

INITIATING COVERAGE

Kingfa Science & Technology (India) Ltd.

Engineering the shift from metal to plastic

Buy

Current Price: Rs. 6,099 | Market Cap: Rs. 82 Bn

8th September 2026



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Engineering the shift from metal to plastic

Kingfa Science & Technology (India) Ltd. (Kingfa) is one of India's leading polymer compounders. The Company manufactures modified plastics, mainly polypropylene, by adding minerals, dyes, pigments and other additives to improve properties such as strength, heat resistance and durability. These customised compounds are supplied across automotive, consumer durables, electrical and industrial applications. The Company was incorporated as Hydro S&S Industries Ltd. in November 1983 and later acquired by China-based Kingfa Science & Technology in May 2013, which currently holds a ~67% stake. Kingfa manufactures reinforced polypropylene, engineering plastics, thermoplastic elastomers, fibre-reinforced composites and healthcare polymers. It operates primarily on a B2B model and its product reach includes leading OEMs such as Tata Motors, Mahindra, Renault, Nissan, Volvo and Audi. Automotive contributed ~74% of FY26 revenue, while the remaining ~26% came from home appliances, electricals and other industrial applications.

Metal-to-plastic substitution to drive volume growth

Kingfa's key growth catalyst comes from the increasing replacement of metal components with plastics in automobiles. OEMs are focused on reducing vehicle weight to meet stricter emission norms and improve EV range. As a result, plastic content per vehicle is expected to increase from ~40-45 kg in traditional ICE vehicles to ~65-70 kg in newer vehicles and EVs. This shift should increase demand for higher-value products such as engineering plastics and Long Fibre Thermoplastics (LFT), which can replace multiple metal parts with a single moulded component. Kingfa has already localised LFT production at its Chakan facility, reducing import dependence. With an estimated ~22% share of India's automotive compounds market, Kingfa is well positioned to benefit from higher volumes as well as a richer product mix, supporting better realisations over time.

India emerging as an export hub for Kingfa China

Kingfa China plans to develop India as an export base by leveraging its global customer relationships and existing OEM approvals. The Company is targeting markets such as Thailand, Vietnam, South Africa, Egypt and Morocco, while also benefiting from the broader China+1 sourcing trend. Since polypropylene compound realisations in developed markets such as Europe and North America are generally higher than in India, growth in exports, currently ~6% of revenue, could improve Kingfa's blended realisations and profitability over time.

View and valuations

We expect Kingfa's revenue to grow at ~17% CAGR over FY26-29E, supported by healthy volume growth, a better product mix and margin improvement from incremental sourcing of raw materials from the domestic market. The Company's plan to expand capacity to ~0.6 MMTPA by 2030 provides further visibility on future growth. We initiate coverage on Kingfa Science & Technology (India) Ltd. with a BUY rating and value the Company at 35x FY28E P/E, arriving at a target price of Rs 7,586, implying an upside of ~24%.

BUY

CMP Rs. 6,099

TARGET Rs. 7,586 (+24%)

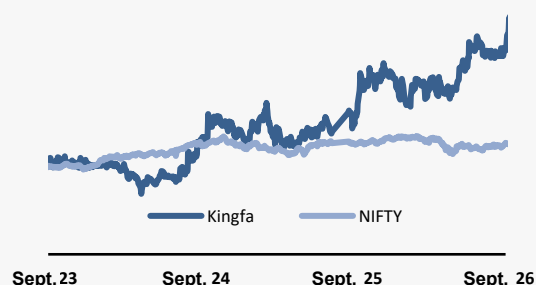
Company Data

Bloomberg Code	KINGFA:IN
MCAP (Rs. Bn)	82.2
O/S Shares (Mn)	13.6
52w High/Low	6,200/3,649
Face Value (in Rs.)	10
Liquidity (3M) (Rs. Mn)	72.3

Shareholding Pattern %

	Jun-26	Mar-26	Dec-25
Promoters	67.0	67.0	67.0
FII's	7.7	7.8	7.7
DII's	8.8	8.9	8.8
Non-Institutional	16.5	16.4	16.5

Kingfa vs Nifty



Key Financial Data

(Rs. Bn)	FY26	FY27E	FY28E
Revenue	19,956	24,800	27,324
EBITDA	2,614	3,782	4,167
Net Profit	1,853	2,704	2,937
Total Assets	17,542	21,115	24,243
ROCE (%)	17%	18%	16%
ROE (%)	17%	18%	16%

Source: Company, Keynote Capitals Ltd.

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Kingfa Science & Technology (India) Ltd. | Initiating Coverage Report

Content	Page No.
<u>Industry Section</u>	04
<u>Commodity Polymer & Performance Material</u>	04
<u>Polypropylene</u>	05
<u>Uses of Compounded Polymer</u>	06
<u>Global and Indian market dynamics</u>	07
<u>Polypropylene Compound</u>	07
<u>Michael Porter's Five Forces of Framework</u>	08
<u>OEM relationship with polymer compounder</u>	09
<u>PV variant launch</u>	09
<u>Company Section</u>	10
<u>Business Evolution</u>	11
<u>Product Portfolio</u>	12
<u>Manufacturing and Operational Profile</u>	13
<u>Management Analysis</u>	16
<u>Peer Analysis</u>	18
<u>Compounders have outgrown the automobile PV Production</u>	19
<u>Opportunities</u>	20
<u>Threats</u>	22
<u>Financial Statement Analysis</u>	23
<u>Valuations</u>	24
<u>Disclaimer</u>	25

Kingfa Science & Technology (India) Ltd. | Initiating Coverage Report

Commodity Polymer and Performance Material

Plastics form part of the broader family of polymers, which are large molecules made by chemically linking repeating units known as monomers. Depending on their molecular structure and composition, polymers can exhibit widely different characteristics such as flexibility, strength, heat resistance, chemical resistance and electrical insulation. This versatility has enabled their use across packaging, construction, automobiles, electrical and electronics, consumer durables and several other industries. Common synthetic polymers include Poly-Ethylene (PE), Poly-Propylene (PP), Poly-Vinyl Chloride (PVC), Poly-Styrene (PS) and Poly-Ethylene Terephthalate (PET).

Thermoplastics are a category of plastics that soften when heated and harden again when cooled, allowing them to be melted, shaped and reshaped multiple times through processes such as injection moulding and extrusion. This makes them different from thermosetting plastics, which undergo a permanent chemical change during processing and cannot be remelted once set.

Within thermoplastics, materials differ widely based on how they are used and the value they add. Commodity polymers such as polypropylene and polyethylene terephthalate are produced in large volumes for everyday, standardised applications. Engineering and high-performance plastics, on the other hand, are designed for more demanding uses that require higher strength, better heat resistance, improved electrical properties or greater chemical resistance.

Importantly, the transition from a commodity polymer to a performance material does not necessarily require a completely different base polymer. A commodity polymer itself can be engineered for more demanding applications through compounding. In this process, the base resin is combined with materials such as mineral fillers, glass fibres, impact modifiers, pigments and stabilisers to alter its properties. For instance, polypropylene compounds can be formulated to deliver higher stiffness, strength, impact resistance, heat stability or dimensional stability than unmodified polypropylene.

Differences among commodity polymer, compounded polymer and engineering plastic

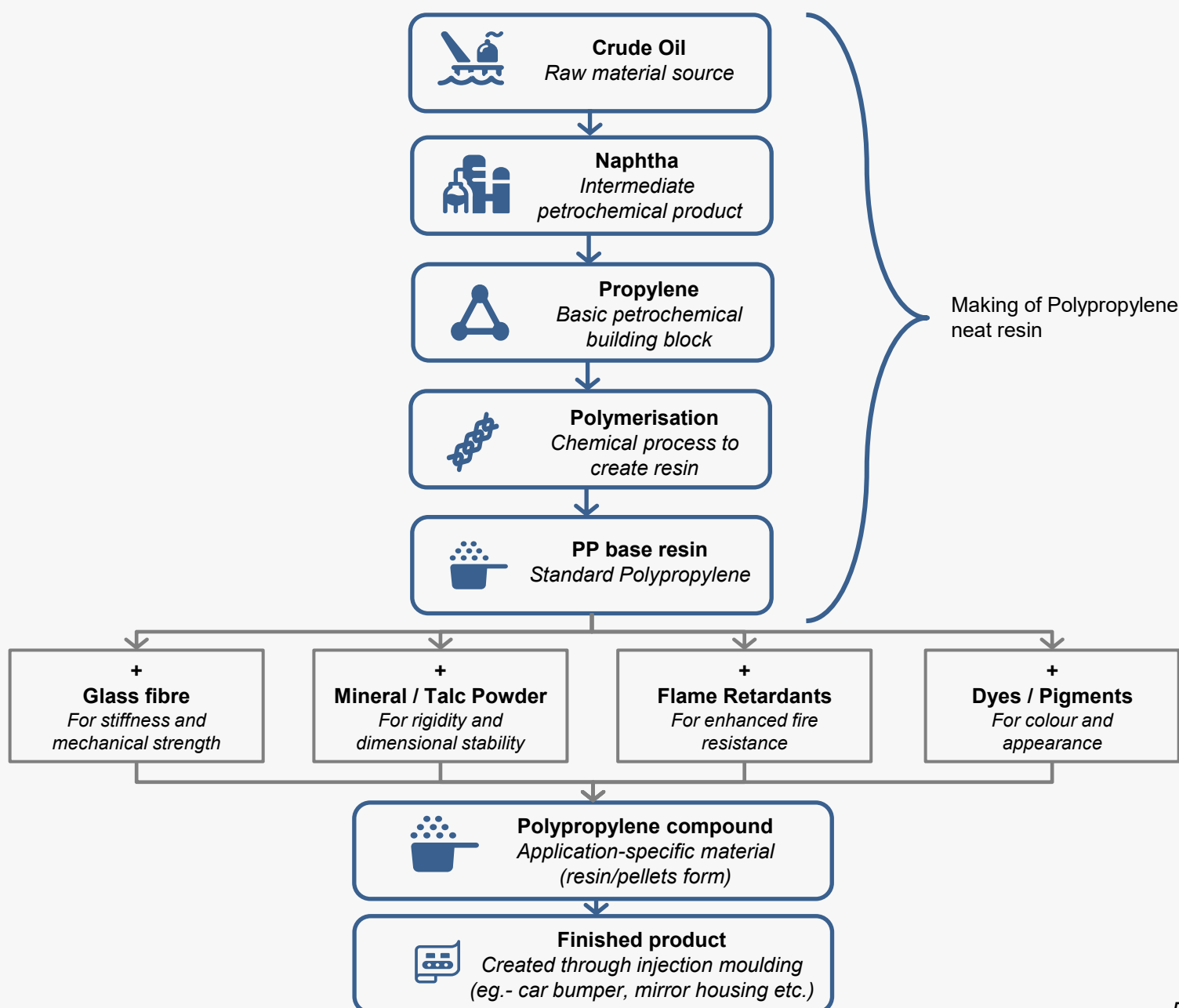
Particular	Commodity polymer	Compounded Polymer	Engineering & performance plastics
Material	Polypropylene, polyethylene, polyvinyl chloride, polystyrene	Mineral-filled PP, glass-fibre reinforced PP	PA (Nylon), Polycarbonate, Polybutylene Terephthalate, etc.
Objective	Cost-effective material for broad applications	Improve the properties of base polymer	Deliver higher performance under demanding operating conditions
Value addition	Lower	Moderate to high	Higher
Properties	Processability, low cost	Stiffness, impact strength, dimensional stability, heat/UV resistance	Heat resistance, mechanical strength, electrical properties, dimensional stability
End-user application	Packaging, household goods, basic moulded products	Automotive, components	Automotive, electrical & electronics, precision and high-performance components

