360 ONE WAM Ltd.

Q4 FY23 Earnings Call

Moderator:

A very good afternoon, ladies and gentlemen, and welcome to 360 ONE WAM's Q4 and FY23 earnings' call. As a reminder, all participant lines will be in listen only mode. There will be an opportunity for you to ask questions after the management shares their thoughts. Should you require assistance during the conference, kindly signal the host by tapping on the raise hand icon. Please note this conference is being recorded. On the call today we have with us Mr. Karan Bhagat - Managing Director and CEO, Mr. Anshuman Maheshwary - Chief Operating Officer and Mr. Sanjay Wadhwa - Chief Financial Officer. I now hand it over to Sanjay to take this conference ahead.

Mr. Sanjay Wadhwa - Chief Financial Officer, 360 ONE WAM Ltd:

- Thank you, Anil and a very good afternoon, to everyone on the call today.
- The last fiscal year in aggregate witnessed meaningful volatility in the global markets as concerns related to high inflation and interest rate hikes continued to persist. The last quarter or Q4FY23, more specifically, saw some turmoil on global banking front on account of which the global market sentiment as well as that in India remained negative. However, Indian markets continued to be resilient to the best extent relative to other global indices. Having said that, we build our base case on a conservative note as the sentiment continues to remain cautious on the back of these headwinds.
- Despite all the market driven challenges, our business portrayed not just resiliency but growth as well with robust improvements in ARR Assets backed by strong net flows thereby improving our profitability with steady retentions.
- Before we deep dive into financials, we would like to highlight that we have announced an interim dividend of Rs 4 per share, our first interim dividend for FY24.
- Now coming to the financials - some specific financial numbers:

  Some specific financial numbers:

  Assets Under Management (AUM)

  - In line with our focus on ARR assets, our total ARR AUM is now more than Rs 167,000 Crs, up 15.7% YoY for full year FY23. With this, the share of ARR Assets in total AUM now stands at 61%, and we continue our relentless focus on high quality recurring revenue.
  - Happy to share, that despite the market volatility, our ARR Net flows have been robust for the year at Rs 28,059 Crs.
  - Our loan book also for the year stood at Rs 5,367 Crs, up by 24% YoY

Coming to Revenues & retentions

- Our Recurring Revenues have increased 15.1% YoY for the year at Rs 1,050 Crs. As a percentage of operating revenue, recurring revenues comprise 67%. Going forward, from Q1FY24 onwards, we will move to an accrual method of accounting for carry, and as such the carried interest accrual will be clubbed with the recurring revenues. This is mainly on account of our multiple strategies in Alternates and ageing profiles of various schemes which now adds to the steadiness and predictability of carry estimations.

- Hence, to repeat - this will be accounted in ARR

- Our Total Revenues for the year were up 2.2% at Rs 1,569 Crs and was mainly impacted on account of lower other income.

- Our Retentions on ARR assets have remained strong at 69 bps with Wealth "ARR" retention at 70 bps and Asset Management at 69 bps

Coming to Expenses

- For the year, our cost to income ratio stood at 45.8% v/s 51.1% in FY22 – demonstrating cost discipline. Our increased technology and digital spends continue to drive better efficiencies, enhanced productivity; resulting in improved C/I ratio. Total Costs are down 8.4% YoY at Rs 718 Crs for FY23 mainly due to lower variable employee costs which are now fully aligned with the firm's recurring revenue model.

Profitability

- Our Operating Profit before tax stood at Rs 847 Crs, up 38% YoY whereas PAT for the year stood at Rs 668 Crs, an increase of 14.7% YoY

- Importantly, our tangible ROE (i.e., ROE excluding goodwill & intangibles) continues to remain strong at 26.7% for the year. This is a result of prudent capital management, and regular dividend payouts.

With that we come to the end of the financial highlights. I'll hand it over to Anshuman to cover key business and strategic highlights.

Mr. Anshuman Maheshwary – Chief Operating Officer, 360 ONE WAM Ltd:

- Thanks Sanjay, good afternoon, everyone.
- Before getting into the strategic highlights, I want to call out that we have completed 15 years of our existence in April 2023. It's a great marker to re-instate the tremendous growth and success we've had and, also re-iterate our youth as reflected in the highly entrepreneurial DNA and vibrant client-centric culture.
- Specifically, if I look at the last 3-4 years – since we started our transition to the Recurring Revenue business model in FY20 – our business has delivered successfully on all critical metrics, laying a very strong foundation for the period ahead. As you would recall, our three key focus areas were:
    - First, Lead the industry in the transition to Recurring Revenues - On this, our ARR AUM has grown 2.5x in last 3 years, while keeping retentions at a healthy 75bps+. Our ARR Revenues has correspondingly grown at a CAGR of 30% and we are by far the industry leaders with an ARR AUM at 61% of total AUM and ARR revenues at 67% of Total Revenues. This has been enabled through our very sharp proposition & platform build on the advisory business and the gradual establishment of the most comprehensive Alternates platform in the country.
    - Our relentless focus on high quality ARR AUMs will continue and we are guiding for robust ARR net flows of Rs 40k Crs, with ARR revenue share of total revenues trending towards 80% in FY24.
    - Second, Focus on cost with a realignment on the overall structure to get it in line with the Recurring Revenue business model - On this, our Cost to Income has been brought down to 45% from a very high 66% as we started the transition and we are near the targeted steady state of 43-44% with both employee costs and admin costs in line with guidance. Correspondingly, our Operating Profits have grown at 34% CAGR and PAT has grown at an aggressive 48% CAGR
    - We are confident on our overall cost structure and continued cost efficiency measures - translating to a 44% cost to income guidance for FY24. Accordingly, our Operating PBT is expected to increase to Rs 1000 Crs, and PAT is expected to see a near 20% growth to Rs 800 Crs.
    - Thirdly, Disciplined and sustained capital management which has translated to our tangible ROE improving by 19 percentage points to 27% for FY23, while we continue to pay out 70-80% of our profits as dividends. We expect this to continue going into FY24 as well.
- Our key strategy tenets, which we have discussed in the past as well, remain – GROWTH, RESLIENCY and AGILITY. We remain on course to execute against these successfully and see the translation into metrics shared by Sanjay in the quarters ahead.

