Date: 04 November 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 Q2 FY27 Results Earnings Call held on Thursday, 29 October 2026

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Q2 FY27 Results Earnings Call held on Thursday, 29 October 2026 for the quarter and half year ended 30 September 2026.

This is for your information and records.

Thanking You,
Yours Faithfully,
For Dodla Dairy Limited

Surya Prakash Mungelkar
Digitally signed by Surya Prakash Mungelkar
Date: 2026.11.04 16:41:12 +05'30'

Surya Prakash M
Company Secretary & Compliance Officer

Encl: as above

"Dodla Dairy Limited

Q2 FY27 Earnings Conference Call"

October 29, 2026

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on October 29, 2026, 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 Dodla Dairy Limited Q2 FY '27 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 involves 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. 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 warm welcome to everyone joining us today on our call. I would also like to take this opportunity to wish everyone a very happy and prosperous Diwali. On this call, I'm joined by our CEO, Mr. B.V.K. Reddy; 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 exchange and our company website.

Coming to our performance during Q2 FY '27, we reported a revenue of INR1,196 crores, registering a healthy year-on-year growth of 17.4%. EBITDA and PAT for the quarter stood at INR64 crores and INR37 crores, respectively. The performance was a combination of volume growth as well as some improvement in the realization, which is supported by a price increase of INR2.5 per liter implemented during the fag end of the quarter.

Full impact of the price increase is expected to be visible in the next quarter. However, the milk procurement price increase also remained elevated, keeping the profitability under pressure. Additionally, the margins are compressed due to the inflationary environment in terms of logistics costs, packaging costs and other overheads.

Despite a challenging and uncertain operating environment, Dodla achieved healthy revenue growth, demonstrating strong market presence, superior product quality, farmer relation and executional expertise. The raw material supply stayed healthy during the quarter as we strategically built adequate inventory to cater to the demand in the upcoming quarters.

Coming to our value-added portfolio, the revenue from this category grew 11.7% on a year-on-year basis. However, the demand for the higher-margin summer-related products such as curd, butter milk, flavored milk, ice cream, etcetera, remained softer as compared to the previous quarters due to seasonality factor. We are focused on strengthening our existing VAP portfolio and expand into well-established categories like paneer and ghee, where the demand is stable throughout the year, and there is potential to build scale over time.

Moving on to our Africa business. It delivered a strong quarter with a record of INR179 crores, representing a year-on-year growth of 56%. We continue to focus on strengthening our presence across Uganda and Kenya. The planned greenfield expansion in Uganda is expected to support

growing demand and provide additional capacity for future growth. In Kenya, our focus remains on increased market penetration and strengthening our own procurement network.

I would also like to inform you that the Board has approved a proposal to establish a joint venture in India with Meadow India Holdings Limited with Dodla Dairy and Meadow India Holdings Limited having an equity stake of 40% and 60%, respectively. The proposed joint venture will focus on marketing and selling high-quality dairy ingredients to the B2B market.

The proposal is subject to execution of the joint venture agreement, completion of the requisite formalities and the receipt of applicable regulatory and statutory approvals, if any. We will keep you informed about any future material development in regard.

Going forward, the operational environment remains dynamic with elevated raw milk prices and inflationary pressure arising from geopolitical uncertainties continuing to post challenges. We remain focused on strengthening our procurement and distribution capabilities, driving operational efficiencies, expanding our value-added product portfolio and executing our planned expansion initiatives, which are progressing as planned. With a disciplined approach towards product quality, cost management, capital allocation, we remain committed to strengthening our market position and deliver long-term profitable growth.

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

B.V.K. Reddy: Thank you, Mr. Sunil Reddy, and happy Diwali to everyone. I will now walk you through the quarter performance, highlights of our business, starting with our Indian operations. The overall milk supply situation began to improve during the quarter, supporting to recovery in our milk procurement volumes. For Q2 FY '27 the milk procurement stood at 21.3 lakh liters per day, registering year-on-year growth of 9.3%. Average milk procurement cost increased to INR43.2 per liter in Q2 FY '27 compared to INR41 per liter in previous quarter and INR37.3 per liter in Q2 of FY '26.

In response to the rising procurement cost, we implemented the price increase of approximately INR2.5 per liter. Consequently, our average milk sales realization improved to INR61.9 per liter in Q2 FY '27 compared with INR59.4 per liter in the previous quarter and INR57.3 per liter in the corresponding quarter of last year. However, the increase in selling price was not sufficient to fully offset the impact of the higher milk procurement cost. And profitability, therefore, remained under pressure during the quarter.

To put this into perspective, the spread between the milk sales realization and procurement cost narrowed to INR18.7 per liter in Q2 FY '27 compared to INR20 per liter in Q2 of FY '26. In addition, operating costs remained elevated primarily due to input cost inflation and shift in product mix from bulk sales towards milk value-added products, VAP. Cost-related transportation, fuel packaging, minimum wages and other overheads continue to remain higher than the normal level.

Going forward, we intend to gradually pass on the portion of these costs to increase the consumers over the next coming months. Our pricing strategy remains aligned with the broader

industry trends, where high single-digit price hikes have been taken by the regional cooperatives. We will continue to maintain a balanced approach to consumer affordability and profitability.

Coming to OSAM Dairy, the business delivered healthy revenue growth during the quarter supported by strong milk sales volume, although the profitability remained muted due to elevated raw material cost, witnessing similar trends as our domestic dairy business. Speaking about our Orgafeed business, it is continuing to deliver a strong growth with revenue increasing by 40% year-on-year in Q2 FY '27. However, margins were impacted by higher raw material costs, which could not be fully passed on to the farmers. We are also exploring opportunity to expand our feed business in Maharashtra once our new integrated facility becomes operational.

