Date: 02.11.2026

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
SCRIP CODE: **543527**

ISIN: **INE00F201020**

Sub.: Transcript of the Conference Call for Un-Audited Financial Results for the Quarter ended September 30, 2026.

With reference to our earlier intimation dated October 24, 2026 and 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 October 29, 2026 in respect of the Un-Audited Financial Results for the Quarter ended September 30, 2026.

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

Please take the same into your records and do the needful.

For, Prudent Corporate Advisory Services Limited

Kunal Amrishbhai Chauhan
Digitally signed by Kunal Amrishbhai Chauhan
Date: 2026.11.02 17:35:17 +05'30'

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

Encl.: As Stated

"Prudent Corporate Advisory Services

Q2 FY27 Earnings Conference Call"

October 29, 2026

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

MODERATOR: **MR. SWARNABHA MUKHERJEE -- 360 ONE CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to Prudent Corporate Advisory Services Q2 FY27 Earnings Conference Call hosted by 360 ONE Capital. 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 star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Swarnabha Mukherjee. Thank you, and over to you, Mr. Mukherjee.

Swarnabha Mukherjee: Thank you. Good morning, everyone. Welcome to the Q2 FY27 results conference call of Prudent Corporate Advisory Services Limited. To give a brief update on the results and address investor questions, we have the management of Prudent Corporate Advisory Services Limited, represented by Mr. Sanjay Shah, Chairman and Managing Director; Mr. Shirish Patel, Chief Executive Officer; Mr. Chirag Shah, Non-Executive Director; Mr. Chirag Kothari, Chief Financial Officer; and Mr. Parth Parekh, Head, Investor Relations.

Now I would like to request the management to start with the opening comments, post which we can open the floor for Q&A. Thank you, and over to you, sir.

Sanjay Shah: Thank you, Swarnabha. So good morning, everyone. I extend a very warm welcome to all of you for joining our Q2 FY27 earnings call. Thank you for taking time to be with us today. I hope you have the investor presentation handy as we'll be referring to it during the course of the discussion. Straight, let us go to Slide 49, which highlights our AUM growth for the quarter.

So if you look at Slide 49, on the right-hand side, we have shown the trend in quarterly average AUM. The sharpest part of market correction has came in last few weeks of October. So after the September quarter has ended. As a result, quarterly AUM of Q2 FY27 remained strong at INR1.43 lakh crores. This was up by 8% sequentially and 21% year-on-year.

If you look at on the left-hand side, we have compared the average AUM for first half of FY27 with our current AUM. Historically, current AUM at this point in the year has been higher than the first half. This has usually provided a favorable base for growth in the second half. This year, sharp market correction has brought our current AUM more or less at par with the first half average AUM of INR1.38 lakh crores.

So it is now slightly below our first half of average of INR1.38 lakh crores. Now let us move to Slide 50, which shows the movement in our equity AUM on a year-on-year basis and on a quarter-on-quarter basis. Now let me begin with the year-on-year trend on the left-hand side. Equity AUM has increased from INR1.17 lakh crores in September 2025 to INR1.37 lakh crores in September 2026.

This is a growth of 16.2% or nearly INR19,100 crores. Around 80% of this growth came from net sales, supported by strong SIP flows. So despite the weak market environment, mark-to-market impact on our equity AUM was positive at 2.9%. Over the same period, NIFTY 50 has declined by 8.1% and NIFTY 500 has declined by 2.9%.

Major reason of our outperformance is due to consistent SIP inflows, which help investors benefit from the market volatility, supported by thoughtful fund selection and portfolio construction by our distributors. Together, these factors reflect the distributors' alpha over the market by our network, which continues to deliver better for the investors.

On the right-hand side, we show the quarter-on-quarter movement. Despite a negative mark-to-market impact of INR1,867 crores, our Equity AUM grew by 1.7% sequentially. We recorded net sales of INR4,137 crores during the quarter. This is the highest quarterly net sales in our history. Now please move to Slide 51. It highlights our SIP performance. So as of September 2026, our monthly SIP book stood at INR1,272 crores a growth of 17.2% over last one year.

Our SIP collections are growing faster than the market. As a result, our share of SIP contribution has increased from 3.49% in September 2025 to 3.73% in September 2026. Our market share in equity-oriented AUM, excluding ETF, has also improved. It rose from 2.59% to 2.7% over the same period. This reflects strong net sales and the distributors alpha generated by our MFD. Now let us come to the most important part, which is the financial results.

