Dated: 20th Oct 2025

UTI AMC (UTIAM) - ADD

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1,402	**Rs.1,560**

Rationale:

- UTI reported sharp decline in earnings due to lower other income. Core earnings declined 6% yoy and were flat qoq.
- UTI has launched a voluntary retirement scheme for nearly one-third of its employees, which would entail a large upfront cost and lower cost base thereafter.
- SIP market share trends are stable, but overall flow momentum remains soft.
- Downgrade the stock to ADD (from BUY), with Fair value of 1,560.

Q2FY26 Earnings Update:

Positives:

- Overall Asset Under Management ("AUM") increased 11% yoy (2% qoq), led by Mutual funds ("MF"), pension and Portfolio Management services ("PMS").
- MF AUM rose 10% yoy (5%qoq), with equity AUM up 3% yoy (4%qoq).
- Over the medium-to-longer term, the new CEO aims to utilize part of these gains towards workforce realignment (i.e. improve the share of customer-facing roles viz-a-viz managerial roles, etc) and branding and digital investments.

Negatives:

- Overall Cost-income remains elevated at 60% versus 55% in Q2 FY25.
- UTI's operating performance has been weak over the past few years, driven by low fund performance.
- Blended MF revenue yield (calc) was 1% lower qoq at 34bps. Ex-pension assets, yield were at 39bps in Q2 FY26 compared with 40bps in Q1 FY26.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

FUNDAMENTAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan
Head of Research
shrikant.chouhan@kotak.com
+91 22 6218 5408

Arun Agarwal
Auto/Auto Ancillary, Building Material
Cement, Consumer Durable
arun.agarwal@kotak.com
+91 22 6218 6443

Amit Agarwal, CFA
Transportation, Paints, FMCG
agarwal.amit@kotak.com
+91 22 6218 6439

Rini Mehta
Research Associate
rini.mehta@kotak.com
+91 22 6218 6433

Sumit Pokharna
Oil and Gas, Information Tech
sumit.pokharna@kotak.com
+91 22 6218 6438

K. Kathirvelu
Support Executive
k.kathirvelu@kotak.com
+91 22 6218 6427

Pankaj Kumar
Construction, Capital Goods & Midcaps
pankajr.kumar@kotak.com
+91 22 6218 6434

Amarjeet Maurya
Internet Software & Services
amarjeet.maurya@kotak.com
+91 22 6218 6427

Veer Trivedi
BFSI
veer.trivedi@kotak.com
+91 22 6218 6432

TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan
shrikant.chouhan@kotak.com
+91 22 6218 5408

Amol Athawale
amol.athawale@kotak.com
+91 20 6620 3350

Sayed Haider
sayed.haider@kotak.com
+91 22 62185458

DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

Sahaj Agrawal
sahaj.agrawal@kotak.com
+91 79 66041701

Prashanth Lalu
prashanth.lalu@kotak.com
+91 80 61563691

Prasenjit Biswas, CMT, CFTe
prasenjit.biswas@kotak.com
+91 33 6638 8331

Karan Kulkarni
karan.kulkarni@kotak.com
+91 20 66203350

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