Sanghvi Movers Ltd — Mar 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Inline on Execution; Aggressive on Expansion **One-line:** SML is successfully transitioning from a domestic "Crane Rental" monoline to a "Global Integrated Infrastructure Service" group, with the Saudi expansion (KSA) and Wind EPC (Sangreen) emerging as the primary growth engines, albeit at the cost of short-term margin dilution and a spike in leverage.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	9M FY26 Revenue growth on track for 25-30% CAGR target; utilization stable at 76%.	□
Earnings Quality	High	Performance driven by core operational scaling; "Cash Profit" remains robust at 9M levels.	□
Guidance Confidence	Strong	FY28 Revenue target of □1,800 Cr implies a clear execution roadmap via Elevate 2030.	□
Management Credibility	Strong	Successfully operationalized KSA and Renewables subsidiaries as promised in prior quarters.	□
Business Quality Signal	Improving	Diversification into asset-light EPC and high-yield international markets (KSA) de-risks the India-only thesis.	□
Key Q&A Exchange	N/A	Section not applicable — investor presentation only.	□
The Street's Primary Anxiety	Margin Dilution	Shift to EPC (10-12% EBITDA) vs Crane Rental (50-55%) is compressing blended margins.	□
Capital Cycle Stage	Aggressive Investment	Gross Block surged to □3,067 Cr; D/E ratio reached 0.48x to fund KSA and India fleet expansion.	□
Margin / Return Ratio Trajectory	Deteriorating	PAT margin fell to 11% (9M FY26) from 16% (FY25) due to revenue mix and higher depreciation.	↓
Pricing Power	Stable	Blended yield holding; KSA targeting premium yields (stated as 45% monthly return target).	→
FCF Conversion & Quality	Strong	Consistent cash profit generation to fund □500 Cr planned capital outlay for next 2 years.	□
Competitive Moat Signals	Widening	Ranking as World's 5th largest crane company; entrance into KSA "Giga projects" creates massive barriers.	□
Balance Sheet Strength	Adequate	D/E at 0.48x is nearing the 0.50x caution zone; leverage has increased significantly vs prior quarter (0.36x).	□
Working Capital Efficiency	Stable	Inventory and receivables management remains a focus as EPC share grows.	→
Mgmt Guidance Track Record	Reliable	Met "Elevate 2030" Phase-1 milestones including C-suite professionalization.	□
Key Vulnerability / Red Flag	Leverage Peak	Rapid KSA expansion requires continuous capex; any delay in Saudi collections would strain the 0.48x D/E.	□
Management Tone	Expansionary	Bold focus on "Nation Builder to Global Builder" transition.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positive: The "Three-Engine" Growth Model is Live.** SML is no longer hostage to the Indian wind cycle. The KSA subsidiary (SMME) and Renewable EPC (SFRPL) now contribute 35% of the segment mix, providing geographical and operational hedge. * **Positive: Asset-Light Pivot.** The Renewables division (SFRPL) is operating on an O&M and EPC model with 17+ GW track record, allowing for scale without the heavy balance sheet burden of crane ownership. * **Negative: The Margin Trade-off.** Management has formally acknowledged that EPC EBITDA margins are 10-12% (vs 50%+ for Rentals). As EPC revenue grows to hit the □1,800 Cr target, blended group margins will structurally settle lower than historical peaks. * **Negative: Leverage Surge.** Debt-to-Equity has jumped from 0.33x (FY25) to 0.48x (9M FY26). This is the highest leverage seen since the 2017 crisis, though it is now backed by a much more diversified cash flow stream. * **Forward-looking Watchpoint:** The execution of the □500 Cr planned capex. The thesis depends on the KSA market delivering the "45% monthly yield" targeted in the strategy slides to justify the current debt buildup.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent. All numbers derived from PPT (Doc ID 2423).

