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C&I strength holds, metering revival ahead...

About the stock: HPL Electric & Power (HPL), incorporated in 1992, is among India's leading electric equipment manufacturer with a formidable presence across two major segments, 1) Metering & Systems and 2) Consumer & Industrials

- Metering & systems segment contributed ~53% to total revenues as of H1FY26, while balance ~47% by consumer & industrials. Company has 7 manufacturing facilities (5 in Haryana & 2 in Himachal) and 2 R&D centres. In meters segment, company has an annual capacity of 12 million units.

Q2FY26 performance: HPL Electric & Power Ltd reported a mixed set Q2FY26 performance, with revenue rising 3% YoY to ₹434 crore impacted by delay in metering. EBITDA grew 9% YoY to ₹66 crore, supported by 83 bps improvement in EBITDA margin to 15.2%. PAT increased 3.6% YoY to ₹22.4 crore. The Consumer & Industrial segment remained the key growth engine, posting 30% YoY growth and now contributing 47% of revenue mix. The metering & systems segment revenue declined by 13.3% YoY. The decline in metering division was on account slower project execution and delayed dispatch clearances. The order book stands at ~₹3,300 crore mostly comprising smart meter orders.

Investment Rationale

- Strong order backlog in smart meters segment with healthy pipeline; execution expected to pick up in H2FY26:** Company's execution slowed in smart metering segment in H1FY26 largely due to monsoon, slow project execution on skilled labour shortage. However, we believe that execution is expected to pick-up in the coming periods as monsoons ends. Company's order backlog stands at ₹3300+ crore (with execution timeline of 2.5-3 years), of which ~99% is contributed by smart meters. This implies 2.8x of FY25 metering revenues, providing strong revenue growth visibility in the segment. There stands a huge order pipeline in the metering segment as only 20% of total meter installation has taken place so far. We estimate Revenue and PAT CAGR of 16% and 25% respectively over FY25-FY27E.
- Consumer & Industrial segment back on the growth track:** Company's other segments like cables and switchgears are also witnessing strong growth (30% in Q2FY26) led by healthy demand, augmentation of product portfolio and expansion of dealers & retailer's network. With focus remains on improving cost competitiveness, market reach and expansion of product portfolio, we believe company would see healthy double-digit growth in consumer & Industrial segment.

Rating and Target Price

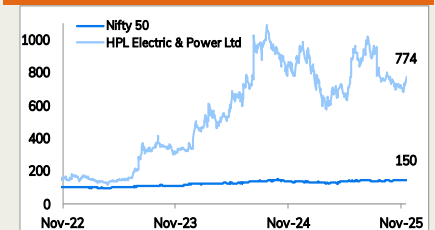
- HPL is strongly positioned to witness healthy 16% and 25% revenue and PAT CAGR over FY25-FY27E led by robust opportunity arising in smart meters segment and strong growth in consumer & industrial segment.
- We maintain **BUY** on HPL Electric with a target price of ₹565 per share (based on 25x P/E to FY27E EPS)

**Market Data**

| Particular | Rs. (in crore) |
|-----------------------|----------------|
| Market Capitalization | 2,945.0 |
| Total Debt (H1FY26) | 736.6 |
| Cash and Inv (H1FY26) | 71.9 |
| Enterprise Value | 3,609.7 |
| 52 week H/L (Rs.) | 639/338 |
| Equity capital | 64.3 |
| Face value (Rs.) | 10.0 |

Shareholding pattern

| % | Dec-24 | Mar-25 | Jun-25 | Sep-25 |
|----------|--------|--------|--------|--------|
| Promoter | 72.7 | 72.7 | 72.7 | 72.7 |
| FII | 0.6 | 0.3 | 0.7 | 0.3 |
| DII | 0.2 | 0.3 | 0.3 | 0.2 |
| Public | 26.5 | 26.8 | 26.3 | 26.8 |

Price Chart**Key risks**

- Delays in execution
- Volatility in raw material costs may impact margins.

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Key Financial Summary

| (Rs in crore) | FY22 | FY23 | FY24 | FY25 | 3 Year CAGR (FY22-25) | FY26E | FY27E | 2 Year CAGR (FY25-27E) |
|-------------------|-------|-------|-------|-------|--------------------------|-------|-------|---------------------------|
| Revenues | 1,014 | 1,262 | 1,461 | 1,700 | 18.8 | 1,910 | 2,288 | 16.0 |
| EBITDA | 125 | 157 | 192 | 255 | 26.7 | 286 | 372 | 20.9 |
| EBITDA margin (%) | 12.3 | 12.4 | 13.2 | 15.0 | | 15.0 | 16.3 | |
| Net Profit | 8 | 30 | 44 | 94 | 129.2 | 103 | 146 | 24.6 |
| EPS (Rs.) | 1.2 | 4.7 | 6.8 | 14.6 | | 16.0 | 22.7 | |
| P/E (x) | 379.0 | 97.9 | 67.8 | 31.5 | | 28.8 | 20.3 | |
| EV/EBITDA (x) | 27.5 | 22.2 | 18.3 | 13.9 | | 12.7 | 10.0 | |
| RoCE (%) | 6.2 | 8.8 | 10.9 | 14.0 | | 14.0 | 16.2 | |
| RoE (%) | 1.0 | 3.8 | 5.3 | 10.3 | | 10.3 | 13.0 | |

