



## RESEARCH UPDATE

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### Market Statistics in USD

Price	\$ 8.05
52 week Range	\$4.88 - \$9.36
Daily Vol (3-mo. average)	476,388
Market Cap (M)	\$1,655.5
Enterprise Value (M)	\$1,695.1
Shares Outstanding: (M)	205.6

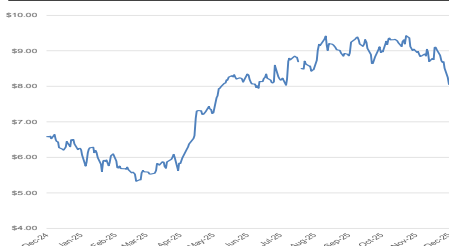
### Financial Summary in USD

Cash (M)	\$ 15.4
Cash/Share	\$ 0.08
Debt (M)	\$ 55.0
Equity (M)	\$ 154.4
Equity/Share	\$ 0.75

FYE: Mar 2025 2026E 2027E

(all figures in M, expect per share information)

Rev	₹ 9,217	₹ 11,600	₹ 15,042
Chng%	21%	26%	30%
EBITDA	₹ 2,959	₹ 4,073	₹ 5,340
Net Income	₹ 1,627	₹ 2,279	₹ 3,129
EPS	₹ 8.16	₹ 11.21	₹ 15.38
EV/Revenue	12.6x	11.1x	10.7x
EV/EBITDA	55.0x	42.1x	38.8x
P/E	75.1x	64.5x	47.1x



## COMPANY DESCRIPTION

Choice International Limited, through its subsidiaries, offers a broad range of financial services in India. across three key business segments: Broking & Distribution, Advisory and NBFC. Broking & Distribution segments include Stock Broking, Wealth Distribution and Insurance Broking. NBFC focuses on MSME Finance and Green Finance, particularly rooftop solar funding. On the advisory side, the company provides consultancy for government infrastructure and financial projects. The Company also holds a merchant banking license with offerings in IPOs, right issues, preferential issues, valuations and transaction advisory. Incorporated in 1992, the company is headquartered in Mumbai, India.

## CHOICE INTERNATIONAL LIMITED

### Company Updates

Choice International delivered another strong quarter in 2Q FY26, with consolidated revenue rising 14.0% y/y to ₹2.84B, supported by balanced growth across Broking & Distribution, Advisory Services, and NBFC operations. EBITDA increased 27.5% y/y to ₹989.8B, with margin expanding 368bps y/y to 34.8%, driven by operating leverage, improving product mix, and continued digital adoption across customer channels. Management reiterated confidence in sustaining momentum into the second half of FY26.

**Stock/Equity Broking:** The broking franchise recorded steady performance, supported by rising engagement. Demat accounts expanded 29% y/y to 1.205M, while active accounts reached 262K, reflecting improved market participation and stronger penetration in Tier-II/III markets. The Company continued strengthening its distribution footprint, adding branches and expanding franchisee count to support service-oriented client preference. The upgraded FinX platform delivered higher adoption, reflecting growing traction across traders and investors.

**Wealth Products:** Wealth management remained one of Choice's fastest-growing verticals, with AUM reaching ₹48.07B, a 327% y/y increase primarily driven by integration of Arete Capital and ongoing improvement in SIP flows and advisory penetration. The business delivered a 55% y/y increase in monthly SIP book to ₹146M and a 72% y/y increase in transaction count to 263K. Equity products accounted for ~49% of AUM.

**Insurance Distribution:** The insurance business delivered continued growth, with 2Q26 total premiums of ₹660M, supported by a significant increase in health, travel, and motor policy issuance. The Company added new insurer partnerships and scaled its POSP base to over 13,650 agents, strengthening productivity levels while deploying AI-led workflow automation to improve onboarding, underwriting support, and claims assistance.

**NBFC Segment:** The NBFC platform continued scaling with a 56% y/y increase in total loan book to ₹7.16B, including retail AUM of ₹5.36B. Credit quality remained stable while net interest margin expanded sequentially to 11.25%, reflecting improved yield mix and disciplined liability management. Collection efficiency remained above 90%.

**Government Advisory:** The advisory division ended 2Q26 with a robust ₹6.66B order book, supported by new mandates. Recent wins include expanded engagements across Maharashtra, Rajasthan, Bihar, Chhattisgarh, and Himachal Pradesh. The advisory business continues to execute large-scale national programs supported by a 1,600+ member on-ground team and 49 project offices across 13+ states.

**Investment Banking:** The capital markets advisory segment remains active with 27 ongoing mandates and a fundraising pipeline exceeding ₹70B. The team continues leveraging its integrated ecosystem to deepen its presence in the mid-market and fast-growing SME issuance landscape.

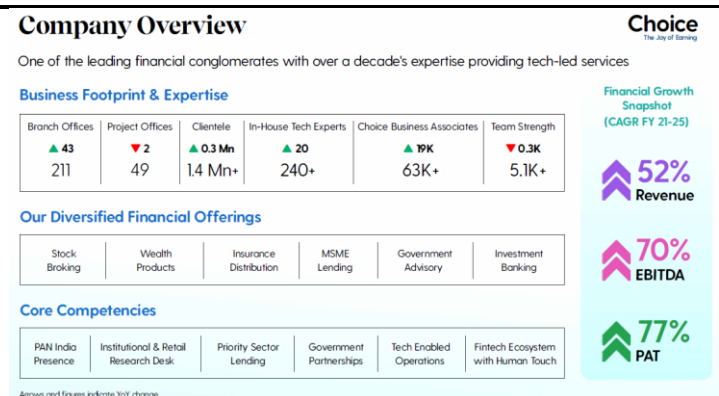
**Valuation:** We use a DCF Model, EV/Operating Income comp analysis, and a P/E analysis to guide our valuation. Our DCF analysis produces a valuation range of \$7.00 to \$12.78 with a mid-point of \$9.08. Our EV/Operating Income valuation results in a range of \$9.20 to \$10.24 with a mid-point of \$9.72. Our P/E analysis returns a range of \$8.33 to \$9.84 with a mid-point of \$9.08.

