IPO REVIEW

Milky Mist Dairy Food IPO

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- The company is the fastest growing packaged food company from South having major markets in Southern Region.
- The company leads in many of its products in the southern region.
- The company produces premium quality products that is gaining popularity.
- Based on its recent financial data, the issue appears aggressively priced.
- Only well-informed/cash surplus/risk seekers may park moderate funds for long term.

About the Company

Milky Mist Dairy Food Ltd. (MMDFL) is the fastest growing packaged food company (among companies with revenue scale of more than Rs. 1500 cr. in India in terms of revenue, growing at a CAGR of 31.26% from Fiscal 2024 to Fiscal 2026. (Source: 1Lattice Report) It is exclusively focused on value-added products within the dairy market, which are considered premium. (Source: 1Lattice Report) The company is a product-led company, dedicated to addressing the diverse and emerging consumer needs for the entire day, from breakfast to dinner.

Over the years, it has diversified its product categories to include various value-added dairy products, such as cheese, paneer, butter, curd, ghee, yogurt, ice cream, ultra-high temperature (“UHT”) long-shelf life products, and other products, including frozen foods, ready-to-eat (“RTE”) and ready-to-cook (“RTC”) products, as well as chocolates. The company offers its products under umbrella brand ‘Milky Mist’, and sub-brand such as ‘SmartChef’, ‘Capella’, and ‘Misty Lite’, and have recently acquired brands such as ‘Briyas’ and ‘Asal’.

It is 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. MMDFL is the largest private packaged paneer brand in the organized market with a market share of approximately 19.0% in terms of the organized packaged paneer market value in Fiscal 2026 in India (Source: 1Lattice Report). In Fiscal 2026, it is the largest private packaged cheese brand in South India with a market share of approximately 12.0% in terms of market value in the Southern region’s organized cheese segment and is also nationally ranked third among private players with a market share of approximately 5% in terms of market value in the organized packaged cheese market in India in Fiscal 2026.

It is one of the first few dairy companies to introduce 1 kg set curd tub packaging in South India, and held an approximately 7% of the market share in terms of market value in the organized curd market in South India in Fiscal 2026. (Source: 1Lattice Report) In Fiscal 2026, it is among the top two largest private packaged yogurt brands, with a market share of approximately 13% in terms of market value in the organized yogurt market in India. Further, the company held an approximately 35% to 40% of the market share in terms of market value in the organized Greek yogurt market in India in Fiscal 2026. (Source: 1Lattice Report)

As of March 31, 2026, the prices of its products under the paneer and curd product categories are one of the highest among large Indian brands, typically 10% to 30% above the average market price of Indian brands. (Source: 1Lattice Report) Its ability to command premium pricing has enabled it to achieve the highest realization per litre of milk procured (calculated as its net manufactured finished goods in Fiscal 2026 divided by the total litres of milk procured in Fiscal 2026) at approximately Rs. 77.79 in Fiscal 2026 when compared to listed peers. (Source: 1Lattice Report) It focuses on value added dairy products, which aligns more closely with fast-moving consumer goods (“FMCG”) companies than traditional dairy businesses in terms of gross margins, distribution model and premium pricing. (Source: 1Lattice Report).

Its “Milky Mist” brand contributes over 97% of its total revenues. Offline channels contributed 86% revenue and online channels contributed 13.7% in revenue for FY26. For the said FY, the company had 4001 distributors/Dealers. Its debt equity ratio stood at 3.61, that raise alarm. As of March 31, 2026, it had 1317 employees on its payroll, and additional 3224 contract labourers.

Promoters and Promoters Group

Sathishkumar T: (Date of Birth: May 16, 1974) Aged 52 years, is our Promoter and is also the Chairman and Managing Director of our Company. As on date of this Red Herring Prospectus, Sathishkumar T holds262,976,353 Equity Shares, representing 39.38% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company.

Anitha S: (Date of Birth: June 1, 1978) Aged 48 years is our Promoter and is also a Whole-time Director of our Company. As on date of this Red Herring Prospectus, Anitha S holds 330,464,954 Equity Shares, representing 49.48% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company.

