

**Price:** 3,821

**Recommendation:** Buy

**Industry:** Depositories, Clearing

**Sector:** Financial Services

**Report Date:** 03-Apr-2025

Computer Age Management Services Limited (CAMS) reported a strong quarter, achieving nearly 28% revenue growth, driven by a 38%-39% increase in mutual fund assets. Non-MF revenue grew by 22%. CAMS added 24 new clients, including significant wins in AIF and payments. The company is expanding in GIFT City and aims for 20% non-MF revenue growth. Despite market challenges, CAMS focuses on innovation and client service to maintain its competitive edge.

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	43.7	Sales Growth	27.9 %	Sales Growth	1.75 %
PEG Ratio	1.73	PAT Growth	23.02 %	Sales Growth QYoY	29.37 %
EV/EBITDA	29.3	EPS Growth	27.84 %	PAT Growth	2.61 %
P/B	19.1	Dividend Yield	1.22	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	18877 Cr
RoIC	82.9 %	Public	25.0 %	Enterprise value	18784 Cr
		No of Shares	4.94 Cr	Cash Equivalents	172 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

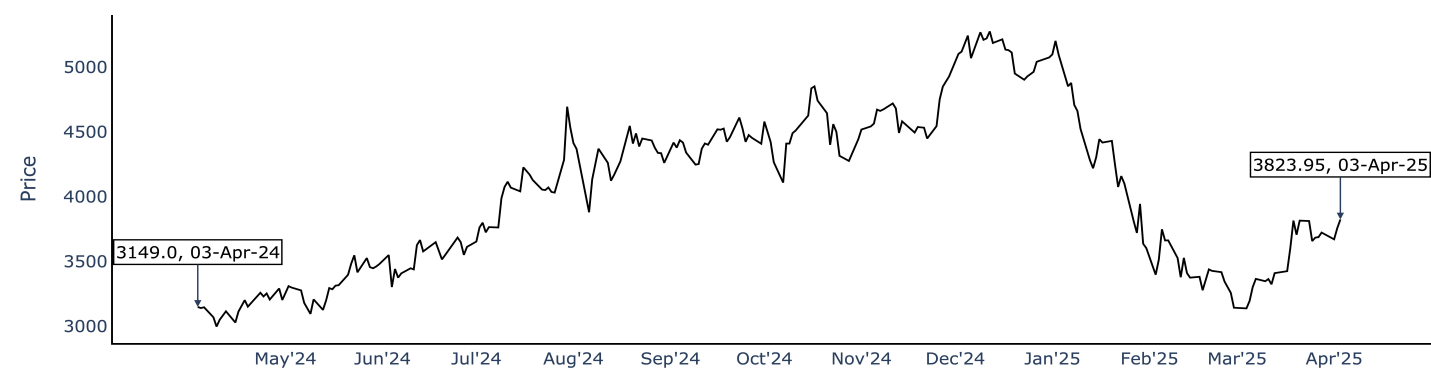
In the recent earnings call, Computer Age Management Services Limited (CAMS) reported a robust quarter, despite facing some market slowdowns. The company achieved a revenue growth of just under 28%, with mutual fund (MF) revenues growing over 28% on the back of a 38%-39% increase in assets. Non-MF revenue, although slightly lower than the previous quarter, still showed a commendable 22% growth. The company attributes this performance to its strong foundational components in product, sales, and technology, which are expected to quickly regain momentum. EBITDA grew by 34%, significantly outpacing revenue growth, and PAT increased by over 40%, reflecting strong cost management and execution discipline.

CAMS has been 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. CAMS has also been empanelled by LIC for authentication services and payment gateway services, marking a significant step in expanding its client base. The launch of WhatsApp KYC and the NEXUS dashboard are part of CAMS' efforts to offer future-ready solutions that enhance client service and market share. The company is also focusing on scaling its non-MF revenue to 20% of overall revenue within the next 2-3 years, with a favorable asset mix and strong profitability margins.

Looking ahead, CAMS is optimistic about its growth and scaling prospects. The company plans to continue its investment in technology and talent, with a focus on re-architecting its core platform. CAMS is also expanding its presence in GIFT City, with 25 clients managing over \$1 billion in AUM. The company expects to maintain a baseline 20% growth in AIF revenue and is confident in its ability to deliver strong financial performance despite market challenges. The introduction of micro-SIPs is seen as a foundational building block that will significantly expand the market and drive future growth.

