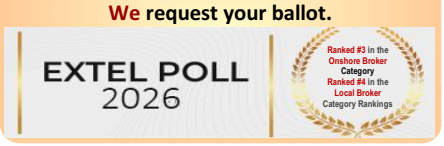
11 November 2026
2QFY27 Results Update | Sector: Metals

Midwest

Estimate changes	↓
TP change	↓
Rating change	↔

Motilal Oswal values your support in the EXTEL POLL 2026 for India Research, Sales, Corporate Access and Trading team.
We request your ballot.



Bloomberg	MIDWESTL IN
Equity Shares (m)	36
M.Cap.(INRb)/(USDb)	35.7 / 0.4
52-Week Range (INR)	1860 / 860
1, 6, 12 Rel. Per (%)	-12/-32/-9
12M Avg Val (INR M)	118

Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	6.5	8.4	10.7
EBITDA	1.7	2.3	3.6
Adj. PAT	1.0	1.4	2.3
EBITDA Margin (%)	27.0	27.9	34.0
BV/Sh. (INR)	266	305	370
Ratios			
Net D:E	(0.0)	0.1	0.0
RoE (%)	10.7	12.6	17.2
RoCE (%)	11.6	12.1	16.8
Payout (%)	-	-	-
Valuations			
P/E (x)	34.0	25.2	15.4
P/BV (x)	3.7	3.2	2.7
EV/EBITDA(x)	20.3	15.5	9.8
Div. Yield (%)	-	-	-

Shareholding Pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	77.1	77.1	77.1
DII	14.3	14.6	12.5
FII	3.9	3.9	2.1
Others	4.7	4.4	8.3

FII includes depository receipts

CMP: INR988 TP: INR1,150 (+16%) BUY

Revenue in line; higher costs lead to earning miss

- MIDWESTL's reported revenue of INR1.9b grew 15% YoY but declined 5% QoQ (in line) due to lower realization in 2QFY27.
- Combined granite production stood at 34k cbm (29% YoY and QoQ) during 2QFY27, of which Black Galaxy granite production stood at 22.8k cbm (+45% YoY and +33% QoQ) and Absolute Black granite stood at 11.2k cbm (+6% YoY and +21% QoQ).
- Combined granite sales volume stood at 32.9k cbm (+24% YoY and +20% QoQ) in 2QFY27, of which the company sold 21.6k cbm of Black Galaxy granite (+36% YoY and +20% QoQ) and 11.3k cbm of Absolute Black granite (+5% YoY and +20% QoQ).
- Blended granite ASP for the quarter was INR50,200/cbm, down 14% YoY and 26% QoQ.
- MIDWESTL's EBITDA stood at INR476m (against our est. INR557m), up by 2% YoY but down 3% QoQ in 2QFY27. This translates into an EBITDA margin of 26.1% in 2QFY27 vs. 25.5% in 1QFY27 and 29.3% in 2QFY26.
- APAT for the quarter came in at INR293m (vs. our est. INR328m). APAT grew 5% YoY and was flat QoQ.
- Quartz revenue during the quarter stood at INR135m, with average realization of ~INR8,500/t and volume of 16kt (vs. 3-4kt in 1Q).
- Quartz business achieved EBIT profitability in 2Q and is expected to report full-year PAT profitability. Its 2Q margins included recovery from previously scrapped contaminated material, while the 1H EBITDA margin was ~12%

