Date: 03.02.2026

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

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

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Sub.: Transcript of the Conference Call for Un-Audited Financial Results for the quarter and nine months ended December 31, 2025.

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 January 28, 2026 in respect of the Un-Audited Financial Results for the quarter and nine months ended December 31, 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 Amrishbhai Chauhan
Digitally signed by Kunal Amrishbhai Chauhan
Date: 2026.02.03 13:24:52 +05'30'

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

Encl.: As Stated

"Prudent Corporate Advisory Services Limited

Q3 FY '26 Earnings Conference Call"

January 28, 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 OF INVESTOR RELATIONS – PRUDENT CORPORATE ADVISORY SERVICES**
MODERATOR:	**MR. RUSHAD KAPADIA – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Prudent Corporate Advisory Services Limited Q3 FY '26 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rushad Kapadia from ICICI Securities Limited. Thank you, and over to you, sir.

Rushad Kapadia: Thank you. Good evening, everybody, and welcome to the Q3 FY '26 results update call of Prudent Corporate Advisory Services Limited. 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, Chief Financial Officer; and Mr. Parth Parekh, Head of Investor Relations.

Now we would 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. Thank you, dear, and good afternoon to everybody. I extend a warm welcome to all of you for joining the Prudent Q3 FY '26 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 through the course of this discussion.

So now straight away, let us move to Slide 45, which talks about the momentum in our AUM growth. So if you look at the Slide 45, it shows how our AUM has moved during the quarter. On the left hand, you see a comparison of daily average AUM for first 9 months of FY '26 with an AUM as on 31st December 2025.

During the first 9 months, we earned revenue on a daily average AUM of INR119,000 crores. Our opening AUM for the current quarter stands at around INR130,000 crores. That's an increase of about 9.2%. This gives us a strong momentum as we enter into the last leg of FY '26 and FY '27.

In the current month, the broader Nifty500 Index has corrected by around 5%. And consequently, our current AUM stands at approximately INR126,000 crores. While the month was challenging from a mark-to-market perspective, we saw a strong resilience in net sales. Our equity net sales for the January have crossed INR1,200 crores as of yesterday, which has helped cushion the impact of market volatility.

SIP addition has also remained robust during the month, with our SIP book increased from INR1,170 crores compared to INR1,130 crores in December 2025. On the right-hand side, we have quarterly average AUM trend. The average AUM for the quarter was INR127,600 crores. Our quarterly average AUM grew by 21% year-on-year and 7.2% quarter-on-quarter, reflecting steady and sustained business momentum.

Now please move to Slide 46, it talks about the equity AUM movement. So this slide shows the movement in our equity AUM on a both year-on-year and quarter-on-quarter basis. Starting with year-on-year view on left, our equity AUM grew by 22.4% during Q3 of FY '26. It moved from INR102,700 crores in December '24 to INR125,700 crores in December '25. That's an increase of nearly INR23,000 crores.

Two-third of this growth was driven by strong net sales and acquisition of Indus. And the balance, one-third has been contributed from mark-to-market gains. Coming to quarter-on-quarter view on the right, equity AUM grew by 6.9% during the quarter. This was driven by mark-to-market gain and a strong net sales of INR3,444 crores.

Now please move to Slide 47. This slide highlights our SIP performance. As of December '25, our monthly SIP book stood at INR1,135 crores. We have added almost about INR200 crores over last 12 months. Currently, as stated, this book has grown to INR1,170 crores. Our market share has improved by 20 basis points from 3.3% in December 2024 to 3.5% in December 2025. We aim to cross INR1,200 crores in monthly SIP flows by March 2026.

Now let me take you to the last slide, which is the consolidated financials. So Slide 49, which outlines our consolidated financials. So on the mutual fund side, our quarterly average AUM grew by 7.2% sequentially, while the mutual fund revenue has increased by 8.2%. The mutual funds revenue grew at a faster pace, led by an extra income to the tune of INR1.4 crores due to release of individual brokerage following some relaxation in KYC norms.

Excluding this one-off income, our yield were stable on a sequential basis. On a 9-month basis also, quarterly average AUM and mutual fund revenue grew hand-in-hand at a 20% and yield have remained more or less stable on a 9-month basis as well. On the insurance front, our premium grew by 13% sequentially, led by a good uptick in our LI vertical.

