# IPO Note – Varmora Granito Limited (21st September 2026)

## Company Overview

- Varmora Granito is a building-materials company primarily engaged in manufacturing and selling ceramic and vitrified tiles, sanitaryware and bath fittings. Tiles contributed 87.9% of FY26 revenue, while sanitaryware and bath fittings contributed 9.2%. Its portfolio includes Glazed Vitrified Tiles (GVT), Polished Vitrified Tiles (PVT), ceramic and technical tiles, along with bathware, sanitaryware, adhesives and engineered surfaces.
- The company operates 8 in-house manufacturing facilities in Morbi, Gujarat, supported by 304 third-party contract manufacturers. In-house manufactured products contributed 81.7% of FY26 revenue, while the company's annual tile capacity stood at 43.8 mn sq. metres, with 72.5% utilisation in FY26. Sanitaryware capacity stood at 859 thousand pieces, with 66.6% utilisation.
- Varmora operates an extensive distribution network, with B2C retail channels contributing 66.8% of domestic sales across 988 cities through 305 Exclusive Brand Outlets (EBOs) and 2,758 Multi-Brand Outlets (MBOs), while B2B project sales contribute the remaining 33.2%. The company also exports its products to over 100 countries.
- The company has expanded its manufacturing and product capabilities through new Morbi facilities, the commercialisation of Integrated Stone Technology and its association with Allemby, whose Tezpur facility commenced operations in July 2026 with approximately 6.4 mn sq. metres of annual GVT capacity.

## Sector Outlook

- The Indian tile market expanded from ₹360.0 billion in FY19 to ₹554.5 billion in FY26 and is projected to reach ₹765.2 billion by FY30, implying an 8.4% CAGR. Growth is supported by low per-capita tile consumption in India versus global peers, rising urbanisation and a shift towards organised, branded players and premium GVT products.
- Real estate and ancillary building-material sectors provide further tailwinds, with the Indian real estate market projected to grow from USD 650.0 billion in CY25 to USD 1,000.0 billion by CY30 at a 9.0% CAGR. The domestic sanitaryware and bathware market is also expected to reach ₹522.0 billion by FY30, growing at a 10.0% CAGR.

## Varmora Granito Limited

| | |
|---|---|
| **₹ 140 – 148**<br>**Price Band** | **₹ 708.02 Cr**<br>Issue Size |
| **22nd – 24th September**<br>Subscription Days | **29th September 2026**<br>Listing date |

**NEUTRAL**

| Particulars | IPO Details |
|---|---|
| No of Shares under IPO (Cr.) | 4.7839 |
| **Post Issue MCap (Cr.)** | **₹ 3,344.97** |
| QIB (Cr.) | 2.3920 |
| NIB (Cr.) | 0.7176 |
| **Retail (Cr.)** | **1.6744** |

| Shareholding Pattern | Pre Issue (%) | Post Issue (%) |
|---|---|---|
| Promoter | 52.00% | 46.55% |
| Others | 48.00% | 53.45% |
| **Total** | **100%** | **100%** |

# IPO Note – Varmora Granito Limited

## Company Outlook

- In Fiscal 2026, Varmora Granito Limited generated Revenue from Operations of ₹1,512.46 crore (up 4.59% YoY) and Profit for the Year of ₹55.09 crore, translating into a profit margin of 3.53%. Key operational and solvency ratios included Gross Margin of 37.92%, EBITDA Margin of 14.18%, ROE of 6.80%, ROCE of 9.89%, RoNW of 7.79%, Total Borrowings to Equity Ratio of 0.44x, Interest Coverage Ratio of 1.89x, and a Net Working Capital Cycle of 96 days.
- The company is coming with an IPO of ₹708.02 crore, comprising a fresh issue of ₹320 crore and an Offer for Sale (OFS) of ₹388.02 crore. Of the fresh issue proceeds, ₹245 crore will be utilised towards repayment/pre-payment, in full or in part, of outstanding borrowings and accrued interest of the company and its subsidiaries, including Covertek Ceramica, Varmora Sanitarywares and Simola Tiles, while the balance ₹75 crore will be utilised for General Corporate Purposes.
- At the upper price band of ₹148 per share, Varmora Granito is valued at a post-issue P/E of 60.66x based on FY26 earnings, at a significant premium to Kajaria Ceramics (40.3x) and Somany Ceramics (28.6x). The premium looks demanding given Varmora's FY24–FY26 revenue CAGR of only 2.6%, FY26 PAT margin of 3.53% and ROE of 6.80%, although improving EBITDA profitability, GVT-led premiumisation and debt reduction provide some support. We assign a Neutral rating as the growth and margin improvement potential needs to translate into stronger earnings to justify the elevated valuation.

## Key Risks

- Geographic concentration in Morbi, Gujarat, with in-house manufacturing contributing 81.72% of FY26 revenue, while GVT and technical products account for 73.98%. B2C sales contribute 66.80% of domestic sales, with reliance on third-party franchisees, while raw-material and natural gas/propane price volatility and supply disruptions may impact margins.

| Particulars | FY24 | FY25 | FY26 |
|---|---|---|---|
| Total Income (Rs. Cr) | 1,472.58 | 1,492.68 | 1,562.53 |
| *Income Growth %* | | *1.36%* | *4.68%* |
| EBITDA (Rs. Cr) | 150.33 | 198.29 | 221.56 |
| *EBITDA Growth %* | | *31.90%* | *11.74%* |
| EBITDA Margin % | 10.21% | 13.28% | 14.18% |
| PAT (Rs. Cr) | 44.94 | 30.77 | 55.09 |
| ROCE (%) | 7.95% | 6.32% | 9.89% |

| Metric FY26 | Varmora Granito Ltd | Kajaria Ceramics Ltd. | Somany Ceramics Ltd. | Asian Granito India Ltd. | Orient Bell Ltd. |
|---|---|---|---|---|---|
| Revenue (Cr.) | 1,512 | 4,830 | 2,790 | 1,858 | 691 |
| Tiles sales volume (Million square meters) | 38.34 | 118.52 | 72.11 | NA | 24.7 |
| Total Dealer network | 3,063 | 1,800+ | 3,100 | 2,700+ | 2,000+ |
| Gross Margin (%) | 37.92% | 39.47% | 32.64% | 26.96% | 36.67% |
| PAT Margin (%) | 3.53% | 9.97% | 2.64% | 1.01% | 1.79% |
| ROCE (%) | 9.89% | 23.87% | 13.70% | NA | 5.60% |
| RoNW (%) | 7.79% | 15.89% | 8.79% | 1.23% | 3.78% |
| PE ratio | 60.66x | 40.27x | 28.55x | 72.00x | 47.67x |

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