ADITYA BIRLA CAPITAL
STOCKS & SECURITIES

Milky Mist Dairy Food

A differentiated value-added dairy franchise with a defined path to higher returns

SUBSCRIBE

Consumer - Dairy | IPO Note | August 10, 2026

Price Band (Rs): 133 - 140

We recommend SUBSCRIBE to Milky Mist's IPO, given its differentiated value-added dairy products (VADP) model, category leadership and brand-led pricing power. Unlike traditional dairy players with meaningful exposure to lower-margin liquid milk, Milky Mist is exclusively focused on VADPs, supporting superior realisation and margins. It is India's largest private packaged paneer player with ~19% market share, the largest private packaged cheese player in South India and among the top two private packaged yogurt players nationally. Revenue grew at a strong 31.3% CAGR over FY24-26, while EBITDA margin expanded from 11.9% to 13.7%. FY26 ROCE is modest at 11.7% and net debt/EBITDA at 3.8x. At the upper band of Rs 140, the issue implies a post-issue market cap of ~Rs 107.8bn and ~85x FY26 P/E, which is demanding, but we believe the premium is supported by the quality of growth, category leadership and IPO-led deleveraging.

VADP focus drives premiumisation and superior dairy economics

Milky Mist converts milk into higher-value products such as paneer, cheese, curd, yogurt, ghee, butter and ice cream rather than selling liquid milk. Its paneer and curd portfolio commands a 10-30% premium versus average prices of large Indian brands, delivering the highest realisation per litre in the listed peer set at Rs 77.8 in FY26. This supports FY26 gross/EBITDA margins of 33.0%/13.7%, materially ahead of pure dairy peers such as Dodla, Heritage and Parag on EBITDA margins.

The real moat is brand equity, defended by owned cold chain

Integrated procurement is common across dairy, so Milky Mist's edge lies elsewhere. As a first mover in branded packaged paneer, it built early brand equity that now drives category leadership and durable pricing power. That premium is physically defended by an end-to-end network: milk from over 74k farmers, a single automated Perundurai facility and its own refrigerated fleet feeding 4k distributors and over 375k retail touchpoints. Its 15,062 visi-coolers and 25,824 ice-cream freezers secure dedicated chilled shelf space at retail, a scarce asset for perishable products that rivals cannot easily displace.

Multiple growth engines support a long runway

Growth is broad-based across established and new categories. Over FY24-26, paneer/cheese/ghee grew at 29%/22%/37% CAGR, while ice cream and premium yogurt scaled substantially faster. New SKUs launched since FY23 contributed Rs 8.8bn or 28% of FY26 revenue, demonstrating the ability to create new consumption occasions without sacrificing core growth. Geographic expansion adds another lever: rest-of-India revenue grew at 41% CAGR, well ahead of South India, while online contribution rose from 7.5% to 13.7%.

Capacity sweating and deleveraging can lift ROCE

Investment ahead of demand has kept ROCE modest at 11.7%. FY26 utilisation was 52% for paneer, 49% for ghee and 29% for ice cream, leaving meaningful headroom. Paneer utilisation fell only because capacity rose from 72TPD to 192TPD, while cheddar cheese already runs above 100%. With capacity largely commissioned, incremental growth can drive better asset turns, while IPO-led debt repayment aids earnings conversion, making ROCE the key re-rating trigger.

Key Risks

Milk procurement is 94.5% concentrated in Tamil Nadu, with production reliant on a single facility, leaving the business exposed to regional and operational disruption. Growth and returns further hinge on a timely utilisation ramp-up amid continued capital intensity, while premium pricing may limit penetration in price-sensitive markets as competition intensifies beyond South India.

Company Background

Milky Mist is a branded VADP player offering 22 product categories and 640 SKUs spanning paneer, cheese, curd, yogurt, ghee, butter, ice cream, UHT products and select food adjacencies under its umbrella brand and sub-brands. It runs a fully integrated model from a single automated facility at Perundurai, Tamil Nadu, with its own refrigerated logistics. In FY26, it reported revenue/EBITDA/PAT of Rs 31.4bn/Rs 4.3bn/Rs 1.3bn, with EBITDA margin of 13.7% and ROCE of 11.7%, selling across 22 states and five union territories through 4k distributors and over 375k touchpoints.

