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IPO Note:

SBI Funds Management Ltd - SUBSCRIBE

IPO Note: SBI Funds Management Ltd – Subscribe **13th July 2026**

SBI Asset Management Company (SBI AMC) is the largest asset management company in India with mutual fund QAAUM of ₹12.5 trillion and a market share of 15.3% as of March 31, 2026. The company has maintained its leadership position since March 2021 and manages total QAAUM of ₹29.5 trillion across mutual funds, portfolio management services (PMS) and other advisory mandates. SBI AMC is also India's largest passive asset manager, with ETF and index fund QAAUM of ₹4.1 trillion and a market share of 27.9%, while holding the leading position in the PMS segment with a market share of 39.7%. The company has demonstrated strong growth, with total QAAUM and mutual fund QAAUM growing at a CAGR of 14.2% and 17.0%, respectively, between March 2024 and March 2026.

SBI AMC is promoted by State Bank of India (SBI), India's largest bank with over 23,000 branches, more than 530 million customers and total assets exceeding ₹83 trillion as of March 31, 2026, and Amundi, Europe's largest asset manager and one of the world's top 10 asset managers, managing nearly €2.4 trillion in assets globally. This strategic partnership combines SBI's extensive domestic reach, trusted brand and customer franchise with Amundi's global investment expertise, research capabilities and international best practices, providing SBI AMC with a strong competitive advantage in the Indian asset management industry.

The company offers a diversified portfolio of 128 mutual fund schemes across equity, debt, hybrid, ETF, index, overseas and liquid funds, catering to a wide range of investor needs. Beyond mutual funds, it provides PMS, Alternative Investment Funds (AIFs), advisory mandates and international investment solutions, enabling it to serve retail, institutional and global investors through a comprehensive product suite. The company also benefits from its strong institutional credentials, having secured mandates from large domestic institutions and managing specialized investment platforms such as the Corporate Debt Market Development Fund (CDMDF).

SBI AMC has built one of the strongest retail franchises in the Indian asset management industry, serving over 18 million investors. It is a leader in Systematic Investment Plans (SIPs) with 16.21 million live SIP accounts and an 11.4% market share. Notably, 65.2% of its SIP accounts originate from B-30 cities, highlighting its deep penetration in tier-2 and tier-3 markets. The company operates a pan-India omnichannel distribution network comprising 1,32,519 mutual fund distributors, including 1,22,460 independent financial advisors (IFAs), 9,964 national distributors and 95 banking partners, supported by digital platforms such as SBI YONO and InvesTap. This extensive distribution reach, combined with a strong investment track record and growing retail participation, has enabled SBI AMC to maintain its market leadership and consistently attract investor inflows.

Investment Recommendation and Rationale: -

SBI AMC is well positioned to benefit from the long-term growth of India's asset management industry, backed by its market leadership across mutual funds, passive products and PMS, strong retail franchise, and extensive distribution network. Additionally, its strategic partnership with SBI and Amundi provides a unique combination of domestic reach and global asset management expertise, supporting sustainable AUM growth and profitability. At the upper price band of ₹574, the issue is valued at a P/E multiple of about 38.12× on its FY26 post-IPO EPS of ₹15.06. We give a 'SUBSCRIBE' rating to the issue for the following reasons:

1. Largest AMC in India with leadership across mutual funds, passive funds and PMS, benefiting from scale-driven operating leverage and strong profitability.

2. Strong retail and SIP franchise, supported by over 18 million investors and one of the largest SIP books in the industry, ensuring stable and recurring inflows.

3. Diversified product suite and multiple growth levers, including passive funds, PMS, SIFs, international mandates and deeper penetration into under-served markets.

4. Strong parentage, proven investment capabilities and robust governance framework, supporting long-term growth, investor confidence and sustainable value creation.

