



MARSHALL MACHINES LIMITED

Our Company was originally incorporated as a private limited company under the Companies Act, 1956 as V.B. Spinning Mills Private Limited vide certificate of incorporation dated May 23, 1994 issued by the Registrar of Companies, Punjab, H.P. & Chandigarh. Subsequently, a fresh certificate of incorporation dated January 02, 2002 was issued by Registrar of Companies, Punjab, H.P. & Chandigarh, pursuant to change of name of our Company from V.B. Spinning Mills Private Limited to Marshall Machines Private Limited. Subsequently, the name of the company was changed to Marshall Machines Limited pursuant to conversion into a public company vide shareholder's approval dated April 24, 2018 and vide fresh certificate of incorporation dated May 17, 2018 issued by Registrar of Companies, Chandigarh. Our Company successfully launched its IPO and get listed in NSE Emerge (SME Platform) w.e.f. September 07, 2018. The Company through its postal ballot resolution passed dated September 10, 2021 with the requisite majority of the shareholders, migrated from NSE Emerge to Main Board of NSE w.e.f. November 11, 2021. For details of the change in the address of the registered office of our Company, see "General Information" on page 55 of this Draft Letter of Offer.

Corporate Identification Number: L29299PB1994PLC014605

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

Contact No: +91-161-5012406, 5012407, 5019648 | **Contact Person:** Ms. Gauri Agarwal, Company Secretary and Compliance Officer;

Email-ID: csmarshall@marshallcnc.com | **Website:** www.marshallcnc.com

PROMOTER OF OUR COMPANY MR. PRASHANT SARUP AND MR. GAURAV SARUP

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF MARSHALL MACHINES LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF UPTO [•]* FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("RIGHTS EQUITY SHARES") AT A PRICE OF ₹ [•]/- PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ [•]/- (RUPEES [•] ONLY) PER EQUITY SHARE) ("ISSUE PRICE") FOR AN AMOUNT NOT EXCEEDING ₹ 4567.50 LAKHS ON A RIGHTS ISSUE BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF MARSHALL MACHINES LIMITED IN THE RATIO OF [•] RIGHTS EQUITY SHARES FOR EVERY [•] EQUITY SHARES HELD BY SUCH ELIGIBLE EQUITY SHAREHOLDERS AS ON THE RECORD DATE, THAT IS ON [•] ("ISSUE"). THE ISSUE PRICE OF THE RIGHTS ISSUE IS [•] TIMES THE FACE VALUE OF THE EQUITY SHARE. FOR FURTHER DETAILS, KINDLY REFER TO THE SECTION TITLED "TERMS OF THE ISSUE" ON PAGE 269 OF THIS DRAFT LETTER OF OFFER (the "DLOF"). *Assuming full subscription. Subject to finalisation of the Basis of Allotment.

WILFUL DEFAULTERS AND/ OR FRAUDULENT BORROWER(S)

Neither our Company, nor our Promoters, or Directors are or have been categorized as wilful defaulters or fraudulent borrowers by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters or fraudulent borrowers issued by the Reserve Bank of India.

GENERAL RISK

Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and this Issue including the risks involved. The Rights Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. Investors are advised to refer section titled "Risk Factors" beginning on page 27 of this Draft Letter of Offer before investing in the Issue.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of the company are listed on the National Stock Exchange of India Limited ("NSE" and / or "Stock Exchange"). Our Company has received 'in-principle' approvals from the NSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide NSE letters dated [•]. Our Company will also make applications to the NSE to obtain trading approval for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purpose of this Issue, the Designated Stock Exchange is NSE.

LEAD MANAGER TO THE ISSUE



KUNVARJI FINSTOCK PRIVATE LIMITED
Registered Office: Block B, First Floor, Siddhi Vinayak Towers, Off S.G. Highway Road, Mouje Makarba, Ahmedabad- 380051
Corporate Office: 1208-20, 12th Floor, Summit Business Bay, Opp. PVR Cinema, Near Western Express Highway – Metro Station, Andheri(E), Mumbai - 400093
CIN: U65910GJ1986PTC008979
Contact Person: Mr. Niraj Thakkar/ Mr. Jiten Patel
Tel No.: +91 79 6666 9000 | +91 022 6985 0000
Email ID/Investor Grievance Email: mb@kunvarji.com
Website: www.kunvarji.com
SEBI Registration No.: INM000012564

REGISTRAR TO THE ISSUE



BIGSHARE SERVICES PRIVATE LIMITED
Address: Office No S6-2, 6th floor Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai – 400093.
Contact Person: Mr. Jibu John
Tel No.: +91 022-62638200/22
Facsimile: 022-62638280
Email: rightsissue@bigshareonline.com
Investor grievance e-mail: investor@bigshareonline.com
Website: www.bigshareonline.com
SEBI Registration No: INR000001385

ISSUE PROGRAMME

ISSUE OPENING DATE

**LAST DATE FOR MARKET
RENUNCIATION***

ISSUE CLOSING DATE**

[•]

[•]

[•]

*Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.

**Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Draft Letter of Offer uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalized terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective Applicant only and is not exhaustive.

In this Draft Letter of Offer uses the definitions and abbreviations set forth below, which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines, or policies shall be to such legislation, act, regulation, rules, guidelines, or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

In this Draft Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to ‘the Company’, ‘we’, ‘our’, ‘Our Company’, ‘us’ or similar terms are to Marshall Machines Limited as the context requires, and references to ‘you’ are to the Eligible Shareholders and/ or prospective Investors in this Rights Issue of Equity Shares.

The words and expressions used in this Draft Letter of Offer, but not defined herein, shall have the same meaning (to the extent applicable) ascribed to such terms under the SEBI (ICDR) Regulations, the Companies Act, 2013, the SCRA, the Depositories Act, and the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in section titled “Statement of Tax Benefits”, “Industry Overview”, “Financial Information”, “Outstanding Litigations, Defaults and Material Developments” and “Terms of the Issue” beginning from pages 73, 77, 125, 251 and 269 respectively, shall have the meaning given to such terms in such sections.

General Terms

| Term | Description |
|--|---|
| “Company”, “Our Company”, “the Company”, “the Issuer” or “MML” | Marshall Machines Limited, a public limited company incorporated under the provisions of the Companies Act, 1956, as amended from time to time having its Registered Office situated at C-86, Phase - V, Focal Point, Ludhiana 141010, Punjab, India; |
| “We”, “Us”, “Our” or “Our Company” | Unless the context otherwise indicates or implies, refers to Marshall Machines Limited together; |

Company Related Terms

| Term | Description |
|---|--|
| AoA/ Articles of Association | The Articles of Association of Marshall Machines Limited, as amended from time to time; |
| Audit Committee | The committee of the Board of Directors constituted as our Company’s audit committee in accordance with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of the SEBI (LODR) Regulations, as described in “Our Management – Committees of our Board” on page 117; |
| Auditors/ Statutory Auditors/ Peer Review Auditor | The statutory auditor of our Company, being, M/s. S. Sood & Co., Chartered Accountants; |
| Board of Directors/ Board | The Board of Directors of Marshall Machines Limited, including all duly constituted Committees thereof; |

| Term | Description |
|---|--|
| Chairperson & Managing Director | Mr. Gaurav Sarup; |
| Companies Act | The Companies Act, 2013 and rules issued thereunder, as amended; |
| Company Secretary and Compliance Officer | The Company Secretary and Compliance Officer of our Company, being Ms. Gauri Agarwal; |
| Chief Financial Officer/ CFO | The Chief Financial Officer of our Company, being Mr. Prashant Sarup; |
| Corporate Social Responsibility (CSR) Committee | The committee of the Board of Directors constituted in accordance with the provisions of Section 135 of the Companies Act, 2013; |
| Directors | The director(s) on the Board of our Company, unless otherwise specified; |
| Eligible Shareholder(s) | Eligible holder(s) of the Equity Shares of Marshall Machines Limited as on the Record Date; |
| Equity Shares | Equity Share of the Company having Face Value of ₹ 10/- (Rupee Ten Only), unless otherwise specified; |
| Financial Information | Collectively, Restated Audited Financial Statement; |
| Independent Director | Independent directors on the Board and eligible to be appointed as an Independent Director under the provisions of Companies Act and SEBI (LODR) Regulations. For details of the Independent Directors, please refer to section titled “ <i>Our Management</i> ” beginning on page 112; |
| ISIN | International Securities Identification Number being INE00SZ01018; |
| Key Management Personnel/ KMP | Key management personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI (ICDR) Regulations and Section 2(51) of the Companies Act, 2013. For details, please refer to section titled “ <i>Our Management</i> ” beginning on page 112; |
| MoA/ Memorandum of Association | The Memorandum of Association of Marshall Machines Limited, as amended from time to time; |
| Nomination and Remuneration Committee | The committee of the Board of directors reconstituted as our Company’s Nomination and Remuneration Committee in accordance with Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI (LODR) Regulations; |
| Promoters | The Promoters of our Company, being Mr. Prashant Sarup and Mr. Gaurav Sarup |
| Promoter Group | Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations |
| Registered Office | The registered office of our Company located at C-86, Phase - V, Focal Point, Ludhiana 141010, Punjab, India |
| Registrar of Companies/ RoC | Registrar of Companies, Chandigarh, Punjab, situated at 1 st Floor, Corporate Bhawan, Plot No.4-B, Sector 27-B, PIN-160019, Chandigarh; |
| Restated Audited Financial Statements/ Restated Financial Information | Our Restated Ind AS financial statements of our Company for the years ended March 31, 2023, March 31, 2022 and March 31, 2020, prepared in accordance with Ind AS and restated in accordance with Section 26 of Part 1 of Chapter III of the Companies Act, 2013, the SEBI ICDR Regulations; |
| Shareholders | The equity shareholders of our Company, from time to time, unless otherwise specified in the context thereof; |
| Stakeholders’ Relationship Committee | The committee of the Board of Directors constituted as our Company’s Stakeholders’ Relationship Committee in accordance with Section 178 of the Companies Act, 2013 read with Regulation 20 of SEBI LODR Regulations 2015. |

General Issue Related Terms

| Term | Description |
|---|---|
| Abridged Letter of Offer | Abridged Letter of Offer to be sent to the Eligible Shareholders with respect to the Issue in accordance with the provisions of the SEBI (ICDR) Regulations and the Companies Act; |
| Additional Rights Equity Shares | The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement; |
| Allot/ Allotment/ Allotted | Unless the context requires, the allotment of Rights Equity Shares pursuant to this Issue; |
| Allotment Account | The account opened with the Banker to the Issue, into which the Application Money lying to the credit of the escrow account(s) and application amounts by ASBA blocked in the ASBA Account, with respect to successful Investors will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act; |
| Allotment Advice | The note or advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to this Issue; |
| Allotment Date | Date on which the Allotment is made pursuant to this Issue; |
| Allottee(s) | Persons to whom Rights Equity Shares are issued pursuant to the Issue; |
| Applicant(s)/ Investor(s) | Eligible Equity Shareholder(s) and/or Renouncee(s) who make an application for the Rights Equity Shares pursuant to this Issue in terms of the Draft Letter of Offer/Letter of Offer, including an ASBA Investor; |
| Application | Application made through submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price; |
| Application Form/ Common Application Form (CAF) | Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Investor to make an application for the Allotment of Equity Shares in the Issue; |
| Application Money | Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price; |
| Application Supported by Blocked amount or ASBA | Application (whether physical or electronic) used by ASBA Investors to make an application authorizing the SCSB to block the Application Money in the ASBA Account maintained with such SCSB; |
| ASBA Account | A bank account maintained with a SCSB and specified in the Application Form or plain paper application, as the case may be, for blocking the amount mentioned in the Application Form or the plain paper application, in case of Eligible Shareholders, as the case may be; |
| ASBA Applicant /ASBA Investor | As per the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, all investors (including Renouncees) shall make an application for an Issue only through ASBA facility; |
| ASBA Bid | Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI (ICDR) Regulations; |
| ASBA Circulars | Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022 and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard; |

| Term | Description |
|--|---|
| Bankers to the Issue/ Refund Bank | Collectively, the Escrow Collection Bank and the Refund Bank to the Issue, in this case is [•]; |
| Bankers to the Issue Agreement | Agreement dated [•] entered into by and amongst our Company, the Lead Manager and the Registrar to the Issue and the Bankers to the Issue for collection of the Application Money from applicants/Investors, transfer of funds to the Allotment Account from the Escrow Account and SCSBs, release of funds from Allotment Account to our Company and other persons and where applicable, refunds of the amounts collected from Investors and providing such other facilities and services as specified in the agreement; |
| Basis of Allotment | The basis on which the Rights Equity Shares will be Allotted to successful Applicants in the Issue, and is described in the section titled “ <i>Terms of the Issue</i> ” beginning on page 269; |
| Controlling Branches / Controlling Branches of the SCSBs | Such branches of the SCSBs which co-ordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchange, a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes updated from time to time or at such other website(s) as may be prescribed by the SEBI from time to time; |
| Demographic Details | Details of Investors including the Investor’s address, name of the Investor’s father/ husband, investor status, occupation and bank account details, where applicable; |
| Designated SCSB Branches | Such branches of the SCSBs which shall collect the ASBA Forms submitted by ASBA Bidders, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmld=35 , updated from time to time, or at such other website as may be prescribed by SEBI from time to time; |
| Designated Stock Exchange | National Stock Exchange of India Ltd (“NSE”); |
| Depository(ies) | NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996; |
| Draft Letter of Offer/ DLoF | This Draft Letter of Offer dated July 25, 2023, filed with NSE, in accordance with the SEBI (ICDR) Regulations, for their observations and in-principle approval; |
| Eligible Equity Shareholders | Existing Equity Shareholders as on the Record Date i.e. [•]. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders; |
| Escrow Account(s) | One or more no-lien and non-interest bearing accounts with the Escrow Collection Bank(s) for the purposes of collecting the Application Money from resident Investors updated from time to time or at such other website(s) as may be prescribed by the SEBI from time to time; |
| Escrow Collection Bank | Banks which are clearing members and registered with SEBI as bankers to an Issue and with whom Escrow Account(s) will be opened, in this case being [•]; |
| Issue/ Rights Issue | Rights Issue of up to [•] Equity Shares of our Company for cash at a price of ₹ [•]/- (Rupees [•] Only) per Rights Equity share for an amount up to ₹ 4567.50 Lakhs on a rights basis to the Eligible Shareholders of our Company in the ratio of [•] Rights Equity Shares for every [•] Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date i.e. [•]; |
| Issue Agreement | Issue agreement dated April 25, 2023 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue; |
| Issue Closing Date | [•] |
| Issue Opening Date | [•] |
| Issue Material | Collectively, the Letter of Offer, the Abridged Letter of Offer, the Common Application Form (CAF)/ Application Form and Rights Entitlement Letter; |

| Term | Description |
|---|---|
| Issue Period | The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/ Investors can submit their Applications, in accordance with the SEBI (ICDR) Regulations; |
| Issue Price | ₹ [•]/- (Rupees [•] Only) per Rights Equity Share issued in [•] (Rupees [•]) Rights Entitlement, including a premium of ₹ [•]/- (Rupees [•] only) per Rights Equity Share; |
| Issue Proceeds | The proceeds of the Issue that are available to our Company; |
| Issue Size | Amount aggregating up to ₹ 4567.50 Lakhs*; (*Assuming full subscription) |
| Lead Manager to the Issue | Kunvarji Finstock Private Limited; |
| Letter of Offer/ LoF | The final letter of offer dated [•], filed with the NSE after incorporating the observations received from the NSE on the Draft Letter of Offer; |
| Multiple Application Forms | Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application; |
| Net Proceeds | Issue Proceeds less the Issue related expenses. For further details, please refer to the section titled “ <i>Objects of the Issue</i> ” beginning on page 64; |
| Non-ASBA Investor/ Non-ASBA Applicant | Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Shareholders holding Equity Shares in physical form or who intend to renounce their Rights Entitlement in part or full and Renouncees; |
| Non-Institutional Investors/ NIIs | An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI (ICDR) Regulations; |
| Offer Documents | The Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer including any notices, corrigendum thereto; |
| Off Market Renunciation | The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws; |
| On Market Renunciation | The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stockbroker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchange, from time to time, and other applicable laws, on or before [•]; |
| QIBs or Qualified Institutional Buyers | Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI (ICDR) Regulations; |
| Record Date | Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being [•] Day, [•] Date; |
| Refund through electronic transfer of Funds | Refunds through NECS, Direct Credit, RTGS, NEFT or ASBA process, as applicable; |
| Registrar to the Issue/Registrar/RTA | Bigshare Services Private Limited; |
| Registrar Agreement | Agreement dated June 23, 2023 entered into between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue; |
| Renouncees | Any person(s) who, not being the original recipient has/have acquired the Rights Entitlements from the Equity Shareholders through renunciation in accordance with the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars; |
| Renunciation Period | The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date i.e. [•]. Such period shall close on [•] in case of On Market Renunciation. Eligible |

| Term | Description |
|---|---|
| | Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date i.e. [•]; |
| Retail Individual Investors/ RIIs | An individual Investor (including an HUF applying through karta) who has applied for Rights Equity Shares and whose Application Money is not more than ₹ 2,00,000/- (Rupees Two Lakhs Only) in the Issue as defined under Regulation 2(1)(vv) of the SEBI (ICDR) Regulations; |
| Rights Entitlement (s)/ REs | The number of Rights Equity Shares that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date, in this case being [•] ([•]) Equity Shares for every [•] ([•]) Equity Shares held by an Eligible Equity Shareholder; The Rights Entitlements with a separate ISIN '[•]' will be credited to your demat account before the date of opening of the Issue, against the Equity Shares held by the Equity Shareholders as on the Record Date, pursuant to the provisions of the SEBI (ICDR) Regulations and the SEBI Rights Issue Circular, the Rights Entitlements shall be credited in dematerialized form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date; |
| Rights Entitlement Letter | Letter including details of Rights Entitlements of the Eligible Shareholders; |
| Rights Equity Shares | Equity Shares of our Company to be Allotted pursuant to this Issue, on fully paid-up basis on Allotment; |
| SEBI Rights Issue Circulars | Collectively, SEBI circulars bearing reference number 'SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020', 'SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020', 'SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020', 'SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020', 'SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021', 'SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022' and 'SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023'; |
| Self-Certified Syndicate Banks/ SCSB(s) | The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time; |
| Subsidiaries | Companies or body corporates constituting the subsidiary of our Company as determined in terms of Section 2(87) of the Companies Act, in our case the subsidiary of our Company namely; 1. Mar-Turn Solutions Private Limited (MTSPL) 2. Marpts Trading Private Limited (MTPL) |
| Transfer Date | The date on which the amount held in the escrow account(s) and the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange (NSE); |
| Wilful Defaulter | A Company or person, as the case may be, categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(III) of SEBI (ICDR) Regulations and in accordance with the guidelines on |

| Term | Description |
|----------------|--|
| | wilful defaulters or a fraudulent borrowers issued by the RBI, including any Company whose director or promoter is categorized as such; |
| Working Day(s) | In terms of Regulation 2(1)(mmm) of SEBI (ICDR) Regulations, Working day means all days on which commercial banks in Gujarat are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays, and public holidays, on which commercial banks in Ahmedabad are open for business. Furthermore, the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchange, working day means all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per circulars issued by SEBI. |

Business and Industry Related Terms

| Term | Description |
|-------|---|
| ARMs | Additional Revenue Measures; |
| ASEAN | Association of South East Asian nations; |
| BIS | Bureau of Indian Standards; |
| BPS | Basis Points; |
| CAGR | Compounded annual growth rate; |
| CGST | Central GST; |
| CNC | Computer Numerical Control; |
| CLAP | Closed Loop Automated Production; |
| CLAMP | Cutting Load Analysis based Machine Protection; |
| EHS | Environment, Health and Safety; |
| FIE | Fuel Instruments and Engineers; |
| GDP | Gross domestic product; |
| GST | Goods and Service Tax; |
| GVA | Gross value added; |
| IOTQ | Internet of Things for Quality; |
| IIP | Index of Industrial Production; |
| IGST | Inter-state GST; |
| ISO | International Organization for Standardization; |
| MOU | Memorandum of understanding; |
| MT | Million Tonnes; |
| OEE | Overall Equipment Effectiveness; |
| OBQ | Operator Based Quality; |
| PRG | Piston Rod Guide; |
| QA | Quality Assurance; |
| RPM | Revolutions Per Minute; |
| R & D | Research & Development; |
| SAP | System applications and products; |
| SBQ | System Based Quality; |
| SGST | State GST; |
| VBSMS | Virtual Buyer-Seller Meets; |
| 3D | Three Dimensional. |

| Term | Description |
|--------------|---------------------|
| One Million | Ten Lakhs; |
| One Billion | Ten Thousand Lakhs; |
| One Trillion | One Crore Lakhs; |

| | |
|---------|---------------------------|
| Sq. ft. | Square Foot; |
| USA | United States of America; |
| USD | United States Dollar; |
| WEO | World Economic Outlook; |

Conventional and General Terms or Abbreviations

| Term | Description |
|---|--|
| ₹/Rs. /Rupees /INR | Indian Rupees, the official currency of the Republic of India; |
| AGM | Annual General Meeting; |
| AIF | Alternative Investment Fund as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; |
| AS or Accounting Standards | Accounting Standards issued by the Institute of Chartered Accountants of India; |
| AY | Assessment Year; |
| CAGR | Compounded Annual Growth Rate; |
| CBDT | Central Board of Direct Taxes, Government of India; |
| CAF | Common Application Form; |
| CDSL | Central Depository Services (India) Limited; |
| CFO | Chief Financial Officer; |
| CIN | Corporate Identification Number; |
| CIT | Commissioner of Income Tax; |
| CLRA | Contract Labour (Regulation and Abolition) Act, 1970; |
| Companies Act, 2013 | Companies Act, 2013 along with rules made thereunder; |
| Companies Act, 1956 | Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections); |
| COVID-19 | A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020; |
| CSR | Corporate Social Responsibility; |
| Depository | A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018; |
| Depositories Act | The Depositories Act, 1996; |
| DP/ Depository Participant | Depository Participant as defined under the Depositories Act; |
| DIN | Director Identification Number; |
| DP | Depository Participant; |
| DP-ID | Depository Participant's Identification; |
| DR | Depository Receipts; |
| EBITDA | Profit/(loss) after tax for the year adjusted for income tax expense, finance costs, depreciation, and amortization expense, as presented in the statement of profit and loss; |
| EPFO | Employees' Provident Fund Organisation; |
| EGM | Extraordinary General Meeting; |
| EPS | Earning per Equity Share; |
| FCNR Account | Foreign Currency Non-Resident (Bank) account established in accordance with the FEMA; |
| FDI | Foreign Direct Investment; |
| FEMA | Foreign Exchange Management Act, 1999 read with rules and regulations made thereunder; |
| FEMA Rules | Foreign Exchange Management (Non-debt Instruments) Rules, 2019; |
| Financial Year or Fiscal Year or Fiscal or FY | Period of 12 months ending March 31 of that particular year; |

| Term | Description |
|--|---|
| FIR | First information report |
| FII(s) | Foreign Institutional Investors registered with SEBI under applicable laws; |
| FIPB | Foreign Investment Promotion Board; |
| FPIs | A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FPI Regulations; |
| Fugitive Economic Offender | An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018; |
| FVCI | Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI; |
| GAAP | Generally Accepted Accounting Principles; |
| GDP | Gross Domestic Product; |
| GoI / Government | The Government of India; |
| GST | Goods and Services Tax; |
| HUF | Hindu Undivided Family; |
| Ind AS | Indian Accounting Standards; |
| ICAI | The Institute of Chartered Accountants of India; |
| ICSI | The Institute of Company Secretaries of India; |
| IFRS | International Financial Reporting Standards; |
| Income Tax Act/ IT Act | The Income Tax Act, 1961 and amendments thereto; |
| Insider Trading Regulations | Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; |
| Insolvency Code | Insolvency and Bankruptcy Code, 2016, as amended; |
| IT | Information Technology; |
| MCA | The Ministry of Corporate Affairs, GoI; |
| MN / Mn | Million; |
| Mutual Funds | Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996; |
| NACH | National Automated Clearing House; |
| N.A. or NA | Not Applicable; |
| Net Asset Value per Equity Share or NAV per Equity Share | Net Asset Value per Equity Share at a particular date computed based on total equity divided by number of Equity Shares; |
| NEFT | National Electronic Fund Transfer; |
| Notified Sections | The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect; |
| NR/ Non-Resident | A person resident outside India, as defined under the FEMA and includes an NRI, FPIs registered with SEBI and FVCIs registered with SEBI; |
| NRE | Non-Resident External Account; |
| NRI | Non-Resident Indian; |
| NRO | Non- resident ordinary; |
| NSDL | National Securities Depository Limited; |
| NSE | National Stock Exchange of India Limited; |
| OCB | Overseas Corporate Body; |
| p.a. | Per annum; |
| P/E Ratio | Price/Earnings Ratio; |
| PAN | Permanent Account Number; |
| PAT | Profit After Tax; |
| RBI | Reserve Bank of India; |
| RBI Act | Reserve Bank of India Act, 1934; |
| RoC | Registrar of Companies, Chandigarh, Punjab; |

| Term | Description |
|-------------------------|---|
| RoNW | Return on Net Worth; |
| SCORES | SEBI Complaints Redress System; |
| SCRA | Securities Contracts (Regulation) Act, 1956; |
| SCR | Securities Contracts (Regulation) Rules, 1957; |
| SEBI | Securities and Exchange Board of India; |
| SEBI Act | Securities and Exchange Board of India Act, 1992; |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019; |
| SEBI FVCI Regulations | Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000; |
| SEBI (LODR) Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time; |
| SEBI (ICDR) Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments thereto; |
| SEBI (SAST) Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto; |
| Securities Act | United States Securities Act of 1933, as amended; |
| STT | Securities Transaction Tax; |
| Trade Mark Act | Trade Marks Act, 1999 and the rules thereunder, including subsequent amendments thereto; |
| TDS | Tax deducted at source; |
| USD or US\$ | United States Dollar; |
| VCF | Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be; |

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer, Letter of Offer the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will electronically dispatch through email and physical dispatch through registered post/speed post/courier the Letter of Offer, Abridged Letter of Offer, Application Form and Rights Entitlement Letter (*“Issue Material”*) only to Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. Further, the Letter of Offer will be provided, through email and registered post/speed post/courier, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. Investors can also access this, Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, SEBI and the Stock Exchange.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with NSE (*the “Stock Exchanges”*) for observations. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Receipt of the Issue Materials will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer, and, under such circumstances, Issue Material must be treated as sent for information purpose only and should not be acted upon for subscription to Rights Entitlement and Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of Issue Material should not, in connection with this Issue of the Rights Equity Shares or Rights Entitlements, distribute or send the same in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If Issue Material is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares, or the Rights Entitlements referred to in the Issue Material.

Any person who makes an application to acquire Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that she/he is authorized to acquire the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in her/his jurisdiction. Our Company, the Registrar to the Issue or any other person acting on behalf of us reserve the Rights to treat any Application Form as invalid where we believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form. Neither the delivery of Letter of Offer, Abridged Letter of Offer and Application Form nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company’s affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of the Letter of Offer.

Neither the delivery of this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer, Letter of Offer and the Abridged Letter of Offer and the Application Form and Rights Entitlement Letter or the date of such information.

Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the prescribed limits under applicable laws or regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by any regulatory authority, nor has any regulatory authority passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.

The Issue Materials are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

THE CONTENTS OF THIS DRAFT LETTER OF OFFER, LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF EQUITY SHARES. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGER IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

The Rights Entitlement and the Rights Equity Shares of our Company have not been and will not be registered under the United States Securities Act of 1933, as amended (*the "US Securities Act"*), or any U.S. State Securities Laws and may not be offered, sold, resold, or otherwise transferred within the United States of America or the territories or possessions thereof, except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in the Draft Letter of Offer are being offered in India, but not in the United States. The offering to which the Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, the Issue Materials should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe is in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. Our Company is making the Rights Equity Shares to Eligible Shareholders of our Company on the Record Date and issue materials will be dispatched only to Equity Shareholders who have an Indian address. Any person who acquires rights and the Rights Equity Shares will be deemed to have declared, represented, warranted, and agreed, that:

1. It is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made,
2. It does not have a registered address (and is not otherwise located) in the United States,
3. It is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.
4. Our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and
5. Our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

Our Company reserves the rights to treat as invalid any Application form which:

1. Does not include the certification set out in the Application Form to the effect that the subscriber is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations;
2. Appears to our Company or its agents to have been executed in or dispatched from the United States;
3. Where a registered Indian address is not provided; or
4. Where our Company believes that Application Form is incomplete, or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such Application Form.

Rights Entitlements may not be transferred or sold to any person in the United States.

The Rights Entitlements and the Equity Shares have not been approved or disapproved by the US Securities and Exchange Commission (*the "US SEC"*), any state securities commission in the United States or any other U.S regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Equity Shares or the accuracy or adequacy of this Draft Letter of Offer, Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer, Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM LEAD MANAGER OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND USE OF CURRENCY OF PRESENTATION

CERTAIN CONVENTIONS

Unless otherwise specified or the context otherwise requires, all references to “India” contained in this Draft Letter of Offer are to the Republic of India and the “Government” or “GoI” or the “Central Government” or the “State Government” are to the Government of India, Central or State, as applicable.

Unless otherwise specified or the context otherwise requires, all references here into the “US” or “U.S.” or the “United States” are to the United States of America and its territories and possessions.

Unless otherwise specified, all references in this Draft Letter of Offer are in Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Letter of Offer are to a calendar year.

Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

In this Draft Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to the/our “Company”, “we”, “our”, “us” or similar terms are to Marshall Machines Limited or, as the context requires, and references to “you” are to the Equity Shareholders and/ or prospective Investors in the Equity Shares.

FINANCIAL DATA

Unless stated otherwise, the financial data in this Draft Letter of Offer is derived from Restated Audited Financial Statements for the year ended 31st March, 2023, 31st March, 2022 and 31st March, 2021. For further details, please refer to the section titled “Financial Information” beginning on page 125. The financial year of our Company commences on April 1 and ends on March 31.

The GoI has adopted the Indian Accounting Standards (“Ind AS”), which are converged with the International Financial Reporting Standards of the International Accounting Standards Board (“IFRS”) and notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (*the “Ind AS Rules”*). The Restated Audited Financial Statements of our Company for the Financial Years ended 31st March, 2023, 31st March, 2022 and 31st March, 2021 have been prepared in accordance with Ind AS as prescribed under Section 133 of Companies Act, 2013 read with the Ind AS Rules and other the relevant provisions of the Companies Act, 2013 and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (revised), 2019, issued by the ICAI. Our Company publishes its financial statements in Indian Rupees.

There are significant differences between Ind AS, US GAAP and IFRS. We have not provided a reconciliation of the financial information to IFRS or US GAAP. Our Company has not attempted to also explain those differences or quantify their impact on the financial data included in this Draft Letter of Offer and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Draft Letter of Offer should accordingly be limited. For further information, please see section titled “Financial Information” beginning on page 125.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

CURRENCY OF PRESENTATION

All references in this Draft Letter of Offer to “*Rupees*”, “*Rs.*”, “*₹*”, “*Indian Rupees*” and “*INR*” are to Rupees, the official currency of the Republic of India.

All references to “*U.S. \$*”, “*U.S. Dollar*” “*USD*” or “*\$*” are to United States Dollars, the official currency of the United States of America.

Please Note:

One million is equal to 1,000,000/10 lakhs;

One billion is equal to 1,000 million/100 crores;

One lakh is equal to 100 thousand;

One crore is equal to 10 million/100 lakhs;

INDUSTRY AND MARKET DATA

Unless stated otherwise, industry and market data used in this Draft Letter of Offer has been obtained or derived from publicly available information as well as industry publications and sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled “*Risk Factors*” beginning on page 27. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Draft Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

Our Company has included statements in this Draft Letter of Offer which contain words or phrases such as ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘estimate’, ‘expect’, ‘expected to’, ‘future’, ‘intend’, ‘is likely’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘should’, ‘will’, ‘will continue’, ‘would’, or other words or phrases of similar import. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements. However, these are not the exclusive means of identifying forward looking statements. Forward-looking statements are not guarantees of performance and are based on certain assumptions, future expectations, describe plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements.

Further, actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties or assumptions associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in its industry and incidents of any natural calamities and/or acts of violence.

Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various business plans;
- Uncertainty of the continuing impact of the COVID-19 pandemic on our business and operations;
- The largely unorganized structure of the market can affect the systematic functioning of the Company;
- Delay, interruption or shortage in the supply of raw materials;
- Inability to accurately forecast demand and manage inventory;
- Changes in general, political, social and economic conditions in India and elsewhere;
- Our ability to manage our operating costs and impact on the financial results;
- General economic and business conditions Globally, in India and in the markets in which we operate and in the local, regional, and national economies;
- Regulatory actions, litigation or other liabilities; and
- Fluctuations in the exchange rate between the Indian rupee and foreign currencies.

For a further discussion of factors that could cause the actual results to differ, please refer to the section titled “Risk Factors”, “Business Overview (Our Business)” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” beginning on pages 27, 84 and 240 respectively. By their nature, certain market risk disclosures are only estimates and could materially be different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance. Our Company or advisors does not have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI and Stock Exchanges requirements, our Company will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions for the Rights Equity Shares by the Stock Exchanges.

SECTION II – SUMMARY OF DRAFT LETTER OF OFFER

The following is a general summary of certain disclosures included in this Draft Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to prospective Investors. This summary should be read in conjunction with and is qualified by, the more detailed information appearing in this Draft Letter of Offer, including the sections titled “*Risk Factors*”, “*Objects of the Issue*”, “*Business Overview*” and “*Outstanding Litigations, Defaults and Material Developments*” beginning on pages 27, 64, 84 and 251 respectively.

SUMMARY OF INDUSTRY

As per the latest 'World Machine Tool Survey' by Gardner Intelligence, India occupies 11th in production and 8th in consumption of machine tools globally in 2021. The country moved up by two ranks in the global machine tool producing nations list as against its ranking in 2020.

Indian machine tool production is estimated to have reached around ₹ 9,307 Crores, and consumption estimated to have reached around ₹ 15,791 Crores. Production is estimated to have increased by around 40% year-on-year in 2021-22 and consumption is estimated to have increased by around 30% year-on-year in 2021-22. The order book position, an indicator of growing consumption, looks positive for the forthcoming financial year 2022-23 with the green shoots being evidently visible, and the performance is expected to improve in the coming quarters. Nevertheless, the industry has had many challenges to deal with such as increasing cost of raw materials impacting margins, surge in fuel prices, and supply chain bottlenecks.

Indian machine tool industry is expected to move up the value chain by offering total solutions apart from building products for the export market and increasing its domestic market share. Undoubtedly, right vision and leadership, strategy for growth in the current scenario and future proofing of supply chain, digitalisation and automation can play an important role in steering industries on a growth path in the medium and long-term.

For further details, please refer to the section titled “*Industry Overview*” at page 77.

SUMMARY OF OUR BUSINESS

Our Company engaged into the business of developing, manufacturing and marketing of Machine Tool Equipment. The business was originally founded by Mr Gautam Sarup in 1961, is a well-known brand in the Indian machine tool industry. We have started out by manufacturing high-precision bench lathes, heavy-duty lathes, and capstan lathes. However, in the last two decades, under the aegis of second-generation promoters Mr Gaurav Sarup and Mr Prashant Sarup, the Company’s single-minded focus on product innovation, research and development, automation, and Industry 4.0 technologies has positioned it as a niche player in a somewhat commoditized industry.

Resultantly, Our Company is currently a front-runner in the space of automated, Industry 4.0-enabled, and smart IoT-enabled CNC solution offerings to India’s leading manufacturing companies. Our Company clientele is spread across numerous industries, including automobile, consumer durables & appliances, and general engineering, to name a few.

Our Company is a niche machine tool manufacturer with a single-minded focus on Affordable Automation and Industry 4.0 technologies, we has established itself as a niche customised solution provider in the Indian machine tool industry.

Our Company product philosophy is encapsulated in its Technology Trishool - the bedrock of our business and what sets us apart from the competition.

Our Company has undergone numerous transformations throughout the course of its 60+ year history to meet the changing demands of India’s burgeoning machine tool market and manufacturing industries.

In order to meet the evolving needs of the Indian manufacturing sector, the Company has moved its emphasis from a strict concentration on product quality to a broader emphasis on product innovation and technology. In addition, by prioritising the delivery of customised machine tool solutions over standardised machines, the Company has been able to develop competency in cutting-edge fields like automation and Industry 4.0.

For further details, please refer to the section titled “*Business Overview*” on page no. 84.

OUR PROMOTERS AND PROMOTERS GROUP

The Promoters of our Company Mr. Gaurav Sarup and Mr. Prashant Sarup are referred to as “Promoter”.

Mrs. Archana Sarup and Mr. Siddhant Sarup are the Promoter Group of our Company and referred as “Promoter Group”. For further details, please refer to the section titled “*Our Promoter And Promoters Group*” on page no. 123.

INTENTION AND EXTENT OF PARTICIPATION BY OUR PROMOTERS AND PROMOTERS GROUP IN THE ISSUE

The Promoter and Promoter Group of our Company, through their letters dated June 15, 2023, undertake that, they may or may not;

1. intend to subscribe to the Rights Entitlements in part or in full in as proposed in the Issue and to the extent of unsubscribed portion (if any) of this Issue;
2. renounce their Right Entitlements fully or in part in favour of any third party other than the Promoters and members of the Promoter Group;
3. apply for and subscribe to the additional Rights Equity Shares and any Equity Shares offered in the Issue that remain unsubscribed, subject to compliance with the minimum public shareholding requirements, as prescribed under the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;
4. Any acquisition of additional Equity Shares shall not result in change of control of the management of the Company in accordance with provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto, (‘SEBI (SAST) Regulations’) and shall be exempted subject to fulfillment of the conditions of Regulation 10 of the SEBI (SAST) Regulations.

Any such subscription for Right Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding in the Company. The allotment of Equity Shares of the Company subscribed by the Promoter and other members of the Promoter Group in this Issue shall be eligible for exemption from open offer requirements in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI (SAST) Regulations. The Issue shall not result in a change of control of the management of our Company in accordance with the provisions of SEBI (SAST) Regulations. Our Company is in compliance with Regulation 38 of the SEBI (LODR) Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

OBJECTS OF THE ISSUE

The details of Issue Proceeds are set forth in the following table:

| Particulars | Amount (₹ in Lakhs) |
|--|--------------------------------|
| Gross Proceeds from the Issue [#] | 4567.50* |
| Less: Estimated Issue related Expenses | 55.00 |
| Net Proceeds from the Issue | 4512.50 |

[#]Assuming full subscription

*The Issue Size will not exceed ₹ 4567.50 Lakhs. If there is any reduction in the amount on account of or at the time of finalisation of Issue Price and Rights Entitlements Ratio, the same will be adjusted against General Corporate Purpose.

For further details, please refer to the section titled “Objects of the Issue” beginning on page 64.

SUMMARY OF FINANCIAL INFORMATION

The following table sets forth the summary financial information derived from the Restated Audited Financial Statements for the Financial Year ending March 31, 2023, March 31, 2022 and March 31, 2021.

| Particulars | (₹ in lakhs) | | |
|---|----------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| Equity Share Capital | 1455.00 | 1455.00 | 1455.00 |
| Net Worth ¹ | 3953.06 | 4597.19 | 4902.53 |
| Total Income | 3699.89 | 6046.31 | 6725.15 |
| Profit / (loss) after tax | (689.20) | (311.66) | 35.96 |
| Basic and diluted EPS (in ₹) | (4.74) | (2.14) | 0.25 |
| Net asset value per Equity Share (in ₹) | 27.17 | 31.60 | 33.69 |
| Total borrowings ² | 4525.16 | 4017.61 | 4062.82 |

¹Equity Share Capital and Other Equity

²consists of borrowings under non-current liabilities, current maturities of long-term debts, borrowings under current liabilities and interest accrued but not due under current liabilities

For further details, please refer to the section titled “Financial Information” beginning on page 125.

OUTSTANDING LITIGATIONS

| Sr. No. | Petitioner / Aggrieved | Brief of Case | Section / Type | Court and Case Number | Amount Involved (in ₹) |
|---------|---|--|----------------|---|------------------------|
| 1. | Techtronics Automation, Faridabad | Supplier supplied LM Guide, Ball Screw, Coupling (Order Material) at higher than market price by influencing the purchase manager by stating the other suppliers were offering items were ingenuine. Upon discovery, the payments were halted. | Civil | - | 11,63,948/- |
| 2. | Nexco Automation Technologies Pvt. Ltd., Vadodara | Marshall purchased Turret from the supplier, but due to unavailability of required after sales service of the product, it affected the Business of Marshall to material extent. Upon discovery, the payments were halted. | Civil | - | 30,95,975/- |
| 3. | Rollmann Trading Company | Supplier supplied faulty LM guides and ballscrews (Order material) which affected the performance of the machine. Upon discovery, the payments were halted. | Civil | - | 32,58,548/- |
| 4. | Infinite Uptime India Pvt. Ltd. | New type of Sensors was sent on verbal assurance that payment would post we are able to sale the same in Market. Payments are subject to market response of the Products. | Civil | Civil Court, Sr. Division, Pune Case - 369/2021 | 4,09,200/- |

| Sr. No. | Petitioner / Aggrieved | Brief of Case | Section / Type | Court and Case Number | Amount Involved (in ₹) |
|---------|---|---|---|--|--|
| 5. | Ringfeder Power Transmission India Pvt. Ltd | Supplier supplied faulty couplings where complete replacement had to be done in the field by Marshall, causing great harassment to clients and team. Thus, the payments were halted. | Civil | - | 6,08,522/- |
| 6. | Shri Laxmi Enterprises* | As per terms of the PO the advance was non-refundable in case the customer did not take delivery of the machine as per the payment terms. The said advance is thus forfeited. | Section 138 - Criminal Dishonor of cheque | - | 3,70,200/- |
| 7. | Navyug Enterprise, Ludhiana | Due to COVID the payment of the supplier got delayed which led to filing of the case by Petitioner. | Civil | - | 5,85,758/- |
| 8. | Premier India Bearings Ltd., Ludhiana | Supplier supplied Bearings (Order Material) at higher than market price by stating the other suppliers were offering items were ingenuine. Upon discovery, the payments were halted. | Civil | - | 29,58,938/- |
| 9. | Marotia Tools & Alloys Pvt. Ltd., Ludhiana | Supplier supplied Inappropriate quality of Material and thus payments were halted. | Civil | Chief Judicial magistrate, Ludhiana Case –6/2022 | 4,60,961/- |
| 10. | Goodluck Engineering, Delhi | Customer ordered a very special and customised machine. Due to their loss in business did take delivery of the ready machine and as per terms of PO – the advance amount was forfeited. | Civil | - | 5,99,225/- |
| 11. | Ruchin Jindal | Commercial Dispute | Civil | Chief Judicial magistrate, Ludhiana Case – 196/2022 | Not Ascertainable |
| 12. | Wave Technologies Inc, Vimal Dudhagra | Cheque Dishonour | Civil | Civil Court, Rajkot Case - 42023/2021 | 2,27,740/- |
| 13. | Nirapjit Singh | Commercial Dispute | Civil | District and Sessions Court, Ludhiana Case – 40/2019 | Not Ascertainable / Case mutually Disposed |
| 14. | JV Export | Commercial Dispute | Civil | High Court of Punjab Case – 1113/2019 | Not Ascertainable / Case mutually Disposed |
| 15. | Laxmi Factory Tools Pvt. Ltd. | Commercial Dispute | Civil | Chief Metropolitan magistrate, | Not Ascertainable / Case |

| Sr. No. | Petitioner / Aggrieved | Brief of Case | Section / Type | Court and Case Number | Amount Involved (in ₹) |
|--------------|------------------------|---------------|----------------|----------------------------------|------------------------|
| | | | | THC, West Delhi Case - 3327/2021 | mutually Disposed |
| Total | | | | | 2,08,48,354/- |

Details of Litigation against Promoters / Directors / KMPs

Civil Cases:

| Name | Case Number | Section / Type | Petitioner / Aggrieved | Amount Involved (in ₹) |
|----------------|----------------------|---------------------------------|--------------------------|------------------------|
| Gaurav Sarup | Case 856/2021 | Summary Suit under Cpc. - Civil | Navnitbhai Ratibhai Maru | 2,07,918/- |
| Archana Sarup | CNR:GJRJ250015882021 | | | |
| Siddhant Sarup | | | | |
| Prashant Sarup | | | | |

Criminal Cases:

| Sr. No. | Name | Case Number | Section / Type | Petitioner / Aggrieved | Amount Involved (in ₹) |
|---------|----------------|-------------------|---|---|------------------------|
| 1. | Gaurav Sarup | 42023/2021 | 138 of Negotiable Instruments Act, 1881 Cheque Dishonour | Vimal J. Dudhagara M/s Wave Technologies | 2,27,740/- |
| | Archana Sarup | CNR: | | | |
| | Siddhant Sarup | GJRJ0204793520221 | | | |
| | Prashant Sarup | | | | |
| 2. | Gaurav Sarup | 7638/2022 | 138 of Negotiable Instruments Act, 1881 Cheque Dishonour | Soni Electrical and Electronics | 27,59,722/-* |
| | Archana Sarup | PBLD030241372022 | | | |
| | Siddhant Sarup | | | | |
| | Prashant Sarup | | | | |
| 3. | Gaurav Sarup | 7636/2022 | 138 of Negotiable Instruments Act, 1881 Cheque Dishonour | Soni Electrical and Electronics | 27,59,722/-* |
| | Archana Sarup | PLBD030241362022 | | | |
| | Siddhant Sarup | | | | |
| | Prashant Sarup | | | | |
| 4. | Gaurav Sarup | 7623/2022 | 138 of Negotiable Instruments Act, 1881 Cheque Dishonour | Soni Electrical and Electronics | 27,59,722/-* |
| | Archana Sarup | PLBD030240162022 | | | |
| | Siddhant Sarup | | | | |
| | Prashant Sarup | | | | |
| 5. | Gaurav Sarup | 7565/2022 | 138 of Negotiable | Soni Electrical and Electronics | 27,59,722/-* |
| | Archana Sarup | PLBD0302371222022 | | | |

| | | | | | |
|----|----------------|------------------|----------------------------------|----|-------------|
| | Siddhant Sarup | | Instruments Act, 1881 | | |
| | Prashant Sarup | | Cheque Dishonour | | |
| 6. | Gaurav Sarup | 2206/2021 | 138 | of | Shri Laxmi |
| | Archana Sarup | HRFB030193662021 | Negotiable Instruments Act, 1881 | | Enterprises |
| | Siddhant Sarup | | Cheque Dishonour | | |
| | Prashant Sarup | | | | 3,70,200/- |

* Multiple cases for single matter, are filed by the aggrieved party

Direct / Indirect Tax Liabilities on Promoter / Directors:

| AY | Notice/Demand Order ID | Demand Under Section | Date of Issuance | Amount of demand |
|---------|------------------------|---|------------------|------------------|
| 2015-16 | NA | 139(9) Defective Notice to Siddhant Sarup | NA | Under Assessment |

For further details, please refer to the section titled “*Outstanding Litigations, Defaults and Material Developments*” beginning on page 251 of this Draft Letter of offer.

AUDITOR QUALIFICATIONS

For further details on auditor qualifications, please refer to section titled “*Financial Information*” beginning on page 125.

RISK FACTORS

For details of potential risks associated with our ongoing business activities and industry, investment in Equity Shares, material litigations which impact the business of the Company and other economic factors, please refer to the section titled “*Risk Factors*” beginning on page 27.

CONTINGENT LIABILITIES

For details of the contingent liabilities, as reported in the Financial Statements, please refer to the section titled “*Financial Information*” beginning on page 125.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, as reported in the Financial Statements, please refer to the section titled “*Financial Information*” beginning on page 125.

FINANCING ARRANGEMENTS

There have been no financing arrangements whereby the Promoters, Members of the Promoter Group, our Directors and their relatives have financed the purchase of Equity Shares by any other person other than in the normal course of the business of the financing entity during the period of 6 (Six) months immediately preceding the date of this Draft Letter of Offer.

ISSUE OF EQUITY SHARES FOR CONSIDERATION OTHER THAN CASH IN THE LAST ONE YEAR

Our Company has not issued any Equity Shares for consideration other than cash during the last 1 (One) year immediately preceding the date of filing this Draft Letter of Offer.

SPLIT/ CONSOLIDATION OF EQUITY SHARES IN THE LAST ONE YEAR

Our Company has not undertaken a split or consolidation of the Equity Shares in the one year preceding the date of this Draft Letter of Offer.

EXEMPTION FROM COMPLYING WITH ANY PROVISIONS OF SECURITIES LAWS, IF ANY, GRANTED BY SEBI

Our Company has not applied for or received any exemption from the SEBI from complying with any provisions of securities laws, as on the date of this Draft Letter of Offer.

SECTION III – RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. In making an investment decision prospective investor must rely on their own examination of our Company and the terms of this offer including the merits and risks involved. Any potential investor in, and subscriber of, the Equity Shares should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment in which some material respects may be different from that which prevails in other countries. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also have an adverse effect on our business. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. To obtain a complete understanding, you should read this section in conjunction with the chapters titled “Our Business” beginning on page 84, “Our Industry” beginning on page 77, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 240, respectively, of this Draft Letter of Offer as well as other financial information contained herein.

The following factors have been considered for determining the materiality of Risk Factors:

- Some events may not be material individually but may be found material collectively;*
- Some events may have material impact qualitatively instead of quantitatively;*
- Some events may not be material at present but may have material impact in future.*

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. However, there are risk factors where the impact may not be quantifiable and hence, the same has not been disclosed in such risk factors. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another. Unless the context requires otherwise, the financial information of our Company has been derived from the Restated Financial Information, prepared in accordance with Ind AS and the Companies Act and restated in accordance with the SEBI ICDR Regulations.

In this Letter of Offer, any discrepancies in any table between total and sums of the amount listed are due to rounding off.

In this section, unless the context requires otherwise, any reference to “we”, “us” or “our” refers to Marshall Machine Limited.

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

A. INTERNAL RISK FACTORS

I. Business Risks/ Company specific Risk

1. There have been instances in the past of default in repayment of dues to our lenders.

We had entered into loan agreements, with various lenders for availing financing facilities. There have been breaches of covenants under the loan agreements including breaches of repayments schedules, financial covenants and certain other requirements under such financing agreements,

which have also resulted the banks accounts of the Company being declared as non-performing assets. The details of our defaults as on June 30, 2023 are mentioned below:-

| Sr. No. | Name of Bank/ Financial institution | Loan Type | Principal amount outstanding as on June 30, 2023 (A) (in ₹) | Interest amount outstanding as on June 30, 2023 (B) (in ₹) | Total amount outstanding as on June 30, 2023 (A+B) (in ₹) |
|---------|--|-------------|---|--|---|
| 1. | Electronica Finance Limited | Secured | 3,202,463 | 1,328,105 | 4,530,568 |
| 2. | Hero Fincorp Limited | Secured | 8,444,395 | 844,935 | 9,289,330 |
| 3. | Hero Fincorp Limited | Secured | 3,516,903 | 468,175 | 3,985,078 |
| 4. | HDFC Bank Limited | Secured | 391,873 | 18,633 | 410,506 |
| 5. | HDFC Bank Limited | Secured | 795,700 | 121,010 | 916,710 |
| 6. | HDFC Bank Limited | Secured | 104,539 | 19,603 | 124,141 |
| 7. | Small Industries Development Bank of India (SIDBI) | Secured | 20,005,000 | 1,092,660 | 21,097,660 |
| 8. | Siemens Financial Services Private Limited | Secured | 9,921,728 | 2,476,033 | 12,397,761 |
| 9. | Tata Capital Financial Services Limited | Secured | 2,192,533 | 628,741 | 2,821,274 |
| 10. | Tata Capital Financial Services Limited | Secured | 693,891 | 201,455 | 895,346 |
| 11. | Aditya Birla Finance Limited | Unsecured | 2,761,741 | 728,626 | 3,490,367 |
| 12. | Ashv Finance Limited | Unsecured | 7,254,848 | 1,178,033 | 8,432,881 |
| 13. | Clix Capital Services Private Limited | Unsecured | 519,704 | 202,274 | 721,978 |
| 14. | IDFC First Bank Limited | Unsecured | 2,622,107 | 521,691 | 3,143,798 |
| 15. | Magma Fincorp Limited | Unsecured | 1,419,249 | 112,701 | 1,531,950 |
| 16. | Moneywise Financial Services Private Limited | Unsecured | 1,958,068 | 396,432 | 2,354,500 |
| 17. | NeoGrowth Credit Private Limited | Unsecured | 619,384 | 33,110 | 652,494 |
| 18. | Tata Capital Financial Services Limited | Unsecured | 1,552,121 | 360,954 | 1,913,075 |
| 19. | HDFC Bank Limited | Cash Credit | 172,798,256 | 8,800,000 | 181,598,256 |
| 20. | HDFC Bank Limited | LC | 21,115,540 | - | 21,115,540 |
| 21. | Aditya Birla Finance Limited | ECLGS | 535,939 | 147,973 | 683,912 |
| 22. | Ashv Finance Limited | ECLGS | 2,211,508 | 431,918 | 2,643,426 |
| 23. | HDFC Bank Limited | ECLGS | 18,976,803 | 1,483,127 | 20,459,930 |
| 24. | HDFC Bank Limited | ECLGS | 19,260,000 | 154,303 | 19,414,303 |
| 25. | Small Industries Development Bank of India (SIDBI) | ECLGS | 3,265,000 | 248,100 | 3,513,100 |
| 26. | IDFC First Bank Limited | ECLGS | 714,036 | 54,361 | 768,397 |
| 27. | Tata Capital Financial Services Limited | ECLGS | 3,813,197 | 275,453 | 4,088,650 |

2. *As the securities of our Company are listed on Stock Exchanges in India, our Company is subject to certain obligations and reporting requirements under the SEBI Listing Regulations. Any non-compliances /delay in complying with such obligations and reporting requirements may render us liable to prosecution and/or penalties.*

The Equity Shares of our Company are listed on NSE, therefore we are subject to the obligations and reporting requirements prescribed under the SEBI Listing Regulations. There have been instances in the past wherein, our Company has failed to comply with the requirements of the SEBI Listing Regulations in a timely manner. The company paid penalties levied by the Stock Exchange. In one instance, the company received advisory letter under Regulation 30 of SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015 dated June 26, 2023 from NSE for delayed disclosures for defaults on payment of interest / repayment of principal amount on loans from banks / financial institutions.

Our Company endeavours to comply with all such obligations/reporting requirements, there may be non-disclosures/delayed/erroneous disclosures and/or any other violations which might have been committed by us, and the same may result into Stock Exchanges and/or SEBI imposing penalties, issuing warnings and show cause notices against us and/or taking actions as provided under the SEBI Act and Rules and Regulations made there under and applicable SEBI Circulars. Any such adverse regulatory action or development could affect our business reputation, divert management attention, and result in a material adverse effect on our business prospects and financial performance and on the trading price of the Equity Shares.

3. *Any change in the technology may render our current technologies obsolete or require us to make substantial capital investment to cope with the market.*

Technology upgradation is a regular process and it is also essential for providing the desired quality to the customers. Though we are taking all the possible steps to keep our manufacturing facilities in line with the latest technology, any further upgradation in the technology may render our current technology obsolete and require us to upgrade the existing technology or implement new technology. Further, implementing new technology may require us to incur huge capital expenditure which could affect our cash flows and result of operations. However, we have R&D Department which evolves new innovations in design, process, and Six Sigma performance within the Define, Measure, Analyze, Improve, and Control (DMAIC) framework to keep us a step ahead of the competition.

4. *Our inability to protect or use our intellectual property rights may adversely affect our business.*

We consider our intellectual property to be one of our most valuable assets and we have registered several patents and trademarks in India and USA including through our Promoter and Promoting Group. Our business may suffer if we are unable to defend intellectual property protection for our machines. Because of the importance of proprietary technology in the machine tool industry, the Company makes active use of patents to protect its technology innovations. The success of the Company's business is highly dependent on its ability to enforce patent protections. Patents may not provide the protections as envisaged, patents may be invalidated. Our Company may lack the financial resources to enforce patents, all undermining the competitive advantage purported to be provided by patents. In addition, the Company's business involves a substantial risk of overlap with third party patents and subsequent litigation with competitors or patent-holders. Any claims, with or without merit, could be time-consuming, result in costly litigation, cause the Company to enter into licensing agreements or otherwise force the Company to change its business practices.

For details, please see “*Business Overview – Intellectual Property*” on page 84 of this Draft Letter of offer.

5. *Our Company has incurred losses in the recent past. Any losses in the future may have a significant adverse impact on our financial condition and may lead to further erosion of our net worth.*

Our Company has reported a loss of ₹ 689.20 Lakhs and ₹ 311.66 Lakhs in Fiscal 2023 and Fiscal 2022 respectively, which was primarily due to fall in sales. Our Company may incur losses in the future for a number of reasons and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown events. If our Company incur losses in the future or unable to generate sufficient revenue to meet our financial targets or unable to have sustainable positive cash flows, investors could lose its investment and the market price of our Equity Shares could suffer.

6. *Our business is working capital intensive. Our net working capital requirements as of March 31, 2023, 2022 and 2021 were ₹ 2,469, ₹ 2,232, and ₹ 2010, respectively. If we experience insufficient cash flows from our operations or are unable to borrow to meet our working capital requirements, it may materially and adversely affect our business and results of operations.*

Our business requires significant amount of working capital primarily as a considerable amount of time passes between purchase of raw materials and collection of receivables post sales to customers. As a result, we are required to maintain sufficient stock at all times in order to meet manufacturing requirements as well as extend credit period to customers as per the industry practice, thus increasing our storage and working capital requirements. Consequently, there could be situations where the total funds available may not be sufficient to fulfil our commitments and hence we may need to incur additional indebtedness in the future, or utilize internal accruals to satisfy our working capital needs. Our future success depends on our ability to continue to secure and successfully manage sufficient amounts of working capital. Further, our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions and the effect of events such as the COVID-19 pandemic, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. The table below sets forth details of our working capital as at March 31, 2023, 2022 and 2021, and the source of funding:

| (₹ in lakhs) | | | |
|---|-----------------------|-----------------------|-----------------------|
| Particulars | 2020-21 (Restated) | 2021-22 (Restated) | 2022-23 (Restated) |
| Current Assets | | | |
| Inventories | 4,803 | 5,041 | 5,037 |
| Investments | - | - | - |
| Trade Receivables | 1,168 | 1,800 | 2,840 |
| Cash and Cash Equivalents | 64 | 27 | 31 |
| Loans and Advances | 157 | 214 | 301 |
| Other Financial Assets | 42 | 48 | 44 |
| Other current Assets | - | - | - |
| Total Current Assets (A) | 6,234 | 7,130 | 8,253 |
| Current Liabilities | | | |
| Borrowings | 557 | 589 | 489 |
| Trade Payables | 2110 | 2,490 | 3,814 |
| Other Financial Liabilities | 15 | 21 | 17 |
| Other Current Liabilities | 1435 | 1,702 | 1,371 |
| Provisions | 107 | 96 | 93 |
| Total Current Liabilities (B) | 4,224 | 4,898 | 5,784 |
| Working Capital Requirements (A-B) | 2,010 | 2,232 | 2,469 |
| Proceeds from the Issue | - | - | - |
| Working Capital Limit from Bank | 2,050 | 2,093 | 2,200 |
| Internal Accruals | (40) | 139 | 269 |

As we pursue our growth plan, we may be required to raise additional funds by incurring further indebtedness or issuing additional equity to meet our capital expenditures in the future. If we experience insufficient cash flows or are unable to borrow funds on a timely basis, or, at all, to meet our working capital and other requirements, or to pay our debts, it could materially and adversely affect our business and results of operations. Management of our working capital requirements involves the timely payment of, or rolling over of, our short-term indebtedness and securing new and additional loans on acceptable terms, or re-negotiation of our payment terms for, our trade

payables, collection of trade receivables and preparing and following accurate and feasible budgets for our business operations. If we are unable to manage our working capital requirements, our business, results of operations, financial condition, and cash flows could be materially and adversely affected. There can be no assurance that we will be able to effectively manage our working capital. Should we fail to effectively implement sufficient internal control procedures and management systems to manage our working capital and other sources of financing, we may have insufficient capital to maintain and grow our business and we may breach the terms of our financing agreements with banks, face claims under cross-default provisions and be unable to obtain new financing, any of which would have a material adverse effect on our business, results of operations, financial condition, and cash flows. For further information on the working capital facilities currently availed of by us, see “*Objects of the Issue*” beginning on page 64 of this Draft Letter of Offer.

7. *Our inability to accurately forecast demand or price for our products and manage our inventory may adversely affect our business, results of operations, financial condition and cash flows.*

Our business depends on our estimate of the demand for our products from distributors. We estimate demand for our products based on market projections and past sales. If we overestimate demand, we may purchase more raw materials and manufacture more products than required. If we underestimate demand, we may manufacture fewer quantities of products than required, which could result in delayed or nonfulfillment of purchase orders resulting in loss of distributors, goodwill and business. If we under stock one or more of our products, we may not be able to obtain additional units in a timely manner, which could also adversely affect our goodwill and results of operations. In addition, if our products do not achieve widespread acceptance or our distributors change their procurement preferences, we may be required to incur significant inventory markdowns or may not be able to sell the products at all, which would affect our business, results of operations and financial condition. As such, our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations, cash flows and financial condition.

8. *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. Further, our accounts receivable collection cycle exposes us to client credit risk.*

We start manufacturing machines only after we have received advance ranging 15% to 25% from our customers. The balance amount is receivable typically after 60-90 days from delivery date and at times after successful commissioning of machine. As such we are exposed to payment delays and/or defaults in payments by our customers and our financial position & financial performance is dependent on the creditworthiness of our customers. Any delays in payments may require us to make a working capital investment. Further, we cannot assure that payments so envisaged from all or any of our customers will be received in a timely manner or to that extent will be received at all. For the financial years 2023, 2022 and 2021, our trade receivables were ₹ 2,840 Lakhs, ₹ 1,800 Lakhs and ₹ 1,168 Lakhs respectively, which constituted 77%, 30% and 17% of our net revenues for the same periods, as per restated financials.

If a customer defaults in making its payments of an order on which we have devoted significant resources, or if an order in which we have invested significant resources is delayed, cancelled or does not proceed to completion, it could have a material adverse effect on our Company’s results of operations and financial condition.

If any of our customers fail to make payments to us or become insolvent, we would suffer losses and our financial condition and results of operations could be adversely affected. Moreover, sale of our machines are generally not supported by letters of credit or bank guarantee. In case of any disputes or differences or default with regard to our payments due to machine performance or otherwise, we would have to initiate appropriate recovery proceedings and which may be costly and time consuming. There is no guarantee on the timelines of all or any part of our customer’s payments and whether they will be able to fulfil their obligations, which may arise from their

financial difficulties, cash flow difficulties, deterioration in their business performance, or a downturn in the global economy. If such events or circumstances occur, our financial performance and our operating cash flows may be adversely affected.

9. Our Company has availed, or may in the future avail, secured/unsecured loans that may be recalled by the lenders at any time.

Our Company has availed, or may in the future avail, secured/unsecured loans which may be recalled by the lenders at any time. In the event that any lender seeks a repayment of any such loan, then Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. Moreover, our Company may not have adequate working capital to manufacture machines. As a result, any such demand may affect our business, and in turn may affect our cash flows and results of operations.

10. Our company and our Promoter / promoter group are involved in certain legal proceedings, any adverse developments related to which could materially and adversely affect our business, reputation and cash flows.

There are certain outstanding legal proceedings involving our Company and Promoter / Promoter Group. These proceedings are pending at different levels of adjudication before various courts, tribunals, authorities, enquiry officers and appellate tribunals. The brief details of such outstanding litigation are as follows:

Details of Litigation against Company:

| Sr. No. | Petitioner / Aggrieved | Brief of Case | Section / Type | Court and Case Number | Amount Involved (in ₹) |
|----------------|---|--|-----------------------|--|-------------------------------|
| 1. | Techtronics Automation, Faridabad | Supplier supplied LM Guide, Ball Screw, Coupling (Order Material) at higher than market price by influencing the purchase manager by stating the other suppliers were offering items were ingenuine. Upon discovery, the payments were halted. | Civil | - | 11,63,948/- |
| 2. | Nexco Automation Technologies Pvt. Ltd., Vadodara | Marshall purchased Turret from the supplier, but due to unavailability of required after sales service of the product, it affected the Business of Marshall to material extent. Upon discovery, the payments were halted. | Civil | - | 30,95,975/- |
| 3. | Rollmann Trading Company | Supplier supplied faulty LM guides and ballscrews (Order material) which affected the performance of the machine. Upon discovery, the payments were halted. | Civil | - | 32,58,548/- |
| 4. | Infinite Uptime India Pvt. Ltd. | New type of Sensors was sent on verbal assurance that payment would post we are able to sale the same in Market. Payments are subject to market response of the Products. | Civil | Civil Court, Sr. Division, Pune Case - 369/2021 | 4,09,200/- |
| 5. | Ringfeder Power Transmission India Pvt. Ltd | Supplier supplied faulty couplings where complete replacement had to be done in the field by Marshall, causing great harassment to clients and team. Thus, the payments were halted. | Civil | - | 6,08,522/- |

| Sr. No. | Petitioner / Aggrieved | Brief of Case | Section / Type | Court and Case Number | Amount Involved (in ₹) |
|--------------|--|---|---|---|--|
| 6. | Shri Laxmi Enterprises* | As per terms of the PO the advance was non-refundable in case the customer did not take delivery of the machine as per the payment terms. The said advance is thus forfeited. | Section 138 - Criminal Dishonor of cheque | - | 3,70,200/- |
| 7. | Navyug Enterprise, Ludhiana | Due to COVID the payment of the supplier got delayed which led to filing of the case by Petitioner. | Civil | - | 5,85,758/- |
| 8. | Premier India Bearings Ltd., Ludhiana | Supplier supplied Bearings (Order Material) at higher than market price by stating the other suppliers were offering items were ingenuine. Upon discovery, the payments were halted. | Civil | - | 29,58,938/- |
| 9. | Marotia Tools & Alloys Pvt. Ltd., Ludhiana | Supplier supplied Inappropriate quality of Material and thus payments were halted. | Civil | Chief Judicial magistrate, Ludhiana Case -6/2022 | 4,60,961/- |
| 10. | Goodluck Engineering, Delhi | Customer ordered a very special and customised machine. Due to their loss in business did take delivery of the ready machine and as per terms of PO - the advance amount was forfeited. | Civil | - | 5,99,225/- |
| 11. | Ruchin Jindal | Commercial Dispute | Civil | Chief Judicial magistrate, Ludhiana Case - 196/2022 | Not Ascertainable |
| 12. | Wave Technologies Inc, Vimal Dudhagra | Cheque Dishonour | Civil | Civil Court, Rajkot Case - 42023/2021 | 2,27,740/- |
| 13. | Nirajit Singh | Commercial Dispute | Civil | District and Sessions Court, Ludhiana Case - 40/2019 | Not Ascertainable / Case mutually Disposed |
| 14. | JV Export | Commercial Dispute | Civil | High Court of Punjab Case - 1113/2019 | Not Ascertainable / Case mutually Disposed |
| 15. | Laxmi Factory Tools Pvt. Ltd. | Commercial Dispute | Civil | Chief Metropolitan magistrate, THC, West Delhi Case - 3327/2021 | Not Ascertainable / Case mutually Disposed |
| Total | | | | | 2,08,48,354/- |

Details of Litigation against Promoters / Directors / KMPs

Civil Cases:

| Name | Case Number | Section / Type | Petitioner / Aggrieved | Amount Involved (in ₹) |
|----------------|---------------------------------------|---------------------------------------|-----------------------------|------------------------|
| Gaurav Sarup | Case 856/2021 CNR:GJRJ250015882021 | Summary Suit under Cpc. - Civil | Navnitbhai Ratibhai Maru | 2,07,918/- |
| Archana Sarup | | | | |
| Siddhant Sarup | | | | |
| Prashant Sarup | | | | |

Criminal Cases:

| Sr. No. | Name | Case Number | Section / Type | Petitioner / Aggrieved | Amount Involved (in ₹) |
|---------|----------------|---|---|---|------------------------|
| 1. | Gaurav Sarup | 42023/2021 CNR: GJRJ0204793520221 | 138 of Negotiable Instruments Act, 1881 Cheque Dishonour | Vimal J. Dudhagara M/s Wave Technologies | 2,27,740/- |
| | Archana Sarup | | | | |
| | Siddhant Sarup | | | | |
| | Prashant Sarup | | | | |
| 2. | Gaurav Sarup | 7638/2022 PBLD030241372022 | 138 of Negotiable Instruments Act, 1881 Cheque Dishonour | Soni Electrical and Electronics | 27,59,722/-* |
| | Archana Saru | | | | |
| | Siddhant Sarup | | | | |
| | Prashant Sarup | | | | |
| 3. | Gaurav Sarup | 7636/2022 PLBD030241362022 | 138 of Negotiable Instruments Act, 1881 Cheque Dishonour | Soni Electrical and Electronics | 27,59,722/-* |
| | Archana Sarup | | | | |
| | Siddhant Sarup | | | | |
| | Prashant Sarup | | | | |
| 4. | Gaurav Sarup | 7623/2022 PLBD030240162022 | 138 of Negotiable Instruments Act, 1881 Cheque Dishonour | Soni Electrical and Electronics | 27,59,722/-* |
| | Archana Sarup | | | | |
| | Siddhant Sarup | | | | |
| | Prashant Sarup | | | | |
| 5. | Gaurav Sarup | 7565/2022 PLBD0302371222022 | 138 of Negotiable Instruments Act, 1881 Cheque Dishonour | Soni Electrical and Electronics | 27,59,722/-* |
| | Archana Sarup | | | | |
| | Siddhant Sarup | | | | |
| | Prashant Sarup | | | | |
| 6. | Gaurav Sarup | 2206/2021 HRFB030193662021 | 138 of Negotiable | Shri Laxmi Enterprises | 3,70,200 |
| | Archana Sarup | | | | |

| | | | | | |
|--|----------------|--|-----------------------|--|--|
| | Siddhant Sarup | | Instruments Act, 1881 | | |
| | Prashant Sarup | | Cheque Dishonour | | |

* Multiple cases for single matter, are filed by the aggrieved party

Direct / Indirect Tax Liabilities on Promoter / Directors:

| AY | Notice/Demand Order ID | Demand Under Section | Date of Issuance | Amount of demand |
|-----------|-------------------------------|---|-------------------------|-------------------------|
| 2015-16 | NA | 139(9) Defective Notice to Siddhant Sarup | NA | Under Assessment |

For details, please see “*Outstanding Litigations, Defaults and Material Developments*” on page 251 of this Draft Letter of offer.

11. Our Company has been unable to make payment towards certain statutory dues for more than one year and therefore our Statutory Auditor has included a Key Audit Matters in its Independent Auditor’s report for the Financial Year ended March 31, 2023.

Our Statutory Auditor has included the following Key Audit Matters in the Independent Auditor’s report for the Financial Year ended March 31, 2023:

“The Company has not been regular in depositing its Statutory Dues. The Statutory dues payable as on 31.03.2023 have not been paid in full, which includes Income Tax Payable on Self-Assessment u/s 140A of Income Tax Act, 1961 amounting to ₹ 94.50 Lacs for A.Y 2020-21, TDS amounting to ₹ 35.50 Lacs, Provident Fund amounting to ₹ 12.45 Lacs and ESI amounting to ₹ 3.50 Lacs along with Interest thereon which are outstanding for more than six months. The delay in deposit of taxes may result in company having to pay interest and penalty for the same in the future, the amount of which cannot be ascertained as of now.”

Although no show cause notice in respect to the above has been received by our Company till date and no penalty or fine has been imposed by any regulatory authority, it cannot be assured that there will not be such instances in the future or that our Company will not commit any further delays or defaults in relation to the applicable regulatory requirements, or that any penalty or fine will not be imposed by any regulatory authority in respect to the same.

12. We are subject to risks associated with expansion into new markets.

Our Company intends to enter into new markets like USA. Expansion into USA, subjects us to various challenges, including those relating to our lack of familiarity with the culture, legal regulations and economic conditions of these new regions, difficulties in appointment of distributors, display centers, staffing and managing such operations. The risks involved in entering new geographic markets and expanding operations, may be higher than expected, and we may face significant competition in such markets. By expanding into new markets, we may be exposed to significant liability and could lose some or all of our investment in such regions, as a result of which our business, financial condition and results of operations could be adversely affected.

13. Increase in the cost of, or a shortfall in the availability of our materials/components could have an adverse effect on our business, results of operations and financial condition.

The principal materials/components used by us for manufacturing CNC Machines are spindle belt, grinding wheel, drill, automation conveyors, ball screw, bearing, C.I Casting, chuck & cylinders, CNC systems, coolant pump, electrical parts, encoder, gauging station material etc. The price and availability of these materials/components depend on several factors beyond our control, including

supplier's preferability overall economic conditions, production levels, market demand and competition for such materials, production and transportation cost, duties and taxes and trade restrictions.

Any increase in materials/components prices may affect our procurement of materials/components and will result in corresponding increases in our product costs, while the increase in the selling price of the finished products may not be proportionate to the increase in materials/components price. Such change in pricing may adversely affect our sales, cash flow and our overall profitability. We usually do not enter into long term supply contracts with any of materials/components suppliers and typically place orders with them after firm-orders are received by us. The absence of long term contracts at fixed prices exposes us to volatility in the prices of materials/components that we require. The relationship with these key suppliers plays an important role in helping us provide complete integrated solutions to our customers in the agreed time frame. If we are unable to compensate for or pass on our increased costs to end-customer or within time frame, such price increases could have an adverse impact on our result of operations, financial condition and cash flows. We also face a risk that one or more of our existing suppliers may discontinue their supplies to us. Any inability on our part to procure raw materials from alternate suppliers in a timely fashion, or on terms acceptable us, may adversely affect our operations. However, the raw material prices are stable as of now and we have been able to price our products in relation to raw material prices.

14. *In the past, there have been instances of delayed or erroneous filing of certain forms which were required to be filed as per the reporting requirements under the Companies Act, 1956 and Companies Act, 2013 to RoC by our Company.*

Under the provisions of Companies Act, certain forms are required to be filed within prescribed timelines. In the past our Company has exceeded such timeline for filing the forms and has paid additional fees. The occurrence of instances of delayed or erroneous filings in future may impact our results of operations and financial position.

15. *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.*

Demand for many of our machines depends on capital spending by industries like Automobile, Electronics, Steel, machine tools etc., which is directly affected by trends in these sectors and the current economic scenario. Our customers may defer major expenditures given the long term nature of many large scale projects due to perception of lower demand for their products or other reasons. Further, any financial crisis may lead to tightening of credit and consequently our customers, who may not have the ability to fund capital expenditures, may have difficulty in obtaining financing, which may result in cancellations of expansion or deferral of expansion to a later date. Such cancellations or deferrals may result in decreased demand for our machines and could adversely affect our results of operations, cash flows and liquidity.

16. *Our Patents registered in India under Patent Act, 1970 will expire in the near future.*

Our Patents registered in India under the Patents Act, 1970 will expire in the near future. For details, see the section titled "Business Overview" on page 84 of this Draft Letter of Offer. We cannot assure you that we will be able to renew such registrations, when we'll apply for renewal in the later course of time. Further, patents applied by the promoters and promoter group of the company, might not get registered. As a result, we may be unable to prevent use of these patents by any other party or ensure that we will continue to have a right to use it. We further cannot assure you that any third party will not infringe upon our patents in a manner that may have a material adverse effect on our business prospects, reputation and goodwill. If we are unable to protect our patents, others may be able to use our patents to compete more effectively.

17. *Failure to offer customer support in a timely and effective manner may adversely affect our relationships with our customers.*

From time to time, our customers require our customer support team to assist them in installing, using our machines, help them in resolving post-sales issues quickly and in providing ongoing support. If we do not devote sufficient resources or are otherwise unsuccessful in assisting our customers effectively, it could adversely affect our ability to retain existing customers and could prevent prospective customers from buying our machines. We may be unable to respond quickly enough to accommodate short-term increases in demand for customer support. We also may be unable to modify the nature, scope and delivery of our customer support to compete with changes in the support services provided by our competitors. Increased demand for customer support, without corresponding revenue, could increase costs and adversely affect our business, results of operations and financial condition.

