

**ABOUT THE COMPANY:** With 40+ years of experience, the company leads India's Black Galaxy Granite exports (64% share in FY25) and is a top Absolute Black Granite producer. It operates 16 mines and 2 processing units across South India, exporting to 17 countries with clients in China, Italy, and Thailand.

## KEY BUSINESS INSIGHTS:

The company operates three Quartz mines (two more developing) and began a 303,600 MT/year Quartz plant in Q2 FY26, with Phase II to double capacity. It holds four HMS licenses in Sri Lanka for Rare Earth Elements. By FY30, black granite will be 16-18% of India's granite output, growing from 2,877 to 4,227-4,848 kilo tons by FY29 (CAGR 8-11%), outpacing colored granite. Black Galaxy granite sells for ₹50,000-100,000/m<sup>3</sup> with royalties ₹1,550-4,600/m<sup>3</sup>; the company is India's largest producer/exporter. Midwest produced 66,548 cu.m. in FY25 (15.7% national share), exporting 64%, with 8.47M cu.m. reserves (3.51M under development). A new Andhra Pradesh mine adds 29.74M cu.m. Black Galaxy, 8.55M Absolute Black, 3.76M colored granite, and 2.1M tonnes quartz reserves. Electricity use dropped FY23-FY25; solar rose to meet 14.76% of FY25 needs. Emission cuts include converting diesel compressors to electric and adding a 1.10 MW solar plant, with 0.66 MW planned.



ISSUE DETAILS	
Price Band (in ₹ per share)	1014-1065
Issue size (in ₹ Crore)	451.00
Fresh Issue (in ₹ Crore)	250.00
Offer for Sale (in ₹ Crore)	201.00
Issue Open Date	15-10-2025
Issue Close Date	17-10-2025
Tentative Date of Allotment	20-10-2025
Tentative Date of Listing	24-10-2025
Total Number of Shares (in lakhs)	423.47-444.77
Face Value (in ₹)	5.00
Exchanges to be Listed on	BSE & NSE

## OUR VIEW:

With 40+ years in natural stone, the company leads India's Black Galaxy Granite export market (64%) with 44,992 cu.m. exported in FY25 and dominates Absolute Black Granite production (15.7% of black granite output). EBITDA and PAT have grown steadily. Despite a 2015 CBI notice involving promoter Mr. Kollareddy and a higher PE of 27x vs peers' 12x, profit margins remain strong. With near-monopoly status, it is recommended to "SUBSCRIBE" for long-term, higher-risk investors.

APPLICATION	LOTS	SHARES	AMOUNT (₹)
Retail (Min)	1	14	14,910
Retail (Max)	13	182	1,93,830
S-HNI (Min)	14	196	2,08,740
S-HNI (Max)	67	938	9,98,970
B-HNI (Min)	68	952	10,13,880

**BRLMs:** DAM Capital Advisors Limited, Intensive Fiscal Services Private Limited & Motilal Oswal Investment Advisors Limited.

**PROMOTERS:** MR. KOLLAREDDY RAMA RAGHAVA REDDY, MR. KOLLAREDDY RAMACHANDRA, MRS. KUKRETI SOUMYA AND MRS. UMA PRIYADARSHINI KOLLAREDDY

## BRIEF FINANCIALS

PARTICULARS (Rs. Cr)*	Q1FY26	FY25	FY24	FY23
Share Capital	16.90	16.90***	9.66	0.74
Net Worth	577.0	553.69	421.92	334.90
Revenue from Operations	142.26	626.18	585.60	502.50
EBITDA	38.97	171.78	151.44	89.58
EBITDA Margin (%)	27.39	27.43	25.86	17.83
Profit/(Loss) After Tax	24.38	133.29	100.32	54.43
EPS (in Rs.)	7.21	39.42	29.67	16.10
Net Asset Value (in Rs.)	170.66	163.75	124.79	99.05
Total borrowings	270.11	236.61	120.48	149.07
P/E#	36.93^	27.02	NA	NA
P/B#	6.24^	6.50	NA	NA

\* Restated consolidated financials; #Calculated at upper price band 1065 ^Annualised EPS, \*\*\* Bonus issue in the ratio of three Equity Shares for every four Equity Shares held on July 11,2025.

