BONANZA WEALTH MANAGEMENT RESEARCH

Bonanza

7 July 2026

Kusumgar Ltd.- Subscribe

Company Overview

Kusumgar Limited is a leading manufacturer of engineered fabrics and technical textile solutions, specializing in high-performance woven, coated, and laminated synthetic fabrics for mission-critical applications. The company operates a vertically integrated manufacturing model covering weaving, dyeing, coating, lamination, and fabrication, enabling it to deliver customized products with superior quality and consistency. Its portfolio comprises over 1,000 fabric SKUs, manufactured using advanced polyamide, polyester, aramid fibres, and polyurethane technologies to provide properties such as high strength, abrasion resistance, waterproofing, air permeability, and durability.

The company caters to a diversified set of industries through four key business segments - Aerospace & Defence Fabrics, Aerospace & Defence Solutions, Industrial & Automotive Fabrics, and Outdoor & Lifestyle Fabrics. It is recognized as one of the leading manufacturers of military parachute fabrics outside the U.S. and China and also produces specialized defence products such as camouflage nets, shelters, stealth solutions, and rapid deployment systems. Supported by six manufacturing facilities in Gujarat and one fabrication unit in Uttar Pradesh, strong in-house R&D, and growing export presence, Kusumgar has established a niche position in the global engineered fabrics industry.

Investment Rationale

- Kusumgar operates in the specialized engineered fabrics market, where high technical expertise, lengthy qualification cycles, and stringent customer approvals create significant entry barriers. Its diversified portfolio of 1,000+ SKUs and decades of manufacturing expertise provide a sustainable competitive advantage.
- The company possesses strong in-house capabilities across weaving, coating, lamination, and complex fabric engineering, enabling it to manufacture high performance fabrics for mission critical applications such as parachutes, camouflage systems, and extreme-weather gear. Its vertically integrated operations also support better quality control and cost efficiencies.
- Kusumgar caters to aerospace & defence, industrial & automotive, and outdoor & lifestyle segments, reducing dependence on any single industry. Rising defence indigenization, increasing global defence spending, and growing demand for technical textiles are expected to drive sustained growth.
- The company has established durable relationships with global customers and technology partners through customized product development and co-development initiatives. These partnerships improve revenue visibility, strengthen customer stickiness, and facilitate entry into high-value programs.
- Kusumgar is expanding its international footprint across Europe, the Middle East, North America, and Asia while moving up the value chain from engineered fabrics to higher-value defence systems and specialized industrial applications, providing multiple long-term growth avenues.

Valuation

Kusumgar is well positioned to benefit from the growing engineered fabrics market, backed by its niche product portfolio, strong technical capabilities, export opportunities and leadership in high-performance defence fabrics. The Rs.237 crore deferred defence order, expanding presence in value-added products and healthy profitability provide strong earnings visibility. At the upper price band, the IPO is valued at 44.8x FY26 P/E at highest price band, which is at a premium to peers. However, the premium is justified by its superior margins, strong return ratios, high entry barrier business model and long-term growth prospects. We recommend **SUBSCRIBE** to the issue for long-term investors.

IPO Details

Industry	Textile
Issue Open Date	08th July 2026
Issue Close Date	10th July 2026
Price Band (Rs.)	398-419
Issue Size* (Cr)	~Rs. 650
Issue Size*(Shares)	1,55,13,126
Bid Lot	35 Shares
Listing Exchanges	BSE and NSE
Face Value (Rs.)	Rs. 1.0/-

*** At highest price band**

Issue Details

Sale Type (Rs. Cr)	Offer for Sale - 650
Issue Type	Book Building
Book Running Lead Manager	Axis Capital Ltd., IIFL Capital Services Ltd., Motilal Oswal Investment Advisors Ltd
Registrar	Bigshare Services Pvt. Ltd.
Issue structure	QIB: 50.0% Non-Institutional: 15.0% Retail: 35.0%
Credit of Shares to Demat Account	14th July 2026
Issue Listing Date	15th July 2026

*** At highest price band**

Objects of the Issue

Particular	Estimated utilization from Net proceeds (Rs Cr.)

This is a pure **Offer for Sale (OFS),** meaning no funds from the issue will flow into the company. The entire proceeds will be received by thr promoter and promoter group , with no capital deployment at the company level.

