



Xpro India Limited

Q4 & FY'25 Earnings Conference Call

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**MANAGEMENT:**

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**Moderator:** Ladies and gentlemen, good day, and welcome to the Xpro India Limited Q4 and FY '25 Earnings Conference Call. As a reminder, all participant lines will remain in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. C. Bhaskar, Managing Director and Chief Executive Officer. Thank you, and over to you, sir.

**C. Bhaskar:** Thank you, Shruti. Good afternoon, friends. I extend a very warm welcome to all participants in this Q4 and FY '25 earnings call.

Many of us would have interacted in the past, yet I introduce myself once again as C. Bhaskar, Managing Director and Chief Executive Officer of Xpro India Limited. Today on this call, I have with me Mr. Vinay Kumar Agarwal, our President, Finance and Chief Financial Officer; Mr. Kamal Sewoda, our Company Secretary. Also present are Himangshu Bakshi, our Senior President and Chief Operating Officer; and Mr. Girish Behal, our new President and Chief Strategy Officer, who joined us just a few months back.

MUFG Intime, whom many of you will know as Orient Cap, our Investment Relations partner, is, as always, coordinating this session. We are continuing the practice started a couple of years ago of hosting this annual conference call for our investor community with the intent of keeping investors and analysts familiar and updated about our annual results and major developments.

As many of us have already had opportunity to meet on earlier calls, or at the AGM, or otherwise, I shall not dwell on introducing our company. I must add that we are transparent in our approach, but must state that all discussions here will be within boundaries reasonably imposed by our strategic and competitive position and, of course, legal requirements as may be applicable.

As you are all aware, Xpro India Limited is a diversified multi-locational company focused on polymer processing with very strong governance standards. The company is family led and is a professionally managed arm of India's largest and most reputed industrial house, the Birlas. Xpro itself currently has manufacturing facilities at Greater Noida in Uttar Pradesh, Ranjangaon in Maharashtra, and Barjora in West Bengal. With a wholly new subsidiary set up last year to implement a project at Ras Al Khaimah in the United Arab Emirates.

Our operating units have built up special skills and competencies in the specialized field of coextrusion with application in the manufacture of oriented films, multilayer plastic sheets and multilayer cast plastic films. Thermoforming supports downstream processes for sheets.

Our results for the financial year 2024-'25, together with quarterly results, have been uploaded on stock exchange portals, and you may have had an opportunity to go through the press release and presentation that we had uploaded to the exchange site and on our own website.

Now coming to a quick review of key business matters. The Indian economy has been resilient despite the environment of elevated trade protectionist and tariff-related uncertainties. Global growth aspirations continue to face significant headwinds with policy shocks, uncertainty, and

indifferent consumer sentiment. These have also prompted the IMF and the other global financial institutions to revise global growth projections downwards. However, despite its own challenges, the Indian economy expects to grow at over 6% on the back of policies and a consolidating role as a geopolitical alternative.

Further, in the context of the company's investment being undertaken in the United Arab Emirates, we are optimistic about the growing integration of UAE-based manufacturing into global supply chains. More specifically and coming to our performance during Q4 and 2025, I'm happy to state that the company continued to deliver a strong performance, reflecting our manufacturing and marketing capabilities and our strong track record as a key supplier to both the white goods and dielectric segments.

The dielectric films market continues to expand, driven by demand from sectors such as electric vehicles, renewable energy and consumer electronics, besides conventional segments in the electrical industry. Xpro's dielectric films were consistently in demand and has always remained in a strong competitive zone. The Barjora dielectric film line operated near full capacity, continuing its strategic shift towards thinner and higher-value variants.

Pricing has to remain dynamic and flexible to retain market traction in a frequently volatile scenario, even at the risk of occasional impact on margins. Further, for alignment of available capacity and domestic demand, exports were temporarily moderated.

To drive long-term business value, we prioritize fundamental growth over short-term targets. Our strategy for increasing business value focuses on organic growth. The company is strengthening its leadership position in niche markets, leveraging its marketing -- manufacturing and development expertise, marketing strength and industry relationships. Our key initiatives include global capacity scaling, product innovation and cost competitiveness.

The first of new lines, which would essentially double capacity at the existing facility at Barjora, experienced supply and logistics-related delays and is now approaching full commissioning. The second line to be installed at our subsidiary, Xpro Dielectric Films FZ-LLC in the free zone at Ras Al Khaimah, UAE.

