RESULT REVIEW

BUY
TP: Rs 1,651 | ⮝ 18%

UTI AMC | Diversified Financials | 19 October 2025

One-off expenses weigh on Q2; maintain BUY

- **PAT came in below estimate due to one-off employee costs and lower other income**
- **AUM growth moderated with slight market share declines, while net inflows and SIP momentum remained positive**
- **We maintain BUY with TP of Rs 1,651 (earlier Rs 1,580), valuing the stock at 21x Sept'27E EPS**

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PAT misses estimate: UTI AMC reported PAT below our estimate of Rs 1.3bn, down 50% YoY vs our estimate of Rs 1.8bn. This was largely on account of VRS package and revision of family pension benefits and lower other income. It made one-time actuarial valuation cost for VRS of Rs 250mn during the quarter. Additionally, other income came in at Rs 314mn, down 81% YoY.

Moderate QAAUM growth: Total MF QAAUM grew 10% YoY and 5% QoQ to Rs 3,784.1bn in Q2FY26 (vs 16% YoY and 6% QoQ growth in Q1FY26). Total AUM increased 11% YoY (up 2% QoQ), aided by MF, pension, and PMS. Calculated revenue yield stood at 41bps in Q2FY26 vs 42bps in Q1FY26 vs 44bps in Q2FY25. Market share for equity stood at 2.9% vs 3.0% in Q1FY26; hybrid market share was at 4.1% vs 4.2% in Q1FY26. ETF's market share was at 13.15% vs 13.18% in Q1FY26. Share of equity QAAUM in the MF mix stood stable at 26.3%, while hybrid share declined to 8.9% vs 9.1% in Q1FY26. ETF and index share stood at 42.9% vs 43% in Q1FY26.

Net inflows remain positive: Net inflows remained positive at Rs 57bn vs Rs 99.2bn in Q1FY26 vs Rs 35.3 in Q2FY25, although net inflows slowed down during the quarter. We would keenly be watching this parameter for any improvement going ahead. Further, net flows in equity and hybrid MF stood at Rs 5.37bn vs Rs 4.83bn in Q1FY26 vs Rs 0.40bn outflows in Q2FY25. SIP AUM growth moderated to 6% YoY growth in Q2FY26 vs 17% YoY growth in Q1FY26.

Maintain BUY: Q2 performance was impacted by one-time increase in the employee expenses and lower other income. However, it continues to deliver stable broad-based performance in MF business and market share. Our positive outlook is underpinned by its expanding retail and SIP franchise, growing traction in passive products, ongoing cost optimisation initiatives, and attractive valuations. While the recent performance trends indicate signs of recovery, we would monitor fund performance and operating metrics more closely to confirm a sustained turnaround. We expect AAUM/ revenue/ PAT CAGR of 15%/ 10%/ 8% over FY25-28E. We initiate with BUY and TP of Rs 1,651, valuing the stock at 21x Sept'27E EPS.

Key changes

Target	Rating
▲	◄►

Ticker/Price	UTIAM IN/Rs 1,402
Market cap	US$ 2.0bn
Free float	0%
3M ADV	US$ 2.6mn
52wk high/low	Rs 1,495/Rs 905
Promoter/FPI/DII	0%/8%/59%

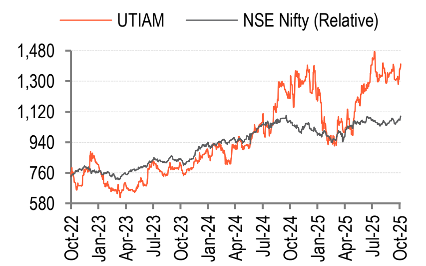
Source: NSE | Price as of 17 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Core PBT (Rs mn)	6,375	6,590	8,311
Core PBT (YoY)	50.0	3.4	26.1
Adj. net profit (Rs mn)	8,130	8,220	9,608
EPS (Rs)	64.1	64.8	75.7
Consensus EPS (Rs)	64.1	64.8	75.7
MCap/AAAUM (%)	5.3	4.6	4.0
ROAAAUM (bps)	24.2	21.2	21.6
ROE (%)	16.0	15.6	17.4
P/E (x)	21.9	21.6	18.5

