

November 19, 2025

To,  
The Listing Department  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400001

To,  
The Listing Department  
National Stock Exchange of India Ltd.,  
Exchange Plaza,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400051

Scrip Code: 544587

Symbol: MIDWESTLTD

Dear Sir / Madam,

**Subject: Transcript of Earnings Conference call for the quarter and half year ended September 30, 2025**

We wish to inform you that pursuant to Regulations 30 and 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the transcript of the Earnings Conference call held on November 13, 2025, in relation to the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and half year ended September 30, 2025, is enclosed herewith.

The same is available on the website of the Company at <https://midwest.in/investors>.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For **Midwest Limited**

**Rohit**

**Tibrewal**

**Rohit Tibrewal**

**Company Secretary & Compliance Officer**

**M. No.: A31385**

Digitally signed  
by Rohit Tibrewal  
Date: 2025.11.19  
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“Midwest Limited  
Q2 FY '26 Earnings Conference Call”  
November 13, 2025

*Disclaimer - This transcript has been edited solely for the purpose of removing transcription errors and improving readability. In the event of any discrepancy, the audio recording will supersede the transcript.*



**MANAGEMENT:** **MR. RAM KOLLAREDDY – PROMOTER, WHOLE-TIME DIRECTOR AND CHIEF EXECUTIVE OFFICER – MIDWEST LIMITED**  
**MRS. UMA PRIYADARSHINI KOLLAREDDY – PROMOTER AND WHOLE-TIME DIRECTOR – MIDWEST LIMITED**  
**MR. DILIP KUMAR CHALASANI – CHIEF FINANCIAL OFFICER – MIDWEST LIMITED**

**MODERATOR:** **MS. SANA KAPOOR -- GO INDIA ADVISORS**

**Moderator:** Ladies and gentlemen, good day and welcome to Midwest Limited Q2 FY '26 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions, and expectations of the company as on the date of this call. These statements are not guarantees of future performance and involves risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Sana Kapoor from Go India Advisors. Thank you, and over to you, ma'am.

**Sana Kapoor:** Thank you, Hamshad. Good afternoon everyone and welcome to Midwest Limited's maiden earnings call to discuss Q2 and H1 FY '26 performance. The financial results have been uploaded on the exchanges. Hope you have had the opportunity to review the same. We have on the call Mr. Ram Kollareddy, Promoter, Whole-Time Director and CEO, Mrs. Uma Kollareddy, Promoter and Whole-Time Director, and Mr. Dilip Kumar, Chief Financial Officer. We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the company faces.

May I now request Mr. Ram Kollareddy to take us through the company's business outlook and financial highlights, subsequent to which we will open the floor for Q&A. Thank you and over to you, sir.

**Ram Kollareddy:** Thank you, Sana. Good afternoon, everyone. I am truly delighted to connect with you all following our successful IPO listing. Marking a significant milestone, Midwest Limited is now listed on India's premium stock exchanges. This achievement reflects the trust and confidence our investors have placed in us and we are deeply grateful for your unwavering support. As we embark on this exciting new chapter, we are looking forward to growing together and reaching new heights.

FY26 has been a landmark year for us, till-date. We have successfully raised INR250 crores from IPO and the same will be used towards Phase 2 expansion of its quartz facility, electric dump trucks and solar energy integration at select mines and repay borrowings.

I am also delighted to share that Midwest delivered an exceptional strong performance in Q2 FY '26 with EBITDA and PAT growing by 52% and 80% year-on-year, respectively. This remarkable growth was driven by improved capacity utilization, cost optimization and strong operational efficiencies, which together propelled our EBITDA margin to over 29%.

Before I move on to our operational and financial performance, since this is our maiden call, I'd like to take a moment to briefly introduce Midwest Limited to all of you. With over four decades of expertise in dimensional natural stone exploration, mining processing and global distribution across 17 countries and five continents, Midwest has expanded its portfolio beyond granite to quartz processing and is also diversifying into heavy mineral sands and rare earth materials.

We have a diversified as well as fully integrated business model from mines to market. We are a leading quartz processor and India's largest producer of Black Galaxy and absolute Black Granite. We achieved a major milestone. We are supported by a seasoned leadership team, access to diversified mineral reserve base, and a constant strive for operational efficiency. With these, we are on the journey of becoming a world-class integrated materials processing company.

We remain steadfast in our pursuit of long-term vision of becoming one of the world's top three producers of quartz grit and powder, Southeast Asia's largest producer of titanium feedstock and among the world's leading producers of rare earth oxides.

Briefly highlighting our business segments, we are being India's largest producer of Black Galaxy and absolute Black Granite accounting for approximately 20% of Black Galaxy production and 64% of its exports in FY '25. It is also interesting to note that Midwest leads in royalty payment in the industry for Black Galaxy Granite. This segment caters to high-value real estate projects with application of kitchen countertops, floor tiles, vanities, etc..

Midwest Limited serves as an organized player in an otherwise unorganized and fragmented market. On the quartz processing front, the Company recently commissioned Phase 1 of its 303,000 metric ton per annum Quartz processing plant catering to solar, glass, and engineered stone industries.