Factory construction and other project implementation work is proceeding to plan, while significant portions of the core equipment are already at site, taking into account long equipment delivery periods, which incidentally is the critical path activity for this investment.

Our other lines of business, coextruded sheets and thermoform refrigerator liners are manufactured on multiple lines available with the Coex division units at Ranjangaon and Greater Noida. Our products are usually custom-made to customer needs and based on various polymers, including ABS, polystyrene and PP. Steps were initiated towards rationalizing and enhancing sheet and liner production capacities at both production units via acquisition and integration of production lines from another operator and capacity balancing and optimization.

Considering Q4 performance, Revenue from operations during the quarter was INR158.21 crores, against INR128.41 crores in Q4 FY '24, registering a growth of almost 23% on a year-

on-year basis. The increase in the top line reflects consistent demand and a strong market position, particularly in the Coex businesses.

PBT for the quarter was INR11.51 crores against INR16.52 crores in Q4 FY '24. Biax division reported increase in revenue to a little over INR39.33 crores in the quarter, as compared to INR38 crores in the corresponding previous quarter, more or less flat. The Coex division reported a healthy growth in revenue of over 32%, to over INR118.9 crores as against INR90.3 crores in the corresponding previous quarter.

Now coming to the full FY '25 performance. The company reaffirmed its operational resilience in a volatile business environment marked by supply chain worries, rising costs, geopolitical tensions, underscoring the efficacy of the operational strategies and the competitive trends. Production volumes rose by 18.4% to 33,014 tons, against 27,891 tons in the previous year. The net sales reached an all-time high of INR535.28 crores, demonstrating a 15% increase over the previous year's INR465.41 crores.

The company endures as the domestic market leader and the pioneering Indian manufacturer of premium dielectric BOPP films, recognized in external markets for quality, innovation, and service. The dielectric film line operated near full capacity with domestic market share at over 30%, continuing its strategic direction towards thinner and higher-value variants. Pricing, however, has to remain dynamic and flexible to retain market traction in a frequently volatile scenario.

Aggregate production for coextruded sheets and thermoform liners increased by 25%, reflecting resilient consumer durables markets, particularly for refrigerators. Our production capacities, as mentioned earlier, were rationalized via integration of acquired equipment, which we had actually purchased from a competing manufacturer earlier in the year.

Operating profitability was impacted at times due to strategic competitive pricing, geopolitical tensions, and input cost volatility, marked by supply chain worries and higher expenses necessary for the buildup ahead of expansion capacities going on stream. Our quality and service levels remain rated premium by customers.

During the year, revenues of Biax dipped marginally to INR141 crores from INR149 crores in the previous year. Revenues from the Coex division increased on the other hand, by almost 25% to INR393.86 crores, as compared to INR315.69 crores in the previous year. Revenues from export were marginally higher at INR14.2 crores, as against INR13.44 crores in the previous year.

EBITDA stood at INR72.88 crores against INR78.34 crores in the previous year. Interest and other finance costs were lower at INR4.38 crores, including INR1.2 crores of adjusted borrowing cost incurred for the new project, against INR5 crores in the previous year and after depreciation the PBT stood at INR58 crores as against INR60 crores in the INR60.16 crores in the previous year.

I must mention that there are no outstanding long-term borrowings for existing operations. However, we have opted from a financial perspective, particularly the interest savings that would

accrue in future years to go in for a supplier credit in the nature of an ECB for the new line being installed at Barjora and accordingly, there was an increase in long-term debt to the extent of INR110 crores, fundamentally towards the supplier credit.

During FY '25, the net debt to equity stood at 0.19x and delivered a healthy ROE on expanded capital of 7.44%, and a return on capital employed of 8.33%. The Board has recommended for member approval a dividend of INR2 per equity share on the expanded capital of the company.

Some mention on capital raising. In 2023-24, 14,35,750 warrants which had been allotted on a preferential basis to 12 subscribers, including 1,05,750 warrants to two promoter group entities at an issue price of INR975 per warrant, with an initial payment of 35% of the warrant price and balance 65% payable at warrant holders' option anytime within 18 months from allotment. Each fully-paid warrant entitled subscription to an allotment of 1 equity share of INR10 of the company at a premium of INR965.

