

DODLA DAIRY LIMITED

MILK & MILK PRODUCTS

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Date: 24 May 2022

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 FY22 Results Conference Call with Analyst / Investors.

Dear Sir / Madam,

In Continuation to our letter dated 17 May 2022 the Company had organized a conference call with the Investors/ Analysts on Friday, 20 May 2022 at 10:00 Hrs (IST). A copy of Transcript of conference call held with the Investors/ Analysts is enclosed herewith and the same has also been uploaded on the Company's Website at www.dodladairy.com.

Kindly take the same on record and display the same on the website of your exchange.

Thanking you,

Yours Faithfully,
For Dodla Dairy Limited

Surya Prakash M
Company Secretary & Compliance Officer

Encl: a/a

★ An ISO 22000-2005 & 50001 EnMS Certified Company ★



“Dodla Dairy Limited
Q4 FY2022 Earnings Conference Call”

May 20, 2022



ANALYST:

MR. ANIRUDDHA JOSHI – ICICI SECURITIES LIMITED

MANAGEMENT:

MR. SUNIL REDDY - MANAGING DIRECTOR – DODLA DAIRY LIMITED
MR. BVK REDDY – CHIEF EXECUTIVE OFFICER - DODLA DAIRY LIMITED
MR. ANJANEYULU GANJI – CHIEF FINANCIAL OFFICER - DODLA DAIRY LIMITED



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Moderator: Ladies and gentlemen, good day and welcome to the Dodla Dairy Limited Earnings Conference Call hosted by ICICI Securities. 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Aniruddha Joshi. Thank you and over to you!

Aniruddha Joshi: Thanks Mike. On behalf of ICICI Securities we welcome you all to Q4 FY2022 results conference call of Dodla Dairy Limited. We have with us today Senior Management represented by Mr. Sunil Reddy, Managing Director; Mr. BVK Reddy, CEO and Mr. Anjaneyulu Ganji, CFO. Now I hand over the call to Mr. Sunil Reddy for his initial comments on the quarterly performance as well as FY2022 performance and then we will open the floor for question and answers. Thanks and over to you Sir!

Sunil Reddy: Thank you very much Aniruddha. Hello everybody I welcome you all to the Q4 FY2022 earnings conference call and I hope all of you are doing well today. I am glad to announce that we have delivered a strong year of 15% year-on-year revenue growth on back of strong volumes and VAP sales numbers. Our milk volumes in FY2022 are around 12.2 lakh liters per day which is around a growth of 12% year-on-year. Our average milk procurement now stands at 12.5 lakh liters per day which is also a growth of around 16% year-on-year.

Moving on to our quarterly numbers we have delivered yet another quarter wherein our milk volume growth and healthy VAP numbers buoyed us to achieve 11% year-on-year and 3% quarter-on-quarter revenue growth in the Q4 of FY2022. Our average milk procurement in Q4 FY2022 was around 12.3 lakh liters per day as compared to 10.8 lakh liters in the same quarter last year. Geographical expansions of our operations and inroads and new markets are visible through the growth in numbers of our facilities and direct and indirect distribution channels. We also saw healthy numbers in our VAP sales despite the seasonality of this quarter. Normally if it is observed in the months of winter months like January and February sales of chilled products like curd, lassi, buttermilk, flavored milk and ice cream as such are subdued as compared to the summers which in the following years of April, May and June as people prefer to have hot beverages during these times of the year despite that we have done well there. Now we aim to speed up this growth further and enter into new unexplored territories to consolidate our traditional products and our VAP sales. On this front you all must be knowing that we have successfully acquired Sri Krishna Milk Private Limited, this acquisition is in line with the strategy of growing through organic and inorganic deals. Apart from penetrating in Northern Karnataka and Goa market this acquisition will also enhance our product offerings and production capabilities.

