

Certificate in Connection With Operational Key Performance Indicators (KPI)

To,
The Board of Directors
Quadrant Future Tek Limited,
Village Basma, On Basma Jhajan Road,
Near Banur, District Mohali,
Punjab -140417

and

Sundae Capital Advisors Private Limited,
404, 4th Floor, Vaibhav Chambers,
Opp. Income Tax Office,
Bandra Kurla Complex,
Bandra (East).
Mumbai-400051

Dear Sirs,

Re: Proposed initial public offering of equity shares of face value of ₹10 each (the "Equity Shares") of Quadrant Future Tek Limited (the "Company") and such issuing, (the "Issue")

Independent Auditor's Certificate in Connection with Operational Key Performance Indicators (KPI)

1. This certificate is issued in accordance with the terms of our engagement letter dated 31 October 2023.
2. The accompanying Statement contains details certificate on operational key performance indicators (KPI).

Managements' Responsibility for the Statement

3. The Management is responsible for ensuring that the Company complies with the requirements of the Equity Listing Agreement and for providing all relevant information to the Securities and Exchange Board of India.
4. The Management is responsible for providing the list of Explanation for KPI metrics & schedule preparing from its accounting records.

Auditor's responsibility

5. Our responsibility is limited to verification of relevant documents and confirming the Key Performance Indicators.
6. We have carried out an examination of the relevant records of the Company in accordance as per the Guidance Note on Reports or Certificates for Special Purpose (Revised 2016) issued by ICAI requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Procedures performed

8. We have performed the following procedures:
- (i) Reviewed the Restated Financial Information of the Company, comprising of the Restated Statement of Assets and Liabilities as at March 31, 2023, March 31, 2022 and March 31, 2021 and for the period ended December 31, 2023, the Restated Statements of Profit and Loss (including other comprehensive income), the Restated Statement of Changes in Equity and the Restated Cash Flow Statement for the for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 and, for the period ended December 31 2023, the Summary Statement of Significant Accounting Policies and other explanatory information (collectively, the “**Restated Financial Information**”), in accordance with the Companies Act, 2013, as amended (the “**Companies Act**”) and Indian Accounting Standards prescribed under the Companies Act (Indian Accounting Standards) Rules, 2015 and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**ICDR Regulations**”).
 - (ii) Obtained and reviewed (a) Registers of the Company; (b) Minutes of the meetings of the Board of Directors of the Company, its committees and the shareholders’ meetings; (c) Accounting records; and (d) All other relevant records, correspondences with regulatory/ statutory authorities.
 - (iii) Compared the amounts identified to a schedule prepared and derived by the management of the Company from its accounting records for the Period indicated and found such amounts to be in agreement. We determined that the schedule was mathematically correct.

Opinion

9. Based on above procedures, we confirm that:
- (i) To assist you in evaluating the accuracy, validity of KPIs and are summarized as **Detailed heading of KPIs are attached in Annexure A.**
 - (ii) On the basis of the procedures set forth above nothing came to our attention that caused us to believe the KPIs were not accurate, and valid. At your request, we have also read the items identified by you on the attached copy of the draft prospectus (“**DP**”), received by us on June 01, 2024 and have compared the amounts to the corresponding amounts set out in the Annexure and found them to be in agreement. However, the KPIs were approved in June 02, 2024 audit committee meeting.

Restriction on Use

10. This certificate is for information and for inclusion (in part or full) in draft red herring prospectus (“**DRHP**”), red herring prospectus (RHP) and prospectus (“**Prospectus**”) filed in relation to the Issue (collectively, the “**Issue Documents**”) or any other issue-related material, and may be relied upon by

the Company, the book running lead Manager and the Legal Advisors appointed by the Company and the book running lead manager in relation to the Issue. We hereby consent to the submission of this certificate as may be necessary to Securities and Exchange Board of India ("SEBI"), the Registrar of Companies, Chandigarh ("RoC"), the relevant stock exchanges, any other regulatory authority and/or for the records to be maintained by the book running lead Manager and in accordance with applicable law. We hereby consent to this certificate being disclosed by the book running lead Manager, if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

11. We confirm that we will immediately communicate any changes in writing in the above information to the book running lead Manager until the date when the Equity Shares commence trading on the relevant stock exchanges where the Equity Shares are proposed to be listed. In the absence of any such communication from us, the book running lead Manager and the Legal Advisors, each to the Company and the book running lead Manager, can assume that there is no change to the above information until the Equity Shares commence trading on the relevant stock exchanges pursuant to the Issue.
12. The certificate is for the specific purpose of inclusion in the Issue Documents of the Company and may not be suitable for any other purpose. The Company, the book running lead Manager and Legal Advisors shall not use this for any other purpose without our prior consent.

