Canara Robeco Asset Management Co. (CRAMC IN)

Rating: BUY | CMP: Rs266 | TP: Rs320

Better performance could drive earnings upgrade

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Company Initiation

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We initiate coverage on CRAMC with 'BUY' rating as we are optimistic about its business prospects given that (1) better equity performance could lead to increase in net equity flow market share (1.3% in H1FY26) and, in turn, improve stock market share, which may translate to AAuM CAGR of 20% over FY26-28E (~3% higher than industry); (2) higher equity share of 90% could lead to higher core earnings as we are positive on Indian equities over the medium & long term and (3) telescopic pricing would have a limited impact on equity yields as commission payout is high at 70%+. We see healthy core earnings CAGR of 17% over FY25-28E, better than listed peers. Upper band of Rs266 suggests a value of 19.6x on Sep'27 core EPS (UTIAM: 16.7x, ABSLAMC: 22.7x), indicating 42.5% discount to NAM. We assign 24x multiple to arrive at TP of Rs320; CRAMC is attractive in the small-cap space. Initiate with 'BUY'.

- **Strong 1-yr performance may translate to 3-yr bucket**: Better performance in the 1-yr and 3-yr buckets led to healthy net equity flow market share of 9.6%/9.7% in FY22/FY23 compared to stock market share of 2.5%/2.9% in Mar'22/Mar'23. Performance slipped thereafter, resulting in net flow market share reducing to 2.1%/1.3% in FY24/25, and stock market share falling to 2.6% in Mar'25. However, since Mar'24, the AMC's weighted avg performance in the 1-yr bucket has been improving. If this trend continues, the 3-yr bucket would also show improvement, which in turn may lead to higher net inflows. For H1FY26, net flow equity market share stood at 1.3%.

- **Being a bank subsidiary supports positive net flows:** As subsidiary of Canara Bank (CBK), the AMC benefits from the bank's widespread branch network and retail customer base, facilitating distribution of MF products across the country. CBK contribution to CRAMC AuM is 8.0%. CBK only sells CRAMC products since 99.7% of overall MF sales by the bank are for CRAMC. Equity distribution is: direct 23% (industry: 25.5%), banca 12.4% and ND/MFD at 29.3%/35.3%. Also, B-30 share for CRAMC is higher at 24% (industry: 18.5%).

- **Higher equity share could be an advantage**: MAAuM as of Sep'25 was Rs1.2trn, with equity share of 90% (highest among peers), which would expose CRAMC to equity market movement, making earnings more volatile. However, this could be an advantage given that we have a positive outlook on Indian equities over the medium and long term due to low penetration in the Indian AMC space. As superior performance translates to higher equity market share, our core earnings estimates face upside risks since markets have given flat to slight negative returns over last 1 yr.

- **Higher commission payout protects net yields**: At 33.7bps (FY25), CRAMC's net MF yields are one of the lowest due to higher commission. It paid out 72.2% of FY25 revenue vs. 54.4% for our AMC basket. As a result, equity yield was lower at 34.4bps (AMC basket: 58bps). Higher payout allowed CRAMC to neutralize the impact of telescopic pricing, despite equity MAAuM seeing a strong 31% CAGR from Mar'22 till date. Hence, during the period, equity yields ranged at 34-36bps. We expect equity yield of ~34bps, anticipating distributor payout to moderate slightly, but remain high.

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Revenue (Rs m)	3,645	4,201	4,983	5,859
Opex	1,464	1,761	2,036	2,358
Employee	885	1,096	1,251	1,447
Others	578	666	784	911
Core Income (Rs m)	2,182	2,440	2,948	3,501
PAT (Rs mn)	1,907	2,115	2,504	2,932
Core PAT (Rs m)	1,615	1,806	2,181	2,590
Core EPS (Rs.)	8.1	9.1	10.9	13.0
Gr. (%)	*(64.3)*	*11.8*	*20.8*	*18.8*
AAuM (Rs bn)	1,033	1,223	1,469	1,745
Gr. (%)	*33.8*	*18.4*	*20.1*	*18.8*
Core RoAAuM (%)	0.2	0.1	0.1	0.1
Core RoE (%)	40.0	39.3	48.7	58.8
P/Core EPS (x)	29.1	25.9	21.3	17.8

Shareholding Pattern (%)

Promoter's	38.00
Foreign	37.00
Domestic Institution	7.50
Public & Others	17.50
Promoter Pledge (Rs bn)	-

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Exhibit 1: Listed AMC peer comparison and valuation

Company	CMP	MCap (Rs bn)	MAAuM (Rs bn)	Mcap/ MAAuM	Revenue (Rs bn)				Core Income (Rs bn)				Core EPS				Core P/E		
					FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
HDFCAMC	5,594	1,197	8,879	13.5	35.0	41.4	46.1	51.0	27.3	32.3	36.1	40.0	95.5	114.8	128.3	142.3	44.7	39.4	34.8
NAM	879	560	6,664	8.4	22.3	26.3	29.6	32.4	14.0	16.8	19.2	21.1	16.8	20.1	23.0	25.3	40.6	35.1	31.6
ABSLAMC*	848	245	4,273	5.7	16.6	17.9	19.6	21.5	9.4	10.1	11.1	12.3	24.3	26.2	28.8	32.0	26.8	23.7	20.7
UTIAMC	1,367	175	3,825	4.6	14.5	15.9	17.2	18.4	6.4	7.3	8.0	8.6	38.5	44.3	48.7	52.5	20.8	17.8	15.4
CRAMC	266	53	1,215	4.4	3.6	4.2	5.0	5.9	2.2	2.4	2.9	3.5	22.7	8.1	9.1	10.9	25.9	21.3	17.8

*Source: Company, PL. *For ABSL AMC estimates are basis Bloomberg consensus*

Exhibit 2: Detailed peer comparison basis FY25 financials

Particulars (FY25)	SBI	ICICI	HDFC	NAM	Kotak	ABSL	UTIAM	Axis	Mirae	CRAMC
Financials (Rs mn)										
Revenue	**35,851**	**46,828**	**34,980**	**22,307**	**13,026**	**16,591**	**14,453**	**12,719**	**6,479**	**3,645**
MF fees	34,251	39,635	34,819	20,172	12,494	15,610	9,130	11,547	6,277	3,481
Others	1,600	3,999	162	2,135	532	981	5,323	1,172	202	165
Opex	**8,624**	**11,272**	**7,718**	**8,264**	**4,728**	**7,199**	**8,078**	**6,313**	**2,265**	**1,464**
Employee	4,186	6,142	3,883	4,290	2,334	3,503	4,580	3,217	1,325	885
Others	4,438	5,130	3,836	3,974	2,394	3,696	3,498	3,096	940	578
Core Income	**27,227**	**32,362**	**27,262**	**14,043**	**8,298**	**9,392**	**6,375**	**6,406**	**4,214**	**2,182**
Other income	6,471	2,969	5,602	2,900	2,064	2,995	4,146	1,939	1,038	395
PBT	33,698	35,331	32,864	16,943	10,362	12,387	10,522	8,346	5,252	2,576
Tax	8,383	8,824	8,254	4,086	2,397	3,139	2,392	2,148	1,254	669
PAT	25,315	26,507	24,611	12,857	7,966	9,247	8,130	6,198	3,998	1,907
Core PAT	**20,454**	**24,279**	**20,415**	**10,656**	**6,379**	**7,011**	**4,926**	**4,757**	**3,208**	**1,615**
DuPont (bps)										
Revenue	**33.6**	**52.1**	**46.8**	**41.3**	**28.0**	**44.2**	**42.8**	**40.6**	**36.0**	**35.3**
MF fees	32.1	47.4	46.5	37.4	26.9	41.6	34.1	36.9	34.9	33.7
Others	1.5	4.7	0.2	4.0	1.1	2.6	8.7	3.7	1.1	1.6
Opex	**8.1**	**17.3**	**10.3**	**15.3**	**10.2**	**19.2**	**23.9**	**20.2**	**12.6**	**14.2**
Employee	3.9	6.8	5.2	7.9	5.0	9.3	13.6	10.3	7.4	8.6
Others	4.2	5.7	5.1	7.4	5.1	9.8	10.4	9.9	5.2	5.6
Core Income	**25.5**	**36.0**	**36.4**	**26.0**	**17.8**	**25.0**	**18.9**	**20.5**	**23.4**	**21.1**
PAT	23.7	29.5	32.9	23.8	17.1	24.6	24.1	19.8	22.2	18.5
Core PAT	**19.2**	**27.0**	**27.3**	**19.7**	**13.7**	**18.7**	**14.6**	**15.2**	**17.8**	**15.6**
ROE (%)	33.7	82.8	32.4	31.4	30.7	27.0	16.0	25.0	40.6	36.2
Core ROE (%)	33.7	111.2	36.3	46.7	29.7	28.2	15.7	22.2	39.0	40.0
Tax rate (%)	24.9	25.0	25.1	24.1	23.1	25.3	22.7	25.7	23.9	26.0
Dividend (%)	44.2	75.9	78.2	88.9	14.0	74.9	75.6	0.0	0.0	13.1
Cash + Inv (Rs bn)	81.5	33.1	72.0	37.8	30.9	32.0	50.6	27.1	12.1	4.6
AAuM (Rs bn)	**10,680.7**	**8,994.5**	**7,480.2**	**5,400.4**	**4,650.2**	**3,754.0**	**3,376.6**	**3,130.2**	**1,797.3**	**772.3**
Equity (%)	31.3	34.3	41.8	42.4	41.5	36.4	27.8	58.4	76.2	81.4
Balanced (%)	12.3	18.0	19.3	4.0	8.6	5.9	9.0	2.8	7.2	12.1
Debt (%)	11.8	18.3	19.5	13.6	21.7	30.5	10.0	18.7	1.9	2.5
Liquid (%)	8.4	7.1	10.6	7.8	9.6	15.7	9.7	14.2	7.3	4.0
ETF (%)	30.5	8.6	2.0	26.9	3.5	2.0	31.9	1.3	5.3	0.0
Index (%)	2.7	4.0	4.7	2.6	3.0	5.7	9.9	2.2	0.7	0.0
Arbitrage + FoF (%)	3.0	2.6	2.3	2.8	12.2	3.8	1.8	2.3	1.4	0.0
PMS/AIF/Advisory (%)	0.0	7.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sep MAAuM MS										
Equity MS	12.8	13.7	12.8	7.2	6.5	4.0	3.2	4.8	3.9	2.6
Overall MS	15.5	13.3	11.4	8.4	7.2	5.5	4.9	4.5	2.7	1.6

