

## Mutual Funds RTA

MF penetration at 16% v/s the global average of 64%, commands 70% market share

## CAMSPay

Electronic financial transactions

## Insurance repository

Only 12m policies dematerialized so far

## PMS/AIF RTA

Existing funds moving to RTAs; new funds getting added daily

## NPS CRA

Growth of pension assets in India

## Account aggregator

AA to lending is what UPI was to Payments

# Prepared to succeed in conjunct opportunities

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# Computer Age Management Services

Prepared to succeed in conjunct opportunities

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Financials and valuations

# Computer Age Management Services

BSE Sensex  
59,793S&P CNX  
17,833

CMP: INR2,464

TP: INR3,000 (+22%)

Buy



## Stock info

Bloomberg	CAMS IN
Equity Shares (m)	48.9
M.Cap.(INRb)/(USDb)	120.6 / 1.5
52-Week Range (INR)	3740 / 2039
1, 6, 12 Rel. Per (%)	4/-8/-36

## Financials & Valuation (INR b)

Y/E March	2023E	2024E	2025E
AAUM (INR t)	28.3	32.3	37.0
Revenue	10.1	11.6	13.4
EBITDA	4.5	5.3	6.1
Margin (%)	44.8	45.5	45.7
PAT	3.1	3.7	4.4
PAT Margin (%)	30	32	33
EPS	63.1	75.8	89.0
EPS Grw. (%)	7.5	20.2	17.4
BVPS	154.5	181.0	212.2
RoE (%)	44.0	45.2	45.2
Div. Payout (%)	65.0	65.0	65.0

## Valuations

P/E (x)	39.1	32.6	27.8
P/BV (x)	16.0	13.6	11.6
Div. Yield (%)	1.7	2.0	2.3

## Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	23.7	23.8	31.0
DII	14.7	14.7	21.8
FII	29.3	29.0	25.1
Others	32.3	32.6	22.1

## Prepared to succeed in conjunct opportunities

- CAMS, with a 70% market share (v/s 64% in FY15), is the leader in India's MF registrar and transfer agent (RTA) industry. The addition of new customers and rising market share of its incumbent customers has led to the company consistently gaining prominence in this duopoly market. The company is entrenched with four out of the five largest MFs as well as 10 of the 15 largest MFs based on AAUM.
- This makes it a direct play on the growing financialization of savings in India, and is also a key enabler for digitization in the MF industry. **With MF penetration in India at just 16% as against the global average of 63%, we expect a strong 15% CAGR in AUM for the industry in the coming decade.**
- Akin to its MF business, CAMS has a strong presence in the AIF and PMS RTA segment (50% market share among funds utilizing RTA services). We expect strong growth in this segment, led by: 1) increasing adoption of RTA services by existing funds, and 2) a significant increase in launches.
- **The Account Aggregator business has the potential to revolutionize lending and financial planning, the way UPI did for payments.** Given its strong technological capabilities and expertise in handling large databases, we expect CAMS to be among the top five players in this segment.
- We expect the MF/non-MF business to register a FY22-25 revenue CAGR of 13%/20%, with 15%/13% CAGR each in PAT/operating cash flow, as operating margin is expected to remain flat. We expect RoE to touch 45% by FY25. Dividend payout is healthy at 65%.
- **We initiate coverage with a Buy rating and a one-year TP of INR3,000 (36x Sep'24E EPS). We value it a premium to AMCs (14-25x one-year forward P/E), given the duopoly nature of the RTA industry and large growth opportunities in new segments.**

## Commands 70% market share in the fast-growing duopoly for MF RTAs

- The Indian MF industry is expected to clock 15% AUM CAGR over the next decade on the back of: 1) rising financialization of savings, 2) expanding presence of AMCs in lower tier cities, and 3) favorable regulations, significantly reducing the cost for investors.
- A robust RTA services have been the backbone of the growth of the AMC industry as it allows companies to focus on two core activities: 1) investment management, and 2) marketing. Having long-term relationships with AMCs allows RTAs to be ingrained into the entire AMC ecosystem. This makes it difficult for AMCs to switch RTAs.
- The RTA industry in India is a duopoly, with CAMS commanding 70% market share and the rest with KFin Technologies (KFin). CAMS is entrenched with 17 AMCs, including four out of the five largest MFs, as well as 10 of the 15 largest MFs based on AAUM.



**Account Aggregator and AIF and PMS RTA segments offer huge potential**

- The Account Aggregator business is at a nascent stage in India. Given the regulatory push towards implementing it, we see huge opportunities here.
- The company has gone live with its platform. We see it among the top five players, given its strong technological capabilities and expertise in handling large databases.
- CAMS commands over 50% market share among AIFs and PMS, which avail of RTA services. We are excited about the growth in this segment as: 1) the HNI base in India is expected to grow at a brisk pace, 2) HNI affinity towards AIF and PMS is on the rise, 3) many new players have entered this space, and 4) existing players incrementally adopt RTA services, with an increase in scale.

**NPS, CAMSPay, and Insurance repository are solid long-term businesses**

- CAMS recently launched its CRA services for NPS. Pension planning in India is at a nascent stage and is expected to gain significant traction going forward. Subscriber addition and a rise in AUM will be key drivers for this business.
- CAMSPay is a highly automated ECS or NACH platform, which manages end-to-end ACH transactions. With the rising adoption of online transactions, this business has the potential to deliver strong revenue growth.
- The Insurance repository business lacked strong momentum in the past, but the recent regulatory push to mandate the issuance of e-policies will be a key trigger.

**The share of non-MF revenue to increase, outlook on margin steady**

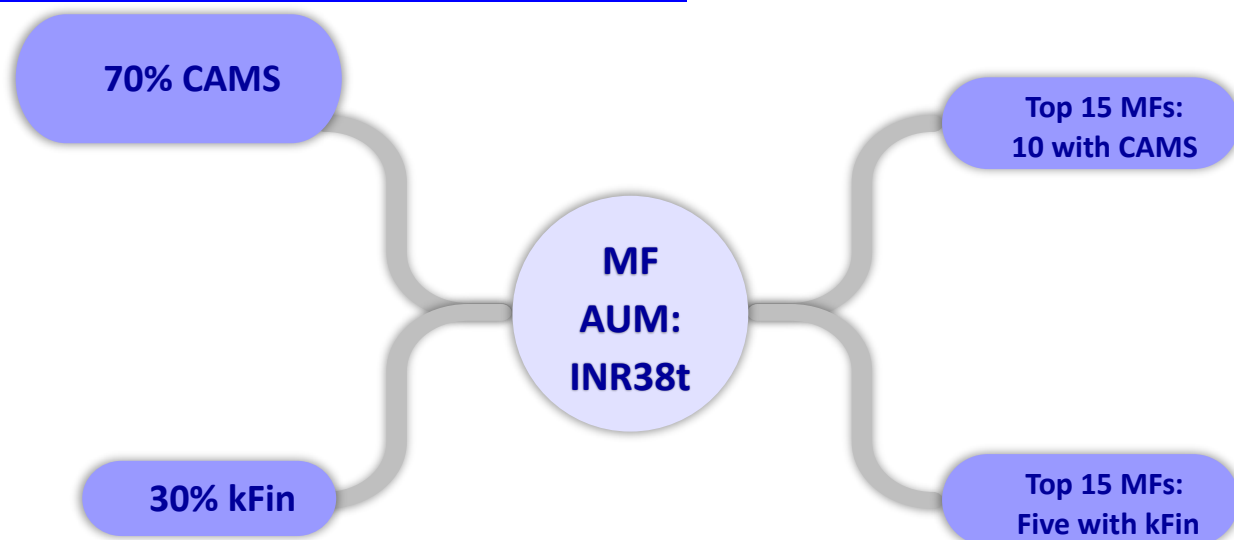
- We expect 15% revenue CAGR over FY22-25E, led by MF/non-MF revenue CAGR of 13%/20%. The share of the non-MF business is expected to increase from 10% at present.
- Operating margin is likely to stabilize as scale benefits from the MF business will be offset by investments in the scaling up of new businesses as well as sustained spending towards technology enhancements.
- EBIDTA margin is expected to improve to more than 45.5% in FY24-25 after falling to 44.8% in FY23.

**Deserves premium valuations, initiate coverage with a Buy rating**

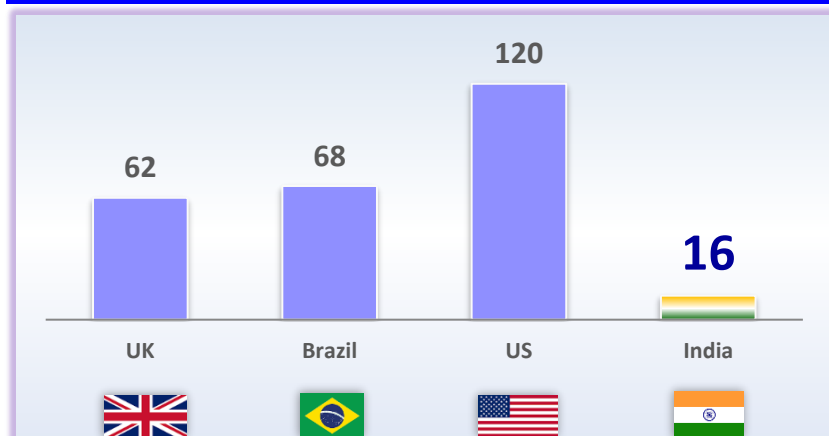
- Empirically, CAMS has traded at a premium to listed AMCs in terms of one-year forward P/E. This premium is well deserved, given: 1) the duopoly nature of the industry and high-entry barriers, 2) relatively low risk of a market share loss, and 3) higher customer ownership as compared to AMCs.
- Based on one-year forward P/E multiple, the premium enjoyed by CAMS over HDFC AMC has narrowed to 20% from 60% over the last one year. This was on account of the weak environment in the AMC space, given the pressure on yields, outflows from the Debt segment, and a MTM hit on Equity AUM. We expect these factors to reverse in the coming months, as the intensity of the fall in yields abates, Debt inflows increase with the topping of bond yields, and a rebound in the Equity market.
- CAMS is expected to deliver a revenue/EBIDTA/PAT CAGR of 14%/13%/15% over FY22-25, with a RoE of 45.2% in FY25. We initiate coverage on the stock with a Buy rating and a one-year TP of INR3,000 (36x Sep'24E EPS).

## Story in Charts

### LEADER IN THE MF RTA BUSINESS WITH 70% MARKET SHARE

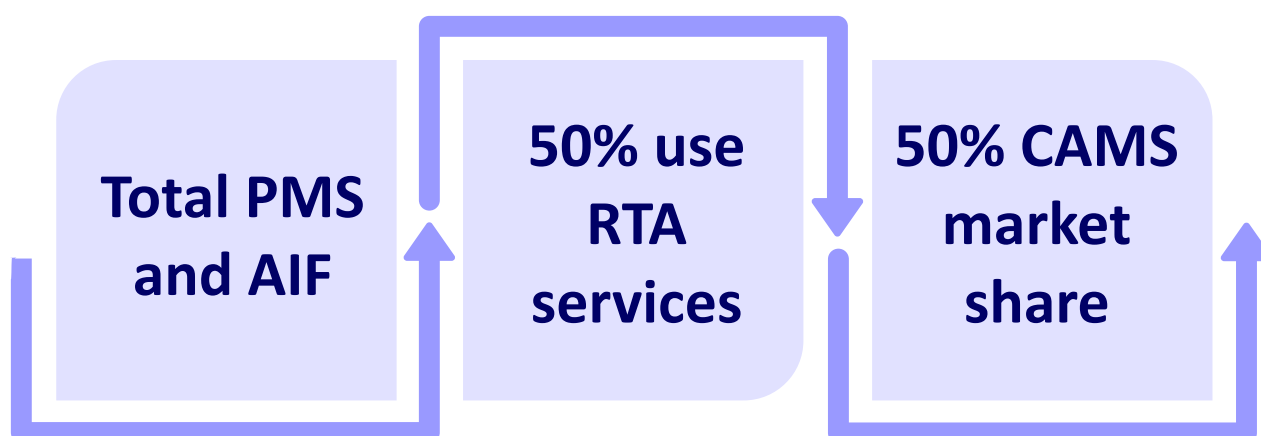


### INDIA'S MF PENETRATION AT 16% IS SIGNIFICANTLY LOWER COMPARED TO GLOBAL PEERS



Despite seeing tremendous growth, MF penetration (measured as AUM as a percentage of GDP) in India stands at 16%, significantly lower v/s other countries (the UK: 62%, Brazil: 68%, and the US: 120%)

### AKIN TO MF RTA BUSINESS, CAMS HAS ATTAINED LEADERSHIP IN FAST GROWING PMS/AIF RTA SEGMENT



## MULTIPLE NEW SEGMENTS PRESENT HUGE GROWTH OPPORTUNITIES

### ACCOUNT AGGREGATION

- ❖ Expected to do to lending what UPI did for payments
- ❖ CAMSfinserv, the account aggregator platform of CAMS, is currently ranked third in terms of volumes
- ❖ It has already gone live with Banks like HDFCB, AXSB, ICICIBC, and IIB, and is in the process to go live with a few more
- ❖ Many other use cases will come through once other regulators (SEBI, IRDAI, PFRDA, and the IT Department) come on-board

A

### NPS CRA

- ❖ The Indian NPS industry clocked a robust 33% AUM CAGR over FY17-22, with the addition of 5.2m subscribers
- ❖ As per CRISIL Research, the Central Record Keeping Agency (CRA) industry is expected to touch INR1.7b by FY27 from INR1.2b at present
- ❖ CAMS' CRA platform went live in Mar'22
- ❖ CAMS' CRA intends to focus on 'all citizen segments' in Phase I, which will be followed by the government and corporate sector

