



SYMBOL: SHERA
ISIN: INE0MM001019

Date: 02.02.2024

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 31st December, 2023.

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, 2023 scheduled on 30th January, 2024.

Please take the same on record.

FOR SHERA ENERGY LIMITED

Jyoti Goyal
Company Secretary & Compliance officer

Registered Office & Works :
F-269(8), Road No. 13
Vishwakarma Industrial Area
Jaipur - 302013, Rajasthan, India
T: +91.9351509564
CIN: L31102RJ2009PLC030434
GSTIN: 0BAANCS6187Q176

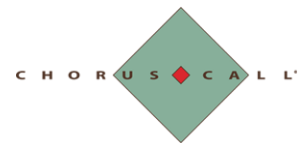
Works-II :
G-1-63 to 66, RICO Industrial Area,
Kaladera, Tehsil Chom, Jaipur-303801
Rajasthan, India
T: +91-9351509564

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

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



“Shera Energy Limited
Q3 FY '24 Results Conference Call”
January 30, 2024



**MANAGEMENT: MR. SHEIKH NASEEM – CHAIRMAN AND MANAGING
DIRECTOR – SHERA ENERGY LIMITED
MR. NARESH BANSAL – GROUP CHIEF FINANCIAL
OFFICER – SHERA ENERGY LIMITED**

MODERATOR: MS. CHANDNI CHANDE – KIRIN ADVISORS



Moderator: Ladies and gentlemen, good day and welcome to Shera Energy Limited Q3 FY24 results 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Chandni Chande from Kirin Advisors Private Limited. 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 management side, we have Mr. Sheikh Naseem, Chairman and Managing Director, Mr. Naresh Bansal, Group CFO. Now I hand over the call to Mr. Sheikh Naseem. Over to you, sir.

Sheikh Naseem: Good evening everyone. Good afternoon, everyone. Hello, I am Sheikh Naseem, Chairman and Managing Director of Shera Energy Limited.

So I wish to summarize the three months for 31st, December 2023. The company did a revenue operation of INR207 crores for this quarter and if I compare it with the corresponding period, corresponding period for in 2022, we did INR151 crores and the preceding quarter was INR182 crores.

So with a PAT margin of INR522 crores and data have already been furnished to you and you can see there has been a substantial rise in our top line as well as in bottom line. And the company is looking forward to move in a better direction and doing well and whatever we have projected for this year, hopefully we will be able to surpass all our results for this financial year.

So I wish to have questions from your side and if you want to know more about us, just feel free to put a word on this phone.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Hiral Nandu from Kalpvruksh Capital. Please go ahead.

Hiral Nandu: Hello, can you hear me? Yes. Congratulations for the good set of numbers. If you can put some light on the bullet cell business and...

Sheikh Naseem: You are not very clear in your... I cannot hear you very clearly, sir. Please repeat.

Hiral Nandu: Is it better?

Sheikh Naseem: Yes, it is better now.

Moderator: I think the participant has been disconnected. Should we take the next call?

Sheikh Naseem: You may ask him to repeat his question.

- Moderator:** Mr. Hiral can join us in the loop. So we are taking the next question. So the next question is from the line of Deepika Jain from HNI. Please go ahead.
- Deepika Jain:** Hi. Am I audible?
- Sheikh Naseem:** Yes. Very good.
- Deepika Jain:** So my question is, with the increased production capacity, what are the anticipated impacts on revenue and market share?
- Sheikh Naseem:** With increased capacity?
- Deepika Jain:** With increasing production capacity.
- Sheikh Naseem:** Yes.
- Deepika Jain:** So what are the anticipated impacts on revenue and the market share?
- Sheikh Naseem:** The market share?
- Deepika Jain:** Yes.
- Sheikh Naseem:** You mean to say with increase in our production capacity, how much has the market share changed? Is that what you are asking?
- Deepika Jain:** Yes, yes, yes. And how it impacts the revenue.
- Sheikh Naseem:** Madam, actually, just to summarize you, we are one of the leading players in North India. Rajasthan, we are the biggest one. We have few competitors in NCR. And we operate into all the states in NCR and Delhi area. So our share is definitely increasing as compared to our competitors. And we have enhanced our production capacity in this quarter.
- And we have utilized around 70% of our installed capacity in this production, doing this production.
- Deepika Jain:** Okay. Okay. So going to further question, are there any upcoming products or innovations? Can we expect?
- Sheikh Naseem:** We have already invested as a price to the exchange also. We have procured some machineries to make the cables and the winding wires for the submersible motors. So that machines we have already procured.
- The construction of shade is going on. And we think that the capex of this will be completed by end of March. And this will add to our production line that will be the cables for the house wiring as well as submersible winding wires.
- Deepika Jain:** Okay. Okay. And how do you assess the current market dynamics?

