

**BUY****TP: Rs 1,274 | ▲ 23%****UTI AMC**

| Diversified Financials

| 22 January 2026

## One-off expenses weigh on Q3; market share decline persists

- PAT came in below our estimates due to one-off VRS provisions and implementation of new labour codes
- AUM growth healthy with continued market share decline, while net inflows and SIP momentum remained positive
- We maintain BUY with TP of Rs 1,274 (earlier Rs 1,651), valuing the stock at 16x Dec'27E EPS

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**PAT misses estimate on account of exceptional items:** UTI AMC reported PAT of Rs 1.4bn, a decline of 21% YoY; came in below our estimate of Rs 1.8bn. This was largely on account of the VRS package and revision of family pension benefits and impact of implementation of New Labour Codes. Cumulative impact of these stood at Rs 1,089mn. With respect to VRS, the company took an impact of Rs 250mn in Q2FY26 and another entire amount of Rs 1,043 mn was recognized in the P&L in Q3FY26. This was partly offset by significant MTM gains during the quarter. Other income grew robust 173% YoY in Q3FY26.

**QAAUM growth:** Total MF QAAUM grew 12% YoY and 4% QoQ to Rs 3,938.1bn in Q3FY26 (vs 11% YoY and 5% QoQ growth in Q2FY26). Total AUM increased 11% YoY (up 3% QoQ), aided by MF, alternatives, and PMS. Calculated revenue yield continued to fall for the third quarter in a row to 40bps in Q3FY26 vs 41bps in Q2FY26 vs 42bps in Q1FY26, on telescopic pricing. Overall market share continued to decrease and stood at 4.86% vs 4.91% in Q2FY26 vs. 5% in Q1FY26. Equity market share was at 2.8% vs 2.9% in Q2FY26.

**Net inflows remain positive:** Net inflows remained positive at Rs 58.6bn in Q3FY26 vs. Rs 57bn in Q2FY26. However, net inflows were lower during the quarter vs previous quarter. There were net outflows in equity and cash and arbitrage funds. We would keenly be watching this parameter for any improvement going ahead. SIP AUM grew by 17% YoY and 6% QoQ.

**Maintain BUY:** Q3 performance was impacted by a one-time increase in the employee expenses as indicated by management, along with additional impact of New Labour Codes. Further, market share continued to fall in all the MF segments. While our positive outlook is supported by its expanding retail and SIP franchise and increasing traction in passive products, we await sustained fund performance on a 3Y horizon. Due to the above factors, we revise our estimates for AAUM/ revenue/ PAT CAGR of 13%/ 9%/ 8% over FY25-28E. We maintain BUY with a TP of Rs 1,274 (vs earlier Rs 1,651), valuing the stock at 16x Dec'27E EPS.

## Key changes

	Target	Rating
Ticker/Price	UTIAM IN/Rs 1,034	
Market cap	US\$ 1.4bn	
Free float	0%	
3M ADV	US\$ 1.5mn	
52wk high/low	Rs 1,495/Rs 905	
Promoter/FPI/DII	0%/8%/59%	

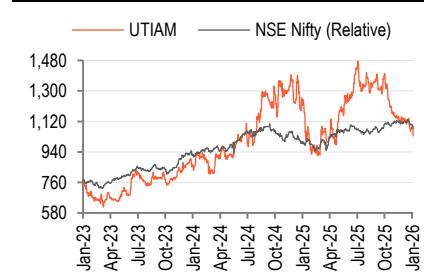
Source: NSE | Price as of 21 Jan 2026

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Core PBT (Rs mn)	6,375	5,976	8,016
Core PBT (YoY)	50.0	(6.3)	34.1
Adj. net profit (Rs mn)	8,130	7,599	9,363
EPS (Rs)	64.1	59.9	73.8
Consensus EPS (Rs)	64.1	59.9	73.8
MCap/AAUM (%)	3.9	3.5	3.1
ROAAUM (bps)	24.2	20.0	21.8
ROE (%)	16.0	14.5	17.0
P/E (x)	16.1	17.3	14.0