However, revenue grew at a slower pace of 3.6%, primarily driven by the rationalization of rate post GST changes in the retail health vertical. As stated in the last call, most of health insurance have reduced the rate by 18% from 1st October 2025 onwards following the reduction of GST to a nil rate.

So, overall the quarterly revenue from operations grew at a pace of 7.3% sequentially. On a 9-month basis, revenue were higher by 16.6%. Operating expenses also grew at a similar pace of 7.2% sequentially.

During the quarter, employee costs included one-off provision of INR1.49 crores related to implementation of new labor code. In addition, there was an ESOP charge of INR1.61 crores for this quarter, and it will remain the same for next 3 quarters as an annualized cost for ESOP would be in the range of INR7.2 crores.

After incorporating these items, operating profit for the quarter grew by 7.8% sequentially. On a 9-month basis, operating profit has also increased by 12.2%.

The increase in finance cost of INR92.32 lakh -- please look at the finance cost segment. So increase in finance cost of INR92.32 lakh is attributable to accounting treatment of deferred consideration payable to Indus capital. Deferred payout is recognized at its discounted present value and periodically recognized as the finance expense.

Accordingly, interest accretion of INR92.3 lakh has been charged to P&L. Please keep a note that these costs will continue to be recognized over the next 11 quarters until the full deferred consideration is paid to Indus capital. So this INR92.32 lakh every quarter will have to be added into the finance costs. You'll see that as an additional cost item.

Another change related to the depreciation. Since the acquisition of Karvy in November 2021, we have been depreciating the acquired assets over a 10-year period. Now that the acquisition has completed over 4 years, we were able to demonstrate based on operating experience that the assets are long term in nature. Accordingly, in consultation with our auditors, we have revised the useful life of these assets to 15 years, extending the depreciation period up to November 2036. That means from here onwards, now these assets will be amortized over the next 11 years.

Consequently, amortizing expense for the current quarter has reduced to an extent of INR1.7 crores, mainly on account of Karvy assets. Additionally, acquisition cost of Indus Capital will be amortized over a period of 15 years. So overall, reduction of Karvy depreciation and additional depreciation cost of Indus, overall depreciation figure has modestly increased from INR7.7 crores to INR8 crores.

Despite utilization of INR87.3 crores from the treasury book towards the Indus Capital acquisition, our other income grew by 16.4% sequentially. This was driven by positive mark-to-market gain on the equity-oriented treasury investment, supported by a 7% rise in Nifty50 during quarter ended on December '25.

A stable operating performance has led to a net profit growth of 7.6% sequentially and 19.6% on a year-on-year basis to INR57.6 crores. On a 9-month basis, net profit grew by 13.2% to INR162.9 crores.

Now I'll try and touch base the merger of Indus. So the merger of Indus acquisition is working very well for us. We now have completed two meetings with all the big clients, and there is a significant comfort regarding the integration with Prudent. It's a highly cash accretive addition to our platform, powered by 15 experienced relationship manager under a seasoned business head.

Given the successful integration and experience, we are in a lookout for similar opportunity in this space, wherein distributors are seeking alignment with scale, technology-driven platform to ensure business and service continuity for their clients. A space where Prudent is well positioned and open to exploring strategic opportunities. And our treasury corpus of INR537 crores provides a robust war chest to pursue such opportunities.

Finally, touching up on SEBI's recent changes in the total expense ratio. Now 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 above TER. Everything else was considered inclusive of GST. So, let us assume if I was earning 1% from AMC, that

1% was inclusive of GST, meaning my actual income was 85 basis points and 15 basis points went to GST.

Under the new structure, my rate will be 85 basis points, exclusive of GST, so I'll invoice GST on top of that and still effectively earn 1%. So, more or less, we believe it's revenue neutral for those who are registered under the GST. But the big advantage which will accrue to Prudent is that it removes the earlier anomaly, where a GST registered distributor used to earn less than an unregistered one.

This really creates a very strong level paying field for us, and it helps us attract smaller players to join Prudent platform. So, even though it's neutral in revenue terms, it's strategically very, very beneficial to us. Second point in the entire circular is removal of 5 basis point benefit, which was available in lieu of exit load since 2012.

This benefit was available over and above the regular TER, which has now been withdrawn. This represent -- these 5 basis points represents the cost for the entire industry. So, while a part of this impact will flow through to distributors like us, the exact sharing mechanism between AMC, distributor and other stakeholders will become clear only by April 2026. So I think with that, I'll just close my speech, and I'll open the floor for the questions.

