



# HPL Electric & Power Limited

CIN : L74899DL1992PLC048945

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E-mail : hpl@hplindia.com | website: www.hplindia.com

12<sup>th</sup> February, 2018

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**  
25<sup>th</sup> 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 Wednesday, 14<sup>th</sup> February, 2018 at 4:00 PM IST is enclosed herewith.

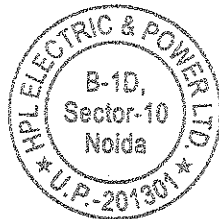
The said Earnings Presentation has also been uploaded on the Company's website i.e. [www.hplindia.com](http://www.hplindia.com).

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

## METERING

Intelligent measurement solutions for Industrial & Commercial application.



## LIGHTING

Best in class luminaries with latest technology, unique designs and lighting trends.



## WIRES & CABLES

Comprehensive control for optimum performance.



## PROTECTION DEVICES

Electric Safety is our Top Priority



THE POWER OF TECHNOLOGY

**HPL ELECTRIC & POWER LIMITED**

Q3 & 9M FY18 RESULTS UPDATE

FEBRUARY 2018



*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.*



QUARTERLY  
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**A TRUSTED BRAND**  
World Over



- SWITCHGEAR
- METERING
- LIGHTING
- WIRE & CABLES

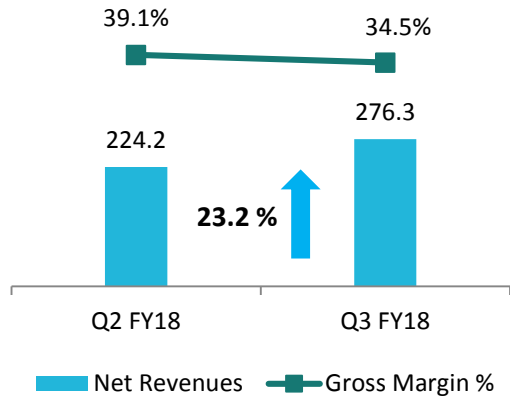
# Q3 & 9M FY18 RESULT HIGHLIGHTS

## Q3 FY18 QoQ ANALYSIS

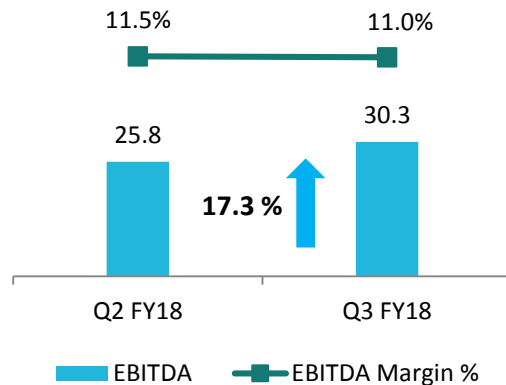


In Rs Crore

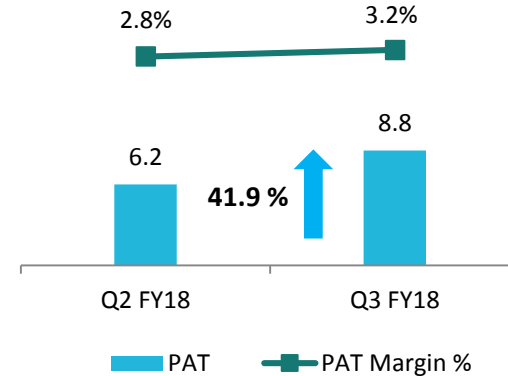
### NET REVENUES \* & GROSS MARGIN



### EBITDA & EBITDA MARGIN



### PAT & PAT MARGIN



- Revenues in Q3 FY18 displayed strong growth on QoQ basis.
- Robust growth in metering and switchgear segments registering 37.0% and 33.3% growth respectively on QoQ basis.
- Capacity utilisation levels have significantly improved across all business segments over last two quarters.
- Q3 FY18 EBITDA grew 17.3% QoQ. EBITDA margin declined marginally from 11.5% to 11.0%.
- Q3 FY18 PAT grew 41.9% QoQ. PAT margin improved from 2.8% to 3.2%.