Our sales are highly dependent on our business reputation and on positive recommendations from our customers. Any failure to maintain high-quality customer support, or a market perception that we do not maintain high-quality customer support, could adversely affect our reputation, business, results of operations and financial condition. However, we have built a strong “after sales technical team” which helps our customers on a regular basis.

18. *Our operations are significantly dependent on our ability to successfully identify customer requirement and gain customer acceptance for our machines. If we fail to do so, our business may suffer.*

Our future success depends on our ability to ensure continued demand for our machines in existing and proposed markets, which requires us to continuously anticipate and respond in a timely manner to customer requirements. Further, our success is dependent on our ability to gain customer acceptance for our current and future products. If we are unable to successfully anticipate customer requirements or are unable to modify our current portfolio of products or develop new products, in a timely manner, we may lose customers or become subject to greater pricing pressures.

19. *We may face potential liabilities or claims by the customers in the future for warranties given by us on our machines, which could have an adverse effect on our business, reputation, results of operations or financial condition.*

The machines manufactured by us are generally covered by manufacturers’ warranties, which are typically for 1 to 2 years. In the event any machine or component fail to operate as required, our customer may make a claim against the applicable warranty to cover all or a portion of the expense or losses associated with the faulty component. In case the supplier of these components to us no longer honor the warranties as back to back warranty obligations, it would leave us to cover the expense and losses associated with the faulty component. Our business, financial condition, results of operations and cash flows could be materially and adversely affected if we cannot recover the expense and losses associated with the faulty component.

20. *We face competition in our business from domestic & international competitors. Such competition may have an adverse impact on our business and financial performance.*

The machine tool industry is a competitive sector that is reliant upon continual technological advancement. There are several large competitors that operate in this industry, which may be developing new technologies. The development of a new and superior technology by a competitor could affect our ability to commercialize our patented machines. There is a risk that existing competitors or new entrants to the market may develop superior or more cost effective machines, which could have an adverse effect on our business and financial position. We may be unable to develop further machines or keep pace with rapid technological developments in its market space, and may lose market share to our competitors.

Furthermore, our competitors may have greater operational, financial, technical, management or other resources than we do and may be able to achieve better economies of scale and lower cost of capital, allowing them to quote more competitive rates to our customers. Our competitors may also have a more effective or established localized business presence or a greater willingness or ability to operate with little or no operating margins for sustained periods of time. Our market position depends on our pricing, innovation, development and operation capabilities, reputation and track record.

- 21. *We appoint contract labour for carrying out certain of our operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations and financial condition.***

In order to retain flexibility and control costs, we appoint independent contractors who in turn engage on-site contract labour for performance of certain of our operations. Although we do not engage these labour directly, we may be held responsible for any wage payments to be made to such labour in the event of default by such independent contractor. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. In addition, under the Contract Labour Act, we may be required to absorb a number of such contract labour as permanent employees. Accordingly, any such order from a regulatory body or court may have an adverse effect on our business, results of operations and financial condition. The Company is taking necessary steps to ensure to follow all legal requirements in this regards.

- 22. *Our operations are subject to environmental, health and safety laws and regulations.***

Our operations are subject to various Central and State environmental laws and regulations relating to the control of pollution in the area where we operate. In particular, the discharge or emission of domestic sewage, dust or other pollutants into the air, soil or water that exceed permitted levels, electronic waste and cause damage to others may give rise to liability to the Government and third parties and may result in our incurring costs to remedy such discharge or emissions. There can be no assurance that compliance with such environmental laws and regulations will not result in a curtailment of operations, or a material increase in the costs of operations, or otherwise have a material adverse effect on the financial condition and results of our operations. While as on the date of this Draft Letter of Offer, we are not subject to any environmental legal proceedings, we may be impleaded in such legal proceedings in the course of our business. No assurance can be given that we will be successful in all, or any, of such proceedings. However, we have installed and maintained all equipments as required for pollution control and have not been given any adverse remark by Punjab Pollution Control Board.

- 23. *Our company is highly dependent on third party logistics services for the delivery of our machines and any disruption in their operations or a decrease in the quality of their services could affect our Company's reputation and results of operations.***

Our Company uses third party transportation providers for delivery of our machines. Though our business has not experienced any disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on our business. These transportation facilities may not be adequate to support our existing and future operations. In addition materials/components/machines may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of machines which may also affect our business and results of operation negatively. An increase in the freight costs or unavailability of freight for transportation of our machines may have an adverse effect on our business and results of operations. Further, disruptions of transportation services due to weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could impair ability to procure materials/components or deliver machines on time. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

24. *In case of our inability to obtain, renew or maintain the statutory and regulatory licenses, permits and approvals required to operate our business it may have a material adverse effect on our business.*

We require certain statutory and regulatory permits, licenses and approvals to operate our business. Though we believe that we have obtained those permits and licenses which are adequate to run our business, however, there is no assurance that there are no other statutory/regulatory requirements which we are required to comply with. Further, some of the approvals are granted for a fixed period of time and need renewal from time to time. We are required to renew such permits, licenses and approvals. Also, certain licenses and registrations obtained by our Company contain certain terms and conditions, which are required to be complied with. Any default by our Company in complying with the same, may result in inter alia the cancellation of such licenses, consents, authorizations and/or registrations, which may adversely affect our operations. There can be no assurance that the relevant authorities will issue or renew any of such permits or approvals in time or at all. Failure to renew, maintain or obtain the required permits or approvals in time may result in the interruption of our operations and may have a material adverse effect on our business.

For further details, please refer to section titled “Government and Other Approvals” beginning on page 257 of this Draft Letter of offer.

25. *Our business is dependent on the availability/supply of certain materials/components which we source from domestic/international suppliers. Any decrease in the availability of the materials, could adversely affect our results of operations.*

Our Company is dependent upon certain specific suppliers for critical components. The basic material and components required for manufacturing CNC Machines are spindle belt, grinding wheel, drill, automation conveyors, ball screw, bearing, Casting, chuck & cylinders, CNC systems, coolant pump, electrical parts, encoder, gauging station material etc. There are few suppliers manufacturing these materials/components and hence our dependence on them may affect our production due to shortage of such materials/components. As we typically do not enter into any long-term supply agreements with our suppliers, we have no long-term rate contract with them. Any significant change in the suppliers of these materials/components could adversely affect our business.

26. *Orders placed by customers may be delayed, modified, cancelled or not fully paid by our customers, which may have an adverse effect on our business, financial condition and results of operations.*

We may encounter problems in executing the orders in relation to our machines, or executing it on a timely basis. Moreover, factors beyond our control or the control of our customers may result in the postponement of the delivery of machines or cause its cancellation. Accordingly, it is difficult to predict with certainty that, when, and to what extent we may be able to deliver the orders placed. Further, we may be bound to certain terms in the contracts entered with the customers any non-adherence to the same may lead to breach of the contract, which may subject us to penalties and liquidated damages. Any failure to adhere to the conditions which may be beyond our control may subject us to liquidated damages which could have an effect on the result of operation and cash flow. However, we have always followed policy of timely delivery of machines, execution of orders and ensuring customer satisfaction.

27. *Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control.*

We propose to utilize the Net Proceeds towards (i) to meet working capital requirements; (ii) repayment of all outstanding borrowings availed by our Company; (iii) technology fee; and (iv) general corporate purposes. Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions, and have not been

appraised by any bank or financial institution or other independent agency. Furthermore, in the absence of such independent appraisal, our funding requirements may be subject to change based on various factors which are beyond our control such as the pandemic and interest or exchange rate fluctuations, among others. The deployment of the Net Proceeds will be at the discretion of our Board in accordance with applicable laws and regulations. Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of the Net Proceeds. For details, see "*Objects of the Issue*" on page 64.

28. *Our manufacturing units are not owned by us.*

The details of manufacturing units not owned by us are given below:-

| Sr. No. | Location of the property | Ownership/Licensor / Lessor | Property Kind | Purpose |
|----------------|---|--|----------------------------|--|
| 1. | D-116A, Phase-V, Focal Point, Ludhiana, Punjab - 141010 | Punjab Small Industries & Export Corporation Limited | Leasehold-99 years | Manufacturing Unit - II |
| 2. | C-86, Phase-V, Focal Point, Ludhiana, Punjab - 141010 | Marshall Industries | Rented till March 31, 2042 | Registered Office & Manufacturing Unit - I |

One of our manufacturing unit has been taken on long term lease of 99 years and our registered office/manufacturing unit has been taken on rent for 20 years (renewable for another 20 years). There are certain conditions in the Lease deeds of the properties, any non-adherence to the said conditions, could render the lessor of the property to cancel the lease deed or not renew the lease deed. In case the lease is cancelled or renew the same on the term which are detrimental to the company, we may suffer a disruption in our business and operation which may adversely affect our revenues and profitability.

29. *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.*

Our manufacturing operations require a sustained supply of electricity which is met by Punjab State Power Corporation Limited. In the event there is any disruption of power supply for long from them, the same could result in disruption of our manufacturing process which may adversely affect our results of operations and financial condition of the company. However, we have installed generators to support our manufacturing activities in case of shortage of power supply.

30. *We may not be successful in implementing our business strategies.*

Our ability to achieve our financial objectives will depend on our ability to identify, evaluate and accomplish business strategies. To grow our business, we will need to hire, train, supervise and manage new employees and to implement systems capable of effectively accommodating our growth. Even though we have successfully executed our business strategies in the past, there is no guarantee that we can implement the same on time and within the estimated budget going forward, or that we will be able to meet the expectations of our targeted customers. Further, changes in regulations applicable to us may also make it difficult to implement our business strategies. Failure to implement our business strategies in time or at all would have a material adverse effect on our business and results of operations.

31. *Our Company has misplaced many transfer deeds for registration of transfer of shares.*

Our Company has misplaced many transfer deeds in respect of share transfers done in the past and an FIR has been filed to this effect. As such we have relied on the records available with our Company like Share Transfer Register, Annual Returns etc. for making Capital Structure.

32. *Our Company may incur penalties or liabilities for some inaccuracy/clerical errors in the forms filed with ROC under certain provisions of the Companies Act.*

There have been some inaccuracies/clerical mistakes in filing of certain forms with ROC, which may result in levy of penalties and which may adversely affect our reputation. Although no show cause notice have been issued against our Company till date in respect of above, we cannot rule out possibility of receiving a notice in future.

33. *Certain of our old corporate records are not available.*

We are unable to trace certain corporate records for example documents in relation to allotment of shares, forms for change in directors of our Company. These documents pertain to the period commencing from 1994 to 2006. We have also been unable to trace copies of certain transfer deeds for transfer of equity shares. Despite having conducted an extensive search in the records of our Company, we have not been able to retrieve the aforementioned documents, and accordingly, have relied on other documents, such as our share transfer register, register of members, register of directors, board resolutions and minutes, annual returns to verify the details of our equity shares allotted during this period and change in directors of the Company.

34. *We have not made any alternate arrangements for meeting our working capital requirements for the Objects of the Issue. Further we have not identified any alternate source of financing the “Objects of the Issue”. Any shortfall in raising/meeting the same could adversely affect our growth plans, operations and financial performance.*

As on date, we have not made any alternate arrangements for meeting our working capital requirements for the Objects of the Issue. Further, we have not identified any alternate source of working capital funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds could adversely affect our growth plans. We meet our working capital requirements through our owned funds, internal accruals and debt. Any shortfall in our net owned funds, internal accruals and our inability to raise debt would result in us being unable to meet our working capital requirements, which in turn will negatively affect our financial condition and results of operations. For further details please refer to the chapter titled “Objects of the Issue” beginning on page 64 of this Draft Letter of Offer.

35. *The rate of interest for the loans obtained by us from the bank is variable and any increase in interest rates may adversely affect our results of operations and financial condition.*

Our Company is susceptible to changes in interest rates and the risks arising there from. Our sanction letters provide for interest at variable rates with a provision for the periodic resetting of interest rates. Further the lenders are entitled to change the applicable rate of interest, which is a combination of a base rate that depends upon the policies of the RBI and a contractually agreed spread. As such, any increase in interest rates may have an adverse effect on our business, results of operations, cash flows and financial condition. However, with the inflation at ease, we do not expect any upward trend in the interest rate in short to medium term.

36. *Our revenues and expenses are difficult to predict and can vary significantly from period to period, which could cause our share price to decline.*

Our revenue and profitability have grown in certain years and are likely to vary significantly in the future from period to period. Therefore, we believe that period to period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as an indication of our future performance. It is possible that in future our results of operations may be below market expectations, which could cause the share price of our equity shares to decline significantly.

37. *Our industry is labour intensive and our business operations may be materially adversely affected by increase in salaries & wages, strikes, work stoppages or increased wage demands by our employees or those of our suppliers.*

Our industry being labour intensive is dependent on labour force for carrying out its manufacturing operations. As of March 31, 2023, we employed 139 persons to perform a variety of functions in our daily operations. However, we have observed an overall tightening of the employee market and an emerging trend of shortage of skilled labour. Failure to obtain stable and dedicated employee support may cause disruption to our business that harms our operations. Furthermore, employee costs have been rising and may continue to increase in the near future. To remain competitive, we may need to increase the salaries of our employees to attract and retain them.

Also, work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations. We have not experienced any major disruptions in our business operations due to disputes or other problems with our work force in the past; however, there can be no assurance that we will not experience such disruptions in the future. Such disruptions may adversely affect our business and results of operations and may also divert the management's attention and result in increased costs.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal, imposes financial obligations on employers upon employee layoffs and regulates contract labour. These laws may restrict our ability to have human resource policies that would allow us to react swiftly to the needs of our business, discharge employees or downsize. We may also experience labour unrest in the future, which may disrupt our operations. If such disruptions occur or continue for a prolonged period of time, our manufacturing capacity and overall profitability could be negatively affected. We also depend on third party contract labour. It is possible under the law that we may be held responsible for wage payments to these labourers if their contractors default on payment. We may be held liable for any non-payment by contractors and any such order or direction from a court or any other regulatory authority may harm our business, results of our operations and cash flows.

38. *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.*

Employee misconduct or errors could expose us to business risks or losses, including regulatory sanctions and serious harm to our reputation. There can be no assurance that we will be able to detect or deter such misconduct. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions on account of which our business, financial condition, results of operations and goodwill could be adversely affected.

39. *Breakdowns of our major plants or machineries or failures to repair or maintain the same may affect our business.*

Breakdowns of our major plants or machineries may significantly increase our machineries purchase cost/repair and the depreciation of our plants and machineries, as well as change the way our management estimates the useful life of our plants and machineries. In such cases, we may not be able to acquire new plants or machineries or repair the damaged plants or machineries in time or at all, particularly where our plants or machineries are not readily available from the market or require services from original machinery manufacturers. Some of our major machineries or parts may be costly to replace or repair. We may experience significant price increases due to supply shortages, inflation, transportation difficulties or unavailability.

40. *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.*

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, earthquakes, other natural disasters and industrial accidents. Our manufacturing facilities are also subject to operating risk resulting in fatal personal injury and property damage and consequent position of civil and criminal penalties. Usage of heavy machinery, handling of materials by labour during production process or otherwise, lifting of materials by humans, cranes, etc. may result in accidents which could cause injury to our labour, employees, other persons on the site and could also damage our properties there by affecting our operations. Occurrence of accidents could hamper our production and consequently affect our profitability.

41. *We have entered into certain transactions with related parties. These transactions or any future transactions with our related parties could potentially involve conflicts of interest.*

We have entered into certain transactions with our Promoters, Promoter Group, Group Companies/Entities, Directors and their relatives and may continue to do so in future. For absolute value of all transactions entered into with our related party entities please refer to Statement of Related Party Transactions under chapter “*Financial Information*” beginning on page 125 of this Draft Letter of Offer. These transactions or any future transactions with our related parties could potentially involve conflicts of interest. However, the Company cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on business and financial results. Our Company shall follow the provisions as laid down under Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

42. *Our Order Book does not represent our future revenues and our actual income may be significantly less than the estimates reflected in our Order Book, which could adversely affect our results of operations.*

The Company has orders from which it expects future revenue and profit. Order Book refers to a compilation of our expected revenues from uncompleted orders received. Orders in the order book represent business that is considered firm. Our Order Book does not necessarily indicate future earnings related to the performance of that work, as cancellations or unanticipated variations or scope or schedule adjustments may occur. Due to changes in order schedule, we cannot predict with certainty when or if orders in our Order Book will be executed. In addition, even where an order proceeds as scheduled, it is possible that customers may default and fail to make the payments due. We cannot guarantee that the income anticipated in our Order Book will be realized, or, if realized, will be realized on time or result in profits. Any order cancellations or adjustments, which may occur from time to time, could reduce the amount of our Order Book and the income and profits that we ultimately earn from the business. Any delay, cancellation, payment and our counterparties may seek liquidated damages due to our failure to complete the required milestones or even terminate the contract totally or refuse to grant us any extension default could have a material adverse effect on our business. Accordingly, the realization of our Order Book and the effect on our results of operations may vary significantly from reporting period to reporting period depending on the nature of such order as well as the stage of completion of such orders as of the relevant reporting date as it is impacted by applicable accounting principles affecting revenue and cost recognition.

43. *In addition to normal remuneration, other benefits and reimbursement of expenses some of our Directors (including our Promoters) and Key Management Personnel are interested in our Company to the extent of their shareholding and dividend entitlement in our Company.*

Some of our Directors (including our Promoters) and Key Management Personnel are interested in our Company to the extent of their shareholding and dividend entitlement in our Company, in addition to normal remuneration or benefits and reimbursement of expenses. We cannot assure you that our Directors or our Key Management Personnel would always exercise their rights as Shareholders to the benefit and best interest of our Company. As a result, our Directors will continue to exercise significant control over our Company, including being able to control the composition of our board of directors and determine decisions requiring simple or special majority voting, and

our other Shareholders may be unable to affect the outcome of such voting. Our Directors may take or block actions with respect to our business, which may conflict with our best interests or the interests of other minority Shareholders, such as actions with respect to future capital raising or acquisitions. We cannot assure you that our Directors will always act to resolve any conflicts of interest in our favour, thereby adversely affecting our business and results of operations and prospects.

44. *Our success depends largely upon the services of our Management and other Key Managerial Personnel and our ability to retain them. Our inability to attract and retain key managerial personnel may adversely affect the operations of our Company.*

Our Company and our Promoters have built relations with suppliers, customers and other persons who are connected with our business. Further, our Key Managerial Personal also possesses the requisite domain knowledge to provide efficient services to our clients. Accordingly, our Company's performance is dependent upon the services of our Promoters and other Key Managerial Personnel. Our future performance will, therefore, depend upon the continued services of these persons. Demand for key managerial personnel in the industry is intense and our inability to attract and retain Key Managerial Personnel may affect the operations of our Company.

45. *We have not independently verified certain data in this Draft Letter of Offer.*

We have not independently verified data from the Industry and related data contained in this Draft Letter of Offer and although we believe the sources mentioned in the report to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, its economy or the industries in which we operate that is included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to incorrect or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

46. *Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.*

We have taken insurance which may not be adequate enough for covering the entire future unforeseen liabilities that might occur in the normal course of business. There can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time by the insurers. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be adversely affected. For further details on insurance arrangements, see the section titled "*Business Overview*" on page 84 of this Draft Letter of Offer.

II. *Risk related to this Issue*

47. *We will not distribute the Letter of Offer, the Abridged Letter of Offer, Application Form and Right Entitlement Letter to overseas Shareholders who have not provided an address in India for service of documents.*

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars our Company will send, only through email, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares permitted under laws of such jurisdictions and in each case who make a request in this regard. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of Issue Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. While we have requested all the shareholders to provide an address in India for the purposes of distribution of Issue Materials, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject us to fines or penalties.

- 48. *SEBI has recently, by way of Circular dated January 22, 2020, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI master circular, and in this Draft Letter of Offer.***

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circular dated January 22, 2020 and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see “*Terms of the Issue*” on page 269 of this Draft Letter of Offer.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or suspended for debit or credit or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned / reversed / failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

- 49. *The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form (“Physical Shareholder”) may lapse in case they fail to furnish the details of their demat account to the Registrar.***

In accordance with the circulars SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 and SEBI Master Circular SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in

dematerialized form (except in case of transmission or transposition of Equity Shares). For details, please refer chapter “*Terms of the Issue*” on page 138 of this Draft Letter of Offer

50. *Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.*

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renounees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renounees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renounee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see “*Terms of the Issue*” on page 138 of this Draft Letter of Offer.

51. *Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by our Company may dilute your shareholding and any sale of Equity Shares by our Promoters or members of our Promoter Group may adversely affect the trading price of the Equity Shares.*

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by our Company may dilute your shareholding in our Company; adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoters and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that our Promoters and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

52. *Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.*

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchanges on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares.

53. *Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.*

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant’s demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material

adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation, cash flows or financial condition, or other events affecting the Applicant's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

54. Investors will be subject to market risks until the Equity Shares credited to the investors demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchange, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

55. You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

56. The trading price of our Equity Shares may be subject to volatility and you may not be able to sell your Equity Shares at or above the Issue Price.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

57. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, any company incorporated in India must offer its holders of equity shares preemptive rights to subscribe and pay for a proportionate number of shares to maintain their

existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

58. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may adversely affect the value of our Equity Shares, independent of our operating results.*

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchange. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may adversely affect the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

59. *Investors will not have the option of getting the allotment of Equity Shares in physical form.*

In accordance with the SEBI ICDR Regulations, the Equity Shares shall be issued only in dematerialized form. Investors will not have the option of getting the allotment of Equity Shares in physical form. The Equity Shares Allotted to the Applicants who do not have demat accounts or who have not specified their demat details, will be kept in abeyance till receipt of the details of the demat account of such Applicants. For details, see “*Terms of the Issue*” on page 269 of this Draft Letter of Offer. This may impact the ability of our shareholders to receive the Equity Shares in the Issue.

60. *There is no guarantee that our Equity Shares will be listed, or continue to be listed, on the Indian stock exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on the Stock Exchange.*

In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be applied for or granted until after our Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of our Equity Shares. Accordingly, there could be a failure or delay in listing our Equity Shares on the Stock Exchange, which would adversely affect your ability to sell our Equity Shares.

61. *Sale of Equity Shares by our Promoters or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.*

Any instance of disinvestments of equity shares by our Promoters or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

62. *Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.*

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

63. *Our ability to pay any dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.*

The amount of our future dividend payments, if any, will depend upon our Company's future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. There can be no assurance that our Company will be able to pay dividends.

B. EXTERNAL RISK FACTORS

64. *A slowdown in economic growth in India could adversely affect our business, results of operations, financial condition and cash flows.*

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products may be adversely affected by an economic downturn in domestic, regional and global economies. Economic growth in the countries in which we operate is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports of materials, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could harm our business, results of operations, financial condition and cash flows. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

65. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business and financial performance.*

Our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business.

There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavorable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are

interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and/or subject us to penalties. Further, changes in capital gains tax or tax on capital market transactions or sale of shares could affect investor returns. As a result, any such changes or interpretations could have an adverse effect on our business and financial performance.

66. *Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.*

Inflation is typically impacted by factors such as governmental policies, regulations, commodity prices, liquidity and global economic environment. Any change in the government or a change in the economic and deregulation policies could adversely affect the inflation rates. Continued high rates of inflation may increase our costs such as salaries, travel costs and related allowances, which are typically linked to general price levels. There can be no assurance that we will be able to pass on any additional costs to our clients or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

67. *Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing.*

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our capital expenditure plans, business and financial performance and the price of our Equity Shares.

68. *We have not prepared, and currently do not intend to prepare, our financial statements in accordance with the International Financial Reporting Standards ("IFRS"). Our transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.*

Public companies in India, including us, may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for convergence with IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated January 22, 2010 (the "IFRS Convergence Note"). The Ministry of Corporate Affairs by a press release dated February 25, 2011 has notified that 35 Indian Accounting Standards are to be converged with IFRS. The date of implementation of such converged Indian accounting standards has not yet been determined. Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP or our adoption of converged Indian Accounting Standards may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognized during that period and in the corresponding (restated) period in the comparative Fiscal period.

69. *Financial difficulty and other problems in certain long-term lending institutions and investment institutions in India could have a negative impact on our business.*

We are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is referred to as "systemic risk," may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis. Our transactions with these financial institutions expose us to credit risk in the event of default by the counter party, which can be exacerbated during periods of market illiquidity. As the Indian financial system operates within an emerging market, we face risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian

financial system generally could create adverse market perception about Indian financial institutions and banks. This in turn could adversely affect our business, financial condition, results of operations and cash flows.

70. *Financial instability in both Indian and international financial markets could adversely affect our results of operations and financial condition.*

The Indian economy is also influenced by economic and market conditions in other countries. This includes, but is not limited to, the conditions in the United States, Europe and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our business, prospects, financial condition and results of operations. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections.

These could include further falls in Stock Exchange's indices and greater volatility of markets in general due to the increased uncertainty. These and other related events could have a significant impact on the global credit and financial markets as a whole, and could result in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets. There are also concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares.

71. *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.*

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

72. *Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.*

Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Elimination or substantial change of policies or the introduction of policies that negatively affect the Company's business could cause its results of

operations to suffer. Any significant change in India's economic policies could disrupt business and economic conditions in India generally and the Company's business in particular.

73. Terrorist attacks, civil unrests 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.

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the Mumbai terrorist attacks and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

SECTION IV – INTRODUCTION

THE ISSUE

This Issue has been authorised by way of a resolution passed by our Board of Directors on April 06, 2023 in pursuance of Section 62(1)(a) and other applicable provisions of the Companies Act, 2013. The terms and conditions of the Issue including the Record Date, Rights Entitlement, Issue Price, Timing of the Issue and other related matters have been approved by a resolution passed by the Committee of Directors (Rights Issue) at its meeting held on [•].

The following is a summary of the Issue, which should be read in conjunction with, and is qualified in its entirety by, more detailed information in section titled “*Terms of the Issue*” beginning on page 269.

| | |
|---|--|
| Rights Equity Shares being offered by our Company | Up to [•]* Rights Equity Shares |
| Rights Entitlement | [•] Rights Equity Shares for every [•] Equity Shares held on the Record Date |
| Record Date | [•] |
| Face Value Per Equity Share | ₹ 10/- each |
| Issue Price Per Equity Share | ₹ [•]/- each Share (including a premium of ₹ [•]/- per Rights Equity Share) |
| Issue Size | Up to [•] Fully Paid Equity Shares of face value of ₹ 10/- each for cash at a price of ₹ [•]/- (Including a premium of ₹ [•]/- per Rights Equity Share not exceeding an amount of ₹ 4567.50 Lakhs |
| Equity Shares issued, subscribed, paid-up and outstanding prior to the Issue | 1,45,50,000 Equity Shares. For details, see “ <i>Capital Structure</i> ” beginning on page 61 |
| Equity Shares outstanding after the Issue (Assuming full subscription for and allotment of the Rights Entitlement) | [•] Equity Shares |
| Rights Equity Shares Offered In The Issue | Up to [•] Rights Equity Shares |
| Fractional Entitlement | For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [•] Equity Shares or is not in multiples of [•], the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of [•] additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any; |
| Terms Of The Issue | Please refer to the section titled “ <i>Terms of the Issue</i> ” beginning on page 269. |
| Use Of Issue Proceeds | Please refer to the section titled “ <i>Objects of the Issue</i> ” beginning on page 64 |
| Security Code/ Scrip Details | ISIN: INE00SZ01018 NSE Symbol: MARSHALL ISIN for Rights Entitlements: [•] |

* To be updated upon finalisation of the Issue Price.

For details in relation fractional entitlements, see “*Terms of the Issue-Fractional Entitlements*” beginning on page 269 of this Draft Letter of Offer.

Terms of Payment

| Amount payable per rights equity share | Face Value | Premium | Total |
|---|-------------------|----------------|--------------|
| On the Issue application (i.e. along with the Application Form) | 10/- | [•] | [•] |
| Total | 10/- | [•] | [•] |

Issue Schedule

| | |
|--|-----|
| Issue Opening Date | [•] |
| Last date for On Market Renunciation of Rights* | [•] |
| Issue Closing Date** | [•] |

**Eligible Equity Shareholders are requested to ensure that renunciation through off- market transfer is completed in such manner that the Rights Entitlement are credited to the demat account of the Renouncees on or prior to the Issue Closing Date*

***The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.*

GENERAL INFORMATION

Our Company was originally incorporated as a private limited company under the Companies Act, 1956 as V.B. Spinning Mills Private Limited vide certificate of incorporation dated May 23, 1994 issued by the Registrar of Companies, Punjab, H.P. & Chandigarh. Subsequently, a fresh certificate of incorporation dated January 02, 2002 was issued by Registrar of Companies, Punjab, H.P. & Chandigarh, pursuant to change of name of our Company from V.B. Spinning Mills Private Limited to Marshall Machines Private Limited. 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. Subsequently, the name of the company was changed to Marshall Machines Limited pursuant to conversion into a public company vide shareholder's approval dated April 24, 2018 and vide fresh certificate of incorporation dated May 17, 2018 issued by Registrar of Companies, Chandigarh. Our Company successfully launched its IPO and got listed in NSE Emerge (SME Platform) w.e.f. September 07, 2018. The Company through its postal ballot resolution passed dated September 10, 2021 with the requisite majority of the shareholders, migrated from NSE Emerge to Main Board of NSE w.e.f. November 11, 2021. The equity shares of our Company were listed on NSE, bearing Scrip symbol 'MARSHALL' and ISIN 'INE00SZ01018'.

CHANGES IN OUR REGISTERED OFFICE

At present our registered office is located at C-86, Phase-V, Focal Point, Ludhiana 141010, Punjab. Prior to this, following changes were made in the location of our registered office:

| Date | Particulars |
|---------------------|--|
| Since Incorporation | 177-R, Model Town, Ludhiana, Punjab |
| February 28, 2002* | Our Registered office was shifted from the above location to C-86, Phase-V, Focal Point, Ludhiana 141010, Punjab, India. |

*Form 18 for change in registered office is not available.

REGISTERED OFFICE AND CORPORATE OFFICE OF OUR COMPANY

Marshall Machines Limited

C-86, Phase V, Focal Point,

Ludhiana - 141010, Punjab, India

Tel: +91-161-5012406, 5012407, 5019648

Fax: +91 161 5012408

E-mail: csmarshall@marshallcnc.com

Website: www.marshallcnc.com

Registration Number: 014605

CIN: L29299PB1994PLC014605

REGISTRAR OF COMPANIES

Registrar of Companies, Chandigarh

Address: 1st Floor, Corporate Bhawan, Plot No.4-B, Sector 27-B, PIN-160019, Chandigarh, Punjab.

Contact No.: 0172-2639415 / 2639416

Email id: roc.chandigarh@mca.gov.in

BOARD OF DIRECTORS OF OUR COMPANY

| Name | Age | Designation | DIN | Address |
|--------------------|-----|---------------------------|----------|--|
| Mr. Gaurav Sarup | 59 | Managing Director | 00777489 | H. No. B-19-168, Col Gurdial Singh Road, Civil Lines, Ludhiana, Punjab |
| Mr. Prashant Sarup | 56 | Whole Time Director & CFO | 01257440 | H. No. B-19-168, Col Gurdial Singh Road, Civil Lines, Ludhiana, Punjab |

| Name | Age | Designation | DIN | Address |
|------------------------|-----|----------------------|----------|--|
| Mrs. Archana Sarup | 51 | Whole Time Director | 07780273 | H. No. B-19-168, Col Gurdial Singh Road, Civil Lines, Ludhiana, Punjab |
| Mr. Siddhant Sarup | 32 | Whole Time Director | 07779416 | H.No. B-19-168, Col Gurdial Singh Road, Civil Lines, Ludhiana, Punjab |
| Mr. Anil Singla | 43 | Independent Director | 07404704 | 2796/3 Dhak Bazar, Patiala 147001, Punjab |
| Mr. Satvinder Singh | 67 | Independent Director | 08148602 | H. No. 3983 Sector-32-A Chandigarh Road Ludhiana 141010, Punjab |
| Mrs. Rita Aggarwal | 44 | Independent Director | 09288976 | H.No. 32 Majithia Enclave, Near Dhillon Complex 24 No Pathak, Patiala 147001, Punjab |
| Mr. Surinder Bir Singh | 57 | Independent Director | 10216266 | House No. - 214, Basant City, Behind Keys Hotel, Dad Ludhiana-142022, Punjab |

For further details of our Board of Directors, please refer to the section “*Our Management*” beginning on page 112

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Gauri Agarwal
MARSHALL MACHINES LIMITED
C-86, Phase V, Focal Point,
Ludhiana - 141010, Punjab, India
Tel No: +91-161-5012406, 5012407, 5019648
Email: csmarshall@marshallcnc.com
Website: www.marshallcnc.com

CHIEF FINANCIAL OFFICER

Mr. Prashant Sarup
MARSHALL MACHINES LIMITED
C-86, Phase V, Focal Point,
Ludhiana - 141010, Punjab, India
Tel No: +91-161-5012406, 5012407, 5019648
Email: Prashant.Sarup@marshallcnc.com
Website: www.marshallcnc.com

LEAD MANAGER TO THE ISSUE

KUNVARJI FINSTOCK PRIVATE LIMITED
Address: B-Wing, Siddhivinayak Towers, Nr DAV School, Next to Kataria House, Off SG Highway, Makarba, Ahmedabad – 380051, Gujarat
Tel: +91 79 6666 9000
Email: mb@kunvarji.com
Website: www.kunvarji.com
Investor Grievance E-mail: info@kunvarji.com
Contact Person: Mr. Niraj Thakkar / Mr. Jiten Patel
SEBI Registration Number: INM000012564

REGISTRAR TO THE ISSUE AND SHARE TRANSFER AGENT

BIGSHARE SERVICES PRIVATE LIMITED
Address: S6-2, 6th Pinnacle Business Park, Mahakali Caves Road, next to Ahura Centre, Andheri East, Mumbai – 400 093, Maharashtra
Contact Person: Mr. Jibu John

Tel No.: +91 022-62638200
Facsimile: 022-62638280
Email: rightsissue@bigshareonline.com
Investor grievance e-mail: investor@bigshareonline.com
Website: www.bigshareonline.com
SEBI Registration No: INR000001385

BANKER TO THE ISSUE/ REFUND BANK

KOTAK MAHINDRA BANK LIMITED

Address: [•]
Tel: [•]
Email: [•]
Website: [•]
Contact Person: [•]
SEBI Registration No.: [•]

BANKERS OF OUR COMPANY

HDFC Bank Limited

Address : Plot B/XIX/65/SE,
The Mall, LGF 1, 1st Mall,
Ludhiana, Punjab - 141001
Tel: +91 8879769516
Email: abhishek.kumar106@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Abhishek Garg

LEGAL ADVISOR TO THE ISSUE

B. T. GADHAVI & ASSOCIATES, ADVOCATE

Address: 401, 4th Floor, Sachet-1, B/H Om Complex, B/S City Center, Swastik Cross Road,
Ahmedabad – 380 009
Tel: +91-9687275908
Email: btgadhavi78@gmail.com
Contact Person: B. T. Gadhavi

STATUTORY AUDITOR OF OUR COMPANY

M/s. S. Sood & Co.

Chartered Accountants

Address: SCO 18 & 19-C
Canal Colony, Pakhowal Road
Ludhiana- 141001
Tel: + 91 161 4662266/ 4667766
Email: info@ssoodco.com
Firm Registration No.: 010801N
Contact Person: Mr. Sanjay Sood
Membership No.: 089457
Peer Review No.: 14938

CHANGE IN THE STATUTORY AUDITORS DURING LAST 3 YEARS

There has been no change in the statutory auditors of our Company during the last three years preceding the date of this Draft Letter of Offer:

GRIEVANCES RELATING TO ISSUE RELATED MATTER

Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer of our Company for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked. ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, please refer to the section titled “*Terms of the Issue*” beginning on page 269.

EXPERT

Except as stated below, Our Company has not obtained any expert opinion:

Our Company has received a written consent dated June 12, 2023 from our Statutory Auditors, M/s. S. Sood & Co., Chartered Accountants, to include their name in this Draft Letter of Offer and as an ‘expert’, as defined under applicable laws, to the extent and in their capacity as statutory auditors of our Company and in respect of the inclusion of the Audited Financial Statements and the Statement of Special Tax Benefits dated June 12, 2023, included in this Draft Letter of Offer and such consent has not been withdrawn as of the date of this Draft Letter of Offer.

SELF-CERTIFIED SYNDICATE BANKS

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. On Allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted.

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES

Kunvarji Finstock Private Limited being sole Lead Manager to this Issue, all the responsibilities relating to coordination and other activities in relation to the Issue shall be performed by them. Hence, a statement of inter-se allocation of responsibilities is not required.

ISSUE SCHEDULE

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

| | |
|---|-----|
| Last Date for credit of Rights Entitlements | [•] |
| Issue Opening Date | [•] |
| Last Date for On Market Renunciation of Rights Entitlements# | [•] |
| Issue Closing Date* | [•] |
| Finalization of Basis of Allotment (on or about) | [•] |
| Date of Allotment (on or about) | [•] |
| Date of credit (on or about) | [•] |
| Date of listing (on or about) | [•] |

#Eligible Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date;

**Our Board or a duly authorized committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

The above schedule is indicative and does not constitute any obligation on our Company.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date or who have not provided the details of their demat accounts to our Company or to the Registrar to the Issue, they are required to provide their demat account details to our Company or the Registrar to the Offer not later than 2 (Two) Working Days prior to the Issue Closing Date, i.e., [•], to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least 1 (One) day before the Issue Closing Date, i.e., [•].

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar to the Issue will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before the Issue Closing Date. For details on submitting Application Forms, please refer to the section titled “*Terms of the Issue*” on page 269.

The details of the Rights Entitlements with respect to each Eligible Shareholders can be accessed by such respective Eligible Shareholders on the website of the Registrar to the Issue at www.bigshareonline.com after keying in their respective details along with other security control measures implemented there at. For further details, please refer to the paragraph titled see ‘Credit of Rights Entitlements in demat accounts of Eligible Shareholders’ under the section titled “*Terms of the Issue*” beginning on page 269.

Please note that if no Application is made by the Eligible Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under this Issue.

CREDIT RATING

As the proposed Issue is of Equity Shares, there is no credit rating required for the Issue.

DEBENTURE TRUSTEE

As this proposed Issue is of Equity Shares, the appointment of debenture trustee is not required.

MONITORING AGENCY

Since the Issue Size does not exceed ₹ 10,000 Lakhs, there is no requirement to appoint a monitoring agency in relation to the Issue in terms of SEBI (ICDR) Regulation.

APPRAISING ENTITY

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution or any other independent agency.

UNDERWRITING

This Issue is not underwritten, and our Company has not entered into any underwriting arrangement.

FILING

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. September 28, 2020, has amended Regulation 3 (b) of the SEBI (ICDR) Regulations as per which the threshold of the rights Issue Size under Regulation 3 of the SEBI (ICDR) Regulations has been increased from ₹ 10 Crores to ₹ 50 Crores.

Since the size of this Issue falls below this threshold, this Draft Letter of Offer will be filed with the Stock Exchanges and not with SEBI. However, the Draft Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchanges.

MINIMUM SUBSCRIPTION

In accordance with Regulation 86 of SEBI (ICDR) Regulations, If our Company does not receive the minimum subscription of 90% of the Issue Size, or the subscription level falls below 90% of the Issue Size, after the Issue Closing Date on account of withdrawal of applications, our Company shall refund the entire subscription amount received within 4 days from the Issue Closing Date. In the event that there is a delay in making refund of the subscription amount by more than four days after our Company becomes liable to pay subscription amount or such other period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rate prescribed under applicable laws. The above is subject to the terms mentioned under “*Terms of the Issue*” on page 269.

CAPITAL STRUCTURE

The Equity Share capital of our Company as of the date of this Draft Letter of Offer, and the details of the Equity Shares proposed to be issued in the Issue, and the issued, subscribed and paid up share capital after the Issue, are set forth below:

(Amount in ₹ Lakhs, except data relating to shares)

| | Particular | Aggregate Nominal Value | Aggregate Value at Issue Price |
|----------|--|-------------------------|--------------------------------|
| A | Authorised Equity Share capital | | |
| | 6,50,00,000 Equity Shares of face value of ₹ 10 each | 6500.00 | - |
| B | Issued, subscribed and paid-up Equity Share capital before this Issue | | |
| | 1,45,50,000 Equity Shares of face value of ₹ 10 each | 1455.00 | - |
| C | Present Issue in terms of this Draft Letter of Offer | | |
| | [•] Equity Shares of face value of ₹ 10 each | [•] | 4567.50 |
| D | Issued, subscribed and paid-up Equity Share capital after the Issue | | |
| | [•] Fully Paid Equity Shares of face value of ₹ 10 each | [•] | [•] |
| E | Subscribed and paid-up Equity Share capital | | |
| | [•] ([•]) fully paid-up Equity Shares | [•] | [•] |
| F | Securities Premium account | | |
| | Before the Issue | | [•] |
| | After the Issue | | [•] |

Notes:

- (a) The present Issue has been authorized by our Board of Directors pursuant to the resolution passed in their meeting conducted on April 06, 2023;
- (b) Increase in authorised capital from 15 Cr. to 65 Cr. through postal ballot notice dated July 11, 2023 using Remote Electronic Voting (“e-voting”);
- (c) Assuming full subscription for allotment of Rights Equity Shares;
- (d) Subject to finalization of Basis of Allotment, Allotment and deduction of Issue expenses;
- (e) Assuming full subscription by the Eligible Equity Shareholders of the Rights Equity Shares.

Notes to the Capital Structure

1. The Equity Shares of our Company are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer;
2. At any given time, there shall be only one denomination of the Equity Shares. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time;
3. As on the date of this Draft Letter of Offer, our Company has not issued any special voting Rights Equity Shares and there are no outstanding Equity Shares having special voting rights;
4. The ex-rights price arrived in accordance with the formula prescribed Regulation 10(4)(b) of the SEBI (SAST) Regulations, in connection with the Issue is ₹ [•]/- (Rupees [•] Only);
5. **Details of outstanding warrants, outstanding instruments with an option to convert or securities which are convertible at a later date into Equity Shares**

As on the date of this Draft Letter of Offer, our Company has no outstanding warrants, options to be issued or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Prospectus.

6. Details of stock option scheme of our Company

As on the date of this Draft Letter of Offer, our Company does not have a stock option scheme.

7. Details of Equity Shares held by the promoter and promoter group including the details of lock-in, pledge of and encumbrance on such Equity Shares:

Equity Shares held by the Promoter and Promoter Group of the Company are locked-in, pledge of and encumbrance on such Equity Shares, detail as given below:

| Sr. No. | Name of the Promoter and Promoter Group | No. of Shares held | No. of Shares in Lock-In | Pledge of Shares |
|----------------|--|---------------------------|---------------------------------|-------------------------|
| 1. | Mr. Gaurav Sarup | 2758051 | 2758051 | Nil |
| 2. | Mr. Prashant Sarup | 3365123 | 3245124 | Nil |
| 3 | Mrs. Archana Sarup | 399245 | 399245 | Nil |
| 4. | Mr. Siddhant Sarup | 365527 | 365527 | Nil |

8. Details of Equity Shares acquired by the promoter and promoter group in the last one year prior to the filing of this Draft Letter of Offer

No Equity Shares have been acquired by the Promoters or members of the Promoter Group in the year immediately preceding the date of this Draft Letter of Offer.

9. Intention and participation by the promoter and promoter group

The Promoters and Promoter Group of our Company, through their letters dated June 15, 2023, has undertaken that they may or may not:

1. intend to subscribe to the Rights Entitlements in part or in full in as proposed in the Issue and to the extent of unsubscribed portion (if any) of this Issue;
2. renounce their Right Entitlements fully or in part in favour of any third party other than the Promoters and members of the Promoter Group;
3. apply for and subscribe to the additional Rights Equity Shares and any Equity Shares offered in the Issue that remain unsubscribed, subject to compliance with the minimum public shareholding requirements, as prescribed under the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;
4. Any acquisition of additional Equity Shares shall not result in change of control of the management of the Company in accordance with provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto, ('SEBI (SAST) Regulations') and shall be exempted subject to fulfillment of the conditions of Regulation 10 of the SEBI (SAST) Regulations.

In case this Issue remains unsubscribed, the Board of Directors may dispose of such unsubscribed portion in the best interest of the Company and in compliance with the applicable laws.

No person connected with this Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Investor for making an application in this Issue, except for fees or commission for services rendered in relation to the Issue;

10. Shareholding Pattern of our company

The shareholding pattern of our Company as on June 30, 2023 is as follows:

- a) The details of the shareholding pattern of our Company as on June 30, 2023 can be accessed on the website of NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=MARSHALL&tabIndex=equity>
- b) The details of shareholders of our Company holding 1% or more of the paid-up capital as on June 30, 2023, can be accessed on the website of NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=MARSHALL&tabIndex=equity>

SECTION V – PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

Our Company proposes to utilize the Net Proceeds towards the following objects:

1. To meet Working Capital Requirement;
2. Repayment of Loans;
3. Acquisition of Technology;
4. General Corporate Purposes.

(Collectively, referred to herein as the "Objects").

We intend to utilize the gross proceeds raised through the Issue (*the "Issue Proceeds"*) after deducting the Issue related expense (*"Net Proceeds"*) for the abovementioned Objects.

The main object clause of the Memorandum of Association of our Company enables us to undertake the activities for which the funds are being raised through the Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

ISSUE PROCEEDS

The details of Issue Proceeds are set forth in the following table:

| | (₹ in Lakhs) |
|--|----------------------|
| Particulars | Amount |
| Gross Proceeds from the Issue* | 4567.50 [#] |
| Less: Estimated Issue related Expenses | 55.00 |
| Net Proceeds from the Issue | 4512.50 |

[#]Assuming full subscription in the Issue and subject to the finalisation of the basis of Allotment and the allotment of the Rights Equity Shares.

*The Issue Size will not exceed ₹ 4567.50 Lakhs. If there is any reduction in the amount on account of or at the time of finalisation of Issue Price and Rights Entitlements Ratio, the same will be adjusted against General Corporate Purpose.

REQUIREMENT OF FUNDS AND UTILISATION OF NET PROCEEDS

The intended use of the Net Proceeds of the Issue by our Company is set forth in the following table:

| | | (₹ in Lakhs) |
|---------|---|--------------------------------------|
| Sr. No. | Particulars | Estimated Deployment of Net Proceeds |
| 1. | To meet Working Capital Requirements | 1515.17 |
| 2. | Repayment of Loans | 629.16 |
| 3. | Technology Fee | 1935.00 |
| 4. | Funding Expenditure for General Corporate Purposes [#] | 433.17 |
| | Total Net Proceeds** | 4512.50 |

[#]The amount to be utilized for General corporate purposes will not exceed 25.00% (Twenty-Five Percent) of the Gross Proceeds;

**Assuming full subscription in the Issue and subject to the finalisation of the basis of Allotment and the allotment of the Rights Equity Shares.

The above stated fund requirements are based on our current business plan, internal management estimates and have not been appraised by any bank or financial institution or independent agency. Our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our Board. In case the Net Proceeds are not completely utilised in a scheduled financial

year due to any reason, the same would be utilised (in part or full) in the next financial year as may be determined by our Company, in accordance with applicable law.

Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of a variety of factors such as our financial condition, business strategy and external factors such as market conditions, competitive environment, interest or exchange rate fluctuations, taxes and duties, working capital margin and other external factors which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose, at the discretion of our management. Subject to applicable law, if the actual utilisation towards meeting incremental working capital requirements is lower than the proposed deployment, the balance will be used towards general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the gross proceeds. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the Objects, business considerations may require us to explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned objects as per the estimated scheduled of deployment specified above, our Company shall deploy the Net Proceeds in subsequent financial years towards the aforementioned objects.

For further details, please refer the section titled “*Risk factors - The deployment of the Net Proceeds from the Issue is based on management estimates and have not been independently appraised by any bank or financial institution and is not subject to any monitoring by any independent agency and our Company’s management will have flexibility in utilizing the Net Proceeds from the Issue*” on page no. 27.

MEANS OF FINANCE

Our Company proposes to meet the entire requirement of funds for the objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% (Seventy-Five Percent) of the stated means of finance for the aforesaid object, excluding the amount to be raised from the Issue.

The fund requirement and deployment are based on our management estimates and has not been appraised by any bank or financial institution or any other independent agencies. The fund requirement above is based on our current business plan and our Company may have to rise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment and interest or exchange rate fluctuations. Consequently, our Company’s funding requirements and deployment schedules are subject to revision in the future at the discretion of our management.

DETAILS OF THE OBJECTS OF THE ISSUE

The details in relation to objects of the Issue are set forth herein below:

1. To meet Working Capital Requirements

We are currently engaged into the business of designing, manufacturing, and deploying solution offerings, providing after sales services for machine tool equipment. Products offered by the Company include single spindle CNC machines, innovative two spindle & four spindle CNC machines, automated robotic CNC machine solutions, and Industry 4.0 products such as Smart Correct Gauging Stations. We fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals. We operate in a highly competitive and dynamic market conditions and may have to revise our estimates from time to time on account of external circumstances, business or strategy, foreseeable opportunity. Consequently, our fund requirements may also change.

The details of estimation of Working Capital Requirement are as under:

| Particulars | 2021-22 | | 2022-23 | | 2023-24 | |
|---|--------------|-----------|--------------|-----------|--------------|-----------|
| | (Restated) | # of Days | (Restated) | # of Days | (Projected) | # of Days |
| Current Assets | | | | | | |
| Inventories | 5,041 | 485 Days | 5,037 | 667 Days | 4,922 | 298 Days |
| Investments | - | - | - | - | - | - |
| Trade Receivables | 1,800 | 109 Days | 2,840 | 300 Days | 2,948 | 126 Days |
| Cash and Cash Equivalents | 27 | - | 31 | - | 189 | - |
| Loans and Advances | 214 | 21 Days | 301 | 40 Days | 304 | 18 Days |
| Other Financial Assets | 48 | - | 44 | - | 50 | - |
| Other current Assets | - | - | - | - | - | - |
| Total Current Assets (A) | 7,130 | | 8,253 | | 8,413 | |
| Current Liabilities | | | | | | |
| Borrowings | 589 | - | 489 | - | 335 | - |
| Trade Payables | 2,490 | 226 Days | 3,814 | 506 Days | 2,359 | 146 Days |
| Other Financial Liabilities | 21 | - | 17 | - | 20 | - |
| Other Current Liabilities | 1,702 | 103 Days | 1,371 | 145 Days | 1,050 | 45 Days |
| Provisions | 96 | - | 93 | - | 45 | - |
| Total Current Liabilities (B) | 4,898 | | 5,784 | | 3,809 | |
| Working Capital Requirements (A-B) | 2,232 | | 2,469 | | 4,604 | |
| Proceeds from the Issue | - | | - | | 1,515 | |
| Working Capital Limit from Bank | 2,093 | | 2,200 | | 2,050 | |
| Internal Accruals | 139 | | 269 | | 1,039 | |

- 1) The working capital is required for short term purpose.
- 2) Receivable turnover in Days = (Average Accounts Receivable / Revenue from Operation) * 365
- 3) Inventory Turnover in Days = (Average Inventory / Cost of Goods Sold) * 365
- 4) Payable Turnover in Days = (Average Accounts Payable / Purchases) * 365

The working capital projections made by the Company are based on certain key assumptions, as set out below:

| Sr. No. | Particulars | Basis of Estimation / Assumption |
|---------|-------------|---|
| 1. | Inventories | <p>Due to the processing done of the castings and fabricated structures - natural seasoning in the open sun and rain to relieve any residual stress in the structures there is a longer lead time for development of the machines. As a practice we build the machines to a certain stage where items for a given model are common and leave it till a customer confirms the customization involved. This is the best possible practice and its followed by the top Japanese and European machine builders.</p> <p>The company is looking to expand business in new segments like aerospace, medical and new markets like Government public sector (defence, railways etc) where substantially larger machines will be required and the machine building time will be longer so the inventory days will increase with business growth in these segments. Hence, we have forecasted additional requirement of working capital in this year and the subsequent years.</p> |

| | | |
|----|-----------------------------|--|
| 2. | Trade Receivables | <p>This is based on the average standard payment terms across our customers. Our Company's general credit terms vary across geographies and type of customer, and our assumptions are based on past trends.</p> <p>Apart from these two major points to take note are, First the company is expected to increase its share of automation and special tooled up business in the coming years to penetrate into new customers and new market segments, the company will have to give some credit support to the customers who are ordering complicated and customized solutions for the first time.</p> <p>Secondly the company is venturing into business segments like public sector where there is no advance and the payment is realized after delivery and installation in the Customer premises.</p> <p>The company foresees increase in the receivable days due to significant contribution of this business in the total turnover.</p> |
| 3. | Loans and Advances | Other Current Assets mainly comprise of advances to suppliers of raw materials and stores and spares, advances to employees. |
| 4. | Other Financial Assets | It Includes Margin Money against Borrowings having original maturity of 12 months or less. |
| 5. | Trade Payables | <p>This is based on the standard payment terms of our vendors. Trade Payable days increased due to liquidity crises & Company is expecting to reduce the holding period in FY 2023-24. The company is planning to reduce these days in the subsequent years and bring them close to 90 days as soon as possible.</p> <p>The Company anticipates better pricing from the suppliers by reducing the credit period which will help the company to improve their PAT. This head will have significant impact in the increase in requirement of Working capital all other things remaining the same.</p> |
| 6. | Other Financial Liabilities | The amount refers to Interest accrued on Cash Credit at the end of month. |
| 7. | Other Current Liabilities | <p>Other Current Liabilities mainly includes Advance from Customers & Statutory dues, Employee benefits.</p> <p>The company has made progress by reducing this amount from the previous years. Keeping in mind the standard practice for payment terms followed by the industry for order confirmation and smooth execution there may be an instance that this amount increases with the increase in total business size in the coming years. The standard fast moving machine orders will have significant impact on this particular financial head.</p> |
| 8. | Provisions | Being Short term provision of Gratuity Obligation as per Actuarial Valuation & Provision for Income Tax. |

2. Repayment of Loans

Our Company has, in the regular course of business, entered into various financing arrangements, including, Secured & Unsecured loans, Cash Credit, LC and ECLGS availed by our Company. The selection and extent of loans proposed to be repaid will be based on various commercial considerations including, among others, the costs, expenses and charges relating to the facility including interest rate of the relevant loan, the amount of the loan outstanding, the remaining tenor of the loan, presence of onerous terms and conditions under the facility, levy of any prepayment penalties and the quantum thereof, provisions of any law, rules, regulations governing such borrowings, terms of pre-payment to lenders, if any and mix of credit facilities provided by lenders.

The following table provides details of certain borrowings availed by our Company which are outstanding as on June 30, 2023, details as given below:

| 1. Secured | | | | | | |
|--|--|---|---|---|--------------------------------------|--|
| Name of Bank/ Financial institution | Purpose for which disbursed amount was utilized | Principal loan amount sanctioned | Principal amount disbursed as on June 30, 2023 | Principal amount outstanding as on June 30, 2023 | Rate of interest (per annum)% | Prepayment penalty/ Additional fees |
| Siemens Financial Services Private Limited | Finance Lease | 1,18,27,165 | 1,18,27,165 | 1,23,97,761 | 10.50% | - |
| Hero Fincorp Limited | Machine Loan | 1,25,00,000 | 1,25,00,000 | 92,89,330 | 15.00% | - |
| Hero Fincorp Limited | Machine Loan | 55,00,000 | 55,00,000 | 39,85,078 | 14.00% | - |
| HDFC Bank Limited | Car Loan | 7,60,000 | 7,60,000 | 4,10,506 | 7.40% | - |
| HDFC Bank Limited | General Purpose/ Working Capital | 1,82,88,362 | 1,82,88,362 | 9,16,710 | 12.75% | - |
| HDFC Bank Limited | Car Loan | 9,00,000 | 9,00,000 | 1,24,141 | 9.26% | - |
| Tata Capital Financial Services Limited | Machine Loan | 2,10,00,000 | 2,10,00,000 | 28,21,274 | 16.05% | - |
| Tata Capital Financial Services Limited | Interest Funding | 6,93,891 | 6,93,891 | 8,95,346 | 16.05% | - |
| Small Industries Development Bank of India (SIDBI) | Machine Loan | 3,00,00,000 | 3,00,00,000 | 2,10,97,660 | 8.27% | - |
| Electronica Finance Limited | Machine Loan | 1,01,18,290 | 1,01,18,290 | 45,30,568 | 12.75% | - |
| 2. Unsecured | | | | | | |
| Name of Bank/ Financial institution | Purpose for which disbursed amount was utilized | Principal loan amount sanctioned | Principal amount disbursed as on June 30, 2023 | Principal amount outstanding as on June 30, 2023 | Rate of interest (per annum)% | Prepayment penalty/ Additional fees |
| Clix Capital Services Private Limited | General Purpose/ Working Capital | 35,32,503 | 35,32,503 | 7,21,978 | 18.50% | - |
| IDFC First Bank Limited | | 50,00,000 | 50,00,000 | 31,43,798 | 18.00% | - |
| Magma Fincorp Limited | | 17,47,025 | 17,47,025 | 15,31,950 | 18.50% | - |
| Moneywise Financial Services Private Limited | | 29,68,365 | 29,68,365 | 23,54,500 | 20.00% | - |
| Tata Capital Financial Services Limited | | 50,30,090 | 50,30,090 | 19,13,075 | 18.50% | - |
| Aditya Birla Finance Limited | | 53,64,003 | 53,64,003 | 34,90,367 | 19.50% | - |
| NeoGrowth Credit Private Limited | | 14,86,308 | 14,86,308 | 6,52,494 | 24.50% | - |
| Ashv Finance Limited | | 1,59,98,402 | 1,59,98,402 | 84,32,881 | 18.00% | - |
| 3. Cash Credit | | | | | | |
| Name of Bank/ Financial institution | Purpose for which disbursed amount was utilized | Principal loan amount sanctioned | Principal amount disbursed as on June 30, 2023 | Principal amount outstanding as on June 30, 2023 | Rate of interest (per annum)% | Prepayment penalty/ Additional fees |
| HDFC Bank Limited | Working Capital | 18,50,00,000 | 17,39,00,000 | 18,15,98,256 | 12.90% | - |
| 4. LC | | | | | | |
| Name of Bank/ Financial institution | Purpose for which disbursed amount was utilized | Principal loan amount sanctioned | Principal amount disbursed as on June 30, 2023 | Principal amount outstanding as on June 30, 2023 | Rate of interest (per annum)% | Prepayment penalty/ Additional fees |
| HDFC Bank Limited | Working Capital | 3,50,00,000 | 2,11,15,540 | 2,11,15,540 | 1.20% | - |
| 5. ECLGS | | | | | | |
| Name of Bank/ Financial institution | Purpose for which disbursed amount was utilized | Principal loan amount sanctioned | Principal amount disbursed as on June 30, 2023 | Principal amount outstanding as on June 30, 2023 | Rate of interest (per annum)% | Prepayment penalty/ Additional fees |
| IDFC First Bank Limited | General Purpose/ Working Capital | 12,11,346 | 12,11,346 | 7,68,397 | 9.25% | - |
| Ashv Finance Limited | | 34,90,714 | 34,90,714 | 26,43,426 | 14.00% | - |

| | | | | | | |
|--|--|-------------|-------------|-------------|--------|---|
| Tata Capital Financial Services Limited | | 60,00,000 | 60,00,000 | 40,88,650 | 13.80% | - |
| Aditya Birla Finance Limited | | 9,30,637 | 9,30,637 | 6,83,912 | 14.00% | - |
| HDFC Bank Limited | | 4,00,00,000 | 4,00,00,000 | 2,04,59,930 | 9.25% | - |
| HDFC Bank Limited | | 1,92,00,000 | 1,92,00,000 | 1,94,14,303 | 9.25% | - |
| Small Industries Development Bank of India (SIDBI) | | 58,89,000 | 58,89,000 | 35,13,100 | 8.25% | - |

3. Acquisition of Technology

Marshall will be acquiring advanced technology that will significantly enhance our machines, enable company to enter new market segments, and offer import substitutes for these markets.

This upcoming technology acquisition represents a significant milestone for Marshall Machines, as it empowers us to elevate the performance, precision, and efficiency of our machinery across the board. Our steadfast commitment to delivering high-quality products is further strengthened as we harness this technology to improve our existing machines and ensure customer satisfaction.

Furthermore, this technology will enable us to venture into new market segments such as precision turn mill, VMC, and hard turning. By expanding our product portfolio and catering to the unique needs of these segments, we are broadening our reach and providing comprehensive solutions to a wider range of industries.

One of the key advantages of this forthcoming acquisition is our ability to offer import substitutes for these markets. We take immense pride in delivering machines that are domestically manufactured and can rival or even surpass imported alternatives. This not only supports the growth of the Indian manufacturing sector but also provides customers with cost-effective options and shorter lead times.

The acquisition of this advanced technology will also present an opportunity for us to develop our intellectual property. By leveraging this technology, we can create distinctive features, processes, and innovations that differentiate us from our competitors. This intellectual property will provide us with a unique advantage, ensuring that our machines stand out in terms of performance, reliability, and technological superiority.

We are also thrilled about the possibilities this technology opens up for us in the government sector. With our enhanced capabilities, we will be better positioned to compete for government tenders and secure significant projects. Our ability to offer import substitutes, coupled with our technological advancements, will make us an appealing choice for government entities seeking reliable and cutting-edge solutions.

At Marshall Machines, our unwavering commitment to growth, innovation, and customer satisfaction remains at the core of our operations. We are dedicated to delivering world-class machinery solutions that cater to the evolving needs of various industries. This upcoming technology acquisition aligns perfectly with our mission to be at the forefront of technological advancements and provide our customers with exceptional products.

Pursuant to acquisition of technology and other expenses and no payments have been made towards these items. The breakdown of such estimated costs along with details of the quotations or purchase orders we have received are set forth below:

(₹ in Lakhs)

| Sr. No. | Description of Technology | Amount to be funded from Net Proceeds* | Any Quotations received from | Date of quotations | Date of placement of order | Expected date of supply | Validity |
|---------|--|--|--|----------------------------|--|--|-------------------------|
| 1. | Technology for Turnmill centre: This technology will be used to build precision Turnmill machines which complete against imported machines. | 1,115.00 | | | | | |
| 2. | Technology for Hard turning: This will be used to produce high precision machines to replace expensive grinding applications and improve productivity. Technology for Automation: This is for sourcing unique automation which gives some special technology inside the machine itself and ensure that the complete unit can run man less. | 555.00 | Yes – IMMER Inc (Thailand) Ltd. (supplier outside India) | 18 th July 2023 | The Company will order the technology post receipt of funds to be raised via Rights issue. | Within 30 days from the date of payment. | 60 days from quote date |
| 3. | Technology for VMC: this will be used to produce vertical machining centres and launch a very unique product in the Indian market which is different from anything locally produced. This will also help the company in completing their product range. | 265.00 | | | | | |

¹⁾ Inclusive of applicable GST at the rate of 18%. – Not applicable.

*Amounts are an approximate breakup based on the quote since some costs are common.

The technology is proposed to be utilized primarily for the following purposes:

1. Launching new products which will enable the company to enter new market segments like public sector, aerospace and medical. Build new customers who need such technology and enter new product markets by launching unique machines.
2. The technology will help to improve the design of the existing products by improving the accuracy, precision and reliability of the existing machines.
3. This will help in supplementing the existing machines by adding things like automation which will help to capture market and result in better margin realization.

Quotations received from the vendor mentioned above are valid as on the date of this Draft Letter of Offer. Our company proposes to utilise an estimated amount of ₹ 1,935 lakhs from the net proceeds towards acquisition of technology. As on the date of filing of this Draft Letter of Offer, we have appointed a legal adviser Lakshmikumaran & Sridharan Attorneys for helping us to conclude this transaction.

The Company will enter into an agreement with the supplier post in-principle approval for rights issue from the NSE.

4. General Corporate Purpose

In terms of Regulation 62(2) of the SEBI ICDR Regulations, the extent of the Issue Proceeds proposed to be used for General Corporate Purposes shall not in the aggregate exceed 25% of the Gross Proceeds of the Issue. Such utilization towards general corporate purposes shall be to drive our business growth, including, amongst other things including but not limited funding our growth opportunities, strengthening marketing capabilities and brand building exercises, and strategic initiatives and any other purpose as permitted by applicable laws; subject to meeting regulatory requirements and obtaining necessary approvals/ consents, as applicable.

Our management will have flexibility in utilizing any amounts for General Corporate Purposes under the overall guidance and policies of our Board. The quantum of utilization of funds towards any of the purposes will be determined by the Board, based on the amount available under this head and the business requirements of our Company, from time to time.

General corporate purposes may include, but are not restricted to, the following:

- a. strategic initiatives;
- b. funding growth opportunities;
- c. strengthening marketing capabilities and brand building exercises;
- d. meeting ongoing general corporate contingencies;
- e. meeting fund requirements of our Company, in the ordinary course of its business;
- f. meeting expenses incurred in the ordinary course of business; and
- g. any other purpose, as may be approved by the Board, subject to applicable law.

5. Expenses for the Issue

The total Issue related expenses are estimated to be approximately ₹ 55.00 Lakhs. The Issue related expenses include fees payable to the Lead Manager and legal counsel, the stock exchanges, Registrar fees, printing and distribution of issue stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

The break-down of the estimated Issue expenses is disclosed below:

| Activity | Estimated Expense (₹ in lakhs) | % of Total Estimated Issue Expenses | % of Total Issue Size |
|---|-----------------------------------|-------------------------------------|-----------------------|
| Fees of the Lead Manager | 25.00 | 45.5 | 0.55 |
| Registrar to the Issue | 6.00 | 10.9 | 0.13 |
| Legal Fees | 5.00 | 9.1 | 0.11 |
| Advertising and marketing expenses | 4.00 | 7.3 | 0.09 |
| Regulators including stock exchanges | 8.00 | 14.5 | 0.18 |
| Printing and distribution of issue stationary | 2.00 | 3.6 | 0.04 |
| Others, if any (to be specified) | 5.00 | 9.1 | 0.11 |
| Total estimated Issue expenses* | 55.00 | 100.00 | 1.20 |

**Subject to finalization of Basis of Allotment and actual Allotment. Above mentioned fees are excluding Taxes.*

In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds from the Issue.

STRATEGIC AND/OR FINANCIAL PARTNERS

There are no strategic and financial partners to the objects of the issue.

BRIDGE FINANCING FACILITIES

Our Company have not raised or availed any bridge financing facilities for meeting the expenses as stated under the Objects of the Issue as on the date of this Draft Letter of Offer.

INTERIM USE OF FUNDS

Our Company, in accordance with the policies established by the Board, from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilisation for the purposes described above from the Rights Issue, we undertake to temporarily invest the funds from the Net Proceeds in deposits with one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, for the necessary duration. Such investments will be approved by our Board from time to time. Our Company confirms that it shall not use the Net Proceeds for any buying, trading, or otherwise dealing in the shares of any other listed company or for any investment in the equity markets or providing inter-corporate deposits to any related parties, except in the ordinary course of business.

Additionally, in compliance with Regulation 66 of the SEBI ICDR Regulations, our Company confirms that it shall not use the Net Proceeds for financing or for providing loans to or for acquiring shares of any person who is part of the Promoters Group or Group Companies.

MONITORING OF UTILIZATION OF FUNDS

Since the proceeds from this Issue are less than ₹ 10,000 Lakhs, there is no requirement for the appointment of a monitoring agency for this Issue. However, as per SEBI (LODR) Regulation, the Board of Directors and/or Committee of the Company would be monitoring the utilization of the proceeds of the Issue. Our Company will disclose the utilization of the Issue Proceeds, including interim use, under a separate head in our balance sheet along with the relevant details, for all such Issue Proceeds that have not been utilized. Our Company will indicate investments, if any, of unutilized Issue Proceeds in the Financial Statements of the Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the NSE.

We will also on an annual basis, prepare a statement of the funds which have been utilized for purposes other than those stated in this Draft Letter of Offer, if any, and place it before the Audit Committee and the Board. Such disclosure will be made only until all the Issue Proceeds have been utilized in full. The statement shall be certified by our Statutory Auditor. Further, in accordance with Regulation 32 of the SEBI (LODR) Regulation, Our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Issue Proceeds. In accordance with Regulation 32 of the SEBI (LODR) Regulation, the Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement on material deviations, if any, in the utilization of the Issue Proceeds from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after placing the same before the Audit Committee.

In accordance with applicable provisions of the Companies Act, 2013 and applicable rules, except in circumstances of business exigencies, our Company shall not vary the Objects of the Issue without our Company being authorized to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (*the "Postal Ballot Notice"*) shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Hindi, the vernacular language of the jurisdiction where the Registered Office is situated.

KEY INDUSTRY REGULATIONS FOR THE OBJECTS OF THE ISSUE

No additional provisions of any acts, regulations, rules and other laws are or will be applicable to the Company for the proposed Objects of the Issue.

INTEREST OF PROMOTER, PROMOTER GROUP AND DIRECTORS IN THE OBJECTS OF THE ISSUE

Our Promoter, Promoter Group and Directors do not have any interest in the objects of the Issue. No part of the Net Proceeds will be paid by our Company as consideration to our Promoter, Promoter Group and Directors of our Company.

OTHER CONFIRMATIONS

Except disclosed above, there is no material existing or anticipated transactions in relation to the utilization of the Net Proceeds with our Promoter, members of Promoter Group or Directors or Key Management Personnel of our Company and no part of the Net Proceeds will be paid as consideration to any of them. Except disclosed above, none of our Promoters, members of Promoter Group or Directors are interested in the Objects of the Issue. No part of the proceeds from the Issue will be paid by the Company as consideration to our Directors or Key Managerial Personnel. Our Company does not require any material government and regulatory approvals in relation to the Objects of the Issue.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

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**S. SOOD & CO****CHARTERED ACCOUNTANTS**

Ludhiana : SCO 18 & 19-C, Canal Colony, Pakhowal Road, Ludhiana-141 001
Delhi : 414/415, Somdutt Chambers-1, 5 Bhikaji Cama Place, New Delhi - 110 029
Mohali : Plot No. 944, 2nd Floor, J.L.P.L, Sector-82, Mohali-160054
Tel. : 0161-4084819, 4084820 | E-mail : sanjay.sood@ssoodco.com

STATEMENT OF TAX BENEFITS**Statement of possible tax benefits available to the company and its shareholders**

To
The Board of Directors,
Marshall Machines Limited
C 86, Phase V, Focal Point,
Ludhiana- 141010, Punjab

Subject: Proposed rights issue of equity shares of face value Rs. 10/- each (the "Equity Shares" and such offering, the "Issue") of Marshall Machines Limited (the "Company") pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI Regulations").

We refer to proposed issue of the shares of **Marshall Machines Limited**, ('the Company'). We enclose herewith the statement showing the possible tax benefits available to the Company and the shareholders of the Company under the Income - Tax Act, 1961 ('Act'), as applicable to the assessment year 2024-25 relevant to the financial year 2023-24 for inclusion in the Draft Letter of Offer/Letter of Offer as well as Draft Letter of Offer/Letter of Offer ("Offer Documents") for the proposed issue of shares.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Income-tax Act 1961. Hence, the ability of the Company or its shareholders to derive these direct tax benefits is dependent upon their fulfilling such conditions, which is based on the business imperatives, the company or its shareholders may or may not choose to fulfil.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the **Annexure-I** are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to specific tax implications arising out of participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

The contents of the enclosed statement are based on the information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company. We do not express any opinion or provide any assurance as to whether:



- the Company or its shareholders will continue to obtain these benefits in future;
- the conditions prescribed for availing the benefits, where applicable have been/would be met;
- the revenue authorizes/courts will concur with the views expressed herein.

We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.


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

This statement is intended solely for information and for inclusion in the Draft Letter of Offer and Letter of Offer in relation to the Issue of equity shares of the Company and is not to be used, circulated or referred to for any other purpose without our prior written consent. Our views are based on the existing provisions of law referred to earlier and its interpretation, which are subject to change from time to time.

We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

For M/s S. Sood & Company
Chartered Accountants
F.R.N. 010801N




CA Sanjay Sood
Partner
Membership No. 089457
UDIN: 23089457BGXOAQ1788
Place: Ludhiana
Date: 12th June, 2023

ANNEXURE - I

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO MARSHALL MACHINES LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The information provided below sets out the possible special tax benefits available to the Company and the Equity Shareholders under the Income Tax Act, 1961 presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

1. Special Tax Benefits available to the Company

There are no Special tax benefits available to the Company.

2. Special Tax Benefits available to the shareholders of the Company

There are no Special tax benefits available to the shareholders of the Company.


Notes:

1. All the above benefits are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.
2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
3. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement

You should consult your own Tax Advisors concerning the Indian Tax implications and consequences of purchasing, owning and disposing of equity shares in your particular situation.

For M/s S. Sood & Company
Chartered Accountants
F.R.N. 010801N




CA Sanjay Sood
Partner

Membership No. 089457
UDIN: 23089457BGXOAQ1788
Place: Ludhiana
Date: 12th June, 2023

SECTION VI – ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information in this section has been extracted from various websites and publicly available documents from various industry sources. The data may have been re-classified by us for the purpose of presentation. None of the Company and any other person connected with the Issue have independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projection forecasts and assumptions that may prove to be incorrect.

Before deciding to invest in the Equity Shares, prospective investors should read this entire Draft Letter of Offer, including the information in the sections “Risk Factors” on page 27. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with an investment in the Equity Shares, please see the section titled “Risk Factors” on page 27. Accordingly, investors should not place undue reliance on information.

Overview of Indian Economy

Strong economic growth in the first quarter of FY 2022-23 helped India overcome the UK to become the fifth-largest economy after it recovered from repeated waves of COVID-19 pandemic shock. Real GDP in the first quarter of 2022–23 is currently about 4% higher than its corresponding 2019-20, indicating a strong start for India's recovery from the pandemic. Given the release of pent-up demand and the widespread vaccination coverage, the contact-intensive services sector will probably be the main driver of development in 2022–2023. Rising employment and substantially increasing private consumption, supported by rising consumer sentiment, will support GDP growth in the coming months.

Future capital spending of the government in the economy is expected to be supported by factors such as tax buoyancy, the streamlined tax system with low rates, a thorough assessment and rationalisation of the tariff structure, and the digitization of tax filing. In the medium run, increased capital spending on infrastructure and asset-building projects is set to increase growth multipliers, and with the revival in monsoon and the Kharif sowing, agriculture is also picking up momentum. The contact-based services sector has largely demonstrated promise to boost growth by unleashing the pent-up demand over the period of April-September 2022. The sector's success is being captured by a number of HFIs (High-Frequency Indicators) that are performing well, indicating the beginnings of a comeback. Union Budget 2023–24 builds on the vision set out in the previous budgets and provides a blueprint for steering the economy towards a sustained high-growth trajectory.