B

### CAMSPay

- ❖ CAMSPay is a highly automated ECS or NACH platform, which manages end-to-end ACH transactions and services for MFs, NBFCs, and Insurance companies
- ❖ It charges for every SIP transaction performed for MFs, EMI debit for NBFCs, and premium debit for Life Insurance companies
- ❖ The digital payments market in India is set to grow by 5x by CY25

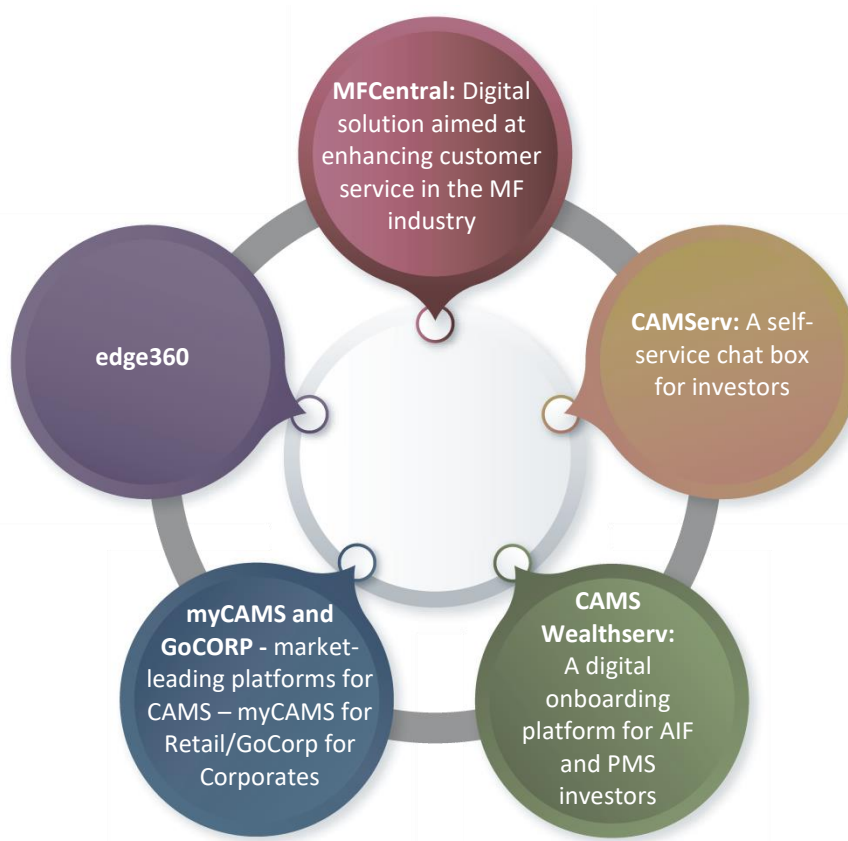
C

### INSURANCE REPOSITORY

- ❖ The Indian Insurance industry is highly underpenetrated, with minuscule usage of e-policies
- ❖ At present, there are five Insurance repositories appointed by IRDAI, with CAMS commanding a 39% market share with 4.1m policies held
- ❖ The business segment holds immense revenue potential for CAMS by virtue of the annual maintenance charges levied

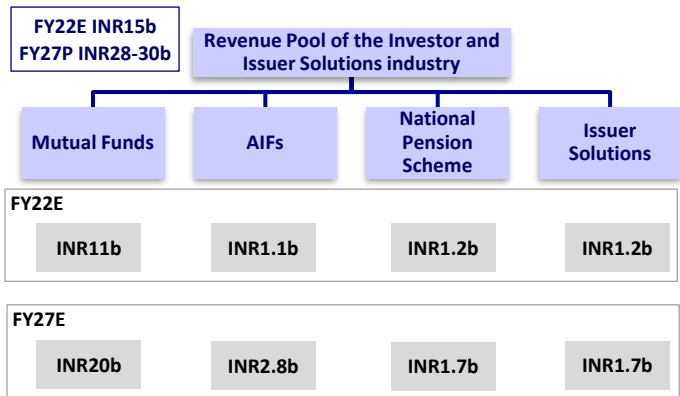
D

## DIGITAL OFFERINGS CAN BE MONETIZED FOR VALUE CREATION



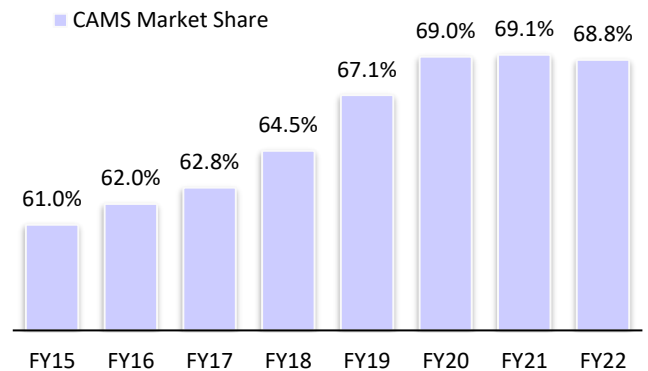
## Story in charts

**Exhibit 1: Huge opportunity for growth in the industry**



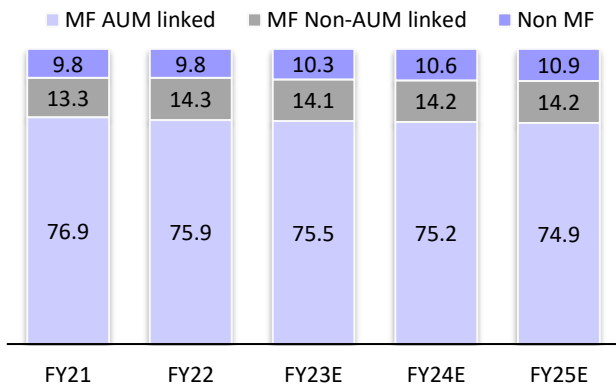
Source: KFin DRHP, MOFSL

**Exhibit 2: Commands leadership in the MF RTA industry**



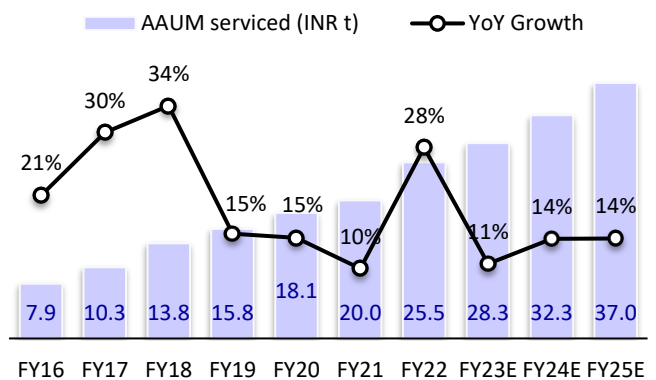
Source: Company, MOFSL

**Exhibit 3: MF revenue constitutes 90% of the total pie**



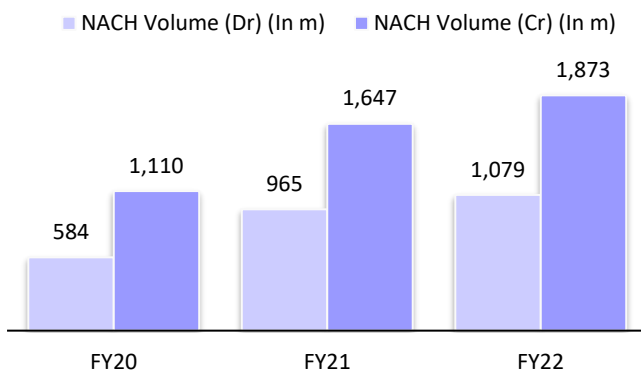
Source: MOFSL, Company

**Exhibit 4: AUM serviced by CAMS to see a healthy 13% CAGR**



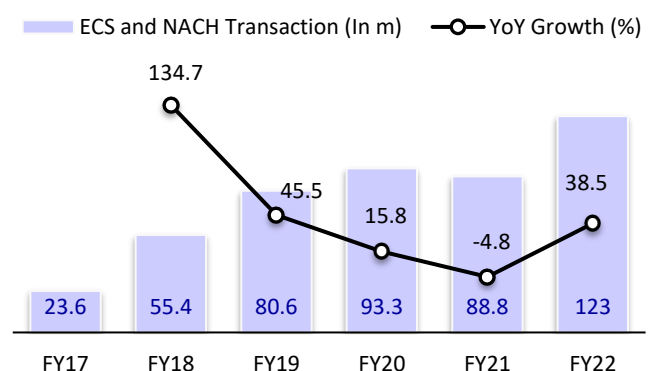
Source: MOFSL, Company

**Exhibit 5: Electronic payment industry is growing at a healthy pace**

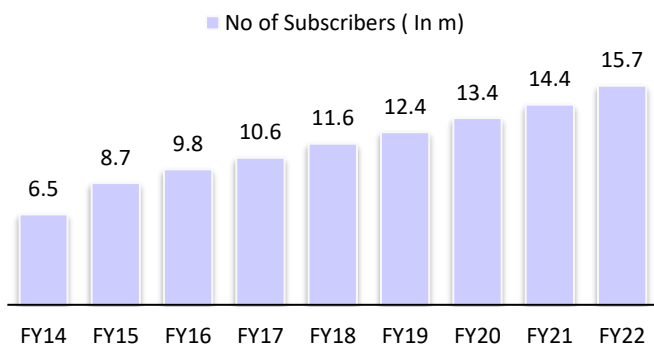


Source: MOFSL, Company

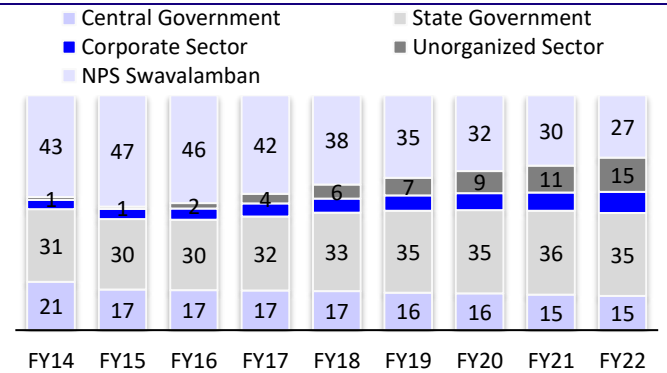
**Exhibit 6: Growth momentum in CAMSPay to continue**