\* Net revenues from operations (net of excise duty)

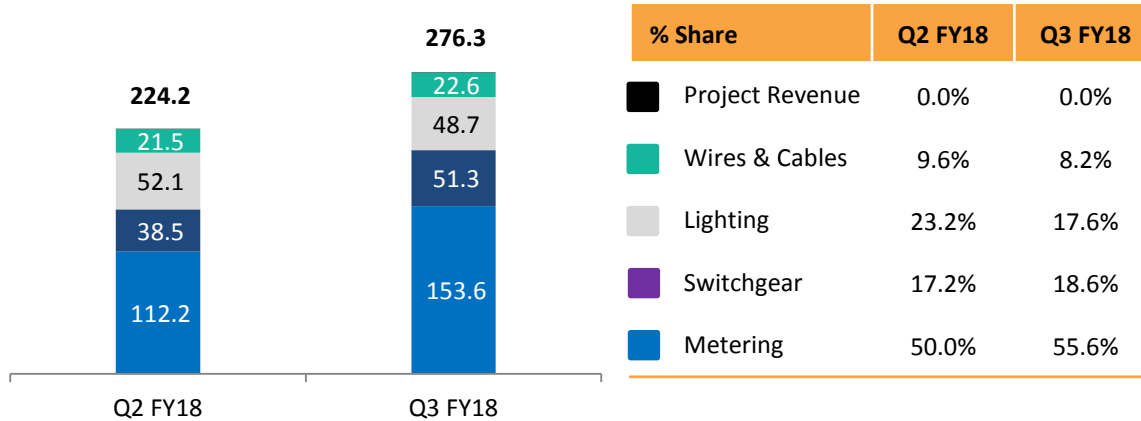
# Q3 & 9M FY18 RESULT HIGHLIGHTS

## Q3 FY18 QoQ ANALYSIS



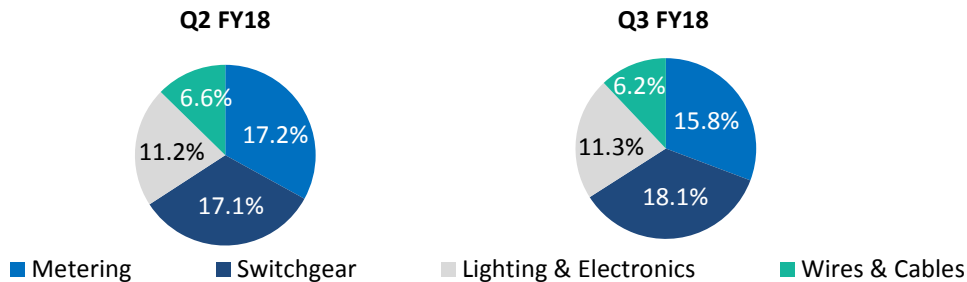
In Rs Crore

### REVENUE ANALYSIS



% Share	Q2 FY18	Q3 FY18
Project Revenue	0.0%	0.0%
Wires & Cables	9.6%	8.2%
Lighting	23.2%	17.6%
Switchgear	17.2%	18.6%
Metering	50.0%	55.6%

### EBIT MARGIN ANALYSIS



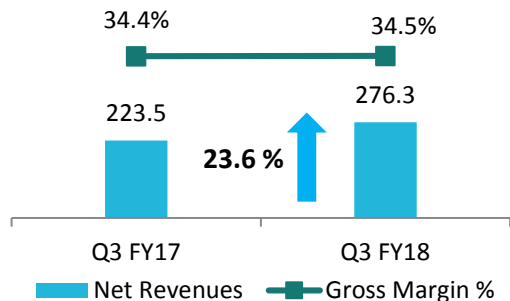
- Metering sales displayed strong QoQ growth driven by strong execution of orders. EBIT margin declined largely due to increase in price of plastics.
- Switchgear sales grew on the back of renewed management focus and improved traction in trade business. EBIT margin improved QoQ.
- Lighting sales declined on QoQ basis on a larger base of Q2 which had seen strong sales during the festive season in September. EBIT margin was stable.
- Wires & cables sales growth was driven by higher trade business. EBIT Margin was relatively stable.

