Choice International

Operator: Good afternoon, everyone. I welcome you all to the second day of the Bharat Connect Conference 2026 September edition. I welcome you all to the call of Choice International Ltd. Today, from the management, we have Mr. Ayush Sharma, Chief Financial Officer; Mr. Parth Desai, AVP Investor Relation; and Mr. Nikhil Agarwal, AVP Investor Relation.

Before I hand over the call to the management, I will lay out the flow of the event. We will start with a quick overview of the company by the management and then move to the Q&A round. First, I will take up questions from the participants who have raised their hands, and then I will move to the chat box. If time permits, I will take up questions from participants who were not able to join this call. Thank you very much. Over to you, sir.

Ayush Sharma – Chief Financial Officer: Thank you. Thank you very much to the Bharat team for inviting us to this conference. From our side, Nikhil will give the overview and take everyone through the company's presentation and current status. Then we will have the question-and-answer session. Nikhil, over to you.

Nikhil Agarwal – AVP Investor Relation: Thank you, Ayush. I thank everyone for joining the conference. Let me share my screen. I hope my screen is visible.

Ayush Sharma – Chief Financial Officer: Yes, it is visible.

Nikhil Agarwal – AVP Investor Relation: I will start with the presentation. I will give you a brief background about Choice International Ltd. We started our journey in 1992 as a CA firm founded by Mr. Sunil Patodia. In 2009, Choice International Ltd. was listed on the exchanges, and over the years we have diversified ourselves into a financial services conglomerate.

We have three key operating business verticals. The first is broking and distribution, where we conduct pure-play stock broking along with the distribution of wealth products, insurance products, and fixed-income investments. The second is our NBFC business, where we distribute MSME business loans and provide solar financing as well. The third is the advisory business, which includes government advisory and investment banking.

As far as the numbers are concerned, at the consolidated level, FY26 revenue was 1,145 crores, EBITDA was 425 crores, and PAT was 238 crores, with net worth close to 1,800 crores. We have 214 branch offices, 48 project offices, 70,000 Choice Business Associates, and a clientele of 1.6 million people, along with 6,800 employees, with a presence across 24 states and union territories.

In broking and distribution, we have 12.94 lakh demat accounts and close to 2.5 lakh active accounts, with client assets of around 62,000 crores. On the wealth side, we have AUM of roughly 5,000 crores, with equity mutual fund AUM of around 2,600 crores. On the insurance side, we have insurance premiums of 81 crores. In the advisory business, we have an order book of 777 crores, which we expect to realize in our P&L over the next 25 to 30 months.

In the investment banking business, we have 30 ongoing mandates with tentative fundraising of 67.6 billion. In the NBFC business, we have a total loan book of 836 crores, with a retail loan book of 585 crores, a provision coverage ratio of 27.67%, CRAR of 43.36%, and NNPA of 2.74%.

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This is our entity structure. Choice International Ltd., as I mentioned, is the listed parent company. Within it, Choice Equity Broking holds 90% of the stake and has subsidiaries such as Choice Wealth, Choice Connect, and Choice Techlab. Then there is Choice Insurance Broking, followed by Choice Finserv, which is our NBFC business. The fourth entity is Choice AMC, and the fifth is Choice Trustees. Then there is Choice Capital Advisors, which is in the investment banking business, and {? Finzo Wealth ?}, which we recently acquired with a 51% stake. Then there is Choice Consultancy Services, which is our government advisory business. Within it, we have Choice Corporate Services and {? I-Liza ?} Consultants. The next entities are Choice Unified Services and {? Elora ?} Solutions, which are for capital consumption.

As far as the shareholding pattern is concerned, we have two promoter groups. One is the Patodia family and the other is the Poddar family, together holding 54% of the company. There are also other marquee investors, including Madhusudan Kela, who is a well-known figure in the capital markets. Plutus Wealth Management also holds a stake. They hold 7% and 9% of the company, respectively.