Source: Company, Bloomberg, BOBCAPS Research

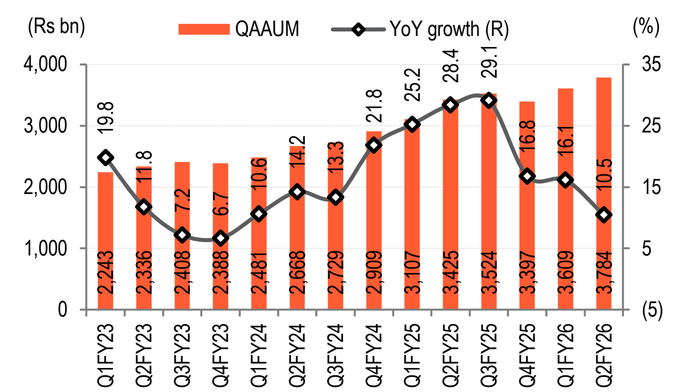
Stock performance



Source: NSE

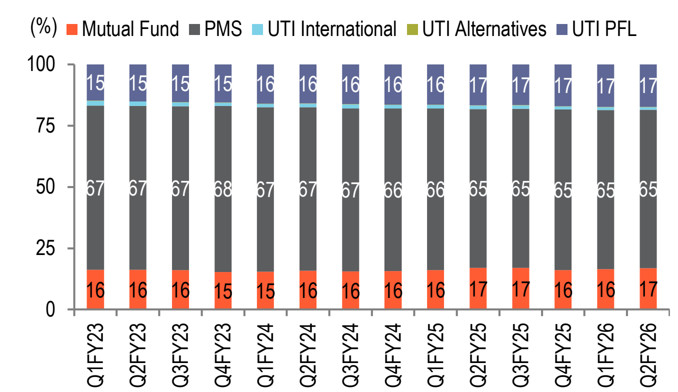
Increase in employee costs: Employee costs increased 38% YoY and 23% QoQ in Q2FY26, owing to the one-time cost of VRS and revision in family pension benefits. Consequently, total operating expenses went up by 27% YoY and 17% QoQ. EBITDA margin stood at 38.1% vs 45.4% in Q1FY26 vs 49% in Q2FY25.

