

## CSA Investments Private Limited

March 20, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Non-convertible debentures	5.00	CARE B; Stable	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to the instrument of CSA Investments Private Limited (CIPL) is constrained by limited track record, small scale of operations, weak profitability, and negative net worth. However, the rating derives comfort from experienced management. The company's ability to improve profitability while increasing the scale of operations would remain the key rating sensitivities.

### Rating sensitivities

**Positive factors- Factors that could, individually or collectively, lead to positive rating action/upgrade:**

- Significantly improving net worth.
- Sizeable scale of operations.
- Improving profitability.

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

- Stretched liquidity.
- Continued net losses resulting in further erosion of net worth.

**Analytical approach:** Standalone

**Outlook:** Stable

The stable outlook factors in CARE Ratings Limited's (CARE Ratings') expectation that CIPL will be able to continue to improve its profitability, and growth in the scale of operations.

### Key weaknesses

#### Limited track record with small scale of operations

CIPL was incorporated on January 07, 2022. The company invests and trades in the Equity Market, Forex, Derivatives and Other Fixed Income Products. It had a portfolio of ₹5 crore as of March 2023, which is expected to reach around ₹12 crore by March 2024. Hence, the track record is limited with relatively small scale of operations.

#### Weak profitability

For H1FY24, the company's profit after tax (PAT) stood at ₹(0.71) crore as against ₹(0.95) crore for FY23 and ₹(0.03) crore for FY22. Loss can be partially attributed to sizable employee expenses. Going forward, company's ability to achieve economies of scale and subsequently break even remain a key rating monitorable.

#### Weak capitalisation profile

The company started with an initial capital of ₹5 lakh followed by an additional ₹47 lakhs from promoters in FY23, and a further infusion of ₹1.17 crore in H1FY24. However, due to continued losses, the net worth stood at ₹(0.25) crore as on September 30, 2023.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

In terms of resource profile, a term loan of ₹4 crore has been availed from SPAY Technology Private Limited. Apart from this, NCD of ₹18.20 lakh is outstanding as on March 31, 2023.

### Revenue is dependent on capital market activities

CIPL's major source of revenue is from investing and trading in stock market, reflecting limited revenue diversification. Given the proprietary trading activities are exposed to market volatility, the earnings profile becomes highly sensitive to market movements. CARE Ratings expects the proprietary trading income to continue to be a major revenue contributor.

### Key strengths

#### Experienced management

Mr. Chiranshu Arora is CIPL's Managing Director. He possesses an extensive 11-year experience in the financial services industry ranging from investment banking, wealth management, fund management, equity research, and stock broking operations.

Ms. Shristi Rajpurohit is the Company Secretary and Compliance officer of CIPL. She has garnered valuable experience in diverse sectors, her knowledge extends to regulatory frameworks, including SEBI and other statutory compliances.

Mr. Sunny Dhiman, Chief Financial Officer of the company holds a decade-long expertise in Finance & Accounts.

#### Liquidity: Adequate

As on March 31, 2023, the company had free cash of ₹2.95 crore against a debt obligation of around ₹1 lakh in the next one year. Hence, the liquidity is expected to remain adequate.

### Applicable criteria

[Rating Outlook and Credit Watch](#)  
[CARE's Policy on Default Recognition](#)  
[Financial ratios – Financial Sector](#)  
[Service Sector Companies](#)

### About the company and industry

#### Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Financial services	Financial services	Finance	Investment Company

CIPL was incorporated on January 07, 2022. The company invests and trades in the Equity Market, Forex, Derivatives and Other Fixed Income Products. It had a portfolio of ₹5 crore as of March 2023. Mr Chiranshu Arora, CIPL's managing director, possesses an extensive 11-year experience in the financial services industry.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	H1 FY24 (UA)
Total income	0.01	0.36	-0.05
PAT	-0.03	-0.95	-0.71
Total assets	0.09	4.60	5.04
RONW (%)	NM	NM	NM
PAT margin (%)	NM	NM	NM

A: Audited; UA: Unaudited; Note: 'these are latest financial results available'  
 NM; Not meaningful  
 As per CARE Ratings calculation

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Please refer to Annexure-2

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated:** Please refer to Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debentures-Non Convertible Debentures		Proposed			5.00	CARE B; Stable

#### 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 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Debentures-Non-convertible debentures	LT	5.00	CARE B; Stable				

LT: Long term

**Annexure-3: Detailed explanation of covenants of the rated instruments/facilities:** Not applicable

#### Annexure-4: Complexity level of various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-convertible debentures	Simple

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

#### Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

## Contact us

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### About us:

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### Disclaimer:

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