Issue Opens	**14th July, 2026**
Issue Closes	**16th July, 2026**
Type of Issue	OFS of 17,09,56,631 shares of ₹1 (agg. up to ₹9,813 Cr)
Issue size	**₹9,813 Cr**
Price Band	₹545 to ₹574 per share
Bid lot/ Bid Size	26 shares/ Rs. 14,924
Issue structure	QIB - 50%, HNI - 15%, Retail - 35%
Post issue equity shares	2,03,68,27,612 shares
Promoters and Promoter Group **Public**	Pre Issue – 1.81%|Post Issue – 10.20% Pre issue – 98.19%|Post Issue – 89.80%
Post issue implied market cap	₹1,16,913.90 Cr
BRLMs	Kotak Mahindra Capital Company Limited, Axis Capital Limited, BofA Securities India Limited, HSBC Securities and Capital Markets (India) Private Limited, ICICI Securities Limited, Jefferies India Private Limited, JM Financial Limited, Motilal Oswal Investment Advisors Limited, SBI Capital Markets Limited
Registrar to the issue	KFin Technologies Limited

Financial Summary and Key Performance Indicators

KPIs	Unit	FY2024	FY2025	FY2026
Total QAAUM	₹ billion	22,582.86	26,275.83	29,461.05
Total MF QAAUM	₹ billion	12,509.98	10,729.49	12,509.98
Active MF QAAUM	₹ billion	5,961.63	7,312.63	8,454.72
MF MAAUM - Investor wise (Individual)	₹ billion	4,295.88	5,163.07	5,818.20
MF MAAUM - Investor wise (Corporates & Others)	₹ billion	5,001.68	5,456.82	6,331.12
PMS & Advisory QAAUM	₹ billion	13,394.86	15,489.86	16,878.99
AIF QAAUM	₹ billion	39.34	50.76	65.65
Unique investors	Million	10.96	14.67	18.00
Revenue from operations	₹ million	26,905.58	35,977.57	43,894.88
Operating margin*	%	0.21%	0.25%	0.27%
Profit after tax	₹ million	20,727.85	25,401.54	30,673.76
Return on Equity	%	36.05%	33.77%	43.02%

Source: RHP

*Note: *Operating Margin (%) is calculated as operating profit (revenue from operations minus operating expenses) divided by the total QAAUM of Mutual Funds and AIFs at the end of the relevant financial year, expressed as a percentage.*

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The table below provides a split of MAAUM generated from direct and third-party distribution channels as at the dates indicated:

Distribution Channel	As at March 31, 2026		As at March 31, 2025		As at March 31, 2024	
	MAAUM (₹ billion)	% of Total MAAUM	MAAUM (₹ billion)	% of Total MAAUM	MAAUM (₹ billion)	% of Total MAAUM
Direct	7,007.12	57.68%	5,982.42	56.33%	5,361.79	57.67%
Third Parties	5,142.20	42.32%	4,637.47	43.67%	3,935.77	42.33%
Total MAAUM	**12,149.32**	**100.00%**	**10,619.89**	**100.00%**	**9,297.56**	**100.00%**

Source: Red Herring Prospectus (RHP)

The table below sets forth geographic breakdown of mutual fund MAAUM as at the dates specified:

Geographic Breakdown	As at March 31, 2026	As at March 31, 2025	As at March 31, 2024
Top-30 Cities MAAUM (₹ billion)	9,376.55	8,172.80	7,285.34
% of Total MAAUM	77.18%	76.96%	78.36%
B-30 Cities MAAUM (₹ billion)	2,772.77	2,447.09	2,012.22
% of Total MAAUM	22.82%	23.04%	21.64%
B-30 Equity MAAUM (₹ billion)	1,558.17	1,390.08	1,024.78
Pin Codes Reached	98.19%	97.81%	97.71%

Source: Red Herring Prospectus (RHP)

The table below sets forth revenue generated from top 10 schemes for Fiscals 2026, 2025, and 2024:

Particulars	As at March 31, 2026	As at March 31, 2025	As at March 31, 2024
Revenue from top 10 schemes in terms of mutual fund QAAUM (₹ million)	19,540.46	16,438.13	13,211.54
Revenue generated from mutual fund schemes in terms of mutual fund QAAUM (₹ million)	42,070.61	34,249.96	26,001.52
Revenue from top 10 schemes as a % of revenue generated from mutual fund schemes	**46.45%**	**47.99%**	**50.81%**

Source: Red Herring Prospectus (RHP)

The table below sets forth track record of investment performance across key schemes

