



360 One reported Q1FY25 numbers in-line with our expectations – PAT came in at INR 243 cr, up by 34% and 0.9% qoq. Although PAT growth was in-line with our expectations, but shifting of ARR assets worth ~INR 25000 cr to TBR was disappointment. New flows this quarter were decent at ~INR 5500 cr. Operating PBT is up by 71.8% yoy and 22.9% qoq. Tangible ROE is at INR 33.5% in Q1 vs. 28.6% yoy. During the quarter, inactive ARR assets worth ~INR 25000 cr has moved to transaction AUM (which includes corporate treasury assets of ~INR 10000 cr + non-discretionary PMS ~INR 15000 cr). This resulted in transaction AUMs increasing from INR 2.66 trillion in Q4FY24 to 2.99 trillion in Q1FY25. Based on the restated basis, ARR AUMs reported growth of 34% yoy & 10% qoq to INR 2.21 trillion. And within this, Wealth AUMs contribute 64% of the total ARR AUMs and balance 36% is the share of AMC AUM assets. It onboarded 150+ clients with INR 10+ cr of ARR AUMs (within this, 50+ clients have ARR AUMs of 50+ cr) in Q1. Assign ACCUMULATE rating.

FY25 Outlook

- Net new flows are likely to be INR ~25000-30,000 cr for FY25evs. INR 26,915 cr flows received in FY24
- Business on global + HNI segment will go live in H2FY25
- C/I ratio is expected to be at 46-47% in FY25 and 45-46% in FY26
- ARR AUMs retention yields is likely to be 70-72 bps
- TBR revenue is likely to be ~450-650 cr for FY25

Financial Summary

Consol (Rs Cr)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenues	915	1,398	1,565	1,843	2,374	2,750	3,133
Operating Profit	348	614	847	887	1,209	1,461	1,666
Net Profit	369	578	658	757	1,012	1,213	1,380
Growth (%)		<i>56.5</i>	<i>13.9</i>	<i>15.0</i>	<i>33.7</i>	<i>20.0</i>	<i>13.7</i>
Cost/ Income Ratio	53.9	51.1	45.8	49.3	47.0	45.0	45.0
EPS (Rs)	10.6	16.4	18.5	21.3	28.5	34.1	38.8
P/E (x)	16.6	41.3	59.3	51.6	38.6	32.2	28.3
RoE (%)	13.1	19.3	21.1	21.9	27.7	31.2	33.1
RoCE (%)	4.7	7.2	8.7	7.0	7.9	9.0	9.7

Source: Dalal & Broacha Research, Company

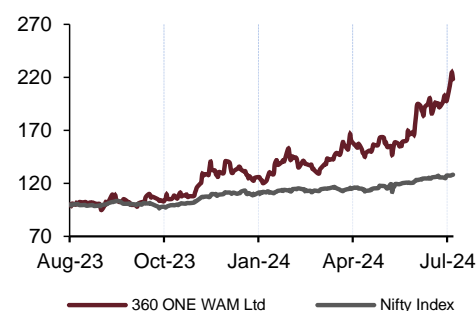
Rating	TP (Rs)	Up/Dn (%)
ACCUMULATE	1,243	13

Market data

Current price	Rs	1,100
Market Cap (Rs.Bn)	(Rs Bn)	400
Market Cap (US\$ Mn)	(US\$ Mn)	4,776
Face Value	Rs	1
52 Weeks High/Low	Rs	1215.8 / 468.9
Average Daily Volume	('000)	1,102
BSE Code		542772
Bloomberg		360ONE.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Jun-24	Mar-24
Promoters	15.79	17.77
Public	84.21	82.23
Total	100.00	100.00

Source: BSE

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

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

Valuations - 360 One is trading at 39x/32x/28x FY25e/FY26e/FY27e EPS. Given the outperformance of the stock over the last 6 months (78% return), valuations which was at 20x FY26e EPS is rose to 32x. Given the better outlook, expected strong flows, global + HNI platform going live in H2FY25, strong management in place - all these factors put high visibility of profitability going forward. 360 One, being one of the largest wealth management player among non-banks will stand to gain immensely from the favourable macro-tailwinds of the sector.

