**HPL Electric & Power Limited**
CIN : L74899DL1992PLC048945
Corporate Office: 76-B, Phase-IV, Sector-57, HSIIDC Industrial Estate,
Kundli-131028, Sonipat, Haryana INDIA.
Tel.: +91-130-350 3958, 350 3437 | E-mail: hpl@hplindia.com
Website: www.hplindia.com

**February 25, 2025**

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

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

**Symbol: HPL**

**Scrip Code: 540136**

**Sub: Transcript of Conference Call with the Investors/Analysts**

Dear Sir/Ma'am,

This is with reference to the intimation dated February 12, 2025 made by the company about the Conference Call scheduled for Investors/Analysts on **Thursday, February 20, 2025 at 12:30 P.M.** (IST). A copy of transcript of the conference call held with the Investors/Analysts is enclosed herewith and the same is also available on the Company's website at www.hplindia.com.

Kindly take the same on record.

Yours Faithfully

For **HPL Electric & Power Limited**

VIVEK KUMAR
Digitally signed by VIVEK KUMAR
Date: 2025.02.25 16:53:05 +05'30'

Vivek Kumar
Company Secretary

Encl: As stated above

# HPL Electric & Power Ltd.

# Q2 & H1FY25 Earnings Webinar Transcript

Thursday, Feb 20th, 2025 @ 12:30PM IST

Answered by Management:

## Mr. Gautam Seth- Joint Managing Director & CFO

**Moderator:**

Ladies and gentlemen, good afternoon. Welcome to HPL Electric and Power Limited's Q3 and Nine-Months FY25 Earnings Webinar, hosted and produced by ElevEase. I am Shankhini Saha, Director of Investor Relations at Dickenson, and I will be moderating our call today.

Joining us from HPL's management team is Mr. Gautam Seth, Joint Managing Director and CFO.

Please note that this conference is being recorded. Some statements in this call may be forward-looking, based on current expectations and subject to risks that could cause results to differ materially.

You can download HPL's investor presentation and press release for Q3 and nine months FY25 from the links in the community chat, the company website, or the NSE.

I now hand the conference over to Mr. Gautam Seth for opening remarks. Over to you, Gautam.

---

**Mr. Gautam Seth (Joint Managing Director & CFO, HPL):**

Thank you, Shankhini. Good afternoon, everyone. Thank you for joining our Q3 FY25 and nine-month FY25 earnings webinar. It is a pleasure to connect with all of you to discuss our performance updates.

Even with the slower overall pace of economic growth, our financial results have shown momentum for the nine-month period of FY25:

- Overall revenue growth: **+16%**
- Smart Meter segment: **+27%**

- Wires & Cables revenue: **+25%**
- Domestic switchgear revenue: **+21%**

Profit after tax (PAT) increased by 51% year-on-year in Q3 and by 89% over the nine-month period. EPS reached 8.81 for the nine months, a notable rise from 4.64 in the previous year. EBITDA climbed 12% in Q3 and 26% over the nine-month period. These figures reflect our efforts to enhance operational efficiency and market responsiveness to meet growing demand and maintain a competitive edge.

We are expanding our manufacturing facilities, focusing on smart meters, switchgear, and energy-efficient electrical solutions. During the nine months of FY25, we introduced new products, including solar lighting options, to complement our advanced metering portfolio and to better align with industry needs.

I am also pleased to highlight our recent NABL accreditation under ISO/IEC for our laboratory, reinforcing our commitment to high-quality R&D and rigorous testing capabilities for wires and cables. In the Smart Metering segment, HPL Electric maintains a leadership position. As of February 10, 2025, our order book stands at **over INR 3,400 crores**, with more than 95% linked to metering and 99% of that specific to smart meters. This underscores our prominent role in India's grid modernization journey.

Our diversification across both B2B and B2C markets continues to drive sustained growth. We now have over 900 authorized dealers and 83,000 retailers nationwide, aiming to surpass 100,000 retail outlets by June 2025. This expansion will improve last-mile reach and ensure better product availability for both consumers and institutions.

