MIDWEST

SMC Ranking
★★☆☆☆ (2/5)

Issue Highlights

Industry	Granites & Marbles
Offer for sale (Shares)	1,887,323
Fresh Issue (Shares)	2,347,417
Net Offer to the Public	**4,234,740**
Issue Size (Rs. Cr.)	429-451
Price Band (Rs.)	1014-1065
Employee Discount	101
Offer Date	15-Oct-25
Close Date	17-Oct-25
Face Value	5
Lot Size	14

Issue Composition

	In shares
Total Issue for Sale	4,234,740
QIB	2,117,370
NIB	635,211
Retail	1,482,159

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	95.83%	84.39%
QIB	4.17%	9.75%
NIB	0.00%	1.76%
Retail	0.00%	4.10%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The Company Midwest IPO proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Funding capital expenditure by Midwest Neostone, the wholly owned subsidiary, towards the Phase II Quartz Processing Plant.
2. Capital expenditure for purchase of Electric Dump Trucks to be used by the Company and APGM, our Material Subsidiary
3. Capital expenditure for integration of solar energy at certain Mines of the Company
4. Pre-payment/re-payment of, in part or full, certain outstanding borrowings of the Company and APGM
5. General corporate purposes.

Book Running Lead Manager

- DAM Capital Advisors Limited
- Intensive Fiscal Services Private Limited
- Motilal Oswal Investment Advisors Limited

Name of the registrar

- KFin Technologies Limited

About the company

Incorporated in 1981, Midwest Limited is engaged in the exploration, mining, processing, marketing, distribution, and export of natural stones. The company is a leading producer and exporter of Black Galaxy Granite, a distinctive variety renowned for its sparkling golden flakes. Midwest operates 16 granite mines across six locations in Telangana and Andhra Pradesh, producing premium varieties such as Black Galaxy, Absolute Black, and Tan Brown, supported by processing facilities in both states for large-scale finishing and customization. Beyond current operations, the company has established a strong resource base across 25 prospective mining locations in Andhra Pradesh, Telangana, Karnataka, and Tamil Nadu, ensuring long-term sustainability. With exports to 17 countries across five continents—notably China, Italy, and Thailand—Midwest serves reputed global clients including MP Steneko AB (Sweden), GI-MA Stone SRL (Italy), and The Xiamen Group (China). As of June 30, 2025, the company employed 1,326 personnel, comprising 475 permanent employees, 822 contract workers, and 29 consultants.

Strength

India's Largest Producer and Exporter of Black Galaxy Granite: The company holds a dominant position in the premium Black Galaxy Granite segment, a rare variety found exclusively in a single village in Andhra Pradesh. As India's largest producer and exporter, it accounted for approximately 64% of India's export block market in Fiscal 2025, producing 66,548 cubic meters of Black Galaxy Granite. With sale prices ranging from ₹50,000 to ₹100,000 per cubic meter, this segment offers the highest realizations among all granite types. The company currently operates three Black Galaxy Granite mines and is expanding its footprint by developing an adjacent mine with 11.81 million cubic meters of measured resources, leveraging its exclusive mining rights, technical expertise, and global customer relationships to serve the growing luxury real estate market.

Presence Across the Dimensional Granite Value Chain: With operations spanning the entire Dimensional Granite value chain, the company manages 16 granite mines producing Black Galaxy, Absolute Black, and Tan Brown varieties. It also operates two advanced processing facilities that cut, polish, and repurpose smaller blocks into high-value products like countertops and steps, thereby improving recovery rates. A robust logistics network, including partnerships with third-party transporters and a stockyard at Krishnapatnam Port, enables seamless movement of materials to major ports such as Chennai, Krishnapatnam, and Kakinada. This integrated "mine-to-market" structure ensures consistent quality and supply, supports flexible delivery models—from ex-mine to cost-insurance-freight—and strengthens distribution through strategic partnerships in key export markets like China and Italy.

