

February 10, 2026

## Systematix Shares and Stocks (India) Limited: Ratings assigned

### Summary of rating action

| Instrument*   | Current rated amount<br>(Rs. crore) | Rating action                          |
|---|-------------------------------------|--|
| Long-term/ Short-term fund-based/ Non-fund based bank lines | 100.0                               | [ICRA]BBB- (Stable)/[ICRA]A3; assigned |
| <b>Total</b>  | <b>100.0</b>                        |  |

\*Instrument details are provided in Annexure I

### Rationale

The assigned ratings reflect Systematix Shares and Stocks (India) Limited's (SSSIL) track record in the equity broking business with a long-standing presence in the institutional segment, its adequate capitalisation profile, and its parentage (wholly-owned subsidiary of Systematix Corporate Services Limited (SCSL or referred to as the Group hereafter)). The company is strategically important to SCSL as the broking business remains a key focus area for the Group. In this regard, ICRA notes that SCSL infused Rs. 25-crore equity in SSSIL in H1 FY2026 to support the scale-up in the margin trade funding (MTF) book. SCSL's performance in recent years has been supported by the buoyant primary market and the resultant surge in the Group's revenues from the investment banking (IB) division. While the securities broking business housed under SSSIL used to account for the majority of the Group's consolidated revenues till FY2021, the IB division has been the key driver of its revenue and profitability trajectory in recent years. The Group has also forayed into wealth management and asset management and raised Rs. 103 crore in FY2025 through a preferential issuance to support the capital requirements of some of these businesses, including securities broking.

The ratings are, however, constrained by SSSIL's modest scale of operations with limited revenue diversification and high dependence on capital market related activities, which are inherently cyclical in nature. The ratings also take into account the track record of below-average profitability, credit and market risks associated with margin funding exposures, intense competition in the retail broking space, high dependence on technology and the evolving regulatory environment. Going forward, a ramp-up in the scale of operations while achieving a meaningful and sustained improvement in the profitability will remain critical from a credit perspective.

The Stable outlook reflects ICRA's expectation that the company would harness its established market position and customer base to achieve adequate profitability while sustaining the capitalisation and liquidity profile.

### Key rating drivers and their description

#### Credit strengths

**Parentage in the form of Systematix Group** – SSSIL is a wholly-owned subsidiary of SCSL and benefits from being part of the Systematix Group, which has a long-standing track record of over three decades in capital markets and allied businesses. Historically, the broking business housed under SSSIL was the largest contributor to the Group's consolidated revenues until FY2021. However, in recent years, the IB segment has emerged as the key revenue and profitability driver, supported by buoyant primary market conditions. Despite this shift, the broking business remains strategically important for the Group. In this regard, ICRA notes that SCSL recently infused Rs. 25-crore equity in SSSIL to support the scale-up in the MTF book. This infusion formed part of the Rs. 103 crore raised by the Group through a preferential issuance in FY2025 to meet capital requirements across various businesses, including securities broking. In addition to operational and capital support from the parent, SSSIL has common senior leadership and key managerial personnel (KMP) across Group entities. Accordingly, ICRA expects support from the parent to continue, as and when required.

**Long track record in securities broking with presence in institutional segment** – Incorporated in 1995, SSSIL has been engaged in securities broking for over two decades. It offers a wide portfolio of capital market allied services such as broking, capital market lending, distribution of financial products, portfolio management services and wealth management services through a network of 6 branches and 66 franchisees. While it caters to the retail as well as institutional clientele, the company is a predominantly institutional-focussed broker, deriving 60-70% of its broking income from this segment (45-50% of net operating income; NOI). Following the slowdown in institutional client onboarding in FY2023, the company reported several client additions from FY2024. As on September 30, 2025, SSSIL catered to ~3,168 institutional clients (~2,770 as on March 31, 2024), largely comprising asset management companies and insurance companies.

**Adequate capitalisation** – SSSIL's capitalisation profile remains adequate, supported by a material increase in the net worth to Rs. 128 crore as of December 2025 from Rs. 45 crore in March 2021, aided by equity infusions of Rs. 15 crore in FY2022 and Rs. 25 crore in 9M FY2026. The company continues to operate with minimal reliance on fund-based borrowings with nil gearing as on December 31, 2025. However, ICRA notes that the gearing temporarily increased marginally during the year due to short-tenor intercorporate (ICD) support from the parent and drawdowns of fund-based lines for trade execution and margin requirements, with the peak gearing touching 0.4 times in October 2025. Historically, SSSIL's borrowing mix has been skewed towards a higher proportion of intraday lines within its overall borrowing limits. While the company's financial flexibility had been constrained earlier due to a reduction in bank lines in FY2023, it has since enhanced its funding access by obtaining fresh intraday and overdraft facilities from FY2024, strengthening its financial flexibility.

