

**SYMBOL: SHERA**  
**ISIN: INE0MM001019**

**Date: 05.08.2024**

**To,**  
**The Manager-Listing Department,**  
**The National Stock Exchange of India Limited,**  
**Exchange Plaza, NSE Building, Bandra Kurla**  
**Complex, Bandra East, Mumbai - 400 051**  
**Fax: 022-26598237, 022-26598238**

**Subject: Transcript of the Earnings Conference Call of Analyst/Investor for quarter ended 30<sup>th</sup> June, 2024.**

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed herewith the transcript of the earnings conference call of Analyst/ Investors for the quarter ended 30<sup>th</sup> June, 2024 scheduled on 01<sup>st</sup> August, 2024.

Please take the same on record.

**FOR SHERA ENERGY LIMITED**

**Jyoti Goyal**  
**Company Secretary & Compliance officer**



“Shera Energy Limited  
Q1 FY25 Earnings Conference Call”

August 01, 2024



**MANAGEMENT:** **MR. SHEIKH NASEEM – CHAIRMAN AND MANAGING  
DIRECTOR – SHERA ENERGY LIMITED**  
**Ms. JYOTI GOYAL – COMPANY SECRETARY AND  
COMPLIANCE OFFICER – SHERA ENERGY LIMITED**

**MODERATOR:** **MS. CHANDNI CHANDE – KIRIN ADVISORS**

**Moderator:** Ladies and gentlemen, good day and welcome to Shera Energy Limited Q1 FY25 Conference Call hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference has been recorded. I now hand the conference over to Ms. Chandni Chande. Thank you and over to you, ma'am.

**Chandni Chande:** Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Shera Energy Limited. From the management team, we have Mr. Sheikh Naseem, Chairman and Managing Director, Ms. Jyoti Goyal, Company Secretary and Compliance Officer. Now I hand over the call to Ms. Jyoti Goyal. Over to you, ma'am.

**Jyoti Goyal:** Good afternoon, everyone, and welcome to the Q1 FY25 conference call of Shera Energy Limited. It's a pleasure to have you with us today as we review our performance for the first quarter and outline our future outlook. As we concluded the first quarter of FY25, our consolidated revenue reached INR295.72 crores, marking a significant Y-o-Y growth of 46.65%. I am proud to share that Shera Energy Limited. has achieved a historic milestone this quarter with consolidated sales exceeding INR100 crores for the first time.

This remarkable achievement is a testament to the dedication and hard work of our exceptional team across production, sales and marketing. We recorded an EBITDA of INR16.77 crores, reflecting a robust bio-wipe growth of 51.55%, underscoring our operational efficiency and strategic focus. Our PAT for Q1 FY25 was INR4.72 crores, indicating a Y-o-Y growth of 46.45%. Further, solidifying our strong financial position. Additionally, our EPS for the quarter rose to INR1.74, an increase of 48.72% Y-o-Y. Our commitment to cost-efficient practices affecting working capital management and strategic expansion of our customer base has been a pivotal in driving this success.

In line with our global expansion strategy, I am pleased to share significant progress with our new subsidiary, Shera Zambia Limited. We are excited to mark a significant milestone in our international footprint with the establishment of Shera Zambia Limited. in Central Africa. This venture will enable us to manufacture winding wire and cable for Zambia and neighbouring nations, fostering economic growth and technological advancement across the region. We have already secured our first African export order, supplying conductors worth USD87,000 to Zambia. This entry into the African market is expected to significantly boost our export business.

Furthermore, Shera Energy has increased investment in our subsidiary, Rajputana Industries Limited, raising our stake to 73.91%. This transaction, conducted on an arm-length basis, underscores our commitment to growth and expansion. Rajputana Industries is also coming up with an IPO, which is an exciting development for the group.

Now, let me walk you through our financial performance during Q1 FY25. We demonstrated an impressive growth across the key financial metrics. The total consolidated revenue surged

by 46.65% compared to the same period last year, reaching INR295.72 crores. This growth was complemented by a substantial increase in the EBITDA, rising by 51.55% Y-o-Y to INR16.77 crores. Our profitability also saw a significant boost, with PAT soaring by 46.45% Y-o-Y to INR4.72 crores.

