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August 17, 2026

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Symbol: HPL

Scrip Code: 540136

Sub: Transcript of Conference Call with the Investors/Analysts

Dear Sir/Ma'am,

In continuation to our earlier intimation dated August 11, 2026 regarding outcome of Investors/Analyst's Conference call held on **Tuesday, August 11, 2026 at 12:00 p.m.** (IST). A copy of transcript of the conference call held with the Investors/Analysts is enclosed herewith for your record.

The transcript of aforesaid conference call is also available on the Company's website at www.hplindia.com.

Yours Faithfully

For **HPL Electric & Power Limited**

Vivek Kumar
Company Secretary

Encl: As stated above



HPL ELECTRIC & POWER LIMITED

HPL Electric & Power Limited

Q1FY27 Earnings Webinar Transcript

12:00pm IST on August, 11th 2026

Disclaimer

This transcript has been prepared for information and reference purposes in connection with the Q1FY27 earnings webinar of HPL Electric & Power Limited. Certain statements made during the webinar may be forward-looking in nature and are based on current expectations, estimates and assumptions. Such statements are subject to risks and uncertainties that may cause actual results to differ materially from those expressed or implied. The transcript should be read in conjunction with the Company's financial results, investor presentation, press release and other statutory filings. Nothing contained herein should be construed as investment advice or as a solicitation to buy, sell or hold securities of the Company. The Company does not undertake any obligation to update any forward-looking statements, except as required under applicable law. In case of any discrepancy, the audio recording of the webinar shall prevail.

Transcript

Shankhini Saha (Moderator): Ladies and gentlemen, very good afternoon to you all and thank you for joining us today for HP Electric and Power Limited's Q1 FY27 earnings webinar produced by ElevEase. So I'm Shankhini. I'm the director of investor relations from Dickinson and I'll be moderating our call today. So joining us from the HPL management team is Mr. Gautam Seth. He's the joint managing director and CFO. So before we start, please note that this conference is being recorded and that some statements in this call may be forward-looking subject to current expectations and to risk that could cause results to differ materially. you can also download HPL's investor presentation and press release from the company website or the NSE. So I'll now hand over to you Gautam to begin with opening remarks.

Gautam Seth: Yeah, thank you Shankhini. Good afternoon, everyone and thank you for joining us today. Q1 FY27 has been a strong start for the year for HPL electric. Revenue from operations grew 35% year-on-year to 515 crores. Our highest ever first quarter revenue and remained above 500 cr level despite Q1 typically being a seasonally light Quarter. EIA grew 9% to 63 crores while PAT increased to 19 crores. More importantly, the quarter further strengthens the two-engine growth model we discussed in FY26. Consumer and industrial scaling as a faster cycle product and channel platform while smart metering continues to provide long cycle growth and order book visibility. Together, these businesses are giving HPL Electric a broader and more balanced growth base. Consumer and industrial delivered its highest ever quarterly revenue of 278 crores growing 55% year on year and contributed approximately 54% of the revenue during the quarter.

The important point for us is not simply that C&I has become larger. It is that growth is becoming broader across various product baskets. Wire and cable continues its strong momentum with revenue growing 79% to 146 crores. Demand remains diversified across builders, industrial OEMs, solar, telecom, retail and institutional customers. The business has already achieved more than 40% of its full FY26 revenue in the first quarter and we continue to see increasing evidence of volume scale. We're we are also seeing encouraging participation from other C&I categories. Lighting grew 78%. 56 crores industrial switch gear grew 19%. The breadth is important because our objective is to build C&I as a diversified electrical product platform rather than depend on any single category for growth. Our distribution platform remains central to the strategy. HPL electric today reaches the market through more than 900 authorized dealers and over 85,000 retailers.

As the product basket becomes stronger across wires and cables, switch gears, lighting, fans and other categories. We have an opportunity to drive greater reach through an established network while continuing to invest in products, brands, and channel relationships. At the same time, smart metering continues to be an important long cycle growth engine. Metering and system grew close to 17% year-on-year to 234 crores. As the smart metering market matures, we are entering a more stable execution led phase with improving visibility and greater consistency in deployment and execution. Our order book stands at 3,200 CRS as on 7th August 26 with metering and systems accounting for more than 96% of the total orders. This provides a strong medium-term visibility and allows us to remain focused on execution, technology and service levels. On profitability, EBITDA grew during the quarter although EBITDA margins moderated to 12.26%. Cash profit increased to 21% increased by 21%.

This reflected an input cost volatility particularly across metals and industrial plastics due to the geographical disruptions. Together with the changing revenue mix, we have initiated pricing and product mix actions and remain focused on progressively improving margin quality as the year develops. Higher depreciation following our capacity investments also moderated the translation of operating growth into PAT. The broader direction remains clear. We want to scale both engines with quality and scale in C&I. That means widening participation across product basket, strengthening channel productivity and building scale in wire and cables. Likewise for other products as well. In smart metering, it means disciplined execution of the order book technology differentiation and maintaining financial discipline.