Market Size

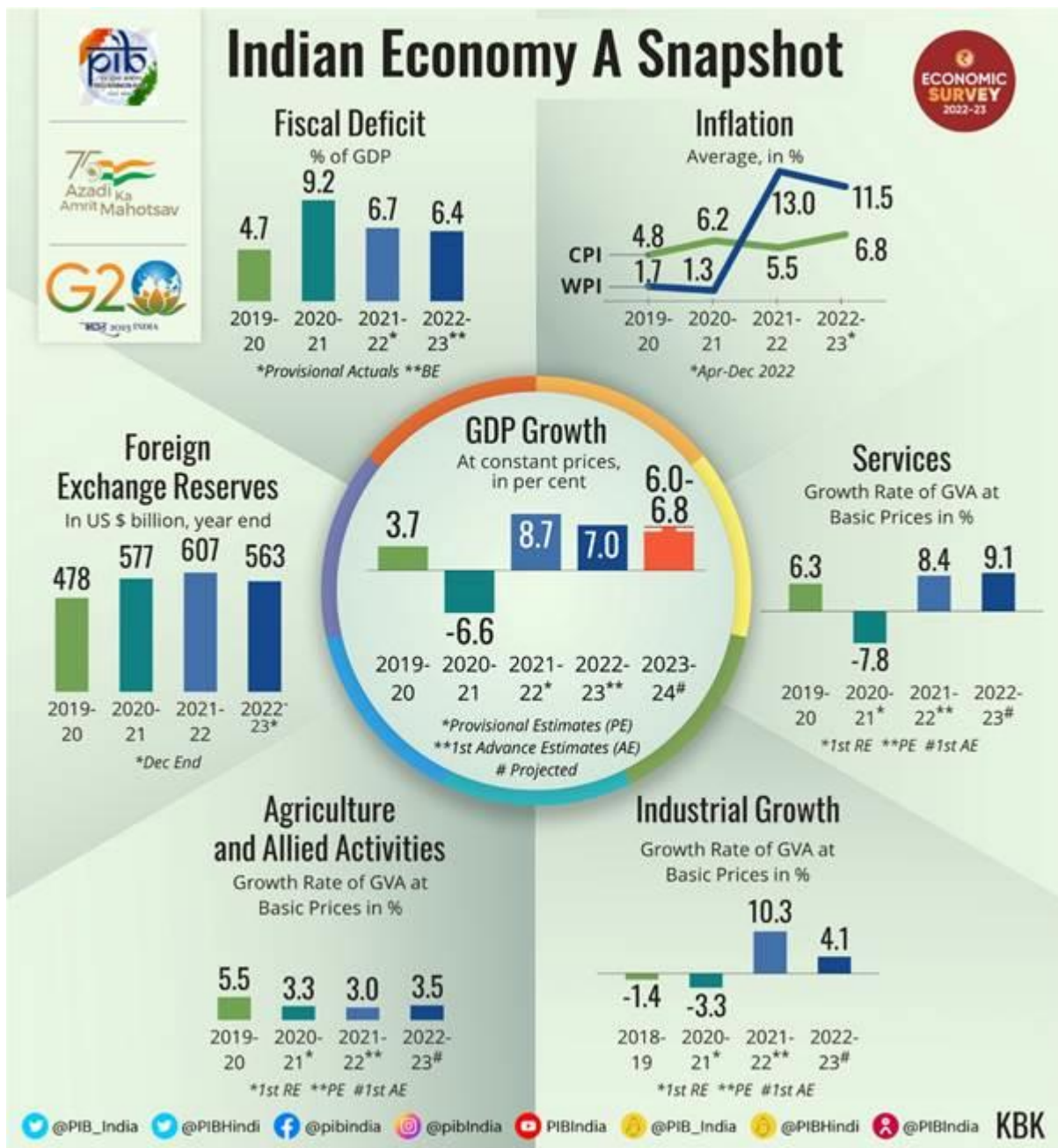
India's nominal gross domestic product (GDP) at current prices is estimated to be at ₹ 232.15 trillion (US\$ 3.12 trillion) in FY22. With more than 100 unicorns valued at US\$ 332.7 billion, India has the third-largest unicorn base in the world. The government is also focusing on renewable sources to generate energy and is planning to achieve 40% of its energy from non-fossil sources by 2030.

According to the McKinsey Global Institute, India needs to boost its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030 in order to increase productivity and economic growth. The net employment rate needs to grow by 1.5% per annum from 2023 to 2030 to achieve 8-8.5% GDP growth between 2023 and 2030. India's current account deficit (CAD), primarily driven by an increase in the trade deficit, stood at 2.1% of GDP in the first quarter of FY 2022-23.

Exports fared remarkably well during the pandemic and aided recovery when all other growth engines were losing steam in terms of their contribution to GDP. Going forward, the contribution of merchandise exports may waver as several of India's trade partners witness an economic slowdown. According to Mr. Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Indian exports are expected to reach US\$ 1 trillion by 2030.

Source: <https://www.ibef.org/economy/indian-economy-overview>

India to witness GDP growth of 6.0 per cent to 6.8 per cent in 2023-24, depending on the trajectory of economic and political developments globally.



Macroeconomic and Growth Challenges in the Indian Economy

After the impact of the two waves of the pandemic seen in a significant GDP contraction in FY21, the quick recovery from the virus in third wave of Omicron contributed to minimising the loss of economic output in the January-March quarter of 2022. Consequently, output in FY22 went past its pre-pandemic level in FY20, with the Indian economy staging a full recovery ahead of many nations. However, the conflict in Europe necessitated a revision in expectations for economic growth and inflation in FY23. The country's retail inflation had crept above the RBI's tolerance range in January 2022 and it remained above the target range for ten months before returning to below the upper end of the target range of 6 per cent in November 2022.

It says that the Global commodity prices may have eased but are still higher compared to pre-conflict levels and they have further widened the CAD, already enlarged by India's growth momentum. For FY23, India has sufficient forex reserves to finance the CAD and intervene in the forex market to manage volatility in the Indian rupee.

Outlook: 2023-24

Dwelling on the Outlook for 2023-24, the Survey says, India's recovery from the pandemic was relatively quick, and growth in the upcoming year will be supported by solid domestic demand and a pickup in capital investment. It says that aided by healthy financials, incipient signs of a new private sector capital formation cycle are visible and more importantly, compensating for the private sector's caution in capital expenditure, the government raised capital expenditure substantially.

Budgeted capital expenditure rose 2.7 times in the last seven years, from FY16 to FY23, re-invigorating the Capex cycle. Structural reforms such as the introduction of the Goods and Services Tax and the Insolvency and Bankruptcy Code enhanced the efficiency and transparency of the economy and ensured financial discipline and better compliance, the Survey added.

Global growth is forecasted to slow from 3.2 per cent in 2022 to 2.7 per cent in 2023 as per IMF's World Economic Outlook, October 2022. A slower growth in economic output coupled with increased uncertainty will dampen trade growth. This is seen in the lower forecast for growth in global trade by the World Trade Organisation, from 3.5 per cent in 2022 to 1.0 per cent in 2023.

On the external front, risks to the current account balance stem from multiple sources. While commodity prices have retreated from record highs, they are still above pre-conflict levels. Strong domestic demand amidst high commodity prices will raise India's total import bill and contribute to unfavourable developments in the current account balance. These may be exacerbated by plateauing export growth on account of slackening global demand. Should the current account deficit widen further, the currency may come under depreciation pressure.

Entrenched inflation may prolong the tightening cycle, and therefore, borrowing costs may stay 'higher for longer'. In such a scenario, global economy may be characterised by low growth in FY24. However, the scenario of subdued global growth presents two silver linings – oil prices will stay low, and India's CAD will be better than currently projected. The overall external situation will remain manageable.

Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=1894932>

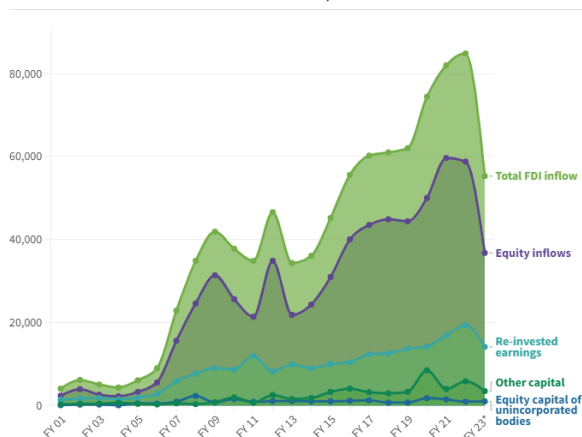
Foreign Direct Investment

Foreign Direct Investment (FDI), in addition to being a key driver of economic growth, has been a significant non-debt financial resource for India's economic development. Foreign corporations invest in India to benefit from the country's particular investment privileges such as tax breaks and comparatively lower salaries. This helps India develop technological know-how and create jobs as well as other benefits. These investments have been coming into India because of the government's supportive policy framework, vibrant business climate, rising global competitiveness and economic influence.

The government has recently made numerous efforts, including easing FDI regulations in various industries, PSUs, oil refineries, telecom and defence. India's FDI inflows reached record levels during 2020-21. The total FDI inflows stood at US\$ 81,973 million, a 10% increase over the previous financial year. According to the World Investment Report 2022, India was ranked eighth among the world's major FDI recipients in 2020, up from ninth in 2019. Information and technology, telecommunication and automobile were the major receivers of FDI in FY22. With the help of significant transactions in the technology and health sectors, multinational companies (MNCs) have pursued strategic collaborations with top domestic business groupings, fuelling an increase in cross-border M&A of 83% to US\$ 27 billion.

Source: <https://www.ibef.org/economy/foreign-direct-investment>

Cumulative FDI Inflow in India (April 2000 - December 2022) (US\$ Million)



Source:

<https://www.india-briefing.com/news/india-fdi-inflow-2022-latest-data-analysis-on-investment-landscape-27821.html#:~:text=Despite%20the%20Indian%20government's%20restrictions,inflows%20in%20the%20services%20sector.>



MACHINE INDUSTRY

Overview of Global Machine Tool industry

The global machine tools market size is anticipated to reach USD 137.43 billion by 2030, to expand at a CAGR of 5.7% from 2023 to 2030. The increased need for higher efficiency and precision in complex machining tools, as well as lower operating costs in industries, such as aerospace, automotive, and defense have led to an increased usage of machine tools.

The machining time is more expensive than the setup fees, material expenses, and fees for custom finishing a job or workpiece. Owing to all these advantages, manufacturers are gradually shifting toward the automation of machines to reduce time by rolling out connectivity networks and deploying the latest software. Such technological developments are anticipated to boost the sales of machine tools in the forecast period.

The machine tools products are increasingly getting complex in line with the shifting customer preferences toward higher-quality products. Hence, manufacturers are also gearing up to develop complex products and are accordingly automating their CNC machining processes to enhance product quality while reducing operating costs.

For instance, in July 2020, SKODA AUTO Germany GmbH launched automated supplying and ordering of parts for CNC processing lines at its plant in Vrchlabi, Czech Republic as part of the efforts to increase the productivity of the plant.

Machine tool manufacturers are trying aggressively to develop energy-efficient tools to cater to the manufacturers' needs to reduce operating costs while eliminating errors in manufacturing, leveraging IoT technology and predictive analytics capabilities. For instance, automotive companies are increasingly opting for CNC machining in line with the growing demand for spare parts with higher precision.

Industry 4.0 is particularly encouraging digital transformation across the entire automotive industry, spanning automotive OEMs, dealers, and suppliers, among other industry stakeholders, which bodes well for the growing demand for CNC machine tools. The motorsport industry is particularly using CNC machine tools to reduce manufacturing time and to ensure that components are manufactured flawlessly. As such, various racing car manufacturers are striking partnerships with CNC machine tool providers to manufacture precision components.

Source: https://finance.yahoo.com/news/machine-tools-global-market-report-111300120.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAADZ5bjvl08cLnDmiBG8kq7-8ZWr8V-YI2jPIyXl6Y9EjVwLxBBZ6UprYdksK54_kgSjUCLmHWl9KHvDsiGAhM7ph53VSvdzcxEYIvG5EnjvuS Z8BZX8S4r95Vckb7_Eu0ZTCShbvPviq6T3tz9WXwGZRybAZ7PWAUBw7QhCmqEds

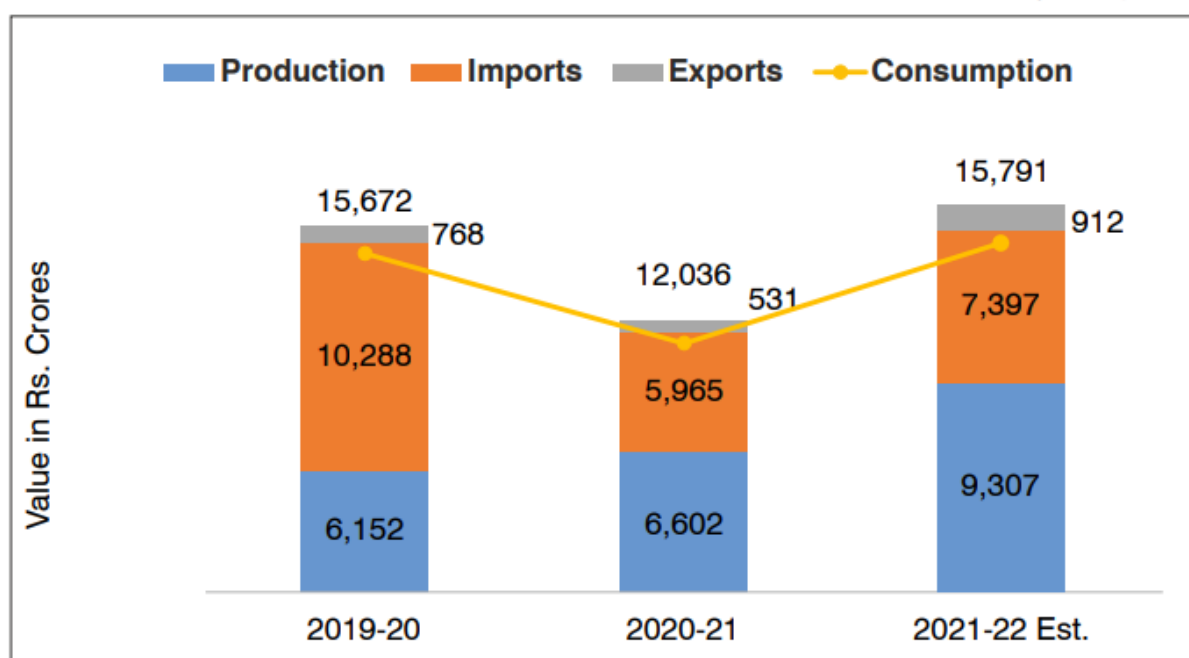
Indian Machine Tool Industry

As per the latest 'World Machine Tool Survey' by Gardner Intelligence, India occupies 11th in production and 8th in consumption of machine tools globally in 2021. The country moved up by two ranks in the global machine tool producing nations list as against its ranking in 2020.

Indian machine tool production is estimated to have reached around `9,307 Crores, and consumption estimated to have reached around `15,791 Crores. Production is estimated to have increased by around 40% year-on-year in 2021-22 and consumption is estimated to have increased by around 30% year-on-year in 2021-22.

Indian Machine Tool Industry 2019-20 to 2021-22

All Values in ₹ Crores



The order book position, an indicator of growing consumption, looks positive for the forthcoming financial year 2022-23 with the green shoots being evidently visible, and the performance is expected to improve in the coming quarters. Nevertheless, the industry has had many challenges to deal with such as increasing cost of raw materials impacting margins, surge in fuel prices, and supply chain bottlenecks.

Indian machine tool industry is expected to move up the value chain by offering total solutions apart from building products for the export market and increasing its domestic market share. Undoubtedly, right vision and leadership, strategy for growth in the current scenario and future proofing of supply chain, digitalisation and automation can play an important role in steering industries on a growth path in the medium and long-term.

Market Size of Machine Tool

- The Indian machine tool market size reached US\$ 1.4 billion in 2022.
- The market is expected to reach US\$ 2.5 billion by 2028, exhibiting a growth rate (CAGR) of 9.4% during 2023-28.

- The manufacturers of machine tools are mostly SMEs, few of them are mid-sized manufacturers which have an annual turnover varying between US\$ 36-60 million (₹ 300-500 crore).
- The types of machine tools currently manufactured are general/special purpose machines, standard Computer Numerical Control (CNC) machines, gear cutting, grinding, medium size machines, electrical discharge machining (EDM), presses, press brakes, pipe bending, rolling, bending machines, etc.

Government Initiatives

The Government of India (GoI) through several policy measures in the recent years has been endeavouring to make India a manufacturing hub. The identification of champion sectors through production linked incentive (PLI) schemes for industries, reforms towards ease of doing business, increased foreign direct investments (FDIs) in strategic sectors, infrastructure investments, reduction in corporate taxes, and Aatma Nirbhar Bharat and Make in India initiatives have created good business momentum.

As a step to boost indigenization of defence production and encourage home-grown manufacturing technologies, the Ministry of Defence announced a series of measures. Plans are afoot to indigenously manufacture 209 defence items that were previously imported. This gives good opportunities for the machine tool industry which besides the defence sector is also expected to be the bedrock for various sunshine sectors for building machines which are precise, accurate, sophisticated and customized.

It is important to note that Capital Goods sector is vital for economic growth since it not only provides direct employment but is also a multiplier for indirect employment. The prevailing market size of capital goods is \$43.2 billion, as per Government of India estimates. The realignment of global supply chains, push for indigenous production, efforts towards developing logistics, creation of dedicated industrial parks and zones and a slew of such measures by the Union Government will help boost domestic production. Larger capex spend will drive the demand for machine tools and this will have a cascading effect on India's economy.

Source: Annual Report 2021-2022 of Indian Machine Tool Manufacturers' Association (IMTMA); and

https://www.ibef.org/download/1682311486_Engineering-and-Capital-Goods-Feb2023.pdf

METAL CUTTING MACHINE TOOLS INDUSTRY

Metal Cutting is a collection of processes wherein material is brought to a specified geometry by removing excess material using various kinds of tooling to leave a finished part that meets specifications. Based on the working process, metal cutting machineries can be broadly classified into the following categories.

Turning machines: Turning is a metal cutting process for producing a cylindrical surface with a single point tool. The work piece is rotated on a spindle and the cutting tool is fed into it radially, axially or both.

Machining Centre: The term “machining centre” describes almost any CNC milling and drilling machine that includes an automatic tool changer and a table that clamps the work piece in place. On a machining centre, the tool rotates, but the work does not.

Drilling Machine: Drilling is a cutting process that uses a drill bit to cut a hole of circular in solid cross section materials. The drill bit is usually a rotary cutting tool, often multi point. The bit is pressed against the work piece and rotated at rates from hundreds to thousands of revolutions per minute.

Milling Machine: Milling is the machining process of using rotary cutters to remove material from a work piece by advancing (or feeding) in a direction at an angle with the axis of the tool.

Grinding machine: A grinding machine, often shortened to grinder, is any of various machine tool used for grinding, which is a type of machining using an abrasive wheel as the cutting tool. Each grain of a abrasive on the wheel's surface cuts a small chip from the work piece via shear deformation. Grinding is used to finish work pieces that must show high surface quality and high accuracy of shape and dimension.

Gear Cutting machine: Gear cutting is any machining process for creating a gear. The most common gear-cutting processes include hobbling broaching, milling and grinding. Such cutting operations may occur either after or instead of forming processes such as forging, extruding casting, or sand casting.

Electrical discharge machining (EDM), also known as spark machining, spark eroding, burning, die sinking, wire burning or wire erosion, is a manufacturing process where by a desired shape is obtained by using electrical discharges (sparks).

BUSINESS OVERVIEW

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Draft Letter of Offer. An investment in the Equity Shares involves a high degree of risk.

For a discussion of certain risks in connection with investment in the Equity Shares, you should read the section titled “Risk Factors” beginning on page 27, for a discussion of the risks and uncertainties related to those statements, as well as “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 125 and 240 respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Restated Financial Statements.

OUR BUSINESS

Our Company was originally incorporated as a private limited company under the Companies Act, 1956 as V.B. Spinning Mills Private Limited vide certificate of incorporation dated May 23, 1994 issued by the Registrar of Companies, Punjab, H.P. & Chandigarh. Subsequently, a fresh certificate of incorporation dated January 02, 2002 was issued by Registrar of Companies, Punjab, H.P. & Chandigarh, pursuant to change of name of our Company from V.B. Spinning Mills Private Limited to Marshall Machines Private Limited. 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. Subsequently, the name of the company was changed to Marshall Machines Limited pursuant to conversion into a public company vide shareholder’s approval dated April 24, 2018 and vide fresh certificate of incorporation dated May 17, 2018 issued by Registrar of Companies, Chandigarh. Our Company successfully launched its IPO and get listed in NSE Emerge (SME Platform) w.e.f. September 07, 2018. The Company through its postal ballot resolution passed dated September 10, 2021 with the requisite majority of the shareholders, migrated from NSE Emerge to Main Board of NSE w.e.f. November 11, 2021. The equity shares of our Company were listed on NSE, bearing Scrip symbol ‘MARSHALL’ and ISIN ‘INE00SZ01018’.

Our Company is in the business of designing, manufacturing, and deploying solution offerings, providing after sales services for 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 56 year ago to initially manufacture hosiery machines. Products offered by the Company include single spindle CNC machines, innovative two spindle & four spindle CNC machines, automated robotic CNC machine solutions, and Industry 4.0 products such as Smart Correct Gauging Stations. Since then, the Company has grown into a well-regarded player in automated solutions, smart and technologically superior machine tool offerings that enable its clients to enhance productivity, reduce cost per component, and generate a higher return on investment (ROI) from their machines. Constant product innovation, achieved via rigorous research and development, intellectual property generation and protection, has enabled the Company to produce solutions that meet the emerging needs of its clients.

The Company’s machines are being used in a number of industries, including the automobile industry, consumer durables and appliances, and general engineering, among others. They are used to manufacture a variety of products such as axles, crankshafts, auto components, fans, and pumps. They are also used to manufacture bearings, gear blanks, bushes, and other similar items. These machines are well-regarded for their quality, dependability, and precision performance. In addition, Marshall provides its clients with the ability to create and implement customised solutions with the desired flexibility. As a result, customers’ unique requirements are met with these customised solutions that are designed to maximise the efficiency with which these equipment are used in their operations.

MAIN OBJECTS OF OUR COMPANY

The main object(s) of our Company, as contained in our Memorandum of Association, are as set forth below:

- 1 To manufacture, assemble, process fabricate, improve, alter, buy, sell, import, export or otherwise deal in all kinds of machines & machine tools, lathe machines, shaping machines, grinding machines, milling machines planning machines, all types of general purpose machines and their accessories, plants, machinery, machinery parts, tools, implements apparatus all kinds of light engineering goods & components and to enter into technical or financial collaboration with Indian & foreign entrepreneurs for the purpose of aforesaid objects.
- 2 To manufacture, process, fabricate, buy, sell, import, export, assemble, improve alter or otherwise deal in all kinds or auto parts, tractor parts, cycle parts, sewing machine parts, hand tools, cutting & threading tools, small tools, nut & bolts, hardware goods and other engineering goods.

CHANGES IN MEMORANDUM OF ASSOCIATION

Except as stated below there has been no change in the Memorandum of Association of our Company since its Incorporation:

| Sr. No. | Particulars | Date of Shareholders' Approval | Type of Meeting |
|---------|---|--------------------------------|--------------------------------|
| 1. | <ul style="list-style-type: none"> • Change in the name of the Company from V.B. Spinning Mills Private Limited to Marshall Machines Private Limited. • Alteration of Main Objects of the Company. | December 24, 2001 | Extra-Ordinary General Meeting |
| 2. | The Initial Authorized Share Capital of ₹ 50,00,000 (Rupees Fifty Lakhs only) consisting of 5,00,000 Equity shares of face value of ₹ 10/- each was increased to ₹ 80,00,000 (Rupees Eighty Lakhs only) consisting of 8,00,000 Equity Shares of face value of ₹ 10/- each. | April 01, 2006 | Extra-Ordinary General Meeting |
| 3. | The Authorized Share Capital of ₹ 80,00,000 (Rupees Eighty Lakhs only) consisting of 8,00,000 Equity shares of face value of ₹ 10/- each was increased to ₹ 1,00,00,000 (Rupees One Crore only) consisting of 10,00,000 Equity Shares of face value of ₹ 10/- each. | March 15, 2008 | Extra-Ordinary General Meeting |
| 4. | The Authorized Share Capital of ₹ 1,00,00,000 (Rupees One Crore only) consisting of 10,00,000 Equity shares of face value of ₹ 10/- each was increased to ₹ 2,00,00,000 (Rupees Two Crore only) consisting of 20,00,000 Equity Shares of face value of ₹ 10/- each. | December 10, 2010 | Extra-Ordinary General Meeting |
| 5. | The Authorized Share Capital of ₹ 2,00,00,000 (Rupees Two Crores only) consisting of 20,00,000 Equity shares of face value of ₹ 10/- each was increased to ₹ 4,00,00,000 (Rupees Four Crores only) consisting of 40,00,000 Equity Shares of face value of ₹ 10/- each. | January 04, 2018 | Extra-Ordinary General Meeting |
| 6. | Conversion of private company into public company and subsequent change of name from 'Marshall Machines Private Limited' to 'Marshall Machines Limited'. | April 24, 2018 | Extra-Ordinary General Meeting |
| 7. | The Authorized Share Capital of ₹ 4,00,00,000 (Rupees Four Crores only) consisting of 40,00,000 Equity shares of face value of ₹ 10/- each was increased to ₹ 15,00,00,000 (Rupees Fifteen Crores only) consisting of 1,50,00,000 Equity Shares of face value of ₹ 10/- each. | April 24, 2018 | Extra-Ordinary General Meeting |
| 8. | Alteration of Memorandum of Association as per Companies Act, 2013. | May 23, 2018 | Extra-Ordinary General Meeting |

| Sr. No. | Particulars | Date of Shareholders' Approval | Type of Meeting |
|---------|---|--------------------------------|-----------------|
| 9. | The Authorized Share Capital of ₹ 15,00,00,000 (Rupees Fifteen Crores only) consisting of 1,50,00,000 Equity Shares of face value of ₹ 10/- each proposed to increase to ₹ 65,00,00,000 (Rupees Sixty Five Crores only) consisting of 6,50,00,000 Equity Shares of face value of ₹ 10/- each. | August 11, 2023 | Postal Ballot |

DETAILS ON OUR SUBSIDIARY COMPANIES

Marshall consist of two subsidiaries. Details on our two subsidiaries are mentioned below:

1. Marpts Trading Private Limited bearing Corporate Identity Number of the company is U46599PB2023PTC058625 was incorporated on May 26, 2023 having its registered office at C-86, Phase-V, Focal Point, Focal Point, Ludhiana-141010, Punjab, India. The main objects of the Company is to undertake business to sell the machines, equipment's, parts etc. in retail and in wholesale mode. The initial authorized and paid-up share capital of ₹ 1,00,000/- each. Marpts Trading Private Limited will commence its business operations in due course and thus financials are not available.
2. Mar-Turn Solutions Private Limited bearing Corporate Identity Number of the company is U28221PB2023PTC058688 was incorporated on May 30, 2023 having its registered office at C-86, Phase-V, Focal Point, Focal Point, Ludhiana-141010, Punjab, India. The main objects of the Company is to undertake business of manufacturing of machines, equipment's, parts etc. Mar-Turn Solutions Private Limited shall serve as an R&D arm of Marshall Machines Limited. The initial authorized and paid-up share capital of ₹ 1,00,000/- each. Mar-Turn Solutions Private Limited will commence its business operations in due course and thus financials are not available.

OUR PRODUCT PORTFOLIO

Computer Numerical Control (CNC) is a sophisticated method of automating machine tools using computer systems to execute pre-programmed sequences of commands. It stands apart from traditional machines that rely on manual control through hand wheels, levers, or mechanical automation via cams alone. CNC machining is a highly efficient manufacturing process where computer software directs the movement of cutting tools attached to machine slides. This technology enables the precise control of complex machinery, including grinders, lathes, mills, and routers. With CNC machining, intricate three-dimensional cutting tasks can be accomplished seamlessly through a single set of instructions.

Our CNC Machine Tool Product offerings include:-

1. RAPIDTURN – Double Head Single Slide CNC Turning Centre

This machine is equipped with dual spindles, offering the advantage of saving time during job loading and unloading, as well as enabling two setups to be performed on a single machine. Rapidturn is available in four different models: SL-12(D) XF, DS450, SL-16(D)XF, and DS-450. The benefits of Rapidturn machines are as follows:

1. Enhanced productivity: These machines effectively reduce idle time, resulting in increased productivity.
2. Concurrent operations: While one spindle is engaged in machining, the operator can unload the completed job and secure a fresh job on the second spindle simultaneously.
3. Improved machining time: The implementation of a linear tooling system on "Marshall" Double Spindle Machines enables faster tool positioning, thereby reducing overall machining time.
4. Optimal resource utilization: With only one operator required and a space footprint similar to that of a single machine, these machines offer efficient resource utilization.

5. Versatile setup options: The dual spindles provide the capability to complete different halves of a job on each spindle, allowing for flexible and efficient production.

Overall, Rapidturn machines provide significant advantages in terms of productivity, operational efficiency, and space utilization, making them a valuable asset in machining operations.



2. RIGIDTURN – Extra Heavy Duty CNC Turning Centre

The single spindle machine featured here is exceptionally sturdy and specifically designed to handle heavy-duty jobs. The largest Rigidturn model boasts an impressive maximum job capacity of 3000 mm in length and 2500 kg in weight. Our meticulous approach to design, manufacturing processes, and the use of top-quality machine elements sourced from renowned manufacturers around the world ensure the following:

- (a) The bed and base exhibit exceptional rigidity.
- (b) The head and spindle assembly are engineered for utmost rigidity.
- (c) The tailstock is designed to maintain optimal rigidity.
- (d) The LM guideways offer outstanding rigidity.

Rigidturn is available in five different models: SL-20, SL-25, SL-30, SL-40, and SL-50. The advantages of the Rigidturn machines are as follows:

1. High metal removal rate for efficient machining.
2. Improved surface finish and extended tool life.
3. Enhanced positioning repeatability, resulting in close tolerances on jobs.
4. Significantly longer service life while maintaining original accuracy.

Below are a few examples of Rigidturn machines:



This is the fastest compact CNC lathe made in India and perfect solution for Shafts. Citius is super optimized for Shafts manufacturing, closed loop with IoTQ solutions and provides more than 30% extra productivity in turning shaft jobs as compared to other comparable products in market.



This is especially suited for highly accurate jobs including 'HARD TURNED' components. Altius is super optimized for hard turning, closed loop with IoTQ solutions & SmartChange technology, eliminating separate grinding. Hard turning as a process is around 6 times faster than grinding process.



This is specially developed for Direct machining of CASTINGS & FORGINGS. Fortius is super- optimized for forging application, closed loop with Smartchange and third party (Caron, USA) tool monitoring & adaptive control solution and provides 50% extra productivity in direct turning of Forgings & Castings.

3. TWINTURN – Double Head Double Turret CNC Turning Center

The Turning Centers designed with a '2 in 1' configuration cater to the intricate requirements of component manufacturers in a cost-effective manner. This innovative design not only saves space but also reduces the need for additional manpower. The Twinturn series consists of three distinct models: Twinturn-6T, Twinturn-8T, and Twinturn-12T. Twinturn revolutionizes manufacturing operations by delivering substantial savings in space utilization, manpower requirements, and material movement within the shop floor.

Within the Twinturn product lineup, our company recently introduced the TwinTurn Uber. This exceptional addition represents a super-optimized version of the existing TwinTurn machines, integrated with cutting-edge IoTQ technologies. Furthermore, it incorporates automated material handling capabilities, eliminating the need for a traditional robot. This advanced feature, known as "SmartLoad," enhances the efficiency and productivity of the TwinTurn Uber.

The TwinTurn series, including the latest TwinTurn Uber model, showcases our commitment to providing cost-effective solutions that address the specific needs of component manufacturers. By leveraging innovative design and advanced technologies, we aim to optimize manufacturing processes and drive greater operational efficiency.



4. ROBOTURN – ‘Smart’ Automated Turning Solutions with IoTQ

The Roboturn series consists of fully automated Twin Spindle CNC Turning Centers that incorporate integrated robotic solutions. These machines are designed to handle various tasks such as loading/unloading, job cleaning, and inspection with the assistance of the integrated robot. The Roboturn range offers a combination of double/four spindle CNC Turning Centers and robots, resulting in automated operations, efficient material handling, and seamless integration with IoTQ technologies. Additionally, these machines can be configured as integrated "Cells," where multiple CNC machines are combined with a single robot to enable high-speed automated production lines for components.

The Robotic solutions within the Roboturn series encompass the following:

a) Roboturn 'L-Series': These machines feature double or four spindles with linear tooling. They are particularly well-suited for small jobs that have a cycle time of less than 30 seconds per setup. The L-Series is available in two models: DS-450 and Quattro 4S.

b) Roboturn 'T-Series': These machines are equipped with double spindles and double turrets. They are most suitable for medium and large-sized jobs that require a cycle time per setup greater than 30 seconds. The T-Series is available in four models: Twinturn-6TT, Twinturn-8TT, Twinturn-12T, and Twinturn XL.

The Roboturn series, encompassing both the L-Series and T-Series models, represents our commitment to delivering advanced automated solutions for CNC Turning Centers. These machines, combined with integrated robotics and sophisticated features, offer enhanced productivity and efficiency for a wide range of manufacturing applications.



5. IoTQ Technology based standalone Plug & Play Gauging Stations.

The equipment offered incorporates a range of patent-pending proprietary IoTQ technology solutions developed by Marshall. These equipment units are designed to function independently and can be seamlessly integrated with any standard legacy CNC Turning equipment, including those manufactured by other CNC manufacturers. One of the key features of this equipment is its ability to monitor the quality of manufactured components in real-time using advanced sensors and IoTQ technologies, thereby introducing a level of "Intelligence" to the CNC Machines.

At the core of the IoTQ technologies, there are three patent-pending advancements:

(i) "SmartCorrect": This feature automatically adjusts the operating parameters of CNC Machines based on a proprietary statistical algorithm and continuous monitoring of the quality of produced components. As a result, it enables the manufacturing of components with near-zero defects and empowers our customers to meet increasingly stringent quality requirements imposed by their own customers.

(ii) "SmartInsert": This technology monitors and optimizes the lifespan of machine tools in real-time, ensuring their efficient and effective usage.

(iii) "SmartChek": This functionality monitors the daily health of the machine and provides timely warnings to operational management regarding any potential breakdown or maintenance issues.



These IoTQ solutions are unparalleled in the world and, to the best of the company's knowledge, are not offered as standalone plug-and-play devices by any other company globally. This unique combination of advanced features and capabilities sets our equipment apart and empowers manufacturers with enhanced quality control, optimized machine performance, and proactive maintenance management.

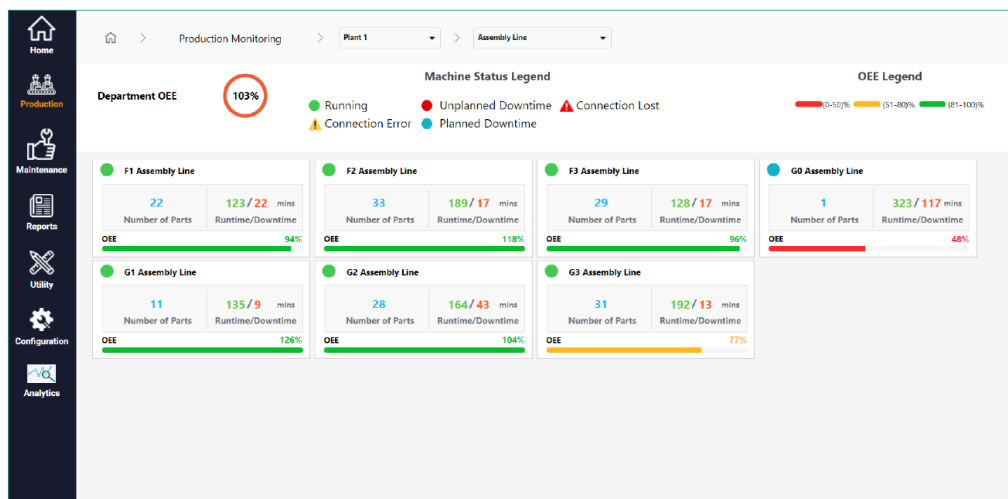
6. SmartFac – Industry 4.0 machine monitoring solution

Our solution offers a comprehensive cloud-based platform for remote monitoring, diagnosis, and resolution of machine-related issues. It encompasses several applications designed to optimize machine performance and enhance operational efficiency. The key features of these applications are as follows:

- **OEE monitoring:** This application enables users to monitor the availability, performance, and quality of the machines and the overall manufacturing process.
- **Condition monitoring:** Through sensor-based machine condition monitoring and predictive maintenance techniques, this application allows for early detection of potential issues and proactive maintenance to prevent breakdowns.
- **Energy monitoring:** This application focuses on monitoring key energy parameters, providing valuable insights for optimizing energy usage and improving energy efficiency.
- **Paperless preventive maintenance:** This application facilitates automated cloud-based data storage for recording and tracking preventive maintenance activities, streamlining the maintenance process and ensuring timely interventions.

Our cloud-based solution provides a centralized platform for real-time monitoring, data analysis, and decision-making, empowering manufacturers to drive productivity, reduce downtime, and optimize resource utilization. By leveraging these applications, businesses can enhance their operational performance, reduce maintenance costs, and improve overall equipment effectiveness.

OEE & DOWNTIME MANAGEMENT- Sample Dashboards



OUR FACILITIES AND SERVICES

Financial Indebtedness of Our Company

The Details of indebtedness of our Company as at June 30, 2023 is provided below:

FACILITY 1: Cash Credit Limit (CC)

| Particulars | |
|----------------------|------------------------------|
| Facility Name | Cash Credit Limit |
| Extent of Credit | 1,700 Lakh |
| Purpose | Working Capital Requirements |
| Margin | 25% |
| Security | As per Security Template* |
| Validity of Facility | Revolving in nature. |

FACILITY 2: Working Capital Term Loan

| Particulars | |
|----------------------|------------------------------|
| Facility Name | Working Capital Term Loan |
| Extent of Credit | 368.56 Lakh |
| Purpose | Working Capital Requirements |
| Security | As per Security Template* |
| Validity of Facility | Refer below** |

FACILITY 3: Bill Discounting (Earmarked with new FBG and PBG)

| Particulars | |
|----------------------|------------------------------|
| Facility Name | IFG- Bill discounting |
| Extent of Credit | 200 Lakh |
| Purpose | Working Capital Requirements |
| Margin | 10% |
| Security | As per Security Template* |
| Validity of Facility | Refer below** |

FACILITY 4: WC Letter of Credit – Non Capex

| Particulars | |
|----------------------|------------------------------|
| Facility Name | Letter of Credit – Non Capex |
| Extent of Credit | 350 Lakh |
| Purpose | Working Capital Requirements |
| Margin | 10% in the form of FD |
| Security | As per Security Template* |
| Validity of Facility | Refer below** |

FACILITY 5: GECL

| Particulars | |
|----------------------|---|
| Facility Name | GECL |
| Extent of Credit | 592.60 Lakh |
| Purpose | Funded as per COVID Guidelines, to helping MSMEs for revival of business impacted by COVID. |
| Security | As per Security Template* |
| Validity of Facility | Refer below** |

FACILITY 6: Adhoc

| Particulars | |
|----------------------|------------------------------|
| Facility Name | Adhoc |
| Extent of Credit | 170 Lakh |
| Purpose | Working Capital Requirements |
| Security | 10% in the form of FD |
| Validity of Facility | Refer below** |

FACILITY 7: Term Loan

| Particulars | |
|----------------------|------------------------------|
| Facility Name | Term Loan |
| Extent of Credit | 54 Lakh |
| Purpose | Working Capital Requirements |
| Security | 10% in the form of FD |
| Validity of Facility | Refer below** |

Following are the personal guarantors for the above Facilities: Refer Security Template

Primary Security for the above Facilities: Refer Security Template

Collateral Security for the above Facilities: Refer Security Template

Other General Conditions are: -

- Customer Certified Stock as on date (applicable only in case of CC facilities)
- CA Certified Latest Debtor Statement with ageing to be submitted. DP shall not be allowed on Debtors pertaining to group companies (applicable only in case of CC facilities).
- Stock & Book Debt statement to be submitted by customer on a monthly basis, with aging details of the Debtors to be received preferably by 10th of every month. Drawing power to be adjusted accordingly
- Contract copies with major customers/ major contracts to be collected
- Certified Provisional /Projections for FY2023 & FY2024, & YTD Topline of current year
- General Covenants:
 - a) Borrower TNW to be maintained at ₹ 1782 Lacs (as on 31-Mar-2024) during the currency of the Bank facilities.
 - b) Audited financials for FY2023 to be submitted by 30-Sep-23.
 - c) NOC before raising any exposure from Bank/ FI
 - d) DE not more than 1.00x times
 - e) DSCR more than 1.25x times
 - f) DEBT to EBITDA less than 3 times
 - g) Topline for the FY 24 of ₹ 90 Cr

* Security Template

| Sr. No. | The above facilities are secured by: |
|---------|--|
| 1. | First charge in favor of the Bank by way of hypothecation of the company's entire stocks of Raw Materials, WIP, Semi finished and finished goods, consumable stores spares including book debts, bill whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory C.I to the Bank and as specified in CAM. |
| 2. | Equitable Mortgage of properties mentioned in the property collateral template. |

| | |
|----|--|
| 3. | Unconditional and irrevocable personal guarantees of Promoter/Directors/Partners/ Society Members and property holders along with CA Certified Net worth Statement and/or latest ITR with computation of income. |
| 4. | Creation of Security should be completed within 30 days of upload of limit as per Bank's policy. |

Property Collateral Template:

| | | | |
|--------------|---------------------------------------|-------------|-----------|
| 1. | D-116 A Phase V, Focal Point Ludhiana | 800 | Exclusive |
| 2. | C-86, Phase V, Focal Point Ludhiana | 1250 | Exclusive |
| Total | | 2050 | |

**** Validity of Facility**

| Sr. No. | Period of Sanction: |
|---------|---|
| 1. | Above Facilities are payable on demand. However, the facilities are available for a period (Date of Expiry of CAM) subject to review at periodical intervals wherein the facilities may be continued/can celled/reduced depending upon the conduct and utilization of the facilities. CC/BG Facility will attract Processing fees of @ 0.50%+GST on enhancement and Renewal shall be deducted at 0.30% + GST on existing credit facilities. Processing fee will be deducted from disbursement amount or limit account. Subject to the account being sufficiently funded. Wherever balance is not available in the account, the Renewal/Enhancement will not be done till charges are recovered. |

SECURED LOANS

Details of Secured Loans as on June 30, 2023, are as under:

(₹ In Lakhs)

| Sr. No. | Bank Name | Amount (In ₹) | Balance as on June 30, 2023 (In ₹) | Rate of Interest (%) | Tenure (In Months) | Nature |
|---------|--|---------------|------------------------------------|----------------------|--------------------|-----------|
| 1. | Aditya Birla Finance Limited | 9.31 | 6.84 | 14.00% | 48 | ECLGS |
| 2. | Electronica Finance Limited | 101.18 | 45.31 | 12.75% | 27 | Term Loan |
| 3. | HDFC Bank Limited | 400.00 | 204.60 | 9.25% | 47 | ECLGS |
| 4. | HDFC Bank Limited | 182.88 | 9.17 | 12.75% | 60 | WCTL |
| 5. | HDFC Bank Limited | 192.00 | 194.14 | 9.25% | 60 | ECLGS |
| 6. | HDFC Bank Limited | 7.60 | 4.11 | 7.40% | 33 | Car Loan |
| 7. | HDFC Bank Limited | 9.00 | 1.24 | 9.26% | 60 | Car Loan |
| 8. | Hero Fincorp Limited | 55.00 | 39.85 | 14.00% | 67 | Term Loan |
| 9. | Hero Fincorp Limited | 125.00 | 92.89 | 15.00% | 80 | Term Loan |
| 10. | IDFC First Bank Limited | 12.11 | 7.68 | 9.25% | 47 | ECLGS |
| 11. | Ashv Finance Limited | 34.91 | 26.43 | 14.00% | 48 | ECLGS |
| 12. | Small Industries Development Bank of India (SIDBI) | 58.89 | 35.13 | 8.25% | 48 | ECLGS |
| 13. | Small Industries Development Bank of India (SIDBI) | 300.00 | 210.98 | 8.27% | 65 | Term Loan |
| 14. | Tata Capital Financial Services Limited | 60.00 | 40.89 | 13.80% | 47 | ECLGS |
| 15. | Tata Capital Financial Services Limited | 210.00 | 28.21 | 16.05% | 65 | Term Loan |

| | | | | | | |
|--------------|---|------|---------------|--------|----|-----------|
| 16. | Tata Capital Financial Services Limited | 6.94 | 8.95 | 16.05% | 32 | Term Loan |
| Total | | | 956.42 | | | |

Note: The above loans include current maturities & Liability under Finance Lease is not considered here.

UNSECURED LOANS

Details of Unsecured Loans as on June 30, 2023 are as under:

| Sr. No. | Bank Name | Amount (In ₹) | Balance as on June 30, 2023 (In ₹) | Rate of Interest (%) | Tenure (In Months) | Nature |
|--------------|--|---------------|------------------------------------|----------------------|--------------------|---------------|
| 1. | Aditya Birla Finance Limited | 53.64 | 34.90 | 19.50% | 52 | Term Loan |
| 2. | Ashv Finance Limited | 159.98 | 84.33 | 18.00% | 35 | Term Loan |
| 3. | Clix Capital Services Private Limited | 35.33 | 7.22 | 18.50% | 40 | Term Loan |
| 4. | IDFC First Bank Limited | 50.00 | 31.44 | 18.00% | 62 | Business Loan |
| 5. | Magma Fincorp Limited | 17.47 | 15.32 | 18.50% | 73 | Term Loan |
| 6. | Moneywise Financial Services Private Limited | 29.68 | 23.55 | 20.00% | 51 | Term Loan |
| 7. | Neo Growth Credit Private Limited | 14.86 | 6.52 | 24.50% | 35 | Term Loan |
| 8. | Tata Capital Financial Services Limited | 50.30 | 19.13 | 18.50% | 65 | Business Loan |
| Total | | | 222.41 | | | |

Note: The above loans include current maturities.

RAW MATERIALS AND OTHER SUPPLIERS

The essential materials and components necessary for the manufacturing of CNC machines include spindle belts, grinding wheels, drills, automation conveyors, ball screws, bearings, C.I. castings, chucks and cylinders, CNC systems, coolant pumps, electrical parts, encoders, gauging station materials, and more. These materials are primarily sourced from domestic suppliers. However, some materials are imported from reputable companies in Germany and Italy. Our company meticulously tests the quality of these materials before finalizing the suppliers. Once a supplier is selected, we place repeat orders based on our sales assessment. While there are no long-term contracts with material suppliers, we generally maintain stable relationships unless there are significant issues with quality or price fluctuations.

The indenting of materials and components is based on the orders received from our customers.



| List of Materials/Components with Suppliers | | |
|---|--------------------------------|---|
| Sr. No. | Material/Components | Suppliers |
| 1. | CNC System | Siemens Group, Fanuc India Private Limited |
| 2. | Chuck & Cylinders | Airtech india Pvt Limited |
| 3. | Sheet Metal | H&V metal craft, Welkin tech |
| 4. | LM Guide, Ball Screw, Lock Nut | Premier india, Luna bearings |
| 5. | CI Casting | HV industrial Castings & Bhavani industries |
| 6. | Electrical Parts | Namita electro, Protec engg |
| 7. | Power Pack | THM Huade Hydraulics/ Chahat hydraulics |
| 8. | Bearing and LM Guide | Triveni Needles Private Limited |

OUR MANUFACTURING UNIT

Manufacturing unit located in India:

| Sr. No. | Location of the property | Ownership/Licensor / Lessor | Property Kind | Purpose |
|---------|---|--|----------------------------|--|
| 1. | D-116A, Phase-V, Focal Point, Ludhiana, Punjab - 141010 | Punjab Small Industries & Export Corporation Limited | Leasehold-99 years | Manufacturing Unit - II |
| 2. | C-86, Phase-V, Focal Point, Ludhiana, Punjab - 141010 | Marshall Industries | Rented till March 31, 2042 | Registered Office & Manufacturing Unit - I |

OUR INFRASTRUCTURE FACILITIES/OPERATIONAL UNITS

| | | |
|---|--|--|
| <p>Unit 1: Setup in 2001</p> | <p>Dedicated unit for assembly of traditional CNC machines. Area:- 4,181 Sq. Mt. plot area 5,295 Sq. Mt. buildup area</p> <p>Manufacturing Capacity:- 600 traditional machines</p> |  |
| <p>Unit 2: Setup in 2012</p> | <p>Dedicated unit for automation and Industry 4.0 machine solutions. Area:- 2,090 Sq. Mt. plot area 3,716 Sq. Mt. buildup area</p> <p>Manufacturing Capacity:- 100-125 RoboTurn Automated Machines 150 Compact CNC Lathes 1,500 Smart Correct Gauging Stations</p> |  |

Marshall Machines operates two state of-art manufacturing facilities in Ludhiana. The company has recently completed an expansion in Unit 1 and 2 which includes addition of:

- Zeiss measuring machines,
- Large machining centres,
- Grinding machines,
- Turning and turn milling machines.

After the conclusion of CAPEX cycle (2018-21), the Company has a manufacturing capacity to do ₹ 250 crores in Sales, from erstwhile capacity of ₹ 75 crores in 2017. Going forward, the company plans to streamline production and strengthen supply-chain by outsourcing certain sub-assemblies and adding reliable suppliers in vicinity to the manufacturing unit.

QUALITY CONTROL PERSONNEL

Our Company believes in maintaining high standard of quality for all its products and services with a focus on Quality, Innovation, Productivity and Customized Products and Services. Quality Control

personnel having best in the field high quality standards with their precision led performance. Taking every little nuance under consideration, they ensure that only the best and consistent quality products are sent to the market. Our Company is registered as ISO 9001:2008 by Intertek (UK) to design, manufacture and supply of CNC Turning Centres, CNC Turnmill Centres & Double Head CNC Chuckers.

CAPCITY AND UTILISATION CAPACITY OF OUR COMPANY

Set forth below is the detail of the capacity and utilized capacity for the last three financial years:

| Products/ Dosage Forms | Unit | Installed Capacity | | | Actual Production | | | Utilization (%) | | |
|------------------------------|---------|--------------------|------|------|-------------------|------|------|-----------------|------|------|
| | | 2023 | 2022 | 2021 | 2023 | 2022 | 2021 | 2023 | 2022 | 2021 |
| SL 12D | Machine | 600 | 600 | 600 | 120 | 287 | 254 | 20% | 48% | 42% |

Note:

1. We have converted all our different products into SL 12D to take it as a base for calculation.
2. Conversion is done based on additional effort required to make different units.
3. This is an approximation as it's extremely difficult to ascertain exact capacity because of diverse product portfolio.

COLLABORATIONS

Currently, the Company do not have any collaborations.

CORPORATE SOCIAL RESPONSIBILITY

We have adopted a Corporate Social Responsibility (“CSR”) policy approved by the Board. We have set up a CSR committee in compliance with the requirements of the Companies Act and the relevant rules. We understands our responsibility towards the society in which it operates and is initiating small but significant steps in bringing positive changes in the environment for sustainable development taking into the consideration the interest of various stakeholders. With the rapidly changing corporate environment, more functional autonomy, operational freedom etc.

INSURANCE

The following are the details of the insurance policies obtained by our Company:

| Sr. No. | Name of the Insurance Company | Details of Insured | Sum Insured Component | Period of Insurance | | Total Premium (Inclusive tax) |
|---------|---------------------------------|----------------------------------|-----------------------|---------------------|------------|-------------------------------|
| 1. | Universal Sompo GIC Ltd | Maruti S-Cross (PB 91 9417) | 509739 | 05-06-2023 | 04-06-2024 | 19076.00 |
| 2. | ICICI Lombard General Insurance | Maruti Swift Dzire (PB10CW6185) | 159529 | 14-06-2023 | 13-06-2024 | 4562.00 |
| 3. | ICICI Lombard General Insurance | Maruti EECO 5 Star (PB10CX 1138) | 77125 | 14-06-2023 | 13-06-2024 | 4424.00 |
| 4. | ICICI Lombard General Insurance | Maruti Alto (PB10DF5881) | 71880 | 22-06-2023 | 21-06-2024 | 2732.00 |
| 5. | ICICI Lombard General Insurance | Hyundai Asta i20 PB10 CU5927 | 128000 | 23-06-2023 | 22-06-2024 | 4679.00 |
| 6. | IFFCO Tokio Gic Ltd | Chevrolet Cruze (PB10CX1074) | 300000 | 25-06-2023 | 24-06-2024 | 11287.06 |
| 7. | United India Insurance | Hero Honda Splendor PB10CW3130 | 13000 | 26-06-2023 | 25-06-2024 | 946.00 |
| 8. | IFFCO Tokio Gic Ltd | Chevrolet Captiva (PB10DP2502) | 500000 | 21-04-2023 | 20-04-2024 | 28018.57 |

| | | | | | | |
|-----|-----------------------------------|---|----------|------------|------------|-----------|
| 9. | United India Insurance | Hero Honda CD Deluxe PB10DE4798 | 11000 | 17-07-2023 | 16-07-2024 | 935.00 |
| 10. | United India Insurance | Hero HF Deluxe PB91A2989 | 17000 | 12-07-2023 | 11-07-2024 | 957.00 |
| 11. | United India Insurance | Hero HF Deluxe PB91A2988 | 17000 | 12-07-2023 | 11-07-2024 | 957.00 |
| 12. | IFFCO Tokio Gic Ltd | Honda WR-V/1.5 VX MT IDTEC PB91A6478 | 508775 | 31-07-2022 | 30-07-2023 | 24365.00 |
| 13. | Universal Sompco GIC Ltd | Maruti Alto LXI (PB10DF5884) | 71880 | 06-08-2022 | 05-08-2023 | 2840.00 |
| 14. | Magma HDI General Insurance Co | Mahindra Bolero Pick up (PB10GY7249) | 423000 | 16-10-2022 | 15-10-2023 | 19178.00 |
| 15. | National Insurance Co Ltd | Maruti Vitara Brezza (PB91B9438) | 444901 | 10-10-2022 | 09-10-2023 | 19266.00 |
| 16. | United India Insurance | Hero Honda CD Dawn (PB 10 CU 9665) | 11000 | 21-03-2023 | 20-03-2024 | 935.00 |
| 17. | Magma HDI General Insurance Co | Bolero Pik-Up Fb Cbs ps 1.7T XL (PB10 HN 9863) | 630000 | 18-04-2023 | 17-04-2024 | 20359.00 |
| 18. | Cholamandalam Ms GIC Ltd | Plant & Machinery | 55600000 | 01-12-2022 | 30-11-2023 | 32391.00 |
| 19. | Cholamandalam Ms GIC Ltd | Electonics Equipment | 68849512 | 01-12-2022 | 30-11-2023 | 110920.00 |

AWARDS AND RECOGNITION

1. FIE Foundation Award, for the development of 'FOUR Spindle CNC Chucker' in the year 2009.
2. FIE Foundation Award, for the substantial contribution made in the development of ROBOTURN DS 400 DOUBLE SPINDLE CNC CHUCKER in the year 2013.
3. FIE Foundation Award, for the substantial contribution made in the development of MACHINE AUTOMATION INTEGRATION SYSTEM in the year 2015.
4. FIE Foundation Award, for the substantial contribution made in the development of IOTQ: INTERNET OF THINGS FOR QUALITY in the year 2017.
5. Marshall received Best Stall Award at MACHAUTO in the year 2021.

HUMAN RESOURCES

A company's success relies on the strength of its people, and Marshall Machines is no different. Being in an industry driven by intellectual capital, our people are the greatest and most important asset we have. Therefore, the success of Marshall Machines depends upon engaged and motivated individuals. The Company firmly believes that its human resources are the critical enablers for the Company's growth and are one of its most important assets. Considering this, the Company continues to develop its human capital and establish its brand in the market to attract and retain the best talent. We believe that our employees are key contributors to our business success. As on March 31, 2023, we have 139 employees including our Directors, who look after our business operations, administrative, secretarial, marketing and accounting functions in accordance with their respective designated goals.

Following is a department wise employee break-up:

| Sr. No. | Department | Number of Employees |
|---------|-----------------------|---------------------|
| 1. | Finance & Accounts | 4 |
| 2. | Human Resource Deptt. | 2 |
| 3. | Application | 3 |
| 4. | Management | 1 |
| 5. | IT | 1 |
| 6. | Purchase | 1 |
| 7. | Quality | 3 |
| 8. | Service | 10 |
| 9. | Electrical | 3 |
| 10. | Design | 3 |

| Sr. No. | Department | Number of Employees |
|--------------|-------------------------|---------------------|
| 11. | Sales | 1 |
| 12. | Chuck Assembly | 2 |
| 13. | Fitter Shop | 13 |
| 14. | Head Stock Assembly | 3 |
| 15. | Motor Assembly | 2 |
| 16. | Paint Shop | 2 |
| 17. | Saddle Assembly | 2 |
| 18. | Scraping | 1 |
| 19. | Sheet Metal | 19 |
| 20. | Tail Stock Assembly | 3 |
| 21. | Hydraulic | 3 |
| 22. | Dispatch & Loading team | 2 |
| 23. | Application | 1 |
| 24. | Automation | 1 |
| 25. | Electrical | 2 |
| 26. | Store | 3 |
| 27. | Gardener | 1 |
| 28. | House Keeping | 3 |
| 29. | Pantry | 2 |
| 30. | Admin | 6 |
| 31. | Maintenance | 1 |
| 32. | Grinding | 3 |
| 33. | Hacksaw | 2 |
| 34. | Hand Grinding | 1 |
| 35. | Machine Shop | 19 |
| 36. | Welding | 3 |
| 37. | Casting | 1 |
| 38. | VMC | 6 |
| Total | | 139 |

KEY EVENTS AND MILESTONES IN THE HISTORY OF OUR COMPANY

| Year | Event |
|-----------|---|
| 1994 | Our Company was incorporated as V.B. Spinning Mills Private Limited. |
| 2001 | Change in name of the Company from V.B. Spinning Mills Private Limited to Marshall Machines Private Limited. |
| 2006 | Our Company took over the running business of Marshall Industries. |
| 2009 | Marshall launched the four spindle CNC Lathe and received FIE Foundation Award, for the development of 'FOUR Spindle CNC Chucker'. |
| 2012 | Opened 2nd state-of-the-art factory to produce Automated Machines & develop Smart Technologies. |
| 2013/2014 | Marshall introduced automated RoboTurn DS 400 with CLAPTECH & CLAMPSYS – first time in India and received FIE Foundation Award, for the substantial contribution made in the development of ROBOTURN DS 400 DOUBLE SPINDLE CNC CHUCKER. |
| 2015 | Our Company received FIE Foundation Award, for the substantial contribution made in the development of MACHINE AUTOMATION INTEGRATION SYSTEM. |
| 2016 | 1. Tie-ups with CARON Engg (USA) & SPINNER GmbH.(Germany) 2. 1 st Zero Defect unleashing SmartCorrect Gauging Station. |

| | |
|------|---|
| 2017 | <ol style="list-style-type: none"> 1. Patent for SmartCorrect, SmartCheck, and SmartInsert filed in USA and India by the promoters and relative of the promoters. 2. Marshall Automation US set-up. 3. IoTQ Center opened in Manesar, India. 4. 1st 50 SmartCorrect Gauging Stations sold in India and export order of 8 Nos. to US. 5. Our Company received FIE Foundation Award, for the substantial contribution made in the development of IOTQ: INTERNET OF THINGS FOR QUALITY. |
| 2018 | Converted into Public Limited Company vide fresh certificate of Incorporation dated May 17, 2018 |
| 2018 | Listed in NSE (EMERGE) (SME Platform) w.e.f. September 07, 2018. |
| 2021 | Migrated from NSE (EMERGE) (SME Platform) to Main Board of NSE w.e.f. November 11, 2021. |

COMPETITION

We face competition from organized as well as unorganized players in the domestic market as well as international market. This industry is highly competitive and fragmented. We have a number of competitors offering services similar to us. We believe the principal elements of competition are price and reliability. We compete against our competitors by establishing ourselves as a knowledge-based company with industry expertise in providing services.

HEALTH SAFETY AND ENVIRONMENT

We are committed to complying with applicable health, safety and environmental regulations and other requirements in our operations. To help ensure effective implementation of our safety policies and practices, at the beginning of each project we identify potential material hazards, evaluate all material risks and institute, implement and monitor appropriate risk mitigation measures. We endeavour to minimize accidents at our project sites. Our Company equips labourers with safety equipment and material that covers them from the risk of potential health hazards. Project heads are principally responsible for ensuring that safety standards are met at project sites.

OPPORTUNITIES

A. Introduction (The 'Writing on the Wall')

The COVID 19 pandemic has hastened what was looking in-avoidable; the END of Manufacturing as we have known it since the last 100 years. Discrete Manufacturing (manufacture of parts or units, as against continuous process) has been based on the concept of 'Skilled' Workers and Quality Inspectors. This model has been looking un-sustainable since the last 10 years, when expectations of customers (Near-Zero defectives per million supplied parts) became 'out of synch' with a workforce whose aptitude and appetite for jobs in manufacturing was declining because of more attractive jobs in the fast growing service sector.

This pandemic has caused large scale disruption in the manufacturing sector which will have far reaching consequences, both immediate and long term. Some of the consequences are:

- Factories shut down as workers & managers stay at home.
- Return of migrant workers to their hometowns & villages, perhaps forever (some of them), as governments give them sops that make lower paying work in their home state more attractive than returning back to where they worked.

B. The Technologies : 'I AM' Manufacturing 4.0

We have been working on Automation & Smart Technologies since 2012 and on Industry 4.0 since 2015. We saw the share of Smart, Automated Machines in total revenue rise from 10% in 2018-19 to 38% in 2019-20. And this was before Covid hit the world.

There are TWO problems affecting manufacturing now:

1. Reduction in available 'skilled' workforce.
2. Intense competition, which makes lower costs & higher quality imperative to be competitive.

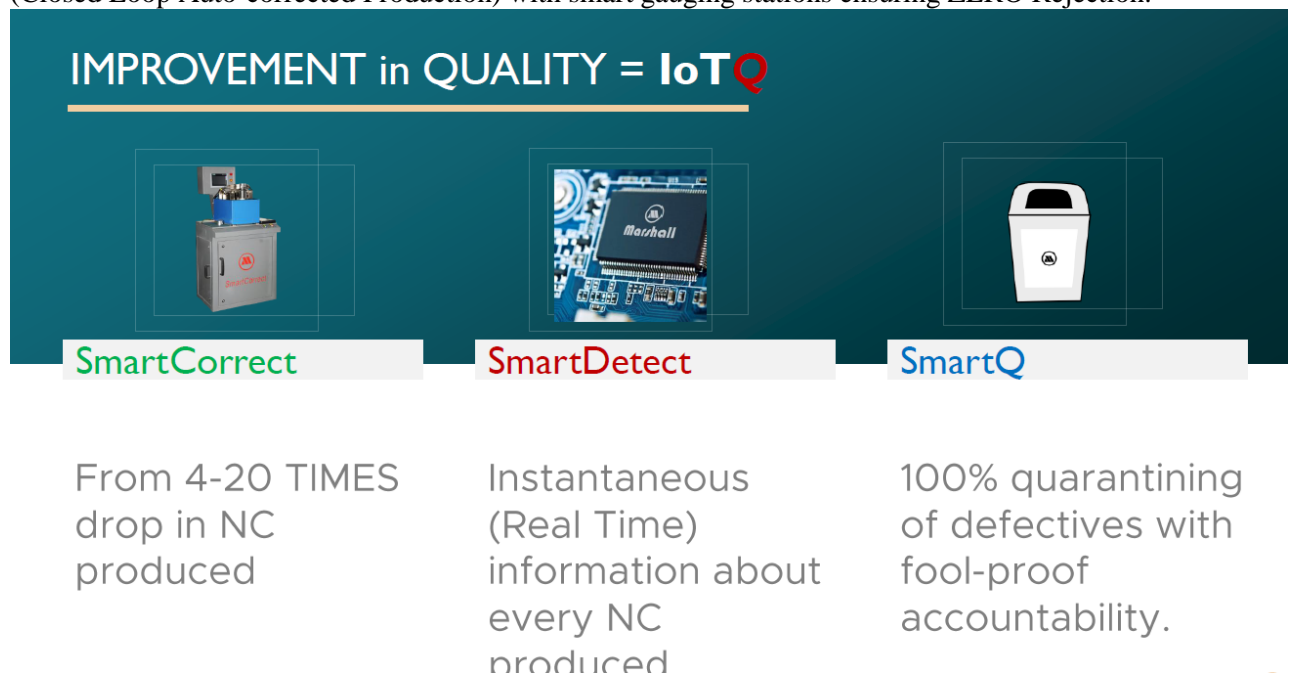
PLUS, there is a realization of the NEED to make businesses as shock-proof as possible.

Marshall has the answers to these problems & needs with a series of Products & Technologies that it calls : '**I AM' Manufacturing 4.0**

This is Manufacturing with optimized processes, zero defect production & with vastly reduced dependence on experienced workers. A system that generates the PROFITS for manufacturers that make them Profitable & competitive, with *the capacity to absorb 'shocks'*.

The three key components of are **I, A & M.**

I stands for **IMPROVEMENT**, both Process & Quality. Process Improvement is through use of super-optimized machines which are equipped with technologies that make them operate with faster cycle times and with reduced power & tool cost. Quality Improvement is through Marshall's patented **CLAP** (Closed Loop Auto-corrected Production) with smart gauging stations ensuring **ZERO** Rejection.



IMPROVEMENT in QUALITY = IoT

| SmartCorrect | SmartDetect | SmartQ |
|-------------------------------------|---|---|
| From 4-20 TIMES drop in NC produced | Instantaneous (Real Time) information about every NC produced | 100% quarantining of defectives with fool-proof accountability. |

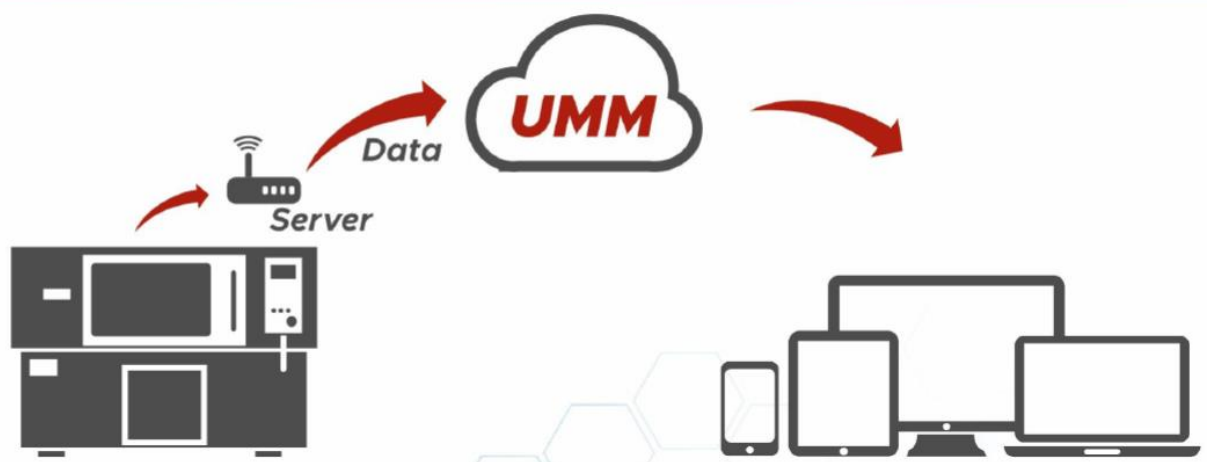
A stands for **AUTOMATION**, which includes machine Loading/Unloading and transfer between machines. Most importantly, Automation is Flexible with quick changes in setup to accommodate different members of a family of jobs or completely new jobs.



M stands for **MONITORING**, which more specifically is Cloud based Monitoring of Production, Quality & Machine Health. **MONITORING** is the 'Thread' that binds the system together and ensures that **IMPROVEMENT** is a continuous, closed loop process; & **AUTOMATION** really delivers promised benefits and is truly flexible.

MACHINE MONITORING

Cloud based Monitoring of Production, Quality & Machine Health





Machine Downtime Tracking

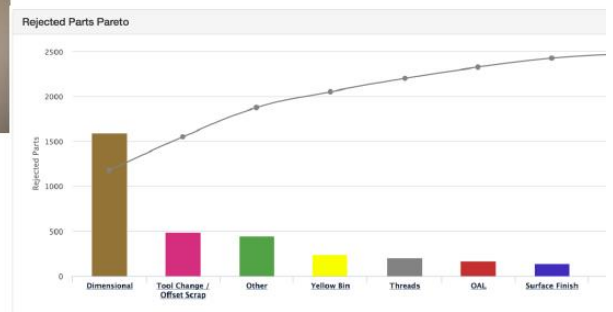


Real-Time Factory Floor Dashboards



Alerts and Notifications

Quality Tracking and reporting



Rejects

| Time | Workcenter | Count | Reason | Message |
|--------------------------|------------|-------|----------------|--|
| Feb 20, 2017 08:00:00 am | CITIZEN 24 | 19 | Surface Finish | Bad Surface finish - Yellow determined Red BWB |
| Feb 20, 2017 08:00:00 am | CITIZEN S2 | 71 | Other | Unidentified Scrap - BWB |
| Feb 20, 2017 08:00:00 am | CITIZEN S2 | 3 | Dimensional | Thru I.D NG goes - BWB |

C. The Opportunities (INDIA)

- Huge Interest in OEMs & Tier 1 Companies to adopt I, A & M. Despite Lockdown, Zoom Calls & email discussions happening on top priority with companies like ITL (Sonalika), Shriram Pistons, Mahindra CIE, Endurance, Minda Spark, etc.
- Many Big Tier 2 Companies have already committed to start Pilot Projects in their plants.
- Dozens of Progressive SME's have asked us to submit proposals for solutions. Most of them have funding lined up from SIDBI or other Institutions.
- Top Industrial Associations/Govt Bodies seeking tieup with Marshall. CII has put us on their 'Smart Manufacturing Platform'. PHD Chamber has finalized Draft of MOU so that their members get price advantage when they buy these technologies. National Productivity Council has included our Industry 4.0 Center as one of the Centres of Excellence (CoE).

D. The Opportunities (USA)

- Our Technology Partner MachineMetrics (www.machinmetrics.com/partner-program) is working closely with us to launch Marshall's SmartCorrect Gauging Stations with their machine monitoring technology.



- Our Dealers Morris (South) & THE TOOL & GAGE HOUSE fully agree that '**I AM' Manufacturing 4.0' is the need of the hour and the moment the Covid threat starts receding, Manufacturers will be forced to invest in IMPROVEMENT, AUTOMATION & MCHINE MONITORING.**

We need your support at this juncture. Just as medical equipment & supplies are seeing a boom right now, 2-3 months from now Smart Manufacturing & Automation will see a boom as Manufacturers re-tool their operations to make themselves Profitable & Competitive in the long term.

THREATS

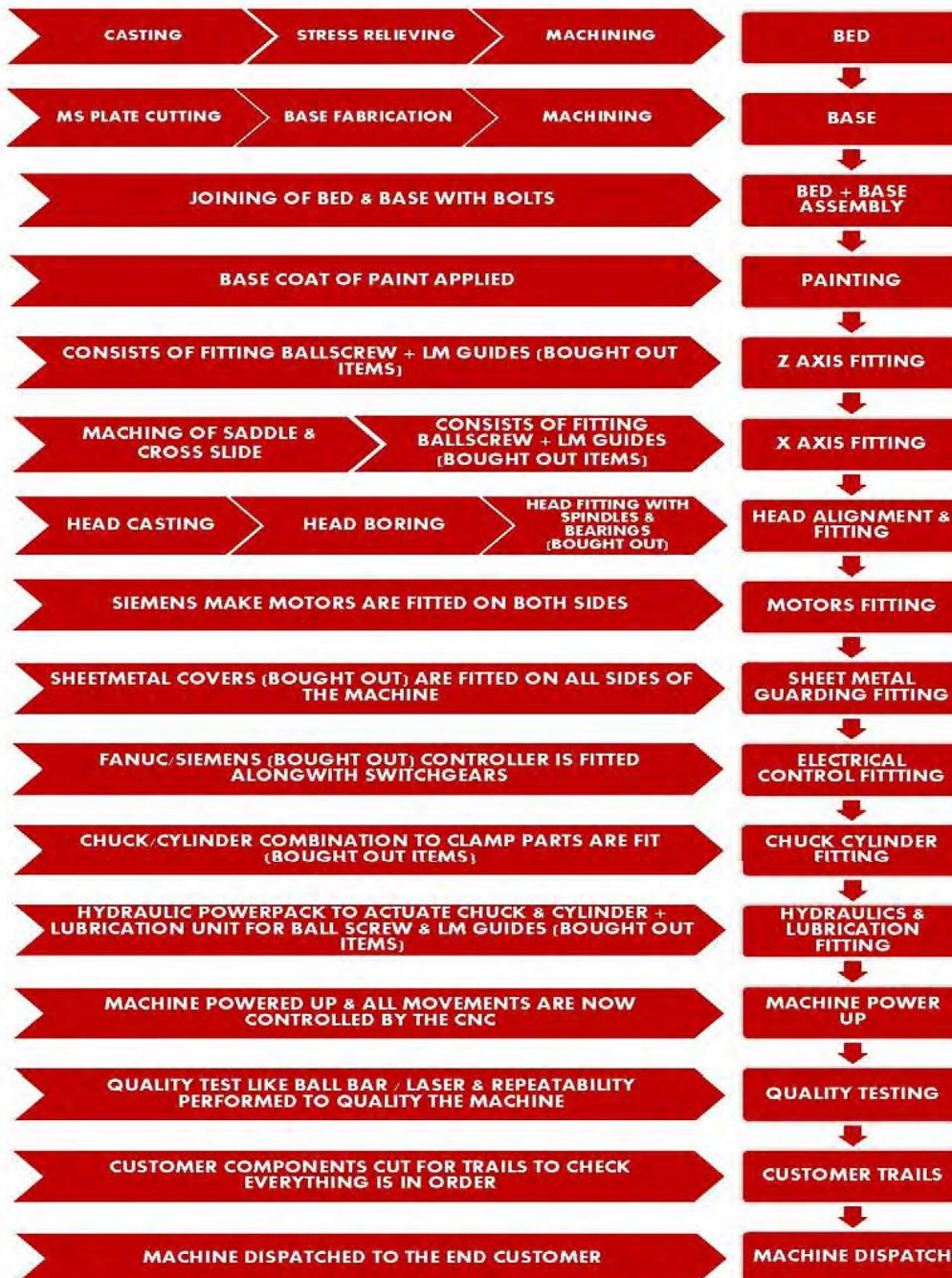
- The positive opportunities may take time to be converted into real results.
- Competition from other foreign brands will be tough.

OUR STRENGTHS

- Unmatched value proposition to the industry
- Innovative, customized solution offerings
- 61-year-old brand, Marshall
- Early mover in Automated & Industry 4.0 offerings
- State-of-art infrastructure & dedicated team for Automation & Industry 4.0
- One-stop solution provider for customers
- Agile and adaptable organization
- Well-established team of implementors for the latest technology

PRODUCTION PROCESS FLOW

The products manufactured by our Company typically go through the following procedure: -



OUR BUSINESS STRATEGIES

Objective: To drive the growth of Marshall Machines Limited by implementing strategic initiatives across multiple areas.

1. Technology Acquisition and Quality Enhancement:
 - Invest in acquiring new technologies and machinery to match the quality and performance standards of European products.
 - Continuously upgrade and improve manufacturing processes to ensure superior product quality.
2. Government Sector Business:
 - Identify opportunities in the government sector and participate in relevant tenders and procurement processes.
 - Build relationships with government agencies, departments, and public sector enterprises to secure long-term contracts.
3. Expansion into Medical and Aerospace Industries:
 - Conduct market research to understand the requirements and opportunities in the medical and aerospace industries.
 - Develop specialized solutions tailored to the unique needs of these sectors, such as precision machining for medical devices or aerospace components.
4. Customer Retention:
 - Enhance customer service and support to foster long-term relationships.
 - Regularly engage with customers to understand their evolving needs and provide personalized solutions.
 - Offer maintenance contracts and after-sales support to ensure customer satisfaction and loyalty.
5. Automation and Turnkey Solutions:
 - Invest in research and development of automation technologies to offer integrated and efficient solutions.
 - Develop turnkey solutions that encompass machinery, automation, software, and support services to provide comprehensive solutions to customers.
6. Expansion into New Geographical Locations:
 - Identify emerging industrial hubs such as Rudrapur and Ahmedabad as potential locations for new facilities or sales offices.
 - Conduct feasibility studies to assess market demand, infrastructure availability, and cost-effectiveness.
7. Pan India Dealer Model:
 - Establish a robust dealer network across India to increase market outreach.
 - Select dealers based on their market presence, industry knowledge, and customer reach.
 - Provide training and support to dealers to ensure consistent representation of the brand and its products.
8. Product Development and Segment Diversification:
 - Invest in research and development to create new products aligned with market trends and customer demands.
 - Enter new segments such as Vertical Machining Centers (VMCs) to broaden the product portfolio and cater to a wider range of customer needs.
9. Implementation and Monitoring:
 - Assign responsibilities and timelines for each initiative.
 - Regularly track progress and review performance against set targets.
 - Conduct periodic market analysis to identify emerging trends and adapt the business strategy accordingly.