Furthermore, EPS is increased by 48.72% Y-o-Y to INR1.74, highlighting our commitment to delivering value through sustained operational excellence and prudent financial management. On a standalone basis, Shera Energy Limited achieved a total revenue of INR203.28 crores, with a Y-o-Y growth of 24.86%, a standalone EBITDA grew by 40.70% Y-o-Y to INR8.12 crores, and our PAT for Q1 FY25 was INR2.06 crores, reflecting a Y-o-Y growth of 39.56%. The standalone EPS for the quarter stood at INR0.91, showing a Y-o-Y increase of 37.88%. With this overview, I would like to hand over the call to Chandni.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Tara Kaur from VY Capital. Please go ahead.

**Tara Kaur:** My first question is that there is no growth in the margin and what are the reasons behind that and what is the company's margin outlook for the upcoming quarters and years?

**Sheikh Naseem:** Madam, I'll give you a brief about the metal industry. The metal industry normally operates in a constant margin basis. The business growth increases with the volumes. As the volume increases, your net profit increases. What a volumetric profit you are making. With the same investment and the same capital, if you are able to do a better business, you increase in the EPS. We never focus on our net profit margins in terms of percentage. We focus on in terms of value.

**Tara Kaur:** My second question is that how is the listing of Rajputana Industries benefiting your company?

**Sheikh Naseem:** Madam, any public participation or a fund coming through equity gives a boost to the company. It makes our company more responsible to deliver better returns to our investors and we are focused more to grow into the future and we will be more aggressive in our business. In that way, we are going into our operations and are extending our operations across the globe.

**Tara Kaur:** The last question is, could you please provide more details on the outlook for the business expansion into Zambia and recent orders that you have received?

**Sheikh Naseem:** Recently, we had fetched an order of initial trial lot of one container. That is amounting to roughly USD87,000. This consignment is about to be delivered in five to seven days from now. The material is almost ready. We are finishing up the testing and everything. This consignment will be moving in five to seven days from now. After this, I will be getting repeated orders from there. I am very confident of that.

Coming to Zambian operations, since our presence is there in that country, we will be doing a bilateral business through Zambia. We will be focusing more into the recycling of scraps that are available in Zambia in terms of copper and aluminium. Not in brasses because brasses are

not that readily available in Zambia. The population of that country is just 2.2 crores. The availability of aluminium and copper is substantial. This will yield a better margin and the company will get better EBITDA for the time to come. For FY25 and FY26, I can expect the company's bottom line to grow substantially.

**Tara Kaur:** Regarding the first question, you said volume wise will grow. How much is your targeted volume for the next year?

**Sheikh Naseem:** In terms of efficiency, if I tell you, from last year we were around 52%. Last year, we closed at approximately 65%. This quarter, we have almost done more than 85% of our installed capacity. One thing that I would like to tell the investors is that the company is focusing on further machines and we are installing a few more machines to increase our installed capacity. Hopefully, by the end of September, we will be in a position to increase our capacity by more than 15% to 20% from now.

**Tara Kaur:** Will our operating expenses be moderated or stable or will there be any increment?

**Sheikh Naseem:** On operating expenses, there are 2-3 major things that happened. Interest cost is not going to increase. The only thing that is going to increase is your power cost. That will be mitigated with our investment into solar. In terms of balance sheet, I think that is the reason I am telling you that investors will be getting better EPS and the returns will be better in the coming quarters.

There are 2 reasons we are investing into our solar. 3 megawatt is planned, out of which 1 megawatt is already installed. 2 megawatt is in pipeline. After installation of this, whatever energy cost requirement additional will be there, will be compensated by our solar generation. So impact of power into our balance sheet will not be there. Only minor impact into our labour cost will be there and freight cost will be there. Other expenses will be similar.

**Tara Kaur:** Thank you so much.

**Moderator:** The next question is from the line of Kajal Pathak an Individual Investor.

**Kajal Pathak:** I wanted to know about capacity utilization. What was the capacity utilization rate during the quarter and how do you plan to manage this going forward to meet the increasing demand?

**Sheikh Naseem:** As I have told you in my previous question, the capacity that we have utilized in our previous quarter was around 85% plus. We are planning to increase our capacity and the process is going on. We have already purchased some old machines and those installations are in process. I expect the capacity to increase by further 15%-20% in the next quarter.

**Kajal Pathak:** Any plan for capital expenditure?

**Sheikh Naseem:** There will not be a big capital expenditure in the near future. Since we are an engineering company and we expertise in using the second-hand and old machines. The company is always looking for the opportunity where we can get the second-hand old used plants either from

options through NCLT and those machines we get at a very reasonable price. Those machines we are expert enough to put into our production line and enhance our production capacities.

