Quadrant Future Tek Limited

January 06, 2025

IPO Note

Quadrant Future Tek is a research-oriented company, engaged in developing new-generation Train Control and Signalling Systems under the KAVACH project of the Indian Railways that offers the highest level of safety and reliability to rail passengers. The company also possesses a specialty cable manufacturing facility with an Electron Beam Irradiation Centre. The specialty cables manufactured by the company are used in Railways rolling stock and the Naval (Defence) industry. The company's facility also possesses end-to-end infrastructure capabilities for the production of Solar & EV Cables.

Investment Rationale:

Global emergence of market for Speciality cables in RE and EV:

- There is a growing thrust on adopting EVs across the globe amid increasing carbon emissions, which have serious repercussions, including global warming. As India is significantly dependent on crude oil imports and various cities in India are facing pollution menace, the Indian government has also acknowledged the need to promote EVs.
- The EV market in India has been witnessing steady growth. The sales of electric cars, two-wheelers, and three-wheelers have been increasing in recent years, driven by government incentives, decreasing battery costs, and the introduction of new EV models by domestic and international manufacturers.
- Quadrant has developed solar cables in line with 2pfg1169 / N50618 requirements for captive solar projects dedicated to electric charging stations and green hydrogen plants for the generation of green energy. Quadrant has further developed low fire hazard, lightweight cables for electric vehicles to cater to the transition of fossil fuel vehicles to battery/hydrogen electric vehicles.

Make in India and focus on indigenisation:

- The Government of India has recognized the need to promote domestic manufacturing and has undertaken multiple initiatives to attract investments and enhance existing manufacturing capabilities through programs like “Make in India” and “Atmanirbhar Bharat Abhiyan.”
- A significant focus under these initiatives has been the promotion of indigenous development in railway infrastructure and allied systems. India is advancing towards self-reliance in various aspects of railways, including high-speed trains, improved coach quality, technological advancements, automatic train protection and operations, tracks, and signalling systems.
- The government is working to reduce import dependence while encouraging the growth of domestic manufacturing and service industries in Indian Railways.

Expansion of business to other areas of Automatic Train Protection and railway safety:

- The company has made significant investments in capital expenditure amounting to ₹594.41 million to date, dedicated to developing its platform for the Automatic Train Protection (ATP) system, including the Train Collision Avoidance System (TCAS).
- The company plans to continue investing in upgrades and incorporating newer technologies to enhance its design and development capabilities, with a focus on expanding its operations. Presently, the company has developed a solution for the Train Collision Avoidance System.
- With its successful deployment, the company plans to extend its business operations to new avenues under the railway safety measures being implemented by the Ministry of Railways.
- By advancing solutions like TCAS, EI systems, and MSDAC, the company is well-positioned to contribute to the modernization and safety of railway signalling systems under the initiatives led by the Ministry of Railways.

MOU with RailTel:

- On May 1st, 2024, company signed a Memorandum of Understanding (MoU) with RailTel Corporation of India Limited to collaborate on KAVACH, an Automatic Train Protection System for railways in India and abroad.
- This exclusive partnership allows the company to supply KAVACH equipment as an Original Equipment Manufacturer (OEM). RailTel will ensure its partners do not pursue competing offers.
- It will lead stakeholder engagements in Indian Railways and other countries, while the company will handle technology maintenance, adhere to RDSO specifications and provide technical expertise for project execution and KAVACH tenders.
- The MoU remains in effect unless terminated by either party. Further, the company received a purchase order on November 18, 2024, from Chittaranjan Locomotive Works (CLW) for the supply, installation, testing, and commissioning of onboard KAVACH equipment in 1,200 locomotives for an aggregate value of ₹9,786.06 million (including tax).

Valuation and Outlook: The company reported a robust financial performance. The company revenue reached ₹1,517.56 million in FY24, reflecting a CAGR of 20.46% from ₹1,042.58 million in FY22. EBITDA increased at a CAGR of 89.13%, from ₹95.08 million in FY22 to ₹366.68 million in FY24. PAT surged at a CAGR of 180.84%, rising from ₹18.94 million in FY22 to ₹146.92 million in FY24, showcasing significant profitability enhancement. The ROE stood at 33.41% in FY24, compared to 47.03% in FY23 and 12.17% in FY22, while the ROCE was 26.12% in FY24, compared to 27.20% in FY23 and 8.43% in FY22. The industry forecast indicates a robust growth for the Indian Specialty Cable and Train Control System market projected to expand at a CAGR of 9.8% and 12.7% from CY24E-CY30E period. In the industry the company leads with an EBITDA margin of 24.15% in FY24 and its return ratios are equally competitive. Further, the strategic MoU signed with RailTel Corp. to provide KAVACH coupled with recent order win from CLW of Rs 9786.06 million, solidifies the company’s position as a premier OEM. Due to these factors, we recommend the investors to subscribe the issue as a long term investment.