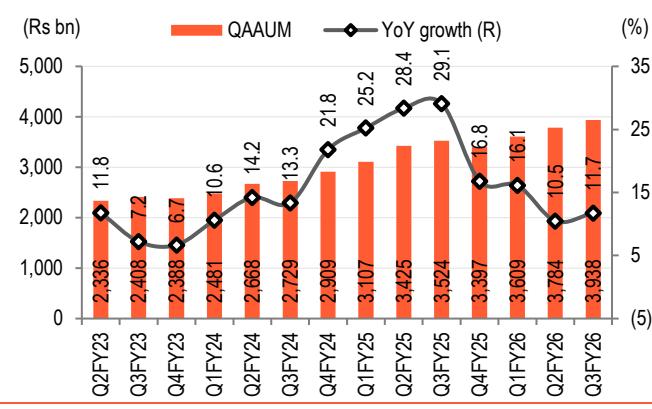
Source: Company, Bloomberg, BOBCAPS Research

## Stock performance

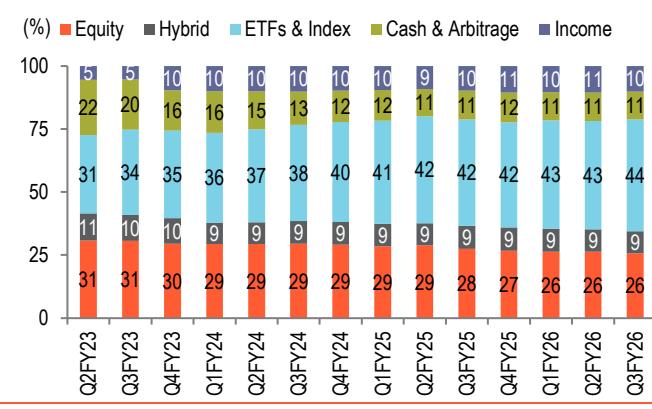


Source: NSE

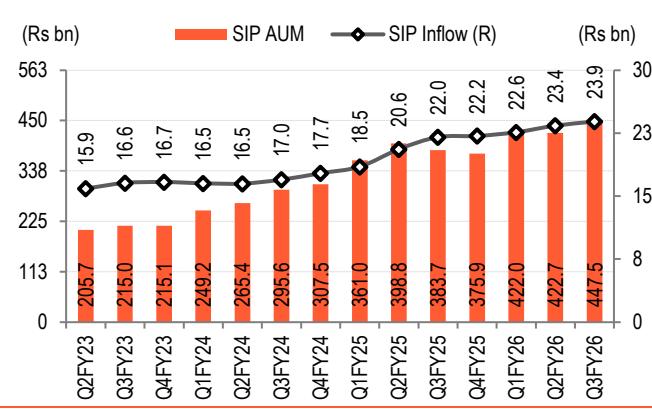


**Fig 1 – QAAUM grew 11.7% at Rs 3,938 bn**

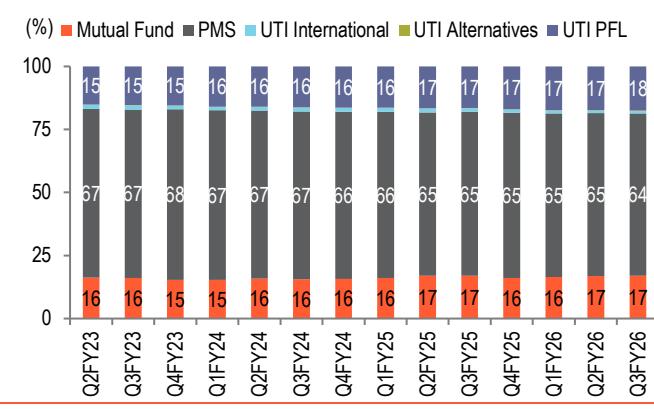
Source: Company, BOBCAPS Research

**Fig 3 – ETFs and Index continue to dominate the mix**

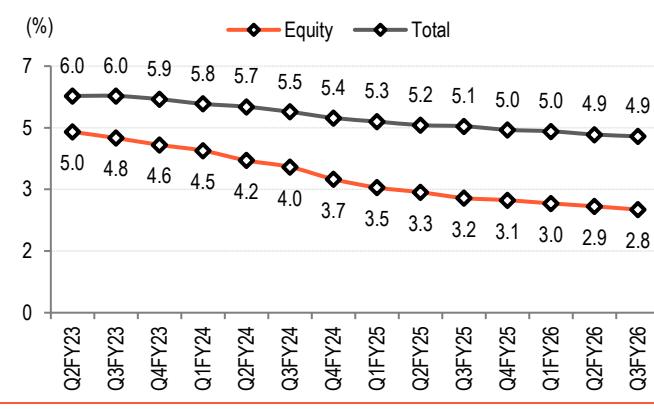
Source: Company, BOBCAPS Research

**Fig 5 – SIP inflows continue to increase**

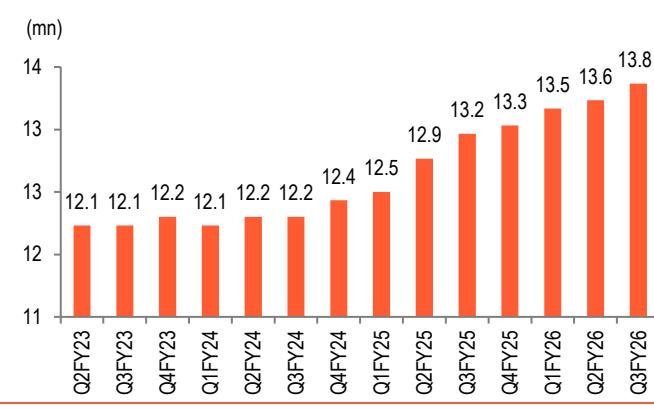
Source: Company, BOBCAPS Research

**Fig 2 – PMS contributes 64% to the overall mix**

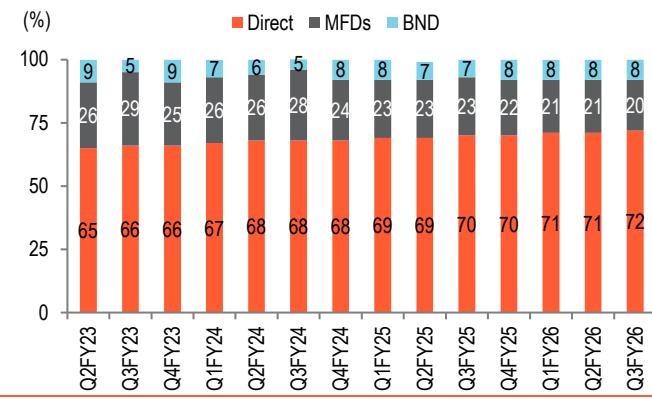
Source: Company, BOBCAPS Research

**Fig 4 – Total market share continued to decline, standing at 4.9%**

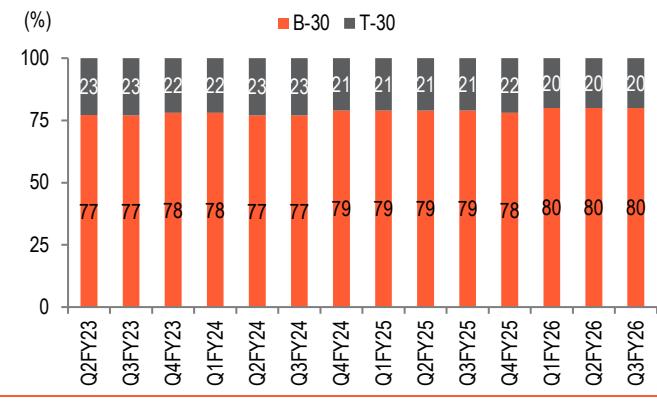
Source: Company, BOBCAPS Research

**Fig 6 – 0.2 mn folios added in Q3FY26 taking total count to 13.8 mn**

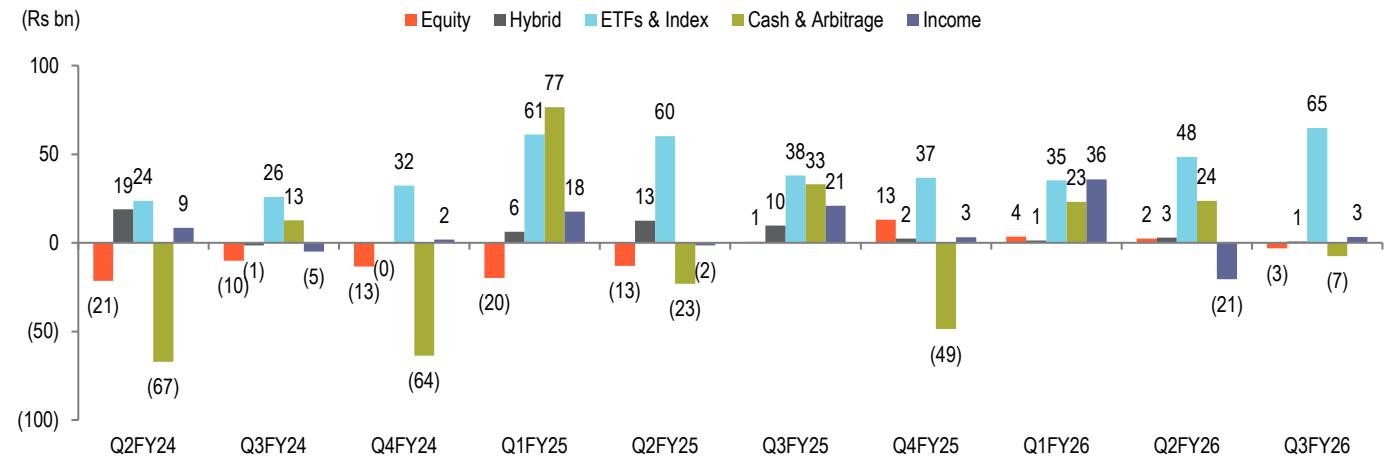
