

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

**Date: 10.05.2024**

**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 the half year and year ended 31<sup>st</sup> March, 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 half year and year ended 31<sup>st</sup> March, 2024 scheduled on 07<sup>th</sup> May, 2024.

Please take the same on record.

**FOR SHERA ENERGY LIMITED**

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

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**Registered Office & Works :**

F-269(B), Road No. 13  
Vishwakarma Industrial Area  
Jaipur - 302013, Rajasthan, India  
T: +91.9351509564  
CIN: L31102RJ2009PLC030434  
GSTIN: 08AANC56187Q1Z6

**Works-II :**

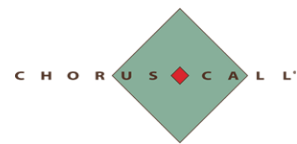
G-1-63 to 66, RICO Industrial Area,  
Kaladera, Tehsil Chomu, Jaipur-303801  
Rajasthan, India  
T: +91-9351509564

E : sheraenergy@gmail.com  
W : www.sheraenergy.com



“Shera Energy Limited  
H2 FY 2024 Results Conference Call”

May 07, 2024



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

**MODERATOR:** **MR. ABHISHEK YADAV – KIRIN ADVISORS**

**Moderator:** Ladies and gentlemen, good day and welcome to Shera Energy Limited H2 FY 2024 Results Conference Call hosted by Kirin Advisors Private Limited. As a reminder, all participants' 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 is being recorded.

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

**Abhishek Yadav:** Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Shera Energy Limited. From the management side, 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:** Well, good afternoon everyone and welcome to the second half conference call of Shera Energy Limited. It's a pleasure to have each of you here today as we review our performance for H2 and FY24 and outline our future outlook.

As we concluded the second half, our total income mirrored the H2 figure at INR491.91 crores. We recorded an EBITDA of INR27 crores. The PAT for H2 FY24 was INR8 crores. Shera Energy Limited, headquartered in Jaipur specializes in non-ferrous metal production, focusing on copper, aluminium and brass winding wires and strips. With ISO certification, we excel in paper installation for transformers, motors and electrical panels.

Our integrated approach includes strategic investment in subsidiaries like Rajputana Industries Limited and Shera Zambia Limited, enabling efficient recycling and energy production. We are the only Indian company manufacturing all the three metals under one roof, ensuring quality, customer satisfaction and innovation.

Shera Energy's revenue during H2 FY24 was driven by our robust performance, a testament to our commitment to excellence. Maintaining a commendable level of capacity utilization during H2 FY24, our plants operated at an average capacity utilization of around 63.89% on an installed capacity of 37,000 plus [MTPA].

In line with our global expansion strategy, I am glad to announce that we successfully completed sale of our investment in Shera Infrapower Private Limited, these funds generated from this transaction is allocated towards the establishment of our new subsidiary in Zambia, Shera Zambia Limited. This strategic expansion initiative is poised to enhance our export capabilities and augment our existing production capacity by 10%, thereby facilitating increased business prospect and export.

We are happy to mark a significant milestone in our international footprint with establishment of Shera Zambia Limited in Central Africa. This venture will enable us to manufacture

winding wire and cables for Zambia and neighbouring nations, fostering economic growth and technological advancement across the region.

Moreover, I am proud to share that Shera Energy share price has surpassed the INR200 mark, representing a remarkable increase of 256% from the IPO price in just 14 months after the listing.

Now, let me take you through company's financial performance during H2 and FY24. In the second half of FY2024, our company demonstrated impressive growth across key financial metrics, underscoring our continued momentum and resilience. Total revenue surged by 37.33% compared to the same period last year, reaching INR491.91 crores, indicative of strong market demand and effective execution of our business strategy.

This revenue growth was complemented by a substantial increase in EBITDA, rising by 36.28% half-on-half to INR27.27, as profitability significantly improved with PAT soaring by 63.77% H-o-H to INR7.91 crores. Furthermore, EPA saw remarkable growth surging by 65.92% H-o-H to INR2.97, reflecting our commitment to delivering value through sustained operational excellence and prudent financial management.