Issue Snapshot	
Issue Open	07-January-25
Issue Close	09-January-25
Price Band	INR 275 - 290
Issue Size (Shares)	1,00,00,000
Market Cap (mln)	INR 11600

Particulars	
Fresh Issue (INR mln)	INR 2900
OFS Issue (INR mln)	-
QIB	75%
Non-institutionals	15%
Retail	10%

Capital Structure	
Pre Issue Equity	3,00,00,000
Post Issue Equity	4,00,00,000
Bid Lot	50 Shares
Minimum Bid amount @ 275	INR 13750
Maximum Bid amount @ 290	INR 14500

Share Holding Pattern	Pre Issue	Post Issue
Promoters	93.33%	70.00%
Public	7.00%	30.00%

Particulars	
Face Value	INR 10
Book Value	INR 83.53
EPS, Diluted	INR 4.9

Objects of the Issue

1. Funding working capital requirement of Speciality cable division- INR 1497.22 million
2. CAPEX for development for electronic interlocking system- INR 243.75 million
3. Prepayment of working capital loan- INR 236.19 million
4. General Corporate Purposes

Key Financial & Operating Metrics (Consolidated)

In INR mn	Revenue	YoY (%)	EBITDA	EBITDA %	PAT	EPS	ROE	ROCE
FY22	1042.58	29.83	94.76	9.09	19.43	0.65	13.26	8.37
FY23	1528.04	46.56	264.09	17.28	139.04	4.63	61.76	22.87
FY24	1517.56	-0.69	365.76	24.1	147.13	4.90	40.02	23.06

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The sales mix of revenue:

(₹ in millions)

Nature of customers	September 30, 2024		March 31, 2024		March 31, 2023		March 31, 2022	
	Sales	%age*	Sales	%age*	Sales	%age*	Sales	%age*
Wires and Cables (Railways)								
Indian Railways (through Zonal railways / their divisions / production units)	241.65	37.10%	718.67	47.36%	737.56	48.27%	562.47	53.95%
Private Sector (other than Group Companies)	112.04	17.20%	208.14	13.72%	96.60	6.32%	92.52	8.87%
Private Sector (Group Companies)	240.94	36.99%	241.88	15.94%	307.04	20.09%	356.49	34.19%
Sub-total (A)	**594.63**	**91.29%**	**1,168.69**	**77.02%**	**1,141.20**	**74.68%**	**1,011.49**	**97.02%**
Wires and Cables (Defence)								
Public Sector Undertakings	18.61	2.86%	337.45	22.24%	369.16	24.16%	30.45	2.92%
Private Sector (other than Group Companies)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Sub-total (B)	**18.61**	**2.86%**	**337.45**	**22.24%**	**369.16**	**24.16%**	**30.45**	**2.92%**
Wires and Cables (Solar power segment) (C)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Wires and Cables (Electric vehicle segment) (D)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Train Control & Signalling Division								
Indian Railways	26.94	4.14%	-	0.00%	14.25	0.93%	-	0.00%
Sub-total (E)	**26.94**	**4.14%**	**-**	**0.00%**	**14.25**	**0.93%**	**-**	**0.00%**
Other income from operations (F)	11.19	1.72%	11.43	0.75%	3.44	0.23%	0.64	0.06%
Total (A)+(B)+(C)+(D)+(E)+(F)	**651.37**	**100.00%**	**1,517.57**	**100.00%**	**1,528.05**	**100.00%**	**1,042.58**	**100.00%**

Customer concentration:

(₹ in millions)

Particulars	September 30, 2024		March 31, 2024		March 31, 2023		March 31, 2022	
	Sales	%age*1	Sales	%age*2	Sales	%age*3	Sales	%age*4
On total revenue								
Top ten customers	623.12	95.66%	1308.12	86.20%	1453.62	95.13%	1002.52	96.16%
Top five customers	535.89	82.27%	1107.63	72.99%	1210.19	79.20%	870.40	83.49%
Top one customer ^	268.59	41.23%	718.67	47.36%	751.81	49.20%	562.47	53.95%

Tender bids:

(₹ in millions)

Financial Year	For period ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	No. of Bids/ Tenders	Value of Tenders	No. of Bids/ Tenders	Value of Tenders	No. of Bids/ Tenders	Value of Tenders	No. of Bids/ Tenders	Value of Tenders
Bids / Tenders applied	530	10,628.89	819.00	7,716.45	837	10,274.27	718	11,505.32
Bids / Tenders awarded	106	591.59	196.00	559.57	166	1,002.85	155	1,478.92
Bid/ Tenders success ratio	20.00%	5.57%	23.93%	7.25%	19.83%	9.76%	21.59%	12.85%

