



Dodla Dairy Limited
Economic and Social Impact



Contents

About Dodla Dairy Limited 03

Manufacturing Value Chain 05

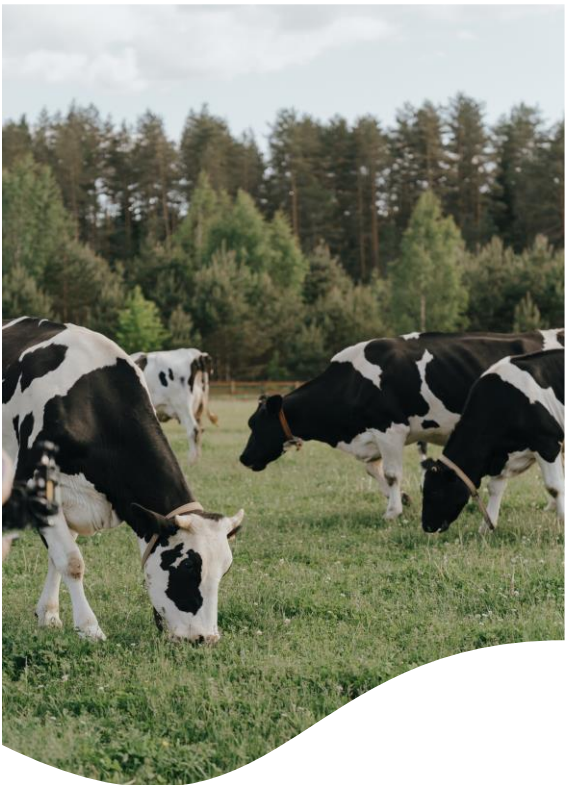
Economic Impact 07

Social Impact 11



About Dodla Dairy Limited

Dodla Dairy Limited (DDL) is a prominent player in the dairy industry, recognized for its commitment to delivering high-quality products. Established in 1995, the company commenced production in 1998. DDL is engaged in the processing and marketing of milk and milk products under the renowned brand 'Dodla.' Among its diversified offerings are value-added products such as buttermilk, ghee, curd, paneer (Indian cottage cheese), flavored milk, ice cream, and an array of sweets. The company's headquarters, including its registered and corporate office, are situated in Hyderabad, India. Additionally, DDL extends its operations internationally, with a presence in Kenya and Uganda.

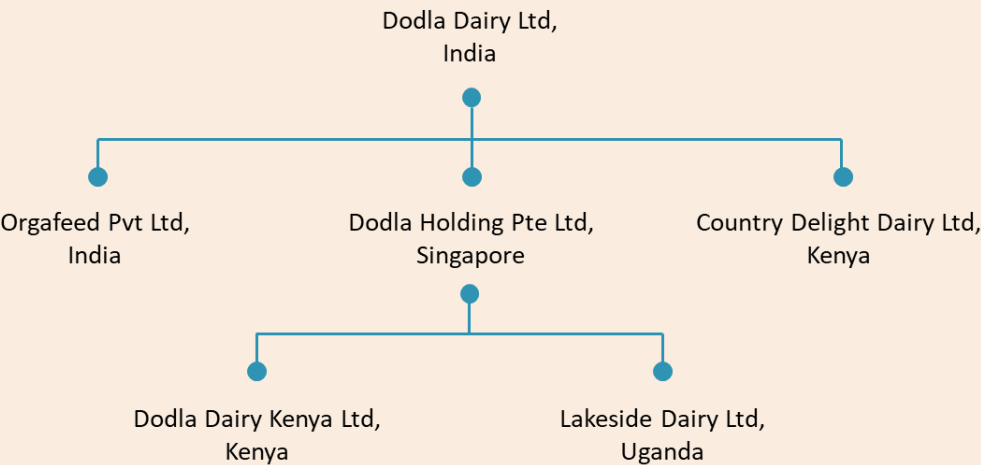


DDL maintains rigorous quality control measures and certifications to ensure the highest standards in its dairy products. The company adheres to stringent quality assurance protocols at every stage of production, from sourcing raw materials to the final packaging.

