



HPL Electric & Power Limited

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10th November, 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, PhirozeJeejeebhoy 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, 17th November, 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**

Q2 & H1 FY22 RESULTS UPDATE

NOVEMBER 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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23 BUSINESS STRATEGY





Smart Meter



COMPANY OVERVIEW



Market Leader in Electric Meters

- **'50% Market Share'** in the Domestic On-load Change-over Switches Market *
- **'20% Market Share'** in Domestic Electric Meters Market *

Formidable Player in On-load Change-over Switches

- **'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**
 - **40,000+ 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



Domestic Applications



Modular Switch & Accessories

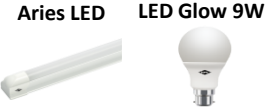


TAB™ intelliPROTECT
intelliCONTROL

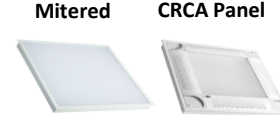
Osafe
MCB | DB | RCCB

Lighting Equipment

Consumer LED Products



Commercial LED Products



Outdoor LED Products



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

KEMA

IS : 8828



CML-8515376



ISO-9001:2000



ISO-27001:2005



RWTUV



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

- Launched '3 new products' in the Meters Category, '3 new products' in Switchgear, and '5 new products' in Lighting in Q2 FY22
- Solar Electrical Products - Developed a complete range of solar solutions across meters, switchgears, lighting and wires & cables

DEKRA Certified Lab in Jabli Facility (H.P.)



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

SOLIDE Range of AC Contactor



DC Isolator 250A



Switch Disconnecter (DC)



Lighting

Radars LED Bulb Motion Sensor



Meter

Smart Meter



**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 25 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

**Q2 & H1FY22 -
PERFORMANCE
UPDATE**

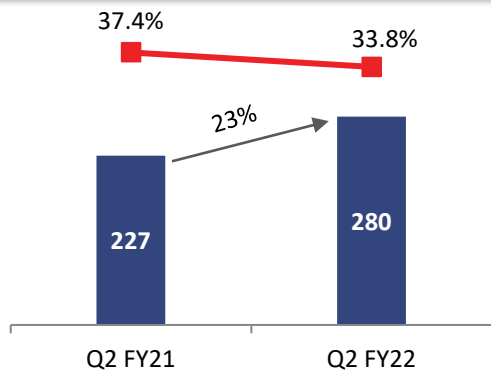


Q2 & H1FY22 : YoY PERFORMANCE ANALYSIS

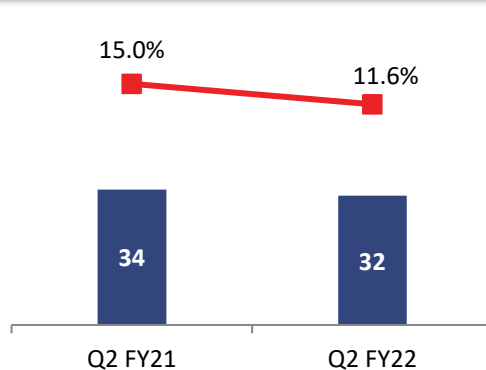


In ₹ Crore

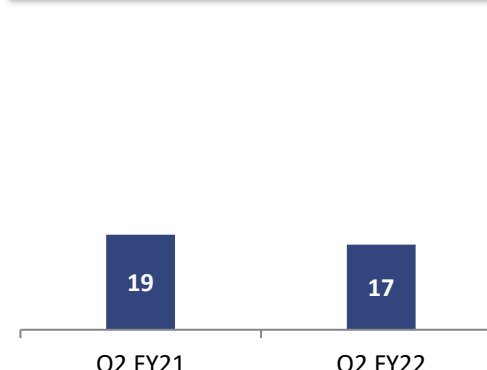
NET REVENUES & GROSS MARGIN %



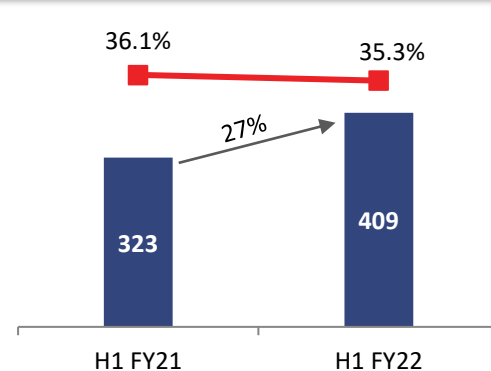
EBITDA & EBITDA MARGIN %



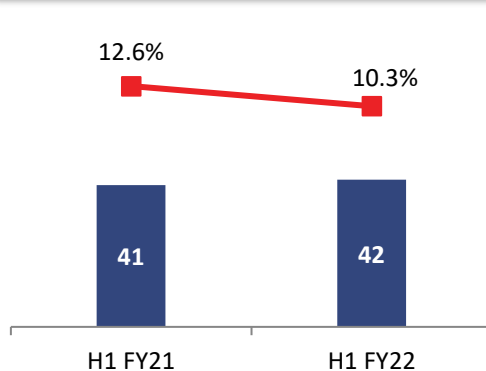
CASH PROFIT *



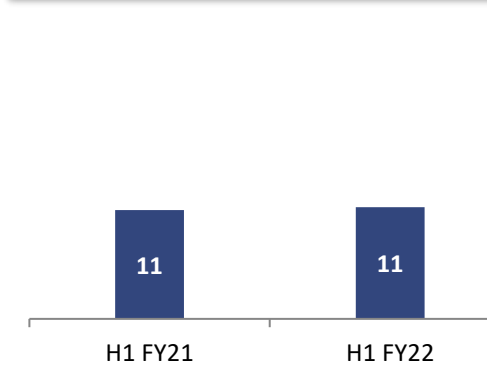
NET REVENUES & GROSS MARGIN %



EBITDA & EBITDA MARGIN %



CASH PROFIT *



Note:

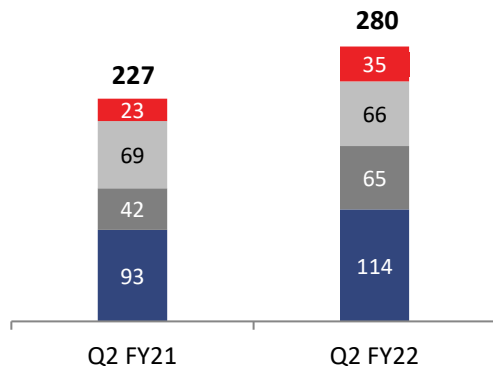
* Cash Profit = PAT + Depreciation + Taxes

Q2 FY22: YoY SEGMENT ANALYSIS



In ₹ Crore

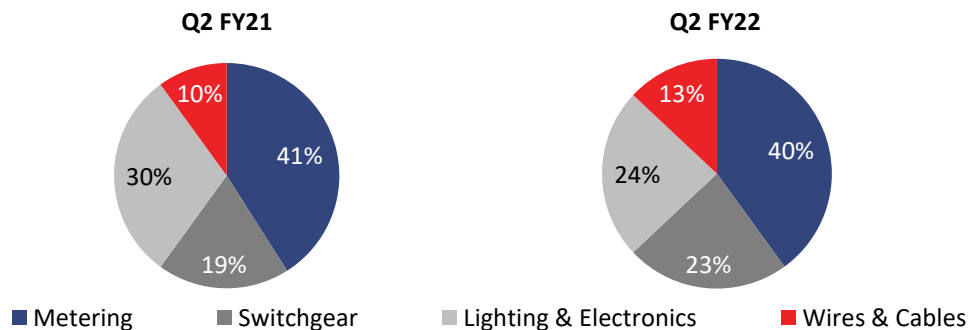
SEGMENT NET REVENUE & EBIT MARGIN



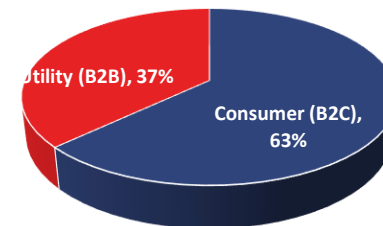
Particulars	Net Revenue		% Change	% EBIT Margin	
	Q2 FY21	Q2 FY22		Q2 FY21	Q2 FY22
Metering	114	93	22%	16.8%	11.4%
Switchgear	64	42	53%	18.4%	15.3%
Lighting [^]	66	69	-4%	10.1%	9.6%
Wires & Cables	35	23	53%	3.7%	3.1%

[^]Lighting: Trade & Consumer lighting has seen a strong double digit growth. The industrial & project segment witnessed a degrowth due to delay in the project schedule

SEGMENT REVENUE SHARE %



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

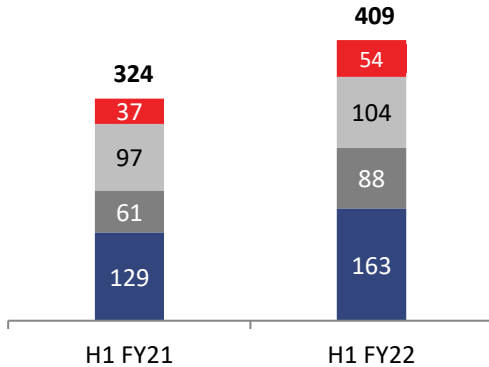
H1 FY22 : YoY SEGMENT ANALYSIS



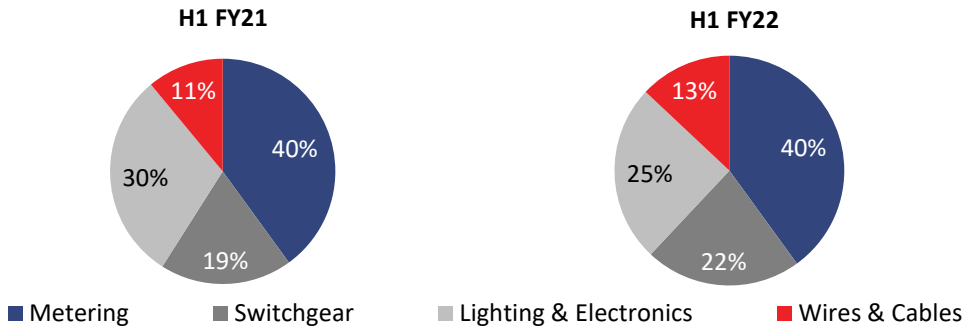
In ₹ Crore

SEGMENT NET REVENUE & EBIT MARGIN

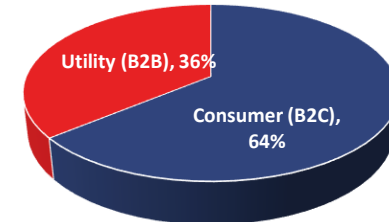
Particulars	Net Revenue		% Change	% EBIT Margin	
	H1 FY21	H1 FY22		H1 FY21	H1 FY22
Metering	129	163	27%	12.4%	9.4%
Switchgear	61	88	44%	13.1%	11.7%
Lighting	97	104	7%	7.8%	7.3%
Wires & Cables	37	54	46%	1.3%	2.7%



SEGMENT REVENUE SHARE %



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

□ Elated Q2 FY22 performance across segments

- During the quarter, the overall revenues grew by **23% YoY to ₹ 280 crores** led by revival in consumer sentiments due to phase wise opening of economy, festive seasons sales coupled with the Government's aggressive vaccination drive.
- The Metering business revenue grew by **22% YoY to ₹ 114 crores** in Q2 FY22 due to rise in inspection and dispatches. The traction gained during Q2 FY22 in Metering business is expected to remain buoyant with the government's thrust for installation of 25 Crores smart meters across the nation.
- The 'Consumer & Trade' segment (including non-utility meters) grew by **20% YoY to ₹ 175 crores** in Q2 FY22. (Excluding non-utility meters, the 'Consumer' segment surged by 20% to ₹ 165 crores in Q2 FY22).
- *Exports grew at 51% YoY in H1 FY22.*

□ The 'Consumer' products reported growth across the segments on a year-on-year basis

- Both switchgear and wire & cable segment revenue grew by **53% YoY at ₹ 64 crores and ₹ 35 crores**, respectively during Q2 FY22. In order to mitigate the rising input cost, the Company took a price hike of 10-12% twice during Q2 FY22. The lighting segment revenue degrew by 4% YoY to ₹ 66 crores in Q2 FY22. The trade & consumer lighting witnessed a strong growth. On the other hand, the industrial and project segment experienced slowdown due to delay in project schedule.
- Share of Consumer segment stood stable at 63% in Q2 FY22.

□ EBITDA at ₹ 32 crores; EBITDA margin at 11.6%

- The EBITDA Margin contracted by 341 bps YoY to 11.6% in Q2 FY22 due to sharp increase in the raw material prices (357 bps YoY) led by increase in metals prices and industrial plastics coupled with global chip shortages. Such sharp surge in the raw material prices were marginally passed on to consumers, while others have a lag effect. The other expenses increased by 62 bps YoY owing to higher marketing spends. On the other hand, decline in employee expenses (78 bps YoY) restricted further margin contraction.

□ Cash Profit during Q2 FY22 stood at ₹ 16.8 crores.

□ Current Order Book (net of GST) stood at an all time high at ₹ 859 Crores - Meters (₹ 451 crores), Switchgear (₹ 182 crores), Lighting (₹ 57 crores) and Wires & Cables (₹ 169 crores).

❑ **Strong order book of ₹ 859 crore ensures revenue visibility -**

- The commencement of execution on ₹ 372 crores order for switchgear, wires and other related accessories for housing project in Andhra Pradesh is expected to commence in Q3FY22 making meaningful contributions to the Company's topline.
- HPL has 'smart meter orders' worth ₹ 250+ crores which is expected to be executed in the coming quarters.
- The Government is expected to float ~ ₹ 2,500 crores (existing and tenders in pipeline) Metering tenders resulting to picking up of enquiries, participation and winning of smart meters tenders amongst the industry players.

❑ **The 'Metering' segment is likely to experience sharp recovery in H2 FY22 -**

- The Inspection and enquiries for the Metering segment has experienced an uptick post easing of COVID-19 restrictions and lockdowns during Q2 FY22. HPL expects the momentum to be sustained for H2 FY22 and the coming years.
- The PFC has released ₹ ~300 billion in August 2020, as a part of the one-time liquidity injection of ₹ 1,200 billion to power discoms which is likely to improve their financial position materially. In order to avoid payment delays and attract investments, the Government is planning to allow smart meter operators receive first claim on consumer power bills. This will enhance the demand for new metering orders over the next one year, ensuring timely payment of dues to equipment suppliers like HPL.

❑ **HPL to benefit from the Smart Meter Opportunity -**

- The Government has earmarked ₹ 225 billion towards installation for 25 crores smart prepaid meters across the nation under the ₹ 3-lakh-crore power distribution scheme which is likely to give the much-desired boost to the smart-metering segment.
- The Electricity Bill 2021 seeks to de-license power distribution to reduce entry barriers for private players for creating competition in the segment, which would ultimately enable consumers to choose one from multiple service providers. This competition will enable improvement in the distribution services which is likely to benefit metering players like HPL.
- Current Metering order book of the company has more 50% Smart Meters orders and as the Government is pushing hard for conversion of Conventional Meters to Smart Meters, the share of Smart Meters is expected to rise even further. Smart meters to attract higher realisations, thereby leading to enhanced revenue & profitability.

❑ **The 'Consumer' segment is set for strong growth trajectory in the coming quarters with improving consumer sentiment, revival in the economic activities and higher government spending.**

- The consumer segment has better working capital cycle and margins. The consumer segment is making notable contribution to the overall revenue, led by prudent market strategies and enhanced distribution network, the overall working capital cycle and margins is expected to improve.

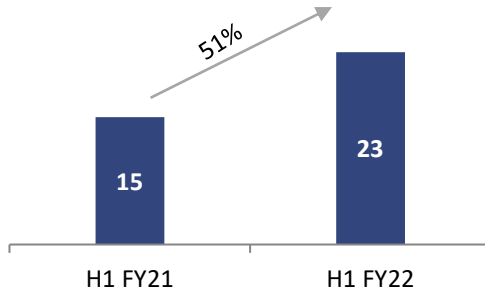
❑ **The ongoing vaccination drive coupled with phase wise upliftment of lockdown restrictions has boosted the consumer sentiments. However, the subsequent lockdowns/trade restrictions due to the anticipated third wave of COVID-19 may impact our performance, going forward.**

❑ **Overall, the Company is confident of driving sustainable growth with pick up economic activities and positive consumer sentiment.**

EXPANDING ITS GLOBAL FOOTPRINT



Exports (In ₹ Crore)



HPL's Global Network



- Exports surged by 51% YoY to ₹ 23 Crores in H1 FY22 due to lower base & despite of COVID-19 restrictions in several countries.
- The Exports Order book stands at ₹ 25 Crores as on date. The Company has bagged a single largest export order worth ₹ 11 crores in H1 FY22.
- The Company has its footprints in around 42 countries.

Switch gear segment drives the export share with ~ 20% of its revenue coming from exports in FY21

CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (In ₹ Cr.)	Q2 FY22	Q2 FY21	YoY%	H1 FY22	H1 FY21	QoQ%	FY21 #
Net Revenue from Operations	279.8	227.1	23.2%	408.8	323.3	26.5%	875.1
COGS	185.2	142.2	30.2%	264.7	206.7	28.0%	551.8
Gross Profit	94.6	84.8	11.4%	144.1	116.5	23.7%	323.3
Gross Margin (%)	33.8%	37.4%	-357 bps	35.3%	36.1%	-79 bps	36.9%
Employee Expenses	31.5	27.3	15.2%	55.2	42.3	30.5%	111.9
Other Expenses	30.7	23.5	30.6%	46.7	33.6	39.1%	92.4
EBITDA	32.4	34.0	-4.8%	42.2	40.6	3.8%	119.0
EBITDA Margin (%)	11.6%	15.0%	-341 bps	10.3%	12.6%	-225 bps	13.6%
Other Income	1.2	0.8	38.3%	2.6	2.0	29.8%	4.1
Finance Costs	16.8	16.2	3.7%	33.7	31.9	5.7%	64.4
Depreciation	11.9	11.2	6.4%	23.6	22.0	7.1%	44.9
PBT	4.9	7.5	-35.2%	-12.6	-11.3	N.A.	13.7
Taxes	0.0	0.5	-107.5%	2.5	1.2	109.2%	3.7
PAT	4.9	7.0	-30.2%	-15.0	-12.5	N.A.	10.0
Cash Profit *	16.8	18.7	-8.2%	11.0	10.7	2.9%	59.0
Earnings Per Share (EPS)	0.77	1.09	-29.4%	-2.33	-1.94	N.A.	1.55

Note:

Adjusted for revenue lost/deferred on account of Covid-19, EBITDA and PAT in FY21 would have been substantially higher than reported

* Cash Profit = PAT + Depreciation + Taxes

CONSOLIDATED BALANCE SHEET



Particulars (In ₹ Cr)	Sep-21	Mar-21
Equities & Liabilities		
Shareholder's Funds	742.6	758.3
Equity share capital	64.3	64.3
Other Equity	678.3	694.0
Minority Interest	1.7	1.7
Non-Current Liabilities	79.9	70.3
Borrowings	56.3	44.0
Other Financial Liabilities	13.9	16.6
Provisions	9.7	9.8
Current Liabilities	757.5	759.9
Borrowings	516.7	507.9
Trade Payables	190.8	190.1
Other Financial Liabilities	45.4	44.9
Provisions	2.6	6.9
Other Current Liabilities	2.0	10.1
Total Equity & Liabilities	1,581.6	1,590.2

Particulars (In ₹ Cr)	Sep-21	Mar-21
Assets		
Non-Current Assets	509.6	510.9
Property, Plant & Equipment	435.0	450.9
Intangible Assets	10.1	13.5
CWIP	19.3	1.7
Investments	0.0	0.0
Loans	2.7	2.6
Deferred Tax Assets (Net)	30.0	32.6
Other Non-Current Assets	12.6	9.6
Current Assets	1,072.0	1,079.4
Inventories	487.1	442.9
Trade receivables	458.8	512.9
Cash & Bank Balances	74.3	72.4
Loans	0.6	0.5
Other Financial Assets	17.0	14.9
Current Tax Assets (Net)	1.8	1.0
Other Current Assets	32.5	34.8
Total Assets	1,581.6	1,590.2