During the year, 4 subscribers, including 2 promoter group entities, exercised their options well ahead of the final date of payment, by payment of the balance of 65% and were accordingly allotted a total of 2,65,750 equity shares. Following this, the capital of the company stands at INR22.30 crores, comprising of 2,23,00,391 equity shares of INR10 each. Assuming full conversion of outstanding warrants when they are fully paid up, the equity capital would rise to INR23.47 crores, which should happen by end July 2025.

I confirm that the capital raised through 2 preferential issues and a QIP during earlier years, 2022-23 and 23-24 is being utilized for the purpose stated and is monitored as required. The promoter group has invested in both preferential offers and opted for earlier conversion of warrants and is subject to longer lock-in period than other investors. Any prima-facie dilution in promoter holdings, presently at 42.43%, has been purely a consequence of allotments made to others.

Now let me update you on the status of the capacity additions. Given the technical complexity for manufacturing dielectric films, which range in thickness from 2 to 12 microns, and require specialized equipment and controlled environment, project time lines were stretched due to long supply schedules, including for customized machinery.

The projects underwent external delays, including logistical and procedural challenges, and supply-related issues, where suppliers had to make extra efforts to live up to the company's precise requirements. Also, some transit damages necessitated replacement of certain components to make sure that we were in a position to deliver the high-quality films that we are known for.

Both projects are now broadly on track. I'm happy to announce that the Barjora unit has started sequential testing and dry runs, which will spread over the next coming weeks before we get into the wet operations. The Ras Al Khaimah project is also progressing steadily with necessary capital resources tied up and construction progressing at full swing. Key equipment have already arrived at site and are awaiting installation.

Furthering our sustainability initiatives at Ranjangaon, the supply of lower-cost solar power via open access from associate company, TP Mercury Limited, an associate venture with Tata Power Limited, commenced operations from October 1, 2024, leading to significant energy cost savings with benefits expected to accrue continuously over the 25-year contract period. I must add that in the first 6 months of operation of the supply of the solar power, we have actually already saved our investment in this associate company.

With this, I open the floor for question and answers. Thank you so much.

**Moderator:** Thank you very much. The first question is from the line of Shrey Gandhi from C.R. Kothari Stock Brokers. Please proceed.

**Vidhi Shah:** My name is Vidhi Shah. Sir, my first question is on the capex for Barjora and UAE plant. So you said that Barjora is running its trial testing right now. So when do we expect commercial operations for both? And also, can I know the revenue potential of both these plants?

**C. Bhaskar:** A question -- point number one is, as I said, the dry runs have started. They will progress over the next 3-4 weeks, I would imagine. And after that, assuming all goes well, we would be heading towards the wet runs. Most of the components are in place. One of the damaged components is awaiting a replacement, and it should come in sometime by 15th of June or thereabouts. But that would simply be replaced. We are going ahead with the trials to make sure all else is perfect and ready to operate. That is one.

Ras Al Khaimah project, the construction is going on. We would actually be in a position to complete and start the dry runs at that site only sometime in the last quarter of this calendar year. And it will then start thereafter.

Revenue potential depends a lot on how the market moves into thinner films. So the revenue potential is really enormous, but we would put it at -- give me a moment. The revenue potential, depending on the thickness, but to start with would be in the range of INR150 crores to INR200 crores when we start the commercial production. And then they would go on as we stabilize on thinner films.

**Vidhi Shah:** Okay. So this INR150 crores to INR200 crores...

**C. Bhaskar:** Your name, if you could just tell me again, ma'am?

**Vidhi Shah:** My name is Vidhi Shah from C.R. Kothari Stock Brokers. So this INR150 crores to INR200 crores that you mentioned, it is combined for UAE plus West Bengal?

**C. Bhaskar:** No, per plant. Remember that the UAE plant is a subsidiary. It's a wholly-owned subsidiary today, right? So that turnover would go into the subsidiary and only on consolidation will come into the whole.

**Vidhi Shah:** Okay. I get it, sir. And also, can I know how much of the funding is pending? So how much capex is left for -- which we will incur in FY '26?

