

Kusumgar Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
08 th July 2026	10 th July 2026	₹398-419	Subscribe

Investment Summary

Kusumgar Limited is a leading manufacturer of engineered technical fabrics catering to high-performance applications across **Aerospace & Defence, Industrial & Automotive, and Outdoor & Lifestyle** segments. The company operates an integrated manufacturing platform with six manufacturing facilities in Gujarat and one fabrication unit in Uttar Pradesh, offering over **1,000 fabric configurations (SKUs)** across woven, coated and laminated synthetic fabrics. Its products are used in mission-critical applications including parachutes, camouflage systems, ballistic protection, inflatable defence equipment and industrial performance fabrics, supported by strong engineering capabilities and long-standing customer relationships. During FY26, the company reported **revenue from operations of ₹692 crore, EBITDA of ₹188 crore and PAT of ₹98 crore**, reflecting healthy profitability driven by its value-added product portfolio. The IPO, priced in the band of **₹398 – 419 per share**, is a **₹650 crore Offer for Sale (OFS)** with no fresh issue, and therefore the company will not receive any proceeds from the offering. Kusumgar is well positioned to benefit from increasing defence indigenization, rising adoption of technical textiles and growing export opportunities. However, investors should monitor customer concentration, elongated working capital cycle, manufacturing concentration in Gujarat and pending legal proceedings. Overall, the company's niche market positioning, high entry barriers, diversified application portfolio and strong technical capabilities provide a favorable long-term growth outlook.

Company Overview

Kusumgar Limited was originally incorporated as **Kusumgar Finstocks Private Limited** in June 1990 and subsequently underwent multiple name changes before being converted into a public limited company as **Kusumgar Limited** in January 2025. Over the years, the company has evolved into one of India's leading manufacturers of **engineered technical fabrics**, specializing in woven, coated and laminated synthetic fabrics designed for high-performance and mission-critical applications. Its product portfolio comprises over **1,000 fabric configurations (SKUs)** manufactured using advanced polyamide, polyester and polyurethane technologies, catering to a diverse customer base across **Aerospace & Defence, Industrial & Automotive, and Outdoor & Lifestyle** segments.

The company operates an integrated manufacturing platform comprising **six manufacturing facilities located in Gujarat and one fabrication unit in Uttar Pradesh**, with an aggregate installed production capacity of approximately **128 million metres** as of March 31, 2026. Kusumgar's products are utilized in a wide range of specialized applications including parachutes, ballistic protection systems, infrared reflective fabrics, camouflage systems, extreme weather clothing, inflatable defence equipment, automotive fabrics and premium outdoor performance textiles. The company serves both domestic and international customers, with exports contributing a significant share of its revenue, supported by long-standing customer relationships, co-development partnerships and strong technical capabilities. The company is promoted by **Yogesh Kantilal Kusumgar, Siddharth Yogesh Kusumgar, Sapna Siddharth Kusumgar and Siddharth Yogesh Kusumgar HUF**, and is led by an experienced management team focused on expanding its presence across high-value technical textile markets.

Business Model

Kusumgar Limited operates a technology-driven, integrated manufacturing model focused on developing and manufacturing engineered technical fabrics for specialized end-use industries. The company designs and manufactures woven, coated and laminated synthetic fabrics catering to Aerospace & Defence, Industrial & Automotive, and Outdoor & Lifestyle segments. Its integrated value chain, covering weaving, coating, lamination, fabrication and finishing enables stringent quality control, faster product development, customized solutions and cost efficiencies. As of March 31, 2026, the company offered over 1,000 fabric configurations (SKUs) tailored to mission-critical applications such as parachutes, ballistic protection systems, camouflage fabrics, inflatable defence equipment, automotive textiles and outdoor performance products.

The company derives revenue from the sale of high-value technical fabrics to government agencies, defence organizations, global brands, industrial OEMs and export customers. Its business is supported by long product qualification cycles, customer-specific product development, licensing and co-development partnerships, and strong technical expertise, resulting in high customer stickiness and significant entry barriers. Going forward, Kusumgar intends to strengthen its leadership in the aerospace and defence segment, expand its industrial and automotive offerings, deepen relationships with global outdoor brands and increase exports, supported by rising demand for technical textiles and favourable industry tailwinds.

Investment Rationale

Leading Player in India's Engineered Technical Fabrics Industry - Kusumgar has established itself as a leading manufacturer of engineered technical fabrics with over three decades of industry experience. The company serves high-value sectors such as Aerospace & Defence, Industrial & Automotive, and Outdoor & Lifestyle through a diversified portfolio of more than **1,000 fabric configurations (SKUs)**.

