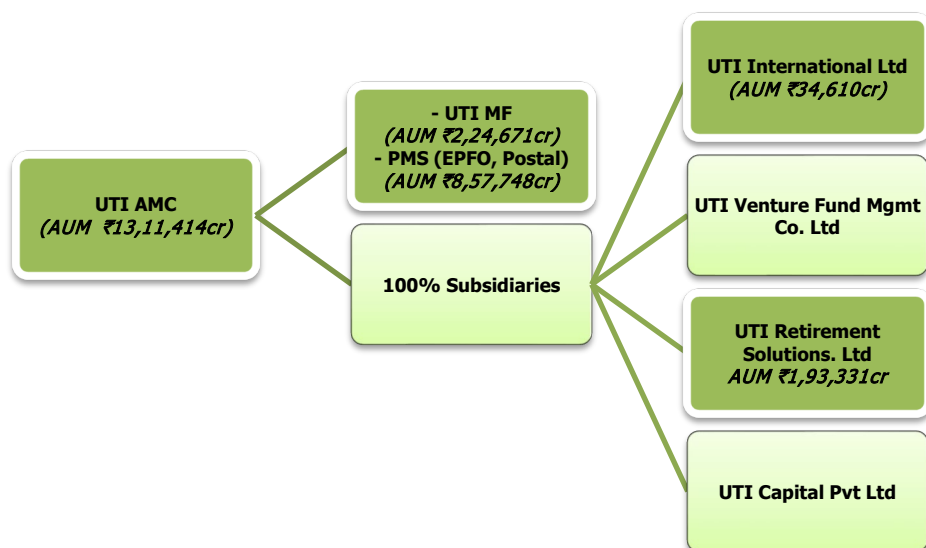


### Q3FY22 Snapshot

### Important Statistics



<b>M.Cap (₹bn)</b>	₹103.15
<b>52 Week H/L (₹)</b>	1,216.20/538.00
<b>NSE Code</b>	UTIAMC
<b>BSE Code</b>	543238

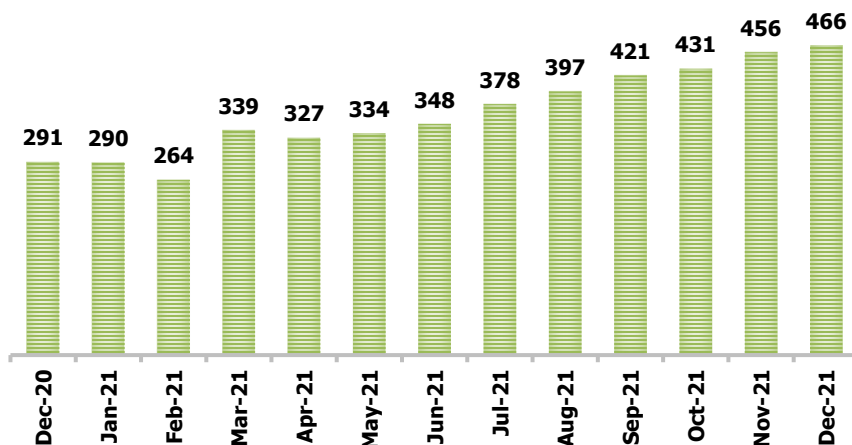
<b>Shareholding pattern (%)</b>	<b>Dec'21</b>
Promoter Holding	0
FII	5.45
DII	84.27
Public	10.28

During the quarter, the flagship Mutual Fund business' AUM grew by ₹16,000Cr Q-o-Q to ₹2,24,671Cr. However, revenue translation de-grew 5% Q-o-Q to ₹216Cr as a large part of the inflows were towards low-yield ETF and Index Funds. On a 9MFY22 basis, the topline witnessed a 30% Y-o-Y growth to ₹642Cr on account of strong growth seen in H1FY22.

Growth in the group's topline was further propelled by the 24% Q-o-Q revenue growth witnessed in UTI International on account of strong growth in its AUM, introduction of a new listed fund and increasing yields.

Adjusting for mark-to-market gains, UTI AMC witnessed an EBIT growth of ~175% Y-o-Y on a 9MFY22 basis.

### MONTHLY GROSS SIP INFLOW (₹ CR)



Source: Company, Way2wealth Research

### Mutual Fund business

- During the quarter, the Mutual Fund business added 2.06 lakh folios, resulting in a total of 1.16cr live folios. Average SIP inflows during the quarter grew by ~50% to ₹450Cr (from ₹~300Cr in Q3FY21).
- A large part of the MF business' inflows during the quarter were towards ETF and Index Funds resulting in a 72% Y-o-Y growth in the ETF and Index Funds' AUM to ₹53,000Cr, significantly higher than the 36% Y-o-Y growth witnessed in the overall MF AUM.
- A large part of the inflows in ETF and Index Funds were towards the flagship NIFTY ETF Fund, wherein UTI MF charges a nominal fee of 7bps, which is significantly lower than the 70-90bps charged for vanilla stock funds. This primarily limited the Q-o-Q growth in this quarter's topline.

