

CMP: INR 1,170

Rating: BUY

Target Price: INR 1,569

Stock Info

BSE	543306
NSE	DODLA
Bloomberg	DODLA:IN
Reuters	DODL. NS
Sector	Dairy Products
Face Value (INR)	10
Equity Capital (INR Cr)	60.33
Mkt Cap (INR Cr)	7,057
52w H/L (INR)	1,523/962
Avg Daily Vol (in 000')	63.5

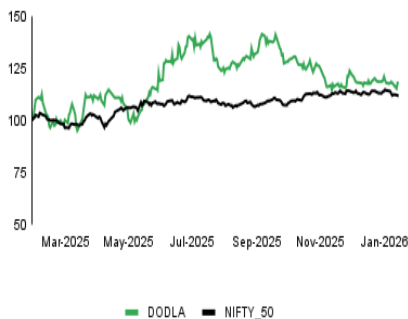
Shareholding Pattern %

(As on Dec 2025)

Promoters	58.92
FII	7.36
DII	23.76
Public & Others	9.96

Stock Performance (%)	1m	6m	12m
Dodla	(4.89)	(8.93)	12.8
Nifty 50	(2.46)	2.53	10.2

Dodla vs Nifty 50



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Dodla Dairy revenue rose 13.74% YoY to INR 10,250 Mn (+0.61% QoQ), beating our estimate of INR 10,139 Mn, driven by strong milk volume growth and a gradual improvement in value-added product mix to 25% of sales, even as bulk SMP/butter sales remained negligible. However, sharp milk procurement inflation of 11.8% YoY versus realization growth of 4.9% YoY led to gross margin pressure, resulting in EBITDA declining 17.28% YoY to INR 794 Mn (-14.5% QoQ), well below our estimate of INR 1,036 Mn. EBITDA margin contracted 290 bps YoY and 137 bps QoQ to 7.74%, missing our 10.23% expectation due to higher raw milk costs, elevated A&P spends, and an adverse mix tilt toward liquid milk. PAT grew 8.1% YoY to INR 687 Mn (+4.7% QoQ), slightly below our INR 702 Mn estimate, despite a one-time INR 57 Mn labour provision. While India dairy margins stayed under pressure, Africa revenue grew 34.5% YoY.

Scaling Production via Strategic Greenfield Expansion in Maharashtra: The company is aggressively expanding its footprint with a major greenfield project in Maharashtra, which is on track for commercial operations by the end of FY27. This facility is expected to be a significant top-line catalyst, with the company projecting a revenue contribution of INR 500- 600 crores in its first year of operation. To support this, the company is rapidly scaling its procurement infrastructure, targeting 5 LLPD in the region by the end of the current FY.

Structural Shift Toward High-Margin VAP: The company is successfully transitioning its product mix toward higher-margin VAP, which delivered 23% YoY growth (excluding bulk sales) this quarter. The long-term objective is to increase VAP's contribution to 30–32% of the overall portfolio, up from the current 25%. Recent product innovations, including masala paneer, chocolate kulfi, and milk cake, underscore the company's commitment to capturing higher wallet share in fermented and dessert categories.

Outlook and Valuation: The company targets 8–10% long-term volume growth, driven by a strategic objective to increase its VAP contribution to 30–32%. To offset elevated procurement costs, management plans a price hike of INR 2–3/L as summer demand materializes, aiming to maintain consolidated EBITDA margins between 8% and 9% for the full year. The Maharashtra greenfield project, on track for an end-FY27 launch with a projected year-one revenue contribution of INR 500–600 crores, and a Uganda expansion slated for end-FY28, which is expected to contribute 100 crores in revenue at 15% margins. We have reduced our TP from INR 1896 and assigned a TP of INR 1,569 valued at a P/E of 28x the FY28E EPS of INR 62.76.

