Management Discussion

Forum Goshar - Investor Relations, Adfactors PR
Good evening everyone, I am Forum Goshar from Adfactors PR Investor Relations. On behalf of Choice International Limited, it is my pleasure to welcome you all to the Q2 and H1 FY '27 earnings conference call. Joining us on the call today from the management team are Mr. Arun Poddar, Chief Executive Officer, Mr. Suyash Patodia, Joint Managing Director, and Mr. Ayush Sharma, Chief Financial Officer. We will begin today's call with opening remarks from the management, following which we will open the floor for Q&A session.

Before we begin, I would like to remind everyone that certain statements made during this call may be forward-looking in nature. These statements are based on management's current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied. Choice International Limited undertakes no obligation to publicly update or revise any forward-looking statements based on subsequent events or developments. With that, I would like to hand over the call to Mr.

Arun Poddar to deliver his opening remarks. Thank you, and over to you, sir.

Arun Poddar - Chief Executive Officer, Choice International Limited
Thank you. Good afternoon everyone and welcome to Choice International Limited's earning conference call for Q2 FY '27. For those joining us for the first time, Choice is building a diversified financial services and a consulting institution positioned around three long-term opportunities in India: the growing financial need of household, the capital requirement of the businesses, and the country's infrastructure and the public sector development. Our strategy is to build multiple source of earning With each business benefit from the group's distribution relationship expertise.

Our businesses are organized into three broad categories. First, Broking and Distribution, which brings together our broking, wealth, and insurance distribution businesses. Today it serves more than 17.5 lakh customers through our 200+ branches and supported by a wider network of more than 70,000 business associates. This reach enables us to deepen customer relationship by addressing a broader share of their investment and the protection need. Second, advisory. Advisory comprising investment banking and the government consulting.

Investment banking help businesses access capital, while the government consulting provides expertise across infrastructure and the public financial management. Together, these businesses allow us to participate in corporate growth and India's development priorities. Third is NBFC. In NBFC, our retail and MSME lending businesses, which addresses the financial need of selected borrowers segment through focused underwriting and the local market understanding. Let me now turn to the environment in which these businesses operate.

The geopolitical backdrop has created uncertainty through disruption by energy supplies, shipping costs, and the global capital flow. Despite these pressures, India's domestic growth driver remained resilient, with the Finance Ministry projecting 7.3% of real GDP growth for FY '27, supported by domestic demand, sustained investment activities, and the resilient financial sector. While energy price volatility and the tighter global financial conditions remain risks, this outlook provides an encouraging foundation for India's financial services and the consulting industry.

Indian equity markets have tested investors' patience, With FII remaining net seller for 16 consecutive months and the census declining approximately 11% despite sustained DII support. However, monthly SIP contribution of. INR32,490 crore in September '26 demonstrates the

resilience of domestic investor flow, providing an improvement counterbalance to foreign selling. And while prolonged weakness challenges conviction, we believe it also creates an opportunity for a patient investor to acquire quality businesses at more attractive valuations.

Moving on now to infrastructure spending. Public investment continues to provide a strong foundation with a center budgeting of approximately INR12 lakh crore in capital expenditure for FY '27 and spending approximately INR6.5 lakh crore during the first half. Private investment is also contributing to the pipeline with infrastructure accounting of approximately INR2.4 lakh crore to project cost sanctioned by banks and the financial institution, led by power, road, and the bridges. Turning to Indian capital market, Investor participation has remained increasing with approximately 1.6 lakh- 1.6 crore demat accounts added in H1 FY '27.

Supported by strong primary market activity, main board IPO mobilized approximately INR1.4 lakh crore in FY '27 through October, demonstrating investor appetite despite challenging conditions. I would also like to congratulate the Jio Platform team on its INR30,213 crore public issue, the largest IPO in Indian history. Looking ahead, a substantial pipeline of companies awaiting approval or preparing a launch provide an encouraging backdrop for investment banking, with realistic valuation and issuer readiness remaining essential to successful execution.