While CAMS has demonstrated strong performance, there are areas for improvement. The company acknowledges potential yield compression due to market conditions and pricing changes. However, it remains confident in its ability to manage these challenges without significantly impacting profitability. CAMS' strategy of not chasing numbers but focusing on building a sustainable portfolio is expected to support long-term growth. The company's commitment to innovation and client service positions it well to capitalize on emerging opportunities and maintain its competitive edge in the industry.

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	76093.02	81.34	15.20%	2.27%	95.20%	-36.78%	105.69%
Multi Comm. Exc.	27189.35	53.06	5.82%	5.53%	57.35%	4.18%	3091.40%
CDSL	25880.48	46.62	31.31%	-13.70%	29.67%	-19.86%	20.83%
Cams Services	18877.07	43.71	40.47%	1.65%	29.26%	2.26%	37.72%
KFin Technolog.	18260.28	56.70	24.47%	3.40%	32.60%	0.96%	34.94%

Aspect	Commentary
Revenue	The company achieved a robust revenue growth of nearly 28%, driven by a significant increase in mutual fund assets and a commendable rise in non-MF revenue. This growth reflects the company's strong market position and effective sales strategies, despite facing some market slowdowns[0].
Profit & Loss	Operating profit and PAT showed strong growth, with operating profit reaching 601 Cr and PAT at 326 Cr for the year. This indicates effective cost management and execution discipline, contributing to the company's financial health[0].
Profitability Matrix	The company maintains strong profitability with an operating profit margin of 46.8% and a net profit margin of 30.9%. These figures highlight the company's efficient operations and ability to convert revenue into profit[0].
Valuation Matrix	The valuation metrics, including a trailing P/E of 43.7 and EV/EBITDA of 29.3, suggest the company is valued at a premium, reflecting investor confidence in its growth prospects and financial stability[0].
Growth (YoY)	Year-over-year growth is impressive, with sales growing by 27.9% and PAT by 23.02%. This consistent growth trajectory underscores the company's ability to expand its market presence and enhance shareholder value[0].
Growth (QoQ)	Quarter-over-quarter growth is modest, with sales increasing by 1.75% and PAT by 2.61%. This steady growth indicates resilience in maintaining performance amidst market fluctuations[0].
Capital Allocation	The company demonstrates strong capital efficiency with a RoE of 40.5% and RoCE of 49.8%. These metrics reflect effective capital allocation strategies that maximize shareholder returns[0].
Holdings	The holdings structure shows a significant foreign institutional investor presence at 57.6%, indicating strong international investor interest and confidence in the company's prospects[0].
Leverage	With a low debt/equity ratio of 0.08, the company maintains a conservative leverage position, ensuring financial stability and flexibility to pursue growth opportunities without excessive debt burden[0].

**Analyst viewpoint:** Computer Age Management Services Limited (CAMS) demonstrates strong potential for short to mid-term growth, driven by robust quarter-over-quarter performance. The company reported a healthy 28% revenue growth, bolstered by a 38%-39% increase in mutual fund assets and a commendable 22% rise in non-MF revenues. This performance reflects CAMS's strategic market positioning and effective execution. With an impressive growth in earnings before interest, taxes, depreciation, and amortization (EBITDA), which expanded by 34%, and a 40% increase in profit after tax (PAT), CAMS showcases strong cost management and operational efficiency. The recent addition of 24 new clients, including significant wins in alternative investment funds (AIF) and payment sectors, illustrates the company's capacity to expand its footprint amidst competitive pressures.

Despite potential yield compression due to market conditions, CAMS's emphasis on innovation and client service positions it as a market leader, poised to capitalize on emerging opportunities. The company's low debt-to-equity ratio of 0.08 signifies its prudent financial leverage, which supports its growth without excessive debt burden. The trailing P/E ratio of 43.7 reflects investor confidence in CAMS's growth potential, though it trades at a premium. While market conditions pose challenges, CAMS's non-aggressive approach, focusing on sustainable growth and a strategic capital allocation, ensures resilience against market volatility. Overall, CAMS's robust financial performance and strategic initiatives solidify our bullish outlook while acknowledging that yield management requires diligent oversight.

Please read detailed disclosure on next page.