Source: Company, PL

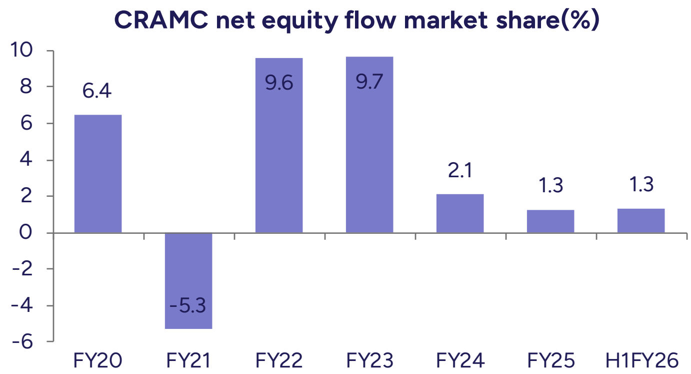
Story in Charts

Exhibit 3: Equity performance improving in 1-yr bucket

Fund house	Mar'23	Sep'23	Mar'24	Sep'24	Mar'25	Sep'25
SBI	0.7	-0.7	-3.8	-3.1	2.1	1.5
ICICI	4.8	4.3	2.7	2.2	1.5	3.2
HDFC	9.1	7.5	4.7	2.4	2.0	2.5
Nippon	5.1	3.4	0.6	0.9	1.1	0.8
Kotak	2.4	-2.4	-7.8	0.0	2.3	1.7
ABSL	-2.1	0.8	-3.0	-2.2	0.8	-0.4
Axis	-7.5	-9.5	-6.6	-2.6	0.8	0.9
Mirae	-1.4	-0.6	-7.6	-5.5	0.1	1.1
UTI	-3.7	-5.0	-9.0	-3.4	2.9	-0.9
DSP	-0.8	-1.7	-7.8	-0.5	6.4	0.7
Franklin	4.1	1.1	-2.2	1.7	1.9	0.2
CRAMC	-0.6	-5.2	-8.2	-0.8	1.5	0.9

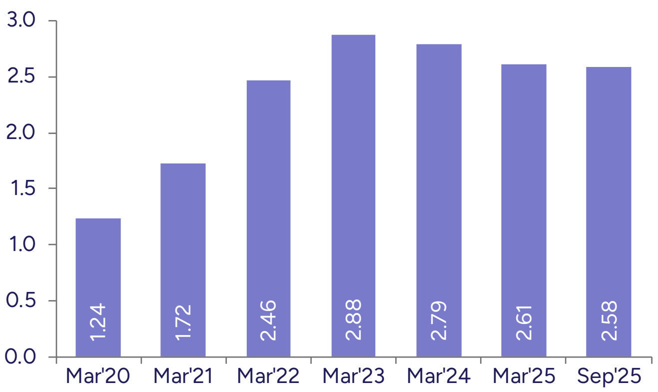
Source: AMFI, PL

Exhibit 4: Net equity flow MS steady at 1.3% vs stock MS of 2.6%



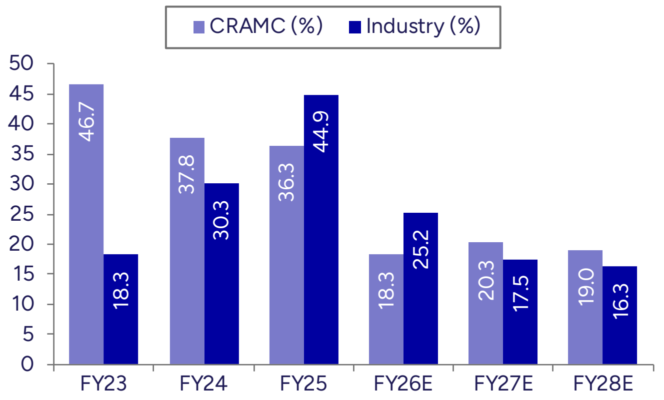
Source: AMFI, Company, PL. Note: MS-Market Share

Exhibit 5: Equity MAAuM market share steady since Mar'25



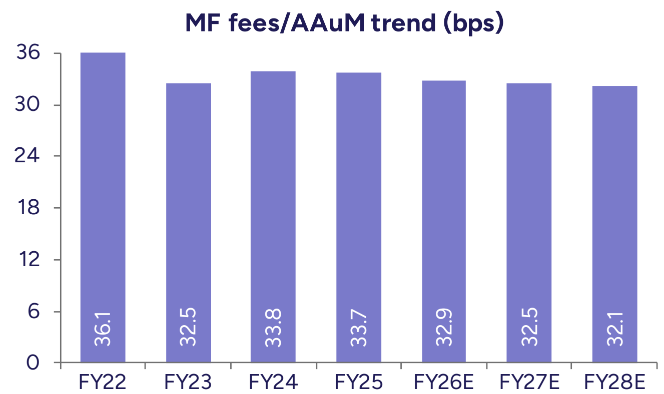
Source: AMFI, Company, PL

Exhibit 6: Equity AAuM CAGR may be ~3% more than industry



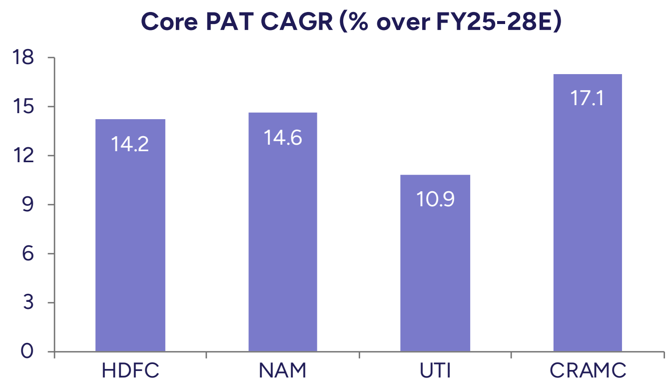
Source: AMFI, Company, PL

Exhibit 7: Modest fall in MF fees expected due to ~70% payout



Source: Company, PL

Exhibit 8: Core PAT CAGR superior among listed peers



Source: Company, PL

Canara Robeco AMC – Proxy play on Indian equities

CRAMC was incorporated in 1993 as Canbank Investment Management Services Ltd, to manage the assets of Canbank Mutual Fund, with the entire equity share capital held by Canara Bank (CBK). In 2007, it became Canara Robeco Asset Management Company Ltd, a joint venture, with CBK entering into an agreement with ORIX Corporation Europe (previously Robeco Groep), whereby Robeco acquired 49% stake in the company, while remaining 51% was retained by CBK.

