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The Manager-Listing Department,
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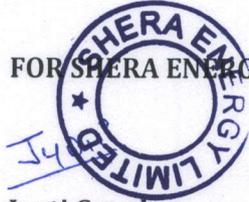
Subject: Transcript of the Earnings Conference Call of Analyst/Investor for the quarter ended 31st December, 2025.

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 31st December, 2025 scheduled on 20th February, 2026.

Please take the same on record.

FOR SHERA ENERGY LIMITED


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Company Secretary & Compliance officer

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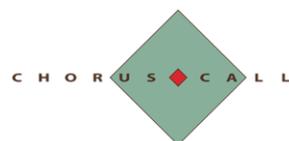
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An ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 Company



“Shera Energy Limited
Q3 & 9 months FY26 Results Conference Call”

February 20, 2026



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

MODERATOR: **MR. RONAK – KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 and 9 Months FY '26 Results Conference Call of Shera Energy Limited, hosted by Kirin Advisors Private Limited. 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 this conference call, please signal an operator by pressing star then zero on your touchstone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ronak from Kirin Advisors Private Limited. Thank you, and over to you, sir.

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

Jyoti Goyal: Good afternoon, everyone. I hope you all are doing well. It is my privilege to welcome you all to the Shera Energy Limited earnings conference call for the first 9 months of the financial year '26. I'm Company Secretary and Compliance Officer of the company. And today, I will present a comprehensive update on our financial and operational performance, outline the key developments during the period and share our strategic priorities and outlook for the business going forward. The first 9 months of this year have marked a phase of decisive execution and accelerated momentum for Shera Energy.

We have not merely built on the foundation laid over the past few years, we have strengthened it, expanded it and converted it into the tangible growth. At Shera Energy, we are a focused and integrated manufacturer of nonferrous metals, including copper, aluminum and brass. Our products are extensively deployed across critical sectors such as transformers, motors and electrical cables, underscoring our relevance in core industrial and power infrastructure value chain.

Over the years, we have built a fully integrated manufacturing platform that spans the entire production cycle from melting and casting to extrusion, drawing and finishing. This end-to-end capability strength our quality control, enhances cost efficiency and reinforces our ability to deliver consistent high-performance products at scale.

On the backward integration front, we are in the final stage of commissioning our copper cathode facility in Zambia. This project will significantly enhance raw material security, reduce import dependence and strengthen margin resilience. Commercial production is set to commence shortly with Phase 1 targeting an annual capacity of 1,200 metric tons and an estimated revenue potential of approximately USD12 million. This marks a critical step towards securing upstream control and improving profitability.

Simultaneously through forward integration, we are aggressively expanding into higher value-added segments such as electrical conductors, superfine wires and solar ribbons. This strategic move position us closer to end use application and enable us to capitalize on the accelerating

growth in renewable energy and power infrastructure. Collectively, these initiatives establish a seamless value chain transforming Shera Energy into vertically integrated, globally competitive force in the nonferrous metal industry.

During the first 9 months of FY '26, we continue to make steady progress across our strategic priorities. These industries -- Shera Energy has enhanced its capacity for electrical conductors and superfine wires, reinforcing our forward integration and widening our product mix. During 9 months of FY '26, we delivered a strong financial performance, reflecting steady growth across all 3 metrics. On a consolidated basis, total income increased by 30% to INR1,182 crores compared to INR909 crores in the same period last year. EBITDA rose by 55% to INR66 crores, while profit before tax grew by 57% to INR34 crores.

Net profit stood at INR25 crores, registering an increase of 57% year-on-year and EPS improved by 49% to INR8.01 from INR5.36. On a standalone basis, total income was INR759 crores, up 21% with EBITDA at INR30 crores, up 44%. PBT at INR12 crores, up 38% and net profit at INR9 crores, up 32%. The growth in profitability reflects higher operating efficiency, a better product mix and an increased contribution from value-added segments.

Looking ahead, we are entering a very exciting phase of our journey. Our immediate focus is on scaling up the Zambia operation from 100 metric tons at trial stage to 5,000 metric tons annually over the next few years. We have planned a capital investment of INR300 crores to INR500 crores for this expansion.

We expect the backward integration through copper cathode production to improve our margins by 15% to 20% while our forward-linked business such as conductors and solar cables are expected to add another 7% to 10%. Alongside, we are continuing to invest in technology upgradation, product innovation and operational efficiency to ensure sustainable growth in the years ahead. Thank you all for your time, help and continued support.

