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AWARD

**Marshall** Machines Limited

**Regd. Office & Works :**

C-86, Phase-V, Focal Point, LUDHIANA-141 010 (India)  
Ph.: +91-161-5012406, 5012407, 5019648, 4600237, 4600238  
Email: headoffice@marshallcnc.com Web: www.marshallcnc.com

**Automated Solutions Division :**

D-116A, Phase-V, Focal Point, LUDHIANA-141 010 (India)

**MARSHALL IoTQ CENTRE**

75-B, Sector-5, IMT Manesar, Gurgaon. Ph.: 0124-4241813/14/15

Helpline No. 1800-102-4288, 1800-103-4288, 1800-103-3288

**MARSHALL AUTOMATION AMERICA, INC.**

Suite #23, 2885 North Berkeley Lake Road, NW,  
Duluth, GEORGIA-30096 (USA)

Email: sales@marshallautomationamerica.com

Web: www.marshallautomationamerica.com

**MARSHALL/2020-21**

**30.11.2020**

To  
National Stock Exchange of India Ltd.,  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E)  
Mumbai – 400 051

**Ref: MARSHALL- INE00SZ01018**

**Subject: Intimation of Submission of Annual Report**

Pursuant to Regulation 34 of SEBI (Listing Obligation and Disclosure Requirement), 2015, the Annual Report of the Company for the Financial Year Ended 31<sup>st</sup> March 2020 is attached herewith.

You are requested to kindly take note of the same and please take suitable action for dissemination of this Information through your website at the earliest.

This is for your information please.

Thanking You,

**For Marshall Machines Limited**

**SIDDHANT SARUP**  
(Wholetime Director)  
(DIN: 07779416)

**SmartFAC**  
Industry 4.0..Reimagined!

**2019-20**



**MARSHALL MACHINES LIMITED  
ANNUAL REPORT**



## **CORPORATE INFORMATION**

|   |   |
|---|---|
| <b>BOARD OF DIRECTORS</b>                   | <b>BANKERS</b>  |
| Mr. Gaurav Sarup - Managing Director        | <b>HDFC Bank Limited</b>                                    |
| Mr. Prashant Sarup - Whole Time Director    | Plot B/XIX/65/SE,   |
| Mr. Siddhant Sarup - Whole Time Director    | The Mall, LGF 1, 1 <sup>st</sup> Mall,                      |
| Mrs. Archana Sarup - Whole Time Director    | Ludhiana (Pb.)-141001                                       |
| Dr. Harish Pal Kumar - Independent Director |   |
| Mr. Amanpal Singh - Independent Director    | <b>Kotak Mahindra Bank</b>                                  |
| Mr. Satvinder Singh - Independent Director  | SCO- 120, Ground Floor,                                     |
|   | Feroze Gandhi Market,                                       |
| <b>CHIEF FINANCIAL OFFICER</b>              | Ferozepur Road,   |
| Mr. Prashant Sarup                          | Ludhiana (Pb.)-141001                                       |
|   |   |
| <b>COMPANY SECRETARY</b>                    | <b>REGISTERED OFFICE</b>                                    |
| Ms. Gauri Agarwal                           | C-86, Phase -V,   |
|   | Focal Point, Ludhiana (Pb.)-141010                          |
| <b>STATUTORY AUDITORS</b>                   | Email id:   |
| M/s. S. Sood & Co.                          | csmarshall@marshallcnc.com                                  |
| Chartered Accountants                       | <b>GENERAL INFORMATION</b>                                  |
| Office No. 2, 7 <sup>th</sup> Floor,        | Company's Corporate Identification Number                   |
| 108-Surya Tower, The Mall,                  | (CIN): L29299PB1994PLC014605                                |
| Ludhiana (Pb.)-141001                       | Company's Shares Listed at NSE EMERGE SME.                  |
|   | a. Company's Shares are mandated for trading in demat mode. |
| <b>SECRETARIAL AUDITORS</b>                 | b. ISIN allotted to Company's share is                      |
| M/s. Rajeev Bhambri & Associates            | c. INE00SZ01018   |
| Company Secretaries                         |   |
| SCO No. 9, 2 <sup>nd</sup> Floor,           |   |
| Jandu Tower, Miller Ganj,                   | <b>26TH ANNUAL GENERAL MEETING</b>                          |
| Ludhiana(Pb.)-141003                        | 28th December, 2020 at 11:00 a.m.                           |
|   | Venue:  |
| <b>REGISTRAR &amp; SHARE TRANSFER AGENT</b> | C-86, Phase -V, Focal Point, Ludhiana, Punjab-141010        |
| BIGSHARE SERVICES PVT. LTD.                 |   |
| 1st Floor, Bharat Tin Works Building,       | <b>CONTENTS</b>   |
| Opp. Vasant Oasis, Makwana Road,            | <b>OVERVIEW</b>   |
| Marol, Andheri East, Mumbai- 400059         | Corporate Information                                       |
| Email id: investor@bigshareonline.com       |   |
|   | <b>STATUTORY REPORTS</b>                                    |
|   | Notice  |
|   | Directors' Report   |
|   | Corporate Social Responsibility Report                      |
|   | Management Discussion & Analysis                            |
|   |   |
|   | <b>FINANCIAL STATEMENTS</b>                                 |
|   | Independent Auditor's Report                                |
|   | Balance Sheet   |
|   | Statement of Profit & Loss                                  |



**MARSHALL MACHINES LIMITED**

CIN: L29299PB1994PLC014605

Registered Office: C-86, Phase -V, Focal Point, Ludhiana - 141010

Email: csmarshall@marshallcnc.com

Website: www.marshallcnc.com

**NOTICE**

NOTICE is hereby given that the 26<sup>th</sup> Annual General Meeting of the Members of MARSHALL MACHINES LIMITED will be held on Monday, 28<sup>th</sup> day of December, 2020 at Registered Office of the Company at C - 86, Phase V, Focal Point, Ludhiana, Punjab-141010 at 11:00 a.m., to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year ended 31<sup>st</sup> March, 2020 along with the Reports of Directors and Auditors thereon.
2. To Re-appoint Mr. Prashant Sarup (DIN: 01257440), who retires by rotation as a director and being eligible, offers himself for re-appointment.

By order of the Board of Directors,  
**MARSHALL MACHINES LIMITED**

Sd/-

Date: 30.11.2020

Place: Ludhiana

**GAURAV SARUP**  
(MANAGING DIRECTOR)  
(DIN: 00777489)



**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective shall be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority as applicable, issued on behalf of the nominating organization.
2. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy, who shall not act as a proxy for any other person or shareholder. The appointment of proxy shall be in the Form No. MGT.11 annexed herewith.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution to the Company/Registrar & Transfer Agent, authorizing their representative to attend and vote on their behalf at the meeting.
4. **Book Closure:**  
The Register of Members and Share Transfer Books of the Company will remain close from Tuesday, 22<sup>nd</sup> September, 2020 to Monday, 28<sup>th</sup> September, 2020 (both days inclusive).
5. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
6. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID Numbers for identification.
7. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the Company i.e. M/s Bigshare Services Pvt. Ltd. and correspond with them directly regarding share

transfer/transmission / transposition, Demat / Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.

8. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
9. ***The Notice of the AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose email address are registered with the Company or with the Depository Participant(s), (with reference to the SEBI circular dated 12th May 2020, SEBI/HO/CFD/CMD1/CIR/P/2020/79, statement containing salient features of all the documents, as prescribed in Section 136 of the Companies Act, 2013 to the shareholders who have not registered their email address with the Company Depository Participant(s) and hard copies of full annual reports to those shareholders, who request for the same will not be sent by the company due to COVID-19.*** Members may note that Annual Report 2019-20 along with Notice of the 26<sup>th</sup> Annual General Meeting is also available on the Company's website [www.marshallcnc.com](http://www.marshallcnc.com).

Note on COVID-19:

10. Detailed assessment of the operations has been carried out by the Company covering production, sales, recovery of trade receivables, liquidity position, inventory levels, carrying value of its all the assets. Based on prevailing economic conditions, the Company expects to recover the carrying amount of these assets. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business. Future impact of the COVID-19 is quite difficult to assess due to highly uncertain situation and may be different from time to time.

Precautions while holding the Annual General Meeting:

Physical distancing of at least one meter to be followed at all times;

Use of face covers/masks to be mandatory;

Practice of frequent hand washing (for at least 40-60 seconds) even when hands are not visibly dirty and use of alcohol based hand sanitizers (for at least 20 seconds);

Respiratory etiquettes to be strictly followed. This involves strict practice of covering one's mouth and nose while coughing / sneezing with a tissue / handkerchief / flexed elbow and disposing off used tissues properly;

Self-monitoring of health by all and reporting any illness at the earliest;

Thermal screening at the time of entry;





11. Relevant documents referred to in the Notice and the accompanying Statement are open for inspection by the Members at the Registered Office of the Company during business hours on all working days, up to the date of the AGM and will also be kept open at the venue of the AGM till the conclusion of the AGM.

12. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.

13. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.

14. During Financial Year 2018-19, the Securities and Exchange Board of India ('SEBI') and the Ministry of Corporate Affairs ('MCA') has mandated that existing Members of the Company who hold securities in physical form and intend to transfer their securities after April 1, 2019, can do so only in dematerialized form. Therefore, Members holding shares in physical form are requested to consider converting their shareholding to dematerialized form to eliminate all risks associated with physical shares for ease of portfolio management as well as for ease of transfer, if required. Shareholders can write to the Company at [csmarshall@marshallcnc.com](mailto:csmarshall@marshallcnc.com) or contact the Registrars and Transfer Agent - **Bigshare Services Pvt. Ltd** at [investor@bigshareonline.com](mailto:investor@bigshareonline.com) for assistance in this regard.

15. Members holding shares in the same name under different ledger folios are requested to apply for Consolidation of such folios and send the relevant share certificates to **Bigshare Services Pvt. Ltd**, Share Transfer Agents of the Company for their doing the needful.

16. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form SH13 to the Company/RTA in case shares are

held in physical form, and to their respective depository participant, if held in electronic form.

17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Registrar and Share Transfer Agents (Bigshare Services Pvt. Ltd).

**18. Voting through electronic means:**

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company provides members facility to exercise their right to vote at the 26<sup>th</sup> Annual General Meeting (AGM) by electronic means and the businesses may be transacted through e-Voting Services provided by Central Depository Services (India) Ltd (CDSL). The e-voting details are enclosed along with the Annual Report.

**The instructions for shareholders voting electronically are as under:**

- (i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (ii) Click on 'Shareholders' tab.
- (iii) Once you click shareholders tab, you will be directed to login page.  
Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - d. Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in Demat Form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form |   |
|--|---|
| Permanent Account Number (PAN)                             | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both Demat Shareholders as well as Physical Shareholders)<br>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.<br>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB)               | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the Company records in order to login.<br>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).   |

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then directly reach the Company selection

(ix)



- (x) screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL(xxi) platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the **EVSN 201123009** for the relevant **MARSHALL MACHINES LIMITED** on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "**RESOLUTIONS FILE LINK**" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a Demat Account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android, Apple and Windows based mobiles. The m-Voting app can be downloaded from Google Play Store, App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- 19. Cut-off Date:**  
The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date (record date) of 22<sup>nd</sup> December, 2020.
- 20.** The e-voting period will commence on Friday 25th December 2020 at 09:00 a.m. and end on Sunday 27th December 2020 at 05:00 p.m. During this period Shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22<sup>nd</sup> December, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- 21.** Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- 22.** M/s Rajeev Bhambri and Associates, Company Secretaries has been appointed as the Scrutinizer of the Company to scrutinize the e-voting process in a fair and transparent manner.
- 23.** The Scrutinizer, after scrutinizing the votes cast at the meeting through poll and through evoting will, not later than Forty Eight Hours of conclusion of the Meeting, would make a consolidated scrutinizer's report and submit the same to the Chairperson. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.marshallcnc.com](http://www.marshallcnc.com). The results shall simultaneously be communicated to the Stock Exchange.
- 24.** All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours 11:00 a.m. to 5:00 p.m. on all working days, up to and including the date of the Annual General Meeting of the Company.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)



## BOARD'S REPORT

To  
The Members,  
Marshall Machines Limited,

Your Directors have great pleasure of presenting the 26<sup>th</sup> Annual Report on the affairs of the Company for the financial year ended 31<sup>st</sup> March, 2020.

### FINANCIAL SUMMARY OF THE COMPANY

The summary of Company's Financial Results for the financial year ended 31<sup>st</sup> March, 2020 is as under:

(Rs. In Lakhs)

| Particulars                  | Current Financial<br>Year Ended | Previous Financial<br>Year Ended |
|------------------------------|---------------------------------|----------------------------------|
|                              | 31.03.2020                      | 31.03.2019                       |
| Revenue from Operations      | 7018.60                         | 7682.52                          |
| Other Income                 | 80.30                           | 22.88                            |
| <b>Total Revenue</b>         | <b>6054.63</b>                  | <b>6545.71</b>                   |
| Total Expenses               | 5642.48                         | 5745.37                          |
| <b>Profit before tax</b>     | <b>412.15</b>                   | <b>800.33</b>                    |
| Tax expenses                 | 114.66                          | 222.88                           |
| <b>Profit for the period</b> | <b>297.49</b>                   | <b>577.46</b>                    |

### RESERVES

No amount is being transferred to reserve & surplus during the period under review.

### DIVIDEND

Keeping in view the present economic situations, the board recommends retaining the earnings in the Company, hence, the Board has not recommended any dividend on the equity share capital of the Company.

### TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no dividend declared and paid last year, the provisions of Section 125 of the Companies Act, 2013 does not apply.

### OPERATIONAL REVIEW AND STATE OF AFFAIR

### CHANGE IN THE NATURE OF BUSINESS, IF ANY:

There were no changes in the nature of the business of your Company during the year under review.

Your Company is engaged in a single segment i.e. developing, manufacturing and marketing of Machines Tool Equipment including wide range of single spindle, patented double and four spindle CNC machines, automated robotic solutions and patent pending IOTQ suit of intelligent equipment. Therefore, disclosure requirements as required under Accounting Standard (AS)-17 issued by Institute of Chartered Accountant of India, New Delhi, are not applicable.

During the period under review, your Company has reported total Income of Rs. 6054.63 lakhs for the financial year ended 31<sup>st</sup> March, 2020 as compared to Rs. 6545.71 lakhs in the previous year and the net profit for the year under review amounted to Rs. 297.49 lakhs in the current year as compared to Rs. 577.46 lakhs of previous year.

### MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY





There were No Material changes and commitment affecting the financial position of the Company in the financial year to which these financial statements relate.

**CHANGES IN SHARE CAPITAL**

There is no change in the Share capital of the company during the Financial Year 2019-20.

**DISCLOSURE RELATING TO EQUITY SHARES WITH DIFFERENTIAL RIGHTS**

Your Company has not issued any equity shares with differential rights during the year under review and hence no information as per provisions of Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

**DISCLOSURE RELATING TO SWEAT EQUITY SHARES**

Your Company has not issued any sweat equity shares during the year under the review and hence no information as per provisions of Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

**DISCLOSURE RELATING TO EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME**

Your Company has not issued any Employee Stock Option Scheme and Employee Stock Purchase Scheme. Hence no information as per the provisions of Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 has been furnished.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The Company's Board comprised Seven Directors as on 31<sup>st</sup> March, 2020, viz, Mr. Gaurav Sarup-Managing Director, Mr. Prashant Sarup-Whole Time Director cum CFO, Mr. Siddhant Sarup-Whole Time Director, Mrs. Archana Sarup-Whole Time Director, Dr. (Mr.) Harish Pal Kumar, Mr. Satvinder Singh and Mr. Amanpal Singh, Independent Directors.

