

Date: 25 July 2025

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

Dear Sir/Madam,

Sub: Transcript of Q1 FY26 Results Earnings Call held on Monday, 21 July 2025

In Continuation to our letter dated 14 July 2025 the Company had organized a Q1 FY26 Results Earnings Call with the Investors/ Analysts on **Monday, 21 July 2025** at 04:00 PM (IST). A copy of Transcript of Earnings 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 M
Company Secretary & Compliance Officer

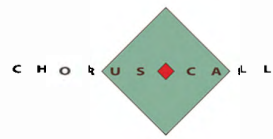


“Dodla Dairy Limited

Q1 FY '26 Earnings Conference Call”

July 21, 2025

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on July 22, 2025, will prevail.”



**MANAGEMENT: MR. DODLA SUNIL REDDY – MANAGING DIRECTOR –
DODLA DAIRY LIMITED
MR. B.V.K. REDDY – CHIEF EXECUTIVE OFFICER –
DODLA DAIRY LIMITED
MR. MURALI MOHAN RAJU – CHIEF FINANCIAL
OFFICER – DODLA DAIRY LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to the Dodla Dairy Limited Q1 FY '26 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 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 touch-tone phone.

I now hand the conference over to Mr. Sunil Reddy from Dodla Dairy Limited. Thank you, and over to you, sir.

Dodla Sunil Reddy:

Thank you very much. Good afternoon. On behalf of Dodla Dairy Limited, I extend a warm welcome to everyone joining us on our call today. On this call, I'm joined by our CEO, Mr. BVK Reddy; the CFO, Mr. Murali Mohan Raju; and SGA, our Investor Relations advisors. I hope everyone had an opportunity to go through the financial results and investor presentation, which have been uploaded on the stock exchanges and on the company website.

We began FY '26 with our quarterly revenues crossing the INR1,000 crores mark for the first time. During the quarter, we have registered the highest revenue of INR1,007 crores on a year-on-year basis growth of 10.5% and an EBITDA margin of 8.2% and a PAT margin of 6.2%. This performance comes amidst changing seasonal patterns where we witnessed early rains, dampening the summer demand for value-added products like curd, flavored milk, ice cream, etcetera, during the period.

Among the VAP products, bulk sales for SMP and butter were higher than usual and as we took a decision to liquidate the inventory in view of such declining price environment to maintain balance sheet hygiene. Additionally, rain is accompanied by the higher milk supply leading to a decline in milk prices on a sequential basis, but they remained higher compared to Q1 of financial year '25.

On a year-on-year basis, procurement prices has grown faster than the milk realization prices. As a result of these multiple factors, the margin profile remained under pressure during Q1 FY '26. We expect this trend to improve in Q2 FY '26 as the full impact of lower procurement prices will be reflected in the current quarter.

In Africa, we saw a healthy growth in terms of revenue of 26.9% on a year-on-year basis and an EBITDA margin of 13%, which is lower as compared to Q1 of last year. The primary reason for the faster growth of revenue and lower EBITDA margin is the start of a new Kenya plant that is currently focused on capturing the mid market at a strategic pricing of product. In addition to

this, we have also witnessed an increase in procurement prices compared to Q1 FY '25 in both Kenya and Uganda.

Once again, we have enough market share, we will see the gradual improvement in profitability of our Africa business also. Coming to Orgafeed business, this business continues to witness positive trend and deliver promising numbers. The revenue for the quarter grew by 29.4% and EBITDA grew by 84.4%. EBITDA margins now stand at 17.6%. The overall capacity utilization level of the dairy business is in the vicinity of 70% to 75%.

And as we discussed previously, we are looking for a strategic expansion of our capacity as well as our footprint. With this expansion, we expect the seasonality impact to minimize to a certain extent. In line with this framework, our Board recently approved the acquisition of 100% stake in HR Food Processing Private Limited. The company operates on the premium brand OSAM and has established a strong presence in Bihar and Jharkand. This transaction is consistent with a predefined inorganic growth plan.

Further, our greenfield expansion of INR280 crores in Maharashtra aimed at tie-up in the potential Solapur market is on track with the daily procurement in the region already reaching around 2.6 lakh liters per day. We are developing a fully integrated facility with a capacity of 10 lakhs.

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

B.V.K. Reddy:

Thank you, Sunil sir. During the quarter, our milk procurement was the highest ever level of around 18.7lakh liters per day on average. This is in line with our net seller strategy, where we continue to rise our procurement levels whenever there is a favorable procurement conditions available in the market. Procurement was around 17.6 lakh liters per day in the same period of the last year.

Average procurement cost Q1 of FY '26 was INR37.38 per liter, which was around INR34.15 per liter for the same period of the last year. The average procurement cost in Q4 FY '25 was INR37.36 per liter. The average milk sales for the quarter were 11.9 lakh liters per day, an increase of 4.9% as compared to Q1 of FY '25.

While comparing the financial performance of Q1 FY '26 with FY '21, '25(Please read this as Q1 FY25), there were seasonal variations, particularly due to early monsoon. Number of rainy days were more in FY '26 and which is about 10 days higher than compared to the FY Q1 '25, impacting the mix of our VAP product portfolio as well as the reduction in milk prices as explained by our MD, Mr. Sunil Reddy.

Overall, our VAP sales contribution during this quarter stood at 36.2% of sales. Curd sales stood 452.3 million metric tons with a degrowth of 3.2% on a year-on-year basis. Bulk sales during FY - 1Q '26 stood INR57.7 crores, which was INR35.5 crores of the same period of the last year. We need to keep in mind that this performance is coming on top of a higher comparable basis as we registered a strong growth in Q1 FY '25. Hence, if you look at the performance of last 2 years, the CAGR numbers are fairly attractive.

