ICRA/DSP FINANCE PRIVATE LIMITED/19092025/02

Date: Sep 19, 2025

Mr. Saket Pachisia
Head - Treasury
DSP Finance Private Limited
11th Floor, Mafatlal Centre,
Vidhan Bhavan Marg, Nariman Point,
Mumbai - 400021

Dear Sir,

Re: ICRA's Credit Rating for below mentioned instruments of DSP FINANCE PRIVATE LIMITED

As per the Rating Agreement/Statement of Work executed with ICRA Limited, ICRA's Rating Committee has taken the below rating actions for the mentioned instruments of your company.

Instrument	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action[1]
Commercial Paper	100.00	600.00	[ICRA]A1+; reaffirmed/assigned for enhanced amount
Total	**100.00**	**600.00**	

However, ICRA reserves the right to review and/or, revise the above Rating(s) at any time based on new information becoming available, or the required information not being available, or other circumstances that ICRA believes could have an impact on the Rating(s). Therefore, request the lenders and Investors to visit ICRA website at www.icra.in for latest Rating(s) of the Company.

The Rating(s) are specific to the terms and conditions of the instruments as indicated to us by you, and any change in the terms or size of the same would require a review of the Rating(s) by us. In case there is any change in the terms and conditions or the size of the rated instrument, the same must be brought to our notice before the instrument is used by you. In the event such changes occur after the Rating(s) have been assigned by us and their use has been confirmed by you, the Rating(s) would be subject to our review, following which there could be a change in the Rating(s) previously assigned. Notwithstanding the foregoing, any change in the over-all limit of the instrument from that specified in this letter, would constitute an enhancement that would not be covered by or under the said Rating Agreement.

Additionally, we wish to highlight the following with respect to the Rating(s):

(a) If the instrument rated, as above, is not issued by you within a period of 3 months from the date of this letter, the Rating(s) would need to be revalidated before issuance;
(b) Once the instrument is issued, the rating is valid throughout the life of the captioned programme (which shall have a maximum maturity of twelve months from the date of the issuance of the instrument).

The Rating(s), as aforesaid, however, should not be treated as a recommendation to buy, sell or hold rated instrument issued by you. The Rating(s) is restricted to the rated amount mentioned. In case, you propose to enhance the size of the rated instrument, the same would require to be rated afresh. ICRA does not assume any responsibility on its part, for any liability, that may arise consequent to your not complying with any eligibility criteria, applicable from time to time, for issuance of rated instrument.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s), or occurrence of any significant development that could impact the ability of the company to raise funds such as restriction imposed by any authority from raising funds through issuance of debt securities through electronic bidding system. Further, you are requested to inform us

[1] Complete definitions of the ratings assigned are available at www.icra.in.

immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

In line with SEBI Circular No. SEBI/HO/DDHS/DDHS-PoD-3/P/CIR/2024/160 dated November 18, 2024, issuers are encouraged to utilize the penny-drop verification service as provided by banks. This measure is intended to prevent payment failures when disbursing principal and/or interest to respective investors or debenture holders.

Penny-drop verification serves as an efficient method for confirming the bank account details of persons designated to receive payments. Once an account has been verified through this facility, it can be used for subsequent transactions related to interest and principal payments, thereby ensuring successful remittance and avoiding failure.

We look forward to your communication and assure you of our best services.

With kind regards,

Yours sincerely,
For ICRA Limited

ANIL GUPTA

Digitally signed by ANIL GUPTA
Date: 2025.09.19 13:43:46 +05'30'

Anil Gupta
Senior Vice President
anilg@icraindia.com

September 24, 2025

DSP Finance Private Limited: [ICRA]A1+ assigned to short term fund based facilities; ratings reaffirmed and rated amount enhanced for commercial paper

