

## **OUR BUSINESS**

*Some of the information in this section, including information with respect to our plans and strategies, contain forward – looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this Draft Prospectus. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investments in the Equity Shares, you should read “Risk Factors” on page 28 for a discussion of the risks and uncertainties related to those statements, as well as “Restated Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 190 and 193 respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward - looking statements. Unless otherwise stated, the financial information used in this section is derived from our Restated Consolidated Financial Statements.*

*Our fiscal year ends on March 31 of each year, so all references to a particular “fiscal year”, “Fiscal” and “Fiscal Year” are to the 12-months period ended March 31 of that fiscal year. All references to a year are to that Fiscal Year, unless otherwise noted. Unless otherwise indicated, the financial information included herein is based on our Restated Consolidated Financial Statements included in this Draft Prospectus. For further details, see “Restated Financial Information” on page 190. We have, in this Draft Prospectus, included various operational performance indicators, some of which may not be derived from our Restated Consolidated Financial Statements and may not have been subjected to an audit or review by our Statutory Auditor. The manner in which such operational performance indicators are calculated and presented, and the assumptions and estimates used in such calculation, may vary from that used by other companies in same business as of our Company in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision and should consult their advisors and evaluate such information in the context of the Restated Consolidated Financial Statements and other information relating to our business and operations included in this Draft Prospectus.*

*Unless the context otherwise requires, in relation to business operations, in this chapter of this Prospectus, all references to “We”, “Us”, “Our” and “Our Company” are to Smarten Power Systems Limited as the case may be*

## **OVERVIEW**

We are engaged into designing and assembling of power back-up and advanced solar power products such as Home UPS systems, solar inverters, solar power conditioning units (PCUs), solar charge controllers. We are also engaged in the trading of solar panels and batteries. We sell our products through our distributors within India. We also export our products except solar panels outside India. We generate approximately 66.51% of our revenue through domestic sales and 33.49% of our revenue through exports. Currently, our Company is operating in 23 states and 2 union territories within India and has also established global footprint in over 17 countries which includes Middle East, Africa, and South Asia region.

### ***Our Mission & Vision***

With a mission to propel society towards a sustainable energy future, our Company is committed to leveraging cutting-edge technology and innovative designs to provide affordable, efficient, and environmentally friendly energy solutions. Our Company's slogan is, “*Fusion is the Future*” reflects its vision of harnessing the power of renewable energy sources, especially solar power, to meet the growing energy demands of households and industries alike. Our Company aims to contribute significantly to the global shift towards renewable energy, particularly in developing regions where energy access is critical for economic development. As part of this vision, Smarten is committed to expanding its presence beyond India into global markets, focusing on Asia, Africa, and the Middle East.

### ***Details of Incorporation***

Our Company was originally incorporated on July 30, 2014 as a private limited company as “*Smarten Power Systems Private Limited*” vide registration no 52897 under the provisions of the Companies Act, 2013 with the Registrar of Companies, Delhi. Subsequently, pursuant to a special resolution passed by the Shareholders at their Extra - Ordinary General Meeting held on October 25, 2024. Our Company was converted from a private limited company to public limited company and, consequently, the name of our Company was changed to “*Smarten Power Systems Limited*” and a Fresh Certificate of Incorporation consequent to conversion was issued on November 20, 2024 by the Central Processing Centre. The Corporate Identity Number of our Company is U31401HR2014PLC052897 and the registered office of our Company is situated at 374, 1<sup>st</sup> Floor, Pace City-2, Sector 37, Gurgaon, Haryana – 122001.

## ***Our Promoters***

Our Company is promoted by four individual Promoters namely Arun Bhardwaj, Rajnish Sharma, Ravi Dutt, Tirath Singh Khaira with a motive of providing efficient and low-cost power solutions by assembling and trading various products such as Home UPS systems, solar inverters, solar power conditioning units (PCUs), solar charge controllers, solar panels and batteries. Our Promoters, who have an average experience of more than two decades in the power-backup industry are supported by an experienced and professional management team and by a workforce of 238 permanent employees as of November 30, 2024. We believe that the collective experience and capabilities of our Promoters and management team and strong workforce enable us to understand and anticipate market trends and manage our business operations and growth. For further details, see “*Our Promoters and Promoter Group*” on page 182.

## ***Our Products***

Our Company deals in Home UPS systems, solar inverters/solar power conditioning units, solar panels and batteries which constitute a significant portion of our revenues.

The product wise bifurcation of revenue from sale for the three months period ended June 30, 2024 and for financial year ended March 31, 2024, March 31, 2023, March 31, 2022 are as follows:

| Particulars*  | As at June 30, 2024 |                | As at March 31, 2024 |                | As at March 31, 2023 |                | As at March 31, 2022 |                |
|---|---------------------|----------------|----------------------|----------------|----------------------|----------------|----------------------|----------------|
|   | Revenue             | % <sup>#</sup> | Revenue              | % <sup>#</sup> | Revenue              | % <sup>#</sup> | Revenue              | % <sup>#</sup> |
| Home UPS Systems                                      | 1,456.34            | 23.78          | 5,792.95             | 29.78          | 4,969.90             | 27.72          | 6,694.76             | 40.99          |
| Solar Inverters/Solar Power Conditioning Units (PCUs) | 2,097.51            | 34.25          | 6,078.57             | 31.25          | 5,539.94             | 30.89          | 3,926.00             | 24.04          |
| Batteries   | 1,550.61            | 25.32          | 4,919.31             | 25.29          | 4,241.47             | 23.65          | 2,543.60             | 15.57          |
| Solar Panels  | 920.86              | 15.04          | 2,227.13             | 11.45          | 2,307.91             | 12.87          | 2,550.41             | 15.61          |
| Solar Charge Controllers                              | 50.44               | 0.82           | 129.50               | 0.67           | 177.34               | 0.99           | 298.42               | 1.83           |
| Others  | 47.66               | 0.78           | 303.31               | 1.56           | 695.20               | 3.88           | 320.55               | 1.96           |
| <b>Total</b>  | <b>6,123.43</b>     | <b>100.00</b>  | <b>19,450.77</b>     | <b>100.00</b>  | <b>17,931.74</b>     | <b>100.00</b>  | <b>16,333.74</b>     | <b>100.00</b>  |

<sup>#</sup>% being derived from the total Revenue generated from sale of products

\*As certified by Mahesh Yadav & Co., Chartered Accountants, Statutory Auditor pursuant to their certificate dated December 27, 2024.

## ***Infrastructure***

### **A. Present**

Our Company operates through a robust infrastructure designed to support its growing production needs and extensive product offerings. Our registered office which has been taken on a leased basis is located at 374, 1<sup>st</sup> Floor, Pace City – 2, Sector 37, Gurgaon, Haryana admeasuring 450 sq. mtrs. for conducting back-end operations such as sales, marketing, accounts, HR, customer service and transformer assembling to ensure smooth running of all business operations. We carry out our assembling operations at our leased premise admeasuring 22,500 sq. ft. located at Plot no. 521, Sector 37, Pace City – II, Gurgaon-122001, Haryana for conducting key activities such as operations management, quality checks, R&D, purchasing and storage of raw materials, ensuring proximity and seamless coordination with our customers. Additionally, we also operate a dedicated 7,500 sq. ft. warehouse situated at Khasra No. 1395, 37<sup>th</sup> Milestone, near Hero Honda Chowk, National Highway 8, Gurugram-122002, Haryana for providing logistics access for the storage and dispatch of finished goods, which allows our Company to efficiently manage large-scale shipments for both domestic and international markets.

### **B. Proposed**

Our Company is currently in the process of expanding the infrastructure by building a manufacturing unit at our acquired premise admeasuring 3892.937 sq. mtrs. located at Plot no. 3, Street no. 2, Sector 7A, Model Economic Township (MET), Jhajjar Haryana for conducting assembling operations of our products such as Home UPS systems, solar inverters, solar power conditioning units (PCUs) and solar charge controllers which is currently under construction. This facility is situated at the upcoming MET which will benefit us due to the strategic location

within the National Capital Region (NCR), offering excellent connectivity via the KMP Expressway and proximity to the Delhi-Mumbai Industrial Corridor (DMIC) and also enhances logistical efficiency and access to key markets. The MET is designed with robust infrastructure, including 220 KV substations and reliable water supply, while being close to the Indira Gandhi International Airport, facilitating smooth transport and faster delivery times. Additionally, the integrated ecosystem at MET, which includes residential and commercial facilities, ensures access to a skilled workforce and long-term operational sustainability. This facility is expected to become operational in H1 of Fiscal 2026 which will significantly enhance our Company's production capacity, incorporating advanced manufacturing, R&D and storage capabilities to meet future growth demands.

Further, our Company has entered into an Asset Purchase Agreement dated September 19, 2024 with Su-Urja Solar Systems Private Limited (the “**Agreement**”) for the purchase of movable assets of the production line of battery manufacturing unit located at land admeasuring an area of 03 Bigha 14 Biswa (74 Biswa), bearing Khatauni No. 281/321 Min, Kh No. 1979/446/2 MSRG 3-14 Bigha located at Village Bhatolikalan, Tehsil Baddi, Himachal Pradesh for a total purchase consideration of ₹ 418.90 Lakhs inclusive of applicable GST (“**Property**”). Further, our Company has also entered into an agreement to sell with Su-Urja Solar Systems Private Limited on September 19, 2024 with respect to the purchase of the Property. For further details, see “*Objects of the Offer*” on page 89.

#### **Production**

Currently, our Company's infrastructure enables the production of Home UPS systems, solar inverters, solar power conditioning units (PCUs) and solar charge controllers around 600 units per day, with the capacity to increase 1200 units per day once the proposed facility at MET becomes operational. Our manufacturing setup is designed to handle low, medium, and high-capacity units, offering the flexibility to meet a wide range of customer needs and market demands.

Our Company's current facility located at Plot No. 521, Sector 37, Pace City – II, Gurgaon-122001, Haryana handles a wide range of operations, including R&D, product design, quality assurance, and the storage of raw materials. Smarten has also adopted stringent quality control measures, emphasizing our Company's focus on excellence. Our in-house R&D has enabled us to develop application centric products.



We carry out our assembling and trading business of our products under our brand **SMARTEN** and the patent registered in the name of our Company. Our products cater to a wide variety of customer segments, from individual households to large-scale commercial solar projects, providing flexibility and adaptability to evolving market needs.