Avg. MF AUM (₹ Cr)	Q3FY21	Q3FY22	Growth (%)
UTI MF	1,65,359	2,24,671	36%
Industry	29,70,000	38,20,000	29%

Source: Company, Way2wealth Research

### International business

- The business launched a new, Amsterdam-listed, Bond ETF fund called UTI India Sovereign Bond ETF, which tracks the Nifty India Select 7 Government Bond Index.
- CY-21 witnessed the AUM rise by ₹~13,000Cr, of which ₹1,100Cr was on account of value appreciation while the remaining was on account of fresh inflows.
- As average yields from the International business increased from last year's 26bps to 35bps, the strong inflows resulted in 9MFY22 revenue doubling Y-o-Y to ₹90Cr.
- In spite of paying a higher trail fee of ₹14Cr during the quarter, the business reported a profit of ₹10Cr in the quarter vs. ₹(-2)Cr in Q3FY21, adjusting for mark-to-market gains.

### UTI Retirement Solutions Limited (RSL)

UTI RSL maintained its 28% share in the NPS market, with a 22% Y-o-Y AUM growth to ₹1,93,331Cr. The stellar growth in revenues to ₹68Cr in 9MFY22 from ₹11Cr in 9MFY21 was primarily on the back of the regulator changing the fee structure to an AUM-slab based model from a fixed rate model. While the regulator also charges NPS managers a higher fee when switching to the new model, RSL's high operating leverage kept its 9-months PAT elevated at ₹32Cr vs. ₹2Cr last year.

UTI RSL	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
AUM(₹ Cr)	1,22,201	1,35,590	1,43,791	1,58,771	1,66,210	1,76,338	1,86,716	1,93,331

### UTI AMC Group

	Revenue Break-up							
(₹ Cr)	9MFY22	9MFY21	Q3-22	Q2-22	Q1-22	Q3-21	Q2-21	Q1-21
<b>Sale of Services</b>	<b>824</b>	<b>571</b>	<b>282</b>	<b>280</b>	<b>260</b>	<b>211</b>	<b>199</b>	<b>159</b>
UTI Mutual Fund	642	493	216	220	206	183	174	136
PMS (EPFO, Postal)	20	14	7	7	6	5	5	4
UTI International	91	43	36	29	26	17	14	12
UTI RSL	68	11	23	23	22	4	4	3
UTI Capital	4	5	1	1	2	1	2	2

### Key Risks

As the group is operating in the financial services sector, a large part of the 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 asset allocation, performance of the capital markets, investors' demand towards the company's products and the macro-economic situation of the country. Change in any of these factors will impact the margin and profitability of the company.

### Road Ahead...

The Mutual Fund business plans to launch new ETF funds with significantly higher yields than the NIFTY ETF Fund. These include a number of multi-cap funds which the company believes will cater to retail investors looking for exposure to the broader market and smart beta funds which they believe will be suitable for seasoned investors. **In a bid to curtail costs and expand its footprint, UTI continues its endeavour of tying up with digital platforms and FinTech services for product distribution.**

### View

While inflows are expected to remain strong across businesses, continued pressure on the yield is a dampener. However, UTI is quick to course-correct and is looking to introduce new higher yielding ETF funds for investors across the board. The company's initiatives on the Digital front for product distribution will help in optimizing its costs, thus improving profitability. **Considering the strong fundamentals, we recommend investors to HOLD the stock at the current level.**

22<sup>nd</sup> February 2022

CMP – ₹812.90/-

View – Hold

Financials

Particulars	9MFY22	9MFY21	Q3FY22	Q2FY22	Q1FY22	Q3FY21	Q2FY21	Q1FY21	FYFY21
<b>Revenue</b>	<b>925</b>	<b>614</b>	<b>305</b>	<b>322</b>	<b>298</b>	<b>226</b>	<b>217</b>	<b>171</b>	<b>889</b>
Sale of services	824	571	282	280	261	212	199	160	807
<b>Less: Op. Expenses</b>	<b>441</b>	<b>422</b>	<b>149</b>	<b>147</b>	<b>149</b>	<b>156</b>	<b>129</b>	<b>137</b>	<b>552</b>
Employee Expense	292	305	97	100	94	116	91	98	379
<b>EBITDA</b>	<b>484</b>	<b>193</b>	<b>156</b>	<b>175</b>	<b>149</b>	<b>70</b>	<b>88</b>	<b>35</b>	<b>337</b>
<b>EBIT</b>	<b>457</b>	<b>166</b>	<b>147</b>	<b>166</b>	<b>140</b>	<b>60</b>	<b>79</b>	<b>27</b>	<b>301</b>
(+)Net Gain/ (Loss) on FV change	108	265	4	58	46	116	59	90	280
<b>PBT</b>	<b>563</b>	<b>451</b>	<b>148</b>	<b>225</b>	<b>190</b>	<b>180</b>	<b>147</b>	<b>125</b>	<b>603</b>
<b>PAT</b>	<b>481</b>	<b>361</b>	<b>127</b>	<b>199</b>	<b>155</b>	<b>140</b>	<b>119</b>	<b>102</b>	<b>494</b>
EPS	38	28	10	16	12	11	9	8	39
Net Worth	-	-	-	3,360	-	-	3,006	-	3,226
ROE (%)	-	-	-	24%	-	-	16%	-	15%
CMP (₹/share)	813	556	813	1,066	854	556	-	-	583
<b>Market Cap (₹ Cr)</b>	<b>10,315</b>	<b>7,049</b>	<b>10,315</b>	<b>13,515</b>	<b>10,828</b>	<b>7,049</b>	-	-	<b>7,392</b>
P/E	16	15	20	17	17	13	-	-	15
P/S	8	9	8	10	9	8	-	-	8
<b>(bps) – MF Only</b>									
Revenue	43	45	40	44	46	46	47	43	43
Less: Op.Ex	23	30	21	23	25	31	26	33	26
EBITDA	20	16	20	21	28	15	21	10	17

