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Regency Fincorp Limited

(Formerly Known as: Regency Investments Limited)
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Date: 27th July 2026

To
The Listing Department
BSE Limited
25th Floor, P J Towers Dalal Street
Mumbai, Maharashtra- 400001

SUB: DISCLOSURE UNDER REGULATION 30 OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015– TRANSCRIPT OF THE EARNINGS CONFERENCE CALL

REF: REGENCY FINCORP LIMITED (SCRIP CODE: 540175)

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the earnings/conference call hosted by the Company on Tuesday 21st July 2026, post declaration of Un-audited Financial Results (Standalone and Consolidated) for the quarter ended June 30, 2026.

This has been made available on the Company's website. Kindly take the same on record

Thanking You,

For Regency Fincorp Limited

ABHIMANYU
Digitally signed by ABHIMANYU
Date: 2026.07.27 13:28:19 +05'30'

Abhimanyu
Company Secretary & Compliance Officer
M No A 49176

"Regency Fincorp Limited

Q1 FY27 Earnings Conference Call"

July 21, 2026

MANAGEMENT: **MR. GAURAV KUMAR ABROL – MANAGING DIRECTOR – REGENCY FINCORP LIMITED**
MR. SARFARAZ MALLICK – CHIEF FINANCIAL OFFICER AND WHOLE-TIME DIRECTOR – REGENCY FINCORP LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Regency Fincorp Limited Q1 FY27 Earnings Conference call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements do not guarantee the future performance of the company and it may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Gaurav Kumar Abrol, Managing Director for the opening remarks. Thank you and over to you, sir.

Gaurav Kumar Abrol: Thank you. Good morning everyone and thank you for joining us today for Regency Fincorp's Q1 FY27 Earnings call. On call with us today is Mr. Sarfaraz Mallick, our CFO and Whole-Time Director and Adfactors, our investor relations team. I hope all of you have had the opportunity to review our quarterly results and business updates.

We really appreciate your continued interest in Regency Fincorp and look forward to sharing our progress as we continue to make headway in our long-term growth strategy. Since this is only our second earnings conference call, so before discussing the quarterly updates, let me briefly reiterate who we are and what we are building and the industry context.

So let me introduce Regency Fincorp is an emerging NBFC focused on serving segment that continue to remain underserved by the formal financial system, particularly MSME, small business owners and retail borrowers. Our objective is to create a scalable technology-enabled lending platform that combine growth, profitability and prudent risk management while contributing to the financial inclusion.

Over the last few years, we have strategically transformed our business model by increasing our focus on secured MSME lending, strengthening our underwriting framework, expanding our branch network and investing in technology-led capabilities. Today we have been operating through 20 plus branches serving more than 16,000 customers and have built a diversified lending platform with a growing secured portfolio as its core growth engine.

So Indian MSME credit market continue to present a significant opportunity despite increasing formalization and credit penetration, a large financing gap still exists. So creating a strong runway for lenders that can combine disciplined underwriting with efficient customer acquisition and service delivery.

So Regency is well positioned to capitalize on this opportunity. Coming to Q1 FY27, quarter gone by marked another important milestone in our transformation journey. During the quarter, we continued to strengthen our secured lending franchise which remains a key strategic priority for the company.

Our secured loan book increased by 44% from approximately INR159 crores as of March '26 to INR230 crores as of June 2026, almost 5x on year-on-year basis. This growth reflect the increasing demand for secured MSME financing and validate our focus on building a high-quality collateral-backed portfolio.

A key milestone in the recent past was successful launch of our digital lending platform in the name of Cash My Salary. We are pleased to share that within just a short period of launch; We have already built a digital lending portfolio of approximately INR23 crores. This is an encouraging start and reinforces our conviction that technology-enabled lending will be a significant growth driver for Regency going forward.

At the same time, we continued to optimize the overall portfolio mix. In line with our strategy, the share of unsecured lending was reduced from 26% to 18%, further improving portfolio resilience and strengthening our risk profile. This transition reflects our long-term strategy of balancing growth with asset quality and capital efficiency.

Looking ahead, we remain focused on scaling our secured lending portfolio, expanding our digital ecosystem, strengthening our liability franchise and building a more diversified and sustainable business model. Our medium-term objective is very clear, that is to scale AUM towards INR500 to INR550 crores by the end of this fiscal year while maintaining strong asset quality, capital adequacy and governance standards.

So, with that, I would now like to hand over the call to our CFO, Mr. Sarfaraz Mallick, who will take you through the detailed financial performance for the quarter. Thank you.

Sarfaraz Mallick: I think thank you Gaurav, that was a brilliant insight about what Regency's been focusing on and what we have committed and we are trying to deliver. Let me take you through the financial performance for the quarter. The first quarter of financial year '27 reflect the benefit of strategic initiatives undertaken over the last few quarters, particularly the shift towards secured lending, improved portfolio mix and continued focus on operational efficiency.

During the quarter, our AUM, asset under management, stood at INR345 crores as compared to INR261 crores which was as on March 31, 2026, reflecting robust business growth momentum. Total income for our Q1 quarter FY '27 stood at INR17.4 crores, registered a growth of 86% year-on-year driven by the expansion in the loan book and improved earning assets. Our profit before tax stood at INR9.4 crores while profit after tax stood at INR7.0 crores reflecting continued operating leverage and efficiency cost management.

On the balance sheet front, our net worth stood at INR181 crores while capital adequacy remained comfortable at 49.8% as on 30th June 2026, providing adequate headroom to support further growth initiatives. Our asset qualities remain well under control, gross NPA and net NPA number, our gross number stood at 0.98% while our net NPA today stands at 0.74% respectively as of 30th June 2026, reflecting our conservative underwriting approach and strong collection framework that we apply in Regency Fincorp Limited.

From a finding perspective, we further strengthen our liability portfolio during financial year 2027. The following successful issuance of a INR50 crores of listed NCD during the quarter, we raised an additional INR50 crores through another NCD issuance. We also secured a INR10 crores term loan from a leading bank. Further our board has approved additionally issuance of

INR50 crores to INR75 crores of private placement of NCDs during the second quarter as well, providing additional financial flexibility to support our future plans and growth plans.

