

26 April 2024

India | Equity Research | Q4FY24 results review

360 ONE WAM

Financial Services

Multiple rerating reflects long-term compounding potential; further upgrades contingent on active ARR flow growth

360 One WAM Ltd (IIFLW) managed to meet its FY24 guidance of INR 8bn PAT aided by higher transactional revenue and strong MTM gains throughout the year despite lower-than-expected recurring AUM flows, lower retention rates and higher-than-expected cost. Near term earnings outlook is expected to be strong basis: 1) better execution in Active ARR AUM flows aided by deepening wallet share of existing client segment beyond tier-1; 2) flows from new global/HNI segments; and 3) gradual restoration of cost to income towards mid-40s. With the stock price having rallied 29% over the last month, we downgrade the stock to **ADD**, from Buy. Key risks: Adverse MTM movements; decline in retention rates and lower-than-expected flows.

Downgrade to ADD; INR 910 TP on 28x (earlier 25x) FY26E EPS of INR 32.8 (earlier INR 27)

We expect ARR AUM CAGR of 27% over FY24-26E driven by average of INR 300bn net flows in FY25E and INR 400bn net flows in FY26E, ~8% annual MTM and cumulative INR 50–100bn inflow from new business segments of global, and Indian mid (HNI) markets in coming years. Average-transaction-based revenue/carry income is factored in at INR 4.8bn/5bn for FY25E/26E. We expect cost to income to remain elevated in FY25 (~48.1%), followed by a dip in FY26 (46.1%), resulting in a PAT profile of ~INR 9.2bn/11.7bn in FY25E/26E. We raise our multiple from 25x to 28x, which yields a TP of ~INR 910. Our increase in multiple underlines the 23% potential earnings CAGR between FY24–26E, along with the structural opportunity of two key new wealth segments (global and HNI) that can exhibit higher growth run-off on AMC business.

Ansuman Deb

ansuman.deb@icicisecurities.com

+91 22 6807 7312

Shubham Prajapati

shubham.prajapati@icicisecurities.com

Sanil Desai

sanil.desai@icicisecurities.com

Market Data

Market Cap (INR)	301bn
Market Cap (USD)	3,613mn
Bloomberg Code	360ONE IN
Reuters Code	ONEW.BO
52-week Range (INR)	901 /398
Free Float (%)	35.0
ADTV-3M (mn) (USD)	5.6

Price Performance (%)	3m	6m	12m
Absolute	33.1	59.0	101.7
Relative to Sensex	27.9	43.0	78.0

Financial Summary

Y/E March (INR mn)	FY23A	FY24A	FY25E	FY26E
Net Revenue	15,650	18,455	22,410	28,030
EBITDA	8,503	10,085	11,979	15,176
EBITDA Margin (%)	54.3	54.6	53.5	54.1
Net Profit	6,679	8,018	9,212	11,670
EPS (INR)	18.8	22.3	25.9	32.8
EPS % Chg YoY	14.8	19.1	15.8	26.7
P/E (x)	44.7	37.5	32.4	25.6
EV/EBITDA (x)	2.7	2.7	2.9	2.4
RoCE (%)	46.3	32.1	29.9	32.5
RoE (%)	21.8	24.4	25.1	26.4

Previous Reports23-01-2024: [Q3FY24 results review](#)07-11-2023: [Q2FY24 results review](#)

ARR AUM flow guidance miss offset by MTM gain in FY24; management expects active ARR AUM flow to manage 10-15% annual growth

ARR AUM for 360 One grew 36% YoY in FY24 to INR 2.3trn and has grown at CAGR of 31% between FY18-24. During FY24 360 One witnessed a total INR 269bn of net inflows against guidance of INR 400bn net flows given at the start of the year. ARR AUM witnessed MTM growth of INR 338bn.

Wealth Management ARR AUM: Total Wealth Management ARR AUM stood at INR 1.56trn at the end of FY24. Wealth Management segment constitutes ~68% of total ARR AUM in FY24 vs. (65% in FY23; 61% in FY22; and 63% in FY21). Wealth Management segment received net flows of INR 265bn in FY24. Majority of net flows in the wealth management segment are in the non-discretionary segment for 360One. Wealth Management net flows constituted 98% of total net flows in FY24 (vs. 80% in FY23; 62% in FY22; and 66% in FY21).