Moderator: The first question is from the line of Niranjan Kumar from Avendus Spark.

Niranjan Kumar: Sir, first, on the recent changes in the TER. Like, I wanted to ask has any AMC initiated any negotiation on this yield cut? Also like, to go sometime in the past, like when upfront commissions were removed, around 6 years, 7 years back, so how you shared them? Like who took the major hit then, is it AMC or distributor like Prudent? That's the first question.

Second question, sir, the MFD market share has been declining for a few quarters. Like even in this quarter, I think it declined around 200 basis points. So what's happening really there? Like are you facing any challenges internally? Or the competitive intensity in the industry has increased like where other players are giving aggressive payouts? So these are my broader set of questions, sir?

Shirish Patel: So, coming to the first point, whether AMCs have started discussion about passing on the TER cut, the answer is no. As of now, no AMC has started the discussion about passing on the TER cut. My guess is that, by mid of March, probably we will have a better clarity. We definitely will start discussion with the AMCs mid-February. But as of now, no AMCs have given an indication that what would be the behavior.

But what I understand that -- and I'm sure I think most of you would have done some kind of calculations. The GST out of the base expense ratio,probably that is neutral for many AMCs and for some other biggerAMCs, it could be, I think, a few basis point cut. And as Sanjay bhai said that 5 basis point of exit is also out.

This time, my belief is that the major of the AMC may pass on the cut to the distributor, and that is what's the feeling which we are getting, but no AMCs have communicated yet. So yes, there is no discussion, but the gut feeling is that the AMCs may pass on the cut to the distributors..

The second point, what you asked that the way when this earlier TER cut was there, how Prudent could manage the passing on to the distribution community. So, we believe that when AMCs will pass it on to all their channels, including the MFD, and definitely, they might pass to Prudent -- for Prudent also. Prudent also will be able to pass it on to their distributors. So I don't think that this time we will not be able to pass it on. Definitely, it will be the same like what we did in past.

So -- but yes, I think, let us wait for a few more months to get a complete clarity. But this time, the experience would not be different compared to what it was last time. Second point, you talked about the indirect share in the Prudent system has come down. I think mainly it's because of Indus acquisition, because that INR2,000 crores of AUM is added in B2C.

Hence, you might be seeing that the indirect share is down, otherwise, in the industry level, as Sanjay bhai would have shared in the presentation also, last 1 year, definitely, I think we have gained the market share. So, it is not that we have lost the market share. I hope we have addressed both your questions.

Sanjay Shah: No, Shirish, he's talking about number of MFDs joining the Prudent.

Shirish Patel: So, number of MFDs joining the Prudent platform is still the same. If you look at last year, we added close to around 4,700, 4,800 distributors in Prudent kitty. And this year, we will be able to add these many numbers in the Prudent platform. So, we don't see that, I think the number of distributors joining Prudent has come down. It's the same. So there is no change.,

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

Lalit Mohan Deo: Yes. Few questions. So firstly, like in the insurance segment, like as you have highlighted that most of the health insurance have passed on the GST pressure to us. So, like similarly in the last call, we mentioned that in -- within the life insurance only 30% was passed on. So is there any new communication from the other life insurers who have followed the similar suit and passed on the pressure to Prudent?

Second, just on this non-GST distributors, which you have talked about, can you please elaborate it in a little better way the it's like -- whether there will be any benefit to Prudent or not? And lastly, on the non-MF products, so like on a sequential basis, we are seeing that, it's currently ranging between INR8 crores to INR9 crores on a revenue run rate. So how should we see this line item going ahead for the next 2 years?

Shirish Patel: So, coming to your question, the last call, what we spoke that in general insurance, most of the companies have passed on the GST cut to the brokers or Prudent. In life insurance, we said last time that around 30% of the business has seen the GST cut. I would say that I think there also, we could negotiate some part of that. So the actual impact in the life insurance is not even 30%, it is lesser than 30% now.

In the month of December, we could renegotiate that cut with the same manufacturer. So as of now, I think at least till March, the cut in the GST component from the life insurance business is not even 30%. I think it will be less than 10% now. So that way, yes, we could save on that part.