CRAMC's primary activities include managing mutual funds and providing investment advice on Indian equities to Robeco Hong Kong Ltd, a member of its promoter group. As of Sep'25, CRAMC's MAAuM stood at Rs1.21trn, with 90.4% of its AuM allocated to equity and 2.8%/6.8% in debt/liquid. Its overall/equity market share stood at 1.56%/2.58%. As of Jun'25, SIP flow/AuM was Rs7.5bn/Rs386.25bn, suggesting a market share of 2.5% each.

As of 30th Jun'25, it had 52,343 empaneled distribution partners across India, including CBK, 44 other banks, 548 national distributors (NDs) and 51,750 mutual fund distributors (MFDs). The company has a network of 25 branches and 325 employees: 24 in investment, 142 in sales, 14 in operations, 10 in finance, and 52 in customer service.

Exhibit 9: Active equity products of CRAMC and large AMCs

Fund Name	Equity	Thematic	Balanced	Total
SBI MF	10	14	7	31
ICICI Pru	10	24	7	42
HDFCAMC	10	12	7	29
NAM	9	10	5	24
Kotak AMC	9	15	5	29
Axis MF	9	8	9	26
ABSLAMC	10	15	8	33
UTIAM	10	8	6	25
CRAMC	9	3	4	16

Source: Company

Exhibit 10: New equity schemes launched by CRAMC during last 4 FYs

Fiscal/Period	Scheme	Sub-segment
FY22	Focused equity fund	Focused fund
	Value fund	Value fund
FY23	Banking and PSU debt fund	Banking and PSU fund
	Mid cap fund	Mid cap fund
FY24	Multi cap fund	Multi cap fund
	Manufacturing fund	Thematic
FY25	Balanced advantage fund	Dynamic asset allocation or balanced advantage

Source: Company

Key Investment Arguments

Improving 1-yr performance could translate to 3-yr bucket

The AMC's 1-yr weighted alpha improved from Aug'19 until Dec'20, while the 3-yr bucket performance remained strong over Jul'19 to Jan'23. Hence, the company witnessed strong net equity flows of Rs146.8bn and Rs118.7bn in FY22/FY23, suggesting a healthy net flow market share of 9.6%/9.7% in FY22/FY23 compared to equity market share of 2.46%/2.88% in Mar'22/Mar'23. However, performance deteriorated thereafter, which resulted in net flow market share reducing to 2.1%/1.3% in FY24/FY25 and equity stock market share falling to 2.6% in Mar'25.

Exhibit 11: 1-yr weighted average equity performance to benchmark improving for CRAMC post Mar'24

Fund	Sep'19	Mar'20	Sep'20	Mar'21	Sep'21	Mar'22	Sep'22	Mar'23	Sep'23	Mar'24	Sep'24	Mar'25	Sep'25
SBI	4.1	2.4	-4.2	-5.7	1.5	0.4	1.4	0.7	-0.7	-3.8	-3.1	2.1	1.5
ICICI	-3.0	-1.2	-1.8	-2.1	-0.4	4.3	3.5	4.8	4.3	2.7	2.2	1.5	3.2
HDFC	-1.1	-6.4	-9.8	-2.9	7.1	3.3	5.7	9.1	7.5	4.7	2.4	2.0	2.5
Nippon	-1.4	-4.6	-6.3	-4.3	7.0	4.1	5.3	5.1	3.4	0.6	0.9	1.1	0.8
Kotak	4.5	3.2	-0.1	-4.8	-5.7	-3.4	1.1	2.4	-2.4	-7.8	0.0	2.3	1.7
ABSL	-2.4	-1.2	-1.6	-7.4	-5.5	-3.2	-4.0	-2.1	0.8	-3.0	-2.2	0.8	-0.4
Axis	7.8	14.5	-0.2	-21.2	-3.1	-4.4	-7.0	-7.5	-9.5	-6.6	-2.6	0.8	0.9
Mirae	4.1	2.1	3.1	1.3	-0.1	-1.2	-3.0	-1.4	-0.6	-7.6	-5.5	0.1	1.1
UTI	-2.4	1.2	2.3	-0.3	2.1	-3.0	-3.6	-3.7	-5.0	-9.0	-3.4	2.9	-0.9
DSP	7.5	5.3	-0.8	-11.7	-7.2	-4.6	-3.1	-0.8	-1.7	-7.8	-0.5	6.4	0.7
FT	-0.3	-2.5	-9.1	-2.1	7.5	-3.4	0.3	4.1	1.1	-2.2	1.7	1.9	0.2
CRAMC	**2.0**	**7.0**	**5.5**	**-9.8**	**-3.2**	**-0.3**	**-0.9**	**-0.6**	**-5.2**	**-8.2**	**-0.8**	**1.5**	**0.9**

Source: AMFI, PL

Exhibit 12: 3-yr weighted average equity performance to benchmark of larger AMCs

Fund	Sep'19	Mar'20	Sep'20	Mar'21	Sep'21	Mar'22	Sep'22	Mar'23	Sep'23	Mar'24	Sep'24	Mar'25	Sep'25
ICICI	-2.1	-0.7	0.5	-0.1	-0.3	0.8	1.4	4.2	4.4	4.2	3.5	3.4	3.3
HDFC	-0.7	-2.8	-4.0	-2.6	-2.3	-2.5	0.2	5.1	7.3	6.0	5.4	5.6	4.3
SBI	-1.2	0.2	-1.1	-0.9	0.6	0.6	-0.3	-0.9	1.0	-0.2	0.3	0.7	-0.2
Axis	2.7	6.1	2.8	2.2	2.7	1.1	-4.3	-10.4	-7.2	-5.6	-6.0	-3.9	-3.0
Nippon	-1.4	-2.5	-2.8	-1.8	-0.9	-0.4	0.9	3.0	5.3	4.1	3.9	3.0	1.8
ABSL	-3.5	-2.4	-3.3	-3.5	-2.4	-2.5	-2.7	-2.5	-1.7	-2.5	-1.8	-1.3	-0.4
Kotak	0.7	1.0	0.4	1.0	0.7	-0.3	-1.4	-1.3	-1.7	-2.3	-0.4	-0.1	0.2
Mirae	2.0	1.5	1.0	1.9	2.3	1.0	-0.2	-0.8	-1.4	-3.1	-2.8	-2.4	-1.2
UTI	-3.2	-0.6	0.0	0.4	1.3	0.2	-0.1	-2.9	-2.7	-4.7	-3.6	-2.5	-2.7
DSP	-0.4	0.7	0.3	0.0	0.8	-0.8	-2.9	-4.6	-3.2	-3.7	-1.7	0.2	-0.1
FT	-2.2	-2.2	-3.6	-1.6	-1.9	-2.6	-1.7	0.1	2.5	0.4	1.2	2.3	1.3
CRAMC	**0.1**	**2.8**	**1.6**	**1.2**	**2.1**	**1.7**	**1.0**	**-2.6**	**-2.8**	**-2.1**	**-1.8**	**-1.6**	**-1.4**

Source: AMFI, PL

However, since Mar'24, the AMC's performance in 1-yr bucket has been improving; weighted alpha has improved from -9.5% in Feb'24 to +0.9% in Sep'25. If this trend continues, the superior 1-yr performance would translate to the 3-yr bucket, which in turn may lead to higher net inflows, as investors generally give higher weightage to 3-yr performance. In H1FY26, CRAMC's net flow market share stood 1.3%, which is better than small cap peers like ABSLAMC and UTIAM.

Exhibit 13: 1-yr weighted average equity performance rank

Fund	Sep'19	Mar'20	Sep'20	Mar'21	Sep'21	Mar'22	Sep'22	Mar'23	Sep'23	Mar'24	Sep'24	Mar'25	Sep'25
ICICI	12	8	8	3	7	1	3	3	2	2	2	7	1
HDFC	8	12	12	5	2	3	1	1	1	1	1	5	2
SBI	5	5	9	8	5	4	4	6	7	6	10	4	4
Axis	1	1	5	12	8	11	12	12	12	7	9	11	7
Nippon	9	11	10	6	3	2	2	2	3	3	4	9	8
ABSL	11	9	7	9	10	8	11	10	5	5	8	10	11
Kotak	3	4	4	7	11	10	5	5	9	9	5	3	3
Mirae	4	6	2	1	6	6	8	9	6	8	12	12	5
UTI	10	7	3	2	4	7	10	11	10	12	11	2	12
DSP	2	3	6	11	12	12	9	8	8	10	6	1	9
FT	7	10	11	4	1	9	6	4	4	4	3	6	10
CRAMC	**6**	**2**	**1**	**10**	**9**	**5**	**7**	**7**	**11**	**11**	**7**	**8**	**6**