Issue Details	
Issue Opens	August 11, 2026
Issue Closes	August 13, 2026
Type of Issue	Bookbuilding IPO - Total 110,943,193 shares (Fresh Issue: 102,014,623 shares / OFS: 8,928,570 shares)
Face Value (Rs)	2
Price Band (Rs)	133 - 140
Bid Lot/ Bid Size	107 shares / Rs 14,980
Issue Size at upper price band (Rs bn)	15.5
Market Cap at upper price band (Rs bn)	107.8
Issue Structure	QIB- 50%, NNI- 15%, Retail- 35%
BRLMs	JM Financial, Axis Capital, IIFL Capital Services
Registrar	KFin Technologies

Shareholding Pattern (%)	Pre-Issue	Post-Issue
Promoter	93.0	79.5
Public	7.0	20.5

Rohit Harlikar
Senior Research Analyst
rohit.harlikar@adityabirlacapital.com
+91-22-6819-0516

Yogeeta Rathod
Research Analyst
yogeeta.rathod@adityabirlacapital.com
+91-22-6819-0569

A defined path from scale to capital efficiency

Growth engines are already in place across categories and geographies

- **Core VADP leadership captures the organised shift**: Paneer, the largest category at 29% of FY26 revenue, grew at 28.5% CAGR over FY24-26, anchoring the portfolio alongside strong cheese, curd and yogurt franchises. This positions Milky Mist to benefit as demand moves from loose and unorganised dairy to branded products.
- **The national franchise is scaling faster than the base**: Rest-of-India revenue grew at 40.9% CAGR over FY24-26, well ahead of 27.2% in South India, lifting the non-South mix to 26.6% from 23.1%. Distribution, modern trade, e-commerce and quick commerce widen this runway.
- **Premium lines broaden the mix**: Ice cream grew at 147% CAGR over FY24-26, while 'Skyr yogurt' and 'Greek yogurt' scaled at 289% and 262% respectively, adding consumption occasions and lifting premiumisation across the portfolio.

Execution levers convert capacity and infrastructure into throughput

- **Recently created capacity offers headroom**: FY26 utilisation stands at 52% in paneer, 49% in ghee and 29% in ice cream after a heavy investment phase, allowing volume growth with limited incremental fixed capital.
- **Targeted additions where demand outstrips supply**: Cheddar cheese capacity is being raised from 15.6TPD to 120TPD, alongside fresh cheese, processed cheese and dedicated yogurt lines, with entry into whey protein concentrate and lactose to capture more value from processing.
- **Deeper control of refrigerated retail**: Planned deployment of 30,000 ice-cream freezers, 24,000 visi-coolers and 12,000 chocolate coolers during the next three years extends owned chilled shelf space and supports new launches and availability across markets.
- **Broader, more diversified procurement**: Direct farmer procurement moved to 74.3% of sourcing in FY26 from 96.6% in FY24, while 94.5% of milk remains concentrated in Tamil Nadu, making network expansion and geographic diversification central to future scale.

Capital efficiency is the measurable outcome

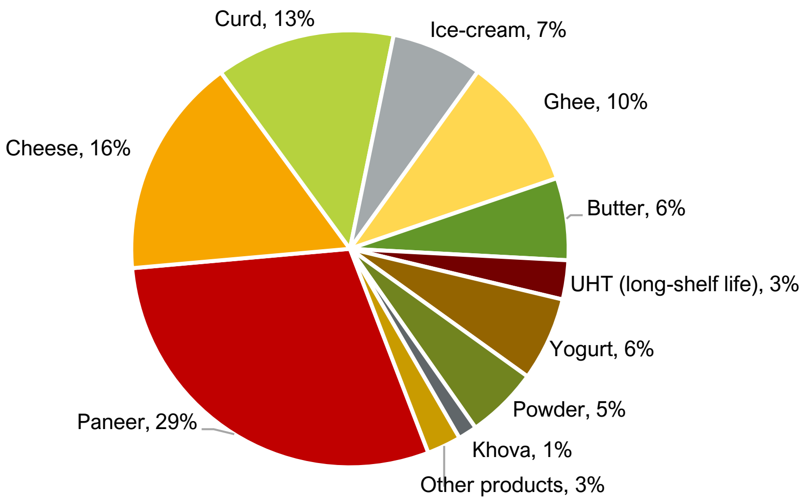
- **Scale is already translating into better returns**: Fixed-asset turnover improved to 2.14x in FY26 from 1.79x in FY24, and ROCE to 11.7% from 8.1%. Higher utilisation, automation, route optimisation, renewable energy and IPO-led debt reduction leave further headroom as recent investments mature.

