

Prudent Corporate Advisory Services (PRUDENT IN)

Q2FY27 Result Update

October 29, 2026

☒ Estimate Change | ☒ Target | ☐ Reco.

Change in Estimates

	Current		Previous	
	FY28E	FY29E	FY28E	FY29E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	3,200		3,175	
Revenue (INR. mn)	17,396	20,420	17,216	20,286
% Chng.	1.0	0.7		
Opex (INR mn)	3,389	3,830	3,296	3,811
% Chng.	2.8	0.5		
Core EPS (INR)	69.6	82.9	73.7	88.0
% Chng.	(5.6)	(5.8)		

Key Data

PRUE.BO | PRUDENT IN

BSE Code	543527
NSE Code	PRUDENT
52-W High / Low	INR 4,105 / INR 1,955
Face Value	5
Sensex / Nifty	74,151 / 22,937
Market Cap	INR 120 bn / \$ 1,256 mn
Shares Outstanding	41.41 mn
3M Avg. Daily Value	INR 186.58 mn

Shareholding Pattern (%)

Promoters	55.31
FII's	14.55
Mutual Funds	21.85
Domestic Institutions	1.09
Public & Others	7.20
Promoters Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(6.7)	(8.5)	1.0	9.7
Relative	(8.8)	(4.2)	5.6	25.8

Key Financials - Consolidated

Y/e Mar	FY26	FY27E	FY28E	FY29E
AAuM (INR mn)	1,212,003	1,432,653	1,712,735	2,026,255
Revenue (INR mn)	13,065	15,140	17,396	20,420
Opex (INR mn)	2,426	2,999	3,389	3,830
Commission (INR mn)	7,645	8,367	9,848	11,651
Employee (INR mn)	1,378	1,782	2,014	2,277
Others (INR mn)	1,049	1,217	1,375	1,554
Core Inc. (INR mn)	2,747	3,494	3,841	4,577
PAT (INR mn)	2,221	3,100	3,469	4,209
Core PAT (INR mn)	2,047	2,621	2,881	3,433
Core EPS (INR)	49.4	63.3	69.6	82.9
Growth (%)	18.1	28.0	9.9	19.2
Core RoE (%)	28.8	28.2	24.5	23.6
P/Core EPS (x)	48.7	42.0	37.1	30.1

Strong MF growth to partly offset insurance impact

Quick Pointers

- Better QAAuM growth/insurance income drives EBITDA beat
- Market share gains led by higher distributor additions
- Due to draft IRDAI paper, we cut FY28/29E core PAT by 6%

PRUDENT saw a good quarter as EBITDA was 7% ahead due to better QAAuM growth & insurance income. QAAuM was up 7.9% QoQ (industry equity +6.6%). SIPs (50% of gross sales) supported market share gain despite volatility. Regulatory change has necessitated unregistered distributors to seek platform support; distributor additions were 2,811 in H1'27 over H2'26 (vs 1,680 additions in H2'26 over H1'26). Draft IRDAI regulations could affect PBT by ~12%; assuming a 75% impact i.e. 9% PBT cut, we trim core PAT for FY28/29E by ~6%. We tweak multiple to 37x from 37.5x but raise TP to INR 3,200 from INR 3,175 as we roll forward to Sep'28 core EPS. Retain 'ACCUMULATE'.

Better AUM growth & insurance income drive revenue/EBITDA beat: QAAuM was 2.8% higher at INR1.44trn. Revenue was 6% more at INR3.85bn (PLe INR3.63bn), led by better QAAuM growth & insurance income. MF fee was better at INR3.21bn (PLe INR3.08bn), with gross MF yield at 89.3bps (PLe 88bps). Insurance income at INR473mn was a 19% beat. Commission expense was 6% more at INR2.1bn (PLe INR2.0bn). Opex was a 5.7% drag at INR746mn (PLe INR706mn), driven by other expenses, which rose 17.4% QoQ to INR315mn, while staff cost was in-line at INR431mn. EBITDA at INR1.03bn was 7% ahead of PLe (INR960mn). Other income fell QoQ to INR38mn due to MTM, tax rate was 25.4%. Core PAT was a 6.9% beat at INR689mn, while reported PAT stood at INR644mn.