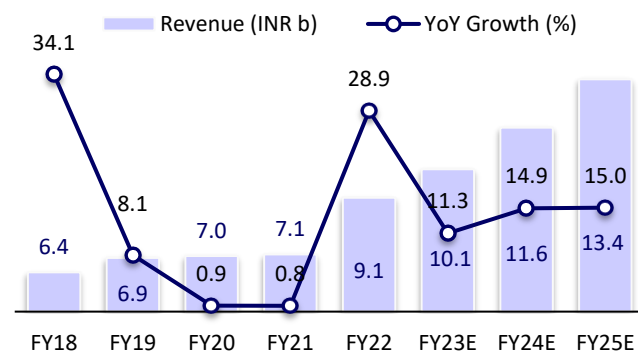
Source: MOFSL, Company

**Exhibit 7: Rising NPS subscriber base...**

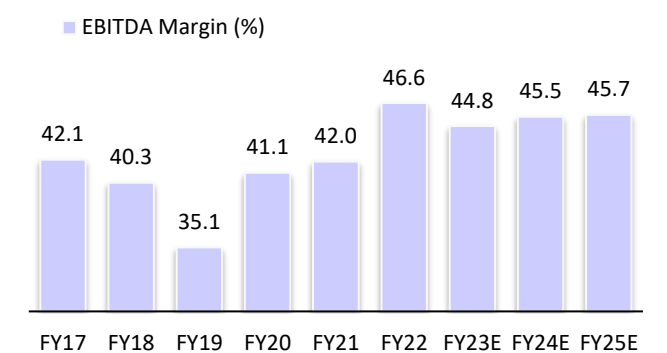
Source: MOFSL, NPS Trust

**Exhibit 8: ...with increasing share of the unorganized sector**

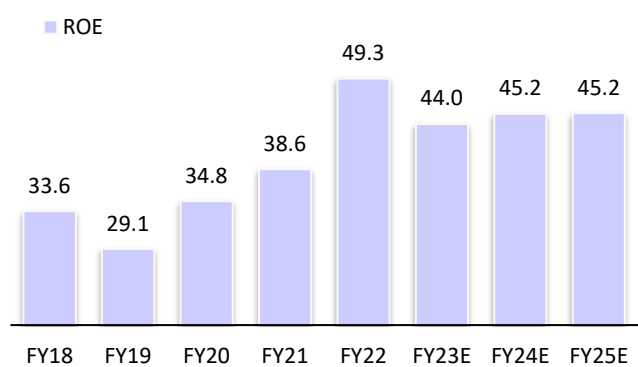
Source: MOFSL, NPS Trust

**Exhibit 9: Expect 14% revenue CAGR over FY22-25**

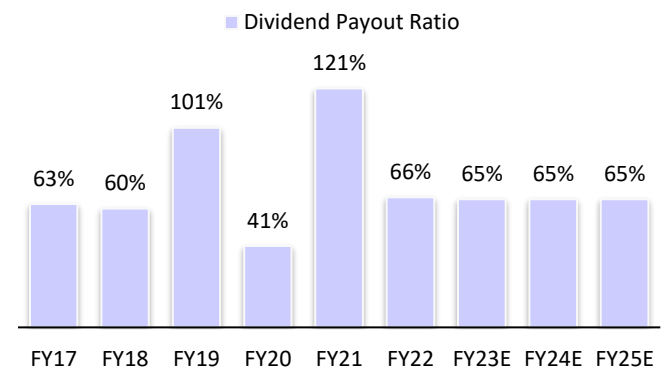
Source: MOFSL, Company

**Exhibit 10: EBITDA margin to see steady trend**

Source: MOFSL, Company

**Exhibit 11: Superior return ratios to sustain**

Source: MOFSL, Company

**Exhibit 12: Healthy profitability and an asset-light business model results in a stable dividend payout**

Source: MOFSL, Company



## Leader in the RTA space, a perfect proxy on a growing MF industry

### Lion's share in the duopoly RTA business

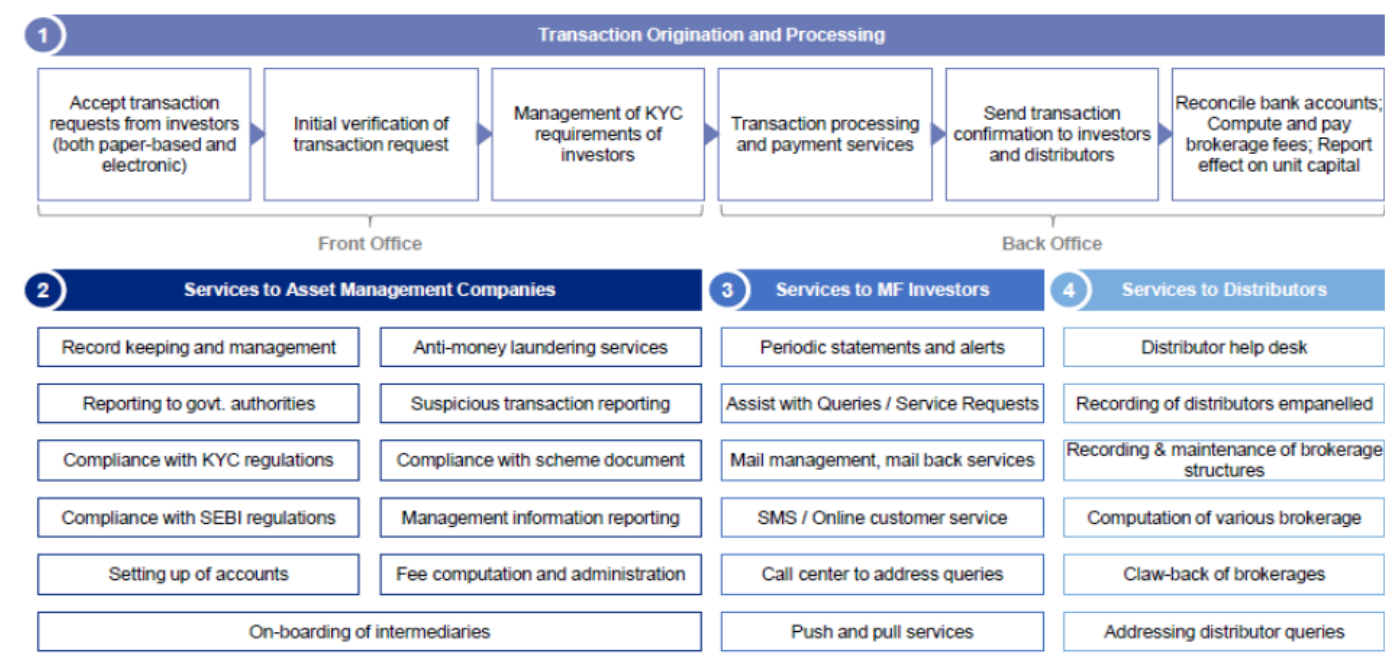
- The Indian MF RTA industry is a duopoly, with CAMS being in pole position with ~70% market share.
- It currently caters to 17 MF clients with a market share of ~70%. These include four of the five largest MFs as well as 10 of the 15 largest MFs based on AAUM.
- CAMS derives ~88% of its revenue from the MF industry.
- Under-penetration of the MF industry provides a huge headroom for growth.

### Sustained leadership in the duopoly RTA industry

- The primary role of an RTA is to keep track of investor transactions such as buying, redeeming, and switching in or out of a MF. Apart from record keeping of investor transactions, its support spreads across multiple facets of MFs' relationship with distributors and regulators.
- The presence of RTAs in the industry has been associated with AMCs from the start. They have demonstrated their ability to handle the nuances that AMCs have to cater to. RTAs apply analytics to accumulated data and help AMCs develop innovative products, thus making them a valuable partner.
- The Indian MF RTA industry is a duopoly, despite expansion of the MF business. The consolidation is due to higher entry barriers, led by: 1) greater technology intensity and compliance requirements; 2) need for an extensive branch network; 3) a knowledge base acquired through years of experience; 4) deep integration with the MF ecosystem, making the MF-RTA relationship sticky.
- The revenue model of RTAs typically revolves around: 1) AUM based revenue (charged as a percentage of AUM), and 2) non-AUM revenue such as charges on the volume of paper-based transactions handled and fees for value-added services offered.
- CAMS is the leader in the MF RTA industry, with a lion's share (70%), and the balance being held by KFin.
- It currently caters to 17 MFs, including four of the five largest MFs, as well as 10 of the 15 largest MFs based on AAUM.
- We expect CAMS to remain at the pole position on the back of its long-lasting client relationships as well as its difficulty in switching RTAs due to: 1) the amount of time needed to migrate; 2) a high risk of business disruption; 3) risk of data loss, and 4) customer and regulatory issues.

The RTA industry is a duopoly, with CAMS enjoying 70% market share

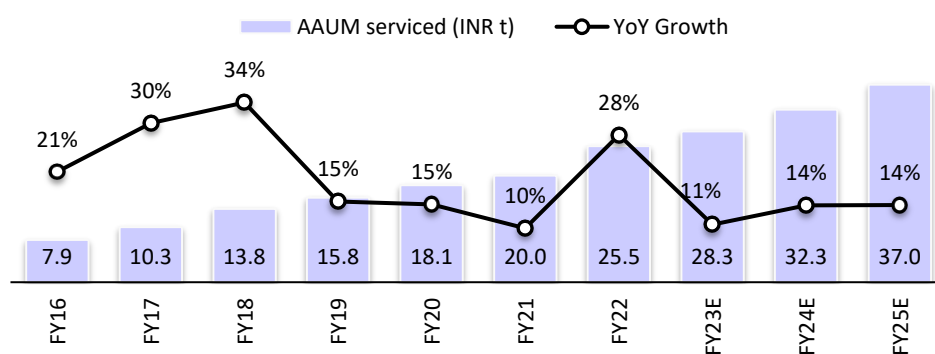
Exhibit 13: Services rendered to MFs



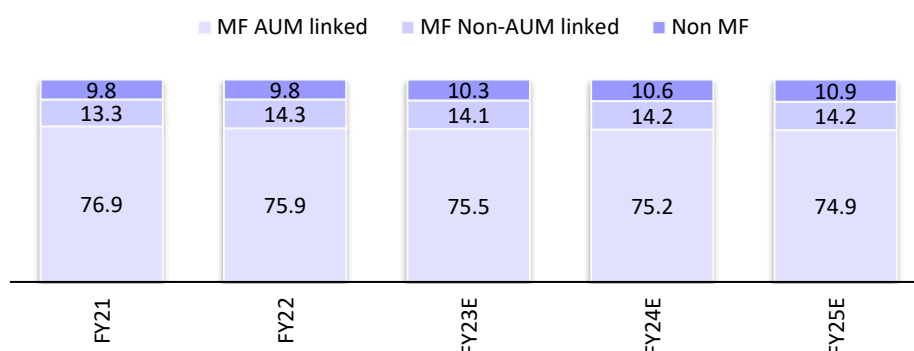
Source: MOFSL, Company

### Gaining traction in the MF industry to drive AUM-based revenue

- The Indian MF industry clocked 16% CAGR in QAAUM over FY17-22 to INR38.4t. However, the penetration of MFs in India remains considerably low at 16% in FY21 vis-à-vis the world average of 63%.
- The MF Industry is poised to grow at 15% CAGR in the medium term, led by: 1) the widening reach of AMCs in lower tier towns through digitization; 2) increasing share of MFs in the savings wallet; 3) rise in the number of investors; 4) a strong recovery in free cash flows for India Inc; and 5) investor-friendly regulatory changes.
- With 88% of CAMS' revenue dependent on AMCs, of which over 76% are linked to AUM, its AUM-linked revenue is highly correlated to the pace of AUM growth (0.7-0.75x of AUM growth).
- We expect 13% AUM CAGR for CAMS over FY22-25 to INR37t, with the share of Equity AUM rising to 43% from 40% over the same period.
- CAMS' charging mechanism moves in line with the TER structure of MF schemes. So, with a rising AUM, the yield starts to decline and higher yields are generated on Equity schemes. We expect the yields to remain stable as benefits from an increasing share of the Equity mix will be offset by a growth in AUM. We expect a 13% CAGR in CAMS' MF revenue to INR11.9b in FY25.

**Exhibit 14: Expect AAUM serviced to grow at 13% CAGR over FY22-25**

Source: MOFSL, Company

**Exhibit 15: Revenue mix highly dominated by MFs with 90% share**

Source: MOFSL, Company

**Exhibit 16: Charges levied by RTAs (%)**

Category	FY17	FY18	FY19	FY20	FY21
Equity	0.065 - 0.070	0.063 - 0.067	0.060 - 0.065	0.057 - 0.061	0.053 - 0.057
Hybrid	0.059 - 0.063	0.059 - 0.063	0.058 - 0.061	0.055 - 0.059	0.050 - 0.055
Debt	0.023 - 0.027	0.023 - 0.027	0.022 - 0.026	0.022 - 0.026	0.022 - 0.025
Liquid	0.018 - 0.022	0.018 - 0.022	0.018 - 0.022	0.017 - 0.022	0.016 - 0.020
Others	0.022 - 0.026	0.018 - 0.022	0.014 - 0.019	0.012 - 0.017	0.010 - 0.015

Source: MOFSL, KFin DRHP

**Exhibit 17: Slab-wise levy of RTA fees**

AUM slabs	TER limits for equity-oriented schemes	TER limits for other than equity-oriented schemes	RTA fees as a % of AUM*	RTA fees as a % of TER*
On the first ₹ 5,000 million of daily net assets	2.25%	2%	0.045-0.05%	2.0-2.5%
On the next ₹ 2,500 million of daily net assets	2.00%	1.75%	0.042-0.047%	2.1-2.6%
On the next ₹ 12,500 million of daily net assets	1.75%	1.50%	0.040-0.045%	2.2-2.7%
On the next ₹ 30,000 million of daily net assets	1.60%	1.35%	0.037-0.042%	2.3-2.8%
On the next ₹ 50,000 million of daily net assets	1.50%	1.25%	0.035-0.040%	2.3-2.8%
On the next ₹ 400,000 million of daily net assets	TER reduction of 0.05% for every increase of ₹ 50,000 million of daily net assets or part thereof		0.0325-0.035%	2.7-3.2%
On balance of assets	1.05%	0.80%	0.030-0.035%	3.0-3.5%

Source: MOFSL, KFin DRHP

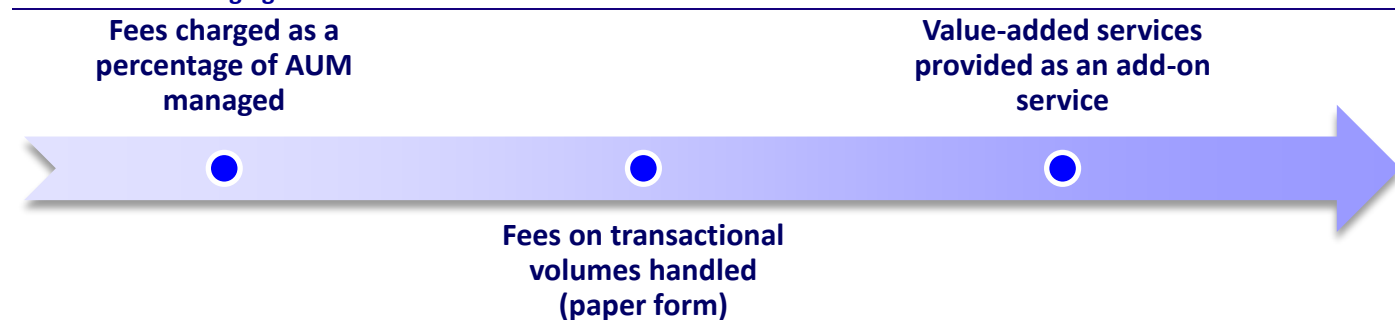
- The Indian MF industry is expanding, with the entry of additional players. CAMS have been rigorously trying to onboard these newer AMCs. It successfully onboarded Zerodha as its client recently. As these newer AMCs will take time to scale up and become material in terms of revenue contribution, we expect CAMS' market share to remain at current levels.

