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GROWING RELATIONSHIPS THROUGH DATA

Detailed Project Report

Midwest Neostone Private Limited

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Executive Summary

Executive Summary

Name of the Company	Midwest Neostone Private Limited (hereunder referred as 'MNPL' or the 'Company' or the 'Client').
Date of Incorporation	17th January 2017
Constitution	Company Limited by Shares.
CIN No.	U26990AP2017PTC104823
Industry	Quartz Grit and Powder Manufacturing
Holding Company	Midwest Limited (ML)
Nature of activity	Manufacturing & Processing of Quartz Raw Material such as Aggregates.
Manufacturing unit	Plot no 30-A, B & 31, Building Products SEZ Village, Gundlapally, Ongole, Prakasam District, Andhra Pradesh-523211
Registered Office	D. No. 35-065-138, Mangamuru Road, South By-pass Road, Behind Y.S.R. Congress Party office, Ongole, Prakasam, Andhra Pradesh - 523002.
Directors	• Mrs. Ranganayakamma Kollareddy • Mr. Ramachandra Kollareddy • Ms. Kukreti Soumya
Brief details of the project	Midwest Limited is the holding Company of MNPL which has promoted it as an "SPV" for implementing this specific project. Midwest Limited (ML) specializes in mining natural stone, Quartz Processing and Heavy Mineral Sand Processing. MNPL was incorporated on 17th January 2017 for manufacturing & processing of Quartz Grits, Filler Powder, Grits for Solar and Glass industry, Feldspar and Mica. Under this Project, MNPL intends to set up 3.03 Lakh tons per annum of manufacturing & processing of Quartz raw material such as aggregates, at Plot no 30-A, B & 31, Building Products SEZ Village, Gundlapally, Ongole, Prakasam District, Andhra Pradesh-523211, which is Phase II Project of the Company. • Besides this Phase II project, the Company is setting up Phase I Project, which is coming up with installed capacity of 3.03 Lakh tons per annum and a capital outlay of INR 1327.50 million, is installed and set to be operational by FY 2025 and will be financed with a debt-to-equity ratio of 2.16. This phase will produce quartz grits and powder.

	• Under this Project, D&B India is assessing only the Phase II Project of the Company. • Phase II Project, which is currently under scope of the Project, is coming up with a capacity of 3.03 Lakh tons per annum and scheduled to be operational by FY 2027 and will be financed exclusively through inter corporate loan received from Midwest Limited. This Project (Phase II) will focus on producing Quartz Grits, Filler Powder, Feldspar and Mica • The cost of the proposed Project is INR 1,270.49 million. The Company plans to raise 100% of the fund for the Project through Initial Public Offering (IPO), to be undertaken by ML. • Phase II Project is partially dependent upon Phase I project for sourcing rejects as a raw material and for common utilization of some P&M and facilities between these two Phases. • The Company has proposed to utilize the holding Company's established global distribution network, built through existing worldwide ventures, to effectively market its products.
Product mix	• Grits for Solar and Glass • Feldspar and Mica
Plant Capacity	The proposed project will have an installed capacity of 3.03 Lakh tons per annum
Raw Material	• Quartz lumps • Rejects from Phase I
Current Status	• The land for the project is the existing land which has been already acquired in Phase 1. • The Company has obtained budgetary quotations for all equipment proposed to be installed. • The budgetary civil BOQ is obtained from architect.
Estimated project cost	INR 1,270.49 million
Initial Public Offer	Equity – INR 1,270.49 million

The Project

Midwest Limited is the holding Company of MNPL which has promoted it as an "SPV" for implementing this specific project. Midwest Limited (ML) specializes in mining natural stone, Quartz Processing and Heavy Mineral Sand Processing.

MNPL was incorporated on 17th January 2017 for manufacturing & processing of Quartz Raw Material such as Aggregates (Quartz Grits), Glass Grits and filler powder.

Under this Project, MNPL intends to set up 3.03 Lakh tons per annum of manufacturing & processing Quartz Grits, Filler Powder, Grits for Solar and Glass industry, Feldspar and Mica and Rejects from Phase I at Plot no 30-A, B & 31, Building Products SEZ Village, Gundlapally, Ongole, Prakasam District, Andhra Pradesh-523211, which is Phase II Project of the Company.

- Besides this Phase II project, the Company is setting up Phase I Project, which is coming up with a capacity of 3.03 Lakh tons per annum and a capital outlay of INR 1,327.5 million, is set to be operational by FY 2025 and will be financed with a debt-to-equity ratio of 2.16. This phase will produce quartz grits and powder.
- Under this Project, D&B India is assessing only the Phase II Project of the Company.
- Phase II Project, which is currently under scope of the Project, is coming up with a capacity of 3.03 Lakh tons per annum and scheduled to be operational by FY 2027 and will be financed exclusively through equity. This Project (Phase II) will focus on producing superior quality quartz grits.
- The cost of the proposed Project is INR 1,270.49 million. The Company plans to raise 100% of the fund for the Project through IPO, which to be undertaken by ML.
- Phase II Project is dependent upon Phase I project for sourcing rejects as a raw material and for common utilization of some P&M and facilities between these two Phases.

Technical Aspects

The overall Project cost has been estimated at INR 1,270.49 million. The summary of the Project cost has been provided in the exhibit below:

Technical Parameter	As identified	Remarks
Land	60,070 Sqm (14.84 acres)	The land is Industrial land located inside Building product SEZ and is provided to Company on a lease period of 33 years. Since the same land acquired in phase I will be utilized for phase 2, the lease expense is not included in the project cost. The land lease agreements are already executed by the Company and found to be in order. The land area is observed to be adequate to support the operations as

Technical Parameter	As identified	Remarks
		projected in the business plan.
Location	Plot no 30-A, B & 31, Building Products SEZ Village, Gundlapally, Ongole, Prakasam District, Andhra Pradesh-523211	MNPL facility is geographically very well located with easy connectivity to rail, road, and airport.
Installed Capacity	3.03 Lakh tons per annum	The capacity for Quartz 3.03 Lakh tons per annum which is derived based on the technical specifications of Machinery and found to be in order.
Plant & Machineries	Quartz Crushing and grinding System	The technology for manufacturing Quartz Grits is established technology and no challenges are envisaged.
Major Raw Materials	Quartz raw material and Quartz Lumps Rejects from Phase I	Quartz raw material such as aggregates and Rejects from Phase I.
COD	1st Jan 2026	The longest lead time machinery is Fine screen which has a delivery period of 6 months; thus the construction period of 18 months is achievable therefore the COD of 1st Jan 26 is achievable.

Project Cost

The overall Project cost has been estimated at INR 1,270.49million. The summary of the Project cost has been provided in the exhibit below:

	Particulars	INR mn
A	Land	Nil
B	Civil & Building	391.20
C	Plant & Machinery	804.63
D	Miscellaneous Fixed Asset (MFA)	42.51
(A+B+C+D)	**Hard Cost**	**1,238.34**
E	Contingency	25.96
F	Preliminary & Preoperative Expenses	6.19
G	Interest During Construction (IDC)	Nil
(E+F+G)	**Soft Cost**	**32.15**
	Working Capital Margin	Nil
	Total Project Cost	**1,270.49**

The hard cost (inclusive of Civil and Building) of the Project without contingency is estimated to be INR 1,238.34 million The soft cost consists of Contingency which is 2.00% of Hard Cost and Preliminary which is 0.5% of Hard Cost The total cost of the Project is working out to be INR 1,270.49 million.

Means of Finance

Particulars	INR mn
IPO Proceeds	1270.49
Total Means of Finance	**1270.49**

The Company proposes to fund the entire Project through proceeds from IPO which to be undertaken by ML.

Major Assumptions

The Major assumptions taken during projected period,

- The Installed Capacity for proposed Manufacturing plant is validated based on equipment technical specifications as provided by Company.
- The project cost is considered as per the budgetary quotations / purchase orders provided by the Company.

Conclusion

Please refer to page no. 45

Main Report

Scope of Work

Midwest Neostone Private Limited, herein after referred to as 'MNPL' or the 'Company', has appointed Dun and Bradstreet Information Services India Private Limited ('D&B India') for the detailed project report for its Phase II project to set up intends to set up a 3.03 Lakh tons per annum of manufacturing & processing of Quartz raw material such as aggregates, at Plot no 30-A, B & 31, Building Products SEZ Village, Gundlapally, Ongole, Prakasam District, Andhra Pradesh-523211.

The study would prepare detailed project report encompass assessing the project and evaluation of the constraints and future potential.

The scope of work was finalized as under:

- D&B India will physically visit the proposed location.
- Vetting of proposed project cost and proposed installed capacities of the proposed Company on a standalone basis, its relevance in present day scenario.
- Comments on assumptions taken by the Company in line with market condition.
- Comments on identified risks and its mitigation. Any other risk and its mitigation may also be detailed out in the vetting.

Date of Inspection

D&B-India team conducted a site visit of the unit on 24th July 2024 to get a better understanding of the project, The site visit was facilitated by the Client. Further, photos and video of the unit were also taken.

