



**Strengthening Values
Accelerating Growth**

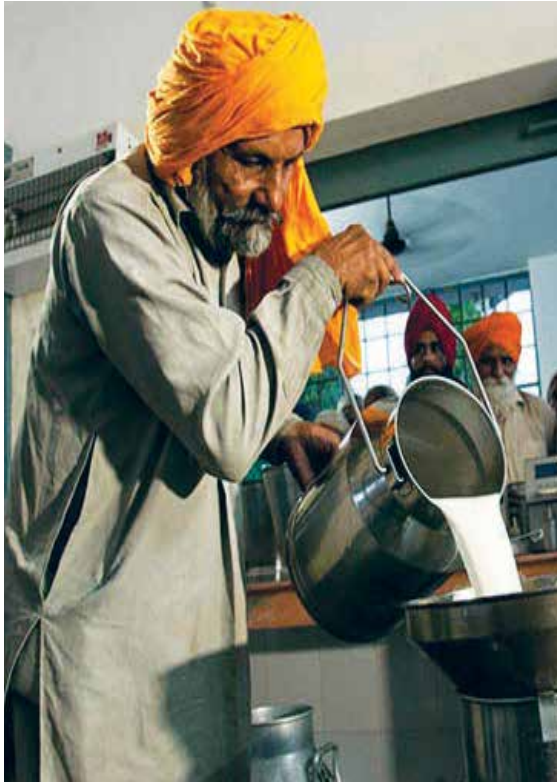
**CORPORATE BROCHURE
2016-17**



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Key Operational Highlights of FY17

Turnover (Standalone) :
₹ 1,411.46 Cr.

Hyderabad plant
commenced production

Land Acquired for
Rajahmundry plant

Moved to new corporate
office in Hyderabad.

Strengthening Values Accelerating Growth

Dodla Dairy Ltd is India's leading private sector dairy company processing and selling milk and dairy products in over 9 states in India under the brand name Dodla. The company has a clear strategy, a strong vision, robust values and a team of experienced people. We have made progress this year by sticking to our strategy and continuing to invest in our leading brands and our plants. Our readiness to proactively reshape our business to cope with new challenges will result in sustained growth and long-term value creation for everyone with an interest in Dodla Dairy.

Message From Chairman

Dear Shareholders

I am happy to reflect on another excellent year for our company. A good year for a dairy company like Dodla is also a good year for dairy farmers since close to 60% of the consumer price we share with our farmers who supply us milk on a daily basis.

We reported a standalone revenue of ₹ 1,411.46 Crores during the year as against ₹ 1,182.01 Crores in FY 2016. We achieved a higher profit after tax of ₹ 44.39 Crores as against ₹ 35.57 Crores. Two important key drivers of our sustainable growth have been our insightful understanding of our key stakeholders' and market dynamics in the dairy sector. We believe in empowering and delegation of our people and encourage decision making at all levels of the hierarchy.

Apart from revenue growth FY17 has been an important milestone for our company in terms of market expansions, technology upgradation and thereby enhancing corporate

valuation. One of the important landmark achieved during the year has been our new Hyderabad plant commencing production. This plant is the largest among our 11 plants spread across Tamil Nadu, Andhra Pradesh, Karnataka and Telangana. We also moved to our new corporate office in Jubilee Hills, Hyderabad.

Our culture and values

Our success has been built on our strong links with the dairy farmers, our people, dealers, distributors, consumers and investors. From this foundation I am confident that we will grow further through creating an exceptional milk and milk product range. We have refined our corporate responsibility agenda across areas such as environmental impact, employee safety, diversity and development, product responsibility and social upliftment initiatives. At the core of our engagement with farmers, we help many milk supplying farmers gain access to critical inputs, such as affordable animal feed and veterinary services. Moreover, working with regional banks, we have helped more than 2,300 farmers secure financing to invest in their production capabilities.

The Board remains confident in the future prospects for Dodla Dairy. Our company has a strong management team who are delivering against a clear business strategy of building brands, adding value, driving simplicity, generating cash and reducing risk.

Regards

D. Sesha Reddy
Chairman



A good year for a dairy company like Dodla is also a good year for dairy farmers

Our Business Model

Our functional goals are aligned with our vision, mission and values. Our operations are organised in such a way that they are close to the markets and customers we serve. The product marketing consists of two dedicated teams focusing on liquid milk and value added dairy products. All operational decisions are made locally at the locations because, in our experience such kind of calls are most successful when made by the people who has the best understanding of the markets and those who implement them. The board of directors and senior management aims to provide a framework in which our team leaders have the freedom and decision-making authority to pursue opportunities with entrepreneurial flair. All our functional goals are aligned with our vision, mission and values.



Vision:

To be a world class dairy company by providing high quality Products and Services.

