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(Please scan this QR code to view the Draft Red Herring Prospectus)



Quadrant Future Tek Limited

Corporate Identification Number: U74999PB2015PLC039758

Our Company was incorporated as ‘Quadrant Cables Private Limited’ on September 18, 2015 at Mohali, Punjab as a private limited company under the Companies Act, 2013. Thereafter, the name of our company was changed from ‘Quadrant Cables Private Limited’ to ‘Quadrant Future Tek Private Limited’, and a fresh certificate of incorporation dated October 08, 2021 was issued by Registrar of Companies, Punjab and Chandigarh (“RoC”). Subsequently, our Company was converted into a public limited company, the word ‘private’ was struck off from the name of our Company and consequently, a fresh certificate of incorporation dated October 21, 2021 was issued by the RoC, recording the change of our Company’s name to ‘Quadrant Future Tek Limited’. For details of change in the name and registered office of our Company, see “*History and Certain Corporate Matters*” on page 205 of the Draft Red Herring Prospectus.

Registered & Corporate Office: Village Basma Tehsil Banur, Distt Mohali - 140 417, Punjab, India

Contact Person: Ankit Kumar, Company Secretary and Compliance Officer;

Telephone: +91 1762 245509; **E-mail:** cs_qftl@quadrantfuturetek.com; **Website:** www.quadrantfuturetek.com

Corporate Identity Number: U74999PB2015PLC039758

NOTICE TO THE INVESTORS: ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED APRIL 9, 2024 FILED ON APRIL 11, 2024 (“THE ADDENDUM”)

INITIAL PUBLIC ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (EQUITY SHARES) OF QUADRANT FUTURE TEK LIMITED (OUR COMPANY) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (ISSUE PRICE) AGGREGATING UP TO ₹ 2,750.00 MILLION (ISSUE). THE ISSUE SHALL CONSTITUTE [●]% OF OUR POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND WILL BE ADVERTISED IN ALL EDITIONS OF [●], AN ENGLISH LANGUAGE NATIONAL DAILY WITH WIDE CIRCULATION, ALL EDITIONS OF [●], A HINDI LANGUAGE NATIONAL DAILY WITH WIDE CIRCULATION AND MOHALI EDITION OF [●], A PUNJABI DAILY NEWSPAPER (PUNJABI BEING THE REGIONAL LANGUAGE OF PUNJAB, WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST 2 WORKING DAYS PRIOR TO THE BID / ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED (BSE) AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE, AND TOGETHER WITH BSE, THE STOCK EXCHANGES) FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES, IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (SEBI ICDR REGULATIONS).

This Addendum is in reference to the Draft Red Herring Prospectus filed with SEBI and the Stock Exchanges in relation to the Issue. Potential Bidders may note the following:

1. In the chapter titled "Objects of the Issue", the headings (i) "**Requirement of funds and utilisation of Net Proceeds**"; (ii) "**Proposed schedule of implementation and deployment of Net Proceeds**"; (iii) "**Funding long-term working capital requirements of our Company**" including "**Basis of estimation of incremental working capital requirement of our Company**" and (iv) "**Capital expenditure for development for Electronic Interlocking System**" has been updated and replaced

The changes in this Addendum are to be read in conjunction with the Draft Red Herring Prospectus and accordingly, the corresponding references in the Draft Red Herring Prospectus stand updated pursuant to this Addendum. The information in this Addendum supplements and updates the information in the Draft Red Herring Prospectus, as applicable. However, this Addendum does not reflect all the changes that have occurred between the date of filing of the Draft Red Herring Prospectus and the date hereof, and accordingly does not include all the changes and/or updates that will be included in the Red Herring Prospectus and the Prospectus. Please note that all other details / information included in the Draft Red Herring Prospectus will be suitably updated, including to the extent stated in this Addendum, along with other factual updates, as may be applicable, in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC, SEBI and the Stock Exchanges. Investors should not rely on the Draft Red Herring Prospectus or this Addendum for any investment decision, and should read the Red Herring Prospectus, as and when it is filed with the RoC, SEBI and the Stock Exchanges before making an investment decision with respect to the Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States absent registration under the U.S. Securities Act or except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in the Draft Red Herring Prospectus as "U.S. QIBs"; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as "QIBs") pursuant to Section 4(a) of the U.S. Securities Act and (b) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made.