D&B-India also received the Google coordinates of the site and the basis the same the location has been analysed physically on site.

Team for Inspection

The team of consultants who have worked on the project has been mentioned below:

- **Mr. Vishal Bhingare** - Mr. Vishal Bhingare is an Operation Analyst - holds master's degree in management studies (Finance) and bachelor's degree in commerce. He has more than 7 years of work experience in Credit Analysis and Project Appraisal Services which covers assessments Like Detailed Project Report (DPR), Techno-Economic Viability (TEV) of Greenfield/ Brownfield projects and Lenders Independent Engineer Report (LIE).
- **Mr. Swapnil A Bhatkar** - holds a bachelor's degree in mechanical engineering and MBA Finance. Work experience in Plant Design, Financial Feasibility and Management Consultancy. Professional work experience with Thyssenkrupp Gmbh, Mott Macdonald and Dun and Bradstreet Tangram in past 13 years. Domain area include Plant design, Cost Analysis, Production Bottlenecks and Business Process Reengineering (BPR). The sectors which have extensively work are steel, pharmaceutical, Metals and Auto ancillaries.

Methodology

The detailed project report study assigned to D&B-India was carried out in the following sequence:

- Verification of the documents provided by MNPL, identification of missing information, and requesting for the revised list of documents / information.
- Visit to Company's proposed manufacturing facilities location.
- Assessment of the proposed capital expenditure w.r.t the technology proposed and impact the existing operations of the Company.
- Estimation of the additional benefits likely to be created for the Company due to the capital expenditure.
- Carrying out SWOT analysis and to identify risk and its mitigation pertaining to the project.

Company Background

The Project

Midwest Limited is the holding Company of MNPL which has promoted it as an "SPV" for implementing this specific project. Midwest Limited (ML) specializes in mining and processing natural stone, including Granite and Marble.

MNPL was incorporated on 17th January 2017 for manufacturing & processing of Quartz Raw Material such as Quartz Gritz, Filler Powder for Solar and Glass industry, Feldspar and Mica

Under this Project, MNPL intends to set up 3.03 Lakh tons per annum of manufacturing & processing of Quartz raw material such as aggregates, at Plot no 30-A, B & 31, Building Products SEZ Village, Gundlapally, Ongole, Prakasam District, Andhra Pradesh-523211, which is Phase II Project of the Company.

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- Under this Project, D&B India is assessing only the Phase II Project of the Company.
- Phase II Project, which is currently under scope of the Project, is coming up with a capacity of 3.03 Lakh tons per annum and scheduled to be operational by FY 2027 and will be financed exclusively through equity. This Project (Phase II) will focus on producing Quartz Grits, Filler Powder, Fedspar and Mica.
- The cost of the proposed Project is INR 1,270.49 million. The Company plans to raise 100% of the fund for the Project through IPO, which to be undertaken by ML.
- Phase II Project is partially dependent upon Phase I project for sourcing rejects as a raw material and for common utilization of some P&M and facilities between these two Phases.

Overview

Company Details	
Name	**Midwest Neostone Private Limited**
Date of Incorporation	17th January 2017
CIN No.	U26990AP2017PTC104823
Sector	Quartz grid and powder manufacturing
Holding Company	Midwest Limited (ML)
Registered Office	D. No. 35-065-138, Mangamuru Road, South By-pass Road, Behind Y.S.R. Congress Party office, Ongole, Prakasam, Andhra Pradesh - 523002.

Nature of activity	Manufacturing & Processing of Quartz Raw Material such as Aggregates.
Directors of Company	• Mrs. Ranganayakamma Kollareddy • Mr. Ramachandra Kollareddy • Ms. Kukreti Soumya

Director's Profile

Name	Designation	Experience	Qualification
Mrs. Ranganayakamma Kollareddy	Director and promoter	Mrs. Ranganayakamma Kollareddy, aged 64, is a Director at Midwest Neostone Private Limited, holding Director Identification Number (DIN) 00033569. With her extensive experience, she has held directorial roles in various companies, including Midwest Limited, Midwest Quartz Private Limited, and South Coast Infrastructure Development Company Of Andhra Pradesh Limited.	Graduate
Mr. Ramachandra Kollareddy	Director and promoter	Aged 42, he serves as a Director at Midwest Neostone Private Limited, holding Director Identification Number (DIN) 00060086. With 15 years of experience in the mining and mineral processing industry, he currently leads the Mining operations of the Group. He specializes in mining, processing technologies, and information systems and has been involved with the Company since its inception. He possesses in-depth knowledge of quartz manufacturing unit management and operations and has connections with global plant and machinery suppliers. Additionally, he has served as a director in several other companies, including Andhra Pradesh Granite (Midwest) Private Limited, AP Midwest Galaxy Private Limited, Astral Granite Private Limited, High-octane Technologies Private Limited, Midwest Beyonder India Private Limited, Midwest Energy Private Limited, Midwest Limited, Midwest Quartz Private Limited, Midwest Rare Earths Private Limited, S.C.R. Agro Tech Private Limited, and South Coast Infrastructure	B.Tech. (IT)

		Development Company Of Andhra Pradesh Limited.	
Ms. Kukreti Soumya	Director and promoter	Aged 40 years old, she's a Commerce & Computers graduate and Director at Midwest Neostone Private Limited with DIN 01760289. Her expertise includes R&D, production, and quality control systems, specializing in Powder Metallurgy. She focuses on eco-friendly Diamond tools for Mining, Mineral Processing, and Construction. She leads a team in clean energy solutions for e-mobility and is associated with various other companies as a director, overseeing development and production.	Graduate in Commerce and Computers

Key Management Personnel

The details of key Management Personnel are given below.

Sl. No.	Designation	Designation
1	Mr. K. Ramachandra	Director
2	Ms. K. Soumya	Director
3	Mr. Dilip Chalasani	CFO
4	Mr. K Mallikarjun Rao	COO
5	Mr. Rohit	CS
6	Mr. Venna Venkateswarlu	CA
7	Mr. Shravan Vogulam	Manager
8	Mr. Ramesh Babu	Production Manager
9	Mr. Ravi Tirumani	Quality Manager
Source: MNPL		

Shareholding pattern

The Authorized Share Capital of the Company is INR.10,000,000/- (Rupees One Crore Only) divided into 10,00,000 (Ten Lakh) Equity Share of INR.10/- (Rupees Ten Only) each.

Name	Nos
Equity Shares at the beginning of the year	87,10,000
Add: Allotted during the year	-
Number of shares at the end of the period	**87,10,000**
Source: MNPL	

The Proposed Shareholding of MNPL as on 31st March 2022 is given below:

S .No.	Name of Shareholder	No. of Shares	% Holding
•	Midwest Limited (20 shares held by K Ramachandra and K Soumya as nominee of Midwest Limited)	8,709,980	99.9998%
•	K. Soumya-Registered Owner (Beneficial interest held by Midwest Limited)	10	0.0001%
•	K. Ramachandra- Registered Owner (Beneficial interest held by Midwest Limited)	10	0.0001%
	TOTAL	**87,10,000**	**100%**

Details of Group/ Associate Company

Midwest have a legacy of more than four decades in the natural stone (i.e., naturally occurring stones) industry with experience in exploration, development and operation of mines, stone processing and fabrication, sales, distribution and marketing of various types of natural stone.

In the Natural Stone Segment, they primarily produce dimensional blocks and slabs of Black Galaxy Granite and Absolute Black Granite.

The Company has a core team of Geologists, Geophysicists, Mine Planners, Mining and Process Engineers supported by a team of experts in Logistic Management, Marketing, Sales, Supply chain, Finance and other functions. Midwest employs over 1232 personnel and has established footprint in over 17 countries in several Exploration, Mining, Mineral processing, Manufacturing, Sales & Distribution functions across different locations in Asia, Africa, Europe and the Americas. It currently serves most of the key global markets and has been recognized by Government of India as a "Star Export House" based on its consistent export performance.