Second, the industry's MTF book moderate from approximately INR1.6 lakh crore to INR1.5 lakh crore at the October end. I recently read one article raising concerns about MTF unwinding. However, similar adjustments have occurred during previous market conditions. With the current book spread across more than 2,200 stocks, We do not view the moderation alone as a sign of systematic risk. Moving to insurance, India's relatively low penetration continues to offer a long-term growth opportunity, although the industry is facing uncertainty around proposed changes in commissions and the distribution expenses.

These proposals could affect intermediary revenue and margins, with the extent depending on the final framework and the product mix. Moving to NBFC, RBI's August data showed credit growth of approximately 16% year-on-year, including growth in retail lending. However, the October repo rate increase from 5.25% to 5.50% could raise funding cost as a borrowing rate, reinforcing the importance of protecting lending spread. And the monitoring collections. Again, these backdrop led to performance. Q2 FY '27 was the strongest quarter in our history.

It had a revenue of INR379 crore, up to 33% by Y-o-Y basis, and PAT of INR69 crore, up 23% by Y-o-Y basis. These results reflect the collective contribution of our businesses and the strength of our diversified business model. We will- we have also announced a bonus issue in the ratio of 1:1, and I would like to thank you, our shareholders, for their continued trust and the support. Our CFO will take you through the detailed financial performance of each business later in the call. I will focus on the key operating and the strategic development, beginning with the landmark partnership in our broking business.

Last week, we completed the INR900 crore strategic investment by NH Investment and Securities of South Korea in Choice Equity Broking, marking an important chapter in Choice journey. This investment strengthened our capacity to expand the MTF book while the partnership opened opportunities across institutional broking, wealth, investment banking, and asset management. Moving to the wealth distribution, an encouraging trend is growing scale of our product distribution. Product distribution reaches INR1,636 crore in H1 FY '27, over three times the year ago level and more than double in the full year FY '26 volume.

Moving on the government advisory, our closing order book stood at INR710 crore. Providing

revenue visibility as we focus on timely execution, quality delivery, and the disciplined collections. An important milestone in the proposed acquisition of Feedback Infra was the receipt of a letter of intent from the resolution professional confirming the committee of credit approval for our resolution plan. The advance This advances the acquisition process, with completion remaining subject to NCLT approval and other applicable requirements.

Moving on, the investment banking. Q2 FY '27 was a special quarter for us, with five IPO aggregating approximately INR680 crore listing across the main board and the SME platform. Investor response was encouraging, with the one offer. subscribed approximately 177 times. This execution momentum continued into October as well. In insurance, during Q2 FY '27, we generated INR81 crore in premium across our over 75,000 policies while remaining watchful in proposed regulatory changes that could reshape distribution economics.

Moving to our NBFC business, the total loan books stand for INR935 crore. Our focus remains on growing the retail businesses supported by the disciplined underwriting and the prudent risk management. Moving to our AMC business, today marks the closure of our NFO for our first activity managed scheme, the Choice Large and Mid Cap Fund. The initial response has been encouraging despite challenging market condition. And we'll share the collection figure shortly. I will now request our CFO, Mr. Ayush Sharma, to take you through the consolidated result, the financials, and the operating performance of these businesses.

We will then be happy to answer all your questions. Over to Ayush.

Ayush Sharma - Chief Financial Officer, Choice International Limited
Thank you, sir. good afternoon, everyone. I will begin with our consolidated financial performance for the quarter ended September 30, 2026, compared with the corresponding quarter last year, before taking you through our business verticals covering the key financial results and operating drivers for each. Q2 FY '27 was the strongest quarter in Choice's history with record consolidated revenue of. INR379 crore, which is up 33% from. INR284 crore in the corresponding quarter last year. EBITDA stood at roughly around INR131 crore, growing 32% Y-o-Y while maintaining a margin of 34.5%.

Profit after tax reached to approximately INR70 crores, increasing 23% Y-o-Y with a PAT margin of 18.3%. Let me now take you through the revenue and profitability of our business verticals, beginning with Broking and Distribution. Broking and Distribution segment contributed close to around 52% of consolidated revenue during the quarter Reporting revenue of. INR178 crores and profit before tax stood at approximately. INR42 crores. We added roughly 1.73 lakh demat accounts, taking our total count to 13.78 lakh number of demat accounts, which is representing a 14% Y-o-Y growth.

