

Scooping the Opportunity: India's Ice-Cream Industry

Sector note

September 2026

o3capital

Your Partners, Your Advisors

Table of contents



o3 perspectives

03



Market opportunity

04



Operating models & value chain

05



Key growth drivers

07



Impact of quick commerce

08



Competitive landscape

09



Investment themes

14



Market multiples

16

Fast-growing category being reshaped by premiumization, quick commerce evolution and private capital



Growing underpenetrated market

- Ice-cream is one of the fastest growing & least penetrated categories in the Indian consumer market
- Per capita consumption & retail availability both have significant headroom for growth



Quick-commerce changing the narrative

- Quick-commerce is reducing infrastructure requirements for brands
- Enabled new players to drive faster geographic expansion & impulse buying



Regional players dominate

- Pan-India players hold scale advantages, while regional brands dominate their home markets on local affinity & distribution



Premiumization trends

- Growth is shifting to indulgent formats, artisanal flavours and healthier propositions at premium price points



Distribution as the moat

- Incumbent players have deployed freezer networks which effectively lock up shelf space making entry of newer players slow & capital intensive



Private capital validating the category

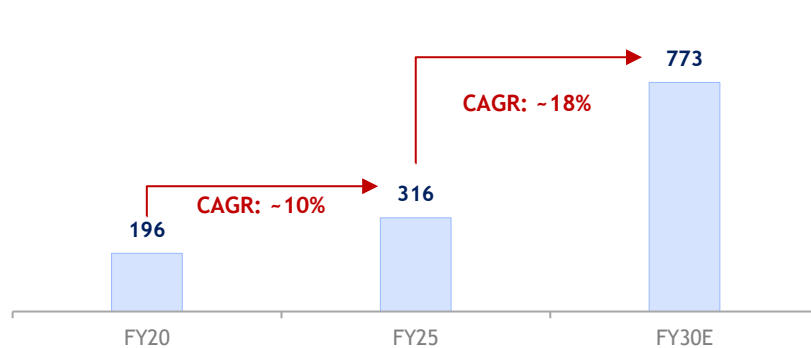
- Institutional capital now backs established regional brands alongside D2C, with multiple recent PE deals signaling appetite to fund expansion

Indian ice-cream industry - INR 314 bn growing at ~18% CAGR

Large market yet significantly underpenetrated compared to global peers

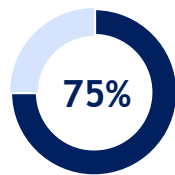
1 Industry pegged to grow at ~18% CAGR...

Overall Indian ice-cream market size (INR bn)

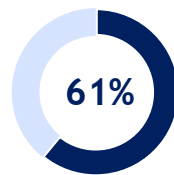


India consumes just 2 litres of ice cream per capita annually while US consumes 21 litres per capita annual

2 ...having seasonal nuances and fragmented market.....



