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Retail Research	IPO Note
Sector: FMCG	Price Band (Rs): 133 - 140
07th August 2026	Recommendation: SUBSCRIBE

Milky Mist Dairy Food Ltd.

Company Overview:

Milky Mist Dairy Food Ltd. (Milky Mist) is one of India's leading value-added dairy products (VADP) companies, focused exclusively on manufacturing and marketing branded dairy products mainly under the "Milky Mist" brand. Unlike traditional dairy players, the company majorly focuses on VADP segment and offers a diversified portfolio of over 20 product categories, including paneer, cheese, curd, butter, ghee, yogurt and ice cream. Founded in 1998 and headquartered in Erode, Tamil Nadu, the company has established a fully integrated dairy ecosystem spanning milk procurement, processing, manufacturing and distribution. Milky Mist is the market leader with a market share of 19.0% of organized packaged paneer in terms of value in India. The company has a strong presence across South India, supported by an extensive distribution network and derives ~70% of its revenue from South India. Through its acquisition of Asal Food Products Pvt. Ltd and Briyas Foods Pvt Ltd, the company entered into the Ready To Eat (RTE), Ready To Cook (RTC) and Tofu product segments.

Key Highlights:

1. Market Leadership in Value-Added Dairy Products: Milky Mist is the largest private branded paneer player in India with a 19% market share and also holds strong positions in cheese (~12% market share in South India, ~5% market share nationally), yogurt (~13% nationally amongst private players) and curd categories, particularly in South India. This market leadership provides scale advantages, brand recognition and stronger bargaining power across the value chain.

2. Extensive Direct Milk Procurement Network: Milky Mist sources milk directly from over 74,000 dairy farmers across multiple states through a well-established procurement infrastructure comprising automated milk collection units and chilling centers. The company has developed long-standing farmer relationships through transparent pricing, prompt payments and quality-based procurement practices to strengthens supply security and raw material quality.

3. Fully Integrated and Automated Manufacturing Platform: The company operates a large, integrated dairy processing facility at Perundurai, Tamil Nadu, equipped with advanced automation and international quality certifications. The facility enables efficient production across multiple product categories, supports economies of scale and helps maintain consistent quality standards. The integrated manufacturing model also allows effective milk balancing and better utilization of raw materials.

4. Wide Distribution Reach and Multi-Channel Presence: Milky Mist has established an extensive distribution network comprising over 4,000 distributors, more than 3.75 lakh retail touchpoints, 57 C&F depots and 144 exclusive parlors. The company sells through general trade, modern trade, HoReCa, e-commerce, B2B and export channels. The company also owns its fleet with over 60 vans for procurement, along with 282 trucks for distribution of perishable goods and 34 trucks for distribution of non-perishable goods.

View & Valuation: Milky Mist Dairy Foods focuses primarily on VADP which is a higher margin product compared to its peers which are heavily invested in traditional low margin liquid milk business. The company delivered a CAGR of 31.3%/40.5%/155.6% in its Revenue/EBITDA/PAT during the FY24-FY26 period with a FY26 EBITDA margin of 13.7%, up 70 bps YoY and 180 bps since FY24. The IPO is valued at a post-issue FY26 PE multiple of 84.9x at upper price band. The company is planning to repay debt of Rs 497 cr from the IPO proceeds, which is expected to reduce interest cost going forward. This along with the increase in capacity utilization is expected to deliver high double-digit earnings growth ahead. We recommend investors to SUBSCRIBE to the issue.

Issue Details	
Date of Opening	11th August 2026
Date of Closing	13th August 2026
Price Band (Rs)	133 - 140
Issue Size (Rs cr)	1,553
Fresh Issue (Rs cr)	1,428
Offer for Sale (Rs cr)	125
Issue Size (No. of shares)	11,09,28,571 @ upper price band
Face Value (Rs)	2
Post Issue Market Cap (Rs cr)	10,778 @ upper price band
BRLMs	JM Financial Ltd, Axis Capital Ltd., IIFL Capital Services Ltd.,
Registrar	KFin Technologies Pvt Ltd.
Bid Lot	107 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NII shares	15%
Employee Reservation (Rs cr)	2.0
Employee Discount (Rs)	13.0