The second part -- but this is still till March. This arrangement, whatever we are -- right now we are talking about is only till March. From April, as of now, there is no discussion. So we don't know that what will be the scenario post April. But till March, we don't see any major impact or major change in the GST now.

Coming to the part, the non-GST partners or the GST cut, how it is going to impact Prudent or a little more explanation on what you sought. So, what used to happen that whenever Prudent or -- earlier as Sanjay bhai said that the commission used to be inclusive of GST. So whether the distributor was under the GST or out of the GST net, both of them were getting the commission rate, including GST.

So those who were out of the GST net, they were not paying the GST, but they were still getting the inclusive GST commission. So obviously, when Prudent has to pay the GST on a total brokerage and there are many distributors who need not have to pay the GST. Obviously, I think the competitiveness or the margin of Prudent may be lesser...

Now from 1st of April, all the commission rates would be exclusive of GST. Whether the person is under GST or not under GST, the commission rate will be exclusive of GST. So earlier, the person -- non-GST person used to get x commission.

From April, on the same business, he will get x minus 18%. So, by default, the competitiveness or the margins of Prudent on that particular partner or that particular MFD will increase. So yes, I think that is a very, very positive point. Third, I missed the point. So, I think, Sanjay bhai, you can take that point -- third point.

Sanjay Shah: We have a run rate of INR8 crores to INR9 crores on non-MF -- MF non-insurance revenue. So what is your view on that, which is basically all other products other than the mutual fund insurance?

Shirish Patel: So basically, if you see the other products, since the last few years, we have started focusing very aggressively. One important product, which was P2P. Now the revenue from P2P is almost zero. So, obviously, we replaced the revenue of P2P to other products without impacting the fall in the other revenue.

Here, I would say that, yes, I think, our PMS book is increasing steadily. So that also contributes a bigger pie. FD business, the momentum is picking up, and there also the revenue is there. Loan against mutual fund, which we added last year very aggressively. And while we are talking, our book is almost, I think, INR300 crores.

So that is one more, of course, the revenue would be a little less. But obviously, that is one more revenue item. I would say that, that is also contributing to our revenue. Broking side, as we communicated earlier that the Prudent broking is now merged with Prudent Corporate. So, most of the clients, I think, who were in the FundzBazar, they were not able to trade on the stocks. Now they are able to trade on the stocks, though the seriousness of our system also on the broking side has gone up. Obviously, I think the revenue front, it is not visible yet, but we will strongly believe that broking also going forward will contribute better in our total pie. So non-mutual fund, non-insurance product wise, yes, PMS, AIF, the alternate products are growing. FD is really doing good. LAS, last year it was added & we are doing good, broking still will do better.

SIF is a new product in the kitty. As we categorize that in the mutual fund only, but we strongly believe that going forward, SIF is going to become a very big product line for us. So that also we are very, very positive. Yes, Sanjay bhai, if you want to add any point.

Sanjay Shah: Yes. No, no. Perfect. Perfect, Shirish.

Moderator: The next question is from the line of Dipanjan Ghosh from Citi Group.

Dipanjan Ghosh: A few questions from my side.

Moderator: I'm sorry to interrupt sir, there is some background…

Dipanjan Ghosh: Yes. So first question was on the commission payout part. If I look at the commission fee number to your revenues, that seems to be a little down compared to the normal run rate. So, I mean, what really happened out there? So that's the first question. Second, if I look at the life insurance yield, that you mentioned, the impact has been contained at 10%. But on a quarter-on-quarter, yields are actually up.

So is it a function of higher new business or some sort of product mix shift? If you can give some color on that. The third question is on the capital part. I mean, obviously, you have highlighted couple times that you use some inorganic opportunity if it comes under the scope. So anything under the radar or what are you really focusing on this? And lastly, one data keeping question, number of employees as of 31st December?

Sanjay Shah: Yes. So number one, you are talking about the commission payout looks a little bit reduced. That's mainly because if you look at -- as Shirish also said, I also said, because of Indus, our ratio in favor of direct has improved by about 1%. And that's the reason, if you look at 60% or 65% of that must be the visibility of a reduced payout ratio. That's mainly because Indus has been added. And Indus is roughly about -- finally Indus, on an average basis has been about 1.2% or 1.2% something,.

