Sarthi Capital Advisors Private Limited

Bridging the Gaps



Marshall machines ltd.

TRANSFORMING Manufacturing... Smartly!

Investor Presentation

September, 2018

Privileged and Confidential

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SARTHI

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1. Executive Summary

Executive Summary

- ✓ Marshall Machines Ltd. (Marshall) is a leading manufacturer of Smart Intelligent Internet Enabled Machine Tool Equipment (including Robotic Automation) with manufacturing base in Ludhiana and R&D, Marketing and Display Centre at Gurgaon.
- ✓ Marshall specializes in design and manufacture of high performance ('Super-Optimized') CNC Turning Machines including **patented** Double & Four spindle CNC machines, Turnkey Automated CNC machines (with Robots) and 'Smart' Proprietary Industry 4.0 technologies under the name of **IoT*Q*** (Internet of Things for ***Quality***);
- ✓ Promoted by Mr. Gaurav Sarup and Mr. Prashant Sarup, the Company has 250+ employees and is supported by a strong R&D team in the design of smart intelligent equipment.
- ✓ Marshall has focused extensively on technology development and utilizing R&D to develop and offer Smart CNC Systems to Market in PLUG/PLAY and Compact Packages, which are highly cost efficient, improve productivity significantly over competing CNC offerings and are capable of manufacturing turned components with nearly ZERO defects and offer unparalleled features to the customers like optimization of tool life, prevention of sudden breakdowns, smart material handling etc.
- ✓ The products offered by the Company to Indian Markets competes products from leading companies and has great potential for expansion to International Markets, particularly US given significant price differential and advance features;
- ✓ Marshall works with many industry players like Siemens AG, Schneeberger GMBH, Nippon Thompson Co. Ltd., Autogrip Machinery Co. Ltd., Samchully Machinery Co. Ltd.,Renishaw UK Sales Ltd., Baruffaldi S.P.A and Algra S.P.A.

Key Growth Drivers

- ✓ Company has filed many new patents over last 18 months in India and US. These innovations are largely focused on making the machines as smart as possible by deploying IOT/software algorithm based solutions (trademarked as "IoT*Q*") and involving automation with or without use of robots.

- ✓ On an overall basis, the Company has a order book of Rs. 58 crores for 238 CNC Machines

- ✓ Within CNC Machine segment, while Marshall have upgraded most of its machines offering by integrating smart technologies developed by them, in particular, Marshall has introduced a new model of CNC Machine in January this year called "Twinturn Uber", which is actually two CNC machines in one with several automated features without use of robots and integrating its patented IoT*Q* Technologies, making this a very cost efficient solution for its customers.

- ✓ Company is all set to establish its base in US, where it will be mainly targeting sale of its patented IoT*Q* devices to be plugged into existing CNC installations there. These devices can connect to any brand of CNC machine on plug and play basis and auto corrects the machines. Additional features of this device include continuous monitoring of tool life and CNC machine health.

- ✓ US is potentially a very large market for IoT*Q* devices. The Company is formally launching its US operations and kicking it off with participation in World's largest Machine Tool exhibition IMTS in Chicago to be held in September this year, where they will be showcasing this IoTQ technology for the first time.

- ✓ Technological innovation in the Company is driven by Promoters themselves – Both the promoters and the second generation are technocrats and behind all the inventions by the Company. This allows the Company to stay ahead of the competition.

2. Company Overview

Company Overview

Background

- ✓ Marshall Machines Ltd. incorporated in 1994, has traditionally been a known brand in the design & manufacture of high precision bench lathes, heavy duty lathes & capstan lathes. It is manufacturing CNC Lathe Machines since 1998 and have developed patented designs including Double & Four spindle CNC lathes.
- ✓ Over the last few years, Marshall has focused extensively on R&D and technology development and as a result of the same, has been able to perfect and launch path braking product lines creating a niche for itself in a highly commoditized market, dominated by Indian cheap legacy CNC machine manufacturers and imported MNC manufactured machines.
- ✓ Recently launched product line includes:
  - ➢ **IoT***Q* suite of smart machines which ensures zero defect production, optimization of tool life and machine health monitoring integrated with new machines manufactured by the Company as well as can be used in legacy metal cutting machine tools across industries as a plug/play device.
  - ➢ Robot based integrated CNC Machines Cells
  - ➢ Highly productive & compact Twinturn UBER CNC Machine with smart material handling capabilities without Robot
- ✓ R&D team is continuously working to develop affordable **IoT***Q* plug-n-play smart products for many new applications related to Grinding, Boring, Miling, Gear Cutting etc.

