Milky Mist Dairy Food Limited

10-08-26

Subscribe- Long Term

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Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	15,532
Fresh Issue (No. of Shares in Lakhs)	1,020.2
Offer for Sale (No. of Shares in Lakhs)	89.3
Bid/Issue opens on	11-August-26
Bid/Issue closes on	13-August-26
Face Value	₹ 2
Price Band	133-140
Minimum Lot	107

Objects of the Issue

- **Fresh Issue: ₹14,282 million**
  - Pre-Payment , or scheduled repayment, in full or part, of certain borrowings availed by the company.
  - Funding the Capex and Modernisation of its Perundurai Manufacturing Facility Working Capital Requirements
  - Deployment of visi coolers, ice cream freezers and chocolate coolers
  - General Corporate Purposes.
- **Offer for sale: ₹1,250 million**

Book Running Lead Managers
JM Financial Limited
Axis Capital Limited
IIFL Capital Services Limited
Registrar to the Offer
KFin Technologies Limited

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	1,700
Subscribed paid up capital (Pre-Offer)	1,336
Paid up capital (Post - Offer)	1,540

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	93.0	79.5
Public	7.0	20.5
Total	**100**	**100**

Financials

Particulars (Rs. In Million)	FY26	FY25	FY24
Revenue from operations	**31,384**	**23,495**	**18,216**
Operating Expenses	27,098	20,445	16,045
EBIDTA	**4,286**	**3,050**	**2,171**
Other Income	66	53	52
Depreciation	1,705	1,365	1,075
EBIT	**2,647**	**1,738**	**1,148**
Interest	1,063	863	722
PBT	**1,584**	**875**	**426**
Tax Expense	315	415	232
Consolidated PAT	**1,269**	**460**	**194**
EPS	**1.6**	**0.6**	**0.3**
Ratio	**FY26**	**FY25**	**FY24**
EBITDAM	13.7%	13.0%	11.9%
PATM	4.0%	2.0%	1.1%
Sales growth	33.6%	29.0%	

Company Description

- Milky Mist Dairy Food Limited is a rapidly growing packaged food company focused on value-added dairy products, with a diversified portfolio spanning paneer, cheese, curd, butter, ghee, yogurt, ice cream, UHT products and other categories such as frozen, ready-to-eat (RTE), ready-to-cook (RTC) products and chocolates. The company operates primarily under the 'Milky Mist' brand, supported by sub-brands including 'SmartChef', 'Capella' and 'Misty Lite', along with acquired brands such as 'Briyas' and 'Asal'.
- The company has reported strong growth, with revenue from operations increasing at a CAGR of 31.3% between Fiscal 2024 and Fiscal 2026, making it the fastest-growing packaged food company in India among companies with revenue exceeding ₹15,000 million. Growth has been supported by expansion across value-added dairy categories, increasing distribution reach and a diversified product portfolio.
- Milky Mist has established strong positions across several organised value-added dairy categories. In Fiscal 2026, it was the largest private packaged paneer brand in India, with an approximately 19.0% market share by value in the organised packaged paneer market. It was also the largest private packaged cheese brand in South India, with an approximately 12.0% market share, and ranked third nationally among private players with an approximately 5.0% market share in organised packaged cheese. The company also held an approximately 7.0% market share in organised curd in South India and was among the top two private packaged yogurt brands in India.
- The company follows an integrated farm-to-retail business model, with significant control over milk procurement, manufacturing, logistics and distribution. As of March 31, 2026, it sourced raw milk from 74,654 farmers across 25 districts in Tamil Nadu, Andhra Pradesh, Karnataka and Maharashtra. During Fiscal 2026, it procured 396.15 million litres of raw milk, of which 294.48 million litres were procured directly from farmers, representing 74.3% of total procurement.
- It has established a pan-India distribution network supported by general trade, modern trade, HoReCa, online and quick-commerce platforms and exclusive Milky Mist parlours. As of March 31, 2026, the company had 4,001 distributors across 22 states and five union territories, reaching more than 375,000 retail touchpoints. It also had 57 C&F depots and 144 exclusive Milky Mist parlours, providing a broad distribution footprint across key markets.
- The company has increasingly positioned itself towards premium value-added dairy products, which have characteristics closer to FMCG businesses in terms of gross margins, distribution models and premium pricing. As of March 31, 2026, its paneer and curd products were typically priced 10.0%–30.0% above the average market price of Indian brands. This premium positioning enabled Milky Mist to achieve the highest realisation per litre of milk procured among listed peers at approximately ₹77.79 in Fiscal 2026

Valuation & Outlook

- Milky Mist Dairy Food Ltd, at an implied P/E of **84.9x** on FY2026 earnings at the upper price band. Given its strong revenue growth, leadership in key value-added dairy categories and premium positioning, the company may command a valuation premium. However, the IPO valuation appears **fully priced** at the upper band and hence, we recommend a **"Subscribe – Long Term"** rating to the IPO.

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- **Description of Business**:

  - Milky Mist Dairy Food Limited is a rapidly growing packaged food company focused exclusively on value-added and premium dairy products. The company has recorded a revenue CAGR of 31.3% between Fiscal 2024 and Fiscal 2026, making it one of the fastest-growing packaged food companies in India among companies with revenue exceeding ₹15,000 million. It follows a product-led approach, catering to diverse consumer requirements across multiple consumption occasions from breakfast to dinner. Over the years, the company has significantly diversified its product portfolio beyond its core dairy offerings to include paneer, cheese, butter, curd, ghee, yogurt, ice cream and ultra-high temperature (UHT) long-shelf-life products. It has also expanded into adjacent food categories such as frozen foods, ready-to-eat (RTE), ready-to-cook (RTC) products and chocolates. The company markets its products primarily under the 'Milky Mist' umbrella brand, supported by sub-brands including 'SmartChef', 'Capella' and 'Misty Lite'. It has further strengthened its brand portfolio through the acquisition of 'Briyas' and 'Asal', broadening its presence across various product categories and consumer segments.
    The following table sets forth details of revenue generated from their respective brands for the years indicated:

Brand	FY2026 Revenue (₹ million)	Contribution (%)	FY2025 Revenue (₹ million)	Contribution (%)	FY2024 Revenue (₹ million)	Contribution (%)
Milky Mist	30,546	97.3%	22,760	96.9%	17,626	96.8%
SmartChef	11	0.0%	8	0.0%	13	0.1%
Capella	133	0.4%	68	0.3%	44	0.2%
Misty Lite	0	0.0%	0	0.0%	1	0.0%
Briyas	234	0.7%	187	0.8%	144	0.8%
Asal	461	1.5%	471	2.0%	388	2.1%
Total Revenue from Operations	**31,384**	**100.0%**	**23,495**	**100.0%**	**18,216**	**100.0%**

They were one of the first private companies to launch branded packaged paneer in India and subsequently established product categories through introduction of curd, ghee, butter, cheese, yogurt, ice cream, UHT long shelf life products, chocolates and sweetened condensed milk over the years.

