



“Computer Age Management Services Limited
Q4 FY2022 Earnings Conference Call”

May 06, 2022



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Moderator: Ladies and gentlemen, good day and welcome to the Computer Age Management Services Limited Q4 FY2022 earnings Conference Call. Today we have with us on the call Mr. Anuj Kumar – Managing Director, Mr. Ram Charan – CFO, Mr. Anish Sawlani - Head Investor Relations. We request the participants to kindly refer to the safe harbor statement in the earnings presentation. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anuj Kumar – Managing Director for his opening remarks. Thank you, and over to you Sir!

Anuj Kumar: Thank you Inba. Good morning to all the participants. Thanks for taking the time out to join this earnings call. Like the format we presented in the past, we will take you through a presentation and then maybe in about 20-25 minutes we would be done and then we should have enough time for Q&A.

Overall as all of you know, FY2022 has been a strong year compared to the reasonably lean performance that we saw in FY2021, FY2022 was a strong year across all key metrics whether you see financial or operating metrics, investor interest in mutual funds, or product launches or digital properties etc., so we will kind of cover all of these aspects in the presentation and I will begin in terms of key highlights the first one that I would like to mention is that Zerodha, as a potential asset manager which is about to join the marketplace has opted to go with CAMS, some of you may have noticed this in the exchange filing we made about a week or 10 days back we have not yet done an official press release but just in terms of the future outlook although it does take a new AMC a lot of time to build business that is a very positive outcome for CAMS.

The second is that we have announced to you earlier and you would have seen it in the press that in order to strengthen our overall position in the alternatives market we anyways have a very strong play going. We made a strategic acquisition in a fintech platform called Fintuple which services both PMS and AIF operators. That has now got concluded in the month of April and CAMS authority in this company under the platform.

On account aggregator the CAMSfinserv account aggregator platform went live in 4Q of the year with two clients, we have tens of wins in the fourth quarter. These are largely in the area of brokerages, housing finance, fintech, NBFCs and banks one medium-sized bank is chosen to join our platform.



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Volumes are scaling up not very rapidly. Some of the largest banks have not yet joined in. There is been some delay there but the very heartening piece of news is that SEBI has now officially confirmed that SEBI governed entities will be joining the account aggregator architecture that will happen in the coming months so that broadens out the play from lending entities to capital market entities and then of course our expectation is that both insurance and pension will follow just to complete that entire story.

We have spoken about our NPS platform. I am sure a lot of you would have joined the launch ceremony of the platform which was inaugurated by the PFRDHM. I am very pleased to share with you that the eNPS product which is a direct to consumer electronic product bought directly not of the payroll went live sometime in March. In the month of April and I am just talking the first completed month we are in the first week of May right now, we have achieved the over 4% share, these are very early days shares absolute volumes etc., at the start making sense once you have delivered all of this for the first maybe four or five months but just from just from a perspective of something which has gone live recently we now have focus on shared in eNPS registrations and the number to share position only in eNPS the government and pop business is yet to start acquiring. The pop business hopefully will start acquiring consumers by the end of this month beginning of next, but in the eNPS part we have seen a strong step.

You would have read the CAMSRep, new algo, new product variant on deep level contact tracing by trolling large amounts of invested data including social media presence etc., to trace the untraceable policyholders who are due for receiving policy benefits but have not got them yet, unclaimed amounts continue to be a problem that every sector of the financial services industry is dealing with insurance especially because that is the only reason why people buy insurance.

Five large private sector life insurers have now joined and are subscribed to the solution and we are expecting more to come in. This is overall creative to the business and we are very hopeful that you know this very deeply intellectually imbued algorithmic way of doing tracing of customers who are otherwise not available will create reports in the market and interest in the consumers and then on CAMSPay we launched UPI, Autopay and Instamatch, it is an industry first from a mutual fund industry perspective mutual fund industry did not have these products. They have now gone live and showing very strong early results.

So in summary those were the five or six things that I wanted to call out across our various business class. If we dive deeper, I will leave you with some data and this data is about various segments of the mutual fund market, how you done in terms of share of assets and



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share of sales I mean if you condense this entire picture it is about absolute asset momentum and growth in share, it is about absolute sales momentum and growth in share and we will talk about these as much about the equity segment and then overall.

Equity share growth which is equity AUM, we grew by 3.37 lakh Crores and just an unprecedented number which we had not seen in previous years. This 3167 last growth is essentially the growth of everyday assets from March of 2021 to March of 2022. If you take the rest of the market this is about 183% of the overall rest of the market the 3.6 lakh number, rest of the market grew by about 1.8 lakh Crores.

Our share on industry equity assets so you have seen a 70% market share, which is obviously a different asset classes, have been different in equity assets, this share has crept up 62.5% in March 2021 to 65% in March 2022 so that is about 2.5% share gain in just pure equity assets during this time period. If I take you to gross sales, the gross sales and net sales are both important. Gross sales I think because the more primary metric than net sales because let us say balance out people who are existing this is about people who are coming in.

