

Computer Age Management Services (CAMS) – Comprehensive Fundamental & Technical Analysis

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Date :- 12-07-2025
LTP :- 4070
View:- Bullish.

Price Target Framework

- **1-Year Price Target:** ₹4,700-5200 (by mid-2026)
- **2-Year Price Target:** ₹5,500-6000 (by mid-2027)
- **3-Year Price Target:** ₹6,500-7000 (by mid-2028)

These targets imply a **12–18% annualized return**, reflecting our bullish outlook on CAMS's earnings growth and stable valuation multiples. The targets are derived from a blend of valuation methods (DCF, relative multiples, SOTP) and assume CAMS maintains its market leadership while scaling new business segments.

Business Overview

Business Model & Key Services: CAMS is India's largest **registrar and transfer agent (RTA)** for mutual funds, providing the backend infrastructure that links **investors, mutual fund AMCs (asset management companies)**, and distributors. As an RTA, CAMS manages investor transactions (purchases, redemptions, SIPs), record-keeping, KYC compliance, and customer service for the funds. CAMS enjoys a dominant ~68–70% market share of mutual fund assets under management (AUM) in this duopoly industry (the rest handled by KFin Technologies). This entrenched position makes CAMS a critical "plumbing" player in India's asset management ecosystem and a direct proxy on the mutual fund industry's growth. Over the years, CAMS has leveraged its technology-driven platform to expand into adjacent services beyond mutual funds, including:

- **Mutual Fund RTA Services:** Core business managing ~₹21.5 lakh crore MF AUM (Q1 FY25) for 26 of India's 51 AMCs. CAMS services 21 live AMCs (including most of the top fund houses), handling ~5.7 crore SIP accounts and a growing 4+ crore unique investor base. Revenue is primarily derived from fees linked to **AUM and transaction volumes**, so as the MF industry grows, CAMS's top line expands correspondingly.
- **Alternative Investment Funds (AIF) & PMS Services:** CAMS offers RTA and technology solutions for alternative asset managers through **CAMS WealthServ** – a digital onboarding and reporting platform for AIFs/PMS. The company acquired **Fintuple** (fintech startup) to strengthen its AIF tech capabilities. As of FY25, CAMS's **Alternatives** segment had

onboarded 200+ funds and mandates, dominating with its WealthServ360 platform for client servicing. The AIF industry is growing ~27–29% CAGR (FY22–27), providing a strong tailwind.

- **Insurance Repository (CAMSRep):** CAMS operates one of India's few licensed insurance repositories, digitizing insurance policies. It holds ~40% market share in e-insurance accounts (11+ million policies). Notably, LIC of India recently came on board as a client, boosting CAMSRep's coverage and credibility. With regulatory push for mandatory e-policies, this segment – historically slow – is seeing renewed momentum. CAMSRep earns annual maintenance fees for servicing these e-policy accounts.
- **Payment Services (CAMSPay):** CAMS runs a **payment aggregator** geared to financial services. CAMSPay processes payments for mutual fund SIPs, insurance premia, loan EMIs, etc., charging a fee per transaction. Digital payment volumes in India have grown ~50% CAGR in the past 5 years, a trend reflected in CAMSPay's performance – it achieved **85% YoY revenue growth** in Q4 FY25 (64% growth for full FY25). CAMSPay has also launched innovative solutions like **BIMA-ASBA** (in collaboration with insurers) to handle policy premium payments, indicating its ability to tailor payment tech to client needs.
- **Account Aggregator (CAMSFinserv):** CAMS is an RBI-licensed **Account Aggregator (AA)**, providing a platform to aggregate individuals' financial data from multiple institutions (banks, NBFCs, mutual funds, etc.) with user consent. Launched in Sep 2021, CAMSFinserv has gone live with 5 banks and signed ~15 clients (lenders, brokerages, wealth apps) that are integrating to pull consolidated financial information. The AA ecosystem is nascent – current data volumes are <1% of developed markets – but has **huge growth potential** as it could “transform lending like UPI did for payments” by enabling seamless data sharing. CAMS's early entry and tech expertise position it well to capitalize on this fintech innovation.
- **Pension Services (NPS CRA):** In 2022 CAMS launched operations as a **Central Record-Keeping Agency (CRA)** for the National Pension System. This involves managing NPS subscriber accounts, contributions, and KYC, earning fees on account opening, annual maintenance, and transactions. The NPS industry AUM is expected to grow ~18–19% CAGR (FY22–27). CAMS is a new entrant (joining NSDL and KFin); currently CAMS+KFin have a <4% combined share of NPS AUM, indicating significant headroom for CAMS as it gradually onboard subscribers. Early wins include a mandate (Project *Nivruti*) to build a back-office platform for a leading pension PoP via CAMS's subsidiary Fintuple.

Industry Positioning & Client Base: CAMS operates in a **duopoly market** (with KFin Tech) that has high switching costs and stringent regulatory oversight, resulting in **formidable entry barriers**. Its ~68% MF AUM share underscores a **wide moat** – CAMS services most large AMCs, including 4 of the top 5 fund houses and 10 of the top 15 by AUM. It has won **5 of the last 7 new AMC mandates** (such as fintech-backed fund launches by Zerodha, Angel One, Unifi, etc.), indicating strong trust among new entrants. This large, sticky client base yields a **stable annuity-like revenue stream** – as long as mutual funds see net inflows and rising AUM, CAMS earns increasing fees. Key revenue

drivers include **growth in MF industry AUM**, number of investor transactions/SIPs, and the addition of new clients/funds. Notably, equity-oriented MF assets (which have higher servicing needs) grew 29% YoY in FY25, boosting CAMS's fees. The company's **trusted intermediary role**, coupled with heavy investment in scalable technology, has made it the "default" choice for many AMCs, creating a virtuous cycle of market leadership.

