HOLD
TP: Rs 915 | ▲ 13%

UTI AMC | AMC | 28 October 2026

Market share loss persists, growth yet to show up

- **EBITDA grew 27.7% YoY, aided by a 19.3% YoY decrease in employee expenses due to one-time family pension cost of Rs 250 in Q2FY26**
- **MF QAAUM grew 6.3% led by growth in cash & arbitrage and ETF & index; total QAAUM declined 27.4% due to degrowth in PMS QAAUM**
- **We maintain HOLD with TP of Rs 915 (earlier Rs 1,023), valuing the stock at 18x Sept'28E EPS**

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Muted core revenue growth: UTI AMC reported moderate core revenue growth of 2.2% YoY to Rs 3,984 mn. EBITDA was up 27.7% YoY to Rs 1,900 mn. This was primarily driven by a 19.3% YoY decline in employee expenses, as Q2FY26 employee expenses included a one-time impact of Rs 250 mn towards family pension, and a 3.6% YoY decline in other expenses. The management highlighted number of employees to increase and expects total employee expenses to be around Rs 5,200 mn for coming years. PAT came in at Rs 1,323, a YoY growth of 0.1%.

QAAUM growth: Total MF QAAUM grew 6.3% YoY to Rs 4,023 bn. This was led by cash & arbitrage and ETF & Index growth of 11.4%YoY and 15.6% respectively. Equity and Debt segment degrew by 0.5% YoY and 16.6% YoY. Total group AUM declined 27.4% YoY on account of degrowth in PMS business which showed a decline of 46.5%. The management highlighted implementation of revised EPFO mandate and consequent transfer of assets led to decline in PMS AUM. Market share of MF QAAUM, Hybrid AUM and NPS AUM stood at 4.6% (4.72% in Q1FY27), 3.57% (3.66% in Q1FY27) and 24.01% vs. 24.16% in Q1FY27. Cash and Arbitrage market share declined to 3.79%. Equity market share stood at 2.5%.

Positive inflows in cash & arbitrage and ETFs & Index drive net sales: After clocking strong net inflows of Rs 143.2 bn in Q1FY27, there were inflows to the tune of Rs 57.2 bn. This was on account of increased sales in cash & arbitrage and ETFs & Index segment of Rs 35.9 bn and Rs 59.8 bn respectively. Equity continued to see net outflows, as the flagship flexicap fund, which accounts for 20% of SIP inflows, saw higher outflows.

Maintain HOLD: UTI AMC reported muted revenue growth; however, margins improved on lower employee expenses. Further, market share continued to fall in the MF segments. While the positive outlook is supported by its SIP franchise, we await sustained fund performance on a 3Y horizon. Due to the above factors, we maintain HOLD with a TP of Rs 915 (vs earlier Rs 1,023), valuing the stock at 18x Sept'28E EPS.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	UTIAM IN/Rs 807
Market cap	US$ 1.1bn
Free float	0%
3M ADV	US$ 1.1mn
52wk high/low	Rs 1,345/Rs 782
Promoter/FPI/DII	0%/8%/59%

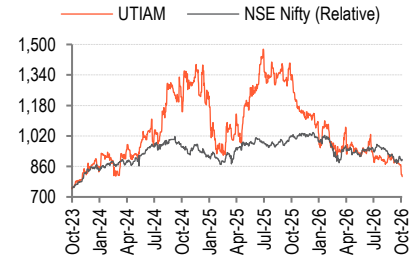
Source: NSE | Price as of 26 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Core PBT (Rs mn)	4,765	6,583	6,848
Core PBT (YoY)	(25.3)	38.2	4.0
Adj. net profit (Rs mn)	4,724	6,513	7,216
EPS (Rs)	31.5	43.4	48.1
Consensus EPS (Rs)	31.5	57.5	65.2
MCap/AAAUM (%)	2.7	2.5	2.3
ROAAAUM (bps)	12.4	15.9	16.0
ROE (%)	12.0	14.4	15.8
P/E (x)	25.6	18.6	16.8