By executing this comprehensive growth plan, Marshall Machines Limited aims to strengthen its market position, diversify into new industries, and offer cutting-edge solutions to its customers, thereby driving sustainable business growth.

CUSTOMERS AND DISTRIBUTION NETWORK

Our Company have developed a significant presence in key manufacturing centres all over the nation. Our on-site technical and after-sales personnel ensure that Marshall Machines are seamlessly integrated and installed at our clients' facilities. They also help generate sales leads and offer after-sales support throughout the lifecycle of the machines.

More recently, the Company is also pursuing a dealer & distributor model in some of the upcoming manufacturing hubs, such as Jamshepur, Nagpur and Mehsana, to pursue growth without a lot of upfront sales & marketing overheads.



MARKETING AND SALES ARRANGEMENT

The success of our company heavily relies on the effectiveness of our marketing and sales network. Our achievements can be attributed to the strong, long-term relationships we have cultivated with key customers who have been with us for a significant period. Additionally, our continuous product innovation and unique technological solutions have allowed us to attract new customers, both in India and potentially on a global scale. Our dedicated team focuses on highlighting the value proposition of our product line and the rapid return on investment that customers can achieve through improved productivity and enhanced component quality. Furthermore, we engage with end customers who utilize the components manufactured by our CNC turning machines, demonstrating how our technology enables near-zero defect production. This strategic approach has greatly supported our marketing efforts, given the end customers' emphasis on stringent quality standards.




Our marketing team is fully prepared to tackle challenges and aim for new heights. As part of our ongoing brand-building efforts, we actively participate in major Indian machine tools exhibitions and conferences. We have delivered presentations and shared technical expertise at seminars organized by industry chambers and prominent original equipment manufacturers such as the prestigious Bosch and Hero MotoCorp. We keep our customers updated through meetings, newsletters, bulletins, website updates, social media platforms, and more. We continually explore various marketing tools, such as transitioning from physical exhibition participation to virtual presentations on social media. Our newsletters are sent regularly to both existing and potential customers, ensuring optimal results, and we apply a well-rounded marketing mix to directly impact sales and the company's bottom line.

Within the Indian market, we primarily employ a direct sales model to market our products. In order to increase our market penetration we are looking to appoint and setup a dealer network in remote areas.. Our team also maintains regular contact with key decision-makers in our customer organizations, demonstrating our products and explaining their value propositions. Our team focuses on understanding customer requirements and tailoring relevant technical and commercial solutions, including customization when necessary. Through their experience and strong rapport with customers, developed through timely and high-quality service delivery, our team plays a pivotal role in retaining and expanding our customer base. We have established strong relationships with our customers, as evidenced by the regular repeat orders we receive.




Our objective is to expand our customer base by increasing our presence domestically. We are also looking to expand into public sector businesses for which we have a highly suitable product range capable of serving as import substitutes.

INTELLECTUAL PROPERTY RIGHTS

I. Trademark registered in the name of our Company which are summarized as below: -

| Sr. No. | Logo | Trademark Name | Classes | Status | Trademark Type | Date Of Application | Valid Upto |
|---------|---|---|---------|------------|----------------|---------------------|------------|
| 1. |  | AA DOUBLE SPINDLE | 7 | Registered | Device Mark | 01-11-2010 | 01-11-2020 |
| 2. | | CLAMPTECH | 42 | Registered | Word Mark | 21-07-2014 | 21-07-2024 |
| 3. | | CLAPTECH | 42 | Registered | Word Mark | 17-07-2014 | 17-07-2024 |
| 4. |  | FOUR SPINDLE | 7 | Registered | Device Mark | 01-11-2010 | 01-11-2020 |
| 5. |  | INVICTUS | 7 | Registered | Device Mark | 16-03-2019 | 16-03-2029 |
| 6. |  | IOTQ | 7 | Registered | Device Mark | 02-12-2016 | 02-12-2026 |
| 7. |  | IOTQ INTERNET OF THINGS FOR QUALITY | 7 | Registered | Device Mark | 02-12-2016 | 02-12-2026 |
| 8. | | MARSHALL PRECISION | 7 | Registered | Word Mark | 28-02-2012 | 28-02-2032 |
| 9. | | MARSHALL SPINNER | 7 | Registered | Word Mark | 19-08-2010 | 19-08-2020 |
| 10. | | MILLTURN | 7 | Registered | Word Mark | 04-02-2013 | 04-02-2023 |
| 11. | | MILTURN | 7 | Registered | Word Mark | 04-02-2013 | 04-02-2023 |
| 12. | | NANOTURN | 7 | Registered | Word Mark | 02-08-2010 | 02-08-2030 |
| 13. | | QUATRO | 7 | Registered | Word Mark | 19-08-2010 | 19-08-2020 |
| 14. | | QUATROTURN | 7 | Registered | Word Mark | 19-08-2010 | 19-08-2020 |

| | | | | | | | |
|-----|---|---------------------------|---|------------|-------------|------------|------------|
| 15. | RIGIDTURN | RIGIDTURN | 7 | Registered | Word Mark | 08-05-2012 | 08-05-2032 |
| 16. | ROBOTURN | ROBOTURN | 7 | Registered | Word Mark | 25-10-2012 | 25-10-2022 |
| 17. |  | SMARTACT | 7 | Registered | Device Mark | 22-01-2019 | 22-01-2029 |
| 18. | <i>SmartBlock</i> | SMARTBLOCK | 7 | Registered | Device Mark | 10-05-2018 | 10-05-2028 |
| 19. | <i>SmartChek</i> | SMARTCHEK | 7 | Registered | Device Mark | 17-01-2017 | 17-01-2027 |
| 20. |  | SMARTCONNECT | 7 | Registered | Device Mark | 26-11-2018 | 26-11-2028 |
| 21. |  | SMARTCORRECT | 7 | Registered | Device Mark | 23-01-2015 | 23-01-2025 |
| 22. |  | SMARTCOUNT | 7 | Registered | Device Mark | 22-01-2019 | 22-01-2029 |
| 23. |  | SMARTDOOR | 7 | Registered | Device Mark | 21-01-2015 | 21-01-2025 |
| 24. |  | SMARTEYE | 7 | Registered | Device Mark | 21-01-2015 | 21-01-2025 |
| 25. |  | SMARTFAC | 7 | Registered | Device Mark | 26-11-2018 | 26-11-2028 |
| 26. | <i>SmartInsert</i> | SMARTINSERT | 7 | Registered | Device Mark | 17-01-2017 | 17-01-2027 |
| 27. |  | SMARTKEYS 4.0 with device | 7 | Registered | Device Mark | 09-08-2019 | 09-08-2029 |
| 28. |  | SMARTPAD 4.0 | 7 | Registered | Device Mark | 09-08-2019 | 09-08-2029 |
| 29. | <i>SmartPartCatch</i> | SMART PART CATCH | 7 | Registered | Device Mark | 10-05-2018 | 10-05-2028 |
| 30. | <i>SmartPlate</i> | SMARTPLATE | 7 | Registered | Device Mark | 10-05-2018 | 10-05-2028 |
| 31. |  | SMARTPREDICT | 7 | Registered | Device Mark | 20-03-2020 | 20-03-2030 |
| 32. |  | SMARTQ | 7 | Registered | Device Mark | 20-03-2020 | 20-03-2030 |

| | | | | | | | |
|-----|---|---------------------|---|------------|-------------|------------|------------|
| 33. |  | SMARTSENS | 7 | Registered | Device Mark | 22-01-2019 | 22-01-2029 |
| 34. |  | SPINNER WITH DEVICE | 7 | Registered | Device Mark | 13-01-2009 | 13-01-2019 |
| 35. | SUPER PRECISION | SUPER PRECISION | 7 | Registered | Word Mark | 28-02-2012 | 28-02-2022 |
| 36. |  | Thermastable | 7 | Registered | Device Mark | 23-01-2015 | 23-01-2025 |
| 37. | TWINTURN | TWINTURN | 7 | Registered | Word Mark | 02-08-2010 | 02-08-2030 |
| 38. | ULTRA PRECISION | ULTRA PRECISION | 7 | Registered | Word Mark | 28-02-2012 | 28-02-2022 |

II. Patents registered in the name of our Company which are summarized as below: -

| Sr. No. | Application Date | Country | Title | PCT Appl No. | PCT Filing Date | Remarks |
|---------|------------------|---------|--|-------------------|-----------------|---------|
| 1. | 06-08-2016 | India | Method and System for Gauging and Auto correcting Geometric Tolerances | NA | NA | Granted |
| 2. | 24/01/2017 | India | Method and apparatus for performing an automatic health check up for a CNC turning center | PCT/IN2018/050097 | 23/02/2018 | Granted |
| 3. | 16/02/2017 | India | Method and apparatus for detecting occurrence of an accident a CNC environment and taking autonomous actions thereof | PCT/IN2018/050077 | 16/02/2018 | Granted |
| 4. | 02-12-2018 | India | Smart coolant delivery system In CNC machines | PCT/IN2018050697 | 30/10/2018 | Granted |
| 5. | 14/03/2018 | India | Smart coolant delivery block in a CNC machine | PCT/IN2018050700 | 30/10/2018 | Granted |
| 6. | 14/03/2018 | India | Smart plate for ensuring coolant flow in a CNC machine | PCT/IN2018050701 | 30/10/2018 | Granted |
| 7. | 23.09.2019 | India | Method and Apparatus for Tool life monitoring and Management in a CNC Environment | PCT/IN2018/050096 | 23/02/2018 | Granted |

| | | | | | | |
|-----|------------|---------------|--|-------------------|------------|---------|
| 8. | 26.03.2020 | India | A system and a method to enable zero defect production | PCT/IN2020/050598 | 10/07/2020 | Granted |
| 9. | 31.03.2020 | India | A system and a method to enable zero defect production in a manufacturing process and system | PCT/IN2020/050659 | 28/07/2020 | Granted |
| 10. | 24.07.2020 | United States | System and a Method to Enable Zero Defect Production | PCT/IN2020/050598 | 10.07.2020 | Granted |

OUR MANAGEMENT

BOARD OF DIRECTORS

Our Articles of Association provide that our Board shall consist of minimum 3 (Three) Directors and not more than 15 (Fifteen) Directors, unless otherwise determined by our Company in a General Meeting. As on date of this Draft Letter of Offer, our Company currently has 8 (Eight) directors on its Board. The present composition of our Board of Directors and its committees are in accordance with the corporate governance requirements provided under the Companies Act and SEBI (LODR) Regulations.

The following table sets forth details regarding our Board of Directors as on the date of this Draft Letter of Offer:

| Sr. No. | Name, Designation, Address, Occupation, Term, Nationality, Date of Birth and DIN | Age | Other Directorships |
|---------|---|-----|--|
| 1. | Mr. Gaurav Sarup Designation: Managing Director DIN: 00777489 Date of Birth: November 20, 1964 Occupation : Business Address: H.no. B-19-168, Col Gurdial Singh Road, Civil Lines, Ludhiana Nationality: Indian Original Date of Appointment: March 11, 2002 Term: For a term of 3 year from March 31, 2022 to March 31, 2025 | 59 | <ul style="list-style-type: none"> • Marpts Trading Private Limited • Mar-Turn Solutions Private Limited |
| 2. | Mr. Prashant Sarup Designation: Whole Time Director & CFO DIN: 01257440 Date of Birth: August 08, 1967 Occupation : Business Address: H.no. B-19-168, Col Gurdial Singh Road, Civil Lines, Ludhiana Nationality: Indian Original Date of Appointment: February 28, 2002 Term: For a term of 3 year from February 28, 2022 to February 28, 2025 | 56 | <ul style="list-style-type: none"> • Marpts Trading Private Limited |
| 3. | Mrs. Archana Sarup Designation: Whole Time Director DIN: 07780273 Date of Birth: May 23, 1972 Occupation : Business Address: IH.no. B-19-168, Col Gurdial Singh Road, Civil Lines, Ludhiana Nationality: Indian Original Date of Appointment: March 29, 2017 Term: For a term of 5 year from September 30, 2019 to September 30, 2024 | 51 | <ul style="list-style-type: none"> • None |

| Sr. No. | Name, Designation, Address, Occupation, Term, Nationality, Date of Birth and DIN | Age | Other Directorships |
|---------|---|-----|--|
| 4. | <p>Mr. Siddhant Sarup Designation: Whole Time Director DIN: 07779416 Date of Birth: September 26, 1991 Occupation : Business Address: H.no. B-19-168, Col Gurdial Singh Road, Civil Lines, Ludhiana Nationality: Indian Original Date of Appointment: March 29, 2017 Term: For a term of 3 year from May 23, 2023 to May 23,2026</p> | 32 | <ul style="list-style-type: none"> • Mar-Turn Solutions Private Limited |
| 5. | <p>Mr. Satvinder Singh Designation: Independent Director DIN: 08148602 Date of Birth: February 10, 1956 Occupation : Service Address: 3983, Chandigarh Road, Sector – 32A, Urban Estate, Focal Point, Ludhiana – 141010 Punjab Nationality: Indian Original Date of Appointment: June 05, 2018 Term: For a term of 5 year from May 23, 2023 to May 23,2028</p> | 67 | <ul style="list-style-type: none"> • None |
| 6. | <p>Ms. Rita Aggarwal Designation: Independent Director DIN: 09288976 Date of Birth: September 03, 1978 Occupation : Service Address: H.NO. 32 Majithia Enclave, Near Dhillon Complex 24 No Pathak, Patiala 147001, Punjab. Nationality: Indian Original Date of Appointment: October 20, 2021 Term: For a term of 5 year from October 20, 2021 to October 20, 2026</p> | 44 | <ul style="list-style-type: none"> • None |
| 7. | <p>Mr. Anil Singla Designation: Independent Director DIN: 07404704 Date of Birth: February 26, 1980 Occupation : Practicing as an Advocate Address: 2796/3 Dhak Bazar, Patiala 147001, Punjab Nationality: Indian Original Date of Appointment: October 26, 2021 Term: For a term of 5 year from October 26, 2021 to October 26, 2026</p> | 43 | <ul style="list-style-type: none"> • None |
| 8. | <p>Mr. Surinder Bir Singh Designation: Independent Director DIN: 10216266 Date of Birth: June 24, 1966 Occupation : Self Employed Address: House No. - 214, Basant City, Behind Keys Hotel, Dad Ludhana-142022</p> | 57 | <ul style="list-style-type: none"> • None |

| Sr. No. | Name, Designation, Address, Occupation, Term, Nationality, Date of Birth and DIN | Age | Other Directorships |
|---------|---|-----|---------------------|
| | Nationality: Indian Original Date of Appointment: June 27, 2023 Term: For a term of 5 year from June 27, 2023 to June 27, 2028 | | |

BRIEF DETAILS OF OUR DIRECTORS

1. **Gaurav Sarup** **Co-Founder and Managing Director**

Mr Gaurav Sarup, aged 59 years, is the co-founder and Managing Director of the Company. Mr Sarup graduated from Punjab Engineering College, Chandigarh, in 1986 with a degree in Production Engineering. He has over 37 years of expertise in the machine tool industry, with a specialisation in the ideation, design, and development of revolutionary machine tools. In addition, as a thought leader in the sector, he leads several awareness workshops. Industry 4.0 forums such as NIQR (National Institute of Quality & Reliability), CII (Confederation of Indian Industry), and TIE are among them. He is currently in charge of the Company's production, sales and marketing, research and development, and overall company growth.

2. **Prashant Sarup** **Whole Time Director & CFO**

Mr Prashant Sarup, aged 56 years, is the Whole Time Director & CFO of the Company. He graduated from Birla Institute of Technology with a degree in Production Engineering in 1989 and is a seasoned industry veteran with over 35 years of expertise in design and electronic integration. He has been instrumental in designing machines, electronic integration, and interfacing systems to develop various machine tools. He is currently in charge of the Company's finance, automation interfacing, product development, and purchase department.

3. **Archana Sarup** **Whole Time Director**

Mrs Archana Sarup, aged 51 years, is a Whole Time Director of the Company. She holds a master's degree from Punjab University and has vast experience of more than 15 years in the Human Resource Development (HRD) arena. Mrs Sarup leads the charge of the Company's HRD department and administration. In addition, she also looks after events, exhibitions, seminars, and roadshows for the Company.

4. **Siddhant Sarup** **Whole Time Director**

Mr Siddhant Sarup, aged 32 years, is a Whole Time Director of the Company. He holds a B.Tech in Industrial Engineering and a Master's Degree in Operations Management (MBA) from Thapar University, Punjab, with more than 9 years of work experience. He is presently in charge of automated and smart machine manufacturing, inspection, and testing. He's also working on the research and development of SmartCorrect Gauging Stations, a promising product line for the company.

5. **Satvinder Singh** **Non-Executive & Independent Director**

Mr Singh, aged 65 years, is the Additional Non-Executive & Independent Director of our Company. He holds a Diploma in Mechanical Engineering from Guru Nanak Engineering College (Polytechnic), Ludhiana. He has vast experience of more than 41 years in mechanical engineering, and presently he is the Senior Vice President of GNA Group.

6. Rita Aggarwal
Non-Executive & Independent Director

Ms Aggarwal is a Non-Executive & Independent Director of our Company. She is a Company Secretary with experience in the management domain of over 17 years. Her insights in the secretarial field will be instrumental in guiding the Company in her areas of expertise.

7. Anil Singla
Non-Executive & Independent Director

Mr Singla is a Non-Executive & Independent Director of our Company. He is a practising lawyer with over 12 years of work experience in various legal matters & proceedings. His insights in the legal domain will be instrumental in guiding the Company in his areas of expertise.

8. Surinder Bir Singh
Non-Executive & Independent Director

Mr Singh is a Non-Executive & Independent Director of our Company. He holds a Ph.D in Management from C.T. University, Ludhiana, M.Sc. (IT) from QUEST Institute Ludhiana and Master's Degree in Operations Management (MBA) from IGNOU. He is having more than 20 years' experience in Engineering and tools manufacturing companies.

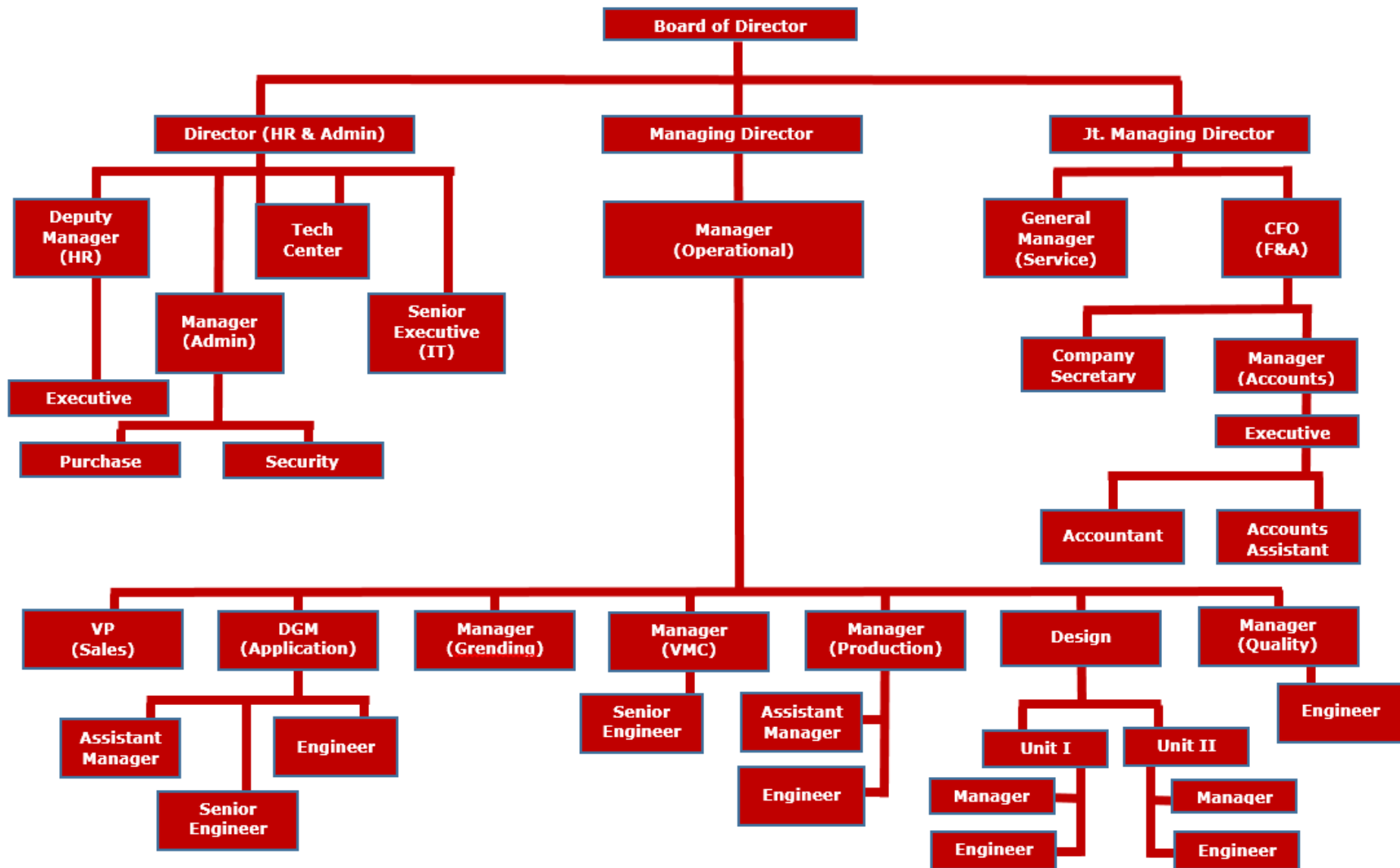
Confirmations

- 1) Neither Company nor our Directors are declared as fugitive economic offenders as defined in Regulation 2(1)(p) of the SEBI ICDR Regulations and have not been declared as a 'fugitive economic offender' under Section 12 of the Fugitive Economic Offenders Act, 2018.
- 2) None of the Directors of our Company have held or currently hold directorship in any listed company whose shares have been or were suspended from being traded on any of the stock exchanges in the five years preceding the date of filing of this Draft Letter of Offer, during the term of his/ her directorship in such company.
- 3) None of our Directors of our Company are or were associated in the capacity of a director with any listed company which has been delisted from any stock exchange(s) at any time in the past.
- 4) None of our Directors have been debarred from accessing capital markets by the Securities and Exchange Board of India. Additionally, none of our Directors are or were, associated with any other company which is debarred from accessing the capital market by the Securities and Exchange Board of India.
- 5) None of our Directors have been identified as a wilful defaulter or fraudulent borrower, as defined in the SEBI Regulations and there are no violations of securities laws committed by them in the past and no prosecution or other proceedings for any such alleged violation are pending against them.
- 6) Our Company has not entered into any service contracts with our Directors, which provide for benefits upon termination of their directorship.

PAST DIRECTORSHIPS IN SUSPENDED COMPANIES

Further, none of our Directors are or were a director of any listed company, which has been, or was delisted from any stock exchange during the term of their directorship in such Company during the last 10 (Ten) years preceding the date of this Draft Letter of Offer.

ORGANISATIONAL STRUCTURE



CORPORATE GOVERNANCE

The provisions of the SEBI Listing Regulations with respect to corporate governance are applicable to us. We are in compliance with the requirements of the applicable provisions of SEBI Listing Regulations and the Companies Act, 2013, in respect of corporate governance including in respect of the constitution of the Board and committees thereof and separation of the Board's supervisory role from the executive management team. Further, our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations.

COMMITTEES OF OUR BOARD

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting.

We have a Board constituted the Board Committees in compliance with the Companies Act. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Our Board has constituted following committees in accordance with the requirements of the Companies Act and SEBI Listing Regulations:

1. Audit Committee
2. Nomination Remuneration Committee
3. Stakeholders Relationship Committee
4. Corporate Social Responsibility Committee
5. Finance Committee

Details of each of these committees are as follows:

1. Audit Committee

Our Company has constituted an Audit Committee, as per the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI Listing Regulations, vide resolution passed in the meeting of the Board of Directors held on June 05, 2018.

The terms of reference of Audit Committee complies with the requirements of Companies Act, 2013 and SEBI Listing Regulations. The committee presently comprises the following 3 (Three) directors.

Composition of Audit Committee:

| Sr. No. | Name | Designation | Position in Committee |
|---------|-----------------|--------------------------------------|-----------------------|
| 1. | Satvinder Singh | Non-Executive - Independent Director | Chairman |
| 2. | Rita Aggarwal | Non-Executive - Independent Director | Member |
| 3. | Gaurav Sarup | Managing Director | Member |

The Company Secretary of the Company acts as the Secretary to the Audit committee.

Set forth below are the scope, functions and the terms of reference of our Audit Committee, in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015.

- a. oversight of the listed entity's financial reporting process and the disclosure of its financial information to Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fee and also approval for payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- c. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to;



- Matters required to be included in the Director's Responsibility statement to be included in the Board's Report in terms of Section 134(3)(c) of the Companies Act, 2013
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgement by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Modified opinion(s) in the draft audit report.
- d. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
 - e. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
 - f. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - g. Approval or any subsequent modification of transactions of the company with related parties;
 - h. Scrutiny of inter-corporate loans and investments;
 - i. Valuation of undertakings or assets of the company, wherever it is necessary;
 - j. Evaluation of internal financial controls and risk management systems;
 - k. Reviewing with the management, performance of the statutory and internal auditors' and adequacy of internal control systems.
 - l. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - m. Discussion with internal auditors any significant findings and follow up there on.
 - n. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - o. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - p. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - q. To review the functioning of the Whistle Blower mechanism;
 - r. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience & background, etc. of the candidate.
 - s. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
 - t. Recommending to the Board, the appointment / reappointment of the Cost Auditors and Secretarial Auditor.



- u. Reviewing the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
- v. Review the adequacy of the compliance monitoring system
- w. Assists the Board in relation to the company's compliance and its value system
- x. Engage in the process evaluating, developing, recommending and implementing strategy, policy, procedures, processes, code of conduct, standards in respect of compliance and its value system.
- y. management discussion and analysis of financial condition and results of operations;
- z. management letters / letters of internal control weaknesses issued by the statutory auditors;
- aa. internal audit reports relating to internal control weaknesses;
- bb. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
- cc. statement of deviations;
- dd. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1);
- ee. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7);
- ff. Any other activities as per the requirement of Regulation 18 of the Listing Regulations and applicable provisions of the Companies Act, 2013.

2. Nomination Remuneration Committee

The Nomination and Remuneration Committee of the Company is constituted in accordance with the provisions of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013.

| Sr. No. | Name | Designation | Position in Committee |
|---------|-----------------|--------------------------------------|-----------------------|
| 1. | Satvinder Singh | Non-Executive - Independent Director | Chairman |
| 2. | Rita Aggarwal | Non-Executive - Independent Director | Member |
| 3. | Anil Singla | Non-Executive - Independent Director | Member |

The broad terms of reference of the Nomination and Remuneration Committee are as under:

- a. Recommend to the Board, the setup and composition of the Board and its Committees, including the "formulation of the criteria for determining qualifications, positive attributes and Independence of a Director." The Committee will consider periodically reviewing the composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience;
- b. Recommend to the Board, the appointment or reappointment of Directors;
- c. Devise a policy on Board diversity;
- d. Recommend to the Board, appointment of Key Managerial Personnel ("KMP" as defined by the Act) and Executive team members of the Company (as defined by this Committee);



- e. Carry out evaluation of every Director's performance and support the Board and Independent Directors in evaluation of the performance of the Board, its Committees and Individual Directors. This shall include "Formulation of criteria for evaluation of Independent Directors and the Board". Additionally the Committee may also oversee the performance review process of the KMP and executive team of the Company;
- f. Recommend to the Board, the Remuneration Policy for Directors, executive team or Key Managerial Personnel as well as the rest of the employees;
- g. On an annual basis, recommend to the Board, the remuneration payable to the Directors and oversee the remuneration to executive team or Key Managerial Personnel of the Company;
- h. Oversee familiarization programmes for Directors;
- i. Oversee the Human Resource philosophy, Human Resource and People strategy and Human Resource practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for the Board, Key Managerial Personnel and Executive team);
- j. Provide guidelines for remuneration of Directors on material subsidiaries;
- k. Recommend to the Board on voting pattern for appointment and remuneration of Directors on the Boards of its material subsidiary companies;
- l. Performing such other duties and responsibilities as may be consistent with the provisions of the Committee charter.

3. Stakeholders Relationship Committee

The Stakeholders' Relationship Committee is constituted in accordance with the provisions of Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013.

| Sr. No. | Name | Designation | Position in Committee |
|---------|-----------------|--------------------------------------|-----------------------|
| 1. | Satvinder Singh | Non-Executive - Independent Director | Chairman |
| 2. | Prashant Sarup | Whole Time Director | Member |
| 3. | Archana Sarup | Whole Time Director | Member |

The role of the Stakeholders' Relationship Committee are as under:

- a. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- b. Review of measures taken for effective exercise of voting rights by shareholders;
- c. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
- d. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.



4. Corporate Social Responsibility Committee:

In compliance with Section 135 of the Companies Act, our Company has constituted a corporate social responsibility committee vide resolution passed by Board of Directors of our Company at its meeting held on March 6, 2023.

Composition of Corporate Social Responsibility Committee. The committee presently comprises following three Directors:

| Sr. No. | Name | Designation | Position in Committee |
|---------|-----------------|--------------------------------------|-----------------------|
| 1. | Gaurav Sarup | Managing Director | Chairman |
| 2. | Siddhant Sarup | Whole Time Director | Member |
| 3. | Satvinder Singh | Non-Executive & Independent Director | Member |

The role of the Corporate Social Responsibility Committee are as under:

- a. Draft the CSR Policy and recommend the same to the Board for its approval;
- b. Review and recommend any new CSR initiatives to be taken up by the Company;
- c. Review the progress of CSR projects already undertaken by the Company and the utilization of budgets for each such projects;
- d. Review and recommend the CSR report to be included in the Board's report;
- e. Review and recommend any amendments to be made in the CSR policy of the Company;
- f. To carry such other functions as may be delegated to it by the Board relating to actives of the Company;

5. Finance Committee:

Composition of Finance Committee. The committee presently comprises following four Directors:

| Sr. No. | Name | Designation | Position in Committee |
|---------|----------------|---------------------|-----------------------|
| 1. | Gaurav Sarup | Managing Director | Chairman |
| 2. | Prashant Sarup | Whole Time Director | Member |
| 3. | Archana Sarup | Whole Time Director | Member |
| 4. | Siddhant Sarup | Whole Time Director | Member |

OUR KEY MANAGERIAL PERSONNEL

In addition to our Executive Directors, Mr. Gaurav Sarup-Managing Director, Mr. Prashant Sarup-Whole Time Director cum CFO, Mr. Siddhant Sarup-Whole Time Director and Mrs. Archana Sarup-Whole Time Director, whose details are provided in "Brief Details Of Our Directors" on page 114, the details of our other Key Managerial Personnel in terms of the SEBI ICDR Regulations, as at the date of this Draft Letter of Offer, are set out below:

Ms. Gauri Agarwal, Company Secretary and Compliance Officer of our Company. She was appointed as the Company Secretary of our Company on August 17, 2020. She is a member of the Institute of Company Secretaries of India. She is having experience of more than 5 years in management, corporate laws, accounts etc.



Service Contracts with Key Managerial Personnel

Our Key Managerial Personnel, other than our Executive Director, are governed by the terms of their appointment letters and have not executed any service contracts with our Company.

Retirement and termination benefit

Except for applicable statutory benefits, none of our Key Managerial Personnel would receive any benefits on their retirement or on termination of their employment with our Company.

Status of employment of our Key Managerial Personnel

All our Key Managerial Personnel are permanent employees of our Company.

Relationship among Key Managerial Personnel

Mr. Gaurav Sarup, Mr. Prashant Sarup, Mrs. Archana Sarup and Mr. Siddhant Sarup are related with each other except Ms Gauri Agarwal is not related with the Key Managerial Personnel.



OUR PROMOTER AND PROMOTERS GROUP

Promoters:

The Promoters of our Company are Mr. Gaurav Sarup and Mr. Prashant Sarup.

Brief profile of Promoters:

Mr. Gaurav Sarup, aged 59 years, is the co-founder and Managing Director of the Company. Mr Sarup graduated from Punjab Engineering College, Chandigarh, in 1986 with a degree in Production Engineering. He has over 37 years of expertise in the machine tool industry, with a specialisation in the ideation, design, and development of revolutionary machine tools. In addition, as a thought leader in the sector, he leads several awareness workshops. Industry 4.0 forums such as NIQR (National Institute of Quality & Reliability), CII (Confederation of Indian Industry), and TIE are among them. He is currently in charge of the Company's production, sales and marketing, research and development, and overall company growth.

Mr. Prashant Sarup, aged 56 years, is the Whole Time Director & CFO of the Company. He graduated from Birla Institute of Technology with a degree in Production Engineering in 1989 and is a seasoned industry veteran with over 35 years of expertise in design and electronic integration. He has been instrumental in designing machines, electronic integration, and interfacing systems to develop various machine tools. He is currently in charge of the Company's finance, automation interfacing, product development, and purchase department.

Promoters Group:

The Promoters Group of our Company are Mr. Archana Sarup and Mr. Siddhant Sarup.

Brief profile of Promoters Group:

Mrs Archana Sarup, aged 51 years, is a Whole Time Director of the Company. She holds a master's degree from Punjab University and has vast experience of more than 15 years in the Human Resource Development (HRD) arena. Mrs Sarup leads the charge of the Company's HRD department and administration. In addition, she also looks after events, exhibitions, seminars, and roadshows for the Company.

Mr Siddhant Sarup, aged 32 years, is a Whole Time Director of the Company. He holds a B.Tech in Industrial Engineering and a Master's Degree in Operations Management (MBA) from Thapar University, Punjab, with more than 9 years of work experience. He is presently in charge of automated and smart machine manufacturing, inspection, and testing. He's also working on the research and development of SmartCorrect Gauging Stations, a promising product line for the company.

As on date of Draft letter of offer, directorship of Promoters and Promoters Group:

| Name of Promoters and Promoters Group | Name of Company | CIN | Designation |
|---------------------------------------|------------------------------------|-----------------------|-------------|
| Mr. Gaurav Sarup | Marpts Trading Private Limited | U46599PB2023PTC058625 | Director |
| | Mar-Turn Solutions Private Limited | U28221PB2023PTC058688 | Director |
| Mr. Prashant Sarup | Marpts Trading Private Limited | U46599PB2023PTC058625 | Director |
| Mr. Archana Sarup | | NIL | |
| Mr. Siddhant Sarup | Mar-Turn Solutions Private Limited | U28221PB2023PTC058688 | Director |

As on date June 30, 2023, Shareholding of Promoters and Promoters Group:

| Sr. No. | Name | No. Of Shares | Percentage (%) |
|---------|------------------------|---------------|----------------|
| | Promoters | | |
| 1. | Mr. Gaurav Sarup | 27,58,051 | 18.96 |
| 2. | Mr. Prashant Sarup | 33,65,123 | 23.13 |
| | Promoters Group | | |
| 3. | Mr. Archana Sarup | 3,99,245 | 2.74 |
| 4. | Mr. Siddhant Sarup | 3,65,527 | 2.51 |



OUR DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited, net operating profit after tax, working capital requirements, capital expenditure requirements, cash flow required to meet contingencies, outstanding borrowings, and applicable taxes payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including loan or financing arrangements. Our Company is currently availing of or may enter into to finance our fund requirements for our business activities.

Our Company has not declared dividends on the Equity Shares for the last 3 Financial Years ending 2023, 2022 and 2021. The amount paid as dividends in the past is not necessarily indicative of our dividend policy or dividend amount, if any, in the future and there is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in future. For details in relation to the risk involved, see “*Risk Factor– Our ability to pay any dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.*” on page 27 of this Draft Letter of Offer.



SECTION VII – FINANCIAL INFORMATION

RESTATED FINANCIAL STATEMENTS

| Sr. No. | Particulars | Page No. |
|---------|--|----------|
| 1. | Restated Financial Statements as at and for the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021. | 125 |
| 2. | Statement of Accounting Ratios | 236 |
| 3. | Statement of Capitalisation | 236 |

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S. SOOD & CO

CHARTERED ACCOUNTANTS

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Mohali : Plot No. 944, 2nd Floor, JLPL, Sector-82, Mohali-160054
Tel. : 0161-4084819, 4084820 | E-mail : sanjay.sood@ssoodco.com

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

The Board of Directors,
Marshall Machines Limited,
C-86, Phase-V, Focal Point,
Ludhiana

Dear Members of the Board,

1. We have examined, the attached Restated Financial Information of Marshall Machines Limited (the "Company" or the "Issuer") comprising the Restated Statement of Assets and Liabilities as at March 31, 2023, March 31, 2022 and March 31, 2021, the Restated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Statement of Changes in Equity, the Restated Statement of Cash Flows for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 and the summary statement of significant accounting policies, and other explanatory information (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on June 02, 2023 for the purpose of inclusion in the Draft Letter of Offer / Letter of Offer (collectively the "Offer Documents") prepared by the Company in connection with its proposed rights issue of equity shares (the "issue").

Board of Directors Responsibility for the Restated Financial Information

2. These restated summary statements have been prepared in accordance with the requirements of:
 - i. Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");
 - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time in pursuance of provision of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"); and



1 | Page



- iii. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“ICAI”), as amended from time to time (the “Guidance Note”).

The Company’s Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the offer documents to be filed with Securities and Exchange Board of India (“SEBI”), NSE Limited (“NSE”), and Registrar of Companies – Chandigarh (“ROC”) in connection with the proposed right issue.

The Restated Financial Information have been prepared by the Management of the Company on the basis of preparation stated in Note 1 of Annexure V to the Restated Financial Information.

The Board of Directors of the company are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors of the company are also responsible for identifying and ensuring that the company complies with the Act, the ICDR Regulations and the Guidance Note.

Auditor’s Responsibility

3. We have examined such Restated Financial Information taking into consideration:
 - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated June 9, 2023 in connection with the proposed issue of equity shares of the Company;
 - b) The Guidance Note - The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
 - c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
 - d) The requirements of Section 26 of the Act and the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the proposed right issue of equity shares of the Company.

Restated Financial Information as per audited financial statements

4. The Restated Financial Information have been compiled by the management from audited IndAS financial statements of the company as at and for the year ended March 31, 2023, 2022 and 2021 prepared in accordance with Indian Accounting Standard (Ind ASs) (referred to as “Ind AS”) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended,





and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on June 02, 2023, July 04, 2022 and July 08, 2021.

5. For the purpose of our examination, we have relied on;
- i) Auditors' reports issued by us dated 02nd June, 2023 on the financial statements of the Company for the year ended March 31, 2023 as referred in Paragraph 4 & 5 of Audit Report above which include the following Emphasis of Matter and Key Audit Matters respectively.

Attention is drawn to the following matters:

- A. The Company has migrated to main board of NSE with effect from 22.11.2021. Therefore, IND AS is adopted considering the transition date of 01.04.2020. Accordingly, the financial statements have been stated as per IND AS.
- B. In respect of Inventories during the year under audit, the management has neither undertaken any physical verification of the Inventories nor has segregated inventory of Slow moving and Dead stocks. We were unable to conduct the Annual Physical Verification at the year end as the management had informed us that their Key Managerial Personnel including Accounts & Finance Manager and Stores in-charge have resigned and left the company. The management had expressed its helplessness under this situation to provide us with Complete Inventory records. However, we have been communicated by the Management that they have engaged an Independent Chartered Accountancy firm for the Physical Verification and Valuation of Inventory as per IND AS 2 and the firm has submitted their Inventory Valuation report dated 04.04.2023.

However, in our opinion, the comparative inventory holding levels, in view of steep decline in the Turnover of the Company as compared to earlier years are higher and simultaneously there has been an increased percentage of Non - Regularly Traded and Manufactured Products in the Total Turnover of the company. Hence we are unable to comment on the realizable value of the same. The impact of above remarks, presently are not ascertainable and therefore cannot be commented upon.

- C. As per Note no. 14 of the Restated Financial Information, Creditors include MSME creditors amounting to Rs.133 Lacs which have been identified by the company as due but not paid within stipulated time period under Micro Small and Medium Enterprises Development Act, 2006 (MSMED).





However, in our opinion and as per information and records provided to us, the company does not have proper records of MSME creditors neither any written communication is available with the company regarding the status of the creditors falling under MSME category, so reliable estimates of the amount due but not paid could not be made. Further no provision for Interest on above described delayed payments has been made in the books of accounts. To that extent the loss of the company is understated. However, we are unable to quantify the extent of loss.

- D. There are number of pending cases against the Company in various Courts of law. The Company has mentioned the cases in the respective Note of the Restated Financial Information. The amount under dispute has already been booked in the books of accounts of the company however, no interest has been provided in the books of accounts since the decision of the cases are pending and in the opinion of the Directors the cases will be in the favour of the company.
- E. With reference to the comments in our Independent Audit Report (part B) CARO-2020 under the clause IX (a) (i), In our opinion the company is not regular in repayment of its loans and interest thereon to the financial institutions and banks. The loan instalments have been delayed many times during the year {for individual instances refer clause IX a (i) of Annexure B of this report (The CARO-2020 report order)}. However, in the absence of proper records we are unable to comment on their Loan account status. But some of the Financial Institutions have classified the company's account as substandard asset as on date of audit report. Letter of Credits taken from the bank, in four number of cases have not been paid so far after the due date. Out of these four cases of Letter of credits the delay is more than one year in some of the cases.
- F. During the year under review, Total 161 employees have left the company. Out of these employees, the Company has written off the amount payable of some of such employees during the financial year, as a full and final settlement of their dues. Company has also reversed the earlier gratuity provision of Rs. 40.81 Lacs on the above mentioned employees on the basis of written legal opinion taken from their Legal advisor of labour Laws. However, such transactions have not been confirmed by any of those employees and neither the company has any written communication available from such employees. In view of above, there may arise any liability/ litigation in the future in respect of such employees.





- G. During the year under audit, the Company has made Sales amounting to Rs.1642 Lacs for the products which are not regularly traded and manufactured by the company. (Above Sales of Non – Regularly Traded and Manufactured Goods constitute 47.60% of the Total Sales of the company during the financial year. The Management has not provided to us the confirmed copy of account from the said parties.
- H. Company has taken the Advances from its Customers amounting to Rs. 963 Lacs. This includes advances of Rs. 367 Lacs which are more than a year old. Balances of Sundry Advances are subject to confirmation and reconciliations.
- I. Company has written off credit balances amounting to Rs. 279.28 Lacs during the year, on account of some balances of Sundry Creditors, Employees & Other Payables which in the opinion of Management are not payable. And simultaneously the company has written off debit balances amounting to Rs.38.24 Lacs during the year on account of some balances of Sundry debtors and advances to employees, which in the opinion of the management are not realizable. Net effect of the above transactions is an amount of Rs. 241.04 Lacs has been shown under the Head Other Incomes in the Standalone Financial Statements. However, all such transactions are not confirmed by the respective third parties.
- J. The Company has not been regular in depositing its Statutory Dues. The Statutory dues payable as on 31.03.2023 have not been paid in full, which includes Income Tax Payable on Self-Assessment u/s 140A of Income Tax Act, 1961 amounting to Rs. 94.50 Lacs for A.Y 2020-21, TDS amounting to Rs. 35.50 Lacs, Provident Fund amounting to Rs. 12.45 Lacs and ESI amounting to Rs. 3.50 Lacs along with Interest thereon which are outstanding for more than six months. The delay in deposit of taxes may result in company having to pay interest and penalty for the same in the future, the amount of which cannot be ascertained as of now.
- K. Company has not realized its Foreign Debtor amounting to Rs.105.07 Lacs within the time prescribed under the regulations of the FEMA Act, 1999. Subject to the which penalty under the provisions of Act may be levied on violation. According to the Directors the delay was due to the dispute arising during the Covid2019 times which could not be resolved. However, they are quite hopeful of settling this in this year.





- L. As per Note No. 14 of the Restated Financial Information, out of the Total Trade Payables of Rs. 3814 Lacs, sundry creditors amounting to Rs.2024 Lacs are due for more than 180 days, which include the creditors which are subject to the provisions of section 16(2) of the CGST Act, 2017, Input Tax Credit of GST which has been taken against such unpaid creditors has to be reversed and further the Interest and penalty may be levied on such amounts. The Company has not sent any Balance confirmations letters to its trade creditors during the year under audit. Therefore, we are unable to comment about the authenticity of the Balances of Trade Payables at the end of the year.
- M. As per Note No. 5 of the Restated Financial Information, out of Total Trade Receivables of Rs. 2839 Lacs, the trade receivables amounting to Rs. 385 Lacs and 273 Lacs are pending for realization for more than 3 years and 2 years respectively. The Company has not sent any Balance Confirmation letters to its debtors during the year under audit. However, the management of the company confirms that all the trade receivables are good and fully realizable. Balances of Sundry Debtors are subject to confirmation and reconciliations.

Our opinion is not modified in respect of above matters

- ii) Auditors' reports issued by us dated 04th July, 2022 on the financial statements of the Company for the year ended March 31, 2022 as referred in Emphasis of Matter paragraph

Attention is drawn to the following matters:

- A. The Company has migrated to main board of NSE with effect from 22.11.2021. Therefore, IND AS is adopted considering the transition date of 01.04.2020. Accordingly, the financial statements have been stated as per IND AS.
- B. As per Note no. 14 of the Restated Financial Information, Creditors include MSME creditors amounting to Rs. 139 Lacs which have been identified by the company as due but not paid within stipulated time period under Micro Small and Medium Enterprises Development Act, 2006 (MSMED).

However, in our opinion and as per information and records provided to us, the company does not have proper records of MSME creditors so reliable estimates of the amount due but not paid could not be made. Further no provision for Interest on above described delayed payments has been made





in the books of accounts. To that extent the loss of the company is understated.

- C. There are pending cases against the Company in various court of law. The Company has mentioned the cases in the respective Note of the Financial statements. Amount under dispute has already been booked in the books of accounts of the company however No interest has been provided in the books of accounts since the decision of the cases are pending and in the opinion of the Directors the cases will be in the favour of the company.
- D. With reference to the comments in our Independent Audit Report (Part B) CARO-2020 under the clause IX (a) (i) and (ii), In our opinion the company is not regular in repayment of its loans and interest thereon to the financial institutions and banks. The loan installments have been delayed many times during the year {for individual instances refer clause IX a (i) of Annexure B of this report (The CARO-2020 Report Order)}. However, in the absence of proper records we are unable to comment on their Loan account status.
- E. Company has spent an amount of Rs. 8.64 lacs towards corporate social responsibility expenses (CSR Activities) to "Bhartiya Shishu Niketan School". However, in our opinion and as per information and explanation provided to us the abovementioned School does not have CSR certificate issued by Government Authorities and is not eligible for CSR Donation.
- F. The Company has not deposited its Statutory dues on regular basis. However, all the Statutory dues payable as on 31.03.2022 have been paid as on date of report except the Income Tax Payable on Self Assessment u/s 140A of Income Tax Act, 1961 amounting to Rs. 86.68 Lacs for A.Y 2020-21 along with Interest thereon which is outstanding for more than six months. The company and its directors had received a notice from the Income Tax authorities regarding delayed deposit of TDS & TCS in earlier years and same has been Compounded by the authorities on payment of Rs. 7.82 lacs. during the year. In our opinion and as per the information and explanation provided to us the delay in deposit of Taxes may cause result in company having to pay penalty for the same in the future, the amount of which cannot be ascertained as of now.
- G. Company has not realized its Foreign Debtor amounting to Rs. 96.88 Lacs within the time prescribed under the regulations of the FEMA Act. Subject to which penalty under the provisions of FEMA may levy on violation of the





provisions of the said Act. According to the Directors the delay was due to Covid 19.

- H. As per Note No. 14 of the Restated Financial information, out of the Total Trade Payables of Rs. 2489 Lacs, sundry creditors amounting to Rs.1627 Lacs are due for more than 180 days, which include creditors amounting to Rs.1327 Lacs which are subject to the provisions of section 16(2) of the CGST Act, 2017, Input Tax Credit of GST which has been taken against such unpaid creditors has to be reversed and further the Interest and penalty may be charged on such amounts.
- I. As per Note No. 5 of the Restated Financial Information, out of Total Trade Receivables of Rs. 1800 Lacs, the trade receivables amounting to Rs. 404 Lacs are pending for realization for more than 3 years. However, the management of the company confirms that all the trade receivables are good and fully realizable.

Our opinion is not modified in respect of above matters.

- iii) Auditors' reports issued by us dated 08th July, 2021 on the financial statements of the Company for the year ended March 31, 2021 as referred in Emphasis of Matter paragraph

Attention is drawn to the following matters:

- A) The Company has changed its method of providing depreciation for Fixed Assets effective from 1st April 2020 from Written Down Value Method to Straight Line Method. In view of the management of the company the change is aligned with the change in Company's expectation of the pattern of consumption of the economic benefits arising from these assets in future as against the past and technical evaluation. This results on revaluation of the carrying amounts and depreciation costs.
 - i) Subject to above and with reference to Note no. 2 of restated Financial Information, the Net Block of the Fixed Assets as on 01st April, 2020 has increased (from Rs. 5291 Lacs to Rs. 6293 Lacs) by Rs. 1002 Lacs and correspondingly Deferred Tax Liability has increased (from Rs. 300 Lacs to Rs. 560 Lacs) by Rs. 260 Lacs along with Increase in Reserves & Surplus (from Rs. 1508 Lacs to 2250 Lacs) by Rs. 742 Lacs.
 - ii) Subject to the change of method of depreciation and with reference to Note no. 2 of Restated Financial Information, depreciation cost for the





year is lowered by Rs. 176 Lacs (from WDV depreciation of Rs. 688 Lacs to SLM depreciation of Rs. 512 Lacs) and to that extent the profits of the company are overstated.

- B. As per Note no. 14 of the Restated Financial Information, Creditors include MSME creditors amounting to Rs. 140 Lacs which have been identified by the company as due but not paid within stipulated time period under Micro Small and Medium Enterprises Development Act, 2006 (MSMED).

However, in our opinion and as per information and records provided to us, the company does not have proper records of MSME creditors so reliable estimates of the amount due but not paid could not be made. Further no provision for Interest on above described delayed payments has been made in the books of accounts. To that extent the profits of the company are overstated.

Our opinion is not modified in respect of these matters.

6. Based on our examination and according to the information and explanations given to us, we report that the Restated Financial Information:
- i) have been prepared after incorporating adjustments for the change in accounting policies, material errors and regrouping / reclassifications retrospectively in the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2023;
 - ii) does not contain any qualifications requiring adjustments.
 - iii) have been prepared in accordance with the Act, the ICDR Regulations and the Guidance Note.
7. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 4 above.
8. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us and other auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.





9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

10. Our report is intended solely for use of the Board of Directors for inclusion in the offer documents to be filed with SEBI, NSE and ROC in connection with the proposed issue. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For S. Sood & Co.
Chartered Accountants
FRN: 010801N




CA Sanjay Sood
Partner
Membership No: 089457
UDIN: 23089457BGXOAN8102
Date: 12th June, 2023
Place: Ludhiana



Marshall Machines Limited

CIN: L29299PB1994PLC014605

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

Annexure I : Restated Statement of Assets and Liabilities

₹ in Hundreds

| Particulars | Notes | As at 31.03.2023 | As at 31.03.2022 | As at 31.03.2021 |
|-------------------------------------|-------|-----------------------|-----------------------|-----------------------|
| ASSETS | | | | |
| Non-Current Assets | | | | |
| a) Property, Plant and Equipment | 2 | 53,42,712.03 | 57,34,985.25 | 61,82,823.52 |
| b) Capital Work in Progress | 2 | - | - | - |
| c) Intangible Assets | 2 | 4,06,564.46 | 5,12,707.59 | 6,45,778.85 |
| d) Other Financial assets | 3 | 1,26,950.80 | 1,56,355.13 | 2,15,835.69 |
| Current Assets | | | | |
| a) Inventories | 4 | 50,36,816.62 | 50,40,915.44 | 48,02,511.65 |
| b) Financial Assets | | | | |
| i) Trade Receivables | 5 | 28,39,816.75 | 18,00,283.69 | 11,67,718.66 |
| ii) Cash and Cash equivalents | 6 | 30,838.93 | 27,146.47 | 64,054.98 |
| iii) Other Financial assets | 7 | 43,910.64 | 47,726.68 | 41,840.14 |
| c) Other Current Assets | 8 | 3,01,342.99 | 2,13,649.69 | 1,57,168.69 |
| TOTAL ASSETS | | 1,41,28,953.22 | 1,35,33,769.94 | 1,32,77,732.18 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| a) Equity Share Capital | 9 | 14,55,000.00 | 14,55,000.00 | 14,55,000.00 |
| b) Other Equity | 10 | 24,98,057.81 | 31,42,187.88 | 34,47,527.66 |
| Non-Current Liabilities | | | | |
| a) Financial Liabilities | | | | |
| i) Borrowings | 11 | 17,89,944.14 | 13,35,529.34 | 14,22,271.74 |
| b) Provisions | 12 | 55,887.20 | 97,269.56 | 80,396.91 |
| c) Deferred Tax Liabilities (Net) | 13 | 2,99,180.83 | 5,12,772.54 | 5,66,492.16 |
| Current Liabilities | | | | |
| a) Financial Liabilities | | | | |
| i) Borrowings | 11 | 27,35,218.03 | 26,82,083.72 | 26,40,545.61 |
| ii) Trade Payables | 14 | 38,14,327.56 | 24,89,780.06 | 21,09,792.02 |
| iii) Other Financial Liabilities | 15 | 17,200.23 | 21,074.18 | 14,576.15 |
| b) Other Current Liabilities | 16 | 13,70,902.40 | 17,01,825.12 | 14,34,620.67 |
| c) Provisions | 12 | 4,648.04 | 12,927.02 | 18,056.15 |
| d) Current tax liabilities (net) | 17 | 88,586.98 | 83,320.52 | 88,453.11 |
| TOTAL EQUITY AND LIABILITIES | | 1,41,28,953.22 | 1,35,33,769.94 | 1,32,77,732.18 |

Corporate information and significant accounting policies 1

See accompanying notes forming part of the financial statements

As per our report of even date attached

For S. Sood & Co.

Chartered Accountants

FRN: 010801N

(Sanjay Sood)

Partner

M.No.: 089457

Place: Ludhiana

Date: 12th June, 2023



Gaurav Sarup

(Mr. Gaurav Sarup)

Managing Director

DIN: 00777489

Siddhant Sarup

(Mr. Siddhant Sarup)

Whole Time Director

DIN: 07779416

For and on behalf of Board of

Marshall Machines Limited

Prashant Sarup

(Mr. Prashant Sarup)

Whole Time Director & CFO

DIN: 01257440

Gauri

(Ms. Gauri Agarwal)

Company Secretary

PAN: BVHPA7319B



Marshall Machines Limited

CIN: L29299PB1994PLC014605

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

Annexure II : Restated Statement of Profit and Loss

₹ in Hundreds

| Particulars | Notes | Year Ended 31.03.2023 | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|--|-------|--------------------------|--------------------------|--------------------------|
| I Revenue from Operations | 18 | 34,49,529.79 | 60,32,607.12 | 67,13,960.37 |
| II Other Income | 19 | 2,50,361.02 | 13,706.45 | 11,194.18 |
| III Total Income (I+II) | | 36,99,890.81 | 60,46,313.57 | 67,25,154.55 |
| IV Expenses | | | | |
| Cost of Materials Consumed | 20 | 17,67,373.14 | 41,63,343.11 | 47,87,650.46 |
| Purchases of Stock-in-Trade | 20 | 12,58,794.50 | - | - |
| Changes in Inventories of Finished Goods, WIP | 21 | (2,70,400.36) | (3,72,403.55) | (1,55,693.03) |
| Employee Benefits Expense | 22 | 6,21,352.44 | 10,74,801.08 | 6,84,963.56 |
| Finance Costs | 23 | 4,41,442.48 | 4,46,406.30 | 3,81,440.07 |
| Depreciation and amortisation expense | 2 | 5,87,251.23 | 6,26,634.72 | 5,12,316.37 |
| Other Expenses | 24 | 2,12,708.37 | 4,75,136.39 | 4,56,348.66 |
| Total Expenses | | 46,18,521.80 | 64,13,918.05 | 66,67,026.09 |
| V Profit before tax (III-IV) | | (9,18,630.99) | (3,67,604.48) | 58,128.46 |
| VI Tax Expense: | 25 | | | |
| Current Tax | | - | - | 12,941.60 |
| Deferred Tax | | (2,29,428.10) | (55,941.34) | 9,223.09 |
| Total tax expense (VI) | | (2,29,428.10) | (55,941.34) | 22,164.69 |
| VII Profit/(Loss) for the Year (V-VI) | | (6,89,202.89) | (3,11,663.14) | 35,963.77 |
| VIII Other Comprehensive Income | | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | |
| Remeasurements of the defined benefit plans | | 60,909.21 | 8,545.08 | 24,424.29 |
| Income tax relating to items that will not be reclassified to profit or loss | | (15,836.39) | (2,221.72) | (6,350.32) |
| Total other comprehensive income (VIII) | | 45,072.82 | 6,323.36 | 18,073.97 |
| IX Total Comprehensive Income for the Year (VII+VIII) | | (6,44,130.07) | (3,05,339.78) | 54,037.74 |
| X Earnings per equity share (face value of ₹ 10/- each): | 37 | | | |
| 1) Basic | | (4.74) | (2.14) | 0.25 |
| 2) Diluted | | (4.74) | (2.14) | 0.25 |

See accompanying notes forming part of the financial statements

As per our report of even date attached
For S. Sood & Co.
Chartered Accountants
FRN: 010801N

(Sanjay Sood)
Partner
M.No.: 089457

Place: Ludhiana
Date: 12th June, 2023



(Mr. Gaurav Sarup)
Managing Director
DIN: 00777489

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

For and on behalf of Board of
Marshall Machines Limited

(Mr. Prashant Sarup)
Whole Time Director & CFO
DIN: 01257440

(Ms. Gauri Agarwal)
Company Secretary
PAN: BVHPA7319B



Marshall Machines Limited

CIN: L29299PB1994PLC014605

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

Annexure III : Restated Statement of Cash Flows

₹ in Hundreds

| Particulars | Year Ended 31.03.2023 | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|--|--------------------------|--------------------------|--------------------------|
| A. Cash Flow from Operating Activities | | | |
| Profit/(Loss) for the Year | (6,89,202.89) | (3,11,663.14) | 35,963.77 |
| <i>Adjustments for:</i> | | | |
| Depreciation and amortisation expense | 5,87,251.23 | 6,26,634.72 | 5,12,316.37 |
| Interest Income | (6,556.11) | (8,460.14) | (10,229.81) |
| Finance costs | 4,41,442.48 | 4,46,406.30 | 3,81,440.07 |
| Income Tax Expense | (2,29,428.10) | (55,941.34) | 22,164.69 |
| Profit on Sale of PPE | - | - | (964.37) |
| Changes in working capital: | | | |
| <i>Adjustments for (increase) / decrease in operating assets:</i> | | | |
| Inventories | 4,098.82 | (2,38,403.79) | (2,23,479.39) |
| Trade Receivables | (10,39,533.06) | (6,32,565.03) | 2,36,402.66 |
| Other Non-Current Financial assets | 29,404.33 | 59,480.56 | 1,70,315.98 |
| Other Current Financial assets | 3,816.04 | (5,886.54) | (12,640.35) |
| Other Current assets | (87,693.30) | (56,481.00) | 82,808.11 |
| <i>Adjustments for increase / (decrease) in operating liabilities:</i> | | | |
| Trade Payables | 13,24,547.50 | 3,79,988.04 | 17,011.74 |
| Provisions | 11,247.88 | 20,288.60 | 31,114.47 |
| Other Current Liabilities | (3,30,922.72) | 2,67,204.45 | (1,04,795.07) |
| Cash generated from operations | 18,472.10 | 4,90,601.69 | 11,37,428.87 |
| Net income tax (paid) | (2,551.54) | (12,950.47) | (3,352.09) |
| Net cash flow from operating activities (A) | 15,920.56 | 4,77,651.22 | 11,34,076.78 |
| B. Cash Flow from investing activities | | | |
| Capital expenditure on Property, Plant and Equipment | (88,834.88) | (45,725.19) | (10,48,516.22) |
| Proceeds from disposal of Property, Plant and Equipment | - | - | 2,150.00 |
| Interest received | 6,556.11 | 8,460.14 | 10,229.81 |
| Net cash used in investing activities (B) | (82,278.77) | (37,265.05) | (10,36,136.41) |
| C. Cash Flow from financing activities | | | |
| Proceeds/(Repayment) of Current Borrowings | 1,75,895.79 | 3,82,418.45 | 3,12,112.37 |
| Proceeds/(Repayment) of Non-Current Borrowings | 3,31,653.31 | (4,27,622.76) | (1,04,606.87) |
| Interest Paid | (4,37,498.43) | (4,32,090.37) | (3,83,529.10) |
| Net cash used in financing activities (C) | 70,050.67 | (4,77,294.68) | (1,76,023.60) |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | 3,692.46 | (36,908.51) | (78,083.23) |
| Cash & Cash Equivalents - Opening Balance (refer Note - 6) | 27,146.47 | 64,054.98 | 1,42,138.21 |
| Cash & Cash Equivalents - Closing Balance (refer Note - 6) | 30,838.93 | 27,146.47 | 64,054.98 |

Notes: The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7 on Cash Flow Statement.

As per our report of even date attached
For S. Sood & Co.
Chartered Accountants
FRN: 010801N

(Sanjay Sood)
Partner
M.No.: 089457

Place: Ludhiana
Date: 12th June, 2023

(Mr. Gaurav Sarup)
Managing Director
DIN: 00777489

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

For and on behalf of Board of
Marshall Machines Limited

(Mr. Prashant Sarup)
Whole Time Director & CFO
DIN: 01257440

(Ms. Gauri Agarwal)
Company Secretary
PAN: BVHPA7319B



Marshall Machines Limited

CIN: L29299PB1994PLC014605

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

Annexure IV : Restated Statement of Changes in Equity

₹ in Hundreds

| Particulars | Year Ended 31.03.2023 | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|---|--------------------------|--------------------------|--------------------------|
| A. Equity Share Capital | | | |
| Share Capital at the beginning of the Year | 14,55,000.00 | 14,55,000.00 | 14,55,000.00 |
| Addition/(Deduction) during the Year | - | - | - |
| Share Capital at the end of the Year | 14,55,000.00 | 14,55,000.00 | 14,55,000.00 |
| B. Other Equity | | | |
| Securities Premium | | | |
| Balance at the beginning of the Year | 11,63,419.49 | 11,63,419.49 | 11,63,419.49 |
| Add: Addition during the Year | - | - | - |
| Less: Deduction during the Year | - | - | - |
| Balance at the end of the Year | 11,63,419.49 | 11,63,419.49 | 11,63,419.49 |
| Retained earnings | | | |
| Balance at the beginning of the Year | 19,78,768.39 | 22,84,108.17 | 22,30,070.43 |
| Add: Profit/(Loss) for the Year | (6,89,202.89) | (3,11,663.14) | 35,963.77 |
| Add: Other comprehensive income for the Year (net of income tax) | 45,072.82 | 6,323.36 | 18,073.97 |
| Less: Tax Adjustments relating to Previous Year | - | - | - |
| Balance at the end of the Year | 13,34,638.32 | 19,78,768.39 | 22,84,108.17 |
| Total Other Equity | 24,98,057.81 | 31,42,187.88 | 34,47,527.66 |

As per our report of even date attached
For S. Sood & Co.
Chartered Accountants
FRN: 010801N

(Sanjay Sood)
Partner
M.No.: 089457

Place: Ludhiana
Date: 12th June, 2023

(Mr. Gaurav Sarup)
Managing Director
DIN: 00777489

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

For and on behalf of Board of
Marshall Machines Limited

(Mr. Prashant Sarup)
Whole Time Director & CFO
DIN: 01257440

(Ms. Gauri Agarwal)
Company Secretary
PAN: BVHPA7319B



Marshall Machines Limited

Annexure V : Significant Accounting Policy and Notes to the Restated Financial Statements

Note 1: Significant Accounting Policy

1.1 Corporate 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 IoTQ 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.

Company has been migrated to main board of NSE w.e.f. 22.11.2021 & INDAS is adopted considering the transition date of 01.04.2020

1.2 Summary of Significant Accounting Policies

a) Statement of Compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Amendment Rules, 2020 and other relevant provisions of the Act.

The restated Financial Information has been specifically prepared by the management for the purpose of inclusion in the Draft Letter of Offer / Letter of Offer prepared by the Company in connection with its proposed rights issue of equity shares, in accordance with the requirements of:

- Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended;
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, in pursuance of provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, in pursuance of provisions of Securities and Exchange Board of India Act, 1992; and
- The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time.

b) Basis of Preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

c) Use of Estimates and Judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities (including contingent liabilities) as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

d) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are net of returns, rebates, goods & services tax and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue from sale of goods is recognised as and when the Company satisfies performance obligations by transferring control of the promised goods to its customers. Revenue from services is recognized by reference to the stage of completion of the contract and related costs are incurred.





Marshall Machines Limited

e) Operating Lease

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Rental expenses from operating lease payments are recognised on a straight line basis over the lease term, unless the lease agreement explicitly states that increase is on account of inflation in the Statement of Profit and Loss.

f) Borrowing Costs

Borrowing costs are directly attributed to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time at the assets are substantially ready for their intended use or sale.

g) Income Taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

- Current income taxes

The amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Advance taxes and provisions for current income taxes are presented in the Balance Sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

- Deferred income taxes

Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

- MAT credit entitlement

The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward.

h) Provisions And Contingencies

A provision is recognized when Company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes, forming part of the financial statements.

i) Property, Plant And Equipment (PPE)

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any.

Capital work-in-progress is considered at cost comprising direct cost incurred and related incidental expenses.

Depreciation is provided for property, plant and equipment so as to expense the cost less residual values over their estimated useful lives.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

j) Intangible assets

Intangible assets with finite useful lives that are self-developed are carried at cost comprising direct cost incurred and related incidental expenses less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

k) Impairment

- Financial assets (other than at fair value)

The Company assesses at each date of Balance Sheet as per Ind AS 109 whether a financial asset or a group of financial assets is impaired and an impairment loss (if any) is recognised in the Statement of Profit and Loss.





Marshall Machines Limited

- Non-financial assets (other than at fair value)

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Profit and Loss.

l) Employee Benefits

- Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.

These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The retirement benefit obligations recognised in the statement of financial position represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

- Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

- Compensated absences

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.

m) Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

n) Inventories

Inventories are valued at the lower of cost and the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including taxes and other levies and handling charges wherever applicable. Work-in-progress and finished goods include appropriate proportion of overheads.

o) Earning per Share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the periods presented.

1.3 Transition to Ind-AS

The Company has prepared the opening Balance Sheet as per Ind AS as of 1st April 2020 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its Property, Plant and Equipment & Intangible Assets recognised as at April 1, 2020 (transition date) measured as per the previous GAAP and use that carrying value of its deemed cost as of the transition date.





Marshall Machines Limited

NOTE 2: PROPERTY, PLANT AND EQUIPMENT AS AT 31.03.2023

₹ in Hundreds

| Tangible Assets | Land * | Building * | Computer | Electric Installation | Furniture & Fixtures | Motor Vehicles | Office Equipments | Leasehold Plant & Machinery | Plant & Machinery | Total Tangible Assets |
|--------------------------------------|-------------|-------------|-----------|-----------------------|----------------------|----------------|-------------------|-----------------------------|-------------------|-----------------------|
| Cost or deemed cost | | | | | | | | | | |
| Balances as at April 1, 2020 | 1,72,697.82 | 6,11,467.72 | 46,869.98 | 49,460.77 | 33,939.18 | 1,61,898.88 | 67,283.00 | 2,50,412.49 | 39,51,836.56 | 53,45,866.40 |
| Additions | - | - | 1,600.17 | 59.98 | 39.45 | 8,878.34 | 572.91 | - | 23,50,507.34 | 23,61,658.19 |
| Disposals | - | - | - | - | - | 23,712.49 | - | - | - | 23,712.49 |
| Balances as at March 31, 2021 | 1,72,697.82 | 6,11,467.72 | 48,470.15 | 49,520.75 | 33,978.63 | 1,47,064.73 | 67,855.91 | 2,50,412.49 | 63,02,343.90 | 76,83,812.10 |
| Additions | - | - | 3,196.27 | - | - | - | 1,021.01 | - | - | 4,217.28 |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| Balances as at March 31, 2022 | 1,72,697.82 | 6,11,467.72 | 51,666.42 | 49,520.75 | 33,978.63 | 1,47,064.73 | 68,876.92 | 2,50,412.49 | 63,02,343.90 | 76,88,029.38 |
| Additions | - | - | 843.22 | - | - | - | 333.26 | - | - | 58,721.44 |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| Balances as at March 31, 2023 | 1,72,697.82 | 6,11,467.72 | 52,509.64 | 49,520.75 | 33,978.63 | 1,47,064.73 | 69,210.18 | 2,50,412.49 | 63,59,888.86 | 77,46,750.82 |
| Accumulated depreciation | | | | | | | | | | |
| Balances as at April 1, 2020 | - | 1,36,026.13 | 38,128.13 | 36,900.43 | 20,260.22 | 1,05,817.90 | 56,683.02 | 15,946.36 | 7,92,230.10 | 12,01,992.29 |
| Depreciation for the year | - | 19,454.27 | 4,528.36 | 4,730.03 | 3,214.54 | 8,483.61 | 2,365.25 | 15,859.46 | 2,62,887.64 | 3,21,523.16 |
| On disposals | - | - | - | - | - | - | - | - | - | 22,526.87 |
| Balances as at March 31, 2021 | - | 1,55,480.40 | 42,656.49 | 41,630.46 | 23,474.76 | 91,774.64 | 59,048.27 | 31,805.82 | 10,55,117.74 | 15,00,988.58 |
| Depreciation for the year | - | 19,454.27 | 2,819.74 | 1,919.24 | 1,787.96 | 8,439.18 | 2,258.12 | 15,859.46 | 3,99,517.58 | 4,52,055.55 |
| On disposals | - | - | - | - | - | - | - | - | - | - |
| Balances as at March 31, 2022 | - | 1,74,934.67 | 45,476.23 | 43,549.70 | 25,262.72 | 1,00,213.82 | 61,306.39 | 47,665.28 | 14,54,635.32 | 19,53,044.13 |
| Depreciation for the Year | - | 19,454.28 | 2,201.46 | 1,919.24 | 1,787.96 | 8,151.48 | 2,103.20 | 15,859.46 | 3,99,517.58 | 4,50,994.66 |
| On disposals | - | - | - | - | - | - | - | - | - | - |
| Balances as at March 31, 2023 | - | 1,94,388.95 | 47,677.69 | 45,468.94 | 27,050.68 | 1,08,365.30 | 63,409.59 | 63,524.74 | 18,54,152.90 | 24,04,038.79 |
| Carrying amount as at March 31, 2021 | 1,72,697.82 | 4,55,987.32 | 5,813.66 | 7,890.29 | 10,503.87 | 55,290.09 | 8,807.64 | 2,18,606.67 | 52,47,226.16 | 61,82,823.52 |
| Carrying amount as at March 31, 2022 | 1,72,697.82 | 4,36,533.05 | 6,190.19 | 5,971.05 | 8,715.91 | 46,850.91 | 7,570.53 | 2,02,747.21 | 48,47,708.58 | 57,34,985.25 |
| Carrying amount as at March 31, 2023 | 1,72,697.82 | 4,17,078.77 | 4,831.95 | 4,051.81 | 6,927.95 | 38,699.43 | 5,800.59 | 1,86,887.75 | 45,05,735.96 | 53,42,712.03 |

Notes: * Land Situated at D-116A, Focal Point Phase V, Ludhiana, whereas the *Building situated at C-86, Focal Point Phase V, Ludhiana is constructed on Leasehold Land.



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Marshall Machines Limited

NOTE 2: PROPERTY, PLANT AND EQUIPMENT AS AT 31.03.2023 Continued...

| Intangible Assets | Research - New Products | Patent, Pattern & Softwares | Total Intangible Assets | Research - New Products (CWIP) | Patent, Pattern & Softwares (CWIP) | Intangible assets incl. CWIP |
|--------------------------------------|-------------------------|-----------------------------|-------------------------|--------------------------------|------------------------------------|------------------------------|
| Cost or deemed cost | | | | | | |
| Balances as at April 1, 2020 | 7,32,315.53 | 62,161.09 | 7,94,476.62 | 1,79,427.32 | 13,280.00 | 9,87,183.94 |
| Additions | - | - | - | 77,213.90 | 20,962.08 | 98,175.98 |
| Disposals | - | - | - | - | - | - |
| Balances as at March 31, 2021 | 7,32,315.53 | 62,161.09 | 7,94,476.62 | 2,56,641.22 | 34,242.08 | 10,85,359.92 |
| Additions | - | - | - | 23,097.70 | 18,410.21 | 41,507.91 |
| Disposals | - | - | - | - | - | - |
| Balances as at March 31, 2022 | 7,32,315.53 | 62,161.09 | 7,94,476.62 | 2,79,738.92 | 52,652.29 | 11,26,867.83 |
| Additions | - | - | - | 25,314.46 | 4,798.98 | 30,113.44 |
| Disposals | - | - | - | - | - | - |
| Balances as at March 31, 2023 | 7,32,315.53 | 62,161.09 | 7,94,476.62 | 3,05,053.38 | 57,451.27 | 11,56,981.27 |
| Accumulated depreciation | | | | | | |
| Balances as at April 1, 2020 | 2,15,413.27 | 33,374.59 | 2,48,787.86 | - | - | 2,48,787.86 |
| Amortisation for the year | 1,83,078.88 | 7,714.33 | 1,90,793.21 | - | - | 1,90,793.21 |
| On disposals | - | - | - | - | - | - |
| Balances as at March 31, 2021 | 3,98,492.15 | 41,088.92 | 4,39,581.07 | - | - | 4,39,581.07 |
| Amortisation for the year | 1,67,589.15 | 6,990.02 | 1,74,579.17 | - | - | 1,74,579.17 |
| On disposals | - | - | - | - | - | - |
| Balances as at March 31, 2022 | 5,66,081.30 | 48,078.94 | 6,14,160.24 | - | - | 6,14,160.24 |
| Amortisation for the Year | 1,27,538.89 | 8,717.68 | 1,36,256.57 | - | - | 1,36,256.57 |
| On disposals | - | - | - | - | - | - |
| Balances as at March 31, 2023 | 6,93,620.19 | 56,796.62 | 7,50,416.81 | - | - | 7,50,416.81 |
| Carrying amount as at March 31, 2021 | 3,33,823.38 | 21,072.17 | 3,54,895.55 | 2,56,641.22 | 34,242.08 | 6,45,778.85 |
| Carrying amount as at March 31, 2022 | 1,66,234.23 | 14,082.15 | 1,80,316.38 | 2,79,738.92 | 52,652.29 | 5,12,707.59 |
| Carrying amount as at March 31, 2023 | 38,695.34 | 5,364.47 | 44,059.81 | 3,05,053.38 | 57,451.27 | 4,06,564.46 |



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Marshall Machines limited

NOTE 3: OTHER FINANCIAL ASSETS (Non-Current)

₹ in Hundreds

| Particulars | As at 31.03.2023 | As at 31.03.2022 | As at 31.03.2021 |
|---|--------------------|--------------------|--------------------|
| a) Security Deposits | 14,322.26 | 14,322.26 | 19,814.87 |
| b) Margin Money against Borrowings | 21,101.55 | 38,150.22 | 87,266.84 |
| c) Security Deposits against Borrowings | 85,746.48 | 98,102.14 | 1,01,118.57 |
| d) Balance with government authorities | 5,780.51 | 5,780.51 | 7,635.41 |
| Total | 1,26,950.80 | 1,56,355.13 | 2,15,835.69 |

NOTE 4: INVENTORIES

₹ in Hundreds

| Particulars | As at 31.03.2023 | As at 31.03.2022 | As at 31.03.2021 |
|---|---------------------|---------------------|---------------------|
| (at cost or net realisable value, whichever is lower) | | | |
| a) Raw Materials | 3,24,595.81 | 5,99,094.99 | 7,33,094.75 |
| b) Work in Progress | 44,18,768.11 | 42,47,696.58 | 37,85,216.68 |
| c) Finished goods | 2,34,993.70 | 1,62,878.77 | 2,77,795.32 |
| d) Scrap | 58,459.00 | 31,245.10 | 6,404.90 |
| Total | 50,36,816.62 | 50,40,915.44 | 48,02,511.65 |

Notes: 1. Taken as Valued & Certified by the Management of the Company.

