

VARMORA GRANITO

September 18, 2026



SMC Ranking

★ ★ ★ ☆ ☆ (2.5/5)

Issue Highlights

Industry	Tiles
Offer for sale (Shares)	26,217,634
Fresh Issue (Shares)	21,621,621
Net Offer to the Public	47,839,255
Issue Size (Rs. Cr.)	669-708
Price Band (Rs.)	140-148
Offer Date	22-Sep-26
Close Date	24-Sep-26
Face Value	2
Lot Size	101

Issue Composition

	In shares
Total Issue for Sale	47,839,255
QIB	23,919,628
NIB	7,175,888
Retail	16,743,739

Shareholding Pattern (%)

Particulars	Pre-issue	Post-issue
Promoters & promoters group	52.01%	47.04%
QIB	33.33%	29.13%
NIB	14.65%	16.43%
Retail	0.00%	7.41%
Total	100.00%	100.00%

*calculated on the upper price band

Objects of the Issue

The Company proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Repayment/ pre-payment, in full or in part, of all or certain outstanding borrowings and accrued interest thereon availed by: The company and wholly-owned subsidiaries namely Covertex Ceramica Pvt.Ltd. and Varmora Sanitarywares Pvt.Ltd. (formerly, Varmora Sanitarywares LLP), and of the subsidiary, Simola Tiles LLP, through investment in such Subsidiaries
2. General Corporate Purposes

Book Running Lead Manager

- JM Financial Limited
- Goldman Sachs (India) Securities Private Limited
- SBI Capital Markets Limited

Name of the registrar

- KFin Technologies Limited

About the company

Varmora Granito is a 23-year-old Morbi-based tiles and bathware company that sells glazed vitrified tiles (GVT), technical/IST surfaces, polished vitrified tiles, ceramics, bathware and adhesives under the Varmora brand. About 82% of FY26 sales of Rs. 1,512 crore came from eight in-house plants in Gujarat's Morbi cluster; GVT and technical products were 84% of tile revenue. It reaches customers through 305 exclusive brand outlets and 2,758 multi-brand outlets across 988 Indian cities, plus builders, government projects and exports to 100+ countries (about 21% of product sales). Tile volume was 3.83 crore sq. m. in FY26. EBITDA rose to Rs. 222 crore (14.2% margin) and profit was Rs. 55 crore. Carlyle-affiliate Katsura invested Rs. 640 crore in FY23 and is selling up to 2.62 crore shares in this IPO; the company is raising a fresh Rs. 320 crore mainly to cut debt.

Company Strengths

Established player in a large, still-underpenetrated Indian tiles market:

India's domestic tiles market grew from Rs. 36,000 crore in FY19 to Rs. 53,100 crore in FY25 (CAGR 6.7%) and is projected at Rs. 76,520 crore by FY30 (CAGR 8.4% from FY26). Per-capita use is only about 0.8 sq. m. versus 3–4 sq. m. in Brazil and China, so there is room to grow as housing, urbanisation and branded flooring take share from stone. Organised makers are expected to move from 47% of tiles in FY26 toward 56% by FY30. Varmora sits among the top four listed tile names by FY26 revenue, holds about 6.6% of the Indian GVT market, and grew revenue at a 2.65% CAGR from Rs. 1,435 crore in FY24 to Rs. 1,512 crore in FY26 — slower than the industry's long-run rate, but with a mix already skewed to the fastest-growing premium slice.

Comprehensive premium product portfolio: The catalogue had more than 3,500 tile SKUs and 20 surface types as of 31 March 2026, covering floors, walls, façades and kitchen slabs. GVT and technical products contributed 74% of company revenue and 84% of tile revenue in FY26, up from 75% of tile revenue in FY24. Industry GVT realises 15–30% more than ceramic or PVT and is expected to rise from 36.5% of India tile value in FY26 to 45.5% by FY30. Every capacity addition since 2011 has gone into GVT. Gross margin improved from 35.3% in FY24 to 37.9% in FY26; realisation was about Rs. 352 per sq. m. in FY26. Bathware (Rs. 139 crore) and adhesives (Rs. 23 crore) add adjacent home-building revenue.