Phase 2, to be funded through the IPO proceeds, aims to double the capacity to 6,06,000 metric ton per annum. It will also include the ability to produce the plant to produce ultra-high purity quartz or its HPQ materials for semiconductor and crucibles application.

India currently imports about 65% of its solar glass requirements, with demand growing at a robust CAGR of 30%. And Midwest, playing its part, aims to cater to around 11% to 13% of the raw material needs of this growing industry.

Building on its granite and quartz operations, Midwest is further diversifying into heavy mineral sands, primarily consisting of ilmenite and rutile, which are titanium feedstock materials. And monazite is a byproduct of the heavy mineral sand deposit, which is a feedstock for rare earth materials, especially ND and PR, neodymium and praseodymium.

We plan to establish a processing facility to extract and process heavy mineral sands catering to global demand, and specifically Indian markets, with operations expected in FY 2027. These initiatives are intended to support industries such as aerospace, chemicals, automotives, electronics, defense, and medical devices.

Our ecosystem also includes in-house diamond tool manufacturing, specifically Diamond Wire, supporting both internal operations and external customers. Diamond Wire not only caters to the natural stone industry, but also is used in the semiconductor and solar industries.

Midwest's competitive edge stands from its strong resource base, sustainability-driven operations, and robust financial performance. Sustainability lies at the core of Midwest's strategy, driven by continuous R&D and technological advancements to enhance efficiency, optimize costs, and reduce environmental impact.

The company is actively decarbonizing operations through their option of electric dump trucks powered by on-site solar installations. Through backward integration, as discussed, we are also backward integrated on the diamond tool front. These initiatives underscore Midwest's commitment to responsible mining, resource efficiency, and sustainable growth.

Financially, Midwest has demonstrated consistent growth, achieving an EBITDA and PAT of 38% and 40% respectively between fiscals 2023 and 2025, with a 27% EBITDA margin edge in FY 2025.

Moving on to the H1 financial highlights of FY2026, revenue from operations has increased to INR301 crores, up 8%. EBITDA increased by 16% to INR86 crores. EBITDA margins increased to 28% plus.

CRISIL Ratings has upgraded Midwest's credit rating from CRISIL A minus to CRISIL A stable, underscoring the company's robust financial health, operational excellence, and sustained growth momentum. Cash flows from operations more than doubled to INR125 crores compared to H1 FY 2025, and working capital days reduced from 120 days to 99 days.

Coming to next two to three year,–Midwest is getting into the new verticals i.e. rare earth materials, heavy mineral sands, and high purity quartz and we aspire to deliver 2.5 times revenue. All the numbers are based on FY 2025 as a baseline, with a healthier 35% ROCE, and three times plus profitability over the next three year to four years. And our goal is also to reduce the energy consumption and carbon footprint by 15% to 20%.

Other strategic developments in H1 FY 2026 apart from the IPO, which we mentioned, we have commissioned the Quartz plant of capacity, phase 1 capacity, 3,03,000 tons per annum, catering to solar glass, engineered stones etc..

We have got permissions for a new Black Galaxy granite mine, which is getting operational very soon, and the development activities are going to start in the next few weeks. Our working capital efficiency improved by 18%, with days reduced from 120 to 99 days, supported by better credit terms and with overseas customers. And more importantly, we also received a letter of intent from Kerala Mines and Minerals Limited (KMLL), for the pilot project of Monazite cracking, and its further value addition within India in Kerala.

In conclusion, Midwest is well-positioned to achieve its vision. And we remain steadfast in the pursuit of long-term vision in becoming one of the world's top three producers of quartz grit and powder, Southeast Asia's largest producer of titanium feedstock, and among the world's leading

producers of rare earth oxides. We will strive in this journey and we will achieve these goals in the long term.

And thank you all from my side. I would now request Uma to take over the next segment.

**Uma Kollareddy:**

Good afternoon, everyone. Thank you for your time. Since this is our maiden call, we would like to give you a flavor of our three verticals. Coming from the granite vertical, we are the largest producers and exporters of Black Galaxy granite. This is available only in one village in the entire world. And we have exclusive mining rights for decades, depending on where the license stands on the timeline.

And these are not licenses where you file for tenders year-on-year. These are exclusive mining rights. So there's visibility of cash flow coming in the near future. We have visibility of cash flow for the future. And also, quality of earnings are extremely strong because most sales are backed by customer advances and with the LCs..

It's a very fragmented market and we have focused relentlessly over the years through both inorganic and organic expansions. And we've now consolidated the fragmented market where we are now the largest producer and exporter of Black Galaxy in India.

And we are the largest producers of Absolute Black as well, which is also a rare commodity. Our focus in the granite is only on the evergreen colors, which are Black in Black Galaxy and not fashion stones, which change with time.

So this is about our granite vertical. And now, as our CEO has mentioned, we've set up a 303,000 metric ton per annum capacity plant, which is an integrated plant for mines and processing plant. This is the largest capacity in India for processing of quartz grit and powder. And in this plant, we process two products. This is again the only plant in India which is processing two products at this scale, both catering to the engineered stone in raw material for the engineered stone slab makers and also raw material for the solar glass.

