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LIFTING & SPECIALIZED TRANSPORT

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Demand Across Industries for
Crane Rental





Sanghvi Movers Limited

Fast Forward to Future Growth



Sanghvi Movers Limited (SML), the largest crane rental company in India and ranked 5th largest in the world, is on the verge of becoming debt-free. **Rishi Sanghvi, MD, Sanghvi Movers**, shares plans to generate free cash flows post the debt recovery, explore new avenues of growth, and strengthen the company's brand value.

What is the current product portfolio of SML and the infra development sectors they are serving?

SML has an overall feet size of 377 cranes, with a cumulative lifting capacity of mobile and crawler cranes of 75,025 MT. Our cranes include medium to large hydraulic mobile telescopic cranes and crawler lattice boom cranes with lifting capacities of 40 to 1000 MT.

Our cranes are imported from major manufacturers like Liebherr, Manitowoc, Grove, Tadano Demag, Kobelco, and Sany based in Europe, USA, Japan, and China. They have the best-in-class technology with the latest safety features.

Over the past three decades, SML has invested more than `2,500 crores in 500+ cranes, which are being deployed in sectors like thermal power, petrochemical and refineries, oil and gas, steel, cement, windmills, railways, metros and bridges projects, and for construction applications like erection, heavy lifting, and maintenance services.

SML also has 64 imported hydraulic multi axle modular trailers and 90 mechanical trailers, which are primarily used for captive purposes. We also have an assortment of telehandlers, forklifts, and pick-n-carry cranes in order to provide holistic material handling solutions to our customers.

What is SML's present and future scope of work, and in which industries?

SML is a leading heavy lift and engineering partner for core infrastructure sectors, and is working with several large customers on mega projects.

In this financial year, we are witnessing a lot of activity in the power sector with power plants being built in Yadadri, Patratu, Buxar, Talcher and Uppur. These are all supercritical power plants of 3x800, 5x800, and 2x660 megawatts, being built by BHEL, L&T, and NTPC. We are working across a number of these ongoing projects.

In the cement sector, there is going to be almost 12 million tons per annum (MTPA) of capacity addition in the next 12 to 18 months. These greenfield and brownfield plants are coming up in Marwar, Dhar, Hirni, Pali, Bhatapara and Gulban. We are working with all the key cement majors and are a preferred partner for capacity expansions.

Steel companies are also aggressively enhancing their capacity. Tata Steel is adding 5 MTPA per annum in Kalinganagar, while the Dolvi project by JSW is nearing completion. Bellary is going to come with a massive expansion of 6 MTPA, and Angul will have 2.5 MTPA of capacity addition. So, Tata Steel, JSW and JSPL are quite active in these sectors and are aggressively adding capacity at an increased rate.

Several expansions, up gradations and new refinery and petrochemical projects are coming up in Barmer, Paradip, Vizag, Baruni, Panipat, Vadodara and Mahul with a combined new capacity of 20.6 MTPA and these projects will contribute significantly to SML's topline.

The rapid urban infrastructure upgradation has led to the development of metros across various cities such as Mumbai, Ahmedabad, Kanpur, Bangalore, Delhi, Chennai, Bhopal, Agra, and Pune and SML expects to generate a significant amount of its topline from key civil infrastructure companies.

India has achieved the significant milestone of 100+ GW of operational renewable energy. SECI and state power utilities have awarded 10,000 MW of new capacity addition which will potentially come online in the next 12-18 months. In FY 22, the wind sector is forecasted to add 2200 MW of new capacity and SML is closely working with all OEMs and IPPs in the renewable wind energy sector.

Sanghvi Movers maintained its average utilization of 56% despite the Covid-19 scenario, and significantly reduced its debt to `197 crores. Please elaborate on this achievement.

Yes, we have achieved an average capacity utilization (CU) of 56% in FY 2021 despite the pandemic and this has been the result of a deliberate strategy shift to retain customers and protect the topline during the pandemic.

