

Date: 13.05.2026

To,
The National Stock Exchange of India
Ltd,
Exchange Plaza,
Bandra – Kurla Complex,
Bandra (E), Mumbai – 400 051
NSE EQUITY SYMBOL: **PRUDENT**

To,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001
SCRIPT CODE: **543527**

ISIN: **INE00F201020**

Dear Sir/Madam,

Sub.: Transcript of the Conference Call for Audited Financial Results for the quarter and year ended March 31, 2026.

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the Conference Call with analysts and investors held on May 08, 2026 in respect of the Audited Financial Results for the quarter and year ended March 31, 2026.

The same will also be available on the website of the Company at www.prudentcorporate.com .

Please take the same into your records.

Thanking you,

Yours Faithfully,

For, Prudent Corporate Advisory Services Limited

Kunal A. Chauhan
Company Secretary
Membership No: FCS-13492

Encl.: As Stated



“Prudent Corporate Advisors Q4 FY '26 Earnings Conference Call”

May 08, 2026



MANAGEMENT: **MR. SANJAY SHAH – CHAIRMAN & MANAGING
DIRECTOR, PRUDENT CORPORATE ADVISORY
SERVICES LIMITED**
**MR. SHIRISH PATEL – CHIEF EXECUTIVE OFFICER
AND WHOLE-TIME DIRECTOR, PRUDENT CORPORATE
ADVISORY SERVICES LIMITED**
**MR. CHIRAG SHAH – NON-EXECUTIVE DIRECTOR,
PRUDENT CORPORATE ADVISORY SERVICES LIMITED**
**MR. CHIRAG KOTHARI – CHIEF FINANCIAL OFFICER,
PRUDENT CORPORATE ADVISORY SERVICES LIMITED**
**MR. PARTH PAREKH – HEAD (INVESTOR RELATIONS),
PRUDENT CORPORATE ADVISORY SERVICES LIMITED**

MODERATOR: **MR. SANKETH GODHA – AVENDUS SPARK
INSTITUTIONAL EQUITIES PRIVATE LIMITED**



Moderator: Ladies and gentlemen, good day, and welcome to the Prudent Corporate Advisors Q4 FY '26 Earnings Conference Call hosted by Avendus Spark Institutional Equities Private Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sanketh Godha. Thank you and over to you, sir.

Sanketh Godha: Thank you, Julius. Good morning, everyone, and welcome to Q4 FY '26 Earnings Call of Prudent Corporate Advisors Services Limited.

First of all, I would like to thank the management of Prudent Corporate Advisors for giving us the opportunity to host the call. We will have opening comments from the Management Team, post which we will open the floor for Q&A.

From the Management side, today we have Mr. Sanjay Shah, who is Chairman and the Managing Director; Mr. Shirish Patel – Chief Executive Officer and Whole-Time Director, Mr. Chirag Shah – Non-Executive Director, Mr. Chirag Kothari – Chief Financial Officer, Mr. Parth Parekh – Head (Investor Relations).

With this, I would hand over the call to Sanjay sir for his opening comments. Thank you, and over to you, sir.

Sanjay Shah: Thank you, Saket. Thank you very much. Good morning, everyone. Warm welcome to all of you for joining us on Prudent's Q4 FY '26 Earnings Call. Thank you for taking the time out with us today. I hope you have had access to the investor presentation handy with you because during the discussions, we will be referring to a lot of slides of the presentation.

So, before I move to the quarterly number, I would like to begin with what we believe is one of the most significant initiatives of Prudent. So, please turn to Slide 24 of the presentation which we have uploaded. So, this year marks the 10th year since we launched Fundzbazar in mid-2016, a platform that has been central to our growth and to the lead which we have built in the B2B2C segment.

Tech adoption has consistently been one of our key growth drivers and we are now taking the next step in that journey with the launch of very powerful AI-led platform called Prudent Edge for our mutual fund distribution partners and FundzEdge for our retail customers on the Fundzbazar.

The platform is designed to transform the way distributors run their day-to-day business, be it goal-based planning or business analytics such as discontinued SIPs, AUM analysis, cross-sell gaps, ready-made email and WhatsApp communications, marketing support, research, and on-demand client reports. Activities that earlier required navigating multiple sections can now be completed with a single click or simply by voice, including in regional languages such as Gujarati, Marathi, Punjabi, etc.

We believe this meaningfully bridges the gap between technology and the usability for our partners. The platform has just gone live in beta mode. We will closely track partners' feedback over the next few months and refine the engine accordingly. We see this as a timely and ahead-of-the-curve step for the industry.

With that, now let me move to the quarterly performance:

Now please move to Slide #46. This slide talks about the movement in our overall AUM. So, if you look at this slide, it is talking about the movement in overall AUM and on the left-hand side of the slide, we are comparing three numbers. The average daily AUM for the full-year of FY '26, the closing AUM as on 31st March 2026, and our current AUM as on 5th May 2026.

So, typically our AUM at the end of March tends to be higher than the fiscal year average, but this year the closing AUM of 1.19 trillion on 31st March came in lower than the full-year average AUM of 1.21 trillion. This was largely due to market correction in the month of March.

The good news is that we have bounced back strongly. Our AUM as of 5th May has already climbed to 1.33 trillion. This is 9.7% higher than the average AUM of full FY '26. This gives us a strong, healthy revenue tailwind for the remaining 11 months of FY '27.

On the right-hand side if you look at, it provides the trend of quarterly AUM, average AUM. Our average AUM for Q4 FY '26 was INR 1,28,000 crore, which grew by modestly 0.3% sequentially. This is particularly noteworthy because market fell by 14.5% during the same period.

We managed to grow sequentially due to two reasons. First, we recorded our highest-ever equity net sales in a single quarter of INR 4,300 crore. Second, the market correction was largely concentrated in the month of March. So, on a year-on-year basis, our quarterly AUM grew by a healthy 26%.

Now please turn to Slide #47. This slide shows how our equity AUM has moved both on a year-on-year basis and on a quarter-on-quarter basis.