Mission:

To supply good and safe milk products consistently through continual improvement of our systems and practices.

Our Values

We understand the value of people and believe that

by way of **HARD WORK** we can achieve

extraordinary results. We trust that **INTEGRITY** of people is the key factor for long-term sustenance.

Our faith on openness and **TRANSPARENCY** will encompass across all transactions beyond business.

We believe that, **SINCERITY** is the road for

success. Our **COMMITMENTS** are irrevocable and we stand by them. Truthfulness is our soul and we

never compromise on **HONESTY**.



Milk collection
Testing for Fat/SNF content



Chilling centres



Processing Plant

Refer page 15 for more details

Quality tests

Refer page 17 for more details

Milk & Value added products

Refer page 13 & 14 for more details

Dodla Value Chain

Review By Managing Director

Global Vision: Our goal is to be a multinational dairy company by setting up our manufacturing units in different parts of the world as well as through exports. As part of our global vision we acquired Lakeside dairy in Uganda in 2014. We are scouting for more such acquisitions to increase our footprints.

1

Standalone revenue increased by 19.41%

On Standalone basis, the revenue from operations for FY 2017 at 1,411.46 Crores was higher by 19.41% over the last year (1,182.01 Crores in FY 2016).

2

PAT increased by 25% Y-o-Y basis

Profit after tax of ₹ 44.39 Crores, 25% higher than that of the previous year (₹ 35.57 Crores).

3

Increased Number of Retail Outlets

From about 50,000 in FY17 the number of retail outlet increased to 65,000

4

Overseas capacity increased

From 20,000 LPD in FY16 the production capacity at Uganda has been increased to 35,000 LPD in FY17.

Our Strategy: Today we source milk from 250,000 farmers across 7,000 villages. Milk and milk products processed by the company are sold across 9 states in India. In a dynamic dairy segment we remain adaptive and find new options quickly, vary our approaches to test our strategic options and select the most successful ones. We have been spending on brand building and increasing processing capabilities to strengthen milk as well as value added product pipeline. To reinforce our value chain we have increased direct procurement during the last 2 years as well as increased our distribution networks in Telangana, Andhra Pradesh, Karnataka and Tamil Nadu. Our existing product portfolio is in line with the changing dairy consumption

habits. While the larger volume of the business comes from milk, curd is becoming a significant contributor to our revenue pie with close to 25%. In the value-added segment ghee is distributed in most part of India and milk powder is sold in South and West Bengal. UHT milk is gaining acceptance especially in urban markets and this segment is expected to have grown at a CAGR of 25% between 2010-16. While our plant in Koppal, Karnataka is equipped with UHT processing and packing, our operational capabilities along with regular capex programmes can support putting up any additional UHT processing line in other plants. We are also venturing into branded Ice creams which will be launched soon in our key markets.



Key Developments in FY17:

During FY17 the company expanded in terms of increasing operational capabilities as well as markets. Increasing brand equity in our key markets were aided by an outdoor promotional campaign and release of our new ad film in electronic and social media channels.

In FY17 we increased our advertising outlay to Rs.7.46 Cr from 3.75 Cr in FY16.

In FY16 we acquired a processing plant in Dharmapuri in Tamil Nadu. This new plant has helped us to expand our markets in central and south Tamil Nadu.

Going Forward:

Rise Fund, a global fund committed to achieving measurable, positive social and environmental outcomes alongside competitive financial returns has invested Rs 321 crore (\$50 million) in our company. This investment in Dodla, is Rise Fund's first in the food and agriculture sector, as well as its first in India. The Rise Fund is managed by TPG Growth.

After the successful launch of the Hyderabad plant we are in the process of setting up our new 2 LLPD plant in Rajahmundry in Andhra Pradesh. This upcoming plant which is expected to be ready by end of 2018 will strengthen our distribution in north Andhra Pradesh.

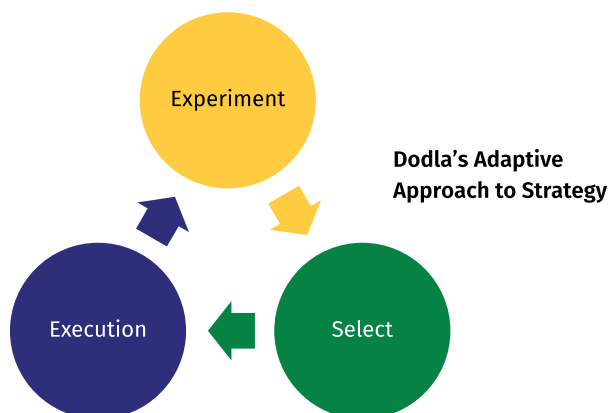
Regular capex is one of our key strategy for strengthening our value chain. It is essential to expand our milk and milk products processing capabilities as the Indian dairy consumption is undergoing dynamic changes with respect to increase per capita consumption of milk and value added products. We would continue our organic and inorganic expansions through infusing fresh capital by way of equity or debt.