Now coming to Orgafeed business, it is performing exceptionally well, and we see a lot of potential for scaling up this business as we are only catering 35% to 40% of our farmers, and we expect this number to rise further going ahead. Orgafeed is not only providing the strategic edge while maintaining relationship with the farmers, but it is also strongly positioned to deliver faster growth in the coming years.

Overall, our focus remains intact on enhancing our procurement strength, widening our product portfolio and expanding our distribution reach new as well as the existing markets. So with the proposed OSAM acquisition and Maharashtra expansion, our long-term aim is to deliver accelerated growth while maintaining a healthy profitability across the business.

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

Murali Mohan Raju:

Thank you, Mr. BVK Reddy garu, and a very good afternoon to all the participants on the call. Talking about quarterly performance in Q1 FY '26. Revenue from operations stood at INR1,007 crores in Q1 FY '26 compared to INR912 crores in Q1 FY '25, marking the highest ever revenue in any quarter with a year-on-year growth of 10.5%. We delivered a gross profit of INR260 crores in Q1 FY '26, margin stood at 25.8%.

Employee expenses in Q1 FY '26 increased 19.4% to INR47 crores compared to Q1 in the previous year, primarily due to annual increments and the addition of new employees at various divisions such as procurement team, sales team and expansion at the Kenya plant, et cetera.

Increase in other expenses includes higher advertisement costs, transportation and increment of contract employees. EBITDA for the quarter stood at INR83 crores with a margin of 8.2%. This quarter, our depreciation expense came in at INR17.8 crores compared to INR18.2 crores in Q1 FY '25. The other income increased 114% (wrongly said, the growth percentage is 144%) from INR7 crores in Q1 FY '25 to INR17 crores due to interest income on investments and a provision reversal amount of INR5.6 million on flavored milk GST.

There was a decrease in our tax expense as a result of multiple factors such as reversal of deferred tax on long-term capital gains on investments, refunds related to previous year taxes, absence of deferred tax impact on cash balance in the subsidiary in the current year and lower profit. We delivered a net profit of INR63 crores for this quarter with a net profit margin of 6.2%. On the balance sheet front, in Q2, we expect to utilize our cash balance towards inventory buildup during flush season and the OSAM acquisition, which is expected to complete in the next few days.

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

Moderator:

Thank you. We have our first question from the line of Mr. Aniruddha Joshi from ICICI Securities.

Aniruddha Joshi:

Sir, in terms of milk prices, at least we had seen from some of the channels that milk prices have corrected with early monsoon settling in. So do you see that probably the July prices are also in a way lower than what prices we had seen in June quarter and that should lead to relatively better profitability in coming -- in the rest of the full year? That is question one.

Secondly, we have seen some of the cooperatives have raised prices, but the private players have not yet fully exercised the pricing power. So how much price hikes we can take to maintain the margins or we would like to go for market share gains by taking the advantage of that? And lastly, what will be the inventory of excess SMP and butter left on the June balance sheet now?

Dodla Sunil Reddy:

I will speak on the pricing and the Murali will give the specific. We do think that the milk procurement prices have corrected and it is looking good for this coming quarter, where we are confident that we will be able to improve our margins over the last quarter. The second question regarding our increasing of selling prices, whatever selling price increase we have taken was not enough in terms of the procurement price hike that happened in the first quarter.

But I think with the second quarter milk procurement prices coming down, we will not be taking that much of a milk price increase, but I think the product mix will improve, and we can see an overall improvement in the realization front also. And the third question regarding inventory, as of now, there is no significant buildup of inventory. Depending on the way this flush season pans out, we should be equivalent to the same as last period. I think specifics, Murali can go ahead and give you the specifics.

Murali Mohan Raju:

With regard to the inventory, sir, as of now, we are having butter only INR9.7 crores as against INR155 crores of last year June '24. So the substantial reduction. Even the skimmed milk powder also, last year, we have around INR144 crores, but now we have only INR17 crores. So that was it. Even in March also from INR43 crores, it came down to INR17 crores of skimmed milk product. Even in the butter also from INR19 crores, it is a reduction to INR9 crores.

B.V.K. Reddy:

And one more -- already see, Mr. Sunil Reddy has clarified about -- regarding the procurement. If you see last year, in the first quarter, the lowest procurement in Africa and lowest procurement, whatever lowest procurement even in India also. So subsequently, in the second and third quarter, even India also has gone up the procurement prices and Africa also has gone up.

So now from April to -- April, we have corrected only some INR0.30, INR0.40 April. And May, we have done some INR0.90. And then July also, we have done another INR0.58 to INR0.60. Now overall, that is reflecting in the month of July. The prices slowly, see it is coming down. Definitely, the quarter 2 and 3, it will reflect the profitability, the overall consol. Is it helpful?

Aniruddha Joshi:

Yes, yes, sir. This is very helpful. Just one last question. What will be the internal guesstimate as far as the lost sales will be? I guess, many products like beverages, ice cream, curd, revenue would have impacted due to monsoon?

B.V.K. Reddy:

No. See, what happens -- because of unseasonal rains, we have not got any growth in curd, lassi. Lassi, we've lost a lot of volume. Even there's no curd growth, butter milk. So all that where we see VAP all we -- we have maintained almost like last year numbers or 1% or 2% lesser than the last year numbers. So see that growth, you know, see normally what we get in a month of April, May, so that we could not get.

