SBI Funds Management Limited

13-07-26

Subscribe

Shivam Gupta
shivamgupta@rathi.com

SHIVAM GUPTA Digitally signed by SHIVAM GUPTA Date: 2026.07.13 11:37:16 +05'30'

Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	98,129
Fresh Issue (No. of Shares in Lakhs)	-
Offer for Sale (No. of Shares in Lakhs)	1,709.6
Bid/Issue opens on	14-July-26
Bid/Issue closes on	16-July-26
Face Value	₹ 1
Price Band	545-574
Minimum Lot	26

Objects of the Issue

- **Fresh Issue: Nil**
- **Offer for sale: 98,129 million**

Book Running Lead Managers
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 Offer
KFin Technologies Limited

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	2,100.0
Subscribed paid up capital (Pre-Offer)	2,036.8
Paid up capital (Post - Offer)	2,036.8

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	98.2	89.8
Public	1.8	10.2
Total	**100**	**100**

Financials

Particulars (Rs. In Million)	FY26	FY25	FY24
Revenue from operations	**43,895**	**35,978**	**26,906**
Operating Expenses	9,177	8,233	7,073
EBIDTA	**34,718**	**27,745**	**19,833**
Other Income	5,866	6,384	7,355
Depreciation	438	400	375
EBIT	**40,146**	**33,729**	**26,813**
Interest	91	86	77
PBT before share of profit/loss of associate	**40,055**	**33,643**	**26,736**
Share of Profit /(Loss) of Associate	143	146	125
PBT	**40,198**	**33,789**	**26,861**
Tax Expense	9,524	8,388	6,133
Consolidated PAT	**30,674**	**25,401**	**20,728**
EPS	**15.1**	**12.5**	**10.2**
Ratio	**FY26**	**FY25**	**FY24**
EBITDAM	79.1%	77.1%	73.7%
PATM	69.9%	70.6%	77.0%
Sales growth	22.0%	33.7%	

Sector- Financial Services **Company Description**

Incorporated in 1992, SBI Funds Management Limited is India's largest asset management company ("AMC") by mutual fund Quarterly Average Assets Under Management (QAAUM), managing mutual fund QAAUM of ₹12,509,980 million with a 15.3% market share as of March 31, 2026. The company serves as the investment manager to SBI Mutual Fund, India's first mutual fund established outside the Unit Trust of India, and has maintained its leadership position in the domestic mutual fund industry since March 2021. Beyond its core mutual fund business, the company also manages Portfolio Management Services (PMS), Alternative Investment Funds (AIFs), Specialized Investment Funds (SIFs) and advisory mandates, taking its total QAAUM to ₹29,461,050 million as of March 31, 2026. SBI Funds operates an asset-light, fee-based business model, with revenue primarily derived from management fees linked to assets under management across its investment products.

SBI Funds benefits from a differentiated ownership structure through its joint promoters, State Bank of India (SBI) and Amundi Asset Management. SBI provides access to India's largest banking franchise with an extensive branch network, large customer base and digital banking ecosystem, while Amundi contributes global asset management expertise, international investment capabilities and access to overseas distribution platforms. The company leverages this dual-parentage model to distribute products across retail, institutional and international investor segments while also managing offshore India-focused investment mandates and advisory assets across Europe, the Middle East, Asia, Australia, Japan and South America. Digital distribution is driven through integration with SBI's YONO platform and the proprietary InvesTap application, which had 5.8 million downloads, 3.97 million registered users and 3.39 million active users as of March 31, 2026. SBI Funds has also established a strong retail franchise, with 17.95 million individual investors, individual mutual fund MAAUM of ₹5,818,200 million, B30 MAAUM of ₹2,772,770 million, and 16.21 million live SIP accounts, supported by initiatives such as the Jan Nivesh SIP launched in February 2025 to expand mutual fund penetration among first-time investors.

Valuation

SBI Funds Management Limited is India's largest asset management company ("AMC") by mutual fund Quarterly Average Assets Under Management (QAAUM), with a 15.3% market share as of March 31, 2026. The company operates an asset-light, fee-based business model through the management of mutual funds, Portfolio Management Services (PMS), Alternative Investment Funds (AIFs), Specialized Investment Funds (SIFs) and advisory mandates across equity, debt, hybrid, passive and overseas investment products. Backed by its joint promoters, State Bank of India (SBI) and Amundi Asset Management, the company benefits from SBI's extensive domestic distribution network and Amundi's global asset management expertise. SBI Funds also maintains leadership across passive assets, PMS and B30 mutual fund assets, supported by a diversified product portfolio, an omnichannel distribution network and a retail investor base of 18.0 million unique investors.

At the upper price band company is valuing at P/E at 38.1x and EV/EBITDA of 33.6x with to its FY26 earnings and market cap of Rs.11,69,139 million post issue of equity shares.

We believe that the IPO is fully priced and recommend a **"Subscribe"** rating to the IPO.

- **Description of Business**:

Incorporated in 1992, SBI Funds Management is the largest asset management company (“AMC”) in India by quarterly average mutual fund assets under management (“QAAUM”), with QAAUM of ₹12,509.98 billion and a mutual fund market share of 15.3% as of March 31, 2026, a position they have consistently held since March 2021. Including their Portfolio Management Services (“PMS”) and other advisory mandates (collectively with PMS, “Alternates”), their total QAAUM was ₹29,461.05 billion as at March 31, 2026. They are India’s oldest AMC, acting as the investment manager to SBI Mutual Fund, which commenced operations in June 1987 as the first mutual fund entity outside the Unit Trust of India. They are also India’s largest passive (exchange traded fund (“ETF”) and index funds) asset manager with passive (ETF and index funds) QAAUM of ₹4,055.26 billion representing a market share of 27.9% as at March 31, 2026, a leadership position they have held since March 2021. Its total QAAUM has grown at a compound annual growth rate (“CAGR”) of 14.22% between March 31, 2024, and March 31, 2026, while its mutual fund QAAUM has grown at a CAGR of 16.97% during the same period. Their equity, equity-oriented and equity-hybrids (excluding arbitrage and including overseas fund of funds) QAAUM grew at a CAGR of 21.79% during the same period. The following table provides a snapshot of their industry leadership position across key metrics as of March 31, 2026:

Metric	Industry Position / Achievement	Details
Mutual Fund QAAUM	1st (Largest AMC in India)	Market share of 15.3%
Passive QAAUM (ETFs & Index Funds)	1st (Largest Passive Asset Manager in India)	Market share of 27.9%
B-30 MAAUM	1st (Largest AMC in B-30 Locations)	Market share of 19.2% of industry B-30 MAAUM
Portfolio Management Services (PMS)	1st	Market share of 39.7% by AUM

SBI Funds Management Limited is India's oldest non-UTI asset management company, incorporated in 1992 and serving as the investment manager to SBI Mutual Fund since 1993. The company is promoted by State Bank of India and Amundi, Europe's largest asset manager, providing a combination of SBI's extensive domestic banking franchise and Amundi's global investment expertise and international distribution capabilities. As of March 31, 2026, the company managed ₹29.5 trillion of total QAAUM across mutual funds, portfolio management services (PMS), advisory mandates, alternative investment funds (AIFs) and specialised investment funds (SIFs). Its mutual fund platform comprises 128 schemes spanning equity, debt, hybrid, liquid, ETFs, index funds and overseas fund-of-funds, catering to retail, HNI, corporate and institutional investors. Beyond domestic asset management, the company manages offshore India-focused mandates for global investors and offers international investment solutions to Indian investors through its partnership with Amundi. Distribution is supported by an omnichannel network comprising SBI's banking ecosystem, over 132,500 mutual fund distributors, digital platforms including YONO and InvesTap, and dedicated partner applications. The company follows a multi-style investment approach supported by strong governance, disciplined investment processes and an established track record of product innovation.