Our Africa business delivered very strong revenue growth of 56% year-on-year, largely driven by a 68.5% increase in milk sales. As Mr. Sunil Reddy mentioned earlier, in Kenya, we continued to focus on gaining market share through strategic pricing while simultaneously strengthening our market presence and procurement network. These targeted efforts are supporting our growth momentum and positioning the business for further expansion.

So now coming to the product sales mix. Our milk sales volume stood at 14.2 lakh liters per day, registering year-on-year growth of 8.4%. During the quarter, our VAP sales increased to INR327 crores from INR292.8 crores of Q2 FY '26, while curd and curd-based products recorded high volume growth of 23% year-on-year, reaching 444.7 metric tons per day.

Demand for our summer-oriented products across the broader VAP portfolio moderated during the quarter due to seasonal factors as Q2 coincides with the monsoon season. Looking ahead, with milk availability improving and festive season approaching, we expect demand for certain VAP categories, particularly sweets, ghee and other festive-oriented products to benefit.

We remain focused on capitalizing on these opportunities while maintaining the cost discipline and the optimal pricing strategy. Further, as our new facilities in Maharashtra and Uganda become operational, we expect them to accelerate our growth and contribute to a stronger, more profitable performance in the years ahead.

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

Murali Mohan Raju: Thank you, Mr. B.V.K. Reddy, and a very good morning to all the participants on the call. I wish everyone a happy and prosperous Diwali. Talking about consolidated financial performance in Q2 FY '27, revenue from operations stood at INR1,196 crores, reflecting a year-on-year growth of 17.4%. Gross profit for the quarter amounted to INR275.7 crores with a gross margin of 23.1%.

Employee expenses increased to INR55 crores in Q2 FY '27 from INR49.9 crores in the corresponding quarter last year, registering a year-on-year increase of 10.1% mainly due to people addition for OSAM as well as labour code. Sequentially, the employee cost remained in line.

Other expenses for the quarter stood at INR156.6 crores as against INR139.3 crores in the corresponding quarter last year. Although other expenses remained broadly stable as a percentage of revenue, the increase in absolute terms was mainly attributable to higher overhead cost per liter due to inflation and geopolitical situation. In addition, packing material costs rose 41.6% year-on-year for the quarter owing to macro factors and change in product mix. EBITDA for the quarter stood at INR64.1 crores translating into an EBITDA margin of 5.4%.

Depreciation expense for Q2 FY '27 increased to INR23.6 crores compared to INR20.6 crores in the corresponding quarter of the previous year. Other income for the quarter amounted to INR10.9 crores. Net profit for the quarter stood at INR36.6 crores with a net profit margin of 3.1%.

Now moving on to our H1 FY '27 performance. Revenue from operations grew by 18.2% year-on-year to INR2,394 crores compared to INR2,025.7 crores in the corresponding period last year. Gross profit stood at INR554 crores with a gross profit margin of 23.1%. EBITDA stood at INR129 crores, while profit after tax stood at INR77.2 crores translating into a PAT margin of 3.2%.

In H1 FY '27, we recorded a deferred tax charge of INR5.77 crores, which includes INR4.6 crores in CDDL, there is a first-time deferred tax liability recognition and INR1.17 crores in HR Food due to a tax rate change.

During the period, we incurred capital expenditure of INR66 crores primarily towards our Maharashtra expansion project. As of September 2026, we maintained a healthy cash and bank balance of INR659.4 crores, which is sufficient for our future capex requirement. In H1 FY '27, we were able to build up inventory of INR76 crores, which includes SMP and butter for our future requirement. As of September 2026, our inventory stood at INR232 crores.

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

Moderator: Thank you very much sir. The first question is from the line of Abhishek Mathur from Systematix. Please go ahead.

Abhishek Mathur: Sir, I have noticed that our gross margin trend for the past 3 quarters has been quite firm. Gross margins have stayed in that range of 23% or so despite the high raw material inflation that we've seen. In that context, the question was that what is now our outlook on the milk procurement cost? What is the trend that we are seeing in October and for the next 1 to 2 months?

And with our gross margin maintenance background in mind, what would be the pricing approach here? Can we assume that we will take price hikes equivalent to the sequential increase in milk procurement costs in the near term? Just wanted some clarity on that.

Dodla Sunil Reddy: Morning Abhishek, thank you very much for joining the call. Procurement, we assume will remain at the same elevated levels, and we don't see the procurement prices dipping down in the coming quarters or even the next quarter.

What has happened is we were waiting for other price increases to happen, for example, like the Karnataka state government announcement of an INR8 price, which didn't happen on the ground. Therefore, we took our price increase calls a little later in the second quarter, which is mostly in the September, which the effect of the improvement is showing in the future quarters going forward.

Subject to that, if there is even further price increases done by the cooperatives after the price increase that we have taken, we will also increase our prices commensurately. So I think the next quarter that we are looking at, at the current price increase levels that we have done itself, we should come back to a 7.5%, 8% kind of an EBITDA level. If the cooperatives take a significantly larger price increase as announced but not yet implemented, we will be able to take a further price increase to improve our profitability further.

With this, I think we have put behind the bad quarters, and we are assuming our quarters going forward will be improved.

Abhishek Mathur: Got it, sir. Just a quick follow-up here, again, on the milk procurement cost. So we have seen a 5% sort of sequential inflation in the procurement cost in 2Q. If I can just probe a bit here, in October, what is the sequential inflation that you're seeing now building? Just wanted to check that.

