



HPL Electric & Power Limited

CIN : L74899DL1992PLC048945

Corporate Office: 76-B, Phase-IV, Sector-57, HSIIDC Industrial Estate,
Kundli-131028, Sonapat, Haryana INDIA.

Tel.: +91-130-350 3958, 350 3437 | E-mail: hpl@hplindia.com

Website: www.hplindia.com

12th August, 2024

The Manager,
Listing Department,
National Stock Exchange of India Ltd.
"Exchange Plaza", C-1, Block G,
Bandra-Kurla Complex, Bandra €,
Mumbai – 400 051
Symbol: HPL

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

Scrip Code: 540136

Subject: Transcript of Conference Call with the Investors/Analysts

Dear Sir

This is with reference to the intimation dated 31st July, 2024 made by the company about the Conference Call scheduled for Investors/Analysts on Wednesday, 7th August, 2024 at 02:30 PM IST. A copy of Transcript of the conference call held with the Investors/Analysts is enclosed herewith and the same is also available on the Company's website i.e. www.hplindia.com.

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 Ltd.

Q1FY25 Earnings Call Transcript

Answered by Management:

Mr. Gautam Seth, Joint Managing Director & CFO

Wednesday, Aug 07, 2024, 2:30PM IST

Moderator:

Ladies and gentlemen, good morning. Welcome to HPL Electric & Power Ltd.'s Q1 FY25 Earnings Conference Call hosted by JM financial and produced by Dickenson. Please note that this conference is being recorded and that some statements in this call may be forward looking based on current expectations and subject to risks that could cause results to differ materially. I now hand the conference over to Mr. Nikhil Kandoi from JM financial Thank you. Over to you, Nikhil.

Nikhil Kandoi:

Thank you. Good afternoon, everyone. On behalf of JM financial Securities Limited, I welcome you all to HPL Electric & Power Ltd.'s Q1 FY25 Earnings Call, today we have with us senior management presented by Mr. Gautam Seth, Joint Managing Director and CFO. We will begin the call with a brief overview by the management, followed by Q and A session. Now, without taking much of their time, I would like to hand over the floor to Gautam sir. Over to you sir.

Gautam Seth:

Good afternoon, everyone.

Thank you for joining us today to discuss our financial and operational performance for the quarter. June 30, 2024, starting with our top line financial performance, I'm pleased to share that our revenue from operations for Q1FY25 reached 393, crores, representing 22.5% increase from 320 crores in q1 last year. This growth was largely driven by our Smart Metering segment, which saw a 35% growth in revenue to 238 crores. This significant increase underscores our ability to capitalize on the current market opportunities and drive top line growth.

Let's dive deeper into the details of the performance. I'm delighted to report that our net revenues increased from 321 crores in Q1 to 393 crores, our gross margin saw an improvement, moving from 33% to 35.7%- this is a testament to our effective cost management and ability to seize the market opportunities.

Now, looking at EBITDA, we have seen an impressive rise from 40 crores to 56.13, crores, making a 40% increase. Our EBITDA margin expanded by 180 basis point to 14.29% on the profitability front, our profit before tax has been doubled, growing by 113% to 23 crores. Profit After Tax searched by an



impressive 145 crores, 140 5% to 17 crores, with the bad margin improving by 217, basis points to 4.33% these numbers highlight our financial performance and the effectiveness of our strategies. With our focus on operational excellence and strategic growth initiatives, we are confident this momentum will carry us forward, driving more success in the coming quarters, looking at the divisional performance, a smart metering segment is leading the way, driving growth and revenue. The demand for smart meters continues to grow as the government, utility companies and consumers are prioritizing the benefit of real time energy monitoring and management.

The consumer and industrial segment also performed well, with a year on year, revenue growth of 6.5% reaching 154 crores. Here again, we saw the LED segment stabilizing after 18 months of having certain price disruptions with great reach and stronger B to C promotions, we expect even better performance in the coming quarters. This diverse and balanced contribution from all segments demonstrates the robustness of our business model and underscores our strong position of. Future growth.

We are seeing positive contributions from all our businesses, showing we are on the right track and ready for more balanced growth.

