



IPO Note

Quadrant Future Tek Limited

Recommendation: **AVOID!**



IPO Details

Opening Date	Jan 07, 2025
Closing Date	Jan 09, 2025
Allotment Date	Jan 10, 2025
Listing Date	Jan 14, 2025
Stock Exchange	BSE, NSE
Lot Size	50 Shares
Issue Price Per Share	₹275 to ₹290
Issue Size	290.00 Cr.
Fresh Issue	290.00 Cr.
Offer for Sale	-
Application Amt.	₹ 14,500 – ₹ 1,88,500(50 to 650 shares)

INDUSTRY – Capital Goods - Electrical Equipment Avg. PE ratio as per RHP – 56.98

KPI's	KPIs			(In Crores)
	FY 22	FY 23	FY 24	Sep-24
Revenue	104.26	152.80	151.76	65.14
EBITDA	9.47	26.41	36.60	0.82
Net Profit	1.94	13.90	14.68	-12.10
RoCE	8.76%	28.80%	28.41%	-2.98%
ROE	12.44%	47.26%	33.27%	-35.42%
P/E	460.32	62.91	59.18	-

Promoter Share Holding Pattern

Pre-Issue	Post Issue
93.33%	70.00%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	4.90	-6.05
BVPS	44.11	78.02
P/E	59.18	-
P/BV	6.57	3.72
Mkt Cap (In Cr)	870.00	1,160.00

*Annualized

Lead Managers – Sundae Capital Advisors

Registrar – Link Intime India Private Ltd

Company Background –

- **Incorporation:** Quadrant Future Tek Limited was originally incorporated as 'Quadrant Cables Private Limited' on September 18, 2015. The registered office is located at Mohali, Punjab, India.
- **Business Activity:** The company is engaged in the business of manufacturing of speciality cables and design, development & manufacturing of embedded systems for railway signalling & train control applications.
- **Revenue Stream:** The major revenue stream for the company is from sale of Speciality Cables Division.
- **Human Resource:** The company had 295 permanent employees as of September 30, 2024.

Objects of the Issue –

- Funding long-term working capital requirements of the Company.
- Capital expenditure for 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.

Promoters Name –

Mohit Vohra, Amit Dhawan, Amrit Singh Randhawa, Rupinder Singh, Vishesh Abrol and Vivek Abrol, Aikjot Singh and Rajbir Singh Randhawa

Rationale for recommendation –

- ✓ The company's top line, bottom line and profitability margins have a very slow growth over the years and has turned negative for Sep-24.
- ✓ It has almost a static topline for FY 2023 and FY 2024
- ✓ The company exhibited a high P/E ratio (59.18x) and elevated Price-to-Book Value (6.57x) in FY2024.
- ✓ Current Ratio: Marginal decline from 1.45x (FY2022) to 1.18x (FY2024), showing a tightening liquidity position.
- ✓ Despite high valuations, profitability challenges in Sep-24 could pose risks to these ratios in the near term.

Business Overview –

Quadrant is a technology-driven, research-oriented company specializing in the development of next-generation Train Control and Signalling Systems under the Indian Railways' KAVACH project, aimed at ensuring the highest levels of safety and reliability for rail passengers. Additionally, the company operates a Specialty Cable Manufacturing Division with an advanced Electron Beam Irradiation Centre. These cables are utilized in various sectors, including railways, naval defence, solar energy, and electric vehicles (EVs). Quadrant's manufacturing, research, and development facilities are based in Village Basma, Mohali, Punjab, while its Railway Signalling & Embedded System Design centres are located in Bengaluru and Hyderabad. Quadrant's innovation-driven approach, robust quality control, and experienced teams underpin its competitive advantage.

