January 02, 2020

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 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

ICRA has reaffirmed the credit risk rating for the various debt schemes of Canara Robeco Asset Management Company Limited. The ratings have been reaffirmed following ICRA's monitoring of the credit risk profile of the month-end portfolio position for these schemes. The credit risk scores for these schemes were comfortably within the benchmark limits for their current rating level.

The ratings indicate ICRA's opinion on the credit quality of the portfolios held by the schemes. They do not indicate the AMC's willingness or ability to make timely payments to the scheme's investors. The ratings should not be construed as an indication of expected returns, prospective performance of the mutual fund schemes, net asset value (NAV) or volatility in its returns.

ICRA's mutual fund rating methodology is based on evaluating the inherent credit quality of the scheme's portfolio. As a measure of the credit quality of a debt scheme's assets, ICRA uses the concept of "credit scores". These scores are based on ICRA's estimates of the credit risk associated with each exposure of the portfolio taking into account its maturity. To quantify the credit risk scores, ICRA uses its database of historical default rates for various rating categories and maturity buckets. The credit risk ratings incorporate ICRA's assessment of a debt fund's published investment objectives and policies, its management characteristics, and the creditworthiness of its investment portfolio. ICRA reviews relevant fund information on an ongoing basis to support its published rating opinions. If the portfolio credit score meets the benchmark of the assigned rating during the review, the rating is retained. In an event that the benchmark credit score is breached, ICRA gives a month's time to the debt fund manager to bring the portfolio credit score within the benchmark credit score. If the debt fund manager is able to reduce the portfolio credit score within the benchmark credit score, the rating is retained. If the portfolio still continues to breach the benchmark credit score, the rating is revised to reflect the change in credit quality.

Liquidity position – Not applicable

Rating Sensitivities

Positive triggers - ICRA could upgrade the rating of the scheme if the credit quality of underlying investment improves or the size of assets under management (AUM) increases significantly, which may result in a decrease in the share of lower rated investments, resulting in an enhanced credit quality of the portfolio.

Negative triggers - ICRA could downgrade the rating of the scheme if the credit quality of the underlying investment deteriorates or the size of assets under management (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

Canara Robeco Asset Management Company Limited (CRAMC) (formerly known as Canbank Investment Management Services Limited) is the investment manager for Canara Robeco Mutual Fund (CRMF). CRMF was originally constituted as a trust on December 17, 1987 by Canara Bank (rated [ICRA]AA+ (hyb)&[1]). Subsequently, pursuant to a joint venture between Canara Bank (51%) and Robeco Group N.V. (now known as Orix Corporation Europe N. V. (49%)) of Netherlands in the asset management company, Robeco Group was inducted as the co-sponsor in the Mutual Fund and the fund was renamed Canara Robeco Mutual Fund. The average assets under management managed by CRMF during quarter ended September 30, 2019 was ~Rs. 16,540.23 crore[2].

Canara Robeco Savings Fund

Launched in March 2005, Canara Robeco Savings Fund (erstwhile Canara Robeco Savings Plus Fund) is an open-ended low duration debt scheme that would invest upto 100% in Debt & money market instruments. The fund's stated objective is to generate income by investing in a portfolio comprising of low duration debt instruments and money market instruments. The Macaulay duration of the portfolio of the fund is between 6 months and 12 months. The fund's assets under management (AUM) stood at Rs. 1,263 crore as on November 29, 2019.

Canara Robeco Liquid Fund

Launched in January 2002, Canara Robeco Liquid Fund (Canara Robeco Liquid) is an open-ended liquid scheme with a stated objective to enhance income while maintaining a level of liquidity through investments in high-quality debt (up to

---

[1] *& Denotes under Rating Watch with Developing Implications*

[2] *Source: https://www.amfiindia.com/*

35%) and money market instruments/ call money (upto 100%). The fund had AUM of Rs. 1,170 crore as on November 29, 2019.

Canara Robeco Ultra Short Term Fund

Launched in September 2003, Canara Robeco Ultra Short Term Fund (erstwhile Canara Robeco Treasury Advantage Fund) is an open ended ultra-short term debt scheme investing in debt & money market instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months and aims to generate returns by investing in a wide range of debt securities and money market instruments of various maturities and risk profile. The scheme had AUM of Rs. 181 crore as on November 29, 2019.

Canara Robeco Corporate Bond Fund

Launched in February 2014, Canara Robeco Corporate Bond Fund (erstwhile Canara Robeco Medium Term Opportunities Fund) has a stated objective to generate income and capital appreciation through a portfolio constituted predominantly of AA+ and above rated corporate debt across maturities. The scheme had AUM of Rs. 194 crore as on November 29, 2019.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

	Instrument	Type	Rating (FY2020)			Chronology of Rating History for the past 3 years							
			Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current rating	FY2019		FY2018			FY2017		
					02-Jan-20	28-Mar-19	15-May-18	27-Mar-18	30-Oct-17	05-Apr-17	01-Dec-16	06-Apr-16	
1	Canara Robeco Savings Fund	Mutual Fund - ST	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	
2	Canara Robeco Liquid Fund	Mutual Fund - ST	-	-	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	
3	Canara Robeco Ultra Short Term Fund	Mutual Fund - LT	-	-	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	
4	Canara Robeco Corporate Bond Fund	Mutual Fund - LT	-	-	[ICRA]AA+mfs	[ICRA]AA+mfs	[ICRA]AA+mfs	[ICRA]AA+mfs	[ICRA]AA+mfs	[ICRA]AA+mfs	[ICRA]AA+mfs	[ICRA]AA+mfs	

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	NA	NA	NA	NA	NA	NA

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

ANALYST CONTACTS

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

Niraj Jalan
+91 33 7150 1146
niraj.jalan@icraindia.com

Komal M Mody
+91 22 6114 3424
komal.mody@icraindia.com

Jaya Tyagi
+91 124 4545433
jaya.tyagi@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Corporate Office
Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002
Tel: +91 124 4545300
Email: info@icraindia.com
Website: www.icra.in

Registered Office
1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001
Tel: +91 11 23357940-50

Branches

Mumbai	+ (91 22) 24331046/53/62/74/86/87
Chennai	+ (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata	+ (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore	+ (91 80) 2559 7401/4049
Ahmedabad	+ (91 79) 2658 4924/5049/2008
Hyderabad	+ (91 40) 2373 5061/7251
Pune	+ (91 20) 2556 0194/ 6606 9999