

SBI Funds Management Ltd.

Company Overview:

Incorporated in 1992, **SBI Funds Management Ltd. (SBIFM)**, is the oldest and the largest Asset Manager in India in terms of Quarterly Average Assets Under Management (QAAUM) and market share. SBIFM is a joint venture between State Bank of India (India's largest bank) and Amundi Asset Management (largest European Asset Manager), leveraging SBI's domestic franchisee with Amundi's global expertise. The company serves a large unique investor base of 18 mn, offering a wide range of investment products comprising of equity funds, debt funds, hybrid funds, ETFs, and portfolio management services (PMS). Mutual fund schemes across categories stood at 128 (Mar'26). As of Mar'26, its total QAAUM stands at Rs 29.5 tn, which comprise of MF QAAUM of Rs 12.5 tn, commanding a MF market share of 15.3%. Active MF QAAUM stood at Rs 8.5 tn, with Equity-oriented QAAUM of Rs 5.8 tn, contributing ~46% to its total MF QAAUM. Furthermore, SBIFM also provides investment management and advisory services to offshore India-focused funds.

Key Highlights:

1. Scale drives operating efficiency: As the largest AMC in India, SBIFM benefits from strong operating leverage underpinned by competitive advantages across research, operations and profitability. Resultantly, it commands the lowest operating expense ratio among the top 10 AMCs in India. In FY26, SBIFM's operating expenses (as % of QAAUM) stood at 0.08% against an average range of 0.1-0.25% among the top 10 AMCs. MF QAAUM has grown at a CAGR of ~17.0% between FY24-26 driven by strong brand proposition, customer franchisee and resilient investor demand. The equity, equity-oriented and equity-hybrid QAAUM (excluding arbitrage and including overseas fund of funds) grew at a CAGR of 21.8% over the same period.

2. Largest PMS provider: SBIFM is India's largest portfolio service provider by PMS and advisory AUM and commands a market share of 39.7% in the PMS segment. Further, it has the largest AUM of Rs 2,995 cr in the Specialized Investment Fund (SIF) segment, representing a 28.2% market share as of Mar'26. A significant component of the PMS business has historically been derived from its mandate to manage a portion of the statutory provident fund institution in India's corpus. It commands ~49.9% market share in the institution's equity corpus under management, reflecting the depth of its institutional track record. Also, the institutional PMS platform services a diverse and growing range of clients which includes insurance companies, pension funds, other provident and gratuity funds, endowments and foreign portfolio investors, ensuring that the PMS revenue base is broad-based and extends well beyond any single institutional mandate.

3. Resilient SIP franchise: The company's leadership position in SIPs with 16.2 mn live SIP accounts represents a market share of ~15.5% by SIP count and a market share of 11.4% of MF industry SIP inflows as of Mar'26, reflecting the strength of its strong brand proposition, resilient retail franchise and high investor retention. Furthermore, ~65.2% of its SIP count are from B30 cities underpinned by SBI's extensive physical network across India which acts as a structural advantage in reaching retail investors in B30 cities, many of whom are first-time mutual fund investors. SIP persistency rates (>37 months) stands at ~98% (as of Mar'26), reflecting the long-term nature of its investor relationships and the role of the SBI brand in sustaining investor confidence across market cycles.

Issue Details	
Date of Opening	14 th July 2026
Date of Closing	16 th July 2026
Price Band (Rs)	545 – 574
Issue Size (Rs cr)	11,693 @UB
Offer for sale (Rs cr)	11,693 @UB
Issue Size (No. of shares)	20,37,09,239
Face Value (Rs)	1.0
Shareholder Reservation (SBI)	1,30,55,629 shares
Employee Reservation (SBI)	29,87,076 shares
Employee Reservation (SBIFM)	2,70,271 shares
Employee Discount (Rs)	54
Post Issue Market Cap (Rs cr)	1,11,007 – 1,16,914
BRLMs	Kotak Mahindra Capital Company Ltd., Axis Capital Ltd., BofA Securities India Ltd., HSBC Securities and Capital Markets (India) Pvt. Ltd., ICICI Securities Ltd., Jefferies India Pvt. Ltd., JM Financial Ltd., Motilal Oswal Investment Advisors Ltd., SBI Capital Markets Ltd.
Registrar	KFin Technologies Ltd.
Bid Lot	26 shares and in multiples thereof
QIB shares	50%
Retail shares	35%
NIB shares	15%

