



# HPL Electric & Power Limited

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**Scrip Code: 540136**

## **Subject: Transcript of Conference Call with the Investors/Analysts**

Dear Sir

This is with reference to the intimation dated 11<sup>th</sup> November, 2024 made by the company about the Conference Call scheduled for Investors/Analysts on Friday, 15<sup>th</sup> November, 2024 at 01:00 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](http://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.

## Q2 & H1FY25 Earnings Webinar Transcript

Friday, Nov 15, 2024 1:00PM IST

Answered by Management:

**Mr. Gautam Seth- Joint Managing Director & CFO**

### **Moderator:**

Good morning, Ladies and Gentlemen. Welcome to HPL Electric & Power Ltd.'s Q2 & H1 FY2025 Earnings Webinar produced by ElevEase. We appreciate your time and interest in joining us today. We're pleased to welcome the senior management team from HPL who are present on today's call:

- Mr. Gautam Seth- Joint Managing Director & CFO of HPL

To participate in the Audio Interactive Q&A session of this webinar, please raise your hand, and you will be added to the que. Instructions on how to raise your hand are available in the webinar chat. As the management begins their opening remarks, please feel comfortable to raise your hands to start forming the Question and Answer que.

You can also view and download HPL's Investor Presentation and Press Release for Q2 & H1FY25, from the documents made accessible here.

As a reminder, this conference is being recorded. Some statements in today's call may be forward-looking, based on current expectations and subject to risks that could cause results to differ materially. With that, I now hand the conference over to Gautam  
Thank you, and over to you, Gautam.

### **Gautam Seth:**

Good afternoon, everyone, and thank you for joining us. It's a pleasure to connect with you all as we review HPL Electric & Power Ltd.'s performance for the second quarter and first half of FY25. I'd like to start by sharing a brief overview of our financial performance.

Getting into the Q2 numbers, for this period, our revenue grew by 20.5% year-over-year to ₹422 crore, while H1 marked a 21.5% increase, reaching ₹815 crore – both are milestone topline numbers for the company.

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This growth reflects sustained demand in our core Metering & Systems segment, which saw a 29% increase in revenue in Q2, reaffirming our positioning within India's metering market. Supported by an order book exceeding ₹3,500 crore (by the end of H1), with smart meters now making up over 90% of these orders, we are well-positioned to contribute meaningfully to the nation's smart energy transition. Our focus on smart meter solutions allows us to meet the evolving requirements of the energy infrastructure landscape, a responsibility we approach with both enthusiasm and careful planning.

Our Consumer, Industrial & Services segments have also demonstrated positive momentum. In particular, our Wires & Cables division achieved 57.5% growth, driven by demand across various market sectors. This segment continues to gain traction within the B2C market, driven by our focus on quality and innovation. In lighting, we expect stabilisation to occur by the beginning of the next financial year. Meanwhile, our Domestic Switchgear segment delivered over 34.5% growth, reflecting our alignment with customer needs and market dynamics. To support this growth, we have expanded our distribution network to over 900 dealers and more than 83,000 retailers nationwide. This network expansion has allowed us to deepen our market presence, ensuring that HPL's high-quality products are more accessible to customers throughout India. As we move through the second half for FY25, we intend to keep expanding our network to deepen our market penetration even further.

In terms of profitability, we have seen encouraging progress. Our EBITDA increased by 28.4% in Q2 to ₹60.58 crore, and by 33.8% for H1, reaching ₹116.71 crore. The EBITDA margin improvement to 14.34% in Q2 and 14.32% for H1 highlights the benefits of our efficiency measures and operational discipline. Likewise, PAT growth, which nearly doubled, speaks to our ongoing efforts to balance growth with profitability, while earnings per share reflect our dedication to delivering sustainable value to shareholders.

Looking ahead, apart from smart meters, we are committed to driving healthy growth, particularly in our Consumer and Industrial segments, where relatively shorter working capital cycles support enhanced cash flow and returns. We will continue to invest in advanced R&D and manufacturing capabilities to foster innovation and meet the changing demands of our industry. As we introduce new technologies and solutions, we remain focused on contributing positively to India's journey towards a more connected, energy-efficient future.

Let us start with the Q&A session.

**Moderator:**

Thank you very much. Gautam, we'll now begin with the question-and-answer session. For those wishing to ask questions, please raise your hand, and you'll be invited to unmute and speak in turn.

We'll begin with the first question from the line of Sahil Patani. Please go ahead.



**Sahil Patani:**

Thank you. Thanks for the opportunity, and congratulations on a great set of numbers. Wanting to understand the margin trajectory, obviously we had good margins this quarter. So, we think that these margins are sustainable, or the or the next few quarters, or how do you look at the margin trajectory going forward?