Key Achievements of the Company

SBI Funds has established a strong institutional franchise, supported by mandates from leading domestic and global institutions. The company has been selected as one of the preferred fund managers for managing a portion of a statutory provident fund institution's equity investments, underscoring confidence in its investment capabilities. In 2023, it was also appointed as the sponsor and investment manager of the Corporate Debt Market Development Fund (CDMDF), a specialised Alternative Investment Fund established following the Union Budget 2022 to strengthen liquidity and resilience in India's corporate bond market during periods of market stress. Financially, the company has demonstrated consistent growth, with revenue from operations increasing at a 27.7% CAGR from ₹26.9 billion in FY24 to ₹43.9 billion in FY26, while PAT grew to ₹30.7 billion, supported by margin expansion. Its asset-light business model generated a 43.0% ROE in FY26, alongside strong operating cash flow of ₹24.9 billion and an 81.1% cash conversion ratio, highlighting the company's capital-efficient and highly cash-generative business model.

The table below sets forth the asset-wise mix of the company’s QAAUM as at the relevant dates:

Particulars (₹ in million)	FY26 (₹ mn)	FY25 (₹ mn)	FY24 (₹ mn)	2-Year CAGR (%)
Equity, Equity-oriented & Equity-hybrids (Excluding Arbitrage & Including Overseas FoFs)	5,320,740	4,629,830	3,586,980	21.8
Debt & Debt-hybrid	1,712,760	1,468,550	1,245,830	17.3
ETFs & Index Funds	4,055,260	3,416,860	3,182,010	12.9
Arbitrage	432,080	317,920	270,750	26.3
Liquid & Overnight Schemes	959,190	896,330	858,070	5.7
Specialised Investment Funds (SIF)	29,950	–	–	NA
Total Mutual Fund QAAUM (A)	**12,509,980**	**10,729,490**	**9,143,640**	**17.0**
PMS & Advisory	16,878,990	15,489,860	13,394,860	12.3
AIF	65,650	50,760	39,340	29.2
Alternates QAAUM (B)	**16,944,640**	**15,540,620**	**13,434,200**	**12.3**

Offshore Schemes (C)	6,430	5,720	5,020	13.2
Total QAAUM (A+B+C)	**29,461,050**	**26,275,830**	**22,582,860**	**14.2**

The table below sets forth the company's investor category MAAUM for mutual fund business as at the relevant dates:

Particulars (₹ in million)	FY26	FY25	FY24
Total Unique Investors (mn)	18.0	14.7	11.0
MAAUM by Investor Category			
Total MAAUM	12,149,320	10,619,890	9,297,560
Individual (Retail + HNI) MAAUM	5,818,200	5,163,070	4,295,880
Individual MAAUM (% of Total MAAUM)	47.9%	48.6%	46.2%
Institutional MAAUM	6,331,120	5,456,820	5,001,680
Institutional MAAUM (% of Total MAAUM)	52.1%	51.4%	53.8%

➢ **Key Strengths:**

- **Largest asset management company in India in terms of mutual fund assets under management, benefitting from strong operating leverage driven by scale and growth**

  SBI Funds Management is the largest asset management company (AMC) in India by mutual fund QAAUM, managing ₹12.5 trillion of mutual fund assets with an industry-leading market share of 15.3% as of March 31, 2026 . Including PMS, advisory mandates, AIFs and offshore mandates, total QAAUM stood at ₹29.5 trillion. Its leadership position provides significant operating leverage by spreading fixed costs across a large asset base, resulting in the lowest operating expense ratio among the top 10 AMCs at 0.08% of QAAUM in FY26, compared with 0.10%–0.25% for peers. Scale also enables meaningful investment in research capabilities, with dedicated teams covering over 450 listed companies and more than 250 fixed income issuers, supporting disciplined investment decisions across equity and debt products. Between FY24 and FY26, mutual fund QAAUM grew at a CAGR of 17.0%, while equity and equity-oriented QAAUM increased at a CAGR of 21.8%, supported by sustained investor inflows. Revenue is well diversified, with the top ten schemes contributing 46.5% of FY26 operating revenue and the largest scheme contributing only 10.4%, reducing concentration risk. The company has also maintained a long operating history, with 36 schemes having track records exceeding 15 years, reflecting consistent execution and investor confidence across market cycles. The table below sets forth revenue generated from their top 10 schemes for Fiscals 2026, 2025, and 2024:

Particulars (₹ in million)	FY26	FY25	FY24
Revenue from Top 10 Mutual Fund Schemes	19,541	16,438	13,212
Revenue from Mutual Fund Schemes	42,071	34,250	26,002
Top 10 Schemes as % of Mutual Fund Revenue	46.5%	48.0%	50.8%

- **India's largest portfolio management services provider by PMS and advisory assets under management, with a 39.7% market share in the PMS segment, and one of India's largest Specialized Investment Fund platforms, with an AUM of ₹29.95 billion representing a 28.2% market share of the SIF segment as of March 31, 2026**

  SBI Funds Management operates India's largest portfolio management services (PMS) platform, with a market share of 39.7% by PMS and advisory AUM as of March 31, 2026. The company also operates one of India's largest Specialized Investment Fund (SIF) platforms, with ₹29.95 billion of AUM and a 28.2% market share shortly after its launch. Its alternatives platform is further strengthened by AIFs, which reported QAAUM of ₹65.65 billion, registering a CAGR of 29.2% between FY24 and FY26. SBI Funds is also the sponsor and investment manager of the Corporate Debt Market Development Fund (CDMDF), reinforcing its institutional capabilities in the fixed income market. A significant portion of its PMS business is backed by long-standing mandates from a statutory provident fund institution, where it manages 49.9% of the institution's equity corpus, while its broader institutional client base includes insurance companies, pension funds, provident funds, endowments and foreign portfolio investors. This diversified institutional franchise complements the mutual fund business by providing stable, recurring and diversified fee income across multiple investment solutions.

- **Market-leading SIP franchise with a 15.5% market share by live SIP count and strong investor stickiness**

  Their leadership position in SIPs, with 16.21 million live SIPs representing a market share of approximately 15.5% by SIP count and a market share of 11.4% of industry SIP inflows as of March 31, 2026 , reflects the strength of their retail franchise and demonstrates high investor engagement and retention. Their SIP platform incorporates innovative features including multi-scheme mandates that enable investors to allocate a single SIP mandate across multiple schemes for efficient diversification, step-up SIPs allowing investors to programme periodic increases in SIP amounts to align contributions with income growth, flexible frequencies accommodating daily, weekly, and monthly options for varied cash flow patterns, and low minimum amounts starting from ₹250 that reduce barriers to mutual fund participation. The tables below provide key details of their SIP metrics for their mutual fund business (excluding SIF) as at March 31, 2026:

SIP Metrics	FY26
Live SIP Count (million)	16.2
Active SIP Value (₹ million)	41,270
Monthly SIP Inflow (₹ million)	40,590
Average SIP Size (₹)	2,546
SIP AUM (₹ million)	1,729,170
B-30 SIP Penetration	65.2%

They believe their brand recognition and leveraging SBI's extensive physical network across India provides them with a structural advantage in reaching retail investors in B-30 cities, many of whom are first-time mutual fund investors.

