



IPO Note

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KUSUMGAR LIMITED

JUL 08<sup>th</sup>, 2026



Jul 08<sup>th</sup>, 2026**Details of the Issue**

Price Band	₹ 398 - ₹ 419
Market Cap	₹ 4,399.14 Cr
Face Value	₹ 1
Bid Lot	35
Listing on	BSE,NSE
Investment Range	₹ 13,930 - ₹ 14,665

**Important Indicative Dates (2025)**

Opening	08 - Jul
Closing	10 - Jul
Basis of Allotment	13 - Jul
Refund Initiation	14 - Jul
Credit to Demat	14 - Jul
Listing Date	15 - Jul

**Lead Manager**

Axis Capital Ltd

IIFL Capital Services Ltd

Motilal Oswal Investment Advisors Ltd

**Offer Details**

Offer Size	₹ 650 Cr
Fresh Issue	-
OFS	₹ 650 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	325	7.76	8.17	50
NII	98	2.33	2.45	15
Retail	228	5.43	5.72	35
Em- ploy.	-	-	-	-
Total	650	15.51	16.33	100

**Invest Now****Company Profile**

Kusumgar Ltd manufactures engineered synthetic fabrics, including woven, coated, and laminated fabrics made primarily from polyamide and polyester filaments using polyurethane chemistry. As of March 31, 2026, the company has developed over 1,000 SKUs, catering to diverse industries such as aerospace & defence, industrial & automotive, and outdoor & lifestyle. Its portfolio includes high-performance fabrics for parachutes, tactical gear, stealth systems, rapid deployment systems, automotive applications, industrial tapes, inflatables, activewear, rainwear, luggage, tents, and sleeping bags. The company has also expanded into manufacturing complete aerospace and defence solutions, including parachute systems, camouflage nets, deployable shelters, along with maintenance and repair services. As of March 31, 2026, Kusumgar employed 2,077 people.

**GEPL's Insights & Investment Thesis:**

- Kusumgar is a leading player in high-performance engineered fabrics with over 50 years of expertise and strong entry barriers, creating a durable competitive advantage. The company is well-positioned to benefit from rising defence spending, import substitution, and the China+1 shift, with increasing opportunities in aerospace and defence solutions.
- The company is well-positioned for sustainable growth, supported by high-margin products, strong customer relationships, recurring revenues, expanding exports, and increasing value addition through defence systems.
- Based on the FY26 earnings, relative to the company's paid-up capital, the issue is priced at a P/E ratio of 44.89x. The issue is fairly valued compared to its peers. Therefore, we recommend a "Subscribe" rating for listing gains.

**Business Highlights & Services**

Kusumgar offers a compelling investment opportunity driven by its leadership in high-performance engineered fabrics, backed by over five decades of expertise and a portfolio of more than 1,000 SKUs catering to aerospace & defence, industrial, automotive, and outdoor applications. The company enjoys strong competitive advantages through high entry barriers, including deep technical know-how, long product qualification cycles, customized solutions, strategic technology partnerships, trusted customer relationships in mission-critical applications, and an integrated manufacturing infrastructure. Its advanced capabilities in fine denier fabrics, Nylon 6 & Nylon 66 processing, complex fabric engineering, and coating and lamination technologies enable differentiated products with superior quality and cost efficiency. Further, its expansion into value-added aerospace and defence solutions such as parachute systems, camouflage nets, stealth materials, and deployable shelters, coupled with favourable industry tailwinds from rising defence spending, technical textile adoption, and import substitution, positions the company for sustainable long-term growth.

Kusumgar's diversified presence across four high-performance business segments Aerospace & Defence Fabrics (31.7% of FY26 revenue), Aerospace & Defence Solutions (23.0%), Industrial & Automotive Fabrics (24.4%), and Outdoor & Lifestyle Fabrics (18.6%) provides multiple independent growth drivers and reduces dependence on any single end market. The company has successfully expanded from being a fabric manufacturer to a value-added solutions provider, strengthening its revenue mix and improving margin potential.



Its balanced portfolio enables it to capitalize on structural growth across defence modernization, industrial automation, automotive applications, and premium outdoor products, while mitigating sector-specific demand fluctuations. This diversified business model, coupled with increasing contribution from defence solutions and a broad customer base, supports sustainable long-term revenue growth and enhances business resilience.

Kusumgar has built long-standing relationships with leading domestic and global customers, creating a stable and recurring revenue base while increasing wallet share over time. As of FY26, its top six customers associated with the company for 2 to 9 years contributed ₹3.33 billion, accounting for 49.4% of total revenue, reflecting strong customer trust and retention. The company's ability to consistently supply high-performance, customized products for mission-critical applications has resulted in high customer stickiness, long business cycles, and repeat orders. These enduring relationships, supported by stringent product qualification processes and proven execution capabilities, provide strong revenue visibility and position the company well to capitalize on future growth opportunities with existing and new customers.