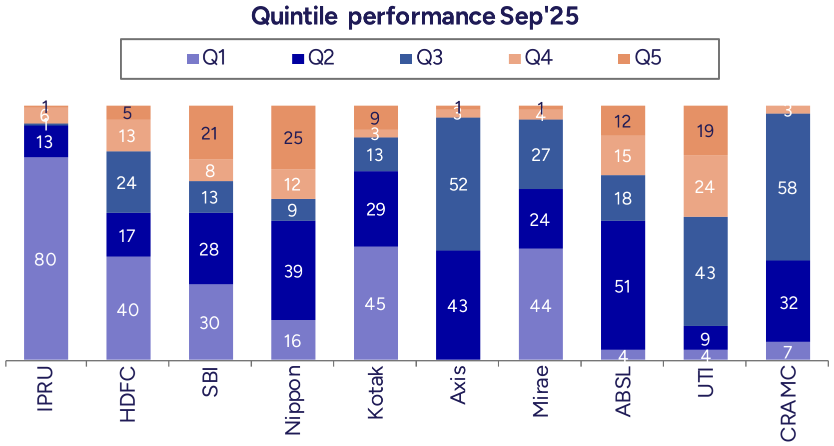
Source: AMFI, PL

Exhibit 14: 3-yr weighted average equity performance rank

Fund	Sep'19	Mar'20	Sep'20	Mar'21	Sep'21	Mar'22	Sep'22	Mar'23	Sep'23	Mar'24	Sep'24	Mar'25	Sep'25
ICICI	9	8	4	7	8	4	1	2	3	2	3	2	2
HDFC	6	12	12	11	11	10	4	1	1	1	1	1	1
SBI	7	6	8	8	7	5	7	6	5	5	5	5	7
Axis	1	1	1	1	1	2	12	12	12	12	12	12	12
Nippon	8	11	9	10	9	8	3	3	2	3	2	3	3
ABSL	12	10	10	12	12	11	10	8	8	8	8	8	8
Kotak	3	4	5	4	6	7	8	7	7	7	6	7	5
Mirae	2	3	3	2	2	3	6	5	6	9	10	10	9
UTI	11	7	7	5	4	6	5	10	9	11	11	11	11
DSP	5	5	6	6	5	9	11	11	11	10	7	6	6
FT	10	9	11	9	10	12	9	4	4	4	4	4	4
CRAMC	**4**	**2**	**2**	**3**	**3**	**1**	**2**	**9**	**10**	**6**	**9**	**9**	**10**

Source: AMFI, PL

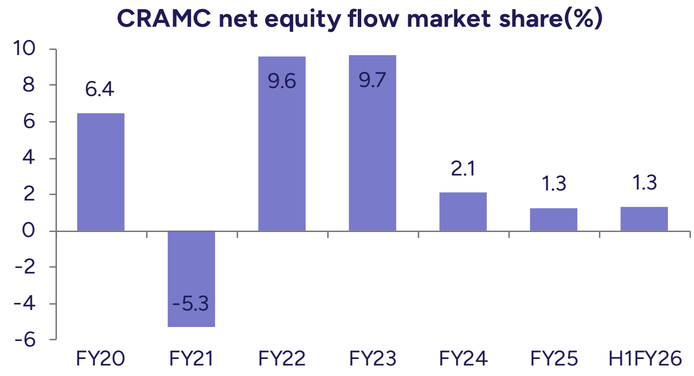
Exhibit 15: 7%/32% of equity AuM is in quintile 1/2 for CRAMC



Source: AMFI, PL

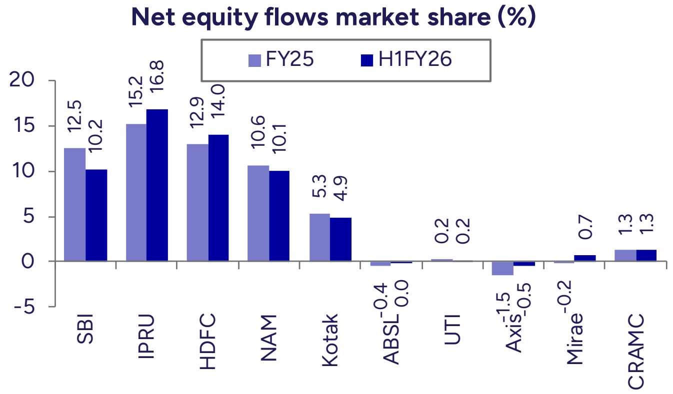
In terms of performance quintile, 7%/32% of AuM is in Q1/Q2 for CRAMC as of Sep'25. ICICI Pru AMC is the best performing fund since 80% of its AuM is in Q1 compared to 40% for HDFC AMC.

Exhibit 16: Peak net flow equity MS at 9.6%/9.7% for F22/FY23



Source: AMFI, Company, PL

Exhibit 17: Net flow equity MS higher than ABSLAMC/UTIAM

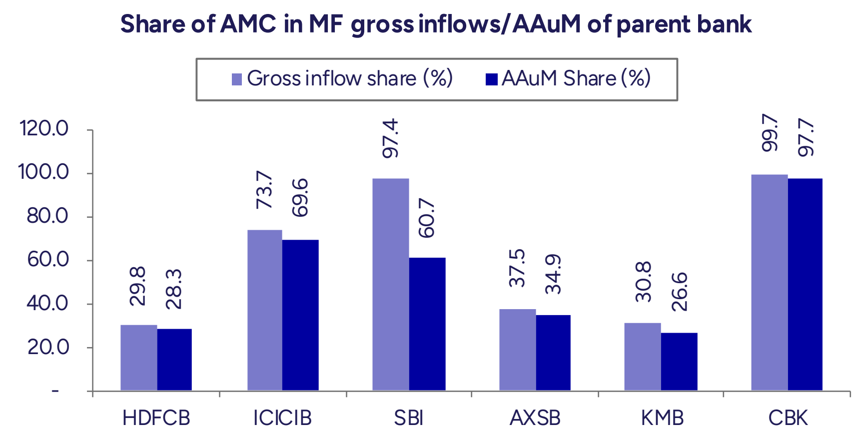


Source: AMFI, Company, PL. Note: MS-Market Share

Being a bank subsidiary supports positive net flows

As of 30th Jun'25, CRAMC had 52,343 empaneled distribution partners across India, including CBK, 44 other banks, 548 NDs and 51,750 MFDs. Banca channel constituted 12.4% of overall AuM of CRAMC, of which CBK constituted 8.0%.

Exhibit 18: 99.7% of overall MF sales by CBK for CRAMC

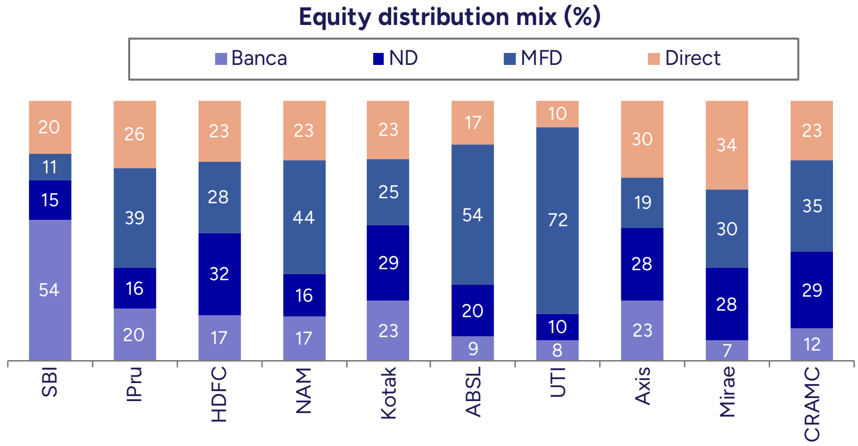


Source: AMFI, company, PL

Being a subsidiary of CBK, CRAMC has access to the bank's branch network and retail customer base, facilitating distribution of MF products across the country, particularly in semi-urban and rural regions.

CBK only sells CRAMC products: 99.7% of overall MF sales by the bank are for Canara Robeco MF. On an AAuM basis, share of CRAMC AuM is the highest within overall AuM of the bank compared to, AMC subsidiary share in AuM of peer banks.

