

Price: 3,757

Recommendation: Buy

Industry: Depositories, Clearing

Sector: Financial Services

Report Date: 02-Apr-2025

Computer Age Management Services Limited (CAMS) recently reported a strong quarter, with a 28% revenue increase and mutual fund revenues up by over 28%. Despite a slight dip in non-MF revenue, it grew by 22%. CAMS is expanding its digital capabilities and client base, adding 24 new logos in Q3. The company aims to grow non-MF revenue to 20% of total revenue in 2-3 years, focusing on digital transformation and client-centric solutions for sustained growth.

Sales		Profit & Loss		Profitability Matrix	
Current Year	1285 Cr	Operating Profit(Year)	601 Cr	Operating Profit Margin	46.8 %
Previous Year	929 Cr	Operating Profit(Quarter)	163 Cr	EBITDA Margin	38.83 %
Current Quarter	348 Cr	PAT (Year)	326 Cr	Net Profit Margin	30.9 %
Previous Quarter	342 Cr	PAT (Quarter)	118 Cr	EPS	87.7
Revenue (QYoY)	269 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	43.0	Sales Growth	27.9 %	Sales Growth	1.75 %
PEG Ratio	1.70	PAT Growth	23.02 %	Sales Growth QYoY	29.37 %
EV/EBITDA	28.8	EPS Growth	27.84 %	PAT Growth	2.61 %
P/B	18.7	Dividend Yield	1.28	PAT Growth QYoY	37.85 %
Capital Allocation		Holdings		Leverage	
RoE	40.5 %	Promoter	0.00 %	Debt/Equity	0.08
RoA	28.2 %	FII	57.6 %	Debt	79.0 Cr
RoCE	49.8 %	DII	17.3 %	Market Cap	18570 Cr
RoIC	82.9 %	Public	25.0 %	Enterprise value	18476 Cr
		No of Shares	4.94 Cr	Cash Equivalents	172 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

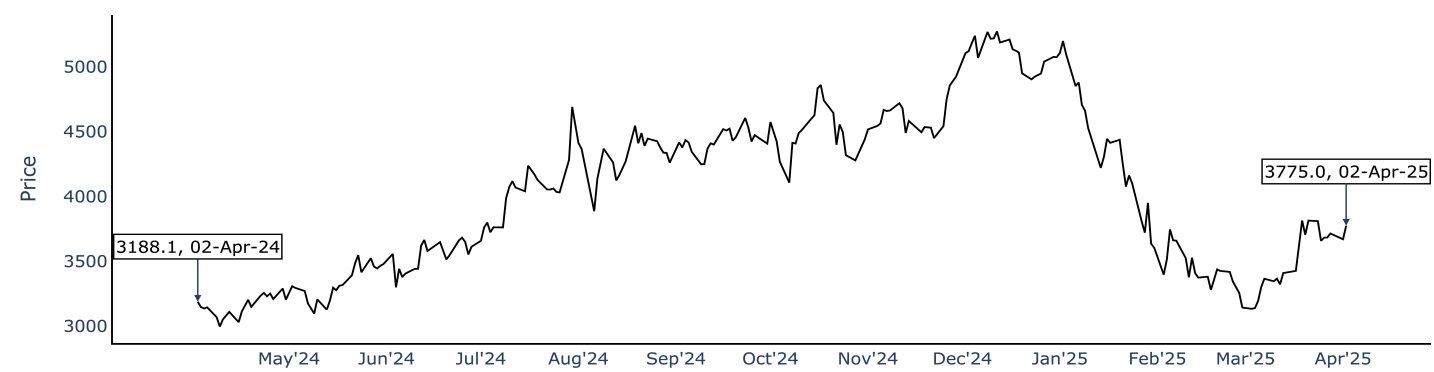
In the recent meeting, Computer Age Management Services Limited (CAMS) reported a robust quarter, despite some market slowdowns. The company highlighted a 28% revenue growth, with mutual fund (MF) revenues growing over 28% on the back of a 38%-39% asset growth. Non-MF revenue, although slightly lower than the previous quarter, still showed a commendable 22% growth. The company emphasized its strong execution discipline, with EBITDA growing by 34% and PAT by over 40%, showcasing effective cost management and operational efficiency. CAMS also declared an interim dividend of INR17.5 per share, reflecting a total payout of INR260 crores for the year, aligning with their dividend policy.

CAMS is actively pursuing new initiatives and business strategies to drive growth. The company added 24 new logos in Q3, including significant wins in the AIF and payments sectors. They have been empanelled by LIC for authentication and payment gateway services, marking a significant step in acquiring high-quality, long-term clients. CAMS is also focusing on scaling its digital capabilities, with the launch of WhatsApp KYC and the NEXUS dashboard, which are expected to enhance client service and market share. The company is expanding its presence in GIFT City, with plans to add more clients and focus on NPS as a segment, indicating a strategic push towards diversification and innovation.

