

February 10, 2022

To,
**Listing Compliance Department,
National Stock Exchange of India Limited**
Exchange Plaza, Plot no. C/1, G Block,
Bandra Kurla Complex [BKC], Bandra (E),
Mumbai – 400 051, Maharashtra, IN

**Symbol: MACPOWER
Series: EQ
ISIN: INE155Z01011**

Sub: Investor Presentation

Respected sir/ Madam,

With reference to the captioned subject we, Macpower CNC Machines Limited [the “company”] are submitting herewith updated Investor Presentation for all the stakeholders of the company.

Kindly take the same in your record.

Thanking you.

Yours faithfully

For MACPOWER CNC MACHINES LIMITED

S/d

**KISHOR KIKANI
Company Secretary**

Encl: a/a



+91 2827 287930/31
+91 7998 7998 16



sales@macpowercnc.com



REGD. OFFICE :

PLOT NO. 2234, NEAR KRANTI GATE,
GIDC, METODA – 360021.
RAJKOT, GUJARAT. (INDIA)



Macpower CNC Machines Limited

Q3 & 9MFY22 Investor Presentation



Refer to disclaimer

This document has been prepared for information purposes only and is not an offer or invitation or recommendation to buy or sell any securities of Macpower CNC Machines Ltd ("Macpower", "Company"), nor shall part, or all, of this document form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities of the Company.

This document is strictly confidential and may not be copied, published, distributed or transmitted to any person, in whole or in part, by any medium or in any form for any purpose. The information in this document is being provided by the Company and is subject to change without notice. The Company relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.

This document contains statements about future events and expectations that are forward-looking statements. These statements typically contain words such as "expects" and "anticipates" and words of similar import. Any statement in this document that is not a statement of historical fact is a forward looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the document. The Company assumes no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

You acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the business of the Company.

Contents

01

Performance highlights

Quarter Performance highlights | Financial overview | Order book

02

Way Forward

Future growth strategy & drivers | Competitive Advantage | Our ESG Efforts

03

About Us

Company Profile | Our Journey | Key Management | Our Network | Infrastructure

04

Business Overview

Competitive strengths | Key sectors, clientele & range of products

05

Industry Overview

What are CNC Machines | Market size & opportunity | Competitive advantage

REVENUE

growth

 **38.7% YoY**

EBITDA

growth

 **80.5% YoY**

PROFIT

growth

 **180.9% YoY**

EBITDA MARGIN

11.20%

 **259 bps YoY**

PAT MARGIN

7.25%

 **367 bps YoY**

Order book: Revenues

1.7x H1 FY22

1.1x 9M FY22



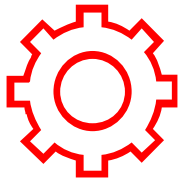
Highest ever machine sales – Year to Date

The company has manufactured and sold highest ever machines year to date at 756 machines. This is our highest ever nine month execution which has led to strong Revenue, EBITDA, PAT growth YoY for 3Q & 9M FY22



Growing Order Book

Unexecuted order book as of December 31, 2021 stood at Rs 1,449 mn, which is 1.7x H1 FY22 and 1.1x 9M FY22 sales.



Backward integration (BI): BI efforts taken in FY20 have started to bear fruit with **improvement in EBITDA margin** and with further upside potential (operating leverage) with growing execution.

Company is targeting **Sustainable Profitable Growth** over the next 3-5 years.



“NEXA” Vertical for premium products: Order for one machine for HMC and VTL received during the quarter for machines valued at Rs 8.7 mn and Rs 4.2 mn respectively.

Quarter Financial Performance



PARTICULARS (INR mn)	3QY22	2QFY22	3QFY21	YoY%	9MFY22	9MFY21	YoY%
Revenue from Operations	480.5	527.5	346.4	38.71	1,353.2	628.8	115.2
Total Expenditure	426.7	463.8	316.6	34.78	1,200.6	578.6	107.5
EBITDA	53.8	63.7	29.8	80.51	152.7	50.2	204.1
<i>EBITDA Margin</i>	<i>11.20%</i>	<i>12.08%</i>	<i>8.60%</i>	<i>+259 bps</i>	<i>11.28%</i>	<i>7.98%</i>	<i>329.7 bps</i>
Other Income	0.7	1.2	1.6	-54.06	3.9	2.1	83.3
Depreciation	7.2	6.9	6.5	11.00	20.7	19.8	4.5
PBIT	47.3	58.0	24.9	90.00	135.8	32.5	317.9
Interest	0.5	0.5	0.3	76.00	1.2	1.4	-13.1
PBT	46.8	57.5	24.6	90.17	134.6	31.1	332.8
Tax	11.9	13.9	12.2	-2.06	42.6	5.3	703.7
PAT	34.8	43.5	12.4	180.92	92.0	25.8	256.6
<i>PAT Margin</i>	<i>7.25%</i>	<i>8.25%</i>	<i>3.58%</i>	<i>367 bps</i>	<i>6.80%</i>	<i>4.10%</i>	<i>+269 bps</i>
EPS	3.48	4.35	1.24	180.92	9.20	2.58	256.6

38.7%
REVENUE
GROWTH

80.5%
EBITDA
GROWTH

180.9%
PAT
GROWTH

Order book (as on 31 December 2021)	Q3FY22	
Description	No. of Units	Value (INR Mn)
Opening order book (01.10.21)	758	1367.55
Private orders received	281	499.09
Private orders executed	252	420.56
Govt. Order Received	21	52.61
Govt. Orders Executed	12	49.27
Unexecuted order book (31.12.21)	796	1449.42
Tenders & Bids Submitted		
Domestic	1785	2700.00
Tender	292	1251.77
Total Bids Submitted	2077	3951.77
N-95 Masks	736,000	10.82

Order Book Break up (As on 31 December, 2021)



Type	Status	Number of Machines (Nos)	Total Value of Orders (Rs)	Advance received against orders (Rs)
				Domestic
Turning Center	Order Received	599	908,276,983	44,162,017
VMC	Order Received	165	416,088,796	19,001,333
HMC	Order Received	1	8,700,000	500,000
VTL	Order Received	1	4,200,000	151,000
Tender	Order Received	30	112,150,912	-
Total Order Book		796	1,449,416,691	63,814,350
Tenders & Bids Submitted				
Domestic	Bids Submitted	1,785	2,700,000,000	-
Tender	Bid Under Evaluation	292	1,251,771,129	-
Total Bids Submitted		2,077	3,951,771,129	-

