



IPO Details

Opening Date	Feb 07, 2023
Closing Date	Feb 09, 2023
Stock Exchange	NSE SME
Lot Size	2000 Shares
Issue Price	₹ 55-57 per share
Issue Size	51,28,000 Equity Shares
Application Amount	₹ 1,14,000

IPO Objective

To meet Working Capital requirements
General Corporate Purpose

Pre-Issue Shareholding

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	1,44,72,142	66.57%
Public	72,68,205	33.43%

Promoter of the Company

- Mr. Sheikh Naseem
- Mrs. Shivani Sheikh
- M/s Isha Infrapower Private Limited

Mrs. Shivani Sheikh

- Strong, experienced, and dedicated senior management team and qualified workforce.
- Long-standing relationships with leading clientele.
- Focus on Quality and Safety.
- Established Manufacturing facility.
- Innovative Ideas.

Company Background

- Company was incorporated in the year 2009 in Jaipur, Rajasthan.
- Company is primarily engaged in the business of manufacturing of winding wires and strips made of non-ferrous metals primarily Copper and Aluminium.
- Company has also commenced manufacturing special grade brass rods.
- Company has 2 manufacturing unit located in VKIA, Jaipur and Kaladera, Jaipur.
- As on September 30 2022, Company had 146 Employees on its payroll.

Financial Summary

For the Period Ended	(In Lacs)		
	Mar-21	Mar-22	Sep-22
Total Assets	29,315.64	32,523.73	33,832.57
Net Assets	6,075.60	6,673.35	7,054.88
Total Borrowings	10,542.28	11,812.67	11,437.59
Total Revenue	42,271.92	52,458.93	33,953.72
Profit After Tax	502.67	699.50	428.25

Tentative Timeline

Opening Date	Feb 07, 2023
Closing Date	Feb 09, 2023
Basis of Allotment	Feb 14, 2023
Initiation of Refunds	Feb 15, 2023
Credit of Shares to Demat	Feb 16, 2023
Listing Date	Feb 17, 2023



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Company Overview

Incorporated in the year 2009, the company is primarily engaged in the business of manufacturing of winding wires and strips made of non-ferrous metals primarily Copper and Aluminium. Company also manufactures wire rods, wires and tubes of Copper and Brass. Company's product range includes paper covered wires, enamel and fibre covered wires, round wires, rectangular wires, bunched wires, tubes, rods, strips, etc. Company has also commenced manufacturing special grade brass rods. company has acquired three subsidiary companies namely, Rajputana Industries Private Limited, Shera Metal Private Limited and Shera Infrapower Private Limited. Company has 2 manufacturing unit is located in VKIA, Jaipur and Kaladera, Jaipur.

Analysis

Being incorporated in the year 2009, the company has good track record of existence. Company's product portfolio includes winding wires / strips made of Copper and Aluminium and rods, wires and tubes made of Copper and Brass.