So, let us start with the year-on-year view on the left-hand side of our slide. Our equity AUM grew by 15.4% during FY '26. It moved from approximately INR 1,00,100 crore in March

2025 to INR 1,15,480 crore in March 2026. This represents an increase of nearly INR 15,400 crore. Importantly, this entire growth has come from net new money driven by our SIP flows and acquisition of Indus.

Now coming to quarter-on-quarter view on the right-hand side:

Equity AUM declined by 8.2% during the quarter. This was primarily due to mark-to-market losses of INR 14,550 crore, reflecting sharp market correction during the period. However, the impact was partially cushioned by our highest-ever quarterly net sales of INR 4,300 crore. Notably, our mark-to-market loss of 11.6% was significantly lower than 14% correction seen in NIFTY 500 index, reflecting the resilience of our portfolio.

Let's move to Slide 48. This slide highlights our SIP performance.

As of March 2026, our monthly SIP book stood at ₹1188 crore. We have added about ₹209 crore to the SIP book over the last twelve months.

Our market share has improved by 20 basis points, from 3.45% in December 2025 to 3.65% in March 2026.

So, I am again starting with our consolidated financials slide, which is Slide #51. Before that, I explained about the SIP growth.

So, I think the last slide of our presentation, I think that is very important one. So, let me just again talk about the consolidated financials.

So, if you look at on a full-year basis, our mutual fund revenue growth at 21% is in line with our quarterly average AUM growth of about 21.7%. Despite impact of back book repricing, our yield has remained more or less stable at 91 basis point, not only for the year, but for last three years in a row.

So, if you look at on a full-year basis, our insurance revenue grew by 18%. This was on the back of a very strong growth in fresh premium with health insurance growing by 35% and life insurance by 28%. The revenue growth was a bit softer than the fresh premium growth led by rationalization of commission rates from 1st October 2025 in health insurance vertical on account of GST being reduced to nil rate and change in product mix on life insurance vertical.

On account of strong growth in both these key verticals, total revenue from operation grew by 19.4% and our commission and fee expenses, has also grown in the same line and the same pace at 19.8% on a full-year basis. Excluding ESOPs, employee expenses during the entire year went up by 21.2%. This is a bit higher on back of Indus acquisition and the cost related to all the employees of Indus and one-time provision related to labor code changes which has come in last quarter.



With our annual incremental cycle now complete and our entire team's review is also completed, we expect that the employee cost for the existing base will increase by approximately 14% in FY '27. If I give the indication that our salary bill has moved from INR 8.93 crore in March 2026 to INR 10.2 crore in April 2026.

Led by a healthy operational performance, operating profit grew by 18.2% and operating margin were stable at 23.6%. Profit after tax was lower at 13.5% compared to operating profit growth, mainly led by a dent in other income due to market correction in the month of March. Of INR 585 crore of our treasury investments, INR 200 crore is parked by us in the Balance Advantage Fund and Hybrid Specialized Investment Funds (SIFs).

On account of steep market correction during the quarter, other income turned negative by INR 4.7 crore as compared to positive income of INR 9.5 crore in the preceding quarter. This resulted in an overall drag on P&L for last quarter by approximately INR 13 crore to INR 14 crore.

However, all the losses on mutual fund portfolio have since reversed. Current gain on the mutual fund portfolio stand at approximately INR 11.5 crore and if market remained at current level, I think by 30th June we expect a very healthy income from other income side.

On a quarter-on-quarter basis, our revenue grew by 5.1% sequentially, led by a 69% growth in insurance revenue. Operating profit grew by 19.5% sequentially, aided by lower employee costs. Employee costs were lower as variable pay provision required in the current quarter was lower compared to what was set aside in the preceding quarters. However, despite a very healthy operational performance, profit grew at a slower pace of 2.6% due to negative other income as stated in the commentary above.

Now, shifting from our financial performance to the regulatory landscape:

SEBI has recently made changes in the total expense ratio, and I would like to address few points on that matter. First point is that revised expense ratio which will now be inclusive of all statutory levies including GST. It is a revenue neutral for those who are registered under GST, but the big advantage is that it removes the earlier anomaly where a GST registered distributor earned less than an unregistered one. This creates a level playing field and helps us attract smaller players to join the Prudent platform.

So, even though it is a revenue neutral as far as impact is concerned, strategically it is very, very beneficial to us. We have aligned our payout structure in line with regulatory changes wherein rate will also be exclusive at our end and distributor who raised a GST invoice, we will be reimbursing him GST based on the invoice raised by them.

The second point relates to the removal of 5 basis point benefit in lieu of exit load which has been in place since 2012. This benefit which was available over and above regular TER has

now been withdrawn by SEBI. While this represents a cost for the entire industry, we would like to highlight that broader implications are still being discussed and negotiated at the industry level. We expect greater clarity to emerge by end of this month and we will update our stakeholders accordingly once the picture is clearer.

So, to conclude our full-year performance:

FY '26 has been very, very satisfactory year for us despite two key headwinds mark-to-market pressure in the mutual fund segment and yield rationalization in the insurance segment following the reduction of GST to zero. Both our key business verticals delivered a close to 20% growth. This is a testament to underlying strength of our business model.

A few highlights that stand out for the year:

Our equity net sales at INR 13,900 crore were the highest ever in the history. We added 5,100 new partner during the year reflecting strong and healthy distribution expansion and our health insurance vertical continued to deliver outstanding performance with fresh premium growing at a 35%. So, across the board, our key parameters and the performance indicators have remained robust, and we are well poised as we move into FY '27.

So, with that, I will open the floor for question-and-answer. Thank you.

Moderator:

Thank you. We will now begin the question-and-answer session. The first question is from the line of Swarnabh Mukherjee from 360 ONE Capital. Please go ahead.

Swarnabh Mukherjee:

Two questions from my side. Sir, as you highlighted on the five basis point exit load pass on, you are still awaiting clarity. I just wanted to understand, I mean, I think it seems like that the expectation from your side was that there will be a pass on. What are the factors, why this is taking time on the lack of clarity is there? If you could highlight, you know, as there will be deviation vis-a-vis what was your expectation previously in terms of the impact? So, that is the first question.

