

Quadrant Future Tek operates through two major areas of expertise:

Developing advanced Train Control and Signaling (TCAS) Systems, and manufacturing specialty cables. The TCAS Systems Division is at the forefront of innovation with the KAVACH project of Indian Railways, ensuring unparalleled safety and reliability for rail passengers. Simultaneously, the Specialty Cable Manufacturing Division, equipped with an Electron Beam Irradiation Centre, serves critical sectors such as Railways rolling stock, the Naval (Defense) industry, Solar, and EV cable production. The company recently secured a substantial purchase order from Chittaranjan Locomotive Works, valued at ₹ 978 Crs. The order involves the supply, installation, testing, and commissioning of On-board Kavach equipment for 1,200 locomotives, underscoring the company's pivotal contribution to enhancing railway safety.

Issue Snapshot

| Particulars | Details |
|--|-----------------------------------|
| IPO Open Date | Tuesday, January 7, 2025 |
| IPO Close Date | Thursday, January 9, 2025 |
| Listing Date | Tuesday, January 14, 2025 |
| Price Band (in Rs.) | 275 - 290 per share |
| Bid Lot | 50 shares and in multiple thereof |
| Total Issue Size (in Crs) <small>*at upper price band</small> | 290 Crs |
| Listing At | BSE, NSE |
| Registrar | Link Intime India Private Limited |
| QIB shares | 75% |
| Retail shares | 10% |
| HNI shares | 15% |
| Promoter Share Holding Pre-Issue | 93.33% |
| Promoter Share Holding Post Issue | 70% |
| Post Issue Implied Market Cap (in Rs.) | 1,115 Cr - 1,160 Cr |

Competitive Strength:

Exclusive Collaboration for KAVACH Systems with RailTel

Through an exclusive MoU with RailTel Corporation, the company has established itself as an OEM for KAVACH-a state-of-the-art Automatic Train Protection System. This partnership strengthens its position to deliver safety solutions to Indian Railways and expand its reach to global markets, unlocking new growth opportunities.

In-House Design Capabilities Driving Innovation

With dedicated design centres in Bengaluru and Hyderabad and advanced manufacturing facilities in Punjab, the company develops world-class Train Collision Avoidance Systems and signalling hardware. Its in-house capabilities ensure superior product performance, reliability, and cost efficiency, aligning with the needs of Indian Railways.

Experienced Leadership Team

Led by seasoned professionals with over two decades of industry experience, the management brings deep expertise in railways and manufacturing. Their strategic vision and operational excellence drive the company's growth in competitive and emerging markets.

Focus on High-Growth Markets and Research

Investing in R&D, the company emphasizes solutions for renewable energy, electric vehicles, and safety-critical railway systems. Its electron beams cross-linked cables cater to niche segments like aerospace and solar energy, addressing rising global demand for sustainable technologies.

Objects of the Issue

- Funding long-term working capital requirements
- Capital expenditure for development for Electronic Interlocking Systems
- Prepayment/repayment of all/a portion of existing borrowings
- General Corporate Purposes

BUSINESS OVERVIEW

Quadrant is a research-focused company dedicated to developing next-generation Train Control and Signalling Systems under the KAVACH project for Indian Railways. This innovative system ensures the highest levels of safety and reliability for rail passengers. Additionally, the company operates a Specialty Cable Manufacturing Division featuring an advanced Electron Beam Irradiation Centre.

Specialty Cables Division

Quadrant produces specialty cables designed for industrial use and applications requiring exceptional fire safety, lightweight design, and long-term performance. The division utilizes proprietary low-smoke, fire-resistant polymers for cable insulation and sheathing. These polymers undergo electron beam radiation treatment, which cross-links molecules to enhance mechanical and thermal properties significantly.

Train Control & Signalling Division

The Indian Railways' expanding network provides immense opportunities for Quadrant, particularly through the KAVACH initiative-India's indigenous Train Collision Avoidance System. Upon full implementation, KAVACH is poised to be the world's most cost-effective automatic train collision protection system,

operating at ~₹0.7 Cr per kilometre, significantly cheaper than the global average of ₹2 Cr per kilometre.

Recent Developments:

- Strategic Collaboration:** On May 1, 2024, the company signed an MoU with RailTel Corporation of India Ltd to:
 - Explore opportunities to promote KAVACH as an Automatic Train Protection System in India and internationally.
 - Align the system's scope with the needs of other countries' railway systems.
 - Strengthen cooperation for broader technological and market advancements.
- Major Purchase Order:** On December 12, 2024, Quadrant received an order from Chittranjan Locomotive Works valued at ₹ **978.61 Cr** (inclusive of taxes). The order covers the supply, installation, testing, and commissioning of KAVACH equipment for **1,200 locomotives**. Post-warranty, the company will earn a maintenance charge of 3% per annum on the total capital cost of the equipment for an 11-year maintenance period.

| Segment | As at Sept 30th, 2024 | | 2024 | | 2023 | |
|--|-----------------------|---------|------------|---------|------------|---------|
| | Amt (Cr) - | % | Amt (Cr) - | % | Amt (Cr) - | % |
| Wires & Cables (Railways) | | | | | | |
| Indian Railways | 24.17 | 37.10% | 71.87 | 47.36% | 73.76 | 48.27% |
| Pvt. Sector (other than group co) | 11.2 | 17.20% | 20.81 | 13.72% | 9.66 | 6.32% |
| Pvt. Sector (group co.'s) | 24.09 | 36.99% | 24.19 | 15.94% | 30.7 | 20.09% |
| Sub Total | 59.46 | 91.29% | 116.87 | 77.02% | 114.12 | 74.68% |
| Wires & Cables (Defence) | | | | | | |
| Public Sector Undertakings | 1.86 | 2.86% | 33.75 | 22.24% | 36.92 | 24.16% |
| Sub Total | 1.86 | 2.86% | 33.75 | 22.24% | 36.92 | 24.16% |
| Train Control & Signalling Division | | | | | | |
| Indian Railways | 2.69 | 4.14% | - | - | 1.43 | 0.93% |
| Sub Total | 2.69 | 4.14% | - | - | 1.43 | 0.93% |
| Other income from operations | 1.12 | 1.72% | 1.14 | 0.75% | 0.34 | 0.23% |
| Total Revenue from Operations | 65.14 | 100.00% | 151.76 | 100.00% | 152.81 | 100.00% |

