

The Clearing Corporation of India Limited (Revised)

March 28, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term instruments	50.00	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has reaffirmed the rating to the instrument of The Clearing Corporation of India Limited (CCIL) considering the strength from CCIL's dominant and entrenched role as a central counterparty (CCP) for facilitating clearing and settlement (C&S) of government securities (G-Secs), triparty repo (TREP), and the forex and rupee derivatives markets. CCIL also benefits from the strong regulatory oversight by the Reserve Bank of India (RBI). Rating also considers CCIL's long track record as a financial market infrastructure (FMI) provider, its risk management practices which are aligned with the international standards of FMI and a well-funded default waterfall mechanism continue to be a core component underpinning rating, CCIL's sound financial position with good profitability, CCIL's ownership structure mainly comprises banks and financial institutions (FIs), and experienced board of directors. The rating strengths are partially offset by the fact that earnings profile depends on the volumes of trades and settlement in the market and may be impacted by the volatility in the interest rates.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade: Not applicable

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Competition arising from the entry of new players in C&S of the segments to which CCIL caters.
- Evidence of weakness in the risk management framework.
- Continuous weakness in profitability due to volatility in trading and settlement volumes.

Analytical approach:

CARE Ratings has considered a consolidated approach for rating of CCIL basis the support extended by CCIL in the form of equity investments made in its subsidiaries along with the strategic importance of the subsidiaries to the parent. The list of entities taken for consolidation is provided in Annexure 6.

Outlook: Stable

The 'stable' outlook considers the dominant market position of CCIL to clear G-Secs, TREPS, Forex and Rupee Derivatives markets, robust risk management practices which are aligned with international standards, solid headroom led by a well-funded default waterfall mechanism and maintenance of healthy financial parameters.

Detailed description of key rating drivers:

Key strengths

Dominant market position as the only central counterparty (CCP) with the mandate to perform clearing activities G-secs, money market and forex instruments

CCIL is a CCP authorised by the Reserve Bank of India (RBI) under the Payment and Settlements Act 2007 to provide clearing of trades in G-Secs, Treasury Bills Repurchase (TREP), foreign exchange (Forex) and Rupee Derivatives markets. CCIL has a track record of over 23 years, commencing its business operations with the settlement of trades in G-secs in February 2002. Over the years, it has steadily expanded its services to TREP, interbank USD/INR transactions, Rupee-denominated interest rate swaps and cross currency transactions. CCIL has been designated as a critical financial market infrastructure (FMI) by the RBI and it has given CCIL the status of a qualifying central counterparty (QCCP).

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

CARE Ratings observes CCIL plays a unique and fundamentally important role in the over the counter (OTC) financial markets, with no immediate threat of competition or substitution by other CCP considering barriers to entry in the form of significant expertise, capabilities, experience and investment required to set up the CCP infrastructure in these products.

Robust risk management practices

CCIL's risk management processes are compliant with the principles for financial market infrastructures (PFMIs) issued by the Committee on Payment and Settlement Systems (CPSS) and International Organisation of Securities Commissions (IOSCO). Settlement risk of members is covered through multilateral netting with Delivery versus Payment (DVP) in the settlement of G-Secs and Payment versus Payment (PVP) mode of settlements in the forex market. This ensures CCIL's credit exposure to its member entities is restricted to the market risk on the products cleared. The market risk is managed through collection of different types of margins, including initial, mark-to-market and volatility margins. Considering the business, there is a continuous need to upgrade risk management systems and implement technological advancements to support it. CARE Ratings also notes CCIL continuously monitors the performance of its members and reviews its membership, enhancing its credit risk monitoring process.

CCIL has in place daily back testing processes for the segments, where it offers CCP clearing, which ensures the efficacy of the margin models in the changing market scenarios. CCIL also runs a daily stress test to ensure adequacy of the resources to meet eventual defaults that may arise in extreme but plausible market conditions. Member-contributed Default Fund and Settlement Reserve Fund (to handle losses arising out of default by participant(s)) and Contingency Reserve Fund (to handle non-default losses) are in place.

Being a company formed by RBI, there is high reputation risk involved being a sole entity involved in the C&S of money market instruments governed by RBI.

Strong headroom led by a well-funded default waterfall mechanism

CCIL has a well-defined default handling mechanism and access to substantial resources, providing the necessary cushion for its risk exposures. As on March 31, 2024, CCIL had Settlement Reserve Fund (SRF) of ₹2,600 crore to handle participant defaults and member contributed default fund of ₹5,365 crore. Contingency reserve fund (CRF) of ₹1,068 crore was maintained to cover non-default events arising mainly from operational risk events. The total default funds available amounted to ₹6,707 crore (member contribution and CCIL's Skin In the Game) against the monthly highest stress loss (Cover 1 and Cover 2) of ₹4,011 crore as on March 31, 2024, providing a headroom of ₹2,696 crore. As on September 30, 2024, the total default funds available stood at ₹8,167 crore, against the monthly highest stress loss (Cover 1 and Cover 2) of ₹5,658 crore for September 30, 2024, resulting in a headroom of ₹2,509 crore.

Institutional client base, strong promoters, and experienced board of directors

CCIL's membership mainly involves banks (including the Indian branches of foreign banks), financial institutions, primary dealers, insurance companies, and mutual funds operating in India. These are highly regulated entities which lends support to the overall credit quality of participants. CCIL's ownership includes banks, financial institutions, primary dealers, insurance companies, NBFCs and other corporate bodies with key shareholders being - State Bank of India (SBI; 16.8%), Life Insurance Corporation of India (10%), STCI Finance Limited (10%), ICICI Bank Limited (9.9%) and HDFC Bank (9%).

