

VARMORA GRANITO LIMITED

(Formerly known as Varmora Granito Private Limited)

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Date: October 27, 2026

To, National Stock Exchange of India Limited (“NSE”) Listing Department Exchange Plaza, C-1 Block G, Bandra Kurla Complex Bandra [E], Mumbai – 400051	To, BSE Limited (“BSE”) Listing Department Corporate Relationship Department Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001
NSE Scrip Symbol: VARMORA	BSE Scrip Code: 544942
ISIN: INE0M5301040	ISIN: INE0M5301040

Subject: Disclosure under Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015-Transcript.

Dear Sir/Madam,

As per Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the discussion on the Un-Audited (Standalone and Consolidated) Financial Results of the Company for the Quarter and half year ended September 30, 2026, at the Analyst Meet held on Friday, October 23, 2026.

A copy of same shall also be posted on the website of the Company at <https://varmora.com/investor-relations/conference-call>.

This is for your information and records.

Thanking you,

For and on behalf of Varmora Granito Limited

Bhavesh
Vallabhdas
Varmora

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Bhavesh Vallabhdas
Varmora
Date: 2026.10.27 11:31:07
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Bhavesh Vallabhdas Varmora

Managing Director

DIN: 02718600

Encl.: As above



“Varmora Granito Limited
Q1, Q2 and H1 FY27 Conference Call”
October 23, 2026



**MANAGEMENT: MR. BHAVESH VARMORA – CHAIRMAN AND
MANAGING DIRECTOR – VARMORA GRANITO LIMITED
MR. AMIT DOSHI – CHIEF STRATEGY OFFICER –
VARMORA GRANITO LIMITED
MR. BHAVESH KOSHTI – CHIEF FINANCIAL OFFICER –
VARMORA GRANITO LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1, Q2, and H1 FY27 Conference Call hosted by Varmora Granito Limited. 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 an operator by pressing star and then zero on your touchtone phone.

We are pleased to have with us today the senior management team, led by our Chairman and Managing Director, Mr. Bhavesh Varmora, who will share his perspective on the company's performance for the quarter and the key business developments during the period. He is joined by our Chief Strategy Officer, Mr. Amit Doshi, and our Chief Financial Officer, Mr. Bhavesh Koshti.

Before we begin, I would like to remind everyone that certain statements made during this call may be forward-looking in nature. These statements are not based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied.

I now hand the conference over to Mr. Bhavesh Varmora. Thank you, and over to you.

Bhavesh Varmora: Thank you. Welcome you all, on our first earnings call as a listed company. Our listing was on 29th September 2026. First of all, I would like to thank our new public shareholders, anchor investors, our longstanding partner Carlyle, all our BRLMs, our dealers, distributors, employees, architects, builders, and contractors who have worked together with us to build this entire brand.

Our IPO was of INR708 crores. INR320 crores was a fresh issue, through which we are going to do debt repayment. The interest cost, going forward, will become almost zero. In this call, we will talk about Q1, Q2, and the first half.

First of all, because this is our first earnings call, I would like to give a brief introduction about the company. My father and his two brothers started the business in 1993 in Morbi; they started from there. I joined in 1996. Starting from there, we have now reached here.

Our core from the beginning has been new products. For many years, we started working on products. We were the first company in India to launch digital printing technology in 2008-09. Starting from there to the latest, Integrated Stone Technology, again, is the first machine in Asia that we have installed, which started last year in the last quarter.

We are working on products. Starting from there, if we talk about our SKUs, we have more than 3,500 SKUs. We have 309 EBOs, around 2,000 MBOs, and our focus is more on GVT. This year's GVT number is around 86% contribution from GVT.

We are a GVT company where we make 18 different sizes and 20 different surfaces. Product mix has always been our focus, and we are focused on GVT. PVT ceramics is our declining business, which last year had 11% revenue from PVT, which is 8% this year. Last year, ceramics had 6% revenue, which is 5% this year. Our GVT contribution is increasing, and PVT ceramics is reducing. At the volume level as well, the numbers are the same, I think.

If we talk about the first half, quarter 1 -- as you all probably know in quarter 1, April was shut because of non-availability of fuel, and there was disruption. It started around the 10th or 11th of May.

