Sales Note
9th June 2025

XPRO India Ltd

Capacity-Driven Growth

CMP: INR 1,270

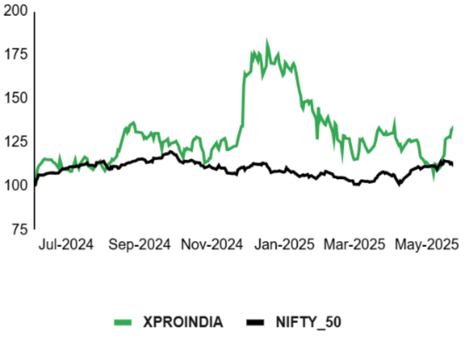
Outlook: Positive

Stock Info	
BSE	590013
NSE	XPROINDIA
Bloomberg	XPRO:IN
Reuters	XPRO.NS.
Sector	Packaging
Face Value (INR)	10
Mkt Cap (INR Mn)	28,310
52w H/L (INR)	1,677/888
Avg yearly Vol (in 000')	37.25

Shareholding Pattern % *(As on Mar, 2025)*	
Promoters	42.42%
Public & Others	57.58%

Stock Performance (%)	1m	6m	12m
XPROINDIA	+20.3	-23.7	-22.0
Nifty 50	+0.6	+0.6	+3.7

PPL Vs Nifty 50



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Xpro India Limited, incorporated in 1997, is a polymer processing manufacturer specializing in high-performance plastic products. The company produces dielectric/capacitor films Biaxially Oriented Polypropylene, coextruded sheets, thermoformed refrigerator liners, and coextruded cast films. It operates manufacturing facilities in Barjora (West Bengal), Greater Noida (Uttar Pradesh), and Ranjangaon (Maharashtra), with a combined annual capacity of 57,700 MT across its product lines. Xpro serves industrial clients in sectors like electronics, white goods, and packaging, and is expanding globally with a new subsidiary in Ras Al Khaimah, UAE.

Strategic Capacity Doubling at Core Facility: Company is on the verge of commissioning its second dielectric film line at the Barjora plant, with commercial operations expected to commence by September 2025. This addition will effectively double the domestic dielectric capacity from ~4,000 MTPA to ~8,000 MTPA. Historically, Barjora has operated at over 90% utilization, indicating robust baseline demand and limited spare capacity. The timing of this expansion addresses current supply constraints and prepares the company to meet growing domestic demand, particularly from capacitor manufacturers reliant on imported films. Importantly, customer tie-ups are already in place, reducing offtake risk. The expansion is equity-funded, lowering financial leverage while enabling volume-led revenue growth from FY27 onwards.

UAE Plant Geared for Western Markets: Company's upcoming plant in Ras Al Khaimah, UAE is a key shift in its business model—it's the company's first manufacturing base outside India and is being built specifically to serve global markets like Europe and the U.S. The 4,500–5,000 MTPA line is expected to start production in the first half of FY26. Its location is not incidental—it cuts lead times and offers a logistical advantage in export-heavy regions, especially as global buyers look beyond China for supply. The project is fully funded through recent equity raises and could generate INR 1500–2000 Mn in initial revenue, with early customer discussions already underway.

Market Leadership in a Niche Segment: Company is India's only significant manufacturer of dielectric BOPP films—a specialized material used primarily in capacitors for power electronics, consumer appliances, and electric vehicles. These films require high thermal stability, precise thickness control, and superior insulation, making them technically intensive to produce. Company holds over 30% share of India's dielectric film market, which is otherwise heavily import-dependent. This leadership is not incidental, it is backed by backward integration, long-term customer relationships, and consistent product quality.

Momentum from Volume Growth Despite Margin Compression: In FY25, Company's volumes grew by over 18% year-on-year, reaching more than 33,000 metric tons—a strong sign of demand strength. However, margins came under pressure due to early costs linked to capacity expansion and flexible pricing to stay competitive. While this impacted short-term profitability with EBITDA down nearly 20%, these are front-loaded costs. As the new plants come fully online by FY27, we expect scale benefits and better fixed cost absorption to drive a recovery in margins.

Outlook:Company is transitioning from a phase of constraint to one of deliberate scale. For years, its growth was capped not by demand, but by capacity—something now being actively resolved with two near-simultaneous plant additions. The Barjora expansion taps directly into a waiting domestic customer base, while the Ras Al Khaimah unit marks a calculated step toward global relevance. Company's expansion is demand-anchored and capital-disciplined. As both plants move from commissioning to contribution, the company's growth will be less about unlocking potential—and more about delivering on it. We have a positive outlook on the stock.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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