KUSUMGAR LIMITED

SUBSCRIBE

IPO Report

07th July 26

Snapshot

Company is a manufacturer of woven, coated and laminated synthetic fabrics, referred to as engineered fabrics. Company offer engineered fabrics and solutions focusing on polyamides and polyester filaments and polyurethane chemistry that cater to the high-performance requirements of its customers. Company's expertise is manufacturing fabrics where critical performance parameters include tensile strength, tear strength, abrasion resistance, comfort, airpermeability, and water proofing, among others. Company have leveraged its process knowledge and product development expertise to manufacture over 1,000 unique fabric configurations (referred to as stock keeping units, or "**SKUs**") as at March 31, 2026, to build a niche around synthetic functional and performance fabrics, addressing growing demand in the aerospace and defence, industrial and automotive, and outdoor and lifestyle segments..

VALUATION

Company is bringing the issue at price band of Rs 398-419 per share at p/e multiple of 45x on FY26 basis.
Company operate in markets with high entry barriers.. Company's technical capabilities allow it to develop and supply unique solutions for its customers. Company have a diversified presence across multiple end-use segments, each of which has independent growth drivers. Company have long-standing relationships with key customers. Company's track record has given it access to technology and markets through partnerships. Hence, we recommend "Subscribe" to issue.

Price Band (Rs./Share)	**398-419**
Opening date of the issue	**08th July '2026**
Closing Date of the issue	**10th July '2026**
No of shares pre issue	10,49,91,372 Eq Shares
Issue Size	Rs 650 Cr
OFS	Rs 650 Cr
No of Shares in OFS	1,55,13,126 Eq Shares
Face Value (Rs/ share)	Rs 1/share
Bid Lot	35
BIDDING DETAILS	
QIBs (Including Anchor)	50% of the offer (Approx 77,14,796 eq Shares)
Non-Institutional	15% of the offer (Approx 23,14,439 eq Shares)
Retail	35% of the offer (Approx 54,00,358 eq Shares)
Lead managers	Axis Capital, IIFL Capital, Motilal Oswal
Registrar to the issue	Bigshare Services Pvt Ltd

WHAT WE LIKE

Company operate in markets with high entry barriers

Since 1970, company have developed and manufactured over 1,000 unique engineered fabrics. Market entry barriers for its products are high and include (i) technical knowledge, (ii) long product approval cycles, (iii) customized solutions, (iv) partnerships with leading brands and manufacturers, (v) customer loyalty for life-preserving features, and (vi) manufacturer size and infrastructure,

Company have a diversified presence across multiple end-use segments, each of which has independent growth drivers

Company manufacture products primarily for four diverse market segments: (i) Aerospace and Defence Fabrics; (ii) Aerospace and Defence Solutions; (iii) Industrial and Automotive Fabrics; and (iv) Outdoor and Lifestyle Fabrics..

Company's track record has given it access to technology and markets through partnerships

Company have partnerships which increase the value of its business by creating moats around business opportunities .These relationships also help ensure a continuous stream of opportunities. For example, company was invited by an Indian government customer to develop a new fabric for 90-litre rucksacks and after several years of design and testing its product was awarded the entire fabric order. A further example is an airborne solutions company headquartered in the United States, where company's relationship has evolved into a partnership where company manufacture their products and supply them to an Indian government customer under a licence agreement.

COMPANY BACKGROUND

In recent years, company have built on its expertise and industry knowledge to expand into manufacturing finished products for aerospace and military applications, such as parachute systems, stealth solutions, and rapid deployment systems.

Company manufacture products primarily for four market segments: (i) Aerospace and Defence Fabrics; (ii) Aerospace and Defence Solutions; (iii) Industrial and Automotive Fabrics; and (iv) Outdoor and Lifestyle Fabrics, each of which has high entry barriers

Aerospace and Defence Fabrics: Fabrics used in aerospace and defence applications must meet exact specifications, which require a high level of technical manufacturing expertise. Company work closely with end-users to understand their needs and to create fabrics optimized for their strength-to-weight ratio, durability, comfort, and other performance parameters. Company develop bespoke products for its customers as per their unique requirements. Company is development and manufacturing partners of aerospace and defence fabrics for an Indian government customer, and company export its aerospace and defence fabrics to countries all over the world. Company supply fabrics for the following aerospace and defence applications: (i) parachutes and other aerial systems; (ii) tactical clothing and specialty gear; and (iii) stealth systems and rapid deployment systems.

