

Sammaan Capital Ltd — Aug 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Beat (Accounting-led) **One-line:** Sammaan is successfully pivoting to a retail-first, asset-light model, but this quarter's profitability was heavily aided by a one-time accounting change in derecognition income, which management used to prudently front-load provisions.

Dimension	This Quarter	Signal / Evidence
Beat/Miss vs Guidance / Prior Quarter	Beat	PAT of ₹334 Cr slightly ahead of expectations; however, driven by ₹732 Cr derecognition gain.
Earnings Quality	Low (Accounting driven)	Profitability was boosted by a shift from actuarial to contractual accounting for derecognition of assets, creating a one-time windfall.
Guidance Confidence	Neutral	Legacy rundown targets are firm, but ROE expansion depends on successful onboarding of a strategic partner in Sammaan Finserve.
Management Credibility	Strong	Transparent about accounting changes; successfully executed de-promoterization and massive debt reduction (₹1.92L Cr gross since 2018).
Business Quality Signal	Improving	Retail mix (Growth AUM) now 64% of total; asset-light model validated with 24 banking partners.
Key Q&A Exchange	Q3 + Accounting	Kotak analyst pressed on the ₹732 Cr gain; Mgmt admitted it's a "one-time" catch-up used to buffer provisions.
The Street's Primary Anxiety	Legacy Wholesale Tail	Concerns remain regarding the residual ₹23,481 Cr legacy book and potential litigation/recovery hurdles.
Capital Cycle Stage	Consolidation / Growth Pivot	Shifting from a period of survival/de-leveraging to retail growth via Sammaan Finserve.
Margin / Return Ratio Trajectory	Stable	Targeting low-teen ROE by FY27; current returns are suppressed by high liquidity and legacy carry.
Pricing Power	Stable	Competitive in prime retail via co-lending; yields at 11.5% - 13% for Sammaan Finserve products.
FCF Conversion & Quality	Strong	Legacy book threw up ₹1.5L Cr cash since FY19; H1FY26 projected at ₹6,370 Cr total collections.
Competitive Moat Signals	Stable	Moat lies in the deeply integrated co-lending tech stack and established relationships with 24 banks.
Balance Sheet Strength	Strong	Gearing low at 1.9x; CRAR high at 34.8%; LCR at 280%.
Working Capital Efficiency	Deteriorating	Credit costs temporarily spiked to ₹466 Cr (4.7% of avg assets annualized) to absorb the accounting windfall.
Mgmt Guidance Track Record	Reliable	Consistently meeting legacy rundown and debt repayment targets since 2018.
Key Vulnerability / Red Flag	Litigation/Wholesale Recoveries	Management explicitly warned of "fictitious complaints" and litigations as they pursue NPA recoveries.

Overall Thesis Verdict (3–4 sentences): The long-term thesis remains intact: Sammaan is transforming from a high-leverage wholesale lender into a technology-driven, asset-light retail mortgage aggregator. This quarter's accounting "gain" on derecognition is a non-cash optics boost, but management's decision to utilize it to fortify

the provision buffer (₹8,000 Cr total cover for the legacy book) is the right long-term move. The primary catalyst to watch is the induction of a "rating-accretive" strategic partner in Sammaan Finserve over the next 9 months, which could significantly lower the cost of funds and unlock ROE.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT figures used as primary source. Concall used for Mgmt Commentary column and factual corrections noted in transcript.