1. Paper Covered Round & Rectangular Wires, Bunched Wires

Bunched Wires



Paper Wrapped Round & Rectangular Wires



2. Enamel and Fiber Covered Round & Rectangular Wire

Enamel/Magnet Wires

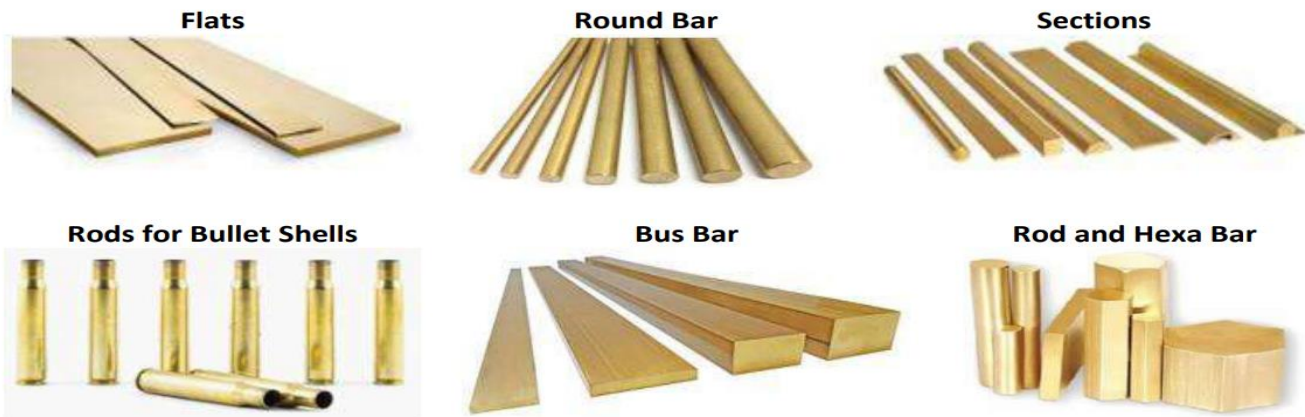


Enamel/Magnet Strips





3. Rods and Profiles of Brass



Installed capacity and capacity utilization of company is as under:

S. No.	Period	Location	Name Of Product	Unit Measurement of Production	Installed Capacity	Actual Production	Capacity Utilization in %
1	FY 2021-22	VKIA and Kaladera	All types of Aluminium Winding Wires / Strips	MT	5,400.00	2,938.83	54.42%
			All types of copper Winding Wires / Strips	MT	7,200.00	3,318.39	46.09%
			Rods, Wires and Tubes of Brass	MT	1,800.00	1,398.15	77.67%
			Rods, Wires and Tubes of Copper	MT	1,200.00	889.00	74.08%
2	April 2022 to September 2022*	VKIA and Kaladera	All types of Aluminium Winding Wires / Strips	MT	5,400.00	2,110.57	78.17%
			All types of Copper Winding Wires / Strips	MT	7,200.00	2,178.13	60.50%
			Rods, Wires and Tubes of Brass	MT	1,800.00	561.71	62.41%
			Rods, Wires and Tubes of Copper	MT	1,200.00	321.78	53.63%

To conclude, the company has fared well in recent years and also seems to do well in coming times with its customer base and product expertise.



