



Date: 25 May 2026

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 Q4 FY26 Results Earnings Call held on Monday, 18 May 2026

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Q4 FY26 Results Earnings Call held on Monday, 18 May 2026 for the quarter and year ended 31 March 2026.

The above information is also available on the website of the Company: 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

Encl: As above



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“Dodla Dairy Limited
Q4 FY26 Earnings Conference Call”

May 18, 2026

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on May 18, 2026, will prevail.”



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

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Moderator:

Ladies and gentlemen, 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 touch-tone 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. Thank you, and over to you, sir.

Dodla Sunil Reddy:

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. BVK Reddy; CFO, Mr. Murali Mohan Raju; and SGA, our Investor Relations Advisors. I hope everyone has had an 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, financial year 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 has delivered resilient performance. Revenue growth was 11% year-on-year, EBITDA margins 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. To better understand the trends of the dairy industry, one should look at the three to four-year cycle. On that basis, our four-year CAGR stands at a healthy level of 16%. Based on our growth and expansion plans for the next three to four 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 for the fourth time in a row with a top line of INR1,074 crores, reflecting a year-on-year growth of 18% primarily driven by volume expansion. The EBITDA margin for the quarter stood at 5% and PAT margins 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. Once our planned expansion fully stabilizes, our planned expansion 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% to 34% in terms of VAP contribution.

Africa business recorded a revenue of INR151 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 INR18 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% to 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 footprint of distribution. This business complements our core dairy operations with a strategic angle. It helps in strengthening farmer relationships through assured feed supply and creating an important loyalty loop in our procurement network. OSAM business reported a steady progress with our focus remaining intact on enhancing operational efficiencies in this business to improve profitability.

I also would like to welcome Ms. Dodla Silpa Reddy, who got appointed by the Board as a senior management personnel for strategy and transformation. Silpa has spent considerable time understanding the business across verticals and now she's 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 INR106 crores worth of capex has already been deployed cumulatively across '25 and '26. We have also made decent progress towards improving our operational efficiencies of the OSAM business, improved its product quality, and upgraded the infrastructure. We should continue in this direction till margins are at par with the overall company level margins.

We were also allocated a 7-acre land parcel by the Bihar Industrial Area Development Authority for a dairy project, which will call for additional investment of around INR4.4 crores towards the land. The project is presently under consideration and further details shall be disclosed after Board approval. 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 INR60 crores, including land as well as the plant. It will be executed in a phased manner and will be completed by year-end of '29.

Before I hand over to BVK, let me share our directional views for FY27. We expect revenue growth to be in the low to mid-teens, supported by OSAM's full year contribution, Africa continuing on its current trajectory, and an 8% to 9% organic growth in our India business. We

are expecting a gradual gross margin recovery of 50 to 100 basis points over FY26 levels as procurement normalizes and our pricing actions take effect. Effective tax rate will return to the normal 25 to 27 range post completion of the favorable tax orders we received in FY26.

On capital allocation, let me articulate the firm clearly. 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 synergies. 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 brief, I will now hand over to our CEO of the company, Mr. BVK Reddy. Thank you very much.

BVK Reddy:

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 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 INR41 per liter as against INR38.7 per liter in the previous quarter and INR37.4 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 INR58.4 per liter, which was INR57.7 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 stand-alone India EBITDA margin for the quarter reflected the sharpest quarter of the procurement cost inflation in this cycle. The consolidated EBITDA margin of 5% was supported meaningfully by Africa and OrgaFeed, which together delivered around INR22 crores EBITDA in Q4.

On a 9-month basis [Wrongly said, please read it as Full Year Basis], our stand-alone India EBITDA margin was approximately 6% to 7%. In Q4, represented a cyclical throw, we expect this to begin to recover in Q1 FY27. We also witnessed some cost pressure in packing and logistics costs, among other things, due to the shift of bulk sales in 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 gradual improvement in margins.

Now coming to our product sales mix. Dodla 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 INR2,969 million as against INR2,841 million in Q4 FY '25. Excluding bulk sales, VAP delivered growth of 21% on year-

on-year basis. Curd sales volume reported a healthy growth of 15.4% on year-on-year and stood at 442 million metric tons in terms of value.

Curd sales grew by 19.1% on year-on-year basis. Products like curd, paneer, buttermilk, flavoured milk, lassi, etcetera, delivered a decent growth, whereas 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 the raw material input costs have not been fully passed on to the farmers in order to sustain long-term relationship, aimed to low milk supply environment and heightened competitive intensity.

Some modernization 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 price in the near terms to pass on some part of elevated procurement cost. We are also witnessing some modernization 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 underlining fundamentals and expansion plans in place, we remain focused on effective execution and achieving long-term objectives while delivering profitability growth. Now I would request our CFO, Mr. Murli Mohan Raju, to share the financial highlights for the quarter. Thank you.

Murli Mohan Raju:

Thank you, Mr. B.V.K. Reddy, and a very good morning to all the participants on the call. Talking about consolidated financial performance in Q4 FY '26. Revenue from operations for Q4 FY '26 stood at INR1,074 crores, making it its highest-ever quarterly revenue, growing 18.1% on a year-on-year basis from INR910 crores in Q4 FY '25. Gross profit stood at INR247 crores with a margin of 23%.