So 60% of that will be 70, 80 basis points. So, you will see a 70 to 80 basis point improvement in the payout ratio. So that is number one. Number two, regarding the capital opportunity, because that's something which we have been looking for Apple-to-Apple like Indus, I think the quality assets, with the team and everything. So definitely, we are looking for a lot of opportunity. Nothing is concrete as of now.

And we are also looking for the experience of Indus. And probably after 3 months now, we are very, very confident that we'll be able to look for the opportunity further. Third is, number of employees are 1,539, 1-5-3-9 as on 31st December -- number of employees. And Shirish, if you can just touch base, he's saying that your LI yield has improved because of mix,, what is the reason?

Shirish Patel: Yes. So basically, if you see, I think what we said is the GST impact, which was around 30% of the business in the month of October. By December, we could cut it down to 10%. So obviously, but still there is a GST impact of 10% when you are comparing the yield compression. Second, I would say that the composition of business. So I think if you look at our composition, till last year, it was majorly skewed towards the traditional plan.

Last 1, 1.5, 2 years, it is increasingly it is moving towards the TULIP product, which is Term plus ULIP combined product, which is a new entrant in the industry last 3 years. In that segment, of course, the yield is a little lesser than the traditional plans. And today, TULIP is the biggest selling product in our system.

Second, historically, we were not selling ULIP at all. Now ULIP is also having some higher single-digit market share in our system. So mainly, I would say that the composition of the product has changed that has brought down the yield. Second, I would say that still compared to the September -- the yield, as I said that compared to that month, still there is some pressure of around 10%. So both the reason combined, you can see that the yield is little less.

Dipanjan Ghosh: Sir, just one question. If I look at your net MFD addition and split it between gross and attrition. I mean, given the competitive nature of the industry, I mean, let's say, 5 years back versus now, are you seeing any shift between this -- shift between the attrition rate? That's all the question.

Sanjay Shah: Yes, sorry. So question is not clear, but I think you want to understand because of competition, are we seeing shifting of distributors from Prudent to other platforms? That is the question?

Dipanjan Ghosh: Yes, yes, absolutely.

Sanjay Shah: Dipanjan not able to understand your question.

Dipanjan Ghosh: Yes, on the attrition part. Exactly, I mean, what you pointed out.

Sanjay Shah: See, the attrition or behavior change in the MFD.

Dipanjan Ghosh: Attrition in MFD. Yes.

Sanjay Shah: So, basically, if you see I think in the last call, I think last to last call, probably we had said that there are many platforms have entered in the industry. Obviously, since they are expanding the branch the first target for their manpower requirement would be the existing platforms, whether it is we or NJ.]. So, last year, definitely, we saw the highest churning I mean, I would say, in our system wherein the attrition was higher than our normal average in the last year.

But I believe last few months or few quarters that attrition has come down, which has become now the average one. Obviously, by joining -- existing team members joining any competition platform, does it impact our momentum?

Yes, I think for certain few months, I would say that in that particular branch, we get disturbed. But we have not seen any major attrition of our channel partners joining the platform. Yes, we can say that those who joined Prudent platform might be recently, that the joining was done by the RM, who has joined the competition platform. The person joined with us in last probably 1, 2 years or not scaled up the business, very, very small business.A few of them may have started experiencing some -- how the new platform works. But those guys, anyways, I think, never worked with us in aggressive way, because they joined recently, their AUM was not strong. So you can see that, yes, we have seen some small partners looking at these platforms because their commercial, definitely at a base level the commission would be higher.

But can you say that we have seen the attrition of partners, the answer is clear cut no. And that is visible in our business also. Even the new addition of partners is increasing. At the same time, if you talk about the simple parameter of the net sales or the gross sales or the new SIP or even the new health insurance business or the life insurance business probably quarter-on-quarter, that number is becoming stronger and stronger.

Probably this quarter was the highest ever net sales. This month, I will say the highest ever SIP business we have done this month, again, that is, I'm talking about the January. So, we are doing the highest ever SIP business, the highest-ever gross sales business, highest-ever net sales business, highest-ever health insurance, highest-ever -- second highest in terms of life insurance.

So, I would say that, if that would have been the impact our quarter-on-quarter business would not have grown. So -- but the answer is no. We have not seen the great attrition. But yes, small level of partners, we have seen a few guys joining them.

