



IPO Note

Smarten Power Systems Limited

Recommendation: **NEUTRAL!**

Company Background: Smarten Power Systems Limited is engaged in 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.

Objects of the Issue –

Particulars	Amt. in Lakhs
Purchase of movable assets of the production line of battery manufacturing unit	418.90
To meet the working capital requirements	2,200.00
Repayment in full or in part, of our outstanding borrowings	95.00
Funding capital expenditure requirements	446.15
General Corporate Purposes	469.91

Promoters Name –

Arun Bhardwaj, Rajnish Sharma, Ravi Dutt and Tirath Singh Khair

Promoter Share Holding Pattern	
Pre Issue	Post Issue
91.67%	67.10%

Rationale for recommendation –

Smarten Power Systems Limited, established in 2014, has good industry experience and the IPO is fairly priced at a post-issue P/E of 14.88. The management is satisfactory with good experience. The company saw consistent increase in top but EBITDA and bottom line saw a sudden increase in FY24. They also incurred negative CFO in FY23 and FY25. Overall, the financials look slightly unsustainable in the future. The company's geographic concentration in Haryana and UP add business risk. However, the company is expanding by setting up another manufacturing facility and has global presence as well. It plans to expand its international presence further. The company has also entered into an agreement for manufacturing lead batteries. The industry is fragmented and competitive. Thus, we have a **NEUTRAL** opinion on this IPO.

IPO Details

Opening Date	Jul 07, 2025
Closing Date	Jul 09, 2025
Allotment Date	Jul 10, 2025
Listing Date	Jul 14, 2025
Stock Exchange	NSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹100
Issue Size	50.00 Cr.
Fresh Issue	37.50 Cr.
Offer for Sale	10.00 Cr.
Application Amt	₹ 2,40,000 (2,400 shares)

KPIs (In lakhs)

KPI's	FY 23	FY 24	FY 25
Revenue	17,993.49	19,519.57	20,174.85
EBITDA	186.10	1,354.45	1,691.97
Net Profit	515.67	1,129.00	1,277.05
RoCE	9.61%	47.88%	39.48%
ROE	35.62%	43.82%	33.14%
P/E	28.49	13.28	11.75

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	8.51	6.72
BVPS	25.69	20.28
P/E	11.75	14.88
P/BV	3.89	4.93
Mkt Cap (In Cr)	150.00	190.01

*Annualized

Lead Managers –

Arihant Capital Markets Limited

Registrar –

Maashitla Securities Private Limited

Business Overview -

The company was established on July 30, 2014. It is engaged in 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. They are also engaged in trading of solar panels and batteries. Currently, the company is operating in 23 states and 2 union territories within India and has also established global footprint in over 18 countries which includes Middle East, Africa, and South Asia region.

Product-wise Bifurcation:**(In lakhs)**

Particulars	FY 23	%	FY 24	%	FY 25	%
Home UPS Systems	4,969.90	27.72%	5,792.95	29.78%	3,695.29	18.38%
Solar Inverters/Solar Power Conditioning Units (PCUs)	5,539.94	30.89%	6,078.57	31.25%	6,684.43	33.25%
Batteries	4,241.47	23.65%	4,919.31	25.29%	6,489.82	32.28%
Solar Panels	2,307.91	12.87%	2,227.13	11.45%	2,850.53	14.18%
Solar Charge Controllers	177.34	0.99%	129.50	0.67%	149.17	0.74%
Others**	695.20	3.88%	303.31	1.56%	235.15	1.17%
Total	17,931.76	100%	19,450.77	100%	20,104.39	100%

Geographic Presence: The company generates majority of its revenue from domestic sales i.e 76.41% in FY25 (particularly from Haryana and Uttar Pradesh) and from export it generates 23.59% as of FY25.

Subsidiary: The company has 1 subsidiary namely, Smart Store International Private Limited. The company is engaged in online and offline trading activities of inverters, solar panel, solar products, batteries and other allied power backup products.

Manufacturing Unit: The manufacturing unit is situated at Gurgaon, Haryana where Home UPS Systems, Solar Power Conditioning Units/Solar Inverters and Solar Charge Controllers are assembled. It has an annual capacity of 1,80,000 units based on conservative estimate of 300 production days on a single shift.

