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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**

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Sub.: Transcript of the Conference Call for Un-Audited Financial Results for the quarter and half year ended September 30, 2025.

With reference to our earlier intimation dated October 30, 2025 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 November 06, 2025 in respect of the Un-Audited Financial Results for the quarter and half year ended September 30, 2025.

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 A. Chauhan
Company Secretary
Membership No: FCS-13492

Encl.: As Stated



“Prudent Corporate Advisory Services Limited

Q2 FY '26 Earnings Conference Call”

November 06, 2025



MANAGEMENT: **MR. SANJAY SHAH - CHAIRMAN AND 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. LALIT DEO -- EQUIRUS SECURITIES

Moderator:

Ladies and gentlemen, good day, and welcome to the Prudent Corporate Advisory Services Q2 FY '26 Earnings Conference Call hosted by Equirus Securities. 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.

This conference call may contain forward-looking statements about the company, which based on beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Lalit Deo from Equirus Securities. Thank you, and over to you, sir.

Lalit Deo:

Yes. Thank you. Good morning, everyone, and thanks for joining the call. To give a brief update on the 2Q FY '26 results and address investor questions, we have with us from the management of Prudent Corporate Advisory Services Limited; Mr. Sanjay Shah, Chairman and Managing Director; Mr. Shirish Patel, CEO and Whole-Time Director; Mr. Chirag Shah, Non-Executive Director; Mr. Chirag Kothari, CFO; and Mr. Parth Parekh, Head, Investor Relations.

We would request 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, dear. Thank you. Good morning, everyone. I extend a warm welcome to all of you joining us on Prudent's second quarter earnings call. Thank you for taking the time to be with us. I hope you would have the investor presentation ready with you, which has been uploaded on the exchange yesterday.

So please and I'll start talking about and we will give you the commentary. I'll refer to the various slides. So let us begin with the Slide 45. So this slide shows how our AUM has moved during the last quarter. So if you look at on this slide on the left-hand side, it's a comparison of daily average AUM for first half of FY '26 with our current AUM.

During the first half, we earned revenue on a daily average AUM of about INR114,600 crores, while our current AUM stands at about INR127,000 crores, when I'm talking to you. So that's an increase of about 11%, which gives us a strong momentum as we enter the second half of the current financial year.

On the right-hand side, we have quarterly average AUM trends. The average AUM for the quarter, was close to INR119,000 crores. This number excludes the Indus AUM, which was integrated in last week of September. We will start earning on that from October onwards. Our quarterly average AUM grew by 17% year-on-year and 8% quarter-on-quarter, reflecting steady business momentum.

Now turn to Slide 46. This slide shows the momentum in our equity AUM on a both year-on-year and quarter-on-quarter basis. Starting with the year-on-year view on the left, our equity AUM grew by 13.2% during Q2 FY '26. It moved from about INR103,950 crores in September '24 to around 117,650 crores in September '25. That's an increase of nearly INR13,700 crores.

This growth was driven primarily by strong net sales. Despite a negative mark-to-market impact, our retail investor continued their systemic investments with consistency. This highlights the resilience and confidence of Indian retail households.

Another encouraging aspect we would like to highlight is our mark-to-market impact was negative by 1.4% compared to a 6.2% decline in Nifty 500 in the last 12 months. This reflects benefit of rupee cost averaging during the volatile but range-bound market as well as an important role played by our distributor partners in fund selections and asset allocations.

Come to quarter-on-quarter view on the right-hand side, equity AUM grew by 3.3% during the quarter. This was driven by strong net sales of INR3,600 crores and the addition of Indus AUMs about INR2,050 crores. The key highlight here is that this was one of the strongest net equity sales quarter in Prudent's history.

So now please turn to Slide 47. So this slide highlights our SIP performance. As of September 2025, our monthly SIP books stood at INR1,085 crores. We added about INR210 crores over the last 12 months. This highlights the resilience and continued growth of our SIP franchise.

