

HPL Electric & Power

Operator: Ladies and gentlemen, very good afternoon to you all, and thank you for joining us today for HPL Electric & Power Ltd.'s Q1 FY27 earnings webinar, produced by Elewise. I am Shankhini, the Director of Investor Relations from Dickenson, and I will be moderating our call today. Joining us from the HPL Electric & Power Ltd. management team is Mr. Gautam Seth, the Joint Managing Director and CFO. 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 risks that could cause results to differ materially. You can also download HPL Electric & Power Ltd.'s investor presentation and press release from the company website or the NSE. I will now hand over to Gautam to begin with his opening remarks.

Gautam Seth – Joint Managing Director & CFO: Thank you, Shankhini. Good afternoon, everyone, and thank you for joining us today. Q1 FY27 has been a strong start to the year for HPL Electric & Power Ltd. Revenue from operations grew 35% year-on-year to 515 crore, our highest-ever first-quarter revenue, and remained above the 500 crore level despite Q1 typically being a seasonally lighter quarter. EBITDA grew 9% to 63 crore, while PAT increased to 19 crore.

More importantly, the quarter further strengthens the two-engine growth model we discussed in FY26. Consumer and Industrial is scaling as a faster-cycle product- and channel-led platform, while smart metering continues to provide long-cycle growth and order book visibility. Together, these businesses are giving HPL Electric & Power Ltd. a broader and more balanced growth base. Consumer and Industrial delivered its highest-ever quarterly revenue of 278 crore, growing 55% year-on-year and contributing 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 crore. 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-led scale.

We are also seeing encouraging participation from other C&I categories. Lighting grew 78% to 56 crore, while industrial switchgear 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 this strategy. HPL Electric & Power Ltd. 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, switchgears, 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 systems grew close to 17% year-on-year to 234 crore. 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 crore as of August 7,

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2026, with metering and systems accounting for more than 96% of the total orders. This provides 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 by 21%. This reflected input cost volatility, particularly across metals and industrial plastics, due to geopolitical 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 the product basket, strengthening channel productivity, and building scale in wire and cables, as well as in other products. In smart metering, it means disciplined execution of the order book, technology differentiation, and maintaining financial discipline.

As we progress through FY27, 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 earnings growth and a stronger HPL Electric & Power Ltd. over the longer term. On this note, let us open the floor for questions.

Operator: Thank you, Gautam. Before we start the Q&A session, just a quick reminder on how to raise your hand to join the question queue. If you are on a desktop or laptop, look for the Reactions button at the bottom of your Zoom window, click on it, and then select "Raise Hand" from the options. Your name will appear in the queue and I will call on you. If you are on a mobile phone or tablet, tap on the More {? ... ?} button at the bottom right of your screen, and then select "Raise Hand" from the menu.

We will start with the first question that has been submitted. Gautam, this question is on the C&I segment. We have seen some good progressive growth in the C&I segment during this quarter. Can you give us a product-wise breakdown of how you are seeing this progress developing over the next two quarters?

Gautam Seth – Joint Managing Director & CFO: C&I has seen growth for the last five quarters, and each time the absolute value of sales and the percentage of growth are getting larger. Initially, it started more with wires and cables, but now we are seeing growth in switchgears and lighting as well. Overall, we are very confident about the growth that is taking place.

There has been an expansion in the channel in terms of dealers, distributors, and, more importantly, on the retail side, where the number of retailers is expanding and our product range is also expanding in a bigger way. We have a concept called One Consumer, One Family, which encourages dealers and incentivizes them to take more products and cross-sell more products within the same channel.

Overall, the strategy seems to be working and the numbers are increasing, not only in wires and cables, which again looks very strong over the next two quarters, but also in lighting. MCBs are set

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to grow, which is the complete range of final-distribution products and accessories, and we also expect growth in switches.

If you look at our deck, last month we launched our new-generation range of switches under the name Kyro. That is another segment that we are looking to launch on a larger scale across Pan-India. We have three more state launches lined up for August. Overall, the next two quarters seem to be quite good for the C&I segment. We see both growth and channel expansion going forward.

We are also monitoring sales based on existing channels, while sales from new channels are monitored separately, just to ensure that the efforts toward channel expansion are producing results. We have made many changes within the team, in our strategy, in sales and marketing, and in digital marketing as well, to reach out to our consumers.

Operator: Thank you, Gautam. We will 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 and on the business moving to a new execution plane. However, something that I noticed, which is highlighted in the deck, is that gross margins have compressed from 38% last year to 30%, and that was probably driven by raw-material inflation. What steps is the company taking to ensure that we can return to historical margins? Are you entering into hedging contracts going forward on the day you take the order? Presumably, these were legacy orders taken at a different price, and when you actually purchase the raw material, you face the price increase.