- On **GROWTH** – We reiterate our bullish outlook on India. We believe there are several natural tailwinds for the managed investment industry in foreseeable future. With current leadership in wealth and alternate asset management, we see ourselves in pole position to benefit from these macro factors. With that said, our next phase of growth strategy is based on several factors –

- 1) First our continued focus on deepening existing relationships - On an ongoing basis, we maintain a relentless focus on sharpening our proposition, expanding our platform offering, and bringing a richer understanding of our clients to serve their needs through sharper business intelligence.

- 2) Expand our geographical footprint both domestically and in selective offshore locations - It is evident and public that Ultra HNI and HNI wealth continues to grow at an unprecedented pace and the market size, therefore, continues to grow exponentially for us. Further, a large part of this new wealth creation is happening in Tier 2 and Tier 3 cities where access to high quality advice is usually not available. Our focus would be to place ourselves in these domestic locations as well as selective offshore locations where we believe we have a strong right to win.

- 3) Third - to build out the next segment of clients through our mid-market business build. This will allow us to cater to clients in the 5 Crs+ segment in a profitable manner. We have made significant strides on the proposition, technology, delivery model, etc and expect this to be live in the second half of the financial year.

- On the asset management side, with the completion of the TrueScale transaction and Sameer Nath coming onboard, we believe our 5 strategies have the right leadership and teams to drive the next phase of growth. In addition, we are gaining traction on the global institutional mandates and look to further deepen our footing in the India-bound investments. Having said that, the alternates penetration and revenue share in India still remains very small in comparison to developed economies. But it is steadily growing, thus providing a huge potential for players like us who are leaders in maintaining and innovating India's most comprehensive alternates platform offerings.

- Our next core tenet is **RESILIENCY** - I've already discussed this earlier as I spoke about the transition to a sustainable, recurring revenue business model. We continue to strengthen our advisory to discretionary and fund management propositions to remain clear industry leaders in our business areas. The underlying metrics on client and senior relationship manager retention continue to be strong - highlighting our leadership position as the wealth manager of choice for our clients, and the employer of choice for the best talent in the industry

- Our Last and Very Important Tenet **is AGILITY** - As mentioned in our previous calls, we have been accelerating our digital transformation and technology investment journey. This is mainly to provide seamless experience to our clients, on one side and ease of operations for advisors and sales team on other.

– To Sum Up - I want to thank all our investors for supporting us through the last 15 years journey and we look forward to tremendous next phase of growth and performance, creating sustainable value for all our clients and stakeholders.

With that, I would like to handover to Karan and open the session for Q&A

- **Moderator:**

- Thank you Anshuman. We'll now open the session for Q & A with Mr. Karan Bhagat joining in. Request you to click on the raise hand icon to ask your questions. We'll give it a minute for the question to come up.

- First in line we have Mohit Mangal. Mohit, kindly unmute yourself and ask your question.

- **Mr. Mohit Mangal:**

- Hi, thanks for the opportunity and congratulations on completing 15 years. My first question. I do understand the Q4 was hit by lower other income and MTM losses. But even if I look at the guidance for FY24, it is a little conservative at Rs. 800 Crs given that around four to five quarters back, people were expecting around Rs. 840 Crs profitability for FY24. So, would you further throw light on that?

- **Mr. Karan Bhagat – Managing Director & CEO, 360 ONE WAM Ltd:**

- Thanks Mohit. So, from a guidance perspective, the Rs 840 Crs coming down to Rs 800 Crs is broadly a little bit of reflection of the TBR going down. I think there is a potential, obviously depending on the way the markets are, for that 4-5% TBR to go up. But if you see in our guidance, we've taken a fairly conservative TBR of Rs. 300-odd Crs and the ability to do another Rs. 50 Crs, depending on the function of the market, will be there. But, on a very steady state basis, there are two adjustments we've made. We've been much more conservative in our guidance on the other income, which we had assumed to be a larger number in our last guidance. And second, we made our TBR slightly more conservative. So, this is really what's led to the Rs 840 Crs coming down to Rs 800 Crs. We realized both of these factors are little bit, especially the other income, out of our control. So, we want to be slightly more conservative on it and TBR by itself, I think, the Rs. 40-50 Crs number will be a bit of a function of markets. But I guess we've done the guidance slightly on the conservative side. We may end up somewhere between the Rs 800 to 840 Crs, depending on how the markets are.

- **Mr. Mohit Mangal – Participant:**

- Perfect! The second is, basically you're expecting around Rs. 40,000 Crs of net flows. So, what would be the key focus areas for those to achieve?

- **Mr. Karan Bhagat – Managing Director & CEO, 360 ONE WAM Ltd:**

- So, of the Rs. 40,000 Crs net flows, there are really two or three parts in some senses. One part is obviously the older AUM that is coming out gradually year-on-year, is kind of reducing. For the next year, that number will be closer to the Rs 7,500 - Rs 8,000 Crs. Of this Rs 8,000 Crs, we'll surely be able to retain back 65-75% which will be ~ Rs 5,500 – 6,000 Crs. So that'll be around about 10 to 15% of the entire Rs. 40,000 Crs pool. The conversion from transaction assets to the RIA assets is really accelerating in a very large way, especially in the second half of March and from the first week of April, because from this year, we've changed the balance scorecard for the relationship managers for the first time to be reflecting on the ARR front.

- So, we believe the acceleration of the change of TBR to ARR will happen in a much more accelerated manner. And that, I personally feel, will add around about Rs 10,000 to 15,000 Crs, and another Rs 20,000 to 25,000 Crs will really be net flows which we'll have to go out and get from either increase in wallet share from existing clients or new-to-the-firm clients, both on the asset management side as well as on the wealth management side. So, I think absolutely new-to-the-firm would be Rs 20,000 – 25,000 Crs and you need to gross that up for around about Rs 6,500 - 7,000 Crs of outflows which will happen automatically, given the redemption in some of our schemes. So, overall Rs 30,000 - 35,000 Crs would need to come through net flows from existing clients, increase in wallet share, new strategies on the asset management side and new plans on the wealth management side. The remaining Rs 10,000 to 15,000 Crs will be a function of the existing AUM converting into ARR.