- C. Bhaskar:** The funding per se as envisaged is complete. That is the arrangements are all tied up, if that is your question. And right now, we are holding our balance requirements for the -- putting up the plants in fixed deposits.
- Vidhi Shah:** Okay. And also, can I get the margin split between your...
- C. Bhaskar:** You see the balance sheet -- you see we hold FDs of almost INR180 crores...
- Vidhi Shah:** Okay. And also on the margin front, can I get a split between Coex and Biax division for FY '25?
- C. Bhaskar:** Madam, margin is a question which I think is a highly competitive business, highly competitive area, and perhaps not a correct question, or correct for me to answer on an investor call. Margins in -- see, margins are different in our two businesses. The Coex business of the sheets and the cast films, as I've said often, it's a relatively lower-margin business, whereas the dielectric films are relatively higher-margin businesses.
- And the spread, I can give you ranges. The spread on the Coex businesses is anywhere between 5% to 7% at the EBITDA level. And the spread on the capacitor film businesses, depending on the thicknesses, is anywhere between 30% to 50%.
- Vidhi Shah:** Okay. And sir...
- C. Bhaskar:** I know it's a broad range, but that really depends on the specifications that go into that film and market circumstances. Sometimes we also get into penetrative pricing and things like that.
- Vidhi Shah:** Okay. And...
- Moderator:** Sorry to interrupt, ma'am. May I request you to return to the question queue for your follow-up questions as we have participants waiting for their turn.
- The next question is from the line of Pritesh Chheda from Lucky Investment.
- Pritesh Chheda:** Sir, just a question on the margin number. So now what we see in the last 4 quarters, the margin keeps dropping lower and now we are at about 6%-7%. And from whatever numbers that you shared, so -- is it that...
- C. Bhaskar:** Sorry, go ahead and I'll comment after that.
- Pritesh Chheda:** And from the numbers that you shared about Coex and Biax, and you said 100% utilization in Biax dielectric. So is there any pricing drop in the dielectric film side, which is basically the Biax business, right, for us, the biaxially...
- C. Bhaskar:** Let me explain this to you. There are two things here. One, I think the EBITDA margin for the company as a whole is not at the number that you said. That is the number of around 6% is more realistic of -- 6%-7% is more realistic for the Coex businesses. You were talking about the delta, is that? Okay...

- Pritesh Chheda:** No, no, no. Sir, my observation is basically, if you see for the last 4-5 quarters now, the margin from whatever, 15%-16% that you reported is down to 8%. So my question was from that angle at the company level.
- C. Bhaskar:** Two things, two things, two things, let me explain. I will not -- one is that if you see the share of the Coex business in the overall turnover, it's gone up steeply compared to the previous year. Now it means a big -- the growth substantially in turnover has entirely come from the lower EBITDA business, which itself, therefore, pushes down the weighted average EBITDA.
- But that said, during the year, we have ourselves, as I have also said in earlier press releases and the like, that over the years, we have made price adjustments in anticipation of the capacity coming in. So the play is really dual.
- Now this has been so far driven more by a strategic pricing principle rather than by a market compulsion. Remember, India is still importing substantial percentage of its total requirement of capacitor films. And nonetheless, with our capacities coming in, we felt there was a need to make sure that we were holding customers. And therefore, we also went into price adjustments, which obviously would reflect in the overall EBITDA.
- Pritesh Chheda:** Okay. So between FY '25 and FY '24, you're saying there is a pricing adjustment, which is willingly done by you on the dielectric film side, which is bringing down the absolute EBITDA?
- C. Bhaskar:** Correct. And you will appreciate that, A we are in this game as a long-term game. We are not the fly-by-night operator where you say today, you get an opportunity, and you go by an opportunistic pricing. So definitely, India is still importing huge volumes. So there is no change in market circumstances in the country. However, the fact remains that we are getting two lines coming in.
- I will also readily add that our strategy on pricing has been driven by one other criteria. I'll only mention this as a driver without going into super details. You see our Barjora line is delayed, as you are aware, from where we should have been to that where we are. What this has resulted in is that the gap between the commissioning of our two new capacities is going to be lesser than what we would have liked it to be. That circumstance means that we will have lesser time to ramp up to the two lines and therefore, we thought we should prepare for it by pricing adjustments to start with. This is part of a larger strategy.
- Pritesh Chheda:** Okay. And what will be the pricing decline in the -- or pricing adjustment that you have taken in the dielectric film between the 2 years? And is it fair to assume that you are 100% utilized, which means the volumes of dielectric film of last year were...
- C. Bhaskar:** I'll tell you something, we are very close to 100% utilized. And any volume changes, you'll see only that as I think in one of the quarters, we had mentioned in the quarterly statement also, excepting for some downtime that we took for integration of certain facilities between the old line and the new line because they are coming next to each other.
- Pritesh Chheda:** So which means that last year, full year, and this year, full year, you had same volumes in dielectric?