INR Mn	FY24	FY25	FY26E	FY27E	FY28E
Revenue	31,255	37,201	40,800	45,061	51,193
YoY	11.15%	19.02%	9.67%	10.44%	13.61%
EBITDA	2,888	3,808	3,372	4,220	5,152
EBITDA Margin	9.24%	10.24%	8.26%	9.36%	10.06%
PAT	1,667	2,599	2,572	3,147	3,734
YoY	36.34%	55.89%	-1.07%	22.36%	18.65%
EPS (INR)	28.03	43.69	43.23	52.89	62.76
YoY	36.35%	55.89%	-1.07%	22.36%	18.65%
P/E (x)	40.93	26.25	26.54	21.69	18.28
P/B (x)	5.99	4.85	4.10	3.45	2.90
EV/EBITDA (x)	23.60	17.92	20.20	14.71	12.13
D/E (x)	0.08	0.07	0.06	0.06	0.06
RONW	14.64%	18.49%	15.46%	15.91%	15.88%
ROCE	19.95%	24.01%	17.55%	18.95%	19.91%

Source: Company, Arihant Research

INR Mn (Consolidated)	Q3FY26	Q2FY26	Q3FY25	Q-o-Q	Y-o-Y
Net Revenue	10,250.4	10,188.2	9,012.3	0.61%	13.74%
Raw Material Costs	7,585.0	7,367.8	6,469.2	2.95%	17.25%
Gross Profit	2,665.4	2,820.5	2,543.2	-5.50%	4.81%
<i>Gross Margin</i>	<i>26.00%</i>	<i>27.68%</i>	<i>28.22%</i>	<i>-168bps</i>	<i>-222bps</i>
Employee costs	522.4	499.2	401.0	4.65%	30.26%
Other Expenses	1,349.5	1,393.2	1,182.8	-3.14%	14.09%
EBITDA	793.6	928.1	959.4	-14.50%	-17.28%
<i>EBITDA margin</i>	<i>7.74%</i>	<i>9.11%</i>	<i>10.64%</i>	<i>-137bps</i>	<i>-290bps</i>
Other Non-Operating Income	119.1	113.8	110.0	4.69%	8.25%
Depreciation	219.8	206.0	195.7	6.69%	12.30%
EBIT	692.9	835.9	873.7	-17.11%	-20.69%
Finance costs	8.4	8.3	9.4	1.82%	-10.44%
Exceptional Items	-56.9	-	-		
PBT	627.6	827.7	864.3	-24.17%	-27.39%
Tax Expense	-59.8	171.0	228.6	-134.96%	-126.16%
<i>Effective tax rate</i>	<i>25.00%</i>	<i>20.66%</i>	<i>26.44%</i>	<i>434bps</i>	<i>-144bps</i>
PAT	687.37	656.7	635.8	4.68%	8.12%
<i>PAT margin</i>	<i>6.67%</i>	<i>6.37%</i>	<i>6.97%</i>	<i>29bps</i>	<i>-30bps</i>
EPS (INR)	11.39	10.89	10.54	4.59%	8.06%

Leveraged International Presence in High-Growth African Markets: The African business serves as a robust growth engine, recording 34.5% YoY revenue growth. The company maintains a dominant position in Uganda, holding a 40–50% market share in the yoghurt segment. A planned INR 50–60 crore greenfield expansion in Uganda will double capacity to 3 LLPD, allowing the company to penetrate the high-volume fresh milk market in Kampala by FY28.

Robust Liquidity Profile and Internal Accrual-Funded Capex: The company maintains a superior balance sheet with INR 630 crores in cash and bank balances. This strong liquidity position allows the company to fund its international expansions, such as the Uganda project, through internal accruals rather than external debt. Such financial discipline ensures the company can pursue aggressive growth without compromising its capital structure.

