September 15, 2026

StockHolding Services Limited: [ICRA]AA-/[ICRA]A1+ assigned; long-term rating placed on Watch with Developing Implications

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Issuer rating	-	[ICRA]AA-; Rating Watch with Developing Implications; assigned	^
Commercial paper	100.00	[ICRA]A1+; assigned	RBI
Total	**100.00**		

**Instrument details are provided in Annexure I*

 # The Securities and Exchange Board of India's (SEBI) grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators (FSRs) other than SEBI

^Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Rationale

To arrive at the rating, ICRA has considered the consolidated financials of Stock Holding Corporation of India Limited (StockHolding) and has taken a consolidated view of the credit profiles of the company and its wholly-owned subsidiary, StockHolding Services Limited (SSL)[1], given the operational synergies, shared brand name and management oversight. ICRA has also factored in the support provided by StockHolding to its other wholly-owned subsidiary – Stockholding Document Management Services Limited (SDMSL; including the corporate guarantee for SDMSL's term loan).

StockHolding's credit profile remains supported by its fairly diversified services portfolio, aided by its strong presence in the electronic services (e-services[2]) business, established track record in capital market-related businesses, comfortable capitalisation and adequate earnings. These positives are partially offset by the StockHolding Group's[3] exposure to the risks associated with capital market-related businesses and the evolving operating and regulatory environment, considering that this segment still accounts for 25-30% of its consolidated net operating revenue[4]. However, the company's track record in capital market businesses across market cycles has supported the Group's performance in recent years despite regulatory headwinds since H2 FY2025, subsequent geopolitical issues like the Russia-Ukraine war, the West Asia crisis and the overall cautious investor sentiment. Further, document management services (DMS) business revenues improved in FY2026, notwithstanding the inherent variation due to the order book and client concentration risks. Moreover, the continued healthy 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[5], which includes the merger/amalgamation of IFCI Limited (IFCI; rated [ICRA]B+; RWD[6]) 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, 2026. 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 a meeting held on July 14, 2025, recommended the

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[1] SSL houses the Group's broking business, while the other capital market businesses are housed under the parent company – StockHolding

[2] The e-services business includes e-stamping, e-registration, e-court fees and Digidoc

[3] StockHolding and its subsidiaries are collectively referred to as the StockHolding Group

[4] Net operating revenues/Net operating income (NOI) = Total revenues excluding dividend and other investment/Non-operating income

[5] IFCI Limited and its subsidiaries and associates are collectively referred to as the IFCI Group

[6] RWD – Rating Watch with Developing Implications

consolidation[7] to the Government of India (GoI) for approval. Following the receipt of GoI approval, which is pending, the proposed consolidation would remain subject to the receipt of other requisite regulatory/statutory approvals. Post-merger, ICRA expects the GoI to remain the single largest shareholder in the resultant entity.

StockHolding has a 4.44% stake in the National Stock Exchange of India Limited (NSE), which adds significant financial flexibility to its credit profile. ICRA notes that the company is expected to partially monetise its NSE investment as part of NSE's upcoming initial public offering (IPO), as mentioned in NSE's draft red herring prospectus (DRHP)[8]. Herein, the timing and quantum of the NSE stake monetisation, the timing of the consolidation of the IFCI Group 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 GoI's stake in the merged entity.

Key rating drivers and their description

Credit strengths

Comfortable capitalisation – StockHolding's capitalisation remains comfortable, with a consolidated net worth of Rs. 13,856 crore and negligible gearing (<0.1 times) as on June 30, 2026 (Rs. 13,760 crore as on March 31, 2026). The net worth increased sharply to Rs. 13,397 crore as on March 31, 2025 from Rs. 6,519 crore as on March 31, 2024 on account of the significant increase in the valuation of the equity investment in the shares of NSE. Even after excluding this, the capitalisation remained comfortable with an adjusted net worth of Rs. 1,821 crore as on June 30, 2026. The capital profile continues to be supported by healthy internal accruals despite sizeable dividend payouts on a regular basis.

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 decline 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 GoI. The possibility of a further capital infusion by the GoI 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. ICRA also notes that StockHolding is expected to monetise ~10% of its NSE investment as part of NSE's upcoming IPO, as mentioned in NSE's DRHP. In this regard, the timing and quantum of the NSE stake monetisation as well as fund outflow in the form of a special dividend cannot be ruled out.

