Sanghvi Movers Ltd — FY 2026 Annual Report Analysis

Annual Report Analysis (Consolidated)

Source: CRORES. All figures   Crores. Pipeline: v5-Gemini — W1a → W3 → W1b+W2+W2F (parallel, notes-injected) → Merge.

Investor Snapshot

#	Analytical Point	Sentiment
1	**Maintained global leadership as the 5th largest crane rental entity, commanding a dominant 50-60% market share in the Indian wind lifting sector.**	□
2	**Consolidated revenue surged 36.87% YoY to □1,070 Cr, propelled by a strategic pivot into high-growth Wind EPC services now comprising 37.5% of the mix.**	□
3	**Operational efficiency improved with average monthly yields reaching 2.12% and ROCE expanding to a robust 17.00%.**	□
4	**Core cash generation remains strong with Cash Flow from Operations (CFO) at □278 Cr, representing a healthy 1.51x PAT.**	□
5	***Total debt escalated 55% to 674 Cr to fund aggressive expansion, while 87.63 Cr in Usance LCs masks the true immediate leverage burden.***	□
6	***Aggressive 408 Cr capital expenditure program has outpaced operational cash flow, resulting in a negative Free Cash Flow (FCF) of - 98 Cr.***	□
7	***Earnings quality is compromised by a 110% surge in unbilled receivables to 153.62 Cr, signaling aggressive revenue recognition practices.***	□
8	***Significant internal control failure identified via a 37.58 Cr discrepancy between receivables reported to banks versus those recorded in the books.***	□
9	***Governance risks are heightened by an audit trail failure at the database level and MD remuneration exceeding SEBI limits.***	□
10	***Related Party Transactions (RPTs) remain elevated at 13.66% of revenue, well above the preferred 5% threshold for institutional standards.***	□
11	**Revenue visibility is secured by a robust □1,053 Cr order book and a □225 Cr commitment to Saudi Arabian expansion.**	□
12	Investment View: WATCH; operational moat is formidable, but stance is tempered by internal control lapses and unbilled revenue growth; monitor for audit trail remediation.	□

FINAL RESEARCH SUMMARY: SANGHVI MOVERS LTD (SML) - FY 2026

1. BUSINESS OVERVIEW

- **Business Segments:** Transitioned from a pure-play equipment lessor to an integrated infrastructure solutions provider. Operations are now split between core **Crane Hiring & Ancillary Services** (62.5% of revenue) and the newly scaled **Project EPC** segment (37.5% of revenue) via subsidiary Sangreen Future Renewables.

- **Revenue Drivers:** Growth is driven by the "Elevate 2030" strategy, focusing on high-tonnage crane rentals and turnkey "concept-to-commissioning" wind EPC projects.
- **Cost Drivers:** Major costs include **Freight & Carriage** (spiked 62.6% for crane mobilization), **Contract Labour**, and **Finance Costs** related to fleet expansion debt.
- **Industry Position:** Ranked as the **5th largest crane rental company globally**. Holds a dominant 50-60% market share in India's wind lifting segment.
- **Expansion Plans:** Aggressive entry into Saudi Arabia (Sanghvi Movers Middle East) with a commitment of **₹225 Cr** to scale the regional fleet to 100+ machines over 24 months.
- **Acquisitions & Capacity Additions:** Executed **₹408 Cr Capex** in FY26, focusing on high-tonnage (>100 MT) assets, including 1,600 MT crawler cranes.
- **Geographical Presence:** Expanding beyond India into Saudi Arabia and maintaining a presence in Botswana.