Key highlights from the management commentary

- MIDWESTL's 2HFY27 is likely to be stronger than 1H, in line with seasonality, with 3Q and 4Q expected to deliver higher volumes. The company does not foresee any weather-related disruptions that were seen last year in 3Q.
- Management reiterated its medium-term target of achieving 2.5x revenue growth, 3x profitability and 35% ROCE over the next 3–4 years, backed by planned capex of INR3b.
- The natural stone business is expected to deliver 10-12% volume growth and 14-15% revenue growth in FY27, including a 3-4% benefit from currency movement.
- Quartz quarterly volume guidance stands at 25-30kt in 3Q and 35-40kt in 4Q. Quartz business revenue is expected to be ~INR0.9-1.0b in FY27 at an average realization of INR9,500–9,600/t.
- Quartz business is likely to achieve standalone PAT profitability in FY27, with positive EBITDA and PAT contribution in 2H as capacity utilization improves.
- The company has outlined INR3b of growth capex over the next 3-4 years, of which ~INR1.2b is allocated to Quartz Phase 2, while the balance is largely intended for the Sri Lanka rare earth project and associated processing facilities.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- MIDWESTL delivered muted earnings in 2Q as strong volume offtake was offset by softened ASP. We cut our EBITDA estimates slightly by 5% for FY27 and 4% for FY28, factoring the slower rate of Quartz ramp-up and delays in phase-2 and HSM commissioning.
- We believe the near-term earnings outlook will remain contingent on the ongoing execution and ramp-up of new businesses. The long-term story of steady granite earnings, along with entry into high-growth businesses such as quartz and rare-earth critical minerals, remains intact.
- **At CMP, the stock trades at 10x FY28E EV/EBITDA. We reiterate our BUY rating on the stock with a revised TP of INR1,150, valuing the stock at 12x FY28E EV/EBITDA.**

Quarterly performance - INR m (INR m)

Y/E March	FY26				FY27				FY26	FY27E	FY27 2QE	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	**1,423**	**1,587**	**1,289**	**2,158**	**1,918**	**1,825**	**2,187**	**2,485**	**6,456**	**8,416**	**1,958**	**-6.7**
Change (YoY %)	3.3	12.4	10.0	(6.2)	34.8	15.0	69.7	15.2	3.1	30.4		
Change (QoQ %)	(38.2)	11.5	(18.8)	67.5	(11.1)	(4.8)	19.8	13.7				
Total Expenditure	**1,033**	**1,122**	**983**	**1,575**	**1,430**	**1,349**	**1,554**	**1,733**	**4,712**	**6,066**	**1,410**	**-4.3**
EBITDA	**390**	**465**	**305**	**583**	**489**	**476**	**632**	**752**	**1,744**	**2,350**	**547**	**-13.0**
Change (YoY %)	(9.6)	51.9	30.7	(21.9)	25.4	2.4	107.1	29.0	1.5	34.8		
Change (QoQ %)	(47.8)	19.4	(34.4)	91.0	(16.2)	(2.5)	32.8	19.0				
Margin (%)	27.4	29.3	23.7	27.0	25.5	26.1	28.9	30.3	27.0	27.9		
Other Income	42	21	53	26	59	69	36	(20)	142	144		
Depreciation	66	74	86	84	89	92	121	157	310	458		
Finance Cost	37	35	47	18	39	46	29	2	138	115		
PBT	**329**	**376**	**225**	**507**	**421**	**408**	**519**	**573**	**1,437**	**1,921**	**437**	**-6.6**
Tax	85	99	51	137	110	106	130	135	373	480		
Effective Tax Rate (%)	25.8	26.4	22.8	27.0	26.2	25.9	25.0	23.5	25.9	25.0		
PAT before MI, Assoc. & EO	**244**	**277**	**174**	**370**	**310**	**302**	**389**	**438**	**1,065**	**1,441**		
Minority Interest	(12)	1	9	(15)	(16)	(10)	-	-	(16)	(26)		
Share of profit/(loss) of Asso/JV	-	-	-	-	-	-	-	-	-	-		
Exceptional Items	-	-	-	-	-	-	-	-	-	-		
Reported PAT	**232**	**278**	**183**	**356**	**294**	**293**	**389**	**438**	**1,048**	**1,414**		
Adj. PAT	**232**	**278**	**183**	**356**	**294**	**293**	**389**	**438**	**1,048**	**1,414**	**328**	**-10.7**
Change (YoY %)	13.6	86.7	29.4	(24.6)	26.7	5.3	112.7	23.3	8.5	34.9		
Change (QoQ %)	(50.8)	19.7	(34.1)	94.2	(17.3)	(0.5)	33.1	12.6				