2. The method of valuation of inventories has been stated in note 1.2(n).

NOTE 5: TRADE RECEIVABLES

₹ in Hundreds

| Particulars | As at 31.03.2023 | As at 31.03.2022 | As at 31.03.2021 |
|--------------------------------|---------------------|---------------------|---------------------|
| a) Considered good - Secured | - | - | - |
| b) Considered good - Unsecured | 28,39,816.75 | 18,00,283.69 | 11,67,718.66 |
| Total | 28,39,816.75 | 18,00,283.69 | 11,67,718.66 |

Ageing of Trade Receivables:

| Undisputed Trade receivables - considered good | | | |
|--|---------------------|---------------------|---------------------|
| Less than 6 Months | 17,87,329.20 | 8,52,052.12 | 5,93,732.97 |
| 6 Months - 1 Year | 2,19,140.03 | 1,72,305.41 | 35,810.66 |
| 1-2 Years | 1,74,513.59 | 2,86,915.66 | 1,93,008.66 |
| 2-3 Years | 2,73,342.98 | 84,284.27 | 1,63,753.48 |
| More than 3 Years | 3,85,490.95 | 4,04,726.23 | 1,81,412.89 |
| Total | 28,39,816.75 | 18,00,283.69 | 11,67,718.66 |

The credit period on sale of goods generally vary, on case to case basis, business to business, based on market conditions etc., No interest is payable by the Customer for the delay in payments of the amounts outstanding.

NOTE 6: CASH AND CASH EQUIVALENTS

₹ in Hundreds

| Particulars | As at 31.03.2023 | As at 31.03.2022 | As at 31.03.2021 |
|------------------------|------------------|------------------|------------------|
| a) Cash on Hand | 9,923.14 | 12,616.01 | 35,939.10 |
| b) Balances with Banks | | | |
| i) In Current Accounts | 20,915.79 | 14,530.46 | 28,115.88 |
| Total | 30,838.93 | 27,146.47 | 64,054.98 |

NOTE 7: OTHER FINANCIAL ASSETS (Current)

₹ in Hundreds

| Particulars | As at 31.03.2023 | As at 31.03.2022 | As at 31.03.2021 |
|-------------------------------------|------------------|------------------|------------------|
| a) Margin Money against Borrowings* | 43,910.64 | 47,726.68 | 41,840.14 |
| Total | 43,910.64 | 47,726.68 | 41,840.14 |

*Having original maturity of 12 months or less.





Marshall Machines Limited

NOTE 8: OTHER CURRENT ASSETS

₹ in Hundreds

| Particulars | As at 31.03.2023 | As at 31.03.2022 | As at 31.03.2021 |
|--|--------------------|--------------------|--------------------|
| a) Advances to Suppliers | 2,55,077.85 | 1,39,314.38 | 80,904.74 |
| b) Other advances, deposits and prepayment | 46,265.14 | 74,335.31 | 76,263.95 |
| Total | 3,01,342.99 | 2,13,649.69 | 1,57,168.69 |

NOTE 9: EQUITY SHARE CAPITAL

₹ in Hundreds

| Particulars | As at 31.03.2023 | As at 31.03.2022 | As at 31.03.2021 |
|---|------------------|------------------|------------------|
| a) Authorised Share Capital : | | | |
| 1,50,00,000 Equity Shares of ₹ 10 each | 15,00,000.00 | 15,00,000.00 | 15,00,000.00 |
| <i>(March 31, 2022: 1,50,00,000 Equity Shares of ₹ 10 each)</i> | | | |
| <i>(March 31, 2021: 1,50,00,000 Equity Shares of ₹ 10 each)</i> | | | |
| b) Issued, Subscribed and fully paid : | | | |
| 1,45,50,000 Equity Shares of ₹ 10 each | 14,55,000.00 | 14,55,000.00 | 14,55,000.00 |
| <i>(March 31, 2022: 1,45,50,000 Equity Shares of ₹ 10 each)</i> | | | |
| <i>(March 31, 2021: 1,45,50,000 Equity Shares of ₹ 10 each)</i> | | | |

c) Reconciliation of the number of equity shares outstanding

| Particulars | As at 31.03.2023 | | As at 31.03.2022 | | As at 31.03.2021 | |
|-------------------------------|------------------|--------------|------------------|--------------|------------------|--------------|
| | Nos. of Shares | Amount | Nos. of Shares | Amount | Nos. of Shares | Amount |
| at the beginning of the Year | 1,45,50,000 | 14,55,000.00 | 1,45,50,000 | 14,55,000.00 | 1,45,50,000 | 14,55,000.00 |
| Add: Addition during the Year | - | - | - | - | - | - |
| at the end of the Year | 1,45,50,000 | 14,55,000.00 | 1,45,50,000 | 14,55,000.00 | 1,45,50,000 | 14,55,000.00 |

d) Details of shares held by each shareholder holding more than 5% shares

| Particulars | As at 31.03.2023 | | As at 31.03.2022 | | As at 31.03.2021 | |
|---------------------|------------------|--------------|------------------|--------------|------------------|--------------|
| | Nos. of Shares | % of Holding | Nos. of Shares | % of Holding | Nos. of Shares | % of Holding |
| Mr. Prashant Sarup* | 40,45,124 | 27.80% | 44,33,429 | 30.47% | 49,33,325 | 33.91% |
| Mr. Gaurav Sarup* | 27,58,051 | 18.96% | 45,48,520 | 31.26% | 47,76,950 | 32.83% |

*Promoters of Company.

e) Rights, preference and restriction attached to equity shares

The company has only one class of equity shares having par value of ₹ 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.

NOTE 10: OTHER EQUITY

₹ in Hundreds

| Particulars | As at 31.03.2023 | As at 31.03.2022 | As at 31.03.2021 |
|-----------------------|---------------------|---------------------|---------------------|
| a) Securities Premium | 11,63,419.49 | 11,63,419.49 | 11,63,419.49 |
| b) Retained earnings | 13,34,638.32 | 19,78,768.39 | 22,84,108.17 |
| Total | 24,98,057.81 | 31,42,187.88 | 34,47,527.66 |

10.a - Securities Premium

| | | | |
|--|--------------|--------------|--------------|
| Balance at the beginning of the current reporting period | 11,63,419.49 | 11,63,419.49 | 11,63,419.49 |
| Add: Addition during the Year | - | - | - |
| Less: Deduction during the Year | - | - | - |
| Balance at the end of the current reporting period | 11,63,419.49 | 11,63,419.49 | 11,63,419.49 |

10.b - Retained earnings

| | | | |
|--|---------------|---------------|--------------|
| Balance at the beginning of the current reporting period | 19,78,768.39 | 22,84,108.17 | 22,30,070.43 |
| Add: Profit/(Loss) for the Year | (6,89,202.89) | (3,11,663.14) | 35,963.77 |
| Add: Other comprehensive income for the Year (net of income tax) | 45,072.82 | 6,323.36 | 18,073.97 |
| Balance at the end of the current reporting period | 13,34,638.32 | 19,78,768.39 | 22,84,108.17 |





Marshall Machines Limited

NOTE 11: BORROWINGS

₹ in Hundreds

| Particulars | As at 31.03.2023 | As at 31.03.2022 | As at 31.03.2021 |
|--|---------------------|---------------------|---------------------|
| Non-Current | | | |
| a) from Banks | | | |
| i) Term Loans - Secured | 4,39,327.28 | 4,67,973.43 | 6,77,067.74 |
| ii) Term Loans - Unsecured | 17,915.87 | 22,209.56 | 31,528.23 |
| iii) Vehicle Loans - Secured | 2,510.41 | 5,282.57 | 9,150.57 |
| b) from NBFC's/Others | | | |
| i) Term Loans - Secured | 1,73,620.87 | 1,87,730.90 | 3,02,469.96 |
| ii) Term Loans - Unsecured | 85,682.85 | 1,21,281.29 | 2,15,451.75 |
| c) Others Loans | | | |
| i) Term Loans - Unsecured | 57,175.00 | 43,975.00 | 50,000.00 |
| ii) Loans from Shareholders - Unsecured | 9,44,640.00 | 3,85,240.00 | - |
| d) Lease Liabilities | 69,071.86 | 1,01,836.59 | 1,36,603.49 |
| Total Non-Current Borrowings (A) | 17,89,944.14 | 13,35,529.34 | 14,22,271.74 |
| Current | | | |
| a) from Banks | | | |
| i) Repayable on Demand - Secured | 21,98,243.72 | 20,42,878.96 | 20,02,570.24 |
| ii) Working Capital Demand Loan | 48,143.33 | 49,789.07 | 80,800.00 |
| b) Current maturities of Long-term Debts | 4,47,599.83 | 5,70,361.31 | 5,26,001.65 |
| c) Lease Liabilities | 41,231.15 | 19,054.38 | 31,173.72 |
| Total Current Borrowings (B) | 27,35,218.03 | 26,82,083.72 | 26,40,545.61 |
| Total (A+B) | 45,25,162.17 | 40,17,613.06 | 40,62,817.35 |

Refer to Note 26 for information on Details of Security for Secured Borrowings & Maturity Profile.

NOTE 12: PROVISIONS

₹ in Hundreds

| Particulars | As at 31.03.2023 | As at 31.03.2022 | As at 31.03.2021 |
|---|------------------|--------------------|------------------|
| Non-Current | | | |
| a) Provision for Employee Benefits* | 55,887.20 | 97,269.56 | 80,396.91 |
| Total Non-Current Provisions (A) | 55,887.20 | 97,269.56 | 80,396.91 |
| Current | | | |
| a) Provision for Employee Benefits* | 4,648.04 | 12,927.02 | 18,056.15 |
| Total Current Provisions (B) | 4,648.04 | 12,927.02 | 18,056.15 |
| Total (A+B) | 60,535.24 | 1,10,196.58 | 98,453.06 |

*Please refer note 28

NOTE 13: DEFERRED TAX LIABILITIES (NET)

₹ in Hundreds

| Particulars | As at 31.03.2023 | As at 31.03.2022 | As at 31.03.2021 |
|---------------------------------------|--------------------|--------------------|--------------------|
| a) Deferred Tax Liability | 7,40,602.16 | 7,61,103.95 | 6,56,784.66 |
| b) Deferred Tax Asset | 4,41,421.33 | 2,48,331.41 | 90,292.50 |
| Deferred Tax Liabilities (a-b) | 2,99,180.83 | 5,12,772.54 | 5,66,492.16 |

2022-23

| Particulars | April 1, 2022 | Recognised in Profit/(Loss) | Recognised in Retained earnings | Recognised in OCI | March 31, 2023 |
|-------------------------------------|--------------------|-----------------------------|---------------------------------|-------------------|--------------------|
| Deferred tax liabilities | | | | | |
| Property, Plant and Equipment | 7,61,103.95 | (20,501.79) | - | - | 7,40,602.16 |
| Deferred tax assets | | | | | |
| Deductible Temporary differences | 28,651.11 | - | - | (15,836.39) | 12,814.72 |
| Carry forward of Unused Tax Losses | 1,96,880.94 | 2,08,926.31 | - | - | 4,05,807.25 |
| Carry forward of Unused Tax Credits | 22,799.36 | - | - | - | 22,799.36 |
| Net deferred tax liabilities | 5,12,772.54 | (2,29,428.10) | - | 15,836.39 | 2,99,180.83 |





Marshall Machines Limited

2021-22

| Particulars | April 1, 2021 | Recognised in Profit/(Loss) | Recognised in Retained earnings | Recognised in OCI | March 31, 2022 |
|-------------------------------------|--------------------|-----------------------------|---------------------------------|-------------------|--------------------|
| Deferred tax liabilities | | | | | |
| Property, Plant and Equipment | 6,56,784.66 | 1,04,319.29 | - | - | 7,61,103.95 |
| Deferred tax assets | | | | | |
| Deductible Temporary differences | 7,335.96 | 23,536.87 | - | (2,221.72) | 28,651.11 |
| Carry forward of Unused Tax Losses | 60,157.18 | 1,36,723.76 | - | - | 1,96,880.94 |
| Carry forward of Unused Tax Credits | 22,799.36 | - | - | - | 22,799.36 |
| Net deferred tax liabilities | 5,66,492.16 | (55,941.34) | - | 2,221.72 | 5,12,772.54 |

2020-21

| Particulars | April 1, 2020 | Recognised in Profit/(Loss) | Recognised in Retained earnings | Recognised in OCI | March 31, 2021 |
|-------------------------------------|--------------------|-----------------------------|---------------------------------|-------------------|--------------------|
| Deferred tax liabilities | | | | | |
| Property, Plant and Equipment | 5,68,936.04 | 87,848.62 | - | - | 6,56,784.66 |
| Deferred tax assets | | | | | |
| Deductible Temporary differences | 8,159.53 | 5,526.75 | - | (6,350.32) | 7,335.96 |
| Carry forward of Unused Tax Losses | - | 60,157.18 | - | - | 60,157.18 |
| Carry forward of Unused Tax Credits | 9,857.76 | 12,941.60 | - | - | 22,799.36 |
| Net deferred tax liabilities | 5,50,918.75 | 9,223.09 | - | 6,350.32 | 5,66,492.16 |

NOTE 14: TRADE PAYABLES

₹ in Hundreds

| Particulars | As at 31.03.2023 | As at 31.03.2022 | As at 31.03.2021 |
|---|---------------------|---------------------|---------------------|
| Trade Payables | | | |
| a) Total Outstanding Dues of MSME* | 1,33,432.50 | 1,39,781.79 | 1,40,742.81 |
| b) Total Outstanding Dues of other than MSME* | 36,80,895.06 | 23,49,998.27 | 19,69,049.21 |
| Total | 38,14,327.56 | 24,89,780.06 | 21,09,792.02 |

*MSME - 'Micro Enterprises and Small Enterprises' as defined in 'The Micro, Small and Medium Enterprises Development Act, 2006'.

Ageing of Trade Payables:

| MSME | | | |
|-------------------|---------------------|---------------------|---------------------|
| Less than 1 Year | - | 1,07,890.68 | 1,24,406.98 |
| 1-2 Years | 1,03,980.10 | 23,255.00 | 13,422.77 |
| 2-3 Years | 21,819.80 | 6,053.42 | 2,079.18 |
| More than 3 Years | 7,632.60 | 2,582.69 | 833.88 |
| Others | | | |
| Less than 1 Year | 19,94,811.20 | 16,02,825.96 | 15,39,644.88 |
| 1-2 Years | 11,67,365.09 | 3,96,363.73 | 1,65,482.18 |
| 2-3 Years | 2,95,973.24 | 97,912.34 | 1,30,350.34 |
| More than 3 Years | 2,22,745.53 | 2,52,896.24 | 1,33,571.81 |
| Total | 38,14,327.56 | 24,89,780.06 | 21,09,792.02 |

NOTE 15: OTHER FINANCIAL LIABILITIES

₹ in Hundreds

| Particulars | As at 31.03.2023 | As at 31.03.2022 | As at 31.03.2021 |
|---------------------|------------------|------------------|------------------|
| a) Interest accrued | 17,200.23 | 21,074.18 | 14,576.15 |
| Total | 17,200.23 | 21,074.18 | 14,576.15 |

NOTE 16: OTHER CURRENT LIABILITIES

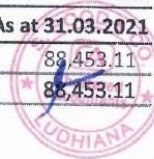
₹ in Hundreds

| Particulars | As at 31.03.2023 | As at 31.03.2022 | As at 31.03.2021 |
|------------------------------------|---------------------|---------------------|---------------------|
| a) Advance received from Customers | 9,63,238.50 | 10,20,379.25 | 5,41,866.88 |
| b) Statutory Remittances | 1,52,762.75 | 2,70,766.07 | 1,56,159.42 |
| c) Employee Benefits | 89,219.88 | 97,636.13 | 95,939.20 |
| d) Other Liabilities | 1,65,681.27 | 3,13,043.67 | 6,40,655.17 |
| Total | 13,70,902.40 | 17,01,825.12 | 14,34,620.67 |

NOTE 17: CURRENT TAX LIABILITIES

₹ in Hundreds

| Particulars | As at 31.03.2023 | As at 31.03.2022 | As at 31.03.2021 |
|-----------------------|------------------|------------------|------------------|
| a) Income Tax Payable | 88,586.98 | 83,320.52 | 88,453.11 |
| Total | 88,586.98 | 83,320.52 | 88,453.11 |





Marshall Machines Limited

NOTE 18: REVENUE FROM OPERATIONS

₹ in Hundreds

| Particulars | Year Ended 31.03.2023 | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|--------------------------|--------------------------|--------------------------|--------------------------|
| Sale of products | | | |
| -CNC Machines | 17,54,865.57 | 57,64,023.56 | 45,23,502.55 |
| -Machinery Parts | 4,05,219.91 | 2,10,638.05 | 21,18,888.50 |
| -Other Traded Parts | 12,71,382.45 | - | - |
| Sale of services | | | |
| Service Charges Received | 18,061.86 | 57,945.51 | 71,569.32 |
| Total | 34,49,529.79 | 60,32,607.12 | 67,13,960.37 |

NOTE 19: OTHER INCOME

₹ in Hundreds

| Particulars | Year Ended 31.03.2023 | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|---|--------------------------|--------------------------|--------------------------|
| Interest income from bank on deposits | 6,556.11 | 8,460.14 | 10,229.81 |
| Profit on Sale of Property, Plant & Equipment | - | - | 964.37 |
| Credit Balances Written-off | 2,41,293.36 | - | - |
| Foreign Exchange Fluctuation | 2,511.55 | 5,246.31 | - |
| Total | 2,50,361.02 | 13,706.45 | 11,194.18 |

NOTE 20: COST OF MATERIALS CONSUMED

₹ in Hundreds

| Particulars | Year Ended 31.03.2023 | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|--|--------------------------|--------------------------|--------------------------|
| a). Cost of Material Consumed | | | |
| Opening Stock of Raw Material | 5,99,094.99 | 7,33,094.75 | 6,65,308.39 |
| Add: Purchases (net) | 14,92,873.96 | 40,29,343.35 | 48,55,436.82 |
| Less: Closing Stock of Raw Material | 3,24,595.81 | 5,99,094.99 | 7,33,094.75 |
| Cost of raw material consumed during the year | 17,67,373.14 | 41,63,343.11 | 47,87,650.46 |
| b). Purchases of Stock-in-Trade | | | |
| Opening Stock-in-Trade | - | - | - |
| Add: Purchases of Stock-in-Trade | 12,58,794.50 | - | - |
| Less: Closing Stock-in-Trade | - | - | - |
| Purchases of Stock-in-Trade during the year | 12,58,794.50 | - | - |

NOTE 21: CHANGES IN INVENTORIES OF FINISHED GOODS, WIP

₹ in Hundreds

| Particulars | Year Ended 31.03.2023 | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|---|----------------------------|--------------------------|--------------------------|
| Opening Stocks | | | |
| -Work in Process | 42,47,696.58 | 37,85,216.68 | 29,20,800.00 |
| -Finished Goods | 1,62,878.77 | 2,77,795.32 | 9,90,361.87 |
| -Scrap | 31,245.10 | 6,404.90 | 2,562.00 |
| (A) | 44,41,820.45 | 40,69,416.90 | 39,13,723.87 |
| Closing Stocks | | | |
| -Work in Process | 44,18,768.11 | 42,47,696.58 | 37,85,216.68 |
| -Finished Goods | 2,34,993.70 | 1,62,878.77 | 2,77,795.32 |
| -Scrap | 58,459.00 | 31,245.10 | 6,404.90 |
| (B) | 47,12,220.81 | 44,41,820.45 | 40,69,416.90 |
| Decrease/(Increase) in Inventories | (A-B) (2,70,400.36) | (3,72,403.55) | (1,55,693.03) |

NOTE 22: EMPLOYEE BENEFITS EXPENSE

₹ in Hundreds

| Particulars | Year Ended 31.03.2023 | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|---|--------------------------|--------------------------|--------------------------|
| Salaries and Wages | 5,78,091.31 | 9,58,905.60 | 5,75,774.29 |
| Director's Remuneration | 21,000.00 | 84,000.00 | 84,000.00 |
| Contribution to Provident and other Funds | 14,959.98 | 21,403.16 | 18,056.88 |
| Staff Welfare Expenses | 7,301.15 | 10,492.32 | 7,132.39 |
| Total | 6,21,352.44 | 10,74,801.08 | 6,84,963.56 |





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NOTE 23: FINANCE COSTS

₹ in Hundreds

| Particulars | Year Ended 31.03.2023 | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|------------------------------------|--------------------------|--------------------------|--------------------------|
| Interest on Working Capital Limits | 1,76,730.09 | 1,65,008.03 | 1,27,940.67 |
| Interest on Term Loans | 1,82,727.02 | 1,77,538.81 | 1,69,632.43 |
| Finance Charges on Finance Leases | 31,160.29 | 30,440.05 | 25,732.08 |
| Other borrowing costs | 50,825.08 | 73,419.41 | 58,134.89 |
| Total | 4,41,442.48 | 4,46,406.30 | 3,81,440.07 |

NOTE 24: OTHER EXPENSES

₹ in Hundreds

| Particulars | Year Ended 31.03.2023 | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|---|--------------------------|--------------------------|--------------------------|
| Job Work Expenses | 6,742.15 | 11,745.48 | 6,436.12 |
| Power and Fuels | 41,317.03 | 49,804.46 | 23,567.32 |
| Packing Charges | 423.40 | 1,864.86 | 3,151.54 |
| Annual Maintenance Charges | - | - | 536.85 |
| Audit Fee | 6,000.00 | 3,500.00 | 3,500.00 |
| Car Running & Maintenance Charges | 9,412.01 | 12,846.05 | 4,794.96 |
| Director Sitting Fees | 3,000.00 | 2,446.72 | 2,250.00 |
| Festival Expenses | 742.34 | 4,058.59 | 5,024.33 |
| Fees, Rates and Taxes | 13,715.84 | 9,356.75 | 10,710.20 |
| Fine & Penalty Charges | 20.00 | 8,812.77 | - |
| Generator Rent | - | 1,525.11 | 622.84 |
| Insurance Expenses | 13,462.13 | 7,551.25 | 19,377.83 |
| Legal and Professional Charges | 40,453.76 | 95,478.00 | 43,143.08 |
| Misc. Expenses | 11,993.92 | 6,176.06 | 3,332.20 |
| Postage and Courier Expenses | 2,524.35 | 9,345.73 | 5,138.89 |
| Printing and Stationery Charges | 1,205.85 | 3,413.31 | 4,096.06 |
| Rebate and Discounts | 355.90 | - | 31,343.81 |
| Repairs and Maintenance | 7,983.55 | 18,927.86 | 72,672.92 |
| Rent | 2,400.00 | 7,770.50 | 18,572.92 |
| Telephone Expenses | 5,050.04 | 6,291.51 | 7,684.42 |
| Travelling Expenses | 36,004.47 | 1,20,962.10 | 1,04,894.50 |
| CSR expenditure | - | 8,643.84 | 13,061.32 |
| Advertisement & Business Promotion Expenses | 1,959.58 | 41,666.93 | 41,779.84 |
| Foreign Exchange Fluctuation | - | - | 5,530.89 |
| Freight & Cartage Outward | 5,583.67 | 31,554.70 | 17,152.32 |
| Brokerage & Commission | 1,080.27 | 8,532.98 | 6,262.55 |
| Loading & Unloading Charges | 1,278.11 | 2,860.83 | 1,710.95 |
| Total | 2,12,708.37 | 4,75,136.39 | 4,56,348.66 |

NOTE 25: TAX EXPENSE

₹ in Hundreds

| Particulars | Year Ended 31.03.2023 | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|--------------------------------|--------------------------|--------------------------|--------------------------|
| Current Tax | | | |
| In respect of the current year | - | - | 12,941.60 |
| Deferred tax | | | |
| In respect of the current year | (2,29,428.10) | (55,941.34) | 9,223.09 |
| Total | (2,29,428.10) | (55,941.34) | 22,164.69 |





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NOTE 26: TERMS OF REPAYMENT OF LOANS

(₹ In Lakhs)

| Loan Category | Frequency of repayments | Interest rate | Repayments during | | | | Total |
|------------------------|-------------------------|------------------|-------------------|---------|---------|---------|--------|
| | | | 2023-24 | 2024-25 | 2025-26 | 2026-27 | |
| Term Loans - Secured | Monthly | 8.27% to 15.00% | 137.72 | 110.97 | 75.94 | 0.00 | 324.63 |
| Term Loans - Unsecured | Monthly | 14.00% to 24.50% | 108.43 | 30.54 | 0.59 | 0.00 | 139.56 |
| ECGLS Loans | Monthly | 8.25% to 18.00% | 198.46 | 146.06 | 61.24 | 0.00 | 405.76 |
| Other Loans | Monthly | 7.40% to 10.00% | 3.00 | 2.10 | 0.18 | 0.00 | 5.28 |

Details of Security for Secured Borrowings (Short Term & Term Loans)

Term loans from Banks & Financial Institutions are secured by first Pari-passu charge on the underlying Property, Plant and Equipment 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 Pari-passu charge on the entire current assets of the company. Details 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 | <ol style="list-style-type: none"> Equitable mortgage of properties situated at: C-86, Phase-V, Focal Point, Ludhiana, & D-116A, Phase-V, Focal Point, Ludhiana. 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. Unconditional & irrevocable personal guarantees of all the directors and property holders. |
| Machinery Term loans | Other Banks & Financial | Hypothecation of plant & machinery financed and FDRs given as margins to respective financial institutions. |
| Emergency Credit Line Guarantee Scheme (ECGLS) | Other Banks & Financial Institutions | Emergency Credit Line Guarantee Scheme having 100% guarantee coverage by National Credit Guarantee Trustee Company (NCGTC) |

NOTE 27: DETAILS OF INTANGIBLE ASSETS UNDER DEVELOPMENT

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. The Aging & Completion Schedule of Intangible assets under development are as below:

| | ₹ in Hundreds | | |
|---|---------------|-------------|-------------|
| | 31.03.2023 | 31.03.2022 | 31.03.2021 |
| Aging Schedule (Projects in-progress) | | | |
| Less than 1 year | 30,113.44 | 41,507.91 | 98,175.98 |
| 1-2 years | 41,507.91 | 98,175.98 | 13,280.00 |
| 2-3 years | 98,175.98 | 13,280.00 | - |
| More than 3 years | 1,92,707.32 | 1,79,427.32 | 1,79,427.32 |
| Total | 3,62,504.65 | 3,32,391.21 | 2,90,883.30 |
| Completion Schedule (To be completed in) | | | |
| Less than 1 year | - | - | - |
| 1-2 years | 3,62,504.65 | 3,32,391.21 | - |
| 2-3 years | - | - | 2,90,883.30 |
| More than 3 years | - | - | - |
| Total | 3,62,504.65 | 3,32,391.21 | 2,90,883.30 |





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NOTE 28: 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.

Reconciliation of opening and closing balances of obligation

₹ in Hundreds

| Particulars | Year Ending 31.03.2023 | Year Ending 31.03.2022 | Year Ending 31.03.2022 |
|---|---------------------------|---------------------------|---------------------------|
| Opening defined benefit obligation | 1,10,196.58 | 98,453.06 | 1,01,620.63 |
| Current Service Cost | 8,334.02 | 18,085.21 | 14,498.95 |
| Past Service Cost | - | - | - |
| Interest Cost | 7,625.60 | 6,428.98 | 6,757.77 |
| Actuarial (gains)/losses | | | |
| Arising from changes in financial assumptions | (1,969.67) | (2,760.01) | 706.68 |
| Arising from changes in demographic assumptions | (4,082.50) | - | - |
| Arising from experience variance | (54,857.04) | (5,785.06) | (25,130.97) |
| Benefits Paid | (4,711.75) | (4,225.60) | - |
| Closing defined benefit obligation | 60,535.24 | 1,10,196.58 | 98,453.06 |

Amount recognized in Balance Sheet

₹ in Hundreds

| Particulars | Year Ending 31.03.2023 | Year Ending 31.03.2022 | Year Ending 31.03.2022 |
|---|---------------------------|---------------------------|---------------------------|
| Opening defined benefit obligation | 60,535.24 | 1,10,196.58 | 98,453.06 |
| Fair Value of Plan Assets at the end of the year | - | - | - |
| Funded Status | (60,535.24) | (1,10,196.58) | (98,453.06) |
| Unrecognised Actuarial (gain)/ loss | - | - | - |
| Net Asset/ (Liability) recognized in the Balance Sheet | (60,535.24) | (1,10,196.58) | (98,453.06) |
| Current | (4,648.04) | (12,927.02) | (18,056.15) |
| Non-Current | (55,887.20) | (97,269.56) | (80,396.91) |

Expense recognized in the Year

₹ in Hundreds

| Particulars | Year Ending 31.03.2023 | Year Ending 31.03.2022 | Year Ending 31.03.2022 |
|--|---------------------------|---------------------------|---------------------------|
| Current Service Cost | 8,334.02 | 18,085.21 | 14,498.95 |
| Past Service Cost | - | - | - |
| Interest Cost | 7,625.60 | 6,428.98 | 6,757.77 |
| Expected Return on Plan Assets | - | - | - |
| Expenses recognised in Statement of Profit and Loss | 15,959.62 | 24,514.19 | 21,256.72 |

Assumptions

| Particulars | Year Ending 31.03.2023 | Year Ending 31.03.2022 | Year Ending 31.03.2022 |
|---|---------------------------|---------------------------|---------------------------|
| Discount Rate | 7.45% | 6.92% | 6.53% |
| Rate of increase in Compensation levels | 5.00% | 5.00% | 5.00% |
| Rate of Return on Planned Assets | Not Applicable | Not Applicable | Not Applicable |
| Expected Future Service | 18.18 Years | 21.10 Years | 22.65 Years |
| Mortality Rate | 100% of IALM 2012-14 | 100% of IALM 2012-14 | 100% of IALM 2012-14 |





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Sensitivity analysis - defined benefit obligation

| Particulars | Year Ending 31.03.2023 | Year Ending 31.03.2022 | Year Ending 31.03.2022 |
|---|---------------------------|---------------------------|---------------------------|
| Discount rate + 50 basis points | -4.21% | -3.04% | -2.92% |
| Discount rate - 50 basis points | 4.52% | 3.23% | 3.11% |
| Salary increase rate + 100 basis points | 9.53% | 6.74% | 6.46% |
| Salary increase rate - 100 basis points | -8.38% | -6.06% | 5.80% |

Compensated absences: 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 29: CONTINGENT LIABILITIES AND COMMITMENTS

The company has not paid its creditors amounting to ₹ 20.24 Crores against GST purchases, which are due but not paid for more than 180 days. Subject to the provisions of section 16 (2) of CGST Act, 2017, input Tax Credit of GST taken has to be reversed and could be availed when the principle amount is paid. In view of above, there may arise interest and penalty subject to the provisions of the CGST Act, 2017.

| Particulars | ₹ in Hundreds | | |
|---|---------------|------------|------------|
| | 31.03.2023 | 31.03.2022 | 31.03.2021 |
| (a) Claims against the company not acknowledged as debt* | | | |
| i) Sales Tax under appeal | - | - | - |
| ii) Income Tax under appeal | - | - | - |
| (b) Guarantees excluding financial guarantees | - | - | - |
| (C) Commitments for the acquisition of property plant & equipment | - | - | - |

* The Company has received the legal notices from below parties for payment of their dues. the amount has already been acknowledged in the financial statements, however no interest has been provided in the books of accounts since the decision of the cases are pending and in the opinion of Directors the cases will be in favour of the Company.

| # | Parties | Nature of Dues | Amount | Current Status |
|-----|---|----------------------|-----------|---|
| 1. | Techtronics Automation, Faridabad | Payment of Creditors | 11,639.48 | |
| 2. | Rollmann Trading Company | Payment of Creditors | 32,585.48 | Party had supplied faulty material, which caused us some production loss, Company has asked supplier to accept the Debit Note for damage. |
| 3. | Marotia Tools & Alloys Pvt. Ltd., Ludhiana | Payment of Creditors | 4,609.61 | |
| 4. | Nexco Automation Technologies Pvt. Ltd., Vadodara | Payment of Creditors | 30,959.75 | There is a serious product service issue, party is ready for settlement. We have set some service conditions as a pre-requisite. |
| 5. | Protection Engineering, Faridabad | Payment of Creditors | 56,394.40 | Company has asked Supplier to replace the faulty material & claim the payment. |
| 6. | Infinite Uptime India Pvt. Ltd. | Payment of Creditors | 4,092.00 | In discussion with the vendor to solve issue at customer site and claim the payment. |
| 7. | Ringfeder Power Transmission India Pvt. Ltd | Payment of Creditors | 6,085.22 | |
| 8. | Shri laxmi engineering | Payment of Creditors | 3,702.00 | |
| 9. | Goodluck Engineering, Delhi | Payment of Creditors | 5,992.25 | This is a small customer, who filed case for return of advance money, when our policy is advance is non refundable. |
| 10. | Navyug Enterprise, Ludhiana | Payment of Creditors | 5,857.58 | |
| 11. | Laxmi Factory Tools Pvt. Ltd., New Delhi | Payment of Creditors | 14,698.99 | In discussion with the vendor to solve the issue and restart the business. |
| 12. | Premier India Bearings Ltd., Ludhiana | Payment of Creditors | 29,589.39 | |





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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 under MSME. 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 based on the confirmation received, there are 11 parties which have been disclosed as due but not paid under MSME category of the creditors and the amount due is ₹ 1.33 Crores as on March 31, 2023.

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 31st March 20 2023, no such amounts were due to be transferred to the IEPF by the Company.

NOTE 32: DIRECTOR'S REMUNERATION

₹ in Hundreds

| Particulars | 2022-23 | 2021-22 | 2020-21 |
|--|------------------|------------------|------------------|
| i) Salary to whole-time Directors | 21,000.00 | 84,000.00 | 84,000.00 |
| ii) Sitting Fee to Independent Directors | 3,000.00 | 2,446.72 | 2,250.00 |
| iii) Monetary value of perquisites | - | - | - |
| Total | 24,000.00 | 86,446.72 | 86,250.00 |

NOTE 33: AUDITOR'S REMUNERATION

₹ in Hundreds

| Particulars | 2022-23 | 2021-22 | 2020-21 |
|------------------------------|-----------------|-----------------|-----------------|
| i) As a Auditor | 3,000.00 | 1,750.00 | 1,750.00 |
| ii) for Taxation matters | 3,000.00 | 1,750.00 | 1,750.00 |
| iii) for Company Law matters | - | - | - |
| iv) for Other Services | - | - | - |
| v) Reimbursement of Expenses | - | - | - |
| Total | 6,000.00 | 3,500.00 | 3,500.00 |

NOTE 34: SEGMENTAL INFORMATION

The Company's operations fall within a single business segment i.e. "Manufacturing CNC Machines", 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 Ind-AS 108.

NOTE 35: DEPRECIATION AND AMORTIZATION

Effective from 1st April 2020, method of providing depreciation for Fixed Assets by the Company has been changed to Straight Line Method from Written Down Value Method. This change is aligned with the change in Company's expectation of the pattern of consumption of the economic benefits arising from these assets in future as against the past and technical evaluation.

Till FY20, The Company was following Written Down Value (WDV) depreciation method. Based on evaluation during the year, Company considered to change the depreciation method from WDV to Straight Line Method (SLM) and has given effect from April 01, 2020.





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NOTE 36: RELATED PARTIES DISCLOSURE

a) Names of related parties and related party relationships.
(in respect of which transactions have taken place)

- Key Management Personnel (KMP) and Relatives of Key Managerial Personnel

| | | |
|----------------------------|-----------------------------|--------------------|
| Mr. Gaurav Sarup | (Managing Director) | |
| Mr. Prashant Sarup | (Whole Time Director & CFO) | |
| Mrs. Archana Sarup | (Wholetime Director) | |
| Mr. Siddhant Sarup | (Wholetime Director) | |
| Mr. Satvinder Singh | (Independent Director) | |
| Ms. Kajal Rai | (Independent Director) | Up to 17-Nov-2021 |
| Ms. Komal Bhalla | (Independent Director) | Up to 05-Oct-2021 |
| Ms. Rita Agarwal | (Independent Director) | w.e.f. 20-Oct-2021 |
| Mr. Anil Singla | (Independent Director) | w.e.f. 26-Oct-2021 |
| Ms. Sharon Arora | (Independent Director) | w.e.f. 29-Dec-2021 |
| Ms. Gauri Agarwal | (Company Secretary) | |

- Enterprises in which key management personnel (KMP) have significant influence.

| | | |
|--|-------------------------|---|
| Marshall Industries | Partnership Firm | - having Directors of Company as Partner |
| Traintech Digital Solutions Pvt. Ltd. | Private Limited Company | - having Directors of Company as Director |

b) Details of transaction with related parties are as follows

| Particulars | ₹ in Hundreds | | |
|--|---------------|-------------|-----------|
| | 2022-23 | 2021-22 | 2020-21 |
| 1) Rent payable to related parties | | | |
| -Enterprises in which KMP have significant influence | 2,400.00 | 2,400.00 | 2,400.00 |
| 2) Sitting fees / Managerial Remunerations to KMP's | | | |
| -Key Managerial Persons and their relatives | 24,000.00 | 88,246.72 | 87,372.58 |
| 3) Loan Received/ (Repaid) | | | |
| -Key Managerial Persons and their relatives | 5,59,400.00 | 3,85,240.00 | - |
| 4) Sales of Goods | | | |
| -Enterprises in which KMP have significant influence | 2,57,307.71 | - | - |

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

c) Balances Payable/(Receivable) at the end of the year

| Particulars | ₹ in Hundreds | | |
|--|---------------|-------------|----------|
| | 2022-23 | 2021-22 | 2020-21 |
| -Enterprises in which KMP have significant influence | 9,772.00 | 7,372.00 | 5,536.00 |
| -Key Managerial Persons and their relatives | 9,68,772.36 | 4,12,876.03 | 2,867.63 |

NOTE 37: EARNINGS PER SHARE (EPS)

| Particulars | ₹ in Hundreds | | |
|--|---------------|---------------|-------------|
| | 2022-23 | 2021-22 | 2020-21 |
| Profit for the Year - Restated (Numerator used for calculating basic EPS) | (6,89,202.89) | (3,11,663.14) | 35,963.77 |
| Weighted average number of equity share outstanding (Denominator used for calculating basic (EPS) Shares | 1,45,50,000 | 1,45,50,000 | 1,45,50,000 |
| Earnings / share (EPS) - (Face value ₹ 10 per share) | (4.74) | (2.14) | 0.25 |

NOTE 38: VALUE OF IMPORTS

Calculated on C.I.F Basis by the Company during the Financial Year in respect of:-

| Particulars | ₹ in Hundreds | | |
|----------------------------|------------------|--------------------|------------------|
| | 2022-23 | 2021-22 | 2020-21 |
| Raw materials | Nil | Nil | Nil |
| Components and spare parts | 34,426.75 | 1,81,568.72 | 78,511.62 |
| Capital goods | 49,335.00 | Nil | Nil |
| Total | 83,761.75 | 1,81,568.72 | 78,511.62 |





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NOTE 39: CORPORATE SOCIAL RESPONSIBILITY (CSR)

Expenses incurred on Corporate Social Responsibility (CSR) program under Section 135 of the Companies Act, 2013 are charged to the Statement of Profit and Loss under 'Other Expenses' (Note 24).

| Particulars | ₹ in Hundreds | | |
|--|---------------|----------|-----------|
| | 2022-23 | 2021-22 | 2020-21 |
| Amount required to be spent by the company during the year | - | 8,636.34 | 13,059.06 |
| Amount of expenditure incurred during the year on: | | | |
| a) Construction/acquisition of asset | - | - | - |
| b) On purposes other than (a) above | - | 8,643.84 | 13,061.32 |
| Shortfall at the end of the year | - | - | - |
| Total of previous years shortfall | - | - | - |
| Reason for shortfall | - | - | - |

NOTE 40: LEASE ARRANGEMENTS

a) Operating Lease

The Company has entered into an operating lease arrangement of Land situated at C-86, Focal Point Ludhiana.

| Particulars | ₹ in Hundreds | | |
|--|---------------|-----------|-----------|
| | 2022-23 | 2021-22 | 2020-21 |
| Payment recognised as expense | | | |
| Minimum lease payments | 2,400.00 | 2,400.00 | 2,400.00 |
| Future minimum rentals payable under lease is as follows: | | | |
| Not later than one year | 2,400.00 | 2,400.00 | 2,400.00 |
| Later than one year and not later than five years | 9,600.00 | 9,600.00 | 9,600.00 |
| Later than five years | 33,600.00 | 36,000.00 | 38,400.00 |

b) Finance Lease

The Company has entered into an Finance lease arrangement of Machines used in production process.

| Particulars | ₹ in Hundreds | | |
|--|---------------|-----------|-----------|
| | 2022-23 | 2021-22 | 2020-21 |
| Details of contractual maturities of lease liabilities at end of Year | | | |
| Not later than one year | 41,231.15 | 19,054.38 | 40,888.32 |
| Later than one year and not later than five years | 69,071.86 | 99,217.28 | 78,657.11 |
| Later than five years | - | - | - |

NOTE 41: 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 opening up of markets, the capacity utilization of all of our manufacturing plants is gradually increasing over a period of time.





Marshall Machines Limited

The Company has availed Covid-19 emergencies working capital loans and deferment of interest and instalments 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 42:

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

NOTE 43: APPROVAL OF FINANCIAL STATEMENTS

The Restated Financial Statements were considered by the Board of Directors on June 02, 2023.

As per our report of even date attached
For S. Sood & Co.
Chartered Accountants
FRN: 010801N


(Sanjay Sood)
Partner
M.No.: 089457



Place: Ludhiana
Date: 12th June, 2023



(Mr. Gaurav Sarup)
Managing Director
DIN: 00777489



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

For and on behalf of Board of
Marshall Machines Limited



(Mr. Prashant Sarup)
Whole Time Director & CFO
DIN: 01257440



(Ms. Gauri Agarwal)
Company Secretary
PAN: BVHPA7319B



Marshall Machines Limited

Annexure VI : Statement on Adjustment to Audited Financial Statements

The Summary of results of restatement made in the Audited Standalone Financial Statements for the respective years and its impact on the profit/ (loss) of the Company is as follows:

A. Material Adjustments

₹ in Hundreds

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Net Profits as per audited financial statements (A) | (6,44,880.07) | (3,07,246.29) | 54,444.25 |
| Add/(Less) : Adjustments on account of- | | | |
| Prior Period Expenses charged to Statement of Profit & Loss | 750.00 | 1,906.51 | (406.51) |
| Others | - | - | - |
| Total Adjustments (B) | 750.00 | 1,906.51 | (406.51) |
| Restated Profit/ (Loss) (A+B) | (6,44,130.07) | (3,05,339.78) | 54,037.74 |

Notes on Material Adjustments

Prior Period expenses has been considered in respective financial years.

B. Reconciliation of Opening Balance of Profit & Loss

₹ in Hundreds

| Particulars | As at 01.04.2020 |
|--|---------------------|
| Opening Balance of Balance in Profit & Loss Account as per audited financial statements (A) | 15,08,530.10 |
| Add/(Less) : Adjustments on account of - | |
| Prior Period Expenses charged to Statement of Profit & Loss | (2,250.00) |
| Tax Adjustments relating to Previous Year | (18,159.74) |
| Effect on Accumulated Depreciation due to Change in Method of WDV to SLM (Net of Deferred Tax) | 7,41,950.07 |
| Total Adjustments (B) | 7,21,540.33 |
| Restated opening Balance of balance in Profit & Loss Account (A+B) | 22,30,070.43 |

As per our report of even date attached
For S. Sood & Co.
Chartered Accountants
FRN: 010801N

(Sanjay Sood)
Partner
M.No.: 089457

Place: Ludhiana
Date: 12th June, 2023

(Mr. Gaurav Sarup)
Managing Director
DIN: 00777489

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

For and on behalf of Board of
Marshall Machines Limited

(Mr. Prashant Sarup)
Whole Time Director & CFO
DIN: 01257440

(Ms. Gauri Agarwal)
Company Secretary
PAN: BVHPA7319B



Marshall Machines Limited

Annexure VII : Restated Statement of Accounting Ratios

KEY FINANCIAL RATIOS

| Particulars | 2022-23 | 2021-22 | 2020-21 |
|----------------------------------|-------------|-------------|-------------|
| Current Ratio | 1.03 | 1.02 | 0.99 |
| Debt-Equity Ratio | 1.14 | 0.87 | 0.83 |
| Debt Service Coverage Ratio | 1.04 | 0.82 | 1.95 |
| Return on Equity Ratio | (16.12) % | (6.56) % | 0.74 % |
| Inventory turnover Ratio | 0.68 | 1.23 | 1.43 |
| Trade Receivables turnover Ratio | 1.49 | 4.07 | 5.22 |
| Trade payables turnover Ratio | 0.47 | 1.75 | 2.31 |
| Net capital turnover Ratio | 1.17 | 2.14 | 2.61 |
| Net profit Ratio | (19.98) % | (5.17) % | 0.54 % |
| Return on Capital employed | (6.02) % | 0.06 % | 4.00 % |
| Return on investment | 35.68 % | 180.28 % | 46.42 % |
| EBITDA (₹ in Hundreds) | 1,10,062.72 | 7,05,436.54 | 9,51,884.90 |
| Face value per share ₹ | 10.00 | 10.00 | 10.00 |
| Earning per share (Basic) ₹ | (4.74) | (2.14) | 0.25 |
| Earning per share (Diluted) ₹ | (4.74) | (2.14) | 0.25 |

As per our report of even date attached
For **S. Sood & Co.**
Chartered Accountants
FRN: 010801N

(Sanjay Sood)
Partner
M.No.: 089457

Place: Ludhiana
Date: 12th June, 2023



(Mr. Gaurav Sarup)
Managing Director
DIN: 00777489

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

For and on behalf of Board of
Marshall Machines Limited

(Mr. Prashant Sarup)
Whole Time Director & CFO
DIN: 01257440

(Ms. Gauri Agarwal)
Company Secretary
PAN: BVHPA7319B



Marshall Machines Limited

Annexure VIII : Restated Statement of Capitalization

Capitalization Statement as on 31st March 2023

₹ in Hundreds

| Particulars | Pre Issue | Post Issue* |
|--|---------------------|-------------|
| Borrowings | | |
| Current Borrowings (A) | 27,35,218.03 | - |
| Non-Current Borrowings (B) | 17,89,944.14 | - |
| Total Borrowings (C = A+B) | 45,25,162.17 | - |
| Shareholders' funds | | |
| Equity Share Capital (D) | 14,55,000.00 | - |
| Other Equity (E) | 24,98,057.81 | - |
| Total Equity (F = D+E) | 39,53,057.81 | - |
| Non-Current Borrowings / Total Equity (G = B / F) | 0.45 | - |
| Total Borrowings / Total Equity (H = C / F) | 1.14 | - |

*To be added post finalisation of Issue Price and at the time of filing the Letter of Offer.

As per our report of even date attached
For S. Sood & Co.
Chartered Accountants
FRN: 010801N

(Sanjay Sood)
Partner
M.No.: 089457

Place: Ludhiana
Date: 12th June, 2023



(Mr. Gaurav Sarup)
Managing Director
DIN: 00777489

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

For and on behalf of Board of
Marshall Machines Limited

(Mr. Prashant Sarup)
Whole Time Director & CFO
DIN: 01257440

(Ms. Gauri Agarwal)
Company Secretary
PAN: BVHPA7319B



S. SOOD & CO

CHARTERED ACCOUNTANTS

Ludhiana : Office No. 2, 7th Floor, 108-Surya Tower, The Mall, Ludhiana-141 001

Delhi : 403, Somdutt Chambers-1, 5 Bhikaji Cama Place, New Delhi - 110 029

Chandigarh : SCO 60, 2nd Floor, Sector-26, Chandigarh-160 019

Tel. : 0161-4662266, 4667766 | E-mail : sanjay.sood@ssoodco.com

INDEPENDENT AUDITORS' REPORT

To the Members of **MARSHALL MACHINES LIMITED**

Report on the Audit of Financial Statements

Opinion

We have audited the Financial Statements of **MARSHALL MACHINES LIMITED** ("the Company"), which comprise the balance sheet as at 31st March 2022, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its financial performance, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.





Emphasis on Matter

Attention is drawn to the following matters:

1. The Company has migrated to main board of NSE with effect from 22.11.2021. Therefore, IND AS is adopted considering the transition date of 01.04.2020. Accordingly, the financial statements have been stated as per IND AS.
2. As per Note no. 14 of the Standalone Financial Statements, Creditors include MSME creditors amounting to Rs. 1.39 Crores which have been identified by the company as due but not paid within stipulated time period under Micro Small and Medium Enterprises Development Act, 2006 (MSMED).

However, in our opinion and as per information and records provided to us, the company does not have proper records of MSME creditors so reliable estimates of the amount due but not paid could not be made. Further no provision for Interest on above described delayed payments has been made in the books of accounts. To that extent the loss of the company is understated.
3. There are pending cases against the Company in various court of law. The Company has mentioned the cases in the respective Note of the Financial statements. Amount under dispute has already been booked in the books of accounts of the company however No interest has been provided in the books of accounts since the decision of the cases are pending and in the opinion of the Directors the cases will be in the favour of the company.
4. With reference to the comments in our Independent Audit Report (part B) CARO-2020 under the clause IX (a) (i) and (ii), In our opinion the company is not regular in repayment of its loans and interest thereon to the financial institutions and banks. The loan installments have been delayed many times during the year {for individual instances refer clause IX a (i) of Annexure B of this report (The CARO-2020 report order)}. However, in the absence of proper records we are unable to comment on their Loan account status.

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.

1. Company has spent an amount of Rs. 8.64 lacs towards corporate social responsibility expenses (CSR Activities) to "Bhartiya Shishu Niketan School". However, in our opinion and as per information and explanation provided to us the abovementioned School does not have CSR certificate issued by Government Authorities and is not eligible for CSR Donation.
2. The Company has not deposited its Statutory dues on regular basis. However, all the Statutory dues payable as on 31.03.2022 have been paid as on date of report except the Income Tax Payable on Self Assessment u/s 140A of Income Tax Act, 1961 amounting to Rs. 86.68 Lacs for A.Y 2020-21 along with Interest thereon which is outstanding for more than six months. The company and its directors had received a notice from the Income Tax authorities regarding delayed deposit of TDS & TCS in earlier years and same has been Compounded by the authorities on payment of Rs.7.82 lacs. during the year. In our opinion





and as per the information and explanation provided to us the delay in deposit of Taxes may cause result in company having to pay penalty for the same in the future, the amount of which cannot be ascertained as of now.

3. Company has not realized its Foreign Debtor amounting to Rs.96.88 Lacs within the time prescribed under the regulations of the FEMA Act. Subject to which penalty under the provisions of FEMA may levy on violation of the provisions of the said Act. According to the Directors the delay was due to Covid 19.

4. As per Note No. 14 of the Financial statements, out of the Total Trade Payables of Rs. 24.89 Crores, sundry creditors amounting to Rs.16.27 crores are due for more than 180 days, which include creditors amounting to Rs.13.27 Crores which are subject to the provisions of section 16(2) of the CGST Act, 2017, Input Tax Credit of GST which has been taken against such unpaid creditors has to be reversed and further the Interest and penalty may be charged on such amounts.

5. As per Note No. 5 of the Financial Statements, out of Total Trade Receivables of Rs. 18.00 Crores, the trade receivables amounting to Rs. 4.04 Crores are pending for realization for more than 3 years. However, the management of the company confirms that all the trade receivables are good and fully realizable.

Information other than the Financial Statements and Auditors' Report thereon The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

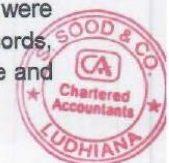
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.





In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





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 to those charged with governance, we determine those matters that were of most significance in the audit of 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 preclude 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, 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, statement of changes in equity and the Cash Flow Statement dealt with by this report are in agree with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards 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 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 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 reporting.

g) 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, in our opinion and to the best of our information and according to the explanations given to us:





(I) The Company has disclosed impact of its pending litigations in the books of accounts except interest on such pending amounts which may arise in future has not been disclosed in the Note no 29 of the Financial Statements, which would impact its financial position.

(II) The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(III) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(IV)a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

(V) The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.

(h) 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.





2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Companies Act 2013, 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: 22089457AOPHRO5565

Place: Ludhiana
Date: 04th July, 2022



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, 2022 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 judgment, 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 financial control over financial reporting may become inadequate

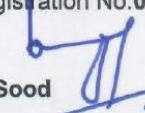
because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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, 2022, 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: 22089457AOPHRO5565
Place: Ludhiana
Date: 04th July, 2022



ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Report as required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013

(Refer to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

With reference to the **Annexure B** referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2022, we report the following:

i) In respect of Fixed Assets

(a)(A) The Company has proper records related to full particulars including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has proper records related to full particulars of Intangible Assets.

(b) In our opinion Property, Plant and Equipment have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification during the year.

(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.

(d) The company has not revalued its Property, Plant and Equipment during the year. Therefore, the provisions of Clause (i)(d) of paragraph 3 of the order are not applicable to the company.

(e) No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Therefore, the provisions of Clause (i)(e) of paragraph 3 of the order are not applicable to the company.

ii.) In respect of Inventory & Working Capital

(a) In our opinion, physical verification of inventory has been conducted at reasonable intervals by the management and the coverage and procedure of such verification by the management is appropriate. No material discrepancies were noticed on such verification. Except for the Work in Progress Inventory where the quantity & valuation of WIP has been taken & relied on the basis of the Statement Prepared and Certified by the Managing Director of the Company.

(b) The company has been enjoying the working capital limits in excess of Rs. Five crores from banks or financial institutions on the basis of security of current assets. The stock statements submitted by the company to the bank at the end of every quarter is compared with the books of accounts as follows:





Rupees in Crores

| Quarter ending | *Value as per books of account | Value as per statement filed with lender | Difference | Reason for differences |
|--------------------|--------------------------------|--|------------|---|
| June 30, 2021 | 26.45 | 27.87 | -1.42 | As explained by the management, the differences are because the statements filed with the lenders are based on financial statements which are prepared on provisional basis and also on account of exclusion of certain other current liabilities in the statements filed with the lenders. |
| September 30, 2021 | 22.20 | 28.90 | -6.69 | |
| December 31, 2021 | 26.28 | 32.27 | -5.98 | |
| March 31, 2022 | 26.13 | 30.79** | -4.65 | |

*Value means: Net working capital (without reducing cash credit limit and current maturities of term loans) minus (25% margin)

**Value as per statement filed with the lender is based on provisional figures as per books as on 24th March, 2022.

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

During the year, the company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Therefore, the provisions of clause 3(iii) of the said Order are not applicable to the company.

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

The company has not made any loans, investments, guarantees and security on which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Therefore, the provisions of clause 3(iv) of the said Order are not applicable to the company.

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

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public. Therefore, the provisions of Clause (v) of paragraph 3 of the order are not applicable to the Company.

(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**

a.) The Company is not regular in depositing with the appropriate authorities its undisputed statutory dues including Provident Fund, Employees' State Insurance, TDS, TCS, GST and other material statutory dues applicable to it. However, the Company did not have dues in arrears as at 31st March 2022 for a period of more than six months from the date they became payable **except**





A) "Income Tax payable on self-assessment (u/s 140A of Income Tax Act,1961) of Rs. 86.68 Lacs for A.Y 2020-21 along with Interest thereon which is outstanding for more than six months.

b.) There are no dues of Income Tax etc. on account of any disputes which are pending for payments.

(viii) **Unrecorded Income**

In our opinion and according to the information and explanations given to us, there is no any transaction which is not recorded in the books of accounts and there has not been any such surrendered or undisclosed income which is required to show as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) **Repayment of Loans and Borrowings**

a) 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 except in cases where the installments of bank loans have been delayed during the year.

i) Following cases are for the delayed payment of bank loans during the year:

| Nature of Borrowing | Name of Lender | Amount not paid on due date | Whether Principal or Interest | No. of days delay or unpaid | Related Month |
|---------------------|--|-----------------------------|-------------------------------|-----------------------------|---------------|
| Finance Lease | Siemens Financial Services Private Limited | 4,19,592 | Both | 60 Days | Apr-21 |
| Secured Loan | IDFC First Bank Limited | 9,338 | Interest | 5 Days | Apr-21 |
| Unsecured Loan | IDFC First Bank Limited | 1,19,765 | Both | 10 Days | Apr-21 |
| Finance Lease | Siemens Financial Services Private Limited | 2,28,533 | Both | 59 Days | Apr-21 |
| Secured Loan | Hero Fincorp Limited | 1,90,660 | Both | 27 Days | Apr-21 |
| Secured Loan | Hero Fincorp Limited | 3,41,581 | Both | 27 Days | Apr-21 |
| Unsecured Loan | Deutsche Bank | 3,75,911 | Both | 53 Days | Apr-21 |
| Unsecured Loan | Tata Capital Financial Services Limited | 1,83,114 | Both | 11 Days | Apr-21 |
| Secured Loan | HDFC Bank Limited | 4,40,795 | Both | 4 Days | Apr-21 |
| Secured Loan | HDFC Bank Limited | 3,29,285 | Both | 4 Days | Apr-21 |
| Unsecured Loan | Ashv Finance Limited | 5,78,381 | Both | 51 Days | Apr-21 |
| Secured Loan | Electronica Finance Limited | 4,19,685 | Both | 51 Days | Apr-21 |
| Secured Loan | Small Industries Development Bank of India | 41,263 | Interest | 35 Days | Apr-21 |
| Secured Loan | Small Industries Development Bank of India | 7,34,780 | Both | 48 Days | Apr-21 |





| | | | | | |
|----------------|--|----------|----------|---------|--------|
| Secured Loan | Tata Capital Financial Services Limited | 9,557 | Interest | 4 Days | Apr-21 |
| Secured Loan | Tata Capital Financial Services Limited | 8,103 | Interest | 4 Days | Apr-21 |
| Secured Loan | Tata Capital Financial Services Limited | 4,60,358 | Both | 6 Days | Apr-21 |
| Secured Loan | Siemens Financial Services Private Limited | 1,25,697 | Both | 33 Days | Apr-21 |
| Finance Lease | Siemens Financial Services Private Limited | 4,19,592 | Both | 30 Days | May-21 |
| Unsecured Loan | Clix Capital Services Private Limited | 90,930 | Both | 13 Days | May-21 |
| Secured Loan | IDFC First Bank Limited | 9,338 | Interest | 5 Days | May-21 |
| Unsecured Loan | IDFC First Bank Limited | 1,19,765 | Both | 13 Days | May-21 |
| Finance Lease | Siemens Financial Services Private Limited | 2,26,765 | Both | 29 Days | May-21 |
| Secured Loan | Hero Fincorp Limited | 1,90,660 | Both | 23 Days | May-21 |
| Secured Loan | Hero Fincorp Limited | 3,41,581 | Both | 23 Days | May-21 |
| Unsecured Loan | Deutsche Bank | 3,75,911 | Both | 56 Days | May-21 |
| Unsecured Loan | Tata Capital Financial Services Limited | 1,83,114 | Both | 26 Days | May-21 |
| Secured Loan | HDFC Bank Limited | 4,40,795 | Both | 8 Days | May-21 |
| Secured Loan | HDFC Bank Limited | 18,796 | Both | 8 Days | May-21 |
| Secured Loan | HDFC Bank Limited | 2,75,000 | Interest | 8 Days | May-21 |
| Secured Loan | HDFC Bank Limited | 3,29,285 | Both | 8 Days | May-21 |
| Unsecured Loan | Ashv Finance Limited | 5,78,381 | Both | 51 Days | May-21 |
| Secured Loan | Electronica Finance Limited | 4,19,685 | Both | 59 Days | May-21 |
| Secured Loan | Small Industries Development Bank of India | 39,932 | Interest | 5 Days | May-21 |
| Secured Loan | Small Industries Development Bank of India | 7,24,965 | Both | 56 Days | May-21 |
| Secured Loan | Tata Capital Financial Services Limited | 7,842 | Interest | 7 Days | May-21 |
| Secured Loan | Tata Capital Financial Services Limited | 4,52,842 | Both | 16 Days | May-21 |
| Secured Loan | Tata Capital Financial Services Limited | 9,248 | Interest | 17 Days | May-21 |
| Secured Loan | Siemens Financial Services Private Limited | 1,25,697 | Both | 3 Days | May-21 |
| Finance Lease | Siemens Financial Services Private Limited | 4,19,592 | Both | 11 Days | Jun-21 |





| | | | | | |
|----------------|--|----------|----------|---------|--------|
| Unsecured Loan | Clix Capital Services Private Limited | 90,930 | Both | 13 Days | Jun-21 |
| Secured Loan | IDFC First Bank Limited | 9,338 | Interest | 3 Days | Jun-21 |
| Finance Lease | Siemens Financial Services Private Limited | 2,24,996 | Both | 15 Days | Jun-21 |
| Secured Loan | Hero Fincorp Limited | 1,90,660 | Both | 15 Days | Jun-21 |
| Unsecured Loan | Deutsche Bank | 3,75,911 | Both | | Jun-21 |
| Unsecured Loan | Tata Capital Financial Services Limited | 1,83,114 | Both | 25 Days | Jun-21 |
| Unsecured Loan | Ashv Finance Limited | 5,78,381 | Both | 72 Days | Jun-21 |
| Secured Loan | Electronica Finance Limited | 4,19,685 | Both | 72 Days | Jun-21 |
| Secured Loan | Small Industries Development Bank of India | 41,263 | Interest | 25 Days | Jun-21 |
| Secured Loan | Small Industries Development Bank of India | 7,28,996 | Both | 72 Days | Jun-21 |
| Secured Loan | Tata Capital Financial Services Limited | 4,52,183 | Both | 20 Days | Jun-21 |
| Unsecured Loan | NeoGrowth Credit Private Limited | 29,517 | Both | 9 Days | Jun-21 |
| Finance Lease | Siemens Financial Services Private Limited | 4,19,592 | Both | 15 Days | Jul-21 |
| Unsecured Loan | Clix Capital Services Private Limited | 90,930 | Both | 14 Days | Jul-21 |
| Secured Loan | IDFC First Bank Limited | 9,338 | Interest | 3 Days | Jul-21 |
| Finance Lease | Siemens Financial Services Private Limited | 2,23,228 | Both | 14 Days | Jul-21 |
| Secured Loan | Hero Fincorp Limited | 1,16,450 | Interest | 18 Days | Jul-21 |
| Unsecured Loan | Deutsche Bank | 2,90,104 | Both | | Jul-21 |
| Secured Loan | HDFC Bank Limited | 18,341 | Both | 12 Days | Jul-21 |
| Secured Loan | Tata Capital Financial Services Limited | 56,712 | Interest | 24 Days | Jul-21 |
| Secured Loan | HDFC Bank Limited | 4,40,795 | Both | 10 Days | Jul-21 |
| Secured Loan | HDFC Bank Limited | 3,29,285 | Both | 10 Days | Jul-21 |
| Unsecured Loan | Ashv Finance Limited | 5,78,381 | Both | 73 Days | Jul-21 |
| Secured Loan | Electronica Finance Limited | 4,19,685 | Both | 84 Days | Jul-21 |
| Secured Loan | Small Industries Development Bank of India | 39,932 | Interest | 42 Days | Jul-21 |
| Secured Loan | Small Industries Development Bank of India | 1,65,564 | Interest | 83 Days | Jul-21 |
| Secured Loan | Tata Capital Financial Services Limited | 9,248 | Interest | 9 Days | Jul-21 |
| Secured Loan | Tata Capital Financial Services | 7,842 | Interest | 9 Days | Jul-21 |





| | Limited | | | | |
|----------------|--|----------|----------|---------|--------|
| Secured Loan | Tata Capital Financial Services Limited | 4,44,931 | Both | 19 Days | Jul-21 |
| Unsecured Loan | NeoGrowth Credit Private Limited | 29,517 | Both | 6 Days | Jul-21 |
| Finance Lease | Siemens Financial Services Private Limited | 4,19,592 | Both | 48 Days | Aug-21 |
| Unsecured Loan | Clix Capital Services Private Limited | 90,930 | Both | 14 Days | Aug-21 |
| Unsecured Loan | IDFC First Bank Limited | 1,19,765 | Both | 15 Days | Aug-21 |
| Secured Loan | IDFC First Bank Limited | 38,662 | Both | 30 Days | Aug-21 |
| Finance Lease | Siemens Financial Services Private Limited | 2,21,460 | Both | 65 Days | Aug-21 |
| Secured Loan | Hero Fincorp Limited | 1,16,450 | Interest | 13 Days | Aug-21 |
| Secured Loan | Hero Fincorp Limited | 53,309 | Interest | 13 Days | Aug-21 |
| Unsecured Loan | Magma Fincorp Limited | 20,383 | Interest | 6 Days | Aug-21 |
| Unsecured Loan | Moneywise Financial Services Private Limited | 70,000 | Both | 17 Days | Aug-21 |
| Unsecured Loan | Aditya Birla Finance Limited | 69,916 | Interest | 11 Days | Aug-21 |
| Secured Loan | Aditya Birla Finance Limited | 10,858 | Interest | 11 Days | Aug-21 |
| Secured Loan | Ashv Finance Limited | 41,506 | Interest | 16 Days | Aug-21 |
| Secured Loan | HDFC Bank Limited | 18,341 | Both | 7 Days | Aug-21 |
| Unsecured Loan | NeoGrowth Credit Private Limited | 29,517 | Both | 14 Days | Aug-21 |
| Unsecured Loan | Tata Capital Financial Services Limited | 91,558 | Both | 21 Days | Aug-21 |
| Secured Loan | Tata Capital Financial Services Limited | 58,603 | Interest | 26 Days | Aug-21 |
| Secured Loan | HDFC Bank Limited | 4,40,795 | Both | 5 Days | Aug-21 |
| Secured Loan | HDFC Bank Limited | 2,75,000 | Interest | 5 Days | Aug-21 |
| Secured Loan | HDFC Bank Limited | 3,29,285 | Both | 5 Days | Aug-21 |
| Unsecured Loan | Ashv Finance Limited | 5,78,381 | Both | 81 Days | Aug-21 |
| Secured Loan | Electronica Finance Limited | 4,19,685 | Both | 64 Days | Aug-21 |
| Secured Loan | Small Industries Development Bank of India | 1,67,835 | Interest | 52 Days | Aug-21 |
| Secured Loan | Small Industries Development Bank of India | 41,263 | Interest | 52 Days | Aug-21 |
| Secured Loan | Tata Capital Financial Services Limited | 4,44,008 | Both | 21 Days | Aug-21 |
| Secured Loan | Tata Capital Financial Services Limited | 9,557 | Interest | 21 Days | Aug-21 |
| Secured Loan | Tata Capital | 8,103 | Interest | 21 Days | Aug-21 |





| | | | | | |
|----------------|--|----------|----------|---------|--------|
| | Financial Services Limited | | | | |
| Secured Loan | Siemens Financial Services Private Limited | 1,25,697 | Both | 39 Days | Aug-21 |
| Finance Lease | Siemens Financial Services Private Limited | 4,19,592 | Both | 17 Days | Sep-21 |
| Unsecured Loan | Clix Capital Services Private Limited | 90,930 | Both | 19 Days | Sep-21 |
| Unsecured Loan | IDFC First Bank Limited | 1,19,765 | Both | 19 Days | Sep-21 |
| Finance Lease | Siemens Financial Services Private Limited | 2,19,692 | Both | 34 Days | Sep-21 |
| Secured Loan | Hero Fincorp Limited | 1,16,450 | Interest | 18 Days | Sep-21 |
| Secured Loan | Hero Fincorp Limited | 53,309 | Interest | 18 Days | Sep-21 |
| Unsecured Loan | Magma Fincorp Limited | 20,383 | Interest | 4 Days | Sep-21 |
| Unsecured Loan | Moneywise Financial Services Private Limited | 70,000 | Both | 17 Days | Sep-21 |
| Secured Loan | Aditya Birla Finance Limited | 31,807 | Both | 16 Days | Sep-21 |
| Unsecured Loan | Aditya Birla Finance Limited | 69,916 | Interest | 25 Days | Sep-21 |
| Secured Loan | Ashv Finance Limited | 1,19,304 | Both | 16 Days | Sep-21 |
| Secured Loan | HDFC Bank Limited | 18,341 | Both | 11 Days | Sep-21 |
| Secured Loan | Tata Capital Financial Services Limited | 58,603 | Interest | 25 Days | Sep-21 |
| Unsecured Loan | Tata Capital Financial Services Limited | 91,558 | Both | 43 Days | Sep-21 |
| Secured Loan | HDFC Bank Limited | 4,40,795 | Both | 9 Days | Sep-21 |
| Secured Loan | HDFC Bank Limited | 3,29,285 | Both | 9 Days | Sep-21 |
| Secured Loan | HDFC Bank Limited | 2,75,000 | Interest | 17 Days | Sep-21 |
| Unsecured Loan | Ashv Finance Limited | 5,78,381 | Both | 81 Days | Sep-21 |
| Secured Loan | Electronica Finance Limited | 4,19,685 | Both | 33 Days | Sep-21 |
| Secured Loan | Small Industries Development Bank of India | 1,65,319 | Interest | 21 Days | Sep-21 |
| Secured Loan | Small Industries Development Bank of India | 2,05,263 | Both | 88 Days | Sep-21 |
| Secured Loan | Tata Capital Financial Services Limited | 4,39,921 | Both | 20 Days | Sep-21 |
| Secured Loan | Tata Capital Financial Services Limited | 9,249 | Interest | 20 Days | Sep-21 |
| Secured Loan | Tata Capital Financial Services Limited | 8,103 | Interest | 20 Days | Sep-21 |
| Unsecured Loan | NeoGrowth Credit Private Limited | 29,517 | Both | 6 Days | Sep-21 |
| Secured Loan | Siemens Financial | 1,25,697 | Both | 8 Days | Sep-21 |





| | | | | | |
|----------------|--|----------|----------|---------|--------|
| | Services Private Limited | | | | |
| Finance Lease | Siemens Financial Services Private Limited | 1,20,046 | Both | 3 Days | Oct-21 |
| Unsecured Loan | Clix Capital Services Private Limited | 90,930 | Both | 16 Days | Oct-21 |
| Secured Loan | IDFC First Bank Limited | 38,662 | Both | 3 Days | Oct-21 |
| Unsecured Loan | IDFC First Bank Limited | 1,19,765 | Both | 16 Days | Oct-21 |
| Finance Lease | Siemens Financial Services Private Limited | 2,17,924 | Both | 4 Days | Oct-21 |
| Secured Loan | Hero Fincorp Limited | 1,16,450 | Interest | 15 Days | Oct-21 |
| Secured Loan | Hero Fincorp Limited | 53,309 | Interest | 15 Days | Oct-21 |
| Unsecured Loan | Magma Fincorp Limited | 20,383 | Interest | 9 Days | Oct-21 |
| Secured Loan | Ashv Finance Limited | 1,19,304 | Both | 13 Days | Oct-21 |
| Secured Loan | HDFC Bank Limited | 18,341 | Both | 4 Days | Oct-21 |
| Secured Loan | Tata Capital Financial Services Limited | 56,712 | Interest | 16 Days | Oct-21 |
| Unsecured Loan | Tata Capital Financial Services Limited | 91,558 | Both | 53 Days | Oct-21 |
| Unsecured Loan | Ashv Finance Limited | 5,78,381 | Both | 80 Days | Oct-21 |
| Secured Loan | Electronica Finance Limited | 4,19,685 | Both | 3 Days | Oct-21 |
| Secured Loan | Small Industries Development Bank of India | 1,58,648 | Interest | 60 Days | Oct-21 |
| Secured Loan | Small Industries Development Bank of India | 2,03,674 | Both | 82 Days | Oct-21 |
| Secured Loan | Tata Capital Financial Services Limited | 9,248 | Interest | 8 Days | Oct-21 |
| Secured Loan | Tata Capital Financial Services Limited | 7,842 | Interest | 8 Days | Oct-21 |
| Secured Loan | Tata Capital Financial Services Limited | 4,33,065 | Both | 20 Days | Oct-21 |
| Unsecured Loan | NeoGrowth Credit Private Limited | 29,517 | Both | 9 Days | Oct-21 |
| Finance Lease | Siemens Financial Services Private Limited | 1,20,046 | Both | 10 Days | Nov-21 |
| Unsecured Loan | Clix Capital Services Private Limited | 90,930 | Both | 28 Days | Nov-21 |
| Unsecured Loan | IDFC First Bank Limited | 1,19,765 | Both | 28 Days | Nov-21 |
| Secured Loan | IDFC First Bank Limited | 38,662 | Both | 28 Days | Nov-21 |
| Secured Loan | Hero Fincorp Limited | 1,16,450 | Interest | 27 Days | Nov-21 |
| Secured Loan | Hero Fincorp Limited | 53,309 | Interest | 27 Days | Nov-21 |





| | | | | | |
|----------------|--|----------|----------|---------|--------|
| Unsecured Loan | Magma Fincorp Limited | 20,383 | Interest | 5 Days | Nov-21 |
| Unsecured Loan | Moneywise Financial Services Private Limited | 70,000 | Both | 26 Days | Nov-21 |
| Secured Loan | Aditya Birla Finance Limited | 31,807 | Both | 53 Days | Nov-21 |
| Secured Loan | Ashv Finance Limited | 1,19,304 | Both | 25 Days | Nov-21 |
| Secured Loan | HDFC Bank Limited | 18,341 | Both | 4 Days | Nov-21 |
| Unsecured Loan | NeoGrowth Credit Private Limited | 29,517 | Both | 25 Days | Nov-21 |
| Secured Loan | Tata Capital Financial Services Limited | 58,603 | Interest | 22 Days | Nov-21 |
| Unsecured Loan | Tata Capital Financial Services Limited | 91,558 | Both | 54 Days | Nov-21 |
| Unsecured Loan | Ashv Finance Limited | 5,78,381 | Both | 80 Days | Nov-21 |
| Secured Loan | Electronica Finance Limited | 4,19,685 | Both | 41 Days | Nov-21 |
| Secured Loan | Small Industries Development Bank of India | 1,63,936 | Interest | 51 Days | Nov-21 |
| Secured Loan | Small Industries Development Bank of India | 2,04,372 | Both | 51 Days | Nov-21 |
| Secured Loan | Tata Capital Financial Services Limited | 9,557 | Interest | 17 Days | Nov-21 |
| Secured Loan | Tata Capital Financial Services Limited | 8,103 | Interest | 17 Days | Nov-21 |
| Secured Loan | Tata Capital Financial Services Limited | 4,31,747 | Both | 20 Days | Nov-21 |
| Unsecured Loan | NeoGrowth Credit Private Limited | 29,517 | Both | 10 Days | Nov-21 |
| Finance Lease | Siemens Financial Services Private Limited | 1,20,046 | Both | 28 Days | Dec-21 |
| Unsecured Loan | Clix Capital Services Private Limited | 90,930 | Both | 27 Days | Dec-21 |
| Secured Loan | IDFC First Bank Limited | 38,662 | Both | 26 Days | Dec-21 |
| Unsecured Loan | IDFC First Bank Limited | 1,19,765 | Both | 27 Days | Dec-21 |
| Secured Loan | Hero Fincorp Limited | 53,309 | Interest | 7 Days | Dec-21 |
| Secured Loan | Hero Fincorp Limited | 1,16,450 | Interest | 26 Days | Dec-21 |
| Unsecured Loan | Magma Fincorp Limited | 20,383 | Interest | 6 Days | Dec-21 |
| Unsecured Loan | Moneywise Financial Services Private Limited | 70,000 | Both | 23 Days | Dec-21 |
| Secured Loan | Aditya Birla Finance Limited | 31,807 | Both | 23 Days | Dec-21 |
| Unsecured Loan | Aditya Birla Finance Limited | 1,87,237 | Both | 25 Days | Dec-21 |
| Secured Loan | Ashv Finance Limited | 1,19,304 | Both | 25 Days | Dec-21 |





| | | | | | |
|----------------|--|-----------|----------|---------|--------|
| Secured Loan | HDFC Bank Limited | 18,341 | Both | 5 Days | Dec-21 |
| Unsecured Loan | NeoGrowth Credit Private Limited | 29,517 | Both | 5 Days | Dec-21 |
| Secured Loan | Tata Capital Financial Services Limited | 1,66,700 | Both | 30 Days | Dec-21 |
| Unsecured Loan | Tata Capital Financial Services Limited | 91,558 | Both | 31 Days | Dec-21 |
| Secured Loan | HDFC Bank Limited | 4,40,795 | Both | 3 Days | Dec-21 |
| Secured Loan | HDFC Bank Limited | 18,796 | Both | 3 Days | Dec-21 |
| Secured Loan | HDFC Bank Limited | 12,58,073 | Both | 3 Days | Dec-21 |
| Secured Loan | HDFC Bank Limited | 3,29,285 | Both | 3 Days | Dec-21 |
| Unsecured Loan | Ashv Finance Limited | 5,78,381 | Both | 63 Days | Dec-21 |
| Secured Loan | Electronica Finance Limited | 4,19,685 | Both | 11 Days | Dec-21 |
| Secured Loan | Small Industries Development Bank of India | 1,58,648 | Interest | 21 Days | Dec-21 |
| Secured Loan | Small Industries Development Bank of India | 2,03,045 | Both | 21 Days | Dec-21 |
| Secured Loan | Tata Capital Financial Services Limited | 9,248 | Interest | 18 Days | Dec-21 |
| Secured Loan | Tata Capital Financial Services Limited | 7,842 | Interest | 18 Days | Dec-21 |
| Secured Loan | Tata Capital Financial Services Limited | 4,25,154 | Both | 25 Days | Dec-21 |
| Unsecured Loan | NeoGrowth Credit Private Limited | 29,517 | Both | 8 Days | Dec-21 |
| Finance Lease | Siemens Financial Services Private Limited | 1,20,046 | Both | 60 Days | Jan-22 |
| Unsecured Loan | Clix Capital Services Private Limited | 90,930 | Both | 27 Days | Jan-22 |
| Unsecured Loan | IDFC First Bank Limited | 1,19,765 | Both | 18 Days | Jan-22 |
| Secured Loan | Hero Fincorp Limited | 1,16,450 | Interest | 17 Days | Jan-22 |
| Unsecured Loan | Moneywise Financial Services Private Limited | 70,000 | Both | 25 Days | Jan-22 |
| Unsecured Loan | Aditya Birla Finance Limited | 1,87,237 | Both | 24 Days | Jan-22 |
| Secured Loan | Ashv Finance Limited | 1,19,304 | Both | 24 Days | Jan-22 |
| Secured Loan | Tata Capital Financial Services Limited | 1,66,700 | Both | 26 Days | Jan-22 |
| Unsecured Loan | Tata Capital Financial Services Limited | 91,558 | Both | 31 Days | Jan-22 |
| Unsecured Loan | Ashv Finance Limited | 5,78,381 | Both | 77 Days | Jan-22 |
| Secured Loan | Electronica Finance Limited | 4,19,685 | Both | 9 Days | Jan-22 |
| Secured Loan | Small Industries Development Bank | 1,63,936 | Interest | 21 Days | Jan-22 |





| | of India | | | | |
|----------------|--|----------|----------|---------|--------|
| Secured Loan | Small Industries Development Bank of India | 2,02,997 | Both | 21 Days | Jan-22 |
| Secured Loan | Tata Capital Financial Services Limited | 8,103 | Interest | 19 Days | Jan-22 |
| Secured Loan | Tata Capital Financial Services Limited | 4,23,572 | Both | 21 Days | Jan-22 |
| Secured Loan | Tata Capital Financial Services Limited | 9,557 | Interest | 21 Days | Jan-22 |
| Secured Loan | Siemens Financial Services Private Limited | 1,25,697 | Both | 27 Days | Jan-22 |
| Finance Lease | Siemens Financial Services Private Limited | 1,20,046 | Both | 58 Days | Feb-22 |
| Secured Loan | Tata Capital Financial Services Limited | 1,66,700 | Both | 19 Days | Feb-22 |
| Unsecured Loan | Tata Capital Financial Services Limited | 91,558 | Both | 28 Days | Feb-22 |
| Unsecured Loan | Ashv Finance Limited | 5,78,381 | Both | 78 Days | Feb-22 |
| Secured Loan | Electronica Finance Limited | 4,19,685 | Both | 78 Days | Feb-22 |
| Secured Loan | Small Industries Development Bank of India | 1,63,936 | Interest | 48 Days | Feb-22 |
| Secured Loan | Small Industries Development Bank of India | 2,00,296 | Both | 48 Days | Feb-22 |
| Secured Loan | Tata Capital Financial Services Limited | 9,557 | Interest | 14 Days | Feb-22 |
| Secured Loan | Tata Capital Financial Services Limited | 8,103 | Interest | 14 Days | Feb-22 |
| Secured Loan | Tata Capital Financial Services Limited | 4,19,485 | Both | 18 Days | Feb-22 |
| Unsecured Loan | NeoGrowth Credit Private Limited | 29,517 | Both | 4 Days | Feb-22 |
| Secured Loan | Siemens Financial Services Private Limited | 1,25,697 | Both | 28 Days | Feb-22 |
| Finance Lease | Siemens Financial Services Private Limited | 1,20,046 | Both | 85 Days | Mar-22 |
| Unsecured Loan | Clix Capital Services Private Limited | 90,930 | Both | 29 Days | Mar-22 |
| Secured Loan | Hero Fincorp Limited | 1,16,450 | Interest | 28 Days | Mar-22 |
| Unsecured Loan | Aditya Birla Finance Limited | 1,87,237 | Both | 26 Days | Mar-22 |
| Secured Loan | Ashv Finance Limited | 1,19,304 | Both | 26 Days | Mar-22 |
| Secured Loan | HDFC Bank Limited | 18,341 | Both | 21 Days | Mar-22 |
| Secured Loan | Tata Capital Financial Services | 1,66,700 | Both | 11 Days | Mar-22 |





| | Limited | | | | |
|----------------|--|-----------|----------|---------|--------|
| Unsecured Loan | Tata Capital Financial Services Limited | 91,558 | Both | 54 Days | Mar-22 |
| Secured Loan | HDFC Bank Limited | 18,796 | Both | 3 Days | Mar-22 |
| Secured Loan | HDFC Bank Limited | 4,40,795 | Both | 19 Days | Mar-22 |
| Secured Loan | HDFC Bank Limited | 3,29,285 | Both | 19 Days | Mar-22 |
| Secured Loan | HDFC Bank Limited | 12,58,073 | Both | 24 Days | Mar-22 |
| Unsecured Loan | Ashv Finance Limited | 5,78,381 | Both | 82 Days | Mar-22 |
| Secured Loan | Electronica Finance Limited | 4,19,685 | Both | 82 Days | Mar-22 |
| Secured Loan | Small Industries Development Bank of India | 1,48,072 | Interest | 20 Days | Mar-22 |
| Secured Loan | Small Industries Development Bank of India | 1,96,081 | Both | 20 Days | Mar-22 |
| Secured Loan | Tata Capital Financial Services Limited | 4,09,069 | Both | 6 Days | Mar-22 |
| Secured Loan | Tata Capital Financial Services Limited | 8,632 | Interest | 6 Days | Mar-22 |
| Secured Loan | Tata Capital Financial Services Limited | 7,319 | Interest | 6 Days | Mar-22 |
| Secured Loan | Siemens Financial Services Private Limited | 1,25,697 | Both | 3 Days | Mar-22 |

ii.) Following Loan Accounts have been restructured during the year:

| S. No | Name of Financial Institution | Nature of Loan Restructured | Original Sanctioned Amount of Loan |
|-------|--|-----------------------------|------------------------------------|
| 1. | *Hero Fincorp | Term Loan | 1.25 Crores |
| 2. | *Hero Fincorp | Term Loan | 0.55 Crores |
| 3. | Magma Fincorp Ltd. | Term Loan | 0.17 Crores |
| 4. | SIDBI | Term Loan | 3.00 Crores |
| 5. | Tata Capital Financial Services Limited | Business Loan | 0.50 Crores |
| 6. | Siemens Financial Services Private Limited | Lease Fourstar | 1.83 Crores |

* Restructuring had been done under the covid-19 stress resolution scheme.