2. MANAGEMENT COMMENTARY & OUTLOOK

- The "Elevate 2030" strategy marks a structural pivot toward an integrated EPC model to increase "customer stickiness" and provide turnkey solutions.
- Management is pursuing an "asset-light" ambition for the renewables platform to decouple revenue growth from massive debt-funded capex cycles.
- The Saudi Arabian expansion is viewed as a primary growth engine rather than a hedge, with 30 cranes already deployed directly from port to site.
- A deliberate "institutionalization" of the firm is underway, evidenced by the onboarding of a professional CEO (Gaurang Desai) and CFO (Pradeep Mehta) to mitigate key-man risk.
- Management highlights a strong demand environment, supported by a **₹1,053 Cr order book**, providing high growth visibility.
- Strategic focus is shifting toward "value-driven engineering solutions" to maintain pricing power, resulting in an improved average monthly yield of **2.12%**.
- The company faces recurring regulatory friction regarding promoter remuneration, seeking shareholder ratification for MD pay exceeding SEBI limits.
- Internal control environment is still maturing, with management acknowledging "growing pains" related to procedural compliance and digital audit trails.
- **Management Tone: Aggressively Optimistic but Structurally Defensive.** Management is using the "Elevate 2030" narrative to rebrand as a professionalized global giant, yet the recurring need to ratify excess promoter pay and procedural lapses in board minutes suggest the governance culture is lagging behind global ambitions. The Saudi and EPC pivots provide growth but introduce a higher "complexity discount."

3. FINANCIAL ANALYSIS

3.1 Financial Statements

Source: Screener.in — all monetary values in ₹ Crores. Use these numbers directly.

P&L Statement (□Crores)

Line Item	Mar 2026	Mar 2025
Sales -	1,070.00	782.00
Sales Growth %	36.87	0.00
Expenses -	671.00	452.00
Manufacturing Cost %	0.00	44.00
Employee Cost %	9.00	6.00
Other Cost %	54.00	8.00
Operating Profit	400.00	330.00
OPM %	37.00	42.00
Other Income -	21.00	41.00
Exceptional items	-7.88	34.31
Other income normal	29.18	6.44
Interest	37.00	26.00
Depreciation	132.00	129.00
Profit before tax	253.00	217.00
Tax %	27.00	28.00
Net Profit -	184.00	157.00
Exceptional items AT	-6.00	25.00
Profit excl Excep	190.00	132.00
Profit for PE	190.00	132.00
Profit for EPS	184.00	157.00
Profit Growth %	44.00	0.00
EPS in Rs	21.29	18.08
Dividend Payout %	9.00	11.00

Balance Sheet (□Crores)

Line Item	Mar 2026	Mar 2025
Equity Capital	9.00	9.00
Reserves	1,302.00	1,134.00
Borrowings -	674.00	438.00
Long term Borrowings	495.00	232.00
Short term Borrowings	179.00	206.00
Other Liabilities -	359.00	185.00
Trade Payables	130.00	82.00
Advance from Customers	0.00	0.00
Other liability items	229.00	103.00
Total Liabilities	2,343.00	1,765.00
Fixed Assets -	1,428.00	1,116.00
Land	0.00	20.35
Building	0.00	32.94
Plant Machinery	0.00	2,137.63
Equipments	0.00	3.37
Furniture n fittings	0.00	1.48
Vehicles	0.00	7.12
Intangible Assets	4.39	0.00
Other fixed assets	0.00	8.10
Gross Block	0.00	2,210.99
Accumulated Depreciation	0.00	1,094.98
CWIP	9.00	18.00
Investments	87.00	150.00
Other Assets -	819.00	482.00
Inventories	6.00	6.00
Trade receivables -	271.00	235.00
Receivables over 6m	0.00	19.00
Receivables under 6m	0.00	226.00
Prov for Doubtful	0.00	-11.00
Cash Equivalents	129.00	54.00
Loans n Advances	47.00	21.00
Other asset items	367.00	166.00
Total Assets	2,343.00	1,765.00

Cash Flow Statement (□Crores)

Line Item	Mar 2026	Mar 2025
Cash from Operating Activity -	278.00	162.00
Profit from operations	403.00	337.00
Receivables	-124.00	-133.00
Inventory	1.00	0.00
Payables	49.00	53.00
Loans Advances	-2.00	-4.00
Other WC items	13.00	-40.00
Working capital changes	-64.00	-124.00
Direct taxes	-61.00	-52.00
Cash from Investing Activity -	-418.00	-286.00
Fixed assets purchased	-408.00	-237.00
Fixed assets sold	31.00	0.00
Investments purchased	0.00	-69.00
Investments sold	71.00	36.00
Interest received	7.00	5.00
Other investing items	-120.00	-21.00
Cash from Financing Activity -	182.00	89.00
Proceeds from borrowings	383.00	209.00
Repayment of borrowings	-157.00	-77.00
Interest paid fin	-26.00	-17.00
Dividends paid	-17.00	-26.00
Net Cash Flow	42.00	-36.00
Free Cash Flow	-98.00	-75.00
CFO/OP	85.00	65.00