Let's walk through Q1FY25 performance in a little more detailed and talk about our general business outlook. In summary, we are maintaining a strong and stable order book executing current or current orders on a fast-track mode to ensure healthy execution of our pipeline. This ensures continued revenue visibility for both the short and the medium term. A smart metering segment is the primary driver of growth right now this segment has received good traction in this quarter, with strong execution cycles, good inspection and more inquiries in the pipeline, we're also extended a capacity for smart metering Manufacturing enhancing component manufacturing. Smart Meters are our next game changer, comprising 87% of our current order book and driving higher revenue and profitability.

Our current order book is over 3700 crores, with the metering contributing 95% we are we have opened a new automated smart metering assembly and testing line at our good gown plant, significantly boosting supply and output. The consumer and industrial segment is also performing well, particularly in switch gears and wires and cables. Our growth trajectory remains strong, supported by competitive R and D capabilities and a robust order book, we are well positioned for growth, leveraging our capacity and leading segments.

So now I request that we can go into the Q and A session.

Moderator:

Thank you very much. We will now begin with the question-and-answer session. As a reminder, please click on the Zoom link to enter the interactive audio Q and A session. Kindly ensure you mute this page as you enter zoom. Please enter your firm's name or individual investor along with your name as you join the zoom session, kindly raise your hand on Zoom to join the question queue. You can also post questions in writing on this webcast page. We will wait a few minutes for the question queue to form you. As a reminder, please raise your hand to join the question queue. Information on how to raise your hand on Zoom is added to the community chat box.

We will wait a few minutes for the queue to form.



Our first question will be from the line of Viraj Mahadevi.

Viraj Mahadevia:

Congratulations on the good traction you're seeing and the order book building up. Just give us some qualitative flavor in terms of what you're seeing in the Smart Metering business and the traction in orders. You know, there's these 10 crore orders that you've talked about in last two presentations, underway or at late stages. Can you give us a sense of where you are, have these been tendered out? Have we bid and have we received any confirmation?

Gautam Seth:

If you look at broadly the numbers, and I'm going by, you know, the numbers which are in public domain, I will say almost 11 crore meters are already ordered out. And these are ordered out to the AMISP. So, you know, as HPL electric we are a supplier to these AMISP for the smart meters. So many of these orders are yet to be given out to the meter manufacturers. So, the orders which every meter manufacturer would have, would be the same on the orders which every meter manufacturer would have received and that have been given by the utilities. So, there will always be some gap in that so right now, if you broadly look at it, out of the 22 crore sanctioned meters, total is about 25 crores to be installed. About 11 crore have been given out as HPL electric. We are sitting on a healthy order book of over 3700 crores, and I would say almost 95- 98% of this is all meters, because our other business, the consumer and industrial product business, does not normally have a big order book.

So there the orders because, as it is more B to C channel related- so here the orders are coming on a day-to-day basis. So normally, you know, we would not have a large order book, although the business going forward is always there, and that would come on a day-to-day basis. Coming back to metering, the order book is good. The inquiry banks are also very strong. From the AMISPs, we are, in fact, actively supplying right now to all the top I would say, four, five AMISPs. We are all supplying. We have recently added two more AMISPs into our business fold. And I would believe we are covering a large part of all independent AMISPs which are operating in the market, and many of them have, you know, given orders to us, and we believe that, but they are still, you know, their total quantities, what they have got, are far larger than the quantities they have given out.

So, I guess, based on our delivery schedules, based on the performance, what they will see- more and more orders would be coming out. Yeah, because we are right now, we have understanding on much larger volumes coming out from these players, but the actual orders are still lower. Or rather, they are holding on some orders which eventually would come to us. So overall, the scenario is good. What we said in the last quarters, the momentum is continuing.

Our focus is also apart from getting more orders, is also on timely execution. And I would believe right now, we are a little, you know, far ahead on our production and other things. Our production also has undergone quite a lot of change. We have automated a large part of our production lines. More production lines are getting added, which are, again, semi-automated, totally, you know, it has the online testing. A lot of data gets captured. So, I would say the overall scenario in the industry is good and the way the next few quarters and years look like. So definitely, the demand is going to be very high for smart meters.



Viraj Mahadevia:

Hi, just sorry, one more quick question. The recent order you won of that you announced of 2100 crore was that a single order from a single AMISP, or was it aggregated orders across multiple AMISPs for multiple projects, and your capacities of smart metering are now up from 1.1 crore meters to how many meters?