Asset Management ARR AUM: Total Asset Management ARR AUM stood at INR 722bn at the end of FY24. Asset Management segment constitutes ~32% of total ARR AUM in FY24 (vs 35% in FY23; 39% in FY22; and 37% in FY21). Asset Management segment received net flows of INR 4bn in FY24 as during the year there was redemption of PE fund which led to net outflows. Due to these outflows Asset Management segment net flows constituted only 2% of total net flows in FY24 (vs 20% in FY23; 38% in FY22; and 34% in FY21).

Future Estimates for ARR AUM: Management in its earnings conference call for Q4FY24 gave a guidance that the company will receive ~10–15% of Active ARR AUM as Active ARR net flows. As of Q4FY24, 360One has ~INR 2trn of Active ARR AUM. The company has also guided that Active ARR net flows will be ~75% of total ARR net flows. Basis this guidance, we estimate Active ARR net flows to be 13% of Active ARR AUM and Active ARR net flows to constitute 85% of total ARR net flows going ahead. We assume MTM gains to be 8% of opening ARR AUM for FY25E/26E. Also basis historical trends, we assume net flows to be in the proportion of 80% in wealth management segment and 20% in Asset Management segment. This leads to total ARR AUM of INR 2.86trn in FY25E and INR 3.71trn in FY26E (refer Exhibit 2).

Retention rates fall in FY24, but expected to increase with decrease in inactive/passive mix

Blended retention rates on ARR AUM dipped from 0.74% in FY23 to 0.66% in FY24 vs. a guidance of 0.78% given at the start of FY24. On an overall basis, management guides for retention rates to remain in the range of 0.68%-0.72%. We estimate the blended retention rates to be 0.68% in FY25E and 0.70% in FY26E.

Wealth Management ARR Retention rates: Wealth Management segment's ARR revenue stood at INR 8.4bn in FY24 vs. INR 6.6bn in FY23. Despite increase in revenue, retention rates for the Wealth Management segment declined from 0.70% in FY23 to 0.62% in FY24. This overall fall in retention rates was mainly driven by a fall in retention rates of the non-discretionary segment in Wealth Management ARR AUM. The non-discretionary segment AUM increased from INR 167bn in Q1FY23 to INR 531bn in Q4FY24; whereas, retention rates declined from 0.3% in Q1FY23 to 0.17% in Q4FY24 (refer Exhibit 6). We estimate wealth management segments ARR retention rates to remain stable at 0.63% in FY25E and 0.64% in FY26E.

Asset Management ARR Retention rates: Asset Management segment's ARR revenue stood at INR 4.8bn in FY24 vs INR 3.9bn in FY23. Retention rates for the asset Management segment also increased from 0.69% in FY23 to 0.74% in FY24. Increase in retention rates for Asset Management ARR AUM were mainly because of increase in retention rates in the private equity segment of alternative funds as well as increase in rates of the mutual fund vertical (refer Exhibit 9). In the Asset Management segment, listed and private equity segments in the alternative investment funds have the highest retention rates; whereas, the liquid segment of mutual funds has the lowest retention. We estimate Asset Management segment's ARR retention rates to increase to 0.79% in FY25E and 0.82% in FY26E.

We estimate total ARR revenues, ex-new businesses, to be INR 17.6bn/22.9bn in FY25E/FY26E vs. INR 13.3bn in FY24. This CAGR of 27% between FY24–26E can be split between 49% AUM growth and 2bps increase in retention rates.

Global business and mid-market HNI business to start in FY25

The two new business of 360One are expected to start in FY25. The global business is set to start from 1 Oct'24, whereas the mid-market HNI segment business is expected to start in Q1FY25. Management believes the mid-market HNI segment would contribute ~2–2.5% of total revenues in FY25E and ~10% of total revenue in the next three-four years' time. Management has guided for total net flows of INR 40–50bn in both the new businesses in FY25E. We estimate AUM of INR 50bn for both the new businesses at the end of FY25 and INR 150bn for FY26E. We estimate the revenue of the new businesses to be 2.6%/6.5% of total ARR revenue in FY25/26E.

Cost to Income ratio higher than expected because of spends in new business; will gradually come down with revenue from new business

360One's cost to income ratio for FY24 stood at 48.7% (vs a guidance of 45% given at start of FY24). 360One had ~INR 900mn of extra cost because of the new HNI and global business. INR 200mn was due to one-time bonuses paid to new team. Rest INR 700mn will be recurring cost going ahead. As per the company, 1.3% of the costs were for the new HNI business, 1.5% of the costs were for the new global business and 1.5% of the costs were for the new hiring done in the UNHI segment. Adjusting for these costs, the cost to income ratio comes to be 44.4%, which is in line with the guidance given at the start of the year (refer Exhibit 13). Going ahead employee expenses are expected to increase. Admin and technology cost are expected to increase by 10–12%. Overall, on a INR 9.5bn cost base of FY24, an annual increase of 7–8% can be expected going ahead. Cost to income ratio will gradually decline as revenue from new business starts to accrue. We estimate cost to income ratio to remain elevated at 47.8% in FY25E and gradually decline to 47% in FY26E.

