September 24, 2021

Canara Robeco Asset Management Company Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Canara Robeco Short Duration Fund	-	-	[ICRA]AAAmfs; reaffirmed
Canara Robeco Savings Fund	-	-	[ICRA]A1+mfs; reaffirmed
Canara Robeco Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
Canara Robeco Ultra Short-Term Fund			[ICRA]AAAmfs; reaffirmed
Canara Robeco Corporate Bond Fund	-	-	[ICRA]AA+mfs; reaffirmed
Total	**-**	**-**	

**Instrument details are provided in Annexure-1*

Rationale and key rating drivers

The ratings have been reaffirmed following ICRA's monitoring of the credit risk profile of the month-end portfolio position of these schemes. The credit risk scores for these schemes were comfortably within the benchmark limits for their current rating levels.

Mutual fund ratings incorporate ICRA's assessment of the creditworthiness of a debt mutual fund scheme's investment portfolio. These ratings are a symbolic representation of the credit risk in the underlying investments or the degree of safety regarding the timely receipt of payments from the investments made by the mutual fund schemes. The ratings do not indicate the asset management company's (AMC) and/or any of its scheme's willingness and/or ability to make timely redemptions to its investors. The ratings do not address the market risks and hence should not be construed as an indication of the expected returns, the prospective performance of the mutual fund scheme, and the ability to redeem the investments at the reported net asset value (NAV) or the volatility in its past returns as all these are influenced by market risks.

ICRA's assessment of debt mutual fund schemes is guided by the credit ratings of the individual investments, the relative share of the investments in the overall assets under management (AUM) of the scheme and the maturity schedule of such investments. The credit matrix is a tool used by ICRA for analysing the investment portfolio of debt mutual fund schemes by assessing the portfolio's aggregate credit quality while reviewing the credit quality of each underlying debt security. The portfolio's weighted average credit quality is then measured against the appropriate benchmark credit score in the credit matrix.

Once a mutual fund scheme is rated and the rating is accepted, ICRA reviews the underlying investment portfolios for the credit scores on an ongoing basis. If the portfolio credit score meets the benchmark of the existing rating, the rating is retained. If the portfolio credit score breaches the benchmark credit matrix score for the current rating, ICRA communicates the same to the fund manager/product manager or other officials of the concerned AMC and may provide a month's time to bring the portfolio credit score within the benchmark credit score for the current rating level. If the investment composition of the fund is realigned to bring the portfolio credit score within the benchmark credit score, the rating is retained.

However, if the portfolio continues to breach the benchmark credit score for the existing rating level, the rating is revised to reflect the change in the portfolio's credit quality. In case of sharp breaches of the benchmark credit score (for instance due to a multi-notch downgrade in the underlying investment) and/or if ICRA believes that the breach may not get rectified within a month of the ongoing review, the rating is generally corrected immediately without giving a month's time for rebalancing the portfolio.

Liquidity position: Not applicable

Rating sensitivities

Positive factors – ICRA could upgrade the rating of the scheme if the credit quality of the underlying investment improves or the size of the AUM increases significantly, which may result in a decrease in the share of lower rated investments, resulting in enhanced credit quality of the portfolio.

Negative factors – ICRA could downgrade the ratings of the schemes if the credit quality of the underlying investment deteriorates or the size of the AUM declines, which may result in an increase in the share of lower rated investments leading to a breach in the threshold for the rating level.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA – Mutual Fund Credit Risk Rating Methodology
Parent/Group Support	Not applicable
Consolidation/Standalone	Not applicable

About the company

Canara Robeco Asset Management Company Limited (CRAMC), the investment manager of Canara Robeco Mutual Fund, is a joint venture between Canara Bank (rated [ICRA]AA+ (hyb)&) and Robeco Groep N.V. (now known as ORIX Corporation Europe N. V.) of the Netherlands, a global asset management company. Canara Robeco Mutual Fund is the second oldest mutual fund in India, established in December 1987 as Canbank Mutual Fund. Subsequently, in 2007, Canara Bank partnered with Robeco Group N.V. and the mutual fund was renamed Canara Robeco Mutual Fund.

As on March 31, 2021, Canara Robeco Mutual Fund had 23 schemes including 11 debt-oriented schemes, 7 equity-oriented schemes and 5 hybrid schemes. The average assets managed by Canara Robeco Mutual Fund for the financial year ended March 31, 2021 stood at Rs. 22,270.27 crore against Rs. 17,641.81 crore as on March 31, 2020. The total number of investors as on March 31, 2021 was 17,66,391 compared to 11,97,675 as on March 31, 2020. No new schemes were launched during the year by Canara Robeco Mutual Fund.

Canara Robeco Savings Fund

Canara Robeco Savings Fund, an open-ended low duration debt scheme investing in debt and money market instruments such that the Macaulay duration of the portfolio is between 6 months and 12 months, seeks to generate income/capital appreciation by investing in a portfolio comprising low duration debt and money market instruments. The scheme's AUM stood at Rs. 1,438 crore as on August 31, 2021 with average maturity of 7.2 months.

Canara Robeco Liquid Fund

Canara Robeco Liquid Fund, an open-ended liquid scheme, has been formulated with the objective of enhancing income, while maintaining a level of high liquidity, through investment in a mix of money market instruments and debt securities. The scheme's AUM stood at Rs. 1,936 crore as on August 31, 2021 with average maturity of ~18 days.