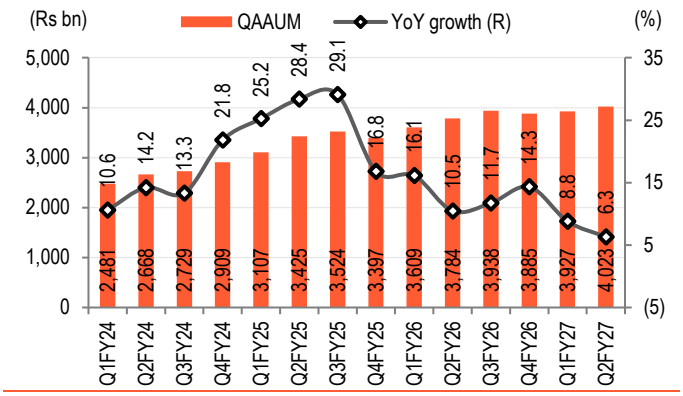
Source: Company, Bloomberg, BOBCAPS Research

Stock performance



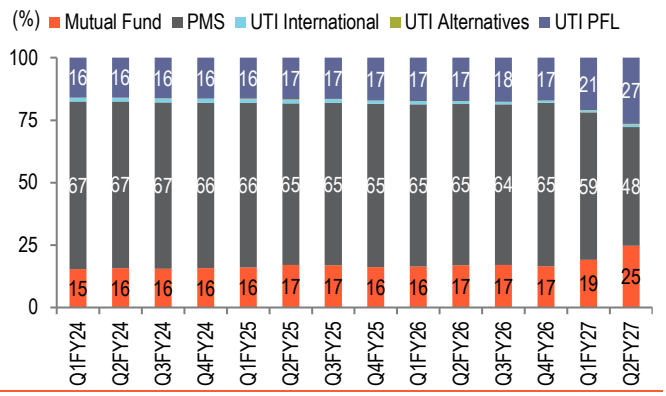
Source: NSE

Fig 1 – QAAUM grew 6.3%YoY at Rs 4,023 bn



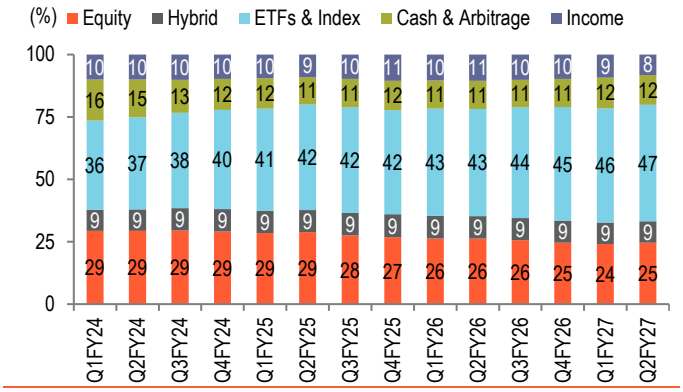
Source: Company, BOBCAPS Research

Fig 2 – PMS contribution to the mix decreased significantly



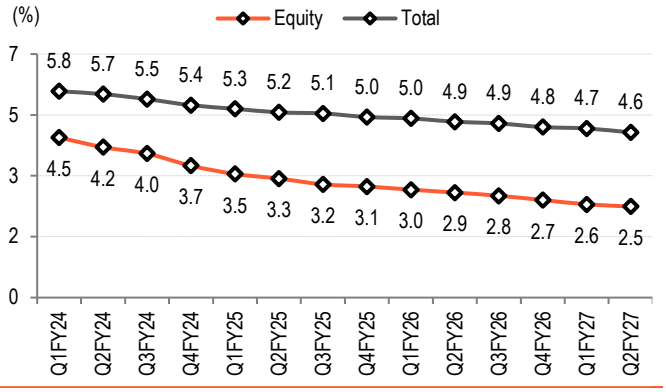
Source: Company, BOBCAPS Research

Fig 3 – ETFs and Index continue to dominate the mix



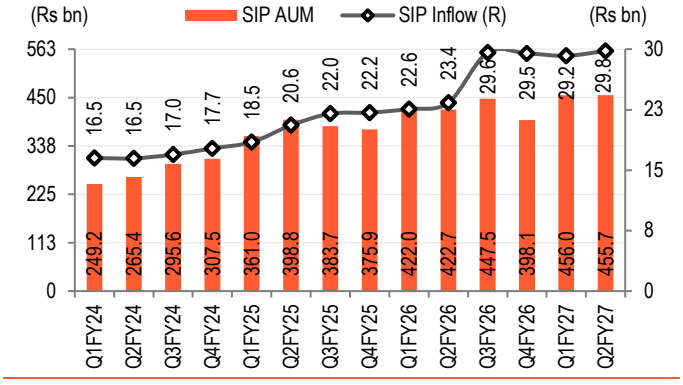
Source: Company, BOBCAPS Research