Second is, if I were to look at your standalone P&L, the fee & commission expenses, if we calculated the percentage of the fee & commission income, there is a drop in this ratio. Just wanted to understand is this a function of Indus acquisition and direct revenue? How should we think about it?

And on the life insurance side, I mean, what is driving the growth in this segment? Because as far as we understand that apart from retail protection, I think the other segments which we do at the industry level has been a bit tepid in 4Q. So, I wanted to understand that our growth has been steady. So, what is helping that?

And also, given that our fresh to overall premium mix has, I think, improved, if I am not wrong. So, what is happening on the renewal side? Do we see any kind of persistency related impact playing out there if you could highlight?

Sanjay Shah:

So, I think, let me first of all address the second question related to your, what you call the reduction in the, or probably overall, you are finding visibly reduction in the brokerage payout percentage.

So, I can tell you there are two important points as far as the revenue is concerned. So, if you look at, as you knew that Prudent, we have an annual additional trail which we pay to the partner based on their full year net sales. And the provision which we have made based on our assumption in first three quarters was sufficient enough for us so that in the 4th Quarter, our provision was practically nil.

So, if you look at in the previous quarter, there was an additional trail provision of INR 5.5 crore. Finally, when the final number arrived in the Quarter 4, the provision for that was zero. So, there is a lower expenditure because of that. That is number one.

Number two, I think we have been all the time telling as far as insurance is concerned that we provide the revenue in our books only when we have absolute clarity. And there is a related to full-year revenue of additional about INR 4.5 crore has been recognized by us in the month of March. So, there is additional revenue of also about INR 4.5 crore. So, overall, there is a INR 10 crore of extra revenue. I think that is the one major item. And probably the insurance revenue is also bit higher because there is some contest related money would have come from the insurance.

So, all put together, I think that is the reason. But my belief is that when you look at the overall commission cost, you should look at the full year number, which is more representative from the point of view of your model rather than the last quarter. So, that is number one.

Number two, you are talking about regarding the clarity from the AMC side about five basis point is concerned. I think the large AMC has already communicated and I think we assume that. So, overall, we believe that as far as new business is concerned, our yield might remain neutral.

On the book, we are expecting about two, three basis point impact as far as exit load related pass on is TER rationalization is concerned. But still, a couple of AMCs are yet to communicate clearly. That is why I think we are not able to tell you exactly that what is going to be impact.

As far as sharing this with our distributor partners are concerned, consistently, we have been maintaining this standard. We will try to share as best as possible. And if not more, at least in

the existing ratio, which we are having as far as sharing I concerned, I think we will be able to share that.

So, these are the two questions. I think rest two questions, I will tell probably Shirish to address about the life insurance and the other question also. Shirish?

Swarnabh Mukherjee: Sir, just a follow up on this one if I may. So, I mean, in terms of this, you think that it will be relatively neutral in terms of the flow yield. So, how does that play out? I mean, in the flow yield also, would not there have been an impact at the individual scheme level?

Sanjay Shah: So, I think there are two things. One is AMC repricing on the existing book and their call on the new business. So, we believe, I think Shirish would be the right guy to also give you more clarity.

But I think based on the whatever indication we have till now, I think my new book pricing might remain more or less similar because GST component has already been adjusted. So, it was a very neutral for us. And 5 basis point impact is not on everybody. And somewhere, I think our impact would be might be more or less neutral as far as new rates are concerned. On the old book, I think still we will have some impact which is going to be repriced. So, that we need to pass.

So, there are two things. Old book, whenever the impact will come to us, we need to share with our distributor partners. As far as new business is concerned, our rate would be more or less neutral. So, I think we may not see a significant change as far as my payout is also concerned.

Swarnabh Mukherjee: Right, Sir. And this yield would be similar vis-a-vis say a national distributor like us and individual agent. I mean, just wanted to understand that post that, would we be at a similar competitive advantage vis-a-vis AMC passing on to their individual agent, individual distributors.

Sanjay Shah: So, I think probably for us, the biggest advantage from 1st of April is the GST rationalization itself because large players in the industry are less than Rs. 21 lakh as far as Rs. 20 lakh is concerned, as far as revenue is concerned. So, most of the players in the industry are non-registered, non-GST registered partners and they had a huge advantage of GST.

Now, with that advantage being gone away, we will be very, very competitive as far as what they used to get from AMC and what we used to offer. Now, their yield, their rate might remain the same but because of GST being taken out, I think their yield from AMC will come down by 15%. So, automatically, we are competitive by almost 15% compared to the rate of AMC.

Shirish Patel: Regarding the life insurance business, what you asked about that how we could grow better compared to the industry in the life insurance side, two reasons I would say. One, definitely,



post-2023 our life insurance business was little muted because the higher ticket side flow, completely majority of the higher ticket side flows dried away. So, last two years, I think business growth was not there. Of course, we took some time to settle down and also to change the product mix what we used to sell.

If you look at in this financial year, the new category, I think we were talking last few quarters also, that tulip category, the term plus ulip category, I think we have been pushing this category very, very actively. So, whatever we lost in terms of life insurance business from the guaranteed plans, what we tried to recover through this particular product category.

And this year, that category is the biggest selling category in our system. Because historically, we have been trying to sell term plans as well as non-mutual funds as equity or SIP way. So, the tulip branch of the industry, I think, serves both the purpose which gives the higher life cover as well as the exposure to equity.

And this product goes very well in our system. And hence, I think we could navigate this particular business. And we are very, very confident that over time, the tulip category will do better in our system. And probably that will help us grow our life insurance business. So, that is the answer.

Sanjay Shah: He was saying that if you look at the persistency, probably he is finding that persistency is a bit lower. Could it be because of fresh and new composition or something else? That was the question, right?

Swarnabh Mukherjee: Yes. So, by my calculation, the renewal growth rate has come off. While last year, it was, I mean, the last year, fresh growth was also better than the renewal growth. So, I was just trying to understand that is there a persistency issue or any way to look at it in a different manner?

