KUSUMGAR LIMITED

July 07, 2026

SMC Ranking

★★☆☆☆ (2/5)

Issue Highlights

Industry	Fabrics Industry
Offer for sale (Shares)	15,513,126
Net Offer to the Public	15,513,126
Issue Size (Rs. Cr.)	617-650
Price Band (Rs.)	398-419
Offer Date	8-Jul-26
Close Date	10-Jul-26
Face Value	1
Lot Size	35

Issue Composition

	In shares
Total Issue for Sale	15,513,126
QIB	7,756,563
NIB	2,326,969
Retail	5,429,594

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	90.48%	75.70%
QIB	0.00%	7.39%
NIB	9.52%	11.74%
Retail	0.00%	5.17%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The Company proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Carry out the Offer for Sale
2. Achieve the benefits of listing the Equity Shares on the Stock Exchanges

Book Running Lead Manager

- Axis Capital Limited
- IIFL Capital Services Limited
- Motilal Oswal Inve stment Advisors Limited

Name of the registrar

- Bigshare Services Private Limited

About the company

Incorporated in 1990, Kusumgar Ltd. is engaged in the manufacturing of woven, coated, and laminated synthetic engineered fabrics. The company's products are primarily made using polyamide and polyester filaments combined with polyurethane chemistry to deliver high-performance functional fabrics. As of March 31, 2026, Kusumgar has developed more than 1,000 unique stock-keeping units (SKUs), establishing a strong presence in the synthetic functional and performance fabric segment. Its products cater to diverse end-user industries, including aerospace and defence, industrial and automotive, and outdoor and lifestyle applications. The company has also expanded its portfolio into value-added aerospace and defence solutions by manufacturing finished products such as parachute systems, stealth materials, camouflage solutions, and rapid deployment systems.

Business Segments

- **Aerospace and Defence Fabrics:** Manufactures high-performance engineered fabrics that meet stringent aerospace and defence specifications. These fabrics are used in parachutes, tactical apparel, specialty equipment, stealth applications, and rapid deployment systems.
- **Aerospace and Defence Solutions:** Designs and manufactures complete defence products, including parachute systems, camouflage nets, and deployable shelters, while also providing maintenance and repair services for select customers.
- **Industrial and Automotive Fabrics:** Produces specialized fabrics for industrial and automotive applications, including tapes, mechanical rubber goods (MRG), inflatables, and other customized industrial solutions.
- **Outdoor and Lifestyle Fabrics:** Supplies performance fabrics for global outdoor and activewear markets, serving applications such as athleisure, rainwear, winter wear, backpacks, luggage, tents, and sleeping bags.

Strategies

Operates in Markets with High Entry Barriers : Kusumgar Ltd. operates in the specialized engineered fabrics industry, where high entry barriers limit competition and support long-term business sustainability. Since 1970, the company has developed and manufactured over 1,000 engineered fabric variants, backed by decades of technical expertise and manufacturing excellence. Its competitive strengths include advanced know-how in fine denier fabrics, Nylon 6 and Nylon 66 processing, complex fabric engineering, coating and lamination technologies, and an integrated manufacturing value chain. Additional barriers such as lengthy product approval cycles, customized product development, strategic partnerships, customer loyalty in mission-critical applications, and large-scale manufacturing infrastructure make it difficult for new entrants to establish a comparable market presence.

Strong Technical Capabilities Drive Product Innovation : Kusumgar Ltd. has developed strong technical capabilities that enable it to design and manufacture high-performance synthetic engineered fabrics for specialized applications. The company focuses on functional and performance fabrics catering to the aerospace and defence, industrial, automotive, and outdoor sectors. Its core expertise lies in processing polyamide and polyester filaments using advanced polyurethane chemistry. The company's key technical strengths include manufacturing lightweight fine denier fabrics, expertise in Nylon 6 and Nylon 66 processing, advanced fabric engineering, coating and lamination technologies, and an integrated manufacturing value chain. These capabilities enable Kusumgar Ltd. to deliver innovative, customized, and high-performance textile solutions that meet stringent customer requirements across diverse industries.

