Proxy Advisory Report | Addendum

Milky Mist Dairy Food Ltd

ABOUT SES

Stakeholders Empowerment Services (SES) is a Proxy Advisory and Corporate Governance Research Company. SES assists investors to analyze compliance and governance practices including matters relating to sustainability, prevalent at listed entities and empower investors to undertake meaningful engagement with Investee entities.

COMPANY INFORMATION	MEETING DETAILS
BSE CODE: 544868	**Meeting Type:** PB
Listing Date: 18th August, 2026	**Voting Deadline:** 6th November, 2026
NSE SYMBOL: MILKYMIST	**Notice Date:** 31st August, 2026
ISIN: INE00IT01020	**Notice:** Click here
Industry: Dairy Products	**Annual Report:** FY 2025-26
Email: investor@milkymist.com	
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Website: www.milkymist.com	

E-VOTING DETAILS	ADDENDUM REPORT RELEASE DATE: 6th November, 2026
e-Voting Platform: KFintech	**Research Analyst:** Pooja Patra
Cut-off Date: 2nd October, 2026	**Conflict Disclosure:** SES - No | Analyst - No
Remote E-voting: • **Start**: 8th October, 2026 • **Ends**: 6th November, 2026	

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ADDENDUM

There is no change in any of the SES Recommendations. However, shareholders may take note of the Company's clarification and SES' comments thereon. Further, shareholders may take note of the revised rationale for SES recommendation on resolution #2.

EXISTING RECOMMENDATIONS					
S. No.	**Resolution**	**Type**	**SES Observation#**	**SES Rec.**	**Rationale**
2	**Modification** in existing grant made under Milky Mist Dairy Food - Employee Stock Option Scheme, 2025.	S	LC | GC	AGAINST	~~*Inadequate justification for proposed amendment;*~~ *Inadequate disclosures on ESOP grants.*
REVISED RECOMMENDATIONS					
2	**Modification** in existing grant made under Milky Mist Dairy Food - Employee Stock Option Scheme, 2025.	S	LC | GC	AGAINST	*Inadequate disclosures on ESOP grants and beneficiaries' details.*

O - Ordinary Resolution; S - Special Resolution; Rec. - Recommendation
 # LC - Legally Compliant, NC - Legally Non-Compliant, TC - Disclosures & Transparency Concern, GC - Governance Concern

BACKGROUND			
Original PA report Link	Click Here	**PA Report Release Date**	2nd Nov, 2026
Date of Email received from the Company	2nd Nov, 2026	**Company Email forwarded as SEBI Circular**	Yes

***Guide to read addendum:** Company's Views: (in Blue colour) & SES Reply: (in Black colour)*

SES COMMENTS TO COMPANY'S RESPONSE (RELEVANT EXCERPTS)

Company's Views:

1) Ratification of Milky Mist Dairy Food – Employee Stock Option Scheme 2025 (ESOP 2025)

Exercise Price and Grants under the Scheme

The Company wishes to clarify that the initial grant of 16,64,836 options was made on July 18, 2025, prior to the Company's initial public offering and listing of its equity shares, at an exercise price of ₹2 per option, being the face value of the equity shares. The said grant was made to eligible employees who contributed to the growth and development of the Company during its pre-listing phase. No subsequent grants have been made under ESOP 2025 after the initial grant dated July 18, 2025.

The Company has 76,98,43,411 issued equity shares, and the 16,16,662 options presently outstanding under the initial grant represent approximately 0.21% of the issued equity share capital. The overall ESOP 2025 provides for a maximum of 1,00,00,000 options, representing approximately 1.30% of the issued equity share capital.

As disclosed in the explanatory statement and the scheme, the exercise price under ESOP 2025 shall be determined by the Nomination and Remuneration Committee (NRC), subject to a minimum of the face value and a maximum of the market price of the equity shares as on the respective grant date.

The exercise price for future grants will be determined by the NRC at the time of the respective grants, within the disclosed pricing parameters, and communicated to eligible employees through their respective grant letters.

Accordingly, the Company submits that the exercise pricing mechanism and the authority of the NRC have been disclosed to shareholders. The face-value exercise price applicable to the initial grant should not be construed as being applicable to future grants under ESOP 2025.

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Accelerated Vesting

The Company wishes to clarify that the provision for accelerated vesting is an enabling provision under the scheme, subject to applicable regulatory requirements, including the prescribed minimum vesting period. The exercise of such discretion by the NRC is intended to be considered in the context of the circumstances of the relevant grant and the contributions of eligible employees.

