



Press Release

Regency Fincorp Limited

January 13, 2026

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Proposed Fund Based Bank Facilities – Term Loan	50.00	IVR BBB- / Positive (IVR Triple B Minus with Positive Outlook)	IVR BBB- / Positive (IVR Triple B Minus with Positive Outlook)	Rating reaffirmed	Simple
Proposed Non – Convertible Debentures (NCDs)	100.00	IVR BBB- / Positive (IVR Triple B Minus with Positive Outlook)	--	Rating assigned	Simple
Total	150.00 (Rupees One Hundred and Fifty Crores only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale:

Infomerics Ratings has reaffirmed / assigned its ratings to the bank facilities / NCDs of Regency Fincorp Limited (RFL) which continues to derive strength from comfortable capitalisation levels, pivot towards secured loan portfolio, healthy asset quality and experienced management. However, the ratings are partially constrained by moderate earnings profile albeit improvement, moderate AUM levels given the geographically concentrated operations and competitive nature of industry.

Infomerics Ratings expects outlook to remain positive on back of expectations of stable growth in AUM levels given the expected equity infusion, pivoting towards secured loan portfolio while maintaining asset quality as well as capitalisation levels.



Press Release

Key Rating Sensitivities:

Upward Factors:

- Sustained improvement in loan portfolio along with geographical diversification while maintaining current asset quality and periodic equity infusion along with increase in proportion of secured loan portfolio

Downward Factors:

- Substantial decline in loan portfolio and/or significant deterioration in the asset quality, capitalization levels and profitability.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

Comfortable capitalisation levels:

RFL's capitalisation levels are comfortable marked by CRAR which stood at 65.93% as on 30th September 2025 (As on 31st March 2025: 64.35%). The capitalisation levels are supported by RFL's tangible net worth which increased to Rs. 121.84 crore in FY25 (refers to period 1st April 2024 to 31st March 2025) (FY24: Rs. 50.59 crore). The improvement in tangible net worth is primarily driven by RFL raising Rs. 96 crore thorough a preferential allotment from promoters, retail and institutional investors out of which company has already received Rs. 47 crore with an additional Rs. 25 crore expected to be received by March 2026 and the remaining balance anticipated in FY27. Furthermore, as per the management, the company is in the process of a fresh capital infusion amounting to Rs. 40 Crores by December 2025 backed by two reputed family offices based in Mumbai and Hyderabad. Infomerics Ratings expects RFL's capitalisation levels to remain comfortable over medium term on back of expected capital infusion from the institutional investors.

Pivot towards secured loan portfolio:

As on 30th September 2025, RFL's secured loan book stood at ~32.00% of the total portfolio from 0% and ~17.75% in FY24 & FY25 respectively. As per the management, RFL is actively pivoting its portfolio towards the secured portfolio with unsecured portfolio expected to decline to below Rs. 50 crore by the end of FY26 and completely rundown by December 2026. Going



Press Release

forward, RFL's ability to pivot towards secured loan portfolio will remain a key rating monitorable.

Healthy asset quality:

RFL's asset quality continues to remain healthy marked by GNPA and NNPA declining to 0.42% and 0.32% respectively in FY25 from 1.00% and 0.75% respectively in FY24 driven by the stringent credit appraisal process. The same is reflected in its H1FY26 numbers, with GNPA and NNPA remaining largely stable at 0.76% and 0.57% respectively. Additionally, RFL's on-time portfolio stood at a healthy ~98.74% in H1FY26 (FY24 : 98.04%, FY25: 99.06%) whereas its average collection efficiency for 12 months ending Sept. 2025 stood at ~97%. Furthermore, RFL's PCR stood at 25.00% as on 30th September 2025 (31st March 2025: 25.00%). Going forward, RFL's ability to maintain its asset quality amidst growth in AUM levels remains a key rating monitorable.

Extensive experience of management:

RFL is led by Mr. Gaurav Kumar, the Managing Director, who brings over twenty years of experience in credit and risk analysis. He is supported by a skilled and experienced team of directors and key management personnel.