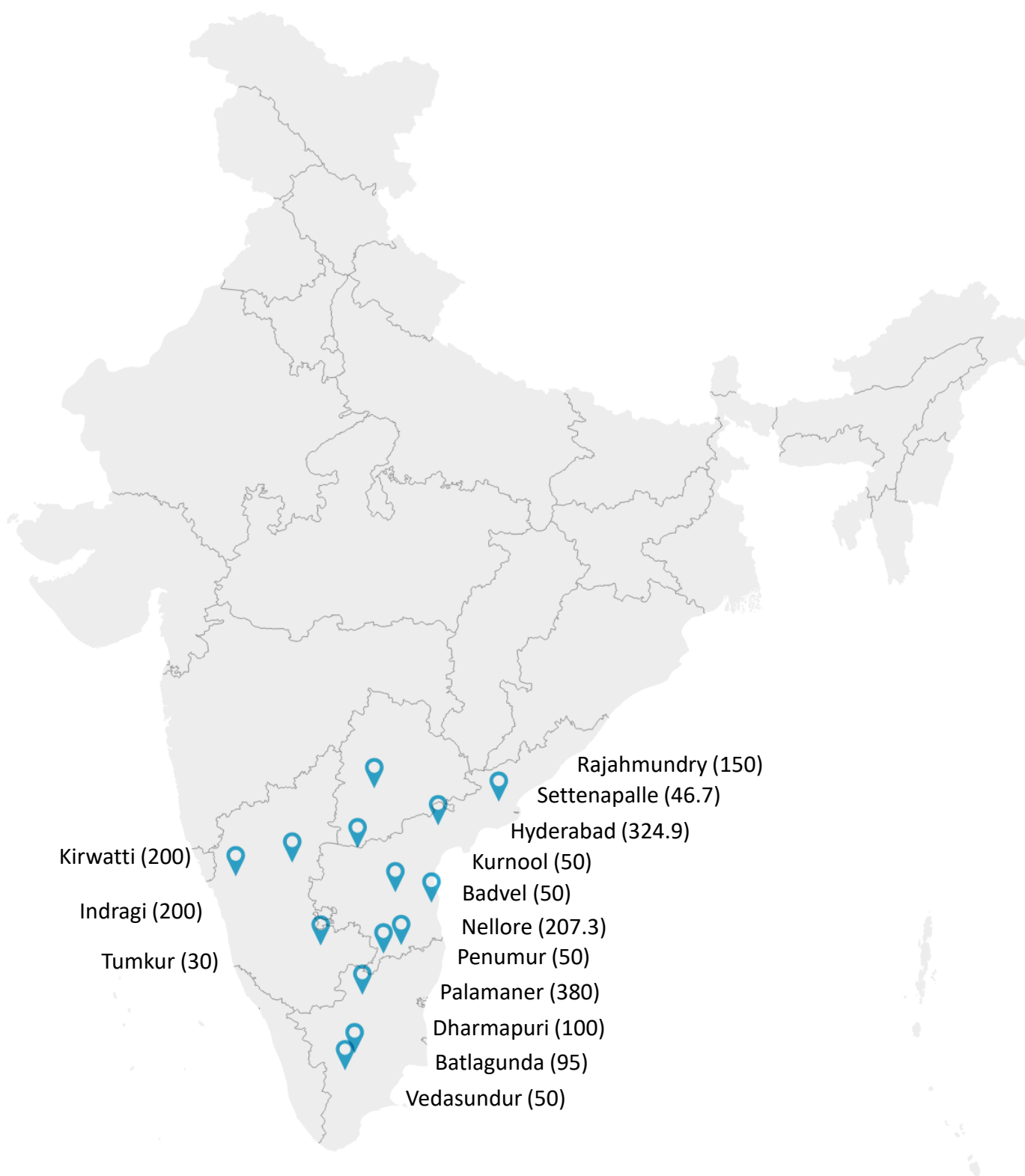
Certifications



Corporate Family Tree



Processing Plants by Capacity (in LPD ‘000s)