Organized Market Share

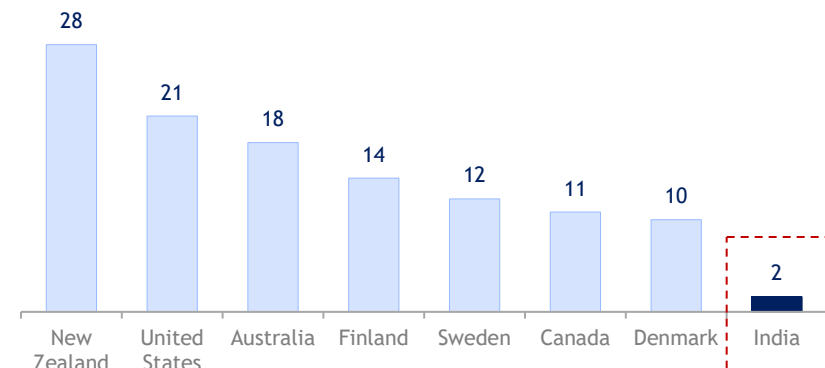


Impulse Formats Share

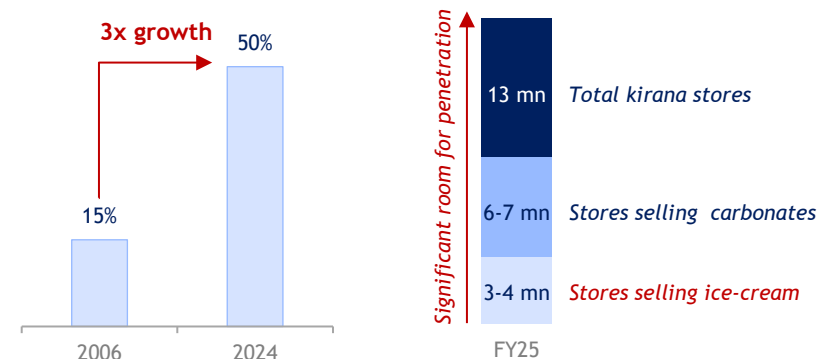
- Impulse formats consists of single-serve cups, sticks and cones & **take-home** consists of multi-serve packs account
- Demand is highly **seasonal**; ~60% of annual sales are concentrated in March-June

India remains significantly underpenetrated vs. global peers

Consumption (in liters per capita per annum)



Massive headroom for refrigeration penetration in kirana stores



The distribution gap in ice-cream penetration signifies a significant room for market expansion

Source: Industry Reports, Company Websites, o3 Capital Analysis; Note: 1 USD = 95 INR

3 distinct operating models with varying capex & scale potential

Business Model	Description	Characteristics	Companies
1 Integrated Manufacturer-Distributor	Own plant, cold chain network, owns/leases freezers to kirana outlets	Capital Intensive	      
2 Parlour / Experience-Led	Company-Owned or Franchised Outlets	Capex Heavy; Limited potential to scale	     
3 Quick-Commerce - Digital First	Distribution through third party platform's stores	Platform Dependence; Trimmed margins	   

Integrated & parlour models require significant & ongoing capex - freezer deployment can cost INR 8k-25k per store, while quick-com brands leverage platform infrastructure to access distribution instantly

Source: Industry Reports, Company Websites, o3 Capital Analysis

Established players own the last mile; Decades of freezer deployment make new entry expensive & slow...

Stage of Value Chain

Challenges in India

Competitive Implication

Manufacturing plant (-30 to -40°C)

- Capacity utilization remains low in winter; fixed costs compresses margins
- Working capital cycles are uneven; large inventory build pre-summer, slow liquidation post-season
- Companies counter this by adding winter SKUs

Cold Storage/WH Distributor Cold Room (-18 to -22°C)

- Heavy upfront capex — cold room + refrigerated delivery fleet
- Higher working capital requirement vs. dry goods distribution
- Leads to limited network of distributors for brands

Refrigerated Transport (-18°C)

- Distribution vans require deep freezers at all times
- Each trip effectively capped as temperature integrity limits delivery radius
- Creates a hard constraint on how far a brand can physically reach

Retailer Freezer (-18°C)

- Incumbents deploy branded freezers (INR 8k-25k/unit) to lock in shelf space
- The freezer deployment comes with implicit exclusivity
- A new entrant has three options:
 - Place a second freezer (space constraint)
 - Pay the retailer to switch (costly)
 - Target freezer-free outlets (limited)