Shareholding Pattern		
Pre-Issue	No. of Shares*	%
Promoter & Promoter Group	2,00,00,00,000	98.2
Public & Others	3,68,27,612	1.8
Total	2,03,68,27,612	100.0

Post Issue @ Upper Price Band	No. of Shares*	%
Promoter & Promoter Group	1,79,62,90,761	88.2
Public & Others	24,05,36,851	11.8
Total	2,03,68,27,612	100.0

*We have not considered unvested warrants, ESOPs and convertible securities in the shareholding pattern.

Selling Shareholding	Classification	No. of Shares
State Bank of India	Promoter	12,83,34,397
Amundi India Holding	Promoter	7,53,74,842
Total		20,37,09,239

Source: RHP, SBICAP Securities Research

Note: SBI Capital Markets Ltd. is the BRLM to the issue and hence as per compliance led restrictions, SBI Securities Ltd. cannot assign any rating to the issue. IPO note can be used to understand the business model and decode the key operational and financial metrics.

4. Strong parentage: The company benefits from the dual parentage of SBI and Amundi that combines SBI's wide domestic distribution franchise with Amundi's global asset management capabilities, creating a structurally differentiated platform in the asset management industry. SBI's parentage provides SBIFM with the ability to integrate with the YONO platform, providing access to SBI's 100+ mn YONO users. Also, SBI's international presence across 246 touch points in 29 countries enable offshore business development and provide access to NRI investors. Furthermore, the relationship with Amundi has enabled SBIFM to build an international business comprising India-focused mandates across Europe, Middle East, Asia, and South America.

5. Diversified distribution reach: SBIFM maintains a pan-India distribution network comprising of 1,32,519 institutional and individual MFDs, which includes 1,22,460 IFAs, 9,964 NDs, and 95 banks (including SBI), proprietary branch network as well as direct digital channels (InvesTap and website) as of Mar'26. It maintains presence in ~98.2% of India's pin codes and hold the largest B30 AUM amongst the top 10 AMCs, representing 22.8% of the total MAAUM as against the industry average of 18.2%. This multi-channel distribution strategy ensures wider market coverage across the country whilst reducing concentration risk. Direct channel contributes ~57.7% of MAAUM (Monthly Average AUM) as of Mar'26.

Valuation: SBIFM is the largest Asset Manager in India with strong dual parentage of SBI and Amundi along with a strong position in active mutual fund schemes. Further, it derives synergies from the brand name and pan-India distribution reach of State Bank of India which augurs well for continued growth and deeper penetration. Between FY24-FY26 total QAAUM/MF QAAUM/ Equity QAAUM have grown at a CAGR of 14%/17%/22%, respectively. The company commands the lowest opex ratio (as a % of QAAUM) among industry peers showcasing scale benefits and operational efficiency. At the upper price band, SBIFM is valued at FY26 P/E multiple of 38.1x. Furthermore, the mutual fund industry in India is expected to grow at a CAGR of ~16-17% coupled with industry-wide SIP AUM growth at a CAGR of 23-26% between the forecast period of FY26-29P aided by rising financialization of savings, deeper penetration into B30 cities and increase in demat accounts, which augurs well for the company.



Key Financials

Particulars (Rs cr)	FY24	FY25	FY26
Revenue from Operations	2,691	3,598	4,389
Core Operating Income	1,983	2,775	3,472
PAT	2,073	2,540	3,067
Revenue Yield (bps)	29	34	35
Operating Yield (bps)	21	25	27
Operating Yield - excl passives (bps)	30	35	37
PAT Yield (bps)	23	24	25
Core PAT Yield (bps)	16	19	21
RoE (%)	36.1	33.8	43.0
P/E (x)*	56.4	46.0	38.1
P/BV (x)*	17.3	14.1	19.6

