

**BUY**

TP: Rs 615 | ▲ 16%

**360 ONE**

| Diversified Financials

| 03 November 2023

**Yields weak but outlook robust; maintain BUY**

- ARR AUM and revenue grew 31% and 10% YoY respectively, but ARR yield (calc.) slipped 13bps YoY to 63bps
- Business outlook strong with a clear roadmap to expand to domestic HNIs and NRIs in FY25
- TP raised to Rs 615 (vs. Rs 611) on a slight increase in PAT estimates; maintain BUY

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**Q2 PAT in line:** 360 One's Q2FY24 PAT increased 7% YoY (+2% QoQ) to Rs 1.9bn, in line with our estimate. While recurring revenue of Rs 3.1bn (+10% YoY) was 12% short of our estimate, 41% QoQ growth in non-recurring revenue to Rs 1.2bn brought overall income in line at Rs 4.4bn (+3% YoY +2% QoQ). ARR yields (calc.) softened 13bps YoY and 9bps QoQ to 63bps. Hiring, particularly for new segments, led to a rise in C/I ratio to 48.6% with total costs of Rs 2.1bn (8% above our projections). The tax rate was only 18%, bringing net profit on par with our expectations.

**New market forays planned:** The company intends to launch a digital-first HNI platform with a client base worth Rs 50mn-250mn in Apr'24 and to raise the number of cities it can service from 20 to 50 over the next five years. It has also hired senior personnel for the global Indian and NRI segments in key developed markets. Management expects these segments to collectively add 20-30% to incremental business over the next 3-4 years.

**Strong AUM growth despite muted flows:** Recurring AUM grew 31% YoY (+6% QoQ) to Rs 2tn while 360 One Plus surged 71% YoY to Rs 627bn at end-Q2. However, net inflow of Rs 57bn at end-Q2 was low vs. Rs 130bn in Q1 and there was an outflow of Rs 21bn in the AMC business. Management expects net AMC inflows over H2FY24 to be invigorated by fresh private equity fund raises. Based on the Q2 print, we increase our FY24/FY25 recurring AUM estimates by 3% each while lowering our FY24 PAT forecast by 2.5% with a slight increase for FY25 to bake in higher expansion costs but a lower tax rate.

**Maintain BUY:** Current valuations of 21.5x FY25E EPS look low. We continue to value the stock at an unchanged 25x FY25E P/E multiple – a 10% premium to the long-term average. This coupled with estimate revision translates to a revised TP of Rs 615 (vs. Rs 611) that offers 16% upside – we maintain BUY considering continued traction in the ARR model where recurring AUM has hit the Rs 2tn mark and a well-defined expansion strategy.

**Key changes**

Target	Rating
▲	◀ ▶

Ticker/Price	360ONE IN/Rs 531
Market cap	US\$ 2.3bn
Free float	78%
3M ADV	US\$ 3.6mn
52wk high/low	Rs 570/Rs 395
Promoter/FPI/DII	22%/23%/2%

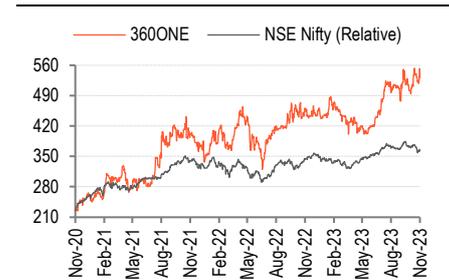
Source: NSE | Price as of 3 Nov 2023

**Key financials**

Y/E 31 Mar (Rs mn)	FY23A	FY24E	FY25E
PBT (Rs mn)	8,503	9,468	11,356
PBT growth (%)	13.2	11.3	19.9
Adj. net profit (Rs mn)	6,679	7,574	8,971
EPS (Rs)	18.1	20.8	24.6
Consensus EPS (Rs)	18.1	21.5	25.8
P/E (x)	29.3	25.6	21.6
MCap/AUM (%)	0.0	0.0	0.0
ROE (%)	21.8	23.8	27.2

