SBI Funds Management pays razor-thin banker fees on top India IPO of 2026

By Rajesh Mascarenhas

The nine investment banks that manage SBI Funds Management Ltd.'s initial public offering, India's first billion-dollar debut this year, will receive one of the worst payouts on a large debut in the country.

The managers will split fees of ₹46.25 million ($479,000), or 0.05 per cent of the deal value, according to a company filing. That's about 97.5 per cent lower than those on the similar-sized 2025 offering of rival ICICI Prudential Asset Management Co., which paid investment banks ₹188 crore ($19.5 million), or 1.8 per cent of the offer size, according to its prospectus.

SBI Funds, India's largest asset manager, is jointly owned by State Bank of India Ltd. and France's Amundi SA. Its prospectus estimates total issue-related expenses at ₹113 crore, or 1.16 per cent of the offer size. Several Wall Street firms, including Citigroup Inc. and JPMorgan Chase & Co., chose not to pursue roles on the IPO because of the unusually low fees, people familiar with the matter have said.

The SBI Funds IPO follows a pattern of Indian state-owned companies paying low fees. When State Bank of India raised ₹25,000 crore through a qualified institutional placement in July last year, six investment banks were paid a symbolic one rupee each, according to local media reports. The debut of Life Insurance Corporation Ltd. paid a total of ₹118 million, or 0.06 per cent of ₹20,560 crore in proceeds, according to primedatabase.com.

Lowest Banker Fees for IPOs Above 50 Billion Rupees

Company	Year	Issue Size (Rs Billion)	Bankers Fee (Rs million)	% Fee
SBI Funds Management	2026	98	46.25	0.05
Life Insurance Corp.	2022	206	118	0.06
NTPC Green Energy	2024	100	70.9	0.07
NHPC	2009	60	54.9	0.09
General Insurance Corp.	2017	113	130	0.12
New India Assurance	2017	96	137.1	0.14
SBI Life Insurance	2017	84	180	0.21
National Thermal Power Corp.	2004	54	115.5	0.22
HDFC Standard Life	2017	87	356.1	0.41
SBI Cards & Payment	2020	103	483.4	0.47

Source: primedatabase.com

Bloomberg

For "marquee transactions involving state-owned enterprises and their subsidiaries, banks are often willing to sacrifice economics for league table credit, prestige and long-term client relationships," said Pranav Haldea, managing director, Prime Database Group. "This mandate seems to have followed a familiar pattern of aggressive fee compression."

Companies paid investment banks an average underwriting fee of 1.86 per cent of issue size in 2025, up from 1.67 per cent in 2024, according to LSEG data.

Despite the modest compensation, such mandates remain fiercely contested to strengthen relationships with some of the country's largest issuers and often lead to more lucrative advisory and capital-markets assignments, according to bankers.