Employee expenses for the quarter stood at INR52 crores, up approximately 27% from FY '25, primarily reflecting OSAM inclusion, Maharashtra greenfield expansion, and the Kenya plant ramp-up. Other expenses stood at INR141 crores compared to INR123 crores in the corresponding quarter last year. While other expenses remained broadly in line with the revenue as a percentage of sales, the increase in absolute terms was primarily driven by increase in infrastructure-related expenses, including rent, employee travel and the conveyance cost due to an increase in the headcount of the employees.

Higher transport cost owing to shift in product mix from bulk sales towards liquid milk and VAP. We reported EBITDA of INR54 crores for the quarter with an EBITDA margin of 5%. Depreciation expense increased to INR22 crores during the quarter as against INR18 crores in the same period last year.

Other income for the quarter stood at INR20 crores, including INR10 crores of interest income tax refund pertaining to interest on a tax refund following a favourable ITAT order. In Q4, we recorded an exceptional item that is INR3 crores worth of reversal on the one-time labour code expenses, which was recorded in Q3 FY '26. An exceptional expense of INR5.7 crores was recognized in the previous quarter pursuant to the revised labour 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 INR29.2 crores for the quarter relating to earlier years following favourable 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 INR70 crores with net profit margin of 6.5%. I want to call out the one-off support to Q4 PAT explicitly. The INR70 crores reported Q4 PAT includes INR29 crores earlier tax credit, which I just mentioned, and INR10 crores of interest income on the related tax refund. Excluding these two one-off items, our Q4 underlying PAT is approximately INR40 crores.

For the full year FY '26 reported PAT of INR267 crores includes total one-off benefits of approximately INR70 crores, that is INR58.7 crores of earlier tax credit through the year and INR10 crores of related interest income. Adjusted FY '26 PAT is therefore approximately INR215 crores with an adjusted PAT margin of around 5.2%. This is the clean baseline against which FY '27 should be evaluated.

Now coming to FY '26 performance. Revenue from operations grew by 10.9% year-on-year to the highest-ever INR4,125 crores compared to INR3,720 crores in the previous year. Revenue remained over INR1,000 crores for all the quarters of FY '26. Gross profit increased by 3.3% year-on-year to INR1,055 crores. EBITDA for the year stood at INR309 crores with EBITDA margin at 7.5%.

The company reported a profit after tax of INR267 crores, translating into a PAT margin of 6.5%. The company generated healthy cash flow from operations of INR295 crores during the year, while total cash and cash equivalent stood at INR649 crores as of 31st March 2026. This includes cash and bank balance plus our current as well as non-current investments, as all of those are liquid in nature.

Our debt-to-equity remains under control at 0.03 levels. The capital investment done in FY '26 is about INR430 crores. This includes around INR271 crores of expansion capex in HR Food, INR86 crores in Maharashtra during FY '26, taking the cumulative Maharashtra spend across FY '25 and FY '26 to INR106 crores against a total project envelope of INR280 crores and the balance INR73 crores of maintenance capex. For FY '26, the board has recommended a final dividend of INR5 per equity share. With this, we conclude this presentation and open the floor for further discussion.

Moderator: The first question is from the line of Praveen Kumar from Acuitas Capital Advisors. Please go ahead.

Praveen Kumar: Hello. Yes, hi. 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? Because earlier in the call, you had specified 50 to 100 basis points improvement in margin from FY '26 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 which you were referring to.

So are you recognizing a structural lowering of the steady-state margin that you can achieve, or is it like are you saying that FY '27 is a year in transition and then onwards there are factors which can take it upwards? Yes, that's my first question.

Dodla Sunil Reddy: So thank you very much for the question. I think it's more in terms of being cautious with this whole uncertain environment that we are in, because none of us are able to take sure of what is going to be pricing of fuel, pricing of plastics, the whole agriculture under impact with urea production -- none of this is very clear for us. So that is what it's leaving, we're rather be on the cautious side of taking what can be achieved even by considering all the uncertainties that are there. So this is more a '27 year kind of a year where, taking into consideration uncertainties versus what is going on, that we are trying to give this kind of a guidance.

Praveen Kumar: So just as a affect to that, do you see, for example, when you're talking about the urea issues etcetera 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 on that dairy procurement side, right? So could you throw some light on that?

Dodla Sunil Reddy: You're exactly right, right? If there is drought and less of agriculture, then animal husbandry steps in to become acts as a buffer for the farmers to grow. But like I said, we're not too sure where this is going to hit, right? Is El Niño actually going to play out and more procurement pricing coming in? So that is the reason we've been more cautious because A, you have a weather which is normally there as an uncertainty, but added to that. The uncertainty of the war and the pricing that is coming. So keeping that into consideration, we are being more cautious.

Praveen Kumar: So to understand you, you're saying that post FY '27, assuming some of these things normalize, you can get back to your more normal kind of margins?

Dodla Sunil Reddy: Yes, we can come back to a normal, yes. And also one more thing is like in these uncertain times, right, we have to be very careful of taking care of both the ends of the chain, that is the farmer and the customer. If we go and unreasonably try to kill the customer, then we'll lose not only the consumption will start taking a dip. If we are unreasonable with the farmer, long-term impact in terms of productivity also will get hit. So keeping both into consideration is why we are being more cautious than being aggressive.

