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IPO note:

MILKY MIST DAIRY FOOD LIMITED

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IPO note: MILKY MIST DAIRY FOOD LIMITED **10th August, 2026**

Issue open date	11th August, 2026
Issue close date	13th August, 2026
Type of Issue	Fresh Issue of up to 10,20,14,623 shares (agg. up to ₹1,428 Cr). Offer for Sale of 89,28,570 shares of ₹2 (agg. up to ₹125 Cr)
Issue size	₹1,553 Cr
Price Band	Rs. 133 to Rs. 140 per share
Bid lot/ Bid Size	107 shares/ Rs. 14,980
Issue structure	QIB-50%, HNI- 15%, Retail- 35%
Post issue equity shares	76,98,43,412
Post issue implied market cap	Rs. 10,778 Crores
Promoters and Promoter Group Public	Pre Issue – 93.00%|Post Issue – 79.52% Pre issue – 7.00%|Post Issue- 20.48%
BRLMs	JM Financial Limited, Axis Capital Limited, IIFL Capital Services Limited
Registrar to the issue	KFin Technologies Limited

Milky Mist is a fast-growing packaged food company focused exclusively on value-added dairy products, positioning itself closer to an FMCG business than a traditional dairy company. The company has diversified its portfolio across paneer, cheese, curd, butter, ghee, yogurt, ice cream, UHT long-shelf-life products, frozen foods, ready-to-eat/ready-to-cook products and chocolates, sold under brands including Milky Mist, SmartChef, Capella and Misty Lite, along with recently acquired brands Briyas and Asal. The company's revenue from operations grew at a 31.26% CAGR between FY24 and FY26, driven primarily by higher sales of paneer, cheese, curd and ice cream.

The company has established strong positions across key value-added dairy categories. It was the largest private packaged paneer brand in India's organised market, with approximately 19% market share by value in FY26. It was also the largest private packaged cheese brand in South India, with around 12% market share, and ranked third nationally among private players with approximately 5% share of the organised packaged cheese market. In curd, Milky Mist held around 7% market share in South India, while it was among the top two private packaged yogurt brands nationally with approximately 13% market share. The company also had a strong position in Greek yogurt, commanding approximately 35–40% market share in the organised market. Its premium positioning is reflected in product pricing, with paneer and curd prices typically 10–30% above the average prices of Indian brands, enabling the company to achieve realisation of approximately ₹77.79 per litre of milk procured in FY26, the highest among listed peers.

Milky Mist operates an integrated farm-to-retail supply chain, sourcing the majority of its milk directly from farmers. As of March 31, 2026, it sourced milk from 74,654 farmers across 25 districts, while total milk procurement increased to 396.15 mn litres in FY26 from 307.20 mn litres in FY25 and 272.80 mn litres in FY24. Direct procurement stood at 294.48 mn litres, or 74.34% of total procurement, in FY26. The company operates 3,907 automated milk collection units (AMCUs) and 29 chilling centres, with its sole manufacturing facility located at Perundurai, Tamil Nadu. The facility had installed paneer capacity of 192 tonnes per day as of March 31, 2026, making it one of the largest in India amongst organised private peers. The facility is equipped with automated manufacturing lines for paneer, cheese, UHT products, ice cream and curd. The company also operates its own logistics fleet comprising 63 milk vans, 282 refrigerated trucks and 34 ambient trucks, supporting end-to-end control over product quality and delivery.

On the distribution front, Milky Mist has built a pan-India presence through general trade, modern trade, HoReCa, e-commerce, quick commerce and exclusive parlours. As of March 31, 2026, the company had 4,001 distributors across 22 states and 5 union territories, reaching more than 3.75 lakh retail touchpoints, supported by 57 C&F depots. Its retail infrastructure included 15,062 visi coolers, 25,824 ice cream freezers and 573 chocolate coolers, strengthening product visibility and availability at the point of sale. The company also had 144 exclusive Milky Mist parlours across 8 states and 1 union territory and exported its products to more than 15 countries between FY22 and FY26. Going forward, the company is positioned to benefit from the structural growth in India's value-added dairy market, which is estimated at ₹5.6 trillion in FY26 and expected to reach ₹10.0 trillion by FY31, implying a 12.1% CAGR, with organised paneer and emerging value-added dairy products expected to grow at even faster rates.

Investment Recommendation and Rationale: -

At the upper price band of Rs. 140, the issue is priced at a P/E multiple of 84.84 its FY26 post IPO EPS of Rs. 1.65. We give a 'SUBSCRIBE' rating to the issue for the following reasons: -

1. ***The company has delivered a robust 31.26% revenue CAGR during FY24–FY26, supported by its focus on value-added dairy products and premium pricing.***
2. ***The company has established strong market positions, including 19% share in organised packaged paneer, 12% share in South India's organised cheese market and around 13% share in organised yogurt, providing a strong platform for further growth.***
3. ***Direct sourcing from 74,654 farmers, 3,907 automated milk collection units, 29 chilling centres and a 192 TPD paneer capacity provide greater control over procurement, quality and manufacturing, while supporting scale-up.***

