

CMP: ₹452

Target: ₹565 (25%)

Target Period: 12 months

BUY

November 18, 2025

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

- (i) Delays in execution
- (ii) Volatility in raw material costs may impact margins.

Research Analyst

Chirag J Shah
Shah.chirag@icicisecurities.com

Samarth Khandelwal
samarth.khandelwal@icicisecurities.com

Gourav Aggarwal
gourav.aggarwal@icicisecurities.com

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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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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