## OBJECTS OF THE OFFER

The Company proposes to utilize the net proceeds towards funding the following objects:

- ₹130.30 crore loan to Midwest Neostone for Phase II Quartz Plant capex
- ₹25.76 crore towards Electric Dump Truck capex — for company use and as a loan to APGM, material subsidiary
- ₹3.26 crore for solar integration at select mines.
- ₹56.22 crore for partial prepayment of borrowings (Company and APGM via loan), and remaining funds for
- General corporate purposes.

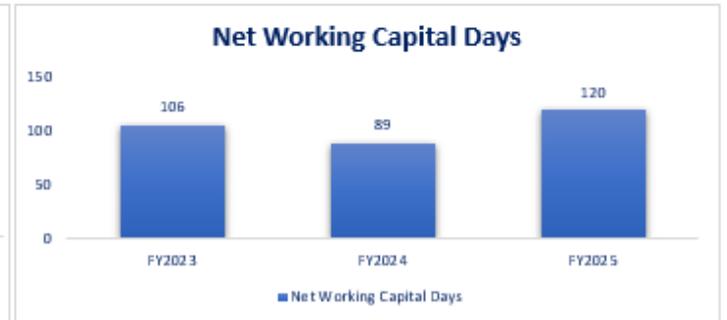
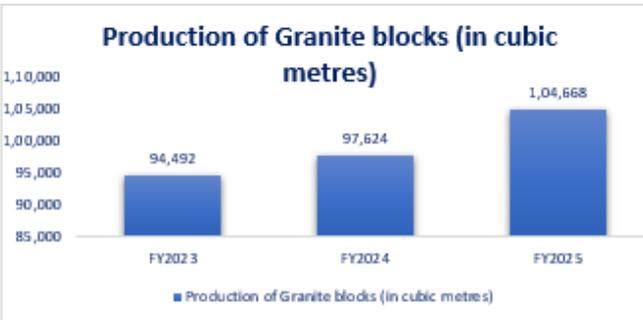
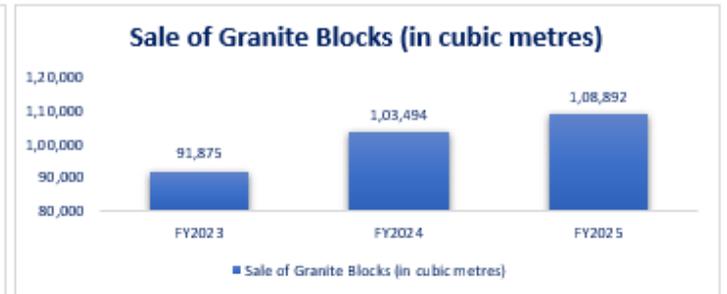
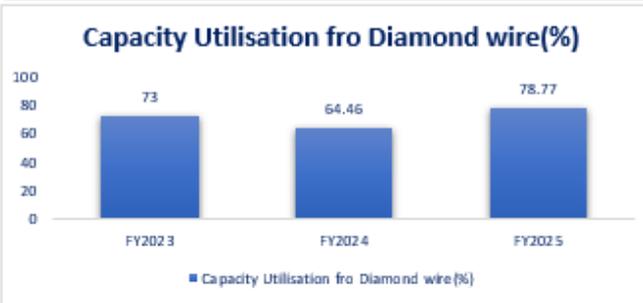
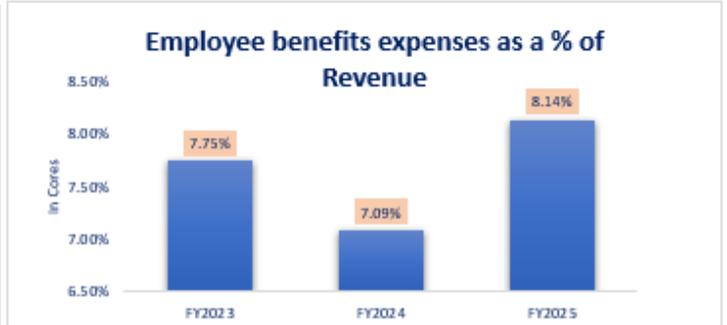
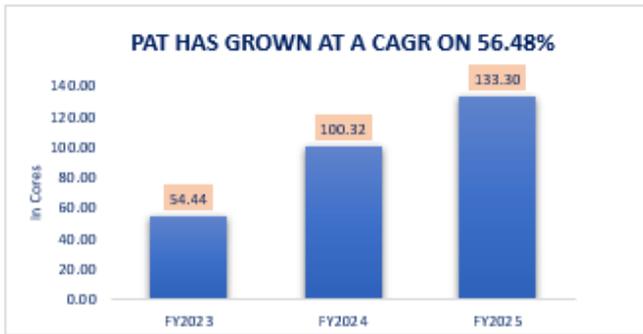
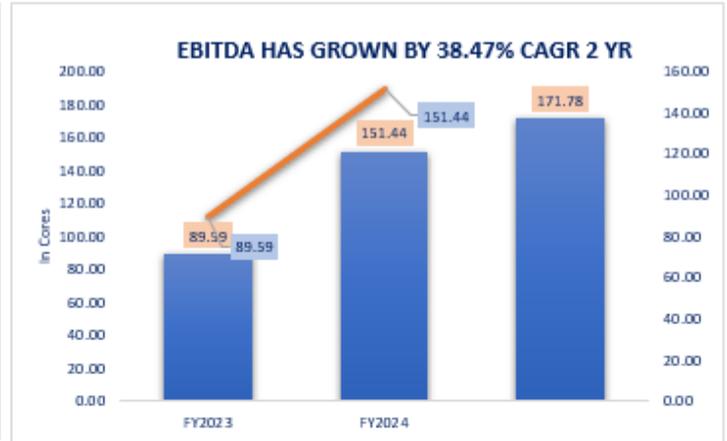
## FINANCIAL STATEMENTS

