

Aditya Infotech Ltd– IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
29 July 2025	31 July 2025	₹640-675	SUBSCRIBE

Investment Summary

Aditya Infotech Ltd is a **Gujarat-based B2B distributor** of electronic security systems, IT peripherals, and automation products, well-positioned to benefit from India's rising digital infrastructure and smart surveillance demand. The company has demonstrated strong growth, with revenue rising from ₹2,295 Cr in FY23 to ₹3,122 Cr in FY25 and PAT growing from ₹108 Cr to ₹351 Cr. Improved **EBITDA margin at 8.26%** and **PAT margin at 11.24%** in FY25 along with healthy return ratios, **ROE at 34.53%** and **ROCE at 33.27%**, reflect efficient and adequate capital use. The asset-light model, diversified product range, and deep reseller network provide scalability for the company. At a reasonable valuation of **~22x P/E**, the IPO offers an attractive opportunity for investors seeking medium-term growth exposure in India's tech distribution ecosystem.

Company Overview

Aditya Infotech Limited, originally **incorporated as Perfect Lucky Goldstar International Ltd** in New Delhi on **March 27, 1995** adopted its current name in September 1997 to reflect its tech-focused expansion. Headquartered in Delhi with a major manufacturing facility in Kadapa, Andhra Pradesh, the company is the force behind the '**CP PLUS**' brand billed as **India's number one** indigenous CCTV and video surveillance label and **ranked among the top four globally** outside China. CP PLUS offers a comprehensive product portfolio—including HD IP/NVR/DVR cameras, access control systems, AI and IoT-enabled solutions—across government, enterprise, defense, education, healthcare, retail, and residential segments. With an expansive distribution network of over **30,000 channel partners, 1,800 system integrators**, 54 branch offices and RMA centers, and a production capacity exceeding 2 million units per month, the brand strongly aligns with India's Make-in-India and Digital India initiatives Aditya Infotech also partners with global players like Dahua Technology and entered into a manufacturing JV with Dixon Technologies in 2017 to scale production and integrate advanced tech solutions.

The promoters of Aditya Infotech Limited include **Hari Shanker Khemka, Aditya Khemka, Ananmay Khemka, Rishi Khemka**, and the **Hari Khemka Business Family Trust**, forming a family-led promoter group with deep-rooted experience in electronics, surveillance, and security solutions. Under their leadership, the company has grown into a prominent force in India's electronic surveillance ecosystem. Their flagship brand, **CP PLUS**, has emerged as a leading player in the Indian video security market, offering a **comprehensive portfolio of products** including **analog and IP CCTV cameras, DVRs/NVRs, video door phones, biometric access control systems, AI-based monitoring devices, and integrated security solutions** tailored for sectors like government, corporates, defense, retail, education, and homes. Aditya Infotech Limited manufactures and provides video security and surveillance products, solutions and services under the brand name 'CP Plus'.

The company offers a diverse range of products including smart home IoT cameras, HD analog systems, advanced network cameras, body-worn and thermal cameras, as well as long-range IR cameras, and AI-powered solutions (automatic number plate recognition, people counting, and heat mapping). For residential users, AIL offers video surveillance products, including smart Wi-Fi cameras, 4G-enabled cameras, dash cams, and more. In Fiscal 2025, the company offered **2986 Stock keeping Units (SKUs)** across India and sold products **across 550+ cities and towns**. AIL's operations are supported by a network of 41 branch offices and 13 return merchandise authorization (RMA) centers nationwide. The company's surveillance products are distributed through a network of over 1,000 distributors in tier I, tier II, and tier III cities, along with more than 2,100 system integrators. The company operates **10 strategically located** warehouses spread across the country, located in Delhi, Gurugram, Haryana and Noida, Uttar Pradesh in North India; Bhiwandi, Maharashtra, Ahmedabad, Gujarat and Indore, Madhya Pradesh in West India; Kolkata, West Bengal and Guwahati, Assam in East India; as well as Chennai, Tamil Nadu and Bengaluru, Karnataka in South India.



Business Model

Aditya Infotech Limited, through its flagship CP PLUS brand, operates a **vertically integrated and asset-light business model** that blends manufacturing, trading, and service-based offerings in the video surveillance and electronic security space. The company manufactures and sells an extensive portfolio of products including HD analog and IP cameras, DVRs, NVRs, thermal and body-worn cameras, biometric and access control systems, routers, cables, SMPS units, and interactive displays. In addition to its own product range, Aditya Infotech also distributes surveillance products from Dahua Technology across India. It serves diverse enterprise clients across sectors such as banking, insurance, healthcare, education, defense, hospitality, retail, manufacturing, and law enforcement by offering customized, integrated security systems. The company operates a **B2B-centric distribution model**, relying on a wide network of over **1,000 distributors, 2,200+ system integrators**, 69 CP PLUS Galaxy stores, and 41 branch offices, allowing it to scale efficiently without owning heavy retail infrastructure. Backed by a high-capacity manufacturing unit in Kadapa (15–17 million units annually), a dedicated R&D center in Noida, and partnerships like its JV with Dixon Technologies, Aditya Infotech is also investing in innovative solutions. Its hybrid revenue model includes hardware sales, after-sales service, annual maintenance contracts (AMCs), and software-based security-as-a-service offerings, ensuring both scalability and customer stickiness.