Source: Company, BOBCAPS Research

**Fig 7 – Direct channel contributes 72% to QAAUM**

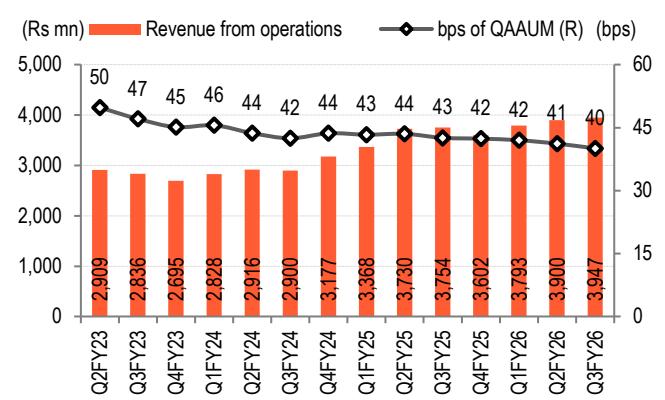
Source: Company, BOBCAPS Re

**Fig 8 – B-30 mix remains stable at 80% to the MAAUM**

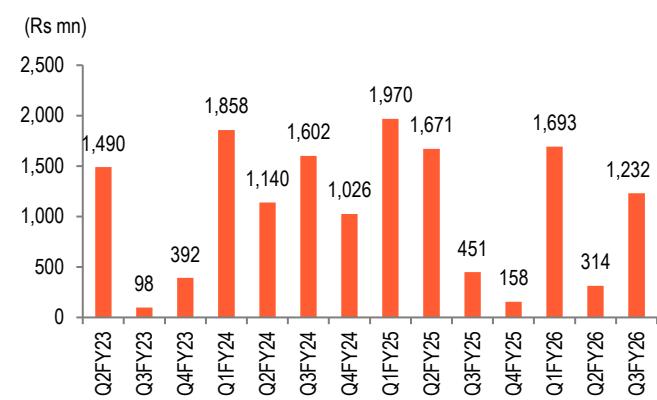
Source: Company, BOBCAPS Research

**Fig 9 – Trend in Net Sales**

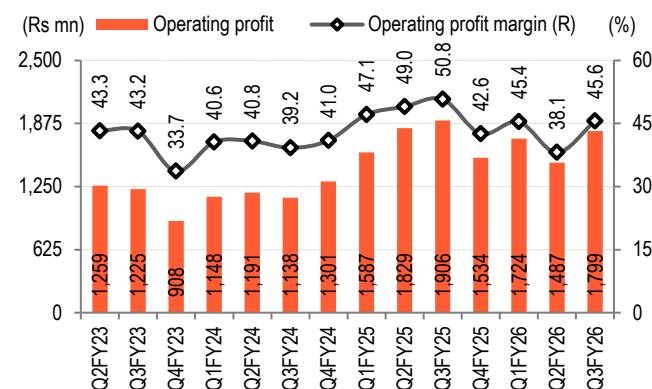
Source: Company, BOBCAPS Research

**Fig 10 – Core revenue grew 5.2% at Rs 3,947 mn**

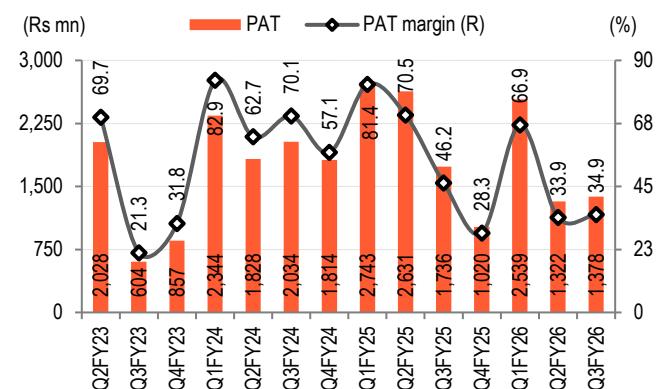
Source: Company, BOBCAPS Research

**Fig 11 – Other Income came in at Rs 1,232 mn**

Source: Company, BOBCAPS Research

**Fig 12 – Operating profit declined 5.6% YoY due to lower employee costs**


Source: Company, BOBCAPS Research

**Fig 13 – PAT came in at Rs 1,378 mn**


Source: Company, BOBCAPS Research

**Fig 14 – Quarterly result snapshot**

(Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
<b>Revenue from Operations</b>					