***Entry Barriers & Scalability:** Several factors make CAMS's business hard to replicate. Firstly, regulatory approvals and compliance requirements for RTA, CRA, KRA, etc. are stringent – CAMS's long track record gives it an incumbency advantage. Secondly, the technology platform required to handle tens of millions of transactions and data records is complex and continually refined; CAMS's decades of domain know-how and IT infrastructure form a high barrier to entry. Thirdly, network effects exist – with 4+ crore investors and many intermediaries on CAMS's systems, any new competitor would find it difficult to attract business at scale. The duopoly nature has also fostered a rational pricing environment, supporting CAMS's high margins. In terms of scalability, CAMS benefits from operating leverage – incremental volumes (new folios, SIPs, etc.) can be serviced at low marginal cost, as evidenced by ~46% EBITDA margins. This means the business can grow without commensurate capital expenditure or working capital needs. The company is virtually debt-free and routinely converts ~100% of its earnings into free cash flow. In FY25, despite ~25% revenue growth, CAMS maintained robust profitability (PAT margin ~31%), highlighting scalable operations. Overall, high client stickiness, a "mission-critical" service nature, and the requirement for continual tech upgrades protect CAMS's franchise, while its asset-light model allows it to scale revenue rapidly with India's financial market expansion.*

Financial Analysis:-

Historical Performance: CAMS has delivered strong financial performance over the years, characterized by steady growth and superior profitability. In **FY2023-24**, consolidated revenue was ₹1,13,652 lakh (₹1,136.5 Cr), rising to **₹1,42,248 lakh (₹1,422.5 Cr) in FY2024-25** – a 25.2% YoY increase. Net Profit grew even faster, from ₹351.0 Cr in FY24 to **₹464.7 Cr in FY25** (+32.4% YoY). This sharp growth in FY25 followed a flat FY23 (PAT was ₹285 Cr in FY22-23), as MF flows rebounded and new revenue streams gained traction. **Table: Key Financials** (₹ Cr):

Fiscal Year	FY23	FY24	FY25
Revenue from Ops	₹971.7 Cr	₹1,136.5 Cr	₹1,422.5 Cr
PAT	₹285.1 Cr	₹351.0 Cr	₹464.7 Cr
EBITDA Margin	~43.3%	~44.1%	~46.1%
ROE (Return on Equity)	~40%	~40%	~50% (est.)
EPS (Diluted)	₹58.0	₹71.7	₹95.0

***Sources: Company Annual Reports & Presentations.

CAMS's **profitability ratios** are exceptional – ROE has been ~40–50% and ROCE ~50%+ in recent years. Such high returns stem from its high-margin, low-capital-intensity model. **EBITDA margins** have consistently been in the mid-40s (%), e.g. ~46% in Q4 FY25, reflecting a stable fee income and controlled operating costs. Net profit margins have hovered around 30%. Operating cash flow is strong and in line with profits, as working capital needs are minimal and capex is light. CAMS's **balance sheet is debt-free** and it had significant cash reserves by FY25, providing flexibility for investments or shareholder payouts.

Revenue Mix: The mutual fund services still contribute the lion's share of revenue (~86% in FY25), but **non-MF businesses contributed ~13.7%** of revenue in Q4 FY25, up from ~10% a few years ago. In fact, non-MF revenue grew ~15.8% YoY in Q4, slightly outpacing MF revenue growth of 14.5%. This indicates early success in diversification efforts (AIF services, insurance, payments, etc.), though MF RTA will remain the core driver in the near term.

Cash Flow & Capex: CAMS's operations generate stable cash flows. In FY25, operating free cash flow remained strong, supported by rising profits. Capital expenditure is primarily on technology upgrades and infrastructure to handle higher volumes; these investments have been moderate relative to revenue (historically well below 10% of annual cash flow). Instead of heavy capex, CAMS has deployed cash for **inorganic growth** and shareholder returns. Notably, it made two acquisitions – **Think360** (an AI-based account aggregator analytics firm) and **Fintuple** (AIF tech platform) – to bolster its new offerings. These were funded from internal accruals. Despite acquisitions, CAMS's cash pile has grown, and with no debt, **net cash** provides interest income as well.

Dividend Policy: The company follows a **shareholder-friendly dividend policy**, paying out a substantial portion of earnings. In FY25, the Board declared a final dividend of ₹19 per share. Total dividend for FY25 was higher (including interim payouts), resulting in a payout ratio around 60–65% of earnings. CAMS's **dividend yield** has typically been ~1.5–2%, which is attractive given its growth rate. For instance, the dividend yield was ~1.67% in 2024 with a payout of ~65%. This track record of regular dividends signals management's confidence in cash generation and a lack of debt overhang.

