

CMP: INR 1,045

Rating: BUY

Target Price: INR 1,535

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)	6,116
52w H/L (INR)	1,523/955
Avg Daily Vol (in 000')	64

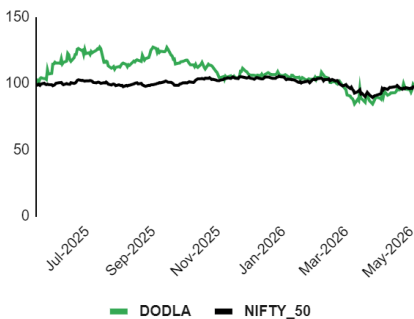
Shareholding Pattern %

(As on Mar 2026)

Promoters	58.92
FII	6.44
DII	25.34
Public & Others	9.30

Stock Performance (%)	1m	6m	12m
Dodla	(2.45)	(13.2)	(9.1)
Nifty 50	(2.93)	(8.72)	(5.2)

Dodla vs Nifty 50



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Dodla Dairy reported consolidated revenue of INR 10,744.7 Mn in Q4FY26, registering growth of 18.1% YoY and 4.8% QoQ. However, EBITDA declined sharply by 35.6% YoY to INR 537.7 Mn, with EBITDA margin contracting 418 bps YoY to 5.0%, impacted by higher raw material costs and weaker gross margins. Gross margin stood at 22.96% versus 27.17% in Q4FY25. EBIT declined 43.0% YoY to INR 519.4 Mn, while PAT remained broadly stable at INR 697.3 Mn (+2.6% YoY), supported by lower tax outgo and exceptional items. This marks the fourth consecutive quarter of record revenue, maintaining a healthy 4-year CAGR of 16%, which the company expects to sustain or surpass in the long term.

Strategic Pivot to High-Growth African Markets: The Africa business has emerged as a primary growth engine, with revenue surging 48% YoY in Q4 to INR 1,510 Mn. Driven by successful scaling in Kenya and Uganda, the company targets the Africa segment to contribute 15–18% of consolidated revenue by FY28. Notably, Africa maintained a superior EBITDA margin of 11.3% in FY26, providing a critical buffer to group profitability during domestic procurement stress.

Value-Added Product Mix Optimization: The company is aggressively shifting its portfolio toward high-margin VAPs, including curd, paneer, and ice cream. Excluding bulk sales, the VAP segment delivered 21% YoY underlying growth in Q4. Reflecting this strategic shift, the company has raised its long-term VAP revenue contribution target to 32–34%.

Outlook and Valuation: The company anticipates low-to-mid teens revenue growth for FY27, underpinned by 8-9% organic expansion in India, the continued scaling of African operations, and the full-year contribution of the OSAM business. The company projects a gradual gross margin recovery of 50–100 bps over FY26 levels as raw milk procurement costs normalize from recent inflationary peaks and strategic pricing corrections take full effect (estimated reduction of Rs 1.5–2 per litre from peak levels). Long-term strategic targets include increasing the VAP mix to 32–34% and growing the Africa segment to contribute 15–18% of consolidated revenue by FY28. Key infrastructure milestones to watch include the commissioning of the Maharashtra project by the end of FY27 and the phased completion of the Uganda greenfield expansion by late 2029, all while maintaining a cautious EBITDA margin target of 8–8.5% to buffer against ongoing uncertainties in fuel and packaging costs. We assigned Buy rating with TP of INR 1,535 valued at a P/E of 25x the FY29E EPS of INR 61.41.

INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	37,201	41,252	46,248	52,449	59,885
YoY	19.02%	10.89%	12.11%	13.41%	14.18%
EBITDA	3,808	3,085	3,838	4,720	5,509
EBITDA Margin	10.24%	7.48%	8.30%	9.00%	9.20%
PAT	2,599	2,670	2,608	3,199	3,704
YoY	55.89%	2.72%	-2.32%	22.66%	15.80%
EPS (INR)	43.09	44.26	43.23	53.03	61.41
YoY	53.73%	2.72%	-2.32%	22.66%	15.80%
P/E (x)	24.25	23.61	24.17	19.71	17.02
P/B (x)	4.48	3.77	3.26	2.80	2.40
EV/EBITDA (x)	16.56	20.64	15.66	12.28	10.29
D/E (x)	0.07	0.09	0.07	0.06	0.06
RONW	18.49%	15.95%	13.48%	14.19%	14.11%
ROCE	24.01%	15.77%	16.96%	18.22%	18.37%

