

Midwest



BLACK GRANITE

QUARTZ LUMPS

QUARTZ POWDER

Strong core | strategic diversification | superior profitability

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Improving efficiency & sustainability to generate a strong OCF



Strong core | strategic diversification | superior profitability

- ❖ Midwest Ltd. (MIDWESTL) is India's largest producer and exporter of premium Black Galaxy Granite. It holds over 60% of India's export market share and is a leading player in Absolute Black Granite. The company is vertically integrated across the granite supply chain, operating 20 mines, and has generated ~INR6.3b in revenue during FY25, with a CAGR exceeding 21% over the past five years. MIDWESTL boasts a best-in-class EBITDA margin of 27.4%, with a CAGR of more than 44% during the same period, outperforming its granite industry peers.
- ❖ MIDWESTL offers a unique combination of a near-monopoly cash cow (Black Galaxy/ Absolute) that funds two new high-growth, high-margin businesses (Quartz and HMS) with minimal balance-sheet strain. These expansions will diversify revenue reducing concentration risk from ~96-98% granite share in FY25 to ~50% by FY28E. Its overall revenue and EBITDA are likely to post a 36% and 47% CAGR (vs. ~12% CAGR each for Granite) over FY25-28E, respectively, supported by the Quartz and HMS. Adj PAT to see 56% CAGR growth over FY25-28E.
- ❖ MIDWESTL's net debt stood at INR2.2b, translating into a Net Debt/EBITDA of 1.3x as of FY25. The ratio is expected to dip to less than 1x due to the rising operating profit going forward. As quartz and HMS operations scale up by FY27-28, OCF is likely to exceed INR2b annually, turning FCF structurally positive. We initiate coverage on MIDWESTL with a BUY rating. We value the company at 13x FY28E EV/EBITDA to arrive at our TP of INR2,000.

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Cash-cow granite + high-conviction upside (Quartz + HMS) → Initiate coverage with a BUY

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Financials and valuations

BSE Sensex
85,409

S&P CNX
26,142


Bloomberg	MIDWESTL IN
Equity Shares (m)	36
M.Cap.(INRb)/(USDb)	58.8 / 0.7
52-Week Range (INR)	1638 / 1049
1, 6, 12 Rel. Per (%)	37/-/-
12M Avg Val (INR M)	507
Free float (%)	22.9

Financials & Valuations (INR b)

Y/E MARCH	2026E	2027E	2028E
Sales	8.8	11.8	15.8
EBITDA	2.5	3.8	5.4
Adj. PAT	1.7	2.5	3.7
EBITDA (%)	28.9	32.0	34.3
Adj. EPS (INR)	47.3	70.3	101.7
BV/Sh. (INR)	284	354	456

Ratios

Net D:E	0.0	(0.0)	(0.1)
RoE (%)	16.4	19.6	22.1
RoCE (%)	17.0	19.1	22.3
Payout (%)	-	-	-

Valuations

P/E (x)	34.4	23.1	16.0
P/BV (x)	5.7	4.6	3.6
EV/EBITDA(x)	23.3	15.5	10.5
Div. Yield (%)	-	-	-

Shareholding Pattern (%)

As of	Sep-25
Promoter	77.1
DII	12.5
FII	2.1
Others	8.3

FII includes depository receipts

CMP: INR1,625
TP: INR2,000 (+23%)
Buy

Strong core | strategic diversification | superior profitability

Leading player in the black granite market

- Midwest Ltd. (MIDWESTL) is India's largest producer and exporter of premium Black Galaxy Granite. It holds over 60% of India's export market share and is a leading player in Absolute Black Granite. The company is vertically integrated across the granite supply chain, operating 20 mines, and has generated ~INR6.3b in revenue during FY25, with a CAGR exceeding 21% over the past five years. MIDWESTL boasts a best-in-class EBITDA margin of 27.4%, with a CAGR of more than 44% during the same period, outperforming its granite industry peers. Management has a multi-pronged growth strategy focused on leveraging the company's leadership in Black Galaxy and Absolute Black granite while diversifying into high-growth sectors such as quartz grit and powder and beach-sand heavy minerals.
- The company's granite (core operations) volumes are projected to scale up to ~150,000 CBM by FY28 through new mine- and cluster-based expansions, ensuring steady and sustained earnings growth, with revenue and EBIT likely to clock a CAGR of ~12% each over FY25-28E. The primary opportunity lies in the quartz processing plants, which require a capex of ~INR1.3b in Phase II to reach a capacity of about 600 ktpa by FY27E vs. the current 300 ktpa. This expansion aligns seamlessly with domestic demand, which is poised to record a CAGR of ~25%. Additionally, the company is foraying into the mining (having obtained four mines in Sri Lanka) and processing of heavy mineral sands (HMS), primarily used as feedstock for Titanium Dioxide.
- MIDWESTL offers a unique combination of a near-monopoly cash cow (Black Galaxy/Absolute) that funds two new high-growth, high-margin businesses (Quartz and HMS) with minimal balance-sheet strain. These expansions will diversify revenue, reducing concentration risk from ~96-98% granite share in FY25 to ~50% by FY28E. Its overall revenue and EBITDA are likely to post a 36% and 47% CAGR (vs. ~12% CAGR for Granite) over FY25-28E, respectively, supported by the Quartz and HMS businesses. Given this, we expect the Adj PAT to see 56% CAGR growth over FY25-28E.
- MIDWESTL's net debt stood at INR2.2b, translating into a Net Debt/EBITDA of 1.3x as of FY25. The ratio is expected to dip to less than 1x due to the rising operating profit going forward. As quartz and HMS operations scale up by FY27-28, OCF is likely to exceed INR2b annually, turning FCF structurally positive. This will support deleveraging, expansion opportunities, and a clear rerating potential over the next 3-4 years. We initiate coverage on MIDWESTL with a BUY rating. We value the company at 13x FY28E EV/EBITDA to arrive at our TP of INR2,000.
- Key risks: 1) export concentration; 2) regulatory uncertainties; 3) delays in the ramp-up of quartz production; and 4) the dependence of granite demand on global real estate cycles.

Steady growth in granite, led by market demand and a stronger resource base

- MIDWESTL remains the dominant Black Galaxy granite player, commanding ~64% of India's granite export share in FY25. Its three operating mines produced ~66.5k CBM of Black Galaxy granite (overall granite ~105k CBM) in FY25, with two more mines (Black Galaxy/Absolute) under development to improve long-term availability.
- MIDWESTL has taken a cluster-based acquisition strategy by targeting mines near to existing assets. This will aid efficient extraction, optimal reserve replenishment, and first-mover advantage in high-quality deposits. With a strong reserve base and integrated operations, we believe it is well-positioned to benefit from rising export demand for black galaxy and domestic demand for absolute black granite.
- We expect granite revenue and EBIT to clock ~12% CAGR each over FY25-28E vs. 21% CAGR each in the past five years. This will be driven by a sustainable improvement in NSR and robust volume growth.

MIDWESTL is scaling two new high-value verticals beyond its core granite operation: 1) high-purity quartz grits & powder and heavy mineral beach sand mining/processing.

The deleveraging initiative and robust cash flow will keep MIDWESTL well-capitalized for future potential inorganic expansion in the domestic emerging critical minerals space.

We initiate coverage on MIDWESTL with a BUY rating and a TP of INR2,000, valuing the company at 13x on FY28E EV/EBITDA.

Diversification into quartz and beach sands the next growth engine

- MIDWESTL is scaling two new high-value verticals beyond its core granite operation: 1) high-purity quartz grits & powder and heavy mineral beach sand mining/processing.
- **Quartz:** Backed by 2.1mt of proven reserves, the company has commissioned a 303ktpa phase-I quartz plant in Vizag SEZ, operational from Sep'25. The phase-II capacity will be doubled to 606ktpa with an outlay of INR1.3b. This expansion is expected to be funded through internal accruals and IPO proceeds. The quartz business will target import-substitute, high-purity (+99.99%) quartz grits and powder with applications across semiconductors, solar PV, and optical fiber.
- **Beach sand:** MIDWESTL holds four mining leases in Sri Lanka for ilmenite, rutile, zircon, garnet, and sillimanite, aimed at producing titanium-rich intermediates such as titanium slag. Exploration is complete and approved by Sri Lanka GSMB, while operations are likely to start by the end of FY27, pending environmental clearances.
- Together, these new businesses will reduce Granite's revenue share to ~50% by FY28E from ~96% in FY25. Granite is likely to clock a 12% CAGR, but the overall revenue is projected to expand at a 36% CAGR, driven by quartz and beach sand. This diversification will reduce the concentration risk (w.r.t. business/customers) and position the company as India's emerging critical minerals supply chain player.

Improving efficiency and sustainability to generate a strong OCF

- Operational efficiency enhancements like yield improvement, power and fuel optimization, and tightly managed inventories have significantly strengthened financials. Operating cash flow improved significantly, whereas the leverage positions remained modest at 0.43x D/E by FY25. This enables the company to fund its announced INR2-2.5b capex (Quartz Phase-II + mining equipment) entirely through internal accruals and IPO proceeds.
- The phase-I quartz plant is expected to reach full utilization by FY28. This, coupled with the new entry of HMS business, will exceed annual OCF by INR2b in FY28E, translating into positive FCF going forward. The deleveraging initiative and robust cash flow will keep MIDWESTL well-capitalized for future potential inorganic expansion in the domestic emerging critical minerals space.

Cash-cow granite + high-conviction upside (Quartz + HMS) → Initiate with BUY

- MIDWESTL is evolving from India's leading Black Galaxy Granite producer into a diversified critical and advanced materials platform. With a dominant ~64% market share in black galaxy granite exports, strong reserve visibility, and integrated operations, it remains well-positioned for steady growth in its core business.
- A strategic pivot into high-purity quartz and heavy beach-sand minerals is set to materially shift the revenue mix from ~96% granite in FY25 to ~50% by FY28E, driving a 36% revenue CAGR vs. 12% for granite alone. Given this, we expect the EBITDA and Adj PAT to see 47% and 56% CAGR growth over FY25-28E
- Improved yields, cost optimization, and working-capital discipline have sharply strengthened cash flows, while keeping leverage low. As quartz and HMS operations scale up by FY27-28E, the OCF is expected to exceed INR2b annually, turning FCF structurally positive and supporting deleveraging and expansion.
- **MIDWESTL offers steady granite cash flows, two high-growth structural businesses, improving capital efficiency, and a clear FCF inflection point. It is a compelling play on India's expanding footprint in advanced materials and critical minerals. We initiate coverage on MIDWESTL with a BUY rating and a TP of INR2,000, valuing the company at 13x on FY28E EV/EBITDA.**

STORY IN CHARTS

Investment arguments



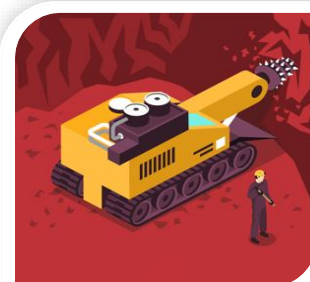
Steady granite business growth (~12% CAGR over FY25-28E)



Scaling two new high-value verticals beyond its core granite business

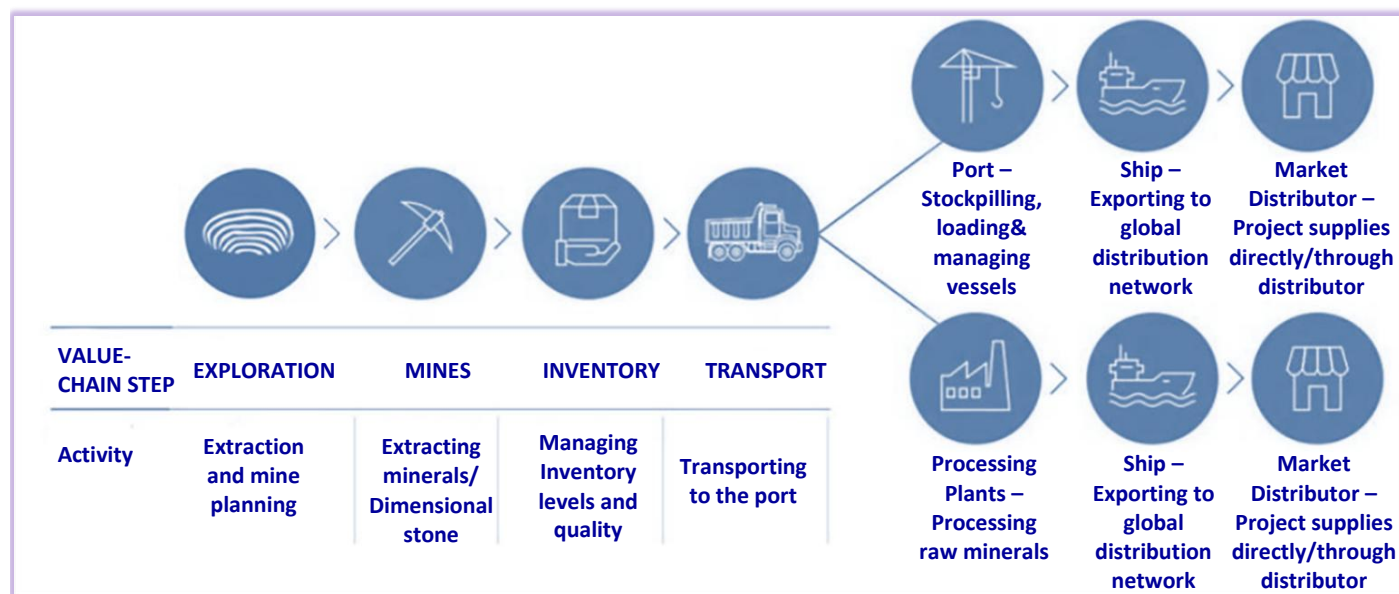


Improving efficiency and sustainability to result in strong OCF and support future capex

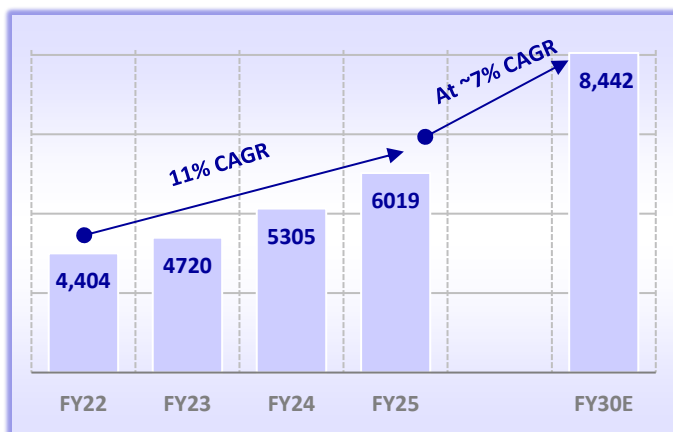


Expects 36% revenue CAGR, 47% EBITDA CAGR and 56% Adj. PAT over FY25-28

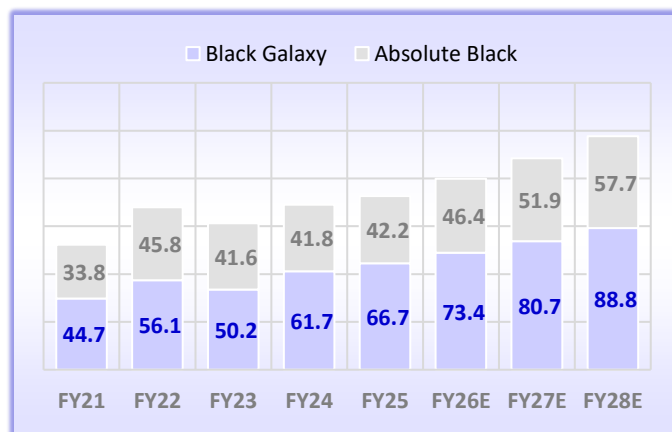
Presence across the 'dimensional stone granite' value chain from mining to distribution capabilities