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Polypropylene

Polypropylene (PP) is one of the most widely used thermoplastic polymers globally, finding applications across packaging, automobiles, appliances, consumer products, textiles and industrial components. At its most basic level, PP is produced by polymerising propylene, a petrochemical building block derived primarily from crude oil and natural gas. India has a particularly PP-oriented petrochemical chain, ~95% of the propylene consumed domestically with is used to manufacture polypropylene, compared with ~70% globally, according to NITI Aayog.

The widespread adoption of PP stems from its combination of low weight, adequate mechanical strength, chemical resistance, ease of processing and relatively low cost. Unlike metals, PP does not corrode, while its low density makes it useful in applications where weight reduction is important. At the same time, it can be processed through conventional techniques such as injection moulding, blow moulding, extrusion and fibre processing, allowing the same base polymer to serve a wide variety of end markets.

Value Chain and compounding process

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Use case of Compounded Polymer

The growing use of compounded plastics across automobiles, electrical equipment and industrial applications is primarily a function of the performance they bring to the end product. Through the addition of fillers, reinforcements and functional additives, plastics can be engineered to deliver a combination of low weight, mechanical strength, flame retardancy. Consequently, the material is increasingly selected not merely on the basis of cost, but on its ability to solve a specific engineering requirement.

Automobile – In this sector, plastics are now used across several structural and semi-structural parts. Their most important contribution is lightweighting. Plastics have substantially lower density than traditional metals, allowing vehicle manufacturers to reduce component weight where the required mechanical performance can be achieved through an appropriately formulated compound. Lower vehicle mass reduces the energy required to move the vehicle. Lightweighting is similarly relevant for electric vehicles, where lower weight can improve energy efficiency and driving range or partially offset the additional weight of the battery system.

According to the US Department of Energy, a 10% reduction in vehicle weight can improve fuel economy by ~6–8%.



Source: Company, Keynote Capitals Ltd.

Electrical & Electronics – Plastics are increasingly used in plug connectors, switches, circuit breakers, relays, sensors, actuators, electrical housings, switchgear and appliance components. Unlike metal, plastics can inherently provide electrical insulation while being moulded into complex geometries, making them particularly suitable for components that must safely separate or house electrical conductors. Engineering plastic compounds used in electrical applications are designed to combine electrical performance with mechanical characteristics and thermal stability. Flame-retardant grades are used in plug connectors and household appliances, while polyamide and polyester compounds are used across industrial control systems, connection technology and electronics.

Industrial Applications – Compounded and engineering plastics are also extensively used in industrial machinery and equipment, including pumps, impellers, gears, bearing cages, conveyors, valves, electrical housings, connectors, fasteners and other machinery components. The required property varies substantially by application. A gear may require high wear resistance and low friction; a pump component may need resistance to chemicals and moisture; a bearing cage may require toughness and dimensional stability; while electrical machinery housings may require a combination of mechanical strength and insulation.

This is where compounding becomes particularly relevant. By changing the polymer reinforcement and additive system, a material can be designed around the operating environment of the component.

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Global and India Market Dynamics

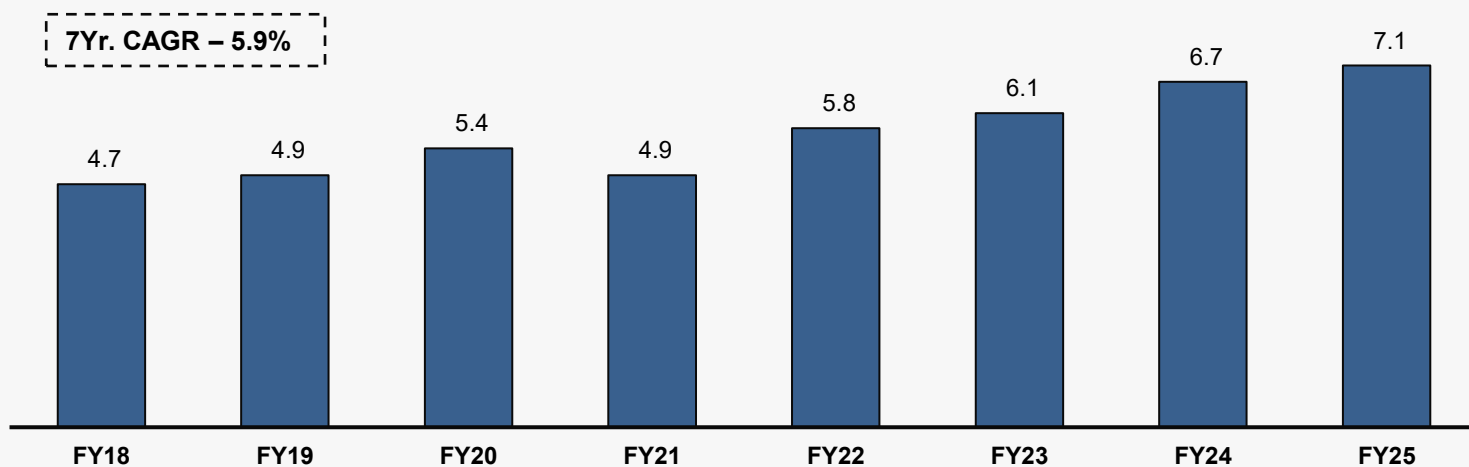
Polypropylene is among the largest-volume polymers globally. The estimated global PP demand stood at 86.8 MMT in 2024, against installed capacity of ~113 MMT. China accounted for ~42.9% of demand, followed by Europe at ~13.5%, while India represented ~8.8%. Global PP demand is expected to grow at ~3.8% CAGR through 2030, which implies demand of approximately 109 MMT by 2030E, against 86.8 MMT in 2024.

Global PP Market - 2024

Particular	Global	India
PP demand	86.8 MMT	7.6 MMT
PP Installed Capacity	113.0 MMT	7.1 MMT
Share of global demand	-	8.8%
Demand growth	~3.8% CAGR to 2030E	-

Source: Plastindia Foundation, Keynote Capitals Ltd.

Domestic Polypropylene consumption (incl. Co-Polymer) (in MMT)



Source: Department of Chemicals & Petrochemicals, Keynote Capitals Ltd.

Domestic PP consumption increased from ~4.7 MMT in FY18 to ~7.1 MMT in FY25, implying a CAGR of ~5.9%. Growth was supported by increasing polymer usage across packaging, automobiles, consumer durables and industrial applications.

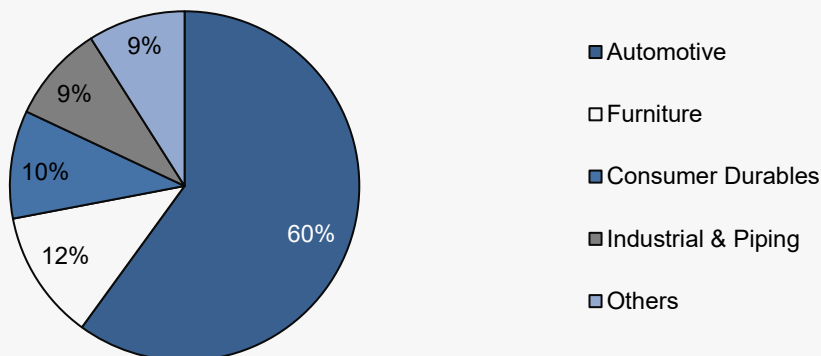
Polypropylene Compound Market

Only a portion of the underlying PP market is consumed as ready-to-use compounds. Unlike standard PP resin, compounded PP contains fillers, reinforcements and additives that modify the material for application-specific requirements such as stiffness, impact resistance, heat resistance, flame retardancy or surface finish.

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PP Compound demand

PP Compound demand across industries



PP Compound demand stands at ~633 KT (as of 2025)

Source: Plastindia Foundation, Keynote Capitals Ltd.
Note: 1 KT = 1,000 MT

Michael Porter's Five Forces Framework (Compounded Polymer)

Threat of New Entrants

Low

- Entry into this industry is relatively easy, but scaling to high volume is much more difficult.
- It would be very difficult for a new entrant to get the customer-specific approval for each of its products.