This Addendum shall be made available to the public for comments, if any, for a period of at least 21 days, from the date of such filing with SEBI and will be available on their website i.e. www.sebi.gov.in, the websites of the Stock Exchanges i.e., www.nseindia.com, www.bseindia.com, the website of our Company i.e. www.quadrantfuturetek.com and the website of the BRLM, i.e., Sundae Capital Advisors Private Limited at www.sundaecapital.com. All capitalized terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.

Place: Mohali
Date: August 05, 2024

For Quadrant Future Tek Limited
On behalf of the Board of Directors

Sd/-
Mohit Vohra
Managing Director

BID / ISSUE PERIOD					
ANCHOR INVESTOR BIDDING DATE *	[•]	BID / ISSUE OPENS ON *	[•]	BID / ISSUE CLOSING ON **#	[•]

* Our Company, in consultation with the BRLM, may consider participation by the Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid / Issue Opening Date.

** Our Company, in consultation with the BRLM, may consider closing the Bid / Issue Period for QIBs one Working Day prior to the Bid / Issue Closing Date in accordance with the SEBI ICDR Regulations.

UPI mandate end time and date shall be at 5:00 p.m. on Bid / Issue Closing Date.

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OBJECTS OF THE ISSUE

The headings (i) “Requirement of funds and utilisation of Net Proceeds”; (ii) “Proposed schedule of implementation and deployment of Net Proceeds”; (iii) "Funding long-term working capital requirements of our Company" including "Basis of estimation of incremental working capital requirement of our Company" and (iv) “Capital expenditure for development for Electronic Interlocking System” shall stand deleted and replaced by the extracts below:

Requirement of funds and utilisation of Net Proceeds

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

Sr. No.	Particulars	Estimated utilisation from Net Proceeds
1.	Funding long-term working capital requirements of our Company (Specialty Cable Division)	1,497.22
2.	Capital expenditure for development for Electronic Interlocking System	247.88
3.	Prepayment or repayment of all or a portion of outstanding working capital term loan availed by our Company	250.00
4.	General Corporate Purpose *	[●]
Net Proceeds		[●]

** To be finalised upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Proposed schedule of implementation and deployment of Net Proceeds

The following table sets forth the details of the schedule of the expected deployment of the Net Proceeds:

Sr. No.	Particulars	Amount to be funded from the Net Proceeds	Estimated deployment	
			FY 2024-25	FY 2025-26
1.	Funding long-term working capital requirements of our Company (Specialty Cable Division)	1,497.22	694.35	802.87
2.	Capital expenditure for development for Electronic Interlocking System	247.88	100.88	147.00
3.	Prepayment or repayment of all or a portion of outstanding working capital term loan availed by our Company	250.00	250.00	Nil
4.	General Corporate Purpose *	[●]	[●]	[●]
Total		[●]	[●]	[●]

** To be finalised upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds*

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our Company’s current business plan, management estimates, prevailing market conditions and other commercial and technical factors. However, such fund requirements and deployment of funds have not been appraised by any bank, or financial institution. See ‘Risk Factor 26 - Our funding requirements and proposed deployment of the Net Proceeds of the Issue have not been appraised by a bank or a financial institution and if there are any delays or cost overruns, our business, financial condition and results of operations may be adversely affected. Further, any variation in the utilization of our Net Proceeds as disclosed in this Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior Shareholders’ approval’ on page 42. Our Company may have to revise its funding requirements and deployment on account of a variety of factors such as financial and market conditions, macro-economic factors, change in government policy, changes in business and strategy, competition, and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our Company’s management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our Company’s management, subject to compliance with applicable laws.

