

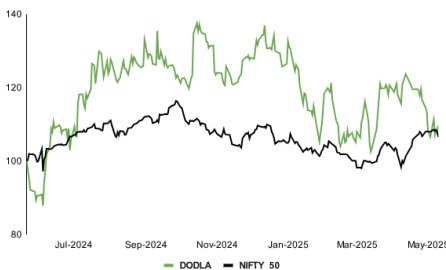
**CMP: INR 1,172**
**Rating: BUY**
**Target Price: INR 1,779**
**Stock Info**

BSE	543306
NSE	DODLA
Bloomberg	DODLA:IN
Reuters	DODL. NS
Sector	Dairy Products
Face Value (INR)	10
Equity Capital (INR Cr)	59.5
Mkt Cap (INR Cr)	7,168
52w H/L (INR)	1,377/ 822
Avg Daily Vol (in 000')	85

**Shareholding Pattern %**
*(As on March 2025)*

Promoters	59.69
FII	10.41
DII	19.14
Public & Others	10.74

Stock Performance (%)	1m	3m	12m
Dodla	4.3	15	18.2
Nifty 50	3.9	8.1	10.1

**Dodla vs Nifty 50**

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Dodla Dairy reported revenue of INR 9,096 million, exceeding our estimate of INR 8,898 million by 2.2%. Revenue grew 15.5% YoY (vs est. 13.0%) and 0.9% QoQ (vs est. -1.3%), driven by sustained volume traction and steady realizations despite anticipated seasonal softness. EBITDA came in at INR 903 million, a 5.7% beat over our estimate of INR 854 million. This represents robust growth of 40.7% YoY (vs est. 13.3%) and 4.5% QoQ (vs est. -11.0%), supported by procurement efficiencies and operating leverage. EBITDA margin stood at 9.9%, beating our estimate of 9.6% by 30 bps. Margins expanded 180 bps YoY (vs est. +2 bps) and dipped just 64 bps QoQ (vs est. -104 bps), indicating effective cost control and disciplined pricing. PAT stood at INR 680 million, significantly above our forecast of INR 541 million—a 25.7% beat. Net profit grew 45.1% YoY (vs est. 15.5%) and 6.9% QoQ (vs est. -14.9%), reflecting strong operational execution and a lower-than-expected tax outgo.

**Key Growth Drivers:** Margin Expansion: Driven by an improved VAP mix, strong execution in African operations, and operating leverage. Balance Sheet: The company remains debt-free with strong cash flows and a fortified balance sheet. Structural Tailwinds: Rising penetration of organized dairy supports long-term growth.

**Segmental Highlights:** VAP Traction: VAP contributed 35% of revenue (vs 27.2% in FY21), led by curd, flavored milk, ice creams, and yogurt. African Operations: Accounted for 10.2% of FY25 revenue, with the new Kenyan plant now operational. Orgafeed: The backward integration initiative posted FY25 revenue of INR 1,325 million and EBITDA of INR 195 million. Capacity Expansion: New dairy and feed plants commissioned; land acquired in Maharashtra for future scale-up.

**Challenges:** Declining average milk procurement price to INR 35.5 per liter poses margin pressure risk.

**Outlook & Valuation:** Dodla is focused on: Driving premiumization via VAP, Optimizing utilization of new capacities, Exploring inorganic growth opportunities, Expanding rural and modern trade reach. We believe Dodla is structurally positioned for sustained earnings momentum, supported by brand equity, strong procurement capabilities, and robust cash generation. Maintain BUY, with potential for re-rating as VAP contribution continues to rise. Target Price: INR 1,779, based on 27x FY27E EPS of INR 66.

INR Mn	FY24	FY25	FY26E	FY27E
Revenue	31,255	37,201	44,733	53,811
YoY	11.15%	19.02%	20.25%	20.29%
EBITDA	2,888	3,808	4,630	5,677
EBITDA Margin	9.24%	10.24%	10.35%	10.55%
PAT	1,667	2,599	3,113	3,919
YoY	36.34%	55.89%	19.76%	25.89%
EPS (INR)	28.03	43.69	52.33	65.88
YoY	36.35%	55.89%	19.76%	25.89%
P/E (x)	41.82	26.82	22.40	17.79
P/B (x)	6.12	4.96	4.06	3.31
EV/EBITDA (x)	24.11	18.31	15.14	11.34
D/E (x)	0.08	0.07	0.07	0.07
RONW	14.64%	18.49%	18.13%	18.58%
ROCE	19.95%	24.01%	23.54%	24.13%

Source: Company, Arihant Research

**Operational Highlights:**

•**Milk Procurement:** The company procured 16.3 LLPD in FY25 at an average cost of INR 37.36 per liter, ensuring a stable and consistent milk supply.

•**Value-Added Products (VAP):** VAP contributed 35% to FY25 revenue and 32% of Q4 revenue, underscoring ongoing premiumization efforts.

