



BOARD'S REPORT

To

The Members,

Marshall Machines Limited,

Your Directors have great pleasure of presenting the 25th Annual Report on the affairs of the Company for the financial year ended 31st March, 2019.

FINANCIAL SUMMARY OF THE COMPANY

The summary of Company's Financial Results for the financial year ended 31st March, 2019 is as under:

(Rs. In Lakhs)

Particulars	Current Financial Year Ended 31.03.2019	Previous Financial Year Ended 31.03.2018
Revenue from Operations	6522.83	5935.49
Other Income	22.88	6.94
Total Revenue	6545.71	5942.44
Total Expenses	5745.37	5196.07
Profit before before tax	800.34	746.37
Tax expenses	222.88	245.78
Profit for the period	577.46	500.59

RESERVES

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

DIVIDEND

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

OPERATIONAL REVIEW AND STATE OF AFFAIR

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

During the period under review, your Company has reported total Income of Rs. 6545.71 lakhs for the financial year ended 31st March, 2019 as compared to Rs. 5942.44 lakhs in the previous year ended 31st March, 2018 and the net profit for the year under review amounted to Rs. 577.46 lakhs in the current year as compared to Rs. 500.59 lakhs of previous year.

CHANGE IN THE NATURE OF BUSINESS, IF ANY:

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

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

Material changes and commitment affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and on the date of this report are as follows:

CONVERSION OF THE COMPANY

During the year under review, your company was converted from Private Limited Company to a Public Limited Company and requisite fresh Certificate of Incorporation dated 17th May, 2018 was issued by the Registrar of Companies, Chandigarh. Consequent to the conversion of the Company, the name of the Company has been changed from Marshall Machines Private Limited to Marshall Machines Limited.

INITIAL PUBLIC OFFER (IPO)

An Initial Public Offer (IPO) of 38,70,000 Equity Shares of Rs. 10/- each at an issue price of Rs. 42/- per equity share (Including share premium of Rs. 32/- per equity share) aggregating Rs. 16,25,40,000/- were issued. Out of 38,70,000 Equity Shares, 1,98,000 Equity Shares were reserved for subscription by market maker to the issue and the balance 36,72,000 Equity Shares were issued to general public. The IPO of the Company was opened from 28th August, 2018 to 30th August, 2018. The IPO of the Company was oversubscribed by 2.14 times. The equity shares offered under IPO of the Company were allotted to shareholders on 5th September, 2018. Thereafter, the Equity Shares of the Company got listed on NSE EMERGE Platform of National Stock Exchange of India on 7th September, 2018. Initial and Annual Listing fees has been duly paid by the Company to the Exchange.

SHARE CAPITAL

The Authorized share capital of the Company as on 31st March, 2019 was Rs. 15,00,00,000/- divided into 1,50,00,000 equity shares of Rs. 10/- each fully paid up.

The Paid-up share capital of the Company as on 31st March, 2019 was Rs. 14,55,00,000/- divided into 1,45,50,000/- equity shares of Rs. 10/- each fully paid up.

Further during the year under review,

The Authorized share-capital of yours Company was increased to Rs. 15,00,00,000/- (Rupees Fifteen Crores) divided into 1,50,00,000/- equity shares of Rs. 10/- each in Extra-Ordinary General Meeting held on 24th April, 2018.

Your Company after getting approval from shareholders in their Extra-Ordinary General Meeting held on 23rd May, 2018 had allotted 85,44,000 equity shares of Rs. 10/- each by way of bonus issue in proportion of 4:1 (i.e. Four Equity Shares for each existing Equity Share) in Board Meeting held on 25th May, 2018.

After Issue of Bonus shares, the Paid up Capital of your Company was increased to Rs. 10,68,00,000/- (Rupees Ten Crores Sixty Eight Lakhs only) divided into 1,06,80,000 equity shares of Rs. 10/- each.

