

DALALBYTES RESEARCH

# Systematix

## A Boom Outside, a Repair Job Inside

---

A 41-year-old merchant banker in a record primary market, priced at 3.3x book with trailing earnings negative

NSE: SYSTMTXC · BSE: 526506

**October 23, 2026**

Reference: Rs 75.61, NSE close of October 23, 2026.

Market cap about Rs 1,004 cr; 52-week range Rs 51.89 to Rs 177.90.

Business, financials, competition, management, valuation vs peers, risks, and FY2029 scenarios.

## ■ VERDICT

### 54 / 100 : Neutral

Systematix Corporate Services is a 41-year-old, SEBI Category I merchant banker riding the strongest primary market India has ever produced, and its own profit line is going backwards. At Rs 75.61 the market cap is about Rs 1,004 cr, or 3.3x book value of Rs 23 a share, for a group whose trailing twelve month profit is negative.

The record is stark. Consolidated PAT ran Rs 53 cr in FY24 and Rs 46 cr in FY25, then fell to Rs 14 cr in FY26, with Q4 FY26 printing a loss of Rs 11.79 cr and Q1 FY27 a loss of Rs 4.89 cr. Operating revenue has been flat for three years (about Rs 140 cr, Rs 139 cr, Rs 146 cr). The FY25 profit leaned on Rs 29.48 cr of other income, which collapsed to Rs 1.44 cr in FY26. Costs did the rest: a private wealth build, ESOP charges, and mark to market losses on proprietary investments, all named by ICRA.

The balance sheet is the counterweight. Net worth is about Rs 314 cr, borrowings are Rs 19 cr, promoter holding is 70.58% with zero pledging, and the broking subsidiary carries an ICRA BBB- (Stable) rating on Rs 100 cr of bank lines. India raised a record Rs 1.8 lakh cr through IPOs in FY26 and Rs 2.43 lakh cr of public equity in H1 FY27 alone. The demand is not the problem. Capture and cost discipline are.

Reference price: Rs 75.61 (NSE close, October 23, 2026). Market cap about Rs 1,004 cr. 52-week range Rs 51.89 to Rs 177.90.

FY2029 targets: Bear Rs 38 / Base Rs 78 / Bull Rs 125. See Section 14 for assumptions.

## ■ 1. SNAPSHOT

| Item     | Detail                                                                                                 |
|----------|--------------------------------------------------------------------------------------------------------|
| Company  | Systematix Corporate Services Ltd, The Capital, BKC, Mumbai; registered office Indore                  |
| Founded  | Incorporated August 1985 as Systematix Consultancy Services; renamed 1993                              |
| Listed   | NSE: SYSTMTXC, BSE: 526506; face value Rs 1; about 13.73 cr shares                                     |
| Business | Merchant banking and investment banking, institutional and retail broking, wealth, PMS, financing      |
| Licence  | SEBI Category I merchant banker; broking through wholly owned Systematix Shares and Stocks (India) Ltd |
| Scale    | About 272 employees; 450-plus touchpoints across 115 cities; 40,000-plus registered clients            |

| Item            | Detail                                                                          |
|-----------------|---------------------------------------------------------------------------------|
| FY26 financials | Operating revenue Rs 146 cr; total revenue Rs 147 cr; PAT Rs 14 cr; EPS Rs 1.01 |
| Balance sheet   | Net worth about Rs 314 cr; borrowings Rs 19 cr; book value Rs 23 a share        |
| Ownership       | Promoters 70.58% (September 2026), down from 74.23% in FY24; pledging nil       |

## 2. FOUNDING STORY: AN INDORE CONSULTANCY THAT BECAME A MARKET HOUSE

**The start.** The company was incorporated in August 1985 as Systematix Consultancy Services Limited. Company profiles record A. K. Sethiya and Uttam Chand Nahar as the original promoters. It became a public company and took its present name, Systematix Corporate Services Limited, in 1993, then came out with a public issue in April 1994 to fund leasing and discounting facilities and offices in Mumbai, Ahmedabad, Jaipur, Indore and Ujjain.

**The Khandelwal era.** The Khandelwal family is the promoter group today, and C. P. Khandelwal is recorded as a founder of the modern Systematix Group. Nikhil Khandelwal is Chairman and Managing Director, reappointed for a further three years from September 1, 2026 at the September 2026 annual general meeting. Systematix Corporate Services is the listed flagship and the merchant banking licence holder for the group.