**Gautam Seth:**

Yeah, yes. Saha, so the if you look at the margins broadly, I would say they are sustainable. We have seen an improvement the overall whether we are talking about q2 and h1 if you look at the EBITDA, is nearly around 14.3% in terms of both the segments. The meter has seen a much better improvement as the execution is increasing. So those the EBIT margins are around 16.5% so more or less, I think if you look at the metering segment, anywhere at 15 to 16% is a sustainable EBIT margin going forward. Now, of course, you know we are today in a we are seeing a lot of geopolitical activities and even war like situations happening across the world, but I think those till now have not affected us in terms of supply chain or even any spikes in the pricing happening, and we have taken necessary, you know, steps to mitigate any types of whether they are on, we are talking on semiconductors or, you know, industrial plastics and all, we have taken our due precautions. But still, right now looking at almost a scenario which is almost, you know, which was happening in the next six months, if that were to continue, I think those margins, what we have are currently sustainable, at least for the next two quarters. When we look at the EBIT margins for the consumer and industrial that has come down by a little more than one point, some percent, and that's mainly because of the fluctuation we saw in the copper prices, mainly in the wire and cable business, and mainly in July, where we did see a drastic drop in the copper prices. So I think going forward there also we should see a improvement, and we should probably come somewhere around, let's say about 11 and a half / 12% somewhere. Yeah. So overall lighting, also, we have started seeing certain stabilization happening in the overall business. So the margins, again, should improve as we approach the year end. So to just summarize your my answer, I would say yes, the margins, what we have, are sustainable, and maybe anywhere around 14-14and a half as an overall EBIT/ EBITDA margin should be there going forward.

**Sahil Patani:**

Got it. Got it. Thanks for that. And my second question is, obviously, in the investor presentation, you've mentioned there are tenders about for about 10,000 crores in the metering space that are floating around. So what is, what is the kind of timeline for that. Like, do you see any anything that's coming out in the next few months or few quarters, orders being awarded? Like, just want to understand what the what the landscape is looking like,

**Gautam Seth:**

So I'll just like to probably add something to what we have written on that. Now the inquiries for us and the orders are coming through the AMISPS, so when you look at the overall figures, and I'm talking

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about the figures, what we see in the public domain, roughly, I would say about 12 crore meter orders have been given out to the AMISP, by the various state utilities. Now those orders are eventually getting finalized on the meter manufacturers, and we being a prominent player, definitely, we do stand a good chance. So I would say, instead of tenders, you can say, probably those, these are, we are talking about inquiries which are going to come in that. So right now also, we, when you look at the active inquiries, what we have are fairly good enough, and we are probably engaging with most of the AMISPS who are right now active and independent in the market. So there are a lot of inquiries. So I think right now our we are not worried on that, because eventually these orders will come in. We are supplying already to most of the AMISPs so as more and more supplies are going to them. We do expect further orders to be released to them. Certain new AMISPS, also, we've been talking but overall, as I think now, it's a continuous process, as in a business whereas more and more orders will be going, and depending on our delivery schedules, the quality, what we are, you know, what the product promises- I think we are confident of getting many more orders in the future.

**Moderator:**

Our next question will be from the line of Viraj Mahadevia, please proceed with your question.

**Viraj Mahadevia:**

Hi Gautam, congratulations on all the visible positive trends in the business that you've been talking about. Yeah. Thank you. Two questions, Gautam, one is, can we expect the pivot in a meaningful way to smart meters to commence? Q3 onwards, would you say-can you expect a meaningful pivot to the Smart Metering business in revenues to commence from q3 onwards?

**Gautam Seth:**

If you see the growth, what we are doing from the last year, we are talking about almost, you know, like 29% in this second quarter, 34% in the overall H1 so going forward, also, we will keep seeing a growth happening like this. Now I don't see a, you know, a sudden spike happening overall, like this. Because we are into the supply business. You know, we are supplying to the AMISPS and now it is getting broad based each time. So as we have more and more AMISPS, whom we are supplying to, plus they have multiple projects in different states, what each single AMISP is doing so broadly, the business is getting broad based, and we will see a continuous growth. I don't see a big spike happening into this. But yes, the business is growing, and we would continue to see the supplies happening.

**Viraj Mahadevia:**

Historically, you have obviously Electricals and branded electricals business, and you've done more of the conventional meters. Now your order book has shifted more in favor of smart meters. As you mentioned in your presentation, almost 3200 crores out of 3500 crores is smart meters 99-95% of that,

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right? So now, would you expect this positive mix change for smart metering to play out starting q3 onwards?

