

Kusumgar Limited

April 02, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	18.05	CARE A; Stable	Reaffirmed
Long-term / Short-term bank facilities	23.50	CARE A; Stable / CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings reflects the stable operating and financial performances of Kusumgar Limited (KL) in FY25 (refers to April 01 to March 31) and 9MFY26, despite some moderation in revenue, and CARE Ratings Limited's (CareEdge Ratings') expectation of sustained performance over the medium term aided by revenue visibility from healthy orderbook including special projects. The company's scale of operations grew by ~65% YoY to ₹781.89 crore in FY25 (PY: ₹472.22 crore) driven by volume growth considering healthy order flow and stable realisations with healthy profitability levels. For the current financial year, on a consolidated basis, the company has registered turnover of ₹620 crore as on March 28, 2026. However, scale is expected to moderate in FY26 due to some impact of the incremental tariffs on exports to the US and deferment of the execution of high value special projects. However, its profit before interest, lease rentals, depreciation and taxation (PBILDT) margin is likely to sustain in the range of 20-22% in FY26 translating into adequate cash accruals. CareEdge Ratings notes that KL has raised fresh equity of ₹127 crore in 9MFY26 through issuance of compulsorily convertible preference shares to private equity investors which has strengthened its net worth base and liquidity buffer.

Ratings continue to derive strength from its established market presence in the value-added and specialised technical textiles. Ratings also favourably factor in KL's adequate capital structure and debt coverage indicators despite some moderations led by borrowing towards debt-funded capex and higher reliance on working capital borrowings following the reduction in free liquidity post payment of ~₹108 crore towards acquisition of a subsidiary in FY26.

However, ratings remain constrained due to working capital intensive operations and susceptibility of margins to raw material price volatility and foreign currency exchange rates.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in the scale of operations above ₹1,000 crore while maintaining PBILDT margin above 25% on a sustained basis.
- Improvement in overall gearing below 0.25x on a sustained basis.

Negative factors

- Decline in scale of operations below ₹500 crore and PBILDT margin below 20% on a sustained basis.
- Deterioration in overall gearing above 1x on a sustained basis.
- Significant time or cost overrun in the ongoing capex.

Analytical approach: Consolidated

CareEdge Ratings has assessed the consolidated financial statements of KL, and its subsidiaries as detailed in Annexure-6, owing to operational and financial linkages between them.

Outlook: Stable

The Stable outlook on long-term rating reflects CareEdge Ratings' expectations that KL will continue to maintain its financial risk profile supported by its healthy profitability and lower reliance on external debt. KL's established track record and benefit of successful commencement of ongoing capex shall also supports the financial risk profile.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:**Key strengths****Diversified and value-added product portfolio supporting healthy return ratios**

Over the years, KL has introduced different product lines to reduce its dependence on defence orders which earlier contributed over 50% to the total revenue. KL's sales reflect a healthy diversity based on end-use application with industrial textiles and defence each contributing 30-40% of revenue in the last three years followed by 10-15% each from outdoor/work wear and speciality textiles in FY25. With recent entry in manufacturing finished products of specialty textiles such as parachutes and inflatables, the product profile has further diversified. In FY25, KL took on large size orders from Government of India for supplying customised products. The company's revenue is moderately diversified across regions, with exports contributing 50% (including deemed exports) to the total revenue. KL's focus on value-added textiles with specialised application and geographically diversified sales mix are expected to continue to aid the company in maintaining healthy return ratios with projected return on capital employed above 30% per annum.

Comfortable leverage and debt coverage indicators

KL's capital structure moderated in FY25 due to elevated debt levels, primarily driven by borrowings for capex and higher reliance on working capital borrowings following the reduction in free liquidity post payment of ~₹108 crore towards acquisition of a subsidiary in FY26. Consequently, overall gearing increased to 1.17x as on March 31, 2026, weaker than CareEdge Ratings' negative rating sensitivity. However, with healthy accruals from business and fresh equity raise of ₹127 crore, the net worth base is likely to strengthen above ₹500 crore leading to improvement in projected overall gearing to below unity levels. However, debt coverage indicators remain healthy with PBILDT interest coverage ratio of 13.09x (PY: 19.78x) and total debt/PBILDT ratio at 1.57x (PY: 0.94x) in FY25.