- Moderator:** Ma'am shall we start the Q&A session?
- Jyoti Goyal:** Yes.
- Moderator:** Thank you very much. We will take the first question from the line of Priyanshu Maheshwari from Holani Venture Capital Fund. Please go ahead.
- Priyanshu Maheshwari:** Congratulations on the good set of numbers. Sir, while we were going through the results, we have observed that the consolidated revenue has remained relatively stagnant over the past 2 quarters, being around INR390 crores. But with the increase in the copper and aluminum prices during the last quarter, why the revenue has been -- has remained stagnant, whereas the cost of material consumed has increased by 7.5%. Does this mean there has been a decline in the volume of the company during quarter 3?
- Sheikh Naseem:** First, I would like to congratulate you on the quality of question that you have put. But I would like to correct you in terms of raw material consumption where you have put that there is an increase in 7%. The 7% increase is in price and that is reflected into your stock. If you look at

into the consumption, where we have consumed the raw material, is 88.94% as compared to previous quarter of 89.91%. And if I compare 9 months, 9 months we have -- our consumption of raw material is 89.76% against last year's consumption of 91.40%. So this replies your question first.

Second, in terms of sales, you are asking me that it is stagnated. No doubt, there is a substantial increase in the price of raw material. This has been constant for this financial year. And last quarter, there had been an abnormal increase in the price. That has resulted in a slight decline in our quantity growth that last preceding half -- preceding quarter, we had a sales of around 6,862 metric tons of goods for the quarter, which in last quarter of December, it stood to 6,618 metric tons. So there, if you see the decline is only by 240 tons around.

But if you compare this performance as -- for Q1, Q1, our sales was 5,870, which now stands at 6,617. And if you compare for 9 months for this financial year, we have touched 20 metric ton -- 20,401 metric ton, which against last year of 17,708 metric ton. So there is an increase in terms of quantity sales over 9 months. But over -- if you compare Q3 to Q2, definitely, there is a drop by around 2% to 3% in terms of quantity and which is not reflected in terms of sales because the sale prices have slightly gone up.

Priyanshu Maheshwari: Can you please repeat, sir, what was the total volume in -- during 9 months FY '25?

Sheikh Naseem: FY '25, 9 months -- for this FY '25, total is 20,401.62 metric tons. All right?

Priyanshu Maheshwari: This is for the first 9 months FY '25?

Sheikh Naseem: Yes. 9 months up till December, from 1st April to 31st December. And last year for 9 months was 17,708.60 metric tons. Okay? So there is a growth of roughly 12% in terms of quantity as compared to last year. Q1 stood at 5,870.68 metric ton, Q2 stood at 6,862.22 metric ton, Q3 stood at 6,617.56 metric tons. I hope I have answered your query.

Priyanshu Maheshwari: Sure. Sir, just one more thing. We have also seen there has been an increase in the finance cost of the company during 9-month FY '26, when we compare it to 9-month FY '25. I mean has there been an increase in the debt and what was the debt taken for? If you can just explain and dive through what was the weighted average cost of debt? What was the end use of that debt as well?

Sheikh Naseem: So it has a combination end use. Since I have told all my investors that company is in expansion, is doing their investment into Zambia for its copper cathode production. So the debt has come as long-term money also for our investment into the Zambian operations. And if you compare last 9 months performance, it stood at INR1,177 crores, which was INR906 crores last year. So there has been 30% growth in terms of top line. That has consumed some of our working capital short-term borrowings and some portion has gone into our overseas investment for our backward integration.

Priyanshu Maheshwari: And what would be the average cost of debt, sir, for all the new debt that has been taken?