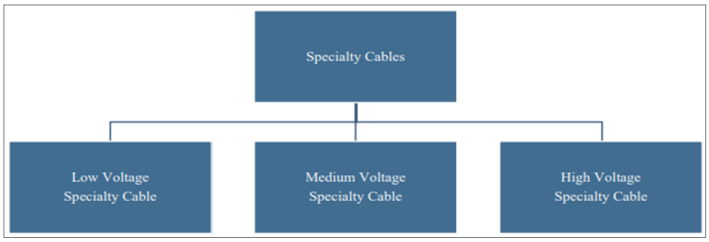
Industry Overview:

Indian Specialty Power Cables Industry

Overview:

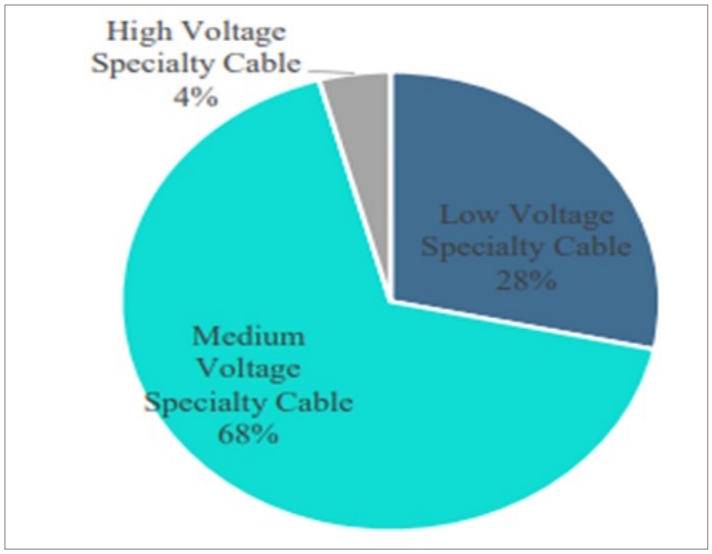
Cable is a conductor used for transmitting electric power or telecommunication signals from one place to another. A regular power cable can be used for standard applications which are compatible with most equipment and setups. Sometimes, these regular power cables cannot quite fit the requirements of special applications. Engineers and Designers often need to meet the specific requirements which are well suited by specialty power cables. Specialty cables have unique properties and special structures which are specifically designed for more industrial applications like railways, defence, automobiles etc. Evidently, with technology expanding rapidly worldwide, connectivity is a priority. Also, there is a growing demand for a wide range of cables given the increasing traffic on communication and power networks. Such rising network traffic needs specialty cables with cutting-edge coatings and cabling materials, resistant to radiation, chemicals, abrasion, high temperature, vibration, and shock.

Based on voltages, specialty cables can be classified into three categories:

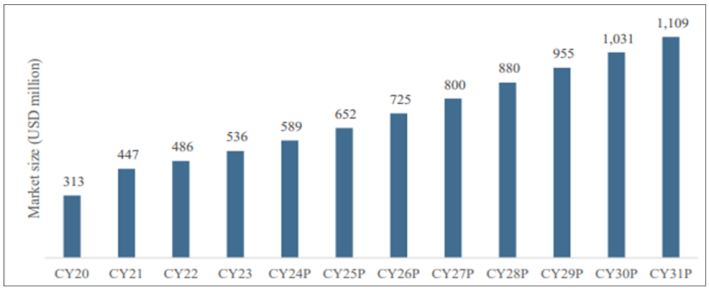


The domestic market size of specialty cables was valued at USD 589 million in CY24EE which is expected to reach USD 599 million in CY24E. For the projected period CY24E-CY30, the market is forecasted to register a CAGR of 9.8%. This is attributed to infrastructural developments in the country. Accordingly, the projected growth drivers include renewable power generation, expansion and revamping of transmission & distribution infrastructure, expansion & improvement in the railway network, and increasing investments in metro projects.

India Specialty Power Cables Market Share by Types in CY24E:



Indian Specialty Cables Market Size (USD million):



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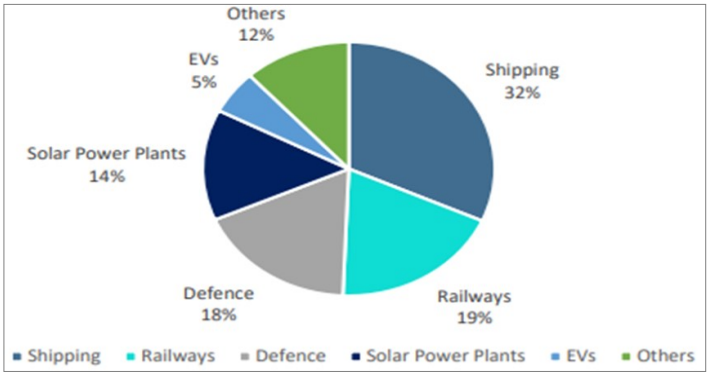
Market Share by Industry in CY24E

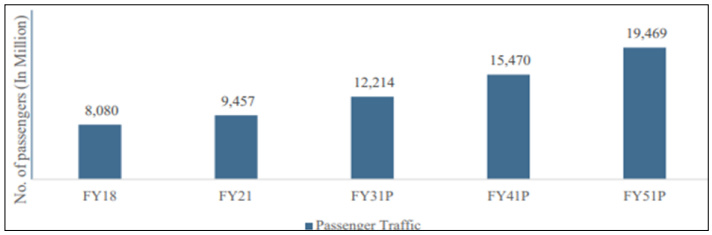


28%.