Our distribution network now comprises 218 branches, while client assets under custody stand at. INR66,000 crores. INR1,300 crores. Our ADTO across all segments declined by 12% during the quarter, broadly in line with the market trends. Our MTF book now stands at INR463 crores and remains a key growth priority, with funds received from NH Investment Securities intended primarily to support its expansion. Turning to our platforms, we are proud of the progress we continue to make with Finex. Constantly improving its clean, intuitive interface to bring trading, investments, research, and portfolio access together in one place.

Building on FinEx, we have developed StrikeX, which caters to sophisticated retail traders seeking deeper market insights with features such as order flow analysis, volume bubbles, etc., that

highlights buying and selling activity at every tick and larger trades respectively. Order flow analysis is currently offered by only two other brokers in India, positioning Choice's platform for its next phase of growth. Moving to wealth distribution, our total AUM stood at approximately INR6,000 crore, comprising mutual fund AUM of approximately INR4,100 crores, PMS and AIF at around INR291 crore.

Within mutual funds, equity AUM grew 49% Y-o-Y to around INR3,000 crores from INR2,000 crores a year ago. While PMS and AIF AUM increased 127% from INR128 crore. Structured and fixed income product distribution reached INR1,636 crores in H1 FY '27 compared with INR512 crores a year earlier and surpassing the full year FY '26 volumes of INR745 crore. A quick update on our partnership with India Post Payments Bank. The pilot launched in selected cities has received an encouraging response, onboarding over 25,000 customers and generating an AUM of roughly around INR1.12 crores.

While it is too early to assess the revenue contribution, our immediate focus is on building awareness and establishing a foundation for growth. This num- these numbers of customers and AUM has been recorded over a pilot of roughly around 38 number of days. On the insurance front, we sold roughly around 75,000 number of policies generating premiums of. INR81 crores during the quarter. If the proposed framework is implemented, there could be some pressure on the commission's income with the extent depending on the filing guidelines and our product mix.

Moving to advisory business, it contributed approximately 36% of consolidated revenue during the quarter with revenue of. INR145 crores and profit before tax of. INR45 crores. On the advisory side, our existing order book stands at. INR710 crores. Looking ahead, once the Feedback Infra acquisition is completed, its credentials and expertise should help us enter new markets and bid for larger value contracts with the potential for better margins. On the investment banking, we had a strong year so far with momentum continuing into October as we take on larger IPO mandates.

Looking ahead, our pipeline comprises 24 IPO mandates with an estimated fundraising of. INR6,210 crore. Moving to NBFC business, it contributed approximately 12% of consolidated revenue during the quarter with a revenue of. INR46 crores and profit before tax of. INR4 crores. Thank you for your continued interest in Choice International. We'll now open the floor for questions.

Questions & Answers

Operator
Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handset while asking a question. Ladies and gentlemen, will wait for a moment while the question queue assembles. Participants, you are requested to restrict your questions to two, one and two questions per participant. Should you have a follow-up question, you are requested to rejoin the question queue.

The first question is from the line of Anirudh Sharma from Ekant Investments. Please go ahead.

Anirudh Sharma - Analyst, Ekant Investments
Good evening, sir. Am I audible?

Ayush Sharma - Chief Financial Officer, Choice International Limited
Yes, good evening. You are very well audible.

Anirudh Sharma - Analyst, Ekant Investments
Okay, so I just had a couple of questions. So first of all, so your demat accounts are up 14%, but active accounts are flat. Roughly one in six of client is active. What's holding back activation, and what active to demat ratio do you think is realistic over the next few quarters?

Ayush Sharma - Chief Financial Officer, Choice International Limited
Uh, on the, uh, demat accounts acquisition, it is a continuous process where, uh, this is a 12-month long tenure as per the NSE's active UCC list. The clients are holding the, uh, holding the equities in their demat but may not be trading for some or other reason, and that is why the activation, uh, status, uh, goes out of the overall counting for the existing customers also. So the idea is to keep acquiring new and newer customers from the semi-urban or, the deeper geographies who gets activated, upon acquisition and during the course of their trading or investing lifecycle as well.

