August 07, 2025

Mirae Asset Financial Services (India) Private Limited: [ICRA]AA+ (Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Subordinated debt programme	100.0	[ICRA]AA+ (Stable); assigned
Total	**100.0**	

**Instrument details are provided in Annexure I*

Rationale

The assigned rating reflects Mirae Asset Financial Services (India) Private Limited's (MAFS) strong parentage, its comfortable capitalisation and adequate liquidity profile. MAFS is a part of Mirae Asset Financial Group (the Group), a South Korea-based global financial services provider with a presence in diverse capital market businesses, lending and life insurance through various entities including Mirae Asset Capital Co. Ltd Korea (MACK) and Mirae Asset Securities Co. Ltd. (MAS; South Korea's largest securities company; rated Baa2 Stable by Moody's). Over the years, the Group has strengthened its presence in India through Mirae Asset Investments Manager (India) Private Limited's asset management operations, Mirae Asset Capital Markets (India) Private Limited's (rated [ICRA]A1+) securities broking and allied activities and MAFS' presence in retail lending. MAFS provides loan against shares and mutual funds (MFs) along with unsecured personal loans. It benefits from the shared brand name as well as managerial, operational and financial support from its ultimate parent.

These strengths are, however, partially offset by the company's moderate scale and evolving operational track record. MAFS commenced the lending business in FY2023 and reported healthy growth in the loan book in the last three fiscals. Nonetheless, the overall scale remains modest compared to non-banking financial company (NBFC) peers. As on March 31, 2025, the loan book stood at Rs. 1,164 crore, comprising loan against MFs (73%), personal loans (22%), loan against securities (5%) and corporate loans (sub-1%). Due to the elevated exposure to capital market-linked lending, the business is inherently vulnerable to both credit and market risks, as fluctuations in capital markets can impact the value of the underlying collateral. Furthermore, recent industry-wide concerns in the unsecured lending space, particularly in the microfinance and personal loan segments, underscore the exposure to credit risk in this segment.

ICRA notes that Mirae Asset Financial Group, through its diversified presence in the securities broking, asset management and lending businesses in India, aims to offer integrated solutions across investment, trading, and financing. Given MAFS' role as the lending arm of the Group, ICRA believes that it is strategically important to the Group and will continue to receive timely operational, financial, and managerial support. Accordingly, the outlook on the long-term rating is Stable.

In November 2024, MAS[1] had acquired a 100% stake in India-based Sharekhan BNP Paribas Financial Service Limited, which was rechristened Mirae Asset Sharekhan Financial Services Limited (MSFS; rated [ICRA]A1+). MSFS offers loan against securities. Following this acquisition, the Group now operates two NBFCs in India – MAFS and MSFS. While both companies are currently operating as independent entities, the Reserve Bank of India (RBI) has directed the Group to consolidate its lending operations in India under a single NBFC by March 2026. The successful integration of the operations of MAFS and MSFS will further augment the scale of operations and customer network.

[1] *MACK holds a stake of ~54% in MAS; 31% is held directly while 24% is held in the form of treasury shares*

Key rating drivers and their description

Credit strengths

Strong parentage – MAFS is a part of Mirae Asset Financial Group, which is a South Korea-based financial services provider. The Group has a presence in asset management, wealth management, lending, life insurance, investment banking and other capital market businesses through various entities including MACK and MAS, wherein Mirae Asset Global Investment Co. Ltd Korea and Mr. Park Hyeon-Joo, the promoter, are the largest shareholders. The Group maintains a similarly diversified presence in the financial services space in India through its asset management, securities broking and lending businesses.

The diversified offering in India reflects the Group's aim to offer integrated solutions to meet the investment, trading, and financing needs of domestic customers. The acquisition of Sharekhan Group in FY2024 further signifies the continued strategic importance of the Indian operations to the Group. MAFS represents the Group's presence in retail lending against shares and MFs, and the unsecured personal loan segment in the domestic market. Thus, it is strategically important to the ultimate parent, which is reflected by the shared brand name. ICRA believes that MAFS will continue to benefit from timely managerial, operational and financial support from its ultimate parent to support its growth and in case of exigencies. MAFS' board comprises four members, including one representative from the Group, who oversees and guides the company's activities to ensure alignment with the parent's operations and policies. Furthermore, the Group has demonstrated its commitment by infusing Rs. 332 crore into MAFS since its inception in 2020. Additional growth capital is expected to be infused by the Group as and when required, underscoring its continued financial support. Further, to facilitate the launch of MAFS' borrowing programme in India, the parent company extended corporate guarantees, enabling MAFS to secure funding despite limited collateral availability at the time.

