



## INITIATION OF COVERAGE

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### Market Statistics in USD

Price	\$ 8.69
52 week Range	\$4.37 - \$9.12
Daily Vol (3-mo. average)	600,885
Market Cap (M)	\$1,786.2
Enterprise Value (M)	\$1,824.1
Shares Outstanding: (M)	205.4

### Financial Summary in USD

Cash (M)	\$ 16.0
Cash/Share	\$ 0.08
Debt (M)	\$ 54.0
Equity (M)	\$ 128.9
Equity/Share	\$ 0.63

### FYE: Mar 2025 2026E 2027E

(all figures in M, except per share information)

Rev	₹ 9,217	₹ 11,594	₹ 15,034
Chng%	21%	26%	30%

EBITDA	₹ 2,959	₹ 3,857	₹ 5,037
Net Income	₹ 1,627	₹ 2,204	₹ 3,068
EPS	₹ 8.16	₹ 11.00	₹ 15.30

EV/Revenue	12.6x	14.6x	11.0x
EV/EBITDA	55.0x	56.0x	42.2x
P/E	75.1x	68.4x	49.2x



## 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 (NSE: CHOICEIN)

### Company Updates

Choice International reported a strong start to FY26, with 1Q26 revenue of ₹2.38B, up 16% y/y. EBITDA rose 49% concurrently to ₹870M, and PAT increasing by 50% to ₹480M, driven by improved operating efficiency and a 462bps y/y margin expansion. The Company continued expanding its national footprint with 208 branch offices and a growing distribution network of over 58,000 Choice Business Associates (CBAs). Management reiterated its expectation to maintain 25–30% annual growth.

**Stock / Equity Broking:** The broking segment, which contributed ~60% of total revenue, recorded steady growth during the quarter. Client assets under broking reached ₹478B, marking a 16% y/y increase. Demat accounts grew 29% y/y to 1.15M, with active accounts rising ~241,000. Digital engagement continues to strengthen, with 67% of broking revenue now generated online.

**Wealth Products:** Wealth management remained a high-growth vertical, with AUM expanding 443% y/y to ₹47.7B, primarily due to the acquisition of Arete Capital's wealth business. The Company continues to deepen penetration among HNI and UHNI clients, backed by an integrated digital platform, in-house research, and a broadened product suite across mutual funds, SIPs, bonds, and structured products.

**Insurance Distribution:** Choice's insurance distribution business saw continued traction across both retail and corporate channels. Retail premiums totaled ₹390M, while corporate premiums reached ₹539M. Premium collections rose 62% y/y to ₹763M, supported by a 46% increase in policies sold. The Company added 42+ insurer partnerships and expanded its POSP network, contributing to a 91% y/y increase in retail health insurance inquiries.

**NBFC Segment:** The NBFC vertical continued to scale its MSME and green finance offerings. The retail loan book doubled y/y to ₹5.96B, while the total loan book reached ₹7.45B. Credit quality remains stable with NNPA at 2.25%, PCR at 48.9%, and CRAR at 53.4%. NIM expanded to 11.85%, up 85bps sequentially. The portfolio is primarily focused on secured MSME lending and rooftop solar finance, supported by 75 branches across 8 states and strong underwriting controls.

**Government Advisory:** Choice's government advisory segment ended 1Q26 with a ₹5.86B order book, anchored by new project wins including a ₹528M World Bank-funded mandate in Maharashtra and ₹670M worth of digitization initiatives. Segment revenue was ₹600M with PBT of ₹240M, comprising ~24% of total revenue.

**Investment Banking:** The division remains active with 24 ongoing mandates and a ₹66B+ fundraising pipeline. To date, 7 IPOs have been completed and the division is leveraging its cross-vertical presence and strong institutional relationships to expand its mid-market advisory footprint.

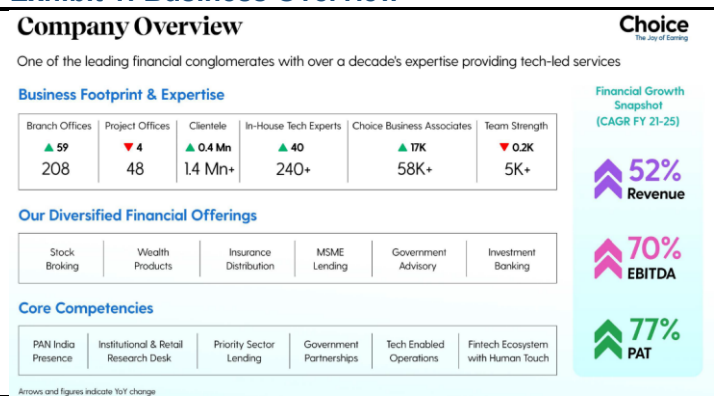
**Valuation:** We use a DCF Model, EV/Operating Income comp analysis, and a P/E analysis to guide our valuation. Our DCF analysis produces a valuation range of \$7.01 to \$12.88 with a mid-point of \$9.12. Our EV/Operating Income valuation results in a range of \$9.07 to \$10.10 with a mid-point of \$9.58. Our P/E analysis returns a range of \$8.68 to \$10.25 with a mid-point of \$9.47.

