Sammaan Capital Ltd — Aug 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Beat (on Strategic Milestones) / Inline (on Core Operations) **One-line:** The IHC era has officially begun with a "cleanup-to-compounding" transition; rapid credit rating upgrades (AA+) have already triggered a 100bps cost-of-funds reduction, providing the literal spread required to fuel the 3x workforce and 6x branch expansion.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Beat	Rating upgrades to AA+ achieved sooner than consensus; CoF dropped to 10% vs 10.9%.	□
Earnings Quality	High (Core)	PAT of □243 Cr is "clean" following last quarter's □6,499 Cr provisioning; recoveries (□424 Cr) providing tailwinds.	□
Guidance Confidence	Strong	FY27 disbursement target of □30,000 Cr remains on track with Q1 at □3,875 Cr (seasonally soft start).	□
Management Credibility	Strong	Management delivered the promised "IHC Functional Integration" and immediate liability repricing.	□
Business Quality Signal	Improving	Transition from a distressed HFC to a diversified NBFC (97% secured) with a sovereign-adjacent promoter.	□
Key Q&A Exchange	Q#5 India Dream	IHC CEO Dalia Khorshid confirmed Sammaan is the intended "growth platform" for IHC's broader India financial services play.	□
The Street's Primary Anxiety	OpEx Drag	Can the P&L absorb a 1,300+ branch build-out? Mgmt: Fee income and CoF savings will offset 50% cost-to-income.	□
Capital Cycle Stage	Investment Phase	Massive hiring (SMPs and Feet-on-street) and digital/AI stack deployment (53 use cases).	□
Margin / Return Trajectory	Improving	NIM expansion targeted via 150-160bps CoF reduction and shift to higher-yield LAP/Personal loans.	□
Pricing Power	Stable	Borrowing cost advantage (AA+) allows competitive pricing in Prime HL while maintaining yields.	□
FCF Conversion	Distorted	CFO significantly lower than PAT due to massive debt repayments and liquid cash deployment for buybacks.	□
Competitive Moat	Widening	IHC's global vendor relationships are lowering software/tech procurement costs by 30-50%.	□
Balance Sheet Strength	Strong	CRAR at 20.1%; Net NPA at 0.15% (Standard/Standardized).	□
Working Capital	Adequate	Cash/Bank balances of □6,003 Cr; aggressive USD 63 Mn bond buybacks completed.	□
Mgmt Guidance Track Record	Reliable	Delivered on the "First Quarter of Growth" after 7 years of deleveraging.	□
Key Vulnerability	Execution Risk	Managing the cultural and risk-model shift from Monoline Mortgage to Unsecured/Gold loans.	□
Management Tone	Resurgent	Gagan Banga: "The war would have continued had we not been an IHC group company... we are now in peacetime growth."	□

