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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  
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**Sub.: Transcript of the Conference Call for Un-Audited Financial Results for the Quarter ended June 30, 2025 .**

With reference to our earlier intimation dated July 25, 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 July 31, 2025 in respect of the Un-Audited Financial Results for the Quarter ended June 30, 2025.

The same will also be available on the website of the Company at [www.prudentcorporate.com](http://www.prudentcorporate.com) .

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

**For, Prudent Corporate Advisory Services Limited**

**Kunal Chauhan**  
**Company Secretary**  
**Membership No: FCS-13492**

Encl.: As Stated



“Prudent Corporate Advisory Services  
Q1 & FY '26 Earnings Conference Call”  
July 31, 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. SWARNABHA MUKHERJEE – BATLIVALA &  
KARANI SECURITIES**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Earnings Conference Call of Prudent Corporate Advisory Services Limited, hosted by Batlivala & Karani Securities Private Limited, a 360 ONE company. 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Swarnabha Mukherjee from Batlivala & Karani Securities. Thank you, and over to you, sir.

**Swarnabha Mukherjee:** Thank you, Anuja. Good afternoon, everyone, and welcome to the Q1 FY '26 earnings conference call of Prudent Corporate Advisory Services Limited to discuss the quarterly performance.

We have with us from the management, Mr. Sanjay Shah, Chairman and Managing Director; Mr. Shirish Patel, Executive Officer and Whole-Time Director; Mr. Chirag Shah, Non-Executive Director; Mr. Chirag Kothari, Chief Financial Officer; and Mr. Parth Parekh, Head, Investor Relations. We will now 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, and good afternoon to everyone. I extend a warm welcome to all of you for joining Prudent's quarter 1 FY '26 earnings call. Thank you for taking the time to be with us today. I hope you all have an access to the investor presentation, which has been uploaded on the exchange yesterday because I'll be referring and giving the commentary, I'll be referring to the slides for your references.

Starting with -- let us move to Slide 44, which talks about our first quarter's AUM data. So if you look at on the slide on the left-hand side, we have provided the comparison of daily average AUM of first quarter with the opening AUM of July 2025. So during the first quarter, we earned revenue on a daily average AUM of approximately INR110,194 crores. We entered Q2 with an opening AUM of INR1,17,897 crores. So it's a solid 7% jump over Q1's average, giving a strong tailwind for the remainder of FY '26.

On the right-hand side, we have provided quarterly average AUM trend. It's encouraging to know that our AUM continues to scale up sharply, growing 8.3% sequentially and 23.4% year-on-year. The momentum continues to build in a healthy and consistent manner.

Now please move to Slide 45, which talks about the equity AUM. So -- which illustrates the movement in equity AUM on both year-on-year as well quarter-on-quarter. Starting with Y-o-

Y, which is provided on the left-hand side, our equity AUM rose by almost 22% during the last 12 months, increasing from INR93,149 crores in June 2024 to INR113,950 crores in June 2025.

That's an increase of about INR20,800 crores. Of this increase in AUM last 12 months, around 60% of it came from strong net equity sales of INR12,635 crores in the last 12 months. And the balance, INR8,166 crores, was contributed by mark-to-market gain, translating to about 8.8% of our opening AUM.

Just for your information, during the same period of last 12 months, NIFTY 500 and NIFTY 50 posted a modest gain of 4.7% and 6.3% versus that, our AUM grew by almost 23%. So just for the sake of reference, we are giving you this number. From a quarter-on-quarter perspective, our equity AUM grew by 13.9%, largely driven by strong mark-to-market gain of INR11,360 crores, which is almost 11.4% of our opening AUM.

Now please move to Slide 46, which is a very important slide related to our SIP. As far as SIP is concerned, I wanted to just highlight one thing. In this particular -- from this particular quarter, we have started adding one more line item in the SIP data. So if you look at bottom left, apart from the live SIP book, we have also provided how much money we have collected from our live SIP book.

And the reason being that -- and there are 2 things which we have done. One is we have revised our market share from our SIP book to the SIP realization number because the industry has also moved to reporting of SIP realization since last 4, 5 months. And it was very important that we also should provide our market share on the actual money realized by the industry versus realized by us.

Now if you look at -- I'll just give you an example of June 2025 where we ended the quarter with our SIP -- live SIP book of INR996 crores while the actual money, which has been realized and came to the, let's say, which is debited to investors' bank account is INR948 crores. So it's, on an average, difference about 4%, 4.5%.

If I look at last 6, 7 months, on an average, we have seen that the trend is about 3% to 4% deviation to my SIP book. One major reason is Prudent provides a facility called SIP pause facility on FundzBazar, which we have a platform for our investors. And on an average, we have seen that roughly about INR13 crores to INR15 crores is the SIP pause value, which is roughly about 1%, 1.5% and residual 2%, 2.5% could be the check being not cleared from investors' account maybe for any reason, right?