In FY24, our total revenue surged by an impressive 25.59% year-on-year to reach INR876.32 crores, reflecting the effectiveness of our revenue generating strategy. We also witnessed a substantial improvement in EBITDA, which soared by 31.44% year-on-year to INR52.55 crores, accompanied by a noteworthy expansion in EBITDA margin to 6%.

This enhanced operational efficiency translated into an increase in PAT by 54.23% year-on-year to INR14.05 crores, resulting in a PAT margin of 1.60%. Moreover, our EPS surged by an impressive 39.68% year-on-year to INR5.21, reflecting our strong financial health and promising outlook for continued growth and profitability.

With this, I would like to conclude my remarks and we are now ready to take questions. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Yashwanti from Kojin Investor. Please go ahead.

**Yashwanti:** Thank you, ma'am. It's not Yashwant its Yashwanti. Good evening -- good morning sir. Sir, I just wanted to understand more of your Zambian engineering. What is the investment? What is the plan for it? Which country is really serving it? And what kind of a revenue target we can see from the Zambian operation? This is one.

**Sheikh Naseem:** Good afternoon, friend. I would like to tell all my investors that the company has already started investing into Zambia. First level of investment has already moved in there and with 2.5, US \$200,000 That is amounting to INR2 crores in INR. So, second level of investment is expected to go in a month's time.

And hopefully within 3 to 4 months, we will be in position to invest roughly INR8 crores of Indian rupees. And with this investment, the company is going to start sourcing the scrap material and make the ingots out of them. And these ingots will be exported to India. So, this is the planning that we are having. And I expect the revenues from this operation will start by September this financial year.

**Yashwanti:** Okay. So, this will be exported to India and not to the neighboring countries and to the Zambian market?

**Sheikh Naseem:** Starting quantities, we are expecting to start it with a tune of roughly 100 to 150 tons per month. And since this material is a raw material to our parent company here in India. So, first we will cater the requirement of our parent company. And when we are exceeding the quantities that is required buyer, will be marketed to other customers in India and will be exported to maybe China, Malaysia, Thailand. These are our target buyers

**Yashwanti:** So, the 100, 150 metric tons will be exported to India from September, October onwards. That is what you are saying.

**Sheik Naseem:** Yes. Even before the things will start happening. By end of first quarter, we will complete all our registration with the Zambian authorities. And we have already are in line with making some agreement with a Chinese industrial area that is Chambashi in Zambia, where that is a free trade zone area, where we are entitled to import duty-free goods and export it directly from there without impacting any taxes onto the local Zambian land. So, this is the first phase of investment that we are going to do. Second will be into the Zambian mainland, where we will be melting the local scraps available there and exporting it directly from there.

**Yashwanti:** Okay. So, initially you will be importing scrap from China.

**Sheik Naseem:** Not from China. No. We will be importing it from the neighbouring countries like DRC Congo, Democratic Republic of Congo. Other countries, neighbouring countries who are making the copper ingots, copper cathodes, they will be our buyers and that will be a trading activity starting from Chambashi. That is a special economic zone area where only import-export business can happen. It is similar to like the things that are happening to Dubai.

So, it will be, we will be start commencing our trading operations immediately. And meanwhile, the machines are also going from India to Zambia. It will take three months from now to get the machines into Zambia and two months we need for installation and commissioning. So, by end of September, we will be having our products from our production lines.

**Yashwanti:** Okay. And so, my next, yes, thank you so much for the detailed explanation. And sir, my next question is regarding your financial, which you posted for the second half and the full year. So, we have grown impressively on the top line, the 37% on the H2 and 26% on a full year basis. Even the margin has expanded on more than 30%. But if you compare the EBITDA margin, we are still around 5%, 6%. And this takes down to the bottom, there is almost 1%. So, what

kind of strategies do you have to see this enhancement in this EBITDA margin so that we bring something on the table for investment?

