

# UTI Asset Management Co.

## UTI AMC announces a VRS scheme

### Our view – Revenue yield inched lower but in an orderly manner

**Revenue Yield** – Calculated revenue yield inched lower sequentially on orderly basis: The total MF QAAUM has grown by 4.9% QoQ and 10.5% YoY in 2QFY26. Calculated revenue yield for 2Q was 41bps, down by -1QoQ and -2bp YoY. The share of Equity QAAUM at 26.0% was up by 1bps QoQ while Hybrid QAAUM share was down by -20bps sequentially. In 2QFY26, Segmental yield stood at 75bps for Equity and Hybrid, 8 bps for ETF and Index, 9bps Cash and Arbitrage and 19-20bps for Income funds.

**Operating expenses** – Opex jumped on CSR spends, while a VRS was announced: Total expenses for Q2 stood at Rs 2.41 bn, up 26.9% YoY and 16.6% QoQ. YoY and QoQ increase was driven by Rs 600mn CSR spend during the quarter, among other reasons. Employee benefit expenses stood at Rs 1.58 bn, up 37.7% QoQ and 23% YoY. The Board has approved a Voluntary Retirement Scheme for a select category of employees, effective from 1st October, with eligible employees able to submit applications until 31st October. The average payout per employee is expected to be Rs. 60-65 lakh. The management expects Other expenses to grow at 7-8% in FY26.

**We maintain an 'ADD' rating on UTI with a revised price target of Rs 1600:** We value UTI at 23x FY27 P/E at which it would trade at a FY27 P/B of 4.0x.

**(See Comprehensive con call takeaways on page 2 for significant incremental colour.)**

### Other Highlights (See "Our View" above for elaboration and insight)

- **Revenue:** Revenue from operations at Rs 3,900 mn was up 2.8%/4.6% QoQ/YoY lagging growth of MF QAAUM at 4.9%/10.5% QoQ/YoY.
- **Share of Equity in AUM:** Share of Equity in AUM at 26.3% was up 1bps QoQ but down -249bps YoY.
- **Share of B-30 in AUM:** Share of B-30 at 20% was flat QoQ but down -100bps YoY.
- **Channel mix:** Share of Banks + Distributors, MFD and Direct channel was 8%, 21% and 71%, respectively in overall AUM.

### Exhibit 1: Result table

Rs mn	Q2FY26	Q2FY25	YoY	Q1FY26	QoQ
Revenue from operations	3,900	3,730	4.6%	3,793	2.8%
As % of QAUM^	0.41%	0.44%	-2bps	0.42%	-1bps
Fees and Commission Exp.	8	6	24.2%	8	0.0%
As % of revenues	0.2%	0.2%	3bps	0.2%	-1bps
Employee Benefit Expenses	1,588	1,153	37.7%	1,292	23.0%
As % of revenues	40.7%	30.9%	980bps	34.1%	667bps
Other Expenses	817	742	10.2%	770	6.1%
As % of revenues	21.0%	19.9%	107bps	20.3%	65bps
Total Expense	2,413	1,901	26.9%	2,069	16.6%
Operating Profit	1,487	1,829	-18.7%	1,724	-13.7%
As % of QAUM^	0.16%	0.21%	-6bps	0.19%	-3bps
As % of revenues	38.1%	49.0%	-1090bps	45.4%	-731bps
Other Income	314	1,671	-81.2%	1,693	-81.4%
Finance cost	33	31	8.5%	34	-2.1%
Depreciation	127	112	13.0%	123	3.5%
Profit before Tax	1,641	3,357	-51.1%	3,260	-49.7%
Tax Expense	319	726	-56.0%	722	-55.8%
Profit After Tax	1,322	2,631	-49.7%	2,539	-47.9%
As % of QAUM^	0.1%	0.3%	-17bps	0.3%	-14bps
As % of revenues	33.9%	70.5%	-3664bps	66.9%	-3303bps

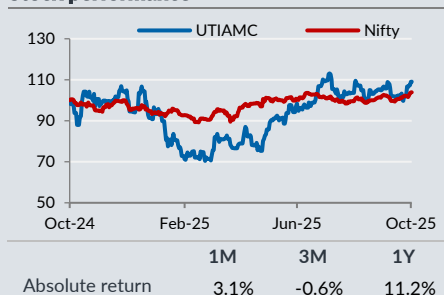
Source: Company, YES Sec-Research, ^Annualised

Recommendation	: ADD
Current price	: Rs 1407
Target price	: Rs 1600
Potential Return	: +14%

