ADITYA BIRLA CAPITAL
STOCKS & SECURITIES

SBI Funds Management

Attractive play on India's long-term wealth creation story

SUBSCRIBE

Capital Markets | IPO Note | July 14, 2026

Price Band (Rs): 545 - 574

India's largest mutual fund AMC by QAAUM, SBI Funds Management (SBIFM) is uniquely positioned to benefit from India's accelerating financialization and rising mutual fund penetration. Backed by SBI's trusted franchise and Amundi's global expertise, the company has built a scalable, asset-light and high-return business model. We recommend SUBSCRIBE to the SBIFM IPO, supported by its market leadership, strong distribution network, robust profitability and multiple growth levers. The company is well placed to capitalize on the industry's expected double-digit AUM growth (16-17% CAGR over FY26-FY29) and strong SIP-led expansion (23-26% CAGR over FY26-FY29). With a revenue CAGR of 27.7%, PAT CAGR of 21.7% over FY24-FY26 and ROE of 43.0% in FY26, SBIFM has demonstrated strong execution. At the upper price band of Rs 574, the stock trades at ~38.1x FY26 earnings, which appears reasonable relative to listed peers *(Exhibit 6)*, making it an attractive play on India's long-term wealth creation story.

Industry leadership with scalable business model

SBIFM is India's largest asset management company with mutual fund QAAUM of Rs 12.5 tn and total QAAUM of Rs 29.5 tn as of March 2026. The company has consistently retained the #1 position in the mutual fund industry since March 2021 with a market share of 15.3%, benefiting from scale advantages, strong operating leverage and a diversified asset management platform.

Strong SBI-Amundi parentage and distribution model

SBIFM benefits from the combined strengths of SBI and Amundi Asset Management. SBI's network of 23k+ branches and 530+ mn customers, coupled with SBIFM's extensive distribution footprint of 132,519 distributors, 282 offices and reach across 98.2% of Indian PIN codes, provides a significant customer acquisition and distribution advantage that is difficult to replicate.

Leadership in Retail, SIP and B-30 markets

The company has built a leading retail investor franchise, serving ~18 mn unique investors and managing 16.2 mn live SIP accounts. Its deep presence in underpenetrated markets is reflected in its leadership in B-30 locations, where it holds a 19.2% market share and manages Rs 2.8 tn of B-30 MAAUM, positioning it well to benefit from rising mutual fund penetration beyond metro cities.

Diversified growth engines beyond traditional Mutual Funds

SBIFM is India's largest passive fund manager with ETF and Index Fund QAAUM of Rs 4.1 tn and a market share of 27.9%. Beyond mutual funds, it manages Rs 16.9 tn of PMS & Advisory assets and Rs 65.7 bn of AIF assets, while also holding a leading 28.2% market share in the emerging SIF segment, providing multiple long-term growth avenues and revenue diversification.

Key Risks

(1) Earnings remain sensitive to market performance, as AUM, fee income and profitability are closely linked to investor flows and capital market conditions. (2) Regulatory changes relating to TERs, commission structures or other SEBI norms, along with the rising mix of lower-yield passive products, could impact revenue and margins. (3) The company faces concentration risks, with the top 10 schemes contributing ~46.5% of mutual fund revenue and B-30 locations accounting for 22.8% of MAAUM. (4) Sustaining investment performance, distributor relationships and investor trust remains critical for long-term growth.

Company Background

SBIFM, the asset manager of SBI Mutual Fund, is India's largest asset management company with mutual fund QAAUM of Rs 12.5 tn and total QAAUM of Rs 29.5 tn as of March 2026. Incorporated in 1992, the company serves as the investment manager to SBI Mutual Fund, which was established in 1987 as India's first mutual fund outside Unit Trust of India. Promoted by State Bank of India and Amundi Asset Management, SBIFM offers investment solutions across mutual funds, PMS, advisory mandates, AIFs and SIFs, serving ~18 mn unique investors through 128 mutual fund schemes. Over FY24-FY26, total QAAUM and mutual fund QAAUM grew at a CAGR of 14.2% and 17.0%, respectively, reflecting the strength of its franchise and sustained investor participation.

