**Sanghvi Movers**

[**Date**: 12-Aug-2016]

**Notes from Conf. Call Q1FY17**

* No fresh capex was done in the current Qtr. However, there was some amount in capital advance account on the back of 8 cranes which wasn’t delivered till 31st mar 2016 and was subsequently delivered in current qtr. Accordingly, cranes were capitalised in Q1FY17 for 23.68 cr
* Purchased office premises for 17 cr in BKC, Mumbai. It is funded out of internal accruals.
* Proposed CAPEX for the year is 212 cr and will be importing 5 units of 650 tonnage cranes along with some attachments. It is a swap transaction wherein, 5 units of 400 tonnage cranes will be sold to the supplier. Hence, the net capex will be 160 cr. The delivery of these will start in Sept and is expected to complete by Dec 2016, will be capitalised in current year itself.
* Revenue Contribution:

|  |  |
| --- | --- |
| **Sector** | **Contribution in %** |
| Wind | 64 |
| Power | 15 |
| Gas & Refinery | 11 |
| Steel | 2 |
| Cement | 1 |
| Others | 7 |

* Crane fleet of 419, at a gross block of 2038 cr.
* Q1 is normally weak as compared to the revenue of other Qtrs. Frankly, Q2 will not be better it would be slightly weak similar to Q1 numbers.
	+ Q3&4 will be good in terms of order book as we have got confirmations from various clients (primarily from wind sector), good order book and good number of inquiries.
	+ Q2 will have a bit of slack.
	+ Q3&Q4 we have good number of orders. Infact, out of the 5 new cranes that we are getting in the current year 4 of them have already been booked and for the 1 crane remaining negotiations are going on.
	+ Outlook is good I would say, considering the flow of inquiry and confirmation. I think we will be able to do 4000 to 4200 MW in wind sector. So visibility is good primarily from the wind/.
	+ Things in power sector or the traction which the firm was expecting is not seen on the ground.
	+ Refinery is performing well. Co. did good in BHEL refinery and is doing well at the Reliance Jamnagar project (will go on till 31 mar 2016)
* Expecting annual utilization to be around 80% and a yield of 2.83%.
* Renting of TBM & Diaphragm ball is not a profitable business and hence we have dropped the idea. Co. is focusing solely on crane business and has no plans of any diversifications as of now.
* The 5 new cranes are fungible and can be used in all sectors.
* Buy-back of shares, not thinking on those grounds.
* No challenges in terms of order book.
* Off-shore wind mill
	+ It is a wait and watch game as the off shore wind mill requires advanced technology which will take its own time to come up in India.
	+ Also, in international market off shore wind mill projects has used cranes and has been profitable for crane renting firms.
* Reliance refinery hoping to continue work till mar 2017. After march the cranes may come out in the market and may put pressure.
* 3300 MW was done in wind sector in India in FY16. expect around 4000MW in FY17 and post FY17 as well.
* Payment problem is happening in Rajasthan (it’s a small portion for sanghvi). Govt. is trying to resolve.
* Expected EBIDTA on annual basis: 63-65%
* States of MP, Gujarat, Karnataka, TN, Maharashtra etc are driving the demand in wind sector.
* 150-200 tonnage cranes are required to be given as support cranes for the increasing height in wind sector as compared to previous lower heights which required 80-100 tonnage support cranes.
* Receivable should be around 90-100 days.
* Planning to repay the debt.
	+ Has been successful in advance repayment of some loans, from the internal accruals.
	+ Also, Co. is in talks with bankers to agree upon favourable terms for advance repayment and avoid any charge involved in advance repayments.
* Will not be adding any new depos.
* Net-Net will benefit from GST. As the delay of getting stuck at borders will be reduced and bring in speedy deployment.
* Customer concentration: Top 5 will be 40-50%