

IPO Note

Aditya Infotech Limited

Recommendation: **NEUTRAL!**

Business – Aditya Infotech Limited offers comprehensive range of advanced video security and surveillance products, technologies and solutions for enterprise and consumer segments under our ‘CP PLUS’ brand which has strong recall value.

Objects of the Issue –

Particulars	Amount
Repayment of certain borrowings availed by company	Rs. 375.00 Cr.
General Corporate Purposes	

Promoters Name – Hari Shanker Khemka, Aditya Khemka, Ananmay Khemka, Rishi Khemka and Hari Khemka Business Family Trust

Promoter Share Holding Pattern	
Pre Issue 93.12%	Post Issue 77.12%

Rationale for recommendation –

Aditya Infotech Limited, incorporated on Mar-27, 1995, has a significant operating history and operates with 10 warehouses and 69 CP PLUS Galaxy stores through distributors across India. CP PLUS, the company’s flagship brand, holds a 20.8% market share despite its late entry into the video surveillance segment. It operates a manufacturing facility in Kadapa, Andhra Pradesh with an installed capacity of 17.2 Mn units annually and maintains capacity utilization of 78.76% in Cameras and 70.86% in DVRs/POEs. Revenue from operations grew by 21.79% in FY24 and 11.84% in FY25, primarily due to increased demand for CCTV products. EBITDA margins remained around 7-8% in FY23–25 while PAT margin increased to 11.29% in FY25 due to exceptional gains from fair valuation of interest in AIL Dixon. RoCE was strong at 43%–44% in FY23 and FY24 but dropped in FY25 and RoE was between 27%–35%, though inflated by the one-time gain in FY25. The D/E ratio declined from 1.31 in FY23 to 0.41 in FY25 and is expected to fall further post-IPO. However, the company reported negative operating cash flow in FY24 due to trade payable repayments. It also faces supplier concentration risk and has contingent liabilities of Rs. 157.28 Cr. along with 15 ongoing tax proceedings. The overall financials appear moderate with some areas requiring attention for long-term consistency. Management is considered satisfactory. The company’s post-issue P/E ratio stands at 22.52, which appears reasonably priced; however, this valuation is influenced by the inclusion of exceptional items. Excluding these one-time gains, the company appears to be highly priced. Therefore, we recommend **NEUTRAL** view on the IPO at present, while suggesting that investors closely monitor the company’s post-issue performance to assess its ability to sustain a high valuation, given its strong market share, established presence and operations in a government-supported security-focused industry.

IPO Details

Opening Date	Jul 29, 2025
Closing Date	Jul 31, 2025
Allotment Date	Aug 01, 2025
Listing Date	Aug 05, 2025
Stock Exchange	BSE, NSE
Lot Size	22 Shares
Issue Price Per Share	₹640 - ₹675
Issue Size	₹1,300.00 Cr.
Fresh Issue	₹500.00 Cr.
Offer for Sale	₹800.00 Cr.
Application Amt	₹14,850 - ₹1,93,050 (22 – 286 shares)

KPIs (In Crores)

KPI's	FY 23	FY 24	FY 25
Revenue	2,284.55	2,782.43	3,111.87
EBITDA	170.04	222.94	247.33
Net Profit	108.31	115.17	351.37
RoCE	43.41%	43.26%	20.00%
ROE	34.76%	27.15%	34.53%
P/E	63.86	60.05	20.44

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	33.02	29.98
BVPS	92.68	129.48
P/E	20.44	22.52
P/BV	7.28	5.21
Mkt Cap (In Cr)	7,411.89	7,911.89

*Annualized

Lead Managers –

- ICICI Securities Limited
- IIFL Capital Services Limited

Registrar –

MUFG Intime India Private Limited

Industry Overview –

The global video surveillance and security market has experienced a significant transformation, marked by the adoption of advanced technologies (like artificial intelligence), integration with complementary security systems and a shift towards service-based models. Security and safety remain critical in any of government initiatives and hence the installation of video surveillance systems is important.

The security and video surveillance market in India has witnessed a notable change, with the adoption of advanced technologies and the integration of diverse security systems. Hyderabad, Indore, Bengaluru, Delhi, Chennai and Pune are the most surveilled cities in India.