SIP led growth supports market share gains: QAAuM growth was 7.9% QoQ compared to 6.6% for equity QAAuM of industry, suggesting further market share gain of 3bps to 2.98%. ~80% of equity AUM growth was attributable to net sales, supported by strong inflows. Prudent's SIP-heavy mix, with SIPs contributing ~50% of gross sales, supported market share gains despite market volatility. New distributor additions were 2,811 in H1'27 over H2'26 (vs 1,680 additions in H2'26 over H1'26), led by demand for technology & compliance support following regulatory changes. PRUDENT is applying for MFPMs license through which it can provide technology and back-office support to the PMS managers which would allow them to focus more on acquiring clients.

Insurance regulatory risk persists: Draft IRDAI regulations could affect PBT by ~12%, though company considers exact implementation unlikely. Renewal income is expected to continue, while IDEs could benefit from agents' reduced insurer choices. Hence, insurance margins may reduce, which would be partly offset by higher volumes. Industry has made representations seeking a level playing between IDA and IDEs.

Quarter Summary

Y/e Mar	Q2'27E	Q2'27A	% Var.	Q2'26A	YoY gr. (%)
Revenue (INR mn)	3,627	3,850	6.1	3,168	21.5
Revenue Yields (bps)	103.8	107.2	3.4	106.5	0.7
Opex (INR mn)	706	746	5.7	573	30.2
Core PAT (INR mn)	644	689	7.0	475	45.1

Source: Company, PL

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Q2FY27 Conference Call Highlights

Balance sheet

- QAAUM grew 20.7% YoY in Q2'27 due to sharp corrections in market in Sep 2025.
- ~80% of the YoY growth in equity AUM came from net sales backed by strong SIP flows. MTM impact on equity AUM was +2.9% YoY despite Nifty 50 falling 8.1% and Nifty 500 falling 2.9% – management attributes this to consistent SIP inflows.
- Market share gain is aided by SIP-heavy mix: SIP contributes ~50% of Prudent's gross sales versus a much lower share for the industry, and SMID-cap SIPs are higher than fresh gross flows in this market. Net sales were also helped by lower industry redemptions and lower fresh lumpsum participation
- SIF AUM is nearly INR9bn; scaling SIF remains a key focus area.
- Regulatory changes in MF (Apr'26) are prompting more distributors to join the platform for technology, compliance and operational support ~3,541 new distributors were added in H1FY27, ~30% higher than H1FY26 (~590 per month vs ~600 per month guided last quarter).
- The 100% subsidiary has received approval for a name change to Prudent Asset Management Pvt. Ltd. and the MF PMS licence application is in process; the MF PMS framework is expected to become operational from April 2027, and Prudent expects to have the licence by then.
- For Bonds, Prudent holds an OBPP licence and awaits SEBI's final clarity on the FICP framework before scaling up its online bond business through the MFD network. PMS and bonds are expected to be additional growth drivers.

Profit & loss

- MF revenue grew 9.4% QoQ versus QAAuM growth of 7.9%, only because of one additional revenue day in the quarter. MF yield remained stable at 88–89bps.
- Insurance revenue grew 35% QoQ, supported by QoQ growth in fresh premium of 54% in general insurance and 37% in life insurance (GI fresh premium +62% YoY). Insurance margin is broadly similar to MF margin, though the cost structure differs; insurance contributes ~12% of PBT.
- Revenue from other financial and non-financial products grew 14% QoQ, led by PMS distribution; average PMS AUM grew 37% YoY to ~INR20bn.
- Other income fell ~82% QoQ as higher bond yields created an MTM drag on the debt portfolio and the hybrid portfolio saw a reversal of earlier MTM gains (versus treasury gains in Q1).
- Prudent maintained its payout structure and margins while 5–6 new platform entrants offered higher payouts over the last 3–4 years; those players have started moderating payouts from this year. Management does not see competition impacting margins, as higher payouts are not sustainable in a long-term trail-based business.
- Commission as a % of non-insurance operating revenue rose ~120bps QoQ to 62.6% (61.4% in Q1) as the annual additional trail to partners is provisioned on projected full-year net sales, which have been revised higher after Q2. Provisioning was raised by ~INR25mn, of which ~INR17.5mn was booked in Q2; regular payout structure is unchanged.