In equity 64% share in gross sales, 4.29 Crores with the rest of the industry doing 2.4% and in debt this share was 77% so 77% of all debt gross sales came to CAMService Fund which is 6.19 lakh Crores and 1.84 lakh Crores done by the rest of the industry. All numbers are in lakh Crores as far as AUM numbers are concerned.

If we club everything together we take overall gross sales merging all the segments, 70% share, CAMService 66 lakhs Crores of gross sales, rest of the industry did 28 lakh Crores and this equity includes hybrid and arbitrage. These are standard definitions, standard asset definitions, and some definitions which play out here.

On the NFO side which you know was again after a hiatus, a very strong momentum creating set of events in the industry. It played out almost throughout the year, it played out very intensely in August to December and then to some extent in January to March and now of course there is a small time period for which there will be no enough rooms in NFOs.

Overall CAMs industry did over 52000 Crores at 70% share, the rest of the industry did about 22000 Crores across asset classes so overall 70% in the equity NFO in flows and in overall inflows for NFO the share was 65%. So whether you see overall gross sales, you see share of the equity assets expanding from 62.5% to 65%. Here the overall gross sales and 70% share, if you take equity NFO, 70%, if you take overall NFO inflows, that was 65% where are we on the client base? What are the clients telling? Top five AMCs by AUM cost



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you the time as of the quarter end. Then on the top 15 AMCs should our clientele and then interestingly, four of the top five AMCs based on equity assets too so we have discussed equity market share in various forums just wanted to show that some of that flavor on the share side on industrial rankings purely on equity and on the NFO sections comes out because that kind of rounds up the entire story.

On transactions which you know as participation increases production counts increase in the industry just tracing through first quarter of the year to fourth quarter, rose to a historic high of 115 million transactions so 11.5 Crores. This was 11 Crores in the previous quarter, October, November, December was just over 10 Crores in the quarter before that because second corner of the year July, August and September and was 8.75 Crores, in the quarter before that.

So you can consistently see and you are aware that a lot of this is just SIP is market share and SIP volumes, all of which have gone through a very robust kicker in the last six to eight months. So that is largely contributed one few total transactions at 8.75 Crores and 11.5 in the fourth quarter. So within the year pricing action volume was gone by almost 3 Crores 2.75 which is again I do not recollect when the numbers looked so strong and so positive.

On SIP registrations and you have seen that SIP registrations could become I would say a more secular a more steady foundational metric than something which reacts to every income cycle, every interest rate, cycle every change in the marketplace those numbers have been very, very heartening. CAMs new SIP registration in a FY2021 was just under 73 lakh that has grown to 158 lakh so that number has more than doubled from FY2021 to FY2022

Overall if you see 72.9 was a 52% share of the SIP registration market and a FY2021 and the 158 and FY2022 is a 59% share, so 7% gain in share 52% to 59% and more than doubling of the volume despite us having created a number of utilities is where investors can, stop, pause their SIPs and do various other things. The only one metric that you need to look at to see how steady SIP collections market is concerned is towards the SIP collections themselves because there is no net of gross number here because that is the money which comes out of investor bank and you will be seeing almost a 4 Crores to 5 Crores increment at industry level, in the last maybe three to four months.

So those are stable on ground foundational metrics, which I said do not react to every change in marketplace and marketplace dynamics, it is good for the industry because that is the long-term decision of saving an investment because the investor is taken and he knows that seasonality is a part of this entire movement, so let us go forward.



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If you took the sigma of all digital transactions across CAMService funds and then saw the fraction of my account that is one-third one out of three digital transactions for cap service funds is coming from myCAMs, which is very heartening, on ms central which was built and put out in the market by camps in the other RTA again a strong journey forward. The mobile app version was launched and appear over 40,000 downloads, after created strongly 2004 in both the Playstore and the apps close to 2 lakhs worth our registration almost, 2 lakh non-financial transactions, just short of 1 lakh cash downloads and average downloads are over 7 000 almost 7500 a day.

Moving to digital I think a fantastic story in digital. I will talk about myCAMs first which continues to remain the largest mobile app in the mutual fund arena in the country with 5 million registered users significant update in new people registering onto my account so 11 lakh new investors were added to myCAMs, 26 more than a FY2021 so you can see that almost 25% five billion a little more than that 25% percent investors came only in one financial year.

Now obviously for a platform of this nature we are expecting the login sessions will be several x times will be 5% to 10x of this number over a period of time but given the fact that we have been in the market the last three or four months that that is very heartening. International transactions for investors will go live in the current quarter.

Overall CAMs has been to a property, spiritual properties service and aggregate AUM of just short of 8 lakhs Crores so if you took the entire picture took approximately the aggregate area of 27 lakh Crores, if the approval comes, it accrual comes under the purview of computational properties which is almost 30% which is just an indication of the increasing penetration of digital usage amongst consumers and the and the steady relevance and share gain of CAM station properties so within that segment. I think it just mitigates those two things.

