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MANAV RACHNA
विद्ययाचारिकक्षेत्रम्

REPLAY

Sanghvi Movers Ltd.

BSE	NSE
71.00 ▼	71.25 ▼
-2.54 % -1.85	-2.66 % -1.95
Vol: 58 shares traded	Vol: 144 shares traded
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Rajesh Naidu, ET Bureau Oct 31, 2011, 01.02am IST

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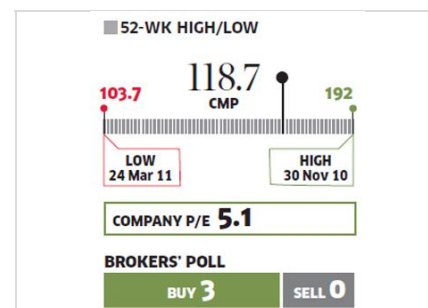
Tags: [Sanghvi Movers Ltd.](#) | [infrastructure activities](#) | [crawler cranes](#) | [crane hiring company](#)

BUSINESS

Sanghvi Movers is the largest crane hiring company in India with a fleet size of 400 cranes. It is engaged in the business of providing hydraulic and crawler cranes. These cranes are used in infrastructure activities of various sectors such as windmills, power, refineries, steel and cement.

For the quarter ended June 2011, around 38% of the company's revenues came from windmill segment, 31% from power, 18% from refineries, 6% from steel, and 4% from cement and the remaining from other sectors. The company is engaged in wind power generation and has an installed capacity of 5.05 MW.

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INVESTMENT RATIONALE

The Pune-based company is expected to benefit amply due to government incentives to promote investment in the wind power segment.

According to the ministry of renewable energy, it is estimated that nearly 70% of the installed capacity of renewable energy is wind. This year itself the sector would see a capacity addition of 2000 MW. The ministry foresees that in a moderate situation of policy implementation and various stages of projects, the cumulative wind power capacity is expected to grow to 4.6GW from the current 1.2GW.

This offers immense opportunities for power companies and turbine manufacturers. Being a strong player in the windmill segment (the company derives 38% of its revenues from this sector), Sanghvi Movers is likely to be a major beneficiary. Also, high demand for heavy lift cranes in the power sector will benefit the company in a big way as it derives 31% of its revenues from this sector.

Being the market leader in the sector, Sanghvi Movers has been able to maintain an operating profit of over 20% since the past five years. The company is consistently paying dividends for the past five years with the current yield of 150% of face value.

CONCERNS

In the near term, crane rental charges may face downward pressure on account of slowdown in the infrastructure sector. However, in the long term, the demand is likely to be robust as construction activity picks up.