Resilient Procurement Network and Supply Chain Integration: Despite industry-wide milk shortages caused by erratic rainfall, the company increased its procurement by 7.5% YoY to 18.3 LLPD. This resiliency is bolstered by Orgafeed, the company's feed business, which grew 16% YoY and maintains healthy EBITDA margins of 14.3%. This backward integration strengthens farmer relationships and secures the supply chain against market volatility.

Margin Recovery Potential via Impending Price Adjustments: While margins were temporarily pressured by INR 2.5/ L increase in procurement costs, the company strategically chose to maintain market share during the winter rather than pass costs on immediately. With the onset of summer and rising demand, The company plans a price hike of INR 2–3 per litre, which is expected to restore EBITDA margins to the targeted 8–9% range.

Income Statement

INR Mn	FY24	FY25	FY26E	FY27E	FY28E
Revenue from operations	31,255	37,201	40,800	45,061	51,193
Cost of materials consumed	22,821	26,990	30,084	32,865	37,081
Employee benefit expenses	1,360	1,599	1,999	2,118	2,304
Other expenses	4,184	4,804	5,345	5,858	6,655
EBITDA	2,888	3,808	3,372	4,220	5,152
EBITDA Margin	9.24%	10.24%	8.26%	9.36%	10.06%
Depreciation & amortisation expense	701	746	810	836	862
Finance Cost	24	37	31	36	43
Other income	274	533	530	586	666
PBT after exceptional items	2,438	3,558	3,061	3,933	4,913
Cash Tax	771	958	490	787	1,179
PAT	1,667	2,599	2,572	3,147	3,734
EPS after exceptional items:					
Basic (INR)	28.03	43.69	43.23	52.89	62.76
Diluted (INR)	27.75	43.26	42.80	52.37	62.14

Balance Sheet

INR Mn	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	595	603	603	603	603
Other Equity	10,794	13,456	16,028	19,174	22,908
Net Worth	11,389	14,060	16,631	19,778	23,511
Total debt	954	915	984	1,164	1,384
Deferred tax liability (net)	239	260	260	260	260
Other non current liabilities	125	158	173	191	217
Total Liabilities	1,318	1,333	1,417	1,615	1,862
Net Block	6,538	6,950	5,252	4,738	4,203
CWIP	124	119	123	126	130
Goodwill	516	516	516	516	516
Other intangible assets	72	30	33	36	41
Biological assets	9	9	11	13	16
Investments	2,187	282	309	342	388
Other non current assets	127	157	173	191	217
Net Working Capital:	2,101	6,432	10,526	8,110	12,748
Inventories	3,892	1,617	5,101	2,238	6,042
Trade receivables	105	123	115	144	142
Cash and cash equivalents (INR Mn)	1,034	897	1,106	7,320	7,115
Bank Balances (INR Mn)	1	118	130	143	163
Other current assets	174	6,488	7,115	7,859	8,928
Trade payables	1,484	1,555	1,534	1,837	2,034
Other current liabilities	587	360	401	438	494
Total assets	12,707	15,392	18,048	21,393	25,373

Cash Flow

INR Mn	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	2,438	3,558	3,061	3,933	4,913
Depreciation & amortization	701	746	810	836	862
Tax paid	771	958	490	787	1,179
Working capital Δ	1,746	4,331	4,094	-2,416	4,638
Operating cash flow	622	-985	-712	6,399	-42
Capital expenditure	1,192	1,153	-883	326	330
Free cash flow	-570	-2,139	171	6,073	-372
Investments made	-608	-1,904	27	32	47
Other asset purchases	-41	-12	21	24	33
Debt financing	190	-39	69	180	220
Other items	14	128	15	18	26
Net Δ in cash	283	-136	208	6,215	-206
Opening cash balance	750	1,034	897	1,106	7,320
Ending cash balance	1,034	897	1,106	7,320	7,115