In the event that the estimated utilisation of the Net Proceeds in a scheduled fiscal year is not completely met, such unutilised amounts shall be utilised (in part or full) in the next fiscal year, as may be determined by our Company, in accordance with applicable laws. We may, however, utilize the proceeds prior to the specific periods mentioned in the schedule of deployment, in accordance with the requirements of our Company. Subject to applicable laws, in the event of any increase in the actual utilization of funds earmarked for the purposes set forth above, such additional funds for a particular activity will be met by way of funding means available to us, including from internal accruals and any additional equity and/or debt arrangements. Further, if the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used towards general corporate purposes, provided that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with Regulation 7(2) of the SEBI ICDR Regulations.

1. Funding long-term working capital requirements of our Company (Specialty Cable Division)

We are engaged in the business of (i) manufacture of speciality cables for rolling stock sector and defence industry and (ii) Train Control and Signalling Systems, presently under the KAVACH system. The Company offers speciality cables for the industrial & applications where fire and safety, light weight and long term performance are of utmost importance. We have a wide product portfolio which includes railways rolling stock cables, naval defence, marine cables. We are expanding our portfolio of speciality cables by introducing solar PV cables and automotive cables having utility in EVs. With favourable government policies and an enabling environment, India continues to expand its renewable energy expansion plans. Specialty cables under renewable power are largely applied in setting up solar energy plants and solar energy transmission. Further, the automotive industry in India is booming due to rising disposable income, growing population, surging urbanization, and increasing middle class. Considering the growing push toward green mobility, there is an increasing demand for electric vehicles. For the details on the industry outlook for Specialty Cables and Train Signalling and Controls, refer to chapter titled “Industry Overview” on page 128.

Our Company’s working capital requirement for Specialty Cables Division depends on multiple factors including the current orders, expected order granted and the resultant requirement of margin money for bank guarantees / retention money retained by the clients in terms of the tenders awarding such orders.

The nature of bank guarantee provided by us or retention money deducted and retained by the customer is as under:

1. We are required to provide performance bank guarantees to our customers under Indian Railways and PSUs in defence sector upon receipt of the purchase order, which is based on a specific value of the order, and which is valid until completion of the period as provided in the tender based on which order awarded.
2. Such performance bank guarantees are valid for a certain performance period which is as per the terms of the particular order, and is generally for two to four years from the delivery of the speciality cables.
3. Further, some contracts have provision for deduction of certain amount of the total order value as retention money which is released to us as per the terms of the particular order, and is generally for two to four years from the delivery of the speciality cables. Once the terms of order are fulfilled, the retention money is returned by the customer to us.

Please see below table for the revenue from operations for sale of speciality cables to Indian Railways and Naval (Defence) manufacturing units:

Nature of customers	(₹ in millions)							
	December 31, 2023		March 31, 2023		March 31, 2022		March 31, 2021	
	Sales	%age*	Sales	%age*	Sales	%age*	Sales	%age*
Wires and Cables (Railways)								
Indian Railways (through Zonal railways / their divisions / production units)	485.12	48.33%	737.56	48.27%	562.47	53.95%	198.20	27.22%
Wires and Cables (Defence)								
Public Sector Undertakings	251.75	25.08%	369.16	24.16%	30.45	2.92%	3.06	0.42%

* As %age to total revenue from operations.