Moving forward, our strategic focus will include:

1. **Smart Meter Growth:** With 99% of our metering orders devoted to smart meters, we remain well-positioned to cater to India's advanced metering needs.
2. **Enhanced Manufacturing Scale:** We are actively investing in production capacity for our key product lines to match rising demand while preserving cost efficiency through automation.
3. **Product Expansion Beyond Metering:** We will continue strengthening our presence in switchgear, wires and cables, fans, and lighting to capture emerging market opportunities.
4. **Innovation and R&D:** Continuous investment in automation and new technologies will enable us to offer cutting-edge solutions that respond to evolving customer expectations.
5. **Distribution Network:** We remain committed to growing our retail footprint, which will further strengthen brand visibility and drive revenue expansion in both urban and rural markets.

We believe these priorities, together with our proven execution capabilities, position us to make a positive contribution to India's infrastructure landscape in the years ahead. Thank you for your continued trust in HPL Electric. I now look forward to your questions.

---

**Moderator:**

Thank you very much, Gautam. We will now begin the Q&A session.

Our first question comes from the line of **Mr. Viraj Mahadevia**. Viraj, your line is unmuted. Please go ahead.

---

**Mr. Viraj Mahadevia (Investor):**

Hi, Gautam. Congratulations on the solid results. Given that you will likely finish FY25 with roughly INR 1,600 crores in top line, do you foresee 40–50% top-line growth in FY26 as higher-priced smart meter orders start contributing more significantly?

---

**Mr. Gautam Seth:**

Thank you, Viraj. We definitely expect healthy growth, but it may be premature to confirm if it will be 40–50%. We anticipate strong momentum from our AMISP (Advanced Metering Infrastructure Service Provider) clients as they ramp up execution. We plan to provide more definitive guidance by the end of this fiscal year.

Looking at Q4, we anticipate better execution and offtake from the AMISPs. Over the next two years, substantial growth is expected. Our current order book covers about two to two-and-a-half years of anticipated demand, and more orders are likely as we deliver existing commitments. From a conservative perspective, growth could be around 25–30%, and by the end of the fourth quarter, we will be able to give a clearer outlook.

Recently, we did see some slower execution from certain AMISPs due to on-ground challenges, but these often get resolved, and once things stabilize, we see significant traction—particularly in states like Maharashtra. Overall, there should be strong demand for meters for the next couple of years.

---

**Mr. Viraj Mahadeva:**

Understood. A follow-up on gross margin: The leading player does about 40% gross margin, while you're on track for approximately 35.5% this year. Could we see gross margins trend closer to 40% over the next two years as the mix shifts toward higher-margin smart meters?

---

**Gautam Seth:**

When comparing margins, please note that some peers have AMISP businesses bundled with metering, including services like installation and software, which can inflate margins. We purely supply smart meters (as a product), so it's somewhat different. Right now, our EBIT margin on smart meters is around 16%. That's sustainable for now.

Overall, our gross margin this year stands near 35%, influenced by a product mix of meters plus consumer and industrial segments. We have already realized much of the benefit from higher-priced smart meters over the last few quarters. A 35–40% jump in gross margin is unlikely unless there's a significant shift in the product mix or we enter service-based offerings.

For Q3, consumer and industrial (especially wires, cables, and some industrial products) faced commodity fluctuations that slightly lowered margins, but that's temporary. Overall, we aim to maintain and gradually improve margins. I don't see a near-term move to 40%, but we do aim for stable to slightly increasing profitability as volumes scale.

---

**Viraj Mahadevia:**

Thank you. I have more questions, but I'll come back.

---

**Moderator:**

Thank you, Viraj. Our next question comes from **Ms. Sahil Patani**. Your line is unmuted. Please go ahead.

---

**Mr. Sahil Patani (Investor):**

Hi, Gautam. Congratulations on the strong numbers. We are typically a second-half-heavy business. Could you explain why revenue declined on a QoQ basis?

---

**Mr. Gautam Seth:**

Yes, the Q3 revenue slowdown mainly stems from the pace at which AMISPs picked up their scheduled meters. Although the orders are there, certain AMISPs delayed or postponed some shipments, leading to about INR 40–50 crores of potential revenue shifting out of Q3. We expect that to be recognized in Q4. Often, on-ground challenges can temporarily push back schedules. However, production capacity is ample, and we expect a better Q4, contingent on AMISPs sticking to their revised timelines.

