



Kusumgar Limited manufactures engineered fabrics and technical textile solutions, specializing in woven, coated and laminated synthetic fabrics. The company serves the Aerospace & Defence, Industrial & Automotive, and Outdoor & Lifestyle segments through a vertically integrated manufacturing process spanning weaving, dyeing, coating, lamination and fabrication. Supported by in-house R&D and advanced manufacturing capabilities, Kusumgar operates six manufacturing facilities in Gujarat and one fabrication unit in Uttar Pradesh.

Investment Rationale:

High Entry Barriers Create a Sustainable Competitive Advantage:

- High entry barriers driven by technical expertise, long qualification cycles and customized solution development.
- Over five decades of experience with 1,000+ engineered fabrics and strong customer relationships.
- Life-critical applications and stringent customer approvals create high switching costs and long-term partnerships.
- Strategic technology partnerships, specialized certifications and manufacturing scale strengthen competitive positioning.

Advanced Technical Capabilities Drive Product Differentiation:

- Advanced technical expertise enables development of high-performance, application-specific engineered fabric solutions.
- Specialized capabilities in fine denier fabrics, Nylon 6 & Nylon 66 processing and complex fabric engineering.
- Advanced coating and lamination technologies enhance product performance.
- Continuous innovation has enabled niche, mission-critical products for aerospace & defence applications.
- Integrated manufacturing capabilities ensure superior product quality & efficiency.

Diversified Presence across Multiple End-Use Segments:

- Diversified end-market exposure provides multiple growth levers and improves earnings resilience.
- Industrial & Automotive and Outdoor segments are emerging as key long-term growth drivers.
- FY26 weakness reflects project timing rather than deterioration in underlying demand.
- Execution of the deferred ₹2.37 billion defence contract is expected to support FY27 growth.
- Balanced portfolio reduces concentration risk while strengthening long-term growth visibility.

Long-Standing Customer Relationships and Strategic Partnerships Drive Revenue Visibility:

- Top six customers contributed 49.4% of FY26 revenue from contracts.
- Key customer relationships span 2-9 years, reflecting strong customer retention.
- Strategic partnerships provide access to new technologies, products and business opportunities.
- Customized solution development strengthens customer stickiness and competitive positioning.

Build-Retain-Extend Strategy to Drive Aerospace & Defence Growth:

- "Build-Retain-Extend" strategy to expand aerospace & defence business.
- Strong industry tailwinds driven by defence indigenization and rising global defence spending.
- Leading player in military parachute fabrics outside the U.S. and China.
- Expanding from engineered fabrics into higher value-added aerospace & defence systems.
- Expanding international presence across Europe, the Middle East and North America through dedicated export teams and strategic partnerships.

Expanding Outdoor & Lifestyle Business Through Global Brand Partnerships:

- Strengthening Outdoor & Lifestyle business through partnerships with leading global brands.
- Beneficiary of the "China +1" strategy and global supply chain diversification.
- Approved supplier to global brands, including Decathlon, enhancing pricing power and wallet share.
- Limited domestic competition provides opportunities for market share expansion.
- Expanding export opportunities across Bangladesh, Vietnam, Sri Lanka and Africa.

Expanding Industrial & Automotive Business Through Customized Solutions & Export-Led Growth:

- Growing Industrial & Automotive business through customized, application-specific solutions.
- 66.2% of FY26 segment revenue linked to exports, supported by a strong cost advantage.
- Strong presence across automotive, industrial, medical tapes and mechanical rubber goods.
- Expanding into inflatables and coated & laminated fabrics to capture niche growth opportunities.

Valuation and Outlook: India's engineered fabrics market is expected to grow at a CAGR of 13.5% during FY25-FY30, driven by rising demand across aerospace & defence, industrial, automotive and outdoor applications. Kusumgar is well positioned to capitalize on this opportunity, supported by high entry barriers, over five decades of technical expertise, vertically integrated manufacturing, diversified end-market presence, long-standing customer relationships and strategic global partnerships. Growth is expected to be driven by its "Build-Retain-Extend" strategy in aerospace & defence, a strong position in military parachute fabrics outside the U.S. and China, an expanding portfolio of higher value-added aerospace & defence systems, partnerships with leading global brands in the Outdoor & Lifestyle segment, export expansion across Europe, the Middle East and North America, and increasing opportunities in niche applications such as inflatables and coated & laminated fabrics. We expect revenue growth to accelerate from FY27, supported by the execution of the deferred ₹2.37 billion defence contract, sustained momentum across the Industrial & Automotive and Outdoor & Lifestyle segments, and improving capacity utilization. The company also enjoys superior EBITDA margins, PAT margins, RoE and RoCE relative to listed peers, supported by its favourable product mix comprising high-margin aerospace & defence fabrics, custom industrial fabrics, parachute solutions and Nylon 6 & Nylon 66-based products, reflecting its operational efficiency and disciplined capital allocation. Given its strong competitive positioning, robust growth prospects and superior profitability and return metrics relative to peers, we recommend subscribing to the issue from a long-term investment perspective.