## Business Overview

Choice International Limited (BSE: 531358, NSE: CHOICEIN) is a prominent financial services conglomerate headquartered in Mumbai, India. Established in 1992, the Company has steadily evolved, integrating cutting-edge technology to optimize financial service delivery. Choice International offers a comprehensive suite of financial solutions including stock brokering, wealth management, insurance distribution, MSME lending, government advisory and investment banking. With a vast operational network comprising over 208 branch offices, 48 project offices, and serving a clientele base exceeding 1.4 million, the Company demonstrates significant market penetration. Supported by an extensive network of over 63,000 Choice Business Associates (CBAs) and a proficient team of more than 240 in-house technology specialists, Choice International has effectively expanded its footprint across diverse markets in India.

The strategic orientation of Choice International prioritizes technological advancement, operational efficiency, comprehensive institutional and retail research, proactive engagement in priority sector lending and government partnerships. A notable milestone includes SEBI's final license to launch its own mutual fund, marking Choice's official entry into the asset management space and enabling it to offer proprietary investment products. On the lending front, the NBFC arm had also completed a strategic acquisition which expanded its loan book and lending footprint. Together, these developments reflect the Group's commitment to building a diversified financial services platform and enhancing its long-term value proposition for clients.

### Exhibit 1: Business Overview



Source: Company Reports

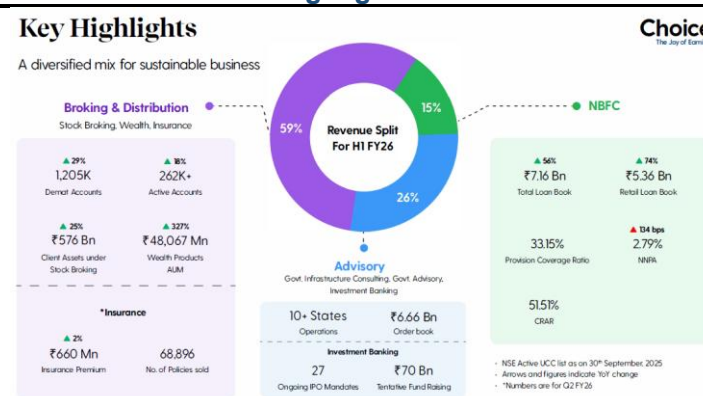
## Segment Overview

### Stock / Equity Broking

Choice International's stock brokering segment has achieved substantial growth, driven by expanding client engagement and enhanced operational efficiencies. The division significantly leverages digital platforms for trading, supported by user-friendly interfaces and advanced tools such as algorithmic trading and curated investment baskets, positioning it competitively within India's dynamic stock broking landscape.

The firm's client base has consistently expanded, particularly in tier-3 cities and underserved regions, driven by strategic efforts to broaden its geographical reach. The adoption of digital trading platforms has notably increased, with approximately 65% of the segment revenues generated via online platforms, highlighting a strong shift toward digital trading practices. The Company's robust market share and consistent Average Daily Turnover (ADTO) growth underscore its ability to attract and retain clients.

### Exhibit 2: Business Highlights



Source: Company Reports

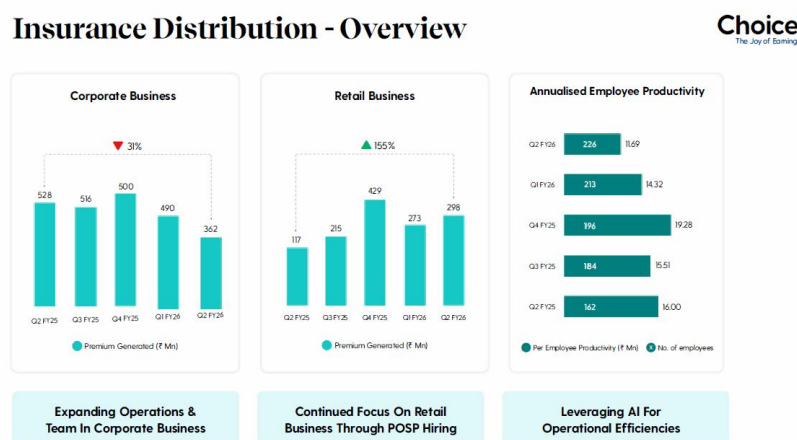
## Wealth Products Distribution

The Wealth Products Division offers diversified investment solutions tailored to varied investor objectives. A key driver of its 327% year-on-year AUM growth reaching ₹ 48,067 Mn was the acquisition of Arete Capital's Wealth Management Business, which expanded product offerings and deepened access to High Net Worth Individuals (HNIs), Ultra High Net Worth Individuals (UHNIs) and corporate clients. Supported by integrated research teams that deliver sharper market insights and strategic advice, along with a digitally enabled platform and customer centric approach, the division is well positioned as a competitive player in India's growing wealth management space.

## Insurance Distribution

Choice International's Insurance Distribution segment provides comprehensive risk management solutions for both retail and corporate clients. The segment recorded strong growth driven by strategic partnerships with leading insurers and focused expansion across key client segments.