Growth Metrics	FY26	FY25	FY24
Fresh SIPs Added (million)	9.0	8.8	5.6
• B-30 (million)	6.1	6.0	3.6
• T-30 (million)	2.9	2.8	1.9
New Investors Added (million)	5.3	6.3	4.0
Industry SIP Inflow Market Share	11.4%	12.5%	12.9%
SIP Registered Persistency – 0–12 Months (million)	0.1	0.2	–
SIP Registered Persistency – 13–24 Months (million)	0.1	0.1	0.1
SIP Registered Persistency – 25–36 Months (million)	0.2	0.1	0.2
SIP Registered Persistency – 37+ Months (million)	15.9	14.4	11.2

Their SIP persistency rates, as included in the table above, reflect effective investor education and servicing through regular investor awareness programmes, digital content campaigns, and financial literacy initiatives that promote long-term investing discipline. These persistency rates demonstrate investor stickiness and the quality of their SIP franchise. As at March 31, 2026, 15.87 million of their 16.21 million live SIPs have been active for 37 months or more, reflecting the long-term nature of their investor relationships and the role of their brand in sustaining investor confidence across market cycles.

- **Dual Parentage - Integration of State Bank of India's domestic franchise with Amundi's global expertise**

  SBI Funds Management benefits from a differentiated ownership structure through its partnership between State Bank of India (SBI) and Amundi, Europe's largest asset manager. SBI provides access to one of India's largest banking and distribution networks, including over 23,000 branches, the 100+ million-user YONO platform, and an international presence across 246 touch points in 29 countries, supporting retail penetration, NRI outreach and digital investor acquisition. The integration has also enabled initiatives such as the Jan Nivesh SIP, with over 46,900 accounts mobilized, largely through YONO. Amundi complements this domestic reach with global investment expertise, embedded specialists across investment, risk and technology functions, and access to its Investment Institute. The partnership has also enabled SBI Funds to build an international business managing and advising ₹257,488 million of India-focused global mandates and UCITS funds distributed across Europe, the Middle East, Asia and South America. This combination of domestic distribution, international product capabilities and global institutional relationships provides SBI Funds with a competitive advantage across both domestic and offshore asset management businesses.

- **Process-driven investment framework with demonstrated track record of product innovation and consistent investment performance**

  SBI Funds Management follows a team-based investment approach that emphasizes institutional processes over dependence on individual fund managers, supporting consistency across market cycles while reducing key-person risk. As of March 31, 2026, the company employed 71 investment professionals with an average tenure of 9.0 years at the company and 17.8 years of industry experience. The investment team comprises 56 professionals dedicated to mutual funds across equity and fixed income, and 15 professionals managing PMS, AIF and SIF strategies. The company also had 19 CFA charterholders**,** including 15 within the investment team. Its equity investment process combines top-down macroeconomic analysis with bottom-up fundamental research, while fixed income investments follow a safety-liquidity-returns framework focused on credit quality and duration management. SBI Funds offers growth, value and quantitative investment strategies through dedicated portfolio teams, supported by 22 sector specialists covering industries across the market-cap spectrum. Investment team attrition remained low at around 10.3% in FY26, reflecting workforce stability and continuity in investment management. It has demonstrated a strong track record of product innovation by identifying emerging investment opportunities and expanding its product suite across asset classes. The company launched India's first Silver ETF in July 2024, followed by the SBI Nifty 1D Rate Liquid ETF in August 2025, while also introducing thematic and quantitative offerings such as the SBI Innovative Opportunities Fund, SBI Automotive Opportunities Fund, and SBI Quant Fund. These launches strengthen its presence across passive, thematic and factor-based investing, catering to evolving investor preferences. The company's investment capabilities are supported by consistent fund performance across market cycles. As of March 31, 2026, 25.5% of equity and equity-oriented schemes and 25.4% of hybrid schemes ranked in the top quartile over three years. Over five years, 28.6% of equity schemes, 35.9% of hybrid schemes and 5.8% of debt schemes achieved top-quartile performance, supporting investor retention and long-term fund inflows. The table below sets forth their investment performance scorecard as at March 31, 2026:

Performance Metrics	As at March 31, 2026
Equity-Oriented Schemes	
Total Equity Schemes	22 (3-Year) / 20 (5-Year)
Schemes in Top Quartile (3-Year Performance)	5 schemes (25.5%)
Schemes in Top Quartile (5-Year Performance)	7 schemes (28.6%)
Hybrid Schemes	
Total Hybrid Schemes	11 (3-Year) / 10 (5-Year)
Schemes in Top Quartile (3-Year Performance)	4 schemes (25.4%)
Schemes in Top Quartile (5-Year Performance)	4 schemes (35.9%)
Debt-Oriented Schemes	
Total Debt Schemes	16 (3-Year) / 15 (5-Year)
Schemes in Top Quartile (3-Year Performance)	3 schemes (7.6%)
Schemes in Top Quartile (5-Year Performance)	2 Schemes (5.8%)

- **Well-diversified, Pan-India multi-channel distribution infrastructure**

SBI Funds Management has built one of India's largest and most diversified distribution networks, enabling broad market reach while limiting dependence on any single distribution channel. As of March 31, 2026, the company had 132,519 distribution partners, including IFAs, national distributors and banks, supported by its branch network and digital platforms. Both direct and third-party channels have delivered steady growth over FY24–FY26, strengthening customer reach, enhancing distribution resilience and supporting sustained growth in assets under management across India. Their geographic reach positions them to capture growth in high-potential markets. They maintain presence in 98.19% of India's pin codes (through their direct branch presence and MFD presence) and hold the largest B-30 AUM amongst the top 10 AMCs, representing 22.8% of its total MAAUM as against the industry average of 18.2%, as at March 31, 2026. Their B-30 market share of 19.2% exceeds their overall market share of 15.3%. The table below sets forth details of their distribution channel mix as at the dates specified:

Distribution Channel(₹ million)	FY26 MAAUM	% of Total MAAUM	FY25 MAAUM	% of Total MAAUM	FY24 MAAUM (	% of Total MAAUM
Direct	7,007,120	57.7%	5,982,420	56.3%	5,361,790	57.7%
Third Parties	5,142,200	42.3%	4,637,470	43.7%	3,935,770	42.3%
Total MAAUM	**12,149,320**	**100.0%**	**10,619,890**	**100.0%**	**9,297,560**	**100.0%**

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

Geographic Breakdown (₹ million)	As at March 31, 2026	As at March 31, 2025	As at March 31, 2024
Top-30 Cities MAAUM	9,376,550	8,172,800	7,285,340
% of Total MAAUM	77.2%	76.9%	78.4%
B-30 Cities MAAUM	2,772,770	2,447,090	2,012,220
% of Total MAAUM	22.8%	23.0%	21.7%
B-30 Equity MAAUM	1,558,170	1,390,080	1,024,780
Pin Codes Reached	98.2%	97.8%	97.7%

- **Robust technology infrastructure and data-driven investor engagement**

SBI Funds Management has built a robust technology platform that enables secure, scalable operations and enhances investor engagement across both direct and distributor channels. During FY26, the company processed an average of 1.31 million transactions per month, with 94.3% executed digitally, reflecting strong digital adoption. Its hybrid cloud architecture, supported by a dedicated disaster recovery site, ISO/IEC 27001:2022 certification, multi-factor authentication, encryption, and real-time fraud detection, ensures operational resilience and data security. The company also leverages advanced analytics and predictive models to personalise investor communication and improve SIP retention, with 97.9% of its 16.21 million live SIPs remaining active for over 37 months as of March 31, 2026. Digital innovations such as multilingual voice-based search, goal-based SIPs, tax estimation tools, and streamlined transaction journeys enhance customer experience. With 3.97 million registered InvesTap users, along with extensive digital enablement of distributors through Partner and Mitra applications, the company has established a comprehensive, technology-driven investment ecosystem that supports future growth.