As we progress through FI27, our priorities remain growth with improving margin quality, working capital discipline, calibrated capacity utilization and continued investment in R&D. Our objective is to convert the scale we are building today into sustainable earning growth and a stronger HPL on a longer term. On this note, let's open the floor for questions.

So we'll start with the first question that's come written in.

So Gautam, this question is on the C&I segment. So we've seen some good progressive growth in the C&I segment for this quarter. Can you give us a breakdown productise on how you are seeing this progress in the next coming two quarters?

Gautam Seth: Yeah. So so C&I has seen a growth for the last five quarters now and each time the the absolute value of sales and the the percentage of growth are getting larger. So initially it started off more with the wire and cables but now we are seeing the growth happening in switch gears we are seeing it in happening in lighting also. So overall we are very confident of the growth what is happening there has been an expansion in the channel in terms of dealer distributor and more on the retail side where the retailers are expanding and our products are also expanding in a bigger way. we have also you know we have we have a concept of one consumer one family which encourages dealer and incentivizes them on taking more products and cross-selling more of the products within the same channel. So overall the strategy seems to be working. The numbers are are coming up not only in wire and cable which again looks very strong in the next two quarters but also we would see growth on the the lighting MCBs are set to grow which is the final the complete range of final distribution product accessories and also on switches. if you see our deck in fact last month we did launch of our new range new generation switches of by the name of Cairo. So that is one segment again which we are looking to launch in a bigger way across pan India. We have three more states launch lined up for August. So overall the next two quarters seem to be pretty good for the C&I segment. We see a growth as well as a channel expansion going forward. We are also monitoring sales based on existing channels as well as the the new channels sales are monitored separately just to just to ensure that the efforts of channel expansion are you know getting us the results. There are a lot of changes what we have done within the team within our strategy and also on sales and marketing and the digital marketing as well. So to reach out to our consumers.

Shankhini Saha (Moderator): Thanks Gautam. we'll take the next question from the line of Viraj Mahadevia. Hi Viraj, you can go ahead and ask your questions.

Viraj Mahadevia: Hi Gautam, congratulations on the fantastic growth in the business.

Gautam Seth: thank you

Viraj Mahadevia: to a new execution plane but but something that I noticed which is highlighted in the deck gross margins have compressed from 38% last year to 30% and that was probably driven by the raw material inflation. So what steps is the company taking to ensure that we can get up to historical margins? Are you entering into hedging contracts going for forward on the day you take the order because presumably these were legacy orders taken at a different price and then when you actually go and buy the raw material you face the price hike?

Gautam Seth: No. So yeah. Yeah. So if you look at the results and more importantly on the margins the way we look at it the the revenue growth has been good. C&I as you know earlier we had talked about also in our last two three the the the momentum on C&I is building to a bigger level and we see the growth going forward. even the smart meter is because last year sequentially we grew four quarters even now from here on also we see the good growth coming in of course more at a matured level but again both these segments are set for a good growth on a revenue point of view. Now when we look at the margins primarily there's a single point like on on the cost of materials that has gone up and that has gone up mainly from February onwards because of the the West Asia conflict the all mostly on the geopolitical issues. So for that we are looking at there's a lot of work happening in our R&D especially when we look at the smart metering where the contracts are fixed the sales prices are fixed and then the the variable part is the cost factor so we are having of course we have long term contracts which protects us sometimes on the pricing.

we also are looking at couple of design changes which is of course a continuous process but sometimes driven by external factors we take it in a bigger way. So there are ways to ensure that alternative materials can be used within the same specifications. even other than metering in the consumer and industrial also a lot of work is going on on alternate materials, alternate designs. Of course these have to be It takes time. Plus the prices are the price increases are also getting passed on to the consumer. So like we've just had couple of increases in the wire and cable. Of course that is much more you know the prices get passed on much more quicker than if you look at the switch gears and lighting. But even in lighting in the in the past quarter we have seen certain increases happening which have been first time in last I think seven 8 years we have seen first time an increase happening in the lighting. because till now historically only the prices were going down.

So the the pass on in the consumer and industrial is possible but with a time lag. So there are couple of various things I would say combination of them happening to ensure that we come back on the margins and at the same time we just hope that maybe these conflicts see some logical end in the next one or two quarters and maybe the prices cool down but in the meantime the teams the the supply chain teams are making full efforts to ensure that the margins are back. But if you look at the other things the the finance cost has come down in the next even in absolute terms in the last three quarters the even the other expenses have been flat though there has been a 35% increase in the top line. So there are couple of positives although depreciation has gone up and that is mainly because of the investments the higher investments what we have done in the last 2 three years.

So that has gone up but overall the cash profit is there is a growth in cash profit and the the best thing is that because it's the start of the year Q1 is typically you know much slower C&I also it's the weakest quarter normally so we have been able to get off to a good start and the revenue visibility in both the

segments even in the near term seems to be good so I think we we are all set for a good year in this year for sure.