Technical Assessment

In this section D&B-India has evaluated the technical aspects of the existing power generation facility covering the following aspects

- Location Assessment
- Adequacy of the capacity and production bottlenecks if any
- Technology of manufacturing
- Status of Coal and its Operations
- Statutory and Environmental permissions and approvals

Plant Infrastructure / Project Configuration

The details of the manufacturing unit for Minerals Processing of MNPL are presented in the table below:

Manufacturing Facilities		
State	**Location**	**Capacity**
Andra Pradesh	Plot No. - 30-A, 30-B & 31, Building Products SEZ- Village, Gundlapally, Ongole, Prakasam, Andhra Pradesh. Pin Code -523002.	3.03 Lakh tons per annum

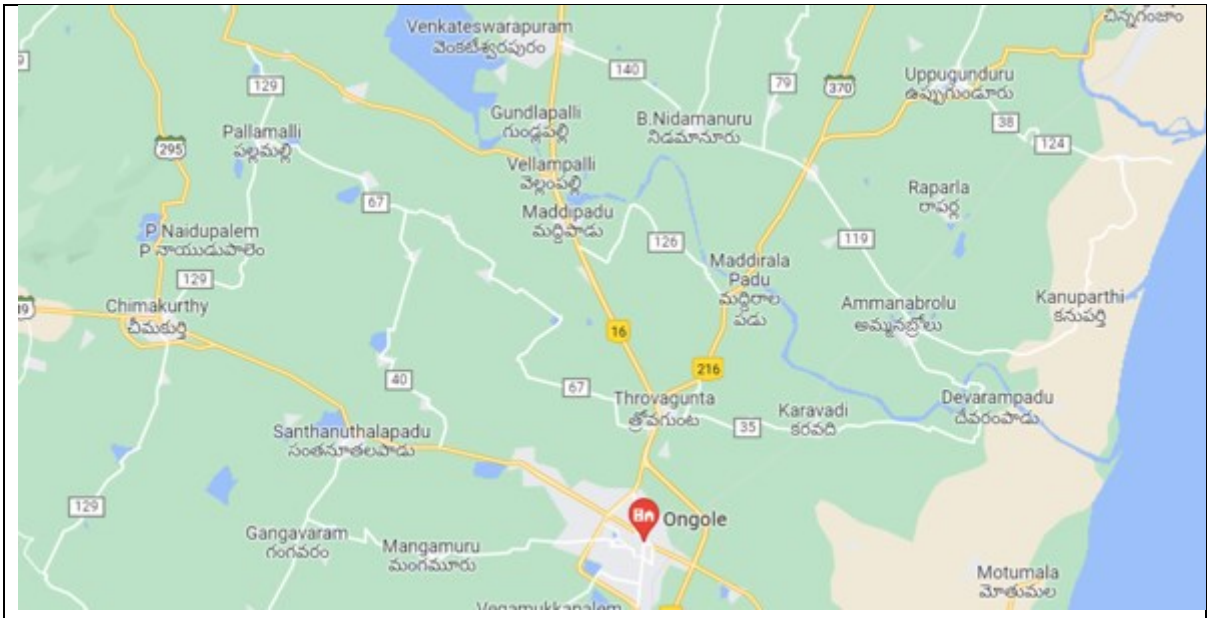
Location and Connectivity

The Company's plant is located at Plot No. - 30-A, 30-B & 31, Building Products SEZ- Village, Gundlapally, Ongole, Prakasam, Andhra Pradesh. Pin Code -523221. The Project site is connected via rail, air & roads. The connectivity is as under:

Parameter	Value
Nearest Railway Station	Ammanabrolu Railway Station. – 20 Km
National Highway	NH- 16 – 200 Mtrs.
Airport	Vijayawada – 174 Km
Sea Port	Krishnapatnam – 151 Km
Source: D&B-India- Secondary Research	

The location of the plant in Google Map is shown as below:

Plant Location



Source: Google Maps

Land details

The Company has acquired a total of 14.84 Acre of land. The detail of the land is shown in the table below:

Lease Deed Dated 04.07.17	
Plot and Survey details	Plot 30A, Survey no.330-Part, 331-Part, 332-Part, 334-Part, 337-Part, Village – Anangi, APIIC-IALA Growth Centre, Ongole, Mandal – Maddipadu, Dist.- Prakasam
Area	9631 sq. mtrs. (2.38 acres)
Lease Period	33 years with option of multiple renewals for further 33 years each time
Lease Premium	INR 96,31,000 @ INR 1000 per sq. mtr.
Annual Lease rental	2% p.a. on the lease premium with increase of 5% every year
Lease deed dated 27.01.18	
Plot no.	30-B, 31
Area	50,437.26 sq. mtrs. (12.46 acres)
Lease Period	33 years with option of multiple renewals for further 33 years each time.
Lease Premium	INR 5,64,91,680 @ INR 1120 per sq. mtr
Special Impact Fee	INR 24,98,950
Annual lease rental	2% p.a. on the lease premium with increase of 5% p.a. every year
Total Land Area vide both the above deeds : 60,070 sq. mtrs. (14.84 acres)	

Since the same land acquired in phase I will be utilized for phase II, the lease expense is not included in the project cost.

D&B-India notes that the land for the proposed plant is adequate.

Plant Layout

Plant layout design is an important aspect of any manufacturing firm as it represents long-term commitments. An ideal plant layout should provide the optimum relationship among input, output, floor area and generation process. A well-planned plant layout -

- Facilitates smooth manufacturing process.
- Minimizes overall handling time and cost.
- Facilitates economic use of the area available.
- Promotes effective utilization of manpower along with providing safety and comfort.
- Maintains potential for future expansion.

The Plant Layout for the proposed plant is awaited.

Equipment / Plant Machinery

The detailed list of the machinery and the details of the major suppliers are outlined below:

S.No	Equipment Name	Qty	Make
1	Wet Grinding Mill	1	Metso
2	Drier	1	Mozer/ Clair/CCW
3	Fine Screen	3	International Combustion/ Rhewum
4	Magnetic Separators	6	Linux/ Power Build
5	Storage Silos	3	S R Tech
6	Bucket Elevator	3	Reico/Mahindra
7	Packing Machines	4	TIA / V T C
8	Electrical	1	Arihant
9	PLC and CCR	1	Arihant
10	Electrical Transformer, Switchyard	1	Essenar/ Unique / Voltamp
11	EOT	4	Omis India Cranes and Handling Pvt Ltd
12	Portable Spectrophotometer	2	Konica Minolta
13	Analytical Sieve shaker	1	Verder scientific
14	Lab scale equipment	1	OIA Technologies Pvt Ltd
15	Sieves, Weigh Scales	1	Bharathi Instruments
16	Secondary fines separation plant	1	Xinhai Mineral Proecssing EPC
17	Teritiary fines Separation	1	Xinhai Mineral Proecssing EPC
18	Grinding, Screening and Primary Separation Plant	3	Huate Magnet
19	Timing Fine Sorters	24	Timing Company Limited
20	EDXRF	1	Malvern Panalytical
21	Particle Size Analyzer	1	Malvern Panalytical

Note : No second hand or refurbished machinery is proposed to be installed.

The detailed list of the Miscellaneous machinery required are outlined below:

S.No	Equipment Name	Qty	Make

1	Water Pumps, motors and other connections		Estimate
2	IT Infra		Maxbright IT Solutions
3	Furniture & office equipment		
4	Vehicles		
5	Pay Loader 3m3	1	Ramand Power Systems
6	Wheel Loader 2021 - 3m3	1	Ramand Power Systems
7	Forklift electrical 5 ton	3	Action construction equipment
8	Hydra	1	Anuradha Equipments

Manufacturing Process

To obtain a qualified quartz sand/powder, the primary goal is to remove impurities from the quartz. In order to convert raw mineral quartz into high purity and high-value end product, expertise in geology, chemical analysis and high purity processing is required. Based on geological background, laboratory testing and pilot testing, with tailor-made techniques to remove fluid and/or mineral inclusions. Depending on the final quality and value, processing into high purity or high value quartz involves advanced technologies such as:

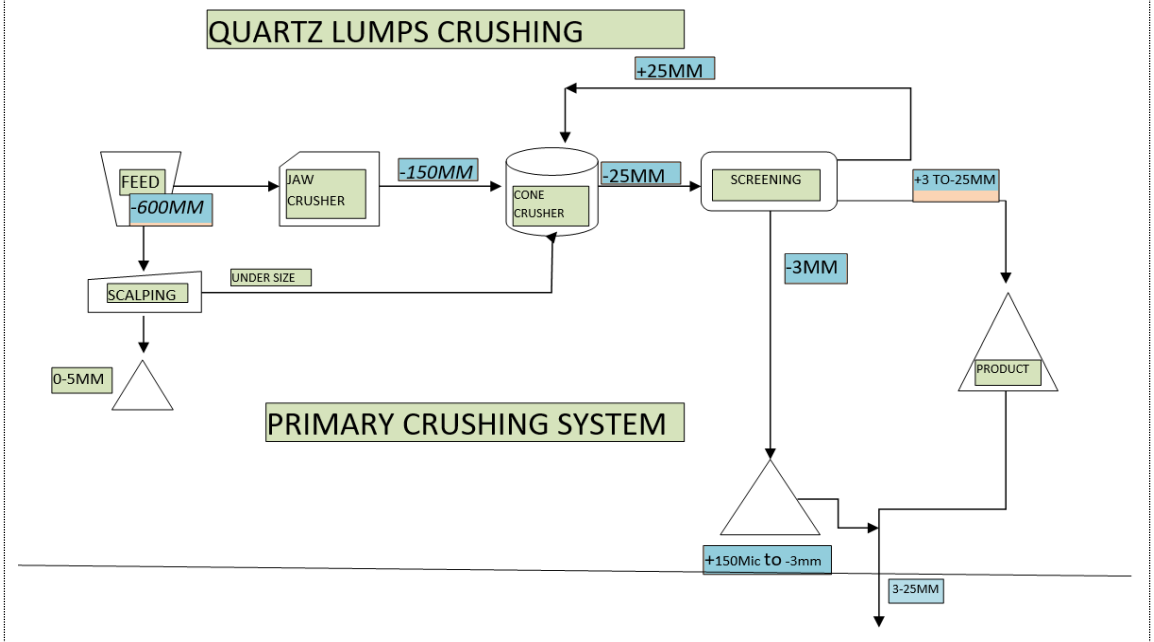
I. Physical quartz processing technology:

- Crushing and grinding
- Optical classification
- Grit Manufacturing and Grinding, Separation.

