

June 05, 2025

## Mirae Asset Sharekhan Financial Services Limited (Erstwhile Sharekhan BNP Paribas Financial Services Limited): Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper (CP) programme	300.0	300.0	[ICRA]A1+; reaffirmed
CP programme	700.0	-	[ICRA]A1+; reaffirmed and withdrawn
<b>Total</b>	<b>1,000.0</b>	<b>300.0</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating reflects the strong parentage of Mirae Asset Sharekhan Financial Services Limited (MSFS), a step-down subsidiary of Mirae Asset Securities Co. Ltd. (MAS; Korea's largest securities company in terms of asset size, rated Baa2 Stable by Moody's). MSFS benefits from the shared brand name as well as managerial and operational support from its ultimate parent and other Mirae Group entities in India<sup>1</sup>. The rating also factors in MSFS' track record of operating across market cycles and its adequate financial profile.

However, these strengths are partially offset by the company's moderate scale of operations and the recent degrowth due to the evolving group structure and related strategic adjustments. Additionally, MSFS' exposure to lending against listed securities (LAS) and employee stock option plan (ESOP) financing leads to dependency on capital markets. Given the nature of the underlying asset class, any adverse market event could erode the value of the collateral. Despite the exposure to volatile capital markets, ICRA notes that the company has maintained healthy asset quality with negligible credit write-offs.

ICRA has withdrawn the [ICRA]A1+ rating assigned to MSFS's Rs. 700-crore commercial paper as no amount is outstanding against the same. This is in accordance with ICRA's policy on the withdrawal of ratings.

### Key rating drivers and their description

#### Credit strengths

**Strong parentage** – MSFS is a step-down subsidiary of MAS, Korea's largest securities firm by asset size. MAS has a global presence across a wide range of capital market and financial services. MSFS benefits from co-branding as well as the operational and managerial support extended by MAS. Its board comprises seven members, including three representatives from MAS, who oversee and guide the Group's activities to ensure alignment with the parent company's operations and policies. Additionally, the company is expected to benefit from the Group's established presence in capital markets, which supports new business sourcing.

**Adequate financial profile** – MSFS' capitalisation is marked by a net worth of Rs. 606 crore and nil leverage as on March 31, 2025. Amid the evolving group structure and related strategic decisions, the company has not availed any borrowings over the past 15-18 months. The average gearing was 0.6 times during March 2019-March 2023, peaking at 1.2 times as on March 31, 2022 due to the growth in the loan book.

<sup>1</sup> Currently, MAS has a presence in various capital market and financial services business through nine entities in India

Despite its modest scale of operations, MSFS has maintained an adequate profitability profile, supported by operating synergies with its erstwhile parent – Sharekhan Limited (rated [ICRA]A1+). The company reported an average return on assets (RoA) of 5.2% during FY2020 to FY2025. However, the return on average net worth (RoNW) remained modest due to the low financial leverage.

### Credit challenges

**Decline in scale of operations amid evolving group structure and associated strategic realignments** – While MSFS has a track record of nearly two decades in this line of business, its scale of operations remains modest, primarily due to its focus on serving the clientele of its erstwhile parent – Sharekhan Limited. Furthermore, its loan book performance is closely tied to capital market trends, which are inherently volatile. During March 2020-March 2023, the loan book expanded to around Rs. 1,100 crore from about Rs. 650 crore. However, amid the evolving group structure and related strategic realignments, the Group refrained from availing borrowings in recent quarters, leading to a contraction in the loan book, which stood at Rs. 491 crore as on March 31, 2025. ICRA also notes that the company’s incremental business plan will be contingent upon the Group’s restructuring under the new ownership of MAS, particularly in light of the Reserve Bank of India’s directive requiring the Mirae Group to consolidate its lending operations in India, which are conducted by two entities (MSFS and Mirea Asset Financial Services India Private Limited), by March 2026.