Key Rating Weaknesses:

Moderate AUM levels given the geographically concentrated operations:

RFL's AUM levels remain moderate given the regional concentration of operations. RFL's AUM has grown y-o-y by ~36% to Rs. 170.18 crore in FY25 on back of growth in the SME loan segment. The AUM has further grown to Rs. 191.37 crore in H1FY26. As on 30th September 2025, RFL has presence in 8 states / UTs namely Delhi, Chandigarh, Punjab, Gujarat, Haryana, Uttar Pradesh, Himachal Pradesh and Uttarakhand with ~92% of the portfolio concentrated in the regions of Chandigarh (22.04%), Punjab (19.21%), Delhi (20.04%), UP (16.15%) and Haryana (14.55%). Any change in regulatory as well as the microeconomic environment in these states may negatively impact the business profile of RFL.



Press Release

Moderate earnings profile albeit improvement:

RFL's earnings profile continues to remain moderate despite improvement marked by total income increasing y-o-y by ~38% to Rs. 21.66 crore in FY25 driven by the growth in AUM levels. Additionally, RFL's net interest margin improved to 8.27% in FY25 from 5.89% in FY24 driven by higher interest spread due to lower borrowing costs in FY25. Furthermore, RFL's profitability improved in FY25 marked by PAT in absolute terms increasing to Rs. 4.98 crore in FY25 from Rs. 1.97 crore in FY24 on back of rationalisation in operating expenses which led to RFL's ROTA improving to 2.68% in FY25 from 1.58% in FY24. The same is reflected in H1FY26 numbers with total income at Rs. 18.88 crore and PAT in absolute terms at Rs. 6.47 crore. RFL's cost to income ratio improved to 49.52% in FY25 from 62.15% in FY24 driven by the growth in income levels. Infomerics ratings expects continued improvement in RFL's earnings profile on back of expectations of growth in AUM levels.

Competitive Nature of Industry:

RFL is exposed to stiff competition from other varied sized NBFCs. The lending industry focused on NBFC financing of varied ticket size is highly fragmented with unorganized lenders also vying for the same set of borrowers.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Financial Institutions/NBFCs](#)

[Financial Ratios & Interpretation \(Financial Sector\)](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

Considering its AUM size, RFL's capitalisation levels are comfortable marked by CRAR which stood at 65.93% as on 30th September 2025 (As on 31st March 2025: 64.35%) which is well



Press Release

above the minimum regulatory requirement. Additionally, RFL has adequately matched ALM profile with no negative cumulative mismatches up to the 5-year bucket as on 31st March 2025. Moreover, its cash and cash equivalents stood at a ~Rs. 20.00 crore as on 31st December 2025.

About the Company:

RFL is a non-deposit, non- systemically important NBFC registered with the RBI. RFL was incorporated on 29 March 1993. It provides customer-centric financial services, mainly in the form of micro-credit, to the under-served and un-served women population and MSMEs of the country

Financials (Standalone):

(Rs. crore)		
For the year ended* / As on	31-03-2024	31-03-2025
	Audited	Audited
Total Income	15.73	21.66
PAT	1.97	4.98
Tangible Net worth	50.59	121.84
AUM (On book as well as off book)	124.70	170.18
Ratios		
NIM (%)	5.89	8.27
ROTA (%)	1.58	2.68
Interest Coverage (times)	1.29	1.84
Total CRAR (%)	37.87#	64.35
Gross NPA [Stage III] (%)	1.00#	0.42
Net NPA [Stage III] (%)	0.75#	0.32