Gautam Seth:

When I say the productions are going up, our utilization levels are going up. Because, if you recall, we've been, traditionally, always around 65 to 70% of our capacity. Right now, we are working on two things. One, capacity utilization is increasing, I would say, on a month-on-month basis, and even the traditional meters is now becoming a very less part of our business. Everything else is shifting to the smart meters. So, the percentage of smart meters is now becoming large. It's already the dominant one, but it's now almost reaching maybe a 95 90% plus, you know, utilization.

So, utilization is capacity ramp up plus mix changed

I'll just say the capacity ramp up is done more specifically, because, you know, making a smart meter is not a single process. So, there are lot of processes which are done, you know, in series and in parallel, you know, just to, you know, do that. So, lot of, like last year we made a new electronic line capacity. Then we've recently ramped up the engineering plastic capacities. We put in 30 molding machines. We have a new tool room now. So, lot of work is happening when we are talking on the automation part, the assembly testing part is now all getting automated. We have some more lines coming in in the next two, three months. So, the human intervention, even during manufacturing, gets reduced. A lot of it is done through the machine. The speeds are better, the accuracy is better. So, I think that is going to help us like that. So, from a number, you know, maybe that 1.1 crore shifts up or down right now is not so relevant. The utilization goes up. And I think, you know, the way the factories are getting designed, they can probably work, you know, 24 hours in future. You know, that's how we are coming out to be.

Viraj Mahadevia:

That's great. And on the 2100 crore, just some context?

Gautam Seth:

that is, that is largely a single order from a big AMISP. And I would say Still, these are still part quantities, and more, more to come and future. So, I think the business, because out of the 25 crores, as per the official website, I think still only about 1.X-4 crore has been installed. So, a long way to go, and eventually the supply of smart meter will come into the forefront.

You know, I we've been saying it always, but again now, when we look at it the way it is happening, for every AMISP, the one big challenge, or thing has to be getting the right meters to have the whole system running. So, I think opportunity is huge. So, it's going to be there. But the good thing is, like always, what we do in HPL, we are well spread. We have a good customer base with each of the



customers. We are getting orders, and hopefully the repeat orders based on performance. So, I think it should really help us in the next five, seven years.

Viraj Mahadevia:

Fantastic. All the very best in your value creation.

Gautam Seth:

Yeah. Thank you, Viraj,

Moderator:

Our next question will be from the line of Bhushan.

Bhushan:

Hello. Good afternoon, everyone. I would like to ask our debt management and equity capital, considering our strong financial performance. Are there any plans to strengthen our equity capital base, to reduce our leverage ratios further? And what are our strategy for debt management moving forward?

Gautam Seth:

Yeah, so our debt, you know, the debt equity ratio is around 0.76 and I think broadly it has been maintained over the last couple of quarters. So, if you see the business potential is strong. We ourselves have seen a three-year growth coming in almost from 850 crores, going up to 1050 then 1250 and then 1460, and I think we should end up the FY25 anywhere around 1800 crores, maybe plus, plus somewhere. So overall, the business is good. We are also very conscious on looking at the debt and other things, but on an interim basis, while we are ramping up the production, looking at the vast opportunity, the debt, to some extent, has gone up, but overall, looking at the way the business is going to be transformed, especially the Smart Meter business, which is, you know, going to move with the with the less debtor days, and which with much more secured and, you know, like a fixed date payments that will eventually bring down the requirements of working capital. So that is it.

So we are well aware of it, I think you know, there could be opportunities in future for us also to bring down the debt. Right now, we do understand this process. We are studying and evaluating our options, but nothing yet right now, which I can say, which would change the equity or something like that, but overall, the debt is well under control, but with a very, very strong business outlook going forward.

Bhushan:

I have one more question is there any 5G projects in perspective? Are there any projects we are targeting to boost the consumer and industrial segments. And are these strategies sustainable or just a temporary boost that might fizzle out?

Gautam Seth:

No, this. No. So I did, you know, we don't do any projects as such, but we are a good, preferred supplier to the large telecom players, also lot of intermediaries who are, you know, doing value addition



and supplying to these telecom players. In fact, even the upcoming the third telecom player. So, you know, our couple of products have been going to them regularly, and even in the first quarter, even right now, as we talk, there are orders or productions going on where we are supplying the 5G, the equipment, or certain of our electrical or wire cables or switch gears going to the 5G infrastructure which is coming up.