- Sheikh Naseem:** Average will land somewhere lower than 10.
- Moderator:** We have the next question from the line of Krish Mehta from Nirbhaya Asset Management.
- Krish Mehta:** So when do we expect the Zambia production to start? And how much EBITDA level contribution do we expect in quarter 4 and FY '27?
- Sheikh Naseem:** As I have already informed my shareholders that last month, we started our production, and it was on a trial basis. And we made roughly -- for the month of January, we did 1 small lot of roughly 10 tons around. Now the company have further taken into some corrective mode, some more corrections in terms of recovery and in terms of productivity. Those -- that investment is currently going on. And I expect by end of February or first week of March, we will again take second run of our production. So our production will stabilize. We will have some sales in Q4 of this year, but stability of the entire production will happen into coming first quarter of next financial year.
- Krish Mehta:** And how would you describe the working environment in Zambia, specifically the reliability of power supply and ability of skilled workforce?
- Sheikh Naseem:** Currently, for last few months, there is sufficient power into Zambia. Zambia -- this is rainy season into Zambia. And Zambia production is mainly by hydro power generations. So right now, we are not facing any challenges in terms of power, and I expect this thing to continue up till May, June. Post that, a lot of solar investment is coming up. And we are also into dialogue with one of the solar company and that's a Canadian company. And soon, we will be into JV for getting 24/7 power through that investment. And that project is coming very close to our investment where we are.
- Krish Mehta:** And one question in the line of capex. As you said that you intend to raise capex of INR300 crores to INR500 crores. So do you plan to dilute liquidity in the future?
- Sheikh Naseem:** Definitely, that will be done post our smooth operation in terms of commercial that is expected to start in first quarter of next financial year. After 1 quarter of a smooth running, that is the time I'm going to request for raising up the equity into our -- raising the equity as well as some part in debt for our further expansion into Zambia.
- Moderator:** We will take the next question from the line of Mithun Maity from MMM Capital.
- Mithun Maity:** Sir, my question is with regards to the initial calls, initial con-calls where we highlighted that we were supposed to do forward integration and where we are supposed to sell wires to our customers as in are and we are supposed to get some machines. So are we proceeding towards that area or we have just focusing towards the Zambia operation?
- Sheikh Naseem:** Very good question and very good to remind it to all the investors on the same question. I would have been -- we are in the process of procuring the machines. The machine procurement has almost been done. The machines have already arrived from China now. And now we are in phase of installation. So I expect in phased manner, we will be starting our commercial production on

this investment. And as we start our commercial production, we will be keeping all investors updated through exchange.

So machine procurement has already been done for which the term lending has already been done. The disbursement of term loan and everything has already been done. The machines have arrived into India. They are in our premises now. And step by step, we are on the process of commissioning it. As we commission it and we start our trial runs, we will keep our investors posted on the date of commencing the production.

Mithun Maity: My second question is with regards to the winding wires, which we sell, are these winding wires useful for the higher voltage transformers like 765 kV or 2,000 kV or it's basically useful for the lower voltage transformers?

Sheikh Naseem: As of now, whatever we are producing is in mid-voltage range. And this is the reason we have invested into our new capex where we have already procured the machine. In EHV grade transformer, the winding is called CTC conductor, they use continuously transposed conductor. So that machine we have already procured. The commissioning is going on. And I expect by start of second quarter of this financial year, we will be into commercial production of this product -- production for 765 kV transmission lines.

Mithun Maity: Right. So in that case, our EBITDA per ton will increase drastically. So may I know...

Sheikh Naseem: Definitely, you can see our EBITDA lines are constantly growing. If you see on a year-on-year basis or quarter-to-quarter basis. So I can tell you last quarter, our EBITDA was INR21 crores. Now it is INR24.92 crores. And so we are improving on our figures on year-on-year basis.

And if you compare to last year, which was 9 months was INR42 crores, which now stands at INR66 crores. So there is a substantial growth in our EBITDA. And our forward integration is going to add up to our EBITDA line and our backward integration is further going to add up to those things.

Mithun Maity: Sir, this is my last question. How is the cash flow reflecting this year? Last year, we had a negative cash flow because most of the things are getting invested or we have receivables -- stuck in receivables. So this year, how would be the cash flows reflected by any chance?

Sheikh Naseem: It's going to improve, sir. As the profitabilities are going to improve, everything is improving.

Mithun Maity: Okay. Last year, we had -- as for FY '25, it was negative from operating cash flow. So...

Sheikh Naseem: Trying to understand. It is not negative.

Moderator: We will take the next question from the line of Dhanraj Tolani from Kuber Advisors.

Dhanraj Tolani: I have one or two questions, sir, please. I'll just start with the first one. Revenue growth has been good, like has been growth. I just wanted to know this is mainly from the volume growth or copper price pass-through realization?

Sheikh Naseem: It's a combination of both gentleman. So if you see our capacity utilization, last year for the whole year, the capacity utilization was around 73.65%. For this 9 months, we have already utilized 79.58%. So there is a volumetric growth as well as the price growth.