Profit & Loss Statement			
Particulars (In Crores)	FY2023	FY2024	FY2025
<b>INCOME</b>			
Revenue from operations	502.52	585.62	626.18
Other Income	19.72	17.71	16.96
<b>Total Income</b>	<b>522.23</b>	<b>603.33</b>	<b>643.14</b>
YoY Growth (%)	-	15.53%	6.60%
<b>EXPENSES</b>			
Employee benefits expenses	38.92	41.50	50.95
Employee benefits expenses as a % of Revenue	7.75%	7.09%	8.14%
Cost of materials consumed	8.29	7.22	7.68
Quarry expenses	63.50	55.08	65.04
Seigniorage and cess fees	95.36	104.51	100.56
Consumption of stores and spare parts	90.92	75.36	75.60
Purchases of stock-in-trade	4.25	6.87	1.93
Changes in inventories of finished goods	-11.49	18.49	15.15
Other Expenses	123.18	125.17	137.49
<b>EBIDTA (Calculated)</b>	<b>89.59</b>	<b>151.44</b>	<b>171.78</b>
EBIDTA Margin (%)	17.83%	25.86%	27.43%
Depreciation and amortisation expense	21.54	22.18	25.59
<b>EBIT</b>	<b>68.04</b>	<b>129.26</b>	<b>146.19</b>
EBIT Margin (%)	13.54%	22.07%	23.35%
Finance cost	9.06	9.16	10.93
Adjustment due to loss of Control of Subsidiary			25.79
<b>Profit Before Tax For the Year</b>	<b>78.70</b>	<b>137.81</b>	<b>178.01</b>
<b>Tax expenses</b>			
Current tax	22.82	37.14	45.61
Tax pertaining to earlier period/years	0.60	1.34	0.01
Deferred Tax	0.84	-1.01	-0.91
<b>Total tax expenses</b>	<b>24.26</b>	<b>37.48</b>	<b>44.71</b>
<b>Profit for the year</b>	<b>54.44</b>	<b>100.32</b>	<b>133.30</b>
PAT Margin (%)	10.83%	17.13%	21.29%
<b>Earnings per share</b>			
Basic earnings per share (?)	16.10	29.67	39.42

Cash Flows			
Particulars (In Crores)	FY2023	FY2024	FY2025
Net cash flow from/(used in) operating activities	-51.95	127.91	87.31
Net cash flow from/(used in) investing activities	-17.46	-63.59	-201.04
Net cash flow from/(used in) financing activities	44.81	-49.88	102.50
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-2.46</b>	<b>1.44</b>	<b>-1.12</b>
Cash and cash equivalents at the beginning of the year	35.61	11.02	25.46
<b>Cash and cash equivalents at the end of the year</b>	<b>3.32</b>	<b>1.25</b>	<b>2.43</b>