Please see below table for performance bank guarantee outstanding and / or retention money deducted by the customer:

Particulars	(₹ in millions)			
	As at			
	December 31, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Bank guarantee issued	40.44	29.36	9.74	1.90
Retention money (grouped under “Non Current Assets - Financial Assets - Trade Receivables” in the Restated Financial Information)	27.48	12.22	-	-

We fund a majority of our working capital requirements in the ordinary course of business from banks and internal accruals. As of May 31, 2024, the aggregate amount sanctioned by HDFC Bank to our Company under the fund based working capital facilities amounted to ₹ 230.00 million, working capital term loan of ₹ 300.00 million for meeting capital expenditure towards creation of Train Collision Avoidance System, working capital term loan of ₹ 65.00 million, Guaranteed Emergency Credit Line (1.0 and Extension Scheme) for ₹ 81.36 million and non fund based Bank Guarantee limit of 100 million. Further, on May 31, 2024, we have sanctioned working capital limit of another ₹ 200.00 million from ICICI Bank Limited, subject to maximum permissible bank finance limit of ₹ 280.00 million. In addition to the same, we have availed unsecured loans from certain of our directors and shareholders for an amount aggregating to ₹ 148.00 million as on May 31, 2024. For details of the working capital facilities availed by us, see “Financial Indebtedness” on page 363. The existing working capital facilities from the banks and internal accruals generated will be utilised by our Company towards meeting the fund requirement of Train Controls and Signalling Division of our Company.

The additional funding requirements for the new business initiatives shall be met out of the portion of the Net Proceeds allocated for general corporate purposes and/or through our internal accruals or debt financing or any combination thereof.

Rationale for requirement of additional funds for Speciality Cables Division

Speciality cables provide unique solutions for solar and EV industry as these cables have improved mechanical properties, abrasion and thermal resistance, flame propagation resistance and deformation resistance properties without producing heat, comparative light weight and an increased life as compared to chemically cross linked cables.

Expansion of our speciality cable business operations to cater to these new industries require our Company to have a higher working capital requirement as the demand for speciality cables in these sectors are increasing.

For our speciality cable business, we require working capital for the raw material and inventory held by us and the credit cycle for realisation of receivables. The increase business opportunities will result in higher level of inventory, finished goods and receivables, to fund which we require additional working capital. Further, our Company has sufficient installed capacity available for undertaking the manufacturing of speciality cables for expanding our portfolio of speciality cables by introducing solar PV cables and automotive cables having utility in EVs and no installation of new facilities will be required. For details on capacity utilisation for nine months period ended December 31, 2023 and Fiscal 2023, 2022 and 2021, refer to “Our Business - Production Capacity and Capacity Utilisation” on page 191.

Basis of estimation of incremental working capital requirement of our Company

(a) Existing working capital

With the unique solutions which speciality cables provide for solar and EV industry, we plan to cater to the requirement of these industries also. The kind of cables to be manufactured for these industries are generally standard and do not have varying applications like in railways and defence sector. Hence the production can be easily enhanced for the same. Historically, the turnover of our Company had comprised of speciality cables only except to the extent of revenue from operations aggregating to ₹ 14.25 millions from Train Control and Signalling Division during the financial year ended March 31, 2023, as under:

Particulars	(₹ in million)			
	For nine months ended December 31, 2023	Fiscal ended March 31, 2023	Fiscal ended March 31, 2022	Fiscal ended March 31, 2021
	Revenue from operations (total)	1,003.71	1,528.04	1,042.58

Less: Revenue from operations (under Train Controls and Signalling Division)	-	14.25	-	-
Revenue from operations (speciality cables division)	1,003.71	1,513.79	1,042.58	728.28

The following are the details of the working capital of our Company based on the estimated IndAS converged financial statements for Fiscal 2024 and IndAS converged financial statements based on audited financials for Fiscals 2023, 2022 and 2021 respectively:

(₹ in million)				
Particulars	Fiscal ended March 31, 2024 (IndAS converged financials) (Estimated)	Fiscal ended March 31, 2023 (IndAS converged financials based on audited)	Fiscal ended March 31, 2022 (IndAS converged financials based on audited)	Fiscal ended March 31, 2021 (IndAS converged financials based on audited)
Current assets (non cash)				
Inventories	204.16	186.53	243.34	152.71
Trade receivables	323.06	232.58	268.11	173.94
Other financial assets	25.16	3.07	2.60	5.17
Other current assets	156.26	49.15	89.71	10.40
Total Current Assets (A)	708.64	471.34	603.76	342.22
Current Liabilities (excluding working capital limits and current maturities of long term borrowings)				
Trade payables	71.24	63.99	138.40	11.82
Other financial liabilities	-	15.77	10.50	14.32
Other current liabilities	111.45	12.85	3.95	7.69
Current tax liabilities (Net)	-	51.75	6.40	-
Total Current Liabilities (B)	182.69	144.35	159.25	33.83
Working Capital (C = A – B)	525.95	326.99	444.51	308.39
Means of finance				
Short term borrowings (reduced by cash / bank balance)	250.60	194.11	213.8	204.82
Internal accruals / net worth	275.35	132.88	230.71	103.57

(b) Future working capital for Speciality Cables Division of our Company

Out of the proceeds of the Net Issue, we propose to utilise ₹ 694.35 million in Fiscal 2025 and the balance ₹ 802.87 million in Fiscal 2026 respectively towards our Company's additional working capital requirements for the Speciality Cables Division of our Company. Any additional working capital requirement of our Company shall be met through internal accruals.

The estimates of the working capital requirements for the Financial Year ended March 31, 2025 and March 31, 2026 have been undertaken for Speciality Cables Division of our Company, based on the management estimates of financial performance of the Company. The estimates have been prepared using set of assumptions that include assumptions about future events and management's action that are not necessarily expected to occur.

On the basis of existing and estimated working capital requirement of our Company for Speciality Cables Division of our Company on an audited standalone basis, and assumptions for such working capital requirements, our Board pursuant to the resolution passed in its meeting held on June 02, 2024 has approved the estimated working capital requirements for Financial Year ended March 31, 2025 and March 31, 2026 for the Speciality Cables Division as set forth below:

(₹ in million)		
Working Capital for Speciality Cables Division	Estimated as at March 31, 2025	Estimated as at March 31, 2026
Current assets (non cash)		

Working Capital for Speciality Cables Division	Estimated as at March 31, 2025	Estimated as at March 31, 2026
Inventories	222.57	258.00
Trade receivables	381.64	440.71
Other financial assets	27.26	31.48
Other current assets	163.56	188.88
Total Current assets (non cash) (A)	795.03	919.07
Current Liabilities (excluding working capital limits and current maturities of long term borrowings)		
Trade payables	74.19	86.00
Other financial liabilities	19.73	23.02
Other current liabilities	6.76	7.18
Current tax liabilities (Net)	*	*
Total Current Liabilities (excluding working capital limits and current maturities of long term borrowings) (B)	100.68	116.19
Working Capital gap (C = A – B)	694.35	802.87
Amount proposed to be utilised from Net Proceeds	694.35	802.87

* Since tax liability is assessed at corporate level, the same has not been reflected as part of the Speciality Cables Division.

Note: Pursuant to the certificate dated June 02, 2024, M/s SANMARKS and Associated, Statutory Auditors of the Company, have compiled and confirmed the working capital estimates, as approved by the Board pursuant to the resolution passed by the Company in its separate Board Meeting and Audit Committee meeting held on June 02, 2024.

Assumptions for our estimated working (in days)

The table below contains the details of the holding levels (in number of days or relevant matrix as applicable) considered and is derived from the audited financial statements for the period ended December 31, 203 and Fiscal 2023 and 2022 and the assumptions based on which the working plan estimates for Fiscal 2025 and 2026 has been made and approved by our Board of Directors:

Particulars #	March 31, 2026 (Estimated)	March 31, 2025 (Estimated)	Fiscal ended March 31, 2024 (IndAS converged financials) (Estimated)	Fiscal ended March 31, 2023 (IndAS converged financials based on audited)	Fiscal ended March 31, 2022 (IndAS converged financials based on audited)
Current Assets (non cash)					
Inventories	60	60	37	54	84
Trade receivables	70	70	68	61	77
Other financial assets	5	5	16	9	12
Other current assets	30	30	16	9	12
Current Liabilities (excluding working capital limits and current maturities of long term borrowings)					
Trade payables	20	20	14	28	32
Other financial liabilities	5	5	18	32	49
Other current liabilities	20	20	214	25	32

The average of open and closing balances have been considered for calculation of the above holding period.