The other thing that I want to talk to you about and which you know we've spoken often in both individual investor meetings group meetings and in earnings call, is the behavior of the alternative markets especially AIFs. In the last quarter or two we have cemented a position in this market as we domestic AIF services market leader and I am talking about hard metrics and I will tell you what hard and soft metrics are but overall assets under administration of 1.4 lakh Crores. we do not run like said to many of you only stamp duty only marginal service mandates these are full service markets, 15 new sustained wins in the last quarter in 4Q FY2022 given the fact you know that while there are upwards of 800 AIF and PMS operation, the unique operators are perhaps under 300 which is that one entity could have multiple schemes, we continue to penetrate this market and make a strong wins.



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On the digital on-boarding side which is a product we put out in the market in August so it has been live for the last seven to eight months over 30 funds have signed up for AIF came as digital on-boarding with either CAMs or with Fintuple. We are aggressively wanting to scale this number to get to let us say 100 within the next 12 months. We also see that almost half the funds which are signing up for digital have not yet signed up with us on the RDA services side, which is a very heartening route to market we opened a new route to this market which means entities which are still not completely bought in on outsourcing of the RDA, operand already coming in for the digital and creates a strong scope for us to win the other scope as it comes in.

On gift service we offer this operation like we said in the last call live with four clients, more and more expression of interest continues to come in from the market and then like I said we deepened our digital footprint in the AIF ecosystem with 41% stake in the digital technology. I spoke about account aggregator, we spoke about the fact that we have had 10 new wins, two clients on now live and increasingly clients are going live in this market, the semi-governed entities will now begin to show interest as officially the endorsement from the regulators come. So we expect that part to move quickly during the balanced part of the current year and current financial year and then I spoke about NPS and eNPS having scored a four percent share in the eNPS market during the last month.

In terms of share I think all these numbers are known to you so I will but I will quickly take you through these especially for 4Q, based on quarterly AUM 69% market share, net flows into equity assets despite some of the overhangs that we have seen in the overall marketplace in capital markets both and globally those inflows remain negative remain positive in 4Q of FY2022. Inflows through SIP this is just the maxi SRT collection for the quarter top 7.2%, quarter-on-quarter, in terms of absolute numbers 26.7 lakh Crores was the quarter average assets service by CAMs within which equity was 11 lakh Crores like you know this grew overall assets grew almost 20% year-on-year and equity grew over 40%.

Within this off the 26.7 when I adjust suppose that with the industry assets that is near 38.8 lakh Crores industry equity is 17.2, we are 11 out of that. In terms of transaction volumes like I said they grew from about 8.75 Crores to 11.5 Crores. So that is quarter without a 4% up but a very strong 34% increase year-on-year. Live investor full use for the quarter was 51.6 million so 5.16 Crores up 48 year-on-year, you know very steady growth, IP book has almost touched 3 Crores just a lack of two shots of that so at 29.9 million up 39% year on year. Unique investors serviced were 2.29 Crores 22.9 billion again 38% increase in year-on-year and SIP transactions which kind of form the bedrock of the overall transaction cards at 87.5 million 8.75 Crores, up 42% year-on-year. So that largely the story on



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transaction counts, digital, sales market share, NFO market share, asset market share, SIP collections, those kind of things.

Like I said the overhang of press race, incidents around global peace a lack of peace, inflation etc., continue to be what they are and you have heard enough industry experts speak about that we are not going into those aspects in detail but the impression we want to leave with you is that in terms of foundational building blocks which is investors coming in investors reposing their faith, coming in for monthly formats of savings and investment coming through SIP, transacting with us, monitoring the portfolios, adding monies, all of those trends have largely remained intact especially between 3Q and 4Q, so we are not seeing an impact yet and that is the positive underpinning of the entire marketplace and of course the fact that despite the overhang overall assets and equity assets have continued to remain stable in the market.

I will pause here and hand over to Ram Charan to take us through the financial.

Ram Charan S:

Thank you Anuj. I will just take you through the yearly financial highlights of for FY2022 and some flavor on the quarter that went by. As Anuj has mentioned FY2022 was a very strong year for CAMs in terms of financials. The AUM that we track which is the average AUM grew by 27.6% in the year that is FY2021 versus FY2022. So our revenue kind of tracked this and the revenue grew by around 29% which is it when it ended at 909.7 Crores up to 29% over 705 Crores, which we clocked in the earlier year.

Out of this the MF revenue again almost tracked the entire growth in AUM which it grew by 28.8%, the AUM grew by 28% so it almost tracked the entire growth of AUM. The MF revenue was at 820 Crores versus 636 Crores the earlier year, in which the asset-based revenue again healthy growth tracking the AUM growth, asset-based revenue grew by 27% year-on-year for the financial year, it was ended at 690 Crores versus 542 Crores for the earlier year. So the strong growth in AUM is reflected entirely in the growth and asset-based revenue.

The non-asset-based revenue which is transaction based revenue which is out-of-pocket expenses, call center revenue etc., that also had a healthy growth of 38.6% and it was 130 Crores for the year as opposed to 94 Crores for the earlier year.

The non-mf revenue did a smart recovery when compared to last year. Non-MF revenue if you will recollect consists of the AIF business, the CAMSpay business, the KRA and the insurance repository business and some amount of the software services that we do to our mutual fund clients so that grew almost 30% year-on-year, it ended up around 90 Crores,



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89.6 Crores to be precise as opposed to 68 Crores so overall a very healthy growth in the topline across all categories, in MF that is asset non-SIP as well as non-MF.