**Sheik Naseem:** Okay. I should make everyone, bring everyone into the notice that presently we deal purely into the metals. The metal EBITDA margins are in the range, the industry trend is in the range of 5% to 6%. And the bad margins are in the range of 1% to 2%. And this is the industry trend, Pan India, not only Pan India, it's the world over. Now, we are focusing more into adding the value-added product in our production line.

In the same line, we have started doing some alloy business that has resulted to increase our EBITDA margins. And that you can see the profit margins, although is increasing from 1.31 PAT margin to 1.60. This increment of 0.3% is due to our addition of allowed products. So, the company is constantly working on that.

And recently, we have also planned to start our cable operations for the domestic market that will also give a better EBITDA margin. And that will help the company to take its EBITDA margin in double digits in two years from now. So, we are extremely focused to bring our EBITDA margins over double digits and the PAT margins in the range of 3% to 5%.

**Yashwanti:** Okay. So, on this, I have one more question. So, what is normally an EBITDA margin on the cable business? And with the start of this cable business, its contribution, how it will be?

**Sheik Naseem:** In the cable margin, the normal EBITDA is in the range of 15% to 18%. And the PAT margins are in the range of 5% to 8%. So, adding these to our production line, we will be adding around 20% to 25% of our sale contribution will come through these two products. So, that will help to scale up our EBITDA to a double-digit figure, a nearing double-digit figure and our petal lines in the range of 3% to 5%.

**Yashwanti:** And when the commencement of this project will start?

**Sheikh Naseem:** Commencement of, we are almost done with our building and flooring work is in process. And by end of this month, I expect the flooring work will be done. By end of June, I expect the machinery installation and commissioning will be done and trial production will start happening in the month of July.

Post-July, we are going to apply for Bureau of Standards, BIS, license. And it will take one or two months' time for them to award us the license for the commercial production. So I expect we can see these products coming into our basket by end of September.

**Yashwanti:** Okay. So mainly we can see some revenue coming from the second half of the...?

**Sheikh Naseem:** Definitely. In the second half, you will find substantial revenues coming from the cable division also.

**Yashwanti:** And out of the fund base, how much has been invested till date in this cable operator and in Zambian operation?

- Sheikh Naseem:** In terms of value?
- Yashwanti:** Yes, in terms of value, out of the fund base?
- Sheikh Naseem:** In terms of value, in Zambia, we have initially invested INR2 crores till now. And by September, our investment will be around INR8 crores to INR10 crores. And for the cable, we have invested roughly INR3 crores to INR4 crores till now. And by September, the total investment will be INR7 crores to INR8 crores.
- Yashwanti:** Okay. And sir, for the cable business, we will start talking to the customer post approval of what is all this certification which we have or we are already initiated?
- Sheikh Naseem:** We have initiated our process because some of our customers, those who are presently dealing with us into our business, they also need cables. And we are in dialogue with them. Hopefully, those dialogues will convert into orders very soon. But our supply can commence only after we have BIS license.
- Yashwanti:** Okay. That is really great.
- Sheikh Naseem:** The customers are well known to us. The market is very much known to us. We don't have to struggle more into the market because many OEMs are our regular customers for our alloy-based products like [inaudible 0:16:20]. They need a harness cable and there are many signaling cables they require for their equipment. So, against their willingness to buy from us, the initiative was taken by us.
- Yashwanti:** Okay. So, basically, you are expanding your product offering to the existing customers?
- Sheikh Naseem:** Yes. The customer bank is already there, madam.
- Yashwanti:** Okay. Thank you so much, sir, and wish you all the best.
- Sheikh Naseem:** Thank you, madam.
- Moderator:** Thank you. The next question is from the line of [Mithun Maity 0:16:52 from MMM] Capital. Please go ahead.
- Mithun Maity:** Good afternoon, sir. I wanted to understand in terms of your Zambia operation, the gold refinery which you have proposed over there. So, it is just an ancestry which is going to come out with the copper thing or you are going to take out any specific unit only for the gold refinery?
- Sheikh Naseem:** Gold refinery process is a slightly time-taking job since you have to get the mines in possession from the government. We have already applied with the government for some allocate land. And our request is under process with the government of Zambia. And I expect by seven to eight months' time, they will allot us a suitable size land to excavate and extract the gold from there. But the revenues from this operation will come only in next year.

