

# Canara Robeco Asset Management Co. IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127

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- The company is India's second oldest AMC run by Canara Bank and OCE.
- It marked a steady growth in its earnings for the reported periods.
- It is operating in a highly competitive segment, but being second oldest AMC, it has good AUM under its management.
- Based on recent set of its financial data, the issue appears fully priced.
- Considering the legacy of two parent brands, well-informed investors may park funds for medium to long term.

## About the Company

Canara Robeco Asset Management Co. Ltd. (CRAMCL) is India's second oldest asset management company ("AMC") (Source: CRISIL Report on page 216). Its primary activities include managing mutual funds and providing investment advice on Indian equities to Robeco Hong Kong Limited ("Robeco HK"), a member of Promoter Group. As of June 30, 2025, it 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. 1,110.52 billion as of June 30, 2025.

The company was incorporated in 1993 as Canbank Investment Management Services Limited to manage the assets of Canbank Mutual Fund, with the entire equity share capital held by Canara Bank. Subsequently, in 2007, it became Canara Robeco Asset Management Company Limited, a joint venture, when Canara Bank entered into an agreement with ORIX Corporation Europe N.V. (previously known as Robeco Grope N.V. ("Robeco")) ("OCE"), whereby Robeco acquired a 49% stake in the Company while the remaining 51% was retained by Canara Bank.

It has a strategic investment process for equity-oriented and debt-oriented schemes whereby in its equity-oriented schemes the company focuses on investing in companies with competent management, robust business fundamentals, growth-oriented businesses and reasonable valuations, while focusing on safety, liquidity and return, with an endeavor to deliver risk adjusted returns for debt-oriented schemes. Its scheme performance track record has been acknowledged through several industry awards, including Best Fund House (Equity) at the Morningstar Fund Awards 2021.

As of June 30, 2025, 75.83% debt portfolio was invested in AAA/A1+ rated instruments in India while remaining were invested across cash and cash equivalent, sovereign funds and corporate debt market development fund. It 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 as of

June 30, 2025. Its branch presence across India is also supported by third-party distribution partners. As of June 30, 2025, it had 52,343 empaneled distribution partners across India, including Canara Bank, 44 other banks, 548 national distributors (“ND”) and 51,750 mutual fund distributors (“MFDs”). Its diverse set of product mix, brand name, diverse presence, legacy of consistent returns, focusing on developing a digital platform which provides an ease of customer onboarding, and customer centric focus has helped it to attract new customers across various risk profiles. As of June 30, 2025, it had segment wise MAAUM with around 87% Individuals, and the rest corporate/institutional. As of June 30, 2025, seven out of 15 equity-oriented schemes have been managed for more than 10 years. As of June 30, 2025, it had 325 employees on its payroll.

## Issue Details / Capital History

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The company is coming out with its maiden book building route secondary IPO of 49854357 equity shares worth Rs. 1326.13 cr. at the upper cap. The company has announced a price band of Rs. 253 – Rs. 266 per equity shares of Rs. 10 each. The issue opens for subscription on October 09, 2025, and will close on October 13, 2025. The minimum application to be made is for 56 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 25% of the post-IPO paid-up equity capital. This being a pure secondary issue, no funds are going to the company. This issue is being made to avail listing benefits and provide exit to some of its stakeholders.

The three Book Running Lead Managers (BRLMs) to this issue are SBI Capital Markets Ltd., Axis Capital Ltd., and JM Financial Ltd., while MUFG Intime India Pvt. Ltd., is the registrar to the issue.

After having issued initial equity shares at par, the company has issued further equity shares at a fixed price of Rs. 214.60 in September 2007. It has also issued bonus shares in the ratio of 1 for 1 in February 1995, 3 for 1 in September 2024. The average cost of acquisition of shares by the promoters/selling stakeholders Rs. 2.01, and Rs. 12.87 per share.

Post-IPO, its current paid-up equity capital of Rs. 199.42 cr. will remain same as this is a pure Offer for Sale. Based on the upper cap of the IPO price band, the company is looking for a market cap of Rs. 5304.50 cr.

## Financial Performance

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On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 204.80 cr. / Rs. 79.00 cr. (FY23), Rs. 318.79 cr. / Rs. 151.00 cr. (FY24), and Rs. 404.00 cr. / Rs. 190.70 cr. (FY25). For Q1 of FY26 ended on June 30, 2025, it earned a net profit of Rs. 60.98 cr. on a total income of Rs. 121.34 cr. against net profit Rs. 51.07 cr. on a total income of Rs. 101.85 cr. for corresponding previous period. The company has reported steady growth in its top and bottom lines for the reported periods and the Q1 of FY26. The management is confident of maintaining such trends going forward.

For the last three fiscals, the company has posted an average EPS of Rs. 7.96 and an average RoNW of 30.97%. The issue is priced at a P/BV of 8.03 based on its NAV of Rs. 33.13 as of June 30, 2025, as well as on post-IPO basis (at the upper cap).

If we attribute FY26 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 21.75. Based on FY25 earnings, the P/E stands at 27.82. Thus, the issue appears fully priced.

The company has shown PAT yield of 0.14% (FY23), 0.20% (FY24), 0.18% (FY25), 0.05% (Q1-FY26). However, its PAT margins and RoCE margins data is not available.

## Dividend Policy

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The company has paid dividend at 50% for FY23, at 75% for FY24, and 25% for FY25, it has already adopted a dividend policy in March 2025, based on its financial performance and future prospects.

## Comparison with Listed Peers

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As per the offer document, the company has shown HDFC AMC, Nippon Life India AMC. ABSLAMC, UTI AMC, as their listed peers. They are currently trading at a P/E of 45.6, 41.2, and 24.4 (As of October 07, 2025). However, they are truly not comparable on an apple-to-apple basis.

## Merchant Banker's Track Record

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The three BRLMs associated with the offer have handled 97 public issues in the past three fiscals, out of which 24 issues closed below the offer price on the listing date.

### Conclusion / Investment Strategy

CRAMCL is India's second oldest AMC run by Canara Bank and OCE. It marked a steady growth in its earnings for the reported periods. It is operating in a highly competitive segment, but being second oldest AMC, it has good AUM under its management. Based on recent set of its financial data, the issue appears fully priced. Considering the legacy of two parent brands, well-informed investors may park funds for medium to long term.

## About Dilip Davda

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Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

SEBI Registered Research Analyst – Mumbai · Registration No.: INH000003127 (Perpetual)

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