

July 22, 2010

**CARE ASSIGNS 'CARE BB+' AND 'PR4+' RATING TO THE BANK FACILITIES OF SHERA ENERGY PVT LTD****Ratings**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	9.20	'CARE BB+' (Double B Plus)	Assigned
Short-term Bank Facilities	7.25	'PR4+' (PR Four Plus)	Assigned
<b>Total Facilities</b>	<b>16.45</b>		

**Rating Rationale**

The ratings are constrained by SEPL's relatively small-sized operations, its small net worth base, low profitability mainly due to the processing nature of operations and high overall gearing. The fragmented nature of the industry with stiff competition and low entry barriers, resulting in low bargaining power of the company further constrain the ratings. The ratings take into account SEPL's established operations managed by experienced promoters.

SEPL's ability to increase the scale of operations with more value-added products and consequent improvement in its financial risk profile are key rating sensitivities.

**Company Profile**

Shera Energy Pvt Ltd (SEPL) was incorporated in 2009 to take over the ongoing business of M/s Shera Metals & Engineers, a proprietorship firm set up in 2003 by Mr Sheikh Naseem to manufacture transformers and paper-covered aluminium winding wires used in transformers. The promoter, a technocrat, possesses more than ten years of experience in manufacturing of transformers and components used in transformers.

SEPL has manufacturing facilities located near Jaipur having an installed capacity of 4,560 MTPA (Metric Tonnes Per Annum) of winding wires and strips and 6,000 nos. of transformers.

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<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

During FY10 (Un-audited 12-month; including 9-months operation under proprietorship firm), SEPL reported operating income of Rs.131.69 crore with PAT of Rs.1.74 crore.

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*CARE classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries /regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.*

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