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Date: 17 July 2025

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 Business Update Call to discuss acquisition of HR Food Processing Pvt Ltd ("Osam") Call held on Saturday, 12 July 2025

In Continuation to our letter dated 11 July 2025 the Company had organized a Business Update Call to discuss acquisition of HR Food Processing Pvt Ltd ("Osam") with the Investors/ Analysts on Saturday, 12 July 2025 at 11:00 AM (IST). A copy of Transcript of Business Update 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.

This is for your information and records.

Thanking You,
Yours Faithfully,
For Dodla Dairy Limited

Surya Prakash Mungelkar
Digitally signed by Surya Prakash Mungelkar
Date: 2025.07.17 13:16:28 +05'30'

Surya Prakash M
Company Secretary & Compliance Officer

“Dodla Dairy Limited

Business Update Conference Call”

July 12, 2025

E&OE – This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on July 13, 2025, will prevail.

MANAGEMENT: **MR. DODLA SUNIL REDDY – MANAGING DIRECTOR – DODLA DAIRY LIMITED**
MR. B.V.K. REDDY – CHIEF EXECUTIVE OFFICER – DODLA DAIRY LIMITED
MR. MURALI MOHAN RAJU – CHIEF FINANCIAL OFFICER – DODLA DAIRY LIMITED

Moderator: Ladies and gentlemen, good morning and welcome to Dodla Dairy Limited Business Update Call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call.

These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. We request participants to have a discussion regarding the approval of the acquisition announced by the company and refrain from the discussion on quarterly financial performance of the company. 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 star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Dodla Sunil Reddy, Managing Director of the company. Please go ahead, sir.

Dodla Sunil Reddy: Thank you very much. Good morning, everyone and thank you for joining us on our call today. I am joined by our CEO, Mr. B. V. K. Reddy, CFO, Mr. Murali Mohan Raju and SGA, our Investor Relations Advisor. Yesterday, we announced that a Board of Directors has given an approval to acquire 100% stake in HR Food Processing Private Limited. The company operates under the premium brand OSAM and has established a strong presence in Bihar, Jharkhand. The transaction is consistent with a predefined inorganic growth plan which resonates with our aspiration to expand our footprint into newer markets.

This is an important milestone that will signify our debut into the attractive markets of Eastern India. We have uploaded an investor presentation on the exchanges that provides an overview of the transaction's principle terms. In general, this transaction would involve purchasing a 100% interest from the present promoters and private equity investors for INR2,710 million.

As a market, the dairy industry in Eastern India is expanding faster than the rest of the country, driven by a rapid increase in urbanization levels in this region. Similarly, with the rising GDP in these markets, there is enormous potential to support a huge population.

Currently, the per capita milk consumption in these markets is also lower than the national average, which will typically improve as income level rises and infrastructure develops. Today, the organized dairy players enjoy about 20% share in these regions and OSAM has an early market advantage. With improving macros, the markets will see a stronger shift towards organized piece.

Furthermore, this market is extremely strategic, being closer to the high demand states like West Bengal and Odisha. Overall, this presents a compelling opportunity to enhance our market position in the dairy sector by increasing the geographical footprint in East India and to achieve significant operational synergies. Procedurally, there are multiple steps before we complete this acquisition.

We expect to complete these in the course of the next 1-2 months from the date of signing the transaction document. We look forward to welcoming the OSAM team to the Dodla family with this transaction. Thank you for your time and that's all from my side.

With this brief, I will now hand it over to our CEO of our company, Mr. B. V. K. Reddy. Thank you very much.

B.V.K. Reddy: Thank you, Sunil sir. The OSAM, with the presence in Bihar and Jharkhand and other nearby regions, gives us a compelling opportunity to expand our market position in the overall dairy sector by expanding our geographical footprints in the Eastern Indian market to achieve significant operational synergies. OSAM product basket includes milk and value-added products like curd, lassi, paneer, sweets, ghee and other related products.