Fig 4 – Total market share continued to decline, standing at 4.6%



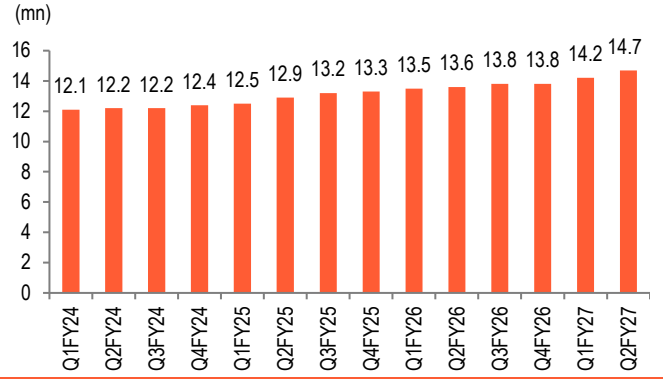
Source: Company, BOBCAPS Research

Fig 5 – SIP inflows continue to increase



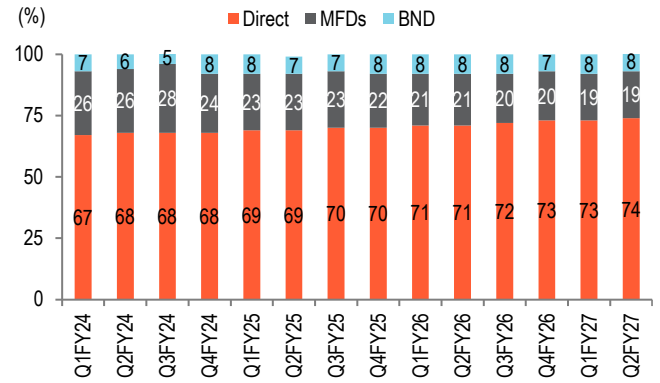
Source: Company, BOBCAPS Research

Fig 6 – Total folio count stood at 14.7 mn as of Q2FY27



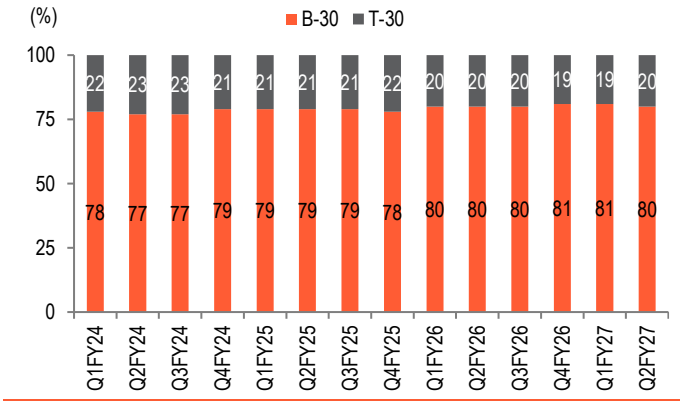
Source: Company, BOBCAPS Research

Fig 7 – Direct channel contributes 74% to QAAUM



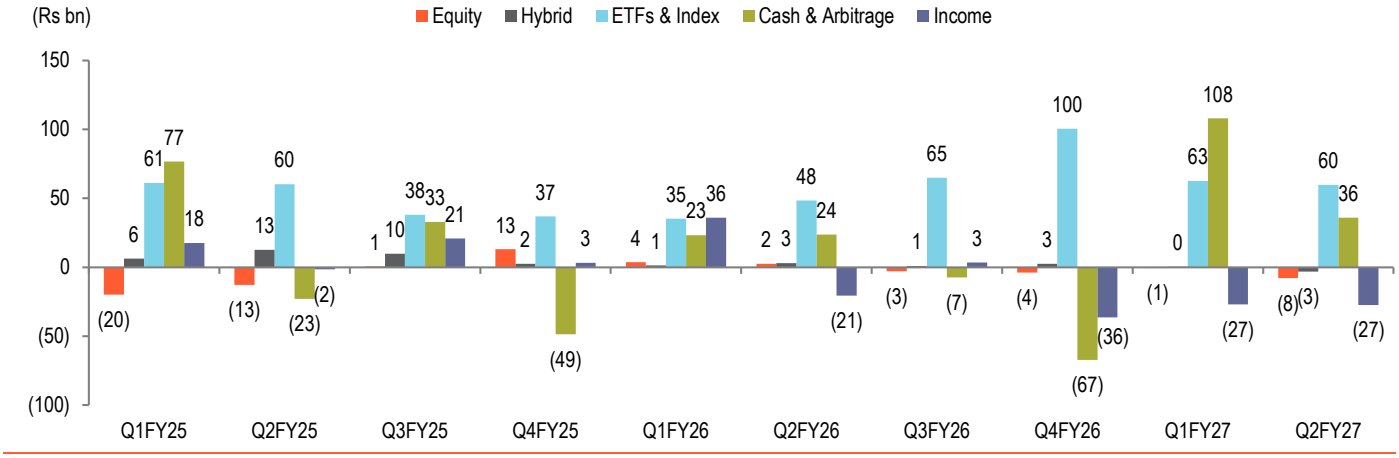
Source: Company, BOBCAPS Re

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