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

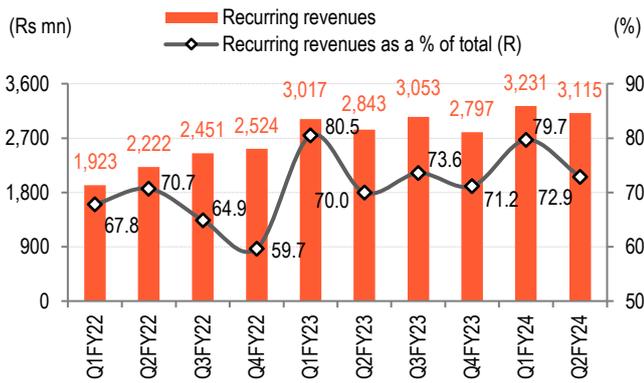
**Stock performance**



Source: NSE

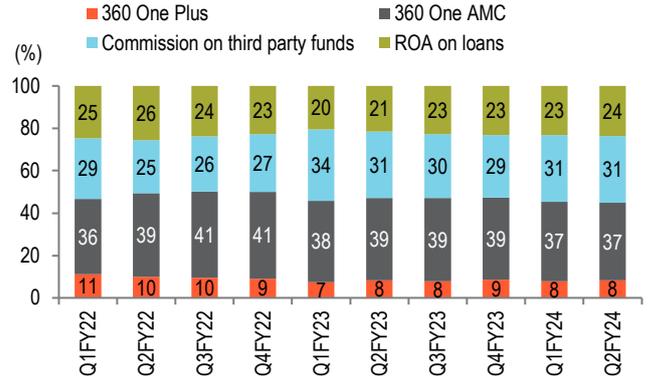


**Fig 1 – Recurring revenue continues to gain traction...**



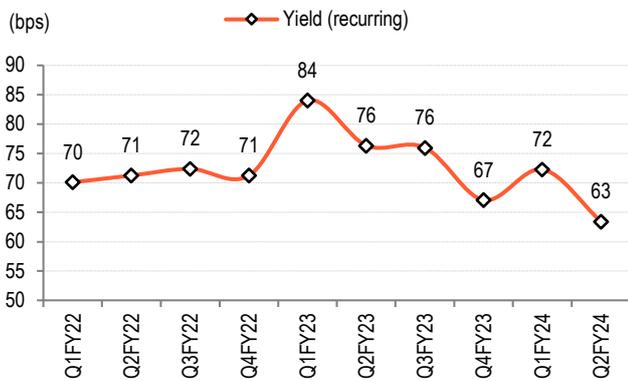
Source: Company, BOBCAPS Research

**Fig 2 – ...with a focus on 360 One Plus and AMC segments**



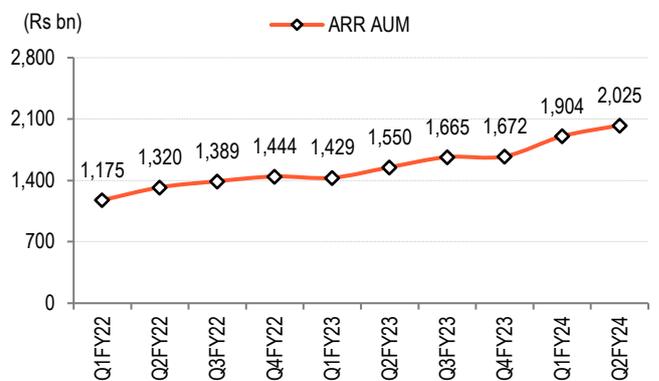
Source: Company, BOBCAPS Research

**Fig 3 – ARR yield declined in Q2**



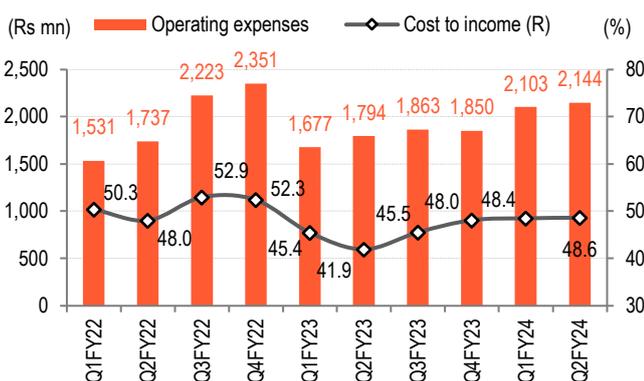
Source: Company, BOBCAPS Research Note: The above yields are calculated

