

IPO Note

Varmora Granito Limited

September 21, 2026





Issue Snapshot:

Issue Open: September 22 – September 24, 2026

Price Band: Rs. 140 – 148

*Issue Size: Up to Rs 708 cr (Fresh Issue of upto Rs 320 cr + offer for sale of upto Rs. 388 cr)

Reservation for:

QIB	upto	50% eq sh
Non-Institutional	atleast	15% eq sh
((including 1/3 rd for applications between Rs.2 lakhs to Rs.10 lakhs))		
Retail	atleast	35% eq sh

Face Value: Rs 2

Book value: Rs 39.52 (Mar 31, 2026)

Bid size: - 101 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity: Rs. 40.87 cr

*Post issue Equity: Rs. 45.20 cr

Listing: BSE & NSE

Book Running Lead Manager: JM Financial Ltd, Goldman Sachs (India) Securities Private Ltd, SBI Capital Markets Limited

Sponsor Bank: HDFC Bank Ltd, Kotak Mahindra Bank Ltd

Registrar to issue: KFin Technologies Ltd

Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	52.01	47.04
Public	47.99	52.96
Total	100.0	100.0

*=assuming issue subscribed at higher band

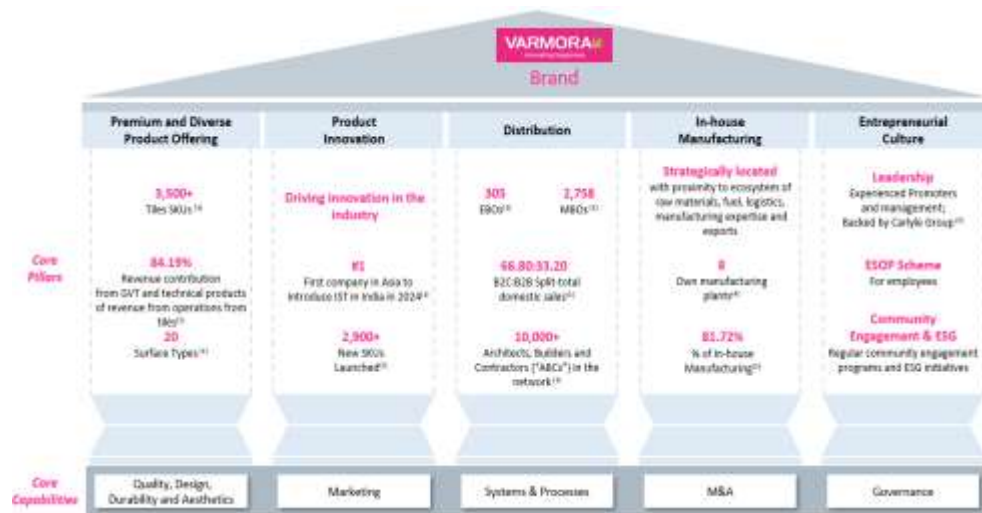
Source for this Note: RHP

Background & Operations:

Varmora Granito Limited (VGL) offers a diverse range of products comprising tiles, including glazed vitrified tiles ("GVT"), polished vitrified tiles ("PVT") and ceramic tiles. VGL has leveraged technology pioneer design and quality advancements in the industry. For instance, it has commercialized integrated stone technology ("IST") in 2024, with a technology partnership with SACMI Imola S.C. ("SACMI"), an Italian tile equipment provider.

VGL's diverse product offerings comprise a wide range of high-quality, durable and aesthetic tiles. Its primary focus is on selling premium products such as GVT and technical products which represented 84.19%, 78.71% and 75.37% of its revenue from operations from tiles in FY26, FY25 and FY24, respectively. This underscores its focus on developing and selling premium products. This has also driven an improvement in Gross Margin from 35.26% in FY24 to 37.92% in FY26.

To sustain its leadership in innovation and to maintain control over product quality and costs efficiency, 81.72% of VGL's revenue was generated from products manufactured in-house in FY26. As of the date of the RHP, VGL had eight strategically located manufacturing facilities (operated through the company and its subsidiaries) in the Morbi cluster in Gujarat.



