

360 ONE WAM Earnings Call for Q1 FY27

- **Mr. Anil Mascarenhas - Senior Executive VP, Communications, 360 ONE WAM:**
- Good evening, ladies and gentlemen, and welcome to 360 ONE WAM Earnings Call for Q1 FY27.
- As a reminder, all participant lines will be in listen-only mode. In case you wish to ask any questions, kindly click on the raise hand icon. Please note, this conference is being recorded.
- On the call today, we have with us Mr. Karan Bhagat, MD & CEO, Mr. Yatin Shah, CEO - Wealth Business, Mr. Sanjay Wadhwa, CFO, and Mr. Anshuman Maheshwary. I now hand it over to Mr. Sanjay Wadhwa to take this call forward. Thank you.
- **Mr. Sanjay Wadhwa - CFO, 360 ONE WAM:**
- Thank you, Anil.
- A very good evening to all the participants and thank you for joining us on our Q1 FY27 Earnings Call. Before turning to the financial performance, a brief word on macro backdrop. Equity indices staged a broad-based recovery over the quarter, navigating a period of geopolitical uncertainty with characteristic resilience. The resilience was equally visible in flows into the domestic asset and wealth management ecosystem, reaffirming our conviction in the industry's structured growth story. India's wealth market remains deeply underpenetrated and represents a significant growth opportunity. For a franchise like ours that is positioned at a premium end of the market, this represents an opportunity to compound our leadership over the coming years.
- Let me turn to the numbers.
 - Our total ARR AUM increased by 19% to Rs 3,42,000 crores, with wealth AUM at Rs 2,42,000 crores, a growth of 24.2%, and asset management AUM at Rs 1,00,000 crores, an increase of 8.2%. Overall, AUM rose by 17% to Rs 7.8 lakh crores as on June 30, 2026. We garnered the ARR net flows of Rs 10,815 crores in this quarter as compared to Rs 8,985 crores in the previous quarter. The wealth business drove the increase contributing strong flows of Rs 13,379 crores as compared to Rs 6,957 crores in Q4. It is a clear reflection of sustained momentum in our core UHNI franchise, amplified by contributions from recently onboarded teams. On the asset management side, even as gross flows remained very strong at approximately Rs 4,000 crores, the net flows were negative due to one large outflow in an institutional mandate.
 - Q1 FY27 ARR revenues stood at Rs 614 crores, up 20.3% year on year, with ARR revenue now comprising 75% of total revenue from operations. ARR retention was at 74 basis points, with wealth at 71 and asset management at 83 basis points. TBR rose by 37.3% year on year to Rs 208 crores during the quarter. Total revenue increased 20% to Rs 870 crores driven by strong growth across both wealth and asset verticals. Total cost stood at Rs 446 crores with a cost to income ratio of 51.3% as compared to 53.5% in Q4 FY26. We expect gradual improvement in

this metric as the businesses scale up, we drive synergies from strategic initiatives and incoming wealth teams reach full productivity.

- We are very happy to report a profit after tax of Rs 330 crores an increase of 14.8%. Tangible ROE stood at 19.4% and we expect this to improve as capital deployed in our lending and asset businesses begin to reflect in earnings.
- Before turning to a brief update on our individual businesses and strategic initiatives, let me reiterate the structural backdrop underpinning our confidence.
 - Acceptance of professional wealth management continues to rise and wealth creation at the top of the pyramid is outpacing the broader economy. For a full stack platform spanning across wealth and asset management, this is a long and durable runway, and our strategy remains centred on being the manager of choice for our clients' core portfolios.
 - Our UHNI franchise remains an anchor of the firm and continues to perform very well. The addressable market spans 40,000 - 45,000 households and, our focus is consistent across three vectors - deepening wallet share of existing clients, extending beyond the top cities and being the manager of first-choice post-monetization events. Our advisory-led proposition continues to gain traction as clients migrate from transactional, product-driven engagement to portfolio-level, solution-oriented mandates, enabling more comprehensive services across the platform and relationships that endure across cycles and generations. We continue to invest ahead of the curve across RM capabilities, technology, portfolio analytics, and client data security.
 - Our HNI proposition is scaling well and is a natural extension of the UHNI franchise. The program now spans approximately 60+ relationship managers across 12 locations, managing in excess of Rs 5,000 crores of AUM for 800+ clients at ARR retention yield of around 90 basis points. What makes this segment strategically important is not just the 200,000+ household opportunity it opens up, but that it acts as a powerful feeder pipeline into our core proposition, supported by a digital-first, scalable operating model, a state-of-the-art client and RM app, and referrals from our existing client and RM base. As business momentum continues and productivity builds through the year, we expect the business to break even on direct cost by end of this year.
 - FY26 was a year of deliberate strategic transformation of the ET money business, resetting the business model towards profitability. We expect the business to reach break-even level this year.
 - In the institutional business, the institutional equity franchise continues to perform strongly with 550+ mid and small-cap companies under coverage, 300+ institutional clients, and over 85% of broking revenue from the cash segment. More importantly, the synergies envisaged at acquisition are coming to life. Broking income from UHNI clients is seeing an uplift, and access to 600+ corporate treasuries is opening meaningful cross-sell into wealth, treasury advisory, and lending. Our ECM-focused IB capabilities, while still building out, are showing

strong early traction. We expect the broking mix to turn steadily more annuity-like as institutions scales up and UHNI participation rises.