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

Sanketh Godha: I have three questions. So the first question, Shirish, is to you to just check that out of the total AUM, maybe top 5 AUM where probably the TER will have an impact on their net yield and probably pass on the paying to the distributors, maybe the smaller ones might not. So I just wanted to understand maybe from a mix point of view, top funds contribute how much to total AUM, maybe top 5 then -- next top 10 and then residue.

How much it contributes to total AUM? And if you think the larger ones pass on and smaller ones don't do anything to your payout, then if you have done your internal assessment, likely impact on the yield. If you can give a bit of color there, it will be useful.

Shirish Patel: So, top 5 AMCs contribute around 50% of our AUM. Whether they will pass it on that cut to the distribution community? The answer is definitely yes. They would pass on some cut or the entire cut to the distribution community. Will it impact our gross yield? Yes, it will impact the gross yield. Because when you are 50% of the AUM, I think if they see some kind of cut in the brokerage, so obviously, the gross yields may come down.

But whatever cut they pass it on to the distribution community, we assume that they will do the similar for all their channels, because it's a regulatory change. So if they are doing the similar way to all their channels, we also will be able to pass it on to our distributors. So yes, it may impact the gross yield. But when we talk about the net margin, we don't see a challenge in maintaining our net yield margin.

Sanketh Godha: But Shirish, on net yield, given even you pass on to 65 percentage to them, I assume your yields come up by 1% or 2% -- 1 or 2 bps. Then given 65 percentage is passed on to the MFD partners. Then is it, say that if it's 2 bps, then you will have an impact of 0.6, 0.7 bps on your net realization?

Shirish Patel: One important point, I think what we've already highlighted is the GST component. From 1st of April, all the rates are going to be net of GST. So, obviously on a historical book also what we were paying to maintain our competitiveness, obviously, we will see some benefit. I'm not saying the 100% benefit, but we will also see some benefit of those guys who are not paying the GST.

Today, I would say that almost -- more than 50% of our AUM is contributed by those guys who are non-GST. Whatever we will be able to save, that will definitely compensate the loss in the yield.

Sanketh Godha: Understood. Sir, basically, what you're trying to say that your payouts are a little competitive, because the individual guys who were not paying the GST, they were getting better yields. And now everyone gets net of GST, maybe you can change your payout in such a way that, your net yield will not change. That's a fair understanding?

Shirish Patel: Yes. Yes, yes. It is a fair understanding.

Sanketh Godha: Understood. Understood. Perfect. That clarifies my question. And second, I just wanted to understand, given the smaller guys will be better off in the new TER. Is it fair to say that you will negotiate with the smaller guys on the higher rates?

Shirish Patel: I think it's difficult to say that we will negotiate the higher rates from the smaller guys. But at the same time, I would say that our competitiveness in the industry has gone up substantially. So, I think it's too early for me to tell you that we'll be able to negotiate more or not. But at least the gap between we and the non-GST MFDs in the industry, I think that will become wider and it will either help us improve the margin or it will help us improve the competitiveness.

So, which way, how the AMCs will behave, I think only will come to know by April. But in either ways, I think, we'll be able to increase our margin or I would say that we'll be able to increase our competitiveness. So in either way, I think it would be beneficial.

Sanketh Godha: Understood. Understood. Got it. And second question is that given in the current quarter, we had a benefit of some release of the withhold brokerage. Just wanted to understand maybe on the current outstanding book, there will be still some withhold of brokerage. If you can quantify -- assume everything gets released eventually, how much is that number you're sitting on at the current juncture, whether it's a material number or it's meaningfully a very small number to see a benefit -- onetime benefit kind of recurring in the next subsequent quarters, too?

Sanjay Shah: Sanketh, the outstanding amount must be very large, because the non-KYC cases, there are some five requirements for your KYC to be authenticated. And out of five, SEBI say that one which is related to proof can be waived off and you can continue to do the business in the existing AMC, not into the new AMC. So, already if you've invested in, let's say, ex-AMC, then we will allow you to continue investing there and they have converted that status from a hold to register where the brokerage has been released. So onetime, INR1.4 crores has been released.

There are many cases where probably still brokerage has not been released, because we are supposed to complete the KYC process by meeting the customer. And that's a very tedious job. There is a back-office team who has been regularly doing this exercise. But it is very difficult to tell me that how much will again come, but there is some amount. So probably either the rule has to change or we need to complete the KYC and that's a regular process. But this onetime is whatever we are supposed to receive, has been received.

