

COMPUTER AGE MANAGEMENT SERVICES LTD.

RECOMMENDATION : BUY

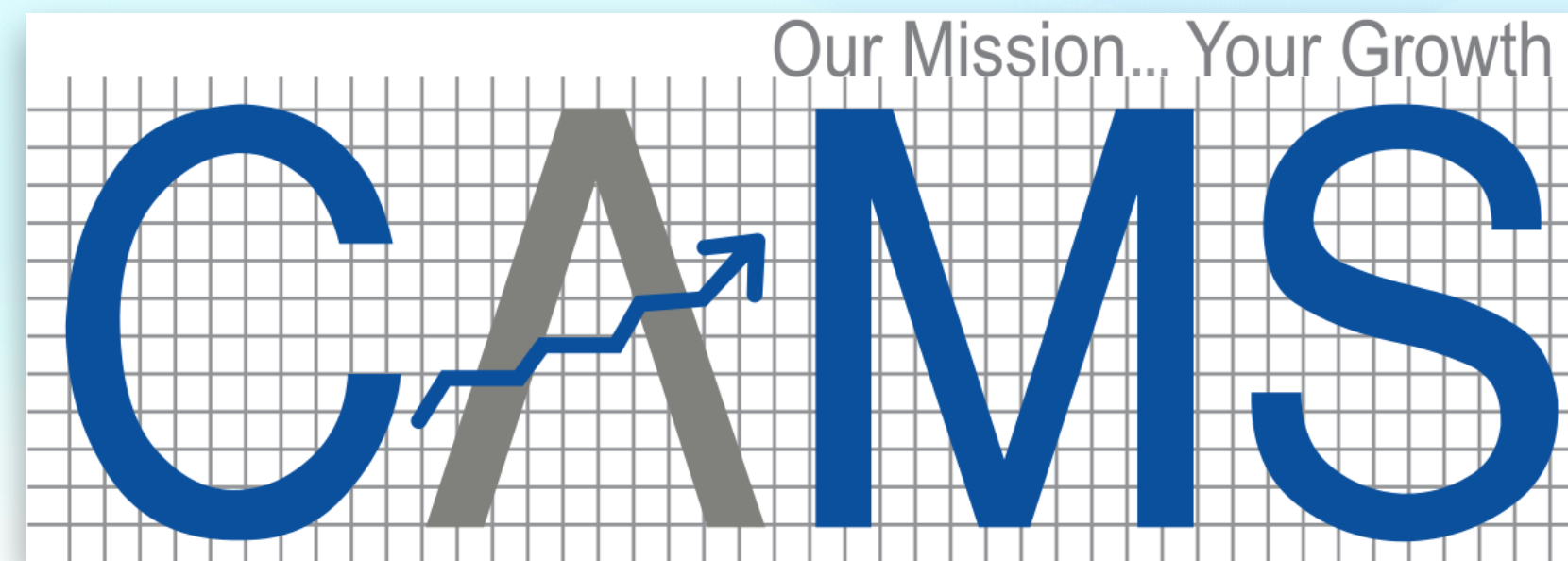
MARKET PRICE : Rs.2081.70 (As on 19th May 2023)

TARGET PRICE : Rs.2603.00

FACE VALUE : Rs.10

BSE CODE : 543232

NSE CODE : CAMS



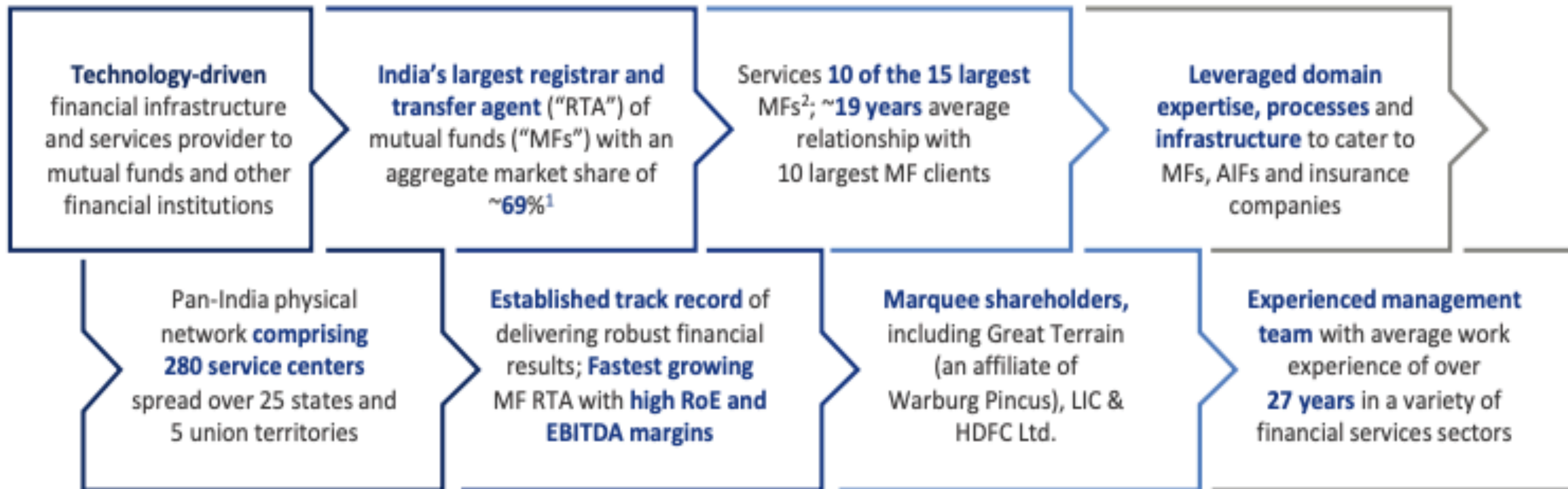


Computer Age Management Services Ltd. is a technological driven financial infrastructure and services provider to mutual funds and other financial institutions. It is India's largest registrar and transfer agent ("RTA") of mutual funds ("MFs") with an aggregate market share of around 69.00%.