**High dependence on capital markets** – Given the nature of the underlying asset class, any adverse event in the capital markets could lead to an erosion in the value of the underlying collateral and would result in loan recall/squaring-off of positions. This would adversely affect the company’s top line. Inability to take timely action would also impact the asset quality parameter. Despite its exposure to volatile capital markets, MSFS has a track record of negligible credit loss. Further, volatility in the capital markets limits the funding requirements of customers, leading to changes in the scale of operations.

### Liquidity position: Adequate

The liquidity position remained adequate as on March 31, 2025, with unencumbered cash and liquid investments of Rs. 120 crore and nil borrowings. Further support from Group entities is expected in case of contingences. In the past, a larger portion of the loan book was due within one year, given the short tenor of the loans offered by MSFS, and it did not have any cumulative mismatches in the near-term buckets.

### Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** – A deterioration in the credit profile of the ultimate parent or any weakening in the likelihood of financial support from the parent group will be a credit negative. A significant deterioration in MSFS’ financial profile will also be a credit negative.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Rating Methodology – Non-banking Finance Companies (NBFCs)*</a> <a href="#">Policy on withdrawal of credit rating</a>
Parent/Group support	Mirae Asset Securities Co. Ltd.  MSFS is a step-down subsidiary of MAS. The strong parentage and shared brand name strengthen ICRA’s expectation that MSFS will receive timely and adequate support from MAS, if required
Consolidation/Standalone	Standalone

*\*Change in rating approach: ICRA previously took a consolidated view of Sharekhan Limited and its subsidiaries, which included this non-banking financial company (NBFC). Given the change in the ownership structure, the analytical approach stands revised*

## About the company

MSFS, registered with the Reserve Bank of India (RBI) as a non-banking financial company (NBFC), provides loans/finance to retail clients under various products such as LAS and ESOP/employee stock purchase scheme (ESPS). As on March 31, 2025, MSFS' gross loan book was Rs. 491 crore. Its capitalisation profile was characterised by a net worth of Rs. 606 crore and a capital adequacy ratio (CAR) of 69.8% as on March 31, 2025.

MSFS was previously a wholly-owned subsidiary of Sharekhan Limited, which was held by BNP Paribas SA (BNPP). In December 2023, MAS announced its plan to acquire a 100% stake in Sharekhan Group (comprising Sharekhan Limited and its subsidiaries), providing exit to BNPP. Pursuant to the terms of the acquisition, the company was demerged from Sharekhan Limited and made a direct subsidiary of Human Value Developers Private Limited, which was formerly owned by BNPP. In November 2024, MAS completed the acquisition of Human Value Developers Private Limited, making the NBFC its step-down subsidiary. It was renamed Mirae Asset Sharekhan Financial Services Limited (MSFS) from Sharekhan BNP Paribas Financial Services Limited. MSFS now operates as a sister concern of Mirae Asset Capital Markets (India) Private Limited, which acquired Sharekhan Limited.

Following this acquisition, MAS now operates two NBFCs in India – MSFS and Mirae Asset India Financial Services Private Limited. The RBI has directed Mirae Group India to consolidate its lending operations under a single NBFC by March 2026.

## Key financial indicators (audited)

MSFS – Standalone	FY2023	FY2024	FY2025 <sup>^</sup>
Total income	91.1	71.0	57.1
Profit after tax	33.1	33.7	30.4
Reported total assets	811.7	587.6	614.7
Return on average assets*	3.2%	4.8%	5.1%
Gross gearing (times)	0.4	Nil	Nil
Gross NPA	0.0%	0.0%	0.0%
CRAR	65.0%	71.3%	69.8%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; <sup>^</sup> Provisional; \*Based on gross assets