It is likely to generate ROE of 27.7%/31.2%/33.1% in FY25e/FY26e/FY27e. We revisiting our TP to INR 1,243 (discounting FY27e EPS by 32x) and revised rating of ACCUMULATE; giving us upside of 13% from current levels.

Financial Highlights Q1FY25

- 360 One reported Q1FY25 numbers in- line with our expectations - PAT came in at INR 243 cr, up by 34% and 0.9% qoq. Although PAT growth was in-line with our expectations, but shifting of ARR assets worth ~INR 25000 cr to TBR was disappointment. New flows this quarter were decent at ~INR 5500 cr. Operating PBT is up by 71.8% yoy and 22.9% qoq. Tangible ROE is at INR 33.5% in Q1 vs. 28.6% yoy.
- Total revenue was up by 48% yoy (4.7% qoq) to INR 600 cr. Within this, ARR (Annual Recurring Revenue) revenue share is at 63% while TBR (Transaction Brokerage Revenue) share is at balance 37%. Although ARR revenue growth was healthy at 16.8% yoy (5.3% qoq) but TBR revenue growth saw sharp jump of 168% yoy (4% qoq) led by syndication of debt securities, unlisted securities and brokerage revenue growth. Management highlighted that TBR revenue is likely to be strong going forward as well at ~INR 450-650 cr for FY25 period.
- In addition to this, other income was also higher at INR 97 cr vs. INR 50 cr in Q4FY24 and INR 29 cr in Q1FY24 which was mainly due to MTM gains on the seed capital of AIF investments
- Total expenses grew by 25.9% yoy to INR 265 cr - largely in-line with our expectations and was led by employee addition, tech spends and other expenses. Cost/Income ratio stood at 38% in Q1FY25 vs. 48.4% in Q1FY24

- Also, during the quarter, there is one-off expenses amounting to INR 88 cr which is related to litigation for one of the subsidiaries in UK (which has been fully provide for in Q1 – doesn't expects further hits due to this).
- During the quarter, inactive ARR's worth ~INR 25000 cr has moved to transaction AUM (which includes corporate treasury assets of ~INR 10000 cr + non-discretionary PMS ~INR 15000 cr). This resulted in transaction AUMs increasing from INR 2.66 trillion in Q4FY24 to 2.99 trillion in Q1FY25. And simultaneously, ARR AUMs got reduced from 2.23 trillion as reported as on FY24 period end to INR 2 trillion.
- Based on the restated basis, ARR AUMs reported growth of 34% yoy & 10% qoq to INR 2.21 trillion. And within this, Wealth AUMs contributed 64% to the total ARR AUMs and balance 36% is the share of AMC AUM assets.
- Within this, wealth management AUMs rose to INR 1.41 trillion supported by robust growth across segments. 360 One Plus assets (which includes discretionary & non-discretionary PMS) saw growth of 71% yoy. While AMC ARR AUMs increased to INR 79652 cr (11%+ yoy).
- New flows that have come in this quarter is at INR 5549 cr (which includes wealth INR 4678 cr + AMC INR 871 cr). During the quarter, it onboarded 150+ clients with INR 10+ cr of ARR AUMs (within this, 50+ clients have ARR AUMs of 50+ cr)
- As per new base, retention yields on active ARR's has come down marginally from 75 bps in Q4FY24 to 72 bps in Q1FY25 due to lower yields on lending business and less carry income. And given the fact that inactive ARR's has now moved to transaction AUMs, retention yields in 360 One Plus which used to 18 bps earlier has improved to 33 bps.