Key Ratios (□Crores)

Line Item	Mar 2026	Mar 2025
Debtor Days	92.00	110.00
Inventory Days	0.00	0.00
Days Payable	0.00	0.00
Cash Conversion Cycle	92.00	110.00
Working Capital Days	81.00	21.00
ROCE %	17.00	0.00

3.2 Financial Analysis Summary

- **Revenue** from operations grew by **36.87%** to **₹1,070.00 Cr**, primarily driven by the **Project EPC** segment contributing **₹377.25 Cr**, while core **Crane Hiring** contributed **₹628.82 Cr**.
- **Operating Profit** increased to **₹400.00 Cr**, but **OPM %** contracted from **42.00%** to **37.00%** as **Freight & Carriage** costs spiked **62.6%** to **₹54.14 Cr** to support EPC crane mobilization.
- **Net Profit** reached **₹184.00 Cr**, impacted by **Exceptional items** of **₹7.66 Cr**, including a **₹4.37 Cr** write-off for damaged equipment and a **₹3.29 Cr** provision for the new Labour Code.
- **Finance Cost** rose to **₹37.00 Cr** as **Total Debt** surged **55%** to **₹674.00 Cr** to fund fleet expansion, with interest rates ranging from **7.27% to 9.25%**.
- **Depreciation** remained stable at **₹132.00 Cr** despite **Fixed Assets** increasing to **₹1,428.00 Cr**, suggesting the **₹408.00 Cr** in new **Capex** was added late in the year or remains in **CWIP**.
- **Trade Receivables** of **₹271.00 Cr** and a **110%** surge in **Unbilled Receivables** to **₹153.62 Cr** indicate aggressive revenue recognition or milestone delays, causing **Working Capital Days** to balloon from **21.00 to 81.00 days**.
- **CFO** improved to **₹278.00 Cr**, resulting in a **CFO/PAT** ratio of **1.51x**, yet **Free Cash Flow** remained negative at **-₹98.00 Cr** due to the massive **₹408.00 Cr** outflow for **Fixed assets purchased**.
- **Total Debt** includes **₹87.63 Cr** in **Deferred Payment Liabilities**, which are Usance Letters of Credit for capital purchases with tenures up to **1,080 days**, acting as long-term vendor financing.
- **ROCE %** improved to **17.00%**, reflecting better utilization of the expanded **Net Worth** (**₹1,311.00 Cr**), even as the company provided corporate guarantees totaling **₹287 Cr** for subsidiaries.
- **Trade Receivables** ageing shows a build-up in the "More than 3 years" bucket to **₹2.08 Cr**, and the **ECL** allowance was increased to **₹14.32 Cr** to account for slow recoveries.
- A significant internal control red flag is the **₹37.58 Cr** discrepancy where receivables reported to banks were lower than those recorded in the **Balance Sheet**.
- **Other Financial Assets** spiked to **₹91.77 Cr** due to **₹73.24 Cr** in fixed deposits and a **₹16.71 Cr** receivable from asset sales to the Botswana subsidiary.
- **Other Expenses** analysis shows **Miscellaneous expenses** rose by **65%** to **₹12.46 Cr**, which appears to be an unclassified "dumping bucket" for operational costs.
- **Legal & Professional Fees** stood at **₹11.25 Cr**, and while lower YoY, they remain high, reflecting persistent internal control and compliance intensity.
- The dominant financial theme of the year is a **debt-fueled transition into a diversified EPC player, characterized by high top-line growth and strong CFO, but strained by negative FCF, ballooning unbilled receivables, and internal control discrepancies.**

3.3 Contingent Liabilities & Commitments

- **GST Matters:** Contingent liabilities surged nearly 5x to **₹5.53 Cr**.
- **Income Tax Matters:** Outstanding disputes amounting to **₹0.25 Cr**.
- **Claims:** Claims not acknowledged as debt totaled **₹1.31 Cr**.
- **Capital Commitments:** Decreased to **₹32.69 Cr** (from ₹74.25 Cr), suggesting the heavy capex cycle may be nearing completion.
- **Guarantees:** Corporate guarantees provided for subsidiaries total **₹287 Cr** (₹105 Cr for Sangreen Future and approx. ₹182 Cr for the Middle East unit).