History & Progression

1994
- Company formation to design and manufacture high- precision bench lathe, heavy duty lathe, etc.

1997
- entered into its first international tie-up with US-based Path Wizard Inc. to export mechanical and electrical parts of CNC Lathes to US

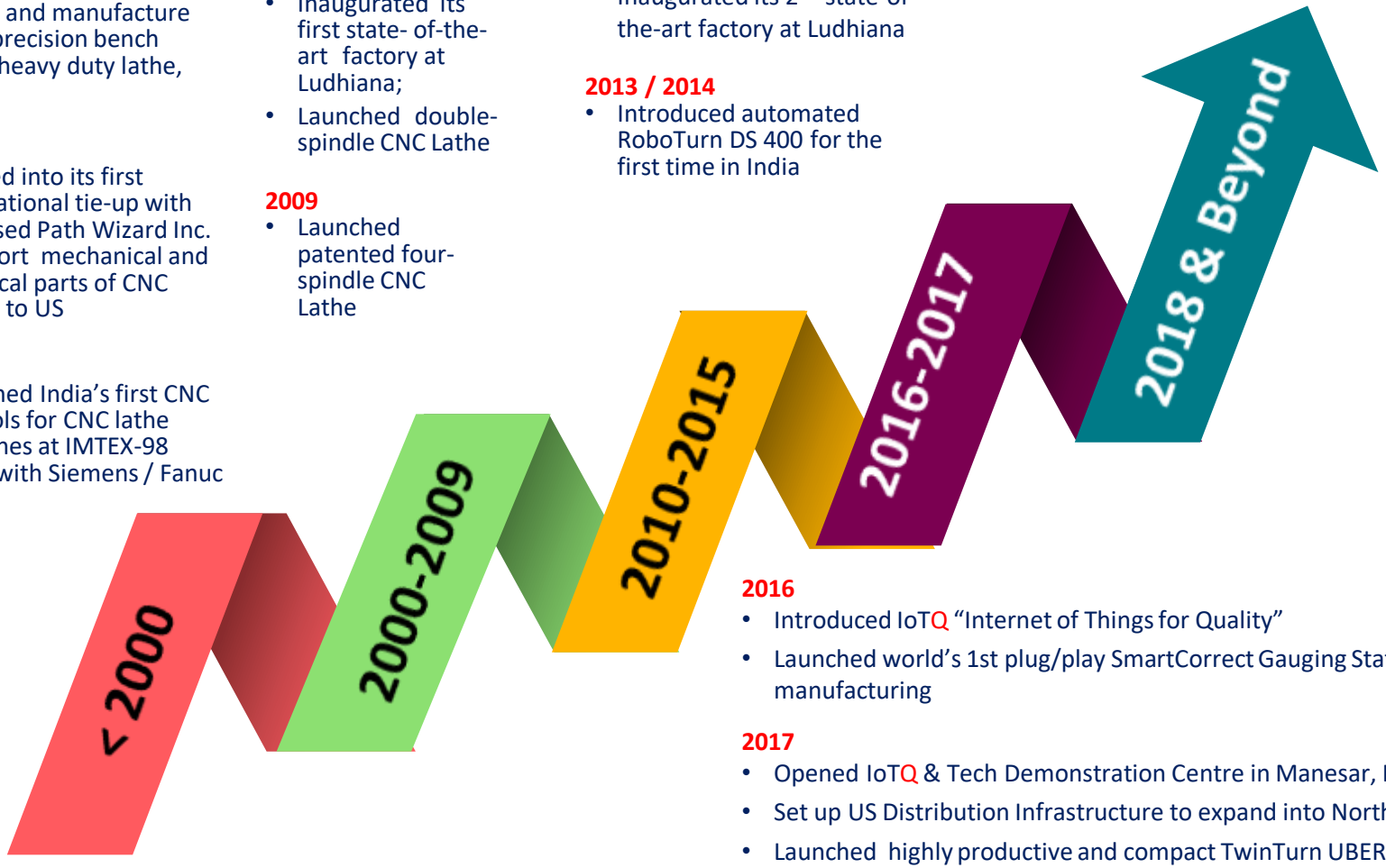
1998
- Launched India's first CNC Controls for CNC lathe machines at IMTEX-98 along with Siemens / Fanuc