- PMS MF fee is capped at 1% by the regulator versus the current ~90bps MF realisation, so no drop in margin is expected. Management believes MF PMS will expand the market and attract high-quality distributors rather than cannibalise the existing PMS business.
- Draft IRDAI regulations could affect PBT by ~12%, though company considers implementation as proposed, highly unlikely. Renewal income is expected to continue, while IDEs could benefit from agents' reduced insurer choices. Insurance margins may reduce which would be partly offset by higher volumes.
- IRDAI consultation paper splits distributors into individual agents (IDA) and entities such as corporate agents and brokers (IDE), Prudent falls under IDE. For health insurance renewals, an individual agent would earn 10% versus 5% for IDE, i.e. ~50% less for the same business. Industry and Prudent have made representations seeking, at minimum, a level playing field with individual agents.

Others

- More than 90% of PoSPs overlap with MFDs (at family level), as Prudent does not encourage insurance-only partners. Individual agents facing pressure on insurance income may seek MF as a second income stream.

Exhibit 1: Quarterly Estimates

(INRmn)	Q1FY27	YoY gr.	Q2FY27	YoY gr.	Q3FY27E	YoY gr.	Q4FY27E	YoY gr.
Revenue	3,443	18.3%	3,662	15.6%	3,894	14.3%	4,141	15.7%
Core income	794	33.9%	845	32.5%	899	32.0%	956	14.5%
Core income/Rev (%)	23.1	2.6 bps	23.1	1.5 bps	23.1	2.7 bps	23.1	3.0 bps
Core PAT	592	34.2%	632	33.3%	675	33.6%	721	15.2%

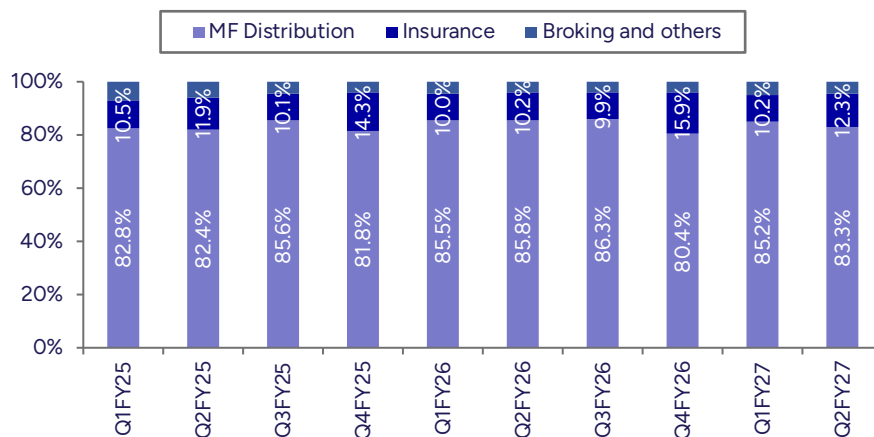
Source: Company, PL

Exhibit 2: Core PAT beat by 6.9% aided by higher net revenue

Financials (INRmn)	Q2FY27	Q2FY26	YoY gr. (%)	Q1FY27	QoQ gr. (%)	Q2FY27E	% Var.
Revenue	3,850	3,168	21.5	3,443	11.8	3,627	6.1
Fees and Commission	2,113	1,904	11.0	1,899	11.3	1,991	6.1
Net revenue	1,737	1,265	37.3	1,544	12.5	1,636	6.2
Other operating income	27	20	32.0	25	7.4	30	(10.6)
Expenses	746	573	30.3	686	8.7	706	5.7
Employees	431	329	30.8	418	3.1	439	(1.8)
Other expenses	315	243	29.8	269	17.4	267	18.0
EBIDTA	1,017	712	42.8	882	15.3	960	6.0
Finance cost	18	7	141.0	17	4.9	18	(2.4)
Depreciation	88	77	14.0	80	9.5	83	5.5
Operating Income	923	638	44.7	794	16.2	859	7.5
Other Income	38	82	(53.5)	208	(81.8)	70	(45.7)
Profit before tax	961	719	33.5	1,002	(4.2)	929	3.5
Tax	244	184	32.5	255	(4.3)	232	5.0
Profit after tax	717	535	33.9	748	(4.1)	696	2.9
Core PAT	689	475	45.1	592	16.3	644	6.9
Ratios (bps)							
Gross MF yield	89.3	91.3	(2.0)	88.2	1.2	88.0	1.3
Commission	62.1	64.7	(2.6)	63.4	(1.3)	57.0	5.1
Net MF yield	27.2	26.7	0.6	24.8	2.5	31.0	(3.8)

