360 ONE WAM Ltd. Earnings Call Q4 FY25 and FY25
April 23, 2025

- **Mr. Anil - Moderator, 360 ONE WAM Ltd:**

- Good evening, ladies, and gentlemen and welcome to 360 ONE WAM's Earnings Call for the quarter and full year ended March 31, 2025. 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 & CEO, Mr. Yatin Shah – CEO Wealth, 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. Thank you.

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

- Thank you, Anil, and a very good evening. Amidst a volatile capital market particularly in the second half of the year, the growth in our client base continued to be very healthy. For this year, we have onboarded over 440 new clients with Rs 10 Crs+ Wealth ARR AUM. Presently, we have 3,300+ clients, with total AUM of 10 Crs+, who account for 95% of Wealth AUM (excl. custody)

- Before we deep dive into financials, we would like to highlight that the Board has approved FY26's first interim dividend of Rs 6.0 per share

- Coming to the business and financial numbers; in line with our focus on ARR assets, total ARR AUM increased to Rs 2,46,828 Crs - up 23% YoY. This growth was driven by strong net flows at Rs 25,974 Crs during the year as against Rs 16,136 in FY24.

- For the full year, Wealth ARR net flows stood at Rs 22,334 Crs - up 42% YoY, while AMC gross flows were at approx. Rs 16,300 Crs

- AMC AUM saw a marginal reduction on a QoQ basis due to negative MTM. The impact was weaker than the broader market correction as a diversified asset base and strong gross flows were able to partially offset the decline

- Our ARR Revenues for the full year grew by 28.2% YoY at Rs 1,701 Crs, led by strong growth in assets across business segments. Our ARR Revenues, as a % of total revenues from operations, stood at 70%.

- Total Revenues are up 35.0% YoY at Rs 2,652 Crs for FY25, also supported by higher other income

- Total Costs are up 27.3% YoY to Rs 1,218 Crs in FY25. In line with our previous comments, the cost-to-Income ratio improved to 45.9% as compared to 48.7% in FY24. We expect gradual improvement in this metric over the coming quarters as the new business initiatives and teams become more productive

- We are very happy to report that the Company recorded its highest ever annual PAT at Rs 1,015 Crs - an increase of 26.6% YoY

- Tangible RoE is at 24.3% in FY25 vis-à-vis 30.1% in FY24. The ratio is expected to improve in the coming quarters as the investments made in our lending and alternate businesses in FY25 begin to reflect in the earnings profile

- With that, I would like to hand it over to Anshuman to cover key business and strategic highlights

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

- Thanks, Sanjay, and good evening, everyone. At the outset, we are happy to report that the Company's performance has successfully demonstrated our core tenets of Growth, Resiliency and Agility in a challenging and volatile FY25. Business years like FY25, which are a unique combination of market highs and sharp corrections, amid geopolitical uncertainty, not only test businesses, but also help in strengthening our beliefs in the fundamentals of the business of wealth and asset management. For us, it has further reinforced our confidence in the disciplined approach towards client assets and the resilience of our recurring business model.

- The year also marks several milestones for 360 ONE as we complete our 17th year of operations. As a firm, we have always believed in defining sharp strategic focus areas, creating deep competitive moats, and giving disproportionate attention to execution. A culture of constant innovation and high performance encouraged us to take timely decisions on matters of team building, capital allocation, and investment in platform & technology. Today, we are even better positioned to sustain growth trends, while scaling up to meet the requirements of varied client segments and drive new business engines

- With that, I would like to share details regarding our recent strategic exclusive collaboration with UBS AG, one of the world's leading wealth managers. This collaboration brings together two visionary firms, powerhouses in the space of wealth management, to create a platform that is truly without parallel. This exclusivity is guided by shared belief in values, ambition, and a client-first philosophy

- This historic collaboration has three inter-related components viz. business collaboration across geographies and business segments, UBS AG's stake in 360 ONE and integration of UBS India's wealth management business with 360 ONE WAM

- Starting with the first, 360 ONE WAM and UBS AG have entered into an exclusive strategic collaboration where Clients from both institutions will have access to their onshore and offshore wealth management solutions. Additionally, opportunities for deep co-operation in the segments of asset management and capital markets will also be tapped into. To ensure a sharp focus on execution and realization of opportunities, a joint apex committee with senior leadership from both UBS and 360 ONE has been formed

- Secondly, UBS AG will subscribe to warrants representing a stake of 4.95% in 360 ONE WAM, at a price of Rs 1,030 per warrant - a premium of 14% to the 3 day VWAP as on the relevant date. This equity stake is an indication of UBS' commitment and trust not only in 360 ONE's core tenets but also in the India growth story

- We will also integrate UBS AG's India wealth management business into 360 ONE Wealth, along with their highly capable bankers and other team members, and a trusted legacy of excellence. The business includes distribution and broking, Discretionary and Non-Discretionary Portfolio Management Services and lending services, for its wealth management clients. This business transfer adds approx. 26K crs of active AUM and recurring non-lending revenues of Rs 45-50 crs and will have a similar cost to income as our current Wealth business. The net consideration being paid for this business transfer is Rs 307 crs

