SBI Funds Management LTD

13th July, 2026

IPO NOTE

Recommendation	SUBSCRIBE
Price Band	Rs.545-574
Bidding Date	14 July 2026 to 16 July 2026
Book Running Lead Manager	ICICI sec, BOFA sec, Axis cap, Kotak cap, , SBI cap, JM financial, MOSL, Jefferies India Pvt Ltd, HSBC Sec
Registrar	KFin Technologies Limited
Sector	Asset Management Company

Minimum Retail Application- Detail At Cut off Price	
Number of Shares	26
Minimum Application Money	Rs. 14,924
Payment Mode	ASBA

Financials Cons. (Rs Cr)	FY25	FY26
Total Income	3,598	4,389
EBITDA	2,775	3,472
Adj PAT	2,540	3,067

Valuations (FY25)	Upper Band
Market Cap (Rs Cr)	116,914
EPS	15.06
P/E	38.1x
EV/EBITDA	33.6x

Post Issue Shareholding Pattern	
Promoters	88.2%
Public/Other	11.8%

Offer structure for different categories	
QIB	50%
Non-Institutional	15%
Retail	35%
Post Issue Equity (cr)	203.7
Issue Size (Rs in cr)	9813
Face Value (Rs)	1

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BACKGROUND

Company Background:

SBI Mutual Fund (SBI MF) is India's largest AMC by MF QAAUM, with total QAAUM of Rs. 12.5 lakh crore and a 15.3% market share as of FY26. The company became a joint venture in 2004 and is currently promoted by State Bank of India (61.86%) and Amundi India Holding together with Amundi Asset Management (37%), Europe's largest asset manager. SBI MF offers 128 MF schemes across equity, debt, hybrid, ETFs, index and overseas funds, along with PMS, AIFs, SIFs and advisory mandates. The company has a strong omnichannel distribution network of over 132,500 MFDs and serves 17.95 mn investors with 16.21 mn live SIP accounts, supported by one of India's largest distribution networks, reinforcing its leadership in India's asset management industry.

Details of the Issue:

The public issue comprises an Offer for Sale of 17.10 Cr shares by SBI and Amundi, aggregating to Rs. 9,812.91 Cr.

Investment Rationale

- Largest AMC with diversified product offerings
- Strong Parentage Combining SBI's Distribution Strength with Amundi's Global Expertise
- Extensive pan-India omnichannel distribution network
- Strong technology infrastructure

Valuation and Recommendation: -

SBI Mutual Fund is attractively valued relative to listed peers. The company commands the highest MF QAAUM of Rs. 12.5 lakh crore with a 15.3% market share, supported by a diversified product portfolio and a strong retail and institutional franchise. While Active MF QAAUM grew at a CAGR of 22% (FY24–FY26), the company continues to outperform on profitability and operating efficiency with a cost-to-income ratio of 20% and a strong EBITDA margin of 79%. SBI MF also reported a healthy ROE of 51%, significantly higher than HDFC AMC (33%) and Nippon Life AMC (35%). At 33.6x EV/EBITDA and 38.1x P/E, the issue is available at a discount to IPRU AMC & HDFC AMC. Given its market leadership, strong distribution network, healthy profitability and favorable industry outlook, we assign a 'SUBSCRIBE' rating to the issue from a medium-to long-term perspective.

Financials (Cr)	FY24	FY25	FY26
Net Revenues	2,691	3,598	4,389
Growth (%)	0.0%	33.7%	22.0%
EBITDA	1,983	2,775	3,472
EBITDA Margin (%)	73.7%	77.1%	79.1%
PBT	2,674	3,364	4,005
Adjusted PAT	2,073	2,540	3,067
EPS	10.18	12.47	15.06
ROE	30.7%	30.6%	51.4%
P/E (Post IPO)	56.4x	46.0x	38.1x
EV/Sales	43.4x	32.5x	26.6x
EV/EBITDA	58.9x	42.1x	33.6x

