Sammaan Capital Ltd — Rating update 13 Oct Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd. (CareEdge)
Rating Change	**AA- → AA+** (Reaffirmed at the upgraded level; 2-notch jump since Oct 2025)
Outlook (Current vs Previous)	**Stable** (Current) vs **Rating Watch with Positive Implications** (Previous)
Key Drivers of Change	1. **New Promoter Support:** IHC (Abu Dhabi) acquired 28.46% stake (moving to 41.2%); provides "strategic importance" and "reputational sensitivity" support. 2. **Massive Capital Infusion:** ₹5,652 Cr preferential issue in FY26 and ₹1,300 Cr QIP in FY25 bolstered the capital base. 3. **"Kitchen Sinking" Strategy:** Identified ₹14,953 Cr non-core pool; sold ₹7,320 Cr to ARCs and reclassified ₹7,633 Cr to FVTPL to clear legacy stress. 4. **Clean Slate Asset Quality:** GNPA reduced to **0%** (Mar-26) from 1.80% (Mar-25) via write-offs and ARC sales.
Rated Instruments	• **Bank Facilities:** ₹24,000 Cr (AA+; Stable / A1+) • **NCDs:** ₹24,958 Cr (AA+; Stable) • **Subordinate Debt:** ₹2,198.02 Cr (AA+; Stable) • **Perpetual Debt:** ₹100 Cr (AA; Stable)
Key Observations	1. **(+) Strong Parentage:** IHC is a US$228B market cap conglomerate; provides a massive liquidity/ capital floor. 2. **(+) Solvency:** Comfortable Capital Adequacy (CAR) at 20.06% despite massive losses. 3. **(+) Management Stability:** CEO Gagan Banga and senior team retained; IHC oversight via board sub-committees. 4. **(-) Profitability Hit:** Reported a net loss of **₹7,145 Cr** in FY26 due to legacy asset clean-up. 5. **(-) Resource Cost:** Incremental cost of funds remains high at **~9.25%** (Q1FY27); IHC-led reduction is yet to fully play out. 6. **(-) Execution Risk:** Pivot to "Full-service NBFC" (Gold, Personal Loans) requires unproven scaling capability. 7. **(-) Asset Quality Monitoring:** New product segments (unsecured targets <20% of AUM) present fresh credit risks.
Investor Impact	• **Growth:** Disbursement run-rate targeted to hit **₹25,000 Cr** near-term; pivot from contraction to expansion. • **Margins:** High cost of funds is a drag; equity upside depends on lowering borrowing costs via IHC's AAA-rated backing. • **Leverage:** Gearing (incl. securitization) expected to stay **<3.5x**; currently conservative at 2.88x. • **Dilution Risk:** Future warrant conversion to 41.2% by IHC will cause further dilution but secures long-term capital.
Agency / Cross Analysis	**Same Agency:** CARE previously held a cautious AA- (Stable) view. The shift to AA+ is entirely driven by the **change in ownership** to IHC (Avenir Investment), which outweighed the significant P&L deterioration (₹7,145 Cr loss). **Conclusion: Improvement.** The rating reflects a "Credit Floor" provided by Abu Dhabi sovereign-linked wealth, effectively decoupling the credit rating from standalone historical performance.
Final Inference	This is a **"Parentage Upgrade."** The massive FY26 loss was a necessary one-time "clean-up" to align with IHC's roadmap. Equity risk has transitioned from **Solvency Risk** (Will they survive?) to **Execution Risk** (Can they grow profitably as a retail NBFC?).