Competitive Intensity

Moderate

- Competition is relatively higher in standard compounds where product differentiation is limited.
- Rivalry reduces as applications become more specialized and require customized formulations, technical support and customer approvals.

Bargaining Power of Buyers

Moderate

- Auto OEMs and Tier 1 suppliers have significant purchasing scale; customers remain highly cost-conscious.
- However, once a compound is approved for a particular product/platform, switching suppliers can require re-testing and requalification.

Threat of Substitutes

Low

- Increasing lightweighting and material substitution are themselves driving the replacement of metals by performance plastics.

Bargaining Power of Suppliers

Moderate to High

- Resin prices are linked to crude oil/petrochemical cycles and can be volatile.
- Presence of multiple domestic and global resin suppliers' limits dependence on a single supplier.

Source: Company, Keynote Capitals Ltd.

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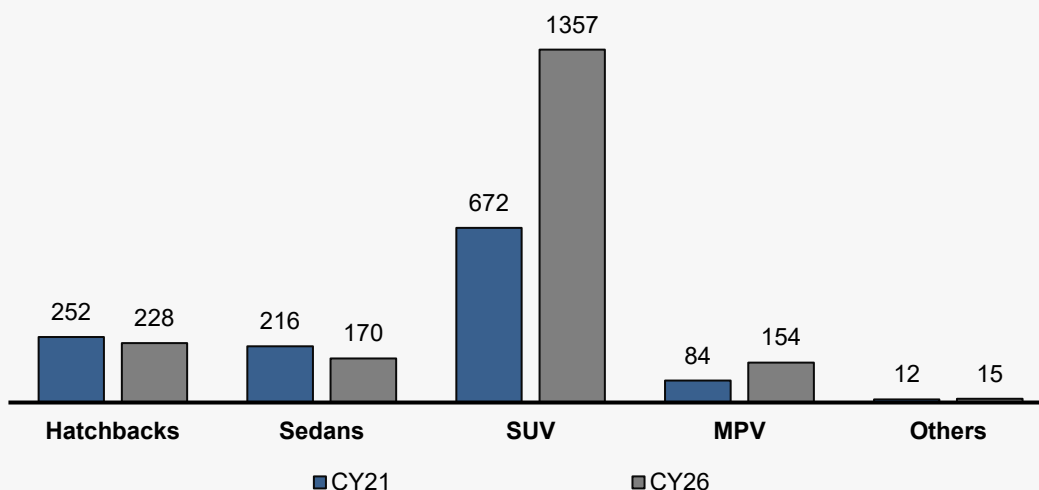
OEM relationship with a supplier of the same nationality

Automotive OEMs often prefer polymer compounders from the same home country that are already part of their global supplier network. This is particularly common among Japanese and Korean OEMs, which tend to have established relationships with suppliers from their respective countries. As a result, new suppliers may find it difficult to win business from these established relationships, even when their products are technically comparable. Hence, opportunities may be relatively stronger with domestic OEMs, new vehicle platforms, Tier-1 suppliers and EV programmes, where supplier relationships are less established, and allocation is more open.

As per our research, OEMs typically maintain at least two suppliers for each product to ensure uninterrupted supply in case one supplier faces production or delivery issues. For instance, an Indian auto OEM may source compounded polymers from both Kingfa and APPL.

Launch of new variants in PV is a growth driver for polymer compounders

Number of variant across categories



Source: TOI, Jato Dynamics, Keynote Capitals Ltd.

The number of passenger vehicle variants in India increased by ~56%, from 1,236 in CY21 to 1,924 in CY26. The increase has been overwhelmingly driven by SUVs, where variants more than doubled from 672 to 1,357

For polymer compounders, a wider vehicle portfolio increases the number of opportunities to work with OEMs. New models, facelifts and meaningful variant changes can introduce different bumpers, dashboards, trims, consoles, under-the-hood parts and other plastic components. Where the component design, appearance or performance requirement changes, the compounder may need to develop and qualify a customer-specific polymer grade before it can be supplied to the OEM.

This is particularly relevant with the shift towards SUVs and more feature-rich vehicles, which generally have larger components and greater requirements for specialised plastics such as high-strength, heat-resistant, scratch-resistant or aesthetically differentiated compounds. Consequently, growth in model and variant launches can increase both the number of approved grades supplied by a compounder and its potential content per vehicle. The key point is that the opportunity is not merely coming from higher automobile volumes. The growing variety and complexity of vehicles is itself expanding the addressable opportunity for polymer compounders. Not every trim-level addition requires a new polymer grade, but a broader and faster-changing vehicle portfolio increases the frequency of new material development and qualification opportunities.

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About Kingfa Science & Technology (India) Ltd.

Kingfa Science & Technology (India) Ltd. (Kingfa) is one of the leading manufacturers of modified plastics and advanced material solutions in India. The Company supplies customised polymer compounds across automotive, consumer durables, electrical and industrial applications. It also manufactures health and safety products, including masks, gloves and personal protective equipment.

The Company was incorporated as Hydro S&S Industries Ltd. in November 1983. In May 2013, China-based Kingfa Science & Technology acquired a controlling stake (74.99%) in the Company when it was facing financial stress and significant net worth erosion. Following the acquisition, the business was integrated into Kingfa Group's global material science and polymer compounding platform.

Kingfa's core product portfolio includes reinforced polypropylene, engineering plastics, thermoplastic elastomers and health & safety materials. The Company operates as an intermediate speciality materials manufacturer within the industrial supply chain.

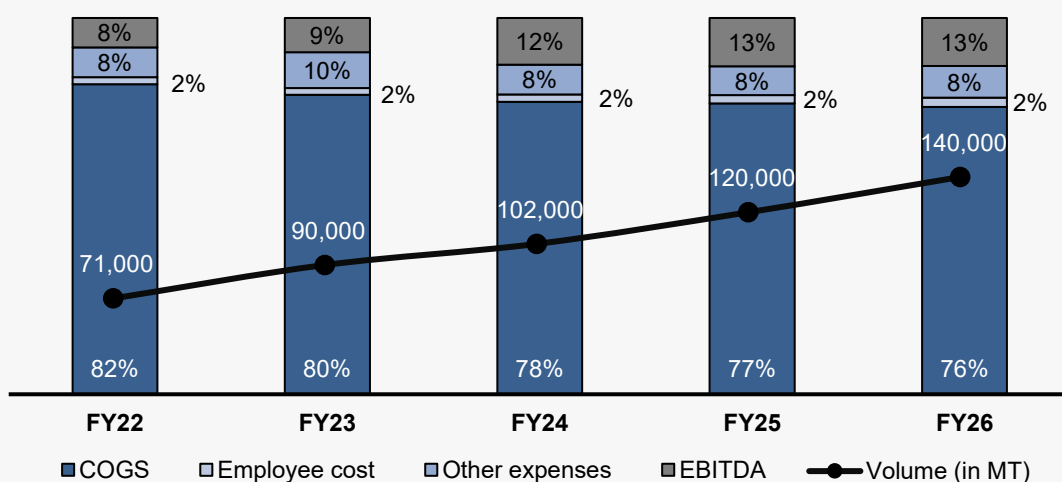
It procures base polymers from petrochemical and refinery companies and modifies them by blending additives such as glass fibres, minerals, flame retardants and colour pigments. These materials are processed using specialised compounding equipment to produce customised plastic pellets with specific properties, including higher strength, heat resistance, durability and improved surface appearance.

The modified plastic pellets are subsequently supplied to component manufacturers, which melt and mould them into finished products such as automotive bumpers, dashboards, interior components and washing machine drums. Therefore, Kingfa does not manufacture the final components. It supplies the engineered material that enables component manufacturers to meet the technical and design specifications of OEMs.

The Company operates primarily through a B2B model. In FY26, the automotive segment contributes ~74% of revenue, with Kingfa's materials used across a wide range of passenger vehicle platforms in India. Its end-customer includes leading domestic and global automobile manufacturers such as Tata Motors, Mahindra, Renault, Nissan, Volvo and Audi.

The remaining ~26% of the business comes from non-automotive applications, including refrigerators, washing machines, electrical switches, consumer products and other industrial applications. Kingfa's ability to customise material formulations based on customer requirements positions it as an important value-added supplier within the automotive and consumer manufacturing ecosystem.

Economics (in %)



We believe the post-COVID increase in volumes enabled the Company to procure polypropylene resin in larger quantities at more favourable rates, supported by economies of scale and contributing to margin improvement.

