



IPO Note

MIDWEST LIMITED

Oct 15th, 2025



Oct 15th, 2025**Details of the Issue**

Price Band	₹ 1,014 - ₹ 1,065
Issue Size	₹ 451 Cr
Face Value	₹ 5
Bid Lot	14
Listing on	BSE,NSE
Post Issue Mcap	₹ 3,851.02Cr
Investment Range	₹ 14,196 - ₹ 14,910

Important Indicative Dates (2025)

Opening	15 - Oct
Closing	17 - Oct
Basis of Allotment	20 - Oct
Refund Initiation	23 - Oct
Credit to Demat	23 - Oct
Listing Date	24 - Oct

Lead Manager

DAM Capital Ltd

Intensive Fiscal Services Pvt Ltd

Motilal Oswal Investment Advisors Ltd

Offer Details

Offer Size	₹ 451 Cr
Fresh Issue	₹ 250 Cr
OFS	₹ 201 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	226	2.12	2.22	50
NII	68	0.64	0.67	15
Retail	158	1.48	1.56	35
Em-ploy.	-	-	-	-
Total	451	4.45	4.23	100

Invest Now**Company Profile**

Midwest Limited, established in 1981, is a leading producer and exporter of natural stones, notably the Black Galaxy Granite with its distinctive golden flakes. The company operates 16 granite mines across Telangana and Andhra Pradesh, producing varieties like Black Galaxy, Absolute Black, and Tan Brown, and has processing facilities in both states for large-scale finishing. With a robust resource base spanning 25 additional locations across Andhra Pradesh, Telangana, Karnataka, and Tamil Nadu, Midwest is well-positioned for future expansion. The company exports to 17 countries across five continents, with key markets in China, Italy, and Thailand, serving prominent clients such as MP STENeko AB (Sweden), GI-MA STONE SRL (Italy), Quanzhou Xingguang Stone Co. (China), The Xiamen Group (China), and King Marble and Granite Co. (Thailand). As of June 2025, Midwest employed 1,326 personnel, including 475 permanent staff, 822 contract workers, and 29 consultants, underscoring its operational scale and global reach.

GEPL's Insights & Investment Thesis:

- Midwest Ltd is one of leading producer and exporter of Black Galaxy Granite with golden flakes. With ~64% share of India's Black Galaxy Granite exports in FY25, the company leverages its 3 operational Black Galaxy mines.
- The company faces notable concentration risks, both in clientele and geography. In FY2025, the top 10 clients contributed 63% of total revenue, indicating high customer dependence. Additionally, exports accounted for 64% of revenue, with China alone contributing 55%, exposing the company to regional and geopolitical risks.
- Based on the FY25 earnings, relative to the company's post-IPO paid up capital, the issue is priced at a P/E ratio of 39.5x. We believe that the issue is overly valued compared to its peers and faces concentration risks. Therefore, we recommend a "Avoid" rating for the issue.

Business Highlights & Services

Midwest Limited's business strategy is anchored in its leadership position in the high-value Black Galaxy Granite segment, a rare natural stone available only in one village in Andhra Pradesh globally. As India's largest producer and exporter of Black Galaxy Granite, the company commands ~64% market share in India's export segment, producing 66,548 cubic meters in FY25 and exporting 44,992 cubic meters. With three operational Black Galaxy mines and exclusive mining rights, Midwest benefits from strong entry barriers in a fragmented and capital-intensive industry, where licenses are granted on a long-term, exclusive basis. The company's premium-grade product enjoys the highest average realization among Indian granite types, supported by robust global demand from luxury real estate and architectural applications. Midwest is strategically expanding its resource base by developing an additional 10.94-hectare Black Galaxy mine adjacent to its existing operations at Chimakurthy, holding 11.8 million cubic meters of measured resources. Backed by proven reserves, operational expertise, and an established export customer base, the company is well positioned to capitalize on growing global demand and sustain long-term value creation through scale, exclusivity, and premium product positioning.

Midwest Limited's business strategy is built on its fully integrated presence across the dimensional granite value chain, supported by long-established mining assets, advanced infrastructure, and a dominant position in the premium Black Galaxy Granite segment.



Operating 20 mines including 16 granite, 3 quartz, and 1 marble mine across Telangana, Andhra Pradesh, Karnataka, and Tamil Nadu, the company ensures consistent access to high-quality resources. Midwest's two state-of-the-art processing facilities enable value addition through precision cutting and polishing, maximizing recovery by converting block rejections into commercially viable products. Its flexible logistics and distribution model, supported by in-house stockyards and partnerships with freight and shipping agents, enhances supply efficiency and ensures timely delivery to key export markets such as China and Italy. With 64% market share in India's Black Galaxy Granite exports (FY25) and over 40 years of operational expertise, Midwest benefits from significant entry barriers in a capital- and regulation-intensive industry where mining leases are granted on a long-term exclusive basis. Its modern fleet of 77 excavators, 58 dump trucks, 95 wire saws, and 33 drills underpins operational efficiency and scale. The company's established mining rights, strong regulatory compliance, and leadership in royalty contributions reflect its scale and credibility within the sector. By combining resource ownership, processing integration, and global distribution strength, Midwest is strategically positioned to sustain leadership, enhance profitability through operational leverage, and capitalize on rising global demand for premium natural stone products.

