

May 11, 2026

DSP Finance Private Limited: Rating reaffirmed and rated amount enhanced for commercial paper; ratings reaffirmed for bank facilities

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper	3,000.00	4,000.00	[ICRA]A1+; reaffirmed/assigned for enhanced amount
Long-term/Short-term fund-based bank lines	600.00	600.00	[ICRA]AA (Stable)/[ICRA]A1+; reaffirmed
Total	3,600.00	4,600.00	

*Instrument details are provided in Annexure II

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 an established track record in the Indian capital market with experience of many decades. Its flagship entity, DSP Asset Managers Private Limited (DSP AMC), had average assets under management of Rs. 2.25 lakh crore, during the quarter ended March 31, 2026, 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 ratings are, 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 Finance 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. 3,362 crore as of December 2025 from Rs. 300 crore as of September 2024; albeit on a modest base. The LAMF book has grown sharply, accounting for 66% of the overall AUM as on December 2025, with the FSG book contributing 34%. While the share of corporate exposure is expected to moderate over the medium term, it could remain elevated intermittently, given the episodic and opportunistic nature of the FSG business. 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.

With a net worth of Rs. 1,410 crore and nil leverage as on March 31, 2025, the company commenced its borrowing programme from Q1 FY2026; consequently, the gearing increased to 1.5x as on December 2025. While the gearing is expected to further 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 a control over its credit costs while expanding its operations will be imperative.

The Stable outlook on the long-term rating reflects ICRA's expectation that DSP Finance will continue to benefit from the synergies arising from the Group's established franchise. Moreover, timely and adequate support from the Group is envisaged to be forthcoming. Coupled with the calibrated growth strategy, this is expected to continue supporting the company's comfortable capitalisation profile and profitability 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, DSP AMC, is closely held by the promoters and enjoys 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 average assets above Rs. 2.25 lakh crore, during the quarter ended March 31, 2026, 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 their 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 segments. Its importance to the Group is underscored by its ownership structure, the use of the 'DSP' brand name and oversight by the 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. 1,531 crore and leverage of 1.5 times as on December 31, 2025. Its capital-to-risk weighted assets ratio was 42.1% as of December 31, 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. Despite the modest scale, DSP Finance had profitable operations in FY2025 and 9M FY2026, supported by its treasury income and a prudent cost structure. It reported a net profit of Rs. 123 crore (return on assets (RoA) of 6.1%) in 9M FY2026 compared to a net profit and RoA of about Rs. 66 crore and 4.7%, respectively, in FY2025.

Given the sizeable net worth, DSP Finance's dependency on borrowings for the scale-up achieved till now has remained limited. 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. 3,362 crore as of December 2025, comprising LAMF (66%) and FSG (34%), 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 and 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 is ~Rs. 2.5 lakh, 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. 6,895 crore in the FSG segment, of which Rs. 5,575 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. 1,157 crore as on December 31, 2025. It is noted that the management had successfully built and operated a similar corporate lending business in an earlier venture of the Group. 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 this 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, despite its focus on the originate and sell strategy. Nonetheless, ICRA notes 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 unencumbered cash and cash equivalents of Rs. 419 crore and drawable but unutilised lines of Rs. 45 crore as on March 31, 2026. The on-balance sheet liquidity, drawable but unutilised lines, and inflows from the loan book are adequate for the repayments of Rs. 2,544 crore till March 31, 2027. 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 – Significant scale-up of operations while demonstrating healthy asset quality and profitability on a sustained basis would have a positive impact. Further strengthening of the credit profile of the DSP Group would also be a credit positive.