The second quarter was, in a way, you can say, a recovery quarter in which we registered very good growth. The numbers are already with you and everyone has received them. In quarter 1, revenue growth is 3% versus margin growth, I think EBITDA margin growth is -- gross margin is 8% improvement, EBITDA margin improved by 17%, and H1 versus H1, I am talking about Y-o-Y numbers. All numbers are Y-o-Y. PAT improved by 498%. These are the H1 numbers.

Now we can start Q&A.

Moderator: Thank you. Mr. Bhavesh, can we start with the QA session?

Bhavesh Varmora: Yes.

Moderator: Sure. Ladies and gentlemen, we will now begin the question-and-answer session. We have the first question from the line of Nishita from Sapphire Capital. Please go ahead.

Nishita: Yes, hello. Am I audible?

Bhavesh Varmora: Yes.

Moderator: Yes, we can hear you.

Nishita: Yes, I had a few questions. So my first question is on our EBITDA margin. So like our EBITDA margin in Q2 has improved a lot and even our PAT margin. So what has led this profitability growth in Q2, Q-o-Q and Y-o-Y both like Q-o-Q I understand that Q1 was bad, but even Y-o-Y our margins and profitability have improved a lot. So what drove that growth?

Bhavesh Varmora: In a way, you can say, as I mentioned, the product mix. If you look at our numbers, in our numbers, you have a 21% improvement in our average realization, of which 3.5% improvement is on the product mix side. The rest is our price hike. So that 3.5%, all of it will be visible to you down below and then operating efficiency. Both of these things have improved our EBITDA margin in Q2.

Nishita: I see. In what way has our product mix changed? GVT is increasing and PVT is decreasing, is that the product mix you are talking about?

Bhavesh Varmora: No, when I say product mix, within GVT as well, higher margins as I mentioned, 18 different sizes and 20 different surfaces. Within that, the sales of high-value products are improving where margins are higher. For smaller sizes, like 4x2 GVT, sales have improved from that to 6x4 feet and 8x4 feet. That is why our average realization has improved and that has flowed into the margin.

Nishita: Understood. Currently in Q2, what was our average realization, if you can quantify it?

- Bhavesh Varmora:** Our average realization has improved by INR75 last year versus this year. Out of that, INR50 is our price hike, and INR25 is on the product mix.
- Nishita:** Okay, understood. So the margins we are delivering right now, is this sustainable? Are we at a 10% PAT margin, is that sustainable?
- Bhavesh Varmora:** As I told you, the product mix that I am referring to within GVT, that has just started now. Even now, if you look at it, our normal GVT contribution is still around 72% to 75%. This has only reached 25%. Within GVT, there is a much scope of improvement.
- Nishita:** Okay, so there is scope for margin improvement then?
- Bhavesh Varmora:** Yes.
- Nishita:** Okay, understood. My next question is on our capex. Are we -- I am new to this company, so sorry if the question seems repetitive, but are we doing any capex right now? What is our capacity and what is the utilization?
- Bhavesh Varmora:** Right now, our capacity is 50.6 million square meters. Utilization was 72% last year. This year's utilization in the first half is 76%. Right now, we do not have any immediate capex plan.
- Nishita:** Okay, fine. Our peak utilization can be up to 85%?
- Bhavesh Varmora:** Peak utilization, we can reach up to 92% to 93%.
- Nishita:** Okay, 92% to 93% utilization. In the next year, will we be able to reach this utilization in FY28?
- Bhavesh Varmora:** Yes. As I told you, it is 76% right now. That will improve to around 80% to 85% utilization. Growth will come by improving utilization.
- Nishita:** Okay, okay. Understood. Regarding revenue growth, currently, our top-line growth has not been that much; it is in single digits only, year-on-year. Is there any reason for that? Is it due to the Middle East crisis or are we seeing some issues in demand?
- Bhavesh Varmora:** If you look at domestic revenue, our domestic revenue has grown by 9%. We had an entity, Simola, which we divested, as you might have seen in the updated financials uploaded by us. If you exclude its revenue for the first half versus first half, and as I mentioned, ceramics and GVT are de-growing, domestic GVT volume growth is 14%.
- Where we have our 82% GVT, in domestic, we are growing. Plus, exports are currently weak due to non-availability of containers and container freight. Because of that, our exports de-grew by 17% in revenue, by 18% in revenue. Exports are de-growing, and domestic GVT is growing.
- Nishita:** Export revenue has de-grown by 18%?
- Bhavesh Varmora:** Yes.
- Nishita:** Okay, okay fine. Is there any seasonality in our business?

