Shera Energy Limited (Revised)

January 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	-	-	Reaffirmed at CARE BBB+; Stable / CARE A3+ and Withdrawn
Long-term bank facilities	-	-	Reaffirmed at CARE BBB+; Stable and Withdrawn
Short-term bank facilities	-	-	Reaffirmed at CARE A3+ and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed and withdrawn the outstanding ratings of 'CARE BBB+; Stable/CARE A3+' assigned to bank facilities of Shera Energy Limited (SEL) with immediate effect. This action has been taken at the request of SEL and 'No Objection Certificate' received from the bank(s) that have extended the facilities rated by CareEdge Ratings.

Ratings, prior to their withdrawal, continued to derive strength from SEL's promoters' vast experience and its long track record of operations in the metal industry and its diversified product portfolio. Ratings also factor volume-driven growth in SEL's scale of operations and its adequate liquidity, aided by raising ₹30.38 crore through preferential issue in Q4FY25 (FY refers to April 01 to March 31). Ratings also take cognisance of expected benefits from the on-going capex, which is expected to commence commercial operations in a phased manner in FY26 and FY27.
However, these rating strengths, are partially offset by SEL's moderate profitability, which is further susceptible to volatility in input prices, its moderate financial risk profile, and prevalent competition in the non-ferrous metal industry.

Analytical approach: Consolidated

To arrive at ratings, CareEdge Ratings has taken a consolidated view of SEL and its subsidiaries, Rajputana Industries Limited (RIL; 51.01% stake), Shera Metal Private Limited (SMPL; 85.55% stake), and Shera Zambia Limited (99.50% stake), considering managerial, financial, and operational linkages. Consolidated entities are mentioned as Annexure-6.

Outlook: Stable

The Stable outlook on the long-term rating reflects CareEdge Ratings' expectations that SEL will continue to benefit from vast experience of its promoters and its diversified product portfolio.

Detailed description of key rating drivers:

Key strengths

Experienced promoter with established track record of operations with diversified product portfolio

SEL was established in 2003 by Sheikh Naseem, having an experience of over two decades in the non-ferrous metal industry. Initially, SEL focused on manufacturing copper and aluminium winding wires. Over the years, the group has successfully implemented several capacity expansion plans and currently it produces a diverse range of products, including types of aluminium and copper winding wires, bus bars, strips, tubes, rods, wire rods, and brass products, meeting the requirement of multiple end-user industries.

Continuous increase in capacity utilisation level leading to volume-driven growth in TOI

SEL's TOI (consolidated) grew at a compounded annual growth rate (CAGR) of 24.8% over the last five years, ending FY25. In FY25, SEL's TOI grew by 45% year-on-year to ₹1,277.30 crore, driven by growth in sales volume.
In 6MFY26 (provisional), SEL reported a TOI of ₹782.64 crore, compared to ₹601.87 crore in 6MFY25, supported by increase in sales volume and realisation. SEL is expected to maintain its volume growth trajectory.

Expansion of value-added product portfolio and commencement of overseas operations, despite healthy scaling up of operations shall remain key monitorable

At a group level, SEL is undertaking multiple capex aimed at expanding its product portfolio of value-added products and diversifying geographically by setting up a subsidiary in Zambia.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

In addition to capex already factored, SEL is setting up an additional line for manufacturing value-added products leading to higher capex cost of ₹45.80 crore, against the earlier estimate of ₹35.80 crore for domestic operations. It is proposed to be funded majorly out of debt. The capex is expected to commence commercial operations in a phased manner in FY26 and FY27.
Scaling up of operations, and achievement of envisaged TOI and profitability and effective management of incremental working capital requirements, shall remain crucial from the credit perspective.

Key weaknesses

Low value-addition leading to moderate profitability

SEL's profit before interest, lease rentals, depreciation and taxation (PBILDT) margin has ranged from 4.60% to 6.50% in the last five years, influenced by raw material price fluctuations and product mix changes. In FY25, the PBILDT margin moderated to 4.60% (FY24: 5.85%), as the company offered cash discounts to boost sales volume and gain market share. PBILDT margin remained stable at 4.84% in 6MFY26.
The profit after margin (PAT) margin marginally improved to 1.75% in FY25 (FY24: 1.61%), due to reduction in interest cost. PAT margin remained stable at 1.94% in 6MFY26.

Improving financial risk profile, despite continues to remain moderate

SEL's financial risk profile has improved over the last four years, with overall gearing reducing from 2.76x at FY22-end to 1.90x at FY25-end.
SEL’s consolidated net worth increased at FY25 end (FY24: ₹126.49 crore), following an equity infusion of ₹30.38 crore by RIL through a preferential allotment in its IPO in March 2025. However, with an increase in working capital intensity and with planned debt-funded expansion in FY26, leverage is expected to remain moderate in the projected period.
Debt coverage indicators improved but remained moderate, with PBILDT interest coverage at 2.42x and total debt to gross cash accruals (TD/GCA) at 12.72x in FY25 owing to moderate profitability and GCA levels. The interest coverage ratio stood at 2.44x in 6MFY26.