In addition to product innovation and premiumization, VGL has established deep retail distribution footprint, particularly in India. VGL sells its products through a multi-channel distribution network comprising business-to-consumer ("B2C") retail channels, which includes 305 exclusive brand outlets ("EBOs") and 2,758 multi brand outlets ("MBOs") (collectively, referred to as "Dealers") spread across India and outside India, as of March 31, 2026, and business-to-business ("B2B") channels, various builders, contractors, developers and government empanelment.

Acquisition of Allembly Ceramics Private Limited ("Allembly")

The company had entered into a term sheet dated August 2, 2025 to acquire 51% equity shareholding in Allembly, a tiles, manufacturer incorporated in Assam, India, pursuant to which it proposed to establish a greenfield ceramic tiles manufacturing facility in Tezpur, Assam, India, with an expected installed production capacity of approximately 6.40 million square meters of GVT tiles per annum. Subsequent to the acquisition, VGL entered into an investment agreement dated February 19, 2026 with Allembly and Allembly's existing promoter shareholders to set out the terms on which the company can acquire an aggregate of 51% equity shareholding in Allembly.



Objects of Issue:

The Offer comprises a Fresh Issue of up to 2,16,21,621 Equity Shares of face value of Rs 2 each, aggregating up to Rs 3,200 mn and an Offer for Sale of up to 26,217,634 Equity Shares of face value of Rs 2 each, aggregating up to Rs 3,880 mn by the Investor Selling Shareholder. However, the requirement of funds is based on current business plan, management estimates, prevailing market conditions and other commercial and technical factors including interest rates and other charges, and the financing and other agreements entered into by the company and subsidiaries, which are subject to change in the future and have not been appraised by any bank, or financial institution or other independent agency.

Offer for Sale

The Investor Selling Shareholder will be entitled to the proceeds of the Offer for Sale after deducting their proportion of the Offer expenses and relevant taxes thereon. The company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds.

Fresh Issue

The Net Proceeds are proposed to be utilised by the company in the following manner:

1. Repayment/ pre-payment, in full or in part, of all or certain outstanding borrowings and accrued interest thereon availed by:
 - The company;
 - Its wholly-owned subsidiaries namely Covertex Ceramica Private Limited and Varmora Sanitarywares Private Limited (formerly, Varmora Sanitarywares LLP), through investment in such Subsidiaries; and
2. General corporate purposes.

In addition to the aforementioned Objects, the company expects to achieve the benefits of listing of its Equity Shares on the Stock Exchanges including enhancement of the company's brand name and creating a public market for its Equity Shares in India.

The main objects clause and the objects incidental and ancillary to the main objects clause of VGL's MoA enables the company to undertake (i) its existing business activities, (ii) the activities proposed to be funded from the Net Proceeds, and (iii) the activities for which funds are earmarked towards general corporate purposes.

Requirement of Funds

Particulars (Rs Mn)	Estimated Amount to be Utilised in FY27
Repayment/ pre-payment, in full or in part, of all or certain outstanding borrowings and accrued interest thereon availed by:	2,450.0
(a) The Company; and	2,150.0
(b) Its wholly-owned subsidiaries namely Covertex Ceramica Private Limited and Varmora Sanitarywares Private Limited (formerly, Varmora Sanitarywares LLP), through investment in such Subsidiaries	300.0
General corporate purposes	[•]
Net Proceeds	[•]

Competitive Strengths

Established player operating in the tile industry in India in a large attractive market

VGL's revenue from operations grew at a CAGR of 2.65% from Rs 14,355 mn in FY24 to Rs 15,125 mn in FY26. According to the Technopak Report, India's per capita tile consumption (0.8 square meter in FY24) lags other major economies like Brazil (3.4 square meter) and China (4 square meter) in 2023. The low penetration, along with rising disposable income, suggests significant potential for growth.

By FY30, India's per capita tile consumption is expected to increase to 1 square meter, narrowing the gap with other developing nations, driven by several favorable factors supporting the tile industry. These include increasing real estate development, the growing market share of tiles over alternatives like natural stone and increasing use cases for tiles. Moreover, the share of organized manufacturers has increased from 40% in FY19 to 47% in FY26 and is further expected to surpass the unorganized sector accounting for 56% by FY30, growing at higher CAGR of 14.5% as compared to 2.5% of the unorganized manufacturers from FY26-30.