Viraj Mahadevia: thanks Gautam so you Oh, I just checked had you done the same level of gross margin as earlier on your deliverable topline your EBITDA margins would have been as high as 20 25%. Right? So that's really the operating leverage kicking in on a normalized raw material cost basis. But when you take an order you fix the the the prices and the the the raw material inflation is not a pass through and and and normalizes with a lag of one quarter where you take the price increases in accordance with the raw materials. How does that work?

Gautam Seth: No. So, no, you're talking specifically for meters or for

Viraj Mahadevia: meters I guess.

Gautam Seth: Yeah. So, meters you have to realize that you know you know the competitive scenario has been changing. the customers are of course buying repeatedly. The volumes are big. So certain prices have been coming down and even historically minus the this the the specific this war situation happening the prices also the costs also have been coming down in the last two years and even the the end customers because typically they are big AMISPs so they also understand the trends what are happening now here specifically we have seen certain prices going up so when we take an order especially the semiconductors and certain critical electronic components more on the active and the passive components so those are typically we book them and some of the suppl I like the time period for supplies for certain semiconductors are even going up to 52 weeks. So they anyway have to be booked in advance as we get them. But then the exchange rates are fluctuating. So there are some factors in it. But I would say more or less if you because we have been reviewing the way our procurement systems are. So more or less we are well covered under that. the margins have been fairly good. So but you will see that in this quarter there's been almost a 50% drop in the margins on the metering side which is mainly because of the sudden price heights especially on the industrial plastics which have gone up and which are more crude dependent then the metals have gone up for sure the copper is high all the the aluminiums everything more almost every metal has been at a high but I think these are these are things which are out of the control of anybody but they cannot be hedged because every time so although we gain many times on the price is going down but we also sometimes lose but the critical parts are more or less covered you know and which is the semiconductor and the the IC's and everything so those are typically covered at the time when the orders are received.

Viraj Mahadevia: understood so so going forward will you be able to pass these on in terms of the new metering tenders?

Gautam Seth: yeah for sure because the metering tenders prices are open and even with the newer requirements what are coming definitely I think our teams are highlighting the the price increases with the AMISPs but again it's it's a competitive scenario the customers are also they understand it but they also understand the value of having you know strong partners like us who understand technology who have consistency in supplies in quality and I think that is how the it is emerging out so maybe in future definitely as a company we would be hopeful that certain price increases would be given in the further orders as they're getting finalized and we are already asking them and highlighting the same but again I said it's a competitive scenario and it's a trade-off between you know for them going on whether it's on getting some cheaper prices or going for a experienced partner like us but one has to also understand that the competitive scenario on the smart metering is also changing and it's personally my view and the way I look at the market that people the AMISPs the bigger customers they will understand the relevance of going with experienced players who understand technology who have been you know who are able to give products which actually are top in quality which will work for the 10-year warranty period. So I think those

type of benefits or perceived benefits what are there are definitely I I would say H we qualify for that and that is going to definitely help us it is helping us to get better pricing better more orders in future. So I think overall things should be good. So this could be a temporary maybe one or two quarters certain disruption on the pricing part the cost part could be there but overall the the industry is steady the demand is very strong and the next one two years again we should see a very good growth in in the smart metering part.

Shankhini Saha (Moderator): Perfect. Thank you. I'll come back with more questions.

Gautam Seth: Yeah, sure. Thank you.

Shankhini Saha (Moderator): Thanks Viraj. our next question written in Gautam is more on the C&I wire and cables. So we've seen some really good growth in C&I wires and cables. what are we doing to invest more in the channel network and growing this segment? Is it sustainable for next quarter?

Gautam Seth: Yes sir. I think when we look at the wire and cable we've been seeing an all round growth because although there has been an increase in the commodity prices but if you look at our specific growth numbers Q4 was well over 80% 78% in Q1. So the levels even in terms of tonnage of copper what we are using have really gone up. It's almost one and a half two times than what we were doing just a year back. So So from the the volumes have gone up and we've seen an all round growth whether it is in the solar part in industrial in real estate and retail for that matter. So what you are talking about the channel part when we look at the retailer dealer distributor network so that has been growing and while this is hap so this is really growing and we are also investing a lot into the into BTS marketing. We are also doing a lot of activities at the last mile sales front. you know supporting this whole concept. We also have our third you know what we have the last mile sales team which is the the third party manpower what we say which is which has a beat plan going into each and every retail market. So there has been a it's a combination of a lot of thing and definitely it's sustainable. In fact not only sustainable you will see growth on the retail front happening not only in this quarter but as we go forward also we it's a long-term expansion ultimately what we are looking at since when we look at the the way we have seen the growth in the next in the last five quarters so that definitely gives us certain you know we are also filled with enthusiasm when we look at it and now the strategies are much more stronger not only to grow the wire and cable but also to put all HPL consumer products in a basket whether they are switch, lighting, fans, wires all together into the retail network. So I think we are definitely seeing certain interesting times and the consumer and industrial will see a growth as we go forward.

Shankhini Saha (Moderator): thanks Gautam. we'll take the next question from the line of Kunal Dubey. Hi Kunal, you can go ahead and ask your question.