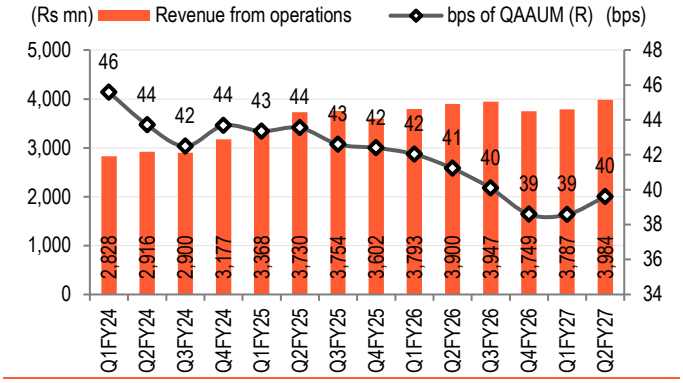
Source: Company, BOBCAPS Research

Fig 9 – Trend in Net Sales



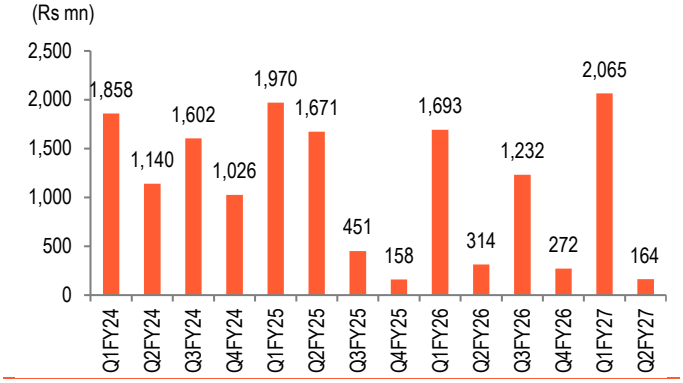
Source: Company, BOBCAPS Research

Fig 10 – Core revenue saw muted growth at Rs 3,984 mn



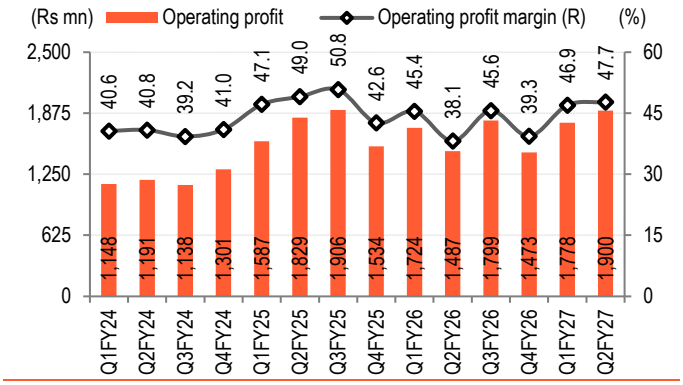
Source: Company, BOBCAPS Research

Fig 11 – Other Income decreased due to lower MTM gains



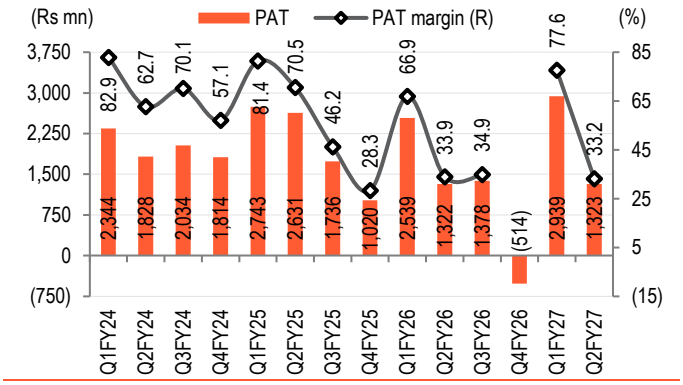
Source: Company, BOBCAPS Research

Fig 12 – Operating profit margin came in at 47.7% on account of decreased employee and other expenses