Objects of Issue

Particulars	Estimated utilization (Rs cr)
Pre-payment or re-payment of borrowings	496.8
Financing Capex for expansion and modernization of manufacturing facility	469.2
Deployment of visi-coolers, ice cream freezers and chocolate coolers.	155.3
General corporate purposes*	-
Net proceeds from the issue	**-**

**To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Shareholding Pattern

Pre-Issue	No. of Shares	%
Promoter & Promoter Group	62,10,55,917	93.0
Public & Others	4,67,72,872	7.0
Total	**66,78,28,789**	**100.0**

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	61,21,27,346	79.5
Public & Others	15,77,01,443	20.5
Total	**76,98,28,789**	**100.0**

Selling Shareholders through OFS	Category	Number of shares @ UB
Sathishkumar T	Promoter	53,57,143
Anitha S	Promoter	35,71,429
Total		**89,28,571**

Source: RHP, SBICAP Securities Research

Key Financials

Particulars (Rs cr)	FY24	FY25	FY26
Revenue from operations	1,822	2,350	3,138
EBITDA	217	305	429
EBITDA Margin (%)	11.9	13.0	13.7
PAT	19	46	127
PAT Margin (%)	1.1	2.0	4.0
EPS	0.3	0.7	1.9
RoE (%)	6.9	14.1	27.4
RoCE (%)	8.7	10.2	12.4
P/E (x)*	480.8	202.9	73.6

Note: Pre-issue P/E are based on upper price band
Source: RHP, SBICAP Securities Research

Risk Factors

- **Dependence on Milk Procurement from Tamil Nadu:** A very large portion of raw milk is sourced from Tamil Nadu. Any disruption arising from adverse weather, disease outbreaks, farmer protests, regulatory actions or supply shortages in the state could materially affect milk availability and production.
- **Geographic Concentration:** South India accounts for ~70% of the total revenue from operations. Any economic slowdown, competitive pressure or consumption weakness in the region could disproportionately affect sales and profitability.
- **Dependence on Paneer, Cheese and Curd:** A majority of revenue is derived from paneer, cheese and curd. Any decline in demand, shift in consumer preferences or quality-related issues in these categories could negatively impact financial performance.
- **High Contingent Liabilities:** The company has contingent liabilities of Rs 229 cr as of FY26, including EPCG obligations, GST disputes and bank guarantees. If these liabilities crystallize, Milky Mist may face significant cash outflows, adversely affecting profitability, liquidity and financial position.
- **Growth Execution Risk:** Milky Mist's expansion plans involve entering new markets, increasing capacity and launching new products. Failure to execute these initiatives efficiently could impact growth and profitability.

Growth Strategies

- Expand production capacity and augment procurement capabilities
- Further strengthen brand visibility and brand equity
- Grow inorganically through strategic acquisitions
- Leveraging technology to improve operational and cost efficiency

Product-wise Revenue Mix

Particulars	FY24		FY25		FY26	
	Amount (Rs cr)	Percentage of revenue from operations (%)	Amount (Rs cr)	Percentage of revenue from operations (%)	Amount (Rs cr)	Percentage of revenue from operations (%)
Paneer	558.9	30.7	693.6	29.5	923.2	29.4
Cheese	347.3	19.1	407.8	17.4	513.7	16.4
Curd	299.1	16.4	370.1	15.8	416.1	13.3
Ice-cream	34.5	1.9	137.7	5.9	211.1	6.7
Ghee	163.7	9.0	217.5	9.3	308.2	9.8
Butter	134.7	7.4	157.3	6.7	190.9	6.1
UHT Long shelf-life products	100.0	5.5	115.1	4.9	90.8	2.9
Yoghurt	49.6	2.7	96.7	4.1	194.5	6.2
Powder	86.9	4.8	84.3	3.6	167.6	5.3
Khova	30.4	1.7	34.4	1.5	43.6	1.4
Other product categories*	16.6	0.9	35.1	1.5	78.8	2.5
Revenue from operations	**1,821.6**	**100.0**	**2,349.5**	**100.0**	**3,138.4**	**100.0**