Our market share has improved by 10 basis points from 3.4% in September '24 to 3.5% in September '25. We aim to reach around INR1,200 crores in monthly SIP flow by March 2026. Now let us move to an important slide, which is our Slide #49 of consolidated financials.

So Slide 49 outlines our consolidated financials. On the mutual fund side, our quarterly average AUM grew by 8% sequentially, while mutual fund revenue increased by 9%, it's driven by stable yield and the benefit of an additional 1 day in this quarter. So as you remember, because of 1 day, our revenue has gone up by roughly about INR3 crores. And that's the reason the revenue increased by 9%, while the average AUM grew by 8%.

The heartening aspect is that despite the range-bound market, our quarterly average AUM grew by 19.8% on a half yearly basis. During the same period, mutual fund revenue increased by 18.4%. Marginal difference between AUM and revenue growth on a half yearly basis is primarily due to impact of back book repricing, which has started happening from August of last year onwards.

Now I'll try and touch base the important aspect on insurance front. So on the insurance front, our revenue grew by 11.5% sequentially, driven by strong traction in fresh premiums. Retail health fresh premium grew 33% year-on-year, with the book now at INR162.5 crore.

You may notice a sequential dip in the insurance yields. However, as highlighted by us in our March quarter call, we had recognized the insurance revenue only upon confirmation from the

insurers. Consequently, around INR3.5 crore revenue of earlier period was recognized by us in Q1 of FY '26, leading to a temporary base effect.

Adjusting for this, yield remained stable sequentially, and the current quarter will provide a more representative view of future trends without expected impact due to GST-related changes. So now let me touch upon the impact of GST in the insurance segment.

To be very honest, clarity is not fully emerging. A lot of discussions are happening with the insurance companies. So I'll just share what the situation was during the month of October. November is not over yet and the discussion is still ongoing.

If you split the insurance business into life and health, GST impact has been quite different in both segments. In life insurance, out of, let us say, INR100 of premium, which we collect, almost INR30 of the business got impacted by GST. That means roughly 30% of our life business saw an 18% cut in revenue because of GST, which has been transferred to us.

On the other hand, in health insurance, situation is exactly reverse. For every INR100 a premium, which we have collected, INR70 got impacted by GST, while remaining INR30 was not affected. But again, this was the position in the month of October. Final picture, the actual revenue impact and how arrangement will finally settle, we will be able to tell you only at the end of this quarter, which is after December is over.

However, I thought I'll try and address, which is an important part, which is, I think, the -- what is happening on the GST front. Now let me touch base another important point, which is regarding the revenue from nonfinancial products, and that also grew sequentially. However, on a year-on-year basis, decline was primarily due to the absence of liquiloan in the current fiscal.

In the previous fiscal, we earned INR6.9 crores on liquiloan, out of which INR6.2 crores was recognized in the first half itself. Consequently, this base effect will now taper off in the second half, and we expect a healthy year-on-year growth trend to resume on this line item.

Now I think let me try and address the commission and fee expenditure also. So on commission and fee expenses, we have seen an increase of 10% compared to 8.9% growth in the revenue, primarily due to an additional trail commission provision. This provisioning is made based on the net sales achieved by partners during the fiscal year.

This scheme was introduced by us in August, September last year. And as a result, provisioning in the first half of FY '25 was lower by INR4.1 crores with the majority of INR19.1 crores which was a full year provision was booked in the second half.

Now for the current fiscal, we expect a similar total provision with INR3 crores booked in Q1 and INR5.2 crore booked in Q2. The incremental INR2 crore provision in this quarter has temporarily restated the commission growth relative to the revenue. That said, we expect lower commission provisioning in second half compared to last year as provisioning is now more evenly phased throughout the year.

Now coming to other income, which is a treasury income. While our operational profit grew by 7.3% sequentially, it did not fully reflect in overall profit growth due to lower treasury income. Mark-to-market losses on equity portfolio and lower yields on bank term deposits during the quarter led to partial reversal of earlier gains, creating a temporary drag on the overall treasury income.