Gautam Seth – Joint Managing Director & CFO: If you look at the results, and more importantly at the margins, the way we look at it is that revenue growth has been good. As we had discussed in our last two or three calls, the momentum in C&I is building to a higher level and we see growth going forward. Smart metering is also growing because last year we grew sequentially for four quarters, and we continue to see good growth from here as well. Of course, it will be at a more mature level, but both segments are set for good revenue growth.

When we look at the margins, there is primarily a single point: the cost of materials has increased. This has happened mainly from February onward because of the West Asia conflict and broader geopolitical issues. We are therefore doing a lot of work in R&D, especially in smart metering, where contract prices and selling prices are fixed and the variable component is the cost factor.

We have long-term contracts that sometimes protect us on pricing. We are also looking at a couple of design changes. This is, of course, a continuous process, but sometimes external factors drive us to pursue it on a larger scale. There are ways to ensure that alternative materials can be used within the same specifications.

In addition to metering, a lot of work is also taking place in Consumer and Industrial on alternative materials and alternative designs. These changes take time. Price increases are also being passed on to consumers. We have recently implemented a couple of increases in wires and cables. Price increases are passed on much more quickly in wires and cables than in switchgears and lighting.

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Even in lighting, we have seen some price increases during the past quarter. This was the first time in, I think, seven or eight years that we saw an increase in lighting prices, because historically prices had only been declining. Passing on price increases in Consumer and Industrial is possible, but there is a time lag.

There are various things, or a combination of them, taking place to ensure that we return to our earlier margins. At the same time, we hope that these conflicts reach some logical conclusion in the next one or two quarters and that prices cool down. In the meantime, the teams, including the supply-chain teams, are making every effort to ensure that margins recover.

If you look at the other factors, finance costs have declined over the last three quarters, including in absolute terms. Other expenses have remained flat despite a 35% increase in the top line. These are some positives, although depreciation has increased mainly because of the higher investments we have made over the last two or three years.

Depreciation has increased, but overall there has been growth in cash profit. The best thing is that, because this is the start of the year, Q1 is typically much slower, and C&I is also normally the weakest quarter. We have nevertheless been able to get off to a good start, and the revenue visibility in both segments, even in the near term, seems to be good.

We are all set for a good year this year.

Viraj Mahadevia: I just checked: had you achieved the same level of gross margin as earlier on your reported topline, your EBITDA margins would have been as high as 20–25%. That is the operating leverage kicking in on a normalized raw-material cost basis. When you take an order, do you fix the prices, with raw-material inflation not being passed through, and then normalize with a lag of one quarter when you take price increases in accordance with raw-material costs? How does that work?

Gautam Seth – Joint Managing Director & CFO: Are you referring specifically to meters?

Viraj Mahadevia: Meters, I suppose.

Gautam Seth – Joint Managing Director & CFO: For meters, you have to realize that the competitive scenario has been changing. Customers are buying repeatedly and the volumes are large. Therefore, certain prices have been declining. Even historically, excluding the specific war situation, costs had been declining over the last two years. The end customers, because they are typically large AMISPs, also understand the trends that are taking place.

We have now seen certain prices increase. When we take an order, particularly for semiconductors and certain critical electronic components, including active and passive components, we typically book them in advance. The supply period for certain semiconductors can extend to 52 weeks. Therefore, they have to be booked in advance as we receive the orders.

Exchange rates have also fluctuated, so there are several factors involved. More or less, because we have been reviewing our procurement systems, we are well covered. The margins have been fairly good, but you will see that there has been an almost 3% decline in margins on the metering side during this quarter. This is mainly because of sudden price increases, especially in industrial plastics, which have increased and are more dependent on crude.

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Metals have also increased in price. Copper is expensive, as are aluminium and almost every other metal. These are factors that are outside anyone's control. They cannot be hedged because prices can move in either direction. We gain many times when prices decline, but we also sometimes lose when they increase.

The critical parts are more or less covered, particularly semiconductors, ICs, and related components. Those are typically covered when the orders are received.

Viraj Mahadevia: Understood. Going forward, would you be able to pass these increases on in terms of new metering tenders?

Gautam Seth – Joint Managing Director & CFO: Yes, for sure. Metering-tender prices are open, and with the newer requirements that are emerging, our teams are definitely highlighting the price increases to the AMISPs.

However, it is a competitive scenario and the customers also understand that. They also understand the value of having strong partners like us who understand technology and provide consistency in supplies and quality. That is how the market is evolving.