Fig 1 – QAAUM grew 10.5% at Rs 3,784 bn



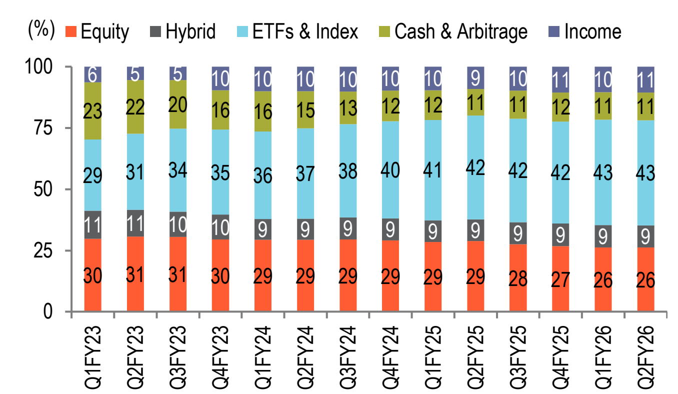
Source: Company, BOBCAPS Research

Fig 2 – PMS contributes 65% to the overall mix



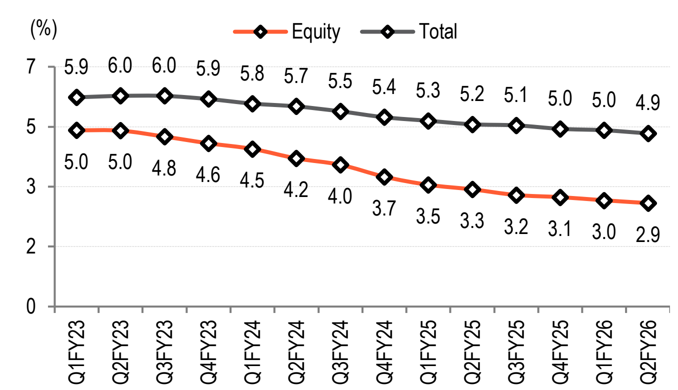
Source: Company, BOBCAPS Research

Fig 3 – ETFs and Index continue to dominate the mix



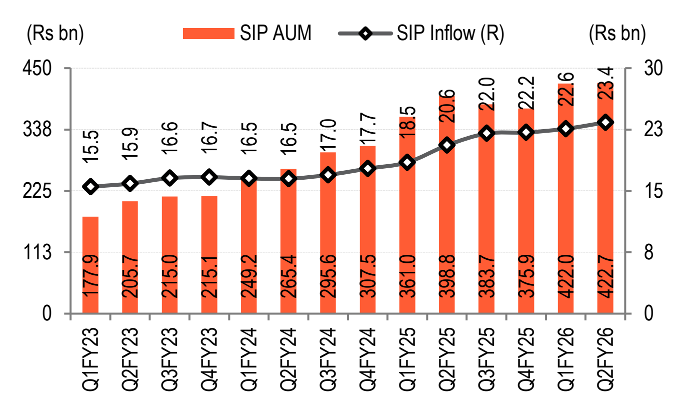
Source: Company, BOBCAPS Research

Fig 4 – Equity market share stood at 2.9%



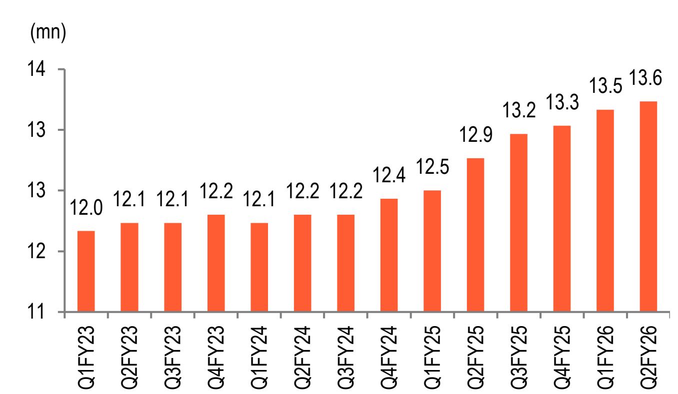
Source: Company, BOBCAPS Research

Fig 5 – SIP inflows continue to increase



Source: Company, BOBCAPS Research

Fig 6 – 0.2 mn folios added in Q2FY26 taking total count to 13.6 mn



Source: Company, BOBCAPS Research

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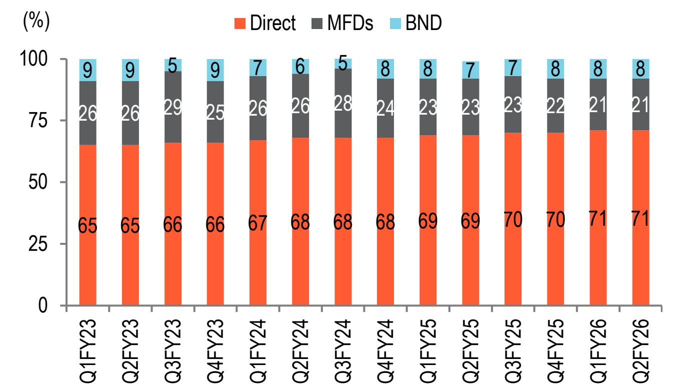
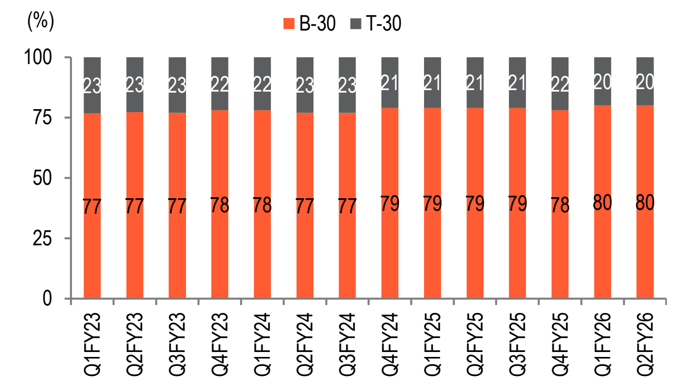
Fig 7 – Direct channel contributes 71% to QAAUM