The Board, therefore, presently comprises Seven Directors.

**APPOINTMENT / RE-APPOINTMENT / RETIREMENT OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In order to ensure compliance with Section 152(6) of the Act, the Board has considered Mr. Prashant Sarup, Wholetime Director who shall retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment, for ensuring compliance with Section 152(6) of Act.

**DECLARATION BY INDEPENDENT DIRECTORS**

The Independent Directors of the Company have submitted the declaration of independence, as required pursuant to the provisions of Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of Independence as provided under Section 149(6). They have also confirmed that they meet the requirements of Independent Director as mentioned under Regulation 16(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**KEY MANAGERIAL PERSONNEL**

Mr. Gaurav Sarup-Managing Director, Mr. Prashant Sarup-Whole Time Director cum CFO, Mr. Siddhant Sarup-Whole Time Director, Mrs. Archana Sarup-Whole Time Director and Ms. Gauri Agarwal-Company Secretary of the Company are the Key Managerial Personnel as per the provisions of the Companies Act, 2013 and rules made thereunder.

**BOARD MEETINGS**

The Directors of your Company met at regular intervals with the gap between two meetings not exceeding 120 days to review Company's policies and strategies apart from the Board matters. The notices of the meeting were given in advance. Additional meetings were held on the basis of the requirements of the Company. During the year under review, the Board of Directors met Five (5) times on 30.05.2019, 01.08.2019, 03.09.2019, 14.11.2019, 06.03.2020. The attendance of each Director at all meetings of Board of Directors held during the FY 2019-20:



| Date of Board Meetings | Name of Directors |                    |                    |                    |                   |                      |                     |
|------------------------|-------------------|--------------------|--------------------|--------------------|-------------------|----------------------|---------------------|
|                        | Mr. Gaurav Sarup  | Mr. Prashant Sarup | Mr. Siddhant Sarup | Mrs. Archana Sarup | Mr. Amanpal Singh | Dr. Harish Pal Kumar | Mr. Satvinder Singh |
| 30.05.2019             | ⊘                 | ⊙                  | ⊙                  | ⊙                  | NA                | ⊙                    | ⊙                   |
| 01.08.2019             | ⊙                 | ⊙                  | ⊙                  | ⊙                  | NA                | ⊙                    | ⊙                   |
| 03.09.2019             | ⊙                 | ⊙                  | ⊙                  | ⊙                  | NA                | ⊙                    | ⊙                   |
| 14.11.2019             | ⊙                 | ⊙                  | ⊘                  | ⊙                  | ⊙                 | ⊙                    | ⊙                   |
| 06.03.2020             | ⊙                 | ⊙                  | ⊙                  | ⊙                  | ⊙                 | ⊙                    | ⊙                   |

**MEETING OF MEMBERS**

During the year under review, an Annual General Meeting of the Company was held on 30<sup>th</sup> September, 2019 respectively.

**COMMITTEES OF BOARD**

In accordance with provisions of Companies Act, 2013 read with rules and regulations made thereunder and further read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has constituted following Committees:

- ❖ Audit Committee
- ❖ Nomination and Remuneration Committee
- ❖ Stakeholder Relationship Committee
- ❖ Corporate Social Responsibility Committee
- ❖ Finance Committee (w. e. f. Aug 2020)

**AUDIT COMMITTEE**

The company had constituted Audit Committee of the Company in compliance with provisions of Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by consisting following Members/Chairman:

| Sr. No. | Name of Directors          | Designation |
|---------|----------------------------|-------------|
| 1       | Dr. (Mr.) Harish Pal Kumar | Chairman    |
| 2       | Mr. Satvinder Singh        | Member      |
| 3       | Mr. Gaurav Sarup           | Member      |

All the Members of Audit Committee are financially literate and have accounting knowledge to interpret and understand the financial statements. During the year under review, the Audit Committee Members, met Four (4) times on 30.05.2019, 03.09.2019, 14.11.2019, 06.03.2020.

**NOMINATION AND REMUNERATION COMMITTEE**

The company had constituted Nomination and Remuneration Committee of the Company in compliance with provisions of Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by consisting following Members/Chairman:

| Sr. No. | Name of Directors               | Designation |
|---------|---------------------------------|-------------|
| 1       | Dr. (Mr.) Harish Pal Kumar      | Chairman    |
| 2       | Mr. Satvinder Singh             | Member      |
| 3       | Mr. Amanpal Singh <sup>§</sup>  | Member      |
| 4.      | Mrs. Archana Sarup <sup>#</sup> | Member      |

§ Mr. Amanpal Singh was appointed a member of the committee w.e.f. 14.11.2019 by the Board.

# Mrs. Archana sarup was removed from the committee w.e.f. 14.11.2019 by the Board.

The Nomination and Remuneration Committee Members met Two (2) times on 29.05.2019, 03.09.2019. The Nomination and Remuneration Committee has framed a policy on Remuneration of Directors, Key Managerial Personnel & Senior Employees called as "Nomination and



Remuneration Policy” which is available on the website of the company and can be accessed at

<https://marshallcnc.com/wp-content/uploads/2020/11/Nomination-and-Remuneration-Policy.pdf>

**STAKEHOLDER RELATIONSHIP COMMITTEE**

The company had constituted Stakeholder Relationship Committee (SRC) of the Company in compliance with provisions of Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by consisting following Members/Chairman:

| Sr. No. | Name of Directors   | Designation |
|---------|---------------------|-------------|
| 1       | Mr. Satvinder Singh | Chairman    |
| 2       | Mr. Prashant Sarup  | Member      |
| 3       | Mrs. Archana Sarup  | Member      |

The complaints received during the year, if any, were duly resolved. The Company Secretary is the Compliance Officer of the Committee. The Committee meets as and when required, to deal with the investor related matters. The Stakeholder Relationship Committee Members met two (2) times on 29.05.2019, 14.11.2019.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Company has attracted criteria for Corporate Social Responsibility (CSR) as its net profit was over 5 crores pursuant to the provisions of Section 135 of the Companies Act, 2013 including Rules framed thereunder. As per requirement of Section 135 of the Companies Act, 2013 read with Schedule VII of the said Act and further read with Companies (Corporate Social Responsibility) Rules, 2014, the Company had constituted “Corporate Social Responsibility (CSR) Committee” consisting following Members/Chairman:

| Sr. No. | Name of Directors   | Designation |
|---------|---------------------|-------------|
| 1       | Mr. Gaurav Sarup    | Chairman    |
| 2       | Mr. Siddhant Sarup  | Member      |
| 3       | Mr. Satvinder Singh | Member      |

During the year under review, CSR Committee Members met once on 03.09.2019 and had identified and recommended to the Board certain projects/activities on which CSR expenditure for the financial year 2019-20 can be made. The Board of Director approved the same in Board Meeting held on 14.11.2019. The Report on CSR Activities is annexed herewith and forms part of this report. The CSR policy is available on company’s website and can be accessed at link

<https://marshallcnc.com/wp-content/uploads/2020/11/CSR-Policy.pdf>

**APPOINTMENT AND REMUNERATION POLICY**

The Board on the recommendation of the Nomination and Remuneration Committee has framed a policy for Appointment and Remuneration of Directors, Senior Management and other employees as provided under Section 178(3) of the Companies Act, 2013. The Company’s Policy of Appointment and Remuneration includes criteria for determining Qualification, Positive Attributes, Independence of Directors and other matters, as required under Section 178(3) of the Companies Act, 2013. The policy also laid down the criteria for determining the remuneration of directors, key managerial personnel and other employees. The Appointment and Remuneration Policy of the Company is available on the Company’s website and can be accessed at link:

<https://marshallcnc.com/wp-content/uploads/2020/11/Nomination-and-Remuneration-Policy.pdf>

**BOARD EVALUATION**

The provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, mandate that a formal annual performance evaluation is to be made by the Board of its own performance and that of its Committee and individual Directors and Schedule IV of the Companies Act, 2013 states that performance evaluation of the Independent Director shall be done by Directors excluding the Directors being evaluated.

The Board carried out a formal annual performance evaluation as per criteria/framework laid down by the Nomination and Remuneration Committee and adopted by the Board. The evaluation was carried out through a structured evaluation process to evaluate the performance of individual Directors including the Chairman of the Board. They were evaluated on parameters such as their education, knowledge, experience, expertise, skills, behaviour, leadership qualities, level of engagement and contribution, independence of judgement, decision making ability for safeguarding the interest of the Company, stakeholders and its shareholders. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors were carried out by the Independent Directors in their meeting held on 20.01.2020. The Board was satisfied with evaluation process and approved the evaluation results thereof.



#### **REMUNERATION TO DIRECTORS/EMPLOYEES AND RELATED ANALYSIS**

During the year under review, no employee of the Company received salary in excess of the limits as prescribed under the Act. Accordingly, no particulars of employees are being given pursuant to Section 134 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The details pertaining to the ratio of the remuneration of each director to the median employee's remuneration and other prescribed details as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014 are annexed herewith as Annexure - A and forms part of this report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement pursuant to provision of Section 134(3)(c) of the Companies Act, 2013, that:

- (a) in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2020, the applicable accounting standards have been followed along with proper explanation relation to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to a give true and fair view of the state of affairs of the Company at the end of the said financial year and of the profit and loss of the company for the said financial year;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the accounts for the year ended 31<sup>st</sup> March, 2020 on a going concern basis;
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- (f) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively.

#### **INTERNAL FINANCIAL CONTROLS**

The Company has a proper and adequate system of internal control, to ensure that all assets are safeguarded, properly utilized and protected against loss from unauthorized use or disposition and those transactions are authorized and recorded by the concerned departments

properly and reported to the Audit Committee/Board correctly.

The Company has also in place adequate internal financial controls with reference to financial statement. Such controls are tested from time to time and no re-portable material weakness in the design or operation has been observed so far.

#### **DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES**

During the year under review, your company did not have any subsidiary, associate and joint venture company.

#### **DEPOSITS**

During the year under review, your company neither accepted any deposits nor there any outstanding at the beginning of the year which were classified as deposit in term of Section 73 to 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 and hence requirements of furnishing details of deposits which are not in compliance with Chapter V of the Companies Act, 2013 is not applicable.

#### **PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

During the year under the review, the Company has not given any loan, guarantee, provided security to any person or other body corporate or acquired by the way of subscription, purchase or otherwise, the securities of anybody corporate, exceeding the limit prescribed under section 186 of the Companies Act, 2013.

#### **PARTICULARS OF CONTRACTS OR ARRANGMENTS WITH RELATED PARTIES**

All related party transactions entered into during financial year 2019-20 were on an arm's length basis and in the ordinary course of business. Accordingly, the disclosure of related party transactions, as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company.

The details of the transactions with related parties are provided in the accompanying financial statements.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Corporate Social Responsibility Committee (CSR Committee) had formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, and the same was duly approved by the Board. The CSR Policy can be accessed on the website of the Company at link

<https://marshallcnc.com/wp-content/uploads/2020/11/CSR-Policy.pdf>



During the year under review, the Company had spent an amount of Rs. 8,03,560 (Rupees Eight Lakh Three Thousand Five Hundred and Sixty Rupees) which constitutes to more than 2% of the average net profit made during the three immediate preceding financial years on CSR activities identified by CSR Committee. The disclosure in respect of the existing CSR Activities pursuant to Section 134(3) of the Companies Act, 2013 read with Rule 9 of the Companies (Accounts) Rules, 2014 and Companies (Corporate Social Responsibility) Rules, 2014, is annexed as Annexure - B herewith and forms part of this Report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2015 is annexed as Annexure - C herewith and forms part of this Report.

**RISK MANAGEMENT**

The Company has adopted Risk Management Policy which has been approved by the Board of Directors of the Company. The aim of the Risk Management Policy is to maximize opportunities in all activities and to minimize adversity. The policy includes identifying types of risks and its assessment, risk handling and monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company. The Risk Management policy can be accessed on the Company's website at the link:

<https://marshallcnc.com/wp-content/uploads/2020/11/RISK-MANAGEMENT-POLICY.pdf>

**ESTABLISHMENT OF VIGIL MECHANISM / WHISTLE BLOWER POLICY**

Your Company promotes ethical behaviour in all the business activities and has put in place a mechanism wherein employees are free to report illegal or unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company. The whistle blower policy is duly communicated with your Company. The functioning of the Vigil Mechanism is reviewed by the Audit Committee from time to time. The Vigil Mechanism/Whistle Blower Policy can be accessed on the Company's website at the link:

<https://marshallcnc.com/wp-content/uploads/2020/11/WHISTLE-BLOWER-POLICY.pdf>

**AUDITORS****STATUTORY AUDITORS**

M/s. S. Sood & Co., Chartered Accountants, Firm Registration No. 010801N, were appointed as Statutory Auditor of the Company by the Members of the Company, for the term of five consecutive years starting from the conclusion of the 22<sup>nd</sup> Annual General Meeting up to conclusion of the 27<sup>th</sup> Annual General Meeting of the Company to be held in the financial year 2021-22. As per the provision of Section 139(1) of the Companies Act, 2013, the appointment of Statutory Auditors was to be ratified by the Members at every Annual General Meeting of the Company. The Ministry of Corporate Affairs vide its notification dated 7<sup>th</sup> May, 2018, has omitted the first provision of Section 139 of the Companies Act, 2013 in sub section (1). Accordingly, the Board has not proposed any resolution for the ratification of Appointment of Statutory Auditors by the Shareholders of the Company.

**AUDIT REPORT**

The Statutory Auditors have submitted Audit Report on the Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2020. The observations and comments given by the Auditors in their Report read together with the Notes to the Accounts are self-explanatory except the following: The Company has not disclosed the impact of pending litigations on its financial position in its standalone financial.

The Directors are of the opinion that there will not be any financial liability in the said cases in view of the nature of these litigations

**SECRETARIAL AUDITOR**

The Board of Directors, pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, had appointed M/s Bhambri & Associates, Company Secretaries in practice, having Certificate of Practice No. 22626 as Secretarial Auditor of Company for the financial year 2020-21 and onwards.

**SECRETARIAL AUDIT REPORT**

The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2020 is annexed as Annexure - D herewith in the prescribed format i.e. MR-3 and forms part of this Report. The observation of Secretarial Auditor is self-explanatory and do not require further explanation.

**INTERNAL AUDITOR**

The Board of Directors, pursuant to provisions of Section 138 of the Companies Act, 2013 read with Rule 13(1) of the Companies (Accounts) Rules, 2014, had appointed Mr. Abhimanyu Kumar, Bachelor of Technology, as an





Internal Auditor of Company for the financial year 2020-21 and onwards.

**BOARD'S RESPONSE ON AUDITOR'S QUALIFICATION, RESERVATION OR ADVERSE REMARKS OR DISCLAIMER MADE**

There are no qualification, reservations or adverse remarks made by the statutory auditors in their report for the year ended 31<sup>st</sup> March, 2020. During the year, there were no instances of frauds reported by auditors under Section 143(12) of the Companies Act, 2013.

**COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS**

Your Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

**EXTRACT OF ANNUAL RETURN**

The Extract of Annual Return of the Company, pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 for the financial year 2019-20 in the Form MGT-9 is available on Company's website and can be accessed at the link:

<https://marshallcnc.com/wp-content/uploads/2020/11/MGT-9-Signed-Marshall-2019-20.pdf>

The Annual Return of the Company, pursuant to the provisions of Companies act 2013 for the financial year 2018-19 (Form MGT-7) is available on Company's website and can be accessed at the link:

<https://marshallcnc.com/wp-content/uploads/2020/11/Form-MGT-7-Annual-return-2018-19-Marshall.pdf>

**OTHER DISCLOSURES- CORPORATE POLICIES****CORPORATE SOCIAL RESPONSIBILITY POLICY**

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the CSR Committee had formulated the CSR Policy which has been adopted by the Board. The CSR Policy outlines the various programs/projects/activities to be undertaken by the Company as laid down in schedule VII of the Companies Act, 2013. The CSR policy can be accessed on the Company's website at the link:

<https://marshallcnc.com/wp-content/uploads/2020/11/CSR-Policy.pdf>

**FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The Board members are provided with necessary documents/brochures, reports and internal policies to

enable them to familiarize with the Company's procedures and practices. The details of such familiarization programs for Independent Directors are posted on the Company's website and can be accessed at link:

<https://marshallcnc.com/wp-content/uploads/2020/11/Familiarization-Programme-for-Independent-Directors.pdf>

**POLICY FOR DETERMINATION OF MATERIALITY**

Pursuant to Regulation 30(4) read with schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board had adopted policy and procedure with regard to determination of materiality of event. The policy for determination of materiality is available on Company's website and can be accessed at the link:

<https://marshallcnc.com/wp-content/uploads/2020/11/Policy-for-Determination-of-Materiality.pdf>

**POLICY FOR PRESERVATION OF DOCUMENTS**

The policy segregates the documents to be preserved permanently and documents to be preserved at least for a period of eight years as per requirement of law. The policy for preservation of documents is available on Company's website and can be accessed at link:

<https://marshallcnc.com/wp-content/uploads/2020/11/Policy-on-Preservation-of-Documents.pdf>

**INSIDER TRADING POLICY**

In order to prevent Insider Trading in securities of the company on basis of Unpublished Price Sensitive Information, the Board of Directors had approved and adopted Code of Practice & Procedure for Fair Disclosure in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, issued by Securities Exchange Board of India (SEBI) vide its notification dated 15<sup>th</sup> January, 2015. The SEBI vide its notification dated 31<sup>st</sup> December, 2018 has amended the same which is now hereby referred as SEBI (Prohibition of Insider Trading)(Amendment) Regulations, 2018 and put in place a framework for prohibition of insider trading in securities. The framework adopted by the Company to prevent insider trading in securities of the Company is available on Company's website and can be accessed at the link:

[https://marshallcnc.com/wp-content/uploads/2019/04/Code\\_of\\_Conduct\\_for\\_Prohibition\\_of\\_Insider\\_Trading\\_compressed.pdf](https://marshallcnc.com/wp-content/uploads/2019/04/Code_of_Conduct_for_Prohibition_of_Insider_Trading_compressed.pdf)

**RELATED PARTY TRANSACTION POLICY**

Pursuant to the requirements of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board had approved a policy on



Materiality of Related Party Transactions and Dealing with Related Party Transactions. The policy regulates the transaction between the Company and its Group/Associates Companies, if any, and related parties. The Related Party Transaction Policy is available on Company's website and can be accessed at the link:

<https://marshallcnc.com/wp-content/uploads/2020/11/Related-Party-Transaction-Policy.pdf>

#### **CEO AND CFO CERTIFICATION**

Since your Company's securities are listed on NSE EMERGE- SME Platform, by virtue of Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the compliance with the CEO and CFO Certification provisions as specified under Regulation 17(8) is not applicable to the Company. But for good corporate governance, the Company has received a certificate as required under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 duly signed by Mr. Gaurav Sarup, Managing Director and Mr. Prashant Sarup, Whole Time Director cum CFO which is annexed herewith as Annexure – E and forms the part of this report.

#### **DEMATERIALIZATION OF SECURITIES**

As on 31<sup>st</sup> March, 2020, 99.99% of the total Equity Share Capital has been dematerialized. The shareholder (s) who have not gone in for dematerialization of shares till date, are requested to opt for dematerialization of the shares at the earliest. Your Company has appointed M/s Bigshare Services Pvt. Ltd., as Registrar & Share Transfer Agent of the Company. Accordingly, all the shareholders, Investors, Members of the Stock Exchanges, Depository Participants and all other concerned are requested to send all communication in respect of share transfer, demat/remat, change of address etc. to our registrar at below mentioned address: M/s. Bigshare Services Pvt. Ltd., 302, Kushal Bazar, 32-33, Nehru Place, New Delhi-110019 E-mail Address: [yksinghal@bigshareonline.com](mailto:yksinghal@bigshareonline.com).

SEBI vide its Gazetted notification dated 8<sup>th</sup> June, 2018 amended the Regulation 40(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, whereby it has been provided that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with the Depository. The said amendment has been come into force with effect from 1<sup>st</sup> April, 2019. Therefore, all the members are hereby requested to get their shares in dematerialized at earliest.

#### **DISCLOSURE OF ACCOUNTING TREATMENT**

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The

significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

#### **SEPARATE MEETING OF INDEPENDENT DIRECTORS**

The Company's Independent Directors held their meeting on 20.01.2020 without the attendance of Non-Independent Directors and members of the management. All Independent Directors were present at the meeting. They reviewed i. the performance of non-Independent directors and the Board as a whole; ii. the performance of the Chairman of the Company taking into account the views of Executive Directors and Non- Executive Directors; iii. Assessed the quality and timeliness of the flow of information between the company's Management and the Board which is necessary for the Board to effectively and reasonably perform their duties.

#### **ENVIRONMENT, HEALTH AND SAFETY**

Your Company considers it is essential to protect the Earth and limited natural resources as well as the health and well-being of every person. The Company strives to achieve safety, health and environmental excellence in all aspects of its business activities. Acting responsibly with a focus on safety, health and the environment is a part of the Company's DNA.

#### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

Your Company lays emphasis on competence and commitment of its human capital recognizing its pivotal role for organization growth. During the year, the Company maintained a record of peaceful employee relations.

Your Directors wish to place on record their appreciation for the commitment shown by the employees throughout the year.

#### **STATEMENT OF DEVIATION(S) OR VARIATION(S)**

There is no deviation(s) or variation(s) in utilizing of public issue proceeds. The funds raised under Initial Public Offer (IPO) have been utilized only towards the purposes as stated in objects clause of the offer document. A certificate duly certified by Statutory Auditor of the Company regarding utilization of IPO proceeds has been placed before the Stakeholder Relationship Committee in their meeting held on 29<sup>th</sup> May, 2019 and thereafter Audit Committee and Board Meetings held on 30<sup>th</sup> May, 2019.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the Company's performance during the year under review as stipulated under the Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed herewith as Annexure – F and forms part of this report.



**CORPORATE GOVERNANCE**

Since, the Company's securities are listed on NSE EMERGE Platform, by virtue of Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the compliance with the Corporate Governance provisions as specified in regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V are not applicable to the Company. Hence Corporate Governance Report does not form part of this report.

**SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has zero tolerance for sexual harassment for women at workplace and has adopted a policy against sexual harassment in line with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder.

The Company has complied with the provisions relating to the constitution of Internal Complaint Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the financial year 2019-20, the Company has not received any complaints on sexual harassment and hence no complaint remains pending as on 31<sup>st</sup> March, 2020.

**ACKNOWLEDGMENT**

Your Directors thanks all the Stakeholders including investors, customers, vendors, bankers, auditors, consultants and advisers for their continued support during the year. We are place on record our appreciation of the contributions of our employees at all the levels.

The Management is deeply grateful for the confidence and faith that all the stakeholders have reposed in them. Your Directors look forward for their continued support in the future for the consistent growth of the Company.

For on behalf of the Board of  
**MARSHALL MACHINES LIMITED**

**PLACE: LUDHIANA  
DATE: 30/11/2020**

**(GAURAV SARUP)  
(MANAGING DIRECTOR)  
(DIN: 00777489)**

**Sd/-  
(PRASHANT SARUP)  
(WHOLETIME DIRECTOR CUM CFO)  
(DIN: 01257440)**

**'ANNEXURE – A'****DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

(a) Ratio of the remuneration of each director to the median remuneration of employee of the Company and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary for the financial year 2019-20:

| Sr. No. | Name of Director/KMP and Designation                 | Remuneration of Director / KMP for financial year 2019-20 (Rs. In lakhs) | % increase in Remuneration in the financial year 2019-20 | Ratio of remuneration of each Director/to median remuneration of employees |
|---------|--|--|--|--|
| 1       | Mr. Gaurav Sarup<br>Managing Director                | 27.00  | 0  | 10.13:1  |
| 2       | Mr. Prashant Sarup<br>Wholetime Director cum CFO     | 27.00  | 0  | 10.13:1  |
| 3       | Mrs. Archana Sarup<br>Wholetime Director             | 18.00  | 0  | 6.75:1   |
| 4       | Mr. Siddhant Sarup<br>Wholetime Director             | 12.00  | 0  | 4.5:1  |
| 5       | Dr. (Mr.) H. P. Kumar<br>Independent Director        | 3.00   | 0  | 1.12:1   |
| 6       | Mr. Satvinder Singh<br>Independent Director          | 3.00   | 0  | 1.12:1   |
| 7       | Mr. Amanpal Singh<br>Independent Director            | 0.75   | N.A.   | 0.28:1   |
| 8       | Ms. Shruti Gupta <sup>§</sup><br>Company Secretary   | 1.16 (35K p.m.)  | N.A.   | 0.43:1   |
| 9       | Mr. Abhay Sharma <sup>#</sup><br>Company Secretary   | 1.68 (36k p.m.)  | N.A.   | 0.63:1   |
| 10      | Mr. Phuljit Singh grover<br>CFO <sup>%</sup>         | 8.74   | 7.43   | 3.28:1   |
| 11      | Mr. Sumit Malhotra<br>Company Secretary <sup>@</sup> | 1.16 (29K p.m.)  | 7.5  | 0.43:1   |

§ Resigned from the company w.e.f. 11.11.2019

# Resigned from the company w.e.f. 30.05.2020.

% Resigned from the company w.e.f 11.03.2020.

@ Resigned from the company w.e.f 01.08.2019

(b) Mr. Amanpal Singh was appointed as Independent Director during the financial Year 2019-20 and Ms. Shruti Gupta and Mr. Abhay Sharma appointed as Company Secretary during the financial year 2019-20, hence there is no change in their remuneration.

(c) The median remuneration of employees of the Company during the financial year 2019-20 was Rs. 2.75 Lac p.a. (approx).

(d) There were 236 permanent employees on the roll of the Company as on 31<sup>st</sup> March, 2020.



(e) Average percentage increase in the salaries of the employees other than the managerial personnel in the financial year 2019-20 was approx 36% whereas the increase in the managerial remuneration for the same financial year was 1.34%

(f) It is hereby affirmed that the remuneration paid during the year ended 31<sup>st</sup> March, 2020 is as per the Remuneration Policy of the Company.

**Statement pursuant to Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

LIST OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN:

| Sr.No | Name                         | Deptt       | Salary PM | Qualification           | D.O.J      | D.O.B     | Age as on 31st Mar 2020 |
|-------|------------------------------|-------------|-----------|-------------------------|------------|-----------|-------------------------|
| 1     | Anjay Goliya                 | Sales       | 191500    | Diploma (Mechanical)    | 01.03.2017 | 14-Apr-70 | 50.0                    |
| 2     | Popatrao Narayan Shinde      | Sales       | 137700    | MBA                     | 15.09.2015 | 1-Oct-72  | 47.5                    |
| 3     | Shambhu Sidramappa Kalshetti | Sales       | 110000    | B.Tech(Mechanical)      | 26.06.2017 | 25-Mar-82 | 38.0                    |
| 4     | Rakesh Kumar                 | Sales       | 106000    | Diploma (Prod) & MBA    | 10.07.2017 | 05-Sep-77 | 42.6                    |
| 5     | Sanjeev Choudhary            | Sales       | 104300    | B.Tech(Mechanical)      | 14.07.2017 | 11-Jul-88 | 31.7                    |
| 6     | Maninder Singh               | Application | 91600     | B.Tech(Mechanical)      | 10.02.2007 | 14-Sep-83 | 36.6                    |
| 7     | Parvinder Singh              | Service     | 79000     | Diploma (Mechanical)    | 02.03.2010 | 02-May-84 | 35.9                    |
| 8     | Vishnu Sharma                | Service     | 79000     | B.Tech(Elect. & Instru) | 06.04.2010 | 13-Aug-87 | 32.7                    |
| 9     | Arjun Kumar Singh            | Application | 74900     | 12th                    | 01.06.2006 | 05-May-90 | 29.9                    |
| 10    | Sukhwinder Singh             | VMC         | 71200     | Diploma (Mechanical)    | 01.04.2007 | 21-May-81 | 38.9                    |

**Note:**

1. Details of Top Ten Employees in the terms of Remuneration has been given excluding Managing Director and Whole Time Directors of the Company.

For on behalf of the Board of  
**MARSHALL MACHINES LIMITED**

PLACE: LUDHIANA  
DATE: 30/11/2020

(GAURAV SARUP)  
(MANAGING DIRECTOR)  
(DIN: 00777489)

Sd/-  
(PRASHANT SARUP)  
(WHOLETIME DIRECTOR CUM CFO)  
(DIN: 01257440)



**'ANNEXURE – B' CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

1. **A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:** Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the CSR Committee framed the Corporate Social Responsibility Policy (CSR Policy). The CSR policy is available on the website of the Company and can be accessed at link

<https://marshallcnc.com/wp-content/uploads/2020/11/CSR-Policy.pdf>

2. **Composition of the CSR Committee:** Pursuant to the provisions of Section 135 of the Companies Act, 2013, the Company has also constituted Corporate Social Responsibility Committee comprising of three Directors namely:

| Sr. No. | Name of Directors   | Designation |
|---------|---------------------|-------------|
| 1       | Mr. Gaurav Sarup    | Chairman    |
| 2       | Mr. Siddhant Sarup  | Member      |
| 3       | Mr. Satvinder Singh | Member      |

3. **Average Net Profit of the Company for last three financial years:** Rs. 4,00,30,547

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above):** Rs. 8,00,610

5. **Details of CSR spend for the financial year:**

(a) **Total amount spent for the financial year:** Rs. 8,03,560

(b) **Amount unspent, if any:** Nil

(c) **Manner in which the amount spent during the financial year:**

| Sr. No. | CSR Project of activities identified                  | Sector in which Project is covered | Projects or Programs Local area or other Specify the State & District where project or programs was undertaken | Amount Outlay (Budget) Project or Programs wise | Amount spent on the Project or programs subheads: (1) Direct Expenditure on Projects or Programs overheads | Cumulative expenditure upto the reporting period | Amount Spent direct or through implementing agency |
|---------|---|------------------------------------|--|---|--|--|--|
| 1       | Chamber of Marathawada Industries & Agriculture       | Agriculture                        | All over India   | 51,000  | 51,000   | 51,000   | Directly   |
| 2       | Construction and maintenance of Public park / Nursery | environmental sustainability       | Ludhiana, Punjab   | 7,52,560  | 7,52,560   | 7,52,560   | Directly   |
|         |   |                                    |  | 8,03,560  | 8,03,560   | 8,03,560   |  |

6. **Reason for failure of the Company to spend the complete two percent of average net profit of the last three financial years or any part thereof:** NIL

7. **CSR Committee Responsibility Statement:** The CSR Committee do hereby undertakes that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/-

(Gaurav Sarup)

(Managing Director/Chairman of CSR Committee)

(DIN: 00777489)

**'ANNEXURE – C' STATEMENT FOR CONSERVATION OF ENERGY****(A) CONSERVATION OF ENERGY**

1. The steps taken on impact on conservation of energy : None
2. The steps taken by the company for utilizing alternate source of energy : None
3. The capital investment on energy equipment's : Nil

**Total Energy Consumption**

| <b>(A) Power &amp; Fuel Consumption</b> |                    |                    |
|---|--------------------|--------------------|
| <b>Particulars</b>                      | <b>2019-20</b>     | <b>2018-19</b>     |
| <b>a) Electricity Consumed (Rs.)</b>    | 38,48,098/-        | 21,28,074/-        |
| <b>b) Coal</b>                          | Nil                | Nil                |
| <b>c) Furnace Oil</b>                   | Nil                | Nil                |
| <b>Total</b>                            | <b>38,48,098/-</b> | <b>2,128,074/-</b> |

**(B) TECHNOLOGY ABSORPTION**

1. The efforts made towards technology absorption : None
2. The benefit derived like product improvement, cost reduction, product development or import substitution : None
3. Any important technology : None
4. The expenditure incurred on Research and Development during the year : Rs. 7,36,141/-

**(C) Foreign Exchange Earning and Outgo**

1. Total Foreign Exchange Earnings during the year (FOB) : 1,73,01,267
2. Total Foreign Exchange Outgo (CIF) : 2,19,81,670

For on behalf of the Board of  
**MARSHALL MACHINES LIMITED**

Sd/-

PLACE: LUDHIANA

DATE: 30/11/2020

(GAURAV SARUP)  
(MANAGING DIRECTOR)  
(DIN: 00777489)



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**'ANNEXURE – D' SECRETARIAL AUDIT REPORT**

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[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014].

