

Twin blows: Regulations & Markets. Headwinds Easing Though

India's financial services landscape is undergoing a paradigm shift, propelled by a surge in retail investor participation, growing affinity among high-net-worth individuals, and a steady maturing stock market. Amidst this transformation, GEOJITFSL is expected to emerge as a formidable player, blending a robust offline presence across emerging urban centres with state-of-the-art digital capabilities. By focusing on personalised advisory, research-driven recommendations, and investor education, the company has cultivated enduring client relationships while steadily diversifying its revenue streams. Even in the face of regulatory realignments, evolving market structures, and short-term sentiment challenges, GEOJITFSL's resilience has been underscored by its ability to adapt business strategies, refine its operational model, and safeguard growth levers.

Regulatory Reforms have caused a temporary speedbump

The regulatory landscape posed notable challenges for GEOJITFSL Financial Services, beginning with SEBI's introduction of the "True-to-Label" fee structure, which eliminated high-volume rebates for brokers. This triggered sector-wide negative sentiment and caused a drop in GEOJITFSL's share price. While the company's business model, anchored in delivery-based equity trading that helped cushion the long-term impact, the immediate market reaction nevertheless dented investor perception. Compounding the pressure, SEBI's stricter F&O trading norms, including higher contract sizes, reduced weekly expiries, and steeper margin requirements, led to a sharp decline in derivatives volumes across the industry, reportedly falling 38–70% in certain weeks. With roughly 20% of its revenue linked to derivatives, GEOJITFSL inevitably experienced leakage in this segment due to the reduced turnover.

Propelling Growth Through Private Wealth Management Expansion

GEOJITFSL has strategically identified private wealth management as a high-growth frontier within the Indian financial services landscape. The company currently manages ₹1,500 crore in private wealth assets, with an ambitious objective of expanding this to ₹20,000 crore over the next three years. The expansion will be supported by doubling the team of relationship managers from the present 54 to around 100 within the next 12 to 18 months, alongside the upcoming launch of the company's DIFC (Dubai International Financial Centre) entity, which will enable a broader range of wealth products for NRI clients. With expected yields of around 70 basis points, slightly higher in the Middle East, the segment promises a stable, recurring revenue stream once scale is achieved, although upfront operating costs and a breakeven timeline of up to 18 months for each new RM will temporarily weigh on margins.

2025 update with reduced target price of INR 218

Having navigated the dual tests of regulatory disruption and transitional restructuring, it has reaffirmed its long-term growth orientation by sharpening its focus on high-potential segments and fortifying service capabilities. With a balanced approach that marries scale with service excellence and a proven ability to adapt under shifting policy and market dynamics the organization is well-positioned to sustain momentum and create enduring value for stakeholders in the years ahead. **We assign valuation multiple of 4x of its forecasted book value of FY27 to arrive at our price target of INR 218.**

31 August, 2025

BUY

Company Data

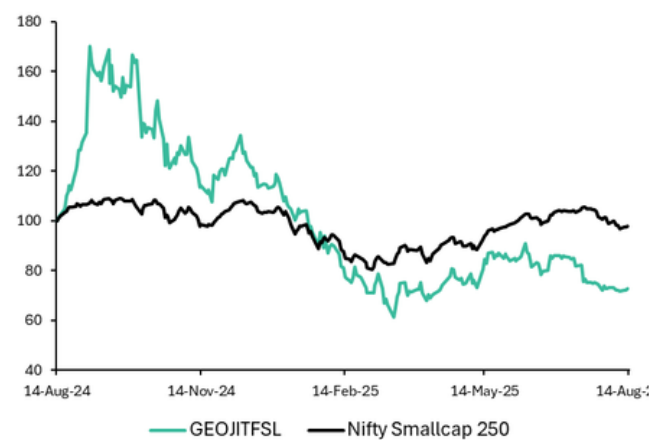
Ticker/CMP	GEOJITFSL / Rs. 71.3
Price Target Upside%	Rs. 218 200%
Market Cap	Rs. 1,990 Cr.
Outstanding shares	27.91 Cr.
Free Float	47.86%
52w High/Low	159 / 60.7

