Sanghvi Movers Ltd — Feb 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline on Revenue; Beat on Order Book Growth and Cash Conversion. **One-line:** SML is successfully transitioning from a domestic rental play to a global infrastructure services platform, evidenced by a 50% jump in the order book and a sharp recovery in working capital, though high growth-related opex and EPC mix are structurally capping near-term margins.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Revenue □236 Cr is on run-rate for □1,000+ Cr annual target; Order book beat expectations at □1,860 Cr.	□
Earnings Quality	High	9M Cash Profit (□236 Cr) is 2x PAT (□116 Cr); DSO improved from 123 to 100 days.	□
Guidance Confidence	Strong	Management reiterated □1,000 Cr+ revenue target despite 15% spillover risk.	□
Management Credibility	Strong	Delivered on Saudi scaling, entry into Botswana (new territory), and reversed the receivable stretch from Q2.	□
Business Quality Signal	Improving	Diversification into Botswana and Qatar and "Engine-2" EPC growth de-risks domestic Wind cyclicity.	□
Key Q&A Exchange	Q#4: Capex Sizing	Management maintains massive □629 Cr capex but is vague on FY27 plans until board approval.	□
The Street's Primary Anxiety	Margin Compression	Concern over EBITDA dropping to 38.6% (vs 42% in Q2); Mgmt cited exceptional items and Saudi burn.	□
Capital Cycle Stage	Aggressive Investment	Peak capex year (□629 Cr) to modernize fleet and capture KSA Vision 2030 demand.	□
Margin / Return Trajectory	Deteriorating (Tactical)	38.6% margin is a multi-quarter low due to EPC mix (30% of rev) and SMME start-up costs.	↓
Pricing Power	Stable	Blended India yield improved to 2.15% (vs 2.04% in Q2); KSA yields at 3.5% are best-in-class.	↑
FCF Conversion & Quality	Strong	Peak collections of □145 Cr in January; business is funding growth through internal accruals.	□
Competitive Moat Signals	Widening	Largest ROB Girder launch in history (700 MT) proves technical supremacy in high-capacity lifting.	□
Balance Sheet Strength	Adequate	Net Debt/Equity at 0.48x (vs 0.36x in Q2); rising but well within covenants during peak capex.	□
Working Capital Efficiency	Improving	DSO dropped to 100 days; management addressed the "reconciliation" bottleneck flagged last quarter.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on utilization bands (75-80%) and Saudi deployment timelines.	□
Key Vulnerability / Red Flag	Exceptional Items	□8.4 Cr charge for Labour Code and asset damage represents ~22% of quarterly PBT.	□
Management Tone	Confident / Expansionary	Focus on "Elevate 2030" and following customers into Africa (Botswana) and GCC (Qatar).	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positive: The Order Book Juggernaut.** The total order book surged to □1,860 Cr (from □1,239 Cr in Q2), providing multi-year visibility. Critically, the inquiry pipeline stands at an unprecedented □2,900 Cr+, suggesting that the aggressive □629 Cr capex is demand-backed, not speculative. * **Positive: Working Capital Disciplines.** After the DSO stretch to 120+ days in Q2 sparked analyst anxiety, management delivered a sharp reduction to 100 days in Q3. January collections hit a record □145 Cr, proving the "reconciliation issues" were indeed tactical and not structural. * **Negative: Margin Dilution persists.** Consolidated EBITDA margins fell to 38.6%. While □8.4 Cr is a one-off exceptional item, the increasing share of Wind EPC (30% of revenue at 10-12% margins) and the "deliberate" burn in Saudi Arabia are structurally lowering the margin floor from the historical 50%+ levels. * **Negative: Leverage Creep.** Net Debt to Equity rose to 0.48x. While manageable, the company is nearing the end of its comfortable leverage tether just as it enters even more capital-intensive markets like Saudi Oil & Gas. * **Forward-looking Watchpoint:** The Saudi breakeven. Management has guided for a 10-14 month window for SMME profitability. With the KSA yield at 3.5% (nearly double India), any delay in this breakeven will disproportionately hurt the consolidated EPS trajectory in FY27.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT figures primary. Concall used for commentary and utilization details.