### Stock data (as on October 18, 2025)

Nifty	25,710
52 Week h/l (Rs)	1472 / 891
Market cap (Rs/USD mn)	179761 / 2043
Outstanding Shares (mn)	128
6m Avg t/o (Rs mn):	306
Div yield (%):	3.6
Bloomberg code:	UTIAM IN
NSE code:	UTIAMC

### Stock performance



### Shareholding pattern (As of Jun'25 end)

Promoter	0.0%
FII+DII	67.2%
Others	32.8%

### Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	1600	1500

### Financial Summary

Rs mn	FY25	FY26E	FY27E
Net Revenue	16,330	18,221	20,971
YoY Growth	13.0%	11.6%	15.1%
EBIDTA Margin	50.2%	50.8%	52.9%
PAT	8,358	9,054	10,538
YoY Growth	2.8%	8.3%	16.4%
ROE	17.7%	18.2%	20.0%
EPS (Rs)	65.3	70.7	82.3
P/E (x)	21.5	19.9	17.1
BV (Rs)	379.0	400.2	424.9
P/BV (x)	3.7	3.5	3.3

### Δ in earnings estimates

Rs.	FY25E	FY26E	FY27E
EPS (New)	65.3	70.7	82.3
EPS (Old)	64.0	69.9	81.3
% change	2.1%	1.2%	1.3%

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## COMPREHENSIVE CON-CALL TAKEAWAYS

### Revenue yield aspects

- Segmental yield
  - Equity and Hybrid – 75 bps
  - ETF and Index – 8bps
  - Cash and arbitrage – 9 bps
  - Income funds – 19-20 bps
- Slight decline in income fund yield
  - Income funds yield experienced a slight decline due to a higher share of shorter-duration products sold.

### Other Income

- Total other income for 2QFY26 stood at Rs 0.31 bn as compared to Rs 1.67 bn in 1QFY26.

### Operating expenses

- Total expenses for Q2 stood at Rs 2.41 bn, up 26.9% YoY and 16.6% QoQ.
- YoY and QoQ increase was driven by Rs 600mn CSR spend during the quarter, among other reasons.
- Guidance
  - The management expects Other expenses to grow at 7-8% in FY26.
- Employee cost
  - Employee benefit expenses stood at Rs 1.58 bn, up 37.7% QoQ and 23% YoY.
  - The Board has approved a Voluntary Retirement Scheme for a select category of employees, effective from 1st October, with eligible employees able to submit applications until 31st October.
  - **More on VRS**
    - Out of 1,450 employees, 479 are eligible for VRS.
    - The average payout per employee is expected to be Rs. 60–65 lakh.
    - If all eligible employees opt for VRS, the company will need to hire 70–75 new employees to replace the outgoing staff.
  - **Other aspects**
    - Family pension benefits have been revised, resulting in a one-time estimated impact of approximately Rs. 250 mn, which has been factored into the 2Q results.
    - Employee costs, adjusted for the one-time revised pension benefits, increased on account of salary hikes.

### Pension business / UTI Pension Fund

- AUM has increased by 15.82% YoY on closing basis to Rs 3.89 trn.
- Private sector NPS AUM has grown 62% YoY in H1FY26.
- Market share was at 24.62% of NPS industry AUM.
- Currently it operates through 31 branches PAN India and aims to add 9 branches by FY26.
- In 1HFY26, it added 119 clients.

(Con call takeaways continue on the next page)

- The company has filed 4 new schemes under Multi Scheme framework MSF based on the recent circular by PFRDA dated 16 September 2025.

## International business / UTI International Limited

- UTI international logo has been rebranded to UTI Investments.
- AUM stood at Rs 236.47 bn, down -20.7% YoY and -8.5% QoQ.
- The total employee count in international business is 32.
- India Dynamic Equity Fund, domiciled in Ireland has an AUM of USD 874 mn.
- UTI India Innovation Fund has an AUM of USD 53 mn.
- It has filled senior position across regions.

## UTI Alternatives

- AUM stood at Rs 26.69 bn, down -6.5% YoY
- UTI Structured Debt Opportunities Fund-I has exited all investments profitably.
- UTI Structured Debt Opportunities Fund-III has a net commitment of Rs 6.5 bn and is currently in fund raising and investing stage.
- UTI Multi Opportunity Fund-I has a net commitment of Rs 15.99 bn and is currently in investing stage.
- UTI Real Estate Opportunities Fund-I has a net commitment of Rs 1.45 bn and is currently fund raising and investing stage.
- SDOF 2 and 3 have active commitments of Rs. 7.55 bn , currently fund is in investing stage.
- The company has initiated the process of upgrading gift city FME license from non-retail to retail.
- **New Funds**
  - In 2Q, it has launched SDOF 4 with planned AUM Rs. 15bn.