- **Mr. Mohit Mangal – Participant:**

- Perfect! Sir, last concall you said that we are present in around 24-25 cities and you intend to expand it till to 40. So just wanted to know how are we progressing and how is that shaping up?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- So that's a great question. See out of the 24-25 cities, our plan is to move to around about to 40 cities and potentially have another office in Dubai, and a smaller office in Singapore. So, effectively, 42 odd cities. But, effectively, in the expansion from 25 to 40 cities, our onboarding process and our entire order execution process is intended to be substantially much lighter than what we've curated for our business traditionally. And we've kind of built a much lighter onboarding mechanism as well as trade execution platform, which should be up and operational over the next 30 to 60 days, and simultaneously, we're recruiting people in these 15 locations. Both are equally important because having heavy infrastructure, either in terms of people or in terms of trade execution, some of these cities may not necessarily work. So, from a recruitment perspective, we've seen a large number of new teams join us over the last three to six months. So that's gone really-really well, and especially from across the board, from competition and also in different regions. So, from a resources' perspective, we're very confident with the number of people joining us - who have joined us over the last three months, plus the number of people joining us in the next three months. From a technology and infrastructure perspective, over the next 45 days, we should be in good shape. So, by the end of the year, we should be closer to adding another ten odd cities, plus Singapore and Dubai. Maybe the remaining five cities will come from the first half of the next financial year.

- **Mr. Mohit Mangal – Participant:**

- Perfect! My last question is in terms of our attrition which is low. But in terms of client addition, I mean, could you tell how many clients we added in financial year 2023? Any sense on that?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- So, what's really happening is, with our RM profile changing, our client profile is also changing a little bit. I think what's really going through, from a firm perspective, is there are two real distinct parts of the business which are kind of coming out. One is the advisory discretionary part, which we have conventionally called IIFL One and now 360 ONE Plus. That's becoming more and more attuned towards Rs. 50 Crs plus, if not the 100 Crs plus, over a period of time. But definitely going towards the Rs 50 Crs plus. Because with average retentions in the region of 40 - 45 - 50 basis points over the longer term, really sustaining those and servicing clients below Rs 50 Crs will be a bit of a challenge.

- On the flip side, the Rs 5 to 50 Crs, the Rs 10 to 50 Crs client is effectively where you would see slightly higher retentions, but you'll need a slightly better platform and technology to go out and get those clients. I think where we've really done well is the Rs 50 Crs plus clients. Where we could do better, potentially, is the Rs 10 to 50 Crs clients. That's really something which we worked very hard over the last 9 -10 months to get our systems equipped for it. We've done a small internal 10 - 15 employee launch already over the last week and we are hopeful that, by August - September, we should be able to kind of at least test it out for our first 300 - 400 clients. So that will accelerate the onboarding of clients between Rs 10 to 50 Crs.

- **Mr. Mohit Mangal – Participant:**

- All right. Thanks, and wish you all the best.

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- Thank you.

- **Moderator:**

- Thank you, Mohit. Next in line, we have Prayesh Jain. Prayesh, kindly unmute yourself.

- **Mr. Prayesh Jain – Participant:**

- Hi Karan. So firstly, on this guidance. When you mentioned that your retentions on the ARR are likely to be flattish, there is a component of carry income out there. Ex of carry, do you think that the retentions would be flattish? Because if I look at your ARR model, whatever components we have, so we've seen pressure on IIFL One or 360 ONE Plus retentions, the distribution commissions might undergo some pressure because of the mutual fund business, and even the AIF regulations are changing, there could be some pressure out there. So how do we think about the ARR regulations ex of carrying income?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- So, the carry income really doesn't cause a big impact on the retentions, honestly. I think in the previous year also, it's kind of an amount approximately totalling to around about Rs 100 - 120 Crs. And some years it'll go down to Rs 75 - 80, some years Rs 120 - 130. But we don't see too much of an aberration beyond that. So, to just kind of put the carry question aside, if I just look at the AMC AUM of Rs 70-75-80,000 Crs, on a broad steady state basis, it is going to be in the region on 9 to 12 basis points or 8 to 12 basis points of the AUM. On the overall AUM, if I look at the Rs 1,67,000 Crs of ARR AUM, it's going to broadly have an impact of six-seven basis points from a carry retention perspective. So, I don't see that really changing dramatically for last year as well as next year.

- Coming to the questions on the retention on both the IIFL One Advisory/360 ONE Plus advisory piece as well as the asset management piece. On the asset management piece, the listed equities portion can see some bit of pressure. Historically, we've seen PMS and AIF retentions remain between the 75-80 to 90 basis points. As of now, the industry structure has not changed. Most of the better portfolio managers continue to have the 80 to 90 basis points kind of retention. On the segregated managed accounts, 45 to 60 basis points is the right benchmark, which is where we are. On the mutual fund side, which is relatively a smaller business for us, 40 to 50 basis points is the retention. So on a listed equity side, honestly, unless we grow more on the mutual fund side as opposed to growing on the PMS/ SMA side, our retentions will broadly be in line. On the alternate side, I think the big joker in the pack, in terms of retentions, will really be the growth of the private equity assets relative to the credit and the infra assets. So the credit and the infra assets are slightly more conservative in retentions in the form of being around about 75-80 basis points, which is a very decent number. But more conservative than private equity. Private equity typically tends to be in the 90-100 basis points range. And obviously, we've collected a large amount of money in private equity over the last two, three years. There will be some redemptions from our first large fund. So how that gets replaced will may potentially have a bit of impact on the retention. If that obviously gets replaced with equal private equity assets, the retention will be the same. If it gets replaced with credit assets or listed assets, then it can have an impact of three to five basis points on the retention for the unlisted piece which is around about a third of the AUM.

- So, while I don't see a change in the topline, but the mix may cause an impact of one to two basis points depending on what the mix looks like. If the mix looks similar to what it is today, which is a third private equity, third listed and a third credit, it'll look the same. If unlisted equity becomes slightly lower in proportion, then the retention might go down by two to three basis points. On the 360 ONE Plus and the advisory piece, retentions will settle down. I know the numbers currently are kind of showing of a dip in quarter four, but it's largely to do with two or three specific things in quarter four rather than me believing it's still a trend. I think in discretionary, nondiscretionary as well as advisory, there'll be a substantial rediscovery of the yield.