**REGULAR CAPEX IS
ONE OF OUR KEY
STRATEGY FOR
STRENGTHENING
OUR VALUE CHAIN.**

Our Strategy

Our strategies are aimed at strengthening the milk value chain which encompasses dairy farmers i.e milk producers, employees, processing facilities and consumers.

Dodla operates in a business environment which is highly competitive and less malleable. In milk and value added dairy products market prediction is difficult and business advantage can be short-lived. To stay successful in this volatile market environment, we make ourselves adaptive to changes by remaining agile. The leadership at Dodla quickly identify innovative options with respect to operations, technology, products & markets. Depending upon the success of these new options we quickly allocate and reallocate resources. Our approach to strategy is a cycle in which we vary with different strategic options followed by selecting the most promising options and scaling up towards our goal.



Q&A with CEO

We expect Hyderabad plant to further scale up in capacity and capacity utilization in the coming months. With our plant in Koppal in Karnataka running at an optimal utilization we saw significant sales volume increase in North Karnataka markets catered by this plant.

On Performance : While our milk sales Volume increased by 13%, curd sales volume increased by 25%. Value added products grew by 29% - resulting in an overall revenue growth of 19.41% in FY17. While Karnataka contributed 22% growth, Tamil Nadu 17%, Telangana 21% Andhra Pradesh has been 3%.

On Key Operational Initiatives : Project planning and seamless execution are unique capabilities of our management. During the year we commenced operations at our state of the art plant near Hyderabad. This, along with our ongoing direct to market strategies has helped us to achieve 20% growth in Hyderabad market. Trial production of Ice-cream is going on in Hyderabad and we expect the product to be launched in Q3 of FY18. We expect Hyderabad plant to further scale up in capacity and capacity utilization in the coming months. With our plant in Koppal in Karnataka running at an optimal utilization we saw significant sales volume increase in North Karnataka markets catered by this plant. As part of strengthening our markets in Andhra Pradesh, we are putting up a new plant in Rajahmundry and land for the same has been acquired. The construction of this plant will commence from Q1 of FY18. This upcoming plant will have initial capacity of 1 LLPD scalable to 2 LLPD

Apart from serving Bangalore market, the new plant acquired in Dharmapuri in Tamil Nadu is helping us to supply milk to key markets like Salem, Erode & Coimbatore.

During the year we also amplified our brand visibility through publicity as well as increased number of Dodla Retail Points, Dealers and Distributors. As part of the product packaging revamp we have changed the milk packing which now comes with a contemporary look.

On Hyderabad Plant : Currently the plant comes with a milk processing capacity of 1.2 LLPD. State of the art processing machines are being used for milk, curd and flavoured milk production. Flavoured milk packaging in our Hyderabad plant is in PET bottles which are more handy for consumers