- Our asset management business continues to be a structural growth engine, and its quality is reflected in a rising ARR contribution and improving cost efficiencies. AUM has now crossed key milestone of Rs 1 lakh crore with strong momentum across our alternates platform, comprising of private equity, private credit, real estate, infrastructure, renewables, and multi-asset, as well as listed strategies. Our product engine remains active and extremely effective. We continue to broaden the shelf across AIF, PMS, and MF platforms, including SIFs.
 - The offshore opportunity is building steadily, aided by global institutional mandates and the distribution reach that our collaboration with UBS opens up. We continue to see steady progress across the various components of our UBS collaboration, cross-referral programs across NRI, resident, and global mandates are showing early traction, and we expect these to convert into meaningful flows over the medium term. UBS's global distribution is also expected to open up offshore capital access for our alternates and listed strategies during this year.
 - Taken together, these businesses reinforce the 360 ONE Flywheel as a single integrated platform across wealth and asset management, in which each business strengthens the other and deepens our relationship with the client.
- I would like to thank all our stakeholders who have been with us, and with that, I'll hand it over for Q&A.
 - **Mr. Anil Mascarenhas - Senior Executive VP, Communications, 360 ONE WAM:**
 - Thank you, Sanjay. The floor is now open. In case you wish to ask questions, I request you to kindly click on the raise hand icon. We'll give it a minute for the questions to queue up.
 - I request Mohit Mangal, kindly unmute yourself and ask your question.
 - **Mr. Mohit Mangal - Participant:**
 - Right. Thanks for the opportunity and congratulations on a good set of numbers. So, I've got three questions. My first question is basically on the net flows. I think, you know, we are on the target to achieve that 12 to 15% of opening net flows, but do you think it will be more lopsided towards wealth as AMC is kind of, you know, seeing outflows, specifically in the PMS over the last two to three quarters?
 - **Mr. Karan Bhagat - MD and CEO, 360 ONE WAM:**
 - Mohit, do you want to do all three questions, and I can answer it?
 - **Mr. Mohit Mangal - Participant:**

- Okay. So basically, my second question is on the cost-to-income ratio. I think we have this kind of mandate to, you know, go at least 150 - 200 basis point decline, but this quarter also, it was more than 51%. So, should we expect the remainder of FY27 to have that operating leverage and declining cost-to-income? And lastly, basically an industry question, wherein, you know, we are a significant player in the private credit industry. So just wanted to know, you know, how do you see the future for this segment and how are we kind of positioned to, you know, increase our dominant position further?
- **Mr. Karan Bhagat - MD and CEO, 360 ONE WAM:**
- Thank you, Mohit. Thank you everybody for joining in.
- So very quickly, starting on the net flows, I think, you know, last quarter, generally speaking, FII flows into India as well as large institutional mandates have been a little tepid. So outside of one institutional mandate kind of reducing its allocation from around about \$550 - 600 million to about \$175 - 180 million, the rest of the mandates have stayed quite strong. But generally speaking, global allocations to listed equity has been fairly muted over the last six to nine months.
- Outside of that, obviously on the alternates' side, we've had good flows over the last six to nine months. But I think, you know, honestly, when I look at our net flows of about, give or take 40,000 odd crores, which is 12 - 15% of the number we've kind of started out with, we started out with like Rs 2,40,000 odd crores of ARR AUM. So, Rs 30 - 40,000, 35 - 40,000 crores of net flows. I think I would like to still believe our net flows will be broadly broken up as 70:30 or 75:25, broadly in the split being in the favour of the wealth business. So last quarter, obviously, the asset management business is slightly lopsided because of one partial redemption on the institutional mandate side. But we have a lot of product launches planned out for the next six to nine months, which should average out the flows between the wealth and the asset management side. PMS as a structure, obviously is a little challenged because I think purely, purely PMS versus let's say today doing the same product on the AIF side or potentially on the mutual fund side or even on the SIF side. Those three structurally presents slightly better platforms to launch the same product purely on the equity PMS side. So, while the strategy is alive, while the same set of clients for the same set of reasons they used to come into the PMS will come in, but most likely it will find its way into these three pooled structures as opposed to coming into a PMS.
- On the cost to income side, I think we've taken two or three steps. I think number one, HNI business has kind of come to fold fairly well. I think we moved our AUM from around about Rs 600 odd crores to Rs 3,900 - 4,000 crores last year. Then, current quarter has moved from 4,000 crores to about Rs 5,100 - 5,200 crores. Systems are stable, execution is happening, onboarding is fully digital. Outside of us launching the execution platform on that platform, I think the platform is extremely stable. We are in a position where today, I think with 65-70 people, we feel fairly confident. And we will over the period of next two to three months also move a small amount of clients who are between the 2 - 10 crores segment into the HNI piece. I think together with that and the constant organic growth which has happened in the HNI business, I feel the HNI

piece will also kind of not only breakeven but may move into a little bit of profitability this year itself.