**Fig 4 – Sturdy growth in ARR AUM**



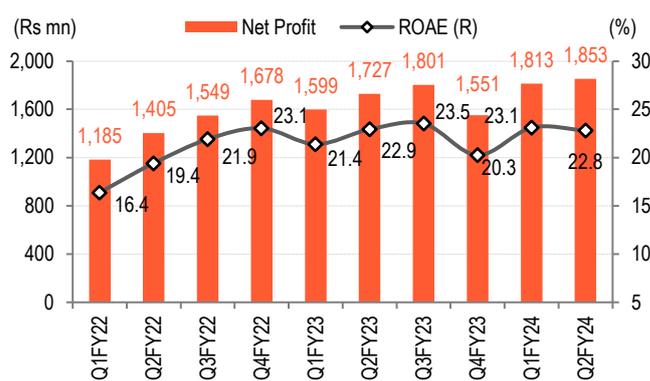
Source: Company, BOBCAPS Research

**Fig 5 – C/I ratio remains elevated this quarter too**



Source: Company, BOBCAPS Research

**Fig 6 – Net profit grew 7% YoY; ROAE at 22.8%**



Source: Company, BOBCAPS Research

**Fig 7 – AUM mix shows strong growth in recurring AUM**

(Rs mn)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)	H1FY24	H1FY23	YoY (%)
<b>Recurring AUM</b>	20,25,361	15,49,645	30.7	19,03,897	6.4	20,25,361	15,49,645	30.7
360 One Plus Assets	6,26,685	3,65,528	71.4	5,43,005	15.4	6,26,685	3,65,528	71.4
Funds managed by 360 One AMC	6,42,930	5,57,656	15.3	6,41,050	0.3	6,42,930	5,57,656	15.3
Trail commissions managed by third party funds	7,02,649	5,83,622	20.4	6,71,752	4.6	7,02,649	5,83,622	20.4
Loans	53,097	42,840	23.9	48,090	10.4	53,097	42,840	23.9
<b>Total AUM (incl. custody)</b>	<b>41,25,492</b>	<b>33,32,853</b>	<b>23.8</b>	<b>38,27,319</b>	<b>7.8</b>	<b>41,25,492</b>	<b>33,32,853</b>	<b>23.8</b>

Source: Company, BOBCAPS Research

**Fig 8 – ARR AUM positively impacted by MTM gains in Q2FY24**

(Rs bn)	Opening AUM Q1FY24	Net Flows	MTM	Closing AUM Q2FY24
<b>Total ARR</b>	<b>1,903.9</b>	<b>57.4</b>	<b>64.0</b>	<b>2,025.4</b>
<b>Wealth ARR</b>	<b>1,262.9</b>	<b>79.0</b>	<b>40.6</b>	<b>1,382.4</b>
360 ONE Plus	543.0	67.1	16.6	626.7
Distribution Assets Earning Trail Fees	671.8	6.9	24.0	702.6
NBFC	48.1	5.0	-	53.1
<b>AMC ARR</b>	<b>641.1</b>	<b>(21.5)</b>	<b>23.4</b>	<b>642.9</b>
Discretionary portfolio manager	209.3	(3.0)	11.6	217.9
AIF	371.3	(23.9)	8.9	356.3
MF manager	60.5	5.4	2.9	68.7

Source: Company, BOBCAPS Research

**Fig 9 – AMC net flows strategy-wise show large outflows in private equity and long-short strategy**

(Rs bn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24
<b>Particulars</b>	<b>9.6</b>	<b>0.5</b>	<b>25.7</b>	<b>18.5</b>	<b>12.4</b>	<b>(21.5)</b>
Listed Equity	3.0	(0.0)	5.3	1.0	3.3	2.2
Private Equity	(0.5)	(3.3)	5.5	5.0	(1.4)	(9.8)
Credit	3.0	7.5	6.2	6.8	4.3	2.5
Real Assets	-	(0.8)	6.9	4.6	1.8	(3.6)
Long Short	(0.2)	(0.0)	(0.8)	(0.8)	(0.7)	(13.6)
Customized Multi Asset	3.3	0.3	3.6	3.0	2.0	1.8
Liquid	1.0	(3.1)	(1.2)	(1.1)	3.0	(1.0)

Source: Company, BOBCAPS Research

**Fig 10 – Revenue breakup – Recurring revenue up 10% YoY in Q2**

(Rs mn)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)	H1FY24	H1FY23	YoY (%)
<b>Recurring Revenues</b>	<b>3,115</b>	<b>2,843</b>	<b>9.6</b>	<b>3,231</b>	<b>(3.6)</b>	<b>6,346</b>	<b>5,859</b>	<b>8.3</b>
Fees on PMS- (360 One Plus)	258	238	8.3	256	0.9	514	462	11.3
Management Fees on funds managed by 360 One AMC	1,141	1,102	3.5	1,211	(5.7)	2,352	2,262	4.0
Trail commission on third party funds	976	892	9.4	1,014	(3.8)	1,990	1,909	4.2
ROA on loans	740	610	21.2	750	(1.5)	1,490	1,227	21.5
<b>Non-recurring revenues</b>	<b>1,160</b>	<b>982</b>	<b>18.1</b>	<b>824</b>	<b>40.8</b>	<b>1,984</b>	<b>1,712</b>	<b>15.9</b>

