



RESEARCH REPORT DATED 15 JULY 2026

SBI Funds Management Limited

Mainboard IPO — Research Note

ISSUE DATES	14 – 16 July 2026 · Listing: 21 July 2026
PRICE BAND	₹545 – ₹574 per share (Face Value ₹1)
LOT SIZE	26 shares · ₹14,924 (Retail) · bHNI minimum 68 lots · ₹10,14,832
ISSUE SIZE	₹9,812.91 Cr · 17,09,56,631 shares · 100% Offer for Sale

SECTOR BFSI — Asset Management	FINANCIALS Total income ₹4,976 Cr (FY26) · PAT ₹3,067 Cr · 2Y revenue CAGR 20.5%
VALUATIONS P/E 38.1x · peer median 41.7x · discount to the two closest peers by scale	DEMAND Anchor 27.1% of issue · bHNI 7.13x Day 2 · QIB 1.50x
GMP +₹91 / +15.9% over ₹574 · as of 15 Jul 2026, evening	RECOMMENDATION APPLY (listing gains)

I P O R E S E A R C H D E S K

Research-first. No leverage. No false promises.

2. Executive Summary

SBI Funds Management is the investment manager to SBI Mutual Fund and, by mutual fund quarterly average assets under management, the largest asset manager in the country — ₹12.51 lakh crore of MF QAAUM and a 15.3% share of the industry as of 31 March 2026, with total assets across mutual funds, PMS, AIF and advisory mandates running at roughly ₹29 lakh crore. FY26 total income was ₹4,976.11 Cr and profit after tax ₹3,067.38 Cr, on an EBITDA of ₹4,058.44 Cr. Two-year revenue CAGR is 20.5%; PAT CAGR 21.7%. This is a capital-light annuity business with 60%+ net margins and effectively no debt.

The issue is a 100% offer for sale — ₹9,812.91 Cr, 17.10 crore shares from State Bank of India and Amundi India Holding. The company receives nothing. Two facts frame the pricing. First, ₹1,880 Cr of stock was placed privately with 30 investors on 9 July at ₹574 — the top of the band, not a discount to it. Second, the anchor book of ₹2,662.96 Cr also cleared at ₹574. So ₹4,543 Cr was spoken for at the cap before a single retail bid was entered. At that price the issue is at 38.1x FY26 earnings against a listed peer median of 41.7x — the largest AMC in India is being offered below HDFC AMC and well below ICICI Prudential AMC and Nippon. That gap is not a mispricing; it is the market marking down a revenue yield of roughly 35 basis points against ICICI Pru's 48. Passive is a third of the book. Understand what you are buying.

The setup for a listing trade is good, not spectacular. GMP at ₹91 (+15.9%). bHNI at 7.13x with a full day left to bid, and ₹19,828 Cr already blocked across the book. QIB at 1.50x is thin and will fill on the final afternoon, as it always does on issues this size. The anchor list is the best we have screened in two years — GIC, Monetary Authority of Singapore, ADIA, Norges, Capital Group, BlackRock, Fidelity, Nomura, Goldman, LIC and the MIT endowment, none of them above 6.8% of the anchor portion.

APPLY (listing gains). Base case, a +10% to +15% listing. In the regime we are actually trading, we read the more likely outcome as +15% to +20%, and that is where we sit today; +20% to +25% needs the broader tape to firm into 21 July. This is not a risk-free recommendation, and a strong anchor book does not guarantee listing gains.

Recommendation	Listing View	What Moves It
APPLY (listing gains)	+15% to +20% — our read today	Final-day QIB print; GMP into the close

Base case +10% to +15%. Upper scenario +20% to +25% contingent on a firmer broader market into listing day.

3. Company Overview & Business Model

Incorporated in 1992, SBI Funds Management runs the asset management franchise of the SBI group. It is a joint venture: State Bank of India holds 61.86% and Amundi India Holding — a wholly-owned subsidiary of Amundi Asset Management, Europe's largest asset manager — holds 36.33% pre-offer. The company is the AMC to SBI Mutual Fund and manages 126 schemes across equity, debt, hybrid, arbitrage, ETFs, index funds, overseas fund-of-funds, liquid and overnight categories. Beyond mutual funds it runs portfolio management services, alternative investment funds, a Specialised Investment Fund platform, and offshore advisory mandates.

The revenue model is simple and worth stating plainly, because it is the whole investment case. The company charges a management fee expressed as a percentage of assets it manages. Revenue is therefore the product of two things: how much money sits with it, and what it is allowed to charge on that money. It does not lend, does not underwrite, does not take balance-sheet risk on client assets. Total assets on the FY26 balance sheet were ₹6,420.45 Cr against ₹12.5 lakh crore of client money — that ratio is the business. Headcount was 1,828 as of 31 March 2026. Costs are largely fixed: people, technology, distribution commissions and fund administration. Which is why the operating leverage is so violent — a 17% move in income translated into a 21% move in profit in FY26, and the FY25 operating expense ratio of 0.08% of assets is the lowest in the top ten.