The detailed breakup of our domestic and export revenue and percentage of total revenue from sale of our products for the three months period ending on June 30, 2024 and for the three Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022, are set out below:

| Particulars  | (₹ in lakhs)                                    |               |                   |               |                   |               |                   |               |
|--------------|---|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
|              | For the three months period ended June 30, 2024 |               | As at Fiscal 2024 |               | As at Fiscal 2023 |               | As at Fiscal 2022 |               |
|              | Revenue   | %             | Revenue           | %             | Revenue           | %             | Revenue           | %             |
| Domestic     | 4,034.08  | 65.66         | 12,551.60         | 64.30         | 12,283.89         | 68.27         | 11,108.73         | 67.80         |
| Export       | 2,109.81  | 34.34         | 6,967.96          | 35.70         | 5,709.60          | 31.73         | 5,275.53          | 32.20         |
| <b>Total</b> | <b>6,143.89</b>                                 | <b>100.00</b> | <b>19,519.57</b>  | <b>100.00</b> | <b>17,993.49</b>  | <b>100.00</b> | <b>16,384.26</b>  | <b>100.00</b> |

#### **Certifications**

Our Company is committed to maintaining high standards of quality and environmental responsibility, as evidenced by its key certifications. We maintain a number of quality management system certificates in line with industry standards, including ISO 9001:2015 for ensuring quality management system that covers the supply of power backup products like inverters, UPS systems, home UPS units, solar product, and batteries, which underscores our Company's dedication to consistent product quality and customer satisfaction. Additionally, our Company has also received the ISO 14001:2015 certification reflecting its proactive approach to environmental management, highlighting our commitment to minimize environmental impact and aligning with global standards for sustainability. Together, these certifications reinforce our Company's reputation as a quality-focused and environmentally responsible company, building trust among customers, partners, and stakeholders.

### ***Our Subsidiary and Group Company***

As on the date of filing of the Draft Prospectus, our Company has one Subsidiary namely Smart Store International Private Limited which was incorporated on April 12, 2021 under the Companies Act, 2013 bearing Corporate Identity Number U51909HR2021PTC094361 and having its registered office at Plot No. 374, Sector-37, Gurgaon, Haryana 122001. Our Subsidiary Company was incorporated to engage in online and offline trading activities of inverters, solar panel, solar products, batteries and other allied power backup products We also have one Group Company and Promoter Group Entity namely Nitant Global Private limited (“NGPL”) which was incorporated on May 29, 2017 under the Companies Act, 2013 bearing corporate identity number U74999HR2017PTC069256 and having its registered office is Plot No. 374, 2nd Floor, Pace City- II, Sector- 37, Gurgaon, Haryana. Our Group Company, NGPL is engaged into a wide range of activities related to the production, processing, distribution, and sale of food and beverage products, both in India and abroad.

### ***Key Financial Performance Indicators***

The key financial performance indicators of our Company are as follows:

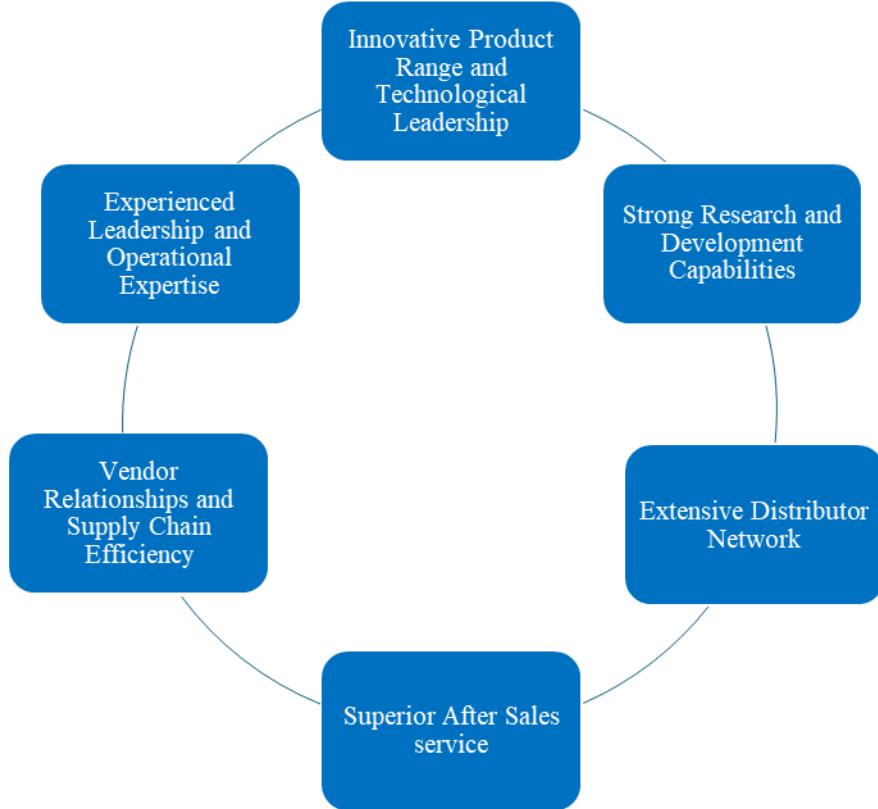
| Particulars <sup>(1)</sup>             | For the period ended on June 30, 2024 | Financial year ended March 31, 2024 | Financial year ended March 31, 2023 | Financial year ended March 31, 2022 |
|--|---------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Revenue from Operations <sup>(1)</sup> | 6,143.89                              | 19,519.57                           | 17,993.49                           | 16,384.26                           |
| EBITDA <sup>(2)</sup>                  | 517.00                                | 1,354.45                            | 186.10                              | 166.24                              |
| EBITDA margin (%) <sup>(3)</sup>       | 8.41                                  | 6.94                                | 1.03                                | 1.01                                |
| EBIT <sup>(4)</sup>                    | 568.74                                | 1,668.94                            | 759.99                              | 585.81                              |
| EBIT Margin (%) <sup>(5)</sup>         | 9.16                                  | 8.40                                | 4.08                                | 3.48                                |
| PBT <sup>(6)</sup>                     | 552.36                                | 1,608.93                            | 720.90                              | 552.38                              |
| PBT Margin (%) <sup>(7)</sup>          | 8.90                                  | 8.10                                | 3.87                                | 3.28                                |
| PAT                                    | 405.46                                | 1,129.00                            | 515.66                              | 398.97                              |
| PAT margin (%) <sup>(8)</sup>          | 6.53                                  | 5.68                                | 2.77                                | 2.37                                |
| NAV <sup>(9)</sup>                     | 19.88                                 | 17.18                               | 9.86                                | 6.01                                |
| EPS <sup>(10)</sup>                    | 2.70                                  | 7.53                                | 3.49                                | 2.80                                |
| ROCE (%) <sup>(11)</sup>               | 64.96                                 | 51.44                               | 40.84                               | 53.38                               |
| ROE (%) <sup>(12)</sup>                | 58.35                                 | 56.11                               | 44.77                               | 60.58                               |
| Current Ratio (x) <sup>(13)</sup>      | 1.49                                  | 1.42                                | 1.17                                | 1.10                                |
| Debt to Equity Ratio <sup>(14)</sup>   | 0.17                                  | 0.26                                | 0.29                                | 0.28                                |
| Working Capital Days <sup>(15)</sup>   | 35.19                                 | 29.96                               | 15.64                               | 11.12                               |

*Notes:*

1. Revenue from Operations is as appearing in the Restated Financial Statements of the Company.
2. EBITDA=PAT + Finance Cost + Depreciation and Amortization Expenses + Total Tax Expenses-Other Income-Exceptional items
3. EBITDA Margin (%) = EBITDA / Revenue from Operation
4. EBIT= Profit Before Tax+ Finance Cost
5. EBIT Margin (%) = EBIT/ Revenue from Operation
6. Profit Before Tax (PBT) is as appearing in the Restated Financial Statements of the Company.
7. PBT Margin (%) = PBT / Total Income
8. PAT Margin (%) = PAT / Total Income
9. NAV= Net worth / No. of Shares (post bonus)
10. EPS= PAT / No. of Shares (post bonus)
11. ROCE (%) = EBIT / (Net Worth + Total Debts)
12. ROE (%) = PAT/ 2 years Avg. Net Worth
13. Current Ratio = Current Assets / Current Liability
14. Debt to Equity ratio= Debt / Equity
15. Working capital Days= Average working capital/ revenue from operations \*365

## **OUR STRENGTHS**

Our Company has grown significantly in the power backup and solar solutions industry by capitalizing on its core strengths. These advantages have established our Company as a key player in the North Indian market, with presence in international markets. The following are the key strengths that set our Company apart:



### ***Innovative Product Range and Technological Advancements***

Our Company has built a portfolio of over 372 SKUs, offering products across six distinct categories including home UPS systems, solar inverters, solar power conditioning units (PCUs), solar charge controllers, solar panels, and batteries. Our products cater to a wide variety of customer segments, from individual households to large-scale commercial solar projects, providing flexibility and adaptability to evolving market needs.

Our Company's sine-wave technology gives it a distinct edge over conventional square-wave inverters. Sine-wave inverters are quieter, safer for sensitive electronics, and more efficient in managing power surges and fluctuations. Our Company has further embraced PWM and MPPT-based solar charge controllers, which provide superior energy management for solar installations.

