



**Press Release**  
**Choice Equity Broking Private Limited**  
**October 08, 2024**  
**Rating Assigned and Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	70.00	ACUITE A-   Stable   Assigned	-
Bank Loan Ratings	60.00	ACUITE A-   Stable   Upgraded	-
Bank Loan Ratings	230.00	-	ACUITE A1   Assigned
Bank Loan Ratings	40.00	-	ACUITE A1   Upgraded
Total Outstanding Quantum (Rs. Cr)	400.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned the long-term rating of '**ACUITE A-**' (read as **ACUITE A minus**) on the Rs. 70.00 Cr. bank facilities of Choice Equity Broking Private Limited (CEBPL). The outlook is '**Stable**'.

Further Acuite has assigned the short-term rating of '**ACUITE A1**' (read as **ACUITE A one**) on the Rs. 230.00 Cr. bank facilities of Choice Equity Broking Private Limited (CEBPL).

Acuite has upgraded the long-term rating to '**ACUITE A-**' (read as **ACUITE A minus**) from '**Acuite BBB+**' (read as **ACUITE triple B plus**) on the Rs. 60.00 Cr. bank facilities of Choice Equity Broking Private Limited (CEBPL). The outlook remains '**Stable**'.

Acuite has upgraded the short-term rating to '**ACUITE A1**' (read as **ACUITE A one**) from '**ACUITE A2+**' (read as **ACUITE A two plus**) on the Rs. 40.00 Cr. bank facilities of Choice Equity Broking Private Limited (CEBPL).

**Rationale for rating**

The rating upgrade is on account of increased revenue and significant improvement in earning profile marked by its PAT of Rs. 130.86 Cr. during FY2024 (FY2023:- Rs.60.07 Cr. and FY2022:- Rs.53.60 Cr.) The rating further derive strength from healthy capital structure, experienced management and established position in its segment. The rating takes into account the group's low leveraged profile and Tangible Networth (excluding revaluation reserve and intangible assets) which stood at 0.81x as on March 31, 2024 and Rs. 563.22 Cr. as on March 31, 2024, respectively. Acuite takes cognizance of CEBPL's growing retail and institutional clientele, higher share of revenues from retail broking with negligible dependence on proprietary profits. Acuite also takes note of CEBPL's growth in PAT and scale of operations.

The rating is however constrained on account of CEBPL's revenue susceptibility to the level of volatility/ turnover in the capital markets as well as highly competitive landscape in broking business. Going forward, continued promoters support and ability of the company to sustainably improve its operating performance are key monitorables.

**About the Company**

Incorporated in 2010, Choice Equity Broking Private Limited (commonly known as Choice Broking) is a Mumbai-based full-service stockbroking firm. Choice broking is a subsidiary of a publicly listed financial services firm named 'Choice International Limited' that was formed in 1993.

Choice Broking offers online trading and premium financial services for an entire range of financial products like Equity, Derivatives, Currency, Commodities, Mutual Funds, wealth management, Portfolio management, Insurance, and Loan against share. The company has a depository membership with CDSL and NSDL and is a member of NSE, BSE, MCX, NCDEX, and ICEX. The brokerage charges of Choice Broking are claimed to be one of the lowest in India when compared to other full-

service brokers in the industry. The company operates through a network of 68 branches across 20 states as on March 31, 2023.

#### **About the Group**

Choice International Limited was incorporated in 1993. Listed on BSE as Choice International Limited (Choice) is more than two decades old company under the leadership of Mr. Kamal Poddar (MD). It is an end to end financial services conglomerate. Choice Group has successfully created a FinTech ecosystem which combines a suite of platforms under one roof for all financial services. The company through its multiple subsidiaries offers financial and consultancy services catering to retail and institutional clients, corporates and state and central governments.

#### **Unsupported Rating**

Not Applicable

#### **Analytical Approach**

##### **Extent of Consolidation**

- Full Consolidation

## **Rationale for Consolidation or Parent / Group / Govt. Support**

Acuité has adopted a consolidated approach and considered the business and financial risk profile of Choice International Limited (CIL) and its subsidiaries, (the Company and its subsidiaries together referred to as the Group) for arriving at the rating. The approach is driven by common management, shared brand, and strong operational and financial synergies between the group companies.