**Exhibit 18: Newer players in the MF industry provide CAMS an opportunity to expand its clientele**

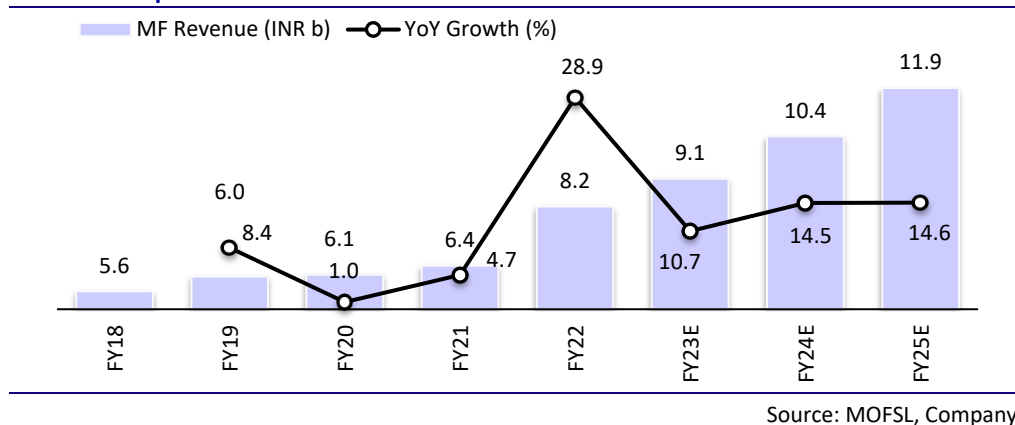
Source: MOFSL, Company

- Apart from AUM-based services, CAMS also charges AMCs for value-added services such as analytics, customer relationship management, branch support, technology support, and processing of paper-based transactions. The share of non-AUM based revenue is ~14% of overall revenue, the bulk of which is driven by paper-based transactions.
- With increasing penetration in B30 cities, revenue from paper-based transactions will continue to expand.

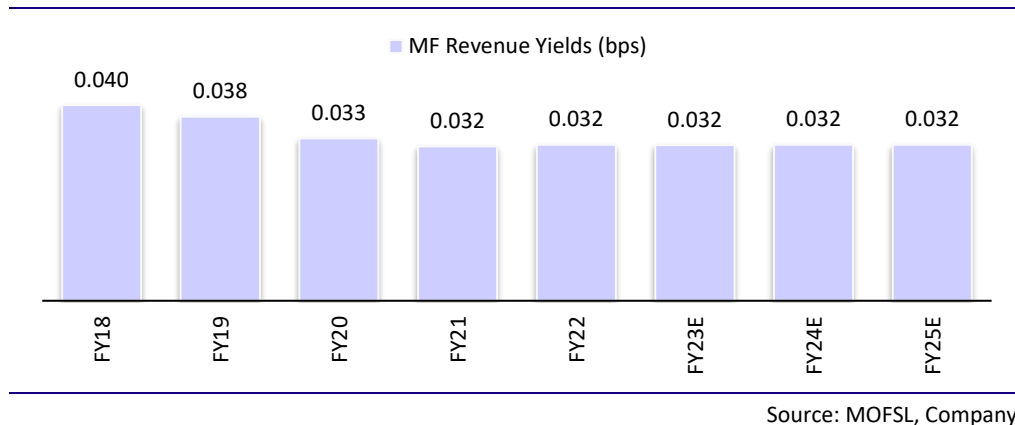
**Overall, we expect MF-based revenue to clock 13% CAGR to INR11.9b over FY22-25, driven by industry AUM growth, sustained market share, stable yields, and growth in non-MF revenue.**

**Exhibit 19: RTA charging mechanism**

Source: MOFSL, Company

**Exhibit 20: Expect MF revenue to clock 13% CAGR over FY22-25**

Source: MOFSL, Company

**Exhibit 21: Yields to remain stable**

Source: MOFSL, Company



### Account Aggregation: Revolutionizing the Indian Financial system

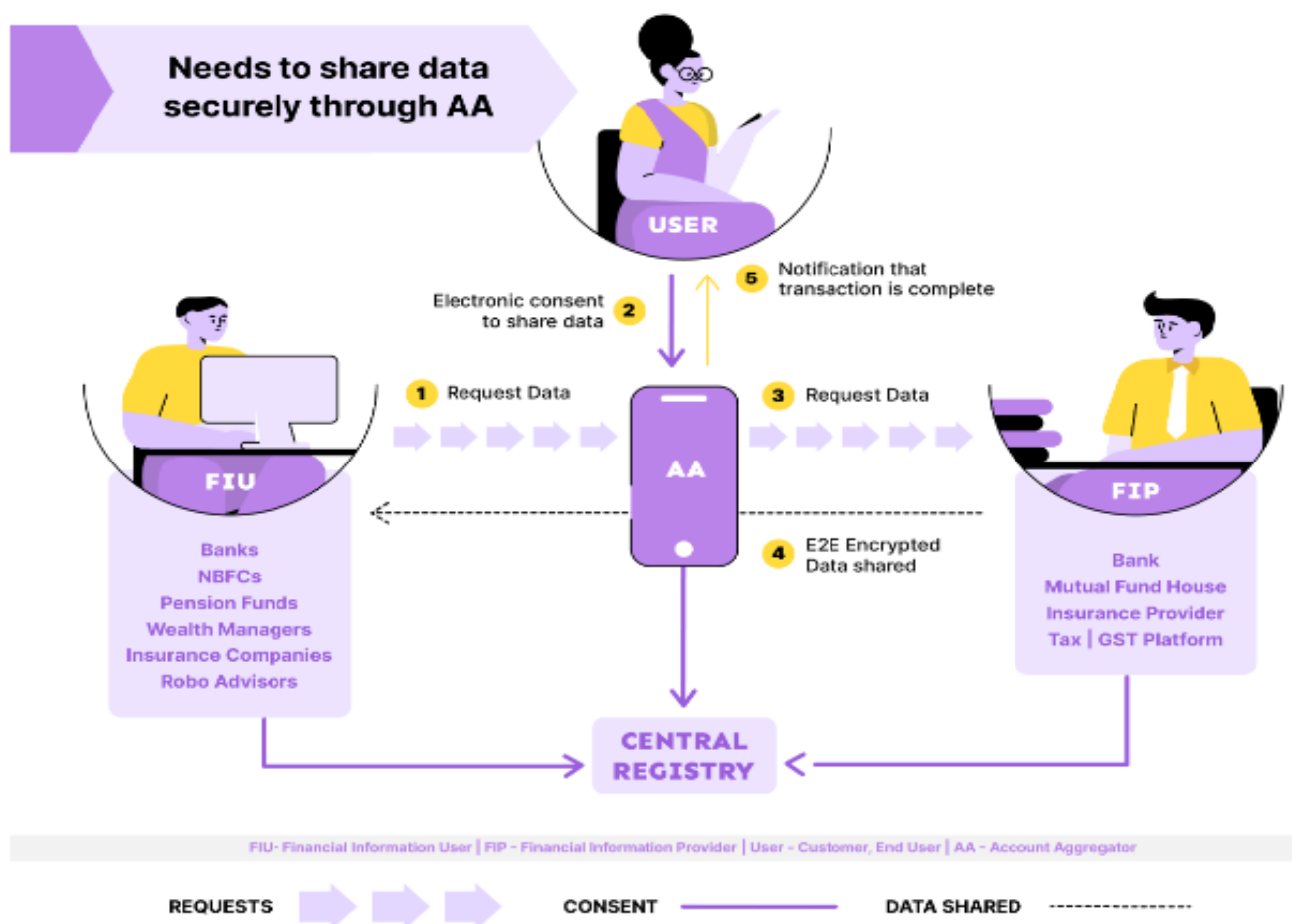
- Account Aggregator, or open banking, has seen a significant scale up across the globe. In India, the introduction of account aggregation is expected to do to lending what UPI did for payments.
- The Account Aggregation industry in India is still at a nascent stage, thereby providing a huge opportunity for growth. Account aggregation involves providing an information-sharing platform. Given the large number of retail loan originations, MSME loan disbursements, and financial transactions, the volume of information required is expected to remain huge.
- At present, there are six account aggregators with operating licenses and eight players with an in-principle approval in India. Nine Banks have already gone live: HDFCB, IDFCFB, AXSB, ICICIBC, IIB, KMB, FB, AUBANK, and KVB.
- The current monthly volumes for the Indian Account Aggregation industry is less than 1% of volumes occurring in developed nations like Europe. In addition, 70-80% of these volumes are contributed by a few players like slice, Navi, Lendingkart, IIFL, and INDmoney. With a contribution from Banks and Capital Market players, volumes are expected to see an astronomical growth.
- CAMSfinserv, the account aggregator platform of CAMS, is currently ranked third in terms of volumes (with Onemoney at the top). It has already gone live with Banks like HDFCB, AXSB, ICICIBC, and IIB, and is in the process of going live with a few more.
- We expect this business segment to commence revenue generation by FY23. CAMS immense expertise in handling customer data for the MF industry, on a large scale, is expected to provide it with an edge in this segment.

#### Exhibit 22: Indian account aggregators

	Account aggregators with client-facing apps	Account aggregators with an operating license
CAMSfinserv	✓	✓
Cookiejar Technologies Pvt. (product titled Finvu)	✓	✓
FinSec AA Solutions India Pvt. (product titled Onemoney)	✓	✓
NESL Asset Data	✓	✓
Perfios Account Aggregation Services Pvt. (product titled Anumati)		✓
Yodlee Finsoft Pvt.		✓

Source: MOFSL, Sahamati

Exhibit 23: Account aggregation framework



Source: MOFSL, Sahamati

### The Account Aggregation business at a glance

- Account Aggregation services first began in the US in CY99, when US venture-backed companies began offering such a service. By CY00, AOL, Citibank, and Yahoo had started similar Account Aggregation services. The issue faced by Account Aggregation service providers for financial institutions is profitability. Most financial institutions expect an increase in retention and cross-sell ratios by adopting Account Aggregation services. The services provided by major aggregators in the US are not comparable as their service offerings can be meaningfully different.
- The major Account Aggregation providers in the US started with application-based services. Account Aggregators in other countries adopted a similar approach. In the Asia-Pacific region, Australia was the first to start Account Aggregation services, followed by South Korea and Japan.
- In India, this idea first showed up in a government policy in CY16, when RBI issued a master directive guiding the functionalities and regulations for such entities.

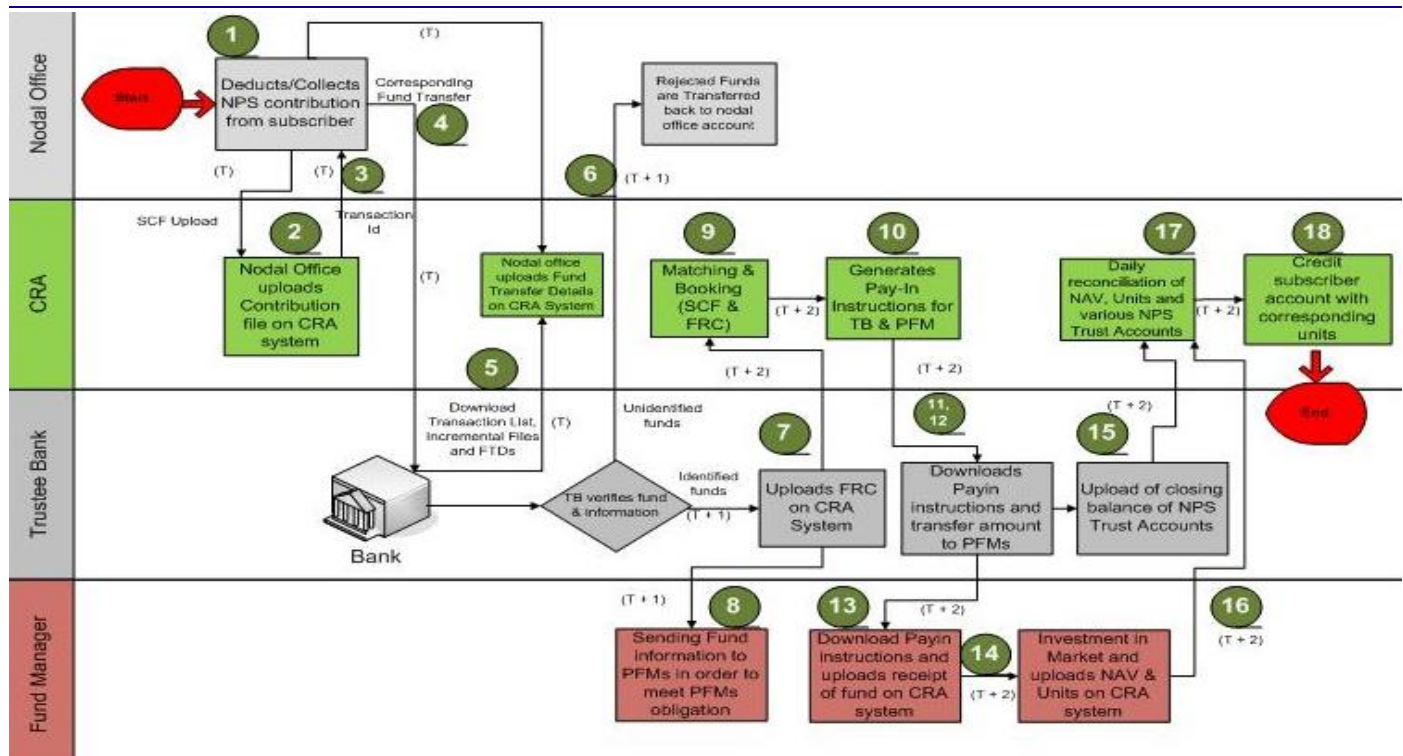
## CRA – An emerging business opportunity

- The Indian NPS industry has seen a robust 33% AUM CAGR over FY17-22, with the addition of 5.2m subscribers.
- CRISIL Research expects an 18-19% CAGR in NPS AUM over FY22-27, driven by a rise in the subscriber base due to the tax benefits on offer.
- At present, 50% of subscribers and over 80% of NPS AUM is contributed by central and state government employees. The industry is expanding, with increasing traction from other investor categories. Subscribers from the unorganized sector saw astronomical growth (39% CAGR) over FY17-22 v/s an 8% growth for the overall industry.
- As per CRISIL Research, the Central Record Keeping Agency (CRA) industry is expected to touch INR1.7b by FY27 from INR1.2b at present. CRA is an integral part of the NPS industry and derives its revenue from: 1) annual maintenance fees; 2) transaction-based fees; and 3) account opening charges.
- In order to benefit from this fast growing business segment, CAMS has set-up a CRA for the NPS business. CAMS' CRA platform went live in Mar'22. At present, the CRA industry is served by two additional players – NSDL and KFin, with NSDL enjoying a NPS subscriber market share of ~97% as of Jan'22.
- CAMS' CRA intends to focus on 'all citizen segments' in Phase I, which will be followed by the government and corporate sector.
- There is huge potential for growth of the NPS industry, with increased participation from unorganized sectors and individuals.
- The Pension Fund Regulatory and Development Authority (PFRDA) recently raised the ceiling on fund management charges to attract additional fund managers to the sector and sustain returns in the long run. The CRA industry will immensely benefit: 1) by attracting additional pension fund managers in the Pension sector, thereby increasing the scope for business for CRAs; and 2) with NPS gaining higher traction as an investment class by generating better investment returns.