Sanjay Shah: No, no. Persistency is still the highest. I think still we are maintaining more than 94%-95% of persistency. So, there is no challenges on a persistency side. Still, we have maintained the same. So, there is no challenges on that side.

Swarnabh Mukherjee: So, would this be then more like product mix of ticket size blend?

Sanjay Shah: Chirag, can you take this question up? Chirag, are you there?

Chirag Shah: I think we need to also look at the data what you are referring. Maybe we can connect you offline and then take it

Swarnabh Mukherjee: Sure, sir, definitely. Thank you and all the best for FY '27.

Moderator: The next question is from the line of Lalit Mohan Deo from Equirus Securities. Please go ahead.

Lalit Mohan Deo: Sir, just two questions. So, firstly, like as you mentioned that on the older book, like probably there will be an impact of around two, three basis points from the larger AMCs. So, just wanted to understand like on the non-GST distributors, like all the partners which we have, so are we aligning our distribution rates for them as well on the older book or are we continuing with the earlier rates itself?

And sir, secondly, can you give us the breakup of like the new of the non-financial, other non-financial, other financial products income which is like around INR 30-35 crores for the full year?

Sanjay Shah: So, I think as far as the rate alignment is concerned, definitely our payout will also get adjusted as per how the AMCs have adjusted. So, what we used to pay was the gross rate and now the rate would be aligned by net of GST on the book if I am talking about. So, I think that adjustment will definitely happen.

For the first time in our history, it is happening that our payout is going to be delayed by a few days this time because still a lot of clarity is required from the AMC and we have not calculated for the month of April. So, it will be difficult to give you any clear indication as far as numbers are concerned, but yes, the rate would be readjusted for. So, I think the same definition would be followed by us. We will reduce the GST component and we will probably pay the GST wherever GST invoice is raised.

Lalit Mohan Deo: And should we believe that because of this rate alignment or the GST, so then all the smaller distributors in the country, like they will be at a very disadvantaged state. So, probably the growth or the additions or the newer channel partners at an industry level might slow down like for the overall industry because of this.

Sanjay Shah: So, I think you look at in both the sides. I think probably they need to work a little bit harder because they had an advantage of GST component which was otherwise also not a part of your remuneration and you are making a little bit extra because of GST, but you are right.

For the non-GST partner, I think across the board, there is an impact of 15%-20% of the revenue. And so, we normally say that I think it is a one-year mark-to-market and you need to work a little bit harder, but you are right and probably for us that is the biggest advantage also this year.

You will see a lot of people getting consolidated under the platform because their competitive to sustain independently will become questionable and they will also want that all other expenditures should be borne by somebody. So, you are right. I think we will see more consolidation opportunity in the industry.

Now, coming to your question about the bifurcation of our other financial product revenue of INR 33 crore, right? That is what you are asking about?

Lalit Mohan Deo: Yes, sir.

Sanjay Shah: So, I think INR 22 crore has come from PMS, INR 6 crore from FD, and rest is probably small case and LAS and everything. So, I think small, small product, but majority of the income is coming from mobilization through PMS AIF. This almost entire revenue other than FD, which is about INR 5-6 crore is recurring in nature.

And I can tell you if you look at current year, our revenue in the other product has not grown because last year there was about INR 6.7 crore revenue from liquiloans, which has probably discontinued as far as product is concerned. So, if you remove INR 6.7 crore from last year, my other product revenue growth is almost about 34%, which is visibly as of now only 5%. But if you struck out, struck off the liquiloan from last year, that growth is almost 35%.

Moderator: The next question is from the line of Dipanjan Ghosh from Citi Capital. Please go ahead.

Dipanjan Ghosh: So, firstly, in your presentation, I see that there are around 1,000 plus MFDs who can basically sell SIF. So, just two questions on that front.

One is, what would be the SIF flows in fourth quarter? And if you can give some color on the yield construct for SIF versus, let's say, on the equity book that you have, how does it differ?

The second question is on the life insurance business. Now, if I look at your annual yield, they seem almost similar, maybe marginally lower compared to last year is despite 2H yields probably would have been lower because of the ITC impact. Now, you mentioned in your commentary that the term plus ULIP product has spiked up. So, is it just a function of exchange or is there something to read more into the numbers?

The third question is on the cash position. So, I mean, previously, you have deliberated multiple inorganic opportunities. You have also kind of ventured and gone ahead with a few of them. So, anything else that one can expect going into FY '27 or '28? Those are my three questions.

Sanjay Shah: So, let me answer about the third one first. First two Shirish will try and address. So, as far as acquisition is concerned, it is a work in process and continuously we have been exploring. So, nothing at a concrete state, but I am sure something, I think it is in the process. We will not say that something will happen in '27-'28, or '26-'27, but definitely, regularly, something or something will keep on coming and we have been trying and exploring that opportunity all the time. So, Shirish, about SIF and LI.

Shirish Patel:

So, you asked about the flows in SIF in last quarter. So, we did around INR 90 crores kind of business in SIF in last quarter. So, currently, I think month-on-month, we believe that we have attained a run rate of around INR 25-30 crores now and we strongly believe that this is still a new category for us and incrementally every month, we strongly believe that this monthly flow will keep on increasing on SIF side.

So, today, I think the industry has got around 6,000 unique distributors who are certified to sell SIF and out of 6,000, almost 1,000 plus are done by Prudent and working with Prudent. So, that way we are very, very confident on SIF.

In the same line, the second question was, how is the margin in SIF versus other products? So, probably the SIF margins are in line with mutual funds. So, there is not much difference between SIF margin and the mutual fund margin. So, you can consider SIF as part of the mutual fund sales or mutual fund margin only going forward. So, the margin in SIF would be in line with mutual funds. So, that is the second point.

Third point you asked about the yield experience in the life insurance side. So, yield experience in the life insurance side, I think few of the things would be positive, few of the things could be negative in the sense which can bring down or which has brought down yield. One is the ULIP category. Compared to the previous year, the ULIP sale has gone up by almost I think 5%-6%, I would say. So, you can see that the ULIP growth will bring down the yield in per se. So, that is one.

