MIDWEST LIMITED

(Formerly known as Midwest Granite Private Limited)

November 17, 2026

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

Scrip Code: 544587

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

Symbol: MIDWESTLTD

Dear Sir / Madam,

Subject: Transcript of Earnings Conference call for the Quarter and Half year ended September 30, 2026

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 11, 2026, in relation to the Un-Audited Standalone and Consolidated Financial Results of the Company for the Quarter & Half Year ended September 30, 2026, 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**

Koppala Achyutanand Reddy

Digitally signed by Koppala Achyutanand Reddy
Date: 2026.11.17 15:55:42 +05'30'

K. Achyutanand Reddy
Company Secretary
Mem. No.: A44619

"Midwest Limited

Q2 and H1 FY27 Earnings Conference Call"

November 11, 2026

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

MODERATOR: **MS. SANA KAPOOR – GO INDIA ADVISORS LLP**

Moderator: Ladies and gentlemen, good day and welcome to the Midwest Limited Q2 and H1 FY27 Earnings Conference Call hosted by Go India Advisors LLP. 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 the conference call, please signal for an operator by pressing star then 0 on a touchtone phone. I now hand the conference over to Ms. Sana Kapoor from Go India Advisors LLP. Thank you, and over to you, ma'am.

Sana Kapoor: Thank you, Shourya. Good afternoon, everyone and welcome to Midwest Limited's earnings call to discuss Q2 and H1 FY27 performance. The financial results have been uploaded on the presentation 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 therefore be 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: Hi everyone, thanks for joining our earnings call. Hope you all had a great Diwali. I'm pleased to share that Midwest delivered a strong half-year FY27 performance with revenue and PAT growing at 24% and 18% year-on-year respectively. Our natural stone business contributed 19% to the overall revenue during the half-year period.

During the same period, we further strengthened our granite business by receiving LOIs from APMDC, our Andhra Pradesh -- which is Andhra Pradesh Mineral Development Corporation, to operate 3 new granite mines in Andhra State. We are also scaling up our quartz business through Phase 2 expansion, which will double up processing capacity and integrate high-purity quartz capabilities.

I'm also happy to share that our quartz business has become EBIT positive. In parallel, our collaboration with Perminas in Indonesia and KMML, along with the progress on the Sri Lankan project, mark important steps towards establishing a presence in the rare earth value chain. We continue to drive cost efficiencies through electrification, specifically electric mobility and renewable energy initiatives.

We have deployed 10 electric trucks, and which is expected to generate annual savings of INR2 crores to INR2.5 crores, while a group captive renewable energy arrangement is delivering savings of approximately INR2 per unit. On every 1 megawatt of installed power. We have -- we are also installing a 1 megawatt solar power plant which is in progress and will be completing during this financial year.

For the next 3-4 years, our aim to achieve 2.5x revenue growth, 3x profitability, and 35% ROCE is firm and backed by capex of INR300 crores. With a strong resource base, expanding capacities, improving cost efficiencies, and multiple emerging growth opportunities, we remain confident in our journey towards becoming a globally integrated materials processing company.

For the -- to have some strategic -- to understand strategic updates for this quarter and the first half As mentioned earlier, we have achieved EBIT profitability in Q2 for the quartz business, which is an important milestone internally, and we will be ending up with PAT profitability for this financial year for the quartz business.

We deployed 10 electric vehicles and the journey is on to deploy more and convert the entire fleet to electric trucks. To in the next 24 months. Regarding specifically the 3 LOIs received from APMDC. One is Black Granite, the other 2 are in Chittur District, and the other 2 mines are in Srikakulam District.

And this is -- we have not invested much upfront to acquire these mines. It is tender with raising cum sale contract basis, and we make profitability on extraction of blocks and sale of blocks. The energy initiatives are undertaken on aggressive basis. We are planning to increase the capex -- capital consumption of solar power in the tune of several megawatts for both the quartz business as well as the natural stone business.

And our team has identified a low capex option which we can elaborate on a group captive basis. Initially starting at INR2 per unit saving, which can maybe increase in future, especially assuming that the power costs in India are going to be stressed over the next 24 months. I hand over to our CFO Dilip to take you through some numbers, and then we can do the Q&A.

Dilip Kumar: Yes, good afternoon to all. We have posted this quarter result compared to the corresponding quarter of the last financial year, 15% growth quarter-on-quarter, corresponding year quarter growth in terms of revenue. Approximately 9% plus, in terms of PAT contribution. Half-year numbers put together, it'll be 24% on the revenue line and about 17 plus percent on the PAT growth.

In terms of cost savings compared to Q1, Q2, the energy costs are coming down. One is on account of the fuel lease and then solar initiatives, captive initiatives that we have taken, and EV dump trucks that we have already deployed, they started yielding some result. And so those savings are getting contributed to the bottom line.

And we are still maintaining our leverage ratio around the 0.2 times for years. And so we continue to maintain that. Yes, that's only a quick update of, rather snapshot of the financials for the current quarter. Yes, I think we can go to Q&A now, Sana.