1. Quartz Crushing and grinding System:

Most quartz sand applications require stringent size ranges, so proper crushing, and grinding solutions are required during the crushing and grinding process to adequately release quartz crystals from coal gangue without contamination while minimizing particle size.

Process Flow Diagram

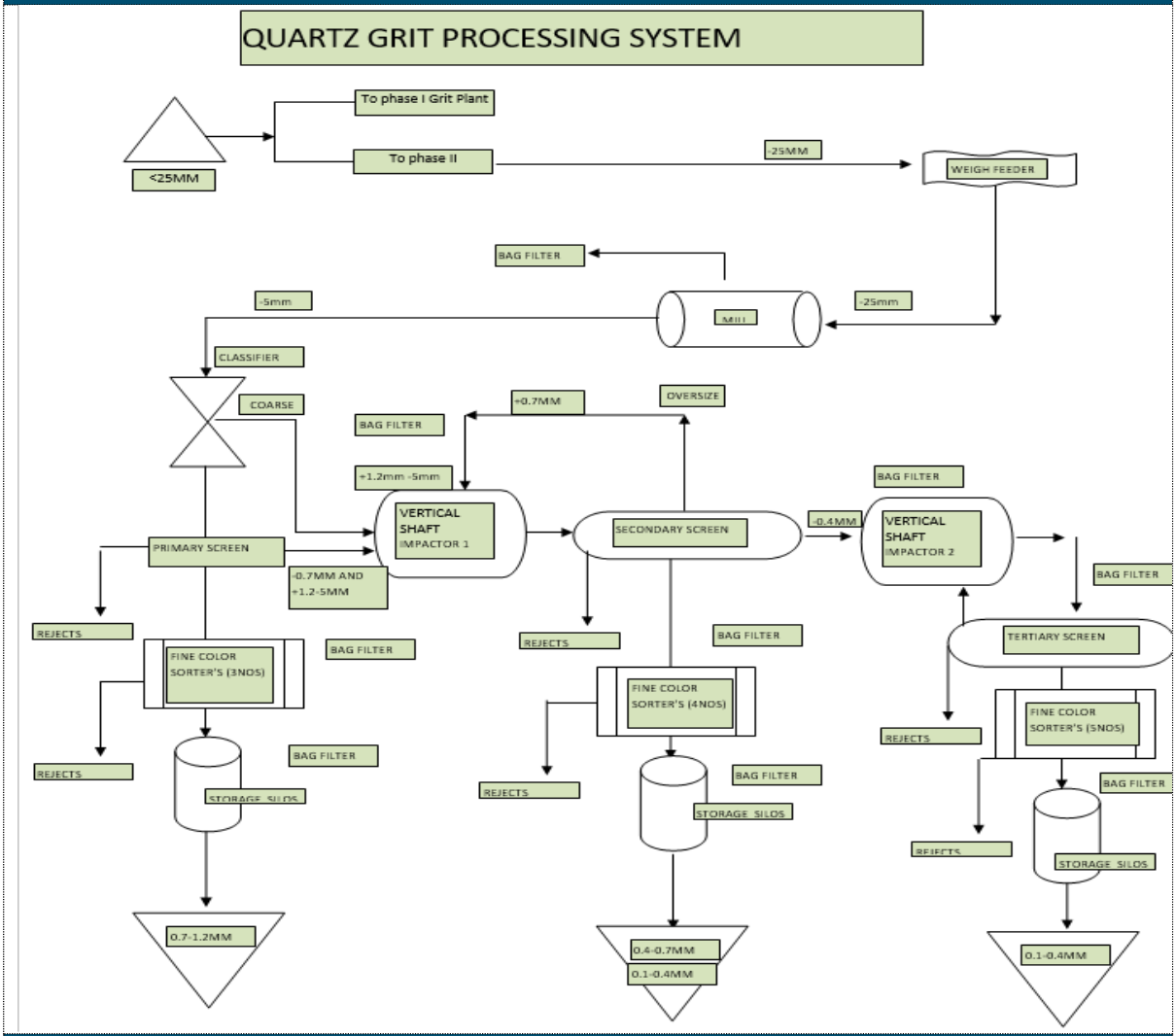


Source: MNPL

2. Optical classification:

Quartz has a formula unit composition of SiO2 and is classified as a Tectosilicate. Alpha-quartz is the most common polymorph of the silica minerals. The most important distinction between types of quartz is that of microcrystalline (individual crystals visible to the unaided eye) and the microcrystalline or cryptocrystalline varieties (aggregates of crystals visible only under high magnification).

Quartz Grit Processing System Diagram



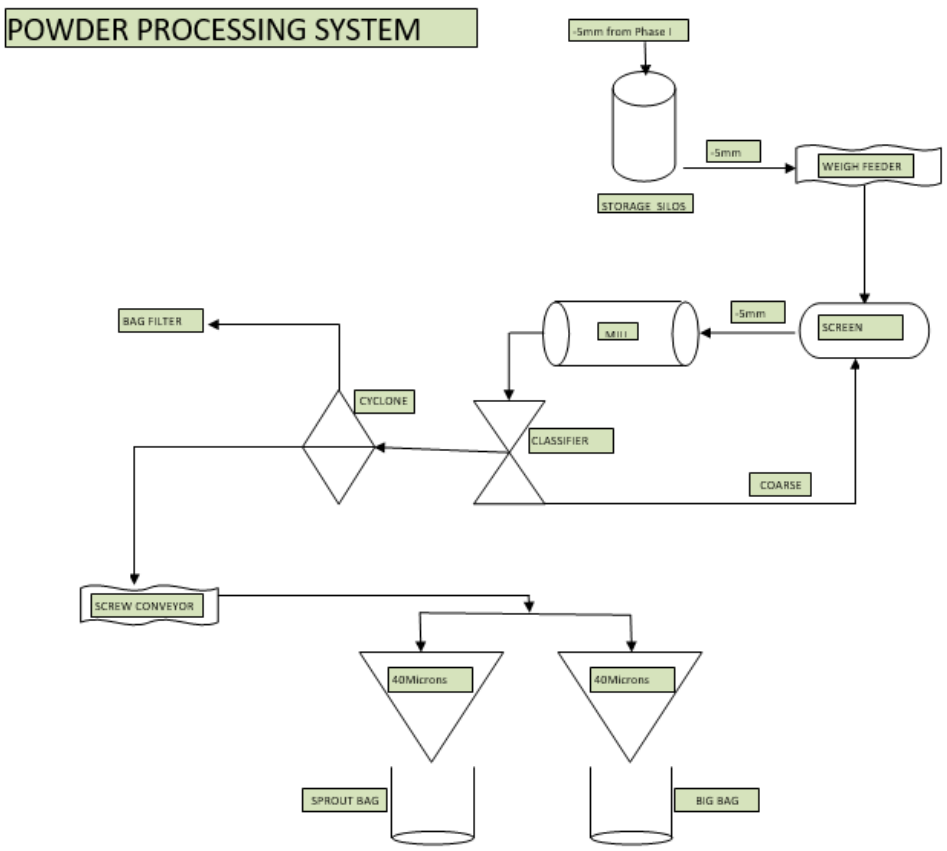
Source: MSPL

3. Grit Manufacturing and Grinding and Separation:

Grits are produced by crushing of the aggregates using VSI, Screened using Fine Screens and passed through Optical Sorters.

Crushed aggregates are passed through Ball Mill and passed through classifier for achieving desired grade filler powder.

Quartz Powder Processing System Diagram



Source: MNPL

WASTE MANAGEMENT PROCESS:

The plant will include state-of-art Waste Management and Pollution Control equipment, to take care of air, water and noise pollution.

Water Recycling Plant:

The processing sludge is collected into a tank and pumped to the filter press where the sludge is pressed. The dehydrated sludge is discharged and used as a land filling material. The filtered water re-enters the production cycle. This prevents water pollution and significantly reduces water consumption.

Soundproof Cabinets:

The sound emanating equipment is covered with special soundproof cabinets and the noise is kept under control. Therefore, the plant does not cause any noise pollution.