Note: All values are excluding Taxes

Annual Income Statement



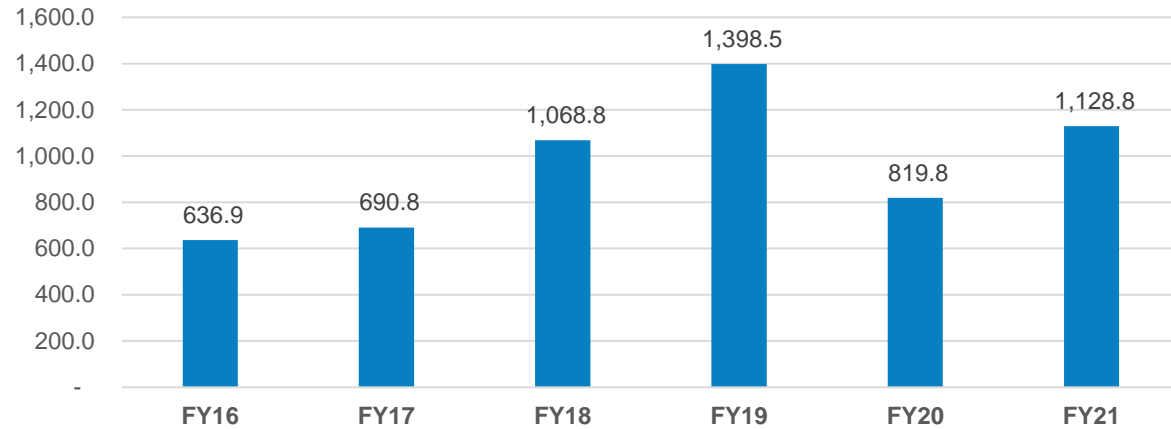
PARTICULARS (INR Mn)	FY17	FY18 (IPO)	FY19	FY20	FY21
Revenue From Operations	690.8	1068.8	1398.5	819.8	1128.8
Total Expenses	675.7	954.9	1,236.4	771.7	1037.0
EBITDA	15.1	113.8	162.0	48.1	91.8
<i>EBITDA Margin</i>	<i>3.0%</i>	<i>10.7%</i>	<i>11.6%</i>	<i>5.87%</i>	<i>8.13%</i>
Other Income	5.3	6.0	33.0	5.5	3.5
Finance Cost	4.0	2.1	2.4	3.7	1.7
Depreciation	6.6	10.2	11.8	10.8	26.0
Profit before Tax	9.7	107.5	180.8	39.1	67.6
Tax	1.8	37.1	54.4	11.8	7.3
Profit after Tax	7.8	70.4	126.5	27.3	60.3
<i>PAT Margin</i>	<i>1.1%</i>	<i>6.6%</i>	<i>9.0%</i>	<i>3.3%</i>	<i>5.34%</i>
Earnings per share (Rs)	13.1	7.2	12.9	2.78	6.03

38%
REVENUE
GROWTH

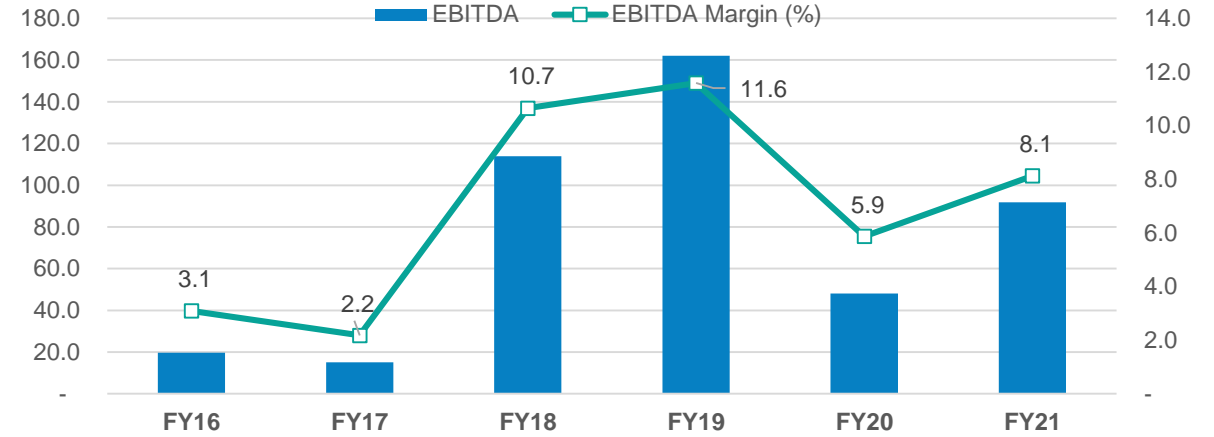
91%
EBITDA
GROWTH

120%
PAT
GROWTH

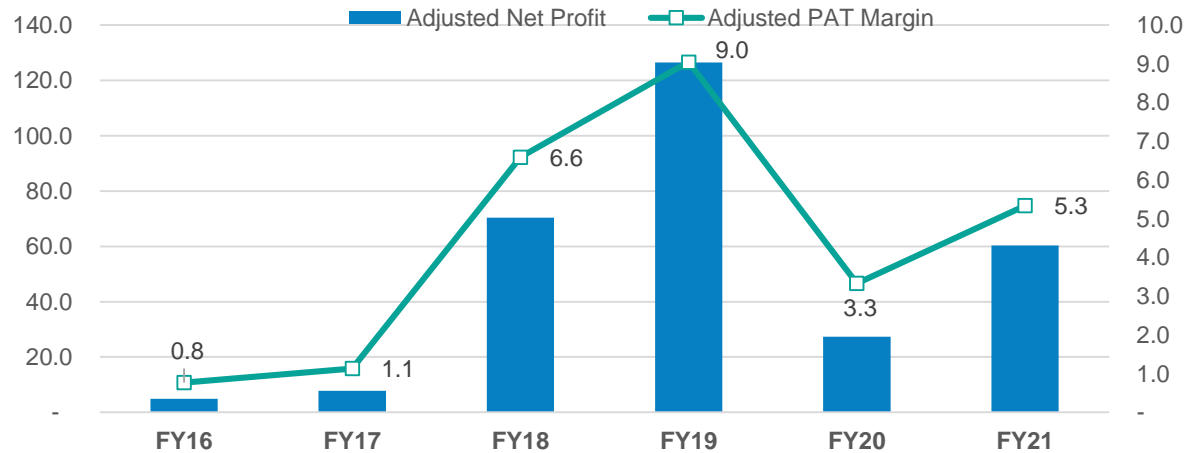
Revenue from Operations (INR Mn)