- ET money, we kind of restructured quite a bit over the last quarter. I think on a run rate basis, if I exclude the costs associated with exits, we are now down to around about a 3 - 3.5 - 4 crores quarterly loss per quarter. We've seen 7 crores last quarter, potentially see another 6 - 7 crores for the current quarter, but post that by the end of quarter four, we'll be close to break even on the ET money side.
- So, ET money together with the HNI piece should definitely help us retract the cost to income by around about a give or take 100-150 odd basis points. And a little bit of operating leverage, both on the alternates' side of the business as well as on the wealth management side of the business should hopefully take us on Q4 basis from 51% to about 49 - 49.5% and potentially for the full year, approximately 100 - 150 basis points from where we are today. So that's the picture on the cost to income.
- On the industry side, private credit, real assets, private equity, as well as the renewables, all four remain a very, very promising landscape for alternates. I think we've obviously done a lot of work on the first three, which is the private equity side, the real assets' side, as well as the private credit side. So, I think private credit in India is in a very, very interesting threshold. It's obviously a very, very vast industry. It starts out all the way from instruments between 9 - 10%, all the way ranging from 13 - 15, and also moving into some kind of special situation opportunities with 18 - 20%. And then potentially some structured credit opportunities with a bit of fixed income, as well as equity linkage, which could be higher. From our perspective, we've really been operating more on the first two buckets, which is really the 10 - 11% and the 13 - 15% bucket. The good news is that the accidents are practically, not practically, they have been negligible to zero over the last seven to eight years. So, we've had a fairly stellar track record in that. Having said that, obviously, we've not kind of ventured into the deep private credit side. And two or three things which have happened in India where the regulator has been kind of super cautious, and rightly so, and allowed the industry to do extremely well are two things. One, obviously, unlike the rest of the world, I think we really don't have a semi-liquid or kind of partial liquid funds. So, there's really no schemes which have gated redemption pressure. So, in that sense, that's kept the private credit industry going quite well. And secondly, I think just the pure nature of, we've seen a lot of institutional demand from insurance companies as well as other domestic institutions to participate on the private credit side. Just given the long tenure of the money they have to manage, the ability to generate that extra 250 - 300 basis points over a longer time period is extremely interesting to them. So overall, if you ask me, I think the private credit industry is in a very, very nascent stage in our country. And I think it's over a period of time, I think I would not be surprised if it continues to grow as fast as the private equity industry itself.
- **Mr. Mohit Mangal - Participant:**
- Alright, this is very helpful and clear. Thanks, and wish you all the best.

- **Mr. Karan Bhagat - MD and CEO, 360 ONE WAM:**
- Thank you, Mohit.
- **Mr. Anil Mascarenhas - Senior Executive VP, Communications, 360 ONE WAM:**
- Thank you. May I request you, in case you wish to ask a question, kindly click on the raise hand icon.
- Next in line, we have Prayesh Jain. Kindly unmute and ask your question.
- **Mr. Prayesh Jain - Participant:**
- Hi, thank you for the opportunity.
- Karan, three questions.
 - Firstly, a broad look at your retentions in this quarter. It's been kind of down across the board, and so even if I exclude the carry, I think there seems to be some pressure on retentions, whether it's in AMC or whether it's in wealth management, there seems to be some kind of pressure. So, if you could allude as to what are the factors that are kind of driving that.
 - Second question is on UBS. Now you spoke about ET money and the HNI segment breaking even, but I would presume that incremental flows coming in from UBS can be a big operating leverage because I don't think there could be a large element of costs associated with UBS mandates.
 - And lastly, in a previous call, you had mentioned about the RM addition target of taking the RM count to about 400 in the medium term. So, would that mean that your cost to income kind of stays elevated? You kind of guided for it to improve by 100 - 150 basis points on the point where we are today, but structurally, how should we think about the cost to income that it stabilizes at the levels that we see in the current year, or do we see further improvement going ahead? Yeah, those would be my question, thanks.
- **Mr. Karan Bhagat - MD and CEO, 360 ONE WAM:**
- Thank you.
- So, I'll quickly start with the question of the retention. So, I think broadly, retentions are kind of down approximately from 78 to approximately 73 - 74 basis points. I think largely out of the four basis points, half of that is broadly attributed to carry. So, close to out of 4 basis points, 2 - 2.5 basis points is really a function of carry recognition, largely on the asset management side and partially on the wealth management side. The remaining 2 basis points is largely a function of the mix of business. So, I think on the wealth management side, I think the advisory business has a slightly lower retention than the distribution business. And also, the TBR typically speaking, for no specific reason, but typically slightly lower in Q1-Q2 as compared to Q3-Q4. So those are two

things kind of impacting the retention a bit. On the ARR side, purely on the wealth side, it's just 1 or 2 basis points is largely a function of the mix. And similarly on the asset management side, it's really nothing much outside of the mix of the business. So, I can't, for any specific business line itself, we've not seen any reduction in margins. I think advisory continues to be broadly in that ballpark of 30 odd basis points, 30 - 35 basis points on an average, 25 - 27 basis points for large mandates and 30 - 35 basis points on an average. Discretionary continues to be in the region of 40 - 45 basis points and distribution largely in the region of 65 - 70 basis points. So, it's really largely a function of mix. So about 1 - 1.25 basis points. The only place where we see a little bit of retention pressure, which will kind of keep playing out is on the pure listed side of the asset management business. I think that business kind of will continuously see a little bit of margin pressure. For us, obviously it contributes around about 8 - 9% of our revenue. So, that's the only place where I feel there'll be a headline decline in retentions, but otherwise it'll broadly continue more accurately between 70 - 75 basis points on the ARR AUM. I think there might be quarters where it goes towards the 70 - 71, but there will be certain quarters where it's towards the 74 - 75, but it will be between that 70 - 75 basis points.