From a profitability perspective we ended up with a very strong operating EBITDA of 400 Crores, 400.39 be precise, which was actually a 47% growth in EBITDA over the last year. Last year the EBITDA FY2021 was 272 Crores and the operating EBITDA percentage if you do not consider the capitalization is around 44%. This again very, very large growth when compared to last year tracking the growth in revenue and the cost optimization that has happened.

In terms of PBT we ended the year with 382.65 Crores which is up almost 40% over the last year last year number of 274 Crores and PAT it was up almost 40% again 286 Crores was the PAT for the FY2022 as opposed 205 Crores for the last year. So the profitability against strong numbers backed by increase in topline as well as cost arbitrage in some of the heads. So we ended up with a high net profit margin of 31% and last year the percentage was 28%, improvement in profitability metrics also for the financial year.

Just to give you some flavor of the Q4 numbers in terms of revenue, we ended Q4 with a revenue of 243 Crores, 243.18 which was up 21.7% year-on-year the same quarter of FY2021. This actually breaks down into an MF revenue of 217 Crores, which was again up 20.6% year-on-year and an asset-based revenue was at 181 Crores which was up 19% year-on-year. Again the asset-based revenue growth track the increase in AUM which was up around 19.6%, the asset-based revenue was up 19%.

Similarly from a non-asset-based revenue it was up almost 30% year-on-year on the back of improvement in transaction revenue as well as call central and other applications. This ended up 36 Crores as opposed to 28 Crores in the last year and in terms of non-mf revenue the quarter we clocked a revenue from 25.54 Crores again it was up around 32% over last year, growth across all verticals including AIF, CAMSpay, CAMSRep, contributing to this 32% increase in growth.

In terms of quarter-on-quarter growth there was a small as the AUM actually remained flat on quarter-on-quarter basis so the AUM, the MF revenue growth was also muted it was marginal but the non-MF revenue actually grew substantially quarter-on-quarter to 15% almost so that was at 25 Crores as opposed to 22 Crores last year. So this resulted in overall small increase marginal increase in the revenue and the EBITDA given that we continue to invest in our new initiatives with regard to the CRA business that Anuj spoke about, the account aggregator business, the TSP business, the investments we continue to make so

there was a small decline sequentially on the EBITDA margins and the EBITDA number by 1.5 Crores from operating perspective.

This is a flavor of the revenue and the profitability for the quarter. I will just hand it back for more questions that you may have. Thank you.

Moderator: Ladies and gentlemen we will now begin the question and answer session. Ladies and gentlemen we will wait for a moment while the question queue assembles. We will take the first question from the line of Devesh Agarwal from IIFL Securities. Please go ahead.

Devesh Agarwal: Good morning Sir and congratulations on good set of numbers. Firstly, I wanted to understand on the quarterly mutual fund revenues. If I divide that with the assets that you service there has been an improvement in the yields on a sequential basis. Could you explain that because the assets are more or less similar and so is the equity share?

Ram Charan S: Devesh, actually there is one important change that happened to the statement that you are making which is that the equity mix has improved marginally if you see compared to last time it is almost like a percentage in terms of the equity assets overall so that is that is a beneficial impact and even within that you know there are some inter-customer movements that happened in the last but if not every customer actually did not grow so there were some customers who grew in there so that was a favorable impact of that too so both put together that is you are right you know the yields have inched up marginally in the quarter which is again a validation of what we have been speaking earlier we have always been saying that if the assets remain stable or degrow I know the yields depletion will not happen will be stable or there will be a marginal increase. I think the numbers for the current quarter kind of seem to validate our commentary on that earlier.

Devesh Agarwal: All right Sir. Secondly Sir on your non-asset-based mutual fund revenues could you highlight how much comes from the transaction and what would the share of the transaction in that non-asset based revenues?

Ram Charan S: So the transaction revenue will be between 25% and 30% depending on the quarter, Devesh. That will be the percentage of the non-asset base remaining will be call center and we have some license fee that we do for example our MF Decks application, our front office applications and all those things we kind of get some license fee for that and then there is the OP. So the major part is the transaction base which is we call between 25% and 30%.

Devesh Agarwal: All right and again on the non-mutual fund revenue we see an inch up this quarter almost a percent again what has driven that and going ahead what would be your guidance in terms

of the contribution from the non-mutual fund business given that now both AA and NPS have gone live?

Ram Charan S:

That is right the non-mutual fund business has kind of grown well in the sequential quarter as well as year-on-year. AAF as Anuj was mentioning earlier is on a good growth trajectory so it has kind of come up almost like 35% year-on-year and even on a sequential basis it is kind of up almost 7%, 8% so that is kind of done well across the board. Our CAMSpay business as you saw new offerings are coming in they started kind of some traction on that, they have again improved around 11% quarter-on-quarter, similar for our KRA business, insurance repository during the last quarter we did see some small uptick in the policy conversions also so that kind of did go up around 15%, 17% percent so we have seen across the board increase in the last quarter in the non-mutual fund business. On the second part of the questions that you asked from specifically on AA and this I will probably get Anuj answer that.