Key highlights of Q4FY24

ARR AUM grew 36% YoY in Q4FY24 to INR 2.3trn, as of Mar'24.

QoQ ARR AUM walk: On a QoQ-basis, ARR AUM increased 3% in Q4FY24. In Q4FY24 MTM gain was INR 48.7bn in Wealth Management and INR 29.1bn in the Asset Management segment. In terms of netflows Wealth Management segment witnessed a net out flow of INR 8.6bn whereas the Asset Management segment witnessed net inflows of INR 1.9bn. On a combined basis, there was a total net out flow of INR 6.7bn and a MTM gain of INR 77.8bn in ARR AUM.

FY24 ARR AUM walk: In Wealth/Asset Management during FY24, total MTM movement were INR 203.6bn/INR135.3bn and total flows were INR 264.9bn/INR 4.2bn, leading to an INR 608bn increase in ARR AUM during the period.

Active ARR AUM mix increased for 360 One in Q4FY24: Out of the total ARR AUM, ~INR 283bn is non-fee bearing assets, treasury/other assets with fee <5bps and liquid funds in Q4FY24 (vs. INR 348bn in Q3FY24). 60% of this AUM reflect the lag between flows from new clients and its conversion to regular yielding ARR AUM, or flows under select old mandates that are continuing at low legacy retentions. Active ARR AUM as a % of total ARR AUM increased to 87.6% in Q4FY24 vs. 84.2% in Q3FY24.

Overall retention rates remain flat in spite of increase in Active ARR AUM: ARR revenue grew by 5.7% QoQ to INR 3.6n in Q4FY24. Blended realisations on ARR AUM remained flattish at 0.64% in Q4FY24 (0.64% in Q3; 0.65% in Q2; 0.73% in Q1; and guidance of 0.78% for FY24). Within Wealth Management: 1) IIFL One assets' yields remained flattish at 0.18% in Q4FY24; 2) distribution assets yields increased to 0.65% in Q4FY24, from 0.58% in Q3FY24; and 3) net interest margin on loans declined from 5.78% in Q3FY24 to 5.13% in Q4FY24 because of higher borrowing cost in the quarter. Within Asset Management: 1) AIF yields remained flattish at 0.93% in Q4FY24; 2) Discretionary PMS' yields increased to 0.51% in Q4FY24 from 0.47% in Q3FY24; and 3) AMC's yields increased to 0.55% in Q4FY24, from 0.50% in Q3FY24.

Transaction brokerage revenue increased sharply in Q4FY24: Usually the quarterly Transaction Brokerage Income (TBR) for 360One is in the range of INR 1bn, as it is a combination of sale of direct stocks, bonds and unlisted companies. But TBR more-than-doubled in Q4FY24 to INR 2.2bn vs. INR 1bn in Q3FY24. Increase in TBR was mainly because of large blocks of NSE shares done in private markets, which can be considered as a one-off. ~INR 700/800mn of TBR was because of private placement of NSE shares and INR 300mn because of private placements of other unlisted share. Other INR 1bn of TBR was basis normal run rate.

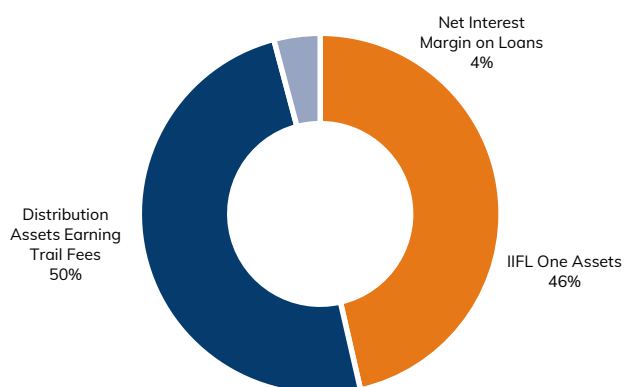
Costs remain elevated in Q4FY24 due to higher bonus and tech related expenses: Total costs for 360One increased 30% QoQ to INR 3bn in Q4FY24, as the company continued investing towards long term value creation. Employee expenses increased 31% QoQ to INR 2.2bn in Q4FY24. Employee cost in Q4FY24 got inflated because of INR 160/170mn of bonus paid on the one-off (within TBR) NSE share placements and INR 120/130mn of signing bonus of new employees in the HNI and global business. Admin and other expenses also increased 27% QoQ to INR 0.8bn in the same period due to higher tech related expenses. Cost to income ratio for Q4FY24 declined 145bps to 48.18% vs. 49.62% in Q3FY24 due to higher revenue base.