This is not only strengthening our liquidity position but also diversified our funding source, providing a strong foundation to support further growth initiatives. The proceeds will remain primarily to be used toward expansion of our secured MSME lending book and digital lending book as on my Cash My Salary.

Overall, we remain focus on maintaining a balanced approach towards growth, profitability and risk management. Our emphasis continues to be on improving portfolio quality, optimizing funding costs, enhancing operative efficiency and delivering sustainable returns to all the stakeholders. The market opportunity is tremendous and we all are positioned to capitalize on that.

With that, I would like to conclude the remarks and would now be happy to take questions. Thank you.

Moderator: Thank you, sir. We will now begin the question-and-answer session. The first question comes from the line of Garvit Goyal with Serene Alpha. Please go ahead.

Garvit Goyal: Hello, am I audible?

Sarfaraz Mallick: Yes, you are very much audible, Garvit

Garvit Goyal: Good morning, sir and congrats for good set of numbers. My first question is on recent fundraise via NCDs. While we were earlier communicating that incremental cost of funds will be around lower double digit, right? But if I look at your press release, these NCDs have been raised at a cost of 14%. So, can you help us to understand like where is the gap, why the cost of funds is not equivalent to what we communicated earlier?

Sarfaraz Mallick: No, I'll just take this point. We have raised couple of NCDs in our first quarter. The previous quarter that NCD that we have already signed the mandate issuance with the platform arranger was at 14%, further to it we raised further fresh capital at 13% also. So, what is happening, it will reduce gradually.

We have always said that in the entire year we want to reduce our lending cost between 11.5% to 12%. Now that will come down gradually. So, for this quarter itself what we are raising, are raising at around at 13%. So gradually from what we were raising in the previous quarter at 14%, 14.5% is come down to blended at 13.25%.

We are hoping by end of the next financial quarter we should be at around closer to 12.75% to 12.95% and that out by the end of the year we should be at 12.5% between 11.75% to 12.5%.

Garvit Goyal: Got it, got it.

Sarfaraz Mallick: Like we have raised a INR10 crores lending line from a bank at 10.35%. So, there are different percentages against the entire borrowing, but however if I give a mix of it, I'm at today standing at 13.25% my blending cost.

Garvit Goyal: Okay, okay, got it. And secondly on the secured AUM side, can you put some more colour to get a better understanding like what kind of sector we are focusing on within MSME secured? Like can you give us your sectoral level exposure, sir?

Gaurav Kumar Abrol: Right. So basically, our focus is only on the Tier 2 city, we are not operating out of the Tier 1 city. Our focus is into Tier 2 city where we still find there is a lot financial gap available. And when I say from a sectoral point, barring trading, barring livestock, everything is there which comes under the umbrella of MSME is already there a part of our portfolio.

We are not doing any account which is related to a trading of a business. A trader is not something that we are funding. A realtor we are not funding since I know the ticket size we don't follow where realtor will come in place, right? We are not funding anything which is related to livestock, whether it is a poultry, whether it is an animal husbandry onto it.

But we are funding the byproduct of it, whether it is a supply of milk products or manufacturing of any other small milk plant that they generally you will have or pulp manufacturing, pulp distribution, all of those are part of it. Major portfolio it's towards retail. When I say retail which means a retail manufacturer or a retail supplier is something that are our major portfolio customer base. Does that answer that question for you?

Garvit Goyal: Yes. I just wanted to understand more like in the terms of what are top five sectors which are constituting this INR230 crores AUM that you are speaking about?

Gaurav Kumar Abrol: So, retailer is the major sector which includes any hardware shop, any manufacturing shop, any small supplier shop, anyone who's into the business of any small manufacturing units. For example, today there is water bottle. If I have to give an example, Jeeru is a very big brand today of INR10,000 crores. But in Tier 2 city, there are similar like Jeeru, which are manufacturing into and supplying into local levels. Frooti is a larger number to look at to it when it comes to a distribution and manufacturing pulp point of view. Now Frooti has different variants in different cities. Those small manufacturing units are those main -- our main focus is the manufacturing guys.

Garvit Goyal: Okay. Got it. So you are continuously seeing the demand from these hardwares, manufacturing, retail sector. That's what you are saying, right?

Gaurav Kumar Abrol: Absolutely. See, I'll tell you Indian economy if you like to break this down into a number, if I have to give a number crunching onto it, right? What we constitute our manufacturing on our balance sheet of a GDP number is majorly out of these two sectors or service sectors or agri. We don't do agri financing, we don't do agri loan.

We are not into services, we don't fund any services related any businesses. Major focus is on our MSME manufacturing, which are these small businesses which are coming and upscaling up to it. Now there is a huge gap today also in the Tier 2 cities where the financial institutions are not available or the organized sector is the sector is still not that way organized that we look at to it.

But when we take a decision onto it, we look at to two methods of basically funding any borrower. Our first method is what is the cash flow mechanism out of the business that is generating currently. Minimum 3 years of vintage of that business has to be there. We don't fund anything which is a new business for any customer.

There has to be vintage of the business, okay? Plus the business has to generate certain cash flows and whatever money he is borrowing, this money has to get deployed into the business which generate further cash flow into the business. We are not funding a LAP that you have a property and see some cash flows are there and I'll fund you.

This is a typically like a working capital gap that we try to fill in which is actually enhancing his business. That's where we come into play. For benefit of us, what we do is that we take their collateral as the property, whether it is residential or commercial property which is a build-up property.

We don't take any land, no collateral third-party collateral, no residential plot, no industrial plot, no commercial plot, nothing. It has to be purely a developed with a preferences to their house or their office or their store, whatever is could be. And the value is about 50% of the LTV value that we are funding to these guys. I think that gives you a little much more perspective about it.

Garvit Goyal: Yes, got it. And sir you mentioned about Tier 2 cities. Can you help us to understand right now how concentrated we are in the terms of the geography as far as India entire India is concerned?