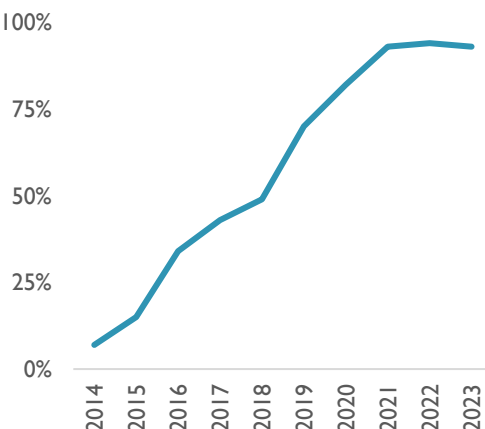
Note: This map is for illustrative purposes and does not imply the expression of any opinion on the part of D&B, concerning the legal status of any country or territory or concerning the delimitation of frontiers or boundaries. Figures in parenthesis represent processing capacity in Liters Per Day (LPD)

Manufacturing Value Chain

DDL employs a comprehensive and vertically integrated approach, spanning various stages of the dairy value chain. Currently, the company procures in 5 states, with its products available for purchase in 11 states. The company's operations begin with a network of well-maintained and technologically advanced Dodla Dairy Collection Centers (DDCs) that ensure a sustainable and consistent source of high-quality milk. The procurement process involves obtaining raw milk from **140,000+ farmers** across 8,800+ villages through 8,200+ DDCs. Currently, over **93% of the procurement consists of milk directly sourced from farmers**, marking a significant shift from the 7% recorded in FY14. On average, the company procures 11 liters of milk from each farmer.

This transition towards direct procurement is evident in the increasing number of DDCs and the corresponding rise in the average Liters Per Day (LPD) procured through these centers. Presently, the milk procurement stands at an average of **1.5 million LPD**, a substantial increase from the 44,980 LPD recorded in FY14.

Share of direct procurement



DDL maintains a fleet of 2,220 vehicles for transporting raw milk to 137 chilling centers and 14 processing plants which have an aggregate installed capacity of more than 2 million LPD. It typically takes between 12 to 24 hours for the milk to be collected from farmers and delivered to the packing station. The dairy processing units of DDL are equipped with cutting-edge technology and adhere to rigorous quality control measures. This ensures that the milk and other dairy products undergo thorough testing and processing to meet the highest standards before reaching the consumers.

DDL operates a robust distribution network with over 40 strategically positioned sales offices serving as essential hubs for communication, sales, and market insights. The distribution network further extends to encompass more than 2,600 agents and around 1,900 milk and milk product distributors, ensuring the efficient flow of DDL's products from production units to retail outlets. In addition, DDL has a significant presence in the retail sector, boasting over 625 Dodla Retail Parlors that serve as convenient points of purchase for consumers, offering a direct and personalized experience with the brand's diverse product range. DDL also engages with 144 institutional clients, including schools, hospitals, and other organizations. Furthermore, DDL has partnered with 76 modern trade outlets, aligning with contemporary retail trends, and broadening its access to a more extensive consumer demographic.



**Dodla Dairy
Collection Centers**



Chilling Centers



Processing Plants



Consumers

Quality Assurance

At DDCs: GPRS-enabled milk analyzers electronically test Fat and Solids Not Fat (SNF), while also accurately measuring quantity with electronic weighing balances. The captured data is automatically transferred via GPRS for further processing. Essential quality checks, including organoleptic tests for appearance, smell, and taste abnormalities or adulteration, are performed.

At Chilling Centers: 28 stringent tests are carried out to ensure the purity and safety of milk. These tests encompass organoleptic tests, chemical tests, and checks for adulteration. Additionally, the Methylene Blue Reduction Test (MBRT) is conducted for each batch of raw milk to evaluate its microbial quality. Chilling centers are equipped with infrastructure such as CIP systems and hot water facilities to uphold hygiene and cleanliness standards.

At Processing Plants: 35 types of test are carried out for all physical, chemical, and microbiological parameters, as well as tests for adulterants, preservatives, and contaminants in accordance with FSSAI testing protocols. Bacterial quality verification of milk from each chilling center ensures that the SPC remains below 60 lakh cfu/ml.