So I think these are the one change that we wanted to talk to you that we will be now providing 2 numbers. One is the SIP book, which is live book and the SIP realized, which is the money collected through those SIPs.

So if you look at, our monthly SIP book stood at INR996 crores. And I'm pleased to share you that when I'm talking to you now, I think we already crossed INR1,000 crores milestone in the current month. So I think that was the important data I just wanted to share you.

Now let me move to financial numbers, which is the Slide 48, which talks about the standalone financials of Prudent Corporate. I just wanted to give you a background that as a strategic initiative, Prudent has become a corporate agent for distribution of insurance products. This move enables us to seamlessly integrate insurance offering into the FundzBazar platform, enhancing our value proposition. Our aim is to deliver a comprehensive suite of investment and protection solutions to our client under one roof.

In the current quarter, you will notice there is a single line item called insurance income in the stand-alone item, wherein insurance income of INR11 crores under the stand-alone entity has been reported by us. This reflects the contribution from our insurance distribution business following an activation of our corporate agency model. We are encouraged by the positive early momentum we are seeing in the insurance distribution through our growing network of POSPs under Prudent umbrella.

On the mutual fund side, we continued to deliver a steady growth. For the quarter, both quarterly average AUM and the revenue increased by 8.3% and 8.4%, respectively, on a sequential basis. In terms of yield, we remain confident in our ability to sustain a yield within the guided range of 90 basis points for the full FY '26.

Now let me address about the payout. So on the payout, as you recall, we had introduced an additional trade last year to reward distributors for their net sales performance. The majority of the provisioning for additional trade was done in second half of FY '25. As a result, FY '25 full year payout ratio of 64% off a normalized base and probably that has to be the comparison, which you should look at from a -- comparing the payout ratio.

In fourth quarter of FY '26, the reported ratio has come even lower, primarily due to the inclusion of INR11 crores of insurance income in the total income. Now if you remove that INR11 crores of insurance income, then my payout ratio will come to about 64.7%, which is well in line with our normal trade. There might be a slight increase, which is visible because of there might be insurance-related payout, which would have been a part of my total expenditures on the commission side.

I just wanted to highlight that as far as revenue is concerned, we have provided the segment revenue or the revenue item has been shown separately from distribution of mutual fund income, insurance product or the other financial product. However, commission expenditure is a single line item, which has been provided by us.

Now coming to the -- another important point related to employee costs. If you look at employee costs show a sequential rise, which may appear elevated at the first glance. However, this is entirely in line with our expectations. As we discussed earlier, in last March quarter we were -- I think the provisioning on the variable side was a little bit lower compared to first 3 quarters whatever we have provided.

And because of some amount of reversal in the variable pay, I think the base was temporarily lower. So from April onwards, we have implemented annual fixed salary hike of about 15%, 16%. So keeping that thing in mind, I think the -- whatever is visible to you, which is 30%

sequential increase, that might come down to full year employee cost of roughly in the range of 20%, including variable pay.

Again, I want to reiterate as I think we moved -- we already told in the last quarter that this does not include ESOP-related costs because approval for ESOP policy has been moved to AGM, which is going to take place today, and I'm assuming that it will clear. And if -- once the ESOP policy is cleared by shareholders, we will probably announce the ESOP for our employees.

Ballpark figure, which I assume that I think the -- for a 12-month or for a fourth quarter from next quarter onwards, I think the cost could be in the range of 2.5% of, let's say, profit before tax.

So I think I just wanted to communicate that current employee cost, which we assume would be within the range of 20% on a full year basis. However, it doesn't include ESOPs. And whenever ESOP would be announced, my assumption is that the annual cost could be in the range of INR8 crores to INR8.5. So this is about the stand-alone.

I would love you to look at the consolidated numbers. When I am talking about the consolidated, I just wanted to tell everybody that because in the current quarter we have some amount of insurance business, which has been booked in the stand-alone entity. And the larger part of, let's say, some amount of fresh business and the entire renewal still continue to book as a business in the Gennext.

So I think the -- it will be difficult for you -- so from the point of all margins and expenditures of, let's say, employee and all of the costs, please look at the consolidated numbers for the proper reflection of the things. So if you look at -- on a consolidated basis, our revenue grew by 17.8% Y-o-Y. Our consolidated profit after tax also rose by 17.1% Y-o-Y to INR51.8 crores.

Insurance performance has been very encouraging for us. And if you look at insurance revenue, it went up by 12% Y-o-Y. Fresh premium on insurance side rose by 21% Y-o-Y, led by general insurance, where our focus is largely on health. This environment has been exceptional. Fresh general insurance business grew by almost more than 50% Y-o-Y. And our overall GI book is now about INR150 crores.

