

360 One WAM Limited

February 17, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Commercial paper	1,000.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the rating assigned to 360 One WAM Limited (360 One) continues to factor in its strong market position and established business franchise in the wealth management, distribution, and advisory business in India. The rating continues to factor in its long-standing track record, experienced stable management team, strong institutional shareholding and demonstrated ability to raise capital from marquee investors. The rating also factors in its comfortable liquidity profile, improved profitability, and healthy capitalisation with comfortable gearing ratios. These rating strengths are, however, partially offset by the limited track record of 360 One in the lending business through its subsidiary, i.e., IIFL Wealth Prime Ltd (IWPL) along with exposure to regulatory risks and attrition risks inherent in the wealth management business.

Rating sensitivities: Factors likely to lead to rating actions.

Positive factors- Not applicable

Negative factors

- High client and employee attrition rates, leading to material erosion on asset under management (AUM) on a sustained basis.
- Deterioration in the asset quality of the non-banking finance company (NBFC) book on a sustained basis.
- Significant decline in the income and profits of the company.
- Overall gearing exceeding 5x on a consolidated basis.
- Regulatory action in wealth management segments resulting in change in the business profile.

Analytical approach: Consolidated

360 One owns 100% of its subsidiaries and the management/ line functions for these businesses is common with significant operational and financial integration among them. Accordingly, CARE Ratings Limited (CARE Ratings) has considered a consolidated view of 360 One for arriving at the rating. The list of the subsidiaries is below.

Domestic wholly owned subsidiaries
IIFL Wealth Prime Limited
IIFL Wealth Distribution Services Limited
IIFL Asset Management Limited
IIFL Trustee Limited
IIFL Wealth Portfolio Managers Limited
IIFL Investment advisor and Trustee Services Ltd
IIFL Wealth Securities IFSC Ltd
IIFL Wealth Alitore Limited
IIFW CSR Foundation
International wholly owned subsidiaries
IIFL Asset Management (Mauritius) Ltd
IIFL Private Wealth Management (Dubai) Ltd
IIFL Inc (USA)
IIFL Capital (Canada) Limited

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications.

Key strengths

Long-standing track record and established franchise in the wealth management, distribution, and advisory business in India.

360 One is one of the leaders in private wealth management firms in India with consolidated AUM of ₹344,709 crore as on December 31, 2022. It has presence in 28 locations across six geographies with employee strength of 900+ employees as on March 31, 2022. The company serves highly specialised and sophisticated needs of high net worth and ultra-high net worth individuals, affluent families, family offices and institutional clients through a comprehensive range of tailored wealth and asset management solutions. Wealth management business mainly comprises distribution of financial products, advisory, equity and debt broking, estate planning and managing financial products essentially in the nature of advisory. Asset management business mainly comprises management of pooled funds under various products and structures, such as mutual funds, alternative asset funds, portfolio management and related activities.

Experienced management team which has remained stable over a long period.

360 One has experienced professionals on its Board and key management team with strong experience in respective business segment. Mr Karan Bhagat is the Founder, Managing Director (MD) and Chief Executive Officer (CEO) of 360 One and is responsible for providing direction and leadership towards the achievement of the organisation's philosophy, mission, vision and its strategic goals and objectives.

360 One has been able to retain most of its experienced key management; as a result, the company has had stable and experienced management for a long time making it one of the largest players in the wealth management business.

Strong institutional shareholding and ability to raise capital from marquee investors.

360 One is backed by strong institutional shareholders with the ability to raise capital from time to time. The shareholding of the promoters (Mr Nirmal Jain and promoter group) stood at 22.03% as on December 31, 2022.

In November 2022, Bain Capital, a leading global private multi-asset alternative investment firm took 24.98% equity stake in the company. This stake was acquired from General Atlantic Singapore Fund Pte Ltd and FIH Mauritius Investments Ltd, a wholly owned subsidiary of Fairfax India Holdings Corporation. Despite the change in the institutional shareholding, 360 One continues to be backed by the marquee investors, which further gives it an advantage to raise debt in the capital market.

Healthy capitalisation with comfortable gearing levels

360 One had a consolidated tangible net worth of ₹2,474 crore (PY: ₹2,302 crore) and consolidated gearing of 2.35x as on March 31, 2022 (PY: 2.21x). The company reported the majority of the consolidated debt in the books of IIFL Wealth Prime Limited, which is the lending arm of 360 One. The company continues to be comfortably capitalised, as it is mainly present in fee-based businesses where capital requirements are relatively low. Also, the capital requirement mainly stems from the NBFC business, which currently has moderate growth plans as well as any additional sponsor commitments in AIFs.