Scale absorbs fixed costs; smaller players are at a disadvantage

High capex filters weak distributors; stronger brands attract better partners

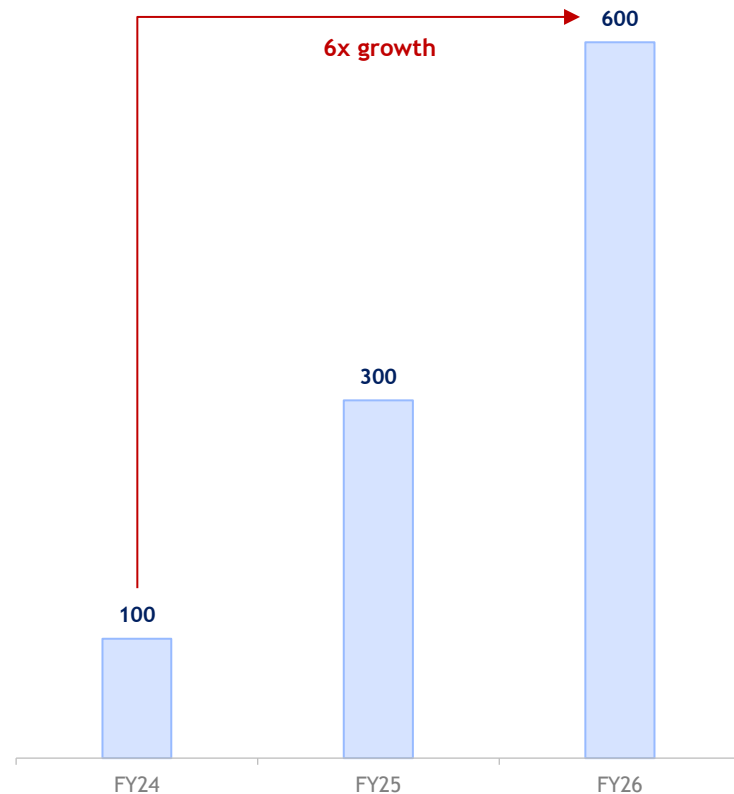
Freezers deployed in kirana stores by legacy players lock out new entrants

Source: Industry Reports, Company Websites, o3 Capital Analysis

...however, the rise of quick commerce is redefining ice-cream distribution in India

Structural transformation of ice-cream market from seasonal demand into a year-round impulse play

Average monthly GMV sale of ice-cream¹ (INR mn)



60+ Ice-cream brands listed on the platform

Key Milestones

INR 1,000 mn¹

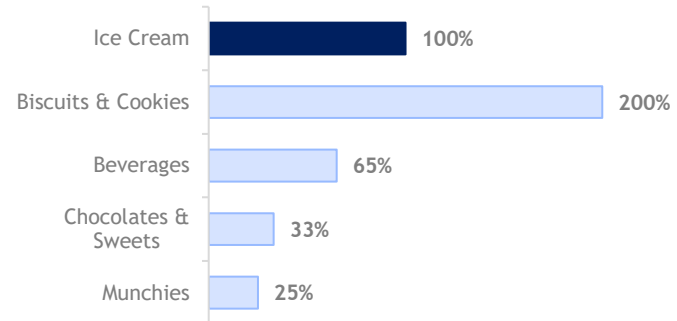
Highest monthly GMV ever recorded in Apr-26

~30%

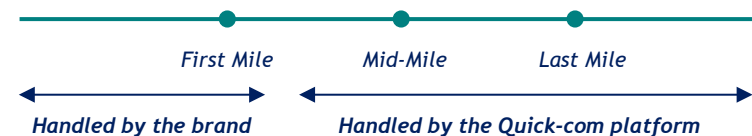
Share of healthy ice-cream variants (Apr-26)

Ice-cream growth one of the leading categories in quick-com

Revenue Growth: FY26 vs FY25



Cold chain distribution is becoming simpler for brands



Quick-com is enabling brands to reach more geographies

Source: Industry Reports, Company Websites, o3 Capital Analysis; Note 1: Figures represent sale on one marquee quick commerce platform

Industry growth drivers and structural factors shaping the ice-cream market

Growth and structural drivers of the industry



Quick-commerce & omni-channel expansion

Quick-comm is creating new consumption occasions & enabling brands to reach new geographies

Ice-cream category clocked 100% YoY growth outpacing most FMCG categories (HUL reported >10% share from the channel)



De-seasonalization of demand

Rising temperatures and quick-commerce are shifting ice cream from a seasonal to a year-round category



Tier 2 & Tier 3 penetration

Low per capita consumption & nascent branded distribution offer large headroom, unlocked by rising incomes and cold chain investment



Rising share of organized players

Organized players account for ~75% of the market, with improving cold chain access, brand awareness & distribution reach accelerating the shift from unorganized



Increasing investment in cold chain infrastructure

Refrigeration penetration up 3x to 50% over two decades, backed by ongoing cold chain and freezer cabinet investment



Horeca & Food service expansion

Institutional (HoReCa & food delivery) accounts for 17% share in 2025 and is growing steadily - an incremental channel beyond traditional retail