- Bhavesh Varmora:** There is no seasonality as such, but our first half is slightly around 40% to 42%, and the second half is larger. Seasonality as such is not there, but between the first half versus second half, there is a gap.
- Nishita:** Okay, okay. And for full year, what sort of revenue growth can we expect, if you can say?
- Bhavesh Varmora:** So, the way exports are reviving again, but the current scenario, as you all know very well, the kind of atmosphere that is developing again. If exports stay fine or exports revive from here, then around 15% growth on value and 10% on the volume side. Better than the industry, we will try to outperform the industry by 2% to 3% if the industry grows.
- Nishita:** Okay. The 15% and 10% you mentioned, is that the industry standard, and we will do 2% better than that?
- Bhavesh Varmora:** Yes.
- Nishita:** Okay, okay. Understood. Yes, that is it from my end. Thank you so much.
- Bhavesh Varmora:** Thank you.
- Moderator:** Thank you, Nishita. We have the next question from the line of Bhavin Rupani from Investec. Please go ahead.
- Bhavin Rupani:** Yes, hi. Thank you, sir, for the opportunity. Sir, the first question is on utilization. What was our utilization in Q2? For the first half, you mentioned it was 76%. How much would it be in Q2, sir?
- Bhavesh Varmora:** Q2 utilization was 76%.
- Bhavin Rupani:** Yes, sir.
- Bhavesh Varmora:** Q2 is -- sorry, Q2 is 89%, Q1 is 63%, and H1...
- Bhavin Rupani:** Q2 is 89%?
- Bhavesh Varmora:** Yes, 89%.
- Bhavin Rupani:** Okay. Sir, for Simola, which we divested, was any revenue accounted for in the first half or not?
- Bhavesh Varmora:** No, it is marginal. There is no such large accounted revenue for Simola.
- Bhavin Rupani:** Okay. Was there anything last year in the first half?
- Bhavesh Varmora:** Last year, yes, last year had it in the first half.
- Bhavesh Koshti:** Last year in the first half, INR60 crores was accounted for, versus this year in the first half, INR9 crores has been accounted for.

- Bhavin Rupani:** Got it, sir. Sir, what would be the current status of the Northeast expansion that we were undertaking?
- Bhavesh Varmora:** The Northeast plant has started. There, in the last quarter, it was at 50% utilization. From this month onwards, in the third quarter, 75% utilization will come. The product is set there, the product has also been launched, orders are in hand, and dispatches have started now.
- Bhavin Rupani:** Got it. Sir, what margins should we expect in the Northeast versus our company-level blended margins?
- Bhavesh Varmora:** In the Northeast, there is a benefit. Government benefit is there, so GST benefit is there, CGST and SGST both, and interest subvention is there. I think margins will be better than Morbi there.
- Bhavin Rupani:** Sir, excluding incentives, how should we look at it?
- Bhavesh Varmora:** If you look at it excluding that, because we have a freight benefit there, Morbi versus there. Whatever material goes from Morbi to the Northeast, freight is almost INR120 per meter, versus locally there, it is INR2 to INR3. Better margins will come, but because the plant has just started, giving exact numbers right now is difficult. After the third quarter, I will be able to give you numbers better.
- Bhavin Rupani:** Got it, sir. We have given the value for exports and domestic. Could we get the volume for Q2 and the first half? How much was it for domestic and exports?
- Bhavesh Varmora:** One minute. Amit bhai.
- Moderator:** Mr. Bhavin, do you have any more questions?
- Bhavin Rupani:** Yes. Sir, we made a policy change on depreciation. How should we understand the rationale behind changing that policy, sir?
- Bhavesh Varmora:** Regarding depreciation, earlier we used to charge via the WDV method, which we have now shifted to the straight-line SLM method. If you look at this, around INR17 crores difference -- INR14 crores difference you can assume at the PAT level.
- Bhavin Rupani:** Sir, I got that, but what would be the reason for changing the depreciation policy, sir?
- Bhavesh Varmora:** The reason for changing the depreciation policy, one minute, Amit bhai.
- Moderator:** Mr. Amit, can you hear us?
- Amit Doshi:** Hello. So when industry follows this SLM method since last so many years, if you see the peers in the organized sector of Morbi as well, the SLM method is followed there too. Since the machinery is also -- technology is changing so much now, reviving and producing multiple sizes in a single plant is difficult, so you have to incur new capex. That is why we adopted the SLM method for the period of 10 years.
- Bhavin Rupani:** Sir, has there been any change in the useful life of machines?