Indian Railways is rapidly progressing to accomplish **Mission 100 Percent Electrification** and become the largest green railway network in the world. A historic 6,542 RKMs have been achieved during FY23, registering an increase of 2.76% from FY22. The previous highest electrification was 6,366 RKMs during FY22. It also plans to become a net zero carbon emitter by CY30 as part of the country's strategy to combat climate change. Whereas it plans to source 1,000 MW of solar power and 200 MW of wind power across zonal railway and production units.

The Indian Railways is making significant strides by implementing projects such as the automatic signalling of 15,000 km of rail lines and deploying the "Kavach" system across 37,000 km of tracks. To support these advancements, the Union Budget 2024-25 allocated ₹557 crore specifically for the Kavach initiative, reinforcing the focus on enhancing safety and operational efficiency in the railway network. The growing need for specialty cables is largely fueled by their use in sectors like railways, defence, and urban power distribution. In the calendar year 2024 (estimated), medium-voltage specialty cables accounted for the largest share of the market at 68%, with low-voltage cables following at

Projected Growth in Passenger Traffic in Indian Railways:



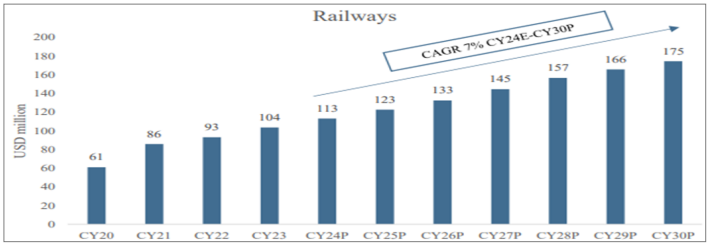
Further, **Automatic Block Signalling** is a cost-effective solution to increase the line capacity to run more trains on the existing High-Density Routes of Indian Railways. During FY24, Indian Railways have upgraded 582 Kms with automatic signalling as compared to 530 Kms during FY23, registering an increase of 10%. It is also the best figure achieved in automatic signalling in the history of Indian Railways. Similarly, Electronic Interlocking is being adopted on a large scale to derive benefits of digital technologies in train operation and to enhance safety.

During FY24, 551 stations were provided with **Electronic Interlocking** as compared to 538 stations during FY23, an increase of 2%. Furthermore, the Indian government is focusing on operating more semi-high-speed trains.

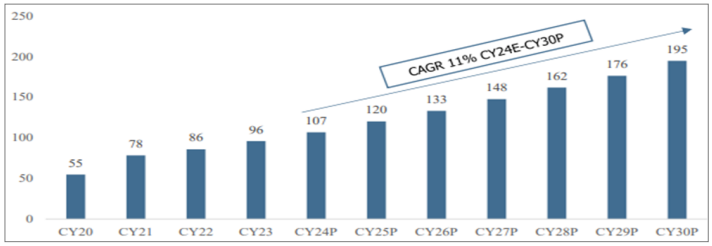
The production plans of trains like Vande Bharat are already on the rise. There are about 34 **Vande Bharat** trains serving passengers across the states and union territories. Out of which, 9 trains were added recently in September 2023. India's firstever indigenously designed and manufactured semi-high speed Vande Bharat trains have provided a modern and comfortable rail travel experience to passengers.

High Speed, enhanced Safety standards, and world-class service are the hallmarks of this train. Moreover, as of August 2023, ₹ 1,343.7 crore fund has been utilised for manufacturing Vande Bharat trains. The introduction of trains, including Vande Bharat services, is an ongoing process on Indian Railways subject to operational feasibility and traffic justification. This bodes well for the specialty cable industry in the coming years.

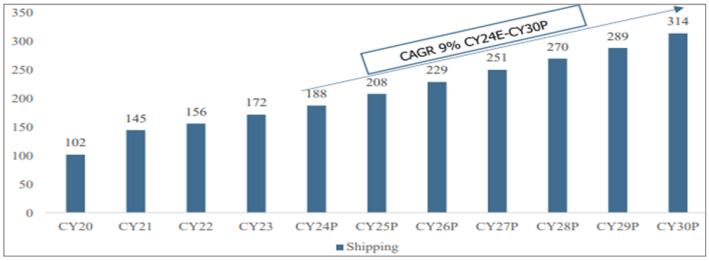
Demand trend from Railways for Specialty Cables (USD Million)