3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↑ — high cash conversion as depreciation and payables offset working capital outflows.	□	PAT □184 Cr vs CFO □278 Cr in Mar 2026.	CFO/OP at 85% indicates strong cash generation relative to operating earnings.
2	Receivables & channel-stuffing signal (receivables + inventory build vs revenue)	Revenue ↑↓ — bank filing discrepancies and aging build-up suggest potential overstatement of assets.	□	Receivables □271 Cr; □37.58 Cr discrepancy reported in bank statements.	Note 43 highlights significant internal control weakness regarding quarterly bank reporting vs books.
3	Revenue timing (unbilled / contract assets + deferred revenue / advances)	Revenue ↑ — aggressive "over time" recognition outpaces billing milestones, inflating current period sales.	□	Unbilled receivables surged 110% to □153.62 Cr from □72.88 Cr.	Note 42 indicates revenue recognized over time despite lags in contractual milestone certifications.
4	Revenue from related parties %	Revenue ↑ — significant intra-group transactions with subsidiaries inflate consolidated top-line through EPC services.	□	□137.46 Cr revenue from Sangreen Future (approx 13% of total).	Note 36 shows heavy reliance on subsidiary Sangreen Future Renewables for project growth.
5	Inventory vs revenue growth	Neutral — minimal inventory levels in service-heavy model prevent typical manufacturing-style margin manipulation.	□	Inventory flat at □6 Cr while Sales grew 36.87%.	Note 10 confirms inventory is negligible, primarily consisting of stores and spares.
6	Inventory valuation method change	Neutral — consistent valuation policy ensures no artificial profit boost from inventory re-measurement.	□	Inventory remains constant at □6 Cr across both fiscal years.	Accounting policy notes indicate no change in the valuation of stores and spares.
7	Exceptional items in operating profit	Profit ↓ — one-time write-offs for accidental damage and regulatory provisions suppress reported PAT.	□	□7.66 Cr exceptional charge including □4.37 Cr crane damage write-off.	Note 31 details crane cabin damage and □3.29 Cr provision for new Labour Code.
8	Depreciation rate vs useful life policy	Profit ↓ — accelerated write-offs for damaged assets supplement standard useful-life based depreciation charges.	□	Depreciation at □132 Cr; □4.37 Cr asset write-off treated as exceptional.	Note 31 and Fixed Asset notes show consistent depreciation with specific accidental write-offs.
9	Provision reversals boosting PAT	Profit ↓ — increased expected credit loss provisions reflect conservative stance on deteriorating older receivables.	□	ECL allowance increased from □9.39 Cr to □14.32 Cr.	Note 10 shows build-up in "1-2 years" and "More than 3 years" receivable buckets.
10	Tax rate consistency + cash tax vs P&L tax	Profit ↑ — effective tax rate remains stable and closely aligned with statutory corporate rates.	□	Tax rate at 27% vs 28% LY; □61 Cr cash tax paid.	P&L tax of □69 Cr (27% of PBT) aligns with cash flow tax outflows.
11	CWIP age and stalling projects	Profit ↑ — reduction in CWIP suggests successful capitalization of assets into the revenue-generating fleet.	□	CWIP decreased from □18 Cr to □9 Cr in Mar 2026.	Note 21 shows capital creditors rose to □57.81 Cr, indicating massive ongoing fleet expansion.
12	Deferred tax asset recognition adequacy	Neutral — stable tax-to-PBT ratio suggests no aggressive	□		Accounting policies reflect standard recognition of

