September 7, 2026

BSE Limited
20th Floor, P.J. Towers
Dalal Street
Mumbai – 400001

Scrip Code: 544868

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051

Scrip Symbol: MILKYMIST

Dear Sir/Madam,

Subject: Transcript of Q1 2026-27 Analyst/ Investor Earnings Conference call held on September 1, 2026

In continuation to our intimation dated August 26, 2026, with respect to the scheduling of a conference call with the analysts/institutional investors, post results for the quarter ended June 30, 2026 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Q1-2026-27 Analysts/Investor Earnings Conference call held on Tuesday, September 1, 2026.

The above disclosure is also being made available on the website of the Company at https://www.milkymist.com

This is for your information and records.

Thanking You,

For Milky Mist Dairy Food Limited
(formerly Known as Milky Mist Dairy Food Private Limited)

PRAKASH SIVASAMY
Digitally signed by PRAKASH SIVASAMY
Date: 2026.09.07 17:28:45 +05'30'

S Prakash
Company Secretary and Compliance Officer
Membership No: A22495

"Milky Mist Dairy Food Limited
Q1 FY27 Earnings Conference Call"
September 01, 2026

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on September 01, 2026, will prevail.

MANAGEMENT:	**MR. T. SATHISHKUMAR – CHAIRMAN AND MANAGING DIRECTOR – MILKY MIST DAIRY FOOD LIMITED** **DR. K. RATHNAM – WHOLE-TIME DIRECTOR AND CHIEF EXECUTIVE OFFICER – MILKY MIST DAIRY FOOD LIMITED** **MR. BISWAJIT MISHRA – CHIEF FINANCIAL OFFICER – MILKY MIST DAIRY FOOD LIMITED**
MODERATOR:	**MS. DEVIKA SHAH – ADFACTORS PR**

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY27 Earnings Conference Call of Milky Mist Dairy Food Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Devika Shah from Adfactors PR. Thank you and over to you, ma'am.

Devika Shah: Good morning everyone, and welcome to the Q1 FY27 Earnings Conference Call of Milky Mist Dairy Food Limited. Today, we have with us Mr. T. Sathishkumar, Chairman and Managing Director; Dr. K. Rathnam, Whole-Time Director and CEO; Mr. Biswajit Mishra, Chief Financial Officer.

We will begin with the opening remarks from the management, followed by a Q&A session. Please note that this call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantee of future performance, and involve risks and uncertainties that are difficult to predict.

I now hand over the conference to Dr. K. Rathnam, Whole-Time Director and CEO, for his opening remarks. Thank you, and over to you, sir.

K. Rathnam: Thanks Devika. Good morning to everyone, and thank you all for joining us today. A warm welcome to all of you, and thanks for joining our maiden earnings call after the listing. On this call, we are joined by Mr. Sathishkumar, the Chairman and Managing Director of Milky Mist; Mr. Biswajit Mishra, the Chief Financial Officer; and Adfactors PR, our Investor Relations consultants.

The results and the presentations are uploaded on the stock exchange and company website. I hope everyone had a chance to look at them. First and foremost, I would like to take this opportunity to express my sincere gratitude to all our shareholders for the trust and the faith they have placed on us. A warm welcome to our new shareholders to the Milky Mist family, and thanks all our stakeholders such as our employees, customers, business partners, bankers, and legal advisors, whose continued support and contribution were instrumental in making our journey for the successful listing and thereon.

As this is our first earnings call, I would like to take a step back and introduce Milky Mist brand, who we are, and what we do. I am sure you must have gone through the website, the presentations which we uploaded. Nevertheless, I would like to brief about our company. Milky Mist was one of the first private companies in India, the first one to launch branded packaged paneer way back in 1997 - 1998, when everybody was marketing loose paneer at that point of time.

Built around paneer, were the other basic products such as ghee and butter, we were pioneer in launching bucket curd in 1 kg format in and around 2009 -2010. Over a period of time since starting our paneer in 1997 - 1998 and building around basic product portfolios, we went into a major expansion of setting up of the greenfield project, which came into fully operational in 2019.

Between 2019 and now, we had a kind of a capacity building of all the product manufacturing lines, product expansion and product categories, establishing end-to-end logistics, and a strong market expansion across the country. What we started as a single product idea has grown today into a diversified, value-added dairy and packaged food company with 22+ product categories having more than 650 (Note: this is said erroneously. Read it as 640) SKUs as of June 30th, 2026.

We position Milky Mist as a value-added FMCG company, built around a diverse portfolio of consumer-focused food products, supported by a strong distribution network with continuous innovation, and a track record of a strong financial performance.

When we talk about the product portfolio, at Milky Mist, we have built a very diversified, value-added FMCG portfolio. Our business is defined by different product categories and value addition to our product portfolio, a very focused, consumer-centric approach, and our ability to build brands and scale across markets.

This focused approach has been central to the growth and profitability we are delivering today and will continue to focus on. One, our product portfolio caters to all age groups of consumers, meeting their requirements from breakfast to dinner table. We market our products under our flagship brand name Milky Mist and some sub-brands including SmartChef, Capella, Briyas, and Asal.

We have five different segments to cater to the needs of the consumers. At the foundation are the Basic needs products for the consumers such as paneer, butter, curd, ghee, and yogurt, and UHT milk, which anchor everyday household consumption and drive volume and brand recall.

The second category of the products which we built around is the indulgence products includes cheese, sweetened condensed milk, cream, and khova, to name a few. We have an impulse buying range or on-the-go products category that comprises of yogurts of protein in nature and regular consumption, milkshakes, lassi, buttermilk, and chocolates. Our portfolio further extends to after-meal products to have to get a kind of a pleasure and satisfaction, those products such as ice creams, gulab jamun, mishti doi, and shrikhand.