A small background on Sri Krishna milk: it is a well-known milk and milk product brand in Uttar Karnataka and Goa. Currently Sri Krishna has milk, curd, lassi, buttermilk, ghee, butter, kova,



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sweets, paneer, flavored milk and shrikhand, all these products are suited to the Indian palette. This is a philosophy which we also believe in. The acquisition apart from the benefits of geographical penetration also gives us access to establish brand with healthy products mix and established distribution network in area with huge margin potential. We also have synergistic procurement network and last but not the least high-quality manufacturing infrastructure. With this will be carrying on a journey of growth as such acquisitions will always help us reach new places and share synergies with the business model and I would also like to take this opportunity to thank all our stakeholders for supporting us through this journey wherein we close our first financial year as a listed entity. This has been a special one for us and we hope to add value to all of you through our strategy and execution. With this small brief I will now hand over to Mr. BVK Reddy, our CEO of the company. Thank you very much.

BVK Reddy:

Thank you so much Sunil Sir. A very good morning to all the participants. As mentioned by our MD Sir we have delivered a healthy quarter showing a growth in revenue and other parameters. Our constant push towards expanding our footprint across India is shaping up well and the acquisition of Shri Krishna Dairy is a good example of the same. Today we procure milk from around 1.2 lakh dairy farmers daily and providing a regular direct payment to the bank accounts, our direct procurement model has further strengthened wherein we are buying more almost all the milk directly from the farmers across more than 8000 villages as compared to last year 7000 villages. Resulting cost savings, establishment of deep routed relationship with them and our Orgafeed operations wherein we provide high quality feed to the dairy farmers help us to strengthen these relationships with them and ensure that both the parties get benefited. Our Orgafeed revenues have almost doubled this year the details of which will be shared by our CFO, Mr. Anjaneyulu later on this call. In terms of our presence, we continue to have a third highest market presence across all states in India supported by third largest procurement network, 14 processing plants with 20 lakh liters capacity per day capacity. We currently have 110 chilling plants as against 104 in the previous quarter. Today we have around 560 Dodla retail parlors as against 393 in March 2021 and we also have strong 1799 milk distributor channel, which was 1718 in the last quarter. We have around 3000 distribution agents' networks that are all well established in many areas of the country. We continue to strive for enhancing our footprints and brand visibility with every passing year when we are making constant efforts to expand our geographical footprint distribution network, strengthening brand recognition and improve our margins to power unmatched growth in the industry. With that said I would request our CFO, Mr. Anjaneyulu Ganji to give a financial overview of this quarter.

Anjaneyulu Ganji:

Thank you BVK Sir. Good morning, everyone. I would like to briefly touch upon the key performance parameters for the full year and fourth quarter of FY2022. We have also submitted a detailed presentation of our financial performance on stock exchanges and we have also uploaded the same on our website. Now will take a quick glance at the financial highlights for the year ended March 31, 2022 operating revenues were at Rs 22,434 million in FY2022 compared to Rs 19,440 million in FY2021 registering a growth of 15%. Profit after tax was at Rs. 1,328 million in FY2022 compared to Rs. 1,260 million in FY2021 showing a growth of 5%. Earnings per



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share for FY2022 was Rs.22.43, this is in line with what we had in FY2021. Our Africa revenue stood at 1,467 million in FY2022 versus 1069 million in FY2021 witnessing a growth of 37%.

Financial highlights for the quarter-ended March 31, 2022, are the operating revenues are at Rs. 5,897 million in Q4 FY2022 compared to Rs. 5,305 million in Q4 of the previous year registering a growth of 11% year-over-year. Profit after tax was at Rs. 405 million in Q4 of FY2022 as compared to Rs. 96 million in the last year same quarter showing a growth of 322% year-on-year basis. Earnings per share for this quarter FY2022 were 6.8 as compared to 1.7 in Q4 FY2021 which is again growth of around more than 300% on year-on-year basis.

