



In growth phase...

Reported PAT came in at INR 241 cr, up by 55.5% yoy and 24.2% qoq – higher than our expectations of INR 192 cr. Outperformance has mainly come due to rise in the transactional revenue income. ARR AUMs have grown by 3.2% qoq and 36.3% yoy to INR 227879 cr. Sequential growth in ARR AUMs has come largely due to MTM gains. There have been outflows to the tune of INR 668 cr in this quarter vs. inflows of INR 8865 cr in Q3FY24. Total new flows were at INR 26,915 cr in FY24 vs. INR 28,059 in FY23. In FY24, no of families added were 400+ (ARR assets >INR 10 cr) totaling to 7195 families. Going forward, management expects net new flows to the tune of INR ~30,000 cr in FY25 (incl. flows from HNI segment). We are constructively positive on this wealth management space and 360 ONE WAM will be gain sizeably from these favourable macros. Retain BUY.

FY25 Outlook

- Net new flows are likely to be INR ~30,000 cr for FY25 vs. INR 26,915 cr flows received in FY24
- Company expects INR 10,000-12,000 cr worth of flows to move from inactive passive fund in wealth AUMs to transactional AUMs in FY25
- Mr. Nirmal Jain (owns 5.5% stake) and Mr. Venkataraman Rajamani (owns 0.5% stake), non-executive directors of the company, who are liable to retire by rotation at the ensuing AGM for FY24, do not wish to be considered for re-appointment as the directors of the company due to personal commitments.

Financial Summary

Consol (Rs Cr)	FY22	FY23	FY24	FY25E	FY26E
Revenues	1,398	1,565	1,846	2,209	2,538
Operating Profit	614	847	890	1,121	1,344
Net Profit	578	658	758	944	1,124
Growth (%)	56.5	13.9	15.3	24.5	19.0
Cost/ Income Ratio	51.1	45.8	49.3	47.0	45.0
EPS (Rs)	16.4	18.5	21.3	26.6	31.6
P/E (x)	41.3	43.1	37.4	30.0	25.2
RoE (%)	19.3	21.1	22.0	25.9	29.1
RoCE (%)	7.2	8.7	7.0	7.3	8.3

Source: Dalal & Broacha Research, Company

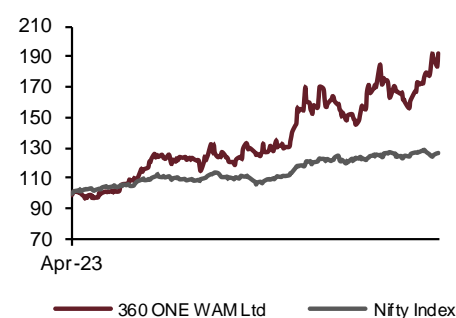
Rating	TP (Rs)	Up/Dn (%)
BUY	885	10

Market Data

Current price	Rs	801
Market Cap (Rs.Bn)	(Rs Bn)	288
Market Cap (US\$ Mn)	(US\$ Mn)	3,451
Face Value	Rs	1
52 Weeks High/Low	Rs	901.1 / 397.95
Average Daily Volume	('000)	850
BSE Code		542772

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Mar-24	Dec-23
Promoters	17.75	17.17
Public	82.25	82.23
Total	100	100

Source: BSE

Anusha Raheja
+91 22 67141489
anusha.raheja@dalal-broacha.com

Akash Vora
+91 22 67141489
akash.vora@dalal-broacha.com

Valuations

Currently, it is trading at P/E of 30x/25x FY25/FY26e EPS with ROE of 27.9%/32.9% for the same period respectively. We have positive outlook on the long term growth prospects of the wealth management industry and believe the industry has structural tailwinds. 360 ONE is the largest non-bank wealth management player in the country & with 15+ years of presence - the company has carved its own moat within the industry. Retain BUY with revised TP of INR 884 (discounting FY26e EPS by 28x) giving us an upside of 11% from the current levels.