Dodla Sunil Reddy:

I think we got our growth in milk, but we didn't get the growth in curd, which is high profits. Curd, I think we had a degrowth in terms of the first quarter comparatively. It was around 3%, I think, if I'm right.

- B.V.K. Reddy:** Yes, correct, sir. But normally, we will have a very good growth in the first quarter, that has not happened because of unseasonal rains.
- Aniruddha Joshi:** Okay. And last question from my side. You want to call out the impact in any particular state? Or is it across all the key states in South India as well as Maharashtra?
- B.V.K. Reddy:** Yes, across all the states.
- Dodla Sunil Reddy:** That's all the states, but depending on an apple-to-apple comparison of the state averages, some states where others will have a larger volume might have had some benefit and some states where we have a larger volume, we might have had a little adverse effect in terms of, let's say, Tamil Nadu prices comparatively were slightly better than the prices of Karnataka.
- Ours is almost a split of what we are getting as milk. So there will be that little advantage of one state having higher. But for us, it might have gone a little other way around. That will also add to a percentage or two differentials which normally are there.
- Aniruddha Joshi:** Okay, sure, sir. This is very helpful. Many thanks.
- Dodla Sunil Reddy:** Okay, thank you.
- Moderator:** Thank you. The next question is from the line of Deepak from Unifi Capital. Please go ahead.
- Deepak:** Hello, sir. Thank you for the opportunity. So first question, in the liquid milk sales of 11.9 lakh liters per day, if you can break up how much is India and what has been the India growth in this quarter? And similarly, for procurement, if you can break up how much is India and the procurement growth in India, please?
- Dodla Sunil Reddy:** I think, Murali, can you take that and give a breakup of both India and Africa
- Murali Mohan Raju:** Yes, sure, sir. Sir, standalone liquid milk was grown by -- volume wise, it is around 2.9% -- and quantity, India sir, 10.27 lakh, okay. That was that. And which has grown by 3% in the value and revenue by 6%. And with regard to the Africa, milk volume is around 1.6 lakhs now as against 1.35 lakhs of last year. That is almost a 19% of growth in that volume. And with regard to the value, we said it is INR81 crores. Last year, it is INR64 crores, that is 26% of growth in the Africa. Deepak, I hope that is fine.
- Deepak:** Yes, sir. So can you give the procurement number in Africa.
- B.V.K. Reddy:** Their procurement, Murali.
- Murali Mohan Raju:** Okay. Africa, procurement number, LPD, sir, it is 1.98.
- B.V.K. Reddy:** Yes, yes. The procurement and sales almost the same number. The first quarter average sales including of yogurt is 197,000 liters. Our procurement also is close to that 198,000 sir.
- Murali Mohan Raju:** And India standalone, it's 16.75 for procurement as against last year of 15.96.

Deepak:

Sir, a follow-up question on that. So see, in India, we are growing at, say, 2%, 3%. And possibly procurement which growing at a higher rate, the question here is that, there always be the pressure to do B2B sales vis-a-vis selling in the B2C market. So firstly, how do you take up this challenge of B2B versus B2C?

And is there an eventual goal to reduce prices because we are looking in a price-sensitive market. So is there an eventual goal to reduce prices and eventually grow volumes? So any strategy on volume that you can call out from here on? How can the volume growth improve?

Dodla Sunil Reddy:

No volume increase although milk, which was adversely there with the raise in milk volume, should not have come to a growth. It should have actually come down. We were able to manage the growth of milk because of the interventions that we have done like advertising, deeper penetration into markets we had. That is why we did get the 3%, 4% growth in terms of liquid milk volume.

Curd, as a consumption pattern, once the monsoons rains come in, people stop eating curd. So that significant drop of the curd volume is the reason why you will see that overall number not being there. If the curd had not shrunk and it had maintained even in the reason in the seal of whatever the numbers were, we would have seen that 7%, 8% of volume growth coming from the curd and milk alone with the value-added product.

I think coming to the B2B, B2B for us will only be skim milk powder as the days go ahead because Ghee we are actively pursuing and improving our consumer ghee sales. We have also improved our milk sales. I think that is because of getting to modern trade and having more presence.

Regarding pricing, I don't think there will be an undercutting of pricing as much as to take on the market share. It will be that they are not trying to over premiumize our product versus the cooperatives. We are trying to maintain sort of a mass premium, not a super premium. And I think pricing, that is the reason we are keeping where it is and not reducing the price for volume share.

Deepak:

Sure, sir. Sir, if in a hypothetical scenario, if the procurement prices are going down currently, the assumption that we should be working with is a lower volume growth of, say, 3%, 4%, and you will be able to maintain prices. That's the call out that you're making, right?

Dodla Sunil Reddy:

The growth percentage will be a little higher and the procurement prices will come down. So that is what it will be. It will come back to the same -- say volume-wise 7%, 8% and value-wise, maybe between the 10% to 15% or 12%, 13%.

Deepak:

Sure. Understood. And secondly, I wanted to check in the B2B sales that we did in this quarter, were there any write-offs that we took?

Murali Mohan Raju:

No.

B.V.K. Reddy:

No write-off, sir. We sold it, and Murali, can you go and explain? No write-off...