Anuj Kumar:

So Devesh, like Ram Charan said non-mutual fund almost all cylinders are firing. AIF, CAMSpay, KRA and insurance, right now there is I would say very marginal negligible contribution from AA and NPS. NPS like I told you was the first the very first completed month of operation. Whatever impact they have we will see from this quarter but we are expecting real impact of that to come any really impact to come in the second half of the year so that thing has not played out yet. That will play out it is the other four components which have contributed to the non-mutual fundamental revenue. Does that answer your question?

Moderator:

It looks like the participants connection has dropped out. In the meanwhile, we move to our next question. The next question is from the line of Punit Kumar from Reliable Investments. Please go ahead.

Punit Kumar:

Mr. Anuj thanks for the excellent presentation that you always do. Number two, the numbers were good. It needs a congratulations. Thank you from all of us. Last you need to take care of your throat which does not need to be in the best possible shape, so Mr. Ram Charan you can answer. Two and a half question that I am going to ask. Number one: if you see this quarter versus last quarter over last year it has grown by 21.3% whereas the December quarter had grown by 25.7% year-on-year, does that mean that we are slipping. Number two: There are lot of things happening around in terms of the parent company pledging, parent company selling, what is Deutsche Bank doing, we took the loan from which bank, all those kinds of confusions are not getting reflected well in the market I think so, and the last question small one is are we compromising on the auditor name in terms of quality? Thank you so much.



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Anuj Kumar:

Punit, thanks for your comments. I will answer this in part and then I will ask Ram Charan to take over. The release that you saw is a very routine kind of occurrence. That occurrence is and I will give you the details, private FT companies when they hold an investment hold it in an entity, the owner of that entity is typically their investors or LP it is possible to have some loan in that entity which means you made a Rs.100 investment Rs.90 came from the investors, Rs.10 came from a banker so total the Rs.100 through which the investment is made. Whatever you are saying and the filing that you have seen is about banker A who had lent that Rs.10 now moving away and banker-B coming in this is at the investor level, this is not CAMS pledging or anything or any of the domestic shareholders pledging anything, this is at the level of one level up investor, switching that small amount of loan from banker A to banker B. All these loans are backed by pledgeable shares so we show that there is some pledge happening there. But this is not at company level at all that is one thing that we are letting you know. The standard accepted process in the market as you know is to deploy these events to which are how you saw the filing. That is the answer to your question if you want a separate conversation, we are happy to have a separate conversation do not treat it as anything outside a routine switching of a lender by somebody who borrowed money that is all that it is and the pledge is a standard pledge. I will hand back to Ram Charan to comment upon Q3 and Q4 and if anything is left.

Ram Charan:

You are right in terms of the growth what we did year-on-year in Q3 to Q4 is a little lesser but it is also tracks the AUM growth. If you actually saw the AUM growth in Q3 was around 28% and hence the revenue growth track we had. Year-on-year revenue growth for the current year is again 22%-23% and our revenue growth is tracking well, so it is the function of the AUM growth that happened in the industry in Q3 versus Q4, this is in fact anything remained stable or become little better, so this not a sign of any depletion in any of our offerings or revenue potential or anything. If you see from a longer-term perspective, our CAGR continues to be there, if you have to see the year end and see the three-year CAGR, five years CAGR and ten years CAGR the five and ten years CAGR continues to be a healthy and the industry continues to be around 19.8% to 20% and our CAMS revenue continues to grow in fact little higher than last calculation almost at 16%. So, this is kind of a longer-term trend that will payout quarter-on-quarter, there could be fluctuations in the asset growth and the revenue since we are 89% and 90% based on MF asset growth. Our revenue will track that small movement or fluctuations quarter-on-quarter but this is not a reflection of the long-term any depreciation that has happened in our potential.

Moderator:

Thank you. We take our next question from the line of Dipanjan Ghosh from Kotak Securities. Please go ahead.

Dipanjan Ghosh: I just have few questions from my side. Sir, on the first part I just wanted to understand how much of your non-asset link revenues during the year, was led by higher NFO related volumes that is witnessed in FY2022?

Ram Charan: For the year it is not single digit percentage because the revenue model for NFOs is the applications based billing, although there were mega inner force and there will be some revenue that comes from NFOs, Dipanjan the way we look at it, it is more kind of a future revenue potential for the NFOs and the onetime revenue that we get by processing the application forms so, that will be less than Rs.5 Crores – Rs.10 Crores for the year that is not going to be significant the potential that gives us for future revenue is what is more reflecting in that.

Dipanjan Ghosh: On the second question, now that you have gone right with the AU proposition and it has kicked off, if you can share unit economics more on the non-TSP side of the business in terms of how your revenue model is structured and the margins that you probably intend to make on more of a steady state basis in the business?