Kunal Dubet: Hi. Hi Gautam. How are you?

Gautam Seth: I'm fine, thank you.

Kunal Dubey: Gautam great set of numbers. Congratulations. I had two questions a followup from the previous participant. If I have been hearing calls from Polycap buyers or KI the wire company, they see AI being the next big thing for cable demand and all. Your view in our C&I segment about the cable industry. You see we catering to that segment as of now or any plans on that? because that is one big thing which which is there in every cable company is con call is the first question that I yeah so so

Gautam Seth : by AI you mean- is on the data centers?

Kunal Dubet: yes yes yes- on the data centers yes

Gautam Seth: so we have studied those segments so we are coming into certain like certain new cables which would be more specific to the data centers so we don't have the full range right now and but hopefully by May-June of next year we should be having those kind of cables with the international certifications what are required because a lot of these data centers have international customers or international consultants. So they do require that but that is a segment which we would definitely be looking at. Currently looking at our existing product portfolio we don't have the full range so we are not focusing on that. while we are focusing on many things but that is one segment and it's a long-term segment again next 5-10 years is going to see a huge growth in the data centers even in India and globally as well so I think we we should be out with those products next year for sure Gautam on the second question which you just highlighted a couple of back the margins have dropped but now what I understand basis your commentary you say that it will improve from this it will not worsen off right

Gautam Seth: it should improve I I cannot comment on geopolitical things but yes hopefully if if that's the worst level we've reached so we are making efforts to make sure that we go better from here for sure. Yeah but please I I think you still have some question left.

Kunal Dubey: Yes but my question was like if you see Q2 as such the crude price was basically in the range of \$80 \$88\$85 compared to Q1. So I see crude had come off a little from Q1. So My question is like I just want to understand when you say you cannot assure what is the lead time as such what is your ordering you order a couple of months in advance how is the lead time as such you determine is there a lead time around it?

Gautam Seth: Yeah there is no our lead times because we have you know proper standard suppliers of PVC plastics and all and some of them are international suppliers. So the lead time could be anywhere between 15 days to even two months, you know, because some of the especially the polycarbonates are all imported. So, they could have up to two months because they come in containers from outside, but the local suppliers are typically, you know, 10-15 days is the time and they're all very large suppliers in the country.

Kunal Dubey: Okay. That is

Shankhini Saha (Moderator): No, I think there's some there's some background noise. Keep yourself on mute while Yeah. Kunal can just mute.

Kunal Dubey: Yeah.

Gautam Seth: Yeah. So, that is it. But typically the the crude would have direct impact on the inputs what go into it. So let's say for a PVC the the resin or the DP or those things have a direct impact and probably those impacts will come into the PVC in next 30 50 days. So you know it's not that if crude goes down today that the price would become cheaper and similarly when it goes up. I guess there is a typical time lag. So I will not know the too much on their supply chain how it happens but it takes a time for things to go up and as well as come down when you look at the industrial plastics.

Kunal Dubet: that's it Gautam from my side I wish you the very best. Thank you for your time once again.

Gautam Seth: Yeah thank you.

Kunal Dubet: Thank you.

Shankhini Saha (Moderator): Thanks. Our next question will be from the line of Chandresh Malpani. Hi Chandra, you can go ahead and ask your questions.

Chandresh Chamalpani: Yeah. Hi. thank you for so much for the opportunity. So my first question is on the you know like since you mentioned in your last phone call that Adani is our you know bigger customer. So sir since Adani you know acquiring Intelly Smart now and also he there are news that he's going to acquire an OEM which will have a meter manufacturing capacity. So how are you seeing this overall you know scenario with you know the biggest AMISP is there a threat you know where he will acquire a player and the quantum of orders that you know HPL is going to cater in the future would have some impact or your view on this?

Gautam Seth: Yeah so on the first part of news that they have acquired Intellis smart I think that has been a very positive for us because we were preferred vendors and approved in both of them. So I think that consolidates our position with them um as a combined entity. So I think that is good that's been very very positive for us. So that is it. On the second part of them buying okay it's it's a news right now. I'm not sure how that is going to do it. So but you know we are right now with every independent AMISP and so anybody so so our business is pretty spread out and so we're not dependent on one or two just AMISP for our for our business volumes. So that is it. So as the business let's also hope and see how how that really closes but I won't be able to comment more on the the second part of your question.

Chandresh Chamalpani: Okay, got it sir. But directionally let's say if Adani was you know let's in three or six months he was in a process to acquire a player. So how has in our ordering with them like has it been steady state or I'm not asking absolute numbers but just a directional view you can give because our order book has remained more or less around 3,000 odd cr rupees in smart mentoring since last four five quarters I guess. So just directionally you can help us understand.

