

METERING

Intelligent measurement solutions for Industrial & Commercial application.



LIGHTING

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



WIRES & CABLES

Comprehensive solutions for optimum performance.



PROTECTION DEVICES

'Electric Safety' is our Top Mantra



THE POWER OF TECHNOLOGY

HPL ELECTRIC & POWER LIMITED

Q2 & H1 FY18 RESULTS UPDATE

NOVEMBER 2017

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
UPDATE

COMPANY
OVERVIEW

BUSINESS STRATEGY
& OUTLOOK

SHAREHOLDING
STRUCTURE



A TRUSTED BRAND
World Over



- SWITCHGEAR
- METERING
- LIGHTING
- WIRE & CABLES

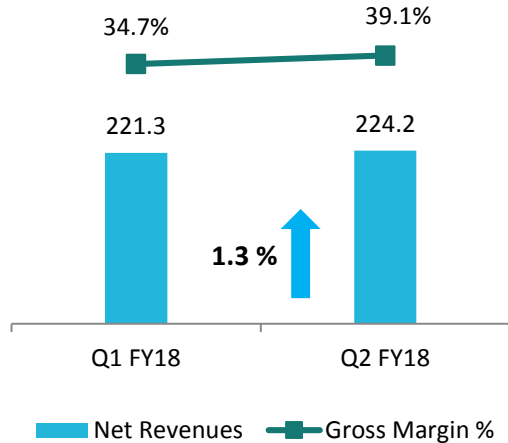
Q2 & H1 FY18 RESULT HIGHLIGHTS

Q2 FY18 QoQ ANALYSIS

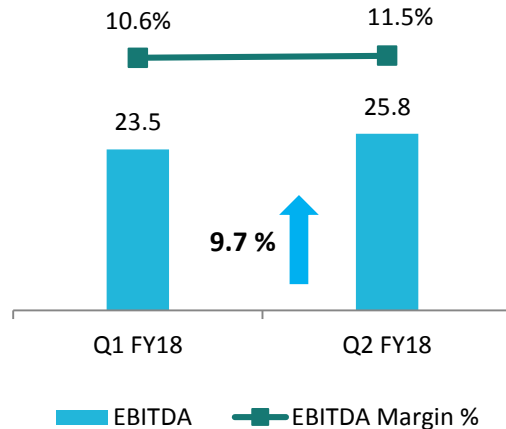


In Rs Crore

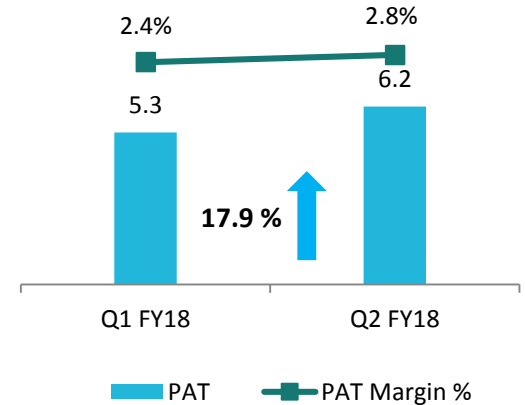
NET REVENUES * & GROSS MARGIN



EBITDA & EBITDA MARGIN



PAT & PAT MARGIN



- Revenues in Q2 FY18 marginally grew on QoQ basis.
- Business segments witnessed improved traction beginning from August and the uptrend continued in subsequent months.
- Q2 FY18 EBITDA grew 9.7% QoQ. EBITDA margin improved from 10.6% to 11.5% driven by higher gross margin.
- Q2 FY18 PAT grew 17.9% QoQ. PAT margin improved from 2.4% to 2.8%.

* Net revenues from operations (net of excise duty)