As far as the board members are concerned, Ms. Vinita Patodia is the non-executive chairperson of the company. Her son, Mr. Suyash Patodia, is a joint Managing Director of the company. Mr. Kamal Poddar is the Managing Director of the company. Mr. Arun Poddar is the executive director and CEO of the company. Mr. Ajay Kejriwal is the executive director of the company. The remaining members are independent directors, including Ms. Barnali Mukherjee, who recently joined us and was formerly a CGM of SEBI.

We also have key personnel, with separate leadership for each of our verticals. Mr. Sunil Bagaria is responsible for stock broking. Mr. Vijendra Shekhawat heads the NBFC business. Mr. B.C. Murarka and Nitesh Agrawal handle infrastructure consulting. Mr. Ratiraj Tibrewal handles investment banking. Mr. Yogesh Jadav is the CTO of the company. Mr. Ayush Sharma is the CFO of the company, and Ms. Karishma Shah is the chief regulatory officer of the company.

As I mentioned, we have 214 branch offices across India. This is our state-wise bifurcation of where we are present across the country. We are reasonably well represented across the country, except in the northeastern states.

I would like to tell you about the recent strategic development that we witnessed with the NH group. NH, one of South Korea's leading financial institutions, has invested 900 crores in Choice Equity Broking, our subsidiary company, through compulsory convertible preference shares. This investment will be utilized for the MTF book and for building the capital base. We also see this as an opportunity to connect the Choice platform with NH's international network, particularly on the institutional equities side.

If I discuss the highlights from FY22 to FY26, we have seen tremendous growth in revenue, with revenue growing 3 times. PAT has also grown close to 3 times, while the debt-to-equity ratio remained within industry standards at 0.53 in FY26.

Talking about the stock broking business, as I mentioned, we have 12.94 lakh demat accounts, with our ADTO touching around 1,800 crores and our market share at 1.45%. Our focus has been on Tier 3 and smaller geographies. Our client distribution is also reflected in the same manner, with 69% of

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our clients coming from Tier 3 and smaller locations.

The age-wise distribution of our clients is also broadly in line with the age distribution of the Indian economy. Clients aged 35 and below contribute around 51% of our client base.

Of our 214 total branches, 154 are for equities. The objective of this branch-led model is to expand from 214 branches at present to 800 branches across India over the next 3 years. There are around 800 districts in India, and we want to have one Choice Broking branch in each district.

We also have the FinX app through which we cater to our clients. As you can see in the figure, there is a reasonable distribution of logins across India. We can see that even in the Andaman Islands, someone has logged in for trading purposes.

In the AI space, we are also at par with Groww and Zerodha, and we are continuously evolving in this space as well.

Next, I will talk about the wealth distribution business. Our total AUM for wealth products, as I mentioned, was around 5,000 crores, with equity AUM of around 2,600 crores. We have witnessed a progressive increase in the SIP book to around 19 crores. Our AUM composition is 73% equity, 16% debt, and 11% debt in the liquid space.

There has also been a strategic partnership with India Post Payments Bank, under which we will provide online mutual fund aggregator services and robo-advisory services through mobile applications. Our key advantage is that we will have access to the extensive postal network and broad customer base of IPPB, which has 1.6 lakh post offices across India and 12 crore savings and current account customers.

In the mutual fund and AMC space, we received our license from SEBI last year and started with passive schemes, with a gold ETF being launched. It had the highest mobilization in the gold ETF category that year, at around 57 crores. We then gradually developed our presence in the passive space with the Nifty 50 Index Fund and Nifty Next 50 Index Fund. Our long-term plan is to gradually enter the active space. This has been the pipeline for our AMC business.

Next, talking about the insurance business, we are a distributor of insurance products. We have corporate and retail businesses, wherein premiums...

Management: Premiums generated for the corporate business were 45 crores during Q1 FY27, and premiums for the retail business were 35 crores. In the retail business, we have three main products: health and travel insurance, life insurance, and motor insurance. In health and travel insurance, we generated premiums of around 5 crores; in life insurance, premiums were around 8 crores; and in motor insurance, premiums were around 21 crores.