### Exhibit 3: Insurance Segment Highlights



Source: Company Reports

The segment's expansion has been driven by a combination of direct corporate and institutional relationships, enhanced digital onboarding, a scalable Point of Sale Person (POSPs) channel, and strong cross-sell opportunities across Choice Group's ecosystem. A tech driven approach underpins operations, enabling improved customer experience, faster policy issuance and streamlined claims support. The retail portfolio includes health, life and motor insurance, while the corporate portfolio spans property & engineering, liability, employee benefits, transit risk solutions etc.

Employee productivity has remained healthy, supported by operational efficiencies. The company sees strong potential in the corporate insurance segment and continues to strengthen its capabilities and client relationships to drive long-term growth.

## NBFC Segment

Under the NBFC arm, Choice Finserv focused on providing financial solutions to underserved semi-urban and rural markets, with a strong emphasis on MSME business loans and green financing through rooftop solar.

The division prioritizes lending within the sector, supported by fully digital documentation and streamlined credit assessment. It also leverages strong credit evaluation practices, including real-time bureau check and geo-tagging, supporting collection efficiency and portfolio quality. A well-diversified liability profile provides added financial stability and room for continued growth.

## Government Advisory

The Government Advisory segment provides end to end consulting to public sector institutions covering infrastructure development, institutional strengthening, capacity building and e-governance. Holding a robust order book valued at ₹6.66 billion, the division works with 150+ central and state government departments, maintaining strong presence across India.

The segment plays a key role in projects focused on infrastructure, water management, affordable housing, agriculture and cooperative sector transformation. It leverages in-house digital tools for real-time project tracking and data driven governance support. Its work contributes directly to improved public service delivery, financial inclusion and social development outcomes across India.

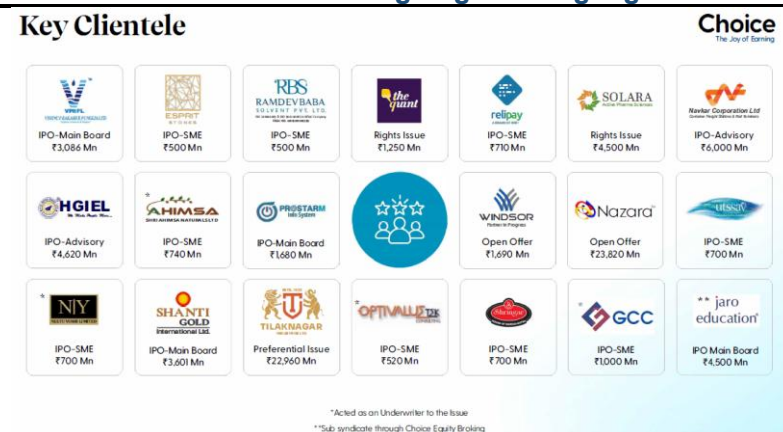
Through close collaboration with multilateral institutions and government bodies, Choice has positioned its advisory vertical as a trusted partner in India's development journey. Its integrated approach by combining sector expertise with on the ground execution and digital capabilities enables it to deliver scalable and sustainable impact across governance and infrastructure ecosystems.

### Exhibit 4: Advisory Services Overview



Source: Company Reports

### Exhibit 5: Investment Banking Segment Highlights



Source: Company Reports

## Investment Banking

Choice Capital Advisors, a Category-I SEBI-registered merchant banking entity, specializes in IPOs, rights issues, preferential issues, valuation and transaction advisory. With numerous IPOs successfully completed along with multiple other capital market transactions, and a strong pipeline of ongoing assignments across diverse sectors, the division is distinguished by its deep market insights, transaction structuring expertise, and effective execution capabilities, strengthening Choice's position in the competitive investment banking space.

By leveraging extensive sector expertise and robust investor relationships, the division continues to deliver high-quality advisory services that enable significant capital raising and strategic transactions, driving sustainable growth and value creation for clients.



## Growth Drivers

### Integrated Multi-Vertical Model:

Choice operates across broking, wealth, insurance, lending, investment banking and government advisory. This integrated structure enables product bundling, cross-selling and end to end client servicing. It positions the company to cater a wide spectrum of individuals, institutions and enterprises driving higher client retention, improved revenue per customer and diversified business growth.

### Strategic Acquisitions and Market Expansion:

Choice continues to scale by entering new business lines and executing focused acquisitions. It recently secured SEBI's final license to launch its own mutual fund, marking its entry into the asset management space. It also acquired Arete Capital's wealth business, significantly boosting AUM and strengthening access to HNIs and institutional clients. In lending, recent acquisitions have expanded the loan book and deepened Choice's presence in MSME and green finance. These initiatives enhance cross-sell opportunities and further consolidate its position as a full-service financial platform.

### Technology as a Core Enabler:

Technology is central to Choice International's operating model, enabling efficiency, scale, and consistent client experience across verticals. The company has developed an integrated digital platform through its suite of apps - Choice FinX, Choice Money, and Choice Connect which together offer seamless access to broking, lending, insurance, and investment services.

Choice places high importance on data security and has received the ISO 27001:2022 certification, reflecting adherence to information security standards. With over 2.74 million cumulative app downloads and 22 million+ daily API hits, its digital infrastructure supports cost-effective customer acquisition, enhanced transaction efficiency, and broader market outreach across India.