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper	100.00	600.00	[ICRA]A1+; reaffirmed/assigned for enhanced amount
Short term fund based	-	350.00	[ICRA]A1+; assigned
Total	**100.00**	**950.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings factor in DSP Finance Private Limited's (DSP Finance) strong parentage, its comfortable capitalisation with sizeable net worth, and synergies with the DSP Group's established franchise. The Group has a long-standing track record in the Indian capital market with experience spanning over many decades. Its flagship entity, DSP Asset Managers Private Limited's (DSP AMC), had assets under management above Rs. 2 lakh crore as on June 30, 2025 across more than 75 mutual fund schemes with a customer franchise of over 50 lakh investors. Currently, DSP Finance and DSP AMC have mirror shareholding structures with the shareholding entities having strong balance sheets characterised by debt-free operations since inception, large investment books (in liquid equity and debt instruments) and strong financial flexibility. The shared brand name and importance to the Group strengthen ICRA's belief that DSP Finance will receive adequate and timely support from its promoter group, as and when required. The rating is, however, constrained by the company's modest scale and nascent stage of operations, high dependence on technology and single loan product in the retail segment, besides the exposure to market risk and concentration risk in the corporate lending segment.

DSP forayed into the loan against mutual funds (LAMF) segment in December 2024 after commencing lending operations with the financial solutions group (FSG; originate and sell strategy in corporate lending segment) in September 2024. Its loan book increased significantly to Rs. 1,434 crore as of June 2025 from Rs. 300 crore in September 2024, albeit on a modest base. With a net worth of Rs. 1,413 crore and nil leverage as on March 31, 2025, the company commenced its borrowing programme in Q1 FY2026. While the gearing is expected to increase as DSP Finance scales up its operations, comfort is drawn from the management's stated guidance of maintaining a gearing of less than 4.0 times over the medium term. The company's ability to generate adequate profitability over the medium and long term is yet to be demonstrated. Its ability to borrow competitively at scale and keep good control on credit costs while expanding its operations will be imperative.

While assigning the rating, ICRA notes that DSP Finance's loan book remains exposed to market and technology risks, besides the risk of lumpy slippages on account of its presence in the corporate lending segment. In this regard, it is noted that the management intends to achieve a 75:25 mix between retail lending and corporate lending by March 2028. In the interim, however, the share of the corporate book could remain elevated, driven by the episodic and opportunistic nature of the FSG business, even as the retail portfolio continues to expand in a steady and granular manner due to its inherently low ticket size and slower build-up trajectory.

Key rating drivers and their description

Credit strengths

Part of strong promoter group – DSP Finance, a non-deposit taking middle layer retail non-banking financial company (NBFC), is a part of the DSP Group, which has been operating in the Indian capital market since 1860. The Group is currently led by Mr.

Hemendra Kothari (fourth generation) and his daughters – Ms. Aditi Kothari Desai and Ms. Shuchi Kothari. The flagship entity, i.e. DSP AMC, is closely held by the promoters and has an established presence of almost three decades in the Indian asset management business. It has been among the top 10 asset management companies in India, managing assets above Rs. 2 lakh crore as on June 30, 2025 across more than 75 mutual fund schemes with the number of investors crossing 50 lakh. DSP Finance and DSP AMC have mirror shareholding structures with the shareholding entities (DSP Adiko Holdings Private Limited and DSP HMK Holdings Private Limited) having strong balance sheets characterised by debt-free operations since inception, large investment books (in liquid equity and debt instruments) and strong financial flexibility.

Leveraging the Group's established presence in India, DSP Finance is positioned to source business opportunities in the FSG as well as LAMF segment. Its importance to the Group is underscored by its ownership structure, the use of the 'DSP' brand name and oversight by promoters, and the long-term plans in the capital market space under DSP Finance. ICRA expects timely support from the Group in the event of any exigencies.

Synergies arising from access to a strong brand and franchise – The DSP Group, with its long-standing presence, has developed a familiarity with capital markets and the risks associated with financial assets. DSP Finance draws on the experience of DSP Group companies, which have been involved in areas like primary dealership, investment banking, lending, broking, and asset/wealth management over the history of the Indian capital market. With DSP Finance expanding the Group's footprint, it caters to the existing relationships across corporate groups and family offices for corporate lending.