What breaks it? Not credit, not a factory, not a customer contract. Three things break an AMC. Markets fall, and the fee base falls with them — this is a levered bet on the Nifty whether the RHP says so or not. The regulator cuts the total expense ratio, and the fee rate falls independent of the fee base. Or the asset mix drifts toward products that pay less — which is precisely what has been happening here, and is the reason the largest AMC in India is the cheapest large AMC on screen.

SBIFM's balance sheet carries ₹6,420 Cr of assets and manages ₹12,50,000 Cr of other people's money. Nothing about this business is capital-constrained. Which is exactly why the promoters can sell 8.4% of it and the company neither needs nor receives a rupee.

4. Market Position & Client Base

SBIFM is not marginally the leader; it leads on almost every line that matters. Mutual fund QAAUM of ₹12.51 lakh crore as of 31 March 2026, against ICICI Prudential AMC at ₹11.89 lakh crore and HDFC AMC at ₹11.30 lakh crore. It is the largest passive manager in India with 29.6% of ETF and index fund assets. It is the largest PMS and advisory provider at 39% share, and it runs the largest Specialised Investment Fund platform at 61%. Live SIP accounts: 16.09% market share. More than 16.05 million investors served.

Franchise Metric	SBIFM Position	Market Share
Mutual fund QAAUM (Mar-26)	₹12.51 lakh Cr — Rank 1	15.3%
Total AUM incl. PMS / AIF / advisory	≈ ₹29.04 lakh Cr	—
ETF & index funds	Rank 1	29.6%
PMS & advisory assets	Rank 1	39%
Specialised Investment Fund platform	Rank 1	61%
Live SIP accounts	Rank 1	16.09%
Investors served	16.05 million	—

Source: RHP dated 8 July 2026 and CRISIL industry data cited therein.

The distribution engine is the moat, and it is not replicable. Product moves through independent financial advisors, national distributors and 95 banks — one of which is State Bank of India. Roughly 57.68% of MF monthly average AUM is sourced through external distributors; the balance rides the parent's branch network and the YONO digital platform. That is the asset. The unexploited part of it is the more interesting number: SBI has around 35 crore KYC-compliant customers and only about 55 lakh of them invest through SBIFM. Under 2% penetration of a captive base of that size is either a decade of runway or an admission that the cross-sell has never actually worked. We lean toward the former, but note that it has been available to management for thirty years and remains unconverted.

Concentration exists and should be named. The top five schemes account for roughly 43% of AUM and the top five distributors for about 25%. For an AMC of this scale those are unremarkable numbers — HDFC AMC and ICICI Pru screen similarly — but they are not zero, and a performance stumble in one flagship equity scheme would show up in flows within two quarters.

5. Geographic Distribution & Revenue Model

This is overwhelmingly a domestic franchise. Revenue is earned in rupees, on rupee assets, from Indian investors, through an Indian distribution network. The offshore business exists but is a rounding error at the profit line: India-focused institutional mandates in Japan, Australia and Korea at ₹23,209 Cr; Amundi-sponsored UCITS India funds at ₹8,682 Cr distributed across Europe, the Middle East, South America and Southeast Asia; and advisory on Amundi's Global Emerging Markets funds covering ₹14,584 Cr of India-related assets. Together that is under ₹47,000 Cr against ₹12.5 lakh crore domestic — roughly 3.7%. There is no meaningful currency exposure and no export dependency to model.

The revenue-mix problem, in numbers

The single most useful analytical exercise on this issue is dividing revenue by assets. SBIFM earned ₹4,389.49 Cr of operating revenue on ₹12.51 lakh crore of MF QAAUM — a yield of about 35 basis points. ICICI Prudential AMC earned ₹5,764.63 Cr on ₹11.89 lakh crore, or roughly 48.5 bps. Same asset scale. Forty per cent more revenue.

Company	MF QAAUM (₹ lakh Cr)	Revenue from Ops (₹ Cr)	Implied Yield (bps)
SBI Funds Management	12.51	4,389	~35
ICICI Prudential AMC	11.89	5,765	~48
HDFC AMC	11.30	4,122	~36
Nippon Life India AMC	8.81	2,709	~31
Aditya Birla Sun Life AMC	6.49	1,845	~28
UTI AMC	5.00	1,698	~34

Yield computed as FY26 revenue from operations divided by mutual fund QAAUM. Indicative — it ignores PMS and AIF revenue, which SBIFM has more of than peers. Directional, not precise.

The explanation is mix. Passive is about 32% of SBIFM's book against 13.1% at ICICI Pru and 9.4% at HDFC AMC. Index funds and ETFs charge a fraction of what an active equity scheme charges. Layer in large institutional and EPFO-linked mandates, priced at wholesale, and you arrive at 35 bps. So SBIFM is the largest AMC in India and the third-most profitable large AMC per rupee managed. That is the discount you are being offered, and it is an honest one.

6. IPO Structure & Use of Proceeds

Particulars	Amount (₹ Cr)	% of Total
Fresh Issue	Nil	0%
Offer for Sale — State Bank of India (9.95 Cr shares)	5,711.30	58.2%
Offer for Sale — Amundi India Holding (7.14 Cr shares)	4,101.61	41.8%
Total Issue Size (17,09,56,631 shares)	9,812.91	100%

At the upper band of ₹574. OFS split derived from the RHP addendum dated 10 July 2026 following the pre-IPO placement.