Asset mix for Wealth Management

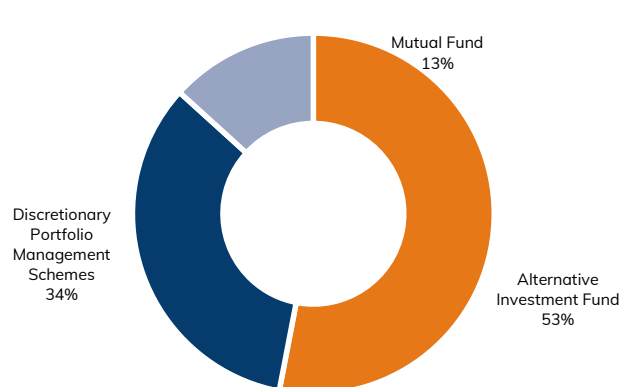
Total ARR assets in the Wealth Management segment increased 2.7% QoQ to INR 1.55trn in Q4FY24. Mix of IIFL One assets in total Wealth Management ARR assets decreased 220bps to 46.4% in Q4FY24. Mix of distribution assets increased 185bps to 49.5% in Q4FY24, while mix of loan book increased to 4.1%.

Asset mix for Asset Management

Asset Management ARR AUM increased 4.5% QoQ in Q4FY24 to INR 723bn. Mix of alternative investments fund increased 120bps in Q4FY24 to 53%, as PE funds saw inflows. Mix of PMS declined 200bps to 33.7%, whereas mutual fund AUM mix saw an increase of 80 to 13.3%. Private Equity has the highest mix in Alternative AUM at 57.8%; listed equity has the highest mix in mutual fund AUM at 74.1%.

Exhibit 1: ARR asset mix for Wealth Management

Source: I-Sec research, Company data

Exhibit 2: ARR asset mix for Asset Management

Source: I-Sec research, Company data

Exhibit 3: Historical trend of net flows and MTM moment in ARR AUM for 360One

INR (bn)	FY21	FY22	FY23	FY24
Wealth Management				
Opening AUM	407	646	889	1,089
Net flows	175	200	226	265
MTM	65	42	-26	203
Ending AUM	646	889	1,089	1,556
Asset Management				
Opening AUM	219	374	556	583
Net flows	90	120	54	4
MTM	65	62	-27	135
Ending AUM	374	556	583	722
Total				
Opening AUM	626	1,020	1,444	1,672
Net flows	264	320	281	269
MTM	130	105	-53	338
Ending AUM	1,020	1,444	1,672	2,279

Source: I-Sec research, Company data

Exhibit 4: Estimation of existing ARR AUM for 360One

INR (bn)	FY24	FY25E	FY26E
Wealth Management			
Opening AUM	1,089	1,556	1,923
Net flows	265	245	326
MTM	203	122	168
Ending AUM	1,556	1,923	2,417
Asset Management			
Opening AUM	583	722	845
Net flows	4	61	82
MTM	135	62	62
Ending AUM	722	845	989
Total			
Opening AUM	1,672	2,279	2,768
Net flows	269	306	408
MTM	338	184	231
Ending AUM	2,279	2,768	3,406

Source: I-Sec research, Company data

Exhibit 5: Wealth management ending AUM breakdown

INR (mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
IIFL One Assets	3,22,817	3,65,528	4,05,940	4,23,066	5,43,005	6,26,685	7,36,250	7,22,404
growth		13%	11%	4%	28%	15%	17%	-2%
Discretionary	1,06,893	1,10,443	1,11,168	1,08,582	99,516	96,838	92,159	96,075
Non Discretionary	1,67,032	1,98,118	2,10,950	2,14,033	3,45,361	4,36,279	5,23,973	5,31,629
Advisory	48,892	56,966	83,820	1,00,451	98,128	93,568	1,20,118	94,700
Distribution Assets Earning Trail Fees	5,32,402	5,83,622	6,23,730	6,12,026	6,71,752	7,02,649	7,22,246	7,69,604
growth		10%	7%	-2%	10%	5%	3%	7%
Mutual Funds	3,21,065	3,16,812	3,04,284	3,00,889	3,21,632	3,45,412	3,44,103	3,63,662
Managed Accounts	2,11,337	2,66,810	3,19,451	3,11,137	3,50,120	3,57,238	3,78,143	4,05,942
Net Interest Margin on Loans	41,630	42,840	44,740	53,670	48,090	53,097	57,643	64,299
Growth		3%	4%	20%	-10%	10%	9%	12%
Transactional / Brokerage Income Earning Assets	10,91,587	11,33,212	10,86,396	10,71,686	10,19,040	21,00,131	23,31,181	23,90,300
Growth		4%	-4%	-1%	-5%	106%	11%	3%