So during the quarter, there are 2 factors, which has impacted profitability, lower other income and the recognition of an additional trail commission provision this both put together is amounting to INR4.3 crores. If we adjust this, then our profit growth has been broadly in line with our revenue growth.

Now let me try and touch base the very important point, which is a recent announcement about the SEBI, which is a draft consultation paper. So touching up on the SEBI's recent consultation paper on mutual fund, particularly the proposed impact in the total expense ratio. The first point is about the revised expense ratio, which will now be exclusive of all statutory levies, including GST.

Earlier, only AMC's management fee attracted GST over and about TER, everything else was considered inclusive of GST. So if let us assume that I was earning 1% from the AMC that 1% was including GST, meaning my actual income was 85 basis points and 15 basis points went to GST.

Under new structure, my rate will be 85 basis points, excluding of GST. So I'll invoice GST on top of that and still effectively earn 1%. So it's a revenue neutral for those who are registered under the GST, but a 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 help us attract smaller players to join the Prudent platform. So even though it's neutral in revenue terms, it's strategically a huge benefit for us. Second point is the removal of 5 basis point of exit load, benefit of which has been there since 2012 for all open ended schemes.

SEBI has compensated slightly by increasing TER in first 2 slabs up to INR750 crores by about 5 basis points. But overall, the industry impact will still be a reduction of around 4 to 4.5 basis points on the TER because of this 5 basis points which is removed.

Third point is on the brokerage cost. SEBI has proposed reduction on brokerage on cash transactions to 2 basis points and 1 on the derivative side. Currently, we are of the view that AMC is paying roughly about 5 to 6 basis points. So this could mean an overall impact of 2 to 2.5 basis points assuming onetime portfolio turnover ratio for the entire industry.

So putting all this together, the exit load charge and brokerage reduction, total impact on the TER side should be in the range of 6 to 7 basis points. This impact, we assume that this could be shared by everybody in the value chain, be it the institutional brokers or RTAs or AMCs or even to the distributors also.

And since it affects everyone, and whenever we always say that whenever the impact is transferred to the distributors, I'm sure it will be transferred to everybody. And in that situation, we'll also be in a position to share this pain with our distributors.

But just a quick reminder, this is just a draft paper. SEBI has invited feedback until 17th of November, and there is a good chance that some relaxation may come either on the exit load side or on the brokerage. But whatever happens, I think it will probably dilute the impact only.

Therefore, I thought I'll try and touch with this point to highlight what is changing where the impact lies and how it could actually turn out to be positive for us. Now let me also talk about the ESOP plan, which has been announced by us very recently. So we have granted 130,945 options to 388 employees.

On the day of announcement, option value per share was approximately 542 as per CA certificate, which will be amortized over a period of next 12 months, equal each quarter. So we expect a P&L hit of about INR7.10 crores, which will be booked under the share-based payment expenditure under employee benefit expenses.

Finally, to conclude, we have successfully completed the merger of Indus acquisition. It's a very highly cash accretive addition to our platform, powered by 15 experienced relationship managers under a seasoned business head. It is expected to deliver annualized mutual fund commission of about INR22 crores to INR23 crores and the cash profit before tax of approximately INR15 crores.

We continue to see a growing interest from distributors seeking alignment with scale and technology-driven platform to ensure business and service continuity for their clients. A space that Prudent is well positioned and open to explore strategic opportunities. Our treasury corpus currently stand at INR480 crores providing us to pursue select inorganic opportunities which are strategically relevant and value creative to us.

With that, I would now like to open the floor for Q&A.

Moderator:

The first question comes from the line of Prayesh Jain from Motilal Oswal.

Prayesh Jain:

Sir, firstly, a broader question rightly towards the end of your opening comments, you mentioned about distributor addition and you had almost about 1,000 distributors in this quarter. Now how is the landscape changing on the ground for adding distributors because what we are hearing is there is a high competitive intensity to acquire distributors from many players.

And therein, they are sharing a much higher number in the first year from a commission perspective. We are hearing numbers as high as 80%, 90% in the first year as well. So is that the landscape changing materially? And how do you see this going ahead?

