Sanghvi Movers Ltd — Nov 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Revenue Beat YoY; Guidance Reaffirmed. **One-line:** SML is successfully trading optical margin percentage for absolute EBITDA growth and superior ROCE as its asset-light Renewables E&C business scales to 40% of the mix.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat (YoY)	Revenue grew 32% YoY; H1 revenue at □657 Cr is ~45% of full-year upper-end guidance.	□
Earnings Quality	High (Core driven)	H1 CFO (□231 Cr) is 2.17x PAT (□106 Cr), driven by significant working capital release.	□
Guidance Confidence	Strong	Reaffirmed FY27 Revenue (□1,400-1,500 Cr) and EBITDA (□525-575 Cr) targets.	□
Management Credibility	Strong	Proactive disclosure on Saudi CAPEX deferral; delivered on DSO reduction targets.	□
Business Quality Signal	Improving	Order book grew 26% in 13 weeks to □1,582 Cr; ROCE in E&C business is a massive 63%.	□
Key Q&A Exchange	Q#7 (Saudi Strategy)	Mgmt confirmed Saudi demand is "unreal" and CAPEX deferral is purely a logistical/shipping cost decision.	□
The Street's Primary Anxiety	Margin Dilution	Shift to E&C and ancillaries is diluting blended EBITDA % (36% vs 40%+ historically).	□
Capital Cycle Stage	Growth Investment	□583 Cr CAPEX pool; pivoting towards high-yield (3.8%+) Saudi assets.	□
Margin / Return Trajectory	Improving (ROCE)	While EBITDA % is lower, ROCE is trending higher due to asset-light segment growth.	↑
Pricing Power	Expanding	India yields improved to 2.20% in Q2 (vs 2.04% in Q2FY26) despite monsoon.	↑
FCF Conversion & Quality	Strong	H1 CFO of □231 Cr already equals 82% of total FY26 cash flow.	□
Competitive Moat Signals	Widening	Framework MOUs with OEMs as exclusive E&C partner; 20GW+ erection track record.	□
Balance Sheet Strength	Strong	Net Debt at □391 Cr; D/E of 0.58x is well below the 0.72x internal ceiling.	□
Working Capital Efficiency	Improving	Group DSO fell to 81 days from 116 in Q1; Saudi DSO improved to 165 days.	□
Mgmt Guidance Track Record	Reliable	Consistent reaffirmation of annual targets despite seasonal/ geopolitical volatility.	□
Key Vulnerability / Red Flag	Logistics / Geopolitics	Red Sea disruption causing 1-2 quarter delay in Saudi equipment mobilization.	□
Management Tone	Confident	Bullish on "Elevate 2030" goals; defensive on margin % in favor of ROCE.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positive: The "ROCE Pivot."** Management is successfully re-educating the market to look past the optical 36% EBITDA margin (down from 40%+). The Renewable E&C business, though 14% margin, operates at a 63% ROCE, making it a powerful value creator. * **Positive: Order Book Explosion.** The group order book reached ₹1,582 Cr, which is more than the full-year revenue guidance. This provides nearly 100% revenue visibility for H2 FY27 and early FY28. * **Negative: Logistical Friction in Saudi.** Geopolitical tensions and shipping costs have forced a deferral of ₹80-90 Cr in Saudi CAPEX to FY28. While utilization is high (86%), the "scale-up" story in West Asia is hitting a temporary speed bump. * **The Street's Concern:** Analysts remain focused on the "Project EPC" losses and the declining yields in Saudi (3.8% vs 4.1% in Q1). Management clarified this was due to lower "Overtime" (OT) billing because of site-level material delays, not underlying pricing pressure. * **Forward-looking Watchpoint:** Execution of the ₹854 Cr Renewables E&C order book in H2. Any further monsoon prolongation or "Right of Way" issues could push that ~10% "spillover" revenue into FY28.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *PPT not available — numbers from concall.*