This mix also is well aligned with our Dodla product portfolio to create a high synergy with respect to strategic diversification. The acquisition will enhance our milk procurement as well as the processing capabilities, as well as expand our farmer network in the Eastern region of India. The procurement network of more than 25,000 farmers is spread across Bihar, Jharkhand, and West Bengal.

In terms of infrastructure, they have more than 1,000 collection centres, 19 chilling centres, and two operational plants as of 31st March 2025. Their average daily milk procurement is 1.1 lakhs per day, and the average price is INR37.45 per litre. From the distribution point of view, they have a robust distribution month infrastructure that perfectly complements our goal of deepening product penetration and expanding our presence in the newer geographies.

This strategic acquisition is focused on our long-term growth plan and will give us an additional boost to achieve the same. With this, now I will request our CFO, Mr. Murali, to present his presentation.

Murali Mohan Raju: Thank you, Mr. B. V. K. Reddy sir, and a very good afternoon to all the participants on the call. A quick snapshot of the OSAM financial. In FY '25, the unaudited numbers are as follows. OSAM registered sales of INR2,826 million with a gross profit margin of 25% and EBITDA margin of around 5%. Over the past few years, we have seen an expansion in margins with higher contribution coming from the VAP portfolio, which is currently contributing around 28% of the revenue, as against 20% in FY '22.

Equity value for the transaction is INR2,710 million, based on enterprise value of INR2,472 million and net cash of INR238 million. This is a fully cash transaction, which is expected to be completed in one to two months from the date of signing the SPAs and other transaction documents or agreements, or for further period as may be extended by the parties to the SPA.

We believe that there is a potential for us to further improve the profitability profile of OSAM with better economics of scale and our operational expertise. Dodla has a net cash position on its balance sheet and the acquisition will be financed through our own funds.

With this, we conclude the presentation and open the floor for further discussion.

Moderator: The first question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

Aniruddha Joshi: Yes. So, the question is, we have [inaudible] at Bihar and Jharkhand. So, if you can give more -- it means how big is [inaudible] what will be the rural market in that region? Also, which are the key 3 to 4 markets, including the state [inaudible] region? And, changed over, let's say, past 3 to [inaudible]. Hope my voice was clear?

Dodla Sunil Reddy: Not very clear. It was all muffling.

Aniruddha Joshi: Sir, in the market [inaudible] players in Bihar and Jharkhand market, what is the share of urban versus rural in the market? So, is it related…

Dodla Sunil Reddy: I think broadly, Aniruddha, you were a bit muffled. It's cutting in and out. But you wanted to know the market of urban, rural in Bihar and Jharkhand. Am I correct in asking that?

Aniruddha Joshi: Correct. Correct, sir. Yes.

Dodla Sunil Reddy: Okay. B. V. K. will answer this, sir.

Murali Mohan Raju: Basically, the organises is around 20% as on FY'23. That is the latest what we have. And we are procuring around 33% from the Bengal and 22% from the Jharkhand and 45% from the Bihar. These are all the procurement. But, in the sales, when you are talking about Jharkhand, we are at around 44%. And, Bihar, around 56%. We are doing it.

So, basically, the major presence what we had as on date is basically, Patna, we have strong player, Muzaffarnagar, Gaya, Rohtas and Bhojpur, Aurangabad. We have presence in Bihar. And comes to Jharkhand, we are good, strong, footfall. And, Ranchi, Dhanabad, Kurbi, Pokhara, Pattambi, all these places, we are strong. So, there are other players like Sudha is there, Amul is there and all these things. And, in Bihar, ITC also is there.

Dodla Sunil Reddy: So, I think between the urban and rural, major metros are not much. I think there is almost the same, Aniruddha, because comparing between Patna and other district headquarters, it is only marginally different. Patna would be the only major metro. For others, it would be the same, in the same style.

