

## NSE IFSC Clearing Corporation Limited

September 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Issuer rating	0.00	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Issuer rating of NSE IFSC Clearing Corporation Limited (NSEICC) continues to derive strength from its strong parentage of the National Stock Exchange of India Limited (NSE) group; the benefits derived including managerial, financial, and technology support; and the expectation of continued support from the NSE group, which has a strong market position. CARE Ratings Limited (CareEdge Ratings) also takes note of NSEICC's revenue sharing agreement with NSE IFSC Limited (NSE IX). NSEICC is of strategic importance to the group due to its shared brand name and presence in the Gujarat International Finance Tec (GIFT) city. Further, CareEdge Ratings also takes note of the recent change in NSEICC's ownership structure where NSEIX acquired 100% equity of NSEICC from NSE Clearing Limited, changing its ownership from NCL to NSEIX.

The rating also factors in the presence of adequate risk management framework, well-defined default waterfall mechanism, and adequate settlement guarantee fund (SGF). The rating also takes note of growth in trading turnover of NSE IX, post launch of the NSE IX SGX Connect.

However, the rating remains constrained by its low revenue and profitability metrics, and volatility associated with equity markets. CareEdge Ratings also takes note of global macroeconomic uncertainties, including the tariff war, and its impact on NSEICC's turnover volumes, which will remain a key monitorable going forward.

### 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:**

- Deterioration in the credit profile of NSE under an eventuality.
- Reduction in the shareholding of the NSE group in the company below 51%.
- Weakening in the expected support from the group.

**Analytical approach:** Standalone, with factoring in the strong linkages with its ultimate parent, NSE (NSEICC is a stepdown subsidiary of NSEIX, being a 100% subsidiary of NSE), deriving significant support in technology, system and process development from the NSE group.

**Outlook:** Stable

The 'stable' outlook considers continued support from the NSE group.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Detailed description of key rating drivers:****Key strengths****Strong parentage with support in the form of shared brand name, managerial, technological, and other infrastructure**

NSEICC is a NSE group company, being a wholly owned subsidiary of NSE IX, which is 100% held by NSE. The company remains linked with the parent in technological and other infrastructure aspects of the central counterparty (CCP) clearing business. The company continues to remain strongly linked with the group in terms of a shared brand name, managerial and capital support. Incorporated in 1992, NSE was recognised as a stock exchange by the Securities and Exchange Board of India (SEBI) in April 1993 and commenced operations in 1994 with the cash market segment and wholesale debt market. NSE enjoys a leading market share (by total turnover) of 94.6% in the equity cash segment, 99.8% in the equity futures segment, 81.2% in equity options segment, and 93.9% in the currency derivatives segment as on March 31, 2025. NSE's financial risk profile, on a consolidated basis, remained stable in FY25. The total income grew year-on-year (y-o-y) by 17%, while the profit after tax (PAT) increased by 38% to ₹11,606 crore in FY25, compared to ₹8,407 crore in the previous fiscal. This performance was supported by robust liquidity position, strong net worth base, and the absence of outstanding debt. NSE's capital structure remained strong with a tangible net worth (TNW) of ₹30,051 crore and nil debt as on March 31, 2025.

**Experienced board of directors and management**

NSEICC's board of directors comprises of experienced professionals with relevant experience in securities exchanges and clearing corporations. The board includes four public interest directors and one non-independent director. Kumar Kanakasabapathy, former Managing Director and CEO of Indian Clearing Corporation Ltd., serves as the board's Chairman. CareEdge Ratings notes that NSEICC's board of directors includes one representative from NSE, including Piyush Chourasia, who serves as a Shareholder Director (Non-Independent Director). The management team is headed by Neeraj Kulshrestha, Managing Director and CEO of NSEICC, who brings over 30 years' relevant experience. The company's key management personnel brings over 15 years' experience, primarily in capital markets and clearing and settlement domains.