Furthermore, regular external testing through NABL certified labs is conducted for milk and milk products, and vendor audits are performed to ensure the quality of packaging materials.

Economic Impact

Impact on Gross Value Added (GVA)

Over the past decade, DDL has generated a GVA of around **₹62 billion** for the economy. To contextualize, this cumulative GVA surpasses the budgetary allocation for the Department of Animal Husbandry and Dairying in the current fiscal year by 42%.

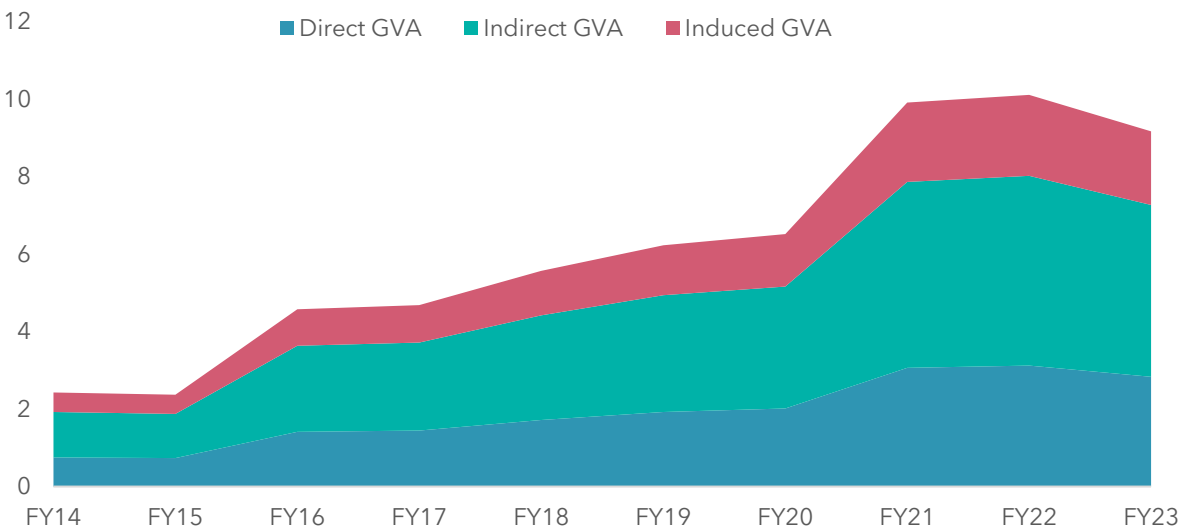
This contribution emanates from three distinct avenues. Firstly, a direct impact stemming from core operations amounted to **₹19 billion**, encompassing profit generation and the creation of income streams for employees.

Secondly, an indirect impact resulting from the procurement of goods and services from various suppliers yielded an additional **₹30 billion**. Indirect GVA reflects the ripple effect of the company's operations on the broader economy, including economic activity generated in related industries due to the company's demand for inputs and services.

Thirdly, an induced impact, driven by the company's employees through their consumption expenditures, amounted to **₹13 billion**. This represents the economic value created when employees spend their incomes on housing, groceries, transportation, and other expenses within the local or regional economy, capturing the multiplier effect as spending circulates through the local economy, creating additional economic value.

DDL's GVA contribution exhibited a **Compound Annual Growth Rate (CAGR) of 16%**, increasing from ₹2.4 billion in FY14 to ₹9.2 billion in FY23. In comparison, India's GVA grew at a CAGR of 10% during the same period.