Improved profitability parameters

On a consolidated basis, during FY22, 360 One reported a consolidated profit after tax (PAT) of ₹578 crore on a total income of ₹2,078 crore as compared with FY21 when it reported a PAT of ₹369 crore on a total income of ₹1,659 crore. The return on total assets (ROTA) of the company improved on account of higher PAT and stood at 5.93% as on March 31, 2022, as against 3.39% as on March 31, 2021. Overall, with regard to profitability, the company has been able to maintain sustained growth and has seen healthy momentum across their wealth and asset management businesses.

During 9MFY23, 360 One reported a consolidated PAT of ₹502 crore on the total income of ₹1,523 crore.

Key weaknesses

Limited track record in lending business

360 One acquired Chephis Capital Markets Limited by infusing ₹900 crore as equity. It was later renamed as IIFL Wealth Finance Limited (IWFL) on March 12, 2016 (renamed as 'IIFL Wealth Prime Limited' (IWPL) with effect from December 07, 2020) and started its lending operations. The arm of 360 One, which forms a critical part of the lending business, has only few years of vintage. IIFL Wealth Prime Ltd (IWPL) is a systemically important Reserve bank of India (RBI)-registered non-deposit taking NBFC, which acts as an enabler for 360 One catering to the financial needs of corporate and high net worth customers. As on March 31, 2022, IWPL had AUM of ₹3,862 crore majorly consisting of loan against shares (LAS) portfolio, which contributed 87% of the total AUM.

Regulatory and attrition risks in wealth management business

Risk and regulation are the two main pillars influencing the business environment in the wealth management business. The increased regulation, volatile markets and behaviour of the clients remain key monitorable. The ability to retain key personnel is important in the wealth management business as a change in relationship personnel might bring a change in the relationship with the client as well. The company had a total of 60 team leaders and 167 relationship managers as on FY22. The team leaders have an average experience of over 6 years at IIFL Wealth and total experience of over 15 years. The wealth and asset management business is still in its nascent stages in the country and thus susceptible to regulatory changes and the time taken to adapt to these changes by the company is also critical while eventually balancing the earning profile, profitability and stability of the company as a whole.

Liquidity: Strong

360 One, on a consolidated basis has liquidity of ₹1,438 crore, which consisted of cash of ₹170 crore, liquid investments of ₹1,168 crore and unutilised bank lines of ₹100 crore as on December 31, 2022. Furthermore, the company has strong liquidity with no negative cumulative mismatch in its lending arm, i.e., IIFL Wealth Prime Ltd, as per the asset liability maturity profile of the company dated September 30, 2022.

Applicable criteria

[Policy on default recognition](#)

[Consolidation](#)

[Financial Ratios - Financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Service Sector Companies](#)

[Policy on Withdrawal of Ratings](#)

About the company and industry

Industry classification

Macro-Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Finance	Other Financial Services

360 One View WAM Ltd (erstwhile IIFL Wealth Management Limited) is one of the fastest growing private wealth management firms in India having presence in six countries with 28 offices across the globe with employee strength of 923 employees and 6833 relevant families (AUM in excess of ₹1 crore) as on March 31, 2022. The consolidated AUM stood at ₹344,709 crore as on December 31, 2022.

The Group mainly acts as a wealth manager and provides financial products distribution, transaction advisory, asset management, portfolio management, lending; credit and investment, trustee services by mobilising funds and assets of various classes of investors including high net worth individuals and ultra-high net worth individuals. The company has a market capitalisation of more than ₹16,000 crore as of February 2022 on both the stock exchanges in India.

Consolidated

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	9MFY23 (UA)
Total income	1659	2078	1523
PAT	369	578	502
Overall gearing	2.21	2.35	-
Total Assets	8740	10740	-
ROTA (%)	3.39	5.93	-
RONw (% excluding one-off adjustments)	14.72	24.19	-

A: Audited; UA: Unaudited

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Commercial Paper	INE466L14BN6	21-Nov-22	7.92%	20-Feb-23	150.00	CARE A1+
Commercial Paper	INE466L14BO4	30-Jan-23	8.25%	27-Apr-23	170.00	CARE A1+
Commercial Paper	INE466L14BP1	03-Feb-23	8.25%	28-Apr-23	100.00	CARE A1+
Commercial Paper	INE466L14BP1	10-Feb-23	8.40%	12-May-23	100.00	CARE A1+
Commercial Paper (Proposed)	-	-	-	-	480.00	CARE A1+

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Commercial Paper- Commercial Paper (Standalone)	ST	1000.00	CARE A1+	1)CARE A1+ (12-Apr-22)	1)CARE A1+ (28-Sep-21)	1)CARE A1+ (16-Feb-21) 2)CARE A1+ (25-Sep-20)	-

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities – Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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