Asset Management Services	3,947	3,754	5.2	3,900	1.2
Other Income	1,232	451	173.3	314	292.2
<b>Total Income</b>	<b>5,179</b>	<b>4,205</b>	<b>23.2</b>	<b>4,214</b>	<b>22.9</b>
QAAUM	39,38,091	35,24,120	11.7	37,84,130	4.1
Yields as % of QAAUM (bps)	40.1	42.6	(3bps)	41.2	(1bps)
Yields as % of QAAUM (bps) (total revenue)	52.6	47.7	5bps	44.5	8bps
<b>Expenses</b>					
Fees and Commission Expenses	10	7	51.5	8	29.9
Employee Benefits Expenses	1,327	1,128	17.7	1,588	(16.4)
Other Expenses	811	714	13.6	817	(0.8)
<b>Total Operating Expenses</b>	<b>2,148</b>	<b>1,848</b>	<b>16.3</b>	<b>2,413</b>	<b>(11.0)</b>
Fees and Commission Expenses as % of QAAUM (bps)	0.1	0.1	0bps	0.1	0bps
Employee Benefits Expenses as % of QAAUM (bps)	13.5	12.8	1bps	16.8	(3bps)
Other Expenses as % of QAAUM (bps)	8.2	8.1	0bps	8.6	(0bps)
<b>Total Operating Expenses as % of QAAUM (bps)</b>	<b>21.8</b>	<b>21.0</b>	<b>1bps</b>	<b>25.5</b>	<b>(4bps)</b>
