6 November 2025

2QFY26 Results Update | Sector: Financials

Prudent Corporate Advisory

Estimate change	↑
TP change	↓
Rating change	↔

Bloomberg	PRUDENT IN
Equity Shares (m)	41
M.Cap.(INRb)/(USDb)	103.9 / 1.2
52-Week Range (INR)	3182 / 1570
1, 6, 12 Rel. Per (%)	-6/9/-20
12M Avg Val (INR M)	156

Financials & Valuations (INRm)

Y/E March	2026E	2027E	2028E
Revenues	12,903	15,971	19,862
Opex	9,977	12,234	15,052
PBT	3,006	3,861	5,014
PAT	2,237	2,873	3,730
EPS (INR)	54.0	69.4	90.1
EPS Gr. (%)	14.3	28.4	29.9
BV/Sh. (INR)	41.9	53.9	70.1
Ratios (%)			
EBITDA Margin	22.7	23.4	24.2
PAT margin	17.3	18.0	18.8
RoE	29.2	29.0	29.0
Div. Payout	11.1	13.0	10.0
Valuations			
P/E (x)	46.4	36.1	27.8
P/BV (x)	59.9	46.4	35.7
Div. Yield (%)	0.2	0.4	0.4

Shareholding Pattern (%)

As of	Sep-25	Jun-25	Sep-24
Promoter	55.3	55.3	55.7
DII	21.5	20.8	23.9
FII	16.9	17.5	14.6
Others	6.4	6.5	5.7

FII includes depository receipts

CMP: INR2,510 TP: INR2,800 (+12%) Neutral

Strong MF momentum; insurance outlook muted by regulations

- **Prudent Corporate Advisory (Prudent) reported an operating revenue of INR3.2b, +12% YoY (in-line) in 2QFY26, fueled by an 11% YoY surge in commission and fees income. For 1HFY26, it grew 15% YoY to INR6.1b.**
- **Operating expenses grew 14% YoY to INR2.5b (in-line); fees and commission expenses rose 17% YoY, employee expenses grew 11% YoY, and other expenses were flat YoY. EBITDA grew 5% YoY to INR722m (6% beat), reflecting an EBITDA margin of 22.6% (vs. 24% in 2QFY25 and our est. of 22.3%).**
- **Lower treasury income led to in-line PAT (up 4% YoY/3% QoQ) to INR535m. For 1HFY26, it grew 10% YoY to INR1.1b.**
- **Based on the latest GST implications, management indicated that ~30% of the life insurance business is expected to be impacted, facing an est. ~18% revenue cut, while ~70% of the health segment will also be affected, with the final impact currently under negotiation and expected to be assessed post-Dec'25.**
- **We raise our earnings estimates by 1%/3%/5% for FY26/FY27/FY28, reflecting higher expected yields on MF business and robust AUM growth driven by the Indus Capital MF acquisition and sustained SIP flows. We expect Prudent to deliver a revenue/EBITDA/PAT CAGR of 22%/22%/24% over FY25-28. We reiterate our Neutral rating with a TP of INR2,800 (based on 35x EPS Sep'FY27E).**

QAAUM sustains the growth momentum as SIP flows remain strong

- Prudent's QAAUM grew 17%/8% YoY/QoQ to INR1.2t, with Equity AUM rising 13% YoY, led by record high net sales during the quarter. Monthly SIP flow grew to ~INR10.9b (guidance to be at ~INR12 per month by Mar'26) from INR8.7b in 2QFY25, reflecting a market share of ~3.5%.
- Total insurance premium for the quarter came in at INR1.9b (+21% YoY), of which life insurance premium stood at INR1.4b (+20% YoY) and general insurance premium stood at INR481m (+26% YoY).
- Commission and fees income rose 11% YoY to ~INR3.2b, of which INR2.7b (+16% YoY) was contributed by the distribution of MF products, while the contribution from insurance products declined 4% YoY to INR324m.
- Revenue from the distribution of MF grew 16% YoY/9% QoQ to INR2.7b, fueled by strong SIP inflows and active participation from MFDs.
- Revenue from the sale of the insurance segment grew ~11.5% QoQ to INR324m, led by strong traction in fresh retail health premiums, which jumped 33% YoY to INR1.6b.
- Revenue from the stockbroking segment dipped 40% YoY to INR44m. Revenue from other financial & non-financial products declined 8% YoY to INR83m.
- Commission & fee expenses rise 10% QoQ to INR1.9b, driven by INR20m of additional trail commission (management guided lower commission provisioning in 2HFY26).
- Other income was up 4% YoY but declined 20% QoQ, led by lower treasury income due to MTM losses and lower yields.