So we expect that we are at the right level of, activation currently. However, we still have a dedicated team which is continuously engaged in activating more and more number of existing customers as well. These activation efforts include a lot of dedicated analysis for the investor's portfolio, which is generated by our tech systems and sent to the customers as notification on their mobile app, as well as sending personalized research reports based on the holding of their portfolio. So these efforts are continuously going on even if the customer is holding stocks in their portfolio and not doing the trading activity.

And is classified as inactive as per the NSE's active UCC guidelines.

Anirudh Sharma - Analyst, Ekant Investments
Okay, sir, understood. So, sir, one more question. How should we think about the revenue from CBA and branch-led clients compared to the digital direct clients? And what's the payout on the CBA side compared to your cost of acquiring additional clients? Which channel is scaling faster?

Ayush Sharma - Chief Financial Officer, Choice International Limited
So, uh, think of CBAs as an exp- as an additional, uh, hands of a branch itself. So our model comprises in a way that branch has- branch itself has a target to onboard more and more number of CBAs, and whatever revenue is generated by the CBAs, it is counted in the branch's overall profitability itself. So, uh, these are in a way- these are the non-fixed cost, uh, uh, business originators for the branch. So, uh, there is a- it is difficult to segregate CBA versus branch, but, uh, on the branch side, uh, depending on the level of business which the CBA generates, uh, they get a payout of anywhere, uh, between, uh, 15% to up to 40%, depending on the product which they sell.

Anirudh Sharma - Analyst, Ekant Investments
Okay sir, understood, understood. So thank you for the opportunity sir. That is from my side.

Operator
Thank you, next question is from the line of Nayan from Ertiga Wealth. Please go ahead.

Nayan Gala - Analyst, Ertiga Wealth
Yeah, hello sir. Congrats on a good set of numbers. I had a question with respect to the feedback infra, so just. Uh, and what is the approval that are still pending? And, once the deal is completed,

what is the priority in terms of integration, execution, and scaling of the business? So if you can just share some update on that.

Arun Poddar - Chief Executive Officer, Choice International Limited
Uh, sure. So, uh, as I mentioned in my statement, we have received the letter of confirmation from the Credit Committee of Approvals for our resolution plan. And the- and our case is with the NCLT Court. Almost all the IAs have been heard, and now in the next hearing, our plan also will be planned to hear. So in terms of feedback infrastructure, I believe after the feedback infra, Choice will have the largest credential Uh, so after the feedback, Infra will have the largest credential in terms of government advisory and the development advisory piece.

Uh, after the feedback acquisition, our target, uh, sector will be the railway, metro, and the large infrastructure project. Uh, I feel after the feedback infrastructure, the margins will improve, the reason being the higher- in the higher project side, there is some barrier kind of entries because of the credentials. So we will get the better margins in the large projects. So in, next quarter or so, feedback infra will be the part of choice.

Nayan Gala - Analyst, Ertiga Wealth
Okay, sir. Okay. And also in terms of, what is the, uh, the- in terms of revenue, top line, order book, what is the- yes,

Arun Poddar - Chief Executive Officer, Choice International Limited
So existingly they have around INR300 crore plus order book in hand. In the last year, their turnover was around INR70 crore, but because, uh, the net worth is negative, they have not filed the new project in last couple of years. So, uh, in any case, uh, around INR200 crore plus order book will add after the feedback acquisition. Uh, the new book and the new, uh, order only will be added in future only.

Nayan Gala - Analyst, Ertiga Wealth
Okay, okay. Yeah, thank you, thank you so much. All the best.

Operator
Thank you. Next question is from the line of Mohit Sukhani from IIFL Capital. Please go ahead.

Mohit Sukhani - Analyst, IIFL Capital
Hello, gentlemen. Good evening. Uh, first of all, congratulations for the great set of numbers. I have a question that, what is our strategic rationale behind focusing on customers from tier three and beyond cities?

Arun Poddar - Chief Executive Officer, Choice International Limited
May I answer? Yes, sir.

Anirudh Sharma - Analyst, Ekant Investments
Yes, sir. Please go ahead.

Arun Poddar - Chief Executive Officer, Choice International Limited
So, see our focus on tier three and the smaller cities more or less driven by the fundamental belief that the major wave of growth in India's financial sector will come from the Bharat only. So beyond the traditional metropolitan cities, if you see. Major metropolitan cities are already overpenetrated,

so our target is to go in the deeper market so we can get the better, client long-term visibility with us. If you see our strategy to build around three key principles, one is untapped market potential in Tier three, Tier 4, and at a gram panchayat level even also.