Source: Company, BOBCAPS Research

Fig 13 – PAT came in lower, mainly because of lower MTM gains



Source: Company, BOBCAPS Research

Fig 14 – Quarterly result snapshot

(Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Revenue from Operations					
Asset Management Services	3,984	3,900	2.2	3,787	5.2
Other Income	164	314	(47.9)	2,065	(92.1)
Total Income	**4,148**	**4,214**	**(1.6)**	**5,852**	**(29.1)**
QAAUM	40,23,370	37,84,130	6.3	39,26,910	2.5
Yields as % of QAAUM (bps)	39.6	41.2	(2bps)	38.6	1bps
Yields as % of QAAUM (bps) (total revenue)	41.2	44.5	(3bps)	59.6	(18bps)
Expenses					
Fees and Commission Expenses	15	8	88.3	11	28.3
Employee Benefits Expenses	1,282	1,588	(19.3)	1,216	5.4
Other Expenses	788	817	(3.6)	782	0.8
Total Operating Expenses	**2,084**	**2,413**	**(13.6)**	**2,009**	**3.7**
Fees and Commission Expenses as % of QAAUM (bps)	0.1	0.1	0bps	0.1	0bps
Employee Benefits Expenses as % of QAAUM (bps)	12.7	16.8	(4bps)	12.4	0bps
Other Expenses as % of QAAUM (bps)	7.8	8.6	(1bps)	8.0	(0bps)
Total Operating Expenses as % of QAAUM (bps)	**20.7**	**25.5**	**(5bps)**	**20.5**	**0bps**
EBITDA	**1,900**	**1,487**	**27.7**	**1,778**	**6.8**
EBITDA Margin (%)	**47.7**	**38.1**	**955**	**46.9**	**74**
Depreciation, Amortisation and Impairment	131	127	3.2	131	0.3
Finance Costs	33	33	(1.2)	33	(0.3)
Net loss on fair value changes	147	-		-	
Profit Before Tax	**1,752**	**1,641**	**6.8**	**3,679**	**(52.4)**
Tax Expense					
Current Tax	528	433		615	
Deferred Tax	(99)	(114)		126	
Total Tax Expense	**429**	**319**	**34.4**	**741**	**(42.1)**
Tax Rate (%)	24.5	19.4		20.1	
Profit After Tax	**1,323**	**1,322**	**0.1**	**2,939**	**(55.0)**
As % of QAAUM (bps)	13.2	14.0	(1bps)	29.9	(17bps)
Core Operating Income	**1,900**	**1,487**	**27.7**	**1,778**	**6.8**
Core PBT	**1,588**	**1,327**	**19.7**	**1,615**	**(1.6)**
Core PAT	**1,200**	**1,069**	**12.2**	**1,289**	**(7.0)**

Source: Company, BOBCAPS Research

Fig 15 – Quarterly snapshot

(Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
QAAUM					
MF	40,23,370	37,84,130	6.3	39,26,910	2.5
PMS	77,39,750	1,44,80,280	(46.5)	1,21,51,620	(36.3)
UTI International	1,60,630	2,36,470	(32.1)	1,40,270	14.5
UTI Alternatives	40,450	26,690	51.6	38,430	5.3
UTI PFL	43,17,690	38,90,800	11.0	43,11,480	0.1
Total	**1,62,81,890**	**2,24,18,370**	**(27.4)**	**2,05,68,710**	**(20.8)**
Market Share (%)	4.6	4.9	(30bps)	4.7	(11bps)
MF QAAUM					
Equity	9,90,360	9,95,510	(0.5)	9,45,670	4.7
Hybrid	3,45,040	3,36,510	2.5	3,38,570	1.9
ETFs & Index	18,78,070	16,24,430	15.6	17,96,740	4.5
Cash & Arbitrage	4,75,740	4,27,210	11.4	4,84,090	(1.7)
Income	3,34,160	4,00,470	(16.6)	3,61,840	(7.6)
Total	**40,23,370**	**37,84,130**	**6.3**	**39,26,910**	**2.5**
QAAUM Mix (%)					
Equity	24.6	26.3	(169bps)	24.1	53bps
Hybrid	8.6	8.9	(32bps)	8.6	(5bps)
ETFs & Index	46.7	42.9	375bps	45.8	92bps
Cash & Arbitrage	11.8	11.3	53bps	12.3	(50bps)
Income	8.3	10.6	(228bps)	9.2	(91bps)
Total	**100**	**100**		**100**	
MF net inflows (Rs bn)					
Equity	(8.0)	2.5	-	(0.6)	-
Hybrid	(3.2)	2.9	-	0.3	-
ETFs & Index	59.8	48.5	23.3	62.6	(4.5)
Cash & Arbitrage	35.9	23.6	51.8	108.0	-
Income	(27.3)	(20.5)	-	(27.1)	-
Total	**57.2**	**57.0**	**0.4**	**143.2**	**(60.1)**
SIP flow during quarter (Rs bn)	29.8	23.4	27.5	29.2	2.1
SIP AUM (Rs bn)	455.7	422.7	7.8	456.0	(0.1)
Live folios (mn)	15	14	8.1	14	3.5