Source: Company, BOBCAPS Research

**Fig 11 – ARR yields decreased sequentially**

Calculated yields (bps)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)	H1FY24	H1FY23	YoY (%)
<b>Recurring</b>	<b>63</b>	<b>76</b>	<b>(13bps)</b>	<b>72</b>	<b>(9bps)</b>	<b>71</b>	<b>82</b>	<b>(11bps)</b>
Fees on PMS- (360 One Plus)	18	28	(10bps)	21	(4bps)	21	27	(6bps)
Management Fees on funds managed by 360 One AMC	71	81	(10bps)	79	(8bps)	78	84	(6bps)
Trail commission on third party funds	57	64	(7bps)	63	(6bps)	62	74	(12bps)
ROA on loans	585	578	7bps	590	(5bps)	621	626	(4bps)

Source: BOBCAPS Research

**Fig 12 – Segmental snapshot**

(Rs mn)	Q1FY24	Q2FY24	H1FY24
<b>Wealth Management Summary</b>			
Revenue from Operations	2,845	3,133	5,978
Cost	1,527	1,579	3,106
Operating Profit before Taxes (OPBT)	1,318	1,555	2,872
Other Income	253	121	374
Profit before Taxes (PBT)	1,570	1,676	3,246
<b>Asset Management Summary</b>			
Revenue from Operations	1,211	1,141	2,352
Cost	576	566	1,142
Operating Profit before Taxes (OPBT)	635	576	1,210
Other Income	34	16	50
Profit before Taxes (PBT)	669	592	1,260

Source: Company, BOBCAPS Research

**Fig 13 – P&L – PAT in line with expectations**

(Rs mn)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)	H1FY24	H1FY23	YoY (%)
<b>P&amp;L</b>								
<b>Total income</b>	<b>4,412</b>	<b>4,286</b>	<b>2.9</b>	<b>4,342</b>	<b>1.6</b>	<b>8,754</b>	<b>7,977</b>	<b>9.7</b>
<b>Recurring Revenues</b>	<b>3,115</b>	<b>2,843</b>	<b>9.6</b>	<b>3,231</b>	<b>(3.6)</b>	<b>6,346</b>	<b>5,859</b>	<b>8.3</b>
Transactional / Brokerage income	1,160	1,219	(4.9)	824	40.8	1,984	1,949	1.8
Other income	137	225	(38.8)	287	(52.0)	424	169	150.7
<b>Costs</b>	<b>2,144</b>	<b>1,794</b>	<b>19.5</b>	<b>2,103</b>	<b>2.0</b>	<b>4,247</b>	<b>3,471</b>	<b>22.4</b>
Employee Costs	1,594	1,313	21.5	1,521	4.8	3,116	2,561	21.6
Admin and Other expenses	550	481	14.2	582	(5.5)	1,132	910	24.5
Profit before Taxes (PBT)	2,268	2,492	(9.0)	2,239	1.3	4,506	4,507	(0.0)
Taxes	415	765	(45.8)	426	(2.5)	841	1,180	(28.8)
<b>Profit after Tax (PAT)</b>	<b>1,853</b>	<b>1,727</b>	<b>7.3</b>	<b>1,813</b>	<b>2.2</b>	<b>3,666</b>	<b>3,327</b>	<b>10.2</b>