Amit Doshi: Yes, useful life has changed. We changed it and made it 10 years by adopting the straight-line method.

Bhavin Rupani: And earlier, how much was it, sir?

Amit Doshi: Sorry?

Bhavin Rupani: Earlier, how much did we consider, sir?

Amit Doshi: Earlier, it was 15 years -- earlier, we considered 15 years, but earlier there was fungibility possibility, where you can make multiple sizes in a plant with different surfaces, different sizes. But now it is very difficult to produce similar sizes in one plant. Capex is required, so this time we followed straight-line. If you see industry-wise, the method is adopted and followed by the industry.

Bhavin Rupani: Got it, got it. Sir, what would be our gas pricing region-wise, can you share something? In Morbi versus Northeast, Q1, Q2, or spot prices?

Bhavesh Varmora: Q1 gas prices -- one minute. Q1 average gas price was -- in Northeast, we are using coal-based, so gas is not used there. Coal gasifier is used there. You cannot really consider it that way. In Q1, it was 84.73 in Morbi, and in Q2, 80.53. That was the average price for propane. In the East, it is all coal.

Bhavin Rupani: Got it. Sir, what would be the existing prices?

Bhavesh Varmora: Current pricing is INR92.

Bhavin Rupani: Got it. Sir, can you provide some guidance on EBITDA margins and capex for FY27?

Bhavesh Varmora: Right now, as I mentioned, the product mix is changing. There is no capex. On the margin side, I already mentioned on the call that we will change the product mix and better margins will come because of the way our product mix is changing, plus utilization is improving. It will be a better margin, and in Q3, you will see the results -- and it will be in line with the industry or better than that.

Bhavin Rupani: Okay. Sir, this gas price which has increased from 80 to 92, so approximately INR12 per SCM, because of that...

Bhavesh Varmora: This is an average for the entire quarter. Even in the last month, it was around the 90s. Before that, it was slightly lower. This keeps fluctuating. Like 15 to 20 days ago, it increased by INR8 and decreased by INR12 after one week. Again, it increased. With these ups and downs, the average remains between 80 and 85.

Bhavin Rupani: Got it, sir. The price hike that has occurred for propane, are we going to take any price hike because of that?

- Bhavesh Varmora:** No, we are not going to take one right now because, as I mentioned, our input cost increased by 14% to 15% versus the price hike of 17% we have already taken. There is a leeway of 3% with us as of now.
- Bhavin Rupani:** Got it, sir. Very much clear. Thank you so much.
- Bhavesh Varmora:** Thank you.
- Moderator:** Thank you. We have the next question from the line of Anup Parikh from Anand Rath. Please go ahead.
- Anup Parikh:** Yes, hi. Good afternoon, sir. Sir, the first question is, in exports and domestic, can you provide the volume and margin difference for Q2 FY27 and Q2 FY26?
- Bhavesh Varmora:** In exports, there are better margins because our GVT is almost 98% there, versus in domestic, as I mentioned, 82% is GVT. Better margins are there. Margins are almost similar because at the pricing level, it is the same. SG&A costs and all, initially, we take overall here. Between exports and domestic, there is no difference as such.
- Anup Parikh:** There is no margin difference, but volumes are better, I understand.
- Bhavesh Varmora:** Yes, volumes are better in domestic. In exports, as I mentioned, 98% GVT goes. If you look at the blended level, you will see good margins in exports. In domestic, it is 80% GVT and 20% - - sorry, 80% GVT and 20% PVT and ceramics -- sorry, 82%, 18%. At the blended level, you will see slightly lower margin here in domestic versus higher in exports. If we look at apple-to-apple pricing, it is almost similar.
- Anup Parikh:** Okay. And the volume breakup for Quarter 2 of FY27 and '26?
- Amit Doshi:** We have handy with our H1 numbers. Total volume was 17.63, out of which 3.42 was export in last H1 '26. This year, total volume is 15.04, while export remains at 2.03 MSM.
- Anup Parikh:** Understood. Sir, also, can you help us with -- what is the normal pricing difference for tiles between Kajaria and Varmora? For instance, Kajaria's gas sourcing cost for the North region is 20% lower versus ours. Since their biofuel mix is higher, what is our share of biofuel, and how are we going to compete with them in the North and Central region?
- Bhavesh Varmora:** We do not have biofuel here. When you consider gas pricing per SCM, you will also have a difference in calorific value. You will have to look into that exactly because propane has an 11,000 calorific value, versus their gas, I do not know which gas they use and what calorific value it has.
- Here, if you look within Morbi itself, our Gujarat Gas is around 8,300 calorific value, and propane's is 11,000. You should not look only at the gas price; it will have to be calculated with the calorific value as well.
- Anup Parikh:** Understood. For the Assam plant, we are using coal there, so how will its pricing be, and what capacity utilization are we expecting for FY27 and '28?

