

September 16, 2025

## Stock Holding Corporation of India Limited: Rating continues on Watch with Developing Implications

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based/Non-fund based bank facilities – Others	3,026.82	3,026.82	[ICRA]AA-; Rating continues on Watch with Developing Implications
<b>Total</b>	<b>3,026.82</b>	<b>3,026.82</b>	

\*Instrument details are provided in Annexure I

### Rationale

The credit profile remains supported by Stock Holding Corporation of India's (StockHolding) fairly diversified services portfolio, aided by its strong presence in the electronic services (e-services<sup>1</sup>) business, its established track record in capital market-related businesses, comfortable capitalisation and adequate earnings profile. These positives are partially offset by the StockHolding Group's<sup>2</sup> exposure to the risks associated with capital market-related businesses and the evolving operating and regulatory environment, considering that this segment accounts for ~30% of its core consolidated revenues<sup>3</sup>. However, these businesses have performed well in recent years due to industry tailwinds. Further, the document management services (DMS) business revenues tend to vary depending on the order book, and the client concentration remains sizeable. Nonetheless, the strong performance of the e-services business in recent years has supported the overall earnings profile.

The rating continues on Watch with Developing Implications amid pending clarity regarding the approval, structure and timelines of the proposed consolidation of the IFCI Group<sup>4</sup>, which includes the merger/amalgamation of IFCI Limited (IFCI; rated [ICRA]B+; RWD<sup>5</sup>) and StockHolding and other Group companies. StockHolding is a subsidiary of IFCI, which held a 52.86% stake in the company as on June 30, 2025. In November 2024, IFCI had received in-principle approval from the Department of Financial Services (DFS), Ministry of Finance, to consider the consolidation of the IFCI Group. Subsequently, a transaction advisor was appointed, and based on their evaluation, IFCI's board, in its meeting held on July 14, 2025, recommended the Group consolidation<sup>6</sup> to the Government of India (GoI) for approval. Following the receipt of GoI approval, the proposed consolidation would remain subject to the receipt of various regulatory/statutory approvals.

Post-merger, ICRA expects IFCI to continue as the resultant entity and the GoI to remain the single largest shareholder in the resultant entity. ICRA notes that StockHolding holds a 4.44% stake in the National Stock Exchange Limited (NSE),

<sup>1</sup> E-services business includes e-stamping, e-registration and e-court fees

<sup>2</sup> StockHolding and its subsidiaries are collectively referred to as StockHolding Group

<sup>3</sup> Core revenues = Total revenues excluding dividend and investment income

<sup>4</sup> IFCI Limited and its subsidiaries and associates are collectively referred to as the IFCI Group

<sup>5</sup> RWD – Rating Watch with Developing Implications

<sup>6</sup> The proposed merger includes: 1) Consolidation of StockHolding, IFCI Factors Limited, IFCI Infrastructure Development Limited, and IIDL Realtors Limited with IFCI (referred to as the resultant entity); 2) Consolidation of the broking businesses housed under Stockholding Services Limited, IFCI Financial Services Ltd, IFIN Commodities Ltd, IFIN Credit Ltd and IFIN Securities Finance Ltd into a single entity, which will be a direct subsidiary of the resultant entity; 3) Other Group entities – Stockholding Document Management Services Limited (SDMSL; rated [ICRA]A+(CE) RWD), Stockholding Securities IFSC Ltd, IFCI Venture Capital Funds Ltd and MPCON Ltd may continue to remain direct subsidiaries of the resultant entity; 4) IFCI's board has recommended the divestment of its shareholding in MPCON Limited to GoI for approval

which adds significant financial flexibility to its credit profile. However, the timing of the consolidation of the IFCI Group, the timing and quantum of NSE stake monetisation and the extent of IFCI's debt reduction by the time of consolidation will be key monitorable factors. The rating watch may be resolved once there is clarity on the timelines for the implementation of the consolidation, transaction structure, operational profile, financial metrics, and the Gol's stake in the merged entity.

## Key rating drivers and their description

### Credit strengths

**Comfortable capitalisation** – StockHolding's capitalisation profile is characterised by a net worth of Rs. 13,580.0 crore and negligible gearing (<0.1 times) as on June 30, 2025 (Rs. 13,396.5 crore as on March 31, 2025 and Rs. 6,519.0 crore as on March 31, 2024). ICRA notes that the sharp rise in the net worth as of March 2025 was on account of the significant increase in the valuation of equity investments in the shares of NSE. Nonetheless, even after excluding the NSE investment, the capitalisation remained comfortable with an adjusted net worth of Rs. 1,538.5 crore and almost negligible fund-based borrowings as on June 30, 2025.