**The broking arm.** Systematix Shares and Stocks (India) Limited (SSSIL) was incorporated on May 8, 1995 and is the wholly owned broking subsidiary: institutional equities, retail broking, wealth and portfolio services sit there. ICRA notes broking was the majority of group revenue until FY21. Since then the investment banking division has driven revenue and profit, which is precisely where the cycle risk now concentrates.

**The 2022 break, on the record.** ICRA's downgrade rationale records that the promoter was arrested in June 2022 and released on bail in February 2023. Broking performance moderated sharply: institutional average daily turnover fell to Rs 144 cr in H1 FY23, from an average of Rs 213 cr across FY20 to FY22, lenders contracted bank lines, and ICRA cut SSSIL to BB+ / A4+ in 2023. The rating has since been restored to BBB- (Stable) / A3. The episode is closed legally on the public record available, but it is part of the governance file and Section 9 grades it as such.

**The FY25 reset.** In FY25 the group raised Rs 103 cr through a preferential issuance, per ICRA, to fund the capital needs of broking, wealth and asset management. Reserves jumped from Rs 139 cr to Rs 286 cr, the shareholder count rose from 1,803 to 10,337, and promoter holding diluted from 74.23% to 70.58%. The group spent the raise on exactly the build that now pressures profit: margin trade funding, private wealth, and asset management.

### 3. WHAT THE COMPANY ACTUALLY DOES

**Merchant banking, explained plainly.** A Category I merchant banker is licensed by SEBI to manage public issues end to end: drafting the offer document, pricing, underwriting support, and listing. Systematix earns fees for running IPOs, rights issues, follow-on offers, open offers, delistings and buybacks, and for equity and debt placements, QIPs, valuations and ESOP advisory. The fee is a percentage of money raised or a fixed mandate fee. No capital is risked on a clean mandate, which is why this segment can print a 50% operating margin in a good quarter and a loss when mandates slip by one quarter.

**Broking.** SSSIL runs institutional equities (research-led, serving FIIs, domestic institutions, insurers and bank treasuries) and retail broking across equities, derivatives, commodities and currency, with depository and e-broking services. Institutional broking is a relationships and research business: the client pays for ideas, corporate access and execution, and can move the wallet to a rival desk in one phone call.

**Financing.** The group lends against shares and runs a margin trade funding (MTF) book inside the broking arm. This is the one balance sheet business in the mix: it earns a spread, and it carries market and credit risk when collateral falls. ICRA flags exactly this exposure. The parent infused Rs 25 cr of equity into SSSIL in H1 FY26 specifically to support the MTF scale-up, and a further Rs 35 cr rights infusion into the broking subsidiary followed on April 13, 2026, per the company's Q1 FY27 reporting coverage.

**Wealth and asset management.** The newest leg: private wealth for HNIs and ultra HNIs, portfolio management services, third-party product distribution (mutual funds, insurance), and alternative assets. Partha Sengupta, formerly with Axis Bank, leads the private wealth business as Joint Managing Director and CEO. In September 2025 the company committed up to Rs 10 cr as sponsor to the India SME Growth Fund, Series 2, a Category I AIF. In September 2026 it put a further Rs 10 cr into wholly owned Systematix Wealth and Asset Services Pvt Ltd through a rights issue.

**The segment shape.** The company does not publish a clean audited segment profit split in the sources reviewed, so treat mix figures as estimates. EduInvesting's FY26 analysis puts broking near 63% of revenue and investment banking near 33%. ICRA's framing is directional and more reliable: broking was the majority until FY21, investment banking has been the key driver of revenue and profitability since, and wealth is an investment-phase drag. Q1 FY27 segment reporting showed a pre-tax loss of Rs 6.52 cr in the merchant banking segment alone.

### 4. THE MACHINE: LICENCES, PEOPLE, AND DISTRIBUTION

| Asset                    | Detail                                                       | Why it matters                                                                 |
|--------------------------|--------------------------------------------------------------|--------------------------------------------------------------------------------|
| Merchant banking licence | SEBI Category I, held since the 1990s                        | The entry ticket to manage IPOs and QIPs; few listed peers this small hold one |
| Broking subsidiary       | SSSIL, est. 1995, ICRA BBB- (Stable) / A3 on Rs 100 cr lines | Bank lines fund the MTF book; the rating is the funding licence in practice    |

| Asset              | Detail                                                   | Why it matters                                                                      |
|--------------------|----------------------------------------------------------|-------------------------------------------------------------------------------------|
| Research franchise | Institutional research distributed on Bloomberg and LSEG | The currency that buys institutional broking wallet share                           |
| Distribution       | 450-plus touchpoints, 115 cities, 40,000-plus clients    | Real reach for a house this size, centred on Mumbai, Delhi, Indore, Jaipur, Lucknow |
| People             | About 272 employees; senior wealth hire from Axis Bank   | A people business: revenue walks out of the door every evening                      |

