



Press Release
CHOICE FINSERV PRIVATE LIMITED
April 02, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	50.00	ACUITE A- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	50.00	-	-
Total Withdrawn Quantum (Rs.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. 50.00 Cr. Non-Convertible Debentures of Choice Finserv Private Limited. The outlook is ‘**Stable**.’

Rationale for rating

The rating takes into account the sustained growth in revenue and significant improvements in the earning profile at the consolidated level marked by its PAT of Rs. 130.86 Cr. during FY2024 (FY2023:- Rs.60.07 Cr.) For 9MFY2025, the total operating income of the Group stood at Rs 657.38 Cr. and PAT for the same period stood at Rs 109.34 Cr. The rating further derives 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 the group’s growing retail and institutional clientele, AUM growth from the NBFC segment which increased from Rs 481.91 Cr. in FY24 to Rs 822.95 Cr. in 9MFY2025. On a standalone basis, however Choice Finserv Private Limited has reported a decline in PAT from Rs 3.75 Cr. in FY23 to Rs 1.52 Cr. in FY24 to Rs 0.21 Cr. for 9MFY2025. The rating is however constrained on account of the group’s revenue susceptibility to the level of volatility/ turnover in the capital markets as well as highly competitive landscape in broking business as well as CFPL's ability to grow profitably in a sustained manner while maintaining its asset quality levels. Going forward, continued promoters support and ability of the company to sustainably improve its operating performance are key monitorables.

About the Company

Incorporated in 2016, Choice Finserv Private Limited is a Maharashtra based company engaged in offering diverse credit facilities to MSMEs, individuals, and others in Tier-3 and below geographies. Mr. Kamal Poddar, Mr. Ajay Rajendra Kejriwal, Mr. Vijendra Singh Shekhawat & Mr. Arun Kumar Poddar are the directors of the company.

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.

Strength

Strategic importance and ownership benefits from CIL & group synergies; experienced management

Choice Finserv Private Limited is the subsidiary of Choice International Limited (CIL), wherein CIL holds 97.34% stake in the company. CFPL 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 December 31, 2024, the group has 5 subsidiaries and 13 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 12 members, out of which 7 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 of the Group stood at 0.81x during FY2024 as compared to 0.51x during FY2023. CFPL (standalone) also has adequate capitalization levels marked by Networth of Rs. 230.16 Cr. as on March 31, 2024 (Rs 218.63 Cr. as on March 31, 2023) and a gearing of 1.29 times as on March 31, 2024 (0.61 times as on March 31, 2023). At a Standalone basis, the CRAR for CFPL stood at 46.85% for FY 2024 (87.49% for FY23) . For the period 9MFY2025, the networth of CFPL stood at Rs 232.34 Cr. with a gearing of 2.00 times respectively. The CRAR for the same period stood at 37.19%. Acuité believes that the company's comfortable capitalization levels will support its growth plans over the medium term.

Earnings profile and AUM growth

Choice Group reported total operating income of Rs.750.68 Cr. in FY 2024 from key business verticals as compared to Rs.389.19 Cr. in FY2023. The total operating income for 9MFY2025 stood at Rs 657.38 Cr. while it reported a PAT of Rs 109.34 Cr. for the same period. The businesses at Group level are categorized as Equity & Broking, Insurance Broking, Wealth Management, Retail Loan Distribution, Management Consulting, Government Advisory and Others. For 9MFY2025, the Broking business contributed Rs 422.13 Cr. followed by Advisory services (Rs 160.79 Cr.), NBFC services (Rs 77.41 Cr.) and others (Rs 25.92 Cr.). The group reported total revenue (not adjusted for inter segment revenue) of Rs. 759.34 Cr. 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 . At the Standalone level, CFPL had a AUM of Rs 481.91 Cr. for FY24 as against Rs 235.83 Cr. for FY23 mainly through its on book portfolio. In Q3FY25, CFPL acquired the retail lending portfolio of Paisabuddy Finance Private Limited and Sureworth Financial Services Private Limited, the corresponding AUM of CFPL for 9MFY2025 stood at Rs 822.95 Cr. CFPL reported a PAT of Rs. 1.52 Cr. for FY2024 as compared to Rs. 3.75 Cr. for FY2023 (Rs 15.83 Cr. for FY22). For 9MFY2025, CFPL reported a further decline in PAT of Rs 0.21 Cr. The decline in the PAT Y-o-Y from FY22 was on account of large scale branch expansion which significantly increased the operating expenses. Hence, Acuité believes that despite an improvement in Choice Group earning profile, the ability of the CFPL to sustain profitability will depend on its operational efficiencies and ability to grow without impacting the asset quality levels significantly.

Weakness

Moderate Asset Quality levels

CFPL has reported an on time portfolio of 91.63% for FY 24 as against and on time portfolio of 99.25% for FY23. The same stood at 87.98% for the period 9MFY2025. The Gross NPA and Net NPA both stood at 0.04% in FY23, these have deteriorated to 2.17% and 1.92 % respectively in FY24. The Gross NPA and Net NPA for 9MFY2025 stood at 2.81% and 0.0% respectively. During Q3FY25, CFPL acquired the retail lending portfolio of Paisabuddy Finance Private Limited and Sureworth Financial Services Private Limited through a slump sale as a result the Gross NPA saw an increase however the Net NPA is zero because of the extensive provisioning done by

the company. However, Acuité believes that CFPL's ability sustain the growth in its loan book, while maintaining sound asset quality level in the near to the medium term will be key rating monitorable.

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

All Covenants

Currently not available, since these are proposed NCD limits.

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. The group has Cash and bank balance of Rs. 145.07 crore as on March 31, 2024. CFPL has cash and Bank balances of 80.32 Cr as on March 31, 2024. Acuité believes the liquidity position will remain adequate in the near to medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY24 (Actual)	FY23 (Actual)
Total Assets	Rs. Cr.	551.22	364.08
Total Income*	Rs. Cr.	54.66	27.87
PAT	Rs. Cr.	1.52	3.75
Net Worth	Rs. Cr.	230.16	218.63
Return on Average Assets (RoAA)	(%)	0.33	0.99
Return on Average Net Worth (RoNW)	(%)	0.68	1.88
Debt/Equity	Times	1.29	0.61
Gross NPA	(%)	2.17	0.04
Net NPA	(%)	1.92	0.04

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 Network	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)

None

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any Other Information

None

Applicable Criteria

- Banks And Financial Institutions: <https://www.acuite.in/view-rating-criteria-45.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.

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUTE 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

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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.

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