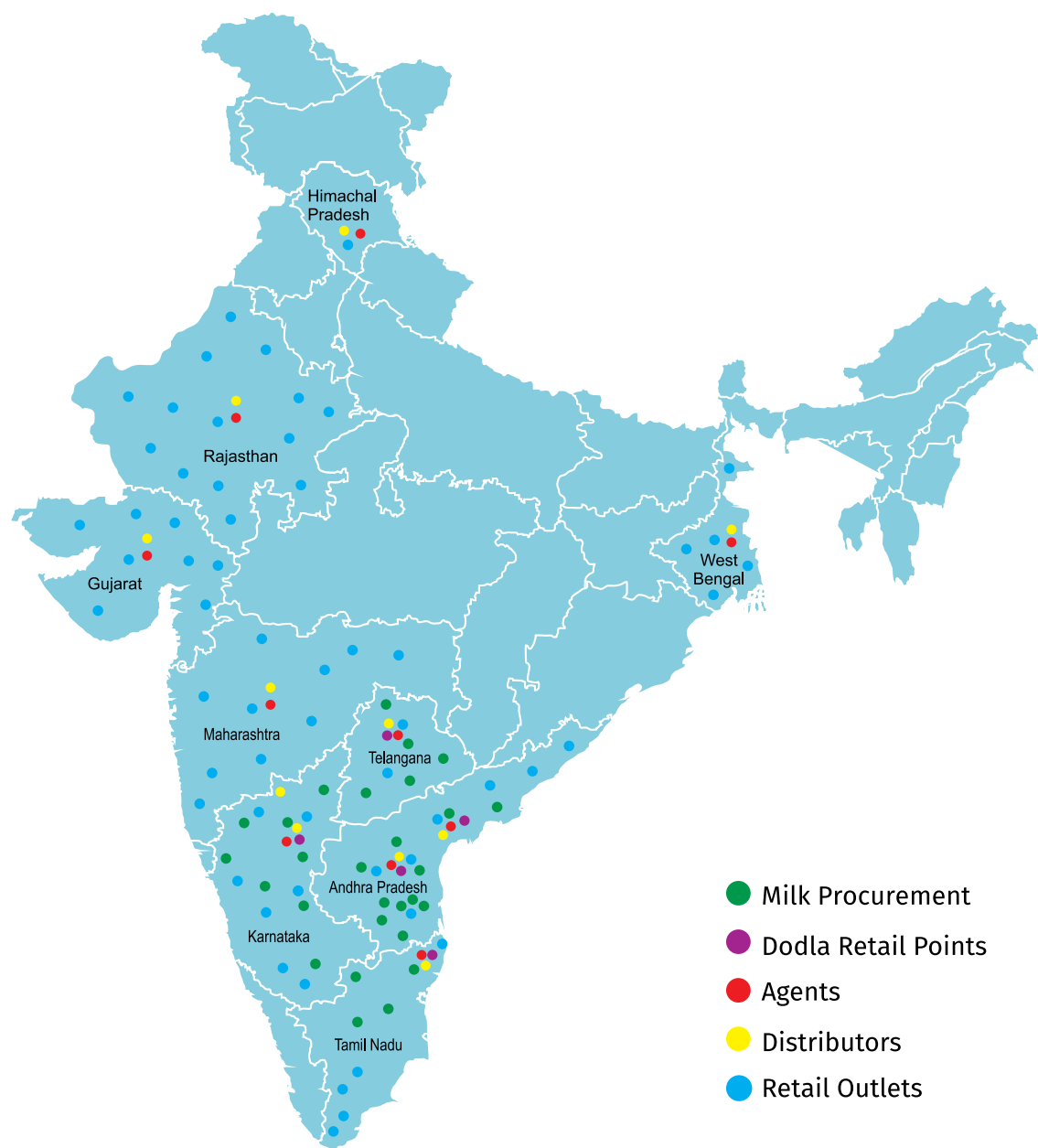


to use and easy for us to transport. 1400 Ton cold storage for storing butter is also being commissioned in Hyderabad.

Technology Upgradation : Our regular capex is also aimed at upgrading technology across our facilities. Refurbishing upgrading of existing machineries, introducing latest semi automated and fully automated processing lines is being undertaken regularly at our plants.

Where we operate

(Map Not to Scale / Count)



Milk Procurement (LPD)

1,000,000 +



Farmers

250,000 +



Villages

7,000 +



Chilling Centers

61



Processing Plants

11



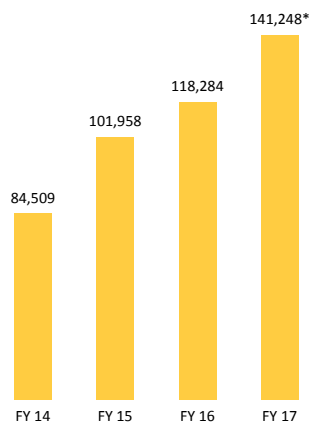
Retail Outlets

65,000 +

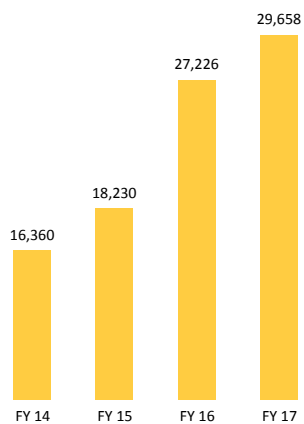
Key Performance Indicators

Standalone

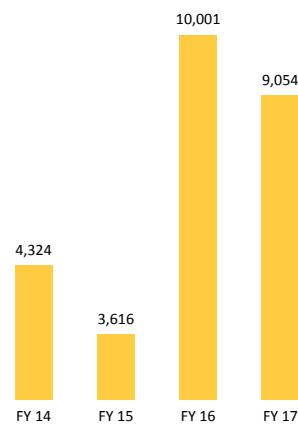
Revenue (Lakhs)



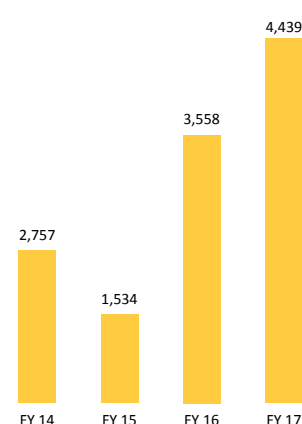
Gross Margin (Lakhs)



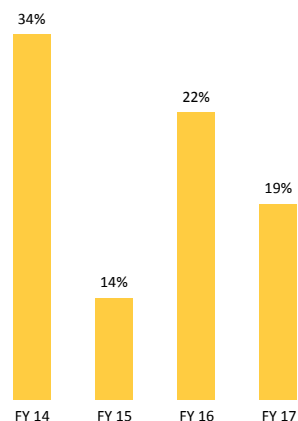
EBITDA (Lakhs)



