Sanghvi Movers Ltd — Nov 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline on Operations; Beat on Order Book Visibility **One-line:** SML is doubling down on its "Engine-2" (EPC) and "Engine-3" (Saudi Arabia) growth vectors with a massive □629 Cr capex program, though a tactical pullback in transparency regarding segment-wise order books creates a visibility overhang for margin forecasting.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Q2 PAT of □36 Cr reflects seasonal monsoon impact (70% utilization vs 80% Q1).	□
Earnings Quality	High	H1 Cash Accruals (□164 Cr) nearly double H1 PAT (□87 Cr); negligible CC utilization (<1%).	□
Guidance Confidence	Strong	Order book expanded to □1,239 Cr; management maintains 25-30% top-line growth guidance for FY26.	□
Management Credibility	Neutral	Successfully operationalized Saudi Arabia in Sept-25; however, continued refusal to split order book margins is a friction point.	□
Business Quality Signal	Improving	Pivot to high-capacity cranes and global diversification (KSA) reduces dependence on domestic Wind cycles.	□
Key Q&A Exchange	Q#12: Saudi EBITDA	Management admitted KSA EBITDA is "on par or slightly below" India due to higher opex, despite higher yields.	□
The Street's Primary Anxiety	Transparency	Analysts repeatedly pressed for the Crane vs. EPC order book split; management cited Board-directed nondisclosure.	□
Capital Cycle Stage	Aggressive Investment	□629 Cr total FY26 Capex is a multi-year high, signaling aggressive fleet modernization and geographic scaling.	□
Margin Trajectory	Improving QoQ	Q2 EBITDA margin at 42% (vs 38% in Q1) suggests better cost control or high-margin project mix in a seasonally weak quarter.	↑
Pricing Power	Stable	Blended yield stabilized at 2.04% (H1 avg 2.08%) despite competitive pressures.	→
FCF Conversion & Quality	Strong	H1 Cash Profit of □164 Cr provides robust internal accrual to fund the aggressive capex.	□
Competitive Moat Signals	Widening	Top 5 global ranking and specialized high-capacity fleet (>100 MT) create entry barriers in Saudi giga-projects.	□
Balance Sheet Strength	Adequate	Net Debt/Equity at 0.36x; nearing internal 0.35x ceiling, but manageable given cash accruals.	□
Working Capital Efficiency	Deteriorating	Receivables at 120 days; total debtors surged to □331 Cr (H1) from ~□263 Cr in FY25.	□
Mgmt Guidance Track Record	Reliable	Delivered on the Sept-25 Saudi launch and C-suite hiring (CEO, CFO, CPO, CSO).	□
Key Vulnerability / Red Flag	Margin Dilution	Wind EPC revenue share is rising; if it settles at 10-12% EBITDA, it will structurally cap group margins.	□
Management Tone	Confident / Expansionary	Focus has shifted to "Elevate 2030" and capturing the $1.6T-$2T Saudi investment scope.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positive: The Saudi Engine is Ignited.** SML's KSA subsidiary started billing in September 2025. With 30+ cranes already deployed at 100% utilization and an inquiry pipeline of $45M-$50M, the geographic de-risking of the thesis is well underway. * **Positive: Robust Demand Visibility.** The order book of □1,239 Cr for FY26 (even with a 10% potential monsoon spillover) provides high revenue certainty. The inquiry pipeline of □2,000 Cr+ in India suggests the Capex is backed by tangible demand. * **Negative: Transparency Rollback.** For the second consecutive quarter, management refused to split the order book between the high-margin Rental business and low-margin EPC business. This makes it difficult for investors to value the "quality" of the backlog. * **Negative: Working Capital Stress.** Receivables have stretched to 120 days. While management claims "reconciliation issues," the buildup in absolute debtors remains a drag on FCF. * **Forward-looking Watchpoint:** The integration of the □629 Cr capex. If these high-capacity assets do not hit >75% utilization in FY27, the increased depreciation (est. □130-135 Cr for FY26) will cause significant EPS contraction.

---

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT figures primary; Concall for commentary and utilization/yield.