- Sheikh Naseem:** It's a bullet, madam. There is a lot of work going on in infra projects. And wherever there is some investment in infra, electrical components are always required. And we provide the suitable winding wires for all these electrical components and the equipment that are used in infra projects.
- Deepika Jain:** Okay. And what strategies are in place to adapt the changes?
- Sheikh Naseem:** What strategies?
- Deepika Jain:** Are in place to adapt to changes?
- Sheikh Naseem:** What kind of changes are you referring to?
- Deepika Jain:** Like any change?
- Sheikh Naseem:** No, madam.
- Deepika Jain:** Like market changes I'm talking about.
- Sheikh Naseem:** No, no. Actually, for the metal, it's always LME-driven prices. And London Metal Exchange governs the non-ferrous metal prices all over the world. And the market operates in discipline on these prices. And there are no major changes beyond these factors.
- Deepika Jain:** Okay. Okay. My last question, how does Shera Energy define and mitigate risk, both internal and external?
- Sheikh Naseem:** Madam, we have a hedging desk within the company itself. And first we have to see our pricing is based on London Metal Exchange price to be settled on a day-to-day basis. That is called cash settlement prices.
- So we fetch orders for the entire day, whatever orders are procured. And those are taken back, those are covered, and the purchase orders are placed to our suppliers, back-to-back.
- Deepika Jain:** Okay, okay. Thank you so much. Thank you.
- Moderator:** The next question is from the line of Hiral Nandu from Kalpvruksh Capital. Please go ahead.
- Hiral Nandu:** Hello. Thank you. Thank you for the opportunity. My call got dropped due to bad network.
- Sheikh Naseem:** Yes.
- Hiral Nandu:** I'm audible now.
- Sheikh Naseem:** Yes, you are audible. Yes.
- Hiral Nandu:** Thank you. So I just wanted to understand, if you can put some light on our bullet shell business and the potential opportunity over there.

- Sheikh Naseem:** Bullet shell business is one of our products. That business is going on. And we started with just 5 to 10 tons a month. Now the capacity for this has grown up to 40 tons to 50 tons a month. And we expect in coming years, we will develop this capacity to roughly 200 tons every month.
- Hiral Nandu:** Superb. And we got all the approvals and we are adding that and some procedural things are pending?
- Sheikh Naseem:** We don't need any approval from defense for this. Because this project is running under the pilot trial lot. And those companies who are supplying the bullet shells to the defense applications, we make raw materials to those companies. So we are directly not required to have any approvals from the defense. And the companies, those who we are supplying, they already possess the approvals from the defense.
- Hiral Nandu:** Correct. Superb. I think I have just one question and I'll come back in the queue for a follow-up question.
- Sheikh Naseem:** Okay, sir. Welcome, sir.
- Moderator:** Should we move to the next question?
- Sheikh Naseem:** Sure.
- Moderator:** The next question is from the line of Harsh Mulchandani from KRIIS PMS. Please go ahead.
- Harsh Mulchandani:** Thank you, sir, for the opportunity and congratulations for a good set of numbers.
- Sheikh Naseem:** Thank you.
- Harsh Mulchandani:** My question is that sir, what is the reason for fluctuation in EBITDA margin? And what EBITDA margin we can expect in the future?
- Sheikh Naseem:** Actually, we deal into three major components. That is aluminium, copper, and brasses. And the profit share EBITDA margins for all these three products are different. So whenever there is a fluctuation in the content of our sales, if the aluminium sales goes high, then the EBITDA margins are high. If copper sales goes high, EBITDA margin slightly drops. Brass sales goes high, EBITDA margins again moves up. So this varies as per the composition of raw material mix that we have in our product range. And that's the reason there is always a slight variation in EBITDA margins every quarter.
- Harsh Mulchandani:** Okay. Sir, are our EBITDA margins dependent on commodity price or we are able to completely hedge?
- Sheikh Naseem:** No. EBITDA margin never is affected by our commodity prices because our sales and purchase are 100% backed. Whatever sale order we receive is backed by our purchase order. So we work on our difference of fabrication prices. The company earns the money in terms of the fabrication rates that we get for our products.

