

Retail Research	IPO Note
Sector: IT Products	Price Band (Rs): 640 – 675
25th July 2025	Recommendation: AVOID

Aditya Infotech Ltd

Company Overview:

Aditya Infotech Ltd (AIL) offers a comprehensive range of advanced video security and surveillance products under its brand 'CP PLUS'. The company also offers fully integrated security systems and Security-as-a-Service, directly and via distribution networks to end-customers engaged in a broad range of sectors such as banking, insurance, real estate, healthcare, etc. As of Mar'25, the company's manufacturing capacity stood at 17.2 million units.

Key Highlights:

1. Largest player in the domestic security and video surveillance market: AIL is the largest provider of video security and surveillance products, services and solutions in India in terms of revenue. As of FY25, AIL commanded a market share of ~21%. AIL has established 69 dedicated CP PLUS Galaxy stores in India, which are operated by its distributors.

2. Pan-India sales, distribution and service network: AIL has the widest pan-India presence within the video surveillance market, with its products being sold in over 550 cities and towns across India alongside a network of 41 branch offices and 13 RMA centres. The company sells its products across India through a network of 1,000 distributors spread across tier-1, tier-2 and tier-3 cities while the after-sale services ensure that customers receive ongoing support beyond the initial purchase of products. AIL's post-sale services comprises of comprehensive maintenance, troubleshooting and technical assistance led by a trained technical support team.

3. Comprehensive Portfolio of Electronic Security & Surveillance Products, Solutions and Services: The company offers a wide range of security and surveillance products under the CP PLUS and Dahua (exclusive distributor) brands, which are among the prominent brands in India. AIL's portfolio includes 2,986 SKUs across various categories such as CCTV cameras, recording devices, software solutions, biometric systems, video doorbells & phones and other accessories like displays, monitors and storage. The company also provides customized software solutions like HMS (Health Monitoring System) for real-time system diagnostics, AMS (Attendance Management System) for workforce tracking and proprietary CRM software for post-sale service management. The company integrates AI technologies into its products, offering features like facial recognition, intrusion detection, vehicle counting and crowd estimation through its 'Edge AI box'.

Valuation: AIL is a leader in the video security and surveillance products, services and solutions market in India with a ~21% market share. The recent quality norms introduced by the Central Govt from Apr'25 should benefit domestic manufacturers such as AIL. It is also looking at backward integration into components such as plastic and metal housings which should boost margins going ahead. The proposed debt repayment of Rs 375 cr from the IPO proceeds will lead to significant reduction in interest cost in FY26. The FY25 financials and ratios however are not comparable with previous years due to consolidation of AIL Dixon JV. At the upper issue price of Rs 675, the stock trades at FY25 P/E of 77.0x, which we believe is exorbitant, in the backdrop of mid-teen return ratios and weak operating cash flows. Investors are recommended to **AVOID** the issue and track performance of the company post-listing.

Issue Details	
Date of Opening	29 th July 2025
Date of Closing	31 st July 2025
Price Band (Rs)	640 – 675
Offer for sale (Rs cr)	800.0
Fresh Issue (Rs cr)	500.0
Issue Size (Rs cr)	1,300.0
No. of shares	1,92,59,259 @upper price band
Face Value (Rs)	1.0
Post Issue Market Cap (Rs cr)	7,528 – 7,912
BRLMs	ICICI Securities Ltd, IIFL Capital Services Ltd.
Registrar	MUFG Intime India Pvt Ltd.
Bid Lot	22 shares and in multiple thereof
QIB shares	75%
Retail shares	10%
NII shares	15%

Objects of Issue	
Particulars	Estimated utilization from net proceeds (Rs cr)
Prepayment and/or repayment of all or a portion of certain outstanding borrowings availed by the company	375.0
General corporate purpose*	125.0
Total proceeds from fresh issue	500.0

**The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	10,22,51,862	93.1
Public & Others	75,53,943	6.9
Total	10,98,05,805	100.0

Post Issue @ Lower Price Band	No. of Shares	%
Promoter & Promoter Group	8,97,51,862	76.3
Public & Others	2,78,66,443	23.7
Total	11,76,18,305	100.0

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	9,04,00,010	77.1
Public & Others	2,68,13,202	22.9
Total	11,72,13,212	100.0