- Bhavesh Varmora:** As I mentioned, we are using a coal gasifier there. Taking out its exact number because till last month it was at 50% utilization in this quarter, we are expecting 75% utilization there, and for the fourth quarter, it will be around 85% to 87% utilization. Once the utilization comes, I will be able to share the exact cost with you. Once that number comes, I can tell you.
- Anup Parikh:** Okay. Sir, what was the rationale for sharp improvement in our margins for Q2 FY27? Also, do you think that this is sustainable, and if so, why?
- Bhavesh Varmora:** I mentioned two things. The same question came before this as well, and I explained that our average realization improvement is 21%, of which, as I mentioned, 17-odd percent is on account of price hike, and the remaining 3.5% to 4% has come from our product mix. That product mix of GVT, which I explained to you initially, has come from there.
- And utilization, as our utilization came at 89% in the second quarter, we got a benefit there. Both benefits are sustainable, and I feel that better margins than this will come because the margins you saw for the first half had the disruption in Q1, and Q2 is better. Better margins than Q2 margins we can expect in Q3 and Q4 as well.
- Anup Parikh:** Okay, sir. Thank you so much.
- Moderator:** Thank you. We have the next question from the line of Jatin Manuja from Nuvama. Please go ahead.
- Jatin Manuja:** Hi, sir. Good evening. I had two or three questions. First, on the Assam plant, the incentive structure and the benefit on GST, could you explain that a bit?
- Bhavesh Varmora:** There in Assam, Amit bhai.
- Amit Doshi:** There are two policies in Assam because the region is identified as a backward region by the government, state government and central government. Both schemes are there. One is floated by the central government, and one is floated by the state government. There is an interest subvention from both the working capital and term loan.
- Working capital is given by the state government and term loan from the central government. There is a minimum capital subsidy from the state government and an SGST benefit for the Northeast region.
- Jatin Manuja:** Okay, fine. My second question is, sir, what would be your outsourced mix right now, and how high can it go?
- Bhavesh Varmora:** 14% is outsourced.
- Jatin Manuja:** Is there any plan to increase it, or how do you see it going forward? How can it change?
- Amit Doshi:** As we told you, we are doing PVT and ceramic mostly outsourced. Whichever products are of low value, of low margin, we are outsourcing those only. Everything, GVT and big sizes, are produced in-house. We do not promote outsourcing. Ideally, we are outsourcing where the margins are low and where we are putting a backup for the other sources.