•**Milk Sales:** Average milk sales in Q4 stood at 11.7 LLPD, marking a healthy 8.2% YoY growth.

•**Kenya Expansion:** A new processing plant with a capacity of 60,000 LPD was commissioned in Kenya, further strengthening the company's East Africa operations.

•**Capacity Expansion:** The Maharashtra greenfield project, with a capex of INR 280 crore, is underway and expected to add 10 LLPD capacity by FY27.

•**Dividend Declaration:** The company declared a dividend of INR 2 per share (20% of face value)—its first in several years—reflecting a robust financial position.

**Geographic Expansion & Product Portfolio:**

•**Market Presence:** Operations span across India and East Africa, including the cattle-feed vertical under the *Orgafeed* brand.

•**African Market:** Africa revenue surged 71% YoY, crossing the INR 100 crore mark, positioning the region as a high-growth frontier for the company.

•**SMP & Butter Sales:** Transitioned from a net buyer to a net seller of skimmed milk powder (SMP) and butter, diversifying revenue streams and enhancing procurement efficiency and margin control.

**Orgafeed Business Performance:**

•**Growth Trajectory:** Orgafeed recorded 48% YoY revenue growth along with margin expansion, indicating strong market acceptance.

•**Operational Metrics:** Currently operates below 50% capacity utilization (total capacity: 10,000 tons/month) and serves around 30% of associated farmers.

•**FY26 Outlook:** Targets 15% YoY growth with projected revenue of INR 200 crore for the year.

**Guidance & Strategic Priorities:**

•**Growth Outlook:** The company aims to sustain double-digit top-line growth and targets 15% YoY growth in milk procurement volumes in FY26, with margins expected to remain stable.

•**Expansion Plans:** Footprint expansion is planned across Tamil Nadu, Maharashtra, and Northern India.

•**Revenue Upside:** Aggressive targets for butter and SMP conversion are expected to contribute an additional INR 350–400 crore in revenue.

## Income Statement

INR Mn	FY24	FY25	FY26E	FY27E
<b>Revenue from operations</b>	<b>31,255</b>	<b>37,201</b>	<b>44,733</b>	<b>53,811</b>
Cost of materials consumed	22,821	26,990	32,455	39,041
Employee benefit expenses	1,360	1,599	1,833	2,098
Other expenses	4,184	4,804	5,815	6,995
<b>EBITDA</b>	<b>2,888</b>	<b>3,808</b>	<b>4,630</b>	<b>5,677</b>
<b>EBITDA Margin</b>	<b>9.24%</b>	<b>10.24%</b>	<b>10.35%</b>	<b>10.55%</b>
Depreciation & amortisation expense	701	746	771	795
Finance Cost	24	37	46	56
Other income	274	533	447	538
<b>PBT after exceptional Items</b>	<b>2,438</b>	<b>3,558</b>	<b>4,261</b>	<b>5,364</b>
Cash Tax	771	958	1,148	1,445
<b>PAT</b>	<b>1,667</b>	<b>2,599</b>	<b>3,113</b>	<b>3,919</b>
EPS after exceptional items:				
Basic (INR)	28.03	43.69	52.33	65.88
Diluted (INR)	27.75	43.26	51.81	65.23

## Balance Sheet

INR Mn	FY24	FY25	FY26E	FY27E
Equity Share Capital	595	603	603	603
Other Equity	10,794	13,456	16,569	20,488
<b>Net Worth</b>	<b>11,389</b>	<b>14,060</b>	<b>17,173</b>	<b>21,092</b>
Total debt	954	915	1,125	1,374
Deferred tax liability (net)	239	260	260	260
Other non current liabilities	125	158	189	228
<b>Total Liabilities</b>	<b>1,318</b>	<b>1,333</b>	<b>1,575</b>	<b>1,862</b>
Net Block	6,538	6,950	5,292	4,820
CWIP	124	119	123	126
Goodwill	516	516	516	516
Other intangible assets	72	30	36	44
Biological assets	9	9	11	13
Investments	2,187	282	339	408
Other non current assets	127	157	189	228
<b>Net Working Capital:</b>	<b>2,101</b>	<b>6,432</b>	<b>11,507</b>	<b>10,065</b>
Inventories	3,892	1,617	5,630	3,088
Trade receivables	105	123	138	171
Cash and cash equivalents (INR Mn)	1,034	897	734	6,734
Bank Balances (INR Mn)	1	118	142	171
Other current assets	174	6,488	7,801	9,385
Trade payables	1,484	1,555	1,772	2,230
Other current liabilities	587	360	432	520
<b>Total assets</b>	<b>12,707</b>	<b>15,392</b>	<b>18,747</b>	<b>22,954</b>