**Kajal Pathak:** Is there any major risk you foresee in the upcoming quarters, particularly in the context of global economy?

**Sheikh Naseem:** In terms of global economy, if you would have attended Mr. Powell's statement last night. Interest rates, they have indicated they will be cutting down in the month of September. If they are able to do that even by 0.25 basis point, I think the global economy is going to boost.

**Kajal Pathak:** Okay, that's all from my side. Thank you.

**Moderator:** The next question is on the line of Jayraj Jain, an individual investor. Please go ahead.

**Jayraj Jain:** Thank you for the opportunity. My first question is, can you explain how do you assess the competitive landscape? Particularly with the new entrants and any technological advancement in your industry?

**Sheikh Naseem:** The industry that we are operating into is having the latest technologies. All the machines we have, are with the latest technology. We will be in hunt of further development that will happen in the global scenario. But near future, I don't feel there is something that is coming up. I don't find someone. But still we will be able to do that since the company is backed by good technocrats and we keep updating ourselves with whatever is moving globally.

Coming down to the competitors that you are telling. In our line, there are two levels of operations. One is in the unorganized sector and one is in the organized sector. Organized sector needs a huge capex investment. Any small player cannot enter into the market like that. But if there are so many big competitors coming up, since the market is also growing more than the size we are delivering into. If you can see the sales of Vedanta. Last year, in 2022, they were selling around 55,000 metric tons of copper. Now, they are selling roughly 72,000 tons of copper. This speaks to the growth potential. The entire quantity, I am not consuming. It is going to many other places. You can see the level of growth that is coming up in the country.

**Jayraj Jain:** Sir, if we see in the medium to long term, what challenges would you be facing? Any key growth drivers?

**Sheikh Naseem:** The only challenge that we will be facing is our working capital shortfall deficits. But that will be slightly mitigated with our IPO that is coming in Rajputana Industries. So, the only challenge that as of now I can see is arranging the funds. The business is huge. The market is growing much more than what we can plan. I don't foresee any reduction in the quantities that we have been doing.

Last quarter, we closed at 295 on a console level basis. So, this was the ever-highest achievement. In July also we have increased by further 7-8%. And if we maintain the trend

like this, I expect the balance sheet of the company is going to grow more than 30%-40% by the end of this financial year. So, this growth is constant and the demand is huge. Okay.

**Jayraj Jain:** So, sir, in the recent budgetary measures, would your business be having any kind of positive impact on it?

**Sheikh Naseem:** Definitely. Since the government has stabilized and they are focusing more into infra, especially into two-state pair and declared more into infra, wherever you are putting up the railway projects or the road projects. So, ultimately non-ferrous metal applications is always there. And as the increase into focus of the government into electrical vehicles and solar generation. So, if you talk of power, the role of non-ferrous metal comes. And whenever you need non-ferrous, you have to search the companies like us. So, solar companies also, they cannot make solar without copper. They need our copper to make solar. They cannot distribute and generate power without our cables.

So, whenever the focus of government is there on generation of solar, they are subsidizing the solar, they are encouraging the people, every household should have a solar generating plant. So, at present, not even 1% of the total population is having their solar generation, PAN India in their houses. So, if even 20% people opt for this option, we will be sorry to say that the material that is going to be supplied to make these things, there will be a huge deficit. So, it's going to be a bull run for the coming 5 to 10 years for us.

**Jayraj Jain:** Okay. So, sir, can you give any kind of projection for revenue in profit for the full year FY25?

**Sheikh Naseem:** I am not authorized to give you figures in this, but I can tell you the EPS of every stakeholder is going to grow more than 50% to 60%.

**Jayraj Jain:** Yes. Thank you, sir.

**Moderator:** The next question is from the line of Paras from PC Equity Advisors. Please go ahead.

**Paras:** Thank you, sir, for this opportunity. And this was a great set of numbers when I saw this. I have only one question. Basically, I can see the volume growth is clearly going to be there and there are enough drivers for that. The only thing I was a little bit worried about is, I thought the Zambian operations, the operating margins over there are substantially higher compared to the Indian operations, and therefore basis the volume mix, etc., the operating margins were going to improve. Is that correct?

**Sheikh Naseem:** This is a forecast, sir, that is going to come up for next year. This is not reflected in our previous performance.

**Paras:** No, understood. So, I'm just talking about for the going forward kind of a thing. Once the Zambian operations become stable.

**Sheikh Naseem:** Once the Zambian things become stable, then I can think the company will be doing roughly double digit of EBITDA margins.