- C. Bhaskar:** You will see that the volumes are slightly different. Let me give you the exact volume. For example, the exact volume last year was something like 3,600-odd tons. This year was something like 3,560 tons. So...
- Pritesh Chheda:** It's more or less same...
- C. Bhaskar:** So if you think about it because it was down for a week also.
- Pritesh Chheda:** And what is the pricing decline, so which means the pricing decline is from 6%, 7%?
- C. Bhaskar:** Thereabouts, yes.
- Pritesh Chheda:** Okay. And because of 6%, 7%...
- C. Bhaskar:** I would also tell you that the pricing declining trend has slowly started moving. It was actually nearer 5%, but I think we are already seeing reversals there for various reasons. Some of which are not correct for me to state.
- Pritesh Chheda:** And lastly, sir, when will this Barjora second line start production, you said?
- C. Bhaskar:** We are -- as I said, the dry runs are going on. And so far, whatever tests are being -- each equipment is tested, etc. We had some components which had got damaged in transit. And those, obviously, we would get replacement. We don't work on repairs. Most of the replacements have come in, which had to be replaced.
- One -- something called a roller is on the way. They are all being airfreighted in. So once that comes in, we'll plug it in and switch to wet runs. By the time that reaches, which should be mid-June, before that comes, we would finish all -- we would have done with the dry runs, assuming there are no shocks. I mean, I will, in all fairness, have to state that it is assuming no shocks. We don't expect any, but you'll be -- neither did we expect a transit damage, right?
- Moderator:** The next question is from the line of Manan Shah from Moneybee Investment Advisors.
- Manan Shah:** The price adjustment that you mentioned right now that you took in the dielectric film, is it a function of the price correction in the base BOPP film or it is not?
- C. Bhaskar:** Sorry, I didn't get your name. Manoj...
- Manan Shah:** My name is Manan Shah from Moneybee.
- C. Bhaskar:** Manan. Sorry, I heard it as Manoj. My apologies. You see price is -- you asked a very, very relevant question. In the polymers business, price is actually always determined by two elements. One is the value add, or whatever you are adding in your own shop floor. And B, what are the fluctuations in the raw material prices.
- Now fluctuations in the raw material prices are generally in the nature of pass-throughs. You might have timing differences. But other than that, it's a pass-through ultimately. Sometimes you

get the pass-through contractually, sometimes you have to work on the pass-through. It depends on customer to customer.

So the price is determined and dependent upon two things. One of which is the raw material price, which I must tell you is entirely, or substantially, dependent on crude price. For example, today, you are at a situation where crude prices are going downwards and the President of the United States seems to have a desire to take it down to \$30, \$40. Should that happen, polymer prices would move downwards correspondingly.

However, the polymers that we use in the dielectric film business are very special. They are not commodity polymers. And being non-commodity polymers, the price is not a direct relation to the crude price. In a commodity polymer, it would more or less have that. You could chart it, and you would see it. Here, there is -- because of technology, there is a rarity cost to the polymers that go into the dielectric films.

On the other hand, if I were to take our Coex businesses, yes, the prices would be more or less directly related to crude.

**Manan Shah:** Okay. No, I was asking...

**C. Bhaskar:** Does that answer your question, sir?

**Manan Shah:** It does partly. But what I wanted to understand is that does any movement on the base BOPP film pricing have any impact on our dielectric pricing?

**C. Bhaskar:** No, no, not really. I think you are probably asking because of the excitement you would have seen in the BOPP packaging prices in the last few days, if you are monitoring that business, which I imagine you are. Excepting for the fact that they are both biaxially oriented, excepting for -- and then they're both are both polypropylene of sorts, they are not in any way the same film. Of course, similar circumstances have happened in this business also as what you have seen there. But better that I should not go into that on a call.