Aniruddha Joshi: Okay. Okay. Sure, sir. Understood. In terms of the management bandwidth, how we will be sharing the management bandwidth in that region? In a way, we would be appointing somebody from the current team over there or in a way, the existing promoter will continue to manage the business too.

Dodla Sunil Reddy: B. V. K., will give more details. But the promoters will be stepping down after handholding for two or three months. The majority of the other team will be retained. Other than the promoters, two promoters, the founding two promoters who are there, majority of the other team will be retained and we will be having our guys just replaced from the promoter's point of view to keep track of what's going.

B.V.K. Reddy: Aniruddha, now we will be deputing from here, you know, senior most people from the production side, two people, and there are two promoters now, they are running, two promoters

now, they will exit. But, you know, they will be there, only they are still handholding. The rest of the team will be there. Is it clear?

Aniruddha Joshi: Yes. Sure, sir. This is very clear. Many thanks and once again, congrats to the entire team. Thank you.

B.V.K. Reddy: Thank you.

Dodla Sunil Reddy: Thank you, Aniruddha.

Moderator: Thank you. The next question is from the line of Sanjay Manyal from DAM Capital. Please go ahead. Mr. Sanjay, your line has been unmuted. Please go ahead with your question.

Sanjay Manyal: I have just a few questions. If you can give some colour on how is the EBITDA margin and how it has moved? Yes, this is my first question.

Murali Mohan Raju: Yes, EBITDA margin, last year it was 5%, sir. Last three years, it was in an increasing trend. So, after we take what we have to see, what is the efficiency and scale of operations, we are bringing it on to the table.

We are optimistic it will improve further because, as you know, in India we are around 9% to 10%. We are thinking that, but it takes time. We have to see once we take a charge of it, then we will see what are the efficiencies we can bring it on to the table.

Sanjay Manyal: Okay. And also, in the gross margin perspective, there is a significant improvement which has happened in the last two years. How is the value added? You have mentioned that it is because of value added contribution has gone up. How that has changed over time?

Murali Mohan Raju: So, now it is 28%, sir. If you talk about around four years, it is 20%. So, year-on-year, there is an increase in the value-added products, especially the curd, lassi and all these things. So, we have to see.

Sanjay Manyal: Basically, it has improved?

B.V.K. Reddy: Yes, their value-added portion was percentage-wise less. Year-on-year, it has been improved.

Sanjay Manyal: Perfect, sir. That's all from my side.

Moderator: Thank you. The next question is from the line of Aditya from Security Investment Management. Please go ahead.

Aditya: Yes. Hi, sir. Thanks for the opportunity. Sir, in your presentation, we have mentioned that OSAM has a market share of 10%, which would imply a total market size of around INR2,800 crores to INR3,000 crores. It seems to be pretty low. So, just wanted to understand what attracted you to these markets and how big can these markets become for you in the next five to seven years?

Dodla Sunil Reddy: Sir, as much as we had mentioned, there is still a lot of opportunity from unorganized to organized. Therefore, the organized market share seems to be low because of the growth that is coming in recent years, as the growth increases, we think there will be a significant shift into the organized market. That's the reason why we see a tremendous opportunity.

Aditya: Understood, sir. Now, generally, we sell at a higher price than cooperatives in the South markets. But is the case similar in Bihar and Jharkhand as well? Because there, the earning power of the general public might not be high enough for giving them a premium to a brand. And also, if I look at the revenues for the last three years, they have not grown much. So, what are the challenges the company is facing to scale the business?

B.V.K. Reddy: See, as you said, compared to the cooperatives, the selling price is slightly higher in private dairies. But where this OSAM is selling on par with the Sudha and local Jharkhand Medha brand cooperative. So, they are there on par. They are not selling at a higher price. That is number one.

Number two, because, last, see, after COVID, so, their growth, yes, two years, their growth was at a standstill. But, last year, they have grown. So, INR256 crores, they have now, they have . Last financial year, they have done INR282 crores -INR286 crores. So, even the current, even confirmed numbers also, their growth is very good in the first quarter also.