Source: Company, Arihant Research

INR Mn (Consolidated)	Q4FY26	Q3FY26	Q4FY25	Q-o-Q	Y-o-Y
Net Revenue	10,744.7	10,250.4	9,096.2	4.82%	18.12%
Raw Material Costs	8,277.9	7,585.0	6,624.5	9.14%	24.96%
Gross Profit	2,466.8	2,665.4	2,471.7	-7.45%	-0.20%
<i>Gross Margin</i>	22.96%	26.00%	27.17%	-304bps	-421bps
Employee costs	516.7	522.4	406.1	-1.09%	27.23%
Other Expenses	1,412.4	1,349.5	1,230.3	4.67%	14.80%
EBITDA	537.7	793.6	835.3	-32.24%	-35.62%
<i>EBITDA margin</i>	5.00%	7.74%	9.18%	-274bps	-418bps
Other Non-Operating Income	201.6	119.1	257.9	69.30%	-21.82%
Depreciation	219.9	219.8	181.6	0.09%	21.09%
EBIT	519.4	692.9	911.6	-25.04%	-43.02%
Finance costs	9.9	8.4	8.7	17.84%	13.91%
Exceptional Items	32.1	-56.9	-	-156.39%	
PBT	541.6	627.6	902.9	-13.70%	-40.01%
Tax Expense	-155.7	-59.8	223.2	160.40%	-169.74%
<i>Effective tax rate</i>	25.00%	25.00%	24.72%	0bps	28bps
PAT	697.3	687.37	679.7	1.44%	2.59%
<i>PAT margin</i>	6.35%	6.67%	7.27%	-31bps	-91bps
EPS (INR)	11.56	11.39	10.54	1.49%	9.68%

Superior Procurement Resiliency: Despite industry-wide milk shortages, the company's procurement network demonstrated high stability, reaching a record 18.5 lakh litres per day in Q4, a 13.4% YoY increase. This resilience is attributed to deep-rooted farmer relationships and a robust chilling infrastructure, which allowed the company to maintain market share even as procurement costs inflated.

Accelerated Turnaround of Acquired Assets (OSAM): The company has provided a high-conviction timeline for the OSAM business, expecting its margins to converge with consolidated company levels within 6–12 months. This turnaround is being driven by the implementation of SAP, infrastructure upgrades, and improved operational efficiencies in Bihar.

Vertical Integration via the Loyalty Loop Strategy: The Orgafeed (cattle feed) business grew 23.2% YoY, serving as a strategic loyalty loop that secures milk procurement by strengthening farmer relationships. This integration ensures a consistent supply of quality raw milk while creating a secondary revenue stream with sustainable 11% margins.

Disciplined Capital Allocation and Strong Liquidity: The company maintains a fortress balance sheet with a debt-to-equity ratio of 0.03x and total cash and equivalents of INR 6,490 Mn as of March 2026. The company's growth capex for projects in Maharashtra and Uganda is being fully funded through internal accruals, while simultaneously supporting a final dividend of INR 5 per share.

Strategic Capacity Augmentation in Maharashtra: The Maharashtra greenfield project is progressing on schedule, with INR 1,060 Mn in capex already deployed. Expected to commence commercial operations by the end of FY27, this project targets an initial procurement of 5 lakh LPD, significantly expanding the company's footprint in Western India.

Income Statement

INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Revenue from operations	37,201	41,252	46,248	52,449	59,885
Cost of materials consumed	26,990	30,704	34,237	38,566	44,033
Employee benefit expenses	1,599	2,010	2,161	2,345	2,558
Other expenses	4,804	5,454	6,012	6,818	7,785
EBITDA	3,808	3,085	3,838	4,720	5,509
EBITDA Margin	10.24%	7.48%	8.30%	9.00%	9.20%
Depreciation & amortisation expense	746	823	931	1,047	1,176
Finance Cost	37	33	31	32	37
Other income	533	604	601	682	779
PBT after exceptional Items	3,558	2,807	3,477	4,323	5,075
Cash Tax	958	137	869	1,124	1,370
PAT	2,599	2,670	2,608	3,199	3,704
EPS after exceptional items:					
Basic (INR)	43.09	44.26	43.23	53.03	61.41
Diluted (INR)	43.09	44.67	43.23	53.03	61.41

Balance Sheet

INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Equity Share Capital	603	603	603	603	603
Other Equity	13,456	16,138	18,746	21,945	25,649
Net Worth	14,060	16,741	19,349	22,548	26,252
Total debt	915	1,427	1,339	1,354	1,578
Deferred tax liability (net)	260	455	455	455	455
Other non-current liabilities	158	234	262	298	340
Total Liabilities	1,333	2,116	2,057	2,107	2,373
Net Block	6,950	8,002	5,597	5,978	6,382
CWIP	119	1,089	1,227	1,381	1,551
Goodwill	516	1,832	1,832	1,832	1,832
Other intangible assets	30	722	810	918	1,048
Biological assets	9	8	11	14	17
Investments	282	1,119	1,254	1,422	1,624
Other non-current assets	157	514	576	653	746
Net Working Capital:	6,432	4,759	5,812	6,030	7,483
Inventories	1,617	1,553	2,032	2,007	2,604
Trade receivables	123	135	133	164	171
Cash and cash equivalents (INR Mn)	897	812	4,286	6,427	7,942
Bank Balances (INR Mn)	118	1,567	1,757	1,992	2,275
Other current assets	6,488	3,611	4,048	4,591	5,242
Trade payables	1,555	1,884	1,909	2,443	2,488
Other current liabilities	360	223	249	281	321
Total assets	15,392	18,857	21,406	24,655	28,626