### Credit challenges

**Modest scale of broking operations with limited revenue diversification** – SSSIL has been engaged in broking operations for over two decades and currently services a modest but stable client base across retail and institutional segments, with an active National Stock Exchange (NSE) client base of 5,053 as of December 2025. Despite its long operating history, the overall scale of operations remains modest. The company had also faced interim reputational challenges following the promoter's arrest in June 2022, which temporarily constrained client additions and business volumes. However, with these issues gradually subsiding, SSSIL has regained traction, onboarding 17 new institutional clients in FY2024, 13 in FY2025, and 5 in H1 FY2026, along with steady additions in the retail segment.

Supported by this revival, the company's cash average daily turnover (ADTO) increased meaningfully to Rs. 218 crore in H1 FY2026 from Rs. 99 crore in FY2023. However, its market share in cash volumes (excluding proprietary) remained low and range-bound at 0.13-0.16% during FY2024-H1 FY2026, underscoring the modest scale compared with larger industry peers. Broking continues to be the core business for SSSIL, accounting for 80-85% of its NOI. The MTF book remains relatively small at Rs. 16 crore as of December 2025, contributing slightly to earnings. The scale of the wealth and asset management businesses continues to be modest, contributing around 6% to NOI in 9M FY2026. Additionally, the Group has migrated its mutual fund distribution business from SSSIL to the wealth subsidiary, leading to the transfer of distribution income to the latter. Consequently, revenue from this segment is expected to decline at SSSIL, going forward. Revenue diversification remains constrained and the franchise scale and market share continue to be modest compared with larger industry peers.

**Exposed to risks inherent in capital market-related businesses and track record of below-average profitability** – With the company's revenues being linked to inherently volatile capital markets, its profitability trajectory has exhibited sharp fluctuations over the years. While SSSIL had historically reported modest profitability, with net profits largely in the range of Rs. 1-3 crore during FY2011-FY2020, its performance improved meaningfully in FY2024, aided by favourable industry tailwinds. Supported by buoyant markets, revival in institutional activity as earlier reputational challenges eased, and gains on proprietary investments, SSSIL reported its highest-ever net profit of Rs. 20 crore in FY2024. The momentum continued in H1 FY2025, supported by healthy market activity, though trading volumes moderated in H2 FY2025 amid softening investor sentiment. Despite this, SSSIL maintained reasonable traction and reported a net operating profit of Rs. 10 crore in FY2025 compared with Rs. 4 crore in the previous year, with net operating profit/NOI improving to 15.1% from 6.9% during this period. However, the subdued market conditions in the second half led to lower fair value gains on proprietary investments, which weighed on the overall profitability. Consequently, the company's profitability moderated in FY2025, with profit after tax

(PAT)/NOI at 20.6% and return on equity (RoE) at 14.6% compared with 35.3% and 26.5%, respectively, in FY2024, though still materially better than historical levels.

In 9M FY2026, brokerage income recovered to levels comparable to FY2024 quarterly averages, supporting a rebound in operating income. However, this improvement was offset by the increase in operating expenses, particularly employee-related costs, resulting in negligible operating profit during this period. Additionally, proprietary gains – an important contributor in prior periods (Rs. 21 crore in FY2024 and Rs. 4 crore in FY2025) – were absent, further constraining profitability. As a result, SSSIL reported a muted PAT of Rs. 2 crore, with PAT/NOI of 3.8% and RoE of 2.1% in 9M FY2026. Going forward, the company's ability to sustain satisfactory profitability, given the inherently volatile nature of its business, remains a key monitorable.

**Elevated competition, high dependence on technology, and evolving regulatory environment** – Securities broking companies rely heavily on technology for trade execution, fund management, and other operations. Thus, technical failures or disruptions pose operational and reputational risks. Moreover, given the highly regulated nature of the industry, brokerage houses remain exposed to regulatory risk. Their ability to ensure compliance with the evolving regulatory landscape remains crucial. The sector is also characterised by intense competition and is susceptible to the entry of new players.

