No. CARE/HO/RL/2025-26/2924

Shri Saket Pachisia
Head - Corporation Finance & Treasury
DSP Finance Private Limited
11TH Floor, Mafatlal Centre
Nariman Point, Mumbai
Mumbai
Maharashtra 400021

September 25, 2025

Confidential

Dear Sir,

Credit rating for proposed Commercial Paper (CP) issue of Rs.200.00 crore

Please refer to your request for rating of proposed CP issue of your company, for a limit of Rs.200.00 crore with a maturity not exceeding one year.

2. The following rating(s) has been assigned by our Rating Committee:

Instrument	Amount (₹ crore)	Rating[1]	Rating Action
Commercial Paper	200.00	CARE A1+	Assigned

3. Please arrange to get the rating revalidated in case the proposed CP issue is not made within **two months** from the date of our initial communication of rating to you i.e. by November 24, 2025. Once the CP is placed, the rating is valid for the tenure of such instrument till redemption.

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr.)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Trustee/IPA	Details of top 10 investors

[1] This represents the aggregate of all CP issuances of the company outstanding at any point in time.

6. The rating report for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press by the end of the day. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by the end of the day, we will proceed on the basis that you have no any comments to offer.

7. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
8. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
9. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
10. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
11. CARE Ratings Ltd. ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE Ratings Ltd.

Thanking you,

Yours faithfully,

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Encl.: As above

Disclaimer

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DSP Finance Private Limited

September 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Commercial paper	200.00	CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to DSP Finance Private Limited (DSPFPL) factors in its strong parentage, shared brand name, and expected financial support from the DSP Group, promoted by the Kothari Family. The group has an established track record of operating in the Indian capital market since 1860 and ~30 years in the Indian asset management business through its flagship entity, DSP Asset Managers Private Limited (DSP AMC), which manages assets under management (AUM) of ~₹2,00,000 crore as on June 30, 2025. Leveraging DSP AMC's strong franchise, servicing over 50 lakh investors and supported by 80,000+ distributors and advisors, DSPFPL benefits from an established market credibility. The proposed acquisition of Salter Technologies (Volt Money) is expected to strengthen DSPFPL's customer sourcing capabilities and enhance its reach in the retail lending segment.

The rating also factors in DSPFPL's robust capitalisation with a tangible net worth of ₹1,413 crore and a capital adequacy ratio of 112.16% as on March 31, 2025. The company enjoys strong financial flexibility owing to its promoter backing, enabling access to funding at competitive rates. While gearing was nil as of March 2025, DSPFPL raised debt of ₹665 crore in Q1FY26 to support business growth. With planned expansion in Loan Against Mutual Funds (LAMF) and Financial Solutions Group (FSG) portfolios, gearing levels would gradually increase and are expected to remain comfortable at ~4x in the medium term.

However, rating strengths are partially offset by DSPFPL's nascent stage of operations and high concentration in market-linked products. The company commenced wholesale lending in September 2024 and retail lending in December 2024, resulting in limited portfolio seasoning. As on June 30, 2025, the loan book stood at ₹1,434 crore, with ~62% exposure to the LAMF segment, making earnings vulnerable to capital market volatility. The company also provides structured financing solutions (FSG) to corporates which are largely secured. While adequate collateral coverage and liquidity buffers provide partial risk mitigation, the FSG segment carries inherent risks, including concentration and asset quality-related concerns. To support the company's business growth requirement, CARE Ratings Limited (CareEdge Ratings) expects continued capital support from the promoter and this will be a key monitorable. The company's ability to profitably scale up operations, diversify its loan book, and maintain asset quality would also remain a key monitorable in the near-to-medium term.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors- Factors that could, individually or collectively, lead to positive rating action/upgrade:
Not applicable

Negative factors- Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Material dilution in DSPFPL's shareholding or reduction in strategic importance weakening parent linkages/ support.
- Adverse event in capital markets and regulation impacting the company's financial and business profile.
- Overall gearing exceeding 4.0x on a sustained basis.
- AUM/net worth exceeding 7.0x on a sustained basis.

Analytical approach:

CareEdge Ratings has analysed the standalone credit profile of DSPFPL while factoring operational linkages with ultimate common promoters and shared brand name of its different businesses including DSP AMC.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Strong promoter background
DSPFPL is, a non-banking financial company and benefits from backing of DSP Group, promoted by the Kothari Family. DSP Group is led by Hemendra Kothari, Aditi Kothari Desai and Shuchi Kothari, who have established track record in the Indian financial services sector. With a presence of over 28 years in the asset management business, the group manages DSP Mutual Funds (DSP AMC) with AUM of ~₹2,00,000 crore.

