



HPL Electric & Power Limited

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12th January, 2021

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

BSE Limited
25th Floor, New Trading Ring, Rotunda
Building, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001

Scrip Code: 540136

Subject: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Earnings Presentation

Dear Sir

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a copy of the Earnings Presentation that we propose to make during the conference call for investors scheduled to be held on Monday, 18th January, 2021 at 4:00 PM IST is enclosed herewith.

The said Earnings Presentation has also been uploaded on the Company's website i.e. www.hplindia.com.

We request you to kindly take the same on record.

Thanking You

Yours Faithfully,
For HPL Electric & Power Limited

Vivek Kumar
Company Secretary

Encl: As above



**HPL ELECTRIC & POWER
LIMITED**

Q3 FY21 RESULTS UPDATE

JANUARY 2021

This presentation and the following discussion may contain “forward looking statements” by HPL Electric & Power Limited (“HPL” or the Company) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of HPL about the business, industry and markets in which HPL operates.

These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond HPL’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of HPL.

In particular, such statements should not be regarded as a projection of future performance of HPL. It should be noted that the actual performance or achievements of HPL may vary significantly from such statements



DISCUSSION SUMMARY

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BUSINESS STRATEGY





Smart Meter



COMPANY OVERVIEW



Trusted Electric Equipment Manufacturer

- **'One-stop shop'** offering wide range of low-voltage electric products -
 - Metering Solutions (conventional and smart meters)
 - Switchgears
 - Lighting Products
 - Wires & Cables
- Innovative, quality and technologically superior products catering to varied market segments and at different price points

Market Leader in Electric Meters & On-load Change-over Switches

- **'50% Market Share'** in the Domestic On-load Change-over Switches Market *
- **'20% Market Share'** in Domestic Electric Meters Market *
- **'5% Market Share'** in the Low-voltage Switchgear Market *
- **'5th Largest'** LED Lighting Products Manufacturer *

Integrated Manufacturing Operations Combined with Strong R&D Capabilities

- **7 state-of-the-art Manufacturing facilities** with capabilities across design & product development, component designing, tool making and commercial production
- **2 R&D centers housing 100+ expert engineers** having rich experience in the electrical industry and a proven track record of product innovation



Established Pan-India Distribution Presence

- **Established Pan-India Distribution network** consisting of –
 - **90+ Branch & Representative Offices**
 - **900+ Authorized Dealers**
 - **27,000+ Retailers**

Long-standing Customer Relationships, Experienced Leadership Team, and Strong Pre-qualification Credentials

- **40+ year old Established Brand** with strong recall across various customer segments – *Power Utilities, Government Agencies, Retail & Institutional Customers*
- Highly Experienced management team
- **Strong prequalification credentials** in the metering and switchgear businesses creating high benchmarks



HPL is the “ONE-STOP SHOP” for Low Voltage Electrical Equipments across market segments and price ranges

HPL’s complementary product offerings enable cross-selling and lead to **STRONG BRAND RECALL**

With a large product portfolio, HPL is at forefront to capture **GROWTH OPPORTUNITY**

PRODUCT PORTFOLIO

SUB-BRANDS

CUSTOMERS

Metering Solutions

Smart Meter



Net Meter



Prepaid Meter



Trivector Meter



emfis

Switchgears

Industrial Applications

ACB MCCB Phase Selector



Domestic Applications

Osafe Techno RCCB
MCB (N) MCB



Modular Switch & Accessories

Toggle Plug Push
Switches Sockets Bells



TAB™ **intelliPROTECT**
intelliCONTROL **Osafe**
MCB | DB | RCCB

Lighting Equipment

Consumer LED Products

Aries LED LED Glow 9W



Commercial LED Products

Mitered CRCA Panel



Outdoor LED Products

Street LED
Light Flood Light



Pathite
smART
ART MEETS STATE-OF-THE-ART

Wires and Cables

Fire Resistant Cables



Co-axial Cables



Solar Cables



Networking & Data Cables



Power Utilities

Public & Private Enterprises

Residential & Commercial Users

STATE OF ART MANUFACTURING FACILITIES



GURUGRAM



Gurugram Facility I: Electronic Meters, R&D Center for Smart Meters

Gurugram Facility II: Lighting Equipment and Electronic Meter Parts

JABLI



Facility I: Switchgear, Electronic Meters, and Parts of Lighting Equipment

Himachal Energy Facility: Electronic Meters, Panel Meters and Clips for Panel Meters

Product Segments

Capacity (per annum)

Electronic Meters 11 million units

Lighting Equipment 26 million units

Switchgear 16 million units

Wires & Cables 194 million meters

KUNDLI



Facility I: Switchgears, Parts of Electronic Energy Meters and Parts of Lighting Equipment