Source: RHP, SBICAP Securities Research

Note: Yields are calculated on MF and AIF QAAUM

*Based on upper price band

Risk Factors

- **Underperformance risk:** The performance of schemes is critical to retaining existing customers and attracting new customers which is an important factor in AUM growth. The AMC's investment strategies can perform poorly for several reasons, including general market conditions, competition, product offerings, investment decisions and the performance of the companies in which it invests on behalf of schemes. As revenue is largely dependent on the value and composition of AUM, any decrease in those aspects of AUM will likely result in a decline in revenue.
- **Market fluctuations:** SBIFM's business is heavily influenced by market fluctuations and overall economic conditions. Unfavorable market changes and economic downturns may result in customer withdrawals or a decrease in customer transactions, resulting in a decline in AUM and management fees which could significantly influence revenue, business prospects and financial conditions.
- **Scheme concentration risk:** As at Mar'26, the top 5 schemes by MF QAAUM accounted for ~42.6% of the total MF QAAUM, and the top 10 schemes by MF QAAUM accounted for ~59.5% of the MF QAAUM. Such concentration is primarily a function of investor preference for mature and established schemes with longer performance track records, larger asset bases, and wider distributor acceptance. Any adverse development or underperformance of these schemes for an extended period may impact business operations.
- **Failure to retain key personnel:** The business is highly dependent on existing Key Managerial Personnel (KMP), senior management and the investment team for their ability to provide strategic direction and to manage operations and meet future business challenges. The inability of SBIFM to attract or retain such persons could adversely affect its business.
- **Regulatory risk:** The company operates under a stringent regulatory regime, and any inability to comply with legal and regulatory obligations may expose it to regulatory proceedings and legal actions by the Securities and Exchange Board of India (SEBI). Further, changes to the mutual funds fee and commission structure, including the introduction of the Base Expense Ratio framework and reduction in TER caps, directly reduce the management fee and TER income. Also, the ongoing increase in the proportion of passive schemes within the AUM mix, which carry significantly lower management fees than actively managed schemes, may further compress operating margins and profitability.

Growth Strategy

- Deepen retail penetration in underserved markets by leveraging the wide distribution network.
- Strengthen digital capabilities to enhance investor engagement and operational productivity.
- Expand the product offerings and investment solutions across passive products, and alternative investment offerings.
- Capture international opportunities through structurally advantaged global positioning.

Investor Category-wise Eligibility

Sr. No.	Category	Max Bidding Limits (Rounded Off)	Min Limit (Rounded Off)	Max Limit (Rounded Off)	Minimum Lot	Maximum Lot
1	Only Retail	Upto Rs 2 lakhs	15,000	2,00,000	1	13
2	Small HNI (S-HNI)	Rs 2 lakhs to Rs 10 lakhs	2,00,000	10,00,000	14	67
3	Big HNI (B-HNI)	More than Rs 10 lakhs	10,00,000	-	68	No Upper Cap
4	Only Shareholder	Upto Rs 2 lakhs	15,000	2,00,000	1	13
5	Only Employee*	Upto Rs 5 lakhs	15,000	5,00,000	1	36
6	Shareholder + Retail	Rs 2 lakhs + 2 lakhs	30,000	4,00,000	2	26
7	Shareholder + S-HNI	Rs 2 lakhs + 2 lakhs to Rs 10 lakhs	2,15,000	12,00,000	15	80
8	Shareholder + B-HNI	Rs 2 lakhs + above Rs 10 lakhs	10,15,000	-	69	No Upper Cap
9	Employee + Retail	Rs 5 lakhs + 2 lakhs	30,000	7,00,000	2	49
10	Employee + S-HNI	Rs 5 lakhs + 2 lakhs to Rs 10 lakhs	2,15,000	15,00,000	15	103
11	Employee + B-HNI	Rs 5 lakhs + above Rs 10 lakhs	10,15,000	-	69	No Upper Cap
12	Employee + Shareholder	Rs 5 lakhs + 2 lakhs	30,000	7,00,000	2	49
13	Employee + Shareholder + Retail	Rs 5 lakhs + 2 lakhs + 2 lakhs	45,000	9,00,000	3	62
14	Employee + Shareholder + S-HNI	Rs 5 lakhs + 2 lakhs + 2 lakhs to Rs 10 lakhs	2,30,000	17,00,000	16	116
15	Employee + Shareholder + B-HNI	Rs 5 lakhs + 2 lakhs + above Rs 10 lakhs	10,30,000	-	70	No Upper Cap