Ram Charan: Okay, as you know there are two components to this, one is account aggregator another is a TSP. So, we are seeing traction and we are seeing huge cases also evolved a couple of them regarding the lending use case as well as the broker on-boarding is kind of little more crystallized over than what it was earlier but still is early days. The revenue model for this is a onetime implementation cost especially in the TSP model where we kind of enable the end customers SIP and SIU to actually have an encryption and decryption layer over and above that there is some analytics that we will do for them. That is the onetime implementation cost that we will charge and the predominant revenue will come from for A as well as for TSP will be a per pool cost. So, in terms of the one data that passes through our pipe first to the TSP layer and then the A layer and TSP layer and to the FIU that actually constitutes one pool which will be billed one by a TSP and one by the AA, it is too early to predict on what the margins will be, what we are sure is that it is a white market, it is a large market, used cases are evolving and it is going to be a volume based market it is not going to be a niche market for sure. So, the prices are trickling down as you would in the initial part of it, there will be some competition on prices we are still at a stage where there is some discovery happening and what is the appropriate price. But our models are clear we think in the medium and long-term this will be a profitable business for us.

Dipanjan Ghosh: Sure, just two more questions from my side; one is on the offshore fund servicing that you have started for the GIFT City, what are the services you are providing and if you can shed some color on your proposition of plans for that segment going ahead?



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Ram Charan:

I am sure you are aware of the GIFT City and how the overall architecture is being promoted largely for domestic deployment, think of a domestic fund which is going to invest in domestic assets that is planning to raise money overseas the offshore for fund administration was largely outside India. The arbitrage which was getting created is with the strong push of the government and the regulators, a lot of that offshore administration covered into India you know that a lot of that administration sits in Malaysia or Singapore etc., I guess most of the participants on this call belong to a fund house I or II and you know how that architecture works. So, as that arbitrage plays out as the incentivization of participants to operate out of India moves out, we will see momentum in new funds, filings were with permission with SEBI and then taking up also in fact I was with one of our domestic clients yesterday and is just leased based 10 days back and applied for permission I would still not say that there is earth shattering momentum yet. GIFT City as in around for a few years, the momentum is building up. But with the incentivization it is possible that a lot of overseas funds raise with deployment in India that architecture will start paying out in GIFT city and that is where still this market will develop. Like you said we have had about four sign ups about one a month we are expecting that at momentum we should be perhaps getting a signing a week but there is some time for that to happen.

Dipanjan Ghosh:

Sure, last question from my side, firstly congratulations on new deal win during the quarter. I just wanted to understand when you pitch to a new client who has not yet commenced MF business, how do you determine the pricing model, what is the pitch really constitute barring the proposition and then service offerings that obviously will be a part of the pitch?

Ram Charan:

Today if you see the RTS service stack is a very, very broad stack and sometimes I have publically said that calling ourselves as registrars is as a misnomer and it condenses the scope that we perform. Overall, what a consumer looks for and what we pitch is essentially our capability to do record keeping, investor servicing, execution of investor trades, payments, settlements all of that kind of work. The regulatory adherence, the compliance, cyber security, ability to deliver gold standards in up time, BCP as an integral part of our overall architecture, our digital assets, front office spread, I think there are ten to fifteen core components that play out and while I do not want to take to any one of these, I will just give you an example that when a new fund house comes and looks at myCAMs and sees that there are fifty lakh investors to whom they can potentially pitch, we obviously do not allow advertising or marketing on myCAMs so, it is just a matching platform. But you can make yourself visible to fifty lakh consumers there is no other place which can allow you that, similarly you make yourself visible to walk ins in 280 branch offices across the country, there is no other place where you can do that easily and similarly our track record of managing fund houses which have assets for several lakh Crores but at the other hand also fund houses which have only 2000 or 3000 Crores, right we have the entire spectrum



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and the amount of attention CAMS will be able to pay to introduce finance in their overall execution. Our best in class SEBI security scores which you have seen in many of our presentations that a very, very strong capability in managing business in any of our key centres if there was a geopolitical or any other weather related crisis at one of the cities. I think consumers look at each one of these components but more than the former presentations, I think they look at lot of market feedback, they talk to our consumers, they talk to many other parts of the ecosystem to form a belief in our capabilities but that is how business has grown over the last many decades it is not of access for today. So, like I said there are ten to fifteen very strong core themes including our leadership team very strong, vintage leadership team which had to position in front of the new client that plays out identically in the capital market very intense in AMC sales but also equivalent tense in AR sales.

Dipanjan Ghosh: Sure, thanks for the detailed explanation and all the best.

Moderator: Thank you. Our next question is from the line of Sanjay Awatramani from Envision Capita. Please go ahead.

Sanjay Awatramani: Thank you for giving me this opportunity. Sir, can you highlight which can be your core competitors in the market?

Anuj Kumar: Depending upon which product you are looking for the competitors change if I look at the core business which is the RTA business there is one large RTA you know the name, they are competitors. When it comes to a lot of other capabilities our ability for example offer API's of all kinds, have website transaction portals etc., that are built, there are lot of IT companies which that kind of work and we are all competitors. If you see account aggregator and TSP, if you go to some of the website you will see about 30 different IT companies of all kinds including a few of the big four in India are TSP's account aggregators are four license firms and TSPRA there are three licensed entities. So, depending upon which market segment you are looking at the answer changes but if you are restricting yourself to the core which is head-to-head is their one or two or three RTA competitors, there is only one.