Gaurav Kumar Abrol: So we are right now present in five states. We have Punjab, Haryana, some part of Uttarakhand, we have a Eastern part of UP and then we are working out of Chandigarh which is our main base. When I say Chandigarh, don't look at Chandigarh just as a city, it is a tri-city basically.

It connects to Mohali, it connects to Panchkula and it is connecting to us to our Chandigarh main Tricity. In order to look into it, we look at that we are today present in five states and across the states we have a diversification of portfolio which is less than 20% in any state. Our principal agreement as per our board is that we will not go more than 20% in any of the states that we are working around.

So we are restricted everything within the 20% of our borrowing to any borrower. Now if I have to break this down further, let me take this leg to a further that what happens in a state. In a state also I will run branches. I have Ambala, I have Yamuna Nagar, I have Karnal, I have that part of Shajapur or I will have any part of that part of belt that I'm working around.

My branch will not go more than INR12 crores as an AUM. MSME secured I'm talking about specifically. We are discussing right now MSME secured. A larger city Ludhiana, the branch will not cross more than INR15 crores. That's how you look at that you are also taking caring of the branch spread, you're taking care of the state spread.

And you are equally able to generate the kind of an leads from across the similar state that we're working around. We are not going to penetrate any other state unless and until we have penetrated our own region because we based out of Chandigarh, we based out of Zirakpur and that's our principal where we started this business. We believe that there is further to deepen that part of the Northern part of the state.

Garvit Goyal: Got it. And sir finally on the outlook in the terms of the bottom line and most importantly on NNPA. This quarter we delivered more than INR7 crores bottom line. What is the full year target and how we should assume in the terms of how it should ramp up because we are a company with a growing AUM. Quarter over quarter I believe our AUM will be keep on growing. So taking that into account and this digital banking where the NNPA is expected to be higher. So what is the outlook on quarterly basis for the bottom line and NNPA and the full year FY '27 as well?

Sarfaraz Mallick: So to answer that two questions of yours, first of all that we are always very risk agnostic and as well as we are very, very appropriate that how risk has to be managed and how it has to be set across the entire two portfolios. Our major portfolio will contribute 80% toward MSME secured portfolio and 20% is in our digital lending platform.

Now digital lending also while others might have facing huge problems, we don't see it. We already have two cycles that we have done in digital lending and we see a good collection of 95% to 96% happening on the day month 0 to 1 and balance 2% gets collected in the period of time.

So that means even in digital portfolio, the gap of your NPAs are not so high that what generally you look at because it is the segment of borrower that you are adding to it. My segment of borrower is a salaried customer who already has 2 years of Form 16 plus 6 months of fresh -- 6 months of the current employment there is a continuation more than 6 months, that six salaries have already got credit in his account, there is a CIBIL score effect that will get affected.

The borrower is much better borrower than any other because he is a salaried guy. So while that is our key, the key is that we are using Cash My Salary which is basically advance salary for a 4 to 5 months period, generally the weighted average portfolio is for 4 months. So this gives the schedule that we are not going long on the debt plus also we are given to only salaried customers.

When I say salaried customer, I am giving to a customer who is not -- I am not giving to a customer who's from a employment from a private limited firm or a partnership firm or a proprietor firm. I am given to corporates plus as well as to somebody who is working in an LLP firm.

This is our borrowing -- this is from a borrower's point of view. That's how our collection efficiency is far better than you might want to compare with any digital lending platform that you look at. From our NPA that we are looking at, we want to make sure that our gross NPA should never cross between 1% to 1.25% and net NPA had to be below 1% or up to 1% which is very good when you look at retail as a business.

From a revenue point of view, what we have already been discussed in our last chorus call as well that we look at to deliver about anything a revenue of upwards of INR75 crores. You look at that the first quarter itself we've delivered INR17.5 crores. I think quarter 2 and quarter 3 and quarter 4 should be better than quarter 1.

But keeping in mind let us be very conservative, we should be able to deliver upwards of Northwards of INR75 crores on our total revenue in the end of the -- in the entire 12 months period and from a bottom line point of view, we should look at anything from a INR25 to INR30 crores kind of a PAT numbers that we can deliver.

Garvit Goyal: Sorry, bottom line is what is the range you have given?

Sarfaraz Mallick: Anything from a INR25 crores to INR30 crores.

Garvit Goyal: Sir this quarter itself we delivered INR7 crores and you're speaking about revenue will be keep on growing, right?

Sarfaraz Mallick: So there has to be as I've already said we are giving you conservative numbers, okay?

Garvit Goyal: Okay.

Sarfaraz Mallick: Yes. Rest you are much more better multiplier you can multiply it far betterly, so we don't want to comment on that. So I said I am giving you my conservative numbers.

Garvit Goyal: Got it. And just one last question on on our internal auditor. Who is our internal auditor right now, sir? Because I've seen in the past there have been some frequent changes in the internal auditor team. So can you help us to understand the rationale for that and how consistent it can be going ahead?

Gaurav Kumar Abrol: So I'll tell you what happens is that when you start or a book. And from a states when we look at Zirakpur our head office. Finding the good talent is always a challenge, okay? Because talent over there is far difficult to arise the way everybody look at to it. Fortunately we have shifted our corporate office to Delhi, which is in Noida itself where my entire tech team and my tech digital lending and digital everything is been managed there.

And we manage the entire other piece of work that we want to garner in the coming next 6 to 9 months period of time. So currently Monika Garg is our auditor who's take care of indeed. Now she is Veteran in Chartered Accountant with firm itself and been into the industry for almost 14, 13 and 14 years' experience.

We believe that since now we're strengthening our balance sheet and now we're added up ESOP to our employees, we should see a furthermore -- much more stability as any employment which is coming in place. From a employment point of view. From an auditor point of view, we see that now auditors that auditor that we have.

We don't see any issue from the any point that auditor is going to change or there is some going to be a change. If there is any change is going to happen in auditor level as well, that is going to happen for good which means that we might add a further larger firm who would like to do an audit to us on that number.

