Sammaan Capital Ltd — May 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Miss (on reported PAT) / Strategic Reset **One-line:** Sammaan Capital has executed a final "kitchen-sink" provisioning exercise of □6,499 Cr to reset its balance sheet, clearing the deck for a new, IHC-backed growth chapter characterized by zero net NPAs and a target to double AUM by FY28.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Miss (Reported)	Reported a □7,145 Cr loss vs expectation of steady profits, driven by one-time provisioning.	□
Earnings Quality	Low (Current)	Reported PAT distorted by exceptional items; however, core NII potential is rising as CoF falls.	□
Guidance Confidence	Strong	Backed by a $1Bn (□8,850 Cr) capital infusion from IHC and immediate rating upgrades to AA+.	□
Management Credibility	Strong	Management made the hard choice to fully provide for the legacy book (1.9% terminal credit cost) to free bandwidth.	□
Business Quality Signal	Improving	Transition from a "distressed deleveraging HFC" to a "well-capitalized diversified NBFC."	□
Key Q&A Exchange	Q#4 ROA Correction	Mgmt corrected an error in the PPT; FY30 ROA target is 4.4%, not 8.1%.	□
The Street's Primary Anxiety	New Product Risk	Can an HFC team successfully execute Gold and Unsecured loans? Mgmt cited 20-year history in these products.	□
Capital Cycle Stage	Growth Pivot	Exiting a 7-year consolidation; gearing is low (2.7x) with massive capital headroom.	□
Margin / Return Ratio	Improving	NIM target of 5.8% (FY28) driven by equity infusion and 150 bps CoF reduction.	□
Pricing Power	Stable	Yields on core products (HL: 8.5%-13%) remain competitive vs top-tier NBFCs.	□
FCF Conversion	Strong	Net deleveraging of □1.3 Lakh Cr since 2018 demonstrates high cash-flow tested book quality.	□
Competitive Moat	Widening	Strategic backing of IHC ($130Bn+ portfolio) unlocks funding access unavailable to peers.	□
Balance Sheet Strength	Strong	Net worth of □18,991 Cr with 20.2% CRAR (pre-warrant conversion).	□
Working Capital	Improving	Move toward co-lending (30% of disbursals) reduces balance sheet liquidity drag.	□
Mgmt Guidance	Reliable	Delivered on the IHC transaction closure and the "zero NPA" balance sheet reset promised.	□
Key Vulnerability	Execution Risk	Scaling 20,000 employees and 1,600 branches from the current lean base.	□
Management Tone	Confident	Peter Abraam (IHC) and Gagan Banga signaled long-term, non-speculative commitment.	□

Sentiment: □Positive

Key Takeaways: * **Positives:** The "IHC effect" is real and immediate; the company secured 3 rating upgrades to AA+ within 50 days of the deal closing, leading to a 100 bps compression in bond yields. The legacy book overhang is effectively dead, with management taking a massive □6,499 Cr one-time hit to ensure "Zero NPA" on opening AUM. * **Negatives:** The reported loss is staggering (□7,145 Cr), wiping out years of retained earnings in one quarter. There is also an admitted execution challenge in diversifying from Mortgages (80% of history) into Gold and Unsecured loans at a five-fold expansion in workforce. * **Street Concern:** Analysts are skeptical of the "General Purpose NBFC" pivot. Management responded by highlighting they have historically handled these products at scale in previous cycles and that IHC's AI/Tech ecosystem will de-risk credit underwriting. * **Watchpoint:** Watch for the transition to AAA rating; management believes they are "AAA ready" today, and this migration is the final hurdle to hitting the 18% ROE target.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: PPT Slide 17 & 18 used as primary source.