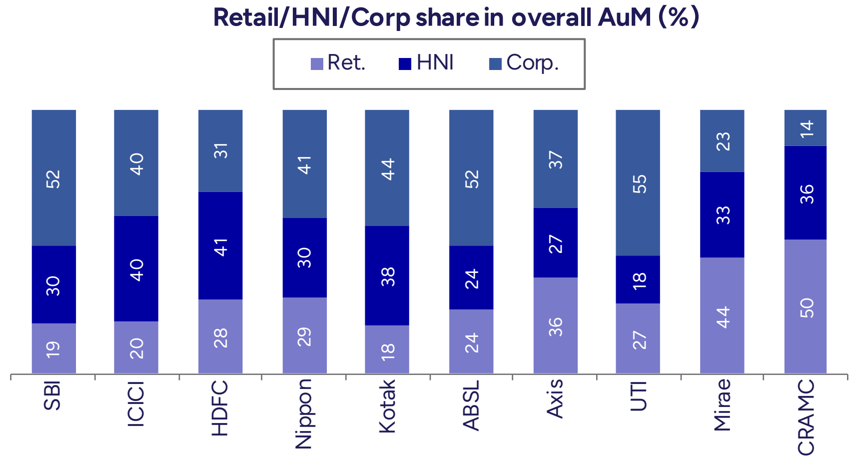
Exhibit 19: 65% of equity distribution through ND+MFD for CRAMC



Source: Company, PL

Equity distribution for CRAMC is as follows; direct share is 23% compared to 25.5% share for the industry. Share of banca is 12.4%, while ND/MFD is 29.3%/35.3%.

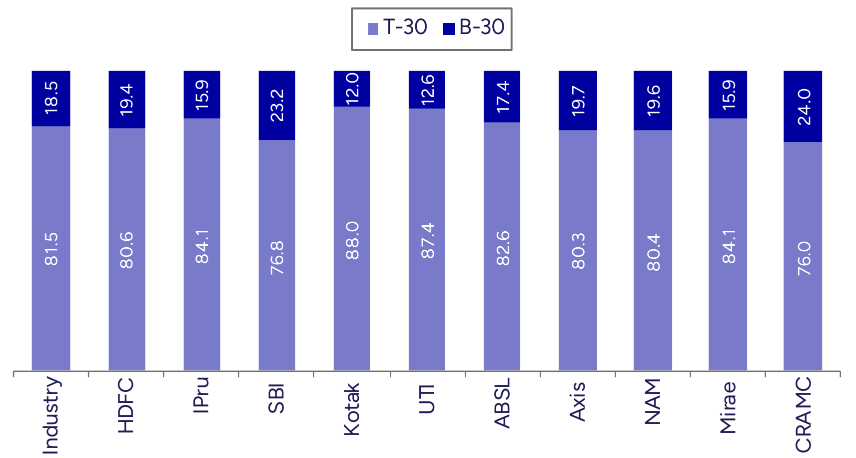
Exhibit 20: Share of retail + HNI in overall AuM is ~86% (similar to equity mix)



Source: Company, PL

Due to strong support of its parent in the form of the bank's distribution network, B-30 share for CRAMC is higher at 24% compared to 18.5% for the industry.

Exhibit 21: CRAMC has higher B-30 share of 24.0% vs 18.5% for industry



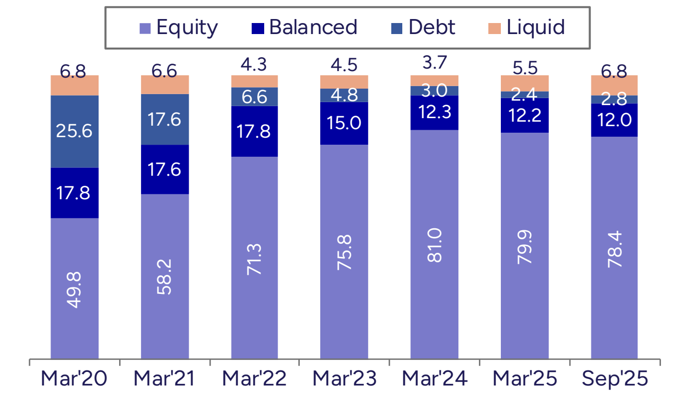
Source: AMFI, company, PL

Higher equity share could be an advantage

As of Sep'25, CRAMC's MAAuM stood at Rs1.2trn, with equity constituting 90.4%. Share of debt/liquid was low at 2.8%/6.8%, down from 17.6%/6.6% in Mar'21, owing to much faster growth in equity. Due to lower risk diversification, earnings would be more exposed to equity market movements compared to peers, which may led to more volatile earnings.

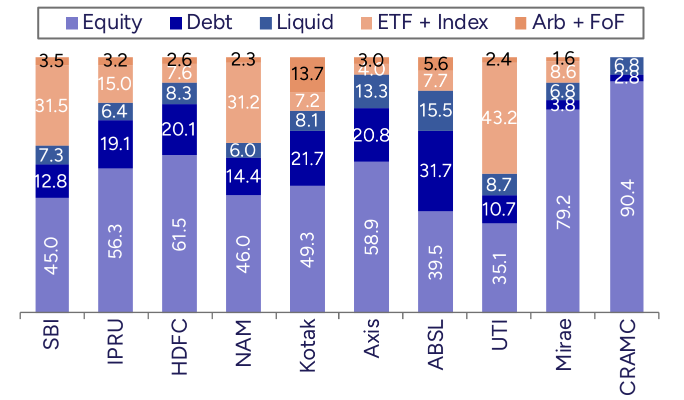
However, in our view, this could be an advantage given that we have a medium to long-term positive outlook on Indian equities. While equity penetration has risen in India, it remains low at ~8% compared to global peers, and AuM to GDP of India remained low at 18.2% in FY24 compared to the global average of 60-70%.

Exhibit 22: Eq+bal forms 90.4% of overall AuM



Source: Company, PL

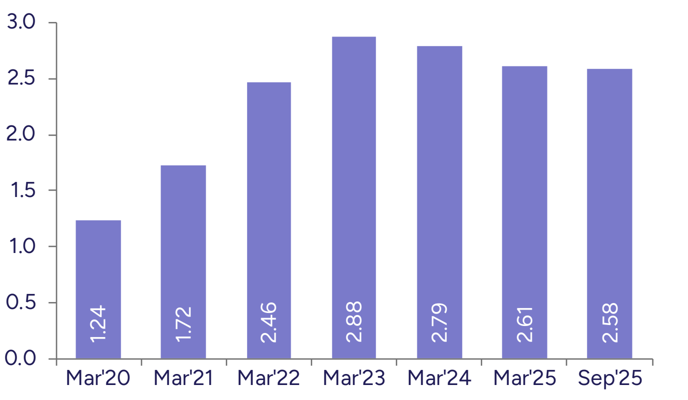
Exhibit 23: Highest eq+bal share at ~90% among peers



Source: Company, PL

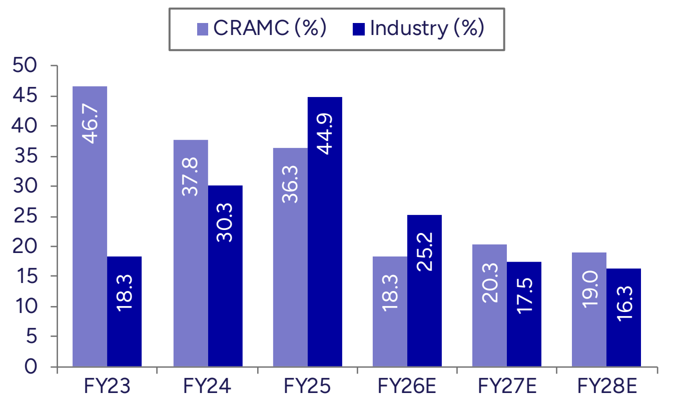
We expect superior performance in the 1-yr bucket to sustain, which may eventually translate to the 3-yr bucket, thereby increasing the net flow market share from 1.3% (H1FY26) compared to stock market share of 2.6%. This should support higher-than-industry growth from FY26. While we expect industry AAuM CAGR of 17.0% over FY26-28E, for CRAMC, we envisage it to be higher at 20% owing to the gain in equity market share.