And finally, we have a category for our healthy choices segment such as high-protein paneer, high-protein natural cheddar cheese, Greek yogurt, and Skyr. It's one of the fastest-growing categories in our product offering. Through our wide range of product portfolio, revenue is not limited to a single product category, but diversified across occasions and price points.

When we talk about our manufacturing, logistics, and distribution strength, our greenfield plant at Perundurai manufacturing facility in Erode, Tamil Nadu, is dedicated to all type of value-added dairy and food products, such as, as I explained previously, including frozen, RTE, and RTC products.

When we talk about the sourcing of milk, we source entire quantity of milk directly from the farmers and their payments are also done directly into their bank accounts. Our strategically located Perundurai manufacturing facility capitalizes on the region's robust dairy farming community to ensure a consistent supply of high-quality raw milk.

Further, South India is less affected by seasonal variation, like we have only two seasons, summer and monsoon, nothing else other than that, as compared to other parts of the country. Geographical seasonal advantages coupled with our milk balancing system enables us to efficiently manage fluctuations in our milk supply and demand situations.

With regard to logistics, we manage our own logistics to ensure that our diverse product range, which require a chilled, ambient, and frozen conditions, maintain its quality from procurement of raw materials, that is milk, to the point of sale of our products, that is our distributors and the retail touch points. Company-owned logistics, we have about 375 vehicles, as I said, both chilled, ambient, and frozen all categories. Infrastructure further helps us to reduce the transportation.

Today, Milky Mist has established a very strong pan-India presence, our presence across 22 states and 5 union territories, supported by 4,200-plus distributors with 375 primary transporting vehicles and more than 600 vehicles for the secondary transportation of our products, with closer to 4 lakh retail touch points on daily basis. Further strengthening is through a network of 41,000-plus visi coolers and freezers.

I may mention here that we are one of the pioneer company in introducing the cold chain facilities at the retail point way back in 2009, of preserving the products till the product reaches to its consumer hands. That is the point where we introduced visi coolers and we continue to build that market infrastructure. And today, we have more than 41,000 visi coolers, ice cream freezers, and chocolate coolers across the retail touch points in India.

We have a greator industry opportunity. The India's value-added dairy products market, comprising products such as curd, lassi, butter, ghee, paneer, cheese, yogurt, milkshakes, etc, and ice creams including, was valued at approximately INR5.5 trillion in fiscal 2025 and is expected to grow nearly INR9.9 trillion, I would say INR10 trillion, by 2030.

This growth -- this is I'm talking about only the value-added product segment, excluding milk. This growth is being driven by raising disposable incomes, rural prosperity, greater health consciousness, and a clear consumer shift towards premium, protein-rich, and convenient dairy as well as food options.

Within this, paneer is expected to grow to approximately 20.6% by fiscal 2030, making it the fastest-growing segment in the category. The organized paneer market alone is projected to grow from roughly INR40.6 billion in fiscal 2025 to approximately INR102 billion by fiscal 2030, a CAGR of 20% plus.

This structural shift in consumer preference is creating a large and sustainable opportunity for Milky Mist. We intend to harness this sizeable opportunity with a few of our key strengths, which include strengthen our leadership position in South, while accelerating our strong presence across newer geographies.

Continuously expand capacity and procurement capabilities at our Perundurai facility, including addition of new whey protein concentrate manufacturing unit, capacity expansion in yogurts and cream cheeses as well as the new plant manufacturing lines on natural cheeses. Strengthen our brand visibility through increased advertisement, influencer partnerships and performance marketing.

Pursue a disciplined inorganic growth, building on our recent Asal and Briyas acquisitions, to have a meaningful contribution from the new product categories. Leverage our technology, IoT-enabled logistics, data analytics, analytics and automation to continuously improve our cost and operational efficiencies.

Further expand our retail footprint through visi coolers, ice cream freezers and chocolate coolers. We plan to deploy more than 50,000 visi coolers, ice cream freezers and chocolates coolers over the next three fiscal years, as we indicated earlier. With this context, let me turn to our performance for the Q1 - first quarter of fiscal 2027.

We have started FY'27 on a very, very strong note. Our revenue for quarter grew by 44% on a year-on-year basis to INR973.45 crores. Our performance during the quarter was supported by strong demand and healthy sales across our entire product portfolio and across the markets.

I would like to highlight the performance across our key categories for Q1 FY'27. Paneer remained our largest contributor with both volumes and revenue growing by 34%, taking the revenue to INR248.29 crores from paneer alone, which contributes about 26%, 27% of the top line. Cheese and curd also delivered a very strong growth, with revenue increasing by 38% in cheese and 27% in curd.

Ice cream delivered particularly a very, very strong growth because of the season as well as our brand equity, with volumes that grew by 45% and revenue by 60% on a year-on-year basis, which is one of the promising and fast-growing category as far as Milky Mist is concerned.

Yogurt was another standout performer. When I say yogurt, it is the fruit yogurt of basic nature, the protein category such as Greek Yogurt and Skyr, with revenue growing by 153% quarter-on-quarter basis to INR84.5 crores, coming only from yogurt category, reflecting a continued strength of this category. This is again another strongest category which will contribute to the top line as well as bottom line of the company.

Overall, the broad-based performance across our product portfolio reflects the strength of our product categories and the increasing consumer acceptance of our offerings as well as product categories.

In Q1 FY'27, sales in South continued to lead a growth coming from all trade channels, with higher growth coming from e-coms and followed by modern trade and general trade. Equal growth also coming from non-South areas that is West, North and East.

Moving to gross profitability, in Q1 FY'27, our gross profit was INR332 crores *(Note: this is said erroneously. It should be read as INR 333 Crores).*, translating into a margin of 34.2%. This margin expansion in gross profit was nearly 270 bps, which was primarily driven by our strong product mix, pricing ability and sales and the volume of scale.