Most of our larger clients, we're now seeing on the advisory side, come down to 30-40 basis points and when I'm saying advisory, I'm just using it as a fungible term with nondiscretionary PMS. It is broadly going to be in the 30, 35, 40 basis point zone. In discretionary, last quarter, a couple of really large mandates shifted from equity to debt predominantly for the taxation. So, we had a couple of really large mandates move from equity to debt because they wanted to invest the money before 31st March when the taxation was getting changed, which has impacted the retentions a bit.

- Maybe in discretionary, we were expecting five to seven basis points higher. Hopefully they'll normalize with more flows coming in through the year. On the advisory side and discretionary side, the entire discussion around the 35 basis points will hold, barring corporate treasuries. Corporate treasuries will obviously be substantially lower but that's not really a big focus area for us. So, as time goes by, I'm fairly sure we'll still be at that 40 to 45 basis points with advisory and non-discretionary being in the region of 30-35 basis points and discretionary being in the region of 45-50 basis points. So, five basis points lower than what we would have liked but it's around that zone.

- **Mr. Prayesh Jain – Participant:**

- Okay, thanks for that elaborate answer. Another question was on the mix of the ARR assets. In the past, we've mentioned that 360 One Plus will kind of see a faster growth than the overall ARR AUM. Do you still stick to that? And if that is the case, the retentions would definitely kind of come off, right? Because the 360 ONE Plus yields are much lower than the overall ARR basket yield.

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- I think first is true for sure. And as time goes by, the advisory assets will definitely outpace the growth in distribution assets for the Rs 100 Crs plus / 50 Crs plus client. I don't see any reason, over the next 2-3-5-7 years, why a Rs 50 Crs client or 100 Crs client won't deal on an advisory basis. And like it's happened in the rest of the world, if for a Rs 100 Crs plus client, you don't offer him advisory, it pretty much becomes a bad word in the sense that if you go and tell him you're only a distributor and you're not an advisor, it becomes challenging for you to be able to do business with them. Ideally speaking, it should get offset by an incremental increase in volume and your ability to be able to charge an advisory fee on ETFs and bonds and so on and so forth, which on the distribution side, is anyway falling. And here today on the distribution side, you can pretty much come onto a brokerage platform and execute on direct without paying a single fee or an extremely nominal brokerage.

- So, time will tell whether the distribution trail or the advisory fee, which one is going to be larger. The feel is that, for the Rs 100 Crs plus client, definitely the advisory fee yield will be larger because of three reasons. One, the client don't want to deal with you. Second, your wallet share with the client will be larger and third, the mix of the assets will also move a little bit from active to passive which will anyway force your distribution commission down. With these three broad tenets, the Rs 100 Crs or the Rs 50 Crs plus client for a minute has to be on the advisory side.

- The Rs 5 to 50 Crs client will continue on the distribution side, and that's the mix we have to achieve carefully between the Rs 10 to 50 or the Rs 5 to 50 Crs as well as the Rs 50 Cr plus so that our retentions can remain in the broad range. If you go absolutely only on the Rs 50 Crs plus, then you're right, the retentions might come off a bit. But if we have the right balance between the Rs 10 to 50 Crs and Rs 50 Crs plus, we'll be okay.

- **Mr. Prayesh Jain – Participant:**

- Okay. And my last question is on the Rs 5 to 25 Crs offering that you guys have kind soft launched with a few employees and a final launch is expected by September. Could you give some more details now that what is the kind of business model there and what are the things that can be expected out there?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- No. Whether it's going to be Rs 5 to 25 or Rs 10 to 50 Crs, like I've said it before is something time will tell. But I honestly feel it's more towards the Rs 5 to 50 or 10 to 50 rather than the Rs 5 to 25 Crs. Obviously, from a platform perspective, it has two or three very distinctive features. The first distinctive feature is it's not really going to be a platform. So, we're not really looking at building out another tech platform or a marketplace for people to come out and buy products. What we're really looking from it is three things honestly. The first thing is the fact that what we are really known for and what we really stand for is our ability to get the right set of differentiated, curated as well as approved products on the platform and, we want to ensure that the platform we get to these set of clients has the distinction of those specific products being there.

- Second and very critical, is to increase the span of control of relationship managers. Today, most of our relationship managers, in spite of putting in their best, would really struggle to handle more than 15-25 clients with more than Rs 50 Crs. In this kind of mechanism, by kind of lightening up everything right from portfolio analytics to the ability to onboard and execute, we should be able to expand the span of control of relationship managers with clients to definitely 50-75 and eventually maybe even 100 clients. But start out with 50 clients.

- Thirdly, it will give us the ability to access a larger pool of clients. So, in some sense, it'll be a three pronged strategy. I don't think it’s going to be a beyond marketplace strategy. It's going to be about something which we stand for. Second, it has to be the model that allows the RMs to have a larger access and a greater span of control, and thirdly, allows us to kind of with a greater amount of focus and diligence, focus on clients between the Rs 5 to 50 Crs or the Rs 10 to 50 Crs category.

- **Mr. Prayesh Jain – Participant:**

- I was looking for more granularity. If you can talk about some kind of retentions or scale that you want to achieve, say, like three year down the line, cost elements, you know all those elements? If you could just throw some light?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- Honestly, it's a little early for it. But I'll just give the top line numbers in some sense. I see retentions should be typically 10 to 20 basis points higher than the advisory piece. So, you should ideally see ~50 to 75 basis points of retention on the distribution side. But it will need some bit of product innovation, which we've done over the last 15 years to kind of follow through. In terms of costs obviously, there are two elements. I think still over a period of three to five years, the largest element of cost eventually will still be people. In the initial two or three years, obviously, it's going to be around technology. From our perspective, we believe the spend will be somewhere between the Rs 40 – 200 Crs over a period of three years. And third part of it is something which we've kind of already incurred and the remaining 60-70% will be kind of followed through over the next two odd years.