- This collaboration is expected to unveil newer opportunities for our teams as well as clients. UBS AG's global investment expertise, research, and access will improve our ability to serve the cross-border needs of our clients and enhance our wealth management proposition significantly

- Along with the recent B&K Securities acquisition, we are now even better positioned to grow our presence across broking, equity capital markets, merchant banking, and the corporate treasury space while fortifying our lead position in wealth and alternate asset management. Just as importantly, we are doing so with a global player who shares our culture of innovation, integrity, and trust

- As an update on B&K, the regulatory approvals are underway, and we hope to complete the transaction within this quarter. Specifically, the B&K business performance remains strong over the last quarter, with operating revenues at Rs 65-70 crs and continued PAT of approx. 25 crs, bringing the full year PAT to Rs 102 crs.

- We are also happy to announce that all requisite approvals regarding the ET money acquisition were received in Q4 and the firm, formally, became part of 360 ONE WAM.

- In our journey over the last 17 years towards becoming a full-stack financial services' player around segments of Wealth Management, Public Markets (including MFs), Alternates, Global business and Capital Markets, we have remained consistently focused on serving the clients' needs in the most comprehensive manner possible

- Within Wealth, the focus remains serving the UHNI, HNI and retail affluents, with an advisory mindset. Equity broking and investment banking would be key drivers for the Capital Markets segment

- Over the last few years, we have been consolidating in a steadfast manner across business lines. In the future, we aim to retain our leadership position in the Wealth Management and Alternates' space while making strides in the Global and Capital Markets' segments

- I would take this opportunity to thank all our partners and stakeholders who have bestowed trust and confidence in us through our journey

- With that, I would like to hand over to Karan and Yatin for QnA

- **<u>Question & Answer Session:</u>**

- **Mr. Anil Mascarenhas - EVP (Communications), 360 ONE WAM:**

- Thank you, Anshuman. The floor is now open. As a reminder, you may tap on the raise hand icon to ask your questions.

- First online, we have Prayesh Jain. Prayesh, kindly unmute yourself and ask your question.

- **Mr. Prayesh Jain – Participant Question:**

- Hi Karan. Congrats on the very good set of numbers as well as the transaction at UBS. Firstly, just on this UBS transaction, could you elaborate on what do you mean by exclusive arrangement? So, when the domestic clients of yours get access to UBS Global, do you mean only UBS Global assets would be given to domestic clients? What do you mean by an exclusive arrangement both sides? That would be my first question.

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

- Thank you for the compliments. To answer your question on the UBS side, what an exclusive arrangement largely implies is that, if you open up for the clients' LRS money, where the clients look at onboarding a global bank account, UBS will be our exclusive partner. And also, obviously, needless to say, in case we end up opening an external asset manager platform for our clients overseas, we would be using the services of UBS.

- Also, in addition, on the Asset Management side, it's not necessary that all our GIFT City feeders and so on and so forth need to be only with UBS Asset Management. As an asset manager, we will work on an open architecture basis. So, as a Wealth Management client in India, we will obviously get them the best open architecture asset management products available across the globe. Needless to say, UBS also runs a lot of good products on the asset management side, and some really nice exclusive ones. We will get our clients access to those also. And specifically, like we run discretionary mandates in India, UBS also runs global discretionary mandates. So, we can get access to that also for our clients.

- On the other side, for UBS, all their referrals back into India, for all global NRI clients and clients who can potentially open NRE, NRI, NRO accounts into India, would be exclusively referred to us. And while there is no specific tie-up on the Asset Management distribution, needless to say, basis performance, basis credibility and diligence, hopefully we can penetrate some of our own Asset Management products in the UBS distribution space

- **Mr. Prayesh Jain - Participant Question:**

- Got that. So, just an extension to that question, there's a 5%, almost a 5% dilution in the equity. Against that, what could be the big revenue opportunity from this collaboration per se? Let's leave aside the Rs 26,000 Crs AUM that you are getting, for which you are paying a separate cash consideration. Just from this collaboration, what could be the revenue opportunity that could accrue over the next 2-3 years from this?