Sanjay Awatramani: Okay, Sir that is all from my side. Thank you so much.

Moderator: Thank you. We will take our next question from the line of Kaushal Agarwal from Haitong Securities. Please go ahead.



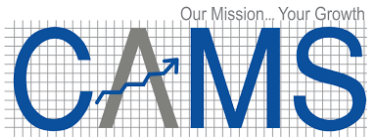
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Kaushal Agarwal: Thank you for the opportunity and congratulations for the quarter. Sir, I have few questions, number one is regarding this press release where you mentioned that CAMSfinserv has collaborated with Microsoft India to develop the AA market place so, I just wanted to understand what kind of collaboration is this and is there any sort of investments which we are going to do in the near future in terms of money or in terms of the man power for this specific collaboration number one? Number two is a data keeping point I just wanted to know the ESOP number for Q4 FY2022 and Q4 FY2021 and for full year FY2022?

Anuj Kumar: Very good question. Just as you know our business is moving away almost to be predominantly technology-oriented business and a platform business. Within that, account aggregators are new initiative and we wanted to be sure that we had best in class partnerships in the country. With entities which were not just commercial partnering with us, I can go in my something from Microsoft and I can call it a partnership but that is not how this is built. Microsoft as and India centric initiative has partnered with the specific market leaders in different segments, let us say someone in banking, someone in the insurance, someone in the account aggregator etc. With the exclusive objective of deepening and broadening the market making specific innovations relevant to that market, helping enhance the product, this is the tech capabilities and then helping with go to markets, selling will continue remaining our responsibility but because of the wide breadth and wide reach, there was certainly of analyse the product class and analyse CAMS. This is not a financial review, it is not a financial partnership, it is not that we are each putting in money to create something, it is not a foundation, not a chain, it is a stated partnership between two corporates which go beyond the stated commercial agenda of one being a seller and the other being a buyer, it is in Microsoft interest to do foundational work in the country think of it as foundational market making work that they are doing jointly with CAMS in the areas of account aggregator.

Ram Charan: I will take the question on ESOP, so for the year the cost to P&L that we have taken when you see a salary cost of that Rs.321 Crores that includes Rs.25.3 Crores cost because of ESOP it is non-cash charge that answers one part of your question. For the quarter our cost accounted is around Rs.7.5 Crores which was probably around Rs.4.8 Crores more than what it was in the same quarter last year.

Kaushal Agarwal: Just last question on the margin side, we have seen like on QoQ basis due obvious reasons that you mentioned during the initial remarks that there were some investments being made due to which the EBITDA margin has seen from 45% to about 43.6% during the quarter. What is your two to three years view on the margin trajectory for the company?



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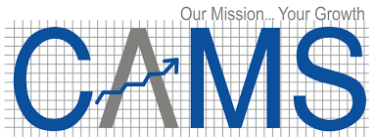
Anuj Kumar: Our commentary has been consistent on that. What we have been saying is that the normal margin and because of various reasons including from our yield depletion because of growth in volume, to salary increase, to our investments that we do in a new business as well as in information security and talent. Our long-term view of the margin has been in good year it will be little more than 40% and in a year that assets to improve it will probably between 35% and 40%, we do not see any reason to revise that guidance as of now in terms of where we are seeing the margins will settle at. We will have to wait and see regarding the asset growth over the remaining period of the year and then we will probably have to revise any commentary we have on that.

Kaushal Agarwal: Okay, thank you so much. That is it from my side.

Moderator: Thank you. Our next question is from the line of Jatin Jadhav from Sahasrar Capital. Please go ahead.

Jatin Jadhav: Greetings Anuj and first of all congratulations on good set of numbers. My question is with the follow up regarding the margin with sales. I just wanted to know if you all are planning on margin expansion what steps can be taken in order to improve PAT and EBIT margins?

Ram Charan: From the margin perspective historically if you see the margins has been within the range of 35%-40%, in a good year it has been around 40%. Over the last one year definitely you have seen some margin expansion happening it has been a combination of the growth in the assets as well as some amount of cost optimization that has happened to automation that happened has benefited to an extent on the cost. But going forward from a margin perspective our expectation is that to maintain a early 40's kind of a margin will involve a lot of work from our side. We are not looking at a huge margin expansion for reasons that are well documented, number one this volume-based pricing or the flabbiest pricing will ensure that going forward yield will keep falling down as the assets grow and that needs to be managed. This is something that we enter into a relationship with our customer on a win-win basis so that something that is not reversable and you know that India is wave inflation if you kind of have to be in the market you have to give them decent wage hike year-on-year basis you are going to get this 10%-15% increase in salary cost and then the investments are we need to make to maintain our salience in terms of information technology services the huge capex that we are incurring, last year was in fact the highest year in terms of CAMS we spent some Rs.65 Crores only on IT assets and capex just to ensure that we are geared up for the transaction volume as well as statutory requirements. So, these things will keep happening and the scope that the RTAs will need to do for the same field will keep creeping up that is the nature of the business, nature of the business any regulatory changes are come we will have to invest on that, we will have to invest on



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the IT infrastructure. So, our overall view is that we will continue to do all these things, continuing to handle price reductions, continuing to handle wage inflations and continue to invest in business and new business and if you retain the same margin levels going forward the early 40's I think is kind of you have done there that is been our outlook.