ICRA notes that while StockHolding has historically had negligible debt on its consolidated balance sheet, the resultant entity may have higher indebtedness because of IFCI's sizeable borrowings, resulting in an uptick in the financial leverage. However, depending on the timeline for the completion of the transaction, the debt could decrease due to IFCI's scheduled repayments. Other IFCI Group entities are also largely debt-free. Given IFCI's substantial debt and high level of non-performing assets (NPAs), its debt repayments are being managed through a combination of recoveries from its non-performing loan book, divestment of assets and capital infusion from the Gol. The possibility of a further capital infusion by the Gol to support debt servicing, pending the consolidation of the IFCI Group, cannot be ruled out. This may lead to lower debt levels for the resultant entity, depending on the timing of the merger.

**Adequate earnings profile** – StockHolding's core operating performance improved in FY2025 led by revenue growth, primarily in the e-services and broking segments. While the core operating income<sup>7</sup> (COI) increased by ~10% in FY2025 to Rs. 796.8 crore from Rs. 723.2 crore in FY2024, the consolidated core profit before tax<sup>8</sup> (PBT) rose to Rs. 219.7 crore from Rs. 166.8 crore during this period. The consolidated core profitability (core PAT<sup>9</sup>/COI) improved to 25.6% in FY2025 from 18.3% in FY2024 and the adjusted return on net worth<sup>10</sup> (RoE) increased to 17.1% from 13.0% during this period. The consolidated net operating income (NOI) and core PBT stood at Rs. 209.8 crore and Rs. 62.6 crore, respectively (core PAT/COI of 22.3% and core RoE of 14.2%), in Q1 FY2026. ICRA also notes that the e-services business has contributed significantly to the improvement in the COI in recent years. Further, sizeable dividend income from investments boosted the net profitability with the company reporting a net profit of Rs. 373.8 crore in FY2025 compared to Rs. 289.1 crore in FY2024.

**Diversified services portfolio; established track record and franchise** – StockHolding was incorporated in 1986 by leading banks and financial institutions as a public limited company. It was among the early entrants in the depository services segment and has a longstanding presence in capital market-related businesses. Also, it has been designated as the Central Record Keeping Agency (CRA) by the Ministry of Finance, Gol and provides e-stamping services to 25 states and Union Territories. Overall, the company has a well-diversified portfolio comprising capital market-related services (broking and depository, professional clearing, custodial services and distribution of financial products) and non-capital market-related businesses such as e-services and document management. The consolidated revenue

<sup>7</sup> Net operating income excluding dividend and other investment income

<sup>8</sup> Core PBT = Reported PBT – Dividend and other investment income

<sup>9</sup> Core PAT = Reported profit after tax (PAT) – Dividend and other investment income (net of taxes)

<sup>10</sup> Adjusted net worth = Reported net worth – NSE investments (net of deferred tax liability)

profile was historically more inclined towards the inherently volatile capital market-based revenues (derived from broking, professional clearing business, and custodial services). However, with the scaleup in the e-services business in recent years, the share of non-capital market revenues (comprising e-services and document management business) increased to ~51% in FY2025 from ~48% in FY2024. Similarly, on a segmental basis, non-capital market businesses accounted for ~42% of the PBT in FY2025 compared to ~35% in FY2024.

### Credit challenges

**Exposed to risks inherent in capital market-related businesses; ability to retain market position in e-stamping business remains to be seen** – StockHolding’s capital market-related businesses, such as depository operations, professional clearing services and broking, depend on transaction volumes. As these businesses account for ~30% of the consolidated revenues, the profitability remains susceptible to market performance to a certain extent. Additionally, with sizeable investments in NSE shares (fair value of the NSE investment was ~89%<sup>11</sup> of the consolidated net worth as on June 30, 2025), StockHolding’s overall net profit and net worth remain exposed to the idiosyncratic risk associated with these investments. Further, the depository and custodian businesses remain highly competitive as reflected by the loss of certain key clients in recent years. The document management business also remains exposed to concentration risk with its top 5 clients in physical storage, digitisation, and hosting services accounting for a sizeable share of SDMSL’s revenue in FY2025, although the segment’s profitability (excluding exceptional items) has improved in recent years. Nonetheless, the increasing share of e-services revenues in recent years provides some diversification to the earnings profile. The e-services segment accounted for ~41% of the revenues in FY2025 compared to 37% in FY2024.