Metric	Current Qtr (Q1FY26)	YoY Change (vs Q1FY25)	QoQ Change (vs Q4FY25)	Trend	Mgmt Commentary
NII Growth (₹Cr)	1,213	120.3%	11.2%	↑	NII growth driven by higher retail originations and factual figure correction in concall (from ₹1,200 Cr).
NIM (AUM basis %)	Not in document	-	-	-	Not explicitly stated; focus remains on fee-based co-lending income.
Cost of Funds %	Not in document	-	-	-	Mgmt expects cost of capital to decline as on-balance sheet borrowings increase and competition for their debt rises.
Loans Growth (% YoY)	-4.5%	(AUM basis)	0.05%	→	Total AUM (₹62,378 Cr) stable as Growth AUM (₹38,897 Cr) offsets Legacy Book rundown. Volume driven by co-lending.
GNPA %	1.5%	-120 bps	-120 bps	↑	Significant improvement from 2.7% in FY24 to 1.3% in FY25; currently at 1.5% for Q1.
NNPA %	0.8%	-80 bps	-70 bps	↑	Net NPAs remain benign at 0.8%, reflecting high provision coverage.
Credit Cost (% funded assets)	4.7% (annualized)	↑	↑	↓	Higher this quarter due to front-loading of provisions (₹466 Cr) using the derecognition windfall. Steady-state target is 100 bps.
Capital Adequacy / CET1 %	34.8% (FY25)	-	-	→	Substantial capital buffer maintained to support the transition.
PAT (₹Cr)	334.30	2.3%	3.2%	→	Stable earnings despite high impairment charges, thanks to the one-time ₹732 Cr gain.
Fee Income Growth %	62.24 Cr	116.5%	60.0%	↑	Significant jump in fee and commission income, reflecting the pivot to the asset-light model.
Revenue (Total Income)	2,409.43	7.7%	13.0%	↑	Growth driven by derecognition gains (₹732 Cr) and increased fee income.
ROCE / ROE (%)	Not in document	-	-	→	ROE targeting low-teens by FY27. Current ROE is "low single digits" (estimated) due to excess capital.
Cash Flow (Collections)	6,370 (H1 Proj)	-	-	→	Strong collections from legacy book: ₹1.5L Cr total since FY19.
Net Debt / (Cash)	1.9x (Gearing)	↓	↓	↑	Gearing reduced from 8.2x (FY18) to 1.9x (FY25). Targeted to stay in 2.0x-2.5x range.
Working Capital (LCR %)	280%	-	-	→	Massive liquidity cushion; well above 100% regulatory requirement. CFO-to-PAT distorted by loan sell-downs and provisioning.

2B. SEGMENT BREAKDOWN

Segment	AUM (₹ Cr)	YoY Growth	Margin / Yield	Trend	vs Company Avg	Key Development
Retail (Growth AUM)	38,897	↑	11.5% - 13%	↑	High quality	64% of total AUM. Originated ₹2,640 Cr in Q1 via co-lending/DA. 80% residential backed.
Legacy Book	23,481	↓	Not stated	↓	High risk	Rundown on track. ₹6,370 Cr projected collections for H1FY26. Targeted to reach ₹15,500 Cr by year-end.
Sammaan Finserve	8,280	↑	High (Micro)	↑	Yield accretive	Focused on affordable housing (₹15L ticket) and semi-urban LAP (₹25L ticket). Strategic partner search initiated.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Legacy Rundown	Reduce legacy book to ~₹15,500 Cr by FY26 end.	Needs ~₹2,000 Cr reduction per quarter for the next 3 quarters; current Q1 reduction was ₹1,413 Cr. Slightly behind pace.	Strong	Execution risk in real estate resolutions.
Guidance	Credit Cost	Steady-state credit cost of 100 bps.	Q1 was ~470 bps (annualized) due to one-offs; needs to drop to ~₹100 Cr/qtr impairment.	Mixed	Dependent on wholesale recoveries.
Guidance	ROE	Low-teen ROE by FY27.	Requires substantial AUM growth or capital return (dividends/buybacks) given the current 35% CRAR.	New Target	AUM growth vs capital drag.
Guidance	Strategic Partner	Onboard rating-accretive partner for Finserve in 9 months.	Requires regulatory approvals and due diligence; timeline is tight but possible.	First mention	Regulatory approval delay.
Strategy	Tech Pivot	100% digital journey for salaried and self-employed by end of 2025.	Salaried is 50% of book and live; remaining 50% (Self-Employed) needs rollout in H2.	On track	Fraud risk in digital self-employed.
Balance	Gearing	Maintain gearing at 2.0x to 2.5x.	Current 1.9x; implies room to grow on-balance sheet book by ~₹10k-15k Cr without equity.	Reliable	Market appetite for SCL debt.

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
1	4.0	Ankita Agarwal / NJT Advisors	Liability Mix	Financials	"Could you just provide an update on your borrowing mix, cost of funds and also the duration profile?"	Management stated average maturity is ~5 years with ~₹8,000 Cr principal due annually. This confirms a balanced ALM and provides visibility on the refinancing requirement.	Cost of funds specific %	4.0	Direct with evidence
2	4.5	Ankita Agarwal / NJT Advisors	Growth Strategy	Management Commentary	"Do you plan to accelerate loan book growth in FY '26? And will you prioritize maintaining balance sheet strength?"	Gearing will be capped at 2x-2.5x while expanding AUM via yields in Sammaan Finserve. This signals a focus on profitability and return ratios over pure balance sheet size.	None	4.5	Specific constraints set
3	5.0	Darshil Jhaveri / Crown Capital	Provisioning	Financials	"What can we expect going forward for the full year provisioning... and how would it move quarterly?"	Management guided for 100 bps steady-state credit cost, using one-time income (like this quarter's ₹400 Cr+ net gain) to buffer. Investors should strip out these spikes to assess core earnings but value the "buffer" strategy.	None	5.0	Specific and quantifiable
4	5.0	Nischint / Kotak Inst. Equities	Derecognition Gain	Financials	"How do we corroborate the INR732-	Management clarified the ₹732 Cr is a	None	5.0	Clear quantifiable

