BONANZA WEALTH MANAGEMENT RESEARCH

Bonanza

13 July 2026

SBI Funds Management Ltd.- Subscribe

Company Overview

SBI Funds Management Ltd. (SBIFM), incorporated in 1992, is India's largest asset management company (AMC) by Quarterly Average Assets Under Management (QAAUM) and the investment manager to SBI Mutual Fund, the country's oldest mutual fund outside UTI. Backed by a strategic joint venture between State Bank of India and Amundi Asset Management, the company combines SBI's extensive domestic distribution network with Amundi's global investment expertise. As of March 2026, SBIFM managed Rs.29.5 trillion of total QAAUM, including Rs.12.5 trillion of mutual fund QAAUM, commanding a 15.3% market share, while serving over 18 million unique investors through 128 mutual fund schemes spanning equity, debt, hybrid, ETFs, and solution-oriented funds.

Beyond mutual funds, the company has built a diversified asset management platform offering Portfolio Management Services (PMS), Alternative Investment Funds (AIFs), Specialised Investment Funds (SIFs) and offshore advisory mandates. SBIFM is also India's largest passive fund manager with 27.9% market share in ETFs and index funds and the leading PMS provider with 39.7% market share. Its nationwide multi-channel distribution network comprising SBI branches, banks, distributors, independent financial advisors, and digital platforms such as InvesTap and YONO provides a strong competitive advantage, enabling consistent investor acquisition and sustained leadership in India's rapidly expanding asset management industry.

Investment Rationale

- Market leader with unmatched scale, as India's largest AMC with Rs.12.5 trillion mutual fund QAAUM and 15.3% market share, SBIFM benefits from significant operating leverage, enabling one of the industry's lowest cost structures (0.08% operating expense ratio in FY26) and superior profitability.
- Diversified asset management platform, beyond mutual funds, the company is the largest PMS provider with 39.7% market share and the leading Specialised Investment Fund (SIF) manager with 28.2% market share, providing multiple growth avenues and reducing dependence on a single product category.
- Consistent financial performance with structural growth tailwinds, the company has delivered strong earnings growth, with PAT increasing from Rs.2,073 crore in FY24 to Rs.3,067 crore in FY26, while maintaining ~82% EBITDA margins. Rising financialization of household savings, increasing SIP penetration and expanding mutual fund participation position SBIFM to sustain long term growth.
- SBIFM is broadening its offerings across passive funds, ETFs, PMS, AIFs and SIFs, enabling it to capture a larger share of the growing wealth management market while diversifying revenue streams beyond traditional mutual funds.
- With the highest B-30 MAAUM of Rs.2.77 trillion (22.8% of total MAAUM) among leading AMCs, SBIFM is leveraging SBI's nationwide distribution network, 13,000+ NISM certified bankers, digital platforms and investor education initiatives to deepen mutual fund penetration in underpenetrated Tier-II, Tier-III and rural markets, supporting sustained long term AUM growth.

Valuation

At the upper price band, SBIFM is valued at 38.1x FY26 earnings, which appears justified considering its dominant market position, asset light business model, and industry leading profitability. The company benefits from strong operating leverage, a diversified product portfolio, robust SIP led inflows, and the distribution strength of SBI, providing long term visibility on AUM and earnings growth. With structural tailwinds from increasing financialization of household savings, rising mutual fund penetration, and sustained SIP growth, SBIFM is well positioned to compound earnings over the long term. We recommend a **SUBSCRIBE** rating for investors with a long term investment horizon.

IPO Details

Industry	Capital Market
Issue Open Date	14th July 2026
Issue Close Date	16th July 2026
Price Band (Rs.)	545-574
Issue Size* (Cr)	~Rs. 11,693
Issue Size*(Shares)	20,37,09,239
Bid Lot	26 Shares
Listing Exchanges	BSE and NSE
Face Value (Rs.)	Rs. 1.0/-

*** At highest price band**

Issue Details

Sale Type (Rs. Cr)	Offer for Sale – 11,693
Issue Type	Book Building
Book Running Lead Manager	Kotak Mahindra Capital Company Ltd., Axis Capital Ltd., BofA Securities India Ltd., HSBC Securities and Capital Markets (India) Pvt. Ltd., ICICI Securities Ltd., Jefferies India Pvt. Ltd., JM Financial Ltd., Motilal Oswal Investment Advisors Ltd., SBI Capital Markets Ltd.
Registrar	Kfin Technologies Ltd.
Issue structure	QIB: 50.0% Non-Institutional: 15.0% Retail: 35.0%
Credit of Shares to Demat Account	za 14th July 2026
Issue Listing Date	15th July 2026

*** At highest price band**

Objects of the Issue

Particular	Estimated utilization from Net proceeds (Rs Cr.)
This is a pure **Offer for Sale (OFS),** meaning no funds from the issue will flow into the company. The entire proceeds will be received by thr promoter and promoter group , with no capital deployment at the company level.	