Now talking about the operational highlights for the quarter ended March 31, 2022 the average milk procurement during Q4 FY2022 was 12.3 lakh liters per day compared to 10.8 lakh liters per day in Q4 FY2021 and 12.4 lakh liters per day in Q3 FY2022. Average milk sales during Q4 FY2022 were at 9.7 lakh liters per day compared to 9.2 lakh liters per day in the same quarter last year and 9.9 lakh liters per day in the previous quarter. Curd sales during Q4 FY2022 was at 288 metric tonnes per day compared to 266 metric tonnes per day in Q4 of FY2022 and in the previous quarter it is 245 metric tonnes per day. Revenue from value added products excluding fat and fat-based products were at Rs. 1,406 million contributing 24% to the overall dairy revenue. During Q4 of FY2022 compared to Rs. 1,192 million contributing to 21% to the overall dairy revenue in Q3 of FY2022. Discussing briefly about our margins this quarter our margins were impacted due to the increase in raw material prices. Having said that I would also like to mention that we are confident that this will be offset partially by price increases going forward. With our increasing footprints across India, those members in Africa, deep successive quarter and resilient value-added product sales and pricing power, we are confident of achieving our year-end margin targets and as Mr. Sunil mentioned becoming a formidable player in the dairy industry and this year we also shifted from a new tax regime from the old tax regime so we shifted from a 30% tax bracket to 22% tax bracket for the dairy industry, so with that we no more can claim 80AB deduction, so we will be getting that effective tax rate decrease from this year onwards. That concludes our update on the financial strategy, which we believe has been positive in all aspects. With that being said we would now like to open the floor for questions. Thank you everyone.

Moderator:

Thank you. We will now begin the question and answer session. We have the first question from the line of Sameer Gupta from IIFL. Please go ahead.

Sameer Gupta:

Hi good morning, Sir and thanks for taking my question. I just have one actually, so we are seeing inflation across the Board but when it comes to Dodla we are hardly seeing any so in fact I was just doing a back calculation where your milk procurement is up from 13%-14% Y-o-Y but your RM costs are only up 11%, also other expenses of 3% my sense was that freight is a large cost for us and we all know what is happening with the fuel prices, so how are we managing this, are we taking more price hikes, even with the price hikes there is hardly any RM inflation so is



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milk procurement not increasing in line or tandem with other agri commodities just a sense on what is actually going on the ground Sir?

- Anjaneyulu Ganji:** As you rightly said we started taking the price hikes because for the fuel price increase and also these milk prices are seasonal so we are waiting for the prices for this month and they started already coming down so for the fuel prices increase we already take the price increase in Q4 of the last year that is where there is a margin improvement compared to the previous quarters and we will wait and watch and see Mr. BVK Sir will give an update on the sales price if we want to take it because it is a seasonal thing for the raw material procurement.
- BVK Reddy:** Yes see I want to add something to this actually price hike started in fourth quarter infact this started from third quarter itself and in fourth quarter it has further gone up but we have done simultaneously price correction also in the fourth quarter, slightly we have taken more than Rs.1 sales correction in fourth quarter and also if you see, our transport cost has gone up and packing material cost has gone up so that is why there is an impact in fourth quarter but slightly we were able to manage correcting up sales realization.
- Sameer Gupta:** Got it Sir just one follow-up here milk procurement price what is currently the average price that you have paid in Q4 and how was this in the base quarter?
- BVK Reddy:** See in third quarter it was Rs.32.40 and fourth quarter became Rs.34 and sales realization Rs.49.40 in third quarter and fourth quarter see it has become Rs.50.70.
- Sameer Gupta:** Got it Sir. Thank you.
- Moderator:** Thank you. We have the next question from the line of Shirish Pardeshi from Centrum Capital. Please go ahead. Mr. Pardeshi we are unable to hear you kindly check if you have muted your line. We will move on to the next question, we have the next question from the line of Gaurav Jogani from Axis Capital. Please go ahead.
- Gaurav Jogani:** Thank you for taking my question Sir and congratulations on the resilient performance in the tough environment, Sir my first question is with regards to the margins even if you see for the full year the EBITDA margins are trending above the historical levels of around 6%-7% odd and is now at around 9%-9.5% so one would like to take your perspective on the same on how the margins can trend forward going ahead, considering the inflation and our growth plans?
- BVK Reddy:** Earlier also we said couple of times, that we will be looking at margins between 10 plus or minus 1% so this year as you see we have done already 9.4% average EBITDA and on the same similar lines we are expecting in this coming financial year also, in spite of diesel price hike and all that.
- Gaurav Jogani:** If you can help me with what is the current procurement price for you that you are seeing and how much of the inflation are you seeing Y-on-Y basis in Q1 FY2023 for now?