- From a unit economics perspective, we don't see it phenomenally different from the existing business, except for the fact that thanks to the span of control, the operating leverage might be slightly better. So, what you're seeing today as 45% cost to income can typically move down to 35%-36%-37% once you reach some bit of optimization, in terms of the number of clients, we are servicing.

- **Mr. Prayesh Jain – Participant:**

- Thanks Karan, all the best.

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- Thanks.

- **Moderator:**

- Thanks, Prayesh. Next in line we have Aejas Lakhani. Aejas kindly unmute yourself and ask your question.

- **Mr. Aejas Lakhani – Participant:**

- Yeah, hi Karan. Congratulations on 15 years. Karan, couple of questions. I wanted to understand the market impact. So here's my question. So you have about Rs 3,600 Crs of your own capital, part of that is parked for your loan book and I'm guessing the number is closer to Rs 1,000 Crs and the balance 4,000 is borrowed, so all of the 2,500 Crs that's your capital that you have invested in your products like AIF, thus it's your treasury money and the movements on this is basically the difference in other income, is that correct?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- No, I'll just maybe correct the numbers a little bit. So total net worth is around about Rs 3,000 to 3,100 Crs of which goodwill and intangibles broadly work out to run about Rs 550-600 Crs, so it's just Rs 2,500 Crs or 2,600 Crs, give or take. Of the Rs 2,600 Crs, Rs 1400 to 1500 Crs is the capital deployed in the lending business. So, we broadly got a cash balance of around about Rs 1,100 odd Crs. Of the 1,100 Crs at peak, we've had about 1,000 – 1,100 Crs invested into our own AIFs and the remaining Rs 700-800 Crs is broadly in transit bond investments which are facilitating bond rates for clients. So, effectively the larger portion of the mark to market which you're seeing is the Rs 1,100 Crs on the AIFs effectively which is causing the big aberrations in the other income. Off the Rs 1,100 Crs, there is a Rs 350 - 400 Crs requirement for working capital which is represented by Rs 100 odd Crs for the broking business and Rs 300 odd Crs is the broad fees and interest that we collected at the end of three months. So, the working capital in the business is around about Rs 350 odd Crs, remaining Rs 750 - 800 Crs is the treasury, and the remaining for Rs 1,450 – 1,500 Crs in the NBFC. Now, like I said in my previous call, our AIF investments is more than what we would like, so currently it's close to the region of Rs 1,100 odd Crs. We ideally wanted it to come down to around about Rs 400-450-500 Crs. In the initial years of our investments, especially in the first three years from when we started the business, our clients expected us to put in large amounts of capital. That expectation has gone away. Over the last 6-8 months, we've put in only Rs 5-5 Crs in most of the new funds that we launched. For example, in our credit fund, which will close around about Rs 2,000 Crs, we just put in Rs 5 Crs or Rs 10 Crs.

- So, effectively in some senses, over the last 6-8 months, our ability to back these AIFs with a small amount is disproportionately high. So, over the period of this year itself and in the next 12 to 15 months, you'll see this Rs 1,100 Crs come down to the region of Rs 500 - 600 Crs and then, maybe six months from there, come down to Rs 450-500 Crs. So, our first step to kind of just improve that other income predictability is to get our AIF book from Rs 1,000-1,100 Crs to about Rs 500 Crs and, once that is done, the current volatility in the other income will reduce substantially. Obviously, this comes off two years, when the other income was phenomenally high because in both the years, we had other income well in excess of Rs 100 odd Crs. So, last year, in some sense, balanced it out and though the operating PBT obviously shows a big pickup because of the same reason, but last year, the other income became soft relative to the two years before that.

- **Mr. Aejas Lakhani – Participant:**

- Noted, that's quite helpful. Thanks for that. The second one is on distribution assets owning trail fees and mutual funds in particular. So, the yields have come off and if you typically look at the quarters prior to this one and the one prior, you used to do about 48-50 basis points, which has come down to 41 and 39, so could you please comment?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- So, 40 has come down to 36-37, so broadly there are two changes there. Both of these things have caused a 1-2 basis points impact. The mutual fund itself has seen a lot of movement or rather it's become slightly heavier on the debt portion in the last three odd months as compared to equity. For the last quarter, that would be only 0.5 or 0.7 kind of or maybe a one basis points impact. The larger impact of 2 -2.5 basis points is largely on account of our distribution assets of private equity moving away. We have large redemptions in quarter three and quarter four of round about Rs 3,000 - 3,500 Crs in our Special Opportunities Funds. While we've got a large part of that money back in, but it's not necessarily come back into the private equity assets and, that's caused a bit of the dip in the distribution assets. So, those are the two reasons why it's come off. As the fund comes to a close and, we raise another fund, we should see that previous response in the private equity piece pick up again. So, both of these changes are really in terms of a little bit of asset class changes as opposed to anything else.

- **Mr. Aejas Lakhani – Participant:**

- Got it and Karan, you know on your loan book right, so you know interest rates have been up, but your NIMs on the book are lower, so is it that you have not passed on all the rate increases to clients?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- We passed on mostly. We passed on maybe 40%-50% of it and, the rest of it, we passed it on towards the end of March. We just didn't want to burden clients with too much because they already had the larger issues, around the bonds tax and MLDs and so on and so forth to deal with. So we pushed out 50%-60% of the NIM increase towards the end of March rather than in the middle of the quarter.

- **Mr. Aejas Lakhani – Participant:**

- Perfect and just lastly on 360 ONE Plus, again the discretionary mandates, you commented earlier that this was one off because of what's happened in the last two quarters this shift to from equity to debt. That's the only reason why you are seeing the yields sort of slightly compressed in that sub segment of discretionary. That's it right, there's no other reason there?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- So, the discretionary piece works on three models. So, one is the all-in fee, second is the 0.6% - 0.5% kind of just pure discretionary portfolio management fee and 3rd, in some few cases which is where the aberration has come, we work on an asset class fee, where we are charging differently for equity and debt. But if you see today, round about 30% of our mandates are on the all-in fee side, 30% to 35% are asset class agnostic and 35% to 40% are a function of the kind of asset you invested. So, where you've really seen some bit of compression is because of two reasons. One is the last portion has seen a sharp movement from equity to debt, specifically in the last quarter. Second, we've got a largish flow round about 5% to 6% of our AUM, which becomes fee chargeable only from June, as opposed to from February, because our clients are putting in some money into advance tax purchasing a house, so eventually it becomes chargeable post that. So, those are the two reasons, but I don't you see a structural shift there, may be a basis points here or there, but I don't see it's going to be dramatically different from what we've looked at.

