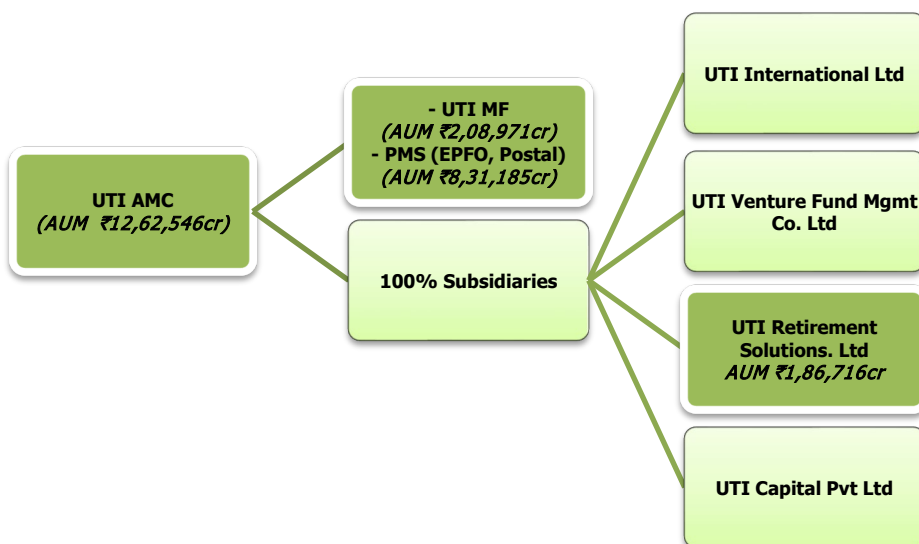


Q2FY22 Snapshot

Important Statistics

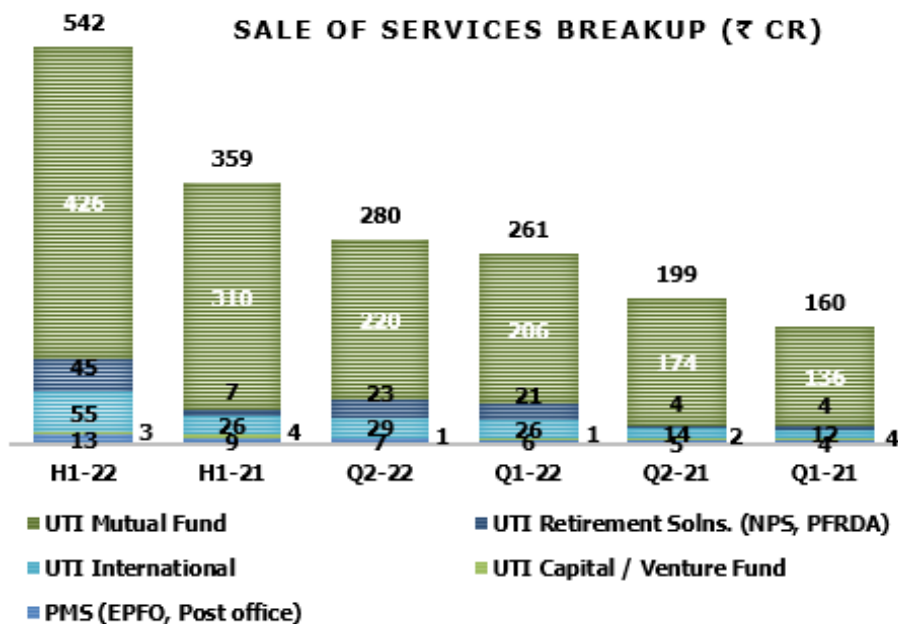


M.Cap (₹ Cr)	₹13,583
52 Week H/L (₹)	1,216.55/483.00
NSE Code	UTIAMC
BSE Code	543238

Shareholding pattern (%)	Sep'21
Promoter Holding	0
FII	27.7
DII	62.4
Public	9.9

UTI AMC continued its stellar growth, delivering a 60% y-y growth in the Q2-22 topline at ₹322cr vs. ₹217cr last year.

