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CM RATING 45 /100

Canara Robeco Asset Management Company

Retail and equity focused mutual fund

The highest share of retail, equity and B-30 AUM among the top 10 AMC and healthy return ratios

Canara Robeco Asset Management Company, incorporated by Canara Bank in 1993, is India's second oldest asset management company (AMC). The company managed 26 schemes comprising 12 equity schemes, 10 debt schemes and four (4) hybrid schemes with a quarterly average asset under management (QAAUM) of Rs 1.11 lakh crore and market share of 1.54% at end June 2025.

In 2007, Orix Corporation Europe N.V. (previously known as Robeco Groep N.V. (Robeco)) (OCE) acquired a 49% stake in the Company while the remaining 51% was retained by Canara Bank. The company also provide offshore advisory services to Robeco Hong Kong, one of the members of promoter group, acting as an investment manager in the management of investment and re-investment of the assets (including) cash of the various funds it manages.

Canara Robeco has been able to grow brand, business presence and expertise by leveraging parentage. Canara Bank is a public sector commercial bank, with a strong network of 9,861 branches and four international branches. OCE is a 100% owned subsidiary of ORIX Corporation, a Japanese conglomerate listed on the Tokyo Stock Exchange and New York Stock Exchange and operating in diverse sectors.

The AMC has a pan India geographical presence serving customers directly in more than 23 cities across 14 states and two (2) union territories with a network of 25 branches at end June 2025. The branch network is supported by 52,343 empaneled distribution partners across India, including Canara Bank, 44 other banks, 548 national distributors (ND) and 51,750 mutual fund distributors (MFDs).

QAAUM recorded a CAGR of 28.60% from March 2023 to March 2025. The retail customer base (inclusive retail and high-net worth individual investors) contributed a significant Rs 1.01 lakh crore, or 86.87%, of total MAAUM. Furthermore, 99.01% or 5.00 out of total 5.05 million folios were individual customers. The share of retail AUM was the second highest as compared with the top 20 AMCs and the highest as compared with top 10 AMCs.

The share of equity-oriented QAAUM to total QAAUM increased from 88.43% at end March 2023 to 91.69% at end March 2025. QAAUM generated from equity-oriented schemes increased at a strong CAGR of 30.96% from Rs 55253 crore at end March 2023 to Rs 94757 crore at end March 2025. The share of equity (including equity-oriented hybrid) AUM was the third highest amongst the top 20 AMCs in India and the highest among the top 10 AMCs.

The share of B-30 AUM was the second highest amongst the top 20 AMCs and was the highest compared with the top 10 AMCs. MAAUM from B-30 cities was Rs 27924 crore or 23.98% of total MAAUM at end June 2025.

The Offer and the Objects

The initial public offer comprises offer for sale of 4,98,54,357 equity shares, aggregating to Rs 1261.32 crore at the lower price of Rs 253 and Rs 1326.13 crore at the upper price band of Rs 266.

The offer for sale from promoters comprises sale of 2,59,24,266 equity shares by Canara Bank and up to 2,39,30,091 equity shares by Orix Corporation Europe N.V. The promoter shareholding would decline from pre-IPO level of 100% to 75% post IPO.

The company expects that the listing of the equity shares will enhance visibility and brand image and provide liquidity to Shareholders and will also provide a public market for the Equity Shares in India.

Strengths

The AMC benefit from a recognized brand and established parentage of Canara Bank, a financial conglomerate in India, with 13 subsidiaries. It also benefits from OCE's global expertise in investment management.

The AMC leverages Canara Bank's brand and its extensive network of branches and broad customer base. MAAUM generated through Canara Bank branches was 8% of total MAAUM.

The diversified equity products mix is backed by research-driven investment process. Equity-oriented QAAUM recorded a CAGR of 30.96% from FY2023 to FY2025.

Pan-India multi-channel sales and distribution network in addition to third-party distributors, and digital platforms.

The retail and HNI customer segments contribute 87% of AUM and 99% of customer folios, the highest among top 10 AMC.

Integrated technology-led operations with an established digital eco-system targeted to improve customer convenience, accessibility, digital payment options, customer service and engagement.

Weaknesses

The performance of schemes is critical to retaining existing customers and attracting new customers, which is an important factor in AUM's growth which depends on general market conditions, competition, product offerings, investment decisions.

