Milky Mist Dairy Food Ltd.

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IPO Note

10th August 2026

Company Overview

Milky Mist Dairy Food Limited, incorporated in July 2014 and headquartered in Perundurai, Erode District, Tamil Nadu, is a major Indian fast-moving consumer goods company specializing in Value-Added Dairy Products (VADP). Tracing its origin to a partnership firm founded in 1998 under the name "M.M.D. Dairy", the company is promoted by Sathishkumar T and Anitha S. Milky Mist operates an integrated farm-to-consumer business model that encompasses direct raw milk procurement, centralized tech-enabled manufacturing, cold-chain distribution, and direct retail reach. As of March 31, 2026, the company offers a portfolio of 22 product categories with 640 Stock Keeping Units (SKUs). Its offerings include core dairy products like paneer, cheese (cheddar, mozzarella, processed), curd, ghee, butter, ice creams, yoghurt, and UHT long-shelf-life products, alongside fast-growing non-dairy and convenience food categories such as chocolates, sweetened condensed milk, khova, and Ready-to-Eat (RTE) / Ready-to-Cook (RTC) items like tofu, parotta, and chapati. These products are marketed under the umbrella brand "Milky Mist", sub-brands such as "SmartChef", "Capella", and "Misty Lite", and acquired brand names including "Briyas" and "Asal". The company's operations are anchored by its primary manufacturing facility located at Perundurai, Erode, Tamil Nadu. Raw milk is predominantly procured from Tamil Nadu, which accounted for 94.5% of its total raw milk procurement in FY26, with additional sourcing expanding into Maharashtra, Karnataka, Telangana, and Andhra Pradesh. Milky Mist procures raw milk primarily through direct arrangements with dairy farmers (accounting for 74.3% of milk procurement in FY26), supported by an extensive network of Milk Chilling Centres and Bulk Milk Coolers. To preserve product quality and shelf-life across temperature-sensitive categories, the company utilizes specialized reefer logistics and temperature-monitoring systems. As of March 31, 2026, Milky Mist distributes its products across 22 states and 5 union territories in India through a network of 4,001 distributors, reaching general trade, modern trade supermarkets, quick commerce, e-commerce, and HoReCa channels, alongside exports to over 15 international markets. South India represents its primary market, generating 69.2% of total revenue from operations in FY26.

Objects of the issue

The IPO consists of a fresh issue of Rs. 1,428 crores and an offer for sale of 125 crores

The company proposes to utilize the proceeds from the issue towards the following objects:

⇒ Repayment/ prepayment, in full or in part, of certain outstanding borrowings availed by the company;

⇒ Financing the capital expenditure requirements in relation to the expansion and modernization of its Perundurai manufacturing facility;

⇒ Deployment of visi coolers, ice cream freezers and chocolate coolers; and

⇒ General corporate purposes.

Investment Rationale

Pure-play focus on high-margin Value-Added Dairy Products (VADP) with market leadership

Milky Mist stands out from traditional Indian dairy processors by operating as a pure-play, product-led packaged food company focused exclusively on the high-margin Value-Added Dairy Products (VADP) segment. Unlike conventional dairy firms that remain heavily exposed to the price-sensitive and low-margin liquid milk business, Milky Mist monetizes 100% of its processed milk into premium consumer products. The company has built brand recognition across 22 product categories comprising 640 SKUs, establishing itself as India's largest private packaged paneer brand with an estimated 19.0% market share in the organized packaged paneer market as of FY26. Its multi-tiered brand architecture, anchored by the flagship "Milky Mist" brand alongside sub-brands "SmartChef", "Capella", and "Misty Lite", as well as acquired brands "Briyas" and "Asal" provides strong pricing power, high customer recall, and superior gross margins compared to traditional commodity dairy peers. This category leadership position allows Milky Mist to capture premium consumer spending driven by rising disposable incomes, urbanization, and increasing demand for high-protein, hygienic packaged foods.

Issue Details	
Offer Period	11th Aug. 2026 - 13th Aug. 2026
Price Band	Rs. 133 to Rs. 140
Bid Lot	107
Listing	BSE & NSE
Issue Size (no. of shares in Cr.)	11.1
Issue Size (Rs. in Cr.)	1,553
Face Value (Rs.)	2

Issue Structure	
QIB	50%
NIB	15%
Retail	35%

BRLM	JM Financial Ltd., Axis Capital Ltd., IIFL Capital Services Ltd.
Registrar	Kfin Technologies Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	93.0%	79.5%
Public	7.0%	20.5%
Total	**100.0%**	**100.0%**

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

Milky Mist Dairy Food Ltd.

Integrated farm to retail operations, tech-enabled manufacturing and omnichannel scale

Milky Mist maintains end-to-end quality control, supply chain traceability, and operational scale through a fully integrated business model spanning direct raw milk procurement, high-capacity automated manufacturing, and a deep omnichannel distribution network. The company procures raw milk directly from an established network of 74,654 dairy farmers across 25 districts in South and Central India, backed by 3,907 Automated Milk Collection Units (AMCUs) and 29 Milk Chilling Centres for immediate quality testing and chilling at the farm level. To protect temperature-sensitive inventory and guarantee freshness, Milky Mist operates a dedicated, owned cold-chain logistics fleet comprising 63 milk tankers, 282 refrigerated trucks equipped with automated IoT temperature-monitoring devices, and 34 ambient transport vehicles. This raw material security feeds into its centralized, US FDA-registered mega-manufacturing facility in Perundurai, Tamil Nadu, which utilizes advanced automated processing lines to deliver significant operational efficiencies, consistent product standards, and high production volume across paneer, cheese, curd, yoghurt, ice cream, and UHT product categories. Milky Mist translates this operational scale into market dominance via an expansive distribution footprint consisting of 4,001 distributors operating across 22 states and 5 union territories as of March 31, 2026, spanning general trade, modern trade, HoReCa, e-commerce, and quick-commerce channels. This retail penetration is further reinforced by proprietary point-of-sale cold-chain infrastructure, including 15,062 visi coolers, 25,824 ice cream freezers, and 573 chocolate coolers deployed directly in retail touchpoints creating substantial barriers to entry and accelerating geographic expansion beyond its core South Indian market into West, Central, and North India, alongside 15+ export markets globally.

