

Retail Research	IPO Note
Sector: Textile	Price Band (Rs): 398 – 419
06 th July 2026	Recommendation: SUBSCRIBE for Long Term

Kusumgar Ltd.

Company Overview:

Kusumgar Ltd. is engaged in manufacturing of engineered fabrics comprising woven, coated and laminated synthetic fabrics. The company's products are based mainly on polyamides and polyester filaments, which uses polyurethane chemistry. As of Mar'26, the product portfolio boasts of over 1,000 unique fabric configurations (SKUs), addressing growing demand across market segments. The company manufacture products for four market segments: (i) Aerospace and Defense Fabrics; (ii) Aerospace and Defense Solutions; (iii) Industrial and Automotive Fabrics; and (iv) Outdoor and Lifestyle Fabrics. It operates six manufacturing facilities, based out of Gujarat, and one fabrication unit in UP with an output capacity of ~128 mn metres as of Mar'26.

Key Highlights:

1. High entry barriers: The company is engaged in an industry with high entry barriers which includes deep technical knowledge, long product approval cycles, customized solutions, partnerships with leading brands and manufacturers, customer loyalty and manufacturer size and infra. These factors acts as a moat and insulates Kusumgar from threat of new entrants and ensures better growth prospects, underpinned by technical know-how and a diversified product portfolio.

2. Strong technical capabilities: Kusumgar boasts of strong and varied technical capabilities which enables it to develop and supply unique solutions for the customers. Some key technical capabilities includes (i) light fabrics made of finer denier yarns; (ii) ability to handle Nylon 6 and Nylon 66; (iii) complex fabric engineering; and (iv) coating and lamination. An integrated fabric value chain ensures consistency, reliability and ability to manage quality and optimize costs by driving efficiencies, eliminating redundancies, and leveraging scale. Leveraging such technical strengths, the company has been able to develop and supply unique solutions such as 0.75 ounces per square yard fabrics for parachutes, infrared reflective fabrics, fabrics for extreme cold weather clothing, and fabrics for multi-spectral camouflage systems.

3. Partnerships and knowledge transfers: Through licensing and co-development arrangements with customers, the company is able to gain access to proprietary technologies and specialized know-how. This helps accelerate product development cycles and allows the company to participate in the programs which are often global in scope and highly sophisticated. These partnerships enhance its credibility with both government and private sector customers, opening doors to new tenders and programs. Furthermore, by embedding the fabrics and solutions into the partner's design architecture, the company effectively locks in long-term demand, which provides revenue visibility.

Valuation: Kusumgar Ltd., engaged in engineered fabrics manufacturing caters to a marquee clientele underpinned by deep technical know-how, specialized technical capabilities and customer relationships. Furthermore, co-development arrangements with clients helps widen technical capabilities which act as a competitive edge. The company also stands to benefit from the slew of FTAs with other trading nations which is expected to boost export business. At upper price band of Rs 419, the issue is valued at a FY26 P/E of 44.8x. Though, this multiple is higher than its peers, it is in line when adjusted for higher growth across revenue and industry leading EBITDA and PAT margins. We recommend investors to SUBSCRIBE to the issue for long-term investment horizon.

Issue Details	
Date of Opening	08 th July 2026
Date of Closing	10 th July 2026
Price Band (Rs)	398 – 419
Issue Size (Rs cr)	650
Offer for Sale (Rs cr)	650
No. of shares	1,55,13,126 @ upper price band
Face Value (Rs)	1.0
Post Issue Market Cap (Rs cr)	4,179 – 4,399
BRLMs	Axis Capital Ltd., IIFL Capital Services Ltd., Motilal Oswal Investment Advisors Ltd.
Registrar	Bigshare Services Pvt. Ltd.
Bid Lot	35 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NII shares	15%

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	9,49,91,369	90.5
Public & Others	1,00,00,003	9.5
Total	10,49,91,372	100.0

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	7,94,78,243	75.7
Public & Others	2,55,13,129	24.3
Total	10,49,91,372	100.0

Selling Shareholders (OFS)	Classification	Amount (Rs cr)
Siddharth Yogesh Kusumgar	Promoter	420.0
Sapna Siddharth Kusumgar	Promoter	200.0
Siddharth Yogesh Kusumgar HUF	Promoter	30.0
Total		650.0