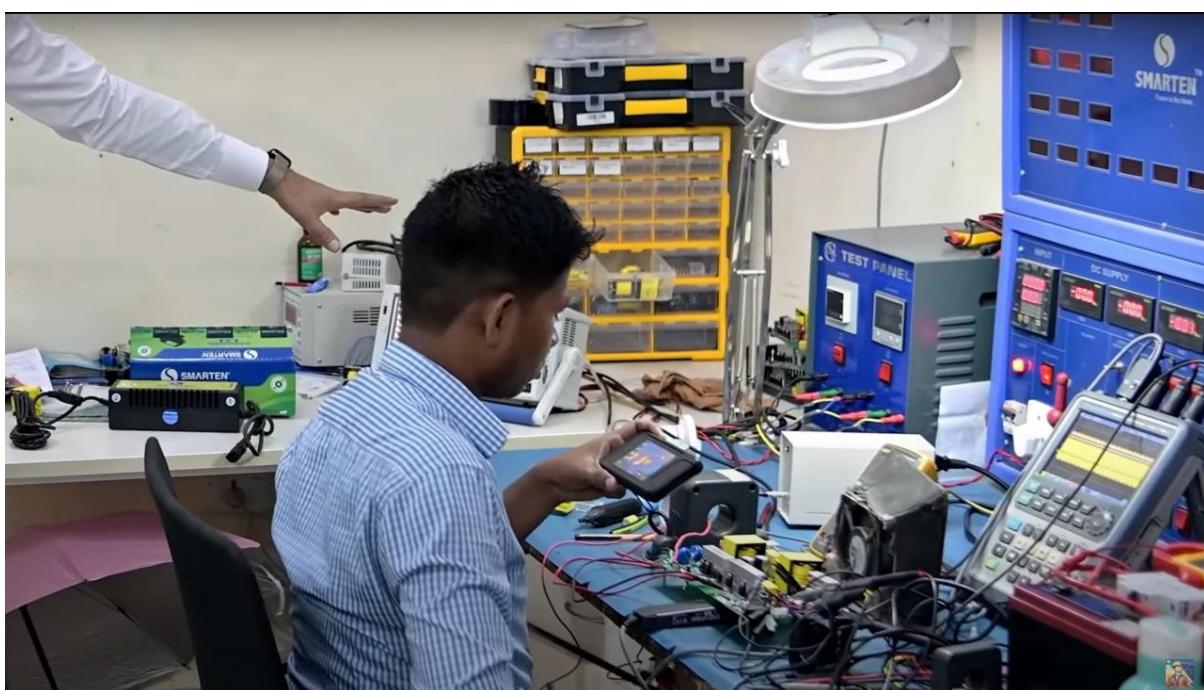
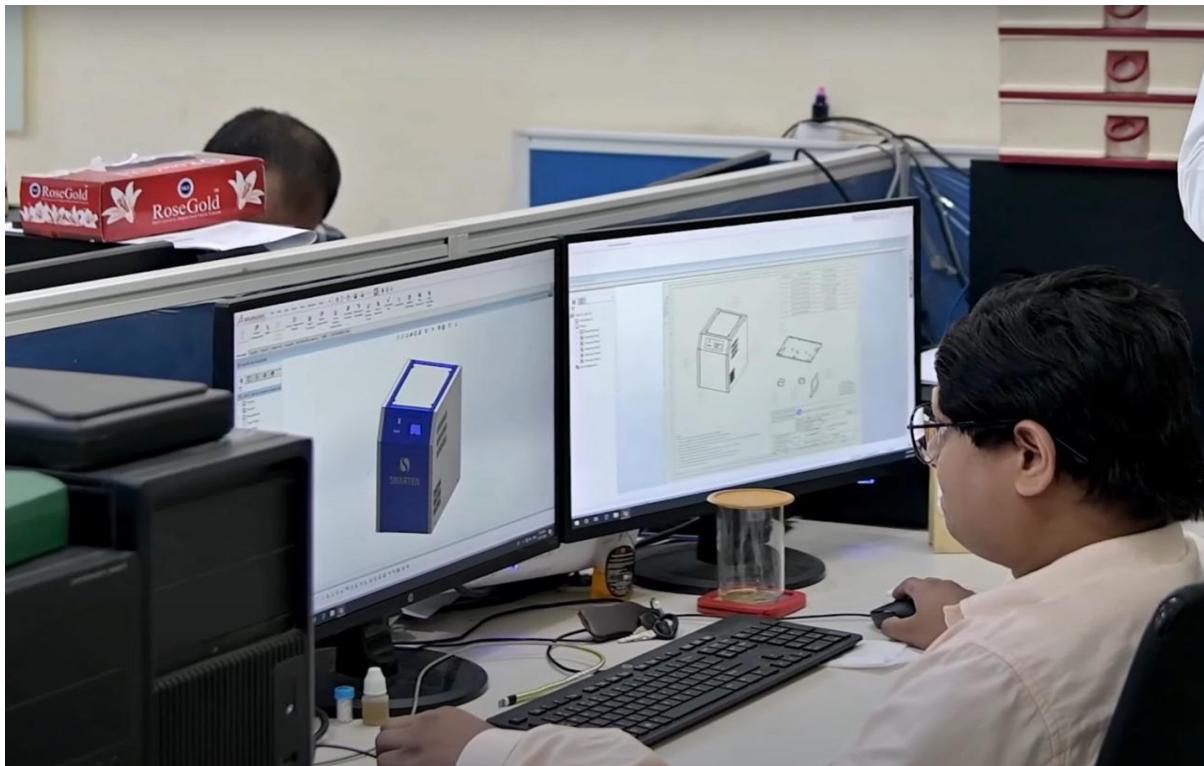
### ***Strong Research and Development (R&D) Capabilities***

Our Company's success is its focus on research and development. Our R&D team consists of seven members who play a critical role in maintaining its competitive advantage by continuously improving product quality, efficiency, and innovation. Our commitment to R&D has enabled our Company to consistently deliver new product innovations and stay ahead of industry trends. Our R&D team comprises seasoned experts in power electronics, with a strong background in power conversion, inverter design, and energy storage systems and have over a decade of experience in developing efficient and reliable power systems, showcasing their technical depth and industry knowledge.

Our R&D team has developed cutting-edge power solutions such as MPPT-based inverters, high-efficiency converters, and charge controllers, significantly reducing energy waste and enhancing operational efficiency. For instance, Smarten's Bravo Series UPS and Nova Series Premium UPS have been designed with features like smart charging during low voltage conditions, protection for sensitive appliances, and noiseless operation, which differentiate them from generic offerings in the market. These innovations align with consumer demands for intelligent, efficient, and cost-saving solutions in an environment where power outages are frequent. Additionally,

their research in power density has led to the development of compact, high-power systems, setting new benchmarks in space-efficient design.

Our R&D team has played a pivotal role in developing solutions that meet the growing demand for efficient and reliable energy systems. Our strategic focus on renewable energy integration has resulted in innovations that enhance the efficiency and reliability of solar, wind, and energy storage systems, contributing to a cleaner, more sustainable energy ecosystem. In addition to our core products, our Company has expanded its focus to smart energy management systems such as solar power conditioning units kits that optimize power consumption between solar panels and the grid. Our Company's innovations are designed to cater to evolving consumer expectations in both the domestic and international markets, such as integrating smart features like app-based monitoring.



### ***Extensive Distribution and After-Sales Service Network***

Our Company has established a distribution network across India and internationally, ensuring its products are widely accessible in key markets. Our Company's reach spans across 23 states and 2 union territories within India, supported by an extensive network that includes 347 distributors and 49 service centres catering to after sales service to resolve the complaints of the customers. We also have a reach outside India comprising of 33 distributors. Our network is our core strength, enabling our Company to remain competitive with both organized and unorganized players in the power backup market.

Presently, over 62% of our Company's total revenue is generated from domestic markets, with around 95% of this domestic revenue coming from the north zone, covering states such as Haryana, Uttar Pradesh, Rajasthan, Delhi, Jammu and Kashmir, and Punjab. This strategic focus on high-demand regions reinforces our Company's strong foothold in the industry and supports the ongoing expansion of its market presence across India.

The detailed state wise breakup of our domestic revenue and percentage of total revenue is mentioned below:

| States                        | As at June 30, 2024 |                | As at March 31, 2024 |                | As at March 31, 2023 |                | As at March 31, 2022 |                |
|-------------------------------|---------------------|----------------|----------------------|----------------|----------------------|----------------|----------------------|----------------|
|                               | Revenue             | % <sup>#</sup> | Revenue              | % <sup>#</sup> | Revenue              | % <sup>#</sup> | Revenue              | % <sup>#</sup> |
| Haryana                       | 2,055.49            | 50.95          | 6,693.58             | 53.33          | 7,538.91             | 61.37          | 8,251.38             | 74.28          |
| Uttar Pradesh                 | 1,393.60            | 34.55          | 3,929.30             | 31.31          | 2,664.66             | 21.69          | 1,389.35             | 12.51          |
| Others                        | 584.99              | 14.50          | 1,928.72             | 15.36          | 2,080.32             | 16.94          | 1,468.00             | 13.21          |
| <b>Total domestic revenue</b> | <b>4,034.08</b>     | <b>100.00</b>  | <b>12,551.60</b>     | <b>100.00</b>  | <b>12,283.89</b>     | <b>100.00</b>  | <b>11,108.73</b>     | <b>100.00</b>  |

<sup>#</sup>% being derived from the total Revenue generated from sale of Products

### International Presence:

Beyond India, our Company have established its global footprint in 17 international markets, with a strong presence in Nigeria, West African countries, Nepal, Bangladesh, the UAE and Yemen. Our Company's international expansion is driven by strategic relationships with over 33 international distributors who support a steady flow of exports. Our global footprint is not only a testament to our Company's product quality and reliability but also to its commitment to offering accessible, efficient power solutions in developing and emerging markets.

Our Company's exports are facilitated by its logistics support, ensuring that products reach international markets efficiently and reliably. With plans to continue growing our international footprint, we are well-positioned to expand our market share in regions where clean and reliable power solutions are increasingly valued, which strategy aligns with our vision of promoting renewable energy on a global scale, reinforcing its role as a trusted provider of sustainable power solutions in international markets.

The breakup of our revenue and percentage of total revenue from exports are mentioned below:

| Countries/Regions     | As at June 30, 2024 |                | As at March 31, 2024 |                | As at March 31, 2023 |                | As at March 31, 2022 |                |
|-----------------------|---------------------|----------------|----------------------|----------------|----------------------|----------------|----------------------|----------------|
|                       | Revenue             | % <sup>#</sup> | Revenue              | % <sup>#</sup> | Revenue              | % <sup>#</sup> | Revenue              | % <sup>#</sup> |
| Nigeria & West Africa | 1,019.94            | 48.34          | 3,631.82             | 52.12          | 1,906.43             | 33.39          | 1,695.55             | 32.14          |
| Nepal                 | 282.55              | 13.39          | 1,072.12             | 15.39          | 1,022.99             | 17.92          | 1,204.64             | 22.83          |
| UAE & Qatar           | 251.63              | 11.93          | 551.42               | 7.91           | 650.38               | 11.39          | 1,201.16             | 22.77          |
| Others                | 555.69              | 26.34          | 1,712.60             | 24.58          | 2,129.80             | 37.30          | 1,174.18             | 22.26          |
| <b>Total</b>          | <b>2,109.81</b>     | <b>100</b>     | <b>6,967.96</b>      | <b>100</b>     | <b>5,709.60</b>      | <b>100</b>     | <b>5,275.53</b>      | <b>100</b>     |

<sup>#</sup>% being derived from the total revenue generated from exports

\*As certified by Mahesh Yadav & Co., Chartered Accountants, Statutory Auditor pursuant to their certificate dated December 27, 2024.

The average revenue generated per distributor in international markets is approximately over ₹ 2,00,00,000. Our Company looks forward to further expand in Zambia, Burkina Faso, Burundi, and Tanzania to expand their presence in the international markets. As part of our initial phase, we have already shipped product samples to

Burkina Faso and Burundi, which plays a pivotal role in understanding the market and its demand, building relationships with distributors, and establishing a foothold in these markets. Our approach will focus on forming strategic alliances with local distributors, establishing distribution networks, and enhancing brand recognition to ensure a strong market presence and long-term success.