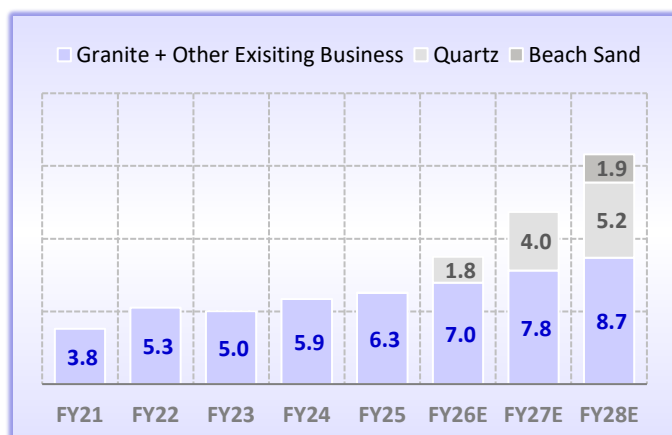
Domestic demand for granite ('000s CBM) is expected to record a 7% CAGR over FY25-30



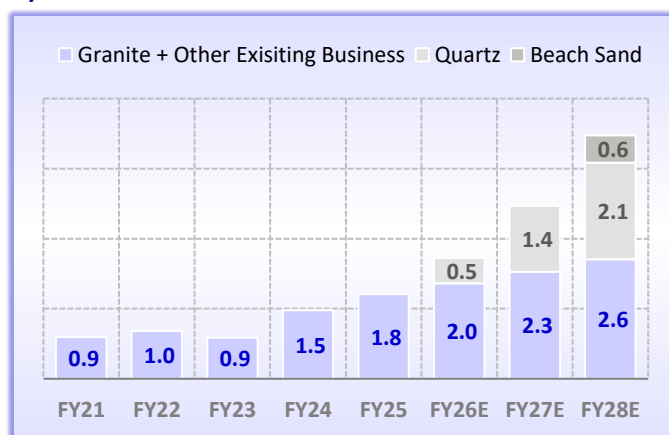
MIDWESTL volume ('000s CBM) to post a 10% CAGR over FY25-28E



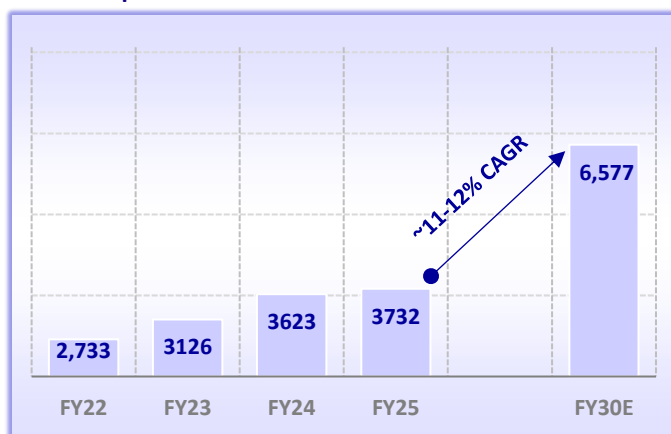
Revenue mix (INR b): Incremental growth to be led by new businesses



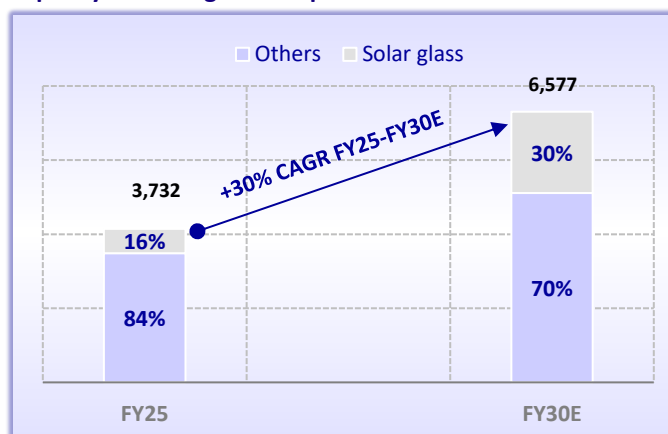
EBITDA mix (INR b): EBITDA of over 50% to be contributed by the new businesses



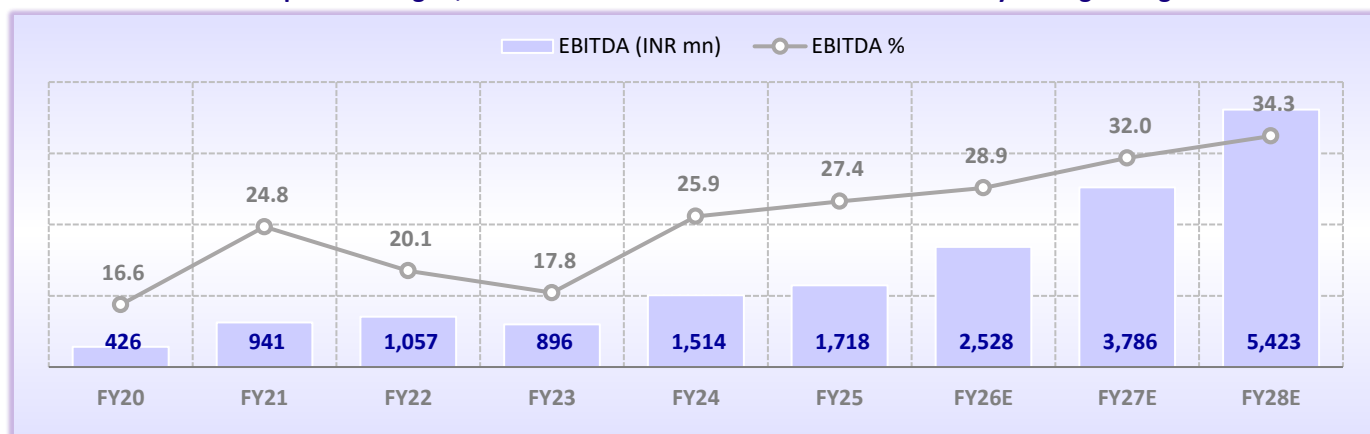
Domestic quartz demand (kt) clocked a 3Y CAGR of 11%; the trend is expected to continue...



...primarily fueled by an expanding domestic solar glass capacity and rising consumption



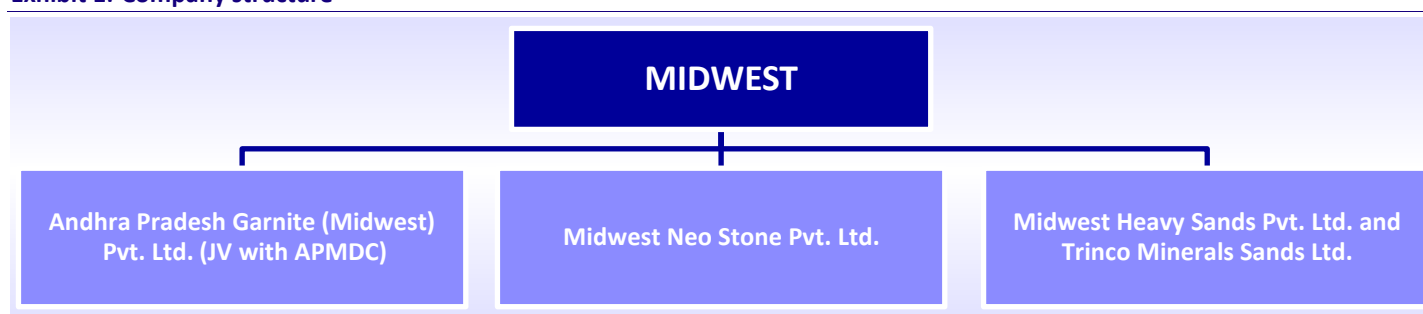
Cost control measures improved margins, which shall remain stable and would be aided by the high-margin new businesses



MIDWESTL: Business in a nutshell

MIDWESTL was incorporated in Dec'81 in Hyderabad, India, as Midwest Granite Pvt Ltd. It is a leading integrated natural stone mining and processing company, specializing in the exploration, mining, processing, distribution, and logistics of granite (e.g., Black Galaxy, Absolute Black, and Tan Brown) and quartz (e.g., Laza Grey marbles and Celestia quartzite). MIDWESTL's mines produce more than 100k CBM of granite per annum, and the company has built a strong presence over the past four decades in the mining and processing of the granite business. Recently, the company has ventured into the quartz processing business and plans to foray into mining and processing (rare earth elements, including titanium) of heavy mineral sands.

Exhibit 1: Company structure



Source: Company, MOFSL

Andhra Pradesh Granite (Midwest) Pvt. Ltd.: A joint venture between Midwest Ltd and Andhra Pradesh Mineral Development Corp (a state government enterprise). The company was formed in Jun'07, focusing on mining and the distribution of black galaxy granite, serving both global distributors and domestic clients.

Midwest Neo Stone Pvt. Ltd.: Incorporated in Jan'17 as a distribution of the black galaxy granite quartz processing unit located in the SEZ in Ongole, Andhra Pradesh. MIDWESTL already excels in mining, and this venture represents the next stage of vertical integration with processing plants. These business operations complete the industrial chain from mining to market, meeting the demand for engineered stone, glass, solar, and semiconductor industries.

Midwest Heavy Sands Pvt. Ltd and Trinco Mineral Sands Ltd.: It is a strategic expansion in Sri Lanka, venturing into heavy mineral sand mining and processing. The company has already obtained mineral exploration licenses for heavy mineral sand from the government of Sri Lanka and completed exploration activities. The company is in the process of obtaining mining licenses and various operational permits to start the mining activities and establish the processing plant.

The company utilizes third-party logistics to cater to the operation exclusively to transport granite blocks/slabs to the relevant ports (commonly Chennai, Krishnapatnam, and Kakinada).

The company also operates a stockyard at the Krishnapatnam port in Andhra Pradesh, which allows it to maintain required levels of inventory and ship the products efficiently.

Key operational highlights:

- **Market position:** India's largest producer and exporter of black galaxy granite (exported ~44,992cbm; ~64% of India's black galaxy granite export in FY25). Further, it is the largest producer of absolute black granite (~15.7% of the overall black granite produced during FY25 in India).
- **Mining assets:** 20 mining lease licenses (16 granite mines, 1 marble mine, and 3 quartz mines) across Andhra Pradesh, Telangana, Karnataka, and Tamil Nadu. Notable sites include three Black Galaxy Granite mines in Chimakurthy, AP.
- **Processing facilities:** Two granite processing units in Andhra Pradesh and Telangana; one quartz crushing/processing unit in Andhra Pradesh SEZ (Phase I operational from September 30, 2025, via subsidiary Midwest Neostone Private Limited; Phase II for expansion to 606,600 metric tonnes per annum capacity).
- **Reserves:** MIDWESTL has a proven granite reserve of 71m CBM, with 38m CBM under operation and the rest under development as of Jun'25. Reserves of the operational Quartz mine stood at 2.1mt (with 1.6mt under development).
- **Exports and sustainability:** Exports to 17 countries (e.g., China >70%, Italy, US). Emphasizes sustainability with solar integration, electric vehicles, waste utilization, and R&D (e.g., eco-friendly tools via SAP ERP).

Exhibit 1: Presence across the 'dimensional stone granite' value chain from mining to distribution capabilities

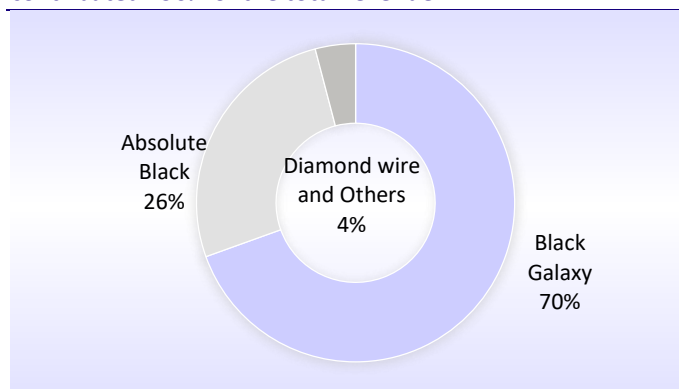


Source: Company, MOFSL

MIDWESTL operates in two segments:

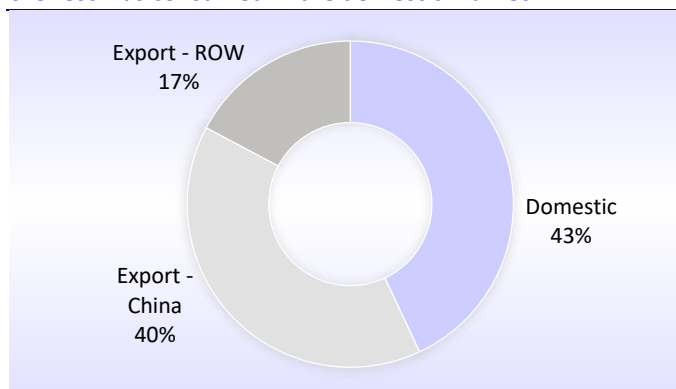
- **Natural Stone** (dimension stone, granite, and high-grade quartz)
- **Diamond wire and others** (manufacturing diamond wires for granite cutting and scrap sales).

Exhibit 2: Combined revenue from Black Galaxy/Absolute contributed ~96% of the total revenue...



Source: Company, MOFSL

Exhibit 3: ...of which exports accounted for ~60% share, and the rest was consumed in the domestic market



Source: Company, MOFSL

MIDWESTL's primary customers are natural stone distributors and processors in India and abroad. The company has a long-standing relationship with its customers and has entered into long-term contracts with 276 such customers.

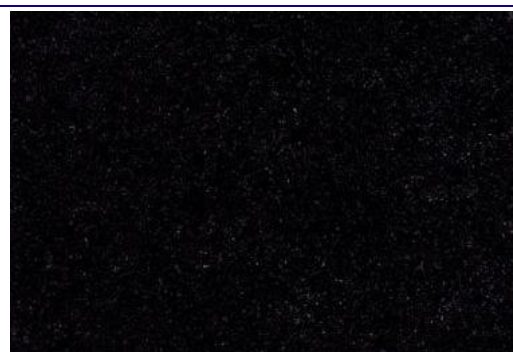
Natural stone segment

In the natural stone segment, MIDWESTL's core/existing business is the extraction and processing of dimensional granite (cut to specified sizes and shapes), primarily focused on two flagship varieties: Black Galaxy and Absolute Black.