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Key takeaways from the management commentary

- With the acquisition of Indus Capital MF, management expects annual revenue contribution of ~INR220–230m (annualized), accruing from Q3FY26.
- Prudent remains highly optimistic about the Structured Investment Funds (SIF) opportunity, though current participation is still limited — with only ~200 certified distributors versus 3,000+ industry-wide. The two NFOs launched under this segment together generated revenues of INR90–100m.
- The recent consultation paper on AMCs highlighted 1) a 5bp cut from exit load benefit removal (impacting industry TERs by ~4.0–4.5bp) and the proposed brokerage cost reduction on cash (to 2bp) and derivatives (to 1bp) — are anticipated to collectively lower total expense ratios by ~6–7bp across the ecosystem, with the impact likely to be shared among AMCs, distributors, and investors.

Valuation and view

- Prudent continues to deliver strong growth in its mutual fund distribution business, aided by healthy SIP inflows, steady yields, an expanding MFD network, and incremental contribution anticipated from the Indus Capital MF acquisition.
- However, regulatory headwinds remain a near-term concern — including the draft proposals on TER rationalization for AMCs and potential GST exemption implications, which could affect ~30% of the life insurance business and ~70% of the health insurance portfolio. While these factors may exert some short-term pressure on earnings, Prudent is expected to partially pass on the impact to distributors on a proportionate basis.
- We raise our earnings estimates by 1%/3%/5% for FY26/FY27/FY28, reflecting higher expected yields on MF business and robust AUM growth driven by the Indus Capital MF acquisition and sustained SIP flows. We expect Prudent to deliver a revenue/EBITDA/PAT CAGR of 22%/22%/24% over FY25-28. **We reiterate our Neutral rating with a TP of INR2,800 (based on 35x EPS Sep'FY27E).**

Quarterly performance (INR m)