- Harsh Mulchandani:** Okay. So what EBITDA margin can we expect in the future?
- Sheikh Naseem:** I can tell you to be very -- I should not give you exact figure, but I will give you assessment. If the aluminium is roughly INR250 per kg, the EBITDA margins, they stand at around 10% to 15%. The copper is priced at around INR800 per kg. The EBITDA margins are in the range of 5% to 7%. The brasses are in the range of INR600. The EBITDA margins again varies from 8% to 3%. It depends on product to product. So if the product mix are different on our sales, the EBITDA margin fluctuation you will see in every balance sheet.
- Harsh Mulchandani:** Okay. So going in future, will our production shift to aluminium or copper? Can you give that much guidance?
- Sheikh Naseem:** This drive we are not authorized to tell you as of now. This always depends on the government projects, what they are working into. If the government is buying more of aluminium, then our product line goes more into aluminium. If the government focuses more on copper, then our product line goes into copper. It's already order-based production. The production is happening against all the orders. And the orders originate from the government and from the infra projects. And according to their requirements, the production happens.
- Harsh Mulchandani:** Okay.
- Sheikh Naseem:** It is not that we can push -- since EBITDA margins in aluminium is high, so we should put all our money into aluminium. That may not work. So it is always better to follow the market trend. If the aluminium is moving high, we are moving more into aluminium. If copper is moving high, we move our production line more into copper.
- Harsh Mulchandani:** Okay. Understood, sir. Sir, what is the optimum capacity utilization? We are working at 70%. So up to how much we can go?
- Sheikh Naseem:** We can go up till 90% to 92%. That capacity is workable with us.
- Harsh Mulchandani:** Okay, sir. Thank you, sir. For any follow-up questions, I will join the queue.
- Sheikh Naseem:** Sure, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Yashwanti Khedkar from Kojin Finvest. Please go ahead.
- Yashwanti Khedkar:** Thank you for the opportunity. Sir, you were already explaining about EBITDA margin. How does it vary from product to product? But we are still in the range of EBITDA level 4% and at a PAT level 2%. What strategies can we employ to better it off?
- Sheikh Naseem:** The company is already focusing on this, madam. The new expansion that is going into the cable division, where the EBITDA margins will be in the range of 15% to 20%.
- Yashwanti Khedkar:** How much are you concentrating on?