*Assuming an employee discount of Rs 54 per share for the calculation of maximum lot for the Employee category

Source: RHP, SBICAP Securities Research

Segment-wise Quarterly Average AUM (QAAUM)

Particulars (Rs cr)	FY24	FY25	FY26	CAGR (FY24-FY26)
Equity, equity-oriented and equity-hybrids*	3,58,698	4,62,983	5,32,074	21.8%
Debt and debt-hybrid	1,24,583	1,46,855	1,71,276	17.3%
ETFs and Index Fund	3,18,201	3,41,686	4,05,526	12.9%
Arbitrage	27,075	31,792	43,208	26.3%
Liquid and Overnight Schemes	85,807	89,633	95,919	5.7%
SIF	-	-	2,995	-
Total Mutual Fund QAAUM (A)	9,14,364	10,72,949	12,50,998	17.0%
PMS and Advisory	13,39,486	15,48,986	16,87,899	12.3%
AIF	3,934	5,076	6,565	29.2%
Alternates QAAUM (B)	13,43,420	15,54,062	16,94,464	12.3%
Offshore schemes (C)	502	572	643	13.2%
Total QAAUM (D=A+B+C)	22,58,286	26,27,583	29,46,105	14.2%

*Excluding arbitrage and including overseas fund of funds
Source: RHP, SBICAP Securities Research

Revenue from Top 10 Schemes

Particulars (Rs cr)	FY24	FY25	FY26
Revenue from top 10 schemes in terms of MF QAAUM	1,321	1,644	1,954
Revenue generated from MF schemes in terms of MF QAAUM	2,600	3,425	4,207
Revenue from top 10 schemes as a % of revenue generated from MF schemes	50.8%	48.0%	46.4%

Source: RHP, SBICAP Securities Research

SIP Metrics

Particulars	As of Mar'26
Live SIP count (mn)	16.2
Active SIP value (Rs cr)	4,127
Monthly SIP inflow (Rs cr)	4,059
Average SIP Size (Rs)	2,545.7
SIP AUM (Rs cr)	1,72,917
B-30 SIP Penetration (%)	65.2%

Source: RHP, SBICAP Securities Research

SIP Growth Metrics

Particulars	FY24	FY25	FY26
Fresh SIPs Added (mn)	5.6	8.8	9.0
- B-30	3.6	6.0	6.1
- T-30	1.9	2.8	2.9
New Investors Added (mn)	4.0	6.3	5.3
Market share of Industry SIP Inflows (%)	12.9%	12.5%	11.4%
SIP Registered Persistency – 0-12 months (mn)	0.1	0.2	0.1
SIP Registered Persistency – 13-24 months (mn)	0.1	0.1	0.1
SIP Registered Persistency – 25-36 months (mn)	0.2	0.2	0.2
SIP Registered Persistency – 37 months and more (mn)	11.2	14.4	15.9

Source: RHP, SBICAP Securities Research

Distribution Channel Mix

Distribution Channel	FY24		FY25		FY26	
	Rs cr	% of Total MAAUM	Rs cr	% of Total MAAUM	Rs cr	% of Total MAAUM
Direct	5,36,179	57.7%	5,98,242	56.3%	7,00,712	57.7%
Third Parties	3,93,577	42.3%	4,63,747	43.7%	5,14,220	42.3%
Total MAAUM	9,29,756	100.0%	10,61,989	100.0%	12,14,932	100.0%