- Jatin Manuja:** Okay, understood. One last question, maybe it is a bit repetitive, but I want to understand the IST technology a bit better. Can you explain how is it different from what our competitors use and what are the benefits that come with it?
- Bhavesh Varmora:** In a normal GVT product, the body is different, and the print is on top of it, versus in IST, this is full-body, a replica of natural marble, as we call it. If you take natural Statuario marble, if you polish it, you will get the same vein all the way down. IST is the 100% replica of natural marble. If you polish IST, you will get the print underneath as well. IST is a completely different technology, and we are the first one to launch it in India.
- Technically, if you look at it, it is a better product than marble. If you take the price of natural Statuario marble, it starts from INR4,000 to INR6,000 per square foot, versus we will start this product ex-factory from INR300, and for the consumer, it will reach around INR500 to INR600.
- Jatin Manuja:** Okay, that makes sense.
- Bhavesh Varmora:** Yes.
- Jatin Manuja:** Fair enough. I think that was all from my end. Pretty informative. Thank you so much, sir, and all the best.
- Bhavesh Varmora:** Thank you.
- Moderator:** Thank you. Participants who wish to ask a question may press star and one on your touchtone telephone. We have the next question from the line of Chinmay Parab, an individual investor. Please go ahead.
- Chinmay Parab:** Hello, sir. Am I audible?
- Bhavesh Varmora:** Yes.
- Chinmay Parab:** Yes, thank you. First of all, congratulations on the IPO. Sir, in terms of our volumes, can we quantify what is the split between vitrified and ceramic?
- Bhavesh Varmora:** Yes.
- Amit Doshi:** For H1 '27, the split of GVT, we have 82%, PVT is 9%, and ceramic is 8%. Y-o-Y, last year, H1 '26 was 75% was GVT, 14% was PVT, and ceramic was 11%, respectively.
- Chinmay Parab:** Okay. And with respect to our sales, how much of it is retail business and how much is the project business?
- Bhavesh Varmora:** 72% is retail, and 28% is project of domestic business.
- Chinmay Parab:** Okay. Thank you. With respect to our ad spend, what is our current ad spend, and how much are we targeting for this year?
- Bhavesh Varmora:** 1.9%, H1 is 1.9%.

Chinmay Parab: 1.9% for H1. How much are we targeting for the full year?

Bhavesh Varmora: The full year will be the same, same line.

Chinmay Parab: Okay, same lines. Fine, sir. Sir, with respect to price hikes, have we taken any price hikes in Q1 and Q2? Would you be able to quantify it as we are seeing a lot of our input costs being increased because of gas issues? How much price hikes have we taken in Q1 and Q2?

Bhavesh Varmora: So, average we took it in Q1 itself. In Q1, we took around 14%, and added 3% to 3.5% in Q2. So, average price hike of H2 is 17%.

Chinmay Parab: Okay. And as we are seeing...

Bhavesh Varmora: Input cost improved by 14%.

Chinmay Parab: Okay. So, as you just mentioned with respect to, I guess, Morbi, the gas cost has again increased to INR93 per SCM. Are we planning another price hike or something?

Bhavesh Varmora: No, because, as I said, we take an average. It is not that if a small price hike comes, we increase the price. As I gave an example in the previous question as well, 20 days ago, the cost increased by INR8 versus within one week, it decreased by INR12. We look at the monthly average. If our cost increases in that average, then we take a price hike. We have seen across two quarters, no such big difference has come.

As I mentioned, the input cost is 14% versus we have already increased by 16% to 17%, so we have a leeway of 3%. If a small gas price increase happens, we do not need to do a price hike. If a very large price hike comes, a very large gas price increases from here, and if that sustains for 1 to 1.5 months, after that, we will do a price hike.

Chinmay Parab: Correct. Got it. Sir, for our current year or in the near future, what are our capex plans?

Bhavesh Varmora: There is no capex plan right now. No large capex is coming up because, as I mentioned, utilization was 72% last year, and this year, the average is around 76% only. Right now, there is no capex plan.

Chinmay Parab: Will there be any maintenance capex for this year, sir?

Bhavesh Varmora: Maintenance capex is very small, around INR9 to INR10 crores.

Chinmay Parab: Okay, sir. So, costing side, regarding our ad spends, could you tell us what the ad spend or marketing cost for H1 and the full year would be?

Bhavesh Varmora: I told you, 1.9% is our marketing spend. It will remain the same.

Chinmay Parab: Correct. It will remain the same. One last question will be, at present, could you give the capacity split for vitrified and ceramic, how much is vitrified and how much is ceramic?

Bhavesh Varmora: Whatever capacity we currently have is 100% GVT. PVT and ceramic we outsource.