Dodla Sunil Reddy: So there's no -- we are not building inflation in procurement because we are assuming that this has reached its peak. There might be a slight difference of INR0.20, INR0.30 depending on the locations where we are procuring and the mix variation coming into place. But other than that, we don't see an immediate price increase happening further in the coming quarters in procurement.

Abhishek Mathur: Understood, sir. That's good to hear. And then -- so then fair to assume that if the procurement cost stays where it is sequentially going forward, let's say, for the next few months, we will not require to take any incremental pricing. Is that understanding correct?

Dodla Sunil Reddy: If the status quo remains, yes, we won't take the price increase. Whatever we have taken in September, that implications will come throughout for the full quarters. But if there is further increases done by the cooperatives as announced by them, we will also react accordingly and increase further prices of sales prices.

Abhishek Mathur: Very clear, sir. And the 7% to 8% guidance that you gave is for what period, sir?

Dodla Sunil Reddy: For the next quarter, that is coming in as October, November, December quarter is the guidance that we are giving. And I hope, unless there are some other major changes, that should continue for the future quarters also.

Abhishek Mathur: Very clear, sir. Secondly, just some bookkeeping questions, if you can disclose the overall realizations for the quarter, consol overall realization, consol VAP realization and the stand-alone and Africa realizations?

Dodla Sunil Reddy: So the realizations we will give you, including product -- Murali will give you including the product and everything is consol and the breakup between Africa and India. Am I right in asking that that's what you wanted?

Abhishek Mathur: Yes, sir. The consol realizations, everything included. Yes.

Murali Mohan Raju: Okay. The consolidated for the quarter is INR65.06. Last year, it is INR62.53. That is the consol. For India, it is INR63.59. And last year, the same quarter, it is INR63.07. Overseas for the current quarter, INR73.14. Same quarter previous year, it is INR60.11.

Dodla Sunil Reddy: And the difference in India quarter is because we had bulk ghee sale, which was there, which was not there this quarter. That is the reason you will not find much of a difference in the India overall number.

Murali Mohan Raju: HR Foods we are tracking separately. It is INR67.05 and INR63.36.

Abhishek Mathur: Right, sir. And for the value-added products, the realization, sir, consol realization for value-added?

Murali Mohan Raju: Consol realization INR66.46.

Abhishek Mathur: Great, sir. And finally, sir, the OSAM sales have not been disclosed. The VAP sales have been disclosed, but if you can help with the sales for the quarter for OSAM.

Dodla Sunil Reddy: Yes. So the sales growth for the quarter of a has been around, I think, 1.43 lakh liters. We have not seen any significant increase in volume there. That is the reason -- because even in Bihar, our procurement prices have gone up significant and we have passed it on. But to keep the margins, otherwise, if I increase my sales a lot more now, my margins will come under pressure. So we are holding back on that until we get our procurement -- own procurement improvement happening there, and then we will again start pushing from the market.

Right now, that is the reason we are maintaining our status quo. But I think in this quarter, again, the festivities coming in where the East of India has a surge in products during the festivities that will help us improve our margins and also our volume. But we will take a call more appropriately to start pushing the market further once the procurement prices stabilize.

Abhishek Mathur: Sir, I meant the rupee sales for OSAM, if you can give?

Murali Mohan Raju: So OSAM, INR1.33 lakh is the LPD and the total revenue for the quarter is INR82.37 crores.

Moderator: The next question is from the line of Nikhil Upadhyay from SIMPL.

Nikhil Upadhyay: Yes. I have one question on the procurement prices. See, you've mentioned in the call just to the previous participant that the procurement prices may not go up from where we are other than that INR0.20, INR0.30. But generally, in Q4, we see when the season dries up and the supplies get difficult, the procurement prices do again see an inflationary pressure. Would that scenario be very different this year? Or is it like a lot of it has already been like front-loaded and you don't see that scenario playing out?

Dodla Sunil Reddy: Yes, B.V.K. will answer the question regarding view.

B.V.K. Reddy: Yes, see this is front-loaded already in the second quarter. So this is unusual. Earlier years, normally quarter 2 prices used to come down -- quarter 2 and quarter 3 and quarter 4 used to go up. Now this year, see the quarter 1 and quarter 2 already prices have gone up, quarter 2 also substantially. We don't see any price hike. We don't see, as of now, Q3 and Q4 coming quarters, there is any price hike.

Nikhil Upadhyay: But sir, there is -- there are 2 ways to look at it then. One is the reason why Q1, Q2 prices have gone up because the availability has been constrained. And considering the kind of rainfalls and the environment we are seeing, wouldn't it get further constrained in Q4, which generally is the pattern every year?

Dodla Sunil Reddy: Yes, sir, it's more or less because already like we're saying from a price point of view, it's built up. And also what's happening is like we had earlier informed like our inventory levels are building up. Everybody now is able to get their little surpluses and the inventories are also building up. So when I have enough of volume and the inventory buildup takes place, that is a sign that the volumes have come into place.

So the question of, I think, like we said earlier, the production is also changing where we are not seeing significant drops like we used to see earlier in the Q4. In fact, the milk volumes are maintaining a steady state. So that is the reason we think prices have already been front loaded. My opinion, the farming variabilities are coming down. So therefore, we will not see further increases because there won't be a steep drop also.

Nikhil Upadhyay: Then the price increase -- just last point here, then the price increase, which we have seen in Q1 and Q2, is it more driven beyond the supply issues, like -- because what we understand theoretically is like the prices increase when the supply is dry up or the supply is constrained. But as you are saying, there is supply, people are building inventory, but still the pricing has gone up in Q1, Q2. So are there other factors than the pure demand-supply?

