



Annual Report 2017-18

HPL Electric & Power Limited



**Ready.
Connect.
Grow.**

Contents

A

▶ 01-23 Corporate Overview

- 01 Corporate Information
- 04 Company Profile
- 06 Business Highlights
- 07 Financial Highlights
- 08 Chairman's Message
- 10 Strong Platform for Growth
- 12 Powering a Deeper Connect
- 14 Ready with Smart Solutions
- 16 Ready to Meet Growing Demand
- 18 Ready to Light Up India
- 20 Ready to Electrify India
- 22 Board of Directors

B

▶ 24-70 Statutory Reports

- 24 Management Discussion and Analysis
- 29 Directors' Report
- 55 Corporate Governance Report

C

▶ 71-166 Financial Statements

- 71 Standalone Financial Statements
- 118 Consolidated Financial Statements

▶ 167-174 Notice

- Attendance Slip
- Proxy Form

Forward-looking statement

This report may contain some statements on the Company's business or financials which may be construed as forward looking based on the management's plans and assumptions. The actual results may be materially different from these forward - looking based statements although we believe we have been prudent in our assumptions.

Corporate Information

BOARD OF DIRECTORS

Mr. Lalit Seth
Chairman and Managing Director

Mr. Rishi Seth
Jt. Managing Director

Mr. Gautam Seth
Jt. Managing Director

Mr. Chandra Prakash Jain
Whole-time Director

Mr. Vinod Ratan Gupta
Whole-time Director

Mr. Jatinder Singh Sabharwal
Independent Director

Mrs. Madhu Bala Nath
Independent Director

Mr. Tarun Sehgal
Independent Director

Mr. Jainul Haque
Independent Director

Mr. Hargovind Sachdev
Independent Director

CHIEF FINANCIAL OFFICER

Mr. Sudhir Barik

COMPANY SECRETARY

Mr. Vivek Kumar

CORPORATE IDENTIFICATION NO. (CIN)

L74899DL1992PLC048945

REGISTERED & CORPORATE OFFICE

Registered Office:

1/20, Asaf Ali Road, New Delhi - 110 002

Tel.: +91-11-23234411

Fax: +91-11-23232639

Corporate Office:

Windsor Business Park, B-1D, Sector - 10,
Noida-201 301 (UP)

Email: hpl@hplindia.com

Website: www.hplindia.com

Tel.: +91-120-4656300

Fax: +91-120-4656333

STATUTORY AUDITORS

M/s. Kharabanda Associates
Chartered Accountants, New Delhi

INTERNAL AUDITORS

PricewaterhouseCoopers
Private Limited (PwC)
Chartered Accountants, New Delhi

COST AUDITORS

M/s. Bikram Jain & Associates
Cost Accountants, Jaipur

SECRETARIAL AUDITORS

M/s. AVA Associates
Practising Company Secretaries
New Delhi

REGISTRAR & TRANSFER AGENT

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli Financial District,
Nanakramguda, Hyderabad - 500 032
Toll Free No. : 1800-345-4001
Fax: 040-23001153
Email: einward.ris@karvy.com
Website: www.karvy.com

WORKS

- » Plot No. 132-133, Pace City-I,
Sector -37, Gurgaon, Haryana
- » Plot No. 357-Q, , Pace City-II,
Sector-37, Gurgaon, Haryana
- » Vill: Shavela, P.O. Jabli, Distt. Solan,
Himachal Pradesh
- » Vill: Bigan, Dhaturi Road, Tehsil
Gannaur, Sonapat, Haryana
- » Plot No. 76-B, Phase IV,
Sector-57, HSIIDC
Industrial Area, Kundli - 131 028
Sonapat, Haryana
- » Main GT Karnal Road, Village-
Bastawa, Tehsil Gharonda,
District-Karnal, Haryana

BANKERS/LENDERS

State Bank of India
Oriental Bank of Commerce
IDBI Bank Ltd.
DBS Bank Ltd.
IndusInd Bank Ltd.
Axis Bank Ltd.
HDFC Bank Ltd.
Karnataka Bank Ltd.
ICICI Bank Ltd.
Canara Bank
RBL Bank Ltd.
Bank of Bahrain & Kuwait B.S.C.
Bank of Baroda
Yes Bank

India's electrical equipment industry stands on the threshold of unprecedented growth. Sustained economic growth combined with the Government flagship programmes such as 'Power for All', 'Housing for All' and 100 Smart Cities Mission are just a few of the promising developments expected to provide a strong impetus to market demand.