Source: Company, ICICI Direct Research

Key result and concall highlights

- The Order backlog stands at ₹3,300+ crore as on 12th November 2025 with smart meters comprising ~99% of these orders.
- During the quarter, consumer & industrial (C&I) segment revenue increased by 30%. While, metering & systems (M&S) segment revenue declined by 13.3% YoY
- In C&I segment, wires and cables revenue grew 24% YoY during the Q2FY26 and the company expects the C&I segment to deliver similar growth going ahead.
- In C&I segment, EBIT margin improved to 10.9% in Q2FY26 (vs 10.3% in Q2FY25).
- EBIT margin of metering & systems segment improved to 17.52% in Q2FY26 (vs 16.48% in Q2FY25). For H1FY26, the segment's EBIT margin stands at 17.59% (vs 16.40% in H1FY25).
- C&I comprises of Switchgears (40% revenue mix); Wires and Cables (35-40%) and Lighting (~20%). Company also launched Fans under the C&I and this is expected to deliver growth FY27E onwards.
- As per Management the enquiry pipeline for upcoming smart-meter tenders remains healthy, and company has expanded its manufacturing and component capacity to support the next leg of scale-up in the smart-meter which is expected in FY27E onwards.
- In consumer & industrial segment, EBIT margin is likely to remain at 11-12% in the coming period
- Out of 22.5 crore smart meters sanctioned by the government, contract for ~17.5 crore meters have been awarded to AMISPs and only 4.5 crore have been installed till October 2025. Thus, ~13.5 crore smart meters are yet to be executed which will be the next growth driver over H2FY26-28E. On a longer term, ~5 crore meters are yet to be awarded to AMISPs.
- In terms of guidance for remaining year, management aspires to achieve topline of ₹1900-2000 crore. The company expects second half to see a strong uptick in smart metering revenues coupled with strong traction in C&I segment.

Financial Summary

Exhibit 1: Profit and loss statement ₹ crore

| (Year-end March) | FY24 | FY25 | FY26E | FY27E |
|------------------------------|-------|-------|-------|-------|
| Revenue | 1,461 | 1,700 | 1,910 | 2,288 |
| % Growth | | 16.4 | 12.3 | 19.8 |
| Other income | 4.2 | 4.9 | 5.0 | 5.5 |
| Total Revenue | 1,461 | 1,700 | 1,910 | 2,288 |
| % Growth | | 16.4 | 12.3 | 19.8 |
| Total Raw Material Costs | 961 | 1,105 | 1,241 | 1,476 |
| Employee Expenses | 179 | 199 | 223 | 250 |
| other expenses | 129 | 142 | 159 | 190 |
| Total Operating Expenditure | 1,269 | 1,446 | 1,623 | 1,916 |
| Operating Profit (EBITDA) | 192 | 255 | 286 | 372 |
| % Growth | | 32.5 | 12.5 | 29.8 |
| EBITDA Margin | 13.2 | 15.0 | 15.0 | 16.3 |
| Interest | 90 | 90 | 102 | 122 |
| PBDT | 107 | 170 | 190 | 255 |
| Depreciation | 39 | 42 | 43 | 47 |
| PBT before Exceptional Items | 68 | 128 | 147 | 208 |
| Total Tax | 24 | 34 | 44 | 62 |
| PAT before MI | 44 | 94 | 103 | 146 |
| PAT | 43.6 | 94 | 103 | 146 |
| % Growth | | 115.4 | 9.2 | 42.1 |
| EPS | 6.8 | 14.6 | 16.0 | 22.7 |