**The operating leverage is the story.** Employee cost is the dominant expense: Rs 20.57 cr of employee benefits expense in Q1 FY27 alone, against adjusted revenue of Rs 26.75 cr in the same quarter. In Q4 FY26 employee costs of Rs 17.81 cr met revenue of Rs 23.50 cr, a 75.8% cost ratio, per MarketsMOJO's results analysis. When mandates close, margins explode upward (operating margin was 50% in FY24). When mandates slip one quarter, the salary bill does not slip with them.

**Technology is table stakes, not a moat.** Online broking, research distribution and MTF platforms must simply work; discount brokers reset retail price expectations years ago. Systematix does not compete with Zerodha or Groww on retail price. Its ground is institutional relationships, mid-market issuers, and HNI wealth, where trust and coverage still price.

## 5. THE MARKET: A RECORD PRIMARY BOOM

| Market fact                        | Figure                                                                                                    | Source                          |
|------------------------------------|-----------------------------------------------------------------------------------------------------------|---------------------------------|
| IPO fundraising, FY26              | Rs 1.8 lakh cr, a record; 219 listings                                                                    | NSE report                      |
| Mainboard IPOs, FY26               | 108 issues, about Rs 1.7 lakh cr                                                                          | NSE report                      |
| SME IPOs, FY26                     | 111 issues, Rs 5,363 cr, down about 25% in value                                                          | NSE report                      |
| Further equity fundraising, FY26   | Rs 2.4 lakh cr, up 6%; preferential 54%, QIP 28%, rights 18%                                              | NSE report                      |
| QIP fundraising, FY26              | About Rs 67,600 cr, down 47%                                                                              | NSE report                      |
| Public equity fundraising, H1 FY27 | Rs 2.43 lakh cr, up 75% year on year                                                                      | PRIME Database via BusinessLine |
| IPO pipeline, October 2026         | 145 SEBI-approved companies seeking about Rs 2.78 lakh cr; 102 more awaiting approval for Rs 1.87 lakh cr | BusinessLine                    |
| India investment banking fees      | Record \$1.1 bn; equity underwriting fees down 9% to \$415.6 mn                                           | LSEG via press                  |

**Read the mix, not the headline.** The boom is real, but it is rotating. QIP fees, historically rich for mid-tier merchant bankers, nearly halved in FY26. Preferential allotments and rights issues, where Systematix is active, grew fast. SME issuance, a natural Systematix hunting ground, shrank. And the H1 FY27 league tables are topped by JM Financial and ICICI Securities: the largest mandates consolidate to the largest houses even in a boom.

**The sunrise verdict.** Demand for merchant banking, institutional broking and private wealth in India is structural: financialisation of savings, a deep domestic mutual fund bid, and a multi-year IPO pipeline. That is a genuine sunrise. The open question for this stock is never demand. It is whether a sub-scale house with rising costs captures enough of the fee pool to earn its cost of people. Sections 6 and 10 answer that with the company's own numbers.

## 6. FINANCIALS: FLAT REVENUE, COLLAPSING PROFIT

| Year    | Total revenue (cr) | Operating profit (cr) | OPM | PAT (cr) | EPS (Rs) |
|---------|--------------------|-----------------------|-----|----------|----------|
| FY22    | 89                 | 26                    | 29% | 18       | 1.35     |
| FY23    | 73                 | 4                     | 6%  | 5        | 0.39     |
| FY24    | 146                | 73                    | 50% | 53       | 4.11     |
| FY25    | 168                | 64                    | 38% | 46       | 3.35     |
| FY26    | 147                | 32                    | 22% | 14       | 1.01     |
| Q1 FY27 | 56                 | -2                    | -4% | -5       | -0.36    |

*Consolidated, Screener. Total revenue includes other income. Operating revenue on a standalone sales definition was about Rs 89 cr (FY22), Rs 73 cr (FY23), Rs 140 cr (FY24), Rs 139 cr (FY25) and Rs 146 cr (FY26), per Value Research and IIFL. Q1 FY27 PAT is negative Rs 4.89 cr; the quarter's total revenue includes a Rs 29.51 cr sale of shares line, addressed below.*

**The top line stalled three years ago.** Operating revenue doubled in FY24 on the primary market surge, then stopped: Rs 140 cr, Rs 139 cr, Rs 146 cr. In a market that raised record sums in FY26, Systematix's operating revenue grew about 5%. That is share loss, or at best share stagnation, in its best possible year.