2001
- Inaugurated its first state- of-the-art factory at Ludhiana;
- Launched double-spindle CNC Lathe

2009
- Launched patented four-spindle CNC Lathe

2012
- Inaugurated its 2nd state-of-the-art factory at Ludhiana

2013 / 2014
- Introduced automated RoboTurn DS 400 for the first time in India



2016
- Introduced IoTQ "Internet of Things for Quality"
- Launched world's 1st plug/play SmartCorrect Gauging Station unleashing zero defect manufacturing

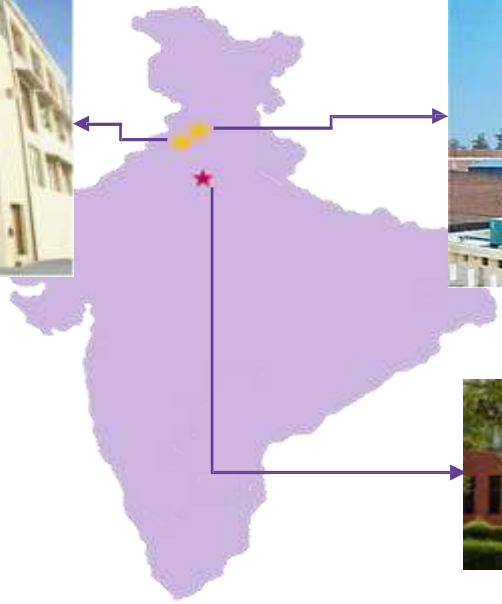
2017
- Opened IoTQ & Tech Demonstration Centre in Manesar, India
- Set up US Distribution Infrastructure to expand into North American Markets
- Launched highly productive and compact TwinTurn UBER CNC Machine

Technologies developed & perfected over last few years are set to unleash explosive growth for the Company

Infrastructure Facilities







Company Facilities

Technology Center



Address	Total Area Measuring	Major Highlights
C86, Phase V, Focal Point, Ludhiana	★ 5000 sq yards plot with 57,000 sq feet covered	Machining, assembly & testing facilities to make machines
D-116A, Phase V, Focal Point, Ludhiana	★ 2500 sq yards Plot with 40,000 sq feet covered	Can assemble Roboturn Automated Machines, compact CNC Lathes and Smart Correct Gauging Stations
75B, Sector 5, IMT Manesar, Gurgaon	★ 1000 sq meters plot	3-5 Demo machines

Current Product Portfolio

SARTHI

Marshall offers a wide range of performance multiplying, plug n produce smart device for CNC Turning Machines in addition to a suite of super optimized, multi-axis and automated CNC machines (with a choice of bundled **IOT*Q*** features)

IOT*Q* Enabled Automated Products



- Patent-pending **IOT*Q*** technology that acts as plug n produce performance multiplier for CNC Turning machines
- Zero defect quality with Smart Correct
- Longer Machine life & OEE, with tool insert life optimization
- Both domestic sale and exports

SmartCorrect (IOT*Q*)



- Marshall double / 4-spindle (patented) CNC Turning Centers
- 6-Axis Robot
- Customized Measurement System (with CLAP software / **IOT*Q*** for measured data analysis and auto-correct
- Both domestic sale and exports

ROBOTURN

Super Optimized CNC Machine Tools



- Most productive & cost effective turning solutions for mass produced chucking jobs
- Single / Double Spindle
- No idle time resulting in higher productivity; one operator required; linear tooling system used to reduce machining time because of faster positioning of tools

RAPIDTURN



- Triad of cutting-edge innovation n CNC Lathe: Citius, Fortius & Altius
- Performance multiplier in speed, accuracy, and rigidity
- Single piece structure with 30 degree slant angle and high cast iron for max rigidity