Metric	Current Qtr (Q2)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (□ Cr)	296	↑ 36.4%	↓ 24.7%	□	YoY growth driven by E&C scale-up; QoQ dip is seasonal (monsoon).
Revenue (□Cr)	277	↑ 31.9%	↓ 27.1%	□	Reflects normal phasing of renewable projects and monsoon moderation.
EBITDA (□Cr)	106	↑ 20.5%	↓ 23.7%	□	Growth YoY lags revenue due to mix shift (Higher E&C share).
EBITDA Margin %	36.0%	↓ (vs ~40%)	↑ (vs 35.0%)	→	Structurally settling at mid-30s as E&C reaches 40% of mix.
PAT (□Cr)	40	↑ 11.1%	↓ 38.5%	□	Impacted by □9 Cr impairment/write-off (offset by insurance in Other Inc).
ROCE (E&C) %	63.0%	Not in Doc	Not in Doc	↑	Demonstrates high capital efficiency of asset-light segment.
Cash Flow (OCF) (□Cr)	231 (H1)	Not in Doc	N/A	↑	Massive jump (82% of FY26 total) due to better collections.
Net Debt / (Cash) (□Cr)	391	Not in Doc	↓ (vs 448)	↑	Deleveraging supported by strong operating cash flows.
Gross Debt/Equity (x)	0.58	Not in Doc	↑ (vs 0.54)	□	Remains well within the 0.72x ceiling despite CAPEX.
Working Capital (DSO)	81 Days	Not in Doc	↓ (vs 116)	↑	Significant improvement in India and Saudi collection cycles.
Order Book (□Cr)	1,582	↑ 150%+	↑ 26.5%	↑	Record high; E&C segment at □854 Cr; Rental at □728 Cr.
India Utilization %	71.0%	↑ (vs 70%)	↓ (vs 86%)	□	Seasonal monsoon impact; H1 average at 78%.
India Yield %	2.20%	↑ (vs 2.04%)	↓ (vs 2.29%)	↑	Underlying pricing power remains strong despite seasonality.
Saudi Utilization %	86.0%	First entry	↓ (vs 87%)	→	Extremely high utilization validating the regional thesis.
Saudi Yield %	3.80%	First entry	↓ (vs 4.10%)	↓	Lower "Overtime" (OT) billing due to site logistical delays.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	H1 Rev Share	Margin	Trend	vs Co. Avg	Key Development
Crane Rental (Ind/ Bots)	~172	62%	46%	→	Higher	Yields rising; utilization seasonal but healthy.
Renewable E&C	~100	36%	14%	↑	Lower	Order book at □854 Cr; ROCE at 63%.
GCC (Saudi/Qatar)	~15	2%	24%	↑	Lower	EBITDA positive; high utilization; yields at 1.7x India.
Project EPC	~5	2%	Negative	↓	Lower	Business being wound up; reversal expected in Q3/Q4.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	₹1,400 - 1,500 Cr (FY27)	Needs ₹743 - 843 Cr in H2. Feasible given ₹1,582 Cr order book.	Consistently met.	Low
Guidance	EBITDA	₹525 - 575 Cr (FY27)	Needs ₹280 - 330 Cr in H2. Feasible as high-margin rental picks up post-monsoon.	Consistently met.	Moderate
Guidance	CAPEX Plan	₹583 Cr total (Revised)	₹401 Cr remaining for H2. Partially dependent on Red Sea shipping costs normalizing.	Missed FY26 target.	High
Strategy	Saudi Growth	Re-phased ₹80-90 Cr CAPEX to FY28.	Strategic deferral to avoid prohibitive shipping costs and logistical bottlenecks.	New initiative.	Moderate
Strategy	Renewables	40% of Group Revenue mix.	Current H1 is 36%; requires execution of the ₹854 Cr E&C order book.	On track.	Low
Balance	Leverage	Gross Debt/Equity < 0.72x.	Currently at 0.58x; ample headroom for ₹400 Cr H2 CAPEX.	Reliably met.	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.5	Sunil Jain / Nirmal Bang	Order Book	Financials	"Since your order book is now □1,582 Cr and guidance is □1,400-1,500 Cr, is there a possibility of exceeding guidance?"	Management reaffirmed the current range, citing that 8-10% of the E&C order book typically spills over into the next year due to grid/PPA delays. This implies the guidance is conservative and reflects a "deliverable" reality rather than a best-case scenario.	None	5.0	Prudent Guidance
2	4.0	Sunil Jain / Nirmal Bang	Saudi Margins	Financials	"How much scope is there for improvement of margin from here for Middle East?"	Management noted the current 24% EBITDA margin includes start-up costs from the first 6-8 months; normalized industry margins are 40-45%. The scale-up will bridge this gap once the deferred CAPEX is deployed in FY28.	None	4.0	Margin Upside Signal
3	3.5	Akshay Jawahar / Banyan Tree	Margins	Financials	"What is the driver for the deduction in margin for the cranes division from 53% to 46%?"	Management attributed the drop to a one-time leadership incentive (1%), higher contract labor, and a □9 Cr impairment	None	4.5	One-offs Identified