Sanjay Shah:

Shirish?

Shirish Patel:

So definitely, I think as we discussed earlier, I think there are a few more platforms entered in the industry, and there could be the competition to the distributor empanelment. But on a positive side, I would say that more and more people are working to get more distributors to the mutual fund industry. That is a positive thing.

But on existing mutual fund distributor, competition will increase that we also we have to accept. Two things I would say here. One, more and more people communicate the advantage of platform. Earlier, only 2 major players on a platform side were communicating the advantage of working with platform versus AMC. Now at least 6, 7 people will communicate the advantage.

So more and more people will go towards the platform, so that is a positive thing and within platform we will compete. So I don't think that there is a big major impact on our recruitment side. To give you the number, I think last entire year, we recruited almost 4,800-plus new MFDs or ARN holders in our kitty and it was one of the highest in our history.

So that say, that in spite of increased competition, the number of ARN holders getting registered with Prudent and working with Prudent has not come down. Even if I talk about this financing year YTD, we already have recruited close to 3,100.

So proportionately, we are much ahead of what we did last year also. So in spite of increasing in the competition, more and more people are joining Prudent platform. Of course, I think competition will make the case of working with platform stronger. Yes, I think we are watching them. But as of now, I think we are not seeing any impact.

Prayesh Jain:

And my main question around that was the sharing of commissions with the distributors whether you would have to kind of move towards what the new players are kind of giving the sharing commissions with the distributors? And would that mean some pressure on your profitability going ahead?

Shirish Patel:

So if you see, they are there in the market for almost more than 1.5 years. Since beginning, their commercial sharing is higher than what we offer. Last 1.5 years, we have not changed our strategy to increase our pass out's. Of course, I think that might create pressure on a few smaller distributors getting attracted with the higher commission. But as of now because of the competition, we have not seen any impact on our pass out's currently. So that is it. As of now, we are not thinking of changing our strategy.

Prayesh Jain:

And is it fair to assume that your sharing, which was like slightly elevated as you explained and there was some additional trail-related impact in this quarter, it will normalize to something like 60%, 60.5% to 60.5% from Q3 onwards.

Shirish Patel:

Yes, Sanjay? No, no, I think share you're talking about 60%, 60.5% is not the truth. I think we are sharing roughly about -- our weighted average sharing is in the range of 67%, 68% in the indirect channel. And there is a direct channel also.

So probably, if you look at -- you just look at the mutual fund piece only, I'm talking because we do not provide the segment revenue. The mutual fund side, our sharing is in the range of

65% to 67%. And that probably -- and then if you go to a probably higher band, I think that is significantly higher.

So probably Shirish has said that we have not changed the strategy. However, I can also tell you that on the topper end, I don't think there is -- we are very, very competitive. Only problem might happen at the initial level of the entry-level players. Otherwise, our sharing ratio probably will try to maintain the same, which is currently there.

Prayesh Jain:

Got that. Sir, second question is on the insurance side, rightly you mentioned that the health insurance business is impacted more, but the communication from health insurance companies has been that the growth in the business particularly in the month of October, whatever growth we have seen, will it be more than enough to offset the impact of the commissions for the distributor?

Is that a trend that you've also seen in the month of October where the growth has been much stronger than what you would have seen in the first 6 months? So any colour that, that would help us understand how the Q3 kind of will pan out for us.

Shirish Patel:

So definitely, one thing for sure that because of the health insurance becoming cheaper, more and more people will try to go for the health insurance, really try to increase the coverage that also will help to get the higher premium. If you look at my October number, definitely, if I look at my premium growth over August and September, we can see the growth over August and September.

It's too early to communicate that month of October, the growth in the premium is just because of reduction in the GST. Maybe that will be the pent-up demand because many of the investor, many of the policyholder, many of the distributors would not have participated in the health insurance in the month of September, waiting for the GST cut.

So it's too early to communicate that the growth in the month of October is mainly because of GST cut only. I think probably, 3, 4 months down the line, we will be able to communicate that is there a genuine growth, but yes, October month, we have seen the growth.