Source: I-Sec research, Company data

Exhibit 6: Wealth Management yields

	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
IIFL One Assets	0.32%	0.31%	0.27%	0.26%	0.22%	0.19%	0.19%	0.18%
Discretionary	0.48%	0.48%	0.41%	0.38%	0.41%	0.41%	0.44%	0.42%
Non-Discretionary	0.30%	0.29%	0.27%	0.29%	0.21%	0.17%	0.17%	0.17%
Advisory	0.05%	0.04%	0.04%	0.06%	0.03%	0.02%	0.03%	0.02%
Distribution Assets Earning Trail Fees	0.53%	0.57%	0.54%	0.50%	0.64%	0.57%	0.58%	0.65%
Mutual Funds	0.40%	0.41%	0.40%	0.37%	0.38%	0.40%	0.41%	0.44%
Managed Accounts	0.74%	0.78%	0.68%	0.63%	0.88%	0.74%	0.75%	0.84%
Net Interest Margin on Loans	5.76%	5.94%	6.35%	5.43%	5.95%	5.83%	5.78%	5.13%
Total	0.53%	0.54%	0.56%	0.54%	0.52%	0.37%	0.34%	0.45%

Source: I-Sec research, Company data

Exhibit 7: Wealth Management segment's revenue breakdown

INR (mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
IIFL One Assets	224	239	240	242	256	258	321	336
growth		7%	1%	1%	6%	1%	24%	5%
Discretionary	115	121	112	100	105	100	107	99
Non-Discretionary	91	99	107	110	116	153	206	231
Advisory	17	19	21	32	35	5	7	6
Distribution Assets Earning Trail Fees	689	797	798	764	1,014	976	1,048	1,217
growth		16%	0%	-4%	33%	-4%	7%	16%
Mutual Funds	321	329	309	272	295	333	365	394
Managed Accounts	368	468	489	493	719	643	683	824
Net Interest Margin on Loans	617	610	695	652	750	740	815	741
Growth		-1%	14%	-6%	15%	-1%	10%	
Transactional / Brokerage Income Earning Assets	1,059	1,077	1,215	1,188	824	1,160	1,011	2,155
Growth		2%	13%	-2%	-31%	41%	-13%	113%
Total	2,587	2,722	2,948	2,846	2,845	3,133	3,195	4,450
Growth		5%	8%	-3%	0%	10%	2%	39%

Source: I-Sec research, Company data

Exhibit 8: Asset Management ending AUM breakdown

INR (mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Alternative Investment Fund	3,23,742	3,28,693	3,49,271	3,47,698	3,71,312	3,56,326	3,58,454	3,83,130
growth		2%	6%	0%	7%	-4%	1%	7%
Listed Equity	30,275	32,574	30,897	29,570	33,385	35,061	35,383	36,318
Private Equity	2,14,952	2,08,883	2,13,481	2,05,384	2,12,564	2,07,587	2,05,263	2,21,336
Credit Strategies	25,034	33,925	41,324	45,487	53,767	56,938	59,172	62,514
Real Estate	34,373	33,499	40,826	42,963	45,634	42,718	42,837	42,235
Long Short Strategies	15,671	16,039	15,360	14,443	13,671	182	-	-
Customized Multi-Asset class	3,440	3,773	7,382	9,851	12,292	13,840	15,798	20,726
Discretionary Portfolio Management Schemes	1,63,643	1,83,195	1,95,436	1,86,424	2,09,288	2,17,915	2,46,792	2,43,546
growth		12%	7%	-5%	12%	4%	13%	-1%
Listed Equity - Discretionary Standardized Strategies	50,801	55,678	56,078	51,185	57,441	57,414	62,532	63,102
Listed Equity - Discretionary - Institutional Mandates	1,12,842	1,27,518	1,39,358	1,35,239	1,51,847	1,60,501	1,84,260	1,80,443
Mutual Fund	44,565	45,767	45,820	48,860	60,450	68,689	86,294	95,803
growth		3%	0%	7%	24%	14%	26%	11%
Listed Equity	28,664	33,314	35,309	35,831	44,099	50,086	66,304	74,215
Debt	5,761	5,342	4,526	7,814	8,037	11,212	12,342	13,448
Liquid Funds	10,139	7,111	5,985	5,215	8,315	7,391	7,648	8,140