Industry Charts

Exhibit 1: Indian Steel Market Size

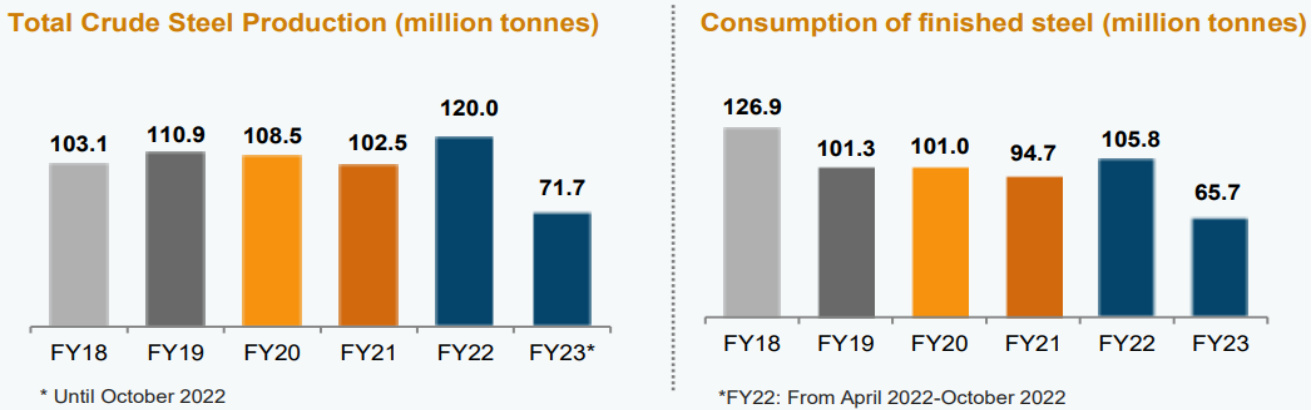


Exhibit 2: Indian Steel Sector Composition

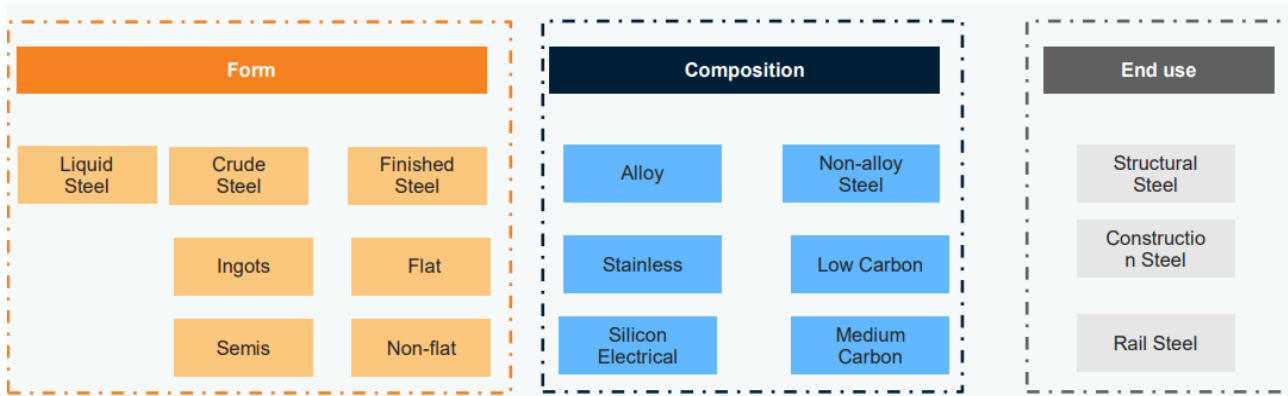
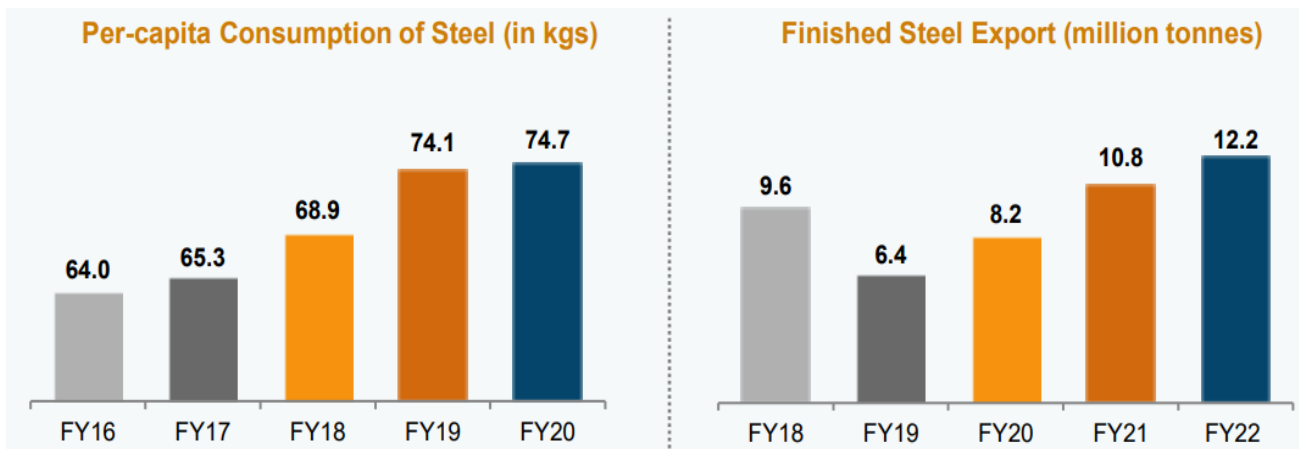


Exhibit 3: Indian Steel Market Key Trends



(Source: ibef.org)



Investment Overview

Non-Ferrous Minerals and Metals Industry

COPPER: The size of Indian copper industry (consumption of refined copper per annum) is around 6.6 lakhs tonnes, which as percentage of world copper market is only three percent. Sterlite Industries (Vedanta Ltd.), Hindalco Industries and Hindustan Copper Ltd. are major producers of refined copper in India. Production in India has declined significantly due to the permanent closure order issued to Vedanta's smelter/ refinery plant by Government of Tamil Nadu in May, 2018.

