HPL Electric & Power (HPLELE)

ICICI Direct

CMP: ₹325 | Target ₹ 380 (17%) | Target Period: 12 months | **BUY**

August 11, 2026

Diversification- led growth, margin recovery in focus ...

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 ~57% to total revenues for FY26, while balance ~43% 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 11 million units.

Q1FY27 performance: HPL Electric reported Q1FY27 revenue performance, with revenue from operations increasing 34.5% YoY to ₹515 crore, supported by broad-based growth across its businesses. EBITDA declined 9.4% YoY, with EBITDA margin contracting 283 bps YoY to 12.3% from 15.1%. PAT declined 2.4% YoY to ₹18.9 crore, with net profit margin declining 115 bps YoY to 3.7%. The order book stood at ₹3,200+ crore, with ~96% from Metering.

Investment Rationale:

- **C&I emerges as a strong second growth engine, while metering provides long-term visibility:** HPL is witnessing a meaningful shift in its revenue mix, with C&I revenue growing 55% YoY to ₹278 crore and contribution increasing to ~54% of Q1FY27 revenue vs 47% YoY. Growth was broad-based, led by Wires & Cables (+79% YoY), Lighting & Electronics (+78%) and Industrial Switchgear (+19%), reducing dependence on the metering business. Metering, Systems & Services grew 16.5% YoY to ₹238 crore, supported by a ₹3,200+ crore order book, of which >96% is from metering. This implies order book to bill ~3.1x of FY26 smart metering revenues, providing strong revenue growth visibility in the segment. The combination of faster-growing C&I and a sizeable metering order book provides visibility for sustained topline growth.
- **Margin recovery offers scope for earnings acceleration:** Despite revenue growth of 34.5% YoY to ₹515 crore, EBITDA margin declined to 12.3% from 15.1%, mainly due to input-cost volatility and adverse revenue mix, while gross margin contracted to 30.3% from 38.0%. Management is undertaking pricing and product-mix actions to progressively improve margin quality. With C&I revenue increasing by 55% YoY and Metering revenue growing 16.5% YoY, improvement in input-cost environment and successful pass-through of higher costs could support margin normalization and earnings recovery.

Rating and Target Price: We expect revenues and PAT to grow at CAGR of 18.4% and 15.7% over FY26-FY28E. We recommend **BUY** on **HPL ELECTRIC** with a target price of **₹380 per share (based on 20x FY28E EPS).**

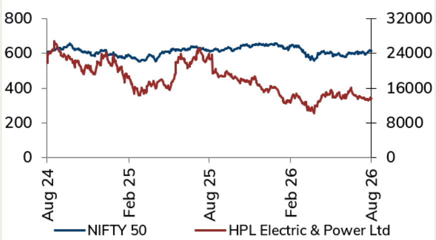
Particulars

Particulars	Rs. (in crore)
Market Capitalization	2,113
Total Debt (FY26)	750
Cash and Inv. (FY26)	81
Enterprise Value	2,782
52-week H/L (Rs.)	599/256
Equity capital	64.3
Face value (Rs.)	10.0

Shareholding pattern

%	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	72.7	72.7	72.7	72.7
FII	0.3	0.3	0.5	0.8
DII	0.2	0.1	0.1	0.1
Public	26.8	27.0	26.7	26.5

Price Chart



Key risks

(i) Delays in execution;

(ii)) Volatility in raw material costs may impact margins.

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

(Rs in crore)	FY24	FY25	FY26	2 Year CAGR (FY24-26)	FY27E	FY28E	2 Year CAGR (FY26-28E)
Revenues	1,461	1,700	1,811	11.3	2,166	2,540	18.4
EBITDA	192	255	281	21.0	286	361	13.2
EBITDA margin (%)	13.2	15.0	15.5		13.2	14.2	
Net Profit	44	94	91	44.4	85	122	15.7
EPS (Rs.)	6.8	14.6	14.2		13.2	18.9	
P/E (x)	47.9	22.2	22.0		24.6	17.2	
EV/EBITDA (x)	13.8	10.5	9.8		10.3	8.5	
RoCE (%)	10.9	14.0	12.7		11.7	13.5	
RoE (%)	5.3	10.3	9.5		8.1	10.6	

Source: Company, ICICI Direct Research

Q1FY27 Earnings call highlights

- **Financial Performance**:
  - HPL Electric reported Q1FY27 revenue performance, with revenue from operations increasing 34.5% YoY to ₹515 crore, supported by broad-based growth across its businesses.
  - Consumer & Industrial revenue increased 55.0% YoY to ₹278 crore, taking its revenue contribution to ~54%, while Metering, Systems & Services revenue grew 16.5% YoY to ₹238 crore, contributing ~46% of revenue.
  - EBITDA declined 9.4% YoY, with EBITDA margin contracting 283 bps YoY to 12.3% from 15.1%. PAT declined 2.4% YoY to ₹18.9 crore, with net profit margin declining 115 bps YoY to 3.7%.
- **Consumer & Industrial:**
  - C&I delivered its highest-ever quarterly revenue of ₹278 crore, with growth broad-based across Wires & Cables, Lighting and Switchgear.
  - Wires & Cables revenue increased 78.6% YoY to ₹145.8 crore, while Lighting & Electronics grew 78.1% YoY to ₹56.2 crore.
  - Industrial Switchgear and Domestic Switchgear grew 19.0% and 6.9% YoY, respectively.
  - Management highlighted continued channel expansion and increasing demand across builders, OEMs, solar OEMs, telecom and institutional customers, with Wires & Cables growth increasingly volume-led rather than driven by commodity-price inflation.
- **Smart Metering:**
  - Metering, Systems & Services revenue increased 16.5% YoY to ₹238 crore, with management indicating that the smart-metering industry is transitioning from a high-growth, policy-uncertain phase towards a more mature and stable growth trajectory.
  - The company has an estimated ~20% share of the domestic meter market, annual installed capacity of 1.1 crore meters, and over two decades of relationships with state and central utilities.
- **Order Book:**
  - Order book stood at ₹3,200+ crore as of 7 August 2026, with ~96% attributable to Metering, Systems & Services, providing strong medium-term revenue visibility. At the current run rate, the Metering order book represents approximately three years of segment revenue.
- **Margin Outlook:**
  - EBITDA margin moderated to 12.3% from 15.1%, primarily due to volatility in metals and industrial plastics amid geopolitical and commodity-market conditions.
  - Management expects the pressure to be temporary and has undertaken pricing actions across Wires & Cables, Lighting and Switchgear to mitigate the impact.
  - The key focus remains on improving gross margins through pricing, product mix, cost competitiveness and operating leverage as the C&I business scales.