In the future, as a company, we are hopeful that certain price increases will be incorporated into further orders as they are finalized. We are already requesting this and highlighting the same. However, as I said, it is a competitive scenario and there is a trade-off between customers seeking cheaper prices and choosing an experienced partner like us.

One must also understand that the competitive scenario in smart metering is changing. In my personal view and based on the way I look at the market, the AMISPs and larger customers will understand the relevance of working with experienced players who understand technology and can provide products that are of top quality and will work throughout the 10-year warranty period.

HPL Electric & Power Ltd. qualifies for those benefits, or perceived benefits, and that will definitely help us. It is helping us obtain better pricing and more orders in the future. Overall, things should be good.

There could be a temporary disruption in pricing and costs for perhaps one or two quarters. Overall, however, the industry is steady, demand is very strong, and over the next one or two years we should again see very good growth in smart metering.

Viraj Mahadevia: Perfect. Thank you. I will come back with more questions.

Gautam Seth – Joint Managing Director & CFO: Certainly. Thank you.

Operator: Thank you, Viraj. Our next written question, Gautam, is on C&I wires and cables. We have seen very good growth in C&I wires and cables. What are we doing to invest further in the channel network and grow this segment? Is it sustainable for the next quarter?

Gautam Seth – Joint Managing Director & CFO: When we look at wires and cables, we have been seeing all-round growth. Although there has been an increase in commodity prices, our specific growth numbers were well over 80% in Q4 and 78% in Q1. The levels have increased significantly,

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including the tonnage of copper that we are using. It is almost 1.5 to 2 times what we were using just a year ago.

Volumes have increased and we have seen all-round growth in solar, industrial, real estate, and retail. Regarding the channel, the retailer, dealer, and distributor network has been growing. While this is taking place, we are also investing significantly in BTL marketing and conducting many activities at the last-mile sales level to support this entire concept.

We also have our last-mile sales team, which consists of third-party manpower, as we describe it. This team has a beat plan covering each retail market. Therefore, a combination of many things is taking place, and the growth is definitely sustainable.

In fact, it is not only sustainable; you will also see growth on the retail front not only during this quarter but also as we move forward. We are ultimately looking at a long-term expansion. When we look at the growth we have seen over the last five quarters, it gives us confidence and enthusiasm.

Our strategies are now much stronger, not only to grow wires and cables but also to put all HPL Electric & Power Ltd. consumer products into one basket, including switches, lighting, fans, and wires, and take them together into the retail network. We are definitely seeing an interesting phase, and Consumer and Industrial will grow as we move forward.

Operator: Thank you, Gautam. We will take the next question from Kunal Dubey. Hi, Kunal, you can go ahead and ask your question.

Kunal Dubey: Hi, Gautam. How are you?

Gautam Seth – Joint Managing Director & CFO: I am fine. Thank you.

Kunal Dubey: Gautam, congratulations on a great set of numbers. I had two questions. This is a follow-up to the previous participant. If I have been listening to earnings calls from Polycab Wires or KEI, the wire companies, they see AI as the next major driver of cable demand. What is your view of the cable industry in our C&I segment? Do you see us catering to that segment currently, or do we have any plans for it? This is one major theme that appears in every cable company's earnings call. That is the first question I had.

Gautam Seth – Joint Managing Director & CFO: By AI, do you mean data centers?

Kunal Dubey: Yes, data centers.

Gautam Seth – Joint Managing Director & CFO: We have studied those segments. We are developing certain new cables that would be more specific to data centers. We do not have the full range right now, but hopefully by May or June of next year we should have those types of cables with the international certifications that are required.

Many of these data centers have international customers or international consultants, so they require those certifications. This is a segment that we would definitely be looking at. Currently, considering our existing product portfolio, we do not have the full range, so we are not focusing on it while we focus on many other areas.

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However, this is a long-term segment. The next 5-10 years will see significant growth in data centers, both in India and globally. We should therefore have those products available next year.

Kunal Dubey: Gautam, my second question relates to what you highlighted earlier about EBITDA margins having declined. Based on your commentary, my understanding is that margins should improve from here and should not deteriorate further. Is that correct?

Gautam Seth – Joint Managing Director & CFO: Hopefully. I cannot comment on geopolitical matters, but if this is the worst level we have reached, we are making efforts to ensure that we improve from here. You still have another question remaining.

Kunal Dubey: If you look at Q2, the crude price was essentially in the range of 80-85 dollars, compared with Q1. Crude has declined somewhat from Q1. I want to understand the lead time when you say you cannot assure us. What is your ordering cycle? Do you order a couple of months in advance? How do you determine the lead time?