---

**Mr. Sahil Patani:**

Okay, that makes sense. Moving on, in your media release, you mentioned scaling up manufacturing capabilities. Could you elaborate on this CapEx? Are you using internal accruals or taking on new debt?

---

**Mr. Gautam Seth:**

Over the last two years, we have significantly invested in smart meter production-automating plastic component manufacturing, electronic PCB assembly, and more. We recently inaugurated our fourth automated manufacturing line, with another line for our subsidiary, Himachal Energy. These automated lines improve output consistency and reduce manpower requirements.

Overall, we still have sizable capacity for smart meters and can meet demand for the next 12–15 months comfortably. Most of this CapEx is funded via internal accruals rather than new debt.

**Mr. Sahil Patani:**
Got it. Final question: You launched your fan segment relatively recently, in a market with many established players. What kind of response are you seeing?

**Mr. Gautam Seth:**

We've launched in three regions so far, expecting to reach about 40% of India by July. Several factors are at play:

1. BLDC (Brushless DC) and star-rating compliances are raising quality standards across the industry, reducing the unorganized segment.
2. Fans are increasingly electronics-driven, an area where HPL has strong experience.
3. We already have more than 900 dealers and 83,000 retailers for our existing products (MCBs, DBs, switches, wires, lighting). Fans complement that product basket.

It mirrors our experience in the 1990s when we shifted from electromechanical to electronic meters. With new regulations, established market shares can shift, and we aim to leverage our technology and distribution strength for a solid foothold in fans over the next 12–18 months.

**Moderator:**

Thank you, Sahil. Our next question is from **Mr. Sandeep Mathivanan.** Sandeep, your line is unmuted.

**Mr. Sandeep Mathivanan (Investor):**

Hello, Gautam. My question is about smart meter tenders. How many have we bid for, and what is the total value of orders won so far?

**Mr. Gautam Seth:**

We do not directly bid on these smart meter tenders; that is the role of the AMISPs. Public data suggests around 12 crore smart meters have been awarded to AMISPs, with another 6–7 crore under evaluation. Our business depends on orders AMISPs place with meter manufacturers like us. We're supplying to most leading AMISPs because of our proven technology and reliable delivery.

Currently, our order book is about INR 3,400 crores, 95% of which is metering and 99% of that is smart metering. That's roughly INR 3,000+ crores in smart meter orders.

---

**Moderator:**

Thank you. Our next question is from **Mr. Pranjal Mukhija**. Pranjal, your line is unmuted.

---

**Mr. Pranjal Mukhija (Investor):**

Hello, everyone. Congrats on the good numbers. Could you share the current monthly production run rate of meters and how you see it scaling up as AMISPs accelerate execution?

---

**Mr. Gautam Seth:**

Our annual capacity is around 1.1 crore meters, currently at 70–80% utilization. This can be increased to 100% by running extra shifts or streamlining operations further. We expect peak volumes in the first or second quarter of next fiscal year, once ground-level challenges resolve. The schedules we receive from AMISPs are substantial, but at times get delayed.

---

**Mr. Pranjal Mukhija:**

Understood. About the new automated manufacturing lines, can you talk about cost per line and the output capacity compared to manual lines?

**Mr. Gautam Seth:**

The lines are indeed expensive and fully automated: from loading materials at one end to retrieving packaged meters at the other. While I won't specify exact costs, each line reduces manpower by about 30%, improves consistency, and integrates comprehensive testing and traceability via software. We continue expanding these lines, ultimately aiming for fully or semi-automated production across the board.

---

**Moderator:**

Thank you, Pranjal. Our next question is from **Mr. VP Rajesh**. Rajesh, your line is unmuted.

---

**Mr. VP Rajesh (Investor):**

Thanks for the opportunity. On margins: you are at about 14% EBITDA overall. Where do you see margins heading in the next couple of years, given the scaling and cost savings?

---

**Mr. Gautam Seth:**

We're around 14% EBITDA margin overall. Breaking it down:

- **Smart Meters:** ~16% EBITDA margin.
- **Consumer & Industrial (C&I):** ~10–11% EBITDA margin.