Gautam Seth: Yeah. So if you see the order flow is continuous but I've said it even 2 three years back that the the time of big orders is from the AMISP. So you what you have to understand is that a lot of let's say you talked about one AMISP. So maybe let's say they're sitting on four crores of orders or five crores of meter orders. So they are not going to give a the ordering now process is like any regular business which is typically given out based on requirements which they see specific requirements which they see in the next 3 to four months. You know it's not going to be the next two three year requirements are given to one player and locking the price. It's not going to be like that now. That is how when an industry matures that is how it is going to see there we stand to gain more on that in the the way the current process is because our product speaks for itself our technology speaks for itself and e the more we are supplying with more AMISPs the more we are getting preferred and the way I see the disruption in the next two years I would definitely see a bigger consolidation happening even at meter you know meter manufacturer level. The bigger and established players who are consistent with quality and technology stand to definitely gain out of that and sometimes the not so focused players or certain smaller players may definitely you know leave out of the industry or may not you know grow the way they are looking to grow. There is already certain level of consolidation happening at a meter manufacturer. level and I think our quality and technology speaks for itself and that is going to get us the further business. So the more repeat orders are there the more AMISPs become strengthened here and I think the volumes are large it's a huge game no company can today look at only one supplier and work based on that so this is just how I look at the market so I think I think that's how the competitive scenario is but we definitely are at an advantage right now and our teams are really working hard to make sure we keep those advantages with us as we go forward. Okay. that was helpful sir. And second question is on the you know overall industrywide tendering and execution. So there's I mean no meaningful tenders that have come into the market. So what is your view because Tamil Nadu has also kind of you know halted their tender. So what's your overall view because in your in your earlier mention you earlier question you mentioned that the how the ordering flows if you know AMISP is sitting with a 4 cr meter order so how this for will flow so on the first part is the tendering part and second the execution I think in Q1 the execution in the in the at the country level has gone down so how are you seeing this year comparative to FY26

Gautam Seth: no if you look at the figures what what are there in the in the public domain I think almost 7 cr meters are right now installed as we talk today because it was 6.9 the last official figure so I think there is no it's a continuous process that is happening and for us to you know we are dependent we are a meter supplier so if there are AMI tenders coming out or no that does not affect us because there is enough orders already finalized on AMIS SPS which can take care of our requirements our future growth in a very aggressive manner the next 2 to 3 years so I think it doesn't bother us already we are sitting on large orders there are a lot of orders still the AMISPs are holding for themselves so right now the pipeline is very strong as far as we are concerned what you're talking about tenders not coming out or maybe slow but I'm not so aware of that but that is more for an AMISP to think for them but if you look at the overall number given out by the the ministry so a large part of the first phase of installation of 25 cr meters have already been tendered out so I think that's the prop that's a cycle by the industry so that does not bother us even if you look at the next 3 to four years there is enough volume still available for a meter manufacture like us.

Chandra Chamalpani: Okay, got it sir. and sir, one last question. I guess two years back we signed an MOU with the Chinese player for relay local assembly and manufacturing of relay. So are we you know manufacturing relay and how much captively are we doing it for our smart meter?

Gautam Seth: Yeah. So I think you know one thing for sure that we are making efforts to you know to ensure that we go into backward integration couple of components are identified which you know we would be directly or indirectly ensuring that they are available and they are you know backward integrated into our processes. So as I have more information on this currently I won't be able to share much on this particular transaction but as we have something more definitely things are in progress there are some things happening but as we have more information we would be sharing it with that here with you all all of you for sure.

Chandra Chamalpani: Okay. But currently we are not having a manufacturing setup right.

Gautam Seth: No not as on today but yes there are you know in a probably in a different you know the way we structure the thing that's how we will be we are working on that but there definitely there is work on the particular components work on the technology is going on definitely.

Chandra Chamalpani: Okay, got it sir. Thank you and all the best.

Gautam Seth: Yeah, thank you.

Shankhini Saha (Moderator): Thanks. so Gautam, we'll take another written question. so this question is pertaining to margins again. the question is are we looking at any backward integration in order to derisk from supply chain disruptions?

Gautam Seth: Yes. So as far as possible. If you see HPL you know historically if you look at even the last 25 years every of our product division we have seven factories all of them are very well backward integration. While we are into switch gears, lighting, wire cable, metering if you see we are very strong on right from tool rooms we have three tool rooms we have over 100 injection molding machines. So entire industrial plastic manufacturing is very well backward integrated. we have electronic manufacturing which is very large. In fact just two years back we expanded that to a totally international level in terms of quality and scale. The sheet metal is again very well backward integrated. So most of the critical components whether they are copper or sheet metal are manufactured inhouse. That ensures not only a supply chain continually It ensures quality. It ensures that the right pricing is happening. So that is a underlying philosophy of HPL where we have always been you know very well into manufacturing and backward integrated manufacturing. Now coming to your question I think it's it probably it's more because of the

metering part what we were talking in the earlier question. So here also if you look at the existing metering many of the components are today all manufactured in-house which are regular. Now when we look at these relays or some of the critical components which till now were not being manufactured in India. So with the you know the government also has been giving directives on ensuring that the maximum components of smart metering need to be made in India. So we have also been making efforts conscious efforts to ensure that these are to be made in India. So I think you will hear from us as we because these are long These are highly technical products. They are long you know they have a long drawn process of ensuring the specific machines are coming in and all. So certain actions have been taken but as we come close as we have more material information definitely we will be sharing it.