- I think on the UBS side, obviously, I think we started the process of onboarding our funds mutually and referring clients from January to March of the current year. I think we made super progress, would be fairly certain to say that in the coming quarter, we should have some funds launched both ways. UBS potentially launching some of our funds and we are launching some of UBS's funds in India and simultaneously also referring clients to each other. I think we've got a certain AUM number, a fairly conservative number, but in the region of \$500 - 600 million, hopefully to get kind of exchanged between both the organizations over a period of time. And that's really what we're going to use as a measure of collaboration. And I think that's really the first step rather than trying to look at cost to income and trying to see profitability numbers out of it. But I think both the organizations can add value from the collaboration and ensure that we are able to kind of add value to our platforms, that's really where our step is. We're fairly confident over the next three months, we'll start seeing some money actually changing. And similarly, by the end of maybe a year from the time we started, which is January to March, we'll definitely be close to some of the internal targets we've kind of set out for ourselves.
- On the RM count, we currently obviously wanted to add about, as you rightly said, move towards a 350 - 400 RM target number. I think we broadly got a target number of 9 - 10,000 families as compared to the 4,100 families we have today over a three-year time period. Now, all things being equal, 10,000 families would need around about 300 - 350 RMs to manage. Today, potentially that means we add around about 30 - 40 RMs a year over the next three odd years. Obviously some internal junior RMs will also keep escalating and kind of move up to become senior RMs. So, 350 - 400 senior RMs over a period of time would need about 30 - 40 RMs to get added. That's one part of our business on the wealth management and UHNI wealth management side, where typically relationship managers are able to kind of work within the system extremely well and potentially break even in our system substantially faster than most other platforms. So, in our core cost to income, if I look at our stable UHNI cost to income typically tends to be in the region of 45 odd percent. We always have to assume 100 - 200 basis points for expansion and for

new people to come in and productivity to kind of get settled in. So, there we are fairly convinced about being at the 44 - 45 and 46 - 47 mark long term, depending on how recruitments pretty much happen. That amount of operating leverage is built in because every year there are a cycle of people who joined last year who are becoming productive this year. So, in some senses, it's a perpetual hiring curve. So, I think on the UHNI side, really, I think the cost to income remains in that 46 - 47 zip code, including some of the hiring we have to do. The bridge between the 50 - 51 to the 47 number is really not coming out of the, or not getting subtracted out of the hiring on the UHNI side.

– **Mr. Prayesh Jain - Participant:**

- Just one follow-up, Karan, on the UBS thing, if you can delve some bit on the unit economics of the business that you would have in mind, if you kind of reach the \$500 - 600 million asset transfer between the two entities, what kind of revenue potential, or does it operate at a similar cost structure of what we have today?

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

- I wouldn't, honestly, want to kind of just go absolutely deep down from a unit economics perspective, but I think at a very headline level, it's fair to say that it's mutually very accretive for both firms at whatever retention they're able to do business. Because honestly, from an India perspective, we have a very strong platform already built out. And I think UBS from our collaboration perspective already has a large, large, large platform built out. So obviously, doesn't disproportionately add to our costs, but obviously I think from a retention perspective and a pricing perspective, the market will discover it. And I definitely see it being fairly accretive to the P&L, but exact terms of retentions and unit economics, I would want to kind of wait and see how it kind of plays out over the next six months.

– **Mr. Prayesh Jain - Participant:**

- Thank you and all the best.

– **Mr. Anil Mascarenhas - Senior Executive VP, Communications, 360 ONE WAM:**

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

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

- Yeah, hi Karan, congrats on the numbers.
- Karan, just one question. I wanted to understand the yield that your net new inflows typically have.

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

- Again, Aejas, it just depends on the kind of net flows. Obviously, if it's pure advisory, then obviously it'll be in the region of 30 - 35 basis points. If it's discretionary, it will be 45 - 50. If it's pure distribution, it would be 60 - 70 basis points.

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

- Okay, and since you're dealing with very large clients here, is there any element that probably it's a little more subsidized upfront and then it sort of builds out or there's nothing of that as...

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

- I think relationships are definitely built out. I think, needless to say, like in most businesses, I think at a starting point, we are always facing a little bit of competitive pressure, but that competitive pressure eases out as the relationship kind of goes deeper. And obviously our own ability to offer the entire platform to the client becomes larger and larger. So, obviously I think clients end up doing a lot of work with us on the overseas platform, on the lending platform, sometimes on the banking side. So, obviously I think the ability to kind of go deeper, both vertically and horizontally with the client becomes larger and larger. And sometimes if there are large mandates, obviously we have to kind of be slightly flexible on the fee. But I think we've done a fairly decent job and, I think at scale to build an advisory practice with this retention has not been that easy. Because, obviously building out a product model is relatively sometimes easier but scaling that is tougher. But on the advisory side, the flip is obviously I think it's tougher to build out the service model and even tougher to charge fees. So, I think you have to kind of combine both of that. And obviously it has a lot of benefits because it has the ability to scale up faster.

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

- Got it. Thanks, and all the best.

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

- Thank you.

- **Mr. Anil Mascarenhas - Senior Executive VP, Communications, 360 ONE WAM:**

- Thank you. May I remind you, in case you have any question, kindly click on the raise hand icon. Next in line, we have the Dipanjan Ghosh, kindly unmute and ask your question.