Exhibit 1: Comprehensive product portfolio spanning multiple categories

Presence in product categories – Products	Milky Mist	Nestle	Britannia	Tata Consumer Products	HAP	Parag	Dodla	Bikaji
Liquid Milk	✗	✗	✗	✗	✓	✓	✓	✗
UHT Milk	✓	✓	✓	✗	✗	✓	✓	✗
Lactose Free Milk	✓	✗	✗	✗	✗	✗	✗	✗
Paneer	✓	✗	✓	✗	✓	✓	✓	✓
Curd	✓	✓	✓	✗	✓	✓	✓	✗
Ghee	✓	✓	✓	✓	✓	✓	✓	✗
Butter	✓	✗	✓	✗	✓	✓	✓	✗
Cheese	✓	✗	✓	✗	✓	✓	✗	✗
Yogurt	✓	✓	✓	✗	✓	✓	✗	✗
Condensed Milk	✓	✓	✗	✗	✗	✗	✗	✗
Dairy Whitener	✓	✓	✓	✗	✓	✗	✗	✗
Whey Powder	✓	✓	✗	✗	✗	✓	✗	✗
Skimmed Milk Powder	✓	✓	✓	✗	✓	✓	✓	✗
Cream	✓	✓	✗	✗	✓	✓	✗	✗
Ice Cream	✓	✓	✓	✗	✓	✗	✓	✗
Chocolate	✓	✓	✗	✗	✓	✗	✗	✗
RTD	✓	✓	✓	✓	✓	✓	✓	✗
Desserts	✓	✓	✗	✓	✓	✓	✓	✓
RTC meals	✓	✓	✗	✓	✗	✓	✗	✗
Tofu	✓	✗	✗	✗	✗	✗	✗	✗

