

NSE's strategic investment arm buys 45 pc stake in CAMS

MUMBAI: Leading equity bourse National Stock Exchange (NSE) on Tuesday acquired a 45% stake in Chennai-based investor services company [Computer Age Management Services](#) (CAMS). While both parties didn't disclose the deal value, two people in the know of the development said CAMS could have been valued anything between Rs 1,200 crore and Rs 1,500 crore. [Strategic Investment Corporation](#), an [NSE](#) subsidiary, is said to have bought the stake from Advent International, [HDFC](#), [HDFC Bank](#) and [Acsys Software India](#).

"This association will bring in unique capabilities in expanding the reach of mutual funds and other financial products through the exchange infrastructure of member terminals across the country, apart from its unique capabilities in governance of members, settlement and market making," NSE said.

In October 2010, rival exchange BSE had proposed to buy 51% in CAMS for around Rs 650 crore, but the deal didn't go through since market regulator Sebi cited conflict of interest. In fact, former BSE chief Madhu Kannan was very keen on buying CAMS as part of its business plan to offer end-to-end solution. When contacted, BSE declined to comment.

CAMS provides services to 18 mutual fund groups in India, and is responsible for around half of all mutual fund transactions processed across the country. CAMS also offers services to insurance industry.

After the NSE deal, Acsys Software and [HDFC](#) Group will hold the remainder of the 55% stake in the company. One of the reasons for high valuations of CAMS is said to be a good amount of cash in its books. In October 2007, US-based Advent had made its first investment in India through a minority stake in CAMS for around \$90 million. Advent has \$26 billion under management globally and invests in BFSI, healthcare, industrial, retail, consumer, technology, media and telecom sectors.

Karvy Computershare is the key competitor of CAMS. Among others include Deutsche Bank AG, Franklin Templeton International Services India and a joint venture between [BNP Paribas](#) SA and [Sundaram Finance](#).