<b>EBITDA</b>	<b>1,799</b>	<b>1,906</b>	<b>(5.6)</b>	<b>1,487</b>	<b>21.0</b>
EBITDA Margin (%)	45.6	50.8	(520bps)	38.1	745bps
Depreciation, Amortisation and Impairment	127	113	12.1	127	(0.2)
Finance Costs	33	32	4.1	33	0.6
Employee Benefits Impact on account of VRS and New Labour Codes	1,089	-	-	-	-
<b>Profit Before Tax</b>	<b>1,783</b>	<b>2,212</b>	<b>(19.4)</b>	<b>1,641</b>	<b>8.6</b>
<b>Tax Expense</b>					
Current Tax	423	472	433		
Deferred Tax	(18)	4	(114)		
<b>Total Tax Expense</b>	<b>405</b>	<b>476</b>	<b>(15.0)</b>	<b>319</b>	<b>26.8</b>
Tax Rate (%)	22.7	21.5	19.4		
<b>Profit After Tax</b>	<b>1,378</b>	<b>1,736</b>	<b>(20.6)</b>	<b>1,322</b>	<b>4.3</b>
As % of QAAUM (bps)	14.0	19.7	(6bps)	14.0	0bps
<b>Core Operating Income</b>	<b>1,799</b>	<b>1,906</b>	<b>(5.6)</b>	<b>1,487</b>	<b>21.0</b>
<b>Core PBT</b>	<b>551</b>	<b>1,761</b>	<b>(68.7)</b>	<b>1,327</b>	<b>(58.5)</b>
<b>Core PAT</b>	<b>426</b>	<b>1,382</b>	<b>(69.2)</b>	<b>1,069</b>	<b>(60.2)</b>