Note: Pursuant to the certificate dated June 02, 2024, M/s SANMARKS and Associated, Statutory Auditors of the Company, have compiled and confirmed the working capital estimates, as approved by the Board pursuant to the resolution passed by the Company in its separate Board Meeting and Audit Committee meeting held on June 02, 2024.

Key justification for holding levels

Key assumptions for working capital estimates made by our Company (based on number of days for the estimated financial performance of the Company in the Speciality Cables Division):

Sr. No.	Particulars	Assumptions
Current Assets		
1	Inventories	Due to the proposed increase in the business to be generated from cables in solar and EV segment, it is proposed that the inventory holding period will be higher for the Company in future commensurate with the level of inventory in 2023. The Company has considered inventory holding of 60 days for the Fiscal 2025 and Fiscal 2026 (estimated) of the cost of goods sold. The inventory was lower in March 2024 as a result of completion of pending orders and lower value of orders pending for delivery.
2	Trade receivables	The trade receivables are considered outstanding for 70 days for the Fiscal 2025 and 2026 (estimated) of revenue from operations which is similar to the historical levels.
3	Other financial assets	Other financial assets comprises of deposit, advance to employees, interest payable an earnest money. The same is estimated at 5 days of the revenue from operations for the Fiscal 2025 and Fiscal 2026 (estimated) and is expected to be commensurate with the increased business operations.
4	Other current assets	Other assets mainly include GST recoverable, advance to suppliers and goods in transit. The same is expected to increase and estimated at 30 days of the revenue from operations for the Fiscal 2025 and Fiscal 2026 (estimated)
Current Liabilities		
1	Trade payables	The Company's trade payable days for the speciality cable division is considered at 20 days of total cost of goods sold for the Fiscal 2025 and Fiscal 2026 (estimated) which a lower than the previous year. Most of the purchase of metal is being made at short term or minimal credit. Other raw material input cost viz. packing material and consumables, which have a longer payment period.
2	Other financial liabilities	Other financial liabilities include outstanding amount for employee benefit expenses, accrued interest and advance from customers. The same is considered at 5 days of total cost of goods sold and employee benefit expenses for the Fiscal 2025 and Fiscal 2026 (estimated).
3	Other current liabilities	Other current liabilities is considered at 20 days of other expenses for the Fiscal 2025 and Fiscal 2026 (estimated).

Further, our actual working capital requirements may eventually vary from the aforementioned estimated working capital requirements. The aforementioned estimates for our working capital requirements for Fiscal 2025 and Fiscal 2026, are based on the actual working capital requirements based on the estimated financial statements for Fiscal 2024 and IndAS converged financials for Fiscal 2023 and Fiscal 2022 and are also provided after taking into consideration various factors, including, market opportunities in India and overseas, our expected order awarded and uncertainty pertaining to the exact timing of the launch of the Issue (on account of market conditions). Further, if required, the Board may decide to accelerate the utilisation of working capital, if so required based on the business growth.

Our Statutory Auditors have provided no assurance or services related to any prospective financial information in the Draft Red Herring Prospectus.

2. Capital expenditure for development for Electronic Interlocking System

The train control and signalling division primarily consists of three parts, namely, Automatic Train Protection, Dispatch Centralised System and Centralised Monitoring System. In Indian Railways, the implementation of these systems is part of ongoing efforts to modernize and improve safety in railway operations. Both ATP and Electronic Interlocking systems complement each other in operations and contribute to safer and more efficient train operations by reducing the risks associated with manual signalling and route management. These technologies are particularly important in a network as extensive and busy as the Indian Railways, where safety and efficiency are paramount. With automatic signalling, efficiency in the train management and seamless movement are facilitated.