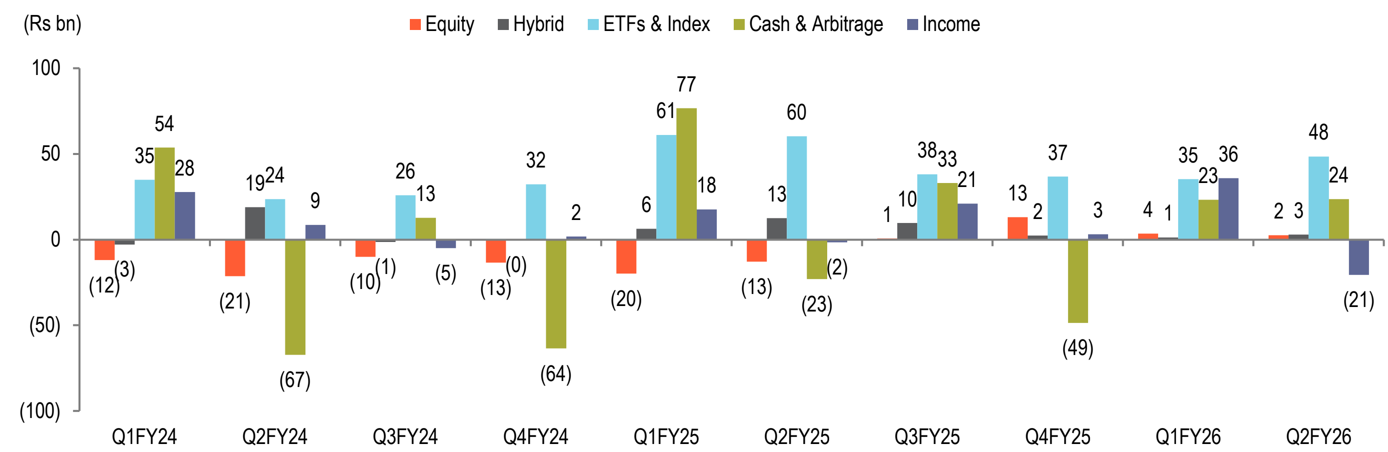
Source: Company, BOBCAPS Research

Fig 8 – B-30 constitutes 80% to the MAAUM



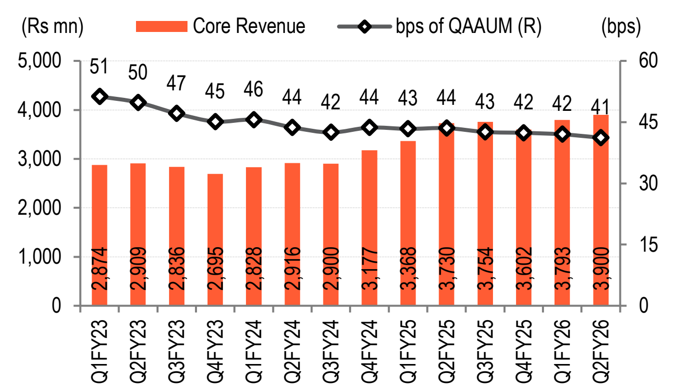
Source: Company, BOBCAPS Research

Fig 9 – Trend in net sales



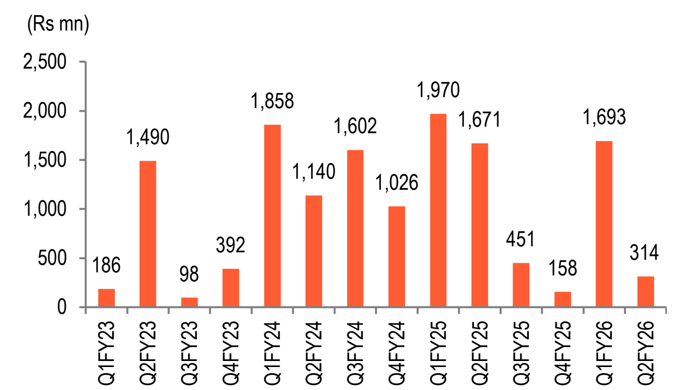
Source: Company, BOBCAPS Research

Fig 10 – Core revenue grew 4.6% at Rs 3,900 mn



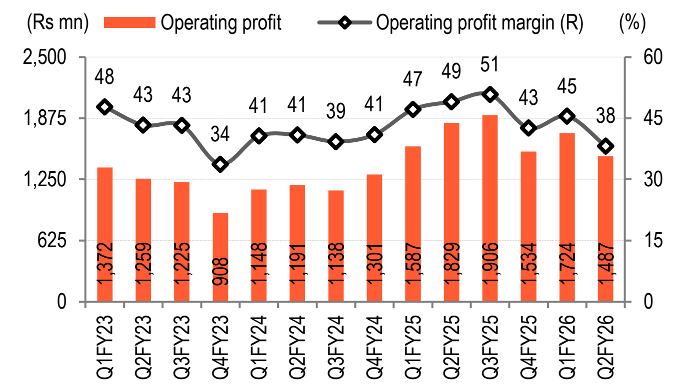
Source: Company, BOBCAPS Research

Fig 11 – Other Income came in at Rs 314 mn



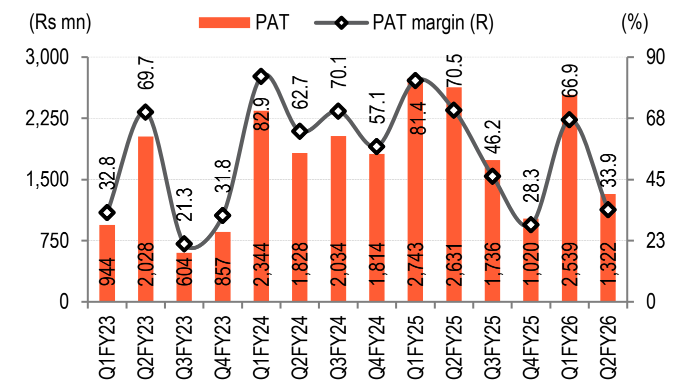
Source: Company, BOBCAPS Research

Fig 12 – Operating profit declined 18.7% YoY due to 38% rise in employee costs owing to one-time expenses



Source: Company, BOBCAPS Research

Fig 13 – PAT came in at Rs 1,322 mn



Source: Company, BOBCAPS Research

Fig 14 – Quarterly result snapshot

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
Revenue from Operations					
Asset Management Services	3,900	3,730	4.6	3,793	2.8
Other Income	314	1,671	(81.2)	1,693	(81.4)
Total Income	**4,214**	**5,401**	**(22.0)**	**5,486**	**(23.2)**
QAAUM	37,84,130	34,25,490	10.5	36,08,680	4.9
Yields as % of QAAUM (bps)	41.2	43.6	(2bps)	42.0	(1bps)
Yields as % of QAAUM (bps) (total revenue)	44.5	63.1	(19bps)	60.8	(16bps)
Expenses					
Fees and Commission Expenses	8	6	24.2	8	-