- Murali Mohan Raju:** There is no write-off or anything. So whatever is the stock is there we have sold out. Only in the June, we have sold SMP little at the market price, lesser than our carrying value. Procuring stock, everything is at the market price.
- Deepak:** How much loss did you incur in the June sales, sir, if you can quantify that?
- Murali Mohan Raju:** June it is around INR1.2 crores.
- Deepak:** And today, we are carrying about INR100 crores of SMP and butter inventory, right?
- Murali Mohan Raju:** Yes. Overall, it is 17 plus 9, the closing inventory is only INR23 crores, put together SMP as well as this thing. So there is no much stock. And on an average, every day, we consume 10 tons for internal consumption. So we don't think so anything is there left for us to sell as a B2B.
- Deepak:** Sir, one last question I had. This is a combination of our subsidiary performance. So you mentioned that Africa had an issue with regards to procurement price and Kenya under utilization. So if you can touch up on that on how the outlook will look like. And secondly, Orgafeed has seen a remarkable margin performance. So should we expect this margin trend to continue? Or should it normalize to a certain level?
- B.V.K. Reddy:** Yes. See, first, we'll go to Africa. Africa because last year, April only, we started Kenyan operation, and we got a very good numbers. So -- and also last year, see the first quarter, the prices -- procurement prices were very low, but second quarter prices have gone up. But since this quarter, prices are very stable there also.
- And last year, overall, last year to last year, we got a volume of 35,000- 36,000 liters hike. So volumes are in the last couple of months, the volume is stable now. It is around 2 lakhs, 1.6 lakhs is milk and 40,000 is yogurt. See the volumes are very stable. And the procurement prices also this year are very stable in Africa. And compared to last year, this year, we see better profit margin in Africa.
- And Orgafeed, yes, Orgafeed still there is a scope. Now, right now, we are catering only 35% to 40% of our own farmers. And month-on-month, year-on-year, we have keep on increasing. And still, we have a lot of scope because plant capacity utilization is less than 45%, less than 50% only. So this year also, we have taken aggressive number. And Orgafeed we are hoping that this number will continue this financial year also.
- Murali Mohan Raju:** With regard to the margin, maybe little bit here or there. This quarter, we have a very good performance of 17.6% as against average of last year around 15%. So probably there may be 1% here or there, but we are intact with the volume or the margins.
- Moderator:** The next question is from the line of Mr. Abhishek Mathur from Systematix.
- Abhishek Mathur:** Just wanted to check, in the VAP segment, are we now seeing some kind of a growth revival in the month of July or even in June, did we see some kind of a revival versus April and May? And secondly, in Africa, is there a sense we are getting on any intensification of competition, which

is happening? Or is it stability on that front also? Also wanted to check why the procurement cost in Africa has gone up, reasons behind that?

B.V.K. Reddy: I think the first week of July last -- again, last couple of days onwards, it is raining, Andhra and Telangana heavily. But first 10, 12 days, July was somewhat good growth actually as far as Indian numbers is concerned, sales numbers. And Africa, see now it is very stable. Procurement also is very stable. And we are expecting by year-end further volume growth will get in Africa. There is also enough number of dairies are there, but we have consolidated our position that we will be able to take growth in Africa also.

Abhishek Mathur: Right. So there's nothing specific that we want to call out in terms of competition intensifying, it's stable is what you're saying?

B.V.K. Reddy: We are living with the competition. There's no problem. Especially in Uganda, yogurt, there's no much players. There we have taken almost number 1 position in Uganda, yogurt is concerned. There, yogurt, we have kept on consolidating and year-on-year, we are getting a good growth there. In Africa, in Kenya, there are a number of players are more compared to Uganda in liquid milk sales. But in spite of that, we have established our brand. So we were able to take numbers. There's a good growth.

Dodla Sunil Reddy: So coming to the basic thing is, yes, we will have the regular growth as what we are maintaining between plant capacity and growth in Kenya. Uganda also will continue to grow. Depending on the profitability, again, like how we are saying the price. For example, last year, same quarter, we had a significantly low price.

That is why in the first quarter, you would have seen a huge profitability. And the following quarters, it was sort of maintained and muted down. This year, we didn't see that huge go in the first quarter, but we will maintain the same profitability level as we go forward for other quarters, which will be an improvement over the previous year quarters.

Abhishek Mathur: And on the...

Moderator: Abhishek sir, there is disturbance in your line.

Abhishek Mathur: Yes, I was saying, sir, that in the India VAP segment, you're saying that we are seeing somewhat good growth or stable growth in the month of July in the last 2 weeks. Is that the right takeaway?

Dodla Sunil Reddy: Yes, yes. The first 2 weeks was good, now we have the cyclonic weather again. But still overall, it's good.

Abhishek Mathur: Understood. And lastly, sir, just a bookkeeping question, if you can help with the overall consol realizations, the overall -- the VAP consol realizations and the India-Africa realizations, please?

Murali Mohan Raju: India realization, consol is INR62.78 overall for the quarter, consol. Stand-alone, it is INR63.24, Africa INR59.25. And Orgafeed, it is not of the milk, it is a feed, it is INR24.70.

Abhishek Mathur: And so the VAP consol realization, please?