- **Disciplined governance and risk management underpinning long-term stewardship**

SBI Funds Management has established a robust institutional governance framework supported by Board-level oversight, specialised committees, a three-lines-of-defence model, and comprehensive risk management processes. The company's experienced leadership team oversees investment management, distribution, operations, risk, compliance, and technology, while an integrated risk framework continuously monitors market, credit, liquidity, operational, and compliance risks through regular stress testing and scenario analysis. The company also demonstrates a strong commitment to responsible investing, being a signatory to the UN Principles for Responsible Investment (UN PRI) and an active participant in Climate Action 100+. During FY25, it conducted 274 corporate engagements on governance and sustainability issues and assessed 107 companies under its proprietary ESG framework, integrating environmental, social, and governance considerations across both equity and fixed-income investment decisions.

- **Key Strategies:**

- **Deepen retail penetration in underserved markets by leveraging wide distribution network**

  SBI Funds Management aims to strengthen its leadership in India's retail mutual fund industry by expanding its presence across underpenetrated Tier-2, Tier-3 and rural markets, where mutual fund adoption remains relatively low but long-term growth potential is significant. The company intends to leverage its extensive multi-channel distribution network, comprising over 13,000 NISM-certified SBI bank employees, mutual fund distributors (MFDs), national distributors and digital channels, to drive investor acquisition and improve market penetration. It also plans to deploy dedicated mutual fund specialists, enhance distributor capabilities through the SBI Funds Academy, and expand investor awareness initiatives, including the Jan Nivesh SIP programme. In addition, the company seeks to increase wallet share through targeted cross-selling of equity, debt, hybrid and passive products, supported by data-driven customer insights and personalised engagement. This strategy is expected to strengthen customer acquisition, improve SIP persistency, deepen retail penetration in B-30 markets, and support sustained long-term AUM growth.

- **Strengthen digital capabilities to enhance investor engagement and operational productivity**

  SBI Funds Management plans to further strengthen its digital capabilities to improve investor engagement, streamline operations, and enhance distributor productivity as India's investor base becomes increasingly digital. The company intends to enhance its InvesTap platform through AI-powered chatbots, digital financial planning tools, seamless onboarding, goal-based investment solutions, and portfolio analytics to improve customer acquisition and user experience. It also plans to leverage advanced data analytics and predictive models to deliver personalised product recommendations, monitor investor behavior, improve SIP persistency, and enhance customer lifetime value. On the distribution side, the company will upgrade its Partner App and Portal with real-time analytics, client portfolio insights, and performance dashboards to enable more effective advisory services. By integrating its digital platforms with banking and fintech ecosystems, SBI Funds aims to create a hybrid distribution model that combines technology-driven convenience with relationship-based advisory, supporting scalable growth and operational efficiency.

- **Expansion of product offerings and investment solutions**

  They intend to expand their product offerings and investment solutions across passive products, and alternative investment offerings, with a view to broadening their revenue profile and addressing evolving investor needs.

  - **Passive Products:** They intend to broaden their passive offerings. Their proposed launches may include: (i) equity index funds and ETFs including thematic, sectoral and smart beta strategies; (ii) fixed income ETFs, including government securities, corporate bond and target maturity strategies; and (iii) international and commodity ETFs.

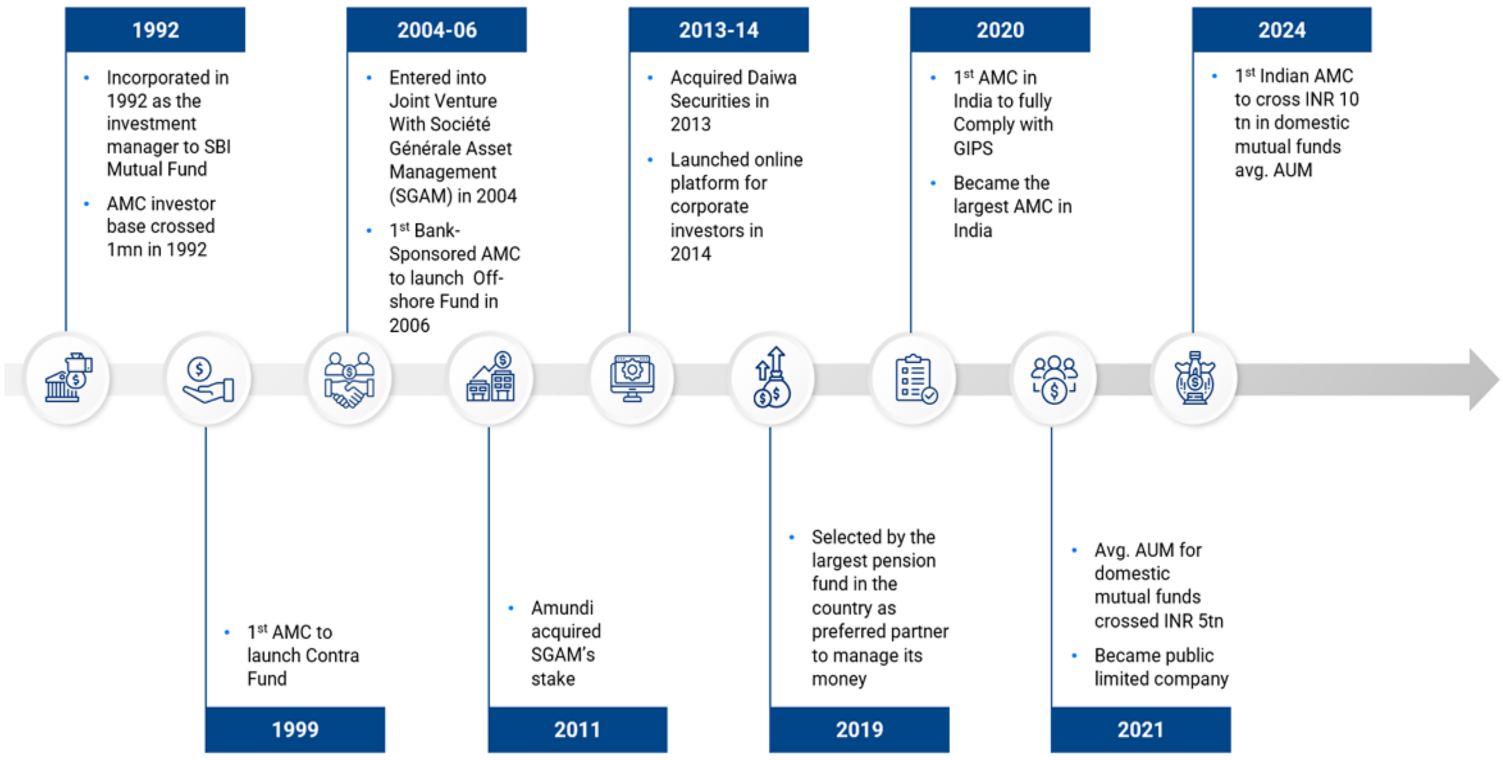
  - **Alternatives:** They aim to strengthen its presence in high-growth alternative investment segments by expanding its Portfolio Management Services (PMS), Alternative Investment Funds (AIFs), Specialised Investment Funds (SIFs), and institutional advisory offerings. The company plans to leverage its investment expertise, strong distribution network, SBI's wealth channels, and YONO platform to cater to HNIs, affluent investors, and institutional clients. It also intends to broaden its AIF product suite, scale its recently launched SIF platform, and offer customised advisory solutions to pension funds, insurance companies, corporates, and trusts. This strategy is expected to diversify revenue streams, enhance fee income, and deepen relationships with high-value clients.

