

Retail Equity Research

Dodla Dairy Ltd

FMCG

CMP Rs. ₹ 992

Rating: Overweight

NSE CODE: DODLA BSE CODE: 543306

Dodla Dairy's Q3 FY25 revenue declined 10% QoQ to ₹901.22 crore, reversing the previous growth momentum. Operating profit remained flat at ₹95.93 crore, reflecting stable cost management despite a sharp 10.7% drop in expenses from Q2. Net profit stood at ₹63.57 crore, marking zero growth from the previous quarter.

A key positive was higher other income (₹11 crore, up 15% QoQ), which partially offset the impact of depreciation (₹19.57 crore) and rising interest costs (₹0.94 crore). Tax expenses remained steady, keeping profit before tax at ₹86.42 crore. While seasonal softness may have played a role in the sales decline, profitability stability suggests strong operational efficiencies. With new capacity expansion in Maharashtra and increasing focus on value-added products, long-term growth remains intact despite near-term volatility. Investors should watch for pricing strategies and volume growth in Q4 to assess future earnings potential.

Company Data

Market Cap (cr)	Rs.	6,123.28
Enterprise Value (cr)	Rs.	4,721.09
Outstanding Shares (cr)		6.03
52 week high	Rs.	1,346.00
52 week low	Rs.	791.00
1m average volume (lacs)		0.43
Face value	Rs.	10.00

	FY22	FY23	FY24
Sales	2243.35	2812.03	3125.47
Growth(%)	15%	25%	11%
EBITDA	225.36	215.19	316.73
EBITDA Margin(%)	10.0%	7.7%	10.1%
PAT	132.81	122.28	166.74
Growth(%)	5%	-8%	36%
EPS	22.3	20.6	28.0
P/E	20.0	22.6	28.7
P/B	3.2	2.8	4.2
EV/EBITDA	11.3	12.4	14.9
ROE(%)	16%	12.6%	15%
ROCE(%)	20%	15.3%	20.8%
ROIC(%)	21%	16.7%	17.1%
D/E	0.02	0.03	0.04

Strong Financial Performance with VAP Growth Dodla Dairy reported 21% YoY revenue growth in Q3 FY25, reaching ₹901 crores, with net profit at ₹64 crores and a 7.1% net margin. Value-Added Products (VAP) grew 50.9% YoY, contributing 32.3% of revenue, driven by strong demand. Despite a slight EBITDA margin decline to 10.6%, stable milk procurement costs at ₹35.6 per liter helped maintain profitability.

Strategic Expansions & Market Positioning The company approved a ₹280 crore capex for a Greenfield facility in Maharashtra, set to process 10 lakh liters daily by FY27. Dodla Dairy is expanding into quick commerce platforms like Zepto, aiming to increase its revenue share from 0.5% to 1-2%. It also prioritizes profitable expansion of its 657 Dodla Parlours, which significantly contribute to margins.

Market Trends & Future Outlook With rising procurement costs, milk prices may increase by ₹1-2 per liter, aligning with industry trends. Africa operations saw strong revenue growth, though margins were affected by higher costs. Management projects a 10% CAGR in volume and 15% in revenue, with Maharashtra expansion aimed at diversifying procurement and ensuring long-term stability.

Key Highlights

Diversified Product Portfolio

Dodla Dairy Limited, incorporated in 1995, is one of India's leading integrated dairy companies. It procures, processes, and sells a wide range of milk and dairy-based value-added products, including ghee, curd, paneer, flavored milk, lassi, ice cream, and milk-based sweets under its brands Dodla, Dodla Dairy, and KC+. In Africa, the company operates under the brands Dairy Top, Dodla+, and Pride of Cows, offering milk, yogurt, paneer, cheese, and UHT milk.

Strong Sales Growth

The company has experienced robust revenue growth, increasing by 39% between FY22 and FY24. This growth is primarily driven by a 17% rise in average milk sales, from 9.3 lakh liters per day (LLPD) in FY22 to 10.9 LLPD in FY24, and a 30% increase in curd sales, from 269.8 LLPD to 349.9 LLPD over the same period.

Expanding Geographical Presence

Dodla Dairy's operations span across 11 Indian states, with its procurement centers in five states. The company has also expanded its international presence, particularly in Kenya and Uganda, where its revenue contribution has increased from 7% in FY22 to 9% in H1 FY25, demonstrating steady international market penetration.

