Sanghvi Movers Ltd — Aug 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat on Revenue; Margin Miss due to Mix and One-offs. **One-line:** SML continues its transition from a cyclical crane provider to a diversified energy services group; while reported EBITDA margins compressed to 35%, the core rental thesis remains intact as Saudi Arabia hits cumulative EBITDA positivity and the order book swells to □1,250 Cr.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat (Revenue)	Revenue of □380 Cr beats Q4 FY26 (□351 Cr) by 8.2% and Q1 FY26 by 39%.	□
Earnings Quality	Moderate	High cash profit (□104 Cr) but impacted by □6.2 Cr ECL provision and □1.4 Cr non-cash FOREX loss.	□
Guidance Confidence	Strong	Reiteration of FY27 Revenue (□1,400-1,500 Cr) and EBITDA (□525-575 Cr) despite Q1 margin dip.	□
Management Credibility	Strong	Extremely transparent bridge explaining the 6% margin drop; delivered Saudi EBITDA positivity as promised.	□
Business Quality Signal	Improving	GCC yields (4.10%) remain significantly higher than India (2.29%), justifying international CAPEX.	□
Key Q&A Exchange	Q#5 (GCC DSO)	Mgmt explained 201-day DSO is a West Asia macro reality but confirmed zero working capital draw in KSA.	□
The Street's Primary Anxiety	Margin Dilution	Concern over 35% EBITDA vs 40%+ prior. Mgmt: Underlying core margin is ~49% excluding one-offs/mix.	□
Capital Cycle Stage	Aggressive Investment	□652 Cr FY27 CAPEX pool approved; □92 Cr deployed in Q1 to capture wind and KSA demand.	□
Margin / Return Trajectory	Stable (Core)	Blended margins compressed, but core rental margins are "structurally intact" at 47-51%.	→
Pricing Power	Expanding (India)	India yields improved to 2.29% (vs 2.24% in Q4 FY26); KSA yields healthy at 4.10%.	↑
FCF Conversion & Quality	Strong	Cash profit of □104 Cr is 1.6x PAT; growth is largely self-funded.	□
Competitive Moat Signals	Widening	Approved by Saudi Aramco; successfully executed first shutdown job in KSA.	□
Balance Sheet Strength	Adequate	Gross D/E at 0.54x; remains within the 0.72x ceiling despite heavy CAPEX.	□
Working Capital Efficiency	Deteriorating (GCC)	GCC DSO spiked to 201 days; India rental DSO also high at 124 days.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on expansion; revenue run-rate is now ahead of annual targets.	□
Key Vulnerability / Red Flag	Red Sea Logistics	Supply chain disruptions delaying crane deliveries to KSA, pushing revenue to H2.	□
Management Tone	Confident & Candid	Proactive disclosure on margin leaks; bullish on "Elevate 2030" goals.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positive: Operational Momentum.** SML is running at a revenue run-rate (₹380 Cr) that suggests it will comfortably hit the upper end of its ₹1,400-1,500 Cr FY27 guidance. India yields continue to edge higher (2.29%), proving pricing power is not yet capped by competition. * **Positive: Saudi Proof-of-Concept.** The Middle East business achieved cumulative EBITDA positivity in Q1. While KSA yields softened slightly (4.10% vs 4.5% in Q4), the 181 bps premium over India remains the primary engine for future ROCE expansion. * **Negative: Working Capital Stress.** Group DSO is elevated, particularly in GCC (201 days) and India Rental (124 days). While management notes July collections were strong, the aging of receivables triggered a ₹6.2 Cr ECL provision this quarter, acting as a direct hit to margins. * **Negative: Structurally Lower Blended Margins.** The shift toward Ancillary/Cross-rental (lower margin but zero CAPEX) and Renewable E&C (12-15% margin) is now a permanent feature. Investors must accept 35-40% blended EBITDA as the "new normal" in exchange for higher group ROCE. * **Forward-looking Watchpoint:** Delivery of the remaining ₹560 Cr CAPEX in H2. Any further Red Sea delays will cap the H2 revenue upside and potentially push targets into FY28.

---

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT not available — all numbers sourced from concall transcript.