Garvit Goyal: Got it, sir.

Gaurav Kumar Abrol: Yes.

Garvit Goyal: I think questions are answered. Thank you very much and all the best for the future.

Sarfaraz Mallick: Pleasure was ours as well.

Moderator: Thank you. The next question comes from the line of Yash Jhurani with Qode Advisors. Please go ahead.

Yash Jhurani: Hello, am I audible?

Sarfaraz Mallick: Hi Yash, very good morning to you.

Yash Jhurani: Hi, good morning, sir. Just wanted to know a few things. Do we plan on taking any deposits or term deposits in future?

Sarfaraz Mallick: We are not yet allowed to take any deposit as per regulatory act until we turn as an SFB which is small finance bank. Once our dream is to that we should take this company to a small finance bank by FY30 and fortunately if we get that opportunity obviously, we'll happy to take that at point in time, not now.

Yash Jhurani: Understood, sir. And also let's say we go from a INR350 crores AUM today to at around INR1,500 crores to INR2,000 crores in a year or two's range, what kind of levels of debt do you think that we would need to kind of supply that kind of AUM, what kind of NCD split and loans split that we would need to say service that kind of AUM for the clients?

Sarfaraz Mallick: So I'll break this up in a different way so then you can get into the number calculation another way. First of all, let's say the leverage that RBI allows for any NBFC is 7x. Any banks or any financial institution who's lending you or any NCD subscriber giving you money is comfortable when you are at between a 4.5 to 5.5 on a leverage side.

If I look at that number, today we are already at a INR200 crores plus of a net worth and net owned funds, if I have to give you primary numbers if I have to just add up plus our profits and all we add up. So at 5x, let's say that if I have to reach INR1,000 crores. So at 5x you are any which ways at home by raising that kind of an debt onto it.

See NBFC is basically what, leveraging on your balance sheet numbers and generating the NIM out of it. That is what NBFC is into the business. Now what we play a little better edge on this is that we always want to add certain equity in any phase of time and keep our borrowing closer to 3.5x to 4x.

So if I am today at INR200 crores of an net-owned funds, I would like to not borrow more than INR750 crores to INR800 crores. Then further raise equity through internal accruals or through internal deployment by promoters or external source through preferential shares or through any investee company, anyone who would like to participate and we are going out and wanting to raise funds in equity at that point in time, I would like to add further equity then raise debt.

Yash Jhurani: Understood.

Sarfaraz Mallick: Our strategy is very clear that we don't want to go more than 4x. So, if I am sitting at today INR200 crores, I can raise INR800 crores, so INR800 crores plus INR200 crores. So INR1,000 crores of AUM. So INR1,000 crores technically we are home.

Yash Jhurani: Understood. I think that answers my question. And also we need to ask you about the runoff percentage. Percent of AUM is generally paid back every year and was the average tenor of loans given specifically when we include both digital plus the MSME secured lending?

Sarfaraz Mallick: So MSME secured lending is typically 48 months to 60 months. The typical average portfolio stands at 4.5, 4.5 years, okay. My portfolio mix of my digital lending is about four months technically, okay. So that's a rollover kind of a portfolio that we are building and out. From a AUM point of view that we are trying to build in the split point of view we are at 80:20 ratio that we already discussed.

Our Q1 we were about 62%, in Q2 we saw our Q4 of last financial year we were at 62%, this year we've already first quarter we touched about 67%, right. So our focus is very, very clear that we'll be running down all unsecured mix of JLG book and as well as unsecured loan book, MSME loan book. Focus on MSME secured whatever money that we will raise will go into two parts of distribution, one part is my MSME secured, other part is my digital lending platform.

Yash Jhurani: Understand.

Sarfaraz Mallick: Yes.

Yash Jhurani: So sir in the regions that you are present do you think in future let's say when we reach at least a INR2,000 crores of AUM our digital lending would be at a very good percentage in terms of unsecured lending do you think in that sort and also just wanted to know on the same space the NIM if we say go towards the secured lending end could crash is that right to assume?

Sarfaraz Mallick: No. I'll just break this up in a better way just for the entire forum. See, what why the idea was that we should have a mixed portfolio of MSME secured and digital lending, right. MSME secured today comes with the let's say today we are deploying the money at 21%, 22%. Net borrowing is about 13.5% my opex is about 2, 2.25. I say 1% is my credit.

I have a spread of about close to 3.5% to 3.4% which you would have seen right now in our balance sheet as well, okay. Now if I have to further take this to a digital lending my 20% portfolio, let's say or you say that if you have a INR2,000 crores of AUM, even at a INR2,000 crores of an AUM if I've restricted myself of declining at only 20% it will only contribute to INR400 crores of an AUM INR1,600 crores will be still my secured MSME portfolio, right.

The digital lending if I have to give you the market available today organized salaried customer base who's looking for a four, five months, three months kind of a loan segment is not less than INR45,000 crores, INR50,000 crores market cap borrower, fresh borrowers available. We are not wanting to have INR45,000 crores, INR50,000 crores kind of a customer base, we're happy with INR400 crores, INR500 crores when, when I have a INR2,000 crores, INR2,200 crores, so this will not change my mathematics okay?

Yash Jhurani: Understood. Understood sir.

Sarfaraz Mallick: Now, further to it whatever my numerator I am adding through my digital lending will give further strengthening towards my cash flow of my company, because that cycle is quick with four months only, right. My deployment plus my collection everything happens within the four months and the fresh loan has been again been uploaded, right.

And I am doing right now 70% of fresh loan only 30% of repeat customer with 90 days of pulling period, okay. So that means I am making sure that risk has been managed very well and we are able to garner to the fresh borrower further to it so that my cash and margins have never been squeezed out ever.

Yash Jhurani: Understood sir.

Sarfaraz Mallick: Is that correct Yash for you?

Yash Jhurani: Yes, yes I think that answers. Just have one last question. What kind of marketing campaign advertisement and promos we are doing? And how are we actually acquiring our customers other than the referrals that we would get from our existing clients?