Implementation Schedule

S. No.	Particulars	Expected date of commencement	Expected date of completion
1.	Acquisition of land	Completed	-
2.	Conversion of land into industrial use, if applicable	Not applicable	-
3.	Building construction and related civil works	May-25	Sep 25
4.	Installation of plant and machineries	Aug-25	Nov 25
5.	Trial Run	Dec-25	Dec 25
6.	Date of Commercial production	Jan-26	Jan-26
7.	Details of any delays that have been experienced so far in execution	NA	Nil

Source: MNPL

Statutory Approvals

The status of various permissions and approvals is summarized below:

S. No.	Approval	Authority	Required At	Status
1.	Building Permission	Andhra Pradesh Industrial Infrastructure Corporation	Prior to commencement of construction	Received
2.	Consent to establish under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981	Andhra Pradesh Pollution Control Board ("**APPCB**")	Prior to commencement of construction	Received
3.	License to work a factory under Factories Act, 1948	Inspector of Factories, Ongole-I-Circle, Prakasham	Prior to commencement of construction	Received
4.	Application for power	Andhra Pradesh State Electricity Corporation Limited	Before completion	Application to be filed at relevant stage
5.	No objection certificate for ground water abstraction	CGWA	Before completion	Application to be filed at relevant stage
6.	Fire license	Andhra Pradesh Fire and Rescue Service	Before completion	Application to be filed at relevant stage
7.	Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981	APPCB	Before completion	Application to be filed at relevant stage

Site Visit Observations & Management Discussion

Following are the major observations based on the site visit and discussion with the Company representatives at site:

- The land for the Project (phase I and II) is a single parcel of Industrial land which is already acquired and in possession of Company. The land rectangular in shape and is levelled. Thus, the land development cost is expected to be minimal possible.
- The site has adequate land to accommodate the proposed Phase II of project. However, the detailed architectural layout confirming both area is awaited for review.
- The existing roads surrounding / within the unit are approximately 9 m wide which is sufficient for easy movement of man and materials. The roads are in good condition.
- The civil work for Phase I was in progress with foundation work upto plinth already completed. The boundary wall work for both phases was in progress.
- The Civil construction team at site was 50 Nos.

Site Pictures

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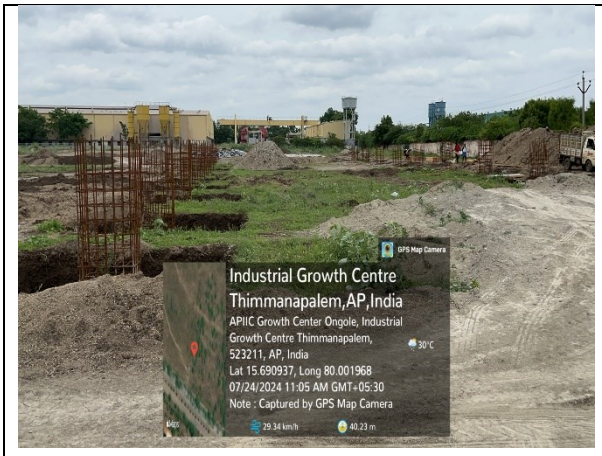
<td> 
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Prakasam,AP,India
Maddipadu, Prakasam, 523212, AP, India
Lat 15.692754, Long 80.002661
07/24/2024 11:06 AM GMT+05:30
Note : Captured by GPS Map Camera


Prakasam,AP,India
Maddipadu, Prakasam, 523212, AP, India
Lat 15.692772, Long 80.002660
07/24/2024 11:06 AM GMT+05:30
Note : Captured by GPS Map Camera


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Maddipadu, Prakasam, 523212, AP, India
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Prakasam,AP,India
Maddipadu, Prakasam, 523212, AP, India
Lat 15.693103, Long 80.002761
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Note : Captured by GPS Map Camera


MIDWEST NEOSTONE
PRIVATE LIMITED
PLOT NO:304,308&31, SP SEZ
ANNANGI(V), MADDIPADU(M)
PRAKASAM (DT)-523211
Prakasam,AP,India
Maddipadu, Prakasam, 523212, AP, India
Lat 15.693197, Long 80.002705
07/24/2024 11:07 AM GMT+05:30
Note : Captured by GPS Map Camera


MIDWEST NEOSTONE
PRIVATE LIMITED
PLOT NO:304,308&31, SP SEZ
ANNANGI(V), MADDIPADU(M)
PRAKASAM (DT)-523211

	

Technical Conclusion

Technical Parameter	As identified	Remarks
Land	60,070 Sqm (14.84 acres)	The land is Industrial land located inside Building product SEZ and is provided to Company on a lease period of 33 years. Since the same land acquired in phase I will be utilized for phase 2, the lease expense is not included in the project cost. The land lease agreements are already executed by the Company and found to be in order. The land area is observed to be adequate to support the operations as projected in the business plan.
Location	Plot no 30-A, B & 31, Building Products SEZ Village, Gundlapally, Ongole, Prakasam District, Andhra Pradesh-523211	MNPL facility is geographically very well located with easy connectivity to rail, road, and airport.
Installed Capacity	3.03 Lakh tons per annum	The capacity for Quartz 3.03 Lakh tons per annum which is derived based on the technical specifications of Machinery and found to be in order.

Technical Parameter	As identified	Remarks
Plant & Machineries	Quartz Crushing and grinding System	The technology for manufacturing Quartz Grits is established technology and no challenges are envisaged.
Major Raw Materials	Quartz raw material and Quartz Lumps Rejects from Phase I	Quartz raw material such as aggregates and Rejects from Phase 1.
COD	1st Jan 2026	The longest lead time machinery is Fine screen which has a delivery period of 6 months; thus the construction period of 18 months is achievable therefore the COD of 1st Jan 26 is achievable.

Subject to the above assessment & considering all these critical aspects, the Project is viewed as technically feasible.

Project Cost

The overall Project cost has been estimated at INR 1,270.49 million. The summary of the Project cost has been provided in the exhibit below:

	Particulars	INR mn
A	Land	Nil
B	Civil & Building	391.20
C	Plant & Machinery	804.63
D	Miscellaneous Fixed Assets	42.51
(A+B+C+D)	**Hard Cost**	**1,238.34**
E	Contingency	25.96
F	Preliminary & Preoperative Expenses	6.19
G	Interest During Construction	Nil
(E+F+G)	**Soft Cost**	**32.15**
	Working Capital Margin	Nil
	Total Project Cost	**1,270.49**

The estimation of plant & machineries is INR 804.63 million. The Company has obtained quotations for 100% by value of P&M Cost. The hard cost of the Project without contingency is estimated to be INR 1,238.34 million. The total cost of the Project is working out to be INR 1,270.49 million.

Civil Work Cost

The civil cost including building is approximately INR 391.20 million. The budgetary BOQ for the civil work is shown below.

Equipment Name	Make	Currency	Total Cost INR	Cost In INR crores	Quote date	Validity
Shed	Epack	INR	10,00,00,000	10.00	02.06.2024	02.12.2024
Civil	LR CR constructions	INR	8,00,00,000	8.00	10.07.2024	10.01.2025
Structural and tanks	S R Tech	INR	16,92,00,000	16.92	18.07.2024	18.01.2025
Erection and Installation	S R Tech	INR	4,20,00,000	4.20	18.07.2024	18.01.2025

Civil Comments	
Area to be constructed	Main shed of dimensions 60 m x 180 m = 10,800 sqmt Storage Shed of dimensions 24 m x 72 m = 1,728 sqmt. Thus, total area to be constructed for PEB structure is 17,928 sqmt ~ 1,92,905 sqft

Type of Building/ Construction Adequacy of building	PEB structure with building condition is considered.
Reasonableness of Cost	The factory building construction incudes PEB building shed for which the company has received budgetary quotation from M/s EPACK. This quotation doesn't include the below plinth civil work. Thus, the cost per sqft comes to INR 855 per Sq. Ft. (exclusive of GST) which is reasonable.
Document Validated	Budgetary quotation from EPACK dated 02/06/2024.

Plant and Machinery Cost

Plant & Machineries cost amounting to INR 804.63 Million. The table below shows a detailed breakup of the plant and machineries cost.