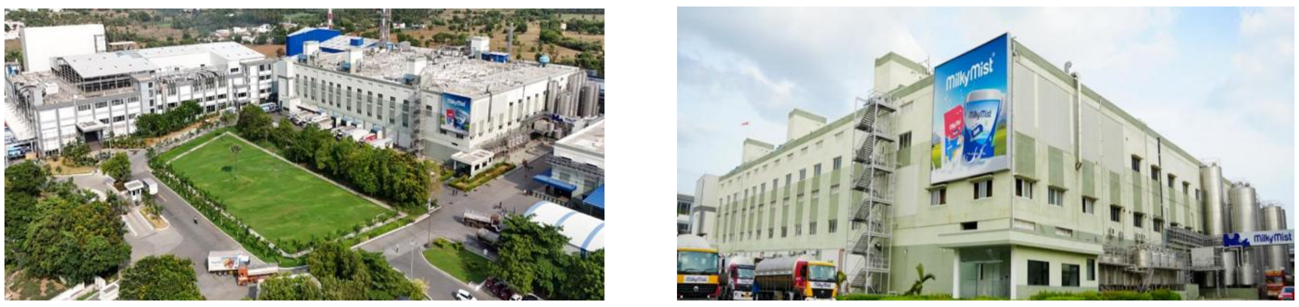
Product Range

Their Journey

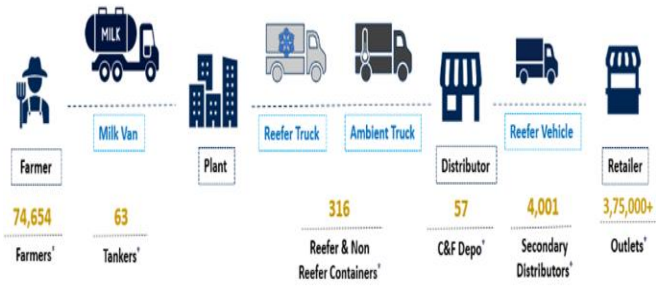
  - Milky Mist has established strong market positions across key value-added dairy categories. In Fiscal 2026, it was the largest private packaged paneer brand in India, with an approximately 19.0% market share in the organised packaged paneer market by value. It was also the largest private packaged cheese brand in South India, with a 12.0% market share, and ranked third nationally among private players with a 5.0% market share in organised packaged cheese. The company held an approximately 7.0% market share in organised curd in South India and was among the top two private packaged yogurt brands in India, with a 13.0% market share. It also held a 35.0%–40.0% share of the organised Greek yogurt market. Its premium positioning is reflected in paneer and curd prices being typically 10.0%–30.0% above average market prices, enabling the company to achieve a milk realisation of approximately ₹77.79 per litre in Fiscal 2026, the highest among listed peers. Milky Mist also maintains an integrated procurement network, sourcing milk directly from 74,654 farmers and operating 3,907 automated milk collection units and 29 chilling centres.

  - **Manufacturing Facility, Logistics & Supply Chain:** Milky Mist operates a strategically located manufacturing facility at Perundurai, Erode District, Tamil Nadu, situated in a region with a strong dairy farming base and high availability of raw milk. As of March 31, 2026, the facility had an installed paneer capacity of 192 metric tonnes per day, making it one of the largest among organised private dairy players in India. The facility is equipped with automated production lines for paneer, cheese, UHT products, whey powder, ice cream and set curd, including robotic operations and automated packing systems, supporting higher throughput, consistent product quality and operational efficiency. The U.S. FDA-approved facility also incorporates advanced technology to enhance hygiene and manufacturing efficiency. Its milk balancing system enables the company to manage seasonal fluctuations in milk supply by converting surplus milk into longer-shelf-life products and shifting production towards high-demand categories during periods of lower supply. The company also operates an in-house logistics network comprising 63 milk vans, 282 refrigerated trucks and 34 ambient trucks as of March 31, 2026. IoT-enabled fleet monitoring, real-time tracking, route optimisation and return-load utilisation help maintain product quality, improve delivery efficiency and optimise transportation costs.

Manufacturing Facilities



Integrated Farm-to-Retailer Infrastructure



- **Distribution Network & Market Presence:** Milky Mist has established a diversified distribution network across general trade, modern trade, HoReCa, e-commerce, quick commerce and exclusive company-branded parlours. As of March 31, 2026, the company had 4,001 distributors across 22 states and five union territories, reaching more than 375,000 retail touchpoints, supported by 57 C&F depots across 15 states. Its geographical presence has also expanded internationally, with products exported to more than 15 countries between April 2022 and March 2026. The company had 144 exclusive Milky Mist parlours across eight states and one union territory, of which six were company-operated and the remainder franchise-operated. To strengthen retail visibility and cold-chain infrastructure, the company had deployed 15,062 visi coolers, 25,824 ice cream freezers and 573 chocolate coolers as of March 31, 2026. These initiatives support product availability and visibility across retail outlets, particularly for temperature-sensitive categories. The company's distribution and marketing operations were supported by 512 employees as of March 31, 2026, enabling it to manage its expanding geographical footprint and multiple sales channels.

Milky Mist Exclusive Parlours

Visi Coolers

- **Market Opportunities & Management:** The Indian traditional value-added dairy products market was valued at approximately ₹5.6 trillion in Fiscal 2026 and is projected to reach ₹10.0 trillion by Fiscal 2031, implying a CAGR of 12.1%. Growth is supported by rising disposable incomes, greater health awareness, increasing demand for premium and innovative dairy products, convenience and growing preference for high-protein foods. Paneer is expected to remain a key growth driver, with its market projected to increase from approximately ₹1.0 trillion in Fiscal 2026 to ₹2.1 trillion by Fiscal 2031. The organised paneer market is expected to grow at a faster CAGR of 20.2%, while emerging value-added dairy products such as cheese, yogurt and whey are projected to grow at 15.3%. Milky Mist is also pursuing sustainability initiatives through renewable energy generation, wastewater treatment, electric vehicles and the use of certified biofuels. The company is led by an experienced management team, with its Promoter, Chairman and Managing Director having over 27 years of industry experience, while its Whole-time Director and CEO has over 34 years of experience in the food products sector.

- **Product Portfolio:** As of March 31, 2026, they offered 22 product categories with 640 SKUs. Its product categories include various value-added dairy products, such as cheese, paneer, butter, ghee, yogurt, ice cream, UHT products, and other products, including frozen foods, RTE and RTC products, as well as chocolates. They offer products under its umbrella brand 'Milky Mist', and sub-brands including 'Briyas', 'Asal', 'SmartChef', 'Capella' and 'Misty Lite'., details of which are set forth below

Brand Name	Logo	Products
Milky Mist		Value-added dairy products
SmartChef		RTC products
Capella		Chocolates
Misty Lite		Fat spread
Briyas		Tofu
Asal		Fresh RTC and RTE products

Milky Mist has a diversified product portfolio spanning multiple value-added dairy and adjacent food categories. The company's core offerings include *paneer, cheese, curd, butter and ghee, complemented by yogurt, ice cream, UHT products, RTE and RTC products and other products such as chocolates, khova, condensed milk and fresh cream*. Paneer remains a key category, with 17 SKUs as of March 31, 2026, while cheese, curd, butter and ghee had 48, 18, 20 and 23 SKUs, respectively. The company has also expanded into premium and emerging categories, including Greek yogurt and Skyr, with 22 yogurt SKUs, and has developed a broad ice-cream portfolio comprising 261 SKUs. Its UHT portfolio included 35 SKUs, while RTE and RTC products comprised 51 SKUs. The company has progressively expanded its product categories through new product introductions, including batter and parotta in 2020, premium Greek yogurt in 2021 and high-capacity ice-cream and UHT manufacturing facilities in 2023. This broad portfolio enables Milky Mist to address diverse consumer occasions while reducing dependence on a single product category.