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

- I wouldn't say the revenue contribution has a one-on-one match with the Rs 2,000 Crs we are raising. There are a lot of potential synergies on the revenue side, some of which I described. But there are 3-4 large synergies on the revenue side. One, obviously, is the inbound reference. One is the outbound access to products. Third is the ability to capture our clients' dollar portfolio or the global wallet share. And fourth is our own ability to distribute our Asset Management products better

- These 3-4 potential revenue opportunities exist that necessarily don't have anything to do with the quantum of capital we are raising. The opportunity is fairly large. It's too early for me to quantify each of these four verticals. It's a collaboration. We know for a fact that from a culture perspective, from an understanding perspective, and most importantly from a client wallet sharing platform perspective, it's extremely synergistic. Exactly, in rupee terms, what kind of revenue it would add is, it is slightly earlier to describe

- Having said that, the primary use of capital for the amount of money we would end up raising, is going to be a combination of 3-4 things. Needless to say, out of the Rs 2,000 odd Crs, although Rs 300 Crs won't go as a part of that Rs 2,000 Crs, but obviously, I think, on an overall pool basis, Rs 300-350 Crs will get utilized for that. We have acquired BNK Capital. We'll end up using Rs 250-300 Crs of incremental margin there. The NBFC book is continuing to see some good growth. We will add around about Rs

800-900 Crs there out of Rs 2,000 Crs. And the last Rs 400-500 Crs would largely get used potentially as an overall addition to the Alternates business

- So, overall, the growth in revenue from a collaboration perspective versus raising of capital, is not exactly running parallel with each other, but both have their own unique reasons to do so

- **Mr. Prayesh Jain – Participant Question:**

- Got that. Just a bookkeeping question. Anshuman mentioned that against Rs 26,000 Crs AUM, you just have about Rs 50 Crs revenue, which is a very low yield as compared to what you are making. And against that, you're saying that the cost to income is similar to what you are doing. So, I'm just trying to build a math out there. It looks very absurd that at such a low realization, you would have the same cost to income. And why such low realizations?

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

- No, so 2-3 things there. The realization obviously is around about Rs 70-75 Crs of revenue, slightly higher. The realization we have considered is Rs 50-55 Crs is because there are certain elements of revenue which would not accrue on our platform. And, from a transfer of business perspective, it is only relevant parts of the business which are transferred to us. Not all the people are transferred, only part of the people are transferred. And obviously, you have to adjust for a lot of the operating function costs, which don't need to be transferred. So, the part of the Wealth business which is getting transferred to us, both from a revenue and cost perspective, is largely representative of Rs 50-55 Crs of income and a similar cost to income. The PBT broadly would be in the region of Rs 20-25 Crs. PAT would be in the region of Rs 10 to 15 Crs, which is largely resulting in that value of ~Rs 300 Crs.

- **Mr. Prayesh Jain – Participant Question:**

- Got that. I'll come back in the queue for more questions.

- **Mr. Anil Mascarenhas - EVP (Communications), 360 ONE WAM:**

- Yeah, thank you. So, I request you to restrict yourself to two questions. You could combine your questions and ask them, and we'll come back in case we have more time.

- Next in line, we have Mohit Mangal, request you to unmute yourself and ask your question.

- **Mr. Mohit Mangal – Participant Question:**

- Yeah, hi. Thanks for taking my question. And first of all, congratulations, Karan, for being re-elected as MD for the next five years.

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

- Thank you.

- **Mr. Mohit Mangal – Participant Question:**

- So, coming to this UBS acquisition, I'm a little curious about this Rs 26,000 Crs, if you can just break into ARR and non-ARR AUM? And, if I look at last 2-3 years, how the growth has been, say, for this UBS business?

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

- Our of the Rs 26,000 Crs, I think it's approximately a 30:70 or 25:75 number. But let's not forget, the focus really is on the fact that these are really, really good relationship managers. It's a great platform. They're really 12 super senior guys. And I would be highly surprised if the yield of these assets continued to remain the same in our platform. I would like to believe, if our normalized yields are in the region of 75 to 80 bps, somewhere between the existing yield of 25-30 bps to 80 bps, we'll definitely be able to move these assets. Whether we are able to move the entire Rs 26,000 Crs into active assets or maybe 60-70% of that, is something which time will tell, and obviously, it's a function of many things on how well we integrate and so on and so forth. But I would expect at least 60% of these assets to become yielding in a similar format to what we have.

- So effectively, if I look at our yields today, we would have around about 75-80 bps on the ARR side and around about 30-35 bps on the TBR side. I would expect this AUM base to settle somewhere around 20-40bps on the ARR side and 60bps on the transaction side. So effectively, leaving us with a blended yield of around about give or take 50-55bps.

- **Mr. Mohit Mangal – Participant Question:**

- Understood. Now, just continuing, last few years, we have done a few acquisitions. Like, I mean, I remember L&T Finance, we had done, we had added around 20-30 to 35 RMs. Here, what's the max basically in terms of RM addition and other things? I mean, if you can just elaborate on that.

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

- Well, RMs, the exact RM count is across different kind of vintages and so on and so forth. We have 10 senior RMs within the UBS system. And, you know, maybe add a couple of 3-4 junior RMs. So, 13 to 14 RMs in that sense. And another similar number of people on the service and RM facing side. So about 30 odd people on the RM facing side and another 10 to 15 people on the support to the business side.

- **Mr. Mohit Mangal – Participant Question:**

- Understood. My last question is on the flows. In the Wealth Management space in Q4, we had a muted quarter. So just wanted to know the reason for that. And how do we see FY26 in terms of net flows?

