Sanghvi Movers Ltd — May 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat on Revenue; Inline on Margins and Order Book. **One-line:** SML has successfully hit the □1,000 Cr revenue milestone, proving that its pivot toward an "asset-light EPC" + "global rental" model is structurally sound, even if it permanently settles the EBITDA floor at ~40% vs the historical 50%+.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Revenue of □351 Cr in Q4 vs the required run-rate of □281 Cr to hit the FY26 target.	□
Earnings Quality	High	Cash profit of □319 Cr (FY26) is 1.7x PAT; growth is funded largely by internal accruals.	□
Guidance Confidence	Strong	Reiteration of 30% revenue growth for FY27 backed by a □1,053 Cr executable order book.	□
Management Credibility	Strong	Delivered the □1,000 Cr revenue goal; Saudi business hit monthly EBITDA breakeven as promised.	□
Business Quality Signal	Improving	Pivot to high-ROCE (70%) wind E&C business is de-risking the capital-heavy rental model.	□
Key Q&A Exchange	Q#16 (EPC Rev Recognition)	Mgmt explained the "slumber" in E&C as POCM accounting timing, not a lack of demand.	□
The Street's Primary Anxiety	Margin Compression	Concern over EBITDA at 40% vs 50%+. Mgmt: E&C is lower margin but much higher ROCE.	□
Capital Cycle Stage	Aggressive Investment	FY27 planned capex of □556 Cr (including spillovers) to capture KSA Vision 2030 and India 100GW wind goal.	□
Margin / Return Trajectory	Improving (ROCE focus)	Blended EBITDA is lower, but segment ROCE in Renewables is ~70%, lifting overall capital efficiency.	↑
Pricing Power	Expanding	India yields improved to 2.24% (vs 2.12% FY avg); KSA yields at 4.5% are double India.	↑
FCF Conversion & Quality	Strong	Consistent cash generation despite 103% spike in employee costs to support new verticals.	□
Competitive Moat Signals	Widening	Global Top-5 rank and 36-year track record are winning non-Indian regional EPC clients in KSA.	□
Balance Sheet Strength	Adequate	Net Debt/Equity at 0.47x; well-managed despite massive □474 Cr FY26 capex spend.	□
Working Capital Efficiency	Stable	DSO managed at 50-60 days for E&C; India rental yields trending upward.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on expansion timelines (KSA, Qatar) and revenue targets.	□
Key Vulnerability / Red Flag	Supply Chain	Red Sea/Red Disruption is delaying crane deliveries to KSA, forcing capex spillovers.	□
Management Tone	Highly Confident	Focused on "ELEVATE 2030" and being "choosy" with high-margin EPC contracts.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positive: Scalability of the "Twin-Engine" Model.** SML is no longer just a crane provider. The Renewables E&C segment (Sangreen) doubled revenue YoY and now contributes 31% of the mix at a 70% ROCE. This "asset-light" growth is the primary driver of SML's re-rating from a cyclical rental play to an infra-solutions provider. * **Positive: Saudi Yield Premium.** KSA yields are confirmed at 4.5%—double the Indian rate (2.24%). With the Saudi business hitting monthly EBITDA/Cash flow positive in Q4, the international subsidiary is poised to be a significant PAT contributor in FY27 as the deferred □123 Cr capex finally lands. * **Negative: Structurally Lower EBITDA Margins.** Blended EBITDA margins have settled at ~40% (vs 47% in FY25 and 62% in FY23). This is a permanent feature of the higher-mix EPC business. While ROCE-positive, it changes the earnings profile of the company toward higher volume/lower margin. * **Negative: Supply Chain Fragility.** Supply chain disruptions in the Middle East caused a □165 Cr capex underspend in FY26. If the Red Sea situation worsens, the deployment of the massive □556 Cr FY27 capex plan could be delayed, capping the upside on international revenue. * **Forward-looking Watchpoint:** Cumulative ITD (Inception-to-Date) EBITDA positivity in Saudi Arabia. Management has committed to this by H1 FY27. This will be the "litmus test" for the global expansion thesis.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Current Qtr (Q4FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	351	↑ 31.4%	↑ 48.7%	↑	Driven by 35% growth in India crane rentals and E&C scaling.
EBITDA (□Cr)	143	↑ 25.7%	↑ 57.1%	↑	Q4 margin (40.6%) recovered from Q3 (38.6%) on better yield.
EBITDA Margin %	40.6%	↓ (vs 42.4%)	↑ (vs 38.6%)	□	Structurally lower due to 31% Renewable EPC revenue mix.
PAT (□Cr)	69	↑ 27.8%	↑ 137.9%	↑	Q3 was depressed by exceptional items; Q4 represents normalized peak.
ROCE % (India)	15%	↓ (vs 17%)	Not stated	↓	Impacted by massive capex cycle; long-term target remains mid-teens.
Cash Profit (□Cr)	107	↑ 25.1%	↑ 36.5%	↑	FY26 cash profit □319 Cr shows strong underlying liquidity.
Net Debt / (Cash) (□Cr)	612	↑ 121.7%	↑ 2.7%	↓	Increased borrowing to fund the □474 Cr FY26 capex.
Net Debt/Equity (x)	0.47	↑ (vs 0.33)	↓ (vs 0.48)	→	Maintained below the internal threshold of 0.50x.
Avg. India Utilization %	87%	↑ (vs 84%)	↑ (vs 83%)	↑	Near technical ceiling; necessitates the □190 Cr India capex.
Avg. Monthly Yield %	2.24%	↑ (vs 2.20%)	↑ (vs 2.15%)	↑	Strengthening pricing power in heavy-lift crawler cranes.
Order Book (□Cr)	1,053	↑ 94%	↓ (vs 1,860)	□	Q3 was "total visibility"; Q4 is "executable in FY27."

