

June 05, 2025<sup>(Revised)</sup>

## Mirae Asset Capital Markets (India) Private Limited: [ICRA]A1+ assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Commercial paper programme	1,500.0	[ICRA]A1+; assigned
<b>Total</b>	<b>1,500.0</b>	

\*Instrument details are provided in Annexure I

### Rationale

ICRA has taken a consolidated view of Sharekhan Limited (Sharekhan)<sup>1</sup> and its parent, Mirae Asset Capital Market (India) Private Limited (MACM). To arrive at the rating, the consolidated financials of MACM and its subsidiaries (including Sharekhan), hereafter referred to as the MACM Group or the Group, have been considered. The companies together represent the broking franchise of Mirae Asset Securities Co. Ltd. (MAS; Korea's largest securities company in terms of asset size, rated Baa2 Stable by Moody's) in India. MACM and Sharekhan benefit from a shared brand name and management oversight from MAS.

The rating reflects MACM's strong parentage in the form of MAS and favourably factors in MAS' presence on the boards of MACM and Sharekhan, its supervision and control over their activities, and the co-branding<sup>2</sup>. The rating also takes into consideration the MACM Group's strong capitalisation, adequate liquidity and established position in the domestic retail broking market. While the Group has a track record of over two decades in the full-service retail broking segment through Sharekhan, its presence in discount broking has been growing through MACM's standalone operations. Additionally, supported by MAS' global presence in capital market and financial services, MACM has a presence in the institutional broking segment. Moreover, the Group has a meaningful presence in exchange traded funds' (ETFs) market making activities. However, its ability to improve the synergies between the two entities by expanding the remunerative client base and via cross-selling of products will be the key driver of the growth in the profitability of the Indian operations.

Despite the sizeable cash outflow in November 2024 to acquire Sharekhan<sup>3</sup>, MACM's consolidated capitalisation remains strong supported by the capital infusion of Rs. 3,001 crore in FY2025, of which ~Rs. 1,747 crore was infused in March 2025. As on March 31, 2025, MACM's consolidated net worth stood at Rs. 6,957 crore<sup>4</sup>. However, as the management intends to deploy a part of the Group's net worth towards market making-cum-investment activities, incremental growth in broking and allied activities will be partially debt funded. Nevertheless, ICRA expects MACM's consolidated gearing to remain below 1 times in the near to medium term.

While arriving at the rating, ICRA has also taken into account the competition in the industry and the inherent volatility associated with capital markets. The rating also considers the credit and market risks associated with margin trading related lending businesses, given the nature of the underlying assets. Further, while the Group's profitability in the full-service broking segment remains adequate, the discount broking operation, which is in the growth phase, reported a below-average performance, weighing on the Group's overall consolidated financial performance. It is noted that amid the highly regulated

<sup>1</sup>Previously, Sharekhan was held by BNP Paribas SA (BNPP). In November 2024, MAS acquired a 100% stake in Sharekhan, providing exit to BNPP. As per the terms of the acquisition, Sharekhan BNP Paribas Financial Services Limited, an erstwhile subsidiary of Sharekhan, was carved out of Sharekhan before the acquisition and is now a sister concern of MACM

<sup>2</sup> Sharekhan was rebranded as Mirae Asset Sharekhan

<sup>3</sup> MACM's cash outflow for acquiring Sharekhan was Rs. 2,154 crore

<sup>4</sup> Net of goodwill of Rs. 603 crore upon acquisition of Sharekhan

and continuously evolving industry landscape, strict adherence to regulatory norms remains crucial. Additionally, the high reliance on technology poses operational and reputational risk, particularly in the event of technical glitches.

## Key rating drivers and their description

### Credit strengths

**Strong parentage** – Sharekhan is a subsidiary of MACM, which is wholly owned by MAS. MAS is Korea's largest securities company, in terms of asset size, and has a global presence in a wide range of capital market and financial services. MACM and Sharekhan augment MAS' presence in Indian capital markets and are strategically important to the parent. The MACM Group's importance to the parent company is evident from the co-branding<sup>5</sup> and operational, managerial and financial support extended by MAS. MACM has a seven-member board with four representatives from MAS, who supervise and control the Group's activities to ensure that its operations are aligned with the parent's operations and policies. Further, MAS has provided regular financial support (through a capital infusion of Rs. 3,001 crore in FY2025), in view of the substantial cash outflow incurred by MACM for the acquisition of Sharekhan. Additionally, the MACM Group benefits from its global presence for sourcing institutional clients for its institutional broking division in India.