Metric	Current Qtr (Q2FY26)	YoY Change (vs Q2FY25)	QoQ Change (vs Q1FY26)	Trend	Mgmt Commentary
Total Income (□ Cr)	210	↑ 34.6%	↓ 23.1%	□	Driven by infrastructure/renewables; QoQ dip due to monsoon seasonality.
EBITDA (□Cr)	88	↑ 8.6%	↓ 17.8%	□	Margin improved to 42% despite lower revenue.
EBITDA Margin %	42%	↓ (vs 51.9%)	↑ (vs 39.1%)	↑	Reflects mix shift and cost optimization.
PAT (□Cr)	36	↑ 24.1%	↓ 28.3%	□	impacted by lower utilization in Q2.
Avg. Blended Yield (%)	2.04%	→ (vs 2.04%)	↓ (vs 2.11%)	→	Competitive pressure persists; KSA yields expected to be higher.
Avg. Utilization (%)	70%	↑ (vs 68%)	↓ (vs 80%)	↓	Seasonal monsoon impact; H1 avg at 75%.
Order Book (□ Cr)	1,239	↑ (vs ~950)	↑ (vs 767)	↑	Robust visibility for H2 FY26.
Net Debt (□Cr)	440	↑ (vs 269)	↑ (vs 395)	↓	Rising due to □140 Cr H1 Capex.
Net Debt/Equity (x)	0.36	↑ (vs 0.28)	↑ (vs 0.33)	↓	Slightly above internal 0.35x target ceiling.
Receivable Days (DSO)	120	↑ (vs 115)	→ (vs 120)	↓	"Reconciliation pending" with clients.
Total Cash Accruals (□Cr)	71	↑ 12.7%	↓ 23.7%	□	H1 total stands at □164 Cr.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	H1 Rev Share	Margin (EBITDA)	Trend	vs Co. Avg	Key Development
Crane Rental (India)	143.0	62.7%	~50-55%	→	Higher	Core cash cow; capacity utilization key.
Wind EPC (Sangreen)	56.1	33.5%	18-20% (Q2)	↑	Lower	Subsidiary formed; target long-term margin 10-12%.
Project EPC	10.9	3.7%	[Not stated]	↓	Lower	Small hydrocarbon/industrial projects.
KSA Subsidiary	1.43	<1%	Negative	↑	N/A	First billing in Sept; 30 cranes deployed.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue Growth	25% to 30% for FY26.	H1 Rev ₹483 Cr. Needs ~₹330 Cr/qtr in H2. Feasible given ₹1,239 Cr OB.	Met H1 expectations.	Low
Guidance	Capex Plan	₹629 Cr (₹405 India + ₹224 KSA).	₹489 Cr remaining for H2. Aggressive.	Incurred ₹140 Cr (22%) in H1.	Moderate
Guidance	Depreciation	₹130 - ₹135 Cr for FY26.	Implies Q3/Q4 charge of ~₹35-40 Cr each.	H1 Dep was ₹62 Cr.	Low
Strategy	KSA Scaling	Top 3 player in 5 years; 100 cranes in 24 months.	Requires additional ₹300 Cr+ capex in KSA.	30 cranes already on site.	High
Strategy	Yield Mgmt	Maintain yields at 2.08% - 2.10%.	Competitive pressure is high.	H1 avg hit 2.08%.	Moderate
Balance	Debt Equity	Maintain around 0.35x.	Currently 0.36x. Capex will push this further unless OCF is strong.	Hovering near limit.	Moderate

4. ANALYST Q&A

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.0	Sudhir Jain / Nirmal Bang	Elevate 2030	Strategy	Specific numbers for ROCE and Revenue targets for 2030.	Management declined to give specific numerical targets, focusing instead on the six pillars of the strategy. Investors lack a quantitative "North Star" for the 5-year vision.	Quantitative targets	2.0	Evasive
2	4.5	Sudhir Jain / Nirmal Bang	Order Book	Financials	Breakup of □1,239 Cr order book between Crane Rental and EPC.	Management refused to provide the split, citing Board directives to protect "competing information." This obscures the margin mix of the remaining □756 Cr to be executed this year.	Segmental split	1.0	Evasive
3	3.5	Riya Mehta / Aequitas	Receivables	Financials	Significant increase in receivables and trade receivable days.	Management attributed the delay to pending reconciliations with certain clients and expects improvement in Q3. If DSO does not revert to <110 days, liquidity could tighten amid high capex.	None	3.5	Directional
4	3.5	Vivek / Ficom	Utilization	Business	Why is Q2 utilization (70%) lower than peers	Management clarified that H1 utilization (75%) is actually higher	None	4.0	Specific data

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
					and prior quarters?	than last year (73%) and the Q2 dip is seasonal seasonality. This confirms that the underlying demand remains robust despite the monsoon.			
5	4.0	Krupa Desai / Electrum	Depreciation	Financials	Ballpark depreciation for the year given the 630 Cr capex.	Management guided for 130 Cr to 135 Cr for the full year, with the bulk of the capex impact hitting in FY27. This provides a clear path for H2 EPS modeling.	None	5.0	Specific
6	3.5	Ankur Kumar / Alpha Capital	EPC Margins	Business	What kind of margins are expected on the Sangreen (Renewable EPC) side?	Management expects long-term EBITDA margins to stabilize at 10% to 12% as they scale, despite higher current margins. This confirms the thesis that EPC is a volume play but margin-dilutive to the core.	None	4.0	Specific
7	4.5	Ashish Yug / InvesQ	KSA Economics	Capex and Allocation	Difference in ROCE/ Yield/Opex between India and Saudi Arabia.	Management confirmed higher yields in Saudi but noted significantly higher operating costs	Specific KSA ROCE	3.0	Vague but honest