## 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 58,000 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

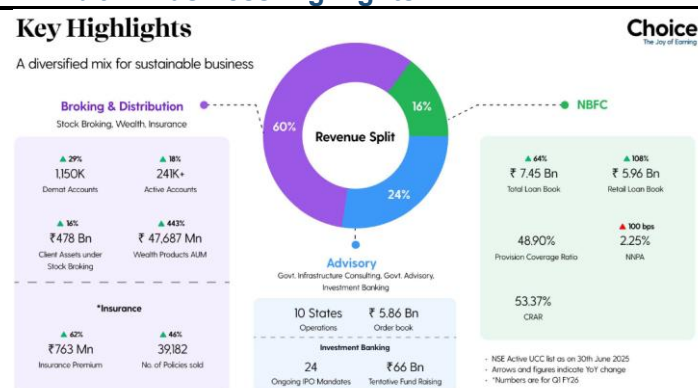
## Segment Overview

### 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 67% 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 443% year-on-year AUM growth reaching ₹ 47,687 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

#### Insurance Distribution - Overview



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 ₹5.86 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.

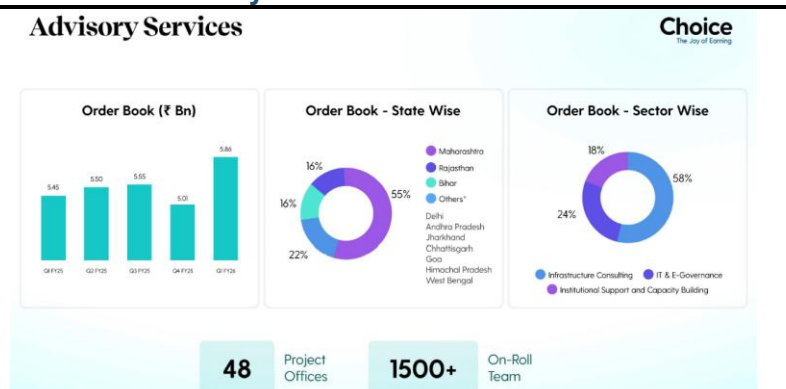
Through close collaboration with multilateral institutions and government bodies, Choice has positioned its advisory vertical as a trusted partner in India's development journey. Its integrated approach by combining sector expertise with on the ground execution and digital capabilities enables it to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

## 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 7 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.

### Exhibit 4: Advisory Services Overview



Source: Company Reports

### Exhibit 5: Investment Banking Segment Highlights



Source: Company Reports

## 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 2.57 million cumulative app downloads and 23 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 208 branches, 48 project offices, and more than 58,000 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.

### Consistent and Profitable Growth Track Record:

Over the past five years, the company has delivered a 52% CAGR in revenue, 70% CAGR in EBITDA and 77% CAGR in PAT. In Q1 FY26, PAT rose 50% YoY, reflecting strong operating leverage, diversified revenue streams, and disciplined execution. The company's financial momentum reinforces confidence in its scalable and capital-efficient model.



## 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 \$8.25 to \$11.08 with a mid-point of \$9.39.

### 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 \$7.01 to \$12.88 with a mid-point of \$9.12.

#### Sensitivity Analysis:

		Terminal Growth Rates				
		0%	1%	2%	3%	4%
Discount rate	7.50%	\$11.72	\$13.03	\$14.81	\$17.38	\$21.42
	8.75%	\$9.49	\$10.32	\$11.41	\$12.88	\$14.96
	10.00%	\$7.85	\$8.42	\$9.12	\$10.03	\$11.24
	11.25%	\$6.61	\$7.01	\$7.49	\$8.08	\$8.85
	12.50%	\$5.65	\$5.93	\$6.27	\$6.68	\$7.18

