HPL Electric & Power Limited

CIN : L74899DL1992PLC048945
Corporate Office: 76B, HSIIDC Industrial Estate Phase IV,
Sector 57, Kundli, Sonipat, Haryana-131028, INDIA.
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June 26, 2026

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: <u>Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Credit Rating by India Ratings and Research</u>

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), has affirmed HPL Electric & Power Limited's bank loan facilities as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR18,400	IND A+/Stable/IND A1	Affirmed

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, title=7188,
pseudonym=pbzmdg6voht27klx1ri4cs8fn93ej0qw,
2.5.4.20=3eb36823c8b414e7e934f2e0af3da010641437e49524495d66b6b358709bf23f,
postalCode=201301, st=Uttar Pradesh,
serialNumber=052767230d5f1c44b1c2164eefdb84f2c760ac7359949d646e7ce9b91f23d372,
cn=Vivek Kumar
Date: 2026.06.26 17:32:28 +05'30'

Vivek Kumar
Company Secretary

Encl: As stated above

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

Jun 26, 2026 | HPL Electric & Power Limited | Consumer Electronics

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

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR18,400	IND A+/Stable/IND A1	Affirmed

Analytical Approach

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

Detailed Rationale of the Rating Action

The affirmation reflects HEPL's healthy order book of INR37.5 billion as of February 2026, of which around 97% of the orders are for smart meters, ensuring revenue visibility in the medium term. The revenue and EBITDA improved to INR18.1 billion in FY26 (FY25: INR17 billion; FY24: INR14.6 billion) and INR2.8 billion (INR2.5 billion; INR1.9 billion), respectively, on account of higher sales in the cables and switchgear segment while broadly maintaining EBITDA margins across segments. Ind-Ra expects the revenue and EBITDA to improve further in FY27 on account of growth in the high-margin meter and switchgear segment.

Although, Ind-Ra expects some margin pressure across segments in FY26 driven by a) rising prices of key inputs such as electronic components, among others, against largely fixed-price contracts in the meter segment; and b) rising commodity prices, which could impact consumer and industrial segment; although, passing on the price increases to consumers shall be a key monitorable. However, Ind-Ra expects the overall margins to remain healthy at about 14% in FY27 (FY26: 15.5%; FY25: 15%).

The ratings are, however, constrained by the inherently high working capital requirements of the business, which are largely financed through working capital borrowings, resulting in moderate debt metrics.

List of Key Rating Drivers

Strengths

- Established presence in meter industry
- Diversified revenue base
- Healthy order book
- Improvement in revenue and EBITDA in FY26

Weaknesses
- Modest credit metrics
- Elongated working capital cycle

Detailed Description of Key Rating Drivers

Established Presence in Meter Industry: The group is an established player in the meter industry and has a manufacturing capacity of 11 million meters per annum. It has been delivering quality products because of complete backward integration and a strong in-house research and development facility. The revenue share from the meter segment decreased to 53% in FY26 (FY25: 63%; FY24: 58%) because of a marginal decline in smart meter volumes and significant growth in the switchgears and cables segments. Meter revenue largely remained stable at INR10.2 billion in FY26 (FY25: INR10.7 billion; FY24: INR8.5 billion). Ind-Ra expects the decline in the meter segment to be a one-off event and expects the segment to witness volume growth in FY27 as 90%-95% of its order book comprises of smart meter orders. Furthermore, the central government aims to install 250 million smart meters in the medium term; of these, only 52.8 million have been installed till date, leaving a large room for smart meter manufacturers. Ind-Ra believes the group will be able to capitalise on this opportunity, given its large manufacturing capacity, strong research and development capabilities, and three decades of manufacturing experience.

Diversified Revenue Base: The group maintains a diversified product portfolio, with key segments comprising electronic metering (57%), switchgear (16%), lighting solutions (8%), and cables (19%). The company has witnessed an increase in revenue contribution from the cable segment, while that from the meters segment has declined, and switchgears and lighting segments have remained stable. This diversified product mix helps mitigate the risk of product obsolescence and safeguards revenue against downturns in any single segment.

Healthy Order Book: The group has an order book of INR37.5 billion as of February 2026, of which orders worth INR3.6 billion are for smart meters. Ind-Ra expects the group to receive incremental orders in the short term, given the central government's push towards the installation of 250 million smart meters in the medium term. Ind-Ra expects the meter 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.

Improvement in Revenue and EBITDA in FY26: The consolidated revenue increased to INR18.1 billion in FY26 (FY25: INR17 billion; FY24: INR14.6 billion), largely due to 11.1% yoy, 12.8% yoy and 50% yoy growth in the switchgears, lighting, and cables segments, respectively. However, the meter segment revenue declined 4.6% yoy due to industry-wide execution disruptions.

Similarly, the EBITDA margins improved to 15.5% in FY26 (FY25: 15%; FY24: 13.1%), led by slightly higher margins in the meter segment. The meters segment EBIT margins stood at 17.5% in FY26 (FY25: 17%; FY24: 14.6%), and consumer & industrial segment at 10.2% (11.4%; 11.4%). However, Ind-Ra believes the meters segment may experience some margin pressures in FY27, due to the fixed-price nature of contracts and rising raw material costs, driven by the West Asia conflict, which cannot be passed on. In contrast, the consumer and industrial segments are likely to witness limited impact on the margins, as increases in raw material costs can be passed on to customers. Ind-Ra expects the smart meter segment to further drive growth in revenue and EBITDA in the short-to-medium term. Furthermore, the management expects the switchgear segment to contribute meaningfully to revenue and EBITDA growth in FY27. Ind-Ra expects the group to report revenue of about INR19 billion-20 billion with a healthy EBITDA margin of about 14% in FY27.