EBITDA for the quarter stood at INR144.89 crores, translating to an EBITDA margin of 14.9%, an outcome of operational efficiencies from 13.7 in FY'26 *(Note: this is said erroneously. It should be read as 12.24% EBITDA in Q1FY26)*. Profit after tax for the quarter was at INR64.67 crores, translating into a PAT margin of 6.6%.

Moving further, we commissioned our new cheddar cheese plant into operation in Q1 FY'27, with an installed capacity to produce 120 metric tons of natural cheddar cheese per day. This capacity addition is an important step in strengthening our natural cheese category, giving a significant headroom to scale production in line with the growing demand for natural cheese category as well as the processed cheese.

Our focus remains on building a stronger and more efficient and scalable business. We will continue to invest in our capabilities, strengthen our portfolio, deepen our distribution and build brands that are relevant to today's evolving consumers. At the same time, we remain committed to disciplined execution, improving operational efficiencies and maintaining a very strong focus on profitable growth.

As we begin this new chapter as a listed company, we see a significant runway for growth ahead of us. Our priorities are very clear. Strengthen and improve our leadership position in our existing markets and in the newer market as well, build a broader pan-India presence, expand our value-added FMCG portfolio and create Milky Mist as household brand of India, with every household consuming Milky Mist paneer. That's our objective and goal going forward. We will pursue this journey with ambition, but also with a discipline and a clear focus on delivering sustainable financial performance.

We are confident in the opportunity ahead and in the capabilities we have built to capture it. More importantly, we remain committed to creating long-term value for our customers, employees, partners and shareholders. We thank you for your trust and support, and look forward to sharing this journey and our progress with you in the quarters ahead. Now with this, I open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. First question is from the line of Pratik Dharamshi from Union Mutual Fund. Please go ahead.

Pratik Dharamshi: Yes, thank you for letting me ask the question. Many congratulations, Mr. Rathnam and Sathish ji, for fantastic set of numbers. My first question is on your procurement strategy. So if I look at your DRHP, procurement from third-party operators were virtually zero say three-four years back and now is closer to 15%. So can you elaborate more on the third-party procurement strategy? How is it margin accretive and how should one see that? That's my first question.

K. Rathnam: Thanks for the question. Our endeavor and our objective is to procure directly from the farmers, which we have been continuing over the last many years. However, a couple of years back, one of the private equity-owned entity which is known as Innoterra, and their offshoot in India in Tamil Nadu is MilkLane, they set up a kind of a procurement activities in Tamil Nadu to procure good quality milk and sell it at a premium to the players in the sector.

As you know, liquid milk procurement and selling is always based on the demand and supply. So they were in a difficult situation post-COVID and they came to us whether we would be in a position to take over the operations. And that's when we explored and we said, given a choice; we will go ahead with a long-term contract with them and on an exclusive basis.

So that's the reason we have included the private equity-owned entity. And in fact, they are also like us, they have been collecting milk directly from the farmers. We have been monitoring their operations day in and day out. And their payment system also like ours, that directly into their bank accounts. So there is no aggregators pouring any milk into the third party. It is an extension of our procurement activity going forward also.

And since it is a long-term contract of five years, their volumes will contribute to some of our product categories which require a very good high-quality milk, such as yogurts and UHT milk. And there are no financial implications because we, in fact, we pay to our farmers based on the quality like a little bit of a premium towards the bacteriologically superior milk. So similar kind of set up is also being extended to this third-party provider. Nothing else. Our focus would remain with procurement directly from the farmers.

Pratik Dharamshi: Got it. Yes, and thanks for it. Second was on the analogue paneer. So recently, we are hearing a lot of concerns around that across states. Have you started to see any incremental benefits and shift towards organized paneer makers like you? Because it's one of the largest category for us. So how are you seeing those trends evolving? Thank you.

K. Rathnam: In Q1, our paneer volume growth has been 34%, volume growth and sales growth. Now that has come on two accounts. Number one, the GST on paneer has become zero in September last year. And with that, the pricing difference between the organized and unorganized players has become almost nil. So that also gave Milky Mist a very strong growth momentum as far as paneer is concerned.

And second thing, we have been informing, we have been telling, we have been talking on various forums and also with authorities for stopping of this analogue products particularly. And thanks to FSSAI and some of the key states which have banned analogue paneer, which now we see a lot of volume offtake as far as our paneer is concerned. And going forward also, we see a very strong growth coming from paneer.

And this would also help not only the companies like Milky Mist, because we are the strong largest manufacturer of paneer, but also it will help the consumers to have a better product rather than having an analogue type of products.

Pratik Dharamshi: Got it. Thanks a lot, and wish you all the best. Thank you.

K. Rathnam: Thank you. Thanks

Moderator: Thank you. I request to all the participants kindly limit yourself to two questions per participant, and rejoin for a follow-up. Next question is from the line of Abneesh Roy from Nuvama Holdings. Please go ahead.

Abneesh Roy: Yes, thanks and congrats. My first question is on the QSR recovery. So we have seen multiple players call out QSR recovery in Q1. And generally in consumption, if any trend reverses after few quarters, a few years, it continues for one year. So I wanted to understand from a cheese revenue growth, do you think this kind of a strong number should continue? And if you can tell us in terms of B2B supply, is cheese also a strong component? And are you supplying to a lot of the QSR players? That is my first question.

K. Rathnam: Thanks, Abneesh, for that question. Let me make one thing very clear to you that our B2B sales is only whey powder, which is coming out from cheese and paneer manufacturing. Other than that, we do not have any B2B sales. We do not supply to QSRs. So we do not know whether that sector is coming back or not. But we have established a very, very strong retail network, general trade, modern trade, and quick-coms.

