Kusumgar Limited

08th July, 2026

Recommendation	Subscribe
Price Band	Rs.398-Rs.419
Bidding Date	08th July – 10th July, 2026
Book Running Lead Manager	Axis Capital IIFL Capital Motilal Oswal
Registrar	Bigshare Services Private Limited
Sector	Engineered Fabrics
Minimum Retail Application- Detail At Cut off Price	
Number of Shares	35
Minimum Application Money	14,665
Payment Mode	ASBA

Consolidated Financials (Rs Cr)	FY25	FY26
Total Revenue	779	692
EBITDA	188	188
PAT	112	98

Valuations (FY26)	Upper Band
Market Cap (Rs Cr)	4,399
Adj EPS	9
PE	44.8
EV/ EBITDA	24.7
Enterprise Value (Rs Cr)	4640
Post Issue Shareholding Pattern	
Promoters	75.7%
Public	24.3%
Offer structure for different categories	
QIB (Including Mutual Fund)	50%
Non-Institutional	15%
Retail	35%
Post Issue Equity (Rs Cr)	105.0
Issue Size (Rs Cr)	650
Face Value (Rs)	10

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BACKGROUND

Kusumgar Limited manufactures "engineered fabrics" — woven, coated, and laminated synthetic fabrics built primarily from polyamide and polyester filaments and polyurethane chemistry. It has developed over 1,000 unique fabric SKUs (as at March 31, 2026), engineered for properties like tensile strength, tear strength, abrasion resistance, water-proofing and air-permeability. In recent years it has also moved downstream into manufacturing finished products (parachute systems, stealth solutions, and rapid deployment systems) rather than just selling raw fabric. Nearly 40% of revenue came from exports, especially to US.

Objects and Details of the Issue:

Total Issue is Offer for Sale of 1.55cr shares totaling 650 cr

Investment Rationale:

1. High entry barriers and vertical integration support quality control and higher margins.
2. Diversified, defence-tilted revenue base with independent growth drivers.
3. Capacity built ahead of demand, creating operating leverage potential.
4. Good Financial Performance

Risks to Recommendation

1. Lumpiness in Orders along with US tariffs and import exposure
2. Working capital strain
3. US Tariff Impact
4. Issue is fully OFS

Valuation and Recommendation:

Kusumsagar operates in a niche segment of technical textile fabrics and solutions for defence, aerospace and industrial applications. High Entry barriers, vertically integrated and customer stickiness gives a competitive moat to the Company. Moreover, it's Revenue CAGR Growth of 22% over last 2 years along with superior profitability and Return Ratios provides edge against its peers and comfort over the lumpiness in the business. Stock is available at a P/E of 44.8x and EV/EBITDA of 24.7x its FY26 earnings and we recommend '**Subscribe**' to the issue.

Financials	FY24	FY25	FY26
Net Revenues	467.9	779.0	692.0
Growth (%)		13%	12%
EBITDA	131.8	188.4	187.9
EBITDA (Margin %)	28%	24%	27%
PBT	115.1	150.8	135.0
Adjusted PAT	84.4	112.0	98.2
EPS	8.0	10.7	9.4
ROCE	44%	28%	18%
EV/Sales	9.9	6.0	6.7
EV/ EBITDA	35.2	24.6	24.7
P/E	52.1	39.3	44.8

Company Background

Kusumgar Limited is a manufacturer of "engineered fabrics" — woven, coated and laminated technical fabrics built from polyamide, polyester and other synthetic yarns, engineered for tensile strength, abrasion resistance, waterproofing and flame retardance. The company has developed over 1,000 unique fabric SKUs and has, in recent years, moved downstream into manufacturing finished products (parachute systems, camouflage/stealth solutions) in addition to selling raw fabric.

Four market segments:

Segment	FY26 Revenue	% of Revenue
Aerospace & Defence fabrics	213.7	31.7%
Aerospace & Defence solutions	155.0	23.0%
Industrial & Automotive Fabrics	164.9	24.4%
Outdoor & Lifestyle Fabrics	125.3	18.6%
Other sales (Yarn, chemicals, Job-work)	15.9	2.4%

The company's revenue comes from four market segments:

1. **Aerospace & Defense Fabrics:** This segment supplies raw fabric for parachutes, tactical clothing, and stealth / camouflage systems— largely to an Indian government customer plus exports.

2. **Aerospace & Defense Solutions:** In this segment company moved from selling fabric to selling **finished, assembled products** — parachute systems, camouflage nets, decoys/shelters — plus maintenance/repair service agreements.

3. **Industrial & Automotive Fabrics:** This segment has four sub-segments — tape fabrics (for automotive wire harnesses, shoe/leather industry), custom fabric solutions (sunroofs, convertible tops, railway/medical fabrics), mechanical rubber goods fabrics (hoses, belts), and inflatable fabrics (rafts, evacuation slides).

4. **Outdoor & Lifestyle Fabrics:** This segment comprises of fabric for active wear, rainwear, and "hard lines" like backpacks/tents/luggage — sold via a model where global brands nominate the company as fabric supplier to specific garment fabricators/manufacturers (e.g., Kusumgar is a nominated supplier for Decathlon's fabricators, though it doesn't contract with Decathlon directly).

Other Insights:

1. **Customer concentration**: Top customer = 11.1% and top 10 customers = 59.5% of FY26 revenue from contracts

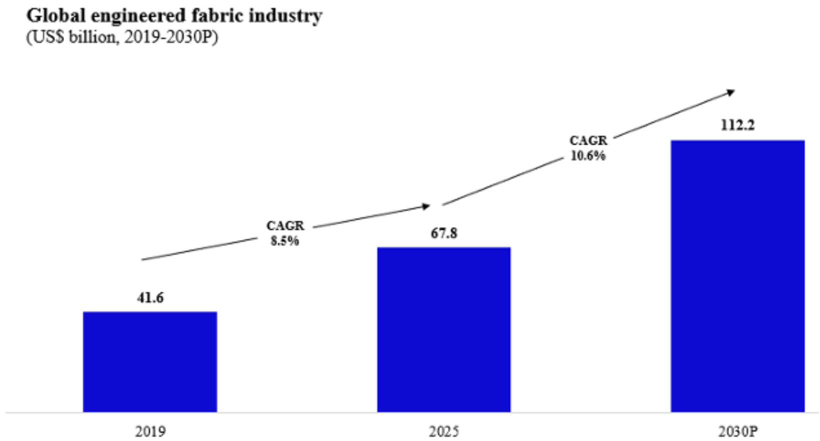
2. **Mix of government and private customers**: Government-owned entities were 15.1% of FY26 revenue; non-government 84.9%.

3. **Geographic mix**: 60.0% India, 39.9% exports (US, Germany, France, Sri Lanka, South Africa, and others) in FY26.

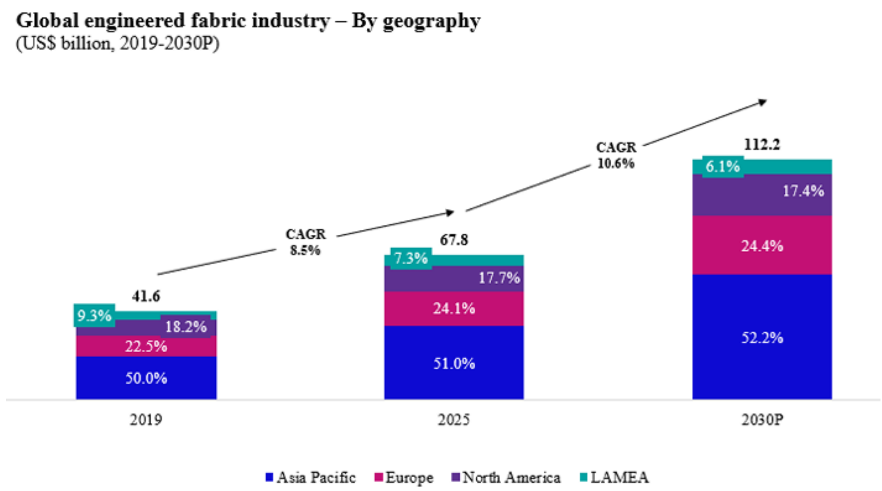
Industry

Engineered fabrics are a subset of technical textiles — custom-made fabrics engineered via advanced manufacturing techniques for functional performance (durability, moisture resistance, breathability, tensile strength) rather than aesthetics. They are used across defense (ballistic protection, tactical gear, stealth systems), aerospace (parachutes, evacuation slides, life vests), industrial (filtration, conveyor belts), automotive (carpets, roofing, tapes, airbags, tyre cords), outdoor/lifestyle (luggage, backpacks, athleisure), sports, construction (geotextiles), and medical (wound dressings, surgical drapes) applications.

Global Market Size



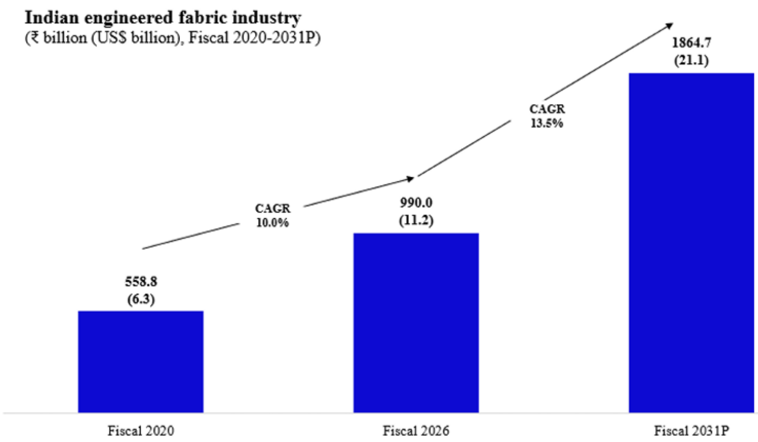
Overall market: Global market grew from US$ 41.6 billion (2019) to US$ 67.8 billion (2025) — a CAGR of 8.5% — and is projected to reach US$ 112.2 billion by 2030 (CAGR of 10.6%, 2025-2030)



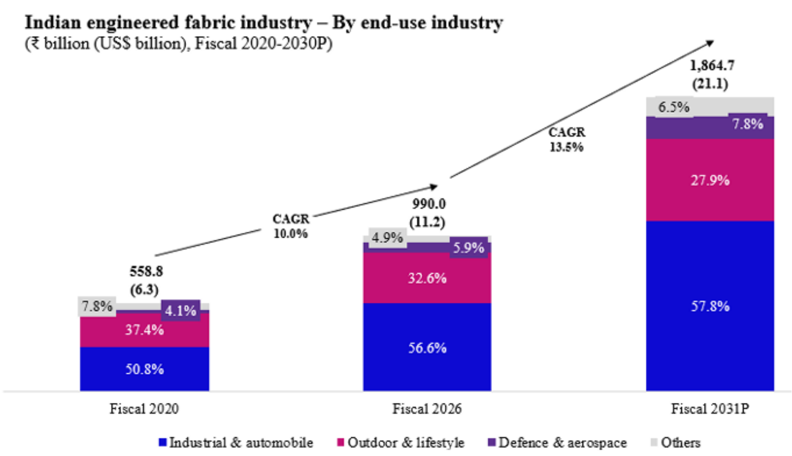
By geography (2025): Asia Pacific leads with ~51.0% share, followed by Europe (~24.1%) and North America (~17.7%); Asia Pacific's share is projected to rise further to ~52.2% by 2030.

Growth drivers: Expanding applications, growing regional manufacturing capabilities, sustainability trends (eco-friendly fabrics), and urban development.

Indian Market size



India's engineered fabrics industry grew from Rs. 558.8 billion (US$ 6.3 bn) in FY20 to Rs. 990.0 billion (US$ 11.2 bn) in FY26 — a CAGR of 10.0% — and is projected to reach Rs. 1,864.7 billion (US$ 21.1 bn) by FY31, at a CAGR of 13.5% (FY26-FY31).



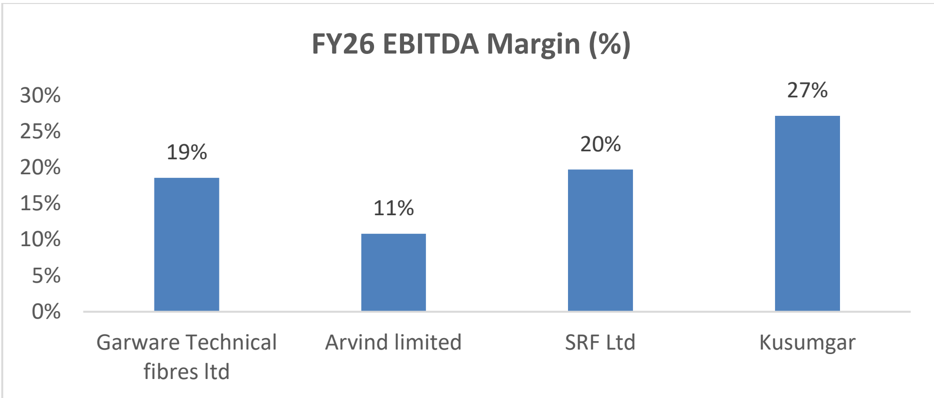
By end-use industry (FY26): Industrial & Automobile dominates with ~56.6% share, followed by Outdoor & Lifestyle (~32.6%) and Defence & Aerospace (~5.9%). By FY31, Industrial & Automobile is projected to rise slightly to ~57.8%, Outdoor & Lifestyle to fall to ~27.9%, and Defence & Aerospace to rise to ~7.8% — i.e., the segment Kusumgar over-indexes on (Defence & Aerospace) is the fastest-growing of the three by share gain.

Growth drivers: Strong government policy support (PLI, Make in India, National Technical Textiles Mission targeting exports of US$ 10 billion by 2030 vs. US$ 2.5 billion in 2023), R&D advancement in high-specialty fabrics, China+1 supply-chain diversification benefiting India as a sourcing hub, and rising adoption of sustainable/high-tech textiles.

Investment Rationale

High entry barriers and vertical integration support quality control and higher margins

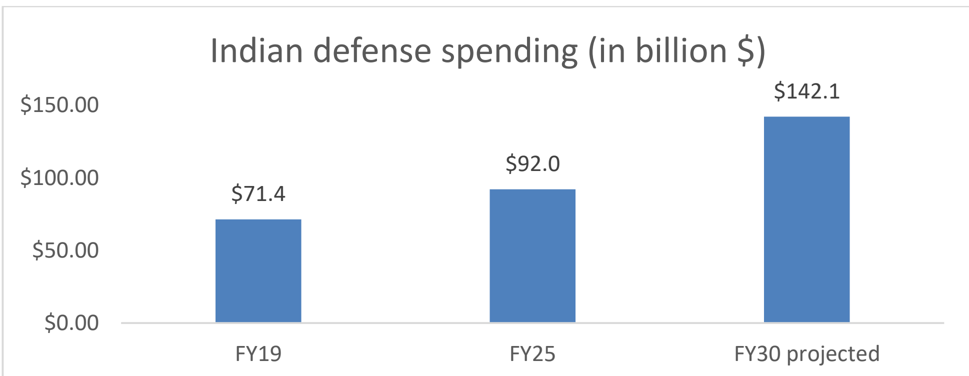
Life-preserving product sensitivity, brand/manufacturer partnerships, and scale of capital and infrastructure required to compete all make it hard for new competitors to enter. Company has maintained a vertically integrated model where all stages of manufacturing takes place in house, outsourcing selectively only where differentiation is limited. This helps in supporting faster turnaround and tighter quality control versus a more fragmented, outsourced model. The Company reported the highest EBITDA Margin of 27% among its listed benchmark peers (Garware Technical Fibres, Arvind, SRF) in FY26.



Source: Co and NBRR

Diversified, defense-tilted revenue base with independent growth drivers

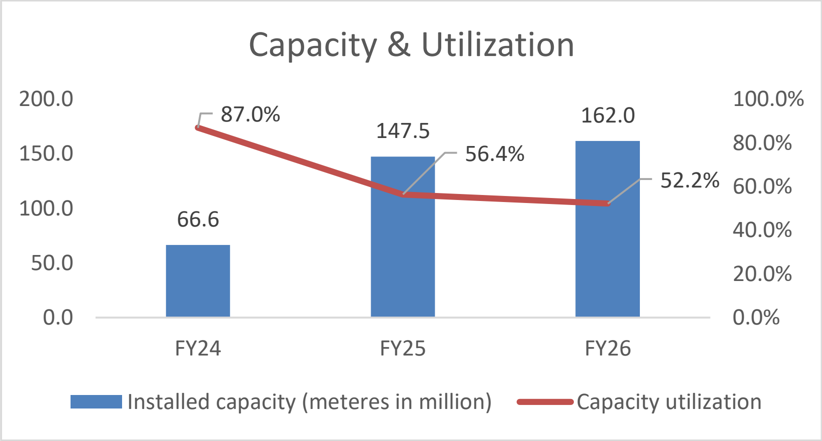
Revenue is spread across four segments — Aerospace & Defense Fabrics (31.67% of FY26 revenue), Industrial & Automotive Fabrics (24.43%), Aerospace & Defense Solutions (22.97%), and Outdoor & Lifestyle Fabrics (18.57%). Aerospace & Defense together made up ~54.6% of FY26 revenue, aligning the Company with India's defense spending, which is growing from US$71.4 billion (FY19) to US$92.0 billion (FY25) and projected to reach US$142.13 billion by FY30 (9.1% CAGR from FY24-30).



Source: Co and NBRR

Capacity built ahead of demand, creating operating leverage potential

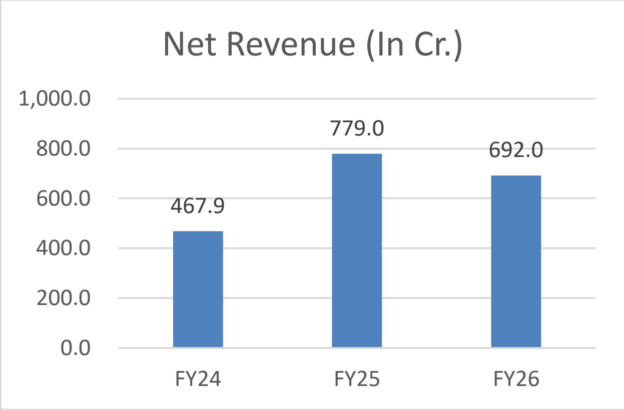
Installed capacity increased from 66.6 million meters (FY24) to 162 million meters (FY26). As utilization recovers from the current ~52.2% (FY26) toward the ~87% level last seen in FY24, incremental volume can be absorbed with limited additional fixed-cost investment, which will help in margin expansion as higher capacity utilization spreads fixed costs over more units, boosting margins.

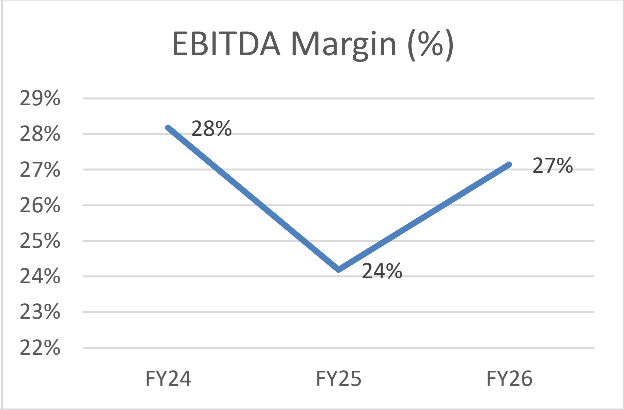


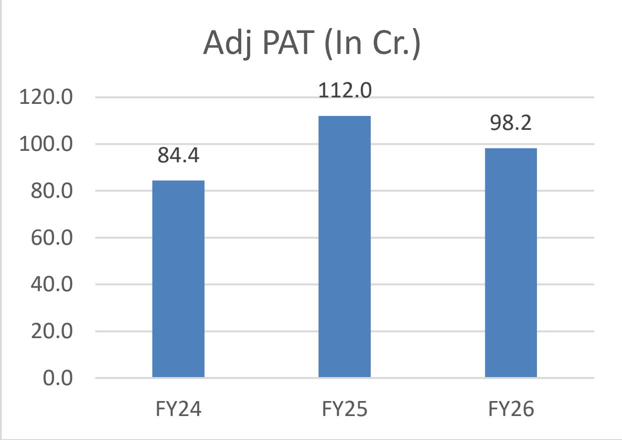
Source: Co and NBRR

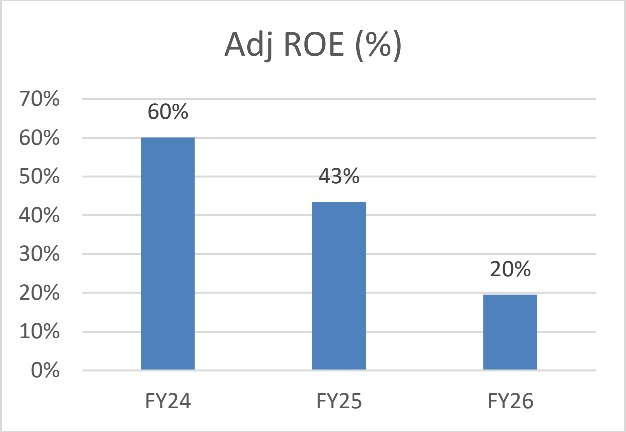
Good financial performance

The company's Revenue CAGR Growth for last 2 years is higher (22%) than its listed peers growth rate, company is able to deliver better EBITDA and PAT margins of 27% and 14% in FY26 along with higher ROCE of 21.7% and ROE of 19.5%. These return ratios and profitability ratios were higher compared to its listed peers. ROE declined was driven by equity/capital base growth.









Risks to Investment

- **Zero primary capital raised**: This is a 100% OFS; the Company gets no IPO proceeds. All Rs. 650 Cr goes to three Promoter individuals/HUF, who will still retain roughly three-fourths of the company post-listing.
- **Lumpiness in orders:** Revenue fell 11.2% YoY in FY26 (Rs. 778.99 Cr to Rs. 692.00 Cr) after a large one-off order in FY25 within aerospace and defense fabrics segment wasn't repeated in FY26. FY25's outsized growth (+66.49%) was driven substantially by a single large order of Combat Free Fall (CFF) parachute systems which company won within the Aerospace and defense solutions segment. This shows that recent growth trends should be seen with caution.
- **Working capital strain:** The working capital cycle worsened from 104 days (FY24) to 191 days (FY26), and operating cash flow was negative in FY25.
- **US tariff and import exposure:** Exports were ~40% of FY26 revenue with meaningful US exposure amid an evolving US tariff regime; ~39% of raw material cost is imported, concentrated in Taiwan.

Valuation and Recommendation

Kusumsagar operates in a niche segment of technical textile fabrics and solutions for diversified industrial applications. High Entry barriers, vertically integrated and customer stickiness gives a competitive moat to the Company. Moreover, it's Revenue CAGR Growth of 22% over last 2 years along with superior profitability and Return Ratios provides edge against its peers and comfort over the lumpiness in the business. Stock is available at a P/E of 44.8x and EV/EBITDA of 24.7x its FY26 earnings and we recommend '**Subscribe**' to the issue.

Peer Comparison

FY26	Garware Technical fibres ltd	Arvind limited	Average	Kusumgar
Revenue	1,529	9,303	5416	692
CAGR (FY24-26)	7%	10%	9%	22%
EBITDA Margin	18.6%	10.8%	15%	27.1%
Asset Turns (x)	0.8	1.1	0.9	0.8
ROCE	17.3%	14.4%	16%	21.7%
ROE	14.7%	10.6%	13%	19.5%
Debt/Equity	0.0	0.4	0.2	0.4
EV/EBITDA	9.0	16.3	13	24.7
P/E	34.9	36.0	35	44.8

Financials

P&L (Rs. Cr)	FY24	FY25	FY26
Net Revenue	**467.9**	**779.0**	**692.0**
% Growth		*66%*	*-11%*
COGS	177.0	360.2	264.7
% of Revenues	*38%*	*46%*	*38%*
Employee Cost	41.5	65.6	88.2
% of Revenues	*9%*	*8%*	*13%*
Other expenses	117.6	164.8	151.3
% of Revenues	*25%*	*21%*	*22%*
EBITDA	**131.8**	**188.4**	**187.9**
EBITDA Margin	*28%*	*24%*	*27%*
Depreciation	17.1	34.2	46.7
Other Income	6.6	11.2	19.8
Interest (Finance cost)	6.3	14.6	26.0
Exceptional Item	0.0	**0.0**	0.0
PBT	**115.1**	**150.8**	**135.0**
PBT Margin	*25%*	*19%*	*20%*
Share of profit / (Loss) of jv	*0.0*	*0.0*	*0.0*
Tax	30.7	38.8	36.8
Tax rate	*0.3*	*0.3*	*0.3*
Adj PAT	**84.4**	**112.0**	**98.2**
PAT Margin	*18%*	*14%*	*14%*
% Growth		*0.3*	*(0.1)*
EPS (Post Issue)	**8.0**	**10.7**	**9.4**

Ratios & Others	FY24	FY25	FY26
Debt / Equity	0.8	1.2	0.6
EBITDA Margin (%)	28%	24%	27%
PAT Margin (%)	18%	14%	14%
Adj ROE (%)	60%	43%	20%
Adj ROCE (%)	44%	28%	18%

Turnover Ratios	FY24	FY25	FY26
Debtors Days	32.9	26.3	123.0
Inventory Days	112.1	64.1	102.8
Creditor Days	40.8	22.1	35.2
Asset Turnover (x)	0.8	1.2	0.8
Working capital cycle	104	68	191

Valuation Ratios	FY24	FY25	FY26
Price/Earnings (x)	52.1	39.3	44.8
EV/ EBITDA (x)	35.2	24.6	24.7
EV/Sales (x)	9.9	6.0	6.7
Price/BV (x)	31.3	17.1	8.7

Balance Sheet (Rs. Cr)	FY24	FY25	FY26
Equity Share Capital	2.0	10.1	11.9
Instruments equity in nature	0.0	0.0	0.0
Other Equity/non controlling interest	138.4	247.6	491.1
Networth	**140.4**	**257.8**	**503.0**
Total Loans	**118.8**	**302.2**	**288.5**
Other non-curr liab.	5.3	4.3	4.6
Trade payable	52.3	47.2	66.8
Other Current Liab	268.0	21.0	42.3
Other current liabilities	130.8	9.7	14.8
Other financial liabilities	133.7	10.4	11.7
Employee benefit obligations	0.5	0.9	0.2
Current tax liabilities	3.0	0.0	15.6
Total Equity & Liab.	**584.7**	**632.4**	**905.1**
Property, Plant and Equipment	136.7	171.9	235.7
Capital work in progress	8.4	45.2	26.3
Other intangible assets	0.2	0.1	0.3
Right-of-use assets	49.2	60.6	70.6
Non Currrent Financial assets	19.6	20.9	35.2
Investments	12.2	15.0	15.4
Other financial assets	7.4	6.0	19.7
Other non Curr. Assets + Deferred tax assets	8.3	22.4	3.9
Inventories	143.7	136.9	194.9
cash and cash equivalents	32.7	30.5	26.8
Bank bal	110.6	10.7	21.2
Trade receivables(debtor)	42.2	56.1	233.3
Loans	0.0	15.6	0.0
Other financial assets	2.7	23.8	18.9
Other Current assets	30.4	37.7	38.1
Total Assets	**584.7**	**632.4**	**905.1**

Cash Flow (Rs. Cr)	FY24	FY25	FY26
Profit Before Tax	115.1	150.8	135.0
Provisions & Others	16.0	44.4	72.8
Op. profit before WC	**131.1**	**195.2**	**207.8**
Change in WC	95.6	(306.3)	(162.0)
Less: Tax	(25.7)	(43.9)	(17.5)
CF from operations	**201.0**	**(155.0)**	**28.3**
Purchase of assets	(78.0)	(106.7)	(69.6)
Sale of property	0.5	0.8	0.2
Net movement in bank deposits	(113.8)	102.2	(35.6)
Changes in ROU and lease liabilities	0.0	0.0	(0.7)
Interest received	2.6	5.9	3.1
Purchase of investments	(10.8)	0.0	0.0
Acquisition of subsidiary	0.0	0.0	0.0
CF from Investing	**(199.6)**	**2.1**	**(102.7)**
Payment of lease liabilities	(3.7)	(6.1)	(7.6)
Proceeds/ Repayment Borrowings	28.8	169.2	(22.9)
Proceeds from issue of CCPS	0.0	0.0	124.5
Interest paid (borrowings & lease)	(3.9)	(12.4)	(24.2)
CF from Financing	**21.2**	**150.7**	**69.7**
Net Change in cash	**22.6**	**(2.2)**	**(4.7)**
Cash & Bank at beginning	10.1	32.7	30.5
Effect of Exchange fluctuation	0.0	(0.0)	1.0
Cash & Bank at end	32.7	30.5	26.8

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