Modest Credit Metrics: At FYE26, the consolidated gross debt (including acceptances) stood at INR9 billion (FY25: INR7.5 billion; FY24: INR7.2 billion) comprising term debt of INR1.5 billion, working capital loans of INR5.99 billion and acceptances of INR1.5 billion. On a consolidated basis, net leverage (adjusted net debt/operating EBITDA) and interest coverage (operating EBITDA/gross interest expense) have improved over the years, yet remained moderate at 3.1x in FY26 (FY25: 2.8x; FY24: 3.6x) and 3.0x (2.8x; 2.1x), respectively. HEPL is planning a capex of INR 1 billion-1.2 billion in FY27 to establish medium- and high-voltage cable manufacturing facilities and is likely to utilise INR6 billion-6.5 billion from its already sanctioned debt. While the gross term debt shall increase in FY27, repayments are likely to begin from FY28 onwards. Hence, Ind-Ra expects the credit metrics to improve further from FY27, supported by an improved profitability base and repayments.

Ind-Ra expects the capex to help HEPL expand its product base in the cables segment, however, a slower-than-expected pick-up post capex could keep the leverage higher. Additionally, any elongation of the working capital leading to increased short-term borrowings would also remain a key monitorable.

Elongated Working Capital Cycle: The working capital cycle remained elongated at 239 days in FY26 (FY25: 246 days; FY24: 286 days), largely due to meter segment whereby the company is required to maintain a higher inventory of critical electrical equipment. The receivables period also remains elongated at 180-200 days as a certain portion of the payment is made after testing and installation of meters. Ind-Ra expects the working capital cycle to remain at similar levels in the medium term, given the increasing revenue contribution from the smart meters segment. However, the working capital cycle has improved significantly over the last five years due to a shift in counterparty mix to the advanced meter infrastructure service providers. With a stable working capital cycle and an improvement in the revenue and profitability, Ind-Ra expects HEPL's reliance on external debt to remain controlled. However, a delay in the pickup of orders leading to inventory buildup could lead to an elongation of the working capital cycle and impact the credit metrics.

Liquidity

Adequate: HPL's cash and cash equivalents remained moderate at INR0.3 billion at FYE26 (FYE25: INR0.3 billion; FYE24: INR0.3 billion). The company has scheduled debt repayments of INR0.70 billion and INR0.56 billion in FY27 and FY28, respectively. Its cash flow from operations after adjusting for finance costs increased to INR1.33 billion in FY26 (FY25: INR0.49 billion; FY24: INR0.11 billion) largely because of a decrease in incremental working capital requirement. However, the free cash flow remained negative and declined further to negative INR0.48 billion in FY26 (FY25: negative INR0.29 billion; FY24: negative INR0.35 billion) due to continued capex of INR2.2 billion (INR0.75 billion; INR0.43 billion). HPL paid dividends (including dividend tax) of INR64.3 million in FY26 (FY25: INR64.3 million; FY24: INR64.3 million) and is likely to continue paying regular dividends. Furthermore, HEPL has access to INR6.65 billion and INR9.35 billion of fund-based and non-fund-based working capital limits, which had an average utilisation of 82% and 68%, respectively, over the 12 months ended April 2026.

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 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, an elongation of the net working capital cycle and an increase in the debt, leading to the net leverage remaining above 3.0x on a sustained basis, could lead to a negative rating action.

Any Other Information

Standalone Performance: On a standalone basis, revenue was INR18.6 billion (FY25: INR16.8 billion), EBITDA was INR2.64 billion (INR2.34 billion), net leverage (net debt/EBITDA) was 2.63x (2.51x) and interest coverage stood was 2.9x (2.75x).

About the Company

Incorporated in 1992, HEPL 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)	FY26	FY25
Revenue (INR billion)	18.1	17.0
EBITDA (INR billion)	2.8	2.54
EBITDA margin (%)	15.5	15.0
Gross interest coverage (x)	3.0	2.8
Net leverage (x)	3.1	2.8
Source: HEPL, 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)	Current Rating	27 March 2025
Bank loan facilities	Long-term/Short-term	INR18,400	IND A+/Stable/IND A1	IND A+/Stable/ IND A1

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

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

Annexure

List of instruments and names of regulators of the instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

A. Rating Activity

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)*	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI

Sr. No.	Instrument / activity Name	Regulator of the instrument
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), India Ratings shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

B. Other activities:

Sr. No.	Activity Name	Regulator of the activity
1	Monitoring Agency	SEBI
2	Research activities, incidental to rating, such as research for Economy, Industries and Companies @	NA

@ permitted by SEBI vide SEBI Master Circular for CRAs.

Note: *For instruments or activities falling under the purview of regulators other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.*

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About India Ratings

India Ratings and Research (Ind-Ra) is India's SEBI registered credit rating agency 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 companies, urban local bodies, and structured finance and project finance companies.

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

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

Parent and Subsidiary Rating Linkage