**The Members,  
Marshall Machines Limited,  
C-86, Phase V, Focal Point,  
Ludhiana  
CIN: L29299PB1994PLC014605**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Marshall Machines Limited** (hereinafter called the **Company**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020, to the extent applicable and according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi) We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with laws relating to, inter alia:
  - All labour laws;
  - Environmental Laws.

We have also examined compliance with the applicable clauses of the following:



- (i) Secretarial Standards issued by The Institute of Company Secretaries of India to the extent of its applicability.
- (ii) The Listing Agreement entered into by the Company with the NSE Limited read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except that Company has taken loans from its shareholders without complying with the requisite provisions.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes in the composition of the Board of Directors took place during the period under review. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously or by the majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. as detailed below:

The company has not disclosed the impact of pending litigation on its financial position in the Financial Statements.

**Rajeev Bhambri & Associates**  
**Company Secretary in whole time practice**  
**C.P. No. 9491**  
**UDIN: F004327B001248317**

**Place: Ludhiana**  
**Dated: 18.11.2020**

**Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.**

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**'ANNEXURE A'**

**The Members,**  
**Marshall Machines Limited,**  
**C-86, Phase V, Focal Point,**  
**Ludhiana**

Our report of even date is to be read along with this letter.

1. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
2. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company as we have relied upon the Audit done by Statutory Auditors as required under Companies Act, 2013.
3. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Rajeev Bhambri & Associates**  
**Company Secretary in whole time practice**  
**C.P. No. 9491**

**Place: Ludhiana**  
**Dated: 18.11.2020**



**'ANNEXURE – E' CEO/CFO CERTIFICATE**

[Pursuant to Regulation 17(8) read with Part B of Schedule III of SEBI (LODR) Regulations, 2015]

To

The Board of Directors,

Marshall Machines Limited

We, the undersigned, in our respective capacities as Whole Time Director and Chief Financial Officer of Marshall Machines Limited ("the Company"), to the best of our knowledge and belief certify that:

a. We have reviewed the financial statements and the cash flow statement for the year ended on 31<sup>st</sup> March, 2019 and based on our knowledge and belief, we state that:

I. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

II. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and the Audit committee:

I. significant changes, if any, in internal control over financial reporting during the year;

II. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

III. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having significant role in the Company's internal control system over financial reporting.

**FOR MARSHALL MACHINES LIMITED**

**PLACE: LUDHIANA  
DATE: 27/05/2020**

**(GAURAV SARUP)  
(MANAGING DIRECTOR)  
(DIN: 00777489)**

**Sd/-  
(PRASHANT SARUP)  
(WHOLETIME DIRECTOR CUM CFO)  
(DIN: 01257440)**





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**'ANNEXURE – F' MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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**COMPANY OVERVIEW**

Our Company was incorporated on May 23, 1994 as a private limited company under the provisions of Companies Act, 1956 with Registrar of Companies, Punjab, H.P. & Chandigarh in the name and style of V. B. Spinning Mills Private Limited. The Company's name was changed to Marshall Machines Private Limited on January 02, 2002. Thereafter the control & management of the Company was completely taken over by Mr. Gaurav Sarup and Mr. Prashant Sarup in February 2002 along with their father Late Shri Gautam Sarup. Our Company is in the business of developing, manufacturing and marketing of Machine Tool Equipment. The business was originally founded by Mr. Gautam Sarup, who set up the business in the name and style of "Marshall Industries" more than 54 year ago to initially manufacture hosiery machines. In coming years, the business moved to design & manufacture of high precision Bench Lathes, Heavy Duty Lathes & Capstan Lathes, thousands of which were sold all over the country. The firm became known brand in the design and manufacture of high precision bench lathes, heavy duty lathes & capstan lathes. It was amongst first Indian CNC Machine manufacturers and launched CNC Machines way back in 1998.

Later, Mr. Gautam Sarup was joined in the business by his sons, Gaurav Sarup & Prashant Sarup ("Promoters") after completing their engineering education. As a team, they grew the product range to include All Geared Lathes, Multi Spindle Drilling/Tapping Machines & Special Purpose Machines.

**BUSINESS OVERVIEW**

Marshall Machines Limited is in the business of developing, manufacturing and marketing of Machine Tool Equipment including wide range of single spindle, patented double and four spindle CNC machines, automated robotic solutions and patent pending IoTQ suite of intelligent equipment. Moreover, our company sells machine parts of the manufactured machines as well to existing machinery buyers.

Technology is all around us and it has changed our lives and industries smarter, safer, and more convenient. As technology further leads us, intelligent machines are now becoming a reality. Over the past decade, Marshall has been a driving force behind innovation in Indian machine tool industry, automated solutions & smart technologies to solve the major problems of manufacturers and help improve productivity & profits. Our company has spent

the past decade continuously improving its manufacturing operations and enhancing its technology to be able to immediately address its customers' changing needs. In today's competitive 24/7 manufacturing world where demands are high and increased quality, efficiency and productivity are critical for success, manufacturers need a machine manufacturer that can deliver what they need, when they need it. Marshall Machines has become a domestic leader in reliable automated turning solutions because of its passion for innovation and overall commitment to the manufacturing industry gives customers constant access to new, cutting-edge solutions, while further solidifying its position as a leading provider of innovative, productive machine tools and systems.

We are providing our product offering and solutions to wide range of industries including manufacturers of Axles, Crankshafts, Auto Parts, Fans, Pumps, Bearings, Gear Blanks, Bushes, etc. Our machines are known for reliability and quality. Innovative technology, quality manufacturing and complete service and support are part & parcel of the Marshall experience. By utilizing the latest in automation technology, Marshall can respond to specific customer requirements and provides the most efficient machining solutions in the market. By using Marshall automated Turning Centers our customers have cut costs, increased productivity, and, at the end of the day, have more saleable components on the floor, for less cost.

**SIGNIFICANT DEVELOPMENTS SUBSEQUENT DURING THE PERIOD UNDER REVIEW**

There were no Significant developments during the year.

**INDUSTRY STRUCTURE & DEVELOPMENT**

India stands 12th in production and 8th in the consumption of machine tools in the world as per the 2017 Gardner Business Media survey. The country is set to become a key player in the global machine tools industry and is likely to see substantial high-end machine tool manufacturing. With an emphasis on Make in India and manufacturing growth, for which the machine tools sector serves as the mother industry.

The Indian Machine tool Industry has around 1000 units in the production of machine tools, accessories/attachments, subsystems, and parts. Of



these, around 25 in the large scale sector account for about 70 percent of the turnover and the rest are in the MSME sector of the industry. Approximately, 75 percent of the Indian machine tool producers are ISO certified. While the large organized players cater to India’s heavy and medium industries, the small-scale sector meets the demand of ancillary and other units. Many machine tool manufacturers have also obtained CE Marking certification, in keeping with the requirements of the European markets.

The Indian machine tools sector offers several opportunities for investment. Given the current gap between demand and supply, there is a clear need for adding capacities in this sector. The industry is moving towards increasingly sophisticated CNC machines, driven by demand from key user segments, such as automobiles and consumer durables, Aerospace, etc. Machine tool manufacturers need to develop capabilities to cater to this demand and investments in this area could yield long term benefits.

With recent developments in Roboturn and IoTQ, Marshall has transformed manufacturing to make it smart. IoTQ (Internet of Things for Quality) is one of the most powerful technology in the world today in the field of CNC Turning Machining which acts like a “PERFORMANCE MULTIPLIER” for each IoTQ enabled machine, delivering quantum jump in near Zero defect quality with SmartCorrect, Tool insert life optimization with SmartInsert and machine health monitoring & predictive maintenance with SmartChek leading to longer machine life & OME (Overall Machine Efficiency). Continuous development and expansion of our sales network in all important markets across India reflects the dynamics of our company. We offer our customers top performance and commitment at all levels. A well-thought service concept, starting with professional consultation, including documentation for the specific needs right up to remote maintenance via data link, ensures that Marshall Machines always operates reliably and efficiently.

During the year, the Company achieved total turnover of Rs. 6054.63 Lakhs as compare to Rs. 6545.71 in previous year. The R&D Centre at Manesar, Gurugaon continue to undertake new challenges in product development and also continuously working on value engineering.

**OPPORTUNITY AND THREATS**

| Strengths                                      | Weaknesses                |
|--|---------------------------|
| Intellectual Property & Proprietary Technology | Long Manufacturing Cycles |

|  |  |
|--|--|
| Prestigious Client Base                              | Dependence on imports for key components |
| Intensive R&D for Smart Tech Development             | Huge inventory maintenance including for |
| Unique Business Model driving customer relationships | critical components                      |
| Experienced management team and skilled workforce    |  |
| Value creation opportunity                           |  |
| <b>Opportunities</b>                                 | <b>Threats</b>                           |
| Growth in Capital Goods Industry                     | Entry of Global Players                  |
| Fast paced development of Automobile Industry        | Technology disruptions                   |
| Expanding Geographical Markets                       |  |
| High Growth of End User Industries                   |  |

**OUTLOOK**

Your Company continues to maintain its relatively stable and progressive growth outlook. The initiative taken by your Company for technology up gradation, reducing overheads and finance costs, improving operating parameters and optimizing operating costs will enable the company to face challenges in coming times.

**RISK AND CONCERNS**

The risk factors are classified as under for the sake of better clarity and increased understanding:

1. Internal Risk Factors
2. External Risk Factors

**INTERNAL RISK FACTORS**

- ✧ Any change in the technology may render our current technologies obsolete or require us to make substantial capital investment to cope with the market.
- ✧ Unauthorized use of our intellectual property rights may adversely affect our business.
- ✧ We are subject to risks associated with expansion into new markets.
- ✧ Increase in the cost of, or a shortfall in the availability of raw materials/components could have



an adverse effect on our business, results of operations and financial condition.

- ✧ Demand for our machines depends on capital spending by customers in the industries like Automobile, Electronics, Steel, machine tools etc. Any downturn affecting these sectors may result in a decrease in demand for our machines and adversely affect our business, financial condition and results of operations.
- ✧ Any delays and/or defaults in payments from our customers could result in increase of working capital investment and/or reduction of our profits, thereby affecting our operation and financial condition.
- ✧ A shortage or non-availability of electricity may adversely affect our manufacturing operations and have an adverse effect on our business, results of operations and financial condition.
- ✧ We could be harmed by employee misconduct or errors that are difficult to detect and any such incidences could adversely affect our financial condition, results of operations and reputation.
- ✧ Breakdowns of our major plants or machinery or failures to repair or maintain the same may affect our business.
- ✧ The operations of our Company are subject to manufacturing risk and may be disrupted by failure in the facilities causing fatal injury to personnel including death and destruction of property and consequent imposition of civil and criminal penalties.

**EXTERNAL RISK FACTORS**

- ✧ A slowdown in economic growth in India could adversely affect our business, results of operations, financial condition and cash flows.
- ✧ Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business and financial performance.
- ✧ Natural calamities could have a negative impact on the Indian economy and cause our company's business to suffer.
- ✧ Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

- ✧ Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.
- ✧ Terrorist attacks, civil unrest and other acts of violence or war involving India or other countries could adversely affect the financial markets, our business, financial condition and the price of our Equity Shares.

Your Company regularly monitors the various risks associated with its business. The Risk mitigation process reviewed by the Company. The Company continues to take suitable steps to minimize risks and their impact on Company's overall performance.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has adequate systems of internal control meant to ensure proper accounting controls, monitoring cost-cutting measures, efficiency of operation and protecting assets from their unauthorized use. The Internal Audit department of the Company reviews control measures in the management of risks and opportunities and ensures adherence to operating guidelines and compliance with regard to regulatory and legal requirements. The Company's budgetary control system aims to ensure adequate control on the expenditure. The management reviews the actual performance with reference to the predetermined norms and standard on monthly basis. The Company has to work hard to maintain its market share without compromising on the quality of its products.

**DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The financial highlights with respect to operational performance:

(Rs. In Lakhs)

| Particulars                               | As on 31.03.2020 | As on 31.03.2019 | % Change |
|---|------------------|------------------|----------|
| Revenue from Operations                   |                  |                  |          |
| Sale of Products                          |                  |                  |          |
| Domestic                                  | 6770.48          | 7535.47          | -10.15   |
| Export                                    | 171.98           | 86.90            | 97.90    |
| Less: Taxes                               | (1044.26)        | (1159.69)        | -9.95    |
| Net Sale of Product (A)                   | 5898.2           | 6462.68          | -8.73    |
| Other Income(B)                           | 76.13            | 60.14            | 26.58    |
| Total Revenue from Operations (C)=(A)+(B) | 5974.33          | 6522.82          | -8.40    |



**MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

The Company believes in establishing and building a strong performance and competency driven culture amongst its employees with greater sense of accountability and responsibility. The Company has taken various steps for strengthening organizational competency through the involvement and development of employees as well as installing effective systems for improving their productivity and accountability at functional levels. The Company acknowledges that its principal asset is its employees. Ongoing in-house and external training is provided to the employees at all levels to update their knowledge and upgrade their skills and abilities. As on March 31, 2020, the Company had total

236 full time employees. The industrial relations have remained harmonious throughout the year.

**CAUTIONARY STATEMENT**

Statement in this Management Discussion and Analysis report, describing the Company's objectives projections, estimates, expectations or predictions may be "Forward looking Statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include global and Indian demand-supply conditions, cyclical demand and pricing in the Company's principal markets raw material cost and availability, changes in the Government regulations tax regimes, economic development within India and the countries within which the Company conducts business and other factors such as litigation and industrial relations.

For on behalf of the Board of  
**MARSHALL MACHINES LIMITED**

PLACE: LUDHIANA  
DATE: 30/11/2020

(GAURAV SARUP)  
(MANAGING DIRECTOR)  
(DIN: 00777489)

(PRASHANT SARUP)  
(WHOLETIME DIRECTOR CUM CFO)  
(DIN: 01257440)



**'ANNEXURE – G '**

**CERTIFICATE OF COMPLIANCE OF THE CODE OF CONDUCT OF THE COMPANY**

This is to state that the Company had duly adopted a Code of Conduct. After adoption of the Code of Conduct, the same was circulated to all the Board Members and Senior Management Personnel for compliance. It is affirmed that all the Board Members and Senior Management Personnel have complied with the Code of Conduct and have given a confirmation in this regard.

**For Marshall Machines Limited**

**Place: Ludhiana**

**Date: 27.05.2020**

**Prashant Sarup  
(Whole Time Director)  
(DIN: 01257440)**

**Independent Auditor's Report**

To The Members of **Marshall Machines Limited**

**Report on the Audit of the Standalone Financial Statements****Opinion**

We have audited the accompanying standalone financial statements of Marshall Machines Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**





Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that :

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss account and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during



the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us :

i. The Company has not disclosed the impact of pending litigations on its financial position in its standalone financial

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the order.