Source: Company data, NBRR

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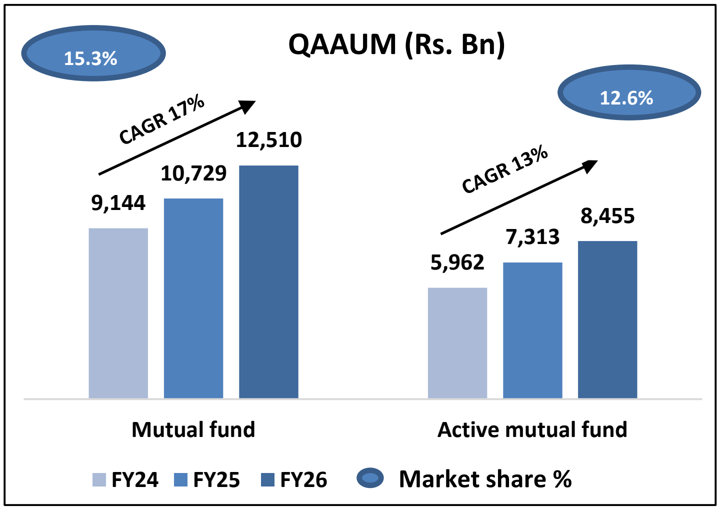
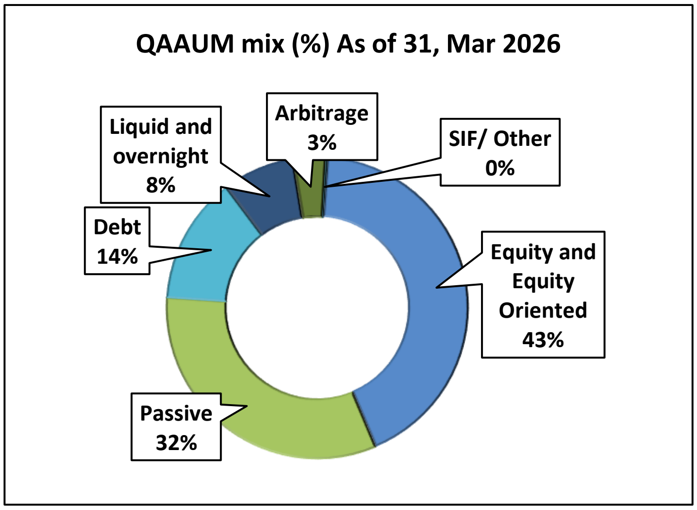
Company Background

Founded in 1992, SBI Mutual Fund (SBI MF) is one of India's largest and oldest asset management companies. The company became a joint venture in 2004 when Société Générale Asset Management S.A. acquired a 37% stake. Following the 2011 merger of Crédit Agricole's and Société Générale's asset management businesses, the stake was transferred to Amundi India Holding, a wholly owned subsidiary of Amundi Asset Management. Currently, SBI MF is promoted by State Bank of India and Amundi India Holding together with Amundi Asset Management. Amundi is headquartered in Paris and listed on Euronext Paris, is Europe's largest asset manager with nearly €2.4 trillion of assets under management serving over 200 million retail clients globally.

SBI MF offers a diversified product suite comprising 128 mutual fund schemes across equity, debt, hybrid, arbitrage, ETFs, index funds, overseas fund-of-funds, liquid and overnight funds. Beyond mutual funds, the company provides Portfolio Management Services (PMS), Alternative Investment Funds (AIFs), Specialized Investment Funds (SIFs) and advisory mandates. It also has an international presence through India-focused investment mandates across Japan, Australia and South Korea, UCITS funds sponsored by Amundi and advisory services for Amundi's Global Emerging Markets portfolios.

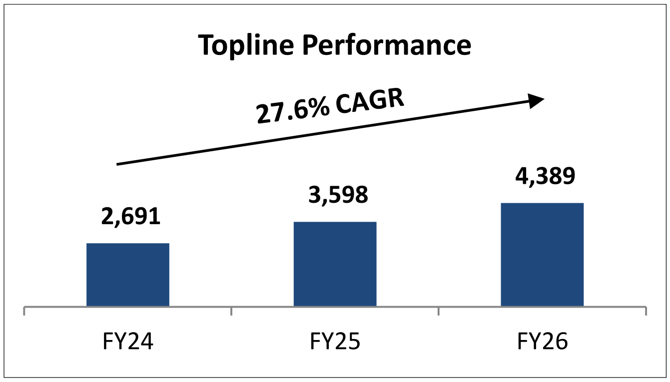
SBI MF is the largest AMC in India, with a Quarterly Average Assets Under Management (QAAUM) of Rs. 12.5 lakh crore and a MF market share of 15.3%. Its strong retail presence includes 17.95 million individual investors and 16.21 million active SIP accounts, representing an 11.4% share of the industry as of March 31, 2026.

