

METERING

Intelligent measurement solutions for Industrial & Commercial application.



LIGHTING

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



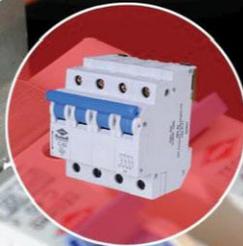
WIRES & CABLES

Comprehensive solutions for optimum performance.



PROTECTION DEVICES

'Electric Safety' is our Top Mantra



THE POWER OF TECHNOLOGY

HPL ELECTRIC & POWER LIMITED

Q4 & FY17 RESULTS UPDATE

MAY 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



DIVIDEND PAYOUT FOR FY 2016-17

**BOARD OF DIRECTORS HAVE RECOMMENDED A DIVIDEND OF RS. 1.50 PER EQUITY
SHARE OF RS. 10 EACH FOR THE YEAR ENDED 31ST MARCH, 2017
WHICH AMOUNTS TO A TOTAL DIVIDEND PAYOUT OF
RS. 9.64 CR (EXCL. DIVIDEND DISTRIBUTION TAX OF RS. 1.96 CR)
TRANSLATING INTO DIVIDEND PAYOUT RATIO OF 41%* OF THE REPORTED PAT**

* Including Dividend Distribution Tax

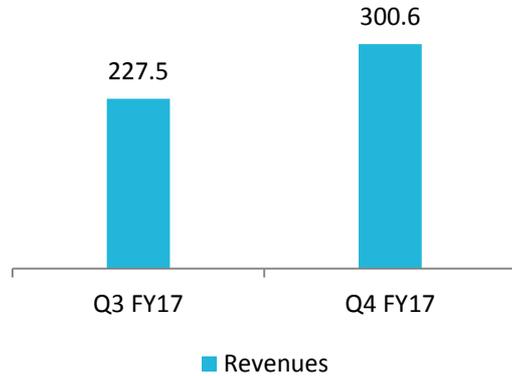
Q4 & FY17 RESULT ANALYSIS

Q4 FY17 QoQ ANALYSIS

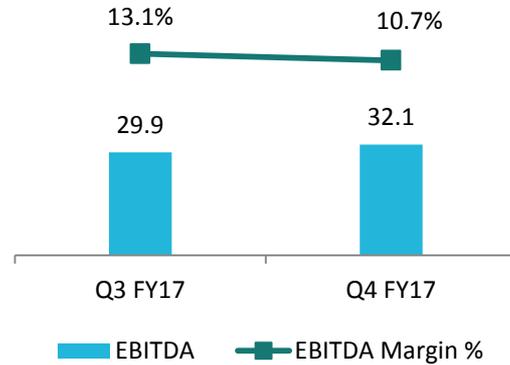


In Rs Crore

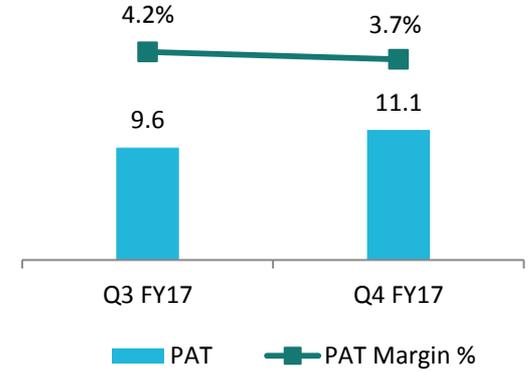
REVENUES



EBITDA & EBITDA MARGIN



PAT & PAT MARGIN