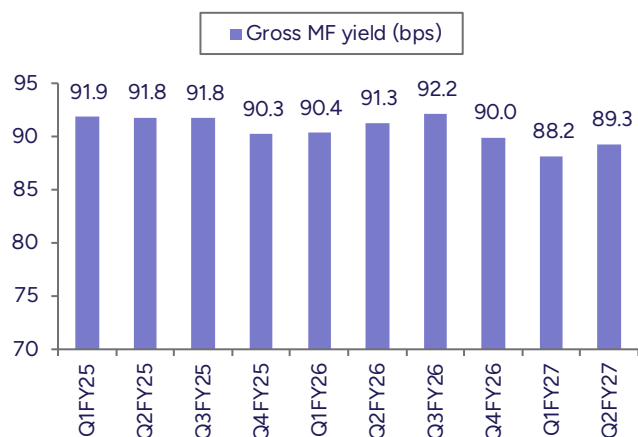
Source: Company, PL

Exhibit 3: MF distribution fees' share in revenue decreased to 83.3%



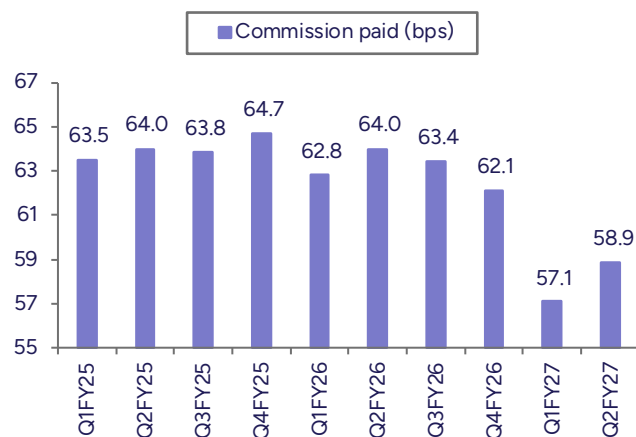
Source: Company, PL

Exhibit 4: Gross MF yield increased to 89.3bps



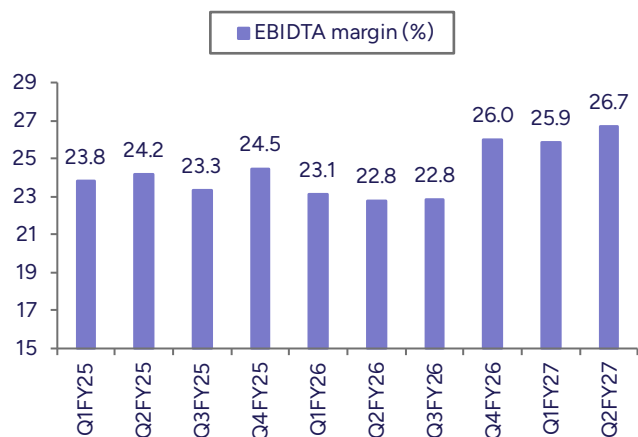
Source: Company, PL

Exhibit 5: Commission / QAAUM increased to 58.9bps



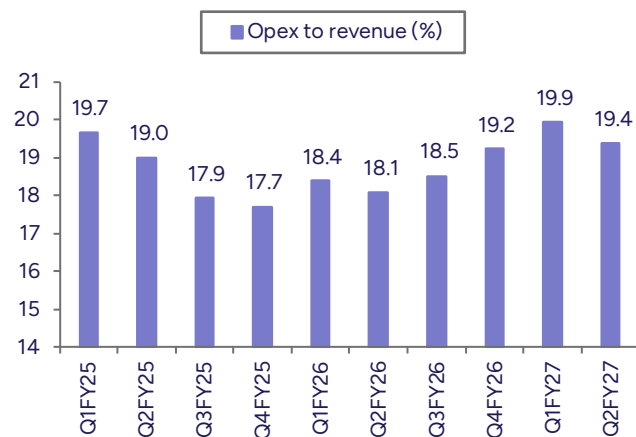
Source: Company, PL

Exhibit 6: EBITDA margin increased to 26.7%



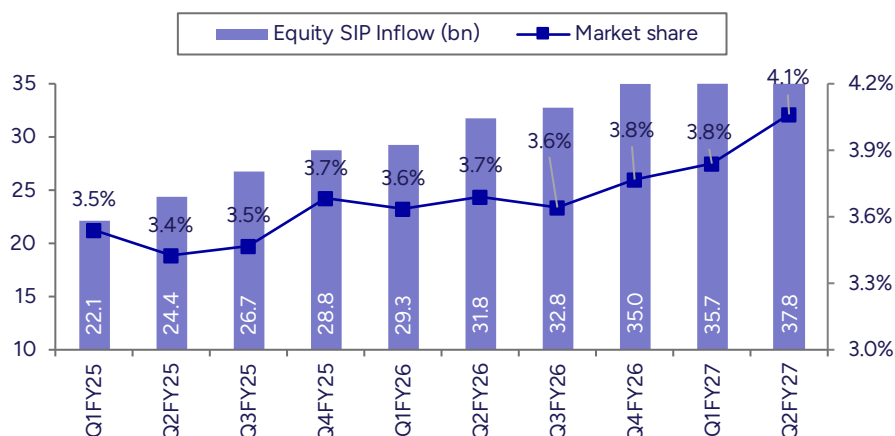
Source: Company, PL

Exhibit 7: Opex to revenue inched down to 19.4%



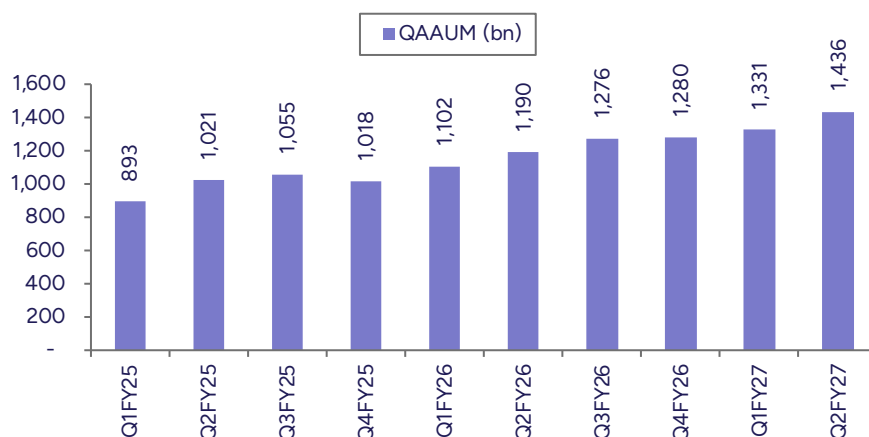
Source: Company, PL

Exhibit 8: SIP flow for Q2 increased to INR37.8bn, with slight increase in market share to 4.1%