3-Year Projections: Looking ahead, we expect **strong double-digit growth** to continue, albeit normalizing from the FY25 spurt. The **mutual fund industry** is projected to grow ~13–14% CAGR (FY22–27) in AUM, reaching ₹74 trillion by 2027 – this underpins CAMS's core business growth. We model CAMS's revenue to rise at ~15% CAGR over the next 3 years, driven by MF asset inflows (especially equity funds, given low MF penetration ~16% of GDP vs 63% global avg) and rapid scaling of newer services. Non-MF segments could grow 25%+ annually, increasing their revenue share to ~20%+ by FY28. We forecast **FY26–FY28**:

- **Revenue** reaching ~₹2,100–2,200 Cr by FY28 (~15% CAGR from FY25).
- **PAT** reaching ~₹800+ Cr by FY28 (~20% CAGR), as operating leverage and a richer service mix (higher-margin digital services) expand net margins slightly.

- **EPS** roughly doubling from ₹95 in FY25 to ~₹180–₹200 by FY28E.

These estimates assume CAMS achieves ~1% point EBITDA margin expansion annually (a target management has hinted at) through cost control and automation. We also assume CAMS retains its MF RTA market share and captures a fair portion of industry flows. **Debt is expected to remain nil**, and internal cash will likely fund any further capex or small acquisitions. Given minimal debt, **ROE** should stay high (40%+), though it may taper if cash reserves swell (increasing equity). Overall, CAMS's financial trajectory appears robust, with high earnings visibility from the annuity MF business and an added growth kicker from new initiatives.

Valuation Models

We employ multiple valuation approaches to triangulate the fair value of CAMS. The stock currently trades at a premium valuation (~43× trailing P/E) due to its duopolistic moat and high return ratios. Our target prices are supported by the following valuations:

- **Discounted Cash Flow (DCF):** We project CAMS's free cash flows over 5 years, assuming ~15% CAGR in revenue and stable ~45% EBITDA margin, followed by a terminal growth of 5%. Using a **WACC of ~11%** (reflecting a cost of equity around 12% given low beta and zero debt), our DCF yields an intrinsic value of approximately **₹5,300 per share**. Key assumptions include moderate working capital needs and capex roughly 5% of revenue. This DCF valuation underpins the 1–2 year forward targets in the ₹5,000–₹5,500 range.
- **Relative Valuation (P/E and EV/EBITDA):** Historically, CAMS has traded at **40–50× earnings** (1-year forward) due to its quality franchise. Peers like KFin Technologies have sometimes traded even higher (up to ₹135) gives **~₹5,400**, in line with our 2-year target. On an EV/EBITDA basis, high-margin infrastructure businesses often trade at 20–25×. Using **25× EV/EBITDA** on FY27E (projected EBITDA ~₹860 Cr) yields ~₹5,000. These multiples are justified by CAMS's **best-in-class ROE (~50%) and steady growth**. We note that any stumbles in growth or regulatory changes could compress the multiple (as premium valuations are “baked in” to some extent), but for now the duopoly dynamics support elevated multiples.
- **Sum-of-the-Parts (SOTP):** CAMS's emerging segments (AIF services, payments, insurance, AA, CRA) could be valued at higher multiples than the mature MF RTA business. We perform an SOTP where we value the **core MF RTA segment** at a ~30× P/E (reflecting its annuity-like, but slower-growing nature) and **non-MF segments** at ~50× (reflecting their high growth potential and nascent stage). Based on FY25 earnings split (~87% MF, 13% non-MF), the current SOTP is around ₹3,500–₹4,000. However, looking 3 years forward, if non-MF businesses grow to ~25% of profits, our SOTP for FY28E yields a value of **~₹6,300–₹6,500**. This aligns with our 3-year target, suggesting significant upside if diversification plans succeed. Essentially, as the revenue mix shifts, the blended valuation multiple for CAMS could move higher. SOTP also captures hidden value in license-based businesses like CAMS KRA, CAMSRep, etc., which individually could command high valuations in a fintech context.

The table below summarizes our valuation outcomes:

Valuation Method	Key Assumptions (FY26–FY28)	Implied Value (₹ per share)
DCF Intrinsic Value	WACC ~11%, g = 5%, ~15% p.a. FCF growth	~ 5,200 – 5,500
P/E Multiple	40× P/E on FY27E EPS ≈ ₹135	~ 5,400
EV/EBITDA Multiple	25× EV/EBITDA on FY27E EBITDA ≈ ₹860 Cr	~ 5,000
SOTP (3-yr Forward)	MF business @30×, Non-MF @50× on FY28E EPS	~ 6,500

All methods indicate **upside** from the current market price (~₹4,100 as of Jul '25). Our 1-year **₹4,700** target is relatively conservative (10–15% upside) given rich valuations, but as earnings compound, the 2-year and 3-year targets imply larger gains. We note that CAMS's P/E premium is high versus global peers in registry services, but justified by its duopoly status and growth runway. The **valuation risk** is mitigated by CAMS's cash generation and potential for higher dividend/buyback (capital return) if cash accumulates.