Key highlights from the management commentary

Guidance

- MIDWESTL's 2HFY27 is likely to be stronger than 1H, in line with seasonality, with 3Q and 4Q expected to deliver higher volumes. The company does not foresee any weather-related disruptions that were seen last year in 3Q.
- Management reiterated its medium-term target of achieving 2.5x revenue growth, 3x profitability and 35% ROCE over the next 3–4 years, backed by planned capex of INR3b.
- The natural stone business is expected to deliver 10-12% volume growth and 14-15% revenue growth in FY27, including a 3-4% benefit from currency movement.
- Quartz quarterly volume guidance stands at 25-30kt in 3Q and 35-40kt in 4Q. Quartz business revenue is expected to be ~INR0.9-1.0b in FY27 at an average realization of INR9,500–9,600/t.
- Quartz business is likely to achieve standalone PAT profitability in FY27, with positive EBITDA and PAT contribution in 2H as capacity utilization improves.
- Management is prioritizing domestic customers at current volumes, with exports to markets such as Thailand, Vietnam and Europe expected to increase once monthly production exceeds 15kt.
- Earlier concerns around potential US tariffs on Indian and Chinese products have moderated, with customer shipments continuing.
- A high-wall issue at one existing mine is undergoing rectification, with resolution is expected in 5-6 weeks. Machinery shifted to a neighboring Galaxy mines and additional production is being undertaken there to minimize volume impact.
- Group captive renewable energy arrangements covering 6MW are generating additional annual savings of ~INR20 m. Combined savings from electric trucks and renewable power are currently estimated at INR40–50m annually.

Capex and capital allocation

- The company has outlined INR3b of growth capex over the next 3-4 years, of which ~INR1.2b is allocated to Quartz Phase 2, while the balance is largely intended for the Sri Lanka rare earth project and associated processing facilities.
- Quartz Phase 2 expansion is underway, with building work initiated and machinery orders being placed. The expansion will increase processing capacity to ~600ktpa.
- Phase 2 regular engineered stone and solar-grade quartz capacity is expected to be commissioned by Q2FY28, while high-purity quartz (HPQ) facilities are expected by 3Q/4QFY28.
- Three new granite mine operating LOIs were received from APMDC in Andhra Pradesh, whereas the one Black Galaxy mine and two mines in Srikakulam district. These are structured on a raising-and-sale-contract basis, limiting upfront investment, with profitability linked to extraction and sale of blocks.

Rare Earth and Mineral Sands – Projects and Outlook

- **Sri Lanka HSM:** Regulatory permissions are expected during Q3FY27, with on-ground project work targeted to commence in Q4FY27. This is expected to be the company's first commercial project and an early source of revenue.

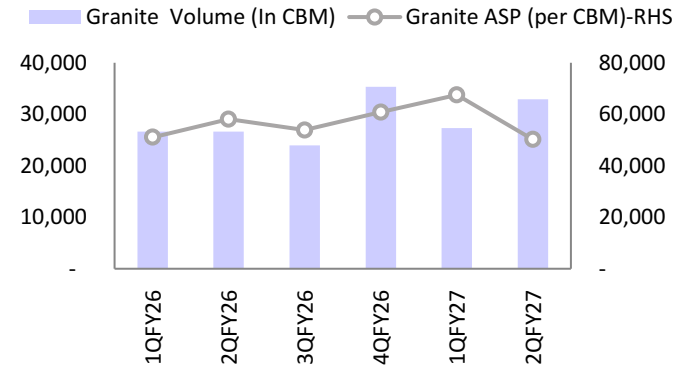
- **Indonesia JV:** Definitive agreement with Perminas is targeted for signing in Q3FY27, with on-ground work expected to commence in Q4FY27. The Singapore subsidiary has been established as the holding entity for this project, primarily for tax and structuring purposes.
- **KMML:** Progress remains dependent on the formation of the new administrative team following the Kerala government transition. Management expects greater clarity during the quarter, but timing remains outside the company's control.
- Sri Lanka's monazite-based rare earth extraction will use solvent extraction, while Indonesia's ionic clay deposits will use acid leaching. Management indicated that both are established processes, with ionic clay extraction being relatively simpler than monazite processing.
- Odisha and Kerala are also progressing with heavy mineral sand projects, with potential tenders over the next 12 months. MIDWESTL is engaging with southern state governments and intends to participate in relevant tenders.