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Business evolution

The Foundation and Setbacks

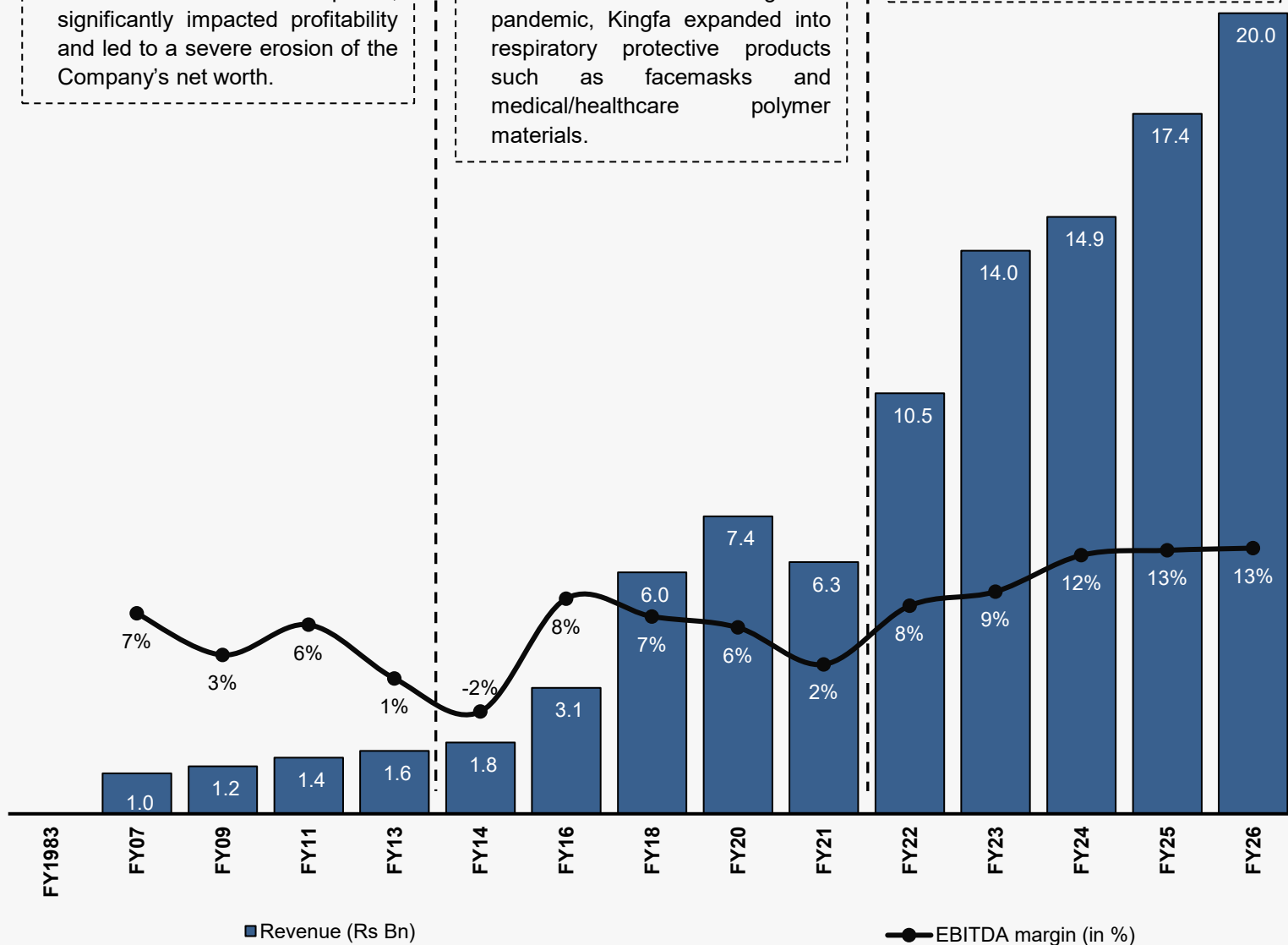
- 1983 - Hydro S&S Industries Ltd. was incorporated to manufacture reinforced polypropylene compounds.
- 2001–2008 – The Company expanded beyond reinforced polypropylene by entering into technical collaborations and agency distribution agreements for advanced Thermoplastic Elastomers (TPEs).
- Pre-2013 – A prolonged slowdown in the automotive sector, coupled with high inflation and volatile raw material prices, significantly impacted profitability and led to a severe erosion of the Company's net worth.

The Acquisition and Turnaround

- July 2013 – Kingfa China acquired a controlling stake in the Company, aiming to disrupt the automotive polymer market by offering reinforced polypropylene at competitive prices and gaining market share.
- 2015–2019 – Proceeds from the FY15 and FY17 rights issues were utilised for debt repayment and land acquisition for the Chakan plant, where compounding lines for PBT, ABS and HT Nylon were established.
- COVID Period – During the pandemic, Kingfa expanded into respiratory protective products such as facemasks and medical/healthcare polymer materials.

Product Addition and Localization of the Raw Material

- 2021–2023 – To reduce dependence on imports from its Chinese parent, Kingfa installed dedicated compounding lines at its new Chakan (Pune) facility, enabling localisation of high-performance engineering plastic grades.
- 2024–2025 – The Company localised LFT compounds in India to cater to rising demand for metal-to-plastic substitution in the automotive sector, which is one of the reasons for the margin expansion.



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Product portfolio

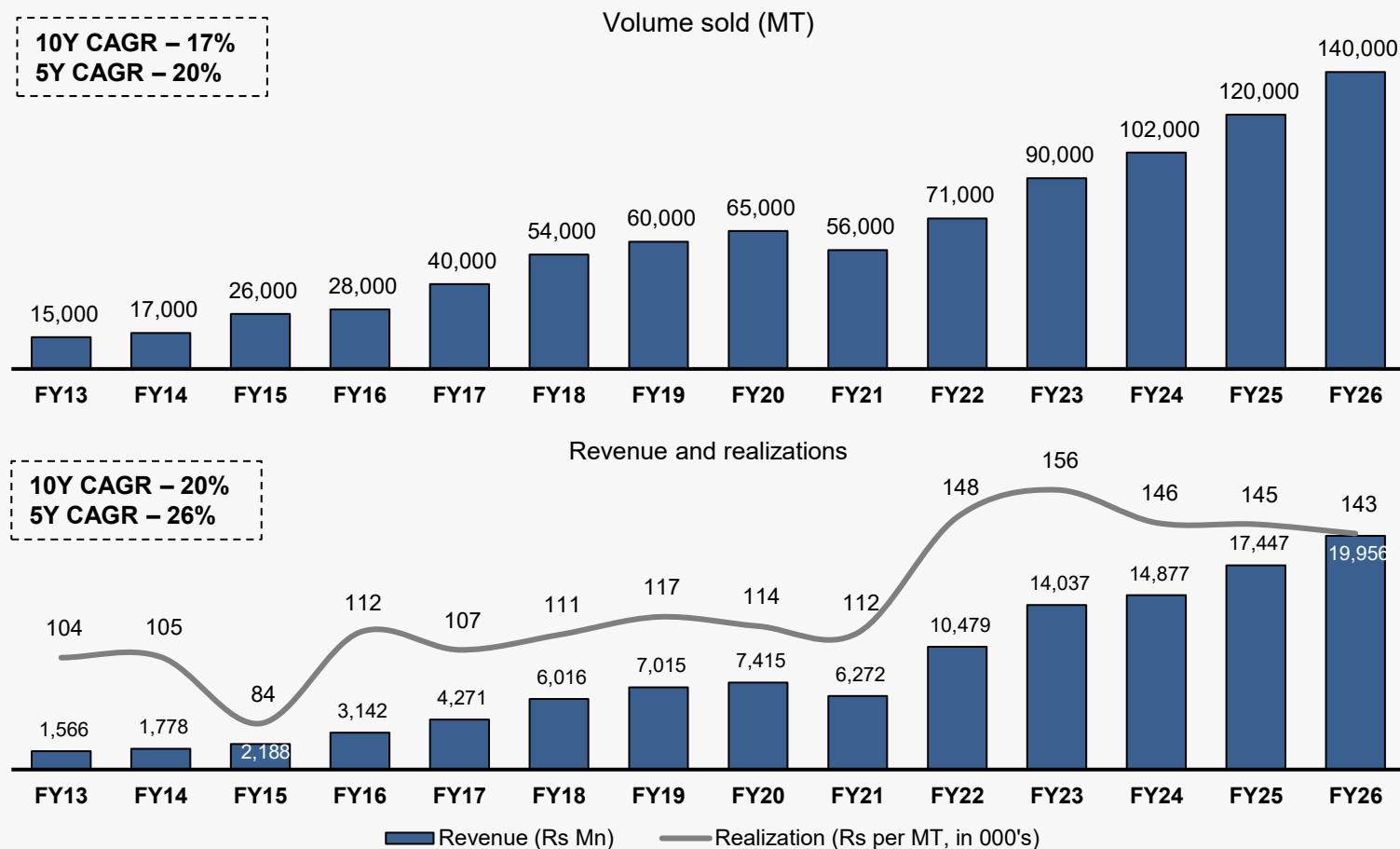
Kingfa's product portfolio primarily comprises polypropylene compounds and engineering plastics, including blends and alloys of multiple polymers. Across its portfolio, the Company operates as a specialised polymer compounder, developing customised material formulations tailored to specific performance requirements.

Products	Basic description	Properties	Base material	Additives	Usage	End-use industries
Reinforced Polypropylene	The company's flagship product is everyday plastic that has been engineered to deliver superior performance, making it a highly cost-effective alternative to metal.	- Highly rigid - lightweight - heat-resistant - cost-effective	Polypropylene	Minerals (like talc or chalk powder) and short glass fibers.	Car bumpers, interior dashboards, washing machine drums, and air conditioner shells.	Automotive, Home Appliances (White goods).
Thermoplastic Elastomers	A hybrid material that combines the flexibility of rubber with the fast and cost-effective manufacturing process of plastic.	- Soft and flexible - Rubbery, non-slip grip - Easy to melt and mould - Weather-resistant	Standard plastics like Polypropylene.	Synthetic rubbers.	Weather-sealing strips for car doors, soft grips on toothbrushes, power tool handles.	Automotive, Consumer Goods, Electronics.
Engineering Plastics	Complex, heavy-duty plastic mixtures (alloys) designed to survive extreme environments where standard plastics would melt or snap.	- Withstands extreme heat - Resists harsh chemicals - Low surface friction - Does not warp or shrink	High-performance, specialized plastics (like Nylon, PC, or ABS).	Specialized chemicals, colorings, and glass fibers.	Under-the-hood engine parts, tiny moving gears in printers, electrical wall switches.	Automotive, Electrical, Electronics, Industrial.
Fibre-Reinforced Composites	Structural plastics reinforced with long, continuous threads (like steel rebar in concrete) to create a hidden, unbreakable skeleton.	- Exceptional strength-to-weight ratio - Survives heavy crash impacts - Highly rigid	Polypropylene	Long, continuous threads of glass, carbon, or Kevlar.	Protective battery boxes for Electric Vehicles (EVs), truck floorboards, structural car frames.	Next-Gen Automotive, Electric Vehicles (EVs).
Healthcare Polymers & PPE	Medical-grade and safety wearable materials designed for personal protection, hygiene, and everyday safety.	- Highly sterile and hygienic - Breathable yet protective - Safe for prolonged skin contact	Fabrics made of Polypropylene	NA	High-grade face masks (N95, FFP2), medical protective suits, nitrile gloves.	Healthcare, mining, Cement, and paint shops and other industries.