Source: Company, BOBCAPS Research

**Fig 14 – Balance sheet**

(Rs mn)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)
<b>Financial assets</b>	<b>1,12,572</b>	<b>85,669</b>	<b>31.4</b>	<b>1,01,342</b>	<b>11.1</b>
Cash and cash equivalents	7,600	2,622	189.9	6,422	18.3
Bank Balance	2,591	2,257	14.8	2,575	0.6
Derivative financial instruments	32	5	576.6	23	37.1
Receivables	4,167	4,182	(0.4)	3,730	11.7
Loans	48,333	40,069	20.6	45,901	5.3
Investment	44,999	32,710	37.6	38,947	15.5
Other financial assets	4,851	3,825	26.8	3,745	29.5
<b>Non- Financial assets</b>	<b>12,864</b>	<b>10,783</b>	<b>19.3</b>	<b>12,689</b>	<b>1.4</b>
Current tax assets	1,667	1,475	13.0	1,686	(1.1)
Deferred tax assets	257	12	2,057.1	234	9.9
Property plant and equipment	2,880	2,769	4.0	2,846	1.2
Capital work in progress	0	129	(100.0)	0	(100.0)
Goodwill	4,176	3,734	11.8	4,176	-
Other Intangible assets	2,114	1,431	47.8	1,982	6.7
Right-of-use Assets	347	352	(1.4)	365	(4.8)
Other non-financial assets	1,423	882	61.3	1,402	1.5
<b>Total Assets</b>	<b>1,25,436</b>	<b>96,452</b>	<b>30.0</b>	<b>1,14,031</b>	<b>10.0</b>
<b>Financial liabilities</b>	<b>91,540</b>	<b>64,172</b>	<b>42.6</b>	<b>80,305</b>	<b>14.0</b>
Derivative financial instruments	1,740	569	205.9	1,506	15.5
Payables	4,894	5,356	(8.6)	5,300	(7.6)
Debt Securities	58,438	53,490	9.3	56,574	3.3
Borrowings	19,786	1,904	939.4	14,662	35.0
Subordinated Liabilities	408	831	(50.9)	238	71.2
Finance Lease obligation	380	385	(1.4)	396	(4.0)
Other financial liabilities	5,894	1,638	259.8	1,630	261.6
<b>Non-Financial liabilities</b>	<b>1,202</b>	<b>1,900</b>	<b>(36.7)</b>	<b>1,790</b>	<b>(32.8)</b>
Current Tax liabilities	136	791	(82.8)	856	(84.1)
Provisions	146	103	41.4	122	19.6
Deferred Tax liabilities	441	681	(35.2)	489	(9.8)
Other non-financial liabilities	480	325	47.4	323	48.7
<b>Total Liabilities</b>	<b>92,742</b>	<b>66,071</b>	<b>40.4</b>	<b>82,095</b>	<b>13.0</b>
<b>Equity</b>	<b>32,694</b>	<b>30,381</b>	<b>7.6</b>	<b>31,936</b>	<b>2.4</b>
Equity share capital	358	178	101.5	357	0.3
Other equity	32,336	30,204	7.1	31,579	2.4
<b>Total Liabilities and Equity</b>	<b>1,25,436</b>	<b>96,452</b>	<b>30.0</b>	<b>1,14,031</b>	<b>10.0</b>

Source: Company, BOBCAPS Research

**Fig 15 – Ratio analysis**

(%)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)	H1FY24	H1FY23	YoY (%)
Recurring Revenues as a % of total revenue from operations	72.9	70.0	288bps	79.7	(682bps)	76.2	75.0	114bps
Non-Recurring Revenues as a % of total revenue from operations	27.1	30.0	(288bps)	20.3	682bps	23.8	25.0	(114bps)
Other income as a % of total revenue	3.1	5.2	(213bps)	6.6	(348bps)	4.8	2.1	272bps
Cost to Income Ratio	48.6	41.9	675bps	48.4	16bps	48.5	43.5	502bps
ROAE	22.8	22.9	(13bps)	23.1	(31bps)	22.7	22.1	61bps

Source: Company, BOBCAPS Research

## Earnings call highlights

### Newer business

- After an internal pilot run, 360 One intends to launch a digital-first HNI platform with a client base worth Rs 50mn-250mn in Apr'24 and has hired industry veteran Satish Krishnamurthy to head the business.
- The company plans to raise the number of addressable cities for its services from 20 to 50 in the next five years.
- Management expects the global Indian and NRI segments (especially in Singapore, Dubai and London), where the company is building its presence, to expand in relation to both wealth and asset management products.
- The HNI and global businesses are guided to add 20-30% to incremental AUM over the next 3-4 years.

### Yields

- ARR yields (calc.) have declined 13bps YoY and 9bps QoQ to 63bps in Q2FY24.
  - Yields (calc.) for 360 One Plus slipped 4bps sequentially to 18bps. Of its Rs 620bn AUM, a sum of Rs 320bn earns 28-30bps which the company indicated has scope to grow to 30-35bps. Of the remaining Rs 300bn, Rs 100bn is corporate treasuries and earns ~5bps (unlikely to change) and another Rs 100bn has flowed in over the last 2-3 quarters, of which 65-70% would move into a fee mandate attracting 30-35bps with a lag effect of 2-3 quarters.
  - The yields (calc.) on distributing third-party managed funds declined 6-7bps on both QoQ and YoY basis to 57bps.

### 360 One Plus

- 360 One Plus had an impressive quarter with AUM growth of 71% YoY and net flows of Rs 67bn, underpinned by steady traction in the non-discretionary PMS (NDPMS) segment. In Q1, the NDPMS division was split into the NDPMS and registered investment advisor (RIA) segments.
- Discretionary PMS has been under some pressure owing to a couple of large redemptions but is guided to inch up from FY25.
- The company expects the non-discretionary advisory business to earn yields of 30- 35bps as compared to 50-55bps for discretionary business.