Y/E March	FY25				FY26				FY25	FY26E	2Q	Act w/t	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			FY26E	Est. (%)		
Commission and Fees Income	2,477	2,845	2,827	2,809	2,910	3,168	3,240	3,478	10,960	12,795	3,044	4.1	11%	9%
Other Operating revenue	17	15	23	20	28	30	27	24	76	108	22	35.2	94%	8%
Revenue from Operations	**2,494**	**2,861**	**2,850**	**2,829**	**2,938**	**3,198**	**3,267**	**3,502**	**11,036**	**12,903**	**3,066**	4.3	12%	9%
Change YoY (%)	50.8	50.5	35.8	18.0	17.8	11.8	14.6	23.8	37.1	16.9	7.2			
Operating Expenses	1,904	2,174	2,191	2,143	2,265	2,476	2,535	2,702	8,412	9,977	2,384	3.9	14%	9%
Change YoY (%)	50.8	48.0	37.0	19.8	18.9	13.9	15.7	26.1	37.5	18.6	9.7			
EBIDTA	**590**	**687**	**659**	**686**	**673**	**722**	**732**	**800**	**2,624**	**2,925**	**683**	**5.7**	5%	7%
Depreciation	62.9	67.2	73.7	74.8	72.5	76.8	77.0	77.3	279	304	75	2.4	14%	6%
Finance Cost	4.9	5.7	6.4	6.7	6.9	7.3	7.0	5.3	24	27	7	4.2	28%	6%
Other Income	70	78	66	85	103	82	110	116	299	411	105	-22.2	4%	-20%
PBT	**592**	**693**	**645**	**690**	**696**	**719**	**758**	**834**	**2,621**	**3,006**	**706**	**1.9**	4%	3%
Change YoY (%)	57.9	70.6	34.7	15.4	17.5	3.8	17.5	21.0	41.1	14.7	1.9			
Tax Provisions	149.9	177.9	163.1	173.5	178.1	184.0	194.0	213.5	664	770	176	4.3	3%	3%
Net Profit	**442**	**515**	**482**	**516**	**518**	**535**	**564**	**621**	**1,957**	**2,237**	**529**	**1.1**	4%	3%
Change YoY (%)	58.3	69.2	35.0	15.9	17.1	4.0	17.0	20.2	41.0	14.3	2.8			
Key Operating Parameters (%)														
EBIDTA Margin	23.6	24.0	23.1	24.3	22.9	22.6	22.4	22.9	23.8	22.7	22.3	30bp	-145bp	-33bp
Cost to Income Ratio	19.5	18.9	17.8	17.6	18.2	17.9	18.4	17.9	18.4	18.1	18.7	-83bp	-100bp	-30bp
PBT Margin	23.7	24.2	22.6	24.4	23.7	22.5	23.2	23.8	23.7	23.3	23.0	-52bp	-172bp	-119bp
Tax Rate	25.3	25.7	25.3	25.2	25.6	25.6	25.6	25.6	25.3	25.6	25.0	58bp	-11bp	-2bp
PAT Margins	17.7	18.0	16.9	18.2	17.6	16.7	17.3	17.7	17.7	17.3	17.3	-52bp	-126bp	-88bp
MF revenue / QAAUM (bps)	91.9	91.8	91.8	90.3	90.3	91.3	91.3	91.0	91.3	91.4	89.8	146bp		
Revenue from Operations (INR M)														
Commission and Fees Income														
Distribution of MF Products-Trail Revenue	2,052	2,343	2,421	2,297	2,489	2,716	2,784	2,868	9,113	10,856	2,522	7.7	16%	9%
Distribution of Insurance Products	261	339	286	402	291	324	315	456	1,288	1,386	373	-13.1	-4%	11%
Stock Broking and Allied Services	77	73	49	41	50	44	46	48	240	188	54	-18.5	-40%	-12%
Other Financial and Non-Financial Products	87	90	71	69	80	83	95	107	317	365	95	-12.6	-8%	4%
Revenue from Operations Mix (%)														
As % of Commission and Fees Income														
Distribution of MF Products-Trail Revenue	82.3	81.9	84.9	81.2	84.7	84.9	85.2	81.9	82.6	84.1	82.3	267bp	303bp	20bp
Distribution of Insurance Products	10.5	11.9	10.0	14.2	9.9	10.1	9.6	13.0	11.7	10.7	12.2	-203bp	-172bp	23bp
Stock Broking and Allied Services	3.1	2.6	1.7	1.4	1.7	1.4	1.4	1.4	2.2	1.5	1.8	-39bp	-118bp	-33bp
Other Financial and Non-Financial Products	3.5	3.1	2.5	2.4	2.7	2.6	2.9	3.0	2.9	2.8	3.1	-50bp	-55bp	-13bp

CONFERENCE CALL

Key takeaways from the management commentary

Business Highlights

- Quarterly AAUM reported a steady growth of 8% QoQ to INR1.2t, this excludes the integration of AUM contribution from Indus Capital MF (~INR21b)
- The equity AUM grew 13% YoY, led by strong net sales during the quarter (the strongest in history)
- The net sales trend for Oct'25 came in higher than Aug'25/Sep'25 sales.
- The SIP market share improved to 3.5% in 2QFY26 from 3.4% in 2QFY25; target monthly SIP flows to be at INR12b by Mar'26 from the current run-rate of INR10.9b.
- Of the new SIP flows, ~1/3rd come in the small- and medium-size segments.
- Despite a 1.4% negative MTM, outperformed NIFTY 500's -6.2% — indicates resilient retail inflows and distributor quality.
- Prudent remains highly optimistic about the SIF (Structured Investment Funds) opportunity, though its current participation is limited — with only about 200 certified distributors, compared to 3,000+ certified distributors industry-wide. Of the two NFOs done under this segment, it generated INR90-100m
- MF sharing with distributors stood at ~65-67%, and management guided for no change in the strategy in the near term.
- Attrition near-zero among top 10–20% partners; minor at small-AUM level.
- On the distributor onboarding front, added ~4,800+ new ARNs (highest ever) in FY25; and ~3,100+ as of YTDFY26. No slowdown in distributor additions.