- **Mr. Aejas Lakhani – Participant:**

- Got it. That's very helpful. Thank you and on Anshuman's opening comments about the institutional mandates, could you speak a little bit more on you know how you're thinking about that piece what kind of - how should we look?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- So institutional mandates, in some sense, are extremely interesting from our perspective. The fact that they have a little bit of a tail effect. Once you get one, you can get the second and third and fourth and, on the other side paradoxically, you got a bit of a capacity you can take in every year. So, in some sense, we are blessed in a way where we have, post Anup coming in, in a very fairly short period of time, managed to get four fairly large mandates aggregated into 1.5 - 1.6 billion on the listed side. But at the same point of time, we've not really been able to necessarily emulate the same on the private equity and the credit side yet and going forward, it would be fair to say that, on the listed equity side, we are already in advanced stage of discussion with at least a couple of people more, where at least we feel we can add two or three more institutional through the whole of next year. On the private end equity and credit side, we've had, especially on the credit side, a fairly stable team over the last 18 to 24 months and track record of lots of transactions because you ended up raising close to Rs 5,500 - 6,000 Crs on credit. So, credit seems very interesting again from an institutional mandate perspective. So, between credit, private equity, as well as listed equities, we would hope to get three to four mandates over the next 18 to 24 months.

- **Mr. Aejas Lakhani – Participant:**

- Got it. thanks a ton, and all the best.

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- Thank you.

- **Moderator:**

- Thank you. Next in line we have Vivek Ramakrishnan. Vivek, kindly ask your question.

- **Mr. Vivek Ramakrishnan – Participant:**

- Hi Karan congratulations on excellent performance over 15 years. My questions are conversely on the loan book in terms of you know you said about how you'd like to decrease the investment in AIF, so what is the kind of debt equity would you like to have on your loan book, what causes the growth of the loan book it is about Rs 5,000 odd Crs right now with market volatility will it come down and the last question is you're talking about NIMS also and the ability to pass on costs, are the clients sensitive to interest rates because of the risk of the portfolio and with MLDs going off on the liability side on the other hand will just price decrease? Thank you.

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- Yeah, I'll try and kind of answer the question in the order of my thoughts coming in. So, MLDs would have been a bit of an issue and the cost would have gone up if the taxation for all other instruments would have not changed. So then really a choice between an MLD and a debt mutual fund for three years would have been substantially more difficult to choose. So, honestly if you would have asked me this on 26th of March, the answer would have been yes, but on 27th March, tax for everything is kind of changed and everything is equal. So, in that sense there might be a 15-20-25 basis points impact, but honestly the kind of impact we were imagining prior to 27th March, we've not seen and all the new MLDs also, which we raised in the month of April and post 27th March, is pretty much at par with the current prevailing interest rates. On the proportionate increase or decrease of the loan book itself, most of our loans are four to six months in maturity. –It's a fairly transient loan book and it's largely a function of different set of clients having different liquidity needs who end up borrowing against their portfolios, rather than necessarily liquidating their investments.

- My typical kind of experience, over many years, is it tends to be around about 1.5% to 2% of our AUM and that's where we are broadly at Rs 4,500 - 5,000 Crs. I think that's really where we would end up being in a very, very active market. You know now obviously IPOs are not there, but in a very, very attractive market, this might move up to 2.5% of AUM, but otherwise more often than not, it would be somewhere in the region of 1.5% to 2.2% and what we've not done, and we don't intend to do is really change the risk profile of our book to accelerate growth. For us, it's really, in some sense, lending largely against the portfolio, so we intend to keep that and therefore we don't see the loan book growing disproportionately. In terms of the last question, in terms of debt to equity, we end up adding close to 50% of the profits of the NBFC back to capital at the year and that's the portion which doesn't get paid out as dividends. So, that's automatically adding to the capital of the NBFC and from a leverage perspective, about a debt-to-equity ratio of around about 2.5:1 is really where I see it settling down.

- **Mr. Vivek Ramakrishnan – Participant:**

- Thank you so much. That answers all my questions and good luck.

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- Thank you.

- **Moderator:**

- Thank you. Next in line we have Abhijit Sakhare. Abhijit, kindly unmute and ask your question.

- **Mr. Abhijit Sakhare – Participant:**

- Hey, hi, good afternoon.

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- Hi Abhijeet.

- **Mr. Abhijit Sakhare – Participant:**

- Hey, hi Karan. So, a couple of questions on the flows to start with. So for FY23 is it possible to kind of break up the entire flow in terms of new customers versus increased wallet share on existing set of customers?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- I haven't done it Abhijit, but it's possible to do it for sure. I can give you some numbers intuitively, but maybe we can come back to you with the exact numbers. My guess is it will be 60:40 in favor of new customers there, but it will be +/-5%.

- **Mr. Abhijit Sakhare – Participant:**

- Got it and then on the Rs 40,000 Crs flow guidance for next year, again any thoughts on where does it come from? Is it the 360 ONE Plus piece versus distribution versus asset management because we're seeing very different flow trends across different lines of businesses in the last few quarters?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- So, I can take a good estimate and there's no way for me to know for sure, but if I was to take an educated guess, it would be in the region of Rs 14,000 to 16,000 Crs on the 360 ONE Plus, Rs 14,000 to 16,000 Crs on the asset management side and around about Rs 8,000 to 10,000 Crs on the distribution side.

- This is a complex question to answer because you have to net it off from the redemptions also. So it's a tough question to answer, but it should be broadly in that range.

- **Mr. Abhijit Sakhare – Participant:**

- No, just wondering because when we look at the floor numbers on the discretionary portfolio side, so there's a little bit of softening on the IIFL One piece, but interestingly the distribution part of the discretionary portfolio still seems to be delivering flows.