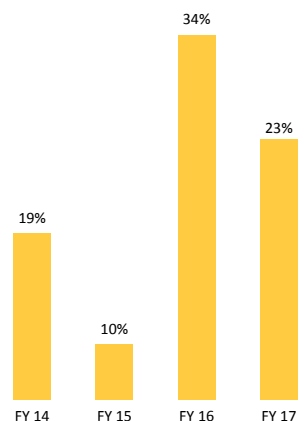
PAT (Lakhs)



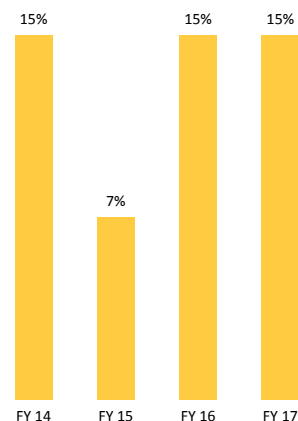
Return on Fixed Assets



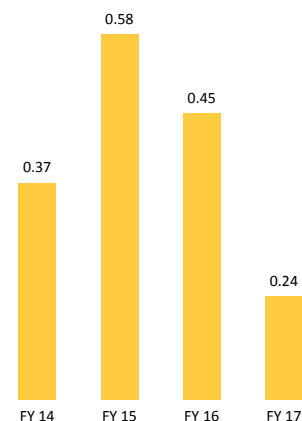
Return on Capital employed



Return on equity



Debt equity ratio



* Revenue includes other operating income

Consolidated

₹ Lakhs

Particulars	2016-17	2015-16
Revenue	144,621	120,114
Gross Margin	30,806	27,989
EBITDA	9,287	9,879
PAT	4,385	3,592
Return on Fixed Assets	17%	20%
Return on Capital Employed	23%	31%
Return on Equity	16%	15%
Debt Equity Ratio	0.26	0.43

About Dodla Dairy Ltd

The company grew rapidly during the past one and half decades. Today it is one of the popular dairy companies in India.

Dodla Dairy Limited is a Public Limited Company having its Head Quarters at Hyderabad City of Telangana State in India. The company is established by a well-known family of Nellore district of Andhra Pradesh in the year 1998. The company procures, process and sells milk and milk products across 9 states in India. Dodla Dairy is an ISO 22000: 2005 and ISO 50001:2011 (EnMS) Certified Organization. The company is having 11 state of art technology Processing Plants, 72+ chilling centres, The company has a wide distribution network across pan India. The products and services are offered through 16 Sales offices.

Products

The company offers wide range of Milk Products Comprising of Fresh Milk, Butter, Ghee, Paneer, Curd, Flavoured Milk, Doodh Peda, Ice Cream and Skimmed Milk Powder. These products are conveniently packed to suit various needs of consumers.

Competitive Advantage

The company grew rapidly during the past one and half decades. Today it is one of the popular dairy companies in India. The consistent growth of the organization reflects the customer confidence on the products and services offered. The company has gained the competitive advantage over the other players



by delivering the highest quality dairy products to the consumers. Now, the company is prepared to face the future challenges by upgrading its systems and infusing new technology.



Milk

We procure about 1,000,000 litres of milk per day, from over 250,000 dairy farmers. The fresh milk from the buffalos and cows is brought to the nearest chilling centres and then to the nearest state of the art processing plants without breaking the cold chain. The chilled milk is pasteurised and this process will kill pathogenic microbe that causes spoilage of milk. It also kills any harmful bacteria. Dodla milk is packed in high quality food grade pouches. These pouches are user friendly to the consumers. The product undergoes stringent quality checks before packing. The company offers different types of milk variants as per customer requirements like Full Cream Milk, Toned Milk and Double toned milk, standardised milk etc. The customer can choose between Cow & Buffalo milk as per their taste and habits.



Product Stewardship : Apart from maintaining a seamless cold chain from procurement to consumer the milk is pasteurised and process will kill pathogenic microbe that causes spoilage of milk. It also kills harmful bacteria like Salmonella, Staphylococcus, Listeria, Yersinia, Campylobacter and Escherichia etc. Pasteurization can prevent diseases including Tuberculosis, Brucellosis, Diphtheria, Scarlet Fever and Q-Fever etc. After the completion of serial process, the milk will be safe for human consumption.

Value Added Products



Curd

The Dodla curd is made out of good milk by using high quality Culture. Milk is fermented with lactic acid present in curd under low temperatures (optimum 69 degrees F). Dodla curd is available both in sachets and enclosed containers. The Dodla Curd is packed in Grams Food grade poly cups and sachets. The Cup curd is packed in disposable food grade cups. The curd pack variants are available in 100 and 200 grams. Dodla Curd is available at Dodla Retail Points, General Stores and with local milk vendors in all towns and cities of south India.