### Net flows

- ARR net flows stood at Rs 57bn for Q2FY24 and Rs 187bn for H1FY24.
- Of the Rs 57bn in Q2 net inflows, Rs 79bn came from the wealth division whereas alternative business saw net outflows of Rs 21.5bn. In the wealth division, 360 One Plus flows held strong at Rs 67bn, with distribution assets seeing net inflows of Rs 6.8bn whereas the loan book comprised the remaining Rs 5bn.

- Management retained guidance of Rs 400bn in annual recurring net flows for FY24.

### Cost to Income

- Management conceded that the cost-to-income (C/I) ratio would likely be ~300bps higher than the official guidance of 45% for FY24 owing to senior hires.
- In the newer HNI space (mid-market), 360 One has hired a team of 35-40 staff to prepare for the Apr'24 launch. The global side has 6-7 personnel being added with the launch targeted between April and September of next year. The company has also hired 10-15 senior bankers for the existing wealth business.

### AMC business

- Net outflows in the AMC business look amplified during Q2 because:
  - the company has discontinued its long-short strategy, which it expects will result in a one-time outflow of Rs 16bn-17bn, and
  - its private equity fund, which has seen a consecutive quarter of outflows, has started raising new funds from Q3 onwards which will culminate in Q4 and thus attract higher inflows in the last quarter.

### Other updates

- Management retained guidance of Rs 8bn in net profit for FY24 but expects an incremental Rs 300mn-400mn in costs.
- Other income for Q2 had an extra Rs 100mn-150mn of NSE syndication income but was otherwise business as usual. Management is comfortable with Rs 3.5bn-4.5bn of non-recurring revenue every year.
- Carry income is included in recurring revenues during Q2 and clocked in at Rs 150mn as compared to Rs 400mn in Q1FY24. Total H1FY24 carry income was Rs 550mn as compared to Rs 780mn in H1FY23.
- Per management, other income should be counted on Rs 6bn of the net investment book (excluding investment in G-secs, liquid net worth and working capital), with interest cost netted off as well.
- 360 One has 3-4 tentative institutional mandates, of which one was partially converted this quarter. The company expects at least a couple of these mandates to be converted to concrete business by Mar'24.
- At this juncture, 360 One does not intend to hire external relationship managers to expand its international businesses.
- Angel stage investment firm, Mumbai Angels, that the company acquired a few quarters ago should have its app ready shortly, which will foster growth.
- 360 One announced the third interim dividend of Rs 4/sh for FY24 (Rs 12 as on FY24 YTD). Dividend payout is proposed to continue at 70-80% of PAT.

## Valuation methodology

360 One retains its niche positioning in the wealth management business, enjoys a track record of innovative products and has a strong team leader-driven model that boasts of low attrition at both the client and senior banker level. To spur the next leg of growth, management has decided to venture into newer domestic geographies and target the HNI category, besides eyeing global markets backed by senior hires.

In our view, the company's target of Rs 400bn in net flows for FY24 looks plausible considering H1 flows of ~Rs 190bn. We raise our AUM estimates by 3% each for FY24 and FY25 but pare our recurring revenue assumptions by 1% each to incorporate softer yields in the ARR business. Building in a higher C/I ratio amid expansion into new geographies along with lower tax outgo, our PAT forecast reduces by 3% for FY24 but moves up marginally for FY25.

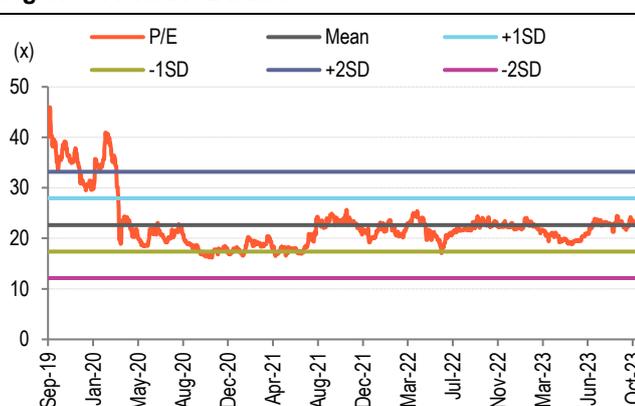
The stock is trading at 21.5x FY25E EPS and we value the company at an unchanged 25x FY25E EPS, a 10% premium to the long-term average. This coupled with estimate revision translates to a revised TP of Rs 615 (vs. Rs 611) that offers 16% upside – maintain BUY. Our premium multiple stems from continued traction in the company's ARR model where AUM has hit the Rs 2tn mark in Q2, strong net flows, better growth visibility as operations expand, and positive market sentiment.