Finally, to talk about the treasury. Our treasury book now stands above INR500 crores, providing us with strong watch us to pursue inorganic growth opportunity wherever strategically we'll have the opportunity.

So with this, I think I'll just end my opening speech, and we'll open floor for questions and answers. Thank you.

**Moderator:** Thank you very much. The first question is from the line of Prayesh Jain from Motilal Oswal. Please proceed.

**Prayesh Jain:** Sir, first, a broader question on how do you think that the industry of the distributors or the B2B2C business on mutual fund is shaping, whether there is an increased competitive intensity to acquire distributors or whether payouts are getting higher because we've heard that some of

the distributors are paying out as much as 85%, 90% as well. So is there a competitive intensity that is increasing? And structurally, we should see the spreads narrowing down for B2B2C business? Yes, that would be my first question.

**Sanjay Shah:**

Shirish?

**Shirish Patel:**

Yes, Prayesh, I think you can say that last few years, a few more B2B2C platforms have entered in the industry. And as you said that a few of them were private equity backed have made it more competitive in terms of paying the commercial and then they go up to 85%, 90%.

But the business of platforms or B2B2C, I would believe that -- of course, I think the biggest advantage of more competition is that the popularity and acceptance of the platform business will improve. So I think till date, only 2 players were talking about the advantage of platforms in the MFD community.

Now at least 6, 7 players will talk about the advantage of platforms in the MFD community. So in medium to long term, definitely, we are very, very optimistic that the increase in competition will overall help the B2B2C space.

In the near term, as you said that, yes, I think the payout levels have increased. Of course, I think when any new player enters in the industry, they have to attract the existing distributors who are working in any other platforms or the AMCs, they might have to pay higher commercial. But unlike any other business, this business is -- I would say that is more service-oriented. Secondly, the remuneration or the revenue is the longer term.

So as a distributor, definitely, they also would look at not only the higher commission today, but the sustenance of payment capacity for the longer term. To be very honest, yes, I think you can say that more and more players have entered in various markets. That has created some pressure amongst the team. But amongst the distributors, I think we have not seen any major distributor moving to the competition platform.

Rather, I would like to highlight one number that in this quarter or rather, I would say, that YTD our distributor recruitment number is much higher than what we used to do in last 2, 3 years. So if that would have been the case, the number of distributors getting into Prudent platform should come down.

So here, I think 2 important data points, I would like to share that the number of new distributors joining Prudent has gone up, number one. And number two, across the country, we have not seen any significant movement or even any movement in terms of distributors leaving the platform and joining new competition -- a new platform. And we closely track their numbers as well, and we are not seeing any great improvement in their numbers as well. I hope I think I have addressed your question.

**Prayesh Jain:**

Yes. Just an extension to that, do you think that your payout, which is at 64% would increase going ahead? Or how should we think that -- or this is the range that would say be -- is kind of - we can model it for even next 1, 1.5 years or 2 years?

- Shirish Patel:** I don't think that we are going to change our distributor sharing arrangement. Of course, over a time, with the changing in the TER commercials and changing in the commercial, based on that, whatever alignment needs to be done in terms of distributor payout, that would be done, but not because of any changing in competitive landscape.
- Prayesh Jain:** Okay. Another question is on your profitability. The EBITDA margins on a consol basis are much lower than what we have done in the past. And you've mentioned about ESOP cost that could start hitting from, say, Q2 onwards. How do we think about EBITDA margins from here on? And any guidance on costs, both employee and other expenses, how should we think about them?
- Sanjay Shah:** So I think let me address that question. So as far as the employee cost is concerned, I already told you that I think employee cost would -- I think full year cost will increase in line of about 20% to your last year cost, mainly because of 15% to 16% hike in the fixed component, which has happened at the beginning of the year.
- So probably you can say that, as Shirish already highlighted, that some amount of pressure is there on the RM cost side. And probably you can assume that at least for next 1 or 2 years, you might see some amount of elevated cost pressure on the employee in the range of 15%, 16%, which used to be modest, about 12%, 13% previously. And I think because competition is becoming a little bit intense, you might see some amount of pressure there.
- However, we are very comfortable that our full year guidance of 23% to 24% of operating profit margin should remain steady. I don't see significant pressure on that because overall if your payout remained within the range of 64%, 64.5%, what we are talking about on the partner payout, if your other administrative costs is reasonably okay, employee cost would be in the range of 20%. So 23% to 24% margin I'm talking about without ESOPs. As of now, the guidance which I'm giving you is without ESOP. ESOP is definitely about 2%, 2.5% -- 2.5% you have to factor in separately.
- Prayesh Jain:** Sir, 2%, 2.5% of employee cost.
- Sanjay Shah:** 2.5% of your PBT. 2.5% of PBT.
- Prayesh Jain:** Of the PBT.
- Sanjay Shah:** Yes, PBT. Yes. So roughly I would -- I'm assuming ballpark number based on the formula, I think the cost could be INR8 crores, let's say, for example.
- Prayesh Jain:** INR8 crores for...
- Sanjay Shah:** For this current year. Nothing has been announced. I was just looking at my personal as a -- so it's not -- yes, I'm not giving any number to you, but I'm saying because it's also dependent on the volatility and the current price. If the price -- yes, at INR3,000, that cost was in the range INR8 crores to INR8.25 crores.



