Sanghvi Movers Ltd — May 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Strong Beat **One-line:** The business has transitioned from a balance-sheet repair story to an aggressive growth play, with fleet utilization exceeding 90% and the collection cycle hitting an all-time high efficiency of 95 days.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Receivable days improved to 95 (target <100); 92.5% of debtors are <90 days.	□
Earnings Quality	High (Core driven)	Zero debtors above 361 days; total lack of aging "tail" indicates high-quality cash flow.	□
Guidance Confidence	Strong	Management is executing the □264 Cr Capex plan to meet domestic demand.	□
Management Credibility	Strong	Delivered on the promise to further reduce receivable days (99 to 95).	□
Business Quality Signal	Improving	Massive concentration (95%) in high-capacity cranes (>100 MT) creates high entry barriers.	□
Key Q&A Exchange	N/A	PPT_ONLY: Not applicable.	□
The Street's Primary Anxiety	Working Capital	Resolved: Multi-year cleanup of old dues is now complete (Nil >361 days).	□
Capital Cycle Stage	Investment	Aggressive capacity expansion (30 new cranes) funded by internal accruals.	□
Margin / Return Ratio Trajectory	Improving	90%+ utilization on a larger, younger gross block suggests ROE expansion.	□
Pricing Power	Expanding	Domestic scarcity is high enough to justify abandoning Vietnam expansion.	□
FCF Conversion & Quality	Strong	Collections are faster than the revenue cycle (Avg 95 days).	□
Competitive Moat Signals	Widening	Largest high-capacity fleet in India is getting younger via □264 Cr Capex.	□
Balance Sheet Strength	Strong	Net trade receivables are healthy; aging profile is exceptionally "front-loaded."	□
Working Capital Efficiency	Improving	Receivable days reduced from 99 to 95 QoQ.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on debt recovery and utilization targets.	□
Key Vulnerability / Red Flag	Asset Concentration	95% of gross block is in >100 MT cranes; highly sensitive to Wind/Infra cycles.	□
Management Tone	Confident	Derived from aggressive expansionary stance in PPT.	□

Key Takeaways (Positives & Negatives): Positives: * **Operational Peak:** Domestic fleet utilization remains above 90%, confirming the highest demand environment in a decade. * **Working Capital Masterclass:** Management has achieved the unthinkable in the Indian infra space—zero debtors older than 361 days. 92.5%

of the ₹179.16 Cr debtor book is current (<90 days). * **Asset Quality:** 95% of the Gross Block is now comprised of "Heavy Lift" cranes (>100 MT), which command higher yields and have fewer competitors. * **Receivable Efficiency:** Average receivable days have dropped to 95 days, a further improvement from the 99 days reported in the prior period.

Negatives: * **Domestic Over-dependence:** By suspending Vietnam operations, the company is 100% leveraged to the Indian CAPEX cycle. While currently a tailwind, it removes a geographical hedge. * **Replacement Cost Risk:** While expanding, the company must manage the rising cost of importing high-capacity cranes from global OEMs.

Watchpoint: Investors must track the delivery and commissioning timeline of the 30 brand-new cranes. In a >90% utilization environment, every month of delay in commissioning is direct revenue leakage.

---

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (FY24-End)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income	Not in doc	First entry	First entry	→	PPT focuses on Asset/Debtor health.
Order Inflows (Capex)	₹264.00 Cr	First entry	First entry	↑	Volume driven: 30 new cranes + 10 P&C.
Total Lifting Capacity	81,006 MT	↑ 6.0%	→	↑	Capacity expanded to meet demand.
Average Receivable Days	95 Days	↓ (Improved)	↓ (Improved)	↑	Improved from 99 days (Prior Context).
Debtors < 90 Days	₹165.73 Cr	First entry	↑	↑	Represents 92.5% of total debtors.
Debtors > 361 Days	Nil	↓ (Improved)	↓ (Improved)	↑	Complete cleanup of legacy bad debts.
Fleet Utilization (%)	>90%	↑	→	↑	Full deployment in domestic markets.
Heavy Duty Asset Mix	95.0%	First entry	First entry	↑	Strategy: Focus on >100 MT cranes.
Total Sundry Debtors	₹179.16 Cr	First entry	↑	→	Increase due to higher revenue scale.

2B. SEGMENT BREAKDOWN

Segment	Capacity (MT)	Count / Mix	Trend	vs Company Avg	Key Development
Heavy Duty (>100 MT)	81,006 (Total)	95% of Gross Block	↑	Outperformer	Main focus of ₹264 Cr FY24 Capex.
Light Duty (<100 MT)	Not specified	5% of Gross Block	↓	Underperformer	Non-core; utilized for P&C support.
Vietnam Subsidiary	0 (Suspended)	Suspended	↓	N/A	Extension received until Dec 18, 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.	Board approved; likely in execution phase.	**On Track:** Capacity hit 81k MT.	Low
Strategy	Asset Mix	Maintain 95% Gross Block in >100 MT cranes.	Requires all new capex to be heavy-lift.	**Delivered:** Successfully pivoted.	Low
Financials	Working Capital	Reduction in receivable days (Target <100).	Current 95 days is below target.	**Beaten:** 99 days reduced to 95.	Low
Operations	Vietnam	Suspension until Dec 18, 2023.	N/A	**Delivered:** Extension secured.	Medium
Strategy	India Demand	Prioritize domestic over international.	Utilization >90% validates this.	**Delivered:** Assets kept in India.	Low

---

4. ANALYST Q&A

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

---

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter	This Quarter	Direction
Receivable Days	99 Days	95 Days	↑ Improving
Debtor Quality (<90 Days)	86.0% of total	92.5% of total (₹165.73 Cr)	↑ Improving
Legacy Bad Debt (>361 Days)	Provision was ₹13 Cr	Nil (Zero balance >361 days)	↑ Significant Cleanup
Business Strategy	De-risking / Cleaning BS	Growth / Capacity Expansion	↑ Pivot to Growth
Receivable Scale	₹140.25 Cr (Net)	₹179.16 Cr (Gross)	↓ Higher Abs. Debtors

- **Forensic Note:** The most significant development is the total absence of debtors beyond 361 days. In the prior context, the company was dealing with ₹13 Cr of doubtful debt (down from ₹57 Cr). The current zero-balance status for >361 days indicates that the legacy cleanup is officially complete, and the balance sheet is "fresh."
- **Collection Quality:** Not only have the days reduced (99 to 95), but the "freshness" of the debt has improved from 86% to 92.5% in the <90-day bucket. This suggests that the current revenue is coming from high-quality, prompt-paying clients in the Wind and Infrastructure sectors.
- **Capex Justification:** With the fleet at >90% utilization and zero stuck receivables, the risk profile of the ₹264 Cr Capex is extremely low. The company is not "building and hoping"; it is building to satisfy existing excess demand that it cannot currently serve with its 81,006 MT capacity.

STOP HERE.