For the corporate business, our key offerings are property and projects, liability, transit, employee benefits, and health insurance. We provide tailor-made solutions for various corporates. We successfully closed a surety bond deal for projects valued at more than 100 crores.

The next business is the NBFC business. As I mentioned, we had total AUM of 836 crores and retail AUM of 585 crores. Within this, we have net worth of 472 crores, GNPA of 3.78%, NNPA of 2.74%,

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PCR of 27.67%, and CRAR of 43.36%. The active loan count and number of borrowers are 12,486. Collection efficiency is more than 90%. Our NBFC vertical has a presence in 8 states and 76 branches. These are the various banks and financial institutions with which we are associated. We have an average ticket size of around 8 to 10 lakhs in the NBFC space.

Moving over to the advisory space, this is a new vertical in the financial institutions space. We are a key competitor to the Big Four firms. We had 194 crore worth of mandates from the government, under which we are closely working with governments on the execution of various projects.

As you can see, we have classified our journey into three segments: mature sectors, emerging sectors, and potential sectors. Mature sectors are those in which we are aggressively present at present. These include urban development, rural development, water and sanitation, the cooperative sector, and solid waste management.

In the emerging sectors, we are continuously working and building our order book. These sectors include energy and renewables, roads and highways, railways and metro, irrigation, mining, IT, and e-governance.

The potential sectors that we aim to enter over the next couple of years include agriculture, education and skills, healthcare, sustainability, social development, and international expansion.

This has been our order book. The order book for the advisory business is close to 800-odd crores, with Maharashtra contributing 33%, Rajasthan 16%, Bihar 16%, and other states contributing 35%.

The types of projects we are receiving in infrastructure consulting contribute roughly 55% of our order book. IT and e-governance contribute 12%, and the remaining 33% comes from institutional support and capacity building.

We have an overall team of around 2,600-odd individuals. Within the government advisory business, we work with the Central Government and State Governments. We have worked with around 150-plus departments and are working with around 1,000-plus ULBs. We have digitalized PACS in the agricultural space. We are working with various governments across India.

Moving over to the investment banking business, we are a SEBI-registered Category 1 Merchant Banker specializing in the capital markets. We bring IPOs with issue sizes ranging from 50 crores to 300-odd crores. That is our sweet spot. We have around 30 ongoing mandates with tentative fundraising of around 67.6 billion.

As we speak, we are the book-running lead manager for SRIT India Limited, which is in the IT sector. This has been part of our clientele for the last couple of years.

Additionally, last quarter we organized Insight X 2026, which was a flagship 3-day virtual investor conference. Around 101 companies participated, along with 150-plus investors, covering 20 sectors and 14 research sessions. The aim was to expand our corporate and investor engagement and to publish and showcase our research capabilities. This has been a new initiative on our part.

Now coming to Choice Connect, our objective has been to create and promote financial literacy across India. Through Choice Connect, we are empowering individual agents to become financial

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advisors. We have close to 70,000-odd CBAs associated with us. Through these CBAs, an array of financial products is distributed, including stock broking, mutual funds, retail loans, insurance, and credit cards.

This has also been a strong growth journey. In FY20, around 8,000 CBAs were associated with us, and now close to 70,000 CBAs are associated with us.

This is the quarterly performance for Q1 FY27. We recorded total income of 319 crores, with EBITDA touching 114 crores and PAT at 61 crores.

Regarding our media presence, we have an association with Zee Business, through which we organize various events to create awareness and promote financial literacy. This has also been one of our key objectives. We have been associated with news and print media and also have a reasonably good social media presence.

We have been certified as a Great Place to Work from June 2026 to June 2027. Our auditors are MSKA & Associates LLP. That is all from my side. Thank you. We are open to questions now.

Operator: Thank you. I would like to repeat that if any participants have questions, they can raise their hands or put them in the chat box. We will first take up questions from participants who have raised their hands and then move to the chat box. As no participant has raised their hand, I will take up questions received from clients who were not able to participate.