Maximum Potential Benefit per Employee

With reference to the estimated maximum potential benefit of ₹ 230.45 crore per employee, the Company wishes to clarify that the calculation represents a theoretical maximum based on the scheme's individual eligibility limit and an assumed exercise price of ₹ 2 per option. The said calculation does not represent any actual grant made or committed by the Company to an individual employee.

Actual grants are subject to the scheme provisions, employee eligibility, appraisal criteria and approval of the NRC. Further, the exercise price for future grants is not fixed at face value and will be determined separately in accordance with the scheme.

SES Reply:

SES has raised governance concerns on proposed ESOP 2025 Scheme on account of inadequate disclosures on the Exercise Price/ Pricing Formula, unfettered disclosure to the Committee to accelerate vesting period and disproportionate and excessive potential economic benefits to a single employee. SES has discussed the above concern in detail in its PA Report. Please refer to page #3-6 for more information. However, the response given by the Company does not address the concerns raised by SES. **Hence there is no change in SES' recommendation for resolution #1.**

2) Modification of Vesting Schedule of Existing Grants under ESOP 2025

The proposed modification of the vesting schedule relates to options granted on July 18, 2025, prior to the Company's initial public offering. These options were granted to eligible employees in recognition of their contributions towards building and developing the Company during its prelisting phase.

The proposed acceleration is intended to recognise and reward their contributions towards the Company's growth and successful IPO and listing. The modification is restricted to the unvested options under the aforesaid grant and does not extend to future grants under ESOP 2025. Further, the proposed modification does not involve any increase in the number of options granted or any reduction in the exercise price applicable to the existing grant.

The Company believes that the proposed modification should be considered in the context of the contributions made by employees during the Company's pre-listing phase and the successful completion of its IPO.

SES Reply:

SES had raised concern on amendment to ESOP Scheme, wherein the Company had sought to accelerate vesting of certain grant of options. Refer page #6 of PA Report for detailed analysis.

In its email, the Company has clarified that the proposed modification is intended to reward employees for their contribution during the pre-IPO phase. SES does not have any concern with regard to the justification provided by the Company for proposed acceleration of unvested options, as the same is defined and limited. However, the Company has not clarified which employees will benefit from the proposed modification or whether it will apply uniformly/ proportionately to all employees who contributed in the Company's pre-listing phase and the successful completion of its IPO.

While SES acknowledges that the relevant committee has the discretion to determine the material terms, including vesting period, however, SES opines that the said discretion shall be defined, adequately justified, such that benefits under the Scheme is fairly distributed among all the eligible employees. Without disclosure on details of beneficiaries/ employees, who will be benefitting from proposed acceleration of vesting, SES cannot comment upon ESOP distribution practice of the Company.

Hence, **the concern raised by SES remain unaddressed, and there is no change in SES' recommendation for resolution #2. Although shareholders may take note of the revised rationale for SES recommendation.**

3) Approval of Remuneration Payable to Dr. K Rathnam, Whole-time Director and Chief Executive Officer

With reference to the observations regarding the absence of an absolute cap on potential ESOP benefits, the Company wishes to clarify that the stock options granted to Dr. K Rathnam under ESOP 2025 were part of the initial pre-IPO grant made on July 18, 2025. No

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subsequent ESOP grants have been made to Dr. K Rathnam under ESOP 2025. The initial grant represents a long-term incentive intended to recognise his contribution towards the Company's growth and development.

The grant of stock options is not an annually recurring component of remuneration, and the fair value attributable to such grant should be distinguished from recurring cash remuneration. Any future grant of stock options shall be subject to the provisions of ESOP 2025 and approval of the NRC in accordance with applicable regulatory requirements.

The Company further notes that SES has considered the proposed fixed remuneration of Dr. K Rathnam to be fair and reasonable when compared with the Company's performance, peer remuneration and industry benchmarks.

The proposed remuneration structure has been considered by the NRC and the Board of Directors, taking into account his responsibilities, experience and contribution to the Company's operations and growth.

SES Reply:

SES has discussed the above concern in detail in its PA Report. Please refer to pages #8 to #13 for more details.

While the Company, via its email, has now clarified that the options granted to Dr. K Rathnam were part of the initial pre-IPO grant and that no subsequent grants have been made, it has not provided details of the maximum potential benefit to the director arising from the existing grant(s), or the cost to Company. Further, the Company has not disclosed any cap on future ESOP benefits that may form part of his remuneration.

Therefore, the concern raised by SES remains **unaddressed, and there is no change in SES' recommendation on resolution #5**.

4) Approval of Aggregate Remuneration Payable to Executive Directors under Section 197 of the Companies Act, 2013

The Company wishes to clarify that the proposed approval under Section 197 of the Companies Act, 2013, is intended to address the possibility of aggregate managerial remuneration exceeding the prescribed statutory thresholds, including on account of benefits arising from stock options.