So financial awareness and the financial, uh, condition- financial, uh, disposable income is good, but in terms of awareness there is less. So we are targeting untapped market potential. Our distribution-led model, so this is one of the key differentiator with the peers. So we'll have an additional, strength in terms of our physical strength and all. And as I said, the customer value, lifetime customer value, is comparatively in a digital segment or in a physical segment, the lifetime value is much higher than the digital player.

So we are targeting tier three and accordingly in this, that way only. It's not just a geographical expansion strategy, it's a financial inclusion and the long-term customer acquisition strategy. And we believe The new customer entering in this financial ecosystem will need an RM or a wealth manager who can assist for next two to three year time to evolve, to get the knowledge. So these kind of- these, are the main of the reasons. So we don't see tier three market as the smaller opportunities. We see them as tomorrow's major wealth creation center.

And our strategy is to reach customer early, earn their trust, and participate in financial growth. So Choice, this is about building a sustainable institution. So I believe I have answered your queries, right?

Mohit Sukhani - Analyst, IIFL Capital
Uh, yes, you have surely answered my query. And further, uh, are we expecting any growth, like, uh, how much the client base could increase in Tier three and beyond the cities?

Arun Poddar - Chief Executive Officer, Choice International Limited
Do you have the numbers?

Ayush Sharma - Chief Financial Officer, Choice International Limited
Yeah, yeah. So, uh, Mohit, we have been growing, uh, almost, uh, at a rate of approximately 30% to 40% on overall number of customers. We will, uh, continue to maintain the, uh, 30% to 40% number of customers on these geographies. Additionally, uh, since we have also got the, uh, capital to expand our MTF portfolio, we will be acquiring those set of customers who are more active on the- active because of the MTF limits which are offered to them. So that customer segment will also grow significantly.

That will add on, uh, in percentage terms, that will add on close to around another 10% to my overall growth rate.

Mohit Sukhani - Analyst, IIFL Capital
Okay, okay, sure. Thank you.

Operator
Thank you. Next question is from the line of Rasa Patel from Family Office. Please go ahead.

Rasa Patel - Analyst, Family Office
Good evening, sir. Thank you for the opportunity. Am I audible?

Ayush Sharma - Chief Financial Officer, Choice International Limited
Yes, you are audible.

Rasa Patel - Analyst, Family Office
Okay, so I have a question regarding the IPO segment. On the five IPOs this quarter, what fee as a percentage of issue size do you earn on main board versus SME deals? And if you could also, uh, give some color on if this percentage would be under pressure as our deal size gets bigger.

Ayush Sharma - Chief Financial Officer, Choice International Limited
No, so, uh, it varies from industry to industry, sector to sector, and depending on the size of the company. This is a very company-specific kind of, uh, uh, a kind of, uh, benchmark which cannot be a generalized number. However, we can still, uh, give you a range which, will- I mean, where the fees generally ranges between 3% to, 8-9% depending on the sector, depending on the company. So that's the- that's broadly the, uh, range within which we operate. Uh, however, we foresee that there is- there are enough number of, uh, pipeline companies, uh, which are adequately placed to come into capital markets.

And it is just a matter of time where we will see more and more number of companies coming in from, uh, uh, again from the tier two cities or state capitals which are still untapped, uh, and, uh, for, uh, for, access to the capital markets. So, uh, we don't foresee a major, uh, pressure on the margins in this particular business. And we are very confident given the current pipeline that we will be able to maintain the margins and we will be able to grow at the historical growth rate and even better than that.

Rasa Patel - Analyst, Family Office
Got it. Okay, sir, just a follow-up question regarding that. Uh, since you have 24 ongoing IPO mandates, how many are already filled, filed, or received SEBI observations, and how many are we expecting to hit the market in H2? Uh, can you also give some sense on how our IB revenue in H2 could look like?

Ayush Sharma - Chief Financial Officer, Choice International Limited
Uh, we don't, uh, have- we have not disclosed those numbers yet, but, uh, out of the, uh, 24, uh, we expect at least, uh, four to five more IPOs within the second half depending on the regulatory approvals timelines.