Source: I-Sec research, Company data

Exhibit 9: Asset Management yields

	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Alternative Investment Fund	0.86%	0.84%	0.83%	0.82%	0.99%	0.87%	0.93%	0.93%
Listed Equity	0.97%	1.01%	0.93%	1.05%	1.11%	1.39%	1.49%	1.35%
Private Equity	0.89%	0.86%	0.86%	0.85%	1.20%	0.97%	1.05%	1.02%
Credit Strategies	0.85%	0.76%	0.82%	0.72%	0.67%	0.66%	0.67%	0.68%
Real Estate	0.47%	0.43%	0.51%	0.67%	0.53%	0.49%	0.47%	0.70%
Long Short Strategies	1.01%	1.22%	1.24%	0.84%	0.74%	0.55%		
Customized Multi-Asset class	0.31%	0.56%	0.39%	0.38%	0.38%	0.36%	0.36%	0.40%
Discretionary Portfolio Management Schemes	0.48%	0.49%	0.54%	0.48%	0.52%	0.52%	0.47%	0.51%
Listed Equity - Discretionary Standardized Strategies	0.81%	0.88%	0.95%	0.91%	1.04%	1.01%	0.95%	1.00%
Listed Equity - Discretionary - Institutional Mandates	0.33%	0.32%	0.371%	0.304%	0.325%	0.333%	0.312%	0.344%
Mutual Fund	0.40%	0.43%	0.46%	0.54%	0.44%	0.47%	0.50%	0.55%
Listed Equity	0.56%	0.57%	0.57%	0.65%	0.56%	0.57%	0.59%	0.65%
Debt	0.16%	0.16%	0.16%	0.18%	0.16%	0.16%	0.23%	0.24%
Liquid Funds	0.11%	0.11%	0.11%	0.16%	0.11%	0.11%	0.11%	0.11%
Total	0.70%	0.69%	0.71%	0.68%	0.79%	0.71%	0.72%	0.73%

Source: I-Sec research, Company data

Exhibit 10: Asset Management segment's revenue breakdown

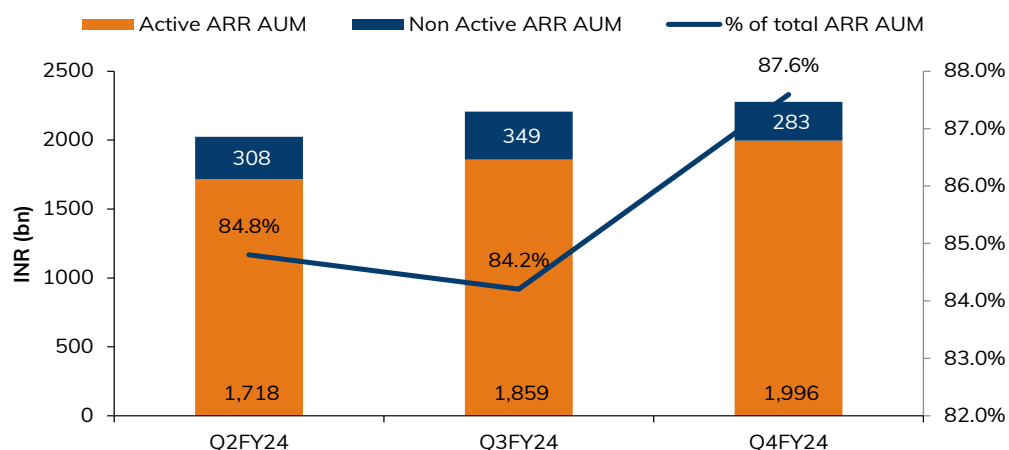
INR (mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Alternative Investment Fund	694	687	712	713	894	792	832	846
growth		-1%	4%	0%	25%	-11%	5%	2%
Listed Equity	79	82	75	78	88	119	127	122
Private Equity	485	457	456	443	627	506	543	528
Credit Strategies	48	58	78	80	86	93	98	104
Real Estate	41	36	47	74	59	52	50	75
Long Short Strategies	40	49	49	31	26	12	-	-
Customized Multi-Asset class	1	5	7	8	10	11	15	18
Carry Income	213	142	178	83	-	-	-	-
Discretionary Portfolio Management Schemes	207	224	261	225	257	277	274	312
growth		8%	16%	-13%	14%	7%	-1%	14%
Listed Equity - Discretionary Standardized Strategies	107	123	135	122	141	146	140	157
Listed Equity - Discretionary - Institutional Mandates	100	101	126	104	117	131	134	155
Mutual Fund	46	51	54	62	60	73	95	123
growth		11%	6%	16%	-4%	21%	30%	30%
Listed Equity	41	46	50	58	55	67	86	114
Debt	3	2	2	2	3	3	7	8
Liquid Funds	3	3	2	2	2	2	2	2
Total	946	962	1,026	1,001	1,211	1,141	1,200	1,281