Sarfaraz Mallick: So one is that we are always from our MSME secured side we are always hiring from the regional from the same city, state that we are operating out of it, okay. That is one part. Second, that we keep running the campaigns towards our customers and as well as towards the RMs. We incentivize further the RM for getting fresh better leads and the volume leads that he can generate.

Yash Jhurani: Understood.

Sarfaraz Mallick: Our internal campaign, our internal campaign gets runs, get, get run out again the customer that we are also there let's say that today we have a customer in a city like Ludhiana okay. He's operating out of that okay you please give me four references if I convert four references out of you this is the incentive that the company is paying to the acquisition cost, okay. So I get my reference base from my own existing customer base as well.

One my RM is going and contributing towards getting fresh leads, one my digital lending platform is helping to generate further leads and one is my own customer which is helping us to give us reference base as well, okay. This success is much more better than a reference base, if I have to give you, if I have to answer further to this question, you know, if I have to digitalize it what is much more materializing in the number of percentage of conversion. The first one is the reference, the second one is what the RM gets the lead himself and generates and he puts into the system, the third one is the digital lending.

Yash Jhurani: Understood sir. I think that answers all my question. Thank you so much.

Sarfaraz Mallick: Thank you Yash. Thank you very much.

Moderator: The next question comes from the line of Nitin Khandkar, an Individual Investor. Please go ahead.

Nitin Khandkar: Good morning and thanks for the opportunity.

Sarfaraz Mallick: Nitinji very good morning to you.

Nitin Khandkar: I have a few questions. The first question is about the impending equity dilution which the management does on in response to here so we have the target of growing AUM to be INR3,000 crores by '30 in view of the RBI's mandate of pure equity of 5.5% of risk weighted assets in Tier 1 capital the net worth would have to be around INR165 crores is that right?

Sarfaraz Mallick: The number is right. The number is right what you're trying to say.

Nitin Khandkar: Right. So of that how much would be the sorry, of that how much would be the paid up capital by FY30?

Sarfaraz Mallick: So currently my paid up capital that I standard about close to INR170 odd crores.

Sarfaraz Mallick: INR93 crores, sorry paid up is INR93 crores, okay currently if I look. at that, if I look at that table that you have mentioned the Tier 1 capital that I have to do if I have to reach INR3,000 crores I am just INR45 crores, INR50 crores away from my entire target so on my paid up side, while we say that if we are going to give these kind of numbers plus we're going to add up further our own capital as well in the company. I think we should be more than when we have INR3,000 crores are paid up capital should be more than INR250 crores, INR300 crores. 165 is barely just the nomenclature number for as per the Reserve Bank of India.

Nitin Khandkar: Okay. My second question is about your expectations of interest rates. How do you expect them to move over the next two three years and how do you propose to protect your names going forward?

Sarfaraz Mallick: So our focus has always been that you know as and when we started this conversation that we are wanting to reduce our borrowing cost, right. So when I say from a two three years perspective of the banks and the NBFCs you will be at a borrowing of 11, 11.25 or maybe even a 10.5 for that matter, okay. Just to keep a context that number in place next two three years, okay. You will be 10, 10.5 on a, on a larger side or a conservative side will be further level to its level at 10.25 right.

And if you are at that level and you are able to borrow at that, that level I think you are at a very comfortable position because I don't want to keep getting on boarded borrower at 19%, 20%, 21%, 22%. If I have a reduced capital why not go ahead and borrow at, why not get and onboard a customer at with a 15%, 16% ROI or a 17% ROI. So relatively what we are trying to say that as and when we have lower cost of funds we will keep adding lower cost of borrower as well to it.

Nitin Khandkar: Right, makes sense. And my final question is about the company's loan book. So currently MSME lending dominates the loan book and do you expect the situation to remain the same by FY30?

Sarfaraz Mallick: Absolutely, we are very, very clear. There our loan book will only contribute to 80% of our MSME secured lending book which is backed up by the collateral plus cash flow mechanism of any customer whose borrower our borrowers. And our book of 20% will be in the unsecured segment in the unsecured segment it will be only specific to digital lending. The way the digital lending is the digitalization our country is happening maybe by the time we might further have that our MSME some lending portion will also become digitalized depending upon, you know, how things are being improvised in the next two three years time.

Nitin Khandkar: Thank you that answers all my questions.

Sarfaraz Mallick: Thank you very much sir.

Moderator: The next question comes from the line of Arman Kohli, an Individual Investor. Please go ahead. The line for the participant has dropped. We'll move to the next participant that is Umesh Chandwani from Home Office. Please go ahead.

Umesh Chandwani: Yes. Good morning. Thanks for giving me this opportunity. And first of all congratulations on your such a good results.

Sarfaraz Mallick: Thank you.

Umesh Chandwani: I have, Yes I have very specific query on digital lending. I think you stated that that's going to be a ratio of 80:20 where eventually you will have 20% from digital lending or your which is currently 6%. And the tenure of those loans is also four months.

On an average. So that means you have to do a lot of refilling during the course of year also. So I wanted to understand how are you going to reach out to your customers, are there any kind of marketing budgets efforts and clear strategy to for customer acquisitions?

Sarfaraz Mallick: So just to answer that question to you VG, the first thing that I mentioned this is a borrower market cap over here is more than INR50,000 crores from a salaried borrower I'm talking about we are not talking about self-employed, I am not talking about people who are working in private limited firm, in partnership firms or in other firms.

Keeping that all away, the organized borrower salaried borrowing our method states that it is more than -- currently it is more than INR50,000 to INR60,000 crores okay. That is part day that means there are active borrowers which are very much available in the industry it is the one who approaches them or one who's reached to them, is the way that you will be able to garner that customer.

Umesh Chandwani: Correct.

Sarfaraz Mallick: Today we have just opened pin codes 11,000 pin codes only, right. In the coming year we will touch this to 18,000 pin codes. And what is going to happen, the moment we are just let's say one year, two year vintage right, it is much more better as a positioning, why because as I have my policy of 90 days of pulling out a period. And I have again a customer who can be approached by my own internal team in the first stage.