Sanketh Godha: But I just wanted to check, given this is like a potential additional revenue or profit pool. I just wanted to understand that number is meaningfully very big, like maybe running in INR3 crores or something on that side?

Sanjay Shah: I can share the number afterwards. I think, let me just recheck number. We have been keeping that data with us. So I'll once check that number, and I'll probably let you know separately.

Sanketh Godha: Okay. Understood. And on this brokerage release part, you also share it with the MFDs or you retain completely with yourself?

Sanjay Shah: No, it is, I think, wherever -- so I think almost 50% was related of KYC of Karvy customer, which is not owned by anybody. So that has been our income. And rest 50% was for the MFD where regular sharing will definitely happen to them. It is their business. And any amount which accrue related to distributor business, definitely sharing will happen to them.

Sanketh Godha: Understood. This is useful. And second thing -- last question, on amortization cost, which you told in the initial part, period has been increased from 10 to 15 years, both for Karvy and Indus or rather Indus is 15 years, not like Karvy 10 years. Then is it fair to say that the incremental amortization, both from Karvy and Indus incrementally be INR18.33 crores every year, right?

Sanjay Shah: So, I think that's a fair assumption. You are right. Yes, exactly, you're absolutely right. Previously, we used to amortize INR15 crores of Karvy every year. Now from that, I think this amount should go to INR18 crores. That is, you're talking about annualized number, right?

Sanketh Godha: INR18 crores including Indus and Karvy. Karvy will be INR10 crores and INR8.3 crores will be the Indus.

Sanjay Shah: Perfect. Perfect. Karvy would not be -- I think, your INR60 crores divided 10, roughly about INR6 crores, INR7 crores will be Karvy. And INR6 crores, INR7 crores should be in -- and there is another depreciation also. So I think the number will be about, say, Karvy and so -- I can tell you the, Sanketh, written down value, WDV of Karvy was roughly about INR90 crores.

INR90 crores was Karvy and the INR106 crores -- INR107 crores of Indus the, what you call, Indus, because of the entire valuation mechanism. So, I think it's roughly the same amount and you amortize that over a period of -- Karvy would be 10 years from now onwards and Indus will be 15 years.

Another important point is that this INR92.32 lakhs, which I told you, which is a part of finance cost. That is probably will amortize we will take a P&L hit for next 12 quarters every year. So there's another about -- you can say about INR11 crores, INR12 crores, which is going to be the consistent cost on P&L, because of Indus.

Moderator: The next question is from the line of Ansuman from ICICI Securities.

Ansuman: So just to kind of what you said on the insurance side that life insurance has been only able to pass on around 10% to you while themselves taking the remaining 90% hit. But on the health side, you have -- they have been able to pass on 100% to the distributors. This understanding is right as of now, as of March?

Shirish Patel: As of March, the understanding is right.

Ansuman: Okay. And secondly, on this continued market correction, we know the SIP number are good, et cetera. But any sense which you can share in terms of the overall outlook you see on SIP demand? Or -- because now it has been some time that the returns have been not that great for investors, what is the sense that you get as one of the top mutual fund distributors in terms of consumer sentiment on SIP?

Shirish Patel: To be very honest, I think this time, the returns are not there, but SIP returns were there. So even last 1 year, SIP returns were there. If you exclude this last 1 month of volatility or the negativity, I think in SIP returns were there. To be very honest, this time, we have not seen any major termination coming from the SIP.

I think, yes, if you are comparing the termination ratio versus the last year, definitely, it is higher than the last year. But last few months, I don't think that it is alarming till now, even this month also where we have seen the major correction in the market. We are not seeing the increased termination.

But yes, I think if this kind of market continues for a few more months or a few more quarters, then definitely, we may see higher termination and lesser new registration. And that is a human behavior. But assuming this kind of market, I think market revival after a few months or few quarters, I think as of now, to be very honest, we are not much worried.

As I said, this month, our SIP numbers are the highest -- all the numbers are highest. We need to put more effort. We need to educate more to our investors and the distribution community in this kind of market. And that is what we are doing. So -- but it's too early for us to tell you that whether we'll see the negative net sales or negative SIP.

Ansuman: That is helpful. And in terms of our numbers in January?