**For S. Sood & Co**

Chartered Accountants

Firm Registration No.010801N

**Sanjay Sood**

Partner

Membership No. 089457

UDIN : 20089457AAAAAT1658

Place: Ludhiana

Date: 23/07/ 2020

**Annexure "A" to the Independent Auditor's Report**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Marshall Machines Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Marshall Machines LIMITED ("the Company")** as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of

adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S. Sood & Co**

Chartered Accountants  
Firm Registration No.010801N

**Sanjay Sood**

Partner  
Membership No. 089457  
UDIN : 20089457AAAAAT1658

Place: Ludhiana  
Date: 23/07/2020

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements'

section of our report of even date)

**i. In respect of Fixed Assets**

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the fixed assets have been physically verified during the year by the Management. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c) As per the information & explanation given to us and the examination of records of the company, the title deeds of immovable properties are held in the name of the company.

**ii. In respect of Inventory**

Physical Verification of Inventory has been conducted at reasonable intervals by the management of the company. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of accounts.

**iii. Compliance under section 189 of The Companies Act, 2013**

The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

**iv. Compliance under section 185 and 186 of The Companies Act , 2013**

In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 with respect to loans and investments made.

**v. Compliance under section 73 to 76 of The Companies Act, 2013 and Rules framed there under while accepting Deposits**

In our opinion and as per information available to us, the company has not accepted any Deposits within the meaning of provisions of section 73 to 76 of the Companies Act, 2013 and the rules framed there under.

**vi. Maintenance of cost records**

We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and we are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have not made however a detailed examination of the record with a view to determine whether they are complete or accurate.

**vii. Deposit of Statutory Dues**

According to the information and explanations given to us, in respect of statutory dues:

- a) The Company is by and large regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax,



- Service Tax, Cess and other material statutory dues applicable to it. The Company did not have dues in arrears as at 31<sup>st</sup> March 2020 for a period of more than six months from the date they became payable except for "Punjab State Development Tax" of Rs. 1,39,200/- which is outstanding for more than six months .
- b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2020 for a period of more than six months from the date they became payable.
- c) There are no dues of Income Tax and Service Tax which have not been deposited as on 31<sup>st</sup> March, 2020 on account of disputes.
- viii. Repayment of Loans and Borrowings**
- In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks, financial institutions or debenture holders. However company has availed the benefit of Moratorium Scheme given by the Govt of India in respect of repayment of Loans and Interest their on.
- ix. Utilization of Money Raised by Public Offers and Term Loan For which they Raised**
- During the year ended 31.03.2020, The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) but the company has taken term loans from the financial Institutions during the year. The company has applied the loans for their business for which they have been raised.
- x. Reporting of Fraud During the Year**
- To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. Managerial Remuneration**
- In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. Compliance by Nidhi Company Regarding Net Owned Fund to Deposits Ratio**
- The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. Related party compliance with Section 177 and 188 of companies Act - 2013**
- Based on the explanations provided to us all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- xiv. Compliance under section 42 of Companies Act - 2013 regarding Private placement of Shares or Debentures**
- During the year the Company has not made the preferential allotment and private placement of shares. In our Opinion & as per explanation given to us, the company has complied with the requirements of Section 42 of the Companies Act, 2013.
- xv. Compliance under section 192 of Companies Act - 2013**
- In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Act are not applicable.
- xvi. Requirement of Registration under 45-IA of Reserve Bank of India Act, 1934**
- The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For S. Sood & Co.**

**Chartered Accountants**

**(Firm Regn No. 010801N)**

**Sanjay Sood**

**Partner**

**(Membership No. 089457)**

**UDIN: 20089457AAAAAT1658**

Place: Ludhiana

Date: 23<sup>rd</sup> July, 2020

# MARSHALL MACHINES LIMITED

Regd. Office: C-86, PHASE V, FOCAL POINT, LUDHIANA-141010

## BALANCE SHEET AS AT 31st March, 2020

| PARTICULARS   | NOTE NO.- | AS AT<br>31.03.2020   | AS AT<br>31.03.2019   |
|---|-----------|-----------------------|-----------------------|
|   |           | In Rupees             | In Rupees             |
| <b>I. EQUITY AND LIABILITIES</b>  |           |                       |                       |
| <b>1. Shareholders' Funds</b>   |           |                       |                       |
| (a) Share Capital   | 2         | 14,55,00,000          | 14,55,00,000          |
| (b) Reserve & Surplus   | 3         | 26,71,94,958          | 23,96,36,394          |
| <b>2. Share Application Money Pending Allotment</b>   |           |                       |                       |
|   |           | -                     | -                     |
| <b>3. Non Current Liabilities</b>   |           |                       |                       |
| (a) Long Term Borrowings  | 4         | 13,72,42,635          | 8,37,96,192           |
| (b) Deferred Tax Liabilities (Net)  | 5         | 3,00,09,135           | 3,43,45,816           |
| (c) Other Long Term Liabilities   | 6         | 1,90,00,943           | 2,31,65,279           |
| (d) Long Term Provisions  | 7         | 84,71,658             | 58,32,061             |
| <b>4. Current Liabilities</b>   |           |                       |                       |
| (a) Short Term Borrowings   | 8         | 18,74,90,130          | 17,11,25,421          |
| (b) Trade Payables  | 9         | 19,94,32,163          | 16,07,98,210          |
| (c) Other Current Liabilities   | 10        | 20,72,18,420          | 19,92,30,804          |
| (d) Short Term Provisions   | 11        | 95,80,156             | 1,42,83,177           |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |           | <b>1,21,11,40,199</b> | <b>1,07,77,13,354</b> |
| <b>II. ASSETS</b>   |           |                       |                       |
| <b>1. Non Current Assets</b>  |           |                       |                       |
| (a) Property, Plant and Equipment   |           |                       |                       |
| (i) Tangible Assets   | 24        | 31,92,93,699          | 38,28,19,610          |
| (ii) Intangible Assets  | 24        | 6,86,69,795           | 8,11,06,024           |
| (iii) Capital Work in Progress  | 24        | 14,11,31,796          | -                     |
| (b) Non Current Investments   |           | -                     | -                     |
| (c) Long Term Loans & Advances  | 12        | 19,81,487             | 21,43,987             |
| <b>2. Current Assets</b>  |           |                       |                       |
| (a) Inventories   | 13        | 45,79,03,226          | 39,91,26,458          |
| (b) Trade Receivables   | 14        | 14,04,12,132          | 12,35,37,780          |
| (c) Cash & Bank Balances  | 15        | 4,51,00,324           | 4,22,24,501           |
| (d) Short Term Loans & Advances   |           |                       |                       |
| (e) Other Current Assets  | 16        | 3,66,47,739           | 4,67,54,996           |
| <b>TOTAL ASSETS</b>   |           | <b>1,21,11,40,199</b> | <b>1,07,77,13,354</b> |
| <b>Summary of Significant Accounting policies</b>   |           | <b>1</b>              |                       |
| Notes referred to above and notes attached thereto form an integral part of the Balance Sheet |           |                       |                       |

As per our report of even date attached  
For S Sood & Co.

Chartered Accountants  
FRN: 010801N

(Sanjay Sood)  
Partner  
M.N.:089457

Place : Ludhiana  
Date: 23.07.2020

For and on behalf of Board of  
Marshall Machines Limited

(Mr. Gaurav Sarup)  
Managing Director  
DIN: 00777489

(Mr. Siddhant Sarup)  
Whole Time Director  
DIN: 07779416

(Mr. Prashant Sarup)  
Director  
DIN: 01257440

# MARSHALL MACHINES LIMITED

Regd. Office: C-86, PHASE V, FOCAL POINT, LUDHIANA-141010

## STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st March, 2020

| PARTICULARS   | NOTE NO.- | YEAR ENDING<br>31.03.2020 | YEARS ENDING<br>31.03.2019 |
|---|-----------|---------------------------|----------------------------|
|   |           | In Rupees                 | In Rupees                  |
| <b>I. Revenue From Operations</b>   | <b>17</b> | 70,18,60,081              | 76,82,52,035               |
| <b>II. Other Income</b>   | <b>18</b> | 80,30,072                 | 22,88,152                  |
| <b>Gross Total Income (I+II)</b>  |           | 70,98,90,154              | 77,05,40,187               |
| <b>Less: GST</b>  |           | 10,44,26,391              | 11,59,69,211               |
| <b>III. Total Income</b>  |           | 60,54,63,763              | 65,45,70,977               |
| <b>IV. Expenses</b>   |           |                           |                            |
| Cost of Material Consumed   | <b>19</b> | 35,38,49,180              | 48,67,62,023               |
| Purchases of Stock-in-Trade   |           | -                         | -                          |
| Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade | <b>20</b> | (5,26,84,996)             | (9,77,82,411)              |
| Employee Benefits Expenses  | <b>21</b> | 6,82,91,657               | 5,76,58,680                |
| Finance Costs   | <b>22</b> | 4,12,90,304               | 3,71,08,507                |
| Depreciation and amortisation expense   | <b>24</b> | 8,10,18,888               | 3,72,68,626                |
| Other Expenses  | <b>23</b> | 7,24,83,506               | 5,35,21,595                |
| <b>Total Expenses</b>   |           | 56,42,48,538              | 57,45,37,021               |
| <b>V. Profit Before Exceptional and Extraordinary Items And Tax (III-IV)</b>  |           | 4,12,15,225               | 8,00,33,956                |
| VI. Exceptional Items   |           | -                         | -                          |
| <b>VII. Profit Before Extraordinary Items And Tax (V-VI)</b>                  |           | 4,12,15,225               | 8,00,33,956                |
| <b>VIII. Extraordinary Items</b>  |           | -                         | -                          |
| <b>IX. Profit Before Tax</b>  |           | <b>4,12,15,225</b>        | <b>8,00,33,956</b>         |
| <b>X. Tax Expense:</b>  |           |                           |                            |
| (1) Current Tax   |           | 82,46,240                 | 1,60,12,990                |
| (2) Deferred Tax  |           | (43,36,682)               | 1,56,92,763                |
| (3) MAT Credit Entitlement  |           | 75,56,520                 | (94,17,810)                |
|   |           | 1,14,66,078               | 2,22,87,943                |
| <b>XI. Profit/(Loss) for the period from</b>                                  |           | <b>2,97,49,146</b>        | <b>5,77,46,012</b>         |
| XII. Profit/(Loss) from Discontinuing Operations                              |           | -                         | -                          |
| XIII. Tax Expense of Discontinuing Operations                                 |           | -                         | -                          |
| XIV. Profit/(Loss) from Discontinuing   |           | -                         | -                          |
| <b>XV. Profit/(Loss) for the period (XI+XIV)</b>                              |           | <b>2,97,49,146</b>        | <b>5,77,46,012</b>         |
| <b>XVI. Earning per Equity Share for</b>                                      |           |                           |                            |
| (1) Basic   |           | 2.04                      | 4.97                       |
| (2) Diluted   |           | 2.04                      | 4.97                       |

Notes referred to above and notes attached thereto form an integral part of the Statement of Profit and Loss

As per our report of even date attached

For S Sood & Co.

Chartered Accountants

FRN: 010801N

(Sanjay Sood)

Partner

M.N.:089457

Place : Ludhiana

Date: 23.07.2020

For and on behalf of Board of

Marshall Machines Limited

(Mr. Gaurav Sarup)

Managing Director

DIN: 00777489

(Mr. Siddhant Sarup)

Whole Time Director

DIN: 07779416

(Mr. Prashant Sarup)

Director

DIN: 01257440



# MARSHALL MACHINES LIMITED

Regd. Office: C-86, PHASE V, FOCAL POINT, LUDHIANA-141010

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st March, 2020

| PARTICULARS  | Current Period<br>31.03.2020<br>(Rs.) | Previous Period<br>31.03.2019<br>(Rs.) |
|--|---------------------------------------|--|
| <b>A. Cash Flow from Operating Activities</b>                |                                       |  |
| <b>Net Profit before Taxes &amp; Extraordinary Items</b>     | <b>4,12,15,225</b>                    | <b>8,00,33,956</b>                     |
| <b>Adjustments for Non Cash Items:</b>                       |                                       |  |
| Depreciation   | 8,10,18,888                           | 3,72,68,626                            |
| Investment Income  | (11,11,808)                           | (7,18,937)                             |
| Interest Expense   | 3,71,28,123                           | 3,41,47,768                            |
| Income Tax Expense   | (82,46,240)                           | (1,60,12,990)                          |
| Previous Year Adjustments                                    | (21,90,582)                           | (58,87,866)                            |
| <b>Adjustments for Changes in Working Capital:</b>           |                                       |  |
| (Increase)/ Decrease in Trade Receivables                    | (1,68,74,352)                         | (93,62,688)                            |
| (Increase)/ Decrease in Other Current Assets                 | (5,62,26,032)                         | (2,37,67,101)                          |
| Increase/ (Decrease) in Trade Payables                       | 3,86,33,953                           | (2,30,64,000)                          |
| Increase/ (Decrease) in Short Term and Long Term Provisions  | (1,74,88,714)                         | (2,48,18,590)                          |
| Increase/ (Decrease) in Other Long Term Liabilities          | (41,64,335)                           | 2,31,65,279                            |
| Increase/ (Decrease) in Other Current Liabilities            | 79,87,616                             | 4,48,90,144                            |
| (Increase)/ Decrease in Loans & Advances                     | 1,62,500                              | 2,41,840                               |
| <b>Cash Generation from Operations</b>                       | <b>9,98,44,242</b>                    | <b>11,61,15,441</b>                    |
| Taxes Paid   | (1,54,25,290)                         | (1,99,33,451)                          |
| <b>Net Cash from Operating Activities</b>                    | <b>11,52,69,531</b>                   | <b>13,60,48,892</b>                    |
| <b>B. Cash Flows from Investing Activities</b>               |                                       |  |
| Purchase of Fixed Assets/ CWIP                               | (14,61,88,546)                        | (27,41,44,651)                         |
| Sale of Fixed Assets   | -                                     | 8,30,000                               |
| Investment Income  | 11,11,808                             | 7,18,937                               |
| <b>Net Cash Flows from Investing Activities</b>              | <b>(14,50,76,738)</b>                 | <b>(27,25,95,715)</b>                  |
| <b>C. Cash Flows from Financing Activities</b>               |                                       |  |
| Proceeds from Issue of Capital                               | (0)                                   | 15,50,41,950                           |
| Proceeds/(Repayment) of Long term Borrowings                 | 3,04,39,349                           | (49,73,722)                            |
| Proceeds/(Repayment) of Short term Borrowings                | 22,43,681                             | (1,05,73,195)                          |
| <b>Net Cash Flows from Financing Activities</b>              | <b>3,26,83,030</b>                    | <b>13,94,95,032</b>                    |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalent</b> | <b>28,75,823</b>                      | <b>29,48,210</b>                       |
| Cash & Cash Equivalents - Opening Balance                    | <b>4,22,24,501</b>                    | <b>3,92,76,291</b>                     |
| Cash & Cash Equivalents - Closing Balance                    | <b>4,51,00,324</b>                    | <b>4,22,24,501</b>                     |

- Notes: 1. Cash and Cash Equivalents represents Cash & Bank Balances and deposit with Banks as per Note No. 14.  
2. The cash and cash flow statement have been prepared in accordance with AS-3 using the "indirect method"  
3. Figures in brackets indicate cash outflow.

As per our report of even date attached

For S Sood & Co.