Source: Company, BOBCAPS Research

**Fig 15 – Quarterly snapshot**

(Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
<b>QAAUM</b>					
MF	39,38,090	35,24,120	11.7	37,84,130	4.1
PMS	1,49,06,000	1,34,94,890	10.5	1,44,80,280	2.9
UTI International	2,05,180	2,93,010	(30.0)	2,36,470	(13.2)
UTI Alternatives	31,290	27,300	14.6	26,690	17.2
UTI PFL	40,67,720	34,31,930	18.5	38,90,800	4.5
<b>Total</b>	<b>2,31,48,280</b>	<b>2,07,71,250</b>	<b>11.4</b>	<b>2,24,18,370</b>	<b>3.3</b>
Market Share (%)	4.9	5.1	(28)	4.9	(5)
<b>MF QAAUM</b>					
Equity	10,10,930	9,69,880	4.2	9,95,510	1.5
Hybrid	3,45,100	3,18,080	8.5	3,36,510	2.6
ETFs & Index	17,48,880	14,89,490	17.4	16,24,430	7.7
Cash & Arbitrage	4,30,650	4,02,960	6.9	4,27,210	0.8
Income	4,02,530	3,43,710	17.1	4,00,470	0.5
<b>Total</b>	<b>39,38,090</b>	<b>35,24,120</b>	<b>11.7</b>	<b>37,84,130</b>	<b>4.1</b>
<b>QAAUM Mix (%)</b>					
Equity	25.7	27.5	(185bps)	26.3	(64bps)
Hybrid	8.8	9.0	(26bps)	8.9	(13bps)
ETFs & Index	44.4	42.3	214bps	42.9	148bps
Cash & Arbitrage	10.9	11.4	(50bps)	11.3	(35bps)
Income	10.2	9.8	47bps	10.6	(36bps)
<b>Total</b>	<b>100</b>	<b>100</b>		<b>100</b>	
<b>MF net inflows (Rs bn)</b>					
Equity	(3.0)	0.6	-	2.5	-
Hybrid	0.8	9.7	(91.4)	2.9	(71.4)
ETFs & Index	64.9	38.0	70.8	48.5	33.8
Cash & Arbitrage	(7.4)	33.0	-	23.6	-
Income	3.3	20.9	(84.0)	(20.5)	-
<b>Total</b>	<b>58.6</b>	<b>102.1</b>	<b>(42.6)</b>	<b>57.0</b>	<b>2.9</b>
SIP flow during quarter (Rs bn)	23.9	22.0	8.4	23.4	2.1
SIP AUM (Rs bn)	447.5	383.7	16.6	422.7	5.9
Live folios (mn)	14	13	4.5	14	1.5

Source: Company, BOBCAPS Research

## Valuation Methodology

Q3 performance was impacted by one-time increase in the employee expenses, as indicated by management in Q2, along with an additional impact of New Labour Codes. Further, market share continued to decline in all the MF segments. While our positive outlook is supported by its expanding retail and SIP franchise and increasing traction in passive products, we await sustained fund performance on a 3Y horizon and upgradation of sales force. Additionally, with the implementation of VRS, which became effective on 1st Oct'25, we have raised employee costs and the overall opex estimates for FY26 by 10% and 20% respectively.

Further, with respect to industry trends, near-to-medium term headwinds including the removal of additional TER (5bps) on exit loads, change in the definition of TER and rationalisation of brokerage limits, all which are likely to impact the industry and thereon the company. These challenges are showing up in the monthly industry numbers as well. Further, the TER changes suggest that the companies may pass on most of the impact, coupled with the ongoing renegotiations with distributors. Hence, until greater clarity emerges, there would be medium-term overhang. Additionally, Nifty 50 index returns for Oct'25, Nov'25, and Dec'25 was moderate and stood at 4.5% MoM, 1.9% MoM and -0.3% MoM respectively, which would weigh on the industry inflows. In Dec'25, the industry witnessed net outflows to the tune of Rs 665.9bn with equity inflows declining by 6% MoM, which have been on a declining trend in the past four months (except in Oct'25).