**Fig 16 – Revised estimates**

(Rs mn)	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Recurring AUM	22,23,544	27,15,461	21,58,799	26,39,062	3.0	2.9
Recurring revenue	13,107	16,229	13,192	16,328	(0.6)	(0.6)
Total Revenue	18,207	21,029	18,592	21,328	(2.1)	(1.4)
Cost to income (%)	48.0	46.0	45.0	45.0	300bps	100bps
PBT	9,468	11,356	10,225	11,731	(7.4)	(3.2)
Tax rate (%)	20.0	21.0	24.0	24.0	(400bps)	(300bps)
PAT	7,574	8,971	7,771	8,915	(2.5)	0.6
ROAE	23.8	27.2	24.4	27.0	(61bps)	19bps

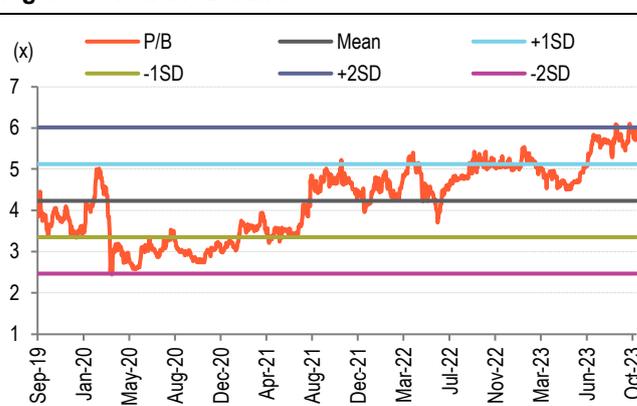
Source: BOBCAPS Research

**Fig 17 – 1Y fwd P/E band**



Source: Bloomberg, BOBCAPS Research

**Fig 18 – 1Y fwd P/B band**



Source: Bloomberg, BOBCAPS Research

## Key risks

Key downside risks to our estimates are:

- **Goodwill risk:** 360 One's business is built on the goodwill of existing clients with new clients being acquired by word of mouth. Any change in the company's reputation due to a customer's bad experience can result in loss of goodwill, thereby hampering its ability to acquire new customers or even leading to attrition among existing clients.
- **Volatile capital markets:** Volatility in capital markets persists, especially after the uncertainty due to Covid-19 and recent geopolitical tensions. This could lead to abnormal losses/profits in client portfolios. Coupled with a drop in new wealth creation, this may slow the pace of estimated growth in the wealth industry, which may result in slower AUM growth for the company. As per management, a 20% fall in the benchmark can result in an 8-12% decline in AUM.
- **Slower-than-anticipated growth in 360 One Plus assets:** The company has been a pioneer in pushing for the shift to a recurring revenue model, spearheaded by the 360 One Plus proposition, where revenue is earned in the form of fees from clients rather than commissions from mutual funds. However, the speed of client conversion to this proposition may be slower than expected. Also, pricing pressures may arise as other competitors move to similar models.
- **High dependence on senior team leaders:** 360 One is dependent on senior team leaders, bankers and relationship managers to retain and expand the client base over the long term. Any substantial senior-level attrition may lead to a corresponding increase in client attrition or may even slow AUM growth.
- **Regulatory issues:** Several regulatory changes have been introduced over the last few years, altering the dynamics of the business (for example, a change in commission earned from upfront to trail). Any further unfavourable changes can affect the income earned by the company.

## Glossary

Glossary			
<b>AIF</b>	Alternative Investment Fund	<b>MTM</b>	Mark to Market
<b>AMC</b>	Asset Management Company	<b>NDPMS</b>	Non-Discretionary PMS
<b>ARR</b>	Annual Recurring Revenue	<b>NRI</b>	Non Resident Indian
<b>AUM</b>	Assets Under Management	<b>PMS</b>	Portfolio Management Services
<b>HNI</b>	High Net Worth Individuals		

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Recurring revenue	5,830	9,120	10,496	13,107	16,229
Non-recurring revenue	3,325	4,862	5,154	4,200	4,000
Other income	1,374	1,372	37	900	800
Total income	10,529	15,354	15,687	18,207	21,029
Operating expenses	5,679	7,841	7,184	8,739	9,673
PBT	4,849	7,513	8,503	9,468	11,356
PBT growth (%)	69.3	54.9	13.2	11.3	19.9
Tax	1,156	1,696	1,824	1,894	2,385
Tax rate (%)	23.8	22.6	21.5	20.0	21.0
Reported PAT	3,693	5,818	6,679	7,574	8,971