Profitability vulnerable to raw material price volatility

SEL’s profitability is vulnerable to sharp fluctuations in raw material prices (mainly copper), which forms ~95% of the total cost of sales for the company. Majority inventory holding remains order-backed, where raw material is sourced back-to-back from suppliers against confirmed orders, mitigating price volatility of raw materials to a large extent. As RIL (subsidiary of SEL, engaged in scrap recycling) has a longer production time and hence maintains an inventory of ~80-90 days, a portion of which is not order-backed.

Presence in fragmented and competitive industry with low bargaining power

SEL operates in a highly competitive and fragmented winding wire / conductor industry characterised by the presence of numerous organised and unorganised players, given the low technical expertise requirement and value addition in manufacturing winding wires / rods and ingots. Due to intense competition in the industry, the bargaining power of the group remains low.

Liquidity: Adequate

SEL’s liquidity remained adequate characterised by healthy cash flow from operations, moderate cushion available in cash accruals against term loan repayment obligations and its modest capex requirements. Liquidity of the company is further aided by fund raising through preferential issue in Q4FY25, to support the company’s incremental working capital requirements and fund capex plans.
Average utilisation of fund-based limits and non-fund-based limits remained moderate at 82% and 84%, respectively, for the trailing 12 months ended March 2025. Access to funds through Receivables Exchange of India Limited (RXIL) and bill discounting facility helps the company to bridge the gap in working capital requirements.
Operating cycle of company remained satisfactory 57 days in FY25 (FY23: 68 days). GCA in the projected period shall be adequate to fund the debt repayment obligation, which is expected to remain in the range of ₹16 crore - ₹17.50 crore in FY26 - FY27. SEL had free and bank balance of ₹37.32 crore as on March 31, 2025, apart from lien marked fixed deposits of ₹35.53 crore.

Applicable criteria

[Consolidation](#)
[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Non Ferrous Metal](#)
[Financial Ratios – Non financial Sector](#)
[Withdrawal Policy](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Cables - electricals

Jaipur-based (Rajasthan) SEL was originally incorporated as proprietorship concern in 2003 under the name of Shera Metals and Engineers by Sheikh Naseem. In 2009, its constitution was changed to Private limited, and later it got listed on National Stock Exchange (NSE) SME platform in 2023.

SEL primarily focuses on the production of specialised winding wires. The key offerings include round winding wires, bunched copper, and rectangular copper conductors in forms such as bare, super enamelled, or paper covered. The manufacturing facility of the company is at Kaladhera, Rajasthan, having an installed capacity of 20,600 MTPA.

SEL has two domestic subsidiaries, SMPL and RIL. SMPL is engaged into manufacturing copper bus bar, tin-plated copper bus bar, brass rod and wires and paper covered copper strips, tubes and conductors having an installed capacity of 13,000 MTPA as on March 31, 2025, enhanced from 9,270 MTPA as on September 30, 2024, for manufacturing copper, aluminium, and brass-based products.

RIL is engaged in manufacturing copper, aluminium, and brass extruded and drawn products such as billets/ingots, Mother shells, Tubes/pipes, and Hollow/solid rods, among others. RIL's manufacturing facility in Sikar, Rajasthan, having an installed capacity of 13,150 MTPA as on March 31, 2025, enhanced from 11,260 MTPA as on September 30, 2024.

Consolidated:

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	875.12	1277.30	782.64
PBILDT*	51.21	58.73	41.41
Profit after tax (PAT)	14.05	22.40	21.12
Overall gearing (x)	2.10	1.90	1.86
Interest coverage (x)	1.69	2.42	2.44

A: Audited UA: Unaudited; Note: these are latest available financial results

Standalone:

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	629.40	859.28	508.13
PBILDT	25.75	26.96	18.42
PAT	6.98	9.35	5.76
Overall gearing (times)	1.66	1.71	1.79
Interest coverage (times)	1.41	1.88	1.85

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	February, 2028	0.00	Withdrawn
Fund-based - LT/ ST-Cash Credit		-	-	-	0.00	Withdrawn
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Credit Exposure Limit		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Letter of credit		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	-	-	1) CARE BBB+; Stable (08-Jan-26) 2) CARE BBB+; Stable (29-May-25)	1)CARE BBB+; Stable (24-Jan-25)	-	-
2	Fund-based - LT/ ST-Cash Credit	LT/ST	-	-	1) CARE BBB+; Stable / CARE A3+ (08-Jan-26) 2) CARE BBB+; Stable / CARE A3+ (29-May-25)	1)CARE BBB+; Stable / CARE A3+ (24-Jan-25)	-	-
3	Non-fund-based - ST-Letter of credit	ST	-	-	1) CARE A3+ (08-Jan-26) 2) CARE A3+ (29-May-25)	1)CARE A3+ (24-Jan-25)	-	-
4	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	-	-	1) CARE BBB+; Stable / CARE A3+ (08-Jan-26) 2) CARE BBB+; Stable / CARE A3+ (29-May-25)	1)CARE BBB+; Stable / CARE A3+ (24-Jan-25)	-	-

5	Non-fund-based - ST-Credit Exposure Limit	ST	-	-	1) CARE A3+ (08-Jan-26) 2) CARE A3+ (29-May-25)	1)CARE A3+ (24-Jan-25)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Credit Exposure Limit	Simple
5	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Rajputana Industries Limited	Full Consolidation	Subsidiary
2	Shera Metal Private Limited	Full Consolidation	Subsidiary
3	Shera Zambia Limited	Full Consolidation	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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