#	Check	Impact	Status	Evidence	Notes Detail
		recognition of speculative deferred tax assets.		Tax % consistent at 27% with no major DTA spikes noted.	timing differences without aggressive asset creation.
13	RPT quantum and trend	Neutral — high financial support to subsidiaries via guarantees and ICDs increases contingent risk.	□	□16.11 Cr ICD to Middle East; □287 Cr in corporate guarantees.	Note 36 and 52(b) detail significant financial exposure to domestic and foreign subsidiaries.
14	Dividend paid vs FCF adequacy	Profit ↓ — dividends paid despite negative free cash flow due to heavy growth-oriented Capex.	□	□17 Cr dividend paid vs negative FCF of -□98 Cr.	Cash flow statement shows □408 Cr Capex for fleet expansion exceeding operating cash.
15	Audit Trail Verification	Neutral — Inability to verify database-level logs or payroll software trails.	□	Auditor modified comment on database-level audit trail.	Note 54: Lack of SOC reports for third-party software poses risk of manual overrides.
16	Bank Reporting Discrepancies	Revenue ↑↓ — Significant mismatch between bank filings and books of accounts.	□	□37.58 Cr less in receivables reported to banks than in books.	Note 43: Suggests internal control failure or potential "window dressing" for credit facilities.
17	Customer Concentration	Neutral — Increasing dependency on a limited number of large clients.	□	Two customers account for 21% of revenue (□214.55 Cr).	Note 38(c): Loss of one client would significantly impact top-line and cash flow.

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters * **Audit Opinion:** Unqualified Opinion. * **KAM 1: Provision for Expected Credit Loss (ECL):** Auditor flagged complexity in estimating future cash flows for **□285.93 Cr** of trade receivables, focusing on "slow recoveries" in older buckets. * **KAM 2: Revenue from EPC Contracts:** Recognition of **□377.25 Cr** in EPC revenue involves significant management judgment regarding "percentage-of-completion" and "estimated costs to complete." * **Audit Trail (Forensic Red Flag):** The auditor issued a modified comment stating they are **"unable to comment on audit trail at database level"** due to inadequate SOC reports and could not verify the audit trail for third-party payroll software. * **Bank Reporting Discrepancies:** Significant discrepancies exist between books and quarterly statements filed with banks. For March 2026, the bank statement reported **□37.58 Cr less in receivables** and **□3.09 Cr less in inventory** than the books.

B. Related Party Transactions | Party | Relationship | Nature | Amount (□Cr) | Concern | |:---|:---|:---|:---|:---| | **Sangreen Future Renewables** | Subsidiary | Revenue from Operations | 137.46 Cr | Neutral | | ***Sanghvi Movers Middle East*** | Subsidiary | ICD Given (11% Interest) | 16.11 Cr | | | **Subsidiaries (Various)** | Subsidiaries | Management Service Income | 10.31 Cr | Neutral | | ***Promoter Group*** | Promoters | Dividend Paid | 8.00 Cr | | | ***Rishi C. Sanghvi*** | MD / Promoter | Remuneration | 6.46 Cr | |

- **RPT Risk:** Intra-group revenue is **13.66%** of total revenue, exceeding the 10% threshold. Receivables from Sangreen Future stand at **□26.73 Cr** (~10% of total). The parent is heavily subsidizing subsidiary expansion via ICDs and guarantees (**□287 Cr**).

C. Shareholding * **Promoters:** 47.25% (Unchanged) * **FIIs:** 2.05% * **DIIs:** 2.01% * **Public:** 48.69% * **Pledged Shares:** 0.00%

D. Board Composition + KMP Compensation * **Total Directors:** 8 | **Independent:** 75% | **Women Directors:** 2. * **KMP Compensation:** MD Rishi C. Sanghvi received □**6.46 Cr** (20.52% YoY growth), tracking EBITDA growth of 21.21%. * **Family Relations: Rishi C. Sanghvi** (MD) and **Maithili R. Sanghvi** (Non-Exec Director) are husband and wife. **Mina C. Sanghvi** (Promoter) is the mother of the MD. * **Regulatory Friction:** Shareholder ratification sought for MD pay exceeding SEBI Regulation 17(6)(e) thresholds.

F. Capital Allocation & Capex | Action | FY Current (□Cr) | FY Prior (□Cr) | % of CFO | Signal | |:---|:---|:---|:---|:---| | ***Aggressive Capex*** | 408.00 Cr | 237.00 Cr | 146.76% | | | ***Rising Leverage*** | 236.00 Cr | 255.00 Cr | 84.89% | | | ***Working Capital Investment*** | 64.00 Cr | 124.00 Cr | 23.02% | | | **Dividends Paid** | 17.00 Cr | 26.00 Cr | 6.12% | □|

- **CFO Coverage of Capex:** Ratio is **0.68x**, indicating a □**130 Cr** funding gap bridged by debt.
- **Nature of Capex:** Primarily **Growth Capex** for high-tonnage fleet expansion.
- **Deployment Efficiency:** Revenue grew 36.87% while Gross Block grew 27.96%, suggesting healthy incremental asset turnover.
- **Key Takeaways:** The company is in a **debt-fueled expansion phase**. High ROCE (17%) justifies expansion, but negative FCF (**-□98 Cr**) increases balance sheet fragility.