Robust Distribution Network

The company operates through an extensive distribution and marketing network, including 55 sales offices, 2,750 agents, 2,050 distributors, and 82 modern trade outlets. It also has 645 'Dodla Retail Parlours' across Andhra Pradesh, Telangana, Tamil Nadu, and Karnataka. Additionally, in Uganda and Kenya, it has a strong network comprising 284 distributors and two manufacturing plants.

Sustainable Milk Procurement Strategy

Dodla Dairy sources milk directly from over 1.4 lakh farmers across 8,000 villages via 7,700 village-level collection centers, ensuring a direct farm-to-market supply chain. The company procures 98% of its milk directly from farmers, with total milk procurement rising from 12.5 LLPD in FY22 to 16.8 LLPD in FY24.

Strategic Expansion & Investment

The company continues to invest in expansion, enhancing its manufacturing capabilities with 16 processing plants and 160 chilling centers. It recently acquired 35.23 acres of land in Maharashtra to establish an integrated skimmed milk powder (SMP) and milk processing plant, with an investment of Rs. 200 crore funded through internal accruals. Additionally, its Orgafeed brand, specializing in cattle feed, has witnessed significant revenue growth of 97% between FY22 and FY24, strengthening its ancillary business segment.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Sales	746.84	787.45	911.60	997.62	901.22
Growth(%)	-3%	5%	16%	9%	-10%
Expenses	664.00	712.02	806.49	901.37	805.29
Operating Profit	82.84	75.43	105.11	96.25	95.93
Growth(%)	18%	-9%	39%	-8%	0%
Other Income	5.70	7.80	6.94	9.57	11.00
Depreciation	18.02	18.33	18.20	18.70	19.57
Interest	0.88	0.76	1.05	0.84	0.94
Profit before tax	69.64	64.14	92.80	86.28	86.42
Tax	28.30	17.32	27.77	22.90	22.86
Net profit	41.33	46.83	65.02	63.38	63.57
Growth(%)	-5%	12%	28%	-3%	0%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	2,139.37	1,944.01	2,243.35	2,812.03	3,125.47
Growth(%)	26%	-9%	15%	25%	11%
Expenses	1,996.41	1,699.82	2,031.13	2,619.29	2,835.19
Operating Profit	142.96	244.19	212.22	192.74	290.28
Growth(%)	6%	71%	-13%	-9%	51%
Other Income	5.11	5.56	13.14	22.45	26.45
Depreciation	49.19	50.73	52.35	61.23	70.07
Interest	17.01	12.81	7.45	2.13	2.87
Profit before tax	81.87	186.21	165.56	151.83	243.79
Tax	32.01	60.25	32.75	29.55	77.06
Net profit	49.87	125.97	132.81	122.28	166.74
Growth(%)	-21%	153%	5%	-8%	36%

Balance Sheet

(Rs Cr)

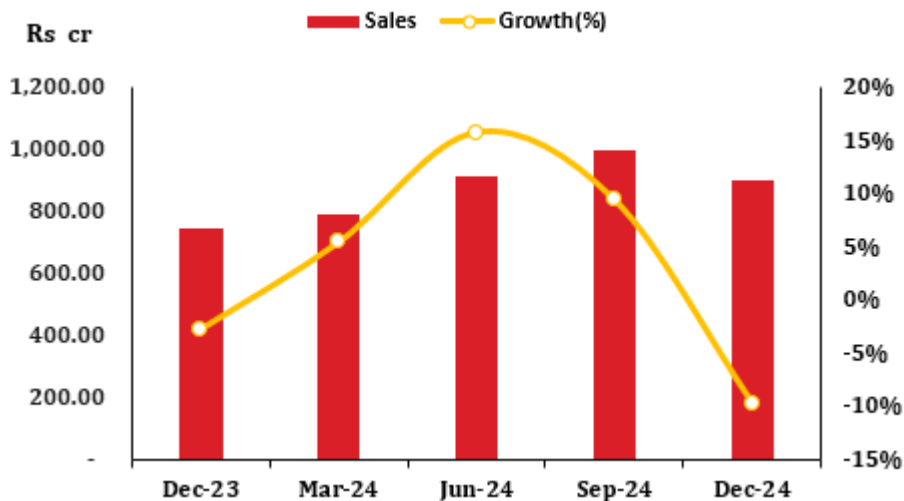
Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	55.67	58.33	59.49	59.49	59.49
Reserves	377.82	599.65	783.67	912.74	1,079.38
Borrowings	159.77	98.62	12.87	32.33	45.79
Other Liabilities	199.32	215.58	232.38	246.81	293.03
Total	792.58	972.18	1,088.41	1,251.37	1,477.69
Net Block	536.30	548.94	565.88	623.52	713.46
Capital Work in Progress	11.24	8.28	4.10	58.12	12.36
Investments	11.86	60.43	184.35	260.03	196.18
Other Assets	233.18	354.53	334.08	309.70	555.69
Total	792.58	972.18	1,088.41	1,251.37	1,477.69