- **Mr. Dipanjan Ghosh - Participant:**

- Hey, hi, Karan. Good evening. So, a few questions from my side.
- First, you know, we are obviously seeing a very strong flow number in the 360 ONE plus segment. I mean, basically the overall wealth segment, and not for this quarter specifically, but if I look at

the past few quarters after the attrition-related issues kind of got sorted. Now, I think at the start of the call, you mentioned that a lot of it had to actually do with the new teams that have been onboarded. So, I just wanted to get some sense of, you know, incrementally, what is the contribution of flows coming in from these large teams which have onboarded and because you have aspirations of scaling up the RM franchisee and the client franchisee to that 9,000, 10,000 levels. I mean, do you expect the contribution from new clients or new wallets to actually be a relatively higher portion of your flows in the wealth segment compared to, let's say, what you used to see on a run rate basis? So that's the first question. The second is on the core transactional revenues, which is "x" of B&K. I think on that part of the business, I mean, despite being a relatively weak and volatile quarter, you're still kind of clocking around that Rs 140, 150 crores, which historically used to be towards the upper end of your guidance of Rs 100, 150 crores per quarter. That's on the core part. Now, in terms of the pipeline on the TBR side, do you see any large transactions? Like last quarter, you mentioned there was some high yielding debt related transactions. I mean, do you see any large transactions in the pipeline over the next, let's say, 3 to 9 months, be it on the real asset side or on the private credit or something out there? And two data keeping questions. I think a query on the cost part, is there around a Rs 12 - 13 crore of exceptional cost that is sitting out in this quarter? Because if I look at your wealth, overall expense, it's around Rs 354 crores. But in the presentation, you have mentioned that you're operating PBT, excluding some exceptional cost items. I mean, in that case, the cost is like Rs 342 crores. But this difference of Rs 12, 13 crores, is it some like initial payouts to acquire some teams or build up the IB business? Yeah, those are my questions. I have a small question, which I can ask at the end.

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

- Yeah. I'll start off with the colour of flows. I think that's a great question. And to be honest, I think what gives us the highest amount of encouragement is that we're seeing the colour of flows really do well at the absolute base level, unit level, which is number of clients. I think, honestly, for us, that's the asset test. And I think what gives me the most amount of excitement is if I just go back, maybe 36 months back, a number of clients with more than Rs 10 crores with us would be a number somewhere in the 1,800-1,900-2,000 kind of number. And that number, obviously, today is just above that 4,000 kind of number. So that's the biggest opportunity. And I think eventually, that's what really adds the AUM because if this 4,000 becomes 8-10,000, because most of these clients at Rs 10-20 crores would be maybe 15-20% wallet share with us. And obviously, what happens is the ability for us to, as a full-fledged wealth platform, the ability to really seep in and kind of increase our wallet share is the highest. So, the ability to really kind of canvas these clients from 4,000 - 5,000 to 6,000 - 8,000 is going to be one defining big number for us from a wallet share perspective. If I was to specifically look at last 3, 4 quarters, I think it's kind of the same. I would say number of clients, a slightly higher wallet shares or slightly higher market share at the point of the client having a liquidity event, and our own ability, together with the help of all our RMs, the advisory team and as well as the product team, to be able to kind of increase our wallet share with the client as time goes by.

- And I think the third one is really, really important because most of the clients we end up dealing with eventually end up with two or two and a half advisors. I like to call it two and a half because there are two advisors the client is dealing with on a day-to-day basis. And another half advisor is always kind of lurking around. Initially, most clients start with four, four to sometimes even five advisors. And our ability to really be part of that two, as opposed to kind of starting as one out of the four or five is what has been very, very distinguishing. So, I would say it's going to be a combination of both. At the base level, we have to have the right number of families. And as we scale up, I think we have to ensure that we have the right quantum of wallet share.
- The transaction question is also great. I think, to be honest, we've been trying to improve that over a large period of time. We've come off from a place of having a lot of kind of lumpy transactions, sometimes on the fixed income side, sometimes on the private equity side. With the co-investment regulations in place and our ability to raise money in the AI-PMS and in the vehicle for co-investment, for standalone transactions, it really kind of gives us a better vehicle to be able to collect long-term money even for single instruments rather than going out and doing syndication in those kind of transactions. So that necessarily means a lot of those assets will get converted to ARR assets rather than coming in the form of transaction brokerage assets. Obviously, it reduces the upfront revenue, but from a business perspective, adds a lot of good colour over the next 5-10 years because it allows us to be able to potentially charge a fee as well as charge carry over a longer period of time.
- So, I think just the inherent ability to develop, to have individually large transactions on the TBR side is becoming lower and lower. And I think if I was to look back over the last four quarters, maybe we had one transaction like this in Q4 last year. But going forward, these lumpy transactions will become lower and lower. We've at the same time worked very hard, like you rightly said, to ensure that while our transaction brokerage income doesn't have lumpy transactions, yet from a number perspective doesn't change dramatically. I think we've worked hard to try and kind of get it to a consistent Rs 125-150 crores number, with the hope and ability to potentially increase it by a modest 10-15% as you go along over the next two to three years.
- In that regard, actually, I think the biggest line items to look at in that sense, obviously, will be our own ability to do 2 or 3 things. One, obviously, I think we've built the equity brokerage franchise substantially better than what we had built earlier. I think together with B&K, together with our UHNI brokerage practice, today, it's safe to say, give or take some number between Rs 23 - 25 crores a month, effectively Rs 75 crores a quarter of equity brokerage on the listed side is something which we can definitely look at. Obviously, this number can go down plus minus 10%, depending on the markets. But it has no lumpy nature where that Rs 300 - 325 crore becomes zero. It can go down plus minus 5-10% or it can go up plus 10%. But it definitely doesn't have that kind of lumpy nature. With the integration of the B&K research into our high net worth fold, we are fairly confident of being able to make this one of the highest growing kind of segment line items within the transaction and within the TBR business. I think just given the size of our business, that Rs 325 crores, this broadly represents less than 7 - 8% of our revenues. And for