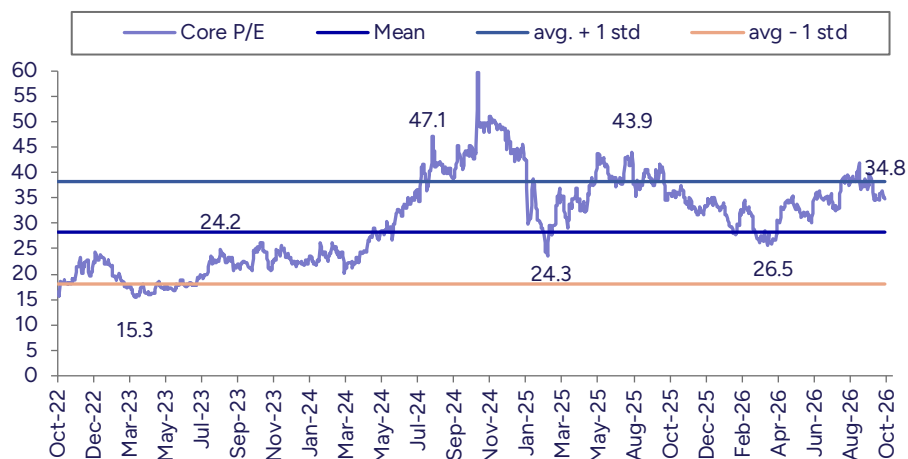
Source: Company, PL

Exhibit 9: QAAuM grew by 7.9% QoQ



Source: Company, PL

Exhibit 10: Prudent 2-yr fwd. P/Core EPS trades at 34.8x



Source: Company, PL

Quarterly Financials

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27
Income Statement (INR mn)								
Revenue	2,827	2,810	2,910	3,168	3,407	3,579	3,443	3,850
MF Distribution	2,421	2,298	2,489	2,717	2,941	2,879	2,934	3,208
Insurance	286	402	291	324	336	569	351	473
Broking	49	41	50	44	44	47	56	52
Others	71	69	80	83	86	84	102	117
Commission	1,684	1,645	1,730	1,904	2,023	1,988	1,899	2,113
Net Revenue	1,143	1,165	1,180	1,265	1,384	1,592	1,544	1,737
Other Op. Income	23	20	28	30	25	27	33	37
Expenses	507	497	535	573	631	688	686	746
Employee	300	243	314	329	383	351	418	431
Other Expenses	207	254	220	243	248	337	269	315
EBITDA	659	687	673	722	778	930	891	1,028
Depreciation	74	75	73	77	80	79	80	88
Finance	6	7	7	7	17	16	17	18
Core Income	579	606	593	638	681	835	794	923
Other Income	66	85	103	82	95	(47)	208	38
PBT	645	691	696	719	776	788	1,002	961
Tax	163	173	178	184	200	197	255	244
PAT	482	517	518	535	576	591	748	717
Core PAT	433	454	441	475	506	626	592	689
QAAuM	1,055,460	1,017,640	1,101,940	1,189,860	1,276,010	1,280,200	1,330,960	1,436,230
QAAuM Growth (%)	3.4	(3.6)	8.3	8.0	7.2	0.3	4.0	7.9
Ratios								
Gross MF Yield (bps)	91.8	90.3	90.4	91.3	92.2	90.0	88.2	89.3
Commission (bps)	63.8	64.7	62.8	64.0	63.4	62.1	57.1	58.9
Net MF yield (bps)	27.9	25.7	27.6	27.3	28.8	27.9	31.1	30.5
Gross margin (%)	40.4	41.4	40.5	39.9	40.6	44.5	44.8	45.1
Staff cost/revenue (%)	10.6	8.7	10.8	10.4	11.2	9.8	12.1	11.2
Other opex/revenue (%)	7.3	9.1	7.6	7.7	7.3	9.4	7.8	8.2
EBITDA margin (%)	23.3	24.5	23.1	22.8	22.8	26.0	25.9	26.7