- Sheikh Naseem:** So on that investment, we have already done and we expect the production to commence by the end of March. Next year, I expect the company will grow into its EBITDA margins.
- Yashwanti Khedkar:** But how much cable operation will contribute to revenue? How much that can affect our EBITDA margins, sir?
- Sheikh Naseem:** For the first year, it will be around 20% to 30%. The following year, it may go up to 30% to 40% of our total revenues.
- Yashwanti Khedkar:** Okay. Though you said that the margins will be 12% to 15%, will that really help us to improve our margins overall?
- Sheikh Naseem:** Definitely, madam. As you move ahead, the margins definitely increase. If you go into the history of the company, where we started with EBITDA margins of less than 4% and PAT margins of around 0.5% to 0.6%, every quarter, the PAT margins are also increasing and EBITDA margins are also increasing. As the smoothness in operation improves and capacity utilization is improved, the EBITDA margins are also improved.
- Yashwanti Khedkar:** What are the EBITDA margins you see for FY'25? Overall EBITDA margin.
- Sheikh Naseem:** I can give you a rough approximation, not an exact one. But you can see a figure that will be comfortable for all our investors. We wish the EBITDA margin to grow minimum by 2% to 3% next year.
- Yashwanti Khedkar:** So it will still be around 8% to 10%?
- Sheikh Naseem:** Around that.
- Yashwanti Khedkar:** Okay. Sir, can you explain your investment strategy in Zambian subsidy? What production will we be taking among 3 metals?
- Sheikh Naseem:** Zambian market we have recently started legal formality work is going in process and the company has been registered there. Now the registration with all other technician department like labour, pollution and all those things are going on. And as we complete all of our things in months or one month or two months' time, then our operations will start. And the revenue of Zambian operation will also be reflected. You will see some schedules on the first quarter of '25. And I think post first quarter, the Zambian operation will be in good swing.
- Yashwanti Khedkar:** What production will we be taking among three metals we handle?
- Sheikh Naseem:** Pardon?
- Yashwanti Khedkar:** Among three metals, [inaudible] what will be the production?
- Sheikh Naseem:** Indian operation is totally different. Zambian operation is totally different, madam.
- Yashwanti Khedkar:** What will be the operation over there?

- Sheikh Naseem:** In Zambia?
- Yashwanti Khedkar:** Yes.
- Sheikh Naseem:** In Zambia, again, we are coming up with some cable investment. We will be putting up a cable plant there. We are working on the mining operations for securing and reducing our cost of raw material. So we will be buying the copper ingots or copper cathodes from Zambia. We will be selling copper cables into the local market in Zambia.
- Yashwanti Khedkar:** It will be catering to the Zambian market?
- Sheikh Naseem:** Yes. This will help the company to increase EBITDA. That's the reason I told you the EBITDA margin is going to grow. Not because I am going to increase my finished product, right, but rather we are focusing more on how to reduce our raw material price. Investment in Zambia will help us to improve our purchasing. And that will reduce our purchase prices. Hopefully, we wish and we can see huge improvement in our bottom line.
- Yashwanti Khedkar:** What is the investment you are planning in the Zambian you mentioned?
- Sheikh Naseem:** Pardon.
- Yashwanti Khedkar:** What is the investment you are planning in the Zambian unit?
- Sheikh Naseem:** Initially for this year, we will be doing around \$1.2 million. As the business grows, the investment will be done looking to the market size.
- Yashwanti Khedkar:** All the machinery will be bought from the Zambian market or are you importing from...?
- Sheikh Naseem:** Some machines will be exported from India. And few will be bought from China and Germany.
- Yashwanti Khedkar:** Okay sir. Thank you so much. I will come back in queue.
- Sheikh Naseem:** Okay, ma'am.
- Moderator:** Thank you. The next question is from the line of Mohit Arora. He is an Individual Investor.
- Mohit Arora:** Congratulations for this kind of number. And your new business in Zambia. I would like to ask a question regarding the brass collection. You earlier mentioned in your communication that it is some innovative technology that has been used by you to manufacture the brass bullet cell that will have a cheaper cost. So can you please provide the details about it?
- Sheikh Naseem:** Sir, the technology, everything I cannot explain to an investor because this is something that is to be kept secret in our production line. But yes, we have some unique facilities that can do special alloys suitable to make brasses and suitable to do the reverse extrusion on our materials.