“Garnered Over 20 Million Reach”

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

HPL Electric & Power Ltd
July 22 · 🌐

A blend of AESTHETICS and EXCELLENCE, top-notch quality and reliability. Be it design or performance, HPL has got you covered. Check out our website for various design options – www.hplindia.com.
#hpl #hplindia #modularswitches #switches #hplswitches #homedecor #switchboard #switchtohpl

www.hplindia.com

Satyendra Kumar and 52 others 13 Shares

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82,440 followers
2mo · 🌐

Bring home Kasper and work without the worry of power cuts. With our LED Inverter Lamp, you can now work tension-free even with ...see more

www.hplindia.com

46 · 1 comment

HPL Electric & Power Ltd
743 Tweets

HPL Electric & Power Ltd @HPL_Official · Jul 28
Let's make a move towards saving our planet with greenery and put our efforts to conserve the nature on this World Nature Conservation Day.
#hpl #hplindia #Worldnatureconservationday2021 #natureconservation #nature #sustainableplanet #sustainableliving #conservenature

16 views
0:06 / 0:14

RAISING THE BRAND VISIBILITY QUOTIENT VIA ADVERTISING & PR ACTIVITIES



Reinforcing the Presence in the ecommerce and Modern Trade along with BTL activities



PR Initiatives across Digital & Print media platform

COVER STORY

India must take giant strides to expand domestic manufacturing and create global impact

Gautam Seth, HPL Electric & Power



HPL Electric & Power is a formidable name in the electrical industry with an ever-expanding range of products & services divided into Metering Solutions, Switchgear, Metering Solutions, LED Lighting and Wires & Cables. A technology-driven company in the core, HPL innovates cutting-edge technology products and solutions for the domestic as well as international markets. HPL has redefined electronic metering in the country. Its I/O Switchgear and CEMS based IoT technology can control distributed with a click of a button. HPL's recently introduced Smart-wonders of lighting is truly a path-breaking innovation. In an electric industry with P.K. Sathyanarayanan, Gautam Seth,

A. Mahaling Gurusai, the big picture of the Indian electrical industry now poised to grow at a fast pace, and the HPL CEO's role in the company is playing to stay ahead as a transformer and a trailblazer in the momentum of the electrical and power sector. **Electric**



Gautam Seth, HPL Electric & Power CEO

Q. It is everything hazy with the electrical scene in India. Is the country geared to bridge the gap between demand and supply?

The demand is on the rise. It is a long-term reality. How many outlets are getting more technology trends and innovation. Unlike the electric industry, the power sector is not getting a similar impetus. The government is trying to establish a power grid that is smart and the Government claims the HPL India, CEMC & IOT will have more on providing National grid to the DISCOMs. The energy plan is a major step in bridging the gap between demand and supply and needs to grow at a fast and sustained pace.

Q. What is the dynamism of the power sector in India?

India's GDP is expected to reach \$23.2 trillion by 2023. Higher share of the world's total GDP is expected to be followed by a faster increase of per capita GDP and an increase in the number of India's electricity demand that is expected to triple by 2030. Therefore, the Government of India is looking at bringing in Power 2.0 as a model which has accelerated capacity addition in the country.

Q. How is the technological innovation you are looking better in power?

Smart metering has many benefits such as:

- Operational benefits: Smart metering helps in the reduction of power theft and also eliminates the need for an on-site metering.
- Security benefits: This augments advanced metering of customer monitoring.
- Customer benefits: Smart metering customers have access and manage their energy consumption.



The HPL Smart Meters of HPL LED Lighting

Q. What are the benefits of energy metering and how do you expect it?

Smart metering makes the power distribution stable through:

- Automatic customer billing
- Dynamic operation of the distribution system
- Energy conservation
- Load shedding and balancing

Q. What are the technological innovations you are looking and aiming to smart metering?

HPL has been at the forefront of supplying smart meters in the Indian market. The company has one of the largest portfolios of meters in India. HPL has a wide range of meters in various industries with advanced technology. The company's research and development capabilities accommodate design and development of a range of energy metering solutions. This includes smart meters for various applications like smart grids and advanced metering infrastructure (AMI) deployment. Smart meters are used for various applications like smart grids and advanced metering infrastructure (AMI) deployment. Smart meters are used for various applications like smart grids and advanced metering infrastructure (AMI) deployment.