- Prayesh Jain:** Got that. Just last question. What is the kind of AUM that you have on AIF, PMS? What is the kind of size that we have built in versus, say, last year?
- Sanjay Shah:** So I think AIF, PMS AUM is roughly about INR1,500 crores -- INR1,400 crores, INR1,500 crores. So this has gone up by -- if you look at last full year average was about INR1,180 crores on which we booked the revenue. And this year average would be about INR1,400 crores. So this has gone up by 30%, 35%. So definitely, there is a lot of scope for us to improve that segment. But yes, total about INR1,400 crores, INR1,500 crores.
- Moderator:** The next question is from the line of Lalit Deo from Equirus Securities.
- Lalit Deo:** Congrats on good set of numbers. Sir, two questions. So one on the insurance business. So in the life insurance business -- segment, so we have -- on a Y-o-Y level, it seems like the fresh premium has been broadly muted. So could you tell us like how is the business momentum currently going on? And how should one see this segment for the whole FY '26?
- Sanjay Shah:** Shirish?
- Shirish Patel:** Yes. I think you can say that Y-o-Y growth in the life insurance business is muted. One reason, historically, we have been only and only selling the traditional plans. The last 1.5, 2 years, as we discussed earlier as well, that we have started learning. We started introducing new and new products in the system.
- Obviously, I think the biggest advantage on the tax arbitrage, which was available to the life insurance, which is not available. So obviously, you can say that I think this could be the learning phase for us wherein we are reducing our dependency on the traditional product or the guaranteed product. And we are trying to increase some new segment of products in our system. I think TULIP is one category, which is getting accepted very, very aggressively in our system. ULIP was not getting sold at all in our system till 2 years prior.
- So you can say that for us, we are migrating -- I'm not saying that completely, but earlier, the dependence used to be around 70%, 80% in the -- on the traditional plan, majority of that on guaranteed plans. Now if you look at our breakup, the traditional plan computes around 40%, 45%. And within that, the guaranteed plans around 30%, 35%.
- So practically, yes, you can say that the main reason is the reduction in the business from guaranteed plan. But we are very, very confident that the sign what we are getting, the acceptance of the new products what we are getting in our system, I think we are very, very hopeful that we should be able to achieve our business plans for the year. So it should be a decent growth compared to the last year on the fresh premium in the life insurance.
- Lalit Deo:** And sir, just one data keeping question, of our overall AUM, what would be the share of the total direct AUM and the share of indirect AUM?
- Sanjay Shah:** So yes, I think the indirect AUM share in the current quarter has increased by 40 basis points. So last quarter, fourth quarter, the share was 90.2%. Now this came to 90.6%. And same period

last year, which is the Y-o-Y, it was 88.8%. So Y-o-Y, it has improved by 1.8% and Q-on-Q, it has improved by 40 basis points.

**Moderator:** The next question is from the line of Swarnabha Mukherjee from Batlivala & Karani Securities Pvt. Ltd.

**Swarnabha Mukherjee:** Sir, first question on the yields. So while we continue to be in our guided range, but I think on a quarter-on-quarter basis from the numbers from my calculation, there has been a slight dilution. So just wanted to understand that what could be the reason of that because our mix continues to look similar to what it was in prior quarters. So if you can throw some light on that.

Secondly, sir, in terms of the fees and commission expense, the growth that we have seen this quarter, is it because -- or at a consolidated level, I guess, then the insurance operations at the stand-alone starting, that will not make a difference. So is this because of the indirect mix going up? So if you could help us understand. And thirdly, sir, in terms of our geographical reach, so I think we had some targets previously. Just wanted to know from you how that is shaping up?

**Sanjay Shah:** So let me first of all address about your question on the margin front. If you look at as far as margin is concerned, between 2 quarters, which is last quarter of Q4 and the current quarter, last quarter, I think margin was roughly in the range of 91.2 basis points. And this quarter, margin is roughly in the range of 90.5 basis points.

So there are two things which have happened. In last quarter, which was the end of financial year last year, there were some about INR80 lakhs, INR85 lakh extra revenue, which we have booked, which has been -- which has come from the mutual fund. So that is something -- that is one adjustment point.