So let us move to Slide 54. It presents our consolidated financials. On the quarterly average AUM, as I already told you, our quarterly AUM grew by 7.9% sequentially and mutual fund revenue grew faster at 9.4%. This faster revenue growth was primarily due to 1 additional revenue day compared with the previous quarter.

MF yield otherwise has remained very, very stable between 88 to 89 basis points during the quarter. Our insurance revenue grew by a strong 35% sequentially. This was supported by fresh premium growth of 54% in general insurance and 37% in life insurance. On a Y-o-Y basis, Life and GI fresh premium were up by 45% and 62%, respectively.

Now moving to our other financial and nonfinancial products, the revenue of which grew by 14% sequentially. This growth was primarily driven by our PMS vertical. distribution of PMS product. Average PMS AUM grew by 37% year-on-year, and now it stands around INR2,020 crores. Given the strong performance across all our businesses, our revenue from operations grew by 11.8% sequentially.

Operating profit grew at a much faster pace of 15.4% sequentially on account of operating leverage and operating margin, which has been expanded by 80 basis points to 26.4%. Other income has declined during the quarter. Higher bond yield created a mark-to-market drag on the debt portfolio. The hybrid portfolio also saw a reversal of earlier mark-to-market gain.

As a result, other income fell by around 82% sequentially from INR20.8 crores in previous quarter to INR3.8 crores in the current quarter. And because of that, our reported profit after tax was at INR71.7 crores, which was down by 4.1% compared to the previous quarter. I would ask you to separate that from the operating performance because they tell a very different story.

If we set aside our other income, which is treasury line and not an operating one, profit before tax grew by 16% sequentially and 45% year-on-year. The operating business had its strongest quarter still. Taking the half year as a whole, revenue from operations grew by 20% to INR736

crores. Operating profit grew by 37.6% to INR192 crores with operating margin at 26.1% against 22.7% last year.

So profit after tax for the half year grew 39.1% to INR146.5 crores. Now as we highlighted the last quarter, the MF regulatory changes, which came in effect in April 2026, are prompting more distributor partners to join the Prudent platform that can support them with technology, compliance and operations.

This is reflected in our onboarding numbers. We added around 3,541 new distributors on our platform in the first half. That is nearly 30% higher than the first half of last year. We are also very strongly focused on scaling our SIF business. So far 1792 distributors across our MFD networks have obtained SIF certification and our SIF AUM is nearly INR900 crores.

Now let me address one of the very important points, which is related to proposed regulatory changes in the insurance distribution. Now if you look at the current consultation paper, there is one change which I would like to just talk about that regulatory is looking at entire industry from a two segments. One is the independent distribution agents, which is IDA.

And second is the independent distribution entity, which is IDE. All individual agents will fall under IDA, while every other category, whether it is corporate agent or insurance broker, they will fall under IDA and Prudent falls under IDE. Now major change is related to commission as far as these two segments is concerned.

Under the proposal, individual agent will earn more than organized distributor like IDE. Let me just give an example in health insurance renewal. Agent or IDA will earn 10% renewal commission, while IDE entities like Prudent will earn 5%. So IDE earn almost 50% less than the agent for exactly the same business.

I believe industry has made a lot of representation on this, and we are getting the feedback that regulatory is receptive to them. We have also sent our representation as well. What industry is asking is at minimum, we should have a level playing field with the independent agents. We should be at par with them or somewhat higher.

Let me explain why. At our end, we have invested significantly in claim support, technology and customer servicing, and we have a large team working in this department. And whatever we earn, we need to share out of that earning with our POSPs. So I think we all can understand, right, that if we do not earn, we cannot share.

In the proposed format where we earn 5% and an individual agent on 10%, it would be very difficult for us to sustain this business. That said, based on the discussions and the feedback we are getting from various associations, we do definitely expect a workable middle part to emerge.

Let me still address the impact. Assuming the regulation came through exactly as proposed, which we believe is very unlikely, the current contribution of insurance business to our profit is roughly about 12%. So that is something which might have the direct impact if the regulation comes as it is.

Now let us understand, even in this unlikely scenario, we see a potential offset and opportunity to accelerate our mutual fund business. If the proposal is implemented as drafted, it will affect the entire insurance distribution industry, including individual agents. With pressure on insurance income, many agents are likely to look for a second source of earnings.

They can either grow their insurance volumes or add a complementary business. We believe mutual fund could become a significant part of that second income stream that create an opportunity for Prudent. Agents who want to enter mutual fund distribution will need training, technology and client servicing.