Prayesh Jain:

Okay. Last question is on employee expenses. How much of ESOP costs were there in this quarter? And how should we think about ESOP cost for FY '26 and FY '27?

Shirish Patel:

So I think ESOP cost has not been part of a result, which has been announced. So I already said in the opening remarks that ESOP cost -- because I think ESOP valuation will be happening on every quarter. But however, the day when we announced the ESOP, I think the option premium price calculation, I think the cost was roughly about INR7.1 crores.

And we are assuming that INR7.1 crores, it will be cost for the next 12 months. Starting from current quarter, we'll amortize 7.1 divided by 4 every quarter. And now we'll, I think, make it a trend also that every October will announce the ESOP so that there should not be any, I think, overlay of write-offs.

Prayesh Jain:

INR7.1 crores will be over a period of vesting period or it's 1 year cost?

- Shirish Patel:** So vesting period is after 12 months. It's over a period of next 12 months. Yes.
- Moderator:** The next question comes from the line of Swarnabha Mukherjee from B&K Securities.
- Swarnabha Mukherjee:** A couple of questions from my side. First of all, in terms of the flow, so our net flows improved this quarter from the previous quarter. And I think if SIP run rate also is better. So in October, what is the trend? If you could give us some colour on that?
- And the second question is in terms of these impacts on -- from GST-related the impact of the insurance side and the overall impact on the mutual fund side, a potential impact which might happen due to the SEBI paper. How much of that can we pass on to the distributor? Will it be in that same sharing ratio or you can be able to pass it on fully?
- Shirish Patel:** So the first point is October month net sales is higher than what we did in the month of August and September in spite of having the festive seasons. We could see that the momentum of mutual fund continues, the participation in equity funds continues and the gross flows and the SIP flows continued. So October month in terms of net sales is far better. Coming to the GST impact to the insurance side, first on the insurance side.
- So mainly, we will be able to pass it on in proportion to our distributor. So whatever would be the impact on -- because of the GST, whatever will be passed on to us by the manufacturer of the insurance company, we are very, very confident that we'll be able to pass it on the proportionate sharing cost to our distributor. So we don't see any challenge there in terms of margins.
- Swarnabha Mukherjee:** Right, sir. And in terms of the potential impact of the SEBI paper, again same question, how much will you able to pass on in the same sharing ratio?
- Shirish Patel:** So in mutual fund, assuming that the final impact comes the way the consultation paper is talking about, we rather believe that we would be the beneficiary because today, our almost 1/3 of our AUM is contributed or rather I would say that the brokerage pay-out is contributed by those who are non-GST. so probably, I think today, they have got this tax arbitrage because of this, but they are not paying GST on that.
- So we are very, very confident that we'll be able to pass it on to the hit to them in ratio of what the current sharing is. Probably it might benefit also.
- Moderator:** The next question comes from the line of Dipanjan Ghosh from Citibank.
- Dipanjan Ghosh:** Just a few questions from my side. First, in terms of going back to the previous participant question in terms of the mutual fund business. Obviously, you announced the circular which has come out, there was a previous portion of the circular somewhere around May 2023. And I would assume that at that point of time, you might have had some discussions with the manufacturers or the asset managers in terms of how the distribution of this burden will happen between various stakeholders in the ecosystem.

So based on these prior discussions and maybe incremental discussions that you might have had in the last, let's say, 2 to 3 weeks. What do you think -- what do you sense would be a sharing ratio ballpark this time around versus, let's say, September 2019, where distributors were taking majority of burden. And that's the first question.

My second question is in terms of your MFD base, what would be the attrition rate, let's say, amongst your top 10% or the top 20% of the MFDs and maybe not for the quarter, but more from like, say, FY '25 versus '24 versus '23. I mean is that -- and even 1H '26, how is that attrition trend really changing? I mean that would give us some colour of the competition?

And third question is on the POSP business. And given the fact that we have seen surrender charges, now we are seeing GST, multiple headwinds in terms of realization. Just from a profitability perspective and from a more medium-term perspective, what do you think can be the growth trajectory of this business?