Concall Highlights – Q1FY25

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

- 360 ONE has ventured into the HNI/ Mid-market segment – it is set to go live from August'24. A team size of 75-80 people has already been formed in the HNI division – which may be ramped up to 100 members by the end of the year.
- ~10% of the new flows (INR 25000-30000 cr) for 360 ONE expected from the HNI/ Mid-market segment i.e. from clients with an investable ticket size of INR 1- 5 cr.
- On global HNI segment wherein the firm is targeting Non-Resident Indian (NRIs) – this segment is likely to get operationalized or launched by October'24

New Flows

- New flows expected somewhere between 12-15% of the opening ARR asset pool of ~ INR 2 trillion i.e. INR ~25,000-30000 cr of flows. Within this, 50% of flows are expected in UHNI segment, 20% in HNI & global segment and balance 30% in the AMC assets.
- Out of the new flows, 50% of the new flows is expected from existing clients from monetization events like stake sale by promoters, monetization of ESOPs, whereas balance is likely to come from new clients

Wealth Management :

- In Q1FY25, ~4678 Cr of new flows were garnered in Wealth Management side and the management anticipates total flows of ~INR 10,000- 15,000 cr in FY25.
- For this quarter, there was ~INR 25,000 cr worth of assets shifted from wealth assets to transactional AUMs – post this one-time adjustment made in this quarter ~INR 50,819 cr worth of assets under the 360 One Plus program are fee-generating & no inactive ARR exists.
- Effective retentions generated in 360 One plus assets post this adjustment at the end of Q1FY25 stands increased to 33 bps vs. 18 bps earlier
- Nearly 65% of the new flows in the wealth management have come into the flagship program of 360 One plus. Thus indicating the growing acceptability of the advisory-based model.

Asset management:

- In Q1FY25, INR 871 cr worth of new flows were received on the AMC side. Total net new flows expected from the AMC business is INR ~8000-10,000 cr in FY25. Flows at the gross level anticipated ~13,000 – 14,000 Crores
- 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 1-2 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.

Transactional brokerage revenue (TBR) & Lending Income

- TBR Income generated in Q1FY25 from multiple asset classes including equity, credit & debt.
- Company has guided for generating atleast INR 150 cr of TBR income per quarter, & anticipates TBR revenue to remain robust in the current bull markets.
- 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
- **Lending Income:** During the quarter, margins had fallen from 5.17% in Q4FY24 to 4.86% in Q1FY25 due to rise in the cost of funds. Management expects higher cost to be passed onto the customers hence, quarterly margins run-rate to rebound to ~5% to 5.5% levels on a sustainable basis.

Retentions

- Company remains confident about retentions in the near term sticking around 70-72 bps in ARR AUMs
- However, in the long-term sustainable retentions on overall AUM including wealth & asset management verticals to be around 67-68 bps.

Cost to Income Ratio :

- In FY25, C/I ratio expected to be around 46-47% & to improve by another 100-150 bps towards ~45-46% by FY26 on account of operating leverage since there is no major hiring planned at senior level.
- In the longer term taking a 5-year view management expects Cost /Income ratios to settle around 43-45%.

Other Takeaways:

- Interim Dividend per share declared for the quarter Rs 2.5 per share. Payout ratio to be continue at 75-80%.
- Transactional AUMs include custody assets to the tune of 154,807 Crore.

Valuations & View

360 One is trading at 39x/32x/28x FY25e/FY26e/FY27e EPS. Given the outperformance of the stock over the last 6 months (78% return), valuations which was at 20x FY26e EPS is rose to 32x. Given the better outlook, expected strong flows, global + HNI platform going live in H2FY25, strong management in place - all these factors put high visibility of profitability going forward. 360 One, being one of the largest wealth management player will stand to gain immensely from the favourable macro-tailwinds of the sector.

It is likely to generate ROE of 27.7%/31.2%/33.1% in FY25e/FY26e/FY27e. We revisiting our TP to INR 1243 (discounting FY27e EPS by 32x) and revised rating of ACCUMULATE; giving us upside of 13% from current levels.