However, it must be noted that SML has achieved an average CU of 75% in Q1FY 22 and further reduced debt by Rs. 30 crores till date.

SML has repaid `110 crores per year in the last three years. In 2018, our debt was `542 crores, which we brought down to `197 crores at the start of this financial year. We have halved our debt-to-equity ratio from 0.69 to 0.28. On average, our debt obligation for the next three years is `50 crores per year.





With the existing cash flows from the current business, we're confident that we can repay this within the next 18 months and become a debt-free company.

We are optimistic that our reduced debt and an improved topline will have a very positive impact on the company's profit margins, going forward. SML has already secured an order book of ₹197 crores and expects to achieve an average utilization of 70+% in FY'22.

What new growth avenues is SML exploring in FY 21-22?

While executing our debt-free strategy, we are also exploring a number of growth avenues. For us, If FY21 was a year of consolidation and improving the cost base, FY22 is all about exploring and unlocking the company's potential and value that it brings to the economy and India at large. This FY, we will build upon our growth story, add more value to our customers, internationalize our business, and look for strategic partnerships to enhance our scope of services.

The pandemic year FY21 witnessed a sluggish demand for cranes as several mega infrastructure projects were stalled. We used the lockdown to organize ourselves and strengthen our ties with the customers; we identified their pain points and provided solutions.

We also invested time and energy to optimize our cost management. In the last two years, the company has seen double-digit year-on-year growth in the EBITDA margins. With all these customer-friendly initiatives, and improvements in cost control and management, we look forward to a

positive long-term impact on our ability to maintain our costs and improve our EBITDA margins.

What are your plans for international markets?

With our high-quality crane services at a lower cost base, we are fully equipped to move forward into international markets, be it the Far East, the Middle East, or even the Indian Subcontinent. These are the three regions of the world where we see mega infrastructure projects coming up. Demand for cranes will be high here and SML, with its lower operating cost structure (as compared to foreign rental players), high safety and quality standards, will be able to cater to these markets mostably.

How is SML strengthening its brand value in the market?

We are looking to leverage our brand recognition in the market for construction equipment services and strengthen our ties with 40 to 50 prominent companies across India. We will identify their pain points in their mega infrastructure projects and provide them customized solutions to bring down costs, reduce machine downtime, and help them in timely project completion.

We will also bring our foreign partners to the Indian market, who, with their technical know-how, strong logistics network, and high safety standards will bring quality services to support companies in the construction of infra projects.

SML has a wide network of 17 depots across the country, and more than 80 operational sites from which we provide heavy-duty cranes on rent to both private and public sector undertakings.

In fact, SML's business is not just about rentals; it also acts as an engineering solutions partner to its clientele from designing to advising on the appropriate equipment for projects, to operations, maintenance, and smooth execution at project sites. SML also boasts of an excellent track record of timely delivery of solutions with zero accidents.

Successful and timely completion of projects depends not only on high-tech equipment but also on operator skill. What does Sanghvi Movers' safety & skill development training programs entail?

As a pioneer in the crane rental industry, we realized that one of the biggest challenges for the industry was finding qualified operators. Sanghvi Movers established a Crane Training Academy for operators and is training operators not only for its own use but also for the industry at large. We also work closely with OEMs to provide on-site training.

SML also offers an in-house apprenticeship program, where operators with 25-30 years of experience, train and guide new operators over a course of 3-5 years.

What is your outlook for the crane rental market in the next few years?

With the pickup in the capex cycle, the faster than expected recovery, post the first Covid-19 wave, and the resilient Indian corporate houses, SML sees a strong demand of cranes over the next 2-3 years. As capacity addition ramps up across core sectors such as steel, cement, thermal power, railways, metros, bridges, refineries, petrochemicals, oil, gas, and windmills, we are seeing robust demand for cranes with increasing utilization and yields. ●