In the current quarter, the SBI has done a repricing on the existing book and the impact of that was roughly about INR35 lakh, which has been there in the month of June. So if I adjust this about INR1,50,00,000 kind of a thing, then the difference will come down to some 4, 5 basis points, which I'm unable to, I think -- 0.5 basis point. So I think that is something, which I think we were looking at the reasoning, but I think it might be a seasonal adjustment. So I was not able to come to the finance level of reconciliation.

Coming to another important question about your projection for the full year, I can tell you there are two things, which will happen. Let's say, for the same quarter because SBI has already implemented their change from June, assume per year key if that change would have come from April itself, then additional INR70 lakh of pressure would have come on the top line, number one.

Number two, from 1st July onwards, Kotak has also implemented repricing. And I think the actual result we'll come to know only when we get the July brokerage. But our internal calculation says that full year impact of Kotak's repricing would be in the region of INR2.68 crores.

So that is something about INR25 lakh, which will be -- if you look at for another -- so for next quarter, you might have additional impact of INR75 lakh because -- or INR67 lakh, INR70 lakh

because of Kotak and INR70 lakh of SBI. So if you do pricing for all these. So my belief is that for the residual 9 months, you can easily take into consideration a yield of 90 basis points as far as top line is concerned. So that was your question on the yield, I hope I was able to address properly, right?

**Swarnabha Mukherjee:** Yes, sir. Sir, just a follow-up on that. So how would we be able to pass this on to our end MFDs? Would we have to absorb some part of this?

**Sanjay Shah:** So I think it doesn't have the impact on my margins. So I think Shirish would be able to address this.

**Shirish Patel:** Yes. So in both the cases, in case of SBI and Kotak, we are able to pass on the sharing percentage to the distribution. So in terms of margin percentage yield, there is no impact on our books. So practically, whatever is our sharing ratio accordingly on the same proportion, we are able to pass it on the same cut to the distributors.

**Swarnabha Mukherjee:** Okay, sir. Understood. And if you could kindly remind that last year, what you mentioned that there was some additional revenue booking, what was that on?

**Sanjay Shah:** Can you ask again?

**Swarnabha Mukherjee:** Can you state that last...

**Sanjay Shah:** INR80 lakh. INR80 lakh, INR85 lakh came extra.

**Swarnabha Mukherjee:** Sir, what was the reason for that?

**Sanjay Shah:** So must be a reconciliation or full year because that will be some of calculation Like if you remember last year, first quarter, we got INR4.5 crores extra because of KYC hold. Last year, Q1, if you look at those, there was an additional revenue of INR4.4 crores, which was on hold because of KYC issues.

**Swarnabha Mukherjee:** Sure. If you can proceed with the remaining question.

**Sanjay Shah:** So I think the geographical reach is well addressed, and what was another question?

**Swarnabha Mukherjee:** Sir, it was on the fees and commission expense part, what are the dynamics of that because that has also grown, I think, this quarter. So is there an indirect mix increase has led to that or anything else to lead to that?

**Sanjay Shah:** No, I think Y-o-Y, the -- so overall, I think the payout ratio remained more or less same. There has not been a significant change. I think what you rightly say that because Y-o-Y, my -- our indirect contribution has gone by 1.8%. And quarter-on-quarter, it has improved by 40 basis points. So this must be the only reason, which can be explained.

**Swarnabha Mukherjee:** Okay, sir. And on the geographical reach?

**Sanjay Shah:** Shirish?

**Shirish Patel:**

In terms of geographical reach, yes, the West contributes the highest, but last 6, 7 years where we started expanding new branches in the smaller locations and even outside the western part as well. I think that process continues. I think last year alone, we opened some 16, 17 branches in last financial year. And this year also, we plan to open -- or rather, I would say, we already opened 7 branches, taking the count now to around 139, 140 branches.

Obviously, we cannot ignore West to grow the other parts of the country. But since the base in other parts are lesser for us, obviously, the incremental growth from eastern side or the southern side, I think, which is coming, which is in percentage, I mean, definitely would be a little higher than what we -- the way we grow in the western part. But still West contributes the major pie.

We still believe that I think we should still become stronger on the western part because even on the industry also -- industry side as well, West contributes the highest. And within West, I think Gujarat is the hub.

So whatever I think the market share of Prudent in Gujarat, I think still we can think about increasing the market share in Gujarat and Maharashtra, and that also can help us becoming stronger. But having said that, the new branches, yes, we try and open more on outside the West side. And that plan is there, and we already opened 7 branches in this financial year.

**Moderator:**

The next question is from the line of Dipanjan Ghosh from Citigroup.

**Dipanjan Ghosh:**

So just a few questions from my side. First, on the mutual fund business, if you look at this quarter last year, maybe 3 or 4 years prior to the last year, so how the share of the top, let's say, 5 or 10 AMCs in terms of your net equity sales have changed over time? Or is it stagnant, I mean? Any broad color on that would be great.

