

13 March 2026

India | Equity Research | Company Update

Aditya Infotech

White Goods

Plant visit update: Strong investments in backward integration

We visited Aditya Infotech's (AIL) manufacturing facility at Kadapa, Andhra Pradesh. We note that the company has the world's third-largest CCTV manufacturing capacity (ex-China) and largest in India. Other takeaways: (1) It is focusing on manufacturing capacity expansion. It will likely add two new SMT lines with complete ecosystem in the coming months. (2) Backward integration into housing and lenses is on track and is margin-accretive over the medium-long term. This should reduce supply-chain dependency and improve cost control, in our view. (3) It has improved its Overall Operational Efficiency (OOE) from 67% to 77%. This is further expected to improve. (4) AIL's in-house memory programming and PCBA design capability embeds proprietary firmware IP at the point of manufacture. This creates a differentiation layer that import-led/unorganised players would find hard to replicate, in our view. Retain **BUY**.

Capacity expansion to support demand growth

AIL has 12 SMT lines and it would be incurring a capex of INR 400mn to add two more SMT lines along with creating a complete ecosystem. This will likely increase the capacity to ~2.5mn units/months by FY27. The facility is designed to accommodate further expansion as volumes increase. Management indicated that capacity expansion is being executed in a phased manner, allowing the company to align manufacturing expansion with market demand.

Strong in-house firmware capabilities

The company is strengthening its capabilities in software development. While the SoC is imported, AIL has its proprietary firmware in-house. In our view, this capability creates a software IP moat that is difficult for unorganised or import-dependent peers to replicate. Over time, proprietary software capabilities may also create opportunities for recurring revenue through software upgrades and advanced analytics solutions.

PCB architecture and the 8-layer inflection

IP cameras use more complex and 6–8-layer PCBAs vs. 2–4-layer PCBAs for analogue cameras. Although a higher layer count increases cost, AIL's partnership with LTSC for indigenous SoC development would reduce PCBA cost. We also note that AIL's multi-SoC strategy also provides supply-chain resilience. This would act as a competitive advantage versus smaller peers which may face stockouts during the global semiconductor shortages.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	31,119	41,147	52,583	62,073
EBITDA	2,473	4,432	5,952	7,089
EBITDA Margin (%)	7.9	10.8	11.3	11.4
Net Profit	1,027	2,815	3,977	4,774
EPS (INR)	9.7	23.9	33.8	40.6
EPS % Chg YoY	197.6	(27.4)	41.3	20.0
P/E (x)	48.8	67.2	47.6	39.6
EV/EBITDA (x)	70.1	42.0	30.9	25.4
RoCE (%)	10.3	17.2	18.6	18.2
RoE (%)	48.7	20.0	19.9	19.6

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Market Data

Market Cap (INR)	190bn
Market Cap (USD)	2,055mn
Bloomberg Code	CPPLUS IN
Reuters Code	AITN.BO
52-week Range (INR)	1,759 /1,015
Free Float (%)	17.0
ADTV-3M (mn) (USD)	5.1

Price Performance (%)	3m	6m	12m
Absolute	3.5	12.1	0.0
Relative to Sensex	14.3	19.3	0.0

ESG Score	2024	2025	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

14-02-2026: [Q3FY26 results review](#)

23-01-2026: [Company update](#)

De-bottlenecking inefficiencies through operational optimisation

Management highlighted that the company has adopted a more comprehensive framework to track factory performance through OOE, which measures availability, performance and quality. Its OOE has improved from 67% to 77%, as the company implemented multiple de-bottlenecking initiatives across assembly lines. The rejection rate of 1.5–2% is at par with the industry standards. We believe that these efficiency improvements are structurally margin accretive.

Backward integration to enable cost control

The company is gradually localising the manufacturing of key components such as camera housing, enclosures and lenses. This strategy reduces supply chain dependency and improves control over product design and quality. Localisation of housing and lens would be an impactful medium–long term cost lever. These initiatives would enable better control over supply chain and improve operational efficiency, in our view.