I don't expect any revenues coming from gold business in this financial year. It's a time-taking job. It does not happen like you install a factory and start the production. It is not like that, sir. You have to apply for the land and then the clearance from the environment ministry, the pollution. There are a lot of clearances required for mining. So we are in process of following those things.

And it takes seven to eight months' time to get all the requisite clearance. Then only we can put up our machinery for excavation and recovery of the gold from the ores. So, in short term, I will say that revenue -- the impact of that revenue is not going to come in the company.

**Mithun Maity:** And are you going to invest -- we will raise some more capital for investing in this particular facility or...?

**Sheikh Naseem:** No. The capital requirement in this project is not very huge. The only that is required is allocation of land. That is some time-taking job. And then fetching the clearances. After everything is done, then the investment required from our side initial will be roughly INR5 crores to INR7 crores into the equipments for the gold refining project. So, investment into capex is not going to be very large.

**Mithun Maity:** Okay. My understanding is the gold refinery unit does not give you high margins. The margins are in single digits, initial single digits, but the asset turnover ratio in terms of, it's going to be quite high. So, are we going to expect better return on capital employed in coming days from this unit or it's going to be similar to what we have right now?

**Sheikh Naseem:** The gold refinery, it is all based on exploration. If the exploration work is not proper, then the recovery and revenue generation from the operations are very less. But if you get, there are some reefs, if you know those things, I can tell you in terms of geology, there are some reefs moving in the land.

Inside the land, those reefs, if you are able to track and able to explore the reefs, the revenues are abnormally high. But if you are not focusing on exploration more and just start the production without exploration, then what you are putting is correct. But if you are doing your homework in a proper way, you are investing time into exploration and investing money into exploration, then the returns are much, much higher than expected.

**Mithun Maity:** Thank you. That answers my question. Thank you, sir, for giving me this opportunity for concall.

**Sheikh Naseem:** Thank you, sir.

**Moderator:** Thank you. The next question is from the line of Jayesh Shah from Arihant Traders. Please go ahead.

**Jayesh Shah:** Good afternoon, management. My first question is, what estimate profit and revenue you would like to give to your investors?



- Sheikh Naseem:** For which FY?
- Jayesh Shah:** Yes.
- Sheikh Naseem:** For next FY?
- Jayesh Shah:** Yes.
- Sheikh Naseem:** With the present setup and the expansion that we are considering I am expecting a revenue of roughly INR1100 to INR1200 CR and with a better PAT of roughly 2% to 2.5%.
- Jayesh Shah:** And what are the growth drivers for your business growth?
- Sheikh Naseem:** Pardon?
- Jayesh Shah:** What are your growth drivers for your business growth? How will you grow your business?
- Sheikh Naseem:** Like you see 900 approximately we have done this financial year. So, there will be a natural growth of 10%. So, with 900 we will be easily doing around 1000 for this FY and going ahead with the addition of product line like into Zambia and into India for the cable division.
- So, bare minimum expectation that I expect to contribute by our new expansion is around 200 CR. So, with that figure I can foresee the company is going to achieve around INR1200 easily. So, that is my expectation and that is my target for this FY25.
- Jayesh Shah:** Okay. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of [Pallavi Nagar 22:41] from HNI. Please go ahead.
- Pallavi Nagar:** Why product diversification and winding wires and cables?
- Sheikh Naseem:** Madam, you are not audible.
- Pallavi Nagar:** Why product diversification and winding wires and cables?
- Sheikh Naseem:** What do you mean by that. I am not able to get your question clearly. You can talk in Hindi as well.
- Pallavi Nagar:** Why is the company diversifying in winding wires and cables?
- Sheikh Naseem:** Why is the company diversifying? We are planning to add more value-added products in our production line since the company is now already established into metal business. So, we are diversifying for some quantity of our operations into more value-added products.
- Pallavi Nagar:** Okay, sir. Thank you.