Yours faithfully,

For and on behalf of
MASD & CO. LLP,
Chartered Accountants
FRN: 146249W





CA Aakash Mehta
Membership No.: 165824
UDIN: 24165824BK BZLH7472
Date: June 02, 2024
Place: Basma, Mohali

ANNEXURE A

Key financial and operational performance indicators (“KPIs”)

The KPIs disclosed below have been used historically by our Company to understand and analyse the business performance, which in result, help us in analysing the growth of various verticals.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilization of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the Issue Section, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations.

Explanation for KPI metrics

KPI	Explanations
Revenue from Operations (₹ Millions)	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of our Company and size of our business.
Total Revenue	Total Revenue is used to track the total revenue generated by the business including other income.
EBITDA (₹ Millions)	EBITDA provides information regarding the operational efficiency of the business.
EBITDA Margin (%)	EBITDA Margin is an indicator of the operational profitability and financial performance of our business.
Profit After Tax (₹ Millions)	Profit after tax provides information regarding the overall profitability of the business.
PAT Margin	PAT Margin is an indicator of the overall profitability and financial performance of our business.
RoE (%)	RoE provides how efficiently our Company generates profits from shareholders' funds.
Debt To Equity Ratio	Debt-to-equity (D/E) ratio is used to evaluate a company's financial leverage.
Interest Coverage Ratio	The interest coverage ratio is a debt and profitability ratio used to determine how easily a company can pay interest on its outstanding debt.
Return on Capital employed (RoCE) (%)	It is calculated as profit before tax plus finance costs divided by total equity plus non-current borrowings plus current borrowings.
Current Ratio	It tells management how business can maximize the current assets on its balance sheet to satisfy its current debt and other payables.
Net Capital Turnover Ratio	This metric enables us to track the how effectively company is utilizing its working capital to generate revenue.

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated June 02, 2024, and the members of the Audit Committee have verified the details of all KPIs pertaining to the Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of this DRHP.

Key Performance Indicators of our Company

(₹ in millions)

Financial Metrics	As of and for the period ended	As of and for the Fiscal		
	December 31, 2023	2023	2022	2021
Revenue From operations (₹ in millions)	1003.71	1528.04	1042.58	728.28
Total revenue (₹ in millions)	1004.13	1529.45	1042.91	728.93
EBITDA (₹ in millions)	291.46	265.49	95.08	112.92
EBITDA Margin (%)	29.04%	17.37%	9.12%	15.50%
Operating EBITDA (₹ in millions)	291.04	264.08	94.75	112.27
Operating EBITDA Margin (%)	29.00%	17.28%	9.09%	15.42%
Profit after tax (₹ in millions)	144.19	139.04	19.43	48.12
PAT Margin (%)	14.37%	9.10%	1.86%	6.61%
Return on Equity (ROE) (%)	39.41%	61.76%	13.25%	42.58%
Debt To Equity Ratio	1.73	2.52	5.17	2.99
Interest Coverage Ratio	8.19	7.85	1.88	3.48
Return on Capital Employed (ROCE) (%)	24.93%	27.19%	8.43%	24.11%
Current Ratio	1.17	1.19	1.45	1.25
Net Capital Turnover Ratio	13.20	11.85	8.29	12.07

Notes:

- a) Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Statements.
- b) EBITDA refers to earnings before interest, taxes, depreciation, amortization, gain or loss from discontinued operations & exceptional items.
- c) EBITDA Margin refers to EBITDA during a given period as a percentage of revenue from operations during that period.
- d) Operating EBITDA refers to EBITDA less other income ie only revenue from operations.
- e) Operating EBITDA Margin refers to operating EBITDA during a given period as a percentage of revenue from operations during that period.
- f) Net Profit Ratio/Margin quantifies our efficiency in generating profits from our revenue and is calculated by dividing our net profit after taxes but before other comprehensive income by our revenue from operations.
- g) Return on equity (RoE) is equal to profit after tax for the year divided by the total equity during that period and is expressed as a percentage.
- h) Debt to equity ratio is calculated by dividing the debt (excluding lease liabilities) by total equity (which includes issued capital and all other equity reserves).
- i) Interest Coverage Ratio measures our ability to make interest payments from available earnings and is calculated by dividing EBIT by finance cost.
- j) RoCE (Return on Capital Employed) (%) is calculated as EBIT divided by total equity plus non-current debt plus current debt.