At the same time, I would say that the positive side, post-October, definitely because of our quality of the assets and the mix of the product, we could definitely maintain our commercials with most of the insurance companies. So, obviously, I think that is a positive sign. So, per se, I think we could maintain the life insurance yield. Of course, ULIP definitely will bring down some kind of yield. But otherwise, I think other categories, we could maintain the yield from the life insurance side.

Dipanjan Ghosh:

Maybe just one small question which I will squeeze in. You mentioned that in any repricing that happens in the mutual fund yield, the impact on back-book might be in the range of 2-3 basis points as per your best estimate at this point of time. And you expect the incremental flows to largely be neutral.

Now, I just wanted to understand how the economics works for you. Let's say you generate around INR 100 crore of flows for a particular mutual fund, let's say in the month of May '26. Let's say that comes in at 90 basis points of gross realizations.

Now, let's say the customer stays in the ecosystem and the AUM compounds over the next 3 to 4 years. How are the trail commissions organized in this case? If you can give some color on the economics of the business after the initial money has come into the ecosystem.

Sanjay Shah: So, actually, if you look at because the transaction level yield is always defined. So, for example, today I have brought somebody's Rs. 1 lakh, wherein I am earning, let's say, 90 basis points. So, one is your back-book.

The book as on 31st March, hypothetically, I am assuming that my entire book is going to be repriced by, let's say, lower than 2 basis points. So, when it is a question of income, right? Say, for example, Sanjay Shah has given me a crore before 5 years and my earning on that particular investment was, let's say, 50 basis points. Now, it will come down to 48 basis points. That is one part of the story as far as back-book is concerned.

Regarding the existing business, which I have told you that I don't see a significant change as far as my earning is concerned because one was repricing the back-book. Another was taking a call on the new business. And current indication is such that I might have an impact of 2-3 basis points in the back-book, but not into the new business. If you look at my book and the new business, I think probably if you look at gross to net ratio 50%, we are expecting that this year my gross sales has to be in the range of INR 30-35,000 crore on a total AUM of INR 1,30,000 crore.

So, my net new sales is always in the range of 20%. So, probably you might see that my book virtually would, a 20% book might get repriced by end of the year. But then as long as the money remains into the system, I think we will continue to enjoy the same rate unless there is a change in the back-book repricing. Otherwise, we will continue to have the same rate because the rate is mapped to a particular transaction, whether it is a Rs. 1,000 SIP or a INR 1 crore lump sum. Could I be able to explain?

Dipanjan Ghosh: No, I think I get that Sanjay. So, just to kind of close the argument, you are saying that if you get, let's say, Rs. 1,000 crore today at, let's say, 90 basis points gross yields and the money stays in your ecosystem for next 10 years, the yield will be 90 basis points as long as there is no one-off back-book repricing like some of the AMCs did last to last year or last year, right?

Sanjay Shah: Perfect. Perfect. Absolutely.

Moderator: The next question is from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Hi. I joined in a bit late. I don't know whether this point has been discussed. So, one is the GST impact that is there and the second is the exit load impact, the 5 basis points going away. Now, whenever you consider the passing it on to your distributors, what is the thought process that Prudent has with respect to maintaining its margin, whether it is the absolute spread that you would be earning?

So, for example, if you are earning 90 bps and earlier you were giving 70 bps to the distributor, you were earning 20 bps. Now, that goes to 88 bps. You would maintain that 20 bps and give

68 bps or would it be on a percentage basis? How does the company think about passing it on to the distributors?

Sanjay Shah:

So, I think you are right. Before you joined, we tried to discuss about how are we going to manage the changes which are going to happen. So, one thing is we just wanted to communicate that whatever AMC has done for the distributors as far as changing the rate is concerned because previously your rate was, let's say, for example, 1% inclusive GST. The revised rate would be 85 basis points and whoever is a part of GST has to raise an invoice for that. So, the similar impact would be at our end also. However, we will not be able to crystallize anything in the monetary terms because here the April calculation is pending. So, that is, I think that is the answer to your question.

And second question you said about the exit load also, I think we are expecting roughly about, so then in case of exit load also, if you look at the back-book and the new business which will be mobilized, so, we assume that as far as book is concerned, there might be impact of 2 to 3 basis points on the entire AUM on a weighted average basis.

This is also a presumption because still a couple of AMCs are yet to be closed, but I am assuming it will be in the range of 2 to 3 basis points and that also we will try and share with our distribution partners the way we used to share either in absolute terms or in form of percentage sharing. So, I think that is about the exit load impact on the existing book.

I think in the new business, current indications are such that probably our yield would remain more or less similar and we do not see a significant change as far as my new yield is concerned and hence probably the overall my pricing strategy also would remain the same.

Prayesh Jain:

Got that. And sir, the other part was the SIP run rate and SIP stickiness or SIP new generation. Now that the SIP returns have kind of been one year SIP returns have been very moderate for the last I think many months now. And it is reflected in your numbers as well the SIP momentum has slowed down. What are the ground pillars that you are getting with respect to SIP momentum going ahead?

Sanjay Shah:

Shirish?

Shirish Patel:

So, in terms of new registration last financial year, we have done the highest gross registration in terms of new SIP. So, that way, yes, I think you can say that I think post-February mid and that time, I think, yes, we have seen some kind of low reduction in the new SIP registration. But annualized basis, we have done the highest ever SIP registration, new SIP registration.

Regarding the termination or the cancellation, obviously, I think the last financial year, we have seen that higher termination compared to the previous year. Obviously, when the market returns are not that great, two years SIP are not delivering great returns, two things happen. The new registrations come down little bit and cancellation increases little bit.

So, considering both these things, definitely the cancellation has gone up in last financial year compared to the previous year. But as I said that the gross has helped to grow. If the kind of returns continue for a longer time, definitely there could be some impact on the new SIP and the cancellation both.

