



Press Release

Arete Capital Service Private Limited

June 18, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Fund Based Bank Facility - Overdraft	30.00	IVR BBB+ / Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB+ / RWDI (IVR Triple B Plus placed on Rating Watch with Developing Implications)	Rating removed from watch and reaffirmed	Simple
Total	30.00 (Rupees Thirty Crore only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale:

The resolution of rating watch with developing implications, assignment of stable outlook and reaffirmation of ratings assigned to the bank facilities of Arete Capital Service Private Limited (ACSPL) is on account of completion of acquisition by Choice Equity Broking Private Limited (CEBPL) of ACSPL effective from 31st March 2025. ACSPL is now a wholly owned subsidiary of CEBPL.

Further, the ratings continue to derive strength from experienced promoters, reputed customer base, secured trading mechanism and moderate capital structure. The ratings are however partially constrained by interest rate risk and intense competition.

Infomerics Ratings expects outlook to remain stable on the back expectations of stable growth in scale of operations coupled with healthy profitability margins and improvement in overall financial risk profile of the company.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in the scale of operations while maintaining healthy capital structure.



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Downward Factors

- Any further decline in scale of operations, earnings profile and deterioration in capital structure.
- Any substantial losses incurred in trading activities due to interest rate risk.

List of Key Rating Drivers with Detailed Description:

Key Rating Strengths:

Experienced Promoters with established track record

ACSPL has a long track record of operations of more than a decade in providing financial services as a debt market intermediary. Effective from 31st March 2025, ACSPL was acquired by CEBPL as its wholly owned subsidiary to strengthen its position in the wealth management and investment advisory space. CEBPL, established in 2010, is a subsidiary of Choice International Limited which was established in 1993 and is led by Mr. Kamal Poddar with over two decades of experience.

Reputed Customer Base

ACSPL has a reputable and established clientele. ACSPL majorly sells securities to Retirement Funds viz. Provident Fund, Pension Fund, Gratuity Fund Trusts & Insurance Companies. The above entities have to strictly invest their funds in the specific securities as per government guidelines. ACSPL is having 400 to 500 clients (mainly provident funds trust) in various part of the country.

Secured Trading Mechanism

ACSPL purchases securities in bulk at the time of issuance and keeps it in their book and sells the same to these retirement funds or insurance companies as per their need. The system of buying and selling of securities between the investors and buyers are done through a platform system created by RBI where buyer must deposit the money, and seller has to deposit the securities through their own banker. Therefore, the system of buying and selling of securities are done under the transaction / payment guaranteed by the exchange. The bank has also stipulated differential margin for different category of securities to be purchased under this



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arrangement. The government securities purchased by the company will be held in a designated Constituent Subsidiary General Ledger (CSGL) Account and a joint depository participant account for corporate bonds, which will be duly pledged to the bank.

Improved financial risk profile

ACSPL's capital structure has shown improvement marked by overall gearing which stood at 0.62x for FY25 (Refers to period from 1 April 2024 to 31 March 2025) (FY24:3.20x) on account of lower utilization of bank borrowings. ACSPL does not have any long-term debt on its books. Additionally, ACSPL's interest coverage ratio improved to 1.90x in FY25 from 1.56x in FY24. ACSPL's tangible net worth as on 31st March 2025 stood at a low of Rs. 9.90 crore from Rs. 8.96 crore as on 31st March 2024. Furthermore, ACSPL's total income has grown y-o-y by ~30% to Rs. 13.48 crore in FY25 on back of improvement in brokerage income whereas ACSPL's EBITDA margin improved to 19.57% in FY25 from 17.85% in FY24 on back of rationalisation in operating expenses. Going forward, ACSPL's ability to grow its scale of operations while maintaining healthy capital structure will remain key rating monitorable.

Key Rating Weaknesses:

Interest Rate Risk ACSPL is exposed to interest rate risk as the securities which it deals with are exposed to inherent interest rate risk which depends on various factors & market conditions, although low in Government securities. The ability of the company to mitigate the risk and report better profitability will be a key rating monitorable.

Intense competition: ACSPL faces intense competition from various players to tap the market share at competitive pricing strategy. Hence, the ability of the company to scale up its operations amidst competition will be a key rating monitorable.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Service Sector Companies](#)



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[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

Liquidity –Adequate

ACSPL has been generating a moderate level of GCA for the last few years and the same is expected to improve further with increase in scale of operations. ACSPL maintains adequate cash and bank balance to meet its liquidity requirements which stood at Rs. 0.12 crore as on 31st March 2025. The utilization of working capital limits stood at ~25% for the period April 24 – Jan 25.

About the Company:

Arete Capital Service Private Limited (ACSPL) [erstwhile SPA Global Private Limited] incorporated in 1996, works as a G Secs and corporate bonds dealer and supplies G Secs and corporate bonds to various retirement funds such as Provident Fund, Pension Funds, Gratuity funds and Insurance Companies etc. The ACSPL also deals in Mutual funds.

Financials (Standalone):

	(Rs. crore)	
For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Income#	10.41	13.48
EBITDA	1.83	2.62
PAT	0.56	0.93
Total Debt	28.68	6.13
Tangible Net Worth	8.96	9.90
EBITDA Margin (%)	17.85	19.57
PAT Margin (%)	5.41	6.90
Overall Gearing Ratio (x)	3.20	0.62
Interest Coverage (x)	1.56	1.90

* Classification as per Infomerics' standards.

Total Income= Sale amount of securities – Purchase amount of securities + Other operational income + Other income – Stock adjustment



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Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2025 – 26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024 -25	Date(s) & Rating(s) assigned in 2023 -24	Date(s) & Rating(s) assigned in 2022 - 23
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1.	Overdraft	Long Term	30.00	IVR BBB+ / Stable	IVR BBB+ / RWDI (March 27, 2025)	IVR BBB+ / Stable (Jan 19, 2024) IVR BBB+ / Stable (May 19, 2023)	IVR A- / Stable (Jan 24, 2023)
2.	Cash Credit (G. Sec. only)	Long Term	--	--	--	Withdrawn (May 19, 2023)	IVR A- / Stable (Jan 24, 2023)

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit



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Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Overdraft	--	-	1 Month MCLR + 0.10%	Revolving	30.00	IVR BBB+ / Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-aretecapital-june25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable



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Name of the company/Entity	Consolidation/Combined Approach

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