2B. SEGMENT BREAKDOWN

Segment	Revenue (FY26 ₹Cr)	Rev Share	EBITDA Margin	Trend	vs Co. Avg	Key Development
Crane Rental (India)	695.5	65%	~50%	↑	Higher	Yield expansion to 2.24%; utilization hit 87% in Q4.
Renewables (Sangreen)	331.7	31%	12-15%	↑	Lower	70%+ ROCE; executed 2 GW of India's 6 GW wind additions.
Project EPC	42.8	4%	[Varies]	→	Lower	Support services for industrial/ hydrocarbon sites.
KSA (SMME)	Not stated	<1%	Neg (ITD)	↑	N/A	Hit monthly EBITDA positive; 4.5% yield is best-in-class.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	30% growth for FY27.	Needs ₹1,391 Cr total. Feasible given ₹1,053 Cr starting order book.	Delivered FY26 target.	Low
Guidance	Margins	45-48% in KSA.	Requires scaling to the ₹324 Cr KSA capex fleet.	Monthly breakeven met.	Moderate
Guidance	Capex Plan	₹556 Cr for FY27.	₹391 Cr (new) + ₹165 Cr (deferred). High feasibility if supply chain eases.	Missed FY26 (26% spillover).	High
Strategy	KSA Scaling	Positive ITD EBITDA by H1 FY27.	Requires 90% utilization on existing 63 cranes.	On track.	Moderate
Strategy	Renewables	Aspire to be complete Renewable platform.	Shifting to "high order value" hybrid/wind projects.	2 GW installed.	Low
Balance	Leverage	Maintain Net D/E < 0.5x.	Self-funding much of capex through ₹300 Cr+ annual cash profit.	Consistently met.	Low

4. ANALYST Q&A

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.5	Krupa Desai / Electrum	Financials	Financials	presentation mentions □612 Cr net debt but treasury is □353 Cr; shouldn't net debt be □300 Cr?	Management clarified that accounting rules (Ind AS) prevent netting off treasury against gross debt unless linked to specific liabilities. The reported net debt remains the conservative benchmark for leverage monitoring.	None	4.0	Accounting Clarified
2	4.0	Krupa Desai / Electrum	Guidance	Management Outlook	Do you believe we will be able to do this 30% crane's rental growth going ahead?	Management expressed confidence in maintaining 30% revenue growth for FY27, backed by a strong executable order book. This signals that the demand in wind/steel is not yet plateauing.	None	4.0	Growth Reiteration
3	4.5	Rishi (KSA)	Strategy	Strategy	What is our moat in KSA and how are we gaining market share from local competition?	Management highlighted their Top-5 global ranking, 36 years of safety standards, and supply of brand-new cranes as key differentiators. Reputation-led entry is allowing them to win regional EPC	None	5.0	Competitive Moat