Metric	Current Qtr (Q4FY26/ FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
NII Growth (%)	Not in document	-	-	→	Mgmt focused on NIM expansion to 3.5% (FY27).
NIM (AUM basis %)	3.5% (FY27 Proj)	-	-	↑	Targeted to reach 8.1% by FY30 via CoF reduction.
Cost of Funds %	9.3% (FY27 Proj)	↓	↓	↑	100 bps domestic bond compression post-IHC.
Loans Growth (% YoY)	-19.7%	↓	↓	↓	Intentional rundown of legacy book to □53,160 Cr.
GNPA %	NIL (Opening)	↑	↑	↑	"Kitchen-sinking" provision has reset this to zero.
NNPA %	NIL (Opening)	↑	↑	↑	Fully provided for; recoveries to flow directly to P&L.
Slippage Ratio %	Not in document	-	-	→	Handled via terminal credit cost provisioning.
Credit Cost %	1.9% (Annualized)	↑	↑	↓	Represented as "Terminal credit cost" for legacy book.
Capital Adequacy %	20.2%	↓	↓	↓	Net worth reduced by losses, but warrant conversion pending.
PAT (□Cr)	(7,144.56)	↓	↓	↓	Driven by □6,499 Cr exceptional provision.
Fee Income (□Cr)	193.26 (FY26)	↑ 53%	↓ 48.7%	→	Fees from derecognition/sell-downs are volatile.
Revenue (□Cr)	8,166.16 (FY26)	↓ 5.3%	↓ 18.2%	→	Interest income decline offset by Fair Value gains.
ROCE (%)	Not in document	-	-	-	Low current ROCE due to exceptional losses.
Net Debt (□Cr)	43,719	↓ 10.1%	-	↑	Repaid □1.3 Lakh Cr net since 2018.
Working Capital	15% Liquidity	→	→	→	Higher of 6-mo repayments or 15% of borrowings.

2B. SEGMENT BREAKDOWN (Projected AUM Mix)

Segment	AUM (₹ Cr)	YoY Growth	Yield (%)	Trend	vs Avg	Key Development
Residential Housing	30,962	-	8.5% - 13%	→	Avg	Pivot to "Source-to-sell" for Prime assets.
Secured Business Loan	10,592	-	9.5% - 13.5%	→	High	Focus on Micro-LAP and Semi-urban markets.
CRE / Project Loans	10,346	-	12% - 17%	→	Highest	Shifted to 100% co-origination model.
Unsecured / Personal	1,260	-	10% - 16%	→	High	To be 20% of mix by FY30.

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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.	Requires ₹30,100 Cr disbursals; feasible given 2x productivity jump in April.	Met 5-yr deleveraging targets.	Employee attrition.
Guidance	Cost of Funds	150-160 bps reduction.	Marginal cost must drop to ~7.8% (AAA level) from current ~9.3%.	100 bps reduction achieved in 50 days.	Rating lag.
Guidance	NIM	8.1% by FY30.	Significant jump from 3.5%; relies on high-yield Gold/ Unsecured mix.	Historically achieved 3%+.	Competition.
Strategy	Digital Transformation	2-3 day Loan TAT.	Reduction from current 5-7 days via 37 AI use cases.	Tech investment is ongoing.	Integration delays.
Balance	Leverage	3.5x - 4.0x Gearing.	Current 2.7x; implies borrowing ₹1.3 Lakh Cr for ₹1.9 Lakh Cr AUM.	Reduced from 8x (FY18).	Over-leveraging risk.
Strategy	New Products	15+ Products by FY30.	Adding Gold Loans and Business Loans Against Machinery.	New area for existing lean team.	Underwriting errors.

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4. ANALYST Q&A

Q#	Relevance	Analyst	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
1	5.0	Varun Ahuja (BlackRock)	Ratings	Financials	"Any thoughts or discussions with the offshore agencies?"	Mgmt confirmed active engagement and expects international ratings to follow domestic upgrades (AA+) within weeks. Success here will re-rate the global bond portfolio and lower international borrowing costs.	None	4.0	Directional evidence
2	4.5	Renish (ICICI Bank)	Strategy	Business	"Who are going to drive these products [non-mortgage] because internally, our experience has always been on the mortgage side?"	Banga emphasized that the core team has managed non-mortgage products at scale (tens of thousands of crores) in previous cycles. Investors should monitor hiring quality as the workforce scales to 20,000.	Specific hiring heads	3.5	Vague but logical
3	4.0	Bhanu Chauhan (Barclays)	Growth	Business	"What proportion of growth is expected to come through existing core segments versus new products?"	Core mortgages will drive 80% of growth in FY27-28, shifting to a 50/50 mix by FY30 as Gold and Unsecured scale. This	None	4.0	Specific timeline