**Manan Shah:** No, understood. So then what prompted us to willingly take this sort of a price adjustment and that now we are looking to increase the prices? I mean, I did not understand the...

**C. Bhaskar:** Nothing -- now has nothing to do with environmental here. Now is more to do with the global situation. I mean, if you're asking me, willy-nilly are we seeing what has happened in the recent past with someone? No, that is something else and certainly not part of our own thinking.

**Manan Shah:** So you are saying that globally now there is some supply shortfall, which is allowing you to take a price hike now or?

**C. Bhaskar:** Globally, there are developments which means the Western world is looking for more volumes, which is hopefully working towards price adjustments. Now when I say price adjustments, I ultimately mean VA adjustments. Because if tomorrow, the polymer price, it's not that ours is not linked to crude. It is linked to crude, but not so directly. So supposing crude goes to \$30,

\$40, probably our polymer base price would go down, and we would reflect some of that in our pricing with our customers.

**Moderator:** The next question is from the line of Romil Jain from Electrum PMS.

**Romil Jain:** Yes, can you hear me?

**C. Bhaskar:** Yes, I can hear you nice and clear. You're Romil, right?

**Romil Jain:** Yes, yes, Romil, actually, there's some confusion. Sir, one question was on the margins in this quarter. So probably I think the last person, you mentioned that because there has been a strong growth on the Coex side, and the pricing cut that you have taken competitively. So that is the reason why probably the overall margins are lower. And probably when you start taking price hikes, then probably the margins will come back. That's the right understanding, right?

**C. Bhaskar:** Two things. One, you are right on what you said. And also, see, for example, as we mentioned, our Coex business grew in the last year by 25%, which is really substantial. So -- and that is almost the entire revenue growth more or less has come from that segment. So obviously, on a weighted average basis, the weighted average EBITDA would go down, right? Point number one.

Point number two, which is also important and remember, I'm talking all this on a stand-alone. When we come to the Consol what was the impact of the Consol I'll explain separately for all gentlemen on the call -- all gentlemen and ladies on the call. You see, so that was one.

Secondly, yes, there is a value-add chain. So now when the value add on the dielectric resumes, or picks up back again, the extent to which the weighted average would go up would depend on how well the Coex business continues to do. So I would really like that, that also does well. So we would like to earn more money in the absolute. I'm not just worried about the EBITDA percent. I hope, Romil, you appreciate what I'm saying.

**Romil Jain:** Sure, sure. Got it. And sir, the new lines that are coming up. So I just want to understand how is the customer tie-up taking place. So for the first line, which is almost going to start, are the customers in place? And probably by when we can reach full utilization for this line and similarly for the Middle East line?

**C. Bhaskar:** Rest assured that at this stage, we obviously have customer tie-up definitely for the India line very much in place because that's the imminent line, right?

Having said that, the real position is I have a number of customers who are eagerly waiting because actually, we have delayed, as you are aware. So that delay has also offset some of their own plans in terms of when we could start delivering to them. So yes, we have many eager people waiting for us to start the formal deliveries.

**Romil Jain:** Correct. And a blend you can provide in terms of realizations once the Barjora new line comes into place, let's say, what can be the range of realizations that we can see from here probably?