MAFS is currently held by Mirae Asset Global Investment India (MAGI; 51%[2]), MACK (40%), and other Group companies (the balance). In this regard, ICRA notes that the shareholding pattern will change after the merger of MSFS with MAFS and MAS (through Human Value Developers Private Limited) will hold a majority (~64%) stake in MAFS. Despite the evolving shareholding structure of the Group, the eventual control and oversight of MAFS will remain with MACK, the flagship lending company of the Group.

Comfortable capitalisation profile – MAFS' capitalisation profile is marked by a net worth of Rs. 348 crore and a capital-to-risk weighted assets ratio (CRAR) of 23.5% as on March 31, 2025. The financial leverage stood at 2.5 times as on March 31, 2025 and the company plans to operate at a steady-state leverage of about 4 times (CRAR of over 18%) in the medium term. While the current capitalisation profile remains adequate for near-term growth, timely and adequate capital support is expected from the parent to aid the objective of scaling up the loan book[3]. In this regard, ICRA notes that MSFS is likely to merge with MAFS in the near term, whereby MAFS' net worth will inch closer to Rs. 1,000 crore. Basis the financials as on March 31, 2025, the combined financial profile of MAFS and MSFS is estimated to have been characterised by total assets of Rs. 1,866 crore, net worth of Rs. 954 crore and financial leverage of 0.9 times.

The parent had infused Rs. 332 crore in MAFS between FY2020 and FY2023. The company turned profitable in FY2023 and remained profitable in the subsequent years as well. ICRA expects the profitability trend to improve with increasing scale, which is likely to enhance internal accruals and strengthen the capitalisation profile.

Credit challenges

Evolving track record with limited seasoning of loan book – MAFS commenced the lending business in FY2023 and reported healthy growth in the last three fiscals with the loan book increasing to Rs. 1,164 crore as on March 31, 2025 from Rs. 77 crore as on March 31, 2023. However, the scale remains modest compared to NBFC peers. Also, while the loan book, as on March

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[2] Wholly-owned subsidiary of Mirae Asset Global Investment Co Ltd Korea

[3] In November 2024, the parent infused Rs. 3,001 crore in India to acquire Sharekhan Group. This reflects well on its ability to infuse capital

31, 2025, comprised loan against MFs (78%), personal loans (22%), loan against securities (5%) and corporate loans (sub-1%), the mix is expected to evolve over the medium term with the proportion of loan against securities/MFs declining gradually as the scale builds up. The company extends the loan against securities facility as an overdraft facility, which is renewed annually. However, based on the behavioural tenor of the loans, most of these loans are prepaid within six months. It plans to scale up the loan book to ~Rs. 3,200 crore by March 2028; part of the growth will be debt funded. In this regard, MAFS commenced its borrowing programme in FY2024 through bank borrowings. Supported by its strong parentage, it secured funding from established asset management companies (AMCs) through the issuance of commercial paper (CP) in FY2025. Going forward, MAFS' ability to raise funds regularly at competitive costs will remain imperative to support growth and profitability.

MAFS reported its first-ever profit in FY2023 and remained profitable in the subsequent years as well. However, the profitability remained subdued with an average return on assets (RoA) of 1.1% in FY2024 and FY2025, given the modest scale. The profitability is expected to improve as the scale of operations increases. While the competition in the loan against securities/MFs and unsecured lending segments is likely to keep the lending yields in check, the recently announced systemic interest rate cut should enable the company to maintain adequate spreads. Nevertheless, its ability to borrow at competitive rates and control credit costs will remain critical for maintaining profitability.

While the proportion of stressed loans remains benign at present, ICRA notes the limited seasoning of the company's personal loan portfolio and its relatively short operating track record in the inherently volatile capital markets, particularly for the loan against securities/MF product. Given the higher exposure to capital market-linked lending, MAFS' business remains exposed to credit and market risks, given the nature of the underlying assets, as any adverse event in the capital markets could erode the value of the underlying collateral stocks. Furthermore, recent industry-wide concerns in the unsecured lending space underscore the exposure to credit risk in this segment. Nonetheless, the first loss default guarantee (FLDG) arrangement of 5% extended to MAFS by its lending partners provides some comfort, though the evolving regulatory landscape will remain monitorable. While the company claims to have implemented adequate risk management practices, its ability to maintain adequate asset quality while scaling up its operations is yet to be demonstrated.