(b) In our opinion and according to the information and explanations given to us, the company has not been a declared wilful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us, the loans were applied for the purpose for which the loans were obtained.

(d) In our opinion and according to the information and explanations given to us, there are no funds raised on short term basis which have been utilized for long term purposes.





(e) In our opinion and according to the information and explanations given to us, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) In our opinion and according to the information and explanations given to us, the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x) **Utilization of Money Raised by Public Offers and Term Loan For which they Raised**

(a) The Company has not raised money by way of initial public offer or further public offer (including debt instruments). Therefore, the provisions of Clause (x)(a) of paragraph 3 of the order are not applicable to the Company.

(b) In our opinion and according to the information and explanations given to us, the company has not made preferential allotment or private placement of shares during the year. In our opinion & as per explanation given to us, the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised.

(xi) **Reporting of Fraud During the Year & Whistle blower complaints**

a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees during the year has been noticed or reported. The management has also not reported any case of fraud during the year.

(b) During the year no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As auditor, we did not receive any whistle- blower complaint during the year.

(xii) **Compliance by Nidhi Company Regarding Net Owned Fund to Deposits Ratio**

The company is not a Nidhi Company. Therefore, the provisions of Clause (xii) of paragraph 3 of the order are not applicable to the Company.

(xiii) **Related party compliance with Section 177 and 188 of companies Act – 2013**

As per the information and explanations received to us all transactions with the related parties are in compliance with the provisions of sections 177 and 188 of Companies Act where applicable, and the details have been disclosed in the financial statements, etc., as required by the applicable accounting standards. Identification of related parties were made and provided by the management of the company.

(xiv) **Appointment of Internal Auditor:**

a.) The company is covered by section 138 of the Companies Act, 2013, related to appointment of internal auditor of the company. The company has an internal audit system commensurate with the size and nature of its business. As per information and explanation provided to us, the company has appointed an Internal Auditor for the year under audit.





b.) However, there was no proper quarterly internal audit plan and documentation of the quarterly audit available. Prima facie the internal Auditor has not covered many areas for audit ie Accounting, Financing, Compliance and Information Technology (IT systems).

(xv) **Compliance under section 192 of Companies Act - 2013**

The Company has not entered into any non-cash transactions with directors or persons connected with him for the year under review. Therefore, the provisions of Clause (xv) of paragraph 3 of the order are not applicable to the Company.

(xvi) **Requirement of Registration under 45-IA of Reserve Bank of India Act, 1934**

(a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The company has not conducted any Non-Banking Financial or Housing Finance activities during the year.

(c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India

(d) As per the information and explanations received, the group does not have any CIC as part of the group.

(xvii) The company has not incurred cash loss in current financial year as well in immediately preceding financial year.

(xviii) There has been no resignation of the previous statutory auditors during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, we are of the opinion that Current assets of the company are lesser than its current liabilities to be paid within one year. There has been delays in the repayment of bank loan, statutory dues, creditor payments for several times during the year. This indicates that that there may arise material uncertainty as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. However, in the opinion of the management the company will have the sufficient internal cash accruals in the next financial year to meet its current liabilities.

(xx) **Corporate Social Responsibility Expenditure**

a.) Company has spent an amount of Rs. 8.64 lacs towards corporate social responsibility expenses (CSR Activities) to "Bhartiya Shishu Niketan School". However, in our opinion and as per information and explanation provided to us the abovementioned School does not have CSR certificate issued by Government Authorities and is not eligible for CSR Donation.

In the opinion of directors of the Company there is no unspent amount which is required to be deposited in a fund specified in the schedule VII to the Companies Act with in specified time period.






- b. There is no remaining unspent amount under sub section 5 of section 135 of the Companies Act, pursuant to any ongoing project. Therefore, no amount was required to be transferred to special account as per the provisions of sub section (6) of section 135 of the said Act.
- (xxi) The company has not made investments in any subsidiary company. Therefore, the company does not require to prepare consolidated financial statement.

For S. Sood & Co
Chartered Accountants
Firm Registration No.010801N




Sanjay Sood
Partner
Membership No. 089457
UDIN:22089457AOPHRO5565
Place: Ludhiana
Date: 04th July, 2022



Marshall Machines Limited

CIN: L29299PB1994PLC014605

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

Balance Sheet

As at March 31, 2022

₹ in Hundreds

| Particulars | Notes | As at 31.03.2022 | As at 31.03.2021 | As at 01.04.2020 |
|-------------------------------------|-------|-----------------------|-----------------------|-----------------------|
| ASSETS | | | | |
| Non-Current Assets | | | | |
| a) Property, Plant and Equipment | 2 | 57,34,985.25 | 61,82,823.52 | 31,92,936.99 |
| b) Capital Work in Progress | 2 | - | - | 14,11,317.96 |
| c) Intangible Assets | 2 | 5,12,707.59 | 6,45,778.85 | 6,86,697.95 |
| d) Other Financial assets | 3 | 1,56,355.13 | 2,15,835.69 | 3,86,151.67 |
| Current Assets | | | | |
| a) Inventories | 4 | 50,40,915.44 | 48,02,511.65 | 45,79,032.26 |
| b) Financial Assets | | | | |
| i) Trade Receivables | 5 | 18,00,283.69 | 11,67,718.66 | 14,04,121.32 |
| ii) Cash and Cash equivalents | 6 | 27,146.47 | 64,054.98 | 1,42,138.21 |
| iii) Other Financial assets | 7 | 47,726.68 | 41,840.14 | 29,199.80 |
| c) Other Current Assets | 8 | 2,13,649.69 | 1,57,168.69 | 2,68,028.21 |
| TOTAL ASSETS | | 1,35,33,769.94 | 1,32,77,732.18 | 1,20,99,624.37 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| a) Equity Share Capital | 9 | 14,55,000.00 | 14,55,000.00 | 14,55,000.00 |
| b) Other Equity | 10 | 31,42,937.88 | 34,50,184.17 | 26,71,949.59 |
| Non-Current Liabilities | | | | |
| a) Financial Liabilities | | | | |
| i) Borrowings | 11 | 9,50,289.34 | 14,22,271.74 | 15,26,878.61 |
| b) Provisions | 12 | 97,269.56 | 80,396.91 | 84,716.58 |
| c) Deferred Tax Liabilities (Net) | 13 | 5,12,772.54 | 5,66,492.16 | 2,90,233.58 |
| Current Liabilities | | | | |
| a) Financial Liabilities | | | | |
| i) Borrowings | 11 | 30,67,323.72 | 26,40,545.61 | 23,28,433.24 |
| ii) Trade Payables | 14 | 24,89,780.06 | 21,09,792.02 | 20,92,780.28 |
| iii) Other Financial Liabilities | 15 | 21,074.18 | 14,576.15 | 16,665.18 |
| b) Other Current Liabilities | 16 | 17,01,075.12 | 14,31,964.16 | 15,37,165.74 |
| c) Provisions | 12 | 12,927.02 | 18,056.15 | 16,904.06 |
| d) Current tax liabilities (net) | 17 | 83,320.52 | 88,453.11 | 78,897.51 |
| TOTAL EQUITY AND LIABILITIES | | 1,35,33,769.94 | 1,32,77,732.18 | 1,20,99,624.37 |

Corporate information and significant accounting policies 1
See accompanying notes forming part of the financial statements

As per our report of even date attached

For S. Sood & Co.

Chartered Accountants

FRN: 010801N

(Sanjay Sood)

Partner

M.No.: 089457

Place: Ludhiana

Date: 4th July, 2022

(Ms. Gauri Agarwal)

Company Secretary

PAN: BVHPA7319B

For and on behalf of Board of

Marshall Machines Limited

Gaurav Sarup

(Mr. Gaurav Sarup)

Managing Director

DIN: 00777489

Siddhant Sarup

(Mr. Siddhant Sarup)

Whole Time Director

DIN: 07779416

Prashant Sarup

(Mr. Prashant Sarup)

Whole Time Director & CFO

DIN: 01257440

Suneel Kumar Yadav

(Mr. Suneel Kumar Yadav)

Head (F & A)



Marshall Machines Limited

CIN: L29299PB1994PLC014605

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

Statement of Profit and Loss

For the Year ended March 31, 2022

₹ in Hundreds

| Particulars | Notes | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|--|-------|--------------------------|--------------------------|
| I Revenue from Operations | 18 | 60,32,607.12 | 67,13,960.37 |
| II Other Income | 19 | 13,706.45 | 11,194.18 |
| III Total Income (I+II) | | 60,46,313.57 | 67,25,154.55 |
| IV Expenses | | | |
| Cost of Materials Consumed | 20 | 41,63,343.11 | 47,87,650.46 |
| Purchases of Stock-in-Trade | | - | - |
| Changes in Inventories of Finished Goods, Work-in-Progress | 21 | (3,72,403.55) | (1,55,693.03) |
| Employee Benefits Expense | 22 | 10,74,801.08 | 6,84,963.56 |
| Finance Costs | 23 | 4,46,406.30 | 3,81,440.07 |
| Depreciation and amortisation expense | 2 | 6,26,634.72 | 5,12,316.37 |
| Other Expenses | 24 | 4,77,042.90 | 4,55,942.15 |
| Total Expenses | | 64,15,824.56 | 66,66,619.58 |
| V Profit before tax (III-IV) | | (3,69,510.99) | 58,534.97 |
| VI Tax Expense: | 25 | | |
| Current Tax | | - | 12,941.60 |
| Deferred Tax | | (55,941.34) | 9,223.09 |
| Total tax expense (VI) | | (55,941.34) | 22,164.69 |
| VII Profit/(Loss) for the Year (V-VI) | | (3,13,569.65) | 36,370.28 |
| VIII Other Comprehensive Income | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Remeasurements of the defined benefit plans | | 8,545.08 | 24,424.29 |
| Income tax relating to items that will not be reclassified to profit or loss | | (2,221.72) | (6,350.32) |
| Total other comprehensive income (VIII) | | 6,323.36 | 18,073.97 |
| IX Total Comprehensive Income for the Year (VII+VIII) | | (3,07,246.29) | 54,444.25 |
| X Earnings per equity share (face value of ₹ 10/- each): | 37 | | |
| 1) Basic | | (2.16) | 0.25 |
| 2) Diluted | | (2.16) | 0.25 |

See accompanying notes forming part of the financial statements

As per our report of even date attached

For S. Sood & Co.

Chartered Accountants

FRN: 018801N

(Sanjay Sood)
Partner
M.No.: 08945

Place: Ludhiana
Date: 4th July, 2022

(Ms. Gauri Agarwal)
Company Secretary
PAN: BVHPA7319B

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)
Whole Time Director & CFO
DIN: 01257440

(Mr. Suneel Kumar Yadav)
Head (F & A)



Marshall Machines Limited

CIN: L29299PB1994PLC014605

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

Cash Flow Statement

For the Year ended March 31, 2022

₹ in Hundreds

| Particulars | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|--|--------------------------|--------------------------|
| A. Cash Flow from Operating Activities | | |
| Profit/(Loss) for the Year | (3,13,569.65) | 36,370.28 |
| <i>Adjustments for:</i> | | |
| Depreciation and amortisation expense | 6,26,634.72 | 5,12,316.37 |
| Interest Income | (8,460.14) | (10,229.81) |
| Finance costs | 4,46,406.30 | 3,81,440.07 |
| Income Tax Expense | (55,941.34) | 22,164.69 |
| Profit on Sale of PPE | - | (964.37) |
| Previous Year Adjustments | - | 18,159.74 |
| Changes in working capital: | | |
| <i>Adjustments for (increase) / decrease in operating assets:</i> | | |
| Inventories | (2,38,403.79) | (2,23,479.39) |
| Trade Receivables | (6,32,565.03) | 2,36,402.66 |
| Other Non-Current Financial assets | 59,480.56 | 1,70,315.98 |
| Other Current Financial assets | (5,886.54) | (12,640.35) |
| Other Current assets | (56,481.00) | 82,808.11 |
| <i>Adjustments for increase / (decrease) in operating liabilities:</i> | | |
| Trade Payables | 3,79,988.04 | 17,011.74 |
| Provisions | 20,288.60 | 12,954.73 |
| Other Current Liabilities | 2,69,110.96 | (1,05,201.58) |
| Cash generated from operations | 4,90,601.69 | 11,37,428.87 |
| Net income tax (paid) | (12,950.47) | (3,352.09) |
| Net cash flow from operating activities (A) | 4,77,651.22 | 11,34,076.78 |
| B. Cash Flow from investing activities | | |
| Capital expenditure on Property, Plant and Equipment | (45,725.19) | (10,48,516.22) |
| Proceeds from disposal of Property, Plant and Equipment | - | 2,150.00 |
| Interest received | 8,460.14 | 10,229.81 |
| Net cash used in investing activities (B) | (37,265.05) | (10,36,136.41) |
| C. Cash Flow from financing activities | | |
| Proceeds/(Repayment) of Current Borrowings | 3,82,418.45 | 3,12,112.37 |
| Proceeds/(Repayment) of Non-Current Borrowings | (4,27,622.74) | (1,04,606.87) |
| Interest Paid | (4,32,090.39) | (3,83,529.10) |
| Net cash used in financing activities (C) | (4,77,294.68) | (1,76,023.60) |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | (36,908.51) | (78,083.23) |
| Cash & Cash Equivalents - Opening Balance (refer Note - 6) | 64,054.98 | 1,42,138.21 |
| Cash & Cash Equivalents - Closing Balance (refer Note - 6) | 27,146.47 | 64,054.98 |

Notes: The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7 on Cash Flow Statement.

As per our report of even date attached

For S. Sood & Co.
Chartered Accountants
FRN: 010801N

(Sanjay Sood)
Partner
M.No.: 089457

Place: Ludhiana
Date: 4th July, 2022

(Ms. Gauri Agarwal)
Company Secretary
PAN: BVHPA7319B

(Mr. Gaurav Sarup)
Managing Director
DIN: 00777489

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

For and on behalf of Board of
Marshall Machines Limited

(Mr. Prashant Sarup)
Whole Time Director & CFO
DIN: 01257440
(Mr. Suneel Kumar Yadav)
Head (F & A)



Marshall Machines Limited

CIN: L29299PB1994PLC014605

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

Statement of Changes in Equity

For the Year ended March 31, 2022

₹ in Hundreds

| Particulars | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|---|--------------------------|--------------------------|
| A. Equity Share Capital | | |
| Share Capital at the beginning of the Year | 14,55,000.00 | 14,55,000.00 |
| Addition/(Deduction) during the Year | - | - |
| Share Capital at the end of the Year | 14,55,000.00 | 14,55,000.00 |
| B. Other Equity | | |
| Securities Premium | | |
| Balance at the beginning of the Year | 11,63,419.49 | 11,63,419.49 |
| Add: Addition during the Year | - | - |
| Less: Deduction during the Year | - | - |
| Balance at the end of the Year | 11,63,419.49 | 11,63,419.49 |
| Retained earnings | | |
| Balance at the beginning of the Year | 22,86,764.68 | 15,08,530.10 |
| Add: Profit/(Loss) for the Year | (3,13,569.65) | 36,370.28 |
| Add: Effect on Accumulated Depreciation due to Change in Method of WDV to SLM (Net of Deferred Tax) | - | 7,41,950.07 |
| Add: Other comprehensive income for the Year (net of income tax) | 6,323.36 | 18,073.97 |
| Less: Tax Adjustments relating to Previous Year | - | 18,159.74 |
| Balance at the end of the Year | 19,79,518.39 | 22,86,764.68 |
| Total Other Equity | 31,42,937.88 | 34,50,184.17 |

As per our report of even date attached
For S. Sood & Co.
Chartered Accountants
FRN: 030801N

(Sanjay Sood)
Partner
M.No.: 089457

Place: Ludhiana
Date: 4th July, 2022

(Ms. Gauri Agarwal)
Company Secretary
PAN: BVHPA7319B

(Mr. Gaurav Sarup)
Managing Director
DIN: 00777489

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

For and on behalf of Board of
Marshall Machines Limited

(Mr. Prashant Sarup)
Whole Time Director & CFO
DIN: 01257440

(Mr. Suneel Kumar Yadav)
Head (F & A)



Marshall Machines Limited

Notes to the Financial Statements

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1.1 Corporate 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 IoTQ 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.

Company has been migrated to main board of NSE w.e.f. 22.11.2021 & INDAS is adopted considering the transition date of 01.04.2020

1.2 Summary of Significant Accounting Policies

a) Statement of Compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Amendment Rules, 2020 and other relevant provisions of the Act.

b) Basis of Preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

c) Use of Estimates and Judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities (including contingent liabilities) as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

d) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are net of returns, rebates, goods & services tax and value added taxes.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from sale of goods is recognised as and when the Company satisfies performance obligations by transferring control of the promised goods to its customers.

Revenue from services is recognized by reference to the stage of completion of the contract and related costs are incurred.

e) Operating Lease

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Rental expenses from operating lease payments are recognised on a straight line basis over the lease term, unless the lease agreement explicitly states that increase is on account of inflation in the Statement of Profit and Loss.





Marshall Machines Limited

f) Borrowing Costs

Borrowing costs are directly attributed to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time at the assets are substantially ready for their intended use or sale.

g) Income Taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

- Current income taxes

The amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Advance taxes and provisions for current income taxes are presented in the Balance Sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

- Deferred income taxes

Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be received or settled.

- MAT credit entitlement

The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward.

h) Provisions And Contingencies

A provision is recognized when Company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes, forming part of the financial statements.

i) Property, Plant And Equipment (PPE)

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any.

Capital work-in-progress is considered at cost comprising direct cost incurred and related incidental expenses. Depreciation is provided for property, plant and equipment so as to expense the cost less residual values over their estimated useful lives.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

j) Intangible assets

Intangible assets with finite useful lives that are self-developed are carried at cost comprising direct cost incurred and related incidental expenses less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.





Marshall Machines Limited

k) Impairment

- Financial assets (other than at fair value)

The Company assesses at each date of Balance Sheet as per Ind AS 109 whether a financial asset or a group of financial assets is impaired and an impairment loss (if any) is recognised in the Statement of Profit and Loss.

- Non-financial assets (other than at fair value)

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Profit and Loss.

l) Employee Benefits

- Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.

These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The retirement benefit obligations recognised in the statement of financial position represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

- Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

- Compensated absences

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.

m) Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

n) Inventories

Inventories are valued at the lower of cost (on weighted average basis) and the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including taxes and other levies and handling charges wherever applicable. Work-in-progress and finished goods include appropriate proportion of overheads.

o) Earning per Share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the periods presented.





Marshall Machines Limited

1.3 Transition to Ind-AS

The effect of the Company's transition to Ind AS is summarized as follows:

- (i) Transition election
- (ii) Reconciliation of equity as previously reported under Indian GAAP (IGAAP) to Ind-AS
- (iii) Reconciliation of profit or loss as previously reported under Indian GAAP to Ind-AS

(i) Transition election

The Company has prepared the opening Balance Sheet as per Ind AS as of 1st April 2020 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its Property, Plant and Equipment & Intangible Assets recognised as at April 1, 2020 (transition date) measured as per the previous GAAP and use that carrying value of its deemed cost as of the transition date.

(ii) Reconciliation of equity as previously reported under IGAAP to Ind-AS

| Particulars | ₹ in Hundreds | |
|---|------------------------|-----------------------|
| | As at 31 March 2021 | As at 1 April 2020 |
| Equity as reported under IGAAP | 49,05,184.17 | 41,26,949.59 |
| Ind-AS adjustments that lead to increase/(decrease) in equity | - | - |
| Equity as reported under Ind-AS | 49,05,184.17 | 41,26,949.59 |

(iii) Reconciliation of profit as previously reported under IGAAP to Ind-AS

| Particulars | ₹ in Hundreds | |
|--|------------------------------|--|
| | For year ended March 2021 | |
| Profit as reported under IGAAP | 54,444.25 | |
| <i>Increase (decrease) in net income for:</i> | | |
| Remeasurements of the defined benefit plans | (24,424.29) | |
| Income tax relating to items that will not be reclassified to profit or loss | 6,350.32 | |
| Profit as reported under Ind AS | 36,370.28 | |




Marshall Machine Limited
NOTE 2: PROPERTY, PLANT AND EQUIPMENT AS AT 31.03.2022

₹ in Hundreds

| Tangible Assets | Land # | Building # | Computer | Electric Installation | Furniture & Fixtures | Motor Vehicles | Office Equipments | Leasehold Plant & Machinery | Plant & Machinery | Total Tangible Assets |
|--------------------------------------|-------------|-------------|-----------|-----------------------|----------------------|----------------|-------------------|-----------------------------|-------------------|-----------------------|
| Cost or deemed cost | | | | | | | | | | |
| Balances as at April 1, 2020 | 1,72,697.82 | 6,11,467.72 | 46,869.98 | 49,460.77 | 33,939.18 | 1,61,898.88 | 67,283.00 | 2,50,412.49 | 39,51,836.56 | 53,45,866.40 |
| Additions | - | - | 1,600.17 | 59.98 | 39.45 | 8,878.34 | 572.91 | - | 23,50,507.34 | 23,61,658.19 |
| Disposals | - | - | - | - | - | 23,712.49 | - | - | - | 23,712.49 |
| Balances as at March 31, 2021 | 1,72,697.82 | 6,11,467.72 | 48,470.15 | 49,520.75 | 33,978.63 | 1,47,064.73 | 67,855.91 | 2,50,412.49 | 63,02,343.90 | 76,83,812.10 |
| Additions | - | - | 3,196.27 | - | - | - | 1,021.01 | - | - | 4,217.28 |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| Balances as at March 31, 2022 | 1,72,697.82 | 6,11,467.72 | 51,666.42 | 49,520.75 | 33,978.63 | 1,47,064.73 | 68,876.92 | 2,50,412.49 | 63,02,343.90 | 76,88,029.38 |
| Accumulated depreciation | | | | | | | | | | |
| Balances as at April 1, 2020 | - | 1,36,026.13 | 38,128.13 | 36,900.43 | 20,260.22 | 1,05,817.90 | 56,683.02 | 15,946.36 | 7,92,230.10 | 12,01,992.29 |
| Depreciation for the year | - | 19,454.27 | 4,528.36 | 4,730.03 | 3,214.54 | 8,483.61 | 2,365.25 | 15,859.46 | 2,62,887.64 | 3,21,523.16 |
| On disposals | - | - | - | - | - | 22,526.87 | - | - | - | 22,526.87 |
| Balances as at March 31, 2021 | - | 1,55,480.40 | 42,656.49 | 41,630.46 | 23,474.76 | 91,774.64 | 59,048.27 | 31,805.82 | 10,55,117.74 | 15,00,988.58 |
| Depreciation for the Year | - | 19,454.27 | 2,819.74 | 1,919.24 | 1,787.96 | 8,439.18 | 2,258.12 | 15,859.46 | 3,99,517.58 | 4,52,055.55 |
| On disposals | - | - | - | - | - | - | - | - | - | - |
| Balances as at March 31, 2022 | - | 1,74,934.67 | 45,476.23 | 43,549.70 | 25,262.72 | 1,00,213.82 | 61,306.39 | 47,665.28 | 14,54,635.32 | 19,53,044.13 |
| Carrying amount as at March 31, 2021 | 1,72,697.82 | 4,55,987.32 | 5,813.66 | 7,890.29 | 10,503.87 | 55,290.09 | 8,807.64 | 2,18,606.67 | 52,47,226.16 | 61,82,823.52 |
| Carrying amount as at March 31, 2022 | 1,72,697.82 | 4,36,533.05 | 6,190.19 | 5,971.05 | 8,715.91 | 46,850.91 | 7,570.53 | 2,02,747.21 | 48,47,708.58 | 57,34,985.25 |

| Intangible Assets | Research - New Products | Patent, Pattern & Softwares | Total Intangible Assets | Research - New Products (CWIP) | Patent, Pattern & Softwares (CWIP) | Intangible assets Incl. CWIP |
|--------------------------------------|-------------------------|-----------------------------|-------------------------|--------------------------------|------------------------------------|------------------------------|
| Cost or deemed cost | | | | | | |
| Balances as at April 1, 2020 | 7,32,315.53 | 62,161.09 | 7,94,476.62 | 1,79,427.32 | 13,280.00 | 9,87,183.94 |
| Additions | - | - | - | 77,213.90 | 20,962.08 | 98,175.98 |
| Disposals | - | - | - | - | - | - |
| Balances as at March 31, 2021 | 7,32,315.53 | 62,161.09 | 7,94,476.62 | 2,56,641.22 | 34,242.08 | 10,85,359.92 |
| Additions | - | - | - | 23,097.70 | 18,410.21 | 41,507.91 |
| Disposals | - | - | - | - | - | - |
| Balances as at March 31, 2022 | 7,32,315.53 | 62,161.09 | 7,94,476.62 | 2,79,738.92 | 52,652.29 | 11,26,867.83 |
| Accumulated depreciation | | | | | | |
| Balances as at April 1, 2020 | 2,15,413.27 | 33,374.59 | 2,48,787.86 | - | - | 2,48,787.86 |
| Amortisation for the year | 1,83,078.88 | 7,714.33 | 1,90,793.21 | - | - | 1,90,793.21 |
| On disposals | - | - | - | - | - | - |
| Balances as at March 31, 2021 | 3,98,492.15 | 41,088.92 | 4,39,581.07 | - | - | 4,39,581.07 |
| Amortisation for the Year | 1,67,589.15 | 6,990.02 | 1,74,579.17 | - | - | 1,74,579.17 |
| On disposals | - | - | - | - | - | - |
| Balances as at March 31, 2022 | 5,66,081.30 | 48,078.94 | 6,14,160.24 | - | - | 6,14,160.24 |
| Carrying amount as at March 31, 2021 | 3,33,823.38 | 21,072.17 | 3,54,895.55 | 2,56,641.22 | 34,242.08 | 6,45,778.85 |
| Carrying amount as at March 31, 2022 | 1,66,234.23 | 14,082.15 | 1,80,316.38 | 2,79,738.92 | 52,652.29 | 5,12,707.59 |

Notes: # Land Situated at D-116A, Focal Point Phase V, Ludhiana, whereas the *Building situated at C-86, Focal Point Phase V, Ludhiana is constructed on Leasehold Land.



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Marshall Machines Limited

NOTE 3: OTHER FINANCIAL ASSETS (Non-Current)

₹ in Hundreds

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|---|--------------------|--------------------|
| a) Security Deposits | 14,322.26 | 19,814.87 |
| b) Margin Money against Borrowings | 38,150.22 | 87,266.84 |
| c) Security Deposits against Borrowings | 98,102.14 | 1,01,118.57 |
| d) Balance with government authorities | 5,780.51 | 7,635.41 |
| Total | 1,56,355.13 | 2,15,835.69 |

NOTE 4: INVENTORIES

₹ in Hundreds

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|---|---------------------|---------------------|
| (at cost or net realisable value, whichever is lower) | | |
| a) Raw Materials | 5,99,094.99 | 7,33,094.75 |
| b) Work in Progress | 42,47,696.58 | 37,85,216.68 |
| c) Finished goods | 1,62,878.77 | 2,77,795.32 |
| d) Scrap | 31,245.10 | 6,404.90 |
| Total | 50,40,915.44 | 48,02,511.65 |

Notes: 1. Taken as Valued & Certified by the Management of the Company.
2. The method of valuation of inventories has been stated in note 1.2(n).

NOTE 5: TRADE RECEIVABLES

₹ in Hundreds

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|--------------------------------|---------------------|---------------------|
| a) Considered good - Secured | - | - |
| b) Considered good - Unsecured | 18,00,283.69 | 11,67,718.66 |
| Total | 18,00,283.69 | 11,67,718.66 |

Ageing of Trade Receivables:

| Undisputed Trade receivables - considered good | | |
|--|---------------------|---------------------|
| Less than 6 Months | 8,52,052.12 | 5,93,732.97 |
| 6 Months - 1 Year | 1,72,305.41 | 35,810.66 |
| 1-2 Years | 2,86,915.66 | 1,93,008.66 |
| 2-3 Years | 84,284.27 | 1,63,753.48 |
| More than 3 Years | 4,04,726.23 | 1,81,412.89 |
| Total | 18,00,283.69 | 11,67,718.66 |

The credit period on sale of goods generally vary, on case to case basis, business to business, based on market conditions etc., No interest is payable by the Customer for the delay in payments of the amounts outstanding.

NOTE 6: CASH AND CASH EQUIVALENTS

₹ in Hundreds

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|------------------------|------------------|------------------|
| a) Cash on Hand | 12,616.01 | 35,939.10 |
| b) Balances with Banks | | |
| i) In Current Accounts | 14,530.46 | 28,115.88 |
| Total | 27,146.47 | 64,054.98 |

NOTE 7: OTHER FINANCIAL ASSETS (Current)

₹ in Hundreds

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|-------------------------------------|------------------|------------------|
| a) Margin Money against Borrowings* | 47,726.68 | 41,840.14 |
| Total | 47,726.68 | 41,840.14 |

*Having original maturity of 12 months or less.





Marshall Machines Limited

NOTE 8: OTHER CURRENT ASSETS

₹ in Hundreds

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|--|--------------------|--------------------|
| a) Advances to Suppliers | 1,39,314.38 | 80,904.74 |
| b) Other advances, deposits and prepayment | 74,335.31 | 76,263.95 |
| Total | 2,13,649.69 | 1,57,168.69 |

NOTE 9: EQUITY SHARE CAPITAL

₹ in Hundreds

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|--|------------------|------------------|
| a) Authorised Share Capital : | | |
| 1,50,00,000 Equity Shares of ₹ 10 each (March 31, 2021: 1,50,00,000 Equity Shares of ₹ 10 each) | 15,00,000.00 | 15,00,000.00 |
| b) Issued, Subscribed and fully paid : | | |
| 1,45,50,000 Equity Shares of ₹ 10 each (March 31, 2021: 1,45,50,000 Equity Shares of ₹ 10 each) | 14,55,000.00 | 14,55,000.00 |

c) Reconciliation of the number of equity shares outstanding

| Particulars | As at 31.03.2022 | | As at 31.03.2021 | |
|---|------------------|--------------|------------------|--------------|
| | Nos. of Shares | Amount | Nos. of Shares | Amount |
| Shares outstanding at the beginning of the Year | 1,45,50,000 | 14,55,000.00 | 1,45,50,000 | 14,55,000.00 |
| Add: Addition/(Deduction) during the Year | - | - | - | - |
| Shares outstanding at the end of the Year | 1,45,50,000 | 14,55,000.00 | 1,45,50,000 | 14,55,000.00 |

d) Details of shares held by each shareholder holding more than 5% shares

| Particulars | As at 31.03.2022 | | As at 31.03.2021 | |
|---------------------|------------------|--------------|------------------|--------------|
| | Nos. of Shares | % of Holding | Nos. of Shares | % of Holding |
| Mr. Prashant Sarup* | 44,33,429 | 30.47% | 49,33,325 | 33.91% |
| Mr. Gaurav Sarup* | 45,48,520 | 31.26% | 47,76,950 | 32.83% |

*Promoters of Company.

e) Rights, preference and restriction attached to equity shares

The company has only one class of equity shares having par value of ₹ 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.

NOTE 10: OTHER EQUITY

₹ in Hundreds

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|-----------------------|---------------------|---------------------|
| a) Securities Premium | 11,63,419.49 | 11,63,419.49 |
| b) Retained earnings | 19,79,518.39 | 22,86,764.68 |
| Total | 31,42,937.88 | 34,50,184.17 |

10.a - Securities Premium

| | | |
|--|--------------|--------------|
| Balance at the beginning of the current reporting period | 11,63,419.49 | 11,63,419.49 |
| Add: Addition during the Year | - | - |
| Less: Deduction during the Year | - | - |
| Balance at the end of the current reporting period | 11,63,419.49 | 11,63,419.49 |

10.b - Retained earnings

| | | |
|---|---------------|--------------|
| Balance at the beginning of the current reporting period | 22,86,764.68 | 15,08,530.10 |
| Add: Profit/(Loss) for the Year | (3,13,569.65) | 36,370.28 |
| Add: Effect on Accumulated Depreciation due to Change in Method of WDV to SLM (Net of Deferred Tax) | - | 7,41,950.07 |
| Add: Other comprehensive income for the Year (net of income tax) | 6,323.36 | 18,073.97 |
| Less: Tax Adjustments relating to Previous Year | - | 18,159.74 |
| Balance at the end of the current reporting period | 19,79,518.39 | 22,86,764.68 |





Marshall Machines Limited

NOTE 11: BORROWINGS

₹ in Hundreds

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|--|---------------------------|---------------------|
| Non-Current | | |
| a) from Banks | | |
| i) Term Loans - Secured | 4,67,973.43 | 6,77,067.74 |
| ii) Term Loans - Unsecured | 22,209.56 | 31,528.23 |
| iii) Vehicle Loans - Secured | 5,282.57 | 9,150.57 |
| b) from NBFC's/Others | | |
| i) Term Loans - Secured | 1,87,730.90 | 3,02,469.96 |
| ii) Term Loans - Unsecured | 1,21,281.29 | 2,15,451.75 |
| c) Others Loans | | |
| i) Term Loans - Unsecured | 43,975.00 | 50,000.00 |
| ii) Loans from Shareholders - Unsecured | - | - |
| d) Lease Liabilities | 1,01,836.59 | 1,36,603.49 |
| Total Non-Current Borrowings | (A) 9,50,289.34 | 14,22,271.74 |
| Current | | |
| a) from Banks | | |
| i) Repayable on Demand - Secured | 20,42,878.96 | 20,02,570.24 |
| ii) Working Capital Demand Loan | 49,789.07 | 80,800.00 |
| b) from Others | | |
| i) Loans from Directors - Unsecured | 3,85,240.00 | - |
| c) Current maturities of Long-term Debts | 5,70,361.31 | 5,26,001.65 |
| d) Lease Liabilities | 19,054.38 | 31,173.72 |
| Total Current Borrowings | (B) 30,67,323.72 | 26,40,545.61 |
| Total | (A+B) 40,17,613.06 | 40,62,817.35 |

Refer to Note 26 for information on Details of Security for Secured Borrowings & Maturity Profile.

NOTE 12: PROVISIONS

₹ in Hundreds

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|-------------------------------------|--------------------------|------------------|
| Non-Current | | |
| a) Provision for Employee Benefits* | 97,269.56 | 80,396.91 |
| Total Non-Current Provisions | (A) 97,269.56 | 80,396.91 |
| Current | | |
| a) Provision for Employee Benefits* | 12,927.02 | 18,056.15 |
| Total Current Provisions | (B) 12,927.02 | 18,056.15 |
| Total | (A+B) 1,10,196.58 | 98,453.06 |

*Please refer note 28

NOTE 13: DEFERRED TAX LIABILITIES (NET)

₹ in Hundreds

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|---------------------------|--------------------|--------------------|
| a) Deferred Tax Liability | 7,61,103.95 | 6,56,784.66 |
| b) Deferred Tax Asset | 2,48,331.41 | 90,292.50 |
| Total | 5,12,772.54 | 5,66,492.16 |





Marshall Machines Limited

2021-22

| Particulars | April 1, 2021 | Recognised in Profit/(Loss) | Recognised in Retained earnings | Recognised in OCI | March 31, 2022 |
|-------------------------------------|--------------------|-----------------------------|---------------------------------|-------------------|--------------------|
| Deferred tax liabilities | | | | | |
| Property, Plant and Equipment | 6,56,784.66 | 1,04,319.29 | - | - | 7,61,103.95 |
| Deferred tax assets | | | | | |
| Deductible Temporary differences | 7,335.96 | 23,536.87 | - | (2,221.72) | 28,651.11 |
| Carry forward of Unused Tax Losses | 60,157.18 | 1,36,723.76 | - | - | 1,96,880.94 |
| Carry forward of Unused Tax Credits | 22,799.36 | - | - | - | 22,799.36 |
| Net deferred tax liabilities | 5,66,492.16 | (55,941.34) | - | 2,221.72 | 5,12,772.54 |

2020-21

| Particulars | April 1, 2020 | Recognised in Profit/(Loss) | Recognised in Retained earnings | Recognised in OCI | March 31, 2021 |
|-------------------------------------|--------------------|-----------------------------|---------------------------------|-------------------|--------------------|
| Deferred tax liabilities | | | | | |
| Property, Plant and Equipment | 3,08,250.87 | 87,848.62 | 2,60,685.17 | - | 6,56,784.66 |
| Deferred tax assets | | | | | |
| Deductible Temporary differences | 8,159.53 | 5,526.75 | - | (6,350.32) | 7,335.96 |
| Carry forward of Unused Tax Losses | - | 60,157.18 | - | - | 60,157.18 |
| Carry forward of Unused Tax Credits | 9,857.76 | 12,941.60 | - | - | 22,799.36 |
| Net deferred tax liabilities | 2,90,233.58 | 9,223.09 | 2,60,685.17 | 6,350.32 | 5,66,492.16 |

*Effect on Accumulated Depreciation due to Change in Method of WDV to SLM.

NOTE 14: TRADE PAYABLES

₹ in Hundreds

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|---|---------------------|---------------------|
| Trade Payables | | |
| a) Total Outstanding Dues of MSME* | 1,39,781.79 | 1,40,742.81 |
| b) Total Outstanding Dues of other than MSME* | 23,49,998.27 | 19,69,049.21 |
| Total | 24,89,780.06 | 21,09,792.02 |

*MSME - 'Micro Enterprises and Small Enterprises' as defined in 'The Micro, Small and Medium Enterprises Development Act, 2006'.

Ageing of Trade Payables:

| MSME | As at 31.03.2022 | As at 31.03.2021 |
|-------------------|---------------------|---------------------|
| Less than 1 Year | 1,07,890.68 | 1,24,406.98 |
| 1-2 Years | 23,255.00 | 13,422.77 |
| 2-3 Years | 6,053.42 | 2,079.18 |
| More than 3 Years | 2,582.69 | 833.88 |
| Others | | |
| Less than 1 Year | 16,02,825.96 | 15,39,644.88 |
| 1-2 Years | 3,96,363.73 | 1,65,482.18 |
| 2-3 Years | 97,912.34 | 1,30,350.34 |
| More than 3 Years | 2,52,896.24 | 1,33,571.81 |
| Total | 24,89,780.06 | 21,09,792.02 |

NOTE 15: OTHER FINANCIAL LIABILITIES

₹ in Hundreds

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|---------------------|------------------|------------------|
| a) Interest accrued | 21,074.18 | 14,576.15 |
| Total | 21,074.18 | 14,576.15 |

NOTE 16: OTHER CURRENT LIABILITIES

₹ in Hundreds

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|------------------------------------|---------------------|---------------------|
| a) Advance received from Customers | 10,20,379.25 | 5,41,866.88 |
| b) Statutory Remittances | 2,70,766.07 | 1,56,159.42 |
| c) Employee Benefits | 97,636.13 | 95,939.20 |
| d) Other Liabilities | 3,12,293.67 | 6,37,998.66 |
| Total | 17,01,075.12 | 14,31,964.16 |

NOTE 17: CURRENT TAX LIABILITIES

₹ in Hundreds

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|-----------------------|------------------|------------------|
| a) Income Tax Payable | 83,320.52 | 88,453.11 |
| Total | 83,320.52 | 88,453.11 |





Marshall Machines Limited

NOTE 18: REVENUE FROM OPERATIONS

₹ in Hundreds

| Particulars | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|--------------------------|--------------------------|--------------------------|
| Sale of products | | |
| Domestic Sale (Gross) | | |
| -CNC Machines | 57,64,023.56 | 45,23,502.55 |
| -Machinery Parts | 2,10,638.05 | 21,18,888.50 |
| Export Sale | - | - |
| Sale of services | | |
| Service Charges Received | 57,945.51 | 71,569.32 |
| Total | 60,32,607.12 | 67,13,960.37 |

NOTE 19: OTHER INCOME

₹ in Hundreds

| Particulars | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|---|--------------------------|--------------------------|
| Interest income from bank on deposits | 8,460.14 | 10,229.81 |
| Profit on Sale of Property, Plant & Equipment | - | 964.37 |
| Foreign Exchange Fluctuation | 5,246.31 | - |
| Total | 13,706.45 | 11,194.18 |

NOTE 20: COST OF MATERIALS CONSUMED

₹ in Hundreds

| Particulars | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|--|--------------------------|--------------------------|
| Raw Material | | |
| Opening Stock | 7,33,094.75 | 6,65,308.39 |
| Add: Purchases (net) | 40,29,343.35 | 48,55,436.82 |
| Less: Closing Stock | 5,99,094.99 | 7,33,094.75 |
| Cost of raw material consumed during the year | 41,63,343.11 | 47,87,650.46 |

NOTE 21: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS

₹ in Hundreds

| Particulars | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|---|--------------------------|--------------------------|
| Opening Stocks | | |
| -Work in Process | 37,85,216.68 | 29,20,800.00 |
| -Finished Goods | 2,77,795.32 | 9,90,361.87 |
| -Scrap | 6,404.90 | 2,562.00 |
| (A) | 40,69,416.90 | 39,13,723.87 |
| Closing Stocks | | |
| -Work in Process | 42,47,696.58 | 37,85,216.68 |
| -Finished Goods | 1,62,878.77 | 2,77,795.32 |
| -Scrap | 31,245.10 | 6,404.90 |
| (B) | 44,41,820.45 | 40,69,416.90 |
| Decrease/(Increase) in Inventories | (A-B) | (1,55,693.03) |

NOTE 22: EMPLOYEE BENEFITS EXPENSE

₹ in Hundreds

| Particulars | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|---|--------------------------|--------------------------|
| Salaries and Wages | 10,42,905.60 | 6,59,774.29 |
| Contribution to Provident and other Funds | 21,403.16 | 18,056.88 |
| Staff Welfare Expenses | 10,492.32 | 7,132.39 |
| Total | 10,74,801.08 | 6,84,963.56 |



**Marshall Machines Limited****NOTE 23: FINANCE COSTS**

₹ in Hundreds

| Particulars | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|------------------------------------|--------------------------|--------------------------|
| Interest on Working Capital Limits | 1,65,008.03 | 1,27,940.67 |
| Interest on Term Loans | 1,77,538.81 | 1,69,632.43 |
| Finance Charges on Finance Leases | 30,440.05 | 25,732.08 |
| Other borrowing costs | 73,419.41 | 58,134.89 |
| Total | 4,46,406.30 | 3,81,440.07 |

NOTE 24: OTHER EXPENSES

₹ in Hundreds

| Particulars | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|---|--------------------------|--------------------------|
| Job Work Expenses | 11,745.48 | 6,436.12 |
| Power and Fuels | 49,804.46 | 23,567.32 |
| Packing Charges | 1,864.86 | 3,151.54 |
| Annual Maintenance Charges | - | 536.85 |
| Audit Fee | 3,500.00 | 3,500.00 |
| Car Running & Maintenance Charges | 12,846.05 | 4,794.96 |
| Director Sitting Fees | 1,696.72 | 2,250.00 |
| Festival Expenses | 4,058.59 | 5,024.33 |
| Fees, Rates and Taxes | 9,356.75 | 10,710.20 |
| Fine & Penalty Charges | 8,812.77 | - |
| Generator Rent | 1,525.11 | 622.84 |
| Insurance Expenses | 7,551.25 | 19,377.83 |
| Legal and Professional Charges | 95,478.00 | 42,855.08 |
| Misc. Expenses | 6,176.06 | 3,332.20 |
| Postage and Courier Expenses | 9,345.73 | 4,224.64 |
| Printing and Stationery Charges | 3,413.31 | 4,096.06 |
| Prior Period Expenses | 2,656.51 | 2,250.00 |
| Rebate and Discounts | - | 31,343.81 |
| Repairs and Maintenance | 18,927.86 | 72,672.92 |
| Rent | 7,770.50 | 18,572.92 |
| Telephone Expenses | 6,291.51 | 7,662.96 |
| Travelling Expenses | 1,20,962.10 | 1,03,461.70 |
| CSR expenditure | 8,643.84 | 13,061.32 |
| Advertisement & Business Promotion Expenses | 41,666.93 | 41,779.84 |
| Foreign Exchange Fluctuation | - | 5,530.89 |
| Freight & Cartage Outward | 31,554.70 | 17,152.32 |
| Brokerage & Commission | 8,532.98 | 6,262.55 |
| Loading & Unloading Charges | 2,860.83 | 1,710.95 |
| Total | 4,77,042.90 | 4,55,942.15 |

NOTE 25: TAX EXPENSE

₹ in Hundreds

| Particulars | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|--------------------------------|--------------------------|--------------------------|
| Current Tax | | |
| In respect of the current year | - | 12,941.60 |
| Deferred tax | | |
| In respect of the current year | (55,941.34) | 9,223.09 |
| Total | (55,941.34) | 22,164.69 |





Marshall Machines Limited

NOTE 26: TERMS OF REPAYMENT OF LOANS

(₹ In Lakhs)

| Loan Category | Frequency of repayments | Interest rate | Repayments during | | | | Total |
|------------------------|-------------------------|------------------|-------------------|---------|---------|---------|--------|
| | | | 2022-23 | 2023-24 | 2024-25 | 2025-26 | |
| Term Loans - Secured | Monthly | 8.27% to 15.00% | 248.72 | 161.41 | 110.97 | 75.94 | 597.04 |
| Term Loans - Unsecured | Monthly | 14.00% to 24.50% | 132.58 | 108.43 | 30.54 | 0.59 | 272.14 |
| ECGLS Loans | Monthly | 8.25% to 14.00% | 185.19 | 198.46 | 103.89 | 0.00 | 487.54 |
| Other Loans | Monthly | 7.40% to 10.00% | 3.88 | 3.00 | 2.10 | 0.18 | 9.16 |

Details of Security for Secured Borrowings (Short Term & Term Loans)

Term loans from Banks & Financial Institutions are secured by first Pari-passu charge on the underlying Property, Plant and Equipment 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 Pari-passu charge on the entire current assets of the company. Details 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 | <ol style="list-style-type: none"> Equitable mortgage of properties situated at: C-86, Phase-V, Focal Point, Ludhiana, & D-116A, Phase-V, Focal Point, Ludhiana. 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. 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. |
| Emergency Credit Line Guarantee Scheme (ECGLS) | Other Banks & Financial Institutions | Emergency Credit Line Guarantee Scheme having 100% guarantee coverage by National Credit Guarantee Trustee Company (NCGTC) |

NOTE 27: DETAILS OF INTANGIBLE ASSETS UNDER DEVELOPMENT

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. The Aging & Completion Schedule of Intangible assets under development are as below:

| | ₹ in Hundreds | |
|---|---------------|-------------|
| <i>Aging Schedule (Projects in-progress)</i> | 31.03.2022 | 31.03.2021 |
| Less than 1 year | 41,507.91 | 98,175.98 |
| 1-2 years | 98,175.98 | 13,280.00 |
| 2-3 years | 13,280.00 | - |
| More than 3 years | 1,79,427.32 | 1,79,427.32 |
| Total | 3,32,391.21 | 2,90,883.30 |
| <i>Completion Schedule (To be completed in)</i> | 31.03.2022 | 31.03.2021 |
| Less than 1 year | - | - |
| 1-2 years | 3,32,391.21 | - |
| 2-3 years | - | 2,90,883.30 |
| More than 3 years | - | - |
| Total | 3,32,391.21 | 2,90,883.30 |





Marshall Machines Limited

NOTE 28: 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.

Reconciliation of opening and closing balances of obligation

₹ in Hundreds

| Particulars | Year Ending 31.03.2022 | Year Ending 31.03.2021 |
|--|---------------------------|---------------------------|
| Opening defined benefit obligation | 98,453.06 | 1,01,620.63 |
| Current Service Cost | 18,085.21 | 14,498.95 |
| Past Service Cost | - | - |
| Interest Cost | 6,428.98 | 6,757.77 |
| Actuarial (gains) / losses arising from changes in financial assumptions | (2,760.01) | 706.68 |
| Actuarial (gains) / losses arising from changes in demographic assumptions | - | - |
| Actuarial (gains) / losses arising from experience variance | (5,785.06) | (25,130.97) |
| Benefits Paid | (4,225.60) | - |
| Closing defined benefit obligation | 1,10,196.58 | 98,453.06 |

Amount recognized in Balance Sheet

₹ in Hundreds

| Particulars | Year Ending 31.03.2022 | Year Ending 31.03.2021 |
|--|---------------------------|---------------------------|
| Opening defined benefit obligation | 1,10,196.58 | 98,453.06 |
| Fair Value of Plan Assets at the end of the year | - | - |
| Funded Status | (1,10,196.58) | (98,453.06) |
| Unrecognised Actuarial (gain)/ loss | - | - |
| Net Asset/ (Liability) recognized in the Balance Sheet | (1,10,196.58) | (98,453.06) |
| Current | (12,927.02) | (18,056.15) |
| Non-Current | (97,269.56) | (80,396.91) |

Expense recognized in the Year

₹ in Hundreds

| Particulars | Year Ending 31.03.2022 | Year Ending 31.03.2021 |
|---|---------------------------|---------------------------|
| Current Service Cost | 18,085.21 | 14,498.95 |
| Past Service Cost | - | - |
| Interest Cost | 6,428.98 | 6,757.77 |
| Expected Return on Plan Assets | - | - |
| Expenses recognised in Statement of Profit and Loss | 24,514.19 | 21,256.72 |

Assumptions

| Particulars | Year Ending 31.03.2022 | Year Ending 31.03.2021 |
|---|---------------------------|---------------------------|
| Discount Rate | 6.92% | 6.53% |
| Rate of increase in Compensation levels | 5.00% | 5.00% |
| Rate of Return on Planned Assets | Not Applicable | Not Applicable |
| Expected Future Service | 21.10 Years | 22.65 Years |
| Mortality Rate | 100% of IALM 2012-14 | 100% of IALM 2012-14 |





Marshall Machines Limited

Sensitivity analysis - defined benefit obligation

| Particulars | Year Ending 31.03.2022 | Year Ending 31.03.2021 |
|---|---------------------------|---------------------------|
| Discount rate + 50 basis points | -3.04% | -2.92% |
| Discount rate - 50 basis points | 3.23% | 3.11% |
| Salary increase rate + 100 basis points | 6.74% | 6.46% |
| Salary increase rate - 100 basis points | -6.06% | -5.80% |

Compensated absences: 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.

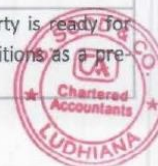
NOTE 29: CONTINGENT LIABILITIES AND COMMITMENTS

The company has not paid its creditors amounting to ₹ 13.27 Crores against GST purchases, which are due but not paid for more than 180 days. Subject to the provisions of section 16 (2) of CGST Act, 2017, input Tax Credit of GST taken has to be reversed and could be availed when the principle amount is paid. In view of above, there may arise interest and penalty subject to the provisions of the CGST Act, 2017.

| Particulars | ₹ in Hundreds | |
|---|---------------|------------|
| | 31.03.2022 | 31.03.2021 |
| (a) Claims against the company not acknowledged as debt* | | |
| i) Sales Tax under appeal | - | - |
| ii) Income Tax under appeal | - | - |
| (b) Guarantees excluding financial guarantees | - | - |
| (C) Commitments for the acquisition of property plant and equipment | - | - |

* The Company has received the legal notices from below parties for payment of their dues. the amount has already been acknowledged in the financial statements, however no interest has been provided in the books of accounts since the decision of the cases are pending and in the opinion of Directors the cases will be in favour of the Company.

| # | Parties | Amount | Nature of Dues | Current Status |
|-----|---|-----------|----------------------|---|
| 1. | Marpoos India Pvt. Ltd. | 77,492.21 | Payment of Creditors | Party had supplied faulty material, which caused us some production loss, Company has asked supplier to accept the Debit Note for damage. |
| 2. | Rollmann Trading Company | 32,585.48 | Payment of Creditors | |
| 3. | Techtronics Automation | 11,639.48 | Payment of Creditors | |
| 4. | Wave Technologies Inc. | 3,699.32 | Payment of Creditors | |
| 5. | Rapid Punching Solutions Pvt. Ltd. | 120.25 | Payment of Creditors | |
| 6. | Infinite Uptime India Pvt. Ltd. | 4,092.00 | Payment of Creditors | In discussion with the vendor to solve issue at customer site and claim the payment. |
| 7. | Ringfeder Power Transmission India Pvt. Ltd | 6,085.22 | Payment of Creditors | |
| 8. | SN Automation | 2,079.18 | Payment of Creditors | |
| 9. | Shri Laxmi Enterprises | 3,702.00 | Payment of Creditors | This is a small customer, who filed case for return of advance money, when our policy is advance is non refundable. |
| 10. | Protection Engineering | 56,394.40 | Payment of Creditors | Company has asked Supplier to replace the faulty material & claim the payment. |
| 11. | Nexco Automation Technologies Pvt. Ltd. | 30,959.75 | Payment of Creditors | There is a serious product service issue, party is ready for settlement. We have set some service conditions as a pre-requisite. |





Marshall Machines Limited

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 under MSME. 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 based on the confirmation received, there are 14 parties which have been disclosed as due but not paid under MSME category of the creditors and the amount due is ₹ 1.39 Crores.

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 31st March 20 2022, no such amounts were due to be transferred to the IEPF by the Company.

NOTE 32: DIRECTOR'S REMUNERATION

₹ in Hundreds

| Particulars | 2021-22 | 2020-21 |
|--|------------------|------------------|
| i) Salary to whole-time Directors | 84,000.00 | 84,000.00 |
| ii) Sitting Fee to Independent Directors | 1,696.72 | 2,250.00 |
| iii) Monetary value of perquisites | - | - |
| Total | 85,696.72 | 86,250.00 |

NOTE 33: AUDITOR'S REMUNERATION

₹ in Hundreds

| Particulars | 2021-22 | 2020-21 |
|------------------------------|-----------------|-----------------|
| i) As a Auditor | 1,750.00 | 1,750.00 |
| ii) for Taxation matters | 1,750.00 | 1,750.00 |
| iii) for Company Law matters | - | - |
| iv) for Other Services | - | - |
| v) Reimbursement of Expenses | - | - |
| Total | 3,500.00 | 3,500.00 |

NOTE 34: SEGMENTAL INFORMATION

The Company's operations fall within a single business segment i.e. "Manufacturing CNC Machines", 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 Ind-AS 108.

NOTE 35: DEPRECIATION AND AMORTIZATION

Effective from 1st April 2020, method of providing depreciation for Fixed Assets by the Company has been changed to Straight Line Method from Written Down Value Method. This change is aligned with the change in Company's expectation of the pattern of consumption of the economic benefits arising from these assets in future as against the past and technical evaluation.

Till FY20, The Company was following Written Down Value (WDV) depreciation method. Based on evaluation during the year, Company considered to change the depreciation method from WDV to Straight Line Method (SLM) and has given effect from April 01, 2020.





Marshall Machines Limited

NOTE 36: RELATED PARTIES DISCLOSURE

a) Names of related parties and related party relationships.

(in respect of which transactions have taken place)

- Key Management Personnel and Relatives of Key Managerial Personnel

| | | |
|----------------------------|-----------------------------|--------------------|
| Mr. Gaurav Sarup | (Managing Director) | |
| Mr. Prashant Sarup | (Whole Time Director & CFO) | |
| Mrs. Archana Sarup | (Wholetime Director) | |
| Mr. Siddhant Sarup | (Wholetime Director) | |
| Mr. Satvinder Singh | (Independent Director) | |
| Ms. Kajal Rai | (Independent Director) | Up to 17-Nov-2021 |
| Ms. Komal Bhalla | (Independent Director) | Up to 05-Oct-2021 |
| Ms. Rita Agarwal | (Independent Director) | w.e.f. 20-Oct-2021 |
| Mr. Anil Singla | (Independent Director) | w.e.f. 26-Oct-2021 |
| Ms. Sharon Arora | (Independent Director) | w.e.f. 29-Dec-2021 |
| Ms. Gauri Agarwal | (Company Secretary) | |

- Enterprises in which key management personnel have significant influence.

Marshall Industries Partnership Firm - having Directors of Company as Partner

b) Details of transaction with related parties are as follows

₹ in Hundreds

| Particulars | 2021-22 | 2020-21 |
|---|-------------|-----------|
| 1) Rent payable to related parties | | |
| -Enterprises in which key management personnel have significant influence | 2,400.00 | 2,400.00 |
| 2) Managerial Remunerations / Sitting fees to key managerial personnel | | |
| -Key Managerial Persons and their relatives | 87,496.72 | 87,372.58 |
| 3) Loan Received/ (Repaid) | | |
| -Key Managerial Persons and their relatives | 3,85,240.00 | - |
| 4) Interest Paid | | |
| -Key Managerial Persons and their relatives | - | - |

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

c) Balances Payable/(Receivable) at the end of the year

₹ in Hundreds

| Particulars | 2021-22 | 2020-21 |
|---|-------------|----------|
| -Enterprises in which key management personnel have significant influence | 7,372.00 | 5,536.00 |
| -Key Managerial Persons and their relatives | 4,12,126.03 | 2,867.63 |

NOTE 37: EARNINGS PER SHARE (EPS)

₹ in Hundreds

| Particulars | 2021-22 | 2020-21 |
|--|---------------|-------------|
| Profit for the Year | | |
| (Numerator used for calculating basic EPS) | (3,13,569.65) | 36,370.28 |
| Weighted average number of equity share outstanding | 1,45,50,000 | 1,45,50,000 |
| (Denominator used for calculating basic (EPS) | Shares | Shares |
| Earnings / share (EPS) - (Face value ₹ 10 per share) | (2.16) | 0.25 |

NOTE 38: VALUE OF IMPORTS

Calculated on C.I.F Basis by the Company during the Financial Year in respect of:-

₹ in Hundreds

| Particulars | 2021-22 | 2020-21 |
|----------------------------|--------------------|------------------|
| Raw materials | Nil | Nil |
| Components and spare parts | 1,81,568.72 | 78,511.62 |
| Capital goods | Nil | Nil |
| Total | 1,81,568.72 | 78,511.62 |





Marshall Machines Limited

NOTE 39: CORPORATE SOCIAL RESPONSIBILITY (CSR)

Expenses incurred on Corporate Social Responsibility (CSR) program under Section 135 of the Companies Act, 2013 are charged to the Statement of Profit and Loss under 'Other Expenses' (Note 24).

| Particulars | ₹ in Hundreds | |
|--|---------------|-----------|
| | 2021-22 | 2020-21 |
| Amount required to be spent by the company during the year | 8,636.34 | 13,059.06 |
| Amount of expenditure incurred during the year on: | | |
| a) Construction/acquisition of asset | - | - |
| b) On purposes other than (a) above | 8,643.84 | 13,061.32 |
| Shortfall at the end of the year | - | - |
| Total of previous years shortfall | - | - |
| Reason for shortfall | - | - |

The Company has undertaken a CSR Project for promotion of education for children by means of renovation / improvement of School building of "Bhartiya Shishu Niketan School" situated in Ludhiana.

NOTE 40: LEASE ARRANGEMENTS

a) Operating Lease

The Company has entered into an operating lease arrangement of Land situated at C-86, Focal Point Ludhiana.

| Particulars | ₹ in Hundreds | |
|---|---------------|-----------|
| | 2021-22 | 2020-21 |
| Payment recognised as expense | | |
| Minimum lease payments | 2,400.00 | 2,400.00 |
| Future minimum rentals payable under lease is as follows: | | |
| Not later than one year | 2,400.00 | 2,400.00 |
| Later than one year and not later than five years | 9,600.00 | 9,600.00 |
| Later than five years | 36,000.00 | 38,400.00 |

b) Finance Lease

The Company has entered into an Finance lease arrangement of Machines used in production process.

| Particulars | ₹ in Hundreds | |
|---|---------------|-----------|
| | 2021-22 | 2020-21 |
| Details of contractual maturities of lease liabilities as at March 31, 2022 | | |
| Not later than one year | 19,054.38 | 40,888.32 |
| Later than one year and not later than five years | 99,217.28 | 78,657.11 |
| Later than five years | - | - |

NOTE 41: 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.





Marshall Machines Limited

The Company has availed Covid-19 emergencies working capital loans and deferment of interest and instalments 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 42: KEY FINANCIAL RATIOS

| Particulars | 2021-22 | 2020-21 |
|----------------------------------|----------|---------|
| Current Ratio | 0.97 | 0.99 |
| Debt-Equity Ratio | 0.87 | 0.83 |
| Debt Service Coverage Ratio | 0.82 | 1.95 |
| Return on Equity Ratio | (6.60) % | 0.81 % |
| Inventory turnover Ratio | 1.23 | 1.43 |
| Trade Receivables turnover Ratio | 4.07 | 5.22 |
| Trade payables turnover Ratio | 1.75 | 2.31 |
| Net capital turnover Ratio | 2.14 | 2.61 |
| Net profit Ratio | (5.20) % | 0.54 % |
| Return on Capital employed | 0.04 % | 4.00 % |
| Return on investment | 180.28 % | 46.42 % |

NOTE 43:

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

NOTE 44: APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of Directors on July 04, 2022.

As per our report of even date attached
For **S. Sood & Co.**
Chartered Accountants
FRN: 0108031N

(Sanjay Sood)
Partner
M.No.: 089457

Place: Ludhiana
Date: 4th July, 2022



(Ms. Gauri Agarwal)
Company Secretary
PAN: BVHPA7319B

Gauri

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)
Whole Time Director & CFO
DIN: 01257440

(Mr. Suneel Kumar Yadav)
Head (F & A)



S. SOOD & CO

CHARTERED ACCOUNTANTS

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Chandigarh : SCO 60, 2nd Floor, Sector-26, Chandigarh-160 019
Tel. : 0161-4662266, 4667766 | E-mail : sanjay.sood@ssoodco.com

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, 2021, the Statement of Profit and Loss 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 Accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit 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 ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Companies Act, 2013 and the Rules made there under, 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.





Emphasis of Matters

Attention is drawn to the following matters:

1. The Company has changed its method of providing depreciation for Fixed Assets effective from 1st April 2020 from Written Down Value Method to Straight Line Method. In view of the management of the company the change is aligned with the change in Company's expectation of the pattern of consumption of the economic benefits arising from these assets in future as against the past and technical evaluation. This results on revaluation of the carrying amounts and depreciation costs.

- a. Subject to above and with reference to Note no. 24 of Standalone Financial statements, the Net Block of the Fixed Assets as on 01st April, 2020 has increased (from Rs. 52.91 Crores to Rs. 62.93 Crores) by Rs. 10.02 Crores and correspondingly Deferred Tax Liability has increased (from Rs. 3.00 Crores to Rs. 5.60 Crores) by Rs. 2.60 Crores along with Increase in Reserves & Surplus (from Rs. 15.08 Crores to 22.50 Crores) by Rs. 7.42 Crores.
- b. Subject to the change of method of depreciation and with reference to Note no. 24 of Standalone Financial Statements, depreciation cost for the year is lowered by Rs. 1.76 Crores (from WDV depreciation of Rs. 6.88 Crores to SLM depreciation of Rs. 5.12 Crores) and to that extent the profits of the company are overstated.

2. As per Note no. 9 of the Standalone Financial Statements, Creditors include MSME creditors amounting to Rs. 1.40 Crores which have been identified by the company as due but not paid within stipulated time period under Micro Small and Medium Enterprises Development Act , 2006 (MSMED).

However in our opinion and as per information and records provided to us, the company does not have proper records of MSME creditors so reliable estimates of the amount due but not paid could not be made. Further no provision for Interest on above described delayed payments has been made in the books of accounts. To that extent the profits of the company are overstated.

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 Companies Act, 2013 ("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 and cash flows of the Company in accordance with the 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 accounts.
- d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 reporting





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 Statements

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 : **21089457AAAABB5068**
Place: Ludhiana
Date: 08th July, 2021





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, 2021 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 financial 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, 2021, 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 : **21089457AAAABB5068**

Place: Ludhiana

Date: 08th July, 2021





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. The company has capitalized an amount of Rs. 23.50 Crores under Plant & Machinery Head. The same has also been Physically & Technically Evaluated by the Company's appointed Valuer M/s Sekhon & Associates vide his report dated 19th June, 2021.
- 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. Except for the Work in Progress Inventory where the quantity & valuation of WIP has been taken & relied on the basis of the Statement Prepared and Certified by the Managing Director of the Company. Since the details are not complete, we are unable to comment on the correctness of the same.