# Q3 & 9M FY18 RESULT HIGHLIGHTS



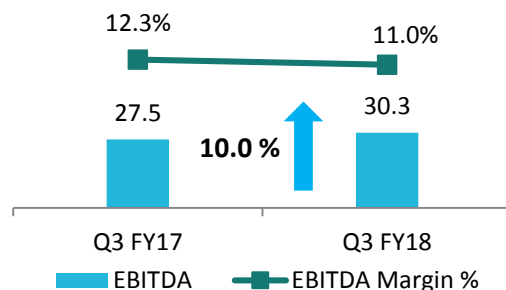
## Q3 & 9M FY18 YoY Analysis

### NET REVENUES \* & GROSS MARGIN



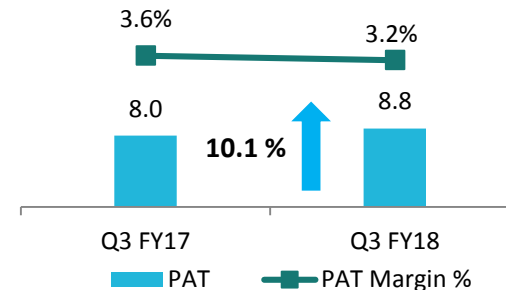
### Q3 FY18 YoY Analysis

### EBITDA & EBITDA MARGIN

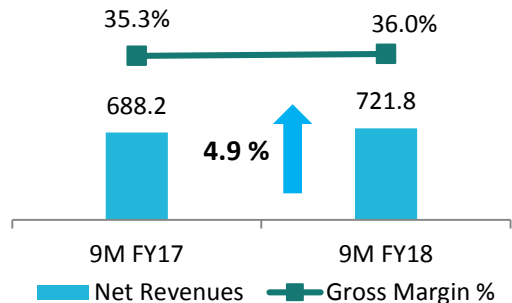


In Rs Crore

### PAT & PAT MARGIN

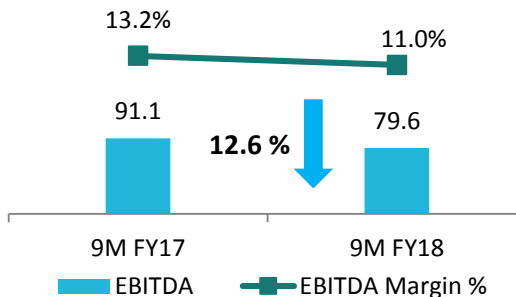


### NET REVENUES \* & GROSS MARGIN

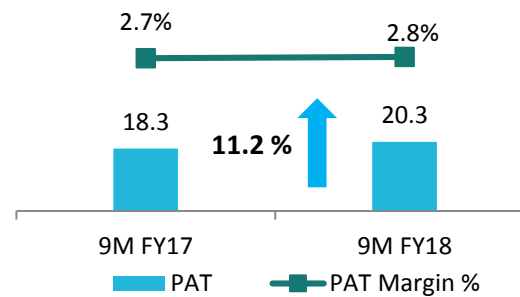


### 9M FY18 YoY Analysis

### EBITDA & EBITDA MARGIN



### PAT & PAT MARGIN



\* Net revenues from operations (net of excise duty)

