

# IPO Snapshot

October 14, 2025

**Midwest Limited**



**Issue Snapshot:**

Issue Open: October 15 – October 17, 2025

Price Band: Rs. 1014 –1065 (Discount of Rs 101 for all eligible employees)

\*Issue Size: Up to Rs.451.0 cr (Fresh Issue of upto Rs 250.0 cr + Offer for sale of upto Rs 201.0 cr)

Reservation for:

|                                                                                    |         |           |
|------------------------------------------------------------------------------------|---------|-----------|
| QIB                                                                                | upto    | 50% eq sh |
| Non-Institutional                                                                  | atleast | 15% eq sh |
| ((including 1/3 <sup>rd</sup> for applications between Rs.2 lakhs to Rs.10 lakhs)) |         |           |
| Retail                                                                             | atleast | 35% eq sh |

Face Value: Rs 5

Book value: Rs 170.66 (June 30, 2025)

Bid size: - 14 equity shares and in multiples thereof

100% Book built Issue

**Capital Structure:**

Pre Issue Equity: Rs. 16.91 cr

\*Post issue Equity: Rs. 18.08 cr

Listing: BSE &amp; NSE

Book Running Lead Manager: DAM Capital Advisors Ltd, Intensive Fiscal Services Pvt Ltd, Motilal Oswal Investment Advisors Ltd

Sponsor Bank: Kotak Mahindra Bank Ltd and HDFC Bank Ltd

Registrar to issue: KFin Technologies Ltd

**Shareholding Pattern**

| Shareholding Pattern        | Pre issue %  | Post issue % |
|-----------------------------|--------------|--------------|
| Promoter and Promoter Group | 95.83        | 84.39        |
| Public                      | 4.17         | 15.61        |
| <b>Total</b>                | <b>100.0</b> | <b>100.0</b> |

\*=assuming issue subscribed at higher band  
 Source for this Note: RHP

**Background & Operations:**

Midwest Limited (ML) is a leading player in the Indian natural stone industry with over four decades of experience in exploration, mining, processing, and export of dimensional granite, especially Black Galaxy and Absolute Black Granite. ML holds a dominant 64% share of the Indian export market for Black Galaxy Granite in fiscal 2025, producing 66,548 cubic meters, with exports of 44,992 cubic meters concentrated mainly from its three mines located uniquely in Andhra Pradesh. Black Galaxy Granite commands premium pricing of Rs.50,000-100,000 per cubic meter due to its rarity and high demand across luxury real estate applications worldwide, including kitchens, floors, facades, and artistic uses. Absolute Black Granite, accounting for 15.7% of national production, is also a key product favored for its consistent deep black hue, durability, and versatile use in traditional and modern architecture. Mines and processing units span Andhra Pradesh and Telangana, with a resource base further extending to Karnataka and Tamil Nadu. ML's vertical integration through mechanized mining, customized diamond wire cutting tools manufacturing, and advanced process optimization underscores its operational edge, efficiency, and sustainability focus.

ML's revenue for fiscal 2025 stood at Rs.6,261.82 million, with the core natural stone segment contributing 96% of revenues, dominated by Black Galaxy and Absolute Black Granite sales both domestically and internationally. The diamond wire segment, initially set for backward integration, now supplies both captive consumption and third-party Indian mining and construction industries. In Q1 FY26, ML commenced its quartz processing operations in Andhra Pradesh with Phase I capacity of 303,600 metric tonnes per annum of quartz grit and powder, used for engineered stone and solar glass. Phase II, funded by the offer proceeds, aims to double capacity to 606,600 tonnes, including production of ultra-high purity quartz powder for semi-conductors and optical glass applications.

ML is expanding its product portfolio through new ventures including extraction of branded Laza Grey Marble and Celestia Quartzite for the Indian market and potential European exports, as well as entering heavy mineral sand mining via subsidiaries in Sri Lanka. They hold licenses for minerals like rutile, ilmenite, zircon, and garnet, essential for titanium pigment, aerospace materials, electronics, and medical implants. Investment in exploration for these high-value minerals, including monetization potential from rare earth element-containing monazite, reflects ongoing diversification ambitions.

Financially, ML reported for the quarter ended June 30, 2025, revenue of Rs.1,423 million, EBITDA of Rs.390 million with a margin of 27.4%, and net profit of Rs.244 million representing a 17.1% net margin. Across fiscal years 2023-2025, revenue grew steadily from Rs.5,025 million to Rs.6,262 million, with improving EBITDA and net margins reflecting enhanced operational efficiencies and scaling. The company also prioritizes sustainable operations, adopting solar energy, electric mining and processing equipment, chemical explosives alternatives, and fuel monitoring systems, which reduce its carbon footprint significantly.

ML employs over 1,000 skilled personnel including specialists in mining, production, research, and development (R&D). The R&D focus is dual: expanding resource base through exploration and optimizing production techniques to enhance quality and reduce costs, particularly in diamond wire manufacturing. Quarterly R&D expenditure was 0.81% of revenue in FY25. ML's clientele spans 17 countries with key export markets including China, Italy, and Thailand, with longstanding contractual relationships that ensure steady cash flows and reduce working capital needs.

**Objects of Issue:**

The Offer consists of the Fresh Issue of up to Equity Shares aggregating up to Rs.2,500 million and the Offer for Sale of up to Equity Shares aggregating up to Rs.2,010 million, cumulatively aggregating up to Rs.4,510 million.