Gautam Seth – Joint Managing Director & CFO: Our lead times vary because we have established suppliers for PVC plastics and related materials, and some of them are international suppliers. The lead time could be anywhere between 15 days and 2 months because some materials, particularly polycarbonates, are imported. They can take up to 2 months because they arrive in containers from outside the country.

Local suppliers typically have a lead time of 10-15 days, and they are all very large suppliers in the country.

Operator: Kunal, there is some background noise. I request you to keep yourself on mute while Gautam is answering.

Gautam Seth – Joint Managing Director & CFO: Kunal, can you please mute yourself?

Kunal Dubey: Yes.

Gautam Seth – Joint Managing Director & CFO: Crude typically has a direct impact on the inputs that go into these products. For PVC, for example, resin, DOP, and related materials are directly affected, and those effects will probably flow into PVC over the next 30-50 days.

It is not the case that if crude declines today, the price will immediately become cheaper, or that the same thing happens immediately when crude increases. There is typically a time lag. I do not know too much about the details of their procurement supply chain, but it takes time for prices to increase and also to decline when we look at industrial plastics.

Kunal Dubey: That is all from my side, Gautam. I wish you the very best. Thank you for your time once again.

Gautam Seth – Joint Managing Director & CFO: Thank you.

Operator: Thank you, Kunal. Our next question will be from the line of Chandresh Malpani. Hi, Chandresh, you can go ahead and ask your questions.

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Chandresh Malpani: Thank you very much for the opportunity. My first question is related to the fact that, as you mentioned in your last earnings call, Adani is our larger customer. Since Adani is now acquiring IntelliSmart, and there is also news that Adani is going to acquire an OEM with meter-manufacturing capacity, how are you viewing this overall scenario with the largest AMISP? Is there a threat that, if Adani acquires a player, the quantum of orders that HPL Electric & Power Ltd. will cater to in the future could be affected? What is your view on this matter?

Gautam Seth – Joint Managing Director & CFO: Regarding the first part, the news that they have acquired IntelliSmart has been very positive for us because we were preferred vendors and approved by both entities. I think this consolidates our position with them as a combined entity. That has been very positive for us.

Regarding the second part, their potential acquisition is currently only in the news. I am not sure how it will develop. We are currently working with every independent AMISP, and our business is well spread out. We are not dependent on one or two AMISPs for our business volumes.

We will have to wait and see how the transaction develops, but I will not be able to comment further on the second part of your question.

Chandresh Malpani: Directionally, if Adani were, say, in 3 or 6 months, in the process of acquiring a player, how have our orders with them been? Have they been steady? I am not asking for absolute numbers, but could you provide a directional view? Our smart-metering order book has remained more or less around 3,000 crore over the last four or five quarters, I believe. Could you help us understand the direction?

Gautam Seth – Joint Managing Director & CFO: The order flow is continuous, but I have said it even {? 2-3 years back ?} that the period of large orders comes from the AMISPs. What you have to understand is that if you are talking about one AMISP, perhaps they are sitting on {? 4 crores ?} of orders and {? 5 crores ?} of meter orders.

They are not going to give out the entire ordering requirement at once. The process now is like a regular business, where orders are typically given based on the specific requirements they see over the next 3 to 4 months. It is not the case that the requirements for the next 2 or 3 years are given to one player with the price locked in. It will not work that way now.

As an industry matures, this is how it will operate. We stand to gain more from the current process because our product speaks for itself and our technology speaks for itself. The more we supply to more AMISPs, the more we become preferred.

The way I see the disruption over the next 2 years, I would definitely expect greater consolidation at the meter-manufacturer level as well. The larger and established players that are consistent in quality and technology will definitely benefit from this. Some less-focused players or certain smaller players may leave the industry or may not grow in the way they intend to grow.

There is already a certain level of consolidation taking place at the meter-manufacturer level, and I think our quality and technology speak for themselves. That will bring us further business. The more repeat orders there are, the more the AMISPs are strengthened here.

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The volumes are large and this is a huge opportunity. No company can today look at only one supplier and operate on that basis. This is how I view the market. That is how the competitive scenario is developing.

We are definitely at an advantage right now, and our teams are working very hard to ensure that we retain those advantages as we move forward.

Chandresh Malpani: That was helpful, sir. My second question is about industry-wide tendering and execution. There have not been any meaningful tenders entering the market, and Tamil Nadu has also halted its tenders. What is your overall view? Earlier, you mentioned how the ordering flows when an AMISP is sitting with a {? 4 crore ?} meter order. That explains how the flow will work. My first question is about tendering, and the second is about execution. I believe execution at the country level declined in Q1. How are you viewing this year compared with FY26?