- Mohit Arora:** Can you please provide the details regarding the potential customers and the geographical spread of the customers?
- Sheikh Naseem:** Sir, the potential customers are in and near NCR and we are catering to them only. And those customers are already registered with these defence people and they are approved vendors to supply them the bullet shells.
- Mohit Arora:** Thank you, sir. And one more thing. As I can see that you have given that your financial statements, the financial results includes a INR220 crores of exceptional items. I would like to know about this.
- Sheikh Naseem:** Sir, exceptional item is the revenue that we earned by disinvestment in our Shera Infra. That was a company owned by Shera Energy and we disinvested there. And this money was rather used for our Zambian investment. So, that revenue has been earned by the disinvestment there.
- Mohit Arora:** Okay, sir. And one more question from my side. So, as per the earlier conversation, you mentioned that you will be starting your business on the combustible wires and housing cable and that will lead to a greater margin. So, where we have reached in that? At what level you have captured at manufacturing stage?
- Sheikh Naseem:** Sir, I have already appraised you that the construction of shed is going on and we expect the shed work to be completed by the end of this March. And the commissioning and everything of the machinery will be done in the month of April. And by June, we will be in position to get the products to the market. We are trying our best to do it one month ahead of our scheduled time. Hopefully, we will be in position to do that.
- Mohit Arora:** Yes, sure. Thank you, sir.
- Sheikh Naseem:** Thank you.
- Moderator:** Thank you. And the next question is from the line of Mayur Mahapatra. He is an Individual Investor. Please go ahead.
- Mayur Mahapatra:** Hi. Hi. Good afternoon. Can you able to hear me?
- Sheikh Naseem:** Yes, sir.
- Mayur Mahapatra:** Congratulations for a good set of numbers. I wish you best of luck for New Year's future also. So, I have two questions. One, what is the projected projection for top line and bottom line for financial year this year? That is the first question. And the second question is, do we have acquired any customer for our upcoming cable business? And what are the customers? Those are Indian customers or overseas customers?
- Sheikh Naseem:** Okay. Now, coming down to your first question, as I have already briefed in our previous conferences, that we, the company is aiming, we did 696 last year and this year target was INR800 crores. Against INR800 crores, up till nine months, we have done 590 something. So, we expect to not only achieve but excel the targets. Of INR800 crores. And coming down to

pet lines, our target was around INR12 crores for this financial year. Against which we have already done 11.34. And we expect to excel our bottom-line targets as well.

Now, coming to your question on the cable, cable product, after we make some production, then the samples will be drawn and these samples will be supplied to, furnished to many potential customers. Then this, these customers, they carry out the test within their own premises. These are used for into heavy duty submersible motors. So, they need testing approvals by the, at the customer end itself. So, that process will start by end of April. And I expect those approvals will be with us by end of May.

After that, the commercial production will go on. And we have set up all major submersible, like you see [Luby] and all that. There are many brands in India who are making the submersible motors. So, their approval is required. And for house wiring, after the machines will be installed, first work will be to get an ISI certification from our Indian government. After the certification is achieved, then the material will move into the open market.

Mayur Mahapatra: So, we can assume that Q3 of 25, we can expect some revenue to be added from that particular business.

Sheikh Naseem: Q3 will be bullish. Q3, we will be well set up. You will see the results will be coming. Shadows will come or you can say some lines will come in Q1 as well. And Q2, by Q2, we will be established player into cables.

Mayur Mahapatra: Congratulations. Thanks. Thanks. That's all from my side.

Sheikh Naseem: Thank you.

Moderator: Thank you. And the next question is from the line of Saroj from HNI. Please go ahead.

Saroj: Hello, sir. Good afternoon.

Sheikh Naseem: Very good afternoon.

Saroj: I would like to know that how much you are globally able to penetrate in the market and how much you are planning to go for the couple of years? Like how much market capitalization?

Sheikh Naseem: Last year, madam, we were very bullish into global market also. And our contribution into our sales was around 12% to 15% of our top line was going into exports. This year, Indian market is performing better than the global scenario. And we wish to contribute more into India. And we are rather having more order books than we can supply them on time. So I wish this is a time that we should focus more into India.

And if something goes slow in India, then the global market is open for us. And we already are into global market. We do exports parallelly as well. But as on date, we are not very much focusing on to exports because our domestic market is growing very big and huge.

Saroj: Okay. Thank you. And one more question that where have you used the fund that you have raised? Like in which investment or any capex?

Sheikh Naseem: The fund raised through IPO?

Saroj: Yes.

Sheikh Naseem: You are referring to the fund raised through IPO. It was majorly utilized into working capital cycles. No capex was done with this fund...

Saroj: And what about the fund received from this investment?

Sheikh Naseem: This investment money is going into Zambia, madam. All our investment that is initially we have already pumped in roughly \$2,50,000. And by the end of this month, I expect another \$2,50,000 will go there. And by March we will be in position to deploy all our funds there.