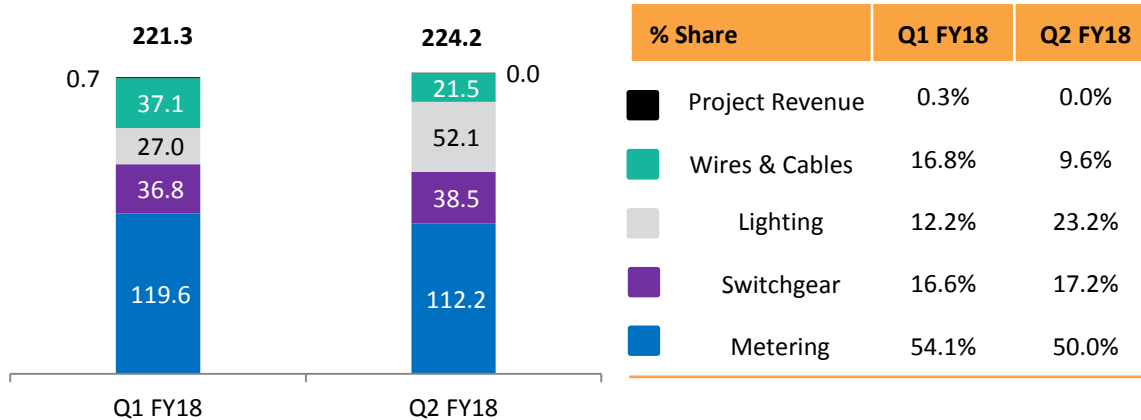
Q2 & H1 FY18 RESULT HIGHLIGHTS



Q2 FY18 QoQ ANALYSIS

In Rs Crore

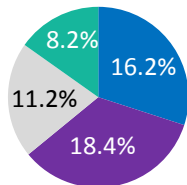
REVENUE ANALYSIS



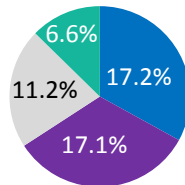
% Share	Q1 FY18	Q2 FY18
Project Revenue	0.3%	0.0%
Wires & Cables	16.8%	9.6%
Lighting	12.2%	23.2%
Switchgear	16.6%	17.2%
Metering	54.1%	50.0%

EBIT MARGIN ANALYSIS

Q1 FY18



Q2 FY18



■ Metering ■ Switchgear ■ Lighting & Electronics ■ Wires & Cables

- Metering sales declined QoQ as certain orders were awaiting inspection. EBIT Margin improved QoQ due to favourable product mix.
- Switchgear sales gradually improved; EBIT margin declined due to additional manpower cost driven by reorganisation to drive business growth.
- Lighting sales witnessed strong growth led by LED sales, despite phasing out of CFL products. LED sales witnessed strong traction during the festive season in month of September. EBIT Margin was stable.
- Wires & cables sales declined due to preponement of sales in Q1 due to higher GST rate applicable from July. EBIT Margin declined due to lower turnover.

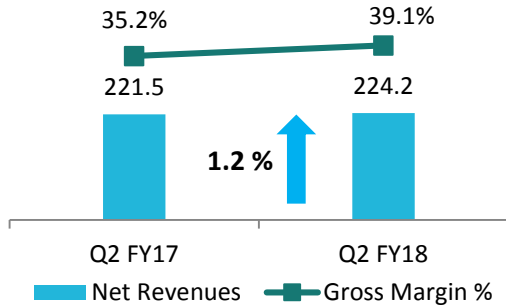
* Net revenues from operations (net of excise duty)