- **Capture international opportunities through structurally advantaged global positioning**

  SBI Funds Management aims to expand its international presence by capitalising on both inbound global investment into India and outbound investments by Indian investors seeking global diversification. The company benefits from its strategic partnership with Amundi, which provides access to an established global distribution network, institutional relationships, and international investment expertise, enabling faster and more capital-efficient global expansion than many domestic peers. On the inbound side, the company plans to strengthen its presence through SBI Funds International (IFSC) at GIFT City by launching additional India-focused investment products for foreign institutional investors, NRIs, and global family offices. As of March 31, 2026, it managed and advised ₹420,146 million of international assets, including mandates for Amundi. On the outbound side, the company intends to expand its range of international investment products, including fund-of-funds, feeder funds, and global thematic strategies, while leveraging regulatory frameworks such as the Liberalised Remittance Scheme (LRS). Supported by Amundi's global distribution platform, SBI Funds is well positioned to capture increasing cross-border investment flows and diversify its long-term revenue base.

➢ **Their Journey:**

Timeline of their Journey



- **Mutual Fund Business:** SBI Funds Management offers a comprehensive mutual fund platform with 128 schemes across equity, debt, hybrid, passive, and specialised investment categories as of March 31, 2026. Its product portfolio comprises 35 equity and equity-oriented schemes, 48 debt schemes, 37 ETFs and index funds, 4 fund-of-funds, 2 liquid and overnight schemes, 1 arbitrage scheme, and 1 Specialised Investment Fund (SIF) strategy, catering to diverse investor risk profiles and financial objectives. The company provides investment solutions across market capitalisations, sectors, fixed income, commodities, international markets, and passive investing, while also offering liquidity management products and tax-saving schemes. Its recently launched Magnum SIF platform further expands its offerings through differentiated strategies for sophisticated investors. This broad and diversified product portfolio enables the company to serve retail, HNI, and institutional clients across varying market conditions while supporting long-term asset gathering and investor retention.

- **Alternative Investment Products:** Beyond its mutual fund business, SBI Funds Management offers Portfolio Management Services (PMS) and Alternative Investment Funds (AIFs) to cater to HNIs, institutional investors, and sophisticated investors seeking customised investment solutions. These offerings are managed by dedicated investment teams within SEBI's regulatory framework and complement the company's broader asset management platform by expanding its presence in higher-value investment segments.

- **Portfolio Management Services:** SBI Funds Management offers discretionary and non-discretionary Portfolio Management Services (PMS), providing customized investment solutions tailored to clients' risk profiles, investment objectives, and portfolio requirements.

  - *Retail PMS:* Offers strategies such as SBI Aeon Alpha PMS, which follows a core-and-satellite equity approach, and SBI ESG PMS, which focuses on long-term wealth creation through ESG-oriented investing.
  - *Institutional PMS:* Provides customised equity and fixed-income portfolio management solutions for corporates, trusts, endowments, and other institutional investors based on client-specific mandates.
  - *Global Investor PMS & Overseas Mandates:* Manages India-focused portfolios for international investors and provides investment management and advisory services for offshore India-focused funds, leveraging its expertise in Indian capital markets.

- **Alternative Investment Funds:** SBI Funds Management offers a diversified Alternative Investment Fund (AIF) platform across Category II and Category III strategies. Its SBIFM Special Situations Fund-I (Category II) focuses on investing in companies experiencing early-stage financial stress through structured debt, equity, and hybrid instruments, aiming to generate superior risk-adjusted returns while limiting downside risk. The company also manages Category III funds, including SBI Optimal Equity Fund and SBI Emergent India Fund, which follow high-conviction, research-driven investment approaches across equity markets. These offerings broaden the company's alternative investment capabilities, cater to sophisticated investors, and diversify its fee-generating product portfolio beyond traditional mutual funds.

- **International Operations:** SBI Funds Management has established a differentiated international platform that facilitates both inbound global investments into India and outbound investments by Indian investors. The company manages offshore India-focused funds through its Mauritius subsidiary and GIFT City (IFSC) platform, while also offering Indian investors access to global markets through international fund-of-funds and overseas equity products. Its international operations span India-focused institutional mandates, UCITS funds, and advisory services for global emerging market portfolios, supported by the global distribution network of Amundi and SBI's international banking presence. As of March 31, 2026, the company managed ₹184,363 million in international India-focused mandates, ₹80,306 million in UCITS funds, and advised ₹149,653 million of India-related assets for global portfolios. The company also plans to expand its GIFT City platform and offshore product suite, strengthening its ability to capture growing cross-border investment flows.

- **Product Development:** SBI Funds Management follows a structured product development framework focused on addressing evolving investor needs across retail, HNI, institutional, and offshore segments. The company designs investment solutions aligned with market cycles, investor risk profiles, and financial objectives, spanning mutual funds, SIFs, AIFs, PMS, UCITS, and GIFT City products. Its product development process integrates macroeconomic research, market analysis, fund manager insights, and competitive benchmarking to identify new product opportunities and optimise launch timing. Standardised launch processes and strong regulatory expertise enable timely product introductions, while continuous market share analysis, distributor feedback, and investor insights support ongoing product innovation. This disciplined approach helps the company expand its product portfolio, strengthen investor engagement, and capture emerging investment opportunities across domestic and international markets.

- **Investment Philosophy:** SBI Funds Management follows a process-driven**,** research-oriented, and disciplined investment philosophy focused on long-term value creation rather than short-term market movements. Its investment decisions are guided by three key pillars, **Thematic and Sector Analysis**, **Bottom-Up Security Selection**, and **Market Assessment**, combining fundamental research with macroeconomic insights. The investment platform is supported by dedicated **Equity Research**, **Fixed Income Research**, and **Portfolio Management** teams, with oversight from an experienced **Investment Committee** and an independent **Risk Management** function. The company follows a rigorous fundamental research process, incorporating financial analysis, industry research, company interactions, valuation assessment, and **ESG integration** before initiating coverage or making investment decisions. Its fixed-income strategy combines top-down macroeconomic analysis with bottom-up credit research, focusing on interest rate outlook, duration management, sector allocation, and issuer quality. **Credit evaluation** considers factors such as management quality**,** financial strength**,** liquidity**,** regulatory environment**,** and ESG risks. The investment process is further strengthened through technology-driven analytics**,** quantitative screening tools, and integrated market data systems, enabling informed portfolio construction, effective risk monitoring, and consistent investment execution across asset classes.

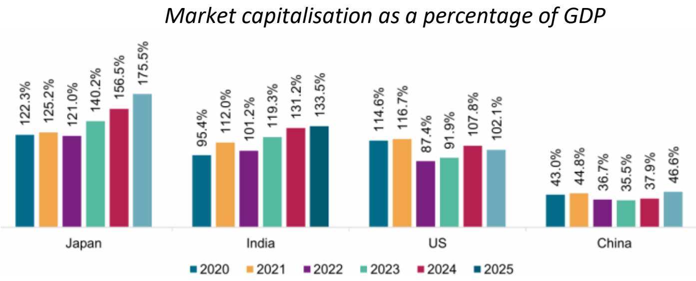
➢ **Industry Snapshot:**

Overview of Capital Markets in India:

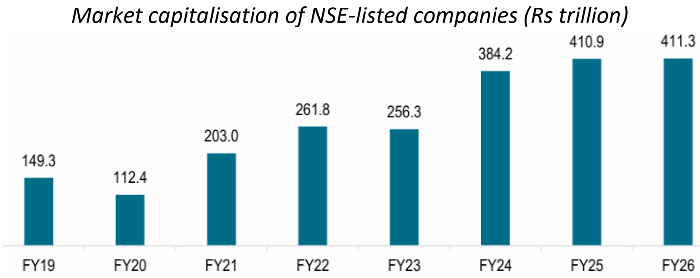
India's capital markets remained resilient in FY26 despite heightened global volatility arising from geopolitical tensions, trade and tariff uncertainties, elevated crude oil prices and sustained foreign portfolio investor outflows. Domestic institutional investors emerged as the key stabilizing force, with net inflows of ₹8.5 trillion, supported by robust SIP contributions averaging ₹29,132 crore per month. The broader economy benefited from moderating inflation, accommodative financial conditions and technology-led investments, although the West Asia conflict towards the end of the year renewed inflationary concerns through higher energy prices and supply chain disruptions. As of March 31, 2026, India's total market capitalisation stood at approximately ₹412 trillion, reflecting a strong annualised growth rate of 24.0% over FY20–FY26.