Source: Company, BOBCAPS Research

Key Takeaways

Financial Performance

- Asset Management Services revenue for Q2FY27 came in at Rs 3,984 mn, reflecting a growth of 2.2% YoY and 5.2% QoQ.
- Employee expenses stood at Rs 1,282 mn, down 19.3% YoY but up 5.4% QoQ. This was mainly due to one-time family pension expense of Rs 250mn in Q2FY26. The company expects employee expenses to be around Rs 950 mn on a standalone basis and Rs 1,300 mn on consolidated basis per quarter going ahead.
- PAT for Q2FY27 came in at Rs 1,323 mn, 17% YoY but down 55% QoQ, primarily due to lower investment-related income compared with Q1FY27.
- Management highlighted that faster growth in passive AUM could marginally dilute overall revenue yields.
- The company will continue to maintain healthy dividend payout ratio of 90-95%.

QAAUM

- Group QAAUM came in at Rs 16,280 bn, 27.4% YoY degrowth primarily due to the reallocation of EPFO mandates. PMS AUM declined to Rs 7,740 bn from Rs 14,480 bn in Sep' 25, following EPFO's decision to diversify its fixed-income mandates across additional fund managers.
- MF QAAUM grew 6.3% YoY to Rs 4,020 bn, led by strong growth in ETFs and Index and Cash and Arbitrage segment. However, the company's MF QAAUM market share moderated to 4.61% from 4.91% in Q2FY26.
- ETFs and Index QAAUM grew 15.6% YoY to Rs 1,880 bn, while active equity QAAUM declined 0.5% YoY. Income fund QAAUM declined 16.6% YoY, reflecting continued challenges in the fixed-income segment.
- Equity-oriented assets, including active and passive strategies, constituted approximately 72% of mutual fund QAAUM, compared with 70% in Q1FY27.
- The company reported net inflows of Rs 57.2 bn during Q2FY27, largely supported by Rs 59.8 bn of inflows into ETFs and Index funds. However, equity and hybrid categories witnessed net outflows of Rs 8.0 bn and Rs 3.2 bn, respectively.
- Management highlighted that the Flexicap category continued to witness elevated redemptions despite improving fund performance on 3M basis.
- Yields for the quarter stood at: Equity & Hybrid: 73-74 bps, Fixed Income: 20-21 bps, Cash & Arbitrage: 11 bps, and ETFs & Index: 8 bps.

SIPs

- SIP AUM, as of Sept '26, stood at Rs 456 bn, up 7.8% YoY from Rs 423 bn.
- Gross SIP inflows for Q2FY27 stood at Rs 25.8 bn, while combined monthly SIP and STP inflows stood at approximately Rs 9.8 bn in September 2026.
- The company registered approximately 0.59 mn new SIPs during Q2FY27, of which 87% were sourced through digital channels. Its share of industry new SIP registrations improved to 4.08%, while the average SIP ticket size stood at approximately Rs 3,100.
- Management highlighted that the SIP closure rate stood at approximately 70%, compared with around 80% for the industry.
- Flexicap remained the largest contributor to the SIP book, accounting for approximately 20% of inflows, followed by sectoral and thematic funds at 16%, midcap funds at 15%, and large & midcap funds at 12.7%.