ABOUT THE COMPANY

The Company Services 10 of the 15 largest MFs, has 19 years average relationship with 10 largest MF clients. It has leveraged domain expertise, processes and infrastructure to cater to MFs, AIFs and insurance companies. The Company has Pan-India physical network comprising 280 service centres spread over 25 states and 5 union territories.

CAMS – Business at a glance



CAMS – Mutual Fund Services Business



Provides a range of technology-enabled infrastructure to mutual funds –
Involved through the life cycle of an account from account creation to processing transactions and redemption of the amount invested



CAMS – Proprietary technology platforms and mobile applications for MF, AIF and PMS



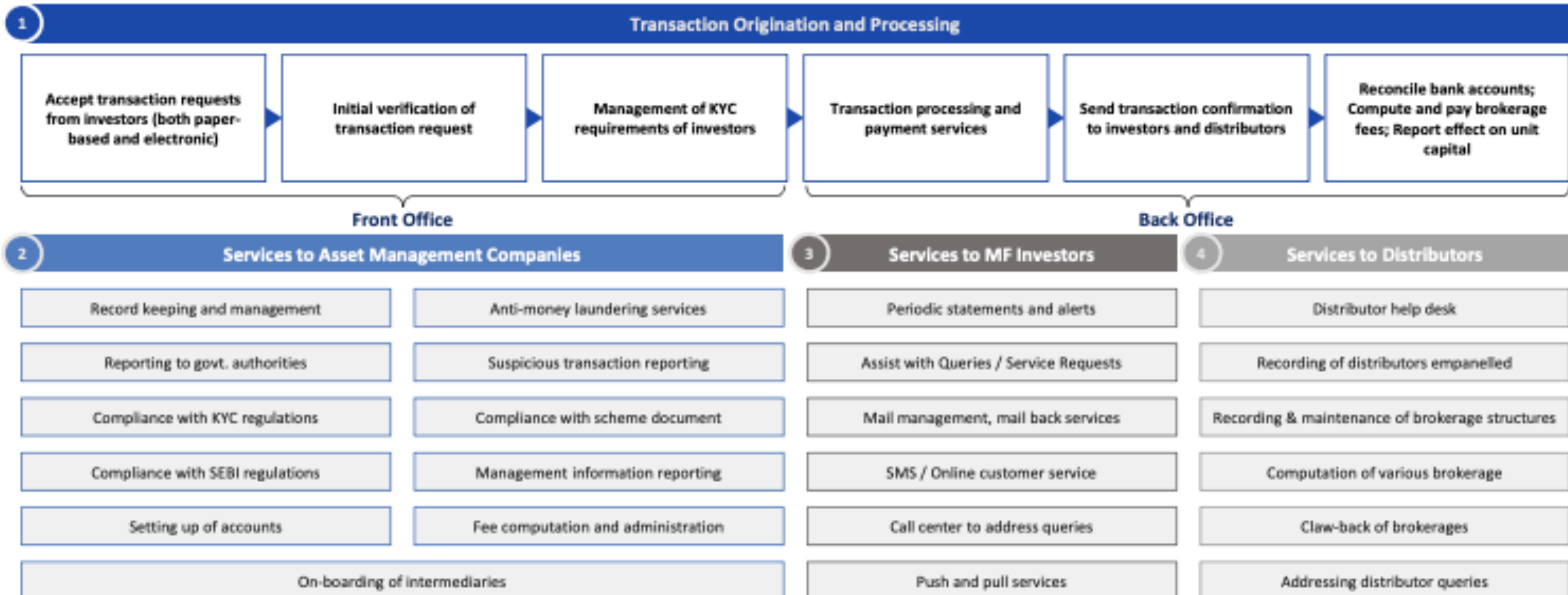
CAMS has developed and implemented various technology platforms and its technology driven infrastructure and services are integral to the operations of its clients



Mutual Fund Services provided by CAMS



CAMS is involved through the life cycle of an account – from account creation to processing to redemption;
Also provides statutory statements, transaction origination, operations, investor and distributor services, risk management services and compliance services



CAMS – Overview of Non-MF Services



Over the years, CAMS has leveraged its domain expertise, processes and infrastructure to diversify its service offering to cater to a variety of other financial services sectors



- ❑ Market leader servicing over ~150 AIF / PMS / Wealth Serve Clients
- ❑ Offers services such as creation of investor record, fund accounting services and reconciliation and creation of MIS and reporting systems
- ❑ Also offers intermediaries revenue management, investor service management
- ❑ 30-35% AIF industry growth projected between FY19-24¹



