

Canara Robeco Asset Management Co.Ltd. - IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
9 October 2025	13 October 2025	₹253 to ₹266	SUBSCRIBE

Investment Summary

Canara Robeco Asset Management Company (AMC) stands out as one of India's most established and fastest-growing fund houses, backed by strong parentage from Canara Bank and ORIX Corporation Europe. Managing over ₹1.08 lakh crore in AUM, the company has grown at a 34.75% CAGR in FY22–FY24, driven by its strong retail presence and disciplined fund management. A key catalyst for growth is its rapid expansion in retail AUM and SIP contributions, which now account for nearly 89% of total assets, supported by 4.9 million investor folios. This demonstrates rising investor confidence and a stable base of recurring inflows. With a well-diversified product mix, robust governance, and deep distribution reach across India, Canara Robeco AMC is well positioned to benefit from India's expanding mutual fund penetration and growing financial savings culture.

Company Overview

Canara Robeco Asset Management Company Limited is India's second oldest asset management company, established in 1993 and jointly owned by Canara Bank (51%) and ORIX Corporation Europe N.V. (49%), a subsidiary of Japan's ORIX Corporation. The company manages ₹1.08 lakh crore in assets as of December 2024, across 25 mutual fund schemes including equity, debt, and hybrid funds. It has delivered strong growth with its AUM rising at a 34.75% CAGR between FY22–FY24, outpacing the industry's 18.8% growth. Canara Robeco's retail focus is among the strongest in the industry - retail and HNI investors contribute nearly 89% of total assets, and it has 4.9 million investor folios, representing 99% of its total.

Leveraging Canara Bank's extensive branch network and Robeco's global investment expertise, the AMC combines local reach with international best practices in fund management. Its investment approach emphasizes high-quality, growth-oriented companies at reasonable valuations for equity funds and safety with risk-adjusted returns in debt funds. With a strong distribution network of over 49,000 partners and consistent fund performance recognized by industry awards, Canara Robeco has built a solid reputation as a disciplined, investor-focused, and fast-growing player in India's mutual fund industry.

Business Model

Canara Robeco AMC operates a fee-based asset management model centered on managing the schemes under the Canara Robeco Mutual Fund (CRMF). Structured as a joint venture, the company benefits from the foundational support of its two promoters: Canara Bank (51%) and ORIX Corporation Europe N.V. (OCE) (49%). The core business activity is deriving investment management fees, recognized on an accrual basis, calculated directly as a percentage of the substantial Assets Under Management (AUM). The firm also generates a smaller but relevant revenue stream by providing offshore advisory services on Indian equities, such as to Robeco Hong Kong Limited, a member of its Promoter Group.

The business exhibits significant scale and a clear focus on high-growth assets. As of December 31, 2024, the company managed a Quarterly Average AUM (QAAUM) of ₹1,083.66 billion across 25 schemes (12 equity, 10 debt, and 3 hybrid schemes). Critically, the investment portfolio is heavily concentrated in the equity space, with 93.16% of its QAAUM derived from equity-oriented schemes as of the same date. The model leverages a wide pan-India multi-channel distribution network. Sales are highly dependent on external relationships, with third-party distributors generating the majority—75.40%—of the Monthly Average AUM (MAAUM) through regular plans as of December 31, 2024.

This business model has historically proven financially robust, enabling the company to report total revenue from operations of ₹3,180.90 million for Fiscal 2024. However, the success of this model is intrinsically linked to market performance, given that the strong growth in AUM (and subsequent revenue) is driven by the performance of its dominant equity-oriented schemes. Furthermore, maintaining profitability requires effectively managing a concentrated distribution

network, as reliance on third-party distributors makes the company vulnerable if these key partnerships are compromised or terminated.

Investment Rationale

1. Recognized brand with legacy of operations and established parentage

Canara Robeco AMC is a joint venture between Canara Bank (51%) and ORIX Corporation Europe N.V. (49%), combining over three decades of asset management experience with strong domestic and global support. Established in 1993, it is India's second-oldest AMC, benefiting from Canara Bank's trusted brand and extensive network of nearly 10,000 branches for product distribution, which contributes around 8% of total AUM. The partnership also brings in global investment and risk management expertise from ORIX, helping the company maintain robust governance, effective risk controls, and a well-diversified product portfolio.