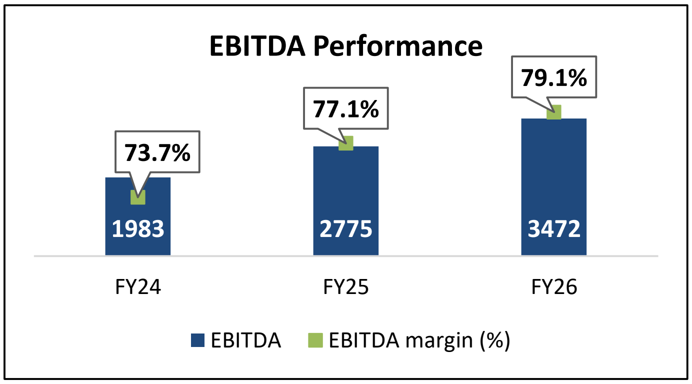




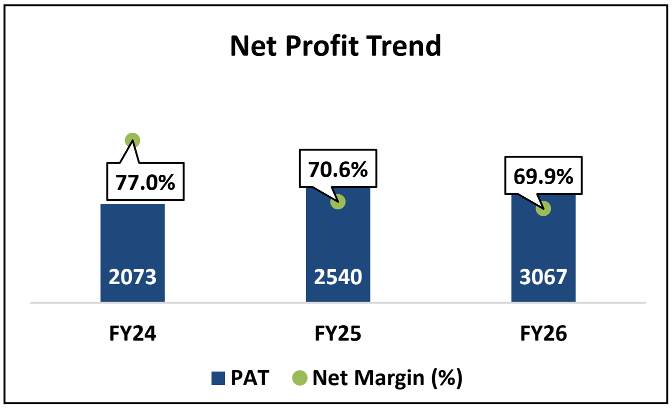
Source : RHP

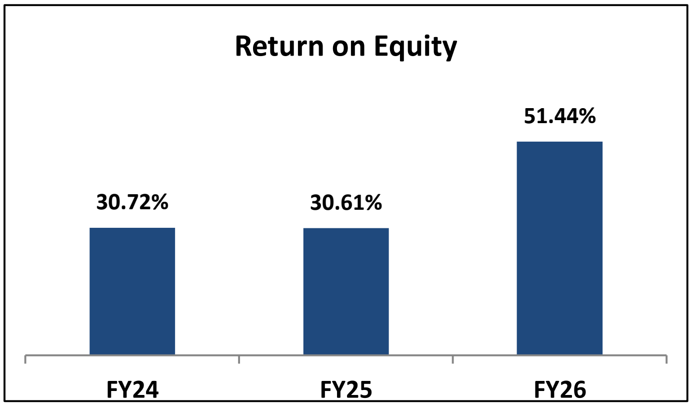
Financial Performance

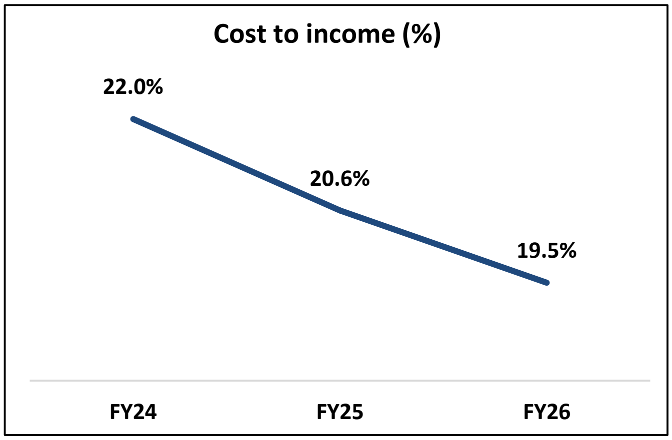




Source: RHP, NBRR





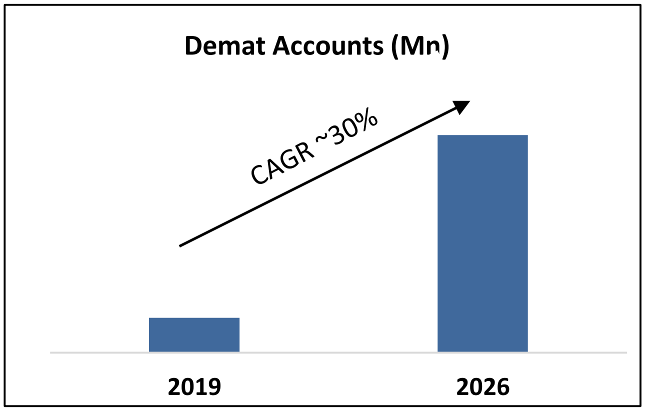


Source: RHP, NBRR

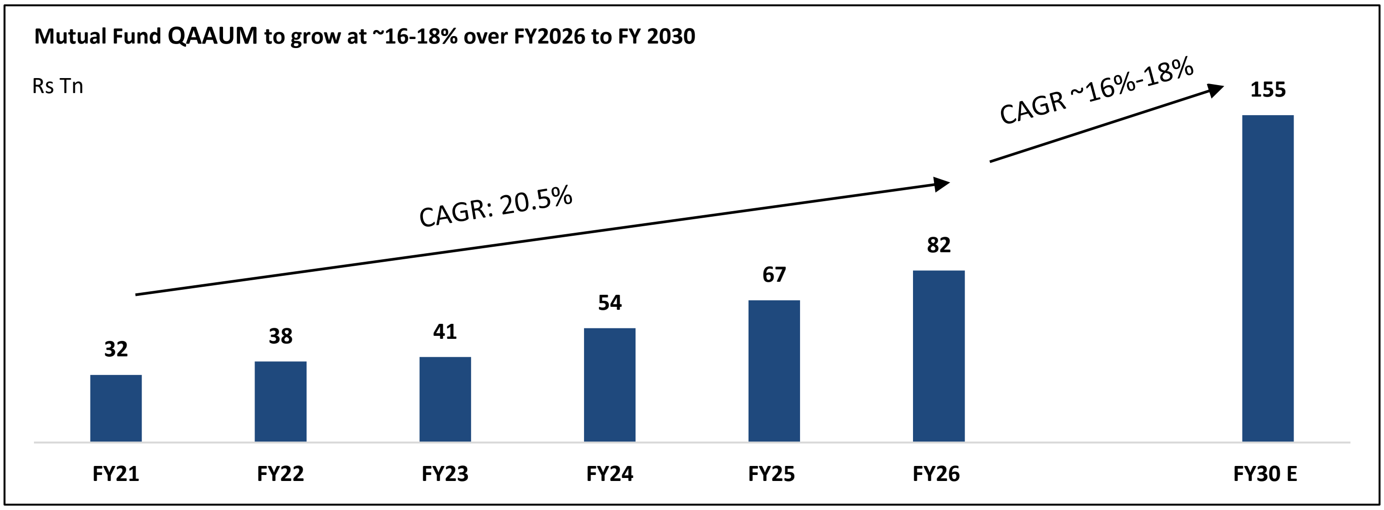
Industry Overview

QAAUM:

- The Indian mutual fund industry has witnessed significant growth over the past six years, supported by a robust domestic economy, rising retail participation, increasing SIP adoption, sustained inflows, and growing investor preference for professionally managed investment products.