Sentiment: □Positive

Key Takeaways: * **Positives:** The "IHC Premium" is delivering tangible results: Domestic ratings are already AA+ (Stable) and International BB- (Stable). This has led to a 100bps drop in book cost of funds (10.9% to 10.0%), with incremental borrowing at 9.0%. Management is leveraging this to pivot from a pure-play mortgage lender to a diversified NBFC, launching digital personal loans and preparing for a massive Gold Loan roll-out. The "Kitchen Sink" of FY26 is truly in the rearview, evidenced by a standard Net NPA of 0.15%. * **Negatives:** The massive OpEx expansion—targeting a workforce 3x current levels and a 1,600-branch footprint by FY28—will keep the cost-to-income ratio bloated (~50% for FY27) before operating leverage kicks in by FY29. There is an admitted "complexity management" risk as the team scales from 5 to 15 products. * **Street Concern:** Analysts remain focused on the transition risk from a mortgage-heavy book to high-yield unsecured/rural assets. Management countered by citing IHC's AI/Data Science oversight (53 ongoing use cases) and the "Hub-and-Spoke" model where 23 existing Master Service Centers provide credit guardrails for the new spokes. * **Watchpoint:** Migration to **AAA domestic rating** (targeted H2FY27/FY28). This is the final unlock required to hit the 18% ROE target by lowering CoF into the <8% range.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Current Qtr (Q1FY27)	YoY Change	QoQ Change	Trend	Mgmt Commentary
NII Growth (%)	Not in document	-	-	→	Interest income (□1,078 Cr) down vs Q1FY26 due to smaller base.
NIM (AUM basis %)	3.5% (Proj)	-	-	↑	Target 8% by FY30 via CoF reduction & yield mix.
Cost of Funds %	10.0%	↓ 90 bps	↓ 40 bps	↑	Incremental at 9%; book target 9.3% by Sept.
Loans Growth (% YoY)	-19.6% (AUM)	↓	↑ (Disb)	□	AUM at □56,239 Cr vs □70,000+ Cr YoY (Cleanup).
GNPA %	Not in document	-	-	→	Not disclosed; focus on Net NPA (Standardized).
NNPA %	0.15%	↓	↓	↑	Legacy book cleanup complete; new book is prime.
Slippage Ratio %	Not in document	-	-	→	Managed via recovery of □424 Cr this quarter.
Credit Cost % (Ann.)	~1.7%	↓	↓	↑	Massive reduction vs FY26 Q4 (Kitchen sink).
Collection Efficiency %	99.6%	↑	→	→	Blended across sectors; CRE at 100%.
Capital Adequacy %	20.1%	↓ 10 bps	↓ 10 bps	→	Stable; awaiting □3,198 Cr warrant infusion.
PAT (□Cr)	243.30	↓ 27.2%	↑ (from Loss)	↑	Q1FY26 was □334 Cr; Q4FY26 was (□8,101 Cr).
Fee Income (□Cr)	58.77	↓ 5.6%	↑ 92.9%	↑	Significant QoQ jump on new product originations.
Revenue (□Cr)	1,682.81	↓ 30.2%	↑ 23.6%	↑	Driven by FV changes (□491 Cr) and recoveries.
Cash Flow (CFO) (□Cr)	-6,478.4 (Est)	↓	↓	□	Net cash used to repay borrowings (□6,540 Cr).
Net Debt (□Cr)	41,795	↓ 10.3%	↓ 7.7%	↑	Debt securities + Borrowings reduced YoY.
Gearing (x)	2.5x	↓	↓	↑	Massive room for leverage; target 3.5x-4x.

2B. SEGMENT BREAKDOWN

Segment	AUM (□ Cr)	Disb (Q1 □ Cr)	Yield	Trend	vs Company Avg	Key Development
Residential Housing	31,390	664	8.5–13%	→	Anchor	Core retail focus; TAT reduced to hours.
Secured Business (LAP)	12,526	2,010	9.5–13.5%	↑	High	Largest driver of Q1 growth (51% of disb).
CRE / Project Loans	10,747	840	12–17%	↑	Highest	100% collection; co-lending with credit fund.
Unsecured / Personal	1,314	99	12–16%	↑	High	100% collection; Digital journey live.
Loan vs Securities	262 (Incl)	262	10–16%	↑	High	New product targeting HNI segment.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	AUM Growth	□70,700 Cr by FY27.	Needs ~□26,000 Cr more disbursals; feasible with H2 target of □20,000 Cr.	Met deleveraging; now pivot.	Workforce productivity.
Guidance	Cost of Funds	9.3% by FY27-end.	Current 10%; implies further 70bps drop via rating & roll-overs.	100bps drop in 6 months.	Interest rate cycle.
Guidance	NIM	8.1% (FY30) / 3.5% (FY27).	Requires product mix to shift 20% Unsecured/Gold.	Historically ~3%.	Pricing competition.
Guidance	Branch Count	800+ by FY27.	Adding ~550 branches in 9 months; very high speed.	MSC network exists (23).	OpEx blowout.
Strategy	Digital-First	All products on App.	53 AI use cases; 66% live in FY27.	New initiative.	Tech integration.
Macro	Rating	AAA by FY28.	Requires continued IHC support & balance sheet stability.	AA+ achieved Q1.	Rating agency lag.
Balance	Leverage	3.5x to 4.0x.	Current 2.5x; means borrowing □30k Cr+ for growth.	Reduced from 8x.	Over-leverage risk.

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
1	4.5	Raghav Garg, Ambit	Strategy	Financials	"Are you looking to be more price competitive... or will you retain highest spreads?"	Management plans to straddle the 8.5% to 20% yield spectrum, with 30% of originations targeted for securitization to remain asset-light. Implication: Sammaan will compete on price in Prime HL to gain volume but maintain NIMs via high-yield internal retentions.	None	4.0	Clear mechanics
2	4.0	Bhanu Chauhan, Barclays	OpEx	Financials	"How much upfront opex is this required... target cost to income?"	Cost-to-income will hover around 50% this year during the investment phase, declining to 30-35% by FY29. Implication: Earnings will be suppressed in FY27-28 by headcount/ branch growth, requiring investors to focus on Pre-Provision Operating Profit (PPOP).	None	4.0	Quantified
3	4.0	Abhiram Iyer, Deutsche Bank	Product Mix	Business	"Do you see the breakup... similar to what we saw for the first quarter?"	Current 90% secured/10% unsecured mix will shift toward 80/20 next year, expanding from 5 to 15 product "boxes." Implication:	None	4.5	Specific roadmap