Source: Company, Keynote Capitals Ltd.

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Manufacturing and operational profile



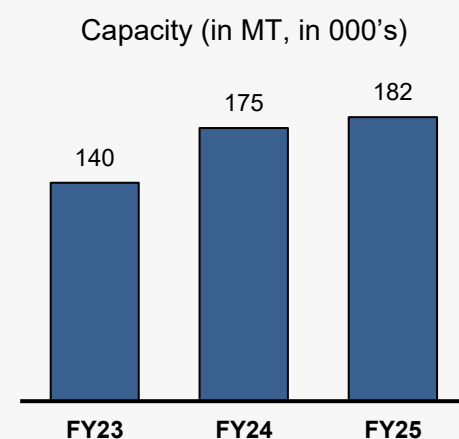
Source: Company, Keynote Capitals Ltd. estimates

Volume growth and realizations

Kingfa's sales growth over the years has been supported by a combination of higher volumes and improving realisations. When Kingfa entered the Indian market, it adopted a competitive pricing strategy to establish its presence and gain market share. As its customer base and market position strengthened, the company gradually increased realisations. The subsequent improvement in realisations has also been supported by higher polypropylene prices and a richer product mix, with increasing contribution from engineering plastics. Volume growth has accelerated in the post-COVID period, aided by Kingfa's growing presence in engineering plastics, which has expanded its addressable market beyond conventional polypropylene-based compounds. As the portfolio shifts towards higher-value and more specialised compounds, Kingfa should be able to sustain healthy revenue growth without a proportionate increase in physical volumes.

Capacity expansion

In the plastic compounding business, headline utilization levels can understate the actual loading of manufacturing lines. Production equipment needs to be periodically stopped and cleaned whenever there is a change in polymer, colour or product formulation. Consequently, utilisation of ~60-70% can effectively indicate that the production lines are operating close to their practical capacity.



Source: Company, Keynote Capitals Ltd.

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Once utilisation reaches these levels, incremental growth increasingly requires the addition of new machinery rather than extensively using the existing asset base. Therefore, Kingfa's capacity additions should be viewed in the context of practical line utilisation and the increasing number of product variants being manufactured, rather than only through reported utilisation percentages.

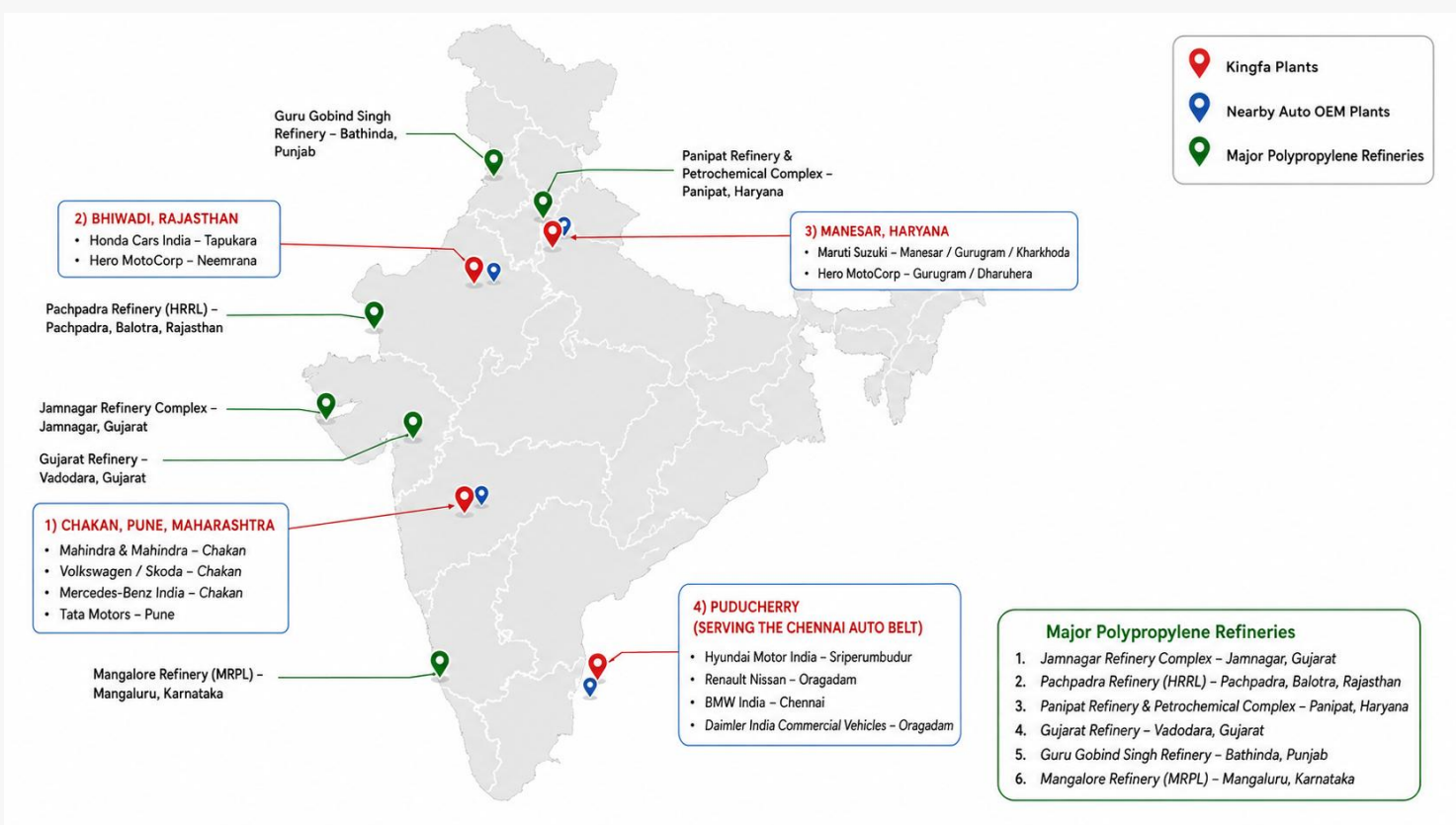
Management is targeting a capacity of 0.6 MMTPA by FY30.

Plant Location

Kingfa has manufacturing facilities in Chakan, Manesar, Bhiwadi and Puducherry, providing it with proximity to some of India's key automotive and auto-component manufacturing clusters. Chakan and Manesar, in particular, are major hubs for automotive OEMs and their supplier ecosystems. This proximity can help reduce transportation and logistics costs while also enabling quicker customer servicing and closer technical engagement with clients. For a business such as engineering plastics, where products are often customized for specific applications and customer requirements, being located close to major customers can also strengthen relationships and improve responsiveness.

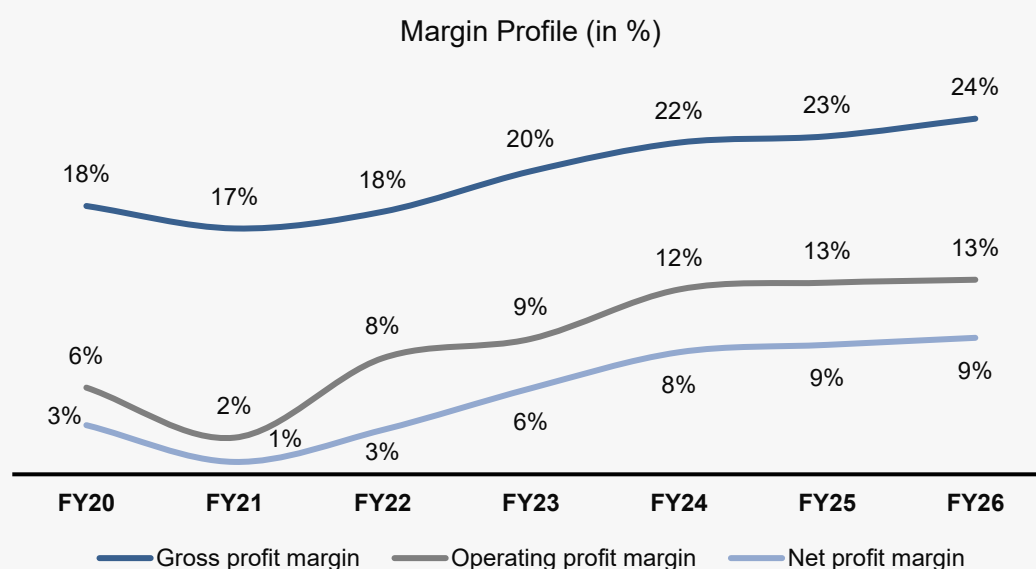
The Company is also focusing on localising its key raw material, such as polypropylene neat resin, by sourcing it from domestic refineries. Procuring resin from nearby Indian suppliers should help reduce logistics costs, shorten lead times and improve supply reliability.

Manufacturing unit and Proximity to Auto OEM hubs and major polypropylene-producing refineries



Source: Company, Keynote Capitals Ltd.

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Source: Company, Keynote Capitals Ltd.

Margin improvement

The improvement in the Company's margins in recent years appears to be driven by a combination of factors. One important driver could be the increasing localisation of raw materials. Historically, the Company imported certain materials from its parent country, China, while it has subsequently taken steps to localise products such as LFT and PC-ABS at its Chakan facility. Higher volumes have also been providing operating and procurement benefits, allowing the Company to spread fixed costs over a larger revenue base and negotiate raw-material purchases more effectively from its suppliers.

The changing product mix could be another contributor, with a rising share of engineering plastics potentially improving the overall value addition of the portfolio. In addition, polypropylene prices have moderated from the sharp levels seen around the post-COVID period, which could have provided some support to margins. Raw-material prices did rise again during the West Asia-related disruption in 2026, although the Government's temporary customs-duty relief provided some support to domestic users. Overall, the margin improvement appears to reflect a mix of localisation, scale benefits, product-mix improvement and a relatively more favourable raw-material environment.

