"Choice International Limited (CIL)
Q3 and 9M FY26 Earnings Conference Call"
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MODERATOR: **MS. VANESSA FERNANDES – ADFACTORS PR INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good day and welcome to Q3 and 9M FY26 Earnings Conference Call hosted by Choice International Limited. As a reminder, all participants' lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone telephone.

I now hand over the conference to Ms. Vanessa Fernandes from Adfactors PR, Investor Relations. Thank you, and over to you, ma'am.

Vanessa Fernandes: Good evening, everyone. On behalf of Choice International, I welcome you to the earnings conference call for Quarter 3 and 9M FY26. Joining us today from the management are Mr. Arun Poddar, Group CEO; Mr. Manish Jain, Deputy CEO, Choice AMC; Ankit Jain, CPTO; Mr. Manoj Singhania, CFO; and Ayush Sharma, Head of Investor Relations.

The earnings presentation has been uploaded on the exchanges as well as on the company website. You may refer to it as we walk you through the opening remarks and the discussion during the call.

Before we begin, I would like to remind you that certain statements made during this call may be forward-looking in nature and are subject to risks and uncertainties. These are detailed in the company's annual report and other investor disclosures available on our website. Choice International does not undertake any obligation to publicly update these forward-looking statements.

With that, I will now hand the call over to Mr. Arun Poddar to share his opening remarks. Thank you, and over to you, sir.

Arun Poddar: Thank you. Good evening, everyone. It's a pleasure to have you all with us today. As we move through the final stretch of FY26, we are now witnessing a fundamental structural pivot in the Indian economy. Beyond the headline indices, there is a clear equitization of household savings, where capital is steadily migrating from physical assets into financial markets at an unprecedented scale. This shift is not cyclical, it's structural.

While cooling inflation and RBI's strategic rate adjustments have eased the cost of capital, the real story for Choice continues to be the resilience of the rural and the semi-urban consumer, who is increasingly aspirational, financially aware, and digitally enabled. This structural shift is further reinforced by the Union Budget ‘26-‘27, which has underscored financial discipline while deepening India's Capital Market ecosystem.

With sustained public capex, MSME formalization, and market-oriented reforms, the policy environment continues to support long-term participation across equities, wealth products, and organized credit areas that are central to our strategy. Our performance this quarter is not just the result of favourable market conditions but also reflects the steady progress we have made in building an integrated financial ecosystem and executing our strategy over the past few years.

We closed 9M FY26 with a revenue of INR 831 crores and a PAT of INR 170 crores. A standout achievement this quarter was the operational debut of Choice AMC with our first Gold ETF, marking an important milestone in our journey of building a full-stack financial services platform.

By integrating Ayoleeza Consultant and expanding our wealth platform through the acquisition of wealth distributor businesses of Fintoo and Glory, we are moving from being a service provider to a holistic wealth architect for rural India. With the India Post Payments Bank partnership, we are further strengthening our last-mile reach by enabling digital investment access through one of the country's most extensive distribution networks.

We are no longer just facilitating transactions, we are building infrastructure for financial independence across India's under served and emerging markets, where access, trust, and guidance matter as much as products. Our operational focus remains on depth over breadth, and this philosophy is reflected across each of the business verticals.

In broking and distribution, as the industry adjusts to regulatory changes in the derivative space, our focus on the cash delivery segment has helped maintain our margins and build a more stable long-term investor base. The vertical accounted for 58% of total revenue during the nine-month period, with stock broking client assets reaching INR 60,500 crores in Q3 FY26, registering 22% YoY growth.

Our wealth AUM expanded to INR 4,662 crores up 328% YoY, supported by rising client engagement in delivery-led and long-term investment products. Our 65,000 plus Choice Business Associate continue to be our trust bridge, allowing us to maintain high-touch relationships in a high-tech world. This network has supported the expansion of our Demat base to 12,34,000 accounts, reflecting a 24% YoY increase, driven by seamless capabilities, deeper penetration in tier 2 and tier 3 markets, and a diversified product offering.