Component wise market size and forecast -

Component	Component Growth	Revenue Growth	Revenue growth (CAGR)
Camera	23.1 Mn units (FY20) to 61.0 Mn units (FY30)	Rs. 43.2 Bn (FY20) to Rs. 137.6 Bn (FY30)	18.40%
IP Camera	13.0 Mn units (FY20) to 40.6 Mn units (FY30)	Rs. 33.6 Bn (FY20) to Rs. 119.6 Bn (FY30)	20.49%
Analog Camera	10.1 Mn units (FY20) to 20.4 Mn units (FY30)	Rs. 9.6 Bn (FY20) to Rs. 18.0 Bn (FY30)	8.37%
Recorder	3.8 Mn units (FY20) to 9.6 Mn units (FY30)	Rs. 16.2 Bn (FY20) to Rs. 42.4 Bn (FY30)	15.65%
Network Video Recorder (NVR)	1.4 Mn units (FY20) to 4.1 Mn units (FY30)	Rs. 8.7 Bn (FY20) to Rs. 24.8 Bn (FY30)	16.35%
Digital Video Recorder (DVR)	2.4 Mn units (FY20) to 5.4 Mn units (FY30)	Rs. 7.5 Bn (FY20) to Rs. 17.6 Bn (FY30)	14.70%
Encoder	2.0 Mn units (FY20) to 4.0 Mn units (FY30)	Rs. 9.0 Bn (FY20) to Rs. 16.0 Bn (FY30)	7.42%
Software	-	Rs.13.4 Bn (FY20) to Rs. 31.5 Bn (FY30)	15.38%

Government initiatives to support manufacturing of electronic products in India –

- Production Linked Incentive (PLI) scheme
- Modified Electronics Manufacturing Clusters (EMC 2.0)
- India Semiconductor Mission
- Make in India

Outlook - India's video surveillance and security market is poised for strong growth, driven by rising urban safety needs, government initiatives like the PLI scheme and increasing adoption of AI-driven and cloud-based solutions. The market is expected to expand significantly across cameras, recorders, software and analytics, with a sharp shift toward IP-based systems over analog.

(source : RHP)

Business Overview -

Aditya Infotech Limited offers comprehensive range of advanced video security and surveillance products, technologies and solutions for enterprise and consumer segments under our 'CP PLUS' brand which has strong recall value. The company also offers solutions and services such as fully integrated security systems and Security-as-a-Service directly and through distribution network who address the requirements of end-customers engaged in a broad range of sectors such as banking, insurance, real estate, healthcare, industrial, defence, education, hospitality, manufacturing, retail and law enforcement. The company was originally incorporated as 'Perfect Lucky Goldstar International Limited' on Mar-27, 1995.

The company's business is primarily classified as: (i) manufacturing and trading activities and (ii) trading activities. The manufacturing and trading activities include the manufacture and sale of CP PLUS products and the provision of after-sales services in relation to the CP PLUS products sold, while trading activities are limited to distribution of products of Dahua.

Company's Brands – CP PLUS, Dahua and OnVigil

Products Portfolio –

- Professional Range** – AI Network Cameras, Network Video Recorders (NVRs), Automatic Number Plate Recognition (ANPR) Cameras, Mobile NVR (MNVR), Body Worn Cameras, Intelligent Interactive Displays
- Consumer Range** – EzyFi Smart Wi-Fi Cameras, 4G Camera, CarKam Dash Cam, Wi-Fi Doorbell, Digital Door Locks, Video Door Phones, Micro SD Cards
- Surveillance Aligned Products** – Power over Ethernet (PoE) Network Switches, NVR Racks/Digital Video Recorders (DVRs), Cables, Switched-Mode Power Supply (SMPS) Power Supplies

Recommendation: NEUTRAL!

- The company has 10 warehouses and 69 dedicated CP PLUS Galaxy stores operated by distributors across India.
- The company's owned CP PLUS has market share of 20.8% and is considered significant given its late entry in the video surveillance market among its peers.
- The company has manufacturing facility in Kadapa, Andhra Pradesh with an installed capacity of 17.20 million units per annum.
- The company's majority of revenue is contributed by distributors, contributing 81.12%, 80.61% and 79.58% of total revenue in FY23, FY24 and FY25 respectively.
- The company has joint venture agreement with Dixon Technologies from 2017.
- The company has capacity utilisation of 78.76% and 70.86% in Cameras and DVRs/POEs segment respectively in FY25.
- The company maintains a well-diversified presence across geographies and customer segments, thereby mitigating the risk of concentration.

Business Strategies -

- The company aims to leverage India's regulatory framework for Cybersecurity to strengthen market share.
- The company plans to expand retail presence through additional experience centres and stores.