- Murali Mohan Raju:** VAP consol realization -- okay, VAP consol realization is basically -- VAP is overall INR60 as against. Excluding fat.
- Moderator:** The next question is from the line of Mr. Rajat Setiya from ithought PMS.
- Rajat Setiya:** Sir, what is driving the high margins in Orgafeed? We used to be at 12%, 13%, and now we are doing 17%, 18%.
- B.V.K. Reddy:** The raw material -- majority there in Orgafeed also 75% is the raw material. So availability of raw material and the price is very stable. So that is there. And the selling side also, see not much of fluctuation.
- Murali Mohan Raju:** Overall, the selling price increased. 12% in the procurement cost of mix of all raw materials, the sales realization was reduced only by 6%. So there is a delta of 6%, which was in turn resulted into the overall margin improvement.
- Rajat Setiya:** Okay. So for this year, I think last year, perhaps margins were higher as well. So is it largely because last year also raw material prices were down more than the realization.
- Murali Mohan Raju:** Yes. So last year also because if you say earlier an average of 18.8 per kg, it was reduced to 17.6 for the last Q4 of FY '24 (Wrongly said, please read this as FY25) and has further reduced by 17.3. So quarter-on-quarter, the prices are reducing it. And out of that, some of the amount we are also passing on to the farmer. If any extra amount is there that was building up in the margins.
- Rajat Setiya:** Understood. So if the raw material prices go up a lot, our margins there that would be a challenge, right?
- Murali Mohan Raju:** Generally, we will pass it on, okay? So we don't expect there will be any more -- volatility more than 1% or 2%. So with the volume increase, I think we are absolutely right. The amount will grow only. We don't have -- foreseeing any degrowth in the margin in absolute amount.
- Rajat Setiya:** Okay. And what are generally the factors that drive the raw material prices here?
- B.V.K. Reddy:** Normally, maize, rice husk, URP, these are the major items.
- Rajat Setiya:** Understood. And with regards to Africa, I could not understand the explanation around the increase in procurement prices. Is that seasonal increase in procurement prices here?
- B.V.K. Reddy:** No, Africa also, if you see last year procurement price, first quarter was very low, then subsequently because second quarter has gone up. If you see first quarter to second quarter, there is a INR10 variation. And then the -- somewhat stable second and third and fourth quarter. So somewhat it is stabilized.
- Now fourth quarter too -- now this year, first quarter, there is INR1, INR1.5 reduction in the overall procurement. So that's why now even in the month of July also, procurement is very stable. Even in Uganda, Kenya also now this year also, there's a sufficient range. So, we don't foresee any kind of volatility like last year. Last year, there's a huge variation in the procurement prices.

Rajat Setiya: So, you're saying it's stable now, but I think in Q1, you have mentioned that procurement costs were higher.

B.V.K. Reddy: No, last year, see very abnormally, very low actually. That has reflected in high profit in the first quarter of last year. But this year somewhat it is very stable. First quarter to second quarter, you will not see much of variation. But last year, first quarter, we made INR18 crores and second quarter, we made only INR5 crores EBITDA. But this year, you see it is not looking like that. You may have variation of only INR1 crores -- less than INR1 crores this way that way because the purchase price is more...

Rajat Setiya: And sir, what are the flush?

B.V.K. Reddy: I didn't get you.

Murali Mohan Raju: Can you repeat the question?

Rajat Setiya: Understood, sir. Yes, yes. I'm saying what are the flush and lean seasons in both the countries?

B.V.K. Reddy: Where in Africa?

Rajat Setiya: Yes.

B.V.K. Reddy: So, there are 2 leans and 2 flush seasons there. Now it is the flush only. And then August, September, October will be a lean. Again, November, December, January, there will be flush. So, there will be 3 months flush and 3 months will be lean. Again, 3 months flush, 3 months will be lean there.

Rajat Setiya: Okay. And the December one you said is a flush, right?

B.V.K. Reddy: Yes, yes. October, November up to December, it will be flush.

Murali Mohan Raju: Flush means more availability of the lean.

Rajat Setiya: It is the same, sir.

B.V.K. Reddy: Yes.

Rajat Setiya: And it is the same for both the countries, right?

B.V.K. Reddy: Yes, more or less 1 month this way, that way. Sometimes rains get delayed 15 days, 1 month this way that way.

Moderator: The next question is from the line of Mr. Praveen Kumar from Equitas Capital. Please go ahead.

Praveen Kumar: Yes, hi. Thanks for the opportunity. I had a couple of questions. The first one was looking at your procurement volumes, which are going up over time, especially in India from pickup in Maharashtra and elsewhere. On one side, your procurement volumes are doing well, whereas on the other side, year-to-year, there continues to be the seasonal kind of volatility, right, which is somewhat unpredictable in nature. So, in this kind of a construct where your procurement

volumes keep going up and there is seasonal volatility leading to demand unpredictability, how do you manage margins from a strategic perspective? Can you walk us through that?

Dodla Sunil Reddy: See, we have definite [inaudible 00:35:58].

Murali Mohan Raju: Go ahead, Sunil.

Dodla Sunil Reddy Yes. So basically, the volume to market growth volatility, it will only become more and more stable once we have enough of volume of our own without depending too much on commodity for the B2C business. We are also growing in terms of the value-added part of the business, which is basically trying to sell ghee as a value-added product into the B2C business sale and our other smaller volume growth in terms of our paneer, which has almost doubled in sales volume or increasing in sales volume.

As a combination of these, more and more procurement that we get, we will consume because the liter-to-liter consumption will not necessarily be the same because the requirement of what purchase liter we are doing to what selling liters we are doing is different. For example, if they're buying a purchase liter at 4.2% or 4.3% fat, our selling will be around 4.6% to 4.7% based on the product needs.

So, to manage the balancing of the both, we will need more and more procurement, which will be at least, let's say, 8% to 10% more than our sales volume is also comfortably taken care of by our own capital requirement of balancing what we require. It is only the seasonality when the issue comes in terms of how long are you -- sometimes the seasons are not favorable for you, is when we come to this one-off commodity price sale that we are doing.