- Demat accounts increased from 35.9 million in FY19 to 224.5 million in FY26, reflecting greater investor awareness, digital adoption, and increasing participation from younger investors.



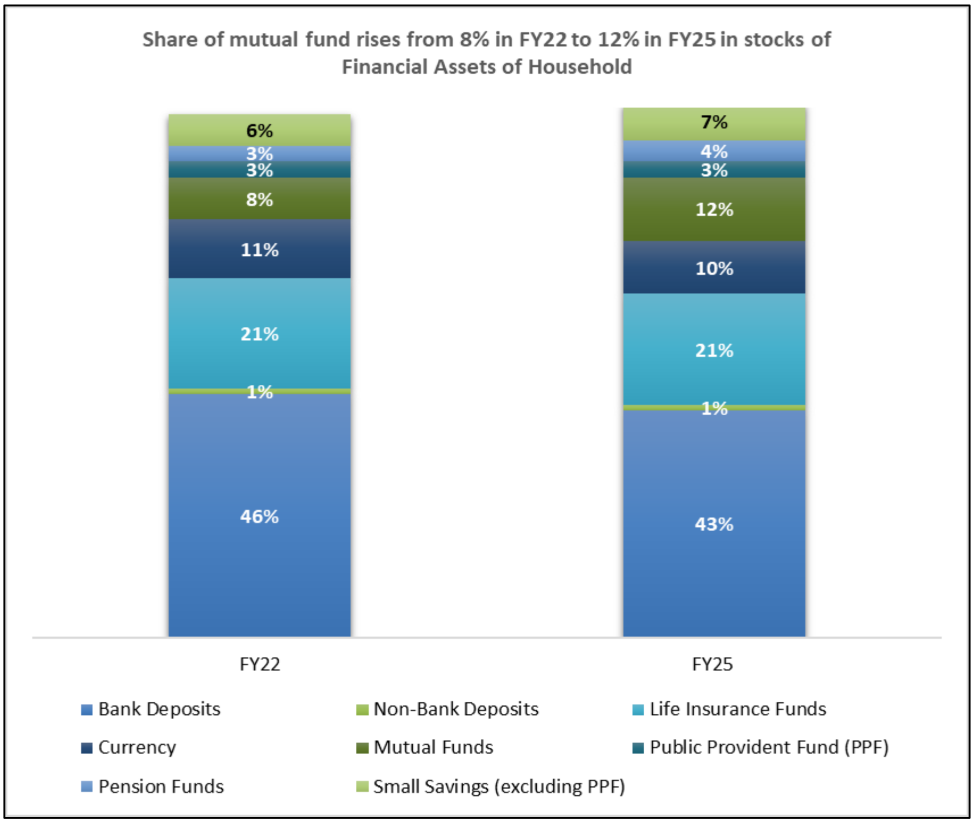
- Mutual fund QAAUM grew at a 20.5% CAGR during FY21–FY26 and is expected to grow at CAGR of 16-18% over FY26–FY30, supported by favorable structural drivers.
- Despite this growth, India's capital market penetration remains low at ~13%, indicating significant headroom for further expansion.