**Gautam Seth:**

I think that's already happening and already happening. Yeah, it's already happening, and that would continue to happen. But you know, as like you might have seen, also, that there have been, smaller delays little bit here, and there are small challenges happening while the implementations are going on in an interim period. The utilities- because they would need some meters, and even for areas where they're not implementing so that business, that smaller part, will keep continuing the legacy meters into our overall mix, because already, we have 95% of our metering orders are smart meters. So the change is happening, and it will further happen like that.

**Viraj Mahadevia:**

My second question is, what is the average price of a smart meter versus a conventional meter? How many times?

**Gautam Seth:**

You know, normally we I would refrain from referring like that. But the figures, what normally people talk in the public domain, maybe they're a little older right now, but people talk about INR 3000 or INR 3.5k per meter.

**Viraj Mahadevia:**

Just number of times. So you know, what is the conventional meter versus the Smart Meter?

**Gautam Seth:**

The conventional meters were typically at a ballpark figure of INR 1000-1200, normally.

**Viraj Mahadevia:**

So we're talking at least minimum 2-2.5% right?

**Gautam Seth:**

Roughly, exactly



**Viraj Mahadevia:**

Okay, very helpful. Wish you all the best watching your progress. I'll come back.

**Moderator:**

Thanks, Viraj, for your questions. The next line of questions will be from Arpit Maheshwari, Arpit, you can unmute your line and go ahead with your questions please.

**Arpit Maheshwari :**

Firstly, thank you so much for arranging this type of conferences, sir. I have two to three questions that you have talked about the domestic switch gear business, about the 34% growth via wires & cables, around 57% growth in lighting equipment, it will grow but so what about your fans business? You have entered recently into the fans business. And what about the solar which is the talking point of the, I think, this year or the next years to come, what type of growth do you see in these types of businesses, and also about this industry and switchgear businesses?

**Gautam Seth:**

So I'll take a one by one. So if you see we, we launched the fans in the overseas market, initially because the Indian market in fans, was seeing certain change happening, typically because of the B double E markings happening on the star rating. So there was some churning happening in the local market. So we thought, instead of entering during those times, it's better when the market stabilizes and offers growth. But, and I think that was a good decision at that point in time, we have currently launched in three states in the fans and now from next month in December, we hope to now start scaling up and spreading ourselves to much more other areas, typically, because the fan season is slightly more season based. It's a little cyclical.

You know, trends we see. And from December, January onwards, we see the that part of business picking up. So we have, we have done a lot of back end work, and hopefully by March, we should be present in over 50% of the pan-Indian market. Of course, we the strategy here has been that because we must align the after sales, servicing, we have to align a lot of, you know, manpower and such while launching. So the strategy was that we would go state wise, and I think wherever we have currently launched, and the figures, what are coming out- the acceptance is good. But now, till now, the season has not started from a procurement, from a trade point of view also. But from December we will see, start seeing numbers overall. Our idea is that we will be a pan-India company by next year. And from next year onwards, from April onwards, we should start seeing certain good numbers and growth in terms of fans. But one thing, if you see the what the fans were there three years back and now, a lot of changes has happened in terms of design, in terms of technology, the BLDC is really picking up. So that is where we find as HPL, our focus on electronics has always been there for last now, two and a half decades. So I think there are some advantages we which we can leverage when we are entering new segments, like a fan and plus, it gives us a good add on, along with our other consumer products,

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so that we go with a basket to our trade channel partners, to our customers, even in the building segment.

So that is it now coming to solar. Yes, we are seeing a good traction on the solar, especially on the solar cable, the net metering and even our switchgears. But this business, this reporting, gets clubbed with our existing. Uh, you know, internal product vertical. So when we look at consumer and industrial the solar products of cable gets added in the cable and cable business reporting, the meters, the net meters, going to the metering reporting. So we are not giving out a specific reporting on the solar part. But yes, there's a good traction even the new schemes of rooftop solar, which the government has come out with, that also will give us a pan India growth in the next three to four years. Now, when we look at the industrial switch gear segment, last two years, we have seen a very good growth this year because of certain procurements of the government and certain through the contractors. Of course, this happens all through the dealers and distributors, through the contractors. They are the offtake has been slightly slow in the industrial switch gear segment, but hopefully that should pick up in the second half of the year,

**Arpit Maheshwari :**

Can you do that in the solar meter, the solar products, bifurcation wise, like, what is the growth in the solar net meter? And you are clubbing those right now, and the main segments only. So can you do it the separate way in the future, years to come?

**Gautam Seth :**

We can look at it, but when we talk on solar products, there are lot of it. If you look at only the solar switch gear, we are talking about over 30 to 40 different products. So it's not about one product, because we have the string junction boxes, we have the AC DC converters, we have this. So it's a huge range. And eventually, when grids are changing to, you know, from the fossil fuel to the solar and a lot of that is happening. So for us to go to minutely in our reporting, then we probably lose the broader picture, at least when we are giving out our results. Yeah, but one thing is there, that's the solar is the future, and as the R & D what we have and the manufacturing capabilities and the products which we have already launched, we definitely have a good, you know, opportunity going forward.