Key Financial & Operating Metrics (Consolidated)

In INR mn	Revenue	YoY (%)	EBITDA	EBITDA %	PAT	EPS	ROE	ROCE
FY24	4679	55.1	1318	28.2	844	8.3	86.1	55.9
FY25	7790	66.5	1884	24.2	1120	10.8	56.2	42.9
FY26	6920	-11.2	1879	27.2	982	9.3	25.8	24.8

Issue Snapshot

Issue Open	08-Jul-26
Issue Close	10-Jul-26
Price Band	INR 398 - 419
Issue Size (Shares)	1,55,13,126
Market Cap (mn)	INR 43991

Particulars

Fresh Issue (INR mn)	-
OFS Issue (INR mn)	INR 6500
QIB	50%
Non-institutionals	15%
Retail	35%

Capital Structure

Pre Issue Equity	10,49,91,372
Post Issue Equity	10,49,91,372
Bid Lot	35 Shares
Minimum Bid amount @ 398	INR 13930
Maximum Bid amount @ 419	INR 14665

Share Holding Pattern

	Pre Issue	Post Issue
Promoters	90.48%	75.70%
Public	9.52%	24.30%

Particulars

Face Value	INR 1
Book Value	INR 47.9
EPS, Diluted	INR 9.31

Objects of the Issue

	(Rs mn)
1. Offer for sale	6500

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Business segments:

- **Aerospace and Defence Fabrics:** Create high-performance fabrics that meet strict aerospace and defence standards. These include materials for parachutes, tactical clothing, specialty gear, stealth systems, and rapid deployment systems.
- **Aerospace and Defence Solutions:** The company now also manufacture complete products like parachute systems, camouflage nets, and deployable shelters. We also offer maintenance and repair services for some customers.
- **Industrial and Automotive Fabrics:** It make fabrics for various industrial uses, including automotive. Its product lines include fabrics for tapes, custom applications, mechanical rubber goods (MRG), and inflatables.
- **Outdoor and Lifestyle Fabrics:** The company supplies performance fabrics for global activewear and gear markets. Its fabrics are used in athleisure, rain-wear, winter wear, backpacks, luggage, tents, and sleeping bags.

Segment Wise Revenue

Particulars	Fiscal 2026		Fiscal 2025		Fiscal 2024	
	₹ in million	% of revenue from contracts with customers	₹ in million	% of revenue from contracts with customers	₹ in million	% of revenue from contracts with customers
Aerospace and Defence Fabrics	2,136.99	31.67%	3,700.92	48.06%	3,134.88	68.79%
Aerospace and Defence Solutions	1,550.17	22.97%	2,219.02	28.81%	8.64	0.19%
Industrial and Automotive Fabrics	1,648.60	24.43%	1,126.34	14.63%	1,113.86	24.44%
Outdoor and Lifestyle Fabrics	1,253.15	18.57%	569.00	7.39%	291.65	6.40%
Other sales ⁽¹⁾	159.23	2.36%	85.67	1.11%	7.92	0.17%
Revenue from contracts with customers	6,748.14	100.00%	7,700.95	100.00%	4,556.94	100.00%

Revenue from Customer

Particulars	Fiscal 2026		Fiscal 2025		Fiscal 2024	
	₹ in million	% of revenue from contracts with customers	₹ in million	% of revenue from contracts with customers	₹ in million	% of revenue from contracts with customers
Government-owned entities	1,018.16	15.09%	2,668.40	34.65%	152.07	3.34%
Non-government-owned companies	5,729.98	84.91%	5,032.55	65.35%	4,404.87	96.66%

Revenue by Geography

Particulars	Fiscal 2026		Fiscal 2025		Fiscal 2024	
	₹ in million	% of revenue from contracts with customers	₹ in million	% of revenue from contracts with customers	₹ in million	% of revenue from contracts with customers
Within India	4,049.70	60.01%	5,912.88	76.78%	3,389.51	74.38%
Outside India	2,698.44	39.99%	1,788.07	23.22%	1,167.43	25.62%
<i>Of which:</i>						
<i>USA</i>	<i>628.03</i>	<i>9.31%</i>	<i>678.94</i>	<i>8.82%</i>	<i>465.58</i>	<i>10.22%</i>
<i>Germany</i>	<i>757.24</i>	<i>11.22%</i>	<i>403.52</i>	<i>5.24%</i>	<i>276.60</i>	<i>6.07%</i>
<i>France</i>	<i>193.37</i>	<i>2.87%</i>	<i>208.24</i>	<i>2.70%</i>	<i>72.35</i>	<i>1.59%</i>
<i>South Africa</i>	<i>70.43</i>	<i>1.04%</i>	<i>62.55</i>	<i>0.81%</i>	<i>67.20</i>	<i>1.47%</i>
<i>Sri Lanka</i>	<i>349.63</i>	<i>5.18%</i>	<i>102.79</i>	<i>1.33%</i>	-	-
<i>Others⁽¹⁾</i>	<i>699.74</i>	<i>10.37%</i>	<i>332.02</i>	<i>4.31%</i>	<i>285.69</i>	<i>6.27%</i>
Revenue from contracts with customers	6,748.14	100.00%	7,700.95	100.00%	4,556.94	100.00%