Chartered Accountants

FRN: 010801N

(Sanjay Sood)

Partner

M.N.:089457

Place : Ludhiana

Date: 23.07.2020

For and on behalf of Board of

Marshall Machines Limited

(Mr. Gaurav Sarup)

Managing Director

DIN: 00777489

(Mr. Prashant Sarup)

Director

DIN: 01257440

(Mr. Siddhant Sarup)

Whole Time Director

DIN: 07779416

## Property, Plant and Equipments as on 31.03.2020

| PARTICULARS                             | GROSS BLOCK            |                       |                   |                        | DEPRECIATION/AMORTISATION |                       |                   |                        | NET BLOCK           |                     |
|---|------------------------|-----------------------|-------------------|------------------------|---------------------------|-----------------------|-------------------|------------------------|---------------------|---------------------|
|   | BALANCE                | ADDITIONS             | SALES/<br>ADJUST- | BALANCE                | BALANCE                   | PROVIDED              | SALES/<br>ADJUST- | BALANCE                | AS                  | AS                  |
|   | AS<br>ON<br>01.04.2019 | DURING<br>THE<br>YEAR | MENT THE<br>YEAR  | AS<br>ON<br>31.03.2020 | AS<br>ON<br>01.04.2019    | DURING<br>THE<br>YEAR | MENT THE<br>YEAR  | AS<br>ON<br>31.03.2020 | ON<br>31.03.2020    | ON<br>31.03.2019    |
| Rs.                                     | Rs.                    | Rs.                   | Rs.               | Rs.                    | Rs.                       | Rs.                   | Rs.               | Rs.                    | Rs.                 |                     |
| <b>TANGIBLE ASSETS</b>                  |                        |                       |                   |                        |                           |                       |                   |                        |                     |                     |
| LAND                                    | 1,72,69,782            | -                     | -                 | 1,72,69,782            | -                         | -                     | -                 | -                      | 1,72,69,782         | 1,72,69,782         |
| BUILDING                                | 6,11,33,072            | 13,700                | -                 | 6,11,46,772            | 2,85,47,949               | 30,90,369             | -                 | 3,16,38,318            | 2,95,08,454         | 3,25,85,123         |
| COMPUTER                                | 45,68,074              | 1,18,924              | -                 | 46,86,998              | 37,30,621                 | 6,04,048              | -                 | 43,34,669              | 3,52,329            | 8,37,453            |
| ELECTRIC INSTALLATION                   | 49,19,877              | 26,200                | -                 | 49,46,077              | 42,66,296                 | 1,76,504              | -                 | 44,42,800              | 5,03,278            | 6,53,582            |
| FURNITURE & FIXTURES                    | 29,25,031              | 4,68,887              | -                 | 33,93,918              | 21,81,916                 | 2,62,950              | -                 | 24,44,866              | 9,49,052            | 7,43,115            |
| VEHICLES                                | 1,55,15,583            | -                     | -                 | 1,55,15,583            | 1,03,46,601               | 17,99,840             | -                 | 1,21,46,441            | 33,69,142           | 51,68,982           |
| MOTOR CYCLE                             | 6,74,305               | -                     | -                 | 6,74,305               | 5,59,714                  | 32,441                | -                 | 5,92,155               | 82,150              | 1,14,591            |
| OFFICE EQUIPMENTS                       | 64,75,124              | 2,53,176              | -                 | 67,28,300              | 59,33,359                 | 3,33,820              | -                 | 62,67,179              | 4,61,121            | 5,41,765            |
| LEASEHOLD PLANT & MACHINERY             | 2,50,41,249            | -                     | -                 | 2,50,41,249            | 62,089                    | 45,21,228             | -                 | 45,83,317              | 2,04,57,932         | 2,49,79,160         |
| PLANT & MACHINERY                       | 39,43,90,655           | 7,93,000              | -                 | 39,51,83,655           | 9,44,64,599               | 5,43,78,597           | -                 | 14,88,43,196           | 24,63,40,459        | 29,99,26,056        |
| <b>TOTAL</b>                            | <b>53,29,12,752</b>    | <b>16,73,886</b>      | <b>-</b>          | <b>53,45,86,638</b>    | <b>15,00,93,142</b>       | <b>6,51,99,797</b>    | <b>-</b>          | <b>21,52,92,939</b>    | <b>31,92,93,699</b> | <b>38,28,19,610</b> |
| <b>INTANGIBLES ASSETS</b>               |                        |                       |                   |                        |                           |                       |                   |                        |                     |                     |
| RESEARCH-NEW PRODUCTS                   | 7,24,95,412            | 7,36,141              | -                 | 7,32,31,553            | 1,10,85,195               | 1,51,82,142           | -                 | 2,62,67,337            | 4,69,64,216         | 6,14,10,217         |
| PATENT, PATTERN AND SOFTWARES           | 48,97,388              | 13,18,721             | -                 | 62,16,109              | 31,44,312                 | 6,36,949              | -                 | 37,81,261              | 24,34,848           | 17,53,076           |
| RESEARCH-NEW PRODUCTS UNDER DEVELOPMENT | 1,79,42,731            | -                     | -                 | 1,79,42,731            | -                         | -                     | -                 | -                      | 1,79,42,731         | 1,79,42,731         |
| SOFTWARE UNDER DEVELOPMENT              | -                      | 13,28,000             | -                 | 13,28,000              | -                         | -                     | -                 | -                      | 13,28,000           | -                   |
| <b>TOTAL</b>                            | <b>9,53,35,531</b>     | <b>33,82,862</b>      | <b>-</b>          | <b>9,87,18,393</b>     | <b>1,42,29,507</b>        | <b>1,58,19,091</b>    | <b>-</b>          | <b>3,00,48,598</b>     | <b>6,86,69,795</b>  | <b>8,11,06,024</b>  |
| CWIP                                    | -                      | 14,11,31,796          | -                 | 14,11,31,796           | -                         | -                     | -                 | -                      | 14,11,31,796        | -                   |
| <b>TOTAL</b>                            | <b>-</b>               | <b>14,11,31,796</b>   | <b>-</b>          | <b>14,11,31,796</b>    | <b>-</b>                  | <b>-</b>              | <b>-</b>          | <b>-</b>               | <b>14,11,31,796</b> | <b>-</b>            |
|   | -                      | -                     | -                 | -                      | -                         | -                     | -                 | -                      | -                   | -                   |
| <b>TOTAL</b>                            | <b>62,82,48,283</b>    | <b>14,61,88,545</b>   | <b>-</b>          | <b>77,44,36,828</b>    | <b>16,43,22,649</b>       | <b>8,10,18,888</b>    | <b>-</b>          | <b>24,53,41,537</b>    | <b>52,90,95,290</b> | <b>46,39,25,634</b> |

## MARSHALL MACHINES LIMITED

## SHARE CAPITAL

NOTE NO.- 2

| PARTICULARS  | AS AT        | AS AT        |
|--|--------------|--------------|
|  | 31.03.2020   | 31.03.2019   |
| <b>(a) Authorised</b>  |              |              |
| 150,00,000 Equity Shares (Previous years 150,00,000) Equity Shares of Rs. 10 /- each         | 15,00,00,000 | 15,00,00,000 |
| <b>(b) Issued,Subscribed &amp; Paid Up</b>   |              |              |
| 1,45,50,000 (Previous Year 1,45,50,000) Equity Shares of Rs. 10/- each fully paid up in cash | 14,55,00,000 | 14,55,00,000 |
| <b>(c) Par Value per Share is Rs. 10/-</b>   |              |              |

**(d) Reconciliation of the number of equity shares outstanding**

| Particulars                                     | AS AT 31.03.2020 |              | AS AT 31.03.2019 |              |
|---|------------------|--------------|------------------|--------------|
|   | Shares           | Amount       | Shares           | Amount       |
| Shares outstanding at the beginning of the year | 1,45,50,000      | 14,55,00,000 | 1,45,50,000      | 14,55,00,000 |
| Add: Addition/(Deduction) during the year       | -                | -            | -                | -            |
| Shares outstanding at the end of the year       | 1,45,50,000      | 14,55,00,000 | 1,45,50,000      | 14,55,00,000 |

**(e) Shares in the company held by**

|                     |           |        |           |        |
|---------------------|-----------|--------|-----------|--------|
| Mr. Prashant Sarup  | 49,33,325 | 33.91% | 49,33,325 | 33.91% |
| Mr. Gaurav Sarup    | 47,76,950 | 32.83% | 47,76,950 | 32.83% |
| Mr. Ashish Kacholia | 12,63,000 | 8.68%  | 12,63,000 | 8.68%  |

**(f) Terms/rights attached to equity Shares**

The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive the realised value of the assets of the company, remaining after payment of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

## RESERVES &amp; SURPLUS

NOTE NO.- 3

| PARTICULARS  | AS AT        | AS AT        |
|--|--------------|--------------|
|  | 31.03.2020   | 31.03.2019   |
|  | In Rupees    | In Rupees    |
| <b>(a) Surplus</b>   |              |              |
| Opening Balance  | 12,32,94,445 | 12,47,43,499 |
| Add: Addition/(Deduction) during the year                            | 2,97,49,146  | 5,77,46,012  |
|  | 15,30,43,591 | 18,24,89,511 |
| Less: Tax Adjustments relating to Previous Year                      | 21,90,582    | 82,84,914    |
| Less: Bonus Shares issued  | -            | 5,33,07,200  |
| (Add)/Less: Gratuity Provision adjustments relating to Previous Year | -            | (23,97,048)  |
|  | 15,08,53,009 | 12,32,94,445 |
| <b>(b) Securities Premium Reserve</b>                                |              |              |
| Opening Balance  | 11,63,41,949 | 3,21,32,800  |
| Add: Addition during the year  | -            | 11,63,41,949 |
| Less: Deduction during the year                                      | -            | 3,21,32,800  |
|  | 11,63,41,949 | 11,63,41,949 |
| <b>TOTAL</b>   | 26,71,94,958 | 23,96,36,394 |

## BORROWINGS

NOTE NO.- 4

| PARTICULARS                 | AS AT        | AS AT       |
|-----------------------------|--------------|-------------|
|                             | 31.03.2020   | 31.03.2019  |
|                             | In Rupees    | In Rupees   |
| <b>(a) Secured Loans</b>    |              |             |
| i) Term Loans               | 8,74,61,563  | 5,99,94,565 |
| ii) Vehicle Loans           | 18,40,616    | 26,86,032   |
| <b>(b) Unsecured Loans</b>  |              |             |
| i) Term Loans               | 3,77,98,922  | 1,34,65,594 |
| ii) Loans from Shareholders | 1,01,41,535  | 76,50,000   |
| <b>TOTAL</b>                | 13,72,42,635 | 8,37,96,192 |

## MARSHALL MACHINES LIMITED

## DEFERRED TAX (ASSETS)/LIABILITY (Net)

NOTE NO.- 5

| PARTICULARS  | AS AT       | AS AT       |
|--|-------------|-------------|
|  | 31.03.2020  | 31.03.2019  |
|  | In Rupees   | In Rupees   |
| <b>Deferred Tax Liability</b>  |             |             |
| Fixed Assets: Impact of difference between tax depreciation/ Amortisation and depreciation/ Amortisation charged for the financial reporting | 3,08,25,088 | 3,43,45,816 |
| Tax effect of items constituting deferred tax liability  | 3,08,25,088 | 3,43,45,816 |
| <b>Deferred Tax Asset</b>  |             |             |
| Deferred Tax Asset   |             |             |
| Impact of expenditure charged to Profit & Loss Statement in the current year but allowed for tax purpose on payment basis                    | 8,15,953    | -           |
| Tax effect of items constituting deferred tax Asset  | 8,15,953    | -           |
| <b>Net Deferred Tax (Assets)/Liability</b>   | 3,00,09,135 | 3,43,45,816 |

**OTHER LONG TERM LIABILITIES**

NOTE NO.- 6

| PARTICULARS  | AS AT       | AS AT       |
|--|-------------|-------------|
|  | 31.03.2020  | 31.03.2019  |
|  | In Rupees   | In Rupees   |
| (a) Liabilities against Finance Lease of Plant and Machinery | 1,90,00,943 | 2,31,65,279 |
| <b>TOTAL</b>   | 1,90,00,943 | 2,31,65,279 |

**LONG TERM PROVISION**

NOTE NO.- 7

| PARTICULARS                         | AS AT      | AS AT      |
|-------------------------------------|------------|------------|
|                                     | 31.03.2020 | 31.03.2019 |
|                                     | In Rupees  | In Rupees  |
| (a) Provision for Employee Benefits | 84,71,658  | 58,32,061  |
| <b>TOTAL</b>                        | 84,71,658  | 58,32,061  |

**SHORT TERM BORROWINGS**

NOTE NO.- 8

| PARTICULARS                             | AS AT        | AS AT        |
|---|--------------|--------------|
|   | 31.03.2020   | 31.03.2019   |
|   | In Rupees    | In Rupees    |
| (a) Secured Loans                       |              |              |
| i) Loans Repayable on Demand from Banks | 18,74,90,130 | 17,11,25,421 |
| <b>TOTAL</b>                            | 18,74,90,130 | 17,11,25,421 |

**TRADE PAYABLES**

NOTE NO.- 9

| PARTICULARS      | AS AT        | AS AT        |
|------------------|--------------|--------------|
|                  | 31.03.2020   | 31.03.2019   |
|                  | In Rupees    | In Rupees    |
| Sundry Creditors | 19,94,32,163 | 16,07,98,210 |
| <b>TOTAL</b>     | 19,94,32,163 | 16,07,98,210 |

**OTHER CURRENT LIABILITIES**

NOTE NO.- 10

| PARTICULARS                               | AS AT        | AS AT        |
|---|--------------|--------------|
|   | 31.03.2020   | 31.03.2019   |
|   | In Rupees    | In Rupees    |
| (a) Current Maturities of Long Term Debts | 4,17,97,477  | 8,70,79,909  |
| (b) Other Payables                        |              |              |
| i) Statutory Duties & Taxes               | 95,15,352    | 1,52,68,534  |
| ii) Employee Benefits                     | 67,26,680    | 86,49,049    |
| iii) Advances from Customers              | 6,78,35,943  | 3,44,41,109  |
| iv) Others                                | 8,13,42,968  | 5,37,92,204  |
| <b>TOTAL</b>                              | 20,72,18,420 | 19,92,30,804 |

**SHORT TERM PROVISIONS**

NOTE NO.- 11

| PARTICULARS                         | AS AT      | AS AT       |
|-------------------------------------|------------|-------------|
|                                     | 31.03.2020 | 31.03.2019  |
|                                     | In Rupees  | In Rupees   |
| (a) Provision for Employee Benefits | 16,90,405  | 13,97,028   |
| (b) Others                          |            |             |
| - Income Tax                        | 78,89,751  | 1,28,86,149 |
| <b>TOTAL</b>                        | 95,80,156  | 1,42,83,177 |

**LONG TERM LOAN AND ADVANCES**

NOTE NO.- 12

| PARTICULARS          | AS AT      | AS AT      |
|----------------------|------------|------------|
|                      | 31.03.2020 | 31.03.2019 |
|                      | In Rupees  | In Rupees  |
| i) Security Deposits | 19,81,487  | 21,43,987  |
| <b>TOTAL</b>         | 19,81,487  | 21,43,987  |

**MARSHALL MACHINES LIMITED****INVENTORIES**

NOTE NO.- 13

| PARTICULARS   | AS AT        | AS AT        |
|---|--------------|--------------|
|   | 31.03.2020   | 31.03.2019   |
|   | In Rupees    | In Rupees    |
| (a) Raw Materials   | 6,65,30,839  | 6,04,39,067  |
| (b) Work in Progress  | 29,20,80,000 | 26,65,98,700 |
| (C) Finished Goods  |              |              |
| -Finished Material  | 9,90,36,187  | 7,18,08,691  |
| -Scrap  | 2,56,200     | 2,80,000     |
| ( Taken as Valued & Certified by the Management of the Company) |              |              |
| <b>TOTAL</b>  | 45,79,03,226 | 39,91,26,458 |