Source: RHP

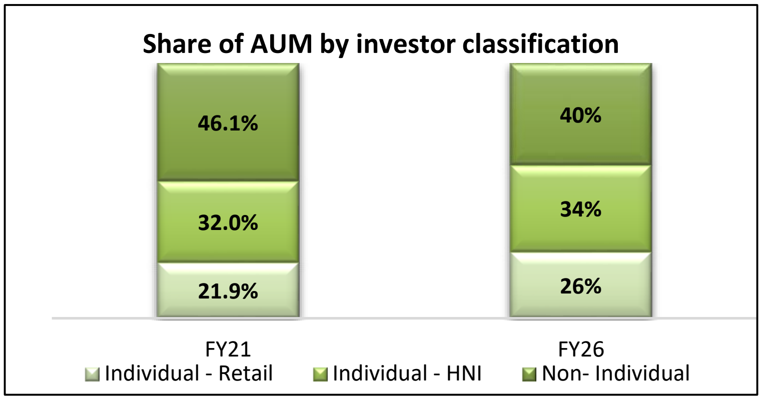
Structural Shift in Household Savings Toward Financial Assets:

- Household savings in India remain dominated by physical assets, whose share declined from 62% in FY14 to 47% in FY21 due to pandemic-led disruptions in housing construction, before rebounding to 63% in FY22 and 70% in FY24 as housing activity recovered post-pandemic. However, a gradual shift towards financial assets continues, driven by the search for higher real returns, with the share of mutual funds in household financial assets increasing from 8% in FY22 to 12% in FY25.
- Digitalization has significantly improved access to financial products, with fintech platforms, discount brokers, digital onboarding and UPI-based investment infrastructure making investing more convenient and accessible. SEBI's UPI-based investment payment mechanism has further simplified mutual fund investments.
- Rising financial literacy, increasing income-tax return (ITR) filings, growing disposable incomes and favorable demographics are expanding the formal investor base and supporting long-term growth in mutual fund investments.



Source: RHP

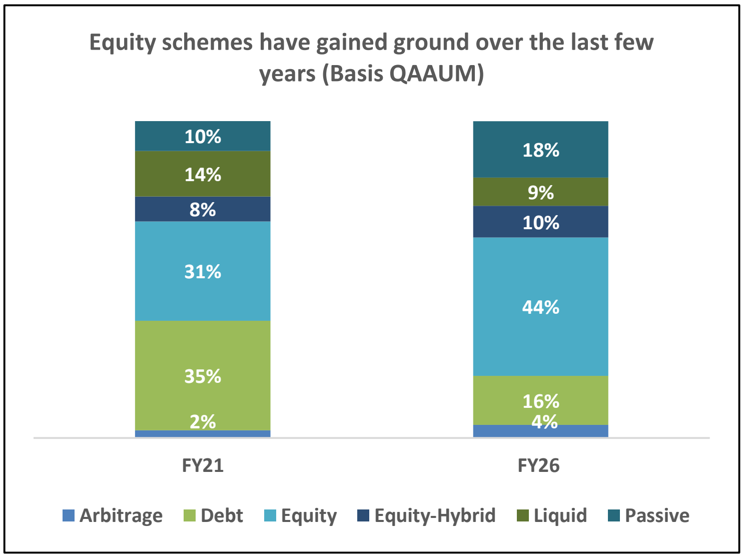
Individual investors (retail and HNI investors) accounted for 60% of total mutual fund industry AUM as on FY26. They predominantly invest in equity-oriented schemes, which are higher-margin products for AMCs.



Source: RHP

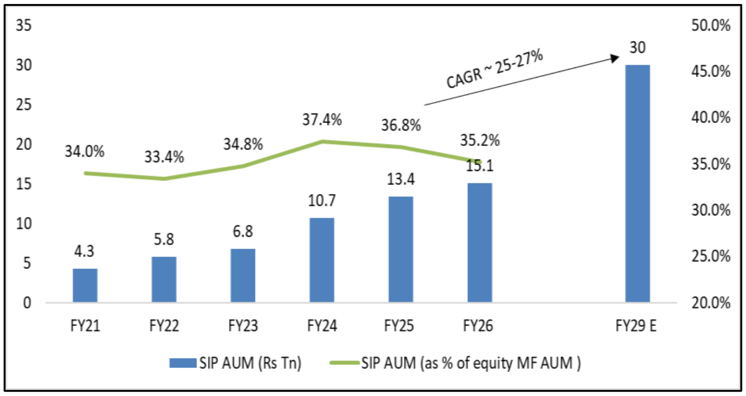
The share of equity schemes in industry QAAUM increased from 31.4% in FY21 to 43.7% in FY26, supported by strong equity markets. In FY26, all categories witnessed positive inflows. Generally, equity and equity-oriented schemes have a higher fee structure compared to non-equity-oriented schemes, on account of being actively managed and incurring more research and analysis costs as compared to other schemes.

Passive investing has also gained momentum, with passive products increasing their share from 9.5% in FY21 to 17.8% in FY26.