Use of Proceeds

There are none to the company. The objects of the offer are to carry out the offer for sale by the promoter selling shareholders and to achieve the benefits of listing. Every rupee of the ₹9,812.91 Cr accrues to State Bank of India and Amundi India Holding, net of offer expenses and taxes. No capex is funded, no debt is repaid, no working capital is released. For an asset-light AMC this is normal — the business has never needed external equity and does not need it now — but it must be stated for what it is.

OFS at 100% of the issue means existing investors are taking the entire proceeds off the table. Read it as a signal. The mitigating read: an AMC with a ₹6,420 Cr balance sheet managing ₹12.5 lakh crore has no use for primary capital, and SBI has publicly framed this as group-level monetisation. The unmitigated read: neither promoter is buying, both are selling, and both signed away ₹1,880 Cr more at ₹574 five days before the book opened.

Offer Architecture

Category	Shares Offered	% of Total Issue	Bid Limit
QIB (incl. anchor)	7,73,21,826	45.23%	—
— of which Anchor	4,63,93,095	27.14%	Allotted 13 Jul
— QIB ex-anchor	3,09,28,731	18.09%	—
NII — bHNI (> ₹10 L)	1,54,64,366	9.05%	Min 68 lots
NII — sHNI (₹2-10 L)	77,32,183	4.52%	Min 14 lots
Retail	5,41,25,280	31.66%	Up to ₹2 L
SBI Shareholder Reservation	1,30,55,629	7.64%	Up to ₹2 L
Employee Reservation (₹54 discount)	32,57,347	1.91%	Up to ₹5 L
Total	17,09,56,631	100.00%	—

Three structural points a bHNI applicant should hold on to. One: the shareholder reservation is a separate pool of 1,30,55,629 shares — 7.64% of the issue, ₹749 Cr at the cap — open only to individuals and HUFs who held State Bank of India equity shares on the record date of 8 July 2026, being the RHP filing date. With T+1 settlement, the last purchase date to qualify was 7 July. There is no discount, but there is a separate allotment pool, and an eligible applicant may bid there and in retail or NII on the same PAN. Two: the issue size was cut from ₹11,692.91 Cr to ₹9,812.91 Cr after the promoters placed 3,27,52,608 shares with 30 investors at ₹574 on 9 July — among them PI Opportunities Fund, Akash Bhanshali, 3P India Equity Fund, WhiteOak Capital, Tata AIG General Insurance, 360 ONE, Susquehanna and Carnelian. Smaller float, and a private mark set at the cap. Three: the book-running lead managers are Kotak Mahindra Capital, Axis Capital, BofA Securities India, HSBC Securities and Capital Markets (India), ICICI Securities, Jefferies India, JM Financial, Motilal Oswal Investment Advisors and SBI Capital Markets. Nine of them. Track record analysis is in Section 9.

7. Financial Performance Analysis

Profit & Loss

Particulars (₹ Cr)	FY24	FY25	FY26
Total Income	3,426.08	4,236.15	4,976.11
Revenue from Operations	—	—	4,389.49
EBITDA	2,718.82	3,412.94	4,058.44
EBITDA Margin (% of total income)	79.4%	80.6%	81.6%
Profit After Tax	2,072.79	2,540.15	3,067.38
PAT Margin (%)	60.5%	60.0%	61.6%

Restated financial information per the RHP. Indian fiscal year, April–March. H1 FY27 stub period not available — the RHP carries audited data only to 31 March 2026.

Balance Sheet & Returns

Particulars (₹ Cr)	FY24	FY25	FY26
Net Worth	6,747.75	8,297.53	5,963.06
Total Assets	7,106.93	8,771.86	6,420.45
Total Debt	Nil / negligible	Nil / negligible	Nil / negligible
Debt / Equity	—	—	—
Return on Equity (%)	36.05%	33.77%	43.02%
NAV per Share (₹)	—	—	29.28

The trajectory is clean and it is the reason this book will fill. Total income compounded 20.5% over two years; PAT compounded 21.7%. Margins did not merely hold, they expanded — EBITDA margin from 79.4% to 81.6% — and they expanded for the right reason. Assets grew, the cost base did not grow with them, and a fee business with a fixed cost stack converts that gap straight to the bottom line. There is no acquisition in these numbers, no one-time gain doing the work, no receivables build. Cash conversion in an AMC is close to mechanical: the fee is debited from the scheme, it arrives. There is no meaningful debt to discuss and no covenant to worry about.

Then there is the net worth line, and it deserves a paragraph of its own.

Net worth fell from ₹8,297.53 Cr in FY25 to ₹5,963.06 Cr in FY26 — down ₹2,334 Cr — in a year the company earned ₹3,067 Cr. That is a gap of roughly ₹5,400 Cr between profit generated and equity retained. The company has been paying out aggressively ahead of the listing: dividends of 400% in FY24, 2200% in FY25 and 960% in FY26 on ₹1 face value. Whatever the exact reserve-movement split in the notes, the effect on the optics is the same.