The insurance vertical delivered consistent growth, aided by the broader partner coverage and the higher adoption of digital journey. Premium collection stood at INR 83 crores in Q3 FY26, marking a 14% YoY growth with more than 50,000 policies sold. This reflects our ability to cross-sell protection products within our ecosystem and deepen wallet share across our client base.

Our NBFC segment continues to strengthen its focus on secured lending. At a time when parts of the unsecured lending markets are under pressure, our focus remains on MSME Micro LAP and the rooftop solar asset. The loan book reaches INR 756 crores as of nine months FY26, with the NBFC business contributing 14% of total revenue. Our in-house collection mechanism remains a key differentiator, utilizing pre-digital alerts and the physical ground team to keep our asset quality strong. NNPA remains stable at 2.83% as of December 31, 2025, underscoring the prudence of our underwriting and risk management framework.

Our advisory segment is benefiting from India's massive infrastructure and governance push. With the order book of INR 748 crores, we are deeply embedded in mission projects ranging from digital PACS computerization to World Bank backed governance initiatives. The advisory business contributed 28% of total revenue, providing revenue visibility for the next 24 to 36 months and adding stability to our earnings profile.

Our investment banking business remains execution-led with 15 IPOs completed so far, 37 active mandates, and a tentative fundraising pipeline of INR 9,700 crores, reflecting strong market credibility and deal flow momentum. Together, these pillars underline our view that Choice is well-positioned to participate in India's growth by expanding access, building trust, and supporting financial inclusion across a wide section of the country.

I will now hand over to Ayush Sharma, our Head of Investor Relations, who will walk you through the financial performance of the quarter.

Ayush Sharma: Thank you, sir. I will now present our financial performance for Q3 and 9M FY26. Choice delivered a consolidated revenue of INR 309 crores in Q3 FY26, reflecting 46% YoY growth. EBITDA stood at INR 117 crores with margin expanding to 37.92%, reflecting our success in decoupling revenue growth from operational expenses. PAT for the quarter was INR 66 crores, delivering a margin of 21.26% and a YoY growth of 114%.

For 9M FY26, revenue rose to INR 831 crores, which is up by 25% on a YoY basis. EBITDA reached INR 303 crores with EBITDA margins at 36.45%, while profit after tax stood at INR 170 crores with a 56% YoY growth. These outcomes demonstrate the effectiveness of our execution and the robustness of our operating platform.

Within our business segments, the broking and distribution vertical delivered Q3 revenue of INR 164 crores with a PBT of INR 49 crores. The NBFC segment reported Q3 revenue of INR 40 crores and PBT of INR 4 crores. Asset quality in this segment remains stable. We maintained a healthy net interest margin of 12.25%, even as we prioritize high-quality secured portfolios.

The advisory business recorded Q3 revenue of INR 100 crores with a PBT of INR 38 crores, driven by high-quality execution and sustained momentum across sectors. A healthy order book and reliable delivery reinforced our role as a trusted advisor across India.

With that, I would now like to open the floor for questions and answers.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Samruddhi from DNS Capital. Please go ahead.

Samruddhi: Congratulations on the good set of numbers. My question was regarding a recent project which you have posted on the press release about India Post Payments Bank. So, can you give an update about it, like potential revenue which you are expecting from this and margins, and how many such projects are you looking for?

Ayush Sharma: Thank you, Samruddhi, for the question. See, this project is for integrating our wealth services with India Post Payments Bank's distribution network. Currently, India Post itself has 1.6 lakh post offices, 1.8 lakh postmen who are delivering the services of IPPB as well, which includes savings bank accounts and current accounts of more than 12 crore customers.

Now, this project is to provide wealth management services to these 12 crores existing customers, as well as future customers of IPPB. This opens up a huge distribution channel for our business. So, more than the numbers and margins, it opens up an avenue for onboarding more and more customers, and this is technically the largest distribution system across India. So, we will utilize this partnership and grow more in semi-urban and rural geographies, which will expand our reach to the end users. So, that's the outcome of this particular project which we foresee.