So overall, the potential has been good, of course, not something very large or spiked up like the meters, but it's a continuous requirement which keep coming every month, and we are supplying on that. The good thing is, we are approved with almost everybody. We have very good track record on various of our products and multiple repeat orders, which we keep getting. So, I think it's a good part of our business, and we really look to ramp up that as we go forward.

Bhushan:

Understood one more question, please, with recent turnaround in the lighting segment, do you believe this growth is sustainable, and could it lead to a significant market share in future?

Gautam Seth:

Yes, so, you know, lighting, if you see, last almost 18 months, we have been continuously seeing the price erosion happening. And I think that's an industry wide phenomenon. I think we probably discussed it in a couple of calls. So, you know, this has been happening largely due to the change in technology.

We have seen that in the in the first quarter, our sales have been quite stable as compared to both last quarters. So, the fall, which was happening in the overall sales, has stopped right now, you know, after the long gap of six months, but six quarters. So right now, maybe at least from Q3FY25 we anticipate that the growth will start coming in. So that means the quantities are going up. There are a couple of, you know, positive points when we look at the lighting industry, the channel has been having lesser stocks throughout because when the depreciation of stocks were happening, the values were coming down, so naturally the uptick was less, and people were maintaining lesser stocks in anticipation that the values could go down. So that has happened.

So right now, as we look at it, the channel is not so stocked up. So that's an opportunity to restock them. Second, the overall demand is there. That is what we see. And the unorganized segment has suffered quite a lot, I would believe, in the last 18 months, because even the bigger organized people also suffered. So somehow, I think there has been some disruption in the market. And I would believe the unorganized market has substantially shrunk now. So, when we look at the future, the next two to three years, I would say the growth will come back in the lighting segment. It is directly linked to all the construction, the real estate, the infra projects, what we are seeing around and even the residential segment coming up. So overall, the demand is there.

Unfortunately, with the change in technology, the rates went down. So, despite having volume growth in certain quarters, the values were coming down eventually, but that seems to have stabilized. And looking at that stability, the dealers are also -the channel is also coming back in, you know, helping to procure more. So, I feel the Q2FY25 would be again, probably stable, or maybe like this, but from



Q3FY25 onwards, we should start seeing better numbers and growth coming back in the market. This is I just hope that nothing new comes up. But otherwise, overall, the outlook seems to be good now.

Moderator:

Thank you. Please raise your hand again to rejoin the queue. We will now take a written question from Vijay Goel from ICICI securities, what is our plan to increase our Smart Metering capacity from the current capacity of 11 million units.

Gautam Seth:

So there is also right now we hope that probably by end of the year or early next year, we should reach probably the optimum capacity. But one must understand the capacity, what we talk about is a little flexible capacity that we could work 16 hours or 24 hours in our factories, which many of our processes have already started working on two and three shifts. So right now, immediately, as and when we are seeing it, so there is not going to be any very big investment happening raising our capacity. But if you look at the last two years, constantly we are building our capacities to take it further.

So as and when the demand goes up, I think we will be well geared up for that. So right now, the electronic capacity is further enhanced, probably even beyond the number, what we are looking at, even the industrial plastic part has gone up. There is a lot of tooling going on just to make sure that the feed is there properly and that. So, I think it's going to be more of a continuous process. So as and when we see the future schedules rising- I think we can meet that.

So, when we talk right now, the challenge, of course, is execution- is always a challenge. Execution is always something which requires a very, you know, deep focus and things, but it's not something like a capacity constraint. I don't see that happening. So, if we realize that the businesses are, you know, going to be even further increasing going forward. We have enough time to enhance the capacities here. So right now, I'm not putting a number to that, but if it were to go well above which I think would happen somewhere by in the next year, in FY 26 so we are, anyway, going towards that, and that will happen.

Moderator:

Our next question is from Anshika Chamaria from Yaswi Securities. Now that we have seen the order book having almost doubled and many more inquiries still in pipeline, what sort of revenue growth do we expect going forward? Is there any change from the previous guidance?

Gautam Seth:

So looking at the way the business is, I would, you know, maximum forecast for the current year, because next year could be, you know, it's definitely going to be bigger, but you know how big we will probably, you know, estimate that only in the fourth quarter. But right now, when we look at it, I would say solid growth. We've had the first quarter almost 35% growth. I think that's probably a minimum what



would happen and the metering, but it would probably the second half would be even higher growth than this.