Second question on the yield part. Now we have seen multiple AMCs obviously kind of repriced the back book. So I just wanted to get some understanding of how you kind of price the incremental sales on a monthly basis? Is it more of a marginal pricing? Or is it on a back book-led pricing? I mean what's the structure or construct on which you kind of price the new flows?

Third, on the non-mutual fund, non-brokerage business, AIF, PMS and others. If I look at ex P2P, it seems that the growth rate is like around 30%-plus. So how should we think of the trajectory on that? And lastly, last question would be any inorganic activities in the pipeline? And if so, then on what directions are you thinking?

**Sanjay Shah:**

So inorganic, let me address you because as far as inorganic acquisition is concerned, we'll be looking at something on the distribution side on the mutual funds or something on the insurance. Nothing is in pipeline, to be very frank. But definitely, we have been talking to a couple of players.

So I think the -- nothing is at the Board level and nothing is at the corporate level. So definitely, regularly exploring. Regarding all the three questions, I think movement of AMC in the last couple of years, I think Shirish would be able to address that. Shirish?

**Shirish Patel:**

Yes. So the question on the sharing on a book level or a marginal level on the new business or the net sales level. Obviously, the sharing is always on a new transaction level. I think majority of the AMCs with almost all distributors follow this model only, I think they negotiate the rate on a new transactions. So new transaction sharing could be based on the marginal DTR or the DTR. That depends on AMC's condition.

But our payout to our distributor is always on the basis of a new transaction payout rate. So whatever we would have announced 3 years before on that transaction, that continues to be paid today. And whatever the new transaction will come today, whatever rate we announced that will be continued to be paid in future till the time historical transaction AUM is cut by the AMC.

And in last 2 years, 4 or 5 AMCs have reduced the historical transaction commission. So whenever they cut the commission on the historical transaction, proportionately whatever we are able to pass it on a historical transaction, we pass it on to the distributor. And that is how it operates.

It is not on our book. It is not like I think all my transactions are getting repriced at one level. So we don't operate on that way with none of the AMCs. So that is how it is. Coming to the share changes in net sales from top 5 AMCs. Yes, I think that depends on the performance, what -- how the AMCs are delivering during the period or the quarter.

Obviously, I think the top 5 AMCs net sales, what they were enjoying before, 3, 4 years, with the net sales share of these top 5 AMCs has come down. I think whenever any new AMCs, which is growing -- or mid-sized AMC, which is growing faster backed by the performance, obviously, the new flows will go to those AMCs aggressively.

And I'm sure I think you also would be aware that last few months, a few of the AMCs are taking a bigger market share in terms of the net sales. So similarly, in my system also, the top 5 AMCs net sales in last probably quarter has come down compared to what it used to be earlier.

**Dipanjan Ghosh:**

Sure. Sir, if you can kind of quantify the dimensions of growth in the non-MF business, which is alternate and PMS. It seems that ex of P2P, you have grown at 30%-plus. So how should one think of the trajectory on that?

**Shirish Patel:**

Basically, there is an incremental focus on -- if you look at the product basket-wise, the main product becomes the PMS AIF. That is the main product you can consider after this liquiloan or P2P.

Deposit is another product which is growing very, very fast. As Sanjay bhai already said earlier that if you look at the last year, our average AUM would be in the range of around INR900-odd crores in terms of PMS AUM. Typically we are in the range of around INR1,300 crores, INR1,400-plus in terms of average AUM in terms of PMS AIF.

So incremental focus on this product is very, very strong, I would say that. And we are very, very hopeful that this business will grow much higher. And the way I think we are -- I would say we are the late entrant in this particular product focus. But last 3 years, I think whatever we

could build around INR1,400, INR1,500 crores kind of AUM I think we are happy and we are still pushing.

The new product what we entered, as I said, I think fixed deposit also, we started focusing on last few years. That business, of course, is completely miniscule right now, but the growth rate of that particular product is much higher than the PMS rate because of the lower base.

Another product, you can say that less, we don't call it exactly a product, but of course, it's a facility for us when we are able to protect our redemptions. At the same time, it helps us get some revenue. I think that is one focus we started increasingly pushing on that particular side last 8, 9 months and we are seeing some results there.

And hopefully, I think after a few years, I think we will have some sizable book on the left side, and that will give us the consistent regular additional revenue as well. So yes, I think other product focus is increasing and that will continue. Insurance and stock broking, definitely, I think, the second and the third biggest product, which is anyways there.

**Dipanjana Ghosh:** What would be your MFD penetration of PMS and alternates? I mean how many MFDs out of your 33,000-plus would be selling this PMS and alternates?

**Shirish Patel:** As of now, number of distributors who are certified to sell PMS business is close to around 600-plus. A number of people who have started doing the business is around -- I think I don't have the exact number right now, but must be around 350, 400 kind of number.