We believe, Solar glass is expanding at a 30% CAGR. And from single layer to double layer, when it becomes, then we're looking at a much higher CAGR. And as our CEO mentioned, 60% plus of the glass is imported currently. So we look to substitute that raw material import to local. There is import duty levied on the import as well.

So these products, also are well positioned to take the export market as well, because there are several engineered stone plants abroad as well. And our plant is close to the port. And the same plant has two lines, which caters to both these industries.

And again, we are back integrated. We have the mines. We have 23 million tons of resource from which we get our raw material. So there's consistency in supply in -- for raw material for our plant. And there is consistency in price, and we are reducing removing volatility, price volatility, the timing of supply, the quality volatility from the raw material supply for our plant.

Now coming to the third vertical, we have heavy mineral sands licenses in Sri Lanka where we'll be mining rare earth oxides from the monazite, and we plan to forward integrate on this

front. Now coming to the rutile and ilmenite, which are feedstock for titanium-based metal, light weighting of metals or titanium slag or titanium pigments, we'll also plan to forward integrate in this front. And we are in the process of getting the next stage of licenses for the permissions.

Coming to our technology, we've achieved these cost efficiencies and the EBITDA margins that our CEO has mentioned, the increase in our EBITDA margins over the years, cost efficiencies through relentless focus on technology integration. So we don't look for solutions and wait for solutions to come to us. We actively go integrate solutions which are available world over.

Some of the examples could be the electric dump trucks, which we currently have in our mines, which are reducing our operational expenses and of course, our plan is to back integrate with solar to further reduce our energy costs and also increasing our green footprint.

Ours is definitely the first granite mine that has these trucks in play, these dump trucks in play, the first in India possibly because the larger miners are coming to our mine to see these trucks in display. This is an example to show how forthcoming we are for looking for solutions and for disintegrating from the diesel dependency, which is again increasing our margins. As we keep phasing out all our diesel trucks to electric trucks, which will have a positive impact on our EBITDA margins is our expectations.

We've also back integrated with Diamond wire, where the cutting efficiency of the tools are faster and the tools last longer, which is increasing our production and reducing our product production bottleneck. So this is again done with R&D. Now we've got a whole R&D team because we didn't find the right tools in the market. So we've got an R&D team together and got this perfected these tools for our operations. And now we are using it for captive consumption and also for selling to other third parties as well.

So now I would like to have our CFO take over to give you a flavor of the quarter, half yearly numbers

**Dilip Kumar:**

Good afternoon. Thank you all for joining our quarterly earnings call. We have posted our current quarter consolidated revenue at INR158 crores and against a sequential quarter number of INR142 crores and year-on-year number of INR141 crores. Our half year numbers stood at INR300 crores vis-a-vis year-on-year number of INR278 crores. Our profits have been consistent in the last quarters and the half year. We stood at 17.37% PAT and 28% plus EBITDA against its comparative numbers of 26.45% year-on-year and 15.97% PAT year-on-year.

So that's on the P&L. So if we look at balance sheet, we have reduced our working capital days through improving our credit terms with our export buyers. And also started discounting our LC backed bills with no recourse obligation. So this helped us to improve the working capital base. That's on the working capital front and our capital gearing ratios stood at 0.38 times. Now we are healthy and our receivable is decreased to INR190 crores against its INR239 crores of the last balance sheet.

So going forward, from the proceeds of the IPO, we'll be paying about INR50 plus crores towards the repayment of the debt. This will get us to a level closed to around INR120 crores

debt going forward. Cash flow wise, it's impressive. We have achieved, double the operating cash flows compared to its last year.

Now, we'd like to take any of your questions.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Akhilesh Kumar from Emkay Global. Please go ahead.

**Akhilesh Kumar:** Yes, thanks for giving me the opportunity and congratulations on the good set of numbers. So a few questions from my end. So first one is that how are we progressing on our HMS facility commissioning? Is the target to bring that in within 15 months still hold?

**Ram Kollareddy:** Yes, we are in line with that and we'll start building the plant next quarter. That's the plan. And as of now, we are more or less in line with that.

**Akhilesh Kumar:** Okay, that's good to hear. And the second is on the mostly the market question. So how does the global and Indian market for HMS and rare earths look like and what kind of opportunities and risk do we have here?

**Ram Kollareddy:** Right, so HMS market primarily the materials that will be generating if you keep the monazite and rare earth apart is ilmenite. And ilmenite is the main feedstock for all the titanium slag, which is then converted to your titanium metal and alloys. So this market has been there for the last four decades and it has a tagger by itself. Ilmenite itself has a growing market.

And if you look at the producing, more than the growing demand, the producing countries are also getting more mature, like Australia and all these countries, so given that ilmenite has a stable growth. And today, most of the countries are net importers. And the overall ilmenite, largest importer of ilmenite in the world even today is China.

And the diversity is increasing. India, if you look at global market tagger, if it is few percentage, six, seven percent, whatever that number is, India will be much higher than that. Europe is much higher than that. So it is getting more distributed.

The second major item is rutile. And rutile is directly linked to the titanium pigment industry, TiO<sub>2</sub>. So wherever you see the paint industry growth, India is having the largest growth right now. So Indian market has a better role to play in the rutile market. Zircon is well distributed and garnet is also industrial material, well distributed.