Maintain BUY

We model AIL to report revenue/PAT CAGRs of 25.9%/66.9% over FY25–28E. Maintain **BUY** with a DCF-based unchanged target price of INR 1,850, implying a P/E of 46x FY28E EPS.

Key risks: Steep increase in commodity prices; and material increase in competitive pressures.

PCB architecture and the 8-layer inflection

A key technology observation from the visit relates to PCB complexity. Standard analogue/HD cameras use 2–4-layer PCBs; IP cameras require 6–8-layer boards. IP cameras use more complex PCBs than their HD analogue cameras. The implications are twofold – (1) The higher layer-count PCB adds cost, but also raises the barrier for low-end unorganised players who lack procurement scale or design capability. (2) AIL's partnership with LTSCT for indigenous SoC development would reduce design iteration cycles and eventually lower PCBA cost.

We note that AIL's multi-SoC strategy also provides supply-chain resilience, which we believe is a competitive advantage versus smaller peers which may face stock-outs during the global semiconductor shortage.

Exhibit 1: PCB architecture details

Category	Details
PCB complexity	6-8 layers for IP cameras vs 2-4 layers for analogue cameras
Power Integration	In-house manufacturing of integrated PoE
Firmware	In-house proprietary firmware

Source: Company data, I-Sec research

Backward integration to aid margin expansion

The company is gradually localising the manufacturing of key components such as camera housing, enclosures and lenses. This strategy reduces supply chain dependency and improves control over product design and quality. Localisation of housing (~15–20% of BOM) and lens (~10% of BOM) would be an impactful medium–long-term cost lever. These initiatives would enable better control over supply chain and improve operational efficiency, in our view.

The lens assembly is expected to start by Q4FY26 with capacity expected to scale to 1mn units/month by Q4FY27. The housing and enclosure plant is expected to commence its first phase of operations by Q2FY27.

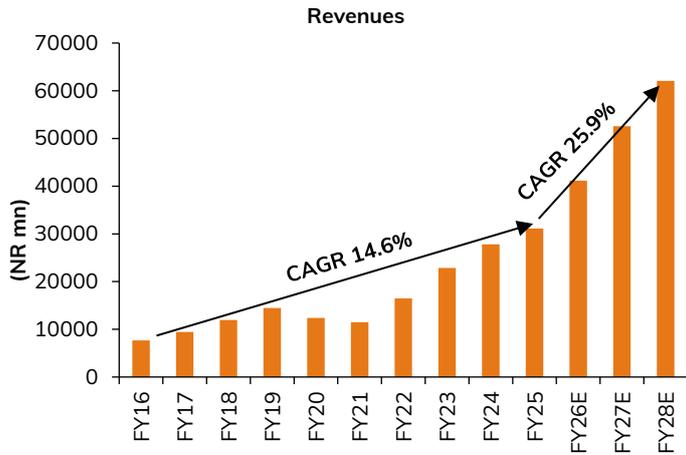
Exhibit 2: Backward integration addresses 25-30% of BOM by FY27

Category	BoM	Backward Integration
Electronics (which also includes SoC, PoE)	60-65%	IP Design is inhouse
Housing and Enclosures	15-20%	Will be inhouse by FY27
Lens	~10%	Will be inhouse by Q4FY26
Cable, connectors and adaptors	5-8%	Inhouse
Packaging	~2%	Inhouse