A few products offered by the Compnay

- **Installed Capacity, Actual Production and Capacity Utilisation:** The following table sets forth certain information relating to the installed capacities, available capacities, actual production and capacity utilisation of the products for the years indicated for the Perundurai Manufacturing Facility:

Products	FY2026 Installed Capacity (MT)	FY2026 Available Capacity (MT)	FY2026 Production (MT)	FY2026 Utilisation	FY2025 Utilisation	FY2024 Utilisation
Paneer	70,080	47,520	24,920	52.4%	110.5%	89.5%
Pouch Curd	87,600	55,800	23,568	42.3%	42.1%	73.5%
Set Curd	175,200	111,600	25,946	23.3%	19.3%	30.3%
Ghee	17,520	11,160	5,441	48.8%	71.8%	56.8%
Butter	21,900	13,950	5,373	38.5%	23.5%	21.3%
Cheddar Cheese	5,694	3,627	4,149	114.4%	89.1%	106.1%
Mozzarella Cheese	17,520	11,160	6,574	58.9%	46.9%	36.3%
Processed Cheese	15,768	10,044	5,171	51.5%	42.5%	38.9%
Yogurt	8,760	5,580	3,447	61.8%	54.9%	37.8%
Cream Cheese, Greek Yogurt & Skyr	13,140	6,696	3,771	56.3%	21.1%	6.9%
Shrikhand	2,190	1,395	582	41.7%	36.6%	22.4%
Khoa	3,504	2,232	1,560	69.9%	56.9%	50.2%
Ice Cream (KL)	65,700	41,850	12,304	29.4%	19.2%	5.8%
Sweet & Condensed Milk	17,520	11,160	1,312	11.8%	4.6%	2.1%
Chocolate	6,307	4,018	178	4.4%	9.5%	3.4%
Whey Powder	37,843	25,661	12,555	48.9%	35.5%	84.3%
Batter	14,600	9,950	2,236	22.5%	94.2%	70.4%
Parotta	3,650	2,475	1,043	42.2%	86.4%	75.2%
Chapati	1,040	705	413	58.5%	79.5%	66.2%
Peanut Bar	—	—	—	—	87.7%	76.5%
Tofu	2,190	1,238	602	48.6%	—	—

- **Sales Channels, Marketing and Distributors:** Milky Mist sells its products through a diversified mix of general trade, modern trade, HoReCa, e-commerce, quick commerce and exclusive Milky Mist parlours. As of March 31, 2026, the company had 4,001 distributors across 22 states and five union territories, supported by a distribution management system that provides insights into distributor-level sales, inventory and product demand, enabling efficient supply and demand planning. The company also sells whey powder, a by-product of cheese and paneer production, to B2B customers. Its dedicated sales, distribution and marketing team, comprising 512 employees as of March 31, 2026, manages sales channels, distributor relationships, product feedback and marketing and pricing strategies. To strengthen brand awareness and consumer engagement, Milky Mist undertakes advertising through traditional media, social media campaigns and digital platforms. Advertisement and business promotion expenses increased to ₹796 million in Fiscal 2026 from ₹711 million in Fiscal 2025 and ₹206 million in Fiscal 2024, although expenditure as a percentage of revenue moderated to 2.5% in Fiscal 2026 from 3.0% in Fiscal 2025, reflecting operating leverage as the company's revenue base expanded. The table below sets forth the breakdown of their distribution network in India as of dates indicated:

Geography	FY2026	FY2025	FY2024
Karnataka	500	406	346
Tamil Nadu	1,254	935	807
Kerala	464	398	355
Andhra Pradesh	397	286	188
Telangana	276	192	148
South India	**2,891**	**2,217**	**1,844**
North India	218	153	135
West India	678	516	402
East India	176	144	155
Export	38	32	22
Total	**4,001**	**3,062**	**2,558**

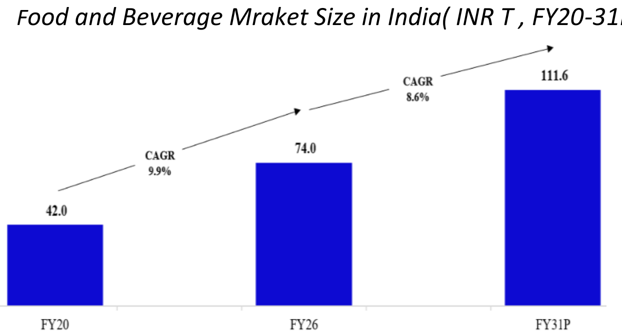
- **Raw Materials:** It sources the majority of its raw milk directly from farmers, while also procuring milk from third-party dairy operators to support its growing production requirements. Third-party procurement increased in FY2026 and FY2025, partly due to the use of buffalo milk in paneer production. The company also entered into an offtake agreement in February 2025 with a supplier in Tamil Nadu to ensure a consistent supply of milk. Apart from milk, key raw materials include sugar, flavours, cultures, packaging materials, stabilisers and other additives, which are procured from external vendors primarily on a purchase-order basis. The company does not generally enter into long-term supply agreements for these materials, creating some exposure to availability and price fluctuations. Cost of materials consumed stood at ₹21,029 million in FY2026, accounting for 67.0% of revenue from operations, compared with 65.7% in FY2025 and 70.3% in FY2024.

- **Government Incentives:** Milky Mist is eligible for various government incentives supporting exports, dairy infrastructure and capital investments. Under the RoDTEP scheme, certain export products receive incentives of 0.50%–1.00%, while eligible finished products receive a 0.15% incentive under the duty drawback scheme. The company also benefits from a 3% interest subvention under the Animal Husbandry Infrastructure Development Fund (AHIDF), receiving ₹263.69 million in Fiscal 2026. In addition, the company has received a turnover-based subsidy from the Government of Tamil Nadu, involving reimbursement of 1.75% of eligible annual turnover for 10 years, subject to applicable conditions. The company has also proposed an investment of approximately ₹11,300 million in Maharashtra, with incentives including electricity duty and stamp duty exemptions and an industrial promotion subsidy, subject to applicable eligibility conditions.

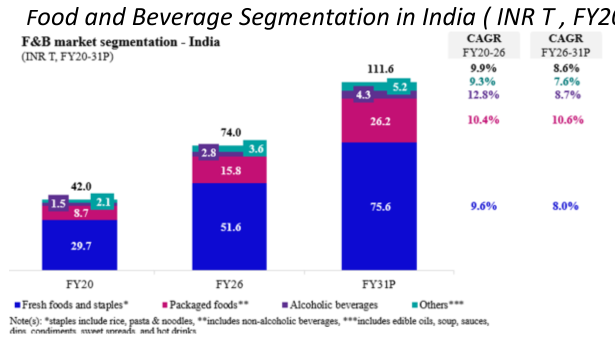
➢ **Industry Snapshot:**

- **Overview of the Packaged Food Market in India: Industry Overview:** India's Food & Beverage (F&B) market is valued at ₹74.0 trillion in FY26 and is projected to reach ₹111.6 trillion by FY31, growing at 8.6% CAGR, driven by rising disposable incomes, evolving consumer preferences, health awareness and supportive government initiatives. Within this, the packaged food market is valued at ₹15.8 trillion in FY26 and is expected to reach ₹26.2 trillion by FY31, growing at a faster 10.6% CAGR. Packaged foods include milk and value-added dairy, snacks, confectionery, bakery products, RTE/RTC foods and non-alcoholic beverages. The market is undergoing formalisation, with organised players accounting for ~31% or ₹4.9 trillion of the market in FY26, expected to grow to ₹9.1 trillion by FY31 at 13.4% CAGR. Growth is supported by improving distribution, branded offerings, better quality and hygiene standards, innovation and increasing preference for convenience. Key emerging trends include sustainable packaging, D2C channels, longer shelf life, functional foods and health-focused products. A major structural opportunity is the protein consumption gap. Around 80% of India's population does not meet recommended daily protein requirements, while consumption remains below global averages. Rising health and fitness awareness is driving demand for protein-rich foods, particularly among younger consumers. Milk and value-added dairy products such as paneer, curd and Greek yogurt are well positioned to address this gap, supported by dairy's affordability, accessibility and high-quality protein content.