ALUMINIUM: The world production of Aluminium Metal during January-March, 2022 was about 16.58 million tonnes against world consumption of 16.63 million tonnes, resulting in a market deficit of 0.05 million tonnes. It is estimated that during April-June, 2022, world consumption of Aluminium Metal would be 17.89 million tonnes against world production of around 16.87 million tonnes, implying a slight deficit of 1.02 million tonnes. The share of India in the world production was 6.29% during January-March, 2022.

INDIAN WINDING WIRE INDUSTRY

There are a number of producers of Winding Wires in India, many in SSI Sector. The capacity is fragmented. Winding Wires are extensively used in the Electrical and Electronic Equipment Industry comprising of Motors, Transformers, Pumpsets (both Industrial & Agricultural) Switchgears, Fans, Airconditioners, Refrigerators, Hand Tools, Domestic Appliances, Televisions, Watches, Computer Peripherals etc. In the Indian context Winding Wires are predominantly Copper based. For the production of Winding Wires/Insulated Strips, which are entirely and totally used in the Electrical Equipments, only Electrolytic Refined Copper can be used. Besides the large Original Equipment Manufacturers, there are thousands of small manufacturing units, repairers of various Electrical Equipment and this segment consumes huge quantities of Winding Wires. Nowadays there is a large volume of Winding Wires produced out of Secondary (Scrap) Copper being offered to this segment of users. In an era of mounting international competition and standardization, quality assurance assumes heightened importance.

(Source: Prospectus)



Addressable Market for Shera Energy Limited

The company registered office and the manufacturing facilities are located at renowned industrial areas of Jaipur city. Company aims at further expanding their customer base in domestic and international markets. Company has a very good potential and could definitely increase its geographic expansion in the coming years by selling its products in other parts of the country as well.

Competition

The industry in which company operate is unorganized and fragmented with many small and medium-sized companies. Copper industry being a global industry, company face competition from various domestic and international players. The principal elements of competition in our industry are quality, technical ability, performance record, sustainable relationship with existing clients and vendors, use of technically upgraded plant and machinery, timely delivery and reliability.

Peer Analysis

As provided in the prospectus, the company has 5 listed peers viz. Precision Wires India Limited, Rajnandini Metal Limited, RamRatna Wires Limited, Cubex Tubings Limited and Bhagyanagar India Limited.

Company	Shera energy limited	Precision Wires India Limited	RamRatna Wires Limited	Cubex Tubings Limited	Bhagyanagar India Limited.	Rajnandini Metal Limited
Net Profit (INR Cr)	7.00	63.00	52.19	2.42	11.08	10.03
EBITDA (INR Cr)	33.62	124.30	117.83	4.55	30.96	19.27
Return on Capital Employed	22.83%	29.26%	23.71%	5.01%	13.16%	42.17%
Return on Equity	10.48%	17.26%	19.22%	3.89%	8.05%	33.89%
EPS# (INR)	3.43	3.63	5.93	1.70	3.46	0.36
P/E* (Times)	16.62	18.71	13.17	20.62	14.05	38.73

*PE has been calculated as on 04/02/2023

Post IPO Basis



Promoters' Profile and Management Analysis

Sheikh Naseem



- Mr. Sheikh Naseem, aged 52 years, is one of Promoters and also the Chairman & Managing Director of the company.
- He is a merit holder of Bachelors of Engineering (Hons.), Electrical, from Pt. Ravishankar Shukla University, Raipur (M.P.)
- He has over 23 years of experience in various sectors including metal industry.