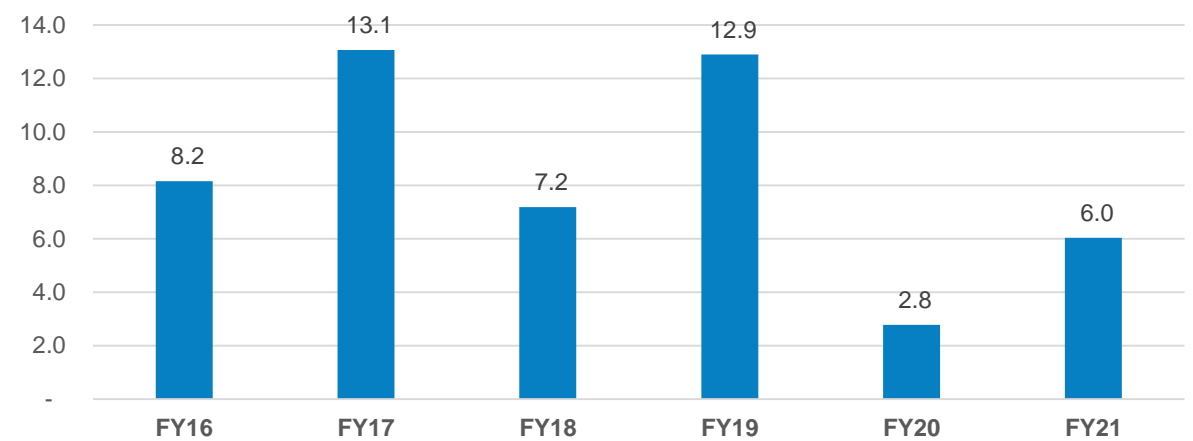
EBITDA (INR Mn) and EBITDA Margins (%)



Adjusted PAT (INR Mn) and Adjusted PAT Margins (%)



Adjusted EPS (INR)



Way Forward

- Competitive advantage
- Our ESG efforts



Plant Expansion

The company is in the process of setting up an adjoining unit for increasing production capacity of CNC Turning Machine Soft Jaws, stores and servicing.

Incr. capacity by 25%

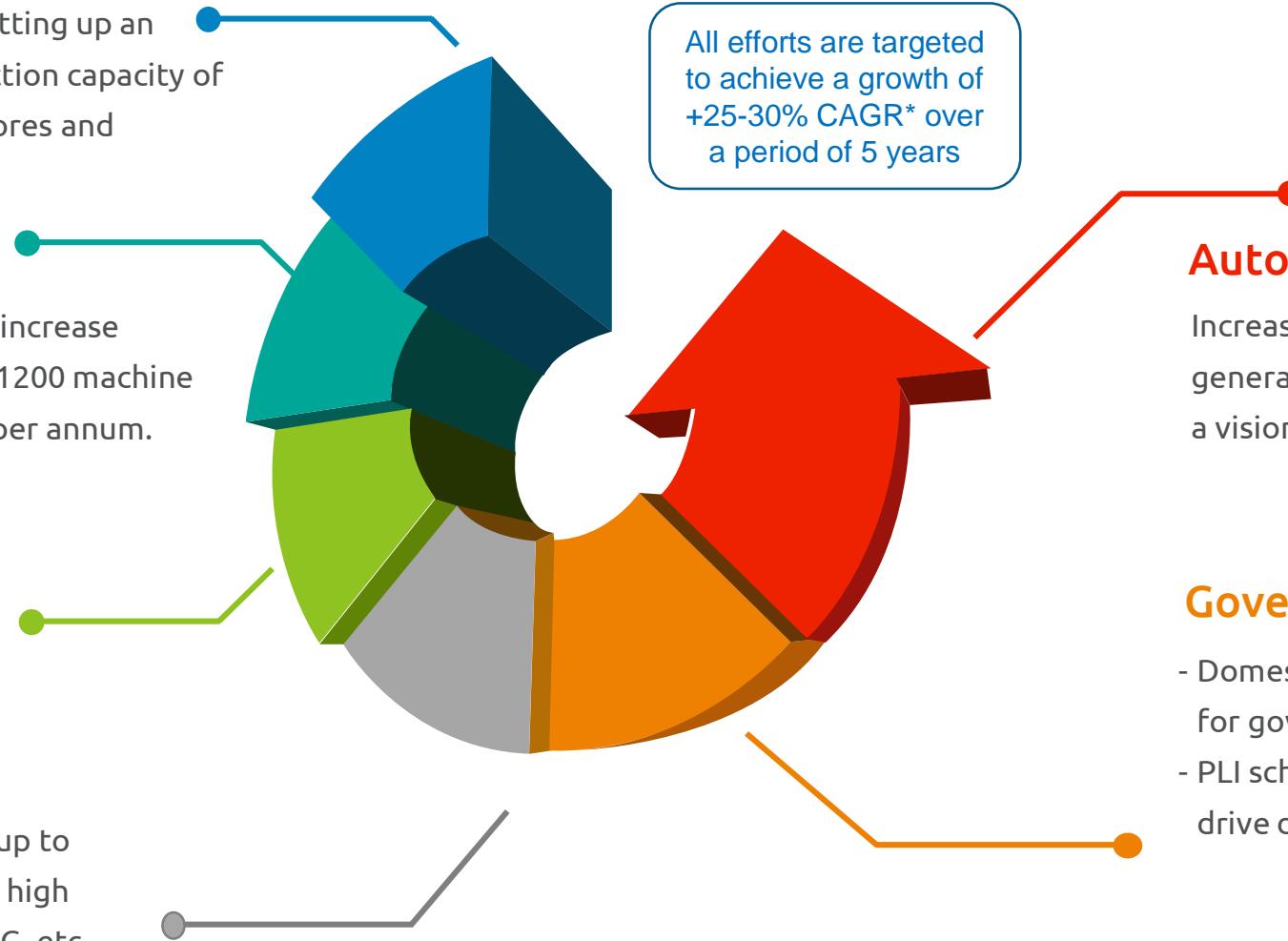
The company is debottlenecking to increase machine manufacturing from 1000-1200 machine per annum to 1300-1400 machines per annum.