The company operates a vertically integrated manufacturing model encompassing preparatory, weaving, dyeing, printing, finishing, coating, lamination and fabrication processes. Supported by modern infrastructure, advanced technology and in-house R&D capabilities, its integrated operations enable greater quality control, operational efficiency and timely deliveries. Kusumgar operates six manufacturing facilities in Gujarat and one fabrication unit in Uttar Pradesh.

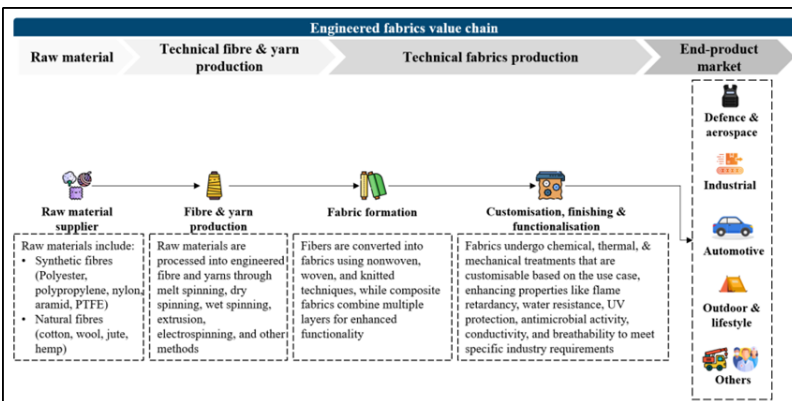
Capacity Utilization FY24-FY26

Factory	As at and for the year ended March 31,								
	2026			2025			2024		
	Installed Capacity ⁽¹⁾ (million metres)	Actual Production ⁽²⁾ (million metres)	Capacity Utilisation ⁽³⁾ (%)	Installed Capacity ⁽¹⁾ (million metres)	Actual Production ⁽²⁾ (million metres)	Capacity Utilisation ⁽³⁾ (%)	Installed Capacity ⁽¹⁾ (million metres)	Actual Production ⁽²⁾ (million metres)	Capacity Utilisation ⁽³⁾ (%)
<i>Processing Dyeing, Finishing, Printing and Coating Factories</i>									
Vapi ⁽⁴⁾⁽⁸⁾	25.56	14.77	57.79%	25.56	19.20	75.11%	25.56	24.12	94.38%
ECFPL* (Coating) ⁽⁵⁾⁽⁹⁾	21.30	5.32	24.98%	21.30	11.43	53.66%	21.30	20.08	94.28%
Karanj	59.64	35.25	59.11%	59.64	11.19	18.76%	-	-	-
Karanj (Coating) ⁽⁶⁾	21.30	7.92	37.18%	21.30	4.63	21.74%	-	-	-
Total	127.80	63.26	49.50%	127.80	46.45	42.32%	46.86	44.20	94.33%
<i>Weaving Facilities</i>									
Kosamba Weaving 1 ⁽¹⁰⁾	13.31	6.80	51.09%	13.31	9.91	74.48%	13.31	10.88	81.80%
Kothwa Weaving 2	6.41	5.98	93.29%	6.41	6.05	94.38%	6.41	4.97	77.63%
Kosamba Weaving 3 ⁽⁷⁾	14.45	8.58	59.38%	-	-	-	-	-	-
Total	34.17	21.36	62.51%	19.72	15.96	84.43%	19.72	15.85	79.72%