I am spending money through digital marketing to get a digital customer today right. Because that is how it works a digital customer can be acquired only through digital marketing mechanism, there is no other mechanism that can work, whether it is Google Ads, whether it is through other agencies or through other digital platforms.

That we are right now applying to it okay right, which means that in the years' time I will have over one year one and a half year two years' time. I will have further more customer base which are my active borrowers or being my existing borrowers were borrowed with me in the past, right. What my team has to do that my telecalling team can just come up with a better offer for them let's say that I have offered you INR75,000 in the first scenario just to give you a hypothetical example to explain the scenario.

Now this INR75,000 you repaid back me in four months I got my interest everything back it then further to it there was no borrowing for let's say six months from you or nine months or cycled income up. I have active team of my customer base who will go and call you that you had borrowed INR75,000 because of your repayment track record we have increased this to INR1 lakh example I'm giving up to you. And further to you, you were earlier paying X interest we have reduced you to Y interest.

Umesh Chandwani: Yes that is that is clear I mean repeat customer part is clear. My, my question…

Sarfaraz Mallick: I'm coming point to that point right this is one part that I will have acting borrowing customer from that point of view. Now acquisition can only and only happen as I earlier said is through digital platforms since there is number of customers available, there are number of borrowers available across the pin codes right, so we are we don't see any challenge to it at any point in time.

Umesh Chandwani: You, mean you are getting that feet from…

Sarfaraz Mallick: What are we talking about, we are talking about out of INR50,000 crores right, we're talking about INR200 crores, INR250 crores, INR300 crores, INR400 crores. Let's say I touch my AUM of INR2,000 crores at INR2,000 crores I'll be having INR400 crores portfolio right and slowly gradually we might also introduce any other product as well in this right today we have a four month product, six month product right.

This can go to nine-month product if you see how the longevity happens correct, we can all we take this to a longer curve as well slowly gradually seeing how the performance is, how things are being made, how industry is working what are the outputs happening onto it because I'm giving to a salaried customer my risk is negligible because of salaried customer…

Umesh Chandwani: Can I interrupt just for my. See sir you are talking about a market which is large enough and I understand that part. My question was specifically on how are we tapping are you going to get some feed from agencies to which your telecalling team reaches out for offers or, or it's a combination of sir Yes okay go ahead.

Sarfaraz Mallick: It is, it is happening what you're saying we are right now reaching out to the my team is reaching out to these customers I have a digital lending platform my digital lending budget is there which is basically spent on acquiring that customers.

Umesh Chandwani: And are you also doing Ads for this app in digital media where people can directly come and reach out to your team?

Sarfaraz Mallick: Absolutely, absolutely.

Umesh Chandwani: Okay. So what is the typical cost of customer acquisition as well as operations for digital side, is it at par with the branches that you run for your non-digital loans or is it different just wanted to get some sense on it?

Sarfaraz Mallick: 4% is my opex plus my digital expense cost towards acquisition of a customer. If I have to number that entire thing but I run this book at an 89% of APR Average Price of Lending I am giving this money at 30% of my interest rate flat interest rate with a processing fees ranging from a 5% to 7%. So I am today at an APR my Average Price of Lending is at 89% so at my 4% is my cost that I do my opex point of view into it.

See what happens in digital lending your first initial cost is setting up the entire infrastructure right. Infrastructure includes your technology that inbuilt that you're building and plus the technology that you have to keep improvising with the time and efforts that you'll have put across together right. So your one-time expense is very heavy then your recurring expenses are less.

Umesh Chandwani: So we are already at a stage where your initial investment is done for that app?

Sarfaraz Mallick: Absolutely, absolutely. I have today a 50 plus member team sitting out of the Noida office which is basically my entire tech infrastructure all has been there. I just have to add people if I have to increase the volume. That's it. I don't have to do anything else.

Umesh Chandwani: Okay. Can you just help me understand how did you arrive at 89% APR just…

Sarfaraz Mallick: 30% is my flat ROI and at a 5% of a PF with my period of four month and if you take three cycles in a year, you will reach at 89% of APR, sir.

Umesh Chandwani: Okay, I get it.

Sarfaraz Mallick: Yes. Yes.

Umesh Chandwani: Yes, thanks. I am, I am done with my question.

Sarfaraz Mallick: Thank you very much, sir.

Moderator: The next question comes from the line of Garvit Goyal with Serene Alpha. Please go ahead.

Garvit Goyal: Hi, thanks for the follow-up. Just two more question. One is on the use of AI. Can you, can you spend some time on explaining us like what kind of uses are we doing in our operations, specifically in the terms of disbursements or maybe the loan recovery as I am hearing that like people, people in the finance industry have started using conversational AI as a tool, right? So are we also moving in that direction?

Sarfaraz Mallick: So we already have an AI. So for example today you have an EMI reminder, AI will call you, give you a reminder about your EMI before 3 days. The same AI will speak to you, you will feel like it is interacting to a human like a robot, right? It will tell you a due date, amount, everything onto it. So your first initial phase that we have already added is in basically of reminders from a point of view, okay?

Then my second stage that we are going to add, second stage that we are adding right now for AI tool is basically we will try to see from a customer base whatever further we can add on to make sure that let's say from a collection point of, disbursement point of view. So today my loan gets sanctioned, it gets, it has to get disbursed, I take my team is today calling and taking all the OTP as then the client has to put, the digital OTP login to the DigiLocker and all the signature is happening digitally, correct?

Now further to it by end of this year we will conclude this into a total digital onto it, okay? There will be an AI which will speak to this customer and whatever is the requirement which is unfilled or is required, to be required to be filled, the AI will tell. Our first stage is already there, we already have AI base calling which is happening. Now second stage is based that we will have AI base of further any clientele requirement is pending that gets completed through AI base. So human interference becomes very less.

Garvit Goyal: Okay. So for this conversational side of it, are we dependent upon any vendor or how, how it is going…

Sarfaraz Mallick: In-house. Entire tech that we have developed is in-house, sir.

Garvit Goyal: Okay. So you, you are saying you are having your own AIs is that what you are saying?