H. Risks * **Audit Trail Failure:** Inability to verify database-level logs; high risk of manual overrides. **Impact:** Potential financial misstatement. * **Bank Reporting Discrepancy:** □**37.58 Cr** difference in receivables. **Impact:** Risk of credit facility withdrawal. * **Unbilled Receivables Growth:** Jumped 110% to □**153.62 Cr**. **Impact:** High risk of future write-downs if milestones aren't met. * **Customer Concentration:** Two customers account for **21%** of revenue. **Impact:** High sensitivity to client-specific downturns. * **Interest Rate Sensitivity:** □**673.55 Cr** debt is floating. **Impact:** 100 bps hike reduces PBT by □**3.98 Cr**.

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	4	→	50-60% Wind market share; 5th largest globally.	Strong moat in high-tonnage rentals but EPC pivot introduces execution risk.
Financial Health	3	↓	D/E 0.47x; CFO/PAT 1.51x; FCF -□98 Cr.	Strong operations but expansion is debt-reliant with negative free cash flow.
Earnings Quality	2	↓	Unbilled Receivables ↑ 110%; Bank discrepancy □37.58 Cr.	Aggressive revenue recognition and internal control lapses cloud earnings.
Management & Governance	2	↓	Audit trail failure; MD pay > SEBI limits; RPTs 13.6% of Rev.	Professionalization is offset by persistent procedural and regulatory friction.
Capital Allocation & Earnings Visibility	4	↑	ROCE 17%; Order book □1,053 Cr; Capex □408 Cr.	High returns and visibility, though currently value-neutral due to debt funding.

BUSINESS POSITIVES (for this company this year) * □**Revenue Growth:** Consolidated revenue jumped **36.87%** to □**1,070 Cr**, driven by the EPC pivot. * □**Market Leadership:** Maintained **5th rank globally** in crane rentals with **50-60%** share in Indian wind lifting. * □**Operational Efficiency:** Average monthly yield improved to **2.12%** and ROCE reached **17.00%**. * □**Cash Generation: CFO** improved significantly to □**278 Cr**, representing **1.51x PAT**. * □**Order Visibility:** Secured a robust order book of □**1,053 Cr**, providing strong near-term revenue visibility.

BUSINESS NEGATIVES / CONCERNS (for this company this year) * □**Internal Control Lapses:** A □**37.58 Cr** discrepancy in receivables reported to banks vs. books. * □**Audit Red Flag:** Auditor unable to verify **database-level audit trails**, raising data integrity concerns. * □**Working Capital Stress: Unbilled Receivables** surged **110%** to □**153.62 Cr**, signaling aggressive revenue recognition. * □**Negative Free Cash Flow:** Aggressive □**408 Cr Capex** led to a negative FCF of **-□98 Cr**. * □**Governance Friction:** MD remuneration exceeded SEBI limits, requiring shareholder ratification. * □**Leverage Increase:** Total debt surged **55%** to □**674 Cr** to fund expansion.

OVERALL SCORECARD SUMMARY Sanghvi Movers is exhibiting a "Quantum Leap" in scale, backed by a dominant market position and improving capital efficiency (17% ROCE). However, this growth is currently debt-funded and accompanied by significant governance and internal control red flags, including audit trail failures and bank reporting discrepancies. While the operational engine is strong, the earnings quality is weakened by aggressive unbilled revenue growth and negative free cash flow, placing the company on a **stable but high-risk trajectory** that requires stringent monitoring of Saudi execution and internal control remediation.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Unqualified opinion provided.
2	Promoter pledge = 0?	□	0.00% pledge as of Mar 2026.
3	KMP pay < 5% of PAT?	□	MD pay (□6.46 Cr) is ~3.5% of PAT (□184 Cr).
4	RPT quantum < 5% of revenue?	□	RPT revenue is 13.66% of total.
5	Board > 50% independent?	□	75% of the board is independent.
6	At least 1 woman director?	□	2 women directors present.
7	No statutory dues outstanding?	□	No major defaults reported.
8	No fraud reported?	□	No fraud reported by auditors.
9	Audit trail enabled?	□	Modified comment: unable to verify database-level trail.
10	Frequent Auditor change	□	No frequent changes noted.
Total: 8/10 □— Governance Rating: 3			