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- BVK Reddy:** Q1 FY2022 our procurement price was only Rs.31 now in Q4 it is Rs.34 and in fact now Q1 of 2023 it has gone up further Rs.1 it is now Rs.36 rupees but slightly now it is already we have started correction.
- Gaurav Jogani:** You see started correction in the raw material prices?
- BVK Reddy:** Yes we have already started taking correction in the raw material, we have already done in Maharashtra, we have already done in Karnataka and we are in the process of doing in Tamil Nadu in coming weeks so we have already started doing correction in the raw material price because raw material prices have skyrocketed really in Maharashtra it went up to Rs.36 farmer price.
- Gaurav Jogani:** Sorry how much?
- BVK Reddy:** Maharashtra went up to Rs.36, I am talking about only farmer price plus tanker transport, all together landing cost was at Rs.41 now we have already corrected Rs.2 and this coming 21st also again we are doing one more round not only Dodla all the industry is doing because of shortage they have risen up very quickly very peak rise.
- Gaurav Jogani:** How is the visibility in terms of the procurement in that case, is the procurement impacted because of this some corrections that you are taking?
- BVK Reddy:** See procurement would not impact because now timely it is raining here and there are showers now it is already monsoon started in Tamil Nadu, Karnataka and parts of Maharashtra so it is not going to impact.
- Gaurav Jogani:** My next question is with regards to the Sri Krishna that you have acquired if you can give some sense on it what are the plans there, some sense of the profitability in the revenue part there would be helpful?
- BVK Reddy:** Sri Krishna it is closer to Hubli it covers in North Karnataka especially that South Karnataka, North Karnataka up to Goa, so already we have a plant in a place called Indargi closer to Koppal see we have a plant Dodla earlier you see five years back we have set up a plant and we are doing a good numbers there in Northern Karnataka and this is an adjoining area so we can cover South Karnataka, South Kerala, North Karnataka plus Goa and they will see what doing around prior to COVID they used to do around 90 Crores, 100 Crores topline and during COVID time see they have come down Rs.60 Crores-Rs.70 Crores and this year you see maybe it will take one quarter to correct it so maybe in second quarter onwards we will be able to turn it around.
- Gaurav Jogani:** Sir what kind of annual revenues you possibly looking there in the next three to four years not talking about a short term but a longer term how much you see their profitability wise, do you expect it to take to the company levels any clarity on that front?