Dodla Sunil Reddy: Yes, there is -- demand-supply plays a role, but also the actual cost of the inputs also plays a role. There has been a significant cost increase even from the farmer level in terms of feed and fodder. If that does not happen and you don't give a remunerative price, which will not help them also, then we'll lose in the long run. So it's not us, but the industry as a whole has also increased the prices, keeping into consideration the other input cost increase to the farmer side also.

Nikhil Upadhyay: Okay. Fine. And lastly, on the VAP side, if we look at the -- can you talk about how the business other than curd which would -- like categories like paneer or categories which sell throughout the year, how is our performance improving on those other than the seasonal categories?

Dodla Sunil Reddy: So our categories in terms of paneer has improved significantly, for example, in terms of volume and also our other products like flavored milk and others have also improved. For example, paneer has improved by 64%, if I take it as a volume, although the volume is smaller, it is roughly -- it has improved by 2.5 tons per day for us in terms of increase in volume.

And if you take products like lassi, they have grown up to be almost double, almost 163%, again, with the volume of around differences being around 15,000 liters or so. And ice cream has also grown as a volume for us. So all the other volumes have also considerably grown, but it is not showing as a significant offtake because in the previous year, we have taken our bulk sale of ghee into the VAP, and that was there as a large number. That is the reason why it is not showing a significant increase in overall VAP. But each product other than that has increased significantly.

Moderator: The next question is from the line of Hitaindra Pradhan from Maximal Capital.

Hitaindra Pradhan: So just one question. If you can give us some color on the curd realizations? I mean, what kind of gross margin that we earn in curd product? And any price action that you have taken in the last few quarters? You can give us some Y-o-Y and Q-o-Q.

Dodla Sunil Reddy: Yes. Murali will give you the specifics. We have taken some price increases in curd also. Go ahead, Murali.

Murali Mohan Raju: The curd realization per liter now we are at INR59.15 as against last year, it is INR56.16. That is the realization. The profits are in the range of 12% now. EBITDA, only 12%.

Hitaindra Pradhan: EBITDA, you're saying 12%?

Murali Mohan Raju: Yes. EBITDA is at 12%. The gross margin is at 19% for the quarter in the curd.

Hitaindra Pradhan: And sir, curd, like within our VAP portfolio like adjusting for the seasonality, it will be 60% to 70% of our VAP, right?

Murali Mohan Raju: Yes. Buttermilk and lassi will have higher margins. Those are about 20%, between 20% to 23%, we have margin for the butter milk and the lassi.

Moderator: The next question is from the line of Yash from Awriga Capital Advisors LLP.

Yash: Can you talk about the JV which you announced for selling high-quality B2B dairy ingredients? Will it be milk or more like cheese VAP? And how will it help your consumer-facing business?

Dodla Sunil Reddy: So Yash, this JV that we have done, basically, Meadow is a U.K.-based entity, which is of the similar size that we have. And we are just trying to explore the probability of how do we get into B2B ingredient space, not necessarily the B2C facing. As we'll be overall expanding our volumes of milk significantly in the years to come, we assume that we will have a balancing factor with the B2B that we will be able to sell at a higher realization in terms of ingredients.

So it's just an exploratory JV that we are doing from both the sides. This is a small venture where they're investing INR1 crore for our 40%, and they'll be investing remaining for the venture, where we will look at it in the long term as supply agreements versus them being our front end of marketing, and we'll see how do we take it forward.

They are also the global ingredient suppliers for all the large entities. So I think in the long run, we're just looking at it and seeing how these entities will be able to merge to help each other in

terms of expanding our horizons beyond just the milk and B2C milk but also into the value-added ingredient space.

Yash: So if I got it right, it will just be milk or it will be value-added products like cheese and paneer as well for them, which will help your scale?

Dodla Sunil Reddy: No, no, it's not going to be cheese and paneer, sir. It will be other things like if you take it as there is these mixes that they make in terms of what goes as inclusions into ice cream making. It goes as some kind of a sweetener, like, for example, the caramels that you eat, how do we make those caramels that go into other products. So it won't be a consumer selling product. It will be ingredients that are used by the consumer selling companies.

Yash: Okay. And, sir, next question would be, is your Maharashtra plant online? Because I checked the reasons which you have put in the presentation. It doesn't seem like it will be commissioning by end of FY '27.

Dodla Sunil Reddy: No, it will go ahead. From March, we'll be -- March to April, we'll start our -- the liquid milk operations will start. And by September, we will -- September we'll start our powder operations.

Moderator: The next question is from the line of Ojas Sawant from Oaklane Capital.

Ojas Sawant: Sir, just continuing with the previous participant's question on the JV that we have recently signed. If I got correct, we are investing INR1 crore for 40% is what you mentioned?

Dodla Sunil Reddy: Correct. So this is basically like we're doing it as an exploratory JV that both of us are going to look at it and see what ingredients to be created and how to take it forward in the years to come.

Ojas Sawant: Understood, sir. And sir, when we talk about high-quality ingredients, so what type of ingredients are this? Are we currently making these or is it something like a skim milk powder or how -- exactly if you can elaborate what type of ingredients are this when we talk about high...

Dodla Sunil Reddy: We will start with the basic ingredients, like you said, skim milk powder, but it will be only like low heat, high heat, where it will be specifically tailor-made for certain requirements or certain products that certain people need. But later, it does progress into other inclusions that come into the food industry per se.

So that is the reason it's a very small start that we are doing to do research of which ingredients, what is possible, what is not possible and therefore, we will take it forward there. So keeping that in view, we're just announcing it because we will be entering into the JV to start exploring the process going forward.