Source: RHP

As on FY26, SIP assets totaled Rs 15.1 tn, comprising over 20% of the industry's total assets. The number of SIP accounts also witnessed substantial growth, reaching nearly 104.5 mn. SIPs have gained increased traction among individual investors and contributed ~60% of total equity and equity-hybrid fund flow in the Indian mutual fund industry during FY25. SIP AUM is expected to grow at a CAGR of 25-27% over FY26 to FY29. SIPs have contributed to the growth and stability of the market and reduced overall volatility



Source: RHP

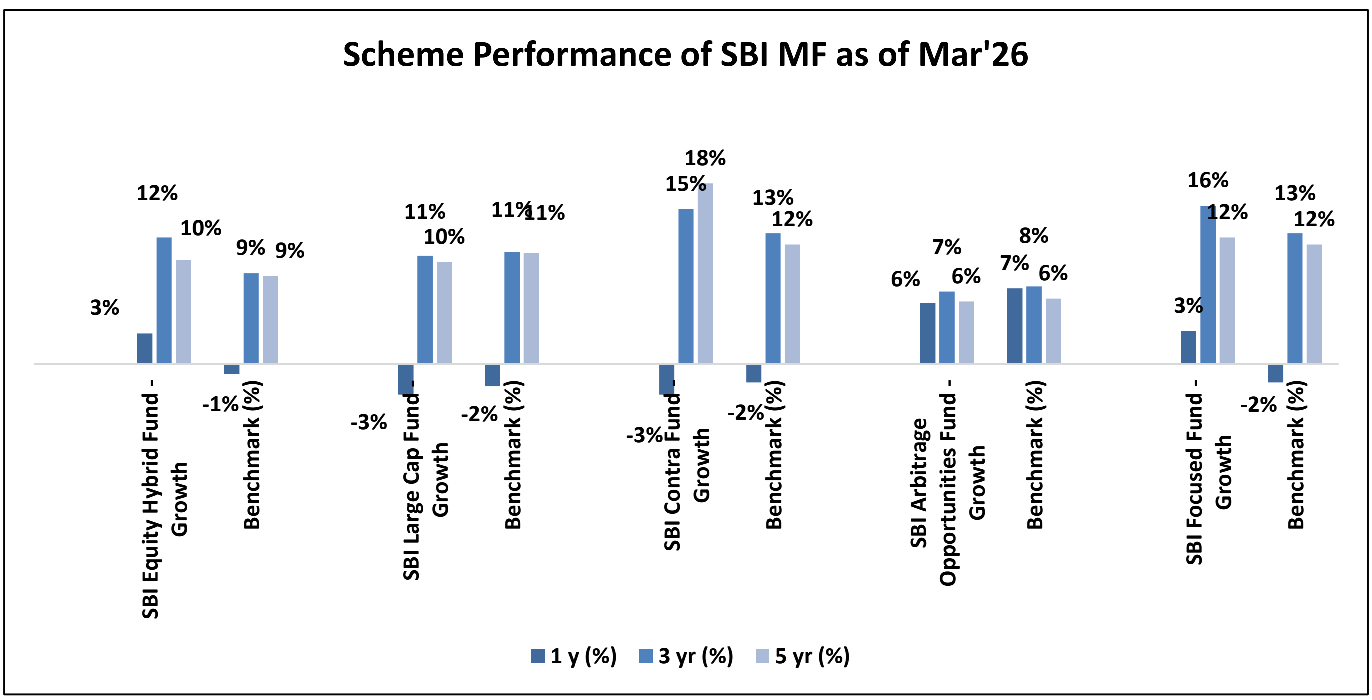
Investment Rationale

Largest AMC with diversified product offerings

- India's largest AMC by MF QAAUM, with Rs. 12.51 lakh crore and a 15.3% market share as of FY26.
- Total QAAUM (including PMS, AIFs, SIFs and advisory mandates) stood at Rs. 29.46 lakh crore, with MF QAAUM and Total QAAUM growing at a 16.97% CAGR and 14.22% CAGR, respectively, during FY24–FY26.
- Market leader in the PMS segment with 39.7% market share, supported by a strong institutional franchise and EPFO mandates.
- Diversified product suite spanning 128 MF schemes across equity, debt, hybrid, ETFs, index and overseas funds, complemented by PMS, AIFs, SIFs and advisory mandates.
- International presence through India-focused mandates across Japan, Australia and South Korea, UCITS funds sponsored by Amundi and advisory services for Amundi's Global Emerging Markets portfolios.