**Other income was the FY25 profit.** IIFL's profit and loss split shows other income of Rs 8.88 cr in FY24, Rs 29.48 cr in FY25 and Rs 1.44 cr in FY26. Strip it out and the FY25 to FY26 story changes shape: the core held roughly flat, the investment book stopped paying, and reported PAT fell 70%, from Rs 46 cr to Rs 14 cr. A merchant bank whose profit swings on its proprietary book is running two businesses, and only one of them is a franchise.

**The quarterly path is the warning.** PAT by quarter: Rs 10.46 cr (Q1 FY26), Rs 14.49 cr (Q2), Rs 0.69 cr (Q3), negative Rs 11.79 cr (Q4), negative Rs 4.89 cr (Q1 FY27). Operating profit was negative in both Q4 FY26 (negative Rs 9.53 cr) and Q1 FY27 (negative Rs 2.27 cr). ICRA attributes the 9M FY26 fade (group PAT of Rs 26 cr and ROE of 11.1%, against Rs 46 cr and 20.5% in FY25) to deferred investment banking

revenue, losses in the newly expanded wealth business, and mark to market losses on proprietary investments.

**Q1 FY27 needs a footnote in bold.** Reported revenue of Rs 56.26 cr, up 43.6%, includes Rs 29.51 cr booked as sale of shares, more than half the top line. The company's own presentation separates this out: adjusted revenue was Rs 26.75 cr. On the adjusted line the quarter shrank year on year, the merchant banking segment lost Rs 6.52 cr before tax, and the group still lost Rs 4.89 cr. Revenue quality, not revenue growth, is the right lens for this company.

**Returns have round-tripped.** ROE was 4.6% in FY26 and ROCE 8.5%, against FY24 prints of about 42% and 48% on a much smaller equity base. The FY25 preferential raise enlarged the denominator before the new businesses produced anything: net worth roughly doubled while profit halved. Debtor days rose from 37 in FY24 to 76 in FY25 and 94 in FY26 (Screener), so even the flat revenue is being collected more slowly.

## 7. BALANCE SHEET, CASH FLOW, AND WHERE THE RAISE WENT

| Item (consolidated) | Mar 2024  | Mar 2025  | Mar 2026  |
|---------------------|-----------|-----------|-----------|
| Equity capital (cr) | 13        | 14        | 14        |
| Reserves (cr)       | 139       | 286       | 300       |
| Net worth (cr)      | about 152 | about 300 | about 314 |
| Borrowings (cr)     | 21        | 20        | 19        |
| Total assets (cr)   | 308       | 428       | 435       |
| Investments (cr)    | 41        | 46        | 44        |

*Screener consolidated balance sheet. Borrowings are the Screener long-term and short-term borrowing lines; the group also uses bank lines inside the broking subsidiary for margin funding, rated by ICRA at Rs 100 cr.*

**The fortress facts.** Borrowings of Rs 19 cr against net worth of about Rs 314 cr is, on its face, almost debt free (Screener's own summary says so). SSSIL's capitalisation at December 2025 was a net worth of Rs 128 cr with negligible dependence on external borrowings, per ICRA, which assigned BBB- (Stable) and A3 ratings to its Rs 100 cr bank lines. Promoter pledging is nil. There is no solvency question in this file.

**The cash flow facts cut the other way.** Operating cash flow was negative Rs 20 cr in FY25 and negative Rs 21 cr in FY26, after positive Rs 88 cr in FY24. Free cash flow was negative Rs 23 cr and negative Rs 31 cr in those two years (Screener). A people business with negative operating cash flow for two straight years is funding salaries, MTF growth and wealth losses from the balance sheet: in plain terms, from the FY25 raise.