Diversified Presence Across Multiple End-Use Segments : Kusumgar Ltd. has established a diversified business model with operations across four key end-use segments: Aerospace and Defence Fabrics, Aerospace and Defence Solutions, Industrial and Automotive Fabrics, and Outdoor and Lifestyle Fabrics. Each segment is supported by distinct demand drivers, reducing the company's dependence on any single industry and enhancing business resilience. This diversified product portfolio enables Kusumgar Ltd. to capitalize on growth opportunities across multiple sectors while mitigating sector-specific risks. The company also generates a small portion of revenue from other sales, including yarn, chemicals, job work, and products outside its primary business segments, further strengthening its revenue base. Kusumgar Ltd.'s revenue profile reflects its balanced exposure across multiple end markets. In FY2026, Aerospace and Defence Fabrics contributed 31.67% of revenue, followed by Industrial and Automotive Fabrics (24.43%), Aerospace and Defence Solutions (22.97%), and Outdoor and Lifestyle Fabrics (18.57%), while other sales accounted for 2.36%. Although Aerospace and Defence Fabrics remained the largest contributor, the increasing contribution from defence solutions and outdoor fabrics highlights the company's expanding product portfolio. This diversified revenue mix provides greater stability, supports long-term growth, and enables Kusumgar Ltd. to benefit from multiple industry-specific growth drivers while reducing dependence on any single business segment.

Long-Standing Relationships with Key Customers : Kusumgar Ltd. has built long-term relationships with its key customers, reflecting its strong product quality, technical expertise, and ability to deliver customized solutions. These enduring partnerships have enabled the company to increase its share of business with existing customers while ensuring stable revenue generation. In FY2026, the company's top six customers contributed ₹3,330.34 million, accounting for 49.35% of total revenue from contracts with customers. Customer relationships span between two and nine years, demonstrating high customer retention and trust. Such long-standing associations provide recurring business opportunities, enhance revenue visibility, and strengthen Kusumgar Ltd.'s competitive position across its key end-use industries.

Strong Partnerships Enhance Technology Access and Market Reach : Kusumgar Ltd. has established strategic partnerships that strengthen its technological capabilities, expand market access, and create sustainable competitive advantages. These collaborations provide access to proprietary technologies, specialized expertise, and global business opportunities through licensing and co-

development arrangements. The company has successfully partnered with government agencies and international companies to develop innovative products, including specialized fabrics for defence applications and licensed airborne solutions. Such partnerships enhance Kusumgar Ltd.'s credibility with both government and private sector customers, enabling participation in high-value projects and tenders. Additionally, integrating its products into partners' design platforms supports long-term demand, creates high entry barriers, and accelerates product innovation.

Experienced Leadership and Innovation-Driven Culture : Kusumgar Ltd. is led by experienced promoters and a professional management team with extensive expertise in technical textiles, operations, product development, human resources, and business management. The leadership team has played a key role in driving the company's growth, operational excellence, and technological advancement. Kusumgar Ltd. fosters a culture centered on innovation, continuous improvement, and quality, supported by the recruitment of skilled technical professionals and ongoing investments in advanced manufacturing technologies. The company's innovation capabilities have enabled the development of specialized products, including parachute systems, extreme cold weather clothing, military gear, rainwear, and high-performance industrial fabrics, while maintaining stringent quality standards through robust manufacturing and quality control processes.

Strategy

Expand Aerospace and Defence Business Through a "Build, Retain, Extend" Strategy : Kusumgar Ltd. plans to accelerate the growth of its aerospace and defence business by following a "build, retain, extend" strategy. The company aims to develop customized solutions for new customers, strengthen long-term relationships through continuous innovation, and leverage its expertise to expand into a broader customer base. This strategy is supported by strong growth prospects in both domestic and global aerospace and defence markets, driven by increasing defence budgets, government initiatives promoting indigenous manufacturing, geopolitical developments, and global supply chain diversification. Kusumgar Ltd. has also strengthened its international presence by establishing sales teams and representatives across Europe, the Middle East, and North America to enhance export opportunities. Kusumgar Ltd. intends to expand its portfolio beyond engineered fabrics by increasing its presence in high-value aerospace and defence solutions. The company is among the leading manufacturers of military parachute fabrics outside the United States and China and is well positioned to benefit from the growing demand for aerospace textiles. It is also evaluating opportunities in adjacent aerospace applications, including paragliders, sails, aerostats, and hot-air and helium balloons. In addition, Kusumgar Ltd. plans to strengthen its defence solutions business by expanding the sales of parachute systems, camouflage solutions, shelters, decoys, and other specialized products through strategic domestic and global partnerships.

Strengthen Outdoor and Lifestyle Fabrics Business Through Global Partnerships : Kusumgar Ltd. plans to expand its Outdoor and Lifestyle Fabrics business by deepening relationships with leading global brands and capitalizing on the growing demand for high-performance engineered fabrics. The company supplies fabrics for activewear, luggage, and backpacks, benefiting from global supply chain

diversification and the "China+1" strategy, which is driving sourcing shifts towards India. As an approved supplier to renowned international brands such as Decathlon, Kusumgar Ltd. is well positioned to increase its market share and strengthen customer relationships. Rising demand from neighboring manufacturing hubs, including Bangladesh, Vietnam, Sri Lanka, and African countries, further supports the company's long-term growth prospects in this segment.