A large part of this comes from its Sale of Services which grew 51% y-y in Q2-22 to ₹280cr from ₹199cr last year.



Source: Company, Way2wealth Research

PFRDA's fee revision resulted in a jump in topline for **UTI RSL**.

With negligible change in expenses, the large operating leverage results in a 10x increase in PAT.

Particulars	AUM	H1FY22	H1FY21	FY21
Revenue				
(Sale of Services)				
UTI Mutual Fund	2,08,971	426	310	693
PMS (EPFO, Postal)	8,31,185	13	9	21
UTI International	34,356	55	26	65
UTI RSL (NPS Scheme)	1,86,716	45	7	15
UTI capital	1,136	3	4	7
Operating Leverage				
PAT		354	220	494
MF + PMS		238	153	346
UTI International		92	64	142
UTI RSL (NPS Scheme)		23	2	4
UTI Capital		1	1	2

Source: Company, Way2wealth Research

Mutual Fund revenue

continues to rise on the back of an increase in the AUM aided by the increase in the number of new folios and monthly SIP inflows.

UTI International manages offshore and FPI funds for offshore investors (ex-US) who want to invest in India.

Executed via UTI's offices in Dubai, London and Singapore.

AUM increased to ₹34.356cr from ₹16,000cr in Q2FY21.

UTI Mutual Fund

- New folios, SIP inflows and a general rise in the stock markets resulted in a 35% y-y growth in Mutual Fund AUM to ₹ 2,08,971cr, as of Sep 2021, higher than the industry growth of 31% Y-o-Y.
- With a greater number of retail investors looking to invest in the securities market, UTI MF witnessed a 3x sequential rise in the number of net new folios being opened this quarter - 2.9 lakh net new folios were created in Q2-22 vs. 1 lakh in Q1-22.
- Average monthly SIP inflows during the quarter have increased to ₹400cr / month – a ~60% y-y rise from Q2-21's average of ₹250cr / month. Consequently, SIP AUM increased by 55% y-y to ₹17,390cr, as on Sep 30, 2021.
- Thus, Mutual Fund revenue clocked a 37% y-y growth to ₹426cr in H1-22 (vs. ₹310cr in H1-21) and a 26% y-y growth to ₹220cr in Q2-22. (vs. ₹174cr in Q2-21).

Avg. MF AUM (₹ Cr)	Q2FY22	Q2FY21	Growth (%)
UTI MF	2,08,971	1,55,190	35%
Industry	36,20,000	27,60,000	31%

Source: Company, Way2wealth Research

UTI Retirement Solutions Limited (RSL)

- UTI RSL, which is one of the pension fund managers of the National Pension Scheme, reported an AUM of ₹1,86,716cr growing 30% y-y. UTI RSL continued to maintain its market share of ~28%. The introduction in the new slab based pricing by the regulator, PFRDA, resulted in UTI RSL generating revenue of ₹45cr in H1-22 vs. ₹7cr in H1-21 and ₹23cr in Q2-22 vs. ₹4cr in Q2-21.
- With no other major increase in costs, RSL's absolute PAT for H1-22 witnessed a 10x jump y-y to ₹22cr (vs. ₹2cr in H1-21) while PAT margin doubled y-y to 50%.

UTI RSL	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
AUM (₹ Cr)	1,22,201	1,35,590	1,43,791	1,58,771	1,66,210	1,76,338	1,86,716

Source: Company, Way2wealth Research

UTI International

- UTI International’s flagship India Debt Opportunities Fund (IDOF) has garnered strong interest from the international investor community. The AUM of UTI International has grown 112% to ₹34,536cr from ₹16,300cr last year. Operating Revenue for H1-22 grew 100% y-y to ₹55cr from ₹27cr last year, while PAT (post adjustment of MTM gains) has increased to ₹16cr from ₹(3)cr.
- Including the MTM gains, the PAT for H1-22 stood at ₹92cr vs. ₹64cr last year.