S. No	Category	Equipment Name	Qty	Make	Currency	Conversion	Unit Price in INR	Total Price in INR	Transportation	Total Cost	Quote date	Validity
1	Indigenous	Wet Grinding Mill	1	Metso	INR		120,000,000	120,000,000		120,000,000	10.09.2024	25.01.2025
2	Imported	Secondary Fines Separation	1	Xinhai Mineral Processing EPC	RMB	5889650	69,733,456	69,733,456	10,460,018	80,193,474	14.06.2024	14.12.2024
3	Imported	Tertiary Fines Separation	1	Xinhai Mineral Processing EPC	RMB	1875000	22,200,000	22,200,000	3,330,000	25,530,000	13.6.2024	13.12.2024
4	Imported	Grinding, Screening and Separation Plant	3	Shandong Huate Magnet Technology Co Ltd	USD	578700	48,304,089	144,912,267	21,736,840	166,649,107	03.08.2024	03.02.2025
5	Indigenous	Drier	1	Mozer/ Clair/CCW	INR		80,000,000	80,000,000	1,000,000	81,000,000	Jul-24	Jan-25
6	Indigenous	Fine Screen	3	International Combustion/ Rhewum	INR		5,400,000	16,200,000	330,000	16,530,000	18.07.2024	31.12.2024
7	Indigenous	Magnetic Separators	6	Linux/ Power Build	INR		3,175,000	19,050,000		19,050,000	01.06.2024	01.12.2024
8	Imported	Timing Fine Sorters	24	Timer	USD	92150	7,691,761	184,602,252	1,384,517	185,986,769	11.06.2024	11.12.2024

S. No	Category	Equipment Name	Qty	Make	Currency	Conversion	Unit Price in INR	Total Price in INR	Transportation	Total Cost	Quote date	Validity
9	Indigenous	Storage Silos	3	Eswar / S R Tech	INR		1,000,000	3,000,000	500,000	3,500,000	18.07.2024	18.01.2025
10	Indigenous	Bucket Elevator	3	Reico/Mahindra	INR		3,098,289	9,294,867		9,294,867	23.07.2024	23.01.2025
11	Indigenous	Packing Machines	4	TIA / V T C	INR		3,640,000	14,560,000	212,000	14,772,000	12.06.2024	12.12.2024
12	Indigenous	Electrical	1	Arihant / V2 /Ampersand	INR		56,544,618	56,544,618		56,544,618	03.06.2024	03.12.2024
13	Indigenous	PLC and CCR	1	Arihant / V2 /Ampersand	INR						03.06.2024	03.12.2024
14	Indigenous	Electrical Transformer, Switchyard	1	Essenar/ Unique / Voltamp	INR		3,850,000	3,850,000	-	3,850,000	20.09.2024	31.12.2024
15	Indigenous	EOT	4	Omis India Cranes and Handling Pvt Ltd	INR		1,500,000	6,000,000	450,000	6,450,000	02.08.2024	02.02.2025
16	Imported	EDXRF	1	Malvern Panalytical	Euro	57000	5,309,550	5,309,550	13,000	5,322,550	23.07.2024	23.02.2025
17	Imported	Particle Size Analyzer	1	Malvern Panalytical	GBP	33000	3,666,300	3,666,300	13,000	3,679,300	23.07.2024	23.02.2025
18	Indigenous	Portable Spectrophotometer	2	Konica Minolta	INR		950,000	1,900,000	-	1,900,000	10.09.2024	10.03.2025
19	Indigenous	Analytical Sieve shaker	1	Verder scientific	INR		1,038,486	1,038,486	-	1,038,486	14.08.2024	31.12.2024
20	Indigenous	Lab scale equipments	1	OIA Technologies Pvt Ltd	INR		3,056,307	3,056,307	-	3,056,307	22.07.2024	22.01.2025

S. No	Category	Equipment Name	Qty	Make	Currency	Conversion	Unit Price in INR	Total Price in INR	Transportation	Total Cost	Quote date	Validity
21	Indigenous	Sieves, Weigh Scales	1	Bharathi Instruments	INR		280,100	280,100	-	280,100	19.07.2024	19.01.2025

The conversion rate for the currency is considered as on 23rd September 2024.

- 1 RMB = 11.84 INR
- 1 USD = 83.47 INR
- 1 EUR = 93.15 INR
- 1 GBP = 111.1 INR

Source:https://wise.com/in/currency-converter/

The prices considered for above equipment is exclusive of GST as the same is not applicable as per SEZ rules. The transportation cost is considered based on the discussion with respective vendors and experience of the Company in procuring such equipment in recent past.

Plant & Machinery Comments	
Document Validated	Quotations from Xinhai, Haute, Malvern Panalytical, International combustion, Linux, Reico, Arihant, Unique, Konica Milota, Verder, Bharati Instruments, Ramanand Power Systems, Action construction equipment, Anuradha Equipments, etc.
Quotations Received	The Company has obtained quotations for 100% by value of P&M Cost.
Quotations-Remarks/ Issues	Supplier has guaranteed supply and commissioning of plant within 30 to 170 days from date to receipt of advance
Comparative Study of Quotation & technology of different machinery suppliers	Not available with D&B

Suitability of the Technology	The technology chosen by the Company is well established and suitable for the proposed project.
Adequacy of Plant & Machinery	Adequate and balanced
Technical arrangements/ Technical Know How	Awaited
Reasonableness of Cost	The capital cost for Midwest Phase II, at INR 3,640 per MT of installed capacity, is within the industry range.
Supplier's Credential	**Metso**: Metso is a Finnish industrial machinery company specializing in providing technology and services for the mining, aggregates, recycling, and process industries. Based in Finland, it offers equipment and solutions to enhance productivity and sustainability in its sectors. **Xinhai**: Xinhai is a Chinese company specializing in mineral processing equipment and EPC (Engineering, Procurement, and Construction) services. Based in China, it focuses on providing comprehensive solutions for mining and mineral processing projects worldwide. **Linux:** Linux Magnetics is an Indian company specializing in manufacturing and supplying magnetic equipment and separation systems. Based in India, it offers a range of products designed to improve material handling and separation processes in various industries. **Haute**: Haute Global Magnetic Separation Expert is a company specializing in advanced magnetic separation technology and solutions for various industries. Based in China, it focuses on enhancing the efficiency and effectiveness of material separation processes.
Whether EPC arrangement is done/whether appointed any PMC	NA
In case of second-hand machine, availability of Chartered Engineer certificate about residual life & vintage life is available.	NA
Note on balancing equipment's/ Jigs & Fixtures	NA

Miscellaneous Fixed Assets (MFA)

Misc Fixed Assets cost amounting to INR 42.51 million. The table below shows a detailed breakup of the plant and machineries cost.

Category	Equipment Name	Qty	Make	Unit Price in INR	Total Price in INR	Total Cost	In crores	Quote date	Quotation Validity
Miscellaneous	Water Pumps, motors and other connections		Estimate		30,00,000	30,00,000	0.30	24.06.2024	24.12.2024
Miscellaneous	IT Infra		Maxbright IT Solutions		30,00,000	30,00,000	0.30	02.08.2024	02.02.2025
Miscellaneous	Furniture & office equipment		Estimate		30,00,000	30,00,000	0.30	24.06.2024	24.12.2024
Miscellaneous	Vehicles	3	Shine		3,30,750	3,30,750	0.03	21.09.2024	31.12.2024
Miscellaneous	Vehicles	1	Mahindra		26,69,250	26,69,250	0.27	19.09.2024	19.12.2024
Miscellaneous	Pay Loader 3m3	1	SDLG	87,85,117	87,85,117	87,85,117	0.88	20.08.2024	31.12.2024
Miscellaneous	Wheel Loader 2021 - 3m3	1	SDLG	87,85,117	87,85,117	87,85,117	0.88	20.08.2024	31.12.2024
Miscellaneous	Fork Lift electrical 5 ton	3	ACE / OM	35,20,000	1,05,60,000	1,05,60,000	1.06	12.09.2024	10.03.2025
Miscellaneous	Hydra	1	ACE /Kuboto	23,82,726	23,82,726	23,82,726	0.24	14.09.2024	14.01.2024

The prices considered for above MFA are inclusive 18% GST as vehicles are not under the purview of SEZ rules.

Contingency

A contingency provision is made at 2.00% of hard cost to cover the cost of unforeseen items. This contingency provision does not provide for any forward escalation and exchange rate variation. The contingency amount is envisaged to be INR 25.96 million.

Comment on Capital Cost

The hard cost of the Project without contingency is estimated to be INR 1,238.34 million. The cost of the Project excluding margin money is working out to be INR 1270.49 million.

The Project cost envisaged has covered all the major heads, but still some modifications during detailed engineering and implementation are expected due to unforeseen items (this variation prevails across the industry). The cost for equipment is estimated based on budgetary estimates provided by the Company. The Company will try to negotiate further with the plant and machinery suppliers at the time of placing the final order. Post finalization of the detailed engineering, placement of orders and depending on actual site construction the cost for the project may vary.

The capital cost benchmarking for Projects done in India is summarized below

Capital Cost (INR per MT)			
Project No	**Project Cost (INR million)**	**Annual Capacity (MTPA)**	**Capital Cost per MT of Installed Capacity (INR / MT)**
Project A (960 TPD)	130.58	3,16,800	412
Project B (4800 TPD)	55.92	14,40,000	388
Project C (40 TPD)	8.64	12,000	7,200

Midwest Phase I	109.74	2,80,000 TPD: 848.48	392
Midwest Phase II	1,270.49	3,03,000	4,193

Source : D&B-India

As per industry data available with D&B- India and analysis done on similar projects, the project cost as mentioned in the above table, is within the acceptable Industry range considering the opportunity cost in present day for setting up the infrastructure. There may be further scope of negotiation for the Company with the suppliers while placing the final order. The chance of cost overrun is minimal unless there is a substantial delay or any unforeseen adverse occurrence.

Based on the review of 100% value of plant & Machinery quotations, the total project hard cost is estimated at INR. 1270.49 million and the same seems reasonable.

Means of Finance

Particulars	INR mn
IPO Proceeds	1270.49
Total Means of Finance	**1270.49**

The Company proposes to fund the entire Project through proceeds from IPO, which to be undertaken by ML.