Balance Sheet			
Particulars (In Crores)	FY2023	FY2024	FY2025
<b>Particulars</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	242.78	238.97	285.63
Right-of-use assets	11.07	13.13	19.83
Capital work-in-progress	2.16	13.27	116.37
Goodwill	1.53	1.55	1.55
Intangible assets	0.03	0.03	0.05
Intangible assets under development	103.22	105.89	109.76
Financial assets: Investments	18.46	18.57	19.76
Financial assets: Loans	-	-	10.83
Financial assets: Other financial assets	1.29	1.33	1.09
Deferred tax assets (net)	6.66	6.90	7.25
Other non-current assets	30.98	57.16	51.72
<b>Total non-current assets</b>	<b>418.18</b>	<b>456.80</b>	<b>623.84</b>
<b>Current assets</b>			
Inventories	57.42	37.20	27.61
Financial assets: Investments	0.83	18.93	-
Financial assets: Trade receivables	96.25	119.07	239.97
Financial assets: Cash and cash equivalents	11.02	25.46	14.23
Financial assets: Bank balances other than cash	2.39	2.73	2.32
Financial assets: Loans	11.05	11.80	45.71
Financial assets: Other financial assets	0.14	9.40	0.07
Other current assets	50.87	68.00	92.67
<b>Total current assets</b>	<b>229.97</b>	<b>292.59</b>	<b>422.58</b>
<b>TOTAL ASSETS</b>	<b>659.53</b>	<b>760.41</b>	<b>1058.70</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	0.74	9.66	16.91
Other equity	408.88	484.86	602.26
Equity attributable to owners of the parent	409.62	494.52	619.17
Non-controlling interests	2.25	4.56	13.24
<b>Total equity</b>	<b>411.87</b>	<b>499.08</b>	<b>632.41</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities: Borrowings	61.38	56.64	137.75
Financial liabilities: Lease liabilities	1.79	3.01	4.41
Financial liabilities: Other financial liabilities	-	17.43	12.37
Provisions	4.83	4.84	5.84
Deferred tax liability (net)	3.54	3.29	2.50
Other non-current liabilities	0.22	-	-
<b>Total non-current liabilities</b>	<b>71.76</b>	<b>85.21</b>	<b>162.87</b>
<b>Current liabilities</b>			
Financial liabilities: Borrowings	87.70	63.84	98.86
Financial liabilities: Lease liabilities	0.15	0.66	0.68
Financial liabilities: Trade payables - MSME	-	3.00	7.36
Financial liabilities: Trade payables - Other	20.50	18.58	42.59
Financial liabilities: Other financial liabilities	18.32	19.98	56.32
Provisions	1.31	1.83	2.63
Other current liabilities	45.07	64.81	32.08
Current tax liabilities (net)	2.85	3.42	22.90
<b>Total current liabilities</b>	<b>175.90</b>	<b>176.12</b>	<b>263.42</b>
<b>Total liabilities</b>	<b>247.66</b>	<b>261.33</b>	<b>426.29</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>659.53</b>	<b>760.41</b>	<b>1058.70</b>