Having said that experience of investors, the confidence level of investors is much, much different compared to what it used to be earlier. So, hence, we have seen the trend that the cancellations are low and still the investors are giving more money. But again, that depends how the market returns in next one year. As of now, we are very, very confident.

Prayesh Jain:

Sir, my other question was on your overall revenue profile. How do you see that revenue profile between mutual fund insurance and other financial products? Obviously, that mix has gone through some changes over the last few years.

How do you see this changing in the, say, next three years? Do you think that all the new businesses can scale up materially from here on and what will be your dependence on mutual funds will go down? How do you see the mix panning out in the next two, three years?

Shirish Patel:

So, currently, other product revenue is very, very significant if I exclude the insurance side. So, obviously, I think there is a lot of scope to grow the other product revenue. As Sanjay said earlier that if I exclude the liquid loan which product is not there now, last year other product revenue growth was around 34%-35% and PMS contributed the highest one.

Obviously, as we know that I think PMS business is also kind of cyclical. When the market returns are not that great, PMS sales also comes down. So, assuming in a normal scenario, we surely believe that the PMS, AIF and the FD which are the new products for us in the alternate side, definitely it is going to grow drastically in our system as well. SIF is a new product category though we consider or treat SIF as a part of mutual fund only, but incrementally SIF is definitely going to contribute a lot in our system.

Insurance, yes, we are very, very bullish on specifically health insurance side. So, that component also may grow. But this financial year, we may see some kind of yield reduction in insurance because the regulator is talking about rationalizing the commission or not.

But having said that, mutual fund business, we are very, very confident that we will grow it though the base is very high, still it will grow. But all the products what we have introduced in last 4-5 years may grow faster than the mutual fund in terms of percentage. But there is no clear cut indication that what would be the percentage share of other products versus mutual fund because we want to grow mutual funds as well.

Prayesh Jain:

Got that. And last question, sir, the MFD business has seen many players coming in. So, do you think that the competitive intensity to acquire MFDs as well as the rates that one needs to share with these MFDs, that could be a challenge going ahead?

How you are seeing the competitive environment among different types of players, different types of national distributors? And because many players are getting into B2B2C mutual fund distribution now. So, do you think that the competitive intensity will be high in terms of sharing and that could impact, especially on the new flows front, because back-book takes almost a year to transfer, but at least on the new flow front, people can share significantly higher and take away some MFDs or the incremental share could be lower for us. How do you see the environment there?

Shirish Patel:

Prayesh, now, these new competitions are not new. Last year, the same question definitely we could have said that they are new. Now, they are already two years old, the competition is there for last two years. We have experienced what they are doing and what we are doing in last two years.

Having said that, last, that is '25-'26, we have seen all these competitions, but if I tell you that my equity gross sales was the highest ever, equity net sales was the highest ever, equity gross new SIP registration was highest ever, my health insurance business was highest ever, my life insurance business was second highest ever.

So, obviously, the competition comes. We have to be mindful, but to be very honest, we have not seen any big impact or any impact in terms of business. We are very, very, I would say, alert what they are doing and what the competition can do.

But the other side of this coin, I would say that because of so many B2C platforms, I think more and more MFDs are becoming aware about the advantages of platform. So, we also get this indirect advantage of platforms being more popularized.

So, obviously, that is a bigger advantage than I think the worry about these guys will pay more brokerage and will take the distribution. And now, I think specifically from April onwards, I think the level playing field with the AMCs, I think especially for the smaller distribution, I think the market for the platform business is going to become very, very big. So, we are not worried about what this competition will take something, but rather I would say that the market has become bigger and bigger. I think how we can get the maximum pie out of the growth opportunity in the market. So, that is how we consider.

Moderator:

The next question is from the line of Gaurav Jain from ICICI Prudential Mutual Fund. Please go ahead.

Gaurav Jain:

Sir, thank you for taking my question. Just one question from my side. On Indus Capital acquisition, if you can highlight how much AUM we have been able to retain, if there is any attrition or outflow we have seen on that front is one.

And second, do you think there can be further such acquisition potential opportunities which we can find in the market? That is all from my side, sir.

Sanjay Shah: Yes. No, I will just talk about the Indus, then probably you can discuss. I was talking about the Indus is an acquisition. So, I was just saying that industry, the experience has been very, very positive. We communicated that we acquired INR 2,085 crore was the AUM when we were supposed to acquire. And finally, I think INR 10-15 crore here and there, we got roughly about INR 2,060 crore in our quote by end of September.

And if I tell you the latest number, the AUM is INR 2,250 crore. It has grown in line with my overall AUM growth and the gross sales, net sales, SIP book, everything has been reasonably great. I think the retention of manpower is absolute. Everybody is there. Not a single person is left. The senior guy who is managing the business also very, very settled into the system.

So, overall, if you look at on all key parameters, I think the experience, adaptability, client adaptability, we have a couple of discussions with the client also. So, overall, it is a very, very satisfactory thing.

Regarding another acquisition, I think I already try and address that it is a work in process. We regularly try and assess. So, nothing is concrete. So, I will not say that something is definitely going to happen in next three months, but it is always a regular agenda for us to scout and look for some good acquisition. Yes, Shirish.

Shirish Patel: I think you answered both.

Moderator: The next question is from the line of Abhijeet Sakhare from Kotak Securities. Please go ahead.

Abhijeet Sakhare: So, my first question is on Slide 32. Just wanted to check what is the AUM share of MFDs with more than INR 10 crores of AUM? I do not know if that number is disclosed anywhere else in the presentation.

Sanjay Shah: I think there is a slide if you look at more than INR 10 crores. where we say that we have 2,220 people as on 31st March who have crossed INR 10 crore AUM. So, I think we have not provided the AUM, but if you look at the average AUM. So, I probably can give the number.

Abhijeet Sakhare: And sir, just qualitatively, Sanjay sir, of the MFDs that you are acquiring, how has been the direction in terms of firstly at what AUM level they are joining the platform and has it changed materially in the last two to three years?

Sanjay Shah: Shirish?