Our pan-India branch network, tech platform and a team of around 700 sales employees give us the scale to support them. There is also an opportunity to raise our own productivity. Today, part of our management and the regional leadership team devotes the significant time for the insurance business. If that bandwidth is redeployed to mutual funds, it can definitely support the stronger execution, higher productivity in a business where we already have scale.

Now let me try and address another part, which is the recent regulatory changes by the regulator on the PMS front as a manufacturer. Post regulatory changes, we are in the process of applying for a PMS license. As you all are aware that we have 100% subsidiary called Prutech. We have just got the approval from ROC for change of name, from Prutech to Prudent Asset Management Private Limited.

And we are in the process of applying for the MF PMS license. The MF PMS framework is expected to become operational from April 2027. We believe we are well placed to have required license by them. Our focus for now is on the MF PMS. We see two opportunities in this space. First, we can provide PMS manager with the technology and back office support they need.

This would be similar to the backbone we have provided to mutual fund distributors. It would allow PMS managers to focus more on acquiring the clients. Second, there is an opportunity to serve HNI clients who want actively managed mutual fund portfolios. Our MF PMS offering can help address this need. So, this is one part, which I think we believe is going to be significantly large over a period of time.

Second is we also see an opportunity in the bonds. We already hold an OBPP license. Here, too, SEBI has issued a consultation paper on the clarity about the fixed income channel partner, which is just like your mutual fund distributors. They call it as FICP. So I think consultation paper is in the process to define the FICP framework, and we are awaiting the final clarity on that before we launch it full fledged.

Once the framework is announced, we can launch and use our MFD network to expand our online bond business. This opportunity give us new ways to serve our partners and clients. They also allow us to build our existing network and capabilities. Over time, PMS and bonds can become additional growth driver for the Prudent. So with that, I would now like to open the floor for the questions.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Prayesh Jain from Motilal Oswal Financial Services Limited. Please go ahead.

Prayesh Jain: Sir, just on the consultation paper again, the one aspect where there is a difference between IDE and IDP is the -- on the IDP side, they have clearly said that the individual agents will not have any options in the sense that if they are selling a health insurance product of a multiline player, then they cannot sell off another player, right? So if they have a -- while on the IDE side, they have optionalities, right?

They can sell products of any insurance company, which probably you have tied up with or the broker would have tied up with. So I think there is one fundamental difference what the regulator is thinking between IDP and IDE. So what are your thoughts there, whether the regulator would kind of concede to this that gives you will still have the option of multiple insurance companies and get a commission of IDP as well.

That's the first one on the insurance side. And second is also on insurance where you said as it is, if it is implemented, then you would have an impact. So do you think that this 12% contribution to earnings will be completely lost? Or do you think that the POSP model will not survive at all in these regulations per se?

And third is, again, on the consultation paper, wherein if you think about the regulator is opening up all the other financial services distribution to all the categories under the same license or you will have to apply for the license, but under the same entity, you will be able to do it. Does that bring in more competition to your core business of mutual fund as well? Yes, those are my 3 questions.

Shirish Patel: So first, I would like to answer the last question that is, today, the brokers are not allowed to do multiple businesses, except insurance. If consultation paper is implemented as it is, the insurance brokers also will be allowed to sell other products. Now I believe many of the brokers had their other group companies dealing in mutual funds or other business earlier also.

Now today, if we talk about Gennext were the insurance broker, but the Prudent was doing the mutual fund business. Similarly, there are a few big distributors, a few big brokers in insurance, and their group companies working in third-party products. Obviously, earlier also the people were working in another entity. Now they might work in the same entity.

Of course, I would see more players may enter in the third-party distribution platform business. And of course, I think more and more people entering in the platform business, obviously, the competition will increase, but at the same time, awareness for platforms also increases. Now last 3 years, 4 years, we already have seen many platforms entered in the mutual fund industry.

Of course, it's a competition, but I believe that more and more people have started joining the platform. So it's both the ways, competition will increase. At the same time, more and more people will participate through the platform. And if you offer a better competitive advantage to the individual distributorr, I think you will be able to attract that share. So that is my third question.

Second point you talked about there is a revenue differential between IDA and IDE. There is a huge revenue difference then probably the POSP business will not able to survive. Here definitely, I think one opportunity and drawback let me handle both. Now...

Prayesh Jain: Sir, you voice is lacking clarity.

Shirish Patel: Is it better now?

Shirish Patel: So coming to this problem that the revenue reduction is there between IDE and IDA, then why would they work with IDE. Now the opportunity part, I would say that today, an individual agent is allowed to work with one general insurance company and one stand-alone health insurance company. So practically, today, whatever stand-alone health insurance companies are there, I think many of the agents are working in the health insurance business with them.