## Effective tax rate

- The effective tax rate for 2Q was at 19.4%, lower YoY and QoQ.

## Technology

- 41.27% of gross sales in equity and hybrid segment was mobilized through digital platforms in Q2FY26.
- The company has gone live with UTI autopay implementation for SIP.
- The company has associated with ONDC for onboarding financial transactions.

## AUM aspects

- **Group AUM**
  - Total AUM stood at Rs 22.41 trn as of 2QFY26, up 11.2% YoY.
- **Total MF AUM**
  - Total MF QAAUM stood at Rs 3,784 bn as of 2QFY26 up by 10.5% YoY and 4.9% QoQ.
  - Market share in total MF AUM stood at 4.09% as of 2QFY26, down by -9bps QoQ.

(Con call takeaways continue on the next page)

- **Equity AUM**
  - Equity AUM (excluding Hybrid) has risen 0.9% YoY to Rs 995 bn.
  - Market share in Equity AUM stood at 2.93% as of 2QFY26.
- **Index and ETF AUM**
  - Index and ETF AUM has risen 23% YoY to Rs 1,624 bn.
  - ETF and Index fund net inflows stood at Rs 83.73 bn for 1HFY26
- **Net Sales**
  - The Net Sales in 2QFY26 amounted to Rs 56.95bn as compared to Rs.35.27 bn in Q2FY25.
  - The equity net inflows in 2QFY25 stood at Rs 2.4 bn as against a net outflow of -Rs -12.93 bn in 2QFY25.
  - Hybrid funds witnessed a net inflow of Rs 2.90 bn in 2QFY26, as against net inflow of -Rs 12.53 bn for 2QFY25.
  - ETF and Index funds witnessed a net inflow of Rs 48.48 bn in 2QFY26, as against net inflow of Rs 60.22 bn for 2QFY25.
- **Folio count**
  - Added 0.1mn new folios in 2QFY26.
  - Total live folios stood at 13.6mn.
- **SIP business**
  - SIP AUM was at Rs 422.67 bn up by 6.0% YoY.
  - SIP gross inflows for 2QFY26 were at Rs 23.38 bn up by 13.6% YoY.
  - Average SIP ticket size stood at Rs 3,273 for September 2025.
  - **Segmental SIP Flows**
    - MFD- 50%;
    - RIA- 19%;
    - Direct, Fintech and BND- 31%
- **B-30 Cities**
  - Share of B-30 cities was at 20% as against industry share of 19% on MAAUM.

## Exhibit 2: Other Business Parameters

Rs mn	Q2FY26	Q2FY25	YoY	Q1FY26	QoQ
MF QAAUM	3,784,130	3,425,485	10.5%	3,608,671	4.9%
Industry market share	4.9%	5.2%	-26bps	5.0%	-9bps
Gross SIP Flows	23,380	20,580	13.6%	22,600	3.5%

### QAAUM Mix

Equity	995,510	986,380	0.9%	948,940	4.9%
ETF & Index	1,624,430	1,451,350	11.9%	1,550,710	4.8%
Cash & Arbitrage	427,210	370,610	15.3%	405,770	5.3%
Hybrid	336,510	303,560	10.9%	328,200	2.5%
Income	400,470	313,590	27.7%	375,060	6.8%

### QAAUM Mix (% proportion)

Equity	26%	29%	-249bps	26%	1bps
ETF & Index	43%	42%	56bps	43%	-4bps
Cash & Arbitrage	11%	11%	47bps	11%	5bps
Hybrid	9%	9%	3bps	9%	-20bps
Income	11%	9%	143bps	10%	19bps

### Channel Mix (% proportion)\*

Bank & Distributors	8%	7%	100bps	8%	0bps
MFD	21%	23%	-200bps	21%	0bps
Direct	71%	69%	200bps	71%	0bps

### Geographical Spread

T-30	80%	79%	100bps	80%	0bps
B-30	20%	21%	-100bps	20%	0bps

Source: Company, YES Sec – Research, \*The numbers are comparable QoQ and YoY. However, there has been a change in reporting where the MFD segment now consists only of IFA business while NDs and RDs have been taken along Banks and Distributors segment.