2. Operations led by professional management team and established corporate governance standards

Canara Robeco AMC is led by a seasoned and professional management team with deep industry experience and a strong track record of driving growth. The company's investment team averages nearly six years of tenure, while the senior management team averages over eight years, reflecting long-term stability and alignment with the firm's strategic goals. Its 25-member investment team brings over 430 years of collective experience, combining diverse backgrounds that strengthen decision-making and risk assessment. The company's funds and fund managers have consistently been recognized through industry awards such as Morningstar Fund House (Equity) 2021 and ET Best Fund Manager honors. Supported by robust corporate governance and strict compliance standards, Canara Robeco ensures transparency, accountability, and ethical management—key pillars that enhance investor trust and support sustainable, long-term growth.

3. Well-diversified equity products mix backed by research-driven investment process

Canara Robeco AMC offers a broad and balanced range of 14 equity-oriented schemes, seven of which have been managed for over a decade, reflecting long-term consistency and stability. The company's equity AUM grew at a strong 38.98% CAGR between FY22–FY24, supported by disciplined fund management and strong investor traction. As of December 2024, it held the third-highest share of equity AUM in India and the highest among the top 10 AMCs, highlighting its strong equity franchise. The firm follows a research-led investment process, combining macro and sectoral analysis, in-depth company research, and regular management interactions to identify quality businesses at reasonable valuations. This disciplined approach has resulted in consistent outperformance, with all long-term equity schemes delivering superior 10-year returns versus benchmarks.

4. Pan-India multi-channel sales and distribution network

Canara Robeco AMC has built a strong multi-channel sales and distribution network that combines physical reach with digital accessibility. As of December 2024, the company had 49,412 distribution partners across India, including Canara Bank, 44 other banks, 259 national distributors, and over 49,000 mutual fund distributors. It operates through 23 branches in 23 cities across 14 states and 2 union territories, supported by a dedicated sales and service team. The AMC also leverages digital platforms to reach tech-savvy investors and drive direct plan growth. The company has been actively expanding in Beyond Top 30 (B-30) cities, which are emerging as new growth centers for India's mutual fund industry. Reflecting this effort, Canara Robeco's MAAUM from B-30 cities grew from ₹113.9 billion in FY22 to ₹261.3 billion by December 2024, highlighting the effectiveness of its deepening distribution network and growing investor penetration beyond major metros.

5. Expanding proportion of AUM contributed by individual investors and SIP contributions

Canara Robeco AMC has seen a steady rise in assets from individual investors, reflecting its strong retail franchise and customer-centric approach. The MAAUM from retail and HNI investors grew from ₹419 billion in FY22 to ₹784 billion in FY24, a robust 36.8% CAGR, and further reached ₹975 billion by December 2024, accounting for nearly 89% of total MAAUM. Individual investors now represent 99% of total investor folios, underscoring the company's deep retail penetration. According to CRISIL, Canara Robeco ranks third in retail AUM share among the top 20 AMCs and the highest among the top 10 AMCs. Alongside this, the company has also recorded consistent growth in SIP count, folios,



and contributions, reflecting increasing investor confidence and the stability of recurring inflows through the systematic investment route.

6. Integrated technology-led operations with a well-established digital eco-system

Canara Robeco AMC has built a strong technology-driven ecosystem that enhances efficiency, accessibility, and customer experience across all operations. Its digital platforms—such as the Canara Robeco Mutual Fund App (with over 500,000 downloads) and SmartInvest - enable seamless online investing, eKYC, and real-time account access. The company engages investors through multi-channel digital communication including email, WhatsApp, and SMS, ensuring convenience and transparency. For distributors, the smarT MFD portal offers a paperless onboarding process, transaction tracking, and client management tools, improving operational ease and responsiveness. In addition, the AMC leverages digital analytics and social listening to monitor brand sentiment and strengthen investor engagement, reflecting its commitment to innovation and service excellence.

Key Risks

1. Underperformance of certain equity and debt schemes may weaken AUM Growth

A key risk for Canara Robeco AMC is the potential underperformance of its investment schemes compared to benchmark indices or peers. As of FY24, one equity scheme and eight debt schemes underperformed their respective benchmarks over a one-year period. Since the company's revenue is directly linked to its AUM, any sustained period of weak fund performance could lead to lower investor confidence, redemption pressure, and slower inflows, ultimately impacting earnings growth. Factors such as market volatility, competition, investment choices, and company-level performance of portfolio holdings can influence returns. Consistent fund performance, therefore, remains critical to retaining investors and sustaining AUM expansion.