Core income/revenue (%)	20.5	21.6	20.4	20.1	20.0	23.3	23.1	24.0
Tax rate (%)	25.3	25.1	25.6	25.6	25.7	25.0	25.4	25.4
PAT margin (%)	17.0	18.4	17.8	16.9	16.9	16.5	21.7	18.6
Core PAT margin (%)	15.3	16.1	15.2	15.0	14.8	17.5	17.2	17.9

Source: Company, PL

Financials

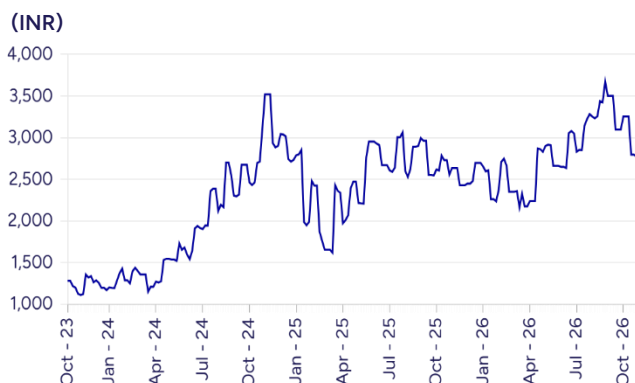
Y/e Mar	FY26	FY27E	FY28E	FY29E
Profit & Loss (INR mn)				
Revenue	13,065	15,140	17,396	20,420
MF Distribution	11,024	12,751	15,158	17,932
Insurance	1,520	1,825	1,628	1,827
Broking	187	196	206	216
Others	334	367	404	445
Commission	7,645	8,367	9,848	11,651
Net Revenue	5,420	6,773	7,548	8,769
Other Op. Income	109	146	183	218
Expenses	2,426	2,999	3,389	3,830
Employee	1,378	1,782	2,014	2,277
Other Expenses	1,049	1,217	1,375	1,554
EBITDA	3,103	3,920	4,341	5,157
Interest	48	71	93	111
Depreciation	308	354	408	469
Core Income	2,747	3,494	3,841	4,577
Other Income	233	639	784	1,035
PBT	2,980	4,133	4,625	5,612
Tax	759	1,033	1,156	1,403
PAT	2,221	3,100	3,469	4,209
Core PAT	2,047	2,621	2,881	3,433
Dividend	145	248	312	379
Growth ratios (%)				
AAuM	21.6	18.2	19.5	18.3
Revenue	19.2	15.9	14.9	17.4
MF Fees	21.0	15.7	18.9	18.3
Commission	19.8	9.4	17.7	18.3
Net Revenue	18.4	25.0	11.4	16.2
Opex	19.5	23.6	13.0	13.0
Employee	24.3	29.4	13.1	13.0
Others	13.7	16.0	13.0	13.0
EBITDA	18.2	26.3	10.7	18.8
Core income	18.3	27.2	9.9	19.2
PAT	13.5	39.6	11.9	21.3
Core PAT	18.1	28.0	9.9	19.2
% of Revenue				
Gross Margin	41.5	44.7	43.4	42.9
Opex	18.6	19.8	19.5	18.8
Staff Cost	10.5	11.8	11.6	11.1
Other Opex	8.0	8.0	7.9	7.6
EBITDA Margin	23.7	25.9	25.0	25.3
Core Income	21.0	23.1	22.1	22.4
Other Income	1.8	4.2	4.5	5.1
PAT margin	17.0	20.5	19.9	20.6
Core PAT margin	15.7	17.3	16.6	16.8