- Paras:** Okay, double digit of EBITDA margins. And what kind of volumes can we expect just from Zambian eventually, I mean, once it is stable?
- Sheikh Naseem:** It is going to add further 20% to 25% of our revenues for the coming financial year.
- Paras:** Okay. And you mean these double-digit margins will be on a consolidated basis or will be only for Zambian operations?
- Sheikh Naseem:** No. In Zambian operations, it will be more, sir. But I'm talking about the consolidated basis of share energy.
- Paras:** Okay. And just one last question. Within this Rajputana IPO, what is the potential of this cable business that we are trying to create there?
- Sheikh Naseem:** As I have just said, regarding our solar manufacturing, revenue potential I expect it will be in the range of roughly INR200 to INR300 crores.
- Paras:** Okay. And the plant will be available full year for FY26?
- Sheikh Naseem:** Yes. It will be available.
- Paras:** Okay. And our traditional business will be expanded by about 20% or so, you said, in the next quarter.
- Sheikh Naseem:** Yes, so you can expect a growth of roughly 40% to 50% from now.
- Paras:** Great. And in general, what kind of capacity utilization will be optimal now we are at 85%. In general, are we saying that 85% to 90% is the optimal capacity that we can expand to in a given scenario?
- Sheikh Naseem:** If you have seen our product lines, we produce roughly 15% to 20% type of various products in our consolidated companies. But we keep on enhancing our production capacity item to item basis. And this year, this month also, we have added more equipments to our production line that is going to enhance our installed capacity since we are reaching on consolidated basis to roughly 85% to 90% of our utilized capacity. So, we will be increasing our enhanced capacity by 20% by the end of September. And I expect this will be in position to cover by the end of December.
- Paras:** Okay. Just one last question, sir. And this is quite a basic query. You know, Rajputana Industries, I saw, basically is in the business of converting scrap into usable products. Is Shera Energy also almost into a similar line of business?
- Sheikh Naseem:** No. Shera's main sector is winding wire. Main segment for the Shera is transformers, motors, control panel wiring. Scrap is going to Rajputana Industries. Recycling of metal is done only into Rajputana Industries. That is a subsidiary of Shera Energy.
- Paras:** Right. And here, what would be the raw material?



- Sheikh Naseem:** Here, all scraps that are generated in production of various industries in India are making cables. Various people are making transformers. So, these transformers, when they fail, or there is a substitution on that, or there is some replacement, even in your household appliances, you must be having mixer, grinders, you have fans, you have coolers. So, you are changing them every three to four years. So, once you are changing them, you are generating scraps. So those kinds of scraps are going to come to us across India and we will be making various tubes, alloyed busbars, alloyed rods from those scraps.
- Paras:** Okay. So that is at the Rajputana level.
- Sheikh Naseem:** That is at the Rajputana level, yes.
- Paras:** And what goes into Shera to produce winding wires?
- Sheikh Naseem:** It's majorly winding wires. Not only total.
- Paras:** What about the raw material?
- Sheikh Naseem:** The raw material is the rods. There are two types of copper rods. One is originating from cathodes. One is originating from scraps. So Shera energy consumes more of the rods originating from cathodes.
- Paras:** And the products of Rajputana, are they sort of sold back to Shera for producing these winding wires or they have no connection?
- Sheikh Naseem:** They have connection in terms of recycling business. Whenever Shera energy needs to order photo supply strips or flat bars, that time you have to use the scrap generated rods. You cannot use that because you need to add more properties, mechanical properties, not only electrical properties. Then you need to do the alloying. So those rods are coming from Rajputana for Shera for its final product. Otherwise, Shera's main vendor is Vedanta or Birla Copper.
- Paras:** Oh, for producing winding wires.
- Sheikh Naseem:** Yes.
- Paras:** And the transformer industry is growing by leaps and bounds.
- Sheikh Naseem:** No, it's going bullish, yes.
- Paras:** Thank you so much.
- Moderator:** The next question is from the line of Manav Kothari from Umang Finvest. Please go ahead.
- Manav Kothari:** Good morning, sir. I have to ask, who are the clients in the wire and strips products we sell under winding wires? Which transformer companies do we sell to?