## **Key Rating Drivers**

### **Strength**

#### **Parent support & group synergies; experienced management**

Choice Equity Broking Private Limited is the wholly owned subsidiary of Choice International Limited. CEBPL benefits from common management, shared brand, and strong operational and financial synergies between the group companies. Choice International Limited was incorporated in 1993 and is engaged in providing financial services. It operates through the segments of NBFC services, Broking & Distribution, Advisory services, and IT Services Business. The company generates majority of the revenue from Broking and distribution services. It offers services like equity trading, commodity derivative trading, financial planning, currency futures trading, fund distribution, advisory, and structured products. The company conducts its business operations mainly in India. As on March 31, 2024, the group has 5 subsidiaries and 14 step down/ jointly controlled subsidiaries.

The management team is led by Mr. Kamal Poddar, a Fellow Member of the Institute of Chartered Accountants of India, is the Managing Director of Choice International Limited. He is involved in all the strategic decisions of the group. Mr. Ajay Kejriwal (Executive Director- CIL), who has experience of more than 15 years in financial markets. He possesses extensive experience in understanding the financials of companies and fund management within division. The BoD consists of 10 members, out of which 5 are independent members. The management team has more than two decades of experience in capital markets and has developed strong expertise in securities market trends, compliance and business development strategies.

Acuité believes, that the company's consolidated business profile will be supported by expertise of seasoned professional managing the operations and established track record of operations.

#### **Comfortable capital structure**

At group level, Choice group's capitalization levels were comfortable marked by tangible Networth of Rs. 563.22 Cr. as on March 31, 2024 (excluding revaluation reserve and intangible assets) as against Rs. 406.39 Cr. in FY2023. Overall gearing levels of the group remained low with debt majorly comprising of short term borrowings (secured). Gearing stood at 0.81x during FY2024 as compared to 0.51x during FY2023 and 0.62x during FY2021. CEBPL (standalone) also has adequate capitalization levels marked by Networth of Rs. 225.52 Cr. as on March 31, 2024 (Rs 145.83 Cr. as on March 31, 2023) and a gearing of 0.45 times as on March 31, 2024 (0.20 times as on March 31, 2023)

Acuité believes that the company's comfortable capitalization levels will support its growth plans over the medium term.

### **Earnings profile**

Choice Group reported total operating income from key business verticals of Rs. Cr. for 750.68 in FY 2024 as compared to Rs. 389.19 Cr. in FY2023 and Rs. 271.82 Cr. in FY2022. The businesses at Group level are categorized as Equity & Broking, Insurance Broking, Wealth Management, Retail Loan Distribution, Management Consulting, Government Advisory and Others. The group reported total revenue (not adjusted for inter segment revenue) of Rs. 759.34 for FY2024 where Broking business contributed Rs. 356.13 Cr. followed by Advisory services (Rs. 224.38 Cr.), NBFC services (Rs. 86.09 Cr.), Insurance business (86.44 Cr.) others (Rs. 6.30 Cr). The Group reported PAT of Rs. 130.86 Cr. for FY2024 as compared to Rs. 60.07 Cr. for FY2023 and Rs. 53.60 Cr. for FY2022. At Standalone level, CEBPL reported a PAT of Rs. 64.86 Cr. for FY2024 as compared to Rs. 31.98 Cr. for FY2023. Brokerage Income was the major component of total revenue for CEBPL at Rs. 258.24 Cr. as on March 31, 2024. Acuité believes that despite an improvement in Choice Group earning profile, its business operations would remain susceptible to inherent risks in capital market and overall economic environment.

### **Weakness**

#### **Risks involving general economic and market conditions**

Broking is a highly volatile and cyclical business with the presence of a large number of established players who provide significant competition to the other fragmented and small players. The company's operating performance is linked to the capital markets, which are inherently volatile as they are driven by economic and political factors as well as investor sentiments. Also, revenues generated from businesses like broking, wealth management, private client broking and investment advisory business, are directly related to the volume and value of the transactions. Any adverse market movement (downturn) would result in decline in transaction volumes leading to a decline in the group's revenues received from commissions earned from such businesses. While the Group continues to benefit from its business model the level of activity in the equity, commodities and F&O markets will be key determinant of its revenue profile and future growth trajectory. Given the competition from larger brokerages and technology-focused new entrants, the ability of the group to grow its brokerage revenues on a sustainable basis will be a key monitorable. Acuité believes that the level of activity in the capital markets will continue to be a key determinant of its revenue profile and future growth trajectory.