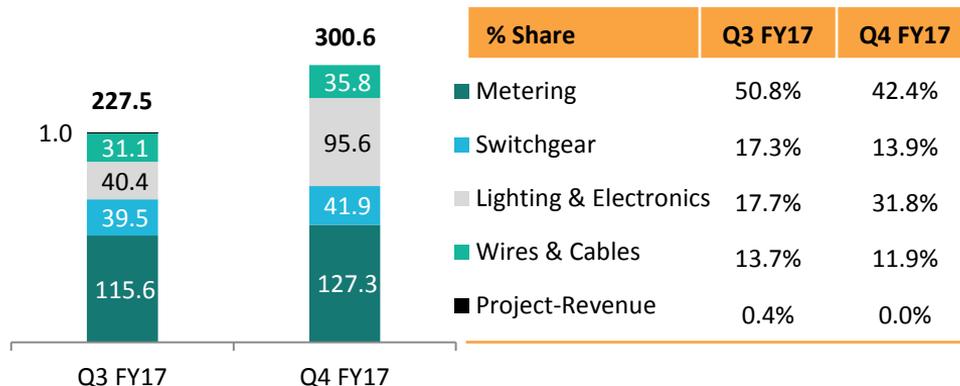


- Three successive quarters of growth in revenue and margin
- Q4 FY17 revenues grew by 32.1% QoQ driven by healthy growth across all 4 segments – Meters, Switchgears, Lighting & Electronics and Wires & Cables
- EBITDA increased by 7.4% QoQ in line with higher revenues. EBITDA margin however declined from 13.1% to 10.7% due to unfavourable product mix
- PAT increased by 15.6% on QoQ basis

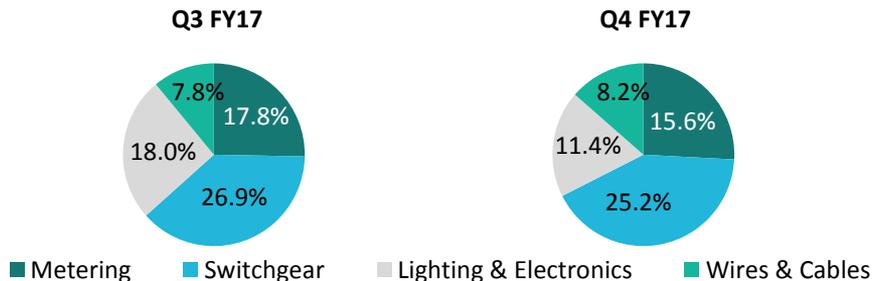
Q4 FY17 QoQ ANALYSIS

In Rs Crore

REVENUE ANALYSIS



EBIT MARGIN ANALYSIS



- Metering sales grew by 10% QoQ with improved traction in orders from utilities
- Metering margin declined due to unfavourable product mix
- Switchgear sales grew by 6% QoQ while margin improved due to better product mix
- Lighting sales grew by 137% QoQ due to higher trade sales of LED bulbs and luminaries
- The Lighting product range has been expanded to include Electronics which consists of Lighting Electronics, Drivers, Ballast & other electronic components
- Wires & Cables sales grew by 15% QoQ driven by improved volumes and upward price revision