Because anyway, the last that the bases are already high if you look at the second quarter, second half last year, but still in terms of absolute numbers, in terms of sales, definitely the next three quarters are also going to be very good in smart meters, and that will determine but as we reach the fourth quarter, I think that would be a time when we can probably look at the next year in a bigger way. So, in all, if you look at any all indications are very clear that the business is only going to go up from probably a little more than what we had also anticipated. So that's a little positive for us.

Moderator:

Another follow up question from Anshika, we have seen a margin expansion in this quarter. Do we expect this margin level to be sustainable going forward, what is the major reason behind this expansion? What is your outlook on raw material prices?

Gautam Seth:

So, to answer this, you know we would say this the levels of 15 to 16% EBITDA margin on the metering, especially the smart meters, is sustainable, and that's what you know. Of course, we'll strive to even better that as we go forward. But still, I would say, from you know, from an academic point of view, 15 to 16% is sustainable. The main reasons are that the share of smart meters has now become very dominant within the metering segment. So that is going to contribute much more on the EBITA expansion, and that has been contributing, as we have seen in the last quarter. So that is it right now. You know, difficult to predict the movements of the raw materials or the commodities. But if you look at the last 12 months or 18 months broadly, the commodities have been quite stable.

So we have seen the metals, the engineering plastics, even the ICs, or, for that matter, the electronic active and passive components. So more or less- there have not been much supply constraints. The availabilities have been there, and the prices have been constant. Now looking at when you look at the geopolitical situations across the world, so there could be some small disruptions here and there, but from a supplies point of view, supply chain point of view, I don't see any big thing happening, and the margins should remain good.

One thing, just as a disclaimer, that, you know, our prices are fixed, you know, for the entire order period, and which extends for us, being a meter manufacturer and a meter supplier, almost for 24 months, or a little beyond that. So those risks are always there. The prices could go up or down, and the geopolitical situations can always, you know, have certain of these changes happening in the raw material prices. But broadly, the technology is good, the margins are good because of the high technology. So any small disruptions or changes, I won't I don't think it impacts the overall margin structure.

Moderator:

We will take another written question. This question is from Manoj at Kiva Advisors. How is Q2FY25 revenue execution looking versus Q1FY25- are we seeing secular improvement through the year? Do we have visibility?



Gautam Seth:

So, I'll split it by replying to two parts. If you look at metering, you know, though, already we have orders, and the execution is going on. So, I would say the metering should be much better going forward within q2 as compared to q1 definitely you know, the execution is going on strongly, and that is happening similarly when you look at the other products we are from now on, heading towards the festive season, coming forward, so that should help in lighting becoming a little better. The wire and cable have seen good traction since, since April this year.

In fact, a very good traction to continue- the switch gear, including our industrial switch gear, should be again back, because we did have good orders for the industrial switch gear last quarter, but then the execution schedules were more focused for this one. So overall, I would say we've had a good first quarter. The second quarter would be something shared better than the first quarter. So that is what it is. We are just working to make sure that the margins are in place. We can better ourselves, no doubt and definitely have a good growth.

Moderator:

Thank you. Our next question will be from the line of Samyak Mehta,

Samyak Mehta:

So, you have mentioned that you know, out of the 25 crore sanctioned meters, about 11 crore meters have been ordered out to AMISPs. Just want to understand, I think you said, about one and a half crore installed. So how, what is the timeline that we're looking at for the rest of the orders to you know, get ordered out and get installed, and what percentage of this will eventually go to, you know, market leaders such as us.

Gautam Seth:

No. So you know the question, you know, these the figures, what I said, are available on the government website. So, this is what you're asking. Is a much more industry wide question. But anyway, I'll just put my, you know, certain information, what I would have that you know, the initially when these orders are going to the AMISPs, so initially, it does take time for them to start the work on the ground. So just getting the contracts done, then starting the work, and then ordering out meters, and then getting the meters to install them. That initially takes about three months or six months, but thereafter, the things pick up.

And many of the projects which were awarded mainly last year, or, let's say, the first half, or even the early part of second half last year, are now seeing the work happening on the ground. So, the figures that the government is giving out, I believe they are the ones which have gone live. So, there is a time lag of about two to three months when the meters are getting installed, and then by the time they are all made live into the system.



