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IPO Report

14th Oct '25

Snapshot

Company have a legacy of more than four decades in the dimensional 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. Company is engaged in the business of exploration, mining, processing, marketing, distribution and export of natural stones, with an emphasis on sustainability. Company is India's largest producer and exporter of Black Galaxy Granite (a variety of Granite which is sparkling with flakes of a golden hue), and held a share of approximately 64% of the Indian export market for Black Galaxy Granite in Fiscal 2025, exporting 44,992 cubic meters of Black Galaxy Granite during Fiscal 2025.

VALUATION

Company is bringing the issue at price band of Rs 1080-1140 per share at p/e multiple of approx. 29 on post issue annulaized Q1FY26 basis.

Company is India's largest producer and exporter of Black Galaxy Granite, a premium variety of Granite and the largest producers of Absolute Black Granite in India . *Company has* presence across the entire Dimensional Granite value chain with mine to distribution capabilities . Company has emphasis on research and development and technology integration . Company has significant establishment costs with a long gestation period benefitting established players along with proven track record of financial and operational performance . Hence we recommend "Subscribe" to this ipo.

Price Band (Rs./Share)	1014-1065
Opening date of the issue	15th Oct '2025
Closing Date of the issue	17th Oct '2025
No of shares pre issue	3,38,12,415 Eq Shares
Issue Size	Rs 451 Cr
Fresh Issue	Rs 250 Cr
Offer For Sale	Rs 201 Cr
Face Value (Rs/ share)	Rs 5/share
Bid Lot	14
Employee Discount	Rs 101/Share

BIDDING DETAILS

QIBs (Including Anchor)	50% of the offer (Approx 21,12,675 Eq Shares)
Non-Institutional	15% of the offer (Approx 6,33,803 Eq Shares)
Retail	35% of the offer (Approx 14, 14,78,873 Eq Shares)
Employee	Rs 1 Cr
Lead managers	DAM Capital Advisors, Intensive Fiscal Services, Motilal Oswal Investment Advisors
Registrar to the issue	KFin Technologies

WHAT WE LIKE

Proven track record of financial and operational performance

Company have a proven track record of financial and operational performance, which positions company well for growth and diversification. Between Fiscals 2025 and 2023, company's revenue from operations, EBITDA and profit after tax grew at a CAGR of 11.63%, 38.47% and 40.53% respectively. Company maintain a stringent credit policy when compared with the industry trend, refraining from extending open credit to customers. Company's customer contracts have also been able to generate cashflow allowing it to maintain a healthy working capital cycle without excessive dependence on external financing to meet company's working capital requirements.

Significant establishment costs with a long gestation period benefitting established players

Mining is a highly capital-intensive business involving significant expenditure at each stage of the process, namely, exploration, development, exploitation and reclamation. There is a long gestation period to transition from the exploration stage to the production stage. Further, natural stone mining is subject to extensive regulation in India, requiring mining leases and other approvals, permits and consents from government authorities which are typically granted on an exclusive basis for a period of up to 30 years, which can be extended to 50 years under the MMDR Act.

India's largest producer and exporter of Black Galaxy Granite, a premium variety of Granite

Company have produced 66,548 cubic meters of Black Galaxy Granite during Fiscal 2025, and held a share of approximately 64% of the Indian export market for Black Galaxy block Granite during Fiscal 2025. *Company* operate 3 Black Galaxy Granite Mines which allowed company to export 44,992 cubic meters during Fiscal 2025.



COMPANY BACKGROUND

Company is also the largest producer in Absolute Black Granite (a variety known for its remarkable surface finish) in India, both of which have high demand. Company's Absolute Black Granite production accounted for 15.7% of the overall black granite production in India during Fiscal 2025.

Company place much emphasis on decarbonizing its operations to improve the sustainability of its business. Company's mining operations are mechanized and incorporate advanced engineering and process optimization, aided by vertical integration of key operational components such as customized Diamond Wires. Company beneficially leverage its experience and organizational capabilities to serve as an organized player in an otherwise unorganized sector with the objective of catering to the requirements of company's customers, improving its processes, expanding its market reach and building its resource base..

Company's Operations

Company's existing business activities primarily comprise extracting and processing Dimensional Granite (*i.e.*, Granite that is cut to conform to the specifications in terms of size and shape), particularly the Black Galaxy and Absolute Black varieties ("**Natural Stone Segment**"). In addition to its Natural Stone business, company also manufacture Diamond Wire, which is a precision cutting tool employed in the natural stone and construction industries to size stones and other hard substances with precision in mines and processing/fabrication facilities ("**Diamond Wire Segment**"). While company's operations in the Diamond Wire segment began with the objective of backward integration and supporting company's Natural Stone Segment, at present, its operations in this segment cater both to its captive consumption as well as meeting market demand of the Indian mining and construction industry.

Company's customers, comprising processors and distributors, are located across 17 countries and five continents, with China, Italy and Thailand being company's primary export markets. Company's customers include MP STENKO AB (based in Sweden); GI-MA STONE SRL (based in Italy); Quanzhou Xingguang Stone Co., Ltd. and the Xiamen Group (based in China); King Marble and Granite Co. Ltd. (based in Thailand); and Kodeyalam Stones, Anjane Exports and Anjalee Granites Pvt Ltd (based in India). Company's Granite has been used in various marquee projects including the CSSC Power (Group) Tower in Shanghai, China and the Shenyang MaoYe Center in Shenyang, China.