Rasa Patel - Analyst, Family Office
Got it, got it. Okay, thank you so much. That was really helpful.

Operator
Yeah, thank you. Participants, you may press star and 1 to ask questions. Next question is from the line of Vedant from Vinayak Capital. Please go ahead.

Vedant - Analyst, Vinayak Capital
Hello.

Ayush Sharma - Chief Financial Officer, Choice International Limited
Hi.

Vedant - Analyst, Vinayak Capital
Yeah, am I audible, sir?

Ayush Sharma - Chief Financial Officer, Choice International Limited
Yes, yes, you're audible.

Vedant - Analyst, Vinayak Capital
Thank you, thank you for opportunity. Uh, my first question is, what stakes does NH get on a full conversion and what valuation does that imply on the broking business?

Ayush Sharma - Chief Financial Officer, Choice International Limited
So, uh, we have issued them the CCPS. Conversion is still far, uh, depending- there are, there are certain conditions depending on which the conversion ratio will be decided. So currently we don't, uh, have the exact conversion ratio because it is, uh, it will be decided in future.

Vedant - Analyst, Vinayak Capital
And, uh, over what timeline, sir, does the preference share get converted?

Ayush Sharma - Chief Financial Officer, Choice International Limited
After three years.

Vedant - Analyst, Vinayak Capital
Understood, understood. And one last question, sir. Of the INR900 crores, roughly how much is for the MTF and settlement funding versus capex?

Ayush Sharma - Chief Financial Officer, Choice International Limited
So, uh, these are, uh, mixed end uses, not segregated end uses, where the entire INR900 crore can be either utilized for MTF settlement funding, capital expenditure, working capital, etc., etc. So there is no segregation per se, uh, money can be used across all these categories.

Vedant - Analyst, Vinayak Capital
So, uh, one last question if I can squeeze in, uh, what ROCE are you targeting?

Ayush Sharma - Chief Financial Officer, Choice International Limited
So, uh, on the ROE, uh, numbers, we are expecting close to around 20% ROE, which we will expect to maintain. Okay

Vedant - Analyst, Vinayak Capital
Thank you, so that's all from my Hand,

Operator
Yes. Thank you, next question is from the line of Dhanraj Tolani from Kuber Advisors. Please go ahead.

Dhanraj Tolani - Analyst, Kuber Advisors
Yes, hi sir, sorry to

Operator
Interrupt Mr. Tolani, we cannot hear you

Dhanraj Tolani - Analyst, Kuber Advisors
clearly audible [Foreign Speech] Go

Operator
Ahead. Yes, go ahead.

Dhanraj Tolani - Analyst, Kuber Advisors
Okay, sir. Question on the financial. I just wanted to. Could you share segment-wise profitability at EBITDA or?

Operator
Sorry to interrupt, sir. We cannot hear you clearly.

Dhanraj Tolani - Analyst, Kuber Advisors
Okay. I'm saying, could you share segment-wise profitability for broking, advisory, and NBFC? So which segment? Driving increment in profit currently?

Ayush Sharma - Chief Financial Officer, Choice International Limited
We have shared the segment-wise PBT, which is part of our results, and the profitability is driven by both broking and

Dhanraj Tolani - Analyst, Kuber Advisors
Advisory businesses equally. Okay, so which part is currently impacting the margins, it's denoting the

Ayush Sharma - Chief Financial Officer, Choice International Limited
M No, see, uh, NBFC is one, uh, business where we have seen, uh, the cycles, uh, in the recent couple of years. Uh, since we are into micro-lap kind of, uh, business, uh, this is, uh, this, product is, uh, impacted because of the microfinance, uh, turbulences which we have seen in the industry. So now since the, uh, so that has impacted the margins Uh, slightly over the last couple of quarters. Now since, uh, the microfinance industry is showing a revival, uh, soon, so we foresee that the impact of that will also come in, in the micro-lap portfolio also.

So going forward, that should also, uh, stop impacting the margins.

Dhanraj Tolani - Analyst, Kuber Advisors
Okay. And also revenue, advisory contributes more than 30% of the revenue, which is majorly the government-led. And you can say, uh, the broking and IB are market-linked. So do we have a target mix for, uh, you can say FY '30? And do we wish to reduce dependence on market-linked revenue?