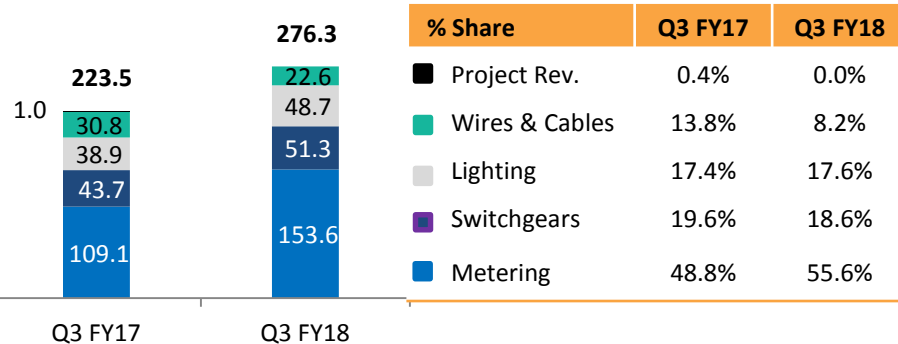
# Q3 & 9M FY18 RESULT HIGHLIGHTS

## Q3 & 9M FY18 YoY ANALYSIS



### Q3 FY18 YoY Analysis

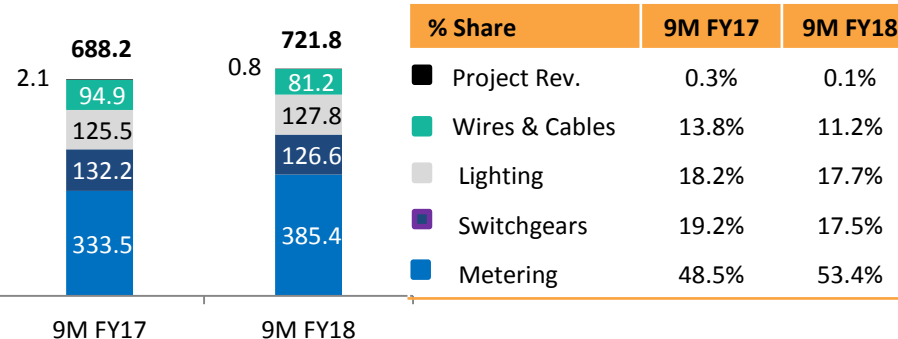
#### REVENUE ANALYSIS



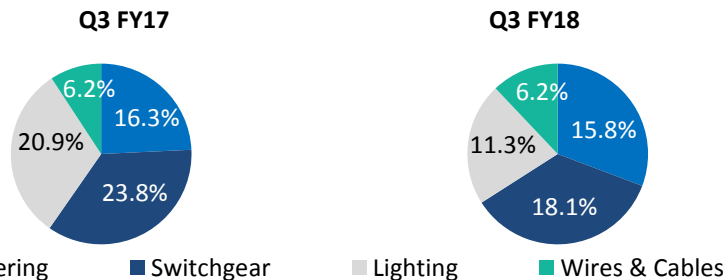
### 9M FY18 YoY Analysis

In Rs Crore

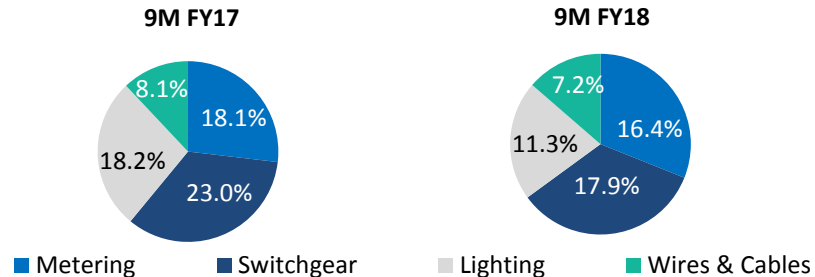
#### REVENUE ANALYSIS



#### EBIT MARGIN ANALYSIS



#### EBIT MARGIN ANALYSIS



\* Net revenues from operations (net of excise duty)





- Consolidated order book continues to remain healthy at Rs 371.9 cr as on 9<sup>th</sup> February 2018
  - Metering orders of Rs 307.5
  - Lighting orders of Rs 24.5 cr
  - Switchgear orders of Rs 26.7 cr
  - Wires & Cables orders of Rs 13.1 cr
- Metering orderbook remains at comfortable level despite strong execution of orders in Q2 and Q3 of FY18. This provides good revenue visibility for coming two quarters.
- Currently, there are additional tenders worth Rs 3,500 - 4,000 cr under evaluation by various utilities. Further, there is a good opportunity in smart prepaid meters as utilities are focussing on improved measurement and collection efficiency.
- Switchgear & Lighting segments continue to be largely been driven by robust sales in trade business.
- Wires & Cables segment is set to see strong traction over coming two quarters driven by specialty cables orders.
- Metering & Switchgear segments are set to benefit from the 'Saubhagya' scheme and 'Affordable Housing' scheme of Govt. which will lead to increased demand for smart and prepaid meters and switchgears.
- The recent reduction in GST rate from 28% to 18% on switchgear and wires & cables sales is further expected to drive growth in these segments.