#### **After-Sales Service:**

Our Company provides comprehensive and rapid after-sales service to ensure a seamless experience for customers making one of the key differentiator for our Company. We have built a robust support network with 49 service points nationwide and 73 in-house service engineers dedicated to quick and efficient issue resolution.

Our approach to after-sales service goes beyond basic support, with our Company implementing innovative customer care solutions that address common industry pain points, such as delayed response times and limited support coverage. Our 24/7 customer care offers proactive support, while the on-site service facility ensures that trained technicians are available when and where they are required. This customer-centric service framework is integral to Smarten's brand, fostering loyalty and setting it apart from competitors in the power backup industry.

Moreover, our strong distribution network enhances its after-sales service efficiency, allowing our Company to respond swiftly to support requests across both urban and remote areas. This extensive reach and responsiveness build trust with our customers and reinforce our reputation as a reliable partner in power solutions. With our high standard of service, our Company goes beyond merely addressing immediate customer needs. This commitment builds a strong foundation for enduring customer relationships, essential in a market where the quality of support is a decisive factor in customer loyalty and satisfaction.

#### **After-Sales and Complaint Resolution Process**

Customers initiate complaints by contacting the Company by providing basic details. The team at centralized Customer Delight Centre acknowledges, registers and provides the customer with immediate feedback regarding each complaint. The team also suggests possible initial troubleshooting steps, if applicable, and outlines the expected resolution timeline. Once a complaint is registered, it is automatically assigned to a field engineer in the relevant area through a mobile application. The assigned field engineer schedules an appointment at a convenient time which helps manage customer expectations and ensures a smooth complaint resolution process. The Customer Delight Centre stays in touch with both the customer and the field engineer throughout the complaint journey, providing updates to the customer and support to the engineer if required. This integrated system ensures consistent communication and transparency.

The Customer Delight Centre follows up with the customer throughout the complaint resolution process, providing updates and ensuring the customer is informed of any delays or requirements. In-warranty repairs are prioritized, while out-of-warranty customers are informed of applicable charges. The Company conducts regular analyses of product failures to identify common issues and implement preventive measures, improving product reliability over time. A Customer Satisfaction dashboard monitors feedback and complaint resolution times, providing insights into service quality and areas for improvement. Service CRM software is used to track service requests, manage customer information, and monitor complaint resolution, facilitating an efficient and organized after-sales process. Regular training programs and service audits ensure that field engineers and service personnel maintain high standards of quality, stay updated on product knowledge, and adhere to company protocols. MIS (Management Information System) oversees product failure, customer satisfaction, and feedback analysis, ensuring continuous improvement.

This structured process ensures efficient, high-quality after-sales service, aiming for prompt complaint resolution and customer satisfaction.

#### ***Vendor Relationships and Supply Chain Efficiency***

Our Company has developed and maintained strategic relationships with both domestic and international vendors, ensuring a steady supply of high-quality raw materials and components essential for its product offerings. By partnering closely with over 100 domestic suppliers, Smarten mitigates risks of production delays and ensures timely procurement, which is crucial for maintaining its operational flow and meeting customer demands. These partnerships enable our Company to source from vendors with in-house production capabilities, reducing the potential for defective components and minimizing lead times.

We purchase raw materials for our assembling operations from our key vendors, ensuring efficiency and consistency. To avoid over-reliance on any single supplier, we maintain multiple vendors for each category of

component or traded products, which strengthens supplier bargaining power and provides greater supply chain resilience.

The strategic positioning of many vendors within the National Capital Region (NCR) for critical components further streamlines logistics, enabling us to minimize transportation delays and optimize costs across the supply chain. Through these well-orchestrated relationships, we not only sustain our operational efficiency but also strengthens its market position by delivering high-quality products to meet evolving customer expectations.

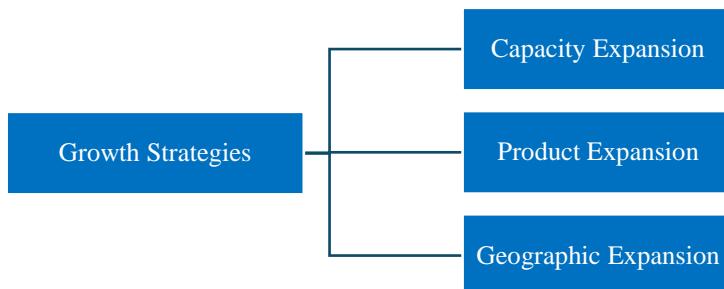
### ***Experienced Leadership and Operational Expertise***

Our leadership structure is designed for both efficiency and growth, with each director overseeing specific areas of responsibility. Our specialized approach leverages each director's expertise, enabling our Company to uphold high standards across divisions such as R&D, manufacturing, sales, and international expansion. By ensuring focused oversight within each department, we foster greater accountability and agility, positioning ourselves to adapt effectively within a competitive market.

While experienced leaders provide strategic direction, our young workforce, totalling 238 employees, brings agility and innovation to our Company's daily operations. Our young team is highly adaptable, embracing evolving market trends and driving continuous improvement in product development and customer solutions. This blend of seasoned leadership and young talent not only enables us to implement innovative practices and respond to market changes effectively but also positions our Company to achieve sustainable growth while maintaining quality and customer satisfaction. The collaborative environment at our Company lays the groundwork for long-term resilience and growth across both domestic and international markets.

### ***OUR STRATEGIES***

We are focused on a multi-faceted growth strategy that encompasses product diversification, geographic expansion, and capacity enhancement which are designed to strengthen our market position, meeting evolving consumer needs and align with the increasing demand for innovative and reliable power backup solutions. By strategically investing in these areas, we aim to ensure long-term resilience and expand our footprint across both domestic and international markets.



#### ***Capacity Expansion***

As part of our strategic growth plan, we are investing in a significant capacity expansion by building a manufacturing unit at our acquired premise admeasuring 3892.937 sq. mtrs. located at Plot no. 3, Street no. 2, Sector 7A, Model Economic Township (MET), Jhajjar, Haryana for conducting assembling operations of our products such as Home UPS systems, solar inverters, solar power conditioning units (PCUs) and solar charge controllers, which is currently under construction. Our proposed facility is expected to become operational in H1 of Fiscal 2026 which will significantly enhance our Company's production capacity, incorporating advanced manufacturing, R&D and storage capabilities to meet future growth demands. This proposed facility located within MET is set to double our Company's production capacity from 600 units to 1,200 units per day upon completion, enhancing our ability to meet growing market demand. Once operational, the proposed facility will allow us to consolidate operations by relocating its registered office and assembling unit, streamlining production into an advanced manufacturing hub including conducting other operational activities.

The proposed facility which is designed to integrate advanced technology, procured to support advance manufacturing processes. Our proposed facility will enhance production efficiency, reduce lead times, ensure high-quality output, reinforcing our commitment to stringent quality standards and operational excellence.

Beyond expanding production capabilities, the proposed facility will consist of enhanced R&D supporting product innovation. Our proposed facility is situated at the upcoming MET which will benefit us due to the strategic location within the National Capital Region (NCR) offering excellent connectivity via the KMP Expressway and proximity to the Delhi-Mumbai Industrial Corridor (DMIC) and also enhances logistical efficiency and access to key markets. The MET is designed with robust infrastructure, including 220 KV substations and reliable water supply, while being close to the Indira Gandhi International Airport, facilitating smooth transport and faster delivery times. Additionally, the integrated ecosystem at MET, which includes residential and commercial facilities, ensures access to skilled workforce and long-term operational sustainability. By bolstering supply chain efficiency and positioning our Company for scalable growth, this proposed new manufacturing facility plays a critical role in advancing our Company's mission to deliver sustainable, high-quality power backup solutions across a broader geographical footprint.

Further, our Company intends to move from manual PCB testing to automated PCB testing process to optimize efficiency and accuracy in verifying the quality of PCB assemblies, which integrates advanced fixtures, controllers, and data management solutions to ensure a seamless and repeatable workflow. The first stage of the automated process involves positioning and securing the PCB assembly within a custom-designed test fixture. The test fixture establishes reliable electrical connections to all required test points, enabling accurate data collection during subsequent test routines. In addition to the above, the automated assembly line final test process is also under development to optimize efficiency and accuracy in testing inverters while ensuring flexibility for fallback manual testing, which integrates upgraded test fixtures, advanced controllers, real-world condition simulations, and comprehensive data management solutions to streamline the testing workflow and enhance product quality thereby ensuring a robust and reliable testing platform while retaining manual testing capabilities as an option.

### ***Backward Integration***

Our Company derives a significant portion of its revenues from sales of lead-acid batteries, which form a crucial component of the power backup systems installed by our customers. Currently, the Company assembles Home UPS/Inverters in-house, while lead-acid batteries are sourced from external vendors. This dependency on suppliers poses challenges in terms of ensuring consistent quality, timely delivery, and cost predictability. In order to overcome this dependency and as part of its strategic growth initiatives, our Company intends to enter into manufacturing of lead-acid batteries, in addition to its current operations in which it primarily procures and supplies inverter batteries.

In order to fulfil this strategy, our Company has entered into an Asset Purchase Agreement dated September 19, 2024 with Su-Urja Solar Systems Private Limited (the "**Battery Manufacturer**") for purchase of movable assets of the production line of battery manufacturing unit located at land admeasuring an area of 03 Bigha 14 Biswa (74 Biswa), bearing Khatauni No. 281/321 Min, Kh No. 1979/446/2 MSRG 3-14 Bigha located at Village Bhatolikalan, Tehsil Baddi, Himachal Pradesh for a total purchase consideration of ₹ 418.90 Lakhs inclusive of applicable GST. The aforesaid facility, which is fully operational and currently supplies a significant portion of our Company's battery requirements, includes modern equipment and machinery capable of producing up to 8,000 batteries per month in various capacities, ranging from 20AH to 250AH, ensuring no disruption in supply. Further, our Company has also entered into an agreement to sell with the Battery Manufacturer on September 19, 2024 with respect to the purchase of the said land.

The proposed purchase of movable assets of the production line of battery manufacturing unit will not only enable our Company to integrate battery production into its operations, enhancing our product offerings and providing greater control over quality and supply chain management in its battery segment but also align with our goal to cater to the growing demand for reliable power backup solutions thereby allowing our Company to expand into manufacturing without substantial setup time. This will eventually help in expanding into lead-acid battery manufacturing which will allow our Company to achieve a crucial shift in its business model by reducing its dependency on external suppliers for inverter batteries. By purchasing the movable assets of the production line of battery manufacturing unit from the Battery Manufacturer, our Company gains direct control over the production of one of its key product components i.e. lead-acid batteries, thereby integrating a critical part of its supply chain, which will not only ensure consistent and reliable supply of batteries but also safeguards our Company from potential supply chain disruptions and price fluctuations that could impact its operations and profitability.

