

Clay Craft India IPO

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Reviewed on 13 June 2026

- The company is manufacturing and distributing ceramic tableware products in a B2B segment.
- It also offers tailor made products for corporate and institutional clients.
- The company marked growth in its top and bottom lines for the reported periods.
- Quantum jump in bottom lines from FY25 onwards raise eyebrows and over its sustainability going forward, as it operates in highly competitive and fragmented segment.
- Based on its recent financial data, the issue appears aggressively priced.
- Only well-informed investors may park moderate funds for long term.

About the Company

Clay Craft India Ltd. (CCIL) is a manufacturer and distributor of ceramic tableware products in India, engaged in the design, development, production and sale of a wide range of ceramic tableware including dinner sets, tea and coffee serving sets, mugs, tumblers, platters, bowls, and table top accessories. Its product portfolio addresses the diverse requirements of retail consumers, institutional buyers, and the hospitality industry. The company markets products under its in-house brands, Clay Craft and JCPL, in addition to its proprietary brands, it has entered into arrangements with various customers for whom CCIL undertakes design, development, and manufacturing activities.

The company also offers customized ceramic solutions for corporate and institutional clients based on specific requirements and have developed a product range for the HoReCa (Hotel, Restaurant, and Catering) segment to meet the operational needs of the industry. CCIL's capability to serve both broad-based and specialized demand segments, supported by its design and manufacturing infrastructure, enables it to operate across domestic and select international markets. As of March 31, 2026, it offers approximately 5770 stock-keeping units ("SKUs") across various product categories under different brands. Mugs has a lion share, followed by Dinnerware and Tea/Coffee service sets in its total SKUs as well as in its revenue mix.

The company primarily operates on a business-to-business (B2B) model, supplying the majority of products through its own distribution network, large format retail chains and using different retail channels. The Company is committed to offering quality ceramic tableware at competitive prices and aims to foster long-term relationships with customers by adhering to industry standards and meeting specific business requirements.

As of March 31, 2026, its distribution network includes approximately 132 distributors across major states and union territories in India, supported by a dedicated sales and marketing team of 47

personnel. Over the years, it has developed and maintained long-standing relationships with distributors, large format retail chains and retailers, which has contributed to consistent market access and customer loyalty. In addition to traditional distribution, its products are available through other trade channels like, e-commerce marketplaces, and own websites. CCIL has also entered into commercial arrangements with large-format retail chains for the sale of its products through their outlets across India and with e-commerce platforms for online sales. As of the date of filing this offer document, it had 1392 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 5424000 equity shares of Rs. 10 each to mobilize Rs. 110.11 cr. at the upper cap. The company has announced a price band of Rs. 193 - Rs. 203 per share. The minimum application to be made is for 1200 shares and in multiples of 600 shares thereon, thereafter. The IPO opens for subscription on June 17, 2026, and will close on June 19, 2026. The IPO constitute 26.37% of the post-IPO paid-up capital of the company. The shares will be listed on NSE SME Emerge. From the net proceeds of the IPO, it will utilize Rs. 97.00 cr. for capex on setting up of additional manufacturing facility at Manda, Rajasthan, and the rest for general corporate purposes.

The IPO is solely lead managed by Hem Securities Ltd., and KFin Technologies Ltd., is the registrar to the issue. HEM group's Hem Finlease Pvt. Ltd., is the market maker, as well as a syndicate member.

After issuing entire equity capital at par value, the company issued bonus shares in the ratio of 2 for 1 in June 2025. The average cost of acquisition of shares by the promoters is Rs. 2.06, Rs. 2.54, Rs. 3.13, and Rs. 3.29 per share.

Post-IPO, company's current paid-up equity capital of Rs. 15.15 cr. will stand enhanced to Rs. 20.57 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 417.58 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total revenue/net profit, of Rs. 146.99 cr. / Rs. 13.50 cr. (FY24 – on standalone basis), and on consolidated basis, it marked Rs. 154.44 cr. / Rs. 20.76 cr. (FY25), Rs. 184.57 cr. / Rs. 27.01 cr. (FY26). The boosted profits from FY25 onwards (on a consolidated basis) raise eyebrows and concern over its sustainability as it is operating in a highly competitive and fragmented segment.

For the last three fiscals, the company has reported an average EPS of Rs. 15.02, and an average RoNW of 15.04%. The issue is priced at a P/BV of 1.85 based on its NAV of Rs. 109.64 per share as of March 31, 2026, but its post-IPO NAV data is missing from the offer documents.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 15.46, and based on FY25 earnings, the P/E stands at 20.12. The issue appears

aggressively priced, based on its recent bumper earnings, which may not be sustained. It is operating in a highly competitive and fragmented segment.

For the reported periods, the company has posted PAT margins of 9.28% (FY24), 13.66% (FY25), 15.02% (FY26), and RoCE margins of 14.42%, 16.69%, 18.26%, respectively, for referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has no listed peers to compare with.

Merchant Banker's Track Record

This is the 46th mandate from Hem Securities in the last three fiscals (including the ongoing one). Out of the last 10 listings, 1 opened at discount, 1 at par, and the rest listed with a premium ranging from 1.00% to 90.00% on the listing date.

Conclusion / Investment Strategy

CCIL is manufacturing and distributing ceramic tableware products in a B2B segment. It also offers tailor made products for corporate and institutional clients. The company marked growth in its top and bottom lines for the reported periods. Quantum jump in bottom lines from FY25 onwards raise eyebrows and over its sustainability going forward, as it operates in highly competitive and fragmented segment. Based on its recent financial data, the issue appears aggressively priced. Only well-informed investors may park moderate funds for long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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