Others

- UTI Pension Fund AUM grew 11.0% YoY to Rs 4320 bn as of Sept' 26, with a market share of approximately 24.01% in the NPS industry. Meanwhile, UTI Alternatives AUM grew 52% YoY to Rs 40.5 bn.
- UTI International reported revenue of approximately Rs 240 mn during Q2FY27, declining 29% YoY. Management plans to launch two new products by H2FY27.
- Redemptions are primarily concentrated among banks and national distributors, with some outflows through MFDs and direct channels.
- The company received SEBI approval for its SIFs and plans to launch its first hybrid long-short fund in Q3FY27.
- Consolidated employee headcount stood at 1,510 as of Sept' 26, comprising 1,264 employees in the standalone AMC and 246 across subsidiaries.
- The company onboarded 10 new fintech partners during the quarter, with fintech partnerships contributing approximately 67% of new investor acquisitions.

Valuation Methodology

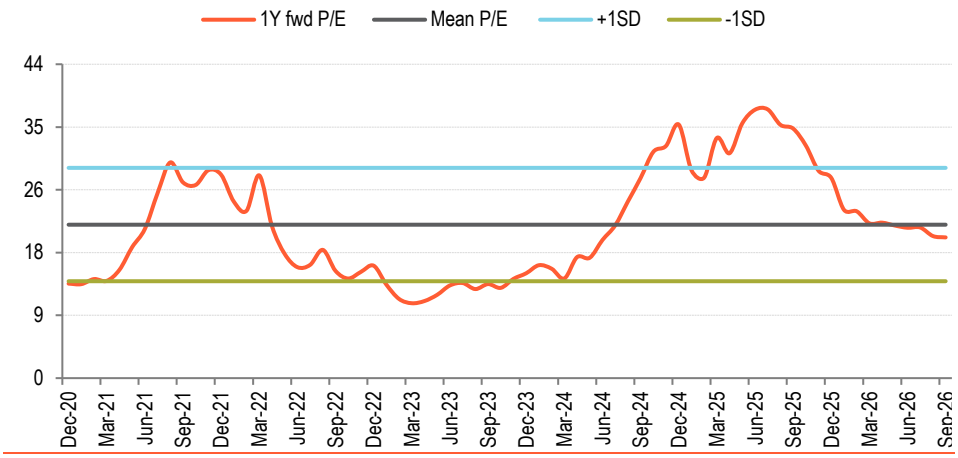
UTI AMC reported muted revenue growth; however, margins improved on lower employee expenses. Further, market share continued to fall in the MF segments. While the positive outlook is supported by its SIP franchise, we await sustained fund performance on a 3Y horizon. Due to the above factors, we maintain HOLD with a TP of Rs 915 (vs earlier Rs 1,023), valuing the stock at 18x Sept'28E EPS.

Fig 16 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Total Revenue	17,952	19,245	21,724	18,674	20,875	24,331	(3.9)	(7.8)	(10.7)
Operating Profit	7,039	7,327	8,135	7,516	8,126	8,965	(6.3)	(9.8)	(9.3)
PAT	6,513	7,216	8,469	7,133	8,308	9,947	(8.7)	(13.1)	(14.9)

Source: BOBCAPS Research

Fig 17 – P/E chart



Source: Company, BOBCAPS Research

Key Risks

Key downside risks to our estimates:

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

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Investment mgmt. fees	**14,453**	**15,389**	**15,850**	**16,471**	**18,062**
YoY (%)	22.3	6.5	3.0	3.9	9.7
Operating expenses	7,495	8,895	8,812	9,144	9,927
Core operating profits	6,958	6,494	7,039	7,327	8,135
Core operating profits growth (%)	45.4	(6.7)	8.4	4.1	11.0
Depreciation and Interest	583	641	456	479	505
Core PBT	6,375	4,765	6,583	6,848	7,630
Core PBT growth (%)	50.0	(25.3)	38.2	4.0	11.4
Other income	4,146	1,751	2,102	2,774	3,662
PBT	10,522	6,516	8,684	9,622	11,292
PBT growth (%)	6.6	(38.1)	33.3	10.8	17.4
Tax	2,392	1,792	2,171	2,405	2,823
Tax rate (%)	22.7	23.6	25.0	25.0	25.0
Reported PAT	**8,130**	**4,724**	**6,513**	**7,216**	**8,469**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Equity capital	1,280	1,285	1,285	1,285	1,285
Reserves & surplus	50,324	43,761	44,087	44,448	44,913
Net worth	51,603	45,046	45,372	45,733	46,199
Borrowings	-	-	-	-	-
Other liab. & provisions	4,981	5,388	5,518	5,767	6,190
Total liab. & equities	**56,584**	**50,434**	**50,890**	**51,500**	**52,389**
Cash & bank balance	50,620	44,317	44,775	45,376	46,177
Other assets	5,890	6,107	6,103	6,113	6,201
Total assets	**56,584**	**50,434**	**50,890**	**51,500**	**52,389**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
EPS	57.4	31.5	43.4	48.1	56.5
Dividend per share	48.0	40.0	41.3	45.7	53.4
Book value per share	364.0	300.4	302.6	305.0	308.1