Gautam Seth – Joint Managing Director & CFO: If you look at the figures available in the public domain, almost {? 7 crore ?} meters have been installed as of today. The last official figure was {? 6.9 ?}. It is a continuous process.

We are dependent on AMISPs as a meter supplier. Whether or not AMISP tenders are issued does not affect us because sufficient orders have already been finalized with AMISPs to support our requirements and future growth in an aggressive manner over the next {? 2–3 years ?}.

It does not concern us. We are already sitting on large orders, and the AMISPs are still holding many orders themselves. Therefore, the pipeline is currently very strong as far as we are concerned.

Regarding tenders not being issued or being slow, I am not sufficiently aware of that. That is primarily an issue for an AMISP to consider. However, if you look at the overall number provided by the ministry, a large portion of the first phase involving {? 25 crore ?} meters has already been tendered.

That is the industry cycle, and it does not concern us. Even over the next 3 to 4 years, sufficient volume remains available for a meter manufacturer like us.

Chandresh Malpani: Understood. One last question. I believe {? 2 years back ?} we signed an MOU with a Chinese player for the local assembly and manufacturing of relays. Are we manufacturing relays, and how much are we producing captively for our smart meters?

Gautam Seth – Joint Managing Director & CFO: One thing is certain: we are making efforts to ensure that we move toward backward integration. A couple of components have been identified for which we would directly or indirectly ensure availability and backward integration into our processes.

I currently cannot share much information about this particular transaction. However, as we have more information, we will certainly share it with all of you. Things are in progress and work is taking place.

Chandresh Malpani: Currently, we do not have a manufacturing setup, correct?

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Gautam Seth – Joint Managing Director & CFO: Not as of today. However, we are working on this, probably through a different structure. There is definitely work taking place on the particular components and on the technology.

Chandresh Malpani: Understood, sir. Thank you and all the best.

Gautam Seth – Joint Managing Director & CFO: Thank you.

Operator: Thank you. Gautam, we will take another written question. This question relates to margins: “Are we looking at any backward integration in order to de-risk from supply-chain disruptions?”

Gautam Seth – Joint Managing Director & CFO: As far as possible, HPL Electric & Power Ltd. has historically maintained backward integration. If you look at the last {? 25 years ?}, every product division has been well backward-integrated. We have {? 7 ?} factories, and all of them are very well backward-integrated.

We are involved in switchgears, lighting, wires and cables, and metering. We are very strong right from the tool rooms. We have {? 3 ?} tool rooms and over {? 100 ?} injection-molding machines. Our entire industrial-plastics manufacturing is very well backward-integrated.

We also have electronic manufacturing, which is a large operation. In fact, just {? 2 years back ?} we expanded it to an international level in terms of quality and scale. Sheet metal is also very well backward-integrated.

Most critical components, whether copper or sheet metal, are manufactured in-house. This ensures not only supply-chain continuity but also quality and appropriate pricing. That is an underlying philosophy of HPL Electric & Power Ltd.: we have always been strongly focused on manufacturing and backward-integrated manufacturing.

Coming to your question, this is probably more related to the metering part discussed in the earlier question. In existing metering, many of the regular components are already manufactured entirely in-house.

When we look at relays or certain critical components that have not been manufactured in India until now, the government has also been issuing directives to ensure that the maximum number of smart-metering components are made in India. We have therefore been making conscious efforts to ensure that these components are manufactured in India.

You will hear from us about this as we proceed. These are highly technical products and involve a long process of bringing in specific machines and completing other requirements. Certain actions have been taken, and as we get closer and have more material information, we will certainly share it.

Operator: Thank you, Gautam. We will take another written question: “Could you share some details on R&D, especially on the switchgear side? Which new products are we looking at launching this year? How are our new products, such as ATS 370, ATS 390, and ACB, being accepted in the market compared with the larger companies?”

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Gautam Seth – Joint Managing Director & CFO: We have our metering R&D team, where {? 170 ?} people are working. Our switchgear R&D has also now become much larger and more meaningful, and we are working on new products.

The ATS products you mentioned are new products that have been launched. If you look at the last couple of years, or perhaps the last {? 20 years ?}, we have been a market leader in the changeover segment. ATS is a natural progression in technology because it performs a similar function but on an automatic basis.

The electronics and controllers we have are new. This is a growing segment for us and helps us remain abreast of technology. It is a more global product launch, which we expect to sell in many countries. This will help us maintain our market share and sales growth going forward.

Apart from that, we are working on significant integration of electronics and communication into existing switchgear. These are longer-term projects. In the future, we expect to see considerable work in panels and greater electronic integration.