Otherwise, we'll try to match mostly between our own requirement and our own sales. And we cannot match it precisely to start with by saying every day, it will be there or every quarter, it will be there. So now we are going with the view that we will have ample milk with us because a couple of years ago, we ran short of fat and we had to withdraw from ghee sale, for example.

So, we will not -- we'll be going back to not to withdraw products and continue to sell them in the B2C market. So that is the reason why we are going for more volume. And this volatility will only be sort of evened out more if we're able to get that volume and the sale to be organized.

Praveen Kumar: Understood. Thanks for that. The other question was on the OSAM acquisition. See, on that, the gross margins, there is a couple -- there is about 2% kind of a differential between Dodla and OSAM. So, can you walk us through what -- is there a plan for convergence of these gross margins over time? And if so, what you will be doing about that?

Dodla Sunil Reddy: OSAM thing basically for us, BVK will give you the more specifics of the improvement as we go forward. I think the East markets, for example, Bihar and Jharkhand are improving from the GDP point of view, it will take another couple of years as those states also grow for premiumization to have increasing of the gross margins as we go forward.

But on the other side, we have the ability of further improvement and rationalization in the operating structure of cost, also which will give us an improvement. So, with both of these, I

think it might not be dramatically higher than what we are operating in the Southern markets, but at least we'll try to bring it up to those levels as time goes by.

Moderator: The next question is from the line of Mr. Aditya from Securities Investment Management Private Limited. Please go ahead.

Aditya Khandelwal: Yes. Hi, sir. Thanks for the opportunity. My question was on gross margins. So, on a Q-o-Q basis, our gross margins have reduced by around 1.5%. But if I look at your procurement prices, they are stable Q-o-Q and we have a higher share of VAP in this quarter as compared to Q4. So why have the gross margins reduced on a Q-o-Q basis?

Dodla Sunil Reddy: The VAP is also inclusive of our bulk sale of butter and powder. Murali, can you give the specifics please?

Murali Mohan Raju: Yes, sure, sir. So basically, sir, Q-on-Q, the margins, minor reduction was there basically because of the sale of fat and butter and SMP. That was only one of the reasons. And generally in the Q1, we have a value-added product, but that was reduced like our butter milk or the lassi or the curd. These are key the reasons for that.

Dodla Sunil Reddy: Apart from your higher realization value-add products of curd and lassi and other consumer products, we have sold more of the fat which is a lower realization the number grew, but the margin took a beating because of the slip in the mix of product.

Aditya: No. But sir, when I look at on a Q-o-Q basis, our VAP sales are around [inaudible 0:40:50]. So just wanted to understand what are the decisions?

Murali Mohan Raju: Aditya see even though the procurement price is one of the factor. Another factor is also consumption. If you see from Q3 to Q4, the prices have increase. From Q4 to Q1 from the mid of May onwards, it started falling down. So what happens is the inventory, whatever we built up in Q4 also will have an impact on the Q1. That is the reason what happens is there will be a minor variation of the consumption also will be there.

It is not only the procurement because like we always say that 10% or more than our procurement is our consumption. Whatever the last -- May second fortnight to June also will spill over of the previous inventory will be there. So that is the reason there will be a minor variation of 1% of the margins, apart some of the commodities what we sell.

B.V.K. Reddy: Currently he is asking 1.5% margins in the PAT margin so there is a variation [inaudible 0:42:06] because of carry forwarding of inventory, because the inventory of the last fourth quarter, we have consumed in the first quarter, so that has reflected in this.

Aditya: Yes. Got it. Understood, sir.

Murali Mohan Raju: Total bulk sales of Q4 is only INR38 crores last quarter. And this quarter, it is around INR57 crores. So here itself it is around INR20 crores higher was there. That's also need a higher consumption. The margins whatever we have in the bulk will not be there in the normal -- business is normally higher.

Aditya: Got it. And now sir, if I look at your procurement price for this quarter was around INR37.38. So now what were the procurement prices in July? Is it lower than this?

B.V.K. Reddy: This running July, you're asking?

Aditya: Yes.

B.V.K. Reddy: Running July.

Murali Mohan Raju: Running July, it's is INR36.90.

Aditya: It's better. In Africa, you mentioned that we had an issue of under utilization in Kenya. But what I recollect was we were already supplying milk to Kenya from Uganda plant. So just wanted to understand why has there been such underutilization happening in Kenya plant?

B.V.K Reddy: Yes. See, earlier we used to supply milk from Uganda. But of late, Kenyan government put a break, they stopped giving in a permits. So 1 year almost they have stopped giving a permit. That's why now in 2023, we acquired a plant in Kenya. Then subsequently, that took 5 months, 6 months to revamp that plant and start last year.

So now also, they are not giving freely permits. Whenever there is a shortage only, they're giving permits to import from Uganda. So that's why that is a problem. See, Uganda milk coming to Kenya, it is not stable. As per the requirement, they're giving the permits. If there is a huge shortage, they are permitting. Otherwise, 5, 6 months, they're putting almost zero.

Aditya: And what is the utilization at our Kenyan plant currently?

B.V.K. Reddy: Now Kenyan plant, we are packing around 65,000 liters to 70,000 liters. That capacity, we can go maximum peak at 1.3, 1.5 Lakh liters.

Aditya: Got it. And sir still what were the sales amount in rupee terms in this quarter?

Murali Mohan Raju: Can you repeat the question?

Aditya: Curd sales in rupee terms for this quarter?