DSP Finance offers retail LAMF with a loan-to-value (LTV) ratio of around 45% against the approved list of equity mutual funds. The company's operations remain largely digital with low reliance on human intervention. In this regard, it has partnered with Salter Technologies Private Limited (STPL), operating under the brand Volt Money, to serve as the lending as well as technology service provider. Volt Money will be merging with DSP Finance after receiving all the necessary regulatory approvals. Upon completion of the merger, Volt Money's leadership team will be integrated into DSP Finance (besides acquiring a stake in DSP Finance), augmenting its technological and operational capabilities. Volt Money has emerged as one of the key players in the business-to-business (B2B) and business-to-consumer (B2C) segments, with a network of over 12,000 panel distributors and more than 4,000 active distributors. The sourcing network is diversified with distribution facilitated through B2B fintech platforms as well, mitigating single distributor concentration risk.

Comfortable capitalisation – DSP Finance's capitalisation is marked by a sizeable net worth of Rs. 1,413 crore and nil leverage as on March 31, 2025. Its capital-to-risk weighted assets ratio was 112% as of March 2025. As per the management, the capital position is likely to be further augmented through a planned capital infusion in the near term. While the gearing is expected to rise with the scale-up in operations, timely and adequate financial support from the Group is expected to aid the increase in the scale of operations while keeping the gearing below 4.0 times over the medium term. Notwithstanding the modest scale, DSP Finance had profitable operations in FY2025, supported by treasury income and the prudent cost structure. It reported a net profit of ~Rs. 66 crore (return on assets (RoA) of 4.7%) in FY2025.

Given the sizeable net worth, DSP Finance has not been dependent on borrowings for the scale-up achieved till now. Nonetheless, it has expanded its borrowing franchise with the lender base increasing to three lenders as of June 2025 from nil borrowings/sanctions as of March 2025. Going forward, its ability to further expand its liability profile while borrowing at competitive rates would be imperative for scaling up the operations profitably.

Credit challenges

Nascent stage of operations with modest scale – The DSP Group's lending business has limited vintage under the current structure. It commenced lending operations through DSP Finance in FY2025. While corporate lending under the FSG segment started in September 2024, it forayed into LAMF in December 2024. Since then, DSP Finance has achieved a notable increase in the loan book to Rs. 1,434 crore as of June 2025, comprising LAMF (63%) and FSG (37%), from Rs. 300 crore in September

2024 (entirely under FSG). The company primarily offers LAMF to the retail client base with ticket sizes in the range of Rs. 0.25 lakh to Rs. 5 crore with an LTV ratio of 45% or below for equity funds and 90% or below for debt funds. The average ticket size in the LAMF segment was Rs. 2 lakh as of March 2025, reflecting a granular loan book. DSP Finance provides debt capital for growth capital expenditure (capex), corporate lending towards bridge financing and promoter financing in the FSG segment. Herein, the core focus is to originate and sell while retaining a proportion of the corporate exposure. In this regard, ICRA notes that since September 2024, the company has facilitated deals worth Rs. 4,389 crore in the FSG segment, of which Rs. 3,297 crore was disbursed through its own balance sheet. Supported by the incremental sell-down of the on-balance sheet FSG exposure and the repayments and prepayments, the FSG book stood at Rs. 542 crore as on June 30, 2025. It is noted that the management had successfully built and operated a similar corporate lending business in an earlier venture of the Group.

DSP Finance plans to scale up its operations in such a manner that a larger portion of the book is towards LAMF and is thus retail-oriented. Though the share of the FSG book in the total portfolio is expected to be 25% in a stable state, the higher ticket size offered under this segment would expose the portfolio to concentration risk, albeit for a short period, given the fast churn of the FSG book. The company's ability to scale up the loan book while generating satisfactory profitability will remain a key monitorable, given the single loan product in the retail segment (loan against securities/financial assets) and increasing competition. ICRA notes that the asset quality has remained healthy thus far, with nil gross non-performing advances (GNPAs) and negligible credit costs since inception.