Ayush Sharma - Chief Financial Officer, Choice International Limited
Yeah, yeah. So, uh, advisory, uh, as you rightly mentioned, advisory contains both government advisory as well as the investment banking. Our focus is, uh, I, answered in the previous question also is that our focus is to bring in more and more companies to capital markets from, tier two cities, or, the hidden gems which we always keep trying to identify, uh, in terms of companies suitable for the capital markets. So, uh, definitely that is a focus. In terms of target mix for FY '30, we are expecting 30%- almost 50-50% contribution from government advisory and investment banking to the overall advisory revenues.

Dhanraj Tolani - Analyst, Kuber Advisors
Okay, okay, okay. Thank you. That's all from our side.

Operator
Thank you. Participants, you may [Operator Instructions] A reminder to all participants, you may [Operator Instructions] Next question is from the line of Vivek Jhala from Jhala Family Office. Please go ahead.

Vivek Jhala - Analyst, Jhala Family Office
Thanks for the opportunity. so I have a few queries, like as we enter H2 FY '27, what are the three key priorities for the business over the next two quarters, and which areas, whether it's broking, wealth, lending, investment banking, or new initiatives you expect to be the biggest growth driver, and what should investors watch out for?

Ayush Sharma - Chief Financial Officer, Choice International Limited
Okay, so, uh, Vivek, there are a couple of priorities for, uh, H2 which we as a management are focusing on. Uh, one focus, as I mentioned in my remarks as well, that we have launched the StrikeX, which is an- which is a product for sophisticated retail F&O traders. So, uh, for that, uh, I mean, the promoting and, uh, increasing the uses of StrikeX in the, uh, traders community, that is one of the, uh, priority for the second half. Additionally, we are also working on couple of digital products which we will also, uh, uh, launch in the coming second half of the year for these, uh, for, uh, acquiring, uh, the suitable, uh, customer segments.

Uh, another priority will be to expand the MTF portfolio using the capital which we have raised and also accelerate our distribution network, distribution business for the NCDs and other fixed income products. Uh, having, uh, I mean, these are largely the broking businesses, broking and distributions, uh, priorities. In advisory, uh, as the Feedback Infra acquisition is completed, our focus will be to acquire more and more high- higher margin projects because of the credentials which we will get after the Feedback's acquisition.

And since we have recently launched our first active scheme for the- for our AMC business, uh, that will also be a priority to grow the AMC's active products presence in the second half of the year.

Vivek Jhala - Analyst, Jhala Family Office
That's all from my side.

Ayush Sharma - Chief Financial Officer, Choice International Limited
Thank you.

Operator
Okay, thank you. Next question is from the line of Mandira A from Investor. Please go ahead.

Mandira A - Analyst, Individual Investor
Uh, thank you for the opportunity. So a couple of questions if you could help me with. So what is the current blended revenue yield on your wealth AUM, and how do you see it evolving among the industry-wide pressure on commission and expense ratio?

Ayush Sharma - Chief Financial Officer, Choice International Limited
So, uh, it, uh, varies. I mean, so currently, uh, the blended yield on the wealth AUM varies depending on the product. In case of distribution, uh, focused products, the yield ranges from 1.2% to 1.5%. And in case of trail income products like mutual funds or PMS, the income ranges anywhere between 60 basis points to 75 basis points. As far as the pressure from the regulatory changes are

concerned, we believe that even today the investing is a relationship-focused product irrespective of the geography.

Or irrespective of the customer segment. And, uh, because of, uh, the human, uh, capital involved in onboarding and servicing these customers, regulator will definitely keep those things in mind while, uh, designing their policies to, uh, decide the expense ratios, etc., etc. So we are, we are very, uh, confident that, uh, we don't foresee any such major impact on the commissions in the, uh, in this particular space in near future.

Mandira A - Analyst, Individual Investor
Got it, sir. And secondly, how do you expect SEBI's introduction of CS to impact the broking volume and clients' participation and revenue? Uh, will this require any operational charges?

Ayush Sharma - Chief Financial Officer, Choice International Limited
No, no, we don't have a comment on that for now.