By producing inverter batteries in-house, our Company can maintain strict quality control standards across its entire product line, further reinforcing its brand's reputation for reliability and excellence. This vertical integration strategy enhances our Company's ability to innovate and customize its battery solutions to align with specific

market requirements, providing a competitive edge as our Company can now rapidly respond to technological advances and consumer preferences. The flexibility to modify battery specifications and integrate them seamlessly with Smarten's UPS systems, solar inverters, and other power backup products creates a unique synergy, positioning our Company as a comprehensive power solutions provider.

Additionally, the strategic benefits of this purchase extend beyond operational efficiencies. Upon internalizing battery production, our Company expects to achieve cost savings on procurement and thereby improve its profit margins by eliminating intermediary costs associated with third-party suppliers, which will enable our Company to offer competitively priced products, appealing to price-sensitive segments in both domestic and international markets.

Furthermore, direct battery manufacturing will allow our Company to eventually expand its product portfolio into higher-margin battery solutions and explore new product segments, such as high-capacity batteries for industrial applications, thereby diversifying its revenue streams. The proposed purchase of movable assets of the production line of battery manufacturing unit also supports our Company's long-term growth strategy by providing greater control over production timelines, ensuring that our Company can scale production to meet increasing demand without reliance on supplier schedules. This operational independence enhances our Company's resilience against market fluctuations and potential supply chain disruptions, ensuring our Company remains agile in a competitive landscape. Further, with this eventful expansion into battery manufacturing represents a foundational shift that strengthens our Company's market positioning and future-proofs its business by securing a critical component in its supply chain and lays the groundwork for our Company to eventually expand its footprint in the renewable energy and power backup markets with an end-to-end solution, offering both product consistency and cost-effective pricing to its growing customer base.

### **Geographic Expansion**

Our Company is planning for robust geographical expansion designed to diversify its revenue streams, mitigate regional dependence, and position itself for long-term, sustainable growth both domestically and internationally.

Currently, approximately 95% of our domestic revenue comes from North India, which highlights the need for a more diversified revenue model. In order to further strengthen our market position, we are proactively expanding our presence in East, West and South India, which will significantly reduce reliance on the northern region and allow us to penetrate into high-growth markets, enabling a more balanced and robust revenue base across the country. By focusing on these regions, our Company is not only securing its position in the existing markets but also capitalizing on emerging demand and building strong local networks to drive future growth. On the international expansion, we are taking steps to expand into Zambia, Burkina Faso, Burundi, and Tanzania markets with substantial potential for growth, which strategy includes carefully planned market entry with an emphasis on long-term partnerships and local collaborations, ensuring sustainable market penetration. In fact, as part of our initial phase, we have already shipped product samples to Burkina Faso and Burundi, which will play a pivotal role to understand and analyse market demand, building relationships with distributors and establishing a foothold in these markets.

### **PRODUCT OFFERINGS**

Our Company provides a comprehensive range of high-quality power backup and solar energy solutions, catering to both residential and commercial needs. Smarten takes a hands-on approach, designing and assembling most of its core products, including Home UPS systems, Solar Inverters, Solar Charge Controllers, Solar PCU Kits, and their related components. For Solar panels and Inverter batteries, however, we leverage a trusted network of suppliers, procuring and supplying these items under the Smarten brand. This approach allows us to maintain rigorous quality control over our key products while ensuring we offer a complete and reliable product lineup to meet diverse energy needs.

The detailed breakup of revenue generated from assembling and trading activity are mentioned below:

(₹ in lakhs)

| Source of Revenue from | For the three months period ended June 30, 2024 |       | As at Fiscal 2024 |       | As at Fiscal 2023 |       | As at Fiscal 2022 |       |
|------------------------|---|-------|-------------------|-------|-------------------|-------|-------------------|-------|
|                        | Revenue   | %     | Revenue           | %     | Revenue           | %     | Revenue           | %     |
| Assembling activity    | 3,645.03  | 59.53 | 12,277.81         | 63.12 | 11,334.51         | 63.21 | 11,205.77         | 68.61 |
| Trading activity       | 2,478.40  | 40.47 | 7,172.97          | 36.88 | 6,597.23          | 36.79 | 5,127.97          | 31.39 |

|              |                 |               |                  |               |                  |               |                  |               |
|--------------|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| <b>Total</b> | <b>6,123.43</b> | <b>100.00</b> | <b>19,450.77</b> | <b>100.00</b> | <b>17,931.74</b> | <b>100.00</b> | <b>16,333.74</b> | <b>100.00</b> |
|--------------|-----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|

Our product offerings are as follows:

### 1. Home UPS Systems

Smarten's Bravo Series and Nova Series inverters are known for their technological superiority and reliability. These inverters provide pure sine-wave output, ensuring that even sensitive appliances like computers and medical equipment are safely powered during outages.



Bravo Series

- **Bravo Series:** Available from 300VA/12V to 10KVA/120V, the Bravo series features smart charging down to 90V mains input, an inbuilt stabilizer, and comprehensive protection against short circuits, reverse polarity, and overcharging. These inverters are equipped with advanced DSP control technology, enabling noiseless operations and the ability to support heavy loads like air conditioners, geysers, and dental chairs. The Bravo Series also offers an MCB for mains protection and an Liquid Crystal Display (LCD) display for easy monitoring of status.



Nova Series

- **Nova Series:** This series combines performance with premium design, featuring an LCD display for real-time updates on battery status, load percentage, and mains voltage. With its pure sine-wave technology and smart charging at low voltage (as low as 90V), the Nova Series ensures optimal performance under all conditions. It is available in a range from 700VA/12V to 10KVA/120V.

### 2. Solar Inverters (Off grid) / Solar Power Conditioning Units (PCUs)

Smarten's Solar PCU range is engineered for solar power integration, designed to prioritize solar energy over grid power to reduce electricity costs. These hybrid inverters combine the functions of both inverters and UPS systems, making them ideal for areas with frequent power outages.



- **Superb and Trendy Series (“MPPT Technology”)**: The Superb Solar PCU is equipped with Maximum Power Point Tracking (“MPPT”) technology, which enhances energy efficiency by 30% and supports up to eight batteries, providing reliable power for heavy loads like ACs, petrol pumps, and photocopiers. The unit offers smart charging even at low voltage and includes comprehensive protection against short-circuits, reverse polarity, and overcharging. Additionally, the grid charging enable/disable option helps in managing electricity consumption
- **Saver, Shine and Boom Series (“PWM Technology”)**: These PCU models are designed with Pulse Width Modulation (“PWM”) technology for efficient power management which support various battery configurations and feature automatic changeover between solar and grid power. The series ensures high system reliability and low-noise operations, making them suitable for residential and small commercial setups.

### 3. Solar Charge Controllers

Smarten offers PWM and MPPT based solar charge controllers, which regulate the power flow from solar panels to batteries, ensuring efficient energy storage.

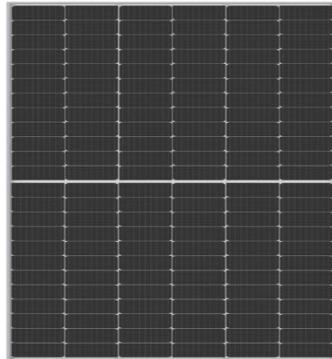


- **Prime Series (“MPPT Technology”)**: These advanced controllers optimize solar power usage, offering up to 30% higher efficiency than conventional PWM controllers. The controllers are available in 12V/24V-50A configurations and feature grid control, enabling users to reduce their dependency on grid power.
- **Savior Series (“PWM Technology”)**: These controllers offer battery discharge level control (20%, 30%, 40%, 50%) and are available in a range from 12V/25Amp to 120V/50Amp. They also support wall mounting for flexible installation.

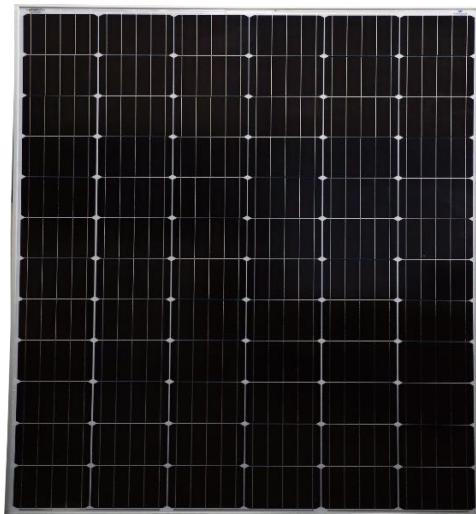
#### 4. Solar Panels

Smarten's bifacial, monocrystalline and polycrystalline solar panels are built to withstand extreme weather conditions, making them highly durable and efficient.

- Bifacial Solar Panels (Non- DCR): Designed to capture sunlight on both sides, these panels utilize direct and reflected light to increase energy output. With advanced technology and high efficiency, they are ideal for installations requiring optimized performance and reliable power generation.



- Bifacial Solar Panels (DCR): These panels enhance energy production by absorbing sunlight from both surfaces while meeting domestic content requirements. They offer high efficiency and are suitable for projects that prioritize superior performance alongside compliance with local standards.



- Monocrystalline Solar Panels: Known for their high efficiency (2-2.5% more efficient than polycrystalline panels), these panels are ideal for applications where space is limited. Available in 380W configurations, they provide reliable performance over extended periods.



- **Polycrystalline Solar Panels:** Designed to be cost-effective, these panels offer reliable power generation across a variety of climates. They are built to last for more than 25 years, providing a sustainable solution for solar power generation.

## 5. Inverter Batteries

Smarten's battery offerings are tailored for both solar and non-solar applications, aimed at providing long-lasting power storage solutions.



- **Lithium-ion Batteries:** The advanced lithium-ion battery technology provides solar solutions with high energy density, long cycle life, efficient energy utilization, robust safety features, and fast-charging capabilities, ensuring reliable and durable energy storage.
- **Saver Series Solar Tubular Batteries:** Known for their high-power selenium technology, these low-maintenance batteries are designed to be compatible with all brands of solar inverters. They offer a reliable and durable solution for residential and commercial solar setups.
- **Bravo Series Tubular Batteries:** These batteries are manufactured using high surge current handling technology, making them ideal for high-demand power backup systems. They are designed for deep discharge recovery, ensuring prolonged life even under heavy usage.