But I think overall, a lot of work is happening. Of course, a lot of work, more needs to be done. But still, you know the pace is gearing up right now. And I think by in next three months, six months, a lot of things - you would see a lot of work happening. The figures also will start improving thereafter. And all these ordered out meters of 11 crores- all of them are on specific schedules given by the government. So, so all of them are running against time doing their planning execution, and then eventually the meter part would get executed overall.

Of course, that is the AMISPs, and the government needs to decide the dates, but I think it would take maybe the next three years, or five years, with a very strong execution, for us to reach a substantial level of penetration of smart meters in the country. So, this is what I can say. But the opportunity for us as a meter manufacturer is for five years. You know, it would take that much time for them to get those meters and install them, and then thereafter, then, you know, the entire system, or the bulk of the system, is working on The Smart Meter grid.

Moderator:

Our next question is from Nikhil Kandoi, from JM financial- in India, are 100% relays imported? And any update on the recent MOU for magnetic relays? How big can this opportunity be?

Gautam Seth:

So this is part of our backward integration strategy. So, you know, broadly, whatever is made in India. Or rather, let me put it the other way, that there are few items like the ICs, or, semiconductors, or the active and passive components, the electronic components- So these are broadly imported, because nobody makes them in India, and that's true for all the electronic industry that is working in India. Other than that? I think we are very well, backward, integrated. We manufacture most of it. So now we've gone a little beyond that, looking at local sourcing more seriously. Government is already talking about Make in India in a big way. And this aligns us to that.

And the relay being a quite- it's a small but a critical component in the whole thing. So that is what we thought that, you know, to get the technology and look at making those components in house so that helps us to achieve a broader purpose of backward integration, ensures quality and consistency remains in that. And plus, I'm sure we would achieve some price advantage as well when we are doing it ourselves, so that that was the thought of doing it. And I think going forward, once this is done, because, as you said also, that these are imported, largely imported, and nobody's making it in India. So I think it can help HPL electric in a big way. And probably we can look at a larger ecosystem of supplying it, you know, so that can help the industry as well, and us specifically as HPL.

Nikhil Kandoi:

So if we start manufacturing, so how can the margins shape up?

Gautam Seth:



It's too early and difficult to say that, but you know, the priority, obviously, is to, you know, get the quality, the consistency and the technology right, you know. But obviously, you know, when we make it, we would say there would be something. But you know, meters, although you know, relays are one critical component, and cost wise, does have certain contribution on the certain impactful contribution, I would say, but difficult to say, whether it would be half percent or 1% or whatever. But right now, the thing is to have a critical component which affects the supplies to be controlled by us, made by us. And I think that is more important. But obviously, very logically, it would contribute somewhere to the savings and the margins.

Nikhil Kandoi:

on similar lines, how much of the how much facility raw materials are these importing currently and by manufacturing relays in house? By what percentage are we sourcing in-house now?

Gautam Seth:

Relays is one part, maybe there would be maybe another one or two more items which can later be taken up and but right now, you know, the government also has certain specific targets for all meter manufacturers with respect to sourcing from India itself. And I think they change. The threshold limits change end of I think March 25 and maybe even 26 I'm not so sure, but there are two years of changes. And the government also anticipates that a lot of components and backward integration would happen in the meter industry, like we have seen it in LED industry, because post the covid, a lot of parts started getting made in the LED industry. So similarly, the government also is anticipating and with meters, as it is, a very critical component in the overall utility.

So, they are very, you know, much more vocal about it and cautious that things need to be made in India and not just being sourced from some of the neighboring countries. So that is the way we look at it. So for us also, we are right now, I would say, a little ahead of what the threshold limits are, because being a big player in the industry, we are constantly working to make sure that all the backward integrations are done and everything, if you look electronics, the engineering plastics, anything on metal, everything we are doing in house right now, but of course, subject to some things which need to be imported. So relay is the first step. Maybe two, three other components also can be taken up alongside with these and so that we are not dependent on the imports and the local industry as such, gets, you know, developed, and I think this is what the government wants, and this is what as a leading player, we will also like that the control and the manufacturing is in India.

Nikhil Kandoi:

Thank you, sir.

Moderator:

Our next question is from Mohit Madhiwala from Envision Capital, can you please give some color on the current execution? As 11 crore smart meters have been awarded, but only 1.3 crore have been installed. Is there any delay or challenges in execution? Also, by when do we have to complete the execution of our order book of rupees, 3700 crores?