Insurance Distribution

- Revenue grew ~11.5% QoQ, led by strong traction in fresh retail health premium of INR1.6b, up 33% YoY.
- However, the sequential yield dip was due to INR35m of earlier-period revenue recognized in Q1FY26. Adjusting for this, it came in on a stable basis, excluding the GST impact.

Acquisition of Indus Capital MF

- Management expects annual revenue contribution of ~INR220-230m.
- Management reiterated that Indus acquisition earnings accrue from Oct'25 onward, adding a new revenue layer from 3QFY26.
- Cash profit before tax is ~INR150m.
- Adds 15 experienced managers, strengthens scalability.

GST Impact on the Insurance Segment

- Life Insurance: ~30% of business impacted with 18% revenue cut.
- Health Insurance: ~70% of the business was impacted; actual effect under negotiation.
- Final impact to be assessed post-Dec'25.
- Premium growth in Oct'25 outpaced Aug'25 and Sep'25, aided in part by the recent GST exemption. However, management indicated that it is unclear whether the uptick is solely attributable to the GST benefit, as other underlying factors may also have contributed.

SEBI Consultation paper on TERs for AMCs:

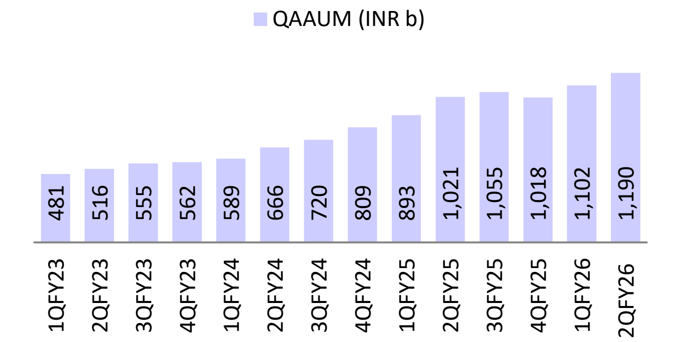
- Exit Load Benefit Removal: 5bp cut; overall impact on industry TER: 4–4.5 bp.
- Brokerage Cost Proposal: Reduction on cash to 2bp and on Derivates to 1bp – 2-2.5bp impact for AMCs
- On an overall basis, the net impact on TERs is expected to be at ~6–7bp across the ecosystem (shared proportionately).

Financials:

- The MF AUM for the quarter was up 8% QoQ, while the MF revenue was up 9%. The difference was attributed to an extra calendar day impact of ~INR30m and stable yields.
- For 1HFY26: MF AUM was up 19.8% while MF revenue was up 18.4%; the difference was due to back-book repricing.
- On the distribution of non-financial products front, sequential growth seen; YoY decline due to absence of liquid loan income (INR69m in 1HFY25). Base effect to normalize; expects growth resumption in 2HFY26.
- Other income was down 20% QoQ, led by lower treasury income due to MTM losses and lower yields.
- The profits were impacted by lower treasury income (MTM losses) and additional trail commission provisioning, which combined dragged the earnings by INR43m. Adjusted profit aligns with the revenue growth trend.
- Commission & Fee Expenses up 10% QoQ vs revenue growth of 8.9% QoQ, driven by recording of INR20m additional trail commission. Guides for lower commission provisioning in 2HFY26 compared to last year
- Under the ESOP scheme, it will distribute 0.13m shares to 338 employees at INR542/share with ESOP costs of ~INR71m for FY26, which is divided over the remaining four months.
- As of Sep’25, it has a treasury Corpus of INR4.8b.