- **India's Market Capitalisation as a proportion of GDP vs Major Economies:** India's capital markets continued to demonstrate long-term resilience despite heightened volatility in FY26. India's market capitalisation-to-GDP ratio increased to 133.5% in CY25 from 95.4% in CY20, highlighting deeper financial market penetration. Although NSE-listed market capitalisation remained largely flat at ₹411.3 trillion in FY26 amid geopolitical tensions and global trade uncertainties, the market has delivered a robust CAGR of 24.1% over FY20–FY26. Indian equities remained among the best-performing globally, with the Nifty 50 generating 165% cumulative returns over the period. While FY26 witnessed record FII outflows due to global risk-off sentiment, strong domestic institutional investor inflows, rising demat account penetration and sustained retail participation through mutual funds continued to reinforce the depth and resilience of India's capital markets.

Market capitalisation as a percentage of GDP



Market capitalisation of NSE-listed companies (Rs trillion)

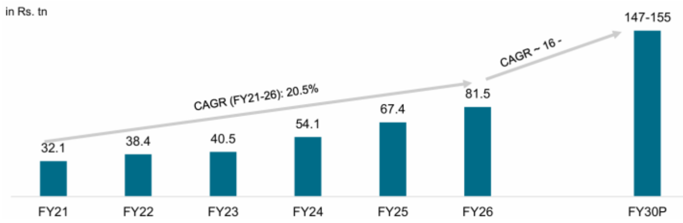


- **Key Growth Drivers:** India's capital markets are supported by strong structural drivers including rising incomes, favourable demographics, regulatory reforms, digitalisation, and increasing domestic investor participation. India has the world's largest young working-age population, with a median age of 28 years, supporting long-term growth in savings and investments. SEBI's initiatives such as T+1 settlement, ASBA, Aadhaar-based KYC, MF Central, enhanced IPO disclosures, and mutual fund distribution reforms have improved transparency, efficiency, and investor access. Rapid smartphone penetration and expanding internet connectivity continue to accelerate digital investing and mobile trading. The migration of SGX Nifty to GIFT City strengthens India's position as a global financial hub and improves access to international capital. Growing household wealth is driving demand for wealth management and advisory services, while reforms in the corporate bond market are expected to deepen debt market participation. Strong and consistent domestic institutional investor inflows, supported by rising SIP investments and expanding retail participation, continue to reinforce the long-term growth outlook for India's capital markets despite global volatility.

Overview of Mutual Funds Industry in India

The Indian mutual fund industry has transformed from a government-backed savings vehicle into one of the world's fastest-growing asset management markets. Since the entry of private AMCs in the 1990s, the industry has witnessed rapid expansion driven by product innovation, stronger regulation, digitalisation, rising financial awareness and increasing adoption of Systematic Investment Plans (SIPs). Industry QAAUM has grown from ₹10 trillion in 2014 to ₹81.5 trillion in FY26, registering a CAGR of ~20.5% between FY21 and FY26, and is projected to reach ₹147–155 trillion by FY30, implying a CAGR of 16–18%. Retail and HNI investors accounted for 60.1% of industry AUM in March 2026, up from 53.9% in March 2021, highlighting the structural shift in household savings towards financial assets. Monthly SIP contributions reached ₹3.5 trillion in FY26, reflecting increasing investor preference for disciplined long-term investing. Despite this growth, mutual fund MAAUM remains only 28.7% of scheduled commercial bank deposits in FY26, indicating significant headroom for further financialisation of household savings supported by rising incomes, digital platforms and increasing participation from Tier II and Tier III cities.

Mutual Fund QAAUM to grow at ~16-18% CAGR through fiscal 2030, sustaining historical growth momentum of 20.5% between FY21 and FY26

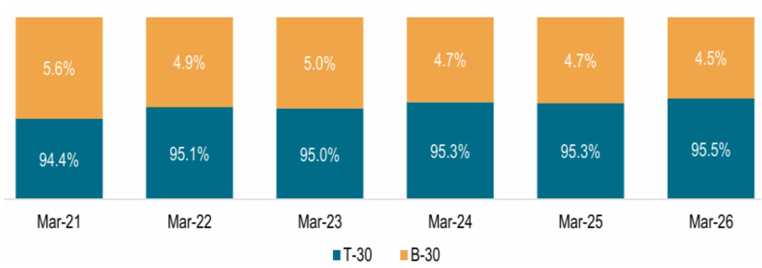


- **State wise AUM of Mutual Fund Industry of India as of March 2026:** As of March 2026, India's mutual fund AUM remained concentrated in key financial centres, with the top five states, Maharashtra, New Delhi, Karnataka, Gujarat and West Bengal, accounting for 67.5% of industry AUM. Maharashtra alone contributed 40.1% (₹31.9 trillion), supported by the presence of major corporates, financial institutions and a well-established distribution network. However, mutual fund penetration is steadily expanding beyond metropolitan markets, with increasing participation from B-30 cities and emerging states creating a significant long-term growth opportunity. Equity schemes dominate investor preferences across most states, accounting for 38–80% of AUM, while debt allocation remains relatively higher in Delhi and Haryana due to greater institutional participation. Large AMCs continue to maintain a stable market share of 40.2% as of March 2026, while smaller AMCs have steadily increased their share through product innovation, niche strategies and stronger digital distribution capabilities.

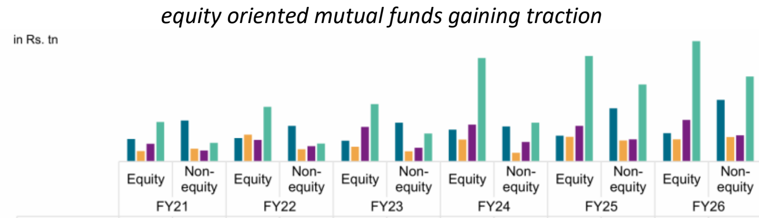
<u>Overview of T30 and B30 Individual and Institutional Market in India</u>

Institutional mutual fund assets remain highly concentrated in Top-30 (T-30) cities, which accounted for 95.5% of institutional MAAUM in March 2026, while B-30 cities contributed 4.5%, reflecting the concentration of corporates, banks and large institutions in metropolitan centres. In contrast, retail participation continues to deepen in B-30 markets, supported by growing financial awareness and wider distribution networks. The industry's asset quality is also improving, with equity schemes having a vintage of over 24 months reaching ₹21.6 trillion in FY26, indicating increasing investor preference for long-term wealth creation and providing greater fee visibility for AMCs. Despite strong growth, India's mutual fund AUM-to-GDP ratio stands at just 23.2% as of March 2026, well below developed markets, highlighting substantial long-term growth potential for the industry.