Underperformance by equity-oriented schemes accounting for 91.17% of QAAUM may have a disproportionate adverse impact on business and revenue. Also, equity markets are inherently volatile and subject to fluctuations due to economic, political, and social factors.

Equity-oriented schemes often entail higher management costs due to the active involvement required in market analysis and strategy formulation.

There is dependence on third-party distributors accounting for 73.45% of MAAUM. Any failure to secure new distribution relationships or maintain the existing relationships might adversely affect competitiveness.

A significant proportion of AUM at 62.11% of MAAUM is generated from customers located in five states of Maharashtra, Gujarat, Karnataka, Delhi, and Tamil Nadu and exposes the company to region-specific economic, political, and regulatory changes.

The MF industry is rapidly evolving and intensely competitive. New players are also entering into the market. The industry is also subject to frequent changes in regulations, evolving investor preferences, and varying market conditions.

SEBI has prescribed an upper limit on total expense ratio, which can be reviewed and revised from time to time. Any reduction in expense ratio may impact revenue and profitability.

Valuation

Canara Robeco AMC has recorded 19% growth in revenue from operations to Rs 121.07 crore in the three-month period ended June 2025. The operating profit improved 16% to Rs 81.77 crore, while the net profit increased 19% to Rs 60.98 crore in Q1FY2026. Net profit recorded a strong 2-year CAGR of 55% to Rs 190.70 crore in FY2025.

Within the mutual fund industry, Canara Robeco had the 18th largest average AUM of Rs 1.11 lakh crore at end June 2025. Canara Robeco Mutual Fund has the seventh highest return on equity (at 36.3% for FY2025) as compared with the top 20 AMCs, whereas it has the third highest return on equity as compared with the top 10 AMCs.

The EPS on post-issue equity for TTM ended June 2025 works out to Rs 10.1. At the price band of Rs 253 to Rs 266, P/E works out to 25.1-26.4 times of EPS for TTM ended June 2025.

Among peers, HDFC AMC (third largest mutual fund) is trading at P/E multiple of 45.7 times EPS for TTM end June 2025, Nippon Life India Asset Management (fourth largest mutual fund) is trading at 41.3 times, Aditya Birla Sun Life AMC (sixth largest mutual fund) at 24.3 times, and UTI AMC (seventh largest mutual fund) is trading at 23.9 times.

Canara Robeco's market capitalization is Rs 5305 crore at the upper price band and it is offered at M-cap/Average AUM multiple of 0.05 times as compared with HDFC AMC trading at M-cap/AAUM of 0.14 times, Nippon Life India Asset Management at 0.09 times, Aditya Birla Sun Life AMC at 0.06 times and UTI AMC 0.05 times.

Canara Robeco Asset Management Company: Issue highlights	
Offer for Sale Offer size (in Rs crore)	
- On lower price band	1261.32
- On upper price band	1326.13
Offer size (in no of shares crore)	4.99
Price band (Rs)	253-266
Minimum Bid Lot (in no. of shares)	56
Post issue capital (Rs crore)	
- On lower price band	199.42
- On upper price band	199.42
Post-issue promoter & Group shareholding (%)	75.00
Issue open date	09-10-2025
Issue closed date	13-10-2025
Listing	BSE, NSE
Rating	45/100

Canara Robeco Asset Management Company: Financials					
	2303 (12)	2403 (12)	2503 (12)	2406 (3)	2506 (3)
Income from Operations	204.60	318.09	403.70	101.80	121.07
OPM (%)	55.18	63.23	65.42	69.07	67.54
OP	112.89	201.14	264.08	70.31	81.77
Other Income	0.20	0.69	0.30	0.05	0.27
PBDIT	113.09	201.84	264.38	70.37	82.04
Interest (Net)	1.92	1.87	1.71	0.44	0.46
PBDT	111.17	199.96	262.67	69.93	81.58
Depreciation / Amortization	4.15	4.78	5.03	1.16	1.70
PBT before EO	107.02	195.18	257.64	68.76	79.88
EO	0.00	0.00	0.00	0.00	0.00

PBT after EO	107.02	195.18	257.64	68.76	79.88
Tax Expenses	28.02	44.19	66.94	17.69	18.90
PAT	79.00	151.00	190.70	51.07	60.98
EPS *	4.0	7.6	9.6	10.2	12.2
*EPS annualized on post issue equity capital of Rs 199.42 crore of face value of Rs 10 each Figures in Rs crore Source: Canara Robeco Asset Management Company Issue Prospectus					