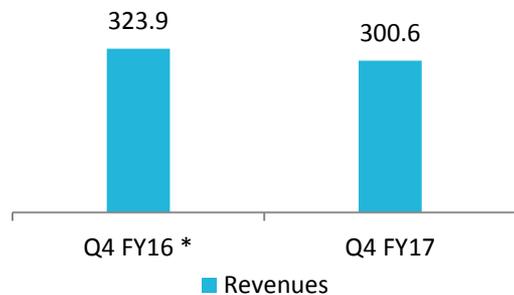
Q4 & FY17 RESULT ANALYSIS

Q4 & FY17 YoY ANALYSIS



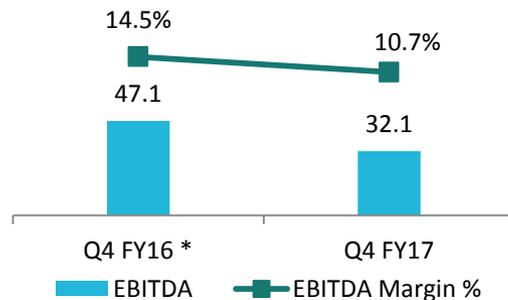
In Rs Crore

REVENUES

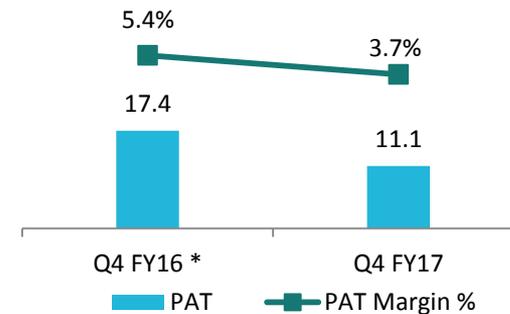


EBITDA & EBITDA MARGIN

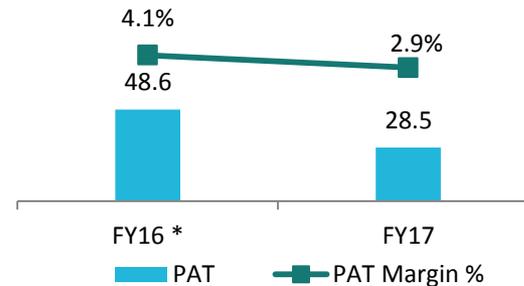
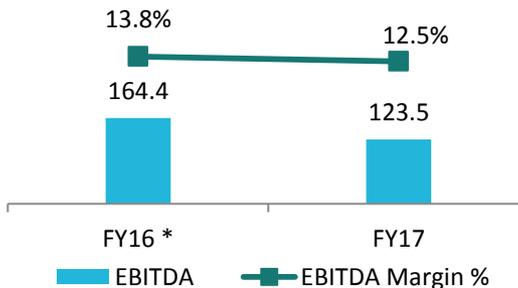
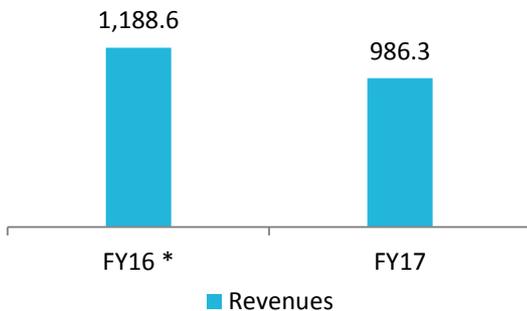
Q4 FY17 YoY Analysis



PAT & PAT MARGIN



FY17 YoY Analysis



* Based on Proforma Financials including the contribution from Himachal Energy Private Limited