Other Highlights

- Global magnet demand is growing at 12-13% annually, adding ~40-60kt of demand each year.
- China currently accounts for the bulk of global magnet production, with non-China production estimated at only ~20kt versus China's 400k–500kt.
- Management expects new magnet manufacturing capacities being established outside China to support demand for non-China rare earth oxides.
- Rare earth oxide pricing has strengthened, with China's domestic price index approximately doubling YoY and non-China material commanding an additional premium. Management expects premiums to remain supported by supply-chain diversification, limited non-China magnet capacity and growing demand from defense and aerospace applications.
- Andhra Pradesh has substantial heavy mineral resources, estimated at ~100mt or around one-third of India's resources. Management sees potential demand for ilmenite, rutile and zircon in domestic and export markets, while monazite output is expected to find buyers domestically.

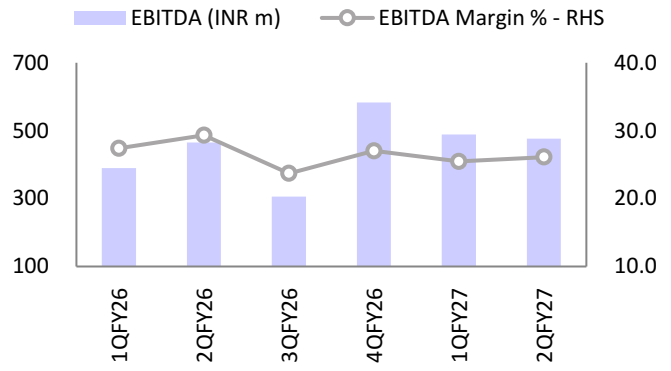
Story in charts

Exhibit 1: Volume grew 24% YoY; ASP dipped 14% YoY



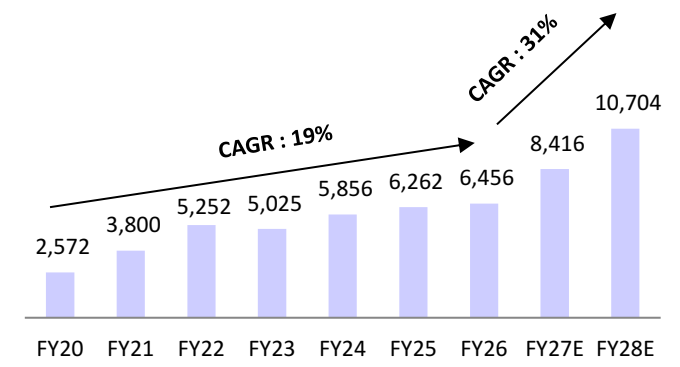
Source: MOFSL, Company

Exhibit 2: Margin stood at 26% during the quarter



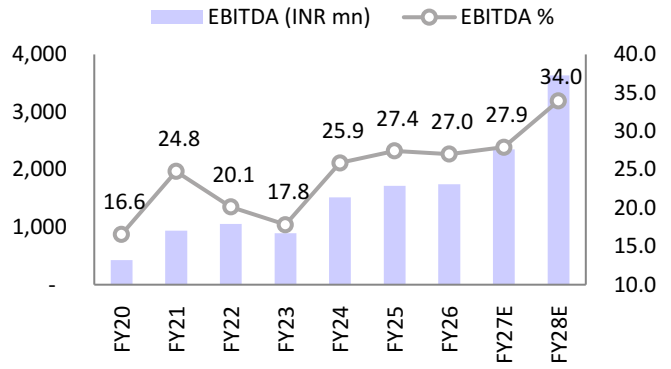
Source: MOFSL, Company

Exhibit 3: Revenue (INR m) is expected to post a 31% CAGR, reaching INR11b by FY28E



