

- ❑ The company reported revenue of ₹4,925 Million for the quarter ended March 2025, marking an 16.1% year-on-year increase from ₹4,241 Million in the same quarter last year, and a growth of 25.5% rise on a sequential basis. For the full fiscal year FY25, revenue stood at ₹17,002 Million reflecting a 16.4% year-over-year growth.
- ❑ The company reported EBITDA of ₹557 Million and Profit After Tax (PAT) of ₹181 Million for the March 2025 quarter. While EBITDA grew by 12.1% year-on-year, PAT grew by 51.4% over the same period. For the full fiscal year FY25, EBITDA stood at ₹2,546 Million a growth of 32.5% compared to previous year, and PAT came in at ₹957 Million, a growth of 115.5% year-over-year basis.
- ❑ The company reported an EBITDA margin (EBIDTAM) of 11.3% and a profit after tax margin (PATM) of 3.7% in Q4 FY25, down from 11.7% whereas PATM was up from 2.8% respectively in the same quarter last year. On a full-year basis, FY25 EBIDTAM was 15.0% and PATM stood at 5.6%. This reflects a growth in EBIDTAM from 13.2% in FY24, while PATM improved from 3.0% in the previous year
- ❑ In FY25, Metering, Systems & Services reported a robust growth of 26.16%, contributing ₹10,756.1 million to overall revenues. The Cables segment grew by 23.6% year-on-year, while the Domestic Switchgear business registered a 16% YoY increase.
- ❑ Segment-wise, in FY25, the EBIT margin for Metering, Systems & Services improved to 17.0%, up from 14.6% in FY24. Meanwhile, the EBIT margin for the Consumer, Industrial & Services segment remained relatively stable at 11.5%, compared to 11.4% in FY24. Metering, Systems & Services contributed 63% of the total revenue in FY25, with the remaining 37% coming from the Consumer, Industrial & Services segment.
- ❑ The company maintains a strong and stable order book and is executing existing orders on a fast-track basis to ensure smooth and efficient delivery across the current pipeline. They have an order book of ₹35,000 Million which ensures revenue visibility for the short and medium term. Metering, Systems & Services accounts for approximately 99% of the order book, with a strong and healthy pipeline of metering tender enquiries. . Meanwhile, the '5G' sector continues to expand, driven by advancements in digitalization and connectivity infrastructure.
- ❑ The company is on a robust growth trajectory and remains confident in its ability to drive sustainable growth going forward, supported by its strong R&D capabilities. The 'Metering & Systems' segment is expected to be the key growth driver, with strong traction and an efficient execution cycle. Leveraging its competitive strengths, the company is well-positioned to capitalize on emerging opportunities in the smart meter space. We maintain our **BUY** rating on the stock with an unchanged target price of **₹710 per share**.

## Key takeaways from Management Commentary

- ❑ The company has guided for an EBIT margin of around 11.5% in the Consumer and Industrial segment, with the potential to improve to 12%. It anticipates strong double-digit growth in the smart meter segment, while the wires and cables business is expected to witness robust expansion. Overall, the domestic business is projected to maintain its growth momentum.
- ❑ The company reported an EBITDA margin of 15% for FY25, reaching a record high of 16.7% in the March quarter. Looking ahead to FY26, the focus is on enhancing automation across all manufacturing facilities to safeguard margins amid rising volumes. The objective is to sustain and subsequently improve margins, supported by strong quarterly volumes and stable commodity prices.
- ❑ Inventory days have remained largely consistent with the past two years, with some marginal improvements in certain areas. The company placed inventory orders in Q4, which are being actively utilized in Q1 to support high order volumes and daily production requirements. Efforts are ongoing to reduce overall inventory days.
- ❑ The company's entire ₹35,000 Million order book consists of projects under the AMISP framework, offering strong visibility for future revenues. Each order follows a defined schedule and is at varying stages of execution, with the overall implementation pace accelerating over the past three months.
- ❑ The company anticipates strong growth this year, projecting solid double-digit expansion and the potential addition of new orders during the period. Orders worth over ₹10,000 Million are scheduled for execution in the current year.
- ❑ The company has secured smart meter orders, with approximately 40–50 Million meters allocated to AMISPs. However, there is still significant progress to be made in terms of order releases to meter manufacturers.
- ❑ Labor costs are fixed in nature and have improved as a ratio due to increased revenue. Employee costs are a key area of focus for cost reduction to maintain margins in the future.
- ❑ Over the past year, the company incurred approximately ₹700 Million in capital expenditure, significantly higher than its usual maintenance Capex of ₹300–350 Million. The additional investment was directed towards developing dedicated capacities for the smart metering segment.
- ❑ Looking ahead, the company plans to invest in Capex focused on automation within the smart metering segment. Additionally, it will allocate capital towards expanding the switchgear segment—both industrial and domestic—as well as the wires and cables business.