Exhibit 4: MIDWESTL – key granite product line



Black Galaxy Granite



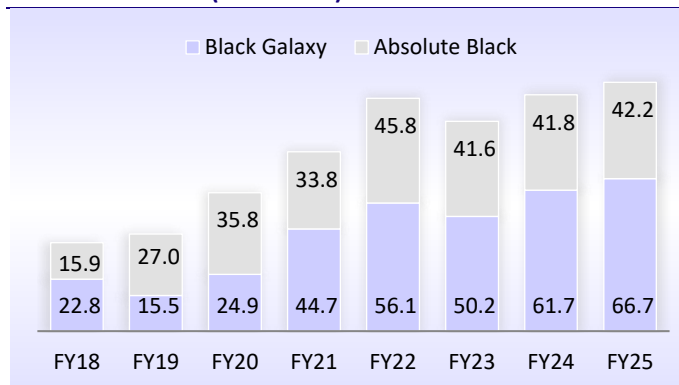
Absolute Black Granite

Source: Company

- **Black Galaxy Granite** is a premium stone used in high-value real estate projects (incl. luxury hotels, condominiums, and apartments) for applications over surfaces such as countertops, floors, vanities, steps & stairs, facades, and decor.
- This stone is particularly found in Prakasam, Andhra Pradesh ([Link](#)), and is the only known deposit globally and promoted under the government scheme "ODOP" (ONE DISTRICT ONE PRODUCT).
- **Absolute Black Granite** is known for its deep black color and uniform texture and is prized for its elegance and versatility. The hardness, durability, resistance to weathering, visual appeal, and low maintenance are some of its positive attributes.

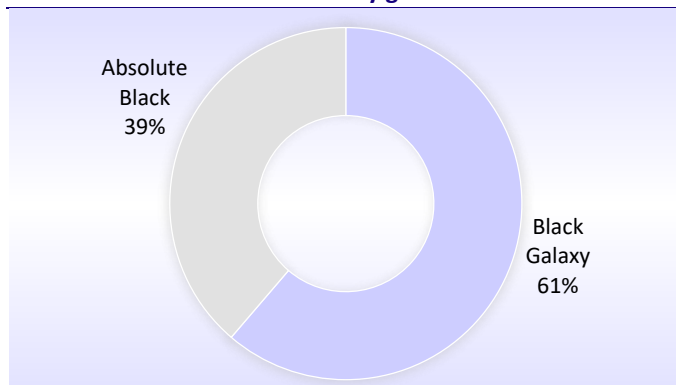
- It is used for sculptures, idols, pillars, lintels, and plinths in temples and monuments, and in modern architecture for countertops, flooring, cladding, vanities, and facades.

Exhibit 5: Granite ('000s CBM) - 5Y volume CAGR at 12%...



Source: Company, MOFSL

Exhibit 6: ...of which Black Galaxy granite's share was +60%



Source: Company, MOFSL

Operational presence

- Currently, the company operates 20 mines across six locations in Telangana and Andhra Pradesh, producing granite varieties such as Black Galaxy, Absolute Black, and Tan Brown, along with two granite processing facilities in each of Telangana and Andhra Pradesh. MIDWESTL holds total proved reserves of ~96.2m CBM and blockable reserves of ~21.36m CBM across Galaxy Granite, Black Granite, Color Granite, Marble, and Quartzite deposits.
- Galaxy Granite (Black) is the dominant category with ~49.5m CBM of proven reserves, followed by significant Black Granite reserves (~21.9m CBM) spread across multiple smaller mines. Color granite contributes ~16.7m CBM, while Marble and Quartzite add smaller but steady deposits.
- Total average monthly production stands at ~48,900CBM/month, where the production capacities vary from 400-6,000CBM/month depending on the mine, with mine lifespan ranging widely from six years at Ilkal to over 86 years at APJV – indicating a long-resource runway and a diversified reserve portfolio across geographies.

Exhibit 7: Rich natural resource reserves with long-term mine life

Exhibit 7: Rich natural resource reserves with long term mine life							
S.No	Product	Mine location	Proved reserves (CBM)	Blockable Reserves (CBM)	Recovery (%)	Avg. monthly production (CBM)	Mine life (Years)
1	Black Galaxy	Chimakurthy - Main Pit	9.69	2.28	23%	5,000	38
		Chimakurthy - APJV	27.96	6.19	22%	6,000	86
		Chimakurthy - Block-4	11.81	1.77	15%	5,000	28
	Subtotal		49.46	10.24	21%	16,000	63
2	Absolute Black	Arpanapalli & Teegalaveni	7.17	1.38	19%	4,000	28
		Yerraballigudem	1.28	0.23	18%	500	38
		Gurthur	1.43	0.26	18%	800	26
		Makkapeta	1.77	0.32	18%	400	65
		Ramakuppam	0.95	0.20	21%	700	22
		Kukatlapalle	3.89	0.82	21%	2,500	26
		Kodad	5.41	1.25	23%	4,000	25
	Subtotal		21.89	4.46	20%	12,900	30
3	Colour Granite	Vilasagar	14.89	3.87	26%	5,000	63
		Ilkal	1.77	0.46	26%	5,000	6
	Subtotal		16.66	4.33	26%	10,000	57
4	Marble	Kadapa	3.99	1.04	26%	5,000	16
5	Quartzite	Hanumanthunipadu	4.24	1.29	31%	5,000	20
	Total		96.24	21.36	22%	48,900	50

Source: Company

Exhibit 8: Mines under development

Product	Units	Proved reserves	Operational mines	Mines under development
Black Galaxy Granite	Mn CBM	49.46	29.74	19.72
Absolute Black Granite	Mn CBM	21.89	8.55	13.35
Colour Granite (Tan Brown)	Mn CBM	16.66	3.76	12.90
Quartz	MT	3.70	2.10	1.60
Heavy Mineral Sands	MT	2.81	-	2.81

Source: Company

Stages of mining operations
Exploration

- The exploration stage involves identifying and evaluating potential mineral deposits by selecting promising regions based on geological data, choosing specific land parcels for detailed exploration, and assessing existing mines for possible expansion. Methods include geophysical logging, drilling core boreholes, and analyzing core samples to determine the quality and quantity of minerals.

Construction and development

After identifying, evaluating, and proving the existence of mineral deposits in a particular land area, the company reviews the quality and quantity of the available mineral deposit and evaluates the viability of winning the mineral. Subsequently, the company prepares and submits a prospecting/exploration report and applies to the relevant statutory authority in the state seeking a grant of a mining lease and mining approvals for conducting mining operations.

- **Applying for a mining lease:** The company submits a detailed mining plan to the Directorate of Mines and Geology (DMG) for approval.
- **Obtain environmental approvals:** After the approval of the mining plan, the company applies for environmental clearance from the State or Central Environmental Impact Assessment Authority by submitting an Environmental Impact Assessment (EIA) Report and Environment Management Plan (EMP).

- **Obtain consents:** Secure consents under the Water (Prevention and Control of Pollution) Act, 1974, and the Air (Prevention and Control of Pollution) Act, 1981.
- **Sanction mining lease:** Once approved, obtain the first-stage mining lease (ML-I) from DMG, followed by signing the lease deed for the second-stage mining lease (ML-II).
- **Issue notice of opening:** Notify the respective authorities (Directorate General of Mines Safety, Petroleum and Explosives Safety Organization) and obtain necessary approvals to open the mine.

Exploitation

- After receiving all the regulatory approvals, the labor force, machinery, equipment, and basic infrastructure are developed, and mining operations commence.

Exhibit 9: After receiving all the regulatory approvals, the company commences mining operations



Source: Company

Exhibit 10: The mining company has rehabilitated the dumps and developed a greenbelt



Source: Company

Reclamation

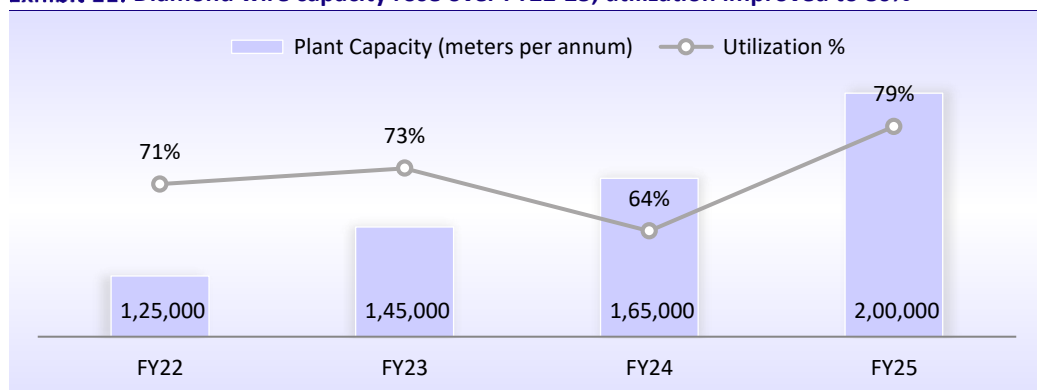
The company's reclamation strategy is embedded within the mining plan of each mine lease, which is approved by the relevant state government body.

- **Eco-friendly overburden management:** The accumulated waste generated during the lifetime of the mine is stored at the designated dump site. The company needs to ensure environmentally responsible disposal by using designated waste dump yards, prepared to prevent ecological disturbances.
- **Post-excavation rehabilitation:** After mining, the company has to rehabilitate the dump lands by terracing, which controls erosion and promotes revegetation. These terraces are covered with nutrient-rich topsoil preserved from the mining site to encourage plant growth.
- **Greenbelt development:** The company establishes a greenbelt on these terraces, planting native, low-maintenance species that enhance biodiversity and stabilize the soil. These green areas serve as dust barriers, improving air quality and contributing to the ecosystem's health.
- **Maintenance and monitoring:** Ensures the vitality of these greenbelts, with regular checks for plant health and soil stability, underscoring commitment to environmental stewardship and sustainable practices.

Diamond wire segment

The operation includes the design, development, manufacture, and sale of diamond wires, which are used to cut hard materials such as concrete, stone, and certain metals. Given that diamond wire is a key component for mining operations in the natural stone segment, having an in-house facility to produce diamond wire allows the company to tailor and specifically design its products for operational requirements. Currently, the company has one manufacturing facility in Hyderabad, Telangana.

Exhibit 11: Diamond wire capacity rose over FY22-25; utilization improved to 80%



Source: Company, MOFSL

Types of diamond wire produced in the facility:

- **Quarry wire:** This type is used in Dimensional Stone quarries as a cutting tool in a wire saw machine.
- **Stationary wire:** This type of wire is used in further processing of stone extracted from a mine, where one or two wires work together on a machine to cut and shape the extracted stones.
- **Multi-wire:** This type is used in processing plants as a cutting tool after blocks have undergone dressing. These wires are arrayed in a large gang and are used to produce thin slabs of Granite, quartzite, and other hard stones.

Exhibit 12: Process employed for manufacturing diamond wires



Source: Company

INVESTMENT RATIONALE

Steady growth in granite, led by market demand and a stronger resource base

Black Galaxy Granite remains one of the most premium and globally recognized natural stone varieties, with Indian producers dominating supply. The company enjoys a strong competitive position in this niche, holding an estimated 64% share of India's Black Galaxy Granite export market in FY25. Its three operating Black Galaxy mines produced ~66.5k CBM (overall granite ~105k CBM) in FY25, and two additional mines (Black Galaxy/Absolute) are under development will further strengthen resource availability.

Domestic market penetration remains an emerging opportunity. Although the Black Galaxy commands significantly higher premiums in international markets, the company is leveraging absolute black granite as a cost-effective substitute for domestic customers.

Exhibit 13: Granite volume trend/mix

Particulars (in CBM)	FY23	FY24	FY25
Granite Blocks - Produced			
Black Galaxy Granite	51,672	57,519	66,548
Absolute Black Granite	42,820	40,105	38,120
Overall Granite Production	94,492	97,624	104,668
Granite Blocks - Sold			
Black Galaxy Granite	50,245	61,690	66,726
Absolute Black Granite	41,630	41,804	42,166
Overall Granite Sold	91,875	103,494	108,892

Source: Company, MOFSL

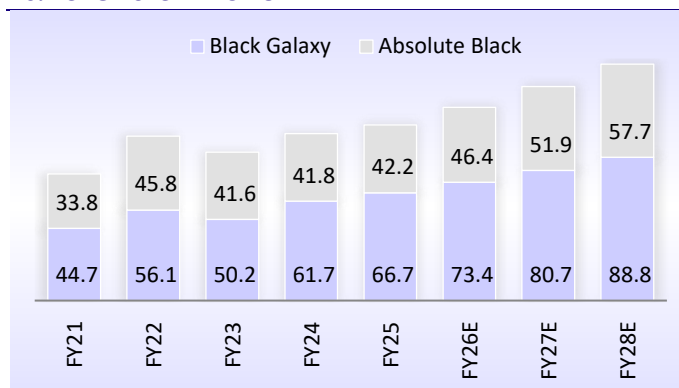
To sustain long-term growth and ensure continuous resource availability, the company plans to pursue strategic acquisitions of mines located adjacent to its existing assets. This cluster-based expansion model allows efficient utilization of the current extraction and processing infrastructure. Maintaining an optimal reserve replenishment ratio is a key priority, and early-stage exploration and reserve estimation serve as competitive advantages in securing high-quality deposits ahead of peers.