- ❑ Manages end-to-end ACH transactions and ECS and services mutual funds, NBFCs and insurance companies
- ❑ Provides services through CAMSPay, which is a highly automated ECS or NACH platform
- ❑ Supports periodical or adhoc payments (including receipt of funds from mutual fund investors through SIP accounts)
- ❑ 38.0 Mn ECS and ACH registrations and transactions executed in Q4 FY23, it was 33.1 Mn in Q4 FY22
- ❑ CamsPay Digital transaction executed in Q4 FY23 is 5.3 Mn against Q4 FY22 was 2.9 Mn



- ❑ ~37% market share in insurance repository business², with ~5.5 Mn policies held
- ❑ Branch operations, servicing policies, renewal premium collections Claims processing & Unclaimed Management, Demat of Policies and other permitted support functions
- ❑ Assists with back-office operations as well as physical infrastructure and facility management functions

CAMS – Overview of Non-MF Services (cont'd.)



Over the years, CAMS has leveraged its domain expertise, processes and infrastructure to diversify its service offering to cater to a variety of other financial services sectors



- ❑ Verification and maintenance of KYC records of investors for use by financial institutions
- ❑ Online services for intermediaries include verification of PAN card details, facilitate uploading new KYC data and entering data for new KYC applicants
- ❑ Also includes scanning and uploading KYC document and viewing and downloading KYC data maintained by KRAs (including CAMS)



- ❑ Owns, develops and maintains the technology solutions for MF services business & MF clients
- ❑ Technology team of 813 personnel¹
- ❑ Developed Investrak.NET, a scalable mutual fund transfer agency platform, among others
- ❑ Assists with website design and development, provides mobility solutions, performs trend analysis, business intelligence and analytics based services, etc.

Key Highlights for the Q4 FY'23



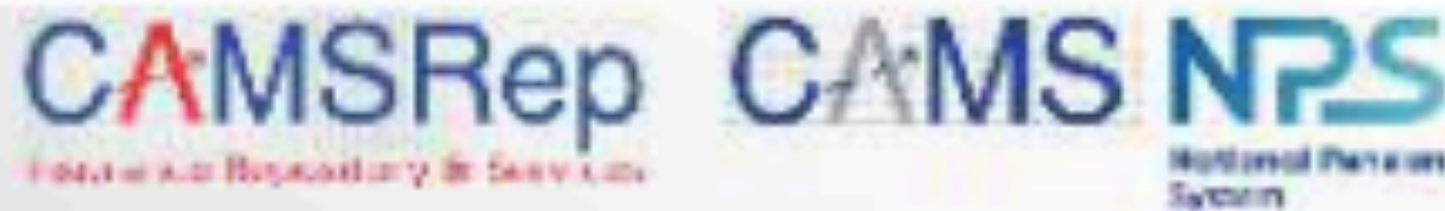
- ❑ Navi Mutual Fund live on CAMS Platform
- ❑ AUM of CAMS funds was at Rs.28 Tn in Q4
- ❑ Equity asset trend in CAMS serviced funds are encouraging. Share of Equity AUM saw a 0.5% increase from 64.8% to 65.3%. Equity Net sales share rose by ~10 percentage points from 63.7% to 73.3%



- ❑ Alternative Services vertical continued its high growth trajectory recording ~21% Y-o-Y growth in revenue in Q4 FY23, 26% growth in FY23 over FY22
- ❑ CAMS WealthServ, the digital onboarding platform transform client onboarding for Alternatives Industry with 75+ signups



- ❑ Our AA + TSP offering has gained momentum with over 20+ sign ups in the quarter taking the total count to 79 mandates
- ❑ Acquisition of Think360.ai to bolster the offering in the AA+TSP ecosystem



- ❑ CAMSRep achieves 2.2X growth in policy addition and 2X growth in platform transactions in FY23
- ❑ CAMS NPS continues to retain the #2 position with 9% market share in eNPS segment
- ❑ Subscriber addition through POP and corporate channels have commenced



- ❑ CAMSPay delivers a stellar year with 27% growth in revenue driven by increase in transaction volumes and slew of new product offerings
- ❑ Received RBI's in-principle authorization to be a Payment Aggregator in Feb 2023
- ❑ Expanded industry presence - Growing rapidly within BFSI space, unprecedented merchant addition in FY23







- ❑ myCAMS holds fort among the Top 2 fintech apps with close to 6 Million downloads
- ❑ MFCentral gains popularity amongst the intermediary ecosystem with feature rich APIs for MF lifecycle. Daily API hits cross 20,000 a day

CAMS acquired majority stake in Think360.ai, a full-stack Data Science and AI-focused firm, focused on creating innovative solutions using cutting-edge technologies, advanced analytics, AI/ML and mobile cloud computing





Products		Data management platform - SaaS that offers analytics and credit scoring based on SMS data
		SaaS product that offers video or digital KYC solutions using AI
		Low code platform to enable rapid delivery of apps with minimum hand-coding
		Feed based data analytics platform for Account Aggregator framework (TSP Layer)
Services	Analytics	Data science services related to data engineering, storage and analysis, BI & Modelling
	ADMS	Data science services related to building, maintaining and supporting software applications

CAMS growth trend upwards in overall AuM, SIP registrations and transaction volumes