On an average, annually 5% to 7%, there is an annual average price increase into all metals, and that definitely adds up to our balance sheet. But the quantities that is also adding up, it's a combination of both the growth.

Dhanraj Tolani: And, sir, what was the -- like this -- for this quarter, what was the EBITDA per ton, if you compare the Y-o-Y or even Q-on-Q. What is the growth in that, like per ton...

Sheikh Naseem: I have given you the EBITDA figure for this quarter was INR25 crores around. And this quarter, we did a volume of roughly 6,617 metric tons. So it's a simple arithmetic calculation that we can do.

Dhanraj Tolani: Also, I just -- I was looking at the financial part. So I'm seeing the Y-o-Y growth in other income has increased by almost double, INR2.3 crores to INR4.6 crores.

Sheikh Naseem: That is the result -- you see the investment that we are doing into overseas operations. Some portion has gone as equity and major portions we are lending in terms of debt. So whatever investment is going there against which the company is raising long-term debt share and is being deployed as a long-term debt into Zambia. So here, the interest cost is increasing, which is substantiated by the other income that is increasing into our Zambian operation.

Dhanraj Tolani: That is how it must be the finance cost, it must...

Sheikh Naseem: It has to be accounting system. You cannot square it off. So income you have to highlight separate, expenses, you have to highlight separate. So if you see from Q2 to Q3, there is a growth of INR1.3 crores of interest cost. That is majorly going into the investment into Zambia. And if you see the other income from INR92 crores is going to INR263 crores. So that is the revenue that is generated against this investment.

Moderator: We have the next question from the line of Paras Chheda from Purpleone Vertex Ventures LLP.

Paras Chheda: Congratulations for a strong set of results. Sir, just wanted to understand our outlook now for FY '27. What kind of growth are we expecting for FY '27 in our Indian business? That's the first question.

Sheikh Naseem: Okay. So the growth, looking to our investment into forward integration as well as into backward integration, I expect a sizable growth in the company. But I should not be in position to comment to you approximate figures. But these investments, whatever we have done will be into production within first quarter of this financial year. So the revenue growth on these investments are going to come up, and they are going to add substantially into the coming financial year.

- Paras Chheda:** Understood, sir. Right. So sir, and just on the margins front, EBITDA margins for now. So for the last quarter, we saw about 5.62% broadly EBITDA operating margin. Sir, what is the expectation for FY '27 on a sustainable basis?
- Sheikh Naseem:** Sir, if you see corresponding EBITDA for last financial year for the corresponding period, '24 to '25 December Q3, EBITDA margin was 4.51%. Then if you see the preceding quarter, it stood to 5.49%, which now is 6.24%. So...
- Paras Chheda:** So for the current quarter...
- Sheikh Naseem:** Pardon?
- Paras Chheda:** For the current quarter, you mean to say is about 6.23%.
- Sheikh Naseem:** For the last quarter, last 3 months. Current quarter, I'm not authorized to tell you. So last quarter, whichever results we have published, the EBITDA margin is 6.24%. For Q2, it was 5.49%, and it was 4.51% corresponding Q3 of last financial year. So there is a constant growth in EBITDA. If you compare to 9 months also, last year 9-month EBITDA stood at 4.72%, which now stands at 5.61%. So there is a growth of roughly 1% over last year in terms of EBITDA.
- Paras Chheda:** Right. So for FY '27, do you expect this EBITDA margin to...
- Sheikh Naseem:** I'm not only expecting, but I'm rather more confident looking to our investments coming up into forward as well as backward integration. These investments are going to improve the EBITDA lines of the company.
- Paras Chheda:** Sir, on the Zambian front, right now, we are in the trial production stage. So I presume commercial production may probably pick up, as you said, maybe from Q1, meaningfully?
- Sheikh Naseem:** Yes.
- Paras Chheda:** So sir, what kind of -- I mean, an indication of a sustainable margin on that Zambian capacity as of now, we've got 1,200 metric tons...
- Sheikh Naseem:** Let me tell all the investors again, let me repeat the story of our Zambian operations. The investment that I'm doing is I have taken charge of a already existing secondhand plant that was closed. So I have made investments in rectification of the machineries and whatever it was not running.
- In January, I made -- I started our production on a trial basis, and we made roughly 8.6 metric tons of copper cathodes. Then I stopped because the recovery that I was expecting to get, I was just reaching there. But I found there are further scope of improving the recovery in terms of increasing the profitability in the company.
- So I have taken a break of roughly another 1 month, where I am modifying the plant setup, I am redesigning some process plant so that our productivity and our EBITDA lines increase into that

investment. So if -- whatever I'm proposing and whatever our team is doing and once we are into commercial production on that, which I expect to start in first week of March, that will help the company to attain an EBITDA line anything above 15% plus.