Financial Summary (in ₹ million, unless otherwise indicated)

KPIs	Unit	FY26	FY25	FY24
Revenue from operations	₹ million	31,383.64	23,495.03	18,216.09
Growth (%)	%	33.58%	28.98%	30.66%
Gross Profit	₹ million	10,347.22	7,961.86	5,684.99
Gross Margin (%)		32.97%	33.89%	31.21%
EBITDA	₹ million	4,352.19	3,103.46	2,223.30
EBITDA Margin (%)	%	13.87%	13.21%	12.21%
Profit after Tax	₹ million	1,270.09	460.74	194.44
PAT Margin (%)	%	4.05%	1.96%	1.07%
RoCE (%)	%	11.73%	9.54%	8.14%
RoE(%)	%	32.12%	15.11%	7.14%
Fixed Asset Turnover Ratio	Number of times	2.14	1.91	1.79
Working Capital Days	Number of days	48	42	49
Total Borrowings	₹ million	16,718.53	13,763.76	10,367.23
Debt to Equity Ratio	Number of times	3.61	4.20	3.68
Number of Distributors/Dealers	Number	4,001	3,062	2,558
Total Milk Procured	Litres in million	396.15	307.20	272.80
Realisation per Litre of Milk	₹	77.79	74.16	65.93
Revenue from Offline Channels	₹ million	27,084.05	21,248.01	16,847.57
Revenue from Offline Channels as a % of Revenue from operations	%	86.30%	90.44%	92.49%
Revenue from Online Channels	₹ million	4,299.59	2,247.02	1,368.52
Revenue from Online Channels as a % of Revenue from operations	%	13.70%	9.56%	7.51%

Source: Red Herring Prospectus (RHP),

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Objects of the issue Offer for Sale of 89,28,570 shares aggregating up to Rs. 125.00 Cr

Shareholding patter:

Name of the Selling Shareholders	Type	Number of Equity Shares Offered	Weighted Average Cost of Acquisition per Equity Share (in ₹)
Sathishkumar T	PSS	Up to 53,57,143 Equity Shares of face value of ₹2 each aggregating up to ₹750.00 million	0.06
Anitha S	PSS	Up to 35,71,428 Equity Shares of face value of ₹2 each aggregating up to ₹500.00 million	0.06

Fresh Issue of 10,20,14,623 shares aggregating up to Rs. 1,428.00 Cr

Company plans to use the Net Proceeds to fund the following objects:

1. Repayment and/or prepayment, in full or in part, of certain outstanding borrowings of the Company;
2. Funding the capital expenditure requirements for the expansion and modernization of the Company's Perundurai manufacturing facility;
3. Funding the deployment of visi coolers, ice cream freezers, and chocolate coolers.
4. General Corporate purpose.

Source: Red Herring Prospectus (RHP)

The following table sets forth details of revenue generated from respective brands for the years indicated:

Brand	For the Financial Year ended March 31, 2026		For the Financial Year ended March 31, 2025		For the Financial Year ended March 31, 2024	
	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations
Milky Mist	30,545.71	97.34%	22,760.48	96.88%	17,626.15	96.77%
Smart Chef	10.65	0.03%	8.43	0.04%	13.05	0.07%
Capella	133.00	0.42%	68.42	0.29%	43.67	0.24%
Misty Lite	0.12	0.00%	0.00	0.00%	0.58	0.00%
Briyas	233.60	0.74%	186.75	0.79%	144.16	0.79%
Asal	460.56	1.47%	470.95	2.00%	388.48	2.13%
Total revenue from operations	**31,383.64**	**100.00%**	**23,495.03**	**100.00%**	**18,216.09**	**100.00%**

The table below shows Geography-wise Revenue from Operations for the years indicated:

Geography	For the Financial Year ended March 31, 2026		For the Financial Year ended March 31, 2025		For the Financial Year ended March 31, 2024		CAGR (From Fiscal 2024 to Fiscal 2026)
	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	
Revenue from the sale of products in Southern region	21,727.24	69.23%	16,680.69	71.00%	13,421.42	73.68%	27.23%
Revenue from the sale of products in the rest of India	8,334.38	26.56%	5,928.29	25.23%	4,199.38	23.05%	40.88%
Revenue from Export*	1,322.02	4.21%	886.05	3.77%	595.29	3.27%	49.02%
Revenue from operations	**31,383.64**	**100%**	**23,495.03**	**100.00%**	**18,216.09**	**100.00%**	**31.26%**

* Includes freight, incentive and merchant exports;

The table below shows details of Procurement from Dairy Farmers and Third-Party Dairy Operators:

Geography	For the Financial Year ended March 31, 2026		For the Financial Year ended March 31, 2025		For the Financial Year ended March 31, 2024	
	Raw milk (in million litres)	% of total raw milk procurement	Raw milk (in million litres)	% of total raw milk procurement	Raw milk (in million litres)	% of total raw milk procurement
Procurement from dairy farmers	294.48	74.34%	261.59	85.15%	263.55	96.61%
Procurement from third party dairy operators	101.67	25.66%	45.61	14.85%	9.25	3.39%
Total milk procurement	396.15	100%	307.20	100.00%	272.80	100.00%