# Q3 & 9M FY18 RESULTS

## CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (in Rs. Cr.)	Q3 FY18	Q2 FY18	QoQ%	Q3 FY17	YoY%	9M FY18	9M FY17	YoY%
<b>Net Revenue from Operations (Net of Excise Duty)</b>	<b>276.3</b>	<b>224.2</b>	<b>23.2%</b>	<b>223.5</b>	<b>23.6%</b>	<b>721.8</b>	<b>688.2</b>	<b>4.9%</b>
COGS	180.9	136.6	32.4%	146.5	23.5%	461.9	445.4	3.7%
<b>Gross Profit</b>	<b>95.4</b>	<b>87.6</b>	<b>8.9%</b>	<b>77.0</b>	<b>23.8%</b>	<b>259.8</b>	<b>242.8</b>	<b>7.0%</b>
<b>Gross Margin (%)</b>	<b>34.5%</b>	<b>39.1%</b>	<b>-454 bps</b>	<b>34.4%</b>	<b>6 bps</b>	<b>36.0%</b>	<b>35.3%</b>	<b>71 bps</b>
Employee Expenses	35.5	35.3	0.6%	27.6	29.0%	96.7	82.8	16.8%
Other Expenses	29.6	26.4	11.9%	21.9	34.8%	83.5	69.0	21.0%
<b>EBITDA</b>	<b>30.3</b>	<b>25.8</b>	<b>17.3%</b>	<b>27.5</b>	<b>10.0%</b>	<b>79.6</b>	<b>91.1</b>	<b>-12.6%</b>
<b>EBITDA Margin (%)</b>	<b>11.0%</b>	<b>11.5%</b>	<b>-56 bps</b>	<b>12.3%</b>	<b>-136 bps</b>	<b>11.0%</b>	<b>13.2%</b>	<b>-221 bps</b>
Other Income	1.1	1.1	5.2%	1.6	-29.5%	3.3	4.4	-25.3%
Finance Costs	13.8	12.6	9.5%	11.9	15.4%	38.0	56.6	-32.9%
Depreciation	5.7	5.9	-2.6%	6.3	-9.6%	17.1	13.7	24.9%
<b>PBT</b>	<b>11.9</b>	<b>8.4</b>	<b>41.1%</b>	<b>10.9</b>	<b>9.5%</b>	<b>27.8</b>	<b>25.2</b>	<b>10.5%</b>
Taxes	3.1	2.2	38.9%	2.9	7.6%	7.5	6.9	8.6%
<b>Reported PAT</b>	<b>8.8</b>	<b>6.2</b>	<b>41.9%</b>	<b>8.0</b>	<b>10.1%</b>	<b>20.3</b>	<b>18.3</b>	<b>11.2%</b>
<b>PAT Margin (%)</b>	<b>3.2%</b>	<b>2.8%</b>	<b>42 bps</b>	<b>3.6%</b>	<b>-39 bps</b>	<b>2.8%</b>	<b>2.7%</b>	<b>16 bps</b>
<b>Earnings Per Share (EPS)</b>	<b>1.37</b>	<b>0.97</b>	<b>41.2%</b>	<b>1.25</b>	<b>9.6%</b>	<b>3.15</b>	<b>3.56</b>	<b>-11.5%</b>

# Q3 & 9M FY18 RESULTS

## MARKETING CAMPAIGNS & ACTIVATIONS



T20 Series Integration – India v/s Sri Lanka – December 2017



# Q3 & 9M FY18 RESULTS

## MARKETING CAMPAIGNS & ACTIVATIONS



### Digital / Social Media Campaigns





### Outdoor / Retail Campaigns

Cochin



Bus Branding in Jaipur





National / International Exhibitions

Exhibition in Manila Philippines



Acetech Exhibition, Bangalore



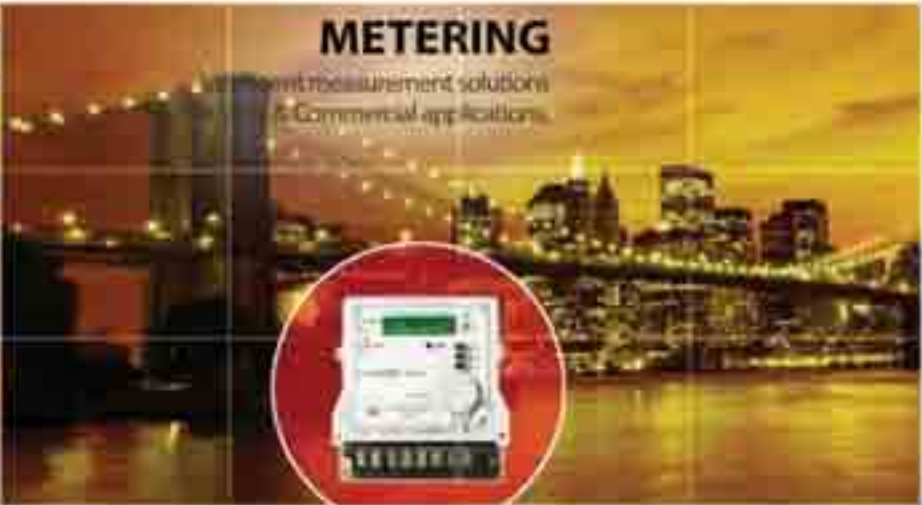


QUARTERLY  
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COMPANY  
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BUSINESS STRATEGY  
& OUTLOOK

