HPL Electric & Power Limited
CIN : L74899DL1992PLC048945
Corporate Office: 76B, HSIIDC Industrial Estate Phase IV,
Sector 57, Kundli, Sonipat, Haryana-131028, INDIA.
Ph.: 09996600658 | E-mail: hpl@hplindia.com
Website: www.hplindia.com

March 28, 2025

The Manager,
Listing Department,
National Stock Exchange of India Ltd.
"Exchange Plaza", C-1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051

Symbol: HPL

The Secretary
BSE Limited
25th Floor, New Trading Ring, Rotunda
Building, PhirozeJeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001

Scrip Code: 540136

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Credit Rating by another Rating Agency i.e. India Ratings and Research

Dear Sir/Madam,

Pursuant to the provisions of Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that India Ratings and Research (Ind-Ra), another Rating Agency, has rated **HPL Electric & Power Limited** as follows:

Rating Action

Fund-based working capital limits	**IND A+/Stable/IND A1**
Non-fund-based working capital limits	**IND A+/Stable/IND A1**
Proposed fund-based working capital limits	**IND A+/Stable/IND A1**
Proposed Term Loan	**IND A+/Stable**
Term Loan	**IND A+/Stable**

The company has received aforesaid letter on March 27, 2025.

This is for your kind information and record.

Thanking You,
For **HPL Electric & Power Limited**

VIVEK KUMAR
Digitally signed by VIVEK KUMAR
DN: c=IN, o=Personal, postalCode=110095, l=East Delhi, st=Delhi, street=A 125 S-1 DILSHAD COLONY 110095, 2.5.4.20=3eb36823c8b414e7e934f2e0af3da010641437e49524495d66b6b358709bf23f, serialNumber=052767230d5f1c44b1c2164eefdb84f2c760ac7359949d646e7ce9b91f23d372, email=hplcs@hplindia.com, cn=VIVEK KUMAR
Date: 2025.03.28 14:53:13 +05'30'

Vivek Kumar
Company Secretary

Encl: As stated above

India Ratings Assigns HPL Electric & Power's Bank Facilities 'IND A+'; Outlook Stable

Mar 27, 2025 | Consumer Electronics

India Ratings and Research (Ind-Ra) has rated HPL Electric & Power Limited's (HEPL) bank facilities as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Fund-based working capital limits	-	-	-	5,150	IND A+/Stable/IND A1	Assigned
Non-fund-based working capital limits	-	-	-	9,350	IND A+/Stable/IND A1	Assigned
Proposed fund-based working capital limits	-	-	-	1,500	IND A+/Stable/IND A1	Assigned
Proposed term loan	-	-	-	1,677.70	IND A+/Stable	Assigned
Term loan	-	-	31 March 2027	722.30	IND A+/Stable	Assigned

Analytical Approach

Ind-Ra has taken a fully consolidated view of HEPL and its subsidiaries - Himachal Energy Private Limited (97% stake), HPL Electric & Power Ltd.- Shriji Designs (97%) and HPL Electric & Power Ltd. Trimurthi Hitech Co. Pvt. Ltd.-Shriji Designs (94%) while assigning the ratings because of the strong operational and strategic linkages among them.

Detailed Rationale of the Rating Action

The ratings reflect HEPL's established presence in the metering industry, along with strong industry prospects in the smart meter segment as reflected in the order book of INR4.3 billion as of November 2024, of which around 96% of the orders are for smart meters, ensuring medium-term revenue visibility. The company's revenue and profitability have improved over FY22-FY24, largely because of an increase in share of revenue from the high-margin meter segment. Ind-Ra expects the revenue to grow 10%-12% yoy to around INR16 billion in FY25, driven by an increase in smart meter sales. The agency also expects the EBITDA margins to remain healthy at 13%-15% in the near-to-medium term (1HFY25: 14.3%, FY24: 13.1%).

The ratings are, however, constrained by the company's high working capital requirements and moderate credit metrics. Nevertheless, the working capital is likely to improve in the medium term with the execution of contracts with private advanced metering infrastructure service providers than state utility providers. The credit metrics are also likely to improve in the near term with an improvement in asset turnover as capex undertaken over FY22-FY25 would lead to higher efficiency and margin accretion over the medium term.

List of Key Rating Drivers

Strengths
- Established presence in metering industry
- Diversified revenue base
- Healthy order book
- Improved revenue and EBITDA

Weaknesses
- Moderate credit metrics
- Elongated working capital cycle

Detailed Description of Key Rating Drivers

Established Presence in Metering Industry: The group is an established player in the metering industry and has a manufacturing capacity of 11 million meters per annum. The company has been delivering quality products because of complete backward integration and a strong in-house research and development facility. The share of the revenue from the metering segment increased to 63% in 9MFY25 (FY24: 58%; FY23: 53%); Ind-Ra expects it to increase further as 90%-95% of its order book is for smart meters. Furthermore, central government aims to install 250 million meters in the medium term, of these tender for 138 million meters has been awarded and only 19.9 million meters have been installed. Thus, Ind-Ra believes there is still a huge opportunity for the smart meter manufactures,_which HPL will be able to capitalise, given the presence of a large manufacturing capacity, strong research and development capability, and long manufacturing experience of the group.