Facility II: Lighting Equipment

GHARAUNDA



Products: Wires and Cables

QUALITY & COMPLIANCE CERTIFICATIONS



CONTINUOUS R&D TO LAUNCH AND MARKET EXCITING NEW INNOVATIVE PRODUCTS

- Launched '4 new products' in the Meters Category, '15+ new products' in Switchgear, and '14 new products' in Lighting in FY20
- Solar Electrical Products - Developed a complete range of solar solutions across meters, switchgears, lighting and wires & cables



IN-HOUSE R&D CAPABILITIES:

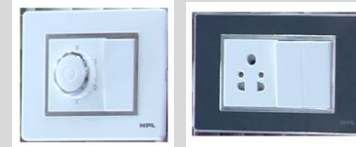
- 2 R&D facilities in Gurugram & Kundli with more than 100 engineers
- 1 Testing facility in Gurugram – NABL accredited and ISO/IEC 17025:2005 compliant
- 2 Tool Rooms for rapid prototyping & component designing for complete range of MCBs, MCCBs, Meters, Changeover Switches, Switch Fuse Units, LED lamps

Switchgear

Osafe Surge Protection



Premium Range of Switches & Accessories



DC Fuse Holder



Tab MCCB with Double Break Mechanism



Lighting

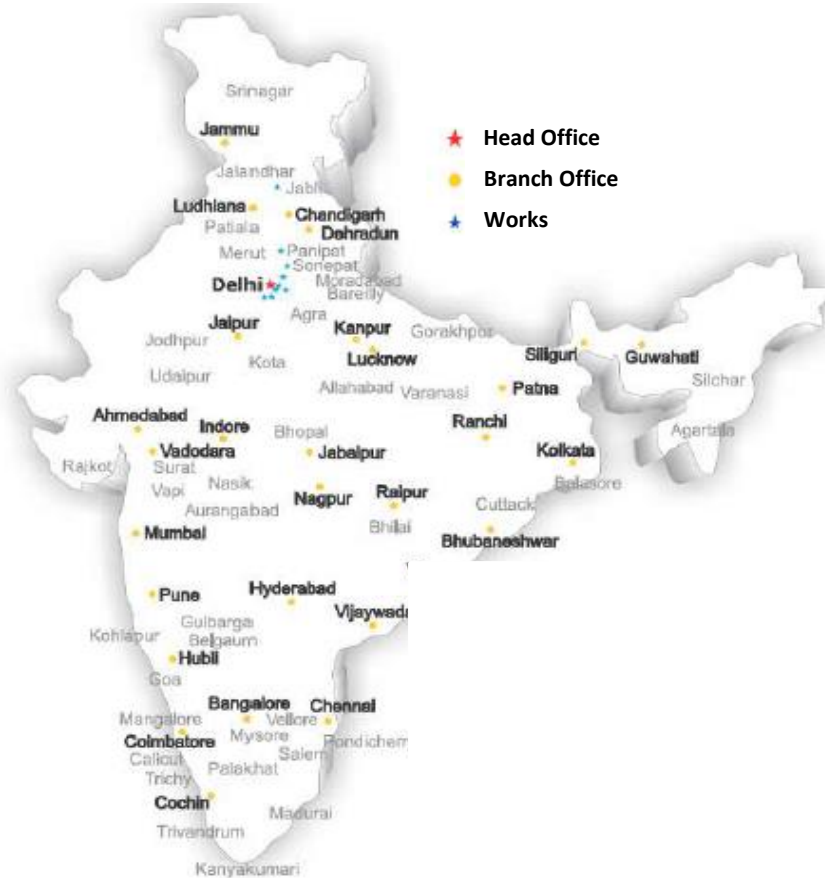
Inverter Bulb from the "Seven Wonders" Collection



"Chameleon" The 9W Color Changing Bulb



ESTABLISHED PAN-INDIA DISTRIBUTION NETWORK & BRAND PRESENCE



ESTABLISHED PAN-INDIA DISTRIBUTION NETWORK & BRAND PRESENCE TO CAPTURE SIGNIFICANT GROWTH POTENTIAL IN ELECTRICAL EQUIPMENT INDUSTRY

**90+ Branch & Representative Offices
21 Warehouses across India**

**900+ Authorized Dealers and
27,000+ Retailers**

**Carrying and forwarding agents model for sale
and supply through authorized dealers**

**620+ full time employees responsible for promotional
and brand building activities for our products**

STRONG EXECUTION, ESTABLISHED RELATIONSHIPS AND STRONG PRE-QUALIFICATION CREDENTIALS
MAKE HPL A PREFERRED SUPPLIER OF THE SPECIALISED ELECTRICAL EQUIPMENTS



EXTENSIVE EXPERIENCE

- Strong Promoter pedigree with more than 40 years of experience
- More than 20 years of average experience of senior management team
- Strong R&D and manufacturing capabilities