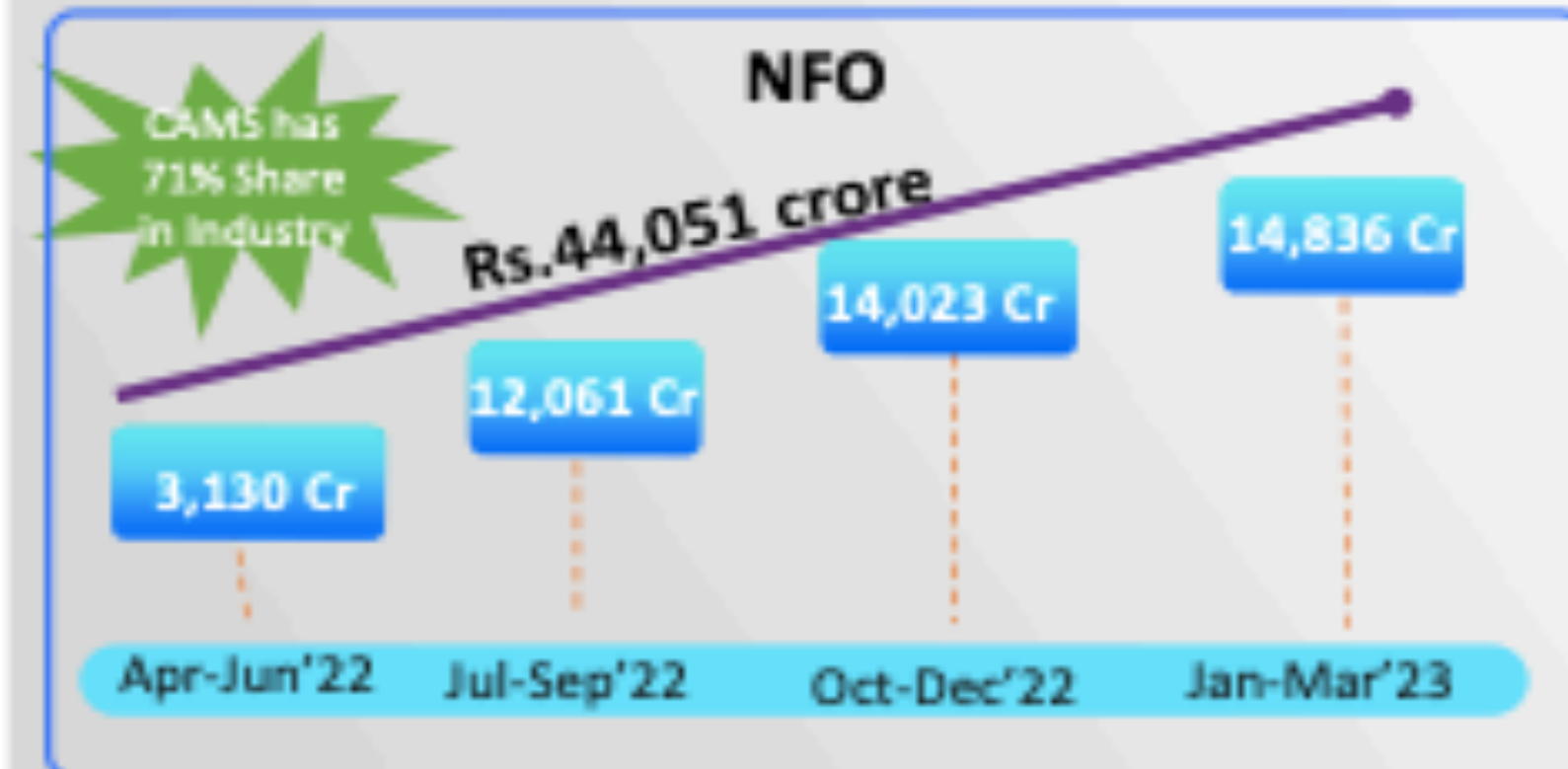


* Average AuM for the respective month

- ❑ Overall AUM for Q4FY23 was at Rs.28 lakh Cr (a marginal increase over Q3FY'23)
- ❑ Equity AUM share of CAMS Serviced funds continues its growth trajectory with share increasing from 64.8% in Q3'FY23 to 65.3% in Q4'FY213
- ❑ Equity Net Sales share has increased by 9.6 percentage points in Jan-Mar'23 (73.3% market share)



- ❑ Strong growth in SIP registrations for the quarter with 40.3 lakh new registrations has led to an improved market share of 62% (5% growth over Q3FY'23)
- ❑ Q4FY'23 SIP inflows remain strong, reaching a historic high of ₹ 24,605 Cr for CAMS serviced funds (6% growth over Q3FY'23 inflows)



Mutual Fund Industry & CAMS AAuM – Q4 FY23



CAMS – Market Share (based on Quarterly AAuM)

68.2%

Net flows into equity assets remain positive in Q4 FY23

Inflows through SIPs increased by 5.8% QoQ / 22.3% YoY

AAuM Serviced by CAMS

₹ **28.0** trillion



5.1% YoY



0.7% QoQ

Equity AAuM – CAMS

₹ **13.0** trillion



18.0% YoY



0.8% QoQ

Industry AAuM

₹ **41.1** trillion



5.9% YoY



0.6% QoQ

Equity AAuM – Industry

₹ **19.4** trillion



12.6% YoY



(0.3)% QoQ

The Alternatives business grows 21% Y-o-Y on the back of accelerated signings and rapid adoption of CAMS WealthServ



