



Quadrant Future Tek Ltd.

Issue Opens - January 7, 2025 to January 9, 2025

Price Band
₹275 to ₹290

Face Value
₹10

Issue Size
₹290 Cr

Lot Size
50 Shares

Listing At
NSE, BSE

Issue Size

1,00,00,000 shares / ₹290 Cr

Fresh Issue

1,00,00,000 shares / ₹ 290 Cr

Offer for Sale

N/A

Basis of Allotment

Friday, January 10, 2025

Initiation of Refunds

Monday, January 13, 2025

Credit of Shares to Demat

Monday, January 13, 2025

Quadrant Future Listing Day

Tuesday, January 14, 2025



Objects of The Offer

The funds raised from the IPO will be allocated for:

- Funding long-term working capital requirements
- Capital expenditure for development for Electronic Interlocking System;
- Prepayment or repayment of all or a portion of outstanding working capital term loan and
- General corporate purposes.

Brief profile of the Directors

- **Mohit Vohra**, 49, is the Managing Director. A Mechanical Engineer from YMCA Institute of Engineering, Faridabad, he joined the Company on August 16, 2017. With over 26 years of experience, including leadership roles at multinational corporations like Thermax and Tyco Electronics, he brings a strong engineering background to his role.
- **Amit Dhawan**, 47, serves as a Whole Time Director. He joined the Company on August 16, 2017, bringing 22 years of experience in the railway domain. Holding a Bachelor of Laws (Professional) from Seth Girdhari Lal Behani S.D. College, Sriganganagar, he specializes in networking, relationship building, and service delivery within the railway sector.
- **Vivek Abrol**, 61, is a Whole Time Director. A Director since the Company's inception, he holds a Bachelor of Engineering (Electrical) from Thapar Institute of Engineering & Technology, Patiala. He brings extensive experience in the railway industry, particularly in manufacturing operations for electrical components, gained through his association with Abrol Engineering Company Private Limited since April 1996.
- **Rupinder Singh**, 67, is a Whole Time Director. A Director since the Company's inception, he holds a Bachelor of Commerce from Punjabi University, Patiala. He brings a wealth of experience in the field of manufacturing electric control panels and overseeing financial operations, gained through his association with M/s. NEC Switchgears & Controls since 1992.

About The Company and Business Overview



Quadrant Future Tek Ltd, incorporated in 2013, is a research-oriented company with a focus on developing cutting-edge Train Control and Signalling Systems under the KAVACH project and manufacturing speciality cables. Its strengths lie in its innovation-driven approach, vertically integrated operations, and adherence to stringent quality standards.

Specialty Cables Division:

Quadrant manufactures speciality cables with advanced Electron Beam Irradiation technology, offering superior thermal and mechanical properties. These cables cater to industries like railways, naval defence, solar energy, and electric vehicles, with applications where fire safety, durability, and weight reduction are critical.

Train Control & Signalling Division:

Quadrant plays a pivotal role in India's railway modernization with its indigenously developed KAVACH Train Collision Avoidance System, a cost-effective and globally competitive solution. The company has received technical clearance from RDSO and significant orders, including a ₹9,786 million contract to supply, install, and maintain KAVACH equipment for 1,200 locomotives. Through its partnership with RailTel, the company aims to expand the adoption of KAVACH technology in India and globally, driving enhanced safety and efficiency in railway operations.

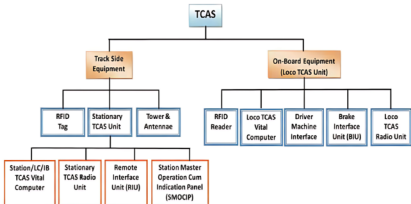


Key Financial Indicators

(₹ in millions)

Particulars	Six months period ended September 30, 2024	As at / for the financial year ended		
		March 31, 2024	March 31, 2023	March 31, 2022
Revenue from operations	651.37	1,517.56	1,528.04	1,042.58
Total revenue	651.35	1,518.23	1,529.45	1,042.91
EBITDA	8.17	366.68	265.49	95.08
EBITDA margin (%)	1.25%	24.15%	17.36%	9.12%
Operating EBITDA	8.19	366.00	264.08	94.75
Operating EBITDA (%)	1.26%	24.11%	17.28%	9.09%
Profit after tax (before other comprehensive income)	(120.05)	146.92	138.16	18.94
PAT margin (%)	(18.50%)	9.68%	9.04%	1.82%
Return on Equity (ROE)(%)	(37.45%)	33.41%	47.03%	12.17%
Debt to Equity Ratio	3.05	1.86	2.52	5.19
Debt Service Coverage Ratio	0.10	3.66	4.16	1.60
Return on Capital Employed (ROEC)(%)	(10.34%)	26.12%	27.20%	8.43%
Current Ratio	1.00	1.18	1.19	1.45
Net Capital Turnover Ratio	14.37	18.32	11.85	8.29