SHAREHOLDING  
STRUCTURE





### BUSINESS OVERVIEW

- HPL is an established electric equipment manufacturer in India - market leader in electricity energy meters (20% mkt. share) & on-load change-over switches (50% mkt. share), 5<sup>th</sup> largest LED manufacturer, 5% mkt. share in LV switchgears
- 40+ year old established brand with strong recall across various customer segments – Power Utilities, Government Agencies, Retail and Institutional customers
- Large product portfolio offering wide range of Metering Solutions, Switchgears, Lighting which includes LED & CFL lamps and Wires & Cables

### KEY STRENGTHS

- 8 state-of-the-art Manufacturing facilities with capabilities across design & product development, component designing, tool making and commercial production
- Strong R&D capabilities with focus on constant innovation and development of new products with superior technologies
- Established Pan-India Distribution network consisting of 90+ Branch Offices, 2700+ authorized dealers & 20,000+ retailers
- Experienced management team with more than 20 years of industry experience
- Established relationships with Power Utilities, Government Agencies and Institutional customers
- Strong pre-qualification credentials creating significant entry barriers in the metering and switchgear businesses

### FINANCIAL PERFORMANCE

- Restated Consolidated Revenue, EBITDA and PAT were Rs 986.3 cr, Rs 123.5 cr and Rs 28.3 cr respectively in FY17.
- EBITDA Margins have been stable in the range of 10%-13% in the last 5 years
- Healthy balance sheet with D:E ratio of 0.71x as of Sep-17.



# COMPANY OVERVIEW

## WIDE-RANGING PRODUCT PORTFOLIO



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 Changeover Switch



Domestic Applications

Osafe Techno RCCB



Modular Switch & Accessories

Toggle Switches Plug Sockets Push Bells



TAB™ IntelliPROTECT  
intelliCONTROL Osafe

### Lighting Equipment

Consumer LED Products

Aries LED LED Glow 9W



Commercial LED Products

Mitered CRCA Panel



Outdoor LED Products

Street Light LED Flood Light



Pathlite  
SMART

### Wires and Cables

Fire Resistant Cables



Co-axial Cables



Solar Cables



Networking & Data Cables



Power Utilities

Public & Private Enterprises

Residential & Commercial Users



FOCUS ON CONTINUOUS R&D TO LAUNCH AND MARKET EXCITING NEW INNOVATIVE PRODUCTS LOADED WITH IMPROVED FEATURES, ENERGY EFFICIENCY, AUTOMATION AND COMMUNICATION



### SOLAR ELECTRICAL PRODUCTS

HPL has developed a complete range of solar solutions across meters, switchgears, lighting and wires & cables

#### IN-HOUSE R&D CAPABILITIES:

- 2 R&D facilities in Gurgaon & Kundli with more than 100 engineers
- 1 Testing facility in Gurgaon – 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 and CFLs

#### Metering Solutions

##### Solar Net Meter



#### Lighting Equipment

##### Solar Batten



##### Solar LED Street Light



##### Solar LED Bulb



#### Switchgears

##### Solar AC Distribution Box



##### Solar DC Distribution Box



##### Solar Main Junction Box



##### Solar Array Junction Box



#### Wires and Cables

##### Solar Cables



# COMPANY OVERVIEW

## STATE OF ART MANUFACTURING FACILITIES



### 8 ROBUST MANUFACTURING FACILITIES ACROSS NORTH INDIA

- State of art manufacturing capabilities including design and product development, component designing, tool making and commercial production
- Capabilities to manufacture customized products for institutional customers and undertake modifications in products for OEMs and other corporate customers

### QUALITY & COMPLIANCE CERTIFICATIONS



**SUFFICIENT AVAILABLE CAPACITY**

**TO ACHIEVE REVENUES OF ~ Rs 2,500 CRORE**

**WITHOUT ANY MAJOR CAPEX IN NEAR FUTURE**

# COMPANY OVERVIEW

## STATE OF ART MANUFACTURING FACILITIES



### GURGAON



#### Gurgaon Facility I:

- **Products:** Electronic static energy meters
- **Capacity:** 6 Million Units

#### Gurgaon Facility II:

- **Products:** Parts/components of lighting equipment (CFL & LED), electronic energy meters
- **Capacity:** 15 Million Parts/ Components