DSPFPL's shareholding is primarily held through DSP ADIKO Holdings Private Limited and DSP HMK Holdings Private Limited, both wholly owned by the Kothari Family. These entities maintain high levels of liquid investments and operate debt-free, providing significant financial flexibility to support business growth. As articulated by the management, the promoter group is expected to extend strong financial and operational support to DSPFPL, reinforcing its strategic importance in the DSP Group.

Robust capitalisation levels
DSPFPL had tangible net worth of ₹1,413 crore as on March 31, 2025, with robust capitalisation levels of 112.16%. Since the company is at nascent stage of business, gearing as on March 31, 2025, was nil but the company has started raising funds since Q1FY26 and the gearing is expected to increase as the scale of business operations increases. Being associated with DSP Group, the company enjoys financial flexibility and is able to meet its funding requirements at competitive rates. CareEdge Ratings expects fresh equity infusion in the company by the end of FY26, which will support capitalisation and business growth.

With the scale-up of LAMF and FSG, CareEdge Ratings anticipates DSPFPL's gearing levels to increase in the medium term and remain in the range of 4.0x.

Leveraging established group franchise and expected synergies from proposed strategic acquisition of Volt Money
As part of the DSP Group, DSPFPL benefits from sharing the brand name and promoter backing. The group has an established track record of operating in the Indian capital market since 1860 and its flagship entity, DSPAMC, has a strong track record of nearly three decades and has built a wide-reaching network, serving over 50 lakh investors and being recommended by over 80,000 mutual fund distributors and advisors across the country. Ranked among the top 10 asset management companies in India by average AUM, DSP Mutual Fund manages a diverse portfolio of 50+ schemes including equity, fixed income, hybrid, ETFs, gilt, and global strategies as on June 30, 2025.

The boards of DSP Finance and Volt Money approved a scheme of amalgamation, where Volt Money, a fintech platform specialising in tech-driven secured lending, will merge with DSP Finance. It is expected to strengthen the company's customer sourcing capabilities and enable faster penetration in the retail lending space. This combination of DSP's brand reach, and Volt's digital capabilities, positions DSP Finance strongly to accelerate business growth and expand its presence in the lending ecosystem.

Key weaknesses
Nascent stage of operations
DSPFPL remains in its nascent stage of operations, with a modest book size of ₹1,434 crore as on June 2025. The company only commenced wholesale lending operations in September 2024 and entered the retail segment in December 2024, resulting in limited portfolio seasoning. Disbursements have been funded largely through equity, and the company has recently started accessing external borrowings, raising ₹665 crore in Q1FY26. While DSPFPL reported profit after taxation (PAT) of ₹66 crore and achieved return on total assets (ROTA) of 4.7% in FY25, its ability to scale operations profitably while maintaining asset quality remains a key monitorable, given the limited operating history and evolving business model.

Capital market dependency
As of June 2025, DSPFPL reported a loan book of ₹1,434 crore, with ~62% exposure to the LAMF segment. This relatively high concentration exposes the company to market-linked risks, as fluctuations in capital markets can impact the value of underlying collateral and affect earnings stability. Although the presence of adequate collateral coverage, regulatory guidelines on liquidation of collateral in case of breach of loan to value (LTV) and strong liquidity buffers provides strong mitigation, DSPFPL's earnings remain closely tied to capital market performance, making it vulnerable to adverse events that could trigger margin calls or loan callbacks.

Liquidity: Strong
Liquidity of DSPFPL as on June 30, 2025, remained comfortable, with an unencumbered cash and cash equivalents of ₹646 crore and drawable but unutilised lines of ₹90 crore as on June 30, 2025. 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 case of exigencies.

Applicable criteria
Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Short Term Instruments
Non Banking Financial Companies

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

DSPFPL, formerly known as DSP Investment Managers Private Limited, was incorporated in May 1996 and headquartered in Mumbai. It received certificate of registration from the Reserve Bank of India (RBI) in July 2024 to commence/carry on NBFC. It operates under the regulatory oversight of the RBI and is part of the DSP Group. The company is promoted by Kothari family and is managed by seasoned professionals. DSP Finance currently engages in two primary secured lending activities including retail lending against financial assets such as mutual funds and structured financing solutions for corporates.

Brief Financials (₹ crore) *	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	54.98	105.19	137.01
PAT	42.26	97.00	65.60
Overall Gearing (Times)	-	-	-
Total assets	1,280.62	1,378.53	1,429.92
Net NPA (%)	-	-	-
ROTA (%)	3.3	7.3	4.7
Interest coverage ratio	NA	NA	NA

A: Audited UA: Unaudited; Note: these are latest available financial results,
* The company was engaged in investment activities until July 2024, after which it transitioned into an NBFC.

Status of non-cooperation with previous CRA:
Not applicable

Any other information:
Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Commercial Paper-Commercial Paper (Standalone)-Proposed	NA	NA	NA	NA	200	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Commercial Paper-Commercial Paper (Standalone)	ST	200.00	CARE A1+				

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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