

## Sammaan Capital Ltd — 07 Oct 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings
Rating Change	CARE AA- / CARE A+ (Placed on <b>Rating Watch with Positive Implications</b> ); ST Rating Reaffirmed at A1+
Outlook	Stable → <b>Rating Watch Positive (RWP)</b>
Key Drivers of Change	<ol style="list-style-type: none"> <li><b>\$1 Billion Capital Infusion:</b> Proposed 41.2% stake sale to Avenir (IHC affiliate) for ₹8,850 Cr will drastically boost net worth and growth capacity.</li> <li><b>Tier-1 Ownership:</b> Transition from promoter-led to IHC-backed (Global Institutional) ownership enhances resource mobilization credibility.</li> <li><b>Capital Cushion:</b> Post-rights/QIP, CAR stands at a robust <b>35.8%</b> (June 2025) vs 29.5% (March 2025), providing a massive buffer for expansion.</li> <li><b>Clean-up Exercise:</b> One-time provision of ₹1,700 Cr in FY25 to front-load legacy book risks, signaling a "kitchen-sinking" strategy before the new entry.</li> </ol>
Rated Instruments	1. Bank Facilities: ₹8,219.98 Cr
Key Observations	<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>Asset-light pivot: Shift to co-lending model to optimize ROE.</li> <li>Improving Leverage: Net gearing reduced to <b>1.75x</b> (June 2025) from 1.96x (March 2024).</li> <li>Liquidity: Adequate cash of ₹8,138 Cr covering ~78% of 1-year debt obligations.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>Stagnant Growth: AUM down to ₹62,378 Cr from 2018 peak of ₹1.39 Lakh Cr.</li> <li>Asset Quality: Wholesale GNPA remains sticky at <b>5.81%</b>; top 10 exposures represent 70% of wholesale book.</li> <li>Profitability: High opex and borrowing costs (<b>9.2%</b>) vs. peers; FY25 ROMA was <b>-2.10%</b>.</li> </ul>
Investor Impact	<p><b>Growth:</b> Equity infusion solves the "liquidity trap," allowing SCL to finally scale its co-lending/retail book.</p> <p><b>Margins:</b> Cost of funds remains high; a successful rating upgrade post-merger is critical to narrow the spread vs. top-tier NBFCs.</p> <p><b>Dilution/Leverage:</b> Massive equity dilution is balanced by the removal of "survival risk" and extremely low leverage (2.91x AUM/NW) suggesting long-term non-dilutive growth potential.</p>
Agency / Cross Analysis	<p><b>Same Agency (CARE):</b> Shifted from "Stable" to "RWP" solely based on the IHC deal. While CARE notes organic deterioration in FY25 (Loss of ₹1,807 Cr), the "Watch Positive" confirms that external capital infusion outweighs current operational weakness.</p> <p><b>Conclusion: Improvement in Credit Story.</b> The rating action focuses on the <i>Future</i> balance sheet rather than the <i>Historical</i> P&amp;L.</p>
Final Inference	<p><b>Strategic Rebirth:</b> This is a "Floor-Setting" event. While legacy wholesale issues persist, the \$1B IHC infusion essentially "re-capitalizes" the entity, removing insolvency risks and potentially leading to a 1-2 notch upgrade once the deal closes.</p>