

Surveillance Leader with Extensive Distribution

Rating: Subscribe for long term

Issue Offer

Fresh Issue of 74,07,407 shares up to INR 5000 Mn. Offer for 1,18,51,851 shares of INR 1 (aggregating up to INR 8000 Mn)

Issue Summary

Price Band (INR)	640-675
Face Value (INR)	1
Implied Market Cap (INR mn)	79,119
Market Lot	22
Issue Opens on	July 29, 2025
Issue Close on	July 31, 2025
No. of share pre-issue	109,805,805
No. of share post issue	117,213,212
Listing	NSE / BSE

Issue Break-up (%)

QIB Portion	≤75
NIB Portion	≥15
Retail Portion	≥10

Book Running Lead Managers

IIFL Capital
ICICI Securities Ltd

Registrar

MUFG Intime India Private Limited

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	93.12%	77.12%
Public & Others	6.9%	22.88%

Objects of the issue

Exp. Amt (INR Mn.)

Prepayment and/or repayment of all or a portion of certain outstanding borrowings availed by the Company and General corporate purpose

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Abhishek Jain

abhishek.jain@arihantcapital.com
022-67114871

Jyoti Singh

jyoti.singh@arihantcapital.com
022 67114837

Aditya Infotech Ltd, Offers a broad portfolio of advanced video security and surveillance solutions under the 'CP PLUS' brand, known for strong brand recall across enterprise and consumer segments. Includes AI/ML-powered edge analytics, IoT-integrated devices, and cloud-based services like HMS and AMS. Operates through two key segments manufacturing/trading of CP PLUS products and trading of Dahua products. Solutions cater to sectors such as banking, defence, healthcare, retail, law enforcement, and more. Assigned the CP PLUS brand in 2014 to provide wider access to cost-effective security products. Features in-house R&D capabilities and partnerships for indigenous innovations like Indian-made SoCs and thermal cameras. In FY25, offered 2,986 SKUs across various product categories. Products were sold in over 550 cities and towns across India. Operations supported by a network of 41 branch offices and 13 RMA centres as of March 31, 2025. Surveillance products distributed through a network of over 1,000 distributors in tier I, II, and III cities, and over 2,100 retailers. Business depends heavily on CCTV, NVR, DVR, and PTZ camera sales; demand fluctuations may impact performance. Relies on limited suppliers and imports from China, exposing it to supply chain and pricing risks. Operations are concentrated in Andhra Pradesh and closely tied to Dahua and Dixon partnerships.

Investment Rationale

Strong Surveillance industry led by security needs and smart city initiatives: The video surveillance market is influenced by broader economic trends and sectoral developments. Globally, the market is valued at \$35.9 mn in FY25, expected to grow at a 10.36% CAGR to FY30. In India, the market is valued at INR 106.2 bn in FY25 and projected to reach INR 227.4 bn by FY30, growing at a CAGR of 16.46%. Growth is driven by rising security needs, smart city initiatives, and adoption of AI and IoT-based surveillance. Market acceptance depends on product performance, reliability, affordability, and evolving customer preferences.

Ability to Control Manufacturing Costs and Manage Supply Chain: Business comprises manufacturing and trading of CP PLUS products and trading of Dahua products. Acquired AIL Dixon on September 18, 2024, consolidating manufacturing operations, with Dixon Technologies continuing to provide support services. Profitability hinges on controlling component costs and improving manufacturing efficiency. Plans include investing in automation and partnering with contract manufacturers to scale capacity and reduce unit costs. Supply disruptions or cost volatility in key components like chips and sensors could impact margins.

Exclusive Distribution Agreement with Dahua: A significant share of revenue is derived from the sale of Dahua-supplied products, contributing 24.65% in FY25, down from 32.07% in FY23. Dahua has been a key partner for over 16 years, with the company now serving as its exclusive distributor in India. Purchases from Dahua accounted for over 74% of total component purchases in FY25. Business performance is closely tied to the continued relationship with Dahua.

Valuation & Outlook: Aditya Infotech Limited is well-positioned to capitalize on the strong growth trajectory of India's video surveillance market, expected to grow at a CAGR of 16.46% through 2030. Backed by its leadership in the CP PLUS brand and long-standing relationships with key OEMs, distributors, and system integrators, the company continues to invest in technology, innovation, and nationwide expansion through a broader retail and distribution footprint. AIL is driving operational efficiencies via digital transformation in manufacturing, supply chain, and customer engagement, while also optimizing capacity at its Kadapa facility. Supported by favorable demand trends such as rising security needs, smart city initiatives, and increasing awareness, management remains vigilant of risks including supply chain dependencies, input cost fluctuations, and regulatory changes. With a strong balance sheet, prudent capital allocation, and a focus on quality and governance, AIL is well-equipped to navigate near-term challenges and deliver sustainable long-term value. **We believe that being the only listed player in the segment provides a competitive edge. At the upper band of INR 675, the issue is valued at a P/E ratio of 20.4x and an EPS of INR 33. We are recommending a "Subscribe for long term" rating for this issue.**

Restated Consolidated Statement of Profit and Loss (INR Mn)	25-Mar	24-Mar	23-Mar
INCOME			
Revenue from operations	31,119	27,824	22,845
Cost of materials consumed	7,038	0	0
Purchases of stock-in-trade	18,052	22,699	21,084
Changes in inventories	-645	21	-2,093
Employee benefits expenses	2,033	1,339	1,032
Other expenses	2,188	1,537	1,217
EBITDA	2,453	2,229	1,605
EBITDA Margin	7.88%	8.01%	7.03%
Other income	111	135	110
Finance costs	418	309	232
Depreciation and amortisation expenses	311	157	89
Profit/(loss) before share of profit in JV and tax	1,855	1,899	1,395
Share of profit in joint venture	-	-	95
Profit/(loss) before exceptional items and tax	1,855	1,899	1,490
Exceptional items	-2,486	295	-
Profit/(loss) before tax	4,341	1,646	1,432
Tax expense			
Current tax	570	507	346
Deferred tax (credit)	259	-10	0
Earlier years tax adjustments (net)	-2	-4	2
Total tax expenses	827	493	349
Profit/(loss) after tax	3,514	1,152	1,083
EPS	33.0	11.2	10.6