Gautam Seth:

I'll start with the second part. The you know, our orders are of 3700 crores. Are normally scheduled for anywhere between, you know, 18 months to 24 months, extending up to 27 months. And right now, as we speak, I think we are already supplying to all the actively supplying the meters, the smart meters, to most of the AMISPs. So, I think the momentum is already there. In the factory. The executions are happening on a month-to-month basis. So, we definitely look to see them grow like that.

So, but overall, two and a half years, we should be probably done with the with the pending orders, what we have now, looking again, the overall thing I was just saying, somebody had asked on the in the previous questions, also that right now, only about one and a half crores has been done so that just highlights the opportunity. But since a lot of meters have already been tendered out, and another four to five crores are under negotiations right now, so the bulk of it will anywhere be available with the various AMISPs, and then it is up to them, their speed and how they are procuring the meters and installing them.

Moderator:

A follow up question from Mohit Madhiwala from Envision Capital, are we seeing new players entering the Smart Metering segment? What would the competitive landscape look like?

Gautam Seth:

Yes, there are, like in any industry, there are new players which are coming. And I think yes, they are probably getting few orders here and there. So, I think like in any industry that is, it's an open industry. People are coming in and getting the orders. But you know, our pitch is very clear that, you know, we have been there since 96 into electronic meters. We have seen almost four to five generations of electronic meters, and we have seen the evolvement of the meter up to the Smart Meter coming in.

So, I think we are. We play on our own strengths. We have a very strong R & D, large, huge capacity. We have, even despite that, we have really enhanced ourselves. And now going into, you know, a completely different kind of process to make these meters, as the warranties are, for 10 years. We believe that that the meter which is currently being manufactured and supplied meets those standards and requirements and has a life of over 10 years.

So, I think there are some advantages and inherent strengths what we have, and we are playing on that. And the market is open, as I said, people are coming in, but you know, it's just, you know, like on the ground level, when you look at it, we are seeing it that, you know, people who have gone with certain, you know, let's say lesser known brands have or are facing certain problems in a bigger way, in terms of quality or integrations or other things. So, I feel with us sticking on to our quality technology and with our strengths, I'm sure the business would come so the lot of business is there, and a lot of businesses you know should be coming our way.



Moderator: Our next question is from Vijay Goel from ICICI securities. Can you please shed more light in regard to a MoU with Guangxi Ramway For latching relays, how will it affect us in terms of execution and margins specifically?

Gautam Seth:

You know, this initiative is driven by our backward integration strategy, and to have more local sourcing and more control over, over the critical components. And so, I think, basically, you know, we have everything in India. Only the technology needs to be there, plus to build up the supply chain for the raw materials for those relays. So, I think we are putting in place that one. And as we come out with that, it should help us with a constant supply, a much better quality, consistent quality, and hopefully the rates also would be much lesser. So that would help us and but together, when taken with some more components, it can have a good positive impact, or rather, it will have a positive impact on the margins as well.

Moderator:

Thank you. Our next question will be from Viraj Mahadevia.

Viraj Mahadevia:

Apart from the modernization efforts around the smart grid and the Smart Metering opportunity, can you give us a sense of emerging spaces where your smart meters can cater to such as data centers, solar, smart cities, and even the Collision Prevention System,

Gautam Seth:

No, the last you said was the railway part. Or what is that?

Viraj Mahadevia:

Yes, the railway part.

Gautam Seth:

So, I think other than that, whether it's data centers or the renewable or the solar energy smart cities. So everywhere I think, the smart meters are being used. So, you know, for the government, how they are looking at that the smart meters have a lot of benefit. And this is these benefits are going to be for everyone, even for the individual homeowner, as well as to the utility and the government and overall, as in, for the economy. So, I just elaborate a little bit that, you know, India, you know, as you know, country, we have huge AT & C losses, and the government has tried various schemes, methods, trying to bring it down.

But somehow, you know, we have not seen many results. And this is, as per government's own statements, that they have not been able to make much progress on that. Now, when we look at smart meters, and I think with some initial results which are there, which are, again, well recorded this thing in Bihar and probably in some other states where the executions are going on, that they will see a much



better cash flow happening, a much better the AT & C losses would come down, the defaults would become much lesser. The leakages would come down.