Midwest Limited's growth strategy is centered on consolidating its leadership in the high-value Black Galaxy Granite segment while diversifying into complementary premium stone categories to drive revenue expansion and margin enhancement. With ~64% share of India's Black Galaxy Granite exports in FY25, the company leverages its 3 operational Black Galaxy mines and ongoing expansion through a new mine in Andhra Pradesh to strengthen production capacity and sustain long-term resource security. This exclusive positioning in a globally scarce natural stone segment provides pricing power and consistent export-led revenue visibility. To complement its export dominance, Midwest is strategically targeting the domestic market through a differentiated portfolio approach positioning Absolute Black Granite as a cost-effective alternative to Black Galaxy for local customers, including use in industrial and architectural applications. The company's diversification into Quartzite and Laza Grey Marble further broadens its addressable market, enabling entry into the growing mid-premium and replacement segments competing with imported stone. By introducing these varieties through a B2B2C model, leveraging contract manufacturing and established branding, Midwest aims to capture higher value in the supply chain while maintaining asset-light scalability. With strong ore reserves, expanding resource base, and a disciplined acquisition strategy focused on contiguous mining zones, the company ensures optimal reserve replenishment, operational efficiency, and sustainable production. Backed by 40+ years of mining expertise, strong export relationships, and expanding product offerings, Midwest is positioned to achieve profitable growth through vertical integration, market diversification, and brand-driven premiumization across both domestic and international markets.

Midwest Limited is strategically expanding beyond dimensional granite into high-growth industrial minerals through an integrated mine-to-market model that enhances scalability, efficiency, and profitability. Its subsidiary, Midwest Neostone Private Limited, anchors this diversification with 2.1 million MT of proven Quartz reserves and two additional mines under development. Phase I of its Quartz Processing Plant (303,600 MTPA) began operations in FY25, serving engineered stone and solar glass markets, while Phase II (303,000 MTPA), fully funded through IPO proceeds, will double capacity to 606,600 MTPA and improve margins through internal raw material sourcing and waste recovery. Midwest aims to leverage this foundation to enter the high-purity Quartz segment catering to photovoltaics, semiconductors, and aerospace, offering high-value growth potential. Concurrently, it is expanding into heavy mineral sands—Rutile, Ilmenite, Zircon, Garnet, Sillimanite, and Monazite—with four exploration licenses in Sri Lanka, targeting commercial operations by FY27 to tap into demand from pigment, titanium, and advanced materials industries. Complementing this, its Diamond Wire manufacturing business in Hyderabad strengthens backward integration and creates a scalable profit stream, supported by in-house R&D and a nationwide dealer network. Backed by vertical integration, resource security, and diversification into high-margin, technology-driven minerals, Midwest is well positioned for sustainable growth and long-term value creation.

Production Capacity Details

(in square feet, except % information)

Unit	Particulars	Three-month period ended June 30, 2025	Fiscal 2025	Fiscal 2024	Fiscal 2023
Granite Processing Facility – Chimakurthy, Andhra Pradesh	Installed capacity ⁽¹⁾	582,582 ⁽⁴⁾	2,330,328	2,330,328	2,330,328
	Actual production ⁽²⁾	53,799	295,663	122,170	96,181
	Utilization Rate ⁽³⁾ (in %)	9.23	12.69	5.24	4.13
Granite Processing Facility – Ongole, Andhra Pradesh	Installed capacity	75,000 ⁽⁴⁾	300,000	300,000	300,000
	Actual Production	-	6,118	67,463	18,059
	Utilization Rate ⁽³⁾ (in %)	0.00	2.03	22.49	6.02