Smart Single Spindle CNC Turning



- Marshall double head, double turret CNC Turning Centers
- The 2 in 1 turning center results in savings in space, manpower and shop floor material movement

TWINTURN

Founders' Profile



Gaurav Sarup
Co-founder MD

- ✓ Gaurav Sarup has been passionate about designing innovative machine tools ever since he took over rein of Marshall in 1986. Gaurav is a Production Engineer by qualification. Gaurav's passion has been designing innovative machine tools and his career has been filled with many milestones including being awarded with the prestigious FIE Foundation National Awards in 2009, 2013, 2015& 2017.
- ✓ He is an 'evangelist' about 'Smart' manufacturing and is frequently invited to speak at events organised by CII, TIE & other institutions. He has also conducted awareness sessions about INDUSTRY 4.0 at forums like NIQR (National Institute of Quality & Reliability) and companies like BOSCH. He has also addressed various gatherings in USA including Metro Atlanta Chamber, GAMA (Georgia Automotive Manufacturers Association) , EDP (Economic Development Partnership).



Prashant Sarup
Co-founder & JMD

- ✓ Prashant Sarup has applied his passion for designing machines, electronic integration & interfacing of systems to develop various award winning machines. An Engineer by qualification, Prashant started his career in 1989 at Marshall. His passion for design of machines and electronic integration & interfacing of systems, which was a successful project during his engineering studies helped him develop various types of machines, especially after the company shifted focus to manufacture of CNC machines.
- ✓ He is responsible for joint development of INDUSTRY 4.0 Technologies with Global Giants like SIEMENS (Germany) & FANUC (Japan).

3. Growth Strategy

Most innovative machine tool equipment manufacturer in India and pioneer of 'Intelligent Automation'



- Innovation Capability - Ability to customize and develop new products as per client specifications
- Marquee Clients - Multinational and blue chip client base with long and strong relationships
- Quality Control - Stringent quality control measures to monitor every stage of the manufacturing process at every production unit
- Brand Image - The company has developed a reputation among the customers in terms of quality of services and has seen continuous growth in sales
- Production System - Production excellence with fine tuned processes and management on factory floor
- Strong Background - Visionary management with years of experience in the CNC manufacturing space

US Expansion Plans

Marshall's entry into USA (through **'Marshall Automation America Inc.'**) and plan to establish Marshall **IoT*Q*** *Center has been welcomed by machine tool users and Industry Experts who feel that* **IoT*Q*** *will* boost the competitiveness of American manufacturing sector by improving Quality & Productivity.

The **METRO ATLANTA CHAMBER** (MAC), one of the largest Industrial Associations of South East USA invited Mr. Gaurav Sarup to speak at its HQ.

The topic was **'Advanced Manufacturing & IoT*Q*'** . The presentation & the Q&A session were widely appreciated by the audience which agreed that **IoT*Q*** would help CNC Lathe users achieve near Zero defect quality, optimization of tool life and prevention of sudden breakdown of machines.