Ojas Sawant: Clear, sir. And sir, a similar initiative that we have already taken is in the 2% stake that we have taken in Sids Farm. So sir, how has been the development there? Like how has been our learning there? And do we see like a potential increase in stake in the recent times marking our entry into high value-added products through Sid's Farm?

Dodla Sunil Reddy: So I think it's very early for us. It's hardly been -- I think very recent right on the agreement that we have signed. It is only a month ago, although we had earlier talked about it and the paperwork

done. Like we said, it's a very small investment for us. We'll keep looking at it and seeing where exactly what we are not. We will learn from them as to see where it is going. And in the future, as things progress, we will have to take a call as and when it happens.

Ojas Sawant: Understood, sir. Sir, and my last question on -- so if you can just give up what were our margins for the OSAM business for this quarter?

Dodla Sunil Reddy: OSAM business in terms of the quarter of second quarter has been -- 1 minute. I'll get you the exact number.

Murali Mohan Raju: Margins are -- for the quarter, EBITDA margins are 1% this year -- this quarter. Last quarter, we had 2.6%. It was reducing. Due to the milk prices increasing, we are not very aggressively going. And we are more focusing on stabilizing the operation rather than focusing on the EBITDA. Once we stabilize, then we can able to increase the margins.

Ojas Sawant: Understood, sir. And if I got it correct, is it 7% to 8% margins that we are expecting in second half is what we mentioned.

Dodla Sunil Reddy: Overall. Regarding India, what we're operating is what we're looking at those kinds of margins, not OSAM. But consolidated also, we will look at it to be maintaining at those levels.

Moderator: The next question is from the line of Ritesh Shah from Investec.

Ritesh Shah: Sir, just a few questions. One is on procurement volumes. Would it possible for you to dissect it by state?

Dodla Sunil Reddy: One minute. State by state in terms of the India of procurement volumes, right, non-OSAM?

Ritesh Shah: Yes, sir.

Dodla Sunil Reddy: Yes, I'll just give it you. 1 minute.

Murali Mohan Raju: Procurement volumes, AP, we have done 4.76. And Karnataka is 5.1 lakh; Maharashtra, 2.99; Tamil Nadu, 4.25; and Telangana 0.45.

Ritesh Shah: Correct. And sir, just a related question, what will be the volume weighted distance?

Dodla Sunil Reddy: Volume -- come again with the question.

Ritesh Shah: Sir, volume weighted distance. So basically, when we procure the milk, what will be the weighted average distance basically if we do some product on volume to distance?

Dodla Sunil Reddy: From where, sir, from chilling center to plant or farmer to chilling center?

Ritesh Shah: Sir, both basically. Both included.

Dodla Sunil Reddy: I think I don't have a specific number right now, sir. We'll get it back to you later offline. But roughly, we look at procurement, which we have multiple operations. If it is a chilling center,

we will have around 40, 45 kilometers kind of radius. If it comes down to bulk coolers, the radius will come down and village level chilling will be absolutely at the village level itself.

From the chilling center/cooling -- cooled milk to the plant, if you look at it, it will be anywhere between 300 to 400 kilometer radius for the plants to be able to pick up them. So the specifics, I think we'll work out on it and get back to you, sir.

Ritesh Shah: Sure. Sir, second is just wanted to understand on the comfort on procurement volumes given drought in a few states and given the El Nino impact, does it have yield on the cows with respect to how much milk did they give? Like, how should we look at these 2 variables?

B.V.K. Reddy: See El Nino effect is more in actually Maharashtra compared to -- Karnataka, there's no much impact. Karnataka, we have a very good growth in procurement. And also AP also not very much impacted with El Nino. A slight impact is there in Tamil Nadu and Maharashtra.

Ritesh Shah: Okay. And sir, just last question. Are we looking at further cost inflation with respect to the feed that we sell or I think we call it concentrate, right, on what we sell to the farmers?

Dodla Sunil Reddy: Yes. The price increase will get inflation a little more going ahead because I think it is not only going to be for us, but for the industry as a whole because of ethanol coming into play, compressed biogas coming into play. I think we have to wait and watch how the government policies will come into action because the amount of the maize being the basic crop being used by poultry and dairy for their concentrate feed is also the one that is being fed into ethanol. So we'll have to take a call as and when it ever happens.

Ritesh Shah: Sir, would it be possible for you to quantify rupees per kg for Q1 and Q2?

Murali Mohan Raju: Yes. Sure. So basically, there is an increase of INR3.3 -- INR3 for the sales realization last year quarter to this quarter, whereas the procurement price -- the blended price was increased by INR4.84, okay But when you talk about the last quarter, it is INR1.99 price was increased, whereas the procurement cost was increased by INR2.93.

Dodla Sunil Reddy: Basically the lag -- once the procurement prices go up in raw materials, there is a lag before we pass it on to the farmer. But there also, it's the same that we keep passing it on to the farmer.

Ritesh Shah: Right. Sir, just a follow-up, just to understand. You indicated a lag from procurement to when we pass it on to the farmer. But again, when we look at it from the economics of the farmer, they also see certain cost escalation and hence, they would also demand a higher price. So when we earlier indicated that we don't see procurement prices to move up much, does it take into account this particular variable as well?

Dodla Sunil Reddy: See, it's a minor variable if you look at it because it's multiple factors of fodder also availability, feed availability and the volume of milk that the farmer is producing per animals. Concentrate will form, let's say, 30% to 40% or 50% of his overall cost that he feeds the concentrate to the cattle.