Issue Details	
Issue Opens	July 14, 2026
Issue Closes	July 16, 2026
Type of Issue	OFS (170,956,631 shares)
Face Value (Rs)	1
Price Band (Rs)	545 - 574
Bid Lot/ Bid Size	26 shares / Rs 14,924
Issue Size at upper price band (Rs bn)	98.1
Market Cap at upper price band (Rs bn)	1,169.1
Issue Structure	QIB- 50%, HNI- 15%, Retail- 35%
BRLMs	Kotak Mahindra Capital, Axis Capital, BofA Securities India, HSBC Securities and Capital Markets (India), ICICI Securities, Jefferies India Private, JM Financial, Motilal Oswal Investment Advisors, SBI Capital Markets
Registrar	KFin Technologies

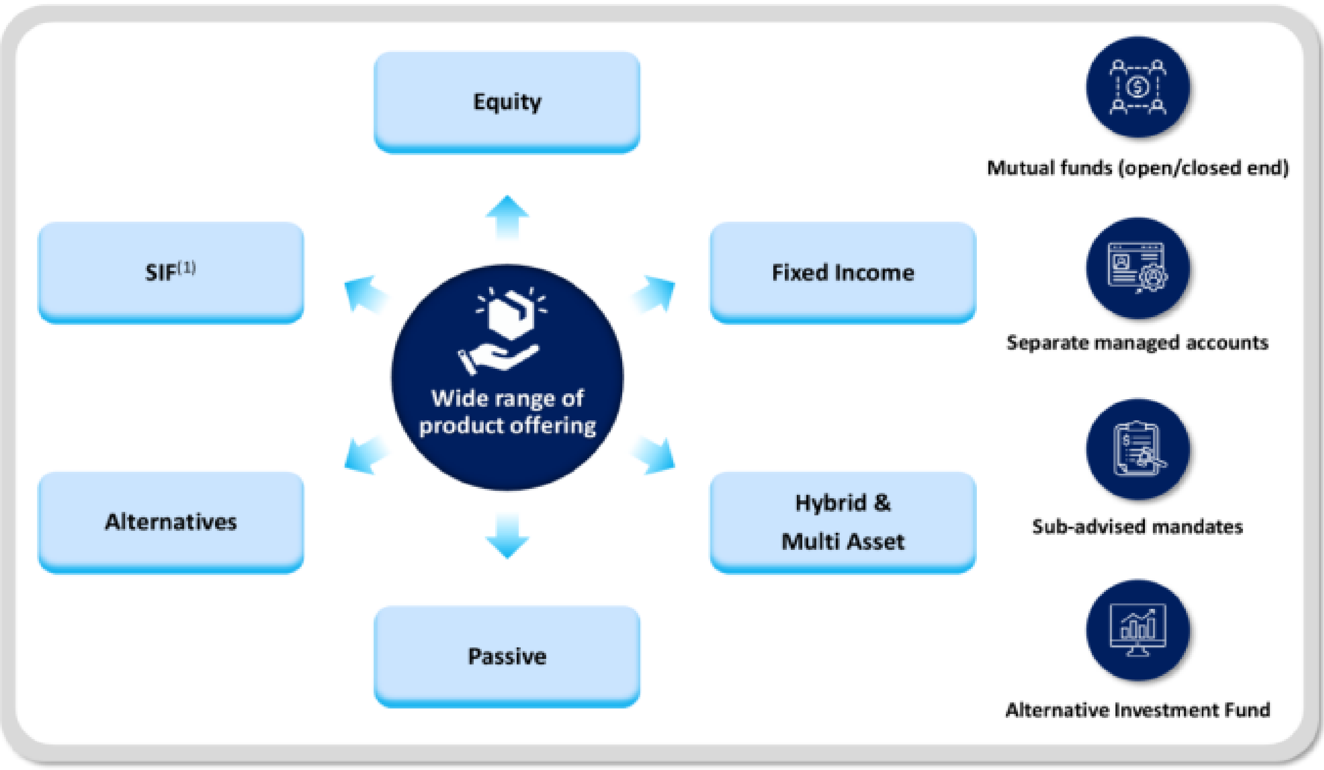
Shareholding Pattern (%)	Pre-Issue	Post-Issue
Promoter	98.02	88.02
Public	1.98	11.98