The first question is: Broking and distribution contributes 59% of revenue, advisory 28%, and NBFC 13%. What is the target revenue mix over the next 3 to 5 years, and which segment is expected to grow disproportionately faster?

Management: All these sectors are going to grow at a similar rate. We have been able to maintain a CAGR of around 40-50% in both revenue and PAT over the last couple of years. The sectors are expected to grow at similar rates.

However, since advisory has contracted revenues from our current order book and there is a good pipeline currently in the advisory space, we expect that, 3 to 4 years down the line, the mix will be 40-40-20. Forty percent each will come from broking and distribution and advisory, respectively, because advisory also includes investment banking along with government advisory. That business is also contributing to the growth of overall revenue.

Therefore, advisory will increase to 40% from the current 20%, and NBFC will contribute close to 20%. The mix will be 40-40-20 across broking and distribution, advisory, and NBFC.

Operator: We will now take up the next question from Raghav Rathi. Raghav, you are allowed to speak. Hi, Raghav, are we audible to you?

Raghav Rathi: Hello, can you hear me?

Management: Yes.

Raghav Rathi: My question is: Have you received 900 crores from the NH investment? Has the amount been received by you, or is approval still pending?

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Management: The final documentation is with the banks, and certain RBI approvals are under process. It is not an approval per se, but certain documentation needs to be submitted to the RBI. Kotak Bank and Indian Bank are coordinating this. We expect the transaction to happen anytime soon, within the next 10 to 15 days.

Raghav Rathi: What about the IPPB partnership? Has onboarding started, or is it still in progress?

Management: We have gone live with the onboarding. During this quarter, we will publish the output of this partnership at the end of the quarter as well.

Raghav Rathi: Has onboarding started from September 1?

Management: Yes, onboarding started during this quarter. I am not sure of the exact date at present.

Raghav Rathi: How has the customer response been? How many people have joined, and what was the data for last month?

Management: Since we have not published the information so far, we will publish it with our earnings presentation along with the results next month.

Raghav Rathi: Once you receive the 900 crore amount from NH, could you give us a rough idea? I know you cannot comment specifically, but for Q3 this year—October, November, and December—what could this mean for the quarter? Could the top line be 380 or 390 crores and the bottom line 100 crores? I am only asking for a rough idea and understand that you cannot comment in detail.

Management: Growth will definitely be there. You can simply calculate the interest itself on 900 crores for a quarter, so that much growth is definitely there. In any case, we are maintaining an ROE of close to 20% in the broking business, so you can estimate growth at similar rates during the quarter with the additional capital.

Raghav Rathi: I calculated that 12% on 900 crores for 3 months comes to around 50 crores. Can we assume that this will be added to the bottom line in Q3?

Management: Those are the numbers you are referring to. I am not allowed to give any projected number before the business is completed, but that is the calculation you have made.

Raghav Rathi: Does that mean we can expect, just as an expectation, quarter-on-quarter growth of 30-40%? I know you cannot comment specifically.

Management: Yes, you can expect additional income from the additional money infused as capital.

Raghav Rathi: I have been tracking this and had also asked you questions about it during the earnings call. I joined this conference specifically for updates on it. When can we expect the Q1 numbers to be released? Are there any dates? Q2?

Management: We are targeting the middle of October to announce the results.

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Raghav Rathi: Will you publish them only after receiving the approval?

Management: Yes.

Raghav Rathi: I know you cannot comment on the 30-40% quarter-on-quarter growth that I am expecting, but what is the broader picture for the next financial year? We recorded a top line of 1,100 crores or 1,200 crores last March. What can we expect next year, FY28?

Management: We will close FY27 this year, and FY28 will be next year. As I mentioned during my comments on the segment mix, we have been able to grow our revenue by 40-42% and PAT by around 50-55%. We expect to maintain a similar growth trajectory over the next 4 years.

Raghav Rathi: Can we expect PAT of around 350 crores at the end of this financial year?

Management: With this growth rate, the numbers will be around that level. You can expect similar growth to continue.

Raghav Rathi: This financial year?

Management: Yes.