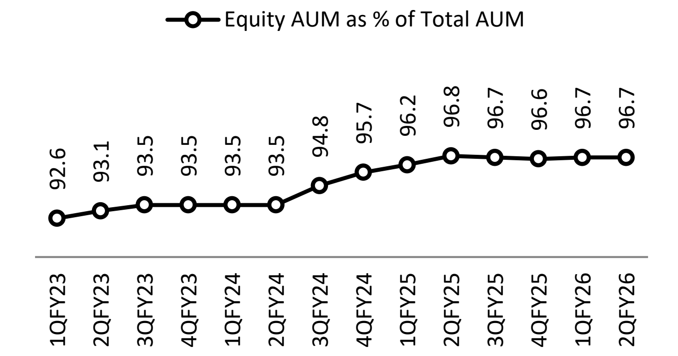
Story in charts

Exhibit 1: Trend in QAAUM growth



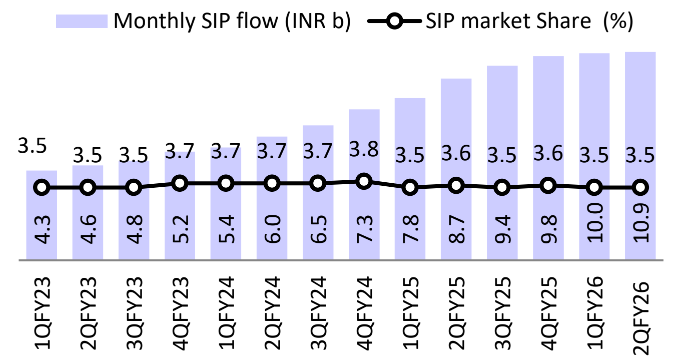
Source: Company, MOFSL

Exhibit 2: Share of Equity AUM remained stable



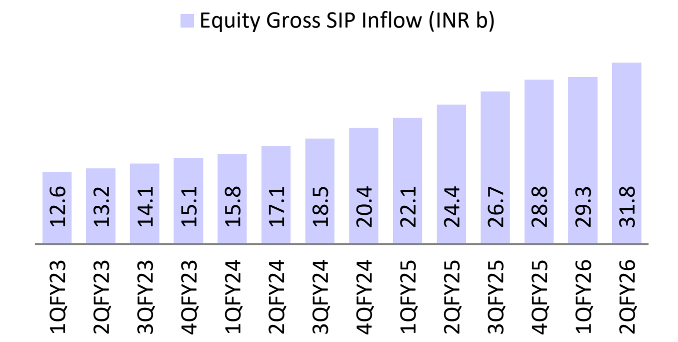
Source: Company, MOFSL

Exhibit 3: Monthly SIP flows are improving



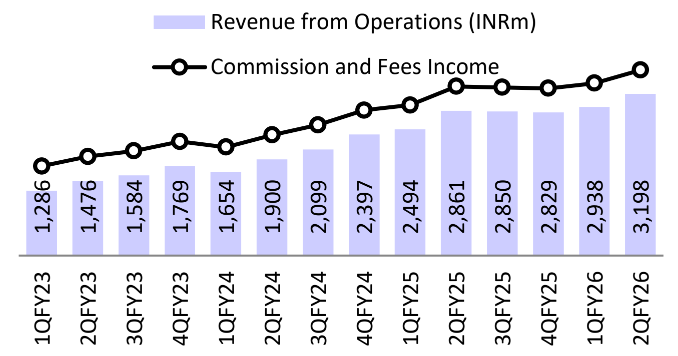
Source: Company, MOFSL

Exhibit 4: Trend in equity gross SIP flows



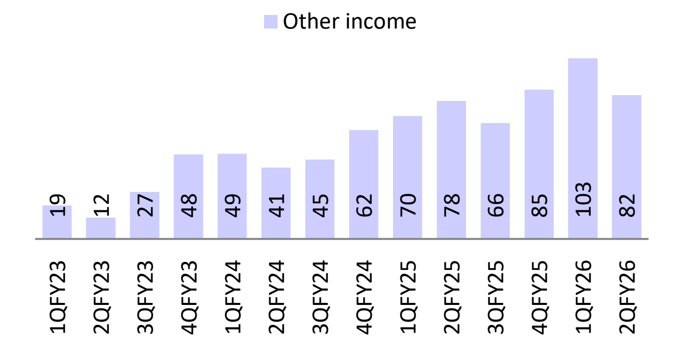
Source: Company, MOFSL

Exhibit 5: Revenue stood at INR3.2b in 2QFY26