This matters for one reason. The headline RoNW of 43.02% — quoted in every broker note this week, and quoted in the RHP peer table — is computed on an equity base that management shrank. On closing net worth the FY26 figure prints at 51%. On the FY25 base it was 31%. Nothing about the operating business improved by twenty percentage points in twelve months; the denominator moved. Compare 43% to HDFC AMC's 33% and Nippon's 34.5% by all means, but do it knowing that a slice of the gap is capital structure, not performance. The compensating point, and it is a real one: an AMC has no use for retained equity, so paying it out is correct capital allocation and the shrunken base is a feature. Just do not let it flatter the growth story into something it is not. The growth story is 20% income compounding. That is enough. It does not need help.

8. Valuation

Company	P/E (x)	Basic EPS (₹)	NAV (₹)	RoNW (%)	MF QAAUM (₹ 1k Cr)
SBI Funds Mgmt (at ₹574)	38.12	15.08	29.28	43.02	12.51
ICICI Prudential AMC	49.38	66.73	84.39	85.80	11.89
HDFC AMC	41.71	66.77	215.42	32.90	11.30
Nippon Life India AMC	51.10	24.05	73.01	34.50	8.81
Aditya Birla Sun Life AMC	34.46	33.76	139.94	25.53	6.49
UTI AMC	31.57	31.51	350.50	11.22	5.00
Peer Median	41.71	33.76	139.94	32.90	8.81

Peer set as cited in the RHP 'Basis for Issue Price'. FY26 figures. Issuer P/B at the upper band: 19.60x.

At ₹574 the market capitalisation is ₹1,16,913.90 Cr and the ask is 38.1x FY26 earnings against a peer median of 41.7x. The two closest comparables by scale are both more expensive: HDFC AMC at 41.7x and ICICI Prudential AMC at 49.4x. On FY25 earnings the multiple is 46x, which tells you how much of the discount is a function of one very good year. P/B at 19.6x looks alarming until you remember the denominator was deliberately emptied — book value is not the right lens on an asset manager and NAV per share of ₹29.28 against ₹215.42 at HDFC AMC is a capital-structure artefact, not a valuation signal.

Take a position. The discount is earned, not a gift. SBIFM is the largest AMC in India and it is priced below the second and third largest because it makes less money per rupee managed — 35 bps against ICICI Pru's 48, a consequence of a passive book that is a third of assets. Pay 38x for 35-bps revenue yield or 49x for 48-bps yield and you are, roughly, paying the same thing for the same economics. There is no free lunch in that table.

Where we differ from the consensus subscribe notes is on what the discount can become. The bull case is straightforward: 18–20% PAT compounding takes the multiple under 22x by FY29, the passive mix stabilises, and the 35-crore SBI customer base finally converts. We can underwrite the compounding. We struggle to underwrite the re-rating, and the reason is in Section 10 — with 89.79% still held by two sellers who must get to a 25% public float, the supply calendar sits on top of the multiple for three years. At 38x, on a franchise of this quality, you are not overpaying. You are also not being handed anything.

9. Demand, Anchor Quality & BRLM Track Record

9.1 Subscription Trajectory

Category	Day 1 (14 Jul)	Day 2 (15 Jul)	Day 3 / Final	Shares Offered
QIB (ex-anchor)	0.08x	1.50x	Bidding open	3,09,28,731
NII — bHNI	1.36x	7.13x	Bidding open	1,54,64,366
NII — sHNI	1.46x	5.49x	Bidding open	77,32,183
Retail	0.67x	1.61x	Bidding open	5,41,25,280
SBI Shareholder	1.04x	3.98x	Bidding open	1,30,55,629
Employee	1.03x	2.27x	Bidding open	32,57,347
Overall	0.70x	2.77x	Bidding open	12,45,63,536

BSE / NSE bidding data as of 15 July 2026, 5:40 PM. Issue closes 16 July 2026. ₹19,827.53 Cr blocked across the book at Day 2 close.

Read the shape, not the headline. bHNI moved from 1.36x to 7.13x in a single session — that is funded money arriving, and on an issue of this size the funding desks do not commit at 7x on a whim. sHNI at 5.49x confirms it is not one or two large books. The shareholder quota at 3.98x is the sleeper: a pool restricted to SBI shareholders, and it is running ahead of retail by two and a half times. QIB at 1.50x looks weak on screen and is not. On a ₹9,813 Cr issue the institutional book always fills between 3 PM and 5 PM on the final day; Day 1 at 0.08x told you nothing except that nobody blinks first. What we would watch tomorrow is whether QIB clears 3x. Below that and the aftermarket is thin.

9.2 Grey Market Premium

GMP is ₹91 as of the evening of 15 July, implying ₹665 against the ₹574 cap — a premium of about 15.9%. The trajectory matters more than the level: ₹110 on 10 July, ₹88 at the close of Day 1, ₹91–93 through Day 2. It has faded roughly 17% from the peak and then steadied as the book filled. Our caveat, in our own words rather than the standard one: the grey market on a ₹9,800 Cr issue is a thin, unregulated, unenforceable forward market in which a handful of operators quote a price to each other. It is a sentiment reading, not a price discovery mechanism, and it has no allotment behind it. We use it as one of five inputs. We would not size a position on it.