### 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	\$ 0.44	\$ 182.9	\$ 520.7	11.73x	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Geojit Financial Services Lin	BSE: 532285	\$ 0.86	\$ 240.7	\$ 239.0	3.64x	N/A	N/A	8.9x	N/A	N/A	14.9x	N/A	N/A
UGRO Capital Limited	BSE: 511742	\$ 1.94	\$ 225.9	\$ 1,006.6	177.29x	7.91x	5.84x	34.2x	N/A	N/A	16.5x	10.9x	8.6x
Alacrity Securities Limited	BSE: 535916	\$ 0.66	\$ 30.7	\$ 30.6	2.66x	N/A	N/A	28.1x	N/A	N/A	37.4x	N/A	N/A
BLB Limited	NSE: BLBLIMITED	\$ 0.17	\$ 8.8	\$ 6.2	N/A	N/A	N/A	14.7x	N/A	N/A	23.2x	N/A	N/A
Master Trust Limited	BSE: 511768	\$ 1.94	\$ 217.7	\$ 77.5	1.08x	N/A	N/A	2.6x	N/A	N/A	12.6x	N/A	N/A
Dolat Algotech Limited	BSE: 505526	\$ 1.07	\$ 188.1	\$ 194.5	N/A	N/A	N/A	7.6x	N/A	N/A	9.1x	N/A	N/A
Fedders Holding Limited	BSE: 511628	\$ 0.52	\$ 105.4	\$ 106.5	3.49x	N/A	N/A	100.7x	N/A	N/A	23.8x	N/A	N/A
Share India Securities Limit	NSE: SHAREINDIA	\$ 1.99	\$ 434.3	\$ 185.0	19.71x	N/A	N/A	8.2x	N/A	N/A	14.5x	N/A	N/A
PNB Gilts Ltd.	BSE: 532366	\$ 1.26	\$ 226.0	\$ 2,784.7	2855.5x	N/A	N/A	78.9x	N/A	N/A	8.5x	N/A	N/A
Average					384.4x	7.9x	5.8x	31.5x	N/A	N/A	17.8x	10.9x	8.6x
Median					7.7x	7.9x	5.8x	14.7x	N/A	N/A	14.9x	10.9x	8.6x
Choice International Limited CHOICEIN					\$ 8.69	\$ 1,786.2	\$ 1,824.1	12.6x	14.6x	11.0x	55.0x	56.0x	42.2x
								75.1x	68.4x	49.2x			

(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 ₹86.48 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 31.5x. 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 \$9.07 to \$10.10 with a mid-point of \$9.58.

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 17.8x. 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 from 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 \$8.68 to \$10.25 with a mid-point of \$9.47.