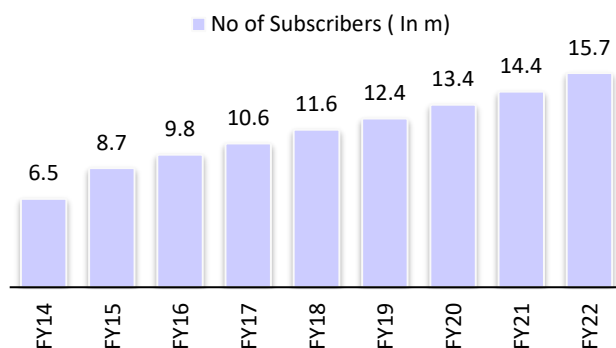
**Exhibit 24: Rate card of CRAs**

Service charge head	NCRA		KCRA	
	NPS Regular (INR)	NPS Lite/APY (INR)	NPS Regular (INR)	NPS Lite/APY (INR)
PRA opening charge	40.00	15.00	39.96	15.00
PRA annual maintenance charge	95.00	25.00	57.36	14.40
Transaction charge	3.75	NIL	3.36	NIL
Instant bank account verification	INR2.4+tax	NA	INR1.9+tax	NA

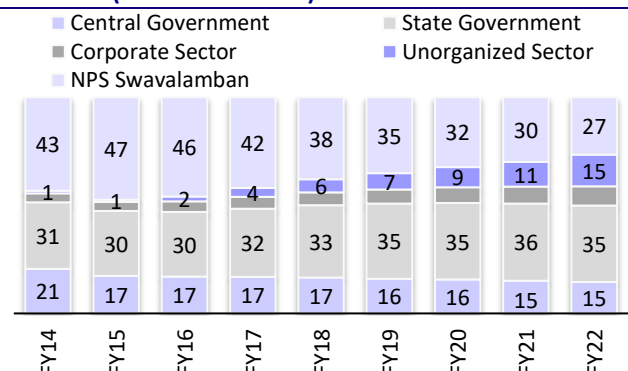
Source: MOFSL, NPS Trust

**Exhibit 25: Functions of a CRA**

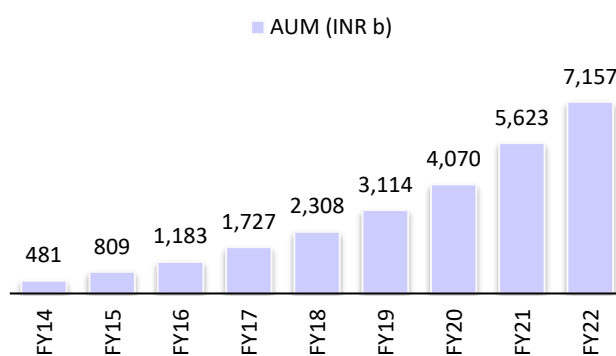
Source: MOFSL, Company

**Exhibit 26: Number of NPS subscribers continue to rise**

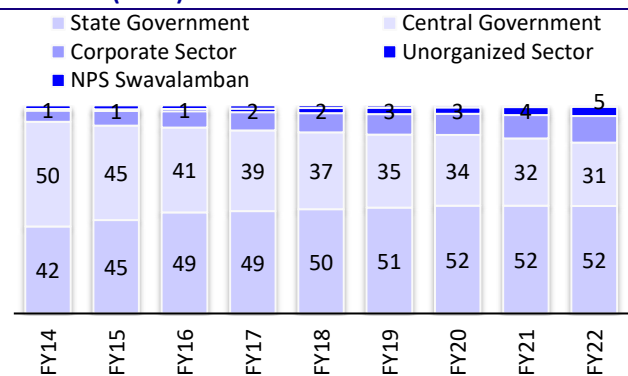
Source: MOFSL, NPS Trust

**Exhibit 27: Increase in the number of non-government sector subscribers (No of subscribers)**

Source: MOFSL, NPS Trust

**Exhibit 28: Strong NPS AUM growth**

Source: MOFSL, NPS Trust

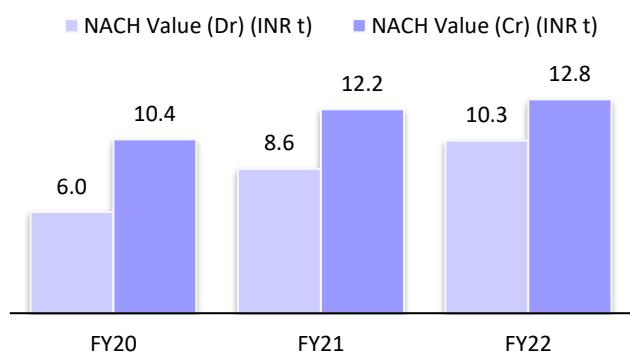
**Exhibit 29: Increase in the number of non-government sector subscribers (AUM)**

Source: MOFSL, NPS Trust

## CAMSPay offers huge potential for growth

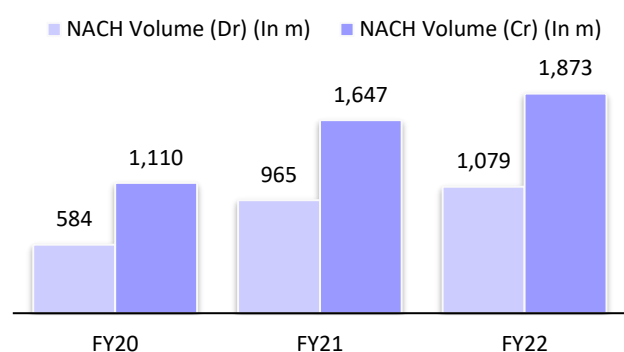
- CAMSPay is a highly automated ECS or NACH platform, which manages end-to-end ACH transactions and services for MFs, NBFCs, and Insurance companies. CAMS has been present in the electronic payment business for a decade now. With electronic Payments getting regulated in CY21, it created a wholly-owned subsidiary after receiving the payment aggregator business license.
- It charges for every SIP transaction performed for MFs, EMI debit for NBFCs, and premium debit for Life Insurance companies. Recently, it enabled UPI, debit card, credit card, and internet banking linking.
- At present, the electronic payment business contributes ~3% of overall revenue and enjoys a healthy margin profile in line with that of the overall company.
- Going forward, with the digital payments market in India set to grow 5x by CY25 (as per a RedSeer Consulting report), we expect huge headroom for revenue growth from this segment.

**Exhibit 30: Increasing adoption of NACH...**



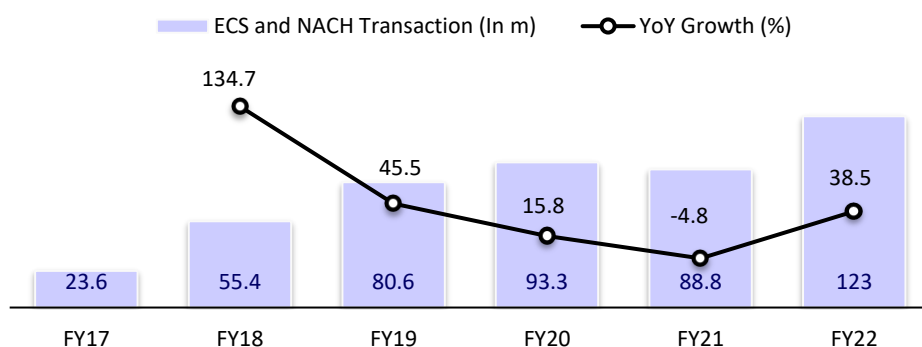
Source: MOFSL, RBI Annual Report

**Exhibit 31: ...as visible from the growth momentum**



Source: MOFSL, RBI Annual Report

**Exhibit 32: CAMS sees strong growth momentum in the Payments business**



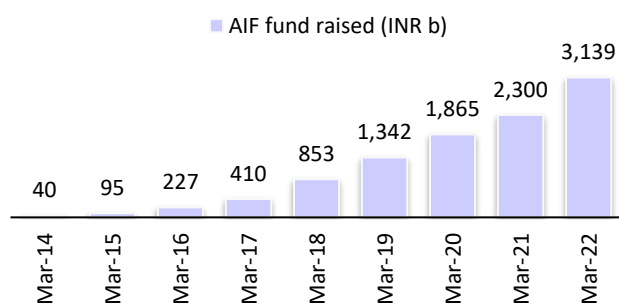
Source: MOFSL, Company



## Strong presence in prospering AIF and PMS industry

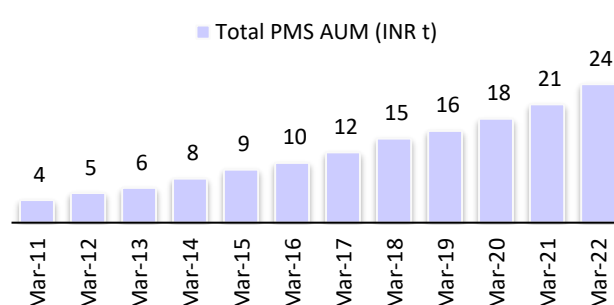
- In recent years, AIFs have gained significant traction due to their ability to generate higher returns for UHNIs and HNIs by investing in Real Estate and venture capital funds, and for funding startups.
- At present, there are more than 828 AIFs, with over INR5t of investor commitments, as against 209 AIFs, with INR0.38t in commitments in FY16, an impressive growth of 14x.
- With the number of AIFs rising and fund inflows into this category increasing, CRISIL Research expects the AIF industry to clock 27-29% CAGR over FY22-27.
- The PMS industry has seen strong growth in the last five years, with an 18% AUM CAGR to INR24t.
- RTAs will provide services similar to that offered to MFs. However, unlike MFs, where the entire folio has been outsourced to RTAs, outsourcing for AIFs and the PMS business is a mere 50%.
- In-house RTA services are mainly seen in newly launched AIFs as the intensity of services required is less, given the limited number of investors and transactions.
- With these investment products gaining scale, in conjunction with increased regulatory requirements, an increasing number of fund houses are expected to outsource and focus on their key business activity. Thus, translating in a faster than AIF and PMS business growth for RTAs.
- CAMS provides platform-based services to investors, manages records, and performs fund accounting and reporting services for alternative investments and PMS. It is a market leader in this space, catering to over 120 fund houses, with more than 280 schemes.
- It is also the first AIF service provider in GIFT City. In FY22, it launched 'CAMS Wealthserv,' which is an onboarding platform for AIFs and PMS. To further deepen its digital capabilities in the AIF space, it acquired majority stake in n Fintuple Technologies, which is a new age startup, with niche technology offerings in the areas of client digital onboarding, eKYC, fund reports, and other support digital solutions for AIFs and PMS.
- We expect revenue from this business segment to grow faster than the MF industry, driven by: 1) faster growth in industry AUM, and 2) better pricing as clients are willing to pay a premium to gain better customer experience as against the MF industry where TER is regulated.

**Exhibit 33: AIF business is fast gaining momentum...**



Source: MOFSL, SEBI

**Exhibit 34: ...and so is the PMS business**



Source: MOFSL, SEBI

## Other segments possess robust long term opportunities

### Insurance repository

- The Indian Insurance industry is highly underpenetrated, with minuscule usage of e-policies (~0.24% of total policies issued). Insurance repositories gained momentum after SEBI issued a regulation in CY16 making e-policies mandatory for all electronic purchases.
- With the Life Insurance industry poised to clock 12-15% CAGR in the medium term, along with increased use of digitalization, Insurance repositories will see an uptick in momentum.
- At present, there are five Insurance repositories appointed by IRDAI, with CAMS commanding a 39% market share with 4.1m policies held.
- It currently offers services like processing of new business applications, holding policies in dematerialized form, servicing policies, and other support functions to Insurance companies.
- We expect Insurance repositories to grow at a 12% revenue CAGR, led by: 1) continued focus on the digital distribution model, supplemented by deepening Insurance penetration; 2) strong push by the regulator to dematerialize policies; 3) a large legacy book of policies, if converted to e-policies, can provide an immense opportunity for growth.
- The business segment holds immense revenue potential for CAMS by virtue of the annual maintenance charges levied.