Source: RHP, SSL Research

Key Financials

Particulars (Rs cr)	FY23	FY24	FY25
Revenue from operations	2,284.5	2,782.4	3,111.9
EBITDA	160.5	222.9	247.3
PAT	114.1	140.4	102.7
EBITDA Margin (%)	7.0	8.0	7.9
PAT Margin (%)	5.0	5.0	3.3
RoE (%)	36.6	33.1	10.1
RoCE (%)	22.6	26.6	15.9
P/E (x)*	65.0	52.8	72.1

[^]Due to business combination of AIL Dixon Technologies Pvt Ltd, the consolidated financial figures for FY25 are not comparable with those of the previous financial year i.e. FY24 & FY23. For more information kindly refer to our note on Pg. 4.

*Note: Pre-issue P/E based on upper price band

Source: RHP, SSL Research

Risk Factors

- **Change in consumer preference:** As of FY25, the company derived ~79% of its revenue from the sale of CCTV cameras, network video recorders (NVRs), digital video recorders (DVRs) and pan-tilt-zoom (PTZs) cameras. Variations in demand and changes in consumer preference towards these products could have an adverse effect on the company's business.
- **Supplier risk:** The company sources parts such as chips, lenses, printed circuit board components, housing and sensors for its manufacturing operations from a combination of domestic and foreign suppliers from China. As of FY25, AIL's top 5 suppliers accounted for ~92% of the total cost of materials consumed, while the largest supplier accounted for ~52%.
- **Import of parts and materials from China:** The company imports a portion of its parts and materials primarily from China. As of FY25, the company imported parts and materials worth ~Rs 100 cr from foreign countries, with China accounting for ~73% of those imports. Hence, any restrictions on imports or fluctuation in global commodity prices could adversely affect the financial condition of the company.
- **Significant contribution of the Dahua brand:** The company became the exclusive distributor of Dahua's products in India since 2023. As of FY25, the revenue contribution from the sale of products supplied by Dahua stood at ~Rs 767 cr or ~25% of AIL's total revenue. Further, the distribution agreements of AIL with Dahua have certain restrictive covenants and can be terminated without cause.

Growth Strategies


















- Strengthen market leadership by leveraging India's regulatory framework for Cybersecurity.
- Innovate and introduce new products and next generation of existing products to develop an ecosystem for commercial & consumer use.
- Expand retail presence through additional experience centres and stores.
- Focus on service led model and Enterprise customers.
- Expand production capabilities at Kadapa facility (current capacity: 17.2 million units per annum).

Product categories

Professional Range	Consumer Range	Surveillance Aligned Products
 <ul style="list-style-type: none"> • AI Network Cameras • NVRs • ANPR Cameras • Mobile NVR • Thermal Solution • Body Worn Cameras • Interactive Display 	 <ul style="list-style-type: none"> • Smart Wi-Fi Cameras • Dash Cam • Wi-Fi Doorbell • Digital Door Lock • Video Door Phones • 4G/5G Routers • Micro SD Cards 	 <ul style="list-style-type: none"> • PoE Network Switches • DVR/NVR Racks • Cables • SMPS Power Supplies

Source: RHP, SSL Research

Product portfolio

Smart Home IoT Cloud Cameras  Upto 4MP Resolution, Full Color, Night Vision Modes, Active Deterrent, 4G Cameras, Floodlight Cameras	HD Analog Solutions  Full Color Cameras, Built-In Mic, Higher Resolution, DVRs	Intelligent Network Cameras  Upto 12MP, Motorized Zoom, IVS Functions, Smart Codec, SMD, Audio-I/O, Alarm-I/O, Long-Range IR	Body-Worn Camera (BWC)  Upto 4K Resolution, Online & offline BWC, Support upto 512GB	Thermal Cameras and long-range IR cameras  Upto 4MP Resolution, IVS Support, Smoke/Fire/Motion Detection*, Cold/Hot Spot Tracking*, Stainless Steel Housing*, IP68*
AI Solution  AI, ANPR, FR, People Counting, heat map	Network Video Recorders  Upto 256Ch. - Upto 24 SATA, RAID Supported, Failover Supported, Power Redundancy, IVS Supported	Mobile/ Onboard Surveillance  MOBILE NVR/DVR SOLUTION, Advanced AI-System Supported	Time-Attendance & Biometric Products  fingerprint and face recognition biometric solution powered by AMS (workforce management tool)	Video Intercom System  Wi-Fi Doorbells and Video Doorphone
Integrated Central Command & Control Software  Video Wall solution, Storage solutions, EVMS Pro - Integrated VMS platform, Joystick	Interactive Displays  Upto 86" Interactive Display, OPS Support, Android Platform, Feature rich whiteboard	Softwares  HMS, AMS, VMS, EVMS Pro	Wi-Fi 4G Routers  4G Sim Card support, Wi-Fi-802.11b/g/n Support*	Door Lock  Digital Door Lock with Smart Keypad, Fingerprint Detection, Face Recognition
Dash Cam  CarKam, CarKam GPS, CarKam with SD Card, CarKam GPS with SD Card,	SD Card  Available in 128GB, 256GB	Many other accessories and products  Monitors, Power Supplies, Hard Disks, Cabling, Racks, Electromagnetic Locks, Housing, Ir-illuminators		