ESTABLISHED RELATIONSHIPS

- Established relationships with Institutional customers, Power Utilities and Governmental Agencies across India
- HPL has created a “*niche*” for itself in technologically advanced products like Metering and Switchgear businesses



STRONG PRE-QUALIFICATION CREDENTIALS

- HPL works with Power Utilities and Government Agencies pursuant to direct contractual arrangements, obtained through bidding processes, requiring certain pre-qualification requirements
- HPL meets all pre-qualification credentials including past experience, technical requirements, quality and safety compliances, financial strength, and price competitiveness

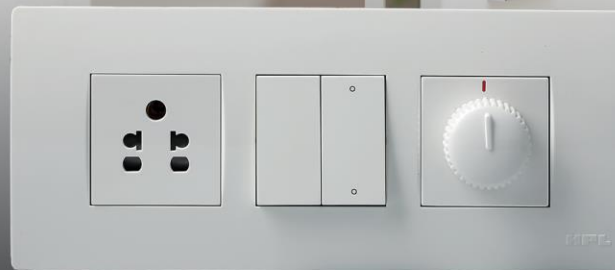
‘ONE-STOP SHOP’ OF LOW-VOLTAGE “CONSUMER” ELECTRIC PRODUCTS –

- Offer a wide range of innovative, and technologically superior products in the “Lighting, Switchgears, and Wires & Cables segments” which cater to varied market segments and at different price points



Smart Modular Switches

**Q3 & 9M FY21 -
PERFORMANCE
UPDATE**

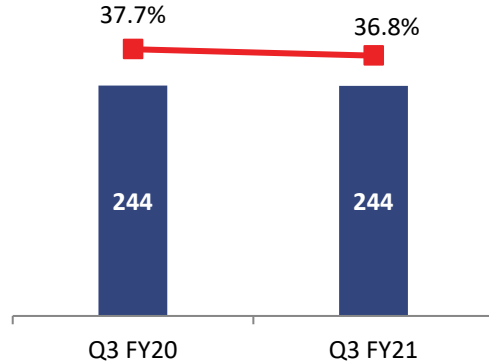


Q3 & 9M FY21 : YoY PERFORMANCE ANALYSIS

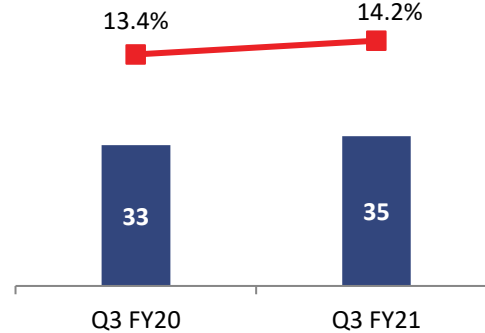


In Rs Crore

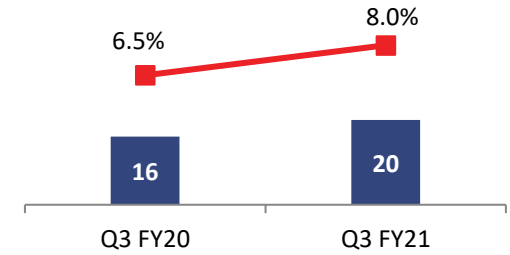
NET REVENUES [^] & GROSS MARGIN %



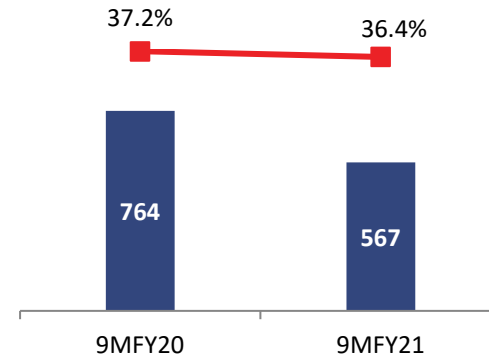
EBITDA & EBITDA MARGIN % [#]



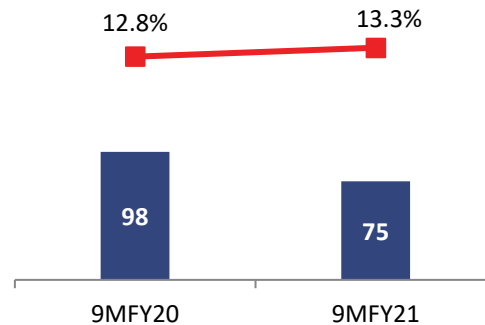
CASH PAT & CASH PAT MARGIN % [#]



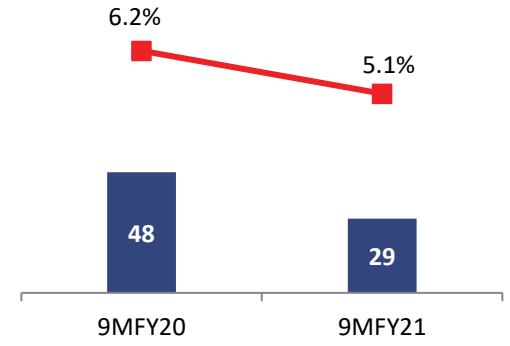
NET REVENUES ^{*} & GROSS MARGIN %



EBITDA & EBITDA MARGIN % [#]



CASH PAT & CASH PAT MARGIN % [#]



Note:

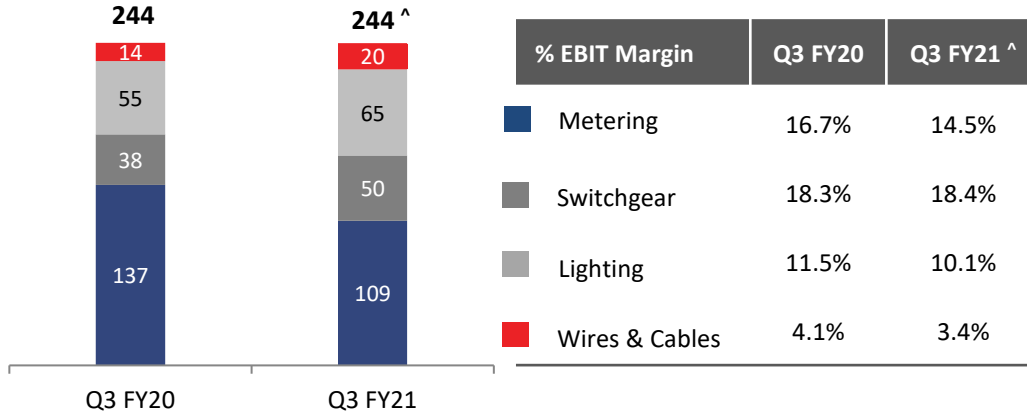
- [^] Covid induced disruption impacted the dispatches & consequently sales of Meters in Q3 FY21
- ^{*} Restarted operations only from 3rd week of May onwards, essentially doing business for only little more than a month in Q1 FY21.
- [#] Adjusted for revenue lost/deferred on account of Covid-19, PAT and EBITDA in 9M FY21 would have been substantially higher than reported

Q3 FY21: YoY SEGMENT ANALYSIS

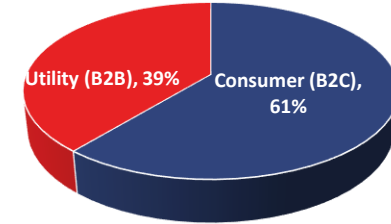


In Rs Crore

SEGMENT NET REVENUE & EBIT MARGIN



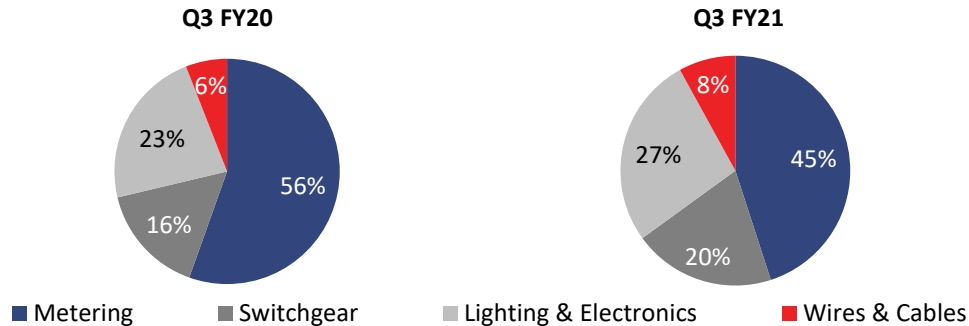
REVENUE BREAK-UP - 'UTILITY' (B2B) & 'CONSUMER' (B2C)



Consumer (B2C) Segment includes Non-utility Metering, Switchgear, Lighting and Wires & Cables Segment Revenues

Utility (B2B) Segment includes Metering Revenues from Utilities and EESL

SEGMENT REVENUE SHARE %



Note:

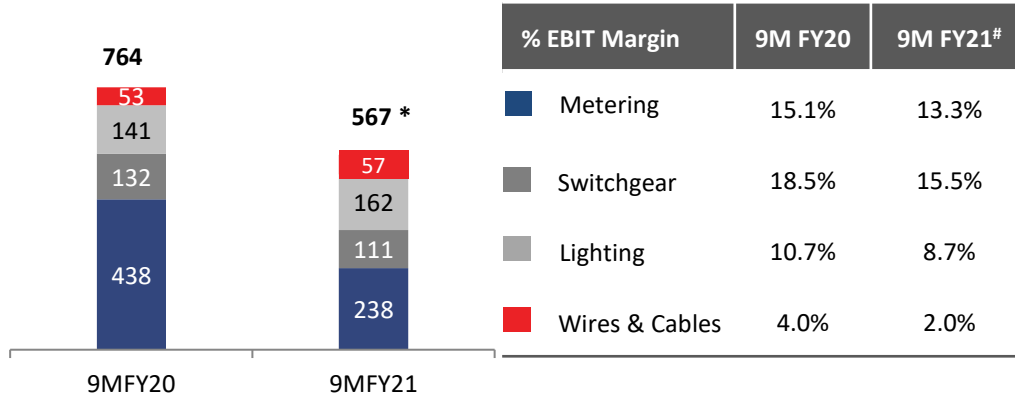
- ^ Covid-19 related disruptions impacted the dispatches & consequently sales of Meters in Q3 FY21

9M FY21 : YoY SEGMENT ANALYSIS

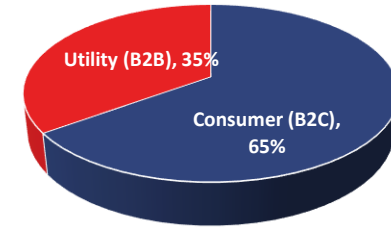


In Rs Crore

SEGMENT NET REVENUE & EBIT MARGIN



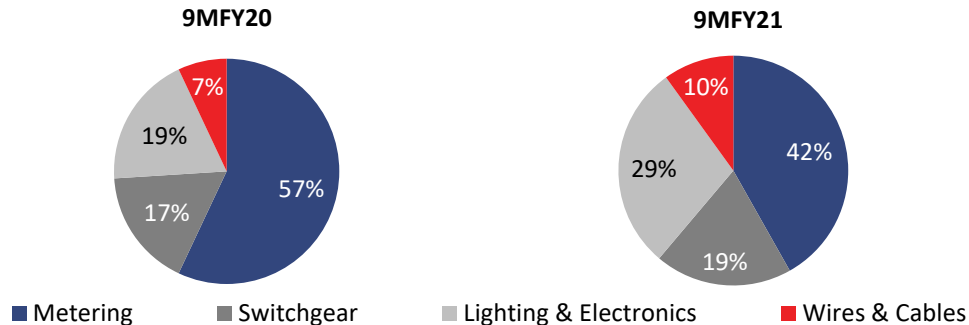
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SEGMENT REVENUE SHARE %



Note:

- * Restarted operations only from 3rd week of May onwards, essentially doing business for only little more than a month in Q1 FY21. Covid induced disruption impacted the dispatches & consequently sales of meters in 9M FY21
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□ Q3 FY21 Performance in-line on a YoY basis led by robust growth in the Consumer segment (B2C)

- The metering business revenue witnessed a growth of 17% in Q3FY21 compared to Q2FY21. However, the performance during the quarter remained subdued as inspections remained lower due to Covid-19 related disruptions. As a result, metering revenue has been deferred to the forthcoming quarters. Meter dispatches are expected to gradually pick-up from Q4FY21.
- The 'Consumer' segment (including non-utility meters) witnessed a strong traction and posted a robust 25% YoY growth in revenues to Rs 148 crores in Q3 FY21 as against Rs 118 crores in Q3 FY20. (Excluding non-utility meters, the 'Consumer' segment grew by 25% YoY to Rs 135 crores in Q3 FY21).
- Consol. revenue, EBITDA margins and profitability reached the pre-covid level, led by robust growth in Consumer segment
- *Exports grew at a robust pace of 27% YoY in Q3 FY21 and 50% YoY in 9M FY21, respectively.*

□ Growth in 'Consumer' products segment was driven by strong double-digit growth across all the segments YoY.

- The robust growth in the consumer segment was driven by healthy double-digit growths across all the segments. The lighting category grew by 18% YoY. The wires and cables category grew by 45% YoY. Switchgear category also witnessed a sharp recovery and registered a of growth 29% YoY.
- Share of Consumer segment stood at 61% in Q3FY21 compared to 44% in Q3FY20.

□ Rationalisation of capital expenses and overheads led to improvement in profitability margins.

- Low capex ~ ₹ 5 Cr in 9M FY21. No significant capex currently required for the future growth.
- Despite increase in the raw material prices during the quarter, rationalisation of employee expenses and overheads helped the company to report an EBITDA of ₹ 34.7 crores (EBITDA Margin of 14.2%) in Q3 FY21, while Cash PAT increased by 24% YoY to ₹ 19.6 crores .