2. Dependence on Key Personnel and Retention Risks

Canara Robeco AMC's success largely depends on its key managerial personnel, senior management, and investment team, who provide strategic direction and manage day-to-day operations. The loss of experienced leaders or fund managers, or any difficulty in attracting or retaining skilled professionals, could disrupt operations and weaken business performance. Given the high competition for talent in the asset management industry, replacing such personnel may take time and require higher compensation costs, impacting profitability. Moreover, since many investment professionals and sales executives maintain direct relationships with investors and distributors, their departure could also lead to potential loss of AUM and reduced investor confidence.

3. Dependence on Third-Party Distributors

Canara Robeco AMC remains heavily reliant on third-party distributors, who contributed 79.96% of total MAAUM in FY22, 78.04% in FY23, and 76.24% in FY24, while this share stood at 76.88% as of December 2023 and 75.40% as of December 2024. The company had 49,412 distribution partners across India, including Canara Bank, 44 other banks, 259 national distributors, and 49,108 mutual fund distributors. As these relationships are non-exclusive, distributors may also market competing products, influenced by incentive structures or product preferences. Any loss of existing partners, inability to attract new ones, or reduced distributor engagement could limit customer access, impacting AUM growth, competitiveness, and revenue performance.

4. Geographical Concentration of AUM

Canara Robeco AMC's AUM is highly concentrated in a few key regions, with 61.41% of total AUM as of December 2024, 61.86% as of December 2023, and 61.77%, 64.64%, and 65.37% as of March 2024, 2023, and 2022 respectively, coming from customers in Maharashtra, Gujarat, Karnataka, Delhi, and Tamil Nadu. This concentration exposes the company to region-specific economic and policy risks. Any slowdown in these states—due to weaker local economies, natural disasters, or adverse regulatory or tax changes—could impact investor sentiment, reduce inflows, and negatively affect AUM and revenue growth. While no such impact has occurred in recent years, the limited geographical diversification remains a key operational and business risk going forward.

5. Ongoing Legal Proceedings

Canara Robeco AMC, along with Canara Robeco Mutual Fund, Canara Bank (Promoter), and certain Directors, is involved in legal proceedings pending before various courts and tribunals. While these cases are at different stages of adjudication, any adverse ruling or penalty could result in financial liabilities or increased provisions, potentially impacting the company's expenses, profitability, and overall financial position.

Financial Snapshot

Metric	In (Cr)		
	FY23	FY24	FY25
Revenue (₹ Cr)	205	319	404
EBITDA (₹ Cr)	113	201	264
Net Profit (₹ Cr)	79	151	191
EBITDA Margin (%)	55%	63%	65%
PAT Margin (%)	39%	47%	47%
EPS (Basic) (₹)	4.0	7.6	9.6

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Canara Robeco Asset Management Co.Ltd.
IPO Structure	Offer for Sale
Issue Size	4,98,54,357 shares (aggregating up to ₹1,326.13 Cr)
Price Band	₹253 to ₹266 per share
Face Value	₹10 per share
Post-Issue Market Cap	₹5304.50 Cr. (Upper Band)
IPO Opening Date	October 9, 2025
IPO Closing Date	October 13, 2025
Listing	BSE & NSE
Promoter Holding (Pre/Post)	100% / 75%
Book Running Lead Manager(s)	SBI Capital Markets.Ltd
Use of Proceeds	Offer for sale (The Company will not receive any proceeds from the Offer)

Valuation and Recommendation

Canara Robeco Asset Management Ltd.'s IPO is priced at a **post-issue P/E of 27.8x**, based on its projected **FY25 PAT of ₹191 crore and an implied market capitalization of ₹5,304 crore**. This valuation appears reasonable when benchmarked against listed peers in the asset management sector. The company exhibits strong business fundamentals, underpinned by consistent growth in assets under management (AUM), a diversified product portfolio, and a robust distribution network. Additionally, the long-term structural growth potential of the Indian mutual fund industry provides a supportive backdrop for sustained performance. However, certain risk factors warrant attention, including increasing regulatory oversight, intense industry competition, and the sensitivity of AUM growth to broader market volatility. Moreover, while the pricing is fair, it leaves limited scope for significant short-term upside, as much of the near-term optimism appears to be already factored into the valuation.

Overall, given the company's established brand, experienced management team, and growth prospects in a rapidly expanding market, we recommend a **"SUBSCRIBE"** rating.

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Registration and Contact Details: Name of Research Analyst - Mangal Keshav Financial Services LLP, Research Analyst
Registration No.: INH000018319.

LLPIN: AAM-3358

Registered Office: 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.

Correspondence/Administrative Office Address - 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.

TEL: 022 61907900