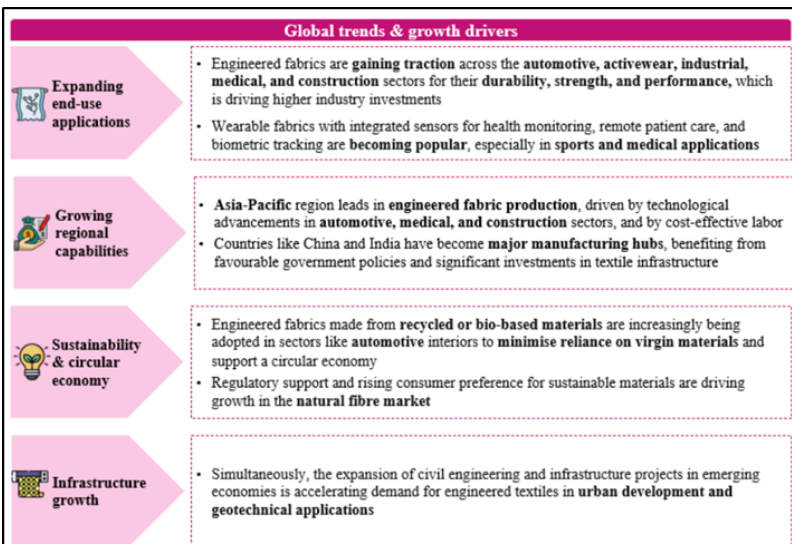
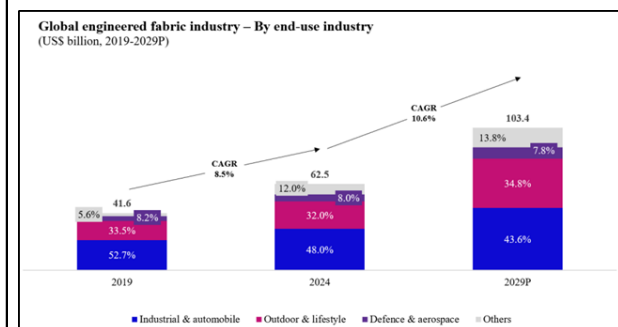
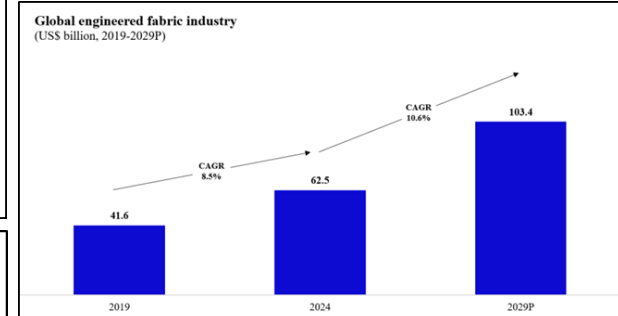
Particulars	As at and for the year ended March 31,		
	2026 (₹ in million, except as noted)	2025 (₹ in million, except as noted)	2024 (₹ in million, except as noted)
Capacity utilisation at processing, dyeing, finishing, printing and coating factories ⁽¹⁾ (%)	49.50%	42.32%	94.33%

Industry Overview:

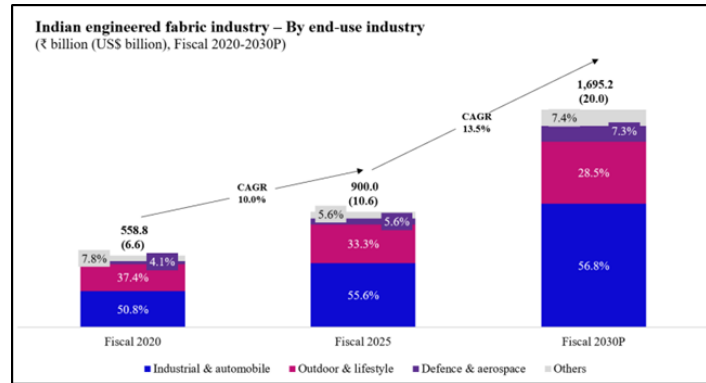
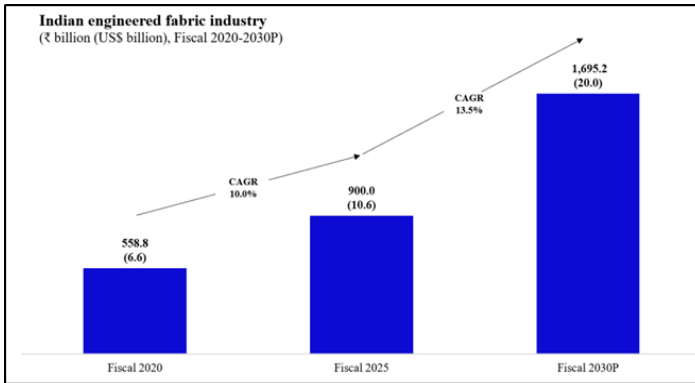
Engineered fabrics are a segment of technical textiles designed to deliver superior functional performance for specialized industrial, commercial and protective applications. Unlike conventional textiles that primarily focus on comfort and aesthetics, engineered fabrics are developed using advanced manufacturing processes to provide enhanced durability, moisture resistance, breathability, flexibility and high tensile strength, making them suitable for high-performance end-use industries.



The global engineered fabrics market grew at a CAGR of 8.5% from US\$41.6 billion in 2019 to US\$62.5 billion in 2024 and is projected to reach US\$103.4 billion by 2029, registering a CAGR of 10.6% during 2024-2029. Growth is driven by increasing demand for high-performance technical textiles across industries such as aerospace, defence, automotive and industrial applications.