Financial Highlights Q4FY24

- Reported PAT came in at INR 241 cr, up by 55.5% yoy and 24.2% qoq – higher than our expectations of INR 192 cr. Outperformance has mainly come due to rise in the transactional revenue income.
- Total revenue increased by 62% yoy and 34% qoq to INR 624 cr (ARR revenue increased by 28% yoy and TBR revenue by 91% yoy)
- Total AUM of the company increased by 37% yoy in FY24, while growth in ARR assets was at 36.3% yoy (48.8% share) and TBR assets by 37.6% yoy (31% share)
- ARR AUMs have grown by 3.2% qoq and 36.3% yoy to INR 227879 cr in FY24. Sequential growth in ARR AUMs has come largely due to MTM gains. There have been outflows to the tune of INR 668 cr in this quarter vs. inflows of INR 8865 cr in Q3FY24. Total new flows were at INR 26915 cr in FY24 vs. INR 28059 in FY23.
- For this quarter, there was ~6000 cr worth of assets shifted to transactional AUMs, INR 7000 cr worth of funds got deployed in Q4, balance part is still parked in liquid funds. Going forward, management expects inactive passive flows in wealth AUMs to the tune of INR ~10000-12000 cr could move to transactional AUMs in FY25.
- In FY24, the company onboarded 400+ clients (with more than INR 10 cr ARR AUMs) and clients having ARR AUMs of >INR 50 cr were 150 families. It has currently serving to 7185 families

- Non-discretionary yields have improved from 17 bps to 18 bps qoq. And total retention yields on ARR assets improved by 66 bps in Q4 vs. 64 bps in Q3. Active ARR retention yields were at 75 bps in Q4 vs. 74 bps in Q3.
- Total expenses have increased by 62% yoy and 29% qoq to INR 300 cr. Cost/Income ratio stood at 48.2% in Q4 vs. 49.7% in Q3. For the full year, total costs was up by 33.1% yoy to INR 956 cr due to addition of multiple large teams in the wealth segment and investment in the HNI and global business segments
- During the FY24, as the Partner & above level, 35+ new hires are being onboarded in the wealth sales teams; additionally, average tenure at this level remains high at 7+ years, with attrition at <4.5% (annualized).
- Tangible ROE is at 30.1% in FY24 vs. 26.7% in FY23

Q4FY24 Concall KTA's

Strategic Initiatives for FY25 onwards: HNI Platform targeting mid-market segment & Global Business

- New HNI platform shall be launched from May'24 & global Business to be launched in Oct'24
- Expecting flows in the range of INR ~6,000 cr in FY25 alone from these new businesses
- ~60% -65% of flows out of the above to be generated through domestic HNI Platform & balance to come from global HNIs segment.
HNI business to generate yields to the tune of ~70-75 bps

New Flows

- Management has garnered almost INR ~27,000 Cr worth new flows for the full year FY24. Nearly 70% of these flows have come from new client & balance through increase of wallet share from existing clients.
- Going forward in FY25, the company expects ARR net new flows amounting to INR ~30,000 Crore ARR net flows in FY25 i.e. 15-17% growth on their existing active ARR of INR 2 trillion.

Wealth Management :

- For this quarter, there was ~6000 Cr worth of assets shifted from wealth assets to transactional AUMs, ~INR 7000 Cr worth of funds got deployed in Q4, balance part is still parked in liquid funds.
- The company intends to increase active ARR as a % of total ARR Assets & hence in future as well low fee-bearing inactive

ARR could be re-categorised into transactional AUM (this could be to the tune of INR ~10,000-12,000 cr)

- Nearly 98% of the new flows have come into the flagship program of 360 One plus. Thus indicating the growing acceptability of the advisory-based model.

Asset management:

- Net Flows in AMC business for FY24 have been tepid due to outflows on account redemptions taking place in earlier schemes which were closed, namely SOF 1-7. Some more redemptions INR ~1500 Cr expected to take place in H1FY25
- New funds launched namely Healthcare Fund, Financial Services Fund which have been launched have garnered INR ~3500-4000 cr, while the commitment in these funds is INR ~4000 more totaling to INR ~7500-8000 cr
- AMC Revenue growth to improve in coming 1-2 years on account of operating leverage – the same team is sufficient to handle 2.5 times the current AUM.
- The company expects to 2-3 institutional mandates in FY25 which shall add to the AMC flows. Also flows coming from new HNI platform to further boost AUM's on the AMC side as well.
- Total new flows expected from the AMC business is INR ~6000-8000 cr in FY25.