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- BVK Reddy:** Anjan will give you year-on-year what is the turnover we are forecasting in the Sri Krishna but as far as EBITDA is concerned now, we will make it on par after second quarter onwards so Anjan will just give you what is the topline we are expecting from Sri Krishna.
- Anjaneyulu Ganji:** The turnover wise we are doing around 50,000 liters per day from Sri Krishna currently so the plant has a milk capacity to produce almost 1.2 lakh liters per day and in the next four years we are planning to increase the sales capacity utilization to take it to almost 80% in the next four years so we will send around the one lakh liters per day from Sri Krishna that is our target.
- Gaurav Jogani:** Okay and so that will be gradual scale up what you are seeing like from 50 to 1.2 so you are expecting it to increase by 20000 liters per year would that be a fair assumption?
- Anjaneyulu Ganji:** Yes.
- Gaurav Jogani:** Because of this Sri Krishna acquisition how do you see the overall margins for the company improving so taking the base case of 9.5% for FY2022 for now so would there be incremental benefit to the margins because of this Sri Krishna acquisition in terms of the procurement or any other thing that you can see benefit from?
- BVK Reddy:** Margin point of view they would not be whatever now we said we will be see 10 plus or minus 1% including Sri Krishna also we are targeting the same number.
- Gaurav Jogani:** Okay got it that is all from me Sir. Thank you.
- Moderator:** Thank you. We have the next question from the line of Bharat Gianani from Moneycontrol Pro. Please go ahead.
- Bharat Gianani:** Thanks for the opportunity. Congrats for a decent performance in a challenging scenario. Sir my question was regarding the value-added products that we do so currently curd is a bigger contributor in this and I want to just know like how are you planning to take the VAP sales going forward and any product addition after the Sri Krishna acquisition or especially on the VAP side if the company is able to do and kind of scale up so just trying to understand from that point of view?
- BVK Reddy:** Sri Krishna also the same similar kind of VAP we have what Dodla has got same buttermilk, lassi, curd, sweets, and all, so percentage wise that is the same percentage slightly now see earlier also we said so overall including all VAP put together we are 28%-29% so we are projecting 30%-31% VAP in coming days.
- Anjaneyulu Ganji:** Our focus is to increase continuously on value added products sale so last year we have achieved around 27% for FY2022 and going forward for the next year our projects need to reach 29% and 2% year-on-year increase and the next year forward we want to achieve around 31%, what is our target we are taking by ourselves of our overall revenue.



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- Bharat Gianani:** Any new product addition from Sri Krishna based on the VAP side which we know kind of plan to leverage is there any product as such?
- Anjaneyulu Ganji:** Our focus majorly is on milk and milk-based products, for those Sri Krishna has some sweet base so which is very miniscule so we do not want to concentrate on that segment rather than where we are stronger on we are concentrating on our strong areas and take it to the next level so that is what our major focus as of now. As our management says in all the calls previously also when we are ready for all the products and whenever the market increases, we are ready and we will be there.
- Bharat Gianani:** Okay Sir thanks for all the best.
- Moderator:** Thank you. We have the next question from the line of Pranjal Garg from ICICI Securities. Please go ahead.
- Pranjal Garg:** Thanks for the opportunity. Sri Krishna did Rs.60 Crores of annual revenue for the past two years but before COVID it was doing something around in the range of Rs.100 Crores and you plan to take it back to that scale Sir I wanted to ask what are the low hanging fruits which the company would like to take advantage initially to take the scale back?
- Anjaneyulu Ganji:** So the low hanging fruits are majorly the direct procurement so which we are stronger so as of now we are 100% direct procurement so we will implement our procurement model over there and also it is adjacent so we will utilize the current synergies which are available through our salesforce and the procurement network those are the immediate low hanging fruits that are there and also utilization, our efficient team from the Koppal will go there and handle the plant from there so those are some increasing efficiencies which will give us some certain cost savings in the long-term so those are low hanging things that we are concentrating on as of now and going forward through price corrections and our brand visibility so we will bring that profitability to our profitability levels.
- BVK Reddy:** Yes just add on to that the biggest problem was they were not having their own procurement so because in Karnataka we have a stronghold in procurement very closer to this plant also Sri Krishna also so the major advantage we have our own procurement rather than depending on third party so that will help us and as Mr. Anjan said because we are in the adjoining area so our brand visibility already is there closer by areas so we will naturally will have an added advantage to capture the market with a better realization.
- Pranjal Garg:** That is helpful Sir. Sir my next question is regarding the competition intensity in the dairy business environment right now in relation to the price hikes, you highlighted that you have taken some price hikes in Q4, first of all can you please quantify if I have missed them and secondly how is the industry moved to take the price hike is it easy like all players want to take price hikes or how is it working right now?