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					odd crores income on net gain... for the quarter?"	catch-up gain from shifting the entire sold-down book to contractual accounting. This is a non-recurring windfall that creates a "high-water mark" for revenue this quarter.			
5	4.0	Vikram Damani / Damani Family Office	Disbursement Lag	Business Overview	"Explain the difference between [disbursements of ₹3,736 Cr and asset-light of ₹2,640 Cr]?"	There is a 2-10 month lag between loan disbursement and assignment (DA/PTC) depending on the track. Understanding this lag is crucial for modeling future fee income and liquidity.	Exact quantification of construction loans	4.0	Logical explanation
6	3.5	AS Raju / Investor	ROE & Dividend	Capex and Allocation	"What is the next 2 years' earnings projections? What happened to... dividend?"	Management targets low-teen ROE by FY27 and will propose a dividend at the September AGM. This indicates a pivot toward shareholder returns after years of consolidation.	Exact FY26/27 PAT figures	3.0	Vague considerations
7	4.5	Niraj Kamtekar / ProsperoTree	Legacy Provisioning	Financials	"What is the expectation... how much the company is	Management claims a total "imputed" cover of	None	4.0	Direct with evidence

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					likely to make the provision out of the balance [legacy] amount?"	₹8,000 Cr (provisions + recoveries) against the ₹23k Cr legacy book. This implies they believe the residual book is marked-to-market appropriately.			
8	4.5	Chintan Mehta / Puniska Family Office	Strategic Partner	Management Commentary	"By when are we looking to [monetize/ partner at Sammaan Finserve]?"	A 9-month timeline was given to onboard a rating-accretive equity partner. This is the key re-rating trigger for the Sammaan Finserve subsidiary.	Potential partner names	4.0	Specific timeline given

PATTERN FLAGS & SENTIMENT

- **Accounting Quality Anxiety:** Analysts (particularly Kotak) were laser-focused on the ₹732 Cr derecognition gain. The concern is that this "paper gain" makes the PAT look healthier than the core operations. Management was defensive but transparent, explaining the move from actuarial to contractual accounting as a necessary realignment for the co-lending model.
- **Legacy Recovery Skepticism:** Questions around provisioning and the ₹23k Cr legacy book persist. Management's posture is confident, citing a ₹1.5L Cr track record of collections. However, the mention of "fictitious complaints" as a hurdle suggests that legal "noise" will remain a feature of the next several quarters.
- **Strategic Transition Support:** Analysts seem generally supportive of the Sammaan rebranding and the Finserve spin-off strategy. The focus has shifted from "will they survive" to "how fast can they grow ROE."

Analyst Sentiment Verdict: Neutral to Optimistic. Analysts are satisfied with the de-leveraging and the retail pivot but remain wary of the quality of the earnings "beat" this quarter. The credibility of the low-teen ROE target by FY27 is the main point of debate.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (PPT/Opening)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
Provisioning	100 bps steady state	Q1 effectively ~470 bps	Used a one-time accounting gain to "over-provide."	Not a risk; actually de-risks the balance sheet.
Derecognition Income	Part of "Total Revenue"	One-time catch-up gain	The ₹732 Cr is not the new run-rate; it should drop back to ~₹150 Cr/qtr.	PAT will likely drop in Q2 unless offset by growth.

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

What Changed	Prior Quarter	This Quarter	Direction
-	-	-	-

INVESTOR NOTES: * **Forensic Trigger:** The ₹732 Cr accounting gain is the defining feature of the quarter. It allowed the company to take ₹466 Cr in impairments (triple the normal run-rate) without hurting the bottom line. * **Working Capital Lever:** The divergence between PAT and core operations is driven by the derecognition accounting shift. Monitor the "Other Expenses" and "Fee Income" lines closely in Q2 to see the "true" post-catch-up run rate. * **Growth Attribution:** Q1 growth was driven by realization (derecognition gain) rather than volume (Total AUM was flat). Real retail volume needs to accelerate to hit FY27 targets.