Among the products mentioned, our company sources solar panels and batteries from local vendors in India and resells them under its own brand name. This approach allows us to offer a comprehensive range of products while maintaining brand consistency and market presence.

The breakup of product wise revenue from sale for the three months period ended June 30, 2024 and for financial year ended March 31, 2024, March 31, 2023, March 31, 2022\* has been mentioned below:

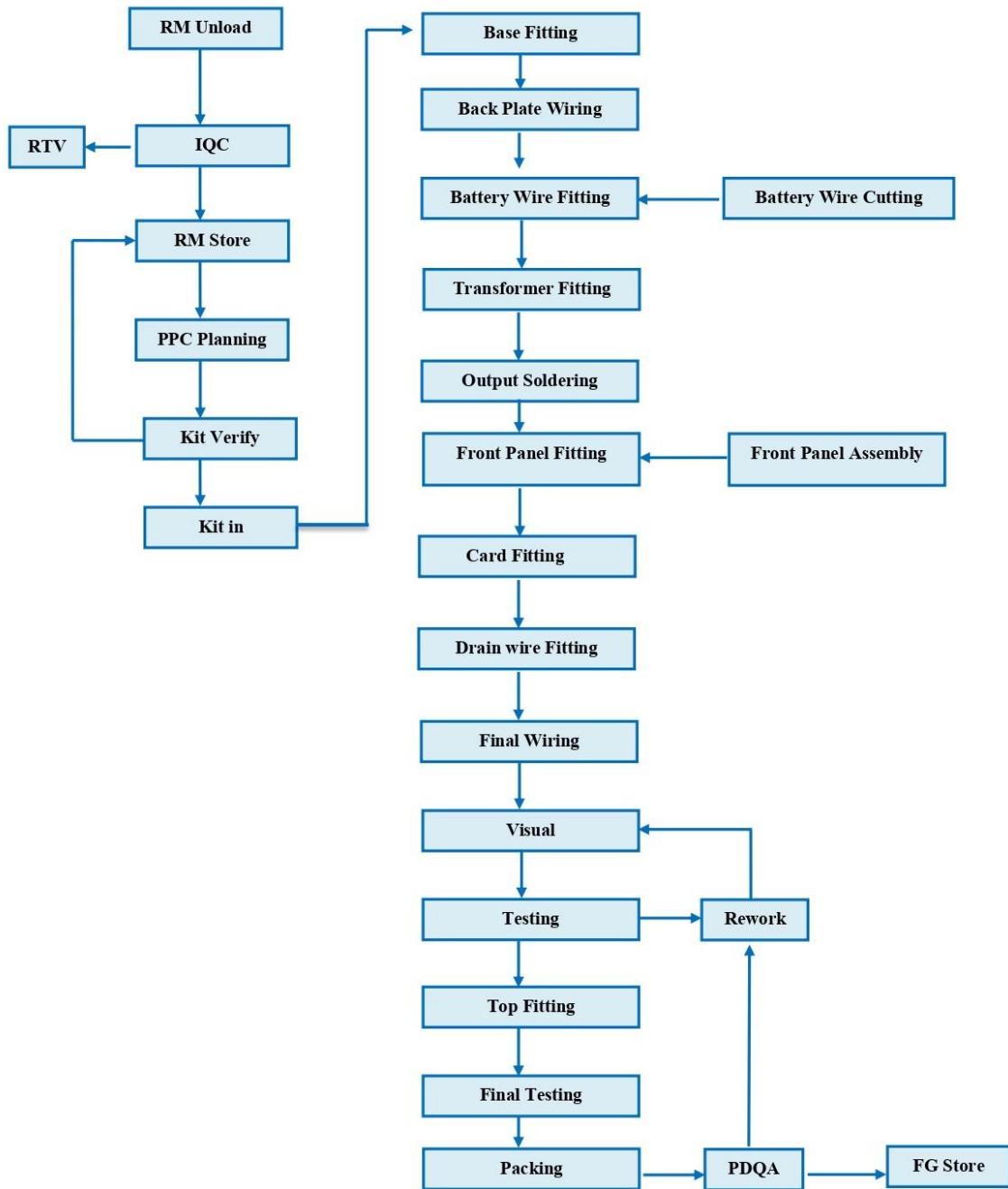
(₹ in Lakhs unless stated in %)

| Particulars   | As at June 30, 2024 |               | As at March 31, 2024 |               | As at March 31, 2023 |               | As at March 31, 2022 |               |
|---|---------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
|   | Revenue             | %             | Revenue              | %             | Revenue              | %             | Revenue              | %             |
| Home UPS Systems                                      | 1,456.34            | 23.78         | 5,792.95             | 29.78         | 4,969.90             | 27.72         | 6,694.76             | 40.99         |
| Solar Inverters/Solar Power Conditioning Units (PCUs) | 2,097.51            | 34.25         | 6,078.57             | 31.25         | 5,539.94             | 30.89         | 3,926.00             | 24.04         |
| Batteries   | 1,550.61            | 25.32         | 4,919.31             | 25.29         | 4,241.47             | 23.65         | 2,543.60             | 15.57         |
| Solar Panels  | 920.86              | 15.04         | 2,227.13             | 11.45         | 2,307.91             | 12.87         | 2,550.41             | 15.61         |
| Solar Charge Controllers                              | 50.44               | 0.82          | 129.50               | 0.67          | 177.34               | 0.99          | 298.42               | 1.83          |
| Others  | 47.66               | 0.78          | 303.31               | 1.56          | 695.20               | 3.88          | 320.55               | 1.96          |
| <b>Total revenue from Sale of product</b>             | <b>6,123.43</b>     | <b>100.00</b> | <b>19,450.77</b>     | <b>100.00</b> | <b>17,931.74</b>     | <b>100.00</b> | <b>16,333.74</b>     | <b>100.00</b> |

\*As certified by Mahesh Yadav & Co., Chartered Accountants, Statutory Auditors vide their certificate dated December 27, 2024.

Our Company's commitment to research and development has led to the introduction of several differentiated products in the market, such as the PWM Solar PCU Kits, MPPT-based Solar UPS systems, and smart energy management features across their product lines.

## CURRENT PRODUCTION PROCESS



### *Step 1 - IQC (Incoming Quality Control)*

Our Company receives the raw materials which gets logged into the system, followed by verification of supplier documents and labelling for traceability. Sampling is conducted based on standards, and quality checks are performed to ensure compliance with specifications. Approved raw materials are moved to inventory, while rejected ones are marked for return or disposal.

### *Step 2 - PPC (Production planning and control)*

The process starts with receiving sales orders or demand forecasts, followed by analyzing demand to determine production quantities based on forecasts, inventory, and backlog. A production schedule is then created, and work orders with detailed instructions are issued to guide production activities.

### ***Step 3 - Kit verification***

The kit verification process begins with receiving a work order specifying production requirements and gathering components as per the Bill of Materials (BOM). Items are labelled, organized systematically, and the kit status is documented in the inventory system. Finally, the verified kit is transferred to the production area for a seamless assembly process.

### ***Step 4 - Base fitting***

The process begins with organizing the workspace and gathering necessary components and tools. The base is inspected, positioned, and secured using specified fasteners, followed by torque verification and quality check which ensures proper alignment and stability, with adjustments made if needed. The inverter base fitting is then marked as complete, ready for the next production step.

### ***Step 5 - Back Plate Wiring and Battery Wire Fitting***

Review the wiring diagram and cut, label, and fit wires with connectors before positioning and routing them on the back plate and thereafter make connections according to the diagram, followed by a continuity test and quality inspection to ensure correctness. Once verified, mark the wiring as complete. For the battery wire fitting, position and connect the wires to the appropriate terminals, securing them with cable ties or other methods to prevent damage. Perform visual inspection and electrical testing to ensure proper connections and functionality and once approved, the fitting process is marked complete, ready for subsequent assembly steps.

### ***Step 6 - Output soldering***

The output terminals and soldering tools are inspected for cleanliness and readiness. Flux is applied to the terminals and wires, and the soldering iron is preheated. Solder is then applied to form strong, conductive joints, followed by a visual inspection for consistency and an electrical continuity test ensures the connections are reliable.

### ***Step 7 - Front Panel Assembly and Fitting***

Gathering the necessary components for the front panel assembly, including the display, buttons, indicators, and ports. We inspect the front panel for defects and securely mount the display and attach the buttons and indicator lights in the correct positions and install the input/output ports into their designated slots. We then align the front panel with the inverter casing and fasten it using screws or bolts to ensure proper alignment of all components and perform a functional test to confirm the display, buttons, and ports are working as expected and, thereafter, conduct a final visual inspection to verify everything is securely mounted and functioning correctly.

### ***Step 8 - Card fitting***

All components required for the inverter card fitting, such as inverter cards, screws, and connectors are collected and then inspect the cards for any damage and ensure the mounting brackets are clean. Thereafter, the card is inserted into the designated slot or bracket, securing it with screws or bolts and connect the necessary electrical and signal wires from the card to the other components. We perform a functional test to ensure the card is working correctly.

### ***Step 9 - Drain wire fitting***

Gather the drain wire, screws, and connectors for the fitting process and inspect the wire for damage and identify the grounding point on the transformer. Attach the drain wire securely to the grounding point using a screw or bolt, ensuring a stable connection. Route the wire carefully to avoid interference with other components. Perform a continuity test to ensure the grounding connection is effective.

### ***Step 10 - Final wiring***

Gather all tools, wiring, and connectors needed for the final wiring process and verify that all components (transformers, control cards, etc.) are correctly positioned. Route wires carefully to avoid overlap or tangling, ensuring organized layout. Connect power, control, and signal wires, securing all connections. Bundle and tie wires neatly, then perform visual and electrical tests to confirm proper installation.