Praveen Kumar: Understood. And on the VAP mix, can you throw some light on how are you trying -- what are the steps that you're taking to reduce the seasonality on that? And I think you had already indicated some kind of a mix, stable mix you want to get to, but if you can throw some light on how do you plan to reduce the seasonality part of it to the extent because a lot of your existing products in the VAP are somewhat seasonal in nature. So...?

Dodla Sunil Reddy: Yes, see, basically seasonality impacts three major products for us. One is ice cream, which does not move the needle significantly because it's a smaller portion of the overall. Buttermilk, lassi, and curd are the ones which majorly go affect to the seasonality. That I think will be very -- it's a southern consumption habit that if there is more summer, people shift more towards the

fermented products. We are trying to see that if it becomes a throughout-the-year product, what was exclusively a two to three months.

We're trying to extend that to a six months period to see that people start using it as a refreshment rather than worrying about it as a summer product. On the other hand, products like paneer have improved for us. Paneer has seen a significant growth that has come in the local consumption once placements are in place. And also that we are looking at things like our flavoured milk, which is also expanding and growing at a bit of a steady-state growth that we're looking at growing those products.

I think in the days to come, depending on customer habits and health grounds, we will think that even buttermilk and such will become a regular product. Other than that, I think the shift will not be -- we will not be able to change customer habits dramatically.

Praveen Kumar: Understood. And the last question was on OSAM. What operational changes incrementally are you driving to converge OSAM margins with overall company margins?

Dodla Sunil Reddy: B.V.K. will explain in detail the operational margins that we are looking at, OSAM. Basically, broadly it's on all fronts, right? It is on production, it's on market, and it's on procurement. I think the operational efficiencies that you are saying, I'll ask B.V.K. to give you more in detail what all are the operational efficiencies in OSAM that we have undertaken which will help us improve our margins.

BVK Reddy: Yes, yes, see, OSAM, you know, when we see we have implemented SAP and a lot of infrastructure we have done, lot of stress is being put towards quality and a lot of logistics cost, so everything is being streamlined. So since once acquired in a couple of months it took maybe in the coming year you will see further refining and a lot of operational efficiencies in OSAM.

Praveen Kumar: So what kind of time will it take for it to converge and how does this you're talking about now new land allocation and spending on that for expansion further in Bihar. So how do -- how does that affect the margin convergence trajectory?

Dodla Sunil Reddy: So presently what we are looking at it is the land because the government is offering us not only for a future project which will not be immediate, but like we said we'll have to go through the board approvals and get it. But existing operations improvement itself what we're looking at, we look at between 6 to 12 months that you will see the all the improvements coming into effect fully and then on it'll come back to the regular margins as the overall company's structure.

Praveen Kumar: Thank you. Thanks. I'll fall back in queue.

Moderator: Thank you. Next question is from the line of Yash Goenka from Awriga Capital Advisors LLP. Please go ahead.

Yash Goenka: Hi, thank you for taking my question. My question is on the cycle. Do you see anything different about this current dairy cycle?

Dodla Sunil Reddy: Hi Yash. Yes, what we have seen is there's a significant like as usual when the summers come in, we have seen a significant uptick in volumes increasing in the first quarter. That is one on the sales side where we see the significant improvement happening and the product mix giving a better realization over the previous last year the same period. But on the other end, procurement was still under stress we are seeing improvement signs.

And we hope that maybe in another month or so that'll also start to improve. I think Maharashtra and Karnataka have improved a bit in terms of productivity. We are waiting to see how the productivity in Tamil Nadu, Andhra and Telangana and other places will come into play. So the shift has happened in the proper manner compared on the sales side. Procurement is also on track. We hope to see better results coming in in the next month or so.

Yash Goenka: Okay. Secondly our cooperative is raising their prices in all the regions you are operating in the Southern states?

Dodla Sunil Reddy: See, we have -- they have increased the selling prices. Amul and Mother Dairy has just come in the paper to increase the INR2 selling price. We have already taken that price increase in the month of March itself, mid-March itself we had taken the increase. So the cooperatives are just following the increase that we have taken to compensate the cost.

Yash Goenka: And over the next 2 to 3 months, would you be further taking price hikes and what would that range be in?

Dodla Sunil Reddy: We won't be taking price hikes per se, but we will be trying to correct certain things that are there like if our, for example, if the packaging material, it'll be only minor corrections that we will take, not a major price correction because already we have a significant headroom over the cooperatives that are there. We will only correct more on the procurement side.

Yash Goenka: Okay. Lastly, just to confirm, you said that margins will be reverting to mean by FY28, right?

Dodla Sunil Reddy: Yes.

Yash Goenka: Okay, thank you.

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

Abhishek Mathur: Yes, hi sir. Thank you for the opportunity. Just wanted to check what is the -- what is the milk procurement cost that you're seeing currently as of today? What is that level? And also with the pricing that you have taken so far as of today, what is -- what part of the cost inflation is currently covered already as of as of mid-May? That's what I wanted to check first?

Dodla Sunil Reddy: Murali will answer that, Abhishek, but what you're saying is what is the price increase in procurement and what is the price increase in sales to have compensated the price increase, correct?

Abhishek Mathur: Yes, broadly yes sir. Just wanted to check -- so you gave the number for the procurement cost for the fourth quarter, but what is it today? And the pricing that we have taken so far since we've

indicated we are not planning any further major hikes, what part of inflation is covered as of now?