Division-Wise Segregation of the Business

A) Specialty Cables Division –

The Specialty Cables Division focuses on producing fire-resistant, lightweight, and durable cables for industrial use. These cables, enhanced by Electron Beam radiation, offer superior mechanical and thermal properties, making them ideal for high-demand applications in rail vehicles, naval ships, submarines, EVs, and renewable energy installations. Key features include:

1. Product Portfolio:

- Railway rolling stock cables
- Naval defence and marine cables
- Solar PV cables
- Automotive cables
- Electrical connectors and junction boxes

2. Capacity and Utilization:

Period	Installed Capacity (Metric Tonnes)	Utilization Rate (%)
H1 FY2024 (not annualized)	1887.60	25.03
FY2024	1887.60	49.42
FY2023	1638.00	54.26
FY2022	1500.72	57.62

3. Certifications:

- NQA Certification Limited
- ROHS Certification Private Limited

B) Train Control & Signalling Division –

Quadrant plays a pivotal role in modernizing Indian Railways through its Train Control & Signalling Division. The company is a key contributor to the KAVACH project, an Automatic Train Protection System designed to prevent collisions. Key highlights include:

1. KAVACH System:

- Cost-effective at approximately ₹70 lakhs per kilometre compared to the global average of ₹2 crores per kilometre.
- Complies with SIL-4 (Safety Integrity Level 4) standards.
- Uses radio transmission and LTE technology.

2. Key Orders:

- Field trial clearance from RDSO.
- Orders for installation at:
 - 5 stations and 10 trains covering a stretch of 43.6 km (₹16.86 crores).
 - Supply, installation, and testing for 1,200 locomotives (₹978.61 crores).

3. Manufacturing Capacity:

- 4,492 Station TCAS units
- 2,264 Locomotive TCAS units
- 3,744 Remote Interface Units

Manufacturing Capacity and Research & Development Quadrant’s state-of-the-art manufacturing facility in Mohali is equipped with advanced technologies for producing specialty cables and hardware for train control systems. Notable R&D achievements include:

- Development of low smoke, fire-resistant polymers and irradiation-treated silicone cables for naval applications.
- In-house design and development of hardware and software for KAVACH, meeting international CENELEC standards.
- Establishment of in-house polymer compounding lines and advanced testing facilities.

Infrastructure and Certifications:

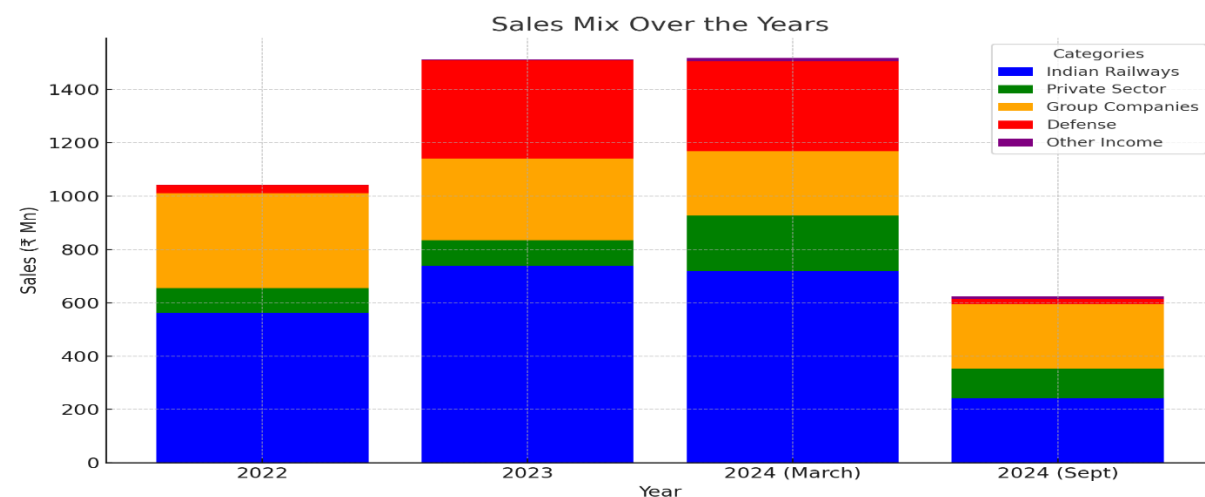
- Approved by RDSO and DGQA for supplying railway and naval cables.
- Certified by the Indian Register of Shipping (IRS) for various cable types.

People and Expertise:

Quadrant employs 28 professionals at its Railway Signalling & Embedded System Design centres, accounting for 9.49% of its total workforce. The company’s leadership comprises seasoned entrepreneurs and technocrats with extensive experience in the railways and manufacturing sectors. This expertise fuels Quadrant’s commitment to innovation and growth, contributing to its projected revenue increase and operational efficiency.