Source: RHP, SBICAP Securities Research

Key Financials

Particulars (Rs cr)	FY24	FY25	FY26
Revenue from operations	468	779	692
EBITDA	132	188	188
PAT	84	112	98
EBITDA Margin (%)	28.2	24.2	27.1
PAT Margin (%)	18.0	14.4	14.2
RoE (%)	60.1	43.4	19.5
RoCE (%)	56.0	32.8	22.2
P/E (x)*	52.1	39.3	44.8
EV/EBITDA (x)*	32.9	24.4	24.4

**Note: Pre-issue P/E and EV/EBITDA based on upper price band
Source: RHP, SBICAP Securities Research*

Risk Factors

- **Customer concentration:** Kusumgar's top customer and top 10 customers contributed 11.1% and 59.5%, respectively, of its revenue from contracts with customers for FY26. Any decrease in sales to such customers or the loss of such customers could have an adverse effect on the business and cash flows.
- **Operational concentration:** All six of its manufacturing facilities are in the state of Gujarat. Any significant social, political, economic or seasonal disruption, natural calamities or civil disruptions in Gujarat could have an adverse effect on operations.
- **Cash flows risk:** Cash flows generation has been tepid over the last two years with negative cash flows from operating activities in FY25. Continued moderate or negative cash flows from operating activities could adversely affect business operations.
- **Legal litigations:** There are outstanding legal and regulatory proceedings involving the company and certain of its directors and promoters that are pending at different levels of adjudication before various courts, tribunals and other authorities. One of the service providers engaged by the company, Collage Design Private Limited has filed a petition dated December 6, 2025 under Section 9 of the IBC, 2019, before the NCLT against the company, seeking initiation of corporate insolvency resolution process claiming an outstanding amount of Rs 2.2 cr arising from unpaid invoices. As of Mar'26, the company has accounted Rs 1.0 cr contingent liabilities for litigation.
- **Regulatory risk:** The company's exports accounted for ~40% of revenue in FY26. Any changes in government regulations or policies affecting international trade or any downturn in the macroeconomic environment or geopolitical risks in India, the United States or the EU may have an adverse effect on the business.
- **Working capital days ballooning:** Working capital cycle has expanded from 136 days in FY25 to 343 days in FY26. An elevated WCC may impact the financials and operations of the company.

Growth Strategies

- To follow a build, retain, extend framework with respect to the aerospace and defence business.
- 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.

Segment-wise Revenue Split

Particulars	FY24		FY25		FY26	
	Rs cr	as % of RFO	Rs cr	as % of RFO	Rs cr	as % of RFO
Aerospace and Defence Fabrics	313	68.8	370	48.1	214	31.7
Aerospace and Defence Solutions	1	0.2	222	28.8	155	23.0
Industrial and Automotive Fabrics	111	24.4	113	14.6	165	24.4
Outdoor and Lifestyle Fabrics	29	6.4	57	7.4	125	18.6
Other sales	1	0.2	9	1.1	16	2.4
Revenue from Operations (RFO)	456	100.0	770	100.0	675	100.0

Source: RHP, SBICAP Securities Research

Customer-wise Revenue Split

Particulars	FY24		FY25		FY26	
	Rs cr	as % of RFO	Rs cr	as % of RFO	Rs cr	as % of RFO
Government-owned entities	15	3.3	267	34.7	102	15.1
Non-government-owned companies	440	96.7	503	65.3	573	84.9
Revenue from Operations (RFO)	456	100.0	770	100.0	675	100.0

Source: RHP, SBICAP Securities Research

Geography-wise Revenue Split

Particulars	FY24		FY25		FY26	
	Rs cr	as % of revenue from contracts	Rs cr	as % of revenue from contracts	Rs cr	as % of revenue from contracts
Within India	339	74.4	591	76.8	405	60.0
Outside India	117	25.6	179	23.2	270	40.0
Revenue from contracts with customers	456	100.0	770	100.0	675	100.0