Employee Benefits Expenses	1,588	1,153	37.7	1,292	23.0
Other Expenses	817	742	10.2	770	6.1
Total Operating Expenses	**2,413**	**1,901**	**26.9**	**2,069**	**16.6**
Fees and Commission Expenses as % of QAAUM (bps)	0.1	0.1	0bps	0.1	(0bps)
Employee Benefits Expenses as % of QAAUM (bps)	16.8	13.5	3bps	14.3	2bps
Other Expenses as % of QAAUM (bps)	8.6	8.7	(0bps)	8.5	0bps
Total Operating Expenses as % of QAAUM (bps)	**25.5**	**22.2**	**3bps**	**22.9**	**3bps**
EBITDA	**1,487**	**1,829**	**(18.7)**	**1,724**	**(13.7)**
EBITDA Margin (%)	38.1	49.0	(1,090bps)	45.4	(731bps)
Depreciation, Amortisation and Impairment	127	112	13.0	123	3.5
Finance Costs	33	31	8.5	34	(2.1)
Impairment on Financial Instruments	-	-		-	
Profit Before Tax	**1,641**	**3,357**	**(51.1)**	**3,260**	**(49.7)**
Tax Expense					
Current Tax	433	518		615	
Deferred Tax	(114)	208		107	
Total Tax Expense	**319**	**726**	**(56.0)**	**722**	**(55.8)**
Tax Rate (%)	19.4	21.6		22.1	
Profit After Tax	**1,322**	**2,631**	**(49.7)**	**2,539**	**(47.9)**
As % of QAAUM	14.0	30.7	(17bps)	28.1	(14bps)
Core Operating Income	**1,487**	**2,631**	**(43.5)**	**2,539**	**(41.4)**
Core PBT	**1,327**	**1,686**	**(21.3)**	**1,567**	**(15.3)**
Core PAT	**1,069**	**1,321**	**(19.1)**	**1,220**	**(12.4)**