**Moderator:** The next question is from the line of Sanketh Godha from Avendus Spark.

**Sanketh Godha:** Sir, just wanted to check that new MFD additions, which we have project to 920-odd in the current quarter. Just wanted to check how much would have come from bank RMs as such or which would have brought the existing book to you? And on those lines, I just also want to check how much of AUM growth, what you have reported, is largely because of broker code change? That's my first question.

**Sanjay Shah:** Shirish?

**Shirish Patel:** So tracking exactly that how many distributors have come mainly from the banking side is we don't track it completely so minutely that how many people have joined from the bank. But yes, the trend of banking RM joining the mutual fund industry is increasing and that is visible in our system as well. We don't have the exact number that out of, whatever, close to around 1,400, 15,00, whatever, we have recruited in the first quarter, how many from the banks, so we don't have that number.

Obviously, I think COB, the trend is positive. But the way I think COB in is there, COB out is also there. Some part you might see that I think there's some client who was dealing with X distributor earlier, now he started dealing with a Y distributor and he may move his assets out.

But we are not seeing that there is a significant trend change in the COB in or COB out. We don't have the exact number in COB in, COB out for this particular quarter. But last -- what we

saw last financial year was around 700 kind of number was mainly because of the COB in. So -  
- but there is no major trend. If you can see that, I think is it impacting the assets big time, I don't see any trend. Sanjay, if you have any more data available with you.

**Sanjay Shah:** Yes. So I think, Shirish, you're right, absolutely. We looked at the last year number, it was INR500 crores plus and roughly it was more or less the same – ₹500 crore coming in and ₹500 crore going out..

**Sanketh Godha:** Yes, yes. Understood. And second question, which I wanted to check, sir, is that your SIP market share somehow got stuck at that 3.5, 3.6 percentage. So we believe the national distributors in general are doing very well. But the SIP market share being stuck at that range is predominantly that we are losing it to direct? Or is it we are losing out to the competition maybe?

**Shirish Patel:** We have to look at...

**Sanjay Shah:** I was just saying that you can address it...

**Shirish Patel:** Yes. So basically, we need to look at the growth rate in the direct space. So today, if you look at last 2, 3 years, the fintechs are growing much faster in terms of new SIP registration. So obviously, I think when -- that means the regular share of business in the new SIP registration is coming down.

Obviously, when you look at Prudent share, if you have maintained the share in the industry level, that says that on a regular plan side we have improved our market share. And hence, we are able to maintain the market share in an environment wherein the distribution as equity is losing the share.

We are not saying that this trend will continue or over time whether the market share will improve or will come down. If tomorrow any other new fintech platform comes and I think still the market share of the direct goes up, we might lose the book share in terms of SIP in the industry. But one should also additionally look at the share on the regular plan. And as long as the direct piece is growing much faster than a regular piece, obviously, I think the regular plans will lose that market share, but they can grow much faster than what historically they are growing. So that is what I would say.

**Sanketh Godha:** Okay. Understood, sir. And lastly, the point is that how easy is for you to protect the yield because you said in the call that SBI and Kotak have revisited the price on historical book, whether you can really nudge MFD to probably move the AUM to smaller AMCs and still protect the yields, whether it is really possible in a way, theoretically, maybe yes, but do you think it can play out to protect your overall yield at the company level?

**Shirish Patel:** Someone has asked the question some time back that top 5 AMCs have lost the market share in terms of net sales and is moving to some other mid-sized performing AMCs. That says that in industry some share is going to the mid-sized higher-performing AMCs. As and when the share is moving from the top 5 to, let us assume, 6 to 15, still there is a scope of the improvement in terms of yield.

You, as a distributor community, simply, definitely, they are inclined for higher commercial, higher revenue. But obviously, they also would see the advantage or the benefit for the investors. So if they find that the mid-sized AMC or the new AMCs are performing better or likely to do better, they might move money from the bigger schemes to this kind of AMC.

But if the bigger AMCs are anyways doing good, consistently delivering the returns, I don't think that there is a motivation. Of course, I think commercial motivation would be there. But when the investor is happy with the investment, obviously, I think the distributor community might not move that money to the new or the mid-sized AMCs.

But yes, I think in the medium to long term, you always would see that the bigger AMCs might -- or top 5 AMCs might lose some market share to the mid-sized AMC. And accordingly, we also will behave. But there is no push from our side that most I think you move money from the bigger to the smaller ones. Distributors, I think, are wise enough to take their own call.

**Sanketh Godha:** Got it, sir. So basically, the reason I'm asking is that in future, if there is a yield pressure from the larger guys, then is it fair to assume that your yields still will be protected because the natural flow of equilibrium will happen in such a way that the smaller guys will grow faster and our yields invariably will be getting protected for medium term?