**Arpit Maheshwari :**

So, sir, you have talked about that the fans business you are full facing through the April of the next year, but I want to know that, are you manufacturing these fans in house, or there is a third party manufacturer for that?

**Gautam Seth :**

Right now, these are vendorized, with a lot of tooling and design being done in house. But, you know, as in with HPL at the way we see, once we see a growth coming in, and we reach a critical mass, then





probably we would look at, you know, we would be open to looking at manufacturing in a bigger way going forward, but many of our other products, also, we have started the same way. But as we see a good traction in the market, and when a critical business comes in, then I think it's a good time to invest and then go forward into the manufacturing.

**Moderator :**

Thanks for your questions. Arpit, please raise your hand to rejoin the queue for any more follow up questions. Our next question will be from the line of Suraj. Jan Suraj, you can unmute yourself and go ahead and ask your question. Yeah.

**Suraj Jain :**

Thanks for the opportunity. I just want to know what we have offering for the 5G products, what we have in the 5G technology?

**Gautam Seth :**

So currently, we are supplying certain switch gears to the telecom companies and the wire and cables. So, a lot of growth. What we have seen in the past couple of years we are, is mainly on the wire and cable side, where we are also doing for their infrastructures, including the tower installations. So there we are seeing and we are supplying to almost every major contractor who is doing business in the telecom business, and also to the to the largest telco- we are supplying directly also. So it's a good segment for us. And I think we are looking at even some more products in switchgears which can go into their installations.

**Suraj Jain :**

So what will be the share of revenue over a period of time and going forward?

**Gautam Seth :**

So although, you know, these are, like the way we look at telecom business, we also have, you know, the real estate segment. We also have a lot of OEM segments, you know, like different segments. So although telecom and cable and wire are relevant to infrastructure, I will probably not have put a number, but they are decent enough, you know. But still we are not, as a company dependent only on one or two segments. So although it's a very important part of it, but roughly as a share of the overall wire and cable, it will not be so dominating, you know, because we are as HPL, we are very well spread out in terms of our customer segments here, and our growth comes from all across. So if you look at wire and cable right from a residential segment, commercial segment, we are seeing good growth. The real estate has been good, even on the industrial side, like the cables going to industries or OEM panel builders, that's also been growing. The domestic wire, of course, has been growing so similarly, the telecom also has seen a good growth from last two years.

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**Arpit Maheshwari :**

On the Smart Meter. Just want to know is the so smart meter demand is moving as per the plan? Are there any challenges? Yeah, so overall market, I just want to know the overall market of the Smart Meter going forward.

**Gautam Seth :**

So the overall market for smart meters is, of course, huge, and I think that is well stated by the government, because, you know, the originally 25 crore smart meters are to be replaced, you know, from the conventional ones. And 22.5 nearly are sanctioned so. And I would say the orders almost are. 12 crores have been given out to the AMISP. So the business overall is large. When you look at from a like we are business supplier, leading supplier to the AMISPs. So our challenges are quite limited, because, you know, we have been doing manufacturing. We have got a huge capacity in terms of R & D development. We are already there in this so the challenges for us are less, while the AMISPs, when they are implementing, there could be some challenges at the ground level, which may be coming up, and whenever there is a change in technology, because it's a change from a single installation meter to a complete system. So there is a lot of work which happens at the utility level, which the AMISPs are due to do that. So there will be definitely challenge, but I think overall, the segment is moving. And I'm sure these challenges and the roadblocks would, you know, open out and the overall system gets implemented. What is important is that the overall implementation is happening at a good level, and even the awareness levels. And once people see the benefit, the utilities are seeing the benefit. The government, both Central and the state governments, are, you know, seeing the benefit. And they are, therefore, they are pushing the smart meters across the country.

**Moderator :**

Thanks for your question, Suraj, you can raise your hand again to rejoin the queue for any more follow up questions. Our next question will be from the line of ShauryaPunjiani. You can unmute yourself and go ahead.

**ShauryaPunjiani :**

Sir, given that you have grown 30% in H1 so can we say we grow around 20- 30% in this year and next year, overall,top line?

**Gautam Seth :**

So, so overall, no. So we, our growth, if you see, is about 20-20.5% in the Q2 and 21.5 as a company in the H1 so I think a similar growth would be expected going forward, for sure, yes. And as I said earlier, also that apart from the smart meters, the cable and wire is performing well. The domestic switch gear is performing well. We do see towards the end of the year, even lighting part to start having

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real term growth, and even the industrial segment to come back. So overall, yes, we see the market in a good way, and a high double digit growth definitely look certain going forward.