Shirish Patel: As I said, our numbers in January is the highest ever in new SIP registration. The highest ever in net SIP addition, the highest ever in net sales, the highest ever in health insurance. The second highest in life insurance. So that's what I said. I think in this kind of market, we need to up our action, and that is what we are doing. So -- but yes, we have not seen any worries -- worrisome signals in the market right now or in terms of business.

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

Prayesh Jain: Yes. Just extending on the previous question, generally, we have seen that the lump-sum flows used to see some pickup in market corrections in the last 5 years, whenever there has been some down cycle in the market -- correction in the market, we've seen lump-sum pick up. Are we seeing any such trend in the current downturn?

Shirish Patel: So historically, we have seen the lump-sum pickup comes when the market corrects immediately. That actually we saw last year. Right now, the market in a correction zone for almost last 12 months, so expecting that another new additional flow comes when -- in the month of January, I think what the February market correction comes. As of now, it looks unlikely because there are so many negative news floating around.

But as such, we have not seen that more and more people participating in the market and industry trend also what we -- I understand, I don't have the industry number right now. But I don't see that, that kind of trend is visible in the industry when the investors sitting on side-lines are investing in equity, because of the market correction.

Prayesh Jain: Okay. The other question was in case the AMCs pass it on to you, the cut of 5 basis points. Given the competitive environment in the way, quite a few of the new B2B2C players coming in the market and are ready to share 90%, 100% of their first year -- at least the first-year commissions. Do you think that the competitive intensity will further increase and it will be challenged for you guys to pass it on to your distributors? Or you are pretty confident that the way you passed it on last time, you'll be able to pass it on this time also?

Shirish Patel: So I'm assuming that all these platforms also may have to pass it on if the AMCs cut their commission. That is one. Second is, even if they don't cut it, I think they have hardly anything to pass it on. Obviously, we can't take that kind of call that we are not able to pass it on. So, we are very confident that we will be able to pass it on at least in the percentage sharing ratio, at least.

Prayesh Jain: Okay. And the last question is on the, again, mutual funds market share. If you look at it, it's kind of stagnated now in the last few months or so. How do you think that whether this is the direct competition that's increasing? Or what is the real challenge out there to further increase our market share here?

Shirish Patel: So, when you compare with the industry's market share, so definitely you always can see that the numbers could be stagnated. And one thing is very, very clear that I think and we always believe that direct will command increase higher share than the regular. So, incrementally, direct is becoming more and more popular. When you look at the industry's number, industry's numbers are growing faster than regular plans growth. So that is very, very clear.

So when you compare our numbers and the industry's number, definitely, I think we don't see that the growth in the percentage term when you compare including regular and direct that number will grow very, very fast. Even if we are able to maintain that particular number in a scenario wherein the direct is growing much faster than the industry's growth, then itself, I think it's it says that in our regular plan business, we have strengthened our position.

But having said that also last 1 year, we have increased our SIP share by around 18 to 20 basis points. So yes, in this kind of scenario also, we could increase the share. But, as I said, I think direct will definitely grow faster than the industry. And in that scenario, even if we can maintain the share, I think that is good enough for us.

Prayesh Jain: What according to you would be the market share of direct SIPs in terms of monthly flows?

Shirish Patel: I don't have the actual number. Yes, Sanjay bhai, you can tell. Yes.

Sanjay Shah: I think, it's roughly about 35% of the total book. That was, I think, last cafe mutual article, if I remember. So, out of INR31,000 crore...

Shirish Patel: Anyways -- new SIP, the number is I believe is upward of 50% now. But it varies month-on-month. I think, Sanjay bhai is talking about our book. I think, I believe you are asking on incremental flow.

Prayesh Jain: I'm basically asking from the INR30,000 crores of SIP inflows that the industry is getting on a monthly basis, roughly, what would be the direct share of direct in it?

Sanjay Shah: That is what I say one-third of that is INR10,000 crores, so it's roughly about one-third, 35% is from direct. I can say the number, 35% comes from the direct.

Prayesh Jain: 35% comes from Direct. Okay. Okay.

Sanjay Shah: So, about 3.5%, you should look at what Shirish is saying, but you should look at the INR20,000 crores of -- if you look at our share in INR20,000 crores rather than INR30,000 crores.

Moderator: As there are no further questions from the participants, I will now hand the conference over to the management for the closing comments. Over to you, sir.

Sanjay Shah: Thank you. Thank you, everybody, for attending this call. And me, entire management and Parth is available for any further clarification which you require. Thank you.

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