Moderator: Okay, thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Alok Deora from Motilal Oswal Financial Services Limited. Please go ahead.

Alok Deora: Hi, good afternoon. Just had a couple of questions. If you can just indicate what has been the quartz volume for the quarter, and what is the current run rate now which we are doing on a monthly basis?

Ram Kollareddy: Yes. So the quartz for the quarter was around 16,000 tons for the quarter. And so last month we have done around the 9,000 tons, and I think current run rate is around that. Our goal is to touch

cross 10,000 tons over next month, and we are in line to do between 12,000 tons to 15,000 tons for the next quarter, monthly.

Alok Deora: Got it. So is it slightly slower than what we had expected? Because we were targeting, I think, close to 20,000 in 2Q.

Ram Kollareddy: No, 2Q, we indicated between 15,000 and 20,000, so we are at that 16,000 number. And Q3 we are estimating around 25,000 to 30,000, and Q4 between 35,000 to 40,000. Those are the numbers.

Alok Deora: Got it. So that's for the full quarters you are saying the numbers?

Ram Kollareddy: Yes, for full quarter.

Alok Deora: Got it. And if I just look at the overall margins, so margins have been almost more like flattish Q-o-Q. So how do we see the trend here now moving? If you can just indicate, because I think the quartz has also become EBIT positive is what I understand. So how do we see the margins now shaping up? Because as the volumes increase there, the margin should kind of inch up in quartz as well.

Dilip Kumar: The quartz, if we operate, I mean. Q4, we will be getting into the capacity utilization to the desired levels. With that, we should be able to get the EBITDA contribution coming from that vertical, and that will contribute to the overall EBITDA of the consolidation. I mean, as a Granite, if we look at the performance, PAT is increasing quarter-on-quarter and H1 is granite as a standalone, it is around 18% PAT we have.

So there's some fixed cost which the quartz segment couldn't absorb. That's the reason why the contribution -- there is a negative contribution from that vertical that's bringing down the number to 16.37. I think with Quarter 4 -- 3 and 4, we should be able to make up the number in terms of -- I mean, we should be able to deliver the productions to the desired levels. I think overall for the year we should be able to make the profit as a standalone quartz segment, and I think that will improve overall number.

Ram Kollareddy: The other aspect, Alok, I would like to add is on the cost front. So if you look at the average fuel price of H1 of last year to H1 of this year, I think we have a 30%-35% increase in the fuel costs. And if you look at the overall impact of that, that will translate to close to 6%. So I think going forward, when you ask, apart from what we are doing, first fact is usually Q3, Q4 is much stronger than Q1, Q2 as the business seasonality goes.

So that, that trend will continue. And this year, fortunately, we were not affected that much by the rains and cyclone this quarter. The second aspect of the fuel cost, assuming that the fuel cost goes back in between where we were last year and now also, it doesn't go all the way back, that will also give us a good bump on the bottom line.

Alok Deora: Got it.

Ram Kollareddy: But as you see, in spite of this cost increase, we have increased the realization per unit realization and the market has absorbed that additional number. But obviously there is a -- and quartz has eaten into the margins and that I think we are in line to cover that. So once that is there, you will see a ripple effect.

Alok Deora: Got it. Yes, please go ahead.

Uma Kollareddy: In essence, the entire hit that we had because of the fuel increase, the cost increase from INR90 all the way to INR120, INR130 also, the 40% increase in fuel is completely passed on to the customers. The good part is, I think there's a 6% impact, and the entire 6% we increased in the pricing. So it's been absorbed by our customers fully, and in fact the dollar has added some extra part also, some additional 4% extra in the realization.

That's why you see the realizations go up, on the export side. So in fact, because we've increased this pricing, and post settling down, post the US elections and post, if the fuel prices come back to the ordinary range, we will not roll back on the pricing. So that positive impact in pricing is there to stay.

Alok Deora: Sure. So, just wanted to understand this INR182 crores of revenue, what we have done, so how much would be from the granite and how much would be from quartz, if any indicators?

Bala Muralikrishna: INR13 crores is quartz, and the balance is granite.

Dilip Kumar: INR13.5 crores to be specific, and balance is granite.

Alok Deora: Sure. And the Q-o-Q, little dip is majorly the monsoon factor, or I mean, the seasonal factor?

Ram Kollareddy: No, I wouldn't say that. I think the overall maybe there could be a -- there is a small factor of yield, but it's not much. And also the Q1 was literally full efficiency. Weather was there, small part in Q2, but I won't impact it to a big percentage. And that's why you see a nominal percentage, it's not a big drop even.

But, the biggest factor, if you see last year, if you observe the last year numbers, Q3 was highly impacted. I think that mitigation is there this year. And second is quartz draining the whole balance sheet in terms of underutilization. I think that problem we are going over. And third being the fuel. If you focus on these 3 metrics, I think we'll get a bigger, better picture for this year.