Product Stewardship: Dodla Curd is processed under stringent quality systems and are packed in food grade sachets. Consistent quality is maintained in terms of taste and thickness for optimal taste.



Ghee

Dodla Ghee is made from Buffalo and Cow milk. This is made by simmering unsalted butter in a large pot until all water has been boiled and protein has been settled at the bottom. The cooked and clarified butter is then spooned off to avoid disturbing the milk solids on the bottom of the pan.

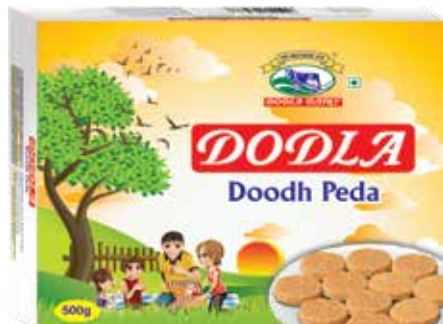
Product Stewardship: Dodla Ghee is made without adding any preservatives or chemicals. The natural Aroma is the main feature for its success in the Ghee market.



Paneer

Dodla Paneer contains less moisture. It has got separate segment of buyers due to its good taste and quality. Dodla Paneer is available in 200 and 500 gram packets.

Product Stewardship: Fat content in the milk is maintained to get the richness and quality of the product. We ensure that during the manufacturing process the correct temperature, and pH of coagulation are maintained.



Doodh Peda

Dodla makes Doodh Peda from pure Buffalo Milk. Our mechanised manufacturing process ensures granule texture and consistent taste. Doodh Peda is packed specially to retain the Freshness and Natural flavour.



Buttermilk

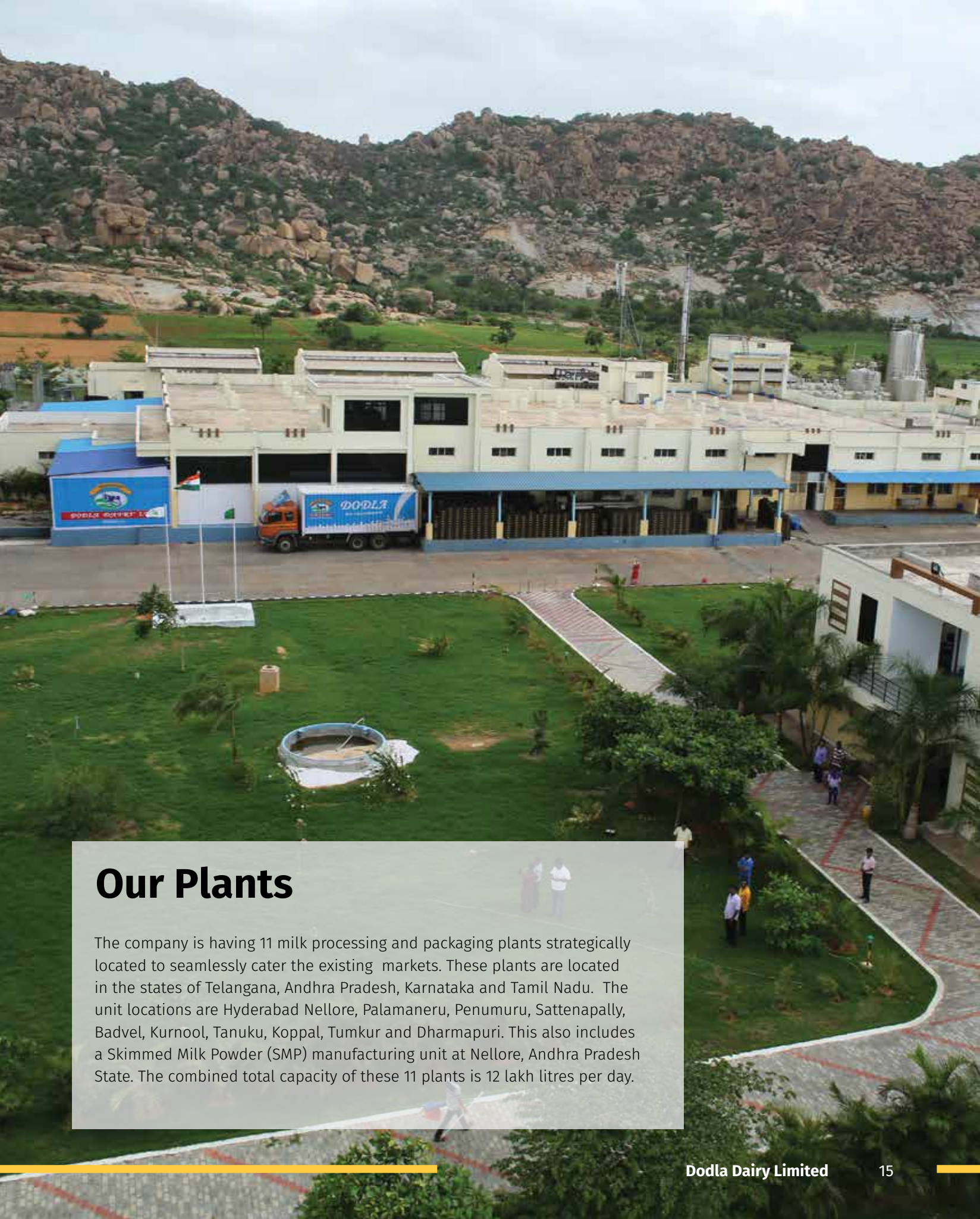
Dodla pasteurised Buttermilk which meets the PFA standards is available in food grade 200 ML cup and pouch.