**ShauryaPunjiani :**

And sir, we give that order book, that 3500 crore order book. So what is the execution time frame for that order group, usually?

**Gautam Seth :**

So in this, if you see almost, we can say 90% is smart meter in this and, and almost, probably almost 95% is the overall metering, you know. So if you see the Smart Meter, the normally with a time lag of six months for preparation. The execution is supposed to be in two and a half years. So overall, two and a half to three years is what the execution timeline schedules are for the Smart Meter. So based on that, these orders are structured, and that's how we are supplying, you know, these meters.

**ShauryaPunjiani :**

Thank you for that. That's it, yeah, thank you.

**Moderator :**

Thanks for your questions. Our next question will be from the line of Pranjal Mukhija, Pranjal, you can unmute your line and ask your question.

**Pranjal Mukhija :**

So I had a couple of questions with regards to the Smart Meter division. So currently, are we only just manufacturing the meters, or are we also, like, forward, integrating into the, you know, into the whole AMI part of the chain?

**Gautam Seth :**

So our main focus currently is on the manufacturing and supply of meters. So if you look at most of our orders, almost bulk, other than one which we took up in West Bengal, I think entire order book is basically on supply, you know, developing and supplying manufacturing these meters to the for the AMSPs, and that is where our, you know, the focus would remain.

**Pranjal Mukhija :**

So we're not going to have any future plans to, like, get into the communications side of things?



**Gautam Seth :**

No. Sowe are - apart from the meter supply, we have already, like earlier, also, if you see, we did a tie up. So there are some things. There are certain value adds which are along with the Smart Meter, which we are doing. So if you look at the whole hog AMISPs work, which is actually involves installation, financing, you know, giving the complete, you know, support on the whole thing that we are not doing. But there are the value adds, whether they are of the software of the MDM and the communication part, so that we are already doing selectively, we are already doing we and we have supplied those also to certain of the, you know, private utilities or the AMISPs, so that we are doing so that becomes a good value add for us. But overall, looking at the AMISP as a full system integrator and doing the financing and the installation part, we are not pursuing that.

**Pranjal Mukhija :**

So, since you're saying that you guys are also into, like, communications and HES side of things. So currently, like, what sort of communication types do we have? Is it like, cellular, RF, what are we doing?

**Gautam Seth :**

I think that depends on the customer's demand. So we can do all, whether it is RF, cellular or even NB IoT, so we can give all the three options and, but I think the major demand right now, probably it is cellular right now, but that will keep changing as we go ahead, but as a company, as a technology, we can give all the three of them, or rather, we have been giving all, all three of them.

**Moderator :**

Thanks for your questions. Our next question will be from the line of Neha Gupta. Neha, you can unmute yourself and ask your question. Please.

**Neha Gupta :**

My question is with the growth in both the wires and cable 57.5% growth and domestic switch gears, 34.5% growth segments. Would you discuss the strategic moves that led to these results? Furthermore, what market dynamics are you observing in the tier two and the tier three cities where you have expanded your retailers and distribution network? And how do you plan to leverage this network for your continued growth?

**Gautam Seth :**

Yeah, so, so if you see, of course, we've been, you know, quite upbeat on the wire and cable segment, and I think it's a basic - the marketing push and expanding the channel, what we have been continuously doing. But now in this quarter, we did see a good growth across all the customer segments. So whether we look at the residential, commercial, the domestic part, the infrastructure,

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telecom. So we have seen aall round growth in wire and cable. And similarly, when you look at the domestic switch gear there, the focus on real estate has been strong. So as a company now with because now we have almost five segments of products which can go into real estate in a good manner. So if you look at we have MCB, DBs, we have switches, we have wire and cable, we have LED lighting and we have fans. So overall, these five segments now can be pushed into real estate in a bigger way. So in all the states now, we are putting in almost like a separate vertical within our teams, where the focus on real estate and key accounts would be strong. So I think there are a lot of actions we have taken on that, even if you look at on the branding part, I think this first half, and more specifically, the Q2 has seen certain you know. Growth in our brand visibility. We are reaching out to more people. A lot of activities happening at the ground level, whether they are the electrician connect programs or retailer meets, even with consumer connect. So somewhere, I think, to some extent, on the branding part, distribution part, we have been reaching out in all the segments. So that's what we have seen. I would say good growth in these two segments. In fact, if you see wire and cable, almost 30% growth in the first H1 and the domestic switch gear has been almost 27% growth in the first H1 So overall, I think these are certain of our strategies have paid us the results in terms of the market dynamics. When you look at on the geographical areas, what you were asking there our focus, although the cities and metros are always covered, but I think the growth, if we were to analyze is probably a lot of it is coming from the tier two and tier three cities and the big towns, what are there. And I think the growth in terms of our channel, what is happening, the retailer, maximum growth is probably in the tier two, tier three segments. So I think these are the segments where, or these are the areas where, in future we would as HPL, we would see a lot of growth coming in from these non-Metro and non-city segments.