Source: Company data, I-Sec research

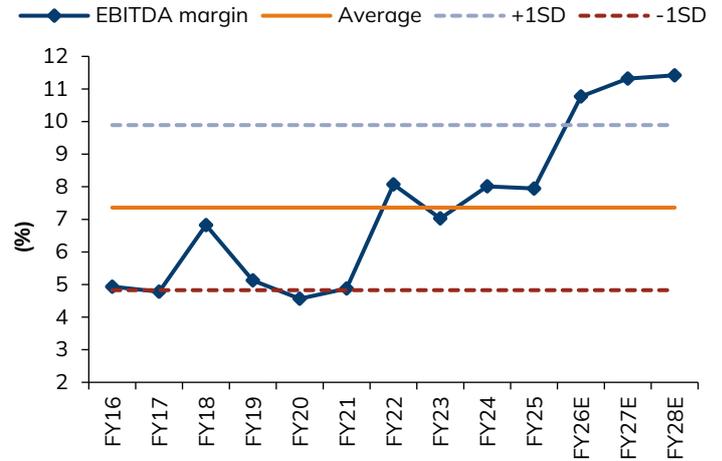
Key indicators – Annual

Exhibit 3: Revenue and revenue growth



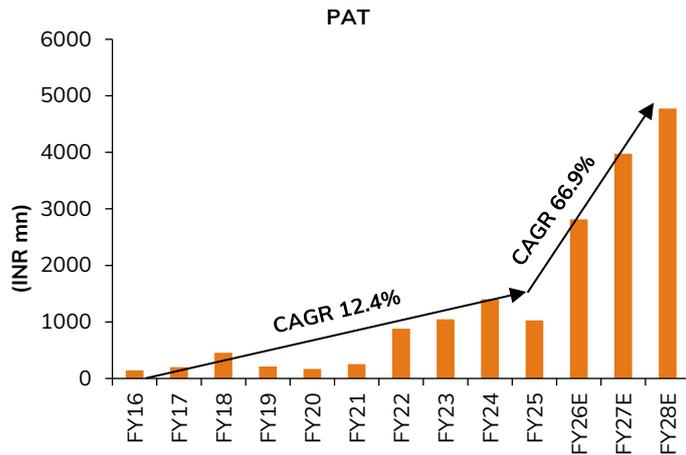
Source: Company data, I-Sec research

Exhibit 4: EBITDA margin



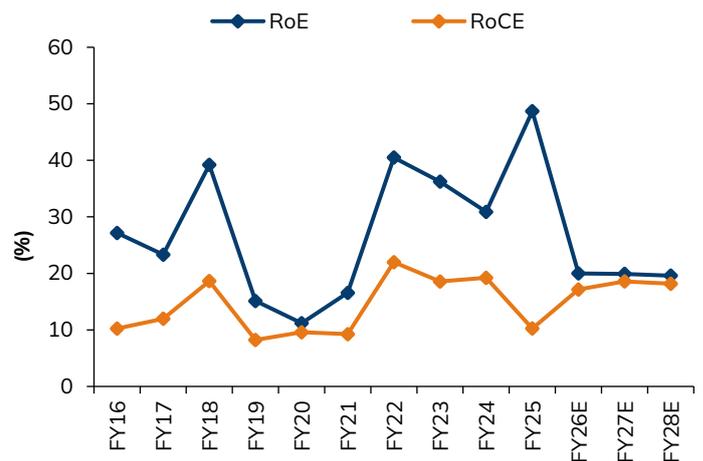
Source: Company data, I-Sec research

Exhibit 5: PAT and PAT growth



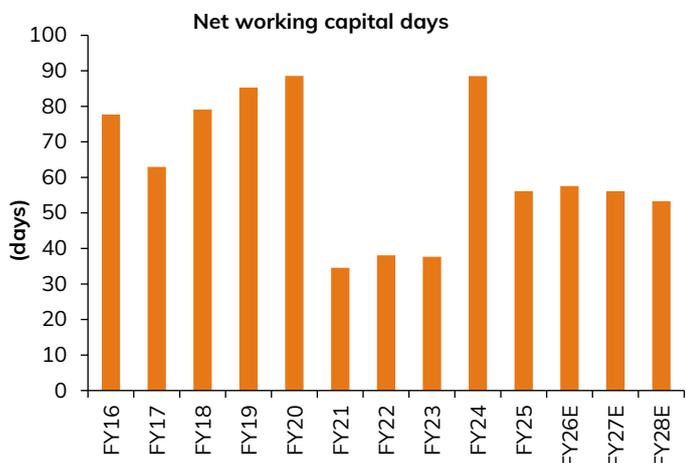
Source: Company data, I-Sec research

Exhibit 6: RoE and RoCE



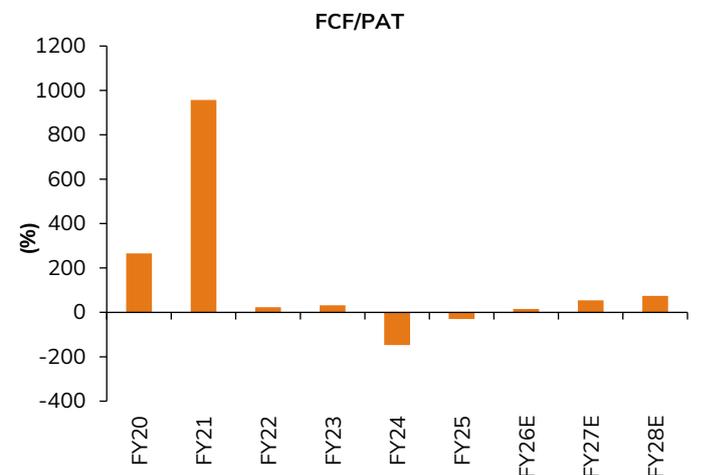
Source: Company data, I-Sec research

Exhibit 7: Net working capital days



Source: Company data, I-Sec research

Exhibit 8: FCF/PAT (%)



Source: Company data, I-Sec research

Valuation and key risks

DCF valuation

We model AIL to report revenue/PAT CAGRs of 25.9%/66.9% over FY25–28E. Maintain **BUY** with a DCF-based unchanged target price of INR 1,850, implying a P/E of 46x FY28E EPS.

Exhibit 9: DCF-based valuation

Particulars	
Cost of Equity (%)	11.5%
Terminal growth rate (%)	5.0%
Discounted interim cash flows (INR mn)	73,984
Discounted terminal value (INR mn)	143,518
Total equity value (INR mn)	217,502
Value per share (INR)	1,850

Source: Company data, I-Sec research

Risks

Sharp increase in input prices and competitive pressures