Gross Value Added by DDL (Rs billion)

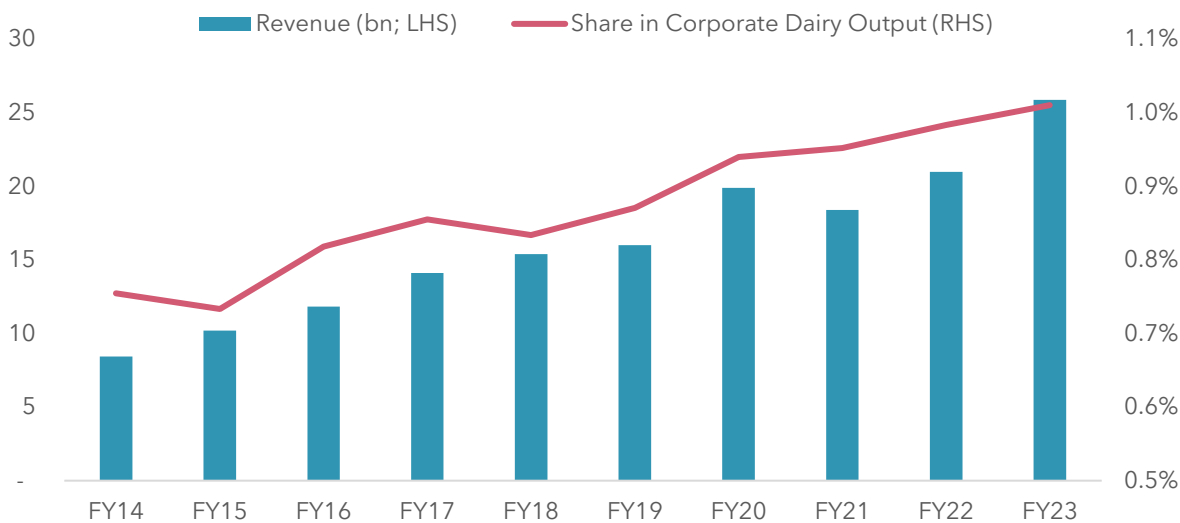


Impact on Output

Over the past decade, DDL generated around **₹395 billion** in economic activity. Beyond its direct revenue of approximately ₹161 billion, the company facilitated an additional ₹116 billion in indirect revenue within its supply chain and contributed to an induced revenue generation of ₹118 billion. Notably, DDL experienced robust revenue growth at a **CAGR of 13.3%** from FY14 to FY23. Concurrently, its share in the value of output produced by the corporate dairy sector increased from 0.75% to 1.01% over the same period.



Direct output generated



Productivity Levels

In FY23, DDL achieved a GVA of ₹9,173 million with an employee base of 5,400. This results in an **average per capita GVA of ₹1.70 million**, notably higher than India's average per capita GVA of approximately ₹0.18 million. This indicates that, on average, a DDL employee generates GVA at a rate **9.5 times** that of an average citizen.

This heightened level of productivity at DDL can be largely attributed to the company's robust adoption of technology. Most of the processing plants are fully automated, resulting in enhanced operational efficiencies. This strategic integration of technology not only streamlines production processes but also underscores DDL's commitment to leveraging innovation for sustained productivity gains.

Impact on Earnings

Over the last decade, DDL facilitated an earnings generation of **~₹22 billion** across the nation. While it directly helped its employees generate an earnings of ₹6 billion, it indirectly helped generate another ₹10 billion for people engaged in its supply chain. The induced impact created an additional ₹6 billion.

In FY23, DDL directly helped its employees generate an earnings of ~₹1 billion. With an employee base of 5,400, the average per capita earnings generation stood at ~₹192,000, almost at par with the per capita gross national income of India.

Additionally, the company ensures a reliable earnings source for over 140,000 farmers who supply milk to it. On average, the company assists farmers in generating daily earnings ranging from **₹418 to ₹441**. This stands notably higher than the rural wage rates of ₹368 and ₹274 for men and women, respectively, engaged in agricultural labor.



Impact on Employment

In FY23, DDL supported a total of **~21,200 jobs** across India, of which it provided direct employment to 5,400 people, and indirect employment to ~11,550 people involved in its supply chain. Additionally, the ripple effect extended to ~4,250 jobs, sustained by consumption expenditure of its employees.