Quarterly Financials (Q1FY25)

Particulars (Rs in Cr)	Q1FY25	Q1FY24	Y-o-Y %	Q4FY24	Q-o-Q %
ARR AUM (Closing)					
On Account of Net inflows	5549	5937	-7%	-668	-931%
On Account of MTM's	15319	-3424	-547%	7779	97%
Total AUMs	521208	382732		466909	
ARR AUMs	221287	165722	34%	200419	10%
Transactional AUMs	299921	217010	38%	266490	13%
				-33431	
New Flows	5549	5937	-7%	-668	-931%
Revenue					
ARR Revenue	376	322	17%	358	5%
TBR Revenue	225	84	168%	216	4%
Other Income	97	29	234%	50	94%
Total Revenue from Operations	698	435	60%	624	12%
Total Expenses	265	210	26%	300	-12%
Cost-to-Income Ratio	48.2%	48.3%	-7.6	48.2%	0.00
Emp. Costs	194	152	27.6%	225	-14%
Fixed	161	96	67.8%	130	24%
Variable	32	36	-12.3%	74	-57%
Admin Costs	71	58	22.4%	75	-5%
PBT	433	225	92.44%	324	34%
Exceptional Item	88	0		0	
PBT after exceptional	345	225	53.3%	324	6%
Tax %	30%	20%		25%	
PAT	243	181	34.3%	241	1%
Segment Key Data	433	225		324	
Net Inflows					
WM	4678	11730	-60%	-857	-646%
AM	871	1245	-30%	189	361%
MTM Gains/ Losses					
WM	8785	5679	55%	4874	80%
AM	6533	4562	43%	2905	125%

Source: Dalal & Broacha Research, Company

Financials

Profit & Loss Statement

P&L (Rs Cr)	FY22	FY23	FY24	FY25E	FY26E	FY27E
ARR Revenue	923	1,171	1,328	1,674	2,015	2,361
TBR Revenue	475	394	515	700	735	772
Total Revenue	1,398	1,565	1,843	2,374	2,750	3,133
Employee Costs	602	520	709	855	946	1,076
Admin & Other costs	183	198	247	310	344	391
Total Operating Expenses	784	718	956	1,165	1,289	1,467
Operating Profit	614	847	887	1,209	1,461	1,666
Other income	137	4	95	105	115	126
PBT	751	850	982	1,314	1,576	1,793
Provision for tax	174	192	226	302	362	412
PAT (From continuing operations)	578	658	757	1,012	1,213	1,380

Balance Sheet (Rs Cr)	FY22	FY23	FY24	FY25E	FY26E	FY27e
Equity capital	18	36	36	36	36	36
Reserves & Surplus	2,980	3,086	3,414	3,616	3,859	4,135
Net worth	2,998	3,122	3,450	3,652	3,895	4,171
Borrowings	5,555	6,625	9,290	11,630	12,272	12,959
Other Liabilities	2,187	1,445	2,379	2,513	2,683	2,868
TOTAL LIABILITIES	10,740	11,192	15,123	17,795	18,850	19,998
Fixed Assets	816	919	1,004	1,104	1,215	1,336
Current Assets	9,200	9,346	13,259	14,183	15,161	16,240
Goodwill	373	418	418	418	418	418
Cash & Cash Equivalents	351	509	443	2,091	2,056	2,004
TOTAL ASSETS	10,740	11,192	15,123	17,795	18,850	19,998