Expand Industrial and Automotive Fabrics Business Through Customized Solutions : Kusumgar Ltd. aims to steadily expand its Industrial and Automotive Fabrics business by increasing its share of business with existing customers and developing customized solutions for niche applications. The company benefits from long qualification and approval cycles, which enhance customer retention and provide stable revenue streams. Most products in this segment are designed to meet specific customer or industry requirements, enabling Kusumgar Ltd. to maintain healthy margins by serving customers with lower price sensitivity. With nearly two-thirds of the segment's FY2026 revenue linked to exports, the company is well positioned to leverage its cost competitiveness and strengthen its presence in global industrial and automotive markets.

Focus on Niche Applications and Export Growth : Kusumgar Ltd. continues to diversify its Industrial and Automotive Fabrics portfolio by expanding across multiple niche product categories. The company supplies specialized tapes to automotive OEM supply chains and serves industries such as footwear, leather, and electrical insulation, while also developing customized medical tapes. It is a leading player in heddle belts and spindle tapes and is expanding its mechanical rubber goods and industrial solutions businesses. The company also sees significant opportunities in inflatables and coated or laminated fabrics, where growing demand for alternative suppliers and its competitive pricing, technical capabilities, and expanding coating infrastructure are expected to support long-term domestic and export growth.

Focus on High-Margin, High-Entry-Barrier Products to Drive Profitable Growth : Kusumgar Ltd. intends to sustain profitable growth by focusing on manufacturing high-value products and solutions with attractive gross margins and significant entry barriers. Its portfolio includes aerospace and defence fabrics, parachute systems, customized industrial fabrics, and products based on Nylon 6 and Nylon 66, all of which command superior margins due to their technical complexity and specialized applications. These products have contributed to the company's industry-leading EBITDA margins in recent years, reflecting strong operational efficiency, effective cost management, and robust pricing power. Going forward, Kusumgar Ltd. plans to strengthen its product mix by expanding high-margin offerings that deliver sustainable profitability and reinforce its competitive advantage.

Invest in Technology, Talent and Operational Efficiency : Kusumgar Ltd. plans to continue investing in its technological capabilities, research and development, and skilled workforce to support long-term growth and operational excellence. The company intends to strengthen its innovation capabilities by recruiting experienced industry professionals and fostering a culture of continuous improvement. These investments are expected to accelerate the development of new products, advanced manufacturing technologies, and higher production efficiency. Kusumgar Ltd. also focuses on optimizing operations through selective outsourcing of non-core

processes, modernization of manufacturing equipment, increased automation, and continuous monitoring of overall equipment effectiveness (OEE). Additionally, the company leverages various government incentive schemes to enhance cost efficiency and support capacity expansion.

Key Risk Factors

- Kusumgar Ltd. derived 79.07% of FY2026 revenue from aerospace, defence, industrial, and automotive fabric segments, creating demand concentration risk.
- Its top customer and top ten customers contributed 11.13% and 59.52% of FY2026 revenue, respectively.
- The company operates all six manufacturing facilities in Gujarat, exposing operations to region-specific disruption risks.
- The company reported negative operating cash flows in FY2025, which could affect future financial flexibility.
- The company sourced 51.42% of raw material purchases from its top ten suppliers during FY2026.

Peer Comparison

Company	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
SRF	15416.37	1835.18	64.19	44.07	5.97	473.7	10	2829.05	83860.07
Arvind Ltd	9303.19	413.94	16.26	33.58	3.54	154.28	10	546.05	14314.2
Garware Tech.	1528.79	198.68	21.04	34.71	5.35	136.44	10	730.25	7248.89
Kusumgar Ltd	692.00	98.20	9.35	44.80	8.75	47.90	1	419.00	4399.14

*Peer companies financials are TTM based

***Kusumgar Ltd Financial are based on Fy26

Valuation:

Considering the P/E valuation on the upper price band of Rs.419, FY26 EPS and P/E are Rs.9.35 and 44.80 multiple respectively and at a lower price band of Rs.398, P/E multiple is 42.55. Looking at the P/B ratio on the upper price band of Rs.419, book value and P/B are Rs. 47.90 and 8.75 multiple respectively and at a lower price band of Rs.398 P/B multiple is 8.31. No change in pre and post issue EPS and Book Value as the company is not making fresh issue of capital

Industry Overview

India's engineered fabrics industry is witnessing robust growth, supported by government initiatives, increasing R&D in high-performance textiles, supply chain diversification under the China+1 strategy, and rising demand for sustainable technical fabrics. The industrial and automotive segment remains the largest contributor and is expected to strengthen further by FY2031, while aerospace and defence is projected to gain market share due to growing defence spending and indigenous manufacturing. State incentives, such as Gujarat's Textile Policy 2024, along with rising demand for lightweight, durable, and high-performance materials, are expected to further accelerate industry growth.