**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)	Jun 05, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short Term	300.00	[ICRA]A1+	27-JUN-2024	[ICRA]A1+	01-AUG-2023	[ICRA]A1+	26-APR-2022	[ICRA]A1+
				-	-	18-DEC-2023	[ICRA]A1+	22-SEP-2022	[ICRA]A1+
				-	-	-	-	03-FEB-2023	[ICRA]A1+
				-	-	-	-	29-MAR-2023	[ICRA]A1+
Commercial paper	Short Term	700.00	[ICRA]A1+; withdrawn	27-JUN-2024	[ICRA]A1+	01-AUG-2023	[ICRA]A1+	26-APR-2022	[ICRA]A1+
				-	-	18-DEC-2023	[ICRA]A1+	22-SEP-2022	[ICRA]A1+
				-	-	-	-	03-FEB-2023	[ICRA]A1+
				-	-	-	-	29-MAR-2023	[ICRA]A1+
Commercial paper (IPO financing)	Short Term			-	-	-	-	26-APR-2022	[ICRA]A1+
				-	-	-	-	22-SEP-2022	[ICRA]A1+
				-	-	-	-	03-FEB-2023	[ICRA]A1+
				-	-	-	-	29-MAR-2023	[ICRA]A1+; withdrawn

## Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	Very 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	Coupon rate (%)	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Commercial paper*	-	-	7-365 days	300.0	[ICRA]A1+
NA	Commercial paper*	-	-	-	700.0	[ICRA]A1+; withdrawn

Source: Company; \* Yet to be placed; As on May 15, 2025

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

Not applicable

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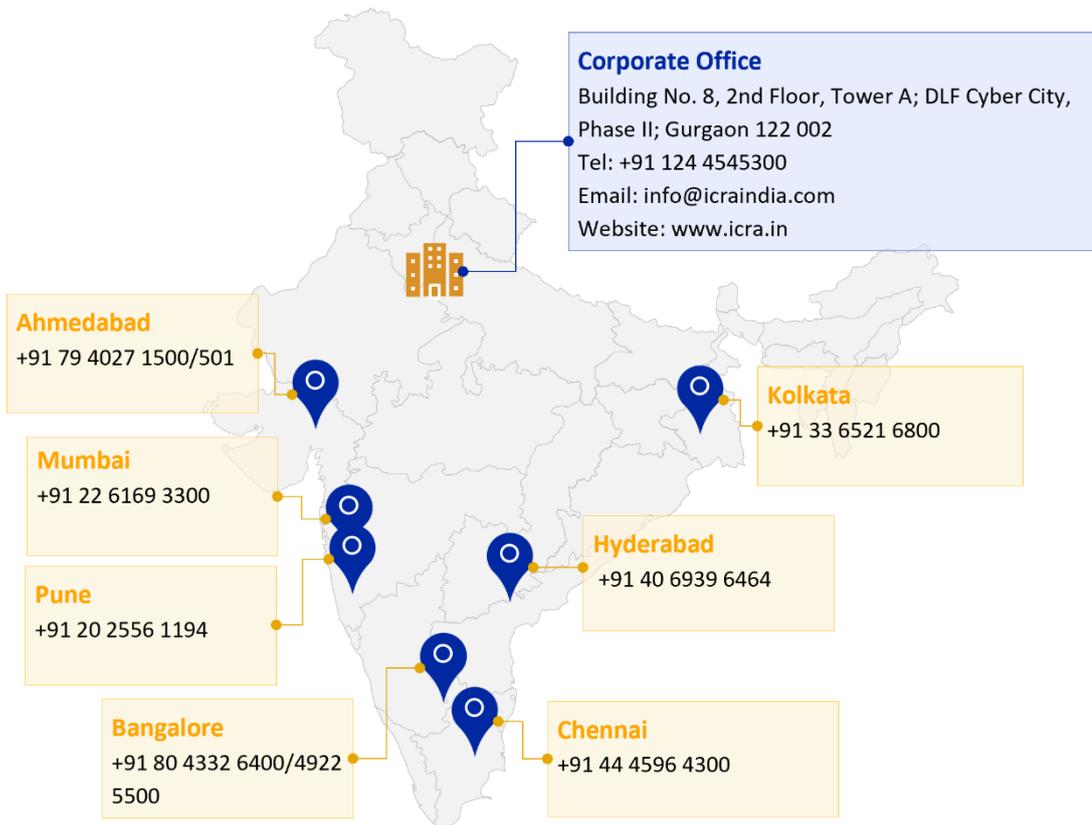
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