**TRADE RECEIVABLES**

NOTE NO.- 14

| PARTICULARS   | AS AT               | AS AT               |
|---|---------------------|---------------------|
|   | 31.03.2020          | 31.03.2019          |
|   | In Rupees           | In Rupees           |
| Trade Receivables<br>(Unsecured, considered good)                                       |                     |                     |
| a) Outstanding for a period exceeding six months from the date they are due for payment | 3,69,08,420         | 3,79,15,899         |
| b) Other Receivables  | 10,35,03,712        | 8,56,21,881         |
| <b>TOTAL</b>  | <b>14,04,12,132</b> | <b>12,35,37,780</b> |

**CASH & BANK BALANCES**

NOTE NO.- 15

| PARTICULARS                       | AS AT              | AS AT              |
|-----------------------------------|--------------------|--------------------|
|                                   | 31.03.2020         | 31.03.2019         |
|                                   | In Rupees          | In Rupees          |
| i) Cash in Hand                   | 1,06,66,419        | 1,57,99,072        |
| ii) Balances With Scheduled Banks |                    |                    |
| a) In Current Accounts            | 35,47,402          | 87,91,689          |
| b) In Deposit Accounts            | 3,08,86,504        | 1,76,33,740        |
| <b>TOTAL</b>                      | <b>4,51,00,324</b> | <b>4,22,24,501</b> |

**OTHER CURRENT ASSETS**

NOTE NO.- 16

| PARTICULARS                | AS AT              | AS AT              |
|----------------------------|--------------------|--------------------|
|                            | 31.03.2020         | 31.03.2019         |
|                            | In Rupees          | In Rupees          |
| Unsecured, considered good |                    |                    |
| (a) Advances to Suppliers  | 25,81,974          | 34,92,137          |
| (b) Others                 | 3,40,65,766        | 4,32,62,859        |
| <b>TOTAL</b>               | <b>3,66,47,739</b> | <b>4,67,54,996</b> |

**MARSHALL MACHINES LIMITED**
**REVENUE FROM OPERATIONS**

NOTE NO.- 17

| PARTICULARS               | YEAR ENDING         | YEARS ENDING        |
|---------------------------|---------------------|---------------------|
|                           | 31.03.2020          | 31.03.2019          |
|                           | In Rupees           | In Rupees           |
| Finished Goods            |                     |                     |
| -Domestic Sale (Gross)    | 67,70,48,191        | 75,35,47,201        |
| -Export Sale              | 1,71,98,797         | 86,90,400           |
| Other Operating Income    |                     |                     |
| -Service Charges Received | 76,13,093           | 60,14,434           |
| <b>TOTAL</b>              | <b>70,18,60,081</b> | <b>76,82,52,035</b> |

**OTHER INCOME**

NOTE NO.- 18

| PARTICULARS                       | YEAR ENDING      | YEARS ENDING     |
|-----------------------------------|------------------|------------------|
|                                   | 31.03.2020       | 31.03.2019       |
|                                   | In Rupees        | In Rupees        |
| Export Incentives                 | 2,71,307         | 1,19,088         |
| Interest (Gross)                  | 11,11,808        | 7,18,937         |
| Profit on Sale of Fixed Assets    | -                | 7,10,356         |
| Foreign Exchange Fluctuation      | 65,338           | 6,70,016         |
| Excise Rebate under Legacy Scheme | 65,81,619        | -                |
| Sundry Balance Written Off        | -                | 69,757           |
| <b>TOTAL</b>                      | <b>80,30,072</b> | <b>22,88,152</b> |

**Cost of Material Consumed**

NOTE NO.- 19

| PARTICULARS  | YEAR ENDING         | YEARS ENDING        |
|--|---------------------|---------------------|
|  | 31.03.2020          | 31.03.2019          |
|  | In Rupees           | In Rupees           |
| Raw Material   |                     |                     |
| Opening Stock  | 6,04,39,067         | 14,20,73,150        |
| Add: Purchases (net)                                     | 35,99,40,952        | 40,51,27,940        |
|  | 42,03,80,019        | 54,72,01,090        |
| Less: Closing Stock                                      | 6,65,30,839         | 6,04,39,067         |
| <b>Cost of raw material consumed during the year (A)</b> | <b>35,38,49,180</b> | <b>48,67,62,023</b> |

**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE**

NOTE NO.- 20

| PARTICULARS                                       | YEAR ENDING          | YEARS ENDING         |
|---|----------------------|----------------------|
|   | 31.03.2020           | 31.03.2019           |
|   | In Rupees            | In Rupees            |
| <b>Opening Stocks</b>                             |                      |                      |
| -Work in Process                                  | 26,65,98,700         | 16,20,69,170         |
| -Finished Material                                | 7,18,08,690          | 7,86,10,310          |
| -Scrap  | 2,80,000             | 2,25,500             |
| (A)   | 33,86,87,390         | 24,09,04,980         |
| <b>Closing Stocks</b>                             |                      |                      |
| -Work in Process                                  | 29,20,80,000         | 26,65,98,700         |
| -Finished Goods                                   | 9,90,36,187          | 7,18,08,691          |
| -Scrap  | 2,56,200             | 2,80,000             |
| (B)   | 39,13,72,387         | 33,86,87,391         |
| <b>DECREASE/(INCREASE) IN INVENTORIES (A-B-C)</b> | <b>(5,26,84,996)</b> | <b>(9,77,82,411)</b> |

**MARSHALL MACHINES LIMITED**

**EMPLOYEE BENEFITS EXPENSE**

NOTE NO.- 21

| PARTICULARS                           | YEAR ENDING<br>31.03.2020 | YEARS ENDING<br>31.03.2019 |
|---------------------------------------|---------------------------|----------------------------|
|                                       | In Rupees                 | In Rupees                  |
| Wages,Salaries & Other Allowances     | 6,49,38,938               | 5,33,72,079                |
| Contribution to PF, ESI & Other Funds | 22,21,176                 | 20,12,437                  |
| Staff & Labour Welfare                | 11,31,543                 | 22,74,164                  |
| <b>TOTAL</b>                          | <b>6,82,91,657</b>        | <b>5,76,58,680</b>         |

**FINANCIAL COSTS**

NOTE NO.- 22

| PARTICULARS               | YEAR ENDING<br>31.03.2020 | YEARS ENDING<br>31.03.2019 |
|---------------------------|---------------------------|----------------------------|
|                           | In Rupees                 | In Rupees                  |
| a) Bank Charges           | 41,62,181                 | 29,60,739                  |
| b) Interest on            |                           |                            |
| i) Working Capital Limits | 1,41,21,029               | 1,94,65,103                |
| ii) Term Loans            | 2,22,36,881               | 1,26,62,701                |
| iii) Others               | 7,70,214                  | 20,19,965                  |
| <b>TOTAL</b>              | <b>4,12,90,304</b>        | <b>3,71,08,507</b>         |

**OTHER EXPENSES**

NOTE NO.- 23

| PARTICULARS                                 | YEAR ENDING<br>31.03.2020 | YEARS ENDING<br>31.03.2019 |
|---|---------------------------|----------------------------|
|   | In Rupees                 | In Rupees                  |
| <b>MANUFACTURING EXPENSES</b>               |                           |                            |
| Custom Duty Expenses                        | 11,11,004                 | 32,47,982                  |
| Job Work Expenses                           | 18,82,674                 | 45,36,538                  |
| Power and Fuels                             | 38,48,098                 | 21,28,074                  |
| Packing Charges                             | 3,79,422                  | 38,544                     |
| <b>ADMINISTRATIVE EXPENSES</b>              |                           |                            |
| Annual Maintenance Charges                  | 1,89,193                  | 6,77,754                   |
| Audit Fee                                   | 3,50,000                  | 3,75,000                   |
| Car Running Repairs & Maintenance Charges   | 12,52,943                 | 13,65,803                  |
| Director Sitting Fees                       | 2,25,000                  | -                          |
| Entertainment Expenses                      | 2,15,340                  | 3,67,228                   |
| Festival Expenses                           | 8,34,671                  | 5,83,689                   |
| Fees, Rates and Taxes                       | 5,47,158                  | 4,03,262                   |
| Generator Rent                              | 2,28,000                  | 2,28,000                   |
| Insurance Expenses                          | 18,88,706                 | 16,09,411                  |
| Legal and Professional Charges              | 50,57,861                 | 62,39,607                  |
| Misc. Expenses                              | 12,40,923                 | 9,68,183                   |
| Postage and Courier Expenses                | 6,73,814                  | 10,39,396                  |
| Printing and Stationery Charges             | 9,61,413                  | 7,40,236                   |
| Rebate and Discounts                        | 16,96,675                 | -                          |
| Repairs and Maintenance                     | 21,93,387                 | 18,34,351                  |
| Rent  | 32,72,819                 | 32,14,596                  |
| Machinery Rent                              | 26,69,494                 | 6,64,095                   |
| Security Guard Expenses                     | 1,16,000                  | 6,55,000                   |
| Telephone Expenses                          | 8,53,776                  | 9,39,540                   |
| Travelling Expenses                         | 1,72,00,645               | 91,63,189                  |
| Corporate Social Responsibility Expenses    | 8,03,560                  | 1,31,000                   |
| <b>SELLING &amp; DISTRIBUTION EXPENSES</b>  |                           |                            |
| Advertisement & Business Promotion Expenses | 1,96,44,973               | 96,75,880                  |
| Freight & Cartage Outward                   | 25,14,779                 | 24,43,152                  |
| Brokerage & Commission                      | 1,78,976                  | -                          |
| Loading & Unloading Charges                 | 4,52,200                  | 2,52,087                   |
| <b>TOTAL</b>                                | <b>7,24,83,506</b>        | <b>5,35,21,595</b>         |



**MARSHALL MACHINES LIMITED****Notes to the Financial Statements****Note 1: Significant Accounting Policies****A. General Information**

**Marshall Machines Limited** (the "Company") was incorporated on May 23, 1994 as a private limited company under the provisions of Companies Act, 1956 with Registrar of Companies, Punjab, H.P. & Chandigarh in the name and style of V. B. Spinning Mills Private Limited. The Company's name was changed to Marshall Machines Private Limited on January 02, 2002. The Company is engaged in the business of developing, manufacturing and marketing of Machine Tool Equipment including wide range of single spindle, patented double and four spindle CNC machines, automated robotic solutions and patent pending IoT suite of intelligent equipment. The Company has its manufacturing base in Ludhiana and also have a R&D, Marketing and Technology Display Centre at IMT Manesar, Gurugram.

The name of the company has been changed to "Marshall Machines Limited" from "Marshall Machines Private Limited" pursuant its conversion into a public company vide shareholders' approval dated April 24, 2018 and a fresh Certificate of Incorporation dated May 17, 2018 was issued by Registrar of Companies, Chandigarh.

**B. Significant Account Policies****a) Basis of Preparation:**

The financial statements are prepared as per the going concern basis assumption in accordance with the Generally Accepted Accounting Principles in India and applicable accounting standards as prescribed by the Indian Companies Act under the historical cost convention on accrual basis.

**b) Use of Estimates**

The preparation of financial statements of the company in conformity with Generally Accepted Accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, reported amounts of revenue and expenses, disclosure of contingent assets and liabilities on the date of the financial statements and the results of operations during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may

ultimately differ from these estimates, which are recognized in the period in which the results materialize.

**c) Property, Plant & Equipment**

Property, Plant & Equipment are stated at cost net of duty credit availed less depreciation. Cost includes duties, freight and other incidental expenses related to acquisition, improvements and installation of the assets. Expenses incurred on capital assets are carried on as capital work in progress till the same are ready for use.

Machinery spares which are specific to particular items of fixed assets and whose use is irregular are capitalized as part of the cost of machinery.

**d) Depreciation**

Depreciation is provided on "Written Down Value Method", as per the useful life prescribed in Schedule II of the Companies Act, 2013.

**e) Cash flow statement**

Cash flows are reported using indirect method, whereby net profit before extraordinary items and tax is adjusted for the effects of non-cash nature, any deferrals or accruals of past or future cash receipt or payments. The cash flows from operating, investing and financial activities of the Company are segregated based on the available information.

**f) Investments**

The company does not have any investments.

**g) Inventories**

Inventories are valued as follows:

- Raw Materials at cost or net realizable value whichever is lower
- Materials lying under Process are valued at cost of raw Materials plus Conversion cost incurred upto the time of process.
- Finished Goods have been valued at Cost or net realizable value whichever is lower.
- Scrap is valued at Net Realizable value

**h) Revenue Recognition**



**Sale of Goods:** Sales are recognized when significant risks and rewards of ownership in the goods have been transferred to the customers as per the terms of contracts and are recognized net of trade discounts, excise discounts and sales taxes.

**Sale of Services:** In contracts involving the rendering of services, revenue is measured using the proportion completion method and are recognized net of taxes.

**i) Other Income**

Interest Income is accounted for on accrual basis. Company has availed the benefit of Amnesty scheme of Excise & Service Tax under which it has incurred a tax relief of Rs. 65,81,619.00 which has been accordingly included in the income of the company under the Head "Other Income".

**j) Employee Benefits**

Employee benefits include provident fund, employee state insurance scheme, gratuity and performance incentives

**Provident Fund:**

Contributions to Provident Fund are made in accordance with the provisions of the Provident Fund Act, 1952 through funds administered by the Regional Provident Fund Commissioner.

**Gratuity:**

The Company has Defined Benefit plan, namely for gratuity for employees, the liability for which is determined on the basis of an actuarial valuation (using the Projected Unit Credit Method) at the end of the year. Gains and losses arising out of actuarial valuations are recognized immediately in the Statement of Profit and Loss as income or expense.

**k) Borrowing Cost**

Borrowing cost that are directly attributable to acquisition or construction of qualifying assets are treated as part of cost of capital assets. Other borrowing cost are treated as expenses for the period in which they are incurred.

**l) Leases**

Lease of assets under which, all the risks and benefits of ownership are effectively transferred by the lessor are classified as financial Lease. Leased assets are recognized in the balance sheet and accordingly the lease amount payable. In respect of assets taken on

financial lease interest expense on debt & depreciation has been charged to the Statement of Profit and Loss.

**m) Foreign Currency Transactions**

Transactions in foreign currencies are accounted for at equivalent rupee value incurred /earned in foreign Currency. Currents Assets & Liabilities at the year-end are re-aligned at the applicable exchange rates and variations are charged to Statement of Profit & loss.

**n) Treatment of Prior Period and Extra Ordinary Items**

(i) Any material (other than those arising out of over/ under estimation in earlier years) arising as a result of error or omission in preparation of earlier years financial statements are separately disclosed.

(ii) Any material gains/ losses which arise from the events or transaction which are distinct from ordinary activities of the company are separately disclosed.

**o) Taxes on Income**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of net profit and loss for the period. Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws of India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. Accordingly, MAT is recognized as an asset in the balance sheet when the asset is can be measured reliably and it is probable that future economic benefit associated with the asset will fructify.

Deferred Tax is recognized to that extent only, subject to consideration of prudence in respect of deferred tax assets, or timing differences, being the differences between the taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years, having tax consequences. Deferred tax assets and liabilities are measured using the tax rates and tax laws as enacted or substantively enacted by the balance sheet date. Deferred



tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realizability.

p) **Related Party Transactions**

Disclosure is being made separately for all the transactions with related parties as specified under AS-18 issued by ICAI.

q) **Impairment Assets**

At each balance sheet date the Company assesses whether there is any indication that an asset may be impaired. If any such indications exist, the Company estimates the recoverable amount and if the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the Statement of Profit and Loss to the extent the carrying amount exceeds the recoverable amount.

r) **Provisions, Contingent liabilities and Contingent Assets**

Provisions are recognized when there is a present obligation as a result of a past event and it is probable that an outflow or resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are not discounted to its present value.