Saroj: And so do you have any plan for capital expenditure in the next coming quarter?

Sheikh Naseem: Madam, we are right now focusing more into Zambia. And in India we have already made capex for our cable divisions. So let it flourish and let it run smoothly. Then we will come back on our next investments.

Saroj: Okay. Sirs thank you. Last question that I have is any new clients that you have added to your portfolio? And what is your retention rate on clients?

Sheikh Naseem: Madam, the company is constantly growing. If you see into the background of the company, in last five years, the company is growing at a rate of roughly 10% to 15% every year. And we wish to grow at the rate of 20% to 25% every year in the coming years as well.

Saroj: Okay. So thank you.

Sheikh Naseem: Thank you.

Moderator: Thank you. And the next question is from the line of Amit Kapoor, an individual investor. Please go ahead.

Amit Kapoor: Yes. Hello, sir. Can you hear me?

Sheikh Naseem: Yes, sir. You are audible. Excellent.

Amit Kapoor: Okay. So Yes. First of all, congratulations on the good set of numbers.

Well done on your hard work there. Just continuing the theme around the exception item. Was it a 100% disinvestment or was it a partial disinvestment?

Sheikh Naseem: No, it was 100% disinvestment, sir.

Amit Kapoor: Right. And what was the rationale behind it? Was it just to focus on cable business?

Sheikh Naseem: We have better avenues in Zambian market. This investment definitely was supposed to give us a good result. But it was taking time and we had to wait another two, three years for the things to happen into that company.

But we got immediate plans into overseas business. And the management was of the opinion that to invest there, we needed some funds to be raised. So it was better to disinvest from there and make more profits into Zambia.

Amit Kapoor: Got it, sir. Yes, makes sense. Just one other question. So I see basically your income has basically increased quarter on quarter. So from INR183 crores to INR207 crores.

But it looks like the margin has actually gone down comparatively. It's flat, essentially, profit before the exception items. And there are some other expenses of about INR15 crores in there, which has increased from 6 crores.

So could you just give some color on that?

Sheikh Naseem: Sir, these expenses, if you see, INR14.78 crores, they comprise of the custom duty reversal also. Whenever you export and you use our Indian products where you have already paid the custom duty, that time when you book the sale, then the provision entry has to be cleared on account of getting the custom duty through advance license. So those expenditure has increased because we have availed that facility to improve our liquidity.

And if you consider this as expenditure, rather it is a part of our purchase. But as per balance sheet, you cannot define it into purchase since it is a part of a duty expenses. Got it clear?

Amit Kapoor: Okay. Okay. Yes, I know that makes sense. I understand what you mean.

Sheikh Naseem: Yes, when you are, last year when we exported, whatever custom duty, custom duty is roughly 5% of our exports. So that was amounting to roughly INR5 crores. So that time we used our domestic material to export.

And if you use 100% domestic material and export as such without the impact of custom duty, then all your exports will make losses. So in that case, you have to get a duty drawback on customs for whatever you have exported. So that duty drawback was availed this year.

And that's the reason the purchase price was reduced and it was written off as other expenses.

Amit Kapoor: Right. So we are expecting it for next quarter to kind of come back to the...

Sheikh Naseem: It will reduce next quarter. Other expenses will be lower than what is being reflected here.

Amit Kapoor: Right. Good. Okay. And just one final thing. Do you get any sort of incentives or government subsidies or government incentives?

Sheikh Naseem: No, sir. As of now, we don't have any incentive subsidies. The company is not having any incentives. Right from government, we don't have any incentive subsidies on our investments.

Amit Kapoor: Right. And is there any incentive being offered in Zambia by any chance?

Sheikh Naseem: There is one incentive that we have yet to finalize it. They have certain places identified by the government. And if you invest there, then you get a 10-year income tax exemption. So that's

the incentive that we expect to get. But it's not finalized that are we going to avail it or we are going to leave it. So I have to see the operational difficulties to operate from there.

And what are the merits and demerits to do the business there. So management will take a call upon the final study on the geographical locations. And then it will be taken. We rather wish to take that incentive. It's a huge incentive because 30% is your income tax there. And if you save 30% on that.