Alok Deora: Sure. So Q3, actually on the last year's base, assuming there is no impact of the weather-related conditions, Q3 could see a big jump. I mean, I'm not asking for guidance here, but I mean, it should ideally look…

Ram Kollareddy: Yes. I would say it is a normal. It will be a normal quarter where we don't have the downtrend. So, it will be in line to what we have been doing, let's say, for H1. And Q4, during the Chinese New Year, we'll have that historical cycle where you will get into that heavy-weighted quarter.

Alok Deora: Sure, sure. That's all from my side. Thank you. All the best.

Uma Kollareddy: Thank you, Alok.

Moderator: Thank you. The next question is from the line of Sanj Arya from Resurgence Fincap Advisors Private Limited. Please go ahead.

Sanj Arya: Hello. So yes…

Moderator: Yes. Ma'am, you're audible.

Sanj Arya: Yes. So my question is that why was the CFO negative this quarter? What is the reason for it?

Uma Kollareddy: Yes.

Dilip Kumar See, it's there's -- there are two things. I mean, no, in the last few quarters post-GST rate cut, we have pushed the product -- I mean, the product which was otherwise going into the dump into domestic market. There we have extended little additional credit period. Otherwise, our products used to go against currency to the export market.

So the domestic market, we have extended little credit, additional credit period that led to additional receivables. There the it consumed the cash. The cash is sitting in the form of receivables. Second is a little better inventory that we have built, both on account of quartz as well as the granite also, that also led to another INR14 crores-INR15 crores.

So these two major contributions, and we have settled -- if you look at our cash flow, trade payables approximately INR20 crores. We have settled it -- I mean, there's some immediate settlements were done. That's also contributed to the cash. So these three factors resulted into the cash negative.

Sanj Arya: And what are the bottlenecks? And are there any updates on the bans that were placed on the mines?

Ram Kollareddy: No. That -- it is a temporary thing where until we are rectification It's not a ban. It is -- so we have started the rectification work of the high wall issue that we had. So I -- we are already 3 weeks into the rectification. I think in the next 5 weeks to 6 weeks that should be sorted. But the interim, what we have done is the machinery in this mine -- since we operate multiple mines, we have moved to the neighboring mine, same Galaxy mine, and we are taking out additional production there. So in terms of numbers, we don't foresee much impact due to this. But I think this specific problem will take around 5 weeks to 6 weeks to resolve.

Sanj Arya: And could you please throw some light on what would be the timeline for rare earth and like all the ongoing agreements with the governments and other companies?

Ram Kollareddy: On the rare earth front, we have two primary projects. One is the KMML. KMML, right now we are waiting for some administrative teams to join. Right now, once the new Kerala government has formed, there is no team to take this entire -- not only our tender, all the works of KMML forward. We're waiting for that to happen. So it's a government thing, we will not be able to give a time on that, but hopefully this quarter that thing should be resolved from their side, so we can move forward.

The -- on the PERMINAS, Indonesia, we are on track to sign the definitive agreement this quarter. That was the plan to start with so that the work on the ground can start next quarter. And the third project, though not directly related to rare earths, but rare earth being a byproduct of Sri Lanka, which is our earliest commercial project which is going to happen, we were in line to get all the permissions this quarter.

The status is the same. We'll be getting all the permissions this quarter and start the work next quarter. So right now, apart from KMML, we have visibility and everything else. KMML is something that we'll have to keep a watch and look at when the new team is formed in KMML and then take it forward, which is beyond our control.

Sanj Arya: And what is the process that we are using for the rare earth extraction?

Ram Kollareddy: So, rare earth extraction -- see, basically if you look at the overall process, you -- in Sri Lanka it is a monazite, in Indonesia it's ionic clay. There are two different geological deposits. And in Sri Lanka you are mining your heavy mineral sands and you are extracting your ilmenites, rutiles, a traditional beach sand mining operation, heavy mineral sand mining operation. And the byproduct is monazite.

And there what we do is we extract rare earths by a process from monazite to rare earth extraction is through solvent extraction. It is the main process in that. Solvent is used. It's a chemical process. And we extract your Nd oxide, Pr oxide, and required materials. In case of IAC, it's different. In case of IAC ionic clay, you -- there is no -- it's not a sand. It is a clay form. And the entire clay is you take the entire clay, then do acid leaching.

Then it's a chemical process, acid process, and there is no solvent extraction. And then you extract your rare earths. So both these are standard processes, and there are ionic clay mines being operated, there are monazite mines being operated. And in case of monazite, we have better know-how in India itself because IRL is doing this for many decades. In case of IAC, there are companies outside India doing it, and -- but it's an easier process.

IAC, extracting heavy rare earths from IAC is a much simpler process than extracting the rare earth oxides from monazite because specifically the solvent extraction is a very large and multi-process plant, and in case of IAC, since you're taking clay and you're only extracting ppm, the volumes are larger, but the process is much simpler. It's a standard process. It is both the solvent extraction and the acid leaching, ammonia sulphate leaching, the standard process.

Sanj Arya: Okay, sir. And one last question before I get in the queue again. Could you please give us some sort of visibility for the second half?