Raghav Rathi: For this financial year, we can expect 350 crores, and with the 50% growth I am expecting, the next year could be 500 crores?

Management: 336 crores is the number at a 40% growth rate on 238 crores. We will maintain similar growth over the next 4 years.

Raghav Rathi: Are there any plans for a bonus issue or any other rewards?

Management: Nothing as of now.

Raghav Rathi: Nothing as of now. I have another question. I believe the news about the NH investment was received on July 9. I think Arun said on Zee Business that we are expecting a large consultancy acquisition in the next quarter. Is there any information on that? I know you cannot comment in detail, but is it in progress and expected in the coming period?

Management: It is progressing well, and we will soon be able to give you a concrete update on it. It is progressing in line with our expectations and timeline.

Raghav Rathi: Can we probably get an update next month?

Management: Hopefully. It is a procedural process that we are following as required by the regulators and the law of the land. As soon as the procedural formalities are completed, we will give a concrete update.

Raghav Rathi {? Raghav ?}: What additions are planned to the branches besides Nasik?

Management: Nasik is one of them, and we have also opened other branches in the broking business. We will share the concrete list with our earnings presentation at the end of this month.

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Raghav Rathi {? Raghav ?}: Are we closing at 325 branches by March? What is the total branch expansion?

Management: We will update you on the exact count. I do not currently have the number at hand, but we will share the updated branch count with the earnings presentation.

Raghav Rathi {? Raghav ?}: Are we on track to add 100 branches over the next 6 months?

Management: Yes. As we mentioned, we will pursue this growth by expanding our number of branches.

Raghav Rathi {? Raghav ?}: Is there anything additional you would like to say as a shareholder, such as a segment to watch or any major developments?

Management: We have been active in sharing updates with shareholders, and you are also very active in tracking the company. You are therefore already well updated, so there is nothing specific that is not in the public domain.

Raghav Rathi {? Raghav ?}: I have been holding 0.01% equity for the last 1 year. I just want to make good returns, but the stock has been consolidating for the last 1 year. I hope things move upward.

Management: Things will definitely move upward. We are confident about the business, and business growth will definitely continue.

Raghav Rathi {? Raghav ?}: I hope January 26, 2029, is a big day for you.

Management: Thank you very much.

Raghav Rathi {? Raghav ?}: Okay.

Juhi Manwani – Operator: Thank you. Participants who have questions can raise their hands or put them in the chat box. As no participant has raised their hand, I will take up the questions received from clients who were not able to participate. Raghav, your hand is still raised. Do you have any further questions? No? Okay, we will move forward.

Your revenue and PAT have been effectively flat sequentially for 3 consecutive quarters despite strong year-on-year growth. Is this a seasonal pattern, a capacity ceiling, or an early sign of growth deceleration?

Management: This is largely because of the cycles in the capital markets, where there has been moderation in overall market activity. However, during these periods, we also expanded into other wealth management products, and that business has strengthened significantly over the last 3 quarters. The output of this will be seen in this quarter and the upcoming quarters as well.

We are confident that this seasonality will also be mitigated by the other wealth management products in which we are working as a distributor. Having said that, we are on track to achieve our growth targets, and there will definitely be growth on a quarter-on-quarter basis as well.

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Juhi Manwani – Operator: EBITDA margin expanded from 32% to 37% in FY26. How much of this is structural operating leverage versus one-off items? What is the sustainable margin band for the consolidated business?

Management: EBITDA margins have expanded largely because of the technology establishment and the cap on fixed costs that we have achieved over the last couple of years. Any incremental business will largely contribute to margin growth. This is a structural development and not a one-off item.

We can therefore continue to expect similar margins over the next couple of years as well.

Juhi Manwani – Operator: Insurance distribution generated {? 97 crore ?} in premium in FY26. What is the product mix between life and non-life, what is the commission yield trajectory, and how scalable is this vertical relative to broking?

Management: The number needs to be corrected. It was not {? 97 crore ?} during the whole financial year. It should be more than {? 400 crores ?}, possibly around {? 450 ?}.