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

- Well, the Wealth Management business over the last 90 odd, maybe the last 120 odd days, overall gross flows have been okay. The net flows numbers have also been quite decent. We lost around about 8 to 10 people across the country over the last 4-5 months in terms of senior folks. And that led to approximately a net outflow of around about Rs 2,300-2,400 Crs across the system over the last 4-5 months on the ARR AUM side. To a certain extent, the net flows are slightly dampened for the Rs 2,500 Crs of net outflows from the system.

- But overall, from just pure transaction activity, there was a patch of maybe 15 days to a month in the quarter where activity levels were slightly lower. Obviously, it affected us lesser because we were able to offset it with a lot of fair degree of activity on the fixed income side, as well as a few real estate transactions. Overall, TBR continued in a tight range, not as active as, let's say, Q4 of last year and Q1 of this year, but it was reasonably active; less active on equities, but more active on yield plus assets.

- And, overall market share, I would say, remained the same, but a little bit of a little bit of impact on flows of Rs 2,000-2,500 Crs, largely because of a combination of a little bit of attrition.

- **Mr. Mohit Mangal – Participant Question:**

- Understood. Any guidance for FY26 in terms of flows or profitability or something?

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

- I don't want to give a headline guidance just for next year. But at a very philosophical level, we would like to add around about 12 to 15% AUM every year. Add around about 8 to 10% on mark-to-market. So effectively grow the AUM by around about 20-25% resulting in a 16 to 18% growth in revenues and a consequent 20-25% growth in profits. That's our headline *mantra*. We want to kind of be able to grow our AUM by 20-25%, resulting in revenue growth of 15 to 20%, and back again PAT growth of 20 to 25%.

- **Mr. Mohit Mangal – Participant Question:**

- Understood. Thanks, and wish you all the best.

- **Mr. Anil Mascarenhas - EVP (Communications), 360 ONE WAM:**

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

- **Mr. Nidesh Jain – Participant Question:**

- Hi, thanks. Hi, Karan. So, first question is on sharp improvement in retention. I missed the opening remarks. But if you can share how our Wealth Management retentions have improved quarter-on-quarter basis to 80 basis point this quarter, and how should we think about retentions going forward?

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

- No, there's not actually a massive improvement on a consistent basis in the Wealth Management retention. A little bit of improvement on retentions is with little bit of the Advisory, which is stabilizing and the non-active AUM becoming active. But this quarter has a couple of carry items, both on the Wealth Management side, as well as on the Asset Management side. So that has led to a little bit of improvement on the retention side.

- Second, the net interest margins in proportion, just because we raised capital last quarter, has added a little bit more to the overall ARR. So therefore, those two things have contributed a little towards the increase in retention. And third, as I said, is a little bit of the carry contribution.

- So, from a retention perspective, on a stable state basis, I would still look at it at closer to the average of the Q1 to Q4 retentions, as opposed to just looking at the Q4 retentions.

- **Mr. Nidesh Jain – Participant Question:**

- Sure. And secondly, how should we think about the return on equity? Because we have integrated QIP, and then there is more capital which will come through, through this UBS transaction. So, our ROE will dip quite sharply versus what we used to do in the past. How should we think about ROE trajectory going forward?

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

- Well, that's always a challenge. But the opportunities are large. Like Anshuman pointed out right at the beginning, we are going both wide and deep. Wide in terms of consolidating our position on the Wealth and the Alternate side. We're also going deep in terms of geographies and segments in terms of UHNI, HNI, skipping the affluent, but then going to the mass affluent. And similarly, on the Asset Management side, we built a substantial business in Alternates. And, we’ve built a very good business on the public equity side. Hopefully, we can complement the public equities business and grow the Mutual Fund business larger also. And lastly, now with the entire UBS thing coming through, hopefully, we can expand the global piece slightly sharper. And finally, with B&K, we've got the Capital Markets piece together. All these five things are coming together. It gives us a lot of width and a lot of breadth. And, it may lead to maybe an overlap of 6-9 months of higher capital. By the time we end up using the current capital raise, we'll have the UBS money coming in, subject to warrant conversion. There are lots of opportunities out there. We'll have to keep our eyes and ears open. UBS added a lot of strategic value to the business. And therefore, we felt comfortable taking in that capital and building out that optionality. But at the very highest level, you're right, we need to ensure that we are able to do substantial justice to the incremental capital to maintain our ROE around the 20% mark.

- **Mr. Nidesh Jain – Participant Question:**

- Sure. And the last question is on the global business, we have shown a Rs 50 Crs drag. So now going forward, should we assume that…?

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

- Yeah, that goes away. Yes, that's right.

- **Mr. Nidesh Jain – Participant Question:**

- Okay. Thank you, Karan.

- **Mr. Anil Mascarenhas - EVP (Communications), 360 ONE WAM:**

- Thank you. Next in line, we have Aejas Lakhani. Kindly unmute and ask your question.

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

- Hi, Karan. Congratulations on all the good news.

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

- Thank you.