Contingent Liability: A disclosure of contingent liability is made when there is a present obligation that may require an outflow of resources or where a reliable estimate of such obligation cannot be made.

**Note 25: Details of Security For Secured borrowings ( Short Term &Term Loans)**

Term loans from Banks & Financial Institutions are secured by first parri passu charge on the underlying fixed assets of the company. Short Term borrowings taken as Cash credit are secured by equitable mortgage created on all the immovable assets of the company and further secured by first Parri-passu charge on the entire current assets of the company. Deatils of securities provided by the company against the debts of banks & financial Institutions are as follows:

| Nature of debt                          | Financial Institution                | Security Offered   |
|---|--------------------------------------|--|
| Cash Credit Limit & Machinery Term Loan | HDFC Bank Limited                    | 1. Equitable mortgage of properties situated at C-86, Phase- V, Focal Point Ludhiana & D-116 A, Phase- V, Focal Point, Ludhiana.<br>2. First Charge in favor of bank by way of hypothecation of entire stocks of Raw Materials, WIP, Semi Finished Goods, and finished goods, consumable stores & spares including book debts both present & future of the company.<br>3. Unconditional & irrevocable personal guarantees of all the directors and property holders. |
| Machinery Term loans                    | Other Banks & Financial Institutions | Hypothecation of plant & machinery financed and FDRs given as margins to respective financial institutions.  |

**Note 26: Research and Development Activities**

The company is into the business of manufacturing of advanced machinery and machinery products wherein it has developed various machines through its in-house research activities. During the year the company has developed many high technology, import substitute machines for Aerospace & Medical Industries through in house research. These include Vertical Machining Centers, Twin Turret machines & Turn Mill Centers. The company has also developed several Industry 4.0 technologies for Universal Machine Monitoring & Predictive Maintenance. During the year the company has incurred an amount of Rs. 7,36,141 on Research & Development.

**Note 27: Employee Benefit Obligations**

a) **Defined Contribution Plans**

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions to these plans payable by the Company are at rates specified in the rules of the schemes.

b) **Defined Benefit Plans**

**Gratuity:** Every employee who departs the company after completion of 5 years of service or more is eligible for gratuity calculated at fifteen days salary (last drawn salary) for each completed year of service, in accordance with the Payment of Gratuity Act, 1972. The same is payable at the time of



separation or retirement, whichever is earlier. The benefits vest after 5 years of continuous service.

**Changes in present value of obligation**

| Particulars   | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|-----------------------|-----------------------|
| Present value of obligation as at beginning of the period | 72,29,089             | 1,00,99,988           |
| Acquisition adjustment                                    | 0                     | 0                     |
| Interest Cost   | 5,50,857              | 7,76,689              |
| Past Service Cost   | 0                     | 0                     |
| Current Service Cost                                      | 17,53,749             | 13,69,192             |
| Curtailment Cost/ (Credit)                                | 0                     | 0                     |
| Settlement Cost/ (Credit)                                 | 0                     | 0                     |
| Benefits Paid   | 0                     | (44,712)              |
| Actuarial (gain)/ loss on obligation                      | (6,28,368)            | (49,72,068)           |
| Present Value of obligations at the end of the year       | 1,01,62,063           | 72,29,089             |

**Amount recognized in Balance Sheet**

| Particulars  | Year ended 31.03.2020 | Year ended 31.03.2019 |
|--|-----------------------|-----------------------|
| Present value of obligation at the end of the year     | 1,01,62,063           | 72,29,089             |
| Fair Value of Plan Assets at the end of the year       | 0                     | 0                     |
| Funded Status  | (1,01,62,063)         | (72,29,089)           |
| Unrecognised Actuarial (gain)/ loss                    | 0                     | 0                     |
| Net Asset/ (Liability) recognized in the Balance Sheet | (1,01,62,063)         | (72,29,089)           |

**Expense recognized in Statement of Profit and Loss**

| Particulars   | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|-----------------------|-----------------------|
| Current Service Cost                                    | 17,53,749             | 13,69,192             |
| Past Service Cost                                       | 0                     | 0                     |
| Interest Cost   | 5,50,857              | 7,69,689              |
| Expected Return on Plan Assets                          | 0                     | 0                     |
| Curtailment Cost/ (Credit)                              | 0                     | 0                     |
| Settlement Cost/ (Credit)                               | 0                     | 0                     |
| Net actuarial (gain)/ loss recognized in the year       | (6,28,368)            | (49,72,068)           |
| Expenses recognized in the statement of Profit and Loss | (29,32,974)           | (28,26,187)           |

**Assumptions**

| Particulars                                      | Year ended 31.03.2020 | Year ended 31.03.2019 |
|--|-----------------------|-----------------------|
| Discount Rate                                    | 6.65%                 | 7.69%                 |
| Fair Value of Plan Assets at the end of the year | 5.00%                 | 5.00%                 |
| Rate of Return on Planned Assets                 | Not Applicable        | Not Applicable        |
| Expected Future Service                          | 21.84 Years           | 22.41 Years           |

**Leave Encashment:** The employees of the Company are entitled to leave encashment for each year of service and part thereof and subject to the limits specified the unavailed portion of such leaves can be accumulated or encashed during/ at the end of the service period. The plan is not funded. Leave Encashment liabilities are being accounted for by the company on due basis.

**Note 28: Contingent Liabilities (to the extent not provided for)**

(Rs. In Lacs)

| Particulars                         | 31.03.2020 | 31.03.2019 |
|-------------------------------------|------------|------------|
| (a) Claim not acknowledged as debts | -          | -          |



|     |     |                                   |        |       |
|-----|-----|-----------------------------------|--------|-------|
|     | i)  | Sales Tax under appeal            | -      | -     |
|     | ii) | Income Tax under appeal           | -      | -     |
| (b) |     | Bank Guarantees/ Letter of Credit | 249.93 | 62.95 |
| (c) |     | Capital commitments.              | -      | -     |

**Note 29: Deferred Taxation**

The major components of deferred taxation arising out of timing differences determined in accordance with the provisions of AS-22 are as follows:

| (Rs. in Lacs)   |               |               |
|---|---------------|---------------|
| Particulars   | 31.03.2020    | 31.03.2019    |
| <b>Deferred Tax Liabilities</b>   | 343.46        | 187.94        |
| Addition during the year due to timing difference on account of depreciation/ amortization      | 0.00          | 155.52        |
| Total (A)   | 343.46        | 343.46        |
| <b>Deferred Tax Assets</b>  | 35.21         | 1.41          |
| On account of expenditure claimed in books but allowable under Income Tax only on payment basis | 8.16          | (1.41)        |
| Total (B)   | 43.37         | -             |
| <b>Net Deferred Tax Liabilities [A-B]</b>   | <b>300.09</b> | <b>343.46</b> |

**Note 30: Micro, Small and Medium Enterprises**

With the promulgation of the Micro, Small and Medium Enterprises Development Act, 2006, the Company is required to identify Micro, Small and Medium Enterprise (MSME) suppliers and pay them interest on overdue beyond the specified period irrespective of the terms with the suppliers. The Company has circulated letter to all suppliers seeking their status. Response from some of the suppliers is still awaited. In the absence such responses, we are unable to reliably estimate the liability of interest nor the required disclosures could be made, However management is of the opinion that liability in any case will be insignificant having regard to the supplier's profile of the company.

**Note 31: Transfer of unpaid dividend claim to IEPF**

Pursuant to the provisions of section 205A and 205C of the Companies Act, as amended, read with Investor Education and Protection fund (awareness and Protection of Investors) rules, 2001, dividend which remains unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. As the company has not declared any dividend as of 31 March 2020, no such amounts were due to be transferred to the IEPF by the Company.

**Note 32: Director's Remuneration:**

| (Rs. in Lacs)                      |         |         |
|------------------------------------|---------|---------|
| Particulars                        | 2019-20 | 2018-19 |
| i) Salary                          | 84.00   | 84.00   |
| ii) Contribution of Provident Fund | -       | -       |
| iii) Monetary value of perquisites | -       | -       |
| Total                              | 84.00   | 84.00   |

**Note 33: Auditor's Remuneration**

| (Rs. in Lacs)                       |         |         |
|-------------------------------------|---------|---------|
| Particulars                         | 2019-20 | 2018-19 |
| (a) Amount paid/payable to auditors |         |         |
| i) Statutory Audit                  | 1.75    | 2.00    |
| ii) Tax Audit                       | 1.75    | 1.75    |
| iii) Reimbursement of Expenses      | -       | -       |

**Note 34: Segmental Information**

The Company is engaged in the business of developing, manufacturing and marketing of Machine Tool Equipment including wide range of single spindle, patented double and four spindle CNC machines, automated robotic solutions i.e same type/class of services and has no other operations and as such there is no reportable segment as per Accounting Standard (AS-17) dealing with the Segment Reporting.

**Note 35: Related Parties Disclosure****Names of related parties and related party relationships**

a) Key Management Personnel and Relatives of Key Managerial Personnel

**Mr. Gaurav Sarup** (Managing Director)

**Mr. Prashant Sarup** (Joint Managing Director)

**Mr. Siddhant Sarup** (Director)

**Mrs. Archana Sarup** (Director)

b) Enterprises in which key management personnel have significant influence

**Marshall Industries**

**Details of transaction with related parties are as follows:**

(Rs. In Lacs)

|           |  | 2019-20          | 2018-19           |
|-----------|--|------------------|-------------------|
| <b>1)</b> | Rent paid to related parties   |                  |                   |
|           | Enterprises in which key management personnel have significant influence | 2.40             | 2.40              |
| <b>2)</b> | Managerial Remuneration paid   |                  |                   |
|           | Key Managerial Persons and their relatives                               | 96.40            | 96.40             |
| <b>3)</b> | Loan Received/ (Repaid)  |                  |                   |
|           | Key Managerial Persons and their relatives                               | -                | -                 |
| <b>4)</b> | Interest Paid  |                  |                   |
|           | Key Managerial Persons and their relatives                               | -                | -                 |
| <b>5)</b> | Closing Balances of Related Parties at 31.03.2020                        | 4.34<br>(Credit) | 20.15<br>(Credit) |

Based on the information provided to us, no other related party transactions have taken place for the above mentioned years.

**Note 36: Earnings Per share (EPS)**





| Particulars  | 2019-20            | 2018-19            |
|--|--------------------|--------------------|
| Profit after tax attributable Equity shareholders<br>(Numerator used for calculating basic EPS)      | Rs.2,97,49,146     | Rs.5,77,46,102     |
| Weighted average number of equity share outstanding<br>(Denominator used for calculating basic (EPS) | 1,45,50,000 shares | 1,16,10,723 shares |
| Earnings / share (EPS)   | Rs. 2.04           | Rs. 4.97           |

**Note 37: Impact of Covid-19**

In March 2020, World Health Organization (WHO) has declared the outbreak of Novel Corona virus "Covid-19" as a pandemic. This pandemic has severely impacted businesses around the globe. In many countries, including India, there has been severe disruption to regular business operations. Complying with the directives of Government, Entire factories units and offices of the Company have been under lock-down impacting its operations. The Company is monitoring the situation closely and the overall impact on the business of the Company will depend on future development which cannot be reliable predicted.

The Company has made intensive efforts to surpass the Covid challenge through an enhanced hygiene and adherence to the social distancing norms, use of masks and sanitizers etc. The Company is committed to ensure the safety and wellbeing of its employees.

In compliance with the relaxations given by the Ministry of Home Affairs (MHA) and after seeking approval from the concerned State Govt. authorities, wherever required, the Company started limited operation at its manufacturing facilities. With the easing of lockdown norms and openingup of markets, the capacity utilization of all of our manufacturing plants is gradually increasing over a period of time.

The Company has availed Covid-19 emergencies working capital loans and deferment of interest and installments from bankers to meet temporary liquidity mismatch and maintain its day to day operations.

The Company is continuously monitoring the impact on the operations and financials of the company and taking necessary steps in the best interest of its people, customers and communities and is confident that the demand situation will resume to its normalcy gradually.

**Note 38:**

Balances under the heads of Loans and Advances, Sundry Debtors, Sundry Creditors, Unsecured Loans are relied upon and subject to confirmations & reconciliations. Further, Sundry Debtors do not include any debts due from directors.

**For S. Sood & Co.****For Marshall Machines Limited****Chartered Accountants****FRN 010801N****(Sanjay Sood)****(Mr. Prashant Sarup)****(Mr. Gaurav Sarup)****Partner****(Director)****(Managing Director)****M.No. 089457****(DIN:01257440)****(DIN:00777489)****UDIN:20089457AAAAAT1658****Place: Ludhiana****Date: 23<sup>rd</sup> July, 2020**



**MARSHALL MACHINES LIMITED**

CIN: L29299PB1994PLC014605

Registered Office: C-86, Phase -V, Focal Point, Ludhiana - 141010

Email: csmarshall@marshallcnc.com

Website: www.marshallcnc.com

**ATTENDANCE SLIP**

**Venue of the Meeting**

Marshall Machines Limited  
Registered Office: C-86, Phase – V,  
Focal Point, Ludhiana – 141010

**Day, Date and Time**

Monday, 28<sup>th</sup> December, 2020 at 11:00 a.m.

Full Name of the Member Attending:

\_\_\_\_\_

Ledger Folio No. / Client ID No:

\_\_\_\_\_

Number of Shares Held:

\_\_\_\_\_

Number of Proxy:

\_\_\_\_\_

(To be filled in, if the proxy attends instead of the member)

I certify that I am a registered shareholder/proxy for the registered Shareholder of the Company and hereby record my presence at the 26<sup>th</sup> Annual General Meeting of the MARSHALL MACHINES LIMITED (the Company) held on Monday, 28<sup>th</sup> December, 2020 at 11:00 a.m. at Registered Office at C-86, Phase – V, Focal Point, Ludhiana – 141010

\_\_\_\_\_

**Member's/Proxy's Signature**

Note:

Please fill this attendance slip and hand it over at the entrance of the meeting venue.



**MARSHALL MACHINES LIMITED**

CIN: L29299PB1994PLC014605

Registered Office: C-86, Phase -V, Focal Point, Ludhiana - 141010

Email: csmarshall@marshallcnc.com

Website: www.marshallcnc.com

**FORM MGT – 11**

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Member(s) ; \_\_\_\_\_

Registered Address: \_\_\_\_\_

Email ID : \_\_\_\_\_

Folio No. : \_\_\_\_\_

I/We, being the member(s) of \_\_\_\_\_ Equity Shares of the above-named Company, hereby appoint

Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at 26<sup>th</sup> Annual General Meeting of members of the Company, to be held on Monday, 28<sup>th</sup> December, 2020 at 11:00 a.m. at C-86, Phase – V, Focal Point, Ludhiana – 141010 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution no.            | Brief details of the Resolution   |
|---------------------------|---|
| <b>ORDINARY BUSINESS:</b> |   |
| 1.                        | Adoption of Audited Financial Statement of the Company for the Financial Year ended 31 <sup>st</sup> March, 2020 along with the Reports of Directors and Auditors thereon |
| 2.                        | Re-appointment of Mr. Prashant Sarup (DIN: 01257440), who retires by rotation as a director and being eligible, offers himself for re-appointment as a director.          |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Signature of shareholder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp of  
Rs. 1/-

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, before the commencement of the Meeting.**



**ROUTE MAP: 26<sup>th</sup> Annual General Meeting (AGM)**

**MARSHALL MACHINES LIMITED**  
C-86, Phase – V, Focal Point,  
Ludhiana – 141010