- ❑ Versatile technology & contemporary digital utilities
- ❑ Full stack services for investor on-boarding, fund accounting and operations
- ❑ Wealthserv digital on-boarding provides a transformational experience to investors

300+

funds serviced
across 140+ fund houses

₹1.5 Tn

assets under service

75+

Installations
of CAMS Wealthserv &
Fintuple digital
on-boarding solution

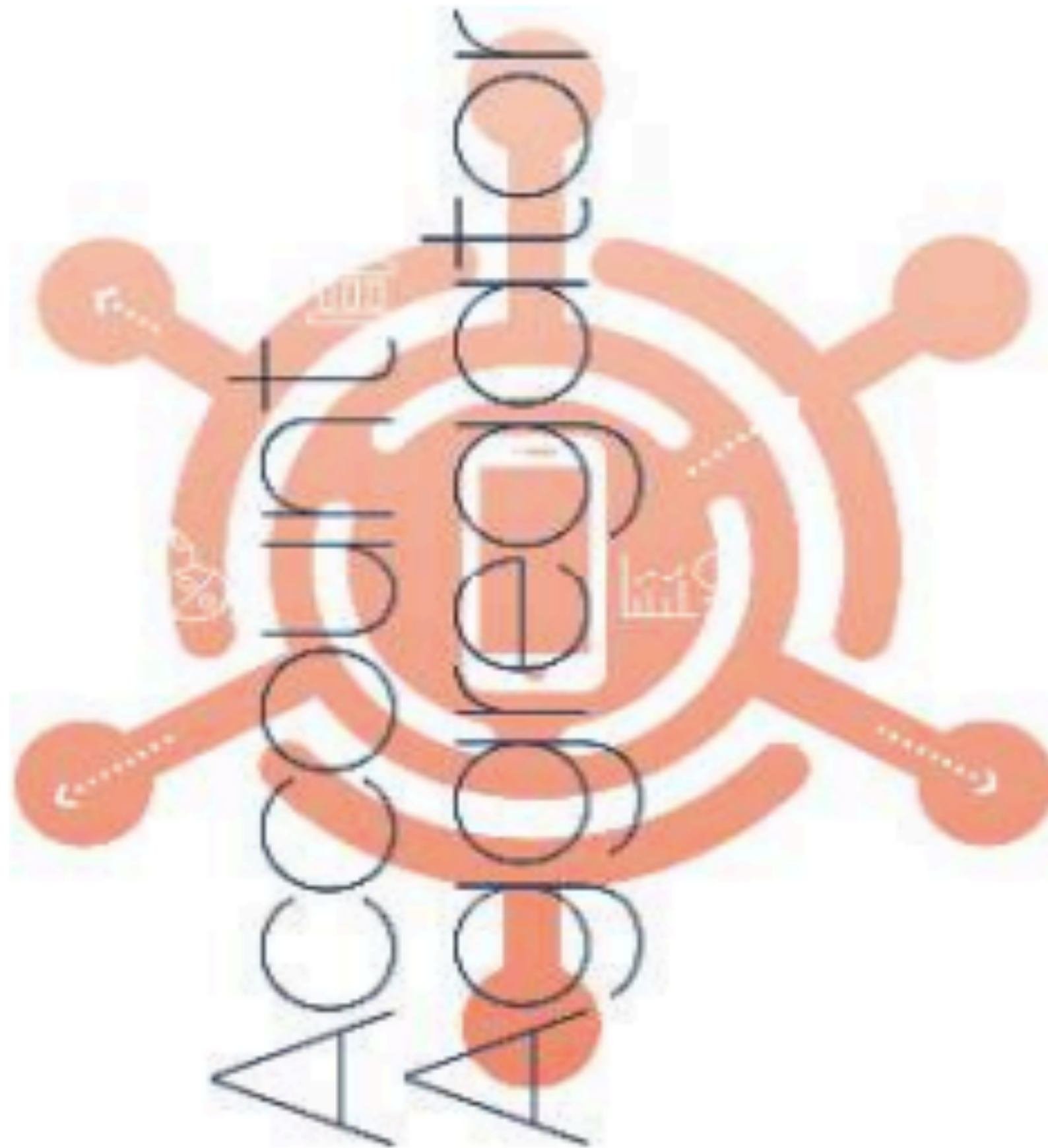
1st

RTA at GIFT City
to set up full-stack
operations for AIFs

- ❑ The business grew by 26% over FY22
- ❑ Fintuple Technologies continues to make inroads with large ticket wins from marquee clients
- ❑ CAMS GIFT City operations scaling with 9 signed up clients

AA+TSP business is gaining momentum with expanded outreach and superior product positioning

CAMSfinserve



Business Wins



- ☐ Razor-sharp focus on sales yielding continuous wins
- ☐ **79 AA/TSP wins 20 in Q4**
- ☐ Creating newer use cases – Bank account Validation through AA as Substitute to penny drop

Business Updates



- ☐ **CAMS RTA /** to be live as FIP Gateway in Q1 FY24
- ☐ **CAMS CRA** live as FIP Gateway in Q4
- ☐ **IRDA** entities initiating integration journeys
- ☐ Catapulted to leadership position in the industry on FIP integration