Emphasis on Research, Development, and Technology Integration: A dedicated R&D team of eight experts, including six geologists with an average of 16 years of experience, drives the company's innovation agenda. Their efforts focus on resource expansion—such as identifying new Black Galaxy Granite and Quartzite deposits—and advancing operational efficiency and sustainability. Notable initiatives include co-developing an

Electric Squaring and Dressing Station with an Italian partner to replace diesel-powered drills, piloting Electric Dump Trucks to reduce emissions and maintenance costs, and setting up a Quartz Laboratory Facility for material assessment. The company has also pioneered a non-explosive mining process using expanding chemical powder, enhancing yield while minimizing environmental and safety risks.

Capital-Intensive Industry Favoring Established Players: Mining demands substantial capital investment, long gestation periods, and regulatory approvals, creating high entry barriers that favor established operators. Leveraging over four decades of experience, the company benefits from 20 operational mines (including 16 granite mines) and a modern fleet of 77 excavators, 95 wire saws, and 58 dump trucks, ensuring efficient, compliant, and large-scale operations. Its deep expertise, regulatory alignment, and scale place it far ahead of new entrants. As the market leader in the high-value Black Galaxy segment, the company held about 64% of India's export market share in Fiscal 2025 and consistently ranked as the highest royalty contributor for this granite variety—underscoring its dominance and legacy in the industry.

Proven Financial and Operational Performance: The company has demonstrated robust financial performance, with revenue from operations, EBITDA, and PAT growing at a CAGR of 11.63%, 38.47%, and 40.53%, respectively, between Fiscal 2023 and Fiscal 2025. A prudent financial policy minimizes external borrowing through disciplined working capital management. Export customers operate primarily on letters of credit and long-term advances, while domestic buyers pay in advance or maintain deposits, resulting in low finance costs and strong liquidity. This disciplined financial structure supports sustainable profitability and resilience across business cycles.

Strategy

Capitalize on the Growing Market for Black Galaxy and Absolute Black Granite: The company is strategically positioned to capture opportunities in the expanding markets for Black Galaxy Granite and Absolute Black Granite. Holding an estimated 64% share of India's Black Galaxy export market in Fiscal 2025 and producing 57,519 cubic meters from three operational mines in Fiscal 2024, it remains the undisputed market leader. To sustain this advantage, the company is developing an additional Black Galaxy Granite mine in Andhra Pradesh and promoting Absolute Black Granite as a durable, high-value alternative for domestic applications, including potential use in precision engineering as a substitute for steel foundations. It also plans strategic acquisitions of resource zones contiguous to its current mines to strengthen its long-term resource base and preserve its competitive edge.

Expand the Dimensional Stone Portfolio and Enter New Geographies: While the company's core focus remains Dimensional Granite, it is diversifying into Quartzite and Grey Marble, operating one mine for each and supported by proven reserves of 2.1 million tonnes of Quartz. This strategy aims to compete with imported stones by offering premium, locally produced alternatives such as Celestia Quartzite and Laza Grey Marble. Quartzite, with a Mohs hardness of 7, surpasses granite in strength, making it ideal for countertops and flooring. The company employs a B2B2C model, utilizing contract manufacturing with established processors to produce finished goods that it brands and markets directly to end customers, leveraging its strong brand equity and relationships to expand in the fast-growing Marble and Quartzite segments.

Diversify Revenue through Quartz Grit and Powder Production: The company has expanded into the Quartz segment, targeting high-growth industries like engineered stone and solar glass, where global Quartz slab exports rose 12.7% and domestic demand grew 15% CAGR between Fiscal 2024 and 2025. Through its subsidiary, Midwest Neostone, it operates Quartz mines in Andhra

Pradesh with 2.1 million metric tonnes of proved reserves and has established a mine-to-market integrated model. Phase I of its Quartz Processing Plant, with a capacity of 303,600 metric tonnes annually, produces grit and powder for industrial clients. The upcoming Phase II expansion will double capacity to 606,600 metric tonnes, enabling the company to process rejects into higher-purity materials and enter the high-purity Quartz segment catering to photovoltaic and semiconductor applications.

Expand into Heavy Mineral Sand Mining: The company is broadening its mineral portfolio by developing capabilities in Heavy Mineral Sand (HMS) mining, focusing on extracting Rutile, Ilmenite, Zircon, Garnet, Sillimanite, and Monazite—key inputs for producing Titanium Oxide pigments and Titanium slag used in paints. Notably, Monazite serves as a source of rare earth elements like Cerium, Lanthanum, and Neodymium, vital for advanced technologies in LEDs, catalysts, aerospace, and defense ceramics. The company has obtained four exploration licenses in Sri Lanka, where exploration reports have been approved, and is awaiting environmental clearances to commence mining. It plans to establish a processing facility in Sri Lanka and begin commercial operations by Fiscal 2027, serving both Indian and global markets.

