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CM RATING **47 /100**

Milky Mist Dairy Food

Focused on value-added dairy products

Strong growth and premium positioning, but at a rich valuation

Milky Mist Dairy Food is one of India's fastest-growing packaged food companies focused on premium value-added dairy products. As of 31 March 2026, the company has a diversified portfolio of 22 product categories and 640 SKUs, spanning value-added dairy products such as cheese, paneer, butter, curd, ghee, yogurt, ice cream and UHT products, alongside frozen foods, ready-to-eat and ready-to-cook products, and chocolates.

Operates under its flagship Milky Mist brand, along with sub-brands such as SmartChef, Capella and Misty Lite. It has also expanded its brand portfolio through the acquisition of Briyas and Asal. The portfolio was also exported to more than 15 countries between FY22 and FY26. Exports contributed 3.72% to sales in FY26.

More than 85% of FY26 sales came from daily consumption categories. While, new products launched since FY22, including ice cream, Skyr and Greek yogurt, contributed 28.2% of FY26 revenue.

In FY26, Milky Mist brand contributed 97.34% to revenue, and other sub brands 2.66%.

Milky Mist holds a strong position across several value-added dairy categories. In FY26, it was the largest private packaged paneer brand in India, with an estimated 19% share of the organized packaged paneer market by value. It was also the largest private packaged cheese brand in South India, with around 12% market share by value.

In curd, Milky Mist introduced 1 kg set-curd tub packaging early in South India and held around 7% market share by value in the region's organized curd market in FY26. It was also among the top two private packaged yogurt brands in India, with approximately 13% market share, while its estimated share of the organized Greek yogurt market stood at around 35–40%.

The brand also commands premium pricing in key categories. As of March 2026, its paneer and curd products were typically priced 10–30% above the average prices of Indian brands. This pricing strength contributed to a relatively high realization of approximately Rs 77.79 per litre of milk procured in FY26, compared with listed peers. Its focus on value-added dairy products gives the business characteristics closer to FMCG players, particularly in terms of gross margins, distribution and premium pricing.

Operates an integrated farm-to-retail model, sourcing most of its raw milk directly from farmers. As of March 31, 2026, it sourced milk from 74,654 farmers across 25 districts in Tamil Nadu, Andhra Pradesh, Karnataka and Maharashtra. In FY26, it procured 396.15 million litres of milk, of which 74.34%, came directly from farmers.

India's traditional value-added dairy products market was estimated at Rs 5.6 trillion in FY26 and is projected to reach Rs 10 trillion by FY31, implying a 12.1% CAGR. Growth is supported by rising disposable incomes, greater health awareness, demand for premium and convenient products, and increasing preference for products with nutritional benefits such as high protein.

Operates its manufacturing facility at Perundurai, Erode, Tamil Nadu, which is located close to a major milk-producing region. The facility had a paneer production capacity of 192 tonnes per day as of March 31, 2026, making it one of the larger capacities among organized private players in India. The facility uses automated and advanced machinery across paneer, cheese, UHT products, whey powder, ice cream and curd production, supporting higher throughput, consistent quality and operational efficiency. The facility is also approved by the U.S. FDA.

Plans to expand its Perundurai manufacturing facility by adding capacities for whey protein concentrate and lactose, yogurt, fresh cheese and processed cheese. It also plans to strengthen its milk procurement network by expanding tech-enabled automated milk collection units and deepening relationships with farmers through various support initiatives.

Milky Mist has built a broad multi-channel distribution network covering 22 states and 5 union territories, with 4,001 distributors reaching over 3.75 lakh retail touchpoints as of March 2026. Moreover, it had 144 exclusive parlours across 8 states and 1 union territory. Of these, 6 are company operated, and the remaining are managed through franchise agreements. In FY26, General trade contributed 37.69% to revenue, Modern trade 23.07%, HoReCA 16.7%, E-commerce platform 13.7%, B2B sales 8.07%, and B2C sales 0.77%.

The retail presence is further supported by 15,062 visi coolers, 25,824 ice cream freezers and 573 chocolate coolers deployed as of March 2026.

The integrated manufacturing setup allows Milky Mist to manage seasonal changes in milk availability. During periods of higher milk supply, excess milk can be converted into longer-shelf-life products such as cheddar cheese, UHT products and high-heat powder. During periods of lower milk availability, production can be shifted towards products such as ice cream, beverages, curd and buttermilk, helping improve milk utilization and reduce wastage.

Intend to continue gaining market share and strengthening its position in the Southern region of India comprising Tamil Nadu, Karnataka, Kerala, Andhra Pradesh and Telangana. South India contributed 69.23% to revenue in FY26.

intends to pursue strategic acquisitions to expand into new end-markets, geographies, customer segments and product categories.

Offer and its objects

The IPO comprises a fresh issue of equity shares worth up to Rs 1,428 crore and an offer for sale of equity shares aggregating up to Rs 125 crore by Sathishkumar T and Anitha S.

Price band for the IPO is Rs 133 to Rs 140 per equity share of face value Rs 2 each.

The objectives of the fresh issue include Rs 496.8 crore for repayment/prepayment of certain outstanding borrowings, Rs 469.2 crore for financing the capital expenditure requirements for the expansion and modernisation of the Perundurai manufacturing facility, Rs 155.3 crore for deployment of visi coolers, ice cream freezers and chocolate coolers, and the remaining amount for general corporate purposes.

The promoters are Sathishkumar T and Anitha S. The promoters and promoter group hold an aggregate of 62,10,55,917 equity shares, aggregating to 93% of the pre-offer issued and paid-up equity share capital. Their post IPO shareholding is expected to be around 79.51%.