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Management Analysis

Key Managerial Personnel

Name	Designation	Experience (with Kingfa/overall)	Description
Mr. Bo Jingen	Ex-Managing Director	13+/ NA	He holds a Master's degree in Polymer Science from Tianjin University. He spent 7 years with Kingfa China, mainly in Marketing and Sales, before leading the Indian transition team during Kingfa's acquisition of Hydro S&S Industries. He became Managing Director of Kingfa in July 2013 and was later appointed Chairman & Managing Director in September 2015. His key areas of expertise include business strategy, planning, marketing, and sales.
Mr. Wang Dazhong	Chairman and Managing Director*	NA /23+	He is a materials engineering professional with over 23 years of experience in innovation, product development and business leadership. He holds a PhD and a Master's in Materials Processing Engineering from South China University of Technology and Sichuan University, respectively. His expertise includes technical research, product development, business strategy and operational functions.
Mr. Doraiswami Balaji	Ex-Whole-time Director	13+/40+	Mr. Balaji is a Chemistry graduate with postgraduate qualifications in Plastics Processing Technology, Marketing, and Production Management. He has over 40 years of experience in the plastics industry, largely in compounding and modified plastics. He began his career in injection moulding, later worked with SRF Ltd., and joined Hydro S&S Industries Ltd. in January 2012 as Head of Sales and Marketing.
Mr. Sethuraman Shanmugasundaram	Whole-time Director and COO**	NA /30+	He has over three decades of experience in production, quality assurance, product development and business operations. He has played a key role in establishing quality management frameworks and securing OEM application approvals with leading automotive and appliance manufacturers. Following Kingfa China's acquisition, he has been leading pan-India technical development initiatives.
Mr. Xie Dongming	Chief Financial Officer	9+/19+	He is a seasoned finance professional with over 19 years of experience within the Kingfa Group. He possesses expertise in finance, treasury management, corporate governance, strategic business operations and international business development. He previously served as the CFO of Kingfa from 2013 to 2022. Thereafter, he held senior leadership positions in other companies of Kingfa Group, while also overseeing finance operations in Vietnam.
Mr. He Liuwei	Chief Technology Officer	~2/30+	He has over 30 years of experience in polymer materials, product development, research & development and technical management. He holds a master's degree in Material Science from South China University of Technology and a bachelor's degree in Polymer Material Science and Engineering from Hefei University of Technology. During his career, he has held various leadership positions within the Kingfa Group.
Mr. Saravanan Balasundaram	Chief Marketing Officer	12+/25+	He is a Chemical Engineer with an MBA in Sales & Marketing and has over 25 years of experience in manufacturing, commercial leadership and international business development. He joined Kingfa in 2012 and has held various leadership positions including Zonal Manager, Head of Automotive Business, Head of Sales & Marketing India, and is currently serving as Vice President Global Business at the Kingfa Corporate Marketing Centre. He has played a key role in strengthening the Company's business by expanding relationships with leading Indian and multinational OEMs, driving export operations, and advancing global business growth. Considering his extensive experience and leadership capabilities, he has been appointed as CMO of the Company in August 2026.

Source: Company, Keynote Capitals Ltd.

(*) Mr Wang Dazhong has been appointed as the Chairman & Managing Director of the Company effective from August 15, 2026, subject to approval from members of the Company.

(**) Mr Sethuraman Shanmugasundaram has been appointed as the Whole-time Director, designated as "Chief Operating Officer" of the Company, effective from August 15, 2026, subject to approval from members of the Company.

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Compensation and skin in the game

Particulars	FY22	FY23	FY24	FY25	FY26
% Promoter Holding	74.9	74.9	74.9	74.9	67.0
Management Salary (Rs Mn)	15.1	17.6	26.0	22.1	-
As a % of PAT	5%	2%	2%	1%	-

Source: Company, Keynote Capitals Ltd.

Top shareholders >1% (Public Shareholders)

Name	FY22	FY23	FY24	FY25	FY26
Custody Bank of Japan	-	-	-	-	1.95
Hong Kong Victory Investment Co. Ltd.	6.3	6.3	6.3	6.3	5.6
Panna Lal Bhansali	1.0	1.1	1.1	1.0	-
SBI Mutual Fund	-	-	-	-	6.6
Rajkumari Vimal Chand	1.0	1.0	1.0	1.0	-

Source: Company, Keynote Capitals Ltd.

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Peer Analysis

For peer comparison, we have considered APPL Industries Ltd. and Machino Polymers Ltd., both unlisted players in the polymer compounding industry.

APPL is a Delhi-based engineering plastics compounder with an annual capacity of ~200,000 MT across multiple manufacturing facilities. The Company manufactures engineering thermoplastic compounds, colour and specialty additive masterbatches, and reinforced performance plastics. Unlike Kingfa, APPL's competitive positioning is built around its domestic scale, technical capabilities, and technology collaborations/JVs with partners across Germany, the US, and Shanghai, rather than support from a single strategic foreign parent. Its customer base is also relatively diversified, with no single customer contributing more than 20% of sales, limiting customer concentration risk.

Machino is an unlisted manufacturer of polypropylene compounds, composite materials, and polymer alloys, with an annual capacity of ~145,000 MT. It supplies automotive OEMs and Tier-1 vendors through manufacturing facilities across Gurugram, Chennai, Ahmedabad, Pune, Goa, and the UAE. The Company is closely linked to listed Machino Plastics Ltd., a joint venture associated with Maruti Suzuki, which provides it with a strong but relatively auto-concentrated customer base. Maruti Suzuki India indirectly contributes ~50–60% of Machino's revenue, resulting in materially higher customer concentration risk compared with Kingfa's more diversified end-market and customer mix.

Metrics	Kingfa	APPL Industries Ltd.	Machino Polymers Ltd.
Year of incorporation	1983	2001	1996
Financial metrics			
Reporting year	FY26	FY25	FY25
Revenue (Rs Mn)	19,956	8,468	10,164
Gross margin (in %)	24%	23%	20%
EBITDA margin(%)	13%	7%	8%
PAT margin (%)	9%	4%	5%
Net profit (Rs Mn)	1,853	306	507
ROCE	17%	12%	15%
CFO/EBITDA	0.25	0.01	0.66
5-year revenue CAGR	26%	16%	17%
Working capital (Days)	85	63	79
Debt-to-Equity	-	1.36	0.34
Net fixed asset turnover	7.3	4.7	6.8
Operational metrics			
Capacity (in MT)	182,000*	200,000	145,000
Plant location	Chakan (Pune), Manesar (Haryana), Puducherry (Tamil Nadu), Bhiwadi (Rajasthan)	Hinjewadi and Koregaon Bhima (Pune), Manesar (Haryana), Chennai (Tamil Nadu), Dahej SEZ (Gujarat)	Gurgaon (Haryana), Ahmedabad (Gujarat) and Chennai (Tamil Nadu)

Source: Company, APPL Industries Ltd. (Form AOC-4, FY25), Machino Polymers Ltd. (Form AOC-4, FY25), Machino Polymers Ltd. ICRA Credit Rating Report, Keynote Capitals Ltd.

(*) Kingfa's capacity figure is based on FY25 levels.

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Compounders have outgrown the underlying automobile production

Revenue	5 Yr. CAGR
Kingfa	26%
APPL	16%
Machino	17%
Indian PV Production	13%

Source: Company, Keynote Capitals Ltd.

Kingfa's ~26% five-year revenue CAGR materially exceeded the ~13% CAGR in Indian passenger-vehicle production. The divergence has been driven by a combination of market-share gains, customer additions and increasing compounded polymer content per vehicle. APPL and Machino have also grown somewhat faster than underlying vehicle production. The number of PV models in India has increased ~8% since 2021, while variants have risen ~56% to 1,923, increasing the number of application development opportunities available to compounders.

We expect Kingfa's future growth to be increasingly driven by underlying automobile volumes, higher content per vehicle, new product penetration and exports rather than the scale of market-share gains achieved historically.

Kingfa China - A strategic parent advantage

Kingfa's competitive positioning is materially strengthened by its parent, Kingfa Science & Technology (China), one of the world's largest modified-plastics manufacturers. The most important advantage is access to the parent's global OEM relationships and existing product approvals. Kingfa China already works with several global automotive and consumer-appliance manufacturers, allowing the Indian entity to leverage established formulations, performance history and customer relationships while pursuing business with the Indian operations of these global customers. This can meaningfully shorten the customer-development journey in an industry where product qualification and historical performance data are important barriers to entry.

The parentage also provides Kingfa India with substantial brand and technical credibility that would otherwise take decades to build. This advantage extends directly into management where several senior executives have spent significant portions of their careers within the Kingfa Group, bringing global experience in polymer technology, sales, customer development and international operations into the Indian business.

Beyond customer access and management capabilities, Kingfa India receives access to the parent's R&D platform and manufacturing technologies without royalty payments, enabling it to introduce and localise newer products without carrying the technology-licensing burden typically associated with foreign collaborations. The parent relationship also provides access to a broader global product and sourcing ecosystem, particularly for specialised resins and additives historically sourced from China, improving Kingfa India's ability to develop and localise products over time.