Samruddhi: Okay, understood. And secondly, I had a doubt about Gold ETF, do you have any plans in that segment, any timelines for active strategies?

Ayush Sharma: Okay. I will request the Deputy CEO of AMC, Mr. Manish Jain to take up this question.

Manish Jain: Thank you. In terms of product portfolio, currently we have Gold ETF and next we would be going ahead with the index funds. And to supplement the flow in the index fund, we would be launching the overnight fund. That's the plan for this fiscal year. In the next fiscal year, we will complement our basket with commodities. So, that's where you will see that a couple of commodity ETFs, which are missing in the stock, that will get added up.

Once these two stacks are completed, we will get into the active strategy. So, as an AMC, we want to give a choice to our investors both on the passive side as well as on the active side. And on the passive side, we want to cover equities as well as the commodities.

Samruddhi: Okay, understood. Thank you. Thank you for taking my question.

Moderator: Thank you. The next question is from the line of Nikita Mehta, an individual investor. Please go ahead.

Nikita Mehta: Hi sir, thank you for the opportunity. I have a few questions. Sir, first is what are the key drivers behind the 45% YoY revenue growth in this quarter, particularly the contribution from Broking vs the NBFC and advisory segments?

Ayush Sharma: So, thank you Nikita. The largest drivers are the increased trading activities from the retail investors which we have seen during the quarter. As our fixed costs are stable and operating costs are not directly increasing with the increase in the revenues, we are able to expand on the margins as well during this quarter across the broking business.

Similar expansion in the margins we have seen in the advisory business also, which is largely driven by the same team executing multiple projects, which is resulting in a higher revenue being generated for the P&L. So, both these businesses have grown very well during this quarter as compared to the Q3 FY25, and this has led to a larger growth in the revenues as well as an expansion in margins.

Moreover, Choice Broking has been one of the top five brokers which has seen a net client addition as per the NSE's active UCC list over the last couple of quarters. So, that has also contributed largely to our growth in the revenue as well as growth in the active clients.

Nikita Mehta: Okay, sir, that answers my question. And sir, I have one more question. EBITDA margins expanded to 37.9% in Q3 FY26 from 29.2% YoY. Can you just elaborate on the sustainability of this expansion due to the rising employee costs?

Ayush Sharma: So, on the EBITDA margin, what we foresee that as we grow the top line, the EBITDA margins are going to be sustained and even expand further. So, we don't foresee any major constraint on sustaining this EBITDA margin per se. This is largely in sync with the growth of the overall revenue as the fixed cost and the operational costs are not increasing at the rate at which the revenue is growing. So, we foresee EBITDA margins to continue above the current levels.

Nikita Mehta: Okay, sir. That was really helpful. And all the best for the future.

Moderator: Thank you. The next question is from the line of Neil John from B&K Securities. Please go ahead.

Neil John: Hello, sir. Thank you for the opportunity. There's a couple of questions that I have. So, one is on the active clients front. As you said, we have seen a growth in active clients and even our market share has increased on a YoY basis if you look at December's numbers. It's a marginal increase, so I want to know what your perspective is on the future, how do we look to expand this market share?

Secondly, also on the cost of acquisition of customers, how has that moved on a YoY basis? Are you finding it more difficult now with the markets kind of being more volatile? How's that trend playing out?

And my second question is on the MTF book side. I think I missed the performance for this quarter. How is the book scaling, sir, and there have been some industry commentary around the risk on the MTF front? So, if you have some commentary on that also.

Ayush Sharma: Thanks, John, for taking out time to join this call. Firstly, on your question on the active clients and market share, see, we are in a phygital business model where we have physical presence on the ground and the whole execution is done using the technology. So, our sourcing mechanism remains the physical channels which includes our branches as well as the AP network and our CBAs which we have.