Your Company offered 38,70,000 equity shares of Rs. 10/- each at an issue price of Rs. 42/- per equity share (Including share premium of Rs. 32/- per equity share) aggregating Rs. 16,25,40,000/- for subscription to general public under Initial Public Offer (IPO). Out of 38,70,000 equity shares, 1,98,000 equity shares were reserved for subscription by market maker to the issue and the balance 36,72,000 equity shares were issued to general public. The IPO of the Company was oversubscribed by 2.14 times. The equity shares offered under IPO of the Company were allotted to the shareholders on 5th September, 2018. After issuing the equity shares under IPO, the Paid-up Capital of the Company was increased to Rs. 14,55,00,000/- (Rupees Fourteen Crores Fifty Five Lakhs only) divided into 1,45,50,000/- equity shares of Rs. 10/- each.



DISCLOSURE RELATING TO EQUITY SHARES WITH DIFFERENTIAL RIGHTS

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

DISCLOSURE RELATING TO SWEAT EQUITY SHARES

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

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Company's Board comprised six Directors as on 31st March, 2019, viz, Mr. Gaurav Sarup, Managing Director, Mr. Prashant Sarup, Mr. Siddhant Sarup, Whole Time Directors, Mrs. Archana Sarup, Non-Executive Director, Dr. (Mr.) Harish Pal Kumar, and Mr. Satvinder Singh, Independent Directors.

The Board, therefore, presently comprises six Directors.

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

Mr. Prashant Sarup (DIN: 01257440), Whole-Time Director of the Company was re-appointed by the Board of Directors to work in such capacity with effect from 1st April, 2018 for period of 5 (five) years. His re-appointment was ratified by shareholders at Extra-Ordinary General Meeting held on 23rd May, 2018.

Mr. Siddhant Sarup (DIN: 07779416) was working as Non-Executive Director of the Company. The Board of Directors (subject to the approval of the Shareholders) passed a resolution to change the designation of Mr. Siddhant Sarup from Non-Executive Director to Whole-Time Director of the Company. The Change in designation and his appointment as Whole-Time Director was approved by the shareholders by way of Special Resolution passed at Extra-Ordinary General Meeting held on 23rd May, 2018.

Dr. (Mr.) Harish Pal Kumar (DIN: 01826010) was appointed as an Independent Director of the Company, not liable to retire by rotation, by the Members in their Extra-Ordinary General Meeting held on 23rd May, 2018 for the period of five (5) consecutive years. Mr. Satvinder Singh (DIN: 08148602) was appointed as an Additional (Independent) Director by the Board in their meeting held on 05th June, 2018 to hold such position up to forthcoming Annual General Meeting.

In the 24th Annual General Meeting held on 27th August, 2018, the Members of the Company had appointed Mr. Satvinder Singh (DIN: 08148602) to hold the position of Independent Director of the Company for the period of five (5) consecutive years from the conclusion of this Annual General Meeting up to 4th June, 2023, subject to not liable to retire by rotation.

Mr. Sumit Malhotra, Associate Member of Institute of Company Secretaries of India (ICSI), was appointed as Company Secretary & Compliance Officer of the Company with effect from 3rd May, 2018. However, Mr. Sumit Malhotra resigned from current post with effect from 1st August, 2019.

Mr. Phulljit Singh Grover, Member of Institute of Chartered Accountants of India (ICAI) was appointed as Chief Financial Officer of the Company with effect from 21st May, 2018, pursuant to provisions of Companies Act, 2013 read with rule and regulations made thereunder.

Ms. Shruti Gupta, Associate Member of Institute of Company Secretaries of India (ICSI) was appointed as Company Secretary & Compliance Officer with effect from 1st August, 2019, pursuant to provisions of Companies Act, 2013 read with rule and regulations made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

DECLARATION BY INDEPENDENT DIRECTORS

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

KEY MANAGERIAL PERSONNEL

Mr. Gaurav Sarup, Managing Director, Mr. Prashant Sarup and Mr. Siddhant Sarup, Whole Time Directors, Mr. Phulljit Singh Grover, Chief Financial Officer and MS. Shruti Gupta, Company Secretary of the Company are the Key Managerial Personnel as per the provisions of the Companies Act, 2013 and rules made thereunder.