The 16% margin in smart meters looks sustainable near-term. If the product mix increasingly favors smart meters, the overall margin may improve. Also, we aim to lift C&I (Consumer & Industrial) margins to 11–12% by stabilizing commodity costs and increasing volumes. We're also investing in automation across the board. So, 14% is sustainable, with a possibility of incremental gains if deliveries ramp up quickly and product mix shifts more heavily to smart meters.

---

**Mr. VP Rajesh:**

On smart meters, can margins move from 16% to high-teens as you scale up?

---

**Mr. Gautam Seth:**

Theoretically, yes. We're leveraging bulk sourcing, automation, and design optimization. However, foreign exchange fluctuations, competitive pressures, and potential price renegotiations are factors. Our primary goal is to maintain or slightly improve margins in a competitive environment.

---

**Moderator:**

Thank you, Rajesh. Our next question is from **Mr. Janish Shah**. Janish, your line is unmuted.

---

**Mr. Janish Shah (Investor):**

Hello, and thanks for taking my questions. I have a few:

1. You mentioned contracts are largely fixed price. How do rupee depreciation and imported components from China impact costs and margins?
2. You spoke about CapEx. You previously mentioned expansion in wires and cables. Could you share some details on that?
3. Working capital- with more smart meters, do you see working capital days reducing further? How about absolute debt levels in the next two years?
4. Regarding diversification, are you looking at export markets for meters long-term?

---

**Mr. Gautam Seth:**

Sure, point by point:

1. We do not source anything directly from China. India lacks certain raw materials (e.g., polycarbonate and electronic ICs), so we import from global suppliers (Singapore, US, etc.). We are moving to manufacture more components in-house, reducing exposure to currency fluctuations.
2. Over the last two years, we heavily invested in smart meters. Now we're reviewing expansions in LT power and control cables, given strong growth (25% so far this fiscal in wires/cables). We see robust demand from retail, building, infra, telecom, etc. We'll update once plans are finalized, but we're optimistic about multi-fold growth in this segment.
3. Over the last two quarters, our net working capital and interest costs have declined. Our debtor days have reduced by ~30 days, partly because we're now dealing with AMISPs (faster payers) rather than direct utilities. We expect improvement to continue as older dues phase out. Debt-to-equity is now at 0.69. With higher revenues, absolute debt may remain stable or slightly reduce, but overall ratios should improve further.
4. Yes, we have the technology and manufacturing to address global opportunities. However, India's current smart meter rollout is the largest in the world, and we're focusing on domestic demand in the next couple of years. We do have background work ongoing for exports- certifications alone take 18–24 months. As I was in Dubai last week for some inquiries, we do see ourselves expand internationally and gradually while focusing on execution.

---

**Moderator:**

Thank you. Our next question is from **Mr. Chinmay Kabra**. Chinmaya, your line is unmuted.

---

**Mr. Chinmaya Kabra (Investor):**

Hi. Could you elaborate on the ground-level challenges in Maharashtra and how they were resolved?

---

**Mr. Gautam Seth:**

Those challenges relate more to AMISPs. They might face local policy issues, utility coordination hurdles, or logistical obstacles. Once state-level issues are resolved, meter pickup resumes. We simply supply meters based on their schedules; the AMISPs handle on-site installations and local matters.

---

**Mr. Chinmaya Kabra:**

Understood. Where do you source PCBs? Do you mount components yourself?

---

**Mr. Gautam Seth:**

We have done PCB population and assembly in-house since 1996. We purchase bare PCBs and import electronic components (since India does not manufacture them), but all mounting and final assembly is done in our facilities.

---

**Mr. Chinmaya Kabra:**

Since we're a subcontractor to AMISPs, do we face pricing pressure?

---

**Mr. Gautam Seth:**

We're not just a contractor; the meter is the critical technology in AMI solutions. AMISPs face steep penalties for SLA breaches. Using unproven or cheaper sources risks bigger losses if meters fail. We do see renegotiations, but our reliability, scale, and experience give us a strong position. While competition exists, we believe we can maintain our margins and grow volumes due to our established track record.

---

**Moderator:**

Thank you, Chinmaya. Our next question is from **Mr. Ashwini Sharma**. Ashwini, your line is unmuted.