Adequate earnings profile – StockHolding's operating performance was largely stable in FY2026 despite the challenging operating environment, particularly for capital market-related businesses. Revenues remained cushioned by the growth in the e-services and DMS businesses. The net operating income (NOI) increased by ~7% in FY2026 to Rs. 855 crore from Rs. 801 crore in FY2025. The net operating profit too rose to Rs. 230 crore in FY2026 from Rs. 224 crore in FY2025. The consolidated operating profitability (net operating profit[9]/NOI) was 27% in FY2026 compared to 28% in FY2025. The adjusted return on net

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[7] 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 SSL, 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, i.e., SDMSL {rated [ICRA]A+(CE) RWD}, Stockholding Securities IFSC Ltd, IFCI Venture Capital Funds Ltd and MPCON Ltd, may remain direct subsidiaries of the resultant entity; 4) IFCI's board has recommended the divestment of its shareholding in MPCON Ltd to GoI for approval

[8] NSE filed its DRHP with SEBI in June 2026 and is awaiting final approval

[9] Net operating profit = NOI – Operating expenses

worth[10] (RoE) stood at 14% in FY2026 compared to 17% in FY2025. It was optically impacted by the increase in the adjusted net worth to Rs. 1,718 crore as on March 31, 2026 from Rs. 1,456 crore as on March 31, 2025, supported by the record-high net profit in FY2026. The consolidated NOI and net operating profit stood at Rs. 219 crore and Rs. 76 crore, respectively, in Q1 FY2027 (net operating profit/NOI of 35% and adjusted RoE of 15%). ICRA also notes that the e-services business has contributed significantly to the improvement in the NOI in recent years. Further, sizeable dividend income from investments boosted the net profitability with the company reporting its highest-ever PAT of Rs. 538 crore in FY2026 compared to Rs. 374 crore in FY2025. The PAT stood at Rs. 57 crore in Q1 FY2027.

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, GoI and provides e-stamping services to 27 states and Union Territories (UTs). 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 DMS. Historically, the consolidated revenue profile was 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 DMS) increased to over 50% of the operating revenues (excluding dividend and other investment income) since FY2022. Similarly, on a segmental basis, non-capital market businesses accounted for at least 50% of the operating profit since FY2023.

Credit challenges

Exposed to risks inherent in capital market-related businesses; ability to retain market position in e-stamping business remains critical – StockHolding's capital market-related businesses, such as depository operations, professional clearing services and broking, depend on transaction volumes. As these businesses account for 25-30% 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 over ~87%[11] of the consolidated net worth as on June 30, 2026), StockHolding's overall net profit and net worth remain exposed to idiosyncratic risks associated with these investments. Any mark-to-market losses on account of the downward valuation of these investments could impact profitability and erode net worth. Further, the depository and custodian businesses remain highly competitive as reflected by the loss of certain key clients in the past. The DMS business continues to be exposed to concentration risk with its top 5 clients across physical storage, digitisation, and hosting and software services accounting for a sizeable share of SDMSL's revenue over the years, although the segment's profitability (excluding exceptional items) has improved in recent years.

The e-services segment, which consistently accounted for over 30% of the consolidated revenues since FY2022, provides meaningful diversification to the earnings profile. StockHolding is the sole CRA appointed by the GoI for the collection of non-judicial stamp duty. It had a presence in 27 states and UTs as on June 30, 2026. 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 launch of its own e-stamping facilities by the state, 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 – Capital market-linked entities rely heavily on technology for operations like trade execution, fund management, etc. Thus, technical failures or disruptions pose operational and reputational risks. Moreover, given the highly regulated nature of the industry, these entities remain exposed to regulatory risk. Their ability to ensure compliance with the evolving regulatory landscape remains crucial. Recent

[10] Adjusted net worth = Reported net worth – NSE investments (net of deferred tax liability)

[11] Adjusted for deferred tax liability

regulatory changes, such as tightening of the index derivatives framework, higher working capital requirements for broking operations, tightening in bank lending to capital market intermediaries, increase in securities transaction tax (STT), etc., could impact market activity and trading volumes, constraining the profitability trajectory of capital market players.

The capital markets sector also remains characterised by intense competition and is susceptible to the entry of new participants. However, increasing financialisation of savings offers untapped potential for expansion over the longer term. Nevertheless, the possibility of pressure on profitability, especially during downturns, cannot be ruled out. Moreover, given the high dependence on technology for offering services in capital markets as well as other businesses like e-services, StockHolding's ability to provide uninterrupted services will be imperative for maintaining customer experience.