BOARD MEETINGS

The Directors of your Company met at regular intervals with the gap between two meetings not exceeding 120 days to review Company’s policies and strategies apart from the Board matters. The notices of the meeting were given in advance. Additional meetings were held on the basis of the requirements of the Company. During the year under review, the Board of Directors met fifteen (15) times on 2nd April, 2018, 3rd May, 2018, 5th May, 2018, 18th May, 2018, 21st May, 2018, 25th May, 2018, 5th June, 2018, 11th June, 2018, 16th July, 2018, 23rd July, 2018, 3rd August, 2018, 18th August, 2018, 5th September, 2018, 14th November, 2018 and 11th March, 2019.

The attendance of each Director at all meetings of Board of Directors held during the FY 2018 - 19:

Date of Board Meetings	Name of Directors					
	Mr. Gaurav Sarup	Mr. Prashant Sarup	Mr. Siddhant Sarup	Mrs. Archana Sarup	Dr. Harish Pal Kumar	Mr. Satvinder Singh
02 nd April, 2018						
03 rd May, 2018						
05 th May, 2018						
18 th May, 2018						
21 st May, 2018						
25 th May, 2018						
05 th June, 2018						



11 th June, 2018						
16 th July, 2018						
23 rd July, 2018						
03 rd August, 2018						
18 th August, 2018						
05 th September, 2018						
14 th November, 2018						
11 th March, 2019						

MEETING OF MEMBERS

During the year under review, an Extra-ordinary General Meeting of the Company was held on 23rd May, 2018 and an Annual General Meeting of the Company was held on 27th August, 2018 respectively.

COMMITTEES OF BOARD

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

- ✧ Audit Committee
- ✧ Nomination and Remuneration Committee
- ✧ Stakeholder Relationship Committee
- ✧ Corporate Social Responsibility Committee

AUDIT COMMITTEE

The Board of Directors in their meeting held on 5th June, 2018 had constituted Audit Committee of the Company in compliance with provisions of Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by consisting following Members/Chairman:

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

All the Members of Audit Committee are financially literate and have accounting knowledge to interpret and understand the financial statements. The Audit Committee meetings were held at the Registered Office of the Company and Statutory Auditor, Chief Financial Officer, Internal Auditor and Company Secretary were permanent invitees to the meetings. The Company Secretary of the Company acts as the secretary of the Committee. No separate Committee was

constituted to deal with matters related to Initial Public Offer (IPO) of the Company. All the matters related to IPO were assigned to Audit Committee by the Board of Directors subject to their approval. During the year under review, the Audit Committee Members, met eight (8) times on 9th June, 2018, 16th July, 2018, 18th July, 2018, 1st August, 2018, 17th August, 2018, 10th October, 2018, 14th November, 2018 and 9th March, 2019 and All members were present in the meetings.

NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors in their meeting held on 5th June, 2018 had constituted Nomination and Remuneration Committee of the Company in compliance with provisions of Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by consisting following Members/Chairman:

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

The Nomination and Remuneration Committee has framed a policy on Remuneration of Directors, Key Managerial Personnel & Senior Employees called as “Nomination and Remuneration Policy” which is available on the website of the company and can be accessed at <https://marshallcnc.com/Nomination-Remuneration-Policy.pdf>

The Nomination and Remuneration Committee Members met three (3) times on 9th June, 2018, 1st August, 2018 and 13th November, 2018. All members were present in the meetings.

STAKEHOLDER RELATIONSHIP COMMITTEE

The Board of Directors in their meeting held on 18th August, 2018 had constituted Stakeholder Relationship Committee (SRC) of the Company in compliance with provisions of Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by consisting following Members/Chairman:

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

The SRC monitors redressal of complaints received from shareholders/ investors with respect to transfer of shares, non-receipt of dividend, non-receipt of Annual Reports, interest payment on Bonds, etc. SRC also takes note of number of transfers processed, issue of fresh share certificates, top shareholders, pattern of shareholding, etc. During the FY 2018-19, no complaints were received. There was no complaint outstanding as on 31st March, 2019. Also, no instruments of transfer were pending as on 31st March, 2019. The Company Secretary is the Compliance Officer of the Committee. The Committee meets as and when required, to deal with the investor related matters etc.

The Stakeholder Relationship Committee Members met two (2) times on 13th November, 2018 and 9th March, 2019. All members were present in the meetings.



CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has attracted criteria for Corporate Social Responsibility (CSR) as its net profit was over 5 crores pursuant to the provisions of Section 135 of the Companies Act, 2013 including Rules framed thereunder.

As per requirement of Section 135 of the Companies Act, 2013 read with Schedule VII of the said Act and further read with Companies (Corporate Social Responsibility) Rules, 2014, the Company had constituted "Corporate Social Responsibility (CSR) Committee" in the Board Meeting held on 14th November, 2018 consisting following Members/Chairman:

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

During the year under review, CSR Committee Members met once on 9th March, 2019 and had identified and recommended to the Board certain projects/activities on which CSR expenditure for the financial year 2018-19 can be made. The Board of Director approved the same in Board Meeting held on 11th March, 2019. The CSR policy is available on company's website and can be accessed at link <https://marshallcnc.com/wp-content/uploads/2019/04/CSR-Policy-compressed.pdf>. The Report on CSR Activities is annexed herewith and forms part of this report.

APPOINTMENT AND REMUNERATION POLICY

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

BOARD EVALUATION

The provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, mandate that a formal annual performance evaluation is to be made by the Board of its own performance and that of its Committee and individual Directors and Schedule IV of the Companies Act, 2013 states that performance evaluation of the Independent Director shall be done by Directors excluding the Directors being evaluated. The Board carried out a formal annual performance evaluation as per criteria/framework laid down by the Nomination and Remuneration Committee and adopted by the Board. The evaluation was carried out through a structured evaluation process to evaluate the performance of individual Directors including the Chairman of the Board. They were evaluated on parameters such as their education, knowledge, experience, expertise, skills, behaviour, leadership qualities, level of engagement and contribution, independence of judgement, decision making ability for safeguarding the interest of the Company, stakeholders and its shareholders. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors were carried out by the Independent Directors. The outcome of the Board Evaluation for the financial year 2018-19 was discussed by the Nomination and Remuneration Committee at the meeting held on 29th May, 2019 and the Board at the meeting held on 30th May, 2019.

The Board was satisfied with evaluation process and approved the evaluation results thereof.

REMUNERATION TO DIRECTORS/EMPLOYEES AND RELATED ANALYSIS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the accounts for the financial year ended 31st March, 2019, the applicable accounting standards have been followed along with proper explanation relation to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the said financial year and of the profit and loss of the company for the said financial year;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the accounts for the year ended 31st March, 2019 on a going concern basis;
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- (f) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS

The Company has a proper and adequate system of internal control, to ensure that all assets are safeguarded, properly utilized and protected against loss from un-authorized use or disposition and those transactions are authorized and recorded by the concerned departments properly and reported to the Audit Committee/Board correctly.

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

DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

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

DEPOSITS

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



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

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

PARTICULARS OF CONTRACTS OR ARRANGMENTS WITH RELATED PARTIES

All related party transactions entered into during financial year 2018-19 were on an arm's length basis and in the ordinary course of business. Accordingly, the disclosure of related party transactions, as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company.

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Corporate Social Responsibility Committee (CSR Committee) had formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, and the same was duly approved by the Board. The CSR Policy can be accessed on the website of the Company at link <https://marshallcnc.com/wp-content/uploads/2019/04/CSR-Policy-compressed.pdf>.

During the year under review, the Company had spent an amount of Rs. 1,31,000 (Rupees One Lakh Thirty-One Thousand) which constitute 2% of the average net profit made during the three immediate preceding financial years on CSR activities identified by CSR Committee. The disclosure in respect of the existing CSR Activities pursuant to Section 134(3) of the Companies Act, 2013 read with Rule 9 of the Companies (Accounts) Rules, 2014 and Companies (Corporate Social Responsibility) Rules, 2014, is annexed as Annexure - B herewith and forms part of this Report.

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

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

RISK MANAGEMENT

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

ESTABLISHMENT OF VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS AND COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

Marposh India Private Limited, a company incorporated under the provisions of Companies Act, 1956 having Registered Office at J-30, 1st Floor, Lajpat Nagar-III, New Delhi-110024 in its capacity as operational creditor had filed a petition on 10th January, 2018 under "Insolvency and Bankruptcy Code, 2016" (IBC) with Hon'ble National Company Law Tribunal, Chandigarh Bench (NCLT). The matter is sub-judice as on date.