Exhibit 24: Equity MAAuM market share steady since FY24



Source: AMFI, company, PL

Exhibit 25: Equity AAuM CAGR est. at ~20% over FY26-28E

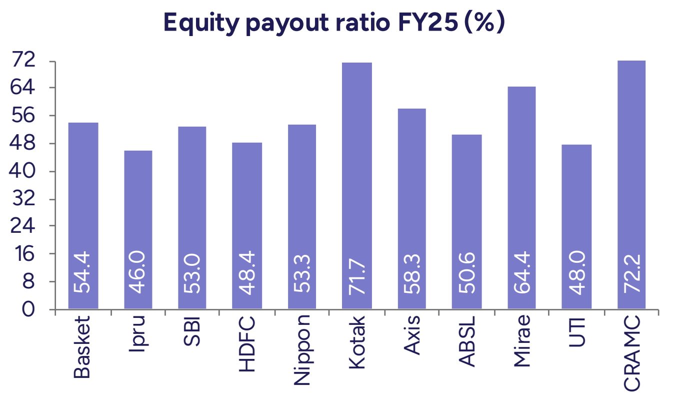


Source: AMFI, company, PL

Higher commission payout protects net yields

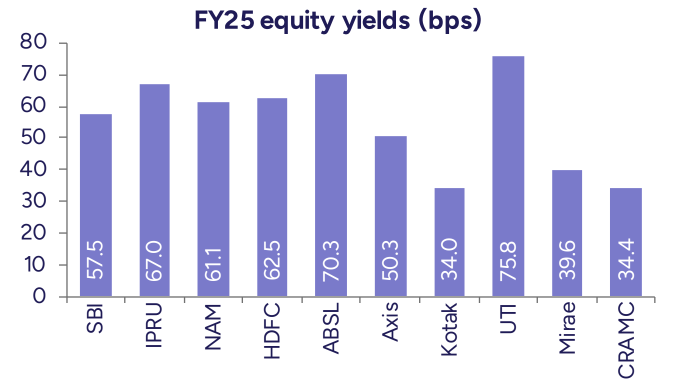
Despite overall AuM being lower than peers at Rs1.21trn and active equity share of ~90% as at Sep'25, net MF yields are one of the lowest at 33.7bps (FY25). This suggests a higher payout from gross revenue compared to peers. As per our analysis, CRAMC paid out 72.2% or 90bps (as a percentage of equity AAuM for FY25) of its net revenue compared to 54.4% or 68bps blended for our AMC basket. As a result, equity yields are lower, at 34.4bps (AMC basket: 58bps).

Exhibit 26: Distributor payout ratio highest among peers



Source: Company, PL

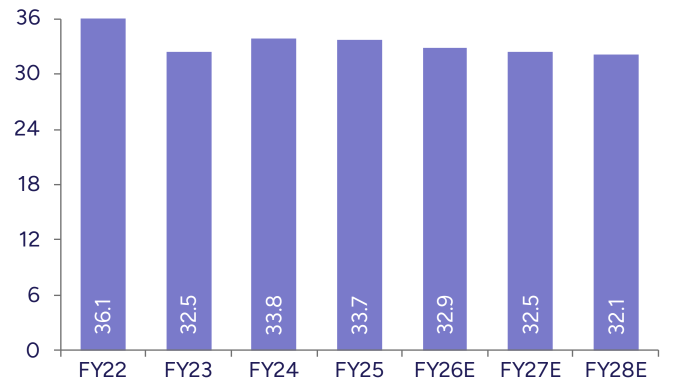
Exhibit 27: FY25 equity yields for CRAMC at 34.4bps



Source: Company, PL

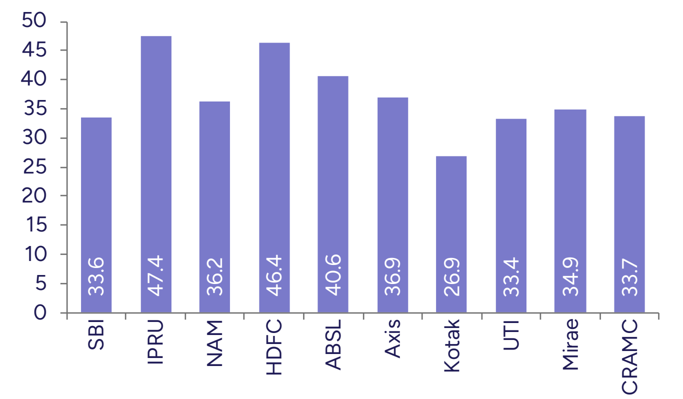
However, historical commission payout ratios being >70% has allowed CRAMC to negotiate with distributors and negate the impact of telescopic pricing, despite equity MAAuM seeing a strong 31% CAGR from Mar'22 till date. Hence, during the period, equity yields have remained range bound at 34-36bps. We have projected equity yields of ~34bps over FY26-28E, anticipating distributor payout to moderate slightly, but remain high. Considering a higher payout ratio, if better performance sustains following which the company rationalizes commissions, revenue estimates could see a positive surprise.

Exhibit 28: MF fees/AuM estimated at 32-33bps for FY26-28E



Source: Company, PL

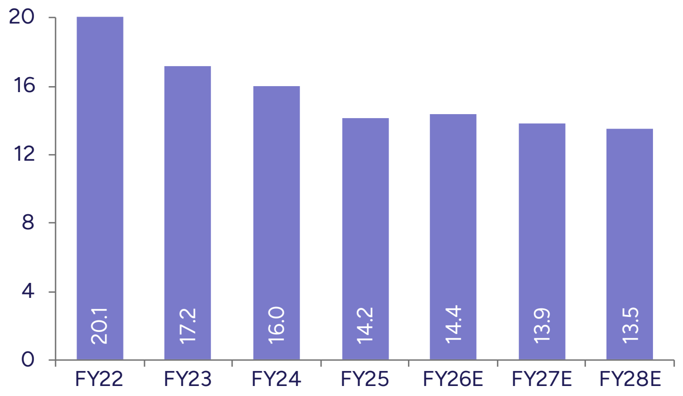
Exhibit 29: MF fees/AuM for FY25 at 33.7bps for CRAMC



Source: Company, PL

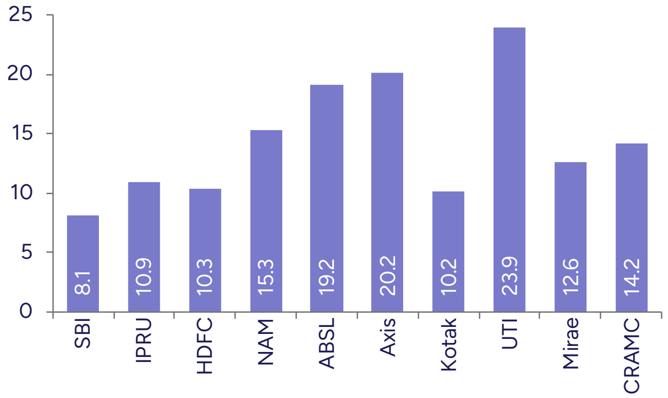
On operating costs, given that revenue yields have been lower, the company has tried to protect profitability by controlling expenses. Opex to AAuM for FY25 was 14.2bps compared to 24bps for UTIAM and 19bps for ABSLAMC.

Exhibit 30: Opex to AAuM to decline slightly by FY28E



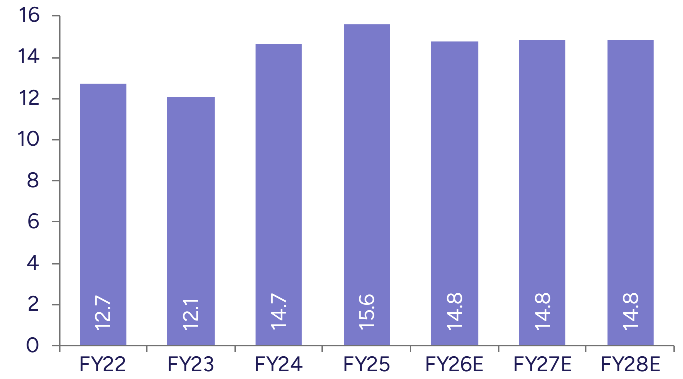
Source: Company, PL

Exhibit 31: Opex to AAuM at 14.2bps for CRAMC in FY25



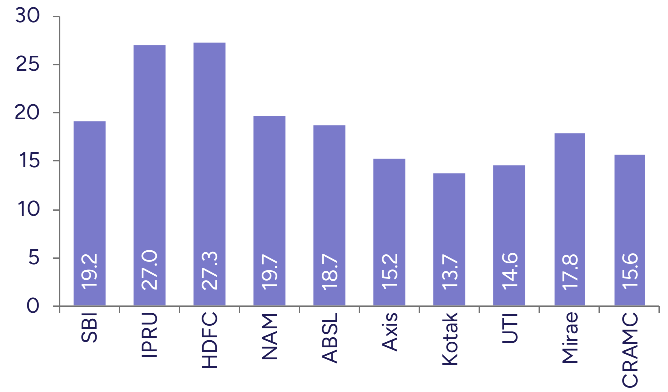
Source: Company, PL

Exhibit 32: Core PAT/AuM est at ~15bps over FY26-28E



Source: Company, PL

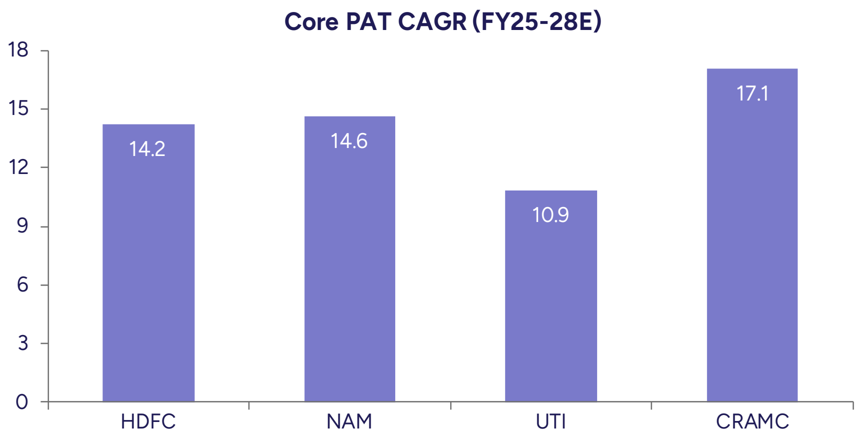
Exhibit 33: Core PAT/AAuM at 15.6bps for CRAMC in FY25