Train Control & Signalling Division



Statement of Profit and Loss



(All amounts are in Indian Rupees millions, unless otherwise stated)

Particulars	For the period ended Sep 2024	For the period ended Sep 2023	For the year ended Mar 2024
INCOME:			
I Income from operations	651.37	615.36	1,517.56
II Other income	-0.02	0.08	0.67
III Total Income (I+II)	651.35	615.44	1,518.23
IV. Expenses:			
Cost of Materials consumed	557.33	332.55	928.24
Changes in inventories	-142.24	-55.91	-51.39
Employee benefits expense	120.19	48.05	124.23
Finance costs	37.54	15.52	44.95
Depreciation and amortization expense	95.61	16.24	102.87
Other expenses	107.9	45.33	150.48
Total expenses	776.33	401.78	1,299.38
V. Profit before exceptional items and tax (III-IV)	-124.98	213.66	218.85
VI. Exceptional items	-124.98	0.11	0.37
VII Profit/(loss) before tax (V-VI)	0	213.77	219.23
Total Tax Expense	0	64.83	72.1
IX Profit/(loss) for the period	-121.05	148.94	147.13
Earning Per Equity Share			
Basic EPS	-4.02	4.96	4.9
Diluted EPS	-4.02	4.96	4.9

Strengths



- **Technological Innovation:** The company specializes in developing advanced Train Control and Signaling Systems, notably the KAVACH project for Indian Railways, enhancing safety and reliability.
- **Diverse Product Portfolio:** Beyond signaling systems, Quadrant Future Tek manufactures specialty cables catering to sectors like Railways, Defence, Renewable Energy, and Electric Vehicles, showcasing its versatility.
- **Strategic Partnerships:** A Memorandum of Understanding with RailTel positions the company favorably for future projects, potentially expanding its market reach.
- **Quality Compliance:** Operations adhere to international standards such as ISO, IRIS, and TS, ensuring product reliability and customer trust.
- **Improving Financial Metrics:** The company has shown improvements in annual net profits and book value per share over the last two years, indicating financial growth.

Threats

- **Litigation Among Promoters:** The company faced a promoter dispute involving allegations of conflict of interest with International Switchgears Private Limited, which was settled amicably after NCLT proceedings. Future disputes of this nature cannot be ruled out.
- **Single Manufacturing Facility:** Reliance on a sole production site could lead to significant disruptions if unforeseen events occur, affecting supply chains.
- **Recent Financial Volatility:** Despite profitability in FY23 and FY24, the company reported a negative PAT in the first half of FY24, raising concerns about financial stability.
- **Pending Regulatory Approvals:** The success of ongoing projects and partnerships may depend on obtaining necessary regulatory clearances, introducing elements of uncertainty.
- **Related Party Transactions:** The company engages in related party transactions, including sales, raw material purchases, director remuneration, and unsecured loans, which may pose potential conflicts of interest.
- **Customer Dependency :** The company relies on a limited number of public and private sector customers, including Group Companies, for a substantial portion of its revenue, making it vulnerable to order cancellations or delays.

Valuation and Outlook



Quadrant Future Tek Limited IPO is expected to be priced between ₹275 to ₹290 per share. At this price, the company is valued at Price-to-Earnings (P/E) ratio of 59x whereas the industry average is 57x

Company Name	Face Value (₹)	Share Price (₹)	Revenue from Operations (₹ in million)	EPS (Basic) (₹)	EPS (Diluted) (₹)	P/E	Return on Net Worth (%)	Net Worth (₹ in million)
Quadrant Future Tek Limited	10	[+]	1,518.23	4.9	4.9	[+]*	33.31	441.13
Listed Peers:-								
Kernex Micro Systems Limited	10	1,385.80	195.98	-16.61	-16.61	NA	-24.16%	1,066.12
HBL Power Systems Limited	1	671.4	22,333.55	10.07	10.07	61.59	22.87%	12,205.41
Apar Industries Limited	10	9,995.15	1,61,529.80	212.1	212.1	49.11	20.80%	38,764.40
Polycab India Limited	10	7,450.05	1,80,394.44	118.93	118.93	64.85	21.90%	81,871.34

Quadrant Future Tek Limited presents a compelling case with its focus on railway safety and advanced manufacturing. Its partnership with RailTel and strong technological base provide significant growth potential. However, the risks, including reliance on a single facility and untested ventures in Train Control Systems, should not be overlooked

"Call us on 8448899576" to find out whether or not you should apply.

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