Other product categories include chocolate, condensed milk, butter milk and desserts

Geographical Revenue Mix

Particulars	FY24		FY25		FY26	
	Amount (Rs cr)	% of Revenue	Amount (Rs cr)	% of Revenue	Amount (Rs cr)	% of Revenue
Karnataka	484.4	26.6	583.4	24.8	746.9	23.8
Tamil Nadu	471.3	25.9	581.7	24.8	759.8	24.2
Kerala	213.5	11.7	274.1	11.7	354.1	11.3
Andhra Pradesh	45.5	2.5	63.8	2.7	79.9	2.6
Telangana	127.4	7.0	165.0	7.0	232.0	7.4
Revenue from South India	**1,342.1**	**73.7**	**1,668.1**	**71.0**	**2,172.7**	**69.2**
Revenue from Rest of India	419.9	23.1	592.8	25.2	833.4	26.6
Revenue from Exports	59.5	3.3	88.6	3.8	132.2	4.2
Revenue from Operations	**1,821.6**	**100.0**	**2,349.5**	**100.0**	**3,138.4**	**100.0**

Brand Revenue Mix

Particulars	FY24		FY25		FY26	
	Amount (Rs cr)	% of Revenue	Amount (Rs cr)	% of Revenue	Amount (Rs cr)	% of Revenue
Milky Mist	1,762.6	96.8	2,276.0	96.9	3,054.6	97.3
SmartChef	1.3	0.1	0.8	0.0	1.1	0.0
Capella	4.4	0.2	6.8	0.3	13.3	0.4
Misty Lite	0.1	-	-	-	0.0	-
Briyas	14.4	0.8	18.7	0.8	23.4	0.7
Asal	38.8	2.1	47.1	2.0	46.1	1.5
Revenue from operations	1,821.6	100.0	2,349.5	100.0	3,138.4	100.0

Source: RHP, SBICAP Securities Research

Installed Capacity and Utilization

Product	FY24		FY25		FY26	
	Available Capacity (MT)	Utilization (%)	Available Capacity (MT)	Utilization (%)	Available Capacity (MT)	Utilization (%)
Paneer	17,820	89.5	17,820	110.5	47,520	52.4
Pouch Curd	27,900	73.5	55,800	42.1	55,800	42.3
Set Curd	55,800	30.3	1,11,600	19.3	1,11,600	23.3
Ghee	5,580	56.8	5,580	71.8	11,160	48.8
Butter	13,950	21.3	13,950	23.5	13,950	38.5
Cheddar Cheese	3,627	106.1	3,627	89.1	3,627	114.4
Mozzarella Cheese	11,160	36.3	11,160	46.9	11,160	58.9
Processed Cheese	10,044	38.9	10,044	42.5	10,044	51.5
Yoghurt	5,580	37.8	5,580	54.9	5,580	61.8
Cream Cheese/Greek Yogurt/Skyr	6,696	6.9	6,696	21.1	6,696	56.3
Shrikhand	1,395	22.4	1,395	36.6	1,395	41.7
Khoa	2,232	50.2	2,232	56.9	2,232	69.9
Ice Cream (KL)	41,850	5.8	41,850	19.2	41,850	29.4
Sweet and Condensed Milk	11,160	2.1	11,160	4.6	11,160	11.8
Chocolate	4,018	3.4	4,018	9.5	4,018	4.4
Whey Powder	8,910	84.3	25,661	35.5	25,661	48.9
Batter	4,455	70.4	4,455	94.2	9,950	22.5
Parotta	1,485	75.2	1,485	86.4	2,475	42.2
Chapati	495	66.2	594	79.5	705	58.5
Peanut bar	134	76.5	134	87.7	-	-
Tofu	-	-	-	-	1,238	48.6