Exhibit 14: Rich natural resource reserve with long-term mine life

S.No	Product	Mine Location	Proved Reserves (CBM)	Blockable Reserves (CBM)	Recovery (%)	Avg. Monthly Production (CBM)	Mine Life (Years)
1	Black Galaxy	Chimakurthy - Main Pit	9.69	2.28	23%	5,000	38
		Chimakurthy - APJV	27.96	6.19	22%	6,000	86
		Chimakurthy - Block-4	11.81	1.77	15%	5,000	28
		Subtotal	49.46	10.24	21%	16,000	63
2	Absolute Black	Arpanapalli & Teegalaveni	7.17	1.38	19%	4,000	28
		Yerraballigudem	1.28	0.23	18%	500	38
		Gurthur	1.43	0.26	18%	800	26
		Makkapeta	1.77	0.32	18%	400	65
		Ramakuppam	0.95	0.20	21%	700	22
		Kukatlapalle	3.89	0.82	21%	2,500	26
		Kodad	5.41	1.25	23%	4,000	25
		Subtotal	21.89	4.46	20%	12,900	30
3	Colour Granite	Vilasagar	14.89	3.87	26%	5,000	63
		Ilkal	1.77	0.46	26%	5,000	6
		Subtotal	16.66	4.33	26%	10,000	57
4	Marble	Kadapa	3.99	1.04	26%	5,000	16
5	Quartzite	Hanumanthunipadu	4.24	1.29	31%	5,000	20
	Total		96.24	21.36	22%	48,900	50

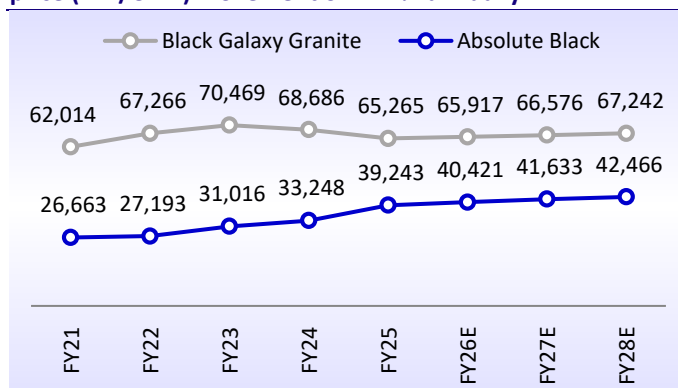
Source: Company, MOFSL

Exhibit 15: Sales volume ('000s CBM) is expected to clock a 10% CAGR over FY25-28



Source: Company, MOFSL

Exhibit 16: Demand-led production to drive sustainable avg. price (INR/CBM) movement of ~1-2% annually

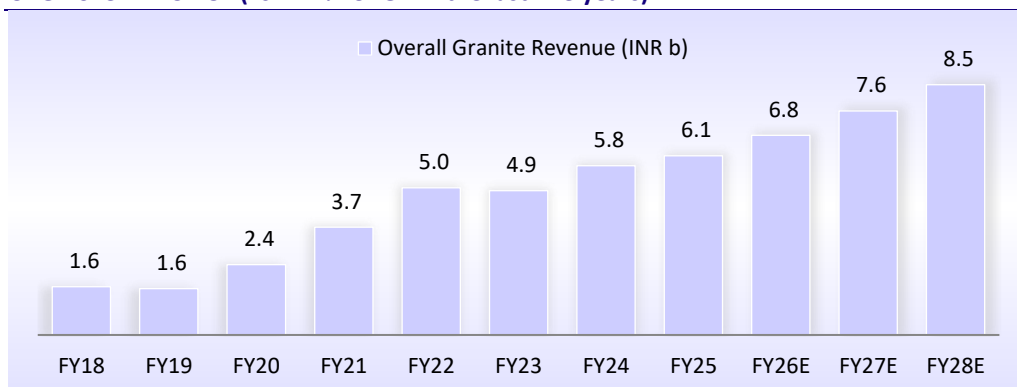


Source: Company, MOFSL

With its established reserve base, integrated operations, and longstanding industry presence, the company is well-positioned to capitalize on rising demand for both Black Galaxy Granite in export markets and Absolute Black Granite in domestic applications. Given this, we expect revenue from granite operations to post a ~12% CAGR over FY25-28E (vs. ~21% CAGR in the last five years), fueled by sustainable NSR improvement with robust volume growth.

The natural and engineered stone industry covers the extraction, processing, and distribution of both natural stones like granite, marble, and limestone, and man-made materials such as engineered quartz.

Exhibit 17: Steady NSR improvement and volume growth to drive 12% granite revenue CAGR over FY25-28E (vs. ~21% CAGR in the last five years)



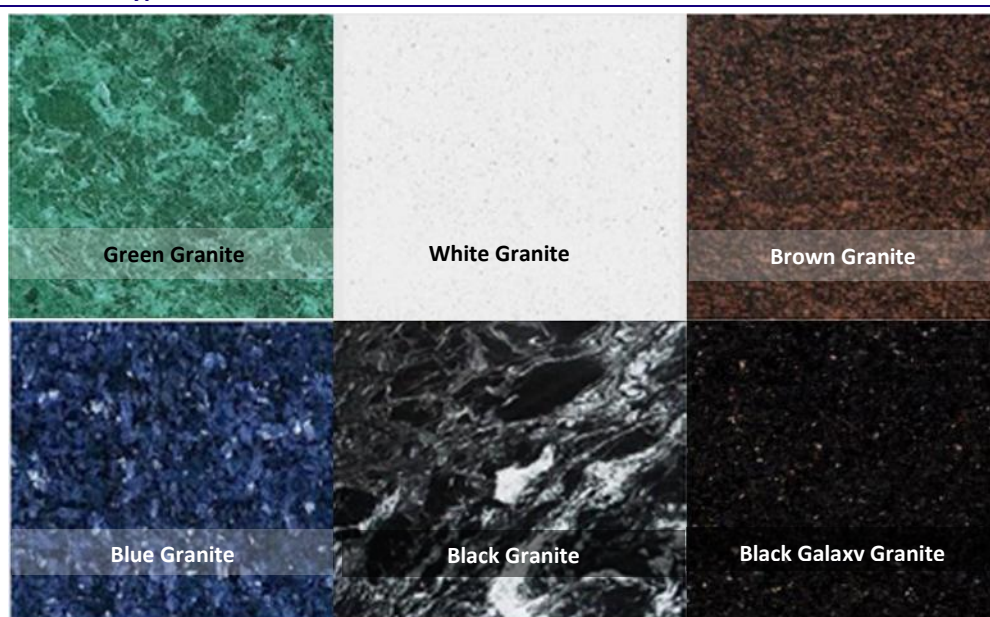
Source: Company, MOFSL

The certifications, such as LEED, are gaining traction as global consumers prioritize certified materials for green construction.

Natural stone: Industry overview and characteristics

- **Capital-intensive and requires huge investments:** The granite industry is highly capital-intensive, characterized by long gestation periods and significant entry barriers. Further, mechanized mining requires the acquisition and deployment of highly customized and expensive machinery and technical/skilled personnel with competence in geology & engineering. These requirements of the granite mining industry in India offer established players a competitive advantage over new players.
- **Dependence on price negotiations:** Unlike commodities such as coal, crude oil, or iron ore, dimensional stone granite does not have an industry-wide or recognized benchmark index, and pricing is determined through direct negotiations between buyers and sellers. Natural stones are prized for their unique patterns, durability, and enduring aesthetic, making them a preferred choice for countertops, flooring, and architectural applications.

Exhibit 18: Types of Granite



Source: Company

Exhibit 19: Value chain of granite – from extraction to final utilization

Stage	1. Extraction	2. Processing	3. Distribution	4. Usage
Key Activities	<ul style="list-style-type: none"> ❖ Granite blocks are extracted from quarries using various techniques such as drilling, blasting, and cutting 	<ul style="list-style-type: none"> ❖ Extracted granite blocks are transported to processing facilities where they are cut, polished, and finished into slabs or tiles of different sizes and finishes ❖ Advanced machinery and techniques are used for precision cutting and shaping 	<ul style="list-style-type: none"> ❖ Processed granite products are distributed through various channels, including wholesalers, distributors, and retailers, catering to domestic and international markets 	<ul style="list-style-type: none"> ❖ Granite finds extensive use in construction, monuments, landscaping, interior design, and industrial applications
Highlights – MIDWESTL initiatives	<ul style="list-style-type: none"> ❖ 20 owned mining leases (16 granite + 3 quartz + 1 marble) ❖ Extensive use of diamond wire-saw & mechanized excavators, which improves block recovery ❖ In-house manufactured diamond wires reduce cost and are backward integrated ❖ Solar power + electric vehicles at quarries to reduce cost 	<ul style="list-style-type: none"> ❖ Two large modern processing plants (Andhra Pradesh & Telangana) with automated polishing lines and resin lines ❖ Capacity utilization 78.8% in FY25 ❖ Zero liquid discharge & rainwater harvesting systems ❖ ERP-integrated quality control for premium slab yield 	<ul style="list-style-type: none"> ❖ Direct exports to 17 countries (China >50%, Italy, USA, UAE) ❖ 64% share of India's Black Galaxy exports ❖ Long-term contracts with top-10 customers ❖ "Three-Star Export House" status – received in 2024 	<ul style="list-style-type: none"> ❖ Focus on premium Black Galaxy & Absolute Black for countertops, cladding, and monuments

Source: Company

Top producing countries: The top five granite-producing countries are China, Brazil, India, Saudi Arabia, and Italy. India possesses one of the best granite deposits in the world, having excellent varieties comprising over 200 shades. India accounts for over 20% of the world's granite resources. It has significant production across states such as Rajasthan, Telangana, Andhra Pradesh, etc.

Top consuming countries: On the consumption side, the top granite-consuming countries are largely in the Middle East, Asian countries (China, India, Thailand, Indonesia, and Malaysia), the EU, Australia, and the UK, which remain major importers and consumers. China leads the Asia-Pacific region, followed by India and Indonesia.

India's granite industry: Steady growth with export-led opportunity

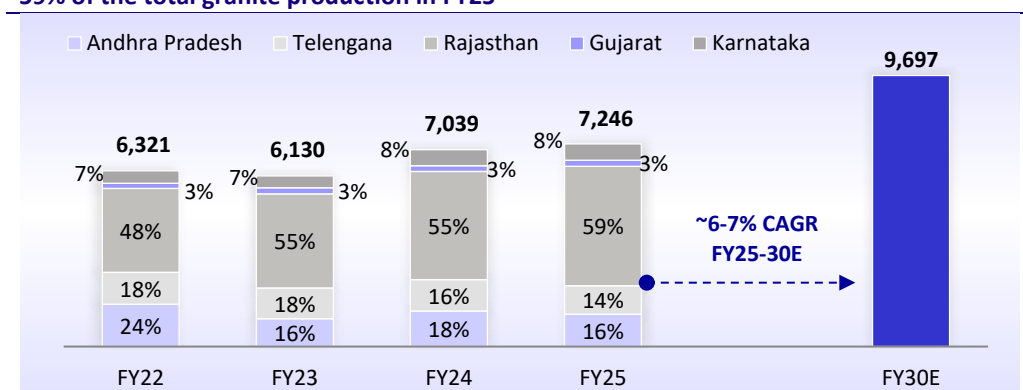
In India, the granite industry significantly impacts the economies of states such as Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, and Rajasthan. While granite is considered costly for decorative purposes domestically, its export potential surpasses its utilization and trade within the country. According to IBM, the total granite resources in India stood at an estimated ~46.3b CBM as of Apr'15. In terms of classification by grade, ~7% of total resources consist of black granite, while 92% consist of colored granite, and about 1% remain unclassified.

Granite production increased to 7.3k CBM in FY25 from 6.3k CBM in FY22, clocking a CAGR of 4.7%, driven by domestic demand for granite from the building and construction industry. Granite production is projected to hit ~9.7k CBM in FY30, registering ~6-7% CAGR over FY25-30.

MIDWESTL's black granite production accounted for 15.7% of the overall black granite production in India during FY25.

Rajasthan is the largest producer of granite in India, accounting for ~59% of the total granite produced in FY25. Other significant granite-producing states are Andhra Pradesh and Telangana, which accounted for 16% and 14% in FY25, respectively.

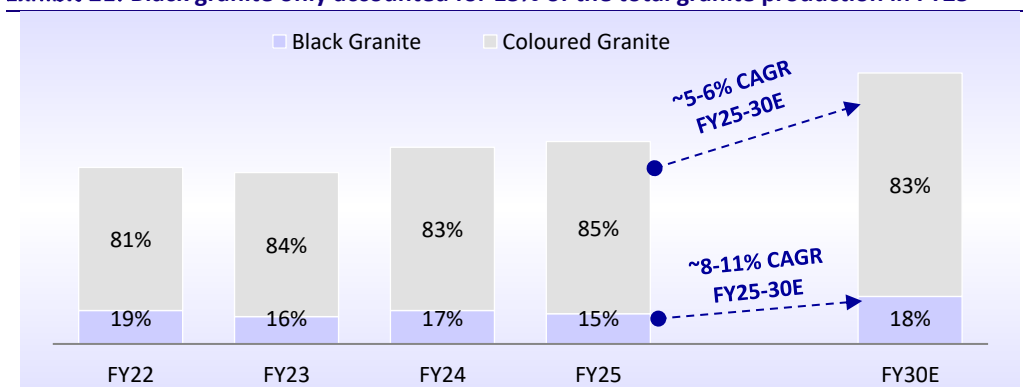
Exhibit 20: Rajasthan is the largest producer of granite ('000s CBM) in India, accounting for ~59% of the total granite production in FY25



Source: Company

By FY30, the share for black granite is expected to be ~16-18% of overall domestic granite production, a CAGR growth of ~8-11% led by a rise in demand for black galaxy granite from both the domestic and export markets.

Exhibit 21: Black granite only accounted for 15% of the total granite production in FY25



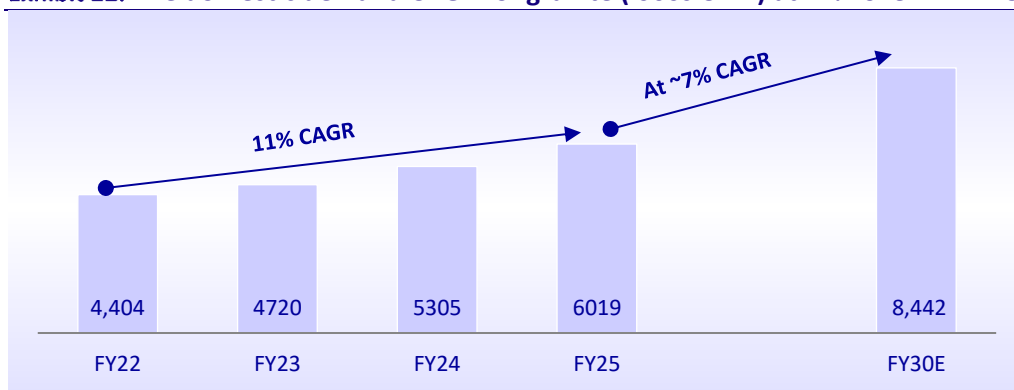
Source: Company

The domestic demand for granite saw an upward trend over FY22-25, increasing at an 11% CAGR. Domestic demand stood at 6m CBM FY25, primarily supported by the rise of Indian granite consumption owing to increased offtake by processing industries as well as an increased demand from the residential sector. The domestic granite demand is projected to reach 8.4m CBM by FY30 at 7% CAGR, driven by increased demand from the housing and construction sector.

MIDWESTL is the largest producer and largest exporter of Black Galaxy granite in India. It accounted for 20% of the production and ~64% of the export of the overall black galaxy granite volume during FY25.

Almost the entire Black Galaxy is exported via Krishnapatnam port, led by its proximity to mines.

