Regency Fincorp Limited

November 02, 2026

Rating Action

Total Bank Loan Facilities Rated	**Rs. 50.00 Crore**	**Regulator^**
Long Term Rating	**IVR BBB/Stable (Rating Reaffirmed)**	**RBI**
^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Instrument	Amount (Rs. crore)	Ratings	Rating Action	Regulator^
NCDs	528.50	IVR BBB/Stable	**Rating Reaffirmed**	SEBI
Proposed NCDs	121.50	IVR BBB/Stable	**Rating Reaffirmed**	SEBI
Proposed NCDs	300.00	IVR BBB/Stable	**Rating Assigned**	SEBI
Total	**950.00 (Rupees Nine Hundred and Fifty Crore Only)**			
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Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: *None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.*

Rationale

Infomerics Ratings has assigned its "IVR BBB/Stable" rating to the Rs. 300 crore non-convertible proposed debentures of Regency Fincorp Limited (RFL) has continued its ratings on the bank facilities and debt instruments.

The ratings continue to be driven by successful strategic shift towards secured MSME lending, which has resulted in a healthier portfolio composition, robust AUM expansion, improved profitability and operating efficiency, and a stronger capital base supported by periodic equity infusions. The ratings are further supported by the company's diversified funding profile, demonstrated ability to raise resources from multiple lenders, and its growing market position in the MSME lending segment, experienced management team, established credit appraisal and risk management framework, granular borrower profile, comfortable capitalisation supported by a strong CRAR, adequate liquidity position with a well-matched ALM profile, and healthy asset quality indicators.

However, the ratings remain constrained by the company's moderate scale of operations, geographical concentration of the loan portfolio, and the limited seasoning of the rapidly growing secured MSME portfolio. The ratings also factor in the competitive nature of the MSME lending industry and execution risks associated with the company's planned business expansion.

Outlook: Stable

The Stable outlook reflects the company's ability to sustain growth while maintaining comfortable capitalisation, healthy profitability, and prudent asset quality, supported by its secured MSME focus and strong risk management framework.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

Key Rating Drivers with Detailed Description

Strengths

- **Successful transition towards secured MSME lending**

  The company has successfully executed its strategic transition towards secured MSME lending during FY26. The share of secured MSME loans increased significantly to 61.05% of the total AUM as on March 31, 2026 (65.90% as on August 31, 2026), from 17.75% as on March 31, 2025, while the share of the legacy JLG portfolio declined to 10.73% in FY26 (4.52% in August 2026) from 17.25% in FY25. With fresh JLG disbursements discontinued, future business growth is expected to be driven primarily by secured MSME lending, supplemented by digital lending initiatives.

  This shift in portfolio composition is expected to strengthen the company's overall credit profile by improving collateral coverage and reducing portfolio risk over the medium term. Going forward, the performance and seasoning of the expanding secured MSME book alongside the maintenance of healthy asset quality metrics which will remain a key rating monitorable.

- **Improvement in profitability and operating efficiency**

  The company has demonstrated strong business growth and improving operating performance, driven by its strategic shift towards secured MSME lending, deployment of

capital raised through periodic equity infusions, and expansion of its distribution network. Consequently, the on-book AUM increased by 53.38% to Rs.261.23 crore as on March 31, 2026, from Rs.170.18 crore as on March 31, 2025, and further increased to Rs.345.24 crore as on June 30, 2026, reflecting sustained business momentum. The higher share of interest-earning assets, coupled with improved lending spreads and operating leverage arising from the rapid scale-up of operations, resulted in improvement in profitability. Accordingly, NIM improved to 11.72% in FY26 from 8.27% in FY25, while cost-to-income ratio improved to 34.03% in FY26 from 49.52% in FY25. The stronger operating performance also translated into an improvement in ROTA to 4.95% (FY25: 2.68%) and RONW to 9.42% (FY25: 5.78%). Going forward, the company's ability to sustain its profitability while maintaining asset quality amid its planned business expansion will remain a key rating monitorable.

- **Comfortable capitalisation**

  RFL's capitalisation profile continues to remain comfortable, marked by an overall CRAR of 57.62% as on March 31, 2026 (March 31, 2025: 64.35%) and 49.77% in Q1FY27, which remains above the regulatory requirement backed with robust business growth during the year. The company's tangible net worth increased to Rs.160.50 crore as on March 31, 2026, from Rs.121.84 crore as on March 31, 2025, and further to Rs 181.84 crore in Q1FY27, supported by conversion of preferential warrants into equity shares and healthy internal accruals. The company has already raised Rs.25 crore through CCDs during Q1FY27 and proposes to raise an additional Rs.50–75 crore through equity during FY27 to support its planned business expansion while maintaining comfortable capitalisation. Infomerics Ratings expects the company's capital profile to remain comfortable over the medium term, supported by timely capital augmentation.