Major increase in input prices and/or increase in competitive pressures may result in downside to our estimates.

Delays in launch of new plants/products

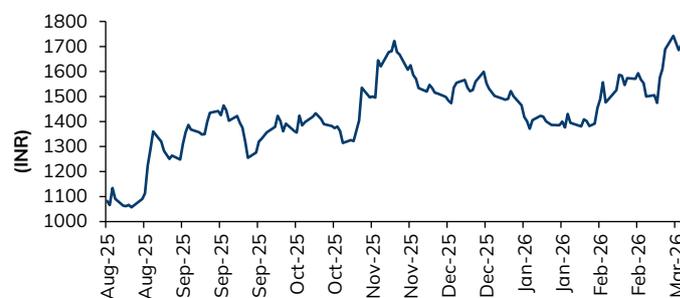
Any delays in launch of new products may result in lower earnings than estimated.

Exhibit 10: Shareholding pattern

%	Aug'25	Sep'25	Dec'25
Promoters	60.3	77.1	76.9
Institutional investors	12.3	14.5	14.6
MFs and others	4.8	9.0	9.4
FIs/Banks	1.7	0.4	0.4
Insurance	1.0	0.7	0.4
FIIIs	4.8	4.4	4.4
Others	27.4	8.4	8.5

Source: Bloomberg, I-Sec research

Exhibit 11: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 12: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	31,119	41,147	52,583	62,073
Operating Expenses	28,645	36,715	46,631	54,984
EBITDA	2,473	4,432	5,952	7,089
EBITDA Margin (%)	7.9	10.8	11.3	11.4
Depreciation & Amortization	311	567	770	955
EBIT	2,162	3,864	5,182	6,134
Interest expenditure	418	216	63	63
Other Non-operating Income	111	131	219	337
Recurring PBT	1,855	3,779	5,338	6,408
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	827	964	1,361	1,634
PAT	1,027	2,815	3,977	4,774
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	2,483	-	-	-
Net Income (Reported)	3,510	2,815	3,977	4,774
Net Income (Adjusted)	1,027	2,815	3,977	4,774