Issue Details / Capital History

MMDFL is coming out with its maiden book building route combo IPO worth Rs. 1553 cr. (approx. 110928571 equity shares at the upper cap). The IPO consists of fresh equity shares worth Rs. 1428 cr. (approx. 102000000 equity shares) and an Offer for Sale (OFS) worth Rs. 125 cr. (of approx. 8928571 equity shares at the upper cap). The company has announced a price band of Rs. 133 – Rs. 140 per equity shares of Rs. 2 each. The issue opens for subscription on August 11, 2026, and will close on August 13, 2026. The minimum application to be made is for 107 shares and in multiples

thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 14.41% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 496.86 cr. for repayment/prepayment of certain borrowings, Rs. 469.24 cr. for capex on expansion and modernization of existing facility at Perundurai, Rs. 155.31 cr. for deployment of visi coolers, ice cream freezers, and chocolate coolers, and the rest for general corporate purposes.

The company has reserved equity shares worth Rs. 2.00 cr. (approx. 142857 equity shares at the upper cap) and offering them a discount of Rs. 13 per share. From the rest, it has allocated not more than 50% for QIBs, not less than 15% for HNIs and not less than 35% for Retail investors.

Three joint Book Running Lead Managers (BRLMs) to this issue are JM Financial Ltd., Axis Capital Ltd., and IIFL Capital Services Ltd., while KFin Technologies Ltd. is the registrar to the issue. JM Financial Services Ltd. is a syndicate member.

After issuing initial equity shares at par value, the company has issued/converted further equity shares in the price range of Rs. 15.87 - Rs. 139.76 (on the basis of Rs. 2 FV) between July 2025, and July 2026. It has also issued bonus shares in the ratio of 35 for 1 in March 2025. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.06 per share.

Post-IPO, its current paid-up equity capital of Rs. 133.57 cr. will stand enhanced to Rs. 153.97 cr. Based on the upper cap of the price band, the company is looking for a market cap of Rs. 10777.60 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit of Rs. 1826.86 cr. / Rs. 19.44 cr. (FY24), Rs. 2354.79 cr. / Rs. 46.07 cr. (FY25), and Rs. 3145.01 cr. / Rs. 127.01 cr. (FY26). The company posted growth in its top and bottom lines for the reported periods. Its contingent liability stood at Rs. 229.01 cr. as of March 31, 2026.

According to the management, the company enjoys lion share in fresh paneer supply and being a food and breakfast, multi-product options provider. With ultra-modern equipments and latest technology, it is able to produce quality products at economical cost and with its plans afoot, it is poised for bright prospects ahead. The company has long term debts at a specialized cheaper rate for the business, and that will be cleared as per agreed terms over the periods. It is clearing off high interest rate private loans that will improve its bottom line with commensurate finance cost saving.

For the last three fiscals, the company has posted an average EPS of Rs. 1.28 and an average RoNW of 24.77 %. The issue is priced at a P/BV of 23.85 based on its NAV of Rs. 5.87 as of March 31, 2026, and at a P/BV of 4.99 based on its post-IPO NAV of Rs. 28.05 per share at the upper cap.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 84.85. Based on FY25 earnings, the P/E stands at 233.33. The issue appears aggressively priced.

For the reported periods, the company has posted PAT margins of 1.07% (FY24), 1.96% (FY25), 4.05% (FY26), and RoCE margins of 8.14%, 9.54%, 11.73% respectively for the referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in July 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Bikaji Foods, Britannia Ind., Dodla Dairy, Hatsun Agro, Nestle India, Parag Milk, Tata Consumer, as its listed peers. They are currently trading at a P/E of 56.3, 50.7, 25.4, 57.4, 80.9, 20.9, and 64.9 (as of August 07, 2026). However, they are not truly comparable on an apple-to-apple basis. This compare appears to be an eyewash.

Merchant Banker's Track Record

The three BRLMs associated with this issue has handled 95 IPOs in the last three fiscals out of which 25 issues closed below the issue price on the listing date.

Conclusion / Investment Strategy

MMDFL is the fastest growing packaged food company from South having major markets in Southern Region. The company leads in many of its products in the southern region. The company produces premium quality products that is gaining popularity. Based on its recent financial data, the issue appears aggressively priced. Only well-informed/cash surplus/risk seekers may park moderate funds for long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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