Food and Beverage Mraket Size in India(INR T , FY20-31P)



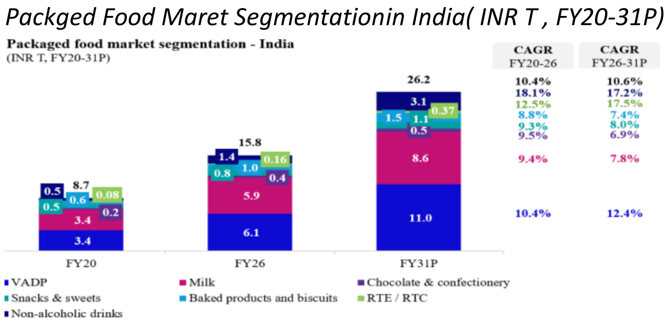
Food and Beverage Segmentation in India (INR T , FY20-31P)



- *Key growth drivers of the packaged food market:* The Indian packaged food market is being driven by urbanisation, changing lifestyles, health consciousness, product innovation and expanding digital retail channels. Urban population is expected to increase from 35.7% in CY25 to 37.2% by CY30, while the rise of nuclear and dual-income households is increasing demand for convenient products such as paneer, curd, cheese, RTE meals and snacks. Growing health awareness is supporting demand for high-protein, low-sugar, low-fat, probiotic and fortified products. Advancements in packaging are improving shelf life, safety and convenience, while e-commerce, quick commerce and modern retail are widening product accessibility. Government initiatives including PLISFPI, PMKSY, PMFME and AHIDF, which provides a 3% interest subvention for eligible dairy infrastructure projects, are further supporting investment and formalisation of the food-processing industry.

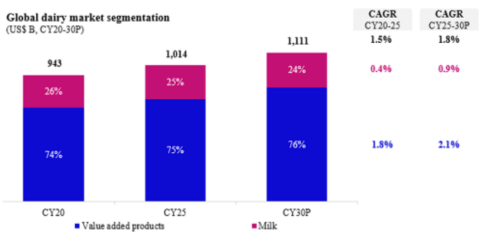
- **Overview of the Packaged Food Market Segmentation by Category:** The Indian packaged food market is largely driven by milk and value-added dairy products (VADP), which together account for ~76% of the market in FY26. The milk market is valued at ₹5.9 trillion, while VADP is valued at ₹6.1 trillion, followed by non-alcoholic drinks at 9% and baked products & biscuits at 7%. VADP is expected to grow faster than milk at 12.4% CAGR during FY26–31, driven by rising disposable incomes, health awareness, premiumisation, product innovation and demand for convenience. Meanwhile, RTE/RTC and non-alcoholic drinks are expected to be the fastest-growing categories at 17.2% CAGR each, albeit from smaller bases. Dairy remains strategically important, contributing ~5% of India's GDP, ~23–25% of agricultural GDP and supporting livelihoods of ~80 million farmers. Within dairy, rising demand for cheese, yogurt, paneer, ice cream and ghee, alongside increasing preference for high-protein products, is supporting faster growth in value-added dairy relative to liquid milk.

Packged Food Maret Segmentationin India(INR T , FY20-31P)

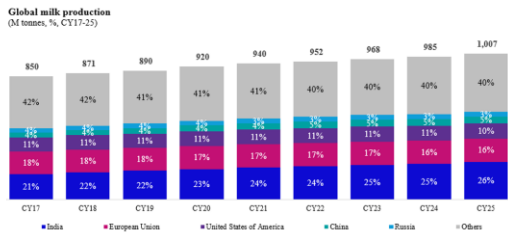


- **<u>Overview of the Dairy Industry</u>:** The global dairy market was valued at US$1,014 billion in CY25 and is projected to reach US$1,111 billion by CY30, growing at ~1.8% CAGR, with value-added dairy products accounting for ~75% of global production. India is the world's largest milk producer, contributing ~26% of global production, with milk output reaching 247.9 million tonnes in FY25. The Indian dairy market was valued at ₹12.0 trillion in FY26 and is expected to reach ₹19.6 trillion by FY31, implying a 10.3% CAGR, supported by rising milk volumes, price realisations and increasing consumption of value-added dairy products. Products such as paneer, cheese, curd, yogurt, butter, ghee, ice cream and whey are growing faster than liquid milk, driven by health awareness, higher protein consumption, premiumisation and demand for convenient, branded products. India's dairy market remains largely domestic, with only 0.21% of production exported and 0.06% imported, while the fragmented supply chain, short shelf life of liquid milk and cold-chain requirements create regional barriers to entry. Improving milk yields, rising milch animal populations and better farming practices are expected to support long-term supply growth, while increasing demand for value-added products provides significant growth opportunities for organised dairy players.

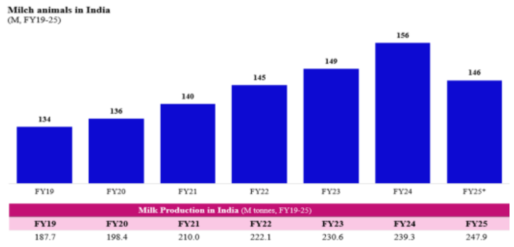
Global Dairy Market Segmentation



Global Milk Production



Milch Animals in India



- *Structure of domestic raw milk market:* The Indian raw milk market in FY26 comprises ~65% marketable surplus, while ~35% is retained by farmers for self-consumption. Of the marketable surplus, the organised sector accounts for 30–35%, split between cooperatives such as Amul and Mother Dairy (45–50%) and private players such as Milky Mist and Hatsun (50–55%), with the remainder supplied through the unorganised sector. The unorganised market is fragmented, involving multiple intermediaries and inadequate cold-chain infrastructure, resulting in higher procurement costs, inconsistent supply and limited transparency. Organised players are increasingly procuring directly from farmers using technology-enabled collection systems, offering better pricing, timely payments and farmer support. This is driving a shift towards organised dairy, with its share expected to increase from ~38% in FY26 to ~41% by FY31. Milky Mist is differentiated by its focus on premium, value-added products such as paneer, cheese, yogurt, ice cream and curd.

- *Role of co-operatives and private players in the Indian dairy industry:* Co-operatives have historically driven India's dairy development by eliminating intermediaries, ensuring fair farmer remuneration and building a self-sufficient milk ecosystem, helping India emerge as the world's largest milk producer. However, liberalisation since the 1990s has enabled private players to expand through investments in processing infrastructure, technology, cold chains and distribution. Increasing competition is driving innovation and premiumisation, particularly in value-added dairy products such as paneer, cheese, yogurt, ice cream and functional dairy. Private players are increasingly leveraging direct farmer procurement, technology-enabled supply chains and stronger branding to address evolving consumer preferences for high-protein, probiotic and fortified products.