FINANCIAL SNAPSHOT							
Key Performance Indicators				Key Ratios			
(Amt in Crores)							
Particulars	FY23	FY24	FY25	Particulars	FY23	FY24	FY25
P&L Statement				Per Share Data			
Total Income	2,295.56	2,795.96	3,122.93	Diluted EPS	10.57	11.24	33.02
Total Expenses	2,156.07	2,606.11	2,937.47	BV per share	1,519.97	2,069.31	92.68
EBITDA	170.04	222.94	247.33	Operating Ratios			
EBIT	161.18	207.23	216.21	EBITDA Margins	7.44%	8.01%	7.95%
PBT	143.18	164.62	434.08	PAT Margins	4.74%	4.14%	11.29%
Tax Expenses	34.87	49.45	82.71	Inventory days	81.87	66.98	102.39
Net Profit	108.31	115.17	351.37	Debtor days	98.52	96.59	122.23
Balance Sheet				Creditor days	157.80	96.78	195.96
Total Equity	311.59	424.21	1,017.67	Return Ratios			
Liabilities				RoCE	43.41%	43.26%	20.00%
Non-Current Liabilities	59.73	54.87	63.58	RoE	34.76%	27.15%	34.53%
Current Liabilities	1,337.44	1,165.09	2,093.29	Valuation Ratios (x)			
Total Liabilities	1,397.17	1,219.97	2,156.87	EV/EBITDA	2.06	3.40	5.05
Assets				Market Cap/Sales	0.06	0.05	2.38
Non-Current Assets	130.88	110.96	818.67	P/E	63.86	60.05	20.44
Current Assets	1,577.88	1,533.22	2,355.87	Price to Book Value	0.44	0.33	7.28
Total Assets	1,708.76	1,644.18	3,174.54	Solvency Ratios			
Cashflow Statement				Debt/Equity	1.31	0.96	0.41
Operating Cashflow	55.76	-180.41	27.21	Current Ratio	1.18	1.32	1.13
Investing Cashflow	-121.90	116.49	-1.20	Quick Ratio	0.80	0.88	0.71
Financing Cashflow	109.13	-44.26	-18.95	Asset Turnover	1.34	1.69	0.98
				Interest Coverage Ratio	7.17	6.33	11.38

Financial Analysis -

- **Revenue from Operations** – The company's top line increased by 21.79% in FY24 and 11.84% in FY25 primarily on account of increased demand for CCTV cameras.
- **EBITDA and PAT Margins** – The company's EBITDA margin stood at 7.44% in FY23, 8.01% in FY24 and 7.95% in FY25. Similarly, the PAT margin was 4.74% and 4.14% in FY23 and FY24 respectively, which increased to 11.29% in FY25. This sharp improvement in PAT margin during FY25 is primarily attributable to exceptional gains arising from the fair valuation of the previously held equity interest in AIL Dixon.
- **RoCE and RoE** – The company's RoCE ranged between 43% and 44% in FY23 and FY24 and dropped significantly to 20% in FY25 and RoE between 27% and 35% from FY23 to FY25, indicating consistent returns to investors. However, the RoCE drop in FY25 is due to exceptional items.
- **Operating cashflow** – The company had negative operating cashflow in FY24, primarily due to significant repayment of trade payables.
- **D/E ratio** - The company's debt-to-equity ratio declined from 1.31 in FY23 to 0.41 in FY25 and is expected to reduce further post-IPO, as the company plans to utilize a portion of the proceeds for debt repayment.
- The company's current ratio and quick ratio have remained moderate.

Financial Outlook – The company's overall financials appear moderate, with certain areas requiring attention to ensure greater financial stability and consistency.

Lead Manager –

The IPO is handled by 2 lead managers. The lead managers have managed 81 IPOs in last 3 years, among them 60 IPOs have opened in premium, 6 IPOs have opened at par and 15 IPOs have opened in discount to their issue price on their respective listing dates.

Risk Factors -

- The company has supplier concentration, top 10 suppliers contributing 93.02%, 94.02% and 95.38% of total purchases in FY23, FY24 and FY25 respectively.
- The company's credit ratings of long-term bank facilities and long-term/short-term bank facilities were downgraded as of Mar 2025.
- The company has 13 tax proceedings amounting to Rs. 35.34 Cr. and company's subsidiaries have 2 tax proceedings amounting to Rs. 34.66 Cr.
- The company has contingent liabilities amounting to Rs. 157.28 Cr. as of Mar-31, 2025.

Key Management

- Hari Shanker Khemka is the Chairman and Whole-time Director of the company. He has 30 years of experience in the information technology and electronic video surveillance sector.
- Aditya Khemka is the Managing Director of the company. He has 30 years of experience in the information technology and electronic video surveillance sector.
- Ananmay Khemka is Whole-time Director of the company having 4 years of experience in the internet of things sector of the company.
- The company's Non-Executive and Independent Directors are qualified and have significant experience in their respective fields.
- The company's Chief Financial Officer (CFO) has 28+ years of experience and Company Secretary and Compliance Officer has over 16 years of experience.
- The company's other key managerial personnel and senior management also have significant experience in their respective fields.

Outlook – The overall management of the company is considered **satisfactory**.

Peer Analysis

According to the RHP, the company has stated that it does not have any listed peers operating in a similar line of business.

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