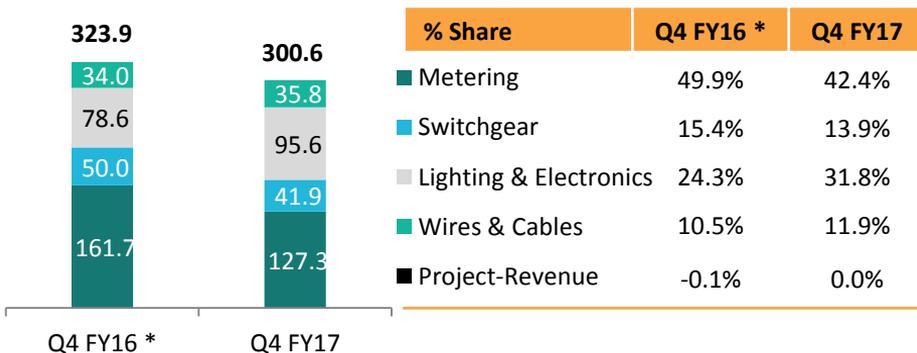
Q4 & FY17 RESULT ANALYSIS

Q4 & FY17 YoY Analysis



Q4 FY17 YoY Analysis

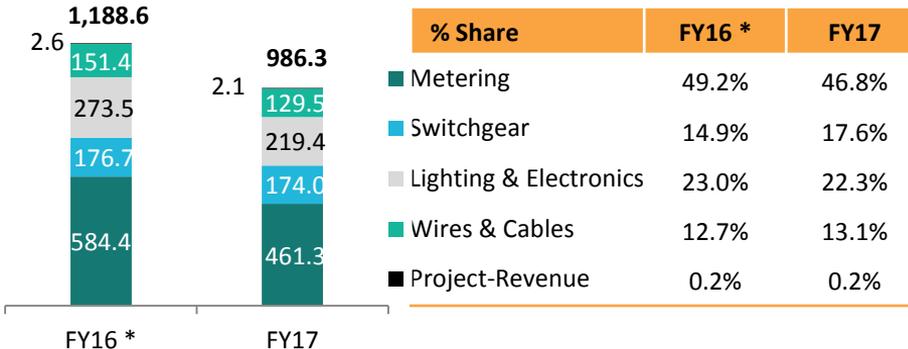
REVENUE ANALYSIS



FY17 YoY Analysis

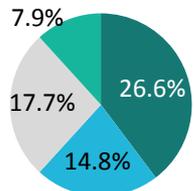
In Rs Crore

REVENUE ANALYSIS

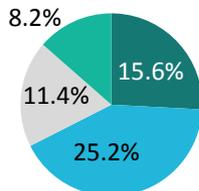


EBIT MARGIN ANALYSIS

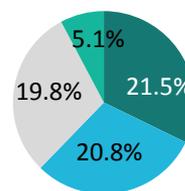
Q4 FY16 *



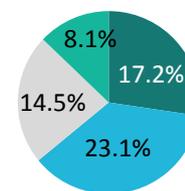
Q4 FY17



FY16 *



FY17



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

* Based on Proforma Financials including the contribution from Himachal Energy Private Limited



- **Operating performance witnessed significant improvement in H2 FY17 –**
 - Revenues: Rs 528.1 cr in H2 FY17 vs. Rs 458.2 cr in H1 FY17
 - EBITDA: Rs 62.0 cr in H2 FY17 vs. Rs 61.5 cr in H1 FY17
 - PAT: Rs 20.7 cr in H2 FY17 vs. Rs 7.8 cr in H1 FY17
- **Metering sales declined YoY due to lower take-off of metering orders by utilities. However, the situation has improved in Q4 FY17.**
- **While Switchgear sales marginally declined YoY, margin witnessed improvement from 20.8% to 23.1% in FY17 due to better product mix**
- **Lighting sales grew by 22% YoY in Q4 FY17, however FY17 sales were lower due to phase-out of CFL products and voluntary reduction of low margin business from EESL/projects**
- **Increased focus on LED bulbs & luminaries helped in partially offsetting the impact of lower CFL sales**
- **Wires & Cables sales grew by 5% YoY in Q4 FY17 along with improved margin from 5.1% to 8.1%**

KEY DEVELOPMENTS

- **Strong order book of Rs 285.4 cr as on 31st March 2017**
 - Metering orders of Rs 199.2 cr
 - Lighting orders of Rs 59.8 cr
 - Switchgear orders of Rs 21.4 cr
 - Wires & Cables orders of Rs 4.9 cr
- **Metering business set to witness traction in Solar Net Meters backed by Government's push for Solar power**
- **Switchgear & Lighting business continue to benefit from government initiatives like IPDS, DDUGJY in the renewables space**
- **HPL's comprehensive product range stands to benefit from 'Housing for All' – Affordable Housing initiative and implementation of RERA and PMAY which will lead to faster execution of and closure of ongoing projects**
- **Advanced lighting solutions (including Lighting Electronics, Drivers, Ballast etc.) with integrated communication is set to present new business opportunities**
- **With an increased focus on working capital efficiency, HPL has already signed 225 Channel Partners for 'Dealer Channel Financing' which will reduce debtor days over coming quarters**