These projects are ongoing, and you should see the results perhaps over the next {? 2–3 years ?}. Some results may come immediately, while others could involve a much longer process.

Operator: Thank you, Gautam. Here is another written question: “With the EU FTA happening at any time, how are we positioned in terms of product certifications and channel partners to tap into this market?”

Gautam Seth – Joint Managing Director & CFO: Could you repeat that?

Operator: “With the EU FTA happening at any time, how are we positioned in terms of product certifications and channel partners to tap into this market?”

Gautam Seth – Joint Managing Director & CFO: Even our current products are mostly IEC-compliant. Our entire switchgear range, and many of our wires, cables, and other products, are already IEC-compliant.

We have certifications such as DEKRA certification for our MCBs. DEKRA is a European standard and testing organization. Our laboratory at the factory is also currently a DEKRA-certified laboratory. This enables us to sell in almost {? 55 ?} countries based on these certifications.

Many of our products are compliant and already certified. As we identify more opportunities that are country-specific and require specific testing, we can undertake that testing. Obviously, there is a cost and time involved in each case.

Broadly, our switchgears are IEC-compliant, and even Indian standards are largely based on IEC standards today. Therefore, the required compliance is already in place.

Operator: Thank you, Gautam. We will take the next question from the line of Ankur Gulati. Hi, Ankur, you can go ahead and ask your questions.

Ankur Gulati: Hi. Am I audible, sir?

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Gautam Seth – Joint Managing Director & CFO: Yes, go ahead, Ankur.

Ankur Gulati: Gautam, I have a quick question. With raw-material costs increasing on the metering side in the current order—

Gautam Seth – Joint Managing Director & CFO: Could you speak louder, Ankur, please?

Ankur Gulati: With costs increasing on the metering side, should we now work with the EBITDA margins we saw this quarter on the metering side? Is that the new baseline for the current order book?

Gautam Seth – Joint Managing Director & CFO: On a conservative basis, for the immediate period, this quarter could be viewed as a more conservative level. Although we are looking to improve our margins, it could take some time, perhaps another quarter or more. For now, the levels at which we are operating would be the baseline for us, although efforts are being made to increase and enhance them further.

Ankur Gulati: The new metering orders that you are bidding for are coming in at what level? Are they at {? 11% plus ?}, or at the earlier threshold?

Gautam Seth – Joint Managing Director & CFO: We are definitely bidding accordingly. However, new orders also have a lead time for supply. If we receive orders today, supplies may start in December, January, or even later. There is a certain lead time until they become pure repeat orders with similar specifications from AMISPs.

At present, margins have declined in metering, and this is very specifically related to the geopolitical issue. The actions we are taking will also have certain time lags.

Ankur Gulati: On the C&I side, by Q3, will you be able to return to {? 11% plus ?} margins in that business?

Gautam Seth – Joint Managing Director & CFO: Hopefully. Certain costs are definitely being passed on, and certain changes can be made immediately. Assuming that copper and other prices remain more or less at their current levels—which are again high—even if they remain at these levels, it gives us a good window to improve our margins as we reach Q3. That is possible for sure.

Operator: Thank you, Ankur. We have time for some more follow-up questions before we take another written question. We will take our next follow-up from Viraj Mahadevia. Hi, Viraj, you can go ahead and ask your follow-up question.

Viraj Mahadevia: Hi, Gautam. Thank you for taking my question. With the current smart-metering build-out, how many years do you think this will continue? Is a new wave of smart metering coming in the form of a new RDSS scheme? Is this a 3-year, 5-year, or 10-year runway for smart metering?

Beyond that, what other growth vectors do you see emerging, whether it is being empaneled for smart-metering supplies to the Middle East and Africa or other markets, or other growth engines?

Gautam Seth – Joint Managing Director & CFO: I think it is a very long-term story. Assuming that smart meter 1.0 is completed in 6 years, you will thereafter see smart meter 2.0 emerging for sure.

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However, it may involve gradual replacement.

It may not be the case that all {? 25 crore ?} meters are replaced because some meters will have been installed in the first, second, or third year, while others may have been installed in the fourth or fifth year. Therefore, everything will not be replaced at the same time. This is what I believe will happen.

The smart-meter market is here to stay. We should see some consolidation. Smart meter 2.0 will also involve a different level of technology and a different level of communication, which will be much better.

You have to realize that while smart metering 1.0 is taking place, a significant amount of work is also being done to collect data and ensure that proper household data is available for installation. A lot of primary work is taking place.

In the future, the activity will be more restricted to replacing old meters with new meters. The base work that has been completed is a very long-term process. It is taking place now and will be very beneficial for the country as a whole because all household and metering data will be compiled and mapped. Thereafter, whenever the meter needs to be changed, it will be much easier.