SWOT Analysis

Strengths:

- **Market Leader with Moat:** CAMS holds ~68–70% share in a duopolistic MF RTA market. Its long-standing relationships with major AMCs (servicing 26 of 51) and superior tech platform create a **wide moat**. The business is mission-critical with high client stickiness – providing CAMS a quasi-annuity revenue stream.
- **High Profitability & Cash Flows:** CAMS enjoys ~45% EBITDA margins and ~30% net margins consistently. ROE ~40–50% and ROCE ~50%+ reflect an asset-light model with strong pricing power. It generates stable free cash flows and has a **debt-free** balance sheet.
- **Entry Barriers:** The combination of regulatory compliance, large-scale IT systems, and data security requirements forms a significant **entry barrier**. It is costly and risky for any new player to replicate CAMS's network and performance track record. This protects the incumbent's economics.
- **Diversified Service Portfolio:** Beyond mutual funds, CAMS has established footholds in AIF servicing, KYC registration (CAMS KRA), payments (CAMSPay), insurance repository, account aggregator, and NPS record-keeping. This diversification reduces over-reliance on one segment and leverages its core competencies (data management, transaction processing) in new verticals.
- **Scalability & Operational Excellence:** CAMS has proven ability to handle surging volumes (MF transactions, SIPs) with efficiency. For example, live SIPs grew 18% YoY to 5.7 crore in Q4 FY25 without operational hiccups. Management's focus on automation and cost control has even enabled margin expansion as business scales. The company's "best-in-class" process quality has been recognized with multiple awards for service excellence.

Weaknesses:

- **Heavy Reliance on Mutual Funds:** ~86% of CAMS's revenue still comes from the domestic MF business. This makes CAMS's fortunes **closely tied to MF industry cycles** – a dip in equity markets or net outflows from funds could directly impact revenue. While diversification is underway, it will take time for new segments to materially reduce this dependency.
- **Limited Global/Non-MF Exposure (vs Peers):** Rival KFin has a more diversified revenue (only ~70% from domestic MF, with 13% from corporate registry and 10% from international business). CAMS by contrast has negligible international presence and no corporate share registry arm. This concentration means it doesn't benefit from overseas growth or India's IPO boom to the extent KFin does.
- **Client Concentration:** The Indian MF industry, though growing, has a few large AMC players. If any top AMC (say, the one serviced by CAMS's competitor) aggressively gains share, or if a major CAMS client were to consolidate or internalize RTA functions (low probability under current norms), CAMS's growth could be affected. (Currently, however, CAMS has most big AMCs, which mitigates this risk).
- **High Valuation Multiples:** CAMS's stock trades at ~40–45× earnings, pricing in substantial growth and flawless execution. This leaves **little margin for error** – any slowdown or negative surprise could cause a sharp de-rating in the stock. The rich valuation, while a testament to its quality, is a weakness from an investor's perspective (expensive entry point).
- **Human Capital & Tech Dependence:** With ~8,300 employees and operations across many locations, CAMS is somewhat people-intensive (for investor services). Managing such scale while maintaining service quality can be challenging. Also, the company's heavy dependence on IT systems means any tech glitch or data breach could harm its reputation. Continued investment is needed to keep systems robust and secure.

Opportunities:

- **Industry Growth & Financialization:** India's mutual fund AUM is projected to grow in the mid-teens CAGR over the next 5+ years, driven by rising investor participation and financialization of savings. CAMS, as the largest RTA, stands to **benefit directly from record MF inflows**, increasing SIP counts, and expansion of the investor base (which grew 26% YoY for CAMS in FY25, outpacing industry's 22%). Low MF penetration and favorable demographics provide a long runway.
- **Non-MF Verticals Scaling Up:** CAMS's newer businesses are poised for rapid growth: **AIF/PMS services** riding on a ~28% CAGR AIF industry, **CAMSRep** leveraging regulatory mandates for e-policies (underpenetrated insurance market), **Account Aggregation** potentially seeing exponential uptake as banks and fintechs integrate (especially for digital lending use-cases), and **NPS record-keeping** as the private sector pension adoption rises. These can not only diversify revenue but also potentially command higher margins (many are tech-driven products). Management is targeting 30–40% annual growth in the non-MF segments, which if achieved, will boost overall growth above the MF industry rate.
- **Regulatory Tailwinds:** Some regulatory developments could favor CAMS. For instance, SEBI

encouraging more mutual fund distributors and easing onboarding could increase MF volumes (more folios to service). The push for **digital KYC** and **centralized KYC (CKYC)** can bring more business to CAMS's KRA unit. The PFRDA's decision to open NPS CRA licenses (allowing CAMS in) breaks a monopoly and gives CAMS a chance to grab share in the sizable pension record market. Additionally, if SEBI mandates mutual fund interoperable platforms or more transparency (where an RTA's role becomes more crucial), CAMS could gain.

- **Technology & Innovation:** CAMS can leverage emerging technologies (AI, analytics) to launch value-added services. Its acquisition Think360 brings in AI-driven analytics for personal finance management and lending insights. This could allow CAMS to offer data solutions to lenders or investors, opening new revenue streams. Furthermore, partnerships like the one with **Temenos** for a global fund administration platform hint that CAMS could even explore servicing overseas funds or providing SaaS solutions to smaller RTAs/transfer agents. As India's fintech ecosystem grows, CAMS can integrate with fintech apps (for account aggregation, MF transactions, etc.), embedding its services widely.
- **Inorganic Growth:** CAMS's cash war-chest and strong cash flows give it the ability to pursue **strategic acquisitions**. It could acquire niche tech firms (as it did with Fintuple and Think360) to accelerate capability-building. It might also consider consolidating related businesses (e.g., buying out smaller KRA or registry service providers) if regulations permit. Such M&A can rapidly add to growth and broaden its moat.