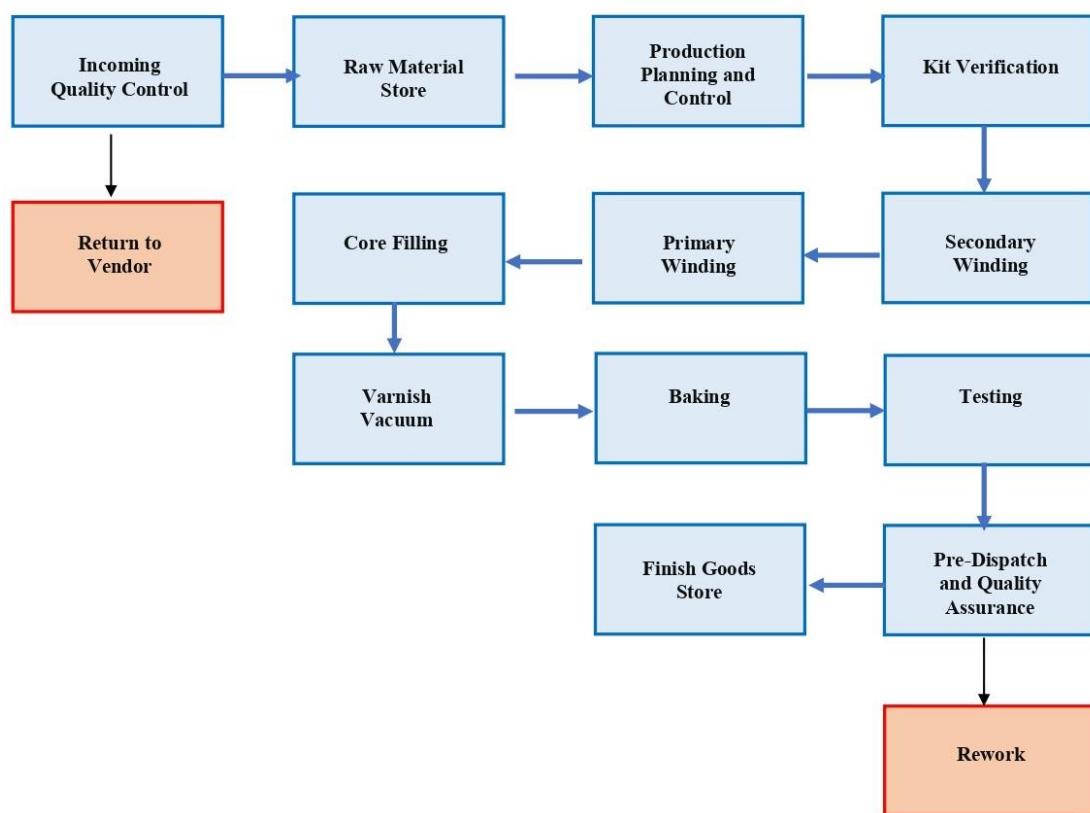
### **Step 11 - Preliminary Testing, Top Fitting, and Final Testing**

Power on the inverter and check input/output parameters, testing efficiency, load handling, protection features, and temperature. Measure noise levels and conduct a final inspection to confirm proper functioning. If all tests pass, proceed to top fitting. Gather tools such as screwdrivers, screws, and mounting hardware, and align the top cover with the inverter frame for a proper fit. Clean the cover and ensure it is securely attached before moving on. Once the top fitting is done, conduct final testing and recheck all the parameters.

### **Step-12 - Professional Development and Quality Assurance (PDQA)**

Gather necessary documentation and review test results. Inspect the inverter for any cosmetic defects and verify compliance with standards. Check the integrity of components and perform a brief function test and document the findings and either approve or reject the inverter based on inspection outcomes.

## **TRANSFORMER PRODUCTION PROCESS**



### **Step 1 - Incoming Quality Control**

We maintain rigorous incoming quality control procedures. All raw materials received are thoroughly inspected and tested against pre-defined specifications. Only materials that meet our stringent requirements are accepted into our inventory and rejected materials are promptly returned to vendors.

### **Step 2 - Production Planning and Control**

Our production planning team aligns production with sales forecasts, customer orders, and inventory levels. This ensures efficient resource allocation, minimizes lead times, and optimizes production schedules.

### **Step 3 - Kit Verification**

Before assembly begins, all necessary components for each transformer are gathered and verified. This “kitting” process ensures that all required parts are available and meet the specified quality standards. This pre-assembly check prevents production delays and ensures the correct components are used in each unit.

#### **Step 4 - Core Assembly**

Production begins with assembling the transformer core using laminated sheets of high-grade silicon steel stacked to form the required core shape. The core provides magnetic efficiency and minimizes energy losses.

#### **Step 5 - Winding the Coils**

Copper or aluminum wires are carefully wound around bobbins to create the primary and secondary windings. This step is semi-automated for consistency, ensuring uniform winding tension and spacing.

#### **Step 6 - Insulation and Layering**

Once wound, each layer of the coils is insulated using tape or fiberglass. The insulation material is selected based on voltage and temperature requirements to prevent electrical shorts and enhance longevity.

#### **Step 7 - Core and Coil Assembly**

The insulated windings are placed around or onto the core, secured with brackets or clamps. Proper alignment and secure fastening reduce vibrations, ensuring the assembly operates quietly.

#### **Step 8 - Vacuum Varnishing**

The transformer is placed in a vacuum chamber, where varnish is applied to thoroughly saturate the windings and insulation. This process removes air pockets, improves dielectric strength, and provides a moisture-resistant coating.

#### **Step 9 - Oven Baking**

After varnishing, the transformer assembly is oven-baked at a controlled temperature. The baking process cures the varnish, hardening it to create a robust, insulating layer that resists environmental and thermal stress.

#### **Step 10 - Testing and Quality Control**

Once the assembly has cooled, it undergoes comprehensive testing, including insulation resistance, high-voltage testing, and load performance checks. These tests ensure that the transformer meets performance and safety standards.

#### **Step 11 - Final Assembly and Finishing**

Additional components, such as terminals, connectors, and protective covers, are installed, and the unit is labeled and packaged for delivery.

### **CAPACITY AND CAPACITY UTILISATION**

The installed capacity of Assembly line set up in Plant -374 and Plant 521 combined is sufficient to assemble 600 units a day (total of Home UPS Systems, Solar Power Conditioning Units, Solar Charge Controllers and Solar Inverters) with an annual capacity of 1,80,000 units based on conservative estimate of 300 production days on a single shift.

| Particulars                     | FY 2022  | FY 2023  | FY 2024  |
|---------------------------------|----------|----------|----------|
| Units Per Day (3KVA)            | 600      | 600      | 600      |
| Annual Capacity                 | 1,80,000 | 1,80,000 | 1,80,000 |
| Units Prodced (300 va – 20 kva) | 1,71,552 | 1,55,870 | 1,36,051 |
| Capacity Utilisation*           | 95.31%   | 86.59%   | 75.58%   |

\*The installed capacity is assumed to be static based on standard product mix across the years for ease of comparison. The management has confirmed that from FY 23 onwards, the Company has progressively undertaken assembly of large size products which require relatively more time for assembling but fetch higher price.

### **SALES AND DISTRIBUTION**

Our Company follows a multi-tiered sales and distribution model designed to efficiently reach end customers. Our sales and distribution process begins with the Company selling its products to authorized distributors, who in turn sell our Products to various dealers within their respective territories. Finally, the dealers sell our Products to the end customers, ensuring widespread availability and accessibility across various markets. Our Company has adopted this model which allows for effective market penetration while enabling our Company to leverage the local expertise of its distribution and dealer network to drive sales at the consumer level.

## **MARKETING OF THE BRAND**

Smarten Power Systems markets its products through a combination of digital and traditional strategies to reach a broad range of customers and maintain a strong brand presence in the competitive power solutions industry.

### **Digital Marketing:**

Our Company actively engages with customers through various social media platforms which are used to share updates, promote new products, and interact with customers directly. Our products are available on various online marketplaces, making it easier for customers to purchase their solutions from anywhere. This enhances accessibility and convenience for consumers. Our Company also uses videos, and infographics to educate consumers about their products and the benefits of using Smarten products. This content is shared across digital platforms to engage with a wider audience.

### **Offline Marketing:**

Our Company regularly participates in industry-specific exhibitions and trade shows. These events are crucial for showcasing our latest innovations, networking with industry peers, and connecting directly with potential clients. Some of these events include Dubai Expo, Hyderabad Expo, Middle East Energy Dubai 2022, and distributor meets. Our Company has a strong network of distributors across various regions, ensuring that their products are available in both urban and rural areas, which is vital for expanding our reach and supporting local markets. Our Company collaborates with other companies and organizations within the industry to co-market products, share resources, and enhance brand credibility.

## **Inventory Management**

As part of our Inventory management process, our sales team prepares and shares the monthly production plan forecast with the production team, which forecast includes estimated sales and production requirements for the upcoming period. Our production team evaluates the production plan and communicates the material requirements to the purchase team which help us to ensure that the necessary raw materials and components are procured in alignment with the forecast. Thereafter, our purchase department sources and arranges the required raw materials from approved suppliers, ensuring timely delivery to meet production timelines. Our production team maintains and monitors the stock levels of raw materials and finished goods and to ensure an uninterrupted operations, a minimum stock level for each item is predefined. In the event if stock levels of any item fall below the defined minimum threshold, the production team immediately notifies the purchase team to initiate restocking and accordingly, the purchase team prioritizes the procurement of the required raw materials to prevent production delays. Our production team uses the available raw materials to assemble finished goods according to the plan. Once assembled, finished goods are added to the inventory, ensuring adequate stock for customer orders. Our Company ensures that inventory levels are consistently maintained through this proactive coordination and timely procurement, which minimizes the risk of stockouts, supports seamless sales operations, and prevents potential loss of revenue.

## **Logistics**

Our Company has established an efficient and cost-effective logistics framework to ensure timely delivery of products across diverse regions and international markets. To optimize costs, our Company works with two transporter agencies specializing in Full Truck Load (FTL) and Partial Truck Load (PTL). For every dispatch, quotations from both transporter agencies are compared, and thereafter, the shipment is assigned to the transporter agencies offering the better pricing without compromising delivery timeline for the required shipment load, which helps minimize our logistics expenses while maintaining a high standard of service. Once an order is ready for dispatch, the shipping destination determines the logistics strategy. In the northern region, deliveries are managed exclusively by the transporter agency, ensuring streamlined operations with a delivery lead time of 2-3 days. For regions in the south, west, and east, costs are evaluated between the transporter and renowned logistics agencies, based on pre-negotiated terms. The shipment is assigned to the logistics partner providing the most cost-effective solution without compromising service quality.

For export orders, the process begins once the order is confirmed, and the products are ready for dispatch. Depending on the export destination, products are dispatched to the following ports (a) Sanoli, (b) Raxaul, (c) Mundra or Nhava Sheva, depending on the country to which products are exported. Upon arrival at the port, a customs agent ensures that all formalities, including documentation and inspections, are completed and thereafter, the products are then loaded onto the designated transport vessel and dispatched to the international destination. Our Company follows this structured export process which ensures compliance with regulations and timely delivery of products to global markets.

Our Company's logistics and export strategy combines efficiency, cost-effectiveness and flexibility, ensuring timely product availability in both domestic and international markets.

### **Health, Safety and Environment**

We are subject to national, regional and state laws and government regulations in India relating to safety, health and environmental protection. These laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, our products, including the process of storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health.