### Lending Backed by Strong Risk Controls:

Choice's NBFC vertical follows a disciplined, tech-enabled credit framework that includes real-time bureau checks, geo-tagging, digital underwriting and on-ground due diligence to ensure strong portfolio quality. The company continues to focus on expanding its lending presence in MSME finance and green finance, particularly rooftop solar, supported by streamlined documentation and digital onboarding.

### Pan-India Distribution with Integrated Reach:

Choice supports its digital strategy with a wide-reaching physical network of over 200 branches, 49 project offices, and more than 63,000 CBAs. This hybrid model ensures last-mile delivery, smooth customer onboarding, and strong regional visibility. It also enables deeper customer engagement and facilitates effective cross-selling across the company's full suite of financial products.

## Market Overview

### Favorable Industry Dynamics:

India's financial services sector is currently experiencing transformative growth driven by increased digitization, regulatory support, and rising financial inclusion. The Indian government and regulatory bodies, including SEBI, IRDAI, and RBI, have consistently introduced reforms aimed at enhancing transparency, investor protection, and market efficiency. Initiatives such as digitization of financial services, simplified onboarding processes, and targeted financial literacy campaigns are significantly expanding the market base for investment, insurance, and lending products, creating robust growth opportunities for integrated financial service providers like Choice International.

### Growing MSME and Rural Financial Inclusion:

The Micro, Small, and Medium Enterprises (MSME) sector in India remains under-served, presenting substantial growth potential for financial institutions specializing in MSME lending, such as Choice International. With a substantial credit gap estimated at ₹25 trillion, the sector requires focused and innovative financing solutions. NBFCs, particularly those leveraging digital onboarding and assessment tools like Choice Finserv, are ideally positioned to bridge this gap effectively. Moreover, rural financial inclusion efforts by governmental agencies enhance the demand for customized financial solutions, providing long-term growth prospects for companies like Choice International.

#### Exhibit 6: MSME & Green Energy Credit Gap

**Choice Matters:**

**Impacting Tomorrow**



Partnering in Viksit Bharat through aspirational sector engagements:

- **Co-operative Societies**  
Touching 30 Mn+ Farmers through Computerization of Primary Agriculture Cooperative Societies in 6 states namely Haryana, Punjab, Bihar, Karnataka, Maharashtra and Tamil Nadu.
- **Agriculture**
  - a. Helping Himachal Pradesh to uplift their agriculture and allied sector with more value addition and more export potential.
  - b. Helping maize farmer of Chhattisgarh to add value in their produce and income through ethanol plant setup under cooperative model.
- **MSME**  
Helping MSMEs of Maharashtra, Rajasthan, Punjab, Himachal Pradesh, Gujarat, Bihar, Odisha and Jharkhand to get government benefits, upgrade technically, access of fund, markets through better means.
- **Local Governance (Urban and Rural)**  
Training last mile elected representative on various governance model including how to run gram panchayat, community-based development etc. in Jharkhand, Tripura, West Bengal and Karnataka.
- **Students & Women**  
Entrepreneurship development program, startup support, capacity building on marketing and branding, quality assurance interventions of rural product, better access to Market including tourist hat modernization.
- **State Empowerment**  
We are helping states governments to become self-sustainable by end to end consultancy in revenue augmentation for Uttarakhand, Bihar, Jharkhand, Madhya Pradesh and Chhattisgarh.

Source: Company Reports

### Broking and Wealth Management Market Expansion:

The Indian broking and wealth management sectors continue to witness robust growth driven by increasing retail investor participation, greater financial literacy, and growing disposable income. Digital penetration has democratized access to equity markets and diversified financial products, significantly expanding the investor base. Choice International's strategic focus on providing comprehensive digital trading and wealth management solutions positions it advantageously in this rapidly expanding market.

### Robust Insurance Sector Prospects:

The insurance sector in India, characterized by relatively low penetration and high growth potential, presents significant opportunities for expansion. Driven by rising awareness, improving income levels, and favorable regulatory policies, the demand for diverse insurance products—such as health, life, motor, and property insurance—is consistently increasing. Choice's strategic partnerships with leading insurers, extensive

distribution network, and innovative digital solutions position the company effectively to capitalize on this sector's growth.

**Infrastructure and Government Advisory Potential:**

India's ongoing infrastructure development initiatives represent another significant market opportunity for Choice International's government advisory business. The substantial government investment in infrastructure, supported by policy reforms and dedicated funding channels, continues to drive demand for project management and advisory services. Choice's robust order book and specialized expertise in infrastructure consulting position the company to leverage these opportunities effectively, enhancing its market share and revenue visibility.

**Investment Banking Growth Prospects:**

India's investment banking sector has experienced substantial growth driven by heightened capital market activities, including IPOs, mergers and acquisitions, rights issues, and private placements. Increased investor interest, rising economic activities, and proactive regulatory frameworks underpin sustained market expansion. Choice Capital Advisors' comprehensive suite of advisory and transaction services, coupled with deep sectoral expertise, positions the division strongly to benefit from India's thriving capital market environment.

Overall, Choice International is strategically aligned with key growth drivers across its diversified business segments, uniquely leveraging its technological capabilities, extensive market reach, robust financial performance, and comprehensive service integration to maintain competitive advantage and drive sustained growth in India's dynamic financial services sector.

## Risks

### General Economic Conditions

Choice International's diverse financial services are closely tied to overall economic conditions. A downturn in the macroeconomic environment, particularly one impacting consumer confidence, disposable incomes, or business investments, could adversely affect the company's profitability across its stock broking, wealth management, insurance, lending, and advisory segments.