Diversified Revenue Base: The group has a diversified product portfolio. The company's product segments include electronic metering, switchgear, lighting solutions and cables. The metering segment contributed 63% to the revenue in 9MFY25 and the balance from other segments. A diversified product basket mitigates risk of the product becoming outdated and protects revenue from the decline in any single product line.

Healthy Order Book: The group has an order book of INR4.3 billion as of November 2024, of which orders worth INR4.09 billion are for smart meters. Ind-Ra expects the group to get incremental order in the short term given the central government's push to install 250 million smart meters in the medium term. Ind-Ra expects the metering segment to drive revenue growth with the increased share of smart meters, leading to better margins and higher revenue over the near-to-medium term.

Improved Revenue and EBITDA: The consolidated revenue grew at a CAGR of 20% over FY22-9MFY25 to INR12.1 billion (FY24: INR14.7 billion; FY23: INR12.7 billion) largely because of growth in metering segment. Similarly, the EBITDA margins improved to 14.2% in 9MFY25 (FY24: 13.1%, FY23: 12.4%), led by higher margins in metering segment. The EBIT margins in the meters segment stood at 16.3% in 9MFY25 (FY24: 14.6%, FY23: 13.6%) whereas in consumer & industrial segment stood at 10.4% (11.4%, 11.8%). Given the fundamental shift from static to smart meter and HPL being one of the leading players, Ind-Ra expects metering segment to further drive the growth of revenue and EBITDA in the short-to-medium term. Ind-Ra expects the group to report revenue of about INR16 billion with a healthy EBITDA margin of 14.0%-14.5% in FY25.

Moderate Credit Metrics: At 1HFYE25, the consolidated gross debt (including acceptances) stood at INR7.5 billion (FY24: INR7.2 billion, FY23: INR6.9 billion) comprising of term debt of INR0.94 billion, working capital loans of INR5.5 billion and acceptances of INR1 billion. On a consolidated basis, the net leverage (adjusted net debt/operating EBITDA) and interest coverage (operating EBITDA/gross interest expense) has improved over the years yet remained moderate at 3.1x in TTM 9MFY25 (FY24: 3.6x; FY23: 4.1x) and 2.6x (2.1x, 2.1x), respectively. Ind-Ra expects the net leverage and interest coverage to improve to 2.7x-2.9x and 2.4x-2.6x in FY25, respectively, because of better operating margins in the meter segment.

HPL is undertaking a planned capex of INR2 billion over FY26-FY27 for augmenting its smart switchgear business segment and is likely to fund the capex through debt of INR1.8 billion and balance through internal accruals. Ind-Ra expects the capex to help improve the margin profile in the switchgear segment as well, however, a slower-than-expected pick-up post capex could keep the leverage higher. Additionally, any elongation of the working capital leading to a higher short-term borrowings would also remain a key monitorable.

Elongated Working Capital Cycle: The working capital cycle have reduced but remained elongated at 265 days in 1HFY25 (FY24: 286 days, FY23: 298 days), largely led by an increase in the revenue share from metering segment where payment collection is faster and efficient inventory management. Ind-Ra expects the working capital cycle to reduce further in the medium term, given the increasing revenue contribution from smart meter segment and shift in counterparty mix to the advanced metering infrastructure service providers , which would bode well for receivables. With a stable working capital cycle and an improvement in the revenue and profitability, Ind-Ra expects HPL's reliance on external debt to remain controlled. However, a delay in pickup of orders leading to inventory buildup could lead to an elongation of the working capital cycle.

Liquidity

Adequate: HPL's cash and cash equivalents remained moderate at INR0.3 billion at end-September 2024 (FYE24: INR0.3 billion, FYE23: INR0.33 billion). The company has scheduled debt repayments of INR0.26 billion and INR0.48 billion in FY25 and FY26, respectively. Its cash flow from operations after adjusting for finance cost decreased to INR0.15 billion in FY24 (FY23: INR0.31 billion; FY22: INR0.36 billion) because of an increase in working capital requirement. The free cash flow remained negative at INR0.35 billion in FY24 (FY23: negative INR0.13 billion) due to a continued capex of INR0.43 billion (INR0.43 billion). HPL paid dividends (including dividend tax) of INR64.3 million in FY24 (FY23: INR9.6 million; FY22: INR9.7 million) and is likely to continue pay regular dividends. Furthermore, HPL has access to INR6.25 billion and INR6.85 billion of fund-based and non-fund-based working capital limits, which were utilised 91% and 61% on an average over the 12 months through January 2025, respectively.

Rating Sensitivities

Positive: A substantial increase in the consolidated revenue and EBITDA, an improvement in the net working capital cycle and a decline in the debt leading to the net adjusted financial leverage reducing below 2.0x, all on a sustained basis, could lead to a positive rating action.