Mr. Gaurav Sarup at Metro Atlanta Chamber


International Center for Automotive Research

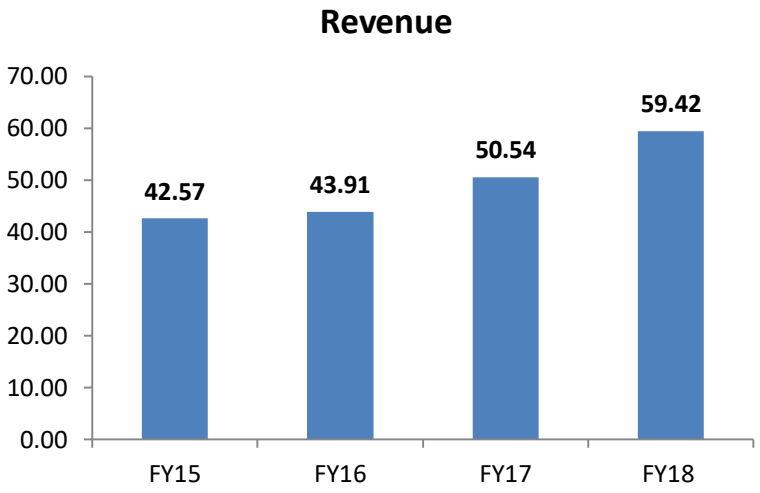
US Expansion Plans - Continued

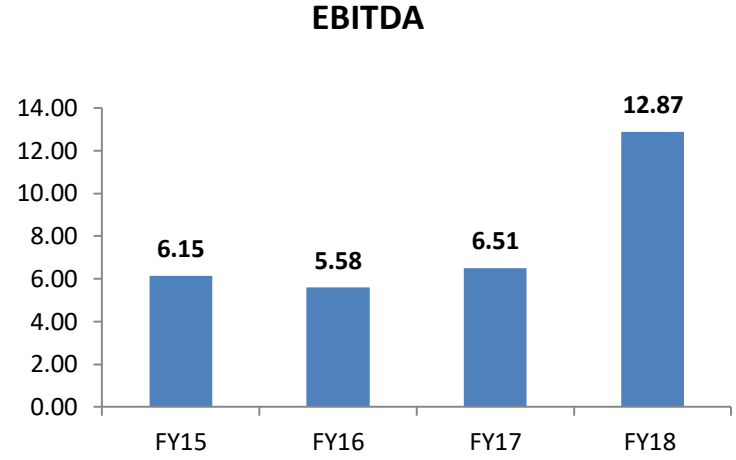


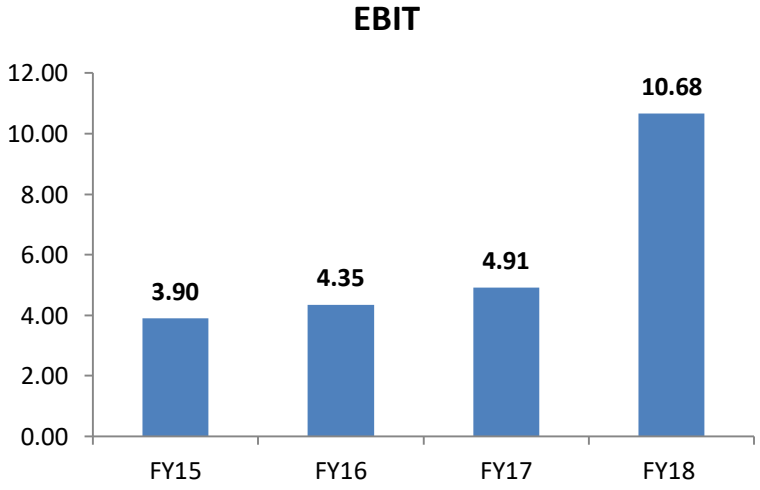
- ✓ Marshall participated in IMTS, Chicago from September 10, 2018 to September 15, 2018.
- ✓ IMTS is America's Largest Premier manufacturing show in North America which hosted over 2500 companies and had ~1.3 L registrations.
- ✓ Marshall was the only Indian Machine Manufacturer who participated in this show and displayed **"Super optimized machine for Hard Turning with IoTQ"** and **"Smart Correct Gauging station"**
- ✓ Marshall received vary good response from Dealers, System Integrators and Direct Customers and was covered by Editorial Director of MMS(#1 Machine Tool Magazine of USA)