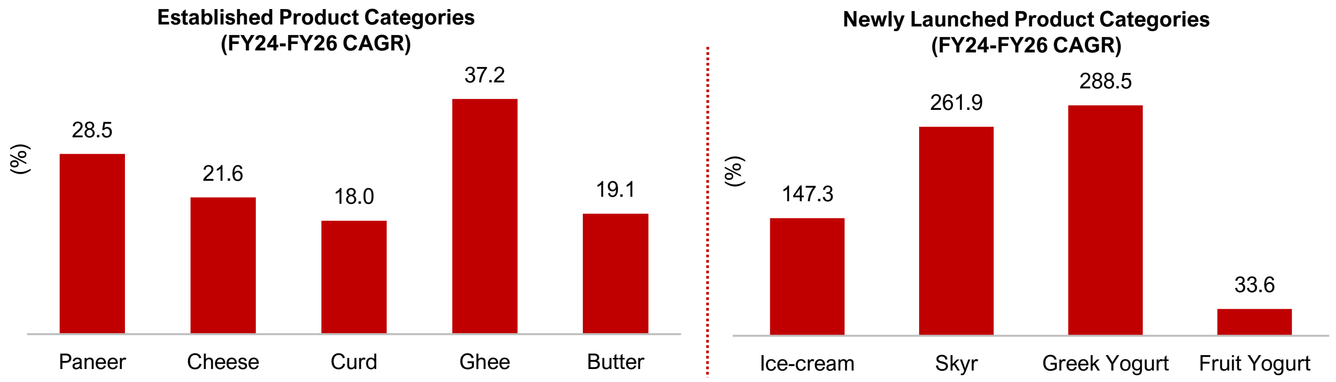
Source: Company RHP, ABM Research

Exhibit 2: Product-wise FY26 revenue mix: Paneer largest at 29%



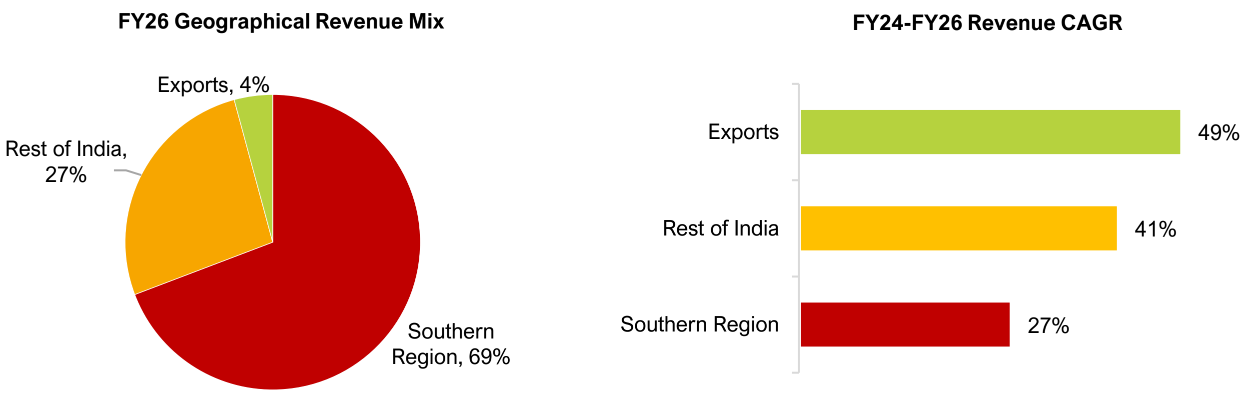
Source: Company RHP, ABM Research.

Exhibit 3: Established categories show durable ~18-37% CAGR (FY24-FY26), while newly launched products -Skyr, Greek Yogurt and Ice-cream - post triple-digit growth off a small base.



Source: Company RHP, ABM Research

Exhibit 4: South anchors revenue; non-South markets and exports grow faster



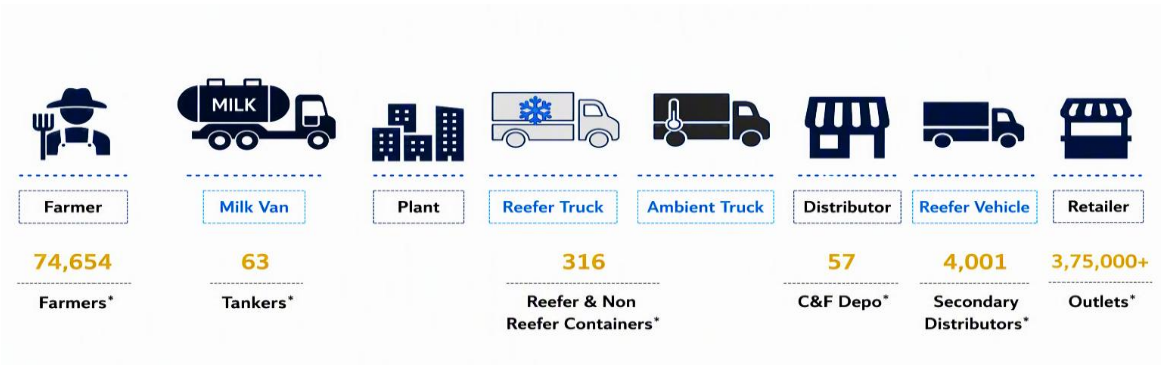
Source: Company RHP, ABM Research

Exhibit 5: Low utilisation across key products offers ample headroom to scale and lift RoCE

Products	Installed Capacity (FY26)	Available Capacity (FY26)	FY26 Capacity Utilisation (%)
Paneer (MT)	70,080	47,520	52.4
Curd (MT)	2,62,800	1,67,400	29.6
Ice-cream (KL)	65,700	41,850	29.4
Butter (MT)	21,900	13,950	38.5
Ghee (MT)	17,520	11,160	48.8