**Strong capitalisation** – Despite the sizeable cash outflow of Rs. 2,154 crore in November 2024 to acquire Sharekhan, the Group's capitalisation remains strong supported by the capital infusion of Rs. 3,001 crore in FY2025. As on March 31, 2025, the MACM Group's consolidated net worth stood at Rs. 6,957 crore. However, as the management intends to deploy a part of the Group's net worth towards market making activities (for ETFs of Mirae Asset Management Company)-cum-proprietary investment activities, incremental growth in broking and allied activities will be partially debt funded. Nevertheless, ICRA expects MACM's consolidated gearing to remain below 1 times in the near to medium term.

**Established market position** – MACM, through its subsidiary – Sharekhan, has over two decades of experience in the full-service retail broking segment in India. Moreover, it has demonstrated its ability to expand its presence in discount broking by offering a competitive pricing strategy despite being a late entrant in the broking segment<sup>6</sup>. On a consolidated basis, the Group's National Stock Exchange (NSE) active retail client base is estimated to be the eighth largest in the domestic capital market. Supported by MAS' global presence in capital market and financial services, the Group also has a presence in the institutional broking segment. On average, about 53% of the consolidated broking income in the full-service broking space is derived from the cash segment while the revenue mix in the discount broking segment is still evolving. The MACM Group also has a sizeable presence in margin trade funding (MTF). The consolidated loan book stood at Rs. 2,920 crore (market share of ~4%) as on March 31, 2025.

### Credit challenges

**Modest profitability** – The MACM Group's revenue profile is adequately diversified with a mix of broking fee, net interest income, revenue from proprietary trading/market making activities, and other fee income from depository participant, distribution, and research and advisory activities. Despite its established position in retail broking, the Group's profitability is modest, with a return on equity (RoE) of sub-10%. While the Group's profitability in the full-service broking segment remains adequate, the discount broking operations, which are in the growth phase, have reported below-average performance, weighing on the overall consolidated financial performance. The profitability indicator is likely to remain modest in the near term till the discount broking product achieves meaningful scale, operational synergies from the acquisition of Sharekhan are realised, and economies of scale take effect.

**Exposed to risks inherent in capital market related businesses as well as credit and market risk associated with MTF** – The trading volumes and revenues of securities broking companies remain susceptible to the inherently volatile capital

<sup>5</sup> Sharekhan has been rebranded as Mirae Asset Sharekhan

<sup>6</sup> Forayed into retail broking in FY2022

markets, which are cyclical in nature. Further, the presence in the MTF segment results in exposure 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. The MACM Group's MTF book stood at Rs. 2,920 crore as on March 31, 2025. Its ability to maintain adequate asset quality while ramping up the lending book would remain monitorable. Additionally, the performance in the proprietary trading/market making/investment book is also linked to market volatility and the Group reported a loss in one of the last five years.

**Elevated competition, high dependence on technology, and evolving regulatory environment** – Given the highly regulated nature of the industry, brokerage houses face significant regulatory risk. Ensuring compliance with evolving regulations is crucial. Recent changes, such as uniform exchange charges, have impacted profitability, especially for discount brokers. Measures to curb exuberance in the futures & options (F&O) segment, including rationalisation of weekly index derivatives and increased margins on expiry days were introduced during November 2024 to April 2025. These, along with the hike in securities transaction tax, impacted capital market volumes and profitability, particularly for discount brokers. The sector is also characterised by intense competition and the entry of new players, leading to pricing pressure. However, the increasing financialisation of savings offers potential for expansion. Despite this, pressure on profitability during downturns remains a concern. Additionally, reliance on technology poses operational and reputational risks, as seen with the MACM Group's 12 technical glitches<sup>7</sup> in FY2025. Maintaining uninterrupted services will be crucial for customer experience.

### Liquidity position: Adequate

The MACM Group requires funding to place margins at the exchanges and to support growth in the MTF book. The month-end margin utilisation, for the last 12 months (April 2024 to March 2025), was in the range of 17-22% in the discount broking segment and 36-52% in the full-service broking segment. Sharekhan had an unencumbered cash balance of Rs. 166 crore and unutilised fund-based bank lines of Rs. 1,184 crore (including intercorporate deposits (ICDs) from MACM) as on March 31, 2025, against a debt obligation of Rs. 725 crore due in the next three months. Further, the company had an MTF book of Rs. 1,856 crore, which can be called at short notice in case of contingencies.