EV/Op Inc			
<b>2026 E</b>	<b>45.00x</b>	<b>47.50x</b>	<b>50.00x</b>
Op Inc (₹M)	3,654	3,654	3,654
TEV (₹M)	164,411	173,545	182,679
FX Rate	86.5	86.5	86.5
TEV (\$M)	1,901.1	2,006.7	2,112.3
Cash (\$M)	16.0	16.0	16.0
Debt (\$M)	54.0	54.0	54.0
Mkt Cap (\$M)	1,863.1	1,968.8	2,074.4
S/O	205.4	205.4	205.4
<b>Price</b>	<b>\$ 9.07</b>	<b>\$ 9.58</b>	<b>\$ 10.10</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 (₹)	750.4	818.6	886.8
FX Rate	86.5	86.5	86.5
<b>Price</b>	<b>\$ 8.68</b>	<b>\$ 9.47</b>	<b>\$ 10.25</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	11,594	15,034	19,575	25,545	33,094	42,095	52,661	64,247	77,096	88,660	97,527	
Operating Income	1,808	2,213	2,889	4,023	5,187	6,718	8,770	11,239	14,324	17,475	20,970	24,293	26,625	
Less: Taxes (benefit)	499	586	686	955	1,193	1,545	2,017	2,585	3,294	4,019	4,823	5,587	6,124	
NOPAT	1,309	1,627	2,204	3,068	3,994	5,173	6,753	8,654	11,029	13,456	16,147	18,706	20,501	
Plus: Depreciation & Amortization	66.0	85.0	111.6	111.6	97.9	127.7	165.5	147.3	184.3	160.6	192.7	177.3	146.3	
Plus: Changes in WC	(5,028)	(10,135)	347.8	451.0	587.2	766.4	992.8	1,262.9	1,579.8	1,927.4	2,312.9	2,659.8	2,925.8	
Less: Capex	(128.4)	(284.4)	(173.9)	(225.5)	(293.6)	(383.2)	(496.4)	(631.4)	(526.6)	(642.5)	(616.8)	(620.6)	(682.7)	
Free Cash Flow	(3,781)	(8,708)	2,489	3,405	4,386	5,684	7,415	9,433	12,267	14,901	18,036	20,922	22,890	291,853
Discount period - months			9	21	33	45	57	69	81	93	105	117	129	
Discount period - years			0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	10.8	
Discount factor			0.93	0.85	0.77	0.70	0.64	0.58	0.53	0.48	0.43	0.39	0.36	
PV of FCF			2,317	2,882	3,375	3,976	4,715	5,453	6,447	7,119	7,833	8,261	8,216	104,759
Growth rate assumptions:														
Revenue		21.4%	25.8%	29.7%	30.2%	30.5%	29.6%	27.2%	25.1%	22.0%	20.0%	15.0%	10.0%	
Operating Income		22.4%	30.6%	39.2%	28.9%	29.5%	30.5%	28.2%	27.4%	22.0%	20.0%	15.8%	9.6%	
EBITDA		22.6%	30.6%	37.8%	27.8%	29.5%	30.5%	27.4%	27.4%	21.6%	20.0%	15.6%	9.4%	
Free Cash Flow		130.3%	-128.6%	36.8%	28.8%	29.6%	30.4%	27.2%	30.0%	21.5%	21.0%	16.0%	9.4%	
Margin assumptions:														
Operating Income	23.8%	24.0%	24.9%	26.8%	26.5%	26.3%	26.5%	26.7%	27.2%	27.2%	27.2%	27.4%	27.3%	
D&A as a % of sales	0.9%	0.9%	1.0%	0.7%	0.5%	0.5%	0.5%	0.4%	0.4%	0.3%	0.3%	0.2%	0.2%	
EBITDA	24.7%	24.9%	25.9%	27.5%	27.0%	26.8%	27.0%	27.1%	27.6%	27.5%	27.5%	27.6%	27.5%	
Taxes	27.6%	26.5%	23.7%	23.7%	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)	205.4													
PV of FCF (₹M)	60,595													
PV of Terminal Value (₹M)	104,759													
INR/USD Exchange Rate	86.48													
PV of FCF (\$M)	700.7													
PV of Terminal Value (\$M)	1,211.3													
Enterprise Value (\$M)	1,912.0													
less: Net Debt (\$M)	37.9													
Estimated Total Value (\$M):	1,874.0													
Est Equity Value/share:	\$9.12													
Sensitivity Analysis:														
Discount rate		Terminal Growth Rates												
		0%	1%	2%	3%	4%								
	7.50%	\$11.72	\$13.03	\$14.81	\$17.38	\$21.42								
	8.75%	\$9.49	\$10.32	\$11.41	\$12.88	\$14.96								
	10.00%	\$7.85	\$8.42	\$9.12	\$10.03	\$11.24								
	11.25%	\$6.61	\$7.01	\$7.49	\$8.08	\$8.85								
12.50%	\$5.65	\$5.93	\$6.27	\$6.68	\$7.18									
Price	\$8.69													

**Sensitivity Analysis:**

		Terminal Growth Rates				
		0%	1%	2%	3%	4%
Discount rate	7.50%	\$11.72	\$13.03	\$14.81	\$17.38	\$21.42
	8.75%	\$9.49	\$10.32	\$11.41	\$12.88	\$14.96
	10.00%	\$7.85	\$8.42	\$9.12	\$10.03	\$11.24
	11.25%	\$6.61	\$7.01	\$7.49	\$8.08	\$8.85
	12.50%	\$5.65	\$5.93	\$6.27	\$6.68	\$7.18