In recent years, regulatory changes have also led to increased working capital requirements. More recent measures, such as the standardisation of exchange charges, the hike in securities transaction tax (STT), and the regulator's interventions in the derivatives segment aimed at curbing excessive speculation, have weighed on the profitability of brokerage firms. ICRA notes that the new mutual fund cap of 6 basis points (bps) on cash segment brokerage has reduced yields from the previous range of 6.5-6.8 bps. This compression is likely to soften Q4 FY2026 revenues, though management expects this to be partially offset by higher trading volumes.

### Liquidity position: Adequate

SSSIL's liquidity requirement is primarily for placing margins at the exchanges. During April-October 2025, the average margin placed at the exchanges (basis month-end data, including client cash & non-cash margins) stood at Rs. 318 crore with the overall average utilisation in the range of 40-60%. As of October 31, 2025, SSSIL had no outstanding external borrowings, the company had availed temporary financing in the form of short tenor ICD support from parent for execution and margin requirement. As on October 31, 2025, it had an unencumbered cash balance of Rs. 13 crore and drawable but unutilised lines (excluding intraday lines) of Rs. 16 crore. Additionally, its MTF book, which can be liquidated at short notice to generate liquidity if required, stood at Rs. 13 crore. As on October 30, 2025, proprietary investments (comprising listed securities and mutual funds) stood at Rs. 11 crore.

### Rating sensitivities

**Positive factors** – A meaningful ramp-up in the scale of operations with diversification in the revenue profile while maintaining adequate profitability and capitalisation on a sustained basis would be a positive factor.

**Negative factors** – A significant decline in the scale of operations, resulting in a deterioration in SSSIL's financial performance, sizeable losses leading to material erosion of net worth, or any change in the strategic importance of its linkages with the parent group would be a credit negative.

### Analytical approach

| Analytical approach             | Comments  |
|---------------------------------|---|
| Applicable rating methodologies | <a href="#">Rating methodology – Stockbroking and allied services</a> |
| Parent/Group support            | Systematix Corporate Services Limited                                 |
| Consolidation/Standalone        | Standalone  |

## About the company

Incorporated in 1995, SSSIL is primarily engaged in retail and institutional equity broking, wealth management and portfolio management services. It is a wholly-owned subsidiary of Systematix Corporate Services Limited (SCSL), which is promoted by the Khandelwal family. In 9M FY2026, SSSIL reported a net profit of Rs. 2 crore on net operating income (NOI) of Rs. 46 crore. As on December 31, 2025, the company's capitalisation profile was characterised by a net worth of Rs. 128 crore and negligible dependence on external borrowings.

Incorporated in 1985, SCSL is a public limited company listed on the Bombay Stock Exchange and National Stock Exchange (NSE). It serves as the flagship company of the Systematix Group and holds a merchant banking licence issued by Securities and Exchange Board of India (SEBI). The other Group companies are engaged in offering loan against shares (LAS), wealth management and advisory services in financial markets.

In H1 FY2026, brokerage income registered a healthy recovery and the positive trajectory in investment banking revenues and lending income continued, although there were no fair value gains from proprietary investments. As a result, the Group-level profitability remained satisfactory – though lower than the previous two years – with a PAT of Rs. 25 crore, PAT/NOI of 28.7%, and RoE of 16.5%. The Group's consolidated profitability remained muted in Q3 FY2026 due to deferred investment banking revenues, losses in the newly expanded wealth business, and mark-to-market losses in proprietary investments. In 9M FY2026, the Group reported a net profit of Rs. 26 crore, PAT/NOI of 21.4%, and RoE of 11.1% compared with Rs. 46 crore, 33.8% and 20.5%, respectively, in FY2025.

## Key financial indicators

| Systematix Shares and Stocks (India) Limited | FY2025 | FY2025 | 9M FY2026* |
|--|--------|--------|------------|
| Net operating income                         | 57     | 66     | 46         |
| Profit after tax                             | 20     | 14     | 2          |
| Net worth                                    | 86     | 100    | 128        |
| Total assets                                 | 200    | 191    | 209        |
| Gearing (times)                              | 0.0    | 0.0    | 0.0        |
| Return on average net worth (annualised)     | 26.5%  | 14.6%  | 2.1%       |

Source: Company, ICRA Research; \* Provisional; All ratios as per ICRA's calculations; Amount in Rs. crore