The board of directors is headed by R Gandhi (former deputy governor of RBI) as CCIL's non-executive chairperson. Hare Krishna Jena (former deputy MD of SBI) is CCIL's managing director. Board of directors consists of shareholders' representatives and independent directors representing different professions.

Profitability remains at robust levels

CCIL's profitability margin and cost-efficiency remains high reflecting its sound financial profile. As revenues depend on market volumes, fluctuation in volumes will lead to volatility in income. However, higher share of clearing and settlement fees as a percentage of total income reflects relatively higher stability of revenue profile. CARE Ratings also notes the impact on the profitability due to market risk arising out of fluctuations in the interest rates which may lead to variation in the company's treasury income.

On a consolidated level, profit after tax (PAT) amounted to ₹788 crore in FY24, showcasing a growth of 42% from FY23. Consolidated return on total assets (ROTA) as on March 31, 2024, was 3.58%, up from 2.67% as on March 31, 2023. In the nine months ended December 31, 2024 (9MFY25), PAT stood at ₹644 crore, up by 9% from ₹590 crore in 9MFY24. Consolidated return on tangible net worth (RONW) stood at 15.18% in FY24 compared to 12.18% in FY23 but moderated to 14.56% in H1FY25. The consolidated tangible net worth was ₹6,024 crore as on September 30, 2024.

On a standalone level, the post-tax margin improved to 40.11% in FY24 from 39.47% in FY23 due to increased interest income from higher market yields observed in FY24 and stood at 40.02% in 9MFY25. Standalone RONW was 15.25% in FY24 compared to 12.14% in FY23 and moderated to 14.70% in 9MFY25. The balance sheet strength is exhibited by a strong tangible net worth at the standalone level of ₹5,430 crore as of March 31, 2024, compared to ₹4,701 crore in FY23, supported by healthy internal accruals and a low debt-to-tangible equity ratio of 0.01x as on December 31, 2024. Going forward, CARE Ratings expects profitability to remain resilient supported by its strong market position and low balance sheet leverage

Liquidity: Strong

CCIL has substantial liquidity to manage its clearing member defaults and to support its business operations. As on September 30, 2024, it had lines of credit as backup facility of a total amount of ₹10,300 crore to meet shortfall in members account in the settlement of transactions. In addition to this, CCIL maintained SRF of ₹2,600 crore for handling participant defaults and a CRF amounting to ₹1068 crore to cover non-default events arising mainly as operational risk events. CCIL had total prefunded resources of ₹9,673 crore as on September 30, 2024, for meeting business exigencies.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Consolidation](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Capital markets	Depositories, clearing houses and other intermediaries

CCIL is a Central Counterparty (CCP) which was set up in April 2001 to provide clearing and settlement for transactions in Government securities, foreign exchange and money markets in the country. CCIL acts as a central counterparty in different segments of the financial markets regulated by the RBI, including the government securities segment, Tri-party Repo (TREP) - a money market instrument, USD-INR and forex forward segments. CCIL provides guaranteed and non-guaranteed settlement in the rupee-denominated interest rate derivatives such as interest rate swaps/forward rate agreement market. It also provides nonguaranteed settlement of cross currency trades to banks in India through Continuous Linked Settlement (CLS) bank by acting as a third-party member of a CLS Bank settlement member. CCIL also acts as a trade repository for OTC interest rate and forex derivative transactions.

CCIL- Consolidated Financials

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	1,424	1,994	1,640
PAT	553	788	644
Interest coverage (times)	2.71	2.62	2.69
Total Assets	21,610	22,389	25,854
Net NPA (%)	NA	NA	NA
ROTA (%)	2.67	3.58	3.56*

A: Audited UA: Unaudited; Note: these are latest available financial results, NA: Not applicable *Annualised

CCIL- Standalone Financials

Brief Financials (₹ crore)	31-03-2023	31-03-2024	9MFY25
	A	A	UA
Total income	1,364	1,926	1,579
PAT	538	773	632
Interest coverage (times)	2.66	2.59	2.66
Total assets	21,470	22,224	25,895
Net NPA (%)	NA	NA	NA
ROTA (%)	2.62	3.54	4.08*

A: Audited UA: Unaudited; Note: these are latest available financial results, NA: Not applicable *Annualised

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Preference Shares-Redeemable	INE01PB04025	21-Mar-2023	8.50%	21-Mar-2028	50.00	CARE AAA; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Preference Shares-Redeemable	LT	-	-	-	1)Withdrawn (13-Apr-23)	1)CARE AAA; Stable (23-Feb-23) 2)CARE AAA; Stable (15-Apr-22)	1)CARE AAA (RPS); Stable (04-Jan-22)

2	Preference Shares-Reedemable	LT	50.00	CARE AAA; Stable	-	1)CARE AAA; Stable (30-Jan-24) 2)CARE AAA; Stable (13-Apr-23)	1)CARE AAA; Stable (23-Feb-23)	-
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LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Preference Shares-Reedemable	Highly Complex

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Clearcorp Dealing Systems (India) Limited	Full	Wholly owned subsidiary
2	Legal Entity Identifier India Limited	Full	Wholly owned subsidiary
3	CCIL IFSC Ltd.	Full	Subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Sanjay Agarwal Senior Director CARE Ratings Limited Phone: +91 22- 6754 3500 E-mail: Sanjay.Agarwal@careedge.in
Relationship Contact Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in	Vineet Jain Senior Director CARE Ratings Limited Phone: +91 22 6754 3623 E-mail: vineet.jain@careedge.in
	Akansha Akshay Jain Assistant Director CARE Ratings Limited Phone: +91 22 6754 3491 E-mail: akansha.jain@careedge.in

About us:

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