Ram Kollareddy: So second half will not be different than most of the years that you observed, wherein second half takes in terms of volume growth and overall growth, second half bears a more impact. Last year was the last -- Q3 was an anomaly to the trend which was the last maybe 7 years-8 years, given the fact that we had the cyclone effect. We finished the cyclone season for this quarter. So we don't see much anymore cyclones at least in the near, in the near future.

And the other additional thing is -- so on terms of top line, we will have the growth in granite on par with every year. And the Q3, Q4 will be stronger, much stronger than Q1, Q2. That's outlook I can give you right now. On quartz, we will be achieving the reasonable revenue number. But more important than that, we'll be coming out with a positive EBITDA and net PAT, a positive PAT, which will improve the last year numbers much more because that was contributing to a considerable loss. So these two are the impacts and as it is, but if you see the fuel prices cool down, that will automatically translate into the bottom line also for the client.

Sanj Arya: Okay. Thank you, sir.

Moderator: Thank you. The next question is from the line of Chirag Gandhi from Astralit Investments. Please go ahead.

Chirag Gandhi: Yes. Just a few basic question from my end. What are the volume growth in granite business this quarter?

Dilip Kumar: Yes. Volume is -- overall half year it is now 14% volume growth.

Chirag Gandhi: And this quarter? Yes. And this quarter is?

Dilip Kumar: This quarter is now approximately 7%.

Chirag Gandhi: Understood. And what was our realization in the quartz business? I think last quarter we were around INR10,000 a ton number.

Ram Kollareddy: No, last quarter, no. The realization for this quarter for INR13.5 crores, 16,000 volume is close to INR8,500 crores.

Chirag Gandhi: Okay.

Ram Kollareddy: This quarter.

Chirag Gandhi: So have you seen a dip in Q-o-Q realization?

Ram Kollareddy: No. Q1 was a very small volume. Q1 was almost only INR3 crores. We have done INR13.5 crores now. I think, we also did more of the solar. So, I think if you look at the overall year-end or overall once we touch the 10,000, 12,000 number, we should be in line with around 9,000 plus or minus.

Chirag Gandhi: Understood. And sir…

Ram Kollareddy: Blend of solar and engineered stone.

Chirag Gandhi: Understood. And are we sticking to our cost guidance of INR100 crores to INR120 crores for FY27, or do we expect a lesser number for this year now?

Ram Kollareddy: Pardon?

Chirag Gandhi: I think last quarter we gave a guidance of around INR100 crores to INR120 crores of top line from the quartz business for FY27.

Ram Kollareddy: Yes.

Chirag Gandhi: So, are we sticking to that guidance or any change to that number?

Ram Kollareddy: Yes. So, we'll be around -- if you look at the volume, what we added up in the conversation and the average price around INR9,500, INR9,600, then we'll be touching around INR90 crores for the year end. That is what is we are anticipating to reach. And hopefully, if we touch the 15,000-ton mark early January itself, then we go towards INR100 crores. So, I think you can factor in around INR90 crores for this year on a comfort basis.

Chirag Gandhi: Sure. And what is the status of the Phase 2 of the quartz facility? Are we on track for the year-end commissioning?

Ram Kollareddy: We already started the building, Phase 2. We already started placing the order for machinery. So we internally wanted to stabilize this plant to this 9,000, 10,000 volume, which we have done now. And now we are aggressively pushing towards building this plant.

So, the plant has two things. One is the regular product, your solar and engineered stone. Second is also HPQ. We'll first be commissioning the regular plant expansion, and then HPQ will take maybe a quarter more than that. So, I think we are in line to commission this plant by next -- first phase by Q2 next year and maybe HPQ by Q3/Q4 next year, in between that.

Chirag Gandhi: Understood. And the last question from my end is, can you talk a bit about the demand in the quartz business? What is our go-to-market strategy? How are we getting new customers? Where is the demand coming from? Is it like the market is expanding or we are taking some market share in that business? If you can give some color on the demand, right?

Ram Kollareddy: So, the demand perspective, if you look at the engineered stone part, which is the bulk of the material and also the higher realization, here the demand is -- the product can be sold global, but obviously our preference is sell locally to local companies. When we were ramping up the production, there was no issue. At these volumes also, there is no issue.

But our concern, frankly, for this quarter was the oil tariff that U.S. was going to impose on India and China. And keeping that in mind, we started positioning the product to other countries also. We're not waiting for that. Countries like Thailand, Vietnam, and all, where this product can be sold, and Europe. But I think looking back now at this exact point of time, that risk most of our customers don't see, or our customers' customers don't see. The shipments are on.

So, I think this quarter, we'll be continuing to deliver to domestic markets to our regular customers, and ramping up to that 12,000, 13,000, 15,000. Once we cross, we'll also be doing some exports, but may not be that aggressive because we have local requirement demand itself good. Once you cross 15,000, I think we'll aggressively push towards export. Also, it will help the Phase 2 volumes.

Chirag Gandhi: Sure. And in domestic market, the demand is coming from which end-users industries? If you can give some color on that also.

