



## UTI AMC Upcoming IPO – 5 Things to Know

### Background

UTI AMC said on Wednesday that it will sell up to 8.25% stake through an initial public offering (IPO) as it looks to divest the stake held by State Bank of India (SBI). The executive committee of the board at a meeting held on Thursday approved the move, UTI AMC said in an exchange filing. UTI AMC will offer for sale up to 1,04,59,949 equity shares, it said. UTI AMC is India's oldest mutual fund. SBI, Life Insurance Corporation, Punjab National Bank (PNB) and Bank of Baroda (BoB) own 18.5 percent stake each in it. The US-based T Rowe Price holds 26 percent stake in the asset management company.

### UTI AMC Financials

As of October 2019, Total AUM – Rs 1.55 lakh cr and Rs 69825.9 cr Equity AUM

Capital Structure - 12.679 cr paid up equity shares

Its FY19 Financial performance is as below -

UTI AMC	(Rs Cr)	FY19	FY18	Change
	<b>Revenue</b>	1081	1152	-6%
	<b>Total operating Costs</b>	585	613	-5%
	<b>PBT</b>	497	539	-8%
	<b>NET Profit</b>	352	397	-11%

### Listed Peers Performance & Valuations

(Rs Cr)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20
<b>HDFC AMC AUM</b>	301100	292600	329100	343900	356700	366200
<b>RNAM AUM</b>	407400	404800	414400	422100	430661	453000
<b>HDFC Equity AUM</b>	95700	144900	146500	164300	168900	165100
<b>RNAM Equity AUM</b>	970	1008	1027	1080	1157	110000
<b>HDFC Revenue</b>	471	480	477	487	504	498
<b>RNAM Revenue</b>	394	391	350	343	325	300
<b>HDFC Total operating Costs</b>	207	218	165	133	123	122
<b>RNAM Total operating Costs</b>	262	262	241	185	180	164
<b>HDFC PBT</b>	295	297	368	354	382	427
<b>RNAM PBT</b>	163	162	163	212	180	137
<b>HDFC NET Profit</b>	205	206	243	276	292	368
<b>RNAM NET Profit</b>	112	113	110	152	126	137

HDFC AMC	(Rs Cr)	Q2FY20	Q1FY20	Change
	AUM	366200	356700	3%
	Valuation as % of Equity AUM	42%	33%	27%
	Revenue	498	504	-1%
	Total operating Costs	122	123	-1%
	PBT	427	376	14%
	NET Profit	368	292	26%
RNAM	(Rs Cr)	Q2FY20	Q1FY20	Change
	AUM	453000	430661	5%
	Valuation as % of Equity AUM	20%	14%	42%
	Revenue	300	325	-8%
	Total operating Costs	164	180	-9%
	PBT	158	180	-12%
	NET Profit	137	126	9%

## Valuation

	HDFC AMC	Nippon (RNAM)	UTI Amc
Mcap	68855	21657	11728
Equity aum (latest)	165100	110000	69825.9
Valuation as % of Equity AUM	42%	20%	17%

UTI AMC currently trades at 17% of its total equity AUM number. HDFC AMC trades at 42% and RNAM trades at 20% of their respective equity AUM numbers.

Valuation derived from the below for UTI AMC -

CMP in unlisted market	925
paid up capital	12.679 cr shares
Implied Mcap	11728.075

## Conclusion

Only upside is if market compares with hdfc amc or RNAM but of course they have much higher AUMs and equity AUMs and hence the higher valuations. Plus Both RNAM and HDFC AMC have great managements, so market has assigned premium for that as well.

One more upside if they increase their AUM, but again both of the given probable scenarios are just probable, we don't know what's going to happen!

This note does not serve as a recommendation; it is just for study purpose.

Thanks for Reading,

Aditya Kondawar.