Now coming to the monazite or the rare earths. So last six months, we have seen a lot of tailwinds in the sector wherein a lot of nations or a lot of companies outside China are trying to get access to this. So the market for this is high growth. If you look at, you can segment the market into two. One is China and non-China resource. So non-China resource is a much higher growth. So given that, since our monazite will be, the oxides will be produced outside China, we will have, we look at tailwinds there. We don't want to throw any specific numbers, but I think the demand far outstrips the supply right now.



If you even look at the projects which are coming in line, so if you look at the projects which are coming in line globally in this space outside China, one is MP Materials, but MP Materials is a company based out of in US and US will consume most of it, whatever comes from that company.

Then there's another company called Lynas Rare Earths, which is today as we speak the world's largest rare earth oxide producer, outside China. And they are ramping up, but they don't have the resource base to ramp up to the demand that the world is throwing at them. And so I think our project is timely in that nature.

In terms of HMS, I think if you look at a company called Iluka, which is listed on ASX, there you'll be able to get more insight on the, where that business is heading. It's a more mature company and one of the largest in the world producing this.

**Akhilesh Kumar:** Okay. And sir like what kind of risks do we see here? Is there any kind of risk which could rise in because of market imbalance or something?

**Ram Kollareddy:** So right now, are we talking about HMS or the rare earth?

**Akhilesh Kumar:** HMS..

**Ram Kollareddy:** Okay. So if you take the rare earth aside, the HMS, all these minerals are fast growing except maybe garnet. Garnet is more industrial, more cyclical, but garnet percentage is not very heavy for us. So primarily illuminate, if you, the outlook is titanium market.

So as long as the titanium requirement in the world is going to grow and these industries are coming outside China, though are, we are also going, we haven't, we can export this to any country. We are in line. In terms of the, so market risk is something that we don't anticipate, but also the advantage we might have is a low cost producer.

So being in, where situated, where we are in, because most of the other HMS projects, if you see large ones are in Australia, are in South Africa, are in Mozambique, the costs are on the higher side and our goal is on the cost front also. We will be on quite attractive. So given that, even if there is any volatility on the market front, which we don't see in a major factor, we'll be able to absorb those because of our low-cost base.

**Akhilesh Kumar:** Okay. And the similar for rare earth would be like, because we understand that China has more of market control there. So how are we placed from that sense?

**Ram Kollareddy:** Yes. So China's control is driving the tailwinds, right. So actually for us, it is helping our project and we have to also understand Monazite is a by-product for us. Monazite is a by-product for us in the HMS, so given that the pricing also is on the North.

So for example, there is a Chinese index itself, which you can look up, which publishes the neodymium and praseodymium prices, which we are basically the world is after majority in terms of volume. The prices, have gone up in China itself.

If you look at the agreement between DOD in US and MP materials, they fixed the price of \$115 per kg, which was almost 70% to 80% premium to China's price.

So I think in terms of pricing, there's a premium being asked for, for these resources outside China. And for us, we think the timing wise is an advantage given that China is being more restrictive and we will be one of the few projects coming in line in the next few years.

**Akhilesh Kumar:** Great, great. Thanks for that elaborative answer. And so my last question is on like, what do you think that at what scale of production do you believe is necessary to make the project financially viable in the global cost curve for the HMS and both rare earth?

**Ram Kollareddy:** So right from Phase 1, we will be cash flow positive. We'll be having a healthy EBITDA is there. So it's not, it is never going to be a drain on that front. The issue has been more downstream. We will be producing the oxides, right, rare earth oxides. The issues on margins have always historically been further.

So when you make that oxide to metal, metal to alloy, then to your magnet block, then in the fabrication losses based on which industry you're dealing with.

So those were more stressed historically, but the world deciding to, or psychologically adjusting to the fact that they're willing to pay a premium for the end products coming outside that Chinese ecosystem. I think that problem also will be reduced, but from oxide point of view, we don't see it as a issue.

**Akhilesh Kumar:** Right, right. Thanks. And sir, one last question, if I can squeeze that in also. So once these projects get online in next 15 months to 20 months, since we understand that these projects will have EBITDA margin of north of 35%. So what, kind of, blended margin we are looking at in let's say FY27 and FY28?

**Ram Kollareddy:** So I would like to, instead of throwing a specific number there, I think I already made it in my commentary that in the next three to four years, we are aspiring to reach at 35% average ROCE. If we look at EBITDA profiles, I would like to say we are at 28%, 29% mark now. And if you look at the HMS and the rare earths coming in, and look at the balance sheet of Iluka, their margins are close to 41, 42 right now. So I think we will be quite healthy and our average is only going to go better.

**Akhilesh Kumar:** Okay. That answers my question. Thank you. Thank you for your time, sir.

**Moderator:** Thank you. The next question is from the line of Vikas Singh from ICICI Securities. Please go ahead.

**Vikas Singh:** Thank you for the opportunity, sir. Sir, since this is your first call, can you give us the revenue and EBITDA guidance or the target for the next couple of years?