* Classification as per Infomerics' standards

#Restated as per latest FY 24 -25 audited financials

Status of non-cooperation with previous CRA: None

Any other information: None



Press Release

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2025 -26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024 - 25	Date(s) & Rating(s) assigned in 2023 - 24	Date(s) & Rating(s) assigned in 2022 - 23
					--	--	--
1.	Proposed Fund Based Bank Facilities – Term Loan	Long Term	50.00	IVR BBB- / Positive (Sept 18, 2025) IVR BBB- / Positive (Jan 13, 2026)	IVR BBB- / Stable (Jan 27, 2025)	IVR BBB- / Stable (Dec 12, 2023) Withdrawn (May 17, 2023)	IVR BB / Stable (Nov 24, 2022)
2.	Proposed Non – Convertible Debentures (NCDs)	Long Term	100.00	IVR BBB- / Positive (Jan 13, 2026)	--	--	--

Analytical Contacts:

Name: Sree Harsha

Tel: (022) 62396023

Email: sree.harsha@infomerics.com

Name: Amey Joshi

Tel: (022) 62396023

Email: amey.joshi@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).



Press Release

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Instrument/Facility Details:

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Listing Status	Rating Assigned/ Outlook
Long Term Proposed Fund Based Bank Facilities – Term Loan	--	--	--	--	50.00	--	IVR BBB- / Positive
Proposed NCDs*	--	--	--	--	100.00	Proposed to be listed	IVR BBB- / Positive

* The proposed NCD is to be issued in four tranches of Rs. 25 crore each



Press Release

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/LEN_Regency_Fincorp13_Jan26_25543d5211.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

Issuer Name	Regency Fincorp Limited (RFL)
Debenture Trustee	TBD
Security Name	--
Type of instrument	Non-Convertible Debentures
Nature of instrument	Secured, Listed, Rated Non-Convertible Debentures (NCDs)
Seniority/ Ranking (Senior/ Subordinated)	Senior
Issue Size	Rs. 100 crore
Original Allotment Date	TBD
Maturity Date	TBD
Objects of the issue	The proceeds of the issue will be utilized for onward lending purpose to its borrowers/ end clients
Trigger Event and Accelerated Principal Payment	Trigger events are to be tested quarterly from the date of issuance till the end of tenure of the issue. i) Capital adequacy ratio calculated as per RBI norms shall not fall below 20% ii) NNPA calculated as per RBI norms shall not exceed 3% iii) Minimum cash and cash equivalent of INR 10Cr to be maintained. Liquidity (unencumbered cash and bank balances) refers to the sum of unencumbered cash and cash equivalents unencumbered bank balance and



Press Release

	unencumbered FD and money in liquid funds. If the issuer fails to maintain any of the above-mentioned trigger events at any point in time during the tenure of the issuance, any individual debenture holders shall have the right but not the obligation to request for accelerated principal payment for their NCD holding only.
Covenants	• The Capital to Risk-Weighted Assets Ratio ("CRAR") (as defined in the extant NBFC Regulations as set by the RBI) shall be at least 25% (twenty five percent) or the CRAR prescribed by RBI, whichever is higher. • Reported Gross NPA (GNPA) shall not exceed 2.0% (Two percent) • Net NPA (Gross NPA, net of provisioning) shall not exceed 1.00% (one percent); • Total Debt to Tangible Net Worth (computed as total outstanding borrowings / net worth less deferred tax and intangible assets) shall not exceed 2.5x; • The Issuer shall maintain the Liquidity (unencumbered cash and bank balance) of at least INR 10 Crores during the tenure of the debenture. Undrawn sanction will be



Press Release

	excluded for the purpose of the calculation; • Minimum credit rating of BBB- to be maintained during the course of the bonds; • Cumulative mismatches in Asset and Liability Mismatch (ALM) should be positive for all buckets. Undrawn sanction will be excluded for the purpose of the calculation; • Ensure that the net profit (PAT) (as determined in accordance with Applicable Accounting Standards) is not negative for on quarterly basis throughout the tenure of the debenture. • Networth to be more than 100 crores during the tenor of the issuance • PAR 90+ <=10% of TNW (net worth less deferred tax and intangible assets) • Mr Gaurav Kumar and Mr. Sarfaraz Mallick shall continue to hold Managing position.
--	---

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.