The issue, through the book-building process, will open on 11 Aug 2026 and will close on 13 Aug 2026.

Strengths

Offers diversified packaged food portfolio, catering to multiple consumption occasions from breakfast to dinner.

Delivered strong growth in both revenue and profitability over FY24–FY26. Revenue increased from Rs 1,821.61 crore in FY24 to Rs 3,138.36 crore in FY26, while net profit rose significantly from Rs 19.44 crore to Rs 127.01 crore.

Its focus on premium, value-added dairy products enable it to command premium pricing, with paneer and curd prices typically 10–30% above those of large Indian brands.

Integrated farm-to-retail model with direct milk sourcing supports procurement efficiency, better quality control and supply consistency.

Its presence across general trade, modern trade, HoReCa, e-commerce, quick commerce and exclusive parlours support wider product availability and regional expansion.

In-house, technology-enabled logistics network supports efficient delivery, product quality and better control over transportation costs.

The integrated manufacturing setup helps manage seasonal fluctuations in milk supply by shifting production across products based on availability and demand. This supports better milk utilization and helps reduce wastage.

Extensive experience of promoters and senior management personnel.

Weaknesses

Sustaining rapid growth while maintaining margins, expanding distribution and integrating acquired brands could pose execution challenges.

Contingent liabilities are significant relative to FY26 earnings, with total contingent liabilities of Rs 229 crore as of March 31, 2026, equivalent to around 1.8x FY26 PAT of Rs 127 crore. If these obligations materialize, they could impact cash flows and profitability.

Perishable product portfolio increases logistics complexity, requiring stringent temperature control across transportation, storage and retail.

High dependence on Tamil Nadu for raw milk procurement**,** with around 94.5% of total raw milk procurement sourced from the state in FY26. Any disruption in milk supply, or increase in procurement costs could adversely impact operations.

High revenue concentration in key product categories, with paneer, cheese and curd contributing 59.1% of FY26 revenue.

Statutory auditors have made certain qualifications and adverse remarks during FY24–FY26, which could recur in future and potentially impact the company's reputation.

High working capital requirements could put pressure on cash flows, as the company requires significant funds to support its day-to-day operations and growth.

Valuation

Net sales increased 34% to Rs 3,138.36 crore in FY26 as compared with FY25. The OPM improved 68 bps to 13.66%, leading to 40% increase in OP to Rs 428.57 crore. OI up 26% to Rs 6.55 crore. Interest cost rose 23% to Rs 106.27 crore. Depreciation cost went up 25% to Rs 170.46 crore. PBT surged 81% to Rs 158.49 crore. Tax expenses were Rs 31.48 crore as compared with Rs 41.47 crore. PAT soared 176% to Rs 127.01 crore.

The FY26 EPS on post-issue equity works out to Rs 1.6. At the upper price band of Rs 140, P/E is 85.

Total outstanding borrowings amounted to Rs 1,390.72 crore as on May 31, 2026. As much as 36% of the debt will be repaid from the issue proceeds, bringing down interest costs substantially and boosting profit. The FY26 EPS works out to Rs 2.04 if 36% of its interest cost is removed, keeping all other items, including tax rate, same. The re-worked P/E at the upper price band moderates to 68.

Milky Mist stands out for its fast growth, premium value-added dairy portfolio and strong brand positioning. However, maintaining margins amid rapid growth while expanding into new geographies and product categories could pose execution challenges.

Listed peers such as Dodla Dairy traded at FY26 P/E of 23, Hatsun Agro Product trades at FY26 P/E of 60, and Parag Milk Foods at FY26 P/E of 20 as on 10 Aug 2026. The OPM and ROE stood at 13.66% and 32.12% respectively, in FY26. These were 7.48% and 17.34% for Dodla Dairy, 11.81% and 19.42% for Hatsun Agro Product, and 6.73% and 11.84% for Parag Milk Foods, respectively.

Milky Mist Dairy Food: Issue Highlights	
For Fresh Issue Offer size (in no of shares)	
- On lower price band	10,73,68,421
- On upper price band	10,20,00,000
Offer size (in Rs crore)	1,428
For Offer for Sale Offer size (in no of shares)	
- On lower price band	93,98,496
- On upper price band	89,28,571
Offer size (in Rs crore)	125
Price band (Rs)	133-140
Minimum Bid Lot (in no. of shares)	107
Post issue capital (Rs crore)	
- On lower price band	155.04
- On upper price band	153.97
Post-issue promoter & Group shareholding (%)	79.51
Issue open date	11-08-2026
Issue closed date	13-08-2026
Listing	BSE, NSE
Rating	**47/100**

Milky Mist Dairy Food: Restated Consolidated Financials			
	2403 (12)	2503 (12)	2603 (12)
Sales	1,821.61	2,349.50	3,138.36
OPM (%)	11.92%	12.98%	13.66%
OP	217.08	305.05	428.57
Other inc.	5.25	5.29	6.65
PBIDT	222.33	310.34	435.22
Interest	72.22	86.34	106.27
PBDT	150.10	224.01	328.95
Dep.	107.42	136.46	170.46
PBT	42.68	87.54	158.49
Share of Profit/(Loss) from Associates/JV	-	-	-
PBT before EO	42.68	87.54	158.49
Exceptional items	-	-	-
PBT after EO	42.68	87.54	158.49
Taxation	23.24	41.47	31.48
PAT	19.44	46.07	127.01
EPS (Rs)*	0.3	0.6	1.6
* EPS is annualized on post issue equity capital of Rs 153.97 crore of face value of Rs 2 each			
# EPS is not annualised due to seasonality of business			
EO: Extraordinary items. EPS is calculated after excluding EO and relevant tax			

Figures in Rs crore			
Source: Capitaline Corporate Database			