Threats:

- **Regulatory Risk – Fee Model Pressure:** A key threat is regulatory intervention in the fee structure. SEBI has been considering a cut in the **Total Expense Ratio (TER)** charged by mutual funds; if implemented, AMCs may push to reduce RTA fees to manage costs. Already, CAMS's MF revenue yield is a thin ~0.029% of AUM and has seen slight compression. Any mandated fee caps or pricing pressure from clients (AMCs) could squeeze margins. Moreover, growth of **passive funds/ETFs** (which have lower expense ratios) can reduce revenue per AUM unit for RTAs. CAMS must rely on volume growth and new services to offset any yield decline.
- **Market Cyclicity:** A prolonged downturn in capital markets could lead to MF net outflows or stagnant AUM, directly stunting CAMS's growth. During equity bear markets, transaction volumes fall and SIP cancellations rise. Additionally, a shift in investor preferences towards other assets (e.g., direct equity, or bank deposits when rates rise) can slow mutual fund expansion. Such cyclical impacts are largely outside CAMS's control.
- **Competition from KFin or New Players:** While a duopoly now, competition could intensify. **KFin Technologies**, with ~32% MF share, is aggressively expanding into other services and international markets. It could attempt to poach CAMS's clients or engage in a pricing war (though this hasn't happened notably yet, as both enjoy comfortable margins). In a worst-case scenario, a large global player or a consortium (perhaps a large AMC group or fintech) could try to enter the RTA space if they see profit pools, especially if tech simplifies the process in future. Similarly, for account aggregation, many competitors exist – CAMSFinserv will compete with entities like NSDL, OneMoney, etc., meaning market share is not

guaranteed.

- **Technological Disruption:** Rapid changes in technology or industry processes could threaten traditional RTA models. For example, if **blockchain-based record-keeping** or direct ledger systems for mutual funds gained adoption, it might bypass the need for a conventional RTA (this is a speculative risk at present). CAMS must continually invest in tech to stay ahead. Cybersecurity is part of this – a data breach or system failure could damage its trusted position.
- **Key Personnel/Execution Risks:** CAMS's management, led by an experienced team, is a strength – but losing key executives or execution missteps in new projects could pose risks. Integrating acquisitions (like the fintech startups) and managing a larger suite of services require strong execution. Any significant service lapse (errors in transaction processing, etc.) could invite regulatory penalties or client churn. Maintaining service quality at scale is an ever-present challenge.
- **Macro & Other Regulatory:** Broader regulatory changes like changes in tax treatment of mutual funds (e.g., removal of LTCG tax benefits) could dampen industry growth indirectly affecting CAMS. Also, any adverse change in regulations for account aggregators, insurance repositories, NPS, etc., could stall those nascent businesses. As a multi-regulated entity (SEBI, RBI, PFRDA, IRDAI oversee its different arms), CAMS faces compliance complexity; any regulatory non-compliance can pose reputational and financial risks.

Technical Analysis

Price Trend & Pattern: CAMS was listed in late 2020 and has since shown an overall uptrend, albeit with volatility. The stock hit an **all-time high of ₹5,367.5** in December 2024 amid a broader market rally and optimism around financial services. Following this peak, it underwent a healthy correction



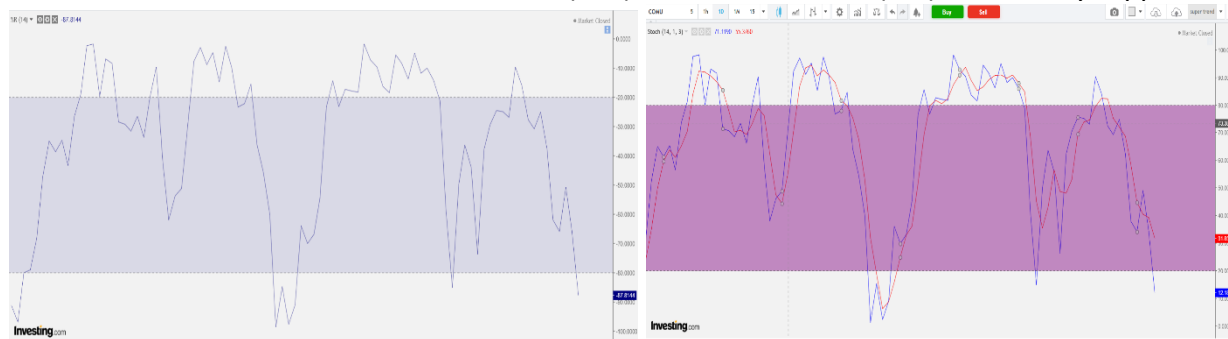
of about 25%. By mid-2025, the stock has been **consolidating** in the ₹4,000–₹4,300 range, attempting to form a base after that sharp run-up. This consolidation is visible as a sideways move

on the charts over recent months. Notably, CAMS found strong **support around ₹3,400**, which is a multi-year support level coinciding with prior accumulation zones. The rebound from those levels suggests bargain buying by long-term investors. On the upside, **resistance is evident near ₹4,500**, which roughly marks the upper bound of its recent trading range and where prior rallies faced selling pressure. A breakout above ₹4,500 on strong volumes would be a bullish signal of trend resumption. Beyond that, the **previous high of ₹5,367** is a major resistance – if the stock approaches that level again, profit-booking could emerge, though a breach would indicate a fresh uptrend leg.