No other significant and material orders have been passed by any Regulatory or Court or Tribunal which can impact on the going concern status and the Company's operations in futures.

AUDITORS**STATUTORY AUDITORS**

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

AUDIT REPORT

The Statutory Auditors have submitted Audit Report on the Financial Statements of the Company for the financial year ended 31st March, 2019. The observations and comments given by the Auditors in their Report read together with the Notes to the Accounts are self-explanatory and require no comments from the Board.

SECRETARIAL AUDITOR

As your Company got listed on NSE EMERGE Platform on 7th September, 2018, the provisions of Section 204 of the Companies Act, 2013, read with relevant rules, if any, became applicable to the Company. The Board of Directors, pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, had appointed M/s. Rajeev Bhambri & Associates, Company Secretaries in practice, having Certificate of Practice No. 9491 as Secretarial Auditor of Company for the financial year 2018-19.

SECRETARIAL AUDIT REPORT

The Secretarial Audit Report for the financial year ended 31st March, 2019 is annexed as Annexure - D herewith in the prescribed format i.e. MR-3 and forms part of this Report. The observation of Secretarial Auditor is self-explanatory and do not require further explanation.

INTERNAL AUDITOR

As your Company got listed on NSE EMERGE Platform on 7th September, 2018, the provisions of Section 138 of the Companies Act, 2013 read with relevant rules, if any, became applicable to the Company. The Board of Directors, pursuant to provisions of Section 138 of the Companies Act, 2013 read with Rule 13(1) of the Companies (Accounts)



Rules, 2014, had appointed Mr. Abhimanyu Kumar, Bachelor of Technology, as an Internal Auditor of Company for the financial year 2018-19.

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

There are no qualification, reservations or adverse remarks made by the statutory auditors in their report for the year ended 31st March, 2019. During the year, there were no instances of frauds reported by auditors under Section 143(12) of the Companies Act, 2013.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

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

CORPORATE INSOLVENCY RESOLUTION PROCESS UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016

Marpoos India Private Limited, a company incorporated under the provisions of Companies Act, 1956 having Registered Office at J-30, 1st Floor, Lajpat Nagar-III, New Delhi-110024, in its capacity as operational creditor had filed a petition on 10th January, 2018 under "Insolvency and Bankruptcy Code, 2016" (IBC) with Hon'ble National Company Law Tribunal, Chandigarh Bench (NCLT). The matter is sub-judice as on date.

EXTRACT OF ANNUAL RETURN

The Extract of Annual Return of the Company, pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 for the financial year 2018-19 in the Form MGT-9 is annexed herewith as Annexure – E and forms part of this Report. Further, The Annual Return of the Company is available on Company's website and can be accessed at the link: <https://marshallcnc.com/extract-of-annual-return>

OTHER DISCLOSURES- CORPORATE POLICIES

CORPORATE SOCIAL RESPONSIBILITY POLICY

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the CSR Committee had formulated the CSR Policy which has been adopted by the Board. The CSR Policy outlines the various programs/projects/activities to be undertaken by the Company as laid down in schedule VII of the Companies Act, 2013. The CSR policy can be accessed on the Company's website at the link: <https://marshallcnc.com/wp-content/uploads/2019/04/CSR-Policy-compressed.pdf>

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. The details of such familiarization programs for Independent Directors are posted on the Company's website and can be accessed at link: <https://marshallcnc.com/Familiarization-Programme-Independent-Directors.pdf>

POLICY FOR DETERMINATION OF MATERIALITY

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

POLICY FOR PRESERVATION OF DOCUMENTS

The Board of Directors in their meeting held on 14th November, 2018 had approved and adopted policy for Preservation of documents. The policy segregates the documents to be preserved permanently and documents to be preserved at least for a period of eight years as per requirement of law. The policy for preservation of documents is available on Company's website and can be accessed at link: <https://marshallcnc.com/Policy-on-Preservation-of-Documents.pdf>