### Exhibit 35: Sizing up the potential of the Insurance business

Parameter	Value	Remarks
No. of individual LI policies in force (m)	332	❖ At the end of FY21
No. of GI policies sold (m)	236	❖ For FY21
Total policies (m)	568	
As a percentage of policies dematerialized	100%	
No. of dematerialized policies (m)	568	
Charge per policy per annum (INR)	25	❖ CRISIL estimated the potential at INR50m for 2m policies (as per CAMS RHP)
Industry size (INR m)	14,207	❖ If all policies are dematerialized
CAMS' market share	40%	❖ Current market share
Revenue potential (INR m)	5,683	
Revenue in FY22 (INR m)	9,097	

Source: MOFSL, Company

### KYC Registration Agency (KRA)

- The primary role of a KRA is to maintain the KYC records of investors centrally on behalf of other capital market intermediaries. KRAs are SEBI registered to usher uniformity and to eliminate duplication of the KYC process.
- At present, there are five SEBI registered KRAs in India: 1) CSDL Ventures, 2) DotEx, 3) Karvy, 4) NSDL, and 5) CAMS.
- CAMS has also received an Aadhaar-based KYC license. It has launched its eKYC platform to provide on-the-go KYC submissions via Aadhaar OTP and biometrics. Few AMCs have integrated their eKYC solution on their websites and applications to provide new investors a smooth and seamless experience.

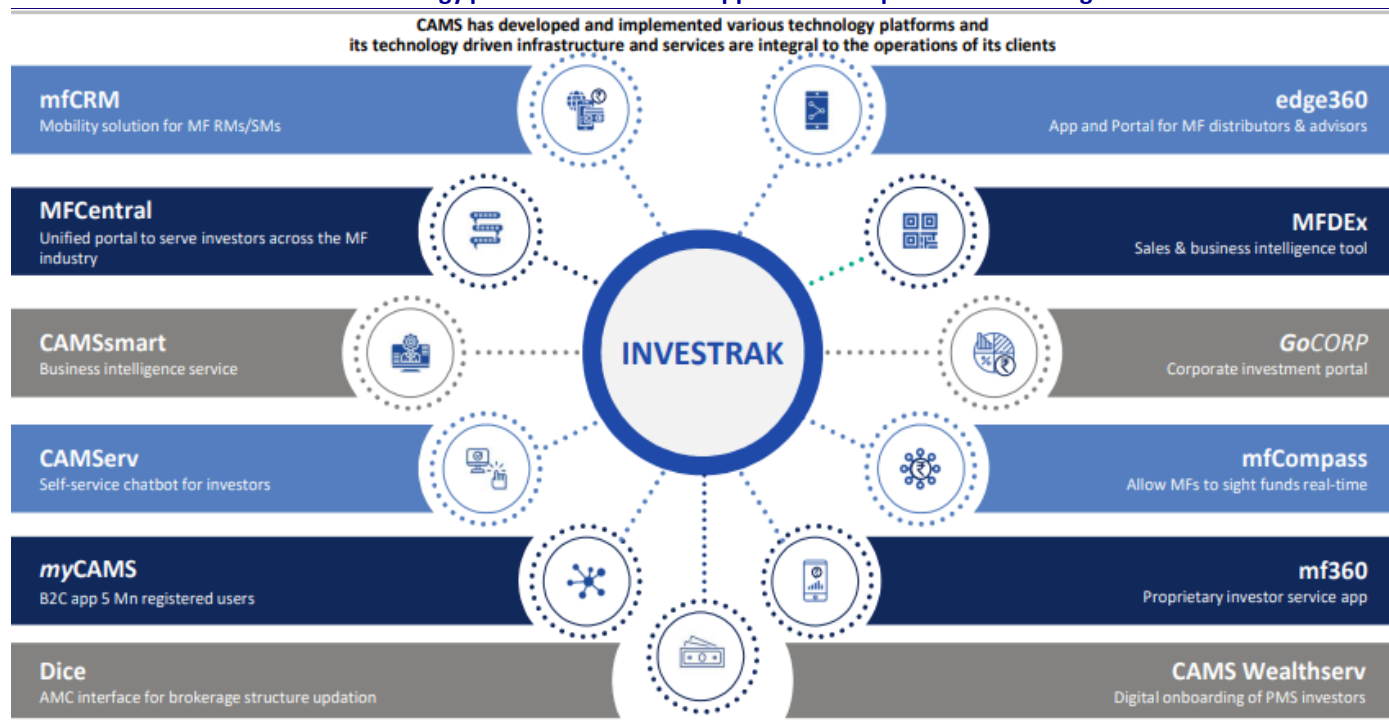
- Given the level of financial activity in the country, KRAs will play a pivotal role in improving and easing the customer experience. CAMS is well-positioned to benefit from its presence in this business segment in the long run.

### Digital offerings and monetization of its apps are potential value creators

Over the years, CAMS has utilized its industry expertise to build its strong digital capabilities. Although these platforms were developed with the aim of building an exhaustive ecosystem, rather than to generate revenue, there exists scope to monetize the same in the future.

- **MFCentral** was launched by CAMS and KFin Technologies. It is a digital solution aimed at enhancing customer service in the MF industry. MFCentral aims to usher in ease, convenience, and speed to investors' investment management experience across all MFs.
- **CAMServ**: It is a self-service chat box for investors. The platform was further enhanced in FY22 to offer new financial transactions like Switch, SIP, STP and SWP, lump sum investment, and redemption to investors.
- **CAMS Wealthserv**, a digital onboarding platform for AIF and PMS investors, has received a positive response from the industry. The managements will continue to augment its product features and partnerships with custodians, which will significantly strengthen the product's market position.
- **myCAMS and GoCORP**: These are the market-leading platforms for CAMS. myCAMS was developed for individual investors and services ~INR 5.5t in AUM, whereas GoCORP caters to institutional investors and services ~INR2.3t in AUM.
- **edge360** is a digital platform for distributors and advisors. The platform has seen greater adoption and usage, especially during the COVID-19 pandemic.

**Exhibit 36: Monetization of its technology platforms and mobile apps is another potential revenue generator**



Source: MOFSL, Company

## Peer comparison

**Exhibit 37: Product offerings across players**

	Mutual Funds	Alternative Investment Funds	Wealth Management	National Pension System	Issuer Solutions
CAMS	✓	✓	✓	✓	✗
KFin Technologies	✓	✓	✓	✓	✓
Link Intime India	✗	✗	✗	✗	✓
Bigshare Services	✗	✗	✗	✗	✓
Miles Software Solution	✗	✗	✓	✗	✗
Applied Software	✗	✓	✓	✗	✗

Source: MOFSL, KFin DRHP

**Exhibit 38: Revenue mix**

Revenue Mix	CAMS	Kfintech
Mutual Fund Business	90.3%	66.0%
Non Mutual Fund Business	9.7%	34.0%

Source: MOFSL, KFin DRHP

**Exhibit 39: Financial performance**

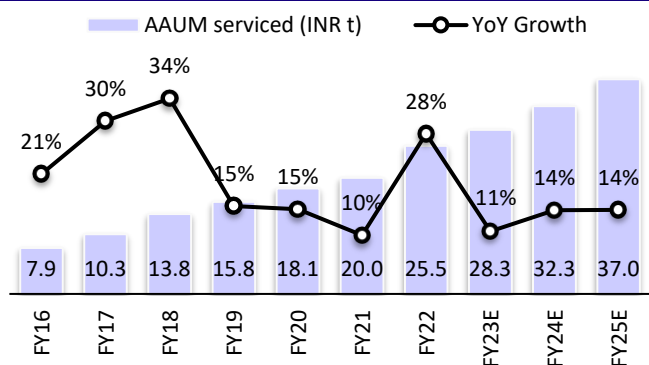
Peers	Revenue (INR m)			EBITDA margin (%)			PAT margin (%)		
	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21
<b>CAMS</b>	<b>6,936</b>	<b>6,996</b>	<b>7,055</b>	<b>19.0</b>	<b>23.8</b>	<b>27.9</b>	<b>19.0</b>	<b>23.8</b>	<b>27.9</b>
KFin Technologies	4,413	4,499	4,811	12.6	1.0	-13.3	17.0	15.7	23.5
Link Intime India	484	970	NA	13.8	4.2	NA	13.8	4.2	NA
Bigshare Services	89	102	102	20.9	26.4	29.9	20.9	26.4	29.9
Miles Software Solution	731	897	NA	6.9	37.4	NA	6.9	37.4	NA
Applied Software	159	196	NA	40.8	39.9	NA	40.8	39.9	NA

Source: MOFSL, KFin DRHP

## Financial outlook

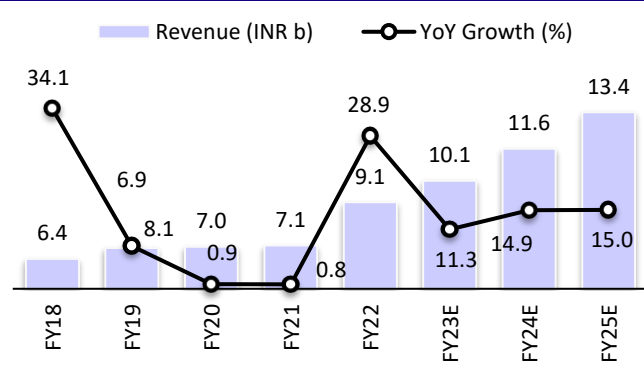
- We expect 13% AUM CAGR over FY22-25, led by strong industry growth and market share gains. The share of Equity AUM is expected to increase to 43% by FY25 from 40% at present.
- Overall revenue will grow by 14% to INR13.4b, with MF revenue growing at 13%. MF yields are expected to remain ~3.2bp as the benefit of a rise in Equity AUM will be partially offset by an increase in total AUM. Non-MF based revenue is expected to gain higher traction, with other business segments starting to gain scale, growing at 20% CAGR to INR1.5b.
- While investments in building its technological capabilities continue to drive expenses, CAMS will benefit from improving efficiencies. EBITDA is expected to grow at 13% CAGR during FY22-25, with margin improving to 45.7% from an estimated 44.8% in FY23.
- We expect PAT to grow at 15% CAGR over FY22-25, with RoE staying above 45%. Strong profitability will translate in a healthy dividend payout of ~65%, given its asset-light business model.

**Exhibit 40: CAMS serviced AUM**



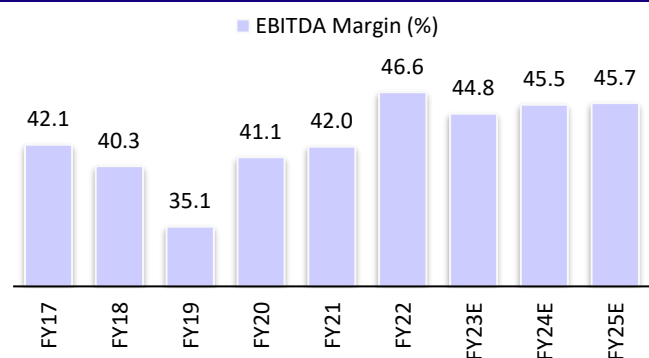
Source: MOFSL, Company

**Exhibit 41: Revenue to clock 13% CAGR over FY22-25**



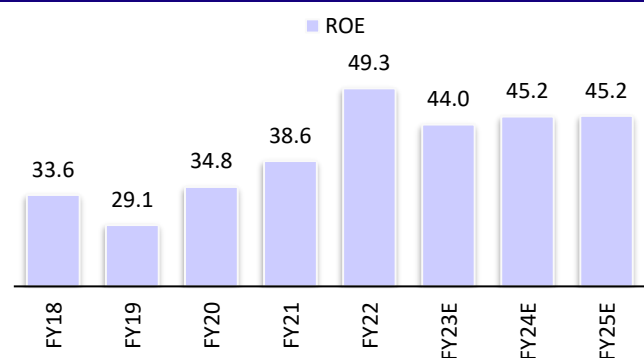
Source: MOFSL, Company

**Exhibit 42: Operating efficiencies to improve margin**



Source: MOFSL, Company

**Exhibit 43: RoE to remain healthy**



Source: MOFSL, Company



## Valuation and view

### Initiate coverage with a Buy rating

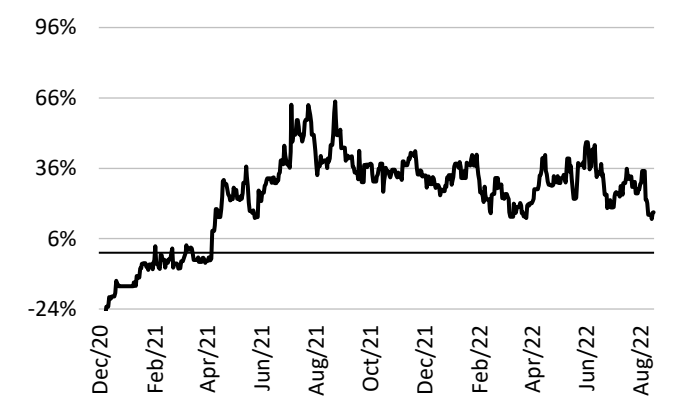
- Empirically, CAMS has traded at a premium to listed AMC's in terms of one-year forward P/E. This premium is well deserved, owing to: 1) the duopoly nature of the industry and higher entry barriers that restrict entry of new players, 2) relatively low risk of a market share loss, and 3) higher customer ownership as compared to AMC's.
- The premium has narrowed down in the last one-year to 60%, from 20% to HDFC AMC, owing to the weak environment in the AMC space, given the pressure on yields, outflows from the Debt segment, and a MTM hit on Equity AUM. We expect these to reverse in the coming months, as the intensity of the fall in yields abates, Debt flows return with the topping of yields, and a rebound in the Equity market.
- CAMS is expected to deliver FY22-25 revenue/EBIDTA/PAT CAGR of 14%/13%/15%, with a RoE of 45.2% in FY25. We initiate coverage on the stock with a Buy rating and a one-year TP of INR3,000 (36x Sep'24E EPS).