□ Current Order Book (net of GST) stood at Rs 354.4 Crore - Meters (Rs 250.2 crore), Switchgear (Rs 15.9 crore), Lighting (Rs 85.5 crore), Wires & Cables (Rs 2.9 crore)

- ❑ **Robust order book of Rs 354.4 crore ensures revenue visibility for the short and medium term-**
 - Post the lockdown, HPL has received 'smart meter orders' worth Rs 90 crore in May 2020
 - Enquiry base for Metering tenders is at a healthy level as tenders amounting to ~Rs 2,500 crores have been floated or expected to be floated in near-term.
- ❑ **HPL's non-material subsidiary Himachal Energy Private Limited has been granted Certification for its Smart Meters under 'IS 16444' as per BIS (Bureau of Indian Standards) for their product – 'A.C. Static Direct Connected Watthour Smart Meter Class 1 and 2'.**
- ❑ **The 'Consumer' segment is expected to continue its robust growth trajectory, led by improved consumer sentiment, pick-up in the economic activities and higher government spending.**
 - The consumer segment is likely to continue the growth trajectory in the coming quarters. Efficient market strategies and enhanced dealer and retail network is aiding in the growth.
 - Given the better working capital cycle and margins in the consumer business, the overall working capital cycle and margins are expected to improve with the increasing share of the consumer segment to the overall revenue.
- ❑ **The 'Metering' segment is expected to see good recovery from Q4FY21 -**
 - Execution and revenue recognition of the smart meter orders will begin from Q4 FY21 onwards
 - **One-time liquidity injection of Rs 1200 billion into "Power Discoms" is likely to improve their financial position materially.** In fact, the PFC has already released Rs ~300 billion in August. This will help support the demand for new metering orders over the next one year while also ensuring timely payment of dues to equipment suppliers like HPL.
- ❑ **Much of the business outlook will depend on the trajectory that Covid-19 pandemic takes. Although the upcoming vaccination drive will help to boost the consumer sentiments, any sudden spike in the cases and subsequent lockdowns may impact our performance, going forward.**
- ❑ **Smart Meters to drive next leg of growth -**
 - Smart Meter provides a great opportunity and HPL being one of the key players likely to be benefitted the most.
 - Current order book has around 1/3rd Smart Meters orders and as Govt is pushing hard for conversion of Conventional Meters to Smart Meters, the share of Smart Meters to rise even further.
 - Higher realisations through smart meters will result into higher revenue and improved profitability.
- ❑ **Overall, the company is confident of overcoming near-term challenges and driving sustainable growth as the economic conditions normalize**

CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (In Rs. Cr.)	Q3 FY21	Q3 FY20	YoY%	9MFY21	9MFY20	YoY%
Net Revenue from Operations (Net of Excise)	244.0	244.1	-0.1%	567.3*	764.4	-25.8%
COGS	154.3	152.0	1.5%	361.0	480.2	-24.8%
Gross Profit	89.7	92.1	-2.7%	206.2	284.2	-27.4%
Gross Margin (%)	36.8%	37.7%	-99 bps	36.4%	37.2%	-82 bps
Employee Expenses	31.3	33.4	-6.6%	73.6	102.1	-27.9%
Other Expenses	23.7	26.1	-9.1%	57.3	84.2	-31.9%
EBITDA	34.7	32.6	6.4%	75.3	97.9	-23.0%
EBITDA Margin (%)	14.2%	13.4%	87 bps	13.3%	12.8%	47 bps
Other Income	0.8	0.8	6.0%	2.8	2.7	1.0%
Finance Costs	16.3	15.3	6.4%	48.2	45.8	5.1%
Depreciation	11.2	9.1	23.7%	33.2	28.1	18.3%
PBT	8.0	9.0	-10.9%	-3.3	26.7	-112.3%
Taxes	-0.4	2.3	-116.7%	0.8	7.4	-89.2%
Reported PAT	8.4	6.8	24.4%	-4.1	19.4	-121.1%
Cash PAT	19.6	15.8	24.0%	29.2	47.5	-38.6%
PAT Margin (%)	3.4%	2.8%	68 bps	-0.7%	2.5%	-325 bps
Earnings Per Share (EPS)	1.31	1.04	26.0%	0.64	2.99	-78.6%

Note:

* Restarted operations only from 3rd week of May onwards, essentially doing business for only little more than a month in Q1 FY21. Covid induced disruption impacted the dispatches & consequently sales of maters in 9M FY21.