Moving Averages: The **50-day moving average** (approximately in the low ₹4,200s currently) has been flattening, reflecting the recent sideways trend. CAMS briefly fell below the 50-DMA during the Q4 results sell-off but is attempting to reclaim it. The **200-day moving average** sits around the mid-₹3,600s to ₹3,700s (given the past year's range) – the stock is **trading above its 200-DMA**, which signifies that the long-term uptrend remains intact despite intermediate corrections. In fact, ₹3,600–₹3,700 (near the 200-DMA and also around the 52-week low of ₹3,031) should act as a strong support zone barring any extreme negative developments. The alignment of moving averages is moderately positive (50-DMA > 200-DMA earlier in 2024, though the gap has narrowed). If the 50-DMA crosses below 200-DMA (death cross), it could signal extended consolidation; currently that's not the case, so bias remains bullish in long term.

Momentum Indicators: Momentum oscillators reflect the recent lack of trend. The **Relative Strength Index (14-day)** is around **44**, which is in the neutral-to-slightly-oversold range. An RSI below 50 indicates the stock has lost some upwards momentum; however, it is not in oversold territory (<30) yet. The RSI cooling from overbought levels (it had crossed 70 during the late-2024 rally) back to 40s suggests consolidation rather than a sharp downtrend – a healthy reset of momentum. The **Moving Average Convergence Divergence (MACD)** on the daily chart has been flat to slightly negative recently; MACD line is around 23 (on TSR's scaled indicator) with a signal line around similar level, indicating no strong trend signal. Importantly, the **ADX (trend strength indicator)** is ~15, which is quite low. An ADX below 20 confirms a weak trend – the stock is neither in a strong uptrend nor downtrend, consistent with range-bound movement. In summary, momentum indicators are **neutral**, suggesting that neither bulls nor bears have a firm hand in the short term.

Other oscillators: The **Stochastic oscillator** (~37) and **Williams %R** (-87) have lately dipped into



oversold zone and turned up, hinting at a possible short-term bounce from the ₹4,000 level. Meanwhile, the **Chaikin Money Flow (CMF)** is slightly negative (around -0.08), indicating marginal distribution (outflow of funds) but not an alarming sell-off. Overall, the stock appears to be in a **cooling-off phase**, working off the exuberance of the previous rally and potentially building strength for the next move.

Volume & Price Action: Volumes spiked during the late 2024 rally and again during the correction in early 2025. Recently, volumes have tapered in the consolidation, which is typical as traders wait for a breakout. Notably, during bounces off ₹3,800–₹4,000 support, volume upticks have been seen, suggesting buyers defend that zone. **On-balance volume (OBV)** and delivery volume patterns indicate that strong hands might be accumulating on dips. If the stock pushes above ₹4,300 with rising volumes, it may indicate accumulation is complete.

Technical Outlook: From a chart pattern perspective, CAMS may be forming a **base or a rectangle pattern** between ₹3,800 and ₹4,500. Some analysts have also noted the possibility of a “**inverse head-and-shoulder**” like formation with ₹3,400 as a key neckline support, though it’s not a textbook pattern yet. Another view is that the downtrend line from the Dec-2024 peak was broken in mid-2025 when the stock crossed ₹4,000, indicating a potential **trend reversal to bullish**. To confirm this, the stock needs to make a higher high (above ₹4,500). The **supertrend indicator** is currently supportive – Q4 FY25 results induced volatility, but the **Supertrend flipped to bullish** when price reclaimed ~₹4,000 (the supertrend level is around ₹3,973 as per daily charts). If CAMS holds above that, the short-term trend is positive. The **MACD histogram** could turn positive if price stabilizes above the 50-DMA, possibly giving a fresh buy signal.

In conclusion, **technical signals are mixed-neutral** at present. The long-term trend is up (higher highs and higher lows on weekly charts since 2020), but the medium-term trend is sideways with a mild bullish bias. **Key levels to watch:** Support at ₹3,800 (then ₹3,400), Resistance at ₹4,500. A break above ₹4,500 could quickly propel the stock to test ₹5,000, whereas a break below ₹3,800 might invite more downside to ₹3,400. The 14-day RSI rising above 50 and MACD bullish crossover would confirm momentum returning to bulls. Until then, investors may see range-bound trade. Given the fundamentally positive outlook, technical dips into support zones could be considered buying opportunities for long-term investors, while a confirmed breakout would signal the next up-move is underway.

Market and Peer Analysis

Competitive Landscape: CAMS’s primary competitor is **KFin Technologies**, which handles the remaining ~32% of mutual fund RTA AUM. The two operate in a virtual duopoly, but there are notable differences in strategy and valuation. **KFin** has diversified revenue streams – only ~70% of its revenue comes from domestic mutual fund RTA services (FY24/H1FY25), compared to ~87% for CAMS in that period. KFin has leveraged its legacy Karvy business to become a leader in **corporate registrar/issuer services**, serving thousands of listed companies (this contributed ~13% of KFin’s

revenue in FY24). It also expanded overseas – in markets like Malaysia, Singapore, and Hong Kong – providing fund admin and AIF services (about 10% of rev). These diversifications give KFin a bit of resilience if Indian MF flows falter. However, the **Indian MF business remains the most lucrative** (KFin’s domestic MF segment grew 37% in H1FY25, outpacing its 23% growth in international segment). This underscores that both players’ fortunes are still largely tied to India’s mutual fund industry.