**Where the Rs 103 cr went.** The disclosed trail: Rs 25 cr of equity into SSSIL in H1 FY26 for the MTF book (ICRA), Rs 35 cr more into the broking subsidiary in April 2026, Rs 10 cr into the wealth subsidiary in September 2026, up to Rs 10 cr committed as AIF sponsor, and an 80% stake in Urban Affordable Housing LLP acquired in May 2025. Fixed assets rose from Rs 17 cr to Rs 31 cr in FY26 and capital work in progress

appeared at Rs 4 cr. None of this is hidden. All of it is investment phase. The return on it is, so far, a lower ROE and two loss-making quarters.

**The dividend is a token.** The FY26 final dividend is Rs 0.10 a share (10% on the Rs 1 face value), a 0.13% yield and a payout near 10% of the shrunken FY26 profit. FY25 also paid Rs 0.10. Holders are not being paid to wait.

## 8. ROADMAP AUDIT: WHAT WAS PROMISED, WHAT ARRIVED

| Plan or claim                              | Set                  | Delivered by October 23, 2026                                                                                            | Score               |
|--------------------------------------------|----------------------|--------------------------------------------------------------------------------------------------------------------------|---------------------|
| Raise growth capital by preferential issue | FY25                 | Rs 103 cr raised; reserves Rs 139 cr to Rs 286 cr                                                                        | Met                 |
| Scale the MTF and broking book             | H1 FY26              | Rs 25 cr into SSSIL (H1 FY26), Rs 35 cr more (April 2026); SSSIL 9M FY26 net operating income Rs 46 cr, PAT only Rs 2 cr | Partial             |
| Build a private wealth business            | FY25 to FY26         | Senior Axis Bank hire installed; unit loss-making in Q3 FY26 per ICRA; Rs 10 cr more capital in September 2026           | Partial             |
| Investment banking drives growth           | FY24 onward          | IB drove FY24 profit; FY26 mandates deferred, Q1 FY27 merchant banking segment loss of Rs 6.52 cr                        | Missed, latest year |
| Sustain FY24 to FY25 profitability         | Implied by the raise | PAT Rs 53 cr, Rs 46 cr, Rs 14 cr, then TTM negative                                                                      | Missed              |
| Align staff with a 2025 ESOP scheme        | AGM, September 2025  | Scheme approved for up to 68,26,901 options, about 5% of the share count                                                 | Met, dilutive       |

**The pattern.** Capital promises are kept to the rupee. Profit promises are not made in numbers, which is itself information: this management does not guide, so the audit trail is the profit and loss account, and it shows a group that raised equity at the top of its earnings cycle and spent it into a cost base that the next cycle has to carry.

**The nearest tests.** Three dated items decide the next year: whether the wealth unit reaches breakeven, whether deferred investment banking mandates close and print in H2 FY27, and whether the MTF book grows without a credit or mark to market accident. None is in management's gift alone, because all three ride the market tape.

## ■ 9. MANAGEMENT, PROMOTERS, AND CAPITAL ALLOCATION

**The people.** Nikhil Khandelwal, Chairman and Managing Director, was reappointed for three years from September 1, 2026. The Khandelwal family promotes the group through entities including Systematix Holdings. Partha Sengupta runs private wealth. The bench below the promoter is professional and recently hired, which cuts both ways: capability is being bought in, at market salaries, before the revenue to pay for it exists.

**The promoter trend needs a straight read.** Holding was 74.23% from FY23 through September 2024, then 70.58% from the FY25 preferential issue onward, flat for seven straight quarters to September 2026. The dilution was a primary raise, not a promoter sale: the promoter did not exit, the company issued shares to incoming investors, and the register broadened from 1,803 to more than 10,300 shareholders. Pledging is nil throughout. That is a cleaner file than the headline 3.65 point fall suggests.

**The 2022 entry stays in the file.** ICRA's published rationale records the promoter's arrest in June 2022 and bail in February 2023, the broking slump that followed, and the rating downgrade to BB+ before restoration to BBB- (Stable). A leadership grade that ignored a documented event of that size would be worthless. It is graded here as history that raises the bar for everything else, not as a current allegation.

**The institutional register is thin and fading.** FII holding peaked at 5.39% in June 2025 (Belgrave Investment Fund held 4.04% and Dovetail India Fund 1.15% at September 2025, per Trendlyne) and eased to 3.95% by June 2026, recovering to 4.20% at September 2026. DII holding is 0.07%. The public holds about 25%. Trading volume on October 23, 2026 was only about 6,700 shares on one data source: this is a thin stock where exits are events, not trades.