Knack Packaging is leveraging the structural shift toward durable and recyclable PLWPP packaging to strengthen its long-term growth prospects while enhancing operational efficiency. Compared with paper bags, PLWPP bags offer superior durability, reusability, lower transportation emissions, and improved recyclability, positioning the company to benefit from increasing customer preference for cost-effective and sustainable packaging solutions. In parallel, the company is adopting solar energy across its manufacturing operations, including its upcoming facility, to reduce power costs, improve energy efficiency, and strengthen its ESG profile. Additionally, its waste-to-value initiative, which converts production scrap into commercially usable materials, supports circular economy practices, reduces material wastage, and creates incremental revenue opportunities. These sustainability-driven initiatives are expected to improve cost competitiveness, enhance margins, and reinforce Knack Packaging's positioning in the evolving sustainable packaging market.

Kusumgar is well-positioned to capitalize on the structural growth in the aerospace and defence sector through its "Build, Retain, and Extend" strategy developing customized solutions for defence customers, strengthening long-term relationships through tailored offerings, and leveraging its expertise to expand across a broader customer base. The company operates in a fast-growing market, with the Indian aerospace and defence engineered fabrics market expected to grow at a 20% CAGR between FY25 and FY30, significantly outpacing global growth, driven by defence indigenization, rising military spending, and the China+1 supply chain shift. As one of the leading global players in military parachute fabrics outside the US and China, Kusumgar is well placed to increase market share while expanding into adjacent aerospace applications such as paragliders, aerostats, and sails. Additionally, its transition from fabric manufacturing to high-value aerospace and defence systems including parachutes, camouflage systems, shelters, and decoys along with its expanding export network across Europe, the Middle East, and North America, provides a strong platform for sustainable revenue growth, margin expansion, and increasing global presence. The company benefits from approvals by global brands such as Decathlon, a highly customized product portfolio with long qualification cycles that enhance customer stickiness, and strong cost competitiveness. It is further expanding into high-value categories such as medical tapes, inflatables, coated and laminated fabrics, and niche industrial applications, while leveraging its export-focused business model to gain market share from global incumbents, supporting sustainable revenue growth and margin expansion.

Kusumgar's strategy of focusing on high-margin, high-entry-barrier products positions it for profitable and sustainable growth. The company derives a significant share of its revenue from specialized products such as aerospace & defence fabrics, parachute systems, custom industrial fabrics, and Nylon 6/66-based solutions, which command superior pricing due to their technical complexity and limited competition. This differentiated product mix has enabled the company to consistently deliver industry-leading profitability, with an EBITDA margin of 27.2% in FY26, reflecting strong operational efficiency, pricing power, and cost discipline, supporting healthy earnings growth over the long term.

Kusumgar is focused on strengthening its long-term competitiveness through continuous investment in R&D, talent acquisition, process innovation, and manufacturing efficiency. The company is expanding its technical capabilities by hiring industry experts and developing new products and proprietary technologies, while optimizing operations through selective outsourcing of non-core processes, automation, and advanced equipment upgrades. Its focus on improving Overall Equipment Effectiveness (OEE), combined with support from government incentives for the textile sector, is expected to enhance productivity and support sustainable margin expansion over the long term.



Business Segment revenue breakup

Particular	FY26		FY25		FY24	
	INR (Cr)	% of revenue	INR (Cr)	% of revenue	INR (Cr)	% of revenue
Aerospace and Defence Fabrics	214	31.67%	370	48.06%	313	68.79%
Aerospace and Defence Solution	155	22.97%	222	28.81%	1	0.19%
Industrial and Automotive Fabrics	165	24.43%	113	14.63%	111	24.44%
Outdoor and Lifestyle Fabrics	125	18.57%	57	7.39%	29	6.40%
Other Sales	16	2.36%	9	1.11%	1	0.17%
<b>Revenue from Operation</b>	<b>675</b>	<b>100%</b>	<b>770</b>	<b>100%</b>	<b>456</b>	<b>100%</b>