Cash Flow

INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Profit before tax	3,558	2,807	3,477	4,323	5,075
Depreciation & amortization	746	823	931	1,047	1,176
Tax paid	958	137	869	1,124	1,370
Working capital Δ	4,331	-1,673	1,053	218	1,453
Operating cash flow	-985	3,850	2,485	4,028	3,427
Capital expenditure	1,153	2,846	-1,336	1,581	1,751
Free cash flow	-2,139	1,005	3,821	2,448	1,676
Investments made	-1,904	837	135	168	202
Other asset purchases	-12	1,048	153	189	226
Debt financing	-39	512	-87	15	224
Other items	128	403	28	35	42
Net Δ in cash	-136	-85	3,474	2,141	1,515
Opening cash balance	1,034	897	812	4,286	6,427
Ending cash balance	897	812	4,286	6,427	7,942

Source: Company, Arianth Research

Ratios	FY25	FY26	FY27E	FY28E	FY29E
Growth Matrix (%)					
Revenue	19.02%	10.89%	12.11%	13.41%	14.18%
EBITDA	31.84%	-19.00%	24.44%	22.97%	16.71%
EBIT	46.02%	-20.31%	22.48%	24.11%	17.38%
PBT	45.94%	-21.11%	23.90%	24.32%	17.38%
PAT	55.89%	2.72%	-2.32%	22.66%	15.80%
PAT after OCI	60.45%	4.80%	-6.92%	22.66%	15.80%
Profitability (%)					
EBITDA Margin	10.24%	7.48%	8.30%	9.00%	9.20%
EBIT Margin	9.53%	6.84%	7.49%	8.20%	8.43%
Net Profit Margin	6.89%	6.38%	5.57%	6.02%	6.11%
RoCE	24.01%	15.77%	16.96%	18.22%	18.37%
RoNW	18.49%	15.95%	13.48%	14.19%	14.11%
RoA	18.50%	15.59%	12.96%	13.89%	13.91%
Per Share (INR)					
Basic EPS	43.09	44.26	43.23	53.03	61.41
Diluted EPS	43.09	44.26	43.23	53.03	61.41
DPS	0.00	0.00	0.00	0.00	0.00
Basic Cash EPS	55.46	57.91	58.66	70.38	80.90
Diluted Cash EPS	55.46	57.91	58.66	70.38	80.90
BVPS	233.05	277.50	320.73	373.76	435.16
Sales	263.64	263.64	263.64	263.64	263.64
Valuation (x)					
P/E	24.25	23.61	24.17	19.71	17.02
P/CEPS	18.84	18.05	17.82	14.85	12.92
P/B	4.48	3.77	3.26	2.80	2.40
P/Sales	3.96	3.96	3.96	3.96	3.96
EV/EBITDA	16.56	20.64	15.66	12.28	10.29
EV/EBIT	17.54	22.22	17.13	13.31	11.09
EV/Sales	1.70	1.54	1.30	1.11	0.95
Dividend Yield	0.00	0.00	0.00	0.00	0.00
Liquidity (x)					
Current Ratio	4.83	3.64	5.68	5.57	6.49
Quick Ratio	3.98	2.91	4.74	4.84	5.57
Defensive Interval Ratio	83.37	58.58	88.00	100.75	104.92
Cash Ratio	0.47	0.39	1.99	2.36	2.83
Activity (x)					
Receivables turnover	325.99	319.54	344.70	353.30	358.35
Inventory turnover	9.80	19.37	19.10	19.10	19.10
Payables turnover	17.76	17.86	18.05	17.72	17.86
Total asset turnover	2.65	2.41	2.30	2.28	2.25
Fixed asset turnover	5.42	5.11	5.81	7.40	7.83
Working capital turnover	5.78	8.67	7.96	8.70	8.00
Days					
Receivable days	1.12	1.14	1.06	1.03	1.02
Inventory days	37.25	18.85	19.11	19.11	19.11
Cash Conversion cycle	38.37	19.99	20.17	20.14	20.13
Payable days	20.55	20.44	20.22	20.59	20.44
Operating cycle	17.82	-0.45	-0.05	-0.45	-0.31
Leverage (x)					
Interest Coverage	97.00	85.67	111.78	137.18	138.17
Debt Equity	0.07	0.09	0.07	0.06	0.06
Net Debt Equity	0.00	0.04	-0.15	-0.22	-0.24
Assets to Equity	1.00	1.02	1.04	1.02	1.01
Du Pont					
Tax burden	0.73	0.95	0.75	0.74	0.73
Interest burden	0.99	0.98	0.99	0.99	0.99
EBIT Margin	0.10	0.07	0.08	0.08	0.09
Asset turnover	2.65	2.41	2.30	2.28	2.25
Leverage	1.00	1.02	1.04	1.02	1.01
ROE	0.18	0.16	0.13	0.14	0.14

Source: Arianth Research, Company Filings

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return

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