Q2 & H1 FY18 RESULT HIGHLIGHTS

Q2 & H1 FY18 YoY ANALYSIS

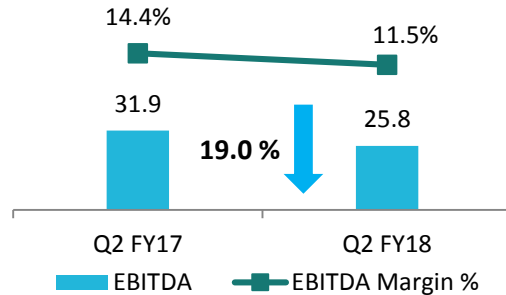


NET REVENUES * & GROSS MARGIN



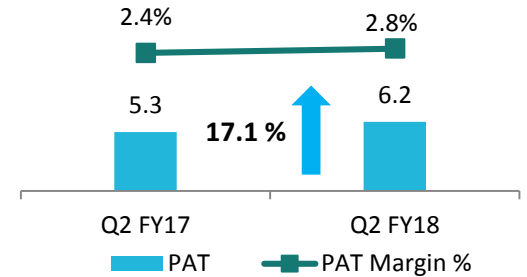
Q2 FY18 YoY Analysis

EBITDA & EBITDA MARGIN

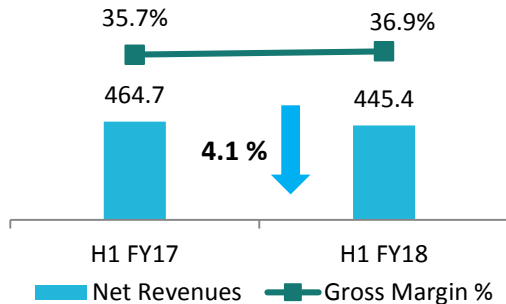


In Rs Crore

PAT & PAT MARGIN

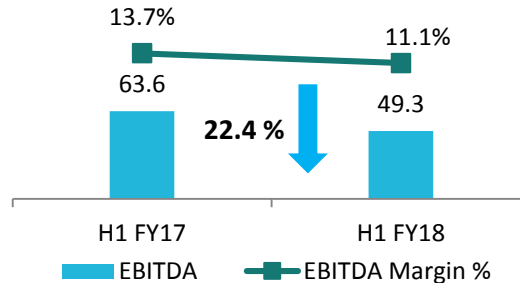


NET REVENUES * & GROSS MARGIN

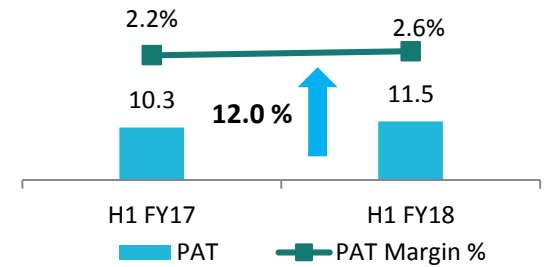


H1 FY18 YoY Analysis

EBITDA & EBITDA MARGIN



PAT & PAT MARGIN



* Net revenues from operations (net of excise duty)

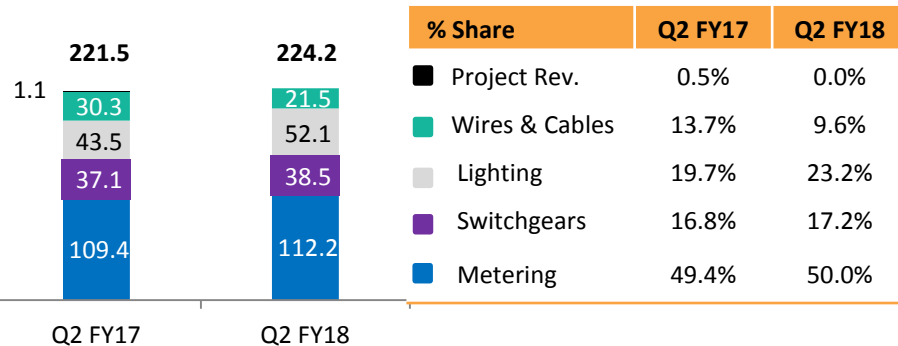
Q2 & H1 FY18 RESULT HIGHLIGHTS

Q2 & H1 FY18 YoY ANALYSIS



Q2 FY18 YoY Analysis

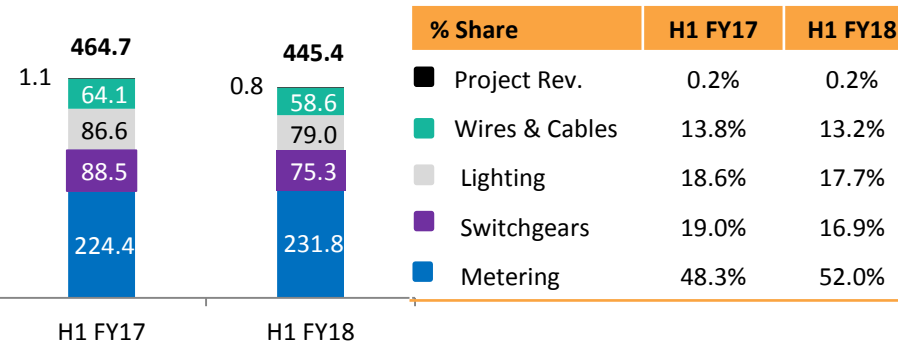
REVENUE ANALYSIS



H1 FY18 YoY Analysis

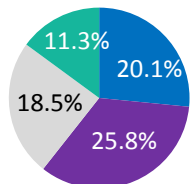
In Rs Crore

REVENUE ANALYSIS

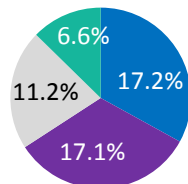


EBIT MARGIN ANALYSIS

Q2 FY17



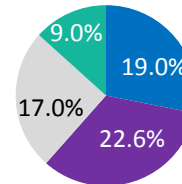
Q2 FY18



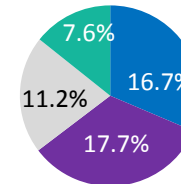
■ Metering ■ Switchgear ■ Lighting ■ Wires & Cables