But in the same entity, they are working with 2 different companies, general insurance as well as standalone health insurance. If the regulation or the consultation paper goes as it is, then they have to surrender one of this license for doing health insurance business. And that would be a big, big opportunity for any IDE for that matter.

Now tomorrow, IDA is only allowed to sell one health insurance. Now customers are definitely going to ask the multiple choices, multiple companies. The individual agent might have to go to any of the IDE. So yes, of course, I think by compromising the revenue and such. But yes, I think I would say that there is a huge difference in the payout between IDA and IDE, especially on the renewal side.

It is going to be a big, big impact for platform like Prudent or the corporate agent like Prudent in insurance POSP business. But I believe volume might increase -- but of course, that might not justify the revenue. So that is point two. Point one, I think Sanjay bhai, missed that point one now.

Sanjay Shah: No, I think the point one was related to -- Shirish -- so what Shirish is trying to communicate and I also echo that today, this particular vertical contribute 12% of the profit or PBT. So, I don't think that this entire revenue will disappear overnight because still, let's say, for example, by end of this year, we'll have a book of, let's say, INR300 crores of book in the health side or INR10 crores here and there, it might be, let's say, INR290 crores or INR300 crores.

Now overnight, people will not have an option to move somewhere else because there are 2 things which is happening. On the IDA side, he has to decide and surrender one -- so most of the guys are already working with 2 health insurance companies. So first thing he has to decide that which one he has to surrender. And on another side, probably he has to decide which business he can move directly to his code.

So I think the renewal business, probably my belief is that might continue. But overall, probably -- so there are 2 things, whether it will come as it is, then definitely gradually, it will have a huge impact. And we need to make sure that you are able to justify what you are doing, probably better claim management, better technology, better servicing.

So the point is every IDA need to -- so individual agent need to have the IDE because he cannot sell every product. So it is not necessary -- I don't think it's going to disappear. Now how much is going to adjust, who is going to do better? How are you going to probably come to a midway. The all be decided over a period of time.

And second important thing would be that, say, most of the guys who are doing insurance business in our system are also having the background of mutual funds and mutual fund is growing very rapidly. So probably, we believe that we'll definitely be able to use them productively in our existing business also. So I don't think entire 12% will disappear overnight. That's I wanted to communicate. But very clear guidance I cannot give on that particular part.

Prayesh Jain: Sure. So I understand. Just a follow-up on the third question that I had asked. While the competition you are accepting that the competition is likely to increase. But does that also mean that there could be a pressure in terms of the money that you would share with your mutual fund receivables.

So in a way, if you want to retain your distributors, you would have to share higher with them on the mutual fund business to kind of retain them so that the compensation of insurance some bit happens on the mutual fund side. And also because there would be more competition in the system on the mutual fund business itself, there could be a pressure to share higher with the distributors. So does that also bring in a challenge for you?

Sanjay Shah: So, sir, I think when you look at the people we look at -- no, I was just trying to say that when they'll enter in this business, first of all, they'll try to convert their POSP network into the mutual distribution. They'll not target somebody else because for them, let's say, for example, you look at one of the large players, they have almost about INR7 lakh, INR8 lakh, INR10 lakh, INR7 lakh kind of a POSP agent they have recruited over a period of time.

Now their first target is to create the second line of revenue for them as well as for other own platform. So my belief is they'll try to expand the market. And it may not be a direct competition to us, rather, they'll definitely work on the expansion of the market. Yes Shirish.

Shirish Patel: Secondly, I think ultimately, this is the servicing business. Obviously, simply by paying higher commission, , you might attract people for some time. But with the higher commission payout in long term, it's very, very difficult for anyone to survive. And obviously, I think they have to bring down the pricing. Last 3 years, 4 years, what we have seen already, seen new entrants in this particular business with a higher payout, commercial payout to the distributors.

I think still we have maintained our margins, our payout structure, and we are able to grow. Obviously, now I believe that after 2 years, 3 years of higher paying strategy, now from this year onwards, they started moderating their payouts in the market., I think no one can survive long term with a higher payout.

Of course, it could be a differencel for a few years, but not necessarily going to impact our because distributors do believe that this is a very, very long-term service-oriented trail revenue business. So, they need that kind of confidence that whatever the company is sharing right now will be able to continue consistently over a longer period of time and that kind of trust our distributors and the industry has in Prudent. So we don't see a challenge more people entering and impacting our margins.

Prayesh Jain: Got it. Thank you so much.

Moderator: Thank you. The next question comes from the line of Dipanjan Ghosh from Goldman Sachs. Please go ahead.