Negative: A decline in the consolidated revenue and EBITDA, elongation of the net working capital cycle and an increase in the debt, leading to the net adjusted financial leverage remaining above 3.0x, could lead to a negative rating action.

Any Other Information

Standalone Performance: During 1HFY25, HPL's standalone revenue was INR7.9 billion (1HFY24: INR6.5 billion, FY24: INR14.2 billion) with EBITDA margin of 13.8% (12.5%, 12.7%). The net leverage and interest coverage also improved to 2.7x in 1HFY25 (1HFY24: 3.5x, FY24: 3.1x) and 2.5x (2.0x, 2.1x), respectively.

About the Company

Incorporated in 1992, HPL manufactures electronic meters, low-voltage switchgears, protection devices, cables and lighting units. It has seven manufacturing facilities in Haryana and Himachal Pradesh.

Key Financial Indicators

Particulars (Consolidated)	9MFY25	FY24	FY23
Revenue (INR billion)	12.1	14.6	12.6
EBITDA (INR billion)	1.7	1.92	1.56
EBITDA margin (%)	14.2	13.2	12.4
Gross interest coverage (x)	2.6	2.1	2.1
Net leverage (x)	-	3.6	4.1
Source: HPL, Ind-Ra			

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook
	Rating Type	Rated Limits (million)	Rating	30 June 2021
Fund-based working capital limits	Long-term/Short-term	INR6,650	IND A+/Stable/IND A1	-
Non-fund-based working capital limits	Long-term/Short-term	INR9,350	IND A+/Stable/IND A1	-
Term loan	Long-term	INR2, 400	IND A+/Stable	-
Issuer rating	Long-term	-	-	WD
Fund-based working capital limits	Long-term/Short-term	INR5,150	-	WD
Non-fund-based working capital limits	Long-term/Short-term	INR7,650	-	WD
Commercial paper	Short-term	INR3,200	-	WD
Term loan	Long-term	INR700	-	WD

Bank wise Facilities Details

The details are as reported by the issuer as on (27 Mar 2025)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	State Bank of India	Fund Based Working Capital Limit	1800	IND A+/Stable/IND A1
2	Union Bank of India	Fund Based Working Capital Limit	730	IND A+/Stable/IND A1
3	IDBI Bank	Fund-based working capital limits	250	IND A+/Stable/IND A1
4	Punjab National Bank	Fund Based Working Capital Limit	200	IND A+/Stable/IND A1
5	Canara Bank	Fund Based Working Capital Limit	600	IND A+/Stable/IND A1
6	HDFC Bank Limited	Fund Based Working Capital Limit	620	IND A+/Stable/IND A1
7	Karnataka Bank Ltd	Fund Based Working Capital Limit	400	IND A+/Stable/IND A1
8	Bank of Bahrain and Kuwait	Fund Based Working Capital Limit	200	IND A+/Stable/IND A1
9	South Indian Bank	Fund Based Working Capital Limit	250	IND A+/Stable/IND A1

10	Axis Bank Limited	Fund Based Working Capital Limit	100	IND A+/Stable/IND A1
11	NA	Proposed Fund Based Working Capital Limit	1500	IND A+/Stable/IND A1
12	State Bank of India	Non-fund-based working capital limits	3800	IND A+/Stable/IND A1
13	Union Bank of India	Non-fund-based working capital limits	1660	IND A+/Stable/IND A1
14	IDBI Bank	Non-fund-based working capital limits	960	IND A+/Stable/IND A1
15	Punjab National Bank	Non-fund-based working capital limits	1350	IND A+/Stable/IND A1
16	Canara Bank	Non-fund-based working capital limits	510	IND A+/Stable/IND A1
17	HDFC Bank Limited	Non-fund-based working capital limits	50	IND A+/Stable/IND A1
18	Karnataka Bank Ltd	Non-fund-based working capital limits	300	IND A+/Stable/IND A1
19	Bank of Bahrain and Kuwait	Non-fund-based working capital limits	240	IND A+/Stable/IND A1
20	South Indian Bank	Non-fund-based working capital limits	150	IND A+/Stable/IND A1
21	Axis Bank Limited	Non-fund-based working capital limits	330	IND A+/Stable/IND A1
22	State Bank of India	Term loan	199.7	IND A+/Stable
23	Karnataka Bank Ltd	Term loan	47.2	IND A+/Stable
24	SBM Bank (India) Limited	Term loan	34.1	IND A+/Stable
25	DCB Bank	Term loan	58	IND A+/Stable
26	Bandhan Bank	Term loan	63.3	IND A+/Stable
27	Bajaj Finance	Term Loan	320	IND A+/Stable
28	NA	Proposed Term Loan	1677.7	IND A+/Stable

Complexity Level of the Instruments

Instrument Type	Complexity Indicator

Fund-based working capital limits	Low
Non-fund-based working capital limits	Low
Term loan	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Contact

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About India Ratings and Research: India Ratings and Research (Ind-Ra) is committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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For more information, visit www.indiaratings.co.in.

Solicitation Disclosures

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Short-Term Ratings Criteria for Non-Financial Corporates