So that our entire cheese sales and the growth has been coming from these sectors and not from the QSRs. So rest assured, and we will continue to have a similar growth going forward also. Apart from that, with again, when analogue paneer is banned, next extension is going to be analogue cheese. So that also will help us to maintain the growth momentum what we have now going forward also.

Abneesh Roy: One follow-up here. As of now, so no plans to supply to the QSR, given it's coming back in terms of growth? It could be an opportunity. As of now, no plans, right?

K. Rathnam: No, there are no because, see, we continuously focus on retail segment. Okay, that's our key strength. So because we would continuously focus on general trade, modern trade, and quick-coms, and also HoReCa segment. So that's our focus. If an opportunity comes to supply to QSRs, we will explore. Otherwise, our focus and objective is mainly towards this one.

Abneesh Roy: Sure. My second and last question is, paneer has done quite well and a very large category for you. If I see, you are one of the few players who is segmenting that category into high-protein paneer and normal protein. So if you can elaborate if that can continue as a sustainable strategy, because Indian customer clearly very value-focused.

So will your high-protein paneer in terms of the ROI from the customer, because he's paying more, he's getting a bit more protein, but long-term do you see that this can continue to remain a very sustainable strategy to have both paneer and high-protein paneer also?

K. Rathnam: We introduced high-protein paneer some time back and that has been growing steadily. And there's a good demand coming for this particular category of high-protein paneer. But Abneesh, if you look at it, what are the options available for the vegetarians to have a good quality protein in their meal? It's only nothing but milk, and milk and paneer, right? So the paneer will remain and will continue to grow like what it has been growing since last many years.

And our focus is, being our star product of the company, Milky Mist, our focus is to grow this in leaps and bounds. And we will continue to grow in this category. That's number one. And number two, India is a protein-deficit country. If you look at it, the consumption of the protein is very less.

We take about 50% of the protein what we require, and beyond that we are not consuming. So paneer becomes one of the basic ingredient or basic part of the Indian diet, and particularly more so in South India because we have a large number of population being vegetarians.

Abneesh Roy: So thank you. That's all from my side. Thank you.

K. Rathnam: Thank you.

Moderator: Thank you. Next question is from the line of Sameer Gupta from IIFL Capital Services. Please go ahead.

Sameer Gupta: Hi, good morning everyone. Congratulations on a very good set of numbers, and thanks for taking my question. Sir, first question is on gross margin, and I understand you have explained it in the press release. But most dairy companies have reported sharp margin contraction in gross margin terms, and this is largely reflective of milk procurement prices, which have increased across the board.

So just trying to understand why is that kind of contraction not visible in Milky Mist numbers? And second sub-question to that is, there are news reports of sharp increases being announced in the last one week in milk procurement prices in Tamil Nadu upwards of around 15%. So how should one look at gross margins in quarters ahead, especially in line of other overall inflationary pressures?

And I am assuming we would have taken price hikes last year in any case. So is there more room to take price hikes further? That would be my first question, sir.

K. Rathnam: Sameer, let me answer part of this question, then Mr. Biswajit will explain about the margin expansion. As far as Milky Mist is concerned, as you all know, we do not sell pouch milk. So we are only into value-added product category. And it's not a single product category, but we have got more than 20 product categories. So every category is growing.

And if you look at it, you must have noticed that during my speech, that paneer has been growing at 34%, the cheese is at 38%, yogurts is at 150% plus, and ice creams is more than 60%. All this product mix are value, volume and margin drivers. They are driving the margins.

So that's number one. So we are not depending on the liquid milk for our margins, but our margins are contributed largely from this kind of product category mix.

Number two, partially I will answer to that question with regard to the price increase in milk. We were already paying about INR41, INR42 per litres with a landed cost of INR45 to the farmers before the Aavin increases the price of INR3 earlier. Now yesterday, they increased another INR3, and we will have to see whether the INR3 is directly going to the farmer or is there any commission and all those things. We are studying that one.

Having said that, since we are not into liquid milk and we are in a position for the pricing ability across all our product categories. So with that, I ask Biswajit to answer to your margin expansion.

Biswajit Mishra: Yes. So like last time also we discussed in various discussion, the price increase strategy is there with our product strategy. And whenever there is an input price increase, the gestation time like 2, 3 months, we wait for the sustainability, and then we take action on the product price increase. That is the strategy for our margin sustainability, and that will continue.

Today, if you look at the price increase what we have done, we have done in last Q, like last Q4 of last year, we have done the price increase, and the results are coming in Q1. And you are right, there are some price increases now recently happening.

And we have also closely studied all these price impacts, and once we are through with the analysis and we'll take the action on the price increase. So the strategy will remain same. Whenever there is a cost impact and there is a sustainability pressure on margin, we will take action on that.

Sameer Gupta: Just a follow-up, Biswajit, on this. What would be the pricing overall increase in reflective in this first quarter numbers, since last year at this time you would not have taken any price hike?

Biswajit Mishra: Are you, Sameer?

K. Rathnam: Yes, Sameer.

Biswajit Mishra: Yes, hi Sameer, So 10.5%.

Moderator: Thank you very much. Sameer, kindly come back for a follow-up. I request all the participants, please limit yourself to two questions per participant. Next question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

Aniruddha Joshi: Yes, thanks for the opportunity. Sir, two questions. One regarding the freight cost, because at least what we understand from various other dairies in India that they, in order to reduce the freight cost and to reach out the customer very quickly as far as the fresh products are concerned, so they need to have multiple manufacturing units.

Whereas in case of our company, we have one plant and we cater to even far longer cities like even Mumbai, Pune, or any other cities also. So how does the freight mechanics work for us? I guess we have own trucks. So if you can elaborate a bit on that aspect. That is question number one.

And question number two, if you can indicate the price hikes which we would have implemented let's say in past 12 months in across the products, be it paneer, curd, etc., all the products, and how do you see the need of price hikes in coming quarters as the procurement prices continue to be in inflationary mode? Yes, thank you, sir.

