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Marshall Machines Limited

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Marshall/2020-21

Date: 23rd June, 2020

To,

General Manager,
Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex, Bandra East
Mumbai-400051

Script Code: MARSHALL

SUB: - Impact of Covid 19 pandemic on the business of the Company

Dear Sir/Madam,

This is with reference to the letter dated May 02, 2020 vide reference no. AEL/NSE/2020- 21/1 in regards to the experience and preparedness to combat COVID 19 pandemic submitted to the exchange. We hereby enclosed the impact of COVID 19 pandemic in the prescribed format as directed by SEBI in its Circular dated May 20, 2020.

We would request you to disseminate the same for the benefit of the stakeholders of the Company. In case of any queries then let us know.

This is for your information and record.

Thanking you,

For MARSHALL MACHINES LIMITED

(Gaurav Sarup)

(Managing Director)

Marshall Machines Ltd. LUDHIANA

SmartFAC
Industry 4.0..Reimagined!

• SUPER OPTIMIZED CNC TURNING CENTRES • SMART AUTOMATED CNC MACHINES WITH ROBOTS • DOUBLE SPINDLE CNC TURNING CENTRES
• SINGLE SPINDLE CNC CHUCKERS • TWINTURN CNC MACHINES • SMARTCORRECT GAUGING STATIONS

1. Impact of the COVID-19 pandemic on the business and schedule if any for restarting the operations :

In light of heightened concern on spread of COVID-19 pandemic, Central and State Government announced Lockdown to contain the spread of disease. Accordingly, production was temporarily suspended at all our facilities. While the lockdown and restrictions imposed on various activities were necessary to contain the spread, it has impacted the business operations of Marshall Machines Ltd. (hereinafter referred to as the "Company"). Consequently, revenues and profitability have been affected for period during lockdown.

The Company commenced partial operations at its facilities after obtaining due approval from local authorities concerned:

Ludhiana Facility from 11/05/2020

The Company is assessing the demand, availability of workers at its facilities, reconfiguring its facilities for effective social distancing and is working towards resumption of operations to normalcy at the earliest.

2. Steps taken to ensure smooth functioning of Operations :

The Company has developed a "Workplace Guidelines" in line with directives issued by Ministry of Home Affairs (MHA). All the facilities continue to be regularly sanitized for the safety and wellbeing of the employees. All safety protocols of temperature screening, wearing of safety gears, social distancing, sanitizing and washing hands are being adhered to very stringently. With a view to maintain the social (Physical) distancing norms and prioritizing employee wellbeing, the Company continues to provide the facility of Work from Home to its employees with reduced staff coming to offices & workplace.

3. Financial position and profitability :

Due to the suspension of operations our revenues & profitability has been impacted. In order to mitigate some of the impact, Company has taken various initiatives to manage its costs across the organization and also took actions to conserve cash. There may be some impact on receivable cycle from customers. However, the company foresees no major risk given its high quality of customers.

4. Liquidity position :

The Company has taken option of Moratorium on Interest on Bank Working Capital & EMI of Term Loans.

5. Supply chain :

Our products need parts sourced from various vendors across the country. The lockdown has affected their operations. However the situation continues to improve due to lifting of lock down and relaxations given by the government. The Company has been closely working with its vendors to resume & align production schedules and de-bottleneck supply chain concerns.

Marshall Machines ltd. LUDHIANA

6. Estimation of the future impact of COVID -19 on its operations :

We believe there will be impact on revenue and profitability for Q1FY21 as our operations were shut in April 2020 and were gradually started in May 2020. Considering the fact that the situation is exceptional and is changing dynamically, the Company is not in a position to gauge with certainty, the future impact on its operations. However, signs are POSITIVE.

- There is clearly perceptible shift towards Smart Manufacturing due to the Covid Pandemic. There are Three Primary reasons:

1: **MANPOWER SHORTAGE** & 'Social Distancing Norms'

2: **NEED TO BECOME COMPETITIVE THROUGH EFFICIENCY IMPROVEMENT & ELIMINATION OF WASTE.**

3: **NEED FOR FLEXIBILITY OF EQUIPMENT & FAST RETURN ON INVESTMENT AS PROTECTION AGAINST FUTURE UNCERTAINITY.**

- Marshall has been doing extensive R&D in Smart Manufacturing since 2013 and as on date has 5 Patents awarded & 16 Patents pending. It has established itself as market leader in Automated Machine Tools & 'Thought Leader' in Industry 4.0 technologies. We are best suited to meet needs of Indian manufacturers for above mentioned solutions.

- We expect surge in orders for such machines from August onwards. We foresee very good growth in coming years as vast segments of Indian manufacturing move towards Smart Manufacturing including Industry 4.0 Technologies & Automation

7. Demand for its products :

The lockdown resulted in most of the Company's customers in India also having to shut their operations. The resultant sales to these domestic customers is starting to resume and we hope to ramp up capacity utilization over the next months.

As Explained above, Demand for :

* Automated Machines

* Machines with Smart Industry 4.0 Technologies to surge.

8. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business :

The Company is well positioned to fulfil its obligations and existing contracts/arrangements. At present, we do not foresee any contract/agreements which will have significant impact on the business in case of non-fulfilment of obligations by any party.

Marshall Machine Ltd. LUDHIANA