The Government of India aims to promote domestic development, and manufacturing by promoting indigenous development in the field of railway infrastructure and allied systems. With these measures, India is progressing towards self-reliance in the field of railways including all aspects like high speed trains, quality of coaches, technology advancement, Automatic Train Protection and Operations, tracks, signalling, etc. Reducing import dependence and promoting the growth of domestic manufacturing and service industry in Indian Railways is one

of the key emphases of the Government. Under Atma Nirbhar Bharat, the Government also plans to introduce parameters for better quality of output to meet international standards so that Indian products can compete in the global market, see “Our Business - Our Strategies - Make in India and focus on indigenisation” on page 180, for further details.

Presently our Company has developed solution for Train Collision Avoidance System. For the details of the amount invested towards development of intangible asset comprising Train Collision Avoidance System Software during the period ended December 31, 2023, and Fiscal ended 2023, 2022 and 2021, refer to “**Management Discussion and Analysis of Financial Conditions and Results of Operations - Capital Expenditures**” on page 383 of the Draft Red Herring Prospectus. With the receipt of technical clearance by RDSO to our Company for field trial, we plan to extend our business operations to new avenues under the railway safety measures to be implemented by Ministry of Railways, starting with Electronic Interlocking System, which is the next stage embedded technology for Automatic Train Protection systems. Further, as on April 30, 2024 we had 24 employees in the Railway Signalling & Embedded System Design centre, which is approximately 9.02% of our overall employee strength, and we intend to add more capable and experienced employees in the product development team, in order for us to make better products and solutions.

Electronic Interlocking Systems (‘EI’): EI is a computer-based electronic interlocking system used for controlling points, signals, level crossing gates, etc., through a centralized control panel. EI is a failsafe, control and command system that typically has a span of control for one railway station. The EI System controls the wayside signalling equipment through a set of relays.

RDSO is the research and development and railway technical specification development organisation under the Ministry of Railways of the Government of India, which functions as a technical adviser and consultant to the Railway Board, the Zonal Railways, the Railway Production Units in respect of design and standardization of railway equipment and problems related to railway construction, operations and maintenance. The technical design and structure for Electronic Interlocking Systems is specified by RDSO and is subject to modification(s) from time to time, based on the technological developments and upgradation of the Indian railway network. The technical knowhow / base operating system and software required for development of EI System is too complex and only limited vendors are available internationally (none in Indian market), obtaining quotation will require our Company to immediately place order for the same and also pay advance. This will require commitment of additional allocation of capital resource by our Company immediately. For the reasons mentioned above, the cost of capital expenditure towards technical knowhow / base operating system and software required for development of Electronic Interlocking System is based on Management estimates and similar cost incurred by the Company in the past and hence no quotation has been obtained for the same.

Our Company envisage to complete the development of EI System over a period of 15 months from the date of commencement of working on the same. The estimated amount of ₹ 247.88 million is proposed to be utilised as under:

Particulars	(₹ in million)		
	Financial year ended March 31,		
	2025	2026	Total
Investment in hardware including microprocessor, development of printed circuit boards with allied components, connector assembly, relays, electrical connectors and other hardware *@	22.88	-	22.88
Investment in obtaining technical knowhow / base operating system and software, as required to build EI System in accordance with the specifications provided by RDSO #@	66.00	99.00	165.00
Salaries for the employees to be paid for design and development of EI System and other professional charges including ^@	12.00	48.00	60.00
Total	100.88	147.00	247.88

@ Cost proposed above excludes GST, as the Company will be eligible to obtain credit of the same, subject to applicable laws.