K. Rathnam: Thanks, Aniruddha. Thanks, Aniruddha. With regard to the transportation, I would like to do a bit of an elaboration I would like to give you. See, when you compare with all others, because most of the peers or the other dairy operators, they are all into 70%, 80% in liquid milk, and liquid milk essentially requires the shorter transportation within the radius of 100 to 120 kilometers. And pouch milk also has got a shelf life of around 24 to 48 hours. So you have to be very closer to the markets. Whereas in our case, you know, we have a minimum shelf life of products is starting from 30 days. And then we have a very strong manufacturing unit at one place. Number one.

Number two, the company owns and operates more than 375 transportation fleet. That gives us an ability to load the products as it comes out from the manufacturing lines. And then it goes uninterrupted to their respective destinations. Since it is our own logistics, we operate every truck round the clock using our artificial intelligence and IoT kind of things.

They reach almost something like 75%, 60% of the time what other third-party operators take. So that gives us the faster turnaround of the reaching of the product to the market. And also while coming back, these trucks carry We have established a very beautiful and robust reverse logistics.

When they come back from, say for example, Maharashtra or and Gujarat or, Delhi and Punjab, in other parts of the country, they bring return load, essentially food products, fruits, or vegetables, or grains, etc, to third parties to back to Bangalore or Hyderabad or Chennai, so they offload and come back. So we save about roughly about 18% to 20% on the logistics cost when we are using our own transportation and skilfully employing those trucks for the return reverse logistics.

So having our own trucks helps us to reach the products within the shortest possible time, number one, and retaining the quality till the product reaches to the destinations, and number three, which also helps us in saving the cost to the extent of 18%, 20%, as I said, and also helps us to bring back our various packaging materials or crates from across the market. So that's about the logistics. And your question on pricing, maybe you can answer how much we have increased, 11%?

Biswajit Mishra: Yes, already answered. 10.5% we've increased, which offset our milk price increase and other input cost increase. And we have a margin expansion of 2.7%, which is net output of that.

K. Rathnam: Yes. So last year, as he rightly said, close to 11% the price increase as far as the product is concerned. See, our focus is continuously on the bottom line, and we also keep a very, very close watch on our product mix, number one, number two, on an operational efficiency, and number three, on the input cost, particularly milk, which contributes about close to 50%, 55% of the total input cost.

So, we monitor all these things. And we have the pricing ability. We still have some more ability to retain and pass on that to an extent. And our price increase unlike what liquid milk operators have got a little bit of a constraint, we do not have that constraint. As and when required, within the possible limit, we would be in a position to take a price hike as and when needed.

Aniruddha Joshi: Okay, sure, sir. This is very, very helpful. Just last question. If you can indicate the trade margins, that is essentially the MRP to company's own realizations, what will be the in a way, spend that we would be incurring on trade? I guess some part will be indirect cost also, but I guess it is largely now reduced drastically post the GST changes. But excluding GST, what will be the overall trade spends, or the conversion from let's say MRP to own realizations for the company across key products if you can indicate? That's my last question. Many thanks.

Biswajit Mishra: Yes, Aniruddha, I think I'll give a blended to understand, and which we can apply to every product. We have from MRP to billing, we have around 4.5% to 5% that we give trade discount. And we have another 4.5% to 5% in the marketing like promotion.

K. Rathnam: Yes.

Moderator: Thank you. Participants, kindly limit yourself to two questions per participant. Next question is from the line of Sanjay Manyal from DAM Capital Advisors. Please go ahead.

Sanjay Manyal: Hi sir, congratulations on the strong set of numbers. My question first question is largely about the last quarter, base quarter rather. I believe summer was weak. So how much of this growth can be attributed to the weak summer last year or the low base probably last year, if you can elaborate some numbers over there?

And also if you can sort of elaborate about the seasonality and the quarterly variation on the margins, which probably quarters are better for you in terms of margin, and which are the weaker ones?

K. Rathnam: Okay, I'll answer, let me. Sanjay, thanks for that question. As far as we are concerned, all quarters are equally important for us. And particularly the second half of the year, H2, will give us an additional revenue to the extent of INR150 crores to INR200 crores. But this first quarter, of course ice cream contributed to an extent, but equally the other products have also grown.

It is not only the ice cream growth is 60%, but the growth from other categories are also equally important like yogurts and cheese, paneer, all these things have been growing in the range of 30% to 40% in between. So those things contribute a blended way of margin expansion.

At the same time, we see a similar growth going forward also because we don't see only the ice cream which performed well in the summer, extended summer, but now summer is not going to be there so we will not sell any ice cream.

For us in South, ice cream is going to be, other than this particular two months of this monsoon period, which is a slight low, but otherwise ice cream sales is going to be robust as far as we are concerned, around the year. Having said that, since we have a good product mix, these products mix are not affected by the seasonalities, and they are round-the-year products, basic needs of the products, and they will continue to grow and we will continue to have a similar margin going forward also. Right.

Sanjay Manyal: Right.

Biswajit Mishra: Okay.

Sanjay Manyal: Yes sir, go ahead if you if you wanted to add something.

Biswajit Mishra: Yes, you want to understand the Q1-Q1 difference, right? See, if you look at the Q1 last year, like you're rightly saying that Q1 was a bit slow, but it was not because of the volume. So if you look at closely, it was because of the price. Last Q1 was not very good. It's because our pricing ability due to GST and all, and the initially we started looking at milk rationalization and all. So we could not take the price increase to the consumer that time. So it was more of like price, not the volume.