**Capital allocation, graded.** The FY25 raise was defensible in design (fund the regulated, capital-hungry legs before the cycle turns) and expensive in timing (issued near peak earnings, deployed into a wealth build whose losses arrived within a year, plus a housing LLP acquisition outside the core). The ESOP scheme for up to 68,26,901 options, about 5% of shares in issue, aligns the hired bench and dilutes everyone else. The dividend, Rs 0.10, signals that cash is being hoarded for the build. Minorities are funding an option on wealth and asset management with a merchant bank attached. Section 14 prices that option honestly.

## ■ 10. COMPETITION: A MID-TIER HOUSE IN A CONSOLIDATING FEE POOL

**The structure.** Indian capital markets have three tiers. At the top, JM Financial, ICICI Securities, Kotak, Axis Capital and Motilal Oswal take the large IPOs and QIPs: JM Financial and ICICI Securities topped the H1 FY27 IPO league table. In the middle, houses like Systematix, Nuvama's smaller desks, and regional merchant bankers fight for mid-market IPOs, rights issues, preferential allotments and SME mandates. At the bottom, discount brokers own retail flow on price.

| Competitor                     | Market cap (cr) | P/E                                   | P/B  | Dividend yield | Note                                                            |
|--------------------------------|-----------------|---------------------------------------|------|----------------|-----------------------------------------------------------------|
| <b>Systematix Corporate</b>    | about 1,004     | Not meaningful (TTM loss); 74.9x FY26 | 3.3x | 0.13%          | This report                                                     |
| <b>Motilal Oswal Financial</b> | Large cap       | 33.5x                                 | 4.8x | 0.58%          | Diversified: broking, wealth, asset management, housing finance |
| <b>Nuvama Wealth</b>           | Large cap       | 31.0x                                 | 7.8x | 1.57%          | Pure wealth and capital markets, ROE above 25%                  |
| <b>Aditya Birla Capital</b>    | Large cap       | 26.9x                                 | 2.8x | Nil            | Lending-led financial conglomerate                              |

Peer multiples from Tickertape around October 2026. Mixes differ widely; the table's point is the ROE gap behind the multiples, addressed below.

**Where Systematix wins.** Forty years of mid-market relationships in western and central India, a Category I licence held for decades, research that institutions actually read, and speed: a founder-led house can commit to a Rs 100 cr to Rs 500 cr issuer in days, where a top-tier bank's committee takes weeks and may decline the mandate as too small. Rights issues and preferential allotments, the two fastest-growing FY26 routes, are exactly this segment's work.

**Where it loses.** Scale economics. Nuvama earns a P/B of 7.8x because its wealth ROE is real and recurring; Systematix's wealth unit loses money. Top-tier banks amortise compliance, technology and research over a fee pool ten times larger. Talent migrates upward in boom years, and the ESOP is a defensive cost of that war. In retail broking the discounters set a price Systematix cannot match and does not try to.

**The honest summary.** Systematix is a price taker in every one of its markets: SEBI sets the rules, issuers auction the mandates, institutions split the broking wallet, and the market sets the value of its proprietary book. Its defence is tenure and niche, not structure.

## 11. STRENGTHS

### What to watch

Two clean, profitable, cash-positive quarters: wealth unit breakeven progress, deferred investment banking mandates closing in H2 FY27, and the margin funding book growing without a mark to market accident. Proof, not the market tape, is what an upgrade waits for.

- 1. **The licence and the tenure:** a SEBI Category I merchant banking licence and 41 years of continuous operation, through the 2008 crisis, the 2020 crash and the 2022 group crisis.
- 2. **Fortress funding:** net worth of about Rs 314 cr, borrowings of Rs 19 cr, nil promoter pledging, and an ICRA BBB- (Stable) rating at the broking arm.
- 3. **Promoter weight:** 70.58% held flat for seven quarters, with dilution taken through a primary raise rather than secondary sales.
- 4. **A rising market:** record FY26 IPO fundraising of Rs 1.8 lakh cr, H1 FY27 public equity fundraising up 75%, and a Rs 2.78 lakh cr approved IPO pipeline.
- 5. **Optionality bought and paid for:** the wealth, AIF and MTF builds are funded from the FY25 raise, not from hope or debt.
- 6. **Institutional research franchise:** distribution on Bloomberg and LSEG and a 30-year institutional client list are real, if portable, assets.