Shareholding Pattern %

	Dec-24	Mar-25	Jun-25
Promotor	55.06	55.06	52.14
FII	3.31	3.42	3.53
DII	0.00	0.00	0.37
Mutual Funds	0.04	0.16	0.47
Retail	41.59	41.36	43.49

Key Financial Data

(Rs. Crore)	FY24	FY25	FY26F	FY27F
Revenue	614	748	768	865
EBITDA	228	285	249	285
EBITDA Margins	37.2%	38.1%	32.5%	32.9%
Net Profit	149	172	164	189
Net Profit Margins	14.3%	13.2%	14.4%	14.8%
EPS	5.2	6.0	5.6	6.5
Total Assets	2,020	2,036	2,173	2,336
ROE%	19.2%	17.3%	13.4%	13.9%



Retail in greater detail: Branch / Workforce Expansion will aid growth

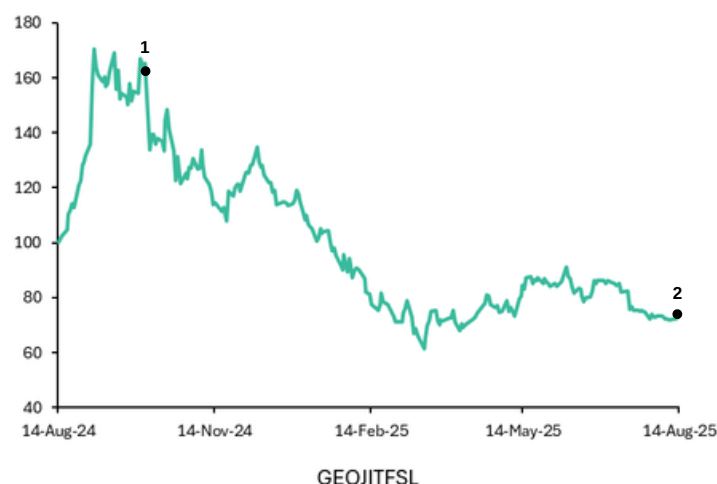
Geojit's retail expansion strategy reflects its intent to deepen penetration in under-served markets, particularly Tier 2 and Tier 3 towns where demand for capital market products remains strong yet underexploited. Building on its current network of over 500 outlets, the company plans to establish around 50 new branches during FY26, complemented by the recruitment of over 1,000 employees, primarily sales personnel in distribution-focused roles. The model prioritises relationship-based selling, targeting the mass affluent segment with investable surpluses exceeding ₹20 lakh, while leveraging the cross-selling of mutual funds, insurance, and other financial products. Historically, new branches have achieved breakeven within approximately two years, making the expansion both an aggressive growth move and a calculated investment in long-term client acquisition and revenue generation, albeit with an expected increase in near-term operating expenses.

Particulars	Q1 FY26	Q1 FY25
Revenue from Core Operations	61.19	43.58
YoY Growth	40%	
Employee Benefit Expenses	51.44	50.26
Operating Expenses	25.19	22.94
EBITDA	-15.44	-29.62
Depreciation	7.17	6.30
Interest Expense	1.31	1.20
EBT from Core Operations	-23.92	-37.12
Other Income	48.22	41.73
Total EBT	24.30	4.61
Taxes	6.36	1.64
Profit after Tax	17.94	2.97
PAT Margins%	29%	7%
YoY Growth%	504%	

Rating and Target Price History (as of 14 August, 2025)

	Date	Rating	Target (Rs.)	Share Price (Rs.)
1	16-09-2024	Buy	250	152.3
2	14-08-2025	Buy	218	73

We initiated coverage on GEOJITFSL on September 16, 2024 with a BUY and a ₹250 target (upside 64% from ₹152.3), underpinned by a steadily expanding retail client base, rising HNI/Affluent assets, and a cyclical tailwind in insurance distribution. Since then, the stock corrected materially, driven by weak revenue growth which triggered a slide and reset near-term earnings expectations mainly due to regulatory overhang: SEBI's "true-to-label" pricing (circular dated July 1, 2024; effective Oct 1, 2024) removed volume-linked rebates at MIIs, souring sector sentiment even if GEOJITFSL is relatively cushioned versus derivative-heavy peers, and a tougher derivatives backdrop as SEBI tightened F&O practices (e.g., expiries limited to Tue/Thu announced May 26, 2025) amid evidence of large retail losses, contributing to lower index-options activity and pressuring brokerage revenues industry-wide. GEOJITFSL also executed a business transfer of core broking/depository/margin financing/research into subsidiary Geojit Investments Ltd (GIL) in March 2025, a strategic step that likely introduced transition frictions and near-term uncertainty. While these factors explain the drawdown from our entry, our constructive long-term thesis centered on cash-equity skew, wealth/insurance adjacencies, and a more disciplined market structure will remain intact pending evidence of stabilization in quarterly run-rates.