Growing order book

Import replacement & growing domestic demand auger well for a growing order book.

NEXA Group

The company has setup a NEXA group to focus on the sales and marketing of high value machines comprising VTL, HMC, etc and high end VMC machines.



All efforts are targeted to achieve a growth of +25-30% CAGR* over a period of 5 years

Automation

Increasing share of electrical components, general engineering and automation with a vision towards industry 4.0

Government initiatives

- Domestic manufacturers to get preference for govt. tenders below Rs 200 cr
- PLI scheme and import substitution to drive demand for CNC machines

*CAGR: Compounded Annual Growth Rate



Lowest cost producer

Amongst all its peers, Macpower is the lowest cost producer, generating amongst the **highest EBITDA and PAT margin in the industry**



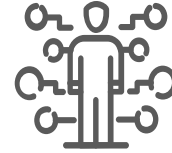
Zero Debt, FCF Positive

Macpower is one of the few **net debt negative** companies in the sector and has generated **positive free cash flow** since FY2017-18



Best Return Ratios

ROE of **+24%** and ROCE of **+30%** is **amongst the highest** vis-a-vis peers and displays the working capital efficiency of the company.



High Asset Turnover

Asset turnover for the company currently stands at **~3x** and can go up to **5x** in the current plant – **one of the highest amongst its peers**



High promoter holding

Promoter holding stands at **73.0%** as on Dec'21, up from **70.07%** as of Dec'20 and **72.56%** as of Mar'21. In the past, promoter has been averse to taking dividend, even as minority shareholders were allotted the dividend



Widest range of products

With **9 product categories**, **27 variations** and **60+** different models, the company has the widest range of offering amongst peers

E nvironment

- Installed roof top solar plants at factory totalling 200 KW which has reduced our day time power consumption by 20% and aim to reach a level of 50% power savings during day time.
- Zero Liquid discharge facility

S ocial

- Meal is provided to all plant employees, everyday.
- Mask manufacturing setup to support India's fight against covid – several thousands of N95 masks (ISI marked) distributed to under privileged sections of the society. Company's masks are ISO, ISI, FDA and CE Certified.
- India's FIRST PPE KIT manufacturing Seam Sealing Machine

G overnance

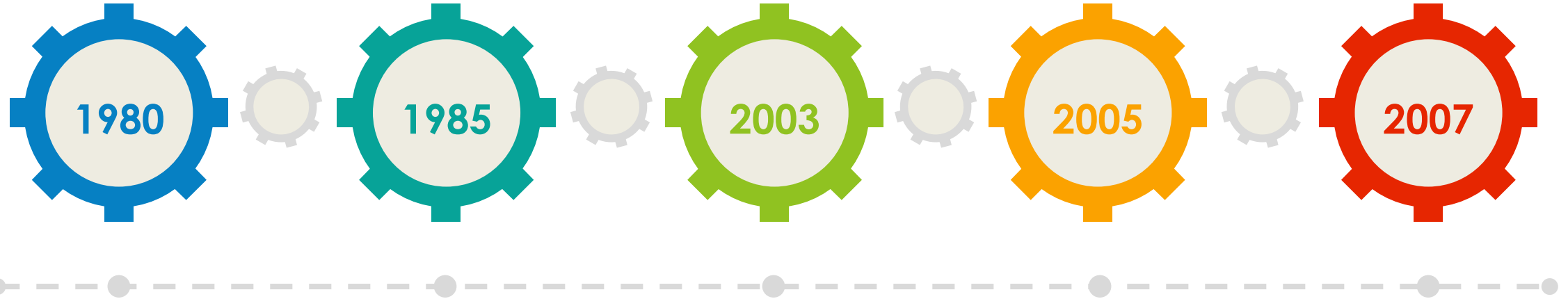
- Well diversified Board of Directors with 6 number of directors out of 3 being independent directors
- Promoters have strong techno commercial understanding of the business – ably supported by the Board of Directors for future growth and shareholder value creation
- Robust internal control and checks through well defined systems and processes to ensure highest standards of reporting for our clients
- Independent Director Chairs the Nomination & Remuneration Committee; Audit Committee as well at Stakeholder Relations Committee.

About Us

Corporate Video
[Corporate video](#) *(click here)*



- Established in 2003, Macpower CNC Machines Limited is engaged in the manufacture of Computerised Numerically Controlled (CNC) machines under 9 different product categories.
- It has a CNC Machine manufacturing unit in an area of around 4 acres at Metoda G.I.D.C., Rajkot, Gujarat (India).
- The company listed (IPO) in 2018. Proceeds of the issue were used to help the company backward integrate into the manufacture of **Machining components and enhance production capacity.**
- The company is **now looking to further backward integrate, using internal accruals, to develop state of the art patterns for different machine models** which will lead to cost reduction, further quality improvement, productivity and help increase overall production.
- Macpower currently offers the widest range of **9** different product categories namely Turning Center, Twin Spindle Turning Center, VMC, Twin Spindle VMC, TurnMill Center, HMC, VTL, DTC, Grinder, **60+** different models serving **27** industry segments with **8000+** installations to date.
- It has sales and service in **37** cities serviced through **107** qualified engineers and **9** business associates.
- The company today has a capacity to manufacture 1000-1200 machine per annum and is **further debottlenecking to manufacture 1300-1400 machine per annum.**



Setup

Established as Modern Machine Tools to trade in small machine tools.

Small beginnings

Started manufacturing unit for conventional machines.

CNC Machines

CNC Machine assembly unit setup seeing the growing need for precision and productivity.

Macpower CNC Machines Pvt Ltd was incorporated.

Machining

In house machining capability developed

USP

Developed models with advantages of our own USP



2013

2016

2018

2020

2021/22

Global launch

Launch of Multi tasking machine in EMO - Germany

Expansion

Expansion of manufacturing facilities & product categories to meet growing demand

Going Public

Company raises money through IPO for backward integration for growth and margin improvement.
Company listed on NSE SME Emerge Platform

Backward integration

Company backward integrated (BI) - setup in-house machining facility, sheet metal work and powder coating plant with ability to make & supply 1000-1200 machines pa.
Company migrated to NSE main board platform.

Growth

Debottlenecking to 1300-1400 machines. NEXA Group for sales and marketing of high end and high value machines.