**Strong regulatory supervision**

The Government of India (GoI) has established the International Financial Services Centres Authority (IFSCA) as a unified regulator for all financial services entities operating in the IFSC. This single-window regulatory structure enhances the ease of doing business, ensures consistent oversight, and accelerates the pace of market development. Since October 01, 2020, NSE IFSC Clearing Corporation (NSEICC) has been regulated by the IFSCA. The authority introduced the IFSCA (Market Infrastructure Institutions) Regulations, 2021, which provide a framework for the functioning of exchanges, clearing corporations, and depositories in IFSC. These regulations are aligned with international standards and strengthen the ability of IFSC-based market infrastructure institutions to compete with global peers.

Under the IFSCA (Market Infrastructure Institutions) Regulations, 2021, the minimum net worth requirement for a clearing corporation is US\$ 3 million, against which NSEICC has a net worth of ~US\$ 23 million as on March 31, 2025 (includes SGF of ~US\$ 11 million).

**Adequate risk management in adherence to global benchmarks**

NSEICC's risk management policy aligns with the Principles for Financial Market Infrastructures (PFMI) issued by the Committee on Payments and Market Infrastructures (CPMI) and the Technical Committee of the International Organization of Securities Commissions (IOSCO). The policy is consistent with the risk management frameworks adopted by leading global clearing corporations that adhere to the CPMI-IOSCO standards. These principles are also broadly reflected in the risk management practices of prominent domestic clearing corporations. Acting as the central counterparty for trades on NSE IX, NSEICC faces

operational, credit, and liquidity risks due to its exposure to clearing members. To mitigate such risks, NSEICC implemented a comprehensive set of risk containment measures, including capital adequacy requirements for clearing members, continuous monitoring of member performance and track record, stringent margin requirements, imposition of position limits, real-time surveillance of member positions, and automatic trading disablement upon breach of prescribed limits. The three pillars of NSEICC's approach for management of exposure to clearing members are the upfront collection of margins in the form of collateral, client-level margining (no netting across clients) and online real-time computation of client level margin and position monitoring. NSEICC covers credit exposures to its participants for all products through an effective margining system that is risk-based with a risk reduction mode of 85% utilisation and regularly reviewed.

NSEICC has an established framework for the selection of members and clearing banks. The framework ensures stringent criteria of selection and adequate risk mitigation. NSEICC inducts three categories of members having a stipulated minimum TNW requirement, infrastructure and so on.

#### **Well-defined default waterfall and adequate settlement guarantee fund**

NSEICC has adopted a well-defined default waterfall mechanism, based on globally accepted practices, to take care of allocation of losses in case of defaults, if any, by the clearing members. The CCP has also created a dedicated default fund, which is readily and unconditionally available to meet NSEICC's settlement obligations in case of clearing members failing to honour the settlement obligation; adequacy of this is stress tested daily. For March 2025, the value of default fund was US\$ 11.3 million against the minimum required value of US\$ 1 million per regulation. NSEICC had nil defaults in the member accounts since its inception.

#### **Incentives and tax benefits provided to entities in the IFSC**

NSEICC and NSE IX are situated in the International Financial Services Centre (IFSC) at GIFT City, Gandhinagar, which has been designated as a special economic zone (SEZ). In accordance with applicable regulations, entities operating in the SEZ are eligible for different tax benefits and incentives. These concessions are intended to promote trading and attract global investors by enhancing IFSC's competitiveness on an international scale.

#### **Continuous growth in turnover in NSE IX led by the Connect**

NSEICC acts as a qualified central counterparty for the clearing and settlement of trades executed on NSE IX. In FY25, trading volumes at NSE IX significantly increased, driven by the full-scale implementation of the NSEIX SGX Connect, heightened global investor interest, supportive regulatory environment, expansion of product offerings, and the growing success of GIFT Nifty contracts in the GIFT City ecosystem. Consequently, this surge in trading led to a corresponding increase in the clearing and settlement operations undertaken by NSEICC.