**Ram Kollareddy:** So if you look at segment wise, where we are and where we want to be, granite segment, we are looking at consistent growth, what we have got in the past few years, so the similar growth. This year, we have started adding the revenue from quartz Phase I and next year, we will have a full

year of that. We will also have a part of Phase II, which is being built from the proceeds of the IPO.

So FY28, you will see both the phases of quartz coming in and there is a five lakh tons, close to 0.5 million tons of production there. And that year, you will also start seeing HMS business starting generating revenue.

So given that, I think, if you look at a clear timeframe, and we more than doubling in terms of top-line is already built into all these things set in motion on a conservative. Yes, on it. So that is something that we are very comfortable with.

**Vikas Singh:** And in terms of, sir, margins, just 30% margins, EBITDA margins are sustainable or should we think that since the quartz and heavy minerals sand and would gradually increase or the rare earth, our margins would keep on improving on these levels?

**Ram Kollareddy:** Our margin profile will keep improving with addition of these segments. And in terms of granite, most of the margin is due to we are improving our operational efficiency or increasing the green energy aspect with reducing energy costs. So granite is sustainable, but major improvements on the margin profile come from the new additions.

**Vikas Singh:** Noted. And sir since you have a bigger capex plans going forward as well, so just wanted to understand that the IPO money going partly on the capex, partly on the debt repayment, how should we look our debt profile going forward? And what is our maximum threshold beyond, which we would not like to go?

**Ram Kollareddy:** The capex that we will be seeing in the next couple of years, one is quartz Phase II plant and the heavy mineral sands plant. Out of that quartz plant is funded with our IPO funds.. And heavy mineral sands will be funded from the internal accruals.

. Today, we are at 0.38 times in terms of debt and equity. We will take an appropriate call, which would help us in terms of growing at our top and bottom levels. But today it's, we'll be at around INR120 crores debt.

**Vikas Singh:** Noted, sir. That's all from my side. Thank you for taking my questions.

**Moderator:** Thank you. The next question is from the line of Manav Gogia from Yes Securities. Please go ahead.

**Manav Gogia:** Yes, hi, good afternoon. Thank you so much for the opportunity. So my first question, I think in your opening remarks, you had mentioned that there's a black galaxy mine, there's only one particular mine in the entire world. And that is based out of Andhra Pradesh, right? If I'm correct?

**Ram Kollareddy:** Yes. So I would like to clarify, there is only one geologically known deposit in the world as of now. And yes, we are the largest miners there.

**Manav Gogia:** Okay, you are largest in India, or you have other global players as well?

- Uma Kollareddy:** So this deposit is available only in the Chimakurthy village in Andhra Pradesh. There is no other known deposit that is available anywhere in the world. So it's already been a few decades that several miners are mining this product.
- And it's used world over. So if you see it used in Australia, US, Middle East, Asia, anywhere, we have more than 60% export market share..
- Manav Gogia:** Got it, got it. That is helpful. Just to follow-up on that since we're targeting the export markets and in particularly US, are there any impacts of tariffs, which might have come on to the sector? And if so, what would those impacts be, if you could just quantify?
- Uma Kollareddy:** I would like to make a correction here. And the question we are not, US is not a major market at all for us. In fact, it's a very insignificant piece. For us, we have a large domestic market and also in Asia, and the Middle East is our markets. So essentially, our customers might resell in the wholesale or retail distribution to the US clients. But my understanding is less than 2% ends up of granite ends up in the US.
- Manav Gogia:** Okay, yes. Got it. And between the export sales and domestic sales, what would be the roughly 2:1?
- Ram Kollareddy:** Yes, till last financial year, it's close to 60% was export and 40% was domestic sale. And this composition is changing. That's what we have noted in the past two quarters of this fiscal. It will be somewhere, it's no kind of a flip is what actually we have seen. But no, we have to be, I mean, observant for next few quarters to establish actually, the sustaining trend. That's where we are in terms of exports.
- Manav Gogia:** Got it, got it. And in terms of pricing, how are the prices different in the local market in India and on your exports?
- Ram Kollareddy:** we do normally FOB kind of a shipment. When we do FOB, we end up in paying royalty to the government as a miner. If we sell the product into the domestic market, there are some concessions given by the government to the local factories who take slabs from us and then process the material. I mean, the end product, they get some concession in terms of royalty, thereby the price in the domestic market is little, I mean, advantageous in terms of export. If the market is really picking up and added to that, there's a GST rate cut, which is further fueling the domestic demand.
- Manav Gogia:** Okay.
- Uma Kollareddy:** GST has been reduced from 18% to 5%.
- Manav Gogia:** Okay. Noted ma'am. Ma'am just on the scheme of the mining, is it like the other minerals that we have a particular lease period and what would that lease period be across our portfolio of the mines?
- Ram Kollareddy:** Yes, coming to Granite, we are operating primarily in two states and the typically overall lease period, you can look at a 50-year time frame, breaking up into 25 plus 25 in one or 20 plus 20

plus 10 years. And in, also in both -- in some mines, we own the pata lands or the private lands, the surface rights also, which means even beyond 50 years, if you want to operate that mine and you own the surface rights in those mines, you can apply for the lease and get, because surface rights have an advantage. And in coming to the, this is for Granite, and for Quartz, it's a major mineral now and the government of India prescribes a single lease period of 50 years.