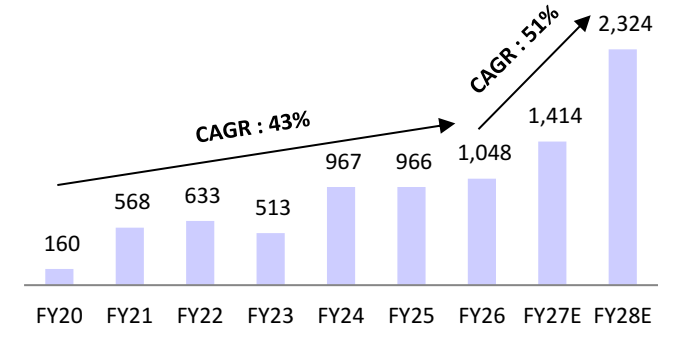
Source: MOFSL, Company

Exhibit 4: EBITDA margin is expected to expand with higher quartz contribution



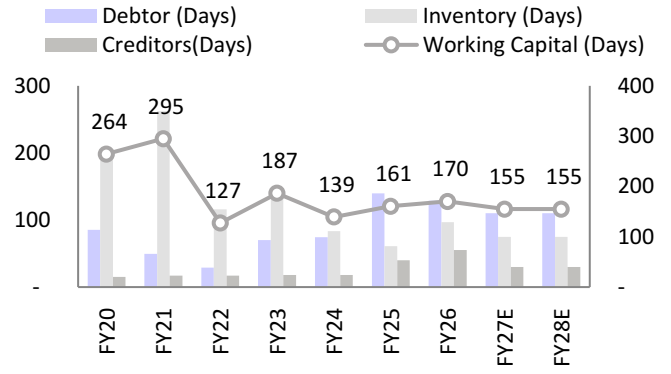
Source: MOFSL, Company

Exhibit 5: Adj PAT (INR m) is expected to clock a 51% CAGR



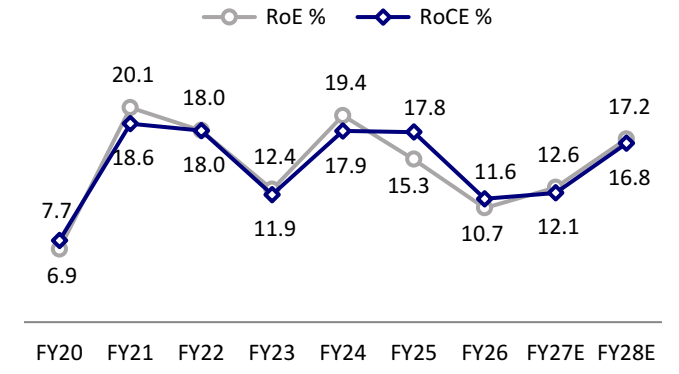
Source: MOFSL, Company

Exhibit 6: Working capital days to improve



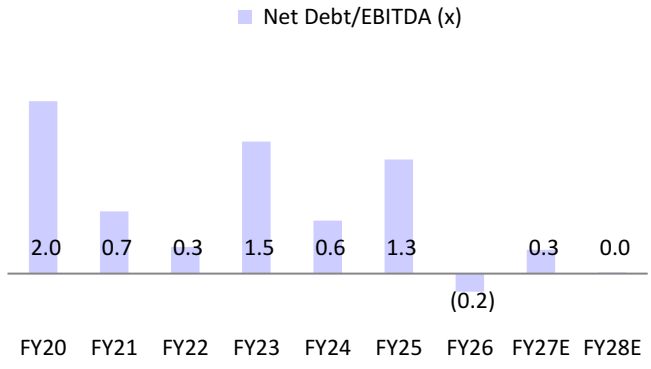
Source: MOFSL, Company

Exhibit 7: RoE and RoCE trends



Source: MOFSL, Company

Exhibit 8: The company turned net cash in FY26



Source: MOFSL, Company

Exhibit 9: Our estimate revisions

	UoM	New	FY27E Old	% Change	New	FY28E Old	% Change
Revenue	INR m	8,416	8,883	-5.3%	10,704	11,062	-3.2%
EBITDA	INR m	2,350	2,483	-5.3%	3,634	3,749	-3.1%
PAT	INR m	1,414	1,518	-6.9%	2,324	2,404	-3.4%

Source: MOFSL

Exhibit 10: Valuation and TP

TP calculations	UoM	FY28E
EBITDA	**INR m**	**3,634**
EV/EBITDA (x)	x	**12**
Target EV	INR m	41,795
Less: Net Debt	INR m	42
Equity Value	INR m	**41,753**
No of Shares o/s	m	36
Target Price	**INR/share**	**1,150**

Source: MOFSL

Financials and valuations

Income Statement

INR m

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
Net Sales	**1,843**	**2,572**	**3,800**	**5,252**	**5,025**	**5,856**	**6,262**	**6,456**	**8,416**	**10,704**
Change (%)	(3.3)	39.5	47.7	38.2	(4.3)	16.5	6.9	3.1	30.4	27.2
Total Expenditure	**1,691**	**2,146**	**2,859**	**4,195**	**4,129**	**4,342**	**4,544**	**4,712**	**6,066**	**7,069**