Sales Mix and Geographical Presence

Specialty Cables Business – The primary customers of the Company are in the business segment of railways and defence, and therefore, the geographical mix is not relevant. The sales mix of revenue from operations of the Company is as under:



Conclusion

With a strong focus on innovation, a well-diversified product portfolio, and robust infrastructure, Quadrant is poised to drive significant advancements in train safety and specialty cable manufacturing. The company’s commitment to quality, backed by rigorous R&D, positions it as a key player in the railways and specialty cables sectors.

Competition -

- 1. Market Competition:** Quadrant operates in a highly competitive industry, particularly in the specialty cables segment. Key competitors include Apar Industries Limited, Polycab Limited, and Radiant Corporation Private Limited. In the Train Control & Signalling Division, competitors such as Medha Servo Drives Private Limited, HBL Power Systems Limited, and Kernex Microsystems (India) Limited are notable. Competition is primarily based on factors like product quality, pricing, innovation, and compliance with regulatory standards.
- 2. Geographic Competition:** Quadrant faces competition from both Indian and multinational companies. In the specialty cables sector, European, American, and Chinese brands pose significant competitive risks due to their advanced technologies in high-temperature resistance, durability, and shielding performance. This international competition adds to the challenges in the Indian market.
- 3. Barriers to entry:** Moderate, with some challenges in meeting regulations and establishing trust.
- 4. Threat of Substitutes:** High, driven by innovation and alternative solutions.
- 5. Bargaining Power of Buyers:** High, as customers have multiple alternatives.
- 6. Bargaining Power of Suppliers:** Low, due to the availability of alternative supply options.

PEER ANALYSIS

Particular	Quadrant Future Tek Limited			Kernex Micro Systems Limited			Apar Industries Limited			Polycab India Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	1.9%	9.1%	9.7%	-205.4%	-411.0%	-126.3%	2.7%	4.4%	5.1%	7.3%	8.9%	9.8%
EBITDA Margin	9.1%	17.3%	24.1%	-144.9%	-332.6%	-90.5%	6.5%	9.1%	10.2%	11.5%	13.9%	14.9%
RoCE	-0.1%	20.4%	28.4%	-27.6%	-22.0%	-22.2%	25.1%	48.1%	35.8%	21.6%	26.0%	29.1%
ROE	12.4%	47.3%	33.3%	-35.7%	-24.1%	-24.8%	15.0%	28.5%	21.3%	16.4%	19.1%	21.8%
EPS (INR)	0.63	4.61	4.90	-13.77	-14.17	-16.39	67.09	166.64	210.39	60.86	84.94	118.94
P/E	460.32	62.91	59.18	-10.93	-17.33	-34.17	10.08	15.03	33.17	40.02	33.91	42.58

Business Strategies -

- The company intends to continuously invest in research, design, and innovation to build safer, valuable, and cost-effective solutions.
- The company has invested a significant amount towards capital expenditure aggregating to ₹59.44 crores to date in developing a platform for Automatic Train Protection system, including TCAS, and intends to continue investing in the upgradation of the said system including the addition of newer technologies to enhance design and development capabilities, particularly with a view to expanding operations.
- The company plans to continue to focus on increasing its share of business from non-Promoter Group clients by increasing its customer base widening the scope of the industry in which it operates and acquiring new customers.
- The company's Management plans to increase its focus on further niche segments of the economy with an application of Speciality cables and thus build specialization in the development & production of electric & control cables for such industries.

Risk Factors –

1. The company has passed through an incidence of litigation involving a dispute inter-se the Promoters from the Board of the Company on charges of carrying out certain competing activities in a company controlled by them (i.e. International Switchgears Private Limited) that poses a conflict of interest to the Company.
2. The company, its directors, and its Promoters are party to certain legal and regulatory proceedings, including criminal proceedings against Aikjot Singh, one of the Promoter and Non-Executive Directors, in the matter relating to accidental death on the road. These legal and regulatory proceedings are pending at different levels of adjudication before various courts and regulatory authorities. Any adverse decision in such proceedings may have a material adverse effect on the business, financial condition, cash flows, and results of operations.
3. The company is dependent on suppliers for an uninterrupted supply of raw materials i.e. copper & tin and polymers and fillers which are majorly procured domestically i.e., the top 10 of its suppliers contributed up to 94.04% of their supplies.
4. For the specialty cable division, the company is dependent on a limited number of public and private sector customers, including Group Companies. Revenue from operations from this division is concentrated with, and is dependent on, a limited number of customers i.e., the top 10 of its customers contribute up to 95.66% of revenue from operations.
5. The company has experienced negative cash flows from operating activities during the Fiscal 2022 and for the period ended Sep 2024 and may experience similar earnings declines operating losses or negative cash flows from operating activities in the future.
6. The company's Audit Report for the Fiscal 2022 has a qualified opinion.
7. The company has contingent liabilities amounting to ₹5.07 crores as of September 30, 2024.