Murali Mohan Raju: Yes, majority the procurement price in line with whatever the March price was there. There is no major increase. Whatever we provided as a consolidated INR37.36 to INR40.97, that is a 9.7% of growth was there year-on-year. The same thing is continuing. At a standalone, it is a 9.3%.

Dodla Sunil Reddy So we have passed on around to answer your question, I think we have passed on around INR1 of the inflation in the sales recovery that we have already done, currently that we are doing. We're anticipating the procurement improves, we should get down another rupee or so will be coming down in the procurement price.

Abhishek Mathur: Great sir. So if I'm hearing correctly, as of mid-May, there is no sequential increase from the number that you gave out on the procurement cost front. Is that the right understanding to take?

Dodla Sunil Reddy: Yes, that's the right understanding. No price reduction, but we're anticipating certain areas of price reduction to come effective in end-May.

Abhishek Mathur: All right sir. And second question is for FY27, if you can indicate what is the capex that we are planning and what will be its breakup? I think you have given the -- the FY26 to FY28 capex number, but for what will be that number for FY27 and also just some bookkeeping numbers if you can share the console overall realizations and the VAP realizations for the fourth quarter. Yes, that's it?

Dodla Sunil Reddy: Yes, so basically regarding the -- I'll give Murali will give you the numbers specifically about the capex up to the current year. And then the future capex that we are looking at, broadly it would be the highest number which you'll see coming from Maharashtra, OSAM, and Africa business. I think Murali will give you the specifics in terms of what we're looking at our capex and also the -- you wanted the fourth quarter numbers, right?

Abhishek Mathur: Yes sir.

Dodla Sunil Reddy: Yes, both of them, FY26 fourth quarter numbers we shall give it to you.

Murali Mohan Raju: Fourth quarter, whatever the capex we have spent is.

Dodla Sunil Reddy: So fourth quarter you want the capex numbers?

Abhishek Mathur: No sir, I was asking for the capex number for FY27 and for the fourth quarter just needed the console overall realization and the VAP realization.

Dodla Sunil Reddy: Yes, one minute sir. So the fourth quarter console realization -- sorry, you wanted to do the realization or the capital expenditure?

Murali Mohan Raju Okay. Overall budget for the FY27 what we have considered is.

Dodla Sunil Reddy: One minute just we are doing up the number.

- Abhishek Mathur:** Sure.
- Murali Mohan Raju:** So INR65 crores for the regular capex what we consider, around INR33 crores we have concerned for the Q3 and hardware around INR7 crores and overall standalone we are expecting around INR 130 crores of capex. Q4 -- yes, that's what we're projecting, Abhishek.
- Dodla Sunil Reddy:** Without considering the Maharashtra project..
- Management:** Maharashtra out of INR280 crores, INR20 crores we have spent in FY25, INR86 crores we spent in FY26 and balance INR180 crores we're planned to spend in FY27.
- Dodla Sunil Reddy:** Those will be the broad areas of expansion capex that we'll be spending.
- Abhishek Mathur:** Right sir. And the realization sir?
- Dodla Sunil Reddy:** The fourth quarter realization for consolidated, I'll just give you.
- Murali Mohan Raju:** Consolidated sales realization will be INR61.19, that is the overall sales realization of the including the product mix, but if you exclude.
- Dodla Sunil Reddy:** And you want also the procurement price for fourth quarter, Abhishek?
- Abhishek Mathur:** No sir, just needed the console realization and the VAP realization for the fourth quarter?
- Murali Mohan Raju:** Okay. So for the milk procurement, we talk about when you liquid consolidated sales only. So it is INR55.16 of last year Q4 to this year it is INR56.16. When you talk about specifically of India, INR56.15 to INR58.25. That is INR2.10 increase in the milk sales realization especially without the considering the VAP.
- The VAP, it's a blended, so I could tell you the blended price specifically at a standalone, standalone it is INR60.72 -- sorry, INR60.89 to it is reduced to INR60.54 because the product mix was changed because of the bulk sales we have exited. So that's why there is a reduction it shows in the when you say the consolidated numbers.
- Abhishek Mathur:** Sorry, the VAP console realization was what sir?
- Murali Mohan Raju:** INR60.54.
- Abhishek Mathur:** Great. That's it from my side. Thanks and all the best sir.
- Moderator:** Thank you. Next question is from the line of Aditya from Securities Investment Management. Please go ahead.
- Aditya:** Yes, hi sir. Thanks for the opportunity. Sir, I just wanted to understand what kind of price inflation we are seeing in our packaging and freight costs. So is it manageable now or it's going through the roof and how are we looking to mitigate the same?
- Dodla Sunil Reddy:** So I think packaging material as a number has gone up by 30%. Most of the plastics that are there and we use a lot of the plastic, it's gone up by 30%. That small corrections is what we have

passed on to the consumers in terms of the price corrections that we have taken. So we are anticipating that the plastic prices will remain at the current elevated levels only because there was been some government support that came in in the middle in terms of excise duty reduction and such. So unless something dramatic happens, we're thinking that it'll hold fort at the current 30% increase of the previous year.

Aditya: And sir, now with increasing petrol costs, how are we looking at our freight costs moving forward?