Liquidity position: Strong

As on June 30, 2026, StockHolding, at the standalone level, did not have any debt outstanding, though it had borrowings (taken by SDMSL from banks) of Rs. 4 crore on a consolidated basis. The Group's funding requirements are primarily in the broking business, for placing margin buffers with the exchanges, which is supported by margin deposits from clients and its own sanctioned bank lines. During April 2025 to June 2026, the month-end utilisation was 5-30%, indicating sufficient buffer in case of an increase in trading volumes. As on June 30, 2026, the company had on-balance sheet liquidity of Rs. 2,033 crore and undrawn overdraft/working capital lines of Rs. 225 crore, besides intraday lines of Rs. 2,500 crore to support its operations. Further, financial flexibility arising from the investment in NSE shares (fair value of over Rs. 14,000 crore as of June 2026) provides comfort.

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 GoI'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 pressure on the Group's profitability, 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	Capital Market Intermediaries
Parent/Group support	Not applicable To arrive at the rating, ICRA has considered the consolidated financials of StockHolding. ICRA has taken a consolidated view of the credit profiles of the company and its wholly-owned subsidiary – SSL – given the operational synergies, shared brand name and management oversight. ICRA has also factored in the support provided by StockHolding to its other wholly-owned subsidiary – SDMSL (including the corporate guarantee for SDMSL's term loan).
Consolidation/Standalone	ICRA has considered the consolidated financials of StockHolding. As on June 30, 2026, it had three wholly-owned subsidiaries. Details of these companies are provided in Annexure II.

About the company

Stockholding Services Limited (SSL) is a wholly-owned subsidiary of Stock Holding Corporation of India Limited. It was incorporated on February 14, 1995. SSL is a member of BSE Limited (BSE), NSE and Multi Commodity Exchange of India Ltd)MCX). It is also a depository participant (DP) of National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL), is registered as a portfolio manager with SEBI and as a Mutual Fund Advisor with Association of Mutual Funds in India (AMFI).

SSL commenced its broking operations in July 2006. It offers services in both cash and derivatives segment of BSE and NSE and currency derivatives segment of NSE. The company has presence in both retail and institutional broking segments. Its institutional clientele includes domestic institutional investors, including mutual funds, insurance companies, banks and other financial institutions. The company provides broking services through a network of own branches, authorise partners (APs), web and mobile platforms. SSL had 205 branches[12] and 102 APs catering to ~4 lakh customers, with over 1 lakh active clients as on June 30, 2026.

About the parent

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 June 30, 2026. 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 to both retail and institutional clients. The company has three wholly-owned subsidiaries – Stockholding Services Limited (SSL; broking services), Stockholding Document Management Services Limited (SDMSL; physical and electronic recordkeeping of documents) and StockHolding Securities IFSC Limited (offers service solutions to all eligible investors at IFSC, Gift City).

Key financial indicators (audited)

Stock Holding Corporation of India Limited – Consolidated	FY2025	FY2026	Q1 FY2027
Net operating income	800.7	854.9	218.6
Profit after tax (reported)	373.8	537.8	56.8
Net worth (reported)	13,396.5	13,760.1	13,856.3
Total assets	17,408.4	17,560.4	17,941.0
Gearing (times)	0.0	0.0	0.0
Return on average net worth*	3.8%	4.0%	1.6%

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *Optically impacted as sizeable fair value gains due to the investment in NSE shares form a part of the net worth*

Key financial indicators (audited)

StockHolding Services Limited – Standalone	FY2025	FY2026	Q1 FY2027
Net operating income	55.0	46.8	11.5
Profit after tax (reported)	22.9	14.6	3.0
Net worth (reported)	121.6	125.0	128.0
Total assets	403.1	402.2	426.7
Gearing (times)	0.0	0.0	0.5
Return on average net worth	19.5%	11.8%	9.6%

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

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[12] *Own branches refer to the parent company – StockHolding's offices where SSL has presence*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Sep 15, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Issuer rating	Long term	-	[ICRA]AA-; Rating Watch with Developing Implications	-	-	-	-	-	-
Commercial paper	Short term	100.00	[ICRA]A1+						

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer rating	Not applicable
Commercial paper	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:)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
NA	**Issuer rating**	NA	NA	NA	-	[ICRA]AA-; Rating Watch with Developing Implications	*
NA	**Commercial paper^**	NA	NA	NA	100.00	[ICRA]A1+	RBI

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^Yet to be issued

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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