EBIT MARGIN ANALYSIS

H1 FY17



H1 FY18



■ Metering ■ Switchgear ■ Lighting ■ Wires & Cables

* Net revenues from operations (net of excise duty)

- **Order book of Rs 449.9 cr as on 13th November 2017**
 - **Metering orders of Rs 382.5**
 - **Lighting orders of Rs 43.9 cr**
 - **Switchgear orders of Rs 23.2 cr**
 - **Wires & Cables orders of Rs 0.3 cr**
- **Metering segment continues to witness strong revival with improved traction in meter tenders. The smart meters technology has seen wider adoption by utilities given the successful tendering of first 0.5 mn smart meters order by EESL for U.P. and Haryana. Currently additional 1.8 cr number of meters are under tender evaluation by various utilities.**
- **HPL's current metering order book provides good revenue visibility and encouraging outlook for H2 FY18. The company is confident to display healthy growth in metering business in H2 FY18.**
- **Lighting segment continues to be largely been driven by robust LED sales.**
- **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 in H2 FY18. This will also lead to faster shift in demand from unorganised to organised players in the near term.**

Q2 & H1 FY18 RESULTS

CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (in Rs. Cr.)	Q2 FY18	Q1 FY18	QoQ%	Q2 FY17	YoY%	H1 FY18	H1 FY17	YoY%
Net Revenue from Operations (Net of Excise Duty)	224.2	221.3	1.3%	221.5	1.2%	445.4	464.7	-4.1%
COGS	136.6	144.4	-5.4%	143.4	-4.7%	281.0	298.9	-6.0%
Gross Profit	87.6	76.9	13.9%	78.1	12.1%	164.4	165.8	-0.8%
Gross Margin (%)	39.1%	34.7%	431 bps	35.2%	381 bps	36.9%	35.7%	123 bps
Employee Expenses	35.3	25.8	36.7%	26.1	35.3%	61.2	55.2	10.8%
Other Expenses	26.4	27.5	-4.0%	20.1	31.6%	53.9	47.1	14.6%
EBITDA	25.8	23.5	9.7%	31.9	-19.0%	49.3	63.6	-22.4%
EBITDA Margin (%)	11.5%	10.6%	88 bps	14.4%	-288 bps	11.1%	13.7%	-260 bps
Other Income	1.1	1.1	3.2%	1.6	-32.7%	2.1	2.8	-22.8%
Finance Costs	12.6	11.7	7.7%	22.1	-43.2%	24.2	44.7	-45.8%
Depreciation	5.9	5.5	7.5%	3.7	57.4%	11.4	7.4	54.6%
PBT	8.4	7.4	13.5%	7.6	10.5%	15.9	14.3	11.3%
Taxes	2.2	2.2	2.7%	2.3	-4.5%	4.4	4.0	9.3%
Reported PAT	6.2	5.3	17.9%	5.3	17.1%	11.5	10.3	12.0%
PAT Margin (%)	2.8%	2.4%	39 bps	2.4%	38 bps	2.6%	2.2%	37 bps
Earnings Per Share (EPS)	1.0	0.8	19.8%	1.1	18.3%	1.8	2.2	12.7%

Q2 & H1 FY18 RESULTS

CONSOLIDATED BALANCE SHEET



Particulars (In Rs Cr)	H1 FY18
Equities & Liabilities	
Shareholder's Funds	693.6
Equity share capital	64.3
Other Equity	629.3
Minority Interest	1.2
Non-Current Liabilities	29.4
Long Term Borrowings	10.2
Other Financial Liabilities	13.2
Long Term Provisions	2.6
Other Non-Current Liabilities	3.4
Current Liabilities	828.8
Short Term Borrowings	475.6
Trade Payables	277.5
Other Financial Liabilities	46.4
Short Term Provisions	14.6
Other Current Liabilities	14.7
Total Equity & Liabilities	1,552.9

Particulars (In Rs Cr)	H1 FY18
Assets	
Non-Current Assets	465.4
Tangible Assets	380.8
Intangible Assets	31.5
Long Term Loans & Advances	2.6
Other Non-Current Assets	11.1
Deferred Tax Assets (Net)	39.4
Current Assets	1,087.5
Inventories	458.1
Trade receivables	473.3
Cash & Bank Balances	67.1
Short Term Loans & Advances	2.2
Other Financial Assets	24.3
Current Tax Assets (Net)	1.6
Other Current Assets	60.8
Total Assets	1,552.9