Grow and Strengthen the Diamond Wire Segment: The company operates a specialized Diamond Wire manufacturing unit in Hyderabad, Telangana, catering to precision cutting needs in mining and construction. This segment supports both in-house operations and external clients, with a focus on market expansion through continuous product innovation and strategic market outreach. R&D initiatives are centered on improving material composition—optimizing elements like tungsten, iron, and synthetic diamonds—to enhance cutting speed and product durability. To accelerate adoption, the company is complementing product sales with concept selling, targeting operators yet to adopt diamond wire technology. It also aims to widen its domestic dealer network, providing technical support and service nationwide, forming a strong base for eventual expansion into international markets.

Enhance Operational Efficiency and Sustainability: Given the cost-intensive nature of Dimensional Stone mining, the company is pursuing operational reforms to boost yield, reduce costs, and enhance sustainability. It is shifting from explosives to expanding chemical powders to prevent block damage, while introducing wheel loaders and derrick cranes for safer material handling. To lower fuel and power costs, the company plans to electrify mining operations, deploy electric dump trucks and dressing stations, and integrate solar power plants at key sites to reduce dependence on the grid. Additionally, replacing handheld jackhammers with mechanical or hydraulic drills is expected to optimize labor efficiency, improve process precision, and strengthen safety standards, aligning operational goals with long-term environmental responsibility.

Risk Factor

- The business is subject to multiple regulatory approvals, and any delays, litigation, or non-renewal of licenses could disrupt operations.
- Ongoing legal proceedings involving the Company, subsidiaries, Directors, or Promoters may adversely affect its reputation, operations, and financials.
- The Company's entry into new business segments may face challenges, and failure to establish a foothold could impact growth and cash flows.
- The previous statutory auditors issued qualified audit reports for Fiscal 2023, highlighting certain matters that could affect investor confidence.

Peer Comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Pokarna	930.13	187.55	58.9	12.47	2.93	250.93	2	734.5	2277.24
Midwest Ltd.	626.18	133.30	36.86	28.89	4.25	250.77	5	1065.00	3851.02

***Peer companies financials are TTM based**
*****Midwest Ltd. Financial are based on FY25**

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.1065, the stock is priced at pre issue P/E of 27.01 x on an FY25 EPS of Rs..39.42. Post issue, the stock is priced at a P/E of 28.89x on its EPS of Rs. 36.86. Looking at the P/B ratio at Rs. 1065 pre issue, book value of Rs. 194.24 of P/Bvx 5.48x. Post issue, book value of Rs.250.77 of P/Bvx 4.25x.

Considering the P/E valuation, on the lower end of the price band of Rs.1014, the stock is priced at pre issue P/E of 25.72x on FY25 EPS of Rs. 39.42. Post issue, the stock is priced at a P/E of 27.51x on its EPS of Rs.36.86. Looking at the P/B ratio at Rs. 1014 pre issue, book value of Rs. 194.24 of P/Bvx 5.22x. Post issue, book value of Rs.250.77 of P/Bvx 4.04x.

Industry Outlook

The overall industry outlook is strongly supported by a positive Indian macroeconomic environment, with the country's Real GDP projected to grow at a Compound Annual Growth Rate (CAGR) of 6.5% between Fiscal 2025 and 2030, up from 5.3% in the prior five-year period. This growth is backed by improving demand-side factors, including a forecast for private consumption expenditure to grow to 7.2% in Fiscal 2025 and a robust 6.3% export growth, which is expected to significantly boost net exports. Within the company's specific segments, the Quartz industry is poised for substantial growth, projected to register an 8-8.5% CAGR through Fiscal 2030. This growth will be particularly driven by the demand for higher-quality solar glass, with domestic supply expected to meet 70-80% of demand by Fiscal 2030, reversing the current import dependency. Furthermore, the Heavy Mineral Sand segment also shows positive trends, with global Rutile production expected to grow at a CAGR of 1.0-2.0% and domestic Ilmenite production projected to increase at a CAGR of 4.0-5.0% through Fiscal 2030.