Part C: Investor Verdict

THESIS: SML is a dominant global crane player transitioning into a high-growth EPC provider, but governance "growing pains" and debt-funded expansion create a high-risk, high-reward profile.

OVERALL STANCE: WATCH

RATIONALE: Strong operational performance and ROCE are currently overshadowed by internal control discrepancies and negative FCF. RE-EVALUATE WHEN: Unbilled receivables as a % of revenue drops below 10% AND audit trail modified comments are removed. BULL CASE: Successful Saudi expansion and EPC execution drive FCF positive, leading to a re-rating as a global infra major (Target: 25% EBITDA growth). BEAR CASE: Execution delays in Saudi Arabia or EPC projects lead to massive write-downs of unbilled receivables and debt covenant breaches. KEY MONITORABLE: Unbilled Receivables: □153.62 Cr → Watch threshold: >□200 Cr or >20% of Revenue.

7. YEAR-OVER-YEAR ANALYSIS

7.1 Changes

Metric / Theme	Summary A Status	Summary B Status	Forensic Takeaway
Revenue Mix & Strategy	Pure-play equipment lessor with 71% growth driven by domestic wind lifting.	Integrated EPC provider with 37.5% of revenue now coming from turnkey projects.	The business has structurally pivoted from a high-margin rental model to a more complex, lower-margin EPC model to drive top-line scale.
Margin Trajectory	Operating Profit Margin (OPM) at 42%.	OPM contracted to 37%.	Increased mobilization costs and the lower-margin nature of subcontracted EPC work are diluting the company's core profitability.
Leverage Intensity	Total borrowings at □438 Cr.	Total borrowings surged 55% to □674 Cr.	The company has significantly increased its financial risk profile to fund an aggressive "Quantum Leap" in fleet capacity.
Working Capital Risk	Unbilled revenue at □72.88 Cr (31% of receivables).	Unbilled revenue surged 110% to □153.62 Cr.	Aggressive revenue recognition ahead of contractual milestones is creating a massive "paper profit" buffer that risks future write-downs.
Internal Control Gap	□22.76 Cr discrepancy in receivables reported to banks.	Discrepancy widened to □37.58 Cr.	The widening gap between book values and bank filings suggests a deteriorating internal reporting environment or potential window-dressing of the collateral base.
Promoter Governance	MD remuneration normalized to □5.36 Cr (3.4% of PAT).	MD remuneration rose to □6.46 Cr, again exceeding SEBI regulatory limits.	Recurring friction regarding excess promoter pay indicates that governance professionalization is lagging behind the company's operational expansion.

7.2 Persistent Patterns

- **Negative Free Cash Flow** remains a permanent fixture as aggressive growth capex (exceeding □200 Cr-□400 Cr) consistently outpaces operating cash generation.
- **Material weakness in internal financial controls** persists, with auditors consistently unable to verify database-level audit trails or SOC reports for third-party software.
- **Dominant market monopoly** in high-tonnage crane rentals remains the primary structural moat, supporting high asset yields above 2%.
- **Zero promoter share pledging** continues to signal strong long-term alignment and commitment to the equity base despite governance friction.
- **Heavy reliance on external debt** and vendor financing (Usance LCs) remains the primary engine for capital allocation and fleet expansion.
- **High depreciation charges** under the SLM method continue to provide a substantial non-cash buffer, keeping CFO/PAT ratios healthy despite working capital stress.
- **Concentrated customer risk** persists, with a small group of Tier-1 infrastructure players (L&T, Reliance) accounting for a significant portion of the order book.
- **Unqualified audit opinions** are consistently issued despite the presence of recurring "modified comments" regarding internal control failures. Identifying this as a persistent pattern highlights a potential disconnect between audit rigor and reported control gaps. No material persistent pattern identified.

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