Premiumization & indulgence

Rising disposable incomes & evolving consumer preferences are driving a shift towards premium formats, artisanal flavours and indulgence occasions



Market consolidation via M&A

Strategic acquirers including domestic FMCG groups, global dairy players and PE funds are actively investing in regional brands

Source: Industry Reports, Company Websites, o3 Capital Analysis

Evolving landscape with few pan-India players, and several strong regional brands

Pan-India Players



Regional Players



Top 7 players constitute ~50% of the market, with the remaining share fragmented across numerous regional and unorganised players

Regional Dynamics

While pan-India players like Amul and Walls benefit from scale and distribution, strong regional brands continue to hold dominant positions in their home geographies

Competitive Landscape

The organized market is split between a few national players with wide distribution and several entrenched regional brands with loyal local followings

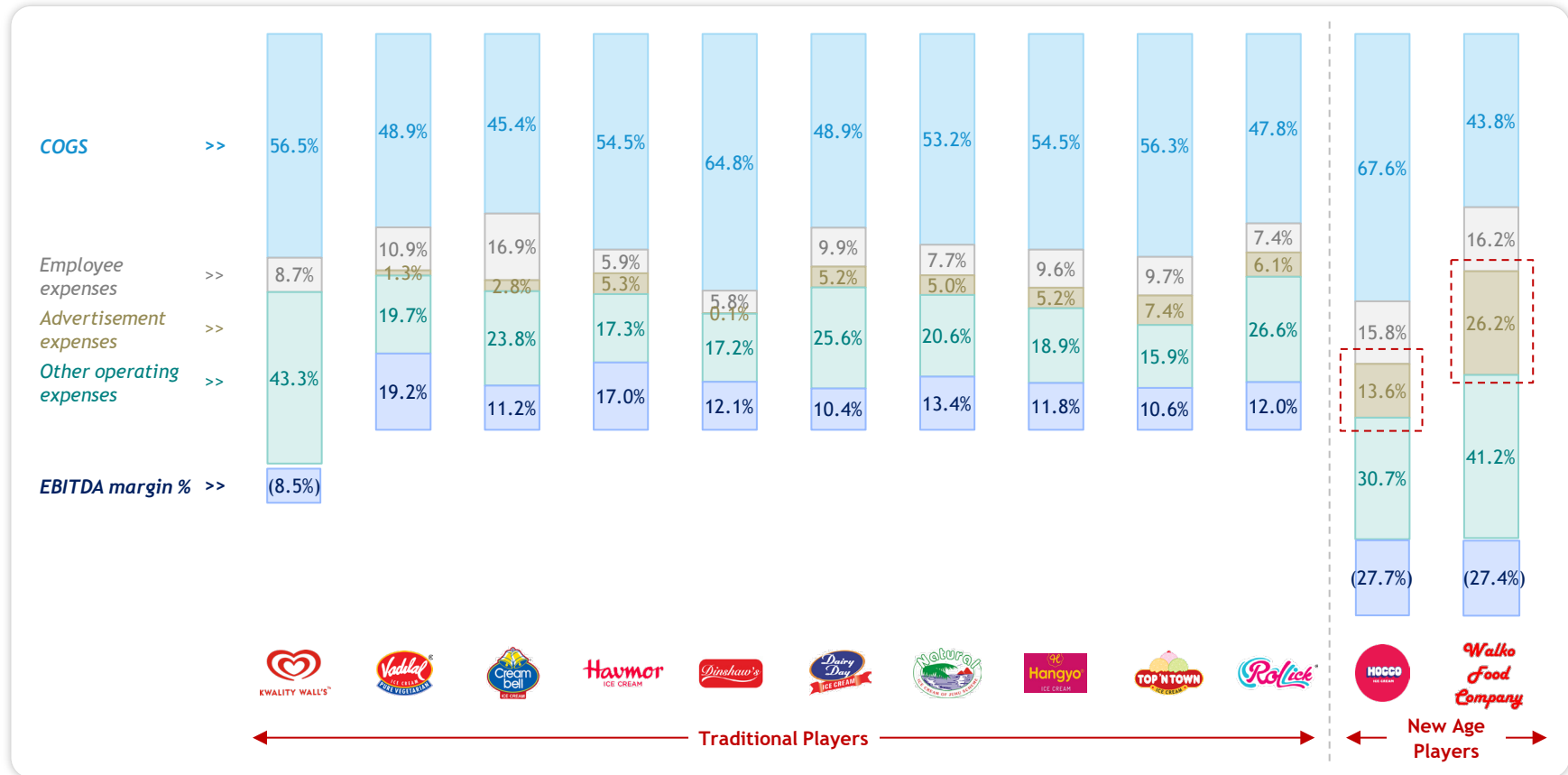
Growth Trajectory

Regional players are increasingly expanding beyond home markets, intensifying competition with pan-India players in the organized segment

Source: Industry Reports, Company Websites, o3 Capital Analysis; Note 1: Vadilal's presence is due to two family entities Vadilal Industries Limited and Vadilal Dairy International Limited in separate geographies

Traditional players compete on distribution and scale while new age players compete on marketing

Key expenses as a % of total revenue



Across the ice cream industry, cost structures diverge sharply – traditional players absorb high distribution costs while new age players burn heavily on marketing, compressing margins across both peer sets

Note 1: Financials for Amul (19% market share), Hatsun Agro (6% market share), Mother Dairy is not shown since ice-cream revenue is not available; 2. All % refer to FY25 financials except FY26 for Kwality Walls, Vadilal, Hocco and FY24 for Havmor, Dinshaw; 3. Vadilal refers to Vadilal Industries Limited

Competitive Landscape: Distribution & scale potential (1/2)