Source: Company, PL

While historically the company has not paid any ESOPs, it has formed a nomination committee since it is being listed. This would entail ESOP costs, and we have factored the same. With overall AuM CAGR estimated at 18.3% over FY25-28E, we are factoring in revenue and opex CAGR of 17% each that would translate to core PAT CAGR of 17.0%.

Exhibit 34: Core PAT CAGR est at 17.1% over FY25-28E for CRAMC



Source: Company, PL

Valuation & Risks

Valuation

We are optimistic on CRAMC given that (1) if superior equity performance in the 1-yr bucket sustains, it may translate to the 3-yr, which may lead to increased net flows and higher net flow market share (H1FY26 at 1.3%); (2) superior performance and higher net flows together would lead to higher-than-industry equity AAuM CAGR of ~20% over FY26-28E (industry: ~17%); (3) telescopic pricing would have a limited impact on equity yields as commission payout ratio is anyway high at 70%+; and (4) its relatively smaller size would suggest a higher growth potential.

Over FY25-28E, we expect 19.6%/19.1% CAGR in equity/overall AAuM, compared to 19.6%/17.0% for the industry, which would translate to revenue, opex and core income CAGR of 17% each. Core PAT/AAuM could be maintained at ~15bps. We initiate coverage with 'BUY' and assign multiple of 24x on Sep'27E core EPS to arrive at TP of Rs320, which would mean 20% upside from the upper band of Rs266. At Rs266, CRAMC is valued at 19.6x on Sep'27 core EPS, which suggests 42.5% discount to NAM.

Key Risks

- **Market volatility:** Elevated market volatility may weigh on investor sentiment, potentially impacting equity inflows and overall AuM growth**.**
- **Intense competition:** Entry of new players in the AMC space could lead to potential loss of market share across segments.
- **Performance risk:** Underperformance in key schemes, particularly within the equity segment, may adversely affect investor retention.
- **Regulatory risk:** Any adverse regulatory changes, especially around TER cap, commission structure, etc., could impact profitability across AMCs.

Experienced Management Team

Exhibit 35: Management team

Name	Designation	Brief Profile
K Satyanarayana Raju	Chairman and Non-Executive Director	He has over 35 years of experience in the banking sector and has been associated with the company since 15th Apr'23. He has a BSc from Andhra University and an MBA (Banking and Finance) from Indira Gandhi National Open University. Further, he is a certificated associate of the Indian Institute of Bankers. He was previously associated with Bank of Baroda and is currently working as a MD & CEO of Canara Bank.
Rajnish Narula	Managing Director and Chief Executive Officer	He has over 40 years of experience in the finance sector and has been associated with the company since 26th Sep'07. He holds an MBA from Iona College, New York. His role in the company is to oversee the development and execution of the strategic objectives. He was previously associated with Alliance Capital Asset Management (India) and Standard Chartered Grindlays Bank. Remuneration paid to him was Rs80.8mn for FY24.
Ashwin Harshadrai Purohit	Chief Financial Officer	He has over 27 years of experience and has been associated with the company since 19th Dec'22. He is a member of ICAI and has as BCom from Bhavan's College, Mumbai. His role is to ensure financial discipline and implement financial, budgeting and strategies for the company, develop actual and forecasts for revenue and expenses. Prior to joining Canara Robeco, he was associated with Presstech (India), Mahindra & Mahindra, Reliance Industries, Reliance MediaWorks, Reliance Power and Enam Asset Management. Remuneration paid to him was Rs10.6mn for FY24.
Hilde Lieke Faber	Chief Operating Officer	She has over 7 years of experience and has been associated with the company since 8th May'23 as a secondee of Robeco Nederland B.V. She is currently a full-time employee of the company and holds a bachelor's degree in psychology from Radboud Universiteit, Nijmegen, and master's in psychology and international business administration from Tilburg University and Radboud Universiteit, Nijmegen, respectively. Her role in the company is to oversee day-to-day operations, including registrar and transfer agent, fund processing, investor servicing and compliance. Prior to joining Canara Robeco, she was associated with Robeco and Delta Lloyd N.V. She was paid Rs5.83mn for FY24 in her capacity as the Chief Operating Officer of the company. Additionally, pursuant to an employment contract dated 29th Jun'21, read with an international assignment agreement dated 22nd Mar'23, she was paid EUR132,656 by Robeco Nederland B.V. for FY24.
Shridatta Laxmanrao Bhandwaldar	Head – Equities	He has over 19 years of experience and has been associated with the company since 5th Jul'16. He holds a BE from Dr. Babasaheb Ambedkar Marathwada University and an MMS from the University of Mumbai. His role in the company is to oversee the team of portfolio managers and analysts who manage equity assets, and develop and execute investment strategies. He was previously associated with SBI Pension Funds, Heritage India Advisory, Motilal Oswal Securities, MF Global Sify Securities India, Technology Network (India) and Centurion Bank. Remuneration paid to him was Rs22.25mn for FY24.
Avnish Prakash Jain	Head – Fixed Income	He has over 27 years of experience and has been associated with the company since 16th Sep'13. He is a BTech (Mechanical) from IIT Kharagpur and has completed PGDM from IIM Calcutta. His role in the company is to lead the fixed income investment strategy and portfolio management activities. Prior to joining Canara Robeco, he was associated with ICICI Prudential AMC, Deutsche Asset Management (India), Misys Software Solutions (India), Yes Bank, Reliance Industries and ICICI Bank. Remuneration paid to him was Rs12.26mn for FY24.
Gaurav Goyal	Head – Sales and Marketing	He has over 24 years of experience and has been associated with the company since 15th Dec'22. He completed his master's in management from Devi Ahilya Vishwavidyalaya (formerly University of Indore). His leads the development and execution of the company's strategic objectives. Prior to joining Canara Robeco, he was associated with Principal Financial Group, ITI Asset Management, ICICI Prudential AMC, ICICI Prudential Life Insurance, Associates India Financial Services, HDFC Bank, and IDBI Capital Market. Remuneration paid to him was Rs12.99mn for FY24.
Upasna Saboo	Head – Human Resources	She has over 23 years of experience and has been associated with the company since 2nd Aug'10. She holds a bachelor's degree in business administration from Annamalai University and a diploma in management from IIPM, New Delhi. Her role in the company is to oversee the human resources strategy and operations. She was previously associated with SHL (India), ABC Consultants, CMS Securitas and Manpower Services India. Remuneration paid to her was Rs8.8mn for FY24.
Ashutosh Pramod Vaidya	Company Secretary and Compliance Officer	He has over 15 years of experience and has been associated with the company since 28th Jan'16. He has a BCom from the University of Mumbai and is a member of ICSI. His role in the company is to oversee all corporate secretarial activities, including the preparation and filing of necessary documents with regulatory authorities. He was previously associated with SREI Mutual Fund Asset Management, SBI Funds Management, Kotak Mahindra Asset Management, Godrej Soaps, Godrej Industries, DBOI Global Services and Deutsche Asset Management (India). Remuneration paid to him was Rs5.4mn for FY2024.