Sarfaraz Mallick: Absolutely. We built all our own AIs, we built our own entire ecosystem to build the entire infrastructure onto it, right? The entire team is in-house, all that we built in in-house, except barring the cloud space or the other requirements that you have to take from a digital point of view.

Garvit Goyal: Okay, okay, okay. And secondly on the promoter holding side of it, as of today it is, it is looking very low, right? So do we have any plan promoters going to be infusing some money and increasing the stake, increasing the stake in the company or is it the planning cards?

Sarfaraz Mallick: So promoter holding is something that I would like to take this question with you on one-to-one. There is, is already there. We would not say the promoter holding is less, it is more, but this question I can answer it with you, you can take my details from the operator, can call me after this call and I can explain that to you. Being rest assured, being rest assured to everybody that today promoter each earning is lying in this company.

Garvit Goyal: Got it. Thank you.

Sarfaraz Mallick: So, so, so it might look at to you that we have, we hold 24%, 25% kind of a holding, but it is far further more to it. That why I said, I would like to take this question on a one-to-one basis whenever you would like to take my details from the operator. Operator you can share my number with them.

Moderator: Sure, sir.

Sarfaraz Mallick: Thank you.

Moderator: Garvit. All your questions answered?

Garvit Goyal: Yes, sir. Yes. Thank you.

Moderator: Thank you. The next question comes from the line of Bhaskar Kanrar with 3 Head Capital. Please go ahead.

Bhaskar Kanrar: Hi, sir. I am audible?

Sarfaraz Mallick: Yes, Bhaskar, you are very much audible.

Bhaskar Kanrar: Okay. Hi, sir. First of all, congratulation for good set of number. Sir, my first question is cost of fund side. Currently whether that situation is coming that cost of fund or repo rate will they go down but it will be stopped and again start, escalate. In other NBFC also calling that cost of fund will be increasing. Our cost of fund is currently 13% odd level. Further cost of fund reduce only driven by credit rating upgrade or any key driver further cost of fund reduce?

Sarfaraz Mallick: So, so I will tell you, the NBFC that you are referring are people who are already at let's say 10%, 10.5%, for them basically their cost of funds might have got increased or they might have got seen an increase. We were already at an higher rate earlier 14%, 14.5% kind of a borrower, okay? Or a 15% ROI.

Today we have already come down to 13%. So we are at a reducing trajectory. That is why I said that my cost of funds will be remain at 10.75% to 11.5%, right? Slowly gradually we are adding banks in our portfolio, okay?

Now we have added one bank in our last quarter, this quarter we are adding further two, three more banks where my capital cost is coming at 10.75%, 10.85%, 10% or 11% for that matter, okay? So if I am further adding banks and PSU Banks I will be keep adding into my portfolio, my cost of fund will keep on reducing to it what is today, not as compared to the peers who are already at 10.5% and they see there is a jump of 50 bps to 11%. I am trying to portray this towards my portfolio, this is my borrowing.

Bhaskar Kanrar: Okay, sir. Fully understood.

Sarfaraz Mallick: Understood. Yes.

Bhaskar Kanrar: Yes, sir. Also my second question is digital lending site. This type of lending is mainly employee early access salary type lending because the duration only four months because this is very short and GNPA calculation also been about not sufficient because 30 -- three months period we calculate, already about the three month loan period will be cover? So how you will calculate GNPA number in data lending site, the individual customer level and anything like that?

Sarfaraz Mallick: So, what I have understood I will answer, there are some point I think so I am not able to understood maybe because of language barrier but let me understand what I have understood and then you tell me whether I answered your question. In digital lending, I am giving loan to a salaried customer, okay? A salaried customer is a guy who has to buy a house, who will have a car, who will have an ex-loan which will be running, he will not try to screw up his CIBIL score just because of a small lending platform.

Secondly, this lending is basically we have created for a shorter tenure because it is a shorter tenure customer base which is looking for that money. Today PL is already there available for 24 months, 36 months and 48 months, right? Personal loan, correct? What happens in a digital lending platform where I am giving my salary in advance for let's say I have given this product for 6 months.

Now as per eligibility, certain people are getting eligible for five months, certain are getting four, certain are getting three or certain are getting six, right? That’s how my average portfolio come down to four months, okay?

Plus the requirement of a customer. The customer just need it for three months. I simply ask this question sir to you that if you need funds for three months, whom are you going to ask? You cannot ask your friends and family, as of today, you do not have savings of INR1 lakh, that you need INR1 lakh and you are asking us.

Today's era is that you will not ask your parents, you will not ask your own, your wife also, okay? So today the system, the ecosystem is built so well, you can just open up all of the web apps that is available or web pages are available or there are apps available, you can put in your details if you are financially eligible, you are financially disciplined, you can get this money in just 10 minutes without knowing anybody that you have borrowed the money. Okay.

Now what happens when I do my calculation, I do my calculation what are his obligations. I take his CIBIL, I take his bank statement and everything to it. So what are his debits and credits? Credits will be majorly salary, debits towards any EMIs towards his housing loan, car loan or any other loan, X, Y, Z. So my system API will run through it and AI will calculate my eligibility on the basis of the cash flow available or the kind of salary that he is already drawing. Okay?

That is where I come into play. So I do not want to cater to a 12 months, 24 months or a 36 months customer, there are already players into it. Personal loan players are already there, right? My product is Cash My Salary, you have a salary and you want to encash it for three months, you want to encash for any short-term requirement, you come to me, right?

Without letting know somebody else that you have borrowed money which is basically within if you are a need of funds and you want to borrow it without knowing to somebody else. That is how, that is how we have placed the entire our product, how we have placed our product. Is that answered your question?

Bhaskar Kanrar: Got it, sir. Yes, sir. But sir just last question and confirm that our target NPA is less than 1%? That is correct?

Sarfaraz Mallick: Yes, sir. Our, this quarter also we have GNPA is about close to 0.98% and my NPA is about 0.76%. We want to work our GNPA not more than 1.25% and we want to keep our credit cost below 1%.