Key Risks

UTI AMC operates in the financial services sector. A large part of the group’s income is based on the growth in their AUM, which forms the basis of the fees received by the management. The growth in AUM is based on the management’s competency towards securities’ selection, performance of the capital markets, investors’ demand towards company’s products and the macro-economic situation of the country. Change in any of these factors can impact the margin and profitability of the company.

Road Ahead

A large part of the SIP contributions came via digital distributors/UTI’s digital app. This has renewed the company’s vigour in enhancing its digital footprint. As part of its revenue growth strategy, UTI MF plans to tie up with more digital platforms and FinTech services. **Given the low-cost, wide-reach of such platforms, this strategy will allow UTI MF to lower its customer acquisition cost and make its products accessible to a larger pool of investors.**

View

UTI AMC continues to report strong growth across all business segments – Mutual Fund, RSL and International – while keeping a tight leash on its operating expenses, thus allowing operating leverage benefits to play out. As a result PAT has witnessed exponential growth over the past 2 years. Considering the strong growth traction and attractive valuation, **we continue to recommend this stock as a BUY at the current levels.**

16th November 2021

CMP – ₹1071/-

View – Accumulate on dips

Particulars	H1-22	H1-21	Q2-22	Q1-22	Q2-21	Q1-21	FY-21
Revenue	620	388	322	298	217	171	889
Sale of services	542	359	280	261	199	160	807
(-) Op. Expenses	292	265	147	149	129	137	552
Employee Expense	195	189	100	94	91	98	379
EBITDA	328	123	175	149	88	35	337
EBIT	310	105	166	140	79	27	301
(+) Net Gain / (Loss) on FV chng	104	149	58	46	59	90	280
PBT	415	271	225	190	147	125	603
PAT	354	220	199	155	119	102	494
EPS	28	17	16	12	9	8	39
Net Worth	3,360	3,006	3,360	N/A	3,006	N/A	3,226
ROE (%)	21%	15%	24%	N/A	16%	N/A	15%
Mutual Fund AUM (₹ Cr)	2,08,971	1,55,200	2,08,971	1,87,210	1,55,200	1,33,631	1,82,850
(bps)							
Revenue*	43	42	44	46	47	43	40
(-) Op.Ex*	23	27	23	25	26	33	24
EBITDA*	20	15	21	28	21	10	16

*Based solely on the Mutual Fund business' metrics

Comparison with other listed players

	H1-22				FY-21			
	UTI AMC	HDFC AMC	Nippon AMC	ABSL AMC	UTI AMC	HDFC AMC	Nippon AMC	ABSL AMC
MF AUM	2,08,971	4,38,900	2,65,500	3,00,300	1,82,850	4,15,600	2,38,600	2,70,751
Revenue	620	1,049	630	635	889	1,853	1,062	1,068
(-) Op. Exp.	292	257	259	252	552	388	505	467
Employee Exp.	195	163	143	145	379	227	271	241
EBITDA	328	792	371	383	337	1,464	558	601
PBT	415	927	519	436	603	1,749	877	696
PAT	354	690	395	328	494	1,326	680	526
EPS	13	32	6	11	39	62	11	18
CMP (₹)	1,150	2,670	430	635	583	2,919	338	N/A
Market Cap.	14,581	56,915	26,336	18,288	7,392	62,147	20,701	N/A
P/E	21	41	33	28	15	47	30	N/A
P/S	12	27	21	14	8	34	19	N/A
Price/AUM (%)	7%	13%	10%	6%	4%	15%	9%	N/A
(bps)								
Revenue	43*	48	47	42	40*	45	45	39
(-) Op.Ex	23*	12	20	17	24*	9	21	17
EBITDA	20*	36	28	26	16*	35	23	22

*Based solely on the Mutual Fund business' metrics

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Aarti	UTI Asset Management Company Ltd.
Name of the analyst	Harshil Gandhi
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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