any wealth business across the world, there are always clients who like to buy stocks directly, I would like to believe this should be around about 10 - 15% of our revenues as we go along. Overall, TBR will continue to still be below the 25% number, but this should definitely see an increase from 8 - 10% to 12 - 15%. Then obviously, we've got brokerage on fixed income, brokerage on unlisted equity, a little bit of brokerage on real estate, insurance, and finally, we'll have a little bit of income on the merchant banking side.

- I think all these four things put together should end up somewhere in that ballpark number of Rs 125-150-160 crores a quarter. And hopefully, we can kind of keep pushing that up by organically by 15 - 20% a year. And in that sense, as the overall ARR AUM grows at a slightly higher clip than the TBR revenue, the TBR revenue stays in that zip code of 15-20-25%, or maybe 20% of overall revenues, without actually increasing dramatically in absolute terms, but definitely increasing in terms of quality.
- The last point on exceptional cost, I think that Rs 12-13 crores is exceptional cost is just related to ESOPs relative to the acquisition. So that's the reason it's kind of put out there. So that's really in some senses, not necessarily, you know, kind of on a constant basis, but it's related to the B&K acquisition. That's about it.
- **Mr. Dipanjan Ghosh - Participant:**
 - Got it. And Karan just one small question. I mean, historically, you mentioned that the carry will stabilize around the 4 to 6 basis points of recurring yields on a more structural basis. But even if you look at for this quarter, it seems a little bit higher off towards the higher end, or maybe a little bit higher than the higher end of the guidance. So, in terms of visibility over the at least for the FY27 or FY28, how do you see that shaping up?
- **Mr. Karan Bhagat - MD and CEO, 360 ONE WAM:**
 - I think it's still around 4 basis points is the right number to look at. So, I think just if I look at the entire alternates AUM, we are approximately at Rs 58 - 59,000 crores or just let's round it off to Rs 60,000 crores, for lack of a better word. I mean, Rs 60,000 crores into around about 4 basis points, Rs 240 odd crores for the year are broadly what I would look at. Sanjay, are the numbers, right?
- **Mr. Sanjay Wadhwa - CFO, 360 ONE WAM:**
 - Yeah, yeah correct. It's about 4 basis points in this quarter.
- **Mr. Karan Bhagat - MD and CEO, 360 ONE WAM:**
 - 3 to 5 basis points is really what you can look at.
- **Mr. Dipanjan Ghosh - Participant:**
 - Of the AIF alternates.

- **Mr. Karan Bhagat - MD and CEO, 360 ONE WAM:**
- Only AIF. Yes, yes. Absolutely.
- **Mr. Dipanjan Ghosh - Participant:**
- Okay. Thank you, Karan and the team and all the best.
- **Mr. Karan Bhagat - MD and CEO, 360 ONE WAM:**
- Thank you.
- **Mr. Anil Mascarenhas - Senior Executive VP, Communications, 360 ONE WAM:**
- Thank you. In case you have any questions, I request you kindly click on the raise hand icon. Next in line, we have Siddharth. Siddharth, kindly unmute and ask your question.
- **Mr. Siddharth - Participant:**
- Hi, team. Thanks for the opportunity and congrats on a good quarter. Just wanted to understand three things. One, could you give some colour on the trajectory that you're seeing on HNI and how much of the distribution AUM growth is coming from HNI flows? You also mentioned about ECM mandates sort of becoming meaningful. If you could give some colour around how that is shaping up and how that team build up is coming in and how much of that TBR revenue is coming from ECM and how should we think of that going forward? And the third one was on the synergies alluded to from the B&K acquisition. If you could give some quantification and some colour on the nature of those synergies. Yeah, those were my three questions.
- **Mr. Karan Bhagat - MD and CEO, 360 ONE WAM:**
- Thank you. No, so the HNI side, as I said earlier, I think that's a portion which from a new initiative's perspective seems to stabilize the most. I think good early shoots in terms of both the stability of the platform as well as the stability of the team. I think just looking at the team itself out of the 60 relationship managers, we've been able to grow distribution assets from a measly number of Rs 500 - 600 crores all the way to Rs 4,000 crores last year. And the Rs 4,000 crores have now grown to down about Rs 5,100 - 5,200 crores. Needless to say, like we've discussed earlier, the revenue recognition of all of these assets starts with a 12-month lag. So, for the last quarter, finally, we've started kind of accruing the revenue for the assets we had kind of moved in the same quarter last year. So, about Rs 7 to 8 crores of trail revenue has started. We are also now fairly confident of the platform and system where we have around about 4,000, I would say, not ideal clients who can be substantially serviced better, who in our system are between the 1 to 10 crore number. And today, potentially, they contribute around about Rs 17,000, 18,000 crores of AUM, but a relatively small revenue number of Rs 10 to 15 crores a quarter. Those accounts can definitely be serviced substantially better. So very soon over the course of the next three-odd

months, we'll kind of migrate those set of clients to the HNI team. It doesn't require a very large employee migration, less than 10 to 12 people from the UHNI side to the high net worth side. So, I honestly see the high net worth side business really kind of taking full shape towards this financial year. And it will kind of, in some senses, really serve the purpose of us kind of getting in and redressing the right set of clients between the 10 - 50 crore client segments extremely quickly.