**C. Bhaskar:** Let me refrain from talking realizations on a call, please.

- Moderator:** The next question is from the line of Tej Patel from Niveshaay.
- Tej Patel:** Yes. So sir, I have two questions and two parts -- different parts for it. Number one, sir, I wanted to get an idea from the demand and supply perspective. I understand you mentioned in the call that the overall India demand is about 15,000 tons and let's say, you have 33% market share, I guess a peer of us is having similar capacity. So two of you meets about, let's say, 50% of the demand, right?
- We have a line coming up in Barjora, let's say, a few weeks or a month or 2. So that's another, let's say, 30,000 tons. I'm just trying to understand the strategy of ramping up -- how are you expected to ramp up this line? I'm just trying to understand how we...
- C. Bhaskar:** I'm a little confused. What was the capacity you mentioned that's being added at Barjora? Either I heard wrong or?
- Tej Patel:** 3,000, right, 3,500 is...
- C. Bhaskar:** I thought you said 30,000. Okay. I was going to say no.
- Tej Patel:** Yes.
- C. Bhaskar:** Right. So there are multiple points here. Yes, today, we meet about 30% of the Indian demand. And with the lines coming in. We would be -- remember, our second new line is coming up in RAK that is actually geared for global markets, although we could also use it for Indian markets.
- Now the important thing is, A, what are we chasing when we put up new capacity? The first thing that we are chasing is the imports. So obviously, that's ready -- those are ready fruits available for the plucking, you might get a portion of it, you might not get a portion of it. But that's certainly one element that we are chasing as are competitors.
- Two, we are also chasing the imported metalized films, which are coming in into India. Today, the films -- our films are sold and metallized. People also import metallized films. Several new metallizers are being put up in India at this point of time. So those would also be obvious that import of the metallized films is also an obvious market for us.
- Capacitor manufacturers themselves are expanding right now for that -- to meet their own markets. Natural market for us. I can tell you that at least two of the big guys making capacitors in India are working on at least 50% capacity enhancement, which are about to go on stream. And these are actually customers who are 100% dependent on us at this point of time, out of Indian film.
- I also go on to add that there has been certain changes in government policy. For example, a couple of years ago, they had the Quality Control Order, which applied to capacitors. The application of the QCO on capacitors meant that the Indian people who were importing huge volumes of capacitors actually had to switch to Indian. That was the jump which first drove also the creation of more metallizers in the country.

So there are ready markets. It's not that capacity is being created for non-existent markets. Capacities are being created. And obviously, there are strategies in place to load the lines ASAP.

**Tej Patel:**

Got it. Got it. And sir, sir, I'm just trying to understand. So with the recent event with one of our peers, so does price -- I mean, I'm just trying to understand, will -- for our existing plant, how much price increment do we expect? So the 5% number which you gave is because of the that reason is what I'm saying, right?

**C. Bhaskar:**

Sir, let me put it to you this way, we are focused producers who like to believe that we are selling on our strengths. We do not take pleasure in selling out of anybody else's problems. So let me assure you, we are probably the only people who compete with that peer whom you said, right, who have not increased their price as a consequence of that incident.

We don't want to be happy at somebody else's misfortune. It's a misfortune. And misfortunes can happen to anybody. We recognize that. Now whatever market forces play, that is something else. But we have, as a policy, not adopted an opportunistic pricing. Some people I know have done it. Those of you who are in the packaging business would have seen that already, but that's not the way we can operate.

Also bearing in mind, remember always that we are in a B2B segment. We are not in a sell to trade and supply market at all. If we had a trade market, probably one could have done opportunistic. But our products are -- especially dielectric films, are all B2B. And there, we don't adopt an opportunistic pricing as a principle. And believe me, sir, that has held us in good stead over many years. People respect those relationships.

**Tej Patel:**

Got it. Got your point. Got your point, sir. Sir, one more question is, I mean, you point about the quality checkpoint. I'm just trying to understand with PLI components coming in, you already mentioned your -- two of your biggest client is expanding capacity.

I'm just trying to understand from your viewpoint, how interesting or how big the shift towards manufacturing for capacitors in India could be? You might be talking with your customers because of these PLI components and you have some quite big MNC clients. I'm just trying to understand how PLI components could change more domestic sourcing from India for dielectric films? So if you could just touch upon this point.

**C. Bhaskar:**

You see, sir, PLI is just a financial incentive to motivate investment in quality products. So let's remember that as a driver, that's a reward for the work you are doing and enables you to be globally competitive.

The important point is the trust that the government has given as a policy to export of electronic components and systems from India. The PLI is just one measure towards encouraging the export. The Prime Minister has himself announced a big drive towards export of electronic components. And capacitors is one of the very basic electronic components and one in which India is very much advanced in the technology and manufacture.

So I would reasonably see that as part of India's drive on electronic components exports, capacitors would definitely see a big thrust. Besides capacitors, you will also see export of

metallized film in a big way because those are demands that we are seeing from all over the globe. So yes, this will definitely happen. Government policy is encouraging it. PLI is the icing on the cake.

**Tej Patel:** Interesting. Got it. Got it, sir. And sir, one point even if you touch upon...

**Moderator:** Sorry to interrupt, Mr. Tej. May we...

**Tej Patel:** Just last one question, if possible, please?

**Moderator:** Okay, sir.

**Tej Patel:** Yes. Sorry, the last question, I just wanted to touch upon the global supply and demand space. I mean, a lot of global players, let's say, ex of China, are also putting up incremental lines.