And is there a way you can really pass on a little bit more to the underlying POSP agents? And the reason I ask this is because there are multiple POSP platforms in the country, which obviously pay much higher realizations or much higher pass-through rates. So those would be my 3 questions.

Shirish Patel:

To give the answer of your first question, comparing 2019 and comparing now, the 2019 AMCs have passed on majority of the hit. Currently, after the consultation paper, what kind of hit they will be able to pass it on. I think no AMC will currently communicate officially. But my guess is that whatever would be the impact this time to the AMC majority of the hit, AMC will pass it on to distributor. That is what my reading after discussion with them.

The reason being last 2 years, many of the AMCs have done the TER cut on the book when there were no regulatory changes in spite of that, I think AMCs have cut the book commission for major of the distributor to maintain their margin. This time is the regulatory change.

So my gut feeling or my discussion with them this time, they will be able to pass it on, they will pass it on majority of the cut to the distributor. That is what my reading is. I don't know how finally they will act but as of now, the reading is they will pass it on the major burden.

The second point is the attrition of top 20% partner because new and new platforms are paying higher commission and a lot of competition has emerged in the 1.5, 2 years. I would say that the trend in case even if there's an attrition, it would be on a smaller -- smaller AUM partner, not on a bigger AUM partner.

The reason being the bonding of the bigger AUM partner, involvement of our team with the bigger partner is much, much stronger historically also. The smaller AUM partners, their engagement, their relationships probably, I think are building new or any I think the relationship that might not stronger because of the smaller scale.

Second point, I would say that all the new platforms are paying the flat commission which is on a higher side, mainly that would be a big difference to the smaller-size AUM partner. As you know that in Prudent, we already have a tiered structure.

Smaller the AUM lowered the commission, higher the AUM, higher the commission. So probably the commission impact or the commission difference would be seen by the smaller distributors versus with Prudent versus new platform. So that bigger AUM partners moving or joining other platform, I think that trend is not there.

So attrition, I would say that there is hardly any attrition rather I would say that there is a zero attrition among top 10% partners or our top 20% of our partners. If at all, there is some attrition, it would be on the smaller AUM partners. And again, it is not universal. It would be on a few branches where my team would have joined the competition platform and because of the relationship they would have gone there.

Again, that will be on a new business and not the full business. So attrition wise, we have not seen any meaningful attrition in the last 1, 2 years. Third point you said is the impact of insurance in insurance in GST due to the surrender charges guidelines, which impacted the revenue last year.

Definitely, I think this time, post GST, the impact will be much, much higher, mainly on the health insurance side because the revenue might come down by around 18%. Entire GST component might be transferred to the distributor community. The impact of revenue on the health insurance side definitely would be higher.

On a life insurance side, as of now, I think still insurance companies are discussing and negotiating. So we are not sure that how much percentage finally will be passed on to the distribution community.

As of now, the discussions are on. I would say that in the health insurance side, more than 70% of our business got impacted in the health insurance side. 30% is currently under negotiation under discussion, it is not impacted in the month of October. If I take the similar case for life insurance, 30% got impacted in the month of October, 70% still the discussions are on. So what will be the final impact.

I think once we finalize our discussion with the insurance companies, we'll be able to communicate. But yes, I think whatever would be the impact or pass on the impact to the distribution community.

I'm sure I think they will do for the agency channel also when they do with the agency channel than when the insurance company passing on to all the distributors, we will be able to pass it on to our distributor also at least in the proportion of our sharing ratio. We don't see a bigger challenge. At least we are very, very confident that we'll be able to pass it on the hit at least equal to the sharing ratio or a little higher in insurance segment.

Dipanjan Ghosh:

Just one follow-up on the first part, if I understood correctly, what you said is that because mutual funds have demonstrated a capability to pass on to distributors even during absence of regulatory changes. You think that this time around also majority of the AMC will pass maximum portion of the impact to the distributors? Is your understanding of hypothesis or something? Is that the right understanding?