Outlook

Backed by its market leadership in the premium Black Galaxy Granite segment, integrated mine-to-market operations, and consistent financial growth, the company is well-positioned for sustainable expansion. Strategic diversification into Quartz, Marble, and Heavy Mineral Sands will broaden its revenue base, while investments in R&D, technology, and sustainability are expected to enhance efficiency and long-term competitiveness. However, regulatory dependencies and new business risks warrant continued focus on compliance and operational discipline.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	15-October-25
BID/ISSUE CLOSES ON	17-October-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	20-October-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	23-October-25
Credit of Equity Shares to Demat Accounts of Allottees	23-October-25
Commencement of trading of the Equity Shares on the Stock Exchanges	24-October-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 30-Jun-25 (3 Months)	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)
Revenue from operations	142.27	626.18	585.62
Total expenditure	103.30	454.40	434.18
Operating Profit	**38.97**	**171.78**	**151.44**
OPM%	27.39	27.43	25.86
Other Income	4.20	16.96	17.71
Total Net Income	**43.17**	**188.74**	**169.15**
Interest	3.70	10.93	9.16
PBDT	**39.47**	**177.81**	**159.99**
Depreciation	6.60	25.59	22.18
Profit/ (loss) before tax exceptional item and tax	**32.87**	**152.22**	**137.81**
Exceptional Items	0.00	25.79	0.00
PBDT	**32.87**	**178.01**	**137.81**
Tax	8.49	44.71	37.48
Profit & Loss	**24.38**	**133.30**	**100.32**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 30-Jun-25	As on 31-Mar-25	As on 31-Mar-24
Non-current assets			
Property, Plant and Equipment	286.88	285.63	238.97
Right-of-use assets	19.57	19.83	13.13
Capital Work In progress	139.35	116.37	13.27
Goodwill	1.55	1.55	1.55
Other intangible assets	0.05	0.05	0.03
Intangible assets under development	109.93	109.76	105.89
Exploration intangible asset under development	7.47	0.00	0.00
Financial assets			
Investments	19.97	19.76	18.57
Loans	40.91	10.83	0.00
Other financial assets	14.03	13.39	12.36
Deferred tax assets (net)	7.35	7.25	6.90
Other non-current assets	52.65	51.72	57.16
Total non-current assets	**699.70**	**636.13**	**467.83**
Current asset			
Inventories	28.83	27.61	37.20
Financial Assets			
Investments	0.00	0.00	18.93
Trade receivables	233.69	239.97	119.07
Cash and cash equivalents	19.17	14.23	25.46
Bank balances other than (iii) above	0.56	2.32	2.73
Loans	16.73	45.71	11.80
Other financial assets	0.01	0.07	9.40
Other current assets	84.12	92.67	67.99
Total current assets	**383.10**	**422.57**	**292.58**
Total Assets	**1082.80**	**1058.70**	**760.41**
Non-current liabilities			
Financial liabilities			
Borrowings	153.24	137.75	56.64
Lease liabilities	4.39	4.41	3.01
Other financial liabilities	11.64	12.37	17.43
Provisions	5.32	5.84	4.84
Deferred tax liability (net)	2.47	2.50	3.29
Total Non- Current liabilities	**177.05**	**162.86**	**85.21**
Current liabilities			
Financial Liabilities			
Borrowings	116.88	98.86	63.84
Lease liabilities	0.51	0.68	0.66
Trade payables- Total outstanding dues of micro and small enterprises	3.71	7.36	3.00
Trade payables-Total outstanding dues of creditors other than micro and small enterprises	32.57	42.59	18.58
Other financial liabilities	35.39	56.32	19.98
Provisions	2.69	2.63	1.83
Other current liabilities	30.21	32.09	64.81
Current tax liabilities (net)	26.87	22.90	3.43
Total - Current Liabilities	**248.83**	**263.44**	**176.13**
Total Liabilities	**425.88**	**426.30**	**261.34**
Net worth represented by:			
Equity share capital	16.91	16.91	9.66
Other equity	625.60	602.26	484.86
Non-controlling interests	14.42	13.24	4.56
Total Equity	**656.92**	**632.40**	**499.07**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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