Dodla Sunil Reddy: So the current INR3 I think currently for a month or so we will have to look at it and we will absorb because a portion of it will be passed on to the transporters itself because we take price corrections only periodically and we normally try to keep it for that period. And if it remains at INR3, so that's the whole reason which I was saying the certain uncertainty of times we don't know whether it's going to remain at INR3, is it going to go up to INR6 or INR7. So that is the reason we'll wait and watch I think for another at least fortnight or a month before we decide how to take it forward in terms of pricing.

Aditya: Understood sir. And now sir, in such an inflationary scenario, is price increase the only solution for us or there is an option for grammage reduction also in our kind of industry?

Dodla Sunil Reddy: So grammage reduction which we normally used to do, we will not do much this time because it is not helping in terms of the consumers are also able to realize what is happening as grammage reduction towards price. I think it is going to be a blend today that we are going to do in terms of moving up what do you say procurement, operational efficiency, and marginal increase in pricing. It'll be a blend of all the three.

So for us the way I look at it is we need to cover costs and to improve margins maybe we need to increase by a rupee or so more in terms of pricing. If we are able to manage 30 paisa, 40 paisa overall in procurement, 20 paisa, 30 paisa operationally and 20 paisa, 30 paisa in terms of the front end, we should be able to improve our margin. And also because overall our volume growth is there, percentage might be a little on the lower side, but the absolute number will be higher because we are from the volumes in the first quarter are seeming to be pretty reasonable in terms of the size of the sales that we're doing.

Aditya: Understood sir. And there are expectations of intense summer this season and El Niño. Now in such a scenario, while we would be positively benefited because of higher VAP sales, but on the flip side, the milk yields would might also take a hit which would impact the procurement costs also.

And with the milk inventory in the system pretty low, how do you see both of these things intermingling with each other and impact on margins going forward? And what would be the factors things you would look at going forward which would give you the confidence of improvement margin outlook for the company?

Dodla Sunil Reddy: Yes, see broadly like I said, the fluctuations will not be dramatic. If there is a severe drought, it's a two-way sword for us. Certain areas where there is a drought, animal husbandry improves

because there is no other income for the farmers, they concentrate more on animal husbandry and therefore production normally improves.

And also the sales -- the sales mix if it continues to be high on the value-added product side because of higher summers that more curd, more buttermilk and lassi that goes up, our average realization increases because of the product mix change. So it sort of helps us in a manner of speaking to keep our costs going. So that is what we said, but we are more worried about the other costs that are going to shoot up dramatically more than the price of milk itself.

None of us are certain about where this price of fuel will be stopped because if you look at it and people and this is my view and please correct me if I'm wrong USD60 to USD120 in my simple mathematics for barrel means it's a 100% price increase, which should translate even to a 25% or 30% increase for us on fuel, which is not yet shown.

So we are not sure whether it's going to go up by 20% of fuel or only going to remain at the current levels. So I think once we get more of a clarity on this, we can think of where all we are going to pass on, how much to the customer, how much from the farmer and how much in terms of operational efficiency.

Aditya: Understood. Got it. And now sir, so to understand, now when I look at your liquid milk sales volume excluding OSAM, so we have been doing at more than 9%. So just wanted to understand what would be the growth in India specifically because Africa would be the major part driving growth. So just wanted to understand what is your liquid milk sales volume growth in India for the last two, three quarters?

Dodla Sunil Reddy: So we will continue to grow with that volume terms 5% to 6% in terms of liquid milk, although in the current year we did excluding bulk we did including value-added we did 9.4% of growth. We think that we will continue to maintain an average growth in terms of including value-added to the 10% of volume growth.

Aditya: So sir, what I wanted to understand was we did not increase the milk prices because in the presentation you mentioned that you wanted to gain market share. So in the last two-three quarters, has our liquid milk sales volume growth seen an uptick?

Dodla Sunil Reddy: Liquid milk volume has seen an uptick, yes, on all, but value-added we're pushing more, that has been -- that has seen a significant uptick. Liquid milk has seen an uptick of around 5% to 6%, whereas value-added has grown up by 16%.

Aditya: Understood. And now sir, what is the OSAM revenue and EBITDA for this quarter?

Dodla Sunil Reddy: For the fourth quarter of this year?

Aditya: Yes.

Murali Mohan Raju: Q4 EBITDA is basically INR2.7 crores and overall -- no, no, we are talking about EBITDA. Okay, I'll talk about even revenue also. For the Q4, the revenue is INR81.9 crores, EBITDA of INR2.7 crores, and full year it is a INR214.7 crores and EBITDA is INR4.8 crores.