Scheme Performance:

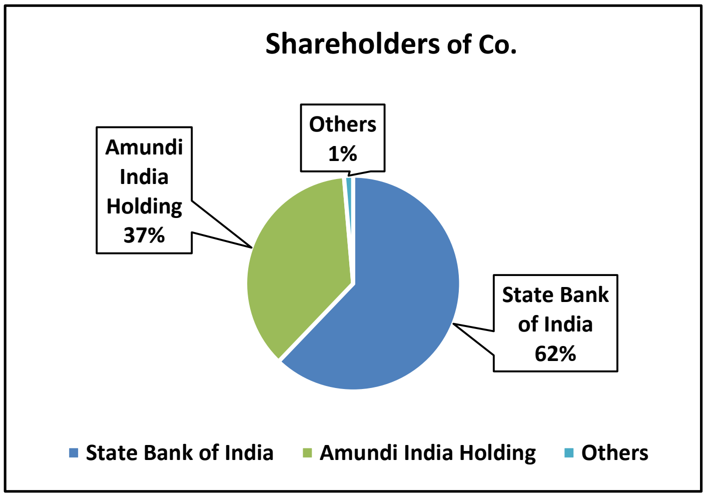
- SBI Contra Fund was the best-performing scheme, delivering 15%/18% returns over the 3-year/5-year period, outperforming its benchmark (13%/12%).
- SBI Focused Fund generated 16%/12% returns over the 3-year/5-year period, ahead of the benchmark (13%/12%), while SBI Equity Hybrid Fund delivered 12%/10% versus the benchmark's 9%/9%.
- SBI Large Cap Fund delivered a resilient performance, generating 11% returns over the 3-year/5-year period, in line with its benchmark.



Source: ICRA, NBRR

Strong Parentage Combining SBI's Distribution Strength with Amundi's Global Expertise

- SBI MF benefits from the combined strengths of State Bank of India and Amundi, Europe's largest asset manager, providing a differentiated platform with strong domestic distribution and global investment expertise.
- The partnership provides access to SBI's 23,000+ branch network and 100+ million YONO users, strengthening retail distribution, particularly in tier-2/3 cities and among first-time investors, while SBI's presence across 29 countries supports NRI outreach.
- Amundi provides global investment capabilities, product innovation, risk management expertise and access to international institutional investors, supporting offshore mandates, UCITS funds and advisory services.
- The strategic partnership enhances distribution, governance, investment capabilities and international expansion, strengthening SBI MF's long-term competitive position.



Extensive pan-India omnichannel distribution network

- The company has built a resilient pan-India distribution network through an omnichannel strategy that blends physical and digital channels. As of March 31, 2026, the distribution ecosystem comprised (132,519) mutual fund distributors, (122,460) Independent Financial Advisors, (9,964) national distributors and 95 banking partners, including the SBI. Presence across 98.2% of India's PIN codes with industry-leading B-30 franchise.

Technology-led distribution and investor engagement

- SBI MF has built a robust digital ecosystem supported by platforms such as SBI's YONO, InvesTap, Partner and Mitra, enabling seamless investor onboarding, transaction execution and distributor engagement. The company processed an average of 1.31 million transactions per month during FY26, with approximately 94.3% of transactions executed through digital channels. InvesTap had 3.97 mn registered users, 3.39 mn active users and over 5.8 mn downloads as of FY26, highlighting the company's strong digital capabilities and customer reach.

Concerns / Risks

High dependence on market conditions and AUM volatility

- The company's revenue is closely linked to assets under management (AUM), which fluctuate with market movements and economic conditions. Any downturn in equities, debt markets, or macro indicators can lead to reduced AUM. This directly impacts revenues across mutual funds, PMS, AIFs, and advisory services.

Underperformance of investment products may drive investor outflows

- If the company's mutual funds or portfolio strategies underperform benchmarks or peers, investors may shift to competitors or passive products. This leads to outflows, loss of mandates, and declining AUM. Consistent investment performance is crucial to maintaining market position and revenue visibility.

Rising competition and pressure on management fees

- SBI MF faces strong competition from large AMCs, ETFs, ULIPs, direct equity, and new digital investment platforms. Fee pressure and higher distributor payouts may become necessary to retain investors.

Regulatory scrutiny and compliance risks remain high

- Being a SEBI-regulated entity, the company must comply with multiple rules and undergo periodic inspections across MF, PMS, and AIF operations. Any non-compliance or adverse regulatory observation may lead to penalties or restrictions. Strong controls are required to maintain business continuity and avoid reputational damage.

Valuation and Recommendation

SBI Mutual Fund is attractively valued relative to listed peers. The company commands the highest MF QAAUM of Rs. 12.5 lakh crore with a 15.3% market share, supported by a diversified product portfolio and a strong retail and institutional franchise. While Active MF QAAUM grew at a CAGR of 22% (FY24–FY26), the company continues to outperform on profitability and operating efficiency with a cost-to-income ratio of 20% and a strong EBITDA margin of 79%. SBI MF also reported a healthy ROE of 51%, significantly higher than HDFC AMC (33%) and Nippon Life AMC (35%). At 33.6x EV/EBITDA and 38.1x P/E, the issue is available at a discount to IPRU AMC & HDFC AMC. Given its market leadership, strong distribution network, healthy profitability and favorable industry outlook, we assign a 'SUBSCRIBE' rating to the issue from a medium- to long-term perspective.