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						(manpower, Saudization), making EBITDA "on par" with India. This tempers expectations of a margin windfall from global expansion.			
8	4.0	Ashish Yug / InvesQ	KSA Investment	Strategy	Investment appetite for Saudi over the next 3 years.	Management aims for 100+ machines in 24 months, with ₹225 Cr already committed for 55 cranes. This signals a massive capital pivot toward the Middle East.	Long-term budget	3.5	Directional
9	3.5	Nirav Savai / Abakkus	Saudi Opex	Financials	What is the fixed cost component/ opex for the Saudi subsidiary?	Management stated that current fixed costs are primarily the employee salary of the local team, but declined to quantify the quarterly burn. Saudi loss of ₹3.34 Cr in Q2 is the current floor for fixed costs.	Exact opex number	2.0	Hedged
10	3.0	Riya Mehta / Aequitas	Asset Disposal	Capex and Allocation	Is the program of selling obsolete cranes over?	Management confirmed asset disposal is a continuous process, not a one-time program. This provides a recurring	None	4.0	Consistent

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						(though small) source of cash for the new capex.			
11	4.0	Ankur Kumar / Alpha Capital	Saudi Capacity	Business	Utilization of cranes sent to Saudi Arabia.	Management reported 100% capacity utilization in Saudi, with every asset moving directly from port to site. This validates the "underserved market" thesis for KSA.	None	5.0	Specific
12	4.5	Ankur Kumar / Alpha Capital	Saudi Margins	Financials	Can KSA match India's 50% + Rental EBITDA margins?	Management expects KSA EBITDA to be on par or slightly below India initially, with hope that "intellectual property" will improve it over time. This is a reality check for analysts projecting higher group margins.	None	4.0	Realistic
13	3.5	Jay Bharat / InCred	Margins	Financials	Targeted blended EBITDA or EBIT margins for end of FY26.	Management refused to give forward guidance on margins due to the unpredictable revenue mix between Rental and EPC. This reinforces the "black box" nature of the current	Margin guidance	1.0	Evasive

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						transition phase.			

PATTERN FLAGS & SENTIMENT

- **Theme 1: The "Board-Mandated" Silence.** The most striking pattern was management's repeated use of "Board direction" to justify not providing segmental order book splits or debt breakups. This suggests a strategic shift toward lower transparency to protect competitive positioning in the increasingly crowded EPC space.
- **Theme 2: Saudi Optimism vs. Reality.** While the 100% utilization in KSA is a strong positive, management was careful to temper expectations regarding EBITDA. The admission that higher opex (Saudization/ manpower) offsets the yield advantage means the KSA expansion is a *volume/scale* play rather than a *margin-expansion* play.
- **Theme 3: Seasonal Resilience.** Analysts questioned the QoQ dip in utilization, but management successfully defended it as seasonal. The 75% H1 utilization (better than 73% last year) suggests the core business is healthier than the headline Q2 numbers imply.

Analyst Sentiment Verdict: Analysts are impressed by the Saudi execution and the massive order book but frustrated by the thinning disclosure standards. The refusal to provide margin-sensitive splits (Rental vs. EPC backlog) is creating a valuation gap. The primary unresolved risk is whether the aggressive □629 Cr capex will overleverage the balance sheet if receivable cycles (120 days) do not contract.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1FY26)	This Quarter (Q2FY26)	Direction
Capex Ambition	□321 Cr (India) + ~□150 Cr (KSA)	Total □629 Cr (□405 Cr India + □224 Cr KSA)	↑
Saudi Operations	"Go-to-market achieved"	Commercial operations started; □1.43 Cr Rev	↑
Order Book	□767 Cr	□1,239 Cr	↑
Capacity Utilization	81%	70% (Seasonality)	↓
Receivables (DSO)	"Improving"	120 Days (Stretched)	↓
Net Debt/Equity	0.33x	0.36x	↓
Transparency	High (Sectoral Rev provided)	Refusal to split Order Book / Debt details	↓
Leadership	Transitions ongoing	Full C-suite (CEO, CFO, CPO, CSO) in place	↑
Strategic Roadmap	Engaging Bain	Phase-2 with Bain completed; "Elevate 2030" launched	↑

STOP HERE.