Exhibit 22: The domestic demand CAGR for granite ('000s CBM) at 11% over FY22-25

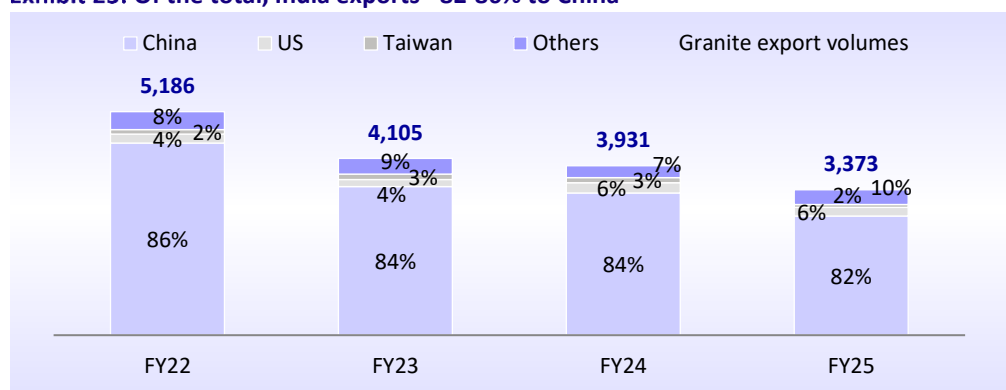


Source: Company

Trade overview of Granite: India a net exporter within the granite industry

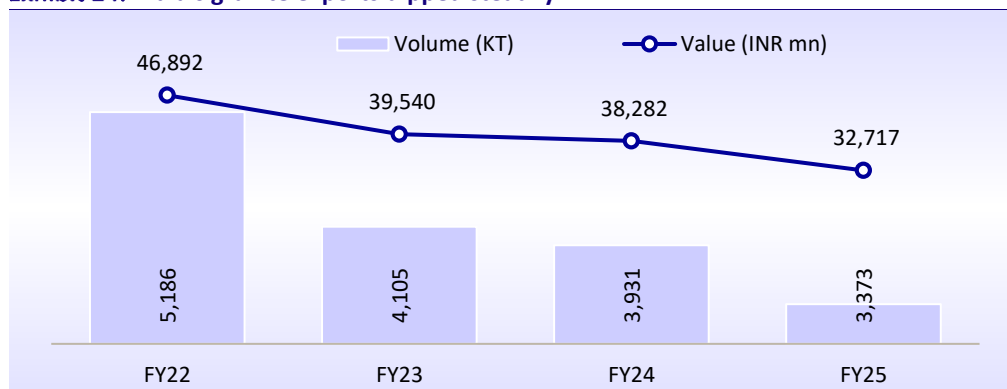
India's granite exports witnessed a steady decline in both volume and value over the FY22-25. The downward trend in exports is due to increased demand in domestic consumption, and domestic sellers are inclined to sell locally, led by faster conversion time. As much as 90-93% of India's granite exports head to five countries (China, Taiwan, Algeria, the US, and Poland). Among these, China is the largest importer, with an import share of 82-86% of the total exports over FY22-25. The raw granite is commonly sent to China for processing before distribution in the world. On the other side, India's granite imports are negligible.

Exhibit 23: Of the total, India exports ~82-86% to China



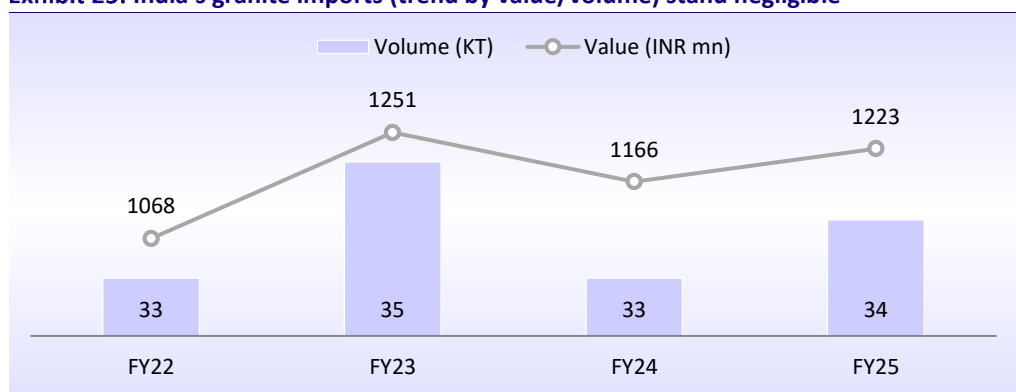
Source: Company, MOFSL

Exhibit 24: India's granite exports dipped steadily



Source: Company

Exhibit 25: India's granite imports (trend by value/volume) stand negligible

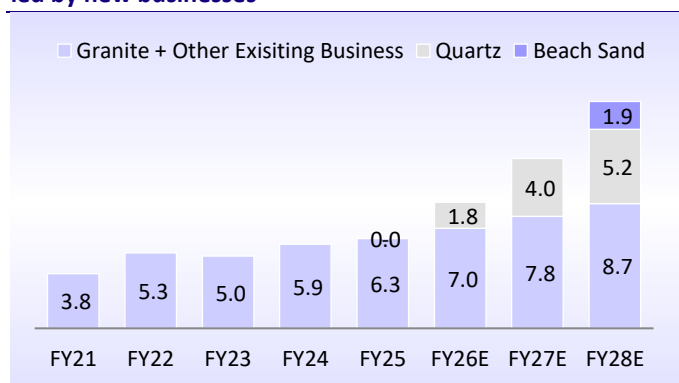


Source: Company

Diversification into quartz and beach sands the next growth engine

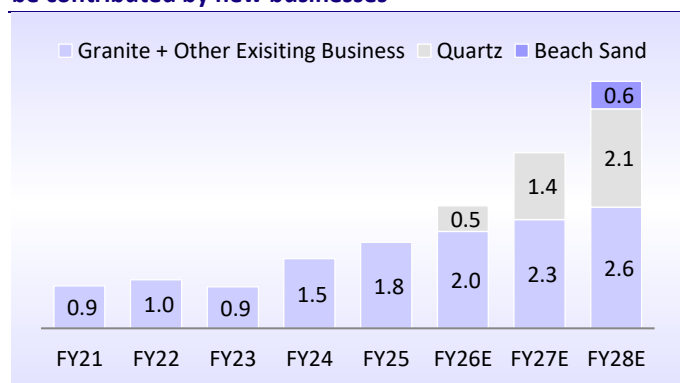
MIDWESTL is actively diversifying its revenue base beyond its traditional dependence on granite by aggressively scaling up two high-potential, non-granite verticals: high-purity quartz grit & powder and heavy mineral sands mining. Together, these initiatives are expected to reduce the share of granite business from ~96% in FY25 to ~50% of total revenue by FY28E, lowering concentration risk. The granite business is expected to post a 12% CAGR, while overall revenue will clock a 36% CAGR over FY25-28E, supported by quartz processing & beach sand mining businesses. This will also mitigate the cyclicity in the dimension-stone market and position MIDWESTL as one of the few integrated players in India's critical minerals and advanced materials supply chain.

Exhibit 26: Revenue mix (INR b): Incremental growth to be led by new businesses



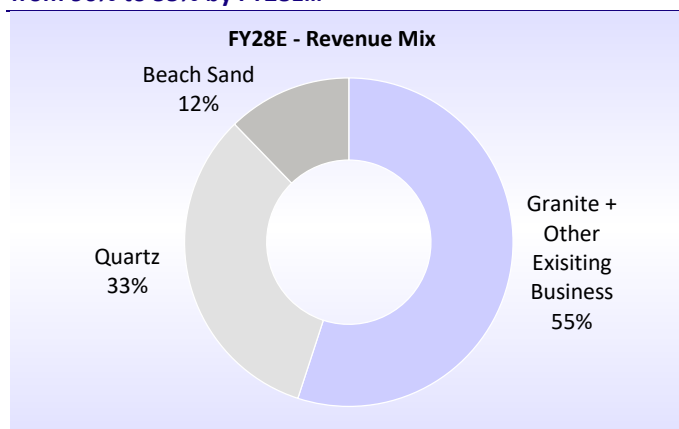
Source: Company, MOFSL

Exhibit 27: EBITDA mix (INR b): More than 50% of EBITDA to be contributed by new businesses



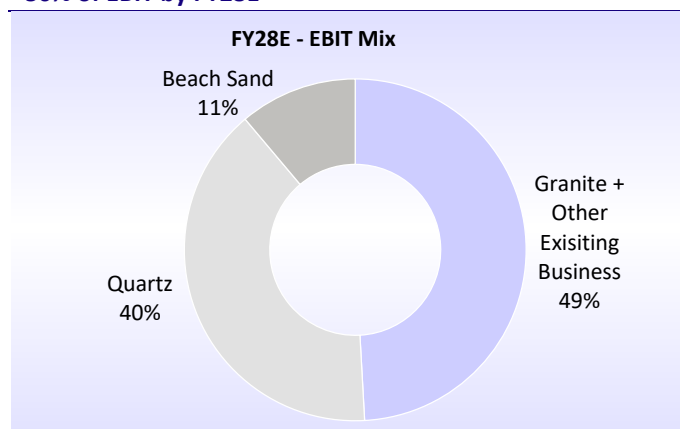
Source: Company, MOFSL

Exhibit 28: Revenue share of the granite business to decline from 96% to 55% by FY28E...



Source: Company, MOFSL

Exhibit 29: ...and high-margin new businesses will contribute ~50% of EBIT by FY28E



Source: Company, MOFSL

The 99.99% purity material segment has currently been dominated by expensive imports from Norway, the US, and Russia.

Quartz operations

The company has established a presence in the quartz value chain through quartz mining operations in Andhra Pradesh, backed by 2.1mt of proved reserves. Through its 100%-owned subsidiary Midwest Neostone Pvt Ltd, the company is establishing a state-of-the-art quartz processing facility in the Vizag SEZ with a Phase-I capacity of 303ktpa (already operational from Sep'25) and a planned Phase-II expansion to 606ktpa, to be funded with INR1.2b from IPO proceeds. This quartz business will target the engineered stone sector and fast-growing semiconductor, solar PV, and optical-fiber industries that require +99.99% purity material.

Exhibit 30: Phase-I – Quartz processing plant of 303ktpa (already operational from Sep'25)



Source: Company

The silica sand and gravels with high silicon dioxide (SiO₂) content are used in glassmaking, for foundry, abrasive, and hydraulic fracturing applications.

Quartz: Industry overview

Quartz, a crystalline mineral composed primarily of silicon dioxide (SiO₂), is one of the most abundant minerals found in the Earth's crust. It is an industrial mineral having a wide range of applications, including Building materials (engineered stone, glass, solar glass, foundries, refractory, crucibles, and semiconductors), fillers in paint and rubber, and ceramics. Though it is abundant in nature, very few mines qualify to meet the large volume and good quality. The domestic supply chain remains fragmented, and there are only a few players with integrated capabilities from mining to finished quartz products.

Quartz is a crucial component (~65-70%) in the production of solar glass.

Exhibit 31: Quartz varieties



Vein quartz

Milky quartz

Pegmatite

Source: Company

Exhibit 32: Prices of different types of quartz by grade

Product name	Price range (INR/ton)*
Quartz Grit	13,000 - 15,000
Quartz Powder	9,000 - 11,000
Feldspar	2,200 - 2,400
Mica	17,136 - 17,388
Solar-grade Grit	6,300 - 6,500
High-purity-quartz sand (Quartz crucible for the outer layers)	185,218 - 239,695
High-purity quartz sand (Quartz crucible for the middle layer)	294,170 - 359,542

Source: Industry, CRISIL MI&A Consulting

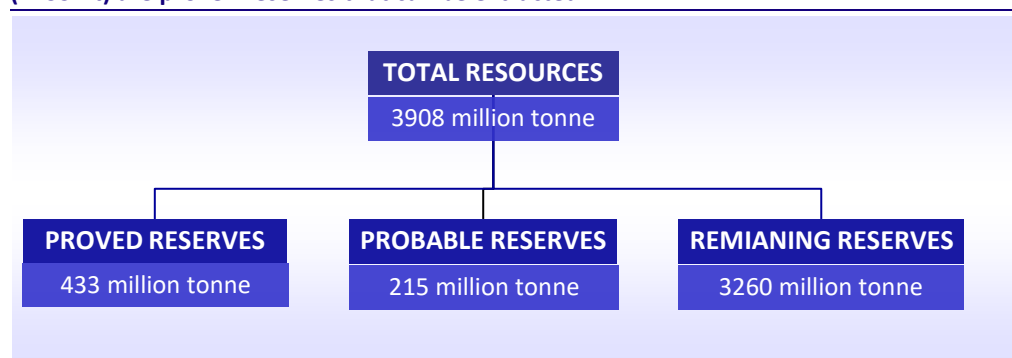
*Conversion factor taken as, 1USD=84INR, 1CYN=11.9INR

Quartz market outlook: Domestic solar glass demand a key catalyst

India's quartz production stood at ~4.7mt in FY25, registering 9% CAGR over FY22-25. Rajasthan is the largest producer of quartz in India, accounting for almost 55% (~2.5mt) of India's total quartz production in FY25. This is primarily because Rajasthan holds ~55% of the proved reserves in India, followed by Andhra Pradesh (~22%), Tamil Nadu, and Gujarat (~6% each). Other significant quartz-producing states include Telangana and Andhra Pradesh, which accounted for 28% (~1.3mt) and 8% (~0.4mt) in FY25, respectively. The Indian quartz production is projected to clock 8-9% CAGR growth to ~7mt over FY25-30E.

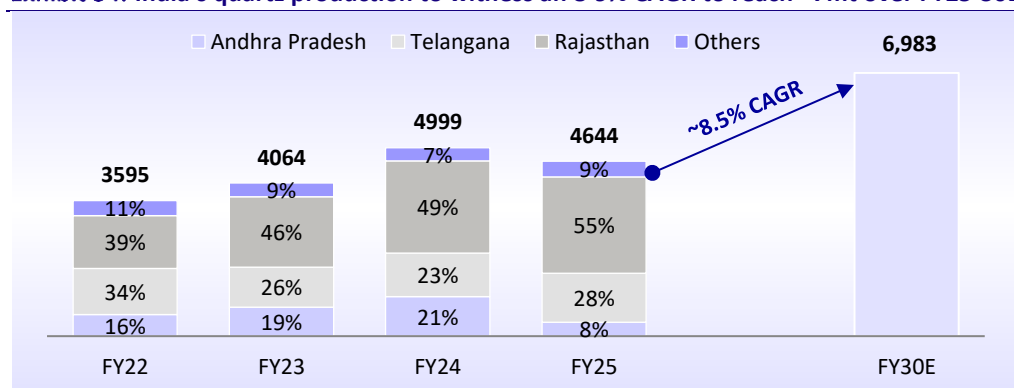
About 215mt of the total resources are probable reserves with odds of commercial extraction over 50-90%, with 3,260mt accounting for the rest.

Exhibit 33: The total quartz resources in India estimated at 3,908mt as of Apr'15; ~11% (~433mt) are proven reserves that can be extracted



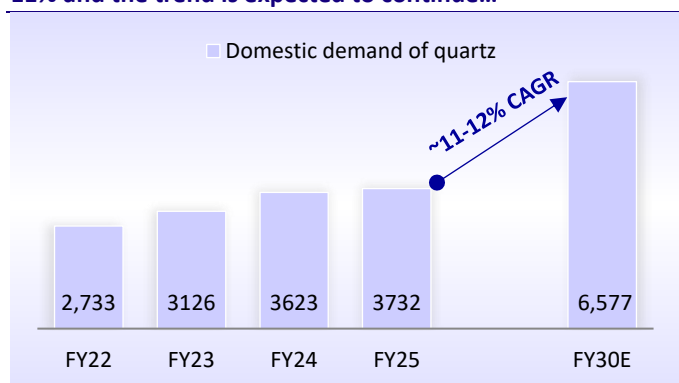
Source: IBM, Company

Exhibit 34: India's quartz production to witness an 8-9% CAGR to reach ~7mt over FY25-30E



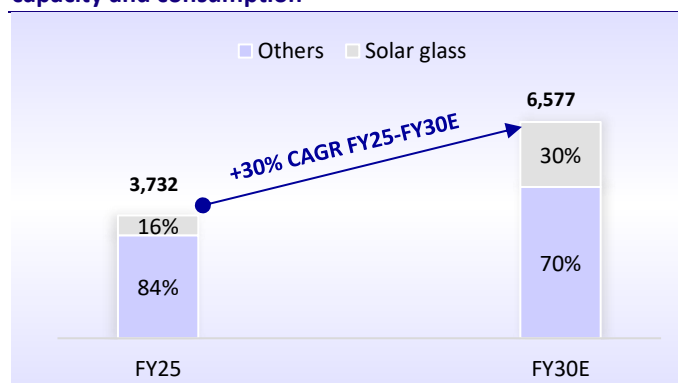
Source: Industry, Company

Exhibit 35: India's quartz demand (kt) clocked a 3Y-CAGR of 11% and the trend is expected to continue...