**Moderator :**

Thanks for your question. So the question that has come in Gautam, is what is your action plan for the smart meters that seem to be banned in many states, like Gujarat, Maharashtra, for households?

**Gautam Seth :**

Yeah. So you know, while we are looking at the implementation and supplies, which, of course, right now a lot of work is going on across the country. So there have been certain protests, which probably are in the news, and we are seeing it. But I think these are, I would say, temporary, and in certain pockets, these are happening. And as more and more consumer awareness comes, we will see a Go ahead on these supplies to be happening. So we, of course, looking at our product portfolio, this is still a smaller part being supplied to these states, but overall, if you see, I do expect in the next couple of months, both these states will be buying again, and they have probably re-shifted the focus to more on the commercial side, industry side and other things. And the domestic part will obviously be taken up, which, as per us, personally, I feel this will come back in a bigger way whenever the new technology is getting, you know, implemented, we have seen it even in 1996-2000 when the electronic meters came in. So there were a lot of protests. There were sometimes delays happening because people felt that the electronic meters would be, you know, like the meters would go faster. They would have to pay more. But I would say those we have seen those times also, so similarly here, also, as we look at the



consumer awareness going up, I think government is also doing a lot of work to give out the information, you know, on the education part of the benefits of smart meters. So smart meters have a huge benefit for the utilities and the government, because that cuts the AT&C losses. You know, especially, I think a lot of thing is also on the prepaid part, you know, changing from a postpaid to prepaid. So I think these things happen, but the technology is good. I think even in individual consumer with the data, what he gets, the way he can analyze and the accuracy, what is there, I think the people will see the benefit and eventually they would be rolled out. That's the way we look at it.

**Moderator :**

Thanks. Gautam, we'll take another question from the line of Deepak Mehta. Deepak, you can unmute your line and ask your question. Please go ahead.

**Deepak Mehta :**

Yeah. Thanks for the opportunity, sir. My question is around, what is the runway for smart meter implementation? So can we see 10 to 15 years of runway for the same?

**Gautam Seth :**

No, so the current scheme, what you look at, I think the implementation probably in the next three to four years should be done, because the way it is picking up and now, the implementation probably is happening in multiple states through multiple AMISPs, and even single AMISPs are doing multiple projects in different states. Those things are there- the pace is picking up right now, because a lot of it initially, when the orders are given out to the AMISP, there is a time lag of six to eight months by the time they, you know, get the local level integration done, or, you know, certain pilot meters are tested and then go live happens. But once the pace picks up, the implementation would happen. And to just, you know, add on to what your question is that if you look at the long-term benefits, because right now, under this the first 10 year, you know, the supplies are to happen in almost three to four years. And then we have a 10 year period. But even going forward, we would see by the time we reach the 10 year period, probably a new generation of smart metering coming in, new technologies coming in. And over a period, you will see the metering getting enhanced, and again, a new set of meters coming in. So whether we look at 15 years or 20 years, it's definitely a long term story. When you look at the smart metering, as far as smart metering is concerned.

**Deepak Mehta :**

My question is around, yeah. So you manufacture the Smart Meter. So what is the percentage you outsource the material from vendors or third party?



**Gautam Seth :**

Yeah. So, we are very well backward integrated. I think among, I would say all the manufacturers in India, probably we would have almost the highest levels of backward integrations. What we do so we do right from engineering, plastic tooling, electronics, a lot of components, everything we do, mostly in house. Only thing where we are dependent on others or components is items which are not made in India. So certain parts, like components, could be coming from outside, but within India and when you look at the semiconductors or the active, passive electronic components. Since they are not made in India, they must be imported. But I think we are well ahead of what the industry currently is doing. And even going forward, we are looking at, you know, making much more, you know, components, even which are critical to be backward integrated, so that we can have a better, you know, a better Supply Chain Management, maybe the pricing coming down, a consistency in quality and technology, and then obviously the overall, the Make in India, what we are promoting is, I think, that would also get enhanced.

**Moderator :**

Thanks for your questions, Deepak, you can rejoin the queue by raising your hand for any more follow ups. We have another question that's been sent in. The question is, Gautam, would you be able to share the success rate of new tenders released specific to smart meters? And secondly, since HPL is not focusing on financing meters. Are there cases of deals being lost? If yes, any numbers to share?

