

## 360 One WAM Limited

September 22, 2023

| Facilities/Instruments | Amount (₹ crore) | Rating <sup>1</sup> | Rating Action |
|------------------------|------------------|---------------------|---------------|
| Commercial paper       | 1,500.00         | CARE A1+            | Reaffirmed    |

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has reaffirmed the rating assigned to the short-term facilities of 360 One WAM Limited (360 One). The rating continues to factor in it's the strong market position and established business franchise in the wealth management, distribution, and advisory business in India.

Furthermore, the rating continues to consider 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.

The ratings' strengths are, however, partially offset by the limited track record of 360 One Group in the lending business through its subsidiary, i.e., 360 One Prime Limited (360 One Prime) 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 assets under management (AUM), income, and profitability on a sustained basis.
- Deterioration in the asset quality of the non-banking finance company (NBFC) book on a sustained basis.
- Overall gearing exceeding 4x on a consolidated basis.
- Regulatory action in the wealth management segment, resulting in a change in the business profile.
- Negative cumulative mismatches in the less than one-year bucket on a consolidated basis.

### Analytical approach: Consolidated

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

| Domestic wholly-owned subsidiaries                  |
|---|
| 360 One Prime Limited                               |
| 360 One Distribution Services Limited               |
| 360 One Asset Management Limited                    |
| 360 One Asset Trustee Limited                       |
| 360 One Portfolio Managers Limited                  |
| 360 One Investment advisor and Trustee Services Ltd |
| 360 One IFSC Ltd                                    |
| MAVM Angels Network Pvt Ltd (91% ownership)         |
| International wholly-owned subsidiaries             |
| 360 One Asset Management (Mauritius) Ltd            |
| 360 One Private Wealth Management (Dubai) Ltd       |
| 360 One Inc (US)                                    |
| 360 One Capital (Canada) Limited                    |
| 360 One Capital Pte Ltd                             |

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

**Outlook:** Not applicable

## Detailed description of the key rating drivers

### Key strengths

#### Long-standing track record and established franchise

360 One WAM is among the leading private wealth management firms in India, with consolidated AUM of ₹382,731 crore as on June 2023 (₹340,835 crore as on March 31, 2023, as against ₹327,237 crore as on March 31, 2022). It has presence in 15 states and international footprints in five countries with an employee strength of 1,074 employees as on March 31, 2023. The company serves the highly-specialised and sophisticated needs of around more than 6,800 high net-worth individuals (HNIs) and ultra-high net-worth individuals (UHNIs), family offices, and institutional clients through a comprehensive range of tailored wealth and asset management solutions.

The wealth management business mainly comprises advisory, distribution of financial products, equity and debt broking, estate planning and managing financial products, essentially in the nature of advisory. The asset management business mainly comprises the management of pooled funds under various products and structures, such as alternative asset funds, portfolio management, mutual funds (MFs), and related activities. Additionally, 360 One WAM is among the largest alternate investment fund (AIF) managers in India with AUM of ₹37,131 crore as on June 30, 2023. Furthermore, its wholly owned NBFC – 360 One Prime – provides lending solutions to wealth management clients having a AUM of ₹4,837 crore as on March 31, 2023.

#### Experienced and stable management team

As on March 31, 2023, the company is governed by of a 10-members board of directors, including four independent directors. 360 One WAM has experienced professionals on its board and a key management team with strong experience in their respective business segments. The board is ably supported by a senior management team, led by Karan Bhagat, the Founder, Managing Director (MD) and Chief Executive Officer (CEO) of 360 One WAM. He is responsible for providing direction and leadership towards the achievement of the organisation's philosophy, mission, vision, and its strategic goals and objectives.

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

360 One Group is backed by strong institutional shareholders, with the ability to raise capital from time to time. The shareholding of the promoters (Nirmal Jain and THE promoter group) stood at 21.46% as on June 30, 2023.

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 Group continues to be backed by marquee investors, which further gives it an advantage to raise debt in the capital market.

#### Healthy capitalisation with comfortable gearing levels

360 One Group had a consolidated tangible net worth (TNW) of ₹2,524 crore (PY: ₹2,490 crore) and a consolidated gearing of 2.67x as on March 31, 2023 (PY: 2.33x).

The funding profile remains concentrated, with the consolidated borrowings largely comprising principal protected (PP)-market-linked debentures (MLDs) (61% of the total borrowings as on March 31, 2023), however, the company is expected to diversify the resource base by raising non-convertible debentures (NCDs) and bank borrowings. Going forward, CARE Ratings expects the consolidated gearing to remain below 4x.

Furthermore, the company reported majority of the consolidated debt in the books of 360 One Prime, which is the lending arm of 360 One Group. On a standalone basis, 360 One Prime reported a capital-to-risk weighted asset ratio (CRAR) of 21.71% as on June 30, 2023, with Tier-I at 21.48%. 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 has moderate growth plans, as well as any additional sponsor commitments in alternative investment funds (AIFs) that are on lower side compared to historical levels.

#### Improved profitability parameters

On a consolidated basis, during FY23, 360 One Group reported a consolidated profit-after-tax (PAT) of ₹658 crore on a total income of ₹2,064 crore as compared with FY22 when it reported a PAT of ₹578 crore on a total income of ₹2,078 crore. The company reported an improved RoNW of 21.49% as on March 31, 2023 (FY22: 19.84%).

Overall, with regard to the profitability, the company has been able to maintain sustained growth and has seen healthy momentum across its wealth and asset management businesses. For Q1FY24, 360 One Group reported a consolidated PAT of ₹184 crore on a total income of ₹567 crore.