Composition trends of overall T30 and B30 Institutional MAAUM



Age-wise AUM distribution shows long-term investment in equity oriented mutual funds gaining traction



	FY21		FY22		FY23		FY24		FY25		FY26	
	Equity	Non-equity	Equity	Non-equity	Equity	Non-equity	Equity	Non-equity	Equity	Non-equity	Equity	Non-equity
0-6 months	4.1	7.4	4.2	6.4	3.8	7.0	5.7	6.3	4.7	9.6	5.1	11.1
6-12 months	1.9	2.3	4.9	2.2	2.7	1.9	4.0	1.6	4.5	3.8	4.0	4.4
12-24 months	3.2	2.0	3.9	2.8	6.2	2.5	6.7	3.5	6.4	4.0	7.5	4.7
>24 months	7.1	3.4	9.8	3.3	10.3	5.0	18.6	7.0	19.0	13.8	21.6	15.3

<u>Overview of Systematic Investment Plans</u>

Systematic Investment Plans (SIPs) have become the key driver of retail participation in India's mutual fund industry by enabling disciplined, long-term investing through small periodic contributions. In FY26, SIP inflows reached a record ₹3.50 trillion**,** with an average monthly contribution of ₹291.3 billion and ₹320.9 billion invested in March 2026 alone. SIP assets under management increased to ₹15.1 trillion, accounting for over 20% of the industry's total AUM and 35.2% of equity mutual fund AUM**.** Outstanding SIP accounts nearly tripled from 37.3 million in March 2021 to 104.5 million in March 2026, reflecting rapid retail adoption. Going forward, SIP AUM is expected to grow at a 25–27% CAGR during FY26–FY29, supported by rising financial awareness, increasing digital penetration, and sustained household participation in capital markets.

- **Key growth drivers & enablers for mutual fund industry:** The Indian mutual fund industry continues to witness strong structural growth, with net inflows increasing from ₹2.15 trillion in FY21 to ₹7.36 trillion in FY26, supported by robust retail participation and sustained investments into equity and passive funds. Individual investors now account for 60.1% of industry MAAUM, with total individual AUM rising to ₹49.1 trillion in March 2026 from ₹17.5 trillion in March 2021, while total industry AUM reached ₹81.6 trillion. Total mutual fund folios nearly tripled to 273.9 million, reflecting expanding financial inclusion and digital adoption. B-30 cities have emerged as a key growth engine, with AUM growing at a 22.5% CAGR to ₹14.4 trillion, accounting for 18.2% of industry assets. Passive investing continues to gain traction through ETFs and index funds, while new products such as Specialized Investment Funds (SIFs) have witnessed rapid adoption, reaching ₹106.2 billion AUM across 14 schemes by March 2026, highlighting continued product innovation and deepening investor participation.

<u>Overview of Mutual Funds Distribution Industry in India</u>

The Indian mutual fund distribution industry has grown into a critical pillar of the asset management ecosystem, supported by rising financialization, digital adoption, and expanding retail participation. Distributor Average Assets Under Management (AAUM) increased at a healthy CAGR of 17.3% between FY15 and FY25 to reach ₹25.4 trillion, while distributor commission income grew at a 16.0% CAGR to ₹211.1 billion despite regulatory changes impacting expense ratios. Going forward, it is projected that distributor AAUM might nearly double to ₹49–51 trillion by FY30, with commission income expected to reach ₹398–402 billion, driven by stronger SIP inflows, increasing mutual fund penetration, and rapid expansion in B30 cities. Although direct investing through fintech platforms and AMC channels is gaining traction due to lower costs and superior digital experiences, distributor-led channels remain indispensable for onboarding first-time investors, promoting financial literacy, and encouraging disciplined SIP investing. The industry is evolving toward a hybrid distribution model where banks, Independent Financial Advisors (IFAs), national distributors, fintech platforms, and direct AMC channels coexist and complement each other. Technology-led innovations such as digital KYC, AI-based advisory, UPI-enabled investing, and B2B2C distribution models are improving operational efficiency and investor experience. Supported by favourable SEBI regulations, increasing financial awareness, and significant under-penetration of mutual funds across India, particularly in semi-urban and rural markets, the mutual fund distribution industry is well positioned for sustained long-term growth.

Overview of Alternative Asset Landscape in India

India's alternative investment industry has emerged as one of the fastest-growing segments of the asset management ecosystem, driven by rising wealth, increasing institutional participation and supportive regulations. Regulated by SEBI since 2012, Alternative Investment Funds (AIFs) provide sophisticated investors with exposure to private equity, venture capital, private credit, infrastructure, real estate, distressed assets and hedge fund strategies, with a minimum investment threshold of ₹1 crore. Total AIF commitments increased at a robust CAGR of 29.5% between FY20 and FY25, reaching ₹15.7 trillion by December 2025, led by Category II funds, which account for nearly 74% of industry commitments. It is expected that AIF assets to grow at around 25% CAGR and reach ₹41-42 trillion by FY30, supported by strong demand from HNIs, family offices and institutional investors seeking portfolio diversification and superior risk-adjusted returns. Regulatory reforms aimed at strengthening governance, transparency and investor protection have further enhanced confidence in the sector while discouraging practices such as evergreening. Structural drivers including India's expanding startup ecosystem, private credit demand, infrastructure investments, increasing domestic capital flows and the emergence of GIFT City as a global fund management hub are expected to sustain long-term growth. Consequently, AIFs are becoming an increasingly important complement to traditional investment products such as mutual funds and portfolio management services.

Overview of Portfolio management services in India

India's Portfolio Management Services (PMS) industry has witnessed strong growth over the past decade, driven by rising financial wealth, an expanding high-net-worth individual (HNI) population and increasing demand for customized investment solutions. PMS provides tailored investment strategies across equities, debt, fixed income, structured products and other securities through discretionary, non-discretionary, advisory and co-investment mandates. As of March 2026, SEBI had 504 registered portfolio managers, while industry closing assets under management (AUM) reached ₹41.4 trillion, reflecting a 14.7% CAGR during FY16-FY26. It is projected that industry AUM to expand further to ₹68-72 trillion by FY30, supported by continued wealth creation, growing capital market participation and increasing preference for professionally managed portfolios. Discretionary PMS remains the dominant segment, accounting for 84.8% of total industry AUM, highlighting investors' preference to delegate investment decisions to experienced fund managers. Equity continues to be the primary asset class within discretionary portfolios. SEBI has strengthened the regulatory framework by raising the minimum investment threshold to ₹50 lakh, enhancing disclosure standards and tightening governance norms, thereby improving transparency and investor protection. Going forward, increasing HNI wealth, demand for differentiated alpha-generating strategies, digital adoption and stronger regulatory oversight are expected to support sustained growth in India's PMS industry.