We are
ready to
respond.

Our state-of-the-art infrastructure is well-equipped to manufacture the quality electrical solutions that India needs. An extensive and growing product range means that we provide the ideal one-stop shop for all electrical needs. And with our sustained focus on R&D, are continually upgrading our technologies and products to serve our customers in the best way possible.



We are
charged to
connect.

We have amplified our brand visibility and recall with an aggressive marketing and advertising strategy. Our robust distribution network ensures easy availability of our products and we continue to deepen our relationship with our trade partners. At the same time, our strong credentials rank us high with our customers.



We are
poised
to **grow.**

All in all, we have the capability and connect to scale new echelons of success. We are moving forward, intent on our purpose; there is no looking back. A future of greater heights is our destination.

Ready. Connect. Grow.

**The electrifying future we see for
HPL Electric & Power Limited**

Company Profile

HPL Electric & Power Limited ("HPL") is India's leading manufacturer in the electrical equipment space, offering diverse products portfolio across four key verticals: Metering Solutions, Switchgears, LED Lighting Equipment Wire & Cables and Solar Solutions. With our product suite of innovative, certified and trusted offerings, we offer a one-stop solution for meeting the electrical needs of consumers and institutional customers. Our robust manufacturing capabilities are supported by a large sales and distribution network with a pan-India presence.

Market Leader*

in the on-load change-over switches market with a **50%** share

Second Largest Player*

in the Electric Meter market with a **20%+** share

5th Largest*

LED manufacturer



40+

Years of industry experience



7

State-of-the-art manufacturing facilities



2

R&D facilities



90+

Branch & Representative Offices



19

Warehouses



2,000+

Authorised Dealers and Distributors



27,000+

Retailers






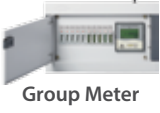


1,383

Employees

*Frost and Sullivan report, Feb 2016

Diversified Product Portfolio across Four Verticals

P R O D U C T P O R T F O L I O	Solar Products	Metering Solutions	Switchgears	Lighting Equipment	Wires and Cables
	Solar AC Distribution 		Industrial Applications ACB MCB Changeover Switch   	Consumer LED Products Aries LED LED Glow 9w  	Fire Resistant Cables 
	Solar Array Junction 	Smart Meter 	Domestic Applications Osafé MCB Techno MCB RCCB   	Commercial LED Products Mitered CRCA Panel  	Co-axial Cables 
	Solar LED Street Light 	Group Meter 	Modular Switch and Accessories Toggle Switches Plug Sockets Push Bells   	Outdoor LED Products Street Light LED Flood Light  	Solar Cables 
	Solar NET Meter 	Prepaid Meter 			Networking & Data Cables 

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TAB™ **Osafé**
MCB | DB | RCCB

Pathite
smART
ART MEETS STATE-OF-THE-ART

intelliPROTECT
intelligent protection RANGE

Diversified Customer Base

Residential & Commercial Users

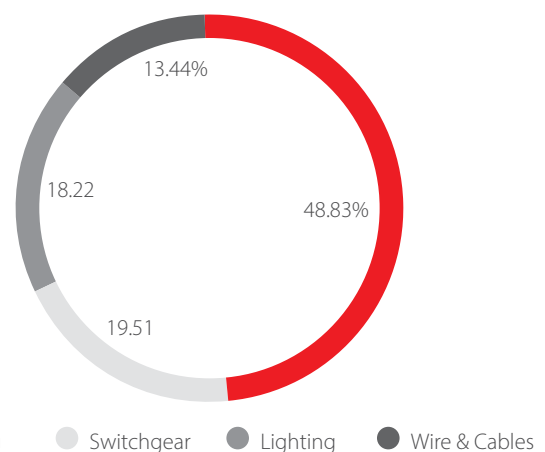
Public & Private Enterprises

City Infrastructures

Power Utilities

International Markets

Diversified Revenue Stream



Business Highlights

Strong business growth in the second half of the fiscal: H2 FY2018 revenues increased by 33% compared to H1 FY2018 driven by an improved performance across all business segments.