In terms of **market share and client wins**, CAMS historically had the bigger AMC’s, but KFin has aggressively added new AMC’s and other financial clients. For instance, CAMS had ~17 MF clients vs KFin’s 26, as KFin services many smaller and newer AMC’s. Despite more clients, KFin’s clients are on average smaller (hence its 32% AUM share). Notably, **CAMS has won most of the newly launched funds by fintech-backed entrants** in recent quarters, showing it remains the preferred choice for scale and reliability. On the other hand, KFin’s pitch to investors has been its **reduced reliance on MFs** and greater addressable market (corporate/IPO boom, global forays). This narrative led to KFin’s stock skyrocketing post-IPO – at one point in late 2024, **KFin’s market cap surpassed CAMS’s**, with KFin share price quintupling from IPO to ₹1,620. The market arguably “over-hyped” KFin’s diversification, as analysts noted that CAMS still owns two-thirds of the core MF pie. By early 2025, some of that excess corrected (KFin’s stock fell from its peak, yet still held a premium valuation to CAMS).

Financial Comparison: CAMS and KFin have comparable size in revenue (KFin’s FY24 revenue was roughly similar order of magnitude to CAMS’s). However, **profitability differs** – CAMS enjoys slightly higher EBITDA margins (~45% vs high-30s% for KFin) and ROE (CAMS ~40% vs KFin ~20–25%) given CAMS’s bigger MF market share and a singular focus (KFin’s issuer business is lower margin). KFin’s diversification means it might have more levers for growth if MF industry slows, but also dilutes margins. **Valuations:** At current levels, CAMS trades ~43× TTM PE, while KFin (even after a correction) trades ~50× (forward basis) – at one point KFin hit 66× FY26E vs CAMS 44×. This premium reflected KFin’s growth spurt and scarcity (small free float leading to sharp price moves). As of mid-2025, that gap has narrowed. For an investor, CAMS offers a **purier play on mutual funds with a proven track record**, whereas KFin offers a broader (though somewhat riskier) exposure including global markets and corporate services.

Global Peers: Globally, direct peers are few since the RTA model differs by country. Some analogy can be made to **transfer agents like Computershare** (Australia) or **SS&C Technologies** (US, which acquired DST Systems – a US mutual fund transfer agent). These global players trade at significantly lower P/E (~20–25×) due to lower growth and more competition in their markets. India’s case is unique with the MF industry growth being much higher and the RTA space being an effective duopoly. Hence, CAMS’s premium valuation vs global peers is expected. In terms of operations, global transfer agents have also diversified into multiple financial services – CAMS may over time emulate some moves (e.g., offering corporate shareholder services if opportunities arise). However, any global entrant into India would find it tough to compete with CAMS’s local knowledge

and relationships.

Shareholding & Ownership Trends: One striking aspect – **CAMS now has no traditional promoter group**. Early investors (like NSE and HDFC group) exited due to regulatory reasons, and the private equity sponsor (Warburg Pincus via Great Terrain) has substantially sold down. As of March 2025, **promoter holding is officially 0%**. CAMS is widely held by institutions, with **Foreign Institutional Investors (FIIs) owning ~55%** of the float. Notably, over 350 FII entities are shareholders, indicating strong global investor interest. Domestic institutions (banks, insurers, mutual funds) hold a smaller portion – mutual funds hold ~10.7% (which is part of total ~12% DII). The rest ~21% is held by public and individual investors. The largest single public shareholder holds only ~3.15% (HDB Employees Welfare Trust, associated with HDFC Bank). This diverse ownership means **liquidity is good** and the stock is part of indices, but it also means no promoter “skin in the game.” However, it hasn’t hampered performance; FIIs increasing stake underscores confidence in CAMS’s governance and prospects. Over the last year, we’ve seen FIIs marginally increase holdings (possibly due to MSCI index inclusion) and some early shareholders exit completely (e.g., NSE offloaded its stake via offers for sale). **KFin’s shareholding**, by contrast, still has General Atlantic (PE firm) as a large promoter shareholder and therefore lower FII float. The trend for CAMS is toward **more institutionalization of ownership**, which often brings more analyst coverage and stability, but also can lead to volatility if global sentiment changes (since FIIs dominate the book).

Management & Governance: CAMS’s board is chaired by an independent (D. K. Mehrotra) and includes representatives from large shareholders (e.g., a nominee of HDFC group as seen from past disclosures). The Managing Director, Mr. Anuj Kumar, has been with CAMS for long and has overseen its transition to a public company and diversification. The management’s commentary has been prudent: they emphasize steady growth, client retention, and exploring adjacencies rather than aggressive short-term moves. In recent investor presentations and calls, **management highlighted** that CAMS is a “**high-quality annuity business**” but is aiming to grow the non-MF segments ~3x faster than MF to reach ~₹500 Cr in non-MF revenue in 4–5 years. They also assured that any reduction in MF fee yields would be offset by volume growth and value-added services. Corporate governance track record has been clean, with no major issues reported. One area to watch is **technology strategy** – management has been proactive in acquiring fintech capabilities (Fintuple, Think360) and partnering with tech leaders, indicating they are forward-looking in preserving CAMS’s tech edge. This bodes well in an industry where complacency could be dangerous.

Forward Outlook

Growth Potential: The long-term growth story for CAMS remains intact and compelling. **Mutual fund penetration** in India is still in single digits of GDP, and household financial savings are moving from physical assets to financial instruments. With the mutual fund industry projected to roughly double over the next 5–6 years, CAMS’s core business should organically ride a ~13–14% AUM CAGR tailwind. Increasing urbanization, rising middle-class incomes, and sustained awareness

campaigns (e.g., “Mutual Funds Sahi Hai”) all support higher MF participation, which directly enlarges CAMS’s revenue base (more folios, more transactions). Additionally, **SIP culture** is strengthening – SIP accounts hit an all-time high (5.7 Cr active SIPs with CAMS by Q4 FY25), ensuring a steady inflow stream even during market volatility. CAMS will benefit from this structural shift towards systematic investing.