## ■ 12. WEAKNESSES AND RISKS

- 1. **Profit has collapsed in a boom:** PAT of Rs 14 cr in FY26, losses in Q4 FY26 and Q1 FY27, and negative trailing twelve month earnings, while the market printed records. If this is the good year, the bad year is the risk.
- 2. **Revenue quality:** other income swung from Rs 29.48 cr (FY25) to Rs 1.44 cr (FY26), and Q1 FY27 revenue included Rs 29.51 cr of sale of shares against adjusted revenue of Rs 26.75 cr. Reported growth rates flatter the core.
- 3. **Cost rigidity:** employee costs ran at 75.8% of revenue in Q4 FY26. The wealth build and ESOP charges are multi-year commitments against quarterly mandate revenue.
- 4. **Share stagnation:** operating revenue was flat across FY24 to FY26 (about Rs 140 cr to Rs 146 cr) while the fee pool set records and the league tables consolidated to larger houses.
- 5. **Cash burn:** operating cash flow and free cash flow were both negative in FY25 and FY26. The build is consuming the raise.
- 6. **Financing risk:** the MTF and loan against shares book carries collateral and credit risk into any sharp market fall; ICRA names it a rating constraint.
- 7. **Governance history:** the 2022 promoter arrest and bail, and the rating downgrade and restoration that followed, are documented by ICRA and will reprice instantly on any recurrence of regulatory trouble.
- 8. **Dilution overhang:** ESOP options of up to 68,26,901 shares, about 5% of the count, sit ahead of minorities, after a preferential issue already diluted holders in FY25.
- 9. **Liquidity:** about 25% free float held by the public, DII ownership of 0.07%, and thin daily volumes. The 52-week range, Rs 51.89 to Rs 177.90, is what thin registers do.

### 13. VALUATION VS PEERS

At Rs 75.61 (October 23, 2026): market cap about Rs 1,004 cr, P/B 3.3x on book value of Rs 23, P/E 74.9x on FY26 EPS of Rs 1.01, trailing P/E not meaningful (TTM PAT about negative Rs 1 cr, EPS about negative Rs 0.11), price to operating revenue about 6.9x, dividend yield 0.13%.

**The peer gap is an ROE gap.** Motilal Oswal at 4.8x book and Nuvama at 7.8x book earn those multiples with return on equity in the twenties and thirties and large recurring wealth revenue. Systematix at 3.3x book earned 4.6% ROE in FY26 and negative ROE on a trailing basis. On the earnings the company actually produces today, the stock is not cheap versus peers; it is a smaller, lower-return house at a mid-tier multiple.

**The normalised read.** FY24 and FY25 average PAT of about Rs 50 cr was peak cycle and other-income assisted. DalalBytes estimates mid-cycle earning power at Rs 30 cr to Rs 38 cr of PAT today (an estimate, labelled as such), which is Rs 2.20 to Rs 2.80 of EPS. At Rs 75.61 the stock trades near 27x to 34x that normalised estimate: full price for a recovery that has not yet printed a single quarter.

**What the price is really buying.** Book value of about Rs 314 cr is mostly financial assets, subsidiary capital and receivables rather than plant, so a P/B anchor has some substance: the bear case in Section 14 is built on it. Above book, the price pays for the wealth and asset management option. Options are worth something. At 3.3x book, this one is not being given away.

### 14. FY2029 SCENARIOS (INR)

Built off FY26 operating revenue of Rs 146 cr and about 13.73 cr shares. FY2029 is the year ending March 2029, by which the wealth build must either earn or be cut, and the FY27 mandate deferrals will be ancient history. Assumptions are explicit.

| Scenario | FY29 operating revenue | FY29 PAT | EPS     | Valuation basis                | Target |
|----------|------------------------|----------|---------|--------------------------------|--------|
| Bear     | Rs 155 cr              | Rs 14 cr | Rs 1.02 | 1.35x FY29 book of about Rs 28 | Rs 38  |
| Base     | Rs 225 cr              | Rs 48 cr | Rs 3.50 | 22x earnings                   | Rs 78  |
| Bull     | Rs 275 cr              | Rs 72 cr | Rs 5.24 | 24x earnings                   | Rs 125 |

**Bear Rs 38:** the primary market cools, wealth losses persist into FY28 and are then cut, the MTF book marks down in a correction, and revenue compounds at about 2%. Earnings stay at FY26 levels and the market re-rates the stock to its asset floor: about 1.35x a slowly growing book value. The floor exists because net worth is financial, not fictional, but it sits 50% below today's price.