- Aditya:** Okay. And what kind of gross margins does OSAM make?
- Dodla Sunil Reddy:** Gross margins of OSAM would be around 21%.
- Aditya:** Okay, okay. And just the last one.
- Dodla Sunil Reddy:** It will move up to the 25% soon.
- Aditya:** Sorry, can you repeat sir?
- Dodla Sunil Reddy:** It will move up to the 25% soon.
- Aditya:** And this would be majorly due to price hikes and improvement in VAP mix?
- Dodla Sunil Reddy:** Yes, price hikes, improvement in VAP mix, and also the efficiencies that we were talking about increasing our own procurement, bringing down freight costs, cutting down on losses, and all that will help it out.
- Aditya:** Understood. Understood. And sir, just last one question. Now in Orgafeed, we have seen a drop in margins, but what I understand that there has been a reduction in maize prices and margins should actually have improved. So what is the reason for this drop in margins in Orgafeed?
- Dodla Sunil Reddy:** So basically, although maize prices are to say that have reduced now, it'll only be what we're buying now will be used later. But I think the maize prices overall did go up and not come down, that is number one.
- And number two, earlier days like, we're -- when you are operating in a closer proximity of our area, we had the advantage of other operating costs like freight. Now since we're expanding our volume and expanding into other areas, we have impact on freight and we have to be also competitive with the local producers.
- For example, if I'm sending my cattle feed to sell in Maharashtra, the transport cost from selling from our Kuppam to Maharashtra will add on the margin pressure and the pricing in Maharashtra in terms of the local competition will be there. But we're still maintaining that 11% margins that we are and we think we'll continue to maintain that kind of margins.
- Aditya:** Thanks sir for answering my questions. I'll join back in the queue.
- Dodla Sunil Reddy:** Thank you.
- Moderator:** Thank you. We will take our next question from the line of Pradyumna Chaudhary from Bowhead India. Please go ahead.
- Pradyumna Choudhary:** Yes, hi. Am I audible?
- Dodla Sunil Reddy:** Yes sir. Yes sir.

- Pradyumna Choudhary:** So my first question was on the butter prices. Last two quarters, due to elevated butter prices is one of the reasons why we saw milk procurement price being higher. So what is the latest on the global butter prices and global SMP prices and why were they very elevated previously?
- Dodla Sunil Reddy:** So butter prices and powder prices are elevated because like we said last year was a low productivity in terms of milk availability coming down and therefore the stocks have been depleted and now only in terms of this volume stocks will be built up.
- That is the reason why we have removed our bulk sales and not the done bulk sales because we don't have the extra butter that we produce. But we have sort of compensated it by increasing our milk procurement that we have. And I think SMP we did turn out to be a small amount of a net buyer and that is the reason why the whole market's prices are elevated.
- Pradyumna Choudhary:** No sir, my question was more on the global butter and SMP prices, not really India specific because we saw a lot of butter export...
- Dodla Sunil Reddy:** Yes, so global prices also in the similar manner what happens was they are actually I think coming now they are looking at it as an oversupply and India's export of butter is not much, it's mostly ghee that we export in terms of fat for the Indian diaspora which is there. That is what consumes more of the fat exports in India.
- Pradyumna Choudhary:** So right now we are seeing these prices coming down, the export prices for butter and SMP?
- Dodla Sunil Reddy:** No, not coming down. They're maintaining the same status as what they were earlier. We are not much into exports so I don't have the specific numbers, but I don't think they're coming down.
- Pradyumna Choudhary:** But that's not a risk to our people that the milk procurement prices would start coming down. We do not expect that elevated global butter and SMP prices would be a risk?
- Dodla Sunil Reddy:** Not much because I think the number of exports that we see out of the country is not that significant to change pricing pattern as much as also an imports are very restricted because we have duty structures so that we don't get the flood of imports coming in. It will broadly be dependent on domestic consumption and production, not much of variation due to exports.
- Pradyumna Choudhary:** Understood. And the last question is on the COGS mix. If I were to look at a cost of goods sold for India business especially, so how much would be -- what would be the makeup of that? How much would be milk as a percentage of your COGS, how much would be packaging material, what about logistics? If you can give that.
- And the second question would be on the Maharashtra side. I think we are procuring close to 2.5 LLPD already from Maharashtra, but we don't have any bulk sales as of this quarter. So where is it really going in terms of sales?
- Dodla Sunil Reddy:** Sorry everyone for the disconnection. I'll just now Murli will give the breakup of the costs that you had asked for earlier in the last question.

- Murli Mohan Raju:** Overall the consolidated if you see the breakup for the full year, it is a 74.4% is the COGS including the packing material. And employee benefit expenses is around 4.9% and transport cost is 7.3%, power and fuel is around 1.5%, consumption of stores is 1% and balance all other miscellaneous expenditures towards legal, traveling, rent, security, all this put together. So overall the other expenses is coming to 13.2, excluding the employment benefit expenses, that is the 18.1%. Hope that clears.
- Pradyumna Choudhary:** No, I was asking specifically around raw material mix?
- Murli Mohan Raju:** Okay. Raw material. So out of that 17.4%, 3.5% is the packing material.
- Pradyumna Choudhary:** Sorry, how much?
- Murli Mohan Raju:** 3.5%.
- Pradyumna Choudhary:** Is the packing expense. And what about logistics expense in this?
- Murli Mohan Raju:** Logistics expense is 7.3%.
- Pradyumna Choudhary:** And remaining else is all milk?
- Dodla Sunil Reddy:** 74%, out of that, only packing material is 3.5 out of the 74%, plus 7.3% transport.
- Pradyumna Choudhary:** And 64%, around 64% would be milk?
- Dodla Sunil Reddy:** Yes.
- Murli Mohan Raju:** No, no, 74%, transport is not exclude – excluded. 74.4% plus transport 7.3% you have to add for the transport plus...
- Dodla Sunil Reddy:** Input and output.
- Murli Mohan Raju:** Yes. So, transport includes for us -- transport includes the four legs, that is the village to the chilling center, chilling center to the plant, plant to the sales office, sales office to the customer. All the transports are included apart from that the loading-unloading charges, the freight carry forward this thing, and the contract labor who works under the transport of that.
- Dodla Sunil Reddy:** All that put together comes to 7.3%. It doesn't come in the 74 of raw material. 74 of raw material includes 3.5% of packing.
- Pradyumna Choudhary:** And remaining is all milk, right? 74 minus 3.5.
- Dodla Sunil Reddy:** Yes.
- Pradyumna Choudhary:** Understood. And...
- Moderator:** I'm sorry to interrupt Mr. Choudhary, you may please rejoin the queue for more questions. Thank you. We will take our next question from the line of Ashay from DT! Portfolio Managers. Please go ahead.