- k) Current Ratio is a liquidity ratio that measures our ability to pay short-term obligations (those which are due within one year) and is calculated by dividing the current assets by current liabilities.
- l) Net Capital Turnover Ratio quantifies our effectiveness in utilizing our working capital and is calculated by dividing our revenue from operations by average working capital (i.e., current assets less current liabilities).

Comparison of financial KPIs of our Company and our listed peers

(₹ in millions)

KPIs	Quadrant Future Tek Limited		Kernex Micro Systems Limited		HBL Power Systems Limited		Apar Industries Limited		Polycab India Limited	
	Dec'23 (9 Months) [^]	Fiscal 2023	Dec'23 (9 Months)	Fiscal 2023	Fiscal 2024	Fiscal 2023	Fiscal 2024	Fiscal 2023	Fiscal 2024	Fiscal 2023
Revenue from operations ⁽¹⁾	1003.71	1528.04	106.85	40.40	22,333.56	13,686.78	1,61,529.80	143,363	1,80,394.44	1,41,077.78
Growth in revenue from operations (%) ⁽²⁾	NA	46.6%	252.69%	-39.27%	63.18%	10.72%	12.67%	53.88%	27.87%	15.60%
Gross Profit ⁽³⁾	463.18	425.70	115.52	12.18	10,836.25	5,372.45	36,130.10	32600.8	52,334.90	37,320.35
Gross Profit Margin (%) ⁽⁴⁾	46.1%	27.9%	108.1%	30.1%	48.5%	39.3%	22.4%	22.7%	29.0%	26.5%
EBITDA ⁽⁵⁾	291.78	265.49	-71.80	-163.35	4,413.69	1,691.21	16,081.40	12,644	27,126.80	19,761.77
EBITDA (%) ⁽⁶⁾	29.1%	17.4%	-67.2%	-404.4%	19.8%	12.4%	10.0%	8.8%	15.0%	14.0%
PAT ⁽⁷⁾	144.19	139.04	-140.39	-200.20	2,626.56	970.92	8,251.10	6,377.20	18,029.17	12,830.86
PAT Margin (%) ⁽⁸⁾	14.4%	9.1%	-131.4%	-495.6%	11.8%	7.1%	5.1%	4.4%	10.0%	9.1%
ROE (%) ⁽⁹⁾	39.4%	61.8%	0.0%	-24.4%	21.5%	10.2%	21.3%	32.3%	22.0%	21.0%
ROCE (%) ⁽¹⁰⁾	24.9%	27.2%	0.0%	-20.2%	31.3%	13.0%	34.9%	33.8%	29.8%	25.7%

[^] Being financial ratios for nine months period ended December 31, 2023, the same are not comparable.

Notes:

- Revenue from Operations means the revenue from operations as appearing in the Restated Financial Information.
- Growth in revenue from operations (%) is calculated as a percentage of revenue from operations of the relevant period / year minus revenue from operations of the preceding period / year, divided by revenue from operations of the preceding period / year.
- Gross Profit is calculated as revenue from operations less cost of materials consumed, changes in inventories of finished goods and work-in-progress.
- Gross Profit Margin refers to the percentage margin derived by dividing Gross Profit by Revenue from Operations.
- EBITDA is calculated as restated profit / (loss) for the period / year, plus finance costs, total taxes, and depreciation and amortization expense.
- EBITDA Margin (%) is calculated as EBITDA divided by Revenue from Operations.
- Profit after Tax means restated profit / (loss) for the year as appearing in the Restated Financial Information.
- Profit after Tax Margin refers to the percentage margin derived by dividing Profit after Tax by Revenue from Operations.
- Return on equity (RoE) is equal to profit after tax for the year divided by the total equity during that period and is expressed as a percentage.
- Return on Capital Employed is calculated as earnings before interest and taxes divided by Capital Employed.
 - Earnings before interest and tax is calculated as restated profit / (loss) for the period / year plus total tax expense / (credit) plus finance costs.
 - Capital Employed is calculated as total equity plus borrowings (current & non current)