Source: Company

Exhibit 36: ...primarily led by increasing domestic solar glass capacity and consumption



Source: Company

Quartz grit is a premium-grade material with ultra-low iron content (100-120 ppm), ideal for manufacturing solar glass. It accounts for ~65-70% of the RM required, making it critical for the solar value chain.

The domestic quartz demand grew at a healthy 11% CAGR during FY22-25 to 3.7mt in FY25. Demand is closely tied to the iron & steel value chain, particularly alloy steel, as well as sunrise sectors such as solar, electronics, glass, and engineered stone. India also enjoys strong potential to scale up production and exports of quartz and silica minerals to neighboring markets. Global demand for engineered quartz slabs continues to rise, with exports from key producers (China, India, and Turkey) growing steadily. In FY25, total quartz slab export volumes increased 17% YoY to 333KT. India remains a major exporter, with the US accounting for ~85% of its engineered quartz slab exports in FY25, followed by Bangladesh, MEA, and Canada. According to Global Surfaces' FY25 annual report, the global engineered stone market is expected to reach USD35.5b by CY29 at a CAGR of 6.5%, up from ~USD27.6b in CY25, indicating a healthy demand outlook.

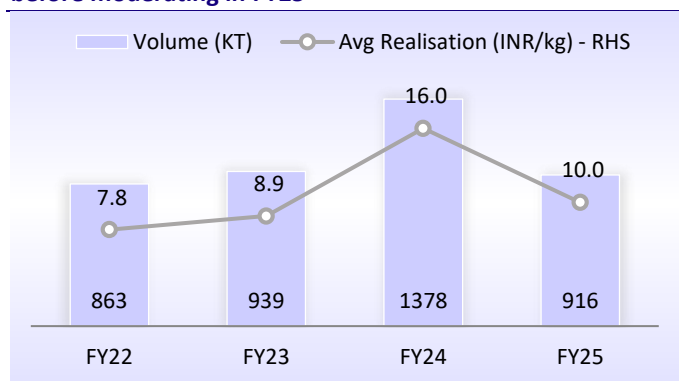
About 24GW solar capacity was added during FY25, and with a robust project pipeline, FY26 is expected to add 28-32GW, and the trend is expected to continue over FY26-30.

The quartz demand for solar glass manufacture is estimated to be ~550-600 KT, accounting for ~16% of overall quartz demand. India currently imports ~65% of its solar glass demand, and the rest is produced domestically; however, this dependency is set to reverse as domestic supply could reach 70-80% by FY30E. Over the next 4-5 years, ~2.6mtpa of new solar glass capacity is planned, driving a surge in demand for quartz grit. The quartz demand from solar glass is projected to grow at a +30% CAGR, reaching ~2mt by FY30E, representing ~30% of total quartz consumption, supported by ~147GW of expected solar capacity additions during FY26-30E.

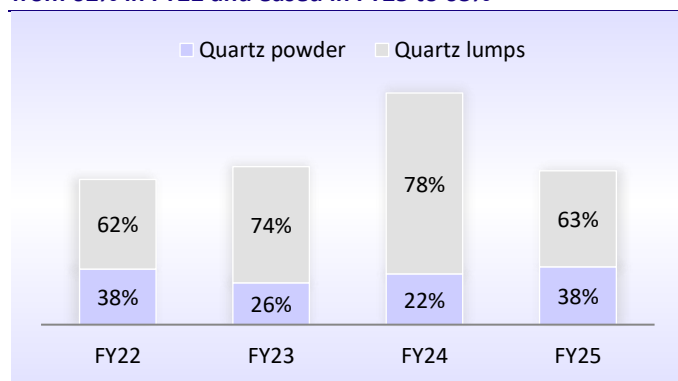
Exhibit 37: Key growth drivers for India's solar industry

Growth Driver	Key Details	Expected Capacity Addition (FY26-30)
Large Central Tenders (SECI / ISTS)	❖ +40GW tendered & allocated (incl. hybrid). Strong pipeline visibility.	❖ Forms a major share of utility-scale additions over FY26-30.
Robust State-Level Pipeline	❖ ~48 GW projects under construction as of Jun'25; strong state tender momentum.	❖ ~48 GW expected commissioning during FY26-30.
PSU-Led Expansion	❖ NTPC : 35GW RE target by FY28; 3.7GW added in FY25. NHPC : 2 GW allocated. Indian Railways : 20GW target. Other PSUs to add more.	❖ Significant annual additions; part of the 147 GW solar build-up expected FY26-30.
Rooftop Solar (Residential + C&I)	❖ Boosted by PM Surya Ghar Yojana, net/gross metering, and rising C&I adoption.	❖ 30-35GW by FY30.
Open-Access Solar Projects	❖ Driven by Green Open Access Rules (2022), corporate RE100 targets, and attractive state policies.	❖ 33-37GW by FY30.
Green Hydrogen Demand	❖ Green hydrogen production starts FY26 (0.5–1MTPA); expected to reach 2.0-2.2MTPA by FY29.	❖ Will unlock 32-37GW of incremental solar capacity potential by FY29.
Renewable Generation Obligation (RGO)	❖ Coal plants must install 40% renewable capacity (Plants commissioned before Mar'25, must comply by Apr'25); applicable for all new plants.	❖ 8-10GW by FY29 (upside scenario).

Source: Company, MOFSL

Exhibit 38: India's quartz exports surged through FY22-24 before moderating in FY25


Source: Company

Exhibit 39: The share of quartz lumps rose to 78% in FY24 from 62% in FY22 and eased in FY25 to 63%


Source: Company

Trade dynamics: India's quartz industry

India's quartz exports grew strongly through FY22–FY24 before moderating in FY25, primarily due to reduced domestic production. The share of quartz lumps in total export volumes rose from 61.6% in FY22 to 78.1% in FY24 before easing to 62.5% in FY25, while the realization remains elevated. In FY25, China, Malaysia, Vietnam, Japan, and Korea together accounted for 72% of India's quartz export value (vs. ~89% in FY24). China remained the largest market but saw a steep drop in volume share from 45% in FY24 to 15% in FY25, indicating reduced pricing premiums. Malaysia accounted for 28% of export volumes in FY25, narrowing the gap with China and reflecting stronger demand and improved realizations from the market.

India's quartz imports, though modest in scale, have grown steadily over FY22–FY25. Imports increased from 1KT in FY22 to 4KT in FY25, led by quartz lump demand. Quartz lumps' share increased from 53% of import volume in FY22 to 92% in FY25. The supplier landscape has also consolidated significantly. China and Italy account for ~90% of total import volumes.

Heavy sand mining operations

The company has secured four mining leases for beach-sand heavy minerals (ilmenite, rutile, zircon, garnet, and sillimanite) in Sri Lanka. Such minerals are used as feedstock in the production of Titanium Oxide pigments, the production of Titanium metal and welding electrodes, and in the Titanium chemical industry. The company intends to produce intermediate products, i.e., Titanium slag from the extracted ores. Currently, the exploration has been completed in the areas granted, and the Geological Survey and Mines Bureau, Sri Lanka, has approved the exploration reports and viability of mining. Currently, MIDWESTL awaits certain environmental clearances, which are essential to commence the operations. As a result, the company foresees the commercial operations to begin by the end of FY27.

Industry overview: Heavy sand minerals

The two main product streams of heavy minerals are:

Titanium dioxide minerals, slag, and metal alloys

The titanium dioxide minerals, slag, and metal alloys are made from ilmenite, rutile, and leucoxene. Ilmenite is also used to manufacture titanium slag and synthetic rutile.

Monazite

Monazite, a phosphate mineral rich in rare earth elements (REEs), is becoming increasingly critical for clean and green technology sectors. Containing 55-65% rare earth oxides, it is a primary source of neodymium, praseodymium, and dysprosium, essential for high-performance permanent magnets used in electric vehicle (EV) drive trains, wind turbines, defense systems, electronics, and aerospace applications.

Market overview – India's heavy sand minerals industry

Australia, South Africa, India, and Mozambique are key producers of heavy mineral sands. Countries such as Kenya, Madagascar, and Sri Lanka are developing their heavy mineral sand mining capabilities, contributing to global supply. In India, heavy minerals are mainly found along the country's coastal areas and inland placers.

Exhibit 40: Total reserves and resources as of Jul'18

Mineral	Reserves/resources (m tonne)
Ilmenite*	629.6
Rutile	33.9
Zircon	33.7
Garnet	56.0
Monazite	12.7
Sillimanite	72.3
Titanium (P)	427.1

Source: IBM, Company

Note: As per the letter received from the Department of Atomic Energy, Mumbai, dated July 26th Jul'18.

The titanium dioxide mineral to zircon ratio is ~5:1, implying ~83% of the heavy mineral content consists of titanium dioxide minerals.

India holds an estimated ~12.7mt of monazite reserves in its beach sands. With China tightening rare earth exports, global manufacturers are seeking alternative sources to secure supply chains for EVs, renewable energy, and advanced technologies.

In response to the curbing of rare earth exports by China, the US has partnered with MP Materials by becoming its largest shareholder and guaranteeing a floor price of USD110/kg for key rare earth elements (2x the Chinese market price of ~USD52/kg).

Exhibit 41: Prices of heavy sand minerals

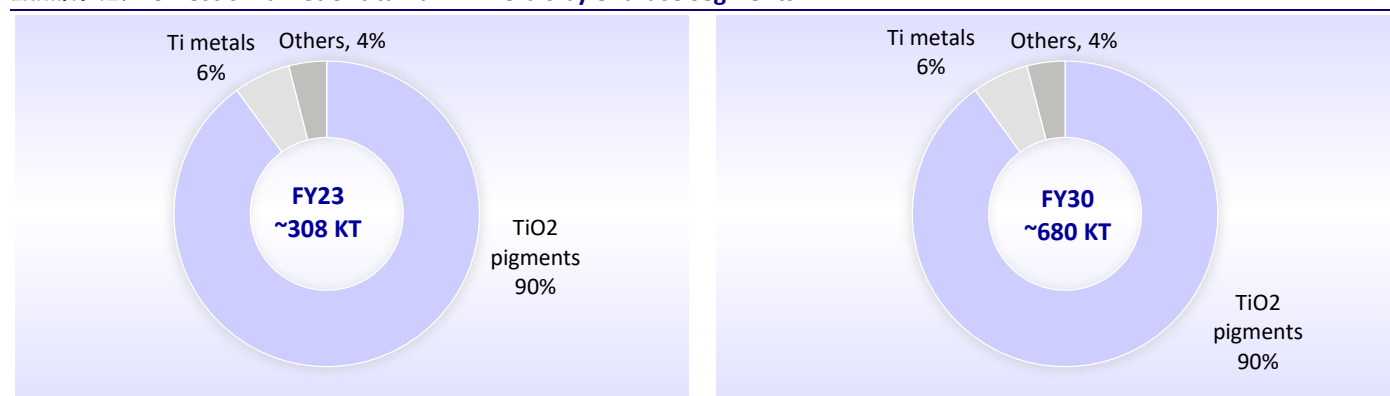
Mineral	Price range (INR/Ton)*
Ilmenite (TiO ₂ ≥56%)	57,120 - 59,500
Rutile (TiO ₂ ≥90%)	173,740 - 192,780
Zirconium Dioxide (Zr (Hf) O ₂ ≥99.5%)	583,100 - 595,000
Sillimanite	21,672 - 22,008
Garnet	3,808 - 3,868
Monazite Concentrate	470,050 - 493,850
High Titanium Slag (TiO ₂ ≥90%)	85,680 - 88,060
Titanium Concentrate (TiO ₂ ≥47%)	29,750 - 31,654

Source: Shanghai Metals Market

Note: * Conversion factor taken as, 1USD=84INR, 1CYN=11.9INR / Prices as of Sep'24.

Among heavy minerals, ilmenite and rutile are the two primary sources of titanium. The domestic production of titanium minerals is estimated to be +300KT in FY23. Rutile, leucoxene, and ilmenite, along with their value-added products such as synthetic rutile and TiO₂ slag, constitute 'titanium feedstock' for the following major industries: 1) TiO₂ pigments, 2) titanium metal, 3) welding electrodes, and 4) the titanium chemicals industry.

About 90% of titanium minerals are used in the manufacturing of white titanium dioxide pigment, followed by titanium metals and others in FY23. During FY23-30, the domestic market of titanium minerals/feedstock is expected to clock a CAGR of 11-12% to reach ~680KT.

Exhibit 42: Domestic market of titanium minerals by end-use segments


Source: CRISIL MI&A Consulting, Company

Paints accounted for 56% (~155KT) of the market for TiO₂ pigments, and the remaining 44% (~122 KT) is used in the production of white-walled tires, glazed papers, plastics, and printed fabrics. Additionally, its non-toxic nature makes it suitable for use in pharmaceuticals and even in foodstuffs, as well as in toothpaste. During FY23-30, the domestic market of titanium dioxide pigments is expected to post a CAGR of 11-12% to reach ~600KT.

Titanium metal is a versatile material with exceptional characteristics like lightness, strength, and durability, making it an essential metal for the aerospace industry. It is also used in desalination and power-generation plants, as well as in corrosive chemical industries, due to its inertness and resistance to corrosion. Its non-reactive property makes titanium metal one of the few materials that can be used in the human body for orthopedic use and in pacemakers. Titanium dioxide is also used in the cosmetics industry in the manufacturing of sunscreen lotions and creams due to its nontoxicity and ultraviolet absorption properties.

Improving efficiency & sustainability to generate a strong OCF

Balance sheet to support capex and FCF

MIDWESTL has systematically improved operational efficiency and sustainability, translating directly into robust operating cash flow and a progressively stronger balance sheet (a critical enabler of its capex program and future FCF generation).

