

Price: 621

Recommendation: Buy

Industry: Holding Company

Sector: Financial Services

Report Date: 28-Apr-2025

Choice International Limited is a leading financial services provider, excelling in stock broking, insurance distribution, MSME lending, and advisory services. With a focus on technology-driven solutions and customer-centric initiatives, the company has achieved robust growth, diversified its portfolio, and expanded its presence in underserved markets, empowering stakeholders and driving sustainable value creation.

Sales		Profit & Loss		Profitability Matrix	
Current Year	24.5 Cr	Operating Profit(Year)	13.6 Cr	Operating Profit Margin	55.4 %
Previous Year	13.0 Cr	Operating Profit(Quarter)	1.96 Cr	EBITDA Margin	57.14 %
Current Quarter	5.27 Cr	PAT (Year)	8.34 Cr	Net Profit Margin	34.1 %
Previous Quarter	6.37 Cr	PAT (Quarter)	1.23 Cr	EPS	0.42
Revenue (QYoY)	2.72 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	1487	Sales Growth	87.6 %	Sales Growth	-17.27 %
PEG Ratio	44.4	PAT Growth	495.71 %	Sales Growth QYoY	93.75 %
EV/EBITDA	883	EPS Growth	0.0 %	PAT Growth	-35.26 %
P/B	24.7	Dividend Yield	0.00	PAT Growth QYoY	2975.0 %
Capital Allocation		Holdings		Leverage	
RoE	2.05 %	Promoter	58.1 %	Debt/Equity	0.03
RoA	1.91 %	FII	13.6 %	Debt	13.3 Cr
RoCE	3.15 %	DII	0.16 %	Market Cap	12399 Cr
RoIC	4.84 %	Public	28.1 %	Enterprise value	12410 Cr
		No of Shares	20.0 Cr	Cash Equivalents	1.60 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

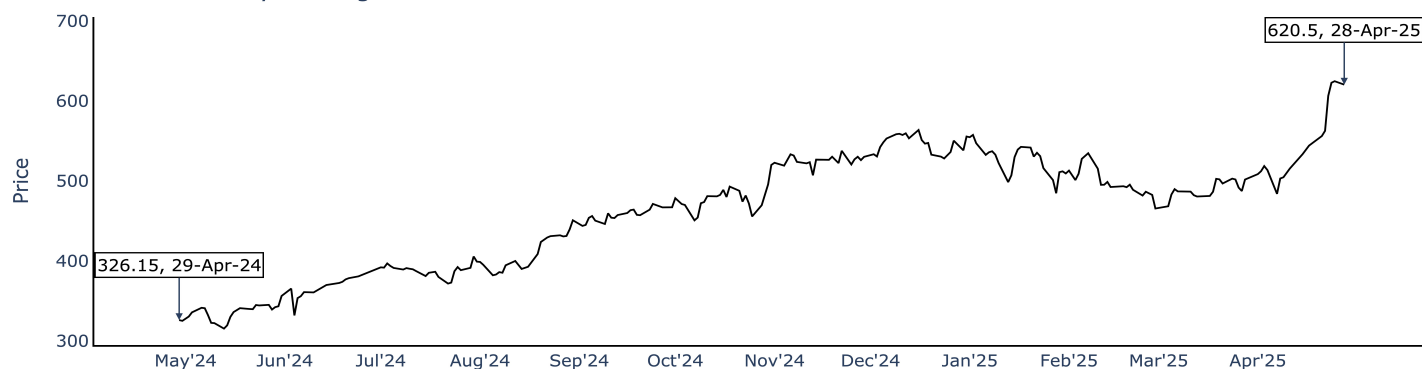
Choice International Limited showcased robust growth and diversification across its financial services portfolio in FY25, emphasizing tech-driven solutions and customer-centric initiatives. The company reported a 21.38% YoY increase in total income, reaching 92,166 lakhs, with PAT growing by 24.34% to 16,271 lakhs. Key initiatives include the acquisition of Arete Capital Services' wealth management business, which expanded Choice Broking's AUM by 5.12x to 55,774 Mn, and the launch of innovative features like FinX Flash for real-time market updates and FinX Commune for collaborative investment discussions. The company also introduced seamless mutual fund switching and loan offerings against mutual funds, enhancing portfolio optimization and liquidity access for clients. These initiatives reflect Choice's commitment to leveraging technology for operational efficiency and customer engagement.

Strategically, Choice has diversified its offerings across stock broking, insurance distribution, MSME lending, and advisory services, ensuring a balanced revenue mix. The company's focus on Tier III and below geographies has strengthened its presence in underserved markets, with 69% of clients from these regions. In insurance, Choice achieved a 49% YoY growth in premiums generated, driven by innovative risk management solutions and partnerships with leading insurers. The NBFC arm demonstrated resilience with a 100% priority sector lending focus, maintaining a CRAR of 38.62% and a collection efficiency of over 90%. Additionally, the advisory services segment contributed significantly, with an order book of 5.80 Bn and impactful projects like PACS computerization and capacity-building programs under RGSA.