But we are still working on that. We have not yet opted that we are going to take that exemption. But we wish to take it. Rather we are focusing more on the geographical locations of our business operations.

Amit Kapoor: Great. I think you are very bullish on Zambia. So wishing you all the best for the next few years. Thank you.

Sheikh Naseem: Thank you. Sir.

Moderator: And the next question is from the line of Harsh Mulchandani from Chris Capital. Please go ahead.

Harsh Mulchandani: Sir, what is the reason for increase in interest cost and is it sustainable?

Sheikh Naseem: Decrease in interest cost?

Harsh Mulchandani: Decrease in interest cost.

Sheikh Naseem: Decrease in interest cost is sustainable. Whenever we are buying any raw material, the interest is based on the LCs. And if you have availed your LCs on a lower side, that time the interest cost reduces.

You pay direct interest to the supplier. That's the reason the interest cost is reduced.

Harsh Mulchandani: Okay. And it is sustainable for long term or it is one of kind?

Sheikh Naseem: It will be sustainable. And the management has taken a decision not to increase its interest cost, financial cost. And we are focusing more on that.

Harsh Mulchandani: Okay. And sir, power sector is giving good demand in India. So what is the vision of power company for next 3 to 5 years on revenue side and on operating profit side?

Sheikh Naseem: To give you a general statement on this. If you see, people used to talk about things happening in foreign countries. They discard things after certain period of usages. So that thing has started coming to India as well. If you see, the first step the government has taken is to discard any vehicle above 15 years of its registration. That vehicle cannot run on the road.

And in NCR it is 10 years only. So that is the first step that Indian government has started taking. This will come down to into many other places where the life cycle of every transformer will be decided. Like in US, in Canada, in Europe countries, every transformer has

its own life cycle. Here it is not happening that. Here whenever the transformer is failing, then only the replacement is taking place.

Otherwise if it is working for years and years together, it will keep on working. Nobody is rather having thought on this since the transformer is 30 years old or 20 years old. So it is having something that is 20 years old technology.

It is consuming more power. It is generating more heat. So these things will come up in India as well. And I expect the market will grow into replacement market. You will see lot of things happening in future.

Harsh Mulchandani: Okay. So sir, what is the revenue guidance for our company for next 3 to 5 years? Revenue guidance as well as profit guidance?

Sheikh Naseem: Sir, 3 years company size may double from here. More than double.

Harsh Mulchandani: Okay. Impact also?

Sheikh Naseem: Sir, if top line grows, everything grows. But rather top line grows by 10%, bottom line grows by 12 to 13%. Because your operating expenses are constant. If you are growing more on top line with the same manpower and same other administrative expenses, your bottom-line growth is more healthy. So I expect growth will be better in bottom line as well.

Harsh Mulchandani: Okay. Thank you sir.

Sheikh Naseem: Thank you.

Moderator: Thank you. The next question is from the line of Rishikesh. He is from Robo Capital. Please go ahead.

Rishikesh: Yes. Hi. Thank you for the opportunity. Sir, my first question is with respect to our cable expansion. So what sort of revenue potential do we see from this project?

Sheikh Naseem: Sir, for this coming year, I expect the revenue to be in the range. Added revenue from cable will be starting from INR100 crores. It may go to INR300 crores.

Rishikesh: Okay. And our bullet shell business, which is a new business that you were talking about earlier. So what revenues are we doing here?

Sheikh Naseem: Sir, I have not evaluated in terms of value on that. I look into the tonnage. So tonnage, what we are doing as of now is roughly 40 to 50 tons a month. And this will improve next year. And for next year, my target will be 80 to 100 tons.

Rishikesh: Okay. And you also said you'll be expanding this to 200 per month.

Sheikh Naseem: Yes, that capacity we are focusing at. But things will happen gradually since the project is going into trial phases. And it will take, anything to get approved into ministry. It takes a lot of

trials and a lot of time. So I expect it will take another one and a half years or so to run it full-fledged.

Rishikesh: Okay, just wanted to get a sense of what sort of revenues can this business make on, let's say, 200 per month capacity.