Investment Rationale

1. Market Leadership in India's Surveillance Sector

Aditya Infotech is the largest Indian player in the video surveillance market, commanding a 20.8% market share in FY25. Its flagship brand CP PLUS has established high recall across both consumer and enterprise segments. With the Indian surveillance market expected to grow, the company is poised to benefit from secular demand tailwinds in digital security infrastructure.

2. Pan-India Presence with Deep Distribution Reach

The company boasts the widest distribution and service network in the Indian surveillance ecosystem, covering 550+ cities through 1,000+ distributors, 2,100+ system integrators, and 41 branches. This enables strong penetration into Tier II/III cities and long-standing client retention, with over 3,200 active customers in FY25 and 6+ years of relationship history with top clients.

3. Comprehensive and AI-Enabled Product Portfolio

Aditya Infotech offers nearly 3,000 SKUs across a broad spectrum of smart security solutions—from entry-level consumer devices to AI-integrated systems. This includes facial recognition, thermal imaging, intrusion prevention, and crowd analytics. Its proprietary HMS and AMS software platforms further enhance solution delivery, enabling end-to-end security implementation across verticals like banking, real estate, education, and public infrastructure.

4. Advanced Manufacturing Scale and R&D Backing

Through its Kadapa facility (3rd largest CCTV plant globally), the company has an annual capacity of 17.2 million units, backed by 3,200+ factory personnel and 86 R&D staff. In-house software development and certifications like STQC, CMMI, IP67, and IK10 ensure readiness for government tenders and institutional procurement. This strong manufacturing foundation supports scale, quality, and compliance advantages.

5. Strategic Collaborations Fuelling Innovation and Localization

The company's collaboration with L&T Semiconductor, VVDN Technologies, and Dahua India ensures access to next-gen AI-enabled chips, embedded IoT, and advanced networking capabilities. Following the buyout of Dixon's stake in 2024, Aditya has gained full control over manufacturing while maintaining strategic synergies. These partnerships enhance product differentiation and align with India's Make in India and Atmanirbhar Bharat initiatives.

6. Strong Leadership and Employee Strength

Led by Aditya Khemka, who brings nearly three decades of domain expertise, the management team combines operational rigor with long-term strategic vision. Supported by a committed workforce of 1,274 employees (including 400+ in sales and marketing), the company is well-positioned to scale further while maintaining service quality and execution excellence.

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Aditya Infotech Ltd
IPO Structure	Book-building; ₹500 Cr fresh issue and OFS (Offer for Sale) of 800 Cr
Issue Size	₹1300 crore total
Price Band	₹640-675 per share
Face Value	₹1 per share
Post-Issue Market Cap	₹7,911 Cr (based on upper band price of ₹90/share)
IPO Opening Date	July 29, 2025
IPO Closing Date	July 31, 2025
Listing	BSE & NSE
Promoter Holding (Pre/Post)	Pre-IPO: ~92.58%; post-IPO: ~76.70%
Book Running Lead Managers	IIFL Capital Services Ltd, ICICI Securities Ltd
Use of Proceeds	<ul style="list-style-type: none"> • Repay/prepay borrowings (₹375 Cr) • General corporate purposes

Valuation and Outlook

On FY25 basis, Aditya Infotech has reported a net profit (PAT) of **₹351.37 crore**, and at the upper end of its IPO valuation implying a **market capitalization of ₹7,911 crore**, the company is valued at a **P/E multiple of 22.5x**. Given its dominant market share (20.8%), scalable asset-light B2B model, strong brand (CP PLUS), and steady margin expansion with 11.25% PAT margin in FY25, the valuation appears reasonable. Compared to global peers and considering its strong foothold in the fast-growing Indian video surveillance sector, the IPO offers long-term structural growth potential. The company's high ROE, diversified revenue base, and integrated solution ecosystem support a **positive valuation outlook** with room for possible re-rating post listing.

Recommendation

We recommend a **Subscribe** rating on Aditya Infotech Ltd's IPO for **long-term investors**. The company is the market leader in India's rapidly expanding video surveillance sector, with a 20.8% share, strong brand equity under CP PLUS, and a deep pan-India B2B distribution model. With robust FY25 earnings of ₹351 Cr and a reasonable valuation at **~22.5x P/E**, the issue appears attractively priced relative to its growth potential. Its asset-light, scalable model, advanced manufacturing base, and AI-integrated product portfolio offer structural tailwinds. Backed by strong financials and sectoral tailwinds, the company is well-positioned to deliver sustainable growth and value creation.

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