Product Stewardship: Dodla Buttermilk is produced in very hygienic and clean atmosphere. Scientific bacterial culture in Dodla Buttermilk improves digestion.



Flavoured Milk

Dodla flavoured milk in 6 flavours is available in 200 ML PET and Glass Bottles. The product is treated at high temperatures (UHT) and packed aseptically to ensure high quality and purity.



Our Plants

The company is having 11 milk processing and packaging plants strategically located to seamlessly cater the existing markets. These plants are located in the states of Telangana, Andhra Pradesh, Karnataka and Tamil Nadu. The unit locations are Hyderabad Nellore, Palamaneru, Penumuru, Sattenapally, Badvel, Kurnool, Tanuku, Koppal, Tumkur and Dharmapuri. This also includes a Skimmed Milk Powder (SMP) manufacturing unit at Nellore, Andhra Pradesh State. The combined total capacity of these 11 plants is 12 lakh litres per day.

Overseas Operations

Lakeside Dairy Ltd., was incorporated by Dodla on 15 July, 2014 to acquire the business of Hillside Dairy & Agriculture Ltd., and to carry on with the business of Dairy. It is a wholly owned subsidiary of Dodla Holdings Pte Ltd, Singapore. The processing unit is located at Mbarara and the sales depot is in Kampala. At present milk is procured from dairy farmers in Uganda through 15 co-operative societies. In FY16-17 per day processing has been increased to 35,000 LPD. The plant currently manufactures liquid milk yogurt with different flavors, Ghee, Paneer, Cheese & ESL milk under the brand name Dairy Top.



A Vision for High Quality Products

Dodla Dairy deploys best practices in quality control throughout the supply chain. Rigorous procedures and analysis are sincerely followed through the supply chain which includes physical, chemistry, microbiology and residue monitoring.



Quality Test Chart

Tests conducted at Collection centers	Tests conducted at Chilling Centers	Tests conducted at processing centers
Test for Fat and SNF content GPRS enabled electronic milko analysers are installed at milk procurement points. Also makes transaction with the farmers, circumventing middlemen.	Methylene blue reduction test Quick method to assess the microbiological quality of raw milk. Enhances identification of milk contamination, which is one of the major sources for transmission of diseases from animals to human.	Beta lactum test Detects Anti-biotic residue – within Maximum residue limit (MRL). Enables identification of milk contamination, which is one of the major sources for transmission of diseases from animals to human.
Organoleptic Test Test for appearance, test & smell. Enables rapid segregation of poor quality milk at the receiving platform. The result of test is obtained instantly and at low costs.	Acidity Test Natural acidity of milk is 0.135. Higher acidity signifies action of bacteria on milk sugar.	Adulteraion test Adulteration test using Milko Screen by FOSS. Neutralizer test using Sodium Analyser



Our Business Responsibility

Dodla aspires to unite business success with the needs of farmers, employees, society and environment.

Farmers

The farmers have always been central to Dodla Dairy, since they are the suppliers of milk - our most important raw material. Farmers are an essential part of our milk value chain and their milk production is seamlessly connected with our milk processing and marketing. Dodla Dairy collects close to 10 lakh litres of milk per day from about 2,50,000 farmers,

In 2015 the company started implementing technology in milk procurement. The company is procuring high quality milk by using GRPS enabled electronic milk analyzers which generate the milk quality & quantity report at the time of procurement. This technology helps in monitoring the milk quality as well as speedy payment disbursements to farmers in a transparent manner. At present over 50% of our milk procurement centres are equipped with milk analyzers and the company is in the process of implementing it across its milk collection points.