In terms of the overall contribution, it is almost 50-50 between corporate and retail. In corporate insurance, we provide factory insurance, fire insurance, and project insurance. In retail, we provide health, life, general insurance, vehicle insurance, and other products.

Margins are higher in corporate insurance because the payouts are not as high. In retail, commission yields are higher but profits are lower. Therefore, we technically have a higher profit share from corporate insurance products.

Juhi Manwani – Operator: The {? 900 crore ?} CCPS investment from NH into Choice Equity Broking is a marquee transaction. What is the implied valuation of CEBPL? What is the conversion timeline and the terms of the CCPS, and what dilution does it represent at the subsidiary level?

Management: Currently, this is only a CCPS transaction, with no equity dilution. These are preference shares in which they are investing. The conversion will happen after 3 years, and at that time the valuation will be derived and the dilution will be assessed accordingly.

Juhi Manwani – Operator: What is the revenue model for the IPPB partnership? Is it a fixed fee, a revenue share on products distributed, or a platform licensing arrangement? What are the exclusivity terms?

Management: This is an exclusive contract for a period of 3 years, which can be extended to 5 years. The revenues are structured on a distribution model under which the commission received on the volumes generated is shared between both companies, along with some platform fees. That is how the revenues are structured.

Juhi Manwani – Operator: Is the AMC business still in the setup phase, with break-even expected in 2 to 3 years? What is the fund launch roadmap, how many active schemes do you expect by the end of FY27, and what is the target AUM at break-even?

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Management: Yes, it is still in the setup phase. We have established the team for the passive schemes. For the active schemes, teams are being built. We expect to launch our first active scheme by the end of this financial year. At the end of the year, you will see active schemes being launched under the Choice brand.

Regarding the growth trajectory, since we are still in the establishment phase, it is difficult to provide guidance on AUM and related numbers. However, as soon as we launch the active schemes and see the market response, we will be able to establish guidance on the AUM and other related figures.

Juhi Manwani – Operator: As we are short of time and our next call is scheduled from 2:00 to 3:00 p.m., and there are no further questions from participants, I would like to end this meeting. Is there anything else you would like to add as a closing remark?

Management: In my closing remarks, I would like to highlight that the company has been able to grow significantly over the last 5 years, and the management is very confident about maintaining this growth trajectory. There are multiple levers across all 3 business segments.

In broking and distribution, the expansion in branches and the additional capital coming in will expand our capabilities and help us expand our reach through the opening of new branches. As we utilize the funds towards the MTF business, this will also expand our depth with respect to the clients' wallet share. We will have a higher share of clients' trading volumes because we will be providing them with leverage facilities.

Both of these factors will help us grow in terms of the number of clients as well as the volumes generated from clients' increased trading activity.

On the advisory side, we now have a large base of credentials, which has resulted in new contract wins of more than {? 190 crore ?} in Q1 itself. We expect similar growth in the number of orders we receive during the year. The overall order book is expected to grow from here.

The additional acquisition of Feedback Infra, which we have also reported to the exchange, will significantly strengthen our capabilities and credentials. This will help us bid for higher-margin and larger projects. This will also help us grow our overall revenue and profitability.

Third, on the investment banking side, this month we launched 5 IPOs while working as merchant bankers. This business is also expected to grow in the future. As of last quarter, we had closed around 30 mandates with a tentative fundraising size of {? 6,700 crore ?}. We are going to complete this over the next 12 to 15 months. This is also a good revenue source for the overall group.

These are the levers that will help us expand and achieve our overall revenue growth and profitability targets. Thank you very much, everyone, for joining this call. We look forward to connecting with you again on our earnings call next month. Thank you.

Juhi Manwani – Operator: Thank you very much. I would like to thank the management and IR teams for participating, and all the participants, on behalf of Arihant Capital Markets Limited. It was a pleasure hosting this call. I am Juhi Manwani, and I will now sign off. If participants have any further

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questions, they can get in touch with the team at Arihant Capital. Thank you very much for sparing your time. I look forward to hosting more such calls. Thank you, and have a nice day, everyone.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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