Source: Company, BOBCAPS Research

Fig 15 – Quarterly snapshot

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
QAAUM					
MF	37,84,130	34,25,490	10.5	36,08,680	4.9
PMS	1,44,80,280	1,30,52,670	10.9	1,42,24,520	1.8
UTI International	2,36,470	2,98,140	(20.7)	2,58,350	(8.5)
UTI Alternatives	26,690	28,560	(6.5)	26,790	(0.4)
UTI PFL	38,90,800	33,59,300	15.8	38,13,830	2.0
Total	**2,24,18,370**	**2,01,64,160**	**11.2**	**2,19,32,170**	**2.2**
Market Share (%)	4.9	5.2	(26bps)	5.0	(9bps)
MF QAAUM Mix					
Equity	9,95,510	9,86,380	0.9	9,48,940	4.9
Hybrid	3,36,510	3,03,560	10.9	3,28,200	2.5
ETFs & Index	16,24,430	14,51,350	11.9	15,50,710	4.8
Cash & Arbitrage	4,27,210	3,70,610	15.3	4,05,770	5.3
Income	4,00,470	3,13,590	27.7	3,75,060	6.8
Total	**37,84,130**	**34,25,490**	**10.5**	**36,08,680**	**4.9**
QAAUM Mix (%)					
Equity	26.3	28.8	(249bps)	26.3	1bps
Hybrid	8.9	8.9	3bps	9.1	(20bps)
ETFs & Index	42.9	42.4	56bps	43.0	(4bps)
Cash & Arbitrage	11.3	10.8	47bps	11.2	5bps
Income	10.6	9.2	143bps	10.4	19bps
Total	**100**	**100**		**100**	
MF net inflows (Rs bn)					
Equity	2.5	(12.9)	-	3.6	(30.6)
Hybrid	2.9	12.5	(76.9)	1.3	128.3
ETFs & Index	48.5	60.2	(19.5)	35.3	37.5
Cash & Arbitrage	23.6	(23.0)	-	23.2	1.7
Income	(20.5)	(1.5)	-	35.9	-
Total	**57.0**	**35.3**	**61.4**	**99.2**	**(42.6)**
SIP flow during quarter (Rs bn)	23.4	20.6	13.6	22.6	3.5
SIP AUM (Rs bn)	422.7	398.8	6.0	422.0	0.2
Live folios (mn)	14	13	5.4	14	0.7

Source: Company, BOBCAPS Research

Key takeaways

Financial performance

- Core revenue for the quarter stood at Rs 3,900 mn in Q2FY26, growing 4.6% YoY.
- Yield for Q2FY26 stood at: 75 bps for equity and hybrid funds, 8 bps for ETFs and index funds, 9 bps for cash and liquid funds, and 19-20 bps for fixed income products.
- A marginal reduction in fixed income yields was observed, primarily due to increased sales of short-duration funds.
- Employee costs increased by 37.7% YoY in Q2FY26, driven by a Rs 250 mn rise due to family pension liability and Rs 65 mn due to actuarial impact from salary revisions.
- An increase in other expenses was primarily attributed to higher CSR spending.
- The company has guided for other expenses to be in the range of 7%-8% growth for FY26.
- Management highlighted that net inflows in H2FY26 will be better than those in H1FY26.
- Multi-cap fund launched in May 2025 has recorded assets of Rs 15.76 bn, as of September 2025, representing a 67% increase over the funds garnered during New Fund Offer (NFO).
- During the period, UTI AMC added 0.2 mn folios, taking the total folio count to 13.6 mn.

SIPs

- UTI AMC's SIP market share stood at 2.7% as of Q2FY26.
- As of Q2FY26, average SIP ticket size stands at Rs 3,273, with AUM at Rs 422.7 bn.
- Management highlighted that the highest share of SIP inflows came from MFDs, contributing 50% of total SIP inflows, followed by RIAs with 19%, with the rest coming from others.

Voluntary Retirement Scheme

- UTI AMC has approved the implementation of a Voluntary Retirement Scheme for a select category of employees, effective from October 2025. Eligible employees are expected to submit applications until 31st October 2025.
- A total of 479 employees are eligible under the scheme, with the average payout per employee estimated to be in the Rs 6 mn-Rs 6.5 mn range.
- The entire VRS cost will be recognised in the P&L statement in Q3FY26. However, from a taxation perspective, expenses will be amortised over five years, leading to the creation of a deferred tax asset.

- Average contribution of 479 employees to the overall employee cost is between Rs 2.8-3 mn range.

UTI PFL

- UTI PFL reported AUM growth of 15.8% YoY, reaching Rs 3,890.8 bn as of Q2FY26. The company's market share stands at 24.6%.
- UTI AMC plans to expand branch network from the current 31 to 40 branches by the end of FY26.

UTI International

- The AUM of UTI International is Rs 2,364.7 bn (USD 2.7 bn) as of Q2FY26.
- The UK India Dynamic Equity Fund, domiciled in Ireland, holds an AUM of USD 874 mn.
- The UTI Real Estate Opportunities Fund is currently in the fundraising stage and is investing with commitments of Rs 1,640 mn.

Others

- Management emphasised that the company’s value-oriented schemes have delivered strong performance over the past 3-5 years.
- 41% of total gross sales in equity and hybrid funds are being mobilised through digital platforms.
- The company has filed four new schemes under the Multi Scheme Framework, in accordance with the circular issued by PFRDA.
- The Board has appointed Mr. Vetri Subramaniam as MD and CEO of UTI AMC, with effect from 1st February 2026.

