Equities

Jump for largest Indian asset manager SBI Funds on debut lifts listings hopes

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India's largest asset manager jumped nearly 9 per cent in its stock market debut yesterday, raising hopes for a buoyant revival of domestic listings that were stalled by the war in Iran and a broad market downturn.

Shares of SBI Funds Management, which raised $1bn in India's largest initial public offering so far this year, advanced as much as 8.9 per cent above their issue price yesterday after investors jostled for a slice of the offering, submitting bids worth $31bn last week.

The strong debut is likely to bolster confidence in India's IPO market after a weak start to the year. A pipeline of big listings was put on hold as the Gulf conflict rattled markets and foreign investors shifted money into AI-linked assets and retreated from a weakening rupee.

India's Nifty 50 index has staged a modest recovery in the past month but remains down 7.5 per cent this year, while the rupee continues to plumb record lows against the dollar.

The stock market is also preparing for the mega floats of billionaire Mukesh Ambani's telecoms business Reliance Jio Infocomm and of India's largest bourse, the National Stock Exchange. Those prospective issues, expected to land later this year, are expected to raise a combined $7bn.

SBI Funds, jointly owned by France's Amundi and the State Bank of India, the country's largest lender, enjoys a dominant 15 per cent share of India's competitive $854bn mutual fund market.

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The sector's growth has been driven by middle-class savers piling into equities and has attracted heightened interest from overseas groups including BlackRock, which has partnered with Ambani's financial services company.

At the listing and bell-ringing ceremony at the NSE in Mumbai, Olivier Mariée, head of Amundi's international partner networks and joint ventures, hailed the French asset manager's partnership with the Indian fund. "We should look forward and think about building a sustainable company that will drive this market going forward," he said. "For SBI FM, the sky is the limit."

Analysts were also bullish on the asset managers' prospects, with multiple Indian brokerages recommending their clients subscribe to the share sale.

Aditya Birla Capital last week said SBI Funds, which serves about 18mn investors in 128 mutual fund schemes, was "uniquely positioned to benefit from India's accelerating financialisation and rising mutual fund penetration".

It expects the company to capitalise on the sector's near 20 per cent annual growth over the next three years.

Swapneel Mantri, an analyst at Mumbai-based Sushil Finance, said the asset manager was "a genuine category leader with structurally sound economics".