Break-up of PAT

	9MFY22	9MFY21	Q3FY22	Q2FY22	Q1FY22	Q3FY21	Q2FY21	Q1FY21
<b>UTI AMC - Overall</b>								
Reported PAT	481	365	126	199	156	141	120	106
Less: M2M Gains	108	266	3	58	47	117	58	90
Adjusted PAT	373	100	123	141	109	24	62	16
<b>UTI MF / PMS</b>								
Reported PAT	343	238	104	120	119	81	89	69
Less: M2M Gains	29	138	1	2	26	55	29	53
Adjusted PAT	314	100	103	118	93	26	60	16
<b>UTI International</b>								
Reported PAT	104	122	12	67	25	58	29	35
Less: M2M Gains	78	127	2	55	21	60	30	37
Adjusted PAT	26	-5	10	12	4	-2	-1	-2
<b>UTI RSL</b>								
Reported PAT	33	3	11	11	11	1	1	1
Less: M2M Gains	1	1	0	0	0	4	-1	-1
Adjusted PAT	33	2	11	11	11	-3	2	2
<b>UTI Capital / Venture</b>								
Reported PAT	1	2	-1	0	1	1	1	1
Less: M2M Gains	1	0	0	1	0	-2	1	1
Adjusted PAT	0	3	-1	0	1	3	0	0

Comparison with other listed players

(₹ cr)

	9MFY22				FY21			
	UTI AMC	HDFC AMC	Nippon AMC	ABSL AMC	UTI AMC	HDFC AMC	Nippon AMC	ABSL AMC
<b>MFAUM</b>	<b>2,24,671</b>	<b>4,47,100</b>	<b>2,80,600</b>	<b>2,98,800</b>	<b>1,82,850</b>	<b>4,15,600</b>	<b>2,38,600</b>	<b>2,70,751</b>
<b>Revenue</b>	<b>925</b>	<b>1,599</b>	<b>969</b>	<b>969</b>	<b>889</b>	<b>1,853</b>	<b>1,062</b>	1,068
<b>Less: Op.Ex</b>	<b>441</b>	<b>393</b>	<b>386</b>	<b>346</b>	<b>552</b>	<b>388</b>	<b>505</b>	467
<i>EmployeeExp.</i>	292	241	216	186	379	227	271	241
<b>EBITDA</b>	<b>484</b>	<b>1,206</b>	<b>583</b>	<b>624</b>	<b>337</b>	<b>1,464</b>	<b>558</b>	601
<b>PBT</b>	<b>563</b>	<b>1,413</b>	<b>754</b>	<b>685</b>	<b>603</b>	<b>1,749</b>	<b>877</b>	696
<b>PAT</b>	<b>481</b>	<b>1,050</b>	<b>569</b>	<b>514</b>	<b>494</b>	<b>1,326</b>	<b>680</b>	526
EPS	13	49	9	18	39	62	11	18
CMP (₹)	813	2,172	304	510	583	2,919	336	-
<b>Market Cap.</b>	<b>10,315</b>	<b>46,290</b>	<b>18,610</b>	<b>14,690</b>	<b>7,392</b>	<b>62,147</b>	<b>20,579</b>	-
P/E	16	33	25	21	15	47	30	-
P/S	8	22	14	11	8	34	19	-
Price/AUM (%)	5%	10%	7%	5%	4%	15%	9%	-
<b>(bps)</b>								
Revenue	43	49	49	44	43	47	48	44
Less: Op.Ex	23	12	20	16	26	10	23	19
EBITDA	20	32	29	24	17	37	25	25

\*Based solely on the Mutual Fund business' metrics

22<sup>nd</sup> February 2022

CMP – ₹812.90/-

View – Hold

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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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