Mr. Rupesh Mehta

Promoter, Chairman & Managing Director

Rupesh Mehta has an experience of more than 25 years in the Machine Tool Industry. He holds a degree in Bachelor of Commerce from Saurashtra University. He looks after all the corporate decision and is responsible for the entire business operation of the company.

Major landmarks of his journey:

- Executive Director – Indian Machine Tools Manufacturers Association
- Former President – Rajkot Machine Tool Association
- Former Treasurer – Rajkot Chamber of Commerce
- Former Director – Rajkot Engineering Association



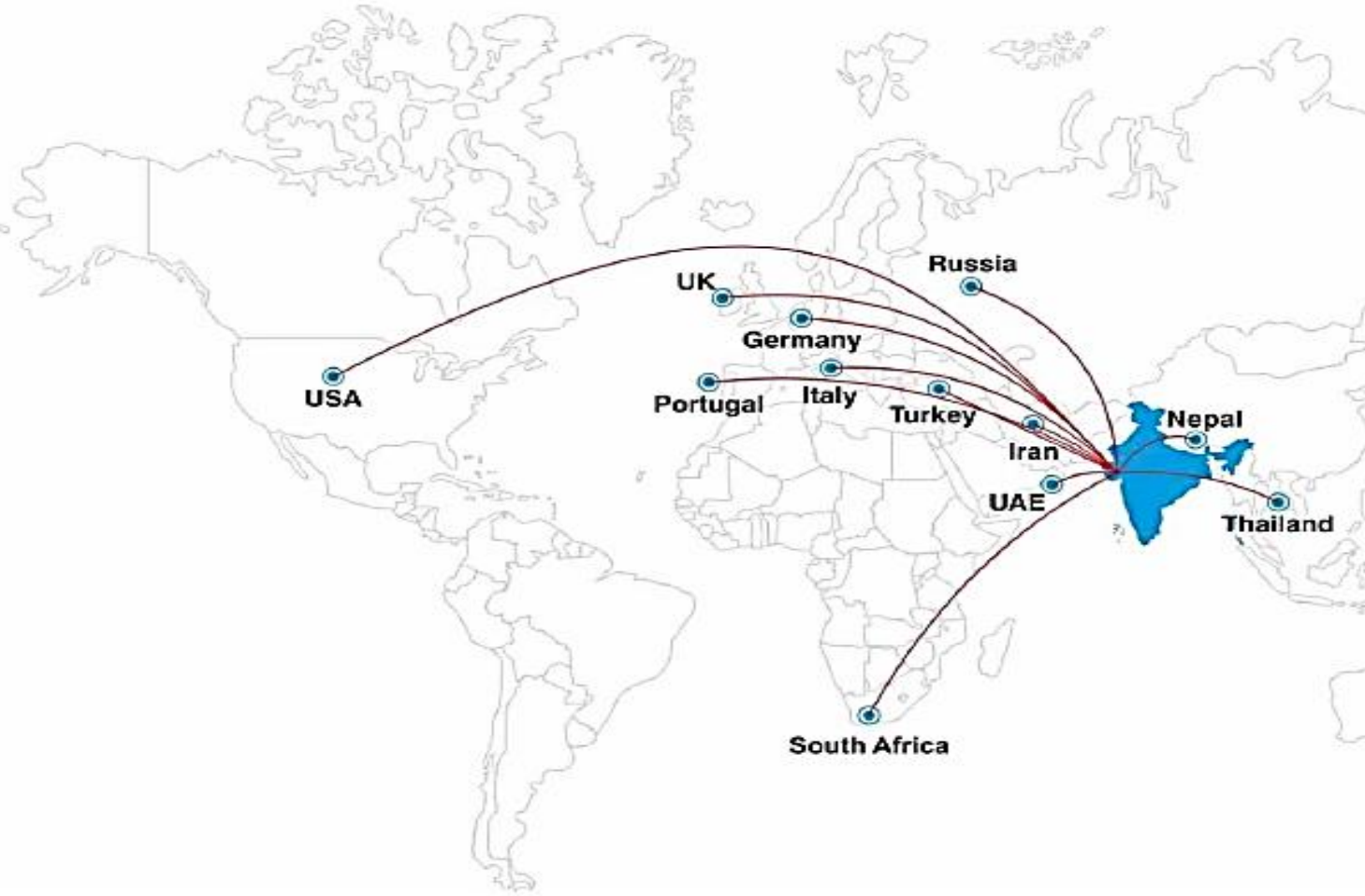
Mr. Nikesh Mehta

Promoter & Whole-Time Director

Nikesh Mehta has an experience of around 14 years in the Machine Tool Industry. Nikesh Mehta holds a degree in Bachelors of Commerce from Saurashtra University.

His scope of work includes looking after the Machine Shop, Application Department (conducting trials on machines) and the Purchase department of the company.

He is also looking after production related activities to streamline them to meet growing demand.