And if it goes up by INR1 or INR1.5 on a per liter basis, it doesn't show a significant variation unless it moves up by INR5 or INR7 per kg kind of an impact that you look at it because the rationing comes in that he uses concentrate only to balance the protein requirement of the animal, whereas the fiber and energy comes from the other sources. So part of the energy also comes from concentrates. So if the farmer -- when we look at the overall requirement, the concentrate feed element doesn't play as a significant role as much as it is played by fodder and productivity based on the climatic conditions.

Moderator: The next question is from the line of Shirish Pardeshi from Motilal Oswal.

Shirish Pardeshi: Just a quick question on OSAM. Can you share what are the things which we have solved and what are the things is yet to solve before OSAM really takes off? And maybe some color of competition, how the competition is behaving specifically in the area of OSAM geography?

B.V.K. Reddy: Yes, I'll answer your questions. First of all, OSAM we acquired a year back now, just 1 year, we completed. Initially, we have done a lot of modifications in the plant. See, there were so many things, automatic CIP system, proper equipment, proper layout, all that it took 6 to 7, 8 months. Once we identified the shortcomings and then we bought out all the equipment and replaced and corrected. And a lot of corrections have been done in the plant in the operations side, number one.

Number two is on the procurement side also, now slowly, we are going in Dodla model. There it is an agent model. Total collection is the agent model. Where we have in Dodla is a direct farmer payment model. So that we have already done 25% to 30% that mode and balance we are expecting by March. So at least 70%, 80% of that procurement model also will bring it to Dodla model. So that is the major changes what we are bringing, number two.

Number three, the market -- see, the major market holder is by Sudha, both in Jharkhand as well as Bihar. So Jharkhand, though they made a different name called Sudha since from Bihar when they separated Jharkhand state, so Sudha -- still Sudha also is there in Jharkhand. And also, they have created one more cooperative, the separate cooperative for Jharkhand is Medha.

And apart from that, see, the ITC also is there since 5, 6 years onwards. And recently, a couple of years back, Amul also entered. And there are also some 1 or 2 UP brands also have entered, Gyan Dairy, Namaste India. But since -- now -- slightly it is now coming at competition compared to last 5 years.

But overall, market is there, but still there's a good scope for the VAP. So maybe it will take a little time to catch that market.

Shirish Pardeshi: That's helpful. I'm just trying to compare because ITC has also been there and Amul is now getting into. It's a little hard and sticky market to my understanding. So obviously, the traditional players and you have been dealing with the cooperatives across other states also, which are larger, for example, Nandini and many other players. So I think what I understand, you definitely have some understanding of this competition.

But then what are the things which we can see actually a scale up which can happen in this business? I suspect whether Sudha and Medha is giving you a kind of competition, there is a different league and price point. So if you really need to develop value-add portfolio, if the market is ripe or you will do the seeding and maybe over a period of time, you can expect the good results.

B.V.K. Reddy: Yes. See, first of all, Sudha and -- Medha, of course, it is a very recent one. But Sudha and all, as usual, a not very active. So that's why you see that other people are now occupying the market and they're taking the market share. So their payment cycles are not up to the mark. So there are a lot of issues as far as Sudha is concerned. Almost 70% of the market share is Sudha.

But Sudha is not very active. As usual, the payment running late by 1 or 2 months. There are a lot of market complaints. So many things are there. So definitely, we will have advantage, especially see the Bihar market, a very good market actually compared with Jharkhand. There is a big scope.

Dodla Sunil Reddy: And also, sir, it's going to be GDP driven. Bihar GDP was always lower. As the state is improving and the GDP improves, we will see the shift happening. That is why we always say that we see a significant offtake during festival for base products like sweets or paneer or other value-added products is because of affordability. And as the growth of Bihar and improvement of Bihar happens and affordability comes in, you will see a significant growth in the value-added profile because the consumption pattern there has a lot of the value added as a part of the daily diet. It's only affordability that is holding it back.

Shirish Pardeshi: Sunil, you are bang on. I recently visited and I saw that Bihar is really doing well. And followed to that is Jharkhand. So I think it's a big market. But then I mean, it's the right strategy, but I'm saying if execution needs to ramp up or really the market dynamics or product profile has to change for us?

Dodla Sunil Reddy: Yes, we are looking at it and changing it, yes.

Shirish Pardeshi: Okay. Okay. Last question on the Africa business. And this is related to more of capex side. I think in the past, we said about INR600-odd crores. Is there any change in capex which will happen for India and even Africa?

B.V.K. Reddy: See, not much of change actually in Africa, as we said, we acquired 70 acres of land, and we have already started greenfield work. So our civil work already commenced a month back. So that we are targeting by FY '28 beginning running the operations.

So as far as Africa, we have very good growth. And Kenya also has done very well. Actually, very good growth market share we have taken from Kenya. As far as -- seen, even EBITDA level also is very good. As far as other capex in Maharashtra, what we are doing, there's not much of increased capex what we projected earlier.

Dodla Sunil Reddy: Yes. So basically, what happens is INR600 crores that you were asking as capex, we had earlier assumed Africa to be around the INR60 crores, INR70 crores, Africa -- I mean, Maharashtra to

be INR280 crores and the acquisition of OSAM that we did net of cash of what was available in OSAM to be around INR600 crores.

I think it might marginally go up by 5% to 10% as we -- the inflation takes into place over the project period, but nothing significant in terms of movement otherwise. So our major capex going forward will be completion of Maharashtra and Africa to be implemented.

B.V.K. Reddy: Africa and feed also.