Change (%)	2.7	26.9	33.2	46.7	(1.6)	5.1	4.7	3.7	28.7	16.5
EBITDA	**152**	**426**	**941**	**1,057**	**896**	**1,514**	**1,718**	**1,744**	**2,350**	**3,634**
Change (%)	(41.5)	179.3	120.9	12.4	(15.3)	69.1	13.4	1.5	34.8	54.7
Margin (%)	8.3	16.6	24.8	20.1	17.8	25.9	27.4	27.0	27.9	34.0
Other Income	50	40	139	142	197	177	170	142	144	147
Depreciation	148	178	184	176	215	222	256	310	458	601
EBIT	**54**	**289**	**895**	**1,023**	**878**	**1,470**	**1,631**	**1,575**	**2,036**	**3,181**
Finance Cost	81	79	67	91	91	92	109	138	115	83
PBT	**(27)**	**210**	**828**	**933**	**787**	**1,378**	**1,522**	**1,437**	**1,921**	**3,098**
Tax	49	46	226	262	243	375	447	373	480	775
Effective Tax Rate (%)	(178.6)	22.1	27.3	28.1	30.8	27.2	29.4	25.9	25.0	25.0
PAT before MI, Asso & EO	**(76)**	**163**	**602**	**671**	**544**	**1,003**	**1,075**	**1,065**	**1,441**	**2,324**
Minority Interest	(4)	(4)	(34)	(38)	(32)	(37)	(109)	(16)	(26)	-
Share of profit/(loss) JV	(0)	1	0	0	0	-	-	-	-	-
Exceptional Items	-	-	-	-	-	-	(258)	-	-	-
Reported PAT	**(79)**	**160**	**568**	**633**	**513**	**967**	**1,224**	**1,048**	**1,414**	**2,324**
Change (%)	(295.0)	(302.0)	254.2	11.5	(19.0)	88.6	26.6	(14.4)	34.9	64.3
Margin (%)	(4.3)	6.2	14.9	12.1	10.2	16.5	19.5	16.2	16.8	21.7
Adj. PAT	**(79)**	**160**	**568**	**633**	**513**	**967**	**966**	**1,048**	**1,414**	**2,324**
Change (%)	(295.0)	(302.0)	254.2	11.5	(19.0)	88.6	(0.0)	8.5	34.9	64.3