Source: RHP, SBICAP Securities Research

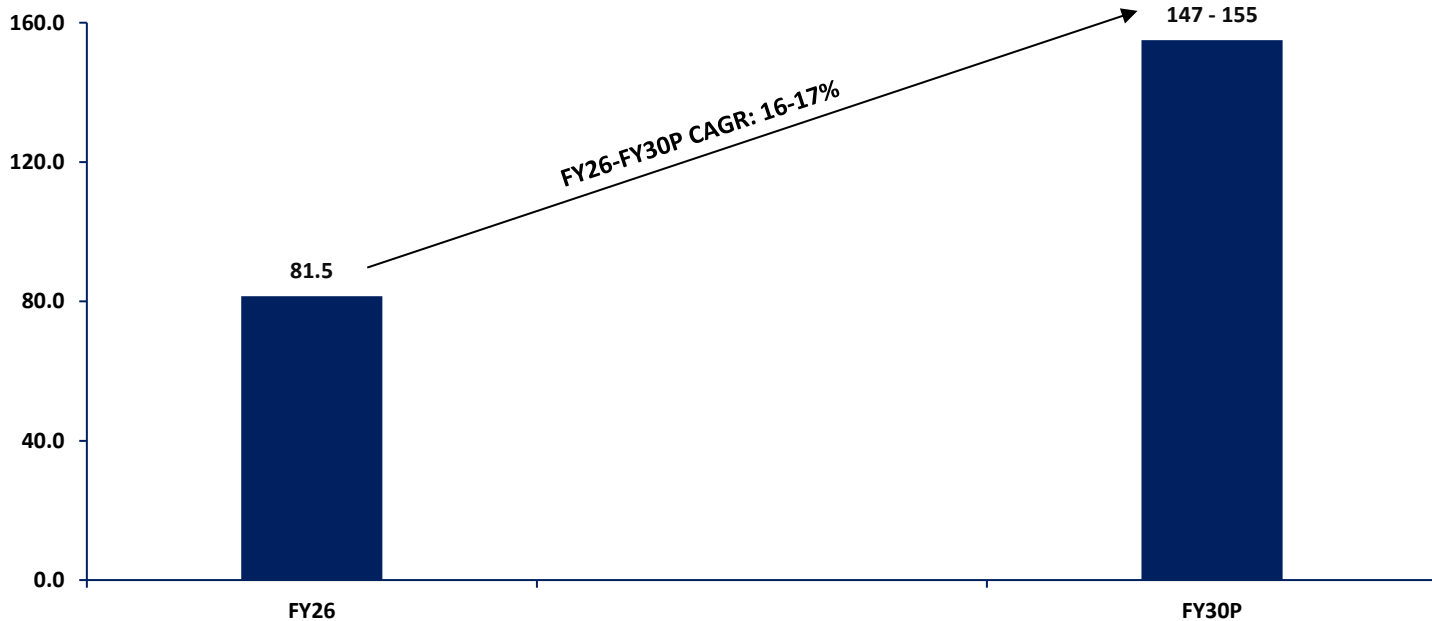
Geography-wise MF MAAUM Mix

Geographic Breakdown	FY24	FY25	FY26
Top-30 Cities MAAUM (Rs cr)	7,28,534	8,17,280	9,37,655
<i>% of Total MAAUM</i>	<i>78.4%</i>	<i>77.0%</i>	<i>77.2%</i>
B-30 Cities MAAUM (Rs cr)	2,01,222	2,44,709	2,77,277
<i>% of Total MAAUM</i>	<i>21.6%</i>	<i>23.0%</i>	<i>22.8%</i>
B-30 Equity MAAUM (Rs cr)	1,02,478	1,39,008	1,55,817
Pin Codes Reached	97.7%	97.8%	98.2%