Ram Kollareddy: Engineered stone manufacturers, like your Pokarnas, Marudhars, there are about 40, 50 manufacturers in India who make slabs, right, so they are our end customers. Solar glass, so right now our customer is Triveni, and they are also doubling their capacity. And our next customer, right now our volume even at 60,000, 70,000 tons per year can be taken by the single customer. And usually they prefer to take from the higher quality quartz from us so that they can run their furnace continuously instead of mixing.

So I think our goal is we do the supply to them fully this year. Then Phase 2 also, they're doubling their capacity, but we add one more customer at that point of time. We're already in talks and we already, I think, starting supplying this quarter also the second customer, which is Gold Plus in Bellary. And there are other customers also, but I think they're high volume off-takers. I think once we get to those volumes, we start supporting other customers.

Chirag Gandhi: Understood, sir. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Rushabh Shah from RBSA Investment Manager. Please go ahead.

Rushabh Shah: Hi, sir. So firstly, just clarification on the quartz business. If I look at the Q2 numbers this quarter, the segment margins appear higher than the base business even at the low scale of operations. Is this some one-off anomaly here? How should one read into this?

Dilip Kumar: Yes. Basically in Q1 there was some contaminated material, which we have scrapped actually. We haven't counted our inventory value. So in Q2, after carrying out certain issues in the operations, we have tried that material. We could get some price out of it. That's one which is contributing to that high EBITDA in the current quarter. But otherwise, it's no -- overall, if you look at H1 as -- it's that we are at close to 12% EBITDA as of now.

Ram Kollareddy: On the cords, I think once we are towards full capacity utilization, reaching the 12,000 to 15,000 or -- sorry, 18,000 -- 15,000 to 18,000 Mark then are EBITDAs will be expected to be higher than the traditional granite business so I think that is something we are current cost structure current realization everything supporting towards that right now the goal is to ensure that we touch that volume number.

Rushabh Shah: And also, we are planning to convert our trucks into electric in the next two years. And also, we are increasing the share of renewables in the power costs. Is there any number that how much cost savings would happen for this, maybe over the next two years on an annualized basis?

Ram Kollareddy: So if you look at our commentary, for 10 trucks we are saving around INR2 crores to INR2.5 crores per year. Then apart from the captive power cost saving the...

Dilip Kumar: That will be another INR2 crores for the current types that we have done. That's 6 megawatts we have already tied up with captive producing company solar producing company. Put together

at this juncture, close to about INR4 crores to INR5 crores is the savings that we can see on this front, as I have per annum basis.

Ram Kollareddy: So this is for a 10-truck thing. So obviously we have a long way to go. I think we are at we operate around 60, around 50 to 60 trucks in just the granite mines. So given that bandwidth, we have a long way to go. That's why we're aggressively pushing towards getting there as early as possible.

Rushabh Shah: And you mentioned that the quartz business margins at optimal level would be higher than the traditional business. So that would be excluding this cost saving from electric trucks and renewables, or including the savings?

Ram Kollareddy: So right now, right, excluding. Right now the electric trucks are being used only in the granite, so it's excluding. And in fact, next year, once the quartz production is streamlined in Q4 of this year itself, will start the process of electrification of the quartz transport system also. We have not factored any of those into our projections yet. Once we start doing that, we'll get the baseline data and we'll keep you updated.

Rushabh Shah: Okay. And on the rare earth side, what we understand is there has to be a certain premium enjoyed by non-China sources. So what is the current scenario in terms of premium pricing there, and what is the trend expected for next couple of years?

Ram Kollareddy: So premium pricing, if you see, the price is already premium over last year. In fact, if you look at the China index also, it has doubled all the -- so China price itself has gone high. On top of that, the rest of the world is willing to pay premium on top of that because that also the world believes this a more subdued or a manipulated price because China is not supplying these materials.

So when there's no material how do you price it, right? So that has become the dynamic. And if you look at the US, they have picked -- they have not picked the index, but the floor price. So I think premium pricing in this space will keep continuing for 2 primary reasons. One is all the magnet production lines which are being set up outside China will be wanting oxides which China is not willing to give, which means oxides being produced outside China will always have a premium.

The second dynamic is overall number is still staggering. So if China is producing, 400,000 tons to 500,000 tons of magnet and rest of the world is producing 20,000, we are hardly at 5% and mostly in Japan. Now the magnet market itself is growing at 12% to 13%, which means every year adding 40,000 tons to 50,000 tons -- 50,000 tons to 60,000 tons to the existing demand.

So even if the world doubles their production, they'll be only able to meet that increase. They'll still not be able to touch the baseline. So given that dynamic, I think, the magnets produced outside China will go to higher-end applications globally, which is mostly defense, aerospace, which can afford higher pricing.

And that will translate into the oxides. And once we produce more and more magnets, then I think, they'll be economies of scale, and then they start coming down over periods of time. But

at least our -- any dynamic that you see, even if China is going to reduce the prices of domestic oxides then it's not going to affect so much because already the world has weaned out of that whole ecosystem, because they're not selling the oxides.