Valuation Methodology

Q2 performance was impacted by a one-time increase in employee expenses and lower other income. However, UTIAM continues to deliver stable broad-based performance in MF business and also in terms of market share. Our positive outlook is underpinned by its expanding retail and SIP franchise, a growing traction in passive products, ongoing cost optimisation initiatives, and attractive valuations. While the recent performance trends indicate signs of recovery, we would monitor fund performance and operating metrics more closely to confirm a sustained turnaround. We expect AAUM/ revenue/ PAT CAGR of 15%/ 10%/ 8% over FY25-28E. We initiate BUY with TP of Rs 1,651, valuing the stock at 21x Sept'27E EPS.

Fig 16 – Revised estimates

(Rs mn)	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Total revenue	20,240	22,120	20,240	22,095	-	0.1
PAT	8,220	9,608	8,707	9,593	(5.6)	0.2

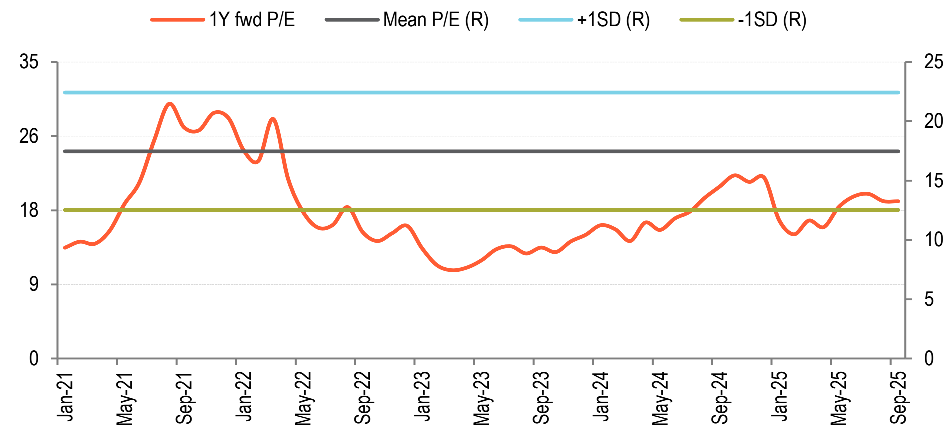
Source: BOBCAPS Research

Fig 17 – Actual vs Estimates

(Rs mn)	Q2FY26A	Q2FY26E	Variance (%)
QAAUM (Rs bn)	3,784	3,802	(0.5)
Operating revenue	3,900	3,936	(0.9)
Operating Profit	1,487	1,819	(18.2)
PAT	1,322	1,831	(27.8)

Source: Company, BOBCAPS Research

Fig 18 – P/E chart



Source: Company, BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- Correction in equity markets
- Shifts in regulatory landscape
- Intensifying industry competition

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Investment mgmt. fees	**11,821**	**14,453**	**16,015**	**17,790**	**19,331**
YoY (%)	4.5	22.3	10.8	11.1	8.7
Operating expenses	7,036	7,495	8,849	8,877	9,539
Core operating profits	4,785	6,958	7,166	8,913	9,792
Core operating profits growth (%)	0.4	45.4	3.0	24.4	9.9
Depreciation and Interest	535	583	576	601	636
Core PBT	4,250	6,375	6,590	8,311	9,157
Core PBT growth (%)	(0.5)	50.0	3.4	26.1	10.2
Other income	5,619	4,146	4,225	4,331	4,461
PBT	9,868	10,522	10,815	12,642	13,617
PBT growth (%)	68.5	6.6	2.8	16.9	7.7
Tax	1,848	2,392	2,596	3,034	3,268
Tax rate (%)	18.7	22.7	24.0	24.0	24.0
Reported PAT	**8,020**	**8,130**	**8,220**	**9,608**	**10,349**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Equity capital	1,273	1,280	1,280	1,280	1,280
Reserves & surplus	48,460	50,324	52,378	55,741	59,363
Net worth	49,732	51,603	53,658	57,021	60,643
Borrowings	0	0	0	0	0
Other liab. & provisions	3,678	4,981	5,429	5,650	6,105
Total liab. & equities	**53,410**	**56,584**	**59,087**	**62,671**	**66,749**
Cash & bank balance	47,483	50,620	53,212	56,829	60,905
Other assets	5,841	5,890	5,803	5,771	5,773
Total assets	**53,410**	**56,584**	**59,087**	**62,671**	**66,748**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS	63.2	64.1	64.8	75.7	81.5
Dividend per share	47.0	48.0	48.6	49.2	53.0
Book value per share	391.8	406.6	422.8	449.3	477.8