Paras Chheda: Right. And so all the modifications have been done now. And you think first week of March, the production should start?

Sheikh Naseem: First week of March second trial production will start. And whatever we are -- actually, this is a new technology for Shera. It is a new hydrometallurgy, which we are also learning with our experience. So as I see what -- how the machines have behaved and how the processes have gone. We are auditing it on process-to-process basis.

And there are more than 17, 18 processes that involve into making copper cathodes. So against our internal audit, wherever we find there is some slackness into efficiency in operations that we are addressing in phased manners. So I expect complete streamline will take another 2 to 3 months, but second run of our plant will commence in first week of March.

Paras Chheda: And potentially commercial production will take another month or 2, maybe?

Sheikh Naseem: We are going to start our commercial production not -- it will not be more than a month or so. It won't be more than that. We have already made major investments. Some changes into -- you see the flow chart. So there are blocks. You have to arrow the blocks, this one first, this one second, second one goes seventh, seventh goes first. So the process control has to be there. So some changes in the process is continuously going on. So that we will be doing very soon.

Paras Chheda: So process improvisation is happening.

Sheikh Naseem: Definitely, you can call it. Just to improve our recovery in terms of copper content, what we get in ore, the better recovery you get, the better EBITDAs you make.

Paras Chheda: Right, sir. Sir, I just joined our call a little bit late. So I just heard that you're looking at a capex of about INR300 crores odd, probably mostly, I think, in Zambia. So if you can just explain the time line and how and when do you anticipate in general?

Sheikh Naseem: Sir, just wait. I will answer you in our next annual con call on that. I will be in a position to give you the tentative dates when we are going to plan our funds. Let me streamline my operations first.

Paras Chheda: Right. And I mean, just in case if that happens, what kind of capacity are we looking at in Zambia then in case if you move forward?

Sheikh Naseem: What I'm -- it is quite premature to say in terms of quantity growth, but the investment will be in a range that within 1 year, whatever capacities we have, we multiply by minimum 5x to 10x from here.

- Paras Chheda:** And generally, the demand environment is broadly okay in terms of, let's say, the copper -- I mean, of course, there is strong demand for copper cathodes by anyway. But just your perspective on that, sir, I mean, where do you anticipate that?
- Sheikh Naseem:** Whatever we made 8.6 tons is already sold. Although quality was not that good to be sold, but people pick copper like anything. They are picking copper like anything.
- Paras Chheda:** Right? There is strong demand?
- Sheikh Naseem:** Very huge. Copper is always in shortfall.
- Paras Chheda:** Right, sir. And hopefully, we are looking at migrating to the Main Board in the next couple of months, broadly?
- Sheikh Naseem:** We are eligible now. 17th February 2023, we got ourselves listed into SME. 3 years we have already completed. And we are in the process of completing the formalities for the migration process.
- Paras Chheda:** Right, sir. So hopefully, the institutional participation improves eventually. So that will be good for the company?
- Moderator:** We have the next question from the line of Priya Jain from Green Capital.
- Priya Jain:** I'm joining your con call for the second time. Last time also I was there. So I was going through the -- firstly, very congratulations for getting this great set of number. You are almost like hitting FY '25 full revenue.
- Sheikh Naseem:** Thank you, madam.
- Priya Jain:** Yes. So a lot of buzz is going around this metal industry which is actually now going to be a hottest release. Like saying that company's valuation is going forward. Currently, you are at INR300 crores around market cap. Where do we can see Shera in the next 3 to 5 years?
- Sheikh Naseem:** Madam, market cap is not the race that we are into. We are responsible people to scale up the operations, take care of the money for our investors, give them better returns. Market cap and everything is dependent on the valuations that people do outside the business. So definitely, our numbers are good. And looking to peer industries, we have a sizable numbers now. And definitely, market will be eyeing on that. And I expect the market cap is also going to improve.
- Priya Jain:** Of course, we are going to report good numbers and investors will get attracted. And they actually eventually they will look after the company's valuation. So my question is that only that where we can see Shera going forward?
- Sheikh Naseem:** Madam, as I have been always committed for our growth, and it's almost 30 years of my working into this line. And I can say Shera is going to multiply at the rate -- what we have been doing for last 3, 4 years, our multiplication is going to be further into multiplication numbers. So very

soon, the top line of company I'm expecting to scale up to 2x within 2 years. So everything is going to scale up, yes.