VGL is well-positioned to capture these tailwinds of growth in the tiles market, premiumization of customer demand and shift towards branded players. Its diverse product offerings with key focus on premium products (such as GVT), continued innovation, pan India distribution channels, effective sales and marketing initiatives, advanced manufacturing capabilities and robust governance mechanisms enables it to leverage these industry trends to maintain and enhance its competitive market position and growth.

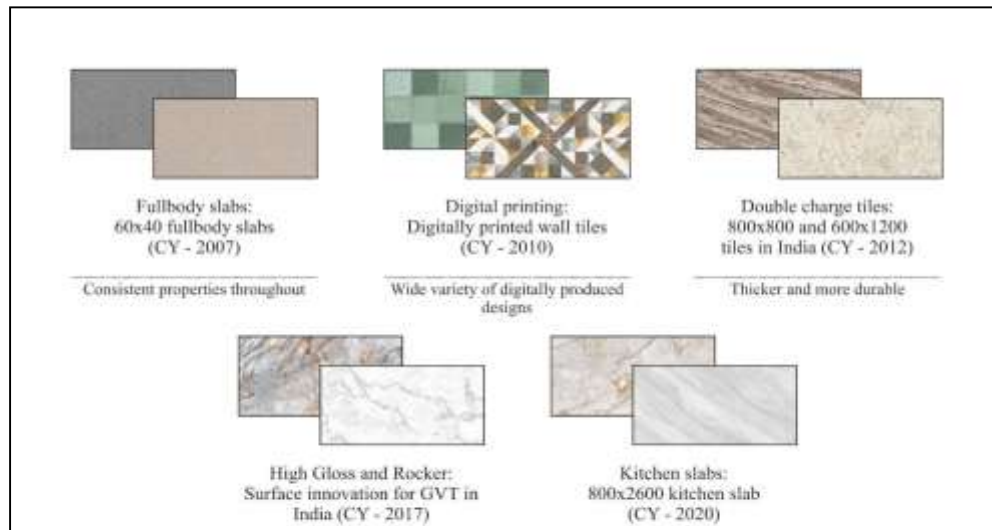
Comprehensive premium product portfolio

VGL's product portfolio included over 3,500 tiles SKUs, as of March 31, 2026, which include GVT and technical products, PVT and ceramic tiles. VGL has also significantly differentiated its product offerings. Its total number of SKUs for tiles was 4,289, 4,177 and 4,009 as of March 31, 2026, 2025 and 2024, respectively. In FY26, FY25 and FY24, 84.19%, 78.71% and 75.37%, respectively, of VGL's revenue from tiles were attributable to revenue from GVT and technical products. Further, 100.00% of the sale of products from its new product launches in FY24-26 were attributable to GVT and technical products. Over the last decade, VGL has consistently focused on building and expanding this premium offering. All its capacity expansions and enhancement since 2011 at its manufacturing facilities have been dedicated to strengthening its GVT offering.

VGL's key focus includes developing premium and quality products based on industry trends and customer demands, such as GVT, which offers superior quality, design, durability and aesthetics. According to the Technopak Report, GVT commands higher realizations and profit margins, and is becoming a more preferred option for retailers in the market. GVT has gained popularity due to its premium look and practical benefits such as stain resistance and low water absorption. While ceramic tiles are known for affordability, PVT tiles are valued for durability, and GVT tiles, apart from having the advantages of PVT, are recognized for superior finishes and design versatility.

Customer centric innovation led approach resulting in multiple new product launches

VGL's continued focus on innovation enables it to offer an attractive product portfolio based on latest designs and advanced technology that are curated to serve evolving customer needs. VGL has demonstrated a strong focus on investing in innovation, particularly through the adoption of technologies and sustainable practices, primarily in GVT. The company has a dedicated R&D team, comprising 17 members as of March 31, 2026, that drives its innovation initiatives. Further, as of March 31, 2026, VGL had a team of 20 skilled designers, who explore global trends to integrate fresh ideas in the company's product designs. VGL's capabilities have enabled it to consistently introduce new product designs and concepts for customers.



Well diversified pan-India distribution network focused on EBOs that strengthen brand recall

Multi-Channel Distribution Network

B2C channel: VGL's operations are primarily B2C retail channel driven accounting for 66.80%, 68.82% and 75.96% of total domestic sales in FY26, FY25 and FY24, respectively. For its B2C sales, VGL has established an extensive network of EBOs and MBOs spread across India and outside India which are operated on a franchisee-owned-franchisee-operated model. As of March 31, 2026, VGL's network comprised 305 EBOs and over 2,758 MBOs in India and outside India. VGL has long-term relationships with such Dealers and believe this provides us with a competitive edge over the other Indian tile players. As of March 31, 2026, VGL had a vast distribution network across 988 cities in India, ensures accessibility for customers throughout the country. The company has also established an experience center in Ahmedabad, Gujarat and are currently in the process of setting up another experience center in Morbi, Gujarat. Leveraging technology such as augmented and virtual reality, these centres enable customers to visualize how different flooring options would look in their spaces.



B2B channel: VGL's B2B distribution network comprises arrangements with various builders, contractors, developers and government agencies. VGL has an extensive range of products to builders and contractors serving both residential and commercial projects, ensuring that all their construction needs are met with quality materials. VGL's products are available either directly to builders or through EBOs and MBOs, which provide builders with convenient access to its product portfolio. VGL is also empanelled with multiple government departments in India.

Marketing Channel Strengthening Brand Recall

VGL's marketing strategy effectively encompasses comprehensive touchpoints across the entire customer decision-making cycle. By driving awareness and interest at the top of the funnel through mass media and brand campaigns (including ATL and BTL marketing strategies), VGL ensures that its brand remains at the forefront of customers' minds. The engagement with influencers further solidifies customer interest, providing authentic and relatable endorsements that resonate with potential buyers.

Influencer network: VGL has established a network of over 10,000 influencers including ABCs, as of March 31, 2026. VGL's engagement with ABCs serves as an important marketing channel and allows it to set up display stalls at their project sites, thereby enabling end-customers to view products while finalizing their homes.

Brand campaigns: VGL has implemented several ATL and digital marketing campaigns to enhance its brand reach and complement its BTL promotion activities. VGL launched its first television commercial advertisement in January 2023. Since January 2023, its multimedia advertisements were broadcasted across 50 general entertainment, sports and news channels, have been placed in over 4,000 cinema screens across India and have received over 16 billion views across social media platforms, over-the-top and connected TV platforms, as of March 31, 2026.

Strategically located and technologically advanced in-house manufacturing to maintain control over quality and supply chain

VGL operates eight manufacturing facilities (through the company and its subsidiaries) strategically located in Morbi, Gujarat, India. In FY24 VGL expanded its network with the establishment of two additional manufacturing facilities in the Morbi region, which provided it with advanced technology and additional production capacity. These facilities have added a capacity of 17.76 million square meters (40.55% of VGL's total installed capacity, as of March 31, 2026). VGL commercialized IST in 2024 through its manufacturing facility, Varmora Unit - 2 in Morbi, Gujarat that produces marble-like products across four surfaces. Varmora Unit - 2 had an installed capacity was 3.96 million square meters and capacity utilization of 58.59% as of and for the financial year ended March 31, 2026. VGL's capital expenditure amounted to Rs 337.6 mn, Rs 1,116.69 mn and Rs 3,483 mn in FY26, FY25 and FY24, respectively.

Business Strategy:

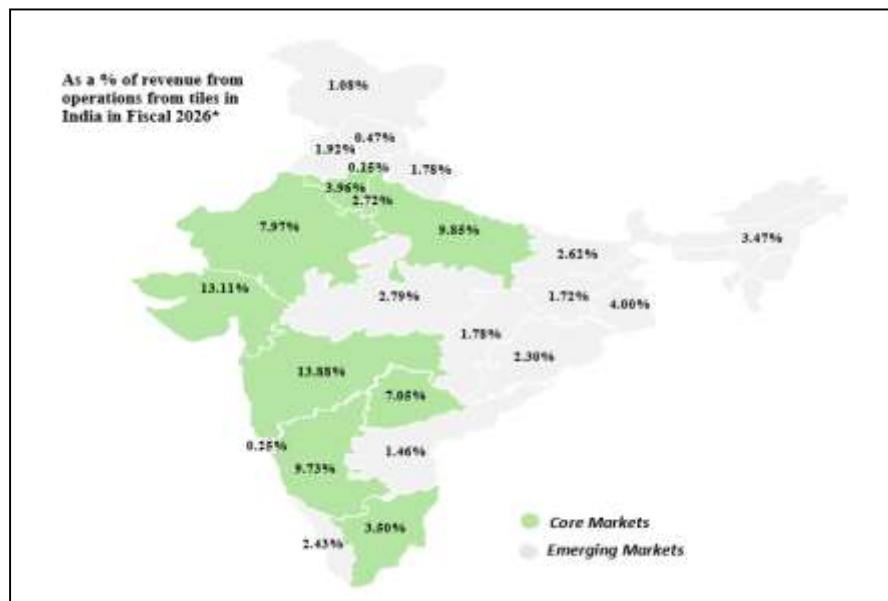
Expanding reach in high growth emerging markets while consolidating leadership in core markets