Q4 & FY17 RESULT ANALYSIS

CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (In Rs Cr)	Q4 FY17	Q3 FY17	QoQ %	Q4 FY16 *	YoY %	FY17	FY16 *	YoY %
Revenue from Operations	300.6	227.5	32.2%	323.9	-7.2%	986.3	1,188.6	-17.0%
COGS	211.9	148.0	43.2%	207.2	2.3%	654.1	780.6	-16.2%
Gross Profit	88.7	79.5	11.6%	116.7	-24.0%	332.3	408.0	-18.6%
Gross Margin	29.5%	34.9%	-543 bps	36.0%	-653 bps	33.7%	34.3%	-64 bps
Employee Expenses	29.3	27.7	6.0%	36.8	-20.3%	112.4	112.0	0.4%
Other Expenses	27.3	21.9	24.5%	32.8	-16.9%	96.3	131.6	-26.8%
EBITDA	32.1	29.9	7.4%	47.1	-31.9%	123.5	164.4	-24.9%
EBITDA Margin %	10.7%	13.1%	-246 bps	14.5%	-387 bps	12.5%	13.8%	-131 bps
Depreciation	6.2	6.0	3.3%	5.7	8.0%	23.9	21.6	10.7%
Finance Cost	11.0	11.6	-5.1%	22.6	-51.4%	65.7	84.1	-21.9%
Other Income	1.0	1.6	-38.2%	1.1	-9.0%	5.4	5.4	-0.4%
PBT	15.9	13.9	14.2%	19.8	-19.9%	39.4	64.2	-38.7%
Tax Expense	4.8	4.3	10.4%	2.4	99.4%	10.9	15.6	-30.1%
PAT	11.1	9.6	15.9%	17.4	-36.3%	28.5	48.6	-41.4%
Minority Interest	0.0	0.0	873.3%	0.0	873.3%	0.2	0.3	-49.7%
Reported PAT	11.1	9.6	15.5%	17.4	-36.5%	28.3	48.3	-41.4%
PAT Margin %	3.7%	4.2%	-53 bps	5.4%	-170 bps	2.9%	4.1%	-119 bps
Earnings Per Share (EPS) - Diluted In Rs.	1.73	1.49	16.1%	1.98	-12.6%	5.14	10.47	-50.9%

* Based on Proforma Financials including the contribution from Himachal Energy Private Limited

Q4 & FY17 RESULT ANALYSIS

CONSOLIDATED BALANCE SHEET



Particulars (In Rs Cr)	FY17
Equities & Liabilities	
Shareholder's Funds	730.2
Equity share capital	64.3
Other Equity	665.9
Minority Interest	12.6
Non-Current Liabilities	46.4
Long Term Liabilities	0.3
Deferred tax liabilities (net)	25.8
Other Long Term Liabilities	14.5
Long Term Provisions	5.8
Current Liabilities	659.0
Short Term Borrowings	362.6
Trade Payables	265.1
Other current liabilities	22.2
Short Term Provisions	9.1
Total Equity & Liabilities	1,448.2

Particulars (In Rs Cr)	FY17
Assets	
Non-Current Assets	443.8
Tangible Assets	387.2
Intangible Assets	32.8
Capital Work in Progress	0.0
Goodwill on Consolidation	18.3
Non-Current Investments	0.0
Long Term Loans & Advances	5.5
Current Assets	1,004.4
Inventories	377.6
Trade receivables	467.5
Cash & Bank Balances	67.4
Short Term Loans & Advances	90.4
Other Current Assets	1.6
Total Assets	1,448.2

HPL COMMENCES COMMERCIAL PRODUCTION AT NEWLY SET-UP MANUFACTURING PLANT AT GUWAHATI, ASSAM

- The new plant, commenced on 30th March 2017, will have capabilities to manufacture range of Switchgears, Circuit Breakers, Fans, Wiring Accessories, Electronic Energy Meters
- HPL will now have an easier access to North Eastern Indian Market
- HPL will avail various tax benefits offered by the Government



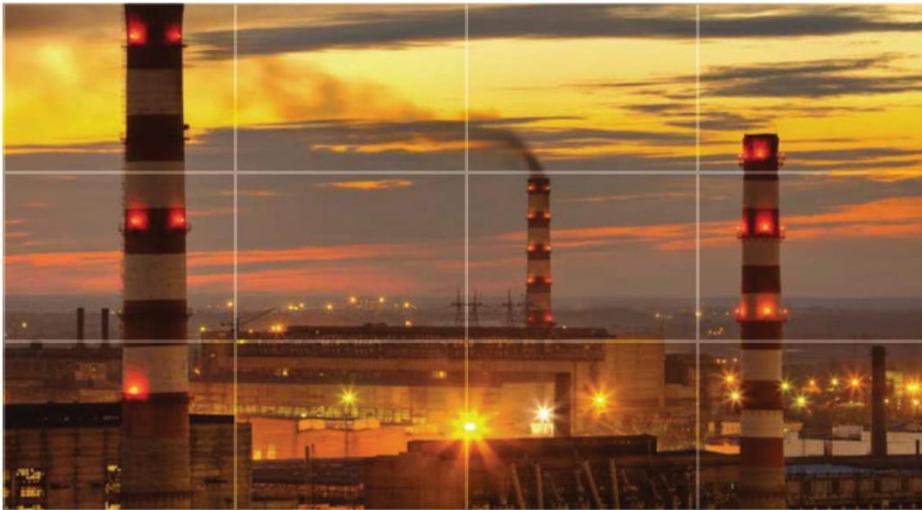


QUARTERLY
UPDATE

COMPANY
OVERVIEW

BUSINESS STRATEGY
& OUTLOOK

SHAREHOLDING
STRUCTURE



METERING

Intelligent measurement solutions
for Industrial & Commercial applications.

A circular inset image showing a white smart meter device with a digital display and various ports. The background of the entire section is a night cityscape with a bridge and buildings lit up, reflected in water.



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 FY16.
- EBITDA Margins have been stable in the range of 10%-13% in the last 5 years
- Significant deleveraging of Balance Sheet post the debt repayment of Rs 320.5 cr in FY17; with D/E ratio coming down from ~1.6x in FY16 to ~0.5x as of Mar-17. This should result in significant improvement in PAT Margin going forward

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

HT Meter



Multi Function Meter



Prepaid Meter



Long Range Meter



emfis

Power Utilities

Switchgears

Industrial Applications

ACB MCCB Changeover Switch



Domestic Applications

Bsafe MCB Techno MCB 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



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

LAUNCH OF INNOVATIVE PRODUCTS & ROBUST NEW PRODUCT PIPELINE:

- **CCMS Street Lighting System:** Leads to significant saving in manpower & energy through automated settings for sunset & sunrise timings, remote energy metering & dimming of lights during off-peak hours
- **Smart Meters** with Tamper-Proof features
- **Elmo Modular Switch** made from fire retardant UV stabilised engineering plastic
- **Motion Sensor LED Panel & Tube-light** with remote control
- **2 in 1 LED Bulb** with colour changing feature
- **Future Product Pipeline:** Solar Cables, Gas Meters

MOVING FROM PRODUCT SUPPLIER TO INTEGRATED SOLUTION PROVIDER

- Combine software with products to enable automation and communication - Prepaid Meters, Smart City Solutions, Smart Meters
- HPL has secured the **first order for Smart City Lighting in Bhopal** in Consortium with Bharti Infratel and Ericsson
 - HPL will provide street lighting solutions along with automation through centralised server communication

Kumbh Mela Lighting based on CCMS (Centralised Control Monitoring System) technology