Q2 & H1 FY18 RESULTS

MARKETING CAMPAIGNS & ACTIVATIONS



Digital / Social Media Campaigns



OOH / Metro Rail Campaigns



Mandi House Metro station



Tilak Nagar Metro station



Kashmere Gate Metro station

Q2 & H1 FY18 RESULTS

MARKETING CAMPAIGNS & ACTIVATIONS



Outdoor / Retail Campaigns

Whole sale market
and intercity,
Guwahati



Patna railway
station



Lohar chawl
Mumbai



Ezra street
Kolkata



Q2 & H1 FY18 RESULTS

MARKETING CAMPAIGNS & ACTIVATIONS



National / International Exhibitions

Acetech
Exhibition,
Bangalore



REI Solar Expo
Greater Noida



MEE Exhibition Dubai 2017





QUARTERLY
UPDATE

COMPANY
OVERVIEW

BUSINESS STRATEGY
& OUTLOOK

SHAREHOLDING
STRUCTURE



METERING
Intelligent measurement solutions
for Industrial & Commercial applications.

A circular inset image showing a white smart meter with a digital display and various ports. The meter is set against a red background. The background of the entire section is a city skyline at night with a bridge over a river.

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), 5th 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

- 9 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



PRODUCT PORTFOLIO

SUB-BRANDS

CUSTOMERS

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**

Metering Solutions

Smart Meter



Net Meter



Prepaid Meter



Trivector Meter



emfis

Power Utilities

Switchgears

Industrial Applications

ACB MCCB Changeover Switch



Domestic Applications

Bsafe Techno RCCB



Modular Switch & Accessories

Toggle Switches Plug Sockets Push Bells



intelliPROTECT

intelliCONTROL TAB™

Public & Private Enterprises

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
ART MEETS STATE-OF-THE-ART

Residential & Commercial Users

Wires and Cables

Fire Resistant Cables



Co-axial Cables



Solar Cables



Networking & Data Cables