Channel Revenue Mix

Sales channel	FY24		FY25		FY26	
	Amount (Rs cr)	% of Revenue	Amount (Rs cr)	% of Revenue	Amount (Rs cr)	% of Revenue
General trade^	811.2	44.5	1,019.2	43.4	1,182.7	37.7
Modern trade	391.1	21.5	559.9	23.8	724.0	23.1
HoReCa	326.1	17.9	386.9	16.5	524.2	16.7
E-commerce	136.9	7.5	224.7	9.6	430.0	13.7
B2B@	148.6	8.2	144.6	6.2	253.3	8.1
B2C*	7.8	0.4	14.3	0.6	24.2	0.8
Revenue from operations	**1,821.6**	**100.0**	**2,349.5**	**100.0**	**3,138.4**	**100.0**

** includes sales from Milky Mist exclusive parlours and our online platform.*
^ includes sales to local stores or shops that cater to the needs of local consumers. Also includes sales from quick commerce platforms and export sales.
@ includes bulk quantity sales made on business to business basis, primarily whey powder to manufacturer of biscuits and cheese to one of the fast food restaurant chains for further processing.
Source: RHP, SBICAP Securities Research

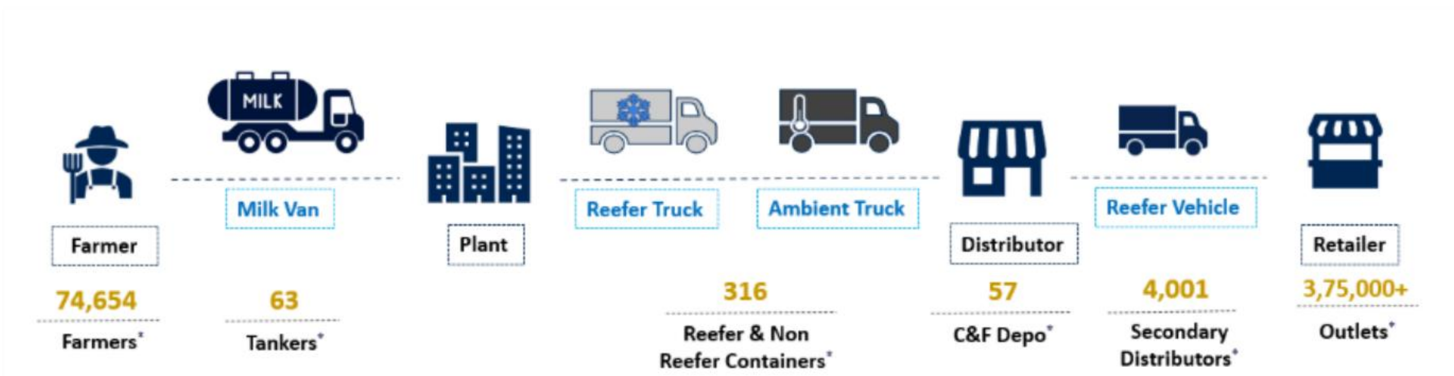
Brand Portfolio

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

Source: RHP, SBICAP Securities Research

Integrated Farm-to-Retailer Infrastructure

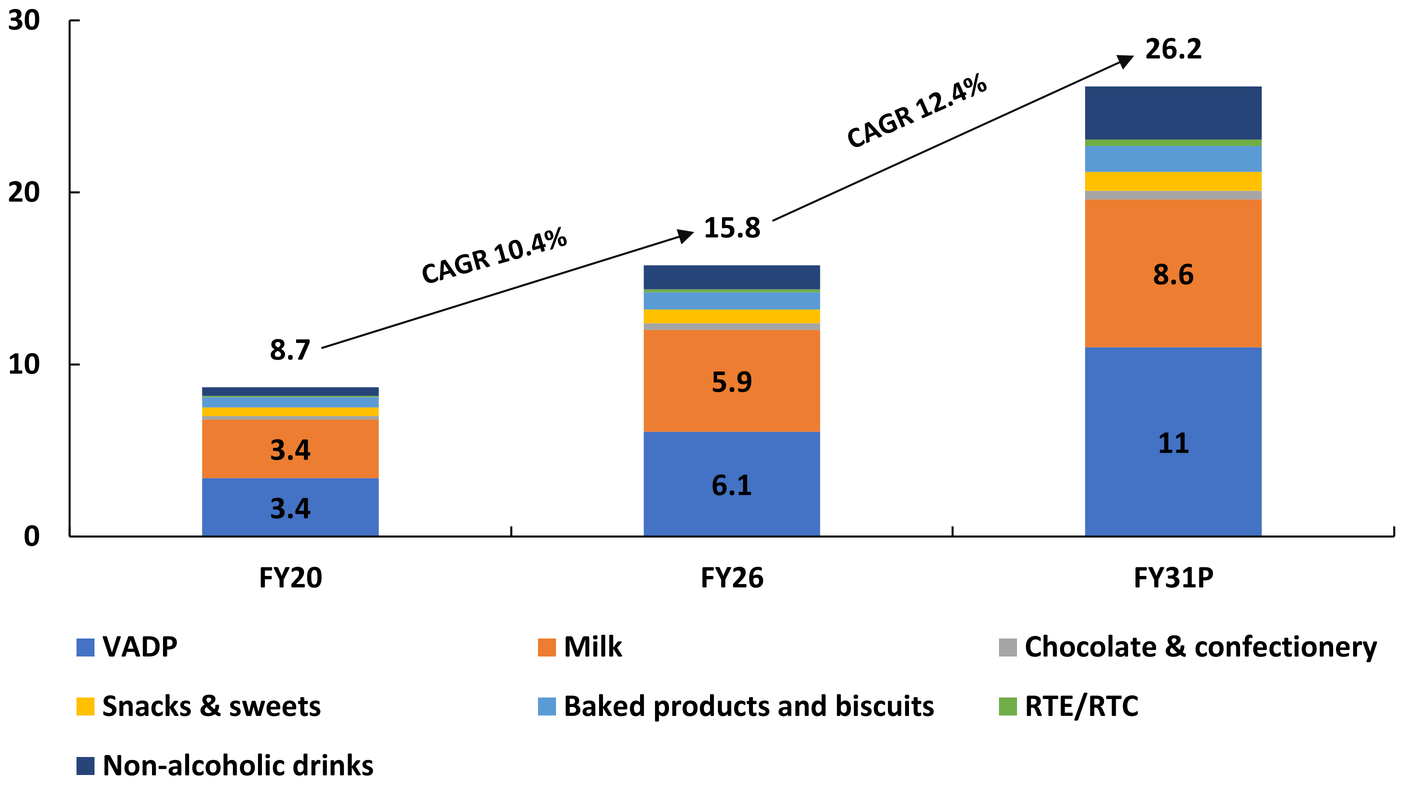
Integrated Farm-to-Retailer Infrastructure