India's engineered fabrics market grew at a CAGR of 10.0% from ₹558.8 billion (US\$6.6 billion) in FY20 to ₹900.0 billion (US\$10.6 billion) in FY25. The market is projected to reach ₹1,695.2 billion (US\$20.0 billion) by FY30, registering a CAGR of 13.5% during FY25-FY30, supported by rising demand across industrial, automotive, aerospace and defence applications.



Key growth drivers and trends for the Indian engineered fabrics industry

Engineered fabrics cater to a wide range of end-use industries, including aerospace & defence, industrial & automotive, outdoor & lifestyle, healthcare and construction. Their superior properties such as high strength-to-weight ratio, durability, thermal stability, flame and chemical resistance, water repellence and flexibility make them suitable for critical applications including ballistic protection, aircraft interiors, airbags, seat belts, conveyor belts, filtration systems, protective apparel, tents, luggage, medical textiles and geotextiles. Growing adoption across these sectors continues to drive demand for high-performance engineered fabrics.

Threats and challenges to the engineered fabrics industry:

- **Raw material price volatility:** Dependence on petrochemical-based inputs exposes manufacturers to fluctuations in crude oil prices and supply chain disruptions.
- **Technology and innovation:** Continuous investment in R&D is essential to develop advanced, high-performance fabrics and remain competitive.
- **Regulatory compliance:** Stringent environmental regulations and sustainability requirements can increase compliance and operating costs.
- **Intense competition:** Competition from global players and customer-driven pricing pressure can impact margins.
- **Evolving customer requirements:** Rapidly changing end-user needs require continuous product innovation and technological advancements.

Government policies & incentives	R&D initiatives	Expanding market	Increased adoption
<ul style="list-style-type: none"> • Key initiatives such as the NTM, PLI scheme and PM MITRA parks are strengthening India's position as a global engineered fabrics manufacturing hub by promoting R&D, domestic & large-scale infrastructure development • Government has dedicated ~207 Harmonised System of Nomenclature (HSN) codes and allows 100% FDI under the automatic route for technical textiles, further increasing the export capabilities of India's engineered fabrics industry 	<ul style="list-style-type: none"> • Various R&D initiatives have been undertaken to develop high-specialty engineered fabrics, with a focus on automation, AI-driven textile and processing as key enablers for enhancing product quality & efficiency in domestic manufacturing • Under the flagship scheme of NTM, ~24 R&D projects have been undertaken by various premier research bodies and institutes for the development of specialty fibres like aramid, super high-tenacity polypropylene, carbon fibre, etc. 	<ul style="list-style-type: none"> • India is increasing its engineered fabrics global footprint through enhanced Memorandum of Understanding (MoUs), participation in international trade fairs, and aligning domestic standards with international benchmarks to improve export competitiveness • India is capitalising on the China+1 strategy, positioning itself as a reliable alternative hub as global manufacturers diversify supply chains, thereby attracting buyers and boosting its engineered fabrics export base 	<ul style="list-style-type: none"> • The industry is shifting towards sustainable and high-tech engineered fabrics, including ultrafine nano fibres, non-woven webs, and functional textiles for filtration, healthcare, & industrial applications • The Ministry of Textiles has received an annual budget outlay of ₹ 52.7 Billion (US\$ 0.6 Billion) in FY26, with an aim to promote domestic production of technical textiles in India and has collaborated with Bureau of Indian Standards (BIS) to develop ~500 standards for technical textile production in India

The engineered fabrics industry is poised for strong long-term growth, supported by increasing adoption across aerospace & defence, industrial, automotive, healthcare and outdoor applications. Rising demand for high-performance, application-specific materials, coupled with favourable trends such as defence indigenization, the "China+1" supply chain shift and expanding export opportunities, is expected to drive sustained industry growth. Companies with advanced technical capabilities, differentiated product offerings and integrated manufacturing are well positioned to capitalize on these structural tailwinds.

Investment Rationale:

High Entry Barriers Create a Sustainable Competitive Advantage: Kusumgar operates in the highly specialized engineered fabrics industry, where technical complexity, specialized manufacturing processes and stringent customer qualification requirements create significant barriers to entry. Since 1970, the company has developed over 1,000 unique engineered fabrics and possesses strong expertise in polyamide, polyester filament and polyurethane chemistry. Its core technical strengths include manufacturing lightweight fine denier fabrics, processing Nylon 6 and Nylon 66, complex fabric engineering, advanced coating and lamination technologies, and a vertically integrated manufacturing value chain. These specialized capabilities require significant technical know-how and manufacturing expertise, making it difficult for competitors to replicate comparable products.