## Quarterly Results

	Consolidated					
(In ₹ mn)	Q4-FY25	Q4-FY24	Chg	FY25	FY24	Chg
Net Sales	4,925	4,241	16.1%	17,002	14,609	16.4%
Operating Expense	3,368	3,159	6.6%	14,456	12,687	13.9%
EBITDA	557	497	12.1%	2,546	1,922	32.5%
Other Income	10	6	67.6%	49	42	15.5%
Depreciation	108	93	16.6%	421	387	9.1%
EBIT	458	410	11.8%	2,174	1,577	37.8%
Interest	214	220	-2.7%	897	896	0.1%
PBT	244	190	28.7%	1,276	681	87.4%
Tax	63	70	-10.0%	319	245	30.3%
Exceptional Items	-	-		-	-	
PAT	181	119	51.4%	957	436	119.5%
Minority /Other Adj.	-	(0)		-	-	
<b>Consolidated PAT</b>	<b>181</b>	<b>119</b>	<b>51.6%</b>	<b>957</b>	<b>436</b>	<b>119.5%</b>

	Consolidated					
Margins	Q4-FY25	Q4-FY24	Chg	FY25	FY24	Chg
Operating Margin %	11.3%	11.7%	-41	15.0%	13.2%	182
PBT Margin %	5.0%	4.5%	48	7.5%	4.7%	285
Net Margin %	3.7%	2.8%	86	5.6%	3.0%	264

Source: Company, Anand Rathi Research

## Consolidated Financials

(In ₹ mn)	FY-24	FY-25	FY-65E	FY-27E
<b>Net Sales</b>	<b>14,609</b>	<b>17,002</b>	<b>20,113</b>	<b>23,894</b>
Operating Expense	12,687	14,456	16,976	20,047
<b>EBITDA</b>	<b>1,922</b>	<b>2,546</b>	<b>3,137</b>	<b>3,847</b>
Other Income	42	49	58	72
Depreciation	387	422	499	593
<b>EBIT</b>	<b>1,577</b>	<b>2,173</b>	<b>2,696</b>	<b>3,326</b>
Interest	896	897	1,061	1,261
<b>PBT</b>	<b>681</b>	<b>1,276</b>	<b>1,635</b>	<b>2,066</b>
Tax	245	319	409	516
<b>PAT</b>	<b>436</b>	<b>957</b>	<b>1,226</b>	<b>1,549</b>
<b>Margins</b>	<b>FY-24</b>	<b>FY-25</b>	<b>FY-65E</b>	<b>FY-27E</b>
Sales Growth %	15.7%	16.4%	18.3%	18.8%
PAT Growth %	44.2%	119.4%	28.1%	26.3%
EBITDA Margin %	13.2%	15.0%	15.6%	16.1%
Net Margin %	3.0%	5.6%	6.1%	6.5%

Source: Company, Anand Rathi Research

(In ₹ mn)	FY-24	FY-25	FY-65E	FY-27E
<b><u>Liabilities</u></b>				
Equity Share Capital	643	643	643	643
Reserves & Surplus	7,639	8,508	9,444	10,483
Total Shareholder's Funds	8,282	9,151	10,087	11,126
Minority interest	19	21	23	26
Long-Term Liabilities	1,172	323	336	349
Other Long-term Liabilities	122	134	147	162
Deferred Tax Liability	(107)	(99)	(99)	(99)
Short-term Liabilities	9,146	11,276	13,869	17,059
<b>Total</b>	<b>18,634</b>	<b>20,806</b>	<b>24,364</b>	<b>28,623</b>
<b><u>Assets</u></b>				
Net Fixed Assets	4,606	5,029	5,893	7,017
Long-Term L&A	129	95	95	95
Non-Current Investments	0	-	-	-
Other Non-Current Assets	60	56	53	50
Current Asset	13,839	15,713	18,323	21,461
<b>Total</b>	<b>18,634</b>	<b>20,893</b>	<b>24,363</b>	<b>28,623</b>
<b>(In ₹ mn)</b>	<b>FY-24</b>	<b>FY-25</b>	<b>FY-65E</b>	<b>FY-27E</b>
EPS (₹)	6.8	14.9	19.1	24.1
P/E (x)	81.8	37.3	29.1	23.0
P/B (x)	4.3	3.9	3.5	3.2
ROE	5.3%	10.5%	12.2%	13.9%

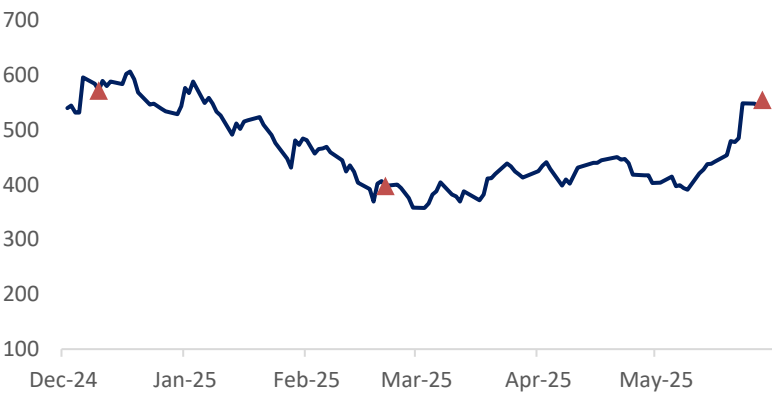
## Key Risks:

- ❑ Volatility in raw material prices.
- ❑ Increasing competition among smart meter industry.
- ❑ Delay in government tenders for participation.
- ❑ Geopolitical uncertainties.



Rating and Target Price history

HPL rating history & price chart



Source: Bloomberg, Anand Rath Research

Note: Prices are as on 29 May 2025 close.

HPL rating details

Date	Rating	Target Price (₹)	Share Price (₹)
10-Dec-2024	BUY	710	574
21-Feb-2025	BUY	710	404
29-May-2025	BUY	710	555

Source: Bloomberg, Anand Rath Research



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