Exhibit 44: P/E ratio chart



Source: MOFSL, Bloomberg

Exhibit 45: CAMS premium to HDFC AMC on 1-yr Fwd P/E



Source: MOFSL, Bloomberg

## Key risks

### Volatile equity market

An unfavorable movement in the Equity market can adversely impact the AUM mix, resulting in a squeezing of yields. This can negatively hit revenue and profitability.

### Slower AUM growth

Slower than expected growth in AUM can be detrimental as a bulk of its revenue is derived from AUM-linked revenue.

### Loss of customers

Loss of a single customer can negatively impact the business as 67% of its revenue is concentrated in its top five clients.

### Cyber security

CAMS maintains all critical data records for investors on behalf of its clients. A financial liability may arise for CAMS in case of any data security breach.

## Bull and Bear case



### Bull case

- ✓ In our Bull case scenario, we assume 18% AAUM CAGR (v/s 13% in the Base case). The upside in the Bull case scenario stems from stronger inflows into Equity schemes.
- ✓ Given the strong growth in Equity schemes, yields in the Bull case are expected to be higher by 0.1bp annually as compared to that in the Base case. With strong revenue growth, we expect EBITDA margin to expand to 48%.
- ✓ This results in 25% PAT CAGR over FY22-25E (14% in the Base case scenario).
- ✓ Based on the above assumptions, we value the stock at INR4,370 (42x Sep'24E EPS) – an upside of 77%.



### Bear case

- ✓ In our Bear case scenario, we assume lower growth in the Equity segment and a slowdown across others. We model in 8% AAAUM CAGR over FY22-25E.
- ✓ Yields are expected to be 0.1bp lower as compared to the Base case scenario. With weak revenue growth, we expect EBITDA margin to decline to 45%.
- ✓ This results in a PAT CAGR of 5% v/s 15% in the Base case scenario.
- ✓ Based on the above assumptions, we value the stock at INR1,800 (27x Sep'24E EPS) – a downside of 27%.

**Exhibit 46: Scenario analysis – Bull case**

INR m	FY23E	FY24E	FY25E
<b>AUM (INR b)</b>	<b>30,090</b>	<b>35,506</b>	<b>41,897</b>
YoY growth (%)	18	18	18
<b>MF</b>	<b>9,979</b>	<b>12,131</b>	<b>14,733</b>
Yield	0.033%	0.034%	0.035%
<b>Non-MF revenue</b>	<b>1,074</b>	<b>1,288</b>	<b>1,546</b>
YoY growth (%)	20	20	20
<b>Total revenue</b>	<b>11,053</b>	<b>13,419</b>	<b>16,279</b>
YoY growth (%)	21.5	21.4	21.3
<b>EBITDA</b>	<b>5,209</b>	<b>6,391</b>	<b>7,834</b>
EBITDA margin (%)	47.1	47.6	48.1
<b>PBT</b>	<b>4,786</b>	<b>6,037</b>	<b>7,527</b>
<b>PAT</b>	<b>3,590</b>	<b>4,528</b>	<b>5,645</b>
<b>EPS (INR)</b>	<b>73.4</b>	<b>92.6</b>	<b>115.4</b>
<b>P/E (x)</b>			<b>42</b>
FV (INR)			4,370
<b>CMP (INR)</b>			<b>2,469</b>
Upside (%)			77.0

Source: MOFSL, Company

**Exhibit 47: Scenario analysis – Bear case**

INR m	FY23E	FY24E	FY25E
<b>AUM</b>	<b>27,540</b>	<b>29,743</b>	<b>32,123</b>
YoY growth (%)	8	8	8
<b>MF</b>	<b>8,583</b>	<b>8,972</b>	<b>9,368</b>
Yield	0.031%	0.030%	0.029%
<b>Non-MF revenue</b>	<b>984</b>	<b>1,083</b>	<b>1,191</b>
YoY growth (%)	10	10	10
<b>Total revenue</b>	<b>9,567</b>	<b>10,055</b>	<b>10,559</b>
YoY growth (%)	5.2	5.1	5.0
<b>EBITDA</b>	<b>4,413</b>	<b>4,587</b>	<b>4,765</b>
EBITDA margin (%)	46.1	45.6	45.1
<b>PBT</b>	<b>3,990</b>	<b>4,233</b>	<b>4,457</b>
<b>PAT</b>	<b>2,993</b>	<b>3,175</b>	<b>3,343</b>
<b>EPS (INR)</b>	<b>61.2</b>	<b>64.9</b>	<b>68.4</b>
<b>P/E (x)</b>			<b>27</b>
FV (INR)			1,800
<b>CMP (INR)</b>			<b>2,469</b>
Upside (%)			-27.1

Source: MOFSL, Company

## SWOT analysis

- ❖ Largest MF RTA in India
- ❖ Long-lasting business relationship with MF houses
- ❖ Expanding into new and emerging business opportunities
- ❖ Strong technological capability
- ❖ Pan-India network of 275 service centers across 25 states and five Union Territories
- ❖ Deep domain knowledge of MF investors and the business

# S

## STRENGTH



- ❖ High co-relation with MF AUM as 73% of its revenue is linked to AUM
- ❖ Relatively higher concentration of customers in terms of revenue

# W

## WEAKNESS



- ❖ As MF penetration in India stands at 16% v/s the global average of 63%, it provides a huge headroom for growth
- ❖ Traction in other highly opportunistic business segments like NPS, account aggregator, Insurance repository.
- ❖ Investment in technology to improve cost efficiencies

# O

## OPPORTUNITY



- ❖ Unfavorable regulatory change in TER can impact yields
- ❖ A data security breach can impact the company's reputation

# T

## THREATS



## Committed towards ESG



The company is continually enhancing its Environment, Social, and Governance (ESG) focus, to enable a safe and secure business environment for all stakeholders.

### Environment

- CAMS helps combat climate change and environmental challenges by ensuring resource efficiency and by reducing its environmental footprint.
- It operates via 281 offices, including its corporate office and six back offices. To achieve its environmental goals, it has set stringent internal targets to reduce waste, water, and carbon emission; and to invest in renewable energy.
- The company has partnered with an NGO to restore two lakes and to create two urban forests.
- Paper use is discouraged across the organization, and internal processes have been aligned to process transactions through electronic submissions.
- Computers, monitors, computer accessories, printers, projectors, and other hardware, which are under-utilized or have reached the end of useful life, are processed as per the company's e-waste recycling program, which includes handover to original suppliers or certified disposal vendors.

### Social

#### Customer-Centricity

- It has a grievance redressal mechanism for customers.
- It interacts with customers through email, mobile apps, and face-to-face meetings on a monthly basis to improve the customer experience.
- The company extensively educates customers on data privacy and security via its website, social media platforms, and other digital solutions like mobile apps.

#### Commitment to employees

- CAMS conducts refresher training through its 'WeLearn program' to appraise employees periodically.
- **Diversity and inclusion:** Women representation on the board stood at 14%. The turnover rate for women in FY22 stood at 27%, which is higher than FY21 levels.
- It is focused on providing focus training and skill development to employees.
- **Commitment to the community:** Through CSR activities, it reaches out to underprivileged communities for extending support in key areas of intervention like health, education, and women empowerment.

### Governance

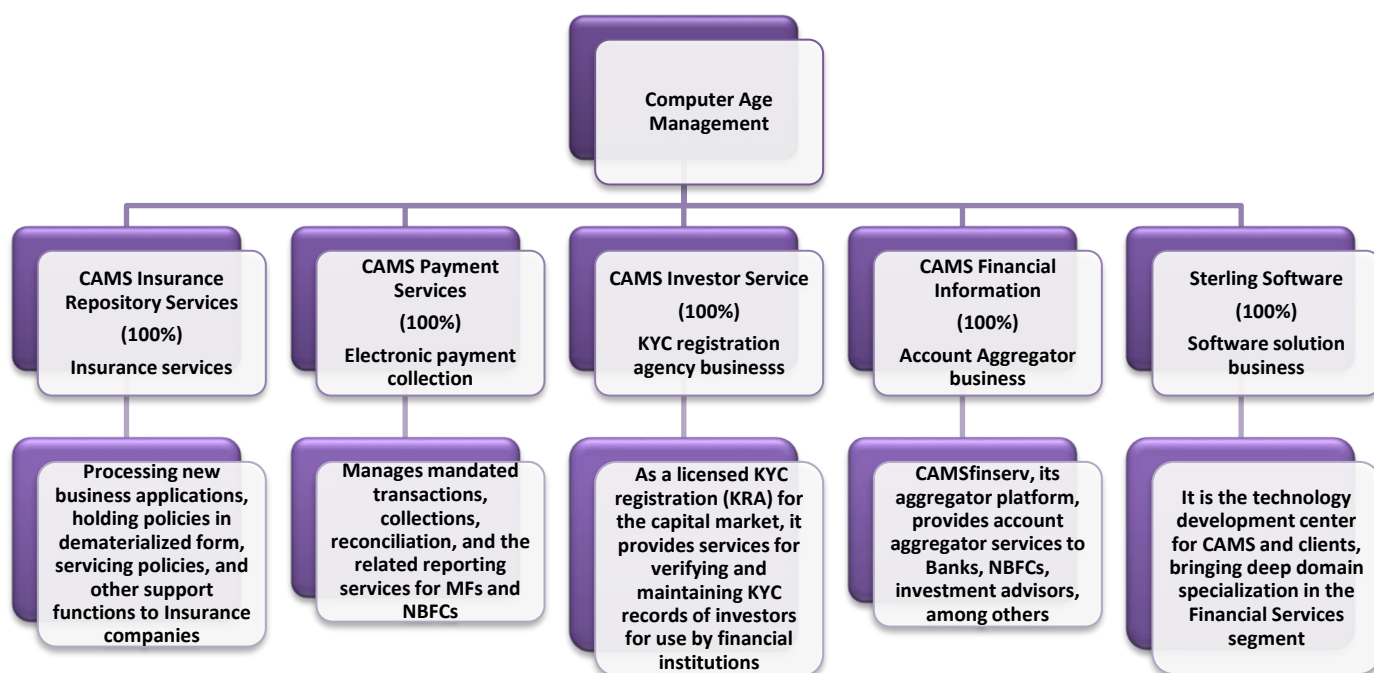
- It has an optimum mix of executive and non-executive directors as per its policy on board diversity. It has seven Directors, which includes three Independent Directors, two Non-Executive Non-Independent Directors, a Non-Executive Nominee Director, and a Non-Executive Managing Director.

## Company overview



CAMS is a technology-driven financial infrastructure and service provider to MFs and other financial institutions, with over two decades of experience. It is India's largest registrar and transfer agent for MFs, with an aggregate market share of ~70%, based on MF AAUM. Its clientele includes four out of the five largest MFs, as well as 10 of the 15 largest MFs based on AAUM. With the initiative of creating an end-to-end value chain of services, it has grown its service offerings and currently provides a comprehensive portfolio of technology based services, such as transaction origination interface, transaction execution, payment, settlement and reconciliation, dividend processing, investor interface, record keeping, report generation, intermediary empanelment and brokerage computation, and compliance-related services, through its pan-India network to its MF clients, distributors, and investors. It also provides certain services to alternative investment funds and Insurance companies.

**Exhibit 48: Corporate structure**



Source: MOFSL, Company



## Key management personnel



### **Mr. Anuj Kumar, MD, CAMS**

He joined CAMS as a COO – Asset Management Services in CY16 and was appointed as Managing Director with effect from 1<sup>st</sup> Aug'21. Prior to joining CAMS, he had 25 years of professional experience with companies like Godrej & Boyce Mfg. Co., Blow Plast, Escorts Finance, Billjunction Payments, and IBM India Pvt. He holds a Bachelor of Engineering in Mechanical degree from the Birla Institute of Technology, Ranchi, and a Post Graduate Diploma in Management (PGDM) from Indian Institute of Management Calcutta.



### **Mr. Ravi Kethana, Chief Platform Officer, CAMS**

He joined CAMS in CY19. Mr. Kethana provides strategic direction and leadership to the Technology Infrastructure team and Product Management Group at CAMS and to Sterling Software. Prior to joining CAMS, he had 29 years of professional experience in the IT sector in companies like Tata Consultancy Services and Wipro. He has expertise in diverse areas of technology, especially in application development, large scale core process design, and system transformation. He holds a Bachelor of Technology degree from the Jawaharlal Nehru Technological University and a Master of Technology in Electronics degree from the Institute of Technology, Banaras Hindu University (IT-BHU).



### **Mr. Ram Charan Sesharaman, CFO, CAMS**

He was appointed as CFO with effect from 1<sup>st</sup> Aug'21. He joined CAMS after 22 years of experience in organizations like TVS Motor Company, SSI, Lasons India Pvt., Photon Interactive, and Reliance Jio. He holds a Bachelor of Commerce degree from the University of Madras and is a qualified Chartered Accountant.



### **Mr. N. Ravi Kiran, Head of New Business, CAMS**

He joined CAMS on 3<sup>rd</sup> Apr'17. He heads the Banking, EPS, and Insurance businesses at CAMS. He has previously been associated with Bangalore Business to Business (Eastern Circle Yellow Pages Pvt.), Dharma Software Solutions Pvt., VeriFone India, Reliance Systems Pvt., Venture Infotek Global Pvt., Wipro Technologies (a division of Wipro), Amansa Capital Pte., and Value Labs LLP.



