

SBI Funds Management Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
14 July 2026	16 July 2026	₹545-574	Subscribe

Investment Summary

SBI Funds Management Limited is India's largest asset management company (AMC) by Mutual Fund Quarterly Average Assets Under Management (QAAUM) with a QAAUM of 12.51 lakh crore as on 31st March 2026, managing a diversified portfolio of equity, debt, hybrid, passive, exchange traded funds (ETFs), index funds, solution-oriented schemes, Portfolio Management Services (PMS), Alternative Investment Funds (AIFs), Specialized Investment Funds (SIFs) and investment advisory mandates. The company operates one of the country's largest retail investment franchises by combining State Bank of India's extensive domestic distribution network with Amundi's global asset management capabilities, enabling it to serve retail, institutional and international investors across multiple investment products. The IPO is a pure Offer for Sale (OFS) by the Promoter Selling Shareholders, namely State Bank of India and Amundi India Holding, while Amundi Asset Management is not participating in the Offer for Sale and will continue to remain a promoter of the company after the IPO. Overall, the IPO represents the public listing of India's largest asset management company through a complete Offer for Sale, providing investors an opportunity to participate in a well-established, profitable and fee-based asset management franchise while no fresh capital is being raised by the company.

Company Overview

SBI Funds Management Limited was incorporated on February 7, 1992, as SBI Funds Management Private Limited and subsequently became a public limited company in December 2021. The company is the investment manager of SBI Mutual Fund, one of India's largest mutual fund houses and is primarily engaged in managing mutual fund schemes across equity, debt, hybrid, passive, exchange traded funds (ETFs), index funds and solution-oriented schemes, along with providing Portfolio Management Services (PMS), investment advisory services, Alternative Investment Funds (AIFs) and Specialised Investment Funds (SIFs). As of March 31, 2026, the company was the largest asset management company in India by mutual fund Quarterly Average Assets Under Management (QAAUM), with a 15.3% market share, managed 16.21 million live SIPs, employed 1,828 people and maintained dedicated research coverage of over 450 companies and more than 250 fixed-income issuers. During FY26, the company reported revenue from operations of ₹4,389.49 crore, with management fees contributing 96.47% of operating revenue, highlighting the stability of its fee-based business model. The company operates through its wholly owned subsidiaries, SBI Funds International (IFSC) Limited and SBI Funds Management (International) Private Limited and also has an associate company, SBI Pension Funds Private Limited. SBI Funds Management is promoted by State Bank of India, Amundi India Holding and Amundi Asset Management, combining SBI's extensive domestic distribution network with Amundi's global asset management expertise. The company is led by Mr. Debasish Mishra, Managing Director & Chief Executive Officer, supported by an experienced management team with expertise across investment management, risk management, compliance, operations and distribution.

Business Model

SBI Funds Management Limited operates as the investment manager of SBI Mutual Fund, managing investors' money across a diversified portfolio of equity, debt, hybrid, passive, exchange traded funds (ETFs), index funds, solution-oriented schemes and other SEBI-permitted mutual fund products. The company primarily follows a fee-based asset management model, earning management fees that are generally calculated as a percentage of the daily net assets of the mutual fund schemes it manages, with management fees contributing 96.47% of revenue from operations in FY26. In addition to its core mutual fund business, the company provides Portfolio Management Services (PMS), investment advisory services, Alternative Investment Funds (AIFs), Specialized Investment Funds (SIFs) and international asset management solutions for institutional and high-net-worth investors. The company serves a diversified customer base comprising retail investors,

(Note- This IPO note is prepared as per the revised issue size and Offer for Sale.)

HNIs, corporates, institutions, pension funds and overseas investors, supported by one of India's largest distribution networks through State Bank of India's branch network, banking partners, independent financial advisors, national distributors, digital platforms and direct investment channels. SBI Funds Management also leverages Amundi's global investment expertise and international distribution capabilities to manage offshore mandates, cross-border investment products and international advisory assignments. The company follows a research-driven investment process supported by dedicated equity and fixed-income research teams, comprehensive risk management systems, automated compliance monitoring and robust governance frameworks. As part of its growth strategy disclosed in the RHP, the company intends to further strengthen its leadership position by expanding its product portfolio across passive investments, AIFs and Specialized Investment Funds (SIFs), enhancing digital investment capabilities, increasing retail investor penetration beyond metropolitan markets, deepening institutional and international business and leveraging the combined strengths of SBI's domestic distribution franchise and Amundi's global asset management platform.

Investment Rationale

India's Largest Asset Management Company by Mutual Fund QAAUM - SBI Funds Management is the largest asset management company (AMC) in India by mutual fund Quarterly Average Assets Under Management (QAAUM), with a 15.3% market share as of March 31, 2026, according to the CRISIL Report included in the RHP. The company has consistently expanded its mutual fund franchise, supported by a diversified product portfolio, strong retail presence and one of the largest investor bases in the industry.

Extensive Distribution Network Supported by SBI and Amundi - The company benefits from the combined strengths of State Bank of India's extensive domestic distribution network and Amundi's global asset management expertise. SBI's nationwide branch network, banking channels, independent financial advisors, national distributors and digital investment platforms provide broad investor reach, while Amundi contributes global investment capabilities, international advisory mandates and product development expertise.