The company's competitive moat is further strengthened by multiple structural entry barriers:

- **Specialized technical expertise:** Over five decades of experience in developing more than 1,000 engineered fabrics, supported by advanced manufacturing capabilities and process know-how.
- **Long product qualification cycles:** Product approvals in aerospace & defence and industrial applications typically take 2-10 years, resulting in high switching costs and long-term customer relationships.
- **Solution-based product development:** Ability to co-develop highly customized solutions with customers during the design phase enables the company to influence product specifications and increases customer stickiness.
- **Life-critical applications:** Products such as parachute fabrics and systems, bulletproof jackets, high-altitude clothing and extreme cold weather gear require stringent quality and reliability standards, fostering strong customer trust and long-term supplier relationships.

- **Strategic partnerships:** Long-standing collaborations with leading global brands and technology partners provide access to proprietary technologies, intellectual property, customer relationships and international markets, strengthening the company's competitive positioning.
- **Scale, infrastructure and certifications:** Comprehensive manufacturing infrastructure, specialized machinery and industry certifications enable participation in large government and defence projects, where supplier qualification criteria relating to scale, capabilities and certifications create additional barriers for new entrants.

These structural advantages have enabled Kusumgar to establish long-standing customer relationships across multiple end-use industries while positioning itself as a technology-driven solution provider rather than merely a fabric manufacturer. The combination of high technical expertise, customer integration, long qualification cycles and specialized manufacturing capabilities provides a sustainable competitive advantage and supports long-term growth.

Advanced Technical Capabilities Drive Product Differentiation: Kusumgar has established strong technical capabilities in developing high-performance engineered fabrics and solutions catering to the aerospace & defence, industrial & automotive, and outdoor & lifestyle segments. The company has strategically built expertise in polyamide and polyester filaments and polyurethane chemistry, enabling it to manufacture application-specific products that meet stringent customer performance requirements. Its vertically integrated manufacturing process, supported by in-house R&D, allows the company to consistently develop differentiated products while maintaining superior quality, reliability and cost efficiencies.

The company's key technical strengths include:

- **Fine denier fabric expertise:** Advanced weaving, dyeing and finishing capabilities enable the production of lightweight, high-strength fabrics with superior dimensional stability and performance.
- **Nylon 6 and Nylon 66 processing:** Specialized manufacturing processes ensure consistent quality, durability and appearance while preserving the performance characteristics of these high-value materials.
- **Complex fabric engineering:** Deep expertise in yarn selection, weave structures and finishing technologies enables the development of customized engineered fabrics for demanding aerospace, defence, industrial and automotive applications.
- **Advanced coating and lamination capabilities:** Expertise in polyurethane (PU), thermoplastic polyurethane (TPU), silicone and PTFE-based coatings enables the production of fabrics with enhanced weather resistance, durability, comfort and protection for specialized applications.
- **Vertically integrated manufacturing:** End-to-end control across yarn selection, weaving, dyeing, coating, lamination and fabrication ensures product consistency, traceability, quality assurance and operational efficiencies while reducing dependence on external suppliers.

Leveraging these capabilities, Kusumgar has developed several niche, high-performance products, including 0.75-ounce per square yard parachute fabrics, infrared reflective fabrics, extreme cold weather clothing fabrics and multi-spectral camouflage system fabrics. The company's strong technical expertise, integrated manufacturing capabilities and continuous product innovation position it as a preferred development partner for customers requiring highly customized and mission-critical engineered textile solutions.

Diversified Presence across Multiple End-Use Segments: Kusumgar has established a diversified presence across four key end-use segments - Aerospace & Defence Fabrics, Aerospace & Defence Solutions, Industrial & Automotive Fabrics, and Outdoor & Lifestyle Fabrics each supported by distinct demand drivers. This diversified business mix reduces dependence on any single end market while enabling the company to capitalize on growth opportunities across multiple industries.

While the Aerospace & Defence business remained the largest contributor, accounting for 54.6% of FY26 revenue, the company has successfully diversified its revenue base through the rapid growth of its Industrial & Automotive and Outdoor & Lifestyle segments, which contributed 24.4% and 18.6% of FY26 revenue, respectively. Revenue declined in FY26 primarily due to normalization in the Aerospace & Defence business, as Aerospace & Defence Fabrics was impacted by the non-recurrence of a large order executed in FY25, while Aerospace & Defence Solutions revenue was affected by the partial deferral of execution of a ₹2.37 billion contract into FY27 owing to customer operational requirements. Additionally, FY25 had benefited from a one-time Combat Free Fall (CFF) parachute systems order that contributed ₹2.22 billion, resulting in a high base effect.

The company's diversified portfolio, combined with independent growth drivers across each business segment, enhances earnings resilience and positions it to benefit from the continued expansion of the aerospace & defence, industrial & automotive and outdoor & lifestyle markets over the long term.