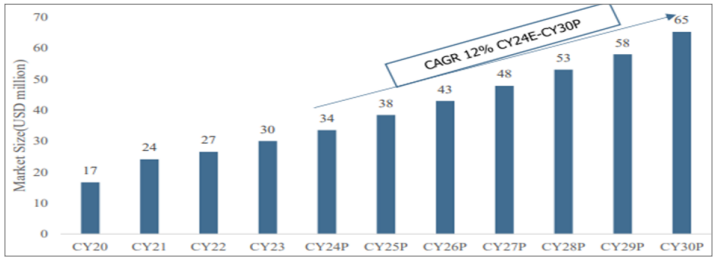
Demand Trend from Defence for Specialty Cables (USD Million)



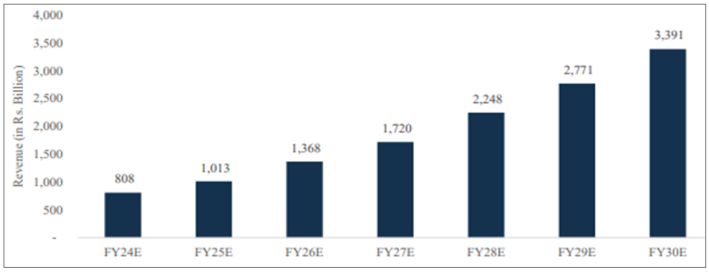
Demand Trend from Shipping for Specialty Cables (USD Million)



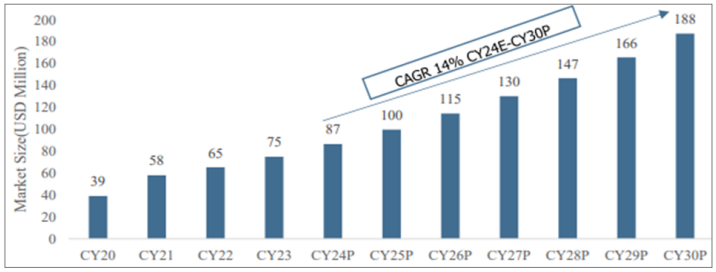
Demand Trend from Electric Vehicle for Specialty Cables (USD Million)



Annual Revenue forecast from EV sales:



Demand Trend from Solar Power for Specialty Cables (USD Million):



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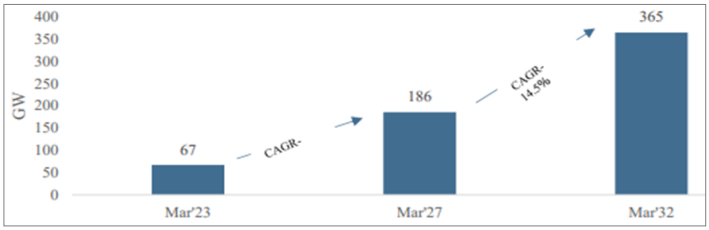
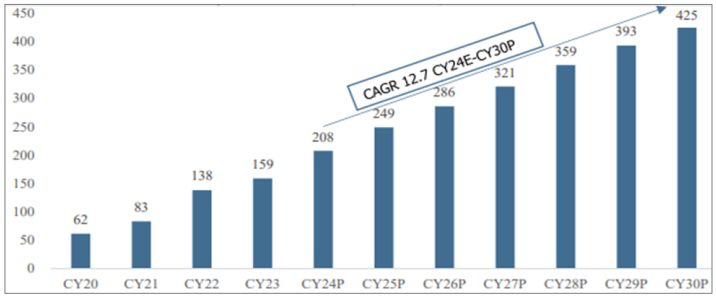
Solar Power – Trend in Future Installed Capacity Additions



Indian Train Control System Market Size (USD million)



Investment rationale:

Global emergence of market for Speciality cables in RE and EV and supply of such Speciality cables to OEMs with high global market penetration: There is a growing thrust on adopting EVs across the globe amid increasing carbon emissions, which have serious repercussions, including global warming. As India is significantly dependent on crude oil imports and various cities in India are facing pollution menace, the Indian government has also acknowledged the need to promote EVs. The EV market in India has been witnessing steady growth. The sales of electric cars, two-wheelers, and three-wheelers have been increasing in recent years, driven by government incentives, decreasing battery costs, and the introduction of new EV models by domestic and international manufacturers. Since new energy vehicles use a large amount of electronic equipment, especially high-voltage electrical equipment, they have higher requirements for power cables. Specialty power cables play an important role in the safety of new energy vehicles. For instance, high-quality specialty power cables can ensure that the electrical system can work properly and ensure a low failure rate, thereby reducing the risk of accidents such as fires and explosions.

Based on Quadrant's deep product knowledge and multiple usage of specialty cables, it provides expansive insight into multiple industries. Quadrant believes it may serve as a critical source supplier for global OEMs. Further, India's solar energy sector has emerged as a key participant in grid-connected power generation capacity over the past decade. It contributes significantly to the government's objective of sustainable growth while emerging as a key anchor in meeting the nation's energy demands and ensuring energy security. Moreover, the global solar industry is rapidly growing, and so is the demand for specialty cables. India has a large amount of solar energy potential. Therefore, the specialty cable market growth is attributable to the positive outlook for the solar power segment, further accredited to government support and growing environmental consciousness.