Source: Dalal & Broacha Research, Company

Ratios	FY22	FY23	FY24	FY25E	FY26E	FY27E
AUM Details						
ARR AUMs (INR Cr)	144,432	167,174	200,419	243,068	292,729	350,457
TBR AUMs (INR Cr)	182,806	173,660	239,030	250,982	263,531	276,707
Total AUMs (INR Cr)	327,237	340,834	439,449	494,050	556,260	627,164
ARR AUM growth (%)	41.6	15.7	19.9	21.3	20.4	19.7
Total AUMs growth (%)	33.0	4.2	28.9	12.4	12.6	12.7
ARR AUM / Total AUM (% share)	44.1	49.0	45.6	49.2	52.6	55.9
TBR AUM / Total AUM (% share)	55.9	51.0	54.4	50.8	47.4	44.1
Retention yields (%)						
Wealth ARR (including lendir)	0.73	0.72	0.71	0.76	0.74	0.71
Wealth ARR (ex-lending)	0.47	0.49	0.48	0.53	0.54	0.53
AMC AUM	0.77	0.80	0.74	0.74	0.77	0.77
Total ARR Assets	0.75	0.75	0.72	0.76	0.75	0.73
Total ARR Assets (ex-lending)	0.59	0.61	0.58	0.61	0.62	0.62
Total AUMs	0.49	0.47	0.47	0.49	0.51	0.51
Total AUMs (Ex-lending)	0.42	0.40	0.40	0.42	0.44	0.45
Growth Ratios (%)						
Net Sales	52.7	11.9	17.8	28.8	15.8	13.9
Operating Profit	76.7	37.9	4.8	36.3	20.8	14.0
PBT	54.9	13.2	15.5	33.7	20.0	13.7
PAT	56.5	13.9	15.0	33.7	20.0	13.7
Per Share Data (Rs)						
EPS (prior to split & bonus)	65.4	74.0	85.1	113.8	136.6	155.3
Restated EPS (post bonus & split)	16.4	18.5	21.3	28.5	34.1	38.8
Payout ratio (%)	84.1	23.4	94.0	80.0	80.0	80.0
Dividend Per Share	55.0	17.3	20.0	22.8	27.3	31.1
BV	353	88	97	103	110	117
Other Ratios (%)						
Cost/Income	51.1	45.8	49.3	47.0	45.0	45.0
Valuation Ratios (x)						
P/E(x)	41.3	59.3	51.6	38.6	32.2	28.3
P/B(x)	7.6	12.5	11.3	10.7	10.0	9.4
EV/EBIDTA(x)	34.3	53.4	54.3	40.4	33.9	30.2
Div. Yield(%)	2.0	1.6	1.8	2.1	2.5	2.8
Return Ratios (%)						
ROE	19.3	21.1	21.9	27.7	31.2	33.1
ROCE	7.2	8.7	7.0	7.9	9.0	9.7
Others Ratios						
Equity	17.7	35.6	35.8	35.8	35.8	35.8
Face Value	2	1	1	1	1	1

Disclaimer

Dalal & Broacha Stock Broking Pvt Ltd, hereinafter referred to as D&B (CINU67120MH1997PTC111186) was established in 1997 and is an integrated financial services player offering an extensive range of financial solutions and services to a wide spectrum of customers with varied needs ranging from equities to mutual funds to depository services.

D&B is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE). D&B along with its affiliates offers the most comprehensive avenues for investments and is engaged in the securities businesses including stock broking (Institutional and retail), depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.dalal-broacha.com

D&B is registered as Research Analyst with SEBI bearing registration Number INH000001246 as per SEBI (Research Analysts) Regulations, 2014.

D&B hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in any time in the past. It has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on D&B for certain operational deviations in routine course of business. D&B offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by D&B (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

D&B or its associates may have financial interest in the subject company.

D&B or its associates do not have any material conflict of interest in the subject company.

The Research Analyst or Research Entity (D&B) has not been engaged in market making activity for the subject company.

D&B or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Disclosures in respect of Research Analyst:

Whether Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report:	No
Whether the Research Analyst or his/her relative's financial interest in the subject company.	No
Whether the research Analyst has served as officer, director or employee of the subject company	No
Whether the Research Analyst has received any compensation from the subject company in the past twelve months	No
Whether the Research Analyst has managed or co-managed public offering of securities for the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation or other benefits from the subject company or third party in connection with the research report	No

D&B and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject D&B or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to D&B. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of D&B. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of D&B or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

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

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