Source Company data, I-Sec research

Exhibit 13: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	23,559	30,545	39,501	48,694
of which cash & cash eqv.	1,819	3,420	5,572	9,119
Total Current Liabilities & Provisions	16,954	20,635	25,845	30,509
Net Current Assets	6,604	9,910	13,657	18,186
Investments	556	556	556	556
Net Fixed Assets	1,931	2,781	3,011	3,256
ROU Assets	-	-	-	-
Capital Work-in-Progress	167	-	-	-
Total Intangible Assets	5,350	5,350	5,350	5,350
Other assets	-	-	-	-
Deferred Tax assets	-	-	-	-
Total Assets	14,608	18,596	22,573	27,347
Liabilities				
Borrowings	4,614	787	787	787
Deferred Tax Liability	(183)	(183)	(183)	(183)
provisions	-	-	-	-
other Liabilities	-	-	-	-
Equity Share Capital	110	110	110	110
Reserves & Surplus	10,067	17,882	21,859	26,633
Total Net Worth	10,177	17,992	21,969	26,743
Minority Interest	-	-	-	-
Total Liabilities	14,608	18,596	22,573	27,347

Source Company data, I-Sec research

Exhibit 14: Quarterly trend

(INR mn, year ending March)

	June 25	Sept 25	Dec 25
Net Sales	7,400	9,196	11,391
% growth (YOY)	16.4	37.5	37.3
EBITDA	609	1,085	1,399
Margin %	8.2	11.8	12.3
Other Income	40	26	47
Extraordinaries	(2)	5	3
Adjusted Net Profit	329	700	960

Source Company data, I-Sec research

Exhibit 15: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	(47)	1,679	3,152	4,747
Working Capital Changes	(1,886)	(1,704)	(1,595)	(982)
Capital Commitments	(262)	(1,250)	(1,000)	(1,200)
Free Cashflow	(310)	429	2,152	3,547
Other investing cashflow	160	-	-	-
Cashflow from Investing Activities	(103)	(1,250)	(1,000)	(1,200)
Issue of Share Capital	-	5,000	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	403	(3,827)	-	-
Dividend paid	(180)	-	-	-
Others	-	-	-	-
Cash flow from Financing Activities	223	1,173	-	-
Chg. in Cash & Bank balance	73	1,602	2,152	3,547
Closing cash & balance	1,362	3,420	5,572	9,119

Source Company data, I-Sec research

Exhibit 16: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	33.0	23.9	33.8	40.6
Adjusted EPS (Diluted)	9.7	23.9	33.8	40.6
Cash EPS	12.6	28.8	40.4	48.7
Dividend per share (DPS)	1.7	-	-	-
Book Value per share (BV)	95.6	153.1	186.9	227.5
Dividend Payout (%)	5.1	-	-	-
Growth (%)				
Net Sales	11.8	32.2	27.8	18.0
EBITDA	10.9	79.2	34.3	19.1
EPS (INR)	197.6	(27.4)	41.3	20.0
Valuation Ratios (x)				
P/E	48.8	67.2	47.6	39.6
P/CEPS	127.9	55.9	39.8	33.0
P/BV	16.8	10.5	8.6	7.1
EV / EBITDA	70.1	42.0	30.9	25.4
P / Sales	5.5	4.6	3.6	3.0
Dividend Yield (%)	0.1	-	-	-
Operating Ratios				
Gross Profit Margins (%)	21.5	23.6	24.3	24.5
EBITDA Margins (%)	7.9	10.8	11.3	11.4
Effective Tax Rate (%)	44.6	25.5	25.5	25.5
Net Profit Margins (%)	3.3	6.8	7.6	7.7
NWC / Total Assets (%)	45.2	53.3	60.5	66.5
Net Debt / Equity (x)	0.2	(0.2)	(0.2)	(0.3)
Net Debt / EBITDA (x)	0.9	(0.7)	(0.9)	(1.3)
Profitability Ratios				
RoCE (%)	10.3	17.2	18.6	18.2
RoE (%)	48.7	20.0	19.9	19.6
RoC (%)	12.0	21.2	24.6	26.5
Fixed Asset Turnover (x)	17.1	12.2	11.5	10.9
Inventory Turnover Days	108	112	111	107
Receivables Days	129	135	133	128
Payables Days	209	208	201	194

Source Company data, I-Sec research

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