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

| (Year-end March) | FY24 | FY25 | FY26E | FY27E |
|----------------------------------|-------|-------|-------|-------|
| Profit after Tax | 44 | 94 | 103 | 146 |
| Depreciation | 39 | 42 | 43 | 47 |
| Interest | 90 | 90 | 102 | 122 |
| Cash Flow before WC changes | 172 | 226 | 248 | 315 |
| Changes in inventory | (87) | (124) | (78) | (135) |
| Changes in debtors | (94) | (17) | (87) | (127) |
| Changes in loans & Advances | 0 | (1) | - | - |
| Changes in other current assets | (9) | (43) | 19 | (19) |
| Net Increase in Current Assets | (192) | (185) | (143) | (283) |
| Changes in creditors | 75 | 125 | 41 | 93 |
| Changes in provisions | 1 | 1 | (1) | 1 |
| Net Inc in Current Liabilities | 111 | 134 | 12 | 100 |
| Net CF from Operating activities | 91 | 175 | 116 | 133 |
| Changes in def tax assets | 11 | 1 | (13) | (1) |
| (Purchase)/Sale of Fixed Assets | (48) | (74) | (100) | (60) |
| Net CF from Investing activities | (29) | (85) | (114) | (61) |
| Dividend and Dividend Tax | (6) | (6) | (22) | (22) |
| Net CF from Financing Activities | (74) | (87) | 19 | (4) |
| Net Cash flow | (11) | 2 | 21 | 67 |
| Opening Cash/Cash Equivalent | 70 | 59 | 61 | 83 |
| Closing Cash/ Cash Equivalent | 59 | 61 | 83 | 150 |

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet ₹ crore

| (Year-end March) | FY24 | FY25 | FY26E | FY27E |
|---------------------------|--------------|--------------|--------------|--------------|
| Equity Capital | 64.3 | 64.3 | 64.3 | 64.3 |
| Reserve and Surplus | 764 | 851 | 934 | 1,058 |
| Total Shareholders funds | 828 | 915 | 999 | 1,123 |
| Total Debt | 623 | 633 | 773 | 913 |
| Total Liabilities | 1,492 | 1,579 | 1,803 | 2,067 |
| Gross Block | 691 | 767 | 825 | 905 |
| Acc: Depreciation | 233 | 275 | 318 | 365 |
| Net Block | 457 | 492 | 507 | 540 |
| Capital WIP | 10 | 8 | 50 | 30 |
| Total Fixed Assets | 468 | 500 | 557 | 570 |
| Non Current Assets | 22 | 24 | 38 | 39 |
| Inventory | 573 | 697 | 774 | 909 |
| Debtors | 697 | 714 | 800 | 928 |
| Loans and Advances | 1 | 2 | 2 | 2 |
| Other Current Assets | 39 | 82 | 63 | 82 |
| Cash | 59 | 61 | 83 | 150 |
| Total Current Assets | 1,384 | 1,571 | 1,735 | 2,085 |
| Current Liabilities | 305 | 430 | 471 | 564 |
| Provisions | 12 | #REF! | 90 | 91 |
| Total Current Liabilities | 382 | 515 | 527 | 627 |
| Net Current Assets | 1,002 | 1,056 | 1,208 | 1,458 |
| Total Assets | 1,492 | 1,579 | 1,803 | 2,067 |

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

| (Year-end March) | FY24 | FY25 | FY26E | FY27E |
|--------------------------|-------|-------|-------|-------|
| EPS | 6.8 | 14.6 | 16.0 | 22.7 |
| Cash per Share | 9.2 | 9.5 | 12.8 | 23.3 |
| BV | 128.8 | 142.3 | 155.3 | 174.6 |
| Dividend per share | 1.0 | 1.0 | 3.4 | 3.4 |
| Dividend payout ratio | 0.1 | 0.1 | 0.2 | 0.1 |
| EBITDA Margin | 13.2 | 15.0 | 15.0 | 16.3 |
| PAT Margin | 3.0 | 5.5 | 5.4 | 6.4 |
| RoE | 5.3 | 10.3 | 10.3 | 13.0 |
| RoCE | 10.9 | 14.0 | 14.0 | 16.2 |
| RoIC | 11.0 | 14.3 | 14.4 | 17.2 |
| EV / EBITDA | 18.3 | 13.9 | 12.7 | 10.0 |
| P/E | 67.8 | 31.5 | 28.8 | 20.3 |
| EV / Net Sales | 2.4 | 2.1 | 1.9 | 1.6 |
| Sales / Equity | 1.8 | 1.9 | 1.9 | 2.0 |
| Market Cap / Sales | 2.0 | 1.7 | 1.5 | 1.3 |
| Price to Book Value | 3.6 | 3.2 | 3.0 | 2.6 |
| Asset turnover | 1.0 | 1.1 | 1.1 | 1.1 |
| Debtors Turnover Ratio | 2.2 | 2.4 | 2.5 | 2.6 |
| Creditors Turnover Ratio | 5.5 | 4.6 | 4.2 | 4.4 |
| Debt / Equity | 0.8 | 0.7 | 0.8 | 0.8 |
| Current Ratio | 3.5 | 3.0 | 3.3 | 3.2 |
| Quick Ratio | 2.0 | 1.6 | 1.7 | 1.7 |

Source: Company, ICICI Direct Research

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