Sheikh Naseem: Sir, presently it is contributing not more than 5% of our total revenue.

Rishikesh: Okay.

Sheikh Naseem: Not more than that. So I expect that even if it grows to that level, it will contribute to roughly 10% of our total revenue.

Rishikesh: Got it. Yes. Thank you very much.

Sheikh Naseem: Thank you.

Moderator: The next question is from the line of Harsh Mulchandani from Kriis PMS. Please go ahead.

Harsh Mulchandani: Sir, our winding wire business is growing very fast. So what is the reason for diversifying in submersible motor wire segment? Is it a related business?

Sheikh Naseem: It is not a related business. One of the raw materials is common, that is the base metal, that is copper. And other item and technology is totally different. What the company is aiming, winding wire has a limitation in growing into the bottom line. The EBITDA margins globally, not only in India, is operating in the range of 5% to 7%, not more than 7% to 8%.

So to increase your EBITDA and to make your investment giving more fruitful results, I need to add up into a product that are similar to our lines but are having better EBITDA margins and better profit margins. So that is the reason we are focusing on cable deficiency.

Harsh Mulchandani: And sir, there are many players in this segment already. So what gives us confidence of success in submersible motor segment and cable segment?

Sheikh Naseem: I know there will be a competition. But where the edge we will be having over others is our technology. First, the company is a fully technically competent company. And second, our experience and expertise in doing into non-ferrous metals is more than 25 to 30 years now. So it will not be a new investment for us, like entering into cable market will be a new thing for us.

Major raw material is copper. And we deal into copper for years together. So we understand how it moves and how it is working. And we know the market dynamics. So that will give the company an edge. And moving ahead, the company has not invested a huge money into its capex, making the cables. We have already procured the second-hand machines, the used ones. And we are competent enough to make them run simply and efficiently. So our team is working on that. And we will be doing with a very less investment.

The major investment will be happening only into the working capital cycle. So the company is very much confident that we are not taking any risk in terms of capex investment. And we will be doing good into that business.

Harsh Mulchandani: And sir, can we supply our cable products to our existing customers as well? Or this will be a new set of customers?

Sheikh Naseem: Our existing customers also buy some cables. So that market is already with us. And beyond that, we will be adding a few more customers. And not only into the winding wires, we will be adding some into house wiring, into project works, into service station making companies. So cables are required in many places. So all those people will be added to our customer bank.

Harsh Mulchandani: Okay. Thank you, sir.

Sheikh Naseem: Thank you.

Moderator: Thank you. And the next question is from the line of Amit Kapoor. He is an individual investor. Please go ahead.

Amit Kapoor: Hello, sir. Just one more question I had. So what is the workforce strength right now? How many employees do we have now?

Sheikh Naseem: Can you please repeat your question, sir? I didn't get it very clear.

Amit Kapoor: Oh, sorry. Can you hear me now?

Sheikh Naseem: Yes.

Amit Kapoor: So what is the workforce like? How many employees do you have?

Sheikh Naseem: Oh, the manpower.

Amit Kapoor: Yes, the manpower.

Sheikh Naseem: We are operating with a manpower of roughly 350 plus on a company's role. And we have some contracts also. And if I add all the contract workers and all that, the total strength goes around 500 plus.

Amit Kapoor: Okay. So are we looking at expanding that in the upcoming years? Or is that kind of sufficient to give us...?

Sheikh Naseem: On the company's role, we are not going to expand. Since our manpower, those who are devoted and dedicated for years, they will be continuing with the company. And for the new things that are coming up, everything will go into contracts.

Amit Kapoor: Okay, brilliant. Thank you so much.

Sheikh Naseem: Thank you.



Moderator: As there are no further questions from the participants, I now hand the conference over to Ms. Chandni Chande for closing comments. Please go ahead, ma'am.

Chandni Chande: 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. Once again, thank you, everyone, for joining the conference.

Sheikh Naseem: Thank you, everyone, for the deep concerns and the blessings in the company. And I wish you all and to bless us continuously and be a part of our successful story for future as well. Thank you.

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

Sheikh Naseem: Thank you.