ABM Equity Research
abm.equityresearch@adityabirlacapital.com
022-6819-0515

Strategic Growth Pillars

- **Expand retail investor reach and double the investor base over the next five years**, with a focus on adding another ~16 mn investors and becoming the preferred fund manager for Indian households.
- **Drive growth from Tier-2, Tier-3 and rural markets** by deepening investor awareness across towns, panchayats and villages, while leveraging the company's strong presence in underpenetrated geographies.
- **Enhance financial literacy and investor awareness** to accelerate mutual fund adoption and support the ongoing financialization of household savings.
- **Strengthen digital and technology capabilities** through continued investment in digital platforms, including the AI-powered InvesTap app, to improve onboarding, investor engagement and customer experience.
- **Increase SIP penetration through goal-based investing**, positioning SIPs as a key tool for long-term wealth creation across life-stage financial goals such as education, marriage and retirement.
- **Expand and diversify product offerings** across active funds, passive products, PMS, AIFs, advisory mandates and Specialized Investment Funds (SIFs) to cater to evolving investor preferences.
- **Enhance customer experience and investor value creation** through seamless service, prudent risk management and consistent investment outcomes.
- **Leverage SBI's trusted brand and customer franchise** to acquire new investors and deepen relationships across retail and institutional segments.
- **Pursue international growth opportunities** by leveraging the Amundi partnership to strengthen global investment capabilities, product innovation and offshore offerings.
- **Capitalize on the structural shift from traditional savings to financial assets**, supported by rising mutual fund participation, increasing SIP adoption and growing investor preference for professionally managed investment products.

Exhibit 1: Well-diversified product suite spanning asset classes



Source: Company RHP, ABM Research

Exhibit 2: Operational and Financial KPIs

	Unit	FY24	FY25	FY26
Operational KPIs				
Total QAAUM	Rs bn	22,583	26,276	29,461
Total MF QAAUM	Rs bn	9,144	10,729	12,510
Active MF QAAUM	Rs bn	5,962	7,313	8,455
MF MAAUM - Investor wise (Individual)	Rs bn	4,296	5,163	5,818
MF MAAUM - Investor wise (Corporates & Others)	Rs bn	5,002	5,457	6,331
PMS & Advisory QAAUM	Rs bn	13,395	15,490	16,879
AIF QAAUM	Rs bn	39	51	66
Unique investors	mn	11	15	18
Financial KPIs				
Revenue from Operations	Rs mn	26,906	35,978	43,895
Operating Margin	%	0.21	0.25	0.27
Profit after Tax	Rs mn	20,728	25,402	30,674
Return on Equity	%	36.05	33.77	43.02

Source: Company RHP, ABM Research

Exhibit 3: MAAUM by Investor Category

	Unit	FY24	FY25	FY26
Total Unique Investors	mn	11	15	18
MAAUM by Investor Category				
Total MAAUM	Rs bn	9,298	10,620	12,149
Individual (Retail + HNI) MAAUM	Rs bn	4,296	5,163	5,818
% of total MAAUM	*%*	*46.2*	*48.6*	*47.9*
Institutional MAAUM	Rs bn	5,002	5,457	6,331
% of total MAAUM	*%*	*53.8*	*51.4*	*52.1*

Source: Company RHP, ABM Research

Exhibit 4: Revenue generated from top 10 schemes

	Unit	FY24	FY25	FY26
Revenue from top 10 schemes in terms of mutual fund QAAUM	Rs mn	13,212	16,438	19,540
Revenue generated from mutual fund schemes in terms of mutual fund QAAUM	Rs mn	26,002	34,250	42,071
Revenue from top 10 schemes as a % of revenue generated from mutual fund schemes	*%*	*50.8*	*48.0*	*46.4*

Source: Company RHP, ABM Research

Exhibit 5: Investment performance across schemes

	FY26
Equity-Oriented Schemes	
Total Equity Schemes	22 (for three years) and 20 (for five years)
Schemes in Top Quartile (3-Year Performance)	5 schemes (25.51%)
Schemes in Top Quartile (5-Year Performance)	7 schemes (28.60%)
Hybrid Schemes	
Total Hybrid Schemes	11 (for three years) and 10 (for five years)
Schemes in Top Quartile (3-Year Performance)	4 schemes (25.42%)
Schemes in Top Quartile (5-Year Performance)	4 schemes (35.87%)
Debt-Oriented Schemes	
Total Debt Schemes	16 (for three years) and 15 (for five years)
Schemes in Top Quartile (3-Year Performance)	3 schemes (7.63%)
Schemes in Top Quartile (5-Year Performance)	2 schemes (5.76%)

Source: Company RHP, ABM Research

Exhibit 6: Peer Comparison

	FY26 Revenue (Rs mn)	Face Value (Rs)	P/E (x)	EPS (Rs)	RoNW (%)	Net Asset Value per share (Rs)
SBI Funds Management (SBIFM)	**43,895**	**1**	**38.1**	**15.1**	**43.0**	**29.3**
ICICI Prudential Asset Management Company	57,646	1	47.4	66.7	85.8	84.4
HDFC Asset Management Company	41,222	5	39.9	66.8	32.9	215.4
Nippon Life India Asset Management	27,087	10	50.3	24.1	34.5	73.0
UTI Asset Management Company	16,981	10	31.4	31.5	11.2	350.5