StockHolding is the sole CRA appointed by the GoI. Its e-services are available 24/7 and offer integrated solutions with e-stamping, e-court fees and e-registration services, besides the digital execution of documents through digidoc. The weakening of its market position in any key state, either due to competition or the state launching its own e-stamping facilities, may impact its revenue. StockHolding’s ability to innovate and maintain its market position consistently remains important from a credit perspective.

**Elevated competition, high dependence on technology and evolving regulatory environment** – Given the highly regulated nature of the industry, capital market-related entities face significant regulatory risk. Ensuring compliance with evolving regulations is crucial. The sector is also characterised by intense competition and the entry of new players, leading to pricing pressure. However, the increasing financialisation of savings offers potential for expansion. Despite this, pressure on profitability during downturns remains a concern. Additionally, reliance on technology poses operational and reputational risks and StockHolding’s ability to offer uninterrupted services in the capital market-related and e-services businesses will be imperative for maintaining its customer experience.

### Liquidity position: Strong

As on June 30, 2025, StockHolding (standalone) did not have any outstanding debt, though it had bank borrowings of Rs. 8.1 crore on a consolidated basis (utilised by SDMSL). StockHolding requires funds to place margins at the exchanges, supported by the margin deposits from clients and sanctioned bank lines. The average margin placed at the exchanges (basis month-end data, including client margin) during January-December 2024 stood at ~Rs. 2,800 crore, with month-end utilisation ranging between 44% and 56%. As on June 30, 2025, the company had unencumbered on-balance sheet liquidity of Rs. 1,280 crore and undrawn working capital lines of ~Rs. 225 crore to support its operations. Further, the financial flexibility on account of the investments in the shares of NSE (fair value of over Rs. 14,000 crore as of June 2025) provides comfort.

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<sup>11</sup> Adjusted for deferred tax liability

## Rating sensitivities

**Positive factors** – The rating watch may be resolved once the contours of the IFCI Group consolidation are finalised and clarity emerges on the resultant entity’s operational profile and financial metrics including capitalisation, leverage, liquidity, etc., as well as the Gol’s stake in the merged entity. Moreover, the sustained scaleup of its operations across businesses along with further improvement in the earnings from core operations could lead to a rating upgrade.

**Negative factors** – Weakening in the market position in any of the key segments, leading to profitability pressure for the Group, could lead to a rating downgrade. Further, a material change in the investment profile, impacting the Group’s capitalisation profile, could be a credit negative.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Stockbroking and Allied Services</a>
Parent/Group support	Not applicable
Consolidation/Standalone	StockHolding’s consolidated financials

## About the company

StockHolding was incorporated as a public limited company in 1986 and was jointly promoted by leading banks and financial institutions. It is a subsidiary of IFCI Limited, which had a 52.86% stake in the company as on September 30, 2025. StockHolding commenced operations by offering custodial and post-trading services and added depository and other services to its portfolio over a period of time. At present, it provides various services such as custodial, depository, broking, e-services, distribution of financial products, clearing and recordkeeping. These services are offered to both retail and institutional clients. The company has three wholly-owned subsidiaries – Stockholding Services Limited (SSL) involved in broking services, Stockholding Document Management Services Limited (SDMSL), providing physical and electronic recordkeeping of documents, and StockHolding Securities IFSC Limited, offering service solutions to all eligible investors at IFSC, Gift City.

### IFCI Limited

The Gol established the Industrial Finance Corporation of India (IFCI) on July 01, 1948, as a development financial institution (a statutory corporation) to cater to the long-term financial needs of the industrial sector. IFCI’s constitution was changed in 1993 to a company under the Indian Companies Act, 1956, from a statutory corporation. Its name was changed to IFCI Limited with effect from October 1999. The company’s financing activities covered various kinds of projects spanning airports, roads, telecom, power, real estate, manufacturing, services and other such allied industries. However, IFCI has not lent since FY2022 due to capital and liquidity constraints.