Restated Consolidated Statement of Assets and Liabilities	Mar-25	Mar-24	Mar-23
(a) Property, Plant and Equipment	1318	215	264
(b) Right of Use Assets	613	477	368
(c) Capital Work-in-Progress	17	2	2
(d) Investment Property	6	4	4
(e) Goodwill	5350		
(f) Intangible Assets	112	8	11
(g) Intangible Assets under Dev.	134	153	-4
(h) Investment in Associates			
(i) Other Financial Assets	119	47	58
(j) Deferred Tax Assets (net)	183	80	84
(k) Income Tax Assets (net)	20	21	20
(l) Other Non-Current Assets	152	111	109
Total Non-Current Assets	8187	1110	1309
(a) Inventories	8760	5092	5111
(b) Trade Receivables	10393	7343	6150
(c) Cash and Cash Equivalents	1539	905	1476
(d) Bank Balances (Other than above)	493	312	228
(e) Loans			
(f) Other Financial Assets	1964	1814	633
(g) Other Current Assets	678	204	171
Total Current Assets	23587	15332	15769
TOTAL ASSETS	31745	16442	17088
(a) Equity Share Capital	110	21	21
(b) Other Equity	10067	4222	3095
(c) Non-Controlling Interest			
Total Equity	10177	4242	3116
(a) Borrowings	150	280	428
(b) Lease Liabilities	29	179	97
(c) Other Financial Liabilities	76		
(d) Provisions	125	89	73
Total Non-Current Liabilities	636	549	597
(a) Borrowings	3979	3774	3668
(b) Lease Liabilities	151	120	
(c) Supplier's Credit	520		
(d) Trade Payables	13911	5920	8974
(e) Other Financial Liabilities	2496	2299	1922
(f) Provisions	914	848	679
(g) Current Tax Liabilities (net)	210	64	33
(h) Other Current Liabilities	1661	1624	1098
Total Current Liabilities	20932	14651	15475
TOTAL EQUITY AND LIABILITIES	31745	16442	17088

Restated Consolidated Statement of Cash Flows	Mar-25	Mar-24	Mar-23
Retained profit before tax	4,350	1,964	1,481
Depreciation and amortisation expenses	311	157	89
Interest income on bank deposits	-91	-58	-17
Unwinding of discount on security deposit	-1	0	0
(Gain)/Loss on currency fluctuations and translation (net)	-3	-3	-5
(Gain)/Loss on mutual funds (net)	-	-2	-3
Interest expense	375	271	241
Allowance for expected credit loss	0	4	1
Share of loss/(profit) in joint venture	-7	-13	-6
Finance costs	58	30	27
Gain on extinguishment of lease liabilities	-	-8	-3
Gain on sale of lease liabilities	-8	-7	-3
Gain on account of fair valuation of previously held equity interest in joint venture	-128	-	-
Gain/(Loss) on measurement of investment at FVTPL	-87	-47	42
Retained operating profit before working capital changes	4,779	2,288	1,841
Increase in trade receivables	-1,021	-1,208	-690
Increase in other receivables	-945	-540	-166
Increase in other current assets and non current assets	-36	-72	-44
Increase in other financial assets	-101	-456	-59
Increase/(Decrease) in trade payables	548	-135	-14
Increase/(Decrease) in other current liabilities	257	180	25
Increase/(Decrease) in other financial liabilities	315	148	-7
Increase/(Decrease) in lease liabilities	181	-71	112
Increase/(Decrease) in mark payables	2	-6	1
Cash generated from/(used in) operating activities post working capital changes	4,113	129	999
Income tax (net paid)	-271	-885	-557
Retained net cash generated from/(used in) operating activities (A)	3,842	-755	441
Additions to PP&E, intangible assets, capital WIP, other intangible assets	-24,049	-18,875	-17,151
Sale of PP&E and equipment	2	105	17
Purchase of investments	-4	-1,204	-1,734
Proceeds from maturity (on) bank deposits (net)	52	48	5
Proceeds from redemption of bonds	6	45	-
Rental income	7	42	49
Dividend income	-	20	33
Interest received	1,236	1,099	1,512
Retained net cash (used in)/generated from investing activities (B)	-11,810	155	-2,129
Proceeds from issue of share capital	90	-40,618	36
Proceeds from long-term borrowings	-18	-7	8
Repayment of long-term borrowings	-1,962	-1,273	-1,029
Proceeds from short-term borrowings	3	-	-
Repayment of short-term borrowings	-10	-	-363
Proceeds from lease liabilities	884	829	683
Repayment of lease liabilities	-905	-565	-455
Interest paid during the year	-431	-279	-272
Dividend paid	-5	-1	-
Retained net cash (used in)/generated from financing activities (C)	-2,353	-41,913	-1,394
Net increase/(decrease) in cash and cash equivalents (A+B+C)	806	-40,188	-3,082
Cash and cash equivalents at beginning of year	1,393	39,641	41,114
Cash and cash equivalents at end of year	2,200	3,494	1,414

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1 st Floor Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800 Fax: (91-22) 42254880	Arihant House E-5 Ratlam Kothi Indore - 452003, (M.P.) Tel: (91-731) 3016100 Fax: (91-731) 3016199

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	instresearch@arihantcapital.com

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Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800 Fax. 022-42254880

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