Shankhini Saha (Moderator): Thanks Gautam. we'll take another written question. So the question is could you share some details on R&D especially on the switch care side which New products are we looking at to launch this year? How are our new products like ATS 370, 390 and ACB accepted in the market in comparison to big companies?

Gautam Seth: Yeah. So I Yeah. So so like we have our metering R&D where we have 170 people working in the metering R&D even switch R&D has now become much more bigger and meaningful and We are working on new products. there have been what the products on at what you just mentioned. Those are new products which have come out. if you see since last couple of years maybe last 20 years we've been a market leader on the changeover segment and the ATS is a natural progression in in technology because again it does a similar function but on a automatic basis. So the electronics the controllers what we have are new. So that that's a growing segment for us and this helps us to be a breast with technology. this is a much more global product launch which we see to sell into many countries here and this will help us to maintain our market share and our sales growth going forward. Yeah. Apart from that we are also working on a lot of integration of electronics and communication into the existing switch gear. So those are I would say longer drawn projects which are there but that's a future and we would see in the future that a lot of work happening in panels a lot of work happening with electronic integrations. So those are projects which are ongoing right now and you should see the results maybe in the next two to three years some immediately but some could be much more longer drawn.

Shankhini Saha (Moderator): So, with the EU FTA happening at any time, how are we positioned in terms of product certifications, channel partners to tap into this market?

Gautam Seth: Yes. So, so even our current products if you see are Most of the products entire switch gear a lot of even certain wire cables and others are all already IC compliant. So we have certain certificates like our MCB is already DECA certified. DECA is again a European standard and a test house. So even our lab even the lab in our factory is DECA certified lab right now. So that entitles us to sell to almost 55 countries with the certification. So a lot of our products are compliant. They are already certified. But as we get more opportunities which are more country specific and which may require certain specific testing. So we can do that. Obviously there is a cost and there is a time involved in each of them. But broadly if you look at our switch gears they are IC compliant as per that and even if you look at the Indian standards most of the standards are today based on IC. So I I think that ensures that the appliances are already there.

Shankhini Saha (Moderator): Thanks Gautam. we'll take the next question from the line of Ankur Golati. Hi Ankur, you can go ahead and ask your questions.

Ankur Golati: Yeah with the cost going up on the materials side should we now work with whatever EBIT margins we saw this quarter on the matrix right is that the new baseline for current order.

Gautam Seth: Yeah. So you know on a conservative basis you know on an immediate let's say on a this quarter maybe that could be a much more conservative way but although we are looking to improve our margins but it could take some time maybe another an extra quarter more but currently the levels what we are I think that would be you know like a baseline right now for us to pursue although efforts are there to increase enhance them further

Ankur Golati: and the new orders that you are bidding for on the weekend side they will they are coming in at what 11 quarter plus whatever used to be the earlier address

Gautam Seth: yeah so definitely we are pitching in so but as the new orders are coming in they also have a you know lead time for supply like in the sense orders if you receive today maybe the supplies would start maybe in December January or even later to that. So there is certain lead time which would happen you know until they are pure repeat orders with similar specifications by AMISP. So so so right now when we look at it the yes the margins have come down in metering and it's it's more very specific to the the geopolitical issue but let's see but even the actions what we are taking they will have certain time lags you know

Ankur Golati: and on the C&I like by Q3 you should you guys will be able to get back to plus

Gautam Seth: yeah hopefully we look at that because there certain costs are getting passed on for sure and certain changes we can do immediately. So until let's assuming that let's say the co the copper or these prices more or less remain at these levels which are again high but let's say even if they remain like this it gives us a good window to you know improve our margins as we reach Q3 That is possible for sure.

Shankhini Saha (Moderator): Thanks Ankur. we have some time for some more follow-up questions before we take a written question. we'll take our next follow-up from Viraj Mahadevia. Hi Viraj, you can go ahead and ask your follow-up questions.

Viraj Mahadevia: Hi Gautam, thanks for taking it. Um so Gautam, with the current smart metering buildout. how many years do you think this goes on for? And is there a new wave of smart metering coming in terms of a new RDSS scheme? So is this a threeear or 5 year or 10 year runway in terms of smart metering and beyond that what are the other growth vectors that you see coming in play whether it's getting impanled for smart metering supplies to Middle East, Africa, other such markets or you know other growth engines. Yeah.