Shirish Patel: Basically, MFDs joining are of two categories. One, new to industry and secondly, the existing distributors. Almost I would say that 40% to 50% of the MFDs joining us, I think we convert them from other and bring them in the mutual fund industry.

So, practically, they start at zero AUM, zero mutual fund clientele and everything and that is what we build upon. As I said, I think other 50% who joins us from the industry, I think they vary from zero AUM to even INR 100 crore AUM or INR 200 crore AUM.

Many of the bigger MFDs do not join us for the mutual fund business. They join us for alternate product or the insurance business, this kind of product. And when their experience becomes better, they join us or they may start doing mutual fund. So, it would not be any single answer that at what AUM distributor joins. So, it is a different range.

Abhijeet Sakhare: And sir, alternatively, is there a leakage in terms of, let's say, somebody crossing, let's say, INR 100 crores or any such number after which they want to venture on their own or they are still not at that stage?

Shirish Patel: To be very honest, after INR 100 crore, till date, I don't remember any MFD who has left. But yes, with the leakage specifically in the range of INR 10 crores or INR 20 crores earlier and again that I would say, we have not seen in that kind of drastically.

It is very difficult for any MFD to move out after attaining a certain scale. All their customers are on fundzbasar, moving their all the x platform to y platform becomes very, very difficult. Bigger the scale, it is very difficult for any MFD to move out of any platform.

Moderator: The next question is from the line of Dipanjan Ghosh from Citi. Please go ahead.

Dipanjan Ghosh: Sorry, just a few follow-ups from my side. One is if you can quantify the employee number as of March 31st. Second, given all the discussions around MF yields, would it be possible to give some color on what are the incremental yields currently?

Sanjay Shah: As of 31st March is concerned, the precise number is 1,540 people. And their new salary bill would be, I said about INR 10.2 crore. So, that is about the entire number of employees.

Regarding the new business yield, it will be difficult because still, as I told you that, and then the yield also vary based on the composition, which segment more money will come, which scheme more money will come.

So, it is not a single answer that, because you knew, right? Because if the more money comes in largest scheme of BAF, or the smallest scheme of BEF, I think the yield difference will be almost about 30-40 basis points.

So, to give you an indication that what is likely to be the blended yield, it would be very, very difficult. And that probably, and normally, we are difficult to give you about the book yield and the existing business. Normally, it is very difficult for us. And normally, we do not communicate also that number.

- Moderator:** The next question is from the line of Gaurav Jani from Prabhudas Lilladher. Please go ahead.
- Gaurav Jani:** So, just two questions. Just to simplify, I mean, your MF distribution yields would kind of probably go down a bit, right? But that would be offset by the fees and commission, right? So, is that correct to understand? And hence, would we be able to maintain our net yields is the first question.
- Sanjay Shah:** Overall, my yield should not come under any compression because on the book, other than GST, we might see a 2-3 basis point impact, which to a large extent we should be able to share with our distribution partners. And the new business, I told you that I don't see any change as far as my yield is concerned. So, overall, my book yield should remain static.
- I think whether my earnings, how it will get adjusted would be, I will be able to tell you only once the entire thing is implemented into the system. But somewhere, we should see an improvement in our yield as far as my overall yield is concerned.
- Gaurav Jani:** So, you mean the net yield?
- Sanjay Shah:** Yes, net yield should be positive. Overall yield should remain more or less static. The two things, my earning, let's say today, I am earning 91 basis points, for example, as on 31st March. My belief is that in April, on the total book, my yield might probably move by about 1-1.5 basis point on the total or 2 business points. But overall because I will be able to share this with my partner also. So, overall, my earnings should not go down in any case. I think I should be able to protect my overall earning yield.
- Gaurav Jani:** Which is what I was trying to get at, sir. I got your point. So, appreciate that. And lastly, what is the expected ESOP cost in the upcoming year? This year, it was, I think, INR 3.3 crore or so.
- Sanjay Shah:** So, last year, it was about INR 6.7 crores or let's say it was INR 7 crore on an annualized basis. I think I assume that it has to be linked to the stock price because at Rs. 2,600, I think the cost was roughly about INR 7 crore. So, probably, I don't know what will be the price of the share, but one thing is clear.
- We have decided that every September or October, we are going to announce the ESOP now because so that we can have next four quarters continuous amortization and there should not be any spillover into the, so there should not be a double provisioning on a particular quarter. So, now, more or less, probably the number of shares might change by a few shares here and there, but so probably you can assume that the cost might go up by 15%-20%.
- Gaurav Jani:** So, you mean to say, yes, total ESOP cost will be?

Sanjay Shah: So, if, let's say, this time the cost is likely to be INR 7 crore, next year it could be INR 8.5 crore. It is a year, and I have not gone to the board. It is a ballpark number. You cannot take it as a projection, but I am just giving you my thought.

Gaurav Jani: And sir, correct me if I am wrong. You mentioned that total employee cost would grow by 14% in FY '27, right?

Sanjay Shah: Yes. Existing, not the total cost. My existing employee salary, which used to be INR 8.93 in March, would be INR 10.1 crore in the April. Same people who were on the books. So, I am not talking about the April, maybe most of the people have joined. So, I am not talking about their salary. The guy who was with me on 31st March, his salary has been revised on 1st of April, and that growth is about 14%.

Gaurav Jani: Understood. Perfect, sir. Thanks a lot. I appreciate your inputs.

Moderator: The next question is from the line of Lalit Mohan Deo from Equirus Securities. Please go ahead.

Lalit Mohan Deo: Just two follow-up questions. So, like in the last quarter, we had mentioned that the AUM coming from the top five AMCs were in the range of around 50%-51%. Now I just wanted to understand, from a flow perspective, where could that number be? And also within that, a total AUM of around INR 1.33 lakh crores, could you just bifurcate it between the direct channel AUM and the AUM coming from the partner's level?

Sanjay Shah: Shirish?