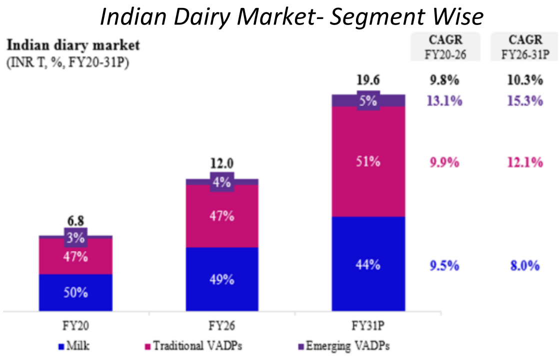
- *Supply chain of the dairy industry*: The dairy supply chain begins with milk procurement from farmers, followed by collection, chilling, transportation, processing, distribution and retail. Organised players increasingly procure directly through automated milk collection units (AMCUs), eliminating intermediaries and improving pricing and quality transparency. Milk is rapidly chilled at collection centres/MCCs and transported in insulated tankers to processing facilities, where it is converted into products such as paneer, curd, butter and cheese. Given milk's perishability, cold-chain infrastructure and quality control are critical, while private players are increasingly adopting captive logistics to reduce temperature-related losses. Processed products are distributed through distributors, wholesalers, modern retail, e-commerce and HoReCa channels, with visi coolers and freezers supporting product freshness and visibility. Milky Mist has built an integrated supply chain with direct procurement, captive tankers and 41,459+ cooling units across markets.

- *Key growth drivers of the Indian dairy market:* The dairy industry is experiencing significant growth, bolstered by key drivers such as urbanization, increasing health consciousness, and improvements in dairy supply chains. These factors contribute to enhanced consumer demand for healthier, value-added dairy products and more efficient distribution mechanisms.

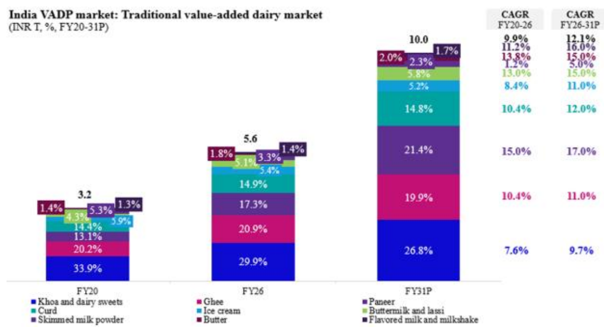
Growth drivers	Description
Urbanization & changing lifestyles	• Demand for value-added dairy products (VADPs) such as paneer, cheese, curd, buttermilk, ghee, butter, and ice cream is being driven by the growth of the urban population and middle class, as well as the increasing number of nuclear families • Urbanization, lifestyle changes & rising health consciousness is boosting the market for pro-biotic and fortified milk foods
Rising preference for packaged dairy products	• Preference for packaged dairy products is driven by rising disposable incomes and increasing number of working women • Packaged dairy products offers superior hygiene, ease of storage, consistent quality, and easy availability, making it a preferred choice for consumers. Milk pouches are particularly popular due to their cost-effectiveness
Advancement in dairy supply	• Enhanced packaging, longer shelf-life, and better quality are driving the penetration of processed milk products • Improvements in cold storage, transportation, and supply chain infrastructure are enabling companies to reach more towns and villages, increasing the availability and consumption of processed dairy products
New supply channels	• Quick commerce platforms are enabling faster deliveries and facilitating consumption on demand • This shift towards immediate gratification and the convenience of obtaining fresh products swiftly has led to an increase in both impulse buys and the overall consumption of dairy products
Government initiatives and support	• Government initiatives like the National Dairy Plan & the White Revolution have contributed to the growth of dairy sector, with milk production increasing from ~21M tonnes in 1970 to ~239M tonnes in 2024, growing at a CAGR of ~5% • Priority sector lending status, better access to credit, and various policy reforms have encouraged farmers to adopt better yielding cross-bred cows, enhancing milk production
Protein-focused consumption	• Rising awareness around protein intake is driving demand for dairy-based protein sources such as paneer, milk, curd, and yogurt, especially among fitness-conscious and young urban consumers

- **<u>Overview of the Value-Added Dairy Products (VADP) Market:</u>** The Indian Value-Added Dairy Products (VADP) market is valued at ₹6.1T in FY26 and is projected to reach ₹11.0T by FY31, growing at 12.4% CAGR, compared with 10.3% CAGR for the overall dairy market. VADPs currently account for ~51% of the Indian dairy market and are expected to increase to ~56% by FY31, reflecting the structural shift from liquid milk towards processed and higher-value dairy products. The market is supported by rising disposable incomes, urbanisation, health and nutrition awareness, premiumisation and increasing preference for convenient packaged foods. Traditional VADPs (TVADPs), including paneer, curd, ghee, butter, ice cream, buttermilk and milkshakes, account for ~92% of the VADP market in FY26 and are expected to retain ~91% share by FY31, growing at 12.1% CAGR. Paneer is the fastest-growing major TVADP at 17.0% CAGR, with the market expected to increase from ₹1.0T in FY26 to ₹2.1T by FY31, driven by rising protein consumption and convenience. Emerging VADPs (EVADPs), including cheese, yogurt and whey-based products, represent ~8% of the market but are growing faster at 15.3% CAGR, led by cheese at 18.0% CAGR. The organised VADP market is expected to grow at 14.2% CAGR from ₹1.9T in FY26 to ₹3.8T by FY31, supported by consumer preference for branded, hygienic and consistent-quality products. Premium VADPs, although currently only ~2% of the market, are expected to reach ~5% by FY31 as consumers increasingly seek high-protein, probiotic, fortified and specialised dairy products. VADPs also offer significantly higher margins than liquid milk, making them increasingly attractive for organised dairy players.