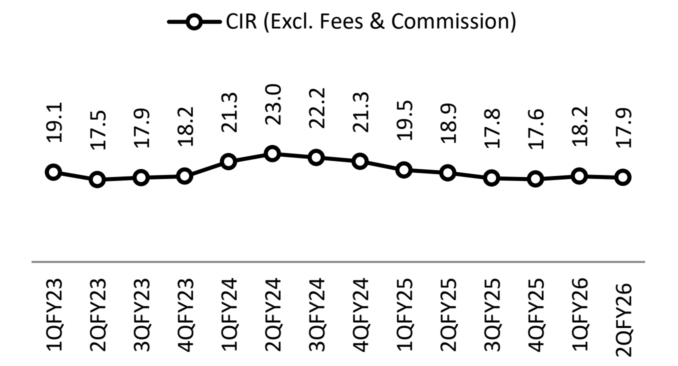
Source: MOFSL, Company

Exhibit 6: Trend in other income



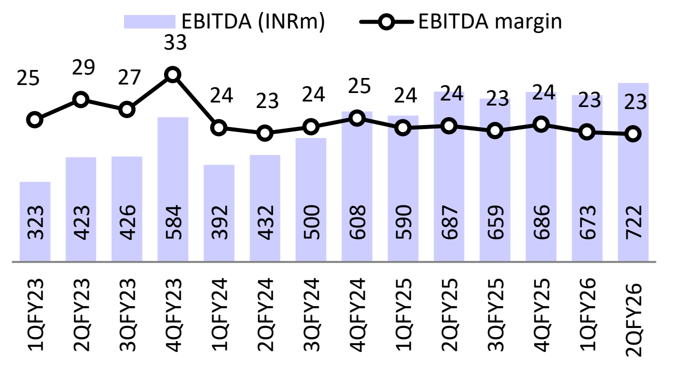
Source: MOFSL, Company

Exhibit 7: C/I ratio (%) trend



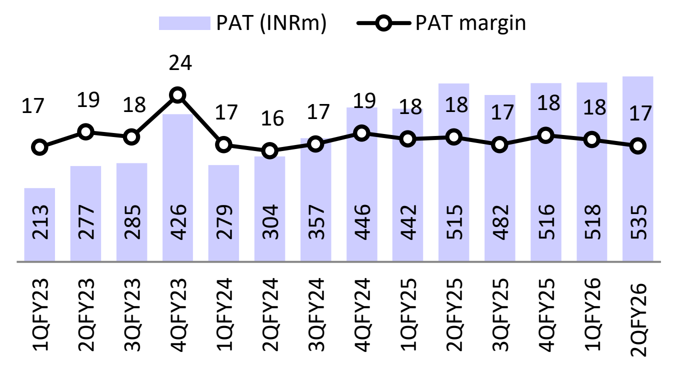
Source: MOFSL, Company

Exhibit 8: Trends in EBITDA (INRm) and EBITDA margin (%)



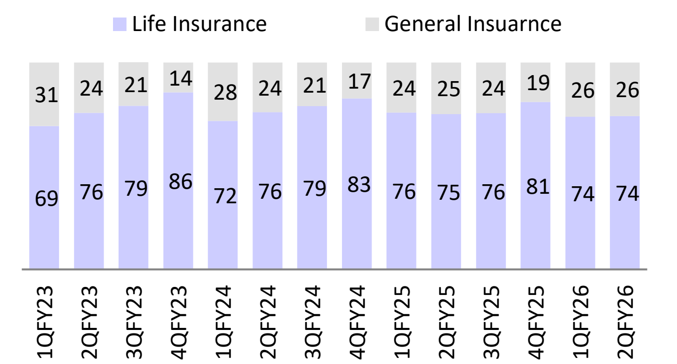
Source: MOFSL, Company

Exhibit 9: PAT margin stood at 17% in 2QFY26



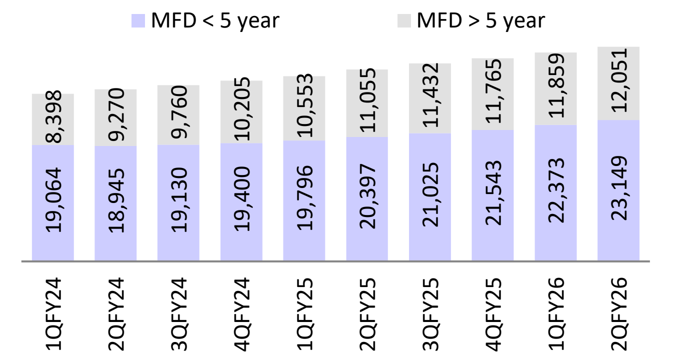
Source: MOFSL, Company

Exhibit 10: Premium mix (%)