VGL has categorized the regions in India into core and emerging markets based on an assessment of its presence and distribution network. Based on this classification, VGL has designed specific strategies for each of these markets.

Core markets: In the western and northern regions of India (i.e. core markets), VGL intends to strengthen its existing relationships by converting MBOs to EBOs, expanding the range of product offering with new surface launches and build new strategic relationships, such as marble dealers, to sell its new launched IST products.

Further, its focus on premiumisation will drive realization growth, allowing VGL to offer higher-value products that meet the evolving preferences of its customers. This approach will not only enhance its revenue streams but also support expansion into core markets by attracting a more affluent customer base, improving brand perception, and driving innovation.

Emerging markets: In the eastern and southern regions of India (i.e. emerging markets), VGL has significant headroom to increase market presence. VGL intends to open new MBOs and EBOs as well as expand its sales and marketing teams to increase market share. VGL intends to strengthen direct sales efforts, with a particular emphasis on cultivating strong relationships with key accounts and government agencies to secure contracts for large housing projects and repeat business.



Strategic acquisition and expansion into East and Northeast regions of India

VGL had entered into the Allembly Agreement in February 2026, pursuant to which it proposed to establish a greenfield ceramic tiles manufacturing facility in Tezpur, Assam. Subsequently, through its Joint Venture, Allembly, operations at manufacturing facility in Tezpur, Assam, commenced in July 2026, with an installed production capacity of approximately 6.40 million square meters of GVT tiles per annum. The establishment of this facility represents a key strategic initiative, significantly improving its access to the East and Northeast regions of India.

According to the Technopak Report, the Eastern region, encompassing Bihar, West Bengal, Odisha, the Northeast and others, an underpenetrated market, is growing at a steady rate due to a combination of government infrastructure schemes and improving economic indicators like gross state domestic product growing at a CAGR of approximately 10.4% from FY20-25. The state-level programs in Bihar, Odisha and West Bengal are improving connectivity and logistics. Government has introduced several schemes aimed at promoting industrial growth and investment in the northeastern region by providing incentives to units under state policies Uttar Poorva Transformative Industrialization Scheme (UNNATI) 2024 and IIPPA (Industrial and Investment Promotion Policy of Assam) 2019.

Expansion of distribution network with focus on EBOs

VGL believes there is significant potential for further expansion of its pan-India outlet network. The company will continue to work towards converting its MBOs and EBOs, which it believes will result in increased operating margins, better brand visibility, improved product placement, enhanced customer experience, and direct market feedback, all of which would enable it to further strengthen its market position. As of March 31, 2026, VGL has 2,758 MBOs, which have the potential of being converted into EBOs and it has already successfully converted 136 MBOs into EBOs between April 1, 2023 and March 31, 2026. Additionally, VGL has started opening EBOs with larger sizes in Tier II and Tier III cities. This strategic move is expected to drive growth for the company.

Accelerate investment in brand-building

Strengthening relationship with partners: Leveraging its operating experience, VGL seeks to strengthen its existing relationships and build new relationships with retailers (EBOs and MBOs), architects, builders, contractors, masons and plumbers through, among others, hosting product launch events. VGL's Dealers provides it with increased brand visibility together with feedback on SKUs that receive higher demand, which will continue to help optimize product decisions. VGL intends to continue its loyalty program designed specifically for its network of architects, builders, and contractors.