Shareholding Pattern

Shareholding (%)	Pre(%)	Post*(%)
Promoter	90.5	75.7
Public & Others	9.5	24.3

*** At highest price band**

Business Highlights

- Kusumgar has built a strong position in the high-entry-barrier technical textiles industry with 1,000+ engineered fabric SKUs developed over five decades. Its expertise in woven, coated and laminated synthetic fabrics enables it to serve mission-critical applications where technical know-how and stringent customer approvals create a significant competitive moat.
- Kusumgar operates six manufacturing facilities in Gujarat and one fabrication unit in Uttar Pradesh, supported by vertically integrated operations covering weaving, dyeing, coating, lamination and fabrication. Its in-house R&D, advanced processing technologies and expertise in Nylon 6, Nylon 66 and polyurethane chemistry enable development of highly customized, high-performance products.
- The company possesses specialized capabilities in fine denier fabrics, advanced coating and lamination, complex fabric engineering and integrated manufacturing. These capabilities have enabled it to develop niche products such as military parachute fabrics, infrared-reflective fabrics, extreme cold-weather clothing and multi-spectral camouflage systems.
- Kusumgar has established enduring relationships with defence organizations, industrial customers and global brands. Its top five customers contributed 45.4% of FY26 revenue, while long qualification cycles, co-development projects and technology licensing agreements provide strong customer retention and revenue visibility.
- The company is among the leading players globally outside the U.S. and China in military parachute fabrics and has expanded into higher-value defence solutions including parachute systems, camouflage nets, deployable shelters and rapid deployment systems, positioning it to benefit from increasing defence indigenization and global defence spending.
- Kusumgar is expanding its presence across Europe, North America, the Middle East and Asia, supported by strategic collaborations with international technology partners and global brands. The company is also benefiting from global supply chain diversification and the China+1 sourcing strategy.
- The company continues to prioritize technologically differentiated, high-entry-barrier products across defence, industrial and outdoor applications. Continuous investment in R&D, automation and product innovation supports margin expansion, operational efficiency and sustainable long-term growth.

Financials

Particular (Rs./Cr.)	FY24	FY25	FY26
Revenue	467.9	779.0	692.0
EBITDA	131.8	188.4	187.9
EBITDA M(%)	28.2	24.2	27.2
PAT	84.4	111.2	98.2
PAT M(%)	17.8	14.2	13.8
P/E (x)*	52.1	39.3	44.8

***at highest price point**

Risks & Concerns

- Revenue remains concentrated, with the top customer contributing 11.1% and the top 10 customers 59.5% of FY26 revenue. Around 79% of revenue is derived from three key business segments, increasing demand concentration risk.
- All manufacturing facilities are located in Gujarat, exposing operations to regional disruptions such as natural calamities, labour issues or regulatory changes.
- Supplier & raw material dependence: The top 10 suppliers accounted for 51.4% of FY26 procurement. Any disruption in raw material availability or increase in input costs could affect margins and production.

Graphs & Charts

Figure 1: Revenue Trend

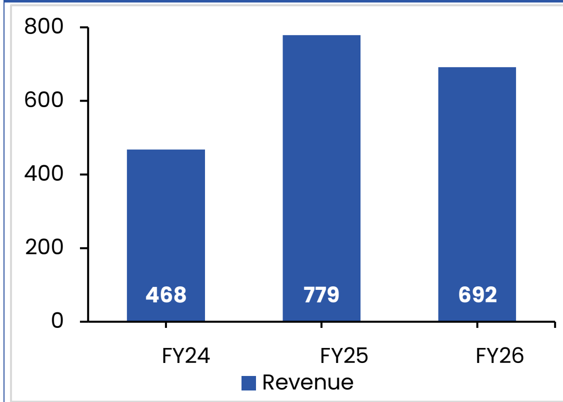


Figure 2: EBITDA trend

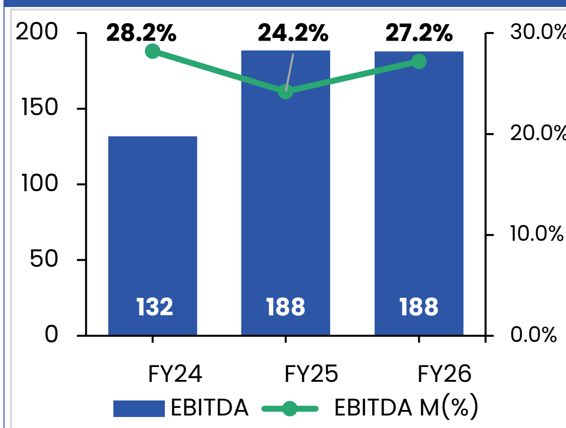


Figure 3: PAT Trend

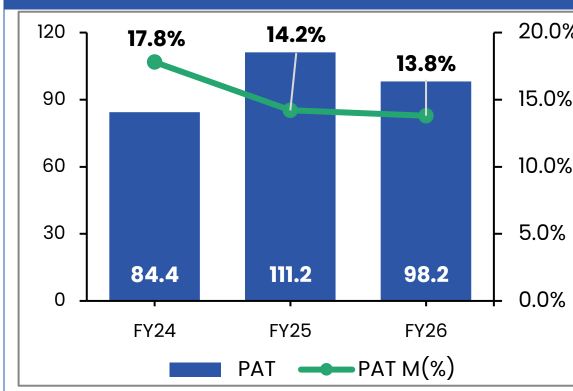
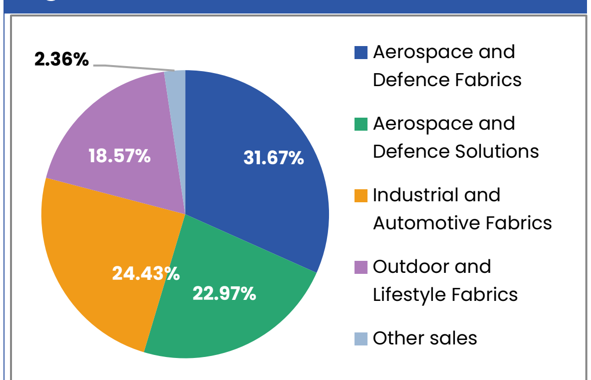


Figure 4: Revenue Mix for FY26



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