Murali Mohan Raju: So, from FY'23, we are at 248, then it increased to 254 in FY24, then now we are at 282.6. So, there is increase there, but substantial was not there. But once we take over, we have to see what are the actions that we bring in.

Aditya: In your talks with the previous owners, so, just wanted to understand, what were the reasons for them to sell this business?

Dodla Sunil Reddy: The reason to sell the business is that 90% is P.E. owned now. I think the end of life of most of the funds had come there. It was the pressure of the P.Es and the promoters had to exit because of the end of life of most of the P.Es who have invested with them.

Aditya: Got it, sir. Now to understand on the procurement side in these markets, are the farmers or the milk suppliers in these markets well educated in the sense of how to take care of the cattle, providing right cattle feed and good veterinary services? Because I believe the yield per animal in these markets will be lower as compared to the south markets. So how do you plan to address the same?

Dodla Sunil Reddy: Sir, it's the same as what we faced in the south when we started earlier 25-30 years ago. Because not much of off-take was there from the organized sector, the farmers were also not very keen. And as off-take improves and more organized players come in, this automatically starts to grow up.

We can also give inputs like cattle feed will be given, insemination will be done. All the opportunities still exist. That is why we see the same opportunities like what we were and how we saw the south and the west grow. We are very confident that these will also grow in a similar manner.

Aditya: Understood. Just a question on these margins. So, this margin of 5%, do you think this is sustainable in the near term? Because we have to invest in this business, in the brand, strengthen our procurement network. So, do you think these margins of 5% are sustainable? Or do you think in the near term the margins might take a hit? And eventually the margins will come to the level which we are making in the south markets?

B.V.K. Reddy: We have to see that the efficiencies, because we have a very good experience in this field. Definitely, this will bring -- efficiencies also, we definitely improve. That's what we believing.

Dodla Sunil Reddy: We think there won't be a hit on the margins, sir. Because it's only what they started off as a young company and the learning curve they went through. And once they started improving and getting themselves organized, this is where they will come to this 5% margin. I think going forward we will only see an uptake of margins and not a decrease in margins.

Aditya: Understood, sir. And this last question, sir. What will be the share of buffalo to cow ratio over there?

B.V.K. Reddy: Around 65% to 70% is buffalo. Only in Bengal they are collecting 33%, that is mostly the cow's milk.

Aditya: Understood, sir. Sir, thank you for answering my questions.

Dodla Sunil Reddy: Thank you, sir.

Moderator: Thank you. The next question is from the line of Nandita from Marcellus Investment Managers. Please go ahead.

Nandita: Thank you for the opportunity. First of all, congratulations on this acquisition. It's a great thing that we heard yesterday. So, I have two questions. First of which is that given that we are already underway with our expansion in Maharashtra, with growing organically in Maharashtra, why did we think of growing inorganically in the eastern part of the country as well? So, I wanted to understand what was the strategy of doing both the things together. Is it that we are facing a few headwinds in our core market, which is why we are expanding into these newer geographies? We wanted to understand that.

And secondly, we wanted to understand what is the current capacity utilization of the acquired entity. There are two plants that you have mentioned that they have. And will there be any more work that will be required from the last end? And to that extent, any type of capex that will be required to make those plants running and going as per Dodla standards in the next 1 to 2 years? So, if you can just clarify these two things, I'll be grateful.

Dodla Sunil Reddy: Nandita, I'll answer the first question, and B.V.K will answer the second question about capacity utilization. The reason is we have always been looking at growth for us coming from both internal, brownfield and green acquisitions that we have been doing. And opportunities do come our way and we have always been looking for opportunities. Maharashtra is something that will come into operation from, let's say, another 12 to 16 months from current scenario. And this will come in from our operation at the moment.