**Gautam Seth :**

So, like, as I said earlier, we are not directly participating in tenders for AMISP, so our business is now dependent upon, you know, interacting and negotiating with the AMISPs and getting the, you know, the orders based on our merits. So that is it. So, there is no success ratio what we have, you know, based on direct entering. So right now, our business from a B to G, where we were focused, mainly, 100% supplies going to the government are today now more of a private, you know, like a B to B, but completely to a private segment. That is how it is. Now, when you look at it, yes, there could be only, I think there are about one odd AMISPs who are focused with only one manufacturer combined, you know, like kind of a JV arrangement. So, yes, those kinds of businesses we stand to lose because, you know, we are not part of their consortium or JV, you know, which is done prior to the tendering. But overall, that still gives us a big opportunity to deal with all the independent AMISPs, and since we are not competing with our AMISPs in in those tenders. So, we do stand a chance to be a preferred partner with multiple AMISPs to do that. And I think our focus has been on the R & D design, manufacturing of smart meters. And I think that is where we are playing on our strengths right now in this first phase of the RDSS.

**Moderator :**

Thanks for your answer. Gautam, we'll take another follow up question from the line of Viraj Mahadevia, you can unmute your line, and ask your question.

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**Viraj Mahadevia :**

Gautam will be helpful is to get an understanding of the landscape of sectors or sub sectors that you're looking to cater to, whether it's gas meters, water meters, solar meters, and where you already have this capability, or where the capability is lacking and you're not looking to play?

**Gautam Seth :**

Yeah. So, so already, if you look at within the Smart Meter, I think that we are anyway doing we are doing the solar meters, the solar net meters, we are anyway doing that.

**Viraj Mahadevia :**

How big is that opportunity? The Solar Net Meter?

**Gautam Seth :**

Solar Net Meter that gains, I think, to some in an interim period on the rooftop solar, it gains certain traction, for sure, which we are supplying. But okay, but overall, I think once the smart meters come in, then that would cover the bulk of it. You know, because they have multiple features, which would also cover the net metering part, you know, so that can technically, it's-

**Viraj Mahadevia :**

Only at the household level. It's also at a solar farm level?

**Gautam Seth :**

No, all this thing like we are, if you see our meters, we do grid metering. We do even in the industries, in where the loads are different, commercial complexes we do, and then also on the domestic place we do so that we've been always doing right from the start, but that opportunity is increasing now. That is increasing because all round the meter would go into a smart one, into communication. So that would happen now regarding the other segments. Yes, we have been working on the water meter part, but again, nothing right now to share. But as we have it, I think we'll be happy to share the information and what kind of business then- we can look at it.

**Viraj Mahadevia :**

Understood. This is all indigenous technology, or you're looking for partnerships?





**Gautam Seth :**

No, no. I think just by us now. I think we; I would say not to boast of it, but I think the Indian industry, the way the smart metering is developing, and, you know, right, the leading players right in future, the way things are coming I think the industry could be a technology provider for the world. You know, that's how, because the Indian landscape is challenging, and even in if you see electricity meters, we do have problems of theft, of a lot of pilferage, you know, the heat conditions are different, the weather conditions, you know, you have right from minus 10 to a 50 degree in Rajasthan, you know. So, so our meters that way as an industry, are robust, you know. And with a 10-year warranty, and like, if you can supply in India, you know, you can supply anywhere else you know, understood, yeah, one needs that kind of robust technology to be there. So, I think overall, it's a good evolution for the industry and for a company like us. For sure, great. My

**Viraj Mahadevia :**

Second question is, why did gross margins trend down in Q2 - was there a mix change? Was it more sale of wires and cables which are lower margin?

**Gautam Seth :**

So you're talking about the consumer and industrial segment, no-

**Viraj Mahadevia :**

Overall in your business, your growth, your Q2 gross margins were lower, I think, than Q1? Any specific observation on that?

**Gautam Seth :**

Maybe it's just could be on the product mix, because if you see the consumer and industrial segment, the margins have come down in the Q2 mainly on the fluctuations of copper and mainly with wire and cable occupying a bigger space. And then the margins slightly dropping down because of the fluctuations. So that could be it. It's just that. But overall, if you see, it's still maintained around 33-35%.

**Viraj Mahadevia :**

Yeah, thanks for your questions. Viraj, you can raise your hand to rejoin the queue if you have any more follow ups. Our next follow up will be from Arpit. Arpit, you can unmute your line and ask your question please.



**Arpit Maheshwari :**

Thank you so much. Can you throw some light on the new launches and what will be the margin on new products that you are mentioned in your investor presentation? And secondly, about your consumer industrial you are talking about that, but missed that, your consumer industrial margins down from 11.56% to 10.46% so do you expect to go up in the future years to come?