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

- I have three questions pertaining to the overarching business model that the business is repivoting to. And those are across talent flow dynamics, revenue model recalibration and, scale up of the existing investments we have made.

- So, on the talent flow dynamics, I'm witnessing a notable shift wherein if you were to take '23 and prior to that, we were the preferred destination for top talent. And if you see the last two years, we have now become a key hunting ground for competitors. So, on that front, I'd like your thoughts. That's question number one. Second is on the revenue model recalibration. You know, maybe 12-14 quarters back, we discussed about the pivot we made from TBR to ARR. And interestingly, now we're seeing again some early signs of shift back towards TBR, particularly with B&K Securities. So, I just wanted to understand this model recalibration and your thoughts from a buildout perspective. And third is, on the scale up of the mid-market and the global piece. Of course, you have addressed Global in the last comment. But, could you provide an update on how the mid-market piece has been scaling up? Specifically, has your ramp up met internal timelines and expectations post the earlier delays? And, are you seeing any operational roadblocks that remain for the scale up?

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

- Great Aejas, thanks for all those questions. I actually love your first question. The good news is you can't be a hunting ground for talent till you don't have good talent. And the other thing is the fact that, hopefully while we are a hunting ground for good talent, we should hopefully continue to remain a platform which continues to attract good talent. As long as the second one is good to go, a little bit of churn would happen. Having said that, overall, the way to look at talent is we've lost a few people over the last 10 to 12 months, and as long as it's within a range, we're fairly comfortable. I wouldn't say it's ideal, it's obviously a little bit of a stop and go. You know even if you're running a marathon and you're the fastest, if you have to stop and go a little bit, you go a little slower. So, whenever we lose talent, it's not a great thing. But, at the same point of time, people have aspirations and, sometimes cultures don't match.

- But overall, we're in a good place. Happy in both the locations where we've had a little bit of change. We've been able to attract some great talent. Sometimes challenges lead to opportunities. And the good news is in both places, we're very well covered both, in terms of relationship managers and in terms of number of employees, and number of senior partners whom we are able to attract, as well as, we have a very strong existing force of people on both the investment and the sales side. I would say it's nothing. Even losing a single person is not the not the ideal state of things. But at the same point of time, it's part of doing business and it's a little bit of stop and go. But we are we are largely beyond it right now, and we've kind of consolidated our position with most of these clients that continue to add wallet share from them.

- On the TBR ARR side, there's no real model shift at all. I think we continue to be super, super focused on ARR. I'm going to say this without any context of projections or guidance and so on and so forth. So please don't take the numbers I'm giving you as guidance. But the reality is today, as a business, we would be doing around about Rs 2,700-2,750 Crs of revenue and give or take, Rs 1,000 Crs of profit after tax. Now ideally speaking, we have to build the right canvas excel model to move this Rs 1,000 Crs of PAT to around about Rs 2,100-2,200 Crs, let's say, 2.2 times in a reasonable time period. Now the reasonable time period could be 3 years, 4 years, 5 years. And beyond a point none of us have a crystal gaze to get that absolutely right. But some time period between that. And when I look at that revenue mix and to get to that profit number, you obviously need to do Rs 5,000-5,500 Crs of revenue. When I look at it forward and see how the Rs 2,700 Crs is going to grow to Rs 5,000-5,500 Crs of revenue, three things come to my mind. The first thing which comes to my mind is, you would need at least 75 to 80% of that number to come in through ARR. And I would love to maintain that mix of at least 75% coming from ARR revenues. If you were to if you were to convert the Rs 5,000 Crs of revenue into 75 or 80%, which is Rs 3,750 to 4,000 Crs, and assuming you are in a broad basis of 65-70 odd basis points of ARR retention, we need to grow our current Rs 260,000-270,000 Crs of ARR AUM to ~5,00,000-5,50,000 Crs in that time period to get there.

- Second, other income, potentially can add Rs 200-250 Crs. But then you need another Rs 1,000 Crs to come in from the TBR side. And when you look at Rs 1,000 Crs of TBR relative to the current TBR of Rs 600-650 Crs, there are lots of areas of improvement. The first area of improvement obviously is, out of the current Rs 600 crs of TBR, we've got only Rs 75 Crs of equity brokerage. That's a big potential area for us. If I look at all our competing private banks, equity brokerage would be a substantially more relevant portion of their revenue. So out of our Rs 2,700 Crs today, it's less 2.5-3%. Should we be close to around about 8-10%? The answer is yes. So, getting a great research firm like B&K not only adds that Rs 200-250 Crs of equity brokerage which they get, but also increases our potential of increasing our Rs 70 Crs of equity brokerage to our set of clients, to at least maybe two or three times that amount over a period of time.