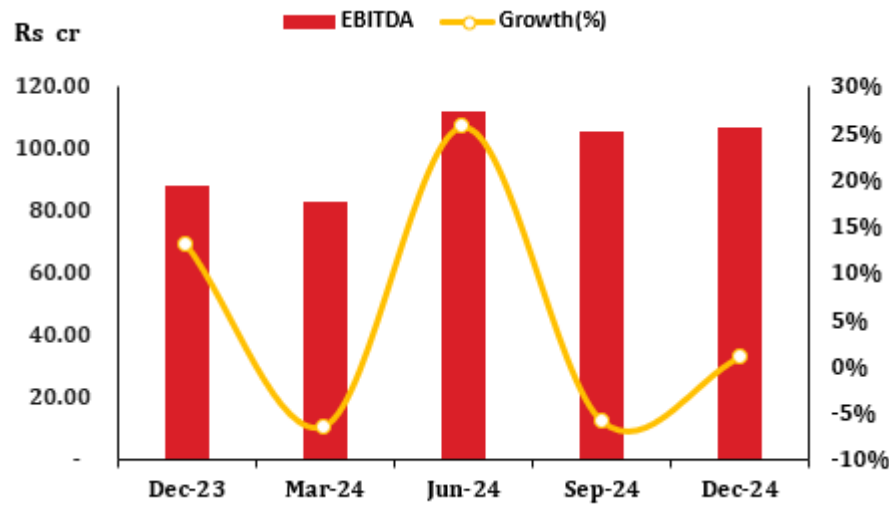
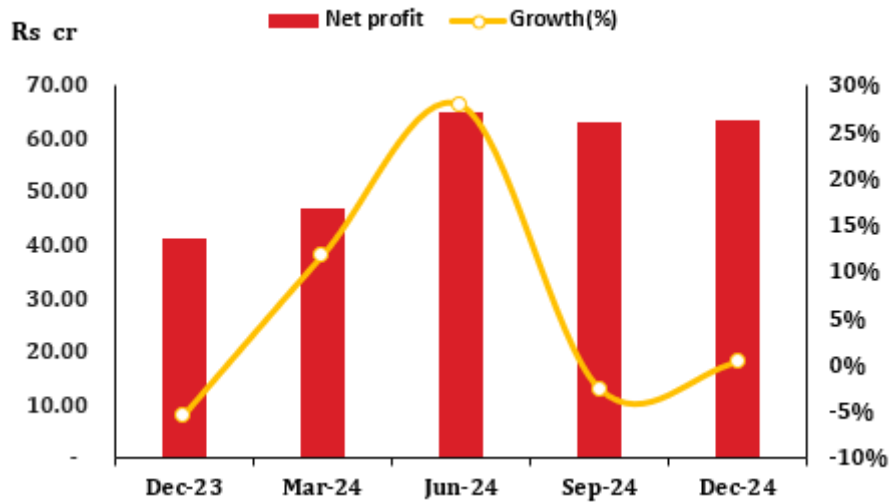
Cash Flow

(Rs Cr)