### Offer for Sale

Each Selling Shareholder will be entitled to the proceeds from the sale of their respective Offered Shares in the Offer for Sale, net of their share of the Offer related expenses and relevant taxes thereon in accordance with the Offer Agreement. The Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds.

### Objects of the Fresh Issue

ML proposes to utilize the Net Proceeds from the Fresh Issue towards funding the following objects:

- Investment in Midwest Neostone Private Limited ("Midwest Neostone"), wholly owned subsidiary, by way of a loan, towards funding capital expenditure for Phase II of the quartz grit and powder processing plant (the "Phase II Quartz Processing Plant");
- Capital expenditure for purchase of electric dump trucks ("Electric Dump Trucks") to be used by ML and investment in Andhra Pradesh Granite (Midwest) Private Limited ("APGM"), its Material Subsidiary, by way of a loan, for purchase of Electric Dump Trucks;
- Capital expenditure for integration of solar energy at certain Mines of the Company;
- Pre-payment/re-payment of, in part or full, certain outstanding borrowings of the Company and investment in APGM, by way of a loan, for pre-payment/ re-payment of, in part or full, certain outstanding borrowings of APGM; and
- General corporate purposes

Further, ML expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges, enhancement of the Company's brand name and creation of a public market for its Equity Shares in India.

### Requirement of Funds:

The Net Proceeds are proposed to be utilized in accordance with the details provided in the following table:

(Rs in million)

| S.No | Particulars                                                                                                                                                                                                                                                      | Amount   |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| 1    | Investment in Midwest Neostone Private Limited ("Midwest Neostone"), wholly owned subsidiary, by way of a loan, towards funding capital expenditure for Phase II of the quartz grit and powder processing plant (the "Phase II Quartz Processing Plant");        | 1,302.98 |
| 2    | Capital expenditure for purchase of electric dump trucks ("Electric Dump Trucks") to be used by ML and investment in Andhra Pradesh Granite (Midwest) Private Limited ("APGM"), its Material Subsidiary, by way of a loan, for purchase of Electric Dump Trucks; | 257.55   |
| 3    | Capital expenditure for integration of solar energy at certain Mines of the Company                                                                                                                                                                              | 32.56    |
| 4    | Pre-payment/re-payment of, in part or full, certain outstanding borrowings of Company and investment in APGM, by way of a loan, for pre-payment/ re-payment of, in part or full, certain outstanding borrowings of APGM                                          | 562.23   |
| 5    | General corporate purposes                                                                                                                                                                                                                                       | *        |
|      | <b>Total Net Proceeds</b>                                                                                                                                                                                                                                        | <b>*</b> |

### Competitive Strengths

- 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
- Experienced Promoters and professional management team with deep industry experience and track record

### Business Strategy:

- Capitalize on the growing market for Black Galaxy Granite and Absolute Black Granite and build resource base
- Expand 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 Diamond Wire Segment
- Improve efficiency and sustainability of operations

### Key Concerns

- One promoter received a CBI notice in 2015 related to subsidiary operations, which may affect reputation and management focus.
- Estimates of natural stone reserves and mine life may differ materially from actual recoveries, impacting financials.
- Mining operations require multiple permits which may face delays or legal challenges, adversely affecting production.



- Ongoing legal cases involving the company, promoters, and subsidiaries may affect reputation and financials; total quantifiable claims exceed Rs.1,500 million.
- Legal dispute and liquidation proceedings with joint venture partner BEML Limited may impact operations and management attention.
- Expansion into Quartz extraction, Heavy Mineral Sands mining, and new stone varieties involves operational and market risks.
- Previous auditors gave qualified reports due to subsidiary consolidation and going concern issues, though corrected in FY24.
- Top 10 customers contributed over 50% of revenue in recent years; contract terminations or loss could materially affect business.
- Over 50% of revenue is from China, subject to risks like regulatory changes, geopolitical tensions, and logistical disruptions.
- Some historical corporate filings and records are not traceable, which may invite regulatory scrutiny.
- Black Galaxy Granite accounts for ~70% of revenue; disruptions or demand changes may adversely affect financials.
- Planned investments in Quartz plant and electrification face execution and cost overrun risks.
- Operations concentrated in Andhra Pradesh and Telangana may be affected by local political, social, or natural disruptions.
- Reliance on promoters and senior management; attrition or loss may affect business.
- Several subsidiaries and joint ventures have incurred losses, which may continue to affect consolidated performance.
- Sale deeds for certain land acquisitions from promoter are pending, risking financial and operational impacts.
- Mining royalties and fees are significant expenses; upward revisions could pressure margins.
- Over 60% of revenue is in foreign currency, especially USD; exchange rate fluctuations could impact results.
- Power supply disruptions or cost increases could impact production costs and operational continuity.
- Difficulty in securing economically exploitable reserves could impact growth and margins.
- Legal uncertainties and defects in property titles may disrupt operations or increase costs.
- Mining activities carry risks of accidents, explosions, and environmental damage with potential liabilities.
- Stricter laws may increase costs or lead to fines and operational restrictions.
- Industry data is based on CRISIL Report commissioned by company, which carries inherent reliance risks.
- JV agreements entail financial and performance risks due to dependence on partners.

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