Q. You are one of the pioneering manufacturers of I/O Switchgear. How do you see the growth in this sector?

The power sector is crucial for the economic growth and welfare of nations. India's power sector is one of the most rapid in the world. For the electric industry to bridge the demand and supply, the government is looking at bringing in Power 2.0 as a model which has accelerated capacity addition in the country.

Q. How do you see the growth of the power sector in India?

India's GDP is expected to reach \$23.2 trillion by 2023. Higher share of the world's total GDP is expected to be followed by a faster increase of per capita GDP and an increase in the number of India's electricity demand that is expected to triple by 2030. Therefore, the Government of India is looking at bringing in Power 2.0 as a model which has accelerated capacity addition in the country.

Q. What are the benefits of energy metering and how do you expect it?

Smart metering makes the power distribution stable through:

- Automatic customer billing
- Dynamic operation of the distribution system
- Energy conservation
- Load shedding and balancing

COVER STORY

India must take giant strides to expand domestic manufacturing and create global impact

Gautam Seth, HPL Electric & Power



Q. It is everything hazy with the electrical scene in India. Is the country geared to bridge the gap between demand and supply?

The demand is on the rise. It is a long-term reality. How many outlets are getting more technology trends and innovation. Unlike the electric industry, the power sector is not getting a similar impetus. The government is trying to establish a power grid that is smart and the Government claims the HPL India, CEMC & IOT will have more on providing National grid to the DISCOMs. The energy plan is a major step in bridging the gap between demand and supply and needs to grow at a fast and sustained pace.

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Q. How is the technological innovation you are looking better in power?

Smart metering has many benefits such as:

- Operational benefits: Smart metering helps in the reduction of power theft and also eliminates the need for an on-site metering.
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CHANNEL CONNECTS, DEALER MEETS & TRADE EXHIBITION



Organized Top Dealer Meets in Jaipur, Jodhpur and Ahmedabad in Q2 FY22 with over 175 dealers



Showcasing emerging Solar Products at REI Exhibition, India Expo Mart, Greater Noida, 15-17 September 2021





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'

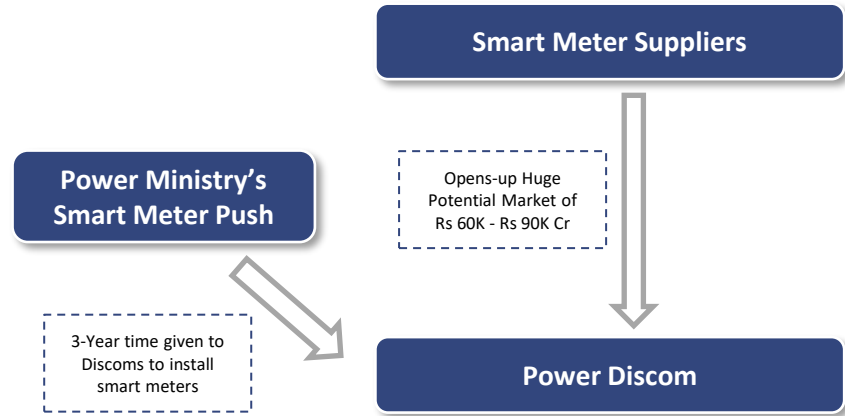
***Sectoral Opportunities to Provide
Growth Momentum***

- ✓ 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 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 discoms owed Rs 78,379 crore to power generating companies in FY21
 - 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. 100+ 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 – <i>‘this capacity is fungible and can be used for smart meters as well’</i> |
| ✓ | 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 (<i>launched 3 new products in FY21</i>)
▪ 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 FY21, this segment comprised ~63% 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 FY21 -
 - **Switchgear:** Launched 'over 6' new products including the industrial and domestic range, along with new products in solar category
 - **Lighting:** Launched 12 new products including 'Bright Neo LED Pattern', 'Spark Gold', 'Tri-Glow LED Tri-Colour Pattern', 'Kasper Gold', etc.
- *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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