37 Destinations

2 Tech Centers

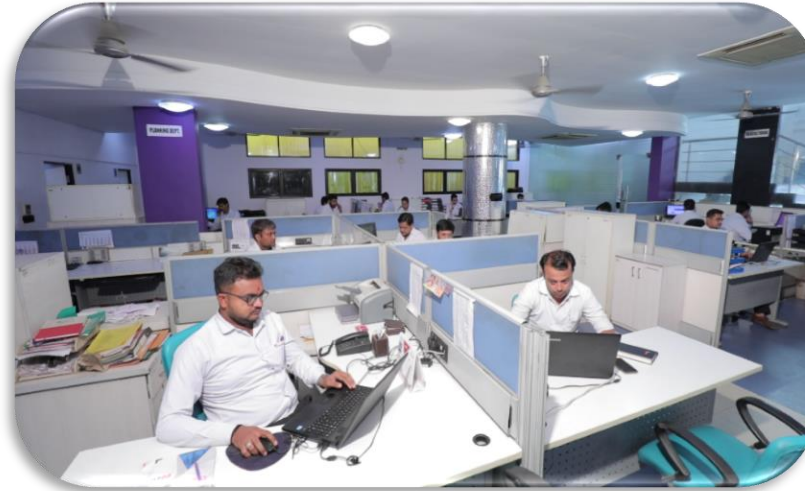
9 Business Associates

4 Branch Offices

107 Sales & Service Engineers



Head Office & Plant



Corporate office



Manufacturing plant



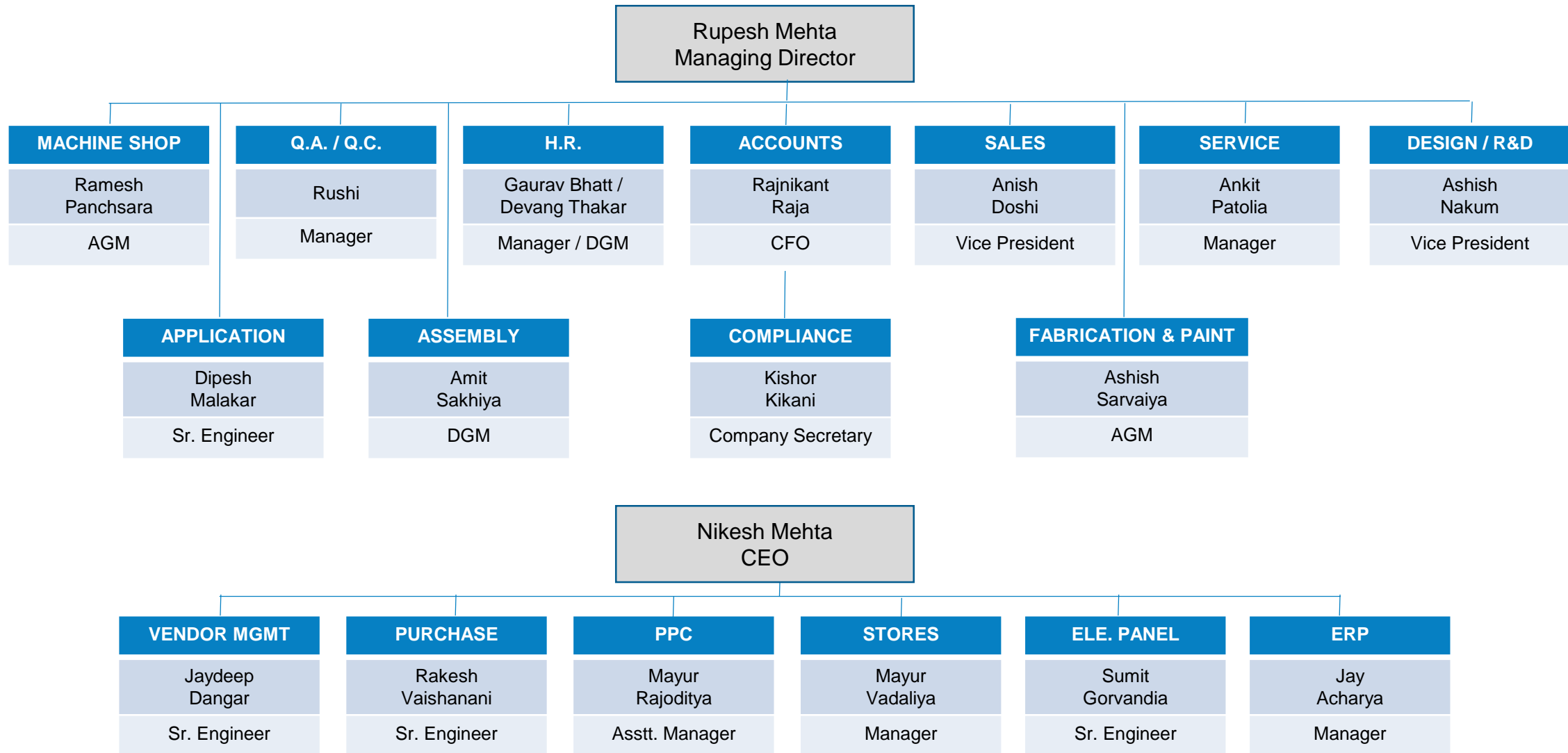
R&D Centre



Hyderabad Tech Centre



Ahmedabad Tech Centre



Business Overview



Industry Segments Serviced

27

1000+

Application Solutions

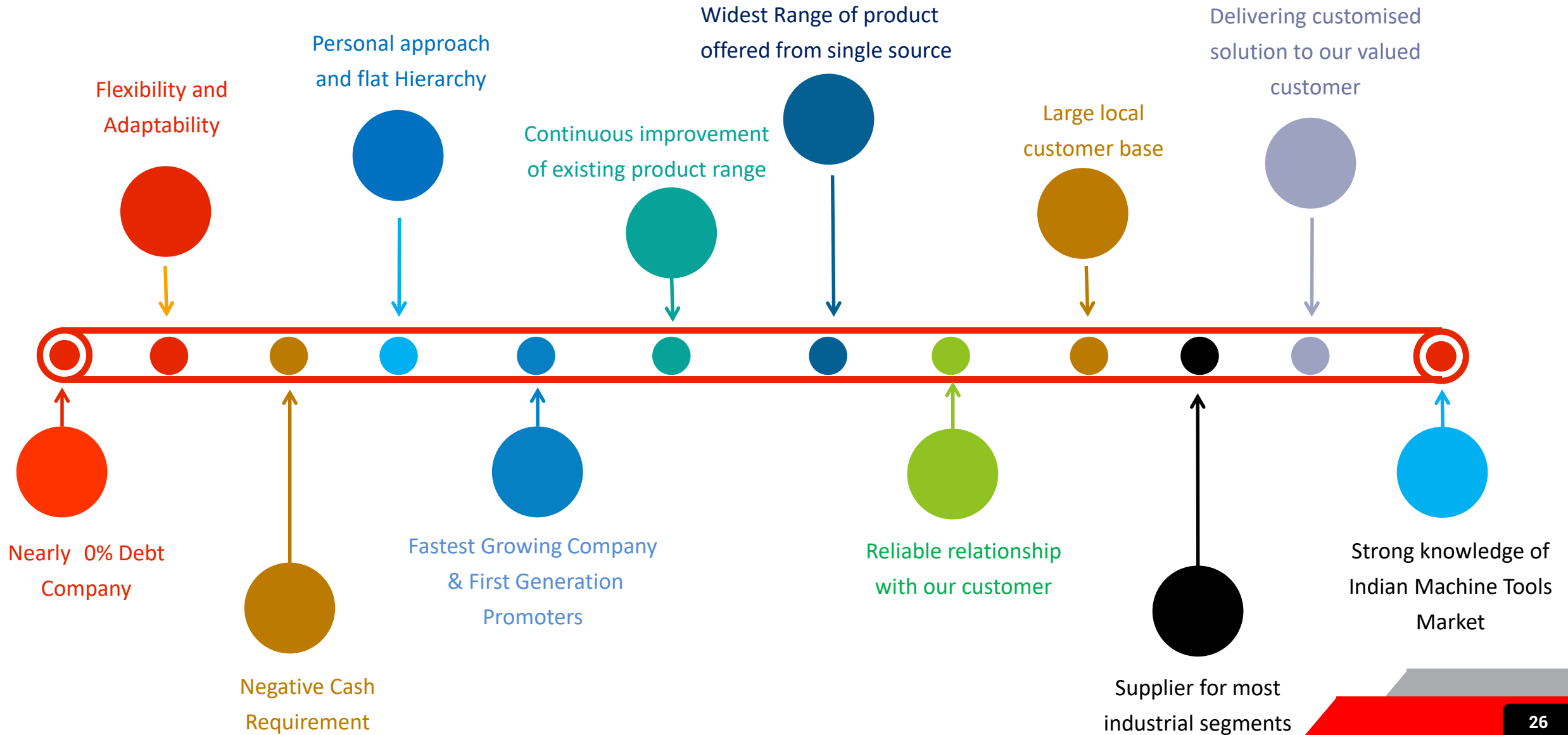


Product Models

60+

9

Product Categories

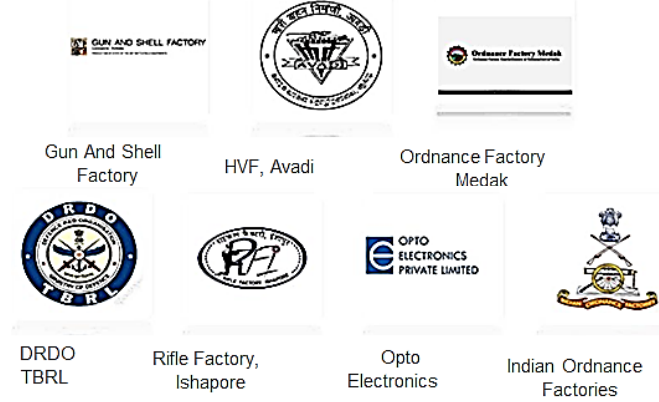


Auto / Auto Ancs



and 1250 more

Defence / Aerospace



and 54 more

Engineering / Capital Goods



and 775 more

Government: PSUs & Education Sector



and 22 more

Die Mould Sector



and 157 more

Agriculture



and 87 more

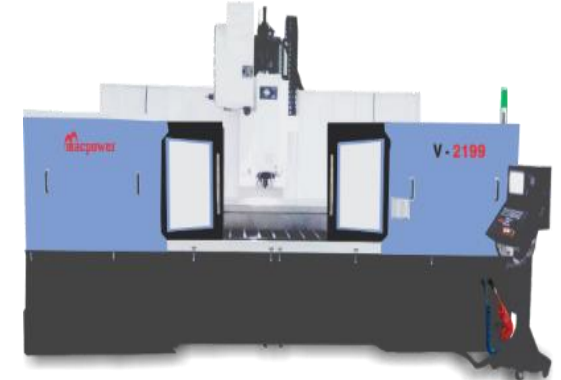
Turning Centre

In today's competitive market, you need robust CNC turning centers with uncompromised performance and specifications to produce world class products quickly accurately and with minimum non productive time.



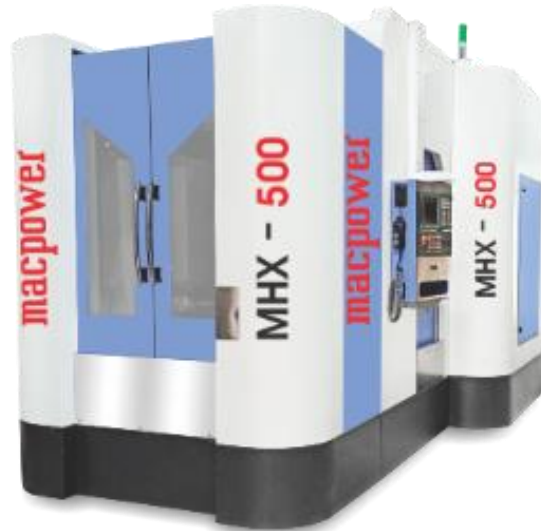
Vertical Machining Centre

Our new generation Vertical Machining Centers incorporate a wide range of enhancements and sophisticated engineering knowledge that enables us to deliver optimized solutions with optimal performance



Horizontal Machining Centre

The rush in requirement for high technological products has provided a great chance for the development of Horizontal Machining Centres. We have developed different sizes to meet the rising demand for machines delivering higher outputs



Twin Spindle - VMC

"Double the production for similar job". Simultaneous machining on two spindles enhances efficiency and lowers the cost per part for high-volume production. It enhances throughput, reduced energy consumption and maximized floor space.



Twin Spindle - Turning

In demanding times of machining accuracy and productivity, Macpower has addressed both the issues, reducing idle time resulting in cumulative productivity with lesser manpower offering customers gain higher margins. .



Vertical Turret Lathe

Combination of high power performance and excellent unyielding construction, designed to operate in medium and high production environments. It is equipped with robust structure design to ensure rigidity, stability, accuracy and flexibility for the machining of chucking parts.



Drill Tap Centre

Designed specifically for drill tap application along with total tapping milling capabilities. These machines are compact and powerful, built with optimally designed structure to take care of cutting forces and are equipped with automatic tool changers.