## PERFORMANCE THROUGH CHARTS

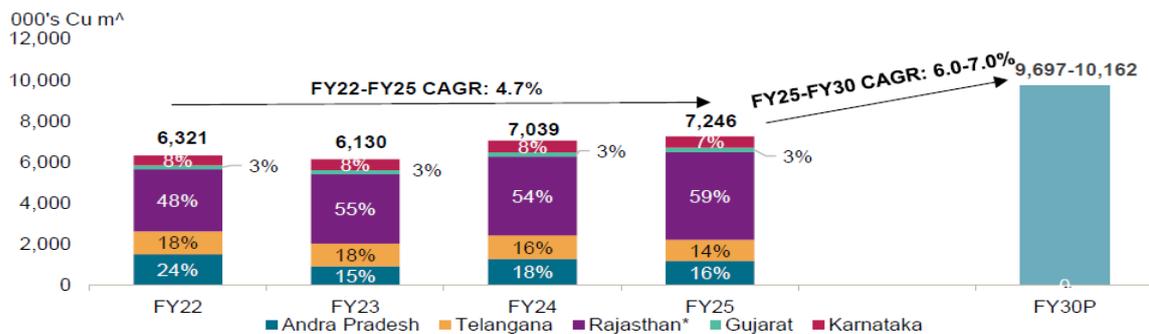


## INDUSTRY REVIEW

### OVERVIEW OF THE INDUSTRY IN INDIA

- India's granite production rose from 17,193 KT in FY22 to 19,709 KT in FY25, led by Rajasthan, Andhra Pradesh, and Telangana. Growth is expected to continue at 6–7% annually, driven by demand, reaching over 26,000 KT by FY30.
- Monazite and zircon are key minerals used in EVs, magnets, ceramics, and high-temperature industries. India produced 69.75 KT of monazite in FY2020. Their role in advanced technologies highlights the heavy mineral sand sector's importance.
- India's quartz exports rose from 863 KT (₹6,771 million) in FY22 to 1,378 KT (₹21,983 million) in FY24, before dropping to 916 KT (₹9,252 million) in FY25 due to lower output. Quartz lumps led exports, growing from 52% to 70% of value share by FY25, with 572 KT exported for ₹6,542 million. Quartz powder accounted for 37.5% of volume but only 29.9% of value, due to lower realizations.
- India's granite imports ranged between 33-35 KT and ₹1,068-1,251 million from FY22 to FY25, affected by market and quality factors. Key sources include Norway, South Africa, Brazil, Angola, and Poland. Imported granite is mainly used in premium projects, while India remains a net exporter.
- The natural and engineered stone industry, including granite, marble, and quartz, is growing due to advanced technologies and rising demand for sustainable, high-quality materials, with a focus on eco-friendly sourcing and certifications like LEED.

*Granite production overview (fiscal 2022-2025) and outlook (fiscal 2030)*

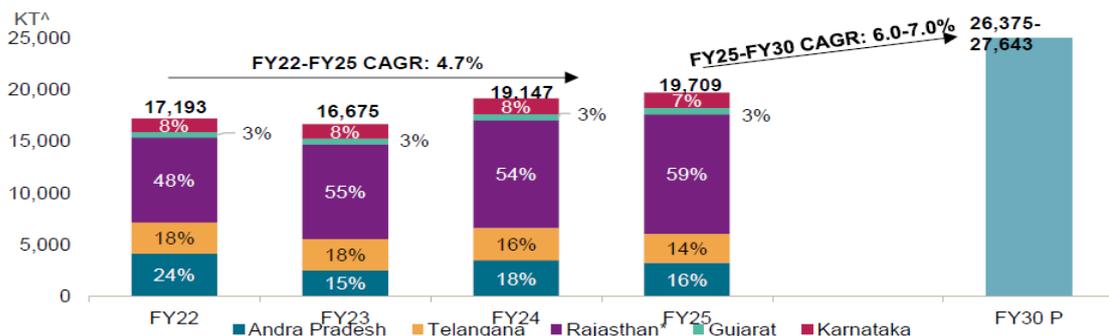


<sup>^</sup> Average density of granite stone= 2.72 metric tonne per cubic meter; \*Numbers reflective of dispatches on gross basis

P: Projected

Source: State DGMS and their websites, Crisil Intelligence

*Granite production overview (fiscal 2022-2025) and outlook (fiscal 2030)*



## COMPETITIVE STRENGTHS OF THE COMPANY

### High Entry Barriers and Long Timelines Benefit Established Players

- Mining in India demands heavy investment, long lead times, and strict regulatory compliance, favoring experienced players due to high entry barriers and technical complexity.
- The company runs 20 mines across four states and led Black Galaxy Granite exports in FY25 with a 64% share, also paying the highest royalty at ₹349 million.
- With 40+ years of experience and advanced infrastructure, its mines are far ahead of new or unorganized players, offering a strong competitive edge.