Priya Jain: Also, any guidance for FY '27?

Sheikh Naseem: Madam, as the investment that we were supposed to do, our project is on time, and we are rather working on this. So new capex -- we have done roughly INR60 crores, INR70 crores of new capex, which definitely will start giving revenues in the second quarter of coming financial year. And so backed by those and the natural growth in terms of 7% to 8% and Shera Energy's standalone growth of 5% to 7% in terms of quantity, I expect the growth to be in the range of 40% to 60% anywhere in between.

Priya Jain: I'm looking to -- forward to the update, and that's it from my side.

Moderator: We have the next question from the line of Surya Narayan Nayak, an Individual Investor.

Surya Narayan Nayak: Congratulations for a great set of numbers and great set of endeavour in Zambia to set of refineries in the copper cathode. So just my questions and realm of understanding is related to not to the profit and loss account or let's say, working of the book rather than the capacity build-up that is going on since over the years in the downstream as you are looking at the upstream at Zambia?

So to understand what kind of color is available -- color of revenue is available for FY '27, '28? So what I am taking your capacity build-up is that your aluminum intensity is going off. And slowly from ever since FY '23, your copper intensity is going down, whereas brass is nearly so and so at around 16%. I mean, let's say, if we can give you the numbers capacity, aluminum is around 47%, copper is around 37% and brass it is 17%. And you are fairly attaining the EBITDA margin in relation to the industry peers of around 5% to 6%. So there is no problem on that?

So my understanding is that the growth that is visible on the downstream is looking at the utilization of around close to 77% in copper for FY '26 exit and aluminum around 82% and brass is almost 90%. So we don't have much room in the aluminum and brass rather there is some room in the copper side. So is my understanding right that now we have a little bit room from 75% odd to maybe 90% in the copper?

And looking at your industrial peers, starting from, let's say, Precision to KSH to Ram Ratna Wires to Vidya Wires, everybody is in the range of around purely copper area, around 37,000 tons or minimum 35,000 tons per annum. So we are nearly halfway through. So what is my understanding is that to what extent you are trying to scale up the downstream copper facility in India, entering into different areas of the energy sectors or industrial sectors or let's say, consumer sector or auto sector. So those are the sectors you are interested. And where is the capacity built up, I'm not seeing in the copper downstream?

Sheikh Naseem Surya bhai, I think you are exhaustive, exhaustive analysis person. But -- this -- you are good at your job. What I am good is at my job. I am least interested in what my peer industries are doing. I'm rather more interested what my machines are capable of, how I can streamline my processes,

how can I substitute the copper with aluminum growing demand, how fast I can switch over from one metal to another metal, how fast I am compatible to match the industry demand before it comes into picture?

So Shera is one of few players in India, which is present in all 3 base metals; copper, aluminum and brasses. You won't find Precision into aluminum. You won't KSH into aluminum. And what is the beauty in Shera you have -- you need copper, we have. You need aluminum, we have. So whatever the customer, I give this option to the customer to decide what he wants to buy.

If my customer is looking to the price, the copper is going up, he wants to switch over to aluminum and take the technology supported by aluminum, we are there to support them. So I have designed my production to support my customers at every time.

You would have never seen -- since you have studied our company for years, so you would have never seen a quantitative decline or any decline in shape of trajectory in the company. Metal prices go up, sometimes aluminum has the pressure, sometimes copper has pressure. So we are not people who can handle the international pressures into metal. We are here to operate ahead the market pace and market demand.

So I have designed my operations in a way which suits my customer, not dictate my customers. So I hope I have made my point clear and the process, how I want to make my company friendly to my customer.

Surya Narayan Nayak: That's right. I mean, let's say, my point is that we are at nearly about INR300 crores market cap, and we are aspiring to?