So that setup is already there in place. And with this setup, we believe that even today in the semi-urban geographies or even Tier 3 and below geographies, people require a physical presence of the platform providers through whom the people are investing their hard-earned money. So, that is the larger philosophy behind having this particular business model.

This model is the largest reason for having the net addition in the active clients over the last couple of quarters where the overall industry has seen a decline or the larger players have seen a decline in the active clients. So, that's going to remain intact and which is also helping us to keep the client acquisition cost stable. We don't see a major rise in the client acquisition cost because of the fixed cost we are already anyways incurring, and the more and more clients which we onboard, our client acquisition cost remains stable.

On your question of the MTF, currently we are maintaining an average book of roughly around between INR 370 to INR 400 crores. On the risk part, we as Choice Broking, we have placed robust internal risk management systems. We have not seen any sort of risk arising from our customer base and on our platform. Our target is to grow the MTF book very aggressively over the next one financial year.

So, that's the target which we are taking on the MTF book and from the risk perspective, our systems are very robust and we don't foresee any major challenge on the risk management side within Choice.

Neil John: Thank you, sir. Just one follow-up. Would you be able to quantify, like, what is the average exposure for your clients on the MTF front?

Ayush Sharma: Neil, unfortunately, I don't have that number readily available with me, but we will try to include that number in our earnings presentation next time if feasible.

Neil John: Sure, sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Rohan Shah, an individual investor. Please go ahead.

Rohan Shah: Hello. Hi, sir. Thank you for the opportunity. I had two questions. One is with regards to the CAGR, which stands at 50.53% with collections efficiency of 90%. How will the management manage funding costs and liability mix to support 20% to 30% AUM growth?

Ayush Sharma: Okay. So, the CAGR which you are talking is on the overall consolidated revenue, I think. And that revenue is including the broking, advisory, and NBFC businesses. So, we have been delivering this growth rate over the last five years, and we are very much confident about maintaining a similar range over the next couple of years as well. With our current business plans, we are very well positioned to achieve the same numbers.

Specifically on the NBFC side, our AUM is largely contributed by the retail loans where we have the physical presence on the ground and do the physical credit underwriting using the most advanced technology tools available as well. So, that will help us maintain our high collection efficiency and lower credit cost.

With the help of our existing physical presence itself, we are very sure that we will be able to achieve an AUM growth of 20% to 30% over the next couple of years.

Rohan Shah: Great, great. And on the recent acquisition, how will it contribute to FY26 execution in infra consulting?

Ayush Sharma: Yes. So, on the recent acquisition of Ayoleeza Consultants, they have very good credentials of working with various governments. The larger reason was that there were certain geographies where we were not having certain credentials, which Ayoleeza has, and with the help of new credentials coming in, we will be able to expand on to the geographies where we get more contracts from more states, which will be adding up on our order book and therefore increasing our overall revenue. So, that's the largest advantage which we foresee from the acquisition of Ayoleeza Consultants.

Rohan Shah: Okay. Thank you. Thank you for that. All the best, sir.

Moderator: Thank you. The next question is from the line of Shruti Sharma from Family Office. Please go ahead.

Shruti Sharma: Yes. Hi, good evening, sir. Just a couple of questions from my side. First, could you share your plans around Capex for FY26, like particularly on technology investments or branch expansion?

Ayush Sharma: Okay. So, on the tech side, nothing major on the capex; however, opex is the only thing which we have largely on the tech side. And branch expansion is also not very significant since our average cost of each new branch is not very significant. It ranges somewhere between INR 3,00,000 to INR 5,00,000. So, that's not very significant in terms of capex. However, on the IT capex and opex, I would request our CFO, Mr. Manoj Singhania, to throw some light on the numbers during this particular quarter.

Manoj Singhania: Hi. During the quarter, total expenses along with capex was around INR 10 crores for broking business.

Ayush Sharma: Okay, okay. So, I hope that helps your question, Shruti.

Shruti Sharma: Yes, yes. Yes, sir. And secondly, could you help us with any broad full-year guidance on revenue growth and PAT growth that management is currently targeting?