Dodla Sunil Reddy: And feed we are looking at it now as we have mentioned by B.V.K, that in Maharashtra, once our Itkal plant comes to more of production facility, we might consider looking at another feed operation to cater to the Maharashtra area rather than moving it all the way from Chittoor to Maharashtra. As is I think slowly our cattle feed has also come to 6,000, 7,000 tons of installed capacity or utilizable capacity of around 8,000, 9,000 tons that we can do.

So we are coming closer to the full capacity utilization of our old feed plants. So by the time these are done, we'll get another feed plant also there. That is not considered at the moment, which we might take a call 3 to 6 months later.

Moderator: The next question is from the line of Vandit Dharamshi from Anantra Growth Capital.

Vandit Dharamshi: Just one question. Dairy sector for obvious reasons have been impacted by weather-related challenges for all these years. So over the next 2, 3, 5 years, do you think -- is there anything that industry can do differently to make sure that these weather-related challenges impact is slightly lesser than what they do today, maybe some kind of scale development or inventory buildup, I don't know what? But do you think we are thinking in that perspective or is it possible?

Dodla Sunil Reddy: Yes, sir. Basically, going forward, I don't think only us, but the whole industry per se, we will see that the country will move on the same trajectory like the rest of the world, which was that the dairy farming, which was backyard farming, which had more of the impact from weather or feed is slowly moving to organized. So what I mean by that, it was backyard farming of 1, 2 animals. And if you look at our own history of those days, the average being 2 liters per animal kind, it's now moved to 8 to 10 liters per animal average lactation period.

I think now we are seeing some states taking the leap forward like Punjab or Gujarat or Maharashtra where the farmers are moving away from the backyard farming and bringing it to a per acre mainstream farming, where it will become more in terms of productivity and efficiency. Once that comes into place, you will find that because the farmers have more control in terms of have a fan to cool down the animal if the temperatures go up, stocking of feed and fodder in the form of silage or other practices, we will be able to move forward.

I think already we are seeing the impact of artificial insemination coming into play, where sexed semen plays a role of having only more female animals than having male animals and also improving of the productivity of the breed. So all the companies are also along the way taking their own respective path in trying to see how best we can associate and help the farmers grow. Some companies are creating their own breeding. We, for example, conduct common health

camps, education of farmers and trying to get more farmers to become more in terms of organized structure.

With this going, I think the signs are showing, as you can already see that the fluctuations in volume earlier when it used to be in buffalo milk, it used to be around 50%, 60%. Now that has dropped to 25%, 30% and cow has hardly come to a 10% variation in terms of volume. If these continue, that means it's showing signs of the farming industry itself becoming more organized rather than being unorganized backyard farming.

Moderator: The next question is from the line of Nishita from Sapphire Capital.

Nishita: Yes. So I just wanted to understand again on our EBITDA margins. So you mentioned that our OSAM margins have fallen this quarter. And you also mentioned that consolidated, we can still do around 7.5% to 8% of EBITDA margins for H2 FY '27. So I just wanted to understand how are we going to achieve that margin because since we are not going to focus on EBITDA margins in OSAM, so like isn't the margin going to still be under pressure only because of OSAM?

B.V.K. Reddy: Yes. See, originally, what we projected OSAM is only 4% to 5% EBITDA margin only. See, the main margin, we were expecting only from the main company from Dodla only. So already in third quarter, we are seeing the change.

So definitely, we will -- see even OSAM, first and second quarter also not performed as of the expectation level. But OSAM also now we are seeing that third and fourth quarter, they also do around 4% to 5% EBITDA. And overall EBITDA of Dodla will be around 7.5% to 8% coming quarters.

Dodla Sunil Reddy: So I'll also add here, Nishita, the basic thing is when you look at OSAM can be a revenue of INR250 crores or INR300 crores. The 4% on INR300 crores is around INR12 crores. And even if we do 2% or 3%, we will make up. The absolute difference of OSAM pulling down the overall EBITDA is very small, in the absolute number of INR3 crores, INR4 crores difference only. Whereas the India side of the operation is substantially larger.

Maybe we'll add another INR1,000 crores for the next half year, India will be adding more than INR1,300 crores to INR1,400 crores of revenue. And that is where we are seeing the improvement coming and therefore, because of the price increase, which will therefore bring it to 7.5%. So OSAM alone won't drag it down much. It is the overall India improvement that will take us to be at a higher level.

Nishita: Okay. So we can expect India revenue to be around INR1,300 crores, INR1,400 crores for H2 FY '27. Is that right?

Dodla Sunil Reddy: Basically, current year, we have come around INR900 crores to INR1,000 crores. So maybe depending on seasonality of the summers coming earlier or later, we can be between INR1,000 crores to INR1,200 crores, anywhere in that range can manage.

Murali Mohan Raju: And you're talking about our India operations.

Dodla Sunil Reddy: India operations.

Murali Mohan Raju: Overall operations we are at around INR1,200 crores.

Dodla Sunil Reddy: We'll again -- again the doubling of that...

B.V.K. Reddy: Then India Dodla total operation. We have including Africa, OSAM and feed put together, it is roughly about INR500 crores half yearly. So INR333 crores operation business, Africa business, INR173 crores from OSAM, INR100-plus crores from our feed. So it is coming close to INR600 crores. Out of INR2,391 crores, close to INR2,400 crores, minus INR600 crores is around INR1,800 crores we have done only India Dodla. So in coming quarter also, we are going to do a similar number.

Moderator: The next question is from the line of Siddharth from CWC.

Siddharth: A few questions. Did the buttermilk, lassi and paneer volume increase come with similar gross margins as earlier? I mean, were you able to pass on the price increase -- the cost increase to consumers? Or is there an impact there, too? Then second one...