Market-Leading SIP Franchise and Diversified Investment Platform - As of March 31, 2026, SBI Funds Management managed 16.21 million live SIPs, representing one of the largest SIP franchises in the Indian mutual fund industry. In addition to its core mutual fund business, the company has diversified its investment platform through Portfolio Management Services (PMS), Alternative Investment Funds (AIFs), Specialised Investment Funds (SIFs) and investment advisory services, enabling it to cater to retail, institutional, high-net-worth and overseas investors across multiple asset classes.

Fee-Based Business Model with Strong Operating Scale - The company primarily operates a fee-based asset management model, with management fees contributing 96.47% of revenue from operations in FY26. Revenue is primarily linked to the Assets Under Management (AUM) of the schemes it manages rather than lending activities or proprietary investments. As of March 31, 2026, the company employed **1,828 people**, maintained dedicated research coverage of over 450 companies and more than 250 fixed-income issuers and operated comprehensive investment research, risk management and compliance frameworks to support its asset management business.

Research-Driven Investment Platform and Product Diversification - The company follows a research-driven investment process supported by dedicated equity and fixed-income research teams, automated compliance systems and integrated risk management processes. The RHP also highlights its continued expansion across passive investment products, AIFs, SIFs, PMS, advisory services and international mandates, strengthening its diversified investment platform beyond traditional mutual fund schemes.

Peers

	AUM (₹ Lakh crores)	Market Position
SBI Funds Management	~12.51	1
ICICI Prudential AMC	~11.50	2
HDFC AMC	~8.45	3

Key Risk Factors

Revenue is Dependent on Assets Under Management (AUM) and Market Performance - The company's revenue is primarily derived from management fees, which accounted for 96.47% of revenue from operations in FY26. Since these fees are largely linked to the Assets Under Management (AUM) of its mutual fund schemes, adverse movements in capital markets, sustained investor redemptions or lower net inflows could reduce AUM and negatively impact revenue and profitability.

Dependence on SBI's Distribution Network and Brand - SBI Funds Management benefits significantly from State Bank of India's distribution network, customer relationships and brand recognition for sourcing investments across its mutual fund products. Any deterioration in its relationship with SBI, reduction in distribution support, or adverse impact on the SBI brand could affect investor acquisition, asset mobilisation and the company's business operations.

Regulatory Changes May Impact Business Economics - The company operates in a highly regulated industry and is subject to oversight by SEBI and other regulatory authorities. Any changes in regulations governing mutual funds, Total Expense Ratios (TER), commission structures, investment limits, product regulations or compliance requirements could adversely affect the company's operations, profitability and future growth.

Highly Competitive Asset Management Industry - The Indian asset management industry is highly competitive, with competition from other mutual fund houses, portfolio managers, insurance products, bank deposits and alternative investment products. Increased competition may lead to pricing pressure, higher distribution costs, lower market share or increased marketing and operating expenses.

Dependence on Investment Performance and Investor Confidence - The company's ability to attract and retain investors depends on the performance of its investment products, fund managers and overall investor confidence. Sustained underperformance of mutual fund schemes relative to benchmarks or peers may result in lower inflows, higher redemptions and a decline in Assets Under Management.

Operational, Technology and Cybersecurity Risks - The company's operations are highly dependent on information technology systems, digital investment platforms, data security and operational infrastructure. System failures, cyberattacks, technology disruptions, data breaches or operational lapses could interrupt business operations, affect customer confidence and expose the company to financial, legal and regulatory consequences.

Financial Snapshot

Metric	In Cr		
	FY24	FY25	FY26
Revenue from Operations	2690.55	3597.75	4389.49
EBITDA	2718.82	3412.94	4058.44
EBITDA Margin	101.05%	94.86%	92.46%
Profit After Tax (PAT)	2072.79	2540.15	3067.38
PAT Margin	60.50%	59.98%	61.65%
Basic EPS (₹)	10.29	12.53	15.08

IPO Details and Use of Proceeds

Parameter	Details
Issuer	SBI Funds Management Limited
IPO Issue Size	17,09,56,631 shares (agg. up to ₹9,813 Cr) Offer for sale (OFS) – 17,09,56,631 shares (agg. up to ₹9,813 Cr) Fresh Issue - Nil
Price Band	₹545 – ₹574 per share
Face Value	₹1 per share
IPO Opening Date	14 July 2026
IPO Closing Date	16 July 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: ~98.02% → Post-IPO: ~89.79%
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.
Use of Proceeds	The IPO is entirely an Offer for Sale (OFS); therefore, SBI Funds Management Limited will not receive any proceeds from the offer. The net proceeds will be received by the Promoter Selling Shareholders, after deduction of their respective portion of offer-related expenses and applicable taxes. The stated objects of the offer are (i) to carry out the Offer for Sale and (ii) to achieve the benefits of listing the equity shares on the stock exchanges.

Valuation and Outlook

At the **upper price band of ₹574**, SBI Funds Management is valued at an **FY26 P/E of 38.1x**, based on the **FY26 Basic EPS of ₹15.08**. The IPO is priced at a discount to listed peers such as ICICI Prudential AMC, HDFC AMC and Nippon Life India Asset Management. The company enters the listed space as **India's largest asset management company** by mutual fund QAAUM, supported by a **market-leading SIP franchise**, extensive distribution through **State Bank of India** and **Amundi's global asset management expertise**. While the business benefits from a scalable fee-based revenue model and strong market position, its financial performance remains closely linked to capital market conditions, investor inflows and regulatory developments. Considering the company's leadership position, strong operating franchise and valuation relative to listed peers, we recommend a **Subscribe** for **Long Term stance on the IPO**.

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