Future growth perspectives are promising, with plans to scale operations through digital transformation, enhanced product offerings, and geographic expansion. The company aims to address critical gaps in MSME credit and green energy financing, leveraging its robust underwriting processes and tech-driven credit assessment. Upcoming enhancements include end-to-end payment journeys in mutual funds and unified global search capabilities, further simplifying customer experiences. Choice's investment banking arm continues to drive IPO advisory and valuations, with ongoing mandates and successful transactions across sectors. These efforts align with the company's vision to empower India's aspirations and create sustainable value for stakeholders.

Overall, Choice International demonstrates a strong trajectory of growth, innovation, and diversification. Its focus on technology, customer-centric solutions, and strategic partnerships positions the company as a leader in the financial services industry. The consistent improvement in financial metrics, such as EBITDA margins rising to 38.54% in Q4 FY25, underscores operational efficiency and profitability. With a well-diversified portfolio, expanding client base, and impactful initiatives, Choice is poised to capitalize on emerging opportunities and drive long-term growth.

CHOICEIN Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
HDFC AMC	94539.35	38.45	32.35%	-3.55%	29.59%	-0.43%	18.05%
Bajaj Finance	565002.93	35.27	22.07%	5.52%	27.33%	6.17%	16.70%
Bajaj Finserv	326996.50	38.17	15.28%	-4.93%	10.34%	6.90%	3.40%
Jio Financial	163851.24	101.63	1.23%	12.52%	17.97%	7.24%	1.76%
Bajaj Holdings	137988.50	18.37	14.77%	-54.73%	16.92%	21.72%	6.32%

Aspect	Commentary
Revenue	Revenue grew significantly YoY by 87.6%, indicating strong business expansion. However, QoQ revenue declined by 17.27%, reflecting potential seasonal or operational challenges. The company's focus on underserved markets and diversified offerings supports its revenue growth trajectory.
Profit & Loss	PAT grew impressively YoY by 495.71%, showcasing robust profitability. However, QoQ PAT declined by 35.26%, signaling short-term pressures. EPS remained stable, reflecting consistent shareholder returns despite quarterly fluctuations.
Profitability Matrix	Operating profit margin of 55.4% and EBITDA margin of 57.14% highlight strong operational efficiency. Net profit margin of 34.1% underscores profitability. These metrics reflect the company's ability to manage costs effectively while driving revenue growth.
Valuation Matrix	High trailing P/E of 1487 and PEG ratio of 44.4 suggest overvaluation relative to growth. EV/EBITDA of 883 indicates premium valuation. P/B ratio of 24.7 reflects strong market confidence, but dividend yield of 0% may deter income-focused investors.
Growth (YoY)	Sales growth of 87.6% and PAT growth of 495.71% demonstrate exceptional annual performance. EPS growth of 0% suggests stable earnings per share. The company's strategic initiatives and diversification drive its impressive YoY growth.
Growth (QoQ)	QoQ sales declined by 17.27%, and PAT dropped by 35.26%, indicating short-term challenges. However, QYoY sales growth of 93.75% and PAT growth of 2975% highlight strong recovery and resilience compared to the previous year's quarter.
Capital Allocation	RoE of 2.05% and RoA of 1.91% indicate moderate returns on equity and assets. RoCE of 3.15% and RoIC of 4.84% reflect efficient capital utilization. Cash equivalents of 1.60 Cr suggest limited liquidity, requiring prudent financial management.
Holdings	Promoter holding of 58.1% reflects strong ownership confidence. FII holding of 13.6% indicates foreign investor interest. Public holding of 28.1% ensures market liquidity. DII holding of 0.16% is minimal, suggesting limited domestic institutional interest.
Leverage	Debt/Equity ratio of 0.03 indicates low leverage, showcasing financial stability. Debt of 13.3 Cr is manageable relative to market cap of 12399 Cr. Enterprise value of 12410 Cr highlights strong valuation, supported by minimal debt levels.

Analyst viewpoint: Choice International Ltd has demonstrated robust growth and innovation, making it a compelling investment opportunity in the short to mid-term. The company's YoY sales growth of 87.6% and PAT growth of 495.71% underscore its ability to scale operations effectively, driven by tech-enabled solutions and customer-centric initiatives. Strategic acquisitions, such as Arete Capital Services, have significantly expanded its AUM, while innovative offerings like FinX Flash and FinX Commune enhance customer engagement. Despite a QoQ decline in sales (-17.27%) and PAT (-35.26%), these short-term pressures are mitigated by strong QYoY recovery metrics, including a 93.75% increase in sales and a remarkable 2975% PAT growth. The company's focus on underserved markets, with 69% of clients from Tier III and below geographies, further strengthens its growth trajectory. Operational efficiency is evident in its EBITDA margin of 57.14% and net profit margin of 34.1%, reflecting effective cost management and profitability.

Valuation metrics indicate premium pricing, with a trailing P/E of 1487 and EV/EBITDA of 883, suggesting high market confidence but potential overvaluation concerns. Capital allocation remains efficient, with a low debt/equity ratio of 0.03 and strong promoter holding of 58.1%, showcasing financial stability and ownership confidence. However, limited liquidity with cash equivalents of 1.60 Cr may require prudent financial management. Peer comparison highlights Choice's competitive edge, outperforming industry leaders in YoY growth metrics. With plans for digital transformation, geographic expansion, and enhanced product offerings, the company is well-positioned to capitalize on emerging opportunities. While short-term challenges persist, Choice International's strategic initiatives and diversified portfolio make it a strong candidate for sustained growth and value creation.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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