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

Himachal Energy Facility:

- **Products:** Electronic energy meters
- **Capacity:** 5 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



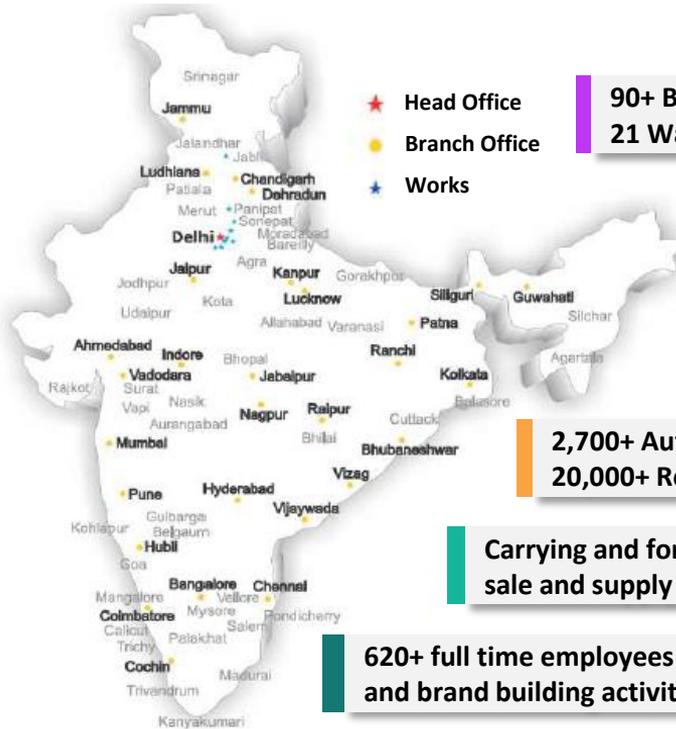
- **Products:** Wires and Cables
- **Capacity:** 194.4 Mn meters

COMPANY OVERVIEW

ESTABLISHED PAN-INDIA DISTRIBUTION NETWORK & BRAND PRESENCE



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



- ★ Head Office
- Branch Office
- ★ Works

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

**2,700+ Authorized Dealers and
20,000+ Retailers**

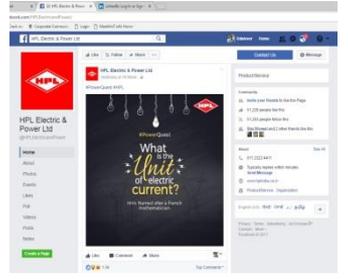
**Carrying and forwarding agents model for
sale and supply through authorized dealers**