	Kwality Wall's	Vadilal	Cream bell	Havmor	Dinshaw's
Distributor	2.5 Lacs cabinets, 450+ distributors	1,500+ distributors, 65 parlours (happinezz & Hangout)	1,300 distributors, ~75K retailers	~72K retail outlets, 250+ stores	~45,000 retail outlets, ~100 parlours
No. of mfg. units	2 (Owned) + 4 (Contract)	2	4	NA	2
Geography	Pan-India	Pan-India	Pan-India	Strong in West, expanding in South and North	Central India
Operating Model	Kirana Stores	Kirana Stores + Parlors	Kirana Stores	Kirana Stores + Parlors	Kirana Stores + Parlors

Source: Industry Reports, Company Websites, o3 Capital Analysis; Note 1: Vadilal's Pan-India presence is due to two family entities Vadilal Industries Limited and Vadilal Dairy International Limited operating in separate geographies

Competitive Landscape: Distribution & scale potential (2/2)



					
Distributor	~30K+ retailers	135 stores	~6K+ retailers, 20K+ locations	200+ parlors, 3.3K pushcarts	350 company operated delivery kitchens
No. of mfg. units	1	NA	NA	2	NA
Geography	South India	West / South	Karnataka, Kerala and Goa	Strong in West, expanding in North and East	Pan-India
Operating Model	Kirana Stores + Parlors	Parlors - Owned + Franchise	Kirana Stores	Kirana Stores + Parlors + Quick commerce	Kirana Stores

Source: Industry Reports, Company Websites, o3 Capital Analysis

Multiple PE funds have backed high-growth ice-cream players, validating the growth story

Industry has attracted significant institutional interest over the last 3 years

Recent transactions signal investor interest in the segment with investors looking for high growth companies

Quick commerce expansion, rising per capita consumption & an active M&A pipeline makes this an attractive industry



Institutional capital is enabling regional brands & newer D2C brands to scale and tap into the large TAM

Source: Industry Reports, Company Websites, o3 Capital Analysis

Indian dairy industry - Consolidation play with acquirers looking to expand geography, procurement access & distribution

Key Factors Driving Consolidation

Product Portfolio/Distribution

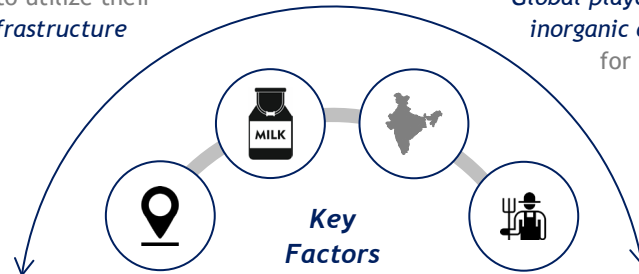
Large FMCG groups want to utilize their existing distribution infrastructure