Metric	Current Qtr (Q1FY27)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (□Cr)	393	↑ 40.0%	↑ 8.2%	↑	Driven by 39% growth in revenue from operations (□380 Cr).
EBITDA (□Cr)	139	↑ 30.0%	↓ 2.8%	□	Growth YoY but QoQ dip due to ECL, FOREX, and one-off incentives.
EBITDA Margin %	35.0%	↓ (vs 39.2%)	↓ (vs 40.6%)	↓	6% drop explained by one-offs (2%), mix (2%), and provisions (2%).
PAT (□Cr)	65	↑ 30.0%	↓ 5.8%	□	Impacted by higher operating costs and provisions this quarter.
Cash Profit (□Cr)	104	↑ 26.8%	↓ 2.8%	□	Remains strong relative to PAT; funds ongoing CAPEX.
Order Book (□Cr)	1,250	↑ 150%*	↑ 18.7%	↑	Fully executable within FY27; Renewables share is □680 Cr.
Order Inflows (□Cr)	Not stated	N/A	N/A	N/A	Inquiry pipeline stands at □5,600 Cr across group.
Net Debt / (Cash) (□Cr)	Not stated	N/A	N/A	N/A	Treasury surplus of □300 Cr+; effective Net D/E ~0.3x.
Gross Debt/Equity (x)	0.54	Not stated	↑ (vs 0.47)	□	Increase to fund □652 Cr CAPEX plan; ceiling is 0.72x.
Avg. India Yield %	2.29%	Not stated	↑ (vs 2.24%)	↑	Strengthening pricing power in the domestic market.
India Utilization %	86%	Not stated	↓ (vs 87%)	→	Near technical ceiling; implies high demand for new fleet.
GCC Yield %	4.10%	Not stated	↓ (vs 4.50%)	↓	Softened slightly but still ~1.8x India yields.
GCC Utilization %	86%	Not stated	Not stated	→	High utilization justifies the □316 Cr GCC CAPEX.
Group DSO (Days)	116	Not stated	Not stated	↓	GCC at 201 days; Crane Rental at 124 days; E&C at 98 days.
*Compared to Q1FY26 visibility (~□500 Cr).					

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	Rev Share	Margin	Trend	vs Co. Avg	Key Development
Crane Rental	~228	60%	47%	□	Higher	Margin dropped from 53% due to mix and provisions.
Renewable E&C	~141	37%	12-15%	↑	Lower	Scaling faster; asset-light model delivering high ROCE.
GCC (Saudi)	19	5%	23%	↑	Lower	Hit cumulative EBITDA positive; yield at 4.1%.
Project EPC	~11	3%	Not stated	→	Lower	Remains a minor part of the total diversified mix.

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 for FY27.	Needs ₹340-373 Cr per qtr. Highly feasible given Q1 is already at ₹380 Cr.	Met FY26 target.	Low
Guidance	EBITDA	₹525-575 Cr for FY27.	Needs ~₹140 Cr per qtr. Feasible if margins normalize to 38-40% as guided.	Met FY26 target.	Moderate
Guidance	Capex Plan	₹652 Cr total for FY27.	₹560 Cr remaining to be deployed in H2 FY27.	Missed FY26 (deferred ₹165 Cr).	High
Strategy	KSA Scaling	Reach India-level EBITDA margins (50%+).	Requires operational seasoning and higher internal execution (less cross-rental).	ITD EBITDA positive.	Moderate
Strategy	Renewables	Double revenue for the 3rd consecutive year.	Order book (₹680 Cr) supports this; requires strong H2 execution post-monsoon.	Doubled in FY26.	Low
Balance	Leverage	Gross Debt/Equity < 0.72x.	Self-funding capability is high; Q1 is at 0.54x.	Consistently 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	Vivek Rakholiya / Ficom	Strategy	Capex and Allocation	If you had one incremental crane, where does it go—India or KSA—and what determines that choice?	Management explained they act as capital allocators based on inquiry pipeline, order duration, and internal IRR/ ROCE hurdle rates. This shift suggests capital will follow the 4% + yields in KSA over the 2.3% yields in India if utilization is comparable.	None	5.0	ROCE-led allocation
2	4.0	Vivek Rakholiya / Ficom	Competition	Management Commentary	Is the shift to KSA a response to India's yields being capped by competition?	Management clarified that India yields are actually improving and not capped, but KSA offers a "construction backyard" opportunity with higher absolute yields. India remains a core growth market, while KSA is a high-alpha expansion.	None	4.0	Market dual-track
3	3.5	Abhinav / Aequitas	Margins	Financials	Since Renewables will be one-third of revenue, do you expect margins to decrease further?	Management confirmed that while blended EBITDA margins will be lower optically, the E&C business is asset-light and delivers significantly higher ROCE.	None	4.5	ROCE vs Margin