**Manav Gogia:** Okay. Okay. That is helpful. So my second question, you know, in terms of your IPO proceeds, you're using it for doubling the capacities. Could you state how much of those proceeds have been utilized till now?

**Dilip Kumar:** . We are collecting quotations, validating, doing final round of negotiations. That is expected to, to be completed by end of this month. And we'll start applying, releasing some advances and orders and the advances. And of the proceeds going towards the repayment that will happen this week.

**Manav Gogia:** Got it. That is helpful. And the plant timeline for the capex is up till FY 2028, right?

**Dilip Kumar:** Yes.

**Manav Gogia:** That is when the numbers should be similar.

**Dilip Kumar:** FY 2027 is Quartz Plant -- Plant 2. And there is some solar CAPEX and it might slip into next Financial Year.

**Ram Kollareddy:** So, broadly, if you're looking specifically on the capex, that is being delivered from the proceeds of the IPO, most of that will be done within next 12 to 15 months.

**Manav Gogia:** Got it, got it. That is quite helpful, sir. Really, thank you for the opportunity and all the best.

**Ram Kollareddy:** Thank you.

**Moderator:** Thank you. The next question is from the line of Prateek Singh from DAM Capital. Please go ahead.

**Prateek Singh:** Hey, hi. Thanks for the opportunity and congrats for a good set of numbers. The first question is largely on what kind of volume growth we saw in the first half of Granite on a Y-o-Y basis?

**Dilip Kumar:** Yes, volume, we have grown close to the 6% plus. And we are going to add two more new mines, this fiscal, that will further contribute to the volume growth.

**Prateek Singh:** So that will contribute to a, that will lead to a higher volume growth in 2026?

**Dilip Kumar:** Not significant because this is a partial year. we can't have a significant number over there.

**Prateek Singh:** Understood.

**Uma Kollareddy:** So Prateek, regarding the production, yes, it's going to increase and we have another mine, Black Galaxy mine, because it's exclusive mining rights and it's a premium material and all that, even

that's going to start, development costs have already started, development efforts have already started. So production will start on that front as well. So production should increase from that. Our working capital days have reduced drastically.

The health of the quality of the earnings has improved. It's gone down to 99 days and we are endeavor to get it down even further. There's been a cyclone and there's been a bit of flooding. So there's temporary disruption in production, which we will be endeavoring to make up very soon.

**Prateek Singh:** Understood. Thanks. And the second question is, what kind of utilization levels are we hoping to achieve in Quartz business this year in FY 2026?

**Ram Kollareddy:** Yes. So, on the install capacity, we'll be reaching around 60% to 70% during this year. And next year, we'll be doing close to 80%, 85% plus on capacity utilization.

**Prateek Singh:** Okay. So when you say 60%, 70% for the half year, because in the first half, I don't see any contribution. So for the half year, it will be 60%, 70%, right?

**Ram Kollareddy:** Yes, within that capacity of that half year, 60%, 70% of that.

**Prateek Singh:** Understood. And sir you spoke -- I mean, I think Ram spoke something about the Kerala project. So, if you can repeat it and what exactly is that, if you can give a sense?

**Ram Kollareddy:** Yes. To give you a background, India has rare-earth resources, which are lying with several companies like KMML or APMDC in Andhra or another corporation in Orissa. And typically, these have been processed by state-owned enterprise like IREL.

And Kerala was the first corporation which has come up with a EOI, floating EOI in the market for a private partnership to take those raw crude monazite and process into oxides. And they've gone through their own process and several companies participated and we've got an EOI from them that we have been technically selected for that project. And we are discussing the details and the MOU/agreement, whatever, in the next few weeks. And we will give you further details once that comes out.

So the scope of the project is to take the monazite, crude monazite they have stored, it is more than 1,40,000 tons that they have and then in the contained monazite might will not be that much. And then take that material, build a pilot plant to make oxides and thereupon build the commercial plant.

**Prateek Singh:** Okay. So if I understand it correctly, this is something which will be doing with KMML and you also have monazite in your Sri Lanka operations, which will be a parallel conversion to the other oxides. So that the two operations, is that how I should look at it?

**Uma Kollareddy:** Yes, That's correct. So the monazite in Sri Lanka is a byproduct, so the cost base is lower.

**Prateek Singh:** Understood. And my second question is largely on -- just a technical question. So in our segmental information in the reported results, last quarter, I mean September 2024 quarter, when

we are saying -- when we are talking about elimination, what exactly is that, because that's quite a big number, INR17-odd crores.

**Dilip Kumar:** It is a consolidation elimination. We have one subsidiary in our books in the past, which was loss making. And when this was disinvested, the losses, whatever were accumulated till then have been added back, because it is no more a subsidiary.. So, as you know, that is an exceptional line item, which has come in some INR25-odd crores.

**Prateek Singh:** Okay. So when we are talking about the elimination line item in the EBIT, is that the same thing, 17-odd crores in your EBIT segmental breakup for consol numbers?

**Dilip Kumar:** Sorry. Can you come again, Prateek?

**Prateek Singh:** Yes. So for September 2024, last year's quarter, where you say segment results profit before interest and taxes, granite EBIT, it talks about INR44 crores, others INR1 crores, INR2 crores, and elimination is minus INR20 crores.

