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IPO Note
15th June 2026

Clay Craft India Ltd

Subscribe for Long Term

Rating: Subscribe for Long Term	
Issue Offer	
Total issue size: Fresh Issue - INR 1,101 Mn (5.4 Mn shares)	
Issue Summary	
Price Band (INR)	193-203
Face Value (INR)	10
Implied Market Cap (INR mn)	4,175.8
Market Lot	600
Issue Opens on	17 June, 2026
Issue Close on	19 June, 2026
No. of share pre-issue	1,51,46,280
No. of share post issue	2,05,70,280
Listing	NSE SME
Issue Break-up (% of Total Issue)	
QIB Portion	47.46
Retail Portion	33.25
NII Portion	14.27
Market Maker Shares	5.02

Book Running Lead Managers

Hem Securities Limited

Registrar

KFin Technologies Limited

Shareholding Pattern	Pre-Issue	Post-Issue
Promoters	100%	73.63%
Public & Others	-	26.37%

Objects of the Issue

- To Fund capital expenditure towards setting up an additional manufacturing facility at Manda, Rajasthan.
- General Corporate Purpose.

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Clay Craft India Ltd. incorporated in July 1994, is a manufacturer of bone china crockery and ceramic tableware. The company specialises in high-quality dining products, including plates, cups, saucers, mugs, and other kitchenware that are widely used in households, hotels, and corporate gifting. It is well-known for innovative designs, durability, and stylish finish in its product range. The company also offer customized ceramic solutions for corporate and institutional clients based on specific requirements and has developed a product range for the HoReCa segment to meet the operational needs of the industry. As of March 31, 2026, the company offers approximately 5,770 SKUs across various product categories under different brands.

Investment Rationale:

Strategic Capacity Expansion to Meet Rising Demand: The company is aggressively scaling its operations to capitalize on a market where demand is outstripping supply. Clay Craft is utilizing INR 970 Mn from its IPO proceeds to expand the Manda facility, which is expected to increase annual production capacity by 4,000 MT. This 67% increase in capacity is a direct response to the current facilities running at high utilization (82%). It is designed to reduce lead times and capture a larger share of the domestic and international markets.

Strong Industry Tailwinds and Lifestyle-Driven Market Growth: The company is positioned at the forefront of a rapidly expanding industry, with the Indian ceramic tableware market projected to grow from INR 58.5 billion in 2025 to INR 86.2 billion by 2029, representing a robust 10.0% CAGR. This growth is fueled by fundamental shifts in consumer behavior, including rising disposable incomes, an increase in nuclear families, and a transition from traditional materials to design-focused, lifestyle-oriented ceramics. The company's focus on the Clay Craft brand, which already accounts for 84.44% of its revenue, aligns perfectly with these curated consumer preferences.

Global Market Diversification and Export Potential: A significant investment opportunity lies in the company's "China Plus One" strategy, as global buyers increasingly shift sourcing away from China toward India. Indian products are now favored for their cost-efficiency and custom design capabilities, particularly in North America, Europe, and the Middle East. Clay Craft intends to leverage its integrated manufacturing setup covering design, molding, and printing to cater to international retailers and hospitality chains, aiming to build a more resilient and diversified business through high-margin exports.

Valuation & Outlook: Clay Craft India is positioned for significant growth, driven by a 67% capacity expansion through its new Manda facility (Plant 3), which is expected to be operational by March 2027 and contribute an additional INR 1500 Mn in revenue over three years. The company anticipates a structural improvement in profitability, with PAT margins projected to rise from 15% to 19% within two years, supported by a shift toward high-margin exports in the US and Europe and an optimized product mix. Furthermore, the company's focus on direct corporate sales and exports is expected to improve working capital efficiency and drive EBITDA margins toward a target of nearly 32% by FY28. **At the upper band of INR 203, the issue is valued at a P/E ratio of 15.46x, based on FY26 EPS of INR 13.13. We are recommending a "Subscribe for Long Term" rating for this issue.**

Particulars (INR Mn)	FY24 (Standalone)	FY25 (Consolidated)	FY26 (Consolidated)
Revenue	1,454.3	1519.4	1798.8
Growth (% YoY)		*4.5%*	*18.4%*
EBITDA	286.5	353.9	419.5
Margins	*19.7%*	*23.3%*	*23.3%*
PAT	135.0	207.5	270.1
Margins	*9.3%*	*13.7%*	*15.0%*

Management Meet Highlights

Corporate Overview and Management Team

Claycraft is a family-run business with a combined promoter experience of 80 years. The management team includes Deepak Agrawal (Executive Director and CEO/CFO), Vikas Agrawal(Managing Director and Ceramic Engineer), Bharat Agrawal (Executive Director, Marketing and Sales), and Rajesh Agrawal (Full-time Director, Production).

The company operates two in-house brands: Claycraft and JCPL (acquired in 2017). JCPL is positioned as a design-led brand, and both are placed strategically to create internal competition while capturing different market segments.

Financial Performance and IPO Objectives

In the last fiscal year, the company reported revenue of INR 1,800 Mn with a PAT of INR 270 Mn and EBITDA margins consistently between 23–25%. The top line for the current year is projected at INR 2,050 Mn from existing capacities.

The company is raising INR 1,100 Mn via a 100% fresh issue IPO. The primary objective is to invest in CAPEX to increase capacity from 6,000 to 10,000 metric tons over the next two years.

The company expects PAT margins to increase from the current 15% to 19% within two years. This growth is anticipated to be driven by high-margin exports and a shift toward higher-value product mixes.

Operations and Capacity Expansion

The company currently operates two factories in Jaipur and is constructing a third plant (Plant 3), targeted for completion by March 2027.

Plant 3 will be more technologically advanced, utilizing robotics and a turnkey project from Spain to ensure better quality and fuel efficiency.

Existing facilities are running at approximately 82% capacity, with 90–95% considered optimum.

Product Mix and Sales Channels

Claycraft manages approximately 6,000 SKUs, with mugs contributing 40% of revenue due to their entry-level price point and popularity in gifting. Dinnerware and mugs combined account for 75–80% of the revenue mix.

The company has a network of 132 distributors covering nearly 15,000 retail counters. Key sales channels include:

Modern Retail: Large format stores like D-Mart, Reliance Retail, and Home Centre.
Corporate Gifting: Major clients include Sun Pharma, Samsung, Kia, and Microsoft.
Direct HoReCa: Centralized contracts with hotel chains like Barbeque Nation and Lemon Tree Hotels.
E-commerce: Currently contributes 7–8% of revenue and is growing rapidly.

Strategic Growth and Market Outlook

Exports currently contribute 5% of revenue, but the new plant is specifically geared toward international markets like the US and Europe, where margins can reach 45–50%.

The company highlighted the benefit of anti-dumping duties on Chinese ceramics, which created a vacuum in the market that Claycraft is actively filling.

There is a growing trend in India shifting from cheaper materials (plastic, melamine, stainless steel) to ceramics, which are viewed as more lifestyle-oriented and are microwave-safe.

Plans are underway to incorporate a vacuum steel bottle plant (currently a sister concern, Roundcraft) into Claycraft India Limited to further diversify the product line.

Operational Risks and Management

The company uses a diversified fuel mix, including an in-house gasifier, LPG, and natural gas. They recently implemented a 11–12% price revision to pass on fluctuating fuel costs, which was accepted by the market.

Major raw materials like white clay are sourced indigenously, as well as from England and Spain to maintain recipe quality.

Operations are integrated via SAP B1, which manages everything from raw material procurement to finished goods.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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