Performance Metrics	As at March 31, 2026
Equity-Oriented Schemes	
Total Equity Schemes	22 (for three years) and 20 (for five years)
Schemes in Top Quartile (3-Year Performance)	5 schemes (25.51%)
Schemes in Top Quartile (5-Year Performance)	7 schemes (28.60%)
Hybrid Schemes	
Total Hybrid Schemes	11 (for three years) and 10 (for five years)
Schemes in Top Quartile (3-Year Performance)	4 schemes (25.42%
Schemes in Top Quartile (5-Year Performance)	4 schemes (35.87%)
Debt-Oriented Schemes	
Total Debt Schemes	16 (for three years) and 15 (for five years)
Schemes in Top Quartile (3-Year Performance)	3 schemes (7.63%)
Schemes in Top Quartile (5-Year Performance)	2 schemes (5.76%)

Source: Red Herring Prospectus (RHP)

Details of the Offer for Sale

Name of the Selling Shareholders	Type	Number of Equity Shares Offered	Weighted Average Cost of Acquisition per Equity Share (in ₹)
State Bank of India	PSS	Up to 128,334,397 Equity Shares of face value of ₹1 each aggregating to ₹ 73,664 million	0.15
Amundi India Holding	PSS	Up to 75,374,842 Equity Shares of face value of ₹1 each aggregating to ₹ 43,265 million	4.35

Source: Red Herring Prospectus (RHP)

Peer Comparison

Name of Company	Face Value Per Share (₹)	Revenue for Fiscal 2026 (in ₹ million)	EPS (₹) Basic	EPS (₹) Diluted	P/E	RONW (%)	NAV (₹ Per Share)
SBI Funds Management Limited	1.00	43,894.88	15.08	15.04	N.A.	43.02%	29.28
Peer Group							
ICICI Prudential Asset Management Company Limited	1.00	57,646.30	66.73	66.73	49.38	85.80%	84.39
HDFC Asset Management Company Limited	5.00	41,221.60	66.77	66.50	41.71	32.90%	215.42
Nippon Life India Asset Management Limited	10.00	27,087.40	24.05	23.63	51.10	34.50%	73.01
Aditya Birla Sun Life Asset Management Company Limited	5.00	18,450.30	33.76	33.68	34.46	25.53%	139.94
UTI Asset Management Company Limited	10.00	16,980.50	31.51	31.41	31.57	11.22%	350.50

Source: Red Herring Prospectus (RHP)

Competitive Strengths

1. Largest mutual fund AMC in India by AUM, benefiting from strong scale-driven operating leverage and profitability.
2. Leading PMS provider in India with a 39.7% market share and a strong presence in the emerging SIF segment, holding a 28.2% market share as of March 31, 2026.
3. Market-leading SIP franchise with a 15.5% share of live SIP accounts, supported by a highly sticky and diversified investor base.
4. Strong parentage benefits through access to State Bank of India’s extensive distribution network and Amundi’s global asset management expertise.
5. Robust process-driven investment framework supported by a strong track record of product innovation and consistent investment performance.
6. Extensive pan-India, multi-channel distribution network supporting broad market reach and customer diversification.
7. Robust technology platform and data-driven investor engagement capabilities enhancing customer experience and operational efficiency.
8. Strong governance standards and disciplined risk management framework supporting sustainable long-term growth and stewardship.

Source: Red Herring Prospectus (RHP)

Growth Strategies

1. Expand retail investor reach in underpenetrated markets by leveraging the company’s extensive distribution network.
2. Enhance digital capabilities to improve investor engagement, customer experience, and operational efficiency.
3. Broaden product offerings and investment solutions to cater to evolving investor needs and preferences.
4. Pursue international growth opportunities by leveraging the company’s strong global positioning and strategic advantages.

Source: Red Herring Prospectus (RHP)

Key Risks

1. Adverse capital market conditions could reduce AUM, management fee income, and TER revenue, while higher redemptions and lower SIP inflows may further accelerate AUM declines and impact financial performance.
2. The business is subject to extensive regulation by SEBI and other authorities; regulatory changes, compliance failures, or adverse findings during inspections could result in reputational, operational, and financial risks.
3. A significant portion of AUM is sourced from B-30 cities (22.82% as of March 31, 2026), where higher redemption volatility during market downturns could negatively impact AUM, revenues, and profitability.
4. Changes in mutual fund fee regulations, including lower TER caps, along with a rising share of lower-fee passive funds, could compress management fee income, margins, and overall profitability.

5. The company relies heavily on its distribution network, with the top five distributors contributing 25.26% of mutual fund MAAUM as of March 31, 2026; any disruption in distribution channels or weakening of key distributor relationships could impact investor acquisition, retention, and AUM growth.

Source: Red Herring Prospectus (RHP)

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