Transactional brokerage revenue (TBR) & Lending Income

- For Q4, incremental TBR revenues was higher to the tune of INR 75-80 cr on account higher off-market NSE deals. Going forward, it expects to achieve TBR revenue to the tune of INR ~400-600 cr in FY25
- During the quarter, margins had fallen from 5.75% in Q3 to 5.17% in Q4 due to rise in the cost of funds. Management expects higher cost to be passed onto the customers hence, quarterly margins run-rate to improve to ~5.5% on sustainable basis.

Retentions

- Retentions on the NDPMS to improve gradually from 17-18 bps in H2FY24 to ~25 bps in FY25 on account of deployment of flows.
- On the Discretionary PMS side yields to improve from 44 bps in FY24 to 50 bps in FY25 and blended yields for 360 One clients is expected to be ~40-44 bps (ex-of corporate treasury AUMs)
- Long term sustainable retentions on overall AUM including wealth & asset management verticals to be between 68-72 bps

Cost to Income Ratio :

- C/I Ratio for Q3FY24 – 48.9% stretched by ~250 bps on account of investments in HNI and global business & ~100 bps additionally incurred for hiring senior sales people for the UHNI segment.
- In FY25, C/I ratio expected to improve by 100-150 bps on account of operating leverage since there is no major hiring planned at senior level & to settle around 47-47.5% and ~45% in FY26

Other Takeaways:

- Dividend per share declared till date for the year of ~INR 20 (INR 3.5 for this Q4 quarter)
- Transactional AUMs include custody assets to the tune of 125,000 Crore.

Quarterly Financials

Particulars (Rs in Cr)	Q4FY24	Q4FY23	Y-o-Y %	Q3FY24	Q-o-Q %
ARR AUM (Closing)					
On Account of Net inflows	-668	5,937	-1.11	8,865.00	-108%
On Account of MTM's	7,779	-3,424	-3.27	9,366.00	-17%
Total AUMs	466909	340834		453886	
ARR AUMs	2,27,879	1,67,174	36%	2,20,768	3%
Transactional AUMs	2,39,030	1,73,660	38%	2,33,118	3%
New Flows	-668	5,937	-111%	8,865	-108%
Revenue					
ARR Revenue	358	280	28%	339	6%
TBR Revenue	216	113	91%	101	114%
Other Income	50	-8	-725%	27	85%
Total Revenue from Operations	624	385	62%	467	34%
Retentions/Yields					
Average AUM's	2,24,324	1,65,095	36%	211245	6%
Retention on ARR Assets (incl. Carry Inc.)	0.64%	0.67%	-3	0.64%	0
Total Expenses	300	185	62%	232	29%
Cost-to-Income Ratio	48.2%	48.1%	13.8	49.7%	-147.88
Emp. Costs	225	132	69.9%	172	31%
<i>Fixed</i>	130	96	35.5%	137	-5%
<i>Variable</i>	74	36	102.9%	35	111%
Admin Costs	75	53	42.5%	59	27%
PBT	323	200	61.50%	235	37%
Tax %	25%	23%		17%	
PAT	241	155	55.48%	194	24%
Segment Key Data					
Net Inflows					
WM	-857	4086	-121%	7724	-111%
AM	189	1851	-90%	1141	-83%
MTM Gains/ Losses					
WM	4,874	-2,651	-284%	5,646	-147%
AM	2,905	-2,605	-212%	3,720	-170%

Source: Dalal & Broacha Research, Company

Financials

P&L (Rs Cr)	FY21	FY22	FY23	FY24	FY25E	FY26E
ARR Revenue	583	923	1,171	1,331	1,759	2,088
TBR Revenue	333	475	394	515	450	450
Total Revenue	915	1,398	1,565	1,846	2,209	2,538
Employee Costs	417	602	520	709	798	876
Admin & Other costs	150	183	198	247	289	318
Total Operating Expenses	568	784	718	956	1,087	1,194
Operating Profit	348	614	847	890	1,121	1,344
Other income	137	137	4	95	105	115
PBT	485	751	850	985	1,226	1,459
Provision for tax	116	174	192	227	282	336
PAT (From continuing operations)	369	578	658	758	944	1,124