- Moderator:** Thank you. The next question is from the line of Tara, who is an individual investor. Please go ahead.
- Tara:** Yes. Congratulations, sir. I just wanted to know a brief about your Zambian subsidiary. Do we have production capacity or we are trading in winding wires and cables? So, if the production is producing, what is the installed capacity and how much we are utilizing?
- Sheikh Naseem:** Madam, since I have already appraised all the investors, it's a new area of operation. I cannot start putting up all the money and making the production from the day one. So, it's a new country. It's a new place that we have to work. I'm moving very cautiously and I'm starting my business with a small operation of manufacturing cables there in Zambia and trading of scraps and cathodes to India. So, this is our target for the first year.
- And as this business starts moving in a good way, then we will enter into recycling of non-ferrous metal scraps available into the local country. And those things will be exported to major other East Asian countries. So, this is our plan for the next year. So, as the things stabilize, then...
- Tara:** What would be our contribution in export? And when we can see the growth in...
- Sheikh Naseem:** I expect a business of roughly INR200 crores for this financial year from Zambia. And the next financial year, my target will be not less than INR500 crores to INR700 crores.
- Tara:** Okay, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Mayuk Mahapatra, who is an individual investor. Please go ahead.
- Mayuk Mahapatra:** Hi, sir. Good afternoon.
- Moderator:** Sorry to interrupt. There is a lot of background noise from your end.
- Mayuk Mahapatra:** Hello.
- Sheikh Naseem:** Sir, you are driving, I presume.
- Mayuk Mahapatra:** Yes. Okay, then I, So, actually, I just want to know one quick question. What is the plan to improve our OPM? I am seeing the OPM is like 5% to 6% range. Is there any plan to increase the OPM to double digit?
- Sheikh Naseem:** Sir, if you are joining this conference call, please start. I have already narrated that we are adding the value-added product in our production line. And you will see the results coming from these products by second quarter of this year. And they will help us to go close to double digit for this financial year. And next year, we will be excelling over double digits.
- Mayuk Mahapatra:** Okay. Thanks. And one more question. For the cable business, are you targeting South Indian customers or at least North Indian customers?

- Sheikh Naseem:** Sir, it is not targeting. Initially, we will start with NCR, the area near the New Delhi area. And then we will go into the Coimbatore market. Coimbatore is a big hub for the cable requirement. We are in dialogue with those pump manufacturers also. And hopefully, as our sample gets approved, gets in production, I am confident that our sample will be approved and we will be starting business with the Coimbatore market as well.
- Mayuk Mahapatra:** Okay. Thanks. That is all from my side.
- Moderator:** Thank you. The next question is from the line of Mahesh Seth, who is an individual investor. Please go ahead.
- Mahesh Seth:** Hello.
- Sheikh Naseem:** Yes, please.
- Mahesh Seth:** Good afternoon, sir.
- Sheikh Naseem:** Good afternoon.
- Mahesh Seth:** Sir, I just wanted to ask that with such low profit margin, when the investors can expect rewards from your company? And what are your vision or goals for next three to five years?
- Sheikh Naseem:** Sir, very soon, we will be in position to start distributing the dividends to our investors. And as we touch the double digit mark into our EBITDA margins, and pad growth of three to five percent, then the company will be aiming to give dividends to our investors.
- Mahesh Seth:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Amit Kapoor, who is an individual investor. Please go ahead. Mr. Amit, can you please unmute your line from your end? Mr. Amit, we are not able to hear you. The line from Mr. Amit has been disconnected. We will move on to the next question. The next question is from the line of [Radhesh Swaminathan from Gaurika Investec 29:37]. Please go ahead.
- Radhesh Swaminathan:** Hi. Sorry, I got missed. Any updates on the Bhuleshwar project?
- Sheikh Naseem:** Bullet shell project is already on, sir. We have already started the business. And this is one of reasons that the PAT margins of this financial year has improved by 0.3%. So, this business is picking up smoothly. And we expect this year we will be doing better than what we did last year.
- Moderator:** Thank you. The next question is from the line of Amit Kapoor, who is an individual investor. Please go ahead.
- Amit Kapoor:** Okay, great. Sorry, I got disconnected earlier. So, I just had one question. So, previously you had published your Q3 results and this time it was just half yearly rather than Q quarter-on-quarter. So, I just looked at, just compared the numbers and it looks like we actually had a