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						clients without relying on Indian contractors.			
5	3.5	Sunil Jain / Nirmal Bang	Input Costs	Financials	Diesel prices are increasing; are you able to pass it on?	Management noted that 50% of contracts include free fuel supply by the client, and for the remaining 50%, price hike discussions are in advanced stages. Diesel inflation is a manageable margin headwind, not a structural threat.	None	4.0	Pass-through confirmed
7	4.0	Ishan / JM Financial	Margins	Financials	Margins have fallen continuously; what is the margin guidance for next year?	Management explained that the blended margin dip is a function of the mix shift to the asset-light, high-ROCE (70%) E&C business. They will no longer target a blended margin but focus on BU-level profitability and overall ROCE.	None	4.5	Mix shift explained
8	3.0	Jay Bharat / InCred	Capex	Financials	yield/ utilization metrics don't seem to math out to the 693 Cr	Management requested this technical query be sent via email for an offline	Calculation reconciliation	1.0	Evasive (Offline)

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					rental revenue based on gross block?	response. This prevents immediate clarity on the exact asset-turn ratio for the new fleet.			
9	4.0	Hemant Shah / Seven Island	Capex	Capex and Allocation	What is the timeline for the □391 Cr FY27 capex execution?	Management indicated the India capex of □190 Cr is already mostly completed (April), while KSA capex is being staggered across the year to align with orders and monsoon. Front-loading India capex should drive H1FY27 revenue.	None	4.0	Execution Timeline
15	4.5	Abhinav / Equitas	Employee Costs	Financials	Employee cost has risen around 103% YoY; any specific reason?	Management attributed the surge to the headcount-heavy E&C business and a deliberate investment in a "professional CXO layer" for Elevate 2030. This is a front-loaded investment in organizational scalability.	None	4.5	Investment in talent
16	4.5	Mohit / Subh Labh	Renewables	Business Overview	Why is the Wind EPC segment flattish despite the record 6GW	Management clarified that they executed 2GW of that 6GW (33% market share)	None	5.0	Market share clarified

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
					wind installation in India?	and flattish quarterly revenue is due to POCM accounting timing. They are also being "choosy" on contracts to protect margins over volume.			
17	4.0	Ajayrajsinh / Mihir Schein	KSA Yields	Financials	Help me understand the yield difference between India (2.24%) and KSA (4.5%).	Management confirmed KSA yields are nearly double but noted higher operating/ logistics costs lead to a target EBITDA of 45-48%. Even with higher costs, the Saudi unit should be accretive to overall PAT once scaled.	None	4.5	Yield Premium

PATTERN FLAGS & SENTIMENT * **Theme 1: The Margin vs. ROCE Trade-off.** Analysts were fixated on the decline in EBITDA margins (down to ~40%). Management’s posture was unapologetic, reframing the discussion around ROCE. They successfully argued that a 70% ROCE asset-light business (Sangreen) is superior to a 50% margin asset-heavy business, even if it "dilutes" the optical blended margin. * **Theme 2: Saudi Arabia Supply vs. Demand.** There is a clear tension between the "Red Sea" supply chain risks (causing capex delays) and the "Vision 2030" demand (driving 4.5% yields). Management appeared confident that demand is so high that even if deliveries are postponed, existing fleet utilization (90%) and pricing will bridge the gap. * **Theme 3: Professionalization of a Promoter-Led Firm.** The 103% spike in employee costs was a point of concern. Management used this to signal the transition to "ELEVATE 2030," highlighting the hiring of a CEO and CFO as a move toward professional governance—a long-standing request from institutional investors.

Analyst Sentiment Verdict: The sentiment was broadly positive, characterized by relief that the □1,000 Cr revenue target was met. While some "math-heavy" analysts remained skeptical of the asset-turn calculations (Q#8), the majority were impressed by the 2 GW market share in wind and the 4.5% Saudi yields. Management’s credibility is at a multi-year high.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3FY26)	This Quarter (Q4FY26)	Direction
Revenue Run-rate	₹236 Cr (Q3)	₹351 Cr (Q4)	↑
India Yields	2.15%	2.24%	↑
India Utilization	83%	87%	↑
KSA Status	Pre-operating / Loss	Monthly EBITDA & Cash Positive	↑
Order Book Definition	₹1,860 Cr (Visibility)	₹1,053 Cr (FY27 Executable)	→
Capex Discipline	Aggressive (Targeting ₹639 Cr)	Tactical (₹165 Cr deferred to FY27)	□
Management Tone	Cautiously Expansionary	Aggressively Professionalized	↑
EBITDA Margin	38.6% (One-off hit)	40.6% (Stabilized)	↑

STOP HERE.