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 E 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	2,746.1	2,841.5	3,566.9	11,493.3	3,080.0	3,567.9	3,690.8	4,615.8	14,954.5
Other Revenue	54.0	70.7	54.2	79.6	90.6	53.0	18.1	21.4	20.4	112.9	40.7	20.0	20.0	20.0	100.7	20.0	20.0	20.0	20.0	80.0
Total Revenues	1,342.2	1,758.2	2,859.6	3,951.8	7,593.4	2,059.4	2,492.1	2,114.9	2,550.4	9,216.7	2,379.6	2,766.1	2,861.5	3,586.9	11,594.0	3,100.0	3,587.9	3,710.8	4,635.8	15,034.5
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	816.0	844.1	1,058.1	3,418.1	930.0	1,076.4	1,113.2	1,390.7	4,510.3
Finance Costs	173.0	154.6	153.3	219.2	403.7	131.6	150.5	163.0	215.8	660.9	211.2	193.6	200.3	251.1	856.2	186.0	215.3	222.6	278.1	902.1
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	27.9	27.9	27.9	111.6	27.9	27.9	27.9	27.9	111.6
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	1,077.6	1,059.3	1,370.2	4,318.8	1,082.3	1,369.2	1,345.9	1,690.1	5,487.6
Total Operating Expenses	1,160.2	1,530.0	2,123.2	3,132.2	5,785.4	1,625.4	1,885.7	1,681.8	1,810.9	7,003.7	1,750.7	2,115.1	2,131.6	2,707.3	8,704.7	2,226.2	2,688.8	2,709.7	3,386.9	11,011.6
Operating Income	182.0	228.2	736.4	819.5	1,808.0	434.0	606.4	433.1	739.5	2,213.0	628.9	651.0	729.9	879.6	2,889.3	873.8	899.1	1,001.1	1,248.8	4,022.9
Current Tax	46.2	101.5	187.2	230.7	494.1	124.1	159.2	127.6	166.5	577.4	150.6	155.9	174.7	210.6	691.7	209.2	215.3	239.7	299.0	963.1
Prior Year Tax	-	-	(8.2)	(23.7)	(5.7)	(10.4)	(18.2)	(1.1)	1.8	(27.8)	(0.4)	(0.4)	(0.4)	(0.5)	(1.7)	(0.5)	(0.5)	(0.6)	(0.7)	(2.4)
Deferred Tax	11.5	(40.5)	21.3	11.9	11.0	0.1	0.9	(0.8)	36.0	36.3	(0.9)	(1.0)	(1.1)	(1.3)	(4.3)	(1.3)	(1.3)	(1.5)	(1.8)	(6.0)
Net Income	124.3	167.1	536.0	600.7	1,308.6	320.1	464.5	307.4	535.2	1,627.1	479.6	496.5	556.6	670.8	2,203.5	666.4	685.7	763.5	952.4	3,068.1
Basic EPS	1.55	1.46	2.69	3.02	6.56	1.61	2.34	1.55	2.68	8.16	2.38	2.47	2.76	3.33	11.00	3.25	3.34	3.72	4.64	15.30
Diluted EPS	1.46	1.21	3.46	2.99	6.51	1.60	2.31	1.53	2.62	7.99	2.34	2.47	2.76	3.33	10.75	3.25	3.34	3.72	4.64	14.95
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	201.3	201.3	201.3	200.4	205.2	205.2	205.2	205.2	200.6
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	201.3	201.3	201.3	205.0	205.2	205.2	205.2	205.2	205.2
EBITDA	389.6	413.6	923.4	1,086.7	2,277.7	582.4	776.6	616.9	982.9	2,958.8	868.0	872.5	958.1	1,158.5	3,857.1	1,087.7	1,142.3	1,251.6	1,554.9	5,036.5
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%	23.5%	25.5%	24.5%	24.9%	28.2%	25.1%	27.0%	26.9%	26.8%
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%	17.9%	19.5%	18.7%	19.0%	21.5%	19.1%	20.6%	20.5%	20.4%
Tax Rate	-31.7%	-26.8%	-27.2%	-26.7%	-27.6%	-26.2%	-23.4%	-29.0%	-27.6%	-26.5%	-23.7%	-23.7%	-23.7%	-23.7%	-23.7%	-23.7%	-23.7%	-23.7%	-23.7%	-23.7%
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%	11.0%	35.3%	40.6%	25.8%	30.3%	29.7%	29.7%	29.2%	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%	12.2%	26.7%	49.5%	24.3%	27.2%	27.1%	27.1%	25.1%	26.5%
Operating Income	48.5%	25.3%	222.7%	11.3%	120.6%	47.7%	51.6%	-22.9%	34.0%	22.4%	44.9%	7.4%	68.5%	18.9%	30.6%	39.0%	38.1%	37.2%	42.0%	39.2%
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%	6.9%	81.1%	25.3%	35.4%	39.0%	38.1%	37.2%	42.0%	39.2%
Net Income	111.3%	34.4%	220.8%	12.1%	117.9%	50.5%	55.3%	-23.7%	35.8%	24.3%	49.8%	6.9%	81.1%	25.3%	35.4%	39.0%	38.1%	37.2%	42.0%	39.2%

Source: Company Reports, Stonegate Capital Partners estimates

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