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 regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Service Tax, Cess and other material statutory dues applicable to it. The Company did not have dues in arrears as at 31st March 2021 for a period of more than six months from the date they became payable except for "Income Tax payable on self assessment (u/s 140A of Income Tax Act,1961) of Rs. 78.89 Lacs for A.Y 2020-21 and Interest thereon which is outstanding for more than six months .
- b) There are no dues of Income Tax and Service Tax which have not been deposited as on 31st March, 2021 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 except in cases where the installments of bank loans have been delayed as on 31.03.2021. Company has availed the benefit of Moratorium Scheme given by the Govt of India in respect of repayment of Loans and Interest their on.

| Name of Financial Institution | Amount of Emi | Due date of Payment | Actual Date of Payment |
|---------------------------------|---------------|---------------------|------------------------|
| Hero Fincorp Ltd. | 1,90,660.00 | 03.03.2021 | 30.04.2021 |
| Hero Fincorp Ltd. | 3,41,581.00 | 03.03.2021 | 30.04.2021 |
| Siemens Factoring P Ltd. | 88,500.00 | 03.03.2021 | 03.04.2021 |
| Edelweiss (ECL) Financial Ltd. | 1,10,145.00 | 05.03.2021 | 30.04.2021 |

ix. Utilization of Money Raised by Public Offers and Term Loan For which they Raised

During the year ended 31.03.2021, 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: 21089457AAAABB5068
Place: Ludhiana
Date: 08th July, 2021





MARSHALL MACHINES LIMITED

CIN: L29299PB1994PLC014605

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

BALANCE SHEET AS AT 31st March, 2021

| PARTICULARS | NOTE NO. | AS AT | AS AT |
|--|----------|-----------------------|-----------------------|
| | | 31.03.2021 | 31.03.2020 |
| | | In Rupees | In Rupees |
| I. EQUITY AND LIABILITIES | | | |
| 1. Shareholders' Funds | | | |
| (a) Share Capital | 2 | 14,55,00,000 | 14,55,00,000 |
| (b) Reserve & Surplus | 3 | 34,50,18,417 | 26,71,94,959 |
| 2. Non Current Liabilities | | | |
| (a) Long Term Borrowings | 4 | 12,85,66,824 | 13,72,42,635 |
| (b) Deferred Tax Liabilities (Net) | 5 | 5,89,29,152 | 3,00,09,134 |
| (c) Other Long Term Liabilities | 6 | 1,67,77,721 | 1,90,00,943 |
| (d) Long Term Provisions | 7 | 80,39,691 | 84,71,658 |
| 3. Current Liabilities | | | |
| (a) Short Term Borrowings | 8 | 20,83,37,024 | 18,74,90,130 |
| (b) Trade Payables | 9 | 21,09,79,202 | 19,94,32,163 |
| (c) Other Current Liabilities | 10 | 19,72,51,473 | 20,72,18,420 |
| (d) Short Term Provisions | 11 | 1,06,50,926 | 95,80,156 |
| TOTAL EQUITY AND LIABILITIES | | 1,33,00,50,430 | 1,21,11,40,199 |
| II. ASSETS | | | |
| 1. Non Current Assets | | | |
| (a) Property, Plant and Equipment | | | |
| (i) Tangible Assets | 24 | 61,82,82,352 | 31,92,93,699 |
| (ii) Intangible Assets | 24 | 6,45,77,884 | 6,86,69,795 |
| (iii) Capital Work in Progress | 24 | - | 14,11,31,796 |
| (b) Non Current Investments | - | - | - |
| (c) Long Term Loans & Advances | 12 | 19,81,487 | 19,81,487 |
| 2. Current Assets | | | |
| (a) Inventories | 13 | 48,02,51,165 | 45,79,03,226 |
| (b) Trade Receivables | 14 | 11,67,71,866 | 14,04,12,132 |
| (c) Cash & Bank Balances | 15 | 2,26,51,370 | 4,51,00,324 |
| (d) Short Term Loans & Advances | - | - | - |
| (e) Other Current Assets | 16 | 2,55,34,306 | 3,66,47,740 |
| TOTAL ASSETS | | 1,33,00,50,430 | 1,21,11,40,199 |
| Summary of Significant Accounting policies | 1 | | |

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.No.: 089457



(Ms. Gauri Agarwal)
Company Secretary
PAN: BVHPA7319B

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)
Whole Time Director & CFO
DIN: 01257440

(Mr. Suneel Kumar Yadav)
Head (F & A)

Place : Ludhiana

Date: 8th July, 2021



MARSHALL MACHINES LIMITED

CIN: L29299PB1994PLC014605

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

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st March, 2021

| PARTICULARS | NOTE NO. | YEAR ENDING | YEARS ENDING |
|---|----------|---------------|---------------|
| | | 31.03.2021 | 31.03.2020 |
| | | In Rupees | In Rupees |
| I. Revenue From Operations | 17 | 79,35,67,058 | 70,18,60,081 |
| II. Other Income | 18 | 11,19,418 | 80,30,072 |
| Gross Total Income (I+II) | | 79,46,86,476 | 70,98,90,154 |
| Less: GST | | 12,21,71,021 | 10,44,26,391 |
| III. Total Income | | 67,25,15,455 | 60,54,63,763 |
| IV. Expenses | | | |
| Cost of Material Consumed | 19 | 47,80,58,566 | 35,38,49,180 |
| Purchases of Stock-in-Trade | | - | - |
| Changes in Inventories of Finished Goods, Work in Progress | 20 | (1,55,69,303) | (5,26,84,997) |
| Employee Benefits Expenses | 21 | 6,60,53,927 | 6,82,91,657 |
| Finance Costs | 22 | 3,81,44,008 | 4,39,59,798 |
| Depreciation and amortisation expense | 24 | 5,12,31,637 | 8,10,18,888 |
| Other Expenses | 23 | 4,63,00,694 | 6,98,14,012 |
| Total Expenses | | 66,42,19,529 | 56,42,48,538 |
| V. Profit Before Exceptional and Extraordinary Items And Tax (III-IV) | | 82,95,926 | 4,12,15,225 |
| VI. Exceptional Items | | - | - |
| VII. Profit Before Extraordinary Items And Tax (V-VI) | | 82,95,926 | 4,12,15,225 |
| VIII. Extraordinary Items | | - | - |
| IX. Profit Before Tax | | 82,95,926 | 4,12,15,225 |
| X. Tax Expense: | | | |
| (1) Current Tax | | 12,94,160 | 82,46,240 |
| (2) Deferred Tax | | 28,51,501 | (43,36,682) |
| (3) MAT Credit Entitlement | | (12,94,160) | 75,56,520 |
| | | 28,51,501 | 1,14,66,078 |
| XI. Profit/(Loss) for the period from Continuing Operations (IX-X) | | 54,44,425 | 2,97,49,147 |
| XII. Profit/(Loss) from Discontinuing Operations | | - | - |
| XIII. Tax Expense of Discontinuing Operations | | - | - |
| XIV. Profit/(Loss) from Discontinuing Operations after Tax (XII-XIII) | | - | - |
| XV. Profit/(Loss) for the period (XI+XIV) | | 54,44,425 | 2,97,49,147 |
| XVI. Earning per Equity Share for discontinuing & continuing Operations : | | | |
| (1) Basic | | 0.37 | 2.04 |
| (2) Diluted | | 0.37 | 2.04 |

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.No.: 089457



Gauri

(Ms. Gauri Agarwal)
Company Secretary
PAN: BVHPA7319B

Place : Ludhiana

Date: 8th July, 2021

For and on behalf of Board of
Marshall Machines Limited

Gaurav Sarup

(Mr. Gaurav Sarup)
Managing Director
DIN: 00777489

Siddhant Sarup

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

Prashant Sarup

(Mr. Prashant Sarup)
Whole Time Director & CFO
DIN: 01257440

Suneel Kumar Yadav

(Mr. Suneel Kumar Yadav)
Head (F & A)



MARSHALL MACHINES LIMITED

CIN: L29299PB1994PLC014605

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

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st March, 2021

| PARTICULARS | Current Period 31.03.2021 (Rs.) | Previous Period 31.03.2020 (Rs.) |
|--|---------------------------------------|--|
| A. Cash Flow from Operating Activities | | |
| Net Profit before Taxes & Extraordinary Items | 82,95,926 | 4,12,15,225 |
| Adjustments for Non Cash Items: | | |
| Depreciation | 5,12,31,637 | 8,10,18,888 |
| Investment Income | (10,22,981) | (11,11,808) |
| Interest Expense | 3,39,82,165 | 3,97,97,617 |
| Income Tax Expense | - | (82,46,240) |
| Profit on Sale of Fixed Assets | (96,438) | - |
| Previous Year Adjustments | (18,15,974) | (21,90,582) |
| Adjustments for Changes in Working Capital: | | |
| (Increase)/ Decrease in Trade Receivables | 2,36,40,265 | (1,68,74,352) |
| (Increase)/ Decrease in Other Current Assets | (1,12,34,505) | (5,62,26,032) |
| Increase/ (Decrease) in Trade Payables | 1,15,47,039 | 3,86,33,953 |
| Increase/ (Decrease) in Short Term and Long Term Provisions | 3,03,595 | (1,74,88,714) |
| Increase/ (Decrease) in Other Long Term Liabilities | (22,23,222) | (41,64,335) |
| Increase/ (Decrease) in Other Current Liabilities | (99,66,947) | 79,87,616 |
| (Increase)/ Decrease in Loans & Advances | - | 1,62,500 |
| Cash Generation from Operations | 10,26,40,560 | 10,25,13,736 |
| Taxes Paid | (3,35,209) | (1,54,25,290) |
| Net Cash from Operating Activities | 10,29,75,769 | 11,79,39,025 |
| B. Cash Flows from Investing Activities | | |
| Purchase of Fixed Assets/ CWIP | (10,48,51,622) | (14,61,88,546) |
| Sale of Fixed Assets | 2,15,000 | - |
| Investment Income | 10,22,981 | 11,11,808 |
| Net Cash Flows from Investing Activities | (10,36,13,641) | (14,50,76,738) |
| C. Cash Flows from Financing Activities | | |
| Proceeds from Issue of Capital | - | - |
| Proceeds/(Repayment) of Long term Borrowings | (2,98,63,909) | 2,77,69,855 |
| Proceeds/(Repayment) of Short term Borrowings | 80,52,827 | 22,43,681 |
| Net Cash Flows from Financing Activities | (2,18,11,082) | 3,00,13,536 |
| Net Increase/(Decrease) in Cash & Cash Equivalent | (2,24,48,954) | 28,75,823 |
| Cash & Cash Equivalents - Opening Balance | 4,51,00,324 | 4,22,24,501 |
| Cash & Cash Equivalents - Closing Balance | 2,26,51,370 | 4,51,00,324 |

- 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.No.: 089457



(Ms. Gauri Agarwal)
Company Secretary
PAN: BVHPA7319B

Place : Ludhiana
Date: 8th July, 2021

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)
Whole Time Director & CFO
DIN: 01257440

(Mr. Suneel Kumar Yadav)
Head (F & A)



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 and Equipment

Property, Plant and 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 Property, Plant and Equipment and whose use is irregular are capitalized as part of the cost of machinery.

d) Depreciation

Effective 1 April 2020, method of providing depreciation for Property, Plant and Equipment by the Company has been changed to Straight Line Method from Written Down Value Method. This change is aligned with the change in Company’s expectation of the pattern of consumption of the economic benefits arising from these assets in future as against the past and technical evaluation.

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.

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.





MARSHALL MACHINES LIMITED

SHARE CAPITAL

NOTE NO.- 2

| PARTICULARS | AS AT | AS AT |
|---|--------------|--------------|
| | 31.03.2021 | 31.03.2020 |
| (a) Authorised 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) Issued,Subscribed & Paid Up 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 |
| (c) Par Value per Share is Rs. 10/- | | |

(d) Reconciliation of the number of equity shares outstanding

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|------------------|--------------|------------------|--------------|
| | 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 each shareholder holding more than 5% shares

| | | | | |
|--------------------|-----------|--------|-----------|--------|
| 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% |

(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 & SURPLUS

NOTE NO.- 3

| PARTICULARS | AS AT | AS AT |
|---|---------------------|---------------------|
| | 31.03.2021 | 31.03.2020 |
| | In Rupees | In Rupees |
| (a) Surplus | | |
| Opening Balance | 15,08,53,010 | 12,32,94,445 |
| Add: Addition/(Deduction) during the year | 54,44,425 | 2,97,49,147 |
| Add: Effect on Accumulated Depreciation due to Change in Method of WDV to SLM (Net of | 7,41,95,007 | - |
| Less: Tax Adjustments relating to Previous Year | 18,15,974 | 21,90,582 |
| | 22,86,76,468 | 15,08,53,010 |
| (b) Securities Premium Reserve | | |
| Opening Balance | 11,63,41,949 | 11,63,41,949 |
| Add: Addition during the year | - | - |
| Less: Deduction during the year | - | - |
| | 11,63,41,949 | 11,63,41,949 |
| TOTAL | 34,50,18,417 | 26,71,94,959 |

BORROWINGS

NOTE NO.- 4

| PARTICULARS | AS AT | AS AT |
|-----------------------------|---------------------|---------------------|
| | 31.03.2021 | 31.03.2020 |
| | In Rupees | In Rupees |
| (a) Secured Loans | | |
| i) Term Loans | 9,65,35,209 | 8,74,61,563 |
| ii) Vehicle Loans | 9,15,057 | 18,40,616 |
| (b) Unsecured Loans | | |
| i) Term Loans | 3,11,16,558 | 3,77,98,922 |
| ii) Loans from Shareholders | - | 1,01,41,535 |
| TOTAL | 12,85,66,824 | 13,72,42,635 |





MARSHALL MACHINES LIMITED

DEFERRED TAX (ASSETS)/LIABILITY (Net)

NOTE NO.- 5

| PARTICULARS | AS AT | AS AT |
|---|--------------------|--------------------|
| | 31.03.2021 | 31.03.2020 |
| | In Rupees | In Rupees |
| Deferred Tax Liability | | |
| Property, Plant and Equipment: Impact of difference between tax depreciation/ Amortisation and depreciation/ Amortisation charged for the financial reporting | 3,87,93,997 | 3,08,25,087 |
| Effect on Accumulated Depreciation due to Change in Method of WDV to SLM | 2,60,68,517 | - |
| Tax effect of items constituting deferred tax liability | 6,48,62,513 | 3,08,25,087 |
| Deferred Tax Asset | | |
| Impact of expenditure charged to Profit & Loss Statement in the current year but allowed for tax purpose on payment basis | 59,33,361 | 8,15,953 |
| Tax effect of items constituting deferred tax Asset | 59,33,361 | 8,15,953 |
| Net Deferred Tax (Assets)/Liability | 5,89,29,152 | 3,00,09,134 |

OTHER LONG TERM LIABILITIES

NOTE NO.- 6

| PARTICULARS | AS AT | AS AT |
|--|--------------------|--------------------|
| | 31.03.2021 | 31.03.2020 |
| | In Rupees | In Rupees |
| (a) Liabilities against Finance Lease of Plant and Machinery | 1,67,77,721 | 1,90,00,943 |
| TOTAL | 1,67,77,721 | 1,90,00,943 |

LONG TERM PROVISION

NOTE NO.- 7

| PARTICULARS | AS AT | AS AT |
|-------------------------------------|------------------|------------------|
| | 31.03.2021 | 31.03.2020 |
| | In Rupees | In Rupees |
| (a) Provision for Employee Benefits | 80,39,691 | 84,71,658 |
| TOTAL | 80,39,691 | 84,71,658 |

SHORT TERM BORROWINGS

NOTE NO.- 8

| PARTICULARS | AS AT | AS AT |
|---|---------------------|---------------------|
| | 31.03.2021 | 31.03.2020 |
| | In Rupees | In Rupees |
| (a) Secured Loans | | |
| i) Loans Repayable on Demand from Banks | 20,83,37,024 | 18,74,90,130 |
| TOTAL | 20,83,37,024 | 18,74,90,130 |

TRADE PAYABLES

NOTE NO.- 9

| PARTICULARS | AS AT | AS AT |
|------------------|---------------------|---------------------|
| | 31.03.2021 | 31.03.2020 |
| | In Rupees | In Rupees |
| Sundry Creditors | 21,09,79,202 | 19,94,32,163 |
| TOTAL | 21,09,79,202 | 19,94,32,163 |

OTHER CURRENT LIABILITIES

NOTE NO.- 10

| PARTICULARS | AS AT | AS AT |
|---|---------------------|---------------------|
| | 31.03.2021 | 31.03.2020 |
| | In Rupees | In Rupees |
| (a) Current Maturities of Long Term Debts | 5,26,00,165 | 4,17,97,477 |
| (b) Other Payables | | |
| i) Statutory Duties & Taxes | 1,56,15,219 | 95,15,352 |
| ii) Employee Benefits | 98,80,683 | 67,26,680 |
| iii) Advances from Customers | 5,41,86,688 | 6,78,35,943 |
| iv) Others | 6,49,68,718 | 8,13,42,968 |
| TOTAL | 19,72,51,473 | 20,72,18,420 |





MARSHALL MACHINES LIMITED

| SHORT TERM PROVISIONS | | NOTE NO.- 11 | |
|---|---------------------|---------------------|--|
| PARTICULARS | AS AT | AS AT | |
| | 31.03.2021 | 31.03.2020 | |
| | In Rupees | In Rupees | |
| (a) Provision for Employee Benefits | 18,05,615 | 16,90,405 | |
| (b) Others | | | |
| - Income Tax | 88,45,311 | 78,89,751 | |
| TOTAL | 1,06,50,926 | 95,80,156 | |
| LONG TERM LOAN AND ADVANCES | | NOTE NO.- 12 | |
| PARTICULARS | AS AT | AS AT | |
| | 31.03.2021 | 31.03.2020 | |
| | In Rupees | In Rupees | |
| i) Security Deposits | 19,81,487 | 19,81,487 | |
| TOTAL | 19,81,487 | 19,81,487 | |
| INVENTORIES | | NOTE NO.- 13 | |
| PARTICULARS | AS AT | AS AT | |
| | 31.03.2021 | 31.03.2020 | |
| | In Rupees | In Rupees | |
| (a) Raw Materials | 7,33,09,475 | 6,65,30,839 | |
| (b) Work in Progress | 37,85,21,668 | 29,20,80,000 | |
| (C) Finished Goods | | | |
| - Finished Material | 2,77,79,532 | 9,90,36,187 | |
| - Scrap | 6,40,490 | 2,56,200 | |
| (Taken as Valued & Certified by the Management of the Company) | | | |
| TOTAL | 48,02,51,165 | 45,79,03,226 | |
| TRADE RECEIVABLES | | NOTE NO.- 14 | |
| PARTICULARS | AS AT | AS AT | |
| | 31.03.2021 | 31.03.2020 | |
| | In Rupees | In Rupees | |
| Trade Receivables (Unsecured, considered good) | | | |
| a) Outstanding for a period exceeding six months from the date they are due for payment | 5,73,98,569 | 3,69,08,420 | |
| b) Other Receivables | 5,93,73,297 | 10,35,03,712 | |
| TOTAL | 11,67,71,866 | 14,04,12,132 | |
| CASH & BANK BALANCES | | NOTE NO.- 15 | |
| PARTICULARS | AS AT | AS AT | |
| | 31.03.2021 | 31.03.2020 | |
| | In Rupees | In Rupees | |
| i) Cash in Hand | 35,93,910 | 1,06,66,419 | |
| ii) Balances With Scheduled Banks | | | |
| a) In Current Accounts | 28,11,589 | 35,47,402 | |
| b) In Deposit Accounts | 1,62,45,871 | 3,08,86,504 | |
| TOTAL | 2,26,51,370 | 4,51,00,324 | |
| OTHER CURRENT ASSETS | | NOTE NO.- 16 | |
| PARTICULARS | AS AT | AS AT | |
| | 31.03.2021 | 31.03.2020 | |
| | In Rupees | In Rupees | |
| Unsecured, considered good | | | |
| (a) Advances to Suppliers | 80,90,474 | 25,81,974 | |
| (b) Others | 1,74,43,833 | 3,40,65,766 | |
| TOTAL | 2,55,34,306 | 3,66,47,740 | |





MARSHALL MACHINES LIMITED

REVENUE FROM OPERATIONS

NOTE NO.- 17

| PARTICULARS | YEAR ENDING | YEARS ENDING |
|---------------------------|---------------------|---------------------|
| | 31.03.2021 | 31.03.2020 |
| | In Rupees | In Rupees |
| Finished Goods | | |
| -Domestic Sale (Gross) | | |
| CNC Machines | 56,77,86,681 | 64,12,80,641 |
| Machinery Parts | 21,87,56,160 | 3,57,67,550 |
| -Export Sale | - | 1,71,98,797 |
| Other Operating Income | | |
| -Service Charges Received | 70,24,217 | 76,13,093 |
| TOTAL | 79,35,67,058 | 70,18,60,081 |

OTHER INCOME

NOTE NO.- 18

| PARTICULARS | YEAR ENDING | YEARS ENDING |
|-----------------------------------|------------------|------------------|
| | 31.03.2021 | 31.03.2020 |
| | In Rupees | In Rupees |
| Export Incentives | - | 2,71,307 |
| Interest (Gross) | 10,22,981 | 11,11,808 |
| Profit on Sale of Fixed Assets | 96,438 | - |
| Foreign Exchange Fluctuation | - | 65,338 |
| Excise Rebate under Legacy Scheme | - | 65,81,619 |
| TOTAL | 11,19,418 | 80,30,072 |

Cost of Material Consumed

NOTE NO.- 19

| PARTICULARS | YEAR ENDING | YEARS ENDING |
|--|---------------------|---------------------|
| | 31.03.2021 | 31.03.2020 |
| | In Rupees | In Rupees |
| Raw Material | | |
| Opening Stock | 6,65,30,839 | 6,04,39,067 |
| Add: Purchases (net) | 48,48,37,202 | 35,99,40,952 |
| | 55,13,68,041 | 42,03,80,019 |
| Less: Closing Stock | 7,33,09,475 | 6,65,30,839 |
| Cost of raw material consumed during the year (A) | 47,80,58,566 | 35,38,49,180 |

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

NOTE NO.- 20

| PARTICULARS | YEAR ENDING | YEARS ENDING |
|---|----------------------|----------------------|
| | 31.03.2021 | 31.03.2020 |
| | In Rupees | In Rupees |
| Opening Stocks | | |
| -Work in Process | 29,20,80,000 | 26,65,98,700 |
| -Finished Material | 9,90,36,187 | 7,18,08,690 |
| -Scrap | 2,56,200 | 2,80,000 |
| (A) | 39,13,72,387 | 33,86,87,390 |
| Closing Stocks | | |
| -Work in Process | 37,85,21,668 | 29,20,80,000 |
| -Finished Goods | 2,77,79,532 | 9,90,36,187 |
| -Scrap | 6,40,490 | 2,56,200 |
| (B) | 40,69,41,690 | 39,13,72,387 |
| DECREASE/(INCREASE) IN INVENTORIES (A-B) | (1,55,69,303) | (5,26,84,997) |





MARSHALL MACHINES LIMITED

EMPLOYEE BENEFITS EXPENSE

NOTE NO. - 21

| PARTICULARS | YEAR ENDING | YEARS ENDING |
|---------------------------------------|--------------------|--------------------|
| | 31.03.2021 | 31.03.2020 |
| | In Rupees | In Rupees |
| Wages, Salaries & Other Allowances | 6,35,35,000 | 6,49,38,938 |
| Contribution to PF, ESI & Other Funds | 18,05,688 | 22,21,176 |
| Staff & Labour Welfare | 7,13,239 | 11,31,543 |
| TOTAL | 6,60,53,927 | 6,82,91,657 |

FINANCIAL COSTS

NOTE NO. - 22

| PARTICULARS | YEAR ENDING | YEARS ENDING |
|---------------------------|--------------------|--------------------|
| | 31.03.2021 | 31.03.2020 |
| | In Rupees | In Rupees |
| a) Bank Charges | 41,61,844 | 41,62,181 |
| b) Interest on | | |
| i) Working Capital Limits | 1,27,94,067 | 1,41,21,029 |
| ii) Term Loans | 1,69,63,243 | 2,22,36,881 |
| iii) Others | 42,24,854 | 34,39,708 |
| TOTAL | 3,81,44,008 | 4,39,59,798 |

OTHER EXPENSES

NOTE NO. - 23

| PARTICULARS | YEAR ENDING | YEARS ENDING |
|---|--------------------|--------------------|
| | 31.03.2021 | 31.03.2020 |
| | In Rupees | In Rupees |
| MANUFACTURING EXPENSES | | |
| Custom Duty Expenses | 7,06,481 | 11,11,004 |
| Job Work Expenses | 6,43,612 | 18,82,674 |
| Power and Fuels | 23,56,732 | 38,48,098 |
| Packing Charges | 3,15,154 | 3,79,422 |
| ADMINISTRATIVE EXPENSES | | |
| Annual Maintenance Charges | 53,685 | 1,89,193 |
| Audit Fee | 3,50,000 | 3,50,000 |
| Car Running Repairs & Maintenance Charges | 4,78,496 | 12,52,943 |
| Director Sitting Fees | 2,25,000 | 2,25,000 |
| Entertainment Expenses | - | 2,15,340 |
| Festival Expenses | 5,02,433 | 8,34,671 |
| Fees, Rates and Taxes | 10,71,020 | 5,47,158 |
| Generator Rent | 62,284 | 2,28,000 |
| Insurance Expenses | 19,37,783 | 18,88,706 |
| Legal and Professional Charges | 42,85,508 | 50,57,861 |
| Misc. Expenses | 3,88,456 | 12,40,924 |
| Postage and Courier Expenses | 4,22,464 | 6,73,814 |
| Printing and Stationery Charges | 4,09,606 | 9,61,413 |
| Prior Period Expenses | 2,25,000 | - |
| Rebate and Discounts | 31,34,381 | 16,96,675 |
| Repairs and Maintenance | 72,67,292 | 21,93,387 |
| Rent | 18,57,292 | 32,72,819 |
| Security Guard Expenses | - | 1,16,000 |
| Telephone Expenses | 7,12,056 | 8,53,776 |
| Travelling Expenses | 1,03,46,170 | 1,72,00,645 |
| Corporate Social Responsibility Expenses | 13,06,132 | 8,03,560 |
| SELLING & DISTRIBUTION EXPENSES | | |
| Advertisement & Business Promotion Expenses | 41,77,984 | 1,96,44,973 |
| Foreign Exchange Fluctuation | 5,53,089 | - |
| Freight & Cartage Outward | 17,15,232 | 25,14,779 |
| Brokerage & Commission | 6,26,255 | 1,78,976 |
| Loading & Unloading Charges | 1,71,095 | 4,52,200 |
| TOTAL | 4,63,00,694 | 6,98,14,012 |





MARSHALL MACHINES LIMITED

NOTE NO.- 24

Property, Plant and Equipment as on 31.03.2021

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION/AMORTISATION | | | | NET BLOCK | |
|---|--------------------------|---------------------------|------------------------------|--------------------------|---------------------------|--------------------------|------------------------------|--------------------------|---------------------|---------------------|
| | BALANCE AS ON 01.04.2020 | ADDITIONS DURING THE YEAR | SALES/ ADJUST- MENT THE YEAR | BALANCE AS ON 31.03.2021 | BALANCE AS ON 01.04.2020 | PROVIDED DURING THE YEAR | SALES/ ADJUST- MENT THE YEAR | BALANCE AS ON 31.03.2021 | AS ON 31.03.2021 | AS ON 31.03.2020 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | |
| TANGIBLE ASSETS | | | | | | | | | | |
| LAND | 1,72,69,782 | - | - | 1,72,69,782 | - | - | - | - | 1,72,69,782 | 1,72,69,782 |
| BUILDING | 6,11,46,772 | - | - | 6,11,46,772 | 1,36,02,612 | 19,45,427 | - | 1,55,48,040 | 4,55,98,732 | 4,75,41,160 |
| COMPUTER | 46,86,998 | 1,50,017 | - | 48,47,015 | 38,12,813 | 4,52,836 | - | 42,65,649 | 5,81,366 | 8,71,185 |
| ELECTRIC INSTALLATION | 49,46,077 | 5,998 | - | 49,52,075 | 36,90,043 | 4,73,003 | - | 41,63,046 | 7,89,030 | 12,51,034 |
| FURNITURE & FIXTURES | 33,93,918 | 3,945 | - | 33,97,863 | 20,26,022 | 3,21,454 | - | 23,47,476 | 10,50,387 | 13,67,896 |
| VEHICLES | 1,55,15,583 | 8,87,834 | 23,71,249 | 1,40,32,168 | 1,00,99,458 | 7,88,296 | 22,52,687 | 86,35,067 | 53,97,101 | 54,16,125 |
| MOTOR CYCLE | 6,74,305 | - | - | 6,74,305 | 4,82,332 | 60,055 | - | 5,42,387 | 1,31,908 | 1,91,973 |
| OFFICE EQUIPMENTS | 67,28,300 | 57,291 | - | 67,85,591 | 56,68,302 | 2,36,525 | - | 59,04,827 | 8,80,764 | 10,51,997 |
| LEASEHOLD PLANT & MACHINERY | 2,50,41,249 | - | - | 2,50,41,249 | 15,94,636 | 15,85,946 | - | 31,80,582 | 2,18,60,667 | 2,34,46,613 |
| PLANT & MACHINERY | 29,51,83,655 | 23,50,53,734 | - | 63,02,34,389 | 7,92,23,010 | 2,62,80,754 | - | 10,55,11,774 | 52,47,22,615 | 31,59,69,645 |
| TOTAL | 53,45,86,638 | 23,61,65,820 | 23,71,249 | 76,83,81,209 | 12,01,99,228 | 3,21,52,316 | 22,52,687 | 15,00,98,857 | 61,82,82,352 | 41,43,87,410 |
| INTANGIBLES ASSETS | | | | | | | | | | |
| RESEARCH-NEW PRODUCTS | 7,32,31,553 | - | - | 7,32,31,553 | 2,15,41,327 | 1,83,07,888 | - | 3,98,49,215 | 3,33,82,338 | 5,16,96,226 |
| PATENT, PATTERN AND SOFTWARES | 62,16,109 | - | - | 62,16,109 | 33,37,459 | 7,71,433 | - | 41,08,892 | 21,07,217 | 28,78,650 |
| RESEARCH-NEW PRODUCTS UNDER DEVELOPMENT | 1,79,42,732 | 77,21,390 | - | 2,56,64,122 | - | - | - | 2,56,64,122 | 1,79,42,732 | 1,79,42,732 |
| Softwares (Under Development) | 13,28,000 | 20,96,208 | - | 34,24,208 | - | - | - | - | 34,24,208 | 13,28,000 |
| TOTAL | 9,87,18,394 | 98,17,598 | - | 10,85,35,992 | 2,48,78,786 | 1,90,79,322 | - | 4,39,58,108 | 6,45,77,884 | 7,38,38,607 |
| CWIP | 14,11,31,796 | 5,39,18,938 | 23,50,50,734 | - | - | - | - | - | - | 14,11,31,796 |
| TOTAL | 14,11,31,796 | 5,39,18,938 | 23,50,50,734 | - | - | - | - | - | - | 14,11,31,796 |
| TOTAL | 77,44,36,828 | 33,99,60,356 | 23,74,21,983 | 87,69,17,201 | 14,50,78,014 | 5,12,31,637 | 22,52,687 | 19,40,56,965 | 68,28,60,236 | 62,93,58,814 |





MARSHALL MACHINES LIMITED

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 Property, Plant and Equipment 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. Details 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 | <ol style="list-style-type: none">Equitable mortgage of properties situated at: C-86, Phase-V, Focal Point, Ludhiana, & D-116A, Phase-V, Focal Point, Ludhiana.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.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. |
| Emergency Credit Line Guarantee Scheme (ECGLS) | Other Banks & Financial Institutions | Emergency Credit Line Guarantee Scheme having 100% guarantee coverage by National Credit Guarantee Trustee Company (NCGTC) |

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.

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 31.03.2021 | Year ended 31.03.2020 |
|--|--------------------------|--------------------------|
| Present value of obligation as at beginning of the period | 1,01,62,063 | 72,29,089 |
| Acquisition adjustment | - | - |
| Interest Cost | 6,75,777 | 5,50,857 |
| Past Service Cost | - | - |
| Current Service Cost | 14,49,895 | 17,53,749 |
| Curtailement Cost/ (Credit) | - | - |
| Settlement Cost/ (Credit) | - | - |
| Benefits Paid | - | - |
| Actuarial (gain)/ loss on obligation | (24,42,429) | 6,28,368 |
| Present Value of obligations at the end of the year | 98,45,306 | 1,01,62,063 |

Amount recognized in Balance Sheet

| Particulars | Year ended 31.03.2021 | Year ended 31.03.2020 |
|---|--------------------------|--------------------------|
| Present value of obligation at the end of the year | 98,45,306 | 1,01,62,063 |
| Fair Value of Plan Assets at the end of the year | - | - |
| Funded Status | (98,45,306) | (1,01,62,063) |
| Unrecognised Actuarial (gain)/ loss | - | - |
| Net Asset/ (Liability) recognized in the Balance Sheet | (98,45,306) | (1,01,62,063) |

Expense recognized in Statement of Profit and Loss

| Particulars | Year ended 31.03.2021 | Year ended 31.03.2020 |
|--|--------------------------|--------------------------|
| Current Service Cost | 14,49,895 | 17,53,749 |
| Past Service Cost | - | - |
| Interest Cost | 6,75,777 | 5,50,857 |
| Expected Return on Plan Assets | - | - |
| Curtailement Cost/ (Credit) | - | - |
| Settlement Cost/ (Credit) | - | - |
| Net actuarial (gain)/ loss recognized in the year | (24,42,429) | 6,28,368 |
| Expenses recognized in the statement of Profit and Loss | (3,16,757) | 29,32,974 |

Assumptions

| Particulars | Year ended 31.03.2021 | Year ended 31.03.2020 |
|---|--------------------------|--------------------------|
| Discount Rate | 6.65% | 6.65% |
| Rate of increase in Compensation levels | 5.00% | 5.00% |
| Rate of Return on Planned Assets | Not Applicable | Not Applicable |
| Expected Future Service | 22.65 Years | 21.84 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)**

i) The company has not paid its creditors amounting to Rs. 6.84 Crores which are due but not paid for more than 180 days. Subject to the provisions of section 16 (2) of CGST Act, 2017, input Tax Credit of GST taken has to be reversed and could be availed when the principle amount is paid. In view of above, there may arise interest and penalty subject to the provisions of the CGST Act, 2017. In the absence of proper records we are unable to reliably calculate the amount of interest and penalty which may arise.

(Rs. In Lacs)

| Particulars | 31.03.2021 | 31.03.2020 |
|---------------------------------------|------------|------------|
| (a) Claim not acknowledged as debts | | |
| i) Sales Tax under appeal | - | - |
| ii) Income Tax under appeal | - | - |
| (b) Bank Guarantees/ Letter of Credit | - | 249.93 |
| (c) Capital commitments | - | - |

Note 29: Deferred Taxation

(Rs. In Lacs)

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---------------|---------------|
| Deferred Tax Liabilities | 343.46 | 343.46 |
| Addition during the year due to timing difference on account of depreciation/ amortization | 348.54 | 0.00 |
| Total (A) | 692.00 | 343.46 |
| Deferred Tax Assets | 43.37 | 35.21 |
| On account of expenditure claimed in books but allowable under Income Tax only on payment basis | 59.33 | 8.16 |
| Total (B) | 102.70 | 43.37 |
| Net Deferred Tax Liabilities [A-B] | 589.30 | 300.09 |

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 as per the information & explanation provided to us, there are 17 parties which have been disclosed as due but not paid under MSME category of the creditors and the amount due is Rs. **1,40,74,280.00**.

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:

i.) The Company has not paid its creditors

(Rs. In Lacs)

| Particulars | 2020-21 | 2019-20 |
|------------------------------------|---------|---------|
| 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 | 2020-21 | 2019-20 |
|--------------------------------|---------|---------|
| i) Statutory Audit | 1.75 | 1.75 |
| ii) Tax Audit | 1.75 | 1.75 |
| iii) Reimbursement of Expenses | - | - |
| Total | 3.50 | 3.50 |

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: Depreciation and Amortization

Effective from 1st April 2020, method of providing depreciation for Fixed Assets by the Company has been changed to Straight Line Method from Written Down Value Method. This change is aligned with the change in Company's expectation of the pattern of consumption of the economic benefits arising from these assets in future as against the past and technical evaluation.

Till FY20, The Company was following Written Down Value (WDV) depreciation method. Based on evaluation during the year, Company considered to change the depreciation method from WDV to Straight Line Method (SLM) and has given effect from April 01, 2020. Consequently, depreciation and amortisation expense for the year ended on 31st March, 2021 is lower by Rs. 1.76 Crores and to that extent the profits of the company are overstated. Hence, depreciation and amortisation expense is not comparable with previous year.

Note 36: 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)*

| Particulars | 2020-21 | 2019-20 |
|---|------------------|------------------|
| 1) Rent paid to related parties - Enterprises in which key management personnel have significant influence | 2.40 | 2.40 |
| 2) Managerial Remuneration paid - Key Managerial Persons and their relatives | 85.18 | 96.40 |
| 3) Loan Received/ (Repaid) - Key Managerial Persons and their relatives | 0.00 | 0.00 |
| 4) Interest Paid - Key Managerial Persons and their relatives | 0.00 | 0.00 |
| 5) Closing Balances of Related Parties at 31.03.2020 | 5.55 (Credit) | 4.34 (Credit) |

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



**Note 37: Earnings Per share (EPS)**

(Amounts in ₹)

| Particulars | 2020-21 | 2019-20 |
|--|-----------------------|-----------------------|
| Profit after tax attributable Equity shareholders (Numerator used for calculating basic EPS) | ₹ 54,44,425 | ₹ 2,97,49,147 |
| Weighted average number of equity share outstanding (Denominator used for calculating basic (EPS) | 1,45,50,000 Shares | 1,45,50,000 Shares |
| Earnings / share (EPS) | ₹ 0.37 | ₹ 2.04 |

Note 38: Value of imports calculated on C.I.F basis by the company during the financial year in respect of:-

| Particulars | 2020-21 | 2019-20 |
|----------------------------|--------------------|----------------------|
| Raw materials | Nil | Nil |
| Components and spare parts | ₹ 78,51,162 | ₹ 1,31,67,654 |
| Capital goods | Nil | Nil |
| Total | ₹ 78,51,162 | ₹ 1,31,67,654 |

Note 39: 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 40:

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.

As per our report of even date attached
For S. Sood & Co.
Chartered Accountants
FRN: 010801N

(Sanjay Sood)
Partner
M.No.: 089457



Place : Ludhiana
Date: 8th July, 2021

(Ms. Gauri Agarwal)
Company Secretary
PAN: BVHPA7319B

For and on behalf of Board of
Marshall Machines Limited

(Signature of Mr. Gaurav Sarup) *(Signature of Mr. Prashant Sarup)*

(Mr. Gaurav Sarup)
Managing Director
DIN: 00777489

(Mr. Prashant Sarup)
Whole Time Director & CFO
DIN: 01257440

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

(Signature of Mr. Suneel Kumar Yadav)
(Mr. Suneel Kumar Yadav)
Head (F & A)



ACCOUNTING RATIOS

The accounting ratios required under Clause 14(B) of Part B-1 of Schedule VI of the SEBI ICDR Regulations. The following tables present certain accounting and other ratios derived from the Restated Audited Financial Information for the Financial Years ending March 31, 2023, March 31, 2022 and March 31, 2021. For further details please refer to the section titled “*Financial Information*” beginning on page 125.

(Amount in ₹ lakhs, except mentioned otherwise)

| Particulars | For the Financial Year ended March 31, 2023 | For the Financial Year ended March 31, 2022 | For the Financial Year ended March 31, 2021 |
|---|--|--|--|
| Net Profit/ (loss) after tax | (689.20) | (311.66) | 35.96 |
| Income tax expenses | (229.43) | (55.94) | 22.16 |
| Finance Cost | 441.44 | 446.41 | 381.44 |
| Depreciation and Amortization expense | 587.25 | 626.63 | 512.32 |
| Earnings Before Interest, Tax, Depreciation and Amortisation (A) | 110.06 | 705.44 | 951.88 |
| Equity Share capital | 1455.00 | 1455.00 | 1455.00 |
| Reserves and Surplus | 2498.06 | 3142.19 | 3447.53 |
| Net Worth (B) | 3953.06 | 4597.19 | 4902.53 |
| Profit for the Year as per Statement of Profit and Loss attributable to Equity Shareholders (C) | (689.20) | (311.66) | 35.96 |
| Number of issued, subscribed and fully paid-up Equity Shares outstanding as at the year ended (Numbers) (D) | 145.50 | 145.50 | 145.50 |
| Return on Net Worth (%) (C/B) | (4.74) | (2.14) | 0.25 |
| Net Asset Value per Equity Share (₹) (B/D) | 27.17 | 31.60 | 33.69 |
| Basic and Diluted Earnings per Equity Share (₹) | (4.74) | (2.14) | 0.25 |

*Not Annualised

Where,

Basic Earnings per Equity Share (₹) =

$$\frac{\text{Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders after exceptional item, as applicable}}{\text{Weighted Average number of Equity Shares}}$$

Diluted Earnings per Equity Share (₹) =

$$\frac{\text{Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders after exceptional item, as applicable}}{\text{Weighted Average number of Equity Shares (including convertible securities)}}$$

Return on Net Worth (%) =

$$\frac{\text{Profit for the Year as per Statement of Profit and Loss attributable to Equity Shareholders (prior to other comprehensive income)}}{\text{Weighted Average number of Equity Shares (including convertible securities)}}$$

$$\text{Net Asset Value per Equity Share (₹) = } \frac{\text{Net Worth}}{\text{Number of Equity Shares outstanding for the year}}$$



STATEMENT OF CAPITALISATION

(Amount in ₹ lakhs)

| Particulars | Pre-Issue as at March 31, 2023 | As adjusted for the issue (Post-Issue)* |
|--|--------------------------------------|---|
| Total Borrowings | | |
| Current borrowings* | 2735.22 | [•] |
| Non-current Borrowings (including current maturity)* | 1789.94 | [•] |
| Total Borrowings (A) | 4525.16 | |
| | | |
| Total Equity | | |
| Equity share capital* | 1455.00 | [•] |
| Other equity* | 2498.06 | [•] |
| Total Equity (B) | 3953.06 | |
| Ratio: Total Borrowings (A)/ Total Equity (B) | 1.14 | [•] |

*These terms shall carry the meaning as per Schedule III of the Companies Act, 2013 (as amended).

Note: Post Issue Capitalisation will be determined post finalization of relevant parameters at the time of finalizing the final Letter of Offer.



STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

Our Company's Equity Shares are listed on the NSE and the Rights Equity Shares issued pursuant to this Issue will be listed on NSE - the Designated Stock Exchange. For further details, please refer to the section titled "Terms of the Issue" beginning on page 269.

Our Company shall receive an in-principle approval for listing of the Rights Equity Shares on the NSE to be issued pursuant to this Issue from Rights Equity Shares pursuant to letter bearing reference number '[•]' dated [•]. Our Company shall also make applications to NSE to obtain trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

For the purpose of this section, unless otherwise specified:

1. Year is a Financial Year;
2. Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
3. High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, as the case may be; and
4. In case of two days with the same high/low/closing price, the date with higher volume has been considered.

STOCK MARKET DATA OF THE EQUITY SHARES

The Equity Shares of our Company are listed on the NSE. Stock market data for our Equity Shares has been given for NSE.

NSE

The high, low and average prices recorded on the NSE, during the preceding 3 (Three) Financial Years and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:

| Financial Year | Date of High | High | Volume on Date of High (No. of Equity Shares) | Date of Low | Low | Volume on Date of Low (No. of Equity Shares) | Average Price for the Financial Year |
|----------------|--------------|------|---|-------------|------|--|--------------------------------------|
| 2022-23 | 02-Mar-23 | 50 | 38,216 | 23-Mar-23 | 40.1 | 1,49,210 | 45.43 |
| 2021-22* | 02-Dec-21 | 69.5 | 2,91,132 | 23-Apr-21 | 11 | 12,000 | 44.51 |
| 2020-21 | 22-Dec-20 | 15.5 | 90,000 | 10-Jul-20 | 4.85 | 15,000 | 8.95 |

Source: www.nseindia.com

* migrated from NSE Emerge to Main Board of NSE w.e.f. November 11, 2021.

Notes:

High, low and average prices are based on the daily closing prices.

In case of two days with the same high or low price, the date with the high volume has been considered.

The high, low, and average prices recorded on the NSE, during the last 6 (Six) months and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:

| Month | Date of High | High | Volume (No. of Equity Shares) | Date of Low | Low | Volume (No. of Equity Shares) | Weighted Average Price |
|----------|--------------|------|-------------------------------|-------------|------|-------------------------------|------------------------|
| Jun - 23 | 19-Jun-23 | 68.4 | 23261 | 08-Jun-23 | 60 | 1,30,554 | 64.55 |
| May - 23 | 22-May-23 | 63.7 | 1,51,099 | 03-May-23 | 54 | 167319 | 59.39 |
| Apr - 23 | 27-Apr-23 | 59.7 | 98,001 | 03-Apr-23 | 46.1 | 91,408 | 54.08 |
| Mar - 23 | 02-Mar-23 | 50 | 38,216 | 23-Mar-23 | 40.1 | 1,49,210 | 45.39 |
| Feb - 23 | 21-Feb-23 | 55 | 5,42,781 | 01-Feb-23 | 25.4 | 64,979 | 39.51 |
| Jan - 23 | 24-Jan-23 | 31 | 12,11,240 | 23-Jan-23 | 25.3 | 22,208 | 28.68 |

Source: www.nseindia.com



Notes:

High, low and average prices are based on the daily closing prices.

In case of two days with the same high or low price, the date with the high volume has been considered.

The Board has approved the Issue at their meeting held on April 06, 2023. The high and low prices of Equity Shares as quoted on the NSE on April 10, 2023, the day on which the trading in the Equity Shares happened immediately following the date of the Board meeting are as follows:

| Date | High | Low | Volume (No. of Equity Shares) | Weighted Average Price |
|-------------|------|------|----------------------------------|---------------------------|
| 10-Apr-2023 | 56 | 52.8 | 1,11,320 | 55.35 |

Source: www.nseindia.com

Notes:

High, low and average prices are based on the daily closing prices.

The Issue Price of ₹ [•]/- (Rupees [•] Only) per Equity Share has been arrived at by our Company in consultation with the Lead Manager.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the section titled “*Financial Information*” beginning on page 125 of this Draft Letter of Offer.

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should also read the section titled “*Forward Looking Statements*” and “*Risk Factors*” and beginning on pages 19 and 27, respectively of this Draft Letter of Offer, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.

You should read the following discussion and analysis of our financial condition and results of operations together with the Financial Statements, including the significant accounting policies, notes thereto and reports thereon, which have been prepared in accordance with Companies Act and SEBI ICDR Regulations.

Our Financial Statements have been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including IFRS. Accordingly, the degree to which Financial Statements will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are for the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for Financial 2023, Financial 2022 and Financial 2021 included herein is based on the Restated Audited Financial Statements, included in this Draft Letter of Offer. For further information, please refer section titled “*Financial Information*” beginning on page 125 of this Draft Letter of Offer.

Note: Statement in the Management Discussion and Analysis Report describing our objectives, outlook, estimates, expectations or prediction may be “*Forward Looking Statements*” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors could make a difference to our operations include, among others, economic conditions affecting demand/supply and price conditions in domestic and overseas market in which we operate, changes in Government Regulations, Tax Laws and other Statutes and incidental factors.

OUR BUSINESS

Our Company was originally incorporated as a private limited company under the Companies Act, 1956 as V.B. Spinning Mills Private Limited vide certificate of incorporation dated May 23, 1994 issued by the Registrar of Companies, Punjab, H.P. & Chandigarh. Subsequently, a fresh certificate of incorporation dated January 02, 2002 was issued by Registrar of Companies, Punjab, H.P. & Chandigarh, pursuant to change of name of our Company from V.B. Spinning Mills Private Limited to Marshall Machines Private Limited. 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. Subsequently, the name of the company was changed to Marshall Machines Limited pursuant to conversion into a public company vide shareholder's approval dated April 24, 2018 and vide fresh certificate of incorporation dated May 17, 2018 issued by Registrar of Companies, Chandigarh. Our Company successfully launched its IPO and get listed in NSE Emerge (SME Platform) w.e.f. September 07, 2018. The Company through its postal ballot resolution passed dated September 10, 2021 with the requisite majority of the shareholders, migrated from NSE Emerge to Main Board of NSE w.e.f. November 11, 2021.

Our Company is in the business of designing, manufacturing, and deploying solution offerings, providing after sales services for 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 56 year ago to initially manufacture hosiery machines. Products offered by the Company include single spindle CNC machines, innovative two spindle & four spindle CNC machines, automated robotic CNC machine solutions, and Industry 4.0 products such as Smart Correct Gauging Stations. Since then, the Company has grown into a well-regarded player in automated solutions, smart and technologically superior machine tool offerings that enable its clients to enhance productivity, reduce cost per component, and generate a higher return on investment (ROI) from their machines. Constant product innovation, achieved via rigorous research and development, intellectual



property generation and protection, has enabled the Company to produce solutions that meet the emerging needs of its clients.

For further details, please refer to the chapter titled “*Business Overview*” beginning on page 84.

FINANCIAL PERFORMANCE

The restated financial performance of our Company for the year ended on March 31, 2023 March 31, 2022 and March 31, 2021 is as follows:

| Particulars | (₹ in Lakhs) | | |
|------------------------------|---------------------------|---------------------------|---------------------------|
| | Year ended March 31, 2023 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Revenue from operations | 3449.53 | 6032.61 | 6713.96 |
| EBITDA | 110.06 | 705.44 | 951.88 |
| Total Profit / (loss) | (689.20) | (311.66) | 35.96 |

SIGNIFICANT DEVELOPMENTS AFTER MARCH 31, 2023 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as disclosed above and in this Draft Letter of Offer, including under “*Our Business*” and “*Risk Factors*” on pages 84 and 27 respectively, to our knowledge no circumstances have arisen since March 31, 2023, the date of the last financial information disclosed in this Draft Letter of Offer which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business is subject to various risks and uncertainties, including those discussed in the section titled “*Risk Factors*” beginning on page 27 of this Draft Letter of Offer.

Our Company’s future results of operations could be affected potentially by the following factors:

1. Company’s ability to successfully implement our strategy, our growth and expansion;
2. Failure to comply with regulations prescribed by authorities of the jurisdictions in which we operate;
3. An increase in the productivity and overall efficiency of our competitors;
4. Inability to successfully obtain registrations in a timely manner or at all;
5. General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
6. Our ability to effectively manage a variety of business, legal, regulatory, economic, social and political risks associated with our operations;
7. Changes in laws and regulations relating to the industries in which we operate;
8. Our ability to attract, retain and manage qualified personnel;
9. Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
10. Delays in recovering dues from state owned distribution companies resulting in loan defaults;
11. Changes in technology and our ability to manage any disruption or failure of our technology systems;
12. The performance of the financial markets in India;
13. Any adverse outcome in the legal proceedings in which we are involved;
14. Occurrences of natural disasters or calamities affecting the areas in which we have operations;
15. Market fluctuations and industry dynamics beyond our control;
16. Our ability to expand our geographical area of operation;
17. Our ability to purchase the material and the availability of the same at reasonable prices;
18. Changes in the SEBI and RBI regulations, interest rates and tax laws in India;
19. Other factors beyond our control;
20. Our ability to manage risks that arise from these factors.



SIGNICANT ACCOUNTING POLICIES

Except as mentioned in section titled “*Financial Information*” beginning on page 125 of this Draft Letter of Offer, there has been no change in accounting policies during the Fiscal years 2023, 2022 and 2021.

CHANGES IN ACCOUNTING POLICIES

Except as mentioned in section titled “*Financial Information*” beginning on page 125 of this Draft Letter of Offer, there has been no change in accounting policies during the Fiscal years 2023, 2022 and 2021.

RESERVATIONS, QUALIFICATIONS, MATTER OF EMPHASIS, ADVERSE REMARKS / OTHER OBSERVATIONS IN CARO

The Auditors’ Report contains any qualifications, reservations or adverse remarks as given below:

A. Auditors' reports issued by us dated June 02, 2023 on the financial statements of the Company for the year ended March 31, 2023 as referred in Paragraph 4 & 5 of Audit Report above which include the following Emphasis of Matter and Key Audit Matters respectively.

1. The Company has migrated to main board of NSE with effect from 22.11.2021. Therefore, IND AS is adopted considering the transition date of 01.04.2020. Accordingly, the financial statements have been stated as per IND AS.
2. In respect of Inventories during the year under audit, the management has neither undertaken any physical verification of the Inventories nor has segregated inventory of slow moving and Dead stocks. We were unable to conduct the Annual Physical Verification at the yearend as the management had informed us that their Key Managerial Personnel including Accounts & Finance Manager and Stores in-charge have resigned and left the company. The management had expressed its helplessness under this situation to provide us with Complete Inventory records. However we have been communicated by the Management that they have engaged an Independent Chartered Accountancy firm for the Physical Verification and Valuation of Inventory as per IND AS 2 and the firm has submitted their Inventory Valuation report dated 04.04.2023.

However, in our opinion, the comparative inventory holding levels, in view of steep decline in the Turnover of the Company as compared to earlier years are higher and simultaneously there has been an increased percentage of Non - Regularly Traded and Manufactured Products in the Total Turnover of the company. Hence we are unable to comment on the realizable value of the same. The impact of above remarks, presently are not ascertainable and therefore cannot be commented upon.

3. As per Note no. 14 of the Restated Financial Information, Creditors include MSME creditors amounting to ₹ 133 Lacs which have been identified by the company as due but not paid within stipulated time period under Micro Small and Medium Enterprises Development Act, 2006 (MSMED).

However, in our opinion and as per information and records provided to us, the company does not have proper records of MSME creditors neither any written communication is available with the company regarding the status of the creditors falling under MSME category, so reliable estimates of the amount due but not paid could not be made. Further no provision for Interest on above described delayed payments has been made in the books of accounts. To that extent the loss of the company is understated. However, we are unable to quantify the extent of loss.

4. There are number of pending cases against the Company in various Courts of law. The Company has mentioned the cases in the respective Note of the Standalone Financial Statements. The amount under dispute has already been booked in the books of accounts of the company however, no interest has been provided in the books of accounts since the decision of the cases are pending and in the opinion of the Directors the cases will be in the favour of the company.
5. With reference to the comments in our Independent Audit Report (part B) CARO-2020 under the clause IX (a) (i), In our opinion the company is not regular in repayment of its loans and interest thereon to the financial institutions and banks. The loan instalments have been delayed many times during the year {for



individual instances refer clause IX a (i) of Annexure B of this report (The CARO-2020 report order)}. However, in the absence of proper records we are unable to comment on their Loan account status. But some of the Financial Institutions have classified the company's account as substandard asset as on date of audit report. Letter of Credits taken from the bank, in four number of cases have not been paid so far after the due date. Out of these four cases of Letter of credits the delay is more than one year in some of the cases.

6. During the year under review, Total 161 employees have left the company. Out of these employees, the Company has written off the amount payable of some of such employee during the financial year, as a full and final settlement of their dues. Company has also reversed the earlier gratuity provision of ₹ 40.81 Lacs on the above mentioned employees on the basis of written legal opinion taken from their Legal advisor of labour Laws. However, such transactions have not been confirmed by any of those employees and neither the company has any written communication available from such employees. In view of above, there may arise any liability/ litigation in the future in respect of such employees.
7. During the year under audit, the Company has made Sales amounting to ₹ 1642 Lacs for the products which are not regularly traded and manufactured by the company. (Above Sales of Non — Regularly Traded and Manufactured Goods constitute 47.60% of the total sales of the company during the financial year. The Management has not provided to us the confirmed copy of account from the said parties.
8. Company has taken the Advances from its Customers amounting to ₹ 963 Lacs. This includes advances of ₹ 367 Lacs which are more than a year old. Balances of Sundry Advances are subject to confirmation and reconciliations.
9. Company has written off credit balances amounting to ₹ 279.28 Lacs during the year, on account of some balances of Sundry Creditors, Employees & Other Payables which in the opinion of Management are not payable. And simultaneously the company has written off debit balances amounting to ₹ 38.24 Lacs during the year on account of some balances of Sundry debtors and advances to employees, which in the opinion of the management are not realizable. Net effect of the above transactions is an amount of ₹ 241.04 Lacs has been shown under the Head Other Incomes in the Standalone Financial Statements. However, all such transactions are not confirmed by the respective third parties.
10. The Company has not been regular in depositing its Statutory Dues. The Statutory dues payable as on 31.03.2023 have not been paid in full, which includes Income Tax Payable on Self-Assessment u/s 140A of Income Tax Act, 1961 amounting to ₹ 94.50 Lacs for A.Y 2020-21, TDS amounting to ₹ 35.50 Lacs, Provident Fund amounting to ₹ 12.45 Lacs and ESI amounting to ₹ 3.50 Lacs along with Interest thereon which are outstanding for more than six months. The delay in deposit of taxes may result in company having to pay interest and penalty for the same in the future, the amount of which cannot be ascertained as of now.
11. Company has not realized its Foreign debtor amounting to ₹ 105.07 Lacs within the time prescribed under the regulations of the FEMA Act, 1999 Subject to the which penalty under the provisions of Act may be levied on violation. According to the Directors the delay was due to the dispute arising during the Covid2019 times which could not be resolved. However, they are quite hopeful of settling this in this year.
12. As per Note No. 14. of the Restated Financial Information, out of the Total Trade Payables of ₹ 3814 Lacs, sundry creditors amounting to ₹ 2024 Lacs are due for more than 180 days, which include the creditors which are subject to the provisions of section 16(2) of the CGST Act, 2017, Input Tax Credit of GST which has been taken against such unpaid creditors has to be reversed and further the Interest and penalty may be levied on such amounts. The Company has not sent any Balance confirmations letters to its trade creditors during the year under audit. Therefore, we are unable to comment about the authenticity of the Balances of Trade Payables at the end of the year.
13. As per Note No. 5 of the Restated Financial Information, out of Total Trade Receivables of ₹ 2839 Lacs, the trade receivables amounting to ₹ 385 Lacs and ₹ 273 Lacs are pending for realization for more than 3 years and 2 years respectively. The Company has not sent any Balance Confirmation letters to its debtors during the year under audit. However, the management of the company confirms that all the trade



receivables are good and fully realizable. Balances of Sundry Debtors are subject to confirmation and reconciliations.

B. Auditors' reports issued by us dated July 04, 2022 on the financial statements of the Company for the year ended March 31, 2022 as referred in Emphasis of Matter paragraph

1. The Company has migrated to main board of NSE with effect from 22.11 .2021. Therefore, IND AS is adopted considering the transition date of 01.04.2020. Accordingly, the financial statement have been stated as per INDAS.
2. As per Note no. 14 of the Restated Financial Information, Creditors include MSME creditors amounting to ₹ 139 Lacs which have been identified by the company as due but not paid within stipulated time period under Micro Small and Medium Enterprises Development Act, 2006 (MSMED).

However, in our opinion and as per information and records provided to us, the company does not have proper records of MSME creditors so reliable estimates of the amount due but not paid could not be made. Further no provision for Interest on above described delay payments has been made in the books of accounts. To that extent the loss of the company is understated.

3. There are pending cases against the Company in various court of law. The Company has mentioned the cases in the respective Note of the financial statements. Amount under dispute has already been booked in the books of accounts of the company however No interest has been provided in the books of accounts since the decision of the cases are pending and in the opinion of the Directors the cases will be in the favour of the company.
4. With reference to the comments in our Independent Audit Report (Part B) CARO-2020 under the clause IX (a) (i) and (ii), in our opinion the company is not regular in repayment of its loans and interest thereon to the financial institutions and banks. The loan instalments have been delayed many times during the year {for individual instances refer clause IX a (i) of Annexure B of this __ report (The CARO-2020 Report Order)}. However, in the absence of proper records we are unable to comment on their Loan account status.
5. Company has spent an amount of ₹ 8.64 lacs towards corporate social responsibility expenses (CSR Activities) to "Bhartiya Shishu Niketan School". However, in our opinion and as per information and explanation provided to us the above mentioned School does not have CSR certificate issued by Government Authorities and is not eligible for CSR Donation.
6. The Company has not deposited its statutory dues on regular basis. However, all the Statutory dues payable as on 31.03.2022 have been paid as on date of report except the Income Tax Payable on Self-Assessment u/s 140A of Income Tax Act,1961 amounting to ₹ 86.68 Lacs for A.Y 2020-21 along with Interest thereon which is outstanding for more than six months. The company and its directors had received a notice from the Income Tax authorities regarding delayed deposit of TDS & TCS in earlier years and same has been Compounded by the authorities on payment of ₹ 7.82 lacs during the year. In our opinion and as per the information and explanation provided to us the delay in deposit of Taxes may cause result in Company having to pay penalty for the same in the future, the amount of which cannot be ascertained as of now.
7. Company has not realized its Foreign debtor amounting to ₹ 96.88 Lacs within the time prescribed under the regulations of the FEMA Act. Subject to which penalty under the provisions of FEMA may levy on violation of the provisions of the said Act. According to the Directors the delay was due to Covid 19.
8. As per Note No. 14 of the Restated Financial information, out of the Total Trade Payables of ₹ 2489 Lacs, sundry creditors amounting to ₹ 1627 Lacs are due for more than 180 days, which include creditors amounting to ₹ 1327 Lacs which are subject to the provisions of section 16(2) of the CGST Act, 2017, Input Tax Credit of GST which has been taken against such unpaid creditors has to be reversed and further the Interest and penalty may be charged on such amounts.



9. As per Note No. 5 of the Restated Financial Information, out of Total Trade Receivables of ₹ 1800 Lacs, the trade receivables amounting to ₹ 404 Lacs are pending for realization for more than 3 years. However, the management of the company confirms that all the trade receivables are good and fully realizable.

C. Auditors' reports issued by us dated July 08, 2021 on the financial statements of the Company for the year ended March 31, 2021 as referred in Emphasis of Matter paragraph:

1. The Company has changed its method of providing depreciation for Fixed Assets effective from 1st April 2020 from Written down Value Method to Straight Line Method. In view of the management of the company the change is aligned with the change in Company's expectation of the pattern of consumption of the economic benefits arising from these assets in future as against the past and technical evaluation. This results on revaluation of the carrying amounts and depreciation costs.

- i. Subject to above and with reference to Note no. 2 of restated Financial Information, the Net Block of the Fixed Assets as on 01st April, 2020 has increased (from ₹ 5291 Lacs to ₹ 6293 Lacs) by ₹ 1002 Lacs and correspondingly Deferred Tax Liability has increased (from ₹ 300 Lacs to ₹ 560 Lacs) by ₹ 260 Lacs along with Increase in Reserves & Surplus (from ₹ 1508 Lacs to ₹ 2250 Lacs) by ₹ 742 Lacs.
- ii. Subject to the change of method of depreciation and with reference to Note no. 2 of Restated Financial Information, depreciation cost for the year is lowered by ₹ 176 Lacs (from WDV depreciation of ₹ 688 Lacs to SLM depreciation of ₹ 512 Lacs) and to that extent the profits of the company are overstated.

2. As per Note no. 14 of the Restated Financial Information, Creditors include MSME creditors amounting to ₹ 140 Lacs which have been identified by the company as due but not paid within stipulated time period under Micro Small and Medium Enterprises Development Act, 2006 (MSMED). However, in our opinion and as per information and records provided to us, the company does not have proper records of MSME creditors so reliable estimates of the amount due but not paid could not be made. Further no provision for Interest on above described delayed payments has been made in the books of accounts. To that extent the profits of the company are overstated.

For details, see section titled “*Financial Information*” on page 125.

PRINCIPAL COMPONENTS OF OUR STATEMENT OF PROFIT AND LOSS

Revenue

Our revenue comprises of:

i. Revenue from operations

Revenue from operations is on account of sales of products i.e. CNC Machines, Machinery Parts, Other Traded Parts and Sale of services i.e. Service Charges Received.

ii. Other Income

Other income primarily comprises recurring income which includes Interest income from bank on deposits, Profit on Sale of Property, Plant & Equipment, Credit Balances Written-off and Foreign Exchange Fluctuation.

Expenses

Our expenses primarily comprise cost of material consumed, changes in inventories of finished goods and work-in-progress, employee benefit expenses, finance costs and other expenses.

i. Cost of material consumed

The Cost of material consumed comprises of purchase of raw material like CNC Machines and Machinery Parts.

ii. Changes in inventories of finished goods, work-in-progress

Changes in inventories of finished goods, work-in-progress comprises of difference in closing stock vis-a-vis opening stock of work in process, finished goods and scrap.



iii. Employee benefit expense

Employee benefit expense consists of salaries and wages, Director's Remuneration, contribution to provident fund & other funds and staff welfare expenses.

iv. Finance cost

Finance cost comprises interest on working capital limits, interest on term loan, finance charges on finance leases and other borrowing costs.

v. Other expenses

Other expenses comprise of Job Work Expenses, Power and Fuels, Packing Charges, Annual Maintenance Charges, Audit Fee, Car Running & Maintenance Charges, Director Sitting Fees, Festival Expenses, Fees, Rates and Taxes, Fine & Penalty Charges, Generator Rent, Insurance Expenses, Legal and Professional Charges, Misc. Expenses, Postage and Courier Expenses, Printing and Stationery Charges, Prior Period Expenses, Rebate and Discounts, Repairs and Maintenance, Rent, Telephone Expenses, Travelling Expenses, CSR expenditure, Advertisement & Business Promotion Expenses, Foreign Exchange Fluctuation, Freight & Cartage Outward, Brokerage & Commission and Loading & Unloading Charges.

vi. Tax expenses

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or asset is recognized based on the difference between taxable profit and book profit due to the effect of timing differences. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date

RESULT OF OUR OPERATION

The following table sets out selected data from the Restated Financial Statements for the Financial Years ended 2023, 2022 and 2021 together with the percentage that each line item represents of our total revenue for the periods presented.

| Particulars | For the year March 31, 2023 | | For the year March 31, 2022 | | For the year March 31, 2021 | |
|---|-----------------------------|-------------------|-----------------------------|-------------------|-----------------------------|-------------------|
| | Amount in ₹ lakhs | % of total income | Amount in ₹ lakhs | % of total income | Amount in ₹ lakhs | % of total income |
| Revenue | | | | | | |
| Revenue From Operations | 3449.52 | 93.23 | 6032.61 | 99.77 | 6713.96 | 99.83 |
| Other Income | 250.36 | 6.77 | 13.71 | 0.23 | 11.19 | 0.17 |
| Total Income (A) | 3699.89 | 100.00 | 6046.31 | 100.00 | 6725.15 | 100.00 |
| Expenses | | | | | | |
| Cost of Material Consumed | 1767.37 | 47.77 | 4163.34 | 68.86 | 4788.65 | 71.21 |
| Purchases Of Stock-In-Trade | 1258.79 | 34.02 | - | - | - | - |
| Changes In Inventories Of Finished Goods and Stock in Trade | (270.40) | (7.31) | (372.40) | (6.16) | (155.69) | 2.32 |
| Employee Benefits Expense | 621.35 | 16.79 | 1074.80 | 17.78 | 684.96 | 10.19 |
| Finance Cost | 441.44 | 11.93 | 446.41 | 7.38 | 381.44 | 5.67 |
| Depreciation And Amortization Expense | 587.25 | 15.87 | 626.63 | 10.36 | 512.32 | 7.62 |
| Other Expenses | 212.71 | 5.75 | 475.14 | 7.86 | 456.35 | 6.79 |
| Total Expenses (B) | 4618.52 | 124.83 | 6413.92 | 106.08 | 6667.03 | 99.14 |
| Profit / (Loss) before Exceptional Item (A-B) | (918.63) | (24.83) | (367.60) | (6.08) | 58.13 | 0.86 |



| Particulars | For the year March 31, 2023 | | For the year March 31, 2022 | | For the year March 31, 2021 | |
|---|-----------------------------|-------------------|-----------------------------|-------------------|-----------------------------|-------------------|
| | Amount in ₹ lakhs | % of total income | Amount in ₹ lakhs | % of total income | Amount in ₹ lakhs | % of total income |
| Exceptional Item | - | - | - | - | - | - |
| Profit / (Loss) after Exceptional Item | (918.63) | (24.83) | (367.60) | (6.08) | 58.13 | 0.86 |
| Tax Expense | | | | | | |
| Current Tax | - | - | - | - | 12.94 | 0.19 |
| Deferred Tax Liability/(Assets) Excess/(Short) Provision Of Earlier Years | (229.43) | (6.20) | (55.94) | (0.93) | 9.22 | 0.14 |
| Profit/ (Loss) For The Period | (689.20) | (18.63) | (311.66) | (5.15) | 35.96 | 0.53 |
| Other comprehensive income | 45.07 | 1.22 | 6.32 | 0.10 | 18.07 | 0.27 |
| Items that will not be reclassified to Profit or Loss | | | | | | |
| Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period) | (644.13) | (17.41) | (305.34) | (5.05) | 54.04 | 0.80 |

COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2023 WITH FINANCIAL YEAR ENDED MARCH 31, 2022

A) Total Revenue:

Our total revenue for the Fiscal 2023 was ₹ 3699.89 lakhs as compared to ₹ 6046.31 lakhs for the Fiscal 2022, representing an decreased of (38.81%). Total revenue comprises of:

i) Revenue from Operations

Our revenue from operations for the Fiscal 2023 was ₹ 3449.53 lakhs as compared to ₹ 6032.61 lakhs for the Fiscal 2022, representing an decreased of (42.82%). This decrease was primarily due to decrease in sale of our products.

ii) Other income

Other income for the Fiscal 2023 was ₹ 250.36 lakhs as compared to ₹ 13.71 lakhs for the Fiscal 2022, representing an increase of (1726%). The increase in other income was primarily due to Debit and credit balances deemed non recoverable or non-payable written off.

B) Expenses:

Our total expenditure for the Fiscal 2023 was ₹ 4618.52 lakhs as compared to ₹ 6413.92 lakhs for the Fiscal 2022, representing a decrease of (27.99%). Total expenditure comprises of:

i) Cost of Material Consumed

The Cost of Material Consumed for the Fiscal 2023 was ₹ 1767.37 lakhs as compared to ₹ 4163.34 lakhs for the Fiscal 2022, representing a decrease of 57.55%. This decrease is in line with the decline in total turnover.



ii) Purchase of Stock in Trade

The purchase of Stock in trade for the Fiscal 2023 was ₹ 1258.79 lakhs as compared to Nil for the Fiscal 2022. This increase was due to some focus on development of trading activity to supplement primary manufacturing business.

iii) Changes in Inventories of finished goods and Stock in trade

The changes inventories of finished goods and stock in trade for the Fiscal 2023 were ₹ (270.40) lakhs as compared to ₹ (372.40) lakhs for the Fiscal 2022, primarily due decrease in closing stock of finished goods and stock in trade.

iv) Employee benefit expenses

Employee benefit expense for the Fiscal 2023 was ₹ 621.35 lakhs as compared to ₹ 1074.80 lakhs for the Fiscal 2022, representing a decrease of 42.19%. This decrease was due to decrease in the director's remuneration and reduction in number of employees as a part of the rationalization of employees exercise in each department

v) Finance cost

Finance cost for the Fiscal 2023 was ₹ 441.44 lakhs as compared to 446.41 lakhs for the Fiscal 2022, representing a decrease of (1.11%). The decrease in finance cost is due to decrease in interest rate as compare to previous year and better utilisation of fund.

vi) Depreciation and Amortization Expenses

Depreciation and amortization expense for the Fiscal 2023 was ₹ 587.25 lakhs as compared to ₹ 626.63 lakhs for the Fiscal 2022, representing a decrease of (6.28%). The decrease is as per the regular schedule of charging depreciation as per the SLM method.

vii) Other expenses

Other expenses for the Fiscal 2023 were ₹ 212.71 lakhs as compared to ₹ 475.14 lakhs for the Fiscal 2022, representing a decrease of (55.23%). The decrease was mainly due to decrease in Fine & Penalty Charges, Postage and Courier Expenses, Repairs and Maintenance, Travelling Expenses, Advertisement & Business Promotion Expenses, Freight & Cartage Outward, legal and professional.

C) Profit/(loss) before tax:

Profit/(loss) before Tax for Fiscal 2023 was ₹ (918.63) lakhs as compared to ₹ (367.60) lakhs for Fiscal 2022. This increase in profit/(loss) was primarily due to fall in sales.

D) Tax expenses:

Total tax expense for the Fiscal 2023 was ₹ (229.43) lakhs as compared to ₹ (55.94) lakhs for Fiscal 2022.

E) Profit/(loss) after tax:

For the reasons discussed above, the profit/(loss) after tax for the Fiscal 2023 was ₹ (689.20) lakhs as compared to ₹ (311.66) lakhs for the Fiscal 2022.

F) Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations:

Other than as described in the section titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 27 and 240, respectively, of this Draft Letter of Offer, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

G) Unusual or Infrequent Events or Transactions:

Except as described elsewhere in this Draft Letter of Offer, there have been no events or transactions to our knowledge which may be described as "unusual" or "infrequent".



H) Significant economic changes that materially affected or are likely to affect income from continuing operations

Other than as described in this Draft Letter of Offer to our knowledge there are not any significant economic changes that materially affected or are likely to affect income from continuing operations.

I) Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as disclosed in the section titled “Risk Factors” beginning on page 27 of this Draft Letter of Offer to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

J) Expected future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known:

Other than as described in the section titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 27 and 240 respectively, and elsewhere in this Draft Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company. Our Company’s future costs and revenues will be determined by demand/supply situation and government policies.

K) Significant dependence on a Single or Few Suppliers or Customers:

Other than as described in this Draft Letter of Offer, particularly in section titled “Risk Factors” beginning on page 27, to our knowledge, there is no significant dependence on a single or few customers or suppliers.

L) Related Party Transactions:

For details, please see the section titled “Financial Information” beginning on page 125.

M) Significant developments after March 31, 2023 that may affect our future results of operations:

Other than as disclosed in this Draft Letter of Offer, there have been no significant developments after March 31, 2023 that may affect our future results of operations. For further information, please see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Material Developments” on page 240.

N) The extent to which the business is seasonal:

Our Company’s business is not seasonal in nature.

O) Competitive Conditions

We face competition from existing and potential organised and unorganized competitors which is common for any business. We have, over a period of time, developed certain competitive strengths which have been discussed in section titled “Risk Factor” & “Business Overview” beginning on pages 27 and 84 of this Draft Letter of Offer.



MATERIAL DEVELOPMENTS

To our knowledge no circumstances have arisen since the date of the latest audited balance sheet i.e. March 31, 2023, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities, except as mentioned below:

- The Board of Directors of our Company has, at its meeting held on April 06, 2023, approved fund raising, for an amount not exceeding ₹ 49.90 crores, through Rights Issue to the eligible equity shareholders.
- The Company has been incorporated a subsidiary i.e. Marpts Trading Private Limited (CIN: U46599PB2023PTC058625) on May 26, 2023, with an initial authorized and paid-up share capital of ₹ 1,00,000/- each (investment by the Company is 51%) to undertake business to sell the machines, equipment's, parts etc. in retail and in wholesale mode.
- The Company has been incorporated a subsidiary i.e. Mar-Turn Solutions Private Limited (CIN: U28221PB2023PTC058688) on May 30, 2023, with an initial authorized and paid-up share capital of ₹ 1,00,000/- each (investment by the Company is 51%) to undertake business of manufacturing of machines, equipment's, parts etc. Mar-Turn Solutions Private Limited shall serve as an R & D arm of the Company.
- The Board of Directors of our Company has appointed Mr. Surinder Bir Singh (DIN: 10216266) as an Additional (Non-Executive Independent Director) of the Company w.e.f. June 27, 2023, for a term of five years, subject to approval of the Shareholders.
- The Board of Directors of our Company has considered and approved resignation of Ms. Komal Bhalla (DIN: 09106916), from the position of the Additional (Non-executive Independent) Director of the Company w.e.f. July 11, 2023.
- Our Company circulated a Postal Ballot Notice dated July 11, 2023 ('Postal Ballot') to seek approval of members vide special resolution approval of - regularisation of appointment of independent director, increase in authorised capital, re-appointment of whole time directors and independent director. The results of the Postal Ballot shall be announced by the Chairman of the Company on or before August 13, 2023.
- The Right Issue Committee of our Company has, at its meeting held on July 25, 2023 approved Draft Letter of Offer for the proposed Rights issue and filed with the stock exchange for In-Principle approval.



SECTION VIII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS, DEFAULTS AND MATERIAL DEVELOPMENTS

Our Company is involved in certain legal proceedings from time to time, which are primarily in the nature of tax disputes, economic offences, criminal complaints, civil suits, and petitions pending before various authorities. Except as disclosed below, there is no outstanding litigation with respect to (i) pending criminal litigation involving our Directors or Subsidiary Companies; (ii) actions taken by statutory or regulatory authorities involving our Company, Directors, Promoters or Subsidiary Companies; (iii) outstanding claims involving our Directors, Promoters or Subsidiary Companies for any direct and indirect tax liabilities; (iv) material fraud against our Company in the last five years immediately preceding the year of this Draft Letter of Offer; (v) inquiry, inspection or investigation initiated or conducted under the Companies Act 2013 or any previous companies law against our Company during the last five years immediately preceding the year of this Draft Letter of Offer and if there were prosecutions filed (whether pending or not); (vi) fines imposed or compounding of offences for our Company in the last five years immediately preceding the year of this Draft Letter of Offer; (vii) litigation or legal action against our Promoter by any ministry or Government department or statutory authority during the last five years immediately preceding the year of this Draft Letter of Offer; (viii) pending litigations involving our Company, Directors, Promoters, Subsidiary Companies or any other person, as determined to be material by the Company's Board of Directors in accordance with the SEBI (ICDR) Regulations;

Further, Neither our Company nor its Promoters, members of the Promoter Group, Subsidiaries and Directors have been declared as wilful defaulters or fraudulent borrowers by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them.

Further, apart from those as stated below, there are no show-cause notices / claims served on the Company, its Promoters, its Directors or its Subsidiary Companies from any statutory authority / revenue authority that would have a material adverse effect on our business.

- For the purpose of determining materiality, the threshold shall be determined by the issuer as per regulations provided under SEBI (LODR) Regulations;
 - a. All criminal proceedings, statutory or regulatory actions and taxation matters, involving our Company, Promoters, Directors, or Subsidiary Companies, as the case may be, shall be deemed to be material;
 - b. All other pending litigation involving our Company, Promoters, Directors, or Group Companies as the case may be, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' if (1) two percent of turnover, as per the last audited financial statements of the listed entity; (2) two percent of net worth, as per the last audited financial statements of the listed entity, except in case the arithmetic value of the net worth is negative; (3) five percent of the average of absolute value of profit or loss after tax, as per the last three audited financial statements of the Company.

Unless stated to the contrary, the information provided below is as of the date of this Draft Letter of Offer.

