

| Industry | LTP | Recommendation | Base Case Fair Value | Bull Case Fair Value | Time Horizon |
|----------|---------|---|----------------------|----------------------|--------------|
| Dairy | Rs 1185 | Buy in Rs 1179-1194 band and add on dips in Rs 1052-1068 band | Rs 1305.5 | Rs 1387 | 2-3 quarters |

| | |
|---------------------------|-----------|
| HDFC Scrip Code | DODAIEQNR |
| BSE Code | 543306 |
| NSE Code | DODLA |
| Bloomberg | DODLA IN |
| CMP Aug 16, 2024 | 1185 |
| Equity Capital (Rs Cr) | 59.5 |
| Face Value (Rs) | 10.0 |
| Equity Share O/S (Cr) | 5.9 |
| Market Cap (Rs Cr) | 7,149 |
| Book Value (Rs) | 191.0 |
| Avg. 52 Wk Volumes ('000) | 137.50 |
| 52 Week High | 1346 |
| 52 Week Low | 651 |

| Share holding Pattern % (Jun, 2024) | |
|-------------------------------------|--------|
| Promoters | 54.8 |
| Institutions | 35.6 |
| Non Institutions | 9.6 |
| Total | 100.00 |



* Refer at the end for explanation on Risk Ratings

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Our Take:

Incorporated in 1995, Dodla Dairy Limited (DDL) is an integrated dairy company in South India that is engaged in the procurement, processing, distribution, and marketing of milk and other dairy products. It processes and sells milk including standardized, toned, and double toned milk, and produces dairy products like curd, butter, ghee, ice cream, flavoured milk, etc. It also manufactures and sells cattle feed to farmers through its procurement network.

DDL's Indian operations are mainly undertaken under the brand name of "Dodla", "Dodla Dairy", and "KC+" whereas it serves overseas market under the brand name of "Dodla Dairy", "Dairy Top", and "Dodla+". Telangana, Andhra Pradesh, Karnataka, Tamil Nadu, and Maharashtra are the key Indian market areas served by the company while in the overseas market; it mainly serves countries like Uganda and Kenya. DDL operates through more than 1900 milk and milk product distributors and 2650+ agents across more than 40 sales offices. The company has ~24+ LLPD aggregate installed capacity, 16 processing plants, 604 Dodla Retail parlours and 152 milk chilling centers as of March 2024.

The long-term outlook of Indian dairy sector remains positive on account of favourable demographics, increase in expenditure on packaged food, brand awareness, urbanization & increase in nuclear families, and government support. The growth would be primarily driven by increase in the demand for value-added milk products. DDL has proven track record and promising growth trajectory ahead of them owing to their expanding procurement network, growing share of margin heavy value-added products, and improving brand visibility. The company's management enjoys strong reputation within dairy industry.

Valuation & Recommendation:

DDL has been the fastest growing dairy company amongst its peers between FY19-24, both in terms of revenue as well as profitability. The company has the second highest EBITDA margin among peers, only behind market leader Hatsun Agro. DDL has delivered revenue/EBITDA/PAT CAGR of 13.1%/16.6%/21.6% between FY19-24. Increased share of VAP products from 27.0% in FY19 to 28.3% in FY24 has aided margin expansion. International (9.2% revenue contribution) and Orgafeed business have also witnessed good traction and are expected to meaningfully contribute to the company's revenue pie in the future.

Going forward, the company aims to follow a multi-pronged strategy encompassing expansion of its portfolio in terms of product catalog as well as footprint, with focus on growth in African markets by gaining more market share and by expanding its product reach,