Sanjay Manyal: Okay. Understood, sir. Understood. Sir, my second question is on the whey protein side. I believe as of now, whatever the whey you have been extracting from paneer manufacturing process or for that matter cheese manufacturing process, is what I understand should be as of now you would be selling it as a B2B. And is there any opportunity in B2C high-protein products also? And if yes, is there acceptability for a Milky Mist brand for those products? And will we be able to utilize it? How much margin accretive that can be -- if we are able to convert this whey protein from B2B to B2C?

K. Rathnam: Right now, what we are selling is only whey powder, which is coming out from the cheese and paneer manufacturing. And as you rightly said, we generate about 1 million litres of cheese whey every day, and that has got a good quality proteins. And if you look at our DRHP or RHP, one of the project is to extract protein from this cheese whey, and market it both for the internal consumption, as well as for the B2B and B2C aspects.

And that would give us a very strong further expansion in margins, as well as bottom-line contribution. But of course, that is going to happen 12 to 15 months down the line because we have placed the orders, and the plant is expected to be up and running in minimum -15 to 18 months from now.

So that is one of the areas we are looking at very optimistically. We already have a protein category in our system, that is high-protein paneer, high-protein cheese, high-protein yogurts. So we already built that category. And we are also into development of few more high-protein ready-to-drink categories, which we would communicate as and when they're ready for the launch.

And then whey protein concentrate will become an addition, improving the category in this regard. So with this all those things will help us to grow more, to add to the contribution of the top line and as well as the bottom line.

Biswajit Mishra: Sanjay, just to add one line, just to answer your first line of question. See, we already have protein category in our portfolio. Yogurts are doing very well. Margins are very high. And all other protein category like cheese and paneer, we already have protein category and that are doing very well with very high margin. So what you wanted to understand the protein category as such is already built in, and we are also working on to expand that side of the portfolio. On whey protein, like in DRHP is there, it's 1.5-year time. So we are going to create value to that, yes.

Sanjay Manyal: Right, sir. Right, sir. Thanks for that. Sir, if I may squeeze in just last one from a free cash flow perspective, given the fact that the current year would be still a capex year for you, how would be the capex plan for next year, given the fact that the utilization of the current plant is approximately 50%? And will we be able to generate free cash flow from next year onwards?

K. Rathnam: Sanjay, with regard to the capacity utilization, see, as I said, we have more than 12 product categories, where the capacities are available to make use of them. But having said that, if the paneer, like if the all-India level, if the FSSAI ban analogue paneer, and as you know, 90% of the paneer in India is handled by an unorganized sector, there will be a huge opportunity for us to grow.

So capacity expansion, capacity handling is a dynamic situation as far as Milky Mist is concerned. And since we have been growing at more than 30% year-on-year in last many years, and even this quarter and looking forward like this also, there could be a little bit of an capacity expansions here and there.

But with regard to, the capex spend, which we have already indicated how much we would be spending for next three years as far as RHP is concerned. That is on a whey protein concentrate, on lactose, on natural cheese category expansion, and also capacity addition in processed cheese, as well as in yogurt categories. And you can explain what is that. Yes, you can give a brief.

Biswajit Mishra: So see, if you look at capex, we have INR500 crores of capex built in the RHP itself, and another INR150 crores of capex in built in the RHP. So we have INR650 crores plus INR50 crores, INR700 crores of capex there in the DRHP, or RHP. And we also have an WIP of INR380 crores in book of last year.

So those are all is going to come to the book, and, when we do that, we have sudden maintenance capex, and ancillary capex will be coming. But those all capex are actually funded either through IPO or already funded through bank, and we settled that. There is no cash flow pressure in terms of capex maybe this year, because we are actually having lot of free cash available through debt repayment and our own profitability expansions. So we are comfortable in terms of free cash, and we'll evaluate that, but we are very comfortable the way cash flows are looking at now.

Sanjay Manyal: Understood, sir. Thank you, and all the best, sir.

K. Rathnam: Thank you. Thanks, Sanjay.

Moderator: Thank you. Next question is from the line of Naveen from ithought PMS. Please go ahead.

Naveen: Hope I'm audible.

K. Rathnam: Yes.

Naveen: Yes, yes. Congratulations team on a good set of numbers. So just as an extension to what one of the analysts asked about procurement price and all that, I just want to first understand in general, how is the flush going on right now? And year-over-year, I've been reading and hearing from places that there's been a structural decline in the yield per animal. So would you have any comments to, based on that, and if you're taking any initiative, or you're seeing that any improvements on that side? Yes.

K. Rathnam: Yes. Thanks, Naveen. You see, our volume growth, as far as the procurement volume growth as compared between Q1 FY26 and Q1 FY27 is concerned, it's a 28%. Okay, that's like the volume we have grown, as far as the procurement volume is concerned. And while there could be a little bit of a slowdown in the procurement, means in the milk productivity, what we are seeing is a different picture, because we are expanding our procurement network, number one, and we are also tying up with the banks to financing our farmers with all the nationalized banks, because we have a Kisan Credit Card and other things.

Farmers have been with us since more than, 5 to 10 years. So we are tying up with the banks who are our lenders also to extend the credit facility to our farmers. We are also increasing the herd size. If the farmer has one or two animals, we are asking them to have a couple of them more.

Apart from that, we have a very strong and robust services like artificial insemination, breeding, genetics, and feed and fodder development, as well as the doctors on the call, and health camps, etcetera, deworming, etcetera. So all those things help us to improve the productivity per cow.

So that is going to be our primary focus. And since we require more and more milk, like marketing, we are focusing very much on the backward integration for an inclusive growth with the farmers. Thanks.

Naveen: Got it, sir. One small follow-up clarification. So do we still see, for the next year, the price is to be stressed, getting worse or getting better? Just your outlook could be helpful.

K. Rathnam: We see a very bright future, Naveen. We are looking at this sector as one of the brightest spot for us. And particularly from my side, having been in the milk industry for more than 30 years, these are all cycles which keep going up and coming down, but nothing major to worry as far as we are concerned as Milky Mist.