### JABLI



#### Facility I:

- **Products:** MCBs, distribution boards and panels, MCB isolators, MCB changeover switches, earth leakage circuit breaker and switches, energy meters and parts of lighting equipment
- **Capacity:** 11.5 Million Units

#### Himachal Energy Facility:

- **Products:** electronic energy meters, panel meters and clips for panel meters
- **Capacity:** 3 Million Units



### GUWAHATI



#### Facility I:

- **Products:** Switchgears, Circuit Breakers, Fans, Wiring Accessories, Electronic Energy Meters
- **Capacity:** 43 Million Units

# COMPANY OVERVIEW

## STATE OF ART MANUFACTURING FACILITIES



**KUNDLI**



- **Products:** Switchgears and parts of electronic energy meters and parts of lighting equipment
- **Capacity:** 5 Million Units

**SONEPAT**



- **Products:** Lighting equipment
- **Capacity:** 26 Million Units

**GHARAUNDA**



- **Products:** Wires and Cables
- **Capacity:** 194.4 Mn meters



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

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

**2,700+ Authorized Dealers and  
20,000+ 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 formidable entry barriers 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 a bidding process, requiring certain pre-qualification requirements
- HPL meets all pre-qualification credentials including past experience, technical requirements, quality and safety compliances, financial strength, price competitiveness



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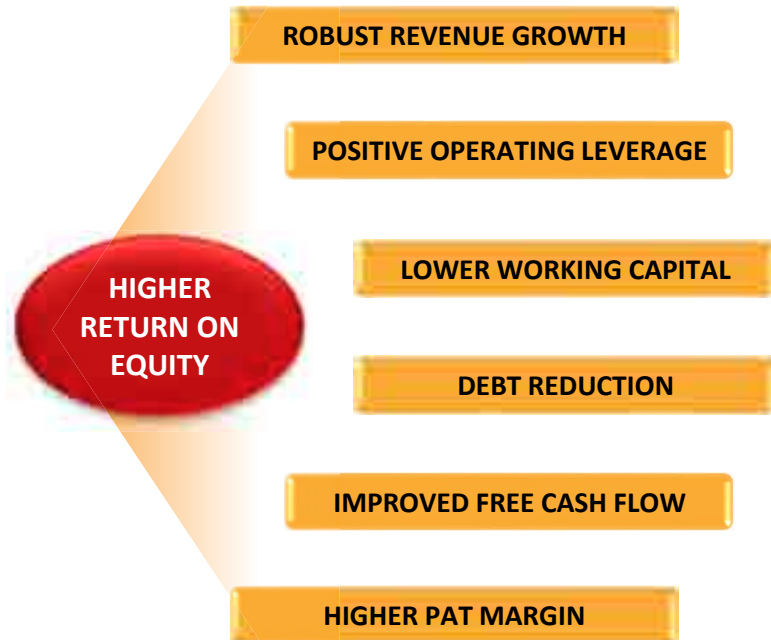
SHAREHOLDING  
STRUCTURE

## LIGHTING

Best in class luminaries with latest technology  
unique designs and lighting trends.







### EXPAND PRODUCT RANGE

- Utilise existing capacity to double the revenues over next 4-5 years
- Leverage R&D capabilities to develop high margin LED lighting equipments
- Focus on value-added products – specialty wires, smart meters, prepayment meters

### REDUCE WORKING CAPITAL & BORROWING

- Reduce working capital cycles and improve inventory management
  - Shift to CNF sale and distribution model with direct control on inventories
  - Increase % of sales through authorized dealers
  - Introduce channel financing with large corporate customers and authorized dealers with an aim to reduce receivables by Rs 75 – 100 cr

### EXPAND GEOGRAPHICAL REACH & ENHANCE BRAND VISIBILITY

- Expand our network of authorized dealers or distributors
- Enter new international markets
- Increase brand promotion and marketing
- Focus on print and social media advertising and television campaigns
- Increase interactions with authorized dealers and end consumers

### STRENGTHEN CUSTOMER BASE

- Launch product variants based on different price points, design and quality
- Create synergies in manufacturing and marketing activities by promoting cross sale of our products