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- BVK Reddy:** See we said last year if you see first quarter, second quarter, third quarter, fourth quarter so the first quarter it is only Rs.31 procurement price, second quarter it became Rs.30.70 and third quarter become Rs.32.40 and the fourth quarter became Rs.34 so now what we have done to the sales realization - first quarter it was Rs.48.50 second quarter it became Rs.49.40 even third quarter also Rs.49.40 and fourth quarter becomes Rs.50.70 so overall we have taken almost from last year FY2021 April to March 31, 2022 we have taken a hike of Rs.1.30 in the sales side and slightly procurement side is Rs.1.60 is up so there is a variation of only 20-30 paise in the procurement side, procurement still higher side by Rs.0.30 comparatively on year-on-year basis if you see sales versus procurement.
- Pranjal Garg:** Where are the milk procurement prices headed in future in your belief?
- BVK Reddy:** So already procurement prices started falling now only in the month of April, it is very high and May 11, 2022 onwards we started correcting and also weather also now helping here and there are sporadic rains so we have already started correcting procurement prices and in the first quarter maybe slightly if you see first quarter is a slightly it will have a very tight but see it will be corrected in the second quarter very well.
- Pranjal Garg:** Thanks Sir. Sir my next question is regarding our distribution strength you are continuously adding milk distributors and retail parlors every quarter so how should we see it is it more of addition of geographical footprint or more of increased penetration?
- BVK Reddy:** Both we see Sir, see suppose now we acquired Sri Krishna this is now in the new geographic area and also now in the existing area also we are keep on strengthening, so for example if you see we used to have a DRP of only in the year beginning I wish to have only 393 now we have almost 563, so I like that even the agents and distributors we keep on increasing. Suppose in the beginning of the year we used to have only 1500 distributors right now we have 1800 distributors so you see that this mostly this has come from the existing area only so, both we are doing in the existing area also and now since now we acquired Sri Krishna Dairy the new geographic area also we will get new distributors and new agents also.
- Pranjal Garg:** Can you also comment on the HoReCa channel performance as majorly all lockdowns have ended in India?
- Anjaneyulu Ganji:** So HoReCa we have hardly 2% of sales or less than that comes from HoReCa sales. As of now our focus is direct consumer so as Mr. BVK mentioned our focus is direct retail parlors, so last year we have 393 retail parlors now we have increased that to 563 kind of this year and also on distributed network directly 1484 to 1800 by the end of this year so major focus is on the direct to consumer than on HoReCa so 99% sales comes from the retail segment and only 1% contributes from HoReCa, here and there.
- BVK Reddy:** I am adding to this we have taken a separate person for these modern trades year back now he is putting all efforts especially in Hyderabad, Bengaluru and Chennai and now we are concentrating



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to have our product in the modern trade so that also we are concentrating, but there is no sizable number so far. It is not a very lucrative number, but we have a separate vertical head now that we have taken only for modern trade. We are focusing on the modern trade and HoReCa.

Pranjal Garg:

Okay so now that we have a separate head for the HoReCa?

BVK Reddy:

We have taken separate head, less than 2% what we are now doing, maybe it will take one more year because last was COVID and first quarter of FY21 got hit. Last year beginning only we have taken a separate person for this HoReCa and modern trade, so maybe this financial year we will see some numbers.

Pranjal Garg:

Okay so that is very helpful Sir and Sir my last question is regarding the performance of Africa business and what is your output for that business?

BVK Reddy:

Africa, yes we are doing very well and comparatively last year to this year now volumes have gone up by almost 33%, so FY2021 we have done only 56,000 liters whereas in FY2022 we have done 74000 liters and revenue we ended with 147 Crores topline in FY22.