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						de-risks the immediate growth profile by sticking to proven products.			
4	5.0	Avinash Singh (Emkay)	Metrics	Financials	"There is some kind of error... in your FY '30 ROA projection because that's suddenly going to 8-odd percent."	Mgmt admitted a slide error; the steady-state ROA target is 4.4% for FY29/30. This correction reduces the "implausible" nature of the prior projection, bringing targets to realistic top-tier levels.	None	5.0	Specific correction
5	4.0	Naintara Ghosh (DB)	Capex	Capex	"How much investment is required for setting up these new products?"	Capex is low (□20 Lakh per gold loan branch); the main cost is OPEX (workforce), which is already built into the P&L projections. Low capital intensity supports the 18%+ ROE target.	None	4.5	Quantified
6	4.5	Vineet Sharma (Param)	NIM	Financials	"What are the levers leading to this significant yield expansion [from 3.5% to 5.8% NIM]?"	Expansion is driven by (1) spreads on the sold-down co-lending book and (2) the absence of cost on the $1Bn equity	None	4.0	Clear mechanics

Q#	Relevance	Analyst	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
						infusion. High NIMs are a byproduct of an asset-light model rather than high-risk lending.			
7	4.0	Arun Antony (JM Fin)	Macro	Financials	"Do you think this 270 bps reduction in cost of funds is still achievable [given West Asia conflict]?"	Target remains 270 bps for the full transition from AA to AAA; the first 120-150 bps is already being captured at the AA+ level. This sensitivity to macro is mitigated by the strategic IHC backstop.	None	3.0	Consistent claim
8	3.5	AS Raju (Retail)	Write-offs	Governance	"I'm shocked with your write-offs... what will be the percentage of recovery?"	The □6,500 Cr hit is a "technical step" to reset bandwidth; mgmt targets □7,000 Cr in recoveries which are already baked into the FY27-30 projections. This confirms the "kitchen-sink" was a strategic choice, not a sudden asset collapse.	None	4.0	Logical reset

PATTERN FLAGS & SENTIMENT * **The "HFC to NBFC" Skepticism:** Analysts repeatedly questioned the ability of an HFC team to pivot. Management was highly defensive but logical, citing historical performance and IHC's tech support. * **Liability Transition:** The shift from "repaying to survive" to "borrowing to grow" is the core theme. Posture was extremely confident due to the AA+ upgrades. * **Sentiment Verdict:** Analysts were **Cautiously Optimistic**. The IHC presence (Peter Abraam and HE Dalia Khorshid) provided significant institutional weight. However, the ROA error in the PPT slightly dented the precision image. Credibility improved as management finally "cleansed" the legacy book.

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3FY26)	This Quarter (Q4FY26)	Direction
Promoter Status	De-promoterized / Professional	**IHC PJSC (Avenir)** as Promoter	↑ Strategic Stability
Credit Rating	AA (Stable/Watch)	**AA+ (Stable)** Consensus	↑ Improving
Asset Quality	1.2% GNPA (Legacy)	**Zero Net NPA** (Opening AUM)	↑ De-risked
Gearing	2.2x	**2.7x**	↓ Consuming Buffer
Legacy Overhang	₹20,162 Cr (Net Stage 3)	**Fully Provided/Written Off**	↑ Clearing Bandwidth
Product Strategy	Mortgage Focused	**"Full Suite" General NBFC**	↑ TAM Expansion
Equity Capital	₹22,423 Cr (FY25)	**₹18,991 Cr** (Post-loss)	↓ Hit by provisioning
Management Tone	Restructuring / Consolidation	**"Startup-like Agility" / Growth**	↑ Pivot to offensive

INVESTOR NOTES: * **The "Reset" Dividend:** While the current loss is massive, management has committed to a >25% dividend payout starting FY27, signaling confidence that the kitchen-sinking is over. * **CFO-to-PAT Divergence:** PAT is -₹7,145 Cr, while Cash Flow remains robust due to ₹1.3 Lakh Cr net repayments since 2018. The loss is non-cash (provisioning), meaning the company's liquidity position (₹9,027 Cr cash) is actually *improving* despite the reported loss. * **Warrant Trigger:** IHC has 18 months to infuse the remaining ₹3,198 Cr. This acts as a "second-stage booster" for ROE as it will allow further leverage. * **Thesis Verdict:** The "Legacy Indiabulls" risk is effectively removed. The thesis is now an "IHC-India Growth Proxy." Investors should value the company on its FY28 Forward ROE (13.5%) rather than trailing book value, which was justifiably eroded to clean the asset side.