THE ELECTRIC EQUIPMENT INDUSTRY IS EXPECTED TO GROW AT A CAGR OF 8% - 12% OVER 2016 – 2020

HPL CAN EFFECTIVELY LEVERAGE ITS STRONG R&D & MANUFACTURING CAPABILITIES AND LONG STANDING RELATIONSHIPS WITH GOVERNMENT AGENCIES, POWER UTILITIES AND INSTITUTIONAL CUSTOMERS TO CAPITALISE ON ELECTRIC EQUIPMENT INDUSTRY TAILWINDS

### UDAY (UJWAL DISCOM ASSURANCE YOJANA)

Increase operational efficiency and lower AT&C losses through –

- Smart metering solutions, upgradation of transformers and meters
- Improved financial health of DISCOMs will help in lowering the working capital cycle of electrical equipment suppliers to DISCOMs
- The debt servicing cost reduction for DISCOMs was around Rs 15,000 cr for the year ended March 2017.

### SMART CITIES MISSION

Rs 3 Trillion Smart Cities mission is an urban renewal and retrofitting program by the GoI to develop 100 cities across India

- Increasing urbanization and growing household income will drive demand for a variety of LT electrical equipment and lighting solutions
- HPL in consortium with Bharti Infratel & Ericsson has received its first order of ~Rs 70 cr for Bhopal Smart City Lighting Project and has further bid for orders in 11 other smart city locations

### HOUSING FOR ALL

- ‘Housing for All’ initiative plans 20 million homes for the economically weaker sections in India by 2022.
- Under the newly launched “Saubhagya” scheme, access to electricity will be provided to all households, which will lead to demand for smart and prepaid meters.

### GAS & WATER METERING SOLUTIONS

- Smart gas metering solutions as a part of proposed expansion of city gas distribution network
- Intelligent water metering solutions
- Opportunities in products & services related to renewable energy like solar energy

### GST IMPLEMENTATION

- The recent reduction in the GST rates applicable to Wires & Cables, to 18% from 28%, will provide a major boost to organized players like HPL, as the price difference between branded and unbranded products, will be eliminated.



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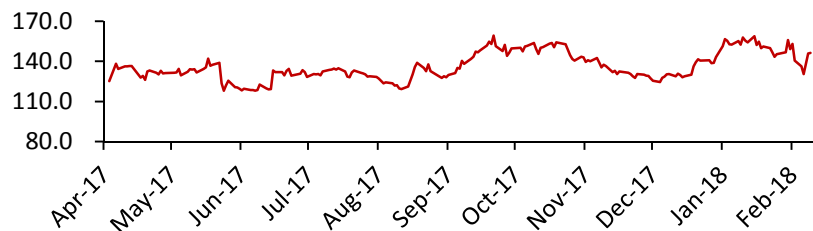
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## SHARE PRICE PERFORMANCE



Source – BSE

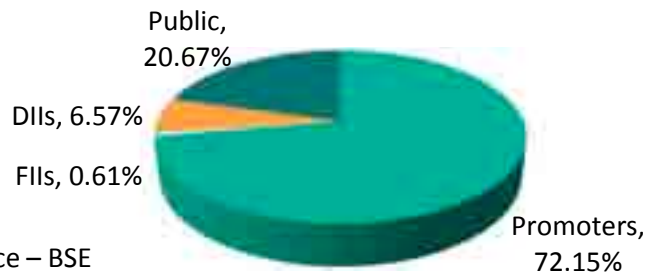
## MARKET DATA

AS ON 12<sup>th</sup> FEBRUARY 2018

Market Capitalization (Rs Cr)	960.0
Price (Rs)	149.7
No. of Shares Outstanding (Cr)	6.4
Face Value (Rs)	10.0
52 Week Low-High (Rs)	103.6 / 159.3

Source – BSE

## SHAREHOLDING – 31<sup>st</sup> DECEMBER 2017



Source – BSE

## KEY INSTITUTIONAL INVESTORS – 31<sup>st</sup> DECEMBER 2017

% Holding

HDFC AMC	5.94%
Ajay Upadhyaya	1.24%
Morgan Stanley Mauritius	0.58%
EQ India Fund	0.31%
Aditya Birla AMC	0.19%

Source – Company



Mr. Gautam Seth  
Joint Managing Director  
Email: [gautamseth@hplindia.com](mailto:gautamseth@hplindia.com)



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