Shirish Patel: Basically, top 5 AMCs, as you said, contribute around 50% of the AUM. And between direct and the regular channel, I think the ratio what we maintained earlier also, that still continues as it is. After Indus acquisition, it has changed a little. Right now, it is 90-10. So, 90% contribution comes from the AUM, while 90% of the contribution is from our B2B2C channel, and around 10% contribution is from the direct plus Indus channel. If you talk about the new flows, it would be around, you can say, 6% to 7% coming from the direct channel, and almost 93%-94% coming from the B2B2C channel.

Lalit Mohan Deo: And from the top five AMCs' contribution from a flow perspective?

Shirish Patel: It is the similar. There is hardly any change. There will be a change of 1% or 2%, because new AMCs coming in, they might eat into some kind of share from the bigger AMCs. But if you look at the share in the business and share in the AUM, of course, the new business share would be a little lesser than the AUM share. But it is not drastically difference, because as I said, new AMCs will eat into the existing assets of the bigger AMCs, but there is no meaningful difference you can highlight.

Moderator: The next question is from the line of Sanketh Gowda from Avendus Spark Institutional Equities. Please go ahead, sir.

Sanketh Gowda: Sir, if I look at the gross flows numbers in the current quarter, it seems to be more driven by the lump sum number rather than the SIP, which has been pretty stable. So, I just wanted to understand whether this amount came predominantly when the market corrected? And is it fair to say that it might not repeat if the market comebacks? And therefore, we can go back to that lump sum number around INR 4,000-odd crore kind of figure instead of INR 5,300 crore figure what you experienced in the current quarter. And I just wanted to understand whether it came in the month of March or it was more uniformly distributed?

Shirish Patel: So, basically, I think whenever market corrects the initial phase, historically we have seen that the lump sum money takes the advantage of the market and hence the lump sum flows would be higher than the SIP flows during that period. Long term, I think always you would see that currently in our system almost it is 50%-50% kind of number. So, long term, I think 50% contribution comes from kind of SIPs and almost similar from the lumpsum number.

Overnight, SIP numbers cannot change. So, tomorrow market corrects, obviously, I think lump sum will take it over in terms of share. And longer term, if the market is not doing that great, that time we will see that the new flows or the fresh flows will come down significantly and that time you will see that the SIP sales is much-much higher than the new sales.

But long term, I think currently system is 50-50. Specifically, if you talk about whether the flow has come in the month of March or April, I would say that the difference in Jan-Feb-March, if I look at the fresh flows, hardly any difference. I think, of course, there was a difference of around INR 100 crore, you can say around 10% deviation in the Jan-Feb-March number.

But you can't say that I think March number was 30%-40% higher than my Jan-Feb- number. So, it was hardly INR 100 crore difference in Jan and March number. So, yes, there was a difference but not much.

Sanketh Gowda: And the second question is predominantly on the SIP market share. That monthly SIP market share, if I see, it's been stuck in that zone of 3.5 to 3.7 kind of number. I just wanted to understand, I mean, this pain is coming from more other platform companies where we are not able to expand market share. It is not pain, but we are not able to expand the market share. Is it largely coming from the other platform companies or is it more and more people choosing to take direct, in your view, sir?

Shirish Patel: Definitely, I think you would see that more and more people in the industry market share of direct is increasing. So, when you are comparing the share only on a total SIP registration, if you are saying that we have maintained in a scenario wherein the overall share of direct is

increasing, that way you yourself is saying that I think we are gaining the markets in a regular plan.

So, that says that we are not losing the share to other competition platform or other regular plan platforms. On that particular space, we are gaining the market share. But when we are talking about the overall industry, yes, I think the share is maintained.

Sanketh Gowda: Absolutely correct. But any number you have in mind, sir, like this number should be at least 4% or 4.5% in medium term as a market share?

Shirish Patel: Practically, I think we don't target this kind of number. But of course, I think we keep on tracking the growth or the share month-on-month or quarter-on-quarter. And I think every month it is at least few basis point higher than the previous one.

So, I think we are on that zone that I think we are growing. But specifically if you say that are we targeting 4%, 5% of the market share that way, I think because direct I will not be able to control how the direct goes, how many platforms will become stronger on a direct side. I think it is anybody's guess to say. But yes, I think always there is a focus that we should be able to increase the market share to overall industry and specifically on a regular plan. But no number in mind.

Sanketh Gowda: And lastly, on this due to GST thing, the unorganized MFDs who probably don't pay GST, in your assessment, how big is that number or how much AUM is managed by them? And if they come on the platform and if we take a bit of market share, very similar to what we have today, maybe too early to tell, but just any numbers you have in your mind, how many people are there? How much of AUM is given by these guys and managed by these guys? And if they come to our platform, how much potentially bump up we can see in the AUM in that sense?

Shirish Patel: So, here definitely one thing is very clear that the competitiveness of platform has increased compared to what it was last year. Now, how this will play out, I think only the time would say. I don't have any exact number on the industry side that what percentage of the AUM is GST, non-GST guys were contributing.

But I think AMCs would be the right person or the RTAs would be the right person to give you the number. But I think what I understand, again, I think I would say that this is not an authentic number, but what I heard in the market, maybe around 15% to 16% of the AUM is contributed by non-GST registered partner. Now, whether this is the entire industry or only MFDs, even I am not too sure right now.

So, in terms of number of distributors would be much, much higher. But the contribution in terms of overall AUM definitely would be much lesser than what it looks like. So, of course, it is an opportunity for all the platforms that these non-registered distributors may join them.



But it is not only non-registered distributors. I think I would say that the entire industry for that particular matter, the platform competitiveness has increased, whether it is non-registered or the registered. So, only thing how it plays out, I think, let's see, I think after one year, we will be able to see that how it works.

Sanketh Gowda: That's it from my side.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Sanjay Shah for closing comments.

Sanjay Shah: Thank you. Thank you, everyone. I think we probably tried to address all the queries. However, if you have any question, you can definitely reach out to our IR guy, Parth Parekh. We will be happy to answer all your questions. Thank you very much. Thank you.

Shirish Patel: Thank you.

Moderator: Thank you. On behalf of Avendus Spark Institutional Equities Private Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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