### Regulatory Risk

The financial services industry in India is subject to extensive and evolving regulations governed by authorities such as SEBI, RBI, IRDAI, and various government bodies. Changes in regulatory policies or increased compliance requirements could impose significant operational and financial burdens on Choice International, potentially limiting growth opportunities and increasing operational costs.

### Market Volatility and Financial Risk

The Company's revenue streams, particularly from the stock broking and wealth management segments, are susceptible to fluctuations in market performance. Increased market volatility, declining market sentiment, or significant financial downturns could lead to reduced trading volumes, lower asset valuations, and client withdrawals, adversely impacting the company's financial results.

### Credit Risk and Asset Quality

Choice Finserv, the company's NBFC arm, faces inherent credit risks associated with lending, especially within the MSME and rural sectors. Economic downturns or sector-specific stress could lead to an increase in loan defaults or non-performing assets (NPAs), impacting asset quality, profitability, and overall financial health despite the company's strong risk management framework.

### Competitive Industry Landscape

The financial services industry in India is highly competitive, with numerous established players across each business segment. Competitors include banks, large financial institutions, specialized NBFCs, insurance providers, and fintech companies, some of which may have greater resources and flexibility. Increased competition or disruptive market entrants could challenge Choice International's market position and pricing power.

### Technology and Cybersecurity Risks

Given Choice International's reliance on digital platforms and technology-enabled solutions, it is exposed to potential technology failures, data breaches, cyber-attacks, or system disruptions. Such incidents could result in financial losses, damage to the company's reputation, regulatory penalties, and loss of client trust, significantly impacting operations and long-term growth.

### Risk of Integration from Acquisitions

Choice International's growth strategy involves strategic acquisitions, such as the recent acquisition of Arete Capital's Wealth Management business. While acquisitions offer growth opportunities, the company faces risks associated with integrating acquired businesses, including potential cultural mismatches, operational challenges, higher-than-expected integration costs, or failure to realize anticipated synergies and benefits.



## VALUATION

We use a DCF Model, EV/Operating Income comp analysis, and a P/E analysis to guide our valuation OF CHOICE. When we combine these valuation results it returns a median range of \$8.14 to \$10.91 with a mid-point of \$9.26.

### DCF Analysis

Our DCF analysis relies on a range of discount rates between 8.75% and 11.25% with a midpoint of 10.00%. This arrives at a valuation range of \$7.00 to \$12.78 with a mid-point of \$9.08.

#### Sensitivity Analysis:

Discount rate	Terminal Growth Rates				
	0%	1%	2%	3%	4%
7.50%	\$11.60	\$12.89	\$14.65	\$17.20	\$21.20
8.75%	\$9.42	\$10.25	\$11.33	\$12.78	\$14.85
10.00%	\$7.82	\$8.38	\$9.08	\$9.99	\$11.19
11.25%	\$6.60	\$7.00	\$7.48	\$8.07	\$8.83
12.50%	\$5.65	\$5.94	\$6.28	\$6.69	\$7.19

### Comp Analysis

Comparative Analysis  
(all figures in M, except per share information)

Company Name	Symbol	Price <sup>(1)</sup>	Mrkt Cap	EV	EV/Revenue <sup>(2, 3)</sup>			EV/Operating Income <sup>(2, 3)</sup>			P/E <sup>(2, 3)</sup>		
					2024	2025E	2026E	2024	2025E	2026E	2024	2025E	2026E
Centrum Capital Limited	BSE: 501150	\$ 0.33	\$ 152.9	\$ 586.7	11.73x	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Geojit Financial Services Limit	BSE: 532285	\$ 0.78	\$ 218.6	\$ 143.2	3.64x	N/A	N/A	8.9x	N/A	N/A	14.9x	N/A	N/A
UGRO Capital Limited	BSE: 511742	\$ 1.91	\$ 269.9	\$ 989.6	177.29x	8.57x	6.61x	34.2x	N/A	N/A	16.5x	13.5x	11.2x
Alacrity Securities Limited	BSE: 535916	\$ 0.57	\$ 26.5	\$ 25.3	2.66x	N/A	N/A	28.1x	N/A	N/A	37.4x	N/A	N/A
BLB Limited	NSEI: BLBLIMITED	\$ 0.17	\$ 9.0	\$ 7.8	N/A	N/A	N/A	14.7x	N/A	N/A	23.2x	N/A	N/A
Dolat Algotech Limited	BSE: 505526	\$ 0.79	\$ 138.9	\$ 160.5	N/A	N/A	N/A	7.6x	N/A	N/A	9.1x	N/A	N/A
Fedders Holding Limited	BSE: 511628	\$ 0.59	\$ 118.9	\$ 116.3	3.49x	N/A	N/A	100.7x	N/A	N/A	23.8x	N/A	N/A
Share India Securities Limited	NSEI: SHAREINDIA	\$ 1.81	\$ 396.9	\$ 108.1	19.71x	N/A	N/A	8.2x	N/A	N/A	14.5x	N/A	N/A
PNB Gilts Ltd.	BSE: 532366	\$ 0.92	\$ 165.8	\$ 2,866.5	2855.5x	N/A	N/A	78.9x	N/A	N/A	8.5x	N/A	N/A
Average					439.1x	8.6x	6.6x	35.2x	N/A	N/A	18.5x	13.5x	11.2x
Median					11.7x	8.6x	6.6x	21.4x	N/A	N/A	15.7x	13.5x	11.2x

Choice International Limited	CHOICEIN	\$ 8.68	\$ 1,786.5	\$ 1,826.1	12.6x	12.1x	11.6x	55.0x	45.6x	42.0x	75.1x	69.8x	50.9x
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(1) Previous day's closing price