We are committed to maintaining high standards of workplace health and safety. While there have been no instances of an accident in the past, however, we aim to become a zero-accident organisation. We believe that accidents and occupational health hazards can be significantly reduced through a systematic analysis and control of risks and by providing appropriate training to our management and our employees. In addition to creating initiatives to improve workplace employee safety, we also implement initiatives to reduce the environmental impact of our operations.

As on the date of this Draft Prospectus, we maintain a number of quality management system certificates in line with industry standards, including ISO 9001:2015 for ensuring quality management system that covers the supply of power backup products like inverters, UPS systems, home UPS units, solar products, and batteries, which underscores our Company's dedication to consistent product quality and customer satisfaction. Additionally, our Company has also received the ISO 14001:2015 certification reflecting its proactive approach to environmental management, highlighting our commitment to minimize environmental impact and aligning with global standards for sustainability.

### **Information Technology (IT)**

Our IT systems are important to our business. We utilize Tally, an enterprise resource planning software, for basic business functions and use programmable logic controller (PLC) to manage our business processes and movement of inventory to cover key areas of our operations and accounting. For information on the risk to our IT systems, see "*Risk Factors - We do not have an information security and disaster recovery system in place. Further any failure or disruption of our IT systems may adversely affect our business, results of operations and financial condition*" on page 45.

### **Collaborations**

As on date of the Draft Prospectus, our Company has not entered into any technical or collaborations/JVs.

### **Infrastructure**

Infrastructure Facilities - Our Registered Office which has been taken on a leased basis is located at 374, 1<sup>st</sup> Floor, Sector 37, Pace City - II, Gurgaon-122001, Haryana. Further, our assembling unit is located at Plot no. 521, Sector 37, Pace City – II, Gurgaon-122001, Haryana. Additionally, we also operate a dedicated 7,500 sq. ft. warehouse situated at Khasra No. 1395, 37<sup>th</sup> Milestone, near Hero Honda Chowk, National Highway 8, Gurugram-122002, Haryana. Our Company is currently in the process of expanding the infrastructure by building a manufacturing unit at our acquired premise admeasuring 3892.937 sq. mtrs. located at Plot no. 3, Street no. 2, Sector 7A, Model Economic Township (MET), Jhajjar Haryana for conducting assembling operations of our products such as Home UPS systems, solar inverters, solar power conditioning units (PCUs) and solar charge controllers which is currently under construction.

### **Power:**

We have arrangements for regular power supply at our registered office, assembling unit and warehouse.

### **Water:**

Our registered office, assembling unit and warehouse has adequate water supply arrangements for human consumption purposes. The requirements are fully met at the existing premises.

### **Internet**

Our registered office, assembling unit and warehouse are well equipped with computer systems, internet connectivity, other communication equipment, security and other facilities, which are required for our business operations to function smoothly.

## Insurance

Our operations are subject to risks inherent to our business such as risk of equipment failure, work accidents, fire, earthquakes, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. Our significant insurance policies consist of united value udyam suraksha policy, burglary policy and marine cargo open policy.

The table below sets forth particulars of our insurance coverage basis as at the dates indicated:

| Sr. No. | Type of Policy                     | Policy number         | Name of Insurer                        | Period Covered                  | Sum Insured (₹) | Insured Assets   |
|---------|------------------------------------|-----------------------|--|---------------------------------|-----------------|--|
| 1.      | United Value Udyam Suraksha Policy | 2009001123 P117542613 | United India Insurance Company Limited | From 31/03/20 24 to 30/03/20 25 | 107,500,000     | EL, Installations, Stock of inverters, FFF, Plant and Machinery, Electronics &, Transformers, Batteries & other similar types of items |
| 2.      | United Value Udyam Suraksha Policy | 2009001123 P117543251 | United India Insurance Company Limited | From 31/03/20 24 to 30/03/20 25 | 175,000,000     | FFF, Plant and Machineries, Battery Manufacturing, Manufacturing (Inverter & batteries) with assembling work of transformers           |
| 3.      | United Value Udyam Suraksha Policy | 2009001123 P117543789 | United India Insurance Company Limited | From 31/03/20 24 to 30/03/20 25 | 300,000,000     | Khasra No. 1395, 37 <sup>th</sup> Milestone, Near Hero Honda Chowk, National Highway 8, Gurugram Haryana Gurgaon, Pin code-122001      |
| 4.      | Burglary Standard Policy           | 2009001223 P117542116 | United India Insurance Company Limited | From 31/03/20 24 to 30/03/20 25 | 107,500,000     | Stock of inverters, Batteries, Transformers & Similar Items, Electronics & EL. Installations, FFF, Plant & Machinery                   |
| 5.      | Burglary Standard Policy           | 2009001223 P117541089 | United India Insurance Company Limited | From 31/03/20 24 to 30/03/20 25 | 300,000,000     | Stock of inverters, Batteries, Transformers & Similar Items, Electronics & EL. Installations, FFF, Plant & Machinery                   |
| 6.      | Burglary Standard Policy           | 2009001223 P117542373 | United India Insurance Company Limited | From 31/03/20 24 to 30/03/20 25 | 175,000,000     | Stock of Battery manufacturing & Manufacturing (Inverter & Batteries) with assembling work of transformers                             |
| 7.      | Marine Cargo Open Policy           | 2009002124 P100382587 | United India Insurance Company Limited | From 08/04/20 24 to 07/04/20 25 | 3,000,000,00    | Brand New Battery Inverters sand solar power Equipments excluding any fragile/Glass Items  |

For further information, see “*Risk Factors – Our insurance coverage may not be adequate to protect us against certain operating hazards and this may have a material adverse effect on our business*” on page 43.

We believe that our insurance coverage is in accordance with industry custom, including the terms of and the scope of the coverage provided by such insurance. However, our policies are subject to standard limitations, including with respect to the maximum amount that can be claimed.

## **Human Resources**

We believe that motivated and empowered employees are the key to our operations and effective implementation of our business strategy. We focus on attracting and retaining finest possible talent. We focus on facilitating integration of our employees and encouraging the development of skills to support our performance. Our recruitment process is very selective and need-based. We have well documented procedures and standards in place which are followed during recruitment of new employees.

A breakdown of our employees as on November 30, 2024 is given below

| Sr. No | Department                         | Headcount  |
|--------|------------------------------------|------------|
| 1.     | Purchase                           | 4          |
| 2.     | Production                         | 76         |
| 3.     | Human resource, Admin and Accounts | 15         |
| 4.     | Sales & Marketing                  | 40         |
| 5.     | Service Engineers                  | 73         |
| 6.     | Testing and Repairing              | 14         |
| 7.     | R&D & Quality                      | 16         |
|        | <b>Total</b>                       | <b>238</b> |

## **Intellectual Property Rights**

Our Company places strong emphasis on protecting its brand identity and innovative designs through various



intellectual property rights. The trademark registration for our brand logo, reinforces our identity within the power solutions market. The trademark, listed under Trademark No. 2799169, covers a broad range of product categories in Class 9, which includes inverters, UPS systems, solar charge controllers, solar panels, and batteries, among others, ensuring brand protection across our extensive product lineup. The trademark registration prevents unauthorized use of Smarten's brand identity and bolsters its position, enabling it to expand confidently under a protected and recognized brand.

Additionally, we have secured the design registrations bearing design number 265694 under Class 13-02 on September 15, 2014 with the Controller general of Patent, Designs and Trade Marks Government of India for the unique design of its Inverter front cover (*as depicted below*) which safeguards the distinctive shape, configuration, and surface pattern of our product, ensuring exclusive rights over this design and preventing imitation by competitors.



*\*Our Company is yet to file application with the Patent Office for change of name in the registrations from Smarten Power Systems Private Limited to Smarten Power Systems Limited.*

The aforesaid registered designs not only adds to the brand's visual identity but also enhances product recognition and customer trust in Smarten's commitment to quality and innovation. These protections not only enhance our Company's competitive advantage but also build long-term value, allowing our Company to differentiate its offerings through unique product designs and a strong brand presence. This proactive approach to intellectual property underscores our Company's strategic focus on sustainability, innovation, and leadership in the power backup markets.

## **Properties**

As on the date of this Draft Prospectus, we operate our business from the following properties as listed below:

| S. No. | Location  | Purpose   | Ownership Status | Nature of Agreement | Name of Lessor                                 | Validity               | Area               |
|--------|---|---|------------------|---------------------|--|------------------------|--------------------|
| 1.     | 374, 1 <sup>st</sup> Floor, Pace City- 2, Sector - 37, Gurgaon, Haryana, India- 122001                          | Registered Office   | Leased           | Lease Agreement     | Puneet Kaur and Charanjeet Singh               | Till December 31, 2025 | 450 sq mtrs        |
| 2.     | Industrial Premises bearing No. 521, situated in Pace City-II, Sector-37, Gurgaon, Haryana-122001               | Assembling Unit   | Leased           | Lease Agreement     | Ritu Gupta (through her GPA Holder: Ram Kumar) | Till February 16, 2025 | 22,500 sq. ft.     |
| 3.     | Khasra No. 1395, 37 <sup>th</sup> Milestone, near Hero Honda Chowk, National Highway 8, Gurgaon-122002, Haryana | Warehouse   | Leased           | Lease Agreement     | Boxman Logistics Private Limited               | Till December 31, 2024 | 7,500 sq. ft.      |
| 4.     | Plot No. 03, Street- 2, Sector-7A, Model Economic Township, Yakubpur , Tehsil Badli, Jhajjar, Haryana           | To be utilised for registered office and assembling unit* | Owned            | Sale Deed           | Model Economic Township Limited                | -                      | 3892.937 sq. mtrs. |

\*Under construction.

For details, see “*Objects of the Offer*” on page 89.

### Legal Proceedings

For details on any outstanding litigation against our Company, our Directors and our Promoters, see “*Outstanding Litigation and other Material Developments*” on page 215.

### Corporate Social Responsibilities

As per provision of Section 135 of the Companies Act, 2013, we are required to spend at least 2% of the average profits of the preceding three fiscal years towards Corporate Social Responsibility (“CSR”). Accordingly, our Board of Directors has constituted a CSR Committee for carrying out the CSR activities.

In Fiscal 2024, we contributed to the PM Cash Fund.

The table below sets forth the amounts we spent on CSR for periods indicated:

| Particular   | Fiscal 2024        | Fiscal 2023 | Fiscal 2022 |
|--------------|--------------------|-------------|-------------|
| CSR Expenses | 16.75 <sup>#</sup> | -           | -           |

<sup>#</sup>Out of ₹ 16.75 Lakhs contributed towards CSR for Fiscal 2024, our Company has paid an amount of ₹ 10.29 Lakhs for Fiscal 2024 and an amount of ₹ 6.46 Lakhs which accounted for Fiscal 2023.