Bhaskar Kanrar: Okay, sir. And sir your revenue target INR75 crores in FY27 or PAT INR25 crores to INR30 crores, I am right?

Sarfaraz Mallick: Yes, sir. You are right, sir.

Bhaskar Kanrar: Okay, sir. Thank you, sir and best for your future, sir.

Sarfaraz Mallick: Thank you very much, sir. Looking forward.

Moderator: The next question comes from the line of Yash Parkar, an Individual Investor. Please go ahead.

Yash Parkar: Good morning, sir. Sir, firstly congratulations on good set of numbers.

Sarfaraz Mallick: Thank you, sir.

Yash Parkar: And excellent growth, sir. Sir just wanted a question related to industry. So secured MSME lending I will competition is intensified quite a lot with banks and larger NBFCs. Sir how are we confident -- our yield will be 20% to 25% growth and we are also going to maintain our GNPA as you mentioned 1%, 1.25%. So also what are the differentiation that we are doing in terms of underwriting model compared to the peers?

Sarfaraz Mallick: Firstly I would like to give you a light on this that we are not wanting being at a 23%, 24%. Our desire is 15%, 16%, 17%, okay? How does it translate? It translate always to the cost of we are borrowing, okay? Plus your opex and then you take out your NIM and you want to see what your NIMs are. Our NIMs what it was projected or we want to be at on an MSME portfolio is about close to 3%, 3.5% on a quarterly basis, it is about 10%, 12% in a annualized basis if I have to give that number, okay?

What I am focusing on is that the moment -- the moment I have my cost of funds going down, my ROI from my borrower point of view, okay? Today I have a borrower at 22% or 21% or 23% that will go down to 17%, 18%, 16%, 15%, 14% whatever number we reached out to it, okay?

So when I am reducing on that parameter, if I keep that stagnant, then I have a challenge to grow, right? But if I keep that going down if I am able to borrow less ROI and I am able to deploy that in a better way, I don't see a challenge on the customer base.

Secondly, we are operating out of tier 2 cities where there is still lot of financial gap, okay? Why I am saying that because on practical grounds, people are operating over there where still because of being unorganized way of doing businesses, banks they do not or not eligible to take money from banks, that is how NBFCs are there available which is including me as well, okay?

From customer acquisition point of view or competition point of view, right? Edge on your competition is that how you are able to maintain your relationship on your existing customer base. The far better way that we have done is that we have applied for a PPI license in Regency Fincorp Limited, we have got the approval, we have already applied for it in next three to four months or five months time we should get the PPI license.

How does this help? Now PPI license is nothing but it is just like a QR code today a Google Pay has or a PhonePe have or a BharatPe has, a QR code will be published in, in the vicinity of my borrower, whether it is a retailer he is a supplier or he is a manufacturer where the payments can be collected through my QR code as well. What does it does? It gives me two accesses. One access is that I get a access to his bank statement, again an edge over other NBFCs.

Today you have given money INR40 lakhs, INR30 lakhs, INR20 lakhs to a borrower, you do not know what then he has done to it. He has given you a declaration that I invested this money in this business. What cash flow was generated from the investment made, there is no way of mechanism that you can monitor to it. This gives me monitoring benefit.

Secondly because I have my whole tech team in-house, I am built an AI which will help me to generate leads out of his own database that I can collect from him. That database itself will give me the list of his supplier, list of his manufacturer, list of his other customer base where my RM has to go and just approach for these numbers of this customer what a banking model used to do in tier 2, tier 1 cities or tier 2 larger cities, not smaller cities, right? I am replicating that same database analyzation in my tier 2 cities.

So my acquisition again further I have access, I can acquire. I have access to this customer where I, he is going to use my QR code for his payment plus what I do is that I additionally tell that client that since you are going to, you have used for six months my QR code and cash flow is routed through my company current account, I am giving you additional 10% limit or reducing the cost of your borrowing as well.

So I have a sticky customer base, I have a customer base, anyways I had a collateral base to him. I have just added further 10% to it. I am saying even if the property is not get appreciated. First of all it get appreciated, let's say that in two years time it is not got appreciated. Still I have taken an edge over a good customer who was just there with me and I have topped up him 10% of further amount to it. This is how our program is going to run and this is how we are going to able to edge the entire market as compared to other NBFCs.

Yash Parkar: Right, sir. That was really good answer. Sir, last question from my end. Our CRAR is close to 50% and debt to equity somewhere around 1.2. What is the optimal leverage target that we have kept and future growth would primarily come from higher leverage so would it be additional debt raises or it would be fresh equity infusion or?

Sarfaraz Mallick: It is just to answer to your question, we have both the point to answer. First of all as I earlier also said, we are very, very comfortable at 3.5x to 4x kind of a debt race, okay? We will not go beyond 3.5x to 4x of our leverage first of all, okay? That is our first answer to your question. Second question to your answer is that we are any which ways a vehicle listed vehicle where we are always looking forward that whatever equity we can raise through preferential shares in the company.

So that there is further strengthening in the balance sheet that we are able to raise further capital in the books, right? So keeping both, keep, keeping both in context in my mind that you know our leverage also today is not, not that high, okay? Our capital on our book versus our leverage is at 1.2x, 1.3x and this is how, it is increasing though in this year. So itself we will be at 2.5x, 3x of our leverage. So all that mix and match materials gives us a very good edge as compared to what we are trying to discuss.

Yash Parkar: Right, sir. That answers my question. Thank you so much.

Sarfaraz Mallick: Thank you, thank you very much, sir.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Gaurav Kumar Abrol for the closing remarks. Gaurav sir, please go ahead.

Gaurav Kumar Abrol: Once again, I would like to thank you all for taking the time to join us on call today. We remain excited about the opportunities ahead with a growing secured lending franchise, expanding digital capabilities and a strong balance sheet. We are well positioned for the next phase of growth.

Our focus remain on scaling up sustainably, leveraging technology to improve efficiency and creating long-term value for all the stakeholders. Once again, I thank you all and we look forward to interacting with you again. Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Regency Fincorp, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.