INDUSTRY OVERVIEW -

Indian Specialty Power Cables Industry:

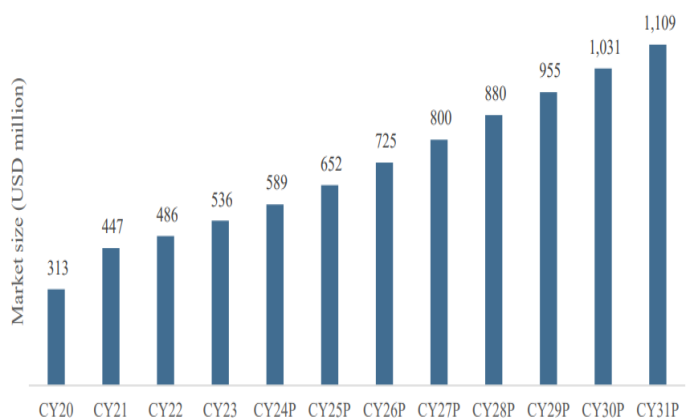
Overview:

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.

Based on voltages, specialty cables can be classified into three categories. 1. Low Voltage Specialty Cable, 2. Medium Voltage Specialty Cable and 3. High Voltage Specialty Cable. In terms of market share, with wide application field, medium voltage speciality cable held a major share of about 68% in CY24EE, followed by low voltage speciality cable (28%) and high voltage speciality cable (4%).

Market Size:

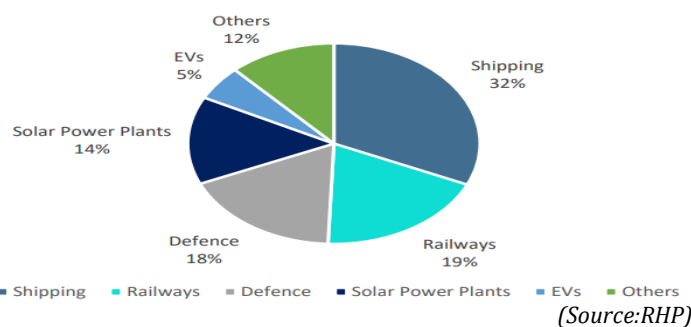
The domestic market size of specialty cables was valued at USD 589 million in CY24EE which is expected to reach USD 599 million in CY24E. For the projected period CY24E-CY30, the market is forecasted to register a CAGR of 9.8%. This is attributed to infrastructural developments in the country. Accordingly, 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.



(Source: RHP)

Market Analysis by Industry Application:

Specialty cables have applications in areas where safety concerns are imperative, critical circuits are required, and special capabilities are needed in engineering and configuration. In this regard, shipbuilding, railways, defence, renewable energy, and electric vehicles are some of the key segments where specialty cables are used. The Projected market share in terms of application in CY24E included a major share from the shipping industry (32%), followed by railways (19%), defence (18%), solar (14%), electric vehicles (EVs) (6%), and remaining segments (12%).



(Source:RHP)

Railways:

The railway sector is consistently evolving. Railways is one of the key consumer segments in the specialty cable industry. Wherein, specialty cables are used in signalling and control system, power supply and communication system. The contribution from the railway segment in the specialty cable market was valued at USD 104 million in CY23 which is expected to reach USD 113 million registering a 9% y-o-y growth in CY24E. For the forecast period CY24E-CY30, the segment contribution is anticipated to grow at 7% CAGR.