Sometimes, we find that installation is slow. This is only because a lot of primary data collection and coordination with utilities is taking place. Once that data is available, changing and enhancing the technology, and using the smart meter to its fullest capacity based on the available technology, will become much more meaningful in the future.

Smart metering is here to stay. It is not a 5- or 7-year opportunity; it could continue for 10 or 15 years, as long as electricity consumption continues and households continue using electricity. I believe it will last for a longer period.

We are also active in exports and are looking at certifications. You mentioned the Middle East; one of the utilities in the Middle East has recently approved our metering products. This approval is very recent.

We are now moving into international markets. The scale and technology that we are using in India will make us eligible to go anywhere in the world and pursue smart-metering opportunities.

As the Indian market matures, it gives us an opportunity to look outward, which we have already started doing. This can become a very significant opportunity going forward. Securing even one or two first-world countries could take us to a different level.

Viraj Mahadevia: It is good to hear that. Essentially, the growth vectors are growing Consumer and Industrial, lighting, wires and cables, and smart metering for the next 4 years, followed by replacement demand within India and the opening of new markets.

Gautam Seth – Joint Managing Director & CFO: Yes. If you look at the global trend, which we will also follow, we need to make sure that we are better established in each area. Internationally, metering companies are typically involved in electricity, water, and gas. These are generally the three areas.

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We have launched a water meter. It will take some time while we obtain approvals, stabilize the technology, and reach meaningful volumes in that product. Gas could probably be the next area because the technology, measurement technology, communication, and electronics can largely be leveraged from the existing capabilities and staff we have.

Viraj Mahadevia: I think one of your competitors is quite bullish on gas, Gautam.

Gautam Seth – Joint Managing Director & CFO: Eventually, that is a window we will also consider. We have discussed it internally many times. However, as HPL Electric & Power Ltd., we are very clear that once a new category is launched, we do not like to move to the next one until we achieve a meaningful business size in that category and establish the other related aspects. There are many things to do.

Viraj Mahadevia: Do you have the capability to manufacture gas meters, or would you need to acquire the technology or enter into a tie-up?

Gautam Seth – Joint Managing Director & CFO: When we look around, I believe we have the capability. However, today we are very open to partnerships. If technology needs to be purchased or if somebody needs to assist with it, given the way businesses are structured today and considering our own strengths, we can acquire the technology, purchase it, or develop it in-house.

Those options remain open. The only requirement is to put the business plan together. Right now, with electricity developing significantly and the market maturing, it gives us a window to look at the other areas. We have already taken a step in water meters.

It will take time until we establish that business and achieve meaningful numbers in it.

Viraj Mahadevia: Great. One more question, Gautam, regarding cash flows and capex. Presumably, most of your capex is behind you to produce approximately 1.2–1.4 crore smart meters annually. What is likely to be the capex in FY27, FY28, or FY29? How do you see this developing in terms of annual capex, maintenance capex, and any new capex?

Gautam Seth – Joint Managing Director & CFO: We will have maintenance capex because tools and dies are a major capex item that needs to be replenished. This is because there are many injection-molding items and sheet-metal components involved.

From a metering perspective, capex will currently be more focused on maintenance because we now have the capacities that were necessary to bring us to the scale and volume we are targeting.

However, we are also working on certain different projects that may entail capex. These projects would have a different revenue stream, perhaps involving different categories or something similar. As we have more information, we will disclose it in the public domain.

Any capex specifically undertaken for these projects would have separate revenue streams going forward.

Viraj Mahadevia: Can we say that capex will be 50 to 100 crores for the next year or two and should not be higher than that for maintenance?

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Gautam Seth – Joint Managing Director & CFO: It depends on the project. As the time comes, you will hear about it. The projects will definitely be a natural progression from our existing products. They are not something entirely unrelated; they are products that will naturally help us grow certain divisions or segments.

As these initiatives develop, we will put the details in the public domain.

Viraj Mahadevia: Great. Thank you. All the best.

Gautam Seth – Joint Managing Director & CFO: Thank you.

Operator: Thank you, Viraj. We will take the next follow-up from Chandresh Malpani. Hi, Chandresh, you can go ahead and ask your questions. Hi, Chandresh, you can go ahead and ask your question.

It appears that he is busy. That is fine. Before we wrap up, and before I hand over to Gautam for his closing remarks, I would like to inform all participants that we will keep you posted on any upcoming management interactions. We are planning something soon, so we look forward to hosting you there.

Gautam, if we have time, may I take one more question? We have one more.

Gautam Seth – Joint Managing Director & CFO: We have the time.