The cables used in solar power stations are mostly laid outdoors. The environment where they are used is very harsh. The material of the cable is selected based on the degree of ultraviolet rays, ozone, severe temperature changes, and chemical corrosion such as acid and alkali in the environment. If ordinary cables are used, working in harsh environments for a long time will cause damage to the cable sheath and even decomposition of the cable insulation layer, resulting in cable short circuits and fire accidents. Therefore, it is imperative to use specialized cables to withstand extreme weather conditions, resist UV rays, and handle high electrical loads, making them an essential component in the development of solar power systems.

Quadrant has developed solar cables in line with 2pfg1169 / N50618 requirements for captive solar projects dedicated to electric charging stations and green hydrogen plants for the generation of green energy. Quadrant has further developed low fire hazard, lightweight cables for electric vehicles to cater to the transition of fossil fuel vehicles to battery/hydrogen electric vehicles.

Make in India and focus on indigenisation: The Government of India has recognized the need to promote domestic manufacturing and has undertaken multiple initiatives to attract investments and enhance existing manufacturing capabilities through programs like “Make in India” and “Atmanirbhar Bharat Abhiyan.”

The "Make in India" initiative, launched in 2014, aims to boost local manufacturing and establish India as a global manufacturing hub. This initiative emphasizes focused investments to foster innovation, develop intellectual property, create world-class manufacturing infrastructure, and promote favorable policy measures. The Department for Promotion of Industry & Internal Trade (DPIIT), which oversees the 'Invest India' initiative to attract foreign investments, has identified 24 key sub-sectors—including railways, automobiles, chemicals, medical devices, auto-components, defense manufacturing, and electronic systems—for focused development. These sectors were chosen based on local competencies, potential for import substitution, export opportunities, and the capacity to generate significant employment.

In response to the economic challenges posed by the COVID-19 pandemic, the Indian government launched the "Atmanirbhar Bharat Abhiyan" (Self-Reliant India) in May 2020. This campaign aims to recover from the pandemic's economic impact and promote self-sufficiency through five key pillars: economy, technology-driven infrastructure, infrastructure development, demand creation, and demographic potential. As part of this initiative, the government announced a comprehensive economic package to support businesses, MSMEs, farmers, and the agricultural sector, bolstering the nation's resilience.

A significant focus under these initiatives has been the promotion of indigenous development in railway infrastructure and allied systems. India is advancing towards self-reliance in various aspects of railways, including high-speed trains, improved coach quality, technological advancements, automatic train protection and operations, tracks, and signaling systems. The government is working to reduce import dependence while encouraging the growth of domestic manufacturing and service industries in Indian Railways.

Additionally, under Atmanirbhar Bharat, the government plans to establish stringent quality parameters to ensure that Indian products meet international standards, enabling them to compete effectively in global markets. These measures underline India's commitment to fostering a robust manufacturing ecosystem and achieving long-term self-reliance.

Expansion of business to other areas of Automatic Train Protection and railway safety: The company has made significant investments in capital expenditure amounting to ₹594.41 million to date, dedicated to developing its platform for the Automatic Train Protection (ATP) system, including the Train Collision Avoidance System (TCAS). The company plans to continue investing in upgrades and incorporating newer technologies to enhance its design and development capabilities, with a focus on expanding its operations. As of October 31, 2024, the Railway Signalling & Embedded System Design Centre employed 28 individuals, representing approximately 9.49% of the company’s total workforce. The company aims to strengthen its product development team by recruiting skilled and experienced professionals to deliver superior products and solutions.

The train control and signalling division primarily focuses on three key components: Train Collision Avoidance System, Electronic Interlocking System, and Multi Section Digital Axle Counter. Presently, the company has developed a solution for the Train Collision Avoidance System. With its successful deployment, the company plans to extend its business operations to new avenues under the railway safety measures being implemented by the Ministry of Railways.

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Electronic Interlocking Systems (EI) are computer-based systems used to control points, signals, and level crossing gates through a centralized control panel. EI is a failsafe, control, and command system typically managing a single railway station. It offers significant advantages over traditional mechanical and relay-based interlocking systems, including reduced space requirements, lower power consumption, higher reliability, and easier installation and maintenance. Modern EI systems allow for quick commissioning and minimal downtime during yard remodelling, making them a preferred choice for railway networks.

The EI system operates through a Central Interlocking Unit, which processes input commands validated by a functional module called the panel processor. This unit drives relays directly or through remote electronic units, referred to as object controllers, that control field signals. The system significantly reduces the complexity of wiring and maintenance compared to earlier systems, ensuring improved efficiency in railway operations.