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

Retail Branding



Social Media



Outdoor Marketing



International Campaigns





**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

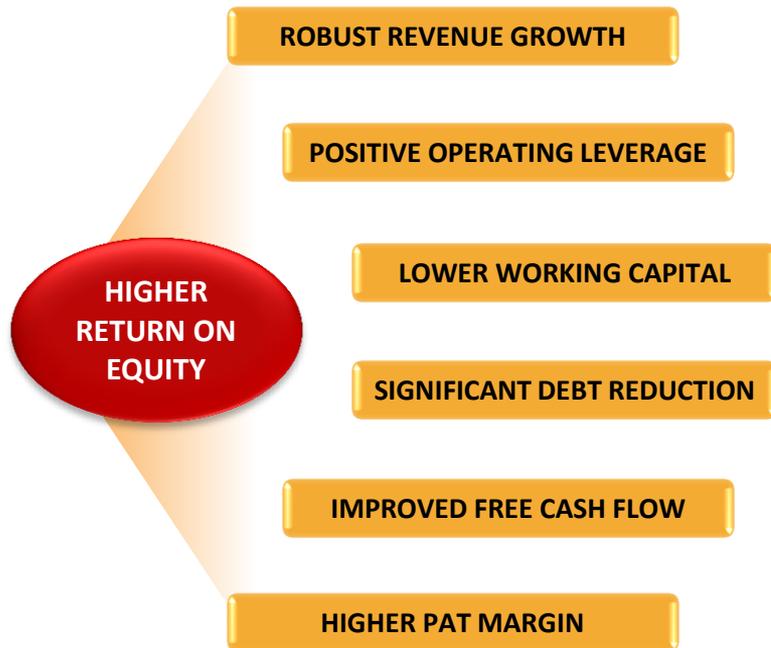
BUSINESS STRATEGY
& OUTLOOK

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LIGHTING

Best in class luminaires 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

- Rs 320.5 cr of debt repaid using IPO proceeds, leading to reduction in finance costs
- Debt down from Rs 579 cr to Rs 363 cr, D:E ratio down from 1.6x to 0.5x
- 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
- Energy efficiency measures like efficient LED bulbs & lighting equipment
- Improved financial health of DISCOMs will help in lowering the working capital cycle of electrical equipment suppliers to DISCOMs

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
- This initiative puts a major thrust over affordable electrical solutions

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

- GST implementation will lead to smoother inter-state goods transport.
- This will reduce the number of warehouses and help in inventory rationalisation and lower working capital cycle



QUARTERLY
UPDATE

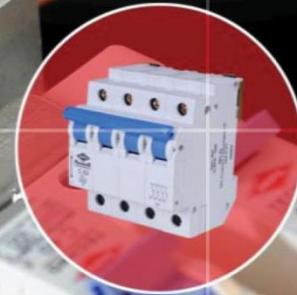
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SHAREHOLDING
STRUCTURE

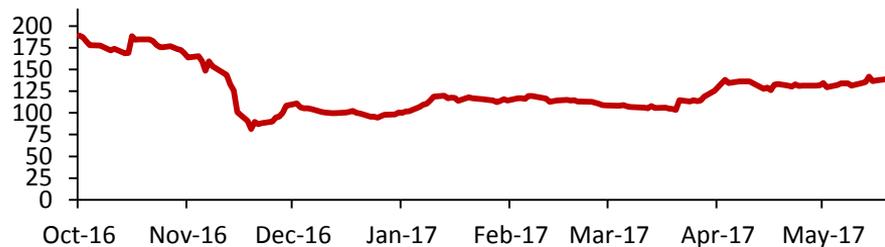
PROTECTION DEVICES

'Electric Safety' is our Top Mantra





SHARE PRICE PERFORMANCE



Source – BSE

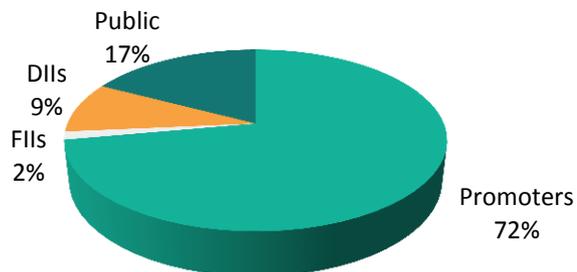
MARKET DATA

AS ON 22ND MAY 2017

Market Capitalization (Rs Cr)	893.1
Price (Rs)	138.9
No. of Shares Outstanding (Cr)	6.4
Face Value (Rs)	10.0
52 Week High-Low (Rs)	198.0 - 74.2

Source – BSE

SHAREHOLDING – 31ST MARCH 2017



Source – BSE

KEY INSTITUTIONAL INVESTORS - 31ST MARCH 2017

% Holding

HDFC AMC	5.32%
Birla Sun Life AMC	2.51%
Morgan Stanley Mauritius	1.00%
Baroda Pioneer MF	0.63%
IDFC MF	0.38%

Source – Company



Mr. Gautam Seth

Joint Managing Director

Email: gautamseth@hplindia.com



Mr. Nilesh Dalvi / Mr. Arun Prakash

IR Consultant

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