LITIGATION INVOLVING OUR COMPANY

1) Litigation Involving Actions by Statutory/Regulatory Authorities

| Company | Civil | Criminal | GST (Litigation – Orders / Appeals) | Income Tax (Litigation – Orders / Appeals) | Outstanding Demands and short payments for TDS |
|---------------------------|---------------------|--------------------|-------------------------------------|--|--|
| Marshall Machines Limited | 14 Annexure – IV | 1 Annexure – IV | As Per Annexure -I | As Per Annexure -II | As Per Annexure- III |

Annexure 1: GST Notice and security served to the Company

| Notice/Demand Order ID | Issued by | Type | Notice/ Order Description | Date of Issuance | Due date | Amount of demand |
|------------------------|-----------|------|---------------------------|------------------|----------|------------------|
| NA | | | | | | |



Details of Lower Credit Claimed and ITC Comparisons for different FYs:-

| FY | Liability as per | | | ITC as per | | |
|------------|------------------|-----------------|-------------|-----------------|-----------------|----------------|
| | GSTR1 | GSTR 3B | Difference | GSTR 3B | GSTR 2A | Difference |
| FY 2017-18 | 8,96,15,389.38 | 8,95,65,399.00 | (49,990.38) | 7,07,35,319.00 | 7,03,72,527.07 | 3,62,791.93 |
| FY 2018-19 | 12,38,58,832.86 | 12,39,08,846.00 | 50,013.14 | 11,51,35,639.00 | 11,55,97,305.35 | (4,61,666.35) |
| FY 2019-20 | 10,57,61,172.24 | 10,57,61,174.00 | 1.76 | 9,34,48,016.00 | 9,80,91,502.99 | (46,43,486.99) |
| FY 2020-21 | 11,99,76,607.90 | 12,02,50,947.74 | 2,74,339.84 | 10,11,88,735.24 | 10,04,04,861.73 | 7,83,873.51 |
| FY 2021-22 | 11,07,73,163.19 | 11,14,00,500.64 | 6,27,337.45 | 8,81,13,502.14 | 7,91,51,105.58 | 89,62,396.56 |
| FY 2022-23 | 5,63,66,149.95 | 5,66,16,819.75 | 2,50,669.80 | 5,45,64,568.61 | 5,43,14,267.95 | 2,50,300.66 |

Notes:-

- Difference in above GST Liabilities is due to Liability under Reverse charge Mechanism (the liability under reverse charge is shown in GSTR 3B only but not mentioned in GSTR1).
- Difference in ITC is due to year end bills and said Invoices/Materials are received in next financial year & the said Credit is taken in Next year accordingly but in GSTR 2A it's shown in Previous year.

Annexure – II: Outstanding demand pending are as under:

| Sr. No. | AY | Notice/Demand Order ID | Date of Issuance / Period | Amount of demand |
|---------|---------|--|---|--|
| 1. | 2020-21 | 2021202037029575880C | 18/12/2021 | 1,18,37,549/- Additional notices Pertaining to above Demand |
| | | ITBA/COM/F/17/2022-23/1046323126(1) - DCIT-1, Ludhiana | Payment of Self Assessment Tax AY 2020-21 | |
| | | ITBA/RCV/F/17/2022-23/1049646601(1) - Circle 1- Ludhiana | 143(1)(a) order dated 18/12/2021 | |

Other Notices pending are as under:

| Notice/Demand Order ID | Issued by | Type | Notice/ Order Description | Date of Issuance | Due date | Amount of demand in Notice |
|---|------------------|-----------------------|---------------------------|------------------|----------|---------------------------------------|
| ITBA/AST/F/17/2021-22/1035289904(1) | DCIT-1, Ludhiana | Notice for Re-opening | 147, 148 and 142(1) | 03/09/2021 | NA | 35,65,282/- |
| ITBA/AST/F/142(1)/2021-22/1033865665(1) | DCIT-1, Ludhiana | Notice U/s | 142(1) | 30/06/2021 | NA | Addl. Notice related to above matter. |

Notes: As per written Declaration from Company, the Company has already replied to above notices; 1) For Notice ITBA/AST/F/17/2021-22/1035289904(1) reply vide Document ID 100036248338 denying the issuance as the said notice is time barred in law 2) while Notice ITBA/AST/F/142(1)/2021-22/1033865665(1) is an additional notice pertaining to above matter.

Annexure – III: TDS default pending are as under

| FY | Short Payment | Short Deduction | Interest on payment default u/s 201 | Interest on Deduction default u/s 201 | Late Filing fees u/s 234E | Interest u/s 220(2) | Total Default |
|------------|---------------|-----------------|-------------------------------------|---------------------------------------|---------------------------|---------------------|---------------|
| 2022-23 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2021-22 | 4000 | 3467 | 20209 | 140 | 16200 | 988 | 45004 |
| 2020-21 | 0 | 0 | 0 | 0 | 600 | 102 | 702 |
| 2019-20 | 0 | 0 | 0 | 0 | 2496 | 960 | 3456 |
| Prior Year | 0 | 0 | 0 | 0 | 0 | 0 | 129310 |



| | | | | | | | |
|--------------|-------------|-------------|--------------|------------|--------------|-------------|---------------|
| Total | 4000 | 3467 | 20209 | 140 | 19296 | 2050 | 178472 |
|--------------|-------------|-------------|--------------|------------|--------------|-------------|---------------|

Notes: Above is Current liability shown on Traces Dashboard. As per declaration from Company, Company has paid the outstanding demands, but the same is unconsumed against the FY wise Outstanding. The same shall be knocked off against the outstanding liability. As on July 3, 2023 amount of ₹ 3,10,666/- remains unconsumed on Traces Portal.

Annexure – IV: Details of Litigation against Company:

| Sr. No. | Petitioner / Aggrieved | Brief of Case | Section / Type | Court and Case Number | Amount Involved (in ₹) |
|----------------|---|--|--|---|-------------------------------|
| 1. | Techtronics Automation, Faridabad | Supplier supplied LM Guide, Ball Screw, Coupling (Order Material) at higher than market price by influencing the purchase manager by stating the other suppliers were offering items were ingenuine. Upon discovery, the payments were halted. | Civil | - | 11,63,948/- |
| 2. | Nexco Automation Technologies Pvt. Ltd., Vadodara | Marshall purchased Turret from the supplier, but due to unavailability of required after sales service of the product, it affected the Business of Marshall to material extent. Upon discovery, the payments were halted. | Civil | - | 30,95,975/- |
| 3. | Rollmann Trading Company | Supplier supplied faulty LM guides and ballscrews (Order material) which affected the performance of the machine. Upon discovery, the payments were halted. | Civil | - | 32,58,548/- |
| 4. | Infinite Uptime India Pvt. Ltd. | New type of Sensors was sent on verbal assurance that payment would post we are able to sale the same in Market. Payments are subject to market response of the Products. | Civil | Civil Court, Sr. Division, Pune Case - 369/2021 | 4,09,200/- |
| 5. | Ringfeder Power Transmission India Pvt. Ltd | Supplier supplied faulty couplings where complete replacement had to be done in the field by Marshall, causing great harassment to clients and team. Thus, the payments were halted. | Civil | - | 6,08,522/- |
| 6. | Shri Laxmi Enterprises* | As per terms of the PO the advance was non-refundable in case the customer did not take delivery of the machine as per the payment terms. The said advance is thus forfeited. | Section 138 -Criminal Dishonor of cheque | - | 3,70,200/- |
| 7. | Navyug Enterprise, Ludhiana | Due to COVID the payment of the supplier got delayed which led to filing of the case by Petitioner. | Civil | - | 5,85,758/- |
| 8. | Premier India Bearings Ltd., Ludhiana | Supplier supplied Bearings (Order Material) at higher than market price by stating the other suppliers were offering items were ingenuine. Upon discovery, the payments were halted. | Civil | - | 29,58,938/- |
| 9. | Marotia Tools & Alloys Pvt. Ltd., Ludhiana | Supplier supplied Inappropriate quality of Material and thus payments were halted. | Civil | Chief Judicial magistrate, Ludhiana Case –6/2022 | 4,60,961/- |



| | | | | | |
|--------------|---------------------------------------|---|-------|--|--|
| 10. | Goodluck Engineering, Delhi | Customer ordered a very special and customised machine. Due to their loss in business did take delivery of the ready machine and as per terms of PO – the advance amount was forfeited. | Civil | - | 5,99,225/- |
| 11. | Ruchin Jindal | Commercial Dispute | Civil | Chief Judicial magistrate, Ludhiana Case – 196/2022 | Not Ascertainable |
| 12. | Wave Technologies Inc, Vimal Dudhagra | Cheque Dishonour | Civil | Civil Court, Rajkot Case – 42023/2021 | 2,27,740/- |
| 13. | Nirapjit Singh | Commercial Dispute | Civil | District and Sessions Court, Ludhiana Case – 40/2019 | Not Ascertainable / Case mutually Disposed |
| 14. | JV Export | Commercial Dispute | Civil | High Court of Punjab Case – 1113/2019 | Not Ascertainable / Case mutually Disposed |
| 15. | Laxmi Factory Tools Pvt. Ltd. | Commercial Dispute | Civil | Chief Metropolitan magistrate, THC, West Delhi Case - 3327/2021 | Not Ascertainable / Case mutually Disposed |
| Total | | | | | 2,08,48,354/- |

2) Proceedings involving issues of moral turpitude or criminal liability on the part of our Company

As on date of this Draft Letter of Offer, except as stated above there are no issues of moral turpitude or criminal liability on the part of our Company.

3) Proceedings involving Material Violations of Statutory Regulations by our Company

As on date of this Draft Letter of Offer, except as mentioned above there are no matters involving Material Violations of Statutory Regulations by our Company.

4) Matters involving economic offences where proceedings have been initiated against our Company

As on date of this Draft Letter of Offer, except as stated above there are no matters involving economic offences where proceedings have been initiated against our Company.

LITIGATION INVOLVING OUR DIRECTORS, PROMOTERS, PROMOTERS GROUP AND KMPs

Litigation Involving Actions by Statutory/Regulatory Authorities:

As on date of this Draft Letter of Offer, except as mentioned below, there are no subsisting litigations involving actions by statutory/ regulatory authorities filed by or against our directors, promoters, and promoter group.

Details of Litigation against Promoters / Promoter Group, Directors and KMPs

| Promoters & Promoters Group | Civil ¹ | Criminal ² |
|-----------------------------|--------------------|-----------------------|
| Gaurav Sarup | 1 | 6 |
| Archana Sarup | 1 | 6 |
| Siddhant Sarup | 1 | 6 |



| | | |
|--------------------|--------------------------|-----------------------------|
| Prashant Sarup | 1 | 6 |
| Directors | Civil¹ | Criminal² |
| Rita Aggarwal | 0 | 0 |
| Anil Singla | 0 | 0 |
| Satvinder Singh | 0 | 0 |
| Surinder Bir Singh | 0 | 0 |
| KMPs | Civil¹ | Criminal² |
| Prashant Sarup | 1 | 6 |
| Gauri Agarwal | 0 | 0 |

¹Civil Cases:

| Name | Case Number | Section / Type | Petitioner / Aggrieved | /Amount Involved (in ₹) |
|----------------|---|------------------------------------|-----------------------------|-------------------------|
| Gaurav Sarup | Case 856/2021 CNR:GJRJ25001588 2021 | Summary Suit under Cpc. - Civil | Navnitbhai Ratibhai Maru | 2,07,918/- |
| Archana Sarup | | | | |
| Siddhant Sarup | | | | |
| Prashant Sarup | | | | |

²Criminal Cases:

| Sr. No. | Name | Case Number | Section / Type | Petitioner / Aggrieved | Amount Involved (in ₹) |
|---------|---|---|---|--|------------------------|
| 1. | Gaurav Sarup Archana Sarup Siddhant Sarup Prashant Sarup | 42023/2021 CNR: GJRJ0204793520221 | 138 of Negotiable Instruments Act, 1881 Cheque Dishonour | Vimal J. Dudhagara M/s Wave Technologies | 2,27,740/- |

| Sr. No. | Name | Case Number | Section / Type | Petitioner / Aggrieved | Amount Involved (in ₹) |
|---------|---|-------------------------------|---|------------------------------------|------------------------|
| 2. | Gaurav Sarup Archana Sarup Siddhant Sarup Prashant Sarup | 7638/2022 PBLD030241372022 | 138 of Negotiable Instruments Act, 1881 Cheque Dishonour | Soni Electrical and Electronics | 27,59,722/-* |

| Sr. No. | Name | Case Number | Section / Type | Petitioner / Aggrieved | Amount Involved (in ₹) |
|---------|---|-------------------------------|--|------------------------------------|------------------------|
| 3. | Gaurav Sarup Archana Sarup Siddhant Sarup | 7636/2022 PLBD030241362022 | 138 of Negotiable Instruments Act, 1881 | Soni Electrical and Electronics | 27,59,722/-* |



| | | | | | |
|--|----------------|--|------------------|--|--|
| | Prashant Sarup | | Cheque Dishonour | | |
|--|----------------|--|------------------|--|--|

| Sr. No. | Name | Case Number | Section / Type | Petitioner / Aggrieved | Amount Involved (in ₹) |
|---------|----------------|-------------------------------|---|---------------------------------|------------------------|
| 4. | Gaurav Sarup | 7623/2022 PLBD030240162022 | 138 of Negotiable Instruments Act, 1881 Cheque Dishonour | Soni Electrical and Electronics | 27,59,722/-* |
| | Archana Sarup | | | | |
| | Siddhant Sarup | | | | |
| | Prashant Sarup | | | | |

| Sr. No. | Name | Case Number | Section / Type | Petitioner / Aggrieved | Amount Involved (in ₹) |
|---------|----------------|--------------------------------|---|---------------------------------|------------------------|
| 5. | Gaurav Sarup | 7565/2022 PLBD0302371222022 | 138 of Negotiable Instruments Act, 1881 Cheque Dishonour | Soni Electrical and Electronics | 27,59,722/-* |
| | Archana Sarup | | | | |
| | Siddhant Sarup | | | | |
| | Prashant Sarup | | | | |

| Sr. No. | Name | Case Number | Section / Type | Petitioner / Aggrieved | Amount Involved (in ₹) |
|---------|----------------|-------------------------------|---|------------------------|------------------------|
| 6. | Gaurav Sarup | 2206/2021 HRFB030193662021 | 138 of Negotiable Instruments Act, 1881 Cheque Dishonour | Shri Laxmi Enterprises | 3,70,200/- |
| | Archana Sarup | | | | |
| | Siddhant Sarup | | | | |
| | Prashant Sarup | | | | |

* Multiple cases for single matter, are filed by the aggrieved party

DIRECT / INDIRECT TAX LIABILITIES ON PROMOTERS/ PROMOTERS GROUP/ DIRECTORS:

| A.Y. | Notice/Demand Order ID | Demand Under Section | Date of Issuance | Amount of demand |
|---------|------------------------|---|------------------|------------------|
| 2015-16 | NA | 139(9) Defective Notice to Siddhant Sarup | NA | Under Assessment |

DISCIPLINARY ACTION INCLUDING PENALTY AGAINST THE PROMOTER IMPOSED BY SEBI OR ANY STOCK EXCHANGE IN THE LAST FIVE FINANCIAL YEARS;

No disciplinary action has been taken or penalty has been imposed against our Promoter by SEBI or Stock Exchanges in the last five financial years.

LITIGATION INVOLVING OUR GROUP COMPANIES/ SUBSIDIARY COMPANIES

| Company | Civil | Criminal | GST (Litigation Orders / Appeals) | Income Tax (Litigation Orders Appeals) | Outstanding Demands and short payments for TDS |
|--------------------------------|-------|----------|-----------------------------------|--|--|
| Marpts Trading Private Limited | 0 | 0 | NA | NA | NA |



| | | | | | |
|------------------------------------|---|---|----|----|----|
| Mar-Turn Solutions Private Limited | 0 | 0 | NA | NA | NA |
|------------------------------------|---|---|----|----|----|

DISCLOSURES PERTAINING TO FRAUDULENT BORROWERS

Neither our Company, nor our Promoter or any of our Directors, are or have been categorized as a fraudulent borrowers by any banks or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

DISCLOSURES PERTAINING TO WILFUL DEFAULTERS

Neither our Company, nor our Promoters and any of our Directors are or have been categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

OUTSTANDING DUES TO CREDITORS

Details of outstanding dues owed to Micro, Small and Medium Enterprises (MSME) and Other Than MSME as of March 31, 2023, are set out below:

| Types of Creditors | Amount involved (in ₹ Lakhs) |
|--|---------------------------------|
| Micro, Small and Medium Enterprises (MSME) | 133.43 |
| Other Than MSME | 3680.90 |
| Total | 3814.33 |

DETAILS OF MATERIAL DEVELOPMENTS OCCURING SINCE MARCH 31, 2023

There have not arisen, since the date of the last financial statements disclosed in this Draft Letter of Offer, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our liabilities within the next 12 months. For further details, please refer to the chapter titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Material Developments*” on page 240 of this Draft Letter of Offer.



GOVERNMENT AND OTHER APPROVALS

Our Company has received the necessary consents, licenses, permissions and approvals from the Central and State Governments and other government agencies/regulatory authorities/certification bodies required to undertake the Issue or continue our business activities.

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental/regulatory authority or any other entity are required to be undertaken, in respect of the Issue or to continue our business activities. It must, however, be distinctly understood that in granting the above approvals, the Government of India and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Draft Letter of offer.

The main objects clause of the Memorandum of Association of our Company and the objects incidental, enable our Company to carry out its activities.

APPROVALS FOR THE ISSUE

The following approvals have been obtained or will be obtained in connection with the Issue:

1) Approvals in Relation to the Issue

- i. The Board of Directors in pursuance of Section 62(1)(a) of the Companies Act, 2013, by a resolution passed at its meeting held on April 06, 2023, have authorized the issue.
- ii. The Company circulated a Postal Ballot Notice dated July 11, 2023 ('Postal Ballot') to seek approval of members vide special resolution approval of increase in authorised capital. The results of the Postal Ballot shall be announced by the Chairman of the Company on or before August 13, 2023.
- iii. In-principle approval from the NSE bearing reference number '[•]' dated [•] to use the name of NSE for listing of the Equity Shares issued by our Company pursuant to the Issue;
- iv. The Right Issue Committee vide resolution dated July 25, 2023, approved this Draft Letter of Offer;
- v. The Board of Directors vide Board resolution dated [•], 2023 approved the Rights Issue Price, Record Date, and other terms and conditions for the purpose of this Rights Issue;
- vi. The Board of Directors vide Board resolution dated [•], 2023 approved Letter of Offer;
- vii. The ISIN of the Company is INE00SZ01018;
- viii. The ISIN for the Rights Entitlement is [•];

2) Corporate / General Authorizations

APPROVALS PERTAINING TO INCORPORATION OF OUR COMPANY

| Sr. No. | Description | Registrar / Issuing Authority | Registration No. / Reference No. / License No. | Date of Creation | Date of Expiry |
|---------|---|--|--|------------------|-----------------------|
| 1. | Certificate of Incorporation | Registrar of Companies, Chandigarh, Punjab | 014605 | May 23, 1994 | Valid until cancelled |
| 2. | Fresh Certificate of Incorporation pursuant to change of name | Registrar of Companies, Chandigarh, Punjab | 014605 | January 02, 2002 | Valid until cancelled |



| | | | | | |
|----|--|--|--------|--------------|-----------------------|
| 3. | Fresh Certificate of Incorporation pursuant to conversion from private to public company | Registrar of Companies, Chandigarh, Punjab | 014605 | May 17, 2018 | Valid until cancelled |
|----|--|--|--------|--------------|-----------------------|

TAX RELATED APPROVALS

| Sr. No. | Description | Registrar/Issuing Authority | Registration No. / Reference No. / License No. | Validity Period | Special conditions, if any |
|---------|---|--|--|-----------------|----------------------------|
| 1. | Permanent Account Number (PAN) | Income Tax Department, Government of India under Income Tax Act, 1961 | AADCM1377N | Perpetual | - |
| 2. | Tax Deduction and Collection Account Number (TAN) | Income Tax Department, Government of India under Income Tax Act, 1961 | JLDM03658E | Perpetual | - |
| 3. | Goods and Service Tax (GST) | Central Board of Indirect Taxes and Customs, Central Excise Division, Punjab | 03AADCM1377N1ZC | Perpetual | - |

UNDER INDUSTRIAL AND LABOUR LAW

| Sr. No. | Description | Registrar/Issuing Authority | Registration No. / Reference No. / License No. | Validity Period | Special conditions, if any |
|---------|---|---|--|-----------------|----------------------------|
| 1. | Registration under Employees Provident Funds and Miscellaneous Act, 1952 for property situated at C-86, Phase - V, Focal Point, Ludhiana-141010, Punjab | Employees Provident Fund Organization, Regional Office: Ludhiana | EPF Code: LDLDH117186700 0 | Perpetual | - |
| 2. | Registration under Employees' State Insurance Act, 1948 for property situated at C-86, Phase -V, Focal Point, Ludhiana-141010, Punjab | Employees' State Insurance Corporation, Regional Office, Sector - 19A, Chandigarh | ESI Code: 12-28662-65 | Perpetual | - |



| Sr. No. | Description | Registrar/Issuing Authority | Registration No. / Reference No. / License No. | Validity Period | Special conditions, if any |
|---------|--|--|--|-------------------|----------------------------|
| 3. | Registration under Factories Act, 1948 for property situated at C-86, Focal Point, Phase -V, Ludhiana 141010, Punjab. | Labour Department, Punjab | Registration No. LDH-7/M-32/646 | December 31, 2023 | - |
| 4. | Consent order from Punjab Pollution Control Board under Air (Prevention & Control of Pollution) Act, 1981. | Punjab Pollution Control Board, Zonal Office - 1, Ludhiana | Consent Order No. CTOA/Renewal/L DHI/2 018/7284592 | March 31, 2028 | - |
| 5. | Consent order from Punjab Pollution Control Board under Water (Prevention & Control of Pollution) Act, 1974. | Punjab Pollution Control Board, Zonal Office - 1, Ludhiana | Consent Order No. CTOW/Renewal/L DHI/ 2018/7284612 | March 31, 2028 | - |
| 6. | Consent order from Punjab Pollution Control Board under Water (Prevention & Control of Pollution) Act, 1974. | Punjab Pollution Control Board, Zonal Office - 1, Ludhiana | Consent Order No. CTOW/Fresh/LDH I/ 2019/10629054 | December 31, 2024 | - |
| 7. | Registration & Licence to work under the Factory Act, 1948 | Directorate of Factories, Punjab | LDH0FL2018 | December 31, 2024 | - |
| 8. | Authorisation for operating a facility for Collection, Generation, Storage, Disposal of Hazardous wastes as per the Hazardous and other wastes (Management and Transboundary | Punjab Pollution Control Board, Zonal Office - 1, Ludhiana | HWM/renew/LDH 1/2020/11427801 | December 31, 2024 | - |



| Sr. No. | Description | Registrar/Issuing Authority | Registration No. / Reference No. / License No. | Validity Period | Special conditions, if any |
|---------|---|--|--|-----------------|----------------------------|
| | Movement) Rule, 2016 | | | | |
| 9. | Certificate of Importer-Exporter Code (IEC) | Ministry of Commerce and Industry, Office of Jt. Director General of Foreign Trade | IEC Number: 3094001475 | Perpetual | - |

Material pending government and regulatory approvals pertaining to the Objects of the Issue

The Company are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, please refer to the chapter titled “*Objects of the Issue*” at page 64 of this Draft Letter of Offer.



OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The Issue has been authorized by a resolution of the Board passed at its meeting held on April 06, 2023 pursuant to Section 62(1)(a) of the Companies Act, 2013.

Our Board of Directors/Rights Issue Committee of our Company in their meeting conducted on [•], [•] approved this Issue inter-alia on the following terms.

| | |
|--------------------------------|--|
| Issue Size | Upto ₹ 4567.50 Lakhs; |
| Issue Price | ₹ [•]/- (Rupees [•]) per Rights Equity Share issued in [•] ([•]) Rights Entitlement, (i.e. ₹ [•]/- (Rupees [•]) per Rights Equity Share, including a premium of ₹ [•]/- (Rupees [•]) per Rights Equity Share); |
| Issue Entitlement Ratio | [•] Equity Shares for every [•] Equity Shares held by Eligible Shareholders of our Company as on Record Date; |
| Record Date | [•] |

This Draft Letter of Offer has been approved by our Right Issue Committee pursuant to their resolutions dated July 25, 2023.

Our Company has received in-principle approval from NSE in accordance with Regulation 28 (1) of SEBI Listing Regulations for listing of the Rights Equity Shares proposed to be allotted pursuant Issue vide a letter bearing reference '[•]' dated [•], 2023. Our Company will also make application to NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars;

Our Company has been allotted the ISIN [•] for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Shareholders of our Company. Our Company has been allotted the ISIN [•] both from NSDL and CDSL for the Rights Equity Shares issued pursuant to this Issue. For details, see section titled "Terms of the Issue" beginning on page 269 of this Draft Letter of Offer.

PROHIBITION BY SEBI OR RBI OR OTHER GOVERNMENTAL AUTHORITIES

Our Company, the Promoters, the members of the Promoter Group, the Directors, persons in control of our Company and persons in control of the Promoter as well as its directors have not been debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which our directors or the persons in control of our Company are or were associated as promoter, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Company, the Promoters and members of the Promoter Group and the Directors of our Company have not been declared as fugitive economic offenders.

There are no proceedings initiated by SEBI, Stock Exchange or ROC, etc., against our Company, Directors, Group Companies.

None of our Directors currently holds nor have held directorship(s) in the last five (5) years in a listed Company whose shares have been or were suspended from trading on any stock exchange or in a listed Company which has been / was delisted from any stock exchange.

None of our Directors hold or have held directorships in the last ten (10) years in a listed company whose shares have been delisted from any recognised stock exchange in India during the term of their directorship in such company.



PROHIBITION BY RBI:

Our Company, the Promoters and the Directors of our Company have not been identified as wilful defaulter or fraudulent borrower by the RBI.

DIRECTORS ASSOCIATED WITH THE SECURITIES MARKET:

None of our Directors are associated with the securities market in any manner.

COMPLIANCE WITH COMPANIES (SIGNIFICANT BENEFICIAL OWNERSHIP) RULES, 2018:

Our Company, our Promoter and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent it may be applicable to them as on date of this Draft Letter of Offer.

ELIGIBILITY FOR THE ISSUE

Our Company is a listed company and has been incorporated under the Companies Act, 1956. The Equity Shares of our Company are presently listed on NSE. Our Company is eligible to offer and issue Rights Equity Shares pursuant to this Issue in terms of Chapter III and other applicable provisions of the SEBI (ICDR) Regulations.

Pursuant to Clause (2) of Part B of Schedule VI to the SEBI ICDR Regulations, our Company is required to make disclosures in accordance with Part B-1 of Schedule VI to the SEBI ICDR Regulations.

COMPLIANCE WITH REGULATIONS 61 AND 62 OF THE SEBI (ICDR) REGULATIONS

The present Issue being of less than ₹ 5,000 Lakhs, our Company is in compliance with first proviso to Regulation 3 of the SEBI (ICDR) Regulations and our Company shall file the copy of the Letter of Offer prepared in accordance with the SEBI (ICDR) Regulations with SEBI for information and dissemination on the website of SEBI, i.e. www.sebi.gov.in;

Our Company is a listed company and is eligible to make this Rights Issue in terms of Chapter III of SEBI (ICDR) Regulations. Our Company is in compliance with requirements of Regulation 61 and Regulation 62 of the SEBI (ICDR) Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI (ICDR) Regulations, our Company undertakes to make an application to NSE for listing of the Rights Equity Shares to be issued pursuant to this Issue. NSE is the Designated Stock Exchange for this Issue.

DISCLAIMER CLAUSE OF SEBI

The Draft Letter of Offer has not been filed with SEBI in terms of SEBI (ICDR) Regulations as the size of issue is less than ₹ 5000.00 Lakhs. The Issuer shall prepare the Letter of Offer in accordance with requirement as specified in the regulation and file the same with the SEBI for information and dissemination on the SEBI's website.

DISCLAIMER CLAUSES FROM OUR COMPANY AND THE LEAD MANAGER

Our Company and Lead Manager accept no responsibility for the statements made other than in this Draft Letter of Offer or in any advertisement or other materials issued by our Company or by any other persons at our instance and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in this Issue will be deemed to have represented by our Company, Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue. Our Company, the Lead Manager and their directors, officers, agents, affiliates and representatives accept no



responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares.

CAUTION

Our Company and the Lead Manager shall make all the relevant information available to the Eligible Shareholders in accordance with the SEBI (ICDR) Regulations and no selective or additional information would be available for a section of the Eligible Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Draft Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Draft Letter of Offer is current only as at its date.

DISCLAIMER WITH RESPECT TO JURISDICTION

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Gujarat, India only.

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICIATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

DESIGNATED STOCK EXCHANGE

The Designated Stock Exchange for the purpose of this Issue is NSE.

DISCLAIMER CLAUSE OF NSE

As required, a copy of this Draft Letter of Offer has been submitted to the NSE (the “**Stock Exchange**”). NSE has given vide its ‘[•]’ dated [•], to use its name in this Draft Letter of Offer.

DISCLAIMER CLAUSE OF THE NSE:

As required, a copy of this Draft Letter of Offer has been submitted to NSE. The disclaimer clause as intimated by NSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the SEBI and the Stock Exchange.

SELLING RESTRICTIONS

The distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, Entitlement Letter, Application Form (*collectively, “Issue Materials”*) and the issue of Rights Equity Shares, to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Issue Materials may come are required to inform themselves about and observe such restrictions.



We are making this Issue of Equity Shares on a rights basis to the Eligible Equity Shareholders and will send/dispatch the Issue Materials only to the Eligible Equity Shareholders who have provided an Indian address and who are located in jurisdictions where the issue and sale of the Rights Entitlements and the Rights Equity Shares are permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any Issue Materials.

Further, the Draft Letter of Offer will be provided to those who have provided their Indian addresses to our Company and who makes a request in this regard. Investors can also access the Draft Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company and the Stock Exchange.

No action has been or will be taken to permit this Issue in any jurisdiction or the possession, circulation, or distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, and Application Form or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction where action would be required for that purpose.

Our Company shall also endeavour to dispatch physical copies of the Issue Materials to Eligible Equity Shareholders who have provided an Indian address to our Company. Our Company and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Issue Materials will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Issue Materials must be treated as sent for information only and should not be copied, redistributed or acted upon for subscription to Rights Equity Shares or the purchase of Rights Entitlements. Accordingly, persons receiving a copy of the Issue Materials should not, in connection with the issue of the Rights Entitlements or Rights Equity Shares, distribute or send such document in, into the United States or any other jurisdiction where to do so would, or might contravene local securities laws or regulations or would subject the Company, Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If Issue Materials is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Entitlement or Rights Equity Shares referred to in Issue Materials. Envelopes containing an Application Form should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares in this Issue must provide an Indian address.

Any person who makes an application to acquire Rights Entitlement and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction, without requirement for our Company, the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

Neither the delivery of the Issue Materials nor any sale or offer hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or date of such information.

THE CONTENTS OF THIS DRAFT LETTER OF OFFER, THE LETTER OF OFFER AND ABRIDGED LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF BUYING OR SELLING OF RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS. AS A RESULT, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR, AND TAX



ADVISOR AS TO THE LEGAL, BUSINESS, TAX, AND RELATED MATTERS CONCERNING THE OFFER OF RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGER NOR ANY OF THEIR RESPECTIVE AFFILIATES ARE MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE RIGHTS EQUITY SHARES OR THE RIGHTS ENTITLEMENTS REGARDING THE LEGALITY OF AN INVESTMENT IN THE RIGHTS EQUITY SHARES OR THE RIGHTS ENTITLEMENTS BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

The rights entitlements and the Rights Equity Shares have not been and will not be registered under the United States securities act, 1933, as amended ("*Securities Act*"), or any U.S. State securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("*United States*" or "*U.S.*") or to, or for the account or benefit of "*U.S. Persons*" as defined in Regulation S ("*Regulation S*") under the securities act, except in a transaction exempt from the registration requirements of the securities act. The rights entitlements and Rights Equity Shares referred to in this draft letter of offer are being offered in India and in jurisdictions where such offer and sale of the Rights Equity Shares and/ or rights entitlements are permitted under laws of such jurisdictions, but not in the United States. The offering to which the draft letter of offer and abridged letter of offer relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights.

Accordingly, the draft letter of offer, the abridged letter of offer, entitlement letter, and application form should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe, is in the United States when the buy order is made. No payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India.

We, the Registrar, the Lead Manager or any other person acting on behalf of us, reserve the right to treat as invalid any Application Form which:

- a. Does not include the certification set out in the Application Form to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations;**
- b. Appears to us or its agents to have been executed in, electronically transmitted from or dispatched from the United States;**
- c. Where a registered Indian address is not provided;**
- d. Where we believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements;**

And we shall not be bound to allot or issue any Rights Equity Shares in respect of any such Application Form. The Rights Entitlements may not be transferred or sold to any person in the United States.

FILING

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights Issue Size under Regulation 3(b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer will be filed with the Stock Exchanges and not with SEBI. However, the Letter of Offer will be filed with the Stock Exchanges and will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchanges. In light of the SEBI notification dated March 27, 2020, our Company will submit a copy of the Letter of Offer to the e-mail address: cfddil@sebi.gov.in.



The Draft Letter of Offer has not been filed with the SEBI for its observations as the size of the issue is up to ₹ 5000.00 Lakhs which does not require Issuer to file Draft Letter of Offer with SEBI. The Company has filed Draft Letter of Offer with the NSE for obtaining in-principle approval.

LISTING

Our Company will apply to NSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

CONSENTS

Consents in writing of our Promoter, Directors, Auditors, Banker to the Company, Bankers to the Issue/ Refund Bank, Lead Manager, Legal Advisor and the Registrar to the Issue to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

EXPERT OPINION

Except for the reports in the section titled “*Financial Information*” and “*Statement of Tax Benefits*” beginning on pages 125 and 73 respectively from the Statutory Auditors, our Company has not obtained any expert opinions.

PERFORMANCE VIS-À-VIS OBJECTS – PUBLIC/RIGHTS ISSUE OF OUR COMPANY

Our Company had an IPO in the year 2018 for listing its equity shares on the SME platform (EMERGE) of NSE. Further, the Company through its postal ballot resolution passed dated September 10, 2021 with the requisite majority of the shareholders, migrated from NSE Emerge to Main Board of NSE w.e.f. November 11, 2021.

STOCK MARKET DATA OF THE EQUITY SHARES

Our Equity Shares are listed and traded on NSE. For details in connection with the stock market data of the Stock Exchanges, please refer to the chapter titled “*Stock Market Data for Equity Shares*” on page 238 of Draft Letter of Offer.

INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

1. Mechanism for Redressal of Investor Grievances

Our Company has made adequate arrangements for redressal of investor complaints in compliance with the corporate governance requirements under the SEBI (LODR) Regulations as well as a well-arranged correspondence system developed for letters of routine nature. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular bearing reference number ‘*CIR/OIAE/2/2011 dated June 3, 2011*’. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee comprising of 3 (three), members of the said committee, which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 15 (Fifteen) days from the date of receipt of the complaint.

The average time taken by the Registrar to the Issue, Bigshare Services Pvt. Ltd., for attending to routine grievances will be within 30 (thirty) days from the date of receipt. In case of non-routine grievances where



verification at other agencies is involved, it would be the endeavor of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the investor grievances in a time bound manner.

2. Investor Grievances arising out of this Issue

Any investor grievances arising out of the Issue will be handled by Registrar to the Issue. The agreement between the Company and the Registrar to the Issue provides for a period for which records shall be retained by the Registrar to the Issue in order to enable the Registrar to the Issue to redress grievances of Investors.

All grievances relating to this Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact details, Email-ID of the first applicant, number and type of Equity Shares applied for, Application Form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, please refer to the section titled “*Terms of the Issue*” beginning on page 269.

The contact details of the Registrar to the Issue and the Company Secretary and Compliance Officer of our Company are as follows:

| Company Secretary and Compliance Officer | Registrar to the Issue |
|---|---|
| Ms. Gauri Agarwal Address: C-86, Phase -V, Focal Point, Ludhiana (Pb.)-141010. Email id: csmarshall@marshallcnc.com Contact Details: +91 161 5012406/2407/9648 Website: www.marshallcnc.com | Bigshare Services Private Limited Address: Office No S6-2, 6th floor Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai – 400093. Contact Person: Mr. Vijay Surana Tel No.: 022-62638200/22 Email: rightsissue@bigshareonline.com Website: www.bigshareonline.com SEBI Registration No: INR000001385 |

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar at www.bigshareonline.com. Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are (022-62638200/22)



SECTION IX – ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up. Unless otherwise permitted under the SEBI (ICDR) Regulations read with SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Draft Letter of Offer.

Further, SEBI has pursuant to the SEBI Rights Issue Circular stated that in the event there are physical shareholders who have not been able to open a demat account pursuant to the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 or are unable to communicate their demat account details to our Company or the Registrar for credit of Rights Entitlements, such physical shareholders may be allowed to submit their Application.

Investors are requested to note that application in this Issue can only be made through ASBA facility. For guidance on the application process through ASBA and resolution of difficulties faced by investors, you are advised to read the frequently asked question (FAQ) on the website of the Registrar at www.bigshareonline.com.

OVERVIEW

This Issue is proposed to be issued on a rights basis and is subject to the terms and conditions contained in the Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI (ICDR) Regulations, the SEBI (LODR) Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice.

IMPORTANT

A. Dispatch and availability of Issue materials

In accordance with the SEBI (ICDR) Regulations, SEBI Rights Issue Circulars, our Company will send/dispatch at least three days before the Issue Opening Date, the Abridged Letter of Offer, the Entitlement Letter, Application Form and other issue material (“Issue Materials”) only to the Eligible Equity Shareholders who have provided an India address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the India addresses provided by them.

Further, the Letter of Offer will be sent/dispatched, by the Registrar to the Issue on behalf of our Company to the Eligible Shareholders who have provided their Indian addresses and have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard.



Investors can access the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

1. Our Company's website at www.marshallcnc.com;
2. Registrar to the Issue's website at www.bigshareonline.com;
3. Lead Manager to the Issue's Website at www.kunvarji.com;
4. NSE Limited's website at www.nseindia.com;

Shareholders who have not received the Application Form may apply, along with the requisite Application Money, by using the Application Form available on the websites above, or on plain paper, with the same details as mentioned in the Application Form available online.

Eligible Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue's website at www.bigshareonline.com by entering their DP-ID and Client-ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form), and PAN. The link for the same shall also be available on the website of our Company at www.marshallcnc.com.

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. **Please note that, our Company, the Lead Manager and the Registrar to the Issue will not be liable for non-dispatch of physical copies of Issue materials, including the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form attributable to the non-availability of the e-mail addresses of Eligible Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in transit.**

The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer is being filed with the Stock Exchange. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly and Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or redistributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Common Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Common Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Common Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Common Application Form. Any person who makes an application to acquire Rights Entitlements and the Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations prevailing



in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

B. Facilities for Application in this Issue

In accordance with Regulation 76 of the SEBI (ICDR) Regulations, SEBI - Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. For details, please refer to the Paragraph titled “*Procedure for Application through the ASBA Process*” on page 284 of this Draft Letter of Offer.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see “*Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” beginning on page 272 of this Draft Letter of Offer.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

1. Procedure for application through ASBA Facility

Investors can submit either the Application Form in physical mode to the Designated Branches of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For details, Paragraph titled “*Procedure for Application through the ASBA Process*” on page 284.

Please note that subject to SCSBs complying with the requirements of SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 02, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details see “*Grounds for Technical Rejection*” beginning on page 294 of this Draft Letter of Offer.

Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.



Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “*Application on Plain Paper under ASBA Process*” on Page No. 287

2. Credit of Rights Entitlements in demat accounts of Eligible Shareholders

In accordance with Regulation 77A of the SEBI (ICDR) Regulations read with the SEBI - Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only.

Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to:

1. The demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and
2. A demat suspense escrow account (namely, '[•]') opened by our Company, for the Eligible Shareholders which would comprise Rights Entitlements relating to:
 - i. Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI (LODR) Regulations; or
 - ii. Equity Shares held in the account of IEPF authority; or
 - iii. The demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or
 - iv. Credit of the Rights Entitlements returned/ reversed / failed; or
 - v. The ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable; or
 - vi. Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company;
 - vii. Eligible Equity Shareholders who have not provided their Indian addresses.

Eligible Shareholders whose Rights Entitlements are credited in demat suspense escrow account opened by our Company as on Record Date are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar to the Issue not later than 2 (Two) Working Days prior to the Issue Closing Date, i.e., by [•], to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least 1 (One) day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Shareholders in this regard. Such Eligible Shareholders are also requested to ensure that their demat account is active, details of which have been provided to the Company or the Registrar to the Issue, to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar (i.e. www.bigshareonline.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with the SEBI Rights Issue Circulars, the Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date i.e. [•] shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form.

Eligible Equity Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar (i.e. www.bigshareonline.com) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e. www.marshallcnc.com).



3. Procedure for Application by Eligible Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI (ICDR) Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to our Company or Registrar at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Application by such Eligible Equity Shareholders is subject to following conditions:

- a) The Eligible Equity Shareholders are residents;
- b) The Eligible Equity Shareholders are not making payment from non-resident account;
- c) The Eligible Equity Shareholders shall not be able to renounce their Rights Entitlements; and
- d) The Eligible Equity Shareholders shall receive Rights Equity Shares, in respect of their Application, only in demat mode.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (c) The remaining procedure for Application shall be same as set out in “*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” mentioned on page 287

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 and SEBI master circular SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares while submitting the Application through ASBA process.

PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.



4. Application for Additional Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “*Basis of Allotment*” beginning on page 297.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

Investors to kindly note that after purchasing the Rights Entitlements through On Market Renunciation / Off Market Renunciation, an Application has to be made for subscribing to the Rights Equity Shares. If no such Application is made by the renouncee on or before Issue Closing Date, then such Rights Entitlements will get lapsed and shall be extinguished after the Issue Closing Date and no Rights Equity Shares for such lapsed Rights Entitlements will be credited. For procedure of Application by shareholders who have purchased the Rights Entitlement through On Market Renunciation / Off Market Renunciation, please refer to the heading titled “*Procedure for Application through the ASBA process*” on pages 284.

OTHER IMPORTANT LINKS AND HELPLINE

The Investors can visit following links for the below-mentioned purposes:

1. Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.bigshareonline.com;
2. Updating of Indian address/ e-mail address/ mobile number in the records maintained by the Registrar to the Issue or our Company rightsissue@bigshareonline.com;
3. Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: rightsissue@bigshareonline.com;
4. Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Shareholders www.bigshareonline.com;

RENOUNCEES

All rights and obligations of the Eligible Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

AUTHORITY FOR THE ISSUE

The Issue has been authorized by a resolution of Board of Directors of our Company passed at their meeting held on April 06, 2023, in accordance with the provisions of Section 62(1)(a) of the Companies Act, 2013.

The Board of Directors in their meeting held on [•], have determined the Issue Price at ₹ [•] per Equity Share and the Rights Entitlement as [•] ([•]) Rights Equity Share(s) for every [•] ([•]) Equity Shares held on the Record Date.

The Issue Price has been arrived at in consultation with the Lead Manager.

BASIS FOR THIS ISSUE

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity



Shares held in dematerialised form and on the register of members at the close of business hours on the Record Date.

RIGHTS ENTITLEMENTS

Eligible Shareholders whose names appear as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

The Registrar will send/dispatch a Rights Entitlement Letter along with the Abridged Letter of Offer and the Application Form to all Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlements or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions, which will contain details of their Rights Entitlements based on their shareholding as on the Record Date.

Eligible Shareholders can also obtain the details of their respective Rights Entitlements from the Registrar to the Issue's website at www.bigshareonline.com by entering their DP-ID and Client-ID and PAN. The link for the same shall also be available on our Company's website at www.marshallcnc.com.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Shareholders before the Issue Opening Date only in dematerialised form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e. www.bigshareonline.com). Such Eligible Equity Shareholders can make an application only after the Rights Entitlements is credited to their respective demat accounts.

Our Company is undertaking this Issue on a rights basis to the Eligible Shareholders and will send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, and the Application Form only to email addresses of Eligible Shareholders who have provided their Indian address to our Company or who are located in jurisdictions where this Issue and sale of the Rights Entitlements or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company and the Lead Manager to the Eligible Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions and in each case who make a request in this regard.

The Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, our Company and the Lead Manager through a link contained in the aforementioned email sent to email addresses of Eligible Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) and on the NSE website. The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer filed with NSE and the Letter of Offer to be filed with SEBI and NSE. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the



Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Forms received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes and Application will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such Person.

PRINCIPAL TERMS OF THIS ISSUE

1. Face Value

Each Rights Equity Shares will be having face value of ₹ 10/- (Rupee Ten Only).

2. Issue Price

Each Rights Equity Share is being offered at a price of ₹ [•] (Rupees [•] only) per Rights Equity Share (including a premium of ₹ [•] (Rupees [•] only) per Rights Equity Share) in this Issue.

The Issue Price for Rights Equity Shares has been arrived at by our Company in consultation with the Lead Manager and has been decided prior to the determination of the Record Date i.e. [•].

3. Rights Entitlements Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Shareholders in the ratio of [•] ([•]) Rights Equity Share(s) for every [•] ([•]) Equity Share(s) held by the Eligible Shareholders as on the Record Date i.e. [•].

4. Mode of Payment of Dividend

In the event of declaration of dividend, our Company shall pay dividend to the shareholders of our Company as per the provisions of the Companies Act and the provisions of the Articles of Association.

5. Terms of Payment

| Amount Payable Per Rights Equity Share | Face Value | Premium | Amount |
|--|------------|---------|--------|
| On Application | ₹ 10/- | ₹ [•] | ₹ [•] |

Each Rights Equity Share is being offered at a price of ₹ [•]/- per Rights Equity Share (including a premium of ₹ [•]/- per Rights Equity Share), for every [•] Rights Equity Share allotted in this Issue.

Where an Applicant has applied for additional Rights Equity Shares and is allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The un-blocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI (ICDR) Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

6. Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.



The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the NSE or through an off-market transfer. For details, see “*Procedure for Renunciation of Rights Entitlements*” on page 286.

In accordance with SEBI Rights Issue circulars the Eligible Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least 2 (Two) Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

7. Process of Credit of Rights Entitlements in dematerialized account

In accordance with Regulation 77A of the SEBI (ICDR) Regulations read with the SEBI Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to:

- a. The demat accounts of the Eligible Shareholders holding the Equity Shares in dematerialized form; and
- b. A demat suspense escrow account (namely, ‘*/•/*’) opened by our Company, for the Eligible Shareholders which would comprise Rights Entitlements relating to:
 - i. Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI (LODR) Regulations; or
 - ii. Equity Shares held in the account of IEPF authority; or
 - iii. The demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or
 - iv. Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar;
 - v. Credit of the Rights Entitlements returned/ reversed / failed; or
 - vi. The ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [•]. The said ISIN shall remain frozen (for debit) till the Issue Opening Date and shall become active on the Issue Opening Date and remain active for renunciation or transfer during the Renunciation Period. It is clarified that the Rights Entitlements shall not be available for transfer or trading post the Renunciation Period. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Shareholders whose Rights Entitlement are credited in demat suspense account, are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than [•] ([•]) Working Days prior to the Issue Closing Date, i.e., [•], by to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least 1 (One) day before the Issue Closing Date, to enable such Eligible Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Shareholders in this regard. Such Eligible Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Shareholders and the demat suspense escrow account to the NSE after completing



the corporate action. The details of the Rights Entitlements with respect to each Eligible Shareholders can be accessed by such respective Eligible Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar (i.e. www.bigshareonline.com). Such Eligible Equity Shareholders can make an application only after the Rights Entitlements is credited to their respective demat accounts.

PLEASE NOTE THAT CREDIT OF THE RIGHTS ENTITLEMENTS IN THE DEMAT ACCOUNT DOES NOT, PER SE, ENTITLE THE INVESTORS TO THE RIGHTS EQUITY SHARES AND THE INVESTORS HAVE TO SUBMIT APPLICATION FOR THE RIGHTS EQUITY SHARES ON OR BEFORE THE ISSUE CLOSING DATE AND MAKE PAYMENT OF THE APPLICATION MONEY. FOR DETAILS, PLEASE REFER TO THE PARAGRAPH TITLED “*Procedure for Application through the ASBA Process*” ON PAGE 284.

8. Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [•] ([•]) Rights Equity Shares for every [•] ([•]) Equity Shares held as on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than [•] ([•]) Equity Shares or is not in the multiple of [•] ([•]) Equity Shares, the fractional entitlements of such Eligible Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds [•] ([•]) Equity Shares, such Equity Shareholder will be entitled to [•] ([•]) Rights Equity Share(s) and will also be given a preferential consideration for the Allotment of one additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/ her Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [•] ([•]) Equity Shares shall have ‘zero’ entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

9. Ranking of Equity Shares

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI (ICDR) Regulations, the SEBI (LODR) Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchange and the terms and conditions as stipulated in the Allotment advice.

The Rights Equity Shares being issued and allotted shall be subject to the provisions of the Memorandum of Association and Articles of Association. The Rights Equity Shares shall rank *pari-passu*, in all respects including dividend, with our existing Equity Shares.

The voting rights in a poll, whether present in person or by representative or by proxy shall be in proportion to the paid-up value of the Shares held, and no voting rights shall be exercisable in respect of moneys paid in advance, if any.



10. Trading of the Rights Entitlements

In accordance with the ASBA Circulars and SEBI Rights Issue Circulars, the Rights Entitlements credited shall be admitted for trading on the NSE under ISIN [•]. Prior to the Issue Opening Date, our Company will obtain the approval from the NSE for trading of Rights Entitlements. Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On Market Renunciation shall take place electronically on the secondary market platform of the NSE on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlement.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [•] to [•] (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date. For details, see “*Procedure for Renunciation of Rights Entitlements – On Market Renunciation*” and “*Procedure for Renunciation of Rights Entitlements – Off Market Renunciation*” on pages 286 and 286.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

11. Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchange. Unless otherwise permitted by the SEBI (ICDR) Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary procedures for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI (ICDR) Regulations. Our Company has received in-principle approval from the NSE through letter bearing reference number ‘[•]’ dated [•]. Our Company will apply to the NSE for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The Rights Equity Shares shall be listed and admitted for trading on the NSE under separate ISINs for Rights Equity Shares. The procedures for listing and trading of Rights Equity Shares shall be completed within 7 (Seven) Working Days from the date of finalization of the Basis of Allotment.

The process of corporate action for crediting the fully paid-up Rights Equity Shares to the Investors’ demat accounts, may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount.

The existing Equity Shares are listed and traded on NSE bearing Scrip Symbol ‘MARSHALL’ and under ISIN **INE00SZ01018**. The Rights Equity Shares shall be credited to temporary ISINs which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchange. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISINs and credited to the existing ISIN as fully paid-up Equity share of our company.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the NSE, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within 4



(Four) days of receipt of intimation from the NSE, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within 4 (Four) days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer -in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

12. Subscription to this Issue by our Promoter and our Promoter Group

For details of the intent and extent of subscription by our Promoter and the Promoter Group, see the paragraph titled “*Intention and extent of participation by our Promoter and Promoter Group*” under the section titled “*Capital Structure*” on page 61.

13. Rights of holders of Rights Equity Shares of our Company

Subject to applicable laws, holders of the Rights Equity Shares shall have the following rights:

- a. The Rights Equity Shares shall rank *pari-passu* with the existing Equity Shares in all respects;
- b. The right to receive dividend, if declared;
- c. The right to vote in person, or by proxy, except in case of Rights Equity Shares credited to the demat suspense account for resident Eligible Shareholders;
- d. The right to receive surplus on liquidation;
- e. The right to free transferability of Rights Equity Shares;
- f. The right to attend general meetings of our Company and exercise voting powers in accordance with law; and
- g. Such other rights as may be available to a shareholder of a listed public Company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

Subject to applicable law and Articles of Association, holders of Rights Equity Shares shall be entitled to the above rights in proportion to amount paid-up on such Rights Equity Shares in this Issue.

GENERAL TERMS OF THE ISSUE

1. Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for the Rights Equity Shares in dematerialized mode is 1 (One) Equity Share. Further, the Rights Equity Shares shall be allotted only in dematerialised form.

2. Minimum Subscription

In accordance with Regulation 86 of SEBI (ICDR) Regulations, if our Company does not receive the minimum subscription of at least 90% of the Issue of the Equity Shares being offered under this Issue, on an aggregate basis, our Company shall refund the entire subscription amount received within 4 (four) days from the Issue Closing Date. If there is delay in making refunds beyond such period as prescribed by applicable laws, our Company will pay interest for the delayed period at rates prescribed under applicable laws.

3. Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Equity Shares offered in this Issue.

4. Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. Since the Allotment is in dematerialized form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with the respective Depository Participants of the Investors would prevail. Any Investor holding Equity Shares in



dematerialized form and desirous of changing the existing nomination is requested to inform its Depository Participant.

5. Arrangements for Disposal of Odd Lots

The Rights Equity Shares are traded in dematerialized form only and therefore the marketable lot is 1 (One) Equity Share and hence no arrangements for disposal of odd lots are required.

6. Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue. However, the Investors should note that pursuant to provisions of the SEBI (LODR) Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be affected unless the securities are held in the dematerialized form with a depository.

7. Notices

In accordance with the SEBI (ICDR) Regulations, SEBI Rights Issue Circulars and MCA General Circular No. 21/2020, our Company will send the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material only to the Eligible Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

The Letter of Offer will be provided by the Registrar to the Issue on behalf of our Company to the Eligible Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. In case the Eligible Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case the Eligible Shareholders have not provided their email address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Gujarati language daily newspaper with wide circulation (Gujarati being the regional language of Ahmedabad where our Registered Office is situated).

The Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on their website.

OFFER TO NON-RESIDENT ELIGIBLE SHAREHOLDERS/INVESTORS

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue Rights Equity Shares to non-resident shareholders including additional Rights Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, amongst other things:

1. Subscribe for additional Equity Shares over and above their Rights Entitlements;
2. Renounce the Rights Equity Shares offered to them either in full or in part thereof in favour of a person named by them; or
3. Apply for the Equity Shares renounced in their favour.

Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlements Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar by email on www.bigshareonline.com or physically/postal means at the address of the Registrar mentioned on the cover page of this Draft Letter of



Offer. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent to the e-mail address of non-resident Eligible Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and NSE. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Please also note that pursuant to Circular No. 14 dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (*hereinafter referred to as "OCBs"*) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and to obtain prior approval from RBI for applying in this Issue.

The non-resident Eligible Shareholders can update their Indian address in the records maintained by the Registrar through email at www.bigshareonline.com and our Company through email at www.marshallcnc.com by submitting their respective copies of self-attested proof of address, passport, etc.



PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI (ICDR) Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, i.e. [•], see “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page 273.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to the Eligible Shareholders only to:

- a. E-mail addresses of resident Eligible Shareholders who have provided their e-mail addresses;
- b. Indian addresses of the resident Eligible Shareholders, on a reasonable effort basis, whose e-mail addresses are not available with our Company or the Eligible Shareholders have not provided the valid email address to our Company;
- c. Indian addresses of the non-resident Eligible Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company; and
- d. E-mail addresses of foreign corporate or institutional shareholders.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email or physical delivery, as applicable, at least 3 (Three) days before the Issue Opening Date.

In case of non-resident Eligible Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through e-mail address if they have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit or there is a delay in physical delivery (where applicable).

To update the respective e-mail addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Shareholders should visit www.bigshareonline.com. Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of:

1. Our Company’s website at www.marshallenc.com;
2. Registrar to the Issue’s website at www.bigshareonline.com;
3. Lead Manager to the Issue’s Website at www.kunvarji.com;
4. NSE Limited’s website at www.nseindia.com;

The Eligible Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at www.bigshareonline.com by entering their DP-ID and Client-ID and PAN.

The Application Form can be used by the Eligible Shareholders as well as the Renounees, to make Applications in this Issue on the basis of the Rights Entitlements credited in their respective demat accounts



or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Shareholders applying in this Issue, as applicable.

In case of Investors who have provided details of demat account in accordance with the SEBI (ICDR) Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares by:

- a. Submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or
- b. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected.

Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “Grounds for Technical Rejection” on page 294. Our Company, the Lead Manager, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI (ICDR) Regulations, Investors may choose to accept the offer to participate in this Issue by making an Application that is available on the website of the Registrar, NSE and Lead Manager or on a plain paper with the same details as per the Application Form available online. Please note that Eligible Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “Application on Plain Paper under ASBA process” on page 287.

OPTIONS AVAILABLE TO THE ELIGIBLE SHAREHOLDERS

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

1. Apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
2. Apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
3. Apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
4. Apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or
5. Renounce its Rights Entitlements in full.

PROCEDURE FOR APPLICATION THROUGH THE ASBA PROCESS

An investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such



SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorization to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of SEBI Circular bearing reference number 'CIR/CFD/DIL/13/2012' dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

ACCEPTANCE OF THIS ISSUE

Investors may accept this Issue and apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Please note that on the Issue Closing Date Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the NSE, and

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section "*Application on Plain Paper under ASBA processes*" on page 287.

ADDITIONAL RIGHTS EQUITY SHARES

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. The Rights Entitlements comprise of 1 Rights Equity Share. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalized in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI (ICDR) Regulations and in the manner prescribed under the section "*Basis of Allotment*" on page 297.

Eligible Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process.



PROCEDURE FOR RENUNCIATION OF RIGHTS ENTITLEMENTS

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the NSE; or (b) through an off-market transfer, during the Renunciation Period. Such renunciation shall result in renouncement of the Rights Equity Shares. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

THE LEAD MANAGER AND OUR COMPANY ACCEPT NO RESPONSIBILITY TO BEAR OR PAY ANY COST, APPLICABLE TAXES, CHARGES, AND EXPENSES (INCLUDING BROKERAGE), AND SUCH COSTS WILL BE INCURRED SOLELY BY THE INVESTORS.

PLEASE NOTE THAT THE RIGHTS ENTITLEMENTS WHICH ARE NEITHER RENOUNCED NOR SUBSCRIBED BY THE INVESTORS ON OR BEFORE THE ISSUE CLOSING DATE SHALL LAPSE AND SHALL BE EXTINGUISHED AFTER THE ISSUE CLOSING DATE.

1. On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the NSE through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI (ICDR) Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Shareholders shall be admitted for trading on the NSE under the ISIN that shall be allotted for the Rights Entitlement subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the NSE from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [•] to [•] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN [•] (for Rights Entitlement) that shall be allotted for the Rights Entitlement and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of NSE under automatic order matching mechanism and on 'T+1 rolling settlement bases, where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the NSE and the SEBI.

2. Off Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialized form only.



Eligible Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [•] (for Rights Entitlement) that shall be allotted for the Rights Entitlement, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants. The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

APPLICATION ON PLAIN PAPER UNDER ASBA PROCESS

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorizing such SCSB to block Application Money in the said bank account maintained with the same SCSB.

Applications on plain paper will not be accepted from any address outside India

Applications on plain paper will not be accepted from any address outside India. Please note that the Eligible Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

APPLICATION ON PLAIN PAPER

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- i. Name of our Company, being '**MARSHALL MACHINES LIMITED**';
- ii. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
- iii. Registered Folio No./DP and Client ID No.;
- iv. Number of Equity Shares held as on Record Date;
- v. Allotment option – only dematerialized form;
- vi. Number of Rights Equity Shares entitled to;
- vii. Total number of Rights Equity Shares applied for;
- viii. Number of additional Rights Equity Shares applied for, if any;
- ix. Total number of Rights Equity Shares applied for;
- x. Total amount paid at the rate of ₹ [•]/- for Rights Equity Shares issued in one Rights Entitlement;
- xi. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;



- xii. In case of non-resident Eligible Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address, branch of the SCSB with which the account is maintained and a copy of the RBI approval obtained pursuant to Rule 7 of the FEMA Rules.
- xiii. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;
- xiv. Authorization to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- xv. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
- xvi. In addition, all such Eligible Shareholders are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlement nor the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (*the “US Securities Act”*) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (*the “United States”*) except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand that this application should not be forwarded to or transmitted in or to the United States at any time. I/ we understand that none of the Company, the Registrar, the Lead Manager, or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of the Company has reason to believe is in the United States, or if such person is outside India and the United States, such person is not a corporate shareholder, or is ineligible to participate in the Issue under the securities laws of their jurisdiction. I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S under the US Securities Act (*hereinafter referred to as “Regulations”*), or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that the Company, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.” In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected. Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.bigshareonline.com.

I/ We acknowledge that Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.”



MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility.

The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account, details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such

amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalization of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. After the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

Instructions issued in this regard by the Registrar to the respective SCSB.

1. Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

2. Mode of payment for non-resident Investors

As regards the Application by non-resident Investors, the following conditions shall apply:

- a. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company and the Lead Manager;

Note: In case of non-resident Eligible Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to (i) the Indian addresses of the non-resident Eligible Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company; and (ii) the e-mail addresses of the foreign corporate or institutional shareholders.

The Letter of Offer will be provided by the Registrar on behalf of our Company or the Lead Manager to the Eligible Shareholders at (i) the Indian addresses of the non-resident Eligible Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company; and (ii) the e-mail addresses of the foreign corporate or institutional shareholders, in each case who make a request in this regard.



- b. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws;
- c. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI;

Notes

- i. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act;
- ii. In case Rights Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India;
- iii. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals;
- iv. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment;
- v. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account;
- vi. Non-resident Renounces who are not Eligible Shareholders must submit regulatory approval for applying for additional Rights Equity Shares;

APPLICATION BY ELIGIBLE SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM

Please note that in accordance with Regulation 77A of the SEBI (ICDR) Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least 2 (Two) Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company. In the event, the relevant details of the demat accounts of such Eligible Equity Shareholders are not received during the Issue Period, then their Rights Entitlements kept in the suspense escrow demat account shall lapse.

To update respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit www.marshallcnc.com or www.bigshareonline.com.

PROCEDURE FOR APPLICATION BY ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:



- a. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than 2 (Two) Working Days prior to the Issue Closing Date;
- b. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least 1 (One) day before the Issue Closing Date;
- c. The Eligible Equity Shareholders can access the Application Form from:
 1. Our Company's website at www.marshallcnc.com;
 2. Registrar to the Issue's website at www.bigshareonline.com;
 3. Lead Manager to the Issue's Website at www.kunvarji.com;
 4. NSE Limited's website at www.nseindia.com;

The Eligible Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at www.bigshareonline.com by entering their DP-ID and Client-ID and PAN. The link for the same shall also be available on the website of our Company at www.marshallcnc.com.

- d. The Eligible Equity Shareholders shall, on or before the Issue Closing Date (i) submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE "ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS" ON PAGE 298.

GENERAL INSTRUCTIONS FOR INVESTORS

1. Please read this Draft Letter of Offer carefully to understand the Application process and applicable settlement process;
2. Please read the instructions on the Application Form sent to you;
3. The Application Form can be used by both the Eligible Shareholders and the Renounees;
4. Application should be made only through the ASBA facility.
5. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English;
6. In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section "Application on Plain Paper under ASBA processes" on page 287;



7. In accordance with Regulation 76 of the SEBI (ICDR) Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA;
8. An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.
9. Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the NSE;
10. Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Manager;
11. In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form;
12. All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors. Further, in case of Application in joint names, each of the joint Applicants should sign the Application Form;
13. In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon;
14. For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB;
15. In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant’s name and all communication will be addressed to the first Applicant;
16. All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable; In case of any change in address of the Eligible Shareholders, the Eligible Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar;
17. Please note that subject to SCSBs complying with the requirements of SEBI Circular bearing reference number ‘CIR/CFD/DIL/13/2012 dated September 25, 2012’ within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs.



Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility;

18. In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 02, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications;
19. Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law;
20. An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue;

Do's:

1. Ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number;
2. Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act;
3. Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("*Demographic Details*") are updated, true and correct, in all respects;
4. Investors should provide correct DP-ID and client-ID/ folio number while submitting the Application. Such DP-ID and Client-ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

1. Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction;
2. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
3. Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application;
4. Do not pay the Application Money in cash, by money order, pay order or postal order;
5. Do not submit multiple Applications.

Do's for Investors applying through ASBA:

1. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only;
2. Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application;



3. Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB;
4. Ensure that you have authorized the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same;
5. Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location;
6. Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form on a plain paper Application;
7. Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Don'ts for Investors applying through ASBA:

1. Do not apply if you are not eligible to participate in this Issue under the securities laws applicable to your jurisdiction;
2. Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa;
3. Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only;
4. Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

GROUNDINGS FOR TECHNICAL REJECTION

Applications made in this Issue are liable to be rejected on the following grounds:

1. DP-ID and Client-ID mentioned in Application not matching with the DP-ID and Client ID records available with the Registrar;
2. Sending an Application the Lead Manager, Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company;
3. Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money;
4. Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders;
5. Account holder not signing the Application or declaration mentioned therein;
6. Submission of more than one Application Forms for Rights Entitlements available in a particular demat account;
7. Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application;



8. Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts);
9. Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories;
10. Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB;
11. Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Draft Letter of Offer;
12. Physical Application Forms not duly signed by the sole or joint Investors;
13. Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, and money order, postal order or outstation demand drafts;
14. If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements;
15. Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs) or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) outside India and the United States and is a foreign corporate or institutional shareholder eligible to subscribe for the Rights Equity Share under the applicable securities laws or (b) a U.S. QIB in the United States, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form;
16. Applications which have evidence of being executed or made in contravention of applicable securities laws;
17. Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar;
18. Applications by a non-resident without the approval from RBI with respect to Rule 7 of the FEMA Rules.

DEPOSITORY ACCOUNT AND BANK DETAILS FOR INVESTORS HOLDING SHARES IN DEMAT ACCOUNTS AND APPLYING IN THIS ISSUE.

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP-ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.



Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

MULTIPLE APPLICATIONS

In case where multiple Applications are made in respect the Rights Entitlements using same demat account, such Applications shall be liable to be rejected. However supplementary applications in relation to further Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "*Procedure for Applications by Mutual Funds*" below. Cases where Investor submits Application Forms along with plain paper or multiple plain paper Applications for same Rights Entitlements shall be treated as multiple applications.

In cases where multiple Application Forms are submitted, such Applications shall be treated as multiple applications, including cases where an Investor submits Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected.

LAST DATE FOR APPLICATION

The last date for submission of the duly filled in the Application Form or a plain paper Application is [•] day, [•], 2023 Issue Closing Date. The Board of Directors may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the NSE and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by the Board of Directors, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and the Board of Directors shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the section, "*Basis of Allotment*" on page 297.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the NSE.



Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

WITHDRAWAL OF APPLICATION

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, whether applying through ASBA facility, may withdraw their Application post the Issue Closing Date.

ISSUE SCHEDULE

| | |
|---|-----|
| Last date for Credit of Rights Entitlements | [•] |
| Issue Opening Date | [•] |
| Last Date for On Market Renunciation* | [•] |
| Issue Closing Date | [•] |
| Finalization of Basis of Allotment (on or about) | [•] |
| Date of Allotment (on or about) | [•] |
| Date of Credit (on or about) | [•] |
| Date of Listing (on or about) | [•] |

**Eligible Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

Our Board of Directors may however decide to extend the Issue Period as it may determine from time to time but not exceeding 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date).

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [•], to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

BASIS OF ALLOTMENT

Subject to the provisions contained in the Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

- a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part as adjusted for fractional entitlement.
- b) As per SEBI Rights Issue Circulars, Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due



regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

- d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- e) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding. After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

- 1) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
- 2) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- 3) The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund instructions/intimations (including in respect of Applications made through the optional facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company and "our Directors" who are officers in default shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 4 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through an e-mail, to the e-mail address provided to our Company or at the address recorded with the Depository

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Equity Shares in the Issue and is allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI (ICDR) Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.



1. Unblocking amounts blocked using ASBA facility.
2. National Automated Clearing House (*hereinafter referred to as "NACH"*) – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
3. National Electronic Fund Transfer (*hereinafter referred to as "NEFT"*) – Payment of refund shall be undertaken through NEFT wherever the Investor's bank has been assigned the Indian Financial System Code (*hereinafter referred to as IFSC Code*), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
4. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
5. RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
6. For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
7. Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

ALLOTMENT ADVICE OR DEMAT CREDIT OF SHARES

The demat credit of Shares to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

RECEIPT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO

1. THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR



2. THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR
3. DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE SHAREHOLDERS/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/ REVERSED/FAILED.
4. INVESTORS SHALL BE ALLOTTED THE RIGHTS EQUITY SHARES IN DEMATERIALIZED (ELECTRONIC) FORM.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialized form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Shareholders with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the printing is feasible, through physical dispatch.
7. Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

PROCEDURE FOR APPLICATION BY CERTAIN CATEGORIES OF INVESTORS

1. Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common



ownership of more than 50% of common control)) shall be below 10% of our post -Offer Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The FPIs who wish to participate in the Offer are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against Shares held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions: (a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

2. Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

3. Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian Company on repatriation basis, on a recognized stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid - up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian Company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference



shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporated in a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country (*“Restricted Investors”*), will require prior approval of the Government of India. It is not clear from the press note whether or not an issuance of the Rights Equity Shares to Restricted Investors will also require a prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval of the Government of India is required and such approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

4. Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

5. Procedure for Applications by Systemically Important Non-Banking Financial Companies (*“NBFC-SI”*)

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net-worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

IMPERSONATION

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

- i. makes or abets making of an application in a fictitious name to a Company for acquiring, or subscribing for, its Shares; or*
- ii. makes or abets making of multiple applications to a Company in different names or in different combinations of his name or surname for acquiring or subscribing for its Shares; or*
- iii. Otherwise induces directly or indirectly a Company to allot, or register any transfer of, Shares to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹ 10 lakhs or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

In case the fraud involves (i) an amount which is less than ₹10 lakhs or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakhs or with both.

PAYMENT BY STOCKINVEST

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Rights Issue.

DISPOSAL OF APPLICATION AND APPLICATION MONEY



No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board of Directors of the Company reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In cases where refunds are applicable, such refunds shall be made within a period of 15 days. In case of failure to do so, our Company and the Directors who are “officers in default” shall pay interest at the prescribed rate. In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1. The complaints received in respect of the issue shall be attended to by our Company expeditiously and satisfactorily;
2. All steps for completion of the necessary formalities for listing and commencement of trading at NSE, where the Rights Equity Shares are to be listed are taken within the time limit specified by the SEBI;
3. The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company;
4. No further issue of securities affecting our Company’s Equity Share capital shall be made until the Rights Equity Shares are listed or until the Application Money is refunded on account of non-listing, under subscription etc., other than as disclosed in accordance with the Regulation 56.
5. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 (Fifteen) days of closure of the issue giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
6. Where release of block on the application amount for unsuccessful bidders or part of the application amount in case of proportionate allotment, a suitable communication shall be sent to the applicants;
7. Adequate arrangements shall be made to collect all ASBA applications.
8. Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirm that it has made all reasonable enquiries to ascertain such facts.

UTILIZATION OF ISSUE PROCEEDS

Our Board declares that:

1. All monies received out of issue of this Rights Issue to the public shall be transferred to a separate bank account.
2. Details of all monies utilized out of this Rights Issue referred to in clause (A) above shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies had been utilized; and
3. Details of all unutilized monies out of this Rights Issue referred to in clause (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

IMPORTANT

1. Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed, otherwise the Application is liable to be rejected.



- All enquiries in connection with this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed '**MARSHALL MACHINES LIMITED – RIGHTS ISSUE**' on the envelope and postmarked in India or in the email) to the Registrar at the following address:

BIGSHARE SERVICES PRIVATE LIMITED

Address: Office No S6-2, 6th floor Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai – 400093.

Contact Person: Mr. Jibu John

Tel No.: 022-62638200/22

Email: rightsissue@bigshareonline.com

Investor grievance e-mail: investor@bigshareonline.com

Website: www.bigshareonline.com

SEBI Registration No: INR000001385

- In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.bigshareonline.com). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are 022-62638200/22.
- This Issue will remain open for a minimum 7 (Seven) days. However, the Board of Directors will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Closing Date).



RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

There are two routes through which foreign investors may invest in India. One is the “*automatic route*”, where no government approval is required under Indian foreign exchange laws to make an investment as long as it is within prescribed thresholds for the relevant sector. The other route is the “*government route*”, where an approval is required under foreign exchange laws from the relevant industry regulator, prior to the investment.

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise way such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the consolidated FDI Policy Circular of 2020 (“*FDI Circular 2020*”), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI. The FDI Circular 2020, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that:

1. The activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI (SAST) Regulations;
2. The non- resident shareholding is within the sectoral limits under the FDI Policy; and
3. The pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid to make any investment in the Issue.

The Lead Manager to the Issue and our Company will not be responsible for any allotments made by relying on such approvals. Please also note that pursuant to Circular no. 14 dated September 16, 2003, issued by RBI, Overseas Corporate Bodies have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under



applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager to the Issue are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.



SECTION X – STATUTORY AND OTHER INFORMATION

Please note that the Rights Equity Shares applied for under this Issue can be allotted only in dematerialised form and to (a) the same depository account/ corresponding pan in which the Equity Shares are held by such Investor on the Record Date, or (b) the depository account, details of which have been provided to our Company or the Registrar at least two working days prior to the Issue Closing Date by the Eligible Equity Shareholder, or (c) demat suspense account where the credit of the Rights Entitlements returned/ reversed /failed.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following material documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than 2 (Two) years prior to the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 A.M. and 5 P.M. on all working days from the date of filing of the Draft Letter of Offer until the Issue Closing Date. The copies of these contracts and also the documents for inspection referred to hereunder, would be available on the website of the Company at www.marshallcnc.com from the date of this Draft Letter of Offer until the Issue Closing Date.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without notice to the Shareholders, subject to compliance with provisions contained in the Companies Act and other relevant laws

MATERIAL CONTRACTS FOR THE ISSUE

1. Issue Agreement dated April 25, 2023 between our Company and the Lead Manager.
2. Registrar Agreement dated June 23, 2023.
3. Bankers to the Issue Agreement dated [•] amongst our Company and the Registrar to the Issue and the Escrow Collection Bank(s).
4. Tripartite Agreement between our Company, National Securities Depository Ltd. (NSDL) and Registrar to the Issue;
5. Tripartite Agreement between our Company, Central Depository Services (India) Limited (CDSL) and Registrar to the Issue;

MATERIAL DOCUMENTS IN RELATION TO THE ISSUE

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company;
2. Certificate of Incorporation of our Company;
3. Prospectus dated August 18, 2018 filed with SEBI, Stock Exchange, RoC and other regulatory authorities during the initial public offering of our Company;
4. Information Memorandum dated October 28, 2021 filed with Stock Exchange and other regulatory authorities during the migration from SME to Main Board;
5. Annual Report of our Company for the last 3 (Three) Financial Years ended March 31, 2022, March 31, 2021 and March 31, 2020;
6. Copies of Restated Audited Financial for the Financial Year ending March 31, 2023, March 31, 2022 and March 31, 2021;
7. Resolution of our Board of Directors dated April 06, 2023 approving the Rights Issue;



8. Copy of the shareholders resolution passed vide postal ballot the results whereof were declared on [•], increase in authorised capital.
9. Resolution of our Right Issue Committee dated July 25, 2023, approving the Draft Letter of Offer;
10. Resolution of our Board of Directors dated [•], finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio;
11. Resolution of our Board of Directors dated [•], approving the Letter of Offer;
12. Consents of our Directors, Company Secretary, CFO, Lead Manager, Bankers to our Company, Bankers to the Issue, Legal Advisor and the Registrar to the Issue for inclusion of their names in the Letter of Offer to act in their respective capacities;
13. Report on Statement of possible special tax benefits dated June 12, 2023 for our Company from the Statutory Auditors of our Company;
14. In-principle approval issued by NSE dated '[•]'.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without notice to the Eligible Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



DECLARATION

We hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

| | |
|--|---|
| Sd/- _____ | Sd/- _____ |
| Mr. Gaurav Sarup Managing Director | Mrs. Prashant Sarup Whole Time Director and CFO |
| Sd/- _____ | Sd/- _____ |
| Mrs. Archana Sarup Whole Time Director | Mr. Siddhant Sarup Whole Time Director |
| Sd/- _____ | Sd/- _____ |
| Mr. Satvinder Singh Independent Director | Ms. Rita Aggarwal Independent Director |
| Sd/- _____ | Sd/- _____ |
| Mr. Anil Singla Independent Director | Mr. Surinder Bir Singh Independent Director |

SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER OF OUR COMPANY

Sd/-

Ms. Gauri Agarwal
Company Secretary & Compliance Officer

Place: Ludhiana

Date: July 25, 2023