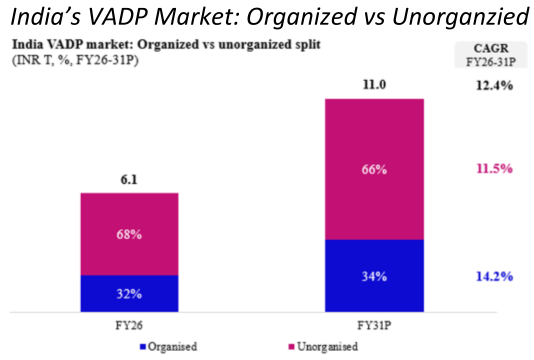
Indian Dairy Market- Segment Wise



India's VADP Market

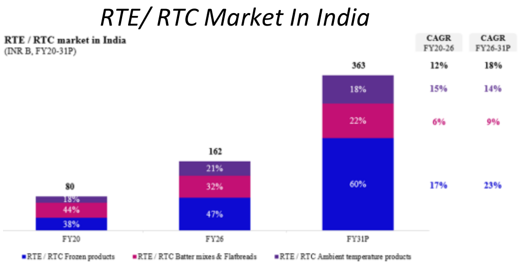


India's VADP Market: Organized vs Unorganzied

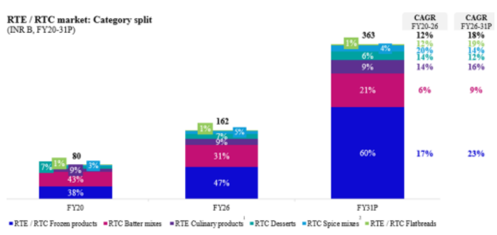


- **Overview of Ready-To-Eat (RTE) / Ready-To-Cook (RTC) Market in India:** The Indian Ready-to-Eat (RTE) and Ready-to-Cook (RTC) market is valued at ~₹162B in FY26 and is projected to reach ~₹363B by FY31, growing at ~18% CAGR, making it one of the fastest-growing packaged food segments. Growth is driven by urbanisation, rising incomes, nuclear households, busy lifestyles, increasing working population, health awareness and demand for convenient yet nutritious meals. RTE products require minimal or no preparation, while RTC products involve limited cooking, offering consumers greater control over preparation. Frozen RTE/RTC products form the largest segment at ~47% of the market in FY26 and are expected to grow at ~23% CAGR, reaching ~₹217B by FY31. RTC batters account for ~31%, followed by RTE culinary products at ~9%. The market is also benefiting from e-commerce and quick-commerce, which are improving accessibility across metros and Tier-1/2 cities. Increasing product innovation around healthier, premium, millet-based, plant-based and global cuisine options is further expanding the addressable market. Importantly, the segment is rapidly formalising, with the organised market expected to grow at ~19% CAGR and account for ~95% of the market by FY31, supported by modern retail, improved cold-chain infrastructure, specialised packaging and the expansion of established as well as new-age brands. The Southern and Western regions currently lead the market, contributing ~34% and ~32%, respectively.

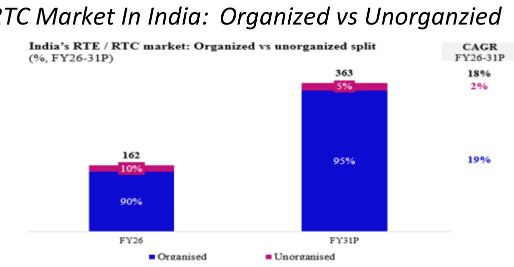
RTE/ RTC Market In India



RTE/ RTC Market In India: Category Split



RTE/ RTC Market In India: Organized vs Unorganzied



Key Strengths:

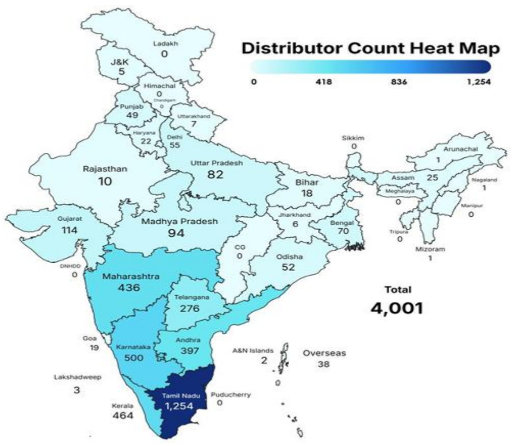
- **Fastest growing packaged food company in India with established brand equity and leadership across various product categories**: Milky Mist is a rapidly growing packaged food company focused exclusively on premium, value-added dairy products, with revenue from operations growing at a CAGR of 31.26% between Fiscal 2024 and Fiscal 2026. Its diversified portfolio includes paneer, cheese, curd, butter, ghee, yogurt, ice cream, UHT products, frozen foods, RTE/RTC products and chocolates, positioning it closer to an FMCG business than a traditional dairy player. The company has established strong market positions across key categories, being the largest private packaged paneer brand in India with a 19.0% market share, the largest private packaged cheese brand in South India with a 12.0% share and among the top two private packaged yogurt brands with a 13.0% share. It also holds a 35%–40% share of the organised Greek yogurt market. Strong brand recognition and premium positioning enable Milky Mist to command prices 10%–30% above average market prices for paneer and curd, resulting in the highest realisation per litre of milk procured among listed peers at approximately ₹77.79 in Fiscal 2026. The company is well positioned to benefit from the growth of value-added dairy, RTE/RTC and confectionery markets, supported by its diversified products, distribution network and integrated supply chain.
- **Diversified and expanding product categories focused on emerging consumer needs**: Milky Mist has built a diversified portfolio of 22 product categories and 640 SKUs as of March 31, 2026, spanning paneer, cheese, curd, ghee, butter, yogurt, ice cream, UHT products, powder, khova, frozen foods, RTE/RTC products and chocolates. This diversification enables the company to address multiple consumption occasions, increase shelf-space utilisation and reduce dependence on any single product category. Established categories such as paneer, cheese, curd, ghee and butter have continued to grow, with paneer revenue increasing at a 28.52% CAGR between Fiscal 2024 and Fiscal 2026. At the same time, newly introduced categories such as ice cream, Skyr and Greek yogurt have scaled rapidly, with ice cream and yogurt recording CAGRs of 147.30% and 97.94%, respectively. The company has introduced 538 new SKUs between Fiscal 2022 and Fiscal 2026, contributing ₹8,836.74 million, or 28.16% of Fiscal 2026 revenue. Product innovation is focused on emerging consumer preferences, including high-protein, lactose-free, reduced-salt and reduced-sugar products. The simultaneous growth of established and new categories provides two growth engines, supported by the company's manufacturing capabilities, cold-chain logistics, retailer relationships and distribution network.

Product Category	FY2024 Revenue (₹ million)	FY2025 Revenue (₹ million)	FY2026 Revenue (₹ million)	CAGR FY24–FY26
Established Product Categories				
Paneer	5,589	6,936	9,232	28.5%
Cheese	3,473	4,078	5,137	21.6%
Curd	2,991	3,701	4,161	17.9%
Ghee	1,637	2,175	3,082	37.2%

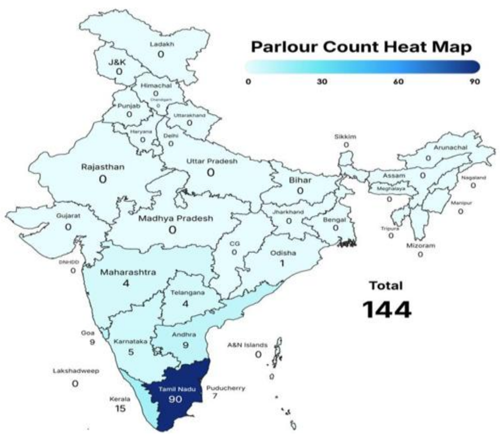
Butter	1,347	1,573	1,909	19.1%
Newly Launched Product Categories				
Ice Cream	345	1,377	2,111	147.3%
Skyr	25	89	326	261.8%
Greek Yogurt	58	262	882	288.5%
Fruit Yogurt	413	616	738	33.6%

