SBI Funds Management Limited

Subscribe for long term

Rating: Subscribe for long term

Issue Offer

Total issue size: OFS – INR 116,929 Mn (203.71 Mn shares)
Employee Discount: INR 54 per share

Issue Summary	
Price Band (INR)	545-574
Face Value (INR)	1
Implied Market Cap (INR mn)	1,169,139
Market Lot	26
Issue Opens on	14 July, 2026
Issue Close on	16 July, 2026
No. of share pre-issue	2,036,827,612
No. of share post issue	2,036,827,612
Listing	NSE / BSE

Issue Break-up (%)	
QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Book Running Lead Managers

Kotak Mahindra Capital Company Ltd
Axis Capital Ltd
BofA Securities India Ltd
HSBC Securities and Capital Markets (India) Pvt Ltd
ICICI Securities Ltd

Registrar

KFin Technologies Ltd

Shareholding Pattern	Pre-Issue	Post-Issue
Promoters	98.02%	88.02%
Public & Others	1.98%	11.98%

Objects of the Offer	Exp. Amt (INR Mn.)
The promoter selling shareholders (SBI and Amundi India Holding) will carry out an offer for sale of INR 116,929 Mn. The company will not receive any proceeds and will achieve the benefits of listing on the stock exchanges.	116,929

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SBI Funds Management Limited is the asset management company and investment manager to SBI Mutual Fund, and is India's largest asset management company (AMC) by quarterly average mutual fund assets under management (QAAUM). Incorporated in 1992, it is a joint venture between State Bank of India and Amundi, and is India's oldest AMC, with SBI Mutual Fund having commenced operations in 1987 as the first mutual fund entity outside the Unit Trust of India. As of March 31, 2026, the company managed mutual fund QAAUM of INR 12.51 trillion with a market share of 15.3%, and served around 18 million unique investors. It offers a full suite of products across mutual funds, portfolio management services (PMS), alternative investment funds (AIFs), specialised investment funds (SIFs) and advisory mandates, spanning 128 mutual fund schemes. The company reaches investors through a pan-India, multi-channel distribution network of banks, national distributors and independent financial advisors, along with digital platforms such as InvesTap and integration with SBI's YONO.

Investment Rationale:

Market leadership and scale as India's largest AMC: SBI Funds Management is the largest AMC in India by QAAUM, with mutual fund QAAUM of INR 12.51 trillion and a market share of 15.3% as of March 31, 2026, a leadership position it has held consistently. It is also the largest provider of portfolio management services and runs the largest specialised investment fund platform, alongside a strong passive franchise. The company benefits from the combined strengths of its promoters: State Bank of India's unmatched pan-India banking and distribution reach, and Amundi's global investment expertise and international network. This scale supports significant operating leverage and one of the strongest profitability profiles in the industry.

Sticky, SIP-led retail franchise with deep digital reach: The company serves around 18 million unique investors and operates one of the largest systematic investment plan (SIP) books in the industry, giving it a granular and recurring flow of assets that lends stability and predictability to AUM. Its distribution spans 95 banks including State Bank of India, national distributors and independent financial advisors, while digital channels accounted for over 94% of transactions in FY26 through its InvesTap application and integration with SBI's YONO platform. This broad, multi-channel reach helps the company acquire and retain investors efficiently across urban and rural markets.

Consistent growth with best-in-class profitability: The company has delivered steady growth with high margins. Total income rose from INR 34,260.80 Mn in FY24 to INR 49,761.10 Mn in FY26, while profit after tax grew from INR 20,727.90 Mn to INR 30,673.80 Mn over the same period, up around 21% in FY26. EBITDA stood at INR 40,584.40 Mn in FY26 at a margin of about 82%, and the business remains asset-light and highly cash-generative with strong return ratios. This financial strength, combined with market leadership, positions the company well to benefit from the structural growth of India's mutual fund industry.

Valuation & Outlook: SBI Funds Management enters FY26 as India's largest asset manager (AUM INR 12.51 trillion, 15.3% share) on a capital-light, fee-based model. Revenue rose from INR 34,261 Mn in FY24 to INR 49,761 Mn in FY26, with EBITDA at INR 40,584 Mn (~82% margin) and PAT at INR 30,674 Mn (up ~21% YoY), reflecting strong operating leverage. Structural drivers such as rising financialisation, deepening SIP penetration and SBI-backed distribution support steady AUM accretion and annuity-like fee income, though earnings stay exposed to market volatility and TER/distribution regulation. **At the upper band of INR 574, the issue is valued at a P/E of 38.1x on FY26 EPS of INR 15.06 (P/B of 19.6x), broadly in line with or at a discount to larger listed peers, supported by its dominant franchise and superior return ratios. We recommend a "subscribe for long term" rating.**

Particulars (INR Mn)	FY24	FY25	FY26
Revenue	34,260.80	42,361.50	49,761.10
Growth (%) YoY	_	*23.64%*	*17.47%*
EBITDA	27,188.20	34,129.40	40,584.40
Margins (%)	*79.36%*	*80.57%*	*81.56%*
PAT/(Loss)	20,727.90	25,401.50	30,673.80
Margins (%)	*60.50%*	*59.96%*	*61.64%*

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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