- **Comfortable asset quality**

  Despite the loan portfolio increasing by 53.38% during FY26, the company's asset quality remained comfortable, with GNPA and NNPA at 0.99% and 0.74%, respectively, as on March 31, 2026 (FY25: 0.42% and 0.32%) and 0.98% and 0.74% in Q1FY27. Product-wise analysis indicates that around 81% of the total GNPA originates from the legacy JLG portfolio despite it constituting only around 11% of the total AUM, while the newly built secured MSME portfolio has so far exhibited satisfactory asset quality. Going forward, the company's ability to maintain healthy asset quality as the secured MSME portfolio seasons will remain a key rating monitorable.

Weaknesses

- **Moderate scale of operations despite healthy business growth**

  Despite registering healthy business growth during FY26, the company's scale of operations remains moderate compared with established NBFC peers, with an on-book AUM of Rs.261.23 crore as on March 31, 2026 (March 31, 2025: Rs.170.18 crore). The relatively moderate scale limits operating efficiencies, funding diversification and pricing flexibility compared with larger NBFCs. Although the company has demonstrated strong execution over the last two years, the projected scale-up in operations would require sustained access to capital, diversified funding sources and continued maintenance of prudent underwriting standards and asset quality. The company's ability to achieve the envisaged growth while preserving its profitability and capitalisation profile will remain a key rating monitorable.

- **Moderate geographical concentration**

  The company's portfolio continues to exhibit moderate geographical concentration, with Punjab (24.30%), Chandigarh (22.37%) and Delhi (19.71%) together accounting for around ~66% of the total AUM as on March 31, 2026. Such concentration exposes the portfolio to region-specific economic conditions, competitive intensity and regulatory developments, which could have an adverse impact on business growth and asset quality. Although the company has gradually diversified its presence into Haryana, Uttar Pradesh and Uttarakhand during FY26, the portfolio continues to be concentrated in North India. The company's ability to further diversify its geographical profile while maintaining healthy portfolio quality will remain a key rating monitorable.

- **Limited seasoning of expanding secured MSME portfolio**

  The secured MSME portfolio increased significantly from Rs 30.20 crore as on March 31, 2025, to Rs 159.47 crore as on March 31, 2026. While the portfolio has demonstrated satisfactory asset quality so far, a substantial portion of the book remains relatively unseasoned. Accordingly, its repayment behaviour and asset quality performance over the next few quarters will remain a key monitorable.

Liquidity – Adequate

RFL's liquidity profile is adequate, supported by comfortable capitalisation, a well-matched ALM profile and access to bank working capital lines. The ALM statement as on August 31, 2026, reflected no negative cumulative mismatches up to the 5-year bucket. Free cash and cash equivalents stood at Rs. 97.56 crore as on August 31, 2026 (cash and bank balances: Rs 1.73 crore; unencumbered fixed deposits of Rs. 74.78 crore; liquid investments: Rs 2.62 crore; unutilised bank limits: Rs. 18.43 crore). However, given the company's rapid business expansion, growth continues to be primarily funded through external borrowings, with average working capital utilisation remaining at around 77% over the trailing 12 months.

Rating Sensitivities:

Upward Factors

- Sustained growth in the loan portfolio while maintaining comfortable asset quality, profitability and capitalisation, along with continued diversification of the geographical profile and successful seasoning of the secured MSME portfolio.

Downward Factors

- Substantial and sustained deterioration in asset quality, leading to weakening of profitability or capitalisation.
- Lower-than-expected business growth, inability to raise capital or mobilise funding as envisaged, or any significant increase in leverage that adversely impacts the company's financial profile.

About the Company

Regency Fincorp Limited (RFL) is an RBI-registered, listed, non-deposit taking NBFC primarily engaged in providing secured MSME loans, unsecured MSME loans, small-ticket personal loans and legacy Joint Liability Group (JLG) loans. The company has strategically repositioned its portfolio towards secured MSME lending while also expanding its digital lending capabilities through its 'Cash My Salary' platform. As on March 31, 2026, the company operated through 23 branches across 8 states/UTs with an on-book AUM of Rs 261.23 crore.