Murali Mohan Raju: In rupee curd sales is INR229 crores.

Aditya: Understood. Okay, sir. Thanks.

Moderator: Thank you. The next question is from the line of Mr. Rehan Saiyyed from Trinetra Asset Managers. Please go ahead.

Rehan Saiyyed: Hello. Yes. Good evening and thank you for giving me an opportunity. Sir as I already my most of the questions are answered, only I have 2 questions, first is on the working capital side are there any initiatives to optimize the working capital cycle [inaudible 0:45:31] forward in upcoming quarters?

Murali Mohan Raju: Your voice is muffling, can you repeat the question? Are you talking about working capital?

Rehan Saiyyed: Yes, I'm talking about the working capital cycle. Is there any plans and [inaudible 0:45:46] supply chain?

Dodla Sunil Reddy: Yes. Working capital, there is will not be any major work for the inventory, because data should be cash and carry. So we have a sufficient cash balance. If any inventory has to be built up that will be met from our cash balances.

Rehan Saiyyed: Okay. And my next question, sir, on the follow up question if you can just tell me regarding growth can you please share your internal growth outlook for FY26 in terms of volume, revenue and what kind of margin then?

Dodla Sunil Reddy: Can you repeat it, your voices is fully muffling. I could not able to understand.

Rehan Saiyyed: Sir, could you please share your internal growth outlook for FY '26 or going forward in terms of volume growth inline margin if you can?

Murali Mohan Raju: Margin -- guiding margin, are you asking about?

Rehan Saiyyed: No, operating margin, sir?

Murali Mohan Raju: Gross profit margin for the quarter it is 25.78% at a consolidated level. And EBITDA margin is at around 8.19% and PAT margin is around 6.24%.

Rehan Saiyyed: I am asking for forward looking that is for FY26 and for FY27?

Murali Mohan Raju: FY '27. So that guidance number what we are saying is, in absolute terms we will grow between around 15% to 20%. That is what we are expecting it.

Rehan Saiyyed: Thank you, sir.

Moderator: Thank you. The next question is from the line of from Disha Giria from Ashika Institutional Equities. Please go ahead.

Disha Giria: Sir, my first question would be what would be the VAP sales growth year-on-year, excluding the bulk sales and SMP?

Murali Mohan Raju: So value growth is...

Dodla Sunil Reddy: B. V. K., you give these numbers.

B.V.K. Reddy: Yes. Yes.

Murali Mohan Raju: Yes. Yes. INR289 crores now as against last year, it is INR278 crores, that was the growth. So if you talk about as a percentage, 4% is the growth, excluding bulk.

Disha Giria: Okay. Sir, you mentioned briefly that our lassi sales -- our lassi volume had gone down drastically during the first quarter. And what would be your strategy going forward to revise that sales or are we seeing green shoots in the same -- in this quarter already?

- B.V.K. Reddy:** Mostly this lassi and butter milk, you know this is seasonal numbers. Normally in the month of April, May, when temperature is very high, the numbers are -- normally it will be very high. But in the month of -- from June onwards, numbers normally always it will be down. So if I'm selling 1 lakh liter of butter milk, in the month of June, July, August, it will be only -- it will come down to 10% only.
- Murali Mohan Raju:** Yes.
- B.V.K. Reddy:** So it is totally weather-driven lassi and butter milk.
- Murali Mohan Raju:** Yes. Basically, butter milk, madam, last time, we have done around 45,000 liters. This time, it was only 32,000 liters. And even lassi also, it is around 15,000 and it was around 14,000. So basically, the major impact happened in the butter milk.
- Disha Giria:** Okay.
- Murali Mohan Raju:** And curd, whatever, generally we get a growth, that growth has not come. We have little reduction. There is not much. It is around 5% -- 3% is a de-growth, like what we mentioned earlier in the curd.
- Disha Giria:** Okay. Sir, my last question is in terms of gross profit. While I understand there was high procurement cost, both in India and in Kenya. If I compare our standalone gross profit decline with our closest competitor, our decline is almost 2x of their decline in the same period. So I mean, could you help me understand the same?
- Murali Mohan Raju:** If you see the close competitor in every zone, the EBITDA is more or less...
- Dodla Sunil Reddy:** It depends on where we look at, some competitor has Various advantage of Tamil Nadu being more and some competitors where we have apple-to-apple, it will be almost the same, at least coming from an EBITDA level because gross sometimes depends on the way people do the costing.
- At an EBITDA level, competitors who are in the same region as what we have, we would be the same in terms of the decline in EBITDA from where they were. Some competitors who have more of higher volume from a particular state have the advantage of that state and their margins are a little better than the other competitors who are equal in this case.
- Disha Giria:** So, sir, our highest procurement comes from Andhra Pradesh, right?
- Dodla Sunil Reddy:** Yes.
- Dodla Sunil Reddy:** But it's almost equal [00:51:01] I think it is Karnataka followed by Tamil Nadu.
- B.V.K Reddy:** No. No. Andhra Pradesh, you said?
- Murali Mohan Raju:** Andhra Pradesh followed by Karnataka.
- B.V.K Reddy:** Andhra Pradesh, Tamil Nadu, Karnataka and then Maharashtra.

Murali Mohan Raju: Yes.

B.V.K Reddy: Andhra Pradesh, Tamil Nadu...

Murali Mohan Raju: Andhra Pradesh is...

B.V.K Reddy: Tamil Nadu, Karnataka and then Maharashtra.

Murali Mohan Raju: Yes.

Disha Giria: All right. Understood sir.