Company's operations span across the Dimensional Granite value chain allowing it to cater to its customers' requirements ranging from mine to distribution. Company's relationship with its distributors is typically mutually exclusive for specified products. Company enjoy long-standing relationship with its customers, as evidenced by its continued relationship and the long-term contracts with such customers. Most of these contracts require payment of an interest-free deposit as a condition precedent to the signing of the contract.

In company's Diamond Wire Segment, company manufacture Diamond Wire at an advanced manufacturing facility ("**Diamond Wire Facility**") located in Hyderabad, Telangana. This location provides ready access to road and rail infrastructure which facilitates, and aids optimization of the logistics for, distribution of its products. Company's plant design and operational sequence allows tailoring of products to meet the specific requirements of each of company's mining operations and each type of stone that it extract. This captive facility helps company increase its operational efficiency and optimize operational costs in both mining and processing activities.



INVESTMENT RATIONALE

<i>India's largest producer and exporter of Black Galaxy Granite, a premium variety of Granite</i>	Black Galaxy is available in only one village in Andhra Pradesh in the entire world. Company is India's largest producers and exporters of Black Galaxy Granite. Company have produced 66,548 cubic meters of Black Galaxy Granite during Fiscal 2025, and held a share of approximately 64% of the Indian export market for Black Galaxy block Granite during Fiscal 2025. Company operate 3 Black Galaxy Granite Mines which allowed company to export 44,992 cubic meters during Fiscal 2025. According to data from the Mining and Geology Department, Government of Andhra Pradesh, the sale price for Black Galaxy Granite ranges between ₹50,000-100,000 per cubic meter while the sale price for black Granite ranges between ₹30,000-75,000 per cubic meter.
<i>Presence across the entire Dimensional Granite value chain with mine to distribution capabilities</i>	Through company's 16 operational Granite Mines, company is able to extract and supply dressed dimensional Granite blocks (in varieties such as Black Galaxy, Absolute Black and Tan Brown) to its customers. Company also operate two processing facilities where smaller Granite blocks are cut and polished, rendering the Granite suitable for use in final products such as counter-tops, steps, window-sills, dining islands, facades and floor/ wall cladding. Company's processing facilities enable it to enhance the recovery from extracted Granite blocks of commercial quality by allowing company to salvage rejects obtained from dressing of large-sized blocks, and produce marketable products using such rejects.
<i>Emphasis on Research and Development ("R&D") and Technology Integration</i>	Company place emphasis on R&D, which primarily comprises (i) tracing, identifying and establishing new mineral deposits to expand its resource portfolio; and (ii) developing methods to increase operational efficiency, reduce costs and improve the quality of company's products. Company have a dedicated R&D and Exploration team, comprising 8 personnel, including 6 geologists, 1 quality control specialist and 1 chemist who have, on average, 16.10 years of industry experience.

OBJECTS OF OFFER

The Offer consists of the Fresh Issue of Equity Shares aggregating up to ₹2,500.00 million and the Offer for Sale of Equity Shares aggregating up to ₹2,010.00 million, cumulatively aggregating up to ₹4,510.00 million.

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

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

RISKS

One of company's Promoters, Mr. Kollareddy Rama Raghava Reddy, had received a notice in 2015 from the Central Bureau of Investigation ("CBI") in relation to the formation and operations of company's Subsidiary, BEML Midwest Limited. Any regulatory actions in relation to this notice, could adversely affect company and its Promoter's reputation or divert the time and attention of company's management, and accordingly, may affect company's business and results of operations.


Consolidated Financials

(Rs in Mn)

Financials	FY23	FY24	FY25	Q1FY26
Total Revenue (A)	5025.17	5856.24	6261.81	1422.65
Total Expenditure (B)	4129.48	4341.81	4544.02	1032.95
EBIDTA	895.69	1514.43	1717.79	389.70
EBIDTA Margin	17.82	25.86	27.43	27.39
Other Income	197.16	177.06	169.60	42.00
Depreciation	215.43	221.80	255.91	66.00
EBIT	877.42	1469.69	1631.48	365.70
Interest	90.61	91.64	109.31	37.03
PBT	786.81	1378.05	1522.17	328.67
Share of profit in Asso	0.00	0.00	0.00	0.00
PBIT	786.81	1378.05	1522.17	328.67
Exceptional	0.05	0.00	257.88	0.00
PBT	786.86	1378.05	1780.05	328.67
Tax	242.43	374.81	447.07	84.87
PAT	544.43	1003.24	1332.98	243.80
NPM	10.83	17.13	21.29	17.14
ROE%	16.15	22.88	22.11	4.02
EPS	16.10	29.67	39.42	7.21
Eq Cap	7.43	96.61	169.06	169.06
Net Worth	4,118.73	4,990.73	6,324.02	6,569.23

(Source: RHP)

Peer Comparison

Company Name	Face Value	EPS	P/E	ROE %	NAV
Company	5.00	39.42	--	22.11	163.75
Peers					
Pokarna Limited	2.00	60.49	12.73	24.11	250.93



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