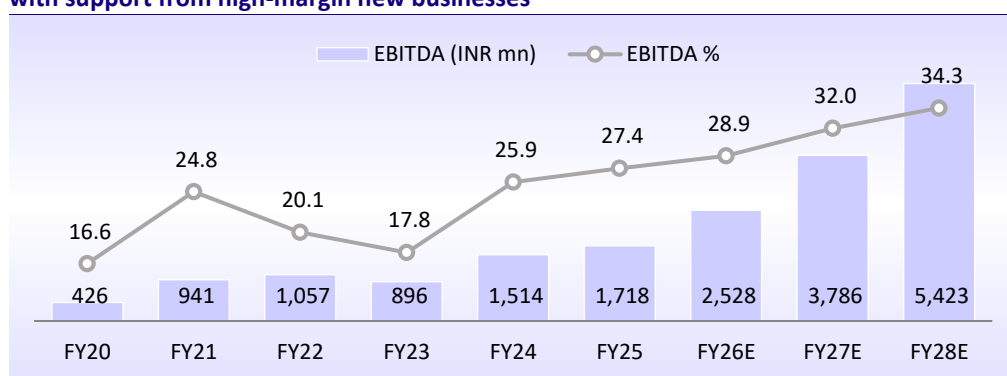
Dimensional stone mining is inherently cost-intensive, with profitability heavily dependent on maximizing yield and controlling fuel and power-driven operating expenses. Further, the mine operations account for a significant share of overall expenditure (particularly fuel and electricity). Therefore, MIDWESTL has prioritized the initiatives aimed at improving yield, reducing operating costs, and enhancing sustainability across sites.

Exhibit 43: Cost savings and yield improvement initiatives

Category	Initiatives	Description / Expected Benefits
Yield Enhancement	Extraction modernization	❖ Transition from explosives to chemical expanding powders to reduce cracks and improve block integrity and recovery.
	Improved in-pit handling	❖ Use of wheel loaders for stable block movement reduces breakage and improves material preservation.
	Vertical hoisting (Derrick Cranes)	❖ Deployment of derrick cranes for vertical lifting, minimizing mechanical stress, and improving usable block yield.
Cost Reduction	Electrification of mine equipment	❖ Adoption of electric dump trucks and electric dressing stations to cut diesel usage and reduce maintenance costs.
	Solar energy integration	❖ Installation of on-site solar power plants to reduce grid electricity expenses and enhance sustainability.
	Dressing process optimization	❖ An advanced electric dressing station to improve efficiency, reduce energy consumption, and increase dressing consistency.
	Mechanization of drilling	❖ Replacement of handheld jackhammers with hydraulic/mechanical drills to reduce labor intensity, improve accuracy, and lower costs.

Source: Company

Exhibit 44: Cost control measures improved margins; these initiatives should remain stable with support from high-margin new businesses

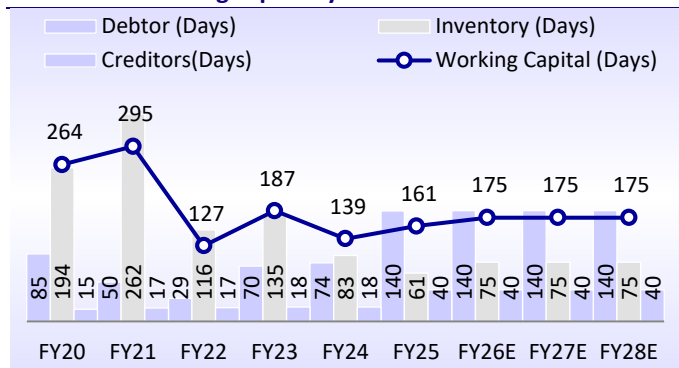


Source: Company

These initiatives, combined with tight working-capital management (inventory days down from 135 days in FY23 to 61 days in FY25), helped lift operating cash flow from a negative INR519m in FY23 to INR873m in FY25. Debt remains modest at 0.43x equity, with interest coverage rising to 13.4x, providing ample headroom for the INR2.3-2.5b of growth capex (quartz Phase II + additional mining equipment) planned over FY26-27E entirely from internal accruals and IPO proceeds. As the new high-purity quartz plant ramps up to full utilization by mid-2027, we expect the annual OCF to exceed

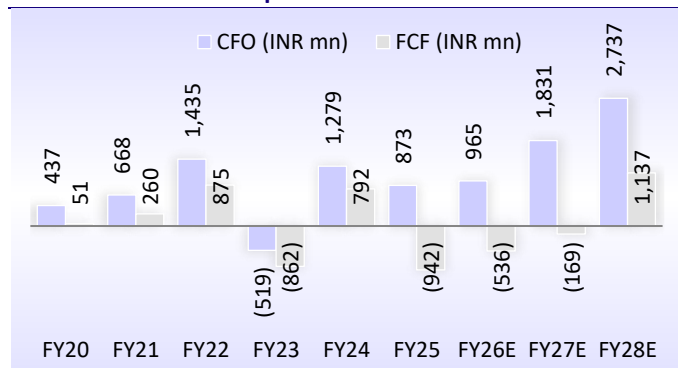
INR1.8-2.0b and FCF to turn meaningfully positive from FY27 onward, supporting further deleveraging, higher dividends, and potential inorganic opportunities in the critical minerals space.

Exhibit 45: Working capital cycle



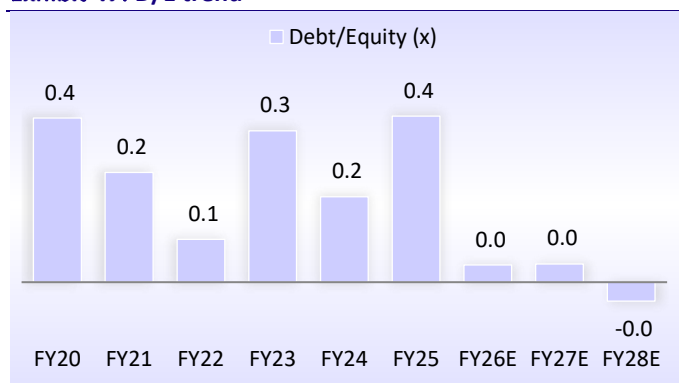
Source: Company, MOFSL

Exhibit 46: FCF to turn positive from FY27 onwards



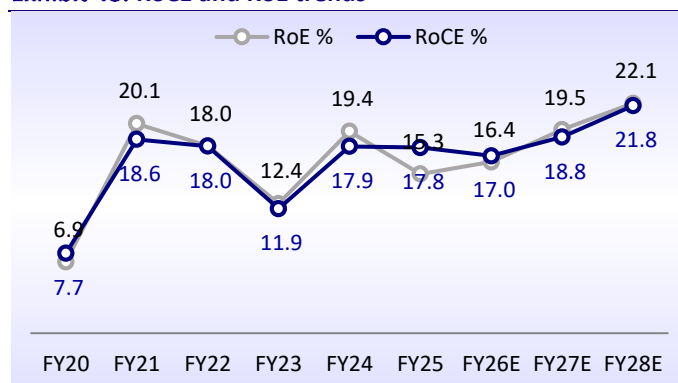
Source: Company, MOFSL

Exhibit 47: D/E trend



Source: Company, MOFSL

Exhibit 48: RoCE and RoE trends



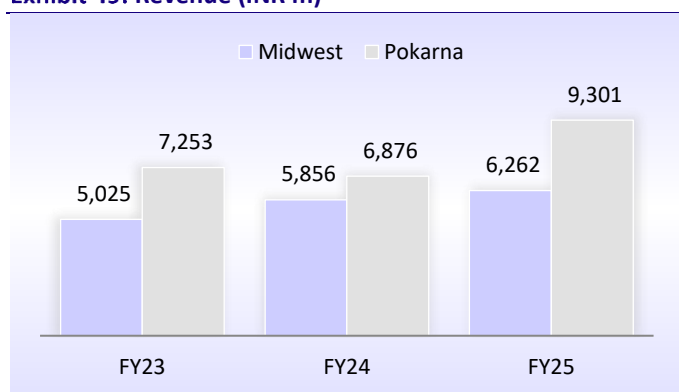
Source: Company, MOFSL

Peer comparison

Among the listed natural stone companies in India, MIDWESTL stands out for its near-monopoly exposure to Black Galaxy Granite and vertically integrated model from mining to polished slabs. Its closest comparable peer is Pokarna (a market leader in engineered quartz; it also owns Tan Brown and other color granites). The black galaxy granite contributed ~70% of MIDWESTL's FY25 revenue. This led to an EBITDA margin of 27.4%.

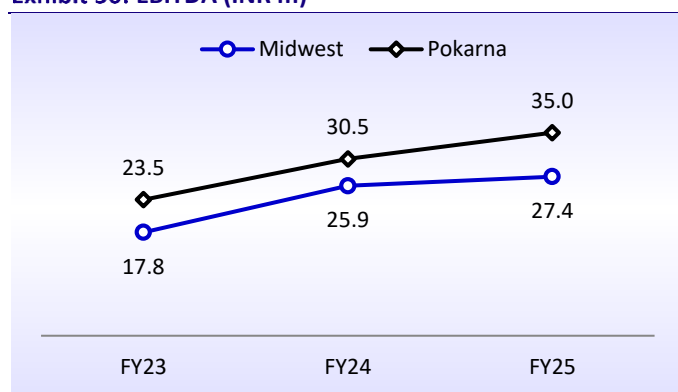
MIDWESTL's margin was significantly higher than most pure-granite players but still below Pokarna's EBITDA margin of 35% due to a higher share of engineered quartz business (~75% of revenue). Despite below-par revenue (MIDWESTL at INR6.26b vs. Pokarna at INR9.3b in FY25), Midwest achieved a comparable leverage position (net debt/equity 0.4x vs. Pokarna's 0.4x) and materially superior interest coverage (13x vs. Pokarna's 7.6x), reflecting disciplined capital allocation and a lower interest burden.

Exhibit 49: Revenue (INR m)



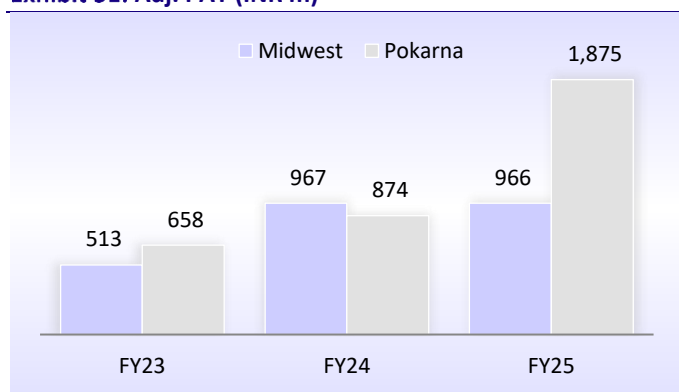
Source: Company, MOFSL

Exhibit 50: EBITDA (INR m)



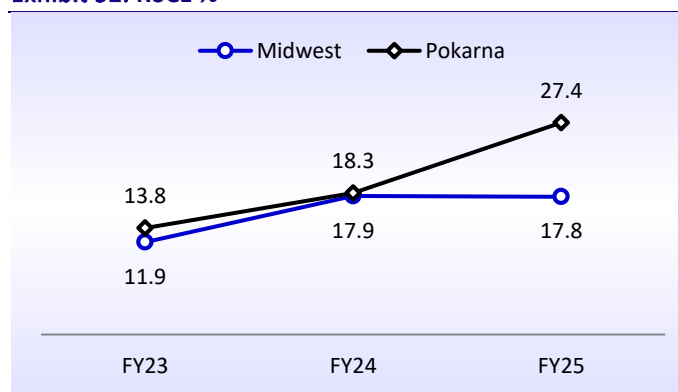
Source: Company, MOFSL

Exhibit 51: Adj. PAT (INR m)



Source: Company, MOFSL

Exhibit 52: RoCE %



Source: Company, MOFSL

Cash-cow granite + high-conviction upside (Quartz + HMS) → Initiate coverage with a BUY

- MIDWESTL is evolving from India's leading black galaxy granite producer into a diversified critical and advanced materials platform. With a dominant ~64% market share in black galaxy granite exports, strong reserve visibility, and integrated operations, the company remains well-positioned for steady growth in its core granite business.
- A strategic pivot into high-purity quartz and heavy beach-sand minerals is set to materially shift the revenue mix from ~96% granite in FY25 to ~50% by FY28E, driving a 36% revenue CAGR (vs. 12% CAGR for granite alone).
- Improved yields, cost optimization, and working-capital discipline have sharply strengthened cash flows while keeping leverage low. As quartz and HMS operations scale up by FY27-28E, the OCF is expected to exceed INR2b annually, turning FCF structurally positive and supporting deleveraging and expansion.
- **We initiate coverage on MIDWESTL with a BUY rating. We value the company at 13x on FY28E EV/EBITDA to arrive at our TP of INR2,000.**

Exhibit 53: Valuation

Particular		FY28E
EBITDA	INR m	5,423
Target Multiple	X	13
Potential EV	INR m	70,500
Less: Net Debt	INR m	(1,726)
Free Cash for Equity	INR m	72,226
Outstanding Shares	Nos m	36
Target Prices	INR	2,000
Upside/ (Downside)	%	23%

Source: Company, MOFSL

Key risks

A significant share (+50%) of revenue comes from outside India, particularly from China. Any adverse developments in these markets could adversely affect the business operations.

- In the Granite industry, a significant portion of raw materials is typically sent to China for processing before being distributed globally. As a result, over 50% of the company's revenue comes from customers in China. Therefore, any changes in China's legal and regulatory environment, diplomatic relations between India and China, export or import laws, regional instability due to war or natural disasters, social or political disruptions, or international sanctions could negatively impact business operations. Adverse developments in these international markets, especially in China, could have serious repercussions.

Exchange rate fluctuations may adversely affect the business

- Financing the expansion project carries risks due to the potential challenges and uncertainties inherent in construction activities, such as cost overruns or delays. Issues that could negatively impact the company's expansion plans include labor shortages, rising costs of equipment or manpower, and design or construction defects. If actual capital expenditures exceed the budget, or if the budget is insufficient, the company may struggle to realize the intended economic benefits of the expansion.

Significant power and fuel requirements, and any disruption to the supply of power could disrupt the manufacturing operations and increase CoP

- Mining operations are energy-intensive, with power being a critical component of production costs. The company relies heavily on state distribution companies for electricity, supplemented by captive solar plants and diesel generators. Any disruption in power supply—whether due to issues with state electricity, adverse weather affecting solar plants, or diesel shortages—could lead to operational interruptions. Additionally, significant increases in electricity or diesel costs could unexpectedly raise production expenses.

Dependence on certain key customers, which contribute a significant portion of the revenue.

- The company is dependent on a few customers for a significant portion of the revenue from operations, which results in customer concentration risk. The company's customers comprise processors and distributors located across 30 countries and six continents, with China being the primary export market.

Exhibit 54: Details of the customer portfolio in the natural stone segment

Particulars (INR m)	FY25		FY24	
	Revenue	% Share	Revenue	% Share
Largest customer	726	11.6	398	6.8
Top five customers	2,276	36.3	1,785	30.5
Top 10 customers	3,207	51.2	2,834	48.4

Source: Company

ESG Initiatives



Environmental

- Prioritizes decarbonization and resource efficiency via operational peak solar capacity of 1.1MW (~13-15% of electricity mix) and plans for an additional 0.66MW by May'26.
- Also plans to electrify 12 dump trucks and 27 compressors to cut Scope 1 emissions from diesel use (down to 1.63% of power in FY25 from 3.38% in FY23).
- Waste management includes overburden reclamation via green belts and revegetation, rainwater harvesting in closed pits, and dust suppression systems.
- Research and Development (~0.6% of revenue) targets eco-friendly explosives alternatives and high-purity quartz for solar/semiconductors, aligning with India's green transition.