Long-Standing Customer Relationships and Strategic Partnerships Drive Revenue Visibility: Kusumgar has established long-standing relationships with leading domestic and global customers across its key end-use segments, reflecting its strong product quality, technical capabilities and execution track record. The company's ability to consistently deliver customized, high-performance engineered fabric solutions has enabled it to increase wallet share with existing customers while fostering long-term business relationships. These relationships are further strengthened by strategic partnerships that provide access to new technologies, products and business opportunities, creating sustainable competitive moats.

In FY26, the company's top six customers contributed ₹3.33 billion, accounting for 49.4% of revenue from contracts with customers. Relationships with these customers span 2-9 years, demonstrating strong customer retention and repeat business across aerospace & defence, industrial and outdoor applications. The company has also leveraged its long-standing partnerships to secure new business opportunities, including the development of fabric for 90-litre military rucksacks for an Indian government customer after several years of collaborative design and testing. Additionally, its partnership with a U.S.-based airborne solutions company enables it to manufacture licensed products for supply to an Indian government customer, further strengthening its position in the aerospace & defence segment.

Length of Partnership with Top 6 Customers

Customer	Years of relationship as at March 31, 2026	Fiscal 2026	Fiscal 2025	Fiscal 2024
		Revenue (₹ in million)		
Customer 1*	2	751.27	2,225.88	-
Customer 2*	9	722.01	679.74	427.08
Decathlon*	7	699.77	296.02	180.73
Customer 4*	9	609.28	376.94	97.32
Customer 5*	7	280.04	-	-
Customer 6*	8	267.97	-	182.84

The company's focus on long-term customer relationships, strategic partnerships and customized solution development enhances revenue visibility, supports repeat order inflows and reinforces its competitive positioning across high-value engineered fabric markets.

Strategic Partnerships

Description of the company	Type of Partnership	Description	Whether exclusive rights are granted to our Company in India (Yes/No)	Length of relationship to-date
Airborne solutions company headquartered in the United States	Technical/Sales and marketing	Technology and market access for parachute systems	Yes	Since November 2024
A textile manufacturer based in Taiwan, specializing in sports and outdoor fabrics	Technical/Sales and marketing	Technology and market access for outdoor fabrics	No	Since June 2025
A manufacturer specializing in advanced technical fabrics and chemicals headquartered in Italy ⁽¹⁾	Technical	Manufacture ballistic fabrics and marketing and sales rights of their fabrics in India	No	Since November, 2023
A U.S.-based tactical gear company known for its camouflage solutions and combat apparel	Technical/Sales and marketing	Manufacture and sales of their patented and trademarked camouflage fabric	No	Since May 2024
A U.S.-based textile company	Sales and marketing	Sales of our fabrics in North America	Yes	Since February 2024
A Swiss-based defence products company	Sales and marketing	Sales partnership for camouflage solutions	No ⁽²⁾	Since September 2023
A U.S.-based polymer and fibre manufacturer specializing in nylon and spandex	Raw material	Licensed partner for a trademarked fabric	No	Since July 2025
A Taiwanese nylon fibre producer offering eco-	Raw material	Development of custom yarns to meet customer demands	No	More than four years

Build-Retain-Extend Strategy to Drive Aerospace & Defence Growth: Kusumgar intends to expand its aerospace & defence business through its "Build-Retain-Extend" strategy, which focuses on developing customized solutions for customers, strengthening long-term relationships through continuous product innovation, and leveraging its technical expertise to expand into adjacent customers, products and applications. This strategy is supported by favourable industry tailwinds and the company's established capabilities in high-performance aerospace & defence fabrics and systems.

The opportunity is underpinned by robust growth in both domestic and global aerospace & defence markets. The Indian engineered fabrics market for aerospace & defence is projected to grow at a CAGR of 20.0% during FY25-FY30, driven by defence indigenization initiatives and rising domestic procurement, while the global market is expected to grow at a CAGR of 10.0%, supported by higher defence spending, geopolitical developments and supply chain diversification. To capitalize on export opportunities, the company has established dedicated sales teams and representatives across Europe, the Middle East and North America.

Kusumgar is among the major players in military parachute fabrics outside the United States and China and is well positioned to benefit from the strong growth in this niche segment. In addition to fabrics, the company is expanding its portfolio of higher value-added aerospace & defence systems in India and global markets, with executed and existing orders for parachutes and camouflage systems, while also exploring new value-added defence products. It is further evaluating adjacent opportunities such as paragliders, sails, hot-air and helium balloons, aerostats and other aerospace applications, while strengthening its global distribution network through strategic partnerships to expand the international reach of its defence solutions.

Expanding Outdoor & Lifestyle Business Through Global Brand Partnerships: Kusumgar is strengthening its Outdoor & Lifestyle Fabrics business by deepening relationships with leading global brands and capitalizing on favourable industry tailwinds. The company caters to high-growth applications such as activewear, luggage and backpacks, leveraging its expertise in high-performance engineered fabrics. The global engineered fabrics market for outdoor & lifestyle applications is projected to grow at a CAGR of 12.5% between 2025 and 2030, supported by increasing demand for durable, lightweight and functional materials.