**Base Rs 78:** operating revenue compounds at about 15% as H1 FY27's record fundraising converts into mid-market mandates, wealth reaches breakeven during FY28 and contributes in FY29, and other income

normalises at a modest level. PAT of Rs 48 cr roughly regains the FY25 print, this time from operations. A 22x exit multiple keeps a discount to Motilal Oswal and Nuvama for scale and ROE. The base case, in other words, buys three years of repair and lands almost exactly at today's price.

**Bull Rs 125:** Systematix takes visible league table share in mid-market IPOs and rights issues, wealth scales on the Axis-built team to a real profit pool, the AIF platform adds fee income, and PAT reaches Rs 72 cr at a 26% net margin. A 24x exit still sits below where diversified peers trade today. This case needs the cost ratio to fall below 60% and stay there, something the company has done only in its best cycle years.

## 15. WHY IT MATTERS

Systematix is the listed test of a question the whole mid-tier of Indian finance is asking: can a sub-scale, founder-led market house convert a generational primary market boom into durable, recurring earnings, or does the boom simply raise its salary bill while the fee pool consolidates upward. The FY26 answer, printed in a record year, was the second one: flat revenue, collapsing profit, negative cash flow, and a share price down about 55% in twelve months from its high. The balance sheet and the licence buy management time to change that answer, and the H1 FY27 fundraising tape gives them the raw material. At 54/100 Neutral, the verdict is that Rs 75.61 already pays for the repair. Proof, in the form of two clean, profitable, cash-positive quarters, is what an upgrade waits for.

## SOURCES

- Screener (consolidated): profit and loss, balance sheet, cash flows, ratios, shareholding pattern to September 2026, market data at October 23, 2026 (price Rs 75.6, market cap Rs 1,004 cr, book value Rs 23)
- Dhan and Finnhub market data, October 23, 2026: NSE price Rs 75.61, previous close Rs 75.89, day range Rs 75.00 to Rs 79.00, 52-week range Rs 51.89 to Rs 177.90, promoter holding 70.58% and FII 4.20% at September 2026
- ICRA rating rationales for Systematix Shares and Stocks (India) Ltd: BBB- (Stable) / A3 assigned on Rs 100 cr bank lines; SSSIL 9M FY26 net operating income Rs 46 cr, PAT Rs 2 cr, net worth Rs 128 cr at December 2025; group H1 FY26 PAT Rs 25 cr and 9M FY26 PAT Rs 26 cr with ROE of 11.1% versus 20.5% in FY25; Rs 103 cr preferential issuance in FY2025; Rs 25 cr equity infusion into SSSIL in H1 FY2026; 2023 downgrade rationale recording the June 2022 promoter arrest, February 2023 bail, and institutional turnover decline
- Company filings and presentations via BSE and Screener documents: Rs 10 cr rights subscription in Systematix Wealth and Asset Services Pvt Ltd (September 29, 2026), AGM approval of Rs 0.10 final dividend and reappointment of Nikhil Khandelwal as Managing Director for three years from September 1, 2026, Q1 FY27 results and adjusted revenue presentation
- EduInvesting result analyses (FY26 annual, Q4 FY26, Q1 FY27): segment mix estimates, sale of shares line of Rs 29.51 cr in Q1 FY27, merchant banking segment loss of Rs 6.52 cr, Rs 35 cr broking subsidiary

infusion of April 13, 2026

- MarketsMOJO Q3 and Q4 FY26 result analyses: quarterly profit path, Q4 FY26 employee cost ratio of 75.8%, revenue of Rs 23.50 cr in Q4 FY26
- NSE primary market report for FY26 via Kotak Neo and SEBI Annual Report 2025-26 coverage: record IPO fundraising of Rs 1.8 lakh cr, 219 listings, further equity fundraising of Rs 2.4 lakh cr and its route split
- The Hindu BusinessLine (October 7, 2026): H1 FY27 public equity fundraising of Rs 2.43 lakh cr, IPO pipeline of 145 approved companies seeking Rs 2.78 lakh cr, JM Financial and ICICI Securities atop the league table; LSEG fee data via FlashFinance
- Value Research and IIFL: operating revenue and other income splits (other income Rs 29.48 cr in FY25, Rs 1.44 cr in FY26), ROE and operating margin history
- Tickertape peer table, October 2026: Motilal Oswal, Nuvama Wealth and Aditya Birla Capital multiples; Trendlyne shareholding detail (Belgrave Investment Fund 4.04%, Dovetail India Fund 1.15% at September 2025); ICICI Direct and MoneyWorks4Me for zero promoter pledging