Mandira A - Analyst, Individual Investor
Okay, so that was helpful, thank you, and all the best for the coming quarters

Ayush Sharma - Chief Financial Officer, Choice International Limited
Thank you very much, thank

Operator
You a reminder to all participants you may [Operator Instructions]

Raghav - Analyst, Raghav & Co.
Namaskar, Ayush ji. [Foreign Speech]

Anirudh Sharma - Analyst, Ekant Investments
[Foreign Speech] Hi, Raghav ji. How are you?

Raghav - Analyst, Raghav & Co.
I was waiting for this call sir. Just [Foreign Speech] Please allow me. It may take five minutes.

Anirudh Sharma - Analyst, Ekant Investments
[Foreign Speech]

Raghav - Analyst, Raghav & Co.
[Foreign Speech] sir advisory book sir [Foreign Speech] normally average hundred quarter [Foreign Speech] advisory hundred crores.

Ayush Sharma - Chief Financial Officer, Choice International Limited
[Foreign Speech]

Raghav - Analyst, Raghav & Co.
one forty five [Foreign Speech] Like one forty eight will be the run rate [Foreign Speech] it will come back again to hundred. Is this one time or it will be maintained?

Ayush Sharma - Chief Financial Officer, Choice International Limited
So this quarter we had five IPOs where the subscription was there during the quarter. Depending on the number of IPOs, advisories number will be maintained.

Raghav - Analyst, Raghav & Co.
But the government consultancy is still there, na? As of hundred. Yes,

Ayush Sharma - Chief Financial Officer, Choice International Limited
Yes, yes, yes, it is there.

Raghav - Analyst, Raghav & Co.
Okay, so I would take it as a one time only, na? Because it would be IPO numbers only, na? Okay.

Ayush Sharma - Chief Financial Officer, Choice International Limited
So [Foreign Speech] IPOs during the quarter approvals and listing [Foreign Speech] we'll be able to maintain.

Raghav - Analyst, Raghav & Co.
Okay sir second question [Foreign Speech] sir MTF book [Foreign Speech] current MTF book is around INR460 crore I think

Ayush Sharma - Chief Financial Officer, Choice International Limited
[Foreign Speech]

Raghav - Analyst, Raghav & Co.
[Foreign Speech] sir [Foreign Speech] Q3 [Foreign Speech] like October is gone like two months are left November and December INR900 crore I am assuming majority will go in MTF funding right

Anirudh Sharma - Analyst, Ekant Investments
Right

Raghav - Analyst, Raghav & Co.
So like I am expecting like 60-70 so can we expect the Q3 would be about hundred bottom line

Ayush Sharma - Chief Financial Officer, Choice International Limited
Simple method S D MTF portfolio gross the corresponding revenue will certainly be added to the overall P&L sir

Raghav - Analyst, Raghav & Co.
Sir the MTF book will grow like it will take time couple of months and it will go like drastically

Ayush Sharma - Chief Financial Officer, Choice International Limited
So we ris almost been only a week only. So we are confident that this money will be put to use in this quarter.

Raghav - Analyst, Raghav & Co.
Yeah, so what would be the like expect at the December end?

Operator
Sorry to interrupt. Sorry to interrupt. sir. Could you please join the queue for follow-up?

Raghav - Analyst, Raghav & Co.
Sorry?

Operator
Could you please join the queue for follow-up question?

Raghav - Analyst, Raghav & Co.
Sure, ma'am. Sure, ma'am. No problem.

Operator
Thank you, ladies and gentlemen. Uh, due to time constraint, that was the last question of the day. I would now like to hand the conference over to Mr. Arun Poddar for closing comments.

Arun Poddar - Chief Executive Officer, Choice International Limited
Thank you everyone for joining this. As we look ahead, our priority is to build on the quarter's performance By putting the NH capital to work, opening the customer relationship, and the strengthening execution across our businesses. We see opportunities- scale MTF, wealth distribution, and asset management- while expanding our advisory capabilities. Our approach will remain disciplined, with growth supported by the prudent capital allocation and the risk management. Thank you for your continued trust and the support.

Thank you everyone, and we are open for any question directly also.

Operator
Thank you. On behalf of Choice International Limited, that concludes this conference. Thank you for joining us, and [Operator Closing Remarks]