- Shirish Patel:** Yes, yes. That is what I believe.
- Moderator:** The next question comes from the line of Sanketh Godha from Avendus Spark.
- Sanketh Godha:** Sir, my first question is on Indus, the 2,000 source of AUM. You could just add that how much yield you can we will get. And the INR124 crores cash PayOut of how long it will be amortized over the period? So that's my first question.
- Shirish Patel:** So Sanketh, I think, INR2,000 crores is over 2% of our overall AUM. And more or less, my belief is that -- because if you look at whenever the merger happens, this merger formula says that you will get the rate whichever is lower between the two. So the -- it cannot be yield accretive in any case.
- Let us say, for example, on a particular transaction, Indus is getting 1% and Prudent is getting 90 basis points, I'll get 90 basis points. Or, for example, in particular transaction, I would have got 1.10, but they are getting 1%, I'll get 1%.
- So because of the merger rule, it has to be lower of my rate or their rate. So in that situation, it cannot be accretive to the yield as far as the overall my broad is concerned. Number two is, as far as amortization concerned, we are yet to talk to the auditor because to be very frank, we are of the view that this is an asset, which we have acquired, we have the precedence like Karvy and Ifast. We believe that these are very long term in nature as far as benefit is concerned, and we are able to demonstrate the benefit.
- So we'll talk to auditor and yet we need to finalize, whether it should be amortized over a prior of 10 years or even more. So the question is at an open-ended stage.
- Sanketh Godha:** Sir, in Karvy, amortization period, what auditor ultimately decided was how many years?
- Sanjay Shah:** So I think at that time, we took 10 years as an amortization. So out of INR150 crores, we are writing of INR15 crores every year. But now almost 4.5 years complete, and we have a very good track record to go and talk to them that should we continue with 10 years, the formula or we should make some changes. So I think that's why I'm just giving you a hint that we'll talk to auditor.
- Sanketh Godha:** Yes. Understood. And Indus yield, will trickle down to bottomline, right?
- Sanjay Shah:** Yes. So because it's pure B2C business. So as I already told in the opening remarks, we are expecting about INR22 crores to INR23 crores of top line. And we might -- I think the profit before tax -- before amortization would be about INR15 crore. So there is a cost of about INR5 crores, INR6 crores for running this business.
- Sanketh Godha:** Understood. Understood. Perfect, sir. And my second question is on your if I look at the number of MFDs who have become insurance POSPs. That number is stagnating around 13,000, that number has not grown. So sir, just wanted to understand the incremental addition of MFDs doing insurance is becoming difficult?

Shirish Patel: So basically, I would say that last 1 year, we were migrating our insurance business from Gennext to Prudent. So earlier, whatever recruitment or the POSP registration, we did, it was in Gennext. From 1st of April, we started doing business, majority of the business in Prudent. So obviously, we had 2 challenges, we had to migrate -- we have to recruit the new POSP with Prudent.

And also those who are willing to keep their POSP registration from Gennext to Prudent, we also had to accommodate them. So obviously, last, I think, 6 to 8 months, our efforts were also converting or those who are willing to migrate their POSP license from Gennext to Prudent.

Obviously, hence, I think the focus on new POSP registration was less. And that is where you were saying that it is stagnated. But still, I won't say it is stagnated. I still think there is a growth of new POSP, Month on month also, we are able to see the growth in the PSOP number.

Sanketh Godha: Understood. Understood, sir. And another question was on insurance, basically, you mentioned that in life insurance, 30% of the business we saw a commission cut. So when we say 30% unlike 70% in case of health, any particular product wherein you saw the highest cut whether on par or non-par.

Shirish Patel: See, life insurance, I think 30% business what we have communicated that GST cut would be passed on. One, on the insurance company side. A few of the insurance companies has said entire business got repriced with 18%. That is one.

A few of the insurance companies have said that we are just waiting and watching, and we will -- we are just discussing with them for the entire product basket, 1 or 2 insurance companies have passed it on the ULIP side. So just I think it a mixed bag on the total side, I would say that around 30% business at impact.