CNC Machines

Industry, Sector
and Macpower

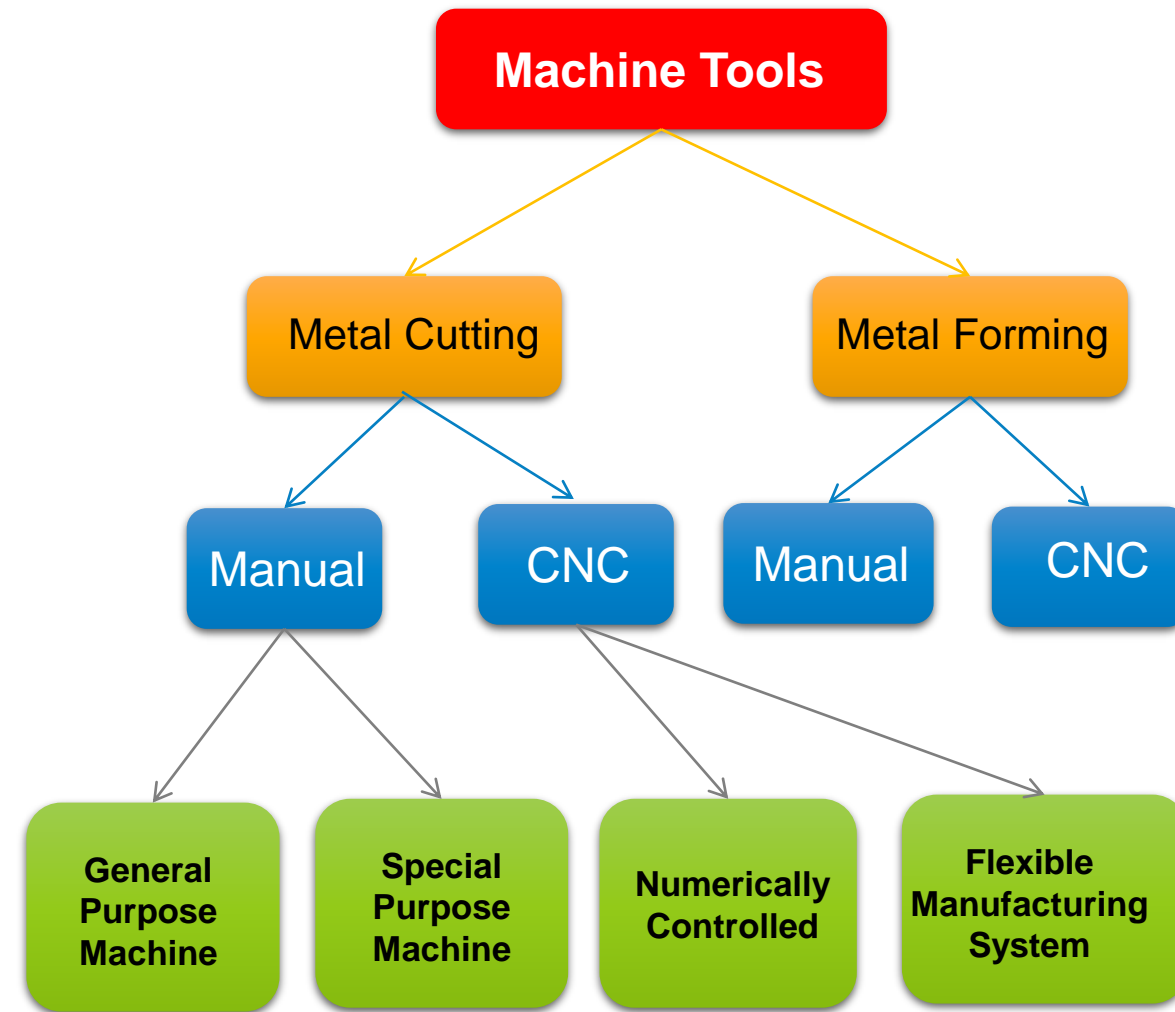


What are CNC Machines? (CNC machine in use – [video1](#) [video2](#) (click on link))

- Computer Numerical Control (CNC) is a machine in which pre-programmed software are used, combined with Engineering Designing to achieve desired cuts (shapes) based on end use of the product shaped.
- The manufacturing process using CNC machines is used to control a range of complex machinery and to perform three dimensional cutting tasks.
- The desired cuts (shapes) are programmed into the software and dictated to corresponding tools and machinery inside the CNC machine, which then carry out the tasks to be performed.

Industry 4.0

- Industry 4.0 aimed at use of cloud and internet in manufacturing.
- Enhanced human-machine interaction with advanced robotics, increased connectivity and data sets.
- Aimed at making India a global hub in manufacturing, design and innovation.
- To augment share of manufacturing in the GDP from 17% to 25%
- Domestic machine tool manufacturing needs to be increased 5x from current levels to aid the increasing share of manufacturing in the GDP.



- Globally, India stands 10th in terms of production and 8th in terms of consumption of machine tools.
- **Consumption (demand)** of machine tools in India is estimated to grow from approx Rs 12,000 cr in FY2016-17 to ~Rs 18,000-20,000 cr in FY2020-21.
- Against this domestic **production (supply)** is estimated to grow from ~Rs 6000-7000 cr to ~Rs 8,000-9,000 cr during the same period.
- Domestic production accounts for 30-40% of total consumption, thereby having significant dependence on imports.
- Government initiatives of “Make in India” and the current global “China+1” as an alternative to manufacturing, coupled with preference for India as a large manufacturing hub is expected to change the manufacturing landscape in India, ultimately leading to sharp growth in demand for CNC Machines.
- If the government target to increase share of manufacturing to GDP from 17% to 25% was to be achieved, the machine tool manufacturing industry in India will have to move from the current ~Rs.8000-9000 cr to ~Rs.45,000-50,000 cr over the next decade.
- *We envisage tremendous growth in the machine tool demand due to rise in domestic manufacturing and import substitution.*

Domestic manufacturer profile for machines & machine tools

Organized 33%	Unorganized 67%
ISO Certified 75%	Non-Certified 25%

Growth in market for machine tools vs growth in manufacturing share to GDP

Manf : GDP Tgt from 17% to 25%	Domestic Manufacturers 30-40% → 50%	Imports 60-70% → 50%
	Domestic Machine & Tools supply will need to grow from - ~Rs 8,000 cr → ~Rs 45,000 cr	

Source: Indian Machine Tool Manufacturers' Association



- ❑ MSE-1 certification for highest financial strength and operational ability by CRISIL
- ❑ FIE Foundation Award at IMTEX 2017 for Twin Spindle VMC V855 Twin Head
- ❑ FIE Foundation Award at IMTEX 2015 for Multi Tasking Machine Turn O' Mill Y S
- ❑ FIE Foundation Award at IMTEX 2013, Bangalore for designing excellence for model TURN 'O' MILL 200
- ❑ 4th Ranked in highest excise tax pay in the year 2010 -11
- ❑ Best Product Award for LX 200 Super at Engineering Expo in 2004



Thank You

For further details please contact:



Email : cs@macpowercnc.com

Ph. +91 2827 287930 / 31

Website : www.macpowercnc.com



Strategy & Investor Relations Advisory | Consulting

Email: contact@kaptify.in | +91 8452886099

Website: www.kaptify.in