Due to the above factors, we revise our estimates for AAUM/ revenue/ PAT CAGR of 13%/ 9%/ 8% over FY25-28E. We also revise our target multiple to 16x from the ascribed multiple of 21x. We maintain BUY with a TP of Rs 1,274 (vs earlier Rs 1,651), valuing the stock at 16x Dec'27E EPS.

**Fig 16 – Revised estimates**

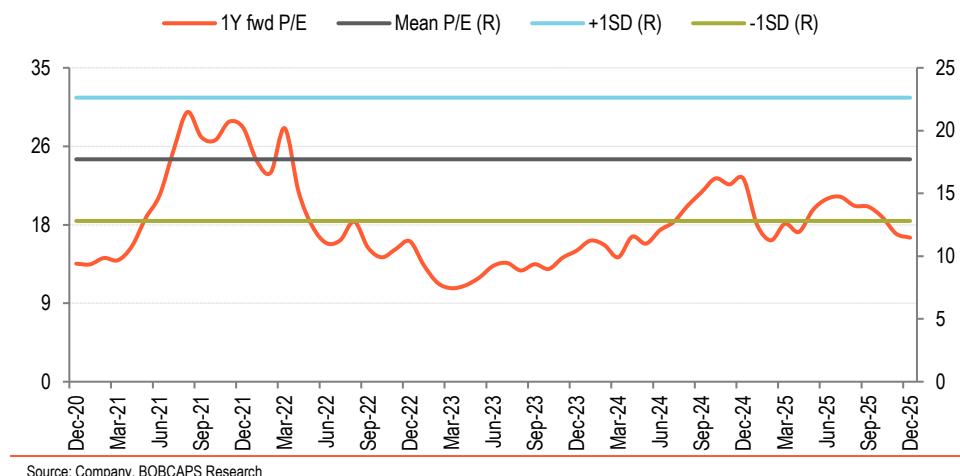
(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Total Revenue	19,803	21,678	23,401	20,240	22,120	23,792	(2.2)	(2.0)	(1.6)
Operating Profit	6,383	8,451	9,447	7,166	8,913	9,792	(10.9)	(5.2)	(3.5)
PAT	7,599	9,363	10,357	8,220	9,608	10,349	(7.6)	(2.6)	0.1

Source: BOBCAPS Research

**Fig 17 – Actual vs Estimates**

(Rs mn)	Q3FY26A	Q3FY26E	Variance (%)
QAAUM (Rs bn)	3,938	3,938	-
Revenue from operations	3,947	4,036	(2.2)
Operating Profit	1,799	1,503	19.7
PAT	1,378	1,787	(22.9)

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	15,781	17,374	18,753
YoY (%)	4.5	22.3	9.2	10.1	7.9
Operating expenses	7,036	7,495	9,398	8,923	9,306
Core operating profits	4,785	6,958	6,383	8,451	9,447
Core operating profits growth (%)	0.4	45.4	(8.3)	32.4	11.8
Depreciation and Interest	535	583	407	435	467
Core PBT	4,250	6,375	5,976	8,016	8,979
Core PBT growth (%)	(0.5)	50.0	(6.3)	34.1	12.0
Other income	5,619	4,146	4,022	4,303	4,648
PBT	9,868	10,522	9,998	12,320	13,627
PBT growth (%)	68.5	6.6	(5.0)	23.2	10.6
Tax	1,848	2,392	2,400	2,957	3,271
Tax rate (%)	18.7	22.7	24.0	24.0	24.0
<b>Reported PAT</b>	<b>8,020</b>	<b>8,130</b>	<b>7,599</b>	<b>9,363</b>	<b>10,357</b>

### 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	52,274	55,291	58,916
Net worth	49,732	51,603	53,554	56,571	60,196
Borrowings	-	-	-	-	-
Other liab. & provisions	3,678	4,981	5,605	5,671	6,044
<b>Total liab. &amp; equities</b>	<b>53,410</b>	<b>56,584</b>	<b>59,159</b>	<b>62,242</b>	<b>66,239</b>
Cash & bank balance	47,483	50,620	53,141	56,112	59,967
Other assets	5,841	5,890	5,946	6,058	6,202
<b>Total assets</b>	<b>53,410</b>	<b>56,584</b>	<b>59,159</b>	<b>62,242</b>	<b>66,239</b>

### Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS	63.2	64.1	59.9	73.8	81.6
Dividend per share	47.0	48.0	44.5	50.0	53.0
Book value per share	391.8	406.6	421.9	445.7	474.3

### Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
P/E	16.4	16.1	17.3	14.0	12.7
P/BV	2.6	2.5	2.5	2.3	2.2
Dividend yield (%)	4.5	4.6	4.3	4.8	5.1

### DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY24A	FY25A	FY26E	FY27E	FY28E
Operating income	34.9	35.1	33.6	32.7	31.6
Operating expenses	26.1	22.3	24.8	20.8	19.2
EBITDA	17.7	20.7	16.8	19.7	19.5
Depreciation and Others	2.0	1.7	1.1	1.0	1.0
Core PBT	15.8	19.0	15.7	18.7	18.5
Other income	20.8	12.3	10.6	10.0	9.6
PBT	36.6	31.3	26.3	28.7	28.1
Tax	6.9	7.1	6.3	6.9	6.8
<b>ROAAAUM</b>	<b>29.7</b>	<b>24.2</b>	<b>20.0</b>	<b>21.8</b>	<b>21.4</b>

### Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Investment mgmt. fees	4.5	22.3	9.2	10.1	7.9
Core operating profit	0.4	45.4	(8.3)	32.4	11.8
EPS	82.4	1.4	(6.5)	23.2	10.6
<b>Profitability &amp; Return ratios (%)</b>					
Operating income to Total inc.	67.8	77.7	79.7	80.1	80.1
Cost to Core income ratio	59.5	51.9	59.6	51.4	49.6
EBITDA margin	40.5	48.1	40.4	48.6	50.4
Core PBT margin	36.0	44.1	37.9	46.1	47.9
PBT margin (on total inc.)	56.6	56.6	50.5	56.8	58.2
ROE	18.1	16.0	14.5	17.0	17.7
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	3,795	4,285	4,844
YoY Growth (%)	1.5	2.5	1.3	1.3	1.3
<b>% of AAAUM</b>					
Equity	38	37	38	38	39
Debt	10	10	9	9	9
Liquid	14	12	10	9	8
Others	38	42	43	43	44

Source: Company, BOBCAPS Research

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

**BUY** – Expected return >+15%

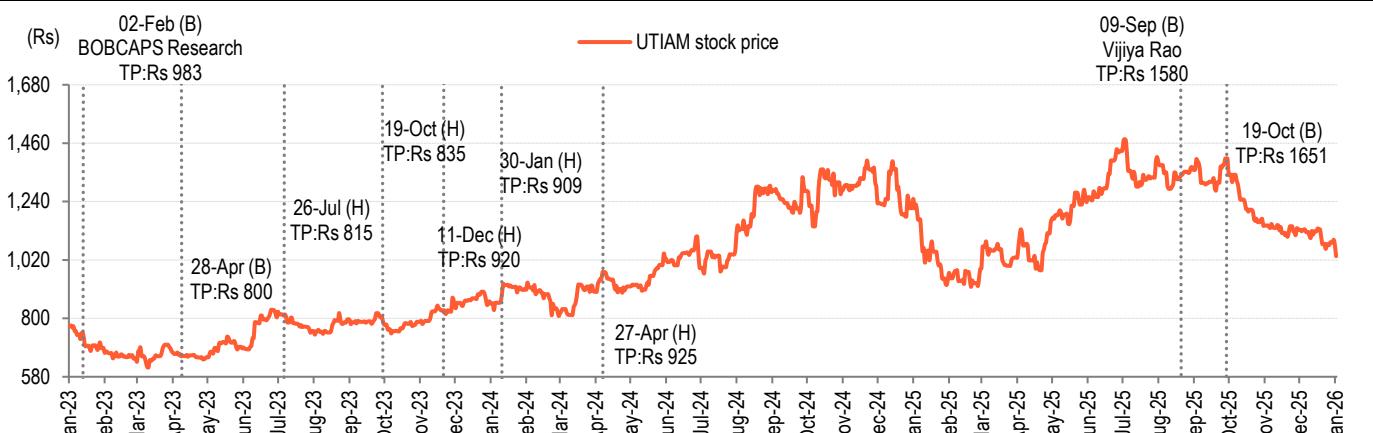
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### 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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