So I'm just trying to understand what's the current demands-supply scenario? I mean, is there enough demand to absorb all these upcoming lines? And could the oversupply situation may come, let's say, down 2, 3 years' time because our new line, especially the Dubai line is export oriented? Just...

**C. Bhaskar:** You're right. You're absolutely right. Capacity is coming up. Substantial capacity is there in China, existing and the growth -- and fresh capacity is China. The -- fortunately, or unfortunately, however, the world is today working on a China Plus One theory in some places, they are working on a China -- eliminate China theory. I don't think that will ever happen, eliminate China. It could be a China Plus One.

We are quite clear that our drive is to capitalize on the China Plus One theory as we grow forward. And on a global market situation, that is the reason why we have a UAE plant. The UAE plant is well located strategically from a saving point, from a delivery point for supplies to the Western world, which means Europe and U.S.A.

A point which is very well known, for example. U.S.A. itself does not manufacture base dielectric films. The base dielectric films there are all imported from somewhere. It is China, no doubt. It is Europe. It's us to a small extent with a little bit that we are able to do. So that is actually a huge opportunity. And I think that's very interesting.

Incidentally, a question which is probably related to you, and I'll take the liberty of answering an assumed question because I thought someone would have asked me by now. That is what happens if Mr. Trump prevails?

**Tej Patel:** Yes, sir. My follow-up was on that only. Our understanding....

**C. Bhaskar:** That I think is something very relevant. And believe me, that's an extremely interesting and a tricky situation. You see the way things look, the highest punitive duty would be on China, followed by India, perhaps, the way one imagines. Should that happen, we will have an edge over China. And yes, India will lose its edge over, say, Europe, a European supplier.

However, that's where our Middle East plant comes into play. Because right now, he's not even talking about huge success on Middle East. So our Middle East will then come into play for supplies to, say, the U.S. So from a very self-mercenary perspective, I'm looking like what happens to me, I -- probably -- and what happens to our business in isolation of the rest of the world. I would not like to say we are not part of the global Indian situation, we are.

But if a sense is applied on capacitor films in particular, on China and on India, the way they are talking, believe me, it would help India. And it would help us a little bit more when the Middle East plant goes on stream. And if there is nothing called a stress well, then we are no worse than where we are today.

**Moderator:** The next question is from the line of Hiral Desai from Ethigrity Financial Services.

**Hiral Desai:** So Bhaskar ji, I had just one question. On this Barjora line that we spoke about where we are currently doing the dry runs, would it be fair to assume that the commercial production will start by, let's say, September of this year?

**C. Bhaskar:** I think that's a reasonable assumption.

**Hiral Desai:** Okay. And so by the end of this year, what would be your hunch on the capacity utilization for this line? And broadly, I wanted to understand next year, can we hit the INR120 crores to INR150 crores revenue mark on the Barjora capacity?

**C. Bhaskar:** See, it will depend on the product mix that we start off and the product mix that stabilizes as we go along. But on a volume basis, next year, we should be pretty much close to full capacity utilization.

**Hiral Desai:** Okay. And so just sort of going back to what Pritesh had asked on the margin. So assuming that the Barjora capacity starts contributing in H2 of this year, would it be fair to assume that the EBITDA margin would have bottomed out this year?

**C. Bhaskar:** I believe it would be fair to say we are at the bottom now.

**Moderator:** Due to time constraints, that was the last question.

**C. Bhaskar:** Thank you very much. Thank you everybody.

**Moderator:** Yes, sir. I would now like to hand the conference over to Mr. C. Bhaskar for his closing comments.

**C. Bhaskar:** Thank you, ma'am. And thank you, friends who joined the call. I know some people would have had more questions, but happily, we are open to meeting as and when there are opportunities.

We at Xpro India remain committed to consistently offer superior quality products backed by exceptional services to exceed customer expectations, which would aid us in being the industry leader in our chosen segments within the polymer industry. I trust we have been able to share relevant information. And if you require any further details, feel free to contact us, our Company Secretary or MUFG Intime, our Investor Relations partners. Thank you so much.

**Moderator:** Thank you. On behalf of Xpro India Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.