It's not necessarily that we're facing headwinds, but it's also a part of the regular expansion plan that we keep going and acquiring. The present acquisition is going to give us the width of expanding more and our existing operations, the depth will be increasing. And Maharashtra, by the time it comes into play, OSAM will be a routine part of our operations.

So broadly, this is in tune of what we've been doing. And opportunities, when they come, we do take it up. It's not that we keep any timing as a factor. It is based on the opportunities that come and what we think we can do for future growth and future plans. Regarding capacity, I think B.V.K will answer your question about what we have with the two plants and what we're planning.

B.V.K. Reddy: Two plants right now, they have a capacity of 1.8 lakhs to process. And they're processing around 140 to 145. So, 70%, 75% of capacity utilization they're already doing. And then one more plant is idle. So that plant can be utilized. That is in a Chandil place -- Chandil the plant. And that is very close to Jamshedpur and Dhanbad. And also, even Kharagpur is also close by, below 200 kilometres. So, once we see then that plant, we'll know how to utilize it and expand the market.

Nandita: All right. So, is there any incremental capex that you're planning to do in these two plants which already the company has? Or is it just in a plug-and-play that you start, as soon as the acquisition is done, you start churning out products from these plants?

B.V.K. Reddy: Yes, see, both the products -- these two plants, they're making paneer, they're making curd. Both the plants, they're doing all the products.

Dodla Sunil Reddy: So basically, we will be deploying capital amount to take us some time before we deploy capital.

B.V.K. Reddy: Yes, because we don't have time to deploy anything or further expansion. As of now, we're going to run the existing plants as it is.

Nandita: All right. Thank you so much. Thank you for answering my question.

Dodla Sunil Reddy: Thank you.

Moderator: The next question is from the line of Devang from Spark. Please go ahead.

Devang: Hi, sir. Thank you for taking my question. Just wanted to know what kind of improvement in margins are you aiming for? And what kind of IRR are you expecting from this business?

B. V. K. Reddy: Yes, see, there are two wings in this. One is the procurement; one is the logistics. And then, one is in our plant -- efficiency in the plant, efficiency in the procurement side, efficiency in the logistics.

So, there are three or four parameters out there. So that we will see our expertise, what is that we can bring it. Definitely, in each and every stage, we will be able to bring some kind of improvement. We are very sure that once we step in, then we'll see, we'll go through all these steps.

Devang: And, sir, what kind of IRR, are you…?

B. V. K. Reddy: About IRR, Murali, can you give…

Murali Mohan Raju: Yes, it is around 17% we are expecting as on date. But once we come and then we'll be able to bring it up again. That's what we are thinking.

Devang: And what was the depreciation that you were expecting from this new business?

Murali Mohan Raju: Depreciation…

Devang: And tax rate?

Murali Mohan Raju: Depreciation -- see, tax -- depreciation, as of now, it has around INR36 crores net block of the assets, whatever it is there. You have to see it. We have not gone into that much of detail, okay?

The depreciation benefit will be not much, but it will be there. We have the old assets and the tax benefits will be there as of now.

Devang: So, you will not be paying tax in this?

Murali Mohan Raju: We'll pay the tax. So, if any other expansion, all those things are there, if anything comes up, that we'll utilize. Otherwise, it will be a normal tax rate.

Devang: Okay, and depreciation? Sorry, I lost you, sir.

Murali Mohan Raju: No, depreciation is there, but substantial depreciation will not be there because the assets value is very -- not very predominant there, okay?

Devang: And any investment that you are planning to scale up the business?

Murali Mohan Raju: Yes, we will do it in the next 2 years.

Dodla Sunil Reddy: Not much, sir. We will only as we go forward, we'll be doing it.

Devang: Thank you, sir. Thank you for taking my questions.

Moderator: Thank you. The next question is from the line of Abhishek Mathur from Systematix. Please go ahead.

Abhishek Mathur: Hi, sir. Thank you for the opportunity. So, I just wanted to check, is there a non-compete clause that you have with the founders as part of the agreement? And what is the length of that non-compete clause?

B. V. K. Reddy: Yes, we have a non-compete clause. Non-compete is there for 3 years. 3 years.

Abhishek Mathur: Sorry, how many? 3 years, right?

B. V. K. Reddy: Yes, 3 years.

Abhishek Mathur: And, sir, secondly, I just wanted to check, what is the ROE, ROCE of the acquired entity? Also, the working capital and the debt, if you can shed some light on those numbers.

Murali Mohan Raju: There is a small debt is there, but they are repaying it before we sign the agreement. So, there will not be any debt. That's one. The ROCE, ROE is in the range of, because just started 2, 3 years, only the margins are good, okay? So, I think it will be in the range of, I think around 15% to 20% will be there, okay? That was there.

Abhishek Mathur: 15% to 20%, right?

Murali Mohan Raju: Yes.

Abhishek Mathur: And so, the working capital?

Murali Mohan Raju: There is no working capital. This is a cash and carry business for Debtors.

Abhishek Mathur: Understood.

Murali Mohan Raju: Creditors we should normal standard with.

Abhishek Mathur: Understood. And finally, sir, what is the reason behind this sort of lower operating margin? So, we had your competitor Hatsun, who also acquired a company in Odisha some months back. I think, I believe over there also the operating margins were not very, very superior to this 5% that you have indicated for HR Foods.

Is there any reason for this low operating margins in these companies? Is it the scale or is it the geography specific thing or what is the reason there?

Dodla Sunil Reddy: It's not the scale of geography predominantly because these are states where the GDP is lower. So, mass premiumization does not happen and it is the prices are normally sold along with the cooperatives and little bit of more efficiency from the cooperatives. And also, a bit of logistics like what B. V. K. was saying earlier, because these are sort of new in terms of conversions happening from unorganized to organized, procurement establishment happening, production at every specific level happening.

This is a stage of growth where we will always see the similar things and then over a period of time, if we do believe in the growth story of India, the rest of the country growing along the way, this will also improve as it has happened for all of us down .

With certain improvements, yes, there will be a little uptake and further as the economies improve, the growth will -- the improvement will be more.

Abhishek Mathur: Understood, sir. Thanks a lot. That's all from me.

Dodla Sunil Reddy: Thanks.

Moderator: Thank you. The next question is from the line of Deepak from Unifi capital. Please go ahead.

Deepak: Hi, sir. Thank you for the opportunity. So, firstly, on the market, just wanted to understand how has the shift been in these two geographies with respect to cooperatives and private players over the last 3 to 5 years? That is one. And for -- and within the private players, how is OSAM'S market share moved in the last 3 to 5 years, if you can dig that up, sir?

B. V. K. Reddy: Yes. See, here, predominantly, it was only 90% of the market share is only by Sudha, a local cooperative dairy, and in Jharkhand, it is Medha. And now this OSAM, now in these two states, we see that OSAM is the private leading brand. So closer to OSAM, there is no other brand.

So, and slowly now because -- earlier also, if you see in South also, when started first 10 years, the margins were very poor EBITDAs, even EBITDA margins were also less than 5%, 6%. So here also, now what happened, even you see the Milk Mantra in Orissa, this OSAM in this Jharkhand and Bihar also, they're just only 10 years, 10 to 12 years age.

Now, slowly last couple of years only now they started making profit and going forward, definitely we're hoping that it will improve. And also, slowly urbanization is happening. And also, market penetration, market conversion also is happening, slight urbanization also is happening. So, we think it's a first mover advantage.

Deepak: Okay, got it. And so, for OSAM, just wanted to know what will be the volume and price growth for the last three years, because top line has moved from INR250 crores to INR280 crores. So, looks like a quite low growth company. So just wanted to break up that into price volume?

Murali Mohan Raju: Volume wise, there is not much growth was there -- 3% to 4% of the growth was there in the quantity. So, which was again based on the product mix, it has plus or minus on the revenue side.

Deepak: And so, for the way going forward, so just wanted to understand how can we improve this growth. So, one is that second thing any synergies with our current Dodla operations that can be, that can become -- that can come into operations with this acquisition?

Dodla Sunil Reddy: Yes, sir. I mean, when we look at it, there's no synergies that are there. Definitely, there will be synergies in terms of there's still a net buyer of milk powder. We are becoming a net seller of milk powder. We can see the arbitrage of pricing and logistics between us and then how far it will help us to grow forward.

I think also the reason why we are looking at the growth mutations is the first question of being slower growth. They moved away from being aggressive growth only to a blend of growth and margins. That's why they would have slowed down their growth. Because I think when they were a younger company without much of concentration on margin, they were looking more at expansion growth.

And selling in places where even if the volumes were lower, they would sell just to get the footprint into place. Now, I think we will be able to utilize that better because now we will be expanding the depth also, not necessarily only the width. They've already created the width and now it's time for the depth to be created.

And also, I think once they've taken the ability of the products that they're doing, we will definitely be able to see and see how better we can improve the product in terms of manufacturing ability to be further in terms of the efficiencies that can come in. Earlier, the products would have been smaller scale production, would have had more losses kind of a scenario.

Now, as they've got the sizes coming to be optimal sizes, the benefit will be we'll be able to reach it now. I think with the combination of these two, we will be able to go forward on both the volume growth and the value. Initially, once we take over, we'll have to see where we're going to be streamlining. Is there a little bit of low-volume areas where the cost is higher? We might withdraw from that to rationalize and become better. There will be an initial correction, but after that, I think the growth reasonably will come.

Deepak: Got it, sir. So, last question. What will be the profit that this company makes at a PAT level and from your side, what will be the three-year outlook in terms of growth for this company?

Dodla Sunil Reddy: I think three-year outlook will be too early for us to give now. I can give the specifics. Murali will give, but because once we go there, we start taking, we'll get a more definitive view. But I think Murali will give you the current view.

Murali Mohan Raju: Yes around 3.2% is the PAT level. That is what is there as of now, but we are expecting that this will grow. Around 15% to 20% as our standard. So, I think that is what we are targeting at a minimum. Then we'll try to get achieve it.

Deepak: Sure, sir. Thank you. All the best.

Moderator: Thank you. The next question is from the line of Disha Giria from Ashika Institutional. Please go ahead.

Disha Giria: Hi, sir. My first question is that in the long run, do we plan on kind of consolidating the OSAM brand within the Dodla brand because having two separate brands would kind of hamper?

Dodla Sunil Reddy: Basically, ma'am, normally the same brand which has already been created and strong, we will continue with the same brand as we go forward because it's got the ability to -- money that has been spent in creating it is there. There is no reason for us to change the brand over to a Dodla brand. It is not much of hampering because we are still not advertising at a national scale.

We still do regional and targeted advertising as a requirement. I think we will be making appropriate decisions as we go along. If the requirement is there, we will be adding another brand, but maybe not withdrawing the older brand. If others can be added, we can add. So, I think there's a lot of opportunities that we'll have to think about.

Once we go there, depending on what the ground reality is, what the local team requirements are, we will be able to do accordingly. And we have been doing this all along. We acquired Sri Krishna. We have done the same thing there. Africa has been the same. So, it's not much of a major issue. We will take a call appropriately as it happens on the ground.

Disha Giria: All right. Okay. That's it from my end.

Moderator: Thank you. The next question is from the line of Resham Mehta from Green Edge Wealth. Please go ahead.

Resham Mehta: Yes, thank you. So, the first question was on the procurement side. So how much would be direct procurement from farmers? And also, if you could highlight any specific market dynamics, which are very different in the Eastern markets say in terms of distribution?

B.V.K. Reddy: Yes, procurement see they're handling roughly about 1.4 lakhs, but their procurement is only average per annum is only 1.1 lakhs. And they're running short by 30,000 to 35,000 liters that, they're offsetting with the SMP and whole milk powder. So going forward, that we will see that, we will try to improve procurement and we will see, like, Dodla, how we have done it, slowly we made 100%.

And even in during summer also. So, the similar kind, we will see once we see, what are the issues. Definitely, the procurement improvement will be there. Once you make 100 % procurement throughout the year required for the sales, maybe that indirectly it will improve the profitability also. Right now, their procurement is only 1.1 lakhs, but their sales is 1.4 lakhs.

Resham Mehta: They're is the 1.1 lakh directly procured from farmers.

B.V.K. Reddy: They're directly procuring from the farmers, from 25,000 farmers.

Resham Mehta: The 1.1 lakh, right?

B.V.K. Reddy: Yes.

Resham Mehta: Got it. And any of the market dynamics which are different in the Eastern markets, let's say, versus our existing markets of South in terms of, let's say, distribution or the other areas?

B.V.K. Reddy: There's not much, but unless we go into deep, then only we can understand. But as apparently, what we have seen, there's nothing much different.

Dodla Sunil Reddy: We keeping up with the cooperative prices, they're only keeping it on par with the cooperative prices. Premiumization is something which will happen.

B.V.K. Reddy: That also happened in South, first 10 years, it was like that only. So even the first 10, 12 years in South India also, we used to keep on par with only with the cooperative sales relation as well as the procurement both. So here also, all these companies are very company, just only 10 years to where it's worth. So still, they are not able to do a premiumization. So maybe going forward, they will be able to do it.

Resham Mehta: And, in terms of at a very high level, so how do we look at growth? If we were to just exclude, let's say, the Africa operations, come the discussion, then how do we look at the India dairy organic growth versus the India dairy inorganic growth?

Dodla Sunil Reddy: I think as usual; we will keep the India dairy organic growth; we keep targeting a 10% volume and 15% by value. Minor changes might happen due to seasonality, because of weather changes, like for example, current May have been a very cold season rather than being hot as it is. This will only accelerate our growth further. We are not doing this to sustain our growth for the existing operations. This is only being added to our regular growth that we look forward to.

Resham Mehta: All right. Thank you.

Moderator: Thank you. The next question is from the line of Nihal Shah from Prudent Corporate Advisory. Please go ahead.

Nihal Shah: So, by when can we expect the numbers to be in our consolidated figures?

Dodla Sunil Reddy: 1 to 2 months, I think. Murali will be more specific.

Murali Mohan Raju: Yes. Basically in 2-month time, that was the target.

Nihal Shah: And so how is the market there? So, like you said, 20% is organized and we have stated around 10% market share in these two regions. So, are we around 50% of the organized players in these two markets? And so how do we look to expand? Is it based on the expansion of organized players or we will make some inroads in the private market as well?

Dodla Sunil Reddy: Basically, we are not 50% of the organized players. When we say that the market share that OSAM has is 10%, this is among the organized, where it is the co-operators and the other private players having more share. The overall market would be 20%.

So, if the overall market is like INR4,000 crores - INR5,000 crores of operations, organized players are only 20%, 30% of that market is what we are trying to say. But there is still scope for that. That is what we were meaning. OSAM is right now 10% of the organized players, not the overall market.

Nihal Shah: Okay. Thank you very much.

Dodla Sunil Reddy: Thank you.

Moderator: Thank you. Ladies and gentlemen, this was the last question for today's conference call. I now hand the conference over to the management for their closing comments.

Dodla Sunil Reddy: Thank you, everyone for joining us on today's call. We appreciate your interest in Dodla Dairy. If you have any further questions, please contact SGA. Thank you, everyone.

Moderator: Thank you. On behalf of Dodla Dairy Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.