Metric	Current Qtr (Q3FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (□Cr)	236.4	↑ 12.7%	↑ 12.6%	↑	Driven by infrastructure/renewables recovery post-monsoon.
Revenue (□Cr)	235.8	↑ 13.4%	↑ 12.3%	↑	Recovery in execution momentum; India yield up to 2.15%.
EBITDA (□Cr)	91.0	↑ 11.2%	↑ 2.9%	□	Margin compression to 38.6% due to rev mix and Saudi opex.
EBITDA Margin %	38.6%	↓ (vs 39.5%)	↓ (vs 42.2%)	↓	Impacted by 30% Wind EPC mix and pre-operating costs.
PAT (□Cr)	29.0	↓ 12.4%	↓ 20.1%	↓	Dragged by exceptional item (□8.4 Cr) and higher finance costs.
ROCE (%)	Not stated	N/A	N/A	→	Target remains mid-teens range on deployed capital.
Cash Profit (□Cr)	78.4	↑ 12.5%	↑ 1.2%	↑	9M Cash Profit stands at □236 Cr; high quality earnings.
Net Debt / (Cash) (□Cr)	596.0	↑ 121.5%	↑ 35.4%	↓	Surge due to □284 Cr YTD capex deployment.
Net Debt/Equity (x)	0.48	↑ (vs 0.33)	↑ (vs 0.36)	↓	Rising toward internal limits during peak capex cycle.
India Utilization %	83%	↑ (vs 75%)	↑ (vs 70%)	↑	Strong rebound post-monsoon; within annual 75-80% band.
Order Book (□Cr)	1,860.0	↑ 95.8%	↑ 50.1%	↑	Massive jump; □1,227 Cr billable in FY26 (pre-spillover).
Receivable Days (DSO)	100	↑ (vs 95)	↑ (vs 123)	↑	Significant improvement from Q2 peak; target <100.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	9M Rev Share	Margin (EBITDA)	Trend	vs Co. Avg	Key Development
Crane Rental (India)	155.6 (est)	66%	~50%	→	Higher	Yield hit 2.15%; Core demand from Steel/Refineries.
Wind EPC	70.7 (est)	30%	10-12%	→	Lower	Executed 9M rev equal to full FY25; scaling fast.
Project EPC	9.5 (est)	4%	[Varies]	↓	Lower	Small-scale industrial/hydrocarbon support.
KSA (SMME)	7.66	<1%	Negative	↑	N/A	81% utilization; Yield 3.5% is the engine for FY27.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	₹1,000 Cr+ for FY26.	Needs ₹281 Cr in Q4. High feasibility given ₹508 Cr billable order book.	On track.	Low
Guidance	Margins	FY27 normalization.	Requires Saudi breakeven and India utilization >80%.	Mixed (Q3 dip).	Moderate
Guidance	Capex Plan	₹629 Cr for FY26.	₹345 Cr remaining for Q4. Management says deliveries are on track.	Met YTD goals.	Moderate
Strategy	Saudi Scaling	5% market share in 3-5 yrs.	Requires continued capex and entry into Aramco (Oil & Gas).	81% util met.	High
Strategy	Diversification	Botswana entry.	Entry is "cost neutral" via specific client contract.	New initiative.	Low
Balance	DSO Target	Normalize to <100 days.	Achieved 100 days in Dec. January collections hit ₹145 Cr.	Met Q2 promise.	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	Deepan Narayanan / TrustLine	Execution Slowdown	Financials	Though we have very strong capex plan, revenue execution has slowed down during Q3; are you witnessing a slowdown on the ground?	Management denied a slowdown, citing an inquiry pipeline of □2,900 Cr and that remaining capex deliveries (□268 Cr) in Q4 will drive FY27 growth. The order book surge validates that the "slowdown" is merely timing-related.	None	4.0	Specific and validated
2	4.0	Krupa Desai / Electrum	Order Book Mix	Financials	Of the order book, how much is crane rental and how much is EPC?	Management refused the granular split, citing it as "competitive data," but confirmed the book is dominated by rental-led work. Lack of transparency makes margin forecasting difficult for analysts.	Granular split	1.0	Evasive
3	3.5	Sunil Jain / Nirmal Bang	Margin Compression	Financials	Crane hiring EBIT is around □49 Cr vs last quarter □50 Cr despite higher revenue; was there a one-off?	Management identified an □8.4 Cr exceptional item (Labour Code impact and asset damage) that suppressed the quarter's profitability. Stripping this one-off, core rental	None	5.0	Quantified

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						profitability remains intact.			
4	4.5	Krishna Agarwal / Mangal Keshav	Global Expansion	Strategy	What is the rationale for expanding into Botswana, South Africa, and Qatar simultaneously instead of scaling Saudi first?	Management explained they are "following the customer" and utilizing a common leadership team to cross-synergize the GCC region as a single growth engine. This strategy lowers entry costs but increases regional execution risk if local dynamics differ.	None	4.0	Directional
5	3.0	Krishna Agarwal / Mangal Keshav	Tower Cranes	Business Overview	Why does SML not offer tower cranes for the rising high-rise construction demand?	Management stated tower cranes require different competencies and they will only enter segments where they can differentiate, as seen with their recent spider crane partnership. SML remains focused on heavy-lift mobile/crawler cranes.	None	3.0	Consistent
6	4.0	Ashish / InvesQ	Domestic Yields	Financials	How are domestic yields and competitive intensity shaping up?	Management reported India yields at 2.15% (up from 2.04% in Q2), signaling improved	None	4.5	Specific data

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						pricing power despite a competitive landscape. Higher yields in a recovery quarter suggest high-capacity fleet demand is outstripping supply.			
7	4.0	Bhagwat / Prosperity	Order Spillover	Financials	Is the 15% order spillover calculated on total orders (□1,200 Cr) or pending revenue (□500 Cr)?	Management clarified that the 15% spillover risk applies to the total annual billable book, which explains their conservative □1,000 Cr+ guidance. This provides a floor for FY27 opening revenue.	None	4.0	Clear
8	4.0	Mohammed Farooq / Pearl Capital	Institutional Stakes	Governance	Domestic institutional participation is low (~1%); what initiatives are being taken to enhance engagement?	Management has engaged E&Y for IR and is increasing the frequency of interactions with mutual funds/FIs to communicate the "Elevate 2030" vision. Improved disclosure (even if partial) is necessary to re-rate the stock.	Stake enhancement guidance	2.0	Hedged
9	4.5	Mohammed Farooq / Pearl Capital	Q4 Confidence	Financials	Presentation says □1,227 Cr billable; management	Management confirmed they are targeting	None	4.0	Realistic

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
					says □1,000 Cr+; how confident are you of the Q4 step-up?	□1,000 Cr+ conservatively, allowing for the 15% spillover due to site delays and weather. Q4 is traditionally the strongest quarter, and current visibility remains very high.			

PATTERN FLAGS & SENTIMENT * **Theme 1: The "Follow the Customer" Pivot.** Multiple analysts questioned the rapid-fire expansion into Qatar and Botswana. Management's posture was one of opportunistic efficiency—claiming these entries are "cost-neutral" or leverage existing GCC leadership. The sentiment is that SML is no longer waiting for markets to mature; it is moving its fleet to where its global EPC clients are working. * **Theme 2: Transparency vs. Strategy.** The repeated refusal to split the order book by segment (Rental vs. EPC) remains a friction point. Analysts are anxious about margin dilution, and management is using "competitive sensitivity" as a shield. This concern will remain live until consolidated EBITDA margins stabilize post-FY26. * **Theme 3: Working Capital Vindicated.** The skepticism from Q2 regarding the 120-day DSO was met with a firm 100-day print in Q3. Management's confidence here has significantly improved their credibility regarding balance sheet management.

Analyst Sentiment Verdict: Analysts were broadly positive regarding the order book surge and working capital improvement but remained skeptical of the near-term margin trajectory. The Botswana entry was a surprise "wildcard" that sparked curiosity. Management’s credibility improved significantly this quarter by delivering on the promised DSO reduction. The unresolved issue is the KSA breakeven timing—if losses continue beyond H1 FY27, it will become a primary point of friction.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q2FY26)	This Quarter (Q3FY26)	Direction
Order Book Size	₹1,239 Cr	₹1,860 Cr	↑
India Yields	2.04%	2.15%	↑
India Utilization	70% (Seasonal dip)	83%	↑
Receivable Days (DSO)	120+ Days	100 Days	↑
Net Debt/Equity	0.36x	0.48x	↓
Geographic Footprint	India + KSA	India + KSA + Botswana + Qatar	↑
EBITDA Margin	42.2%	38.6%	↓
Exceptional Items	Not present	₹8.4 Cr (Labour Code/Damage)	↓
Saudi Performance	Mobilization phase	81% Utilization; 3.5% Yield	↑

STOP HERE.