The capacity utilization details are given below:

Particulars	FY 23	%	FY 24	%	FY 25	%
Units produced (300 va – 3 kva)	1,34,818	74.90%	1,13,616	63.12%	98,947	54.97%
Units produced (3 kva – 6 kva)	20,226	11.24%	21,439	11.91%	34,008	18.89%
Units produced (6 kva – 20 kva)	826	0.46%	996	0.55%	1,275	0.71%

Business Strategies -

1. The company intends to expand its capacity by building a manufacturing unit. This unit will be operation from FY25-26.
2. The 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.
3. The company intends to enter manufacturing of lead batteries, and it has entered into an Asset Purchase Agreement 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 Himachal Pradesh. This will help in cost optimization.
4. The company intends to expand geographically and is focusing on international market into Zambia, Burkina Faso, Burundi, and Tanzania.

Risk Factors -

- The company is heavily dependent on states of Haryana and Uttar Pradesh for generating majority of their revenue.
- The company has 1 case against it for regulatory matters amounting to Rs. 40.84 lakhs.
- The directors have 1 case against them for tax matters amounting to Rs. 2.18 lakhs.
- The company has negative CFO for FY23 and FY25.
- The Company’ sales are at peak in summer seasons and lower in winter seasons as per industry practices because of which the Company stocks up inventory in the last quarter of the year

Key Management

- The management consists of **Arun Bhardwaj (Managing Director)**, **Rajnish Sharma (CEO and Whole-Time Director)**, **Tirath Singh Khaira (Whole-Time Director)**, **Ravi Dutt (Whole-Time Director)** and **Tejas Pralhad Karhadkar (Chairman and Non-Executive Independent Director)**. They have an average experience of 20 years and relevant education. Most of them are associated with the company since 2014.
- **Amit Vijay Karia** and **Vaishali Srivastava** are the **Non-Executive Independent Directors**. They have good experience in the industry with relevant education in their respective fields.
- **Rahul Sharma (CFO)** is a qualified CA and has 8 years of experience.
- **Rajbir Sharma (CS & Compliance Officer)** has 3+ years of experience.
- The senior management consists of **Sanjay Agrawal (VP - R&D)**, **Dinesh Verma (GM - Global Business Development)**, **Devender Singh (Zonal Sales Manager)**.

Outlook: Overall, the management is satisfactory with the management having good experience in the industry.

Industry Overview –

India's Home UPS and Solar Energy market is at the confluence of urgent infrastructure needs and a broader clean energy transition. The **Home UPS segment**, valued at **USD 317.8 million in 2023**, is expected to reach **USD 493 million by 2032**, growing at a **CAGR of 5%**. This growth is propelled by persistent power outages, rising digital adoption, remote working, and increasing dependency on uninterrupted electricity in both urban and rural households. The market is characterized by the dominance of **Standby UPS systems (63.82%)** and **lead-acid batteries (65.29%)**, both driven by affordability, availability, and reliability.

Simultaneously, the **Indian solar ecosystem** is experiencing rapid expansion. The **solar PV panel market** is projected to grow at a **9.4% CAGR**, while the **solar inverter segment** (2,520 MW in FY23) is expected to grow at **14.4% CAGR**, driven by strong government backing, including initiatives like the **PM Surya Ghar: Muft Bijli Yojana** and expansion of **grid-connected rooftop systems**. India added a record **10 GW of solar capacity in Q1 2024**, and solar power now constitutes **40.1% of total installed renewable capacity**, marking a 26-fold increase in installed solar capacity over the past decade.

Complementing this shift is the **Lithium-ion battery (LIB) market**, projected to reach **USD 80 billion by 2030**. The demand is catalyzed by the rise in **EV adoption**, **renewable energy storage**, and consumer electronics. India is targeting **220 GWh of LIB capacity by 2030**, from **20 GWh in 2022**, growing at a **CAGR of 50%**, backed by the **PLI scheme for Advanced Chemistry Cell batteries** and discovery of significant **domestic lithium reserves** in Jammu & Kashmir and Rajasthan.

Together, these markets reflect India's broader strategic push toward **energy decentralization, electrification, and decarbonization**, with strong support from policy frameworks, public-private investments, and local manufacturing incentives.