INSIDER TRADING POLICY

In order to prevent Insider Trading in securities of the company on basis of Unpublished Price Sensitive Information, the Board of Directors had approved and adopted Code of Practice & Procedure for Fair Disclosure in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, issued by Securities Exchange Board of India (SEBI) vide its notification dated 15th January, 2015. The SEBI vide its notification dated 31st December, 2018 has amended the same which is now hereby referred as SEBI (Prohibition of Insider Trading)(Amendment) Regulations, 2018 and put in place a framework for prohibition of insider trading in securities and the same has been approved and adopted by the Board of Directors in their meeting held on 11th March, 2019. The framework adopted by the Company to prevent insider trading in securities of the Company is available on Company's website and can be accessed at the link: <https://marshallcnc.com/wp-content/uploads/2019/04/Code of Conduct for Prohibition of Insider Trading compressed.pdf>

RELATED PARTY TRANSACTION POLICY

Pursuant to the requirements of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board had approved a policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions. The policy regulates the transaction between the Company and its Group/Associates Companies, if any, and related parties. The Related Party Transaction Policy is available on Company's website and can be accessed at the link: <https://marshallcnc.com/Transaction Policy.pdf>

CEO AND CFO CERTIFICATION

Since your Company's securities are listed on NSE EMERGE- SME Platform, by virtue of Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the compliance with the CEO and CFO Certification provisions as specified under Regulation 17(8) is not applicable to the Company. But for good corporate governance, the Company has received a certificate as required under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 duly signed by Mr. Prashant Sarup, Whole Time Director and Mr. Phulljit Singh Grover, Chief Financial Officer of the Company which was placed before the Board in their meeting held on 30th May, 2019 which is annexed herewith as Annexure – F and forms the part of this report.

DEMATERIALISATION OF SECURITIES

As on 31st March, 2019, 99.99% of the total Equity Share Capital has been dematerialized. The shareholder (s) who have not gone in for dematerialization of shares till date, are requested to opt for dematerialization of the shares at the earliest. Your Company has appointed M/s Bigshare Services Pvt. Ltd., as Registrar & Share Transfer Agent of the Company. Accordingly, all the shareholders, Investors, Members of the Stock Exchanges, Depository Participants and all other concerned are requested to send all communication in respect of share transfer, demat/remat, change of address etc. to our registrar at below mentioned address: M/s. Bigshare Services Pvt. Ltd., 302, Kushal Bazar, 32-33, Nehru Place, New Delhi-110019 E-mail Address: yksinghal@bigshareonline.com.

SEBI vide its Gazetted notification dated 8th June, 2018 amended the Regulation 40(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, whereby it has been provided that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are



held in dematerialized form with the Depository. The said amendment has been come into force with effect from 1st April, 2019. Therefore, all the members are hereby requested to get their shares in dematerialized at earliest.

DISCLOSURE OF ACCOUNTING TREATMENT

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

The Company's Independent Directors held their 1st meeting on 25th March, 2019 without the attendance of Non-Independent Directors and members of the management. All Independent Directors were present at the meeting. They reviewed i. the performance of non-Independent directors and the Board as a whole; ii. the performance of the Chairman of the Company taking into account the views of Executive Directors and Non- Executive Directors; iii. Assessed the quality and timeliness of the flow of information between the company's Management and the Board which is necessary for the Board to effectively and reasonably perform their duties.

ENVIRONMENT, HEALTH AND SAFETY

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

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

STATEMENT OF DEVIATION(S) OR VARIATION(S)

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

Since, the Company's securities are listed on NSE EMERGE Platform, by virtue of Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the compliance with the Corporate Governance provisions as specified

in regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V are not applicable to the Company. Hence Corporate Governance Report does not form part of this report.

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

The Company has zero tolerance for sexual harassment for women at workplace and has adopted a policy against sexual harassment in line with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The Company has complied with the provisions relating to the constitution of Internal Complaint Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the financial year 2018-19, the Company has not received any complaints on sexual harassment and hence no complaint remains pending as on 31st March, 2019.

ACKNOWLEDGMENT

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

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

On the behalf of the Board
Marshall Machines Limited

Sd/-
Gaurav Sarup
Managing Director
(DIN: 00777486)

Sd/-
Prashant Sarup
Whole Time Director
(DIN: 01257440)

Place: Ludhiana
Date: 03/09/2019