**Gautam Seth :**

Yeah, so I'll first take the second part of your question. The margins have come down. It's mainly because of the fluctuations in the copper prices on the wire and cable, also the lighting part has been seeing a little flat business happening over the last quarters. So going forward, maybe not in few years, but maybe in the next one or two quarters itself, we should see the margins coming back. I do expect that even the lighting margins should see an improvement, because the fall in prices, and although there is a volume growth, but the values have been quite a little lower. But that should improve even the wire cable business, looking at, I think there also the margin improvement should be there. So we should come back on that for sure. Now, when you look at the individual product launches which we have, because we do that almost on a month to month or quarterly basis. A lot of products in each segment are getting added. So now, although they have their individual profitability levels, but broadly as a policy, they do get aligned more positively on the segment wise profit. So if, let's say, we are launching a new lighting product, so whatever the current margins are there, normally we look at that the individual new products added should have at least a more positive individual net, you know, like a unit margin as we are adding them to the basket. So if that is not complying, then we do go back on the drawing board. We make sure that the pricing of launch, or the costing and others get aligned, so that overall, we can, in the short, long term, improve the margins of each of the divisions here. So that is but I don't think we report them individually. But yes, because lighting today may have over 200 products. So if there are, let's say next 10 products added, we make sure that they at least they have a better margin profile than the existing product, so that overall we move to a more positive level. Yes.

**Arpit Maheshwari :**

Thank you so much, sir. Yeah. Thank you.

**Moderator :**

Thanks for your questions. Arpit, we'll take the next follow up from Pranjal, you can unmute your line and ask your question please.

**Pranjal Mukhija :**

Hi, sir. Thank you for this opportunity again. So again, a couple of questions on the Smart Meter bit. So could you talk about the competitive landscape in this industry, and like, the impact of like, this competition coming up on the margins, let's say, two or three years out. So the reason why I'm asking

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this question because we're seeing new players like coming up, right, like listed players, like Salzer and with Keynes also like, you know, acquiring, like, sort of acquiring, and they also have some, like, good plans of, you know, capturing some market. So generally, wanted to understand, like, what are the barriers to entry in this business?

**Gautam Seth :**

No, so there are no barriers, for sure. The natural barriers are, of course, competing, you know, getting the technology right, getting the, you know, the overall mix of what the business requires. So, you know, like every business, what we are in, and even traditionally, in the last 25 years, there were, there have been no barriers in the metering industry. And we have seen, at times, over 50 companies being in the metering industry. And with the way the technology moved up with the way the competitive scenario was there. So, most of them, almost 80-90% of the companies, went out of the market. And okay, now it's a new opportunity. Lot of new players are coming in. So we are, I think, well geared up for the competition. We do have a big competitive edge in terms of our technology, our R&D manufacturing. So, I think a lot of them, the list goes on and on, and I think we will. We are really working to grow up and make sure that the market share, let's say, of 20-25% of the industry. And it's a fast-growing industry that we maintain that. But yes, the competition will come in for sure, it will be competitive. Rates will go down in future and, but the costs are also going down. The volumes are going tremendously high, so and we are also doing a lot of automation at our end to look at the peak demands, which would come in the next one to two years. So, it's an open market, and I think the more competitive it is, the better benefit for the entire industry, for the utilities and for the consumers. So, I think that's how the landscape is, and it is going to be competitive, but that's in every industry.

**Pranjal Mukhija :**

So secondly, by when will we see the government coming out with the tenders for the second half of that 25 crore smart meter target?

**Gautam Seth :**

So, I think the evaluations are already on. So, if they are given 12 crore orders to the AMISP, and this is as per government figures, these are not my figures. These are as per their websites. So I think they're already getting evaluated, but I think maybe the next three, four months, there could be some gap, because it takes time to evaluate, and what the orders they gave, also, they were very early starters, so they also spent a lot of time evaluating, but I think that would happen maybe end of the year, or maybe in the first half of next year, the balance should come out, so there's no timeline of stoppage or, you know, orders to be given. It's just a natural process. What we are seeing is there seems to be some gap, probably while the orders are getting finalized to the AMISPs and the tenders are coming out.



**Moderator :**

Thanks for your questions. Pranjali, since when during the end of time for this earnings webinar, I'd now like to close the Q and A session. If anyone has any more questions, you can feel free to write to us at Dickenson, and I'll ensure we get them answered to your satisfaction. I'd now like to hand over to Gautam for some closing remarks. Gautam, over to you.

**Gautam Seth :**

Thank you, and I just want to extend my gratitude to everyone here for their support at HPL. We remain dedicated to a path forward, guided by a long-term perspective and a commitment to the operational excellence and market expansion. Thank you once again for being with us and have a present afternoon.

**Moderator :**

Thanks, Gautam, on behalf of Dickenson ElevEase and HPL, thank you to all participants for attending our call today. On behalf of HPL, cheers and have a good afternoon. Thanks, Gautam for your time as well. Cheers.