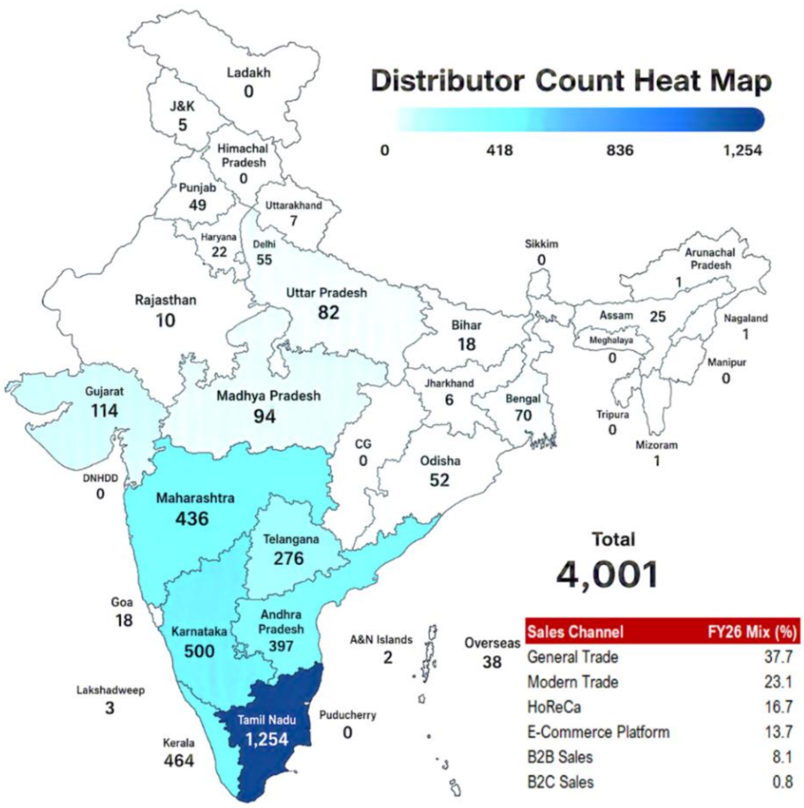
Source: Company RHP, ABM Research

Exhibit 6: Integrated Farm to Retailer Infrastructure



*Source: Company RHP, ABM Research (*Note: As of March 31, 2026)*

Exhibit 7: Scaling distribution PAN-India through a multi-channel network



*Source: Company RHP, ABM Research (*Note: As of March 31, 2026)*

Exhibit 8: Financial and Operational KPIs

	FY24	FY25	FY26	FY24-FY26 CAGR (%)
Financial KPIs				
Revenue from operations (Rs mn)	**18,216**	**23,495**	**31,384**	31.3
Gross Profit (Rs mn)	**5,685**	**7,962**	**10,347**	
Gross Margin (%)	*31.2*	*33.9*	*33.0*	
EBITDA (Rs mn)	**2,171**	**3,051**	**4,286**	40.5
EBITDA Margin (%)	*11.9*	*13.0*	*13.7*	
PBT (Rs mn)	**427**	**875**	**1,585**	
PBT Margin (%)	*2.3*	*3.7*	*5.1*	
PAT (Rs mn)	**194**	**461**	**1,270**	155.6
PAT Margin (%)	*1.1*	*2.0*	*4.0*	
ROCE (%)	8.1	9.5	11.7	
P/E (x)	554.3	233.9	84.9	
Operational KPIs				
Total Milk Procured (mn litres)	272.8	307.2	396.2	20.5
Realisation per Litre of Milk (Rs)	65.9	74.2	77.8	8.6

Source: Company RHP, ABM Research

Exhibit 9: Peer Comparison (FY26)

Company	Revenue (Rs mn)	EBITDA Margin (%)	PAT (Rs mn)	EPS (Rs)	P/E (x)	RoCE (%)
Milky Mist	31,384	13.7	1,270	2.0	84.9	11.7
Hatsun Agro Product	99,592	11.8	3,562	16.0	59.5	15.0
Dodla Dairy	41,252	7.5	2,670	44.3	23.9	16.0
Heritage Foods	45,260	5.9	1,501	16.2	22.4	14.0
Parag Milk Foods	38,175	8.1	1,351	11.1	19.9	13.9

Source: Company, ABM Research

Disclaimer

About Aditya Birla Money Limited (ABML)
Aditya Birla Money Limited ("ABML"), a company registered with the Securities and Exchange Board of India ("SEBI") as a Research Analyst under Registration No. INH000002145. ABML is also registered as a stockbroker with NSE, BSE, MCX and NCDEX bearing registration number INZ000172636 and as a Depository Participant with NSDL and CDSL under registration number IN-DP-17-2015 and is engaged in multiple financial service activities including broking, portfolio management, and distribution of financial products like IPO, FPO, etc.