Gautam Seth: So, I think it's a very long-term story. the smart meter 1.0 I think assuming in 6 years it gets over. thereafter you will see a 2.0 coming in for sure and but maybe it will have a gradual replacement. So it may not be that you know the entire 25 cr me mters is going to get replaced because some of it is installed in the first, second, third year and some of It could be in the fourth or the fifth year. So everything will not go into replacement at the same time. This is what I I just believe that would happen. But for sure the smart meter market is here to stay. We will we should see certain consolidation and even the 2.0 will have a different level of technology, a different level of communication and all which will be much more better. So you have to realize that while the Oh, this the smart metering is happening. A lot of factors of collecting data ensuring that proper household data is actually available for installation. A lot of primary work is happening. Yeah. So when you see in the future it is only going to be restricted more to replacing the old meter with the new meter. So the base work which is a very long-term thing that is happening which is going to be very good for the country as a whole. because the entire household data the metering data is going to get compiled it is going to be mapped and thereafter whenever they want to change the meter it becomes much more easier. So I think that effort is actually you know probably sometimes we find that there is some slow in the slowdown in the installation. It is only because a lot of primary data and coordination with the utilities is happening but once that data comes on board then to change and to

enhance the let's say the the technology and also to use that or rather to use the smart meter to its fullest capacity based on technology also becomes much more meaningful in future. So smart meter is here to stay. It's not a 5 seven year it's going to be even more maybe 10 15 years as long as we see electricity consumption and households using it. I guess that's going to be longer time. we are also in export we are also looking at certifications. In fact you just mentioned Middle East one of the the utilities in Middle East has just approved our metering. This is very recent. Already we are now moving to the international markets thanks to the scale and technology what we are using in India that would actually make us eligible to go anywhere in the world and look at the smart metering opportunities. So as probably you know the Indian market matures, it gives us an opportunity to look out which we already have started and then that can be a very very big opportunity going forward. You know just picking up one or two first world countries also will really can take us to a different level for sure.

Viraj Mahadevia: Fantastic. Good to hear. So basically the growth vectors are growing consumer and lighting wires and cables smart metering for the next four years after that replacement demand within India and newer markets opening up

Gautam Seth: and then if you see the global trend which even we will follow but you know we need to you know make sure that we are better you know grounded in each part like we've come out with like typically international all metering companies are into electricity water and gas. Typically these are the three things like this so we have come out with water meter now we it will take some time while we get the approvals while we stabilize on technology and then hit meaningful volumes on that. Probably gas can be the next one like that because typically the technology the measurement technologies communication electronics a lot of it can be leveraged with the existing staff what we have. So yeah I think one of your competitors is quite bullish on gas I think Gautam

Gautam Seth: yeah for sure so eventually you know that's a window we will be also looking at probably but we have internally discussed it many times but then again I said that you know as HPL we are very clear that once any new category is launched until we reach a meaningful you know business size and that and other things we just don't like to jump on the next one you know there are

Viraj Mahadevia: but you have the capability in gas to make these gas meters or is it you need to acquire the technology or tie up with

Gautam Seth: I would say when we look around I think we would have the capability but then there are you know in today's time we are very open on partnerships. Yeah, you know any partnership. So if any technology needs to be bought or you know if somebody needs to do that I think today with the the way the businesses are structured and with our own strengths. So I think anybody would we can get the technology we can buy the technology or even develop it inhouse. So I think those options remain but only thing is putting the business plan and together but right now with electricity going in a big way and once that is maturing then it gives us a window to look into the other part which we've already taken a step on the water meter. So it will take time until we really establish that and get in the numbers over there.

Viraj Mahadevia: Right. Great. One more question Gautam is regarding the cash flows and the capex. So now that presumably most of your capex is behind you to produce whatever 1.2-1.4 cr smart meters annually what is likely to be the capex in 27 28 or 29? How do you see that playing out annual capex maintenance plus any new capex?

Gautam Seth: No. So, you we would find maintenance capex because you know tools and dyes are a big capex point which get replenished you know because there's a lot of injection molding items even sheet metal going into that. Right now I think from a metering perspective it is going to be more on the maintenance part because we have the capacities now and they were necessary to bring us to the scale

and the volumes and what we are looking at but there are there's another you know different projects we are working at which will which may entail certain capex but they would have a different revenue stream maybe different categories or something like that. So I think as we have more information on that we will definitely be giving out in public domain and then but whatever capex specifically would happen they would have separate revenue streams coming forward for that.

Viraj Mahadevia: Understood. So can we say 50 to 100 crores of capex for the next year or two. It shouldn't be more than that, right?

Gautam Seth: No. it depending on the project but okay as the time comes you'll hear about it but there will be definitely certain natural progression from our existing products. So it's not something totally out of the way. It is something which naturally will help us to grow you know c certain of the divisions or the segments. So as that comes out we'll put that in the public domain. Yeah.

Viraj Mahadevia: Okay. Great. Thank you. All the best. Yeah, thank you.

Shankhini Saha (Moderator): Thanks Viraj. We'll take the next followup from Chandra Malpani. Hi Chandrish, you can go ahead and ask your questions. Hi Chandra. you can go ahead and ask your questions. Yeah, looks like he's busy. that's fine. So before we wrap up, I think before I hand over to you Gautam for your closing remarks. I just like to let all our participants know that we'll keep you posted on any upcoming management interactions. We're planning something soon. so look forward to hosting you there and um I think Gautam if we have time can I take one more question? We have

Gautam Seth: Yeah, sure. Sure, sure. We have the time.