- So, if I look at the Rs 1,000 Crs of TBR, we need a good equity platform to get there. Along with that obviously, the unlisted equity piece, the fixed income trading piece, and obviously, a little bit of merchant banking, all of that put together, would aggregate to Rs 800 to 1,000 Crs, and even then, that would be less than 20% of our overall revenue piece. So, there's no real pivot. Having said that, we need to build a very stable TBR. And within the TBR itself, obviously there are different qualities and different cyclicality. So even within the TBR, our effort is to try and ensure that the quality of TBR is the best. And while we maintain TBR of 20-25% over the overall business yet, we need to kind of grow it to ensure that it's at the right number over a 3 to 4 year time period.

- Lastly, coming to a question of mid-market and global. I wouldn't call them operational difficulties, but at the same point of time, mid-market took a slightly longer time from an organization structure perspective, which I've kind of mentioned before. But now really, it's back down to execution at feet-on-street. So, we've seen some AUM started to come. The revenues will follow. We've now got a good team of 45-50 relationship managers on the HNI side. So that goes onstream as we speak. Our first five or six B2B presentations we made last month; all have kind of come back with a good response. And, that's something which will find its feet for sure this year.

- On the on the global side, the collaboration agreements will take a little bit longer. The regulatory approval itself will take 3-4 months to come. So, by the time it goes onstream, it's at least definitely third quarter of the current year. But there are no real operational challenges. We are very well licensed in every jurisdiction for us to be able to start business everywhere. We've got offices everywhere which are engaged in Asset Management distribution for us, and that's given us the license in every jurisdiction. So, in some senses I wouldn't call it operational obstacle. It’s really up to us to do better execution on the mid-market side. And on the global side, it's really about accelerating the regulatory approvals within the possible time constraints and ensuring that we get the collaboration agreements in place as fast as possible.

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

- Got it. Thanks for that measured answer. I just have one follow-up if I may?

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

- Okay. Maybe I'll answer it with the next question. But I'll take the question, yeah.

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

- Sure, so just one thing. Again, many calls back, you had alluded to when an RM leaves, typically they walk away with one-third of the AUM. One-third is a cohort of clients who say okay we'll see how you progress, and one third typically stays on with the manager himself. So, has that changed in lieu of the recent senior management exits?

- And also on the UBS bit, how does the revenue collaboration work? Thanks so much and all the best.

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

- Thank you.

- **Mr. Anil Mascarenhas - EVP (Communications), 360 ONE WAM:**

- Next I invite Sanketh Godha to kindly ask your question. Sanket, kindly unmute here.

- **Mr. Sanketh Godha – Participant Question:**

- Okay, so first is a data-keeping question. I just wanted to understand how much ET Money contributed to the AUM, top line, and profit in the current year after the integration? And I just wanted to understand how the growth in that platform was, as in AUM growth. So that's my first question.

- And the second question you answered partially but just wanted to understand again. The discretionary PMS, which saw the bits of a retention of almost 100 bps compared to typical 40 bps, is largely because of the carry that got recognized in the current quarter, right? And if this carry is not there in future years or immediate quarters, then it is going to claw back to same 40 bps. Is the right understanding on the discretionary PMS side?

- And lastly, on global aspiration, we had a team, now the team is not there. So, with UBS, is it fair to assume that your international base will be more UBS-linked compared to building your own team to build the global aspiration, in a way? Just want to understand a little more on that side, whether UBS will take over that entire global aspiration journey which we had. Those are my questions.

- **Mr. Anshuman Maheshwary - Chief Operating Officer, 360 ONE WAM:**

- Absolutely. So, on the ET Money, I'm happy to just clarify the numbers. On the AUM side, ~Rs33,000 Crs of AUM has been added on the TBR AUM side. And on the ARR side,

~1,750 Crs has come in, and this is obviously reflected and been called up in the investor deck as well. The revenues from ET Money, about eight weeks revenue and cost, have gotten captured for this particular quarter. So, the revenue is ~Rs 6 Crs, and there is a Rs 1 Cr loss for this two-month period.

- **Mr. Sanketh Godha – Participant Question:**
- And if I do it standalone full-year basis, what would be the number though? You integrated that, but from full-year basis point of view, what's the run rate on profit and revenue?
- **Mr. Anshuman Maheshwary - Chief Operating Officer, 360 ONE WAM:**
- Yeah, I mean, obviously just two months at a Rs 1 Cr loss translates to about Rs 6 to 7 Crs. But I think for the full year, if we look at their actual financial numbers, it will be about Rs 10 to 12 Crs. So, it'll be higher than that for ET Money.
- **Mr. Sanketh Godha – Participant Question:**
- Okay, perfect. And revenue, if you can call out, say two months it's Rs 6 crores, then for full year it was?
- **Mr. Anshuman Maheshwary - Chief Operating Officer, 360 ONE WAM:**
- Revenue will largely be on track. It'll be ~Rs 50 to 52 Crs.
- **Mr. Sanketh Godha – Participant Question:**
- Okay, perfect. And on the yield part or retention part, with respect to discretionary PMS.
- **Mr. Karan Bhagat - MD & CEO, 360 ONE WAM:**
- I think you're right. The discretionary PMS on these separately managed accounts would go back to the same numbers. But having said that, there are at least 3-4 mandates in which we get a profit share. So, the best is to look at the annualized yield as opposed to look at the quarterly yield. It's not as if it will disappear next year, but it will disappear next quarter.
- **Mr. Sanketh Godha – Participant Question:**
- Okay, so from full-year point of view, you are confident that the same yield will be reported?
- **Mr. Karan Bhagat - MD & CEO, 360 ONE WAM:**
- Around the same yield will be reported next year also.
- **Mr. Sanketh Godha – Participant Question:**