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Opportunities

Metal-to-plastic substitution

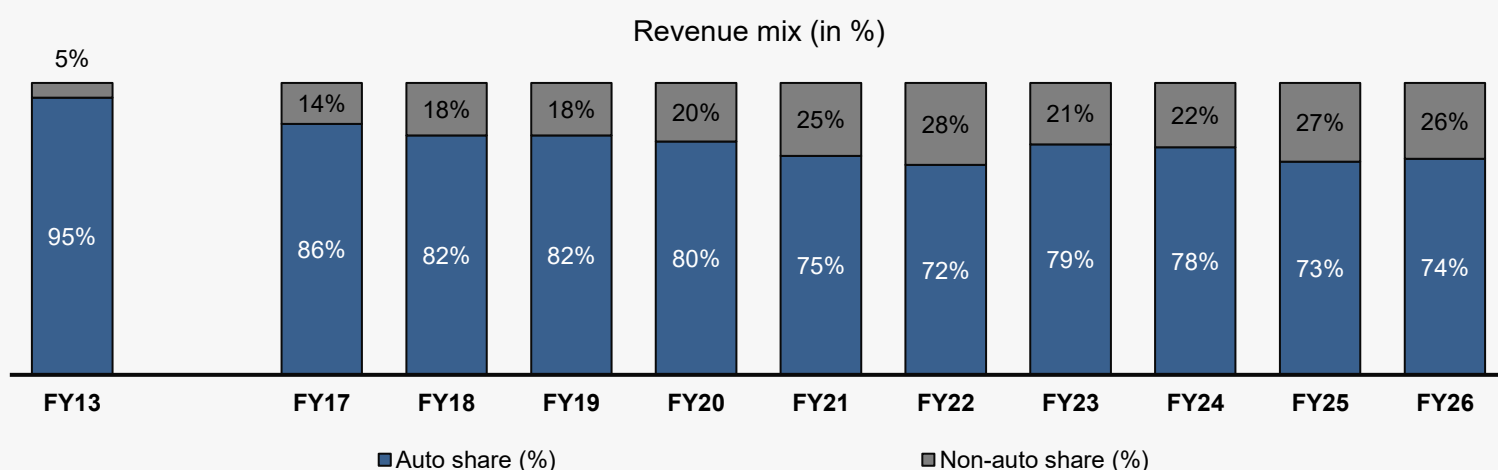
The automotive industry is undergoing a structural shift towards vehicle lightweighting, driven by tighter fuel-efficiency and emission norms as well as the need to improve driving range in EVs. One of the key levers available to OEMs is the replacement of conventional metal components with advanced polymer compounds, which offer lower weight without compromising functional or safety requirements. Consequently, plastic content per vehicle is expected to increase from the traditional ~40-45 kg in ICE vehicles to ~65-70 kg in newer-generation platforms and EVs, materially expanding the addressable market for automotive compounding.

Importantly, this opportunity is not limited to higher volumes. Metal substitution increasingly requires engineering plastics and high-performance compounds such as polyamides, PC-ABS and Long-Fibre Thermoplastics (LFT), which offer superior heat resistance, chemical resistance and structural strength. These materials can replace multiple welded metal components with a single moulded part, helping OEMs reduce both vehicle weight and assembly complexity. This creates a simultaneous volume and premiumization opportunity for polymer compounding.

We expect Kingfa to move further up the value chain, supporting higher realisations and potentially better margins.

Kingfa is well positioned to benefit from this transition. The Company has localised LFT manufacturing at its Chakan facility, enabling it to supply a high-strength metal-substitution material that was previously dependent on imports. Kingfa has commercialised flame-retardant compounds for EV battery-pack applications and obtained the relevant UL safety approvals, strengthening its qualification credentials with automotive customers. With an established presence in the Indian automotive compounding market and an estimated ~22% market share, Kingfa appears well placed to capture the rising polymer content per vehicle as OEMs accelerate metal-to-plastic substitution.

Balancing the auto and non-auto mix



Source: Company, Keynote Capitals Ltd.

Historically, Kingfa has been highly dependent on the automotive industry. At the time of acquiring Hydro S&S Industries in 2013, automotive customers accounted for nearly ~95% of sales volumes, with non-automotive applications contributing only ~5%. This concentration was a natural outcome of Kingfa's core competency in developing highly customised polymer compounds, particularly for automotive OEMs, where materials must meet stringent requirements like heat resistance, impact strength, flame retardancy, and dimensional stability. While this automotive exposure supported strong growth, it also made the business vulnerable to industry cyclicality.

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Passenger vehicle demand is closely linked to broader economic conditions, and any slowdown in automotive production can directly impact volumes, capacity utilisation and profitability. Recognising this risk, Kingfa has spent the last decade deliberately diversifying into non-automotive applications, with a long-term objective of moving towards a more balanced ~60% Auto / 40% Non-Auto mix.

The non-auto opportunity materially expands Kingfa's addressable market. The Company is leveraging its existing R&D and compounding capabilities across home appliances, electrical & electronics, construction & infrastructure and other consumer durable applications. In home appliances, for instance, Kingfa supplies customised compounds for washing machines, refrigerators, air conditioners, water heaters and air coolers. An emerging opportunity is the substitution of painted metal casings with lightweight, high-gloss, paint-free plastic compounds, which can lower manufacturing costs while offering better corrosion resistance and design flexibility.

We believe this diversification creates a structurally stronger business without diluting Kingfa's core automotive franchise. Automotive compounds are safety-critical, qualification-intensive and typically involve long development cycles with OEMs, creating higher entry barriers, stronger customer stickiness and better realizations. Non-automotive compounds, while still customized, generally face lower technical barriers and greater competition, resulting in comparatively lower realizations. However, they offer a much broader demand base and reduce dependence on a single end-market.

India business emerging as an export hub for Kingfa China

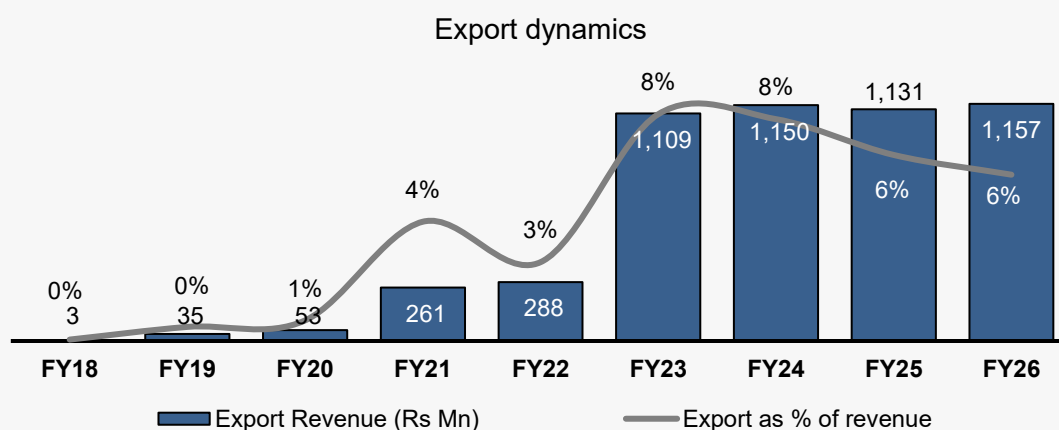
Kingfa China's decision to establish and scale its manufacturing presence in India was driven not only by the opportunity to participate in the domestic polymer compounding market, but also by the potential to develop India into a strategic manufacturing and export base. As one of the world's largest modified plastics manufacturers, Kingfa China already possessed approvals and relationships with global automotive OEMs and consumer appliance manufacturers. As these multinational customers expanded their manufacturing footprint in India, Kingfa India was positioned to support them locally with already-qualified products and formulations.

However, the long-term opportunity extends well beyond the Indian market. India offers a favourable combination of competitive manufacturing costs, engineering capabilities and geographical proximity to several fast-growing export markets. Kingfa is increasingly looking to leverage its Indian manufacturing platform to cater to neighbouring and international markets including Thailand, Vietnam, South Africa, Egypt and Morocco, with the longer-term ambition of exporting to North America and Europe as well.

The ongoing shift towards China+1 sourcing further strengthens this opportunity. Rising geopolitical uncertainty and the desire of global manufacturers to diversify supply chains away from excessive dependence on China are encouraging customers to develop alternative sourcing locations. Given Kingfa India's access to the parent's technology, product portfolio and global customer relationships, the Company is well positioned to emerge as an alternative supply base for customers seeking geographically diversified procurement.

Exports could also improve the economics of the business. Based on our research, polypropylene and related polymer prices in markets such as Europe and North America are generally higher than in India, potentially allowing Kingfa to achieve better realizations on export sales while retaining India's relatively competitive manufacturing cost base. If the Company is able to establish a meaningful presence in these developed markets, exports could evolve from a relatively small contributor into an important incremental growth and profitability driver over the coming years.

Kingfa Science & Technology (India) Ltd. | Initiating Coverage Report



Source: Company, Keynote Capitals Ltd.

Threats

Raw material price and currency volatility

Kingfa's key raw materials include Polypropylene (PP) resin, engineering resins and speciality modifiers, many of which are downstream derivatives of crude oil. Consequently, the Company's input costs remain exposed to volatility in global crude oil and polymer prices.

Kingfa has price-indexation mechanisms with several automotive OEM customers, which allow it to pass through changes in commodity prices over time and protect structural profitability. However, these revisions typically happen with a lag. During periods of sharp and sustained raw material inflation, the Company may have to procure higher-cost inputs immediately while customer price adjustments are implemented only after subsequent negotiations or reset periods. This timing mismatch can result in temporary under-recovery of costs and near-term margin compression.

The Company also carries foreign exchange risk. While a meaningful portion of polypropylene is sourced domestically from Indian refiners, Kingfa continues to import certain high-performance resins, additives and specialty modifiers. These purchases are denominated largely in foreign currencies, making input costs sensitive to movements in the INR against currencies such as the USD and CNY. A sharp depreciation of the rupee can therefore increase landed raw material costs and further pressure margins, particularly when customer price pass-through is delayed.

Engineering plastics mix-up may take longer than expected

Engineering plastics offer higher realisations and potentially better margins than conventional polypropylene compounds, but penetration is significantly more qualification intensive. Global and domestic incumbents already possess established application histories, validation data and long-standing OEM relationships. Therefore, Kingfa's access to technology through its parent does not automatically translate into customer conversion. A slower-than-expected increase in Engineering Plastics' share would constrain both realisation and margin expansion versus our estimates.

Slowdown in the auto industry

Kingfa faces significant sector-concentration risk, with ~74% of its revenue derived from the automotive industry. As polymer compounding volumes are closely linked to OEM production, any prolonged slowdown in passenger vehicles or regulatory changes could adversely affect capacity utilisation, operating leverage, and margins. Although the Company is diversifying into non-automotive segments such as appliances, electricals, and power tools, near-term performance remains materially dependent on the domestic automotive cycle.