Balance Sheet

INR m

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
Equity Share Capital	9	9	7	7	7	97	169	181	181	181
Total Reserves	2,142	2,337	2,789	3,453	4,089	4,849	6,023	9,443	10,857	13,181
Net Worth	**2,151**	**2,346**	**2,796**	**3,460**	**4,096**	**4,945**	**6,192**	**9,624**	**11,038**	**13,361**
Minority Interest	(13)	(7)	27	62	22	46	132	162	162	162
Deferred Tax Liabilities	-	-	(0)	(0)	(0)	(0)	25	27	-	-
Total Loans	852	914	746	961	1,491	1,205	2,417	1,924	2,302	1,661
Other Liabilities	79	100	78	74	69	253	182	188	180	180
Capital Employed	**3,069**	**3,353**	**3,646**	**4,557**	**5,678**	**6,448**	**8,948**	**11,924**	**13,682**	**15,364**
Gross Block	3,752	4,227	3,790	4,153	4,620	4,613	5,278	6,889	8,889	10,489
Less: Accum Deprn	1,247	1,424	875	897	1,033	1,017	1,110	1,420	1,878	2,479
Net Fixed Assets	**2,505**	**2,803**	**2,915**	**3,256**	**3,586**	**3,596**	**4,168**	**5,470**	**7,011**	**8,011**
Capital WIP	39	58	77	96	22	133	1,164	904	1,164	1,164
Investments / Other Assets	278	301	391	579	636	879	1,030	1,316	1,316	1,316
Curr. Assets, Loans & Adv.	**1,239**	**1,524**	**1,638**	**2,107**	**2,316**	**2,963**	**4,226**	**5,978**	**5,824**	**6,590**
Inventory	461	430	598	510	574	372	276	435	421	536
Account Receivables	380	602	518	416	962	1,191	2,400	2,276	2,536	3,226
Cash & Bank Balances	42	72	75	637	134	282	165	2,288	1,658	1,619
Loans & Advances	33	43	42	116	110	118	457	161	161	161
Others	324	379	406	427	535	1,001	927	819	1,048	1,048
Current Liab. & Prov.	**991**	**1,334**	**1,375**	**1,480**	**882**	**1,123**	**1,639**	**1,744**	**1,633**	**1,716**
Account Payables	169	90	134	198	205	216	500	714	499	581
Other Current Liabilities	815	1,239	1,231	1,269	664	889	1,113	995	1,100	1,100
Provisions	7	5	10	13	13	18	26	35	35	35
Net Current Assets	**248**	**190**	**263**	**626**	**1,434**	**1,840**	**2,587**	**4,234**	**4,191**	**4,874**
Application of Funds	**3,069**	**3,353**	**3,646**	**4,557**	**5,678**	**6,448**	**8,948**	**11,924**	**13,682**	**15,364**

