

**Rating: Subscribe For Long Term**

### Issue Offer

**Fresh Issue of 1,00,00,000 equity shares up to INR 2,900 Mn.**

### Issue Summary

Price Band INR	275-290
Face Value INR	10
Implied Market Cap (INR Mn)	11,600
Market Lot	50
Issue Opens on	Jan 07, 2025
Issue Close on	Jan 09, 2025
No. of share pre-issue	3,00,00,000
No. of share post issue	4,00,00,000
Listing	NSE, BSE

### Issue Break-up %

QIB Portion	≥ 75
Retail Portion	≤ 10
NII Portion	≤ 15

### Registrar

Link Intime India Private Ltd

### Book Running Lead Managers

Sundae Capital Advisors

### Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	93.33%	70.00%
Public & Others	6.67%	30.00%

### Objects of the issue

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

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Incorporated in September 2015, Quadrant Future Tek Limited develops next-generation Train Control and Signaling Systems for the Indian Railways' KAVACH project, enhancing safety and reliability for passengers. The company also has a speciality cable manufacturing facility with an Electron Beam Irradiation Centre. The company has a facility in Village Basma, Tehsil Banur, Dist. Mohali, for manufacturing, testing, and developing speciality cables and hardware for the Train Control & Signaling Division. The company is technology-driven, with products that meet ISO, IRIS, and TS standards and follow strict Quality Management Systems for speciality cables. The company manufactures, tests, and develops speciality cables at its Village Basma, Tehsil Banur facility, District Mohali, Punjab. As of October 31, 2024, the company had 295 employees at its manufacturing facility, Railway Signaling & Embedded System Design Centre and corporate function.

### Investment Rationale

**Strong Order Book shows business visibility:** Quadrant Future Tek limited has kavach order book of INR 9,786mn (~6.5x of FY24 revenue) shows business visibility over medium term. A significant purchase order was received from Chittaranjan Locomotive Works on December 12, 2024, for the supply, installation, testing, and commissioning of onboard Kavach equipment in 1,200 locomotives, valued at INR 9,786.06mn (~INR 81.5 lakh per Loco). This contract also includes an annual maintenance charge of 3% of the capital cost for a maintenance period of 11 years after the warranty period.

**Innovative Product Portfolio:** QFTL specializes in advanced solutions like specialty cables, train control systems, and interconnect products, demonstrating strong technical capabilities and industry relevance. The integration of cutting-edge technology, such as the Kavach 4.0 system, underscores its commitment to innovation. The Kavach system includes five subsystems designed to monitor train speed and braking, enhancing safety in various conditions, such as poor weather or signaling issues. By continuously investing in research and development, QFTL ensures its portfolio evolves with market trends and technological advancements.

**Diverse and Growing Client Base:** QFTL has built a broad and expanding client base across multiple sectors, ensuring robust and diversified revenue streams. This diversity minimizes reliance on any single customer or industry, enhancing financial stability. By catering to a wide range of industries and continuously acquiring new clients, QFTL reinforces its position as a trusted partner in delivering innovative solutions. Indian Railways, MV Electrosystems Limited, NEC Switchgears & Controls are few of its top client base.

**Valuation and Outlook:** Quadrant Future Tek limited has kavach order book of INR 9,786mn (~6.5x of FY24 revenue) shows business visibility over medium term. The IPO proceeds will be majorly utilized for working capital requirements (INR 1,497mn). It develops next-generation Train Control and Signaling Systems. With Established brand reputation and Market leadership Company has a great growth potential. Currently, Kavach covers only 2% of the railway network and is operational on 1,445 Km of routes whereas it is set to expand to 4,500 Km by next year with plans to extend coverage over 44,000 Km over next five years. Kavach can be bigger opportunity for the company. At the upper band of INR 290, the issue is valued at an EV/EBITDA multiple of 33.84x based on FY24 EBITDA and P/E ratio of 78.95x, based on an annualized FY24 EPS of INR 3.67. We assign a "Subscribe for Long Term " rating for this issue.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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