Kingfa Science & Technology (India) Ltd. | Initiating Coverage Report

Financial Statement Analysis

Income Statement

Y/E Mar, Rs. Mn	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	17,447	19,956	24,800	27,324	31,952
Growth %		14%	24%	10%	17%
Raw Material Expenses	13,477	15,178	18,600	20,493	23,964
Employee Expenses	393	485	558	615	719
Other Expenses	1,326	1,679	1,860	2,049	2,396
EBITDA	2,251	2,614	3,782	4,167	4,873
Growth %		16%	45%	10%	17%
Margin%	13%	13%	15%	15%	15%
Depreciation	217	284	363	438	487
EBIT	2,034	2,330	3,419	3,729	4,386
Growth %		15%	47%	9%	18%
Margin%	12%	12%	14%	14%	14%
Interest Paid	67	38	13	13	13
Other Income & exceptional	94	206	200	200	200
PBT	2,061	2,499	3,606	3,916	4,573
Tax	532	646	901	979	1,143
PAT	1,529	1,853	2,704	2,937	3,430
Profit from associates	0	0	0	0	0
Minority interest	0	0	0	0	0
Net Profit	1,529	1,853	2,704	2,937	3,430
Growth %		21%	46%	9%	17%
Shares (Mn)	12.1	12.1	13.6	13.6	13.6
EPS	126.2	144.1	199.6	216.7	253.1

Balance Sheet

Y/E Mar, Rs. Mn	FY25	FY26	FY27E	FY28E	FY29E
Cash, Cash equivalents & Bank	237	4,209	3,890	5,575	7,315
Current Investments	0	0	0	0	0
Debtors	4,461	5,341	6,448	7,104	8,307
Inventory	3,011	3,237	4,650	5,123	5,991
Short Term Loans & Advances	729	242	242	242	242
Other Current Assets	103	739	739	739	739
Total Current Assets	8,541	13,768	15,969	18,783	22,594
Net Block & CWIP	2,849	3,610	4,983	5,296	5,688
Long Term Investments	0	0	0	0	0
Other Non-current Assets	166	163	163	163	163
Total Assets	11,556	17,542	21,115	24,243	28,445
Creditors	3,488	3,134	4,003	4,193	4,966
Provision	49	27	27	27	27
Short Term Borrowings	391	0	0	0	0
Other Current Liabilities	293	230	230	230	230
Total Current Liabilities	4,222	3,390	4,259	4,450	5,223
Long Term Debt	0	0	0	0	0
Deferred Tax Liabilities	17	24	24	24	24
Other Long Term Liabilities	32	134	134	134	134
Total Non Current Liabilities	48	159	159	159	159
Paid-up Capital	121	136	136	136	136
Reserves & Surplus	7,165	13,858	16,562	19,499	22,929
Shareholders' Equity	7,286	13,993	16,697	19,634	23,064
Non Controlling Interest	0	0	0	0	0
Total Equity & Liabilities	11,556	17,542	21,115	24,243	28,446

Cash Flow

Y/E Mar, Rs. Mn	FY25	FY26	FY27E	FY28E	FY29E
Pre-tax profit	2,061	2,499	3,606	3,916	4,573
Adjustments	210	163	176	251	300
Change in Working Capital	-1,014	-1,401	-1,650	-939	-1,298
Total Tax Paid	-658	-599	-901	-979	-1,143
Cash flow from operating Activities	599	662	1,230	2,249	2,432
Net Capital Expenditure	-303	-1,113	-1,736	-751	-879
Change in investments	1	-2,850	0	0	0
Other investing activities	4	39	200	200	200
Cash flow from investing activities	-298	-3,924	-1,536	-551	-679
Equity raised / (repaid)	0	5,000	0	0	0
Debt raised / (repaid)	141	-391	0	0	0
Dividend (incl. tax)	-121	0	0	0	0
Other financing activities	-91	-225	-13	-13	-13
Cash flow from financing activities	-70	4,383	-13	-13	-13
Net Change in cash	231	1,121	-319	1,685	1,740

Valuation Ratios

	FY25	FY26	FY27E	FY28E	FY29E
Per Share Data					
EPS	126.2	144.1	199.6	216.7	253.1
Growth %		14%	38%	9%	17%
Book Value Per Share	486	602	1,033	1,232	1,449
Return Ratios					
Return on Assets (%)	14%	13%	14%	13%	13%
Return on Equity (%)	23%	17%	18%	16%	16%
Return on Capital Employed (%)	21%	17%	18%	16%	16%
Turnover Ratios					
Asset Turnover (x)	1.6	1.4	1.3	1.2	1.2
Sales / Gross Block (x)	4.8	4.8	4.3	3.7	3.9
Working Capital / Sales (%)	22%	37%	45%	48%	50%
Receivable Days	89	90	87	91	88
Inventory Days	74	75	77	87	85
Payable Days	90	78	65	71	67
Working Capital Days	72	86	99	106	105
Liquidity Ratios					
Current Ratio (x)	2.0	4.1	3.7	4.2	4.3
Interest Coverage Ratio (x)	32.0	67.6	283.0	307.3	358.7
Total Debt to Equity	0.1	0.0	0.0	0.0	0.0
Net Debt to Equity	0.0	-0.3	-0.2	-0.3	-0.3
Valuation					
PE (x)	23.3	29.1	29.0	26.7	22.8
Earnings Yield (%)	4%	3%	3%	4%	4%
Price to Sales (x)	2.0	2.8	3.2	2.9	2.5
Price to Book (x)	4.9	4.1	4.7	4.0	3.4
EV/EBITDA (x)	15.9	20.1	20.7	18.8	16.1
EV/Sales (x)	2.0	2.6	3.2	2.9	2.5

Source: Company, Keynote Capitals Ltd. Estimates

Kingfa Science & Technology (India) Ltd. | Initiating Coverage Report

Valuation

Particulars	FY26	FY27E	FY28E
Operational data			
Volumes (in MT)	140,000	160,000	184,000
Realisation (Rs Mn)	142,539	155,000	148,500
Financial data			
Revenue (Rs Mn)	19,956	24,800	27,324
Gross margin (in %)	24%	25%	25%
EBITDA margin (in %)	13%	15%	15%
PAT margin (in %)	9%	11%	11%
Net Profit (Rs Mn)	1,853	2,704	2,937
P/E (x)			35
Outstanding Shares (in Mn)			13.6
Target Price (Rs.)			7,586
CMP (Rs.)			6,099
% Upside			24%

Source: Company, Keynote Capitals Ltd. estimates

Kingfa's historical revenue growth has largely been volume-driven, supported by steady penetration across end-user industries. In the automotive segment alone, Kingfa's materials are now present in almost every passenger vehicle manufactured in India, highlighting the depth of its OEM relationships and product acceptance.

Alongside volume growth, the Company has also witnessed a gradual improvement in realizations, driven by a favourable shift in the product mix towards higher-value Engineering Plastics. The share of Engineering Plastics in the Company's overall product mix is expected to increase to ~20% in the near term. This transition should be further supported by the localization of high-strength Long Fiber Thermoplastics compounding lines, which will substitute expensive imports, and emerge as an important margin-accretive growth driver.

Kingfa also benefits significantly from its parent, Kingfa China. The Company receives access to royalty-free manufacturing technologies, support in leveraging global OEM approvals, R&D capabilities for new product development and, importantly, the brand strength and technical credibility of the Kingfa Group. These advantages provide Kingfa India with a strong competitive edge as it expands into newer products and applications.

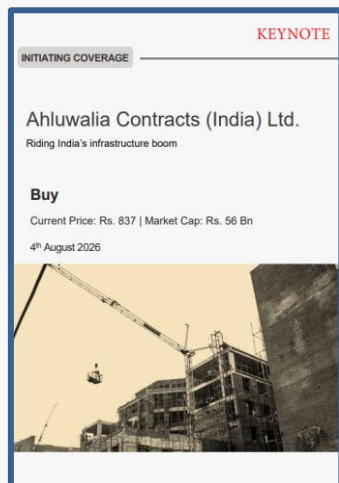
The Company's growth runway is further supported by aggressive capacity expansion plans aimed at capturing the structural upswing in domestic manufacturing. Kingfa intends to nearly double its capacities in the near term and is targeting an overall compounding capacity of 0.6 MMTPA by 2030.

Driven by a strong volume ramp-up, structural margin expansion through raw material localisation, and a continued transition towards a premium product mix, we expect Kingfa's revenue to grow at a robust 17% CAGR over the next 3 years.

We initiate coverage on Kingfa Science & Technology (India) Ltd. with a BUY rating. We value the Company at 35x P/E on FY28E EPS, implying an upside potential of 24% from current levels.

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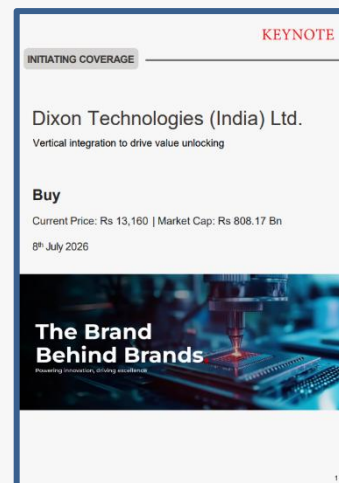
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Rating Methodology

Rating	Criteria
BUY	Expected positive return of > 10% over 1-year horizon
NEUTRAL	Expected positive return of > 0% to < 10% over 1-year horizon
REDUCE	Expected return of < 0% to -10% over 1-year horizon
SELL	Expected to fall by >10% over 1-year horizon
NOT RATED (NR)/UNDER REVIEW (UR)/COVERAGE SUSPENDED (CS)	Not covered by Keynote Capitals Ltd/Rating & Fair value under Review/Keynote Capitals Ltd has suspended coverage

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