Source: Company RHP, ABM Research

Disclaimer

About Aditya Birla Money Limited (ABML)
Aditya Birla Money Limited ("ABML"), a company registered with the Securities and Exchange Board of India ("SEBI") as a Research Analyst under Registration No. INH000002145. ABML is also registered as a stockbroker with NSE, BSE, MCX and NCDEX bearing registration number INZ000172636 and as a Depository Participant with NSDL and CDSL under registration number IN-DP-17-2015 and is engaged in multiple financial service activities including broking, portfolio management, and distribution of financial products like IPO, FPO, etc.

Analyst Certification
We, ABM Equity Research, hereby certify that the views expressed in this research report reflect our views about the subject security(ies). The Research Analyst(s) responsible for the preparation of this report hereby certify that the views expressed herein accurately reflect their personal views about the subject company(ies) and their securities and that no part of their compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed in this report. The Research Analyst(s) have not served as officers, directors or employees of the subject company(ies). The Research Analyst(s) and their relatives do not have any material conflict of interest at the time of publication of this report and do not hold 1% or more of the securities of the subject company(ies) as of the end of the month preceding the date of publication. Artificial intelligence (AI) tools have not been used in the preparation of this research report.

Nature of Report & Investor Responsibility
This report is prepared strictly for informational purposes only and does not constitute an offer, solicitation or recommendation to buy, sell or hold any securities or financial instruments. It does not constitute investment, legal, accounting or tax advice and does not take into account the specific investment objectives, financial situation or needs of any recipient. Investors are advised to exercise independent judgment and obtain professional advice before making investment decisions. There is no assurance or guarantee of returns arising from the recommendations contained in this report.

Data Sources, Accuracy & Risk Disclosure
The information contained in this report has been obtained from publicly available sources and other data believed to be reliable; however, ABML does not represent or warrant, whether express or implied, the accuracy, adequacy or completeness of such information and shall not be responsible for any error or omission. Any forward-looking statements are subject to market risks, uncertainties and assumptions that may cause actual outcomes to differ materially. Past performance is not indicative of future results. Investments in securities market are subject to market risks. Read all related documents carefully before investing.

Jurisdiction & Distribution Restrictions
This report is not directed to, or intended for distribution to or use by, any person or entity in any jurisdiction where such distribution would be contrary to applicable laws or regulations. This document may be distributed in certain overseas jurisdictions only to such persons as may be permitted under applicable local laws and regulations, including institutional or qualified investors, and recipients shall ensure compliance with such restrictions. Persons into whose possession this report may come are required to inform themselves of and observe all applicable restrictions.

Conflict of Interest & Business Activities
ABML and its associates are engaged in various financial services activities and may have financial interests in the securities of the subject company(ies), including beneficial ownership of one percent or more of such securities or any other material interest. ABML or its associates or affiliates may have received compensation for investment banking, merchant banking, brokerage, advisory or other financial services from the subject company(ies) during the twelve months preceding the publication of this report and may seek or expect to receive such compensation in the future. The subject company(ies) may have been a client of ABML or its associates during such period.

Dealing & Trading Positions
ABML, its associates, affiliates, directors, officers or employees may from time to time have long or short positions in, or may buy or sell, the securities or derivatives thereof of companies mentioned herein, either as principal or agent. The Company's sales, trading and other business units may have views and take decisions that may be inconsistent with or contrary to the views expressed in this report. Proprietary trading and investment businesses of ABML may make investment decisions that are inconsistent with the recommendations contained in this report.

Analyst Independence & Internal Controls
The Research Analyst(s) have not received any compensation or benefits from the subject company(ies) or any third party in connection with the preparation of this report and are not engaged in market making activity for the subject company(ies). The Research Analyst(s) are subject to internal policies governing personal trading, including pre-clearance requirements, restricted lists and trading window restrictions, and are prohibited from dealing in securities while in possession of unpublished price sensitive information in accordance with applicable SEBI regulations, including SEBI (Prohibition of Insider Trading) Regulations. ABML maintains effective internal controls, including information barriers (Chinese Walls), supervision and review mechanisms, and a robust code of conduct to ensure independence of research activities from its other business functions. The compensation structure of Research Analyst(s) is not linked, directly or indirectly, to investment banking, brokerage or other business activities of ABML.