Exposure to market and credit risks, besides concentration risk; high dependence on technology – DSP Finance's loan book is exposed to credit, market and technology risks. Given the volatility in the securities market, the value of the collateral can fluctuate, necessitating robust technological systems for risk management. In this regard, uninterrupted technological operations are essential for the active monitoring of collateral values, ensuring that the company can promptly square off positions to avoid potential losses. Also, DSP Finance is exposed to the risk of lumpy slippages in the corporate book, given the relatively higher ticket sizes, notwithstanding the focus on the originate and sell strategy. Nonetheless, ICRA takes note of the company's track record of maintaining healthy asset quality with negligible credit costs thus far.

Liquidity position: Adequate

DSP Finance's liquidity position is adequate despite its ambitious growth plans, with an unencumbered cash and cash equivalents of Rs. 646 crore and drawable but unutilised lines of Rs. 90 crore as on June 30, 2025. The on-balance sheet liquidity, drawable but unutilised lines, and inflows from the loan book are sufficient for the repayments of Rs. 527 crore till June 30, 2026. DSP Finance also benefits from financial flexibility as it is a part of the DSP Group. Support from the Group is expected to remain forthcoming in the event of any exigencies.

Rating sensitivities

Positive factors – Not applicable

Negative factors – A material change in the linkage with the DSP Group and/or a deterioration in the Group's credit profile would have a negative impact. Besides, sustained profitability pressure and/or weakening of the capitalisation profile due to aggressive growth will be credit negatives.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Non-banking Finance Companies
Parent/Group support	DSP Finance is a part of the DSP Group (flagship entity: DSP AMC). The shared brand name, common promoters and the importance to the Group strengthen ICRA's belief that DSP Finance will receive adequate and timely support (financial as well as operational) from its promoter group, as and when required.
Consolidation/Standalone	Standalone

About the company

DSP Finance, an NBFC registered with the Reserve Bank of India (RBI), is promoted by the DSP Group. It commenced operations in September 2024. While corporate lending under the financial solutions group started in September 2024, it forayed into LAMF in December 2024. Since then, DSP Finance has achieved a notable increase in the loan book, which rose to Rs. 1,434 crore as of June 2025, comprising LAMF (63%) and FSG (37%), from Rs. 300 crore in September 2024 (entirely under FSG). The management intends to achieve a 75:25 mix between retail lending and corporate lending by March 2028.

The company reported a net profit of Rs. 66 crore on total income of Rs. 137 crore in FY2025. Its capitalisation was characterised by a net worth of Rs. 1,413 crore as of March 2025.

The DSP Group had commenced its asset management business in 1996 in a joint venture with Merrill Lynch. Following BlackRock's global asset management takeover of Merrill Lynch's share in the asset management business in 2008, DSPMF became DSP BlackRock Investment Managers Ltd. (DSPBIM). A decade later, the DSP Group purchased BlackRock's 40% stake in DSPBIM, renaming it DSP Investment Managers Private Limited (DSPIM). Subsequently, DSPIM was demerged to form DSP AMC and DSP Finance.

The boards of DSP Finance and Salter Technologies Private Limited (STPL; operating under the brand name Volt Money) approved a scheme of amalgamation, whereby STPL will merge with DSP Finance. STPL currently operates as a lending service partner, leveraging its expertise in designing, developing, and deploying technological platforms to provide secured credit to retail customers against financial assets. Previously, STPL had established partnerships as a loan service provider (LSP) with prominent financial institutions, including Tata Capital {rated [ICRA]AAA (Stable)} and Bajaj Finance {rated [ICRA]AAA (Stable)}. However, amid the proposed amalgamation, the new business generated by STPL is routed through DSP Finance.

Key financial indicators (audited)

DSP Finance Private Limited	FY2025
Total income	137
PAT	66
Total managed assets	1,435
Return on managed assets	4.7%
Reported gearing (times)	Nil
Gross stage 3	Nil
CRAR	112.2%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Sep 24, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short term	600.00	[ICRA]A1+	Aug 19, 2025	[ICRA]A1+	-	-	-	-	-	-
Short term fund based	Short term	350.00	[ICRA]A1+	-	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	Very Simple
Short term fund based	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Commercial paper – Yet to be placed**	NA	NA	NA	600.00	[ICRA]A1+
NA	**Short term fund based**	NA	NA	NA	350.00	[ICRA]A1+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Not applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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