Peer Comparison:

| Company | Sales | CMP* (₹) | EPS (₹) | P/E (x) | RONW (%) | Net Worth (Cr) | NAV per share (₹) |
|----------------------|---------|----------|---------|---------|----------|----------------|-------------------|
| Quadrant Future Tek | 151.8 | [*] | 4.9 | [*] | 33.31% | 44.11 | 14.7 |
| Kernex Micro Systems | 19.6 | 1,383 | -16.61 | NA | -24.16% | 106.61 | 63.61 |
| HBL Power Systems | 2233.4 | 624 | 10.07 | 50 | 22.87% | 1,220.54 | 44.03 |
| Apar Industries | 16153.0 | 10,965 | 212.1 | 51.8 | 20.80% | 3,876.44 | 965.01 |
| Polycab India | 18039.4 | 7,208 | 118.93 | 60.4 | 21.90% | 8,187.13 | 544.95 |

Financials

Income Statement

| Particulars (In Crs) | FY22 | FY23 | FY24 |
|--------------------------|---------------|---------------|---------------|
| Revenue | 104.26 | 152.80 | 151.76 |
| Operating Expenses | 80.01 | 110.23 | 87.69 |
| Gross Profit | 24.25 | 42.57 | 64.07 |
| Gross Profit Margin | 23.3% | 27.9% | 42.2% |
| Employee expense | 7.00 | 5.38 | 12.42 |
| Other expenses | 7.78 | 10.78 | 15.05 |
| EBITDA | 9.48 | 26.41 | 36.60 |
| EBITDAM | 9.1% | 17.3% | 24.1% |
| Depreciation | 3.20 | 3.71 | 10.29 |
| Finance costs | 3.36 | 2.91 | 4.50 |
| Other Income | 0.03 | 0.14 | 0.07 |
| Profit Before Tax | 2.95 | 19.93 | 21.89 |
| Taxes | 1.01 | 6.03 | 7.21 |
| Profit After Tax | 1.94 | 13.90 | 14.71 |
| PATM | 1.9% | 9.1% | 9.7% |

Cash flow Statement:

| Particulars (In Crs) | FY22 | FY23 | FY24 |
|---------------------------------------|----------------|----------------|----------------|
| Profit Before Tax | 2.88 | 19.84 | 21.89 |
| Depreciation | 3.20 | 3.71 | 10.29 |
| Finance costs | 3.36 | 2.91 | 4.50 |
| Share Based payment | 9.44 | 26.44 | 36.55 |
| Changes in Working Capital | (13.38) | 4.91 | (10.17) |
| Tax Paid | 0.65 | 1.45 | 7.90 |
| Cash from operating activities | (4.59) | 29.89 | 18.49 |
| Capital expenditure | (31.78) | (20.03) | (21.65) |
| Cash from Investing activities | (31.78) | (20.02) | (21.43) |
| Interest paid | (3.36) | (2.91) | (4.50) |
| Proceeds from long term borrowings | 35.39 | (6.96) | (1.33) |
| Proceeds from short term borrowings | 4.36 | 0.27 | 8.94 |
| Cash from Financing Activities | 36.39 | (9.59) | 3.12 |
| Net Change in Cash | 0.01 | 0.28 | 0.18 |

Balance Sheet

| Particulars (In Crs) | FY22 | FY23 | FY24 |
|--------------------------------------|---------------|---------------|---------------|
| Fixed assets | 19.57 | 20.90 | 27.99 |
| Intangible assets | 31.02 | 48.45 | 52.63 |
| Other Non-current Assets | 2.78 | 1.99 | 2.92 |
| Total non-current Assets | 53.38 | 71.35 | 83.54 |
| Inventories | 24.33 | 18.65 | 20.42 |
| Trade receivables | 26.81 | 23.26 | 32.04 |
| Cash and cash equivalents | 0.25 | 0.53 | 0.71 |
| Other current assets | 7.99 | 5.03 | 6.11 |
| Total Current Assets | 59.39 | 47.47 | 59.28 |
| Total Assets | 112.77 | 118.82 | 142.82 |
| Share Capital | 10.00 | 10.00 | 10.00 |
| Reserves and Surplus | 5.61 | 19.42 | 34.11 |
| Shareholders' funds | 15.61 | 29.42 | 44.11 |
| Long-term borrowings | 55.84 | 48.88 | 47.55 |
| Other non-current liabilities | 0.23 | 0.53 | 0.95 |
| Total Non-current Liabilities | 56.07 | 49.41 | 48.51 |
| Short-term borrowings | 24.85 | 25.12 | 34.06 |
| Trade payables | 13.84 | 6.40 | 6.71 |
| Other non-current liabilities | 2.408 | 8.471 | 9.433 |
| Total Current Liabilities | 41.09 | 39.99 | 50.20 |
| Total Equity and Liabilities | 112.77 | 118.82 | 142.82 |

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