Experienced promoters in technical textile industry

The company was incorporated in 1990 by Yogesh Kusumgar, who has over four decades of experience in the technical textile industry and is currently managed by his son, Siddharth Kusumgar (Managing Director). Promoters are ably supported by professional management to run daily operations. Experienced promoters and management are expected to aid in profitably scaling up business in the coming years.

Key weaknesses**Working capital intensive nature of operations**

KL's operations remain working capital intensive as reflected in average operating cycle of 100-120 days over the last three years owing to high inventory holding requirements. As against extended credit period in the range of 60-90 days to its customers, the company receives credit period of ~30 days from its suppliers. The gross current assets also remained moderate at ~175 days over the last three years. Average working capital utilisation stood at ~86% for 12-months ending in December 2025. The company has not witnessed major headwinds for collection of debtors.

Susceptibility to fluctuation in raw materials prices and fluctuation in foreign exchange rates

The company's major raw materials used are specialty nylon/polyester yarns; all being derivative of crude oil are continuously affected by movement in crude oil prices. While the company is largely able to pass on raw material price volatility to its customers, substantial price volatility could have a transient impact on KL's margins. The company imports 40%-50% of its raw material requirement, where it gets better credit term of up to 90 days and balance through key domestic players, where it is required to make upfront payments. It also derives ~50% of its revenue from exports (including deemed exports). While it is exposed to exchange rate volatility, being a net exporter provides a naturally hedge to some extent.

Liquidity: Adequate

KL's liquidity is marked adequate with projected gross cash accruals of ₹140-150 crore p.a. against scheduled repayments of ~₹40 crore p.a. and maintenance capex of ₹10 crore p.a. over the next 1-2 years. The average utilisation of fund-based working capital limits stood at 86% in the 12 months ending December 2025 and the company had free cash and liquid investments of ₹37.6 crore as on March 31, 2025, indicating adequate liquidity buffer. However, with the fresh equity raise in 9M FY26, the utilisation levels are expected to moderate over the medium term. The current ratio stood at 1.17x and free cash and bank balance of ₹35 crore as on March 31, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles and apparels	Other textile products

KL (erstwhile Kusumgar Corporates Private Limited) is engaged in manufacturing speciality technical textile catering to specialised defence and industrial applications. The company has an integrated business model with capacities for spinning, weaving and processing at Surat (weaving and processing) and Vapi (weaving) allowing it to capture a large portion of the value chain. The company was incorporated in 1990 by Yogesh Kusumgar and has changed its name to present one in January 2025.

Brief Financials (₹ crore) - Consolidated	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	472.22	781.89
PBILDT*	124.32	191.54
Profit after tax (PAT)	81.14	111.99
Overall gearing (x)	0.48	1.17
Interest coverage (x)	19.78	13.09

A: Audited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Brief Financials (₹ crore) - Standalone	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	472.22	808.62	331.00
PBILDT*	124.32	186.32	NA
Profit after tax (PAT)	81.14	108.91	NA
Overall gearing (x)	0.48	0.84	NA
Interest coverage (x)	19.78	12.81	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Status of non-cooperation with previous CRA:

CRISIL Ratings Limited, vide its press release dated January 21, 2026, has reviewed the credit rating assigned to bank facilities of KL under non-cooperation category due to non-availability of information and non-cooperation by KL.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	31-03-2027	18.05	CARE A; Stable
Fund-based/Non-fund-based-LT/ST	-	-	-	-	23.50	CARE A; Stable / CARE A1

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	18.05	CARE A; Stable	-	1)CARE A; Stable (20-Mar-25) 2)CARE A-; Positive (02-Apr-24)	-	1)CARE A-; Stable (24-Mar-23) 2)CARE A-; Stable (05-Apr-22)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	23.50	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (20-Mar-25) 2)CARE A-; Positive / CARE A2+ (02-Apr-24)	-	1)CARE A-; Stable / CARE A2+ (24-Mar-23) 2)CARE A-; Stable / CARE A2+ (05-Apr-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Engineered Coated Fabric Private Limited	Full	Wholly owned subsidiary
2	Kusumgar Middle East FZC LLC	Full	Wholly owned subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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