#### **Key weaknesses**

##### **Weak profitability, despite improving revenues**

In FY25, NSEICC reported a net loss of ₹5.13 crore on a total income of ₹27.08 crore, compared to a net loss of ₹8.40 crore on a total income of ₹16.66 crore in FY24. The income profile comprises clearing and settlement (C&S) income, annual membership fees from clearing members, and member application fees. C&S income is received from NSE IX under a revenue-sharing arrangement, where exchange shares revenue generated from trades executed on its platform. Investment income earned on cash and bank balances maintained by the central counterparty (CCP) serves as another source of revenue for NSEICC. The improvement in income in FY25 was primarily driven by the commencement of C&S charges from July 03, 2023, when the exchange began levying fees on executed trades. Operating expenses, which include employee costs, technology-related expenditures, and administrative overheads, remain elevated and continue to impact profitability.

Going forward, as C&S income grows with increasing trading volumes and operating expenses stabilise, NSEICC is expected to achieve operating break-even over the medium-term. However, CareEdge Ratings also takes notes of the inherent volatility in the company's revenue generation, which is subject to market dynamics.

### Liquidity: Strong

The liquidity position of NSEICC remained comfortable as on March 31, 2025, supported by nil debt obligations and cash and bank balance of ₹172 crore. The company's overall gearing stood at nil as on March 31, 2025, reflecting a strong capital structure. NSEICC established a dedicated SGF, which amounted to US\$ 11.3 million as on March 31, 2025, up from US\$ 4.59 million as on March 31, 2024. This fund is readily and unconditionally available to meet settlement obligations in case of a clearing member's default. SGF's adequacy is subject to daily stress testing to ensure its effectiveness in managing potential settlement risks.

**Assumptions/Covenants:** Not applicable

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

### Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Issuer Rating](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

### 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

#### About NSEICC

NSEICC was incorporated on June 05, 2017, as a qualified central counterparty as the clearing corporation for transactions executed on NSE IX, established at IFSC, GIFT City. NSEICC provides counterparty guarantee for the trades executed on NSE IX to ensure the efficient clearing and settlement for trades. NSEICC is a wholly owned subsidiary of NSE IX, established by the NSE. It has adopted best practices and principles and adopted the CPMI IOSCO Principles for Financial Market Infrastructures (PFMIs).

#### About NSE

Incorporated in 1992, NSE Ltd was recognised as a stock exchange by SEBI in April 1993 and commenced operations in 1994 with the cash market segment and wholesale debt market. Over the last 25 years, NSE Ltd facilitated the Indian corporate sector's growth by providing it a capital-raising platform. NSE offers comprehensive products and services supported by a robust risk management system framework. The company's fully integrated business model comprises exchange listing, trading services, clearing and settlement services, indices, market data feeds, technology solutions and financial education offerings. The company oversees compliances by trading cum clearing members and listed companies aligned with SEBI and Exchange regulations. Its derivatives market offers trading opportunities in different forms of derivatives, such as futures and options on stocks and indices, currency futures and options, interest rate futures and options and commodities future and options. As on March 31, 2025, NSE has a leading market share. NSE is headquartered in Mumbai with client-facing regional offices in Mumbai, Kolkata, Delhi, Chennai and Ahmedabad.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total income	17	27
PAT	-8	-5
Total Assets*	216	282

Tangible net worth (including SGF)	187	195
Overall gearing (times)	Nil	Nil
ROTA#	NM	NM

A: Audited; Note: these are latest available financial results; \*Net of intangible assets and deferred tax assets; #NM: Not meaningful

**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
Issuer Rating-Issuer Ratings	-	-	-	-	0.00	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 2025-2026	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
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE AAA; Stable	-	1)CARE AAA; Stable (09-Sep-24)	1)CARE AAA; Stable (14-Jul-23)	-

LT: Long term

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

**Annexure-4: Complexity level of instruments rated** - Not applicable

### Annexure-5: Lender details

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

**Note on complexity levels of rated instruments:** CareEdge 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.

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