

Milky Mist Dairy Food Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
11 August 2026	13 August 2026	₹133-140	Subscribe

Investment Summary

Milky Mist Dairy Food Limited is a value-added dairy products company engaged in the manufacture and sale of paneer, cheese, curd, yoghurt, ghee, butter, ice cream, UHT products and other dairy and food products. The company operates an integrated business model spanning milk procurement, processing, manufacturing, cold-chain logistics and distribution, with its principal manufacturing facility located at Perundurai, Tamil Nadu. Over the years, Milky Mist has built a strong presence in South India and is progressively expanding its footprint across other regions through general trade, modern trade, HoReCa, e-commerce, quick-commerce and exclusive brand outlets. Its competitive positioning is supported by leadership in key value-added dairy categories, strong brand recognition, a diversified product portfolio, integrated procurement capabilities and an established cold-chain distribution network. In FY26, the company reported **revenue from operations of ₹3,138.36 Cr** and **profit after tax of ₹127.01 Cr**, reflecting strong growth and improving profitability. The IPO comprises a **fresh issue aggregating up to ₹1,428 Cr** and an **Offer for Sale of up to ₹125 Cr** by the promoter selling shareholders. The net proceeds from the fresh issue are proposed to be utilized towards repayment/prepayment of certain borrowings, expansion and modernization of the Perundurai manufacturing facility, deployment of visi coolers and freezers, and general corporate purposes. The company's growth strategy is centered on expanding manufacturing capabilities, strengthening pan-India distribution, increasing penetration in existing markets, entering newer product categories and capitalizing on rising demand for branded value-added dairy products. The company is expected to benefit from increasing consumer preference for convenience, premiumization, and organized dairy products. However, high leverage, dependence on Tamil Nadu for raw milk procurement, concentration of revenues in South India, volatility in milk prices, product concentration and execution risks associated with capacity expansion remain key monitorable.

Company Overview

Milky Mist Dairy Food Limited traces its origins to a partnership firm established in Erode, Tamil Nadu in 1998 and was subsequently converted into a private limited company in 2014 and a public limited company in 2025. The company is focused on value-added dairy products, operating across categories such as paneer, cheese, curd, butter, ghee, yoghurt, ice cream, UHT products, frozen foods, ready-to-eat and ready-to-cook products, and chocolates. As of March 31, 2026, its portfolio comprised 22 product categories and 640 SKUs, marketed primarily under the Milky Mist brand and sub-brands including SmartChef, Capella, Misty Lite, Briyas and Asal. The company operates an integrated and highly automated manufacturing facility at Perundurai, Erode District, Tamil Nadu, equipped with automated paneer, cheese, UHT, whey powder, ice cream and curd manufacturing and packing lines. Its procurement network is supported by 3,907 automated milk collection units, 29 chilling centres and 74,654 farmers across 25 districts as of March 31, 2026, enabling direct sourcing and greater control over milk quality. Milky Mist has developed a multi-channel distribution network spanning general trade, modern trade, HoReCa, e-commerce, quick commerce and exclusive brand outlets. Its products were sold across 22 states and five union territories, supported by its own cold-chain logistics fleet, including reefer trucks for temperature-sensitive products. The company also operated 144 Milky Mist exclusive parlours across eight states and one union territory as of the RHP date. The company is promoted by Sathishkumar T and Anitha S and has built its positioning around premium, value-added products, technology-led manufacturing, integrated procurement and an expanding pan-India distribution footprint.

Business Model

Milky Mist Dairy Food Limited operates an integrated value-added dairy business model spanning milk procurement, processing, manufacturing, cold-chain logistics and multi-channel distribution. The company procures raw milk largely from dairy farmers through its network of automated milk collection units and chilling centres, enabling quality testing and rapid cooling before transportation to its Perundurai manufacturing facility. Raw milk is processed into a diversified

portfolio of value-added dairy products, including paneer, cheese, curd, yoghurt, ghee, butter, ice cream and UHT products, along with ready-to-eat, ready-to-cook and other food products. The company distributes its products through general trade, modern trade, HoReCa, e-commerce, quick-commerce platforms and exclusive. Milky Mist parlours. Its distribution model is supported by an in-house logistics network comprising milk tankers, refrigerated reefer trucks and ambient trucks, allowing greater control over product quality and delivery timelines. The company also deploys visi coolers and freezers at retail outlets to improve product visibility and maintain appropriate storage conditions. Revenue is primarily generated from the sale of manufactured dairy and food products across India, with a smaller contribution from exports. Going forward, Milky Mist intends to expand manufacturing capacity, deepen distribution, broaden geographical penetration, and scale newer value-added product categories.

Investment Rationale

Strong Brand Equity and Leadership in Key VADP Categories: Milky Mist has established a strong position in India's value-added dairy market. In FY26, it was the largest private packaged paneer brand in India with ~19% market share, while also holding leading positions in packaged cheese, curd and yoghurt. Its premium product positioning supports stronger realizations and brand differentiation.