Sheikh Naseem: What is more important for me gentleman, is what is my growing EPS, what is my growing returns to my investors.

Surya Narayan Nayak: Yes, I'm coming to that point, sir. Because the point here is that we will be doing the EBITDA margin at par with the industry. But unless and until we touch more of the copper, the costliest among the base metals, our absolute EBITDA?

Sheikh Naseem: For your kind reference, I'm telling you, copper does not bear higher EBITDA.

Surya Narayan Nayak: I am not -- absolute I'm saying, absolute EBITDA.

Sheikh Naseem: Absolute EBITDA is okay, but I have to design my production as per what my customer -- whatever I'm making has to be bought back by my customers. So what is the market design? I have designed my plant and my machinery in a way I can switch from copper to aluminum within no time.

Surya Narayan Nayak: Shall I mean that the kind of capacity we are having, so those are quite fungible and irrespective of the metal demand?

Sheikh Naseem: Since I am a technical person, and I have designed my plant, my machines are suitable to run parallel in conjunction either with copper, either with aluminum. I can switch over my production just by changing a few things and my machine can operate into copper as well as aluminum.

Surya Narayan Nayak: Okay. So if that is the case, then when the industry is actually looking at more of the copper intensity, so what is the issue in our case in reaching out to customers or our customers are not interested in us so far as copper is concerned, but they are more interested in aluminium?

Sheikh Naseem: Every manufacturer not only in India, across the globe has its own customer bank. The customer bank that Precision has may not be the same that I have. And what I have, it's not necessary that Precision will have that. So I am eating my cup of -- I'm taking my cup of tea, they are taking their cup of tea.

Since you are not part of this business, you are analysing as an analyst. So you are asking me such question. But looking to my industry, if you see Q3 -- Q2 to Q3, the copper sales have declined by 400 tons against 2,400 tons. Last quarter, we did 2,000 tons, but whereas aluminum we increased from 33 to 450 around and brassy we increased by 10 metric tons to 20 metric tons.

So our process is such that we can change looking to the market demand. Last quarter, there was huge abnormality into prices. LME went from 10,000 to 14,000. So market is not going to absorb 40% hike into prices immediately. You are getting me. So I'm not waiting for the market to correct. I'm correcting my machines and pushing more on to aluminum those days. As the prices become comparable into copper, we push our more production into copper. It all depends on market dynamics and forces.

Moderator: Thank you. We have the next follow-up question from the line of Paras Chheda from Purpleone Vertex Ventures LLP. Please go ahead.

Paras Chheda: Sir, just wanted to understand in terms of our working capital plan. Are there any further plans for a little bit optimal -- reducing the inventory a bit or improving the working capital days? I mean that was question one. And what level of debt do we expect short-term borrowings? I guess long-term borrowings is more or less sort of constant for us. But for short-term borrowings at the end of this financial year broadly. So I mean, any plans also, therefore, to reduce interest costs?

Sheikh Naseem: My plan is not to reduce the short-term borrowing of the company. My plan is rather to increase my business.

Paras Chheda: Right, sir. So by the end of this year, what level of short-term borrowings we broadly expect? I mean, September was about 160-odd short-term borrowing. So what do we sort of intend?

Sheikh Naseem: It's almost in the similar levels. Almost in several levels.

Paras Chheda: More or less similar levels?