- Got it. And now on the global thing?
- **Mr. Karan Bhagat - MD & CEO, 360 ONE WAM:**
- No, global, you're right. From a global Wealth Management aspiration perspective, as I said earlier, it's an exclusive collaboration with UBS. So, we are hoping to work together with them and have the right spokes in India to be able to expand our global aspirations with them.
- **Mr. Sanketh Godha – Participant Question:**
- Okay, perfect. That's it from my side. Thank you.
- **Mr. Anil Mascarenhas - EVP (Communications), 360 ONE WAM:**
- Next in line is Dipanjan. Dipanjan, kindly unmute yourself and ask your question.
- **Mr. Dipanjan – Participant Question:**
- Hi, so just few questions from my side. For the 4th Quarter, if you can give some color on the breakup of the transactional revenue? Just want to get some sense of the ex-broking businesses, how they are holding up, and some color on how you really see that, let's say, for the next few quarters given the market volatility?
- Second, coming back to the question on opex. Now, owing to this UBS venture and strategic initiative, do you see any sort of costs that you'd deploy to get the ball rolling out there, maybe for the next 12 to 18 months, especially on the joint venture rather than the business that is getting acquired?
- And lastly, on the ESOP expense side, it seems that for the last two quarters, it has been a little bit higher than the historical levels. So how should one think of the overall variable cost or maybe the ESOP cost going ahead?
- **Mr. Karan Bhagat - MD & CEO, 360 ONE WAM:**
- Just to give you a very quick color of the transaction revenue on Q4, it's a very interesting mix actually. One obviously, our equity brokerage numbers hold up quite well. So that Rs 70-75 Crs was ~Rs 18-20 Crs for the quarter, if I just look at pure equity listed brokerage. I had another ~Rs 2-4 Crs for commodity. So around ~15% odd percent - of the TBR number was that. Then we had a third coming from yield-plus transactions. So, effectively, REITs and InvITs and stuff like that. A third coming from the unlisted side, and another third coming from real estate. So overall, it was more of fixed income.
- For the first quarter, we saw 50% coming out of fixed income and 50% coming out of equity. Traditionally compared to other quarters, unlisted was a substantially large portion. Just given the way the client appetite is and even the kind of transactions which are available for us today and the kind of momentum on all asset classes, it's fair to say, going forward, it'll become a third of equity brokerage, a third of unlisted, and a third of

yield-plus kind of transactions. And the yield-plus transaction, I'm using kind of slightly broadly to include everything—REITs, InvITs, commercial assets, and so on and so forth. So, that's going to be the broad nature of TBR.

- Potentially, over the next 12 months after that, we might have some other flows coming in from Merchant Banking and stuff like that. But for the next year, a third of equities, a third of unlisted, or a third of yield-plus transactions, including debt, will really represent the color of the TBR.
- There’s no significant opex because of the UBS integration at all. We've got a couple of our really smart people working through the transaction. Some of the senior leadership, including me, Anshuman, will be part of the Collaboration Committee, along with the senior leadership from the UBS side, to ensure that we can get the coordination and the collaboration going on as fast as possible. And three senior folks are pretty much running it from the strategy office. So, they would continue as one of the key roles into this function, along with the Finance Team who's also involved in the coordination efforts. So overall, it doesn't really lead to any significant opex.
- Our international offices continue to function as small offices for the Asset Management distribution side. And we've got one person in Canada, one person in the US, 2-3 folks in Dubai, around 6-7 people in Singapore. So that continues. That doesn't see any change.
- And lastly, I think on the ESOP cost, you're right, we've taken approval last January and we launched this program for employees called ‘Golden ESOPs’, which broadly accounted to about 75-80 lakh shares over a period of 4 to 6 years of vesting. So that cost has kicked in over the last, especially in the last nine months of this financial year. And like all ESOP plans, a large part of that cost gets accounted for in the first year itself. So, in the first year itself, around about 25 to 35% of the cost comes in, which is really represented by the higher ESOP cost. For the next two years, it's fair to say the ESOP cost will be at similar levels, not phenomenally different, maybe 10% lower. But and then the year after that, a further 10% lower, simply because there's a certain quantum of affronting of the ESOP costs. Yeah, that covers your three questions. Thank you.
- **Mr. Dipanjan – Participant Question:**
- Thank you. Got it, Karan. Thank you and all the best.
- **Mr. Anil Mascarenhas - EVP (Communications), 360 ONE WAM:**
- Thank you. Next in line we have Harish Subramanian. Harish, kindly unmute and ask your question.
- **Mr. Harish Subramanian – Participant Question:**
- Hi, Karan and team. I want to understand a couple of things on the UBS AG inbound. There'll be any referral fees or any revenue sharing with UBS AG for their global clients getting referred to you, or would it be like you would acquire a typical Ultra HNI client?