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
P/E	22.2	21.9	21.6	18.5	17.2
P/BV	3.6	3.4	3.3	3.1	2.9
Dividend yield (%)	3.4	3.4	3.5	3.5	3.8

DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY24A	FY25A	FY26E	FY27E	FY28E
Operating income	34.9	35.1	33.5	32.5	31.1
Operating expenses	26.1	22.3	22.9	20.0	18.7
EBITDA	17.7	20.7	18.5	20.1	19.2
Depreciation and Others	2.0	1.7	1.5	1.4	1.2
Core PBT	15.8	19.0	17.0	18.7	17.9
Other income	20.8	12.3	10.9	9.8	8.7
PBT	36.6	31.3	27.9	28.5	26.7
Tax	6.9	7.1	6.7	6.8	6.4
ROAAAUM	29.7	24.2	21.2	21.6	20.3

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Investment mgmt. fees	4.5	22.3	10.8	11.1	8.7
Core operating profit	0.4	45.4	3.0	24.4	9.9
EPS	82.4	1.4	1.1	16.9	7.7
Profitability & Return ratios (%)					
Operating inome to Total inc.	67.8	77.7	79.1	80.4	81.3
Cost to Core income ratio	59.5	51.9	55.3	49.9	49.3
EBITDA margin	40.5	48.1	44.7	50.1	50.7
Core PBT margin	36.0	44.1	41.2	46.7	47.4
PBT margin (on total inc.)	56.6	56.6	53.4	57.2	57.2
ROE	18.1	16.0	15.6	17.4	17.6
Dividend payout ratio	78.0	83.7	75.0	65.0	65.0

Annual Average AUM

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
AAAUM (Rs bn)	2,697	3,364	3,870	4,439	5,105
YoY Growth (%)	1.5	2.5	1.5	1.5	1.5
% of AAAUM					
Equity	38	37	37	38	38
Debt	10	10	9	9	8
Liquid	14	12	10	9	8
Others	38	42	43	45	46

Source: Company, BOBCAPS Research

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%
HOLD – Expected return from -6% to +15%
SELL – Expected return <-6%
Note: Recommendation structure changed with effect from 21 June 2021

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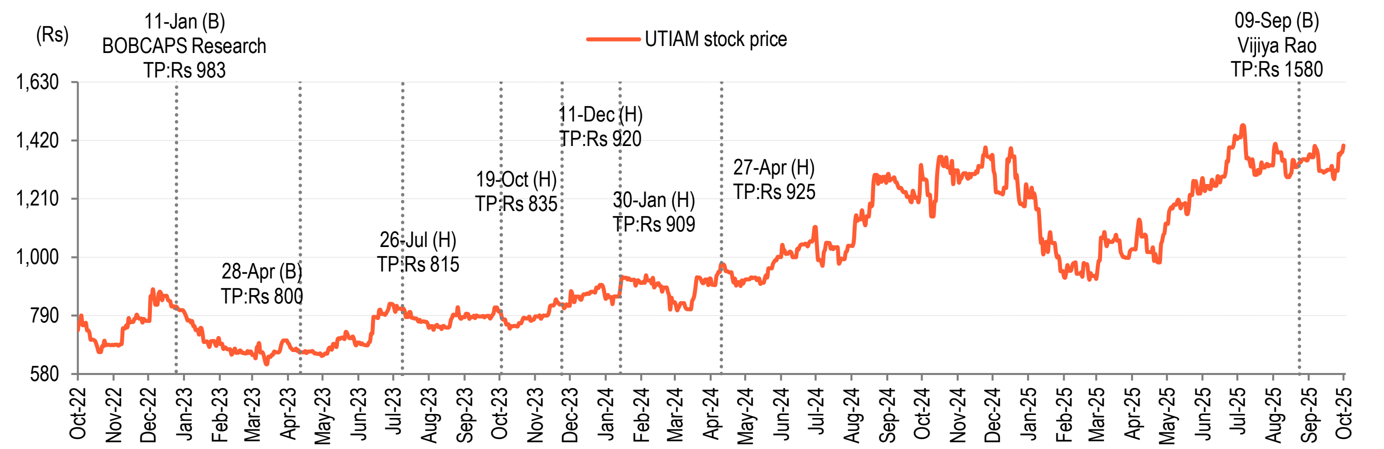
Ratings and Target Price (3-year history): UTI AMC (UTIAM IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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