Listed Peers

FY2026	HDFC AMC	Nippon Life AMC	ICICI Prudential AMC	SBI MF
Total MF QAAUM (Cr)	927,451	724,965	1,103,751.0	1,250,998
Active MF QAAUM (Cr)	838,450	463,701	919,579	845,472
CAGR Active MF QAAUM (FY24-FY26)	*21%*	*22%*	*24%*	*19%*
QAAUM - Equity Oriented	*590,123*	*332,676*	*652,960*	*578,277*
CAGR Equity Oriented QAAUM (FY24-FY26)	*25%*	*27%*	*29%*	*22%*
Cost to income (%)	20%	33%	27%	20%
Unique investors (Mn)	16.7	23.8	17	18
Revenue (Cr)	4,122	2,709	5,765	4,389
Revenue (CAGR FY24-FY26)	*26%*	*10%*	*31%*	*28%*
EBITDA Margin (%)	80%	66%	74%	79%
ROE (%)	33%	35%	86%	51%
EV/EBITDA	35.2x	42.7x	36.7x	33.6x
P/E	40.5x	50.1x	47.8x	38.1x

Source: Company Data, NBRR

Financials

P&L (Rs. Cr)	FY24	FY25	FY26
Net Revenue	**2,691**	**3,598**	**4,389**
% Growth	***25%***	***34%***	***22%***
Employee Cost	368	421	441
% of Revenues	*13.7%*	*11.7%*	*10.0%*
Other expenses	339	402	477
% of Revenues	*12.6%*	*11.2%*	*10.9%*
EBITDA	**1,983**	**2,775**	**3,472**
EBITDA Margin	***73.7%***	***77.1%***	***79.1%***
Depreciation	37	40	44
Other Income	736	638	587
Interest	8	9	9
PBT	**2,674**	**3,364**	**4,005**
Share of profit / (loss) of	12	15	14
Tax	613	839	952
Tax rate	*23%*	*25%*	*24%*
Adj PAT	**2,073**	**2,540**	**3,067**
% Growth	*55%*	*23%*	*21%*
EPS (Post Issue)	**10.2**	**12.5**	**15.1**

Ratios & Others	FY24	FY25	FY26
EBITDA Margin (%)	74%	77%	79%
PAT Margin (%)	77%	71%	70%
ROE (%)	31%	31%	51%
ROCE (%)	40%	41%	67%

Valuation Ratios	FY24	FY25	FY26
Price/Earnings (x)	56.4	46.0	38.1
EV/EBITDA (x)	58.9	42.1	33.6
EV/Sales (x)	43.4	32.5	26.6
Price/BV (x)	17.3	14.1	19.6

Source: Company Data, NBRR

Balance Sheet (Rs. Cr)	FY24	FY25	FY26
Share Capital	51	51	204
Other Equity	6,697	8,247	5,759
Non-controlling interest	0	0	0
Networth	**6,748**	**8,298**	**5,963**
Total Loans	**0**	**0**	**0**
Other non-curr liab.	228	326	297
Trade payable	20	20	24
Other Current Liab	112	128	137
Total Equity & Liab.	**7,107**	**8,772**	**6,420**
PPE	253	266	390
CWIP	0	110	0
Other Intangibles / RoU	33	55	71
Non Curr. Fin assets	0	0	0
Other non Curr. assets	1	4	39
Investments	6,645	8,111	5,704
cash and cash equivalents	4	15	20
Bank bal	55	77	89
Trade receivables (debtors)	108	123	88
Other Current assets	8	9	20
Total Assets	**7,107**	**8,772**	**6,420**

Cash Flow (Rs. Cr)	FY24	FY25	FY26
Profit Before Tax	2,674	3,364	4,005
Provisions & Others	-659	-557	-505
Op. profit before WC	**2,015**	**2,808**	**3,500**
Change in WC	-48	-42	13
Less: Tax	-529	-774	-1,025
CF from operations	**1,438**	**1,992**	**2,488**
Purchase/Sale of PPE	-11	-120	-28
Purchase/Sale of Invest.	-1,414	-962	2,825
Int, div & other inc	120	144	178
CF from Investing	**-1,305**	**-938**	**2,974**
Proceeds from ESOP	100	107	93
Dividend Payment	-202	-1,117	-5,515
Repayment of lease liabilities	-22	-24	-27
Interest element of lease payme	-8	-9	-9
CF from Financing	**-132**	**-1,043**	**-5,458**
Net Change in cash	**2**	**12**	**4**
Cash & Bank at beginning	2.0	4	15
Cash & Bank at end	4	15	20

Disclosure:

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