MACM had unencumbered liquidity of Rs. 1,231 crore as on March 31, 2025 and was debt free as of that date. Its MTF book stood at Rs. 1,064 crore as on March 31, 2025. The higher on-balance sheet liquidity, as of March 2025, was on account of the capital infusion of Rs. 1,747 crore on March 4, 2025. However, the same is expected to decline as these funds get deployed towards broking, MTF and proprietary/market making activities. Nevertheless, the consolidated liquidity profile is expected to remain adequate. MACM is expected to continue providing ICDs to Sharekhan, ensuring adequate liquidity.

### Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** – Sustained weakening in the market position, capitalisation or liquidity, will be a credit negative. Additionally, a deterioration in the credit profile of the parent and/or weakening in the linkages with the parent may be credit negatives.

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<sup>7</sup> Interruptions impacting trading for more than five minutes

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Rating Methodology – Stockbroking and Allied Services</a>
Parent/Group support	Mirae Asset Securities Co. Ltd.  MACM is a wholly-owned subsidiary of MAS. The strong parentage and shared brand name strengthen ICRA's expectation that MACM will receive timely and adequate support (financial as well as operational) from MAS if required
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of MACM

## About the company

Incorporated in October 2017, Mirae Asset Capital Market (India) Private Limited (MACM) is a wholly-owned subsidiary of Mirae Asset Securities Co. Ltd. (rated Moody's Baa2 Stable). MACM manages MAS' capital market-oriented business in India, which includes equity and fixed income instruments broking services, margin trading facilities, research and advisory services and investment banking. It also extends authorised participant and market maker servicers in the ETF market. It is registered with the Securities and Exchange Board of India (SEBI) and offers a discount broking platform to its retail broking segment. MACM was one of the pioneers to offer zero brokerage in the cash and derivative segment in India. It deploys its surplus net worth in proprietary trading-cum-investment activities.

In November 2024, MACM acquired a 73% stake in Sharekhan while the balance was acquired by its ultimate parent – MAS – through Human Value Developers Private Limited. Both companies continue to manage their respective broking businesses, though Sharekhan was rebranded as Mirae Asset Sharekhan Limited.

## Key financial indicators (audited)

MACM – Consolidated	FY2023*	FY2024*	FY2025^
Net operating income (NOI)	48.3	195.2	703.1
Non-operating income (income from proprietary/ETF market making book)	11.0	264.3	100.2
Profit after tax (PAT)	-67.1	139.3	34.1
Net worth	2,375.6	3,754.4	6,956.9
Reported total assets	2,757.9	4,753.8	12,479.3
Gearing (times)	0.0	0.0	0.3
Return on average net worth	-2.8%	4.5%	0.6%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; \*Excluding Sharekhan; ^Proportionate share of profit of MACM for 4M FY2025 is considered.

## 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)	Jun 05, 2025	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short Term	1,500.00	[ICRA]A1+	-	-	-	-	-	-

### 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	1,500.0	[ICRA]A1+

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

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

Company name	MACM ownership	Consolidation approach
Mirae Asset Capital Markets (India) Private Limited	Holding company	Full consolidation
MACM India Growth Fund	99.6%	Full consolidation
Sharekhan Limited	72.8%*	Full consolidation
Wealthtiger Investment Advisors Private Limited	100.0%	Full consolidation
Sharekhan Consultants Private Limited	100.0%	Full consolidation
Sharekhan.com India Private Limited	100.0%	Full consolidation
Espresso Financial Services Private Limited	100.0%	Full consolidation

Source: Company; As on March 31, 2025

\*Balance 27.2% is held by MAS through Human Value Developers Private Limited

MACM also has two associate companies, Mirae Asset Credit Opportunities Fund, which is a Category II alternative investment fund (AIF) managed and sponsored by a sister concern, and Mirae Asset Venture Investments (India) Private Limited – the venture capital arm of Mirae Asset Global Investments Pvt Ltd. It invests in early, growth and late stage companies

### Corrigendum

The brand name of Sharekhan stands corrected on page 1 and page 2.

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