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

| Instrument  | Current (FY2026) |              |                               |  | Chronology of rating history for the past 3 years |                               |              |                    |              |             |      |
|---|------------------|--------------|-------------------------------|--|---|-------------------------------|--------------|--------------------|--------------|-------------|------|
|   | Type             | Amount rated | Feb 10, 2026                  | May 26, 2025                             | Date  | FY2025                        | Rating       | Date               | FY2024       | Rating      | Date |
| Long-term/Short-term fund/Non-fund based bank lines | LT/ST            | 100.0        | [ICRA]BBB- (Stable) /[ICRA]A3 | [ICRA]BB+ (Stable) /[ICRA]A4+; withdrawn | Apr 05, 2024                                      | [ICRA]BB+ (Stable) /[ICRA]A4+ | -            | -                  | -            | -           | -    |
| Long-term fund based – Others                       | LT               | -            | -                             | -  | -   | -                             | Apr 10, 2023 | [ICRA]BB+ (Stable) | Jul 12, 2022 | [ICRA]BBB-@ | -    |
| Short-term non-fund based bank lines                | ST               | -            | -                             | -  | -   | -                             | Apr 10, 2023 | [ICRA]A4+          | Jul 12, 2022 | [ICRA]A3@   | -    |

@ Rating Watch with Negative Implications; Amount in Rs. Crore; LT: Long term, ST: Short term

## Complexity level of the rated instruments

| Instrument  | Complexity indicator |
|---|----------------------|
| Long-term/Short-term fund-based/Non-fund based bank lines | Simple               |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

| ISIN | Instrument/Facility name                                  | Date of issuance | Coupon rate | Maturity | Amount rated (Rs. crore) | Current rating and outlook             |
|------|---|------------------|-------------|----------|--------------------------|--|
| NA   | Long-term/Short-term fund-based/Non-fund based bank lines | NA               | NA          | NA       | 100.0                    | [ICRA]BBB- (Stable)/[ICRA]A3; assigned |

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Not applicable

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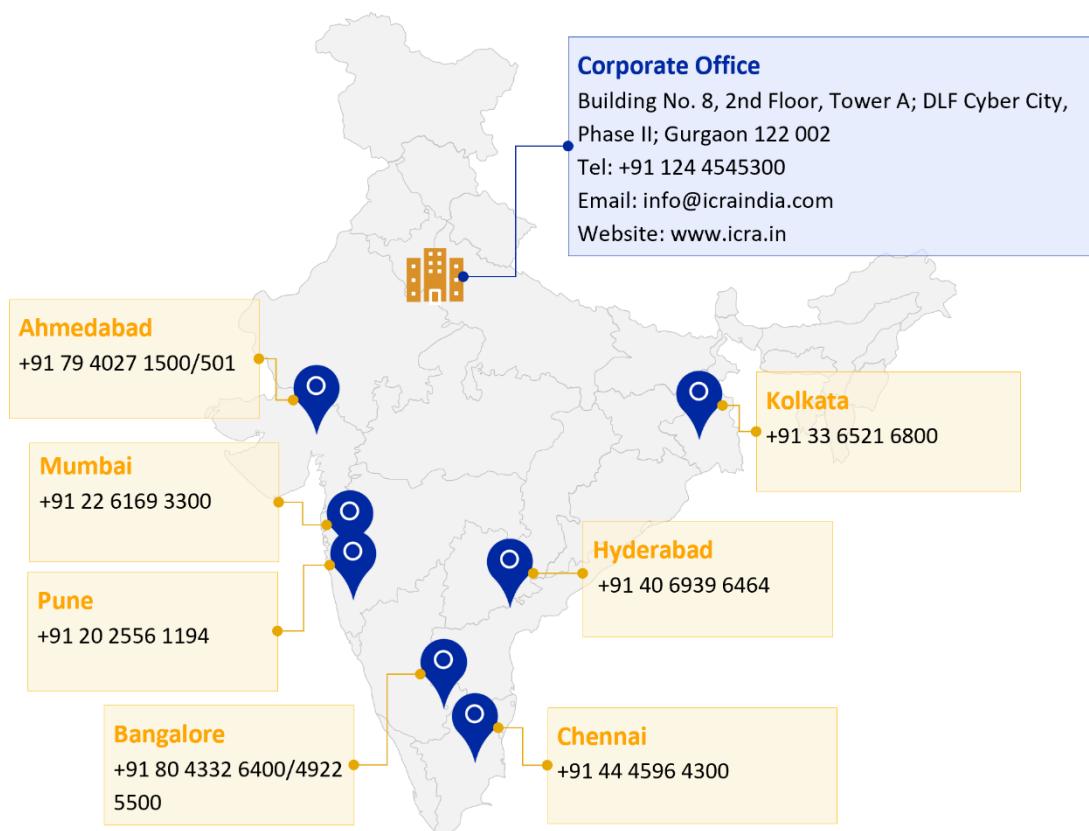
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### Branches



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