### **Key weaknesses**

#### **Limited track record and concentration in the lending business**

360 One WAM 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. IWPL was later renamed to 360 One Prime in April 2023. However, the lending arm of the group, which contributes majorly to its lending business, has only a few years of vintage. 360 One Prime is a systemically important Reserve bank of India (RBI)-registered non-deposit taking NBFC, which acts as an enabler for 360 One Group, catering to the financial needs of corporate and high net-worth customers.

360 One Prime is primarily engaged in financing and investing activities through product offerings such as LAS, employee stock ownership plan (ESOP) and initial public offering (IPO) financing, margin trade funding, and loan against property (LAP), catering to the financial needs of corporate and high net-worth customers. As on June 30, 2023, 360 One Prime reported modest AUM of ₹4,480 crore, mainly consisting of the LAS portfolio, which contributed 83% of the total AUM, followed by unsecured loans (8%) and LAP (9%).

#### **Regulatory and attrition risks in the wealth management business**

Attrition risk and regulations are the two main pillars influencing the business environment in the wealth management business. The increased regulation, volatile markets, and behaviour of clients remain key monitorable. The ability to retain key personnel is important in the wealth management business, as a change in relationship personnel may bring a change in the relationship with the client as well. The company had a total of 64 team leaders and over 140 relationship managers as on March 31, 2023. The team leaders have an average experience of over six years at the 360 One group and a total industry experience of over 15 years. The wealth and asset management business is still in its nascent stage 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 Group, on a consolidated basis, has liquidity of ₹1,953 crore, which consisted of cash and cash equivalents of ₹639 crore and liquid investments of ₹1,314 crore as on June 2023. Furthermore, the company has strong liquidity with no negative cumulative mismatches in its lending arm, i.e., 360 One Prime, as per the asset liability maturity (ALM) profile of the company dated June 30, 2023. Furthermore, 360 One WAM has unutilised lines of ₹100 crore as on June 30, 2023.

#### **Environment, social and governance (ESG) risks**

360 One WAM maintains adequate transparency in its business ethics practices as can be inferred from the entity's disclosures regarding its grievance redressal, related party transactions, fair practice code, whistle blower policy and prevention of sexual harassment policy. They integrate ESG considerations into all public equity investment decisions through their ESG framework. Further, the firm prioritizes strong governance and conducts regular audits to ensure compliance in Private Equity and Real Estate asset classes.

#### **Applicable criteria**

[Policy on default recognition](#)

[Consolidation](#)

[Financial Ratios-Financial Sector](#)

[Rating of 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 | Capital Market | Other capital market |

360 One WAM (erstwhile IIFL Wealth Management Limited) is one of the fastest growing private wealth management firms in India, having presence in 15 states and international footprints in five countries with an employee strength of 1,074 employees and more than 6,800 relevant families as on March 31, 2023. The consolidated AUM stood at ₹382,731 crore as on June 30, 2023.

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 HNIs and UHNIs. The company has a market capitalisation of more than ₹18,000 crore as on September 30, 2023, on both the stock exchanges in India.

### Consolidated

| Brief Financials (₹ crore) | March 31, 2022 (A) | March 31, 2023 (A) | Q1FY24 (UA) |
|----------------------------|--------------------|--------------------|-------------|
| Total income               | 2078               | 2064               | 567         |
| PAT                        | 578                | 658                | 184         |
| Overall gearing            | 2.35               | 2.67               | -           |
| Total Assets               | 10740              | 11,192             | -           |
| RONW (%)                   | 24.11%             | 26.24%             | -           |

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       | INE466L14BV9 | 10-Mar-23                     | 9.00%           | 14-Sep-23                  | 100.00                      | CARE A1+                                  |
| Commercial Paper       | INE466L14BW7 | 21-Mar-23                     | 8.90%           | 15-Sep-23                  | 65.00                       | CARE A1+                                  |
| Commercial Paper       | INE466L14BW7 | 29-Mar-23                     | 8.90%           | 15-Sep-23                  | 25.00                       | CARE A1+                                  |
| Commercial Paper       | INE466L14BX5 | 04-May-23                     | 8.60%           | 02-May-24                  | 11.00                       | CARE A1+                                  |
| Commercial Paper       | INE466L14BY3 | 12-Jul-23                     | 8.05%           | 10-Oct-23                  | 100.00                      | CARE A1+                                  |
| Commercial Paper       | INE466L14BY3 | 18-Jul-23                     | 8.05%           | 10-Oct-23                  | 25.00                       | CARE A1+                                  |
| Commercial Paper       | INE466L14BZ0 | 20-Jul-23                     | 8.05%           | 18-Oct-23                  | 100.00                      | CARE A1+                                  |
| Commercial Paper       | INE466L14CA1 | 03-Aug-23                     | 8.50%           | 30-Jan-24                  | 50.00                       | CARE A1+                                  |
| Commercial Paper       | INE466L14CA1 | 04-Aug-23                     | 8.50%           | 30-Jan-24                  | 50.00                       | CARE A1+                                  |
| Commercial Paper       | INE466L14CB9 | 29-Aug-23                     | 8.65%           | 23-Feb-24                  | 100.00                      | CARE A1+                                  |
| Commercial Paper       | Proposed     | -                             | -               | -                          | 874.00                      | 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 2023-2024 | 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                |
| 1       | Commercial Paper-<br>Commercial Paper<br>(Standalone) | ST              | 1500.00                      | CARE A1+ | -   | 1)CARE A1+<br>(24-Mar-23)<br><br>2)CARE A1+<br>(17-Feb-23)<br><br>3)CARE A1+<br>(12-Apr-22) | 1)CARE A1+<br>(28-Sep-21)                   | 1)CARE A1+<br>(16-Feb-21)<br><br>2)CARE A1+<br>(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-Commercial Paper<br>(Standalone) | 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](mailto:care@careedge.in) for any clarifications.

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### About us:

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