Sanketh Godha: Okay. So there is no consistent trend like health insurance.

Shirish Patel: There is no consistent trend currently. No, no. Still it is under various discussion stage. Finally, I think we believe that I think final outcome would only be known by March quarter only. I think few more insurance companies give some clarity probably in this in this quarter.

The final outcome probably would be known on 1st April only. That is what my belief is. But yes, I think we'll get more clarity during this quarter and see more companies confirm next quarter.

Sanketh Godha: Understood. Understood, sir. And then lastly, on your mix, can you wish to give and net flow number or gross flow number. Can you give a colour how the AUMs in small mid-cap hybrid or vis-a-vis to the SIP book or gross sales numbers?

Shirish Patel: So you are talking about the mix of AUM?

Sanketh Godha: Basically, I want to know the mix of AUM? And how different is incremental sales compared to the outstanding book?

- Shirish Patel:** So mid and small contribution, in terms of asset, they are around 23%, 24% of all my equity assets. So there is no significant trend in terms of sales in gross and sales in mid and small probably the SIP registration or SIP, the contribution of small and mid will be much higher. This is our 1/3 of our new SIP registration is in small and mid. But historically also small and mid contributes around the similar kind of number in terms of new SIP registration.
- Moderator:** The next question comes from the line of Pranuj Shah from 3P Investment Managers.
- Pranuj Shah:** I just have 1 clarification on the insurance bit of it. So when you say that 70% in health and 30% in life is where you have seen the GST impact come in. So is this where your commissions have been negotiated down by 15%, so that whatever GST used to pay has been passed on to you?
- Shirish Patel:** Practically earlier, whatever my commission used to be, let us say, my commissions were 20%, we used to pay the GST. So 20% plus 18% of 20%. That is how the insurance company used to pay. When we say that 70% business got impacted in terms of health insurance, the 20% commission, the 20% commission has continued, but now communication is that 20% includes the GST component. So the commissions, for example, 20 plus GST, now it is 20% minus GST.
- Moderator:** The next question comes from the line of Lalit Deo from Equirus.
- Lalit Deo:** Just two questions. So firstly, on this new product with a new category, which is SIF, so we have seen 2 launches in the last 2 months. So just wanted to understand like what kind of an -- did we participate in those 2 products and whether we raised any amount? And what would be the yield and the sharing ratio as we have done this?
- Sanjay Shah:** So we are very, very bullish on this new category. Unfortunately, the number of certified MFDs in the country are yet very, very low. And hence, in our system also out of our 34,000, 35,000 ARN holders. Those who are certified to sell SIP are less. Hence, the participation of partners in SIF business is very, very less. While we are talking more than 200-plus partners are certified that the Industry numbers are around 3,000 plus somewhere. The industry around 3,000-plus ARM orders are certified for SIF. The same number for us is around 200 plus.
- We participated in SIF, but obviously, we did not participate very, very actively or aggressively Main reason was because this was a new product, the technical integration was not ready by RTA. So first two NFO, we missed because the integration did not happen in our fundzbazar portal -- but having said that t still in first 2 NFOs, we did around INR9 crores to INR10 crores.
- Lalit Deo:** Got sir. And just on back book repricing -- so any other AMC, which -- where there are some active discussions on this back book repricing on the mutual fund side?
- Shirish Patel:** So currently, no AMC is right now talking, but as 1 or 2 AMCs have already communicated specifically in Nippon that they will revisit their TER sharing every quarter and every half year. if there is a big yield pressure, they might change on a back book side. As a process, only

Nippon has communicated. Other AMCs occasionally as and when they feel the pressure, they will pass it on. But currently, there is no discussion with any AMC.

Moderator: As there are no further questions, I would like to hand the conference over to the management for closing comments.

Lalit Deo: Thank you. Thank you, everyone, for attending this call. And if there is any question, which has not been addressed if you have any query, I think the management, including parts who handles our IR is all the time available to you guys. Yes. Thank you.

Moderator: Thank you so much, sir. on the behalf of Equirus Securities Private Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.

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