HPL's Smart Meters Supplied to Punjab State Government

HPL to Install Smart Street Lights with Centralised Controlled Monitoring System at Jalandhar Smart City



HPL commenced the implementation of smart meter project in punjab

ਮੁੱਖ ਮੰਤਰੀ ਵਲੋਂ ਸੂਬੇ ਨੂੰ ਤਰੱਕੀ ਦੀਆਂ ਲੀਹਾਂ 'ਤੇ ਤੋਰਨ ਲਈ ਭਲਾਈ ਸਕੀਮਾਂ ਦੀ ਸ਼ੁਰੂਆਤ



HPL rolls out Smart lighting implementation under "Jalandhar Smart City" Project

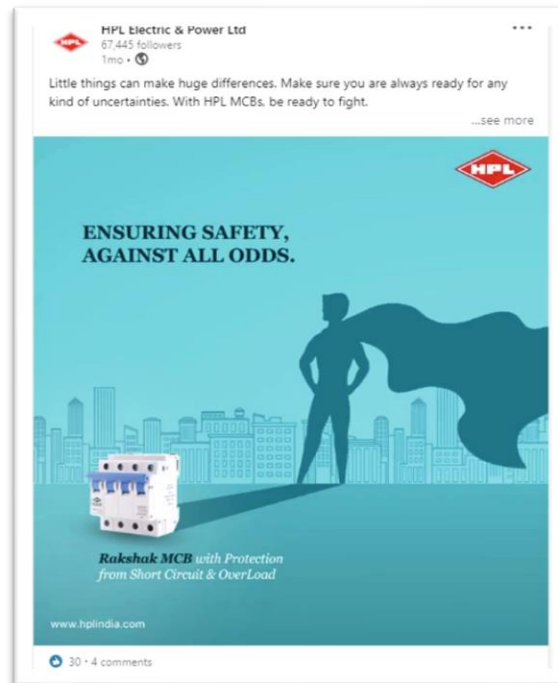


Reinforcing the Presence in the Modern Trade



“Garnered Over 20 Million Reach”

Amplified our Brand Presence Through Social Media Handles
Conducted as well as Sponsored various Industrial Webinars and Virtual Exhibitions



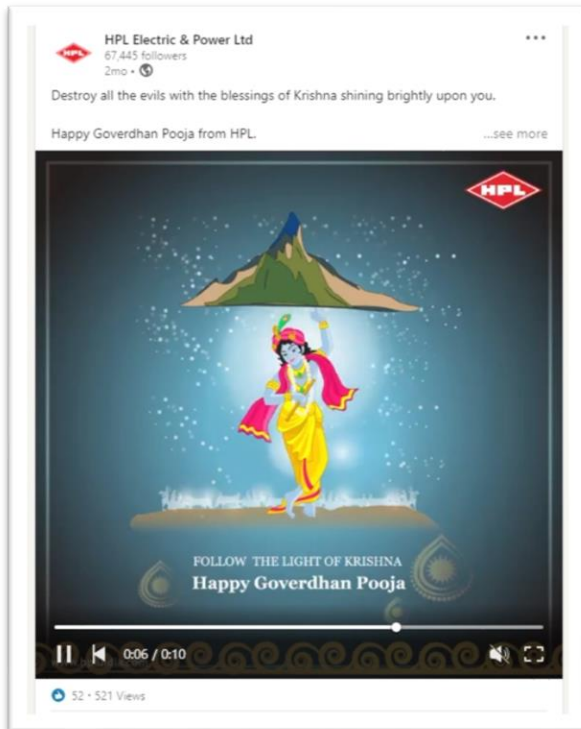
MARKETING CAMPAIGNS – AMPLIFYING OUR “SOCIAL MEDIA” PRESENCE



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Organized Top Dealer Meets in Guwahati, Lucknow & Pune





LED Lights



BUSINESS STRATEGY

FUTURE BUSINESS STRATEGY

***Leading Electric Meter Manufacturer
Fully Geared To Meet The 'Smart
Meter Opportunity'***

- ✓ Commands a 'market share of ~20%' in the domestic meters market with an 'installed capacity of 1.1 crore meters per year'
- ✓ **Well Positioned to Capitalise on the Smart Meter Opportunity backed by our competitive strengths (details given on the next slide)**

***Robust Traction in the Consumer
Business to Drive Growth***

- ✓ 'Drive healthy growth in the Lighting & Switchgear business' through brand building, network expansion & product development initiatives
- ✓ These divisions have shorter working capital cycle (compared to the meters business) - 'Thereby helping to generate higher overall ROCE for HPL'

***Sectoral Opportunities to Provide
Growth Momentum***

- ✓ Positive policy initiatives along with favorable industry outlook expected to boost demand for HPL's products especially for switchgears & meters
- ✓ * Indian Switchgear Market projected to grow @ 15% CAGR over 2019-23
- ✓ # Indian LED Lighting Market projected to grow @ 23% CAGR over 2019-25
- ✓ Crisil Research expects the Indian wires & cables market to grow @ 15% CAGR over the next 4 years (2019-23)