9.3 Anchor Quality — the 7-year backtest

₹2,662.96 Cr was allotted to 129 anchor entries at ₹574 on 13 July, covering 27.14% of the total issue. Twenty-three domestic mutual funds took 37.20% of the anchor portion across 70 schemes; life insurance and pension money took a further 13.75%. No single anchor holds more than 6.76%. Against our base of 688 mainboard anchors since 2020, this is the highest-quality book we have screened in two years, and the reason is not the domestic names — it is the sovereigns.

Anchor	This Issue (₹ Cr)	Prior Issues (7Y)	7Y Invested (₹ Cr)	Avg P/E Bought	Avg Listing Gain
Capital Group	180.00	6	308.82	43.7x	64.8%
Life Insurance Corp. of India	180.00	8	783.00	101.1x	15.2%
Government of Singapore (GIC)	152.38	53	1,323.47	33.9x	29.8%
Nomura India	90.00	99	1,874.82	119.7x	20.2%
BlackRock Global Funds	90.00	26	1,274.76	45.1x	19.7%
Abu Dhabi Investment Authority	90.00	76	2,408.47	95.4x	26.3%
Government Pension Fund Global	90.00	57	1,161.07	30.1x	19.9%
HCL Capital	90.00	1	30.88	36.0x	1.4%
Goldman Sachs	85.00	131	1,279.86	56.5x	23.6%
HDFC Mutual Fund (7 schemes)	199.99	147	1,074.69	48.5x	23.9%
ICICI Prudential MF (9 schemes)	199.99	163	1,902.00	56.5x	24.2%
Fidelity (5 vehicles)	90.00	66	959.26	15.5x	28.5%
Nippon India MF (2 schemes)	90.00	154	2,158.25	74.6x	27.3%
Kotak Mahindra MF (5 schemes)	90.00	109	1,572.09	41.2x	25.8%
Monetary Authority of Singapore	27.62	44	1,466.65	34.0x	25.2%
Massachusetts Inst. of Technology	50.00	10	339.87	12.4x	12.1%

Prior-issue counts, average entry P/E and average listing-day gain from the IPO Research Desk 7-year anchor base (688 anchors, 2020–2026). Names normalised to fund-house level where an anchor bid through multiple schemes.

Three readings, in order of how much they should move you.

First — the P/E fit, which is the test we care about most. An anchor that has spent seven years buying 30x issues telling you a 38x issue is fine is worth more than an anchor that habitually buys 120x. GIC's historical entry average is 33.9x. MAS is 34.0x. Norges is 30.1x. Kotak MF 41.2x, Axis MF 43.2x, Capital Group 43.7x, BlackRock 45.1x, HDFC MF 48.5x. This issue at 38.1x sits inside or below the historical valuation comfort zone of nearly every disciplined name in the book. That is unusual. On most issues we screen, the marquee anchors are stretching above their band and we have to discount their presence. Here they are buying inside it. Two exceptions worth flagging honestly: Fidelity's seven-year average entry is 15.5x and the MIT endowment's is 12.4x — both are reaching well above their normal band for this one, which is either franchise conviction or a change in mandate. We read it as the former, but we cannot prove it.

Second — Capital Group and LIC are the loudest signals in the table, and almost nobody is writing about them. Capital Group has anchored six mainboard issues in seven years and deployed ₹308.82 Cr in total across all six. On this issue alone they took ₹180 Cr. That is not participation; that is more than half their entire seven-year Indian mainboard commitment in a single ticket. LIC is the same story from the other side: eight issues in seven years, ₹783 Cr total, and ₹180 Cr here. When the two most selective large anchors in our base both write their biggest cheque of the cycle at the top of the band, that is a data point.

Third — the sovereign cluster. GIC, MAS, ADIA and Norges are all in, alongside Capital Group, BlackRock, Fidelity, Nomura, Goldman, Morgan Stanley and the MIT endowment. Between the four sovereigns that is 236 prior mainboard anchor participations and roughly ₹6,360 Cr of seven-year deployment. Sovereign wealth money does not chase listing pops — GIC's average holding behaviour and Norges' 30x entry discipline tell you these are three-to-five year positions. Their presence is a statement about the franchise, not about 21 July. Set against that, note who is thin: HCL Capital is at ₹90 Cr with exactly one prior mainboard anchor in our base (₹30.88 Cr, +1.4% listing). And the ODI conduits — Societe Generale, BNP Paribas, Morgan Stanley, Citigroup — carry seven-year average listing gains of 8.8%, 11.5%, 10.1% and 3.8% respectively. They are structural participants, not conviction buyers. Do not count their names toward the quality of this book.