- Ashay:** Hello. Hi Sunil, hi Murli. Just wanted to know how are you thinking of the risk of El Niño on your gross margins? I think earlier in the call you referred to like a 50 to 100 basis points improvement in your gross margins. So how are you thinking of that?
- Dodla Sunil Reddy:** Basically we're very confident that milk procurement should come back to normal, it cannot be there, and the prices will drop in milk procurement. And that itself should give us that difference in our margins. Because if you look at it as what we're saying as 1% or 100 bps of price margin, as you see average realizations are around INR60, we're looking at a INR0.60 correction that we'll make.
- Ashay:** Yes, that's fair. Thank you. And so my second question is a little more broad. Your Africa business seems to be growing strong and like growing a lot. What is going right there and how do you see that continuing into the future?
- Dodla Sunil Reddy:** So I think what is going right is basically Uganda we've become a significantly large player and in Kenya we're just beginning to see that and Kenya is a much larger market than Uganda. Earlier we used to cater from Uganda to Kenya and due to the border disputes we were not able to cater to it properly because there would be restrictions on how much we could send.
- Once we have now entered in Kenya with our own operations and our own plant and having the stability of the product, we're able to do better. And I think in terms of comparison like we said it's more keeping your quality in terms of improved quality, making sure that operational efficiencies are maintained.
- And we're still a smaller market share in Kenya and that gives us growth prospects. And like we said in Uganda we are expanding, earlier we were into long-life products only, now we're entering into the pasteurized and other milk products.
- Ashay:** Okay, perfect. Thank you.
- Moderator:** Thank you. Next question is from the line of Darshit from Asit C. Mehta Institutional Equities. Please go ahead.
- Darshit:** Yes, hello. Am I audible?
- Moderator:** Yes, you're audible. You may please proceed.
- Darshit:** Yes, thanks for the opportunity. And I actually just wanted curd sales in rupee terms for this quarter, Q4.
- Dodla Sunil Reddy:** Curd sales Q4 in rupee terms, right Darshit?
- Darshit:** Yes.
- Murli Mohan Raju:** Consolidated curd sales for the Q4 in rupee terms INR230 crores and for the full year it is INR845.7 crores.

- Darshit:** All right. And secondly, just wanted to understand, is there any considerable difference between procurement and realization, costs and realizations between domestic overall business and OSAM? And if we were to like just see a broader trend, do they move in tandem or are there certain gaps between the trends?
- Dodla Sunil Reddy:** Okay, so I was not able to get the question clearly, but OSAM but what you're saying is the difference between OSAM price realization and the rest of India price realization. Am I correct? Is that's the question that you asked?
- Darshit:** Yes sir.
- Dodla Sunil Reddy:** So actually OSAM in fact has a better realization than in the VAP portion than in here. Murli will give you the specific numbers.
- Murli Mohan Raju:** So with regard to Dodla Dairy India, so basically the milk realization is around 58.1 and whereas HR Food, that is OSAM, it is 55.7 and VAP excluding the fat product, it is 64.2 for the Dodla Dairy, whereas for HR Food it is 98.8.
- Darshit:** Okay, got it. All right. Yes, I will get back in the queue.
- Dodla Sunil Reddy:** Thank you.
- Moderator:** Thank you. Next question is from the line of Deepak from Unifi Capital. Please go ahead.
- Deepak:** Hello sir, thank you for the opportunity. Congrats on good top-line growth, but my questions were on the margin profile of the company. Sir, if you can explain as to how you will get to the 100 to 50 bps margin expansion that you're talking about in EBITDA for FY27, given that procurement costs are still elevated at the March levels, freight costs are up, employee and other expenses are also the costs are up by anywhere around 15% to 20%.
- So if you can explain, firstly the gross margin trajectory that we should start looking at from Q1 and then the below gross margin line items that is under your control, employee and other expenses as well. So yes, I would like to hear your strategy.
- Dodla Sunil Reddy:** So you're right Deepak, basically the employment expenses this year we actually brought it down in terms of the existing operational by only a 5%, 6% increase. But the overall impact is still at 11% because of the new Wage Code impact that is there. All these costs including packaging that you're looking at and all that would have taken up our cost by maybe a INR1, INR1.5.
- We're expecting that the procurement prices should come down to the INR1.5 to INR2 and because of the product mix improvement, our realization is on the higher side. As a combination of these two, like I explained earlier our 100% I mean 1% increase represents roughly around INR1, INR1.5 of price overall efficiency that we need to build up, which we think will come once the -- in the following quarters because normally price will come down, it's not come down for 1.5 year, it should come down as productivity increases.