KAVACH - Automated Train Protection (ATP) System:

The Union Ministry of Railways is set to accelerate the deployment of Kavach 4.0, an indigenous anti-collision system, by issuing tenders for its installation in 20,000 locomotives. Two bulk tenders for 10,000 locomotives each are expected soon, with one closing by October 2024. The goal is to cover all geographical areas and locomotive types within four years, with new locomotives already coming equipped with Kavach 4.0. Indian Railways has launched tenders' worth over ₹2,200 crores for the deployment of Kavach, its indigenous automatic train protection system, covering nearly 7,228 route kilometers (rkm) across multiple states, including West Bengal, Tamil Nadu, Chhattisgarh, Karnataka, Kerala, and Uttar Pradesh. The tenders include components like tower optical fibers, dashboards, and system integrators.

Key Management -



Key Management Persons Name -	Satish Gupta
Age	64
Designation and No. of experience	Independent Chairman, he has an experience of about 29 years in various industries at corporate functions.
Qualification	B. Com (Hons) from Delhi University and is Cost Accountant.
Other Directorships	Wingswey Digitec Private Limited, Alpex Solar Limited and Waxwing Infrsystems LLP.

Key Management Persons Name -	Mohit Vohra
Age	49
Designation and No. of experience	Managing Director, He has an experience of over 26 years and has previously worked with multinational corporations like Thermax Limited etc.,
Qualification	Mechanical Engineer
Responsibility	He is responsible for the Research and Development and marketing for Train Controls and Signalling Division.
Other Directorships	MV Mobility Limited, MV Electrosystems Limited, Iboard India Limited and MV Greentech Private Limited

Key Management Persons Name -	Amit Dhawan
Age	47
Designation and No. of experience	Whole Time Director, He has an experience of 22 years in networking and relationship building and service delivery within the railway domain business.
Qualification	Bachelor’s in laws (Professional).
Responsibility	He is heading the sales function of the Company.
Other Directorships	MV Mobility Limited, MV Electrosystems Limited, IBoard India Limited.

Key Management Persons Name -	Amrit Singh Randhawa
Age	74
Designation and No. of experience	Whole Time Director, He has 24 years of experience in International Switchgears Private Limited in the field of finance and production.
Qualification	Four-year (part time) State Board Diploma Cours in Electrical Engineering.
Responsibility	He oversees administration, information technology and compliance functions of the Company.
Other Directorships	International Switchgears Private Limited

Key Management Persons Name -	Rupinder Singh
Age	67
Designation and No. of experience	Whole Time Director, since year 1992, he is associated with M/s. NEC Switchgears & Controls and has experience in the field of manufacturing of electric control panel, custom built Switchboards and Panels, feeder junction boxes & cable harness.
Qualification	Bachelor of Commerce from Punjabi University, Patiala.
Responsibility	He oversees finance, accounts and secretarial functions of the Company.
Other Directorships	Indo Rail Engineering Systems Private Limited

Key Management Persons Name -	Vishesh Abrol
Age	58
Designation and No. of experience	Whole Time Director, Since April 1996, he is associated with his family business under the name of Abrol Engineering Company Private Limited.
Qualification	Bachelor of Engineering (Production), Panjab University.
Responsibility	He oversees purchase function of the Company.
Other Directorships	Abrol Engineering Company Private Limited, Logomotive Private Limited.

Key Management Persons Name -	Vivek Abrol
Age	61
Designation and No. of experience	Whole Time Director, Since April 1996, he is associated with his family business under the name of Abrol Engineering Company Private Limited.
Qualification	Bachelor of Engineering (Electrical) from Thapar Institute, Patiala.
Responsibility	He oversees production and human resource functions of the Company.
Other Directorships	Abrol Engineering Company Private Limited.

Pramod Jain, Kanika Bhutani and Girish Buttan are the Additional Independent Director along with Aikjot Singh and Rajbir Singh Randhawa as the Non - Executive Director.

- The overall management of the company is satisfactory.
- The management and promoters have good experience.
- The company's RHP highlights a well-structured management system for each division, with directors assigned specific responsibilities in their respective fields.
- The Key Managerial Personnel and Senior Management Team also appear experienced, with roles and responsibilities appropriately assigned.