SMART METERS – “GAMECHANGING INITIATIVE” WITH ENORMOUS POTENTIAL

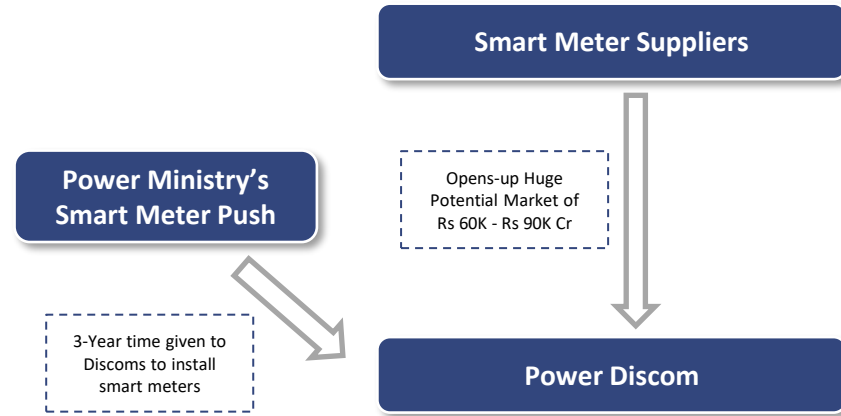


❑ What are smart meters? What is the opportunity size?

- Meters with embedded software to enable automation and communication
- Ministry of Power plans to install 25 to 30 crore smart meters across India – ‘which translates into a cumulative opportunity size of Rs 60,000 to Rs 90,000 crore’

❑ Why should the “Utilities” install smart meters?

- India’s average AT&C losses stand at 21%, pushing up the dues of discoms to power generating companies to Rs 72,938 crore in 2019
- Smart meters can help address this situation effectively by minimizing human intervention in metering, billing and collection



❑ Likely Benefits of the Smart Meter Program for HPL

- ✓ Being a leading player with a successful track record of supplying meters over the last 2 decades, HPL is well positioned to capitalise on the smart meter opportunity
- ✓ Bagged orders worth Rs. 157 crore for meter with smart communication technology and with RF and IRDA communication in the last couple of years

HPL's Competitive Edge

- | | | |
|---|--|---|
| ✓ | Market Leading Player | ▪ ~20% market share. Installed capacity of 11 MPPA – ‘this capacity is fungible and can be used for smart meters as well’ |
| ✓ | Comprehensive Product Portfolio | ▪ Conventional, and smart meters (including prepaid meters, software communication driven meters) |
| ✓ | Long-standing Relationships | ▪ Successful track-record of supplying to most state and central utilities for the last 2 decades |
| ✓ | Strong Pre-qualification Credentials | ▪ IS 16444 certified products |
| ✓ | Strong Thrust on Quality, Product Innovation & Cost Competitiveness | ▪ 2 R&D Centers housing over 100 experts having rich experience in the electrical industry (launched 4 new products in FY20)
▪ Integrated Operations help achieve cost competitiveness |

FOCUS ON DRIVING HEALTHY GROWTH IN THE 'CONSUMER' BUSINESS



- ✓ 'Consumer' segment includes Non-utility Metering, Switchgear, Lighting, and Wires & Cables. In FY20, this segment comprised ~49% of the total revenues
- ✓ HPL is looking to drive healthy growth in this business by using a 3-pronged approach →
 - 1) Enhancing distribution reach & relations
 - 2) Undertaking brand building initiatives and
 - 3) Constantly developing new & innovative products (see below for details)
- ✓ *Since, the Consumer business has shorter working capital cycle of ~3 Months, higher share from this segment will lead to higher ROCE and free cash flow*

□ Brand Building Initiatives

- In FY20, HPL tied-up with the Delhi Capitals Team for the IPL 2019 Campaign
- Building upon the successful campaign in IPL, HPL tied-up with 'The Haryana Steelers' Pro Kabaddi Team as its 'official LED 'Lighting Partner''
- *'This provides an effective platform to create strong brand visibility in especially in the Tier 2 & 3 towns and rural areas enabling HPL to drive aggressive growth in these regions going ahead'*

□ Continuous Product Development & Innovation

- Launched new innovative range of products in the lighting and switchgear segment in FY20 -
 - **Switchgear:** Launched 'over 15' new products including the industrial and domestic range, along with new products in solar category
 - **Lighting:** Launched 14 new products including 'Seven Wonders' & 'Next Seven Wonders'
- *Most of the new products have received very good dealer response so far*

□ Enhancing Distribution Reach & Relations

- *Expand retailer touch-points by **than 3x** – from the existing **27,000 retailers to 1,00,000 retailers within next 3 years***
- Regular hold channel connect events in the form of dealer meets, retailer meets and technical seminars

Brand Building Initiatives

Product Innovation

Enhancing Distribution Reach & Relations

Driving Healthy Growth in the 'Consumer' Business

- ✓ *Lower Overall Working Capital Cycle*
- ✓ *Higher ROCE*



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