Rushabh Shah: Okay, just one last follow-up on the oxide production. I think except for KMML, we said we don't have visibility. We have visibility for everything else. So what other major risks do you see in terms of execution of plans in the Tyreth venture?

Ram Kollareddy: So first project will be Sri Lanka, that is where we'll get our first revenue from. The Indonesian project, if you start from next Q Maybe, it will be 2-3 quarters later. And both the projects are large, decent-sized projects. And so these 2 will be our focus. KMML is also our focus, but I think we will fast-track or we'll put all our efforts on that once the team in KMML is in place.

So I think, still in the next 12 to 18 months, these 3 are our railroads which we'll be developing in the order that Sri Lanka, Indonesia, and if KMML happens quickly in the next -- this quarter itself, then that will also be on par. So we're not prioritizing any, we are treating all 3 in parallel and then we'll be executing parallel.

Rushabh Shah: Okay, thank you. Wish you all the best.

Ram Kollareddy: Thank you.

Moderator Thank you. The next question is from the line of Bala Murali Krishna from Oman Investment Advisors from Oman Investment Advisors. Please go ahead.

Bala Murali Krishna: Hi, good evening. So on that, for quartz business, so this quarter expecting a little bit higher utilization for a higher rate. Is this in line with your expectation or is there any a lag in the expression of its actual number.

Ram Kollareddy: Can you please repeat the question?

Uma Kollareddy: The line is not...

Ram Kollareddy: Line is not clear.

Bala Murali Krishna: Yes, just a minute. Yes, the question is regarding the quartz business, right? So I think there we're expecting in Q1 and a little bit higher utilization, so Q2. So I think -- do you think that it's in line with your expectation or is there any lag which we can cover in the Q3, Q4? And by the end of the year, what kind of utilization level you are expecting from this phase?

Ram Kollareddy: No, so we started with a very low base, right? So Q1 was hardly 3,000 tons -4,000 tons. We have done 4 times this quarter. Next quarter we anticipate to double that. The quarter after that we may be increasing about 20%. So It's a plan. That is what we projected. That is what we are achieving also. The range for this quarter was 15,000 tons to 20,000 tons, and we are in line.

The -- I mean, Q2. Q3 25,000 tons to 30,000 tons. And the Q4, 35,000 tons to 40,000 tons. That is what we are planning. And as indicated earlier, once we touch the 12,000 tons threshold, then I think we can ramp up to 15,000 tons and 18,000 tons over next year. 15,000 tons will touch by

March, and over next year we'll try to ramp up to 18,000 tons consistently so that next year will be at least we want to get close to double of current year. That is, that is the target.

Bala Murali Krishna: Okay, understood. So on the, rare earth front, so we have KLM and also that Indonesia project is also there and Sri Lanka is there. So other than this, are there any projects which are under discussion? You would have initiated something like we created some subsidy in Singapore. Can you share some other interactions which you are going on regarding the rail? Maybe which can be realized in the maybe 3-4 years down the line. And also, can you please update on this Sri Lanka project? When we can expect something from the government go ahead?

Ram Kollareddy: Singapore subsidiary was specifically formed to have the Indonesian project under it. It's a 100% subsidiary, so it is like an intermediary holding company for tax reasons and structuring point of view. In terms of other projects, right now very early stage, I mean, nothing specific I think these are our focus projects. And regarding Sri Lanka, as mentioned, this quarter we are still we internally we are still confident that we'll be getting the permissions required to start the building the project on the ground for next quarter onwards.

Bala Murali Krishna: Okay.

Ram Kollareddy: Since you have asked on initial discussions, yes, I think State Governments in India have started calling industries and getting their thoughts on floating tenders to develop the Indian HMS projects. So, we have been engaged with them, and especially southern states. So, I think we do right now nothing on paper. So, I think over the next 12 months, something -- so one of some of those tenders might come, and we'll be participating in those if they come.

Bala Murali Krishna: Yes, thanks for that. My question is actually; I supposed to ask that question domestic what is the visibility? So how do you think that TAM would be in the domestic front? So, I think we have some mines also in the Andhra Pradesh also, so where you are already based. So, what would be the TAM in the domestic front in the Rare Earth case? So how much we can grab that one?

Ram Kollareddy: So, projects in southern India, specifically Andhra, are similar to Sri Lanka. Beach sands -- you mine the beach, we extract the minerals, eliminate total iron ore, and monazite becomes a byproduct. And the APMTC has formed a subsidiary, Andhra Pradesh Rare Earth Mineral Corporation, and I think that corporation is handling the monazite part. How we see the KMML tender.

Otherwise in terms of TAM, you produce ilmenite, rutile, it's a global market, it comes in millions of tons, a huge traded product. And monazite, I think we are in a position to take whatever we can produce. In fact, it may not be enough domestically. So, I think the minerals from Beach the other minerals apart from monazite, ilmenite, rutile will have strong market in India.