Source: RHP, SSL Research

Installed capacity (million units)

Product	FY23			FY24			FY25		
	Installed capacity	Production	Capacity Utilization	Installed capacity	Production	Capacity Utilization	Installed capacity	Production	Capacity Utilization
Cameras	8.6	6.1	70.6%	12.6	8.2	64.9%	13.5	10.6	78.8%
DVRs/PoEs	1.4	1.2	85.1%	2.9	1.8	60.7%	3.7	2.6	70.9%
Total capacity	10.1	7.3	72.7%	15.6	10.0	64.1%	17.2	13.3	77.0%

Source: RHP, SSL Research

Revenue Split - Brands

Brands	FY23		FY24		FY25	
	Rs cr	% of Total Revenue	Rs cr	% of Total Revenue	Rs cr	% of Total Revenue
CP Plus	1,519.1	66.5%	1,912.2	68.7%	2,137.6	68.7%
Dahua	732.7	32.1%	790.6	28.4%	767.2	24.7%
Others	32.7	1.4%	79.6	2.9%	207.1	6.7%
Total revenue	2,284.5	100.0%	2,782.4	100.0%	3,111.9	100.0%

Source: RHP, SSL Research

Revenue Split – Sales channels

Channel	FY23		FY24		FY25	
	Rs cr	% of TR	Rs cr	% of TR	Rs cr	% of TR
Distributors	1,853.1	81.1%	2,242.7	80.6%	2,472.3	79.4%
System Integrated Operations / Projects	387.0	16.9%	395.2	14.2%	503.1	16.2%
Retail and others	6.0	0.3%	8.7	0.3%	59.6	1.9%
Online and e-commerce	38.5	1.7%	135.9	4.9%	76.8	2.5%
Total revenue	2,284.5	100.0%	2,782.4	100.0%	3,111.9	100.0%

Source: RHP, SSL Research

Distribution network

Channel	FY23	FY24	FY25
No. of Distributors*	974	842	1,012
No. of System Integrators*	2,018	2,208	2,178

*Includes 178, 44 and 90 common parties for FY23/FY24/FY25 respectively which are classified as distributors as well as system integrators. For the purpose of reporting, these parties have been considered in both the categories.

Source: RHP, SSL Research

Note:

During Sept'24, the company acquired the remaining 50.0% equity shares in **AIL Dixon Technologies Pvt Ltd (AIL Dixon)** from **Dixon Technologies (India) Ltd.** Prior to acquisition, AIL Dixon was a joint venture between the company and Dixon Technologies (India) Ltd; wherein the manufacturing of AIL's products was carried out by the JV. Post this acquisition, the financials of AIL have been consolidated with all operations at the group level and AIL Dixon continues to manufacture AIL's products. Hence, FY25 financials are not comparable with FY23 & FY24.