CAMS Pay[®] - product offerings further fortified



>50% Market Share

In Mutual Funds Ecosystem for RP*

140 Million

NACH Active Mandate registrations

₹5000 Crores +

worth of Monthly Transactions

2 Lakhs +

UPI Autopay Mandate Registrations

₹ 520 Crores

worth of UPI+ Transactions

Key Highlights

Expanded Industry Presence

#30% CAGR / Merchant Base

Growing rapidly within **BFSI space**, unprecedented merchant additions in FY23

Payment Aggregator

Received RBI's in-principle authorization to be a Payment Aggregator in Feb 2023

scaling new highs in eIA and epolicy and ramps up deep contact tracing services



The singular platform in India to service both Insurance companies & policy holders

- ❑ Empowers over 40 insurance companies with end-to-end operational support and technology-driven solutions
- ❑ Proprietary servicing portal Policy Genie facilitates customer lifecycle management including policy generation, renewal, payout and policy holder services

5 million

E-Insurance policies - Growth of over 35% from FY22

2.5X

Increase in Policy Service to 2,57,000 Transaction

12

New Insurers Onboarded into Digital Services

9 million

Payout transactions processed

₹8 Billion

Unclaimed Amount
Processed using Deep contact tracing

New Product and Services

Insta EIA

Real-time creation of an e-Insurance account

Digital Loan Assignment

Digitizing the entire loan policy assignment process

KYC

KYC platform for Insurance companies

CAMS CRA – focusing on simplifying customer journeys for eNPS and extending API stack for POPs



CAMS launched the industry first CRA platform on cloud in March 2022

Within a short span of time, achieved **9% share** and **#2 position** in new eNPS sales in Q4 FY'23



~3 lakh

visitors to the
website / month

25K

registrations
which is 10%
market share



Innovation and Transformation

- ❑ Industry first features of CAMS CRA - CKYC and UPI based Bank account verification (recommended by PFRDA to other intermediaries)



- ❑ Subscriber addition through POP and corporate channels has commenced
- ❑ Onboarded 9 POPs and 6 corporates and built a strong pipeline in place including fintechs