Multi Section Digital Axle Counter (MSDAC) is crucial for monitoring sections of railway tracks as part of Automatic Block sections. This system ensures track safety by verifying the presence or absence of vehicles on specified track sections. It uses axle detectors at entry and exit points of each section, connected to a Central Evaluator for processing information. The system operates in duplex mode for fail-safe data exchange, enabling real-time monitoring of multiple track sections. MSDAC supports axle counting, direction detection, count comparison, and relay drive, making it an essential component in advanced railway signalling infrastructure.

By advancing solutions like TCAS, EI systems, and MSDAC, the company is well-positioned to contribute to the modernization and safety of railway signalling systems under the initiatives led by the Ministry of Railways.

MOU with RailTel: On May 1st, 2024, company signed a Memorandum of Understanding (MoU) with RailTel Corporation of India Limited to collaborate on KAVACH, an Automatic Train Protection System for railways in India and abroad. This exclusive partnership allows the company to supply KAVACH equipment as an Original Equipment Manufacturer (OEM). RailTel will ensure its partners do not pursue competing offers. It will lead stakeholder engagements in Indian Railways and other countries, while the company will handle technology maintenance, adhere to RDSO specifications and provide technical expertise for project execution and KAVACH tenders. The MoU remains in effect unless terminated by either party. Further, the company received a purchase order on November 18, 2024, from Chittaranjan Locomotive Works (CLW) for the supply, installation, testing, and commissioning of onboard KAVACH equipment in 1,200 locomotives for an aggregate value of ₹9,786.06 million (including tax).

Valuation and outlook: The company reported a robust financial performance. The company revenue reached ₹1,517.56 million in FY24, reflecting a CAGR of 20.46% from ₹1,042.58 million in FY22. EBITDA increased at a CAGR of 89.13%, from ₹95.08 million in FY22 to ₹366.68 million in FY24. PAT surged at a CAGR of 180.84%, rising from ₹18.94 million in FY22 to ₹146.92 million in FY24, showcasing significant profitability enhancement. The ROE stood at 33.41% in FY24, compared to 47.03% in FY23 and 12.17% in FY22, while the ROCE was 26.12% in FY24, compared to 27.20% in FY23 and 8.43% in FY22. The industry forecast indicates a robust growth for the Indian Specialty Cable and Train Control System market projected to expand at a CAGR of 9.8% and 12.7% from CY24E-CY30E period. In the industry the company leads with an EBITDA margin of 24.15% in FY24 and its return ratios are equally competitive. Further, the strategic MoU signed with RailTel Corp. to provide KAVACH coupled with recent order win from CLW of Rs 9786.06 million, solidifies the company's position as a premier OEM. Due to these factors, we recommend the investors to subscribe the issue as a long term investment.

Peer Comparison

Company	Share Price	Revenue	EPS (Diluted)	P/E
Quadrant Furure Tek Ltd.	290	1,518.23	4.9	59.18
Listed Peers				
Kernex Micro Systems Ltd.	1,385.80	195.98	-16.61	-
HBL Engineering Ltd.	671.4	22,333.55	10.07	59.58
Apar Industries Ltd.	9,995.15	1,61,529.80	212.1	51.1
Polycab India Ltd.	7,450.05	1,80,394.44	118.93	58.81

Particulars	Quadrant Future Tek Ltd.			Kernex Micro Systems Ltd.			HBL Engineering Ltd.			Apar Industries Ltd.			Ploycab India Ltd.		
	FY24	FY23	FY22	FY24	FY23	FY22	FY24	FY23	FY22	FY24	FY23	FY22	FY24	FY23	FY22
Revenue	1517.56	1528.04	1042.58	195.98	40.39	66.51	22333.56	13686.78	12362.1	161529.8	143521.5	93199.9	180394.4	141077.8	122037.6
EBITDA	366.68	265.49	95.08	-194.51	-163.35	-77.03	4413.69	1691.21	1533.54	16087.4	12644.2	5803.4	27126.8	19854.4	13551.22
EBITDA margin (%)	24.15%	17.36%	9.12%	-99.25%	-404.38%	-115.81%	19.76%	12.36%	12.41%	10.00%	9.00%	6.00%	15.00%	14.00%	11.00%
PAT	146.92	138.16	18.94	-257.53	-196.4	-164.63	2791.13	971.65	929.21	8061.4	5785.3	3520.7	17926.68	12864.55	9172.85
PAT margin (%)	9.68%	9.04%	1.82%	-131.41%	-486.17%	-247.51%	12.50%	7.10%	7.52%	4.99%	4.03%	3.78%	9.94%	9.12%	7.52%
ROE(%)	33.41%	47.03%	12.17%	-27.29%	-30.13%	-29.69%	25.70%	10.69%	11.28%	26.38%	29.28%	22.61%	24.20%	21.13%	17.82%
ROCE (%)	26.12%	27.20%	8.43%	-22.82%	-22.60%	-18.79%	31.75%	13.36%	13.19%	34.87%	47.47%	24.52%	30.04%	26.76%	20.78%