Risk Analysis and Mitigation Measures

The key risks, allocation and mitigation specific to the project are shown in the following table:

Risk	Carrier	Mitigation Measure
Experience and capability	MNPL	MNPL's holding Company Midwest Limited, a Midwest Group Company the Company has focused on the natural stone industry, including Granite and Marble Over the years, Midwest has become a significant player in Exploration, Mining, Processing, and the export of natural stone products, earning a place among the top three natural stone companies in India. Mr. K. Raghava Reddy, an entrepreneur and natural stone specialist, has been instrumental in Midwest's journey. He has been actively involved in mineral prospecting and mining and has contributed to industry associations. With a workforce of over 1150 personnel, Midwest comprises a skilled team of geologists, engineers, logistics experts, and finance professionals. Midwest Limited. demonstrates experience in both the natural stone and mining sectors. It is a well-established player in mining segment and is a leading exporter of natural stone from India. Its expertise in the areas of raw material selection, procurement, mining, mineral processing, plant management, sales and distribution as well as its contacts and channels in the global building material markets will be leveraged for this project. The D&B-India advises the Company to ensure recruiting & retaining competent technical staff for smooth set up & operations of the proposed project. D&B-India also recommend the Company to hire personnel with Project management background during the initial construction period.
Statutory Approvals	MNPL	While the Company has already obtained Consent To Establish and Building Plan permission approvals in order to start work at the Project site, it is in the process of acquiring other necessary approvals and clearances for the Project. The Management of MNPL has assured D&B India that all the necessary approvals and clearances will be in place before commissioning of the Project or as and when required. Further, a detailed list of approvals required for the Project is provided in the Technical Assessment section of this report.
Time Overrun	MNPL	Construction for Phase I has already commenced, and the same land will be used for Phase II. The delivery period for the imported machinery is 4-5 months

Risk	Carrier	Mitigation Measure
		from the date of placing the advance payment. The successful execution of the project would depend on effective project management, proper resource allocation, and adherence to the implementation schedule. D&B-India opine that the project implementation period is quite optimistic and suggest considering a cushion period of min 2-3 months in case of any delay occurs due to any adverse situation. D&B-India has considered construction period for Phase II as 24 months from January 2024. The Company has to closely monitor all the long lead activities and the Project progress in timely manner to achieve the COD as planned for 1st Jan 2026.
Cost Overrun	MNPL	Cost overrun could arise on account of three principal factors: a) escalation in the estimated capital cost b) unforeseen additional capital cost & c) time over-run D&B-India notes that the Company is yet to commence mobilization of Construction team at site. The Company has obtained budgetary quotations for all equipment proposed to be installed. In addition to this, 2.00% Contingency provision has been considered in the Capex to mitigate some portion of the cost overrun. The Project cost envisaged has covered all the major heads and considering the budgetary quotations obtained for the major equipment. However, in case there is a cost overrun, the Company's Promoters will bridge the shortfall out of their own contribution. The Company needs to complete the negotiation process and issue the PO to confirm the cost as well as delivery time to complete the project at estimated cost.
Government policies & Environmental risk	MNPL	Government policies and regulations related to mining, land use, and environmental protection can change over time, making it challenging for quartz processing companies to stay compliant with evolving requirements. The Company needs to follow all the guidelines stipulated by the Government of India.
Technology Risk	MNPL	The quality and market value of the final quartz products depend on achieving the desired particle size distribution. Inefficient particle size control or difficulties in achieving consistent sizing can lead to product quality issues. Quartz milling involves various machinery and equipment, such as crushers, grinders, conveyors, and screening equipment. The risk of equipment

Risk	Carrier	Mitigation Measure
		breakdowns and the cost and feasibility of maintenance and repair can affect production and profitability. The technology adopted by the Company is a time-tested and proven technology. The equipment is also proposed to be purchased from reputed international suppliers. Hence, the risk on the technology front is not envisaged. However, D&B-India opines that, the Company must avail performance guarantee and critical spares from all equipment suppliers so that the operations of the Company post COD are aligned with the projected business plan.
Competition Risk	MNPL	Domestic quartz milling companies may face competition not only from domestic players but also from international quartz suppliers especially from China. The ability of international companies to offer competitive pricing and superior quality can pose a risk. The top competitors of the MNPL in domestic market are Chettinad Morimura Semiconductor Material Private Limited, Vinayaka Microns India Private Limited, Sibleco India minerals and Balaji Quartz, etc. To mitigate these risks, MNPL can focus on process improvements, procurement of raw material, innovation, diversification, strong customer relations, and cost efficiency. Monitoring industry trends and adapting to changes will be crucial for addressing competitive challenges effectively.
Quality risk	MNPL	MNPL maintains a fully equipped testing laboratory to meticulously assess the quality of incoming raw materials, secondary products, and the final output. Erratic quality of the products can affect the Company's brand. D&B-India recommend the Company to have a good in-house quality check procedures for QA and QC.
Force Majeure	MNPL / Insurer	The Company to take adequate insurance cover for insurable Force Majeure risks.

SWOT Analysis

Strength

- The promoters, Midwest Group is a 40 year-old mining and mineral processing enterprise with major focus on natural stone. It is a well-established exporter of natural stone from India. Its expertise in the areas of raw material selection, procurement, mining, mineral processing, plant management, sales and distribution as well as its contacts and channels in the global building material markets will be of use for this project.
- Since the plant is located in a SEZ the infrastructural requirements (power supply, water, logistics, manpower) are readily available.
- The export market can be tapped as the Project is near to Krishnapatnam port.
- The Project plans to have imported plant and machinery from reputed vendors which will enable to have high quality product.
- Labour costs in India are relatively lower compared to many other countries, which can contribute to cost competitiveness.

Weakness

- While the promoters are running group companies in mining business (granite) for over two decades, this will be the first venture for the Company in Quartz grit and powder processing unit. D&B India advises the Company to ensure recruiting & retaining competent technical staff for smooth operation of the proposed project.
- The timely completion of construction activities of the Project and later smooth running of the Project is linked with timely implementation of Phase I of the Project which is also currently under construction stage.
- Quartz mining and processing can have environmental impacts, leading to regulatory challenges and the need for sustainable practices.
- Being a new entrant in competitive market require the Company to have good marketing strategies to achieve the sales plan.
- Company's product is highly dependent on market of engineered stone manufacturers and would face intense competition from Companies supplying natural stone / manufactured stone for countertops and facades.

Opportunity

- The global demand for quartz products in various industries, including electronics and construction, presents export opportunities.
- Rising disposable income of the middle / upper classes will provide an impetus for marketing products of the Company in the segment.
- In view of the inherent technical advantages of Engineered Stone Slabs, there is promising market potential for the products in the niche segment.
- Due to its unique properties, emerging applications of quartz grits can act as an opportunity for the market. Over the long-term, the primary factor driving the market's growth is the demand for high-purity quartz in the semiconductor industry, coupled with the growing solar industry.

Threats

- The demand for countertops, façade, and cladding materials is linked to construction activity in residential and commercial real estate. A slowdown in housing sales, particularly in the US, has reduced demand, affecting sales growth for companies producing quartz, marble, engineered stone, and other materials for countertops and cladding.
- Non-availability of standard and uniform quality raw materials from mines could be possible roadblocks in production.
- Evolving environmental and mining regulations may lead to compliance issues and increased operational costs.

Conclusion

Midwest Neostone Private Limited, herein after referred to as 'MNPL' or the 'Company', has appointed Dun and Bradstreet Information Services India Private Limited ('D&B India') for the detailed project report for its Phase II project to set up intends to set up a 3.03 Lakh tons per annum of manufacturing & processing of Quartz raw material such as aggregates, at Plot no 30-A, B & 31, Building Products SEZ Village, Gundlapally, Ongole, Prakasam District, Andhra Pradesh-523211.

D&B India has assessed the Project based on the data provided by the Company and other market information based on the industry research.

While assessing the Project, D&B India considered the following major factors:

- Project specific attributes, both positive and negative
- Reasonableness of the technology and processes deployed.
- Reasonableness of the Project Cost

Company Assessment

The promoters, Midwest Group is a 40-year-old mining and mineral processing enterprise with major focus on natural stone. It is a well-established exporter of natural stone from India. Its expertise in the areas of raw material selection, procurement, mining, mineral processing, plant management, sales and distribution as well as its contacts and channels in the global building material markets will be of use for this project. Since the plant is located in a SEZ the infrastructural requirements (power supply, water, logistics, manpower) are readily available.

Midwest Limited is the holding Company of MNPL which has promoted this Company as an "SPV" for implementing this specific project. The group Chairman is Mr. Raghava Reddy. The Directors of MNPL are Mrs. Ranganayakamma Kollareddy Mr. Ramachandra Kollareddy and Ms. Kukreti Soumya. The proposed facility will source raw materials from Phase 1, utilizing the rejects generated during this phase as the primary raw materials for Phase 2. They will utilize the holding Company's established global distribution network, built through existing worldwide ventures, to effectively market its products.