Beyond mutual funds, **CAMS’s strategic expansions** position it for incremental growth avenues. Its move into AIF/PMS servicing taps into the burgeoning alternative investments space fueled by HNIs and family offices. Its account aggregator and data management services align well with India’s fintech revolution – CAMS can become a key infrastructure player in India’s open finance network, just as it is for mutual funds. For instance, as more banks/NBFCs integrate account aggregators for faster loan processing, CAMSFinserv’s user base and transactions could multiply exponentially (though monetization models are still evolving). In insurance, if the regulator mandates all insurers to use repositories for e-policies, CAMSRep could see a surge in account openings and annual fees (with LIC now signed on, this is a concrete opportunity). The **pension space (NPS)**, while currently small for CAMS, has enormous potential as the private sector begins to adopt NPS for retirement planning – CAMS could capture new corporate and retail NPS accounts in the years ahead, especially if it partners with banks to offer seamless NPS onboarding. In summary, CAMS has multiple growth engines beyond just MF, which could collectively add meaningfully to its top-line. If even a couple of these (say, CAMSPay and CAMSFinserv) scale well, CAMS’s growth rate could exceed that of the mutual fund industry.

Innovation & Technology: CAMS is increasingly an **innovation-driven fintech player** at its core. The company’s collaboration with **Temenos** and investment in AI (Think360) show that it seeks to stay ahead of the curve in technology. One can envisage CAMS offering end-to-end digital solutions for asset managers – e.g., cloud-based fund administration, investor analytics using AI, automated compliance – potentially even to international clients. CAMS’s vast trove of financial data (across MFs, insurance, etc.) could be harnessed (within regulatory bounds) to develop analytics products or fraud detection services, etc. Also, the government’s push for **digitization (Digital India)** and initiatives like Account Aggregator are tailwinds for CAMS’s tech-centric services. CAMS’s platform could integrate with upcoming **Open Credit Enablement Network (OCEN)** or other open finance initiatives, further entrenching its role in India’s financial infrastructure.

Regulatory Environment: On the regulatory front, while TER reductions are a concern, there are also positive regulatory developments. SEBI’s framework on **common account number** for investors, centralized KYC, and increasing transparency could indirectly benefit RTAs as the backbone keeping data synchronized. The regulator has also discussed allowing AMCs to charge slightly extra for “direct” plans to cover platform costs – if RTA fees are considered essential, CAMS might maintain its fee structure. Additionally, if more **AMCs get licensed** (there have been a spate of new AMCs by fintechs, brokers, etc.), CAMS has a good chance to onboard them, as evidenced by recent wins. The tail risk of a regulator forcing a change in RTA model (e.g., pushing for more

competition or in-house RTAs) seems low given the efficiency and low costs already achieved via the current model. In pensions, PFRDA allowing **multiple CRAs** is itself a tailwind (breaking NSDL's monopoly). In insurance, IRDAI's push for e-insurance and data standardization helps CAMSRep's business case. So on balance, while some regulatory moves can pinch (TER cuts), others open new doors – CAMS is generally adept at working within the evolving regulatory landscape.

Risks to Outlook: Key risks include a significant downturn in equity markets or a recession that dampens investment activity – this would slow CAMS's growth temporarily. Also, the competitive landscape could shift: for example, if KFin were to drastically undercut fees to grab market share (though mutually destructive, it's a risk), or if AMCs collectively negotiate lower rates (they did so in the past to an extent). Another risk is if the fintech initiatives (AA, etc.) don't monetize well – CAMS is investing resources there, so low adoption or pricing caps in AA could yield lower ROI. Moreover, any major **tech failure or data security incident** could impair CAMS's trusted reputation (though none have occurred, CAMS must remain vigilant). We will watch how the TER regulation develops – if SEBI implements aggressive cuts without allowing offsetting volume-based fees, it could flatten CAMS's MF revenue growth for a couple of years.

CONCLUSION – Investment Thesis: CAMS represents a unique **combination of a steady compounder and a fintech growth play**. Its core MF RTA business provides stability, high cash flows, and an effective monopoly-like position in a growing industry – a rarity that justifies valuation premiums. On top of that, its expansions into account aggregation, payments, insurance, etc., give it multiple shots at accelerating growth and reinventing itself for the digital finance era. The management's prudent capital allocation (dividends + strategic acquisitions) and high standards of governance add to the investment appeal. Over the next 3 years, we expect CAMS to **compound earnings at ~20% annually**, driving stock appreciation in line with our targets. The **1-year target of ₹4,700** is based on modest earnings growth and slight P/E de-rating to factor near-term regulatory uncertainties. The **2-year target of ₹5,500** assumes growth delivery and maintained valuations, while the **3-year bull-case target of ₹6,500** factors in successful scaling of new ventures leading to a richer blended multiple. In our view, CAMS offers a favorable risk-reward for long-term investors: it is a critical “toll-collector” in India's investment landscape with **high entry barriers and scalable economics**, and it is innovating to ensure it remains indispensable in the future as well. Barring external shocks, CAMS is well-positioned to **deliver solid shareholder returns** through both price appreciation and dividends, making it a worthy core holding for playing India's financialization theme.

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