Ayush Sharma: So, we have been delivering double-digit growth which has been upwards of 20%-25%. We expect to maintain similar growth rates over the next couple of years as well.

Moderator: Thank you. The next question is from the line of Mandira, an individual investor. Please go ahead.

Mandira: Hello. Thanks for the opportunity. So, I have a couple of questions. With Demat account at 1.23 million and ADTO market share steady at 1.2%, what strategies are in place to accelerate the client acquisition in Tier 2 and Tier 3 cities?

Ayush Sharma: So, Mandira, as I mentioned, largely the physical expansion of our branches and our CBA network is going to contribute more towards the customer acquisition. However, off-late, we have started building a digital client acquisition team as well. I would request Mr. Ankit Jain to throw some light on the digital client acquisition mechanism which we have in place. We have Mr. Ankit Jain, CPTO, who will throw some light on this acquisition model.

Ankit Jain: Hello everyone. Regarding the acquisition model, from last one or two years, we have been building the entire infrastructure which is helping us to get the user in a lower CAC. Because in the world of digital, the bigger pain is the CAC which needs to be sustainable for the business. So, from last two years we are working on that and right now we are seeing a good growth in that aspect. So, basis that, we are planning a major growth in the digital world.

Also, we are building the complete financial ecosystem for the end user where our entire theory and the thought process is to whomsoever client we are acquiring, we should have an ecosystem where we can create a higher LTV using multiple products. We don't want it to be like a simple stockbroking application, we want it to be a complete financial hub for the end user, where the recent product additions such as credit as well as the dedicated F&O section for the user are some which are in pipeline or something which we have delivered in this quarter, where the thought is how we can get more LTV of the user.

Ayush Sharma: Yes. Okay. Thank you, Ankit. Mandira, I hope that answers your question.

Mandira: Secondly, insurance premium hit ₹835 Mn with 50.6K policies; what is the plan to sustain 58% revenue growth amid POSP expansion?

Ayush Sharma: So, again, Mandira, as I mentioned, something sort of 25% growth rate is something which we are targeting in the insurance distribution business as well. You would see in our earnings presentation that we are catering to both corporate as well as retail customers in the insurance distribution business, which is going to continue expanding in both the segments, and that will contribute to the growth rate upwards of 25%.

Mandira: Got it, sir. Thank you. That was really helpful. Thank you, sir.

Moderator: Thank you. The next question is from the line of Urmish Shah from Moneywisers. Please go ahead.

Urmish Shah: Yes. I had just one question. If I see your presentation on the slide of Choice Connect, I see the credit card issue has gone down by 6%, and also the clients onboarded in this quarter have declined. So, any reason could you give?

Ayush Sharma: Yes. On the credit cards front, we had certain technological glitch with the integration with one of the banks for which we have been working. That was for a brief period of around 40-45 days which has led to the reduction in the number. That glitch has been resolved now, and we have seen an uptick in the month of January. So, we foresee that this number is going to remain stable in Q4. So, we don't foresee a major impact there. So we expect this to be a temporary impact and not a sustained impact.

Urmish Shah: Okay. And on the onboarding of clients of equity?

Ayush Sharma: Yes. So, onboarding of clients of Choice Equity, since we were gearing up for the contest of JFM period, the existing contests were withdrawn, which has led to a slight degrowth in the client onboarding. As we have launched the JFM contests for the CBAs as well, this will also normalize during the Q4 FY26.

Urmish Shah: Okay. Okay. Thank you, sir.

Moderator: Thank you. As there are no further questions from participants, I now hand over the conference to management for closing comments. Over to you, sir.

Arun Poddar: Thank you for insightful questions. Our journey in FY26 has been about scaling with discipline. Our focus remains on technological innovation and deepening our presence in India's underserved markets. On behalf of the entire Choice team, I wish you all a prosperous new year ahead. Thank you.

Moderator: Thank you. On behalf of Choice International Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

(This document has been edited for readability purposes.)