## Cash Flow

INR Mn	FY24	FY25	FY26E	FY27E
Profit before tax	2,438	3,558	4,261	5,364
Depreciation & amortization	701	746	771	795
Tax paid	771	958	1,148	1,445
Working capital Δ	1,746	4,331	5,075	-1,442
<b>Operating cash flow</b>	<b>622</b>	<b>-985</b>	<b>-1,191</b>	<b>6,156</b>
Capital expenditure	1,192	1,153	-883	326
<b>Free cash flow</b>	<b>-570</b>	<b>-2,139</b>	<b>-308</b>	<b>5,829</b>
Investments made	-608	-1,904	57	69
Other asset purchases	-41	-12	40	48
Debt financing	190	-39	210	249
Other items	14	128	32	38
<b>Net Δ in cash</b>	<b>283</b>	<b>-136</b>	<b>-164</b>	<b>6,000</b>
<b>Opening cash balance</b>	<b>750</b>	<b>1,034</b>	<b>897</b>	<b>734</b>
<b>Ending cash balance</b>	<b>1,034</b>	<b>897</b>	<b>734</b>	<b>6,734</b>

Source: Company, Arianth Research

Ratios	FY24	FY25	FY26E	FY27E
<b>Growth Matrix (%)</b>				
Revenue	11.15%	19.02%	20.25%	20.29%
EBITDA	50.96%	31.84%	21.57%	22.62%
EBIT	60.85%	46.02%	19.80%	25.85%
PBT	60.55%	45.94%	19.76%	25.89%
PAT	36.34%	55.89%	19.76%	25.89%
PAT after OCI	29.09%	60.45%	16.44%	25.89%
<b>Profitability (%)</b>				
EBITDA Margin	9.24%	10.24%	10.35%	10.55%
EBIT Margin	7.81%	9.53%	9.53%	9.97%
Net Profit Margin	5.29%	6.89%	6.89%	7.21%
RoCE	19.95%	24.01%	23.54%	24.13%
RoNW	14.64%	18.49%	18.13%	18.58%
RoA	14.17%	18.50%	18.24%	18.80%
<b>Per Share (INR)</b>				
Basic EPS	28.03	43.69	52.33	65.88
Diluted EPS	27.75	43.26	51.81	65.23
DPS	2.00	0.00	0.00	0.00
Basic Cash EPS	39.80	56.24	65.28	79.24
Diluted Cash EPS	39.41	55.68	64.64	78.46
BVPS	191.43	236.32	288.65	354.53
Sales	267.34	267.34	267.34	267.34
<b>Valuation (x)</b>				
P/E	41.82	26.82	22.40	17.79
P/CEPS	29.44	20.84	17.95	14.79
P/B	6.12	4.96	4.06	3.31
P/Sales	4.38	4.38	4.38	4.38
EV/EBITDA	24.11	18.31	15.14	11.34
EV/EBIT	28.29	19.40	16.28	11.88
EV/Sales	2.23	1.87	1.57	1.20
Dividend Yield	0.00	0.00	0.00	0.00
<b>Liquidity (x)</b>				
Current Ratio	2.51	4.83	6.55	7.11
Quick Ratio	0.63	3.98	4.00	5.99
Defensive Interval Ratio	16.90	83.37	80.23	124.82
Cash Ratio	0.50	0.47	0.33	2.45
<b>Activity (x)</b>				
Receivables turnover	326.10	325.99	343.01	348.38
Inventory turnover	8.97	9.80	8.96	8.96
Payables turnover	16.58	17.76	19.51	19.51
Total asset turnover	2.66	2.65	2.62	2.58
Fixed asset turnover	4.87	5.42	7.17	10.39
Working capital turnover	14.88	5.78	3.89	5.35
<b>Days</b>				
Receivable days	1.12	1.12	1.06	1.05
Inventory days	40.71	37.25	40.75	40.75
<b>Cash Conversion cycle</b>	<b>41.83</b>	<b>38.37</b>	<b>41.82</b>	<b>41.80</b>
Payable days	22.01	20.55	18.71	18.71
<b>Operating cycle</b>	<b>19.82</b>	<b>17.82</b>	<b>23.11</b>	<b>23.09</b>
<b>Leverage (x)</b>				
Interest Coverage	102.58	97.00	94.50	97.37
Debt Equity	0.08	0.07	0.07	0.07
Net Debt Equity	-0.01	0.00	0.02	-0.25
Assets to Equity	1.03	1.00	0.99	0.99
<b>Du Pont</b>				
Tax burden	0.68	0.73	0.73	0.73
Interest burden	0.99	0.99	0.99	0.99
EBIT Margin	0.08	0.10	0.10	0.10
Asset turnover	2.66	2.65	2.62	2.58
Leverage	1.03	1.00	0.99	0.99
<b>ROE</b>	<b>0.15</b>	<b>0.18</b>	<b>0.18</b>	<b>0.19</b>

Source: Arian Research, Company Filings

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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