ICRA notes that after the integration of operations of MAFS and MSFS, the scale of operations and profitability will stand augmented. Further, despite its exposure to volatile capital markets, MSFS has a track record of negligible credit losses over the years. However, given its dependence on the digital lending model and its reliance on technology, uninterrupted technological operations remain crucial for risk management and to ensure that the entity can promptly square off positions to avoid potential losses.

Liquidity position: Adequate

Given the predominantly short-tenor nature of the loans offered by MAFS, a large portion of the loan book is due within one year. This, coupled with the comfortable financial leverage, reflects in the satisfactory asset-liability maturity (ALM) profile, with no cumulative mismatches in the near-term buckets. As on June 30, 2025, MAFS maintained cash and equivalents of Rs. 60 crore and undrawn bank lines of Rs. 14 crore compared to debt obligations of Rs. 440 crore due in the next three months. The short-term nature of the Rs. 1,332-crore loan book supports the company's debt-servicing ability. Further, ICRA expects timely support from Group entities to be forthcoming in case of exigencies.

Rating sensitivities

Positive factors – Material strengthening of the parent group's credit profile will be a credit positive.

Negative factors – A deterioration in the credit profile of the ultimate parent or weakening in the linkages with the parent group will be a credit negative. Additionally, a sustained deterioration in MAFS' financial profile with an uptick in stressed assets will be a credit negative.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology – Non-banking Finance Companies (NBFCs)
Parent/Group support	Parent: Mirae Asset Financial Group of South Korea, wherein MACK is the main lending entity and the key holding company of the Group with the largest stake in MAS. ICRA expects the Group to be willing to extend financial support to MAFS, if needed, given the importance the company holds for meeting the Group's objectives in the Indian market, which is a key focus area for the Group. MAFS, along with other entities of the Group in India, shares the brand name, which, in ICRA's opinion, would persuade the Group to provide financial support to protect its reputation from the consequences of a Group entity's distress.
Consolidation/Standalone	Standalone

About the company

Incorporated in 2020, MAFS received its non-banking financial company (NBFC) licence in February 2021 and commenced its lending business in FY2023. It provides financing solutions to retail clients through products such as loan against securities (mutual funds (MFs)/equity shares) and personal loans. The company provides loans to its customers through its digital platform. MAFS also has a modest presence in corporate financing, wherein it extends short-tenure working capital and vendor finance type products. The aggregate loan book stood at Rs. 1,164 crore as on March 31, 2025, comprising loan against securities/MFs (78%), personal loans (22%) and corporate loans (sub-1%). Its capitalisation profile was characterised by a net worth of Rs. 348 crore and a capital adequacy ratio (CRAR) of 23.5% as on March 31, 2025.

MSFS, which also offers loan against securities, had a loan book of Rs. 491 crore as on June 30, 2025. Its capitalisation profile was characterised by a net worth of Rs. 606 crore and a capital adequacy ratio (CRAR) of 69.8% as on March 31, 2025. MSFS is held by Human Value Developers Private Limited, a wholly-owned subsidiary of MAS.

Key financial indicators (audited)

MAFS – Standalone	FY2024	FY2025
Total income	71.8	130.0^^
Profit after tax	5.6	12.5
Reported total assets	854.6	1,234.4
Return on average assets*	0.9%	1.2%
Gross gearing (times)	1.5	2.5
Gross NPA	1.5%	0.4%
CRAR	NA^	23.5%

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; ^^Excluding recoveries from write-offs; *Based on gross assets; ^Not applicable for base layer NBFCs*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Aug 07, 2025	Date	Rating	Date	Rating	Date	Rating
Subordinated debt programme	Long term	100.0	[ICRA]AA+ (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Subordinated debt programme	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	**Subordinated debt programme***	-	-	-	100.0	[ICRA]AA+ (Stable)

*Source: Company; * Yet to be placed; As on July 31, 2025*

Annexure II: List of entities considered for consolidated analysis

Not applicable

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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