The company is well positioned to benefit from the ongoing "China +1" supply chain diversification, as global brands increasingly source engineered fabrics from India. Kusumgar has become an approved supplier to leading global brands, including Decathlon, supplying fabrics to designated manufacturers while directly negotiating pricing with brands, thereby strengthening its pricing power and customer relationships. With limited domestic competition in engineered fabrics, the company is well placed to increase both market share and wallet share from existing customers.

In addition, India is emerging as a preferred sourcing hub for neighbouring manufacturing centres such as Bangladesh, Vietnam, Sri Lanka and African countries, which have limited engineered fabric manufacturing capabilities. Backed by its strong technical expertise and established customer relationships, Kusumgar is well positioned to capitalize on these export opportunities and drive long-term growth in its Outdoor & Lifestyle business.

Expanding Industrial & Automotive Business Through Customized Solutions & Export-Led Growth: Kusumgar aims to steadily expand its Industrial & Automotive Fabrics business by increasing wallet share with existing customers and developing customized, application-specific solutions. The business benefits from long qualification and approval cycles, which create high switching costs, enhance customer stickiness and provide greater revenue stability. The company focuses on customers with lower price sensitivity, supporting margin resilience while strengthening long-term customer relationships.

The company has established a strong presence across multiple industrial applications, including automotive tapes, mechanical rubber goods, hoses, heddle belts, spindle tapes, electric insulation, footwear, leather and custom industrial solutions. It is also expanding into medical tapes through the development of specialized products for domestic customers. In FY26, 66.2% of revenue from the Industrial & Automotive segment was directly or indirectly linked to exports, highlighting its strong international presence and competitive cost advantage over Western manufacturers.

Looking ahead, Kusumgar is focused on expanding its presence in high-growth niche segments such as inflatables and coated & laminated fabrics, where it aims to capitalize on limited competition, increasing customer diversification away from incumbent suppliers and its advanced coating and lamination capabilities. These initiatives, coupled with the company's strong engineering capabilities and export competitiveness, position it well to drive sustainable long-term growth in the Industrial & Automotive segment.

Valuation & Outlook: India's engineered fabrics market is expected to grow at a CAGR of 13.5% during FY25-FY30, driven by rising demand across aerospace & defence, industrial, automotive and outdoor applications. Kusumgar is well positioned to capitalize on this opportunity, supported by high entry barriers, over five decades of technical expertise, vertically integrated manufacturing, diversified end-market presence, long-standing customer relationships and strategic global partnerships. Growth is expected to be driven by its "Build-Retain-Extend" strategy in aerospace & defence, a strong position in military parachute fabrics outside the U.S. and China, an expanding portfolio of higher value-added aerospace & defence systems, partnerships with leading global brands in the Outdoor & Lifestyle segment, export expansion across Europe, the Middle East and North America, and increasing opportunities in niche applications such as inflatables and coated & laminated fabrics. We expect revenue growth to accelerate from FY27, supported by the execution of the deferred ₹2.37 billion defence contract, sustained momentum across the Industrial & Automotive and Outdoor & Lifestyle segments, and improving capacity utilization. The company also enjoys superior EBITDA margins, PAT margins, RoE and RoCE relative to listed peers, supported by its favourable product mix comprising high-margin aerospace & defence fabrics, custom industrial fabrics, parachute solutions and Nylon 6 & Nylon 66-based products, reflecting its operational efficiency and disciplined capital allocation. Given its strong competitive positioning, robust growth prospects and superior profitability and return metrics relative to peers, we recommend subscribing to the issue from a long-term investment perspective.

Peer Comparison

Name of the company	Diluted EPS 2026 (₹)	Price as on July 2, 2026	P/E (x)
Kusumgar Ltd	9.3	419	45.0
Garware Technical Fibres Ltd	20.0	722	36.1
Arvind Ltd	15.8	568	36.0
SRF Ltd	61.9	2800	45.2

Particulars FY26	Kusumgar Ltd	Garware Technical Fibres Ltd	Arvind Ltd	SRF Ltd
Revenue from Operations (₹ mn)	6920	15288	93092	157865
EBITDA (₹ mn)	1879	2836	10610	36200
EBITDA Margin (%)	27.2%	18.5%	10.7%	22.9%
Profit After Tax (₹ mn)	982	1985	4270	18351
PAT Margin (%)	13.8%	12.6%	4.6%	11.5%
RoE (%)	25.8%	14.7%	10.7%	13.8%
ROCE (%)	24.8%	22.0%	15.4%	14.6%
Net Working Capital Days	90	137	99	16
Fixed Asset Turnover (Times)	3.4	4.9	5.9	1.2

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