FINANCIAL SNAPSHOT

Statement of Profit and Loss				Amt in Crores
Particulars	FY 22	FY 23	FY 24	Sep-24
Revenue from Operations	104.26	152.80	151.76	65.14
Other Income	0.03	0.14	0.07	-0.00
Total Income	104.29	152.95	151.82	65.14
Expenses				
Cost of materials consumed	88.48	102.84	92.82	55.73
"Changes in Inventories of WIP, Finished Goods & Stock in Trade"	-8.47	7.40	-5.14	-14.22
Employee benefits expense	7.00	5.38	12.42	12.02
Finance Cost	3.36	2.91	4.50	3.75
Depreciation and Amortization expense	3.20	3.71	10.29	9.56
Other Expenses	7.78	10.78	15.05	10.79
Total Expenses	101.34	133.01	129.94	77.63
EBITDA	9.47	26.41	36.60	0.82
EBITDA Margin	9.09%	17.28%	24.12%	1.26%
Extraordinary Items	-	-	0.37	-
Profit/(Loss) before tax	2.95	19.93	21.89	-12.50
Tax Expense				
Current tax	1.03	6.10	6.84	-
Deferred Tax	-0.02	-0.07	0.37	-0.39
Total Tax Expense	1.01	6.03	7.21	-0.39
Profit/(Loss) for the year	1.94	13.90	14.68	-12.10
Statement of Assets and Liabilities				Amt in Crores
Particulars	FY 22	FY 23	FY 24	Sep-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	10.00	10.00	10.00	30.00
Other Equity	5.61	19.42	34.11	4.18
Total Equity	15.61	29.42	44.11	34.18
2. Non-current liabilities				
Financial Liabilities				
(i) Borrowings	55.84	48.88	47.55	43.97
(ii) Lease Liabilities	-	-	-	-
(iii) Other financial liabilities	-	-	-	0.679
Provisions	0.23	0.53	0.85	0.96
Deferred tax liabilities	-	-	0.11	-
Total Non-current liabilities	56.07	49.41	48.51	45.61
3. Current liabilities				
Financial Liabilities				
(i) Borrowings	24.85	25.12	34.06	54.04
(ii) Lease Liabilities	-	-	-	-
(iii) Trade Payables	-	-	-	-
(a) Outstanding Dues to MSME	-	1.51	3.00	0.27
(b) Outstanding Dues to other than MSME	13.84	4.89	3.71	8.43
(iv) Other Financial Liabilities	0.75	0.99	1.85	2.28
Provisions	0.05	0.04	0.19	0.43
Other current liabilities	0.69	1.89	2.89	1.67
Income tax liabilities	0.92	5.57	4.51	2.76
Total Current liabilities	41.10	39.99	50.20	69.88
Total Liabilities	97.16	89.40	98.71	115.49
Total Equity and Liabilities	112.77	118.82	142.82	149.66
ASSETS				
1. Non-current assets				
Property, Plant and Equipment	19.57	20.90	27.99	27.66
Capital work-in-progress	2.44	-	-	-

Particulars	FY 22	FY 23	FY 24	Sep-24
Other Intangible Assets	0.00	0.00	52.63	46.31
Intangible assets under development	31.02	48.45	-	-
Right-to-use assets	-	-	-	0.84
Financial Assets	-	-	-	-
(i) Trade receivables	-	1.22	2.77	2.77
(iii) Loans	-	-	-	-
(i) Other financial assets	0.17	0.51	0.15	0.15
Deferred Tax Assets (net)	0.18	0.26	-	0.27
Other non-current assets	-	-	-	1.81
Total Non-Current assets	53.38	71.35	83.54	79.80
2. Current assets				
Inventories	24.33	18.65	20.42	37.32
Financial Assets	0.00	0.00	0.00	0.00
(i) Trade receivables	26.81	23.26	32.04	23.22
(ii) Cash and cash equivalents	0.08	0.20	0.24	0.36
(iii) Bank balances other than (ii)	0.17	0.33	0.48	0.53
(iv) Other Financial Assets	0.26	0.31	0.55	0.67
Current Tax Assets (Net)	0.41	0.61	0.27	0.31
Other Current Assets	7.33	4.12	5.29	7.45
Total Current assets	59.39	47.47	59.28	69.86
Total Assets	112.77	118.82	142.82	149.66

Cash Flow Statement

Amt in Crores

Particulars	FY 22	FY 23	FY 24	Sep-24
Net Cash Flow from Operating Activities	-4.59	29.89	18.49	-9.58
Net Cash Flow from Investing Activities	-31.78	-20.02	-21.43	-2.90
Net Cash Flow from Financing Activities	36.39	-9.59	3.12	12.65