Continued communication of product features through a comprehensive marketing effort: VGL's communication strategy has and will continue to be based on a balanced media mix that includes ATL, BTL and digital channels. This integrated approach is designed to maximize reach and engagement across diverse customer segments. To enhance brand visibility and foster brand affinity, VGL intends to continue to use prominent outdoor advertising touchpoints, with a particular focus on high-traffic locations such as domestic and international airports. These touchpoints are strategically selected to facilitate direct engagement with key audience segments and influencers, thereby strengthening brand recognition in environments that align with customer lifestyles and preferences.



Continued technology adoption to enhance customer experience and cost efficiencies: According to the Technopak Report, the Indian market is being driven by advancements in digitalisation, technology-enabled visualisation and the growing popularity of EBOs which provides advantages to organised players with branded products. Within the competitive landscape of India's consumer market, delivering a superior customer experience along with offering quality products or services is driving the organized sector's share of the Indian flooring market at a faster pace than the unorganized market. Recognizing this, VGL has developed Hybrid Varmora to foster trust, loyalty and brand advocacy among customers.

Industry Overview

Flooring Market in India

The flooring market in India is intricately linked to the growth of the real estate sector, reflecting the overall expansion and modernization of residential and commercial spaces. As urbanization accelerates and disposable incomes rise, there is a growing demand for various flooring materials that enhance the aesthetic and functional aspects of the real estate property.

The flooring market in India was valued at Rs 1,358.3 billion in FY25, it is estimated to grow at a rate of 3.5% y-o-y to reach Rs 1405.3 billion in FY26. The market is further projected to grow at a CAGR of 5.4% from FY26 to FY30, reaching Rs 1,732.0 billion by FY30. It comprises five segments- tiles, vinyl, wooden/laminate, concrete and stone (including marble, granite, limestone, and others). Tiles are the fastest growing segment in the flooring market due to their affordability, durability, versatility, and low maintenance, and their share in the flooring market is expected to reach 30.9% by FY30 from 28.4% in FY26.

Key Trends in the Indian Flooring Industry

- Shift towards organised manufacturing segment with branded products
- Flooring Transitioning from being a Functional Product to an Aesthetic Essential
- Premiumisation
- Growing Consumer Preference for Enhanced In-Store Experience
- Evolving Role of Intermediaries in Flooring Decisions
- Emergence of Exclusive Brand Outlets (EBOs) and Experience Centres

Tiles Market in India

The Indian domestic tiles market has witnessed significant growth over the past years. Valued at approximately Rs 360.0 billion in FY19, the Indian domestic tiles market expanded to Rs 531.0 billion by FY25, growing at a CAGR of 6.7%. Projections suggest that the Indian domestic tiles market is further expected to grow to Rs 765.2 billion by FY30, representing a CAGR of 8.4% from FY26-30. This expansion is driven by rapid growth of the real estate sector, enabled by structural factors such as regulatory streamlining, govt. spends on infrastructure and public utilities, increasing urbanisation, and rising disposable incomes. Further, technological advancement in tile production has resulted in various types of surfaces, characteristics, and designs, thus increasing the use cases.

Key Growth Drivers

- Real Estate Development
- Tiles Manufacturers are Gaining Market Share from other Alternatives such as Marbles
- Multiple use cases for tiles across the home have emerged
- Shift in Customer Preference towards Premium Products

Key Trends in the Tiles Market

- Consumer perception of tiles as a lifestyle spend versus being considered a commodity earlier
- Increasing Focus on Exclusive Brand Outlets (EBOs) to Enhance Customer Experience
- Leveraging Technology to Shorten the Turnaround Time for Manufacturing New Products and Addressing Evolving Consumer Demands



- Shifts from Unorganised to Organised Manufacturers
- The Indian tile industry is fragmented, creating consolidation opportunities for established brands
- Brands diversifying into new categories for revenue growth and to provide one stop solution to customers
- Introduction of Integrated Stone Technology (IST): A Sustainable Alternative to Natural Stone