**Dilip Kumar:** That is excluding that item.

**Prateek Singh:** Okay. Okay, understood. Thanks. Thanks, and all the best. Thank you.

**Moderator:** Thank you. The next question is from the line of Dipesh from Mania Finance. Please go ahead.

**Dipesh:** Okay. I joined the call a little late. So if there are any repetitional questions, just excuse for that. I wanted to understand what is the payback period of the phase 2 of cost processing plant? And will the additional capacity of the cost be commissioned?

**Dilip Kumar:** It's a payback period is little -- I mean, it will be too, I mean, a forward looking statement, but you know payback periods are very impressive. broadly it's in the range of three to four years.

**Dipesh:** Three to four years. Okay. And what is the ROE which we are getting from this business?

**Dilip Kumar:** ROE will be 25 plus.

**Dipesh:** Right now, the ROEs were around, I mean, when it came to the IPO, the ROEs were around 20%.

**Dilip Kumar:** Last fiscal, if you see, there was capex investment in Phase 1. That's pulled the number down. This now started contributing revenues and to the bottomline, I mean, the PAT numbers this year. That's, prior to that, it was around 23% is the ROE.

**Dipesh:** The post IPO, what is the book value?

**Dilip Kumar:** We will provide the book value.

**Dipesh:** Help us calculate the ROE going forward.

**Dilip Kumar:** Sure. I'll give you a number.

**Dipesh:** Yes, sure. You can tell the IR also that they can contact us for the, I mean, if the number is not readily available.

**Dilip Kumar:** Sure. We'll share.

**Dipesh:** And do we look at these margins of 28%? Do you think that, you know, we'll exceed these margins going forward once the capacity has fully commissioned?

**Ram Kollareddy:** So, these existing margins are mostly coming from the the granite business.. And to these, the new business, the new verticals, which we just started, quartz, will, the aspiration is to improve on those. And once we get to HMS, it will further improve.

**Dipesh:** Okay, fine. I mean, it's too early to talk about your promoter holding because it's 77%. I'm sure that going forward, you will find a way of reducing it. Great. If we can just send a Investor Presentation next time, it will be easier that we can actually look into a lot of, there'll be a lot of representation of questions.

**Dilip Kumar:** Yes, it will get uploaded post our call.

**Dipesh:** Okay, fine. Thank you so much and all the very best.

**Dilip Kumar:** Thank you.

**Moderator:** Thank you. The next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

**Vignesh Iyer:** Thank you for the opportunity and congratulations on a great set of numbers. My first question is on the quartz's part. If I understand right, our first phase of the quartz capacity has kicked in, right? And second phase is coming up in 2027. Sorry, FY '27, right? If I understood it right.

**Ram Kollareddy:** We have started production this quarter for the Phase 1 and yes, somewhere in next 12 months, we'll have the second phase commissioned.

**Vignesh Iyer:** Okay, sir. So what would be the asset turns on the capex that we have done on the quartz's facility?

**Dilip Kumar:** So far, in the Phase 1, we did about INR130 crores.

**Vignesh Iyer:** Yes. So that is the capex cost and what would be the asset turn on this?

**Dilip Kumar:** Asset turn would be be 2 plus.

**Vignesh Iyer:** 2 plus. Okay. And the Phase 2 capex would be around?

**Dilip Kumar:** Again, the same level, 125, 130 level.

**Vignesh Iyer:** Okay. So, if I have to quantify this capex in terms of a volume figure, what would that number be like units or volume of quartz's that can be manufactured?



**Dilip Kumar:** The capacity would be 3 lakh tons for Phase 1 and 3 lakh tons in the Phase 2 and output is around 5 lakh tons.

**Vignesh Iyer:** Got it. That's all from my side, sir. Thank you and all the best.

**Moderator:** Thank you. The next question is from the line of Bhavya Shah from 3A Capital Services. Please go ahead.

**Bhavya Shah:** Thank you, sir, for giving me the opportunity. So, I have a few questions. Hello, am I audible?

**Ram Kollareddy:** Yes.

**Bhavya Shah:** Yes. So, what is the capitalization for your different segments in H1 FY26 and capacity utilization of your segments?

**Dilip Kumar:** We just finished our phase one plant in Q2. Around INR70 crores we have capitalized and there is some small amount billing has been done That's still there in the CWIP. That will get capitalized now. But you know, technically, we can read these numbers as capitalized INR100 plus crores so far.

**Bhavya Shah:** And in terms of year-on-year growth on quarter two numbers, can you give us a split about Galaxy, Granite, types of different product-wise split of your revenue?

**Dilip Kumar:** Yes, we will share those numbers. You can refer that from the PPT, which we'll be uploading.

**Bhavya Shah:** Okay. And the other question is, can you please give some light on granite industry in India? If we talk about organized, unorganized, how much government support coming to this industry, anything?

**Uma Kollareddy:** So, government, in the sense, this is a fragmented industry with about 19 odd miners that are mining and we are the largest, probably six times larger than the second largest granite producer. And we pay royalty to the government for our sales. And, this industry doesn't need any government support.