Analyst Certification
We, Rohit Harlikar and Yogeeta Rathod, hereby certify that the views expressed in this research report reflect our views about the subject security(ies). The Research Analyst(s) responsible for the preparation of this report hereby certify that the views expressed herein accurately reflect their personal views about the subject company(ies) and their securities and that no part of their compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed in this report. The Research Analyst(s) have not served as officers, directors or employees of the subject company(ies). The Research Analyst(s) and their relatives do not have any material conflict of interest at the time of publication of this report and do not hold 1% or more of the securities of the subject company(ies) as of the end of the month preceding the date of publication. Artificial intelligence (AI) tools have not been used in the preparation of this research report.

Nature of Report & Investor Responsibility
This report is prepared strictly for informational purposes only and does not constitute an offer, solicitation or recommendation to buy, sell or hold any securities or financial instruments. It does not constitute investment, legal, accounting or tax advice and does not take into account the specific investment objectives, financial situation or needs of any recipient. Investors are advised to exercise independent judgment and obtain professional advice before making investment decisions. There is no assurance or guarantee of returns arising from the recommendations contained in this report.

Data Sources, Accuracy & Risk Disclosure
The information contained in this report has been obtained from publicly available sources and other data believed to be reliable; however, ABML does not represent or warrant, whether express or implied, the accuracy, adequacy or completeness of such information and shall not be responsible for any error or omission. Any forward-looking statements are subject to market risks, uncertainties and assumptions that may cause actual outcomes to differ materially. Past performance is not indicative of future results. Investments in securities market are subject to market risks. Read all related documents carefully before investing.

Jurisdiction & Distribution Restrictions
This report is not directed to, or intended for distribution to or use by, any person or entity in any jurisdiction where such distribution would be contrary to applicable laws or regulations. This document may be distributed in certain overseas jurisdictions only to such persons as may be permitted under applicable local laws and regulations, including institutional or qualified investors, and recipients shall ensure compliance with such restrictions. Persons into whose possession this report may come are required to inform themselves of and observe all applicable restrictions.

Conflict of Interest & Business Activities
ABML and its associates are engaged in various financial services activities and may have financial interests in the securities of the subject company(ies), including beneficial ownership of one percent or more of such securities or any other material interest. ABML or its associates or affiliates may have received compensation for investment banking, merchant banking, brokerage, advisory or other financial services from the subject company(ies) during the twelve months preceding the publication of this report and may seek or expect to receive such compensation in the future. The subject company(ies) may have been a client of ABML or its associates during such period.

Dealing & Trading Positions
ABML, its associates, affiliates, directors, officers or employees may from time to time have long or short positions in, or may buy or sell, the securities or derivatives thereof of companies mentioned herein, either as principal or agent. The Company's sales, trading and other business units may have views and take decisions that may be inconsistent with or contrary to the views expressed in this report. Proprietary trading and investment businesses of ABML may make investment decisions that are inconsistent with the recommendations contained in this report.

Analyst Independence & Internal Controls
The Research Analyst(s) have not received any compensation or benefits from the subject company(ies) or any third party in connection with the preparation of this report and are not engaged in market making activity for the subject company(ies). The Research Analyst(s) are subject to internal policies governing personal trading, including pre-clearance requirements, restricted lists and trading window restrictions, and are prohibited from dealing in securities while in possession of unpublished price sensitive information in accordance with applicable SEBI regulations, including SEBI (Prohibition of Insider Trading) Regulations. ABML maintains effective internal controls, including information barriers (Chinese Walls), supervision and review mechanisms, and a robust code of conduct to ensure independence of research activities from its other business functions. The compensation structure of Research Analyst(s) is not linked, directly or indirectly, to investment banking, brokerage or other business activities of ABML.