So everything what we look at in the way in the modernization, and it's not only about metering and getting the money. It's also about the use of data, and that is going to play the critical role for the next level of smart metering and the next level of electrical systems. What would be there? Which would obviously be communicable, you know, whether we are talking about switch gears, the future switch gears, or meters, or any kind of other equipment. So overall, I think in the nation building, when we look at, when we are looking at a three or a 5 billion trillion economy, having a robust electrical system is the first, you know step what, what is required. And I think the smart meters gives, makes that happen.

Viraj Mahadevia:

Are you seeing live orders from data center operators, solar companies, Smart City initiatives, etc? Solar?

Gautam Seth:

Solar is a yes. You know, there are two ways. One, there are, you know, they, if it's a tariff meter, then they anyway, will get it either from the utility, or from the AMI SP, so we don't directly supply there, but yes, obviously, if you look at the use, then they will need meters. And that would happen now, there are certain meters which are, you know, used more for internal workings, you know, or like sub meters, which are there. So there also we are supplying. We are supplying to so many builders. Lot of malls are using it today. Lot of condos, the residential societies where you have a single point billing and the RW LA is, you know, collecting the money and then depositing it to the utility. So there also we have been, people have been using us. So we've been there with lot of big names like that. So there also the demands will go up. Solar- Of course, yes, we have been already supplying a lot of our products, including meters. So that also is going to be a big thing as we go forward.

Viraj Mahadevia:

I read a statistic regarding DISCOM dues have fallen by 75,000 crores in the last three year, two and a half years, and are now only 25% of what they used to be from FY 20 to FY 22, and I think this is all on the back of our RDSS and smart metering,

Gautam Seth:

Yes, my- of course, its my opinion. But you know, apart from the what that, you know, the savings which will come through the technology and the, you know, implementation of smart meters across the country, you know, the government interference, or even the local level interference of any government or influential person- that also will come back, come out, you know, because these are now all private companies. You know, it's like your telecom companies, you know, you pay the bill, nobody can help you in that. If you don't pay, they just disconnect you.

Viraj Mahadevia:

That's a closed loop circuit.



Gautam Seth:

So that's how the meters and the electricity is going to be so, so once that thing goes off, then it's a pure play. It's a professional play. People will value the electricity, I'm sure, and even the data, the way the smart meters are that you know every 15 minutes the data gets updated to the server. And if you look at it through an app, the individual house owner can see his consumption, almost on a live basis. He can see the way the patterns of consumption also can be seen.

So in a way, you know, people will, of course, be paying more for electricity, like you see in like people in Maharashtra have the, you know, people feel they're paying more, but actually they're paying the right this thing, right? But the awarenesses will come, and eventually, once the losses go down, and overall, the system becomes better. That is when I think overall the saving will come and it will be good for people who are paying up so they at least they get uninterrupted supply of electricity. They get a much better grade, which is there, and that can help the industrialization, or any kind of infrastructure projects which are coming in, that can help the overall growth for those Yeah.

Viraj Mahadevia:

Absolutely agree all the best. Thank You.

Moderator:

Thank you. Our next question is from the line of Nikhil Kandoi from JM financial, are we doing smart gas meters? And if yes, how big can be that opportunity?

Gautam Seth:

We have been evaluating the water and gas metering, and we did do certain test prototypes and other certain development. But nothing which, you know, is anything which right now can be seen from a commercial angle but as and when we are doing that, we would, we can update you on that, but right now, our focus is very clear on the Smart Meter, the electrical smart meter. And I think the next three to five years has a very big opportunity for us as a pure supplier to the AMISPs.

Moderator:

Thank you for any remaining questions. Feel free to write to Dickinson, investor relation partners for HPL, electric and power limited or directly to HPL. I now hand the conference over to Gautam for closing comments.

Gautam Seth:

Yeah. So thank you, everyone, and for being here. The tractions we have gained in the metering and even the stabilization of the LED lighting segment, with certain growths in the wire and cable and the overall advancement – is all lead by our technology. We see ourselves going ahead in a much brighter way, and we are confident in our ability to meet the demands of the growing order book, leveraging our



capacities to deliver consistent and high-quality performance throughout the year. So, we remain committed to all of you, and thank you for being here today and for your continued support. Thank you.

Moderator:

Thank you. On behalf of JM Financial that concludes the conference call. Thank you for joining us. You may now disconnect your lines.