- Sheikh Naseem:** Yes.
- Paras Chheda:** Right, sir. And sir, I mean, in general, any plans to improve upon the inventory holding? I mean the working capital block that is there in inventory, can that improve further from here on?
- Sheikh Naseem:** In inventory holding, we are maintaining roughly 60 days of stocks and we are maintaining that.
- Paras Chheda:** Right. So I mean to curtail that would be difficult because I guess some of the other peers might have?
- Sheikh Naseem:** We are a growing company. You see other peers they are doing only one metal. We are doing three different metals. So we have to manage sufficient level of inventory for our process requirement. We are recyclers. Our peer industries are not recyclers. We do our recycling operations. We do melting, we do alloying. We do nickel-based alloys. We do tubes. So you cannot compare just 1 product inventory to another peer industry as a complete inventory. You're getting me?
- Shera is a group of companies that if you club all those groups, then you will be able to compare our inventory. Precision does not have any recycling business. They don't do any aluminium business. They don't do any brass business. They don't do tubes. You are getting me. So they do just winding wires. Winding wire is 1 of our products. It's not the only product.
- Paras Chheda:** Right. So sir, across the metal -- yes, yes, go ahead, sir.
- Sheikh Naseem:** So our process is very much aligned with many other companies. Like now we are going in our cathode production. Now our balance sheet will have some impact of inventory levels even with Hindalco, even comparable to Vedanta. That is a different mining section. But when you see the inventory, it will come as a whole. So Shera is one of the company, Pan-India, that is into mining, recycling, into winding, into alloys, into tubes, into strips. You won't find any other company doing all these things at one go.
- Paras Chheda:** Sure. All right. So I mean when -- we work across 3 metals, right? I mean -- and various products and not only winding wires, does that give us better diversification? I mean, the reason being -- are we technically better percentage also?
- Sheikh Naseem:** Probably for you, it is very easy to comment on that. I'm into industry. I am into day-to-day working in purchase, production and sales and our expansion. And we are -- we take our decisions on a management level, which is suitable to the company first, which is suitable to the market and then which is suitable to add our profitabilities.
- Improve on our EBITDA lines, improve on our EPS lines and improve the horizon of the company. We don't look into others what they are doing, how they are doing, we are least bothered on that. I'll look into my business, what is required for my business, what is good for my business, how I'm going to improve, how have to scale up my operation?

- Paras Chheda:** Sir, just one final query. In terms of our Zambian operation as of now, what is the actual capacity that we have?
- Sheikh Naseem:** The initial installed capacity of that plant is 100 metric tons, which I expect 60% to 70% of its utilization capacity very soon in coming first quarter of this financial year -- the coming financial year. And as we achieve and we sustain to 70% of our installed capacity, then I'm going to invest further to increase our capacities there.
- Paras Chheda:** Right. So I mean, -- yes, so as you said, so this capacity increase will take some time once this 100 metric ton per annum gets stabilized and utilized itself?
- Sheikh Naseem:** The first quarter it will stabilize. And coming second quarter and third quarter, you will see new investments happening into Zambia.
- Paras Chheda:** Right, sir. So only last query of mine. In terms of the size of the company that we have as of now, let's say, about INR300 crores market cap, and we are sort of having plans of another INR300 crores of capex. So it's quite a significant and big plan. And, of course, if the EBITDA margins are 15% plus, it makes sense to do that. But just trying to understand, how will we fund it? That's the only thing that I have. I mean, once the EBITDA margins are established, it's pretty clear that one should go ahead with that kind of capex?
- Sheikh Naseem:** When the time comes everything will be planned and it will be executed.
- Paras Chheda:** So that was only thing. I mean given the size. Otherwise, I think it [inaudible 0:55:40]
- Sheikh Naseem:** Don't be worried. The company has a good support in terms of debt raising also. The banks have good trust in the operations of the company. We are a 30-year-old company, having good relations with our investors and the banks. And as and when I see now it is a time for doing this capex. I expect the money will not be a challenge or a problem for our investment.
- Paras Chheda:** Sir, just last query of mine. Potentially at least we are targeting, as I heard on the call, our revenue could probably double in the next probably 2 to 3 years, is that right?
- Sheikh Naseem:** Yes. That is also I'm expecting very soon.
- Paras Chheda:** Yes. So I am saying the EPS also, therefore, should be equal to that or maybe better if the margins will improve?
- Sheikh Naseem:** Pardon.
- Paras Chheda:** So if the revenue doubles probably in 2 to 3 years? And the EBITDA margin will gradually improve [inaudible 0:55:51] operation also is now becoming even more efficient. So given that is the case, the EPS, of course, there will be some dilution based on this thing. But will the EPS also most likely double in 2 to 3 years?
- Sheikh Naseem:** You can expect so.



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Moderator: Ladies and gentlemen, that was the last question. And with that concludes the question-and-answer session. I now hand the conference over to Mr. Ronak for closing comments. Thank you, and over to you, sir.

Ronak Bhartia: Thank you for joining the call of Shera Energy Limited. If you have any queries, you can write to us at research@kirinadvisors.com. Once again, thank you for joining the conference call.

Moderator: Thank you, members of the management. On behalf of Kirin Advisors Private Limited, that concludes this conference. Thank you all for joining us today and you may now disconnect your lines. Thank you.

Sheikh Naseem: Thank you, everyone. Thank you.