- Sheikh Naseem:** All major companies who are supplying to Power Grid Corporation of India Limited or they are approved vendors of Power Grid Company Limited, they are our customers. All companies, that are dealing with SCBs, SCBs means to say those DISCOMs who are distributing power to the common masses, they are our customers. So, all major transformer making companies are our customers. We operate in more than 18 states now and our main operation is into NCR, Delhi, Rajasthan, and this area. And we supply to all major connecting, looking to the logistic cost and our access point. So, we are accessible more into the NCR.
- Manav Kothari:** Right. And sir, the market cap, when we see the market size of the winding wires in the transformer used, which are old transformers and one are the new transformers. So, are winding wires used for the repairs of old transformers or for the establishment of new transformers?
- Sheikh Naseem:** More than 80% to 90% of our sale goes for supply of new transformers. 10% of the items that we supply goes into the repair division.
- Manav Kothari:** Okay, great. Thank you. And I'd like to ask, what is the revenue split between the export and domestic business right now?
- Sheikh Naseem:** On the console level, we have this year, we have almost done around INR25 crores and I expect we'll be closing our export business around INR100 crores by this FY. Okay. In terms of percentage, if you calculate, it will be in the range of roughly 8% to 10% of our total sales. Since the domestic market is growing much bigger than whatever the export is doing. Indian economy is booming. So, the demand in India itself is huge.
- Manav Kothari:** So, do you mean for FY 25, INR100 crores will be 8% to 10% that is the export business, right?
- Sheikh Naseem:** Around that.
- Manav Kothari:** And, sir, last question. What is the metal recycling split and winding wires split revenue between Shera and Rajputana?
- Sheikh Naseem:** As you would have seen, Shera did a top line of roughly 600 last year and consolidated we did to 875. So, you can see around 25 to 30% goes to the recycling industry and 75% goes to the winding wires industry.
- Manav Kothari:** Okay. Thank you so much, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Mahesh Sheth, an individual investor. Please go ahead.
- Mahesh Sheth:** Good afternoon, sir. Thank you for this opportunity and first of all, congratulations on this good set of numbers. So, I wanted your view. Can you elaborate on the factors? I mean, what are the different factors that contributed to 47% Y-o-Y growth in our total revenue?

- Sheikh Naseem:** You see, our country is still not a developed country, it is still developing. And fortunately our government focus is to bring our economy on a very higher scale. So, economy means infra and infra means power. So, whenever the focus of any government of any country goes into infra, the demand of our product increases and that has been a guiding factor for increase in our sales.
- Mahesh Sheth:** Got it, sir. Also, can you tell, which product segments or geographical region contributed more significantly to our revenue growth?
- Sheikh Naseem:** Since we are present in the north part of India, we are at Jaipur. So, our access to Punjab, Haryana, UP, Delhi, Rajasthan itself and some parts in Gujarat, here we do our business aggressively. But we do the business with Tamil Nadu also. We do with Hyderabad also. But the scale of that business is not that big as compared to what we do in NCR.
- Mahesh Sheth:** Got it, sir. Are there any initiatives which you have undertaken to enhance our sustainability practices in our operations?
- Sheikh Naseem:** Definitely, it is there, sir. It is on a day-to-day basis, we monitor our sales, we monitor our production. And if you have seen the history of the company, the company is roughly 20 years old. And we have been growing on a constant and a regular pace. We keep focusing on the sectors that are doing well and encashing our opportunities and seeking where we can supply and get our benefits.
- Mahesh Sheth:** Okay. That's good to hear, sir. Thank you
- Moderator:** The next question is from the line of Hardik, an individual investor. Please go ahead.
- Hardik:** Hello. Good afternoon, sir. Sir, we are getting calls from IPO and also from Rajputana, right? So, is there any chance that our asset turnover ratio will increase significantly because we are already at 80%-85% of our current capital utilization? Right? So, do we have any projections for that?
- Sheikh Naseem:** Sir, your sound is echoing. I'm not able to hear you very clearly. Are you traveling?
- Hardik:** Sorry for the disturbance. I think I'll mail you my questions. I'm sorry to take your time right now.
- Sheikh Naseem:** I'm not able to hear you clearly sir. Hello.
- Moderator:** Yes sir, the line has been disconnected. We will move the next question. As there are no further questions from the participants, I now hand the conference over to Ms. Chandni Chande for closing comments.
- Chandni Chande** If you have any queries, you can write to us at [research@kirinadvisors.com](mailto:research@kirinadvisors.com). Once again, thank you for joining the call.



*Shera Energy Limited*  
*August 01, 2024*

**Sheikh Naseem:** Thank you. I thank all the investors and our people who have inquired about us. And I thank you for putting up good questions and giving me the opportunity to reply them on time. Thank you.

**Moderator:** On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.