---

**Mr. Ashwini Sharma (Investor):**

Most of my questions have been answered. Just one on improving return ratios (ROE, ROC). Any strategies you can share?

---

**Mr. Gautam Seth:**

Yes, we've already seen improvements in our debt-to-equity, EBITDA margin, and capacity utilization. Moving forward, we'll keep increasing volume on existing assets, driving efficiency with automation, and reducing overheads. Better product mix will also contribute to higher margins and better ROE/ROC over the next couple of years.

---

**Moderator:**

Thank you, Ashwini. A follow-up question from **Mr. Viraj Mahadevia**. Viraj, your line is unmuted.

---

**Mr. Viraj Mahadevia:**

Gautam, on employee costs: they've come down recently, and you mentioned further automation. Should we expect FY26 employee costs to remain at peak levels, not rising much, given the expansions?

---

**Mr. Gautam Seth:**

To clarify, employee costs overall have risen this year due to increased production and strategic hiring, particularly in R&D. However, automation is helping us reduce labor requirements in production lines. We've done much of the hiring needed, so while normal increments will continue, we don't expect a big surge in headcount. Overall, manpower costs will be balanced by higher output and improved efficiency from automation.

---

**Mr. Viraj Mahadevia:**

Understood. Secondly, do you expect borrowing costs to go down further now that your rating has improved and your financials have strengthened?

---

**Mr. Gautam Seth:**

Yes, we've already seen a decrease in borrowing costs thanks to rating enhancements. We aim to improve our rating further. Additionally, there are indications of a possible macro-level decrease in interest rates in the next 18 months. Combined, this should reduce our interest expense.

---

**Moderator:**

Thank you. A follow-up from **Mr. Pranjal Mukhija**. Pranjal, your line is unmuted.

---

**Mr. Pranjal Mukhija:**

One small request: could the management consider organizing a plant visit for investors to your smart meter facility?

---

**Mr. Gautam Seth:**

We used to allow factory visits, but given heightened competition and proprietary processes, we currently restrict access to our smart meter lines. However, we can potentially arrange visits for other facilities or offer a very limited tour, subject to some rules. It's primarily to protect our competitive edge in smart meter production.

---

**Moderator:**

Thank you, Pranjal. A follow-up from **Mr. Janish Shah**. Janish, your line is unmuted.

---

**Mr. Janish Shah:**

You mentioned absolute debt has been stable, and the cost of debt is trending down. Do you see debt levels themselves dropping over the next couple of years?

---

**Mr. Gautam Seth:**

From April to now, debt has remained stable or slightly decreased. As revenues grow, we may not reduce absolute debt drastically, but key ratios will improve. Our debt-to-equity is currently 0.69, and we aim to improve it further.

---

**Mr. Janish Shah:**

Regarding exposure to different states, do you have a breakdown of your order book by region? Also, how do you see your C&I business growing, now that you've restructured it and introduced new products?

---

**Mr. Gautam Seth:**

We serve AMISPs operating in multiple states. Challenges vary by state, but that detail is largely managed by AMISPs. We can get you specifics later through IR if needed.

On the C&I (Consumer & Industrial) side, we are optimistic. Switchgear and wire & cable segments have grown well (21% and 25% respectively this year), and lighting is now recovering after value erosion in the industry. We foresee double-digit growth continuing. We've launched fans and see positive initial traction. With about 18 months of focused expansion, fans could also become a sizable segment. Overall, this business has strong potential and should show solid growth in the next few years.

---

**Moderator (Shankhini Saha):**

Thank you, Janish. That concludes our Q&A session. For any additional questions, please write to us at Dickenson, and we will ensure you receive a response.

When this call ends, you'll be directed to a short survey. We appreciate your feedback. I now hand over to Gautam for closing comments.

---

**Mr. Gautam Seth (Closing Remarks):**

Thank you, everyone, for joining and for your continued support. We value your trust in HPL Electric and look forward to updating you on our progress in upcoming quarters. Thank you, and have a great day ahead.

---

**Moderator:**

Thank you. On behalf of HPL Electric and Power Limited, that concludes our Q3 and Nine-Months FY25 Earnings Webinar. Thank you, and you may now disconnect.