(2) Estimates are from Capital IQ

(3) Forward estimates as of calendar year

(4) All Values in USD at an exchange rate of ₹90.17 INR/USD

Source: Company reports, CapitalIQ, Stonegate Capital Partners

Our EV/Operating Income framework to inform our CHOICE valuation. Currently CHOICE is trading at a FY24 EV/Operating Income of 55.0x compared to comps at an average of 35.2x. We believe this premium to comps is well earned. When valuing the Company based on FY26 operating income we are using an EV/Operating Income range of 45.0x to 50.0x with a midpoint of 47.5x which moves CHOICE closer to current and historical trading multiples. We believe this is reasonable given the continued growth of the Company's top and bottom line as well as the Company's diversified revenue streams. This arrives at a valuation range of \$9.20 to \$10.24 with a mid-point of \$9.72.

We are also using an P/E framework to inform our CHOICE valuation. Currently CHOICE is trading at a FY24 P/E of 75.1x compared to comps at an average of 18.5x. We again believe this premium to comps is well earned. When valuing the Company based on FY26 earnings we are using a P/E range of 55.0x to 65.0x with a midpoint of 60.0x which moves CHOICE closer to current and historical trading multiples. We again believe this is reasonable for the above stated reasons. This arrives at a valuation range of \$8.33 to \$9.84 with a mid-point of \$9.08.

EV/Op Inc			
<b>2026 E</b>	<b>45.00x</b>	<b>47.50x</b>	<b>50.00x</b>
Op Inc (₹M)	3,855	3,855	3,855
TEV (₹M)	173,470	183,107	192,745
FX Rate	89.9	89.9	89.9
TEV (\$M)	1,930.3	2,037.5	2,144.7
Cash (\$M)	15.4	15.4	15.4
Debt (\$M)	55.0	55.0	55.0
Mkt Cap (\$M)	1,890.7	1,998.0	2,105.2
S/O	205.6	205.6	205.6
<b>Price</b>	<b>\$ 9.20</b>	<b>\$ 9.72</b>	<b>\$ 10.24</b>

P/E			
<b>2026 E</b>	<b>55.00x</b>	<b>60.00x</b>	<b>65.00x</b>
Earnings	13.6	13.6	13.6
Price (₹)	748.2	816.2	884.2
FX Rate	89.9	89.9	89.9
<b>Price</b>	<b>\$ 8.33</b>	<b>\$ 9.08</b>	<b>\$ 9.84</b>

## DISCOUNTED CASH FLOW

Choice International Limited Discounted Cash Flow Model														
Estimates (₹M):	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	Terminal Value
Revenue	7,593	9,217	11,600	15,042	19,630	25,813	33,441	42,537	53,214	64,921	77,905	89,590	98,549	
Operating Income	1,808	2,213	3,062	4,281	5,202	6,840	8,929	11,442	14,474	17,658	21,190	24,548	26,904	
Less: Taxes (benefit)	499	586	783	1,152	1,196	1,573	2,054	2,632	3,329	4,061	4,874	5,646	6,188	
NOPAT	1,309	1,627	2,279	3,129	4,005	5,267	6,875	8,811	11,145	13,597	16,316	18,902	20,716	
Plus: Depreciation & Amortization	66.0	85.0	146.8	156.0	127.6	129.1	167.2	148.9	186.2	162.3	194.8	179.2	147.8	
Plus: Changes in WC	(5,028)	(10,135)	348.0	451.3	588.9	774.4	1,003.2	1,276.1	1,596.4	1,947.6	2,337.1	2,687.7	2,956.5	
Less: Capex	(128.4)	(284.4)	(174.0)	(225.6)	(294.4)	(387.2)	(501.6)	(638.1)	(532.1)	(649.2)	(623.2)	(627.1)	(689.8)	
Free Cash Flow	(3,781)	(8,708)	2,600	3,511	4,427	5,783	7,544	9,598	12,396	15,058	18,225	21,142	23,131	294,914
Discount period - months			6	18	30	42	54	66	78	90	102	114	126	
Discount period - years			0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	
Discount factor			0.95	0.87	0.79	0.72	0.65	0.59	0.54	0.49	0.44	0.40	0.37	
PV of FCF			2,479	3,043	3,489	4,143	4,913	5,682	6,671	7,367	8,106	8,549	8,503	108,411
Growth rate assumptions:														
Revenue		21.4%	25.9%	29.7%	30.5%	31.5%	29.6%	27.2%	25.1%	22.0%	20.0%	15.0%	10.0%	
Operating Income		22.4%	38.4%	39.8%	21.5%	31.5%	30.5%	28.2%	26.5%	22.0%	20.0%	15.8%	9.6%	
EBITDA		22.6%	39.6%	38.3%	20.1%	30.8%	30.5%	27.4%	26.5%	21.6%	20.0%	15.6%	9.4%	
Free Cash Flow		130.3%	-129.9%	35.0%	26.1%	30.6%	30.4%	27.2%	29.2%	21.5%	21.0%	16.0%	9.4%	
Margin assumptions:														
Operating Income	23.8%	24.0%	26.4%	28.5%	26.5%	26.5%	26.7%	26.9%	27.2%	27.2%	27.2%	27.4%	27.3%	
D&A as a % of sales	0.9%	0.9%	1.3%	1.0%	0.7%	0.5%	0.5%	0.4%	0.4%	0.3%	0.3%	0.2%	0.2%	
EBITDA	24.7%	24.9%	27.7%	29.5%	27.2%	27.0%	27.2%	27.3%	27.6%	27.5%	27.5%	27.6%	27.5%	
Taxes	27.6%	26.5%	25.6%	26.9%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	
Changes in WC	-66.2%	-110.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Capex as a % of sales	-1.7%	-3.1%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.0%	-1.0%	-0.8%	-0.7%	-0.7%	
Valuation:														
Shares outstanding (M)	205.6													
PV of FCF (₹M)	62,945													
PV of Terminal Value (₹M)	108,411													
INR/USD Exchange Rate	89.87													
PV of FCF (\$M)	700.4													
PV of Terminal Value (\$M)	1,206.3													
Enterprise Value (\$M)	1,906.7													
less: Net Debt (\$M)	39.5													
Estimated Total Value (\$M):	1,867.2													
Est Equity Value/share:	\$9.08													
Price	\$8.05													