Key Concerns

- VGL is dependent on its manufacturing facilities for a significant portion of its revenues (81.72% of revenue from operations in FY26). Further, certain of its products are produced at dedicated manufacturing facilities. Any delay in production at, or shutdown of, or any interruption in these manufacturing facilities may significantly and adversely affect business operations.
- VGL derives a substantial portion of revenue from the sale of glazed vitrified tiles ("GVT") and technical products and any slowdown in the demand for GVT and technical products could have a material adverse effect.
- All of its revenues are attributable to manufacturing facilities situated in Morbi, Gujarat, India. Any disruption in the Morbi region, may significantly and adversely affect the company's business.
- VGL has an extensive retail distribution network and derive a significant portion of its revenue from B2C retail chain (comprising exclusive brand outlets ("EBOs") and multi brand outlets ("MBOs")).
- The company may undertake strategic acquisitions or investments, which may prove to be difficult to integrate and manage or may not be successful.
- VGL's operations are subject to volatility in the supply and pricing of raw materials and packing materials.
- VGL derives a portion of its revenue from operations from outside India, exposing it to risks inherent to operations in these foreign jurisdictions.
- The company's global operations expose it to risks such as compliance with local laws, and failure to comply with applicable laws or regulations could lead to civil, administrative or regulatory proceedings
- VGL operates in highly competitive markets in each of its product categories and an inability to compete effectively may adversely affect business operations and financials.
- A portion of VGL's revenue is generated from products manufactured by third-party contract manufacturers. Any disruption or non-performance by these third parties may affect its ability to obtain sufficient or desired quantities of products
- VGL is required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules, generally for carrying out business and for its manufacturing facilities.
- VGL has significant power and fuel requirements and any disruption to power or fuel sources could increase its production costs.
- If VGL is unable to maintain and enhance the value and reputation of its brand and/or counter any negative publicity, its business, financial condition, cash flows and results of operations could be materially adversely affected.



Profit & Loss

Particulars (Rs in million)	FY26	FY25	FY24
Income			
Revenue from operations	15,125	14,460	14,355
Other Income	501	466	371
Total Income	15,626	14,926	14,726
Total Expenditure	13,410	12,944	13,221
Cost of materials consumed	3,838	4,061	3,097
Purchase of traded goods	2,131	2,307	3,628
Changes in inventories of finished goods and work-in-progress	441	-906	-37
Employee expenses	1,118	1,091	975
Other expenses	5,882	6,391	5,558
PBIDT	2,216	1,982	1,505
Finance costs	394	425	291
PBDT	1,822	1,557	1,214
Depreciation and amortisation expenses	1,060	1,194	616
Profit before share of loss of associate, exceptional items and tax	762	363	598
Profit before exceptional items and tax	762	363	598
Exceptional item	8	0	0
Share in Associate/JV	12	13	34
Profit before tax	766	376	632
Tax (incl. DT & FBT)	215	69	181
PAT	551	307	451
EPS	3.05	1.74	2.19
OPM (%)	14.65	13.71	10.48
PATM (%)	3.64	2.12	3.14

Balance Sheet

Particulars (Rs in million) As at	FY26	FY25	FY24
Non-current assets			
Property, plant and equipment	5,609	6,458	6,878
Capital work-in-progress	275	102	27
Right-of-use assets	163	149	158
Investment Property	333	333	333
Intangible Assets	70	117	157
Financial assets			
Investments	529	335	322
Other Financial Assets	54	31	58
Other non-current assets	99	85	153
Total non-current assets	7,132	7,610	8,086
Current assets			
Inventories	2,483	2,859	1,903
Investments	-	-	-
Trade receivables	3,827	3,822	3,329
Cash and cash equivalents	819	821	922
Bank balances other than (iii) above	326	330	61
Other current assets	512	456	461
Total current assets	7,967	8,288	6,676
Total assets	15,099	15,898	14,762
EQUITY & LIABILITIES			
Equity			
Equity share capital	403	403	400
Other equity	7,657	6,917	6,478
Non-controlling interest	42	111	156
Total equity	8,102	7,431	7,034
Borrowings	1,714	2,213	2,624



Lease liabilities	175	142	141
Provisions	59	46	40
Other non-current liabilities	282	506	663
Total non-current liabilities	2,230	2,907	3,468
Borrowings	1,866	2,839	1,505
Lease liabilities	16	18	18
Trade payables	2,205	2,099	1,933
Other financial liabilities	313	412	630
Provisions	5	3	3
Other current liabilities	362	189	171
Total current liabilities	4,767	5,560	4,260
Total liabilities	6,997	8,467	7,728
Total equity and liabilities	15,099	15,898	14,762

Source: Company, RHP

Disclosure & Disclaimer:

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