## Exhibit 3: Quarterly Actuals Vs Estimates

Q2FY26 (Rs. mn)	Actuals	Estimates	Diff, %
Revenue	3,900	4,037	(3.4)
Operating profit	1,487	1,858	(20.0)
Profit after tax	1,322	1,876	(29.5)

Source: Company, YES Sec – Research

## ANNUAL FINANCIALS

### Exhibit 4: Balance Sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Share Capital	1,273	1,280	1,280	1,280	1,280
Total Reserves	42,609	44,712	47,219	49,935	53,097
<b>Shareholder's Funds</b>	<b>43,882</b>	<b>45,991</b>	<b>48,499</b>	<b>51,215</b>	<b>54,376</b>
Minority Interest	5,850	5,612	5,612	5,612	5,612
Deferred Tax Assets / Liabilities	407	702	632	569	512
Long Term Provisions	253	462	550	647	765
Other long term liabilities	297	480	571	672	794
Trade Payables	1,207	1,791	2,023	2,258	2,598
Other Current Liabilities	1,514	1,546	1,840	2,166	2,559
<b>Total Liabilities</b>	<b>53,410</b>	<b>56,584</b>	<b>59,727</b>	<b>63,139</b>	<b>67,217</b>
Net Block	1,627	1,648	1,848	2,048	2,248
Other Intangible assets	108	154	154	154	154
Right of use assets	1,152	1,169	1,193	1,217	1,241
Non Current Investments	1,261	1,223	1,456	1,714	2,025
Other Non Current Assets	760	660	785	925	1,092
Currents Investments	44,283	45,575	47,330	49,232	51,445
Sundry Debtors	839	817	923	1,030	1,186
Cash and Bank	3,200	5,045	5,689	6,410	7,342
Other Financial Assets	95	219	260	306	362
Short Term Loans and Advances	86	74	88	104	123
<b>Total Assets</b>	<b>53,410</b>	<b>56,584</b>	<b>59,727</b>	<b>63,139</b>	<b>67,217</b>

Source: Company, YES Sec – Research

### Exhibit 5: Profit and Loss Statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
<b>Management Fees</b>	<b>11,821</b>	<b>14,453</b>	<b>16,330</b>	<b>18,221</b>	<b>20,971</b>
Fees and Commission	19	26	32	38	45
Employee Expense	4,393	4,580	4,900	5,341	5,822
Other Expenses	2,624	2,890	3,204	3,582	4,006
Total Expenses	7,036	7,495	8,136	8,961	9,872
<b>Operating Profit</b>	<b>4,785</b>	<b>6,958</b>	<b>8,194</b>	<b>9,260</b>	<b>11,099</b>
Other Income	5,619	4,146	3,307	3,205	3,352
Depreciation	423	455	517	573	629
Finance Cost	113	127	130	132	135
Profit before Tax	9,868	10,522	10,854	11,759	13,686
Tax	1,848	2,392	2,496	2,705	3,148
<b>Net Profit</b>	<b>8,020</b>	<b>8,130</b>	<b>8,358</b>	<b>9,054</b>	<b>10,538</b>

Source: Company, YES Sec – Research

## Exhibit 6: Cash flow statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	9,868	10,522	10,854	11,759	13,686
Depreciation	423	455	517	573	629
Change in working cap	(283)	251	418	451	576
Tax paid	(1,740)	(2,189)	(2,567)	(2,768)	(3,205)
Others	(5,018)	(3,676)	(3,178)	(3,073)	(3,217)
<b>Cash flow from operations</b>	<b>3,251</b>	<b>5,364</b>	<b>6,045</b>	<b>6,943</b>	<b>8,470</b>
Capex	(805)	(506)	(741)	(797)	(854)
Change in investments	(1,132)	1,969	(1,988)	(2,159)	(2,524)
Others	478	(227)	3,307	3,205	3,352
<b>Cash flow from investments</b>	<b>(1,458)</b>	<b>1,236</b>	<b>579</b>	<b>248</b>	<b>(26)</b>
Equity raised/(repaid)	265	536	0	0	0
Debt raised/(repaid)	0	0	0	0	0
Dividend (incl tax)	(2,794)	(5,987)	(5,850)	(6,338)	(7,377)
Others	150	(89)	(130)	(132)	(135)
<b>Cash flow from financing</b>	<b>(2,379)</b>	<b>(5,540)</b>	<b>(5,980)</b>	<b>(6,470)</b>	<b>(7,512)</b>
<b>Net change in cash</b>	<b>(586)</b>	<b>1,059</b>	<b>644</b>	<b>721</b>	<b>932</b>

Source: Company, YES Sec – Research

## Exhibit 7: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	16,330	18,221	20,971	16,107	18,089	20,798	1.4	0.7	0.8
Operating Profit	8,194	9,260	11,099	7,971	9,128	10,926	2.8	1.4	1.6
Profit After Tax	8,358	9,054	10,538	8,186	8,951	10,403	2.1	1.2	1.3

