

CAMS is a technology-driven financial infrastructure and services provider to mutual funds and other financial institutions with over 2 decades of experience. CAMS is India's largest registrar and transfer agent of mutual funds with an aggregate market share of 70% based on mutual fund average assets under management ("AAUM") managed by its clients and serviced by them during November 2019. Its mutual fund clients include 4 of the 5 largest mutual funds as well as 9 of the 15 largest mutual funds based on AAUM during July 2020.

Computer Age Management Services Limited ("CAMS") was incorporated on May 25, 1988 and promoted by Great Terrain Investment Limited. Great Terrain is wholly owned by Harmony River Investment Ltd, which is directly owned by certain private equity funds, which are managed by Warburg Pincus LLC, New York. Great Terrain acquired the Equity Shares of the company pursuant to the Share Purchase Agreement and Fareing Share Purchase Agreement.

With the initiative of creating an end-to-end value chain of services, CAMS has grown its service offerings and currently provide a comprehensive portfolio of technology-based services and has leveraged its domain expertise, processes and infrastructure to diversify its offering of services in: Electronic payment collections services business; Insurance services business; Alternative investment funds services business; Banking and non-banking services business; KYC registration agency business; Software solutions business; Account Aggregator Business

The nature of its services to mutual funds spans multiple facets of its relationship with the investors, distributors and regulators. By providing a range of services, CAMS play an important role in developing and maintaining its clients' market perception. As of July 2020, CAMS serviced Rs. 19.2 trillion of AAUM of 16 mutual fund clients. CAMS key clients for its mutual funds services business include HDFC Asset Management Co. Ltd., ICICI Prudential Asset Management Co. Ltd., Aditya Birla Capital Ltd., SBI Fund Management Pvt. Ltd., DSP Investment Managers Pvt. Ltd., Kotak Mahindra Asset Management Co. Ltd. and Franklin Templeton Asset Management (India) Pvt. Ltd.

CAMS offers an integrated and customized portfolio of services through its pan-India physical network comprising 271 service centres spread over 25 states and 5 union territories as of June 30, 2020, and which are supported by call centres in 4 major cities, 4 back offices.

CAMS has developed in-house and own Investrak.NET, a mutual fund transfer agency platform, myCAMS, a mobile device investor interface application, GoCORP, a distributor focused application, and MFDEX a market intelligence product/information database, among many other services.

Investment recommendation and rationale

We like the Company due to the following factors: a) duopoly MF-RTA industry, b) India's largest registrar and transfer agent of mutual funds with an aggregate market share of 70% based on mutual fund average assets under management ("AAUM") managed by its clients and serviced by them during November 2019, b) its mutual fund clients include 4 of the 5 largest mutual funds as well as 9 of the 15 largest mutual funds based on AAUM during July 2020, c) a diverse portfolio of technology -enabled services, d) PAN India physical network, e) scalable technology enabled ecosystem, f) COVID - 19 impact to be minimal, g) strong promoter group and key shareholders like Great Terrain (an affiliate of Warburg Pincus), HDFC, HDFC Bank and NSE Investments (NSEIL), h)strong EBITDA margins and balance sheet, consistent financial performance over the years, i) ability to generate free cash and strong return ratios. The Company has already raised Rs 667 crore through 35 anchor investors on September 18. At the upper end of price band of Rs.1,230, the issue is valued at a P/E of 35x at FY20 EPS.

Issue date	Sep. 21 – Sep. 23, 2020
Finalisation of basis of allotment	Sep. 28, 2020
Refunds/ASBA unblocking	Sep. 29, 2020
Credit of equity shares to DP account	Sep.30, 2020
Listing date	Oct. 01, 2020
Issue type & size	Offer for Sale of up to 18,246,600 Equity Shares by NSE Investments Ltd ("NSEIL") (The offer shall constitute at least 37.40% of post-offer paid-up equity share capital)
Issue size	Rs. 2,240 – 2,242 crores
Issue structure	QIB – 50 %, NIB – 15%, Retail – 10%
Reservation for employees	182,500 Shares
Discount for employee	Rs. 122 per share
Price Band	Rs. 1,229 – Rs. 1,230 (Face value: Rs. 10)
Bid lot	12 equity shares and in multiples thereof
BRLM	Kotak Mahindra Capital, HDFC Bank, ICICI Securities, Nomura Financial
Registrar to the issue	Link Intime India Pvt. Ltd.