Source: RHP, SBICAP Securities Research

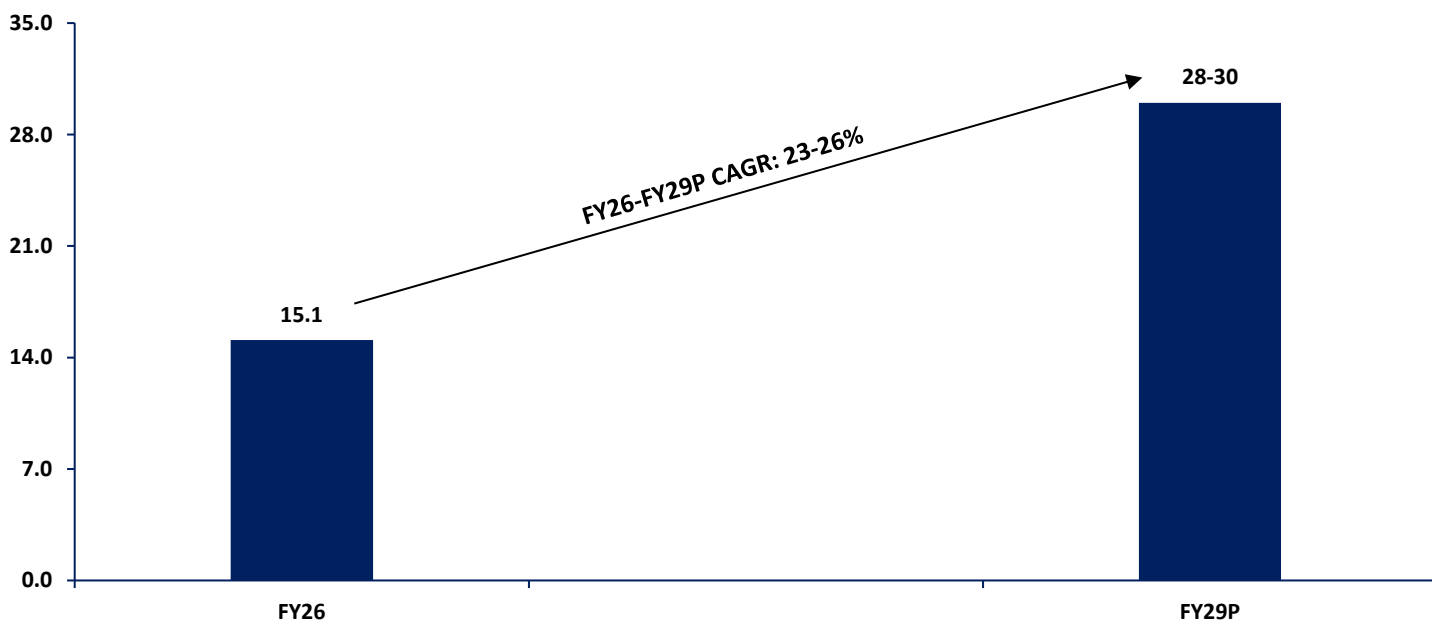
Industry Overview

Indian Mutual Fund QAAUM (Rs tn)



Source: RHP, SBICAP Securities Research

India SIP AUM (Rs tn)



Source: RHP, SBICAP Securities Research

Peer Comparison (FY26)

Particulars (Rs cr)	SBI Funds Management Ltd.	ICICI Prudential AMC Ltd.	HDFC AMC Ltd.	Nippon Life India Asset Management Ltd.	Aditya Birla Sun Life AMC Ltd.	UTI AMC Ltd.	Canara Robeco AMC Ltd.
Financials							
CMP	574	3,182	2,731	1,214	1,132	986	254
Revenue	4,389	5,765	4,122	2,709	1,845	1,698	425
Net Profit	3,067	3,298	2,859	1,528	975	472	204
Mkt Cap.	1,16,914	1,57,295	1,17,074	77,579	32,723	12,673	5,057
Net Profit Margin (%)	69.9	57.2	69.4	56.4	52.8	27.8	48.0
P/E (x)	38.1	47.7	40.9	50.8	33.6	26.8	24.8
Revenue Yield (bps)	35	52	44	37	42	44	36
RoE (%)	43.0	85.8	32.9	34.4	25.1	9.8	27.3
Operational Parameters							
Mutual Fund QAAUM	12,50,998	11,04,787	9,27,450	7,24,970	4,35,870	3,88,470	1,17,500
Equity-oriented QAAUM	5,32,074	6,20,401	6,05,000	3,29,875	1,97,400	95,824	1,06,900
% of Equity-oriented QAAUM	42.5	56.2	65.2	45.5	45.3	24.7	91.0
No. of Distributors	1,32,519	1,14,000+	1,09,000+	1,23,800+	93,700+	98,527	56,231
No. of Unique Investors (mn)	18.0	17.0	16.7	23.8	11.0	13.8	5.1

For SBI Funds Management Ltd., the Market cap, P/E(x) is calculated on post-issue equity share capital based on the upper price band.