Source: Company, Arianth Research

Ratios	FY24	FY25	FY26E	FY27E	FY28E
Growth Matrix (%)					
Revenue	11.15%	19.02%	9.67%	10.44%	13.61%
EBITDA	50.96%	31.84%	-11.45%	25.14%	22.10%
EBIT	60.85%	46.02%	-13.99%	28.38%	24.84%
PBT	60.55%	45.94%	-13.95%	28.48%	24.90%
PAT	36.34%	55.89%	-1.07%	22.36%	18.65%
PAT after OCI	29.09%	60.45%	-3.81%	22.36%	18.65%
Profitability (%)					
EBITDA Margin	9.24%	10.24%	8.26%	9.36%	10.06%
EBIT Margin	7.81%	9.53%	7.48%	8.70%	9.56%
Net Profit Margin	5.29%	6.89%	6.22%	6.89%	7.20%
RoCE	19.95%	24.01%	17.55%	18.95%	19.91%
RoNW	14.64%	18.49%	15.46%	15.91%	15.88%
RoA	14.17%	18.50%	15.38%	15.96%	15.97%
Per Share (INR)					
Basic EPS	28.03	43.69	43.23	52.89	62.76
Diluted EPS	27.75	43.26	42.80	52.37	62.14
DPS	2.00	0.00	0.00	0.00	0.00
Basic Cash EPS	39.80	56.24	56.85	66.95	77.25
Diluted Cash EPS	39.41	55.68	56.29	66.29	76.49
BVPS	191.43	236.32	279.55	332.44	395.20
Sales	267.34	267.34	267.34	267.34	267.34
Valuation (x)					
P/E	40.93	26.25	26.54	21.69	18.28
P/CEPS	28.82	20.40	20.18	17.13	14.85
P/B	5.99	4.85	4.10	3.45	2.90
P/Sales	4.29	4.29	4.29	4.29	4.29
EV/EBITDA	23.60	17.92	20.20	14.71	12.13
EV/EBIT	27.69	18.99	22.03	15.64	12.61
EV/Sales	2.18	1.83	1.67	1.38	1.22
Dividend Yield	0.00	0.00	0.00	0.00	0.00
Liquidity (x)					
Current Ratio	2.51	4.83	7.01	7.78	8.86
Quick Ratio	0.63	3.98	4.38	6.80	6.47
Defensive Interval Ratio	16.90	83.37	82.56	138.22	129.60
Cash Ratio	0.50	0.47	0.57	3.22	2.81
Activity (x)					
Receivables turnover	326.10	325.99	343.01	348.38	357.71
Inventory turnover	8.97	9.80	8.96	8.96	8.96
Payables turnover	16.58	17.76	19.48	19.50	19.16
Total asset turnover	2.66	2.65	2.44	2.28	2.19
Fixed asset turnover	4.87	5.42	6.56	8.80	11.13
Working capital turnover	14.88	5.78	3.88	5.56	4.02
Days					
Receivable days	1.12	1.12	1.06	1.05	1.02
Inventory days	40.71	37.25	40.75	40.75	40.75
Cash Conversion cycle	41.83	38.37	41.82	41.80	41.77
Payable days	22.01	20.55	18.74	18.72	19.05
Operating cycle	19.82	17.82	23.08	23.09	22.72
Leverage (x)					
Interest Coverage	102.58	97.00	101.34	109.99	115.47
Debt Equity	0.08	0.07	0.06	0.06	0.06
Net Debt Equity	-0.01	0.00	-0.01	-0.31	-0.24
Assets to Equity	1.03	1.00	1.01	1.00	0.99
Du Pont					
Tax burden	0.68	0.73	0.84	0.80	0.76
Interest burden	0.99	0.99	0.99	0.99	0.99
EBIT Margin	0.08	0.10	0.08	0.09	0.10
Asset turnover	2.66	2.65	2.44	2.28	2.19
Leverage	1.03	1.00	1.01	1.00	0.99
ROE	0.15	0.18	0.15	0.16	0.16

Source: Arianth Research, Company Filings

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

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