Source: Company, YES Sec – Research

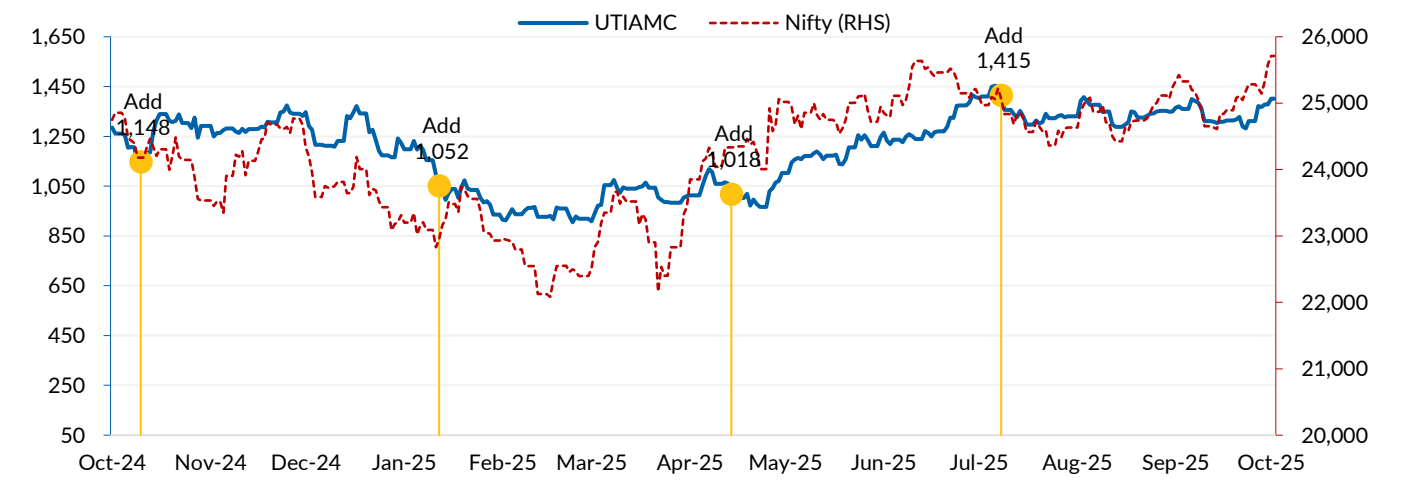
## Exhibit 8: Ratios

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
<b>Growth ratios (%)</b>					
AAUM	14.8%	25.0%	19.0%	17.7%	18.2%
Revenue	4.5%	22.3%	13.0%	11.6%	15.1%
Staff Cost	6.0%	4.2%	7.0%	9.0%	9.0%
Total Operating Expenses	7.4%	6.5%	8.5%	10.1%	10.2%
Profit Before Tax	68.5%	6.6%	3.2%	8.3%	16.4%
Net profit	82.4%	1.4%	2.8%	8.3%	16.4%
<b>As a % of Avg AUM</b>					
Management Fees	0.44%	0.43%	0.41%	0.39%	0.38%
Staff Cost	0.16%	0.14%	0.12%	0.11%	0.10%
Other Expenses	0.10%	0.09%	0.08%	0.08%	0.07%
PBT	0.37%	0.31%	0.27%	0.25%	0.25%
Net profit	0.30%	0.24%	0.21%	0.19%	0.19%
<b>Operating Ratios</b>					
Operating Profit Margin	40.5%	48.1%	50.2%	50.8%	52.9%
PBT Margin	83.5%	72.8%	66.5%	64.5%	65.3%
PAT Margin	67.9%	56.2%	51.2%	49.7%	50.3%
ROE	18.5%	16.3%	17.7%	18.2%	20.0%
Dividend Payout Ratio	72.2%	73.8%	70.0%	70.0%	70.0%
<b>Per share (Rs)</b>					
EPS	60	57	65	71	82
Book Value	345	359	379	400	425
<b>Valuation Ratios (x)</b>					
P/E	23.4	24.6	21.5	19.9	17.1
P/BV	4.1	3.9	3.7	3.5	3.3
Mcap to AUM	6.6%	5.3%	4.5%	3.8%	3.2%
Dividend Yield	3.3%	3.4%	3.2%	3.5%	4.1%

Source: Company, YES Sec – Research



## Recommendation Tracker



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Name of the Research Analyst : Shivaji Thapliyal, Hemant Kadian, Himanshu Barot

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