- On the ECM side, it's still in early days. As I said earlier, we've kind of got a good set of 6 people, 4 people on the coverage side and a couple of more strategic important people both on the process compliance side who joined us. Some of them are serving notice period. Some of them have already joined us. I think we will definitely start pitching for ECM mandates in a very, very active way. You're starting somewhere in October or December or potentially from January next year. Having said that, obviously, we have the distribution strength as well as promoter connects in a lot of mandates. So, you'll already see us in a lot of mandates. But those are really, in some senses, connects and relationships and our distribution capability, which is already there in some of those relationships. I think it's fair to say somewhere between October or December, we will be a full-strength team on the ECM side. And potentially from January next year, hopefully, we can have a certain target number in mind to attach to that kind of business. Currently, obviously, as I said earlier, it's a very, very small business. I think revenue from that business for the last quarter would be less than Rs8 odd crores. So, in that sense, it's not really kind of meaningfully contributing to the transaction and brokerage side. But over a period of 2 - 3 years, if the transaction brokerage revenue number was to be somewhere between the Rs 750 - 1,000 crores, I would expect 15 odd percent, 15% to 20% to come out of the ECM side.
- On the synergies with B&K, I think, as I discussed earlier, I think the biggest synergy in the immediate short term is on the equity brokerage side. I think both the platforms put together at the point of coming together, we're doing around about Rs 250 - 260 crores of listed equity brokerage. I think today that number is already close to give or take 310 - 320. I think that's the number I honestly see kind of increasing potentially at a healthy clip of 15 - 20% every year for the next 2 - 3 years, with our ability to kind of match our wealth management clients together with the right set of research, I think will kind of lead to its own kind of expansion. And obviously, on the wealth management side, we have a lot of promoter connects and people we manage money for and the ability to kind of connect them at the right point of time to the ECM banking team and research team on the B&K side will also be helpful from a synergy perspective.
- **Mr. Siddharth - Participant:**
- Thanks, this is very clear. Just a small follow up, assuming that the broad retention range that you alluded on the distribution side of 60-70 bps will be pretty much the case for HNI AUM also once the revenue starts kicking in. Is that a fair?
- **Mr. Karan Bhagat - MD and CEO, 360 ONE WAM:**
- HNI would be higher. So HNI obviously would be higher. I think on the UHNI side, everything has a slab wise structure. So, I think if you look at the lowest slab, everything's at around about 90-

200 basis points and goes all the way down to 60 basis points. I think even today on the ultra HNI side, our distribution would be slightly higher. It will be 71-72-73 basis points. But on the pure HNI side, I think it will be closer to 85-90 basis points.

– **Mr. Siddharth - Participant:**

– That's helpful. Thank you.

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

– Thank you.

– **Mr. Anil Mascarenhas - Senior Executive VP, Communications, 360 ONE WAM:**

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

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

– Hi Karan. So, first one is the data question. The new SARs that have been announced, is there a cost component that is built into the current quarter numbers?

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

– For the current SARs which is announced?

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

– Yeah.

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

– No, that will only start at the point of next quarter, right, once it's approved and allotted. So that is approximately 12 lakh SARs. So, 12 lakhs would be approximately 130-140 odd crores into around 40-60 odd crores. So, it will be around about Rs 60 odd crores spread over 3 years.

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

– Okay. Got it.

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

– Spread over 4 years. Yeah.

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

– And going back to your comment on cost income ratio. So, it looks like we are kind of indicating somewhere close to 49-50% sort of full year cost income ratio. Just wanted to get that number.

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

- That's the desire, yes.

- **Mr. Abhijeet Sakhare - Participant:**

- Understood. And just from a cost point of view again, Karan, like during periods when we have fairly elevated transactional revenues or carry revenues, when we kind of use some of these revenues to build out and like spend towards the teams, is it more of a variable nature or do they actually sit as more permanent type of costs? Because while the environment is favourable for the last few years but...

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

- It's a great question. It's a constant debate which I have with the team. I can give you 3 kinds of answers, but I will give you one. Honestly, I think the industry, both on the wealth management side and asset management side is quite competitive. And I think what kind of really makes it kind of take its own time and moves it to the 24 - 30 months cycle as opposed to a 12 - 18 months' cycle is the GBs and JB's. So typically, anybody kind of coming into the system or exiting from the system has some bonuses, which he is leaving behind and potentially has built a book in the current organization, which is potentially worth something. And as he's changing the organization, he's going to take some time to build that book. So, I think that kind of adds a bit to the cost income. But otherwise, I think it's fairly well measured. And I think it's a good equilibrium, honestly, between all stakeholders. So, I think from an industry perspective, we've not really seen a dramatic change over the last 2 - 3 years. But obviously, I think once you're hiring people a little bit, the equilibrium changes because of the time period taken to kind of reach that book back again.

- **Mr. Abhijeet Sakhare - Participant:**

- Right. So that last question is just this goal to double the UHNI client base. Is there a, I mean, in terms of where most of that incremental flows will sit in the wealth book, should we assume, that advisory would be the place where most of that gets added to or it could get spread across?

