

## SANGHVI MOVERS

SECTOR: INFRA SERVICES/CRANE RENTAL



SHIKSHAN NIVESH

"FROM KNOWLEDGE TO WEALTH: EDUCATE, ANALYZE, INVEST"

"India's crane giant is pivoting. But can it lift investor confidence again?"

## 📉 Stock is Down 60% – Value or Value Trap?

Look, I won't **sugarcoat** this—the stock is down over 60% in a year, and there's a reason for it. Sanghvi Movers, **Asia's largest** crane rental player and the **4th biggest globally**, is going through a bit of an **identity crisis**.

**What went wrong? And more importantly — is this a deep value play or a classic trap?**

### 🔍 Business Snapshot

- 🏗️ **Core Biz:** Heavy-lift crane rentals (Wind, Infra, Hydrocarbons)
- ⚙️ **New Verticals:** Renewables & EPC (Low margin, volume-led)
- 🌍 **Expansion:** Saudi Arabia foray (₹400–500 Cr CAPEX over 3.5 yrs)
- 📊 **Balance Sheet:** Net Debt ₹325 Cr, Debt/EBITDA at 0.64x

### 🔧 Strategic Shifts Underway

- **Sangreen Future Renewables** spun off for **focused execution**
- EPC Business **gaining traction** but low-margin (15–16%)
- **Bain & Co. engaged** for long-term growth strategy
- **Saudi Arabia Foray** → First revenue expected by FY25-end

### ⚠️ Challenges

- Crane biz facing **structural slowdown**: elections, monsoon, weak infra
- Pricing **under pressure** → yield dipped below 2% in Q3
- EPC segment **ramping up** but still **thin on margin**
- **New players** entering with **lighter balance sheets** and **aggressive pricing**
- Global expansion = **execution risk + capital intensity**

## 🧠 Shikshan Nivesh Take: Opportunity or Trap?

Sanghvi **isn't broken**. But it's also **not firing**.

What we're witnessing is a business in **reset mode**:

- Q3 showed some improvement, but **yield erosion** signals **pricing power** loss.
- FY26 hinges on **2 key bets**:
  1. EPC scaling without bleeding cash
  2. Saudi venture hitting first revenue milestones

This is a business in **reinvention, not in collapse**.

**Sanghvi Movers**

Market Cap  
₹ 2,198 Cr.

Price/Earnings  
22x

PEG Ratio  
1.1

Sales CAGR 3 Year  
23%

## 📊 The FY25 Reality Check– Quarter by Quarter

### 📅 Q1 FY25

- Revenue: ₹151 Cr | Utilization: 77% | Yield: 2.04%
- Everything looked **stable post-FY24**. But storm clouds were building.

### 📅 Q2 FY25

- Revenue: ₹156 Cr | Utilization: 68% | Yield: 2.15%
- ⚠️ **Hit by early + prolonged monsoon + election overhang**
- Clients delayed projects; CAPEX stalled; cranes sat idle.

### 📅 Q3 FY25

- Revenue: ₹208 Cr | Utilization: 70% | Yield: 1.97%
- Revenue **grew QoQ** — but **yields fell**, and utilization **stayed tepid**.
- Crane biz **de-growth** continues (~16% YoY), **offset by EPC ramp-up**.

## 📋 Bottom Line: Caution with Conviction?

Sanghvi is **no fraud, no bubble** — but it's also not firing on all cylinders. The core business is **stressed**. The new bets are risky. The stock reflects this.

Still, the pivot is real. The balance sheet is intact. The leadership seems focused.

If you're patient and believe in **infra cycles** and **strategic shifts**, this could be **value in disguise**.

If you want immediate **comfort and margin safety**, this may not be **your flavor**.