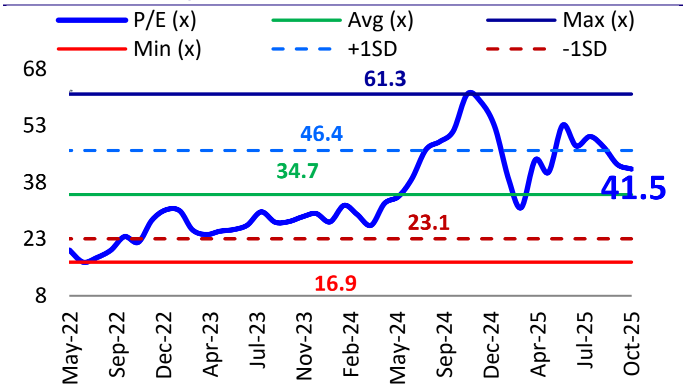
Source: MOFSL, Company

Exhibit 11: No. of MFD improving



Source: MOFSL, Company

Exhibit 12: One-year forward P/E



Source: MOFSL, Company

Financials and valuations

Income Statement (INR m)

Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Commission and Fees Income	2,293	2,776	4,428	6,048	7,990	10,960	12,795	15,852	19,731
Other Operating income	55	89	80	65	60	76	108	119	131
Revenue From Operations	**2,348**	**2,865**	**4,508**	**6,113**	**8,050**	**11,036**	**12,903**	**15,971**	**19,862**
Change (%)	5.8	22.0	57.3	35.6	31.7	37.1	16.9	23.8	24.4
Commission and Fees expenses	1,205	1,531	2,464	3,252	4,354	6,380	7,640	9,465	11,800
Employee benefits expense	489	555	693	833	928	1,109	1,331	1,571	1,822
Impairment of FI	12	20	-1	-20	0	0	0	0	0
Other expenses	176	140	199	295	837	922	1,006	1,198	1,430
Operating Expenses	**1,882**	**2,246**	**3,355**	**4,359**	**6,119**	**8,412**	**9,977**	**12,234**	**15,052**
Change (%)	2.4	19.4	49.4	29.9	40.4	37.5	18.6	22.6	23.0
Operating Profit	**467**	**619**	**1,153**	**1,754**	1,931	2,624	2,925	3,737	4,810
Other Income	14	84	78	75	196	299	411	482	592
Depreciation	79	81	134	240	248	279	304	328	354
Finance Cost	27	17	26	21	21	24	27	30	33
Exceptional items	0	0	0	0	0	0	0	0	0
Profit Before Tax	**374**	**605**	**1,071**	**1,568**	**1,858**	**2,621**	**3,006**	**3,861**	**5,014**
Change (%)	30.6	61.7	77.0	46.4	18.5	41.1	14.7	28.4	29.9
Tax	96	152	268	401	471	664	770	988	1,284
Tax Rate (%)	25.6	25.2	25.0	25.6	25.3	25.3	25.6	25.6	25.6
PAT	**279**	**453**	**803**	**1,167**	**1,387**	**1,957**	**2,237**	**2,873**	**3,730**
Change (%)	32.5	62.6	77.4	45.2	18.9	41.1	14.3	28.4	29.9
Dividend	5	5	41	62	83	104	248	373	373

Balance Sheet

Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Equity Share Capital	10	10	207	207	207	207	207	207	207
Reserves & Surplus	1,115	1,566	2,169	3,293	4,607	6,470	8,458	10,958	14,316
Net Worth	**1,125**	**1,576**	**2,376**	**3,500**	**4,814**	**6,677**	**8,665**	**11,165**	**14,523**
Borrowings	78	26	0	0	0	0	0	0	0
Other Liabilities	758	1,247	1,624	1,699	2,762	2,760	2,898	3,043	3,195
Total Liabilities	**1,961**	**2,850**	**4,000**	**5,199**	**7,576**	**9,437**	**11,563**	**14,208**	**17,718**
Cash and Investments	1,035	1,598	967	2,127	3,780	5,436	6,891	8,429	10,438
Change (%)	41.4	54.4	-39.5	120.0	77.7	43.8	26.8	22.3	23.8
Loans	9	5	7	9	**10**	**11**	**13**	**14**	**15**
Net Fixed Assets	179	166	157	148	163	303	349	401	501
Current Assets	737	1,080	2,870	2,915	3,622	3,686	4,311	5,364	6,763
Total Assets	**1,961**	**2,850**	**4,000**	**5,199**	**7,576**	**9,437**	**11,563**	**14,208**	**17,718**