Key Financial Indicators (Standalone):

(Rs. Crore)

For the year ended* / As on	31-03-2025	31-03-2026	Q1FY27
	Audited	Audited	Unaudited
Total Operating Income	21.66	40.05	17.43
PAT	4.98	13.42	7.03
Tangible net worth	121.84	160.50	181.84
Total Assets	229.13	329.28	413.67
Ratios			
NIM (%)	8.27	11.72	3.65
ROTA (%)	2.68	4.95	1.70
Total CAR (%)	64.35	57.62	49.77
Gross NPA [Stage III] (%)	0.42	0.99	0.98
Net NPA [Stage III] (%)	0.32	0.74	0.74

**Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company*

Applicable Criteria

Rating Methodology for Financial Institutions/NBFCs

Policy on Default Recognition and Post – Default Curing Period

Criteria of assigning Rating Outlook

Complexity level of rated instruments/Facilities

Financial Ratios & Interpretation (Financial Sector)

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)						Rating History for the past 3 years				
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating				Date(s) & Rating(s) assigned in 2025-26		Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	
					Sep 18, 2026	Aug 07, 2026	July 21, 2026	Jan 13, 2026	Sept 18, 2025	Jan 27, 2025	Dec 12, 2023	May 17, 2023
1.	Proposed Fund based facilities	LT	50.00	IVR BBB/ Stable	IVR BBB/ Stable	IVR BBB/ Stable	IVR BBB/ Stable	IVR BBB-/Positive	IVR BBB-/Positive	IVR BBB-/Stable	IVR BBB-/Stable	Withdrawn
2.	Non – Convertible Debentures (NCDs)	LT	528.50 (Enhanced from 380.00)	IVR BBB/ Stable	IVR BBB/ Stable	IVR BBB/ Stable	IVR BBB/ Stable	IVR BBB-/Positive	-	-	-	-
3.	Proposed Non – Convertible Debentures (NCDs)	LT	121.50	IVR BBB/ Stable	IVR BBB/ Stable	IVR BBB/ Stable	IVR BBB/ Stable	-	-	-	-	-
4.	Proposed Non – Convertible Debentures (NCDs)	LT	300.00	IVR BBB/ Stable	-	-	-	-	-	-	-	-

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned / Outlook	Listing Status	Regulator^	Complexity Indicator
Proposed Fund Based Bank Facilities – Term Loan	-	-	-	-	50.00	IVR BBB/ Stable	NA	RBI	Simple
Proposed NCDs	-	-	-	-	121.50	IVR BBB/ Stable	Proposed to be listed	SEBI	Simple
Proposed NCDs	-	-	-	-	300.00	IVR BBB/ Stable	Proposed to be listed	SEBI	Simple
NCD	INE964R07069	Mar 23, 2026	14.00 %	Jun 23, 2027	25.00	IVR BBB/ Stable	Listed	SEBI	Simple
NCD	INE964R07051	Jan 28, 2026	14.00 %	Feb 02, 2027	25.00	IVR BBB/ Stable	Listed	SEBI	Simple
NCD	INE964R07069	May 07, 2026	14.00 %	Jun 23, 2027	25.00	IVR BBB/ Stable	Listed	SEBI	Simple

NCD	INE964R07093	Jun 19, 2026	13.00 %	Dec 19, 2028	15.00	IVR BBB/ Stable	Listed	SEBI	Simple
NCD	INE964R07085	Jun 02, 2026	15.00 %	Jan 01, 2028	10.00	IVR BBB/ Stable	Listed	SEBI	Simple
NCD	INE964R07101	Jul 23, 2026	14.00 %	Jul 28, 2027	40.00	IVR BBB/ Stable	Listed	SEBI	Simple
NCD	INE964R07119	Jul 30, 2026	13.00 %	Jan 30, 2029	40.00	IVR BBB/ Stable	Listed	SEBI	Simple
NCD	lNE964R07127	Aug 11, 2026	14.00 %	Aug 16, 2027	30.00	IVR BBB/ Stable	Listed	SEBI	Simple
NCD	INE964R07135	Aug 19, 2026	13.50 %	Nov 19, 2027	60.00	IVR BBB/ Stable	Listed	SEBI	Simple
NCD	lNE964R07143	Aug 27, 2026	13.00 %	Aug 27, 2029	50.00	IVR BBB/ Stable	Listed	SEBI	Simple
NCD	INE964R07150	Sep 11, 2026	13.00 %	Mar 11, 2029	60.00	IVR BBB/ Stable	Listed	SEBI	Simple
NCD	INE964R07168	Sep 22, 2026	12.00 %	Dec 22, 2027	50.00	IVR BBB/ Stable	Listed	SEBI	Simple
NCD	INE964R07176	Oct 01, 2026	1.00%	Apr 01, 2028	3.50	IVR BBB/ Stable	Listed	SEBI	Simple
NCD	INE964R07184	Oct 09, 2026	12.00 %	Apr 09, 2028	65.00	IVR BBB/ Stable	Listed	SEBI	Simple
NCD	INE964R07192	Oct 19, 2026	13.00 %	Oct 19, 2029	30.00	IVR BBB/ Stable	Listed	SEBI	Simple

NA – Not Applicable

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Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/len_regency_nov26_0d78a5c689.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

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

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* $	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts $	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	+
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side Regulator such as IRDAI, PFRDA @

Footnotes:

** Includes securitisation transactions involving assignee payout, acquirer's payout.*

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s),

Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

 # There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

***Note:** For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.*

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