Source: RHP, SBICAP Securities Research

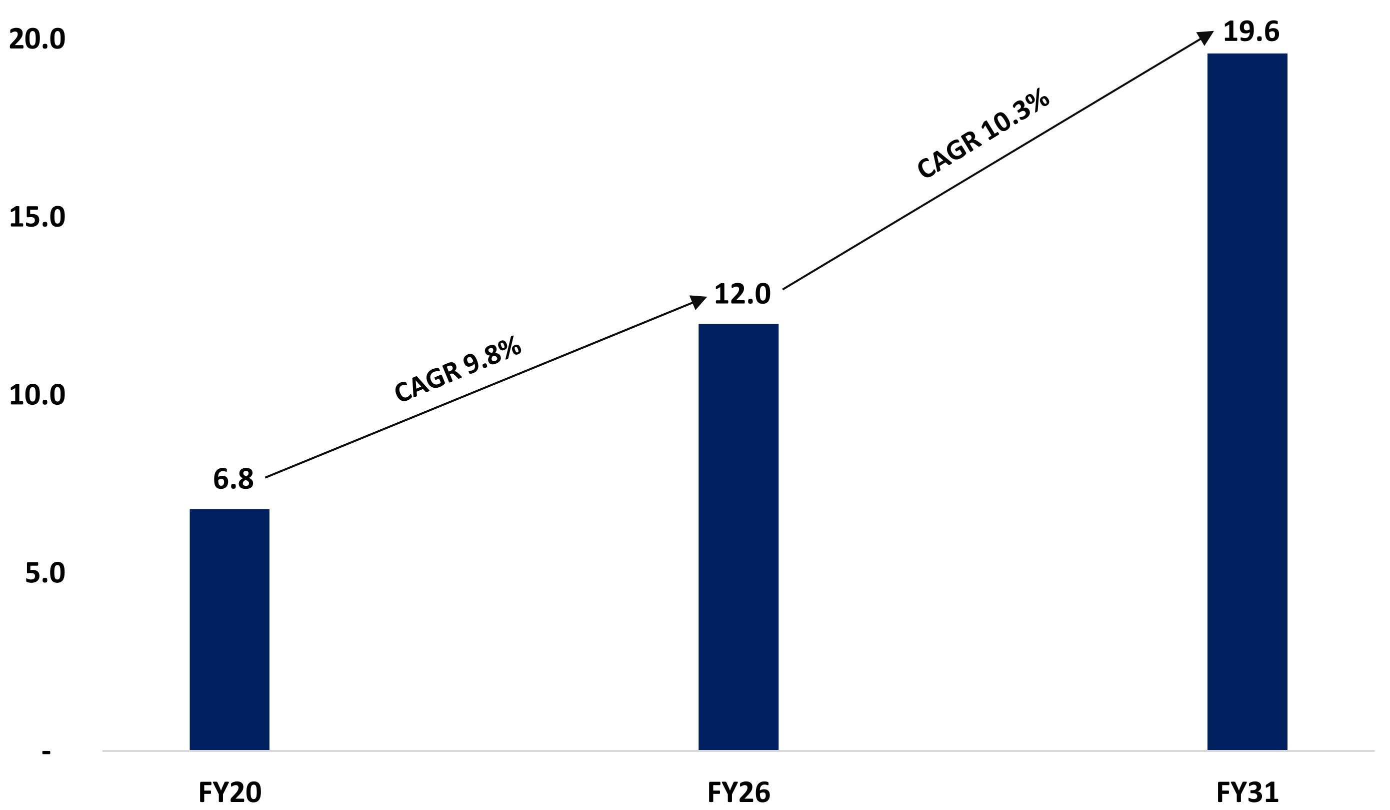
Industry Overview

Packaged Food market segmentation – India (Rs Tn)



Source: RHP, SBICAP Securities Research

Dairy Market in India (Rs Tn)



Source: RHP, SBICAP Securities Research

Peer Comparison – FY26

Particulars (Rs cr)	Milky Mist Dairy Food	Dodla Dairy	Hatsun Agro Products	Parag Milk Foods	Heritage Foods
CMP (Rs)	140	1,046	929	226	358
Mkt Cap.	10,778	6,342	20,700	2,838	3,319
Enterprise Value	11,008	6,134	21,981	3,360	3,573
Revenue from Operations	3,138	4,125	9,959	3,818	4,526
EBITDA	429	310	1,177	257	266
Adj. Net Profit	127	253	356	140	131
EBITDA Margin (%)	13.7	7.5	11.8	6.7	5.9
Net Profit Margin (%)	4.0	6.1	3.6	3.7	2.9
RoE (%)	27.4	15.1	18.3	11.1	11.9
RoCE (%)	12.4	15.4	16.3	12.8	13.2
P/E (x)	84.9	25.1	58.1	20.3	25.3
EV/EBITDA (x)	25.7	19.8	18.7	13.1	13.4
EV/Sales (x)	3.5	1.5	2.2	0.9	0.8

For Milky Mist Dairy Food Limited the Market cap, P/E(x), and Mkt/Sales (x) are calculated on post-issue equity share capital based on the upper price band.
CMP for peer company is close price on 6th August, 2026.