Anjaneyulu Ganji:

As of for the financial year ended so we have achieved volume of on an year average 74000 liters per day compared to 56000 liters per day previous year which is 33% but as of Q4 so as the COVID impact was not there so we have achieved a volume of 95000 liters per day which is a month-on-month increasing gradually after that and the revenue from operations for FY2022 is around 147 Crores, which is a 37% increase over last year and 15% growth quarter-on-quarter, the EBITDA percentage for the full year from Africa business is coming to around 13% in Q4 and for the full year we have ended up at 13.1% by EBITDA from the Africa region and we started receiving the money back so we have declared dividend and we received the money back in India before March 31, 2022.

Moderator:

We have the next question from the line of Aniruddha Joshi. Please go ahead.

Aniruddha Joshi:

Sir just two questions from my side now the company also has got good cash on the balance sheet so what would be the strategy with that? We have done one acquisition Sri Krishna but can we see more acquisitions in the pipeline and if the company is going to have an executive strategy over next one to two years what will be the type of company that they are looking at and whether that we are looking at acquiring brands or manufacturing or milk procurement and in which regions whether it will be AP, Telangana or it will be closer to Maharashtra or Odisha and second question is on how does the company see itself moving from a relatively south plus Maharashtra and Odisha presence to a pan-India presence over next three to five years?

BVK Reddy:

The first point is that this year we have already started one new feed plant. This new feed plant we will be spending around Rs. 45 Crores and that is 12,000 metric tonnes capacity because the existing feed plant now we have 100% capacity utilization, so now we already see that the land has been identified and everything is settled and now already work started so it will take another



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10 to 11 months to commence a new field plant basically the new food plant is going around Rs.45 Crores number one. Number two now you see we have identified a land in Kenya to put up a plant in Africa because between Uganda and Kenya because there is a permit issue and because of this issue see we were not able to take a full advantage of the Ugandan plant so that is why now we have a plan to set up a plant in Kenya so just we have identified land that is in the process, so still it is not materialized yet, once it is materialized then we will inform you. Second question what you have asked us that any acquisitions/ any brands so we are in the process so we are looking beyond Maharashtra or Odisha we see one or two in pipeline we are standing out so it will take some more time to come to a conclusion.

Anjaneyulu Ganji:

What BVK mentioned was we are continuously scouting for the acquisition opportunity but our main motto as it has been reiterated continuously we do not go by brand valuation or P/E multiple or revenue multiple we always see what is the synergies that the companies bring to us and based upon that we will see okay what will be my payback, how much is the revenue or EBITDA contribution that it gives to us, in how many years I will get back my money so that is where we look at financial viability of a company rather than going and based upon the PE multiple or the revenue multiple, but the focus is every month we are in touch with whenever the acquisition opportunities comes we are focusing on it and deliberately looking into the same.

Aniruddha Joshi:

Okay that is helpful and in terms of becoming a pan India operation is the company first of all have that aspiration and do you see how it is progressing towards that in next three to five years or what is the strategy on that?

BVK Reddy:

Now we are looking beyond South India and you can say we want to be Pan India. So we have one or two in pipelines in coming two to three years. In the procurement network, we have already entered Maharashtra and now with Sri Krishna milk we have entered Goa so that is how we focus on contiguous opportunities and continuous opportunities, but if the opportunity comes we are now open to see the opportunities outside South India yes and we are expanding here that will become Pan India so definitely in the five years definitely you will see that will become Pan India.

Aniruddha Joshi:

Okay sure Sir that is very helpful. Thank you.

Moderator:

Thank you. As we have no further questions I would now like to hand it over to the management for closing comments.

Anjaneyulu Ganji:

Thank you Mike. Thank you everyone so this year with everybody's support, all the employees and everyone so we have done really well, and we are continuously working on as we have reiterated good opportunities and continuously grow and thank you for all your support and advices. Thank you everyone. So please write to us in case of any queries so would be glad to answer that.



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Moderator:

Thank you. On behalf of ICICI Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.