Some will be exported. Garnet is an export material. rutile also right now is predominantly an export mineral. Zircon is again a mixed market, India and uh, export. But monazite, I think everything will be taken domestically, whatever India produces.

And Andhra has close to one-third of India's resources, almost 100 million tons. So, it's a large deposit, large scale. And once the projects come into fruition, they there'll be large numbers of all these metals coming in. And next there is also Orissa which has decent size, and Kerala. I think these 3 states will be doing something in the next 12 months. They've already started their internal process and all.

Bala Murali Krishna: Okay, okay. On the magnet manufacturing front, so if somebody is the PLA is there, so somebody want to manufacture the rare earth line. So as of now, I think there is no raw material available in India, they should export -- import that material. So, after this development, so maybe they could able to source this domestically, right or any other thoughts on this one?

Ram Kollareddy: Yes, it will be sourced domestically. So, if you look at the timeline, the PLIs, I think they're just coming now, they'll be commissioned in next 2 to 3 years. And these plants in India also will be commissioned during those 2 to 3 years, so it will match. And hopefully in that time we don't have to import any. India can be self-sufficient.

Bala Murali Krishna: Yes, thanks for that. All the best.

Moderator: Thank you. The next question is from the line of Dev Mehta, an Individual Investor. Please go ahead.

Dev Mehta: Yes, hi sir, am I audible?

Moderator: Yes.

Dev Mehta: Yes, so just wanted to ask that as you mentioned that we have better realizations in the engineered stone segment or quartz, so just wanted to get an understanding from you. There is a big player out of Telangana who is undergoing a capex so is he our potential customer going ahead? And just wanted to understand another thing that the realization range is between INR10,000 to INR12,000 for engineered stone.

Ram Kollareddy: Yes, there see engineered stone has several categories. It starts off at INR9,500, the next grade at INR11,000. It goes all the way up to INR14,500 also. Now the grade depends on the end market the customer is going to deal. And if you are asking about specifically the Telangana company being Pokarna. They cater mostly to US market.

They'll take higher end spectrum of the market. You're talking about a player like Classic Marble, which is the largest domestic producer, they cater to local market, so they'll take more of that 9000, 10,000 materials. If you talk about a customer, they do a blend. So, it depends. We cater all the categories. It's up to customer based on what market they're selling and what is feasible for them to pick up the metal from us.

Dev Mehta: So, we will majorly cater to the custom our customers will be the one who will cater to the domestic market, as you mentioned?

Ram Kollareddy: No, that is possible.

Dev Mehta: Okay.

Ram Kollareddy: Right now, right now most of our customers are export-oriented only most of them. And those customers also sell domestically, but they could have, let's say, 60%-70% export share, balance 30% to be domestic. And so, it a blend. We are looking at -- right now we are looking at serving the local market in Andhra itself geographically, because the volumes are still at INR9,000-INR10,000.

I think we are also supplying to Margal in Karnataka, which is a large -- India's largest slab producer. I think as we go increase the volumes, we spread our wings and go a little further and start supplying to everyone.

Dev Mehta: So the larger players like Pokarn and Marudhar have their own captive mines or quartz?

Ram Kollareddy: No.

Dev Mehta: They don't have?

Ram Kollareddy: No, they don't have. They buy…

Dev Mehta: So, they all can be our potential customers going ahead, right?

Ram Kollareddy: Yes, they are all potential and they're already we are supplying to some of them.

Dev Mehta: Fair enough. Okay. Thank you.

Moderator: Thank you. The next question is from the line of Rishabh Bora from AB Advisors. Please go ahead.

Rishabh Bora: Hello, sir, can you hear me? Yes. So my first question was on realization of granite. So how is the realization per cubic meter for Black Galaxy and Absolute Black Granite moved during the quarter?

Dilip Kumar: The realizations are close to 88,000 in terms of export for Galaxy, as about close to 39,000 to 40,000 for Black. And Black export is a little high priced, that is approximately a INR1 lakh.

Rishabh Bora: Okay. Got it. Yes. So moving on to my next question, what type of volume growth are you expecting in the granite business for the remainder of FY27?

Dilip Kumar: So we have seen volume growth in the current half year about 14%, but always we -- there were a little higher numbers and there were numbers close to 10% also. It's not on a -- I mean, a balanced way, if we try and understand this number, it's approximately 10% to 12% is what we can look at in terms of volume of the growth. Then about 3% to 4% in terms of currency, plus I think overall maybe around 14%, 15% is the growth that we can expect in terms of revenue on the natural stone segment.

Rishabh Bora: Okay. Got it. That clears that off. So moving on to another question of mine. May I ask, what is the current progress on the Phase 2 expansion, which will increase processing capacity to 606,000 MTPA?

Dilip Kumar: Yes, this has been explained in the previous calls, but it's no just I will, brief you again. We have started placing orders for Phase 2, and it's no initial, our first aim was to stabilize the Phase 1 operations that we almost did. And, quarter 3 and quarter 4, the volume numbers will ramp up. And, by Q2, a partial process will be completed. I mean, Phase 2 expansion will be completed next year. And, Q3 would be HPQ added to the kitty. So by end of next year or third of early fourth quarter, we will have a completely established Phase 2 facility available.