Shivani Sheikh



- Shivani Sheikh is the Whole-Time Director of the Company.
- She holds a Bachelor's of Engineering, Electrical, Honours degree from Ravishankar Shukla University, Raipur (M.P.).
- She has over 23 years of experience in various sectors including metal industry

Isha Infrapower Private Limited

- Isha Infrapower Limited is a corporate promoter.
- The company has been established in the year 2011 in Rajasthan.
- IIPL is currently engaged in the business of shares and stocks, share trading, F & O trading, Commodity & Currency derivative trading.



Analysis on the Company's Promoter and Board of Directors

Sheikh Naseem is the Chairman and Managing Director of the Company. He is a merit holder of Bachelors of Engineering (Hons.), Electrical, from Pt. Ravishankar Shukla University, Raipur (M.P.). He has over 23 years of experience in various sectors including metal industry. In 2002, he shifted to Jaipur and started a Proprietorship Firm in the name and style "Shera Metals and Engineers.

Shivani Sheikh is the Whole-Time Director of the Company. She holds a Bachelor's of Engineering, Electrical, Honours degree from Ravishankar Shukla University, Raipur (M.P.). She has over 23 years of experience in various sectors including metal industry. She is wife of Mr. Sheikh Naseem and is actively engaged in the operations of the business.

Piyush Sharma is a Non-Executive Director of the Company. He completed his Master of Business Administration, from Pacific Institute of Management, Udaipur, Rajasthan. He is appointed as a Director-Marketing in Shera Metal Private Limited since 2012. He has experience of 10 years in the field of marketing and sales. He has been with the Shera Energy Limited since 2013.

To conclude, the company's individual promoters have a good experience in the industry in which the company belongs to. However, the corporate promoters are not in the similar line of business. The independent directors of the company are also well experienced and could be a good driving force for the company.



Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2021	As at 31st March, 2022	As at 30th Sep, 2022
Profit and Loss			
Revenue from operations	42,197.36	52,382.91	33,871.58
Other income	74.56	76.02	82.14
Total Revenue	42,271.92	52,458.93	33,953.72
	92%	94%	94%
Expenses	38,933.63	49,020.51	31,956.88
Depreciation and Amortisation Cost	492.39	482.96	246.96
Finance Cost	2,135.73	1,988.10	1,170.79
Total Expenses	41,561.75	51,491.57	33,374.63
PBT	710.17	967.36	579.09
PBT Margin	1.68%	1.85%	1.71%
EBITDA	3,263.73	3,362.40	1,914.70
EBITDA Margin	7.73%	6.42%	5.65%
Net Profit	502.67	699.50	428.25
Net Profit Margin	1.19%	1.34%	1.26%
Balance Sheet			
Total Borrowings	10,542.28	11,812.67	11,437.59
Net Worth	6,075.60	6,673.35	7,054.88
Fixed Assets	8,757.18	8,510.04	8,411.34
Net Working Capital	3,011.50	3,976.72	3,975.42
Financial Measures (Annualised)			
Inventory Turnover Ratio	4.17	3.80	4.58
Receivables Turnover Ratio	5.48	7.32	9.21
Payables Turnover Ratio	3.70	4.17	4.74
Fixed Assets Turnover Ratio	4.82	6.16	8.56
Return on Capital Employed	23.22%	22.83%	28.07%
Return on Equity	8.27%	10.48%	10.60%
Debt-Equity Ratio	1.74	1.77	1.42

(The data has been taken and calculated from the financials given in the prospectus)



Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

The EBITDA of the company has grown from Rs. 3,263.73 lacs in 2021 to Rs. 3,362.40 lacs in 2022 and on 30th Sep 2022 it was Rs. 1,914.70 lacs and if we annualise the same it would be around Rs. 3,829.40 lacs. The EBITDA on annualised basis has grown at a CAGR of 8.32%. The EBITDA margin in 2021 was 7.73%, 6.42% in 2022 and 5.65% up to 30th Sep 2022. The EBITDA margin has declined due to increase in expenses of the company.

Net Profit

The net profit of the company has grown from Rs 502.67 lacs in 2021 to Rs. 699.50 lacs in 2022 and as on 30th Sep 2022 it was Rs. 428.25 lacs and if we annualise the same it would be around Rs. 856.50 lacs growing at a CAGR of 30.53%. The net profit margin in 2021 was 1.19%, 1.34% in 2022 and 1.26% up to 30th Sep 2022. The net profit margin of the company has shown uneven growth. However, the growth rate is expected to come down to a sustainable level in coming times.