Source: Company, PL

Y/e Mar	FY26	FY27E	FY28E	FY29E
Balance Sheet (INR mn)				
Net Worth	8,827	11,679	14,836	18,666
Capital (FV INR5)	207	207	207	207
Reserves	8,620	11,472	14,629	18,459
Employee benefit	341	375	413	454
Other liabilities	3,076	3,301	3,522	3,761
Total Liabilities	12,244	15,355	18,771	22,881
Cash and Bank	1,021	1,225	1,470	1,764
Investment	5,802	8,394	11,218	14,652
Fixed assets	2,585	2,617	2,651	2,690
Other assets	2,836	3,120	3,432	3,775
Total Assets	12,245	15,355	18,771	22,881
AuM Data				
AAuM	1,212,003	1,432,653	1,712,735	2,026,255
Other Ratios				
MF Fees / AuM (bps)	91.0	89.0	88.5	88.5
Commission / AuM (bps)	63.1	58.4	57.5	57.5
Gross margin (bps)	27.9	30.6	31.0	31.0
Yield on Investments (%)	4.9	9.0	8.0	8.0
Effective tax rate (%)	25.5	25.0	25.0	25.0
Dividend payout (%)	6.5	8.0	9.0	9.0
RoE (%)	28.6	30.2	26.2	25.1
Core RoE (%)	28.8	28.2	24.5	23.6
Valuations				
EPS	53.6	74.9	83.8	101.7
Core EPS	49.4	63.3	69.6	82.9
CPS	164.8	232.3	306.4	396.5
DPS	3.5	6.0	7.5	9.1
Dividend yield	0.1	0.2	0.3	0.3
BVPS	213.2	282.1	358.3	450.8
P/B	12.1	10.2	8.1	6.4
P/E	48.0	38.6	34.5	28.4
P/core EPS	48.7	42.0	37.1	30.1

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	07-Oct-26	Accumulate	3175	3200
2	28-Jul-26	Accumulate	3175	2851
3	07-Jul-26	Accumulate	2875	3021
4	09-May-26	Accumulate	2875	2830
5	10-Apr-26	Buy	2600	2344
6	30-Mar-26	BUY	2600	2225

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Aditya Birla Sun Life AMC	BUY	1200	950
2	Axis Bank	BUY	1600	1290
3	Bank of Baroda	Accumulate	280	233
4	Canara Bank	BUY	160	125
5	Canara Robeco Asset Management Company	HOLD	285	225
6	City Union Bank	BUY	250	224
7	DCB Bank	BUY	215	201
8	Federal Bank	BUY	400	338
9	HDFC Asset Management Company	BUY	2850	2415
10	HDFC Bank	BUY	950	729
11	ICICI Bank	BUY	1900	1397
12	ICICI Prudential Asset Management Company	BUY	3420	2969
13	Indian Bank	BUY	1000	835
14	IndusInd Bank	BUY	1100	835
15	Karur Vysya Bank	BUY	380	346
16	Kotak Mahindra Bank	BUY	510	431
17	Nippon Life India Asset Management	BUY	1200	976
18	Prudent Corporate Advisory Services	Accumulate	3175	3200
19	State Bank of India	BUY	1200	959
20	Union Bank of India	Accumulate	200	181
21	UTI Asset Management Company	HOLD	975	888

PL's Recommendation Nomenclature (Absolute Performance)

BUY	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

Indian Clients

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