The remuneration payable to the Executive Directors has been considered by the NRC and the Board of Directors, taking into account the Company's financial performance, growth trajectory, scale of operations and the responsibilities of the respective Executive Directors.

As reflected in your report, the Company's profit after tax increased from ₹ 43.76 crore in FY 2024–25 to ₹ 125.15 crore in FY 2025–26, while revenue from operations increased from ₹ 2,328.34 crore to ₹ 3,137.41 crore during the same period.

The Company believes that the proposed remuneration structure should be evaluated in the context of its improving financial performance, anticipated scale of operations and long-term growth.

Further, the proposed approval does not, by itself, constitute approval of any additional grant of stock options beyond the provisions of ESOP 2025 or dispense with applicable approvals required for individual grants.

Nonetheless, shareholders may take note of the Company's clarification above, along with SESs comments thereon, and make an informed voting decision.

SES Reply:

Shareholders may note the clarification provided by the Company.

As already discussed in the Original PA Report, SES acknowledges the improvement in its financial performance of the Company. In fact, SES agrees that remuneration package should take into consideration performance of the Company as well as the individual director; however, the Company cannot expect the shareholders to approve an enabling resolution to pay remuneration beyond the legally prescribed limit, without disclosing any cap on either total ESOP benefit and total ED remuneration.

The absence of such limits gives the Board and NRC discretion to determine the remuneration payable to individual EDs without shareholders having clarity on the maximum remuneration payable to each ED or all EDs on the Board.

Hence the Company has not addressed the concerns raised by SES; therefore, **there is no change in SES' recommendation on resolution #6**.

Nonetheless, shareholders may take note of the Company's clarification above, along with SES's comments thereon, and make an informed voting decision.

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COMPANY RESPONSE (FULL VERBATIM)

Dear Madam/Sir,

With reference to your email seeking clarifications on certain resolutions proposed for approval of the shareholders through postal ballot, please find attached the Company's response providing the rationale and additional clarifications in respect of the four resolutions. We trust that the clarifications will assist your internal compliance team in reviewing the proposed resolutions.

Please feel free to reach out should you require any further clarification.

Regards,

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Attachment: WEBLINK

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Disclaimer

Sources

Only publicly available data has been used while making the report. Our data sources include Notice of Shareholders' Meeting, BSE, NSE, SEBI, Capitaline, MCA, Moneycontrol, Businessweek, Reuters, Annual Reports, Sustainability Reports, IPO Documents and Company Website.

Analyst Certification

The Analyst(s) involved in development of this Report certify that no part of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this Report. The concerned Research Analyst(s) and Director(s) do not have any pecuniary relationship with the Reported Company, except that they may be holding miniscule shares in the Company which does not impact their independence in respect of this Report.

SES may be a shareholder in the Company holding equity shares as disclosed on its website. The objective of SES' investment is solely to obtain Shareholders' communications from the Company as a shareholder.

CAUTIONARY STATEMENT

The recommendations made by SES are based on publicly available information and conform to SES's stated Proxy-Advisory Guidelines. SES opinion is based on SES's interpretation of law and governance benchmarks, which may differ from opinion/ benchmarks of other analysts or practitioners. Further, SES analysis is recommendatory in nature and reflects how SES would have voted if it was a shareholder. Therefore, SES expects that the clients will evaluate the effect of their vote on their investments independently and diligently and will vote accordingly. Subscribers may also carry out an impact analysis of their votes and keep the same as an addendum for their records. In our opinion, Institutional investors are positioned significantly differently from other shareholders due to their ability to engage with the board and the management to bring out desired result. As a firm, it is our endeavour to improve the level of corporate governance while not causing any disruption in company's proceedings and therefore we respect the independence of investors to choose alternate methods to achieve similar results.

Disclaimer

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All disputes shall be subject to jurisdiction of High Court of Bombay, Mumbai.

Concern terminology

NC – Compliance Concern: *The Company has not met statutory compliance requirements*
FC – Fairness Concern: *The Company has proposed steps which may lead to undue advantage to a particular class of shareholders and can have adverse impact on non-controlling shareholders including minority shareholders*
GC – Governance Concern: *SES questions the governance practices of the Company. The Company may have complied with the statutory requirements in letter. However, SES finds governance issues as per its standards.*
TC - Disclosures & Transparency Concern: *The Company has not made adequate disclosures necessary for shareholders to make an informed decision. The Company has intentionally or unintentionally kept the shareholders in dark.*

Company Information

Stakeholders Empowerment Services

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