Financial Snapshot

INCOME STATEMENT			
Particulars (Rs cr)	**FY24**	**FY25**	**FY26**
Revenue from Operations	**1,822**	**2,350**	**3,138**
YoY growth (%)	-	*29.0%*	*33.6%*
COGS (incl Stock Adj)	1,253	1,553	2,104
Gross Profit	**569**	**796**	**1,035**
Gross margin (%)	***31.2%***	***33.9%***	***33.0%***
Employee Cost	116	145	189
Other Operating Expenses	236	346	417
EBITDA	**217**	**305**	**429**
EBITDA margins (%)	***11.9%***	***13.0%***	***13.7%***
Other Income	5	5	7
Interest Exp.	72	86	106
Depreciation	107	136	170
PBT	**43**	**88**	**158**
Exceptional item	-	-	-
Tax	23	41	31
Share of profit of associates and JVs	-	-	-
Minority Interest	-	-	-
PAT	**19**	**46**	**127**
PAT margin (%)	***1.1%***	***2.0%***	***4.0%***
EPS (Rs)	**0.3**	**0.7**	**1.9**

BALANCE SHEET			
Particulars (Rs cr)	**FY24**	**FY25**	**FY26**
Assets			
Net Block	1,135	1,326	1,606
Capital WIP	95	243	371
Intangible Assets	1	1	10
Goodwill	-	1	1
Right of use assets	5	5	54
Other Non-current Assets	35	156	42
Current Assets			
Current Investment	-	-	-
Inventories	209	262	344
Trade receivables	82	102	177
Cash and Bank Balances	16	21	14
Short-term loans and advances	-	-	-
Other Current Assets	29	34	58
Total Current Assets	**335**	**419**	**592**
Current Liabilities & Provisions			
Trade payables	45	94	110
Other current liabilities	124	207	277
Short-term provisions	2	2	2
Total Current Liabilities	**171**	**304**	**389**
Net Current Assets	**165**	**115**	**204**
Assets Classified as held for sale	-	-	-
Total Assets	**1,436**	**1,847**	**2,288**
Liabilities			
Share Capital	4	126	128
Instruments entirely equity in nature	0	2	-
Reserves and Surplus	278	199	335
Total Shareholders' Funds	**282**	**328**	**463**
Minority Interest	-	-	-
Total Debt	1,037	1,376	1,672
Long Term Provisions	3	4	7
Lease Liabilities	5	6	5
Other Long-Term Liabilities	16	15	20
Net Deferred Tax Liability	93	118	121
Total Liabilities	**1,436**	**1,847**	**2,288**

Particulars (Rs cr)	FY24	FY25	FY26
Cash flow from Operating Activities	140	315	302
Cash flow from Investing Activities	(290)	(545)	(470)
Cash flow from Financing Activities	152	233	164
Free Cash Flow	(152)	(280)	(175)
Capex	(292)	(595)	(477)

RATIOS			
Particulars	FY24	FY25	FY26
Profitability			
Return on Capital Employed	8.7%	10.2%	12.4%
Return on Equity	6.9%	14.1%	27.4%
Margin Analysis			
Gross Margin	31.2%	33.9%	33.0%
EBITDA Margin	11.9%	13.0%	13.7%
Net Profit Margin	1.1%	2.0%	4.0%
Short-Term Liquidity			
Current Ratio (x)	0.7	0.6	0.7
Quick Ratio (x)	0.3	0.2	0.3
Avg. Days Sales Outstanding	16	16	21
Avg. Days Inventory Outstanding	42	41	40
Avg. Days Payables	9	15	13
Fixed asset turnover (x)	1.6	1.8	1.9
Debt-service coverage (x)	0.1	0.1	0.1
Long-Term Solvency			
Total Debt / Equity (x)	3.7	4.2	3.6
Interest Coverage Ratio (x)	1.6	2.0	2.5
Valuation Ratios*			
EV/EBITDA (x)	47.8	35.1	25.7
P/E (x)	480.8	202.9	73.6
P/B (x)	33.1	28.5	20.2
EV/Sales (x)	5.7	4.6	3.5
Market Cap/Sales (x)	5.1	4.0	3.0

***Valuation ratios are based on pre-issue capital at the upper price band**
Source: RHP, SBICAP Securities Research

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(CIN): U65999MH2005PLC155485
SEBI Registration No.: Stock Broker: INZ000200032 | DP Registration No.: IN-DP-314-2017
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