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
P/E	14.1	25.6	18.6	16.8	14.3
P/BV	2.2	2.7	2.7	2.6	2.6
Dividend yield (%)	6.0	5.0	5.1	5.7	6.6

DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY25A	FY26A	FY27E	FY28E	FY29E
Operating income	35.1	33.0	31.3	30.4	30.5
Operating expenses	22.3	23.4	21.5	20.3	20.1
EBITDA	20.7	17.1	17.2	16.3	16.5
Depreciation and Others	1.7	1.7	1.1	1.1	1.0
Core PBT	19.0	12.5	16.1	15.2	15.5
Other income	12.3	4.6	5.1	6.2	7.4
PBT	31.3	17.1	21.2	21.4	22.9
Tax	7.1	4.7	5.3	5.3	5.7
ROAAAUM	24.2	12.4	15.9	16.0	17.2

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Investment mgmt. fees	22.3	6.5	3.0	3.9	9.7
Core operating profit	45.4	(6.7)	8.4	4.1	11.0
EPS	(4.8)	(45.1)	37.9	10.8	17.4
Profitability & Return ratios (%)					
Operating inome to Total inc.	77.7	89.8	88.3	85.6	83.1
Cost to Core income ratio	51.9	57.8	55.6	55.5	55.0
EBITDA margin	48.1	42.2	44.4	44.5	45.0
Core PBT margin	44.1	38.0	41.5	41.6	42.2
PBT margin (on total inc.)	56.6	44.4	48.4	50.0	52.0
ROE	16.0	12.0	14.4	15.8	18.4
Dividend payout ratio	83.7	126.9	95.0	95.0	94.5

Annual Average AUM

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
AAAUM (Rs bn)	3,364	3,804	4,092	4,505	4,937
YoY Growth (%)	24.7	13.1	7.6	10.1	9.6
% of AAAUM					
Equity	37	35	33	33	32
Debt	10	10	9	8	7
Liquid	12	11	11	11	10
Others	42	44	47	49	50

Source: Company, BOBCAPS Research

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BUY – Expected return >+15%

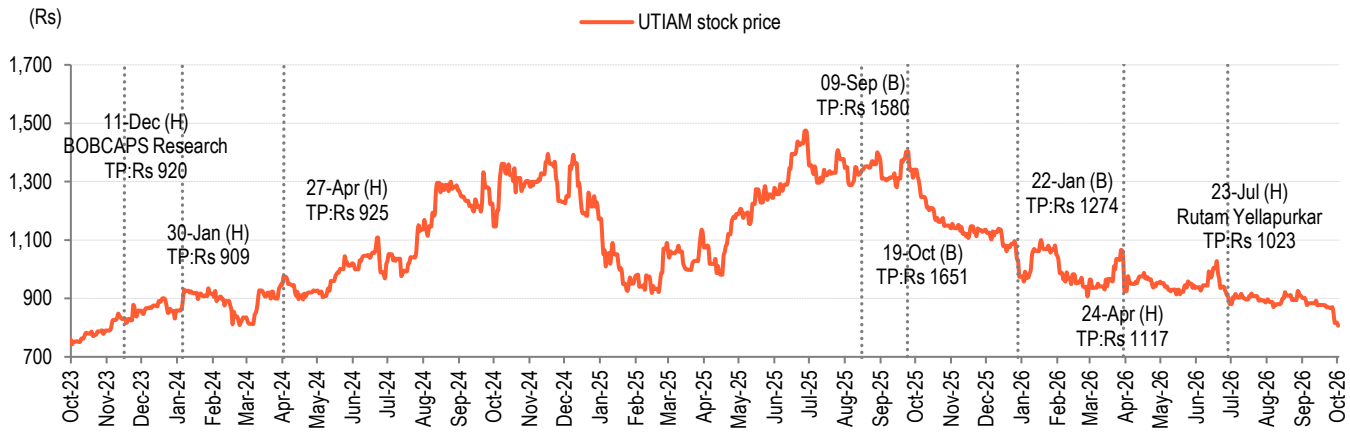
HOLD – Expected return from -6% to +15%

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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