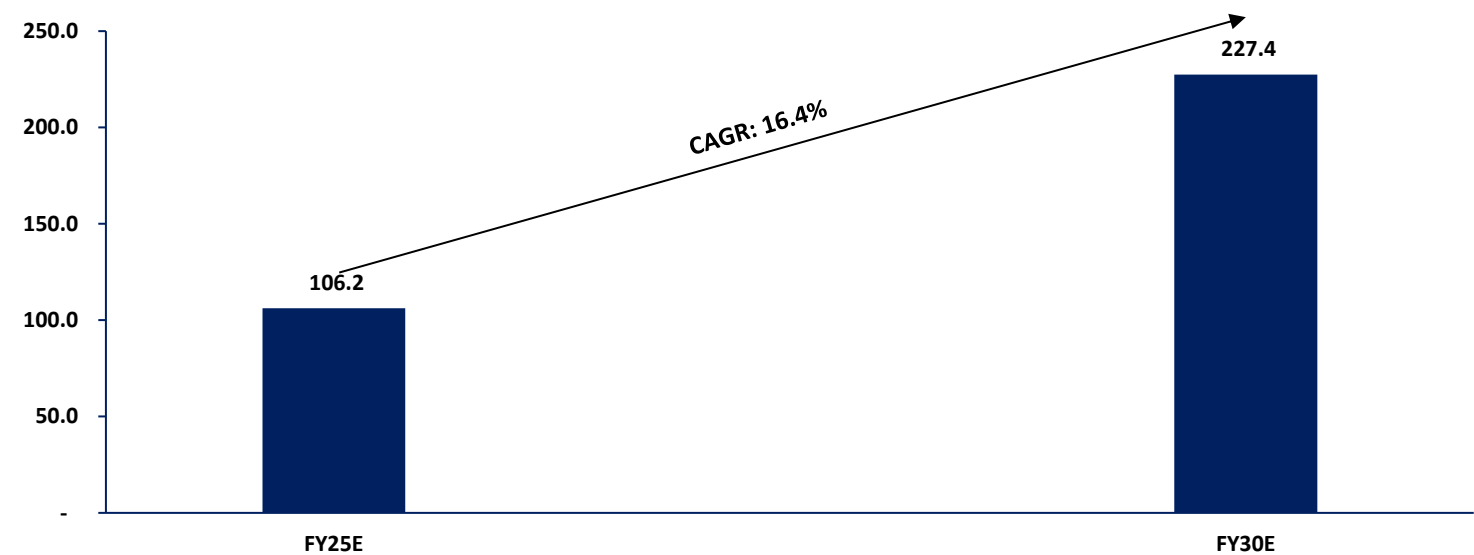
Industry Overview

To ensure the safety and quality of video surveillance products, MeitY (Ministry of Electronics and Information Technology) has mandated that all CCTV cameras sold in India after April 9, 2025 should be STQC (Standardization Testing and Quality Certification Directorate) certified. This regulation aims to ensure that surveillance products are secure, reliable and respectful of user privacy. The STQC mandate would give Indian OEMs which manufacture CCTV products locally a short-term advantage (since their products could easily be STQC compliant), enabling them to capture market share held previously by imports.

The following are the short-term impacts:

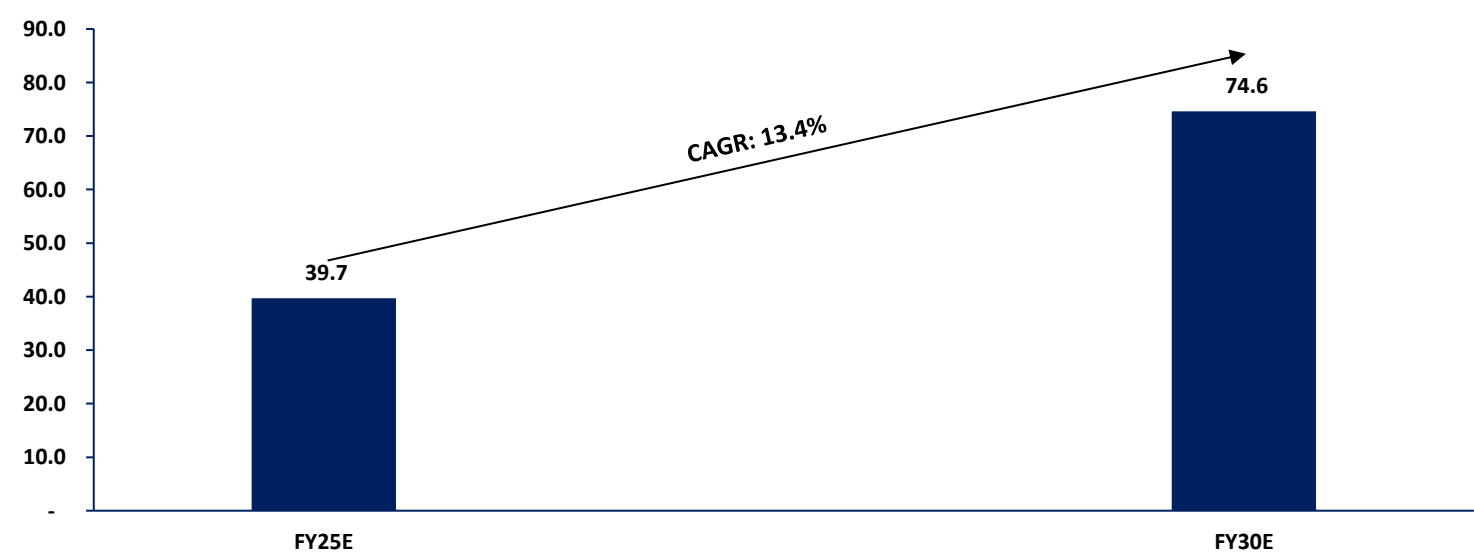
- **First-Mover Advantage:** Certified Indian brands, including AIL, have gained significant and immediate market advantage, positioning themselves as immediate legal suppliers of IP cameras.
- **Exclusive Access to Government Contracts:** The Public Procurement Order has mandated STQC certification since Jun'24, giving certified Indian brands exclusive access to lucrative government projects in critical sectors like railways, smart cities and defense.
- **Barriers for Foreign Brands:** The combination of high costs, lengthy certification timelines and the need for significant supply chain restructuring has effectively sidelined foreign competitors.