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



Switchgears

Solar AC Distribution Box



Solar DC Distribution Box



Solar Main Junction Box



Solar Array Junction Box



Lighting Equipment

Solar Batten



Solar LED Street Light



Solar LED Bulb



Wires and Cables

Solar Cables



COMPANY OVERVIEW

STATE OF ART MANUFACTURING FACILITIES



9 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



ISO-27001:2005



IS : 8828



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

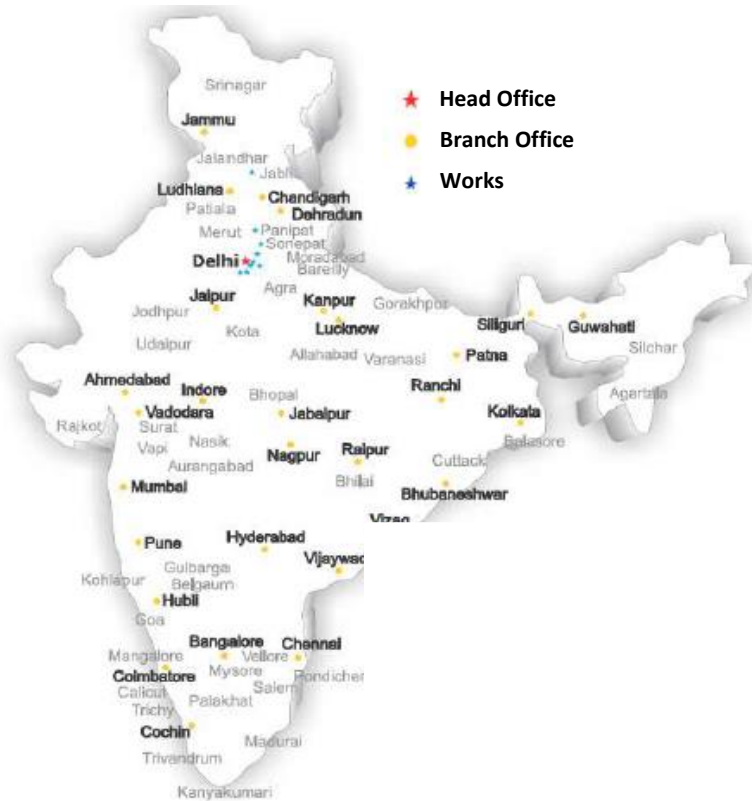


- **Products:** Lighting equipment
- **Capacity:** 26 Million Units

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



QUARTERLY
UPDATE

COMPANY
OVERVIEW

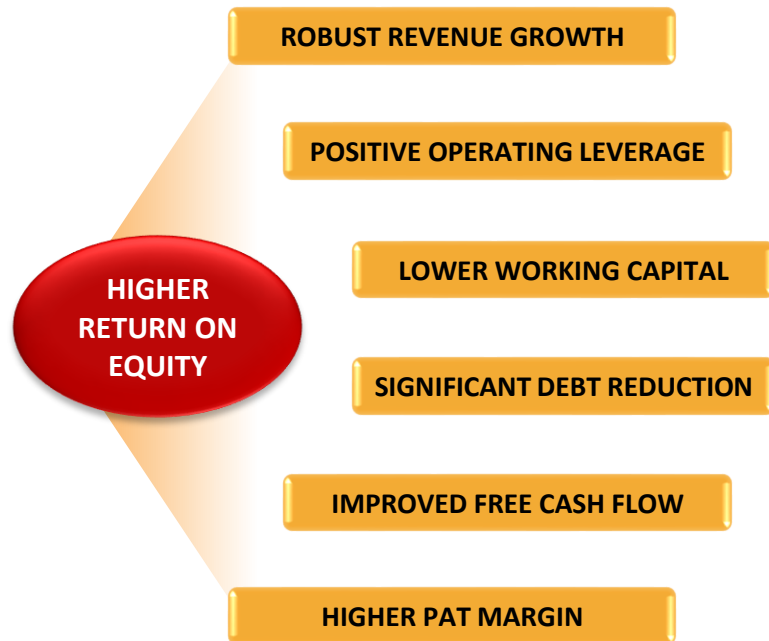
BUSINESS STRATEGY
& OUTLOOK

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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 15,000cr 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.



QUARTERLY
UPDATE

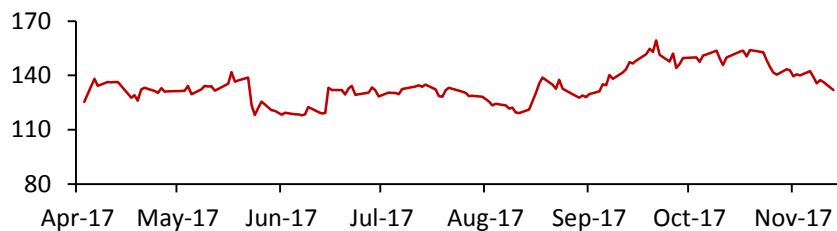
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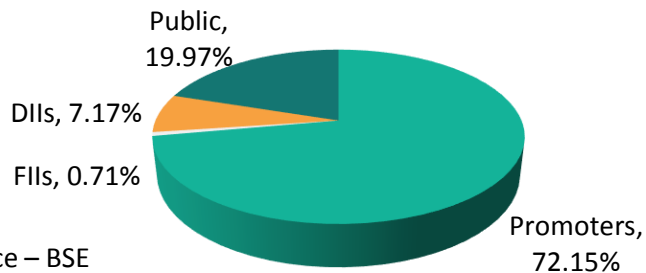


SHARE PRICE PERFORMANCE



Source – BSE

SHAREHOLDING – 30th SEPTEMBER 2017



Source – BSE

MARKET DATA

AS ON 14th NOVEMBER 2017

Market Capitalization (Rs Cr)	861.6
Price (Rs)	132.5
No. of Shares Outstanding (Cr)	6.4
Face Value (Rs)	10.0
52 Week Low-High (Rs)	74.2 / 198.0

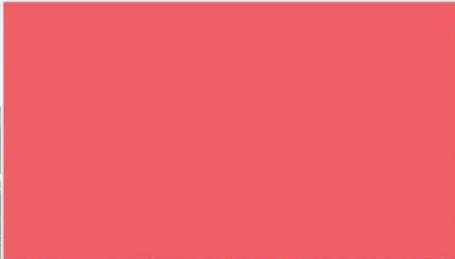
Source – BSE

KEY INSTITUTIONAL INVESTORS – 30th SEPTEMBER 2017

% Holding

HDFC AMC	5.32%
Birla Sun Life AMC	1.54%
Ajay Upadhyaya	1.35%
Morgan Stanley Mauritius	0.64%
EQ India Fund	0.31%

Source – Company



Mr. Gautam Seth

Joint Managing Director

Email: gautamseth@hplindia.com



Mr. Nilesh Dalvi / Mr. Arun Prakash

IR Consultant

Email: nilesh.dalvi@dickensonir.com / arun.prakash@dickensonir.com

Contact no: +91 9819289131 / 7506933892