Income Statement

Rs. Crore	2024	2025	2026 E	2027 E
Total Revenue	614	748	768	865
Growth%	-12.2%	21.8%	2.7%	12.6%
Fees & commission expense	86	101	116	134
Employee Expenses	221	264	291	320
Operating Expenses	79	97	112	127
EBITDA	228	285	249	285
Growth%	-1.6%	25.0%	-12.6%	14.1%
Margin%	37.2%	38.1%	32.5%	32.9%
Depreciation	29	31	31	31
EBIT	199	255	218	253
Growth%	-3.9%	27.8%	-14.2%	16.0%
Margin%	32.4%	34.0%	28.4%	29.3%
Interest Expense	17	32	9	10
EBT From Core Operations	182	222	210	244
Other Income	10	1	1	1
Total EBT	192	223	211	245
Tax	49	56	53	61
P/L from JV	6	6	6	6
PAT	149	172	164	189
Earnings per share	5.2	6.0	5.6	6.5

Cashflow Statement

Rs. Crore	2024	2025	2026 E	2027 E
Earnings Before Tax	192	223	211	245
Adjustments	45	64	40	10
Change in Working Capital	-321	-60	-86	-95
Total Tax Paid	-40	-60	-53	-61
Cash flow from operating activities	-124	167	111	98
Net Capital Expenditure	-19	-24	-30	-30
Other investing activities	4	4	6	35
Cash flow from investing activities	-15	-21	-24	5
Debt raised / (repaid)	273	-240	11	12
Interest Paid	-12	-27	-9	-9
Dividend Paid	-36	-36	-38	-38
Other financing activities	-14	178	0	0
Cash flow from financing activities	210	-125	-36	-35
Net Change in cash	71	22	51	68
Cash at the beginning of the year	76	147	169	220
Cash at the end of the year	147	169	220	288

Balance Sheet

Rs. Crore	2024	2025	2026 E	2027 E
Cash, Cash Equivalents & Bank	1073	1033	1170	1333
Loan	526	529	529	529
Debtors	114	115	115	115
Other Financial Assets	160	199	199	199
Total Current Assets	1873	1876	2013	2176
PP&E, CWIP & Right of use asset	95	97	96	95
Tax Assets	16	21	21	21
Other Non-current Assets	36	44	44	44
Total Non-Current Assets	147	161	160	160
Total Assets	2020	2036	2173	2336
Creditors	47	48	48	48
Current Borrowings	350	111	122	134
Other Financial Liabilities	689	611	611	611
Total Current Liabilities	1087	770	781	793
Provisions	3	7	7	7
Tax Liabilities	0	0	0	0
Other Liabilities	19	16	16	16
Total Non Current Liabilities	22	23	23	23
Paid-up Capital	24	28	28	28
Reserves & non-controlling int.	808	1131	1256	1407
Non controlling interest	80	85	85	85
Total Equity & Liabilities	2020	2036	2173	2336

Ratios

Rs. Crore	2024	2025	2026 E	2027 E
Per Share Data				
EPS	5.19	6.00	5.63	6.51
Growth %	49%	16%	-6%	16%
Book Value Per Share	32.67	44.57	49.06	54.46
Return Ratios				
ROA%	8.9%	8.5%	7.8%	7.3%
ROE%	19.2%	17.3%	13.4%	13.9%
ROCE%	16.9%	20.1%	15.5%	16.1%
Liquidity Ratios				
Current Ratio	2.34	1.72	2.44	2.58
Debt/Equity	0.11	0.42	0.10	0.09
Valuation				
PE	7.69	11.93	12.97	11.21
Earnings Yield%	13.01%	8.38%	7.71%	8.92%
Price to Sales	2.17	2.79	2.33	2.27
Price to Book	1.22	1.61	1.49	1.34

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