Video Surveillance Market - India (Rs bn)



Source: RHP, SSL Research

Video Surveillance units sold - India (Mn units)



Source: RHP, SSL Research

Financial Snapshot

INCOME STATEMENT			
(Rs cr)	FY23	FY24	FY25
Revenue from Operations	2,285	2,782	3,112
YoY growth (%)	-	21.8%	11.8%
COGS (incl Stock Adj)	1,899	2,272	2,442
Gross Profit	385	510	669
Gross margins (%)	16.9%	18.3%	21.5%
Employee Cost	103	134	203
Other Operating Expenses	122	154	219
EBITDA	161	223	247
EBITDA margins (%)	7.0%	8.0%	7.9%
Other Income	11	14	11
Interest Exp.	23	31	42
Depreciation	9	16	31
PBT	139	190	185
Exceptional item	(6)	(25)	249
Tax	35	49	83
Share of profit of associates and JVs	9	-	-
Adj. PAT	114	140	103
Adj. PAT margin (%)	5.0%	5.0%	3.3%
Adj. EPS	10.4	12.8	9.4

BALANCE SHEET			
(Rs cr)	FY23	FY24	FY25
Assets			
Net Block	26	21	132
Capital WIP	0	0	17
Right of use assets	37	48	61
Intangible Assets	1	1	11
Goodwill	-	-	535
Other Non current Assets	60	26	49
Current Assets			
Inventories	511	509	871
Trade receivables	615	734	1,039
Cash and Bank Balances	371	71	182
Short-term loans and advances	-	8	-
Other Current Assets	80	211	264
Total Current Assets	1,578	1,533	2,356
Current Liabilities & Provisions			
Trade payables	909	600	1,395
Other current liabilities	48	166	275
Short-term provisions	6	8	9
Total Current Liabilities	963	775	1,679
Net Current Assets	615	758	676
Total Assets	746	869	1,495
Liabilities			
Share Capital	2	2	11
Reserves and Surplus	310	422	1,007
Total Shareholders Funds	312	424	1,018
Total Debt	410	405	413
Long Term Provisions	7	9	12
Lease Liabilities	17	31	44
Other Long Term Liabilities	-	-	8
Total Liabilities	746	869	1,495

Cash Flow Statement (Rs cr)	FY23	FY24	FY25
Cash flow from Operating Activities	56	(180)	27
Cash flow from Investing Activities	(122)	116	(1)
Cash flow from Financing Activities	109	(44)	(19)
Free Cash Flow	49	(199)	1