Naveen: Got it, sir. My second and final question to you would be regarding our EBOs. So I've just been noticing that we've been scaling that up. So just wanted to understand your sense of how they're doing, and what your plans are for the future, and like if you have any targets with respect to them or

K. Rathnam: Can you elaborate the first part of your question, please?

Naveen: Exclusive brand outlets that we have been adding, sir. So wanted to understand how they're doing.

K. Rathnam: We started this exclusive outlets on an experimental basis, and as of now we have about 140 exclusive outlets. But with the changing sales landscape, with the quick-coms coming in a very strong way, and with the modern trade setting up the stores across the places in the Tier 1, Tier 2 cities, we are looking at this as one of the strongest revenue contributors. But at the same time, we are also very cautious about setting up these things in the semi-urban and rural areas rather than focusing in the city areas.

And while it is going to be one of our focus -- the focus on the strategy will evolve based on the kind of e-com and modern trade shaping up in that particular area and region. So, I just leave it at that, and we have about 140, and we will add up those numbers, but subject to the market conditions and the sales mix.

Moderator: Thank you. Navin, kindly come back for a follow-up. Next question is from the line of Abhishek from Investec India. Please go ahead.

Abhishek: Hello.

K. Rathnam: Yes.

Abhishek: Hi, thanks for the opportunity, and congratulations on a good set of numbers, sir. I have few questions. First is, what is the average daily milk procurement volumes in Q1, and mix between direct farmer and third-party procurement? I know it was 85% to 15%, has it been changed? And you have told that the landed cost for direct farmer procurement is INR45 per litre. Can you also tell what is the landed cost for third-party procurement channels? I'll come up for the second question.

K. Rathnam: Okay, fine. When you talk about the milk volumes, as I said, that in Q1, our daily average procurement is 13.2 lakh litres per day. That's 13.2 lakh litres per day, that is our daily procurement volume. And this volume, since we are not interested in manufacturing any commodities, and with so much of a very controlled milk balancing system which we established over a period of time in our setup, we continue to expand our procurement activities as we grow in the product demand. Okay, that's number one.

Number two, when it is coming to the procurement cost, yes, our landed cost is INR45. We are paying INR42, INR41, between INR41 and INR42 to the farmers, and remaining is the input cost to transport the milk from collection centers to the factory. Our procurement price, the variation between us, and I'm not saying it's a third party, but our partner, is the same. But at the same time, whenever there is a good quality milk coming in based on certain parameters like microbiological, aflatoxins, and all those things, we pay about 50 paise more, not only to our farmers, but to our partner farmers also. So that doesn't change much of the things.

And since their volumes is about 10%, 12%, that will continue to be there in the system. At the same time, we're expanding our procurement network in Tamil Nadu and other parts of the places like Karnataka and in Maharashtra. So going forward, our own volumes would increase, and our partner's third-party volumes would slightly go down.

Abhishek: Thanks, sir. My second question is, what is the maximum revenue potential you are expecting from your Perundurai plant, post which you have to do capex for any new facility? Approx range would be helpful, maximum revenue potential?

K. Rathnam: Let me tell you about the capacities we have. We have a larger capacity still to sweat our assets like in ice creams and yogurts and etcetera. And also in cheese, with the current capacity addition, we have a larger headroom to play. Paneer in the range of around 50%. So, the revenue with the current MRP, the pricing of the product, we expect in the range of 3x of FY26 3, 3.5x of FY26 numbers.

Moderator: Thank you. Abhishek, kindly come back for a follow-up. Next question is from the line of Abhishek Mathur from Systematix Group. Please go ahead.

Abhishek Mathur: Yes, hi sir. Thank you for the opportunity. Just two quick questions. Firstly, our regional mix at about 70% in the South and 30% in non-South, has it been more or less constant in the past one year, which implies that, have we, has our growth been more or less along the same lines in the non-South and the South regions? If you can talk a bit about the regional growth trends over the past one year?

And secondly, in terms of Maharashtra specifically, do we have any sort of sourcing plans? Are we already sourcing some amount from Maharashtra? And if not, going forward in the near term, do we have any further plans to set up capacity there and source something from here as well? These are these are my two questions. Thanks.

K. Rathnam: If you look at our historical data, if you take it from -- we have uploaded the presentation into the website, if you look at it, historically the revenue from non-South is steadily growing. Currently, we are operating at 70:30, that is a 69% from South and remaining 30%, 31% from non-South. And, since South is also growing at 44% and non-South is growing at 50% year-on-year, that's how we expect a blended of around 43%, 44% growth. The growth is inclusive.

It is not that only North is growing because of our expanding the market penetration, but South is also, across the markets wherever we are present in all five states, it has been steadily growing. So going forward, there will be a gradual change, but it could be in the range of 60:40. But there won't be any drastic reduction in South or non-South next five years. That's what we are looking at it.

And with regard to your second part of the question as far as the procurement is concerned, we have been, as a strategy, and a business continuity point of view, Milky Mist has been evolving various strategies of -- not depending on only one source of milk, means particularly from one region, so we started expanding our procurement activities network in adjacent districts of Karnataka. And also, we are setting up procurement activities in Maharashtra.

So, continuing with, since we have taken the land there, and we are planning to establish the new setup over there, we initiated the procurement activities about 6 months back, 6-7 months back. And we will continue to improve our procurement activities and take it to a sizeable volume before we commission our plant, so that the plant can handle at least 40% of the capacity utilization from the day one, which gives a break-even point.

Abhishek Mathur: Just a quick follow-up on the on your comments on Maharashtra, sir. So you were saying that you were in the process of setting up capacity there? Any further details that you can share in terms of size, in terms of probably the yield from in the first year, any numbers that you can share over there?