Rating Methodology & Definitions
The recommendations issued by Aditya Birla Money Limited ("ABML") are based on the expected absolute return on the subject security over a standard investment horizon of twelve months, unless otherwise specified. Investors are advised to note that each recommendation is subject to certain risks, including but not limited to changes in market conditions, company-specific developments, sectoral trends, regulatory changes, macroeconomic factors and other unforeseen events. Key risks associated with the investment thesis, where applicable, shall be highlighted in the respective research report.

Rating System: Definition of ratings

Rating	Definition
Buy	A "Buy" rating indicates that the stock is expected to generate an upside of >15% from the current market price.
Add	An "Add" rating reflects an expected upside in the range of 5% to 15%, suggesting moderate return potential.
Reduce	A "Reduce" rating signifies limited upside or mild downside, with expected returns ranging from a downside of -10% to an upside of +5%.
Sell	A "Sell" rating indicates that the stock is expected to decline by >10% from the current market price.

These return expectations are indicative and may vary depending on prevailing market conditions, sector dynamics, company-specific developments, and overall volatility. The assigned ratings and target prices are based on fundamental analysis, valuation methodologies, and assumptions considered appropriate by the Research Analyst(s). Such ratings are subject to periodic review and may be revised without prior notice based on changes in market conditions or underlying assumptions. Investors are advised that the recommendations do not assure or guarantee any returns and remain subject to inherent market risks.

Rating Distribution Disclosure
The distribution of ratings assigned by ABML across its coverage universe, including the proportion of entities for which ABML or its associates have provided investment banking or other services, shall be disclosed in accordance with applicable regulatory requirements and is available on the Company's website.

Historical Performance & Price Charts
This report includes or is accompanied by disclosure of price charts of the subject company(ies) for the relevant period and details of recommendations made during the preceding twelve months, including rating actions and target prices, to enable investors to evaluate the performance of the Research Analyst(s).

Valuation Methodologies
The valuation methodologies used in this report may include discounted cash flow analysis, relative valuation metrics such as price-to-earnings, price-to-book value, enterprise value multiples, or other appropriate methods depending on the nature of the industry and the subject company. Such methodologies are subject to assumptions and limitations and may change without notice.

Other Communications & Reports
ABML may from time to time publish other reports, notes or communications that are inconsistent with or reach conclusions different from those presented herein. Preliminary notes, flash updates or first-cut reactions, if any, are subject to change and may differ materially from the final research report, and should not be relied upon independently.

Media Appearances
Research Analysts or employees of ABML may participate in public media appearances, investor conferences or other forums from time to time and may express views that are consistent or inconsistent with the views expressed in this report. Appropriate disclosures of conflicts of interest shall be made in such instances in accordance with regulatory requirements.

Third-Party Data Disclaimer
The information in this report may include data sourced from third parties. While such information is believed to be reliable, ABML does not guarantee its accuracy or completeness and assumes no liability for any errors or omissions. This report may not be reproduced, redistributed or copied, in whole or in part, without prior written permission of ABML.

Limitation of Liability
ABML does not accept any liability for any direct, indirect or consequential loss arising from the use of this report or its contents. The recipients of this report are solely responsible for their investment decisions.

Additional Regulatory Disclosures
Detailed disclosures with respect to ownership, conflicts of interest, and other regulatory information are available on the official website of Aditya Birla Money Limited and should be referred along with this report for complete transparency.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.
Aditya Birla Money Limited or its associates may have financial interest in the subject company(ies).
Aditya Birla Money Limited or its associates may have beneficial ownership of one percent or more in the subject company(ies).
Aditya Birla Money Limited or its associates may have received compensation from the subject company(ies) in the past twelve months.
Aditya Birla Money Limited or its associates may have managed or co-managed public offering of securities of the subject company(ies).
The Research Analyst(s) or their relatives do not have financial interest or ownership exceeding one percent in the subject company(ies).
Investment in Securities Market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI membership of RAASB and certification from NISM in no way guarantee performance of ABML or provide any assurance of returns to investors and clients.

Compliance Officer & Investor Grievance
The details of contact of the Compliance Officer, Mr. Murali Krishnan L R, at **044-49490014** or via email at **abm-chn.compliance@adityabirlacapital.com.**
Investor grievances may also be lodged through SEBI's SCORES platform at **https://scores.sebi.gov.in.**