RATIOS			
Particulars	FY23	FY24	FY25
Profitability			
Return on Assets	6.7%	8.5%	3.2%
Return on Capital Employed	22.6%	26.6%	15.9%
Return on Equity	36.6%	33.1%	10.1%
Margin Analysis			
Gross Margin	16.9%	18.3%	21.5%
EBITDA Margin	7.0%	8.0%	7.9%
Net Profit Margin	5.0%	5.0%	3.3%
Short-Term Liquidity			
Current Ratio (x)	1.2	1.3	1.1
Quick Ratio (x)	0.8	0.9	0.7
Avg. Days Sales Outstanding	98	96	122
Avg. Days Inventory Outstanding	98	82	130
Avg. Days Payables	156	86	178
Debt-service coverage (x)	0.4	0.5	0.5
Long-Term Solvency			
Total Debt / Equity (x)	1.3	1.0	0.4
Interest Coverage Ratio (x)	7.0	7.1	5.4
Valuation Ratios*			
EV/EBITDA (x)	46.4	34.7	30.9
P/E (x)	65.0	52.8	72.1
P/B (x)	23.8	17.5	7.3
EV/Sales (x)	3.3	2.8	2.5
P/Sales (x)	3.2	2.7	2.4

**Valuation ratios are based on pre-issue capital at the upper price band*

^FY25 Financials are not comparable with the previous years. Kindly refer to our note on Pg. 4

Source: RHP, SSL Research

Peer Comparison – FY25

Aditya Infotech Ltd does not have any listed like-for-like industry peers in India.

SBICAP Securities Limited

(CIN): U65999MH2005PLC155485 | Research Analyst Registration No INH000000602

SEBI Registration No.: Stock Broker: INZ000200032 | CDSL: IN-DP-314-2017 | NSDL: IN-DP-NSDL-369-2014 | Research Analyst: INH000000602

IRDA/RW/IR2/2015/081 | IRDA/RW/IR1/2016/041 | IRDA: CA0103

Registered & Corporate Office: Marathon Futorex, A Wing, 12th Floor, N. M. Joshi Marg, Lower Parel, Mumbai-400013.

For any information contact us:

022-6854 5555**E-mail: helpdesk@sbicapsec.com | Web: www.sbisecurities.in****DISCLOSURES & DISCLAIMERS:**

Analyst Certification: The views expressed in this research report ("Report") accurately reflect the personal views of the research analysts ("Analysts") employed by SBICAP Securities Limited (SSL) about any and all of the subject issuer(s) or company(ies) or securities. This report has been prepared based upon information available to the public and sources, believed to be reliable. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

The Analysts engaged in preparation of this Report or his/her relative:-

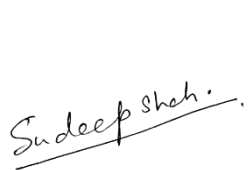
- (a) do not have any financial interests in the subject company mentioned in this Report; (b) do not own 1 or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the Report.

The Analysts engaged in preparation of this Report:-

- (a) have not received any compensation from the subject company in the past twelve months; (b) have not managed or co-managed public offering of securities for the subject company in the past twelve months; (c) have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (d) have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (e) has not received any compensation or other benefits from the subject company or third party in connection with the Report; (f) has not served as an officer, director or employee of the subject company; (g) is not engaged in market making activity for the subject company.

Name	Qualification	Designation
Sudeep Shah	MMS-Finance	DVP- Technical & Derivative Research
Sunny Agrawal	B.E, MBA (Finance)	DVP - Fundamental Research
Rajesh Gupta	PGDBM (Finance), MA (Bus. Eco)	AVP - Fundamental Research
Monica Chauhan	C.A.	Research Analyst - Equity Fundamentals
Harsh Vasa	CA	Research Analyst - Equity Fundamentals
Sumeet Shah	B.E., CFA	Research Analyst - Equity Fundamentals
Sweta Padhi	MBA (Finance)	Research Analyst - Equity Fundamentals
Uday Chandgothia	B-Tech, MBA (Finance)	Research Associate - Equity Fundamentals
Arnav Sane	BMS (Finance)	Research Associate - Equity Fundamentals
Shubham Purohit	BMS (Finance)	Research Associate - Equity Fundamentals
Vinit Mishra	B.Com	Research Associate - Equity Fundamentals
Gautam Updhyaya	MBA (Finance)	Research Analyst - Equity Derivatives
Vinayak Gangule	BE (IT)	Research Analyst - Equity Technicals
Ashwin Ramani	B.Com	Research Analyst- Equity Technicals
Sagar Peswani	B.Tech (ECE)	Research Associate - Equity Technicals
Kalpesh Mangade	B.Com	MIS Analyst - Retail Research

For other Disclosures please visit: https://bit.ly/R_disclaimer02


Sudeep Shah

DVP – Technical & Derivative Research


Sunny Agrawal

DVP – Fundamental Research