

Sammaan Capital Ltd — Mar 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Beat (Operational Efficiency) / Stabilization (Financials) **One-line:** Sammaan Capital has successfully pivoted from "survival" to "growth" mode, with the Growth AUM now clearly dominating the portfolio (56%) and asset quality reaching a multi-year best (GNPA 1.1%) following the Q2 balance sheet reset.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Beat	GNPA at 1.1% vs 2.4% last quarter; Legacy book rundown accelerated to ₹6,990 Cr (\$3,153mn).	☐
Earnings Quality	High (Core Recovery)	PAT returned to black (₹2 Cr) after the massive Q2 accounting provision hit.	☐
Guidance Confidence	Strong	Legacy collections (\$1,059mn in 9M) on track; Asset-light model (co-lending) scaling with 10 bank partners.	☐
Management Credibility	Strong	Executed the "Big Clean" via ARC sales of standard loans to accelerate cash realization as promised.	☐
Business Quality Signal	Improving	Pivot to Retail (HL/LAP) is maturing; Growth AUM increased to ₹4,942 Cr (\$4,082mn).	☐
Key Q&A Exchange	N/A	PPT_ONLY: Not applicable.	☐
The Street's Primary Anxiety	Asset Quality Tail	Mgmt responded by selling loans to ARCs and utilizing provisions to hit 1.1% GNPA/0.7% NNPA.	☐
Capital Cycle Stage	Growth Relaunch	Post-QIP capitalization at 34.1% CRAR provides massive headroom for AUM expansion.	☐
Return Ratio Trajectory	Improving	Incremental Growth ROE at 15.9% and ROA at 3.0%; overall ROE currently dragged by excess capital.	☐
Pricing Power	Stable	Yields on Retail HL at 9.9% and LAP at 11.0%; Co-lending blended yields remaining competitive.	☐
FCF Conversion & Quality	Strong	LCR at 218% vs 100% regulatory; ₹5.8bn cash collected from legacy book since Mar-19.	☐
Competitive Moat Signals	Stable	200+ branches and 8,280 DSAs; Rebranding to Sammaan Capital provides a fresh start.	☐
Balance Sheet Strength	Strong	Gearing at 2.2x; Net worth protected at ~₹20,321 Cr (\$2.4bn).	☐
Working Capital Efficiency	N/A	LCR is the primary efficiency driver.	☐
Mgmt Guidance Track Record	Reliable	Delivered on the promise of the "cleanest balance sheet in 22 quarters."	☐
Key Vulnerability / Red Flag	AUM Stagnation	Total AUM is still shrinking (-1% YoY) as legacy run-off exceeds new retail growth.	☐
Management Tone	Resolute	Focus on "Fortress Balance Sheet" and "Asset-Light Model" execution.	☐

Key Takeaways (Positives & Negatives):

- **Positives:** The "Big Clean" is complete. GNPA collapsed from 2.4% (Q2) to 1.1% (Q3), the lowest in over 5 years. Management used the Q2 provision buffer tactically to sell loans to ARCs, accelerating cash collections to ₹065 Cr (\$1,059mn) for the 9-month period. The growth book (Retail HL/LAP) now constitutes 56% of total AUM by count (51% by value), signaling the successful death of the old "wholesale-heavy" model.
- **Negatives:** While the business is de-risked, it is not yet "growing" in absolute terms. Total AUM fell from ₹2,928 Cr (Q2) to ₹1,932 Cr (Q3) as the legacy book rundown (\$1,058mn net repayment in 9M) continues to outpace new disbursements. Return ratios (ROE/ROA) remain optically low because the company is significantly over-capitalized (34% CRAR vs 15% req).
- **The Street's Concern:** Investors remain wary of the residual 44% legacy book (\$3,153mn). Management's response this quarter was to accelerate its exit through ARC sales, effectively "monetizing" the provisions taken last quarter to prove asset floor values.
- **Watchpoint:** The success of the Sammaan Finserve (SFL) reorganization in H1FY26. This subsidiary is being positioned as a "pure-play" affordable housing vehicle to attract strategic investors; its valuation will be the next major catalyst.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent. PPT used as primary source. 1 USD = 85.6 applied for balance sheet conversions as per PPT rate.