### Key financial indicators (audited)

Stock Holding Corporation of India Limited – Consolidated	FY2024	FY2025	Q1 FY2026
Net operating income	730.2	800.7	209.8
Profit after tax	289.1	373.8	47.3
Net worth	6,519.0	13,396.5	13,580.0
Total assets	10,313.9	17,408.4	17,870.9
Gearing (times)	0.0	0.0	0.0
Return on average net worth	4.6%	3.8%	1.4%

Source: Company, ICRA Research; 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 (Rs. crore)	Sep 16, 2025	FY2025		FY2024*		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long-term fund-based/Non-fund based bank facilities – Others	Long term	3,026.82	[ICRA]AA-; Rating Watch with Developing Implications	May-31-2024	[ICRA]AA-(Stable)	-	-	Mar-31-2023	[ICRA]AA-(Stable)
				Dec-03-2024	[ICRA]AA-; Rating Watch with Developing Implications				

\*Review was under process in FY2024

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based/Non-fund based bank facilities – Others	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 name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term fund-based/Non-fund based bank facilities – Others	NA	NA	NA	3,026.82	[ICRA]AA-; Rating Watch with Developing Implications

Source: Company

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

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

Company name	StockHolding ownership	Consolidation approach
Stock Holding Corporation of India Limited	Holding company	Full consolidation
Stockholding Services Limited	100.00%	
Stockholding Document Management Services Limited	100.00%	
Stockholding Securities IFSC Limited	100.00%	

Source: Company

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## ICRA Limited



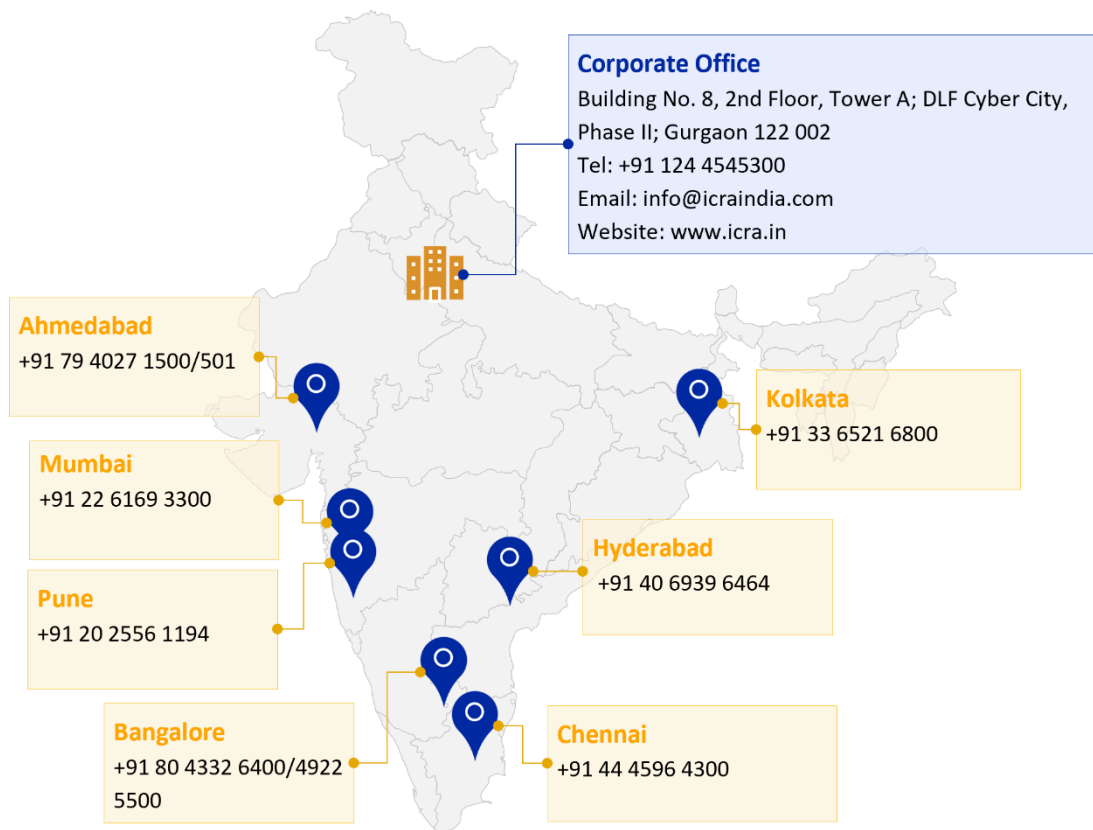
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