

**DSP FINANCE PRIVATE LIMITED**  
**(Formerly known as DSP Investment Managers Private Limited)**

**Single Borrower / Group Borrower Limits**

**1. Background**

As per Chapter V – Regulatory Restrictions & Limits for NBFC - BL, Chapter X – Regulatory Restrictions & Limits, Clause 91 – Credit / Investment concentration norms for NBFC – ML of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“RBI MD – SBR), the Board of Directors (“the Board”) of DSP Finance Private Limited (“the Company” or “DSP Finance”) have put in place the following policy for credit/investment concentration limits for both single borrower/party and single group of borrowers/parties.

**2. Definitions:**

a. **Tier 1 Capital /Net Owned Funds** – is the sum of

(i) Owned fund as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten percent of the owned fund; and

(ii) Perpetual debt instruments issued by a non-deposit taking NBFCs in each year to the extent it does not exceed 15 percent of the aggregate Tier 1 capital of such company as on March 31 of the previous accounting year

b. **Tier 2 Capital** - is the sum of

(i) Preference shares other than those which are compulsorily convertible into equity;

(ii) Revaluation reserves at discounted rate of 55 percent;

(iii) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets;

(iv) Hybrid debt capital instruments;

(v) Subordinated debt; and

(vi) Perpetual debt instruments issued by a non-deposit taking NBFC which is in excess of what qualifies for Tier 1 capital;

to the extent the aggregate does not exceed Tier 1 capital.

c. **Owned Funds** - means aggregate of

(i) paid up equity capital,

(ii) preference shares which are compulsorily convertible into equity,

(iii) free reserves,

(iv) balance in share premium account and

(v) capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset;

**DSP FINANCE PRIVATE LIMITED**  
**(Formerly known as DSP Investment Managers Private Limited)**

**Single Borrower / Group Borrower Limits**

**as reduced by**

- (i) accumulated loss balance,
- (ii) book value of intangible assets and
- (iii) deferred revenue expenditure, if any.

**3. Exposure Norms:**

- DSP Finance shall not have exposure (credit/investment taken together) exceeding  
(a) **twenty-five percent (25%) of its Tier 1 capital to a single party**; and  
(b) **forty percent (40%) of its Tier 1 capital to a single group of parties**
- DSP Finance may exceed the exposure norm specified above, by 5 percent for any single party and by 10 percent for a single group of parties, if the additional exposure is on account of infrastructure loan and/or investment.
- This policy will not apply to the following exposures:
  - Investments of DSP Finance in shares of its subsidiaries or companies in the same group,
  - Book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to, and deposits with its subsidiaries or companies in the same group,provided the above values have been reduced from its Owned Funds for the calculation of NoF.
- The policy will further not apply to the following exposures of DSP Finance:
  - Exposure to the Government of India and State Governments which are eligible for zero percent risk weight under capital regulations applicable to NBFCs
  - Exposure where the principal and interest are fully guaranteed by the Government of India

**4. Computation of Exposure:**

- Aggregate exposure to a counterparty comprising both on and off-balance sheet exposures shall be calculated based on the method prescribed for capital computation in these Directions, i.e., on-balance sheet exposures shall be reckoned at the outstanding amount while the off-balance sheet exposures shall be converted into credit risk equivalent by applying the credit conversion factor prescribed under capital requirements (Chapter IX – Prudential Regulations, Clause 81 Capital Requirement)
- These ceilings shall be applicable to the exposure by DSP Finance to companies / firms / entities in its own group as well as to the borrowers / investee entity's group.

**5. Reporting Requirements:**

DSP Finance shall make appropriate disclosure in the NTA to the annual financial statements in respect of the exposures where it had exceeded the prudential exposure limits during the year.

**DSP FINANCE PRIVATE LIMITED**  
(Formerly known as DSP Investment Managers Private Limited)

**Single Borrower / Group Borrower Limits**

**6. Calculation of Tier 1 for the purpose of exposure norms:**

<i>Item Name</i>		<i>(Rs in Lakhs)</i>
(i) Paid-up Equity Capital	111	
(ii) Free reserves (Please see note below) :		
(a) General Reserves	112	
(b) Share Premium	113	
(c) Capital Reserves (representing surplus on sale of assets held in separate account)	114	
(d) Debentures Redemption Reserve	115	
(e) Capital Redemption Reserve	116	
(f) Credit Balance in P & L Account	117	
(g) Other free reserves (to be specified)	118	
(iii) Total (111 to 118)	110	
(iv) Accumulated balance of loss	121	
(v) Deferred Revenue Expenditure	122	
(vi) Other Intangible Assets	123	
(vii) Total (121 to 123)	120	
(viii) Owned funds (110 - 120)	130	
(ix) Investment in shares of: [please see Note (1) below]:		
(a) Subsidiaries	141	
(b) Companies in the same Group	142	
(c) Other Non-banking financial companies	143	
(x) The book value of debentures bonds, outstanding loans and advances (including hire-purchase and lease finance) made to and deposits with [please see note (2) below] :		
(a) Subsidiaries	144	
(b) Companies in the same Group	145	
(xi) Total (141 to 145)	140	
(xii) Amount of item 140 in excess of 10 per cent of item 130 above	150	
(xiii) Tier-I Capital: Net owned funds (130 - 150)	151	