Metric	Current Qtr (Q3FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
NII Growth (%)	Not in document	N/A	N/A	→	Blended yields supported by pivot to retail.
NIM (AUM basis %)	5.0%	↑	↑	↑	Margin expansion from 4.1% in FY24 to 5.0% in 9MFY25.
Cost of Funds %	-9.5%	→	→	→	Weighted average across diversified borrowing mix.
Loans Growth (% YoY)	-1.1%	↓	↓	↓	AUM at ₹1,932 Cr (\$7.2bn) vs -₹2.6k Cr YoY (converted).
GNPA %	1.1%	↓	↓	↑	Significant improvement from 2.4% in Q2FY25.
NNPA %	0.7%	↓	↓	↑	Down from 1.4% in Q2FY25.
Credit Cost (% funded assets)	0.04%	↓	↓	↑	Impairment of ₹70 Cr in Q3 vs ₹513 Cr in Q2 (tactical hit).
Collection Efficiency %	₹065 Cr (9M)	↑	↑	↑	Legacy collections ahead of pace; total \$1,059mn in 9M.
Capital Adequacy / CET1 %	34.1%	↑	↓	↑	Very high capitalization post-Rights/QIP (reduced slightly from Q2's 34.4%).
PAT (₹Cr)	802 Cr	→	↑	↑	Return to profitability (Q2 was -₹2,761 Cr).
Fee Income Growth %	1.7% (9M)	→	→	→	Fees & Commission income at ₹7 Cr for 9MFY25.

2B. SEGMENT BREAKDOWN

Segment	AUM (₹ Cr)	Share of AUM	Margin (9M)	Trend	vs Co. Avg	Key Development
Growth Book (Retail)	₹4,942 Cr	56%	3.0% ROA	↑	High Quality	Grew from ₹2,010 Cr in Q2; focus on HL (60%) and LAP (40%).
Legacy Book	₹2,990 Cr	44%	12.1% IRR	↓	Run-off	Reduced by ₹1,928 Cr in Q3 via collections and ARC sales.
Sammaan Finserve (SFL)	₹1,450 Cr	15%	3.8% ROA	↑	Low Yield	Reorganized as affordable housing sub; H1FY26 leadership hiring.
Off-Book (Securitized)	₹13,157 Cr	21%	N/A	→	Capital Light	Robust servicing of \$10.7bn cumulative sold-down pools.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery (Last Q promise?)	Risk Flag
Guidance	AUM Growth	Pivot to asset-light model via Co-lending (10 banks) and DA (24 institutions).	Needs ~\$400mn quarterly retail disbursal to offset legacy rundown; Q3 was ~\$260mn.	Delivered on de-risking; growth volume still scaling.	Moderate
Guidance	Legacy Book	Reduce Legacy AUM to <10% of total AUM by FY2027.	Must maintain current run-off pace of ~\$350-400mn per quarter.	On track; H1 guidance for collections was exceeded.	Low
Guidance	Profitability	Target Growth ROE of 15.8% - 15.9%.	On track; 9M incremental growth ROE reached 15.9%.	Delivered (Incremental basis).	Low
Strategy	Asset Light	80:20 risk sharing in CLM; blend of bank rates and SCL yield.	Feasible; tech integration completed with 4 out of 10 partners.	Delivered on partnerships.	Low
Strategy	SFL Sale/JV	Induct strategic partner into the affordable housing subsidiary.	Dependent on leadership transition in H1FY26.	New focus.	Moderate
Balance	Debt Repayment	Managed ALM with zero defaults since 2018 crisis.	LCR of 218% provides massive cushion for upcoming repayments.	Consistent.	Low

4. ANALYST Q&A

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

5. WHAT CHANGED vs PRIOR QUARTER

vs prior quarter (Q2FY25)

What Changed	Prior Quarter	This Quarter	Direction
GNPA %	2.4%	1.1%	↑ (Significant Clean-up)
Legacy AUM	₹0,918 Cr	₹6,990 Cr	↑ (Rapid Rundown)
Growth AUM	₹2,010 Cr	₹4,942 Cr	↑ (Scaling up)
Credit Costs	₹1,513 Cr (One-time)	₹0 Cr (Normalizing)	↑ (Return to Profit)
Capital Base	₹9,979 Cr	₹0,321 Cr	↑ (Post-QIP Impact)
Legacy AUM Mix	49% of Total	44% of Total	↑ (Improving Mix)
Strategy Execution	Provisioning "Big Clean"	Tactical ARC sales for liquidity	↑ (Execution)
Gearing (Debt/Eq)	2.3x	2.2x	↑ (Conservative)

Investor Notes: * **The Thesis Shift:** The thesis has moved from "Can they survive the legacy book?" to "How fast can they grow the retail book?" The massive provisioning hit in Q2 acted as a spring-clean, allowing the company to shed bad assets to ARCs this quarter without further P&L pain. * **Asset Quality Floor:** With GNPA now at 1.1%, Sammaan has better asset quality than many mid-tier peers. The concern shifts to the cost of maintaining such a high capital base (ROE drag). * **Valuation Catalyst:** The reorganization of Sammaan Finserve (SFL). If management successfully brings in a strategic partner at 2x-3x P/B (typical for affordable HFCs), it will unlock significant value for the parent, which currently trades at a fraction of that. * **Conclusion:** This quarter confirms the pivot is permanent. Long-term investors should now focus on retail disbursement volumes and NIM stability as the primary drivers.

STOP HERE.