Financials and valuations

Ratios

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
EPS	(43.4)	87.8	382.1	425.9	344.9	50.0	28.6	29.0	39.1	64.3
BVPS	59.5	64.9	77.3	95.7	113.3	136.8	171.2	266.1	305.3	369.5
Profitability Ratios (%)										
EBITDA Margin (%)	8.3	16.6	24.8	20.1	17.8	25.9	27.4	27.0	27.9	34.0
Adj. PAT margin (%)	(4.3)	6.2	14.9	12.1	10.2	16.5	15.4	16.2	16.8	21.7
RoCE (%)	0.1	7.7	18.6	18.0	11.9	17.9	17.8	11.6	12.1	16.8
RoE (%)	(3.7)	6.9	20.1	18.0	12.4	19.4	15.3	10.7	12.6	17.2
Valuation (x)										
P/E	NA	11.2	2.6	2.3	2.9	19.7	34.5	34.0	25.2	15.4
EV/EBITDA	239.3	85.8	38.7	34.1	41.4	24.2	22.1	20.3	15.5	9.8
EV/Sales	19.8	14.2	9.6	6.9	7.4	6.3	6.1	5.5	4.3	3.3
P/BV	16.6	15.2	12.8	10.3	8.7	7.2	5.8	3.7	3.2	2.7
Turnover Ratios										
Debtors (Days)	75	85	50	29	70	74	140	129	110	110
Inventory (Days)	257	194	262	116	135	83	61	97	75	75
Creditors (Days)	36	15	17	17	18	18	40	55	30	30
Working Capital (Days)	296	264	295	127	187	139	161	170	155	155
Asset Turnover (x)	0.6	0.8	1.0	1.2	0.9	0.9	0.7	0.5	0.6	0.7
Fixed Asset Turnover (x)	0.5	0.6	0.9	1.3	1.1	1.3	1.3	1.1	1.1	1.1
Leverage Ratio										
Net Debt/EBITDA	5.3	2.0	0.7	0.3	1.5	0.6	1.3	(0.2)	0.3	0.0
Net Debt/Equity	0.4	0.4	0.2	0.1	0.3	0.2	0.4	(0.0)	0.1	0.0

Cashflow Statement

INR m

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
PBT	(27)	210	828	933	787	1,378	1,711	1,437	1,921	3,098
Depreciation	148	178	184	176	215	222	256	310	458	601
(Inc)/Dec in WC	386	87	(306)	503	(1,410)	(35)	(979)	368	(586)	(722)
Direct Taxes Paid	(39)	(102)	(191)	(335)	(201)	(379)	(262)	(455)	(480)	(775)
Other Items	121	65	152	158	90	94	147	86	(29)	(64)
CF from Operations	**588**	**437**	**668**	**1,435**	**(519)**	**1,279**	**873**	**1,747**	**1,283**	**2,138**
(Inc)/Dec in FA	(181)	(387)	(408)	(560)	(343)	(487)	(1,815)	(1,300)	(2,260)	(1,600)
Free Cash Flow	**407**	**51**	**260**	**875**	**(862)**	**792**	**(942)**	**448**	**(976)**	**538**
Change in Investments	-	1	15	(87)	(95)	(152)	185	(5)	-	-
Others	1	0	(3)	(329)	285	4	(380)	(1,452)	144	147
CF from Investments	**(179)**	**(386)**	**(395)**	**(976)**	**(153)**	**(636)**	**(2,010)**	**(2,757)**	**(2,116)**	**(1,453)**
Inc. / Dec.in Networth	-	-	(94)	-	-	6	-	2,500	-	-
Inc/(Dec) in Debt	(328)	92	(72)	(62)	526	(286)	1,161	(648)	378	(641)
Dividends Paid	-	-	-	-	(11)	(150)	(22)	-	-	-
Others	(82)	(116)	(108)	(90)	(88)	(69)	(114)	(351)	(176)	(83)
CF from Fin. Activity	**(410)**	**(24)**	**(274)**	**(151)**	**427**	**(499)**	**1,025**	**1,501**	**202**	**(724)**
Inc/(Dec) in Cash	**(2)**	**27**	**(2)**	**308**	**(246)**	**144**	**(112)**	**491**	**(630)**	**(39)**
Add: Beginning Bal.	24	22	50	48	356	110	255	142	2,288	1,658
Closing Balance	**42**	**72**	**75**	**637**	**134**	**282**	**165**	**2,288**	**1,658**	**1,619**

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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