Source: RHP, SBICAP Securities Research

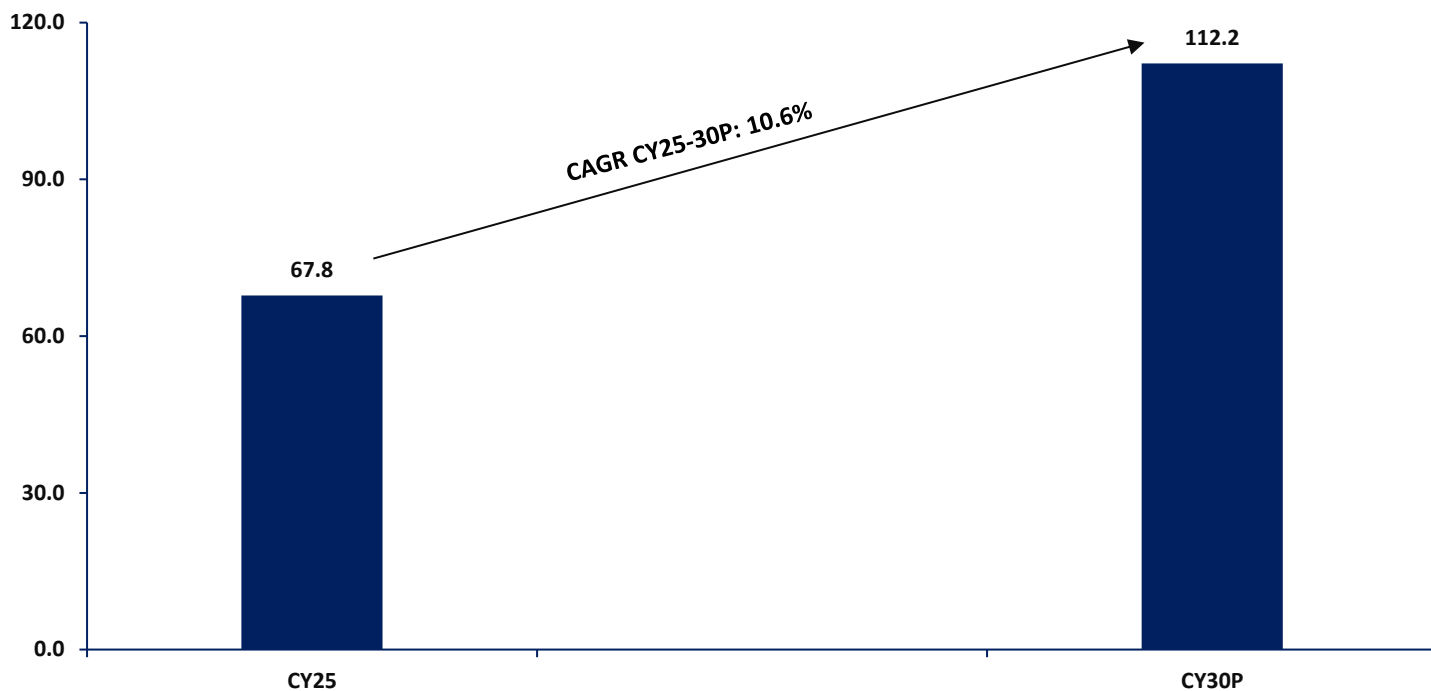
Key Manufacturing Facilities Metrics

Particulars	FY24		FY25		FY26	
	Installed Capacity (mn metres)	Capacity Utilisation (%)	Installed Capacity (mn metres)	Actual Production (mn metres)	Installed Capacity (mn metres)	Capacity Utilisation (%)
Processing Dyeing, Finishing, Printing and Coating Factories						
Vapi	25.6	94.4	25.6	19.2	25.6	57.8
ECFPL (Coating)	21.3	94.3	21.3	11.4	21.3	25.0
Karanj	-	-	59.6	11.2	59.6	59.1
Karanj (Coating)	-	-	21.3	4.6	21.3	37.2
Total	46.9	94.3	127.8	46.5	127.8	49.5
Weaving Facilities						
Kosamba Weaving 1	13.3	81.8	13.3	9.9	13.3	51.1
Kosamba Weaving 2	6.4	77.6	6.4	6.1	6.4	93.3
Kosamba Weaving 3	-	-	-	-	14.5	59.4
Total	19.7	79.7	19.7	16.0	34.2	62.5

Source: RHP, SBICAP Securities Research

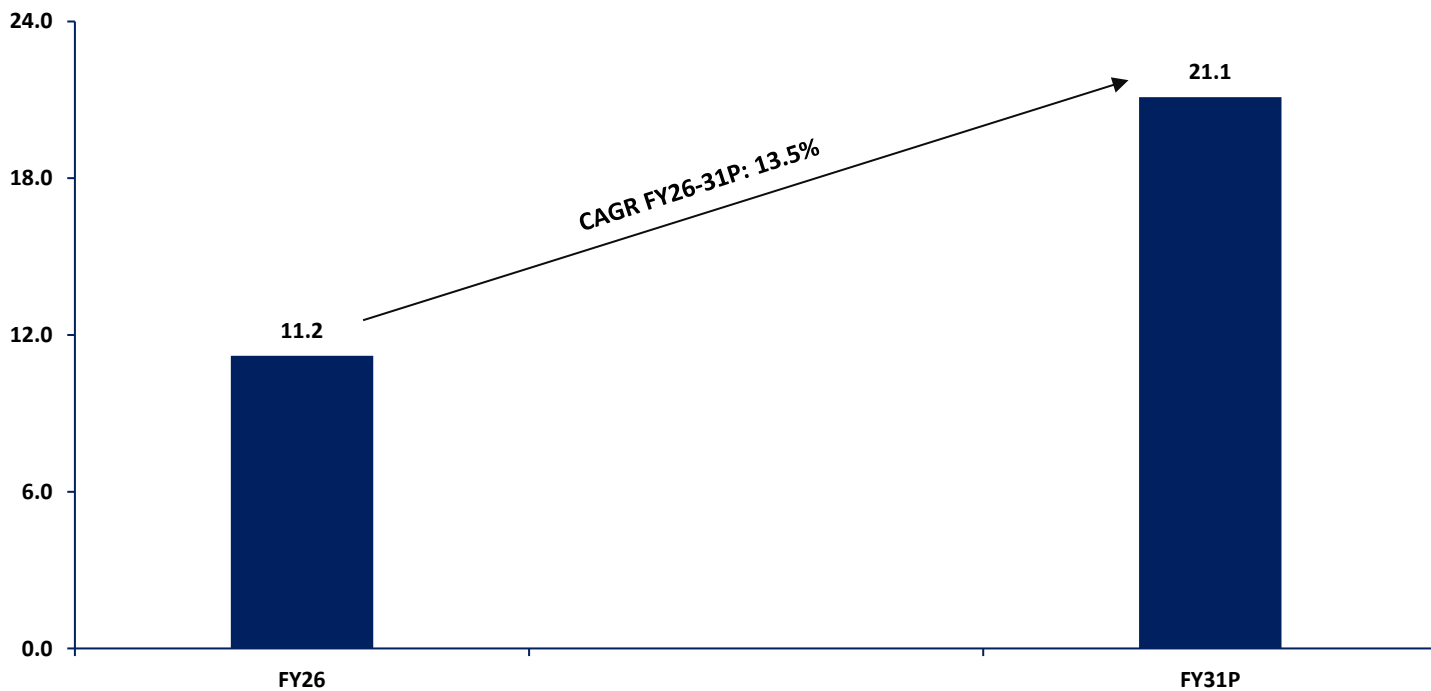
Industry Overview

Global Engineered Fabric Industry (USD bn)



Source: RHP, SBICAP Securities Research

Indian Engineered Fabric Industry (USD bn)



Source: RHP, SBICAP Securities Research

Peer Comparison – FY26

Particulars (Rs cr)	Kusumgar Ltd.	Garware Technical Fibres Ltd.	Arvind Ltd.	SRF Ltd.
CMP (Rs)	419	729	569	2,794
Sales	692	1,529	9,303	15,787
<i>Sales – Technical Division</i>	<i>692</i>	<i>1,529</i>	<i>1,839</i>	<i>1,877</i>
EBITDA	188	284	1,004	3,410
<i>EBITDA – Technical Division</i>	<i>188</i>	<i>284</i>	<i>277</i>	<i>190*</i>
Net Profit	98	209	426	1,903
Mkt Cap.	4,399	7,241	14,908	82,808
Enterprise Value	4,575	7,141	16,186	87,201
EBITDA Margin (%)	27.1	18.6	10.8	21.6
<i>EBITDA Margin – Technical Division</i>	<i>27.1</i>	<i>18.6</i>	<i>15.1</i>	<i>10.1*</i>
Net Profit Margin (%)	14.2	13.7	4.6	12.1
P/E (x)	44.8	34.6	35.0	43.5
EV/EBITDA (x)	24.4	25.1	16.1	25.6
RoE (%)	19.5	15.4	10.5	13.6
RoCE (%)	22.2	21.4	14.2	14.0
EV/Sales (x)	6.6	4.7	1.7	5.5

For Kusumgar Ltd., Market Cap, P/E(x), Market Cap/Sales(x) are calculated on post-issue equity share capital based on the upper price band.

*EBIT for SRF Ltd.

Source: RHP, SSL Research

CMP for peer companies is closing price as of 03rd July, 2026

Financial Snapshot

INCOME STATEMENT			
Particulars (Rs cr)	FY24	FY25	FY26
Revenue from Operations	468	779	692
YoY growth (%)	-	66.5%	-11.2%
COGS (incl Stock Adj)	177	360	265
Gross Profit	291	419	427
Gross margins (%)	62.2%	53.8%	61.7%
Employee Cost	41	66	88
Other Operating Expenses	118	165	151
EBITDA	132	188	188
EBITDA margins (%)	28.2%	24.2%	27.1%
Other Income	7	11	20
Interest Exp.	6	15	26
Depreciation	17	34	47
PBT	115	151	135
Exceptional item	-	-	-
Tax	31	39	37
PAT	84	112	98
PAT margin (%)	18.0%	14.4%	14.2%
EPS (Rs)	8.0	10.7	9.4

BALANCE SHEET			
Particulars (Rs cr)	FY24	FY25	FY26
Assets			
Net Block	137	172	236
Capital WIP	8	45	26
Intangible Assets	0	0	0
Intangible Assets under development	-	-	-
Goodwill	-	-	-
Right of use assets	49	61	71
Other Non-current Assets	28	43	39
Current Assets			
Current Investment	-	-	-
Inventories	144	137	195
Trade receivables	42	56	233
Cash and Bank Balances	143	41	48
Short-term loans and advances	-	16	-
Other Current Assets	33	61	57
Total Current Assets	362	311	533
Current Liabilities & Provisions			
Trade payables	52	47	67
Other current liabilities	268	21	42
Short-term provisions	-	-	-
Total Current Liabilities	320	68	109
Net Current Assets	42	243	424
Total Assets	264	564	796
Liabilities			
Share Capital	2	10	12
Reserves and Surplus	138	248	491
Total Shareholders' Funds	140	258	503
Total Debt	77	247	224
Lease Liabilities	42	56	65
Other Long-Term Liabilities	2	3	2
Net Deferred Tax Liability	3	2	3
Total Liabilities	264	564	796

Cash Flow Statement (Rs cr)	FY24	FY25	FY26
Cash flow from Operating Activities	201	(155)	28
Cash flow from Investing Activities	(200)	2	(103)
Cash flow from Financing Activities	21	151	70
Free Cash Flow	123	(262)	(41)

RATIOS			
Particulars	FY24	FY25	FY26
Profitability			
Return on Capital Employed	56.0%	32.8%	22.2%
Return on Equity	60.1%	43.4%	19.5%
Margin Analysis			
Gross Margin	62.2%	53.8%	61.7%
EBITDA Margin	28.2%	24.2%	27.1%
Net Profit Margin	18.0%	14.4%	14.2%
Short-Term Liquidity			
Current Ratio (x)	1.0	1.3	2.2
Quick Ratio (x)	0.6	0.7	1.4
Avg. Days Sales Outstanding	33	26	123
Avg. Days Inventory Outstanding	296	139	269
Avg. Days Payables	57	29	48
Fixed asset turnover (x)	3.4	4.5	2.9
Debt-service coverage (x)	1.5	0.6	0.6
Long-Term Solvency			
Total Debt / Equity (x)	0.5	1.0	0.4
Interest Coverage Ratio (x)	19.2	11.3	6.2
Valuation Ratios*			
EV/EBITDA (x)	32.9	24.4	24.4
P/E (x)	52.1	39.3	44.8
P/B (x)	31.3	17.1	8.7
EV/Sales (x)	9.3	5.9	6.6
P/Sales (x)	9.4	5.6	6.4

*Valuation ratios are based on pre-issue capital at the upper price band
Source: RHP, SBICAP Securities Research

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