Dipanjan Ghosh: Hi, good morning, everyone. So a few questions from my side. First, coming back to this concentration paper. I look at numerical data, if you can give the quantum of volumes generated in the POSP business from the top, let's say, 50 POSPs or 100 POSPs versus others, that would be great. My second question is on the nature of the contract with the POSPs.

Now let's say, hypothetically, let's say, if all of them were to -- or some of them were to completely defocus selling insurance, what happens to the renewal revenues that you get from the manufacturers? I mean, are the renewal revenue passed through to the POSPs renegotiated every year? Or how does that mechanism really work for you guys?

My third question is that I think in response to the previous participant's question, you mentioned that most of the POSPs or some of the POSPs might focus on increasing volumes or changing their product mix to better realign their top line. Could you give some color on the previous regime changes, either in mutual funds or in secondary market broking or in insurance over the last 2 decades, whenever there has been a cut in expense ratios or realizations, how have the partners really responded and in terms of the volume offtake that you see or expect? Can you give some color on that.

And last question is, in your commentary, you mentioned that the regulator has kind of listened to the voice of the industry and there can be some middle ground that can be achieved. I just wanted to get a sense of how have the discussions really panned out? And what have been the hurdles from the regulator that you perceived related to the POSP channel?

Sanjay Shah: Shirish, you can cover initial points, then I'll talk about the regulatory lastly..

Shirish Patel: I couldn't hear completely. But the third point, what we talked about probably was that in the past, there were multiple rounds of regulatory changes, how the distributors reacted during those period. Specifically, I talk about mutual fund industry when the entry load was abolished, , I think that there was the biggest regulatory change when we talk about distribution.

That time many of the distributors who were dependent on the first year upfront, , they had a very, very big impact. Many of them have reduced their focus on the mutual fund business and they entered into some other businesses that time. After 3, 4, 5 years when they realized that the industry has grown, many of them have come back in the industry.

But those who continued focusing on the products wherein the commissions have reduced, I think they've grown substantially higher. After that, we have seen that in 2019, again, we saw that the TER cut has happened. Again, in 2023 April, we have seen that there is a regulatory change and the TER has impacted the commercials.

Now during last 3 years, 4 years, 5 years, we have seen that every year, a few AMCs are cutting the commissions on the historical book. And this April, again, we have seen that most of the AMCs have cut on the historical book. So multiple rounds of regulatory intervene has happened.

Distributors have realized that there would be a cut in the commercial, but that is compensated by way of increasing the volume.

So, unlike the entry load cut this time -- last 2 years, 3 years, I think whatever last 2 times, 3 times, whenever there was a cut in the commercial, we did not see any impact on our distribution business. So, all this, I think now distributors are mentally prepared that over a longer run, there would be a cut in the commercial, but that would be compensated by way of increased volume. In the insurance side, also, if we look at last 3 years, we have seen that every year, there was some kind of regulatory changes.

Now one was the GST cut. Now when the GST was cut, obviously, the distributors' income came down by around 18%. Then we talked about surrender guidelines. Obviously, surrender guidelines also has impacted distributor agents or POSP commissions.. But the focus on insurance continued by every agent. This time, probably the impact is much, much higher.

Buti think the impact is much, much higher. At the same time, other products, other businesses, I think are also there. So stand-alone insurance agents will definitely get impacted more, but those who are doing multi-line business, obviously, the impact would be a little lesser. So…

Moderator: Shirish, we lost you.. Hello, this is the operator.

Sanjay Shah: Yes.

Moderator: I think his line has been disconnected. So let me just quickly connect them again. Or would you like to continue answering this question?

Sanjay Shah: Yes. So I think the bottom line is what you were just trying to communicate that historical evidence says that all the regulatory changes has virtually brought the pain initially, but over a long period of time, every industry has grown. So I think that is the simple hypothesis. We believe that this change, it may not be as harsh as we have projected.

We definitely assume that there will be a lot of changes which will happen. But finally, it will bring a lot of growth in the industry and who remain probably very, very focused to this with a lower margin, we'll get a disproportionate share out of this. That's a very important thing. Your second question was regarding the contractual understanding will be POSPs....

Dipanjan Ghosh: On the renewal book, sir.

Sanjay Shah: The renew. So I think renewal also probably is -- our remuneration will go down. I think that we'll also share less to them. So if, let's say, for example, we would have said that your renewal rate would be X percentage. But if I do not earn X, I cannot give X. So even though -- so I think there is a very -- every renewal is a contractual renewal and every renewal has a different rate. So probably I don't see any legal hurdle there, and we can definitely change our pricing structure to them based on whatever we are earning. Your first question was top 50 POSP contributor versus others.