Shareholding Pattern

Shareholding (%)	Pre(%)	Post*(%)
Promoter	98.2	88.2
Public & Others	1.8	11.8

*** At highest price band**

Business Highlights

- SBIFM is the largest asset management company in India with Rs. 12.5 trillion mutual fund QAAUM and Rs.29.5 trillion total QAAUM as of March 2026, commanding a 15.3% mutual fund market share. It has consistently retained its leadership position since 2021 and serves 18 million unique investors through 128 mutual fund schemes spanning equity, debt, hybrid, ETFs, index funds, liquid funds, PMS, AIFs, SIFs, and offshore advisory mandates. This diversified product mix enables the company to capture opportunities across multiple investor segments and market cycles.
- Beyond traditional mutual funds, SBIFM has established a dominant position across alternate investment platforms. It is India's largest PMS provider with a 39.7% market share, the largest passive asset manager with 27.9% market share in ETFs and index funds, and one of the leading Specialised Investment Fund (SIF) managers with 28.2% market share. The company's institutional franchise includes advisory mandates for pension funds, insurance companies, provident funds and offshore investors, creating diversified and recurring fee-based revenue streams.
- The company has built one of India's strongest retail investment platforms with 16.21 million live SIP accounts, representing one of the highest SIP franchises in the industry. It operates through an extensive omnichannel distribution network comprising 1.32 lakh+ mutual fund distributors, 95 banking partners, including SBI, and a large network of independent financial advisors. Nearly 23% of its mutual fund AUM originates from B-30 cities, while over 65% of SIP accounts are sourced from these markets, highlighting its leadership in expanding mutual fund penetration beyond metro cities.
- SBIFM continues to strengthen customer acquisition and engagement through its digital platforms, including InvesTap, which has 5.8 million downloads, nearly 4 million registered users, and seamless integration with SBI's YONO platform. Internationally, the company leverages Amundi's global network to manage India-focused mandates across Europe, the Middle East, Asia, Australia and South America, while also offering global investment products to domestic investors, enhancing both inbound and outbound investment opportunities.

Financials

Particular (Rs./Cr.)	FY24	FY25	FY26
Revenue	2,690.6	3,597.8	4,389.5
EBITDA	1,983.3	2,774.5	3,471.8
EBITDA M(%)	73.7	77.1	79.1
PAT	2,060.3	2,525.5	3,053.1
PAT M(%)	76.6	70.2	69.6
P/E (x)*	56.1	45.9	38.2

***at highest price point**

Risks & Concerns

- Revenue is directly linked to QAAUM; any market correction, lower SIP inflows, or higher redemptions could reduce assets under management and impact fee income and profitability.
- The top 5 schemes account for 42.6% of mutual fund QAAUM, while the top 10 contribute nearly 60% of QAAUM, making earnings sensitive to prolonged underperformance or large redemptions in these flagship schemes.
- Changes in SEBI regulations, including TER/BER revisions and the increasing mix of lower-fee passive products, could compress management fees, margins, and profitability.
- Sustained fund performance is critical for attracting and retaining investors. Underperformance of schemes or the loss of key fund managers and senior investment professionals could adversely affect AUM growth and the company's competitive position.
- A significant retail presence in B-30 cities exposes the company to potentially higher redemption volatility during market downturns, while any changes to B-30 incentive regulations could impact AUM growth.

Graphs & Charts

Figure 1: Revenue Trend

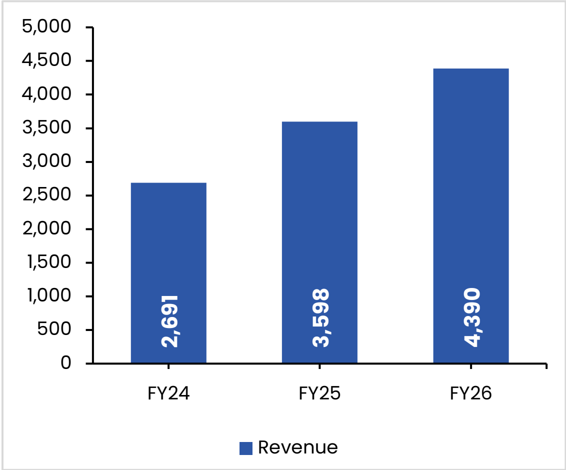


Figure 2: EBITDA trend

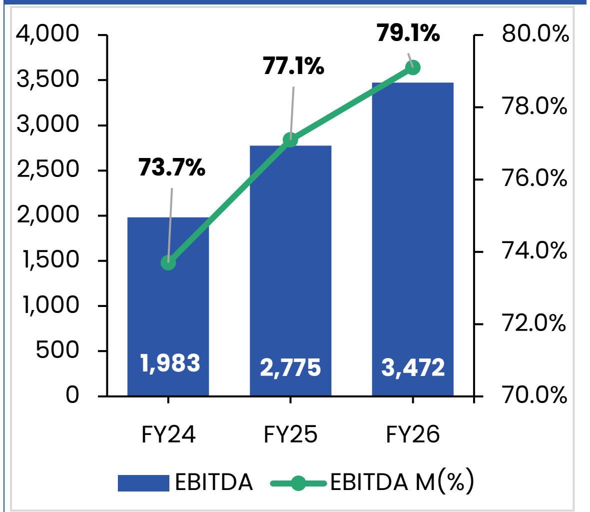
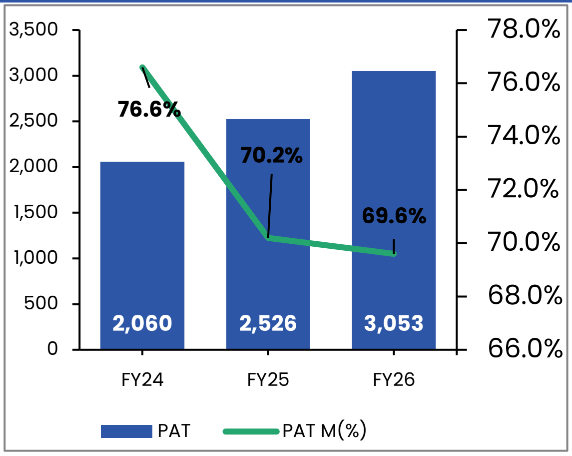


Figure 3: PAT Trend



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