Moderator: The next question is from the line of Mr. Kiran Kumar from Green Investors.

Kiran Kumar: Good afternoon. Am I audible. Just want to clear.

Murali Mohan Raju: Yes.

Kiran Kumar: Sir, my question is...

Dodla Sunil Reddy: Yes, sir. Go ahead.

Kiran Kumar: Standalone business. I would like to know the revenue of milk and curd standalone for Q1 versus Q5 -- Q1 '25?

Murali Mohan Raju: Okay. Standalone milk revenue is INR538 crores.

Kiran Kumar: You're not clear. Please, could you repeat?

Murali Mohan Raju: INR538 crores revenue number of milk.

Kiran Kumar: Okay.

Murali Mohan Raju: Standalone. Last quarter...

Kiran Kumar: So the same for -- yes. It was?

Murali Mohan Raju: Last year same quarter, it is INR507 crores, so 6% of growth in the revenue.

Kiran Kumar: Okay. Okay, sir. So coming to curd.

Murali Mohan Raju: Coming to?

Kiran Kumar: Curd. Curd.

Dodla Sunil Reddy: Curd. Curd.

Murali Mohan Raju: Curd, basically INR204 crores current year. Last year -- last quarter it is INR210 crores, that is a 3% reduction.

Kiran Kumar: Okay. VAP sir, for standalone?

Murali Mohan Raju: VAP standalone other than curd, excluding fat, currently it is INR76 crores, last quarter it is INR42 crores. And fat products...

Kiran Kumar: Current quarter...

Murali Mohan Raju: Current quarter it is INR45 crores, last quarter it is INR41 crores.

Kiran Kumar: So, INR76 crores VAP minus curd?

Murali Mohan Raju: Yes.

Kiran Kumar: and INR 35 is?

Murali Mohan Raju: INR 35 is, fat and fat products basically butter and ghee.

Kiran Kumar: Okay, sir. I got it. Okay. Sir, would you please confirm if bulk quarter, like, bulk sale is only from standalone or?

Murali Mohan Raju: Bulk is only standalone.

Dodla Sunil Reddy: We don't do any bulk sale in the...

B.V.K. Reddy: Africa.

Dodla Sunil Reddy: Africa.

Moderator: The next question is from the line of Parikshit Gupta from Fair Value Capital.

Parikshit Gupta: I just want to confirm, in terms of growth, you mentioned a 15% to 20% growth in terms of value, correct?

Murali Mohan Raju: 15% to 20% in absolute growth, it has an EBITDA or at a PAT level.

Parikshit Gupta: Understood. And in terms of top line, did you -- what was that number? And if you could also please...

Murali Mohan Raju: It will be 10% to 15%.

Parikshit Gupta: Okay. And can you also tell me a breakup? How much of it are you expecting from value-added from liquid milk, Africa, Orgafeed? If you can give a sense around those -- that, please?

Murali Mohan Raju: [See in -- as I propotion even in the VAP, sorry...**Dodla Sunil Reddy:** Murali, I think Africa will be on the higher teens. Orgafeed will also be in the higher teens of growth. And India will be in that 10% to 14% - 15% kind of a growth rate. So that is what we look at it. We cannot be very precise because of seasonality, but we normally target as a combination of all to be there.

Parikshit Gupta: Understood. In terms of -- my second question on OSAM?

Dodla Sunil Reddy: Africa and Uganda are higher teens. India being in the lower teens.

Parikshit Gupta: Can you please repeat that?

Dodla Sunil Reddy: Sorry, sir. Go ahead. Africa and Uganda...

Murali Mohan Raju: Africa will be in the higher teens.

Murali Mohan Raju: India will be smaller teens. That's what sir is saying.

Parikshit Gupta: Understood. And does this also -- the India number, does it also include the OSAM brand, the contribution from additional revenue from OSAM?

Dodla Sunil Reddy: We are not yet considered OSAM -- without OSAM is where we are looking at this lower teens of India. With OSAM, it should be up a little on the higher teens, the same, which is 15% of growth.

Parikshit Gupta: And just my last question, can you also tell me about the regional revenue split? I do understand that it is primarily in the South, but can you bifurcate it for me a little, please?

Dodla Sunil Reddy: Murali, can you give the numbers of states of revenue? Good ahead.

Murali Mohan Raju: Revenue -- overall revenue, sir, from Karnataka -- okay -- AP we will have around INR259 crores. Karnataka, it is INR279 crores. Tamil Nadu, it is INR149 crores. Telangana it is INR119 crores, excluding bulk. So bulk, we have done around INR57 crores in total.

Parikshit Gupta: And from -- in terms of the growth, which states do you think would be the greatest contributor to it? I just want to understand which states are doing -- expected to do well versus which ones might be laggard here?

Murali Mohan Raju: So, excluding bulk, it is almost 9.6% what we have grown in India. Out of that 11% is AP growth, followed by, sorry, Telangana 11.7%, Tamil Nadu 10.3%, Karnataka is 7.2%. This is with regard to the value -- revenue wise.

Parikshit Gupta: And going forward, we expect to follow the status quo?

Murali Mohan Raju: Similar to that.

Parikshit Gupta: Sorry?

Murali Mohan Raju: Similar growth we are expecting.

Dodla Sunil Reddy: Yes.

Parikshit Gupta: Understood.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.



Dodla Sunil Reddy:

I would like to thank all the investors who came on the call. Thank you very much. If you have any other questions, you can always get in touch with our Investor Relations team from SGA. Thank you.

Moderator:

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