I don't have the data readily available because we haven’tr worked on that, but we can definitely provide you offline whenever you ask about that. But I think still, my belief is that if you look at my MF concentration, I think it will not be significantly large because we have a good amount of people who participate in the insurance business. So I don't see a huge concentration risk there also. Shirish, you are there?

Shirish Patel: Every year renewal contract. So whenever our receivable changes on the renewal side, our payable commission also changes on the renewal side. So from April onwards, assuming that our renewal commission on the health book reduces, we will be able to pass it on the reduction to the POSPs as well. Of course, the absolute margin will get impacted.

Dipanjan Ghosh: Got it. And Sanjay, sir, if you can give some color on the last question regarding the discussion with the regulator?

Sanjay Shah: So, I think probably when we are talking to our friends in the industry, there are a lot of information which we all have shared about the -- let's say, persistency kind of activity which we do, the kind of effort which we provide for the claim management, kind of infrastructure which we have created, I think the regulator is looking at very positively.

I'll tell you, for example, our 60-month persistency in health is roughly about 85%, 86% sorry, in the life, so which is a very, very positive number. So regulator has looked at only 48%, which is the headline number. Beneath that, there are a lot of players who are probably doing things very, very constructively, positively.

So they are mindful of this fact. My point is that when you talk to them, initial reaction was that they probably have a very strong thing which is already decided. No, I think that's not the case. And they are receptive to this all the information, they are probably asking more and more data. So probably what we believe is that this time, they are talking about discussion with the data rather than any emotional pitch.

And if you are able to substantiate -- I'm just trying to tell you that if I earn 5%, there is a cost of administration, claim management, technology, team. After that, whatever is left, I can share with the POSP. Now I think that is a very strong message, which we need to give it to them with the data that out of INR100, this is a cost which I'm already absorbing and then I have to share. So, I think this information has been very, very positively looked at by the regulator.

Dipanjan Ghosh: Got it. Thank you and all the best.

Moderator: Thank you. The next question comes from the line of Sanket Godha from Avendus Spark. Please go ahead.

Sanket Godha: Yes. Thank you for the opportunity. Sir, can you give a bit of color like mutual fund, how much we share in insurance business with the POSP guys? And just wanted to understand how much MFDs and the POSP overlap is there? Because the reason why I'm asking this question is because that MFDs…

Sanjay Shah: Sorry, I think we lost you. Hello, yes Sanket.

Moderator: Hello, the management line got disconnected. Let me just ask the management. You're there?

Sanjay Shah: No, I am there. We lost Sanket who's asking the question.

Moderator: No, Sanket is here. Mr. Sanket, can you please go ahead? Since the participant got disconnected, I will promote the next. That is Shreya Kejriwal from Moneyvesta Wealth Management. Please go ahead. Ms. Shreya?

Shreya Kejriwal: Hello, sir. Yes, sir. Yes. So my question was regarding the market share. So where is the competition becoming tougher right now like from banks or large national distributor or online platform. As we saw that you are ranked like fourth in retail AUM, but fifth in retail net sales. So just want to understand like which one is taking market share from you right now.

Shirish Patel: Hello. Yes. So, I think as it was shown in the presentation that we are gaining the market share in spite of competition from all this fintech platforms, banks and also big national distributors. That says that I think our focus, our systems, our processes, our team, our distributors are working hard in the market. I think in spite of all these challenges, we are gaining the market share, I think, quarter-on-quarter. Hopefully, I think we'll be able to sustain the same level. I think what is helping us also, the focus on SIP.

More long-term business in nature, probably that is also helping us. Another point I would say that the distributor loyalty, many of the distributors, we only got them in the industry, that loyalty also is playing an important role in this business. So hence, we are able to maintain the market share. Hopefully, I think we may continue to grow up in the market share.

Shreya Kejriwal: Okay. Thank you, sir.

Moderator: Thank you. The next question comes from the line of Swarnabha Mukherjee from 360 ONE Capital. Please go ahead.

Swarnabha Mukherjee: Yes. Hi, sir thanks for the opportunity. Yes**.** My question, first of all, on the insurance side, if I were to ask -- hypothetically, if there is some change in the regulation where maybe there is a higher-level playing field between IDEs and IDPs. So just wanted to understand that what would be an accessible market level for you to basically -- start thinking about looking at this business? If you could give some color? And maybe where is the insurance business right now in margins or profitability so that we can understand on that? That is the first question.