good uptake in the sales number from quarter-on-quarter, but there was expenses also saw a huge jump. As a result, there was operating margin and profit before tax and net profit all dropped significantly on quarter on quarter basis. Could you just give some color on why that happened and what was, what's your basically the vision?

**Sheikh Naseem:** Some expenses are done on a year-to-year basis. So, that reflects more into the quarter end and the impact because these are all audited figures. And quarter to quarter basis, we don't accumulate some of the expenses that are in the nature of being put in the balance sheet on an annual basis. So, that is the only reason that it impacts. Otherwise, there is no gap into the operating margins on quarter-to-quarter basis.

**Amit Kapoor:** Right. So, you're expecting basically the Q1 of this fiscal basically bounce back essentially?

**Sheikh Naseem:** Yes, sir.

**Moderator:** Thank you. The next question is from the line of Priyanka Chavan, who is an individual investor. Please go ahead.

**Priyanka Chavan:** Yes, thank you for giving me the opportunity. My question is, what is the current capacity and capacity utilization?

**Sheikh Naseem:** Madam, installed capacity of the company is roughly 35,000 to 37,000 metric ton per year. And what we have done until now is roughly 65% of our capacities. So, still we have a space of pushing for more than 15% to 20% in production line and utilize our capacities more.

**Moderator:** Okay. Thank you.

**Sheikh Naseem:** Okay. Thank you.

**Moderator:** Thank you. The next question is from the line of Yashwanti from Cogen Company. Please go ahead.

**Yashwanti:** Yes, this is again a financial question. So, we have seen that other expenses have grown substantially. So, what is the reason of the company and what are the strategies to control them?

**Sheikh Naseem:** Madam, other expenses have not gone substantially. If you elaborate, it looks more as compared to last year. But you see as compared to last year, the operations have also gone up. Since the other expenses contribute to more into the job work part. So, the company was forced to do some job work from the outside agencies to give push to our operations. So, the expenses were because of that.

And this year, we are focusing to make a minor investment to minimize our job work cushion that we were paying to the other parties. So, this all we are going to take this year that will help us to reduce our other expenses.

- Yashwanti:** And the last question, what is our current working capital cycle?
- Sheikh Naseem:** It is in the range of 45 days around.
- Yashwanti:** Okay. Thank you so much and wish you the best.
- Sheikh Naseem:** Thank you.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Abhishek Yadav for closing comments. Please go ahead, sir.
- Abhishek Yadav:** Thank you. Thank you everyone for joining the conference call of Shera Energy Limited. If you have any queries, you can write to us at [research@kirinadvisors.com](mailto:research@kirinadvisors.com). Once again, thank you everyone for joining the conference call. Thank you.
- Sheikh Naseem:** I thank you everyone, all the investors and I congratulate everyone for your trust. The company is committed for better and better performance. And we will be putting more into our figures than into words. Thank you everyone.
- Moderator:** On behalf of Kirin Advisors Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.