Sanghvi Movers Ltd — May 2023 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Strong Beat **One-line:** The core Indian business is exhibiting peak operational health with >90% fleet utilization and a significant cleanup of the balance sheet, rendering the suspension of the Vietnam subsidiary a strategic non-event and a prudent reallocation of capital to high-yield domestic demand.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Utilization exceeds 90%; aggressive □264 Cr Capex plan for FY24.	□
Earnings Quality	High (Core driven)	Significant recovery in doubtful debts (□57 Cr to □13 Cr) and lower receivable days.	□
Guidance Confidence	Strong	Management is committing nearly 10-15% of historical asset value to new Capex.	□
Management Credibility	Strong	Transparent admission of Vietnam failure; focus on higher-yield domestic assets.	□
Business Quality Signal	Improving	Massive improvement in working capital cycle (99 days vs 143+ historically).	□
Key Q&A Exchange	N/A	PPT_ONLY: Not applicable.	□
The Street's Primary Anxiety	Asset Idleness	Resolved: Fleet is fully deployed in India, necessitating new Capex.	□
Capital Cycle Stage	Investment	Moving from consolidation to aggressive capacity expansion.	□
Margin / Return Ratio Trajectory	Improving	High utilization (>90%) typically leads to significant operating leverage.	□
Pricing Power	Expanding	Capacity tightness (no surplus for Vietnam) suggests strong rental yields.	□
FCF Conversion & Quality	Strong	CFO bolstered by recovery of old doubtful debts and faster collections.	□
Competitive Moat Signals	Widening	Largest fleet in India is getting larger and younger (30 new cranes planned).	□
Balance Sheet Strength	Adequate	Net trade receivables reduced; provision for doubtful debts down 77%.	□
Working Capital Efficiency	Improving	Receivable days hit a multi-year low of 99 days.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on receivable reduction targets.	□
Key Vulnerability / Red Flag	Concentrated Growth	Growth is entirely domestic; Vietnam subsidiary is effectively mothballed.	□
Management Tone	Confident	Aggressive expansionary stance through the □264 Cr Capex plan.	□

Key Takeaways (Positives & Negatives): Positives: * **Operational Tightness:** Domestic fleet utilization has crossed 90%, the highest level in recent cycles, forcing the company to cancel international expansion (Vietnam) to serve higher-priority Indian clients. * **Working Capital Transformation:** Average receivable days have dropped from a peak of 143+ days to 99 days. More importantly, Provisions for Doubtful Debts have collapsed from ₹57 Cr (FY19) to ₹13 Cr (FY23), indicating high-quality cash flow and successful recoveries. * **Aggressive Growth Pivot:** The Board has approved a ₹264 Cr Capex for FY24, including 30 brand-new cranes. This signals a transition from "debt reduction mode" to "growth mode."

Negatives: * **Vietnam Setback:** The international foray has failed for now due to timing and manpower restrictions, resulting in a formal suspension of business operations until December 2023. * **Opportunity Cost:** The company lost major contracts (GE & Vestas) in Vietnam due to delays in incorporation and mobilization.

Watchpoint: Investors should monitor the delivery timeline of the 30 new cranes. With utilization >90%, any delay in new capacity arrival could lead to missed revenue opportunities in the current high-demand Indian infrastructure environment.

---

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent. Financials based on FY23 summary provided in PPT.

Metric	Current Qtr (FY23)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income	Not in doc	First entry	First entry	→	N/A (Full P&L not in snippet).
EBITDA	Not in doc	First entry	First entry	→	N/A
PAT	Not in doc	First entry	First entry	→	N/A
Net Debt	Not in doc	First entry	First entry	→	N/A
Order Inflows	₹264.00 Cr (Capex)	First entry	First entry	↑	Investment in 30 new cranes + 10 P&C cranes.
Average Receivable Days	99 Days	↓ (Improved)	First entry	↑	Significant improvement from 143+ days historically.
Doubtful Debt Provision	₹13.00 Cr	↓ (Improved)	First entry	↑	Reduced from ₹57 Cr via recovery/write-offs.
Total Lifting Capacity	81,006 MT	↑ 6.0%	First entry	↑	Capacity increased from 76,434 MT in FY22.
Fleet Utilization (%)	>90%	↑	First entry	↑	High domestic demand leaving no surplus for export.
Sundry Debtors (Net)	₹140.25 Cr	First entry	First entry	→	86% of debtors are now <90 days old.

2B. SEGMENT BREAKDOWN

Segment	Capacity (MT)	Count of Cranes	Trend	vs Company Avg	Key Development
Heavy Duty (>100 MT)	Not specified	Growing	↑	High Margin	Core focus of the FY24 Capex for wind/ infra.
Light Duty (<100 MT)	Not specified	Stable	→	Utility	Maintaining fleet for pick-and-carry requirements.
Vietnam WOS	0 (Suspended)	0	↓	Underperformer	Operations suspended until 18 Dec 2023.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Capex Plan	□264 Cr investment for FY 2023-24.	□66 Cr / quarter.	**New Target**	Low: Board approved.
Guidance	Operations	Suspension of Vietnam operations until Dec 18, 2023.	N/A	**Delivered:** Extension received.	Medium: Lost opportunities.
Strategy	Fleet	Purchase of 30 brand-new cranes.	N/A	**Improving:** Capacity hit 81k MT.	Low: Demand backed.
Strategy	Asset Allocation	Prioritize India over Vietnam due to >90% utilization.	N/A	**Strategic Shift:** Pivot to domestic.	Low: High ROI focus.
Financials	Working Capital	Continued reduction in receivable days.	Target <100 days (Achieved 99).	**Delivered:** Down from 143 days.	Low: Proven track record.

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

Note: The "Prior Context" provided in the prompt mistakenly characterized the Vietnam subsidiary's suspension as a "total operational paralysis" of the entire company. This quarter's data clarifies that the core Indian business is actually at peak utilization.

What Changed	Prior Quarter (Per Context)	This Quarter (Actual Data)	Direction
Operational Status	Total Paralysis / Suspended	>90% Fleet Utilization in India	↑ Significant Upside
Capital Allocation	Consolidation / Liquidation	Aggressive Capex (□264 Cr)	↑ Growth Re-initiation
Vietnam Thesis	Terminal Business Failure	Strategic Suspension for Domestic Gains	↑ Logical Pivot
Asset Base	Stagnant / Deteriorating	81,006 MT (All-time high capacity)	↑ Expansion
Receivables	N/A	99 Days (Multi-year low)	↑ Improving Quality
Risk Profile	Terminal Viability Risk	Domestic Concentration Risk	↑ De-risked

- **Forensic Trigger:** The reduction in Doubtful Debt Provision from □57 Cr to □13 Cr is a major "quality of earnings" signal. This implies that management has successfully recovered old dues that were previously written off as unlikely, providing a one-off boost to cash flows and validating their recent aggressive collection stance.
- **Capex Run-rate:** The □264 Cr Capex plan is highly significant. If we assume an average crane cost of □7-8 Cr, the 30 new cranes represent a material 10-12% expansion in the number of high-capacity units, suggesting management sees a multi-year tailwind in Indian infrastructure/renewables.
- **Vietnam Rationalization:** While the "Prior Context" viewed the Vietnam suspension as a red flag, the document confirms it was a choice driven by the lack of "surplus cranes." Sending assets to Vietnam at lower utilization when India is at >90% would have been value-destructive.

STOP HERE.