- Chinmay Parab:** Okay. Done. Sorry, one last question. As we saw that we did the divestment of Simola, approximately we are losing out on revenue of around 520 million. Any plans on how we are thinking to cover up this amount with respect to, as we grow, what will be our strategy?
- Bhavesh Varmora:** Because our focus is on the bottom line, we were doing volume there, but a loss was coming on the bottom line. First of all, the plan was to stop the loss. As I mentioned, the East plant has started, so from this plant as well, almost 6.4 million additional capacity will be added next year. Right now, there is no immediate plan to add any new additional capacity here.
- Chinmay Parab:** Going forward, will we expect more revenue to increase from the East side? Because at present, I guess it is only 12% or 13% of total revenue, right?
- Bhavesh Varmora:** Please repeat your question.
- Chinmay Parab:** Going forward, are we expecting more revenue from our Eastern region? Because at present, I guess it is approximately 13%, which was mentioned in your map, probably.
- Bhavesh Varmora:** No, what you are seeing is not 13%. The revenue of the East, Northeast, is 3% right now. From our East plant, what we will feed will specifically be two products: 2x2 GVT and 4x2 GVT. The rest will all be fed from here. In the Northeast -- the Northeastern region, North Bengal, Eastern UP, and Eastern Bihar, to these three locations, we will send these two sizes from the Northeast plant. The rest of all the sizes, large-size GVT or PVT and ceramics, will all go from Morbi. The revenue that will come from there, only two sizes of products are going to be made there.
- Chinmay Parab:** Okay. But overall, if we look at it, the Eastern region is contributing approximately 14%, right?
- Bhavesh Varmora:** Yes, that will improve there now. From next year, that will increase.
- Chinmay Parab:** From next year, you are expecting that our total revenue contribution from the Eastern region will increase, right?
- Bhavesh Varmora:** Yes.
- Chinmay Parab:** Sure, sir. Thank you, that is it from my side. All the best for the times ahead.
- Bhavesh Varmora:** Thank you.
- Moderator:** Thank you. We have the next question from the line of Karan B from Asian Market Securities. Please go ahead.
- Karan B.:** Hi, sir. Good afternoon. Am I audible?
- Bhavesh Varmora:** Yes.
- Moderator:** Yes, we can hear you.
- Karan B.:** Yes. Sir, I just wanted to understand, in Morbi right now, at the industry level, what is the capacity utilization and capex plan for the next 1 year to 2 years?

- Bhavesh Varmora:** Right now, no very large capex has been announced. Three to four lines have come versus in PVT and ceramics, almost 10 to 11 plants have shut down. Net-net, there is no capacity addition in the first half. In the second half as well, nothing like that is visible. Maybe next year in the first quarter, some three or four new line additions will come. Regarding utilization, because I do not have that data handy and that data does not come anywhere, I cannot -- I do not have exact numbers, so if I state some numbers, it will be incorrect.
- Karan B.:** Right. Sir, quite a few large players in Morbi and outside Morbi are installing continuous presses. Do you have any idea how many units in Morbi have continuous presses, and in the next 2 years?
- Bhavesh Varmora:** 5 to 6 lines. In Morbi, there are 5 to 6 lines right now.
- Karan B.:** Right. Sir, quite a few large players in Morbi and outside Morbi are installing continuous presses. Do you have any idea how many units in Morbi have continuous presses, and in the next two years?
- Bhavesh Varmora:** 5 to 6 lines. In Morbi, there are 5 to 6 lines right now.
- Karan B.:** Are we planning for a continuous press, or what benefit could it have?
- Bhavesh Varmora:** In our IST -- the IST plant has our continuous press.
- Karan B.:** That is only in IST. Are we planning in the other plants?
- Bhavesh Varmora:** In the other plants, there is no capex plan right now.
- Karan B.:** Right. And sir, a lot of discussion took place on tiles. How do you look at the bathware category? Right now, it is small according to our size, but how do you plan to scale this up as a category?
- Bhavesh Varmora:** So bathware is 10% for us. Because the base is small, we are expecting additional growth there, larger than tiles. But I feel that in the coming years, this will remain at 10% to 12% only. It is not that we have a very large plan there or a plan to do very large growth. Our focus, our strength, is in tiles, so we will continue to do tiles better. Our focus will remain more on tiles.
- Karan B.:** You mentioned a 17% price hike in the first half in tiles. How much price hike happened in bath fittings and sanitaryware for you and the industry?
- Bhavesh Varmora:** In the industry, in faucets, they took some price hikes, around almost 25% in the last month itself, and in sanitaryware, around a 17% price hike has been taken.
- Karan B.:** 25% and 17%, this is compared to last year?
- Bhavesh Varmora:** Yes, compared to last year.
- Karan B.:** Right. In the Bathware portfolio, do we have the entire range vis-a-vis big players, or we are still building the portfolio out here?