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

- A little bit of the starting point of clients, I would say today to get a client starting with more than Rs 250 crores not on the advisory side is less than 3 out of 10 or less than 2 out of 10. I think it's fair to say 70% or 80% of the clients above Rs 250 crores would be on the advisory side. I would say if it's Rs 50 - 250 or 100 - 250 crore, it will become a 50-50 kind of number. And if the number is somewhere between starting off with a Rs 10 - 50 crore cheque, it might be still might be a little bit more skewed towards the distribution side.

- **Mr. Abhijeet Sakhare - Participant:**

- Okay, so assuming that we would have captured the top of the pyramid, so incrementally, the mix in terms of advisory to distribution, should we assume it, it's more distribution led or it's more advisory?
- **Mr. Karan Bhagat - MD and CEO, 360 ONE WAM:**
- No, more advisory, more advisory led on the Ultra HNI side. So, it's I think, safe to say it would be 60-40. But the only caveat I have is the ability to use the full platform with advisory clients is substantially higher. Okay, so for a distribution client to set up a trust with you to do his, to do Gift City investments, to borrow from you, to do equity brokerage from you, the cross selling and the cross pollination of the platform for an advisory client would be 3x of that of a distribution client. So, while the headline retention looks lower on the advisory side, I think we did this exercise once, I haven't done it for a couple of, maybe 2 - 3 quarters. But actually, the overall retention between our advisory client and distribution client is not dramatically different. Because he ends up using, he's much more engaged with the platform. So, his ability to do multiple things with the platform is substantially higher than that of a distribution client.
- **Mr. Abhijeet Sakhare - Participant:**
- Got it. That is super helpful. Thank you so much.
- **Mr. Anil Mascarenhas - Senior Executive VP, Communications, 360 ONE WAM:**
- Thank you. Next in line, we have Prakhar Sharma. Prakhar, kindly unmute and ask your question.
- **Mr. Prakhar Sharma - Participant:**
- Thank you. And Karan, congratulations to you and the team on the good set of numbers. First thing I just wanted to ask with you, now that you have this partnership with UBS, quite well set, is there an opportunity for 360 ONE to market the FCNR(B) related products on these lines, especially when you have some of the smaller banks offering very attractive IRRs, but don't have relationships on the leveraging side? Is that a product that 360 ONE can do?
- **Mr. Karan Bhagat - MD and CEO, 360 ONE WAM:**
- So, you know, obviously, I don't want to comment on individual products which UBS is doing. But overall, I don't think UBS has still launched FCNR programme, at least in my knowledge. From a 360 ONE perspective, obviously, you know, we are absolutely open architecture, and we are helping our clients on the advisory side. So, in some senses, we've kind of worked with at least 8 or 10 prime lenders, as well as 8 or 10 bankers to ensure our clients are able to access the FCNR(B) platform on the right side. And we continuously work with clients, and I think we will end up building out and doing a large number of trades for FCNR(B), not necessarily with us as a bank or us as a lender, but us acting as an advisor on an open architecture basis.
- **Mr. Prakhar Sharma - Participant:**

- Alright. And the other one is a slightly tricky question, but I'll still take a shot at it. Karan, over the last couple of months, there have been a lot of murmurs about, you know, when Bain as an investor steps back, you as the CEO might also take a backseat. You have been very active with all the acquisitions integrations that you're running. But if you won't mind sharing what, how you think yourself at, from a 3 to 5-year perspective, running 360 ONE, a lot of us would love to hear your thoughts around it. Thank you.

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

No, I'll surely take a crack at it. And I should start off by telling you it's not a very tricky question. I've answered it at least 125 times. So, it's not that tricky. I actually answered it first in 2008, 3 months after starting the company. So, I've been answering it for 18 years. So now very quickly, I think, obviously, my longevity or my desire to continue as CEO of the firm has nothing and nothing at all to do with me being an equity shareholder. Both of those things are not linked in any way, manner and form. I think so that's the first thing. Number two, obviously, your own ability to continue as CEO of the business is a function of 2 or 3 things. Obviously, it's my own desire to be enough, to do what I'm doing what I like and what I'm passionate about, which is safe to say for the last 25 years pretty much this is what I'm doing. So, I will continue to be equally excited about this. And second, obviously, you know, age and health have to support and fortunately, I'm all of 49. And hopefully have a long, long, long time to go. And third, you know, I think, you know, as long as all other things continue to be equal, I think, today, it is fair to say, mentally, and emotionally, we are all 85 - 90 - 95 - 100% invested in the business and financially more than 90% invested in the business. So, I think that's really where it is. And rest, you know, as things go by, so there's no real definition of 3 years, 5 years, 7 years, 10 years, I think, whatever it is, is what we take. And typically, I like to look at things on a continuous basis. And today, if you ask me, there's nothing really at all, which is really even making me think differently from what I'm doing today.

- **Mr. Prakhar Sharma - Participant:**

- Perfect. And thank you for sharing the details. Best of luck.

- **Mr. Anil Mascarenhas - Senior Executive VP, Communications, 360 ONE WAM:**

- Thank you. Thank you. Thank you, Karan, for taking all these questions. And this brings us to the end of the Earnings Call. Thank you, ladies and gentlemen, for joining us. Have a pleasant evening.

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

- Thank you.