India Market Entry

Global players are increasingly evaluating inorganic options to tap Indian market for high-growth segments

Expanding Outside Core Geography

Given regional nature of procurement, larger players to scout for acquisitions in complementary geographies



Farmer Relationships/Procurement

Connect with the farmer typically gets created over several years

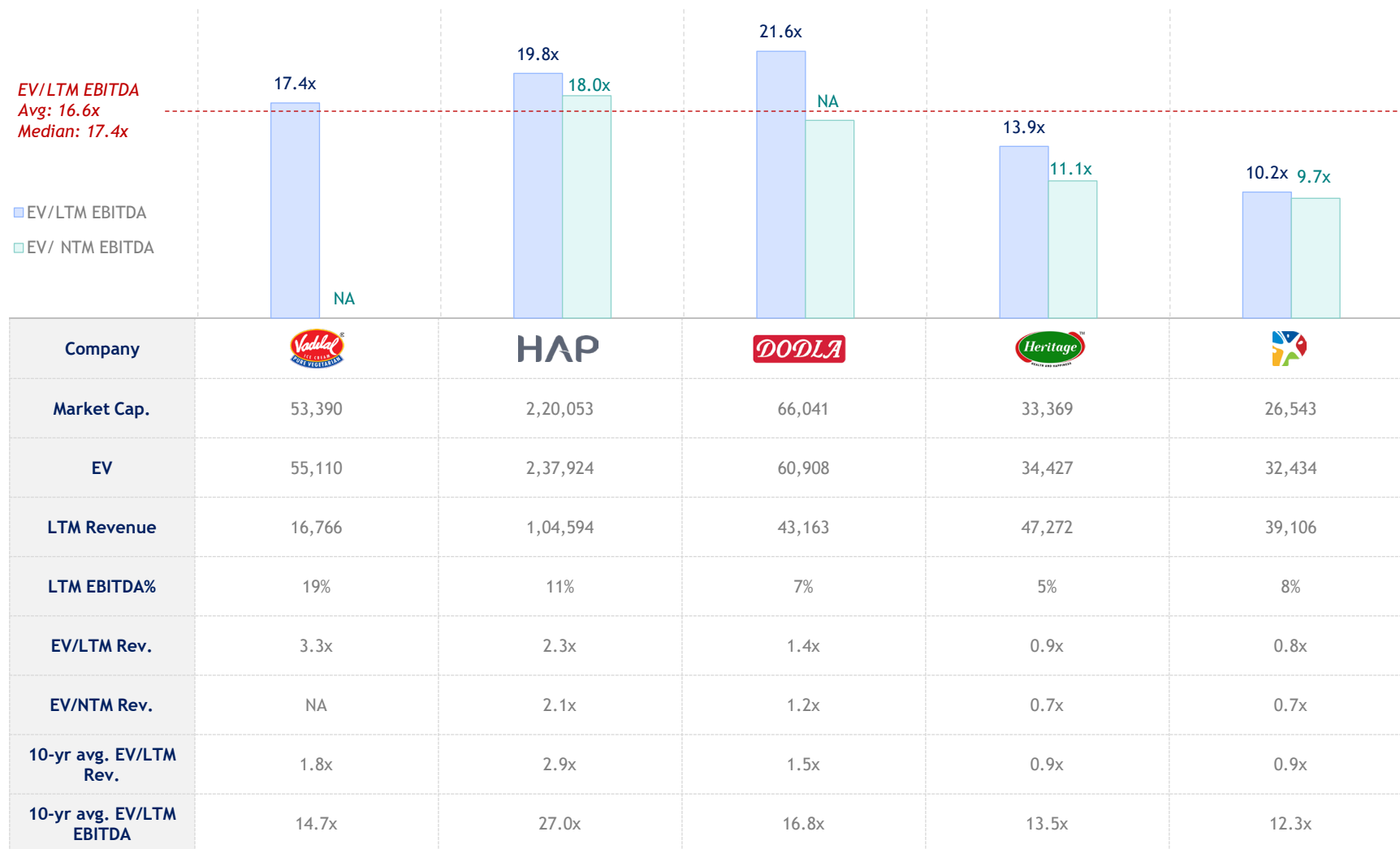
Strategic Acquisitions by International and Domestic Players