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- I think you'll see change a bit. You'll see change because of two reasons. One, I think, general attractiveness of AIF will be slightly lower. Second, our own incentive structure has changed and aligned more towards the advisory side from April and, thirdly speaking if capital markets remain a little flattish, appetite of clients to do alternate stuff is slightly lower than what it was a couple of years back. So, all put together, the last couple of years saw distribution assets slightly more, but going forward it'll be more balanced approach.

- **Mr. Abhijit Sakhare – Participant:**

- Got it and just sorry one follow-up on the IIFL One piece, what's the current penetration level on that one?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- It would be quite low and penetration level terms will be lower than 1/3rd. It'll be around about the 25% levels.

- ust to clarify 25% in number of client terms, maybe 30%-34% in value terms there.

- **Mr. Abhijit Sakhare – Participant:**

- Got it, got it. Okay, that'll be all. Thanks a lot.

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- Thank you.

- **Moderator:**

- Thank you. Next in line we have Nidhesh Jain.

- **Mr. Nidhesh Jain – Participant:**

- Good afternoon, Karan. So, first question is on IIFL One. So, first of all we have seen some moderation in yields. So, once the retention is down, how can we increase the retention going forward, given that customer is already being used to paying a lower retention. So how can we convince customer to pay higher retention from next year onwards?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- So, it's a function of all the four things which I already spoke about. A little bit of the asset class mix, a little bit of the size of the customer between the Rs 10 to 50 crs and the Rs 50+ Crs. Thirdly, a set of customers, who comes in towards the end where the fee charging only starts from June and, fourth, it's a mix between the discretionary, non-discretionary advisory piece. It's going to be a combination of all four. It's not really about existing clients starting to pay higher fees.

- **Mr. Nidhesh Jain – Participant:**

- I think incremental clients will also be coming at the same fees right? It's just because of the mix change that we expect to get better retention?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- That's exactly right and, when you say incremental sequence will come in the same fee structure, this is more of quarter phenomenon. If you see the retention for the broader year, it's broadly in line. I don't see it changing dramatically for next year also.

- **Mr. Nidhesh Jain – Participant:**

- Okay. Secondly, in terms of RM count, I don't think we have shared the data what is the count of RM we have as of March 23. But if you look at data in last two to three years, we have not been adding much of RMs. So isn't it that we are not expanding the capacity of the organization to take care of future growth and that may have repercussions going forward, not probably next year, but three years, five years down the line that may have recursion, given that the RMs that we will hire today will start to become productive over next year. So isn't it lower growth outcomes in future versus the pressure on cost to income today?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- You're right. But you need to pick it up between the client segment that we are servicing. Our focus has largely been on the Rs 25-Crs plus clients till now and there, we are fairly well serviced. What we've really seen between our number of 200 to 230 for the last three years, the change in the kind of RM. So, we have ended up with substantially more senior RMs with 6 to 7-8 years' experience with the ability to go and sell advice to clients as opposed to doing distributions. So, the last 3-4 years has really been about the mix of the kind of RM which is there within these 230 and that was really our first focus, given the Rs 25-50 Crs plus segment we are servicing.

- As we go down a little bit, obviously it's going to be slightly more number driven. So, as you build the Rs 10 to 25, 10 to 50 Crs segment, you'll see the number of RMs increase. But where we are today on the 25 and 50 Crs plus it's more about the mix of the RMs and the kind of RMs rather than just increasing the RM count.

- **Mr. Nidhesh Jain – Participant:**

- Sure, sure, and the count of relevant families has also been quite stable in last two to three years. So how should we look at that number?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- More or less same thought process. To be honest, we've gone for a little bit more quality than quantity, very similar to the RMs thing. But you'll see that change once we go down the ladder a bit. On the higher side, we don't have the data here, but if you kind of break up the data between 1-10-25 and 50, you'll see the improvement in the rate of the wallet share above the 10-25-50. So, while we've not made that many strides in the 1 to 10 or 1 to 25 Crs segment, there is significant improvement in the next two segments.

- **Mr. Nidhesh Jain – Participant:**

- Sure, sure, and what is your estimate of the total wealth management AUM of the existing client that you are having with the industry, is it 3X of that 10X of that, that you're currently managing?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- I have a good estimate. I can give it to you. Obviously, I'm giving you now a top-down estimate, not a bottom up estimate. So, look at it with a pinch of salt. So, broadly, you can take the mutual fund industry about Rs 40 lakh Crs, you've got about Rs 20 lakh Crs on the equity side of which 80% - 85% will be broadly retail money which will be Rs 16 lakh Crs to 17 lakh Crs. Of the remaining, there will be another Rs 4-6 lakh Crs in a combination of long-term debt, short-term debt, as well as G-Sec and balanced funds. So, that Rs 5-6 lakh Crs also you can multiply it broadly by 80%. The rest of the Rs 13 lakh-14 lakh would be corporates institutions and so on and so forth.

- So, broadly in around the Rs 24-25 lakh Crs industry, I would guess 25%-30% would be the segment which we are kind of catering to. 65%-70% or 80% would be the mass affluent or the retail segment. So, on the mutual fund side, maybe it's a Rs 7.5 lakh Crs to 8 lakh Crs kind of serviceable market or broadly in that range. Of which we are servicing 30,000-40,000 Crs on the distribution side, another Rs 30,000 Crs on the on the advisory.

- So, on the mutual fund side, broadly market share is somewhere in the region of 5% to 8%. On the AIF side, the full industry is broadly around about Rs 4.5 lakh Crs, with 4 lakh Crs of drawn commitment, and Rs 5.5 - 6 lakh Crs of total commitment. So, undrawn commitment would be around about Rs 2 lakh Crs. Of the 4 lakh Crs for us, we represent round about Rs 35,000 - 40,000 Crs. So, our market share on the AIF piece would be around 9% to 10%. In PMS again, we would be closer to the Rs 15,000 - 20,000-Crs number. The overall AUM, after excluding the PF and the institutional mandates, will be closer to the 2½ to 3½ lakh Crs. A large part of which would be high networth. So, again from the PMS side, we should have 7% - 8% market share. So, I would broadly put 6% top down. 4% to 6% on mutual funds, 6% to 8% on the PMS, and 8% to 10% on the AIF side. That's a quick estimate for me on the ultra-high network side in terms of the products.