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity capital	176	177	356	356	356
Reserves & surplus	28,102	29,798	30,908	31,977	33,323
Net worth	28,278	29,976	31,264	32,333	33,679
Total debt	51,036	58,250	67,837	76,810	86,816
Other liab. & provisions	36,365	49,145	44,084	45,170	47,656
<b>Total liabilities &amp;</b>	<b>87,401</b>	<b>1,07,395</b>	<b>1,11,921</b>	<b>1,21,980</b>	<b>1,34,472</b>
Cash & bank balance	8,383	10,222	7,256	9,091	11,259
Fixed & Other assets	79,018	97,173	1,04,665	1,12,888	1,23,213
<b>Total assets</b>	<b>87,401</b>	<b>1,07,395</b>	<b>1,11,921</b>	<b>1,21,980</b>	<b>1,34,472</b>

### Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23A	FY24E	FY25E
EPS	41.8	64.1	18.1	20.8	24.6
Dividend per share	70.0	55.0	17.3	17.6	20.9
Book value per share	319.9	332.6	85.7	88.6	92.3

### Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23A	FY24E	FY25E
P/E	12.7	8.3	29.3	25.6	21.6
P/BV	1.7	1.6	6.2	6.0	5.8
Dividend yield (%)	13.2	10.4	3.3	3.3	3.9

### DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY21A	FY22A	FY23A	FY24E	FY25E
Operating income	50.3	59.7	58.4	57.9	57.3
Operating expenses	31.2	33.5	26.8	29.2	27.4
Other income	7.5	5.9	0.1	3.0	2.3
PBT	26.6	32.1	31.7	31.7	32.2
Tax	6.4	7.2	6.8	6.3	6.8

### Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23A	FY24E	FY25E
<b>YoY growth (%)</b>					
PBT	69.3	54.9	13.2	11.3	19.9
EPS	82.9	53.5	NA	14.6	18.4
<b>Profitability &amp; Return ratios (%)</b>					
Operating to Total income	87.0	91.1	99.8	95.1	96.2
Cost to Income ratio	53.9	51.1	45.8	48.0	46.0
PBT margin	46.1	48.9	54.2	52.0	54.0
ROE	12.7	20.0	21.8	23.8	27.2
Dividend payout ratio	167.6	85.8	95.5	85.0	85.0

Source: Company, BOBCAPS Research

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**BUY** – Expected return >+15%

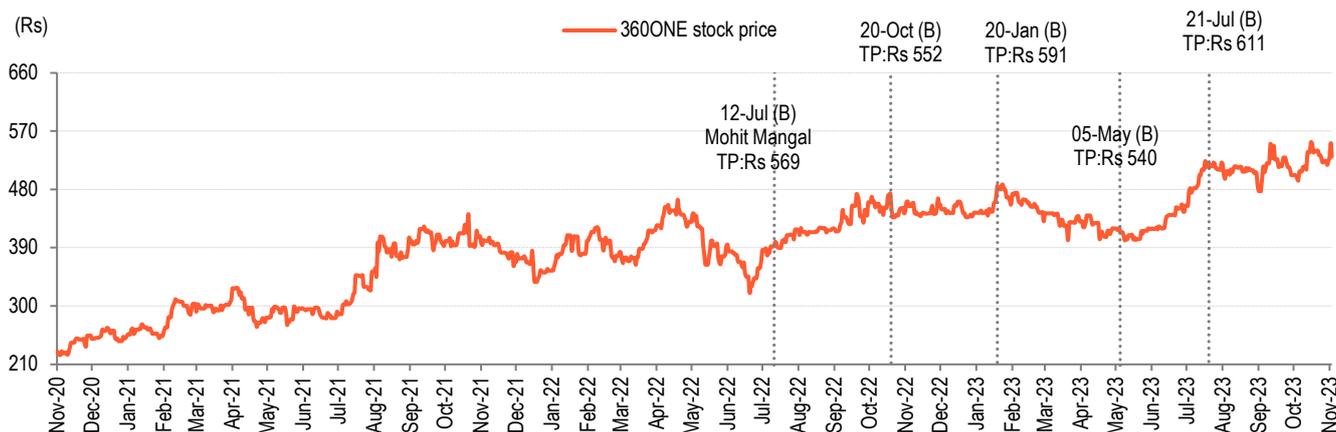
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

**Ratings and Target Price (3-year history): 360 ONE (360ONE IN)**



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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