Valuation

Milky Mist Dairy Food Limited, incorporated in 2014 and headquartered in Perundurai, Tamil Nadu, is a leading, research-driven FMCG brand specializing in Value-Added Dairy Products (VADP). The company operates a fully integrated farm-to-consumer model spanning direct farmer milk procurement, automated mega-manufacturing, dedicated in-house cold-chain logistics, and a deep omnichannel distribution network supported by over 4,001 distributors. With a broad portfolio of 22 product categories and 640 SKUs including market leadership in organized packaged paneer (19% market share in FY26), Milky Mist reported FY26 revenue from operations of Rs. 3,138 crores and profit after tax of Rs. 127 crores. The company operates in the rapidly expanding Indian dairy and packaged food industry, where traditional value-added dairy products (TVADPs) are projected to grow from Rs. 5.6 trillion in Fiscal 2026 to Rs. 10 trillion by FY31 at a 12.1% CAGR, while emerging value-added categories (EVADPs) like cheese, yoghurt, and whey are expected to grow at a faster 15.3% CAGR. These structural tailwinds are driven by increasing urbanization, rising disposable incomes, shifting consumer preferences toward hygienic branded packaging, and growing demand for high-protein convenience foods. Financially, Milky Mist has demonstrated strong top-line momentum with a 31.2% CAGR over FY24–26 alongside significant margin accretion achieving a 32.9% gross margin and a Return on Net Worth (RoNW) of 33.6% in FY26. **At the upper price band, the issue is valued at a P/E of around 71.1x based on FY26 earnings. Considering its leadership position in the nutrition segment, integrated business model, strong brand portfolio, improving financial profile, and favorable industry outlook, we believe the company is well-positioned to deliver sustainable long-term growth. Accordingly, we recommend "SUBSCRIBE" to the issue for investors with a medium-to-long-term investment horizon.**

Key Risks:

⇒ Contingent liabilities stood at Rs. 229 crores as of March 31, 2026, which, if crystallized, could adversely impact the company's financial performance, cash flows and overall financial position.

⇒ The company remains highly dependent on Tamil Nadu for raw milk procurement, accounting for 94.5% of total procurement in FY26. Any disruption in milk supply, deterioration in quality or increase in procurement costs could adversely impact operations, margins, cash flows and financial performance.

Milky Mist Dairy Food Ltd.

Income Statement (Rs. in Crores)

Particulars	FY24	FY25	FY26
Revenue			
Revenue from operations	1,822	2,350	3,138
Total revenue	**1,822**	**2,350**	**3,138**
Expenses			
Cost of materials consumed	1,280	1,544	2,103
Purchase of stock-in-trade	49	51	53
Changes in inventories of stock-in-trade	(76)	(42)	(52)
Employee benefit expenses	116	145	189
Other expenses	236	346	417
Total operating expenses	**1,605**	**2,044**	**2,710**
EBITDA	**217**	**305**	**429**
Depreciation & amortization expenses	107	136	170
EBIT	**110**	**169**	**258**
Other Income	5	5	7
Finance costs	72	86	106
Profit Before Tax	**43**	**88**	**158**
Tax Expense	23	41	31
Net Profit	**19**	**46**	**127**
Diluted EPS	**0.3**	**0.7**	2.0

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in Crores)

Particulars	FY24	FY25	FY26
Cash Flow from/(used in) operating activities	140	315	302
Cash flow from/(used in) investing activities	-290	-545	-470
Net cash flows (used in) / from financing activities	152	233	164
Net increase/(decrease) in cash and cash equivalents	**2**	**3**	**-3**
Cash and cash equivalents at the beginning of the period	**9**	**11**	**14**
Cash and cash equivalents at the end of the period*	**11**	**14**	**11**

**Cash and cash equivalents + Bank Balances*

Source: RHP, BP Equities Research

Milky Mist Dairy Food Ltd.

Balance Sheet (Rs. in Crores)

Particulars	FY24	FY25	FY26
ASSETS			
Non-current assets			
Property, Plant and Equipment	1,137	1,328	1,607
Capital work-in-progress	95	243	371
Goodwill	1	2	11
Right-of-use assets	5	5	54
Other financial assets	10	11	14
Other non-current assets	24	143	26
Total Non-Current Assets	**1,271**	**1,732**	**2,084**
Current assets			
Inventories	209	262	344
Trade receivables	82	102	177
Cash and cash equivalents	11	14	11
Bank balance & cash equivalents	5	7	3
Other financial assets	0	1	2
Other current assets	28	33	56
Total Current Assets	**335**	**419**	**592**
Total Assets	**1,606**	**2,151**	**2,676**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	4	128	128
Other equity	278	199	335
Total Equity	**282**	**328**	**463**
Liabilities			
Non-Current Liabilities			
Borrowings	723	1,036	1,244
Other non-current liabilities	112	137	148
Total Non-Current Liabilities	**835**	**1,173**	**1,393**
Current liabilities			
Borrowings	319	346	432
Trade payables	45	94	110
Other current liabilities	126	210	279
Total Current Liabilities	**489**	**650**	**821**
Total Liabilities	**1,324**	**1,823**	**2,213**
Total Equity and Liabilities	**1,606**	**2,151**	**2,676**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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