Metric	Current Qtr (9M FY26)	YoY Change (vs 9M FY25)	QoQ Change (vs H1 FY26)	Trend	Mgmt Commentary
Revenue (□Cr)	Not Stated*	Not Stated*	Not Stated*	↑	*PPT shows 4x growth over 4 years; FY28 target 1,800 Cr.*
EBITDA Margin %	40%	↓ (vs 47% FY25)	↓ (vs 42% Q2)	↓	Diluted by higher Renewables/EPC mix.
PAT (□Cr)	Not Stated*	Not Stated*	Not Stated*	↓	*Slide 22 shows PAT margin compressed to 11%.*
PAT Margin %	11%	↓ (vs 15% FY25)	↓ (vs 16% H1)	↓	Mix shift and higher depreciation from expansion.
ROCE (%)	11% (Non-Ann)	↓ (vs 15% FY25)	→	→	Reflects heavy mid-cycle capex.
Cash Profit (□Cr)	Not Stated*	Not Stated*	Not Stated*	→	*Avg 250 Cr/year last 5 years; H1 was 164 Cr.*
Net Debt / Equity (x)	0.48	↑ (vs 0.33 FY25)	↑ (vs 0.36 H1)	↓	Increased to fund □900 Cr 4-year fleet reinvestment.
Gross Block (□Cr)	3,067	↑ (vs 2,870 FY25)	↑ (vs 2,810 H1)	↑	Aggressive capacity addition for India/KSA.
Utilization (%)	76%	↑ (vs 73% FY25)	↑ (vs 70% Q2)	↑	Holding strong despite fleet expansion.
Yield (%)	~2.0%	→	→	→	KSA targeting 45% (target vs current blended).

2B. SEGMENT BREAKDOWN

Segment	Revenue Share (9M)	YoY Growth	Margin (EBITDA)	Trend	vs Co. Avg	Key Development
Crane Rental	65%	↓ (vs 100% FY21)	50-55%	→	Higher	The "Cash Cow" protecting the core.
Renewables (EPC)	34%	↑ (vs 0% FY21)	10-12%	↑	Lower	Rapidly scaling "Engine 2"; asset-light.
KSA (International)	1%	↑ (New)	Negative*	↑	N/A	"Engine 3"; 100% KSA utilization reported.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	₹1,800 Cr by FY28.	Requires ~30% CAGR from FY25 base. Feasible given KSA/EPC scaling.	Met 4x growth target over last 4 years.	Low
Guidance	Margins	EBITDA ₹500–600 Cr by FY28.	Implies 28-33% blended margin. Lower than historical 50% due to EPC.	Margins compressed to 40% (9M FY26) as expected.	Moderate
Guidance	Capex Plan	₹500 Cr planned capital outlay (next 2 years).	~$30M/year. Manageable via internal cash profits (~₹250 Cr/yr).	Reinvested ₹900 Cr since 2020.	Low
Strategy	KSA Scaling	KSA as launchpad for GCC; 45% monthly yield target.	Requires high-spec fleet and "Giga project" stickiness.	Successfully entered KSA; 1st billing in Sept-25.	High
Strategy	Renewables	Aspire to be complete "Renewable Platform" (Hybrid/Wind).	5 GW enquiry pipeline supports this.	Delivered 100+ projects to date.	Low
Balance	Leverage	Debt to Equity maintained below 0.5x.	Currently 0.48x; no room for further debt without equity/ OCF.	D/E moved from 0.33 to 0.48 in 9 months.	High

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (H1 FY26)	This Quarter (9M FY26)	Direction
Leverage Profile	Net Debt/Equity 0.36x	Net Debt/Equity 0.48x	↓
Strategic Vision	Turnaround focus	"Elevate 2030" Global Builder focus	↑
Asset Base	Gross Block ~□2,810 Cr	Gross Block □3,067 Cr	↑
Margin Guidance	Refused to give specific targets	Formalized 10-12% (Renewables) and 50-55% (Rental) targets	↑
International Mix	KSA just starting (Sept-25)	KSA recognized as a 1% revenue contributor with global scaling roadmap	↑
Return Profile	PAT Margin 16% (FY25)	PAT Margin 11% (9M FY26)	↓
Professionalization	Transitions ongoing	Professional professional CXO management fully in place	↑

Investor Notes: * **Earnings Quality Check:** 9M Cash Profit remains the primary funding mechanism for capex. While PAT has compressed due to depreciation (Gross Block up □257 Cr in 9 months), the cash-generating ability of the fleet remains intact. * **Working Capital Lever:** The pivot to Renewables EPC (34% of mix) is the primary driver of the PAT margin contraction. Investors must value SML as a sum-of-the-parts: a high-multiple Rental business and a high-growth/low-margin EPC business. * **Forensic Trigger:** The D/E ratio at 0.48x is the most critical monitoring point. Management's 0.5x internal ceiling is effectively reached. Any further aggressive capex in FY27 will likely require an equity raise or a slowdown in fleet additions unless Saudi cash flows ramp up significantly.

STOP HERE.