Early signs of consolidation witnessed in the Indian Dairy Industry, resulting in traction from private equity players backing high growth companies

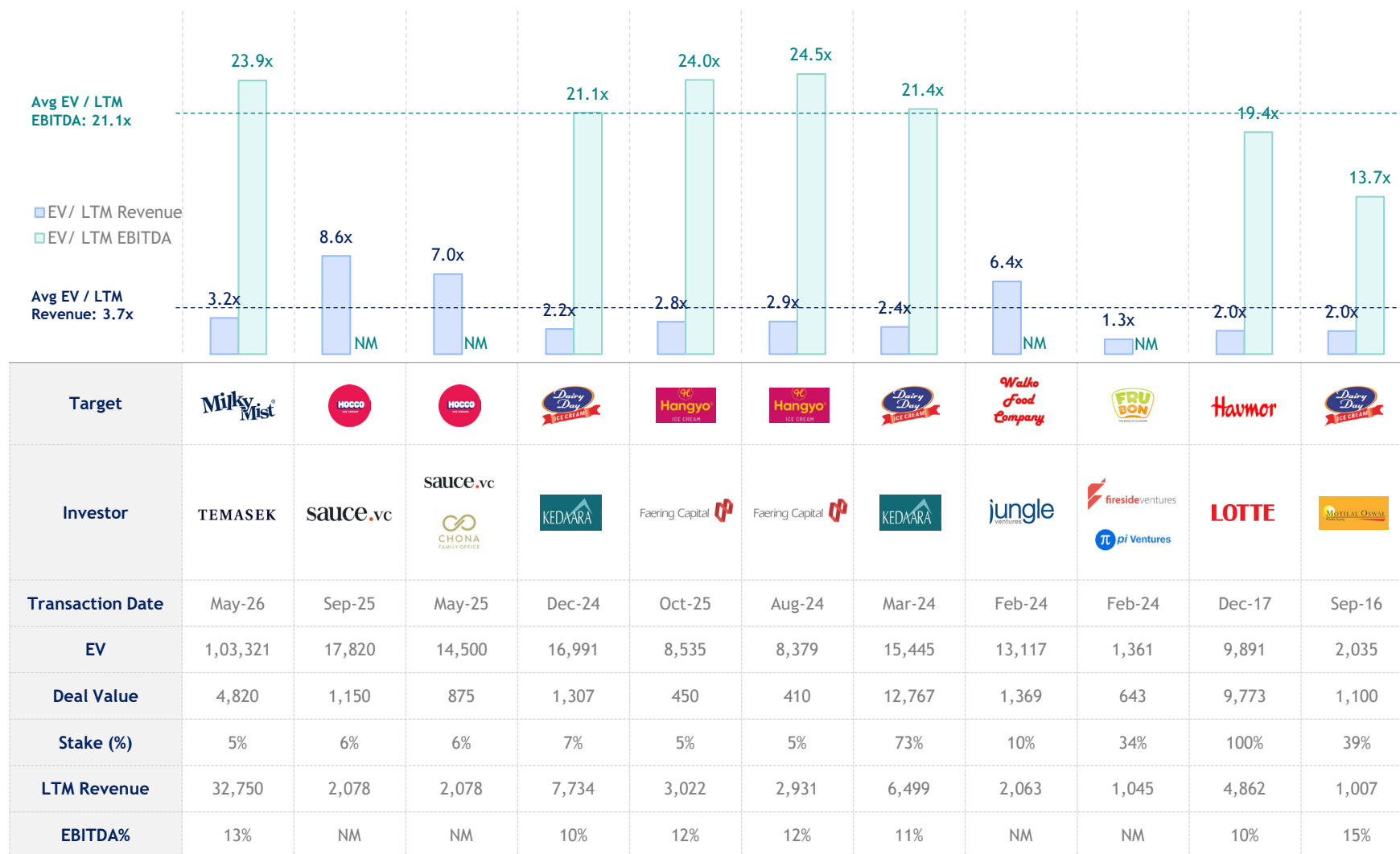
Source: Industry Reports, Company Websites, o3 Capital Analysis