Customer-centric innovation and a high rate of new launches:

Between April 2023 and March 2026 the company launched over 2,900 new tile SKUs and eight surface finishes. A 17-person R&D team and 20 designers feed that pipeline. Varmora was first in Asia to commercialise SACMI's V-NATURE BLOCK / integrated stone technology (IST) in 2024, making marble-look body-veined slabs with vitrified durability and under 3% scrap. It earlier

pioneered digitally printed wall tiles (2010), double-charge tiles (2012) and large kitchen slabs. All new-launch sales in the last three years were GVT or technical products. Dealers can preview the full range on the Hybrid Varmora augmented-reality tool when a showroom cannot physically display every SKU.

Pan-India multi-channel network with a rising EBO mix: As of 31 March 2026 the franchise network had 305 EBOs and 2,758 MBOs in 988 cities across 24 states, plus experience centres. No single state exceeded 14% of revenue. B2C (EBO + MBO) was 67% of domestic sales; B2B builders and government work was 33%. EBOs already contribute 28% of domestic tile sales and average Rs. 0.93 crore of revenue versus Rs. 0.27 crore for an MBO. 136 MBOs were converted to EBOs in three years. Exports were Rs. 317 crore. More than 10,000 architects, builders and contractors and 29,000 users on the Varmora Sankalp mason-plumber loyalty app extend reach beyond owned stores.

In-house, technology-heavy plants next to raw materials and ports: Eight company/subsidiary plants sit in Morbi, which makes about 90% of India's tiles. In-house output rose from 67% of revenue in FY24 to 82% in FY26. Two newer Morbi units added 17.76 million sq. m. (41% of installed capacity). Four of eight plants, representing 75% of capacity, are less than ten years old. Plants can run on propane or natural gas; 16.22 MW of captive wind and solar supplied about 33% of electricity in FY26. Proximity to Rajasthan clay/feldspar and to Mundra/Kandla ports supports both domestic cost and exports. Lower-complexity ceramic and PVT volume is still bought from 304 contract makers so own lines stay focused on GVT and IST.

Founder-led team, Carlyle governance overlay and ESG work: Promoters Bhavesh Varmora (sales and design), Hiren Varmora (exports and bathware) and Pramodkumar Patel (operations) have run the business since 2003. Katsura / Carlyle's FY23 investment funded systems, talent and distribution upgrades. Senior managers average about 20 years' experience; an ESOP plan is in place. Renewable power, falling emission and water intensity, ISO 14001 plants and a third sustainability report (aligned to UN SDGs) sit under a dedicated ESG committee. The board has eight committees including audit, risk, capex and IPO.

Company Strategy

Expand in emerging East and South while deepening West and North: West and North are treated as core markets: convert more MBOs to EBOs, add surfaces and sell IST through marble dealers. East and South are emerging: open new outlets, grow the sales force, chase housing and government accounts, and tighten warehousing so lead times fall. Tier-II cities already generate 57% of revenue; that is where larger new EBOs are being opened.

Use the Assam JV to attack East and Northeast: Allemby, a 50% joint venture (path to 51%), started a 6.40 million sq. m. GVT plant at Tezpur in July 2026. Project cost is about Rs. 150 crore; Varmora has paid Rs. 25 crore and earns an 8% trademark royalty on branded Allemby sales. East India's tile market is expected to grow from Rs. 7,430 crore in FY26 to Rs. 10,710 crore by FY30 (CAGR 9.6%). The company had only 39 EBOs in East/Northeast versus 204 in North/West; local production is meant to cut freight and time. UNNATI and Assam industrial incentives support the cluster bet.

Expand exclusive stores (EBOs): The company plans to convert more MBOs into exclusive brand outlets (EBOs) to improve brand visibility, pricing and customer feedback. Around 2,758 MBOs offer a large conversion opportunity. Average EBO size is around 2,000–2,600 sq. ft., with the largest at about 15,000 sq. ft. The company is also focusing on Tier-II and Tier-III cities.

Increase brand investment: The company plans to step up spending on TV, cinema, airports and digital platforms. Its campaigns have generated over 16 billion views since the first TV commercial in January 2023. Dealer events and partnerships with CREDAI and ABC also support brand building. Advertising spend declined to Rs. 23 crore in FY26 from Rs. 38 crore in FY24, but management plans to increase ATL, BTL and digital spending.

Make the business more digital: The company is using Hybrid Varmora to improve the customer buying experience. It is also upgrading sales automation, real-time tracking and ERP systems. These initiatives are aimed at improving efficiency and reducing design-to-delivery costs as the business grows.

Focus on GVT, IST and façades: The company sees strong growth opportunities in GVT, IST, façades and stone-replacement products. IST is positioned as a more affordable and sustainable alternative to natural stone and is supported by a large market. Varmora Unit-2, with a capacity of 3.96 million sq. m., is dedicated to IST and operated at 59% utilisation in FY26. GVT remains an important driver of premium products.

Expand bathware and other products: The company plans to grow bathware, sanitaryware, adhesives and other home-building products through its existing EBO and MBO network. India's sanitary and bathware market is estimated at Rs. 35,700 crore in FY26 and could reach Rs. 52,200 crore by FY30. This allows Varmora to expand its product range without creating a separate retail network.

Explore acquisitions & strengthen ESG initiatives: The company plans to explore small acquisitions to expand its geographic reach, manufacturing capacity and product portfolio. Allembly is an example of this strategy, while the sale of Simola after losses highlights the importance of selecting the right opportunities. At the same time, the company is increasing its focus on sustainability, including an additional 3.50 MW solar capacity at Tezpur, along with efforts to reduce water, waste and energy consumption.

Key Risk Factors

- About 82% of FY26 revenue came from eight in-house plants, so a shutdown, machine failure or licence issue at any dedicated line (IST runs only at Varmora Unit-2) can hit volume and cost quickly.
- GVT and technical products were 74% of total revenue in FY26, so any slowdown in premium-tile demand would weigh on sales and margins.
- Every owned plant and almost all contract makers sit in Morbi, which already showed a three-week halt during Cyclone Biparjoy in FY24.
- Two-thirds of domestic sales go through franchisee EBOs and MBOs that the company does not operate day-to-day, so weak franchisee execution, credit delays or brand misuse flow straight into results.

- The FY23 Simola acquisition (about Rs. 51 crore plus a large call option) missed its plan, lost Rs. 13 crore in FY26 and was sold in September 2026, showing that future bolt-ons such as Allembly can destroy value if integration or ramp-up fails.

Peer comparison

Company	Total Sales	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Kajaria Ceramics	5055.70	545.89	36.69	33.12	6.23	195.07	1	1215.20	19096.02
Somany Ceramics	2913.24	106.36	26.78	20.75	2.71	205.39	2	555.80	2279.49
Asian Granito	1938.03	13.02	0.44	113.43	0.97	51.36	10	49.91	1479.71
Orient Bell	747.85	21.12	14.97	25.54	1.72	222.95	10	382.40	564.06
Varmora Granito Limited	1512.46	55.09	2.44	60.72	2.96	50.01	2	148.00	3344.97

*Peer companies financials are TTM based

***Varmora Granito Ltd. financials are based on FY26

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs. 148, the stock is priced at pre issue P/E of 54.91x on FY2026 EPS of Rs. 2.70. Post issue, the stock is priced at a P/E of 60.72x on its EPS of Rs. 2.44. Looking at the P/B ratio at Rs. 148, pre issue, book value of Rs. 39.64 of P/BV 3.73x. Post issue, book value of Rs. 50.01 of P/BV 2.96x.

Considering the P/E valuation, on the lower end of the price band of Rs. 140, the stock is priced at pre issue P/E of 51.94x on FY 2026 EPS of Rs. 2.70. Post issue, the stock is priced at a P/E of 57.44x on its EPS of Rs. 2.44. Looking at the P/B ratio at Rs. 140, pre issue, book value of Rs. 39.64 of P/BV 3.53x. Post issue, book value of Rs. 50.01 of P/BV 2.80x.

Industry Overview

Varmora sits in India's organised tiles industry, with a smaller bathware and adhesives overlay. Domestic tiles grew from Rs. 36,000 crore in FY19 to Rs. 53,100 crore in FY25 (CAGR 6.7%) and are forecast at Rs. 76,520 crore by FY30 (CAGR 8.4% from FY26). GVT is the fastest slice (CAGR 10.7% over FY19–25; 14.5% expected FY26–30) and should reach 45.5% of industry value. Demand is driven by housing and infrastructure, urbanisation and nuclear families, a shift from functional flooring to design, and tiles taking share from stone and wood. Organised branded players should rise toward 65% of the broader flooring market by FY30. Opportunities include East India, façades, IST-for-marble and government housing. Challenges are a Morbi-centric supply base, energy and clay inflation, a still-large unorganised tail, working-capital intensity and cyclical real estate.

Outlook

Varmora is well placed to benefit from India's growing and premiumising tile market, supported by its strong GVT portfolio, pan-India distribution and expanding EBO network. The company's focus on Tier-II/III cities, East and Northeast expansion through Allembly, and growth in IST, bathware and adhesives should support diversification. However, high dependence on premium products and Morbi manufacturing remains a key risk.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
IPO Open Date	Tue, Sep 22, 2026
IPO Close Date	Thu, Sep 24, 2026
Tentative Allotment	Fri, Sep 25, 2026
Initiation of Refunds	Mon, Sep 28, 2026
Credit of Shares to Demat	Mon, Sep 28, 2026
Tentative Listing Date	Tue, Sep 29, 2026

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-26 (12 Months)	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)
Revenue from operations	1512.46	1446.03	1435.48
Total expenditure	1340.97	1294.39	1322.27
Operating Profit	171.49	151.64	113.21
OPM%	11.34	10.49	7.89
Other Income	50.06	46.65	37.10
Total Net Income	221.55	198.29	150.31
Interest	39.40	42.49	29.06
PBDT	182.15	155.80	121.25
Depreciation	105.99	119.41	61.61
PBT and Exceptional items	76.16	36.39	59.64
Exceptional items	0.77	0.00	0.00
PBT and Share of profit of associates and JV, net of tax	75.39	36.39	59.64
Share of profit of associates and JV, net of tax	1.23	1.26	3.37
PBT	76.62	37.65	63.01
Tax	21.53	6.88	18.10
PAT	55.09	30.77	44.91

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-26	As on 31-Mar-25	As on 31-Mar-24
Non-current assets			
Property, plant and equipment	560.89	645.76	687.77
Capital work in progress	27.48	10.19	2.73
Right-of-use of assets	16.34	14.91	15.75
Goodwill	33.27	33.27	33.27
Other intangible assets	6.99	11.66	15.67
Financial assets	0.00	0.00	0.00
(i) Investments	52.88	33.52	32.17
(ii) Other financial assets	5.44	3.14	5.80
Deferred tax asset (net)	4.09	4.72	8.74
Non current tax assets (net)	1.08	1.16	0.00
Other non-current assets	4.73	2.60	6.61
Total non-current assets	713.19	760.93	808.50
Current assets			
Financial Assets			
Inventories	248.33	285.95	190.29
Financial assets			
(i) Trade receivables	382.67	382.22	332.92
(ii) Cash and cash equivalents	81.91	82.10	92.22
(iii) Bank balances other than cash and cash equivalents	32.61	33.04	6.11
(iv) Loans	11.80	9.82	9.46
(v) Other financial assets	8.90	8.03	8.38
Other current assets	30.46	27.71	28.30
Total current assets	796.68	828.87	667.67
Total Assets	1509.87	1589.80	1476.16
LIABILITIES			
Non-current liabilities			
(i) Borrowings	171.37	221.27	262.36
(ii) Lease Liability	17.53	14.19	14.13
(iii) Other financial liabilities	0.00	0.00	1.29
Provisions	5.89	4.57	3.96
Deferred tax liabilities (net)	12.18	15.41	22.07
Other non-current liabilities	16.01	35.15	42.92
Total non-current liabilities	222.97	290.59	346.73
Current liabilities			
Financial liabilities			
(i) Borrowings	186.58	283.88	150.53
(ii) Lease Liability	1.57	1.80	1.82
(iii) Trade payables	0.00	0.00	0.00
(a) total outstanding dues of micro enterprises and small enterprises	2.05	3.31	1.84
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	218.46	206.57	191.46
(iv) Other financial liabilities	31.35	41.21	63.01
Contract liabilities	10.00	7.57	10.57
Other current liabilities	18.37	11.21	4.12
Provisions	0.48	0.35	0.33
Current tax liabilities (net)	7.82	0.11	2.41
Total current liabilities	476.68	556.02	426.08
Total liabilities	699.66	846.61	772.80
Net worth represented by:			
Equity share capital	40.33	40.33	39.97
Instruments entirely equity in nature	0.00	0.00	17.58
Other equity	765.70	691.72	630.20
Non controlling interest	4.19	11.15	15.62
Total Equity	810.22	743.20	703.36

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★ ★
FAIR	★ ★ ★
GOOD	★ ★ ★ ★
EXCELLENT	★ ★ ★ ★ ★

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