- **Mr. Nidhesh Jain – Participant:**

- Sure. Lastly, any comments on competition we keep on hearing that a lot of new players are entering into the sector. They are trying to hire from the existing wealth managers. So how do we prepare ourselves for intense competition in this segment?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- No, competitions are a given. It's just that the business, as it becomes more and more complex, it's not easy for competition to deliver. So, especially on the advisory side, it's a team approach, it's no longer an individual approach. So, you need the entire team, you need a set of relationship managers, you need products, you need investment counselors, you need the tax team, you need the investment research team, you need the entire tech team, you need the family office platform. So it's a very, very comprehensive platform to be able to charge that 40-50 basis points and effectively needs to be done at scale, otherwise it really doesn't work. So, just given the way we started in 2008 where initially it was a lot of distribution and it gave you cash flow and the ability to build out the business strongly in the first 7-8-10 years and then adapt, that luxury is not there today.

- So, anybody who starts off afresh today, would need to kind of put in that 2-3 years of incremental capital before you really can see the advisory piece play out. On the distribution side, there will be new players who will come in specially on the back of technology, attacking different sets of markets. So that will be an interesting thing to see. But, as of now, obviously it's been a bit of a model where you're really not seeing people kind of trying to monetize it, so it's not really worked out that well, but overall competition can be broken up into three big parts. First is the domestic focus bespoke wealth management players who are obviously going to invest the maximum in building out teams and resources.

- Second are the large MNC private banks who're trying to set up in India. Of them, only one is looking at India seriously right now as we speak. Third, you have the domestic banks, which are currently slightly more focused on the Rs 10-25 Crs kind of segment and, lastly you will have independent financial advisors and external asset managers, who will essentially be ex-wealth managers, who want to go out and set up family offices of their own with three or four clients. So, the 1st and the 4th will be competition in the medium term and there will be some select players in the second and third basket who will eventually get there, in terms of their own understanding of the wealth management and the capital markets business.

- **Moderator:**

- We'll move to the next question. Deepanjan, kindly unmute yourself and ask your question.

- **Mr. Deepanjan – Participant:**

- So, firstly congratulations on completing 15 years. 2-3 questions from my side. Going back to the flows, on this Rs 400 billion of ARR flows that you forecast for next year. How much of it you kind of build in from the corporate treasury and from the institutional mandates that you mentioned. To my understanding this will come in at relatively lower retention, because this year, for IIFL One, in the overall flows, if I strip off between corporate treasury versus PMS, it seems corporate treasury was relatively on the higher side at least in the second-half.

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- Our thought process is less than 10%.

- **Mr. Deepanjan – Participant:**

- Got it. Second, on IIFL One, you mentioned that over the last few years, you have been focusing more on the quality customers. So in terms of broad ticket size mix of IIFL One, if you can give some color between the initial clientele that you may be acquired in 2020-2021 and maybe incrementally now that is changing?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- So, the kind of client we attracted in 2021 was all kinds of clients above Rs 10 Crs. Eventually we figured out that the right way to play it is more on the Rs 25 Crs plus and the Rs 50 Crs plus and that's really where we got the right amount of success and our ability to also map our resources to the expectation of the client is really there. So, where we've kind of triggered a change today and we are fairly clear, it's only going to be towards the Rs 50-Crs plus kind of segment as opposed to going down below that. Obviously, there may be scenarios and profiles of clients for whom we start with a slightly lower amount, but I think we are fairly clear that any advisory mandate below that number may not really make sense and at the same point of time, we spend a lot of time, energy, and effort, hopefully productively, on building a platform for the next set of clients where effectively, we are able to offer the right distribution platform to clients.

- **Mr. Deepanjan – Participant:**

- Just small questions, one on the product pipeline in the AMC business. How does it stack up?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- Our product pipeline looks good. Both on the alternate side as well as on the listed side, we've got a good platform going. Even in the last three to four months, we did three large, really interesting innovative products. We had a very interesting credit fund which ended up raising Rs 2,000 Crs. We did a real assets fund where we invested in infra assets along with CDPQ that's ended up again raising close to Rs 1,600 - 1,700 Crs. We did a global dollar bond fund which is now a Rs 750 - 800 Crs fund. So, from an asset management piece, we have the ability to do a lot of innovative things. You have got at least 6-7 ideas for the year.

- So, we will end up doing a lot of things. The only place where we need to ensure that we are able to kind of recycle a part of the residual monies on the crossover funds, we did collect nearly the entire money of crossover funds 14-16 months back, but as you get the last portion of redemptions, we have to ensure that kind of comes through because otherwise that has a bit of an impact of 30-40 basis points on that portion, which effectively has an impact of 1-2 basis points on retention otherwise. So, outside of that the strategy is quite clear.

- **Mr. Deepanjan – Participant:**

- Sure, and lastly going back to the similar question on the cost side. You mentioned venturing into 10 more geographies. While it will be low cost, infra asset-light sort of a model, maybe the RMs will also have different in quality or maybe different vintage. Something just wanted to get to know in terms of near term. You've given some guidance, but how comfortable will you be on the cost amidst rolling out of this new strategy?

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- I'm quite comfortable with the cost. I don't see too much of an issue there. Honestly, from a cost perspective, there maybe a Rs 5-10 Crs plus-minus. Don't see it massively beyond that. But having said that, from a productivity perspective, it's important that, as you build out the new team or rather not the new team but the extended team, we are able to give them the right tools and, arms and ammunition to be successful on the street because, if they're not, then the productivity can kind of start showing up and reflect on the cost per income basis. So, from a pure absolute cost basis, very, very comfortable. From a cost to income basis, obviously, the productivity on the revenue side also needs to come from.

- **Mr. Deepanjan – Participant:**

- Sure. Thanks, and all the best.

- **Mr. Karan Bhagat – MD & CEO, 360 ONE WAM:**

- Thank you.

- **Moderator:**

- Yeah. Thank you on half of 360 ONE WAM, thank you for joining us and look forward to your participation next quarter.