Integrated Farm-to-Retail Infrastructure: The company operates an integrated model encompassing direct milk procurement, automated manufacturing, in-house cold-chain logistics and distribution. Its direct relationships with 74,654 farmers enhance procurement visibility, while its own refrigerated logistics fleet provides greater control over product quality, freshness and supply-chain efficiency.

Diversified Portfolio and Product Innovation: Milky Mist is focused exclusively on value-added dairy and food products, enabling it to cater to multiple consumption occasions. New product sales recorded a 74.54% CAGR during FY24-FY26, supporting diversification beyond established categories such as paneer, cheese and curd.

Strong Revenue Growth and Improving Profitability: Revenue from operations grew at a 31.26% CAGR during FY24-FY26 to ₹3,138.36 Cr. EBITDA margin improved from 12.21% in FY24 to 13.87% in FY26, while PAT increased from ₹19.44 Cr to ₹127.01 Cr, reflecting improving operating leverage and profitability.

Expanding Pan-India Presence and Favorable Category Dynamics: Milky Mist has expanded from a regional brand to 22 states and five union territories. Longer shelf lives, premium pricing and rising consumer preference for convenient, protein-rich and value-added dairy products provide opportunities for sustained geographical and category expansion.

Key Risk Factors

High Dependence on Raw Milk Procurement from Tamil Nadu: Raw milk is the company's principal input, and 94.51% of total milk procurement in FY26 was sourced from Tamil Nadu. Any adverse weather conditions, cattle diseases, farmer disruptions, supply shortages or sharp increases in milk procurement prices could impact production volumes, margins and profitability.

Geographical Concentration in South India: Despite increasing its presence across India, Milky Mist continues to derive a significant proportion of its business from southern markets, with South India contributing 69.23% of FY26 revenue from operations. Regional economic disruptions, competitive intensity or changes in consumer preferences could materially affect growth.

High Leverage and Debt Servicing Requirements: The company had total borrowings of ₹1,671.85 Cr as of March 31, 2026, with a debt-to-equity ratio of 3.61x and net debt-to-EBITDA of 3.81x. Elevated leverage increases finance costs and could constrain financial flexibility.

Concentration in Key Product Categories: Paneer, cheese and curd together contributed 59.05% of FY26 revenue. Any decline in demand, product-quality issues or changing consumer preferences affecting these categories could adversely impact sales and profitability.

Dependence on Single Manufacturing Facility: Milky Mist manufactures its value-added dairy products primarily at its Perundurai facility in Tamil Nadu. Equipment breakdowns, natural disasters, regulatory disruptions or prolonged shutdowns could materially impact production, product quality and fulfilment of customer demand.

Financial Snapshot

Metric	In Cr		
	FY24	FY25	FY26
Revenue from Operations	1,821.61	2,349.50	3,138.36
EBITDA	222.33	310.35	435.22
EBITDA Margin	12.21%	13.21%	13.87%
Profit After Tax (PAT)	19.44	46.07	127.01
PAT Margin	1.07%	1.96%	4.05%
Basic EPS (₹)	0.29	0.69	1.90

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Milky Mist Dairy Food Limited
IPO Issue Size	11,09,43,193 shares (agg. up to ₹1,553 Cr) Fresh Issue - 10,20,14,623 shares (agg. up to ₹1,428 Cr) Offer for sale - 89,28,570 shares of ₹2 (agg. up to ₹125 Cr)
Price Band	₹133 – ₹140 per equity share
Face Value	₹2 per equity share
IPO Opening Date	11 August 2026
IPO Closing Date	13 August 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: ~93% → Post-IPO: ~79.52%
Book Running Lead Managers	JM Financial Limited, Axis Capital Limited, IIFL Capital Services Limited
Use of Proceeds	• ₹496.86 Cr towards repayment/prepayment of certain outstanding borrowings; • ₹469.24 Cr towards expansion and modernization of the Perundurai Manufacturing Facility; • ₹155.31 Cr towards deployment of visi coolers, ice-cream freezers and chocolate coolers; • Balance towards general corporate purposes, subject to such amount not exceeding 25% of the Gross Proceeds.

Valuation and Outlook

At the upper price band of **₹140**, Milky Mist Dairy Food is valued at a **P/E of ~84.86x**, based on a **post-issue market capitalization** of approximately **₹10,778 Cr.** On an **EV/EBITDA basis**, the company is valued at **28.6x**, significantly higher than listed dairy peers such as Parag Milk Foods (13.03x) and Dodla Dairy (19.90x). While the valuation commands a substantial premium, it is supported by Milky Mist's leadership in key value-added dairy categories, strong brand positioning, integrated procurement and distribution network, robust revenue growth and improving profitability. Considering its growth prospects and expanding pan-India presence, we recommend a **Subscribe stance** for investors with a **medium- to long-term investment horizon**.

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Registration and Contact Details: Name of Research Analyst - Mangal Keshav Financial Services LLP, Research Analyst
Registration No.: INH000018319.

LLPIN: AAM-3358

Registered Office: 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.
Correspondence/Administrative Office Address - 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.

TEL: 022 61907900