Social

- With 1,326 personnel (475 permanent, 822 contract, and ~11% attrition), the company invests in safety via vocational training, PPE, health checks, and simulator-based operator programs.
- Earned annual DGMS awards for quarry maintenance (2014-2023), awards in Operation and Maintenance of Machinery (2014, 2017), and Mines Safety (2023).
- Employee benefits rose 23% YoY to INR510m in FY25, including PF/ESI contributions and gratuity under statutory acts.
- CSR spending hit INR22m (~0.5% of expenses) on village infrastructure (schools, water tanks, solar lights) and farmer aid, overseen by a dedicated committee.

Governance

- A six-member board (three executive and three independent directors) oversees via specialized committees - Audit for controls, Risk Management for ESG threats, and CSR/ESG for sustainability.
- Related-party transactions are transparent (e.g., director remuneration), but high promoter reliance (key decisions by Mr. Kollareddy Rama Raghava Reddy) and personal guarantees pose conflicts.
- Risks include untraceable historical records and mining lease litigations, mitigated by annual audits and policy adherence.

Bull and Bear cases

Scenarios analysis



Bull case

- In our Bull case scenario, we expect the average Granite volumes to post a 12% CAGR during FY25-28 with a blended pricing at +INR60,000/CBM.
- We expect 0.4mt quartz volume as the plant reaches +60% utilization by FY28 with average pricing of INR15,000/t.
- We expect a revenue/EBITDA CAGR of 40%/56% during FY25-28. The EBITDA margin is expected to expand to 38% vs. 34% under the base case and against 26% reported in FY25. With this, PAT is expected to grow at 67% CAGR over FY25-28E.
- We arrive at our TP of INR2,500 with an upside potential of 54%.



Bear case

- In our Bear case scenario, we expect average Granite volumes to grow at 9% CAGR during FY25-28. The quartz plant utilization is expected to be at 50% levels.
- We expect a revenue CAGR of 25% during FY25-28.
- Overall, EBITDA margin is expected to be lower at 31% in the bear case scenario vs. 34% in the base case.
- We expect an EBITDA/PAT CAGR of 31%/37% over FY25-28.
- We arrive at our TP of INR1,350 with a potential downside of 17%.

Exhibit 55: Bull and Bear cases – scenario analysis – (FY28E)

Particular (INR m)	Bear case	Base case	Bull case
Revenue	12,276	15,802	17,070
FY25-28 Revenue CAGR	25%	36%	40%
EBITDA	3,854	5,423	6,521
EBITDA Margin %	31%	34%	38%
FY25-28 EBITDA CAGR	31%	47%	56%
PAT	2,500	3,677	4,500
FY25-28 PAT CAGR	37%	56%	67%
Target EV/EBITDA	12x	13x	14x
Target EV (INR b)	47.0	70.5	88.7
Net debt (INR b)	-1.7	-1.7	-1.7
Target Equity Value (INR b)	48.7	72.2	90.4
Outstanding Shares (Nos m)	36.2	36.2	36.2
Target Price (INR)	1,350	2,000	2,500
CMP (INR)	1625	1625	1625
Upside/Downside	-17%	23%	54%

Source: Company, MOFSL

SWOT analysis

- ✓ India is the largest producer of black & Black Galaxy granite with extensive reserves.
- ✓ Black Galaxy is a premium product, and reserves are primarily found in one village in Andhra Pradesh. Hence, it commands a premium pricing.
- ✓ Decades of experience in the mining business allow seamless dealing with stakeholders and achieving timely mining-related clearances.
- ✓ MIDWESTL has several mines with large reserves, providing long-term growth visibility.

S

STRENGTH



- ✓ Mining operations significantly affect the environment. Use of heavy machinery and explosives contributes to noise and air pollution. Due to these factors, operations could be halted by authorities at times.
- ✓ Mining operations require substantial initial investment in equipment, machinery, and infrastructure.
- ✓ Despite technological advancements, mining requires significant labor input, especially where manual extraction methods are used.

W

WEAKNESS



- ✓ Significant growth in the global construction industry, particularly in emerging economies.
- ✓ Large export potential of black granite owing to strong demand for high-quality stone.
- ✓ Robust growth in domestic solar and semiconductor industries is driving demand for quality quartz.

O

OPPORTUNITY



- ✓ Engineered slabs and tiles are the primary substitutes for natural stone. Hence, growth could be impacted if consumers shift to low-cost alternatives.
- ✓ Stringent environmental regulations and permissions pose challenges to mining operations.
- ✓ The global economy can impact construction activity, thereby affecting growth potential for the stone industry.

T

THREATS



Management team



K Raghava Reddy, Founder and President

Mr. Kollareddy Rama Raghava Reddy is the Founder and one of the Promoters of MIDWESTL. He holds a Bachelor of Science degree from A.P. Agricultural University, Rajendranagar, Hyderabad. He has been associated with the company since its incorporation.



K Ramachandra, CEO and Managing Director

With more than 15 years of experience in the mining and mineral processing segments, Ramachandra is currently heading the group's mining operations. He specializes in mining, processing technologies, and information systems. He has been associated with the company as a lead member for the last 15 years. He has in-depth knowledge about the management and operations of the quartz manufacturing unit. He is also associated with plant and machinery suppliers globally. He has completed an advanced diploma course in computer science and engineering from Priyadarshini College of Computer Sciences. He has also served as a director on the Board of NSPIRA Management Services.



Mrs. Uma Priyadarshini Kollareddy, Wholetime Director

She has been a Wholetime Director of MIDWESTL since 1st Dec'22. She began her career in investment banking, working in the credit syndication group of Banc of America Securities LLC in New York in 2006, specializing in fixed income derivatives, structuring, and trading. She joined MIDWESTL in 2009, where she oversaw business strategy, joint venture negotiations, deal structuring, and team building. She leads the company's fundraising initiatives to support diversification efforts.

Mr. Dilip Kumar Chalasani, Chief Financial Officer

Dilip Kumar Chalasani is a qualified Chartered Accountant and was granted a certificate on 'International Financial Reporting Standards' by the Institute of Chartered Accountants of India. He has over 20 years of experience in the commercial, finance, and accounting aspects of business enterprise. He has been associated with various businesses, viz., telecom, transmission & distribution, stockbroking, textiles, prefab, Railways, Electronic OEMs, Seeds, Renewable Power, transport, infrastructure, highly engineered composite services, etc. He is an expert in taxation matters.

Financials and valuations

Income Statement (Y/E Mar - INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	2,572	3,800	5,252	5,025	5,856	6,262	8,763	11,831	15,802
Change (%)	39.5	47.7	38.2	(4.3)	16.5	6.9	39.9	35.0	33.6
Total Expenditure	2,146	2,859	4,195	4,129	4,342	4,544	6,235	8,045	10,379
Change (%)	26.9	33.2	46.7	(1.6)	5.1	4.7	37.2	29.0	29.0
EBITDA	426	941	1,057	896	1,514	1,718	2,528	3,786	5,423
Change (%)	179.3	120.9	12.4	(15.3)	69.1	13.4	47.2	49.7	43.2
Margin (%)	16.6	24.8	20.1	17.8	25.9	27.4	28.9	32.0	34.3
Other Income	40	139	142	197	177	170	173	176	180
Depreciation	178	184	176	215	222	256	312	460	602
EBIT	289	895	1,023	878	1,470	1,631	2,390	3,503	5,001
Finance Cost	79	67	91	91	92	109	110	113	98
PBT	210	828	933	787	1,378	1,522	2,279	3,389	4,903
Tax	46	226	262	243	375	447	570	847	1,226
Effective Tax Rate (%)	22.1	27.3	28.1	30.8	27.2	29.4	25.0	25.0	25.0
PAT before MI, Associates & EO Items	163	602	671	544	1,003	1,075	1,710	2,542	3,677
Minority Interest	(4)	(34)	(38)	(32)	(37)	(109)	-	-	-
Share of profit/(loss) of Associates and JVs	1	0	0	0	-	-	-	-	-
Exceptional Items	-	-	-	-	-	(258)	-	-	-
Reported PAT	160	568	633	513	967	1,224	1,710	2,542	3,677
Change (%)	(302.0)	254.2	11.5	(19.0)	88.6	26.6	39.7	48.7	44.6
Margin (%)	6.2	14.9	12.1	10.2	16.5	19.5	19.5	21.5	23.3
Adj. PAT	160	568	633	513	967	966	1,710	2,542	3,677
Change (%)	(302.0)	254.2	11.5	(19.0)	88.6	(0.0)	76.9	48.7	44.6
Margin (%)	6.2	14.9	12.1	10.2	16.5	15.4	19.5	21.5	23.3
EPS (INR)	87.8	382.1	425.9	344.9	50.0	28.6	47.3	70.3	101.7
EPS Growth (%)	(302.0)	335.4	11.5	(19.0)	(85.5)	(42.9)	65.4	48.7	44.6

Balance Sheet - (Y/E Mar - INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	9	7	7	7	97	169	181	181	181
Total Reserves	2,337	2,789	3,453	4,089	4,849	6,023	10,082	12,624	16,301
Net Worth	2,346	2,796	3,460	4,096	4,945	6,192	10,263	12,805	16,482
Minority Interest	(7)	27	62	22	46	132	132	132	132
Deferred Tax Liabilities	-	(0)	(0)	(0)	(0)	25	-	-	-
Total Loans	914	746	961	1,491	1,205	2,417	2,209	2,270	1,964
Other Liabilities	100	78	74	69	253	182	180	180	180
Capital Employed	3,353	3,646	4,557	5,678	6,448	8,948	12,784	15,387	18,758
Gross Block	4,227	3,790	4,153	4,620	4,613	5,278	6,778	8,778	10,378
Less: Accum Deprn	1,424	875	897	1,033	1,017	1,110	1,421	1,881	2,483
Net Fixed Assets	2,803	2,915	3,256	3,586	3,596	4,168	5,357	6,897	7,895
Capital WIP	58	77	96	22	133	1,164	1,164	1,164	1,164
Investments and Other Assets	301	391	579	636	879	1,030	1,030	1,030	1,030
Curr. Assets, Loans&Adv.	1,524	1,638	2,107	2,316	2,963	4,226	6,873	8,084	10,650
Inventory	430	598	510	574	372	276	456	592	791
Account Receivables	602	518	416	962	1,191	2,400	2,881	3,566	4,762
Cash & Bank Balances	72	75	637	134	282	165	2,128	2,519	3,690
Loans & Advances	43	42	116	110	118	457	457	457	457
Others	379	406	427	535	1,001	927	950	950	950
Current Liab. & Prov.	1,334	1,375	1,480	882	1,123	1,639	1,639	1,788	1,979
Account Payables	90	134	198	205	216	500	512	661	853
Other Current Liabilities	1,239	1,231	1,269	664	889	1,113	1,100	1,100	1,100
Provisions	5	10	13	13	18	26	26	26	26
Net Current Assets	190	263	626	1,434	1,840	2,587	5,234	6,296	8,670
Application of Funds	3,353	3,646	4,557	5,678	6,448	8,948	12,784	15,387	18,758

E: MOFSL Estimates

Financials and valuations

Financial Ratios

Y/E Mar	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
EPS	87.8	382.1	425.9	344.9	50.0	28.6	47.3	70.3	101.7
BVPS	63.1	75.2	93.0	110.1	133.0	166.5	283.8	354.1	455.8
DPS	-	-	-	-	-	-	-	-	-
Dividend Yield (%)									
Profitability Ratios (%)									
EBITDA Margin (%)	16.6	24.8	20.1	17.8	25.9	27.4	28.9	32.0	34.3
Adj. PAT margin (%)	6.2	14.9	12.1	10.2	16.5	15.4	19.5	21.5	23.3
RoCE (%)	7.7	18.6	18.0	11.9	17.9	17.8	17.0	19.1	22.3
RoE (%)	6.9	20.1	18.0	12.4	19.4	15.3	16.4	19.6	22.1
Valuation (x)									
P/E	18.5	4.3	3.8	4.7	32.5	56.9	34.4	23.1	16.0
EV/EBITDA	139.9	63.2	55.9	67.1	39.4	35.5	23.3	15.5	10.5
EV/Sales	23.2	15.6	11.2	12.0	10.2	9.7	6.7	4.9	3.6
P/BV	25.0	21.0	17.0	14.3	11.9	9.5	5.7	4.6	3.6
Dividend Yield (%)	-	-	-	-	-	-	-	-	-
Turnover Ratios									
Debtors (Days)	85	50	29	70	74	140	120	110	110
Inventory (Days)	194	262	116	135	83	61	75	75	75
Creditors (Days)	15	17	17	18	18	40	30	30	30
Working Capital (Days)	264	295	127	187	139	161	165	155	155
Asset Turnover (x)	0.8	1.0	1.2	0.9	0.9	0.7	0.7	0.8	0.8
Fixed Asset Turnover (x)	0.6	0.9	1.3	1.1	1.3	1.3	1.5	1.5	1.6
Leverage Ratio									
Net Debt/EBITDA	2.0	0.7	0.3	1.5	0.6	1.3	0.0	(0.1)	(0.3)
Net Debt/Equity	0.4	0.2	0.1	0.3	0.2	0.4	0.0	(0.0)	(0.1)

Cash Flow Statement

Y/E Mar	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PBT	210	828	933	787	1,378	1,711	2,279	3,389	4,903
Depreciation	178	184	176	215	222	256	312	460	602
(Inc)/Dec in WC	87	(306)	503	(1,410)	(35)	(979)	(685)	(671)	(1,204)
Direct Taxes Paid	(102)	(191)	(335)	(201)	(379)	(262)	(570)	(847)	(1,226)
Other Items	65	152	158	90	94	147	(63)	(63)	(82)
CF from Operations	437	668	1,435	(519)	1,279	873	1,274	2,268	2,994
(Inc)/Dec in FA	(387)	(408)	(560)	(343)	(487)	(1,815)	(1,500)	(2,000)	(1,600)
Free Cash Flow	51	260	875	(862)	792	(942)	(226)	268	1,394
Change in Investments	1	15	(87)	(95)	(152)	185	-	-	-
Others	0	(3)	(329)	285	4	(380)	173	176	180
CF from Investments	(386)	(395)	(976)	(153)	(636)	(2,010)	(1,327)	(1,824)	(1,420)
Inc. / Dec. in Network	-	(94)	-	-	6	-	2,362	-	-
Inc/(Dec) in Debt	92	(72)	(62)	526	(286)	1,161	(208)	60	(305)
Dividends Paid	-	-	-	(11)	(150)	(22)	-	-	-
Others	(116)	(108)	(90)	(88)	(69)	(114)	(138)	(113)	(98)
CF from Fin. Activity	(24)	(274)	(151)	427	(499)	1,025	2,016	(53)	(404)
Inc/(Dec) in Cash	27	(2)	308	(246)	144	(112)	1,963	391	1,170
Add: Beginning Bal.	22	50	48	356	110	255	165	2,128	2,519
Closing Balance	72	75	637	134	282	165	2,128	2,519	3,690

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