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						on an asset. Excluding these, core rental margins remain structurally healthy at ~50%.			
4	3.0	Akshay Jawahar / Banyan Tree	Other Income	Financials	"What is the driver for the increase in other income right now?"	Management explained it relates to the insurance claim received for the impaired □9 Cr asset. This confirms that the P&L hit from the asset write-off is largely neutralized at the PAT level.	None	5.0	Cash Neutral Event
5	5.0	Shriram / ithought PMS	Saudi Margins	Financials	"In spite of 86% utilization in Middle East, we have 24% EBITDA margin. How would it increase?"	Management clarified that utilization is already high, but margins are currently suppressed by start-up costs and lack of scale. As the fleet grows from the current small base, fixed cost absorption will drive the margin toward the 40% target.	None	4.0	Scale-up required
6	4.0	Riya Mehta / Aequitas	Execution	Management Commentary	"What is the current execution happening in Saudi in terms of deployment	Management stated that utilization (86%) is the best proxy for execution; while	None	4.5	Demand robust

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					given the geopolitical scenario?"	logistics are delayed, on-site demand for existing assets remains "unreal." This separates the "shipping risk" from the "demand risk."			
7	4.5	Sunil Shah / MM Catalyst	Strategy	Capex and Allocation	"If the Saudi situation gets prolonged, would we not look at India for more growth given Saudi is only 3-4% of business?"	Management defended the $1 Trillion Saudi opportunity, noting that assets are mobile and can be relocated if needed. The 3.8% yield in Saudi vs 2.2% in India makes it the superior destination for incremental capital once logistics normalize.	None	5.0	Conviction in Saudi
8	4.0	Sunil Jain / Nirmal Bang	Renewables	Business Overview	"How are you able to gain market share in E&C when industry installation is similar to last year?"	Management attributed this to their track record of erecting 20GW+ of India's 55GW wind base and their pivot to "full scope" services (Civil, Electrical, Mechanical). They are effectively taking a	None	4.5	Wallet Share Gains

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						larger "wallet share" per MW of installation.			
9	3.5	Abhijit / SML (Self)	Financials	Governance	"Explain the FX impact on inter-corporate deposits to Saudi."	Management clarified it is a mark-to-market (MTM) accounting entry on loans to the KSA subsidiary; Q1 had a negative impact, Q2 neutralized it. This confirms the FX volatility is non-cash and non-operating.	None	5.0	MTM Accounting
10	3.0	Rohan Mehta / StratEasy	EPC Loss	Financials	"The project EPC segment has seen some sort of mishap, how will it turn out?"	Management confirmed they are winding up this legacy segment by Q3 FY27, which will stop the EBITDA bleed. This represents a ~□2-3 Cr quarterly tailwind once fully exited.	None	4.0	Strategic Exit
11	4.0	Satish Auti	Saudi Yields	Financials	"The yield in Saudi was 4.1% in Q1, now 3.8%. Why?"	Management explained that Q2 saw lower "Overtime" (OT) billing because logistics disruptions delayed material/	None	4.0	OT Volatility

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						manpower arrivals at sites. This suggests that while the crane was "hired" (fixed), it wasn't "working extra" (variable), which should normalize.			

PATTERN FLAGS & SENTIMENT * **Theme 1: The ROCE vs. Margin Debate.** Analysts are grappling with the "lower" 36% blended margin. Management's posture was firm: they are chasing ROCE (63% in E&C) and absolute EBITDA, not optical percentage. This pivot is the central pillar of the "Elevate 2030" strategy. * **Theme 2: Saudi Logistical Hurdles.** Multiple questions focused on the CAPEX deferral and yield dip. Management successfully framed this as a "shipping cost/timing" issue rather than a "demand" issue. The high 86% utilization remains their strongest evidence. * **Analyst Sentiment Verdict:** Generally positive on revenue and order book, but cautious on the "messy" margin bridge (incentives, impairments, EPC losses). The 13-week order book growth (26%) was the primary catalyst for confidence. The main unresolved friction remains the Saudi collection cycle (165 days), though it is improving.

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1 FY27)	This Quarter (Q2 FY27)	Direction
Order Book	₹1,253 Cr	₹1,582 Cr	↑
Group DSO	116 Days	81 Days	↑
Saudi DSO	201 Days	165 Days	↑
FY27 CAPEX Pool	₹652 Cr	₹583 Cr	↓
Revenue Mix (E&C)	33% (Target)	40% (Revised Target)	□
Saudi Yield	4.10%	3.80%	↓
CFO-to-PAT (H1)	Not available	2.17x	□
Segment Strategy	Scaling Project EPC	Winding up Project EPC	□

Investor Note on Earnings Quality: H1 FY27 displays exceptionally high earnings quality with CFO (₹231 Cr) vastly outstripping PAT (₹106 Cr). This was primarily driven by the aggressive DSO reduction (from 116 to 81 days), representing a massive working capital release. While CAPEX was revised downwards, it was a disciplined response to shipping costs, preserving capital for higher-efficiency deployment in FY28.

STOP HERE.