Particulars (Rs. crores)	Q1FY21	FY20	FY19	FY18
Revenue from operations	149	700	694	642
EBITDA	45	261	217	240
EBITDA (%)	30.2	37.2	31.2	37.2
Profit after tax	41	173	131	146
PAT margin (%)	27.47	24.79	18.87	22.81
Equity share cap.	48.79	48.76	48.76	48.76
Networth	528	540	441	444
EPS (Rs.)	8.37	35.57	26.75	29.93
P/E (x)	-	35	46	41
RoE (%)	-	32.13	29.56	32.91

Source: RHP

We believe the issue is priced at a premium owing to its robust business model and major presence in Mutual Funds RTA space which has a big opportunity. The recent fancy for Companies with differentiated business model and their stellar listing also instills confidence in this issue. With due consideration to above factors we recommend "SUBSCRIBE" the issue.

Disclaimer

Ajcon Global Services Limited is a fully integrated investment banking, merchant banking, corporate advisory, stock broking, commodity and currency broking. Ajcon Global Services Limited research analysts responsible for the preparation of the research report may interact with trading desk personnel, sales personnel and other parties for gathering, applying and interpreting information.

Ajcon Global Services Limited is a SEBI registered Research Analyst entity bearing registration Number INH000001170 under SEBI (Research Analysts) Regulations, 2014.

Individuals employed as research analyst by Ajcon Global Services Limited or their associates are not allowed to deal or trade in securities that the research analyst recommends within thirty days before and within five days after the publication of a research report as prescribed under SEBI Research Analyst Regulations.

Subject to the restrictions mentioned in above paragraph, We and our affiliates, officers, directors, employees and their relative may: (a) from time to time, have long or short positions acting as a principal in, and buy or sell the securities or derivatives thereof, of Company mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage.

Ajcon Global Services Limited or its associates may have commercial transactions with the Company mentioned in the research report with respect to advisory services.

The information and opinions in this report have been prepared by Ajcon Global Services Limited and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Ajcon Global Services Limited. While we would endeavour to update the information herein on a reasonable basis, Ajcon Global Services Limited is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Ajcon Global Services Limited from doing so. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Ajcon Global Services Limited will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Ajcon Global Services Limited accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Ajcon Global Services Limited or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

Ajcon Global Services Limited encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Ajcon Global Services Limited or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Ajcon Global Services Limited nor Research Analysts have any material conflict of interest at the time of publication of this report.

It is confirmed that Akash Jain – MBA (Financial Markets) or any other Research Analysts of this report has not received any compensation from the company mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Ajcon Global Services Limited or its subsidiaries collectively or Directors including their relatives, Research Analysts, do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Research report written by - Akash Jain, MBA (Financial Markets), Vice – President Research



It is confirmed that Akash Jain – MBA (Financial Markets) research analyst or any other Research Analysts of Ajcon Global do not serve as an officer, director or employee of the companies mentioned in the report.

Ajcon Global Services Limited may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Neither the Research Analysts nor Ajcon Global Services Limited have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on Ajcon Global Services Limited by any Regulatory Authority impacting Equity Research Analysis activities.

Analyst Certification

I, Akash Jain MBA (Financial Markets), research analyst, author and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. I also certify that no part of compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view (s) in this report.

For research related queries contact:

Mr. Akash Jain – Vice President (Research) at research@ajcon.net, 022-67160431 (D)

CIN: L74140MH1986PLC041941

SEBI registration Number: INH000001170 as per SEBI (Research Analysts) Regulations, 2014.

Website: www.ajcononline.com

Registered and Corporate office

408 - (4th Floor), Express Zone, "A" Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel's, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062