9.4 BRLM Track Record — the 7-year backtest

Book-Running Lead Manager	IPOs (7Y)	Hit Rate	Avg Listing Gain	2025–26 (IPOs / Pos)
Kotak Mahindra Capital	90	75.6%	17.2%	9 / 5
Axis Capital	114	70.2%	14.9%	10 / 5
BofA Securities India	25	84.0%	32.2%	4 / 2
HSBC Securities & Capital Mkts	20	65.0%	0.4%	3 / 1
ICICI Securities	129	68.2%	20.1%	14 / 10
Jefferies India	27	77.8%	15.4%	0 / 0
JM Financial	104	72.1%	18.5%	7 / 3
Motilal Oswal Inv. Advisors	43	67.4%	16.3%	2 / 2
SBI Capital Markets	72	62.5%	11.4%	8 / 3
Syndicate aggregate	624	70.4%	—	57 / 31 (54%)

IPO Research Desk 7-year lead manager base, 2020–2026. Hit rate = share of mandates listing above issue price. Counts are mandate-level, not issue-level — a single IPO with nine BRLMs contributes nine mandates.

Nine BRLMs on one issue tells you the priority was distribution reach and international placement, not underwriting. Kotak is lead-left with a 75.6% hit rate over 90 mainboard issues and a 17.2% average listing gain — a genuinely top-quartile record. Axis has run 114. ICICI Securities 129. This is the establishment syndicate.

And here is the finding that matters, because it cuts against the marketing. Across 2020–2023 these nine names collectively ran 430 mandates with a 74.9% hit rate. Across 2025 and 2026 to date they have run 57 mandates and delivered 31 positive listings — 54%. That is a twenty-point deterioration, and it is not noise. Kotak is 2-for-2 negative in 2026. Axis is 5 mandates, 2 positive. SBI Capital Markets — on its own group's issue — is 3 mandates, 1 positive in 2026, on a seven-year hit rate of 62.5% and an average listing gain of 11.4%, the weakest in this syndicate. HSBC's seven-year average listing gain across 20 issues is 0.36%. Not a typo: they underwrite large, fully-priced issues that list flat, and this issue fits that profile exactly.

We weight the recent trend above the lifetime average. This syndicate's 2025–26 hit rate is 54%, not 75%. The honest inference is not that these are bad banks — they are the best banks. It is that they get the largest, most efficiently priced mandates, and large, efficiently priced issues do not pop. HSBC at 0.36% average listing gain over 20 issues is the purest expression of that. Size the trade accordingly.

Strong anchor participation and a good BRLM track record reduce listing risk; they do not eliminate it.

10. Risk Factors

[PRIMARY CONCERN] 1. Supply architecture — 100% OFS, anchor unlock, and the road to a 25% public float.

This is the one thing that structurally caps the multiple, and it operates on a calendar you can read today. Post-issue promoter holding is 89.79%. SEBI's minimum public shareholding rule requires 25% within three years, which means roughly 15% more of this company — over ₹17,000 Cr at the offer valuation — must be sold into the market by 2029. The sellers have already told you their price: ₹574, at the cap, in the pre-IPO placement and again in the anchor book. Nearer term, 50% of the ₹2,663 Cr anchor allocation unlocks on 16 August 2026 and the balance on 15 October 2026 — that is ₹1,331 Cr of stock free to move 26 days after listing. Every rally into that window meets supply. We do not think this breaks a listing trade, but any BHNI holding beyond T+5 is trading against a known seller with a mandate.

2. Revenue yield is structurally below the peers you are being compared with.

SBIFM earns ~35 bps on managed assets against ICICI Prudential AMC's ~48 bps on a near-identical asset base. Passive is ~32% of the book versus 13.1% at ICICI Pru and 9.4% at HDFC AMC. Index funds and ETFs are the fastest-growing part of the Indian market and the least profitable part of an AMC's mix — so the growth that expands AUM is the growth that dilutes yield. The valuation discount to peers is not an opportunity waiting to close; it is the market pricing this correctly. If passive share climbs from 32% toward 40%, revenue can grow while yield falls, and the multiple compresses rather than re-rates.

3. The 43% RoNW headline is flattered by a shrunken equity base.

Net worth fell from ₹8,297.53 Cr to ₹5,963.06 Cr in FY26 while the company earned ₹3,067.38 Cr — a roughly ₹5,400 Cr gap driven by pre-listing distributions and reserve movements. On the FY25 base the return was 31%. Comparing 43% against HDFC AMC's 32.9% and Nippon's 34.5% overstates the operating gap. For an AMC, paying out surplus equity is correct capital allocation, so this is a disclosure and optics issue rather than a governance one — but anyone underwriting a re-rating off superior return ratios is underwriting a denominator.

4. Listing Volatility.

Even with the best anchor book we have screened in two years and a nine-bank syndicate, mainboard issues in the current regime routinely swing 8–15% intraday on debut, and mega-issues above ₹9,000 Cr are the most exposed because the free float on day one is large and the marginal buyer is thin. ICICI Prudential AMC — the closest structural comparable, ₹10,603 Cr, 40.4x — closed its listing day at +19.4%. Canara Robeco AMC at 27.8x closed at +12.9%. Both are useful. Neither is a guarantee. We do not consider this a risk-free recommendation.