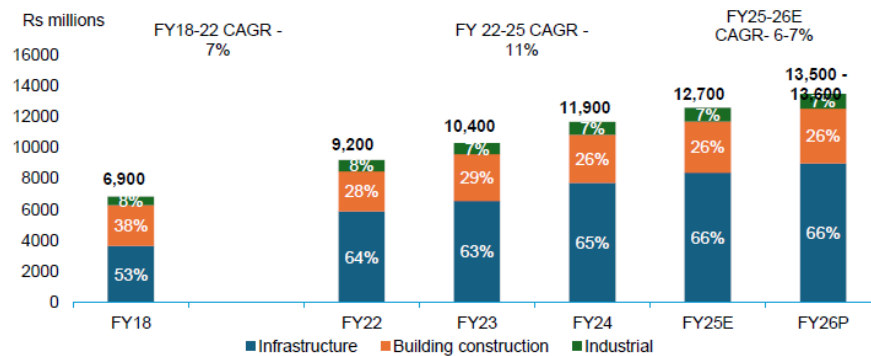


Product Wise revenue breakup

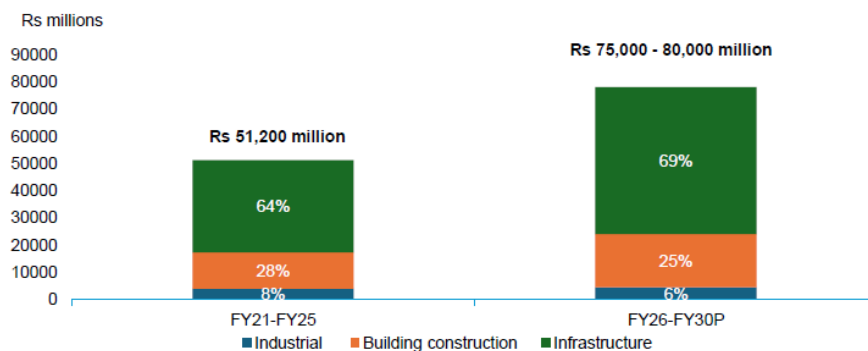
Particular	June FY25		FY25		FY24		FY23	
	Amount (in Cr)	% of revenue	Amount (in Cr)	% of revenue	Amount (in Cr)	% of revenue	Amount (in Cr)	% of revenue
Black Galaxy and Absolute Black Granite								
Black Galaxy Granite								
Exports	62	43.4	341	54.47	362	61.81	299	59.53
Domestic	38	26.38	94	15.07	62	10.55	55	10.93
Absolute Black Granite								
Exports	3	2.23	11	1.72	4	0.65	5	0.94
Domestic	31	22.06	155	24.7	135	23.08	124	24.76
Sub-Total for Black Galaxy and Absolute Black Granite	134	94.07	601	4.3	563	96.09	483	96.16
Other								
Other natural stones	2	1.49	9	1.47	14	2.4	9	1.75
Diamond Wire	6	4.45	16	2.56	9	1.51	11	2.09
Sub-Total for Other	8	5.94	25	4.03	23	3.91	19	3.84
Total Revenue from Operation (A+B)	142	100	626	100	586	100	503	100

Industry Outlook

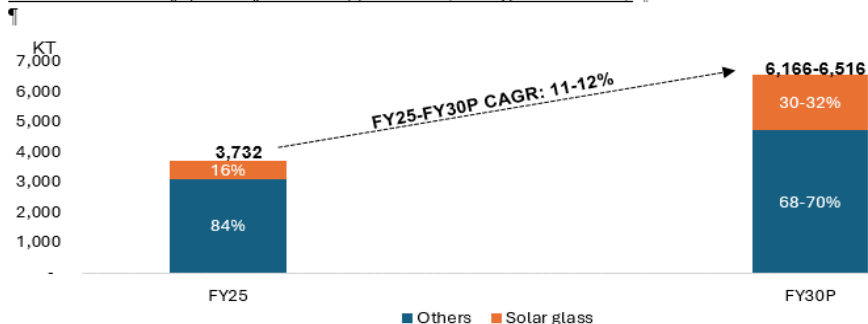
Construction investment review and outlook



Construction spending (at current prices)



Domestic demand of quartz by end-use applications (solar glass vs others)



P: Projected

Note: Others- includes all the applications other than solar glass like- engineered stone, electronics etc.

Source: Crisil-Intelligence



Peers Comparisons

Name of the company	Face Value (₹)	Total Revenue (In Cr)	EPS	P/E (x)	NAV (In INR)	RoNW(%)
Midwest Ltd	5	626	39.42	NA	164	22.11
Peers Group						
Pokarna Ltd	2	930	60.49	12.73	251	24.11

Company's Competitive Strength

- India's largest producer and exporter of Black Galaxy Granite, a premium variety of Granite.
- Presence across the entire Dimensional Granite value chain with mine to distribution capabilities.
- Emphasis on Research and Development ("R&D") and Technology Integration.
- Significant establishment costs with a long gestation period benefitting established players.
- Proven track record of financial and operational performance.

Key Strategies Implemented by Company

- Capitalize on the growing market for Black Galaxy Granite and Absolute Black Granite and build our resource base.
- Expand the Dimensional Stone products and enter new geographies.
- Diversify revenue through production of Quartz grit and powder.
- Expand into heavy mineral sand mining.
- Growing and augmenting operations in the Diamond Wire Segment.
- Improve efficiency and sustainability of the operations.

Particular (INR in Cr)	Q1 FY2026	FY25	FY24	FY23
Equity Capital	17	17	10	1
Reserves and Surplus	626	603	485	409
Net Worth		620	495	410
Revenue	142	626	586	503
Growth (%)		7%	17%	
EBITDA	39	172	151	90
EBITDAM (%)	27.4%	27.4%	25.9%	17.8%
PAT	24.38	108	100	54
PATM (%)	17.1%	17.2%	17.1%	10.8%
ROE (%)	4.2%	19.4%	23.8%	16.3%
ROCE (%)	3.9%	18.8%	25.0%	14.4%



Notes

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