## Sensitivity Analysis:

		Terminal Growth Rates				
		0%	1%	2%	3%	4%
Discount rate	7.50%	\$11.60	\$12.89	\$14.65	\$17.20	\$21.20
	8.75%	\$9.42	\$10.25	\$11.33	\$12.78	\$14.85
	10.00%	\$7.82	\$8.38	\$9.08	\$9.99	\$11.19
	11.25%	\$6.60	\$7.00	\$7.48	\$8.07	\$8.83
	12.50%	\$5.65	\$5.94	\$6.28	\$6.69	\$7.19

Source: Company Reports; Stonegate Capital Markets

## INCOME STATEMENT

Choice International Limited

Consolidated Statements of Income (in ₹M, except per share amounts)

Fiscal Year End: March

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Q1 Jun-24	Q2 Sep-24	Q3 Dec-24	Q4 Mar-25	FY 2025	Q1 Jun-25	Q2 Sep-25	Q3 E Dec-25	Q4 E Mar-26	FY 2026E	Q1 E Jun-26	Q2 E Sep-26	Q3 E Dec-26	Q4 E Mar-27	FY 2027E
Revenue	1,288.2	1,687.4	2,805.3	3,872.2	7,502.8	2,006.4	2,473.9	2,093.4	2,530.0	9,103.8	2,338.8	2,744.3	2,812.8	3,466.4	11,362.4	3,051.4	3,540.5	3,662.4	4,587.6	14,842.0
Other Revenue	54.0	70.7	54.2	79.6	90.6	53.0	18.1	21.4	20.4	112.9	40.7	96.7	50.0	50.0	237.4	50.0	50.0	50.0	50.0	200.0
<b>Total Revenues</b>	<b>1,342.2</b>	<b>1,758.2</b>	<b>2,859.6</b>	<b>3,951.8</b>	<b>7,593.4</b>	<b>2,059.4</b>	<b>2,492.1</b>	<b>2,114.9</b>	<b>2,550.4</b>	<b>9,216.7</b>	<b>2,379.6</b>	<b>2,841.0</b>	<b>2,862.8</b>	<b>3,516.4</b>	<b>11,599.8</b>	<b>3,101.4</b>	<b>3,590.5</b>	<b>3,712.4</b>	<b>4,637.6</b>	<b>15,042.0</b>
Employee benefits expense	474.6	419.4	569.5	1,089.6	2,210.5	679.5	695.7	655.2	709.3	2,739.7	699.9	772.2	778.1	955.8	3,206.0	868.4	1,005.4	1,039.5	1,298.5	4,211.7
Finance Costs	173.0	154.6	153.3	219.2	403.7	131.6	150.5	163.0	215.8	660.9	211.2	206.0	200.4	246.1	863.8	186.1	215.4	222.7	278.3	902.5
Depreciation and Amortization	34.6	30.9	33.8	48.0	66.0	16.8	19.7	20.8	27.7	85.0	27.9	39.6	39.6	39.6	146.8	39.0	39.0	39.0	39.0	156.0
Admin and Other	478.0	925.2	1,366.6	1,775.4	3,105.1	797.5	1,019.8	842.8	858.2	3,518.1	811.7	1,079.0	1,059.8	1,370.4	4,320.9	1,082.8	1,369.9	1,346.6	1,691.0	5,490.3
<b>Total Operating Expenses</b>	<b>1,160.2</b>	<b>1,530.0</b>	<b>2,123.2</b>	<b>3,132.2</b>	<b>5,785.4</b>	<b>1,625.4</b>	<b>1,885.7</b>	<b>1,681.8</b>	<b>1,810.9</b>	<b>7,003.7</b>	<b>1,750.7</b>	<b>2,096.9</b>	<b>2,078.0</b>	<b>2,612.0</b>	<b>8,537.6</b>	<b>2,176.3</b>	<b>2,629.7</b>	<b>2,647.8</b>	<b>3,306.8</b>	<b>10,760.6</b>
<b>Operating Income</b>	<b>182.0</b>	<b>228.2</b>	<b>736.4</b>	<b>819.5</b>	<b>1,808.0</b>	<b>434.0</b>	<b>606.4</b>	<b>433.1</b>	<b>739.5</b>	<b>2,213.0</b>	<b>628.9</b>	<b>744.1</b>	<b>784.8</b>	<b>904.4</b>	<b>3,062.2</b>	<b>925.1</b>	<b>960.9</b>	<b>1,064.6</b>	<b>1,330.9</b>	<b>4,281.4</b>
Current Tax	46.2	101.5	187.2	230.7	494.1	124.1	159.2	127.6	166.5	577.4	150.6	210.8	211.9	244.2	817.5	249.8	259.4	287.4	359.3	1,156.0
Prior Year Tax	-	-	(8.2)	(23.7)	(5.7)	(10.4)	(18.2)	(1.1)	1.8	(27.8)	(0.4)	0.1	0.1	0.1	(0.1)	0.1	0.1	0.1	0.1	0.4
Deferred Tax	11.5	(40.5)	21.3	11.9	11.0	0.1	0.9	(0.8)	36.0	36.3	(0.9)	(31.4)	(0.8)	(0.9)	(34.0)	(0.9)	(1.0)	(1.1)	(1.3)	(4.3)
<b>Net Income</b>	<b>124.3</b>	<b>167.1</b>	<b>536.0</b>	<b>600.7</b>	<b>1,308.6</b>	<b>320.1</b>	<b>464.5</b>	<b>307.4</b>	<b>535.2</b>	<b>1,627.1</b>	<b>479.6</b>	<b>564.6</b>	<b>573.6</b>	<b>661.0</b>	<b>2,278.9</b>	<b>676.2</b>	<b>702.3</b>	<b>778.1</b>	<b>972.7</b>	<b>3,129.3</b>
<b>Basic EPS</b>	<b>1.55</b>	<b>1.46</b>	<b>2.69</b>	<b>3.02</b>	<b>6.56</b>	<b>1.61</b>	<b>2.34</b>	<b>1.55</b>	<b>2.68</b>	<b>8.16</b>	<b>2.38</b>	<b>2.75</b>	<b>2.82</b>	<b>3.24</b>	<b>11.21</b>	<b>3.25</b>	<b>3.37</b>	<b>3.74</b>	<b>4.67</b>	<b>15.38</b>
<b>Diluted EPS</b>	<b>1.46</b>	<b>1.21</b>	<b>3.46</b>	<b>2.99</b>	<b>6.51</b>	<b>1.60</b>	<b>2.31</b>	<b>1.53</b>	<b>2.62</b>	<b>7.99</b>	<b>2.34</b>	<b>2.69</b>	<b>2.82</b>	<b>3.24</b>	<b>10.96</b>	<b>3.25</b>	<b>3.37</b>	<b>3.74</b>	<b>4.67</b>	<b>15.03</b>
WTD Shares Out - Basic	80.0	114.3	199.0	199.0	199.4	198.7	198.8	198.9	199.7	199.7	198.8	199.4	203.7	203.7	203.3	208.2	208.2	208.2	208.2	203.5
WTD Shares Out - Diluted	85.1	138.1	154.8	201.1	201.0	200.6	200.8	200.9	204.3	204.3	201.3	203.7	203.7	203.7	208.0	208.2	208.2	208.2	208.2	208.2
<b>EBITDA</b>	<b>389.6</b>	<b>413.6</b>	<b>923.4</b>	<b>1,086.7</b>	<b>2,277.7</b>	<b>582.4</b>	<b>776.6</b>	<b>616.9</b>	<b>982.9</b>	<b>2,958.8</b>	<b>868.0</b>	<b>989.8</b>	<b>1,024.9</b>	<b>1,190.2</b>	<b>4,072.8</b>	<b>1,150.2</b>	<b>1,215.3</b>	<b>1,326.3</b>	<b>1,648.1</b>	<b>5,339.9</b>