The table below sets forth the Distribution Network Across India:

Geography	For the Financial Year ended March 31, 2026	For the Financial Year ended March 31, 2025	For the Financial Year ended March 31, 2024
Karnataka (A)	500	406	346
Tamil Nadu (B)	1,254	935	807
Kerala (C)	464	398	355
Andhra Pradesh (D)	397	286	188
Telangana (E)	276	192	148
South India (F) = (A)+(B)+(C)+(D)+(E)	**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**

Source: Red Herring Prospectus (RHP)

Peer Comparison

Name of Company	Revenue from operations (₹ mn)	Face value	Closing price	P/E	EPS Basic	EPS Diluted	RoNW	Net Worth (₹ mn)	NAV
Milky Mist Dairy Food Limited	31,383.64	2.00	NA	NA	1.98*	1.97*	33.60%	3,779.95	5.87
Peer Companies:									
Bikaji Foods International Limited	29,938.63	1.00	642.05	62.33	10.31	10.30	16.07%	16,069.93	64.03
Britannia Industries Limited	1,91,515.90	1.00	5,467.70	51.98	105.18	105.18	49.61%	51,065.60	212.01
Dodla Dairy Limited	41,252.01	10.00	1,073.65	24.26	44.26	44.26	15.95%	16,740.81	277.50
Hatsun Agro Product Limited	99,592.20	1.00	930.65	58.20	15.99	15.99	18.32%	19,445.20	87.30
Nestle India Limited	2,31,546.00	1.00	1,447.70	79.76	18.15	18.15	67.85%	51,569.70	26.74
Parag Milk Foods Limited	38,175.00	10.00	224.90	21.28	11.06	10.57	10.73%	12,585.60	93.44
Tata Consumer Products Limited	2,02,904.30	1.00	1,091.80	70.08	15.59	15.58	7.08%	2,17,875.30	220.02
Average of Listed Peers				**52.56**					

Source: Red Herring Prospectus (RHP)

*Earnings per Share for the years ended March 31, 2026, March 31, 2025 and March 31, 2024 have been retrospectively adjusted for equity shares issued on conversion of CCPS

Competitive Strengths

1. One of India's fastest-growing packaged food companies, with strong brand equity and leadership positions across multiple product categories.
2. Diversified product portfolio addressing evolving consumer preferences and expanding into high-growth packaged food segments.
3. Advanced manufacturing infrastructure, supported by automation, technology-driven processes, and integrated production capabilities that enhance efficiency, quality, and scalability.
4. Robust farm-to-factory sourcing model, built on direct procurement and long-term engagement with farmers, ensuring consistent quality and supply security.
5. Extensive multi-channel distribution network, complemented by an in-house logistics infrastructure that enables efficient nationwide reach and superior service levels.

   Source: Red Herring Prospectus (RHP)

Growth Strategies

1. Strengthen market leadership in Southern India while expanding presence across other regions, leveraging brand recognition and an expanding distribution network.
2. Expand production capacity and enhance procurement capabilities to support future growth and ensure a reliable supply of high-quality raw materials.
3. Further enhance brand visibility and strengthen brand equity through targeted marketing initiatives, product innovation, and deeper consumer engagement.
4. Pursue inorganic growth through strategic acquisitions to expand product offerings, geographic reach, and operational capabilities.
5. Leverage technology and automation to improve operational efficiency and optimize costs across manufacturing, procurement, logistics, and supply chain operations.

   Source: Red Herring Prospectus (RHP)

Key Risks

1. The company's operations are concentrated in South India, with 94.5%–99.6% of raw milk sourced from Tamil Nadu and 69.2%–73.7% of revenue generated from South India during FY24–FY26. Any regional disruption could adversely impact operations and financial performance.
2. The company's production is largely dependent on its Perundurai (Erode, Tamil Nadu) manufacturing facility and regional milk chilling centres. Operational disruptions, natural calamities, or infrastructure issues at these facilities could materially affect business performance.
3. The company is subject to multiple statutory approvals and stringent food safety regulations. Any failure to obtain or renew required licenses, comply with regulatory requirements, or maintain product quality could lead to operational disruptions, regulatory action, product recalls, reputational damage, and financial losses.
4. The company derives a significant share of its revenue from paneer, cheese, and curd, which contributed 59.1%, 62.6%, and 66.2% of revenue in FY26, FY25, and FY24, respectively. Any decline in demand, changing consumer preferences, or inability to maintain product quality could adversely impact revenue, profitability, and overall business performance.
5. The company's total borrowings increased to ₹16.7 billion as of FY26 (vs. ₹10.4 billion in FY24), with a debt-to-equity ratio of 3.61x and annual finance costs of ₹1.06 billion. Elevated leverage could constrain financial flexibility, and any breach of debt covenants or repayment defaults could adversely impact operations and result in enforcement of pledged trademark security.

Source: Red Herring Prospectus (RHP)

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