Total eNPS industry registrations

2,86,000

Total eNPS through camsnps.com

24,874

eNPS registrations, Market share FY23



9%



Position in new eNPS sales



#2

Revenue Highlights – Q4 FY23

Revenue	₹24,923.9 Lakhs	 2.5 % YoY  2.3% QoQ
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Asset Based Revenue	3.3% YoY  0.2% QoQ 
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Non-Asset Based Revenue	5.0% YoY  5.3% QoQ 
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Non-MF Revenue	7.7% YoY  18.6% QoQ 
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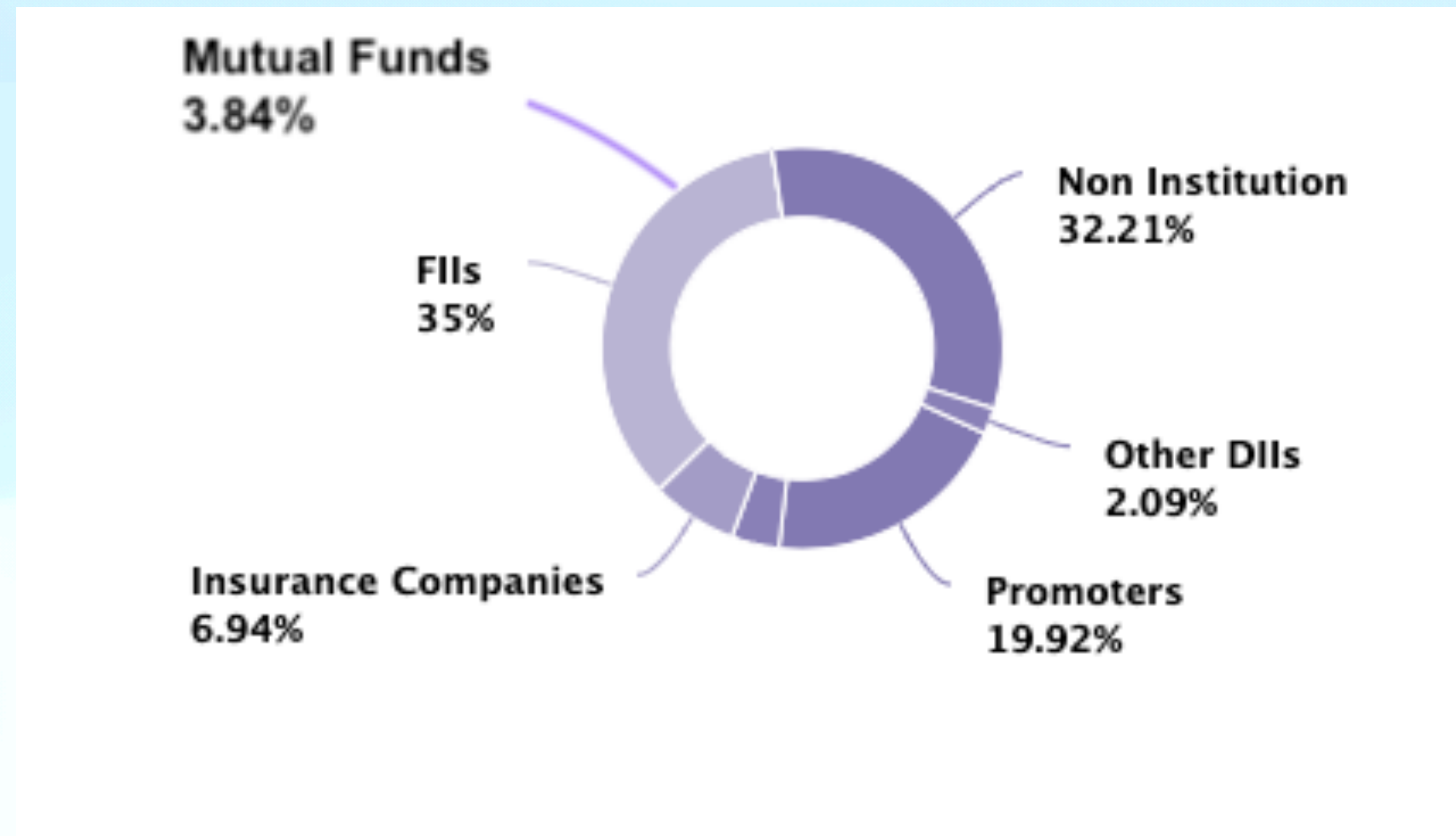
Asset Mix	Equity component: Q4 FY23 @ 46.5% (Q4 FY22: @41.4% / Q3 FY23: @ 46.4%)
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<div> <div>  <div> <div>Amiteshwar.in</div> </div> </div> <div> <div>Yearly Results</div> </div> </div>	YEARLY RESULTS OF COMPUTER AGE MANAGEMENT SERVICES (in Rs. Cr.)	MAR '23	MAR '22	MAR '21	MAR '20	MAR '19
	Net Sales/Income from operations	971.83	909.67	705.50	699.63	693.64
	Total Income From Operations	971.83	909.67	705.50	699.63	693.64
	EXPENDITURE					
	Employees Cost	358.08	321.75	262.36	257.99	274.62
	Depreciation	60.25	51.62	43.41	48.51	50.40
	Other Expenses	192.51	163.79	147.12	154.36	175.45
	P/L Before Other Inc., Int., Excpt. Items & Tax	360.98	372.51	252.60	238.77	193.18
	Other Income	26.81	17.27	29.76	21.71	18.16
	P/L Before Int., Excpt. Items & Tax	387.79	389.78	282.36	260.48	211.35
	Interest	7.61	7.13	7.90	9.70	10.47
	P/L Before Exceptional Items & Tax	380.19	382.65	274.46	250.78	200.87
	P/L Before Tax	380.19	382.65	274.46	250.78	200.87
	Tax	95.55	95.70	69.16	70.47	71.88
	P/L After Tax from Ordinary Activities	284.63	286.95	205.29	180.31	128.99
	Net Profit/(Loss) For the Period	284.63	286.95	205.29	180.31	128.99
	Minority Interest	0.61	--	--	-0.04	-0.46
	Net P/L After M.I & Associates	285.25	286.95	205.29	180.27	128.53
	Equity Share Capital	48.99	48.90	48.79	48.76	48.76
	Reserves Excluding Revaluation Reserves	732.73	598.73	467.08	500.10	392.53
	EPS BEFORE EXTRA ORDINARY					
	Basic EPS	58.26	58.73	42.08	35.57	26.75
	Diluted EPS	57.88	58.41	41.93	35.54	26.75
	EPS AFTER EXTRA ORDINARY					
	Basic EPS.	58.26	58.73	42.08	36.98	26.45
	Diluted EPS.	57.88	58.41	41.93	35.54	26.75