*CMP is closing price as of 09th Jul'26.

Yields are calculated on MF QAAUM

Source: RHP, SBICAP Securities Research

Financial Snapshot

INCOME STATEMENT			
Particulars (Rs cr)	FY24	FY25	FY26
Investment Management Fees	2,610	3,438	4,234
PMS and Advisory Fees	80	160	155
Revenue from Operations	2,691	3,598	4,389
Operating Expenditures	707	823	918
Fees and commission expense	49	64	72
Employee Expense	368	421	441
Other Expense	290	338	405
Core Operating Income	1,983	2,775	3,472
Other Income	736	638	587
Depreciation	37	40	44
Finance Cost	8	9	9
Profit Before Tax	2,674	3,364	4,005
Tax	613	839	952
<i>Tax Rate (%)</i>	23	25	24
Profit After Tax	2,073	2,540	3,067
Core PAT	1,494	2,046	2,606
Reported EPS (Rs)	10.2	12.5	15.1

BALANCE SHEET			
Particulars (Rs cr)	FY24	FY25	FY26
Shareholders Fund	6,748	8,298	5,963
Share capital	51	51	204
Reserves and Surplus	6,697	8,247	5,759
Financial Liabilities	132	148	161
Trade Payables	20	20	24
Other Financial Liabilities	112	128	137
Non-Financial Liabilities	228	326	297
Current tax liabilities (Net)	0	0	0
Provisions	130	158	157
Deferred tax liabilities	74	140	106
Other Non-financial liabilities	23	29	34
Total Equity and Liabilities	7,107	8,772	6,420
Assets			
Financial Assets	6,820	8,336	5,921
Cash and cash equivalents	4	15	20
Balances with Banks	55	77	89
Trade Receivables	108	123	88
Investments	6,645	8,111	5,704
Other Financial Asset	8	9	20
Non-financial Assets	287	436	500
Fixed Assets	253	376	390
Intangible Assets	6	3	1
Other Non-financial Assets	28	56	109
Total Assets	7,107	8,772	6,420

RATIOS			
Particulars	FY24	FY25	FY26
Profitability			
Return on Assets	34.3%	32.0%	40.4%
Return on Equity	36.1%	33.8%	43.0%
Margin Analysis			
Revenue Yields (bps)	29	34	35
Operating Margin (bps)	21	25	27
PAT Yield (bps)	23	24	25
Core PAT Yield (bps)	16	19	21
EBITDA Margin (%)	73.7	77.1	79.1
Net Profit Margin (%)	77.0	70.6	69.9
Valuation Ratios*			
P/E (x)	56.4	46.0	38.1
P/B (x)	17.3	14.1	19.6

**Valuation ratios are based on upper price band*

Note: Yields are calculated on MF and AIF QAAUM

Source: RHP, SBICAP Securities Research

SBICAP Securities Limited

(CIN): U65999MH2005PLC155485

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Mafatlal Mill Compound, Lower Parel East, Mumbai 400013 .For any information contact us: **(022) 6854 5555 | E-mail: helpdesk@sbicapsec.com | Web: www.sbicapsec.com****Disclaimer:** Investment in securities market are subject to market risks, read all the related documents carefully before investing. | Research Disclaimer: https://bit.ly/R_disclaimer02 | This is for education/information purposes only. | Trade Name : -SBICAP Securities Limited | SEBI registration Number :- Stock Broker: INZ000200032 | DP Registration No.: IN-DP-314-2017 Research Analyst : INH000000602, IRDAI Corporate Agency Reg. No. CA0103; AMFI Reg. No. ARN-0011; PFRDA Reg. No. POP26092018.**DISCLOSURES & DISCLAIMERS:****Analyst Certification:** The views expressed in this research report ("Report") accurately reflect the personal views of the research analysts ("Analysts") employed by SBICAP Securities Limited (SSL) about any and all of the subject issuer(s) or company(ies) or securities. This report has been prepared based upon information available to the public and sources, believed to be reliable. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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DVP – Fundamental Research