Looking ahead, CAMS is optimistic about its future growth and scaling prospects. The company aims to grow its non-MF revenue to 20% of overall revenue within the next 2-3 years, leveraging its strong asset mix and operational leverage. Despite potential yield compressions, CAMS is confident in maintaining its margins through automation and process improvements. The company is also focusing on expanding its client base in the non-MF segment, with significant client acquisitions and a strong pipeline of new mandates. CAMS's strategic focus on digital transformation and client-centric solutions positions it well for sustained growth in the coming years.

While the company has demonstrated strong performance, there are areas for potential improvement. The anticipated yield compression could impact margins, and the company must continue to innovate and optimize its operations to mitigate this risk. Additionally, while the non-MF segment shows promise, maintaining the growth momentum in a potentially subdued market environment will require strategic agility and continued investment in technology and client relationships. Overall, CAMS's strategic initiatives and strong financial performance provide a solid foundation for future growth, but careful management of market challenges will be crucial to sustaining this trajectory.

CAMS Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
BSE	76553.26	81.82	15.20%	2.27%	95.20%	-36.78%	105.69%
Multi Comm. Exc.	27437.11	53.50	5.82%	5.53%	57.35%	4.18%	3091.40%
CDSL	25528.37	45.92	31.31%	-13.70%	29.67%	-19.86%	20.83%
Cams Services	18569.58	43.04	40.47%	1.65%	29.26%	2.26%	37.72%
KFin Technolog.	17961.24	55.78	24.47%	3.40%	32.60%	0.96%	34.94%

Aspect	Commentary
Revenue	The company experienced a significant revenue increase, with a 28% growth year-over-year, driven by strong mutual fund revenues. This indicates robust market demand and effective sales strategies, positioning the company well for future growth.
Profit & Loss	Operating profit margins are strong, with a notable increase in PAT, reflecting effective cost management and operational efficiency. This suggests a healthy financial position and potential for sustained profitability.
Profitability Matrix	High operating and net profit margins indicate strong profitability. The EPS growth further supports the company's efficient operations and ability to generate shareholder value.
Valuation Matrix	The valuation metrics, including a high P/E ratio, suggest the market has high expectations for future growth. The PEG ratio indicates growth is priced in, while EV/EBITDA reflects operational efficiency.
Growth (YoY)	Year-over-year growth metrics show strong performance, with significant increases in sales, PAT, and EPS. This reflects the company's ability to expand and capture market opportunities effectively.
Growth (QoQ)	Quarter-over-quarter growth is modest but positive, indicating steady progress. The company maintains momentum with slight increases in sales and PAT, suggesting resilience in a competitive market.
Capital Allocation	High returns on equity and capital employed demonstrate efficient capital allocation. The company effectively utilizes its resources to generate substantial returns, indicating strong financial health.
Holdings	The ownership structure shows significant foreign institutional investment, indicating confidence in the company's prospects. Public holdings are substantial, reflecting broad market interest.
Leverage	Low debt-to-equity ratio indicates conservative leverage, minimizing financial risk. The company's strong market cap and cash position provide a solid foundation for future investments and growth.

Analyst viewpoint: Computer Age Management Services Limited (CAMS) has delivered an impressive performance this quarter, demonstrating significant growth and expansion in both mutual fund and non-mutual fund segments. With year-over-year revenue growth of 28% and an ongoing strategic push towards digital transformation, CAMS continues to elevate its market standing. The addition of 24 new clients, particularly in high-growth areas like AIF and payments, underscores the firm's robust client acquisition strategy. Capitalizing on technological advancements such as WhatsApp KYC and the NEXUS dashboard, the company enhances its service offering, preparing for sustained growth in the near future. The company's strong operational efficiency is reflected in a 34% EBITDA increase and a PAT growth of over 40%, signaling robust financial health and effective cost management practices.

CAMS's valuation metrics, including a trailing P/E of 43.0 and a PEG ratio of 1.70, reflect strong market confidence and growth potential. While maintaining a conservative leverage with a debt-to-equity ratio of just 0.08, the company's impressive return metrics, such as RoE of 40.5% and RoCE of 49.8%, highlight effective capital allocation and operational execution. Despite the overall positive trajectory, the company should remain vigilant about potential yield compression, which could exert pressure on margins over time. Thus, continued innovation and strategic agility will be essential in navigating future market challenges and sustaining the robust growth observed thus far.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclaimers:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Terms & Conditions:

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

Payment and Renewal:

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

Limitation of Liability:

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

No Investment Advice:

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

Termination:

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

No Guarantee: While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

Review and Update: Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to hello@goalfi.app

Website: goalfiresearch.smallcase.com