* The quotations obtained for the investment in hardware is as under:

(₹ in million)				
Requirement	Name of party	Date of Quotation	Valid upto	Amount
(i) Guide Socket, 9mm Daughtercard, IPOS; (ii) Connector, Circular, Plug, POS,	element14 India Private Limited, Bengaluru	August 02, 2024	September 02, 2024	1.82

Requirement	Name of party	Date of Quotation	Valid upto	Amount
<i>Cable; (iii) Circular Connector, Plug, 2 Way, Cable And (iv) Socket, Mictor, 38way</i>				
<i>Guardian 400 Radio Modem, 50 MTR ½ inch Heliac Cable with N-Male Connectors, Patch Chord, Polyphaser Lightning protection unit and 12 VDC , 5 Amp Power supply</i>	<i>Sheetal Wireless Technologies Private Limited, Pune</i>	<i>August 02, 2024</i>	<i>30 days</i>	<i>9.87</i>
<i>Analog devices, Integrated circuits, memory interface</i>	<i>Macnica Cytech Pte Ltd, Singapore</i>	<i>August 02, 2024</i>	<i>Analog device: 1 day For others, August 30, 2024 and September 30, 2024</i>	<i>9.75</i>
<i>Convertor</i>	<i>Unified Electro Tech Private Limited, Bengaluru</i>	<i>August 02, 2024</i>	<i>NA</i>	<i>1.45</i>
Total cost				22.88

The investment for obtaining technical knowhow / base operating system and software is estimated by the Management based on the previous similar expenditure incurred by the Company in development of Train Collision Avoidance System. Further, being payment made for import of technical knowhow, the estimated cost has been grossed up with the obligation to deposit Tax Deducted at Source by the Company under Section 195 of the Income Tax Act, 1961.

^ Salaries and other operational expenses are considered for three months for the financial year ended March 31, 2025 and 12 months for financial ended March 31, 2026, commensurate with the estimated period within which the development of EI Systems is expected to complete (salary expenditure estimated as ₹ 3.00 million per month and other operational expenses estimated as ₹ 1.00 million per month, based on the previous similar expenditure incurred by the Company in development of Train Collision Avoidance System, For details, refer to refer to “Management Discussion and Analysis of Financial Conditions and Results of Operations - Capital Expenditures” on page 383 of the Draft Red Herring Prospectus).

However, our development and deployment of EI System is contingent on various internal and external factors, such as success of our Company to develop the EI System meeting requirements of RDSO and their final approval of the product, our business plans, ability to compete effectively, employee attrition, changes in the technology landscape for implementation of EI System and government policies. For instance, Indian Railways may delay implementation of EI System on its tracks which may likely impact our business prospects to generate revenue from the EI System developed by us. Further, we may be required to incur additional expenses towards price escalation during the product development phase, increase in salaries, etc which may have to be funded through internal accruals of our Company or means other than the Net Proceeds. See “Risk Factors - 14: We have incurred a significant amount as capital expenditure during the last three Fiscal Years for development of platform for train control systems. Our investments in technology, especially our research and development activities, may not yield the intended results in a timely manner or at all, which may adversely affect our financial condition and results of operations. Further, we may require financing for our business operations and planned capital expenditure and the failure to obtain additional financing on terms commercially acceptable to us may adversely affect our ability to grow and our future profitability. Further, the amount proposed to be utilised for investment in product development in Fiscals 2025 and 2026 is based on management estimates” on page 40.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Addendum is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements and disclosures made in this Addendum are true and correct.

Signed by the Directors and Chief Financial officer of our Company

Sd/-
Satish Gupta
Chairman

Sd/-
Mohit Vohra
Managing Director

Sd/-
Pramod Jain
Independent Director

Sd/-
Girish Buttan
Independent Director

Sd/-
Kanika Bhutani
Independent Director

Sd/-
Amit Dhawan
Whole Time Director

Sd/-
Amrit Singh Randhawa
Whole Time Director

Sd/-
Rupinder Singh
Whole Time Director

Sd/-
Vishesh Abrol
Whole Time Director

Sd/-
Vivek Abrol
Whole Time Director

Sd/-
Aikjot Singh
Director

Sd/-
Rajbir Singh Randhawa
Director

Sd/-
Amit Kumar Jain
Chief Financial Officer

Date: August 05, 2024