E: MOFSL Estimates

Financials and valuations

Cash Flow

INR m	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
PAT	279	453	803	1,167	1,387	1,957	2,237	2,873	3,730
Change in Accumulated Depreciation	79	81	134	240	248	279	304	328	354
Change in Reserves	21	3	38	19	9	10	0	0	0
Finance cost	27	17	26	21	21	24	27	30	33
Other Income	-14	-84	-78	-75	-196	-299	-411	-482	-592
Change in Working Capital	173	143	45	-110	207	-220	-458	-840	-1,159
Cashflow from Operation	565	614	968	1,261	1,676	1,750	1,698	1,909	2,368
Other Income	14	84	78	75	196	299	411	482	592
Change in Investments	6	-140	-188	-1,040	-1,031	-1,194	-1,827	-1,097	-1,645
Change in Loans	-129	-46	6	38	33	102	15	16	17
Change in Fixed Asset	-111	-71	-1,614	-137	-139	-367	-393	-465	-560
Cashflow from Investing	-220	-172	-1,718	-1,064	-941	-1,160	-1,794	-1,064	-1,596
Interest Expense	-27	-17	-26	-21	-21	-24	-27	-30	-33
Dividend Expense	-5	-5	-41	-62	-83	-104	-248	-373	-373
Cashflow from Financing	-32	-22	-67	-83	-104	-127	-275	-402	-406
Net Cashflow	313	419	-818	123	622	463	-371	443	365
Opening Cash	660	973	1,392	575	698	1,320	1,783	1,412	1,855
Closing Cash	973	1,392	575	698	1,320	1,783	1,412	1,855	2,220

Ratios (%)

Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
As a percentage of Revenues									
Commission and Fees Income	97.6	96.9	98.2	98.9	99.3	99.3	99.2	99.3	99.3
Other Operating income	2.4	3.1	1.8	1.1	0.7	0.7	0.8	0.7	0.7
Total cost	**80.1**	**78.4**	**74.4**	**71.3**	**76.0**	**76.2**	**77.3**	**76.6**	**75.8**
Commission and Fees expenses	51.3	53.4	54.7	53.2	**54.1**	**57.8**	**59.2**	**59.3**	**59.4**
Employee Cost	20.8	19.4	15.4	13.6	11.5	10.1	10.3	9.8	9.2
Other Opex Cost	8.0	5.6	4.4	4.5	10.4	8.4	7.8	7.5	7.2
PBT	**15.9**	**21.1**	**23.8**	**25.7**	**23.1**	**23.8**	**23.3**	**24.2**	**25.2**
PAT	**11.9**	**15.8**	**17.8**	**19.1**	**17.2**	**17.7**	**17.3**	**18.0**	**18.8**
Profitability Ratios (%)									
RoE	28.5	33.5	40.7	39.7	33.4	34.1	29.2	29.0	29.0
Dividend Payout Ratio	37.1	22.8	5.1	5.3	6.0	5.3	11.1	13.0	10.0

Valuations	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
BVPS (INR)	108.8	152.5	11.5	16.9	23.3	32.3	41.9	53.9	70.1
Price-BV (x)	**22.9**	**16.3**	**217.0**	**147.4**	**107.1**	**77.2**	**59.5**	**46.2**	**35.5**
EPS (INR)	6.7	11.0	19.4	28.2	33.5	47.3	54.0	69.4	90.1
Change (%)	32.7	62.6	77.2	45.1	18.9	41.1	14.3	28.4	29.9
Price-Earnings (x)	**369.6**	**227.3**	**128.3**	**88.4**	**74.4**	**52.7**	**46.1**	**35.9**	**27.6**
DPS (INR)	2.5	2.5	1.0	1.5	2.0	2.5	6.0	9.0	9.0
Dividend Yield (%)	**0.1**	**0.1**	**0.0**	**0.1**	**0.1**	**0.1**	**0.2**	**0.4**	**0.4**

E: MOFSL Estimates

N O T E S

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Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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