Outlook

Kusumgar Ltd. is well positioned for long-term growth, supported by strong technical capabilities, diversified end markets, high entry barriers, strategic partnerships, and a focus on high-margin aerospace, defence, and industrial applications. Continued investments in innovation, capacity, and global expansion are expected to drive growth. However, customer concentration, export dependence, supplier concentration, and geographical concentration remain key risks that warrant close monitoring.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
IPO Open Date	Wed, Jul 8, 2026
IPO Close Date	Fri, Jul 10, 2026
Tentative Allotment	Mon, Jul 13, 2026
Initiation of Refunds	Tue, Jul 14, 2026
Credit of Shares to Demat	Tue, Jul 14, 2026
Tentative Listing Date	Wed, Jul 15, 2026

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-26 (12 Months)	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)
Revenue from operations	692.00	779.00	467.91
Total expenditure	504.15	590.61	336.06
Operating Profit	**187.85**	**188.39**	**131.85**
OPM%	27.15	24.18	28.18
Other Income	19.78	11.22	6.64
Total Net Income	**207.63**	**199.60**	**138.49**
Interest	25.98	14.63	6.32
PBDT	**181.65**	**184.97**	**132.17**
Depreciation	46.69	34.19	17.10
PBT	**134.96**	**150.78**	**115.07**
Tax	36.76	38.80	30.68
Profit & Loss	**98.20**	**111.99**	**84.40**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-26	As on 31-Mar-25	As on 31-Mar-24
Non-current assets			
Property, Plant and Equipment	235.67	171.86	136.72
Right-of-use assets	70.58	60.59	49.16
Capital Work-in-Progress	26.26	45.19	8.43
Other intangible assets	0.29	0.13	0.22
Financial Assets	0.00	0.00	0.00
Investments	15.42	14.97	12.18
Other financial assets	19.73	5.96	7.37
Non-current tax assets (net)	0.00	2.82	0.00
Deferred tax assets (net)	0.08	0.06	0.00
Other non-current assets	3.83	19.55	8.31
Total non-current assets	**371.85**	**321.14**	**222.40**
Current assets			
Inventories	194.86	136.90	143.71
Financial Assets	0.00	0.00	0.00
Trade Receivables	233.28	56.11	42.24
Cash and Cash Equivalents	26.83	30.49	32.68
Other bank balances	21.23	10.69	110.61
Loans	0.00	15.57	0.00
Other financial assets	18.87	23.84	2.66
Other Current Assets	38.15	37.65	30.44
Total current assets	**533.22**	**311.26**	**362.34**
Total Assets	**905.07**	**632.40**	**584.74**
LIABILITIES			
Non-current liabilities			
Borrowings	85.12	75.76	34.81
Lease liabilities	57.45	47.93	36.83
Deferred tax liabilities (Net)	2.55	1.71	3.50
Employee benefit obligations	2.02	2.55	1.79
Total non-current liabilities	**147.13**	**127.96**	**76.92**
Current liabilities			
Financial liabilities			
Borrowings	138.46	170.74	41.73
Lease liabilities (Current)	7.43	7.76	5.44
Trade Payables - MSME	2.61	5.04	1.43
Trade Payables - Others	64.15	42.17	50.84
Other Financial Liabilities	11.73	10.40	133.73
Employee benefit obligations	0.17	0.91	0.53
Other Current Liabilities	14.81	9.69	130.79
Current Tax Liabilities	15.63	0.00	2.97
Total current liabilities	**254.99**	**246.69**	**367.46**
Total liabilities	**402.12**	**374.65**	**444.38**
Net worth represented by:			
Equity share capital	11.90	10.15	1.99
Other equity	491.05	247.60	138.37
Total Equity	**502.95**	**257.75**	**140.36**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★ ★
FAIR	★ ★ ★
GOOD	★ ★ ★ ★
EXCELLENT	★ ★ ★ ★ ★

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