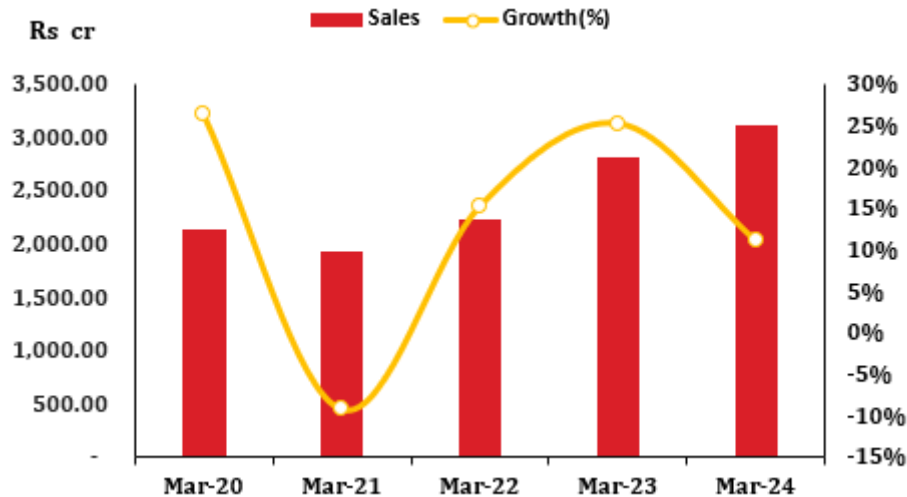
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	165.58	245.06	171.14	160.79	-0.71
Cash from Investing Activity	-76.33	-200.44	-136.51	-210.23	30.3
Cash from Financing Activity	-25.66	10.85	-48.88	14.59	-1.25
Net Cash Flow	63.59	55.47	-14.25	-34.85	28.34

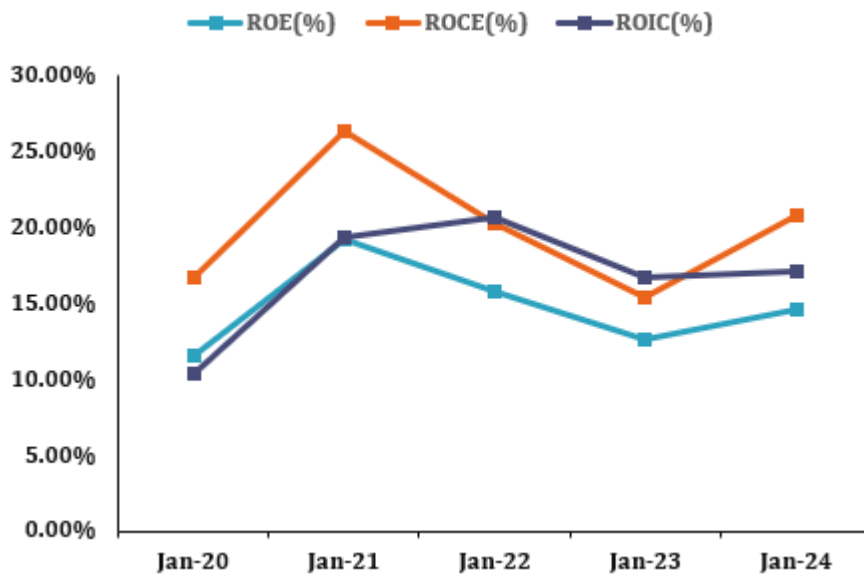
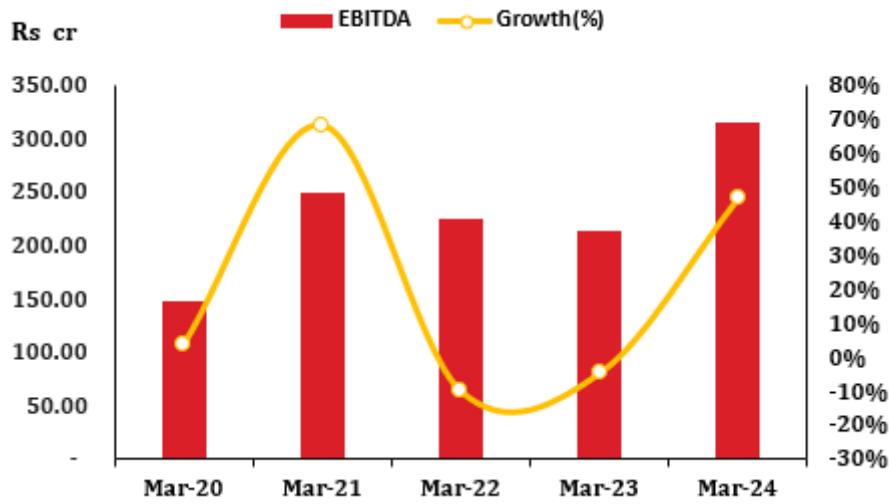
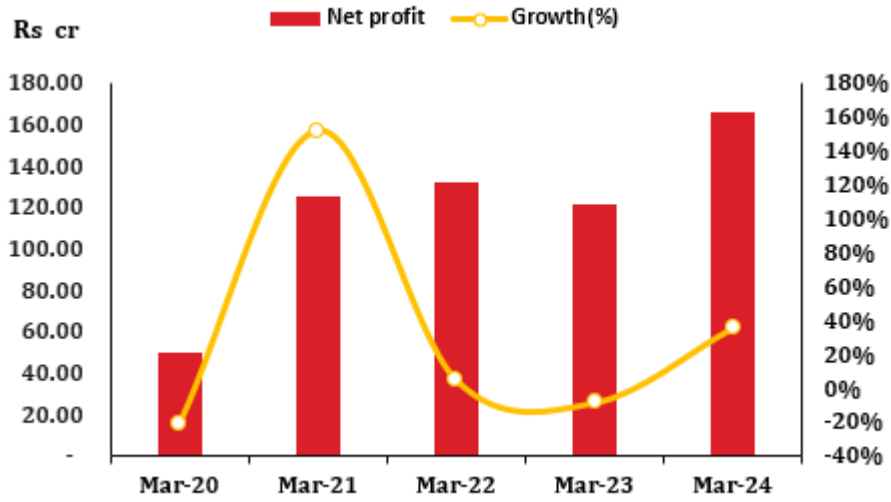
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