5. QIB demand was 1.50x at Day 2 close.

Institutions have subscribed 1.50x of the 3,09,28,731 shares available to them ex-anchor, on an issue where they carry 50% of the net offer. Books this size always fill in the last two hours of the final day, so the number is not alarming on its own. But a final QIB print below 3x on a ₹9,813 Cr issue means the aftermarket has to be made by HNI and retail flow rather than institutional accumulation — and that is exactly the configuration in which a listing gain evaporates within a week.

6. Earnings are a levered bet on the Indian equity market. Fees are charged on assets, and assets are marked to market. There is no contract, no order book and no backlog. A 20% drawdown in the Nifty takes the fee base down with it and adds redemptions on top — the industry has never tested a severe drawdown at ₹81.5 trillion of assets and 104.5 million SIP accounts. The 20% income CAGR in the RHP was earned in a bull market. It should not be extrapolated through one.

7. Total expense ratio is set by the regulator, not by the company. SEBI has cut TER repeatedly over the last decade and slab-based pricing means the largest schemes charge the least. SBIFM has the largest schemes in the industry. Any further TER rationalisation lands on this company harder than on anyone else, and there is no pricing power to offset it.

8. Scheme and distributor concentration. Roughly 43% of AUM sits in the top five schemes and about 25% of it is sourced through the top five distributors. Neither number is out of line for an AMC of this size, but a sustained performance miss in one flagship equity scheme, or a commission renegotiation with a large national distributor, would show up in flows inside two quarters.

9. The joint venture is a two-body problem. Amundi India Holding retains a large stake post-issue and has just monetised ₹4,102 Cr through the OFS plus ₹225 Cr in the pre-IPO placement. Amundi's own strategic intent toward its India position over the MPS window is not disclosed and is not within management's control. Governance rights, board composition and future stake decisions all sit inside a JV agreement rather than with a single controlling promoter.

10. The parent cross-sell has been available for thirty years. Under 2% of SBI's 35 crore KYC-compliant customers invest through SBIFM. The bull case treats this as runway. The bear case notes that the runway has been sitting there since 1992 and every management team in that period has had the same access to it. We would want to see the penetration number move before capitalising it into a multiple.

11. Investment Strengths & Positive Indicators

- 1. Scale that cannot be bought.** ₹12.51 lakh crore of MF QAAUM, 15.3% industry share, rank one in mutual funds, passives, PMS, SIF and live SIP accounts. In a business where distribution and brand compound over decades and where the top five houses hold the majority of assets, being number one is not a marketing line — it is a structural position that no amount of capital replicates. Someone starting today does not get here.
- 2. The cost line is the real moat.** FY25 operating expense ratio of 0.08% of assets against a 0.10%–0.19% range across the rest of the top ten. Cost-to-income around 20%. That is what lets SBIFM earn a 61.6% net margin on 35 bps of revenue yield while a peer needs 48 bps to earn less. The low-yield mix is a genuine weakness; the cost structure is what neutralises most of it.
- 3. Operating leverage is still compounding.** FY26 income up 17%, PAT up 21%, EBITDA margin up from 80.6% to 81.6%. Two-year revenue CAGR 20.5% and PAT CAGR 21.7%, with no acquisitions and no exceptional items doing the work. The fixed cost base has absorbed two years of asset growth without a proportionate step-up.
- 4. Capital-light, debt-free, cash-generative.** ₹6,420 Cr of balance sheet against ₹12.5 lakh crore of managed assets. No borrowings of consequence, no capex cycle, no working capital drag, and fee revenue that arrives by direct debit from the scheme rather than through a collections process. This is as close to an annuity as listed India offers.
- 5. The anchor book is the best we have screened in two years.** GIC, Monetary Authority of Singapore, ADIA, Norges, Capital Group, BlackRock, Fidelity, Nomura, Goldman, LIC and the MIT endowment, spread across 129 entries with no single name above 6.76%. Critically, 38.1x sits inside the historical entry-P/E band of nearly every disciplined name in that list. Capital Group committed ₹180 Cr against a total seven-year Indian mainboard deployment of ₹308.82 Cr; LIC committed ₹180 Cr against ₹783 Cr across eight prior issues. Both wrote their largest cheque of the cycle here.
- 6. ₹1,880 Cr was privately placed at the cap, five days early.** Thirty investors — PI Opportunities Fund, Akash Bhanshali, 3P India Equity Fund, WhiteOak, Tata AIG, 360 ONE, Susquehanna, Carnelian — bought 3.27 crore shares at ₹574 on 9 July, not at a discount to the band. Some of the most disciplined domestic capital in the country set a private mark at the price you are being asked to pay. That is a harder endorsement to fake than a GMP quote.
- 7. Valuation is not the problem for once.** 38.1x against a peer median of 41.7x, below both larger listed peers, on the largest franchise in the sector. Most issues we cover ask for a premium and offer a story to justify it. This one asks for a discount and offers a mix problem to explain it. That is a materially better starting point.
- 8. The demand shape is right.** bHNI 1.36x to 7.13x in one session, sHNI 5.49x, shareholder quota 3.98x, ₹19,828 Cr blocked with a full day left. Funded HNI money at 7x is not sentiment — it is capital with an interest cost attached, and it does not commit at that level on an issue this large without a view.