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						The focus is on absolute EBITDA growth (targeted 20-30% up) rather than percentage margins.			
4	4.0	Riya / Aequitas	Leverage	Financials	Will the debt reach 1,100 Cr and is that a comfortable level?	Management confirmed the 0.72x Gross D/E ceiling is comfortable, noting they have 300 Cr in treasury, keeping Net D/E much lower. This ensures the 652 Cr CAPEX cycle is well-funded without stressing the balance sheet.	None	4.5	Leverage discipline
5	5.0	Trushank Jani / Moneybee	Working Capital	Financials	Why is GCC DSO at 201 days vs 124 days in India?	Management attributed the high DSO to macro disruptions in West Asia but noted significant collections in July. The implication is that KSA is a higher-yield but higher-working-capital market, requiring active liquidity management.	None	4.0	GCC WC Warning
6	4.0	Shubhankar Gupta / Equitree	Margins	Financials	Why did Wind E&C margins jump to 18% and is this sustainable?	Management clarified that 18% is pre-unallocated expenses; the	None	4.0	Margin Normalizatio

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						sustainable normalized margin for E&C is 12-15%. This sets a realistic floor for the Renewables segment earnings contribution.			
7	4.5	Rishi / SML Mgmt	Strategy	Business Overview	How do you ensure safety standards as you expand globally?	Management highlighted the transfer of "Golden Capabilities"—seasoned operators and safety officers—from India to KSA. Being approved by Aramco, the world's strictest lifting standard, serves as a major validation of their global moat.	None	5.0	Safety as a Moat
8	3.5	Sunil Jain / Nirmal Bang	Macro	Management Commentary	Is the Red Sea/West Asia conflict delaying CAPEX procurement?	Management noted temporary supply chain disruptions but confirmed all equipment orders are placed and expected to arrive in H2 FY27. This confirms that revenue growth will be backend-heavy this year.	Exact delay duration	3.0	Supply Chai risk

PATTERN FLAGS & SENTIMENT

Theme 1: The Transition to Capital Allocator. Analysts pressed hard on the logic of domestic vs. international investment. Management's response signaled a pivot from being a "crane owner" to a "yield seeker." The recurring emphasis on ROCE (70% in Renewables) over EBITDA margins (which were the historical metric) shows a management team confident in its strategy to diversify even at the cost of optical margin dilution.

Theme 2: Working Capital vs. Yield. The 201-day DSO in Saudi Arabia is the new primary anxiety for the Street. While management was candid about the macro causes, the persistence of these levels will be the main point of friction in future calls. The fact that the business is "cash flow positive" in KSA despite this DSO suggests they have managed to structure contracts to cover operational costs locally.

Analyst Sentiment Verdict: Analysts were generally satisfied with the revenue growth but remain wary of the "new" margin profile. The proactive disclosure of the margin bridge significantly aided management's credibility, preventing a "punishment" for the 35% reported number. The focus for the next quarter will shift entirely to execution: can they deploy the remaining □560 Cr CAPEX despite Red Sea hurdles? Management's credibility remains strong, but the KSA DSO is now a "watch-list" item.

---

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4FY26)	This Quarter (Q1FY27)	Direction
Revenue Run-rate	□351 Cr	□380 Cr	↑
EBITDA Margin	40.6%	35.0%	↓
India Yields	2.24%	2.29%	↑
KSA Yields	4.50%	4.10%	↓
Order Book	□1,053 Cr	□1,250 Cr	↑
Gross D/E Ratio	0.47x (Net D/E)	0.54x (Gross)	□
GCC Profitability	Monthly EBITDA Positive	Cumulative ITD EBITDA Positive	↑
Working Capital (GCC)	Not disclosed	201 Days DSO	□
ECL Provisions	Added back (benefit)	□6.2 Cr (Charge)	↓

STOP HERE.