6MFY24					
Particulars	**Quadrant Future Tek Ltd.**	**Kernex Micro Systems Ltd.**	**HBL Engineering Ltd.**	**Apar Industries Ltd.**	**Ploycab India Ltd.**
Revenue	651.37	698.96	10,410.69	86,550.20	1,01,964.53
EBITDA	8.17	156.01	2367.18	7811.6	13,495.02
EBITDA margin (%)	1.25%	22.32%	22.74%	9%	13%
PAT	-120.05	103.83	1,661.62	4,348.10	8,367.91
PAT margin (%)	-18.50%	14.85%	15.96%	5.02%	8.21%
ROE(%)	-37.45%	9.29%	12.81%	10.89%	9.97%
ROCE (%)	-10.34%	12.23%	15.47%	16.08%	14.03%

Quadrant Future Tek Limited

January 06, 2025

IPO Note

Income Statement

Y/E (INR mn)	FY22	FY23	FY24	6MFY25
Revenue	1,042.58	1,528.04	1,517.56	651.37
Expenses:				
Raw Material	884.75	1028.36	928.24	557.33
Employee Cost	69.98	53.83	124.23	120.19
Total Expenses	947.82	1,263.95	1,151.80	643.18
EBITDA	94.76	264.09	365.76	8.19
EBITDA Margin %	9.09	17.28	24.1	1.26
Interest	33.64	29.09	44.95	37.54
Depreciation	31.96	37.08	102.87	95.61
Other Income	0.33	1.40	0.92	-0.02
PBT	29.49	199.32	219.23	-124.98
PAT	19.43	139.04	147.13	-121.04
EPS	0.65	4.63	4.90	-4.03

Balance Sheet

Y/E (INR mn)	FY22	FY23	FY24	6MFY25
Source of funds				
Equity Share Capital	100.00	100.00	100.00	300.00
Reserves	56.05	194.21	341.13	41.75
Total Share holders	156.05	294.21	441.13	341.75
Total Debt	806.81	739.96	816.14	980.11
Curent Liabilities	410.94	399.88	502.01	698.77
Trade Payables	138.40	63.99	67.06	87.01
Total Non-Current	558.91	491.52	485.07	456.09
Total Liabilities	1,125.90	1,185.61	1,428.21	1,496.61
Application of funds				
Fixed Assets	195.73	209.05	279.89	284.98
Cash and Bank	2.53	5.33	7.14	8.90
Current Assets	593.88	474.74	592.83	698.59
Trade Recievables	268.11	232.59	320.43	232.22
Other current assets	73.29	41.16	52.92	74.50
Total Assets	1,125.90	1,185.61	1,428.21	1,496.61

Cash Flow

Y/E (INR mn)	FY22	FY23	FY24	6MFY25
Profit Before Tax	29.49	199.32	219.23	-124.98
Adjustment	65.60	66.04	146.57	155.03
Changes In working Capital	-133.75	49.05	-101.70	-108.31
Cash Flow after changes in Working Capital	-39.37	313.45	263.80	-94.02
Tax Paid	-6.55	-14.53	-78.94	-17.8
Cash From Operating Activities	-45.92	298.92	184.86	-193.39
Cash Flow from Investing Activities	-317.82	-200.17	-214.28	-28.98
Cash from Financing Activities	363.87	-95.93	31.22	126.51
Net Cash Inflow / Outflow	0.13	2.82	1.80	1.76
Opening Cash & Cash Equivalents	2.39	2.51	5.34	7.14
Closing Cash & Cash Equivalent	2.52	5.33	7.14	8.90

Key Ratios

Y/E (INR mln)	FY22	FY23	FY24
Growth Ratio			
Net Sales Growth(%)	43.16	46.56	-0.69
EBITDA Growth(%)	-15.78	179.20	38.11
PAT Growth(%)	-59.62	615.59	5.82
Margin Ratios			
Gross Profit	23.02	27.81	42.13
EBITDA	9.09	17.28	24.1
PBT	2.83	13.04	14.45
PAT	1.86	9.1	9.7
Return Ratios			
ROA	2.27	12.03	11.26
ROE	13.26	61.76	40.02
ROCE	8.37	22.87	23.06
Turnover Ratios			
Asset Turnover(x)	1.23	1.32	0.94
Inventory Turnover(x)	5.32	7.12	7.78
Fixed Asset Turnover (x)	3.36	4.25	3.49
Solvency Ratios			
Total Debt/Equity(x)	5.17	2.52	1.85
Current Ratio(x)	1.45	1.19	1.18
Quick Ratio(x)	0.85	0.72	0.77
Interest Cover(x)	1.88	7.85	8.14
Valuation Ratios			
P/E	-	-	59.18
EV/EBITDA	-	-	31.7

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