- **Financial & Operational Performance Indicators**

Key Performance Indicators	Unit	FY26	FY25	FY24
Operational KPIs				
Total QAAUM	₹ mn	29,461,050	26,275,830	22,582,860
Total MF QAAUM	₹ mn	12,509,980	10,729,490	9,143,640
Equity-oriented QAAUM	₹ mn	5,782,770	4,947,750	3,857,730
Fixed Income QAAUM	₹ mn	1,712,760	1,468,550	1,245,830
Liquid QAAUM	₹ mn	959,190	896,330	858,070
Passive QAAUM	₹ mn	4,055,260	3,416,860	3,182,010
Active MF QAAUM	₹ mn	8,454,720	7,312,630	5,961,630
Individual MAAUM	₹ mn	5,818,200	5,163,070	4,295,880
Corporate & Others MAAUM	₹ mn	6,331,120	5,456,820	5,001,680
T30 MAAUM	₹ mn	9,376,550	8,172,800	7,285,340
B30 MAAUM	₹ mn	2,772,770	2,447,090	2,012,220
PMS & Advisory QAAUM	₹ mn	16,878,990	15,489,860	13,394,860
AIF QAAUM	₹ mn	65,650	50,760	39,340
MF SIP Triggered Monthly Flow	₹ mn	40,590	32,520	24,790
MF SIP Triggered Monthly Transactions	mn	17.3	13.7	10.0
Unique Investors	mn	18.0	14.7	11.0
GAAP Financial KPIs				
Revenue from Operations	₹ mn	43,895	35,978	26,906
Total Income	₹ mn	49,761	42,362	34,261
Profit Before Tax	₹ mn	40,055	33,643	26,736
Profit After Tax	₹ mn	30,674	25,402	20,728
Non-GAAP Financial KPIs				
Operating Margin	%	0.3	0.3	0.2
Operating Margin (Excluding Passives)	%	0.4	0.4	0.3
Return on Equity (ROE)	%	43.0	33.8	36.1

Comparison with listed entity

Company	Basis	Revenue from Operations (₹ million)	Face Value (₹)	Basic EPS (₹)	Diluted EPS (₹)	P/E (x)	RoNW (%)	NAV per Share (₹)
SBI Funds Management Limited	Consolidated	43,895	1	15.1	15.1	38.1	43.0	29.3
Key Listed Players								
ICICI Prudential Asset Management Company Ltd.	Consolidated	57,646	1	66.7	66.7	49.4	85.8	84.4
HDFC Asset Management Company Ltd.	Consolidated	41,222	5	66.8	66.5	41.7	32.9	215.4
Nippon Life India Asset Management Ltd.	Consolidated	27,087	10	24.1	23.6	51.1	34.5	73.1
Aditya Birla Sun Life Asset Management Company Ltd.	Consolidated	18,450	5	33.8	33.7	34.5	25.5	139.9
UTI Asset Management Company Ltd.	Consolidated	16,981	10	31.5	31.4	31.6	11.2	350.5

Note: Financial information of the Company is derived from the Restated Financial Statements for the Fiscal Year ended March 31, 2026

Key Risks

- The company's revenue and profitability are directly linked to its Quarterly Average Assets Under Management (QAAUM), as management fees are primarily earned as a percentage of assets managed. Any decline in equity markets, weaker investment performance, higher investor redemptions, or a shift towards lower-fee asset classes could reduce QAAUM, adversely impacting revenue, profitability, and overall financial performance.

- Adverse capital market conditions could reduce AUM through lower valuations, weaker SIP inflows, and higher investor redemptions, adversely affecting management fee income, liquidity, profitability, and overall financial performance.

- The company's mutual fund business is concentrated in a limited number of schemes, with the top 10 schemes contributing 59.5% of QAAUM and 46.5% of mutual fund revenue in FY26, exposing earnings to scheme-specific performance and redemption risks.

- The company operates in a highly regulated industry and is subject to extensive SEBI and other regulatory requirements. Any regulatory changes, compliance failures, adverse inspection findings, or tighter expense ratio norms could adversely impact business operations.

- B-30 cities contributed 22.8% of mutual fund AUM in FY26, exposing the company to higher redemption volatility during market downturns, which could adversely impact AUM, management fee income, and profitability.

- The company's Jan Nivesh SIP, aimed at first-time and low-ticket investors recorded a high discontinuance rate of 35.6% in FY26 (47.1% opening balance as of Apr'26), posing risks to SIP persistency, recurring inflows and long-term AUM growth.

- Rising adoption of passive investment products, which carry significantly lower management fees than active funds, could compress yields, shift AUM mix, and adversely impact the company's revenue growth and profitability.

- The company is dependent on its distribution network, with 57.7% of mutual fund MAAUM sourced through the direct channel and meaningful concentration among key distributors, making investor inflows vulnerable to distribution disruptions or relationship deterioration.

- The company's Specialised Investment Fund (SIF) platform operates in a nascent segment, exposing it to regulatory uncertainty, limited investor acceptance, operational complexities, and slower-than-expected asset accumulation.

- The company derives significant business advantages from its association with State Bank of India (SBI), and any deterioration in this relationship or adverse developments affecting SBI's reputation could negatively impact investor confidence, distribution, and business growth.

Valuation

SBI Funds Management Limited is India's largest asset management company ("AMC") by mutual fund Quarterly Average Assets Under Management (QAAUM), with a 15.3% market share as of March 31, 2026. The company operates an asset-light, fee-based business model through the management of mutual funds, Portfolio Management Services (PMS), Alternative Investment Funds (AIFs), Specialized Investment Funds (SIFs) and advisory mandates across equity, debt, hybrid, passive and overseas investment products. Backed by its joint promoters, State Bank of India (SBI) and Amundi Asset Management, the company benefits from SBI's extensive domestic distribution network and Amundi's global asset management expertise. SBI Funds also maintains leadership across passive assets, PMS and B30 mutual fund assets, supported by a diversified product portfolio, an Omni channel distribution network and a retail investor base of 18.0 million unique investors.

At the upper price band company is valuing at EV/EBITDA of 33.64x and P/E at 38.11x to its FY26 earnings and market cap of Rs.11,69,139 million post issue of equity shares.

We believe that the IPO is fully priced and recommend a **"Subscribe"** rating to the IPO.

DISCLAIMER:

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Anand Rathi Ratings Definitions

- Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid Caps & Small Caps as described in the Ratings Table below:

Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (Top 100 companies)	**>15%**	**0%-15%**	**Below 0%**
Mid Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small caps (251st company onwards)	>25%	0%-25%	Below 0%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015, BSE Enlistment Number – 5048 date of Regn 25 July 2024), CIN - U67120MH1991PLC064106 is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd (BSE), National Stock Exchange of India Ltd. (NSEIL),Multi Commodity Exchange of India Limited (MCX),National Commodity & Derivatives Exchange Limited (NCDEX), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. (CDSL), ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.
The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: -
This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as usll as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Contd.

- **Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates**
- **Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report**

Sr. No.	Statement	Answers to the Best of the knowledge and belief of the ARSSBL/ its Associates/ Research Analyst who is preparing this report
1	Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
2	ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
3	ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
4	ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
5	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
6	ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
7	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
9	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
10	ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No
11	ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	No

Other Disclosures pertaining to distribution of research in the United States of America

This research report is the product of Anand Rathi Share and Stock Brokers Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated person(s) of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances, and trading securities held by a research analyst account.

Research reports are intended for distribution only to Major U.S. Institutional Investors as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act of 1934 (the Exchange Act) and interpretations thereof by the U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this research report is not a Major U.S. Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated, and/or transmitted onward to any U.S. person which is not a Major U.S. Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major U.S. Institutional Investors, Anand Rathi Share and Stock Brokers Limited has entered into a Strategic Partnership and chaperoning agreement with a U.S. registered broker-dealer: Banc Trust Securities USA. Transactions in securities discussed in this research report should be affected through Banc Trust Securities USA.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
5. As of the publication of this report, ARSSBL does not make a market in the subject securities.
6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

As of the publication of this report, ARSSBL does not make a market in the subject securities.

Registration granted by SEBI, Enlistment as RA and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Additional information on recommended securities/instruments is available on request.
Compliance officer-Deepak Kedia, email id - deepakkedia@rathi.com, Contact no. +91 22 6281 7000.
Grievance officer-Madhu Jain-email id- grievance@rathi.com, Contact no. +91 22 6281 7191
ARSSBL registered address: Express Zone, A Wing, 10th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.