Finance Cost.

The company's finance cost mainly due to short terms borrowings and long term borrowings availed by the company.

Financial Measures/Ratios

RoCE of the company up to 30th Sep 2022 is 13.32% vs 22.83% in 2022 and 23.22% in 2021. If we annualise the ROCE of FY 2022-2023, the ROCE is expected to be around 28.07%. The RoCE has been at good levels for the company and it is expected to be at these levels in the coming times.

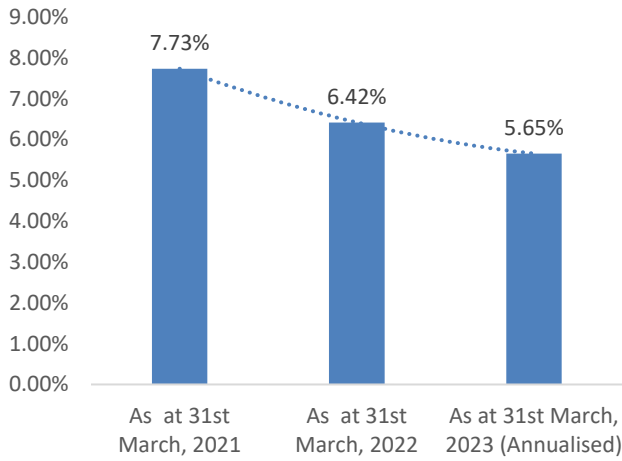
ROE of the company in 2021 was 8.27%, 10.48% in 2022 and 6.07% up to Sep 2022, if annualised, ROE would be around 10.60%. The ROE likewise RoCE has been at good levels for the company. With increase of equity base, the ROE is expected to come down on annualised basis.

The company has a debt-equity ratio of 1.62 which shows the company is decently leveraged. The debt-equity ratio is going to go further down to around 1.42 times post IPO.