Balance Sheet (Rs Cr)	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity capital	18	18	36	36	36	36
Reserves & Surplus	2,810	2,980	3,086	3,414	3,603	3,827
Net worth	2,828	2,998	3,122	3,450	3,639	3,863
Minority Interest	-	-	-	4	-	-
Borrowings	4,512	5,555	6,625	9,290	11,630	12,272
Other Liabilities	1,400	2,187	1,445	2,375	2,513	2,683
TOTAL LIABILITIES	8,740	10,740	11,192	15,119	17,782	18,818
Fixed Assets	442	4,294	4,715	5,546	5,618	5,824
Current Assets	7,538	5,721	5,550	8,713	9,669	10,552
Goodwill	373	373	418	418	418	418
Cash & Cash Equivalents	387	351	509	443	2,077	2,024
TOTAL ASSETS	8,740	10,740	11,192	15,119	17,782	18,818

Ratios	FY22	FY23	FY24	FY25E	FY26E
AUM Details					
ARR AUMs (INR Cr)	1,44,432	1,67,174	2,27,879	2,72,175	3,23,582
TBR AUMs (INR Cr)	1,82,806	1,73,660	2,39,030	2,50,982	2,63,531
Total AUMs (INR Cr)	3,27,237	3,40,834	4,66,909	5,23,157	5,87,113
ARR AUM growth (%)	41.6	15.7	36.3	19.4	18.9
Total AUMs growth (%)	33.0	4.2	37.0	12.0	12.2
ARR AUM / Total AUM (% shar	44.1	49.0	48.8	52.0	55.1
TBR AUM / Total AUM (% shar	55.9	51.0	51.2	48.0	44.9
Retention yields (%)					
Wealth ARR (including lending)	0.73	0.72	0.64	0.68	0.67
Wealth ARR (ex-lending)	0.47	0.49	0.43	0.48	0.49
AMC AUM	0.77	0.80	0.74	0.75	0.77
Total ARR Assets	0.75	0.75	0.67	0.70	0.70
Total ARR Assets (ex-lending)	0.59	0.61	0.54	0.57	0.58
Total AUMs	0.49	0.47	0.46	0.48	0.49
Total AUMs (Ex-lending)	0.42	0.40	0.39	0.41	0.43
Growth Ratios (%)					
Net Sales	52.7	11.9	18.0	19.6	14.9
Operating Profit	76.7	37.9	5.1	26.0	19.9
PBT	54.9	13.2	15.8	24.5	19.0
PAT	56.5	13.9	15.3	24.5	19.0
Per Share Data (Rs)					
EPS (prior to split & bonus)	65.4	74.0	85.4	106.2	126.4
Restated EPS (post bonus & s	16.4	18.5	21.3	26.6	31.6
Payout ratio (%)	84.1	23.4	93.7	80.0	80.0
Dividend Per Share	55.0	17.3	20.0	21.2	25.3
BV	353	88	97	102	109
Other Ratios (%)					
Cost/Income	51.1	45.8	49.3	47.0	45.0
Valuation Ratios (x)					
P/E(x)	41.3	43.1	37.4	30.0	25.2
P/B(x)	7.6	9.1	8.2	7.8	7.3
EV/EBIDTA(x)	34.3	40.8	42.0	34.0	28.9
Div. Yield(%)	2.0	2.2	2.5	2.7	3.2
Return Ratios (%)					
ROE	19.3	21.1	22.0	25.9	29.1
ROCE	7.2	8.7	7.0	7.3	8.3
Others Ratios					
Equity	17.7	35.6	35.8	35.8	35.8
Face Value	2	1	1	1	1

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Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.

Tel: 91-22- 2282 2992 | E-mail: equity.research@dalal-broacha.com