12. Final Recommendation & Conclusion

R E C O M M E N D A T I O N

APPLY (listing gains)

full force across all available PANs · bid at the ₹574 cap

The five pillars do not all line up on the same side here, and this report has said so plainly. Financial quality is strong: 20.5% revenue CAGR, 21.7% PAT CAGR, a 61.6% net margin, no debt, and cash that arrives by debit from the scheme rather than through a collections process. The one blemish is the net worth line — ₹8,298 Cr down to ₹5,963 Cr in a year the company earned ₹3,067 Cr — which flatters the 43% RoNW headline and should not be read as an operating improvement. Valuation at 38.1x FY26 against a peer median of 41.7x is a genuine discount to the two larger listed AMCs, but it is earned rather than gifted: 35 bps of revenue yield against ICICI Pru's 48 is what a passive book of a third of assets does to an income statement. GMP at +15.9% has faded from ₹110 to ₹91 and then steadied through Day 2, which we read as a caution against greed rather than a reason to stand aside. Demand is doing what a well-supported book does: bHNI 1.36x to 7.13x in a single session, sHNI 5.49x, the shareholder quota at 3.98x, ₹19,828 Cr blocked with a full day still to run. The pillar that works against us is the OFS — 100% of the issue, no primary capital, both promoters selling, and 89.79% still in their hands against a 25% public float obligation by 2029.

What carries the trade is the anchor book. One hundred and twenty-nine anchors took 27.14% of the issue at ₹574, twenty-three domestic mutual funds among them, and on our seven-year base this is the highest-quality list we have screened in two years. The test we care about is the P/E fit, and it passes: GIC's historical entry average is 33.9x, MAS 34.0x, Norges 30.1x, Kotak MF 41.2x, Capital Group 43.7x, BlackRock 45.1x, HDFC MF 48.5x. This issue at 38.1x sits inside or below the comfort zone of nearly every disciplined name in the book — on most issues we screen the marquee anchors are stretching above their band and we discount their presence accordingly. Two of the most selective anchors in our entire base wrote their largest cheque of the cycle here: Capital Group put ₹180 Cr against a total seven-year Indian mainboard deployment of ₹308.82 Cr, and LIC ₹180 Cr against ₹783 Cr across eight prior issues. Set against that: a nine-bank syndicate whose 2020–23 hit rate of 74.9% has fallen to 54% across 2025–26, and HSBC at a 0.36% average listing gain over twenty issues — which is what happens to large, efficiently priced books. We reconcile the two the only way the data permits — by taking the open and leaving. Base case, a +10% to +15% listing. In the regime we are actually trading, we read the more likely outcome as +15% to +20%, and that is where we sit today; +20% to +25% needs the broader tape to firm into 21 July.

For bHNI investors the action is straightforward: apply full force across all available PANs at the ₹574 cap — the 68-lot / 1,768-share bHNI minimum, ₹10,14,832 per application; we will issue a trailing stop-loss (TSL) update post-listing to manage the exit rather than fixing a hold window now. At 7.13x and climbing, per-application allotment will be thin — spread across PANs, do not concentrate. Separately, any individual or HUF who held even one State Bank of India share on the record date of 8 July 2026 (last purchase date 7 July, T+1) should also bid the SBI Shareholder Reservation on the same PAN, up to ₹2 lakh, at cut-off: a separate pool of 1,30,55,629 shares running at 3.98x, materially better odds than retail, and it does not consume the bHNI bid. Take both. The multiple-PAN approach is what converts a favourable setup into a position of meaningful size, and it is why this note is written for bHNI and for nobody else.

This is not a risk-free recommendation, and a strong anchor book does not guarantee listing gains. The variables that could reset the thesis — a final QIB print below 3x, GMP breaking under ₹60 into the close on 16 July, and a supply calendar that puts ₹1,331 Cr of anchor stock into the market 26 days after listing — sit at the edge of the listing window rather than outside it. GIC, ADIA, Capital Group and LIC bought a business, not a debut. Size the position, keep a defined exit, and do not let a good grey-market number substitute for a stop.

BHNI Guidance

Investor Category	Guidance	Allocation Approach	Hold Horizon
BHNI	APPLY (listing gains)	Full allocation across all available PANs at ₹574 (band ₹545–₹574); 68-lot (1,768-share) minimum, ₹10,14,832 per PAN; add the SBI Shareholder Reservation at cut-off where eligible	Hold post-listing; TSL update to follow

IPO Research Desk is a BHNI-only advisory. Guidance is for listing gains, not long-term ownership.

13. Standard Disclaimer

The analysis presented herein is based on publicly available information and data as of the date of publication. Investors should conduct their own due diligence before making investment decisions. Past performance is not indicative of future results. The author does not guarantee the accuracy, completeness, or timeliness of the information provided. Investment in IPOs and equity markets involves substantial risk, including the risk of loss of principal. Market conditions, company performance, regulatory changes, and macroeconomic factors can significantly impact investment outcomes.



I P O R E S E A R C H D E S K

Research-first. No leverage. No false promises.

Past performance is not indicative of future returns.