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 with a gearing of more than 4.0 times 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 entity's 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 from 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 its loan book, which rose to Rs. 3,362 crore as of December 2025, comprising LAMF (66%) and FSG (34%), 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. 1,410 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	9M FY2026
Total income	137	268
PAT	66	123
Total managed assets	1,430	3,912
Return on managed assets	4.7%	6.1%
Reported gearing (times)	Nil	1.5
Gross stage 3	Nil	Nil
CRAR	112.2%	42.1%

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

Instrument	Type	Current (FY2027)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	May 11, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short term	4,000.00	[ICRA]A1+	Aug 19, 2025	[ICRA]A1+				
				Sep 24, 2025	[ICRA]A1+				
				Sep 25, 2025	[ICRA]A1+				
				Oct 07, 2025	[ICRA]A1+	-	-	-	-
				Nov 04, 2025	[ICRA]A1+				
				Dec 02, 2025	[ICRA]A1+				
				Jan 23, 2026	[ICRA]A1+				
Short term fund based [^]	Short term	-	-	Sep 24, 2025	[ICRA]A1+				
				Sep 25, 2025	[ICRA]A1+				
Long-term/Short-term fund-based bank lines	Long term/Short term	600.00	[ICRA]AA (Stable)/ [ICRA]A1+	Oct 07, 2025	[ICRA]AA (Stable)/ [ICRA]A1+				
				Nov 04, 2025	[ICRA]AA (Stable)/ [ICRA]A1+				
				Dec 02, 2025	[ICRA]AA (Stable)/ [ICRA]A1+				
				Jan 23, 2026	[ICRA]AA (Stable)/ [ICRA]A1+				

[^]Clubbed with long-term/short-term fund-based bank lines

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ Fis (\$))	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, Fis	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA

13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

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

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	Simple
Long-term/Short-term fund-based bank lines	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE422H14081	Commercial paper	Nov 14, 2025	7.45%	May 14, 2026	100.00	[ICRA]A1+
INE422H14206	Commercial paper	Dec 26, 2025	7.30%	Jun 25, 2026	100.00	[ICRA]A1+
INE422H14230	Commercial paper	Feb 16, 2026	8.10%	May 18, 2026	500.00	[ICRA]A1+
INE422H14248	Commercial paper	Feb 18, 2026	8.10%	May 20, 2026	50.00	[ICRA]A1+
INE422H14255	Commercial paper	Feb 20, 2026	7.78%	May 21, 2026	50.00	[ICRA]A1+
INE422H14263	Commercial paper	Feb 23, 2026	7.78%	May 25, 2026	35.00	[ICRA]A1+
INE422H14271	Commercial paper	Feb 27, 2026	7.75%	May 29, 2026	10.00	[ICRA]A1+
INE422H14289	Commercial paper	Mar 05, 2026	7.80%	Jun 04, 2026	250.00	[ICRA]A1+
INE422H14297	Commercial paper	Mar 06, 2026	7.80%	Jun 05, 2026	200.00	[ICRA]A1+
INE422H14305	Commercial paper	Mar 09, 2026	7.80%	Mar 09, 2027	100.00	[ICRA]A1+
INE422H14313	Commercial paper	Mar 13, 2026	7.80%	Mar 12, 2027	100.00	[ICRA]A1+
INE422H14321	Commercial paper	Mar 20, 2026	7.95%	Jun 19, 2026	260.00	[ICRA]A1+
INE422H14339	Commercial paper	Mar 23, 2026	7.95%	Jun 22, 2026	250.00	[ICRA]A1+
INE422H14347	Commercial paper	Mar 24, 2026	7.95%	Jun 18, 2026	100.00	[ICRA]A1+
INE422H14354	Commercial paper	Apr 15, 2026	7.22%	Sep 02, 2026	50.00	[ICRA]A1+
INE422H14362	Commercial paper	Apr 22, 2026	7.70%	Mar 08, 2027	100.00	[ICRA]A1+
INE422H14370	Commercial paper	Apr 23, 2026	7.70%	Mar 19, 2027	100.00	[ICRA]A1+
INE422H14362	Commercial paper	Apr 22, 2026	7.70%	Mar 08, 2027	100.00	[ICRA]A1+
INE422H14388	Commercial paper	May 04, 2026	7.50%	Sep 18, 2026	125.00	[ICRA]A1+
INE422H14396	Commercial paper	May 06, 2026	7.70%	Aug 05, 2026	100.00	[ICRA]A1+
NA	Commercial paper – Yet to be placed	NA	NA	NA	1,320.00	[ICRA]A1+
NA	Long-term/Short-term fund-based bank lines	NA	NA	NA	600.00	[ICRA]AA (Stable)/ [ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis – Not applicable

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