Dodla Sunil Reddy: No, no, we are passing on the price increase there to the customers also, sir. Same matter. It's only, I'd say the timing question that is there. Maybe we passed on 1 month later from where the procurement increases, but we have passed on the prices there.

Siddharth: Okay. So the impact really comes in terms of not being able to fully pass on only in milk. Milk products, you are able to pass on the cost increase to customers. Is that a fair way of understanding?

Dodla Sunil Reddy: And also a certain amount of it we do not pass on curd also. We wait for some time to pass on. It is basically the question of the time lag. So when the prices increase, we have passed on much later in terms of a month or 2 because of, again, waiting to see how the other prices will react and waiting to see when they stabilize for us to pass on is where the delay happens in terms of profitability getting impacted.

So for example, when the procurement prices went up in April and May, the impact of that increase is only coming in terms of June is when we pass on. Similarly, when it happened in the second quarter, we were anticipating procurement to come down and it didn't come down. Our effective price increases happened in September.

So we got into a little bit of that first quarter, second quarter impact of 3, 4 months, which is showing the overall profitability being lower. But once we have passed it on, like we were saying in the coming quarters, you'll see the improvement in profitability going back to normal.

Siddharth: Got it. Outside of that lag, is it fair to understand that structurally, you're able to pass on the cost increase for milk products? But for milk and curd, you may not always be able to pass on the cost increase completely to the customer? Is that a fair way...

Dodla Sunil Reddy: We will not pass on immediately, but over a period of time, it will be passed on to the customers. Instantly, we will not pass it on. We'll wait and see because there is a correction that we were

happening if the procurement prices come down, then we don't want to bring it down. So we wait for a while and then do. But average, it will be passed on.

Siddharth: Got it. And what is the trend that you're seeing in the procurement challenge between cow and buffalo milk supply, especially in Maharashtra and AP, which are decent buffalo salient. Are you seeing buffalo milk being a bigger challenge or is it both?

B.V.K. Reddy: See, overall, buffalo milk is year-on-year, it is going down because there's a big demand for the buffalo meat. And also see, it is not viable for the farmer to raise the buffalo because there's a huge variation between flush season to summer season. So because of that variation, farmer is preferring only cow. That's why year-on-year, cow milk -- entire India, cow milk production is going up.

Even it is in Andhra Pradesh also earlier, predominantly in coastal area, it is buffalo milk, even Maharashtra also some part, buffalo milk. But buffalo milk is slowly, see, year-on-year diminishing. Cow milk ratio only is going up.

Siddharth: Sure. But this year, did you see buffalo milk fall more sharply than cow milk because -- and I'll tell you where I'm coming from, right? We have seen pack shortages in the market at a different level. And...

Moderator: I'm sorry to interrupt you, sir. If you have follow-up questions, please rejoin the queue.

Siddharth: Sure. It's just a clarification on this, but happy to rejoin the queue.

Dodla Sunil Reddy: Yes, Siddharth, you can also reach out to me or anybody directly. Siddharth, we will give you the answer. You can get the number from SGA to reach out.

Moderator: The next question is from the line of Monish Ghodke from HDFC Mutual Fund.

Monish Ghodke: So this INR327 crores of VAP sales we had, what is the split between various categories?

Dodla Sunil Reddy: One minute, sir.

Murali Mohan Raju: The revenue of INR327 crores basically it's...

Dodla Sunil Reddy: Which quarter we are talking about, sir? You are talking about the quarter or for the...

B.V.K. Reddy: INR327 crores you mentioned, that is only DDL

Dodla Sunil Reddy: India sales.

Murali Mohan Raju: Only India sales, right? Basically the curd, yogurt, lassi and buttermilk, all the curd products, which is around INR251 crores and the ice cream is INR11 crores, flavored milk is INR13 crores, paneer is INR21 crores. Sweet is INR6.6 crores and ghee and butter is around INR22.1 crores. That totals to INR327 crores.

Monish Ghodke: And sir, the share of VAP by and large, will remain the same at around 30% on medium-term basis?

Dodla Sunil Reddy: Normally, we keep saying that we will grow by 1%, 2%, sir, because it depends also on which one you look. For example, it's a difficult -- revenue will grow up by 2%, 3% because, for example, if I sell more of paneer, it's 6 liters being sold in the form of 1 kg. So from a revenue percent it will be a little higher, maybe 2%, 3% in terms of revenue.

But from a volume perspective, it cannot be apple-to-apple because some of them are in liters, some of them are in kgs or solid. If you add ghee to it, it will grow substantially larger and it can reach up to 40%.

B.V.K. Reddy: Actually, see, we have grown in VAP compared to last year this year by 1%, 1.5%. But last year, there was some ghee portion. So this year, the ghee portion is not there. That's why it appears that. So the VAP, there's not much of variation. But actually VAP, we have grown. VAP, including buttermilk, curd everything we have grown.

Monish Ghodke: And sir, last question, this milk procurement price, can we safely say that this INR62, INR63 a liter is now a top and going forward, the increase should not be there? And -- I mean that is one part. And another part is how do you see this El Nino impact on milk availability?

B.V.K. Reddy: Yes. See, now see, because in the first and second quarter itself, they loaded in the procurement, we are seeing the availability of milk also now -- so last 1 month, we have seen some rains in the southern part of coastal area. And also availability also has been improved. We are hoping that this third and fourth quarter, there won't be much price hike in the procurement side. It may be -- it will stand still.

Moderator: That was the last question for today. I now hand the conference over to the management for closing remarks.

Dodla Sunil Reddy: So I thank everybody for joining our conference, and we're looking forward to meeting you guys up next quarter. Thank you very much, everyone, for joining our conference call.

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