Operator: Great. Hi, Diya, you can go ahead and ask your question.

Diya: Thank you for the opportunity. How should we look at revenue and margins in the coming year?

Gautam Seth – Joint Managing Director & CFO: Revenue from both segments has a strong outlook. I will not give a specific number, but smart metering has strong visibility. If you look at this year, next year, and the next 3 to 5 years, the visibility appears strong.

We are sitting on orders and are already preferred vendors to most of the AMISPs. Overall, smart metering should see steady revenue growth, as we have seen over the last four quarters. That should continue.

The pace of sales depends significantly on execution. From time to time, we have seen certain execution challenges, not at our end but at the AMISP level. AMISPs are our customers, so sales depend on their execution. Overall, however, with only 7 crore meters installed and a significant number still to be installed, the revenue visibility is good.

When you look at Consumer and Industrial, I would say the next 12 to 18 months will be very strong. The cable and wire segment has been growing well above the market. In fact, volume growth has been far greater than the value increases resulting from commodities.

We are looking to maintain that momentum over the long term. At least for the next 12 to 18 months, we have good visibility. This should result in high double-digit growth. Hopefully, you should see good revenue growth over the next couple of quarters.

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Diya: Can we return to 16–17% margins if the Middle East situation eases?

Gautam Seth – Joint Managing Director & CFO: If that happens, we can certainly achieve that. However, these factors are currently outside our control. The teams are already doing everything possible to recover our margins.

If the situation ends, supply-chain disruptions decline, and crude prices come down, that will definitely help us resume and return to the margins we have been achieving.

In fact, rather than simply returning to those margins, we would look to increase them, especially in C&I, where volume growth is also taking place. That will provide additional opportunities to improve margins.

There is another point on margins that has somehow been missed. If you look at manpower costs, particularly in Haryana, there was an increase of almost 40% in minimum wages announced by the Haryana government in May. Since most of our manufacturing is located there, this also increased our costs.

I believe the neighboring states, including Uttar Pradesh and others, have also implemented similar increases. This is another factor behind the significant increase in manpower costs during the first quarter.

Overall, we are aware of this situation. As volumes increase and revenues grow at a good pace, it gives us an opportunity to ensure that costs remain at a minimum level and margins are protected. We are working toward that and hope that the geopolitical situation eases.

Diya: Understood. The 3,000 crore order book is 90% from smart meters, correct?

Gautam Seth – Joint Managing Director & CFO: Consumer and Industrial does not have long-term orders of that nature. C&I orders come in month-on-month. However, they are also becoming substantial because, on a month-to-month basis, we are reaching either our highest order books or our highest sales.

That momentum is present, but C&I will never have very large orders simply sitting on the books.

Diya: When can we expect the execution of these smart-meter orders?

Gautam Seth – Joint Managing Director & CFO: Typically, they should be executed over 1.5 to 2 years. However, the execution speed also matters. Normally, the visibility would be around 2 years.

Diya: Are we planning any major capex?

Gautam Seth – Joint Managing Director & CFO: In metering and the existing product categories, capex is primarily maintenance capex. Tools, dies, and related items can sometimes make this substantial.

There is also significant work taking place on automation. Recently, we commissioned a new machine, particularly for MCBs. A single machine does the work of 44 workers. These machines can operate for 24 hours—

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Management: Almost entirely without any people present, manufacturing approximately 18,000 MCBs. These are good, international-level automation initiatives. We have installed approximately 7 to 8 machines across our factories.

There are several such initiatives. With minimum wages increasing in almost every state, it makes considerable sense to adopt more automation, which is what we are considering. These machines typically have an ROI of 3 to 4 years, so it also makes financial sense to invest in them.

Diya: That is great, sir. Thank you very much and all the best.

Gautam Seth – Joint Managing Director & CFO: Thank you, Diya.

Operator: Thank you, Diya, and thank you, Gautam. We will now hand over to you for your closing remarks, after which we will close the call. Please go ahead.

Gautam Seth – Joint Managing Director & CFO: Thank you, everyone, for your questions and your continued interest in HPL Electric & Power Ltd. 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.

Have a good day ahead, and thank you for being part of HPL Electric & Power Ltd.'s growth journey. Thank you very much.

Operator: Thank you, Gautam, and thank you to everybody for joining us today. For any further questions or requests regarding the numbers, please feel free to write to me at the email address on the last page of the deck. We will be happy to answer you and arrange additional interactions with Gautam and the management team as required.

Once again, thank you for joining us this afternoon and, as Gautam said, for being part of HPL Electric & Power Ltd.'s growth journey. We will see all of you soon. Thank you, and have a great day ahead.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.