Outlook & Analysis of the industry:

India's home UPS and solar energy markets are set for sustained growth, driven by rising power backup needs, rural electrification, and digital adoption. Solar adoption will accelerate under supportive government schemes and falling hardware costs, while battery storage—especially lithium-ion—is expected to scale rapidly with domestic manufacturing and recycling. Together, these segments form a robust ecosystem for India's 2030 clean energy goals, positioning the country as a global leader in distributed renewable energy solutions.

Peer Analysis

Particulars	Smarten Power Systems Limited			GP Eco Solutions India Limited			Sungarner Energies Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	2.87%	5.78%	6.33%	2.72%	5.28%	4.19%	-	5.99%	5.14%
EBITDA Margin	1.03%	6.94%	8.39%	5.48%	8.90%	6.83%	-	11.93%	11.59%
RoCE	9.61%	47.88%	39.48%	65.46%	47.10%	26.53%	-	19.43%	22.96%
ROE	35.62%	43.82%	33.14%	39.13%	32.01%	17.58%	-	11.17%	15.39%
EPS (INR)	3.51	7.53	8.51	4.00	9.36	8.85	-	4.61	7.45
P/E	28.49	13.28	11.75	-	-	31.79	-	46.14	38.26

FINANCIAL SNAPSHOT

Key Performance Indicators				Key Ratios			
(In Lakhs)							
Particulars	FY 23	FY 24	FY 25	Particulars	FY 23	FY 24	FY 25
P&L Statement				Per Share Data			
Total Income	18,606.28	19,873.20	20,319.67	Diluted EPS	3.51	7.53	8.51
Total Expenses	17,885.38	18,264.27	18,604.20	BV per share*	144.77	257.67	25.69
EBITDA	186.10	1,354.45	1,691.97	Operating Ratios			
EBIT	147.2	1315.31	1651.13	EBITDA Margins	1.03%	6.94%	8.39%
PBT	720.90	1,608.93	1,715.47	PAT Margins	2.87%	5.78%	6.33%
Tax Expenses	205.23	479.93	438.42	Inventory days	62.03	42.52	61.71
Net Profit	515.67	1,129.00	1,277.05	Debtor days	65.58	80.06	69.35
Balance Sheet				Creditor days	103.85	81.64	60.19
Total Equity	1,447.70	2,576.70	3,853.75	Return Ratios			
Assets				RoCE	9.61%	47.88%	39.48%
Non-Current Assets	488.24	585.58	1,149.82	RoE	35.62%	43.82%	33.14%
Current Assets	7,113.21	7,342.55	8,573.72	Valuation Ratios (x)			
Total Assets	7,601.45	7,928.13	9,723.54	EV/EBITDA	8.97	2.21	3.06
Liabilities				Market Cap / Sales	0.06	0.05	0.74
Non-Current Liabilities	83.57	170.38	328.04	P/E	28.49	13.28	11.75
Current Liabilities	6,070.18	5,181.03	5,541.73	Price to Book Value	0.69	0.39	3.89
Total Liabilities	6,153.75	5,351.41	5,869.77	Solvency Ratios			
Cash Flow Statement				Debt / Equity	0.29	0.26	0.43
CFO	-253.78	16.34	-251.02	Current Ratio	1.17	1.42	1.55
CFI	-35.42	-149.92	-579.99	Quick Ratio	0.67	0.98	0.93
CFF	208.52	194.70	910.67	Asset Turnover	2.37	2.46	2.07
				Interest Coverage Ratio	3.77	21.92	20.52

*Annualized

FINANCIAL ANALYSIS –

1. The top line has increased over the years. It increased in FY24 by 8.48% and in FY25 it increased by 3.36% which is mainly due to sale of products.
2. In FY23, the EBITDA was lower than net profit as other income (freight on export and other incentives) was quite high.
3. The EBITDA saw a sudden spike in FY24 by 627.81% which was majorly due to reduction in cost of material consumed and purchase of stock. In FY25 it increased by 24.92%. The EBITDA margin also saw a similar trend.
4. The net profit also saw a sudden increase of 118.94% in FY24 and in FY25, it increased by 13.11% due to the above reason. The PAT margin also saw a similar trend.
5. The company had negative cash flow from operations in FY23 and FY25.

Overall, the financials of the company look slightly unsustainable in the long run.

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