- **Advanced manufacturing capabilities enhanced by automation and technology-driven processes:** Milky Mist operates an advanced manufacturing facility at Perundurai, Tamil Nadu, equipped with automated and robotic production lines for paneer, cheese, UHT products, ice cream, curd and whey powder. The company has progressively automated its production processes, including fully automated paneer manufacturing from milk processing to robotic packaging, online fruit preparation mixing for yogurt and aseptic packaging for UHT products. Its technology-driven approach has improved hygiene, product consistency, throughput and production efficiency while reducing manual intervention and wastage. The company has also developed a continuous, high-capacity paneer manufacturing process by adapting cheese-making technology, incorporating automated cutting, block weight and density measurement and robotic pick-and-place packaging. Quality control is supported by an in-house laboratory and testing at multiple stages of production, while the Perundurai facility has received U.S. FDA approval and ISO certifications. The company has consistently invested in expanding and modernising its manufacturing infrastructure, with additions to property, plant and equipment of ₹4,486.63 million in Fiscal 2026. As of March 31, 2026, installed capacity included 25 lakh litres per day of milk processing and 70,080 MT of annual paneer capacity. Its milk balancing system also enables efficient utilisation of milk across seasonal fluctuations in supply and demand.
- **Direct sourcing and focused engagement with farmers:** Direct sourcing and focused engagement with farmers highlights the company's strong farmer network, transparent procurement practices and quality-focused milk sourcing process. As of March 31, 2026, the company procured milk from 74,654 farmers, including 33,126 women, across 25 districts in Tamil Nadu, Andhra Pradesh, Karnataka and Maharashtra. Direct sourcing without intermediaries enables better farmer realisation, timely payments every 7–10 days and long-term relationships. The company supports farmers through cattle nutrition programmes, cattle feed, clean milk production initiatives, silage training, fodder seeds, veterinary support, vaccinations, artificial insemination and assistance in obtaining loans for cattle purchases. Milk quality is monitored through a three-tier procurement system. Farmers deposit milk at 3,907 automated milk collection units (AMCUs), where it is tested for parameters including fat, non-fat solids and water content. The milk is then transported to 29 chilling centres, where further testing is conducted across 21 parameters, before reaching the Perundurai manufacturing facility for additional testing across 31 parameters. In Fiscal 2026, the company procured 294.48 million litres of milk directly from farmers, representing 74.34% of total milk procurement, while farmer numbers increased from 67,615 in Fiscal 2025 to 74,654 in Fiscal 2026.
- **Multi-channel sales with their own logistics infrastructure:** The company has built a diversified sales and distribution network spanning general trade, modern trade, HoReCa, e-commerce and quick commerce platforms, B2B sales and Milky Mist exclusive parlours. The company's presence across multiple channels enables the company to reach customers across 22 states and five union territories in India. Their distribution network has expanded from 2,558 distributors in Fiscal 2024 to 4,001 distributors as of March 31, 2026, supporting their expansion beyond South India. Revenue from regions outside South India increased from ₹4,199.38 million in Fiscal 2024 to ₹8,334.38 million in Fiscal 2026, representing 26.56% of revenue from operations. It also exported products to more than 15 countries, with export revenue increasing from ₹481.94 million in Fiscal 2024 to ₹1,168.12 million in Fiscal 2026. Its retail presence is further supported by 15,062 visi coolers and 144 Milky Mist exclusive parlours as of March 31, 2026. It operates an integrated logistics infrastructure comprising 63 milk tankers, 282 reefer trucks and 34 ambient trucks, enabling control over temperature-sensitive products, faster deliveries and efficient transportation. Technology-enabled fleet tracking, route optimisation and return-load utilisation further support logistics efficiency and cost optimisation.

Numbers of distributors in India as of March 31, 2026



Milky Mist exclusive parlours in India as of March 31, 2026



- **Focus on sustainability:** The Company's commitment to environmental, social and governance ("ESG") practices is reflected through initiatives focused on renewable energy, water conservation, community development and sustainable operations. The Company generates 31 MW of renewable energy, comprising 29 MW from solar plants in Tamil Nadu and 2 MW from a wind plant, meeting approximately 75% of its total energy requirements from renewable energy sources. It is also expanding its Arasanur solar facility by an additional 10 MW. Its water conservation initiatives include converting wastewater from milk handling into processed water. The Company's water-upcycling plant, commissioned in 2020, increased its capacity from 1.25 million litres per day to 2.15 million litres per day in 2024. The Company also undertakes tree plantation and desilting projects that support biodiversity and farmers, respectively, while veterinary services contribute to livestock welfare and sustainable dairy farming. Further, it is adopting electric vehicles for manufacturing, distribution and transportation activities to reduce its carbon footprint. As of March 31, 2026, 26 of its owned vehicles were electric vehicles, supporting its transition towards more sustainable operations.

- **Key Strategies:**

- **Strengthen their position in the Southern region of India and establish a stronger presence in other regions:** The Company intends to strengthen its market position in Southern India, comprising Tamil Nadu, Karnataka, Kerala, Andhra Pradesh and Telangana, while expanding its presence in other regions. It plans to drive growth through e-commerce, quick commerce and modern trade, supported by the addition of new distributors and increased advertising to improve retail penetration and brand equity. To enhance visibility at the point of sale, the Company plans to deploy 30,000 ice cream freezers, 24,000 visi coolers and 12,000 chocolate coolers over the next three Fiscals, with part of the Net Proceeds proposed to fund these investments. The Company also plans to expand its Milky Mist exclusive parlour network, which increased from 20 as of March 31, 2024 to 144 as of March 31, 2026, with a focus on Karnataka, Maharashtra and Telangana. Internationally, it intends to leverage demand in markets such as Malaysia and New Zealand, building on exports to more than 15 countries. Further, the Company plans to invest in logistics infrastructure, including the procurement of reefer and ambient trucks, to support wider geographic reach and strengthen its distribution capabilities. The table below provides a geography-wise breakdown of their revenue from operations for the years indicated:

Particulars	Fiscal 2026 Amount (₹ million)	% of Revenue	Fiscal 2025 Amount (₹ million)	% of Revenue	Fiscal 2024 Amount (₹ million)	% of Revenue	CAGR (FY24–FY26)
Revenue from sale of products in Southern region	21,727	69.2%	16,681	71.0%	13,421	73.7%	27.2%
Revenue from sale of products in rest of India	8,334	26.6%	5,928	25.2%	4,199	23.1%	40.9%
Revenue from Export (includes freight, incentives and merchant exports)	1,322	4.2%	886	3.8%	595	3.3%	49.0%
Revenue from operations	**31,384**	**100.0%**	**23,495**	**100.0%**	**18,216**	**100.0%**	**31.3%**

- **Expand their production capacity and augment procurement capabilities:** The company has consistently invested in capacity expansion, new product technologies and automation at its Perundurai manufacturing facility. Key investments include machinery for ghee, whey powder, UHT products, ice cream, Greek yogurt and high-protein yogurt, along with mozzarella packing lines, microfiltration systems and bacteria-removal technology. Automation has also been introduced across paneer production, sweetened condensed milk production and cheese cutting. Total capital expenditure increased from ₹2,883 million in FY2024 to ₹5,772 million in FY2026, with capex as a percentage of revenue rising from 15.8% to 18.4%, highlighting continued investment in manufacturing capabilities. The company plans to use IPO proceeds to further expand its Perundurai facility through a whey protein concentrate and lactose plant, yogurt manufacturing and packing line, fresh cheese plant, and additional processed cheese capacity. Raw milk procurement also increased significantly, reaching 396.15 million litres in FY2026, compared with 272.80 million litres in FY2024. Direct procurement from farmers stood at 74.3% of total procurement in FY2026. The company also plans to strengthen farmer relationships through incentives, cattle feed, veterinary support and additional technology-enabled automated milk collection units.