### **Mr. Vasanth Emmanuel Jeyapaul, CEO, CAMS Payment Services**

He has been a part of the CAMS team since Oct'17. In his over 20 years of experience, Mr. Jeyapaul has worked with multiple prestigious establishments, including Bennett, Coleman & Company, Agenda Netmarketing, and Financial Software & Systems Pvt. in the capacity of Vice President and Business Head.

**Mr. Anish Mathew, CEO, CAMSfinserv**

He has been associated with the account aggregator business since Oct'21. In his 18 years of experience, Mr. Mathew has played a significant role in shaping the digital businesses, forging complex strategic partnerships, and nurturing growth investments. In his previous stint, he was co-founder of Symbl, where he played an integral role in designing the business model for the proposed digital-only asset manager. Prior to joining Symbl, he has held strategic leadership positions at Cisco (India), Premji Invest, and Lehman Brothers.

**Mr. Vivek Bengani, CEO, CAMSRep**

He and has been associated with the company since Mar'22. With over 20 years of leadership experience in financial services in domestic and international markets, Mr. Bengani brings diverse business expertise and rich industry insights to the table. Prior to joining CAMSRep, he held key positions at prominent BFSI organizations such as Edelweiss Tokio Life, ING Group, Exide Life Insurance, and SBI Capital Markets.

## Financials and valuation

Income Statement							INR m
Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Revenue	6,936	6,996	7,055	9,097	10,123	11,629	13,369
Change (%)	8	1	1	29	11	15	15
Employee expense	2,746	2,580	2,624	3,218	3,700	4,218	4,893
Other expenses	1,754	1,544	1,471	1,638	1,888	2,115	2,368
Operating Expenses	4,501	4,124	4,094	4,855	5,588	6,333	7,261
<b>EBITDA</b>	<b>2,436</b>	<b>2,873</b>	<b>2,961</b>	<b>4,241</b>	<b>4,534</b>	<b>5,296</b>	<b>6,108</b>
Change (%)	-6	18	3	43	6.9	16.8	15.3
Dep./Interest/Provisions	609	582	513	587	619	633	646
Other Income	182	217	298	173	197	279	339
<b>PBT</b>	<b>2,009</b>	<b>2,508</b>	<b>2,745</b>	<b>3,827</b>	<b>4,112</b>	<b>4,942</b>	<b>5,800</b>
Change (%)	-11	25	9	39	7.5	20.2	17.4
Tax	700	773	692	957	1,028	1,236	1,450
Tax Rate (%)	35	31	25	25	25.0	25.0	25.0
<b>PAT</b>	<b>1,309</b>	<b>1,735</b>	<b>2,053</b>	<b>2,870</b>	<b>3,084</b>	<b>3,707</b>	<b>4,350</b>
Change (%)	-11	33	18	40	7.5	20.2	17.4
Dividend	1,096	594	2,488	1,895	2,005	2,409	2,828

Balance Sheet							INR m
Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	488	488	488	489	489	489	489
Reserves and Surplus	4,007	5,001	4,671	5,987	7,067	8,364	9,887
<b>Net Worth</b>	<b>4,494</b>	<b>5,489</b>	<b>5,159</b>	<b>6,476</b>	<b>7,556</b>	<b>8,853</b>	<b>10,376</b>
Borrowings	0	0	0	0	0	0	0
Other Liabilities	2,869	2,542	3,260	3,094	3,410	3,777	4,186
<b>Total Liabilities</b>	<b>7,363</b>	<b>8,030</b>	<b>8,419</b>	<b>9,571</b>	<b>10,966</b>	<b>12,630</b>	<b>14,561</b>
Cash and Bank balance	435	504	1,803	1,510	1,725	2,395	3,321
Investments	2,305	3,056	2,355	3,170	4,370	5,570	6,770
Net Fixed Assets	3,200	3,090	2,840	3,141	2,943	2,531	2,106
Current Assets	1,423	1,380	1,421	1,750	1,928	2,135	2,364
<b>Total Assets</b>	<b>7,363</b>	<b>8,030</b>	<b>8,419</b>	<b>9,571</b>	<b>10,966</b>	<b>12,630</b>	<b>14,561</b>

Cash flow							INR m
Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Profit after Tax	1,304	1,734	2,053	2,870	3,084	3,707	4,350
Adjustments	369	-126	199	729	422	354	308
Change in Working Capital	347	(237)	697	(129)	274	311	344
<b>Cash flow from Operating activity</b>	<b>2,020</b>	<b>1,371</b>	<b>2,950</b>	<b>3,470</b>	<b>3,780</b>	<b>4,371</b>	<b>5,002</b>
Other Income	182	217	298	173	197	279	339
Change in Current Investments	-144	-751	701	-815	-1,200	-1,200	-1,200
Change in Fixed Asset	-421	174	-63	-791	-350	-150	-150
Others	-53	-128	-20	-365	-137	-150	-165
<b>Cash flow from Investing activity</b>	<b>-436</b>	<b>-489</b>	<b>915</b>	<b>-1,798</b>	<b>-1,490</b>	<b>-1,222</b>	<b>-1,177</b>
Interest Expense	-105	-97	-79	-71	-71	-71	-71
Dividend Expense	-1,321	-716	-2,488	-1,895	-2,005	-2,409	-2,828
<b>Cash flow from Financing activity</b>	<b>-1,426</b>	<b>-813</b>	<b>-2,567</b>	<b>-1,966</b>	<b>-2,076</b>	<b>-2,480</b>	<b>-2,898</b>
Net Cash flow	158	69	1,298	(293)	215	670	927
Opening Cash flow	277	435	504	1,803	1,510	1,725	2,395
<b>Closing Cash flow</b>	<b>435</b>	<b>504</b>	<b>1,803</b>	<b>1,510</b>	<b>1,725</b>	<b>2,395</b>	<b>3,321</b>

## Financials and valuation

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>AAAUM (INR B)</b>	<b>15,841</b>	<b>18,149</b>	<b>19,984</b>	<b>25,500</b>	<b>28,252</b>	<b>32,321</b>	<b>37,000</b>
Change (%)	15.1	14.6	10.1	27.6	10.8	14.4	14.5
Equity	6,232	6,706	6,806	10,100	11,312	13,348	15,751
Non-Equity	9,609	11,443	13,178	15,400	16,940	18,973	21,250

E: MOFSL Estimates

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>Margins Analysis (%)</b>							
Revenue Yield (bps)	4.38	3.85	3.53	3.57	3.58	3.60	3.61
<b>Cost to Income Ratio</b>	<b>64.9</b>	<b>58.9</b>	<b>58.0</b>	<b>53.4</b>	<b>55.2</b>	<b>54.5</b>	<b>54.3</b>
EBITDA Margins	35.1	41.1	42.0	46.6	44.8	45.5	45.7
PBT Margin	29.0	35.8	38.9	42.1	40.6	42.5	43.4
PAT Margin	18.9	24.8	29.1	31.6	30.5	31.9	32.5
<b>Profitability Ratios (%)</b>							
RoE	29.1	34.8	38.6	49.3	44.0	45.2	45.2
Dividend Payout Ratio	83.7	34.2	121.2	66.0	65.0	65.0	65.0

### Dupont Analysis (Bps of AAAUM)

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Operating Income	4.4	3.9	3.5	3.6	3.6	3.6	3.6
Operating Expenses	2.8	2.3	2.0	1.9	2.0	2.0	2.0
<b>EBITDA</b>	<b>1.5</b>	<b>1.6</b>	<b>1.5</b>	<b>1.7</b>	<b>1.6</b>	<b>1.6</b>	<b>1.7</b>
Depreciation and Others	0.4	0.3	0.3	0.2	0.2	0.2	0.2
Other Income	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>PBT</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.6</b>
Tax	0.4	0.4	0.3	0.4	0.4	0.4	0.4
<b>ROAAAUM</b>	<b>0.8</b>	<b>1.0</b>	<b>1.0</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.2</b>

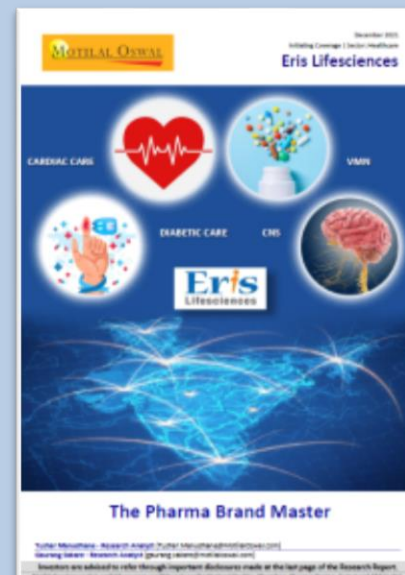
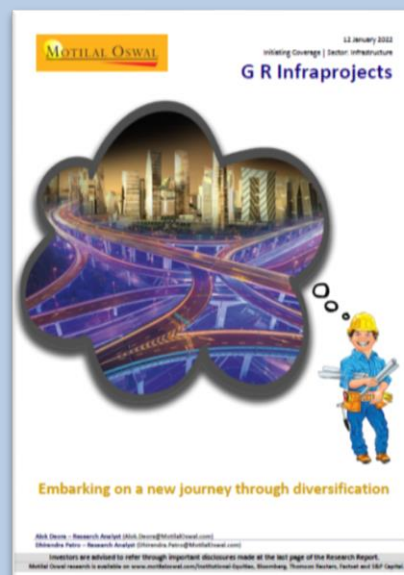
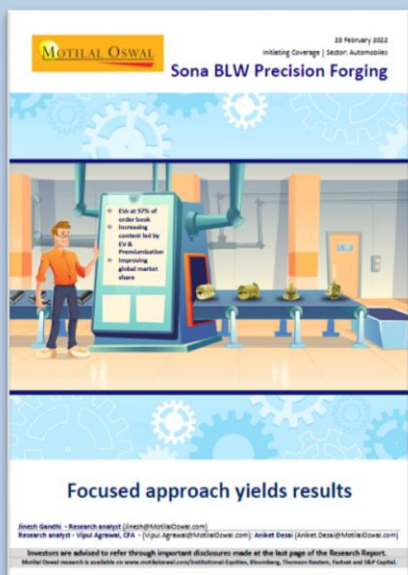
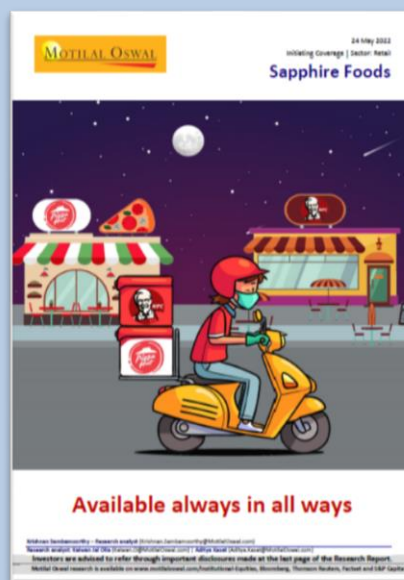
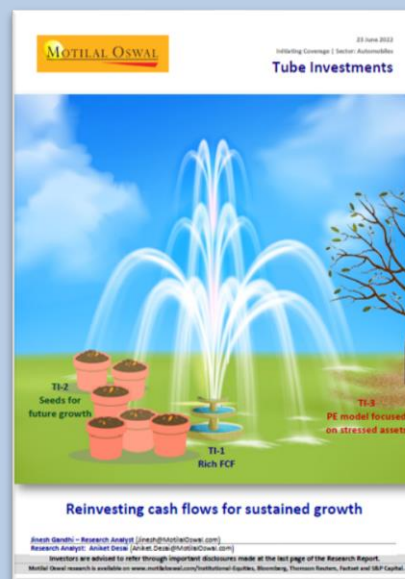
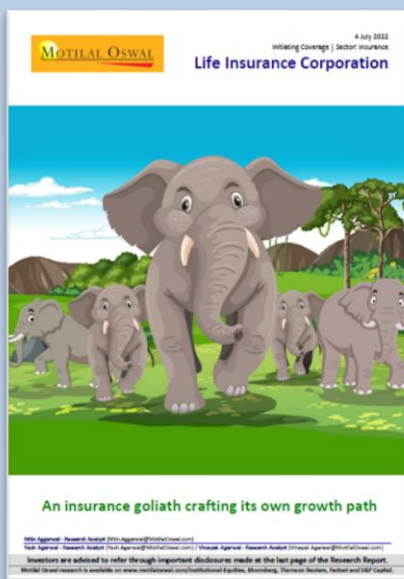
Valuations	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
BVPS (INR)	92	112	105	132	155	181	212
Change (%)	-0.4	22.1	-6.0	25.5	16.7	17.2	17.2
Price-BV (x)	<b>26.9</b>	<b>22.0</b>	<b>23.4</b>	<b>18.6</b>	<b>16.0</b>	<b>13.6</b>	<b>11.6</b>
EPS (INR)	26.8	35.5	42.0	58.7	63.1	75.8	89.0
Change (%)	-10.5	32.5	18.4	39.8	7.5	20.2	17.4
Price-Earnings (x)	<b>92.2</b>	<b>69.6</b>	<b>58.8</b>	<b>42.1</b>	<b>39.1</b>	<b>32.6</b>	<b>27.8</b>
DPS (INR)	22.4	12.1	50.9	38.8	41.0	49.3	57.8
Dividend Yield (%)	<b>0.9</b>	<b>0.5</b>	<b>2.1</b>	<b>1.6</b>	<b>1.7</b>	<b>2.0</b>	<b>2.3</b>

E: MOFSL Estimates



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