that is not a risk to the thesis that procurement prices will come down?

Management: Not much because the number of exports out of the country is not significant enough to change pricing patterns. Imports are also restricted by duty structures. It will broadly depend on domestic consumption and production.

Pradyumna Choudhary – Bohead India: On the COGS mix for the India business, what is the mix of milk, packaging, and logistics? Regarding Maharashtra, if we are procuring 2.5 lakh liters per day but have no bulk sales, where is it going?

Management: For the full year, 74.4% is the raw material including packing material, employee benefits are 4.9%, and transport cost is 7.3%. Power and fuel is around 1.5%, consumption of stores is 1%, and the balance is miscellaneous expenses. Out of the 74.4%, 3.5% is the packing material. Transport at 7.3% is separate from the 74.4%. Transport includes four legs: village to the chilling center, chilling center to the plant, plant to the sales office, and sales office to the customer. It also includes loading, unloading, and the contract labor working under that.

Operator: Thank you. Next question the line of Akshaya from DT Portfolio Managers. Please go ahead.

Akshaya – DT Portfolio Managers: How are you thinking of the risk of El Nino on gross margins? You referred to a 50–100 basis point improvement.

Management: We are confident that milk procurement should come back to normal and prices will drop. That should give us the difference in our margins. A 1% or 100 basis point margin increase represents approximately a 0.6 correction needed in realizations.

Akshaya – DT Portfolio Managers: Your Africa business is growing strong. What is going right there?

Management: In Uganda, we have become a significantly large player, and in Kenya, we are just beginning to see that. Kenya is a much larger market than Uganda. Earlier, we catered to Kenya from Uganda, but border disputes and restrictions limited us. Once we entered Kenya with our own plant and operations, we were able to do better. We are maintaining improved quality and operational efficiencies. We have a small market share in Kenya, which gives us growth prospects.

Operator: Thank you. Next question is from the line of Darshat from Asit C Mehta Institutional Equities. Please go ahead.

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Darshat – Asit C Mehta Institutional Equities: Could I get the curd sales in rupee terms for Q4?

Management: Consolidated curd sales for Q4 was 230 crores and for the full year it was 845.7 crores.

Darshat – Asit C Mehta Institutional Equities: Is there a considerable difference between procurement and realizations for the domestic business versus OSAM?

Management: OSAM actually has better realization in the VAP portion. For Dodla Dairy Limited India, milk realization is around 58.1, whereas for OSAM it is 55.7. For VAP excluding the fat product, realization is 64.2 for Dodla Dairy Limited and 98.8 for OSAM.

Operator: Thank you. Next question is from the line of Deepak from Unifi Capital. Please go ahead.

Deepak – Unifi Capital: How will you get to the 100–150 basis point EBITDA margin expansion in FY27 given that procurement costs are elevated, freight is up, and employee expenses are up 15–20%? What is the gross margin trajectory from Q1?

Management: Employment expenses this year were brought down in existing operations to only a 5–6% increase, but the overall impact is 11% due to the new wage code. Packaging and other costs added roughly 1.5. We are expecting procurement prices to come down by 1.5 to 2. With product mix improvements, our realization is on the higher side. The 1% increase represents about 1 to 1.5 of overall efficiency we need to build, which we think will occur in the following quarters as productivity increases.

Deepak – Unifi Capital: Are there structural circumstances in May or June leading to milk procurement prices going down?

Management: Maharashtra and Karnataka have seen significant upward growth in milk procurement. You will start seeing Maharashtra prices correcting a little bit, and similarly, when the seasons for the rest of the operations come in, you will see a drop.

Deepak – Unifi Capital: Regarding your strategy on not taking more price hikes even as cooperatives are doing so, will you take them later?

Management: We took a price hike in March which the cooperatives only followed in May. We will take the next round after the uncertainty of fuel and packing material prices settles down into a stable state. Currently, since the difference between us and the cooperatives is significantly higher, we don't want to keep expanding that gap.

Deepak – Unifi Capital: Regarding volume growth, you mentioned VAP had an operational challenge. What was that?

Management: Our milk growth rate has maintained at 4.5–5% even in the current scenario, but we have seen a significant increase in VAP growth. Summers for VAP are typically higher, and we are seeing around 16–17% VAP growth rate.

Operator: Thank you. Next question is from the line of Vihaan Bakri from Omayya Advisors. Please go ahead.

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Dodla Dairy

18 May 2026

Vihaan Bakri – Omayya Advisors: What is the impact of a 3 increase in fuel price on the logistics cost?

Management: Currently, a 3 increase in fuel prices has an impact of maybe 0.5%, but since we delay giving it to transporters for a 15-day process, the hit is only 0.25%. Once we are sure where fuel prices will stabilize, we can decide how to pass it on.

Vihaan Bakri – Omayya Advisors: What is the sustainable growth number for the Africa business?

Management: We are confident of maintaining 20% volume growth in the current year. In terms of value, we did around 500 crores for FY26, and we are aiming for approximately 600 crores for FY27.

Operator: Thank you. Next question is from the line of Aniket Shah from White Equity Investment. Please go ahead.

Aniket Shah – White Equity Investment: Could you split the Africa sales between Uganda and Kenya for FY25 and FY26?

Management: In FY25, we did 1,80,000 liters per day with 1,45,000 from Uganda and around 35,000 from Kenya. In FY26, the average total was 2,27,000 liters per day, with 1,50,000 from Uganda and approximately 77,000–90,000 liters per day from Kenya. The FY26 volume growth largely came from the Kenya piece.

Aniket Shah – White Equity Investment: Can you provide the Africa EBITDA numbers for FY25 and FY26?

Management: The EBITDA margin in FY25 was 11% and in FY26 it was 11.3%.

Aniket Shah – White Equity Investment: On the Maharashtra plant, what is the current procurement and do you see it going to 5 lakh liters by the end of 2027?

Management: Right now, we are procuring an average of 3 lakh liters per day in Maharashtra. Once the season comes by the end of this year, we are targeting a minimum of 5 lakh liters per day.

Operator: Thank you. That was the last question for today. I would now like to hand the conference back to the management for closing comments.

Management: Thank you everyone for joining us today on this earnings call. We appreciate your interest in Dodla Dairy Limited. If you have any further queries, please contact SGA, our Investor Relations advisors. Thank you very much.

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

Management: Thank you all.

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