Operating profitability significantly improved in the second half of the fiscal: H2 FY2018 EBITDA and PAT grew by 23% and 42% respectively compared to H1 FY2018.

Robust order book of ₹450.5 crore as on May 2018; improvement in order book to lead to increase in turnover and profitability.

Capacity utilisation levels significantly improved across all business segments over the last two quarters.

Completed the project of installation of smart lighting solutions in Bhopal as part of the Government of India's Smart Cities Mission, making Bhopal the 'First Smart City'.

Received BIS IS 16444 certification for our smart meters.

High brand visibility through aggressive marketing and brand promotion: Total spend on advertising was ₹15.03 crore in 2018 as compared to ₹10.35 crore in the previous year.

Continued focus on reducing working capital requirements: Number of days for receivables has decreased from 203 days (on net basis) in September 2017 to 164 days in March 2018.

Developed a complete range of solar solutions across meters, switchgears, lighting and wires & cables to tap opportunities in the renewable energy space.

Continued focus on R&D to launch and market exciting new innovative products loaded with improved features, energy efficiency, automation and communication.

Financial Highlights

Net Revenue (₹ in Crore)

2017-18	1,036.3
2016-17	986.3

EBIDTA and EBIDTA margin

2017-18	109.9	10.06%
2016-17	123.9	12.6%

Profit (before tax and exceptional items) (₹ in Crore)

2017-18	40.5
2016-17	36.9

PBT as a % to Net Revenue

2017-18	3.9%
2016-17	3.7%

Profit after Tax (₹ in Crore)

2017-18	27.6
2016-17	25.9

PAT as a % to Net Revenue

2017-18	2.7%
2016-17	2.6%

Earnings Per Share (in ₹)

2017-18	4.27
2016-17	4.65

Chairman's Message



Dear Shareholders,

We stand at the cusp of dynamic transformation of India's infrastructure; against this backdrop, we successfully leveraged our robust foundation to deliver improved results across most of our business segments. It is my privilege and pleasure to take you through this performance as well as the other highlights of the year and the way forward, as I present the 26th Annual Report of your Company.

In India, the first half of fiscal 2018 was marked by the adjustment to the Goods and Services Tax (GST), arguably the biggest and most decisive tax reform in the country post-Independence. The GST is a welcome measure as from the longer term perspective as it leads to greater formalisation of the economy and eliminates the cascading effect of diverse taxes. While this reform moderated economic growth in the first half of the year, with stabilisation of the GST, the economy bounced back in the second half to reclaim its position as the fastest growing major economy in the world.

The implementation of GST disrupted demand in our trade business in the first half of the fiscal. Channel partners opted for pre-GST inventory destocking due to lack of clarity and uncertainty over availability of input tax credit. Restocking by channel partners took time till the teething issues of the new tax regime were largely resolved. Post stabilisation of trade channels, our trade business displayed healthy growth. Switchgear, lighting and wires & cables revenues went up 58%, 32% and 26% respectively in the second half of the year compared to the first half, underlining the strong recovery. On a year-on-year basis, switchgear business grew by 12%. While the lighting segment de-grew by 17% due to higher phase of a large bulk LED order in 2017 and also due to phase out of CFL lighting, we remain enthused by the strong traction displayed by the LED trade business. The wires and cables segment also remained stable during the year driven by speciality cable orders.

Our biggest achievement for the year was the impressive revival in our metering business. Successful bids for the right contracts and its efficient execution resulted in metering business growing by 14% on a year-on-basis. More importantly, as on May 31, 2018, we have a robust order book of ₹477.6 crore, providing strong revenue visibility over the coming year.

Gaining momentum across all our business verticals in the second half of the fiscal, we achieved steady growth in overall revenues. Total revenues for the year (net of excise) stood at ₹1,036 crore as against ₹986 crore in the previous year, an increase of 5.1%. Our margins were, however, impacted due to unprecedented increase in the raw material prices. Our recent tenders reflect the raw material price increase and thus we are now better placed to protect our margins.

We would like to mention that our channel financing scheme has shown good progress and the benefits are visible at the operational level. We are also committed to improve the quality of our dealer network by bringing on board, dealers with clean financial records and those focussed on product redistribution. This will ensure fiscal discipline as well as boost our B2C business.

Another important pillar for driving our B2C business is our conscious investment in brand building. We firmly believe that our