Source: I-Sec research, Company data

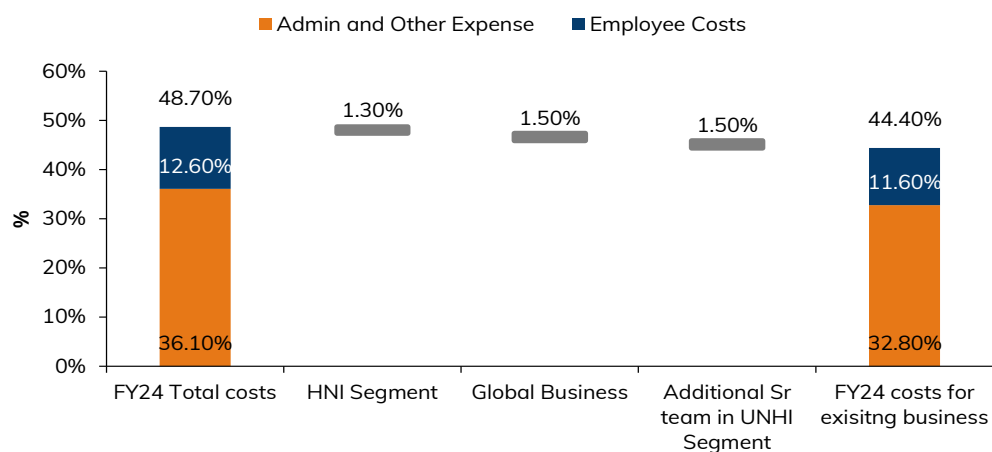
Exhibit 11: Q4FY24 result review

INR (mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY Growth	QoQ Growth
Annual Recurring Revenue	2,742	3,231	3,114	3,382	3,576	30.4%	5.7%
ARR Yields	0.68%	0.73%	0.65%	0.64%	0.64%		
Transactional Brokerage Revenue	1,188	824	1,160	1,011	2,155	81.4%	113.2%
Total Operating Revenue	3,930	4,055	4,274	4,393	5,731	45.8%	30.4%
Other Income	-80	287	137	271	500		84.9%
Total Revenue	3,850	4,342	4,412	4,664	6,231	61.9%	33.6%
Costs	1,853	2,103	2,144	2,315	3,002	62.0%	29.7%
Profit Metrics							
Operating Profit before Taxes (OPBT)	2,077	1,952	2,130	2,080	2,729	31.4%	31.2%
Profit before Taxes (PBT)	1,997	2,239	2,268	2,350	3,229	61.7%	37.4%
Tax	405	401	405	428	802		
Effective Tax Rates (given)	20.3%	17.9%	17.9%	18.2%	24.8%		
Profit After Tax (PAT) including OCI and FCTR	1,550	1,810	1,853	2,350	2,350	51.6%	0.0%
Profit After Tax (PAT) excluding OCI and FCTR	1,592	1,838	1,863	1,922	2,427	52.5%	26.3%
Cost to Income Ratio	48.13%	48.44%	48.60%	49.62%	48.18%	5 bps	-144 bps
ROE	20.30%	23.11%	22.84%	23.38%	28.59%	829 bps	521 bps
ROE Ex Goodwill & Intangibles	24.90%	28.63%	28.30%	28.91%	35.24%	1034 bps	633 bps

Source: I-Sec research, Company data

Exhibit 12: % of active ARR AUM is increasing

Source: I-Sec research, Company data

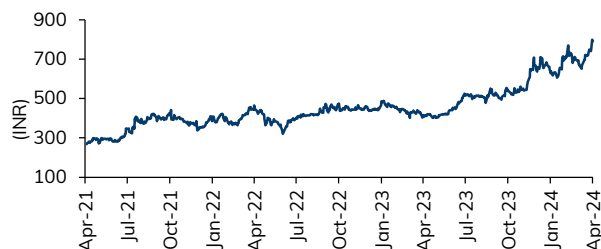
Exhibit 13: Cost to income ratio was elevated because of investments in new business