Shankhini Saha (Moderator): Okay, great. Hi Dia, you can go ahead and ask your question.

Dia: Sure. Thank you. the opportunities. So how do we look at revenue and margins in the coming years sir?

Gautam Seth: No. so the the revenue if you see from both the segments have a strong outlook so I I will not put a specific number but if you look at smart metering they have a you know a a strong visibility. If you look at this year Next year, the next 3 to 5 years seem to be a strong visibility. We are sitting on orders. we are already preferred vendors to most of the AMISPs. So overall the smart metering should see steady revenue growth what we are seeing since the last four quarters. So that would happen. The only thing there the pace of sales depends a lot on execution. So time and again we have seen certain execution challenge not faced by us but by the AMISP so typically they are our customers so it's dependent on that but overall with only 7 cr meters installed a lot to go so it's it's got a good revenue visibility when you look at consumer and industrial there I would say the next 12 to 18 months will be very strong the the cable and wire segment has been we've been growing well well above the in fact the volume growths are far exceeding even the value enhancements what we see due to the commodities. So that is it. So I think that momentum we are looking to maintain of of course for a long term but at least the visibility on the 12 18 months we see that. So that should be a high double digit growth and so hopefully you should see good revenue growth coming in in the next couple of quarters here

Dia: and can we go back to 16 17% margins if the Middle East situation eases?

Gautam Seth: Yes, I think if that happens for sure we can do that but right now you know these are out of our control but whatever best we can do to still get back our margins so already the teams are doing that but yes if the situation ends and let's say supply chain disruptions also come down and the crude comes down so definitely that will definitely help us to resume and come back to the margins what we've been

making here and in fact I come back even look to grow those margins as the especially if you look at C&I with the volume growth also happening so that also will give us certain triggers of that so one more point on the if you see on the margin front which somehow it's that's missed out is that there have been if you look at the manpower cost so especially in Haryana one has seen that there has been almost a 40% increase in the minimum wages by the Haryana government in May. So and since most of our manufacturing is there so that has also added to the cost on this but even I think the other neighboring states of UP and others have also gone into that. So that's also one of the factors where the manpower cost has gone up quite drastically in the first quarter if you see but overall we are aware of this thing and with the volumes and the you know once the revenues are growing in a good manner it gives us a lot of opportunity and window to ensure that the costs are at a minimum level and the margins are there. So I think we are working towards that and let's hope that this geopolitical situation eases out.

Dia: Okay sir. understood and the order book of 3,000 crores it's 90% from smart meters right?

Gautam Seth: Yeah.

Dia: when yeah because you know consumer and industrial does not have long orders like that. So so those orders are coming month on month you know but now they are also becoming substantial because typically we are on a month-to-month basis reaching either highest order books or highest sales. So I think that momentum is there but they will never you know ever have very large orders just sitting on the books you know

Dia: and when you can expect the execution of these smart meter orders. Typically one and a half two years they should get executed but again sometimes yeah typically they should get executed but only it's the execution speed also matters but normally the visibility would be two years let's say

Dia: and any major capex that we are planning?

Gautam Seth: CAPEX no in the let's say in the metering and existing product categories it's mainly the maintenance CAPEX which also sometimes because of the tools dies and others that gets substantial plus there is a lot of work on automation happening and so recently we've just commissioned a new machine especially for MCBS which is you know it the the single machine does the work of 44 workers and these are machines which can work for 24 hours almost practically without any person there manufacturing almost 18,000 MCBs So I think there are these are good level international level automations what we are doing. So we just put in overall 7 to eight machines in our factories. So there are couple of lot of things and now especially with the even the you know the minimum wage going up in almost every state. So it would make a lot of sense to come into more automations which we are looking at and these typically machines have an ROI of 3 to four years. So that also it makes financial sense to actually invest and go into those.

Dia: That is great sir. Thank you so much and all the best.

Gautam Seth: Yeah. Thank you Dia.

Shankhini Saha (Moderator): Thanks Dia. thanks Gautam. What we'll do now is hand over to you for closing remarks. and then we'll go ahead and close the call. Go ahead.

Gautam Seth: Yeah. So yeah. So thank you everyone for your questions and your continued interest in HPL Electric. Q1 FY27 reinforces our confidence in the direction of the company. Both growth engines are scaling. The business mix is broadening and our focus is on converting the momentum into better margin quality, cash generation and sustainable growth. We are also encouraged by the near-term outlook with the coming quarters looking positive and remain confident that the efforts underway across the business

will increasingly translate into stronger operating performance. So have a good day ahead. and thank you for being part of HPL Electric's growth journey. So, thank you very much. Yeah.

Shankhini Saha (Moderator): Thanks, Gautam. And thanks to everybody for joining us today. for any more follow-up questions or requests on the numbers, please feel free to write to me on the email ID on the last page of the deck and we'll be happy to answer you and also set up more interactions with Gautam and the management team as required. So, once again, thanks for joining us this afternoon and like Gautam said, being part of HPL's growth journey. we'll see all of you soon. Thank you and have a great day ahead. Cheers.

End of Transcript