The Company proposes to fund the entire Project through proceeds from IPO, which to be undertaken by ML.

Technical Assessment

Site visit Observations:

- The land for the Project (phase I and II) is a single parcel of Industrial land which is already acquired and in possession of Company. The land rectangular in shape and is levelled. Thus, the land development cost is expected to be minimal possible.
- The site has adequate land to accommodate the proposed Phase II of project. However, the detailed architectural layout confirming both area is awaited for review.
- The existing roads surrounding / within the unit are approximately 9 m wide which is sufficient for easy movement of man and materials. The roads are in good condition.

- The civil work for Phase I was in progress with foundation work upto plinth already completed. The boundary wall work for both phases was in progress.
- The Civil construction team at site was 50 Nos.

Technical Parameter	As identified	Remarks
Land	60,070 Sqm (14.84 acres)	The land is Industrial land located inside Building product SEZ and is provided to Company on a lease period of 33 years. Since the same land acquired in phase I will be utilized for phase 2, the lease expense is not included in the project cost. The land lease agreements are already executed by the Company and found to be in order. The land area is observed to be adequate to support the operations as projected in the business plan.
Location	Plot no 30-A, B & 31, Building Products SEZ Village, Gundlapally, Ongole, Prakasam District, Andhra Pradesh-523211	MNPL facility is geographically very well located with easy connectivity to rail, road, and airport.
Installed Capacity	3.03 Lakh tons per annum	The capacity for Quartz 3.03 Lakh tons per annum which is derived based on the technical specifications of Machinery and found to be in order.
Plant & Machineries	Quartz Crushing and grinding System	The technology for manufacturing Quartz Grits is established technology and no challenges are envisaged.
Major Raw Materials	Quartz raw material and Quartz Lumps Rejects from Phase I	Quartz raw material such as aggregates and Rejects from Phase I.
COD	1st Jan 2026	The longest lead time machinery is Fine screen which has a delivery period of 6 months; thus the construction period of 18 months is achievable therefore the COD of 1st Jan 26 is achievable.

Critical Success Factor

- **Timely Completion of Project Construction:**

As Informed by Company, the implementation of Phase II project is yet to commence and currently identification and shorting of vendors in process. The orders would be placed post Financial closure and raising of IPO funds. The commercial production date

is considered to be 1st Jan 2026. As per Company estimates, the construction of manufacturing facility will be completed within 15 months from Financial Closure. Any delay in the above will significantly impact the projected business plan.

It is important for Company to closely monitor the proposed implementation schedule for the Project, in order to avoid any lapses in achieving the Project activity wise milestones. In the event of Project activity timeline breach, a resultant direct impact on COD would affect the production volume and subsequently financials of the Company, particularly in its first year of operation.

Further D&B-India notes part source of raw material for Phase II is rejects from Phase I which is scheduled to be operational by FY 2025. Thus, the phase II is dependent on phase I being operating efficiently.

- **Dependency on Phase I Project**

The Project is dependent upon Phase I project for sourcing rejects as a raw material and for common utilization of some P&M and facilities between these two Phases. Therefore, timely completion of construction activities of the Project and later smooth running of the Project is linked with timely implementation of Phase I Project which is also currently under construction stage.

- **Timely availing Statutory permissions and approvals**

As MNPL would be setting up a Greenfield quartz mill, it has obtained required approvals to start work at the Project site and would obtain other approvals, as and when required. It is essential to have all the Statutory permissions and approvals in place before COD as per the State and national laws.

Limiting Conditions

The cost estimates for the proposed project are given on the basis of estimates, and we have also relied upon the quotations being procured for the purposes of the funding, which is attached as an annexure to the report. The revenue and costs considered are based on the findings from primary survey and secondary research, as detailed in the methodology section. There may be changes in the revenue and cost estimates depending on the market conditions. The revenue and costs are comparable to the industry benchmarks.

It has been assumed that available plant and machinery are complete and balanced along with utilities and auxiliaries.

Basis:

D&B-India's assumptions are based on the information obtained from owners, prevailing rules and regulations of statutory authorities, prevailing site conditions on the date of inspection.

Documentation:

D&B-India does not normally read leases or documents of title. D&B-India assumes, unless informed to the contrary, that each Structure has good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoing of an onerous nature which would have a material effect on the value of interest under consideration, nor material litigation pending. Where D&B-India has been provided with documentation, D&B-India recommends that reliance should not be placed on its interpretation without verification by legal advisors.

Town Planning and Other Statutory Regulations:

D&B-India recommends that verification be obtained from legal advisors or relevant experts to the effect that:

i. The position is correctly stated in the report.

ii. The property is not adversely affected by any other decision made, or conditions prescribed by public authorities.

iii. There are no outstanding statutory notices.

iv. D&B-India's reports are prepared on the basis that the company (Midwest Neostone Private Limited) to comply with all relevant statutory regulations, including enactment relating to fire regulations, safety and environmental considerations and stipulation of respective statutory provisions.

Physical Surveys:

D&B-India has not carried out Physical Survey and levelling exercise of the Structures and advice Owners to carry out actual Physical Survey of the site along with levels if desired. This report is based on documents forwarded to D&B-India by Owners, Government Records made available to D&B-India and on D&B-India's cursory inspection of site.

Structural Surveys:

D&B-India has not carried out a structural survey, nor has D&B-India tested the services of the Owners and D&B-India therefore does not give any assurance that any Structure or the immoveable assets are free from defects. In D&B-India's general observations, the Structures are erected normally and appear to have been maintained properly. However, no guarantee or opinion can be inferred about the conditions of Structure and Machinery about safe working of the same.

Deleterious Materials:

D&B-India does not normally carry out investigations on site to ascertain whether any Structure was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, wood wool as permanent shuttering, calcium chloride or asbestos). Unless D&B-India was otherwise informed, our report is on the basis that no such materials or techniques have been used.

Site Conditions:

D&B-India has not carried out investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be put, to use, nor does D&B-India undertake archaeological, ecological or environmental surveys. Unless D&B-India is otherwise informed, D&B-India's report is on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses or delays will be incurred during the construction period due to these or any other matters related to site.

Environmental Contamination:

D&B-India has not carried out physical site surveys or environmental assessments, or investigated historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, D&B-India's report is carried out on the basis that properties are not affected by environmental contamination.

TERMS RELATING TO USE OF THIS REPORT

This Detailed Project Report (hereinafter referred to as this "**Report**") has been prepared by ***Dun & Bradstreet Information Services India Private Limited*** (hereinafter referred to as **"D&B-India"**) in respect of Manufacturing of Quartz Grits and Lumps at Plot no 30-A, B & 31, Building Products SEZ Village, Gundlapally, Ongole, Prakasam District, Andhra Pradesh-523211 (hereinafter referred to as the "**Transaction**") of Midwest Neostone Private Limited (hereinafter referred to as the "**Company**") for the proposed initial public offering of equity shares of the Midwest Limited (hereinafter referred to as the "**Funding Entity**") (such proposed offer "**the offer**") subject to what is stated hereinafter and the same forms an integral part of this Report.

The use of this Report or dissemination of contents hereof in part or full, is meant only for the purposes of the Transaction or matters relating thereto as deemed necessary by the Funding Entity, and not by any other party or for any other purpose.

D&B-India follows ethical practices in the discharge of its professional services and amongst others, as part of such ethical practices, it follows the general rules relating to honesty, competence and confidentiality, and attempts to provide the most current, complete, and accurate information as possible within the limitations of available finance, time constraint and other practical difficulties relating thereto and arising as a consequence thereof.

This Report has been prepared keeping in view the scope of work and the methodology as stated in this Report. Sources which form the basis of this Report could be broadly classified into two categories**:** (i) the facts gathered by D&B-India by way of a visit to the site of the project relating to the Transaction, or the Government offices, to the extent possible, having regard to practical constraints, and (ii) documents and information as furnished by the Company or the Funding Entity.

This Report includes assessment and projections made by D&B-India which are based on the aforesaid sources and the methodology as adopted by D&B-India. A variation in such assessment and projections is possible due to changes in the obtaining facts and circumstances as they existed at the point of time this Report was finalised by D&B-India and the approach or methodology adopted in respect thereof. Differences between projected and actual results are possible as events and circumstances, as anticipated or contemplated, may or may not occur and such differences may be material in nature. Under the circumstances, no assurance can be provided or implied that these projections will actually materialize or for its accuracy thereof.

Therefore, such assessment and projections made, and views based thereon included in this Report should not be treated as the sole decisive factor for any decision to be taken by the Funding Entity relating to the Transaction, and the Funding Entity has to draw its own conclusions on making independent enquiries and verifications and D&B-India cannot be held liable for any financial loss incurred by anyone based on this Report.

No representation is made by D&B-India that the information contained in this Report is exhaustive or includes all such material information which may have a bearing on the future performance of the Company.

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The Report should be read as a whole so as to avoid any divergence with respect to the inferences on account of a partial reading of this Report where such inferences may be based on the entirety of this Report.

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