Impact on Skill Development

DDL places a significant emphasis on upskilling its workforce, recognizing the critical role continuous learning plays in professional development. In FY23, the company conducted a **116 training programs**, catering to the diverse needs of its employees. A total of 1,386 employees participated in skill-based training sessions tailored to enhance their specific abilities and knowledge,

thereby augmenting their effectiveness in their respective roles. 213 employees engaged in programs aimed at improving interpersonal skills, fostering teamwork, and refining overall workplace behavior, contributing to a positive and harmonious work culture. DDL places a premium on leadership development, ensuring that its Heads of Departments (HODs) are well-equipped for the challenges of efficient team management. In this pursuit, all HODs underwent competency-based training sessions, focusing on honing leadership skills and capabilities. This strategic investment in upskilling not only empowers individual employees for career growth but also strengthens the overall organizational capacity for innovation and excellence.



Social Impact

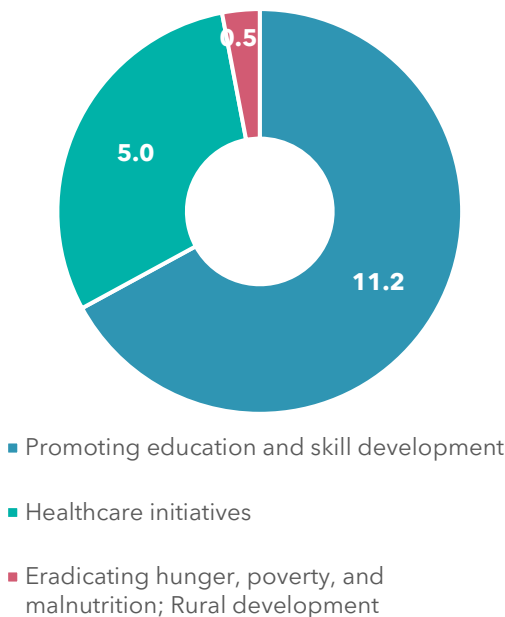
DDL exhibits a strong dedication to social responsibility, exemplified by its expenditure of **₹16.7 million** in FY23. The company's initiatives span various areas, with a major focus on education and skill development, healthcare, and eradicating hunger, poverty, and malnutrition. Notably, DDL spent **₹11.2 million** towards **promoting education and skill development**, impacting the lives of **380** individuals. The company financed the construction of hostels, namely the East Block and South Block, benefiting students in Mahumudapuram village, Nellore. It also contributed to the reconstruction efforts of a government school located in Batlagundu Town, Tamil Nadu, and provided charitable donations to trusts promoting education and skill development programs.

The company's investment of **₹5 million** in **healthcare initiatives** had a far-reaching impact, positively influencing the lives of **2,000** individuals. The amount was utilised for the purchase of medical equipment and devices for a multi-specialty hospital.

Additionally, an allocation of **₹500,000** was directed towards supporting initiatives aimed at **eradicating hunger, poverty, and malnutrition, as well as rural development**. This contribution has had a positive impact on the lives of **100** individuals, underscoring the company's dedication to uplifting communities. The company provided sponsorship for milk valued at **₹400,000** for underprivileged children and engaged in rural development initiatives in Keshampet Village, Mahbubnagar District.

Furthermore, DDL's corporate volunteering program **contributed 824 hours** towards social causes, reflecting an engaged and responsible workforce.

Amount spent (Rs mn)



Elevating energy efficiency standards



DDL demonstrates a strong commitment to energy efficiency, evident in its annual average energy consumption of **0.09 kWh/liter of processed milk**, marginally below the industry benchmark of 0.1-0.2 kWh/liter. The company primarily relies on the national grid for power across all facilities, with fuel wood/husk and diesel-based backup generators supporting the boilers. 87.1% of the total energy consumption is derived from the grid, with 3.7% from backup diesel generators and an additional 9.2% generated through solar power.

DDL has implemented several strategic initiatives to enhance energy efficiency, including the replacement of traditional lamps with energy-efficient LED lighting, optimization of compressed air generation and distribution systems, reduction in cooling tower fan energy consumption, recovery and reuse of steam condensate, and the optimization of air conditioning systems. Further, solar panels at Gundrampally, Vendasandur, and Batlagundu plants contribute to meeting **60-70% of the power requirements** in these plants. DDL **directed 15% of its capital expenditure** towards promoting

environmental sustainability and **allocated 5% of its Research & Development (R&D)** budget to enhance the environmental and social impacts of both its products and processes.