Key Ratios

<u>Per Share Data</u>	FY 22	FY 23	FY 24	<u>Valuation Ratios (x)</u>	FY 22	FY 23	FY 24
Diluted EPS	0.63	4.61	4.9	EV/EBITDA	10.14	3.90	3.42
BV per share	15.61	29.42	44.11	Market Cap / Sales	11.13	7.59	7.64
<u>Operating Ratios</u>				P/E	460.32	62.91	59.18
EBITDA Margins	9.09%	17.28%	24.12%	Price to Book Value	18.58	9.86	6.57
PAT Margins	1.86%	9.09%	9.67%	<u>Solvency Ratios</u>			
Inventory days	85.19	44.56	49.11	Debt / Equity	5.17	2.52	1.85
Debtor days	93.86	55.56	77.07	Current Ratio	1.45	1.19	1.18
Creditor days	56.03	22.28	27.27	Quick Ratio	0.85	0.72	0.77
<u>Return Ratios</u>				Asset Turnover	0.92	1.29	1.06
RoCE	8.76%	28.80%	28.41%	Interest Coverage Ratio	1.87	3.59	11.31
RoE	12.44%	47.26%	33.27%				

FINANCIAL ANALYSIS –

1. Revenue grew significantly by 46.5% in FY23 but declined marginally by 0.68% in FY24, with ₹65.14 crores in Sep-24 reflecting a substantial slowdown. Net profit increased sharply in FY23 by 617.5%, grew modestly by 5.61% in FY24, and turned into a loss of ₹12.10 crores in Sep-24 due to rising operational expenses and reduced margins.
2. EBITDA margin improved from 9.09% in FY22 to 24.12% in FY24 but dropped to 1.26% in Sep-24, with PAT margin following a similar trend, indicating profitability pressures in recent months.
3. The current ratio declined from 1.45 in FY22 to 1.18 in FY24, reflecting tightened liquidity, while debt-to-equity improved from 5.17 to 1.85 over the same period, showcasing better capital structure management.

4. Inventory turnover improved as inventory days dropped from 85.19 in FY22 to 49.11 in FY24, but slower receivables collection led to an increase in debtor days to 77.07 in FY24.
5. Operating cash flow was strong in FY23 (₹29.89 crores) and FY24 (₹18.49 crores) but turned negative at ₹-9.58 crores in Sep-24, while investing outflows remained high, offset partially by financing inflows in the latest period.
6. High P/E (59.18x) and price-to-book value (6.57x) ratios in FY24 indicate strong market expectations, but the Sep-24 performance raises concerns about potential overvaluation.
7. RoCE improved from 8.76% in FY22 to 28.41% in FY24, and RoE increased from 12.44% to 33.27%, reflecting efficient capital usage until the challenges faced in Sep-24 impacted profitability.

LEAD MANAGER TRACK RECORD -

The lead manager to the issue is Sundae Capital Advisors Private Limited. A table has been set below highlighting the details of the IPO of the last company handled by the Lead Manager in recent times –

Sundae Capital Advisors Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Proventus Agrocom Limited	69.54	771.00	Jun 05, 2023	1,664.05

The company has handled only 1 mandate in the past three years (including the current year).

*CMP for the above-mentioned companies is taken as of 06th Jan 2025.

As per the offer document, the above-mentioned mandate Proventus Agrocom Limited has opened at premium on the listing day.

Recommendation -

Quadrant Future Tek Limited has been in the industry since 2015 and has decent experience in the industry. The management overview of the company is satisfactory.

The P/E on a post-IPO annualized basis is negative as it had a loss for the period ending September 2024.

High P/E (59.18x) and price-to-book value (6.57x) ratios in FY24 indicate strong market expectations, but the Sep-24 performance raises concerns about potential overvaluation.

Revenue and net profits grew significantly by FY23 but declined marginally in FY24 and turned into a loss of ₹12.10 crores in Sep-24 due to rising operational expenses and reduced margins.

Quadrant operates in a highly competitive industry, particularly in the specialty cables segment. Key competitors include Apar Industries Limited, Polycab Limited, and Radiant Corporation Private Limited.

Even though the business overview of the company may look promising with the order book it has in its hand, investors can **AVOID** this IPO as of now and wait for future developments in the company to turn profitable.

Disclaimer

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