- Bhavesh Varmora:** If you compare with core sanitary players, compared to them, we still have a lot left to add. But if compared to our tile players, we are at par with the core tile players. We are at par with them.
- Karan B.:** Right.
- Bhavesh Varmora:** As for those specific to sanitary and bathware, we still have to do a lot of work on that.
- Karan B.:** Right. So, is it correct to assume that gradually every year, capex can be done in this category as well?
- Bhavesh Varmora:** In faucets, we are exploring. If an opportunity comes, we will see, because right now it is outsourced, and sanitaryware is our in-house manufacturing.
- Karan B.:** Right. And the last question from my end, what is the view on adhesive? The quarterly run rate is INR5 crores to INR5.5 crores, so are you seeing anything big in this?
- Bhavesh Varmora:** Quarterly run rate -- in that as well, if we get some opportunity regionally, we will see. Otherwise, that business, as the tile business grows, will keep growing accordingly.
- Karan B.:** Right. Thank you, Bhavesh bhai, for your answers.
- Bhavesh Varmora:** Thank you.
- Moderator:** Thank you. We have the next question from the line of Smit Shah, an Individual Investor. Please go ahead.
- Smit Shah:** Yes. Thank you for the opportunity, sir. Sir, my question was also regarding Morbi. So, how competitive is the pricing in Morbi right now?
- Bhavesh Varmora:** Competitive in the sense? Elaborate a bit.
- Smit Shah:** In terms of pricing, and, like, how do we compare to the bigger listed companies?
- Bhavesh Varmora:** So, that depends on the product. If you look at apple-to-apple products, so on average realization, we are -- I think, the second highest in the industry, you can say, in a way, among those who are listed. If we do an apple-to-apple comparison, in somewhere we will be 2% to 3% higher, and in some places, we will be at par. We will have to talk about specific products. On average realization, as I mentioned, we are the second highest in the industry.
- Smit Shah:** Okay. Sir, how is H2 shaping up for us?
- Bhavesh Varmora:** H2, as I mentioned, our H2 is always -- the first half is 40% to 42%, the second half is larger. So, utilization will improve, operating leverage will come from there, and product mix, as I mentioned, is improving, so good numbers can be seen on the margin side as well.
- Smit Shah:** Okay, sir. Thank you, sir. Thank you for taking my questions.
- Bhavesh Varmora:** Thank you.

Moderator: Thank you. We have the next question from the line of Divit Mehta, an Individual Investor. Please go ahead.

Divit Mehta: Hi, sir. Am I audible?

Bhavesh Varmora: Yes.

Divit Mehta: Okay, sir. So, first of all, thank you so much for this opportunity. My first question is that export has, like, fallen down to 18% in this H1 and 22% in Q2 because of freight availability and cost. Has the freight normalized? And when do you expect the exports to recover?

Bhavesh Varmora: So, right now, freight has started declining. If we look in comparison to last month, for example, the US freight was around 7,000 to 7,500, which has come down to around 5,500 this month, versus availability is improving. Earlier, the problem was not only freight; the issue was more about availability than freight, which is now normalizing, as it seems. It is not that everything has become available, but yes, the situation has improved a bit now, and I feel that from next month onwards, freight will be much lower, and availability will also become better.

Divit Mehta: Okay, sir. Understood. My second question is -- hello? Am I audible?

Bhavesh Varmora: Yes. The voice got cut in between, yes.

Divit Mehta: Yes, sir. So, my second question was on the margins. If you compare from, like, export and domestic sales, is the company continuously shifting away from exports, something like that?

Bhavesh Varmora: No, if you look at our numbers for the last 4 years, our average is 80% domestic and 20% exports, 1% or 2% plus or minus. You can expect that going forward in the next 2 years to 3 years, our split is going to remain this only. So, our focus -- we are largely focused on domestic, and in exports as well, we are doing only branded business. So, we do not do any white-label business. If you look at Morbi, if there are industry exports, that has now decreased by around 40%, versus if you look at ours, it is 18%. It is purely because we are doing branded business.

Divit Mehta: Okay, sir. Understood. That's it from my side. Thank you, and all the best for the future.

Bhavesh Varmora: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand it over to the management for closing remarks.

Bhavesh Varmora: So, thank you for joining the call. This was our first call, and your support will continue in the future as well. Once again, thank you very much, everyone.

Moderator: Thank you.

Bhavesh Varmora: Thank you.

Moderator: On behalf of Varmora Granito Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.



Varmora Granito Limited
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Bhavesh Varmora: Thank you