High Entry Barriers Supported by Strong Technical Capabilities - The business operates in a niche segment requiring specialized manufacturing expertise, long product qualification cycles and stringent quality standards. Its integrated capabilities in weaving, coating, lamination and fabrication, along with customer-specific product development, create high switching costs and provide a sustainable competitive advantage.

Diversified End Markets with Growing Export Opportunity - Kusumgar caters to multiple end-use industries and derives a meaningful portion of its revenue from exports. Its presence across defence, industrial, automotive and outdoor applications reduce dependence on any single sector while positioning the company to benefit from increasing global demand for technical textiles and favourable trade agreements.

Integrated Manufacturing Platform Driving Operational Efficiency - The company operates **six manufacturing facilities in Gujarat and one fabrication unit in Uttar Pradesh**, enabling end-to-end production from weaving to finished technical fabrics. This integrated model supports consistent product quality, faster turnaround, customization capabilities and improved cost efficiencies.

Well Positioned to Benefit from Defence Indigenization and Technical Textile Growth - Increasing defence spending, the Government's focus on **Atmanirbhar Bharat**, rising demand for high-performance materials and growing adoption of technical textiles across industries are expected to provide long-term growth opportunities for the company. Kusumgar's established customer relationships, specialized product portfolio and engineering expertise position it well to capitalize on these structural industry trends.

Key Risk Factors

High Customer Concentration - The company's top 10 customers accounted for **59.5% of FY26 revenue**, with the single largest customer contributing **11.1%**. Loss of key customers or lower order inflows could adversely impact revenue growth and profitability.

Working Capital Intensive Operations - Kusumgar's working capital cycle increased sharply to **343 days in FY26** from **136 days in FY25**, reflecting higher inventory and receivables. Sustained elevated working capital requirements could pressure operating cash flows and funding requirements.

Manufacturing Concentration Risk - All six manufacturing facilities are located in **Gujarat**, exposing the company to regional disruptions such as natural calamities, labour issues, infrastructure bottlenecks or regulatory changes. Any prolonged disruption could impact production and order execution.

Dependence on Defence and Export Markets - A significant portion of revenue is generated from defence applications and exports. Any slowdown in defence procurement, geopolitical uncertainties, changes in export regulations or adverse global demand could affect future growth.

Pending Legal and Regulatory Proceedings - The company and certain promoters are involved in ongoing legal proceedings, including an insolvency-related petition by a service provider. Any adverse outcome could result in financial liabilities or reputational impact on the business.

Financial Snapshot

Metric	In Cr		
	FY24	FY25	FY26
Revenue from Operations	467.90	778.99	692.00
EBITDA	131.84	188.38	187.85
EBITDA Margin	28.18%	24.18%	27.15%
Profit After Tax (PAT)	84.39	111.98	98.20
PAT Margin	17.78%	14.17%	13.80%
Basic EPS	8.32	11.03	9.68

IPO Details

Parameter	Details
Issuer	Kusumgar Limited
IPO Issue Size	1,55,13,126 equity shares (agg. up to ₹650 Cr) Fresh Issue - Nil
Price Band	₹398 – ₹419 per share
Face Value	₹1 per equity share
IPO Opening Date	08 th July 2026
IPO Closing Date	10 th July 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: ~90.5% → Post-IPO: ~75.7%
Book Running Lead Managers	Axis Capital Ltd, IIFL Capitals Services Ltd & Motilal Oswal Investment Advisors Ltd.
Use of Proceeds	Not Applicable

Valuation and Outlook

At the upper price band of **₹419**, Kusumgar is valued at a **FY26 P/E of 44.8x** based on a post-issue EPS of **₹9.35**. While the valuation is at a premium to some listed textile companies like Garware Technical Fibres Limited and Arvind Limited, the company operates in the niche engineered technical fabrics segment with strong technical capabilities, integrated manufacturing operations and established customer relationships across aerospace & defence, industrial and outdoor applications. Its diversified product portfolio, high entry barriers and long-term growth drivers from defence indigenization and increasing adoption of technical textiles support its premium positioning. Considering its healthy profitability, leadership in engineered fabrics and favorable industry outlook, despite customer concentration and working capital risks, **we recommend a SUBSCRIBE rating for listing gains and for a medium-term horizon for investors.**

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Registration and Contact Details: Name of Research Analyst - Mangal Keshav Financial Services LLP, Research Analyst
Registration No.: INH000018319.

LLPIN: AAM-3358

Registered Office: 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.
Correspondence/Administrative Office Address - 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.

TEL: 022 61907900