Dodla Dairy's commitment to sustainable water practices is demonstrated through the treatment of approximately **522,276 KL** of water via its Effluent Treatment Plants (ETPs). The treated water finds purposeful applications across the facility, including cleaning crates, toilet flushing, floor cleaning, gardening, and meeting agricultural needs. Furthermore, the methane gas collected from ETPs is utilized for boiler operation/canteen facility. The company's dedication to sustainability extends to its material usage, with **70% of total materials** being recycled or re-used. These initiatives collectively underscore Dodla Dairy's holistic approach to resource efficiency and environmental responsibility in its operations.

Building relationship capital



Through its feed business, Orgafeed, DDL **directly distributes cattle feed** to farmers via its expansive procurement network. The expense of the cattle feed is adjusted against the value of raw milk furnished by farmers, presenting them with a payment mechanism that is both convenient and transparent. Dairy farmers supplying to DDL typically get paid directly once every 10 to 15 days.

In a dedicated effort to support livestock management, DDL has **partnered with veterinarians**, extending beyond typical business relations to provide farmers with valuable services for the care and health management of milch animals. Additionally, the company demonstrates its commitment through the organization of training camps, specifically designed to educate farmers on preventive measures for common cattle ailments. The company has also partnered with Digi Vet care, a patented AI-driven system specializing in cattle biometric identification and real-time health monitoring.

This collaboration centers on holistic healthcare management for cows, with the goal of improving their overall well-being and productivity. By offering access to veterinary expertise, DDL enhances the overall well-being and productivity of the livestock, contributing to the farmers' success and profitability. In addition, the company has covered DDCs under a Group Personal Accident Insurance policy and facilitates sanction of loans from regional banks to invest into cattle.



About Dun & Bradstreet:

Dun & Bradstreet, a leading global provider of business decisioning data and analytics, enables companies around the world to improve their business performance. Dun & Bradstreet's Data Cloud fuels solutions and delivers insights that empower customers to accelerate revenue, lower cost, mitigate risk and transform their businesses. Since 1841, companies of every size have relied on Dun & Bradstreet to help them manage risk and reveal opportunity.

Dun & Bradstreet Information Services India Private Limited is headquartered in Mumbai and provides clients with data-driven products and technology-driven platforms to help them take faster and more accurate decisions across finance, risk, compliance, information technology and marketing. Working towards Government of India's vision of creating an Atmanirbhar Bharat (Self-Reliant India) by supporting the Make in India initiative, Dun & Bradstreet India has a special focus on helping entrepreneurs enhance their visibility, increase their credibility, expand access to global markets, and identify potential customers & suppliers, while managing risk and opportunity.

India is also the home to Dun & Bradstreet Technology & Corporate Services LLP, which is the Global Capabilities Center (GCC) of Dun & Bradstreet supporting global technology delivery using cutting-edge technology. Located at Hyderabad, the GCC has a highly skilled workforce of over 500 employees, and focuses on enhanced productivity, economies of scale, consistent delivery processes and lower operating expenses.

Visit www.dnb.co.in for more information.

Disclaimer

This Report is prepared exclusively for Dodla Dairy Limited. D&B shall not be responsible for any consequence entailing the usage of the Analysis by any parties other than the Customer for any purpose other than that mentioned in the Order. The Report is prepared keeping in view the scope of work and is subject to the caveat forming part of the Report. No representation is made by D&B that the Analysis contained in the Report is exhaustive or includes all such material information. D&B does not make any further express or implied representation or warranty or assume any responsibility or liability in respect of the Report or arising in connection with or as a consequence of, any decision made or action taken, by the Customer or any other party. D&B assumes that the documents submitted to it by the Customer in connection with any particular issue are the only documents relating to such issue. Analysis provided in the Report is also based on assumptions as to the prevailing rules and regulations of statutory authorities, prevailing conditions on the date of inspection and best judgment of the persons engaged in the preparation of the Report.