Source: I-Sec research, Company data

Exhibit 14: Shareholding pattern

%	Sep'23	Dec'23	Mar'24
Promoters	20.8	17.8	17.8
Institutional investors	68.3	71.4	71.5
MFs and others	5.1	6.9	6.3
FIs/Banks	0.0	0.0	0.0
Insurance Cos.	0.4	0.4	0.3
FIIIs	14.8	16.9	16.9
FDI	48.0	47.2	48.0
Others	10.9	10.8	10.7

Source: Bloomberg, I-Sec research

Exhibit 15: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 16: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Net Sales	15,650	18,455	22,410	28,030
Operating Expenses	7,184	9,565	10,981	13,454
EBITDA	8,503	10,085	11,979	15,176
EBITDA Margin (%)	0.5	0.5	0.5	0.5
Depreciation & Amortization	-	-	-	-
EBIT	8,503	10,085	11,979	15,176
Interest expenditure	-	-	-	-
Other Non-operating Income	-	-	-	-
Recurring PBT	8,503	10,085	11,979	15,176
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	1,824	2,068	2,767	3,506
PAT	6,679	8,018	9,212	11,670
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	6,679	8,018	9,212	11,670
Net Income (Adjusted)	6,679	8,018	9,212	11,670

Source Company data, I-Sec research

Exhibit 17: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Total Current Assets	11,817	10,614	11,896	13,341
of which cash & cash eqv.	7,256	6,382	7,242	8,220
Total Current Liabilities & Provisions	5,762	5,757	6,333	6,966
Net Current Assets	6,055	4,857	5,564	6,375
Investments	36,092	59,477	65,193	78,873
Net Fixed Assets	2,850	3,002	3,452	3,969
ROU Assets	330	565	565	565
Capital Work-in-Progress	0	-	-	-
Total Intangible Assets	6,008	6,470	6,718	7,004
Other assets	-	-	-	-
Deferred Tax assests	1,571	2,213	2,434	2,677
Total Assets	1,06,158	1,45,431	1,66,205	1,96,767
Liabilities				
Borrowings	66,248	92,903	1,07,106	1,24,203
Deferred Tax Liability	246	733	806	887
provisions	102	173	190	209
other Liabilities	7,933	16,517	18,718	21,230
Equity Share Capital	356	359	356	356
Reserves & Surplus	30,863	34,138	38,420	49,273
Total Net Worth	31,219	34,497	38,776	49,630
Minority Interest	45	-	-	-
Total Liabilities	1,06,158	1,45,431	1,66,205	1,96,767

Source Company data, I-Sec research

Exhibit 18: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	18.8	22.3	25.9	32.8
Adjusted EPS (Diluted)	10.8	13.0	15.6	14.3
Cash EPS	18.8	22.3	25.9	32.8
Dividend per share (DPS)	17.3	17.2	16.6	22.9
Book Value per share (BV)	87.7	96.1	108.9	139.4
Dividend Payout (%)	92.2	76.8	64.1	70.0
Growth (%)				
Net Sales	11.9	17.9	21.4	25.1
EBITDA	13.2	18.6	18.8	26.7
EPS (INR)	14.8	19.1	15.8	26.7
Valuation Ratios (x)				
P/E	44.7	37.5	32.4	25.6
P/CEPS	44.7	37.5	32.4	25.6
P/BV	9.6	8.7	7.7	6.0
EV / EBITDA	2.7	2.7	2.9	2.4
Dividend Yield (%)	2.1	2.0	2.0	2.7
Operating Ratios				
Gross Profit Margins (%)	100.2	106.5	102.5	102.1
EBITDA Margins (%)	54.3	54.6	53.5	54.1
Effective Tax Rate (%)	21.5	20.5	23.1	23.1
Net Profit Margins (%)	42.7	43.4	41.1	41.6
Profitability Ratios				
RoCE (%)	46.3	32.1	29.9	32.5
RoE (%)	21.8	24.4	25.1	26.4
RoIC (%)	7.3	7.1	6.7	7.3

Source Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Ansuman Deb, MBA, BE; Shubham Prajapati, CA; Sanil Desai, MBA; authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Prabodh Avadhoot](mailto:Mr.Prabodh.Avadhoot) Email address: headservicequality@icicidirect.com Contact Number: 18601231122