**Bhavya Shah:** So, you are now diversifying into rare earth minerals processing. So, do you expect any PLI coming in this space?

**Ram Kollareddy:** Yes, the thought process has already started for PLI into this space. And hopefully, in the next few months, we think there will be a PLI.

**Bhavya Shah:** Okay. Thank you.

**Moderator:** Thank you. The next question is from the line of Narayana from StepTrade Capital. Please go ahead.

**Narayana:** Thank you, sir. Can you please elaborate about the use cases of monazite? Like, where is this applied?

**Ram Kollareddy:** Sure. So, monazite is a ore, it's a mineral. And monazite is the feedstock for rare earths. There are about 17 rare earths in the periodic table. And primarily, each monazite deposit might contain different rare earths. And Indian East Coast and Sri Lanka have predominantly Nd and Pr, Neodymium-Praseodymium. So, from monazite, you extract these Nd and Pr, the rare earths, in the form of oxides. And that is the rare earth oxide. And that is the material we plan to produce in Sri Lanka.

The applications per se, now somebody will take this oxide, make it into metal or alloy or permanent magnet. So, the applications predominantly get into permanent magnet sector, wherever permanent magnet is being used.

If you look at permanent magnet application, the considerable application is in the EV motor industry. It is used in EV motors. So, there is a motor, and then there is a permanent magnet in that motor, which contains this ND oxide or PR oxide or other rare earth oxides. That constitutes close to 26% 28% of the global requirement of rare earth material or permanent magnet.

The second, the other applications are defense. Then you also have a wind turbine. And you have BLDC motors, which use it. MRIs use it. So, the permanent rare earth magnets have a lot of applications. And the only way to make them is through the rare earth materials.

**Narayana:** Okay. Thank you, sir. My next question is, sir, can you please explain the royalty structure you just mentioned in the previous answer? What is the -- how much percentage you need to pay to the government?

**Ram Kollareddy:** So royalty for granite is paid per volume based cubic meter and in some cases, weight based, tonnage basis. So the royalty differs from state to state. It can be as low as 8% to 11% if you convert those numbers on today's value relation. And in terms of quartz, it is a percentage again, and it is a single digit percentage. And in Sri Lanka, we'll be paying around 9% on the value of the material x minus.

**Narayana:** Okay. Thank you, sir. That's it from my side.

**Moderator:** Thank you. The next question is from the line of Srishti from StepTrade Capital. Please go ahead.

**Srishti:** Actually, I wanted to ask that you have said you have improved your working capital days from 120 to 99. But as I can see in your balance sheet, your trade receivable is still quite high. So, is there a particular reason for that?

**Dilip Kumar:** Yes.

**Srishti:** You have INR140 crores in your trade receivable pending right now.

**Dilip Kumar:** Yes. At a consolidated level, we are at INR190 crores. If you look at our past year consolidated number, it is close to INR238 crores. So, that's a reduction that we have done. And going forward also, this number will come down.

**Srishti:** Is it a investor fund?

- Dilip Kumar:** We have credit terms with our exporters, which are initially when there was corona, we have extended little better credit terms to them. I mean, that's 90 days, 120 days, but are backed by 100% LCs and advances. But now the things are stabilized. We are coming back from those days to again 45 day to 60 days. That is on one front. And secondly, the LCs discounting is what we are doing without recourse.
- Srishti:** Okay. So, what is the current receivable day?
- Dilip Kumar:** It's around 110 plus days.
- Srishti:** Okay. And my next question was regarding the solar energy and the capex. You are planning to do some IT proceeds. When will it be operational and what is the cost saving you are hoping to get?
- Dilip Kumar:** These are the plants that we are putting across our mines. We have a plant, which is one megawatt plant, which is up and operational. And now from the proceeds, also a portion of money is going towards that. It is expected to be operational by next half of the year. That will be mostly within the surroundings of our mine, and we will be using that energy for our operations, I mean, our business purposes.
- Srishti:** So what -- can you give me a number? Like what -- is it...
- Dilip Kumar:** Yes, I'll give you unit-wise picture, unit rate in Andhra Pradesh where significant operations are happening is around INR9 to INR10 per unit. And this would be close to INR4.5 to INR5 is what we can, I mean, generate from the solar plant that we'll be putting up.
- Srishti:** Okay. And what about the car, the trucks?
- Dilip Kumar:** Yes. trucks are the additional -- you see today, they are diesel-based trucks, and those trucks will be completely EVs. I mean the whole purpose of establishing these solar plants also to use those units for our internal consumption. These trucks on average, it will save about INR20 lakhs per truck per annum on a rough estimate.
- Srishti:** Okay. Thank you, sir.
- Dilip Kumar:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, we will take that as our last question for today. I would now like to hand the conference over to the management for closing comments.
- Ram Kollareddy:** Thank you, everyone, for joining us and hearing us out on first earnings call. We are always available to -- for any questions, and you can reach our IR out. And we'll be proactive in addressing any concerns or questions or doubts you may have. And thanks, everyone, for being on the call. Thank you.
- Moderator:** Thank you. On behalf of Go India Advisors LLP, that concludes this conference. Thank you for joining us and you may now disconnect your lines.