Jatin Jadhav: Alright, thank you so much. That was it. Have a nice day.

Moderator: Thank you. Our next question is from the line of Prasheel Shah from CapGrow Capital. Please go ahead.

Prasheel Shah: My question is regarding the competition, so as you rightly mentioned that there are only two players in this market. How do we differentiate ourselves from your competitors?

Anuj Kumar: You can see that the MF RTA market is now almost close to 30-year-old market within this marketplace as I explained earlier consumers and asset managers were looking for a set of trades or set of capability and wanted to make a decision basis that. The business has become extremely regulated. The market expectation is 100% quality. Small thing that go around carefree attention of not just consumers but governing bodies, auditors, boards, trustees all of them. Gold plating in device results in quality, in compliance, in industrial servicing and record keeping and the way we manage APIs, the way we manage our time off, our idea assets despite of which we pass of things, the capability of the team, the vintage of the team, capability of the digital assets, investors who prefer getting service digitally on our assets, spread of the front offices, like I said all various criteria that asset managers would deploy of course they would also look at commercials and prices etc. Over the last 30 years while both companies have been in the arena, you can look at the clientele even look at the head of the market, you can see the track record of large significant logos, large brands etc., and make up your own mind and of course you are in touch with the marketplace I am sure you speak into our clients etc. Differentiation does not get created in a day, differentiation does not get created in PowerPoint, differentiation will not happen because of something that I did yesterday or in the last three months. I think it is just sustained investment, sustained capability, demonstrated results, exceeding expectations across all the metrics that I spoke about which have brought us where we are so, that really the answer to your question. I do not want to say that at least some technology edge or it is some people edge or it is some digital edge, I think it is culmination of whole of these factors built over decades, the transport caps is built as a significant centre or the arena market participants which has brought us where we are, that really how would I answer your question.



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Prasheel Shah: Just some months back when you look then year in fact had invested in CASE Intech, so what is make of that investment is there any threat of them over a period of mainly two or three years down the line moving to CASE Intech as their RTA would you see that as a threat?

Anuj Kumar: No, we do not see that as a threat. Our understanding is that the Kotak group continues to make strategic investments in entities across the marketplace. This is one of those investments, is it tightly coupled or tightly tied to a decision to buy RTA services from one entity to the other within this entity and the other we do not see that connection, we have not sensed anything.

Prasheel Shah: Acquiring Zerodha as a client, can just walk us through the journey of how acquiring a new client and when Zerodha will start earning from this partnership?

Anuj Kumar: Typically, there is an application for an AMC made that this is visible, it is a small market, so we know who all are participating in the marketplace. Lot of times potential consumers do reach out to us or we reach out to them depending upon who makes the phone call first. The process is it takes time because the newly registered AMC's in the run up to getting the license are supposed to demonstrate that they have capability, the fund management, capabilities of investors, for the same and that they are beginning to identify partnerships for all of this, they obviously also supposed to have other partnerships in the area of fund administration, in the area of custody etc. So, they begin to start the process much before the license comes in and sometimes coinciding with the license, they are able to culminate the process and appoint. Revenue only starts post launch typically everyone will start with the scheme. Most of them will start with an equity scheme. There are track records where AMCs have started with the debt or equity scheme too, so the first scheme has come out which comes out as an NFO and that is when you start getting the first asset from the first transaction to build. The whole process on an average will take about a year at least but sometimes taking it longer.

Prasheel Shah: Yes, just one last question. What I meant was when does it start adding value not just in terms of revenue but also in terms of profitability?

Anuj Kumar: Think of it this way, I will give a met rate and then you can make your own decision, I am not giving you a specific accounting answer. For any new AMC to be relevant for themselves and for suppliers like us to make money, there has to be a critical mass and think of that critical mass of being at least Rs.10,000 Crores AUM before that those are really small numbers at which business is still look at of suboptimal in size for them and because it is for them obviously for the other participants also it is not yet crossed a critical



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threshold. So, it takes that minimum threshold for it to become profitable in the range of let us say Rs.8000 Crores to Rs.10000 Crores that typically takes time it will not happen in the first year but it can happen let us say between the second and third year if the sales set up is strong AMC's could get to that level those are the levels let us say Rs.5000 Crores and Rs.10000 Crores thus the assets begin to make sense commercial sense.

Prasheel Shah: Okay, thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the floor back to Mr. Ram Charan for closing comments. Over to you, sir!

Ram Charan: Thank you. Thanks everybody for attending the earnings call of CAMS. Please feel free to reach out for any further questions to either Orient Capital or IR or to Anish Sawlani in the email addresses given in our corporate presentation or in the communication that you have received. Look forward to continued coverage and support. Thanks again for attending.

Moderator: Thank you members of the management. Ladies and gentlemen, on behalf of Computer Age Management Services Limited that concludes this conference. For further questions please reach out to Anish Sawlani from IR team of CAMS by writing to anish.sawlani@camsonline.com. Thank you for joining us and you may now disconnect your lines.