Rating Methodology & Definitions
The recommendations issued by Aditya Birla Money Limited ("ABML") are based on the expected absolute return on the subject security over a standard investment horizon of twelve months, unless otherwise specified. Investors are advised to note that each recommendation is subject to certain risks, including but not limited to changes in market conditions, company-specific developments, sectoral trends, regulatory changes, macroeconomic factors and other unforeseen events. Key risks associated with the investment thesis, where applicable, shall be highlighted in the respective research report.

Rating System: Definition of ratings

Rating	Definition
Buy	A "Buy" rating indicates that the stock is expected to generate an upside of >15% from the current market price.
Add	An "Add" rating reflects an expected upside in the range of 5% to 15%, suggesting moderate return potential.
Reduce	A "Reduce" rating signifies limited upside or mild downside, with expected returns ranging from a downside of -10% to an upside of +5%.
Sell	A "Sell" rating indicates that the stock is expected to decline by >10% from the current market price.

These return expectations are indicative and may vary depending on prevailing market conditions, sector dynamics, company-specific developments, and overall volatility. The assigned ratings and target prices are based on fundamental analysis, valuation methodologies, and assumptions considered appropriate by the Research Analyst(s). Such ratings are subject to periodic review and may be revised without prior notice based on changes in market conditions or underlying assumptions. Investors are advised that the recommendations do not assure or guarantee any returns and remain subject to inherent market risks.

Rating Distribution Disclosure
The distribution of ratings assigned by ABML across its coverage universe, including the proportion of entities for which ABML or its associates have provided investment banking or other services, shall be disclosed in accordance with applicable regulatory requirements and is available on the Company's website.

Historical Performance & Price Charts
This report includes or is accompanied by disclosure of price charts of the subject company(ies) for the relevant period and details of recommendations made during the preceding twelve months, including rating actions and target prices, to enable investors to evaluate the performance of the Research Analyst(s).

Valuation Methodologies
The valuation methodologies used in this report may include discounted cash flow analysis, relative valuation metrics such as price-to-earnings, price-to-book value, enterprise value multiples, or other appropriate methods depending on the nature of the industry and the subject company. Such methodologies are subject to assumptions and limitations and may change without notice.

Other Communications & Reports
ABML may from time to time publish other reports, notes or communications that are inconsistent with or reach conclusions different from those presented herein. Preliminary notes, flash updates or first-cut reactions, if any, are subject to change and may differ materially from the final research report, and should not be relied upon independently.

Media Appearances
Research Analysts or employees of ABML may participate in public media appearances, investor conferences or other forums from time to time and may express views that are consistent or inconsistent with the views expressed in this report. Appropriate disclosures of conflicts of interest shall be made in such instances in accordance with regulatory requirements.

Third-Party Data Disclaimer
The information in this report may include data sourced from third parties. While such information is believed to be reliable, ABML does not guarantee its accuracy or completeness and assumes no liability for any errors or omissions. This report may not be reproduced, redistributed or copied, in whole or in part, without prior written permission of ABML.

Limitation of Liability
ABML does not accept any liability for any direct, indirect or consequential loss arising from the use of this report or its contents. The recipients of this report are solely responsible for their investment decisions.

Additional Regulatory Disclosures
Detailed disclosures with respect to ownership, conflicts of interest, and other regulatory information are available on the official website of Aditya Birla Money Limited and should be referred along with this report for complete transparency.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.
Aditya Birla Money Limited or its associates may have financial interest in the subject company(ies).
Aditya Birla Money Limited or its associates may have beneficial ownership of one percent or more in the subject company(ies).
Aditya Birla Money Limited or its associates may have received compensation from the subject company(ies) in the past twelve months.
Aditya Birla Money Limited or its associates may have managed or co-managed public offering of securities of the subject company(ies).
The Research Analyst(s) or their relatives do not have financial interest or ownership exceeding one percent in the subject company(ies).
Investment in Securities Market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI membership of RAASB and certification from NISM in no way guarantee performance of ABML or provide any assurance of returns to investors and clients.

Compliance Officer & Investor Grievance
The details of contact of the Compliance Officer, Mr. Murali Krishnan L R, at **044-49490014** or via email at **abm-chn.compliance@adityabirlacapital.com.**
Investor grievances may also be lodged through SEBI's SCORES platform at **https://scores.sebi.gov.in.**