Aerospace and Defence Solutions: Using the expertise gained from fabric manufacturing, company have selectively expanded into manufacturing end-user solutions for domestic and export customers in the aerospace and defence markets. Company divide these end-user solutions into three business lines: (i) aerial systems, such as parachute systems; (ii) stealth systems, such as camouflage nets; and (iii) rapid deployment systems, such as decoys and shelters. In addition, company also enter into maintenance and repair service agreements with certain clients.

Industrial and Automotive Fabrics: Company manufacture fabrics for a variety of industrial applications, including the automotive sector. Company divide its Industrial and Automotive Fabrics segment into four business lines: (i) fabrics for tapes; (ii) custom fabric solutions; (iii) mechanical rubber goods (MRG) fabrics; and (iv) inflatable fabrics.

Outdoor and Lifestyle Fabrics: Company's Outdoor and Lifestyle Fabrics segment caters to the global market for synthetic performance wear ("activewear"), such as "athleisure", winter wear, rainwear, and fashion jackets, and personal gear ("hardlines"), such as backpacks, luggage, sleeping bags, and tents. Brands nominate company to serve as the fabric supplier to specific garment manufacturers.

OBJECTS OF OFFER

The Offer comprises an Offer for Sale by the Promoter Selling Shareholders. The objects of the Offer are to

(i) carry out the Offer for Sale of Equity Shares aggregating up to ₹6,500 million by the Promoter Selling Shareholders and

(ii) achieve the benefits of listing the Equity Shares on the Stock Exchanges

RISKS

Company derived 31.67%, 24.43% and 22.97% of company's revenue from contracts with customers for Fiscal 2026 from company's Aerospace and Defence Fabrics, Industrial and Automotive Fabrics, and Aerospace and Defence Solutions market segments, respectively. If there is any decline in demand for aerospace and defence fabrics, industrial and automotive fabrics, and aerospace and defence solutions, it could have a material adverse effect on company's business, financial condition, results of operations and cash flows.

Source:RHP

Consolidated Financials (Rs in Mn)

Financials	FY24	FY25	FY26
Total Revenue (A)	4679.08	7789.97	6920.03
Total Expenditure (B)	3360.61	5906.08	5041.52
EBIDTA	1318.47	1883.89	1878.51
EBIDTA Margin	28.18	24.18	27.15
Other Income	66.43	112.15	197.75
Depreciation	170.97	341.90	466.89
EBIT	1213.93	1654.14	1609.37
Interest	63.22	146.31	259.78
PBT	1150.71	1507.83	1349.59
Share of profit in Asso	0.00	0.00	0.00
PBIT	1150.71	1507.83	1349.59
Exceptional	0.00	0.00	0.00
PBT	1150.71	1507.83	1349.59
Tax	306.75	387.95	367.58
PAT	843.96	1119.88	982.01
NPM	18.04	14.38	14.19
ROE%	86.13	56.26	25.82
EPS	8.32	11.03	9.68
Eq Cap	19.90	101.49	101.49
Net Worth	1,403.59	2,577.52	5,029.54

(Source: RHP)

DISCLAIMER

HEM Securities Limited (“Research Entity or HSL”) is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, depository services, merchant banking services, Portfolio Management Services and other related activities. Broking services offered by HEM Securities Limited are under SEBI Registration No.: INZ000168034.

This Report has been prepared by HEM Securities Limited in the capacity of a Research Analyst having SEBI Registration No. INH100002250 and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. This should not be construed as invitation or solicitation to do business with HSL. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject HSL and associates / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. HSL reserves the right to make modifications and alterations to this statement as may be required from time to time. HSL or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. HSL is committed to providing independent and transparent recommendation to its clients. Neither HSL nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance .The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

HSL and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company(ies), mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Investments in securities market are subject to market risks, read all the related documents carefully before investing.