Key Financial Ratios

KEY FINANCIAL RATIOS OF COMPUTER AGE MANAGEMENT SERVICES (in Rs. Cr.)	MAR 23	MAR 22	MAR 21	MAR 20	MAR 19
PER SHARE RATIOS					
Basic EPS (Rs.)	58.26	58.73	42.08	35.24	26.75
Diluted EPS (Rs.)	57.88	58.41	41.93	35.21	26.75
Cash EPS (Rs.)	70.39	69.23	50.97	45.76	37.18
Book Value [ExclRevalReserve]/Share (Rs.)	159.71	132.43	105.73	112.56	92.17
Book Value [InclRevalReserve]/Share (Rs.)	159.71	132.43	105.73	112.56	92.17
Revenue from Operations/Share (Rs.)	198.36	186.01	144.60	143.48	142.26
PBDIT/Share (Rs.)	91.45	90.26	66.77	63.13	53.68
PBIT/Share (Rs.)	79.15	79.70	57.87	52.62	43.34
PBT/Share (Rs.)	77.60	78.25	56.25	50.62	41.20
Net Profit/Share (Rs.)	58.10	58.68	42.08	35.25	26.84
NP After MI And SOA / Share (Rs.)	58.22	58.68	42.08	35.24	26.75
PROFITABILITY RATIOS					
PBDIT Margin (%)	46.10	48.52	46.17	43.99	37.73
PBIT Margin (%)	39.90	42.84	40.02	36.67	30.46
PBT Margin (%)	39.12	42.06	38.90	35.28	28.95
Net Profit Margin (%)	29.28	31.54	29.09	24.56	18.87
NP After MI And SOA Margin (%)	29.35	31.54	29.09	24.55	18.80
Return on Networth/Equity (%)	36.48	44.30	39.79	31.30	29.56
Return on Capital Employed (%)	41.72	49.77	43.08	36.63	34.95
Return on Assets (%)	25.98	29.98	24.38	21.39	17.71
Total Debt/Equity (X)	0.00	0.00	0.00	0.00	0.00
Asset Turnover Ratio (%)	0.98	0.99	83.79	87.11	94.20
LIQUIDITY RATIOS					
Current Ratio (X)	4.34	3.56	2.86	4.60	2.89
Quick Ratio (X)	4.34	3.56	2.86	4.60	2.89
Inventory Turnover Ratio (X)	0.00	0.00	0.00	0.00	0.00
Dividend Payout Ratio (NP) (%)	0.00	65.71	121.42	41.67	83.99
Dividend Payout Ratio (CP) (%)	0.00	55.69	100.23	32.09	60.58
Earnings Retention Ratio (%)	0.00	34.29	-21.42	58.33	16.01
Cash Earnings Retention Ratio (%)	0.00	44.31	-0.23	67.91	39.42
COVERAGE RATIOS					
Interest Coverage Ratios (%)	58.90	61.87	35.72	26.38	20.18
Interest Coverage Ratios (Post Tax) (%)	58.90	61.87	35.72	26.38	20.18
VALUATION RATIOS					
Enterprise Value (Cr.)	9,735.49	11,166.44	8,859.25	0.00	0.00
EV/Net Operating Revenue (X)	10.02	12.28	12.56	0.00	0.00
EV/EBITDA (X)	21.73	25.30	27.19	0.00	0.00
MarketCap/Net Operating Revenue (X)	10.24	12.44	12.81	0.00	0.00
Retention Ratios (%)	0.00	34.28	-21.42	58.32	16.00
Price/BV (X)	12.73	17.47	17.52	0.00	0.00
Price/Net Operating Revenue	10.24	12.44	12.81	0.00	0.00
Earnings Yield	0.03	0.03	0.02	0.00	0.00

Shareholding Pattern an on Mar'23



Summary

- ❖ On quarterly basis, the Company delivered fair performance in Q4 of FY'23, with Net Sales up by 2.49% i.e. Rs.249.24 crs in Mar'23 versus Rs.243.18 crs in Mar'22. However, the Net Profits increased by 1.04% i.e. Rs.74.61 crs in Mar'23 as compared to Rs.73.84 crs in Mar'22. Additionally, the Statement of Changes in Equity witnessed an increase in the Equity Capital i.e. Rs.48.99 crs in Mar'23 juxtapose to Rs.48.90 crs in Mar'22.
- ❖ Viewing fine financials and sound fundamentals, the Company is available at a good price of Rs.2081.70 with its 52 week low at Rs.2010.00 and its 52 week high at Rs.2690.00.
- ❖ The Shareholding Pattern as on Mar'23, shows the Promoters held 19.92% stake, the FIIs and the Other DIIs altogether stood with 37.09% stake. Whereas, the Mutual Fund Houses own 3.84% holdings in the Company.
- ❖ Computer Age Management Services Ltd. is held by CANARA ROBECO MF, UTI MF, SAMCO MF, SBI MF, PGIM MF, EDELWEISS MF, AXIS MF, SUNDARAM MF, HDFC MF, ICICI PRU MF and a few more.
- ❖ On consolidated basis, the Company registered Return on Equity (ROE) and Return on Capital Employed (ROCE) around 36.48% & 41.72% respectively as on Mar'23.
- ❖ For the year ending Mar'23, Computer Age Management Services Ltd. has declared an equity dividend of 377.50% i.e. Rs.37.75 per equity share.

Disclosure

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Introduction:

I, Amiteshwar Singh, am the proprietor of M/S Amiteshwar.in. I am a Research Analyst registered with SEBI having registration no. INH100010013. I provide services through my website www.Amiteshwar.in which is primarily focused on research of Multi-Cap stocks of India.

Business Activity:

I provide research services on equity stocks listed on Indian stock exchanges. The research is based on funda-mental analysis. I do thorough research and analysis on fundamentals of companies. As such, I undertake extensive scrutiny of major Company statistics like Balance Sheet, Profit & Loss Account, Key Financial Ratios (ROE, ROCE and Debt to Equity etc.), Quarterly, Half-yearly & Annual Results, Cash Flows, Annual Reports and Shareholding Pattern etc. Each Company's Business Model, Future Projections, Competitive Advantages & other Moats are thoroughly checked before recommending their Stock.

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1. **Buy Recommendation:** The subscribers can buy the shares of the subject company at the current market price. I expect a return of around 25% in the next 4 months.
2. **Sell Recommendation:** The subscribers can sell the shares of the subject company when they receive a return of 25% on the market price when the subject company was recommended.



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“Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors”.

Mr. Amiteshwar Singh Proprietor of M/s Amiteshwar.in
SEBI Registered "Research Analyst" Reg. No. INH100010013

Contact: +917973835409

Email: info.amiteshwar.in@gmail.com

Address: Ground Floor, 236 E Block, Bhai Randhir Singh Nagar,
Ludhiana - 141012 (Pb.)