Source: Company, PL

Financials

Exhibit 36: Quarterly financials

Particulars (Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Revenue				**844**	**804**			**1,013**	**970**
Expenses				**368**	**331**			**426**	**415**
Employee				217	215			263	249
Others				138	104			149	149
Depreciation				13	12			14	17
Core Income				**476**	**474**			**586**	**556**
Other Income				114	214			-3	243
PBT				**590**	**688**			**583**	**799**
Tax				142	177			166	189
PAT				**448**	**511**			**417**	**610**
Core PAT				**361**	**352**			**419**	**424**
QAAuM	**6,75,300**	**7,49,418**	**7,93,542**	**8,70,772**	**9,46,966**	**10,68,784**	**10,83,443**	**10,33,153**	**11,10,566**
Equity	76.0%	77.9%	79.3%	80.4%	81.6%	81.8%	81.7%	80.3%	79.9%
Balanced	14.3%	13.4%	12.9%	12.4%	11.8%	12.0%	12.3%	12.2%	12.1%
Debt	4.4%	3.9%	3.5%	3.1%	2.7%	2.6%	2.5%	2.4%	2.7%
Liquid	5.3%	4.8%	4.4%	4.1%	3.9%	3.5%	3.5%	5.1%	5.3%
ETF									
Index									
Arbitrage									
FoF overseas									
Market share (%)									
Equity	3.2	3.2	3.1	3.1	3.0	3.0	2.9	2.9	2.8
Balanced	2.1	2.0	1.9	1.8	1.7	1.8	1.8	1.7	1.7
Eq+Bal	2.9	2.9	2.9	2.8	2.8	2.7	2.7	2.6	2.6
Debt	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.3
Liquid	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.8	0.9
ETF									
Index									
QAAuM Growth (%)	**8.0**	**11.0**	**5.9**	**9.7**	**8.8**	**12.9**	**1.4**	**-4.6**	**7.5**
Equity	9.4	13.7	7.7	11.4	10.3	13.2	1.2	-6.3	6.9
Balanced	2.7	4.4	1.5	5.3	3.6	15.0	4.1	-5.3	6.6
Eq+Bal	8.3	12.2	6.8	10.5	9.4	13.4	1.6	-6.1	6.8
Debt	-4.1	-1.4	-6.6	-1.6	-3.6	7.7	-4.6	-8.6	21.2
Liquid	16.2	0.3	-2.0	2.0	3.0	3.0	-0.3	38.3	13.1
ETF									
Index									
Arbitrage									
FoF overseas									
Dupont (bps)									
Revenue yield				38.8	34.0			39.2	35.0
Opex to AuM				16.9	14.0			16.5	14.9
Staff cost				10.0	9.1			10.2	9.0
Other opex				6.3	4.4			5.8	5.4
Depreciation				0.6	0.5			0.5	0.6
Core income/AuM				21.9	20.0			22.7	20.0
PAT/AuM				20.6	21.6			16.2	22.0
Core PAT/AuM				16.6	14.9			16.2	15.3
Profitability (%)									
Staff cost/revenue				25.7	26.8			26.0	25.6
Other opex/revenue				16.3	12.9			14.7	15.4
Core income/revenue				56.4	58.9			57.9	57.3
Tax rate				24.1	25.7			28.4	23.7
PAT margin				53.1	63.5			41.2	62.8
Core PAT margin				42.8	43.7			41.4	43.7

Source: Company, PL

Exhibit 37: Summary of financials (Rs mn)

Particulars	FY25	FY26E	FY27E	FY28E
Profit & Loss				
Revenue	**3,645**	**4,201**	**4,983**	**5,859**
Investment mgmt.	3481	4020	4769	5607
PMS / Advisory	165	181	215	252
Expenses	**1,464**	**1,761**	**2,036**	**2,358**
Employee	885	1,096	1,251	1,447
Others	528	614	728	852
Depreciation	50	52	56	59
Core Income	**2,182**	**2,440**	**2,948**	**3,501**
Other Income	395	418	437	461
PBT	**2,576**	**2,858**	**3,384**	**3,962**
Tax	669	743	880	1,030
PAT	**1,907**	**2,115**	**2,504**	**2,932**
Core PAT	**1,615**	**1,806**	**2,181**	**2,590**
Dividend	**249**	**381**	**451**	**528**
Growth ratios (%)				
Revenue	**35.1**	**15.2**	**18.6**	**17.6**
Opex	**18.4**	**20.3**	**15.6**	**15.8**
Employee	16.8	23.8	14.2	15.6
Others	22.8	16.2	18.7	17.1
Core income	**49.2**	**11.8**	**20.8**	**18.8**
PAT	26.3	10.9	18.4	17.1
Core PAT	**42.7**	**11.8**	**20.8**	**18.8**
DuPont analysis (%)				
Revenue	**0.35**	**0.34**	**0.34**	**0.34**
Expenses	**0.14**	**0.14**	**0.14**	**0.14**
Employee	0.09	0.09	0.09	0.08
Others	0.05	0.05	0.05	0.05
Depreciation	0.00	0.00	0.00	0.00
Core Income	**0.21**	**0.20**	**0.20**	**0.20**
Other Income	0.04	0.03	0.03	0.03
PBT	**0.25**	**0.23**	**0.23**	**0.23**
Tax	0.06	0.06	0.06	0.06
PAT (RoAAuM)	**0.18**	**0.17**	**0.17**	**0.17**
Core RoAAuM	**0.16**	**0.15**	**0.15**	**0.15**
ROE	36.2	34.6	39.6	44.5
Core RoE	40.0	39.3	48.7	58.8
Other Ratios (%)				
Staff cost/revenue	24.3	26.1	25.1	24.7
Other opex/revenue	14.5	14.6	14.6	14.5
Core Income/revenue	**59.9**	**58.1**	**59.2**	**59.7**
Other Income/revenue	10.8	10.0	8.8	7.9
Yield on Investments	7.4	6.5	6.5	6.5
Effective tax rate	26.0	26.0	26.0	26.0
PAT margin	52.3	50.3	50.3	50.0
Core PAT margin	**46.4**	**44.9**	**45.7**	**46.2**
Dividend payout (%)	**13.1**	**18.0**	**18.0**	**18.0**

Particulars	FY25	FY26E	FY27E	FY28E
Balance Sheet				
Net Worth	**6,001**	**6,243**	**6,406**	**6,766**
Capital (FV Rs5)	1,994	1,994	1,994	1,994
Reserves	4,006	4,249	4,412	4,772
Employee benefit	306	337	405	485
Others	433	476	523	574
Total Liabilities	**6,740**	**7,056**	**7,333**	**7,825**
Cash and Bank	3	3	3	3
Investment	6,041	6,296	6,508	6,928
Fixed assets	185	194	203	214
Others	512	563	619	681
Total Assets	**6,740**	**7,056**	**7,333**	**7,825**
	0	0	0	0
AAuM	**10,33,087**	**12,23,344**	**14,69,163**	**17,44,686**
Equity	8,40,644	9,94,453	12,03,010	14,38,639
Balanced	1,25,019	1,47,601	1,70,710	1,95,463
Debt	26,260	32,349	40,091	47,981
Liquid	41,163	48,940	55,351	62,602
ETF				
Index				
Arb & FoF				
Mix				
Equity	81.4	81.3	81.9	82.5
Balanced	12.1	12.1	11.6	11.2
Debt	2.5	2.6	2.7	2.8
Liquid	4.0	4.0	3.8	3.6
ETF				
Index				
Arb & FoF				
Growth				
Overall	**33.8**	**18.4**	**20.1**	**18.8**
Equity	38.6	18.3	21.0	19.6
Balanced	22.9	18.1	15.7	14.5
Debt	-7.3	23.2	23.9	19.7
Liquid	16.0	18.9	13.1	13.1
ETF				
Index				
Valuations				
EPS	**9.6**	**10.6**	**12.6**	**14.7**
Core EPS	**8.1**	**9.1**	**10.9**	**13.0**
CPS	30.3	31.6	32.6	34.8
DPS	1.3	1.9	2.3	2.6
Dividend yield	0.5	0.7	0.9	1.0
BVPS	30	31	32	34
P/B	8.8	8.5	8.3	7.8
P/E	27.8	25.1	21.2	18.1
P/core EPS	**29.1**	**25.9**	**21.3**	**17.8**

Source: Company, PL

Notes

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Accumulate	1,925	1,672
2	Axis Bank	BUY	1,375	1,187
3	Bank of Baroda	BUY	270	262
4	Can Fin Homes	BUY	875	805
5	City Union Bank	BUY	245	219
6	DCB Bank	BUY	155	132
7	Federal Bank	BUY	220	199
8	HDFC Asset Management Company	BUY	6,000	5,559
9	HDFC Bank	BUY	1,075	983
10	ICICI Bank	BUY	1,730	1,376
11	IndusInd Bank	Hold	780	749
12	Kotak Mahindra Bank	BUY	2,350	2,127
13	LIC Housing Finance	BUY	725	567
14	Nippon Life India Asset Management	BUY	900	875
15	State Bank of India	BUY	960	865
16	Union Bank of India	BUY	150	139
17	UTI Asset Management Company	BUY	1,400	1,332

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Buy	:	>15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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