Financial summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Revenue	**1,700**	**1,811**	**2,166**	**2,540**
% Growth	16.4	6.5	19.6	17.3
Other income	4.9	4.8	5.5	5.5
Total Revenue	1,705	1,816	2,171	2,546
% Growth	16.4	6.5	19.6	17.2
Total Raw Material Costs	1,105	1,159	1,473	1,702
Employee Expenses	199	214	245	287
other expenses	142	157	162	191
Total Operating Expenditure	1,446	1,530	1,880	2,179
Operating Profit (EBITDA)	255	281	286	361
% Growth	32.5	10.5	1.6	26.2
EBITDA Margin	**15.0**	**15.5**	**13.2**	**14.2**
Interest	90	94	111	131
PBDT	170	192	180	236
Depreciation	42	63	65	71
PBT before Exceptional Items	128	129	115	165
Total Tax	34	32	30	43
PAT before MI	94	91	85	122
PAT	94	91	85	122
% Growth	115.4	(3.2)	(6.5)	43.2
EPS	**14.6**	**14.2**	**13.2**	**18.9**

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	94	91	85	122
Depreciation	42	63	65	71
Interest	90	94	111	131
Cash Flow before WC changes	226	248	262	323
Changes in inventory	(124)	(52)	(112)	(149)
Changes in debtors	(17)	(52)	(113)	(152)
Changes in loans & Advances	(1)	(0)	-	-
Changes in other current assets	(43)	1	(6)	(26)
Net Increase in Current Assets	(185)	(122)	(209)	(326)
Changes in creditors	125	106	(2)	92
Changes in provisions	1	1	(2)	-
Net Inc in Current Liabilities	134	96	(19)	97
Net CF from Operating activities	**175**	**223**	**33**	**94**
Changes in def tax assets	1	1	(15)	-
(Purchase)/Sale of Fixed Assets	(74)	(213)	(60)	(60)
Net CF from Investing activities	**(85)**	**(220)**	**(76)**	**(60)**
Dividend and Dividend Tax	(6)	(22)	(22)	(22)
Net CF from Financing Activities	**(87)**	**17**	**(6)**	**(12)**
Net Cash flow	2	20	(49)	21
Opening Cash/Cash Equivalent	59	61	81	32
Closing Cash/ Cash Equivalent	**61**	**81**	**32**	**53**

Source: Company, ICICI Direct Research

Exhibit 3: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	64.3	64.3	64.3	64.3
Reserve and Surplus	851	936	986	1,086
Total Shareholders' funds	915	1,000	1,050	1,150
Total Debt	633	750	890	1,030
Total Liabilities	**1,579**	**1,786**	**1,977**	**2,217**
Gross Block	767	947	1,018	1,078
Acc: Depreciation	275	338	403	475
Net Block	492	608	614	603
Capital WIP	8	41	30	30
Total Fixed Assets	500	649	644	633
Non Current Assets	24	36	52	52
Inventory	697	749	860	1,009
Debtors	714	765	878	1,030
Loans and Advances	2	2	2	2
Other Current Assets	82	80	86	112
Cash	61	81	32	53
Total Current Assets	1,571	1,713	1,874	2,221
Current Liabilities	430	536	534	626
Provisions	13	19	19	19
Total Current Liabilities	515	612	593	690
Net Current Assets	1,056	1,101	1,281	1,531
Total Assets	**1,579**	**1,786**	**1,977**	**2,217**

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
EPS	14.6	14.2	13.2	18.9
Cash per Share	9.5	12.6	5.0	8.3
BV	142.3	155.6	163.3	178.9
Dividend per share	1.0	3.4	3.4	3.4
Dividend payout ratio	0.1	0.2	0.3	0.2
EBITDA Margin	15.0	15.5	13.2	14.2
PAT Margin	5.5	5.0	3.9	4.8
RoE	10.3	9.5	8.1	10.6
RoCE	14.0	12.7	11.7	13.5
RoIC	14.3	13.1	11.6	13.6
EV / EBITDA	10.5	9.8	10.3	8.5
P/E	22.2	22.0	24.6	17.2
EV / Net Sales	1.6	1.5	1.4	1.2
Sales / Equity	1.9	1.8	2.1	2.2
Market Cap / Sales	1.2	1.2	1.0	0.8
Price to Book Value	2.3	2.1	2.0	1.8
Asset turnover	1.1	1.0	1.1	1.2
Debtors Turnover Ratio	2.4	2.4	2.6	2.7
Creditors Turnover Ratio	4.6	3.8	4.0	4.4
Debt / Equity	0.7	0.7	0.8	0.9
Current Ratio	3.0	2.7	3.2	3.3
Quick Ratio	1.6	1.4	1.7	1.7

Source: Company, ICICI Direct Research

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