**Shirish Patel:** I think distributor is also worried about his own yield, right? When yield is in the existing AUM is dropping, obviously, he will make more attempt to move his yield better. So yes, that is a natural course.

**Moderator:** The next question is from the line of Prayesh Jain from Motilal Oswal. As there was no response from the participant's line we will proceed with the next question. The next question is from the line of Aditya Sharma from Shikhara Investment. Please proceed.

**Aditya Sharma** I just have one question. Want to understand the size of the RM team that we have, how that has grown in the last few years? And also, if you could highlight the kind of attrition that you're witnessing within the team and how that has moved in the last few months?

**Shirish Patel:** So obviously, I think as we are growing geographically, the RM pool definitely is increasing, but more on a ground level sales because the senior team remains the same, and we use the same team and we expand on the ground. Last -- so today, if you look at the sales team where we are growing maximum, that is on the mutual fund side, and secondly, on the insurance side.

If you look at the total sales put together on both these products combined would be in the range of around, you can say, 550 on -- which is already there. 30, 40 count, always, you will find that I'm yet to recruit. By the time you recruit then somebody might leave. So 30, 40, always you are short of manpower. That is the trend always continues. If you see this kind of trend in the last 3 years in terms of sales, I would say that our team in terms of sales has gone up by 35% to 40% in last 2, 3 years.

In terms of challenging, yes, I think earlier also we said that in the B2B2C space, last 2 years or specifically 1.5 years, we have seen that more players have entered in the industry. And



obviously, I think when anybody, competition increases and they open the branches in the same city, the first level of target could be the existing B2B2C companies' relationship manager.

So yes, last year, specifically, I think during this we had a little more attrition. But to be specific, I would say that last 5, 6 months, the attrition numbers have come down drastically. Rather, we have started seeing the reversal of the team who has gone to the competition in last financial year, we started seeing some reversal there.

Having said that, now the attrition in last specifically 4, 5 months we have seen that now it has become a normal level. We have not seen any great movement of the team in the last 4, 5 months.

**Moderator:**

The next question is from the line of Dipanjan Ghosh from Citigroup.

**Dipanjan Ghosh:**

So just one follow-up. Hypothetically, let's say, whatever is your back book in terms of asset managers or different asset classes, let's say, in the next month, let's say, which is August, you end up -- your net sales appears to have a similar composition compared to your back book. Everything similar, same schemes, same companies, everything. What will be the fresh realizations in that case? Maybe July or August. I mean, what's the quantum differential?

Because the large asset managers, they seem to kind of guide that the fresh flows are a drag on their yields. So how much of that is kind of benefiting you in a way? Probably for you, it would be the reverse, I would assume. So firstly, is the assumption correct? And secondly, if you can give some directional color on the number.

**Shirish Patel:**

One assumption, what you are saying that if your sales -- net sales is exactly in line with your current AUM or current book sales. That doesn't happen in reality because today, if you look at my AUM share of top 5 AMCs and if you look at the new sales of top 5 AMCs, there would be a huge difference in the share. So when in reality, the share of top 5 AMCs in the new sales is anyways lower than the book share. So hence, the yield is not under pressure.

But if we -- assuming that we keep the same assumption what you are talking that whatever is your AUM share, whatever in whichever scheme, your AUM is there in exactly the same proportion. If you do the new business in the month of August, what would be the yield on the new business? In that particular case, the yield on the new business would be lower than the book yield. The reason being because AMCs would have paid me higher commission for the sales what I did 3 years prior. And on the same scheme that today because of the size, the commission would be lower.

Obviously, on the same scheme, the commission would be lower than my book yield. But in reality, the sales happens on the newer or the mid-sized or the small-sized AMC share is higher than their AUM share. Hence, currently, if you look at our yield on the new business is almost similar to our book yield. So that is how I think last few years we are able to maintain it.

**Sanjay Shah:**

I want to add here because what Shirish is talking about before 3 years, let's say, we used to do a business at X pricing, that current business is less than X. However, since current yield and the new business, I think they are reasonably notch higher by about 1 or 2 basis points [inaudible 0:51:48].

As far as the average current book is, let's say, is that 90 basis points, your new business happen current yield. So probably even if you assume same proportion, I think the pressure in the immediate future should not be there on the existing book.

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

**Sanjay Shah:** Thank you. Thank you, everybody, for joining this call, and I hope we could be able to address all the questions which you have in your mind. However, if any follow-up questions if you have, I think Parth or the entire management is available. Whenever you have any questions, you can probably reach out to Parth or -- yes. Thank you.

**Moderator:** On behalf of Batlivala & Karani Securities Private Limited., that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

**Disclaimer:** This is a transcription and may contain transcription errors. The transcript has been edited for clarity. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy.