

Dodla Dairy Ltd.
Sector Dairy
Issue Highlights

Issue Open	June 16, 2021
Issue Close	June 18, 2021
Issue Price	Rs. 421 - Rs. 428/Share
Total Issue Size	Rs. 520 Cr
Of which	
Fresh Issue	Rs. 50 Cr
Offer for Sale	Rs. 470 Cr
Face Value	Rs. 10/share
Market Lot	35 Equity Shares
Issue Type	Book Built Issue

Offer Structure

QIB Category	50%
Retail category	35%
Non-Institutional	15%

Lead Book Running Managers

- ICICI Securities Ltd
- Axis Capital Ltd

Registrar To The Offer

- KFin Technologies Pvt. Ltd.

About the Company

Incorporated In 1995, Dodla Dairy Ltd is one of the large private dairy players with a significant presence in the southern region of India. It is the third highest in terms of milk procurement per day and second highest in terms of market presence across all private dairy players in India. The company process and sell retail milk (full cream, standardized, toned and double toned) and produce dairy-based value-added products such as curd, Ultra-High Temperature processed milk, ghee, butter, flavored milk and ice cream. The company has 13 processing plants with an aggregate installed capacity of 1.70mn litres per day (MLPD). Further, it average procurement is 1.03 MLPD of raw milk as of 31 March 2021 from 109,670 farmers through 6,771 Village Level Collection Centres, 232 dairy farms and third-party suppliers. It operates across five Indian states such as Andhra Pradesh, Telangana, Karnataka, Tamil Nadu and Maharashtra under the brand "Dodla Dairy", "Dodla" and "KC+". Their overseas operations are based in Uganda and Kenya under brands "Dodla Dairy", "Dairy Top" and "Dodla+".

Objects of the Issue

- Repayment and/ or pre-payment of borrowings availed by the company.
- Funding capital expenditure requirements.
- General corporate purposes.

Valuation

India is the largest producer and consumer of milk globally. In FY20, it contributed ~30% of the total milk production. The Indian dairy market industry has grown at a CAGR of ~10% between FY15-20 to reach Rs 6.7Tn. This growth was largely led by a 6-7% increase in volumes and a 3-4% increase in price realizations. Going forward, the industry is expected to grow at a CAGR of 10-11% between FY21-25 largely driven by rising urban population, the rapid nuclearization of the middle class, the rising importance of milk as a source of proteins, changing consumer pattern and increasing demand for value added products from Quick service restaurant and Hotel, Restaurant and Catering (HORECA) segment will further aid growth. Further, amongst the products, value-added products such as flavored milk, ice cream, yoghurt, cheese and whey, is expected to grow at ~14-16% in FY21-25 and outpaced other products such as milk (will grow at 6-8%) and traditional value-added products (will grow at 10-12%).

Dodla Dairy's integrated business model provides end-to-end solutions such as procurement, processing and distribution & marketing in a cost-efficient manner. Further, it has maintained long term relationships with farmers as well as customers. So, on one side, they provide strong support to farmers while on the other hand, it fulfills customers demand by providing a diversified product portfolio. Also, the company's finances are growing at a steady pace. Going forward, it has plans to introduce more value-added products, expand into new markets and look for organic/inorganic growth, invest in modern technology to improve milk procurement as well as operating efficiency. We have a positive view on the company from the long term perspective. **Key Risk:** (i) High competition in the dairy industry. (ii) Milk is the only raw material so lower procurement may impact business.

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S. No.	Statement	Answer	
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table]		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

Nature of Interest (if answer to F (a) above is Yes :

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Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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