- Deepak:** Okay. So if I heard you right, so are there any structural circumstances which occur in the March, sorry, the May month or the June month which would lead to this price reduction and I don't understand as to why the procurement cost would...
- Dodla Sunil Reddy:** Yes, because already Maharashtra and Karnataka have got a significant upward growth in the milk procurement. So you will start seeing Maharashtra prices sort of correcting a little bit to, you know, because of the growth that is coming in. And similarly when the seasons of the rest of the operations come in, you will see a drop.
- Deepak:** Sure, sure. So next thing I wanted to understand on the price hikes, your strategy on not taking more price hikes when you have the opportunity as the cooperatives also taking. So, I just wanted to understand your mindset on taking more price hikes maybe you're not taking it right now, will you take it later in the future? I just wanted to understand on the pricing action from the company?
- Dodla Sunil Reddy:** Because we have basically taken the price hike in March, which the cooperatives have only followed later now in May. So, we will again take the next round will be as I said the uncertainty of the fuel prices, packing material and all that has to settle down.
- And once we see what the impact of that is going to be in terms of sort of a stable state, then the price hikes will again come in from all of us. It's only now that the difference in terms of us and the cooperatives are significantly higher, we don't want to keep expanding that more and more.
- Deepak:** Okay. And lastly on the volume growth for both the liquid milk and VAP, you mentioned that VAP had some operational challenge. So, if you can allude to what operational challenge and secondly what kind of growth have you seen to the season which has started in April? So, if you can call out that and any improvements that you've seen in the growth rates for milk, sir?
- Dodla Sunil Reddy:** Yes, our milk growth rates have maintained around that 4.5% 5% even in the current scenario, but we've seen a significant increase in the VAP growth. Like we normally say that our summers of VAP will be higher, so our VAP rates have been -- VAP growth rates have been significantly higher. We are around 16% 17% VAP growth rate.
- Deepak:** Sure, okay. And sir, if you can just highlight...
- Moderator:** I'm sorry to interrupt Deepak, I'm really sorry, you may please rejoin the queue for more questions. Thank you. Next question is from the line of Vihaan Bagri from Umayo Advisors. Please go ahead.
- Vihaan Bagri** Yes, hi. Am I audible?
- Dodla Sunil Reddy:** Yes sir.
- Vihaan Bagri** Yes, so my first question is regarding the impact of an increase in fuel price by INR1 on the logistic cost.
- Dodla Sunil Reddy:** So basically, when you look at fuel prices, the INR3 increase currently will have an impact of us on maybe not that much in terms of 0.5% is what the impact would be. But that as I said, if

we delay giving it to our transporters normally, they take a hit for a 15-day process and then we go in.

So currently it'll only be a small hit of 0.25% that we look at, but if once we are sure of what the fuel prices are going to be stable at, then we can make a call of how to pass it on.

Vihaan Bagri: Okay. And my second question is regarding the Africa business and what can be the sustainable growth number to look for there?

Dodla Sunil Reddy: The sustainable growth numbers in terms of volume we are confident of maintaining the 20% kind of growth numbers in the current year.

Vihaan Bagri: Okay.

Moderator: Vihaan, does that answer your question?

Vihaan Bagri: Yes, actually I wanted to know the value as well in terms of the sustainable growth.

Dodla Sunil Reddy: In terms of value, you mean sir?

Murali Mohan Raju: So basically, last year we've done around INR500 crores, on that --- talking about 20%, INR600 crores approximately.

Dodla Sunil Reddy: That is the guiding number.

Vihaan Bagri: All right. Yes, okay. That answers my question. Thank you.

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

Ankit Shah: Thank you for taking my question. Sir, regarding the Africa sales, can you split it between Uganda and Kenya for FY25 and FY26 please?

Dodla Sunil Reddy: So, Uganda and Kenya breakup for FY25 and FY26. One minute, B.V.K. will answer it.

BVK Reddy: See, Uganda is almost stable 1.45 to 1.5 lakh. So, see now if you see last year we've done, FY25 1,80,000. Out of that, you know, 1,45,000 from Uganda and balance 30,000 from 35,000 from Kenya.

And FY26, the similar number, you know, from Uganda we have done 1,45 lakh, 1,50 lakh, and total number what we have done average is 2,27,000. So, 2,27,000, so 1,50,000 minus balance 90,000 liters average we have done in Kenya FY '26.

Ankit Shah: Yes, so the FY26 volume growth has largely come from the Kenya piece.

BVK Reddy: Yes sir.

Ankit Shah: Yes. And sir, if you can give the Africa EBITDA numbers. We have the revenue numbers, but FY25, FY26 and Q4 of FY25 Africa EBITDA numbers?

- BVK Reddy:** Yes. EBITDA number, you know, in FY25 it was 11% EBITDA and FY26 is 11.3% EBITDA.
- Ankit Shah:** Okay. And sir, the last question I have is on the Maharashtra plant. So where are we on the procurement in Maharashtra in terms of lakh liters per day and do we see it going to 5 lakhs till end of FY27?
- BVK Reddy:** So right now, the average procurement Maharashtra what we are procuring is 3 lakh average right now for the last couple of months onwards. So once season comes by end of this year, we are targeting minimum 5 lakhs.
- Ankit Shah:** Okay, thank you for taking my question.
- BVK Reddy:** Thank you.
- Moderator:** Thank you. That was the last question for today. I would now like to hand the conference back to the management for closing comments.
- Dodla Sunil Reddy:** Thank you everyone for joining us today on this earnings call. We appreciate your interest in Dodla Dairy. If you have any further queries, please contact SGA, our Investor Relations Advisors. Thank you very much.
- Moderator:** 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.