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						Unsecured lending will drive the NIM expansion from 3.5% to the 5.8%+ target range.			
4	5.0	Vinit Agarwal, Bajaj	IHC Role	Governance	"Active is IHC in product strategy... Will you be able to quantify any tangible benefits?"	IHC involvement has directly resulted in AA+ ratings, 90bps CoF savings (□450 Cr/year), and 30-50% savings on tech vendor procurement. Implication: IHC is not just a passive investor but a structural driver of the company's improved cost of equity and debt.	None	5.0	High Evidence
5	5.0	Sanket, DAM Capital	India Dream	Governance	"What's the larger India dream here... beyond lending?"	IHC (Dalia Khorshid) stated Sammaan is a "Growth Platform" for a bundled digital, AI, and fintech ecosystem in India. Implication: Sammaan is the "beachhead" for IHC's India financial services strategy, suggesting high likelihood of parent-backed M&A or capital support.	None	4.0	Strategic Pivot

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6	4.5	Niharika, CapGrow	Guidance	Management	"ROE moving from 6.8% to 18.7%... believe that the targets are too ambitious."	Confidence stems from the liability advantage, asset-light co-lending fees, and a 30% cost-income goal. Implication: The 18%+ ROE thesis relies entirely on the successful "General Generalization" of the HFC into an NBFC.	None	3.5	Ambitious but logical
7	3.5	Nilesh Sharma, Monomer	Targets	Management	"What is the disbursement target for current and next financial year?"	Target is ₹30,000 Cr for FY27 and ₹40,000-50,000 Cr for FY28. Implication: Sammaan is attempting to return to its "peak Indiabulls" volumes but on a cleaner, IHC-controlled balance sheet.	None	5.0	Quantified

PATTERN FLAGS & SENTIMENT * **The "IHC Alpha":** Analysts were hyper-focused on whether IHC is a "name-only" promoter. Management effectively silenced this with hard numbers: 100bps CoF compression and 50% tech savings. The posture was highly confident, using these wins to justify the aggressive OpEx expansion. * **Asset Diversification Skepticism:** Analysts repeatedly probed the risk of non-mortgage products. Management’s defense was that their "Master Service Centers" (existing hubs) act as credit anchors for new product "spokes," de-risking the geographical expansion. * **Sentiment Verdict:** Analysts were **Bullish-but-Wary**. The institutional credibility provided by IHC (especially Dalia Khorshid's presence) has solved the "Legacy Indiabulls" trust deficit. However, the sheer speed of the branch roll-out (adding 500+ branches in months) is viewed as a high-stakes execution gamble. Credibility is at a multi-year high.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4FY26)	This Quarter (Q1FY27)	Direction
Credit Rating	AA (Stable/Watch)	**AA+ (Stable)** Consensus	↑ Improving
Cost of Funds	10.9% (Consensus)	**10.0%** (Blended Book)	↑ Improving
Profitability	(₹8,101 Cr) Loss	**₹243 Cr** Profit	↑ Rebound
Asset Quality	Zero (Reset via Provisions)	**0.15% Net NPA** (Standard)	→ Stable
Management Focus	"Restructuring / De-risking"	**"Peacetime Growth"**	↑ Strategic Pivot
Product Suite	Mortgage (Monoline)	**5 Products Live** (Incl. LAS/PL)	↑ TAM Expansion
Headcount/Branch	Lean / Consolidating	**Aggressive Hiring / Expansion**	↓ OpEx Pressure
Borrower Base	Domestic PSUs mainly	**Private & Foreign Banks returned**	↑ Funding Mix

INVESTOR NOTES: * **Earnings Quality:** CFO-to-PAT ratio is negative due to ₹6,540 Cr in debt repayments. This is a "good" divergence, as the company is clearing high-cost legacy debt to replace it with 9% incremental IHC-era debt. * **Operating Leverage:** FY27 is a "wash" for PAT growth as OpEx (branch rollout) will consume CoF savings. The "Big Bang" earnings growth is a FY28-29 story. * **Thesis Verdict:** The thesis has shifted from a "Distressed Recovery Play" to a "Scalable Financial Platform Play." The IHC backstop has effectively removed the liquidity risk, leaving only **Execution Risk** (hiring and credit culture) as the primary bear case.

STOP HERE.