### Emphasis on Innovation and Technological Advancement

- They invest in R&D to expand mineral resources and optimize operations. Their experienced team uses satellite data and field surveys to identify deposits, particularly Black Galaxy Granite and Quartzite in Andhra Pradesh, with new sites being developed near existing mines.
- Technological initiatives include electric dressing stations and dump trucks, which cut fuel use, emissions, and costs while improving safety and efficiency. They are also phasing out explosives in favor of chemical alternatives and planning solar power installations to further reduce their environmental impact.
- An in-house lab supports quartz processing by testing material quality and improving yields. They also use ERP systems and sensors to track fuel usage, streamline operations, and reduce costs.

### India's Top Exporter of Black Galaxy Granite

- Black Galaxy Granite, exclusive to a village in Andhra Pradesh, is a high-value stone used in luxury projects. They are India's largest producer and exporter, with 66,548 m<sup>3</sup> produced and 44,992 m<sup>3</sup> exported in FY25—capturing 64% of the export market. Priced at ₹50,000–100,000 per m<sup>3</sup>, it's the highest-valued Indian granite due to its durability and distinct appearance.
- This premium granite, valued for its unique patterns and durability, is popular in luxury kitchens, tiles, and architecture. In India's fragmented natural stone sector, long-term exclusive mining rights give established producers a strong competitive advantage.
- They are expanding their resource base by developing a new Black Galaxy Granite mine next to their existing site in Chimakurthy, Andhra Pradesh. The JORC Report estimates 11.8 million cubic meters of measured resources over 10.94 hectares, supporting their market leadership growth.

## RISK FACTORS

### Regulatory Approvals Crucial, but Subject to Delays or Denials

- Revenue declined 3.78% in Fiscal 2023 due to production halts from delayed license renewals. Their mining leases are also facing legal challenges in Andhra Pradesh, and unfavorable rulings could affect operations, financials, and growth prospects.
- In 2024, the Supreme Court allowed States to levy retrospective mineral taxes dating back to 2005, payable starting in 2026. Their mines in Andhra Pradesh and Telangana may be impacted, though the extent is uncertain. Changes in policies, taxes, or permit renewals could adversely affect their business.
- Mining and processing natural stones demand various Central and State approvals. Leases carry obligations such as fee payments and adherence to mining plans, with penalties for non-compliance. Growing environmental concerns have led to stricter regulatory scrutiny.

### Reserve Estimates and Mine Life Subject to Uncertainty

- Their reserve estimates, based on the 2012 JORC Code, rely on engineering and geological interpretations involving subjective assumptions across mining, processing, infrastructure, legal, and environmental factors, resulting in inherent uncertainties in both estimation and production forecasts.
- Actual outcomes may differ from estimated reserves, as market fluctuations, reduced recovery rates, or increased costs could render some reserves uneconomical, necessitating adjustments to reserve estimates or mine life. Additionally, assessments may vary between different evaluators.
- They commissioned a technical assessment (JORC Report) dated June 22, 2024, which was reviewed by independent experts. If the assumptions are incorrect or actual production varies, it may adversely impact their mine life, operations, cash flows, and financial health.

### CBI Notice to Promoter May Affect Reputation and Business Operations

- In July 2015, Promoter Mr. Kollareddy Rama Raghava Reddy received a CBI notice concerning the formation and operations of our subsidiary, BEML Midwest Limited. The notice requested clarification on the company's eligibility, an alleged ₹110 million fund diversion to Reliance Granite, and a related criminal complaint. Mr. Reddy provided the necessary information in response.
- In July 2015, Promoter Mr. Kollareddy Rama Raghava Reddy received a CBI notice about our subsidiary BEML Midwest Limited, seeking clarification on eligibility and an alleged ₹110 million fund diversion. He responded with the required information.

**PEER COMPARISON**

Name of the company	Revenue from Operations (in ₹ Cr)	Face Value (Rs per share)	EPS (in Rs)	NAV (Per share Rs)	RoE (%)	P/E*	P/B*
Midwest Ltd.	626.1	5	39.42	163.75	22.11	27.02	6.5
Pokarna Ltd.	925	2	60.49	250.93	24.11	12.14	2.93

\*P/E & P/B ratio based on closing market price as of October 14th 2025, at the upper price and of IPO, financial details consolidated audited results as of FY25.



**Canara Bank Securities Ltd.**  
(A Wholly Owned Subsidiary of Canara Bank)



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#### Analyst Certification

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