Leverage Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
D/E	0.37	0.15	0.02	0.03	0.04
Debt/Assets	0.20	0.10	0.01	0.03	0.03
Debt/Ebitda	1.08	0.39	0.06	0.15	0.14
Debt/Capital Ratio	27%	13%	2%	3%	4%
Cash flow/Debt	1.04	2.48	13.30	4.97	-0.02
Interest coverage ratio	5.81	15.54	23.22	72.28	85.94
Sales Change	26%	-9%	15%	25%	11%
Ebit Change	-6%	101%	-13%	-11%	60%
Operating Leverage	0.21	-7.75	-0.85	-0.36	4.54
Financial Leverage	1.83	1.48	1.29	1.29	1.30

Efficiency ratios					
Receivable days	1	1	1	1	1
Receivable turnover	297.13	397.55	470.30	324.71	297.38
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	17	18	17	22	7
Net Fixed assets turnover	3.99	3.54	3.96	4.51	4.38
Sales/capital employed	3.61	2.57	2.62	2.80	2.64
Total Asset Turnover	2.70	2.00	2.06	2.25	2.12

Profitability ratios					
Ebitda	148.07	249.75	225.36	215.19	316.73
Ebitda margin	7%	13%	10%	8%	10%
Gross Profit	393.25	532.3	545.09	585	744.36
Gross Profit Margin	18%	27%	24%	21%	24%
EBIT	98.88	199.02	173.01	153.96	246.66
EBIT Margin	5%	10%	8%	5%	8%
ROE	12%	19%	16%	13%	15%
Net profit margin	2%	6%	6%	4%	5%
EPS	8.95	21.61	22.32	20.55	28.02
DU Pont ROE	12%	19%	16%	13%	15%
Net Profit Margin	2%	6%	6%	4%	5%
Sales/Total assets	2.70	2.00	2.06	2.25	2.12
Financial Leverage	1.83	1.48	1.29	1.29	1.30
DU PONT ROA	6%	13%	12%	10%	11%
Net Profit Margin	2%	6%	6%	4%	5%
Sales/Total assets	2.70	2.00	2.06	2.25	2.12

Capital Allocation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
ROCE	11%	19%	19%	15%	15%
EBIT Margin	5%	10%	8%	5%	8%
Sales/cap employed	3.61	2.57	2.62	2.80	2.64
NOPAT	60.22	134.63	138.79	124.00	168.69
Capital employed	593.26	756.6	856.03	1004.56	1184.66
ROIC	10%	18%	16%	12%	14%

Valuation Ratios					
Price/Earnings			20.04	22.57	28.66
Price/Book	-	-	3.16	2.84	4.20
Marketcap	-	-	2,661.14	2,759.31	4,778.74
Enterprise Value	91.06	-125.83	2,542.16	2,667.02	4,721.09
EV/EBITDA	0.61	-0.50	11.28	12.39	14.91

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