- **Further strengthen Brand Visibility and Brand Equity:** The company intends to strengthen its brand visibility and equity across its umbrella brand ‘Milky Mist’ and sub-brands including ‘Briyas’, ‘Asal’, ‘SmartChef’, ‘Capella’ and ‘Misty Lite’. The strategy includes increasing advertising through traditional media, social media and digital platforms, supported by brand ambassadors and strategic sponsorships. The company also plans to conduct influencer meetups and events to create direct engagement with consumers and increase product awareness. In addition, it intends to invest in performance marketing, including pay-per-click advertising and search engine optimization, particularly for newly launched products, to improve online visibility and consumer reach. Advertising and business promotion expenses increased from ₹205.60 million in FY2024 to ₹796.12 million in FY2026, while spending as a percentage of revenue increased from 1.13% to 2.54%, reflecting greater investment in brand building.

- **Grow Inorganically through Strategic Acquisitions:** Milky Mist intends to pursue strategic acquisitions that complement its existing business and strengthen its long-term growth strategy. The company seeks opportunities that expand its presence across new products, customer segments, geographies and end-markets while creating operational synergies. As part of this strategy, it acquired Briyas Foods' tofu business assets and entered into an agreement to acquire Asal Food Products, enabling its entry into frozen foods, ready-to-eat (RTE) and ready-to-cook (RTC) categories. Going forward, acquisition targets will be evaluated based on management quality, operational scale, technology, product portfolio, customer base, valuation and cultural fit, while maintaining a disciplined capital allocation approach.

- **Leveraging technology to improve operational and cost efficiency:** Milky Mist aims to enhance operational efficiency and strengthen its cost competitiveness through greater adoption of automation, digital technologies and sustainable manufacturing practices. The company has already implemented end-of-line automation, IoT-enabled fleet tracking, ERP-integrated utility monitoring, automated equipment maintenance and energy optimization initiatives. Going forward, it plans to increase production automation, expand its solar power capacity by 10 MW, install energy meters, and establish a sludge digestion plant to generate natural gas, reducing energy and water consumption. Additionally, it intends to leverage advanced data analytics and periodic consumer surveys to better understand customer preferences, monitor market trends and competitors, improve sales effectiveness and support data-driven business decisions**.**

- **Financial & Operational Performance Indicators**

Details of the KPIs for the Financial Years ended March 31, 2026, March 31, 2025, and March 31, 2024, are set out below:

KPI	Unit	FY26	FY25	FY24

Financial Indicators				
Revenue from Operations	₹ million	31,384	23,495	18,216
Revenue Growth	%	33.6%	29.0%	30.7%
Gross Profit	₹ million	10,347	7,962	5,685
Gross Profit Margin	%	33.0%	33.9%	31.2%
EBITDA	₹ million	4,352	3,103	2,223
EBITDA Margin	%	13.9%	13.2%	12.2%
Profit After Tax (PAT)	₹ million	1,270	461	194
PAT Margin	%	4.1%	2.0%	1.1%
Return on Capital Employed (RoCE)	%	11.7%	9.5%	8.1%
Return on Equity (RoE)	%	32.1%	15.1%	7.1%
Working Capital Days	Days	48	42	49
Fixed Asset Turnover	x	2.14	1.91	1.79
Total Borrowings	₹ million	16,719	13,764	10,367
Debt-to-Equity Ratio	x	3.61	4.20	3.68
Net Debt-to-EBITDA	x	3.81	4.37	4.59
Operational Indicators				
Number of Distributors/Dealers	No.	4,001	3,062	2,558
Total Milk Procured	Million Litres	396	307	273
Realisation per Litre of Milk	₹	77.79	74.16	65.93
Revenue from Offline Channels	₹ million	27,084	21,248	16,848
Offline Revenue as % of Revenue	%	86.3%	90.4%	92.5%
Revenue from Online Channels	₹ million	4,300	2,247	1,369
Online Revenue as % of Revenue	%	13.7%	9.6%	7.5%

➢ **Peer Comparison**

Company	Revenue from Operations (₹ million)	Face Value (₹)	P/E (x)	EPS (Basic) (₹)	EPS (Diluted) (₹)	RoNW (%)	Net Worth (₹ million)	NAV (₹/share)
Milky Mist Dairy Food Ltd.	31,384	2.00	**84.9**	1.98	1.97	33.6%	3,780	5.87
Key Listed Peers								
Bikaji Foods International Ltd.	29,939	1.00	62.33	10.31	10.30	16.1%	16,070	64.03
Britannia Industries Ltd.	191,516	1.00	51.98	105.18	105.18	49.6%	51,066	212.01
Dodla Dairy Ltd.	41,252	10.00	24.26	44.26	44.26	16.0%	16,741	277.50
Hatsun Agro Product Ltd.	99,592	1.00	58.20	15.99	15.99	18.3%	19,445	87.30
Nestlé India Ltd.	231,546	1.00	79.76	18.15	18.15	67.9%	51,570	26.74
Parag Milk Foods Ltd.	38,175	10.00	21.28	11.06	10.57	10.7%	12,586	93.44
Tata Consumer Products Ltd.	202,904	1.00	70.08	15.59	15.58	7.1%	217,875	220.02

➢ **Key Risks**:

- Raw milk procurement is highly concentrated in Tamil Nadu, accounting for 94.51%, 97.68% and 99.62% of total procurement in FY26, FY25 and FY24, respectively, exposing operations to regional supply disruptions and pricing pressures.
- Revenue from South India accounted for 69.23%, 71.00% and 73.68% of revenue from operations in FY26, FY25 and FY24, respectively, creating significant regional concentration risk.
- Paneer, cheese and curd contributed 59.05%, 62.63% and 66.16% of revenue in FY26, FY25 and FY24, respectively, creating product concentration and consumer preference risks.
- The company issued equity shares during the last 12 months at a price that may be lower than the Offer Price, creating potential dilution and valuation concerns for IPO investors.
- The company depends on statutory approvals, licenses and permits for its manufacturing facility and Milk Chilling Centres; delays, non-renewal or regulatory non-compliance could disrupt operations.
- The company significantly depends on its manufacturing facility in Perundurai, Erode, Tamil Nadu; regional disruptions, operational shutdowns or production slowdowns could adversely impact business.
- The company has significant distribution concentration in South India, with 72.26% of distributors located there as of March 31, 2026, exposing operations to regional distribution disruptions.
- The company has significant working capital requirements, with net working capital of ₹4,109.80mn in FY26 and working capital days increasing to 48 from 42 days in FY25.
- Products have shelf lives ranging from 20 days to 12 months; inaccurate demand forecasting or inadequate temperature control could increase spoilage, inventory waste and financial losses.
- Overseas revenue accounted for 3.72%, 3.16% and 2.65% in FY26, FY25 and FY24, respectively, exposing the company to foreign exchange and country-specific risks.

➢ **Valuation:**

Milky Mist Dairy Food Ltd, at an implied P/E of **84.9x** on FY2026 earnings at the upper price band. Given its strong revenue growth, leadership in key value-added dairy categories and premium positioning, the company may command a valuation premium. However, the IPO valuation appears **fully priced** at the upper band and hence, we recommend a **"Subscribe – Long Term"** rating to the IPO.

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Large Caps (Top 100 companies)	**>15%**	**0%-15%**	**Below 0%**
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