Rishabh Bora: Got it. Yes. So last question of mine is on the cash flow. So cash flow from operations was negative during H1, FY27. Can you throw some light on that as well? Why that was the case?

Dilip Kumar: This was clarified in the previous call also. The major contributions see, in the last financial year, if you observe, there was a GST rate cut on the stone segment especially in the natural stone. So from 12% to 5%, the rate has been reduced.

Rishabh Bora: Okay.

Dilip Kumar: During that period we have seen some potential in the domestic market, and now we started giving a small product to the domestic players where especially the cutter factories. They in turn cut these slabs and then push it to the retail market. So they have extended credit periods and to accommodate that and to make the product used to them. As one time we have taken a call to extend the additional credit period for them.

That contributed to the cash I mean, receivable sitting to the tune of INR25 crores in the current operations. And about inventory addition, that's about both on account of additional vertical quartz and then granite also we have added a little more. That's about INR14 crores. And Trade payables, there were quick settlements as well in order to get some discounts and all. There were settlements that is about INR20 crores.

All these put together it's not contributed to the negative cash flow, but it's overall we are healthy in terms of cash flow. Our gearing ratios are retained at the same levels what we were in the past year.

Rishabh Bora: So that's it from me. Best of luck for the next quarter as well and the rest of the year. Thank you. Thank you so much. Thank you.

Dilip Kumar: Thank you.

Moderator: Thank you. The next question is from the line of Shreya an Individual Investor. Please go ahead.

Shreya: Hello? Hello, am I audible?

Moderator: Yes, ma'am, you're audible. Please go ahead.

Shreya: Hi Thank you for the opportunity. I have 2 questions. First one is the working capital cycle. It has increased to 127 days in H1 FY27 from 104 days in FY26. Could you enumerate the reasons for that and what are the steps that -- we are taking in order to kind of improve on the working capital efficiency? That's one. I will come back to the next question after this.

Dilip Kumar: We have formed a new JV, with APMDC. They gave additional land for lease for extraction of mineral. Normally we used to have a discounting facility with the banks without recourse, as and when the bill of exchange is confirmed by the customer. We just discount them and there is no recourse and the receivable used to be knocked off.

So for this new entity, there was no limit which was not available and that has contributed to a few days. And so if you hear -- if you have heard my previous questions answer, there was some receivable which contributed from the domestic push. So these two factors led to this spike. And then we have clear vision in terms of credit policy going forward. So we are not extending any additional credit periods to the domestic market. So I think this number should come down in the coming up quarters.

Shreya: Okay, got it. My second and last question would be like could you please provide an update on the capex that have been incurred so far out of that INR300 crores planned that was earmarked?

Dilip Kumar: See this INR300 crores broadly if you look at majority amount would be spent on the rare earth vertical. That's for mineral separation and the consolidation plants. Initially, I mean, we have planned this this particular capex in Sri Lanka -- for Sri Lanka projects and Phase 2 also we have planned, it's around INR120 crores.

These two put together broadly sums up to this INR300 crores. Phase 2 I just explained by when it will be spent and then added to the capex. And so we are just waiting for an update from the Sri Lankan administrative team and soon the things are progressing as of now. We will get on to the ground and then start putting in money. And in reference of quartz, I think in the next four quarters, we'll be spending the entire INR120 crores to commission the Phase 2.

Shreya: Okay. Thank you so much. Got it. Thanks a lot, and all the best. Thanks a lot. Thank you.

Moderator: Thank you. The next question is from the line of Bala Murali Krishna from Oman Investment Advisors. Please go ahead.

Bala Murali Krishna: Yes, thanks for the follow up. The quartz which we are producing, is it suitable for submerged arc furnace as a raw material or for production of silico manganese?

Ram Kollareddy: Can you just repeat? It's not clear. The line is not clear.

Bala Murali Krishna: Yes, the quartz which we are producing, is it suitable as a raw material for submerged arc furnace for production of silico manganese?

Ram Kollareddy: So the quartz we're producing is a higher grade than that. So it the quartz for ferromanganese is lower price-conscious. I think it's around INR4,000 to INR5,000 kind of a ton or maximum 6,000. And so right now we're focusing on higher product. Even in Phase 2, we'll be focusing on higher-value product. Yes, it can be used for your question, but it's not apt to use. There are -- if you want to make that product, it can make with different raw material at the cheaper process.

Bala Murali Krishna: Yes. Thank you, sir. That's fine.

Moderator: Thank you. We take that as the last question for the day. I now hand the conference over to the management for closing comments.

Ram Kollareddy: Thank you for joining the call and I think next two quarters will be quite exciting, especially from the quartz point of view for us. And one of the projects hitting the ground, either it's hopefully Sri Lanka and Indonesia and most likely both and looking forward to monitoring the Kerala. We'll keep you posted and hope to see you on the next 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.