Trading Multiples - Ice cream & Dairy players



Source: VCCEdge, Private Circle, CapitalIQ. Notes: 1. All figures in INR mn; 2. Market data as of 19th Aug'26

Precedent domestic transactions in the ice-cream industry



Source: VCCEdge, Private Circle. Notes: 1. All figures in INR mn; 2. "NM" = Not material (includes all deals with multiple <0 and >50)

o3 leadership in consumer practice with 50+ deals closed in the last 10 years

Food & Beverages			Education	Durables	Apparel & Retail	HPC	Digital
 VKC Nuts raised funds from AvH and Venturi Partners	 BIRA raised funds from Kirin Holding & MUFG	 Primavera's acquisition of Reckitt's Infant Nutrition business	 XSEED raised Series B funding from Verlinvest	 Shankara raised funds from Reliance	 Siguler Guff, o3 alts acquires stake in Baazar Kolkata	 WestBridge Capital makes significant investment in Enrich	 BSC raised funds from Malabar Capital & others
 Motilal Oswal Private Equity invests in Lahori	 Chai Point raised funds from Eight Roads Ventures	 Stake sale by Remgro in Distell to Heineken	 Resonance Promoter Group raises structured financing	 Wonderchef raised funds from Capvent	 Go Colors raised funds from Sequoia Capital India	 Premier was acquired by BILT	 Chillr raised funds from Sequoia Capital
 NSR acquired majority stake in Moshe's	 Stake sale by Goldman Sachs in Cremica to Motilal Oswal	 Remgro's acquisition of Unilever's spreads business	 Career Point raised funds from Darby	 Luker raises funds from Siguler Guff	 BIBA raised funds from Warburg Pincus and Faering Capital	 Enrich raised funds from JM Financial	 AgroStar raised funds from IDG Ventures and Aavishkaar
 Big Basket acquired Delyver	 Barbeque Nation raised funds from CX Partners	 Merger of Coca-Cola Sabco with SABMiller	 Euro Kids acquired Kangaroo Kids	 Ascent Meditech raised funds from Leapfrog Investments	 Gaurdian Nutrition raised funds from Mitsui Ventures	 Origami raised growth capital from BanyanTree	 Accel Partners & Helion Ventures invested in Crownit

Notes: 1. Deals closed in earlier roles

Color denotes o3 Capital's client

Super-specialists across different segments of consumer



Disclaimer & Contact Details

Disclaimer

The information contained in this Document is selective and is subject to updates, expansions, revisions and amendments. It does not purport to contain all the information that the recipients may require. o3 Capital Global Advisory Private Limited (“o3 Capital”) does not accept any obligation to provide recipients with access to any additional information or to correct any inaccuracies, which may become apparent. Neither o3 Capital, nor any affiliated bodies corporate, Directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information contained in the Document.

All such parties and entities expressly disclaim any and all liability whether arising out of any information contained in, or errors in or omissions from, this Document or the recipients’ use of this Document. Accordingly, recipients are advised to independently conduct their own evaluation and analysis of the information contained in the document and should also seek their own professional advice. Neither o3 Capital nor its Directors, employees, agents or representatives shall be liable for any damages whatsoever, whether direct or indirect, incidental, special or consequential, including lost revenue or lost profits that may arise from or in connection with the use of the information.

This Document is confidential and is meant for the use of only the persons to whom it is issued. This Document, or any part of it, may not be copied or distributed by the recipient to third parties (other than in confidence to the recipients’ professional advisors). Recipients of this document shall not be deemed to be clients of o3 Capital and accordingly, o3 Capital shall not be liable to provide such recipients with the protection afforded to its own clients or any advice in relation to any transaction or arrangement referred to herein.



Contact Us



To contact us, please reach out at consumer@o3capital.com