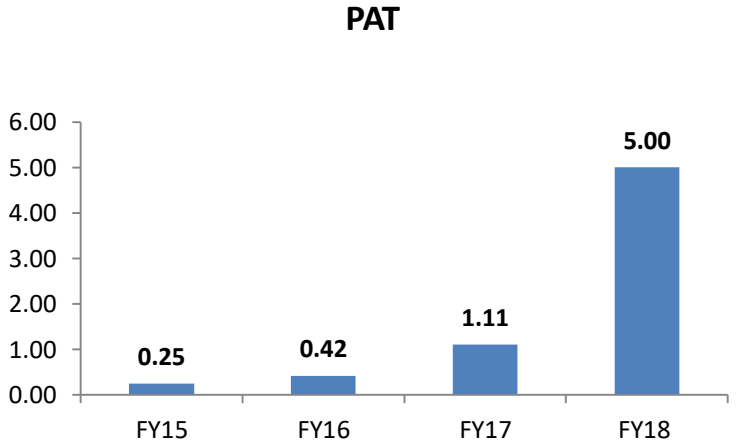
4. Financials

Financial Snapshot









Financial Snapshot

Income Statement	FY15	FY16	FY17	FY18
Revenue	**42.57**	**43.91**	**50.54**	**59.42**
Expenditure:				
Operating Expenses	27.79	31.67	33.96	39.29
Employee Expenses	4.10	3.76	4.24	4.58
Other Expenses	4.53	2.90	5.83	2.68
Total Expenditure	**36.42**	**38.33**	**44.03**	**46.55**
EBITDA	**6.15**	**5.58**	**6.51**	**12.87**
Depreciation	2.25	1.23	1.60	2.20
EBIT	**3.90**	**4.35**	**4.91**	**10.68**
Finance Cost	3.50	3.62	3.11	3.22
EBT	**0.40**	**0.73**	**1.80**	**7.46**
Taxes	0.15	0.31	0.69	2.46
PAT	**0.25**	**0.42**	**1.11**	**5.00**

Balance Sheet	FY15	FY16	FY17	FY18
Equity Share capital	1.81	1.81	1.81	2.13
Reserve & Surplus	6.53	6.94	8.04	15.74
Shareholders Funds	**8.34**	**8.75**	**9.85**	**17.87**
Long Term Loan	8.34	7.48	5.93	7.40
Def Tax + LT Prov	0.80	0.80	1.02	2.73
Current Liabilities				
Short Term Borrowings	16.50	16.21	15.16	16.22
Trade Payables	14.78	14.55	18.40	18.39
Short term Provisions	0.11	0.45	0.61	1.60
Other Current Liabilities	10.68	11.11	14.06	15.43
Total Current Liabilities	**42.07**	**42.32**	**48.23**	**51.64**
Source of Funds	**59.55**	**59.35**	**65.03**	**79.64**
Fixed Assets	13.29	13.14	16.68	24.50
Loans & Advances	0.15	0.21	0.24	0.24
Current Assets:				
Inventories	39.67	39.08	36.73	38.30
Debtors	4.96	4.72	8.23	11.41
Cash & Equivalents	0.70	1.33	1.93	2.22
Other Assets	0.78	0.87	1.22	2.97
Total Current Assets	**46.11**	**46.00**	**48.11**	**54.90**
Application of Funds	**59.55**	**59.35**	**65.03**	**79.64**

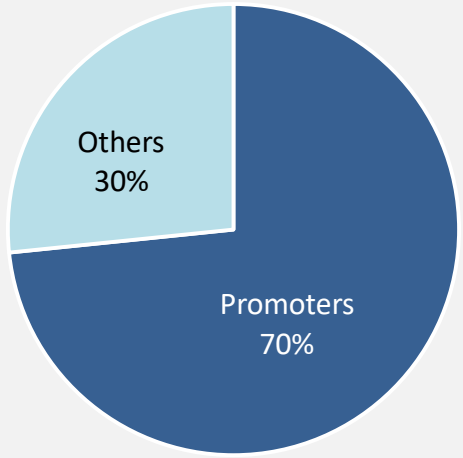
Financial Snapshot

Ratio Analysis	FY15	FY16	FY17	FY18
EBITDA Margin	14.4%	12.7%	12.9%	21.7%
EBIT Margin	9.2%	9.9%	9.7%	18.0%
EBT Margin	0.9%	1.7%	3.6%	12.6%
PAT Margin	0.6%	1.0%	2.2%	8.4%
ROCE	23.4%	26.8%	31.1%	42.3%
RONW	3.0%	4.8%	11.3%	28.0%
Total Debt/Equity	2.98	2.71	2.14	1.32

Capital Market Data

Price Data as on 12th September , 2018	INR
Face Value	10
Equity Shares Outstanding (Cr)	1.45
EPS as per FY 18	23.4
Market Price	43.35
Market Cap (INR Cr)	63.07
Trailing PE	12.6

Shareholding Pattern as on September, 2018



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HAPPY TO HELP

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