Manufactured Revenue vs Services Revenue

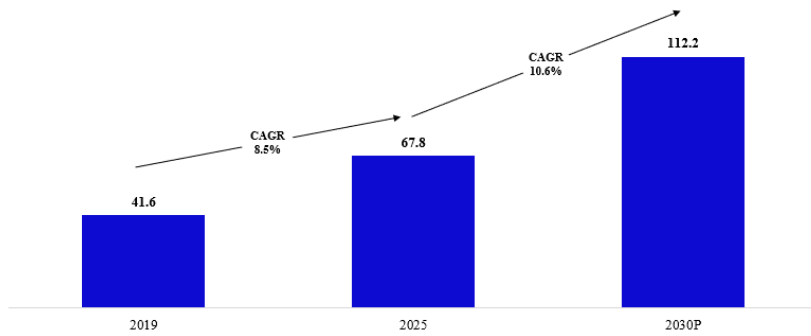
Particular	FY25	FY24	FY23
Sales of Manufactured goods	623	769	455
Sales of Services	53	1	1
<b>Revenue from contracts with customer</b>	<b>675</b>	<b>770</b>	<b>456</b>
Other Operating Income	17	9	12
<b>Revenue from Operation</b>	<b>692</b>	<b>779</b>	<b>468</b>

Domestic vs Export revenue mix

Particular	FY26		FY25		FY24	
	INR (Cr)	% of revenue	INR (Cr)	% of revenue	INR (Cr)	% of revenue
With in India	405	60.01%	591	76.78%	339	74.38%
Outside india	270	39.99%	179	23.22%	117	25.62%
<b>Revenue from Operation</b>	<b>675</b>	<b>100%</b>	<b>770</b>	<b>100%</b>	<b>456</b>	<b>100%</b>

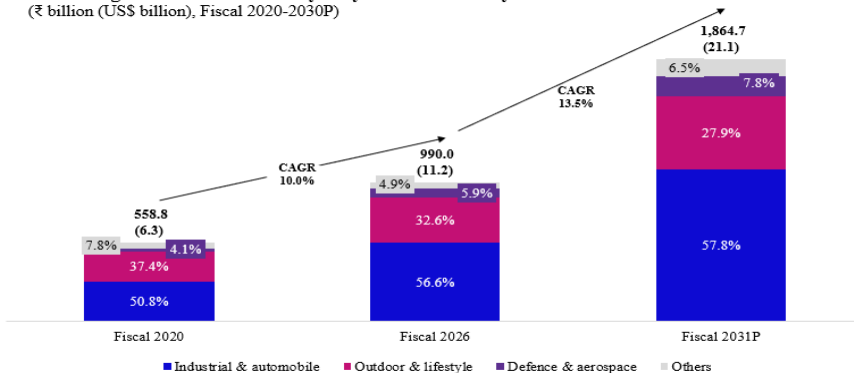
Industry Outlook

**Global engineered fabric industry**  
(US\$ billion, 2019-2030P)



Source(s): I.Lattice analysis

**Indian engineered fabric industry – By end-use industry**  
(₹ billion (US\$ billion), Fiscal 2020-2030P)



Note(s): US\$ 1 = ₹ 88.35  
Source(s): I.Lattice analysis

Peers Comparison

Name of the company	Face Value (₹)	Total Revenue (₹ Cr)	EPS	NAV (₹)	P/E (x)	RONW(%)
Kusumgar Ltd	1	692	9.31	49.56	NA	35.47
<b>Peers Group</b>						
Garware Technical Fibers Ltd	10	1,529	20.01	136	39.80	15.29
Arvind Ltd	10	9,303	15.29	154	32.72	10.91
SRF Ltd	10	15,787	61.91	473	43.72	13.76

Company's Competitive Strength

- The company operate in markets with high entry barriers.
- The technical capabilities allow company to develop and supply unique solutions for the customers.
- It has diversified presence across multiple end-use segments, each of which has independent growth drivers.
- The company has long-standing relationships with key customers.
- It has experienced and visionary Promoters supported by a professional management team. The culture promotes innovation and quality.

Key Strategies Implemented by Company

- Continue to follow a build, retain, extend framework with respect to the aerospace and defence business.
- Continue to work closely with global brands to grow the Outdoor and Lifestyle Fabrics business.
- Steadily grow the Industrial and Automotive Fabrics business by increasing wallet share and providing customized solutions.
- Continue to focus on manufacturing products and solutions with high gross margins and high entry barriers to continue to drive profitable growth.
- Continue to invest in the capabilities and people to support growth, research and development, and efficiency improvement.

Particular (INR in Cr)	FY26	FY25	FY24
Equity Capital	12	10	2
Reserves and Surplus	491	248	138
Net Worth	503	258	140
Revenue	692	779	468
Growth (%)	-11%	66%	
EBITDA	188	188	132
EBITDAM (%)	27%	24%	28%
PAT	98	110	83
PATM (%)	13.8%	14.2%	17.8%
ROE (%)	25.8%	56.3%	86.1%
ROCE (%)	24.8%	42.9%	55.9%



## Notes

### **GEPL Capital Pvt. Ltd**

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