Canara Robeco Ultra Short-Term Fund

Canara Robeco Ultra Short-Term Fund, an open ended ultra short-term debt scheme investing in debt and money market instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months, seeks to generate returns by investing in a wide range of debt securities and money market instruments of various maturities and risk profiles. The scheme's AUM stood at Rs. 664 crore as on August 31, 2021 with average maturity of 4.08 months.

Canara Robeco Corporate Bond Fund

Canara Robeco Corporate Bond Fund, an open-ended debt scheme predominantly investing in AA+ and above rated corporate bonds, seeks to generate income and capital appreciation through a portfolio primarily comprising AA+ and above rated corporate debt across maturities. The scheme's AUM stood at Rs. 288 crore as on August 31, 2021 with average maturity of 1.81 years.

Canara Robeco Short Duration Fund

Canara Robeco Short Duration Fund, an open-ended short-term debt scheme investing in debt and money market instruments such that the Macaulay duration of the portfolio is between 1 year and 3 years, seeks to generate returns by investing in a wide range of debt securities and money market instruments of various maturities and risk profiles. The scheme's AUM stood at Rs. 995 crore as on August 31, 2021 with average maturity of 1.49 years.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)				Chronology of Rating History for the Past 3 Years				
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating	Date & Rating in FY2021	Date & Rating in FY2020		Date & Rating in FY2019	
					Sep-24-2021	Nov-05-2020	Jan-24-2020	Jan-02-2020	Mar-28-2019	May-15-2018
1	Canara Robeco Short Duration Fund	Long Term	-	-	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	-	-	-
2	Canara Robeco Savings Fund	Short Term	-	-	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs
3	Canara Robeco Liquid Fund	Short Term	-	-	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs	[ICRA] A1+mfs
4	Canara Robeco Ultra Short-Term Fund	Long Term	-	-	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs
5	Canara Robeco Corporate Bond Fund	Long Term			[ICRA] AA+mfs	[ICRA] AA+mfs	[ICRA] AA+mfs	[ICRA] AA+mfs	[ICRA] AA+mfs	[ICRA] AA+mfs

Complexity level of the rated instrument

Instrument	Complexity Indicator
Mutual Fund	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: www.icra.in

Annexure-1: Instrument details: Not applicable

Annexure-2: List of entities considered for consolidated analysis: Not applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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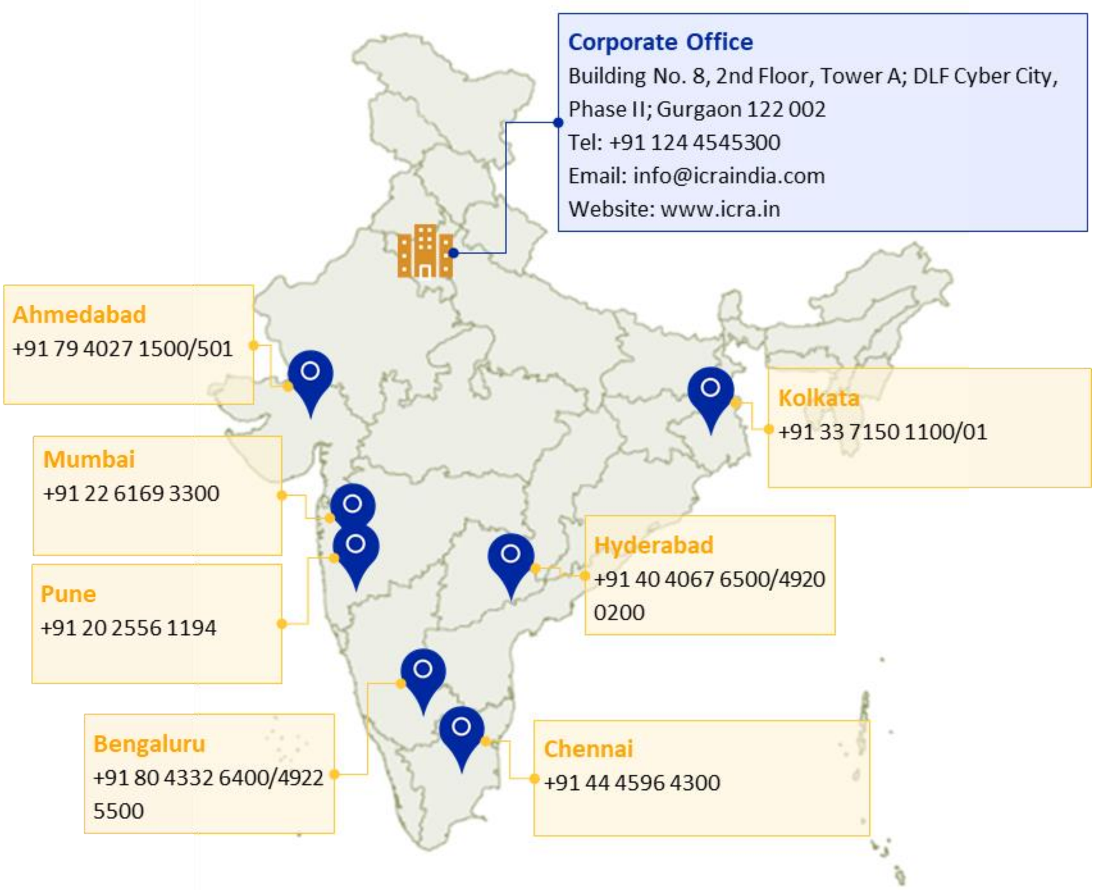

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