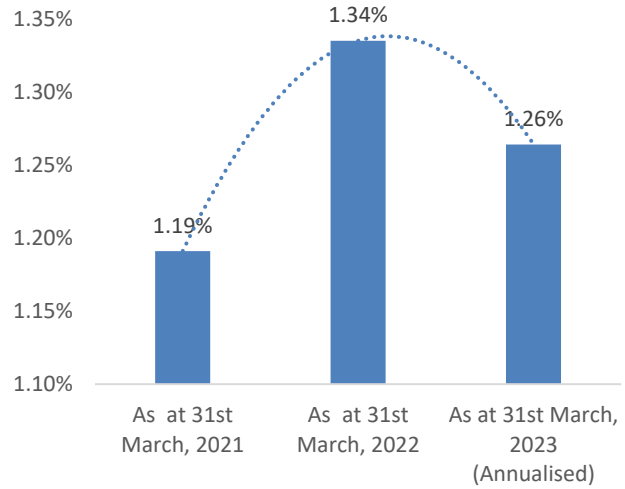


Financial Charts

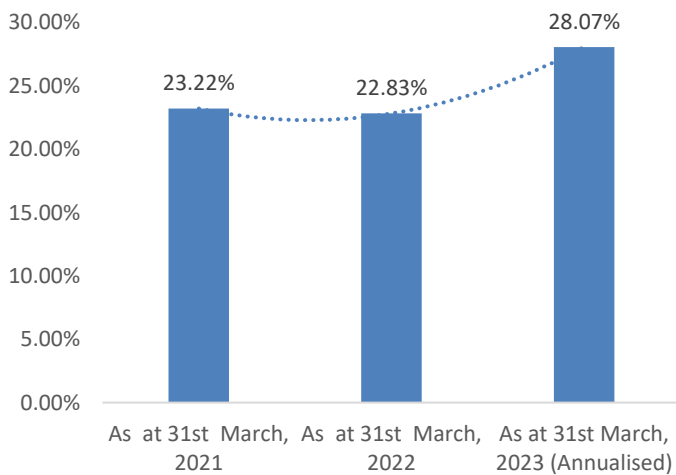
EBITDA Margin



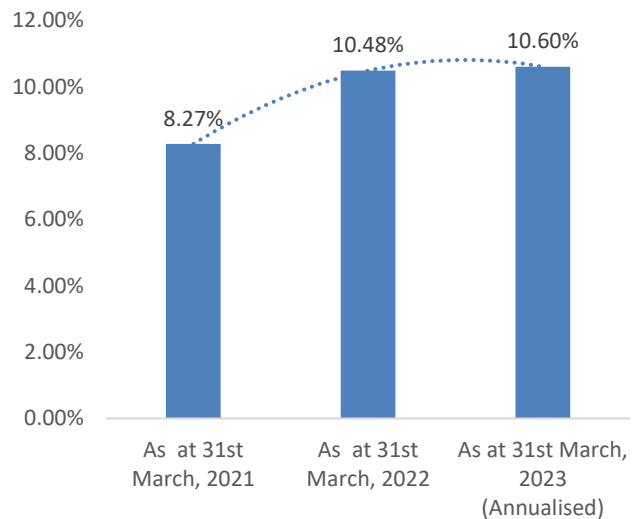
Net Profit Margin



Return on Capital Employed



Return on Equity





Key Risk Factors

1. Company, Promoters, Directors and group Companies are involved in certain litigations including tax related litigations amounting to Rs. 1,097.91 lacs along with 1 litigation having unascertainable amount, which if determined against the company, can affect financial conditions of the company.
2. Company has made material investment in the form of unsecured loans amounting to ₹ 839.27 Lakhs as on September 30, 2022 in the subsidiary, M/s Shera Infrapower Private Limited.
3. Promoter, Mr. Sheikh Naseem and Mrs. Shivani Sheikh and director Mr. Piyush Sharma were alleged to be involved in a criminal matter relating to abetment of suicide.
4. Company has contingent liabilities amounting to Rs. 244.66 lacs for the period ended up to Sep 2022.
5. Exchange rate fluctuations may adversely affect the results of operations.
6. As on September 30, 2022 company had a contingent liability of Rs. 7,081.02 Lakhs.



Track Record of Lead Manager

The lead manager to the issue is Holani Consultants and this is the 4th mandate in the last four fiscals. A table has been set below highlighting the details of the IPO of some of the companies handled by the Lead Manager in recent times –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP#
1.	E2E Networks Limited	21.99	57/-	15-05-18	169.75
2.	Lagnam Spintex Limited	24.60	41/-	18-09-18	59.75
3.	G. K. P. Printing & Packaging Limited	6.58	32/-	08-05-19	13.09
4.	Network People Services Technologies Limited	13.70	80/-	10-08-21	333.00
5.	Cool Caps Industries Limited	11.63	38/-	24-03-22	518.05
6.	Insolation Energy Limited	22.16	38/-	10-10-22	135.65

#CMP is taken as on 4th February 2023

Out of the last 3 listings, 2 IPO closed below the offer price on the listing date.



Recommendation

The company has been into this industry from 2009 and possess very good experience in the field of producing winding wires and strips. In order to expand the business and to get the benefits of backward and forward integration, company has acquired three subsidiary companies.

The revenue and profit margins of the company has shown some good growth in the recent years and the mixed ratios of the company has also been increasing.

The management outlook of the company is also good.

The company is getting listed at a PE of around 16.62 times on post IPO basis and looking at the size of the company, it is fairly priced.

So, the company seems to have a good prospect and therefore it seems to be a good investment so one **should apply** in the IPO.



Disclaimer

We are not SEBI registered and not a certified Research Analyst. The information provided here is for education purposes only. We will not be responsible for any of your profit/loss with these suggestions. Consult your financial advisor before taking any decisions.

We believe an SME company needs 2-3 years to show its true potential and therefore our recommendations are for Long-term investment and not for listing gains.