### **Rating Sensitivity**

- Changes/ dilution in shareholding and promoter support
- Movement in Business volumes & operating performance
- Change in profitability metrics due to sharp movement in capital market
- Changes in regulatory environment & regulatory actions against the company

## Liquidity Position

### Adequate

Business growth of Choice Group has been supported by the group's internal accruals, the company's dependence on debt is very low as reflected in low gearing of 0.81 times as on March 2024. Hence, the company has no significant term debt obligations over the near term. The company currently has Cash and bank balance of Rs. 99.15 crore as on March 31, 2024. CEBPL has bank facilities comprising of bank guarantee and overdraft facilities, which are used for margin requirements. CEBPL has BG limits of Rs. 70.00 Cr. and OD facilities of Rs. 150.00 Cr. Acuité believes the liquidity position will remain adequate in the near to medium term.

### Outlook:Stable

Acuité believes that Choice Group will maintain 'Stable' credit risk profile over the medium term supported by its well-established position in the capital markets and experienced management. The outlook may be revised to 'Positive' in case of a sizeable improvement in its earnings translating to an improvement in its Networth. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in profitability metrics and lower than expected growth of Choice group.

### Other Factors affecting Rating

None

### Key Financials - Standalone / Originator

Particulars	Unit	FY24 (Actual)	FY23 (Actual)
Operating Income	Rs. Cr.	336.96	220.47
PAT	Rs. Cr.	64.86	31.98
PAT Margin	(%)	19.25	14.51
Total Debt/ Tangible Networth	Times	0.45	0.20
PBDIT/ Interest	Times	11.09	16.12

\* Ratios as per Acuite's Calculations

### Key Financials (Consolidated)

Particulars	Unit	FY24 (Actual)	FY23 (Actual)
Operating Income	Rs. Cr.	750.68	389.19
PAT	Rs. Cr.	130.86	60.07
PAT Margin	(%)	17.43	15.43
Total Debt/ Tangible Networth	Times	0.81	0.51
PBDIT/ Interest	Times	5.65	4.93

\*Ratios as per Acuite's calculations

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any Other Information

None

### Applicable Criteria

- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

### Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
21 Jul 2023	Bank Guarantee/Letter of Guarantee	Short Term	60.00	ACUITE A2+ (Reaffirmed)
	Secured Overdraft	Long Term	40.00	ACUITE BBB+   Stable (Reaffirmed)
02 May 2022	Bank Guarantee/Letter of Guarantee	Short Term	30.00	ACUITE A2+ (Assigned)
	Proposed Bank Guarantee	Short Term	30.00	ACUITE A2+ (Assigned)
	Secured Overdraft	Long Term	40.00	ACUITE BBB+   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A1   Assigned
Indusind Bank Ltd	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE A1   Upgraded ( from ACUITE A2+ )
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	200.00	Simple	ACUITE A1   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE A-   Stable   Assigned
Indusind Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	60.00	Simple	ACUITE A-   Stable   Upgraded ( from ACUITE BBB+ )
Aditya Birla Finance Limited	Not avl. / Not appl.	Working Capital Demand Loan (WC DL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A-   Stable   Assigned

## \*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr.no	Company Name
1	Choice International Limited
2	Choice Equity Broking Private Limited ("CEBPL")
3	Choice Consultancy Services Private Limited
4	Choice Finserv Private Limited
5	Choice Capital Advisors Private Limited
6	Choice Insurance Broking India Private Limited
7	Choice Portfolio Management Services Private Step-down Subsidiary (Subsidiary of CEBPL) Limited
8	Choice Wealth Private Limited
9	Choice Connect Private Limited
10	Choice Tech Lab Solutions Private Limited
11	Choice Corporate Services Private Limited
12	SKP Green Ventures Private Limited ("SKP-GV")
13	Bikaner Three SKP Green Ventures Private Limited
14	Fatehgarh Four SKP Green Ventures Private Limited
15	Thoughts Consultants Jaipur Private Limited in JV Jointly Controlled Operations of Subsidiary with Choice consultancy services Private limited
16	CCSPL - I & R JV
17	Choice Consultancy Services JV Mars Planning and Engineering
18	CCSPL - PD&EX JV

## Contacts

Mohit Jain Senior Vice President-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Ramesh Metri Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticsupport@acuite.in">analyticsupport@acuite.in</a>

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.