Second is in terms of the slight increase in yield this quarter. I wanted to understand what was the function of – is this that your mix moving to smaller AMC is leading to a bit of a higher realization? If you can give some color on that? And thirdly, given how the equity markets are performing, if you could throw some color on what kind of conversations you are having with the investors, just to make a sense maybe more on the direct side where there is no support from distributors, how the things might pan out?

Sanjay Shah: So let me first. Shirish, you can answer other questions, but about the margin -- so he's saying that between the IDE and IDP Shirish, what is the comfortable margin which you should be looking for to look at this business comfortably. So what are you expecting? For example, if they are giving renewal rate of 10% to IDA, what is the bare minimum level which we should expect so that we can do the business comfortably. That is the question.

Shirish Patel: [Inaudible 0:41:57]. If the commercials between IDE and IDA are either similar or at least IDE are a little more, I think probably the competitiveness of any IDE can continue because all the IDEs are spending a lot on multiple things like infrastructure, technology, claim settlement, ground level support and everything. Obviously, the IDEs are paid at least a little higher than the IDA. So, obviously, this margin will continue working and can grow as well.

So, I think let the regulator come out with the final regulation and then probably we'll be able to give the number. Currently, speculating on what regulators may do or what is the survival number, I think it is difficult. But whatever it would be we are very confident that the insurance business has to grow.

Now today, it is a lesser volume and higher margin, tomorrow it may become higher volume and lesser margin. For us, one positive thing, there is a huge overlap between the mutual fund distributor and POSP. So, with the POSP now -- if they select any IDE now all the IDE competitiveness is the same.

So, whether they are working with other IDE that is what they have to select, probably they might select Prudent because for mutual fund business, anyway they are working with Prudent. So that front, we don't see a big challenge that the IDE, other IDE, but yes I think the margin definitely going to be challenged, [Inaudible 0:44:02] but let the final regulation comes and then probably we'll be able to tell you the same.

Sanjay Shah: Yes. On the margin side, I think, Swarnabha, I think the margin has been more or less static. If my revenue has gone up a little bit more than the average AUM is because of one more working day. That's the only reason, more revenue day. Otherwise it is a sustainable 88.8 business.

Swarnabha Mukherjee: And the last one, sir, what are the recent conversations?

Sanjay Shah: Yes, what are the ground level feedback of the investors on the market? And overall, what is the -- how you look at the sentiment?

Shirish Patel: , I think when 2 years return are not in double digit or I think many of the cases, it is negative. Obviously, there would be a concern in the market. But I would say that I think this time, investor behavior is much, much mature than what it used to be earlier. If you look at this quarter, our net sales is the highest ever. That itself says that I think the maturity has improved.

I'm not saying that every investor is coming in this kind of market. But at least if you look at the redemption pressure is less. Of course, the cancellation of SIP numbers have gone up. But in previous times, whenever the market used to correct like this, we used to see the negative book in the industry. This time, at least the growth is there.

Of course, the growth phase has slowed down, but the growth is there. Investors are definitely concerned about the returns. At the same time, there is a clear cut message that at the India level, the macro is strong. Of course, global uncertainty, global concerns, all these things are there. But yes, I think new money is still coming less compared to what it used to come earlier.

But yes, we are trying to pacify or we are trying to give that confidence to our distributors that this could be a good time for those who are investing for long term. And anyway, I think every investor is investing in equities for about 5 years, probably this would be a better time. Many of the customers are getting that confidence & entering slowly in this particular market. But yes, I think we need to address the concern on a regular basis for our distributors and customers.

Moderator: The next question comes from the line of Sanket Godha: from Avendus Spark.

Sanket Godha: Sorry, I got logged off. So my question...

Sanjay Shah: Sanket, let me address your first question. So I think we have been probably telling that in the case of insurance business, our margin is similar to the mutual fund more or less. You might look at that there might be different ways of expenditures, which will be required for doing the businesses. But overall margin is in line with the mutual funds, that much I can tell you. Now you can ask the second question.

Sanket Godha: Sorry, related to that, sir, how much is the overlap between MFD and POSP guys? Are there any exclusive POSP guys are part of MFDs family only.

Sanjay Shah: Shirish. Mostly, but yes Shirish.

Shirish Patel: I think I already said that there is a huge overlap between mutual fund distributor and the POSP. So practically, you can say that more than 90% overlap is there between mutual fund and the POSP. Yes, it may happen that the guy who is POSP the same who has got the ARN. His family member has taken the POSP with us. But otherwise, if you consider at a family level, it is more than 90%, I can say because we don't encourage people only working for insurance with us.