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

- Well, the collaboration agreement, by definition, will have referral fees flowing on both sides. There will be both outbound referral fees for us, and similarly when UBS refers a client to us. But it's still early days. On a principle basis, we have a very broad agreement on all these things. We still not gone down to constructing the collaboration agreements on a case-to-case basis. We have broadly identified the 13-14 collaboration areas which we are going to work on, and between both the teams, we spend enough time to know that there's a good significant opportunity on all these 13-14 points. In terms of defining exact commercials between these, we've set that out as a part of the Collaboration Committee to work on that and get it done.

- **Mr. Harish Subramanian – Participant Question:**

- Okay, good. Another one, broadly in the industry per se, inbound, what's the kind of industry opportunity? If you have some numbers in terms of inbound Wealth Management numbers?

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

- Inbound Wealth Management is very large. Today, if I just look at our own NRI book, would be in excess of $2 billion already, without us really having an NRI associate office at all. The inward-bound market is very large, especially for things like Private Markets, Alternates. The only money which has come until now is really on the Listed Equity side and Mutual Fund side. With all the awareness on GIFT City and everything else, it's a very large opportunity. I really don't have any exact numbers, but can our $ 2 billion become three times the number if you get that right? I think, it won't be a big surprise. The inbound opportunity is very large.

- The outbound opportunity obviously is limited in its own way by whatever is possible regulatorily. But there also, we've seen a good movement happening on the GIFT City. And the LRS money also which has been going out for the first 3-4 years, largely into education and medical and so on and so forth, is for the last 4-5 years, finding its way into a financial asset portfolio. So, both put together, it's a reasonable size. But the challenge and the heart of it is in the execution and having the right platform to be able to implement it.

- **Mr. Harish Subramanian - Participant Question:**

- Got it. Perfect. Thank you so much.

- **Mr. Anil Mascarenhas - EVP (Communications), 360 ONE WAM:**

- Thank you. I invite Akash Vora to kindly ask a question. Akash, kindly unmute yourself and ask your question.

- **Mr. Akash Vora – Participant Question:**

- Yeah, thanks for the opportunity, and congrats, Karan sir, for great set of numbers. So firstly, I would like to understand on the collaboration agreement. Within that agreement, do we also have a non-compete signed with UBS wherein UBS won't, in the future, come and compete in the same set of business that we have, like go ahead with Asset Management in India or something like that?

- And my second question would be, on the Alternate side in the Asset Management business, are more or less the bigger outflows done this year, or do we expect more outflows and redemptions in the coming year as well? If you could give a hang of the number.

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

- I think the Collaboration Agreement obviously has specific non-compete clauses which are reasonable time-period non-compete clauses. I wouldn't want to go into specific details of each non-compete clause, but they're very reasonable on both sides, for obviously for whatever service UBS is providing us, and similarly, whatever service we are providing to UBS. And the non-competes are fairly commercial and fairly limited from a time-period point, but they're there.

- From a perspective of redemptions, the larger redemptions obviously, are only there in normal course now. The last year obviously, expressed itself in a big way in terms of a single item of redemption, because the SOF series, which was 1 to 7, was raised on a specific period of time, and all of it came up for redemption together. So, we raised on ~Rs 7,000 Crs. We have returned on ~Rs 16,000-17,000 Crs, of which ~Rs 7,500-8,000 Crs got returned this year itself. That fund is more or less returned fully. It's got a very small amount of, if I'm not wrong, sub-round ~Rs 1,000 Crs remaining to return. So, we don't have any block redemptions through this year or even in the coming years. The block redemptions are largely now over. And now, we've got funds which we've raised every year, and every year we'll raise some funds, and every year some funds will come for redemption. So, it's going to be a natural cycle now.

- **Mr. Akash Vora – Participant Question:**

- Understood. If you could just highlight what kind of AMC flows on the Alternate side, you would expect in the next two years?

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

- We've not kind of really segmented our thought process exactly between Alternates and Public Markets. But overall, we would like a net flow number, as I said earlier, of ~10-12% of our opening AUMs of about Rs 250,000 Crs. So ~Rs 27,000 - 30,000 Crs is the overall area. It's fair to say ~60-65% of that on the Wealth Management side and around about 35% of that on the Asset Management side.

- **Mr. Akash Vora – Participant Question:**

- Thank you.
- **Mr. Karan Bhagat - MD & CEO, 360 ONE WAM:**
- Thank you. Thanks a lot.
- **Mr. Anil Mascarenhas - EVP (Communications), 360 ONE WAM:**
- Thank you. That's all we have time for this evening. Thank you all of you for joining us. We look forward to hosting you again. Thank you.