Value added dairy products industry report

21st July 2025

DISCLAIMER

This material has been prepared by 1Lattice, which is the trade name of Lattice Technologies Private Limited ("1Lattice", "we" or "our") with the intent to showcase our capability and disseminate learnings to potential partners/clients. The report has been prepared as a general summary of matters on the basis of our interpretation of the publicly available information, our experiences and the information provided to us, and should not be treated as a substitute for a specific business advice concerning individual matters, situations or concerns. Procedures we have performed do not constitute an audit of the Company's historical financial statements nor do they constitute an examination of prospective financial statements. We have also not performed any procedures to ensure or evaluate the reliability or completeness of the information obtained from the Company. Accordingly, we express no opinion, warranty, representation or any other form of assurance on the historical or prospective financial statements, management representations, or other data of the Company included in or underlying the accompanying information. We have not carried out any financial, tax, environmental or accounting due diligence with respect to the Company.

TABLE OF CONTENTS

1. Macroeconomic overview

1.1. The global real GDP is expected to rise at a CAGR of ~3.1% from CY24-29, while India is expected to be the fastest-growing economy with a growth rate of 6.4% from CY24-29
1.2. India's urban population share is set to rise from ~37% in CY24 to 40% in CY29
1.3. The working-age demographic, encompassing individuals aged 15-64 years, has consistently represented a significant majority of the population between CY19-24
1.4. India's per capita income stood at ~US$ 2.7K in CY24 and is expected to reach ~US$ 4.1K by CY29, leading to an increase in the disposable incomes along with the propensity to consume
1.5. In FY25, Private Final Consumption Expenditure (PFCE) in India reached INR 106.6T, reflecting a significant growth from FY19, when it stood at INR 78.9T
1.5.1. In FY23, foods & non-alcoholic beverages accounted for 29% of the total PFCE due to strong demand for food items
1.5.2. In FY23, packaged food accounted for 37% of the total PFCE

2. Overview of the packaged food market in India

2.1. Indian food and beverage market is valued at INR 67.7T in FY25 and is expected to grow to INR 102.7T by FY30 at a CAGR of 8.7%
2.1.1. The packaged food market is estimated to be INR 14.2T in FY25 and is projected to grow at a CAGR of 10.7% between FY25-30
2.2. Key growth drivers of the packaged food market
2.3. As of FY25, organized players account for ~30% of India's packaged food market with the market value of INR 4.3T and it is expected to reach INR 8.0T by FY30 with 13.2% CAGR
2.4. Emerging trends in the packaged food market
2.5. Changes in dietary patterns and habits
2.6. India lags behind global peers in the protein intake and ~80% of the population do not meet their daily protein requirements
2.7. Packaged food market segmentation by category
2.7.1. Milk and value-added products have the largest share (~76%) of the packaged food market as of FY25

3. Overview of the dairy industry

3.1. The global dairy market is projected to grow from US$ 993B in CY24 to US$ 1,091B by CY29, driven by rising consumer demand and product innovation
3.1.1. India is the world's largest milk producer, contributing ~25% of global milk production in CY24
3.2. Key dairy trends in India
3.2.1. India's milk yields, at ~1.54 tonnes per animal, exceed the global average of about 1.17 tonnes per animal
3.2.2. Rising number of milch animals also contributes significantly to India's milk production capabilities
3.2.3. India's vast dairy market thrives on domestic consumption, with local preferences driving self-sufficiency and minimal reliance on imports
3.2.4. Dairy farming contributes to the overall betterment of Indian farmers' lives by enhancing their economic and social well-being
3.3. The Indian dairy market is valued at ~INR 10.8T in FY25, and is projected to grow at a CAGR of ~10.3% from FY25-30
3.4. Structure of domestic raw milk market
3.4.1. The unorganized dairy sector's fragmented procurement process, involving multiple intermediaries and poor infrastructure, leads to transparency issues, fluctuating supply, and higher costs for processors
3.5. Government and private entities provide value-added support to farmers through loans, insurance, training, and veterinary services, helping improve productivity and income
3.5.1. Dairy in India is transforming to a more structured and organized industry with rise in private players striving for innovation
3.6. Role of co-operatives and private players in the Indian dairy industry

3.6.1. Co-operatives have played a crucial role in India's dairy growth by ensuring fair farmer prices, eliminating middlemen, and driving self-sufficiency through support programs and brand expansion
3.6.2. Competition between co-operatives and private players is driving innovation in value-added dairy products, premium offerings, and dairy market expansion in India
3.6.3. Structural industry shift marks a transformation in India's dairy landscape, with private players reshaping the industry through innovation, premiumization, and modern supply chain strategies
3.6.4. Licensing reforms have contributed to the growth of private dairy players by enabling competition, innovation, infrastructure expansion, and direct farmer procurement, reshaping India's dairy sector
3.7. Supply chain of the dairy industry
3.8. The establishment of collection and cooling centres is a crucial step in creating an efficient and sustainable dairy supply chain
3.9. Manufacturing and processing overview
3.10. The Indian dairy industry's reliance on third-party logistics leads to quality control issues due to an underdeveloped cold chain, necessitating infrastructure investment and integrated supply chain management
3.11. Visi coolers, ice cream freezers, smart display strategies and tasting booths play a critical role in boosting retail sales for dairy and FMCG products
3.12. Regional players dominate the Indian liquid milk industry due to short shelf life, and logistical challenges, which are not applicable to VADPs, allowing for the emergence of national players
3.13. The consolidation trend in India's dairy sector is driven by the acquisition of regional players, with international players also actively acquiring, demonstrating the sector's significant growth potential
3.14. Key growth drivers of the Indian dairy market
3.15. Key challenges faced by the dairy market

4. Overview of the dairy value-added product market
4.1. The Indian dairy market is expected to reach ~INR 17.7T in FY30 growing at ~10.3% CAGR from FY25-30 with liquid milk contributing ~44% and VADPs contributing ~56% to the overall market
4.2. TVADPs market stands at ~INR 5.1T in FY25, with paneer growing fastest at a CAGR of ~17%, milkshake at ~16%, and butter at ~15% from FY25-30; EVADPs market stands at ~INR 0.4T in FY25, with cheese growing fastest at a CAGR of ~18% from FY25-30
4.3. The premium VADP segment in India is experiencing rapid growth, driven by increasing demand for high-quality, nutrient-fortified, and artisanal dairy products
4.4. The organized VADPs market in India is projected to contribute ~34% in FY30, growing at a CAGR of ~14% from FY25-30 owing to rising urbanization, focus on nutrition and preference of branded VADPs
4.5. In the organized VADP segment, paneer is projected to grow at a CAGR of ~20.2% from FY25-30, while curd and cheese are projected to grow at ~18.6% and ~18.0%, respectively
4.6. Consumption of VADPs is on the rise due to longer shelf life, increasing consumer demand for health-focused options, rising nutrition awareness and the convenience they offer, encouraging consumers to purchase these products instead of making them at home
4.7. As a subset of packaged foods, VADPs mirror the consumer demand for convenience, offering healthier options, with extended shelf life, innovative features, and growth potential, positioning them as appealing segments within the food industry
4.8. VADPs offer higher margins than packaged foods, beverages and other FMCG products, making it an attractive segment for the Indian dairy industry
4.8.1. Ice cream, cheese, whey protein and yogurt yield higher margins than other VADPs such as buttermilk / lassi, due to higher value addition, complex processing and premium pricing
4.9. Higher branding and above-the-line (ATL) push on VADPs help dairy companies attract a wider range of consumers, boost sales and create a strong market presence
4.10. In FY25, India's exports of VADPs are estimated to stand at ~80.6K tonnes, led by butter and ghee at ~55.6K tonnes followed by cheese and curd at ~9.4K tonnes
4.11. VADPs demand is on the rise with growing awareness regarding nutritional requirements, rising innovations, technological advancements and improved distribution systems
4.12. The production of VADP requires specialized infrastructure, equipment, and quality control measures to ensure consistency, hygiene, and efficiency
4.13. Ghee, butter, cheese are some of the value-added dairy products that have the highest shelf life of 180-365 days
4.14. The geographical spread of key VADPs in FY25 highlights regional preferences, with products like paneer and cheese leading in distinct areas of India

4.15. Offline channels dominated by small local grocers, contribute ~95% to the organized VADP sales in India while online channels contribute ~5%

5. **Overview of Ready-To-Eat (RTE) / Ready-To-Cook (RTC) market in India**

5.1. The Indian RTC / RTE market stands at ~INR 143B in FY25, is expected to reach ~INR 316B by FY30P growing at a ~17% CAGR, owing to rising urbanization and demand for quick and nutritious meals

5.2. The Indian RTC / RTE frozen products market contributes ~46% to the overall RTE / RTC market in FY25 and is expected to grow at a ~23% CAGR from FY25-30P

5.3. Availability and emergence of healthier, more premium and innovative RTE / RTC products are shaping up the market, also allowing consumers to experiment with global cuisines in the convenience of their homes

5.4. Digital influence, online retail expansion, globalization, and rising incomes are key factors driving the growth of the RTE / RTC market

5.5. The organized RTE / RTC market in India is projected to account for ~95% of the total market by FY30, growing at a CAGR of ~18% from FY25 to FY30, driven by the expansion of modern retail and the entry of new players

5.6. The RTE / RTC market in India is dominated by the Southern and Western regions of India, contributing ~34% and ~32% respectively to the overall market

6. **Summary of key markets**

7. **Company overview**

7.1. Peer benchmarking

7.2. Key challenges faced by Milky Mist

GLOSSARY OF ABBREVIATIONS USED

S.No.	Abbreviation used	Full form
1	AI	Artificial Intelligence
2	ATL	Above the Line
3	B	Billion
4	BAHS	Basic Animal Husbandry Statistics
5	CAGR	Compounded Annual Growth Rate
6	COVID	Corona Virus Disease
7	Cr	Crore
8	CY	Calendar Year
9	D2C	Direct-to-Consumer
10	EVAD	Emerging Value-Added
11	F&B	Food & Beverage
12	FAOSTAT	Food and Agriculture Organization of the United Nations Statistics Database
13	FDA	Food and Drug Administration
14	FDI	Foreign Direct Investment
15	FMCG	Fast-Moving Consumer Goods
16	FSSAI	Food Safety and Standards Authority of India
17	FSSC	Food Safety System Certification
18	FY	Financial Year
19	GDP	Gross Domestic Product
20	GST	Goods and Services Tax
21	IMF	International Monetary Fund
22	INR	Indian National Rupee
23	IoT	Internet of things
24	ISO	International Organization for Standardization
25	K	Thousand
26	LED	Light-emitting diode
27	M	Million
28	MoSPI	Ministry of Statistics and Programme Implementation
29	MPCE	Monthly Per Capita Expenditure
30	NIP	National Infrastructure Pipeline
31	OTC	Over-the-counter
32	P	Projected
33	PFCE	Private Final Consumption Expenditure
34	PLISFPI	Production Linked Incentive Scheme for Food Processing Industry
35	PMFME	Pradhan Mantri Formalization of Micro Food Processing Enterprises
36	PMKSY	Pradhan Mantri Kisan SAMPADA Yojana
37	RTC	Ready-to-Cook
38	RTE	Ready-to-Eat
39	T	Trillion
40	TVAD	Traditional Value-Added
41	UK	United Kingdom
42	US$	United States Dollar
43	USA	United States of America
44	WEF	World Economic Forum
45	Y-o-Y	Year-over-Year

EXCHANGE RATE TABLE

Year (FY)	Rs. Equivalent of one US$	Euro equivalent of one US$	Year (CY)	Rs. Equivalent of one US$	Euro equivalent of one US$
2015-16	66.33	0.88	2016	67.95	0.95
2016-17	64.84	0.93	2017	63.93	0.83
2017-18	65.04	0.81	2018	68.36	0.88
2018-19	69.17	0.89	2019	69.89	0.89
2019-20	70.49	0.93	2020	74.18	0.83
2020-21	73.20	0.85	2021	74.50	0.83
2021-22	74.50	0.86	2022	76.10	0.91
2022-23	80.32	0.96	2023	82.31	0.93
2023-24	82.59	0.93	2024	83.67	0.92
2024-25	84.56	0.93	2025	86.12	0.93

Source: X-rate Monthly average

1. Macroeconomic overview

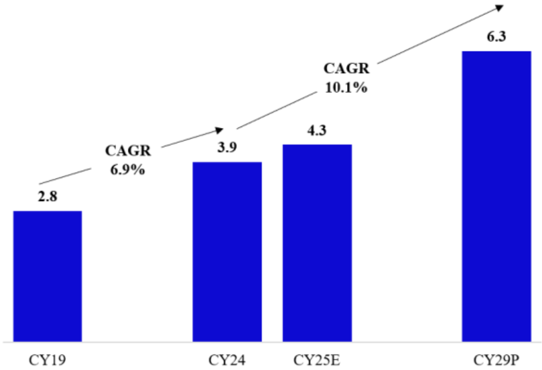
1.1 The global real GDP is expected to rise at a CAGR of ~3.1% from CY24-29, while India is expected to be the fastest growing economy with a growth rate of 6.4% from CY24-29

Global real GDP in CY24 increased by 3.3%, despite challenges such as higher interest rates, tighter financial conditions, and geopolitical tensions, whereas India is expected to sustain the highest growth rate, with its real GDP year-on-year growth rate at 6.5% in CY24, expected to grow at 6.4% till CY29. The rise in the growth rate is attributed to growing working-age population, rising consumer spend, technology advancement and digital economy and sustained infrastructure investments. Additionally, strong consumer spending patterns and a gradual shift toward premium products are subtly shaping the economic landscape, further supporting growth projections.

Real GDP growth – India, China, Germany, USA, UK, World
(Y-o-Y growth %, CY18-29P)

Top economies	India	China	Germany	USA	UK	World
CY18	6.5%	6.8%	1.1%	3.0%	1.4%	3.7%
CY19	3.9%	6.1%	1.0%	2.6%	1.6%	2.9%
CY20	-5.8%	2.3%	-4.1%	-2.2%	-10.3%	-2.7%
CY21	9.7%	8.6%	3.7%	6.1%	8.6%	6.6%
CY22	7.6%	3.1%	1.4%	2.5%	4.8%	3.6%
CY23	9.2%	5.4%	-0.3%	2.9%	0.4%	3.5%
CY24	6.5%	5.0%	-0.2%	2.8%	1.1%	3.3%
CY25E	6.2%	4.0%	0.0%	1.8%	1.1%	2.8%
CY26P	6.3%	4.0%	0.9%	1.7%	1.4%	3.0%
CY27P	6.5%	4.2%	1.5%	2.0%	1.5%	3.2%
CY28P	6.5%	4.1%	1.2%	2.1%	1.5%	3.2%
CY29P	6.5%	3.7%	1.0%	2.1%	1.4%	3.2%

India's Nominal GDP (at current prices)
(US$ T, CY19-29P)



India is currently the fourth largest economy in the world in CY24 and is expected to be the third largest by CY28

Source(s): International Monetary Fund, 1Lattice analysis

India's GDP is expected to reach US$ 7T by CY30 as per government targets. By CY28, India is expected to be third largest economy due to rapid GDP growth, strong domestic consumption & robust growth in various sectors. India's nominal GDP (at current prices) grew from US$ 2.8T to US$ 3.9T between CY19 and CY24 on the back of robust reforms like GST, corporate tax revision, and revised FDI limits. It is further estimated to reach US$ 6.3T by CY29 with 10.1% CAGR from CY24-29 due to increased government and consumer spending.

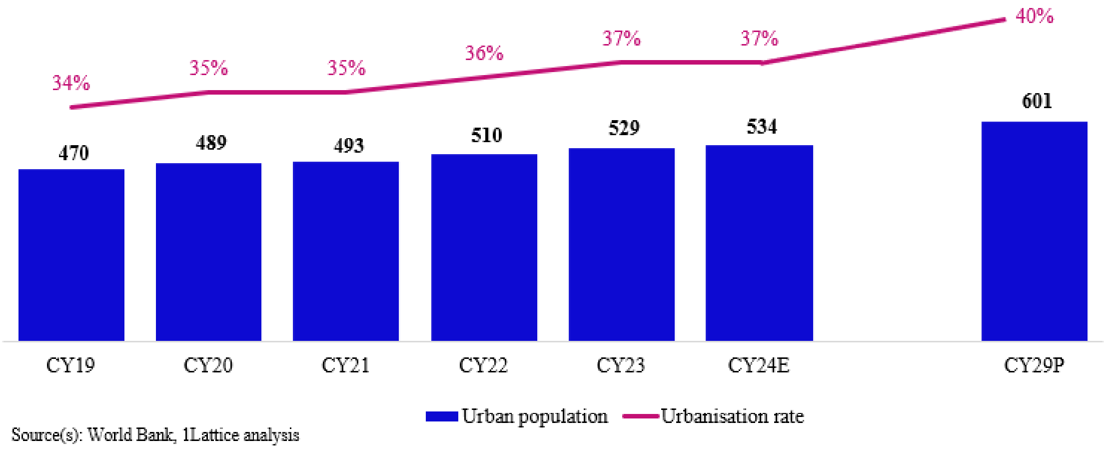
Key growth drivers

- **Population growth & expanding middle class**: India's growing population, especially the expanding middle class, is increasing and boosting consumer-driven growth. India's middle class is expected to reach 715M (47%) by CY30, from 432M (31%) in CY21.
- **Rising consumer spending:** India's consumer spending is expected to surge from US$ 2.4T in CY24 to US$ 4.3T by CY30. This growth is driven by increasing household incomes, a youthful demographic, and rapid urbanization.
- **Technological advancements & digital economy**: The Union Budget 2025-26 reinforces the digital economy's critical role in India's growth, aligning with projections that it will expand from 4.5% of GDP in CY14 to 20% by CY30. Budgetary measures focus on enhancing digital infrastructure, promoting AI and deep tech innovation through initiatives like the Deep Tech Fund of Funds, bridging the digital divide with expanded broadband access, and fostering digital skills. These investments aim to directly support the projected growth trajectory, ensuring technological advancements drive significant GDP contributions.
- **Foreign Direct Investment (FDI) & 'Make in India'**: FDI inflows, supported by initiatives like 'Make in India', boost industrial growth, employment, and exports, thereby, strengthening the economy. Since the inception of "Make in India", the nominal GDP of India has increased from US$ 2.0T in CY14 to US$ 3.9T in CY24.

1.2 India's urban population share is set to rise from ~37% in CY24 to 40% in CY29

The share of the urban population in India as a percentage of the overall population is expected to rise from ~37% in CY24 to 40% in CY29. The urban shift is driving the rise of an organized market and premiumization, thereby leading to higher consumption of value-added dairy products and catering to the growing demand for upgraded lifestyles and modern amenities. The evolution of smart cities, coupled with digitalization and shifting consumer preferences, is reshaping the market landscape.

Urban population & urbanization rate in India
(M, %, CY19-29P)

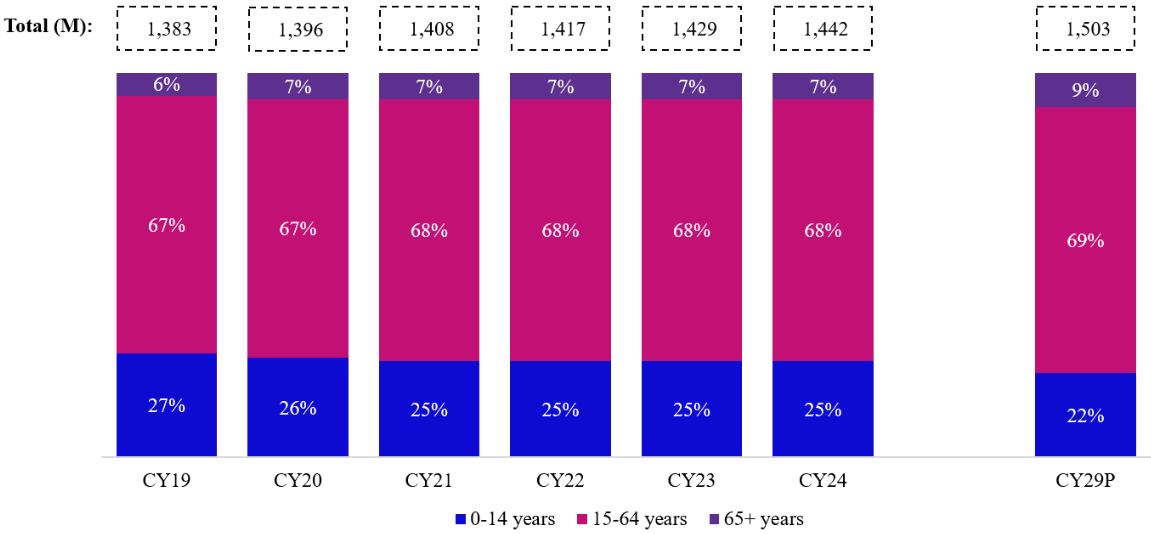


Source(s): World Bank, 1Lattice analysis

1.3 The working-age demographic, encompassing individuals aged 15-64 years, has consistently represented a significant majority of the population between CY19-24

In CY19, the population stood at 1,383M, increasing to 1,442M in CY24. By CY29, it is projected to reach 1,503M. The working-age group (15-64 years) remains the largest segment, accounting for 67-68% of the population during CY19-24, while the child (0-14 years) and elderly (64+ years) groups represent 25-27% and 6-7%, respectively. The proportion of the 15-64 age group is expected to rise to approximately 69% by CY29, further reinforcing India's demographic advantage, with a young and dynamic workforce poised to drive economic growth.

Share of household by age - India
(%, CY19-29P)



Source(s): World Bank data, International Monetary Fund, 1Lattice analysis

In CY24, India remained a significantly younger nation with a median age of 29.2 years, compared to other major economies—China at 40.2 years, Germany at 46.8 years, UK at 40.8 years and USA at 38.9 years. This youthful demographic gives India a distinct advantage, with a larger share of its population in the productive working-age group. The combination of rising incomes, evolving lifestyles, and an active workforce is fuelling economic growth and shaping consumer and market dynamics in transformative ways.

1.4 India's per capita income stood at ~US$ 2.7K in CY24 and is expected to reach ~US$ 4.1K by CY29, leading to an increase in the disposable incomes along with the propensity to consume

India's per capita income is expected to rise from ~US$ 2.7K in CY24 to ~US$ 4.1K by CY29 growing at a CAGR of 8.6%, driven by strong manufacturing, higher agricultural output, and robust government spending, making it the fastest-growing major economy, followed by China (5.7%), the UK (4.5%), the USA (3.5%), and Germany (3.0%).

Global GDP per capita – Top economies
(US$, CY19-29P)

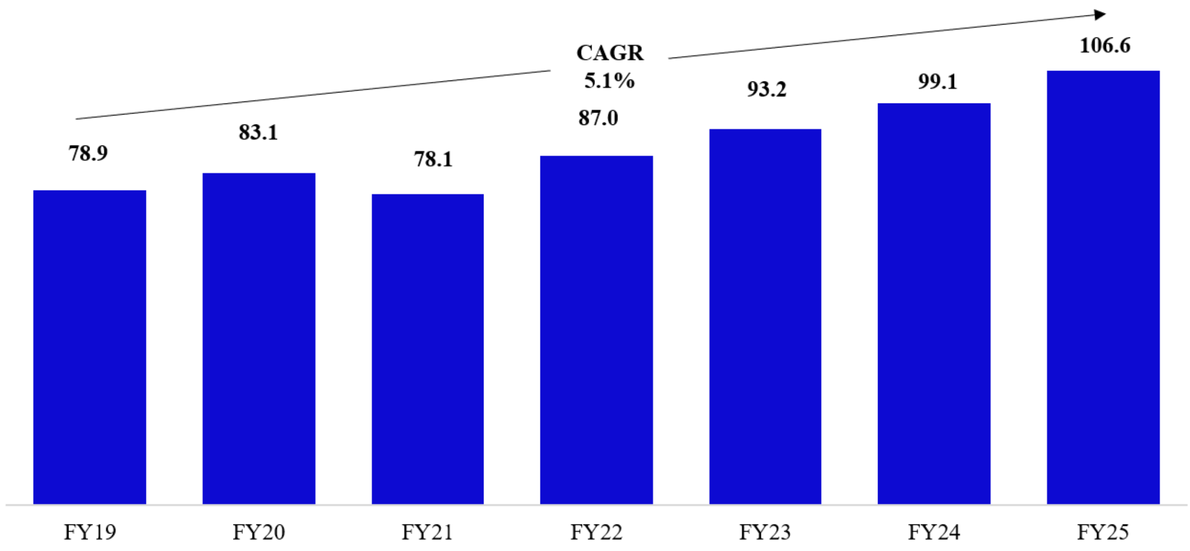
Top economies	CY19	CY24	CY25E	CY29P	CAGR CY19-24	CAGR CY24-29P
India	2,050	2,710	2,880	4,090	5.7%	8.6%
China	10,330	13,310	13,690	17,580	5.2%	5.7%
UK	42,710	52,650	54,950	65,720	4.3%	4.5%
Germany	47,630	54,990	55,910	63,650	2.9%	3.0%
USA	65,560	85,810	89,110	1,01,880	5.5%	3.5%

Source(s): International Monetary Fund, 1Lattice analysis

1.5 In FY25, Private Final Consumption Expenditure (PFCE) in India reached INR 106.6T, reflecting a significant growth from FY19, when it stood at INR 78.9T

In FY25, India's PFCE rose to INR 106.6T, marking substantial growth from INR 78.9T in FY19, with a CAGR of 5.1%. After a slight dip in FY21 to INR 78.1T due to the pandemic's economic impact, consumption rebounded strongly, increasing to INR 87.0T in FY22. The rising expenditure reflects a recovery driven by improved consumer sentiment, increasing disposable income and government measures to stimulate economic activity.

Private final consumption expenditure in India
(INR T, FY19-25)



Source(s): MoSPI, 1Lattice analysis

India's PFCE accounts for 60.3% of its real GDP, reflecting the significant role of domestic consumption in driving economic growth. This is comparable to the UK (61.1%) and moderately below the US (67.9%), where consumption-led economies dominate. India's PFCE also exceeds the global average of 56.5%, underscoring its strong consumption-driven economy amidst rising disposable incomes and a growing middle class, and a higher workforce population. Within India's PFCE, food expenditure constitutes the largest share, accounting for 29% of total expenditure in FY23. This highlights the essential nature of food in household consumption patterns. This trend not only emphasizes the prioritization of essential consumption but also showcases the critical link between food consumption and India's broader economic sectors, including agriculture, dairy, and food processing.

A key indicator of accelerating consumption growth is GDP per capita crossing the INR 166,000 (US$ 2,000) mark, a threshold that has historically triggered rapid expansion in consumer demand across major economies. China, for instance, experienced super-normal PFCE growth at a ~20% CAGR for five years after surpassing this level in 2006, as rising incomes fuelled higher spending across discretionary categories like apparel, packaged food & beverages, and personal care. India exceeded this benchmark in 2019 and again in 2021, following a temporary decline due to the pandemic. Given these precedents, India is poised for a similar trajectory of accelerated PFCE growth, driven by increasing financial stability, evolving consumer preferences, and deeper penetration of aspirational and premium product categories.

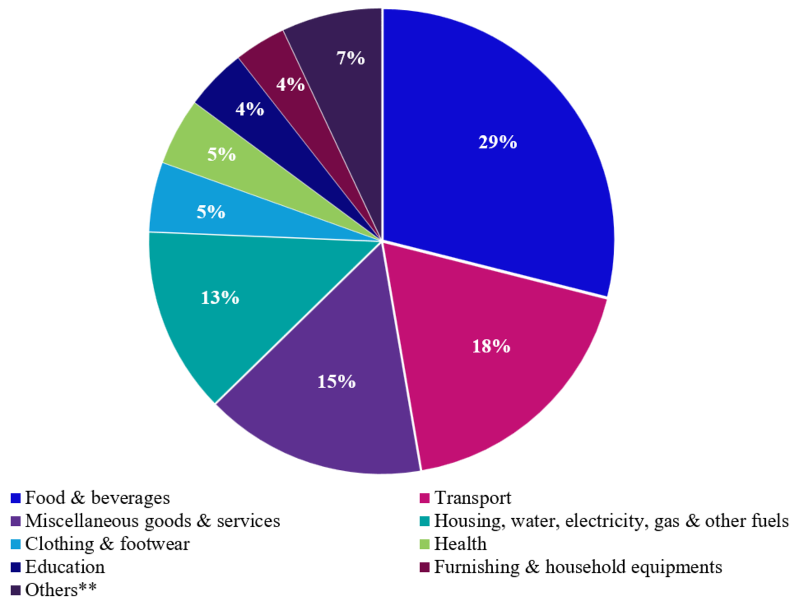
India's large and growing population underscores the critical role of food expenditure, particularly on dairy products. Increasing awareness of health and sustainability has further driven this trend, leading to consistent growth in the demand for nutrient-rich and protein-packed options like milk & milk products, which remains a staple in Indian households.

1.5.1 In FY23, foods & beverages accounted for 29% of the total PFCE due to strong demand for food items

India's consumption basket for FY23, revealed that food and beverages constituted the largest share at 29%, underscoring the priority given to daily nutrition and dietary needs by Indian households. Transport accounted for a significant 18%, likely reflecting increased vehicle ownership and usage, followed by miscellaneous goods & services, which includes personal care and financial services at 15% and housing, water, electricity, gas, and other fuels at 13%. Clothing & footwear and health account for 5% each, while the remaining 15% is attributed to other categories, including education, household equipment, etc. This dominance of food expenditure underscores the importance of the food and beverage sector in the Indian economy and reflects traditional eating habits and income levels.

Total Private Final Consumption Expenditure

(%, FY23*)

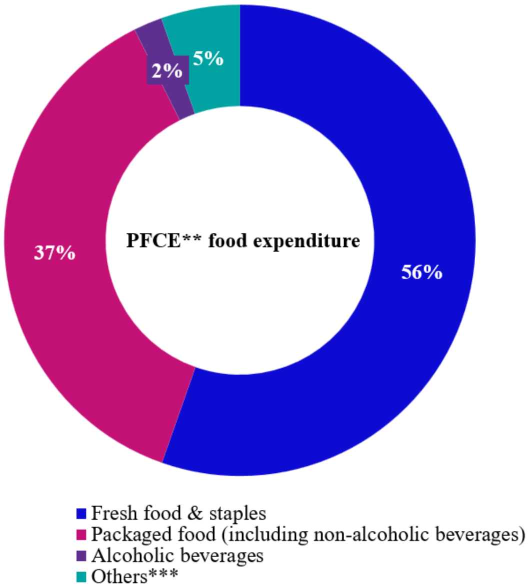


Note(s): *FY24 data is unavailable, **Others include communication, restaurants & hotels, tobacco & narcotics and recreation & culture
Source(s): MoSPI, 1Lattice analysis

1.5.2 In FY23, packaged food accounted for 37% of the PFCE of food

In FY23, fresh food & staples held the largest share of PFCE of food at 56%. This was followed by the packaged food segment, comprising milk & value-added dairy products, processed foods, chocolates & confectionery and non-alcoholic beverages, representing 37% of the total PFCE share. Within the packaged food segment, milk and value-added dairy products constitute 57% of the category. Alcoholic beverages constituted 2% while, others category which encompasses edible oils, cooking ingredients accounted the remaining 5%. These figures underscore the growing consumer preference for convenience-driven and value-added food products, reinforcing the dominance of packaged foods in the overall food consumption landscape.

Private Final Consumption Expenditure – food breakup
(%, FY23*)



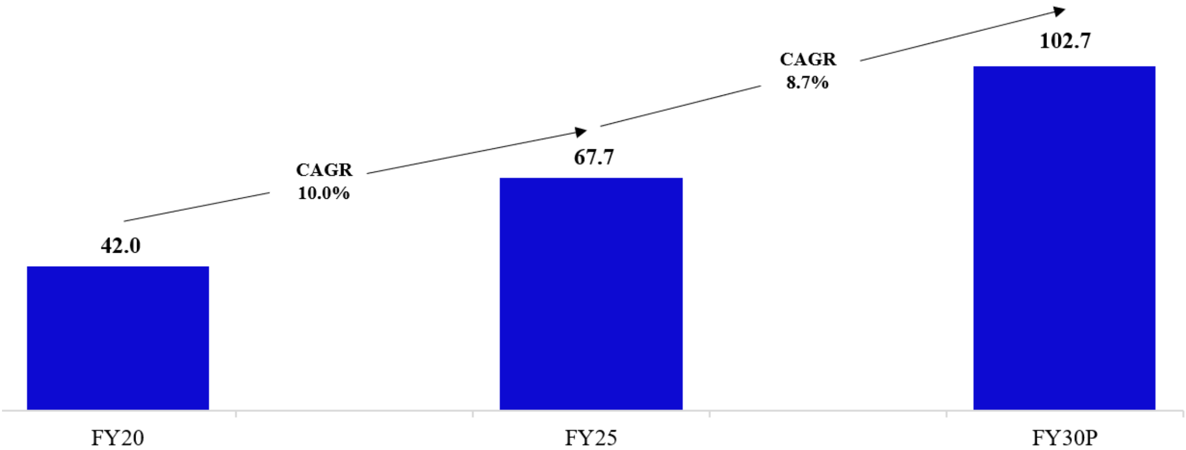
Note(s):*FY24 data is unavailable, **Excludes restaurant, hotel, café, institutional & commercial sales and government subsidies reduce household spending, ***Others include cooking ingredients
Source(s): MoSPI, 1Lattice analysis

2. Overview of the packaged food market in India

2.1. Indian food and beverage market is valued at INR 67.7T in FY25 and is expected to grow to INR 102.7T by FY30 at a CAGR of 8.7%

Food and beverage (F&B) is one of the fastest-growing sectors in India. It's a diverse market with a wide range of products, catering to various tastes, preferences and demographics. The F&B market includes segments such as packaged foods, alcoholic beverages, fresh foods, staples, etc. It accounted for ~3% of the total GDP in CY24.

Food and beverage market size - India
(INR T, FY20-30P)



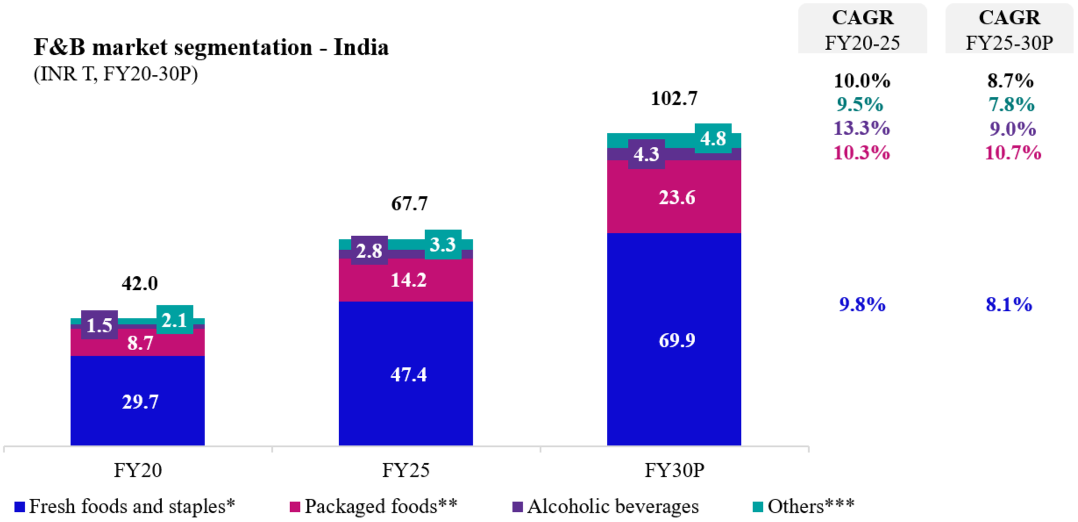
Source(s): 1Lattice analysis

The F&B market is estimated to be INR 67.7T in FY25 and is projected to reach INR 102.7T by FY30, growing at a CAGR of 8.7% between FY25-30. Rising disposable income, changing consumer preferences, health and wellness trends and government initiatives & regulations are driving the growth of the F&B market.

2.1.1 The packaged food market is estimated to be INR 14.2T in FY25 and is projected to grow at a CAGR of 10.7% between FY25-30

Packaged foods comprise of milk & value-added dairy products, chocolate & confectionery, snacks & sweets, baked goods & biscuits, RTE / RTC and non-alcoholic drinks. The Indian packaged food market is being valued at INR 14.2T in FY25 and is projected to grow at a CAGR of 10.7% between FY25-30, reaching 23.6T by FY30.

This category is expected to be the fastest-growing segment in the F&B market, driven by increasing consumer demand for convenience and variety in food options.



Note(s): *staples include rice, pasta & noodles, **includes non-alcoholic beverages, ***includes edible oils, soup, sauces, dips, condiments, sweet spreads, and hot drinks
Source(s): 1Lattice analysis

2.2 Key growth drivers of the packaged food market

The packaged food market is experiencing rapid growth, driven by urbanization, busy lifestyles, consumer convenience, advancements in packaging technology & product innovation, expansion of quick commerce and e-commerce, and supportive government initiatives. Demand for convenient and premium products, including dairy value-added items and chocolates, is also contributing to this growth. Flavoured fruit yogurts, Greek yogurts, cheese, and gourmet chocolates are gaining popularity, supported by innovations in packaging and distribution. Additionally, government initiatives like the Production Linked Incentive Scheme for Food Processing Industry (PLISFPI) are accelerating the sector's overall expansion.

- **Urbanization**
  The share of the urban population in India has increased from 34% in CY19 to 37% in CY24 and expected to reach ~40% in CY29. As urbanization grows and dual-income households become more common, consumers are increasingly prioritizing both convenience and nutrition, contributing to market expansion. Packaged foods have become essential in meeting these evolving dietary needs.
- **Busy lifestyle & consumer convenience**
  India's packaged food market is experiencing significant growth due to busy lifestyles and the increasing preference for store-bought value-added dairy products like paneer, curd, butter, ghee, etc. The demand for RTE meals, instant snacks, and beverages is also rising, particularly among working professionals and nuclear families seeking convenience.
- **Focus on health & wellness**
  With increasing consumer awareness about nutrition, lifestyle diseases, and overall well-being, the packaged food market in India is witnessing a shift toward healthier options. A rising middle class & higher disposable incomes are driving demand for products with low sugar, low fat, high protein & added functional benefits like probiotics or immunity boosters. This change in consumer preferences is prompting food companies to innovate and reformulate offerings to cater to clean-label, organic & fortified foods, making health-focused products a major segment propelling industry growth.
- **Tech advancement & product innovation**
  Advancements in packaging technology have improved the shelf life, safety, and appeal of packaged foods in India. Techniques like vacuum sealing and nitrogen flushing help preserve freshness and reduce food wastage. For chocolates, temperature-resistant packaging prevents melting in hot climates, ensuring quality. With growing demand for premium chocolates & gourmet treats, brands are investing in eco-friendly solutions and innovative designs like resealable pouches and portion-controlled packs to attract health-conscious consumers and enhance convenience.
- **Expansion of modern retail, quick commerce and e-commerce**
  E-commerce and quick commerce are revolutionizing convenience & improving accessibility, with India's quick commerce market set to reach ~INR 5B in FY25 driven by digital adoption and fast delivery. Consumers can easily access snacks, dairy VAP products like paneer, cheese, curd, etc., RTE meals, and health-focused products. Beyond e-commerce, supermarkets and hypermarkets are playing a crucial role in expanding access

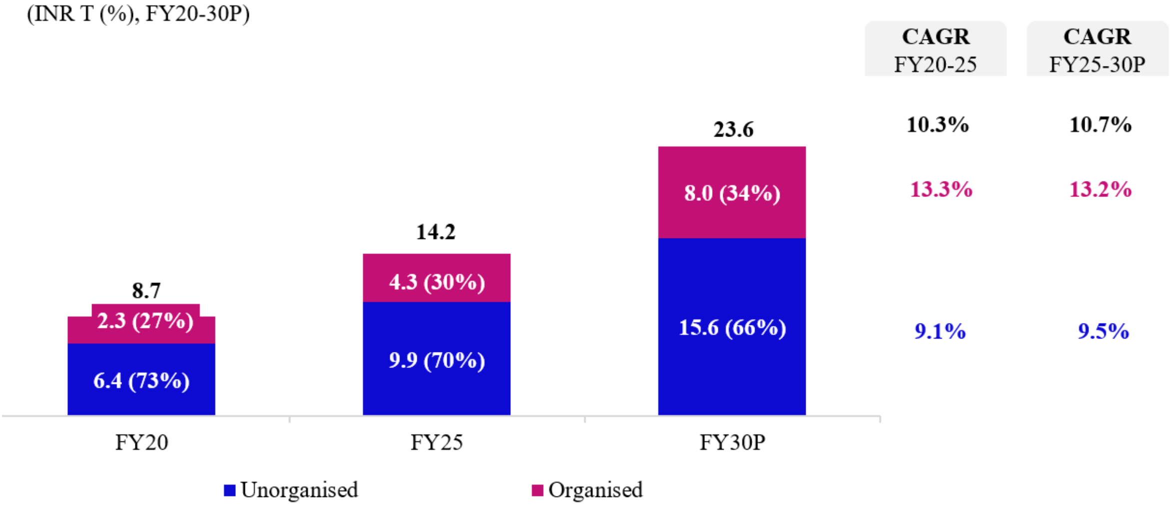
to packaged foods. These stores offer well-organized shelves, product variety, and frequent discounts, attracting both urban and semi-urban shoppers.

- **Government support and policy initiatives**
  The Ministry has implemented three major schemes to promote the food processing sector: Pradhan Mantri Kisan SAMPADA Yojana (PMKSY), Pradhan Mantri Formalization of Micro Food Processing Enterprises (PMFME) scheme, and Production Linked Incentive Scheme for Food Processing Industry (PLISFPI) Scheme. PLISFPI was approved by the Union Cabinet in March 2021 with a budget of INR ~11K Cr, to be implemented from FY22-27. These schemes offer comprehensive support across the entire food processing value chain, aiding the food industry in meeting international quality and safety standards for their food products. Additionally, the Animal Husbandry Infrastructure Development Fund (AHIDF) provides a 3% interest subvention to eligible beneficiaries for establishing dairy processing & value-addition infrastructure and this subvention is applicable for up to 8 years.

2.3 As of FY25, organized players account for ~30% of India's packaged food market with the market value of INR 4.3T and it is expected to reach INR 8.0T by FY30 with 13.2% CAGR

As of FY25, unorganized players account for ~70%, INR 9.9T of India's packaged food market. These unorganized players cater to regional preferences with cost-effective offerings but face challenges like limited distribution capability. Regulatory reforms such as GST, demonetization and the COVID-19 pandemic have accelerated market formalization, driving the growth of organized players. Organised market is valued at INR 4.3T in FY25 and is projected to grow at 13.2% CAGR, reaching INR 8.0T by FY30. Organized entities, including FMCG companies, emphasize branded products, innovation and efficient supply chains, offer high-quality, hygienic and healthy functional products including protein-based products.

Packaged food market segmentation by organization type - India
(INR T (%), FY20-30P)



Source(s): 1Lattice analysis

2.4 Emerging trends in the packaged food market

The packaged food market is undergoing significant transformation due to changing consumer preferences, growing demand for sustainable packaging, convenience, and a stronger focus on health and quality. Brands are prioritizing sustainable packaging, catering to evolving consumer preferences, and direct-to-consumer (D2C) models. Advancements in packaging technologies are extending shelf life while simultaneously catering to consumer demand for convenience and longer-lasting products.

Key trends in the packaged food market

Evolving consumer preferences

- Top brands are innovating with regional flavors, global fusion, and premium indulgence while offering diet-specific, allergen-free & healthy snack alternatives

Sustainability and eco-friendly practices

- Processed food companies are prioritizing compostable, recyclable & reusable packaging to address consumer concerns about climate change & waste reduction

Increasing demand for convenience

- RTE and RTC options are popular for their convenience, with brands innovating to offer longer shelf life, minimal preparation, and enhanced quality

Increasing focus on health & quality

- Consumers seek healthier packaged foods with low sugar, salt & added nutrition, while brands ensure quality & traceability via blockchain & QR codes for transparency

2.5 Changes in dietary patterns and habits

The evolution of human diets mirrors societal and technological progress. In the pre-industrial era, diets focused on fresh, locally sourced foods that were preserved naturally. The Industrial Revolution introduced canned goods and mass production, offering convenience and longevity. The post-war boom brought frozen meals and processed foods for busy lifestyles, while the modern era saw globalization, driving a surge in instant snacks and beverages. With growing health awareness, particularly regarding protein intake and fitness, there has been a shift towards organic, low-sugar, and diet-specific packaged foods and dairy products. Today, the digital era champions eco-friendly and functional foods, reflecting priorities like transparency, high quality, ethical sourcing, protein-rich and personalized nutrition.

Evolving dietary patterns and habits

Pre-Industrial Era (before 1800s)

- Emphasize **fresh, seasonal,** and locally sourced foods with **home-cooked meals** using traditional preservation methods like drying, salting, and fermenting
- No packaged food

Industrial Revolution Era (1800s-early 1900s)

- Urbanization shifted lifestyles from agrarian to **mass food production**, introducing simple, staple foods
- Packaged goods like canned items with focus was on convenience and shelf life

Post-War Era (1940s-1960s)

- Economic growth and changing lifestyles spurred demand for convenient options like **frozen, processed foods.**
- Branded packaged foods like **instant soup mixes and cereal** became popular

Modern Era (1970s-1990s)

- Globalization brought international cuisines, fueling the shift **toward processed fast food**
- Supermarkets expanded, with packaged foods like **chips, soft drinks & instant noodles**, with introduction of food labeling for nutritional info

Health Awareness Era (2000s-2010s)

- Rising health and wellness awareness boosted demand for **organic, low-fat, low-sugar, and gluten-free**
- **Healthier packaged foods like organic snacks** and fortified cereals, along with Ready-to-Eat options became popular

Digital Era (2010s-present)

- Demand for sustainable foods is driving the rise of **vegetarianism**
- Online grocery shopping, eco-friendly packaging, **meal kits, and transparent labeling** became popular, with **functional foods** on the rise

2.6 India lags behind global peers in the protein intake and ~80% of the population do not meet their daily protein requirements

Protein is a vital macronutrient essential for overall health, playing a key role in muscle growth, tissue repair, immune function, and various metabolic processes. On average, an individual needs 0.86 to 1.0 grams of protein per kilogram of body weight daily to maintain a healthy lifestyle. However, ~80% of the population falls short of their daily protein requirements, with current consumption being around 65-75% of the recommended 0.86-1.0 grams of protein per kilogram of body weight. Additionally, India's per capita protein consumption is below than global averages.

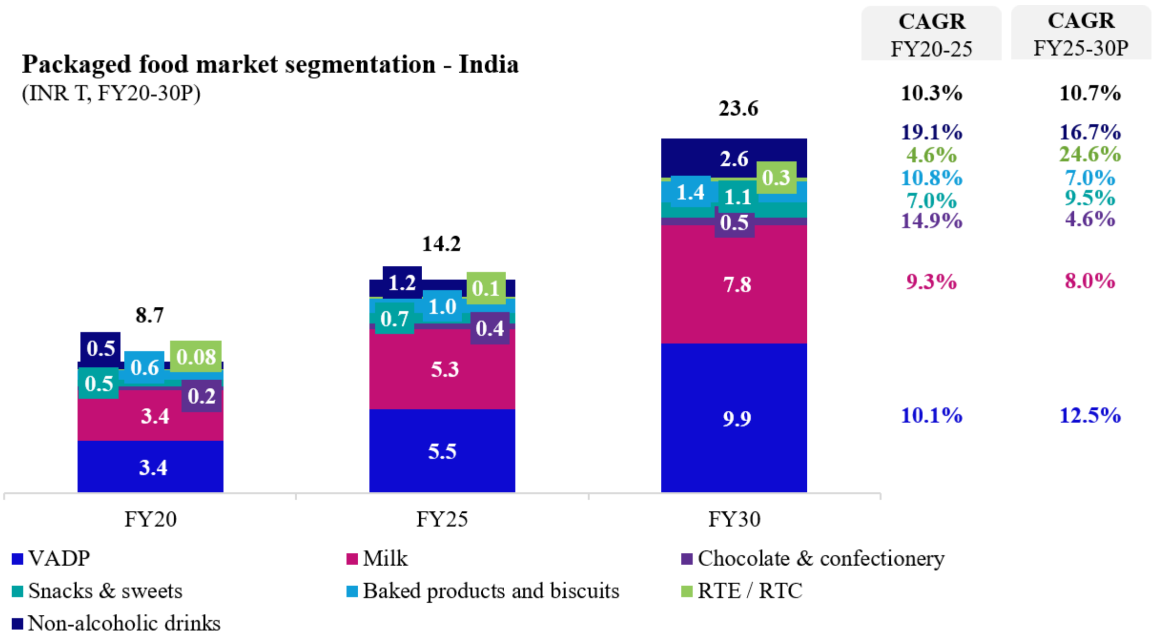
This disparity presents a significant opportunity for growth, as India's dietary patterns remain heavily carbohydrate-centric, influenced by economic factors, affordability, and accessibility. To bridge the protein gap, India can enhance dietary diversity, boost nutritional awareness, and promote protein-rich foods. However, the young population is increasingly adopting protein-rich diets to combat malnutrition and improve health. Foods like eggs, milk & value-added dairy products, lentils & millets are gaining popularity as people become more conscious of protein's role in immunity and muscle strength. This shift aims to improve overall well-being across diverse communities with balanced nutrition, supporting stronger immunity.

Milk and value-added dairy products are key to addressing inadequate protein intake in India
Dairy products are one of the key sources of high-quality protein for India's predominantly vegetarian population. Milk, yogurt, cheese, and value-added products provide easily digestible proteins, along with essential nutrients like calcium, vitamin D, and potassium. These nutrients are crucial for improving protein intake and overall health. Promoting awareness of the nutritional benefits of dairy and incorporating options like Greek yogurt, paneer and low-fat milk into daily diets can help bridge the protein gap and enhance overall health outcomes.

India's dairy industry is a major contributor to the nation's expanding protein consumption, offering a dependable and economical source of high-quality protein through products such as milk, paneer, and curd. The dairy sector benefits from robust production capabilities and an efficient supply chain, ensuring consistent availability. With increasing income levels and a growing focus on nutrition, dairy will continue to be the primary driver of protein consumption, supporting the country's overall dietary evolution.

2.7 Packaged food market segmentation by category

As of FY25, marketable milk and value-added dairy products (VADP) are valued at INR 5.3T and INR 5.5T respectively, together accounting for 76% of the overall packaged food market. Followed by non-alcoholic drinks (8%) and baked products & biscuits (7%). The RTE / RTC market is valued at INR 0.1T while the non-alcoholic drinks segment is valued at INR 1.2T in FY25, both the segments are projected to be the fastest-growing segments in the overall packaged food market with a CAGR of 24.6% & 16.7% by FY30 due to a lower consumer base. VADP segment is expected to be among the fast-growing segments within packaged foods because of the rising disposable incomes & changing dietary preferences with a projected CAGR of 12.5% over the same period.



Source(s): 1Lattice analysis

2.7.1 Milk and value-added dairy products have the largest share (~76%) of the packaged food market as of FY25

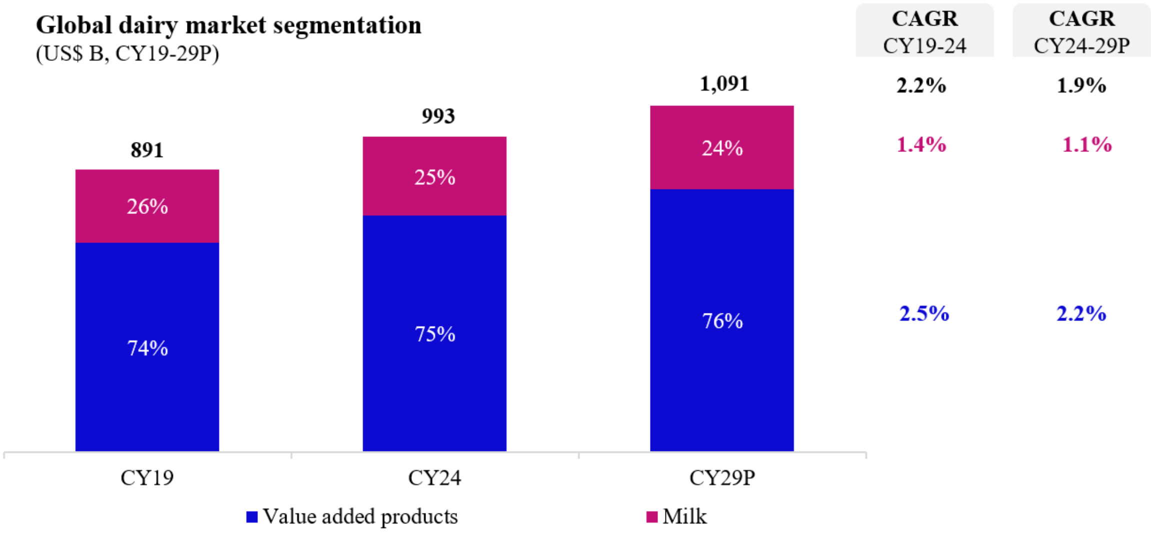
In FY25, milk and value-added dairy products account for the largest share (~76%) of the Indian packaged food market. The milk market is valued at INR 5.3T in FY25 and is estimated to be valued at INR 7.8T in FY30, growing at a CAGR of 8.0% between FY25-30. The value-added dairy products account for 51% of the total dairy market as of FY25, with the VADP market being valued at INR 5.5T and is expected to grow at a faster rate than milk, with a CAGR of 12.5% over FY25-30. The growth is driven by rising health & nutrition awareness, increasing innovation, premiumization of products, demand for convenient food options, etc.

The dairy industry plays a significant role in India's economy, contributing 5% to the total GDP & ~23-25% of the agricultural GDP and providing livelihood support to ~8 Cr farmers, driving rural income and employment. The demand for value-added dairy products like cheese, yogurt, paneer, ice cream, ghee is surging, driven by urban expansion, evolving preferences, and protein-rich diets. With rising health awareness and convenience needs, this segment is growing faster than liquid milk. The expansion of quick-service restaurants (QSRs), café culture, and dairy innovations further fuels its growth, making it a key driver of India's dairy industry. Additionally, a growing awareness of health and nutrition has led to a surge in the demand for high-protein dairy products, which are gaining popularity among health-conscious consumers. As a result, the value-added dairy products industry is positioned to continue its robust growth, reflecting broader shifts in consumer preferences and the evolving economic landscape.

3. Overview of the dairy industry

3.1 The global dairy market is projected to grow from US$ 993B in CY24 to US$ 1,091B by CY29, driven by rising consumer demand and product innovation

The global dairy market has shown steady growth over the years, driven by increasing demand for dairy products such as liquid milk, cheese, butter, yogurt, ice cream, etc. The market was valued at US$ 891B in CY19 and has expanded consistently, reaching US$ 993B in CY24. Looking ahead, the industry is projected to grow further, reaching approximately US$ 1,091B by CY29, reflecting a CAGR of ~1.9% from CY24-29. Currently, milk constitutes 25% of total dairy production, while value-added products account for 75%. By CY29, milk's share is expected to decline to 24%, with value-added dairy products growing at a CAGR of 2.2% from CY24 to CY29, driven by evolving consumer preferences and premiumization in the dairy sector.

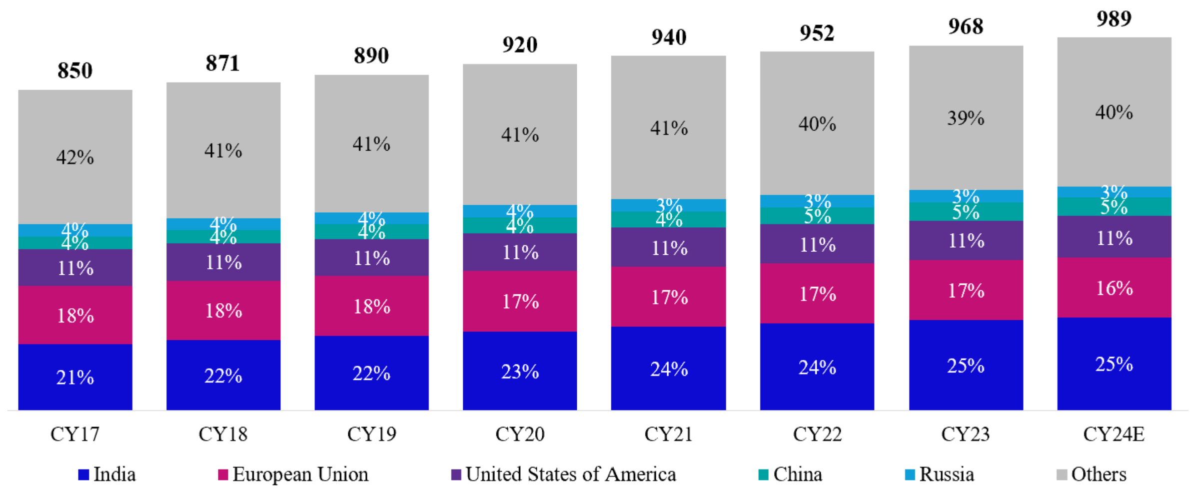


Source(s): 1Lattice analysis

3.1.1 India is the world's largest milk producer, contributing ~25% of global milk production in CY24

India is the world's largest milk producer, with India's share in overall production increasing from ~21% in CY17 to ~25% in CY24 outpacing its consumption, highlighting its potential as a major player in the global dairy production.

Global milk production
(M tonnes, %, CY17-24)



Note(s): E-Estimated
Source(s): FAOSTAT, 1Lattice analysis

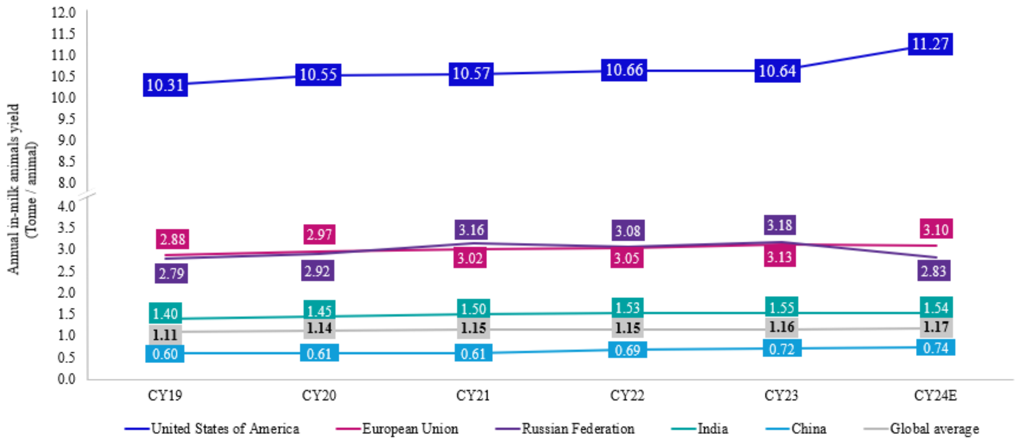
The Indian dairy industry is characterized by regional dominance. This is largely due to the high proportion of liquid milk, demand for products with a short shelf life, and the logistical challenges associated with long-distance transportation. The short shelf life of liquid milk, coupled with low margins, makes it economically unviable for players to transport milk over long distances. Furthermore, the intricacies of manufacturing, processing, and maintaining a cold chain add to the complexity of operating on a national scale. Building strong procurement networks and gaining the trust of farmers in new regions also requires significant time and effort. Consequently, most players establish a strong regional presence before venturing into other markets.

3.2 Key dairy trends in India

3.2.1 India's milk yields, at ~1.54 tonnes per animal, exceed the global average of about 1.17 tonnes per animal

Average in-milk animal yield in India has shown a steady upward trend from CY19 to CY24. The yield increased from 1.40 tonnes per animal in CY19 to 1.54 tonnes per animal in CY24, indicating improvements in dairy productivity. Currently, the USA leads in average in-milk animals yield with 11.27 tonnes in CY24. India's milk yields stand above the global average of 1.17 tonnes in CY24. India's milk yield per animal is lower than countries like the USA due to multiple factors such as lower-yielding indigenous breeds, inadequate nutrition, small farm sizes, limited veterinary access, and climate-related stress. In India, the dairy industry experiences two distinct seasons: winter flush season during which the milk supply is abundant and the summer season which experiences a relative drop of 20-30%, depending on the region and monsoon conditions, North India faces higher fluctuation in milk availability on account of extreme temperatures in summer and winter compared to South India. Given ongoing advancements in dairy farming techniques and genetic improvements, there is a promising chance that India's milk yields will continue to improve and become more competitive with global peers.

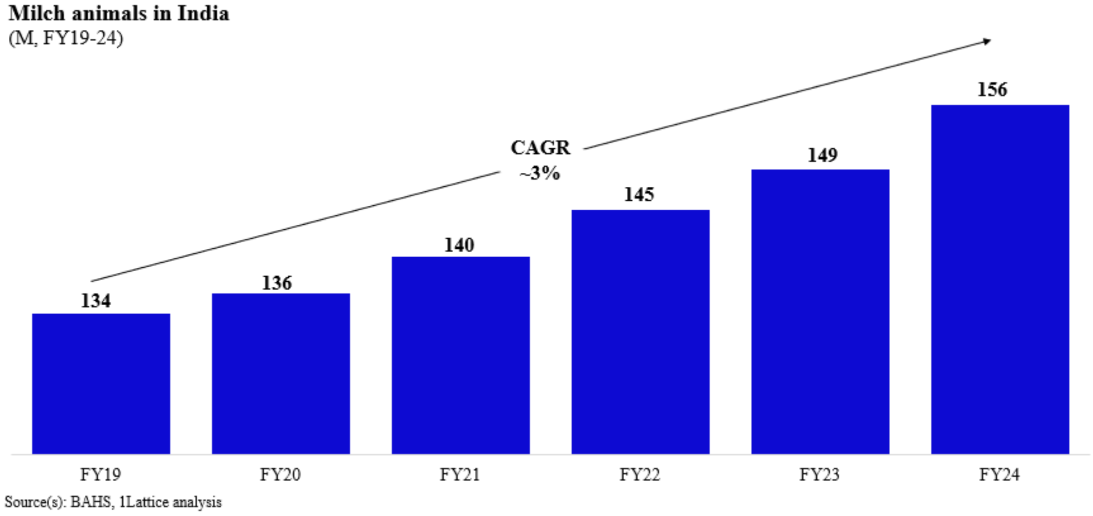
Average in-milk animals yield
(Tonne / animal, CY19-24E)



Source(s): FAOSTAT, 1Lattice analysis

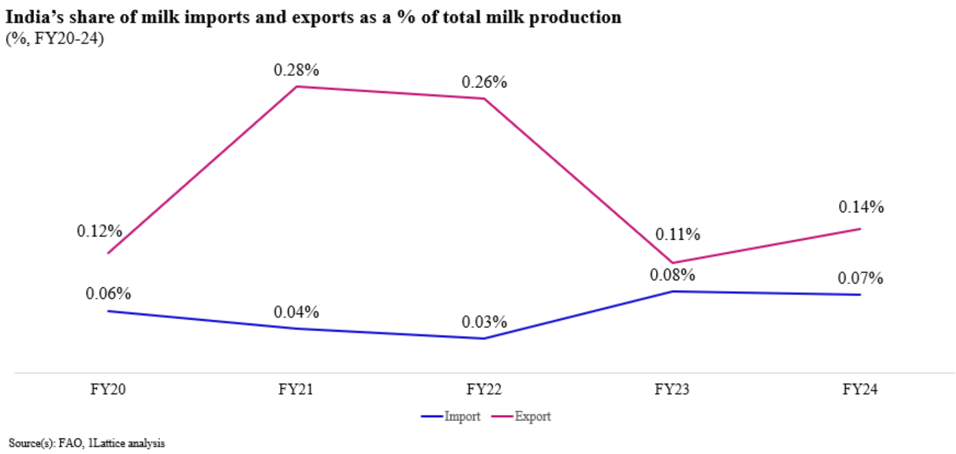
3.2.2 Rising number of milch animals also contributes significantly to India's milk production capabilities

Number of milch animals in India has steadily increased over the years, growing at a CAGR of ~3% from FY19 to FY24 which has been a key driver in the growth of India's milk production, contributing to the country's position as the world's largest milk producer.



3.2.3 India's vast dairy market thrives on domestic consumption, with local preferences driving self-sufficiency and minimal reliance on imports

India has the world's largest dairy market, both in production and consumption. Majority of the milk produced is consumed within the country, with only 0.14% exported and 0.07% imported. Indian milk is mainly suited to local needs and preferences, which makes the domestic market extremely large and self-sufficient. The strong demand within India highlights the massive scale of the dairy sector, making it the biggest and one of the most important dairy markets in the world. Additionally, as milk production continues to rise, India is beginning to tap into the vast potential for exports, opening new avenues for growth in the international dairy market. This emerging shift could further enhance India's prominence in the global dairy industry, driven by factors such as global demand for value-added dairy products, competitive pricing advantages offered by Indian manufacturers, and increasing compliance with international quality standards, as seen with companies like Milky Mist, Heritage and Parag Milk which have a USFDA approved manufacturing and distribution facility.



3.2.4 Dairy farming contributes to the overall betterment of Indian farmers' lives by enhancing their economic and social well-being

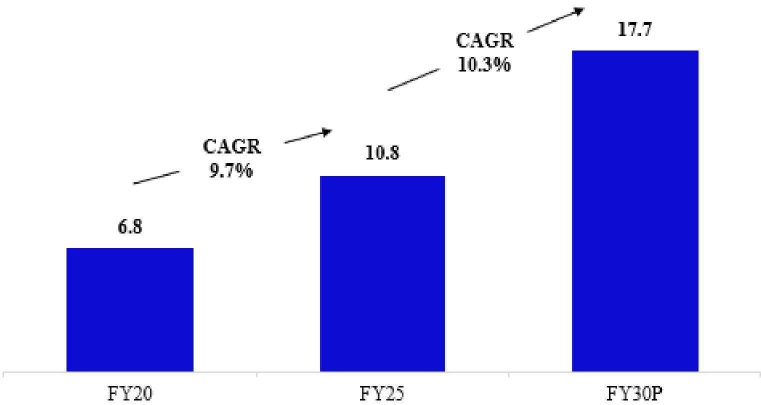
In India, dairy farming is closely connected to agriculture which involves the rearing of various milk-producing animals (cattle, goats and buffalos) for long-term milk production. ~65% of the Indian population is directly involved in agriculture and related activities. Dairy stands out as the largest agricultural commodity, contributing about 5% to the national economy and employing ~8Cr farmers as of CY24.

Dairy farming plays a crucial role in enhancing the socio-economic conditions of farmers by providing essential nutrition and stable income, particularly in rural areas. Involvement in milk procurement through co-operatives boosts economic and social well-being, fostering community bonds. Notably, the livestock sector shows significant gender equity, with women making up ~70% of the workforce. Recognizing the critical role of farmers in sustaining the dairy sector, companies invest in initiatives that improve their livelihoods and reduce farming challenges. For example, Milky Mist supports these efforts through teaching farmers best practices in dairy farming, from proper cattle feeding to modern dairy farming techniques. Overall, integrating farmers into the dairy industry strengthens rural economies and improves life quality, leading to better education, health, and living standards.

3.3 The Indian dairy market is valued at ~INR 10.8T in FY25, and is projected to grow at a CAGR of ~10.3% from FY25-30

The Indian dairy market has demonstrated robust growth, expanding at a CAGR of ~9.7% from FY20-25 to reach ~INR 10.8T in FY25. This growth has been driven by a 5-6% increase in volumes of milk produced and a 4-5% rise in price realizations of dairy market. Milk, which remains the backbone of the dairy industry, is complemented by various value-added products such as paneer, curd, cheese, butter, ghee, khoa, skimmed milk powder, milkshake, ice cream, yogurt, and whey, which are growing at much faster pace than milk. Looking ahead, the Indian dairy market is projected to grow at a CAGR of ~10.3% from FY25-30, to reach ~INR 17.7T by FY30, driven by the strong growth of value-added dairy products.

Dairy market in India
(INR T, FY20-30P)



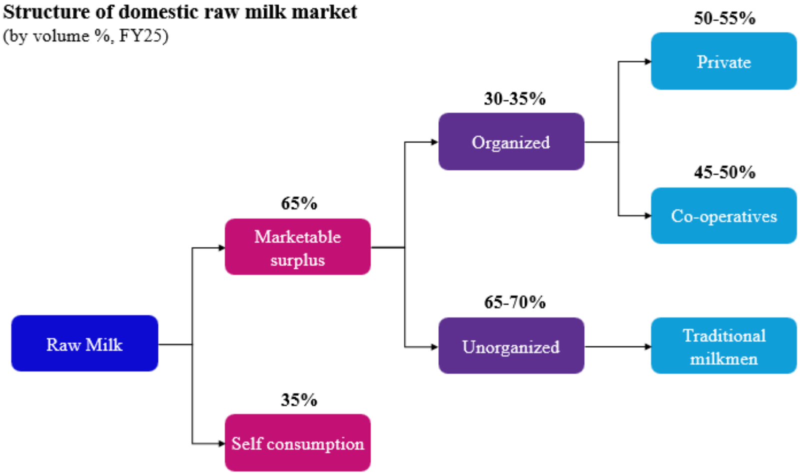
Source(s): 1Lattice analysis

At the same time, the pandemic accelerated a broader shift in consumption patterns, with growing preference for healthier meals incorporating value-added dairy products paneer, cheese, curd along with fresh vegetables, fruits, whole grains, and lean proteins. Health awareness also drove demand for branded dairy products.

3.4 Structure of domestic raw milk market

The Indian raw milk market for FY25 is bifurcated into two parts. The marketable surplus accounts for ~65% of the total raw milk volume, and self-consumption, where farmers retain ~35%, makes up the rest. Of the marketable surplus, the organized sector accounts for 30-35%, which further splits into co-operatives like Amul, Nandini and Mother Dairy at 45-50%, and private player such as Milky Mist, Hatsun etc. at 50-55%. The organized dairy segment in India typically comprises co-operative societies and private entities and the majority of these are presently focused primarily on the sale of liquid milk. The unorganized sector, primarily composed of traditional milkmen, makes up 65-70% of the total volume of the marketable surplus market.

Structure of domestic raw milk market
(by volume %, FY25)



Source(s): 1Lattice analysis

3.4.1 The unorganized dairy sector's fragmented procurement process, involving multiple intermediaries and poor infrastructure, leads to transparency issues, fluctuating supply, and higher costs for processors

The procurement process in the unorganized dairy sector is characterized by a high degree of fragmentation and involves numerous intermediaries, such as local milk collectors, aggregators, and traders. Additionally, the lack of transparency often results in low prices for farmers. The lack of consistent supply in the dairy industry poses challenges for processors in terms of production planning and quality control. Inadequate infrastructure, such as poor roads, lack of cold storage facilities, and unreliable electricity supply, further exacerbates the challenges in the procurement process. The procurement cost of milk in the unorganized sector can be significantly higher due to the involvement of multiple intermediaries and the associated transaction costs. This price differential can incentivize farmers to prioritize buffalo milk production, potentially impacting the overall milk composition and creating market imbalances.

On the other hand, private and organized players are enhancing farmer well-being by offering higher prices, incorporating technology in farming practices, and establishing stable purchasing agreements, thereby encouraging farmers to shift from unorganized to more reliable, organized channels. For instance, Milky Mist tackles supply fluctuations by eliminating middlemen and sourcing directly from farmers using automated milk collection units (AMCU), IoT-enabled tanker tracking, ensuring transparency in transactions, timely payments, better pricing, and farmer support through health camps, feed & fodder development, cattle loans and artificial insemination, alongside strategically located chilling centers. These technological integrations not only improve the efficiency of milk collection but also ensure a steady, high-quality supply chain directly benefiting both the processors and the farmers. With consistent pricing, faster payments, and incentives for better quality, farmers enjoy greater financial stability and motivation to improve yield and quality.

3.5 Government and private entities provide value-added support to farmers through loans, insurance, training, and veterinary services, helping improve productivity and income

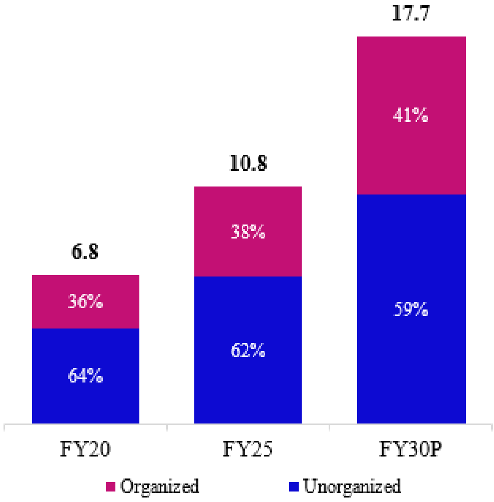
To support farmers, various value-added services such as loans, insurance, and training are provided by both government and private entities. The Indian government has introduced multiple schemes like the Pradhan Mantri Fasal Bima Yojana (PMFBY) for crop insurance and the Kisan Credit Card (KCC) scheme for easy access to credit. These initiatives help farmers manage financial risks and invest in better farming practices. Additionally, training programs on modern dairy farming techniques, animal health, and nutrition are conducted by organizations like the National Dairy Development Board (NDDB).

Private companies and co-operatives also play a significant role in providing value-added farmer centric support system. For instance, Milky Mist provides veterinary services, training, and feed management support while directly procuring milk from farmers, which eliminates middlemen.

3.5.1 Dairy in India is transforming to a more structured and organized industry with rise in private players striving for innovation

Traditionally, the unorganized sector, made up of local and small-scale producers, has dominated the market. However, there is a growing shift towards a more structured and organized industry. This change is driven by rising costs, the need for better efficiency, changing consumer preferences, and a growing demand for packaged VADP products which unorganized players are unable to cater to. Furthermore, the expansion of larger companies that are partnering with or integrating smaller firms not only enhances their supply chain but is also essential for managing the highly perishable nature of milk, emphasizing the industry's transition from unorganized to organized sectors. Organized players, including private players such as Milky Mist, Hatsun and co-operatives like Amul, Nandini, Vijaya, and Aavin, are expanding their presence through innovative products, robust distribution networks, and investments in technology. Private players and co-operatives have gained a strong foothold by ensuring better returns for farmers and offering subsidies. The share of organized sector in the dairy market of India is estimated to rise, growing from ~38% in FY25 to ~41% in FY30. As the market becomes more organized, competition is intensifying, pushing both co-operatives and private players to continuously innovate and adapt to consumer preferences to sustain and grow their market share. Milky Mist with its exclusive focus on premium and value-added products such as paneer, cheese, yogurt, ice-cream and curd, sets it apart from others in the sector.

India dairy market: Organized vs. unorganized split
(INR T, %, FY20-30P)



Source(s): 1Lattice analysis

3.6 Role of co-operatives and private players in the Indian dairy industry

3.6.1 Co-operatives have played a crucial role in India's dairy growth by ensuring fair farmer prices, eliminating middlemen, and driving self-sufficiency through support programs and brand expansion

The strengthening of the co-operative model has significantly contributed to the growth of India's milk processing segment. The establishment of co-operatives was driven by the need to eliminate middlemen, ensure fair prices for farmers, and create a self-sufficient dairy industry. This initiative transformed India from a milk-deficient country into the world's largest producer of milk.

3.6.2 Competition between co-operatives and private players is driving innovation in value-added dairy products, premium offerings, and dairy market expansion in India

Competition between co-operatives and private players remains intense. To counter the strong presence of co-operatives, private players like Milky Mist, Hatsun, Parag and Heritage are leading their product portfolios by investing in premium and value-added dairy products such as paneer, yogurt, cheese, curd, probiotic drinks, and other dairy-based beverages, which often come at a higher price point than regular milk. These private dairy brands are also introducing fortified and functional dairy products targeting health-conscious individuals and children. For example, Milky Mist's portfolio includes various protein rich dairy products such as protein rich Skyr Yogurt, high protein and low-fat paneer, etc.

3.6.3 Structural industry shift marks a transformation in India's dairy landscape, with private players reshaping the industry through innovation, premiumization, and modern supply chain strategies

The Indian dairy market is experiencing a structural shift, favouring private players. This shift is driven by rising consumer demand for differentiated, value-added products like yogurt, cheese, ice cream, increasing health consciousness, and innovation in packaging and marketing. The rise in consumer income levels and demand for high-protein, probiotic, and fortified dairy products has led to the introduction of Greek yogurt, lactose-free milk, and dairy-based immunity boosters. The market is seeing an expansion of milkshakes, artisanal cheese, and premium ice creams, tapping into consumers' evolving tastes. Private companies leverage stronger financial resources, better technology, and extensive distribution networks to cater to changing consumer preferences.

3.6.4 Licensing reforms have contributed to the growth of private dairy players by enabling competition, innovation, infrastructure expansion, and direct farmer procurement, reshaping India's dairy sector

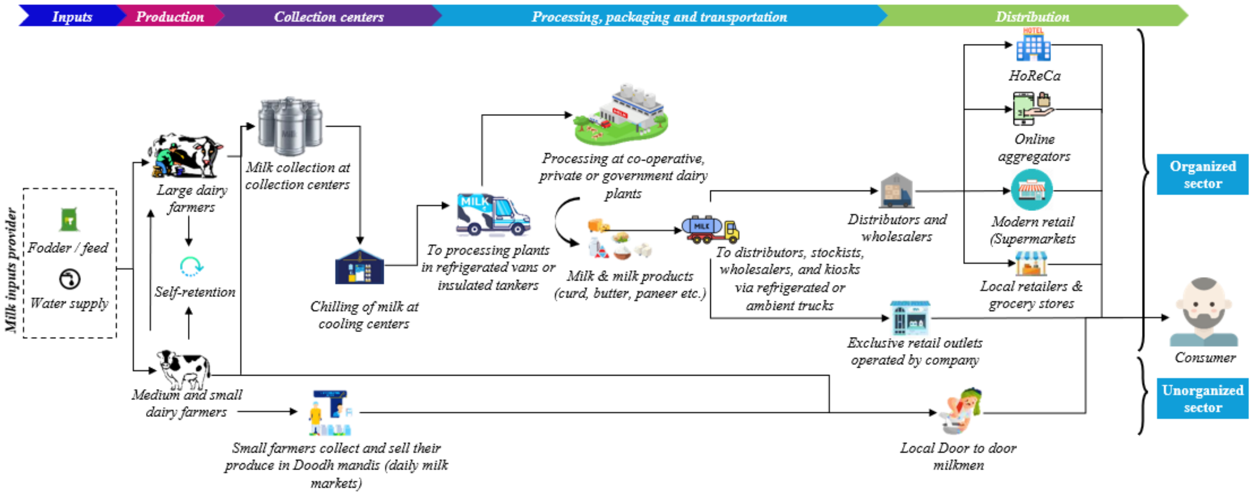
Licensing reforms and an increasingly liberalized market have facilitated the entry and expansion of private players in the dairy industry. Companies like Milky Mist and Hatsun have leveraged these opportunities to scale their operations and introduce value-added dairy products such as paneer, curd, ghee, probiotic yogurt, lactose-free milk, whey protein supplements, etc. These reforms have enabled private firms to innovate and offer differentiated products, enhancing their competitiveness and catering to the needs of the new-age consumer.

The implementation of licensing reforms in the Indian dairy market has significantly boosted the growth of private players. Here are some key points:

1. **Increased competition**: The liberalization of the dairy sector in the early 1990s allowed private players to enter the market, which was previously dominated by co-operatives. This increased competition has led to more innovation and efficiency in the industry
2. **Investment and expansion:** Private companies have invested heavily in infrastructure, technology, supply chain management and brand building activities, which as compared to co-operatives, has significantly improved the overall quality and reach of dairy products in India
3. **Market diversification**: Private players have introduced a variety of value-added products such as paneer, cheese, curd, yogurt, ice-creams and other dairy-based beverages. This diversification has catered to changing consumer preferences and increased market demand, with private companies being the key players able to quickly adapt to these evolving preferences
4. **Improved farmer linkages:** Both private companies and co-operatives have established direct procurement systems, reducing the dependency on middlemen. Additionally, private companies have integrated technology to streamline operations, offer weekly payments and ensure better prices, thereby providing farmers with more stable incomes
5. **Enhanced cold chain infrastructure:** The entry of private players has led to significant improvements in cold chain infrastructure, ensuring better preservation and transportation of dairy products

3.7 Supply chain of the dairy industry

The dairy supply chain starts with farmers who need fodder, water, veterinary care, and financial support to produce milk. There are large, medium, and small farmers, with small farmers usually selling their milk to local collection centers or markets. Some players such as Milky Mist, Hatsun etc. bypasses this conventional system by sourcing directly from farmers through automated milk collection units (AMCUs), ensuring fair pricing and eliminating middlemen. At the collection centers and Milk Chilling Centers (MCCs), the milk is cooled before transport. After that, the milk is transported through insulated tankers, and ambient trucks directly to processing plants where it is converted into products like curd, butter, and paneer. A few private dairy players have started using their own fleet of insulated tankers to maintain quality during milk transit, moving away from third-party logistics. Milky Mist is among the few that have adopted this model, using its own insulated tankers to ensure better quality control while transporting milk to processing units. After processing, it is then distributed through a network that includes super stockists, distributors, wholesalers, kiosks, booths, and franchise stores. To maintain product freshness and quality, visi coolers and freezers, are used at various storage and retail points. Milky Mist was one of the first food products brands to launch its own branded visi coolers, enhancing product visibility and ensuring temperature-controlled storage at the retail level. Through this integrated approach, Milky Mist maintains product quality from collection to retail. The final products reach consumers through organized channels like supermarkets, online stores, and the HoReCa channel.



Share in installed capacity (%)						Market share (%)	
Production		*Collection centers*		*Processing, packaging and transportation*		*Distribution*	
Co-op	48%	Co-op	60%	Co-op	49%	Co-op	55-60%
Private	52%	Private	40%	Private	51%	Private	40-45%

Sources(s): 1Lattice analysis

3.8 The establishment of collection and cooling centres is a crucial step in creating an efficient and sustainable dairy supply chain

Given the perishable nature of milk, adequate processing infrastructure like bulk milk coolers, milk chilling centers, and cold storage is crucial. Dairy companies must optimize these facilities, as the high fixed costs of setup and maintenance impact profitability. Managing rising input costs such as power, labour, and packaging, is also key as companies scale operations.

To prevent spoilage, milk requires immediate chilling, which can be costly, especially during inventory pileups. Setting up collection and cooling centers near procurement locations helps mitigate risks by maintaining milk quality. Private players like Milky Mist are investing in bulk milk chilling units with capacities of 2,000-3,000 litres at the village level, reducing travel time and ensuring the milk stays at the required temperature, thus preserving its freshness. Expanding chilling network can further help companies navigate these challenges efficiently

3.9 Manufacturing and processing overview

The Indian dairy manufacturing and processing sector is highly fragmented, with a significant portion of milk production coming from small and marginal farmers. These farmers often lack access to modern processing facilities, leading to inconsistent quality and hygiene standards. The sector is dominated by numerous small-scale processors who operate with limited resources and outdated technology. This fragmentation results in a wide variation in product quality, with many small processors unable to meet the stringent quality standards required for both domestic and international markets. Additionally, the lack of standardized practices and inadequate infrastructure further exacerbate the quality issues, making it challenging to ensure the safety and consistency of dairy products.

To address these challenges, the private sector is investing in advanced processing plants and technology. Milky Mist, for example, ensures good quality milk through a multi-stage quality control process, conducting multiple tests from collection to processing. They also use UHT treatment for longer shelf life while preserving nutrition and utilize aseptic and intelligent packaging with biosensors to monitor the quality and freshness of dairy products, ensuring safety and consistency. These rigorous practices help meet both domestic and international standards, enhancing product quality and consumer trust.

3.10 The Indian dairy industry's reliance on third-party logistics leads to quality control issues due to an underdeveloped cold chain, necessitating infrastructure investment and integrated supply chain management

Logistics in the Indian dairy industry is predominantly managed by third-party providers, which often leads to quality control challenges. The cold chain infrastructure, essential for maintaining the freshness and safety of dairy products, is underdeveloped and inefficient. Many third-party logistics providers cost more than in-house logistics as they lack the necessary equipment and expertise to handle perishable goods, resulting in frequent temperature fluctuations and spoilage. This not only affects the quality of the products but also leads to significant financial losses for dairy companies. Furthermore, the reliance on third-party logistics creates a disconnect between producers and consumers, making it difficult to trace and address quality issues promptly. Improving the logistics infrastructure and adopting more integrated supply chain management practices are crucial for enhancing the overall quality and reliability of dairy products in India and hence, companies like Milky Mist have invested in their own logistics to ensure quality.

3.11 Visi coolers, ice cream freezers, smart display strategies and tasting booths play a critical role in boosting retail sales for dairy and FMCG products

In the FMCG (Fast-Moving Consumer Goods) and dairy sectors, offline retail plays a crucial role in brand visibility, consumer trust, and impulse buying. Companies must strategically occupy shelf space to ensure that their products stand out among competitors and attract consumer attention. Strategies to occupy shelf space include:

1. **Visi coolers and ice cream freezers** play a crucial role in showcasing dairy products by maintaining the correct temperature and ensuring product visibility. Branded players use these cooling solutions to display a variety of dairy products and cater to different consumer preferences. Branding such equipment with the company's name enhances brand awareness, builds consumer trust, and increases reach in both urban and rural markets. Expanding the use of branded coolers and freezers can help companies stand out from competitors and strengthen their market presence. Milky Mist was one of the first few food product brands in India to use branded visi coolers, with over 28,248 visi coolers and ice cream freezers and chocolate coolers installed across markets. As of 21st July 2025, it has 108 exclusive Milky Mist branded parlours across eight states in India. Use of branded visi coolers has helped boost product visibility, ensure freshness, and drive impulse sales
2. **Dedicated dairy aisles and branded displays** with clear categorization of products like yogurt, cheese, paneer and milkshake improves shopping convenience
3. **In-store tasting booths** allow customers to experience new flavours and products, increasing conversions

3.12 Regional players dominate the Indian liquid milk industry due to short shelf life, and logistical challenges, which are not applicable to VADPs, allowing for the emergence of national players

The Indian liquid milk industry is regionally dominated due to its high demand, short shelf life, and the need for complex cold chain logistics for long-distance transportation. These factors, combined with low profit margins, make it economically unviable to transport liquid milk across vast distances. Moreover, the intricacies involved in manufacturing, processing, and maintaining a cold chain further complicate national operations. Establishing procurement networks and gaining farmer trust in new regions can take time and effort, which is why several players tend to build a regional presence before exploring wider expansion.

However, VADPs can be developed into pan-India brands, but addressing logistics and shelf-life challenges is essential for success. VADPs, with their longer shelf lives and higher margins, can be transported more efficiently across longer distances through cold chain logistics enabling broader national distribution and market penetration. With an advanced cold-chain logistics and a strong distributor network, Milky Mist has grown from a regional brand to a pan-India player, now present in 22 states and 5 union territories - all serviced from a single integrated manufacturing facility

3.13 The consolidation trend in India's dairy sector is driven by the acquisition of regional players, with international players also actively acquiring, demonstrating the sector's significant growth potential

The dairy industry has witnessed increased investment and consolidation, with smaller firms selling to larger players. This trend enables larger companies to expand into new regions by tapping into the established procurement and distribution networks of regional players, facilitating smoother entry and faster scalability. It also provides regional players with crucial support to manage operational inefficiencies and improve scalability. For instance, Hatsun Agro's acquired Jyothi Dairy to expand its presence in Andhra Pradesh and Telangana and more recently acquired Odisha-based Milk Mantra to enter the eastern market. Meanwhile Heritage Foods Ltd enhanced its position in North India by acquiring the dairy business of Reliance Retail.

International interest in India's dairy sector is substantially strong, with global companies like Lactalis and Lotte making significant inroads. Lactalis expanded its operations by acquiring Tirumala Milk and Prabhat Dairy. Indian dairy companies are diversifying and acquiring companies in complimentary categories to increase product basket, for example, Milky Mist acquired Asal, an Indian traditional fresh food brand's acquisition to foray into ready-to-eat offerings. These actions underscore the global appeal of India's dairy market, indicating a robust and rapid growth trajectory. This trend of mergers and acquisitions, driven both domestically and internationally, is expected to persist as firms strive to bolster their market presence amidst increasing global attention.

3.14 Key growth drivers of the Indian dairy market

The dairy industry is experiencing significant growth, bolstered by key drivers such as urbanization, increasing health consciousness, and improvements in dairy supply chains. These factors contribute to enhanced consumer demand for healthier, value-added dairy products and more efficient distribution mechanisms.

Growth drivers	Description
Urbanization & changing lifestyles	• Demand for value-added dairy products (VADPs) such as paneer, cheese, curd, buttermilk, ghee, butter, and ice cream is being driven by the growth of the urban population and middle class, as well as the increasing number of nuclear families • Urbanization, lifestyle changes & rising health consciousness is boosting the market for pro-biotic and fortified milk foods
Rising preference for packaged dairy products	• Preference for packaged dairy products is driven by rising disposable incomes and increasing number of working women • Packaged dairy products offers superior hygiene, ease of storage, consistent quality, and easy availability, making it a preferred choice for consumers. Milk pouches are particularly popular due to their cost-effectiveness
Advancement in dairy supply	• Enhanced packaging, longer shelf-life, and better quality are driving the penetration of processed milk products • Improvements in cold storage, transportation, and supply chain infrastructure are enabling companies to reach more towns and villages, increasing the availability and consumption of processed dairy products
New supply channels	• Quick commerce platforms are enabling faster deliveries and facilitating consumption on demand • This shift towards immediate gratification and the convenience of obtaining fresh products swiftly has led to an increase in both impulse buys and the overall consumption of dairy products
Government initiatives and support	• Government initiatives like the National Dairy Plan & the White Revolution have contributed to the growth of dairy sector, with milk production increasing from ~21M tonnes in 1970 to ~239M tonnes in 2024, growing at a CAGR of ~5% • Priority sector lending status, better access to credit, and various policy reforms have encouraged farmers to adopt better yielding cross-bred cows, enhancing milk production
Protein-focused consumption	• Rising awareness around protein intake is driving demand for dairy-based protein sources such as paneer, milk, curd, and yogurt, especially among fitness-conscious and young urban consumers

3.15 Key challenges faced by the dairy market

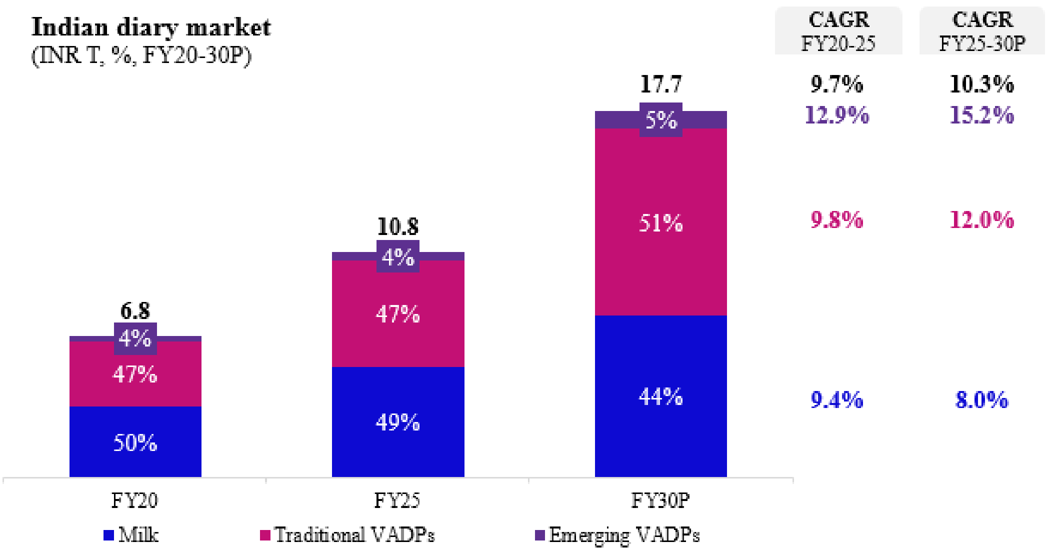
The Indian dairy sector faces several challenges, particularly in the liquid milk segment, including volatility in milk procurement costs, seasonal fluctuations in milk supply, dominance of co-operatives, shorter shelf life, and low profit margins. Unlike liquid milk, VADPs effectively sidestep common dairy industry challenges. Their premium pricing and longer shelf lives shield them from volatility in procurement costs. Seasonality issues are mitigated as VADPs can be produced and stored during peak periods, ensuring stable supply year-round. The dominance of co-operatives is less restrictive, with VADPs creating niches for smaller producers to innovate and thrive. Additionally, their extended shelf life significantly reduces spoilage risks. Lastly, being premium products, VADPs face lower consumer price sensitivity, enabling producers to achieve healthier profit margins compared to highly competitive liquid milk markets. Milky Mist further strengthens this advantage by seamlessly converting surplus milk into long shelf-life VADPs within the same plant, ensuring stable supply-demand management without typical milk balancing challenges.

Challenges	Description
Volatility in milk procurement costs	• The cost of procuring milk is inherently unstable, influenced by factors such as feed and fodder prices, which fluctuate due to weather conditions, crop yields, and market demand • These fluctuations make dairy pricing unpredictable. In contrast, products like cheese and yogurt maintain more stable prices due to their longer shelf lives and premium positioning
Milk supply seasonality	• Seasonal fluctuations in milk production can lead to periods of surplus and deficit, complicating inventory and pricing strategies • This seasonal variability challenges processors to stabilize supply and demand. VADPs, processed and stored during peak times, are less affected by these swings.
Dominance of co-operatives	• Cooperatives control a significant portion of the market, often resulting in limited competition and higher barriers for new entrants • This dominance can restrict pricing and innovation. However, VADPs offer niches that smaller producers can exploit, mitigating cooperative influence
Shorter shelf life	• Liquid milk has a shorter shelf life compared to many other food products, necessitating careful handling to maintain freshness • The quick spoilage potential underscores the importance of robust logistics strategies within the dairy industry to prevent significant financial losses
Low margins on liquid milk	• The liquid milk market is highly competitive with numerous players, including local dairy farms and large corporations, driving liquid milk prices down, squeezing profit margins as it's the most sold item • Consumers are highly price-sensitive when purchasing liquid milk, limiting producers' ability to increase prices. VADPs, positioned as premium offerings, face less price sensitivity and allow for better margin expansion

4. **Overview of the value-added dairy products (VADP) market**

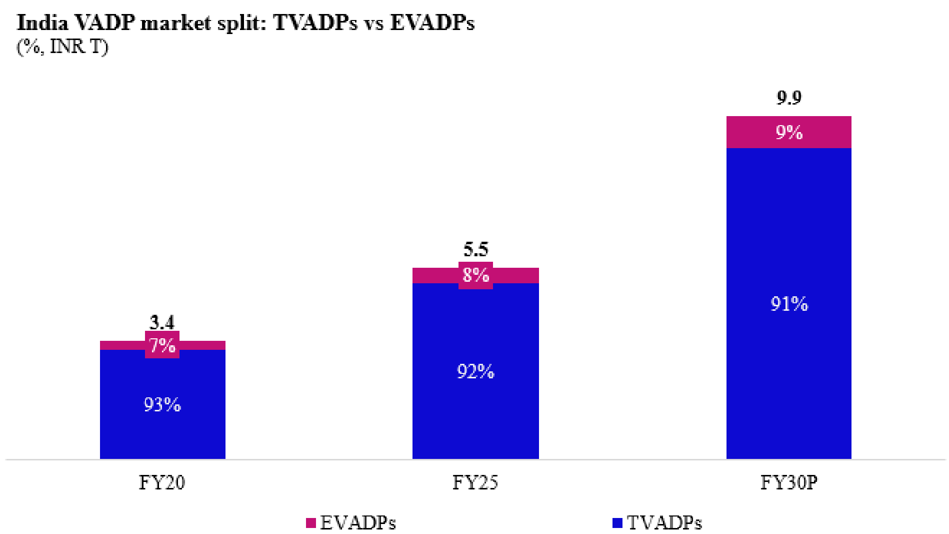
4.1 **The Indian dairy market is expected to reach ~INR 17.7T in FY30 growing at ~10.3% CAGR from FY25-30 with liquid milk contributing ~44% and VADPs contributing ~56% to the overall market**

In FY25, the Indian dairy market is valued at ~INR 10.8T and is growing at a CAGR of ~10.3% to reach ~INR 17.7T in FY30. Liquid milk contributes ~49% of the overall dairy market by value in FY25, with total market estimated at ~INR 5.3T. In FY25, VADP contributed ~51% to the overall dairy market. Milk is complemented by TVADPs (butter, ghee, paneer, khoa and dairy sweets, curd, ice-cream, buttermilk, lassi and milkshake), EVADPs (cheese, yogurt, whey & whey-based products and other products such as UHT milk, dairy whiteners, probiotic dairy products, cream, condensed milk, high protein dairy-based products etc.). TVADP continue to be fundamental in Indian diets, predominantly consumed within homes. These products are deeply integrated into daily culinary practices, valued for their versatility and cultural significance. In FY30, TVADPs are projected to account for ~51% of the total dairy market. EVADPs are also becoming more common in the Indian market. These products add nutritional or flavour enhancements to traditional dairy items. In FY30, EVADPs are projected to account for ~5% of the total dairy market Looking ahead, VADPs segment in the Indian dairy industry is projected to grow at ~12.3% CAGR from FY25-30. TVADPs are projected to grow at ~12.0% CAGR, while EVADPs are projected to grow at a ~15.2% CAGR from FY25-30.



Source(s): 1Lattice analysis

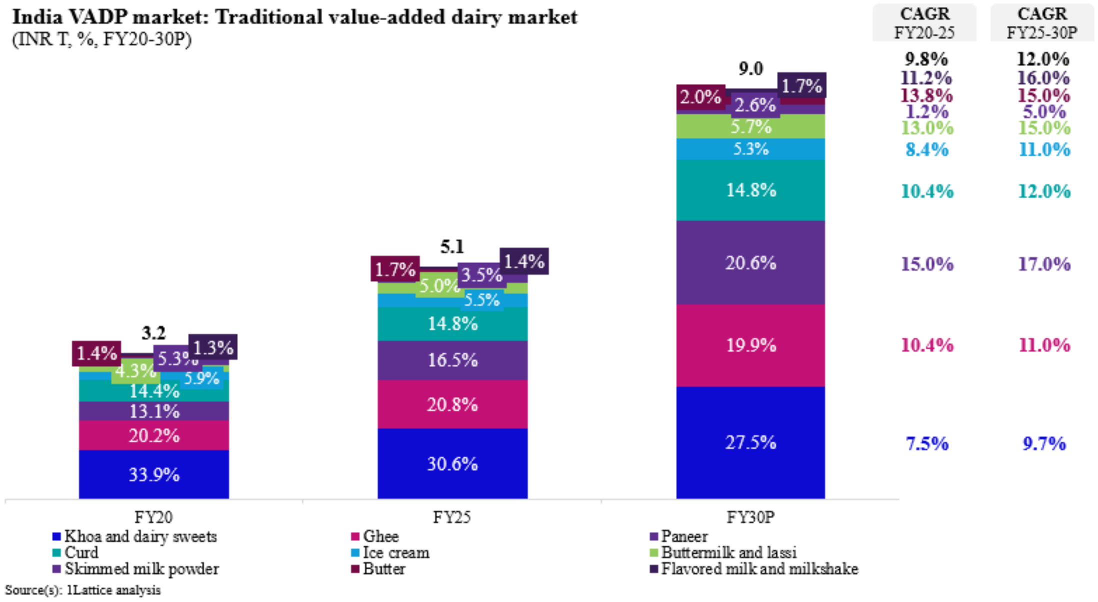
The Indian dairy market's VADP stands at ~INR 5.5T with TVADP contributing ~92% and EVADP contributing ~8% in FY25. Busy urban lifestyles have led to a decline in home preparation of traditional dairy products like paneer, curd, ghee, and ice-cream, boosting demand for ready-to-consume packaged alternatives. While TVADPs are expected to dominate with a ~91% share in FY30, EVADPs are also growing in value, expected to reach ~9% of the total Indian VADP market by FY30P.



Source(s): 1Lattice analysis

4.2 TVADPs market stands at ~INR 5.1T in FY25, with paneer growing fastest at a CAGR of ~17%, milkshake at ~16%, and butter at ~15% from FY25-30; EVADPs market stands at ~INR 0.4T in FY25, with cheese growing fastest at a CAGR of ~18% from FY25-30

The Indian TVADP market is valued at ~INR 5.1T in FY25 and is projected to reach ~INR 9T by FY30, growing at a ~12% CAGR for FY25-30. The Indian value-added dairy products market, which includes products such as curd, lassi, butter, ghee, paneer, cheese, yogurt, milkshake and ice cream, has seen growth due to higher disposable incomes, greater health awareness, increasing consumer demand for premium and innovative dairy options, convenience, and a preference for products that offer enhanced taste and nutritional benefits including high protein. In FY25, Paneer contributes ~16.5% to the India TVADP market and is expected to contribute ~20.6% in FY30. It is also the fastest growing product in Traditional VADP segment, driven by rising protein consumption. The paneer market currently stands at ~INR 0.8T and expected to reach ~INR 1.8T by FY30, reflecting its growing importance in the Indian dairy basket. Paneer accounts for ~16.5% of the TVADP market by value in FY25, but for Milky Mist, it contributes ~29.52% of overall revenue. Milky Mist has also outpaced the paneer market growth rate with a CAGR of ~26% from FY20-25. Milky Mist, which was one of the first private companies to launch branded packaged paneer in India, Milky Mist was the largest private packaged paneer brand in the organized market, holding a market share of ~17% in terms of the organized packaged paneer market value in FY25 in India.



On the other hand, the market for products, such as cheese, yogurt and whey & whey products, is also experiencing growth, and is expected to grow from ~INR 0.4T in FY25 to ~INR 0.9T by FY30, growing at a ~15.2% CAGR for FY25-30.

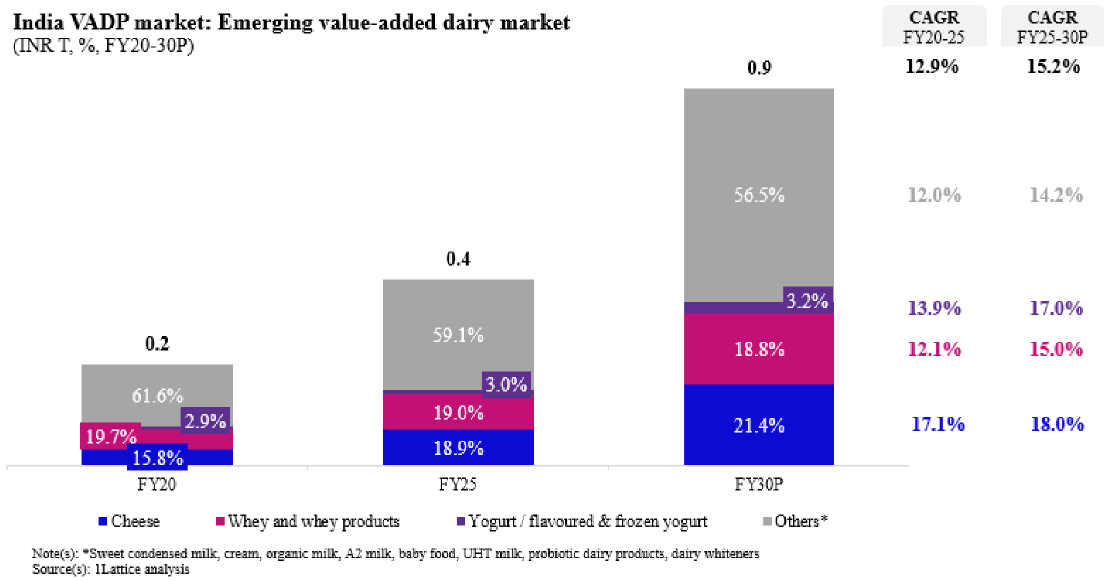


Table 1: India VADP market: Traditional value-added dairy market

	Market size (INR B)			CAGR (%)		Share (%)		
	FY20	FY25	FY30P	FY20-25	FY25-30P	FY20	FY25	FY30P
Khoa and dairy sweets	1,086.4	1,562.2	2,479.8	7.5%	9.7%	33.9%	30.6%	27.5%
Ghee	649.2	1,065.1	1,794.8	10.4%	11.0%	20.2%	20.8%	19.9%
Paneer	420.4	845.7	1,854.1	15.0%	17.0%	13.1%	16.5%	20.6%
Curd	462.8	758.3	1,336.3	10.4%	12.0%	14.4%	14.8%	14.8%
Ice-cream	188.8	282.6	476.2	8.4%	11.0%	5.9%	5.5%	5.3%
Butter milk & lassi	138.7	255.6	514.1	13.0%	15.0%	4.3%	5.0%	5.7%
Skimmed milk powder	171.0	181.2	231.2	1.2%	5.0%	5.3%	3.5%	2.6%
Butter	46.3	88.1	177.2	13.8%	15.0%	1.4%	1.7%	2.0%
Milkshakes	42.8	72.9	153.0	11.2%	16.0%	1.3%	1.4%	1.7%
Total	**3,206.4**	**5,111.6**	**9,016.8**	**9.8%**	**12.0%**	-	-	-

Source(s): 1Lattice analysis

Table 2: India VADP market: Emerging value-added dairy market

	Market size (INR B)			CAGR (%)		Share (%)		
	FY20	FY25	FY30P	FY20-25	FY25-30P	FY20	FY25	FY30P
Cheese	38.5	84.5	193.4	17.1%	18.0%	15.8%	18.9%	21.4%
Whey and whey products	47.8	84.7	170.4	12.1%	15.0%	19.7%	19.0%	18.8%
Yogurt / flavoured & frozen yogurt	6.9	13.3	29.2	13.9%	17.0%	2.9%	3.0%	3.2%
Others*	149.6	263.6	511.2	12.0%	14.2%	61.6%	59.1%	56.5%
Total	**242.8**	**446.2**	**904.2**	**12.9%**	**15.2%**	-	-	-

Note(s): *Sweet condensed milk, cream, organic milk, A2 milk, baby food, UHT milk, probiotic dairy products, dairy whiteners
Source(s): 1Lattice analysis

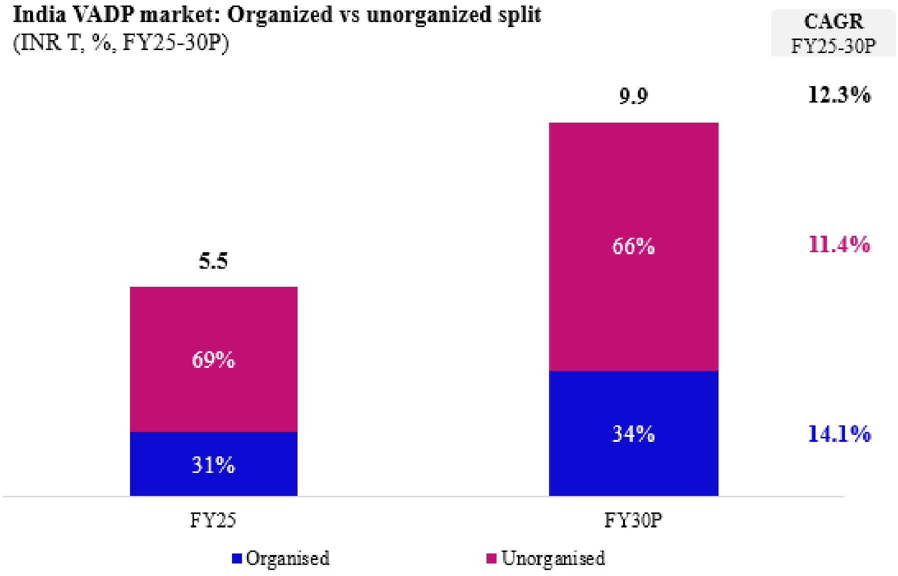
4.3 The premium VADP segment in India is experiencing rapid growth, driven by increasing demand for high-quality, nutrient-fortified, and artisanal dairy products

In recent years, there has been a noticeable increase in the consumption of value-added dairy products, such as paneer, yogurt, curd, cheese, probiotic drinks, ice cream, whey-based products, milkshake, etc. To meet the growing demand, more and more dairy companies are now offering premium and nutrient-fortified value-added dairy products such as A2 cow milk butter, probiotic butter, A2 ghee, probiotic curd and lassi, protein rich yogurt, etc. packed with added vitamins, proteins and probiotics to fulfil the needs of health-conscious consumers. There is also a surge in artisanal and gourmet offerings, with brands launching new products like A2 cheese and paneer, flavoured yogurts, organic and seasoned tofu, premium ice creams, all aimed at offering unique taste experiences and health benefits. Brands such as Milky Mist have introduced products with high protein contents such as 'Skyr Yogurt', 'Greek Yogurt', 'High protein paneer' and 'Tofu' to cater to the rising demand from health-conscious consumers. These innovations not only align with evolving dietary preferences but also help the brand command a premium price in the market.

The premium VADP segment in India contributes ~2% to the overall VADP segment in FY25, while non-premium is the major contributor with ~98% share. Non-premium VADPs are expected to contribute ~95% in FY30 while premium VADPs' share to the total VADPs' market is expected to rise from FY25-30, reaching ~5% in FY30, driven by rising income and urbanization, changing lifestyles and increasing health consciousness towards fortified and healthy VADPs. The trend of premiumization is boosting the profiles of players like Milky Mist, Hatsun, and others, as they successfully tap into the growing consumer appetite for upscale and specialty dairy products.

4.4 The organized VADPs market in India is projected to contribute ~34% in FY30, growing at a CAGR of ~14% from FY25-30 owing to rising urbanization, focus on nutrition and preference of branded VADPs

The Indian VADP market is valued at ~INR 5.5T in FY25 and is projected to grow at a CAGR of ~12.3% and reach ~INR 9.9T by FY30. The Indian VADP market is highly fragmented, consisting of several organised and unorganised players. The organized VADP market size is valued at ~INR 1.7T in FY25 and is projected to grow at a CAGR of ~14% and reach ~INR 4T by FY30 (representing ~34% of the overall VADP market). The organized sector's dominance in the VADP category is driven by growing consumerism and urbanization, preference for branded products, continuous product innovation, and a strong focus on nutrition.



Source(s): 1Lattice analysis

4.5 In the organized VADP segment, paneer is projected to grow at a CAGR of ~20.2% from FY25-30, while curd and cheese are projected to grow at ~18.6% and ~18.0%, respectively

The organized VADP market grew at a CAGR of ~14.1%, compared to the organized F&B market, which grew at a CAGR of ~11% and VADP has a higher gross margin and EBITDA margin compared to F&B products. Notably, Milky Mist achieved a growth CAGR of ~26.5% during FY20-25, significantly outpacing the overall organized VADP market growth. The growth in organized VADP market size is primary propelled by organized buttermilk, lassi, paneer, khoa, cheese, curd and more. Organized paneer is projected to grow from ~INR 40.6B in FY25 to ~INR 102B in FY30, growing at CAGR of ~20.2%. Organized curd market is estimated at ~INR 113.7B in FY25 and is expected to rise to ~INR 267.3B by FY30, achieving a CAGR of ~18.6%. Cheese, with the market size of ~INR 84.5B in FY25, is expected to reach ~INR 193.4B by FY30 with a CAGR of ~18.6%.

These products are showcasing a robust growth potential of India's organized VADP sector, catalysed by a growing appetite for a variety of quality dairy products among consumers.

Growth forecast of organized VADPs

	Value-added dairy products	FY25 total market size (INR B)	FY25 organized share (%)	FY20 (INR B)	FY25 (INR B)	FY30P (INR B)	CAGR (FY20-25) (%)	CAGR (FY25-30P) (%)
TVADP	Paneer	845.7	4.8%	16.8	40.6	102.0	19.3%	20.2%
TVADP	Ghee	1,065.1	25%	149.3	266.3	466.7	12.3%	11.9%
TVADP	Butter	88.1	95%	42.6	83.7	171.9	14.5%	15.5%
TVADP	Buttermilk and lassi	255.6	25%	27.7	63.9	179.9	18.2%	23.0%
TVADP	Khoa	1,059.3	2%	7.2	21.2	68.2	24.0%	26.4%
TVADP	Dairy sweets	502.9	45%	127.2	226.3	386.9	12.2%	11.3%
TVADP	Skimmed milk powder	181.2	100%	171.0	181.2	231.2	1.2%	5.0%
TVADP	Curd	758.3	15%	46.3	113.7	267.3	19.7%	18.6%
TVADP	Milkshake	72.9	100%	42.8	72.9	153.0	11.2%	16.0%
TVADP	Ice-cream	282.6	75%	132.2	211.9	404.8	9.9%	13.8%
EVADP	Cheese	84.5	100%	38.5	84.5	193.4	17.1%	18.0%
EVADP	Plain, flavoured & frozen yogurt	13.3	100%	6.9	13.3	29.2	13.9%	17.0%
EVADP	Whey and whey products	84.7	100%	47.8	84.7	170.4	12.1%	15.0%

Source(s): 1Lattice analysis

4.6 Consumption of VADPs is on the rise due to longer shelf life, increasing consumer demand for health-focused options, rising nutrition awareness and the convenience they offer, encouraging consumers to purchase these products instead of making them at home

VADPs are gaining popularity due to their longer shelf life, nutritional benefits, and alignment with evolving consumer preferences. This demand is also driven by the rise in fitness-oriented lifestyles, where dairy becomes a natural source of protein. VADPs' extended shelf stability makes them more convenient for both consumers and retailers, leading consumers to prefer purchasing these products over making similar items at home. Products like probiotic yogurt, low-fat cheese, and fortified milk cater to health-conscious consumers by offering enhanced nutritional value. As awareness of health and wellness increases, more consumers are seeking healthy and protein-rich dairy options that provide added benefits such as gut health support, improved digestion, and fortified nutrients. By offering a diverse range of processed dairy products, companies can reach a broader audience and mitigate risks tied to market fluctuations and seasonality. These products also provide branding advantages, allowing companies to differentiate themselves in a competitive market with unique, high-quality offerings such as cheese, yogurt, milkshake, and protein rich innovations like 'Greek yogurt', 'Skyr', 'High protein paneer', and 'Tofu', segments where Milky Mist has notably expanded its portfolio.

Another important factor contributing to the VADPs segment growth is the increasing disposable incomes of consumers. As disposable incomes rise, consumers are willing to spend more on premium and value-added dairy products. This trend is further supported by the growing demand for health-oriented products such as probiotic yogurt, low-fat cheese, and fortified milk, along with newer high-protein offerings like Greek yogurts, high-protein milkshakes, and protein-enriched paneer. These products not only offer enhanced nutritional benefits but also cater to the evolving preferences of fitness-conscious consumers seeking functional and performance-based dairy options.

4.7 As a subset of packaged foods, VADPs mirror the consumer demand for convenience, offering healthier options, with extended shelf life, innovative features, and growth potential, positioning them as appealing segments within the food industry

VADPs cater to modern consumer demands for convenience, health, and variety. Like certain packaged foods, VADPs are responding to increased health awareness by offering options that are low in fat and sugar and high in protein. Their extended shelf life enables easy storage and minimizes food waste, making them reliable choices for those with busy lifestyles. Moreover, VADPs, like other packaged food segments, emphasize convenience with products like probiotic yogurt cups, carry on packs like milkshakes and portion-controlled foods that support mindful eating habits. They offer a variety of packaging sizes, from single serve to family packs, providing the flexibility for consumers to select options that best fit their routines.

Shared attributes between VADPs and packaged foods products

Parameter	Description
Growth potential	• Growing health awareness and busier lifestyles are making both VADPs like paneer and yogurt, and certain packaged foods, popular choices for their convenience and potential nutritional benefits • Rising incomes and busy work lives are driving demand for easy, time-saving VADP and packaged food options
High degree of innovation	• VADPs and packaged foods offer low-fat, low-sugar, and high-protein options to meet health-conscious demand • Innovation in both industries focuses on convenience and health, from probiotic yogurt cups to low-sugar packaged food option, making mindful eating easier
High shelf life	• Packaged foods and VADPs last longer, helping reduce food waste and spoilage • Their long shelf life ensures easy storage and keeps nutritious and convenient options always available
Convenient Packaging	• Time-pressed individuals prefer quick options, and single-serve VADPs like yogurt cups offer easy, on-the-go consumption with no pouring or storage needed • Packaged foods come in various sizes, from small to large packs, allowing people to choose what fits their needs best
Enhanced branding opportunities	• VADPs like flavored yogurts and fortified milks leverage distinct packaging to highlight health benefits and unique attributes, fostering brand loyalty among health-conscious consumers • Packaged foods also benefit from strategic branding, enhancing consumer appeal and market reach

4.8 VADPs offer higher margins than packaged foods, beverages and other FMCG products, making it an attractive segment for the Indian dairy industry

Liquid milk margins are usually 5-8%, whereas VADPs such as cheese, yogurt, and ice cream typically offer margins ranging from 15-40%. These higher margins stem from additional processing, branding, and growing consumer demand for premium products. Processing raw milk into VADPs like paneer, ghee, or ice cream enhances profit margins while also ensuring better shelf stability, making them a more attractive option for producers. As a result, VADPs bring the highest realization per litre of milk, sustaining and expanding the dairy industry while encouraging investment from organized dairy companies. Notably, due to 100% focus on VADP, Milky Mist achieves the highest realization per litre of milk compared to its listed peers, with a realization of ~INR 74 per litre of milk in FY25.

Beyond profitability, VADPs provide significant branding benefits, allowing companies to establish a stronger market presence through premium packaging formats like Tetra Pak, glass bottles, and eco-friendly cartons. This enhances perceived value and justifies premium pricing, particularly among urban and high-income consumers who are willing to pay extra for specialized dairy offerings like Greek yogurt and cheese spreads. Additionally, the ability to cater to diverse consumer preferences with an expanded dairy portfolio helps organized players sustain growth, reduce dependency on plain milk sales, and mitigate seasonal demand fluctuations.

VADPs also offer higher margins compared to other packaged food categories like biscuits and confectionery items. The ability to command higher prices due to added value, convenience, and health benefits makes VADPs an attractive segment within the packaged food industry.

Operating margins in packaged foods

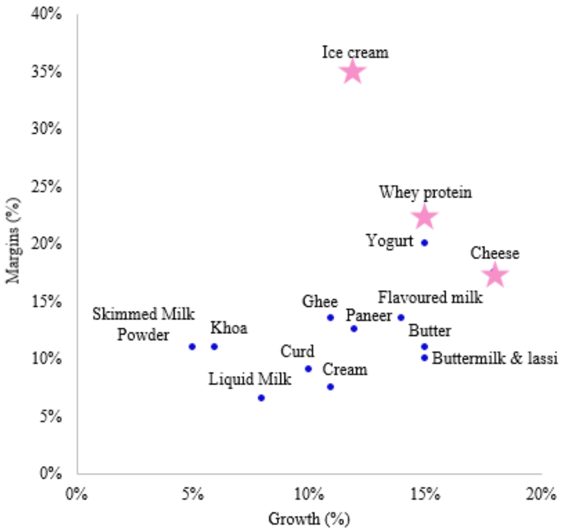
Categories	Margins (%)
VADPs	15-40%
Chocolates & confectionery	20-25%
Baked products & biscuits	20-25%
Snacks & sweets	25-35%
RTE / RTC	30-40%
Others*	25-30%

Note(s): *Rice, pasta and noodles
Source(s): 1Lattice analysis

4.8.1 Ice cream, cheese, whey protein and yogurt yield higher margins than other VADPs such as, buttermilk / lassi, due to higher value addition, complex processing and premium pricing

VADPs' margins vary based on processing complexity, raw material costs, capital investment, and market demand. Generally, VADPs offer higher margins than liquid milk due to their value addition, degree of processing involved, higher pricing, longer shelf life, and strong consumer demand. Amongst all dairy products, ice cream (30-40%), cheese (15-20%), whey protein (20-25%) and yogurt (15-25%) yield the highest profitability due to premium pricing. Ghee also yields relatively high margins (12-15%), while butter margins range from (10-12%). On the other hand, and buttermilk & lassi (8-12%) have lower margins due to lower pricing power.

Margins & growth outlook
(%, FY25)



Note(s): ★ represents high growth and high margins products
Source(s): 1Lattice analysis

4.9 Higher branding and above-the-line (ATL) push on VADPs help dairy companies attract a wider range of consumers, boost sales and create a strong market presence

Dairy companies in India strategically allocate advertising budgets in line with FMCG industry standards (typically 2–5% of revenue) to invest significantly in strong branding and ATL advertising. This fosters widespread awareness and trust in VADPs, simultaneously differentiating their products and expanding their national presence. Packaging innovations, such as offering products in affordable tetra carton packs makes VADPs such as milkshake, lassi, buttermilk etc. more accessible, encouraging consumer trials and increasing market reach. Brands have introduced S14 combi-block packs at relatively lower prices than glass bottles, making such products more affordable and easier to carry. Milky Mist is one of the companies exclusively focusing on value-added dairy products and marketing itself like a packaged food brand. It has been instrumental in creating branded value-added dairy product offering in various unorganized markets such as curd & paneer. Brands like Milky Mist and Epigamia etc are using digital video ads and positioning products such as yogurt as a lifestyle product, and messaging focused on protein-rich diets, creating a niche for premium dairy products. Strong branding combined with ATL marketing contributes to driving mass adoption of VADPs. By leveraging TV, print, billboards, and digital ATL campaigns, dairy brands are moving beyond functionality to build brand affinity. This kind of lifestyle-driven branding allows dairy brands to connect with consumers like traditional FMCG companies do. As a result, dairy companies are able to successfully expand their consumer base, build strong brand recall, and boost sales.

4.10 In FY25, India's exports of VADPs are estimated to stand at ~80.6K tonnes, led by butter and ghee at ~55.6K tonnes followed by cheese and curd at ~9.4K tonnes

India's VADPs exports from FY17-25E have shown significant growth and fluctuations, with total export volume to reach ~81K tonnes by FY25E, representing a CAGR of ~15%. Milk powder exports surged to 48K tonnes due to implementation of Merchandise Export from India Scheme (MEIS) and then peaked at ~49.7K tonnes in FY22 amid rising global commodity prices during the initial phase of the Russia-Ukraine conflict. Since then, the global milk powder prices have stabilized, and it is estimated to reach ~8.5K tonnes in FY25. Similarly, export of butter, ghee, and butter oil also saw increases, rising from ~16.6K tonnes in FY18 to ~46.1K tonnes in FY19. However, unlike milk powder, the sustained demand for butter, ghee, and butter oil is expected to drive export volume to a peak of ~55.6K tonnes in FY25. Cheese and curd, together with ice cream, have delivered steady growth, while paneer exports are projected to reach ~1.4 K tonnes in FY25 as overseas demand steadily builds. Fermented and acidified products like yogurt and buttermilk etc. have grown at a CAGR of ~24% from FY20-25E. Few players like Milky Mist, Heritage and Parag Milk operate facilities that serve both domestic and export markets with the same high standard of production, which are USFDA approved, and halal certified, indicating their commitment to high quality.

Export quantities of VADPs
(FY17-25E*)

Commodity (HS Code)	Export quantities (000' tonnes)									CAGR (%)
	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E*	FY20-25E
Milk powder (0402)	19.5	14.8	48.0	3.8	16.9	49.7	18.7	7.0	8.5	17.6%
Fermented and acidified milk products (0403)	0.4	0.7	0.8	1.0	1.1	1.5	1.6	2.5	3.0	24.3%
Whey and Whey products (0404)	0.1	0.2	0.9	0.3	0.2	0.2	0.4	0.3	0.3	2.1%
Butter/ ghee/ butter oil (0405)	7.8	16.6	46.1	25.3	17.0	37.7	29.2	27.8	55.6	17.1%
Cheese and curd (0406)	6.1	6.9	7.7	7.3	8.5	7.6	9.3	9.2	9.4	5.1%
Ice-cream (2105)	1.4	2.0	2.0	2.0	1.7	2.5	2.8	2.7	3.8	13.9%
Total	**35.3**	**41.1**	**105.5**	**39.6**	**45.3**	**99.2**	**62.0**	**49.5**	**80.6**	**15.2%**

Note(s): *Estimated based on data available from April'24 – November'24
Source(s): DGFT, 1Lattice analysis

4.11 VADPs demand is on the rise with growing awareness regarding nutritional requirements, rising innovations, technological advancements and improved distribution systems

The Indian dairy VADP market is expanding due to rising health awareness, demand for premium and convenient options, enhanced distribution and accessibility, and cultural significance, all contributing to stronger market growth and wider consumer appeal.

Growth drivers for VADPs	
Rising health and nutrition awareness	• As people become more health-conscious, the demand for nutritious, low-fat, and protein-rich foods is driving the growth of VADPs • Consumers are increasingly opting for products that help them achieve their health goals, including VADPs like whey protein, yogurt, paneer, curd, probiotic drinks, etc.
Innovation and premiumization	• As disposable incomes rise, there's a growing preference for premium and gourmet products, with consumers willing to invest in innovative, high-quality dairy options • This trend includes items like artisanal cheese, A2 butters, organic paneer, and organic A2 ghee, along with new product innovations in flavors and variations
Convenience and ready-to-eat options	• As lifestyles get busier, people have less time to cook, so they are increasingly opting for ready-to-eat options • This shift has led to a rise in demand for packaged dairy products like flavored milk, yogurt, lassi, and buttermilk, which offer convenience and nutrition for busy, on-the-go consumers
Technological advancements	• As technological advancements are integrated into production processes, innovations such as automated machinery and improved packaging techniques are enhancing the efficiency, shelf life, and overall quality of dairy products • These innovations are helping to improve the accessibility and freshness of dairy products, driving growth in categories such as flavored milk, paneer, curd, and skimmed milk powder
Distribution and accessibility	• Improving cold storage and transportation systems is helping dairy products stay fresh and reach more people, making it easier for customers to find products like khoa, flavored milk, and ice cream • Accelerated growth of quick-commerce and e-commerce platforms supports rapid delivery, catering specifically to urban consumers who value convenience, freshness, and doorstep accessibility
Cultural and seasonal significance	• Dairy products like khoa, lassi, curd, buttermilk, and ghee are deeply rooted in Indian culture and traditions • These products are especially popular during festivals and celebrations when people enjoy making and sharing dairy-based sweets and drinks. This cultural connection keeps the demand for these products strong throughout the year, with a peak during festive seasons

4.12 The production of VADP requires specialized infrastructure, equipment, and quality control measures to ensure consistency, hygiene, and efficiency

VADP undergo specific processing techniques to enhance shelf life, texture, flavour, and nutritional value. The processes typically involve milk standardization, pasteurization, and controlled heating or cooling, followed by specific treatments such as fermentation, coagulation, churning, or evaporation, depending on the final product. Key processing requirements include strict hygiene, precise temperature control, and appropriate packaging to ensure product safety, consistency, and extended shelf life. For example, Milky Mist exemplifies these practices with a fully automated production process at their USFDA approved plant, which minimizes human intervention. This facility features end-of-line automation on various product lines, including a state-of-the-art cream cheese plant with ultra-filtration technology, and one of the largest automated pizza cheese and paneer plants in India, ensuring the highest standards are met across all phases of production.

VADP	Manufacturing process	Manufacturing / processing requirements
Ghee	1. **Milk clarification & cream separation:** Raw milk is clarified, and cream is separated using centrifugal separators 2. **Butter churning & heating:** Cream is churned into butter, then heated to **110–120°C** to remove moisture and caramelize solids 3. **Filtration & packaging:** The golden ghee is filtered, cooled, and packed	- Cream separators - Butter churners - Steam-jacketed kettles - Filtration units - Cooling and packaging systems
Paneer	1. **Milk heating:** Standardized milk (4-5% fat) is heated to **85–90°C** 2. **Coagulation and curd separation:** Acid (citric/lactic/vinegar) is added to coagulate milk, and curds separate 3. **Pressing, cooling and packaging:** Curds are drained, pressed, cooled, and packed	- Milk pasteurizers - Coagulation tanks - Paneer press machines - Cooling chambers - Packaging units
Butter	1. **Cream separation and pasteurization:** Cream is extracted from milk and pasteurized 2. **Churning and butter Formation:** Cream is churned to separate butterfat from buttermilk 3. **Washing, salting and packaging:** Butter is washed, optionally salted, then packed	- Centrifugal separators - Pasteurizers - Evaporators - Spray dryers - Cooling and packaging systems
Skimmed milk powder	1. **Milk skimming and pasteurization:** Whole milk is skimmed and heat-treated 2. **Concentration & spray drying:** Evaporation reduces water content, then milk is spray-dried 3. **Cooling, sieving & packaging:** Powder is cooled, sieved, and packed	- Pasteurizers - Fermentation tanks - Incubators - Cooling and packaging lines

VADP	Manufacturing process	Manufacturing / processing requirements
Curd	1. **Milk standardization and pasteurization:** Milk is standardized, pasteurized, and cooled 2. **Culture addition and fermentation:** Lactic acid bacteria are added and incubated at **40–45°C** 3. **Cooling and packaging:** The curd is set, cooled, and packed	- Pasteurizers - Fermentation tanks - Incubators - Cooling and packaging lines
Khoa	1. **Milk heating and evaporation:** Whole milk is heated with stirring 2. **Moisture reduction and thickening:** Water evaporates, leaving a dense solid 3. **Molding and packaging:** The khoa is cooled, shaped, and packed	- Steam-jacketed kettles - Continuous stirring units - Cooling & Packaging units
Milkshakes	1. **Milk pasteurization & homogenization:** Milk is pasteurized and homogenized 2. **Flavoring and sweetening:** Approved flavors and sweeteners are added 3. **Sterilization and packaging:** The milk is sterilized and packed aseptically	- Pasteurizers - Homogenizers - Mixing tanks - UHT sterilization units - Aseptic packaging machines
Buttermilk & lassi	1. **Milk standardization and pasteurization:** Milk is standardized and heat-treated 2. **Fermentation and mixing:** Bacterial cultures are added, and fermentation occurs 3. **Homogenization and packaging:** The product is homogenized, chilled, and packed	- Pasteurizers - Fermentation tanks - Homogenizers - Mixing tanks - Cooling and packaging systems
Ice cream	1. **Mix preparation and pasteurization:** Ingredients are blended and heat-treated 2. **Homogenization and aging:** The mix is homogenized and aged at **4°C** 3. **Freezing, incorporation of air and packaging:** The mix is frozen while air is incorporated, then packed	- Mixing tanks - Pasteurizers - Homogenizers - Aging tanks - Continuous freezers - Filling and packaging units
Cheese	1. **Milk pasteurization and coagulation:** Milk is pasteurized and coagulated with rennet and starter cultures 2. **Curd cutting, heating and whey removal:** The curd is cut, heated, and drained 3. **Pressing, aging and packaging:** The curd is pressed into molds, aged if required, and packed	- Pasteurizers - Cheese vats - Curd cutters - Pressing molds - Aging chambers - Packaging lines
Yogurt	1. **Milk standardization and pasteurization:** Milk is standardized, heated, and cooled 2. **Culture addition & fermentation:** Yogurt cultures are added and incubated 3. **Cooling, stirring (if required) and packaging:** The yogurt is cooled, optionally stirred, and packed	- Pasteurizers - Fermentation tanks - Incubators - Stirring tanks (for stirred yogurt) - Cooling and packaging lines
Demineralized whey powder	1. **Whey collection and filtration:** Whey is obtained as a byproduct and filtered 2. **Processing and protein concentration:** Whey is processed through ultrafiltration or drying 3. **Spray-drying (if needed) and packaging:** Liquid whey is used or spray-dried into powder	- Ultrafiltration units - Spray dryers (for whey powder) - Evaporators - Cooling and packaging systems

4.13 Ghee, butter, cheese are some of the value-added dairy products that have the highest shelf life of 180-365 days

Shelf life of organized VADPs

Value-added dairy products	Shelf life (days)	Value-added dairy products	Shelf life (days)
Fresh and frozen paneer	15-180	Lassi	7-180
Ghee	180-365	Curd	7-40
Butter	180-365	Cheese	180-365
Milkshakes	180-365	Yogurt	15-30
Khoa	30-90	Whey protein concentrate	500-750
Milk powder	180-365	Ice-cream	180-365
Buttermilk	7-180	Flavoured & frozen yogurt	15-45
Sweet condensed milk	180-365		

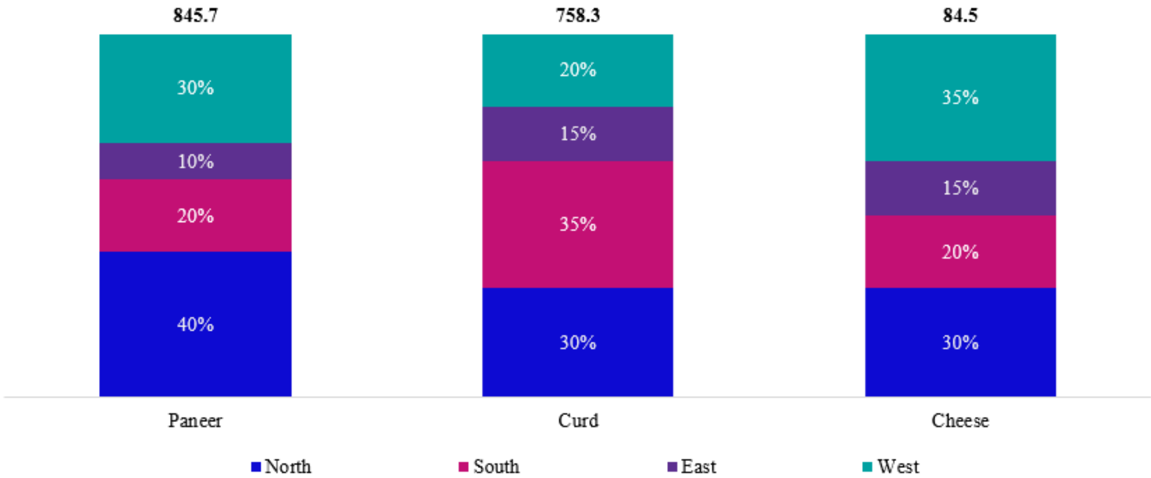
Source(s): 1Lattice analysis

The shelf life of organized VADPs in India varies significantly, affecting distribution and storage strategies. Ghee, butter, cheese, milkshakes and milk powder each have a shelf life of 180-365 days, allowing for extended storage and reducing the frequency of replenishment. In contrast, products like yogurt and lassi have shorter shelf lives of 15-30 days and 7-180 days respectively, necessitating quicker turnover. Whey protein concentrate stands out with a shelf life of 500-750 days, making it suitable for long-term storage. This range in shelf life requires specific logistics and inventory management approaches to ensure product quality and meet market demands efficiently.

4.14 The geographical spread of key VADPs in FY25 highlights regional preferences, with products like paneer and cheese leading in distinct areas of India

In FY25, the geographical distribution of key VADPs in India is characterized by distinct regional preferences. Paneer predominantly appeals to the North, capturing approximately ~40% of its regional market. Curd market share is ~35% in the South and ~30% in the North while cheese is most popular in the West, making up around ~35% of its regional market, it also sees strong preference in the North with a ~30% share, followed by the South at ~20%.

Geographical split of key value-added dairy products
(INR B, %, FY25)



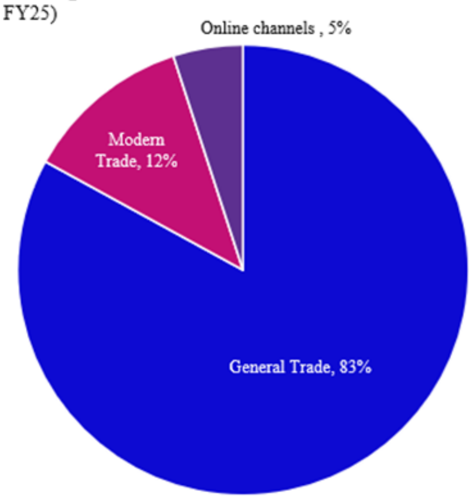
Source(s): 1Lattice analysis

Within the expanding VADP market, Milky Mist has emerged as a key private player in India, where it has outpaced the paneer market growth rate with a CAGR of ~26% from FY20–25. Milky Mist was amongst the first companies to launch branded packaged paneer in India. Milky Mist was the largest private packaged paneer brand in the organized market, holding a market share of ~17% in terms of market value in FY25 in India. Milky Mist is the largest private packaged cheese brand in South India with a market share of ~12% in terms of market value in Southern region's organized cheese segment in FY25. Nationally ranked third among private players with a market share of ~5% in terms of market value in the organized packaged cheese market in FY25. Milky Mist was one of the first few dairy companies to introduce 1 Kg set curd tub packaging in South India and holds ~7% of the market share in terms of market value in the organized curd market in South India in FY25. In FY25, Milky Mist was among the top three largest private packaged yogurt brands, with a market share of ~7% in terms of market value in the organized yogurt market in India.

4.15 Offline channels dominated by small local grocers, contribute ~95% to the organized VADP sales in India while online channels contribute ~5%

The Indian organized VADP market remains heavily reliant on offline channels, particularly small local grocers. However, modern retail formats like supermarkets and hypermarkets are gradually expanding.

India's organized VADP market: Online vs offline split
(%, FY25)



Source(s): 1Lattice analysis

5. Overview of Ready-To-Eat (RTE) / Ready-To-Cook (RTC) market in India

The Ready-to-Eat (RTE) and Ready-to-Cook (RTC) food segments have gained significant traction as consumer lifestyles become more fast-paced. RTE foods cater to busy professionals, students, and travellers seeking instant meal solutions, while RTC foods strike a balance between convenience and the authenticity of home-cooked meals. The demand for both categories is driven by urbanization, evolving dietary preferences, and the need for quick yet nutritious food options. Both categories revolve around speed and convenience but differ slightly in the aspect of preparation, as outlined below.

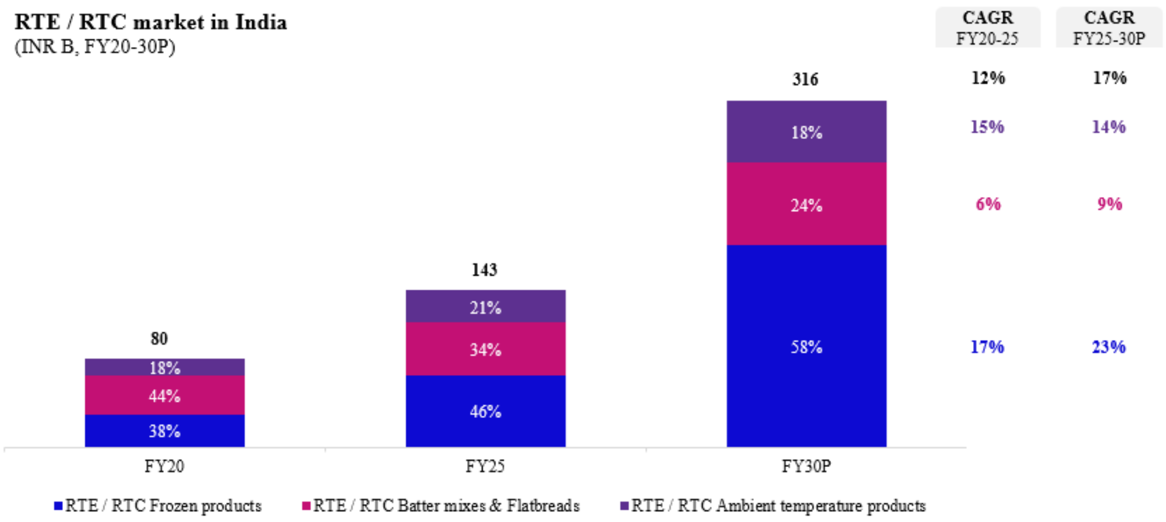
- **RTE:** Pre-cleaned, pre-cooked meals that require no further preparation before consumption
- **RTC:** Contain pre-measured ingredients but require some level of preparation and cooking as per the instructions on the package, allowing consumers to retain some control over cooking, making them an appealing choice for those who value both convenience and customization

The RTE category includes foods such as ready mixes of paneer, dal makhani, chana masala, chicken, pav bhaji and other ready-made culinary products, pre-cooked rice, etc. offering instant consumption with minimal effort. RTC foods include curries / meals, marinated meats, instant pasta kits, biryani kits, instant poha / upma, frozen snacks and parathas, batters and pastes, spice mixes, chapati, dessert mixes, etc. which require minimal effort but allow consumers to add fresh ingredients and control flavours.

Additionally, RTE / RTC products often incorporate traditional Indian recipes and flavours, catering to customers' preferences for regional cuisines and authentic taste. Manufacturers in this segment emphasize innovation in packaging, recipe formulations, and ease of use to improve convenience and enhance market appeal. The markets for RTE, RTC and frozen foods are experiencing significant growth, driven by changing lifestyles, urbanization, and a preference for ready-made meals, which are seen as time-saving and hassle-free options. Additionally rising population of students and bachelors living away from home who seek convenient meal solutions and the growing number of working women who may not prefer cooking daily boost the popularity of quick and hassle-free meal options.

5.1 The Indian RTC / RTE market stands at ~INR 143B in FY25, is expected to reach ~INR 316B by FY30P growing at a ~17% CAGR, owing to rising urbanization and demand for quick and nutritious meals

India's RTE / RTC market grew from INR 80B in FY20 to INR 143B in FY25 at a ~12% CAGR, with changing consumer habits, largely influenced by the COVID-19 pandemic. During this period, lockdowns and work-from-home arrangements led to a surge in demand for RTE / RTC products as consumers sought convenient and hygienic food options.

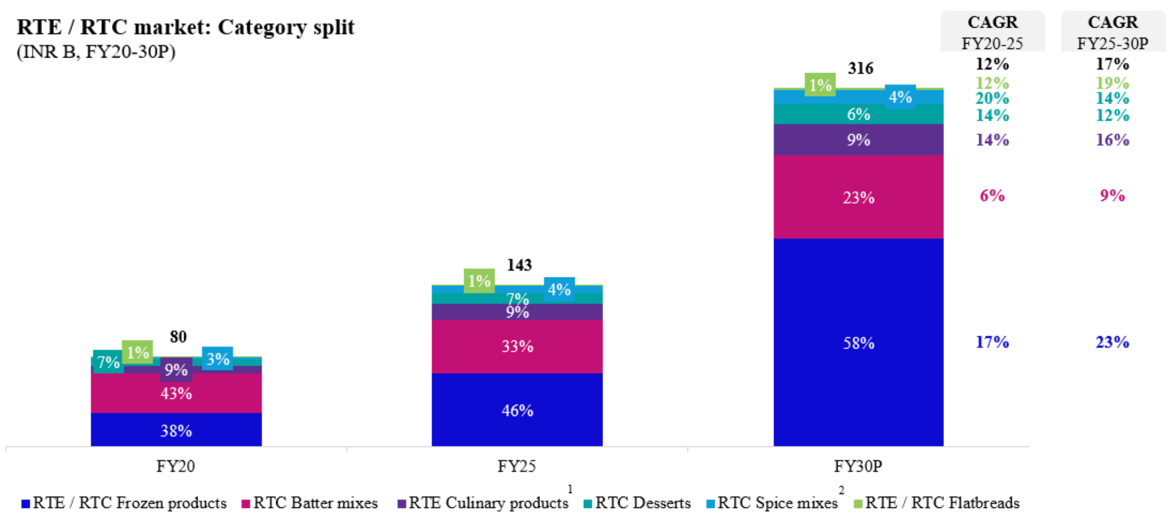


Source(s): 1Lattice analysis

There is a significant demand for RTE food products among Indians travelling abroad due to their convenience, portability, and safety, providing reliable meal options without the need for preparation. They are especially useful for maintaining dietary preferences and ensuring food hygiene. RTC curries are widely preferred in Indian households for their convenience, time efficiency, and authentic flavour. These options fit well in the urban lifestyles with working couples, providing traditional flavours without the effort of lengthy preparation. The market is projected to reach ~INR 316B by FY30 at a ~17% CAGR making it the fastest growing segment within packaged food, driven by rising urbanization and demand for quick and convenient options. With rising digital penetration and growth of quick commerce channels, RTE / RTC products have become more accessible, boosting sales in metro, tier I and tier II cities.

5.2 The Indian RTC / RTE frozen products market contributes ~46% to the overall RTE / RTC market in FY25 and is expected to grow at a ~23% CAGR from FY25-30P

The Indian RTC / RTE market, encompassing RTE/RTC frozen products, RTE culinary products, RTC desserts, and RTC spice mixes, showcases significant growth projections by FY30P. RTE / RTC frozen products hold ~46% market share in FY25, including options such as frozen vegetables and ready meals. It is estimated at ~INR

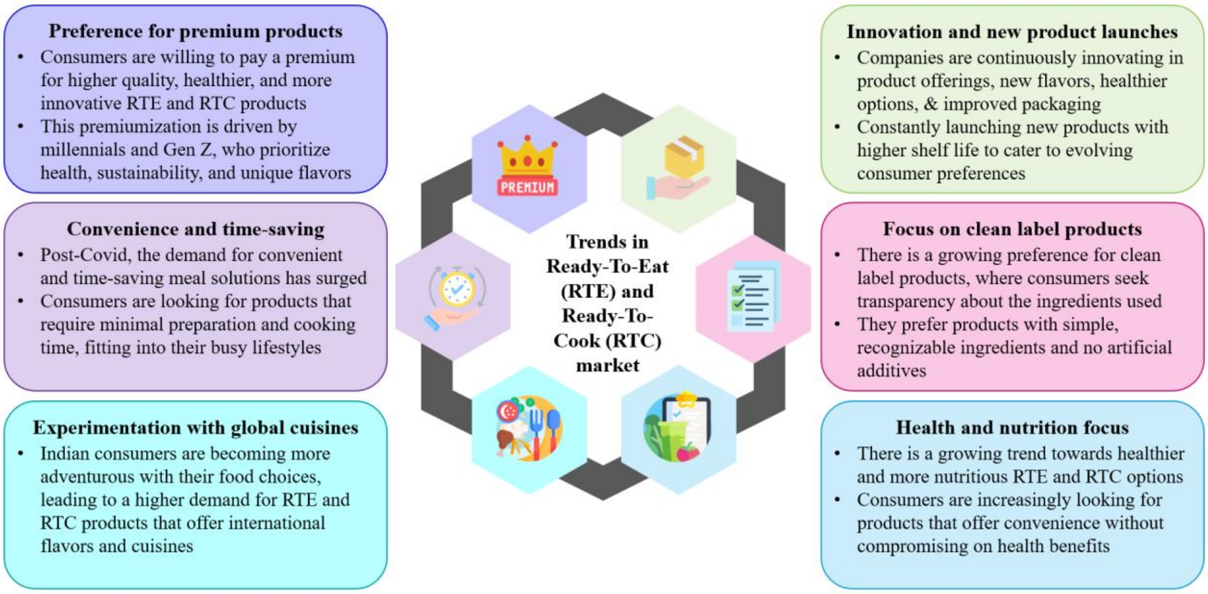


Note(s): [1]Includes products like paneer, chole RTE; [2]Includes products like paneer, chicken RTC
Source(s): 1Lattice analysis

65B in FY25 and projected to reach ~INR 183B by FY30P, growing at a CAGR of ~23%. RTC batter mixes, covering popular items like dosa, idli, and vada batters, form ~33% of the market in FY25 and are projected to grow to ~INR 73B by FY30P, clocking a CAGR of ~9%. RTE culinary products, which feature ready-to-eat meals like paneer and chole, represent ~9% of the market in FY25 and are projected to grow to ~INR 27B by FY30P, with a CAGR of ~16%. RTC desserts, including traditional sweets like Gulab jamun and ready-mix options for cakes, contributes ~7% to the market in FY25 and is projected to grow to ~INR 17B by FY30P at a CAGR of ~12%. RTC spice mixes, essential for quick-preparation dishes like paneer and chicken mixes, contribute ~4% to the market in FY25 and is expected to reach ~INR 11B by FY30P at a CAGR of ~14%. RTE / RTC flatbreads, comprising items like parathas and chapati, currently hold ~1% share in FY25 and are projected to reach ~INR 0.2B by FY30P, growing at a CAGR of ~19%.

5.3 Availability and emergence of healthier, more premium and innovative RTE / RTC products are shaping up the market, also allowing consumers to experiment with global cuisines in the convenience of their homes

The RTE / RTC market is shaped by emerging trends centred around convenience, healthier options, and premiumization. As busy professionals seek quick yet nutritious meal solutions products such as millet-based meals are gaining popularity. Innovation in processing and packaging is further enhancing shelf life and nutritional value, while the rise of global cuisines and organic, fortified, and plant-based alternatives is reshaping consumer preferences. With a growing willingness to invest in high-quality, innovative offerings, the market continues to



expand with healthier and more diverse choices.

5.4 Digital influence, online retail expansion, globalization, and rising incomes are key factors driving the growth of the RTE / RTC market

The growing demand for convenience, changing consumer preferences, and increasing digital influence are driving the rapid expansion of India's RTE / RTC market. Urbanization, rising incomes, and exposure to global food trends have led to a shift toward quick, high-quality, and diverse meal options, especially among working professionals and smaller households. Additionally, e-commerce, quick commerce and digital marketing are reshaping purchase behaviour, making RTE / RTC products more accessible across urban and rural markets. With consumers prioritizing health, taste, and minimal preparation, brands are also diversifying their offerings to cater to evolving lifestyles.

Growth drivers of RTE / RTC market

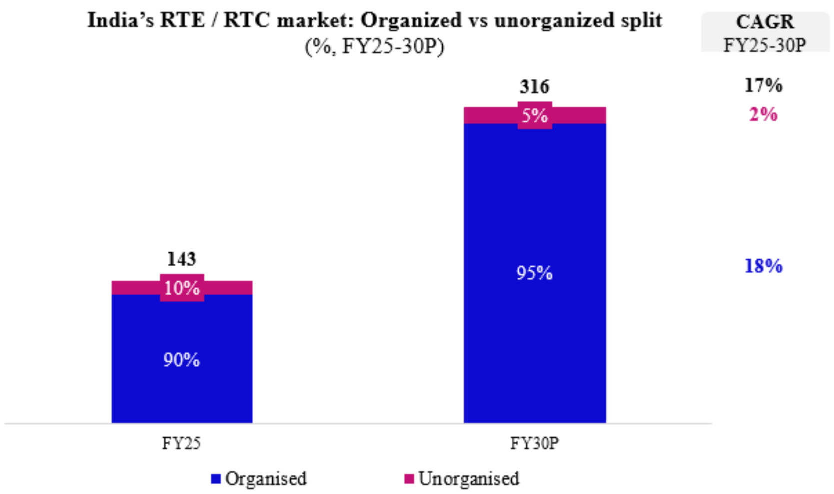
Urbanization & changing lifestyles	• Fast paced urban lifestyles increase demand for quick and convenient meals • Smaller households are adopting portion controlled RTE / RTC foods
Globalization & international influence	• Global flavors and digital media are reshaping food preferences, driving RTE / RTC demand • Growing FDI, collaborations, & investor interest are accelerating change in the market
Rising incomes & middle-class expansion	• Higher disposable incomes of dual-income households drive spending on convenience foods • Growing middle class seeks diverse & modern food options
Digital influence & online retail growth	• Online shopping through e-commerce & quick commerce drive impulse purchases • Online penetration drives RTE / RTC access beyond metro & tier I cities
Enhanced cold chain infrastructure	• Better cold chain infrastructure enables safe, long-distance transport & storage of RTE / RTC products, ensuring freshness and quality • Helps expand market reach & supports growth in perishable categories like frozen foods

5.5 The organized RTE / RTC market in India is projected to account for ~95% of the total market by FY30, growing at a CAGR of ~18% from FY25 to FY30, driven by the expansion of modern retail and the entry of new players

The RTC / RTE segment is currently dominated by organized operations This organised RTE / RTC market is projected to grow at a CAGR of ~18% from FY25-30, reaching a value of ~INR 300B, and accounting for ~95% of the total RTC / RTE market by FY30. Players in the organized segment use specialized packaging, including aseptic packaging and intelligent packaging with biosensors. These innovations not only extend shelf life but also improve product quality and safety, allowing organized players to maintain consistency and meet rising consumer expectations. In comparison, the unorganized market is expected to reach ~INR 16B, growing at a CAGR of ~2% over the same period, and is expected to represent ~5% of the total market by FY30.

The following factors have significantly contributed to this shift towards more organized RTE / RTC segment.

- **Emergence of modern retail formats & advancing cold chain infrastructure:** The RTC / RTE segment is witnessing increasing shift towards organized operations driven by factors such as the emergence of modern retail formats and investments in cold chain infrastructure, which enhance product availability and quality
- **Rise of online retail boosting accessibility:** Additionally, the proliferation of online retail channels through quick commerce & e-commerce has made it more convenient for consumers to access a diverse range of RTE / RTC products, further contributing to the market's organization and expansion
- **Strengthening product lines of legacy players & emergence of new-age players:** Companies are expanding their RTE / RTC offerings by introducing instant versions of traditional dishes to meet the growing demand. Simultaneously, new-age startups are also enhancing their market presence by innovative marketing and tapping into the "better-for-you" concept



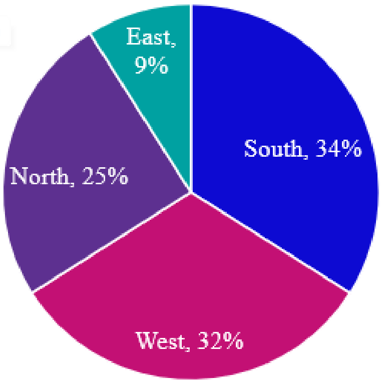
Source(s): 1Lattice analysis

5.6 The RTE / RTC market in India is dominated by the Southern and Western regions of India, contributing ~34% and ~32% respectively to the overall market

India's RTC / RTE market is witnessing strong regional trends driven by urbanization, changing consumer lifestyles, and increasing disposable incomes. The Southern region holds a strong presence in the RTC / RTE market (~34%), with states like Karnataka, Tamil Nadu, and Andhra Pradesh contributing to majority of the demand. The West & North regions, including cities such as Mumbai, Pune, and Ahmedabad & Delhi-NCR, collectively have emerged as important markets for this category. A large working population, growing student base, and nuclear family structures have amplified the demand for convenient meal solutions in these regions.

Owing to similar factors, the demand for RTE and RTC food products is evident particularly in metro and tier-1 cities, characterised by urban lifestyle and high working population, especially in cities like Mumbai, Bangalore, Hyderabad, Gurugram, etc. where professionals live away from home and have higher disposable incomes. However, despite infrastructure challenges, brands are actively expanding their presence in tier 2 cities due to

India RTE / RTC market size: Regional split
(%, FY25)



Source(s): 1Lattice analysis

rising demand. They are leveraging sachetization and focusing on smaller outlets rather than large grocery stores to deeply penetrate local markets. In response to the rising demand, several dairy and FMCG players are diversifying into the RTC/ RTE space. For instance, Milky Mist has forayed into this category through the acquisition of Asal, a South Indian traditional food brand, to tap into the growing preference for regional, ready-to-eat offerings.

6. Summary of key markets

Summary of key market which consists of value-added dairy products, RTE / RTC meals and chocolates & confectionery- has shown significant growth over the years, grew from INR 3.7T in FY20 to INR 6.0T in FY25, at a CAGR of 10.3%. It is projected to reach INR 10.7T by FY30P, estimated to grow at a CAGR of ~12.3% over FY25-30. The value-added dairy products are valued at INR 5.5T in FY25 and is projected to grow at a rate of 12.5% over FY25-30. The chocolates and confectionery segment is estimated to grow from INR 0.4T in FY25 to INR 0.5T in FY30P, representing a CAGR of ~4.6% from FY25-30P.

Summary of key markets

Key market	FY20 (INR T)	FY25 (INR T)	FY30P (INR T)	CAGR FY20-25	CAGR FY25-30P
Value-added dairy products	3.4	5.5	9.9	10.1%	12.5%
Chocolates and confectionery	0.2	0.4	0.5	14.9%	4.6%
RTE / RTC meals	0.08	0.1	0.3	4.6%	24.6%
Total	**3.7**	**6.0**	**10.7**	**10.3%**	**12.3%**

Source(s): 1Lattice analysis

7. Company overview

Milky Mist is the fastest growing packaged food company (among companies with revenue scale of more than INR 15,000 M) in India in terms of revenue, growing at a CAGR of 29.82% over FY23 to FY25. It is a leading dairy brand in India, focusing on a diverse range of value-added dairy products, including paneer, cheese, yogurt, curd, ice cream, butter, ghee and packaged foods. Unlike traditional dairy businesses which focus on milk and milk commodities, Milky Mist focuses exclusively on premium, value-added dairy products rather than liquid milk, which typically has lower margins. Milky Mist focus on value-added dairy products which aligns more closely with fast-moving consumer goods (FMCG) companies than traditional dairy business in terms of gross margins, distribution model and premium pricing. The company operated two manufacturing facilities out of which one is strategically located in Perundurai, Erode, Tamil Nadu, which is dedicated to producing value-added dairy products, capitalizing on the region’s robust dairy farming community to ensure a consistent supply of high-quality raw milk, whereas the other facility is located in located in Bengaluru, Karnataka, which is dedicated to producing fresh foods, including RTE and RTC products. The area within a 400 kilometres radius from Perundurai, Erode District, Tamil Nadu has one of the highest supplies of raw milk in India. They have lower susceptibility to raw material fluctuations due to direct procurement from farmers and using own logistics ensuring continuous milk supply, minimizing the impact of market volatility. The value-added dairy products industry in India is competitive and Milky Mist competes with large multinational companies, as well as regional and local companies in each of the regions that they operate. Some of their key peers include HAP, Parag, Dodla among private players and Amul and Nandini among co-operatives. Milky Mist was one of the first few dairy brands to provide visi coolers on a large scale in India, reaching both small and large retail outlets, a refrigeration unit used to display dairy products and other perishable products to retailers.

Milky Mist's ESG initiatives focus on becoming energy and water neutral through impactful actions across all parameters. In water management, they have set up a water reprocessing plant with a capacity to treat up to 2.15 million litre of water per day and have also undertaken the renovation of natural water bodies. Their climate efforts include planting over 15,000 trees, using effluent treatment plants to convert methane to energy, reducing CO_2 emissions and incorporating EV vehicles in their logistics operations to further minimize environmental impact. On the energy front, they harness solar and wind power, generating 70% to 80% of their needs and planning further expansion. For the community, they support farmers with desilting projects, conduct health camps, distribute fodder, and invest in school infrastructure and education. Milky Mist leverages advanced technology with fully automated end-to-end manufacturing, ensuring high efficiency, hygiene and product consistency, alongside continuous product innovation since 2020. The company uses robotics and minimal human intervention to maintain quality at scale. In addition to automation, Milky Mist has integrated cutting-edge machinery across its processes—from milk collection to packaging—enabling real-time monitoring and traceability. This tech-driven approach not only boosts productivity but also ensures compliance with the highest food safety standards, utilizing the latest advanced technologies to meet future demands.

Milky Mist offers an extensive range of dairy products from breakfast to dinner, including paneer, cheese, yogurt, butter, ghee, ice creams, milkshakes and packaged foods. Product diversification, distribution network and entirely in-house logistics are few factors that make Milky Mist standout exceptionally. Milky Mist is one of the very few dairy companies with such a wide product basket and has a stronghold in value-added dairy products, offering a diverse range like paneer, cheese, yogurt, and RTC, setting it apart from traditional milk players. This focus on processed dairy innovation helps it cater to evolving consumer preferences.

	Products	Milky Mist	Nestlé	BRITANNIA	TATA CONSUMER PRODUCTS	HAP	PARAG	DODLA	BIKAJI
Presence in product categories	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	✓	✗	✗	✗	✗	✗	✗	✗

Milky Mist is actively aligning with evolving customer health needs by offering high-protein products like Milky Mist paneer with high-protein of 50g per pack and Milky Mist Skyr yogurt serving 12g of protein per serving catering to the prevalent protein deficiencies in Indian diets. Milky Mist has the highest protein content in Yogurt among the Indian packaged food brands. Milky Mist has a strong market presence in South India, particularly in paneer, curd and cheese. Milky Mist played a significant role in increasing the paneer consumption in South India by introducing high-quality products and ensure availability through there retail touch points in a region with traditionally low paneer consumption. For lactose-intolerant consumers, Milky Mist lactose-free milk provides a suitable alternative, ensuring dairy enjoyment without discomfort, while this product line also supports low-sugar and diabetic-friendly variants. The company is also conscious of salt content in processed items like Milky Mist cheese slices, working towards healthier formulations. By diversifying its portfolio, Milky Mist ensures its offerings meet the nutritional, lifestyle, and health preferences of a wide range of consumers. Milky Mist continuously innovates based on consumer feedback and market trends, introducing convenient, ready-to-cook and ready-to-eat products that match the fast-paced lifestyles of modern customers. About 55-60% of Milky Mist product purchases are influenced by women, making them a key target segment and the sweet spot for product range expansion and innovation. Milky Mist is one of the first company to launch convenient capped milkshakes for smaller packs.

Milky Mist has an exceptionally high focus on value-added dairy products, which refer to processed dairy items like paneer, cheese, curd, buttermilk, ghee, and other milk-based products that go beyond basic liquid milk through additional processing, packaging, or fortification. 100% of its sales within the dairy segment come from VADP, significantly higher than its competitors who typically rely on a mix of liquid milk and value-added offerings. Milky Mist is the amongst very few scaled companies in the organised dairy value-added product market in terms of revenue more than INR 20,000 M in FY25. Milky Mist product portfolio includes high-margin value-added products such as cheese, cream, yogurt, curd, and ice creams and products with protein-enriched contents, lactose-free alternatives, reduced-salt content, and sugar-reduced choices for diabetics. Operating in the high-margins value-added category and not in liquid milk allows them to achieve higher margins, enhancing profitability. Their diversified product portfolio, multiple sales channels and wide geographical reach have collectively contributed to its strong financial performance. Earlier paneer production in India relied solely on traditional methods, with no technology available for continuous, high-capacity production without human intervention. As of July 21, 2025, Milky Mist installed capacity for paneer stands at 192 metric tons, making it one of the largest in India amongst organized private peers. In FY25, Milky Mist transportation cost as a percentage of revenue from operations is one of the lowest among listed peers, this is achieved due to load optimization of own logistics by ensuring return load. Their strong market presence in products like paneer, cheese, curd, and yogurt continues to drive revenue growth. Their new product launches contributed INR 5,116.40M in FY25 the highest among competitors. Additionally, Milky Mist's ~80% of sales revenue of FY25, fall under the daily consumption category which includes dairy products that are consumed routinely by consumers such as paneer, curd, yoghurt, ghee, butter etc., effectively catering to women, who are key decision-makers in household purchases.

Parameters		Milky Mist	Nestlé	Britannia	Tata Consumer Products	HAP	Parag	Dodla	Bikaji
# product category wise sales and % of sales		Paneer - 29.52% Cheese - 17.36% Curd - 15.75% Ice Cream - 5.86% Others product categories[1] - 31.51%	Milk products - 38.14% Prepared dishes and cooking aid - 30.88% Confectionery - 16.60% Powdered and liquid beverages - 14.38%	Bakery products - 97% Dairy products - 3%*	Indian beverages 34%, Indian foods - 32%, International - 24%** Others(Non-Branded) - 11%*	-	Core categories - 57%, New age - 6% business, Ingredients & SMP - 17%, Liquid Milk - 10%, Others - 10%	VAP including fat & fat-based products-34%	Ethnic snacks - 68.1% Packaged sweets - 13.3% Western snacks - 8.5% Papad - 5.9% others - 4.3%
Region wise sales (%)	India	96.84%	96.09%	94%*	65%	99.9%*	98.79%*	99.96%	96.20%
	International	3.16%	3.91%	6%*	35%**	0.10%*	1.21%*	0.04%	3.80%
Channel wise Sales mix		General Trade - 43.38% Modern Trade - 23.83% HoReCa -16.47% E-commerce - 9.56% B2B sales - 6.15% B2C sales[2] - 0.61%	E-commerce - 8.6%	-	Traditional trade - 66% Alternate channels -34%	-	B2C (GT, MT, Quick commerce, Ecommerce, Company website & app) - 65% B2B (HoReCa & Institutional) - 35%	-	-
Logistics ownership		Own	Third party	Third party	Third party	Third party	Third party	Third party	Third party

Note: [1]Other product categories include ghee, butter, chocolate, khova and UHT long-shelf life products, [2]Includes sales from quick commerce platforms and export sales
*FY24 data showcased, **International business of Tata Consumer Products excludes export revenues of Capital Foods and Organic India

Milky Mist is exclusively focused on value-added products within the dairy market, which are considered premium. As of March 31, 2025, Milky Mist is the only dairy products-focused company among its listed peers to have in-house logistics and manufacturing, ensuring better control over product quality and supply chain efficiency. Additionally, it maintains a strong direct connection with 67,615 farmers, out of which 31,961 are women as of 31st March 2025, helping secure a steady milk supply and fostering a robust procurement network. In FY25, Milky Mist had one of the highest share of milk directly procured from farmers as a percentage of our total milk procurement among organized private players. As of March 31st, 2025, the prices of Milky Mist products under the paneer and curd product categories are one of the highest among large Indian brands, typically 10-25% above the average market price of large Indian brands. Milky Mist's ability to command premium pricing has enabled them to achieve the highest realization per litre of milk procured (calculated as Net manufactured finished goods in Fiscal 2025 divided by the total litres of milk procured in Fiscal 2025) at ~INR 74 when compared to listed peers.

7.1 Peer Benchmarking

Milky Mist is India's fastest growing company in terms of sales offering value-added product categories in FY23-25.

Parameters	Company	FY23	FY24	FY25
Revenue from Operations (INR M)	Milky Mist	13,941.75	18,216.09	23,495.03
	Nestlé India	1,68,969.60	1,95,633.70	2,02,015.60
	Britannia Industries	1,63,005.50	1,67,692.70	1,79,426.70
	Tata Consumer Products	1,37,831.60	1,52,058.50	1,76,183.00
	Hatsun Agro Products	72,469.68	79,904.04	86,997.60
	Parag Milk Foods	28,926.20	31,387.00	34,322.10
	Dodla Dairy	28,120.29	31,254.65	37,200.65
	Bikaji Foods	19,660.72	23,293.37	26,218.54
Gross Profit (INR M)	Milky Mist	4,522.78	5,684.99	7,961.86
	Nestlé India	NA	NA	NA
	Britannia Industries	NA	NA	NA
	Tata Consumer Products	NA	NA	NA
	Hatsun Agro Products	NA	NA	NA
	Parag Milk Foods	5,694.30	7,680.00	8,850.00
	Dodla Dairy	6,711.00	8,434.00	10,211.00
	Bikaji Foods	5,743.00	8,209.00	8,472.00
Gross Profit Margin (%)	Milky Mist	32.44%	31.21%	33.89%
	Nestlé India	NA	NA	NA
	Britannia Industries	NA	NA	NA
	Tata Consumer Products	NA	NA	NA
	Hatsun Agro Products	NA	NA	NA
	Parag Milk Foods	19.70%	24.50%	25.80%
	Dodla Dairy	23.90%	27.00%	27.40%
	Bikaji Foods	29.21%	35.24%	32.31%
EBITDA (INR M)	Milky Mist	2,013.94	2,223.30	3,103.46
	Nestlé India	NA	NA	NA
	Britannia Industries	NA	NA	NA
	Tata Consumer Products	18,740.00	23,230.00	25,020.00
	Hatsun Agro Products	7,120.00	9.215.60	NA
	Parag Milk Foods	1,634.90	2,260.00	2,930.00
	Dodla Dairy	1,913.00	2,888.00	3,808.00
	Bikaji Foods	2,132.00	3,913.00	3,283.00
EBITDA Margin (%)	Milky Mist	14.45%	12.21%	13.21%
	Nestlé India	NA	NA	NA
	Britannia Industries	NA	NA	NA
	Tata Consumer Products	13.60%	15.30%	14.20%

	Hatsun Agro Products	9.82%	11.53%	NA
	Parag Milk Foods	5.70%	7.20%	8.50%
	Dodla Dairy	6.80%	9.20%	10.20%
	Bikaji Foods	10.84%	16.80%	12.52%
Profit for the Year (PAT) (INR M)	Milky Mist	272.30	194.44	460.74
	Nestlé India	23,905.20	31,962.10	32,075.90
	Britannia Industries	23,163.20	21,342.20	21,778.60
	Tata Consumer Products	13,201.40	12,154.00	12,871.00
	Hatsun Agro Products	1,658.56	2,672.87	2,788.10
	Parag Milk Foods	532.54	905.83	1,187.90
	Dodla Dairy	1,222.84	1,667.36	2,599.30
	Bikaji Foods	1,358.50	2,634.63	1,943.45
PAT Margin (%)	Milky Mist	1.95%	1.07%	1.96%
	Nestlé India	14.15%	16.34%	15.88%
	Britannia Industries	14.21%	12.73%	12.14%
	Tata Consumer Products	9.58%	7.99%	7.31%
	Hatsun Agro Products	2.29%	3.35%	3.20%
	Parag Milk Foods	1.84%	2.89%	3.46%
	Dodla Dairy	4.35%	5.33%	6.99%
	Bikaji Foods	6.91%	11.31%	7.41%
Return on Equity (ROE) (%)	Milky Mist	10.95%	7.14%	15.11%
	Nestlé India	108.50%	108.50%	87.30%
	Britannia Industries	NA	NA	NA
	Tata Consumer Products	7.90%	7.03%	6.63%
	Hatsun Agro Products	13.01%	17.74%	NA
	Parag Milk Foods	7.80%	10.50%	12.30%
	Dodla Dairy	13.50%	15.80%	20.40%
	Bikaji Foods	14.40%	21.80%	NA
Return on Capital Employed (ROCE) (%)	Milky Mist	10.62%	8.14%	9.54%
	Nestlé India	122.40%	116.90%	81.30%
	Britannia Industries	NA	NA	NA
	Tata Consumer Products	34.31%	43.25%	37.54%
	Hatsun Agro Products	11.97%	13.32%	NA
	Parag Milk Foods	8.60%	11.10%	14.30%
	Dodla Dairy	14.90%	20.40%	24.40%
	Bikaji Foods	19.80%	31.40%	NA
Working Capital Days	Milky Mist	39.00	49.00	42.00
	Nestlé India	NA	NA	NA
	Britannia Industries	NA	NA	NA

	Tata Consumer Products	35.00	27.00	26.00
	Hatsun Agro Products	NA	NA	NA
	Parag Milk Foods	74.00	75.00	62.00
	Dodla Dairy	0.00	40.00	2.00
	Bikaji Foods	NA	NA	NA
Fixed Asset Turnover Ratio	Milky Mist	1.78	1.79	1.91
	Nestlé India	NA	NA	NA
	Britannia Industries	NA	NA	NA
	Tata Consumer Products	NA	NA	NA
	Hatsun Agro Products	NA	NA	NA
	Parag Milk Foods	NA	NA	NA
	Dodla Dairy	NA	NA	NA
	Bikaji Foods	3.30	3.20	NA

Parameters	Company	CAGR (FY23-25)
Revenue from Operations (%)	Milky Mist	29.82%
	Nestlé India	9.34%
	Britannia Industries	4.92%
	Tata Consumer Products	13.06%
	Hatsun Agro Products	9.57%
	Parag Milk Foods	8.93%
	Dodla Dairy	15.02%
	Bikaji Foods	15.48%

Note(s): Calculations for Milky Mist as follows

Revenue from operations is calculated as the sum of revenue from sale of manufactured goods, sale of traded goods and other operating revenue.

Gross Profit is computed by subtracting the aggregate of cost of materials consumed, purchase of stock-in-trade and changes in inventories of finished goods, stock-in-trade and work-in-progress from revenue from operations for the relevant fiscal.

Gross Profit Margin is computed as Gross Profit as a percentage of revenue from operations for the relevant fiscal.

EBITDA refers to earnings before interest, tax, depreciation and amortization and is calculated as the profit before tax for the fiscal plus depreciation and amortization expense and finance cost for the relevant fiscal.

EBITDA Margin is calculated as EBITDA as a percentage of revenue from operations

PAT refers to profit for the year and is calculated as the total income less total expenses less total tax expenses for the year

PAT margin is computed as profit for the fiscal as a percentage of revenue from operations for the relevant fiscal

RoCE refers to return on capital employed and is computed as earnings before interest and taxes ("EBIT") as a percentage of Capital Employed as at the end of the fiscal. EBIT is computed as profit before tax for the fiscal plus finance costs for the relevant fiscal. Capital Employed is computed as the sum of total equity, total borrowings and deferred tax liabilities (net), as at the end of the fiscal.

RoE refers to Return on equity and is computed as profit for the year as a percentage of Average Equity. Average Equity is calculated as average of the total equity at the beginning and at the end of the relevant fiscal. Total Equity is computed as the sum of Equity Share Capital, Instruments entirely equity in nature, and other equity.

Working Capital Days is calculated as Net working capital (which is the aggregate of inventories and trade receivables minus trade payables) for the relevant fiscal divided by revenue from operations for the relevant fiscal multiplied by 365
Fixed Asset Turnover is calculated as Revenue from operations for the relevant fiscal divided by Average Net Fixed Assets. Net Fixed Assets refers to property, plant and equipment and investment property. Average Net Fixed Assets is computed as average of opening and closing balance of Net Fixed Assets for the relevant fiscal.

Source: For other peers including Nestle India, Britannia Industries, Tata Consumer Products, Hatsun Agro Products, Parag Milk Foods, Dodla Dairy & Bikaji Foods, referred company annual reports & investor presentation reports on reported basis (except Gross margin %, EBITDA % and PAT margin % are derived as % of revenue from operations on reported Gross margin, EBITDA and PAT)

7.2 Key challenges faced by Milky Mist

The milk and value-added dairy products industry faces multiple future challenges, including climate change and rising temperatures, increasing competition, rising input costs, supply chain disruptions, and regulatory and environmental compliances, which could affect its growth and profitability.

Climate change & rising temperatures: Increasing heat stress on cattle leads to lower milk yields, affecting overall dairy production. Water scarcity and erratic monsoon patterns can reduce fodder availability, raising production costs. Additionally, extreme weather events like droughts and floods disrupt dairy farming and supply chains.
Increasing competition: Global & Indian dairy corporations are introducing new and premium products, with competitive pricing strategies.
Supply chain distress: Supply chain disruptions like transport delays, packaging shortages and lack of cold storage result in milk spoilage, increased operational costs and difficulties in delivering fresh products to markets.
Regulatory and environmental compliance: Stringent regulations on food safety, animal welfare, waste management, and emissions require continuous monitoring and investment. Meeting standards set by agencies like FSSAI, and pollution control boards can be expensive and complex, leading to operational hurdles, penalties, or shutdowns if not followed.
Rising input costs: The dairy industry is facing rising costs of key inputs such as cattle feed, fuel, packaging, electricity, and labour. Feed prices, in particular, have become more volatile due to climate-related and supply challenges. With rising competition there would be limited ability to pass on higher costs due to regulated pricing and price sensitive consumers, dairy companies are seeing pressure on margins and reduced capacity to invest in operations.
Safety & quality concerns: The dairy industry faces safety & quality concerns due to milk adulteration, contamination from pesticides, mycotoxins, heavy metals & veterinary drugs, impacting consumer health and trust. Strengthening regulations, enforcement & quality control mechanisms is essential to ensure hygienic dairy products. Addressing water contamination, feed quality & proper cold chain management will be crucial for maintaining industry standards.
Slow adoption of technology & disruptions: The rising adoption of modern infrastructure and advanced technologies in dairy industry supply chain to enhance milk production and efficiency. The slow adoption of AI, IoT and blockchain technology poses challenges to productivity and traceability, necessitating targeted training and financial support.
Cyber-attacks: With increasing digitalization, the dairy industry in India may face risks of cyber-attacks that can disrupt supply chains, compromise data, and halt systems like automated milk collection and cold chain monitoring. These disruptions can cause financial losses.

The team at 1Lattice

appreciates your time and support

THANK YOU

Enabling better decisions.

Delhi NCR | Mumbai | Bengaluru | UAE | KSA | Singapore