K. Rathnam: Right now, we are, as far as the plant configuration and the capacities are concerned, it is still at a very nascent stage. We are at the drawing board level. As I told you earlier, all those things depends upon what kind of growth we are overseeing for next 3 to 4 quarters. If we continue to have this kind of growth, maybe we may have to accelerate our implementation little advance. Otherwise, we will have a plan, as I told you, about three years down the line, we'll have the manufacturing capacity there.

Those capacities and all those things maybe I would able to tell you, once we have a very concrete plan in our hand. But with regard to milk procurement operations, yes, we have been very focused as far as Maharashtra milk procurement is concerned, and we have been setting up our procurement setup directly from the farmers, receiving that milk, chilling it, and bringing it to Perundurai plant on a concentrated format.

Moderator: Thank you. Next question is from the line of Tushar Sarda from Athena Investments. Please go ahead.

Tushar Sarda: Yes, thank you for the opportunity. I wanted to understand, what is the leverage that you will get between your gross margin and operating profit, as your capacity utilization increases? And if gross margin remains stable, how much scope is there to increase the operating margin?

Biswajit Mishra: Yes, the operating margin will enhance because of the scale benefit. And there are expansion, like whatever expansion is happening today, like 12.2% last quarter to now 14.9%, 15%, there are some amount of leveraging is happening because of scale. So that is there, and it will be. See, if you ask exactly, we would be expecting around 0.5% leverage benefit from there.

Tushar Sarda: Sorry, I didn't get. Can you please repeat.

Biswajit Mishra: 0.5%.

Tushar Sarda: So how much can operating margin go up to? Because your capacity utilization in some of the products is low right now, obviously because you've set up very large capacities. So how much, I mean, can it go to 18% or will it stabilize at 15%-16%, is what I wanted to know?

Biswajit Mishra: No, 15% is we have reported now. So yes, definitely see, I cannot, I have given you 0.5%, and then the pricing ability, milk price shifting, all are there, all other factors. But yes, we are anticipating that kind of growth, what you are anticipating. So but it is all anticipation in future. We will be comfortably doing this expansion in terms of pricing ability, as well as the scale expansion. And that will benefit in our EBITDA margins, going forward, the EBITDA will expand.

Tushar Sarda: In 3-4 years, when you have better utilization, can we expect 18% kind of margin?

Biswajit Mishra: I cannot confirm you, but yes, you can expect that.

K. Rathnam: Margin expansions can happen with the capacity utilization, product mix, and sweating up of assets, and also the market expansion activities. Definitely, we see a margin expansion. But quantification of that margin expansion 3 years down the line, I would leave it to your analytical abilities. So I think probably you would be in a right position to tell us, rather than we are giving 17% or 18%. But yes, there's a larger headroom to play, to help us to expand the margins. Yes, thank you.

Tushar Sarda: Okay, thank you. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen, we'll take that as the last question. I'll now hand the conference over to the management for closing comments.

K. Rathnam: There are no questions, I suppose, right?

Moderator: No sir, we'll take that as the last question.

K. Rathnam: Okay.

Moderator: Sir, would you like to give any closing comments?

K. Rathnam: Yes, of course. A little bit to all the analysts and everyone present in the question-answer session. To summarize, Milky Mist has entered fiscal 2027 with a very strong momentum, as you have seen with the results, as well as the growth. This is just the beginning of our journey as a listed company, and we look forward to engaging with all of you regularly, as we continue to build Milky Mist into one of the India's most trusted and admired food and dairy brands.

When I say that one, we will be looking at a very bright future going forward. You look at the segment, the segment has been growing at, the dairy sector, I'm talking about. Let me come to the FMCG sector, in this sector the growth has been in the range of around 10%, 12%, 14%, whereas we have been growing 3x of what our peers and the sector is growing, I would say. That's number one. Our margin expansion is happening, as you have seen. And our EBITDA margins are also higher by 4% to 5% as compared to the other players in the market.

And going ahead, if you look at it, leaving aside the liquid milk, the dairy sector, where all the value-added products, has been growing, which has been projected to grow in the range of 15% to 25% depending upon the product category. And if you look at last 5 years, and going next 5 years, the growth has been similar. In fact, there's a slight offtake in our product growth. So that is number one. So we have a larger headroom, since we are not in milk, whereas only in the products, number one.

Number two, if you look at paneer, paneer has become a very one of the hottest topics today in India, particularly with respect to analog and real paneer. To give you a figure, about 90% of our, 95% of the paneer which produces in India is handled by an unorganized sector - loose paneer, unbranded, whatever you call it as. Just only 5% to 7% is handled by organized sector like Milky Mist.

And in that, Milky Mist has about 20% market share, close to. So just imagine that if the unorganized share is going down and the organized market share is going up to 25%, say for example, what would be the potential available for a player like us, Milky Mist particularly, since we are in that category, we have established.

And in cheese again, there are very, very limited players, but the category is growing in the range of 18% since last many, many years. So we are very much there, and we have the capacities additional.

The yogurt category is another important factor to us, and that has been growing leaps and bounds because of the -- thanks to protein. So, we look at protein as a category going forward, and we would like to give a very nutritious, good products to the consumers.

So, you name any product in the sector in the category, so we have a larger headroom to play. We have invested well ahead of the time. We have built larger capacities. The capacities are required to be utilized and sweated. So, we have a larger headroom to play, to make use of our capacity, and we will continuously build our marketing network to make this brand as one of the largest brands in India.

With that, I close this session. And if you have any further questions, please reach out to our Adfactors PR, our Investor Relations partner. Thanks a lot for asking lot of questions and that also gives us a lot of understanding about the sector from your questions, and we look forward to similar kind of interactions in the near future. Thanks.

Moderator: Thank you very much. On behalf of Milky Mist Dairy Food Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.