Time to time the company also conducts free workshops for farmers on best farming practices. Dodla dairy is among the few dairy processors in the country having own dairy farm. Situated in Pulivendula in AP with over 500 animals, this is a state of the art dairy farm where all modern farming methods are practiced. Having own farm give the company a first-hand experience in dairy farming.



Employees

Dodla Dairy has a team of over 2000 employees across various locations in India and Overseas. All the employees are qualified and trained to execute their jobs in an efficient manner. Over a period of past 20 years we have been identified as distinguished dairy company where the employees are treated as family members. Our average attrition rate is 6 %, which is much lesser than many of our peers in the same sector.

In FY17 an automation process for HR has been initiated. The first phase of the process consists modules like Leave management, Travel management, Expenses reimbursement and Advance management. Going forward the company will initiate a new Performance Management System (PMS) for evaluating employee performance across all functions.



Corporate Social Responsibility

Our Corporate Social Responsibility initiatives are aimed at improving livelihood, education and vocational skills among women, elderly and differently abled.

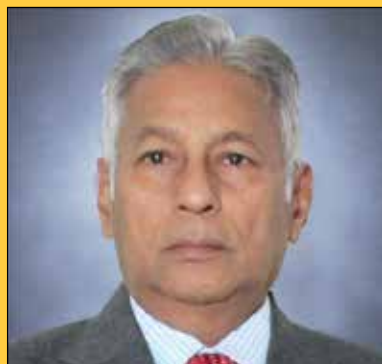
During the year the company decided to renovate the Zilla Parishad School in Mahmuddapuram, in Nellore District of AP. This project is going to benefit over 250 students mostly from the rural areas. The total outlay for the same is Rs. 75,00,000 (Seventy Five Lakh). Under this project the entire school building - interior and exterior will be renovated with furniture. Toilets are also being constructed.



Environment

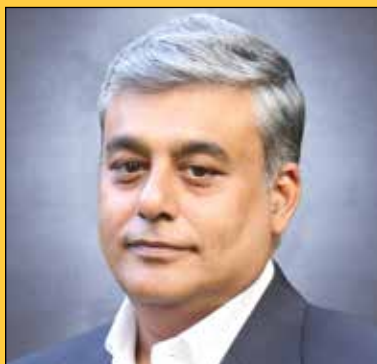
TÜV SÜD South Asia awarded ISO 50001:2011 Energy Management System certificate to Dodla Dairy Limited. Dodla is the first dairy company in India which got this certificate in energy conservation. This certificate is an outcome of company's initiatives to induce process driven alterations in the systems in order to improve energy efficiency, cut greenhouse gas emissions and recycle water. All 12 plants of the company have deployed energy efficient manufacturing and emission control methods.

Board of Directors



Dodla Sesha Reddy
Chairman/ Director

40 years of experience across diverse industries such as paper, construction, software and castings. He also serves on the Board of a listed company, Nelcast. Mr.Sesha Reddy is involved in CSR activities of the company especially in the fields of rural education.



Dodla Sunil Reddy
Managing Director

A B.E., in Industrial Engineering from Mangalore University, Mr.Sunil Reddy has close to 25 years of experience in the dairy industry and is a Dairy chain expert. He provides strategic direction to the company.



Kishore Mirchandani
Independent Director

He has 25 years of experience in finance & accounting. In 2001 he founded Outsource Partners which was subsequently sold to EXL Services Holdings in 2011. He Holds several board positions including at Comply Global (Singapore), Fareportal Inc. and Essar Steel Algoma. He is a C.A.; C.P.A.; and a B.S., in Industrial Chemistry from City University, London



Ponnavolu Divya
Independent Director

Managing Director of NC Energy Limited and serves on the Board of Nelcast - a listed company. She started her career as an Analyst in Deutsche Bank. She is a M.S., in Networked Information Systems, Stevens Institute of Technology, USA; and a B.E. (Hons.), Computer Engineering.



Akshay Tanna
Director

Mr. Akshay Tanna aged 34 years is a Vice President at TPG Growth in Mumbai, and has been with TPG since 2011. Prior to joining TPG in 2011, Mr. Akshay Tanna worked for Merrill Lynch and Deutsche Bank in the Financial Institutions Investment Banking Group. Mr. Akshay Tanna graduated from the Wharton School of University of Pennsylvania with Honors.



Vishwarupe Narain
Director

He is a graduate from Indian Institute of Technology, New Delhi and MBA from Stanford University, California. He is having a 16 years global experience including 6 years of private equity fund experience in US and India. He is a Partner and Managing Director of TPG Growth and also serves on the boards of various public and private Companies. Prior to joining TPG Growth in 2007, he was an investor with Bessemer Venture Partners in New York. Previous to that, he was an Engagement Manager in McKinsey's Private Equity Practice in Palo Alto and London. He joined McKinsey from Deloitte Consulting, where he was a Senior Consultant.



Dodla Dairy Limited

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