**Margin Analysis**

Operating Margin	13.6%	13.0%	25.8%	20.7%	23.8%	21.1%	24.3%	20.5%	29.0%	24.0%	26.4%	26.2%	27.4%	25.7%	26.4%	29.8%	26.8%	28.7%	28.7%	28.5%
Net Income Margin	9.3%	9.5%	18.7%	15.2%	17.2%	15.5%	18.6%	14.5%	21.0%	17.7%	20.2%	19.9%	20.0%	18.8%	19.6%	21.8%	19.6%	21.0%	21.0%	20.8%
Tax Rate	-31.7%	-26.8%	-27.2%	-26.7%	-27.6%	-26.2%	-23.4%	-29.0%	-27.6%	-26.5%	-23.7%	-24.1%	-26.9%	-26.9%	-25.6%	-26.9%	-26.9%	-26.9%	-26.9%	-26.9%

**Growth Rate Y/Y**

Total Revenue	10.6%	31.0%	62.6%	38.2%	92.2%	47.9%	28.5%	0.8%	17.8%	21.4%	15.5%	14.0%	35.4%	37.9%	25.9%	30.3%	26.4%	29.7%	31.9%	29.7%
Total cost of revenues	6.4%	31.9%	38.8%	47.5%	84.7%	47.9%	22.5%	9.5%	12.3%	21.1%	7.7%	11.2%	23.6%	44.2%	21.9%	24.3%	25.4%	27.4%	26.6%	26.0%
Operating Income	48.5%	25.3%	222.7%	11.3%	120.6%	47.7%	51.6%	-22.9%	34.0%	22.4%	44.9%	22.7%	81.2%	22.3%	38.4%	47.1%	29.1%	35.6%	47.2%	39.8%
Pre-Tax Income	111.3%	34.4%	220.8%	12.1%	117.9%	50.5%	55.3%	-23.7%	35.8%	24.3%	49.8%	21.6%	86.6%	23.5%	40.1%	41.0%	24.4%	35.6%	47.2%	37.3%
Net Income	111.3%	34.4%	220.8%	12.1%	117.9%	50.5%	55.3%	-23.7%	35.8%	24.3%	49.8%	21.6%	86.6%	23.5%	40.1%	41.0%	24.4%	35.6%	47.2%	37.3%

Source: Company Reports, Stonegate Capital Partners estimates

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