Hardly, I think anybody would come to us for the insurance business, we try to convert. We try to get the people for mutual fund first and then for the insurance. So I think without having any number in hand, but at least I can see that at a family level, more than 90% overlap would be there.

Sanket Godha: Understood. And sir, the second question was when you spoke about PMS MF, which you intend to start from 1st April -- most likely will start from 1st April. So just wanted to understand if it goes live, whether it can potentially cannibalize your existing MFD business because ultimately, the customers are saying they might end up selling PMS MF rather than doing direct plans. So you think that will happen on those lines? And also your expectation whenever you go live on PMS MF, your realization on PMS of MF will be still 90 bps, which is closer to our current numbers? Or how do we see that number to be in going ahead?

Sanjay Shah: So, I think probably my belief is this will open up for us to attract more and more player to join the Prudent platform because I think this is going to be a very strong product line for you to

attract the -- probably very high-quality distributors to join the Prudent platform. Another important thing is today, a lot of people are -- who become HNI client, probably he says that I don't want to pay you such a high fees for my large portfolio.

I think this will probably help them to charge to the probably -- variable fee structure can be decided. I don't know still we'll probably figure out. So that will also probably will be helping us.

So overall, I think this will definitely help us to expand the market. And on the margin front, I think regulation say that you can charge up to 1% on the PMS MF as a fee. So probably that 1% itself is closer to what we are earning today, right? about 80 basis points, 90 basis points. So I don't think there will be a drop in the margin is concerned. Probably it will be similar to what we are running in the mutual fund side. But I think it's a very strong pitch and I explained two line of revenue stream for us.

One would be that once we create the back end for the PMS manufacturers, we will probably -- what we call, provide the entire back end to fund managers also who can probably work in our platform and they can manage the customers' portfolio on their own. Entire back end will be taken care of. That is one. And second is positioning as a manufacturer from the point of view of direct fees, advisory fees and attracting the high-quality wealth managers on our platform.

Sanket Godha: Understood. And second question, I just wanted to understand is that we gained a bit of market share in the current quarter relatively -- or we grew better than the industry. So is it fair to say that we being very strong in small and mid-cap played a role? And if you can give a color out of the total AUM or total flow numbers, how much is concentrated towards small and mid-cap.

Shirish Patel: We are SIP heavy. And SIP, obviously, I think the small and mid-cap SIPs are much higher than the fresh gross flows. In this kind of market, wherein the fresh gross flows have reduced compared to the SIP flows and SIP being more on the mid and small mid and small cap side, obviously, I think that also might help us in gaining a little market share.

But it is not a market share alone, I would say, 2, 3 reasons. I think the net sales has increased. So net sales there is only one reason. The redemptions are less. In the industry side, less people have participated in the new business. Now if you also look at the composition of the gross sales for Prudent and the industry.

Historically, our SIP book is much, much higher. So, if you look at the composition in gross sales, SIP normally contributes around 50% of our gross sales and fresh sales also contributes around 50%. In the industry, the SIP share in the gross sales is much lesser than the Prudent share.

Today, the fresh gross sales is a little bit improved hence automatically your market share has improved. Tomorrow, hypothetically, the demand coming back, a lot of people participating in fresh gross sales, probably that may be the time we might become stagnant in terms of market share or that kind of thing can happen.

Sanket Godha: Sir, last one, sir. If I look at your commissions as a percentage of noninsurance operating revenue, that number has gone up by almost 120 basis points compared to 1Q. So I just wanted to understand from 61.4%, you have gone to 62.6%. Just wanted to understand the reason for that commission.

Sanjay Shah: I think there is an annual additional trail which we give to the partner based on the full year revenue projection. So if you look at first quarter projection and after looking at the second quarter number, we felt that the current year's gross sales and net sales number would be much, much better. I think because of that number, I think my provisioning on the additional trail has gone up by INR2.5 crores. So that entire 2.5 crores has been probably about INR1.75 crores has been booked in this quarter. That must be the only reason. Otherwise, the regular payout structure has not changed.

Sanket Godha: Understood. Perfect, sir. Yes. Thanks. That's it from my side.

Moderator: Ladies and gentlemen, as there are no further questions, we have reached the end of question-and-answer session. I now hand the conference over to management for closing comments.

Sanjay Shah: Thank you. Thank you, everyone. And probably if you have any query or any question which is unanswered, you can definitely reach out to us one-on-one, and we'll try to give the proper explanation. Thank you very much. Thank you.

Moderator: Thank you. On behalf of 360 ONE Capital, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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