

November 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

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Madhubhai
Kikani

Digitally signed by
Kishorbhai Madhubhai
Kikani
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Macpower CNC Machines Limited

Q2-FY2023 Investor Presentation

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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.

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REVENUE

growth

 **8.4% YoY**


EBITDA

growth

 **1.9% YoY**


PROFIT

growth

 **11.8% YoY**

EBITDA MARGIN

10.6%

 **68 bps YoY**

PAT MARGIN

6.7%

 **20 bps YoY**

ORDER BOOK

140

Rs crore

207
Nos

Machine orders booked during the quarter

The company has booked orders for 207 machines during the quarter while 279 machines orders were executed. Total machine orders in hand stood at 754 machines

1396
Rs million

Unexecuted order book continues to remains strong

Unexecuted order book stands at Rs 1396 mn. During the quarter orders worth Rs 516 mn were executed while orders worth Rs 371 mn were received.

16
%

Increase in number of employees for upcoming growth in line with capacity increase

Manpower increase is primarily driven by our expanding capacities to 1300 machines p.a. and further increasing to 1500 machines p.a. by end of FY2023. Further salary increments were also given to existing employees over last year.

33
%

Value of orders booked under "NEXA" Vertical for premium products

33% of the order book (in value terms) as on 30th September 2022 continues to be constituted by premium products such as VMC and VTL which form part of the NEXA vertical for premium products.

Commenting on the performance, Mr Rupesh Mehta, Chairman and Managing Director said:

“The current quarter looks optically low on growth versus last year largely due to two factors. One being the significant spill over from Q1 to Q2 owing to Covid in Q1FY22 which led to a bloated Q2 last year. Secondly our sharp increase in manpower cost (absolute number of employees + salary increase) in line with our expansion plans towards 1500 machines per annum by the end of FY23.

During the quarter the NEXA vertical continued to witness significant order inflows and continues to be at 33% of our total order book. We believe our NEXA vertical comprising of VMC, VTL and HMC machines (premium products) will continue to see significant traction going ahead.

Our confidence to expand is driven by the visibility we are envisaging from the capex plans being undertaken by several corporates as well as the new PMEGP (Pradhan Mantri Employment Guarantee Programme) guidelines benefitting MSME industry. These are key levers for providing the necessary thrust to the CNC machine industry and subsequent improvement in demand for our products.

We are focused on our growth and are in exploratory talks for technical collaboration and strategic alliance with overseas players for domestic & export markets. We are also exploring opportunities which will allow us to increase our product offerings, improve our back-end manufacturing processes and help us deepen our penetration in core sectors.

We believe these are exciting times ahead and Manpower management, Material management, Resource management, New Products development and Import substitution will continue to be key focus areas for our growth.”

Financial Performance

PARTICULARS (INR mn)	Q2FY23	Q1FY23	Q2FY22	YoY%	H1FY23	H1FY22	YoY%
Revenue from Operations	534.8	411.5	527.5	1.39	946.3	872.7	8.4
Total Expenditure	475.4	370.2	463.8	2.50	845.5	773.9	9.3
EBITDA	59.4	41.3	63.7	-6.70	100.7	98.9	1.9
<i>EBITDA Margin</i>	<i>11.11%</i>	<i>10.04%</i>	<i>12.08%</i>		<i>10.65%</i>	<i>11.33%</i>	
Other Income	1.5	0.4	1.2	29.06	1.9	3.1	-37.9
Depreciation	8.4	7.5	6.9	22.04	15.9	13.5	18.3
PBIT	52.5	34.2	58.0	-9.41	86.7	88.5	-2.0
Interest	1.0	0.3	0.5	91.44	1.3	0.7	81.9
PBT	51.5	34.0	57.5	-10.31	85.5	87.8	-2.7
Tax	13.1	8.5	13.9	-6.30	21.6	30.6	-29.6
PAT	38.5	25.4	43.5	-11.60	63.9	57.2	11.8
<i>PAT Margin</i>	<i>7.19%</i>	<i>6.18%</i>	<i>8.25%</i>		<i>6.75%</i>	<i>6.55%</i>	
Earnings Per Share (Rs)	3.84	2.54	4.35		6.39	5.72	

**8%
REVENUE
GROWTH**

**2%
EBITDA
GROWTH**

**12%
PAT
GROWTH**

Order book (as on 30 th September 2022)	As on Q2FY23	
Description	No. of Units	Value (INR Mn)
Opening order book	826	1539.85
Private orders received	204	351.95
Private orders executed	276	495.86
Govt. Order Received	3	19.45
Govt. Orders Executed	3	19.86
Unexecuted order book	754	1395.52
Tenders & Bids Submitted		
Domestic	1856	2811.74
Tender	98	935.48
Total Bids Submitted	1954	3747.22
N-95 Masks (bids submitted)		

Order Book Break up (As on 30th September, 2022)



Type	Status	Number of Machines (Nos)	Total Value of Orders (Rs)	Advance received against orders (Rs)
				Domestic
Turning Center	Order Received	544	838,668,395	41,568,794
VMC	Order Received	184	461,818,700	20,089,083
HMC	Order Received	-	-	-
VTL	Order Received	2	7,550,000	451,000
Tender (+L1)	Order Received	24	87,492,262	-
Total Order Book		754	1,395,529,357	62,108,877
Domestic	Bids Submitted	1,856	2,811,737,500	-
Tender	Bid Under Evaluation	98	935,478,000	-
Total Bids Submitted		1,954	3,747,215,500	-

Note: All values are excluding Taxes

Annual Income Statement

PARTICULARS (INR Mn)	FY17	FY18 (IPO)	FY19	FY20	FY21	FY22
Revenue From Operations	690.8	1068.8	1398.5	819.8	1128.8	1904.8
Total Expenses	675.7	954.9	1,236.4	771.7	1037.0	1696.1
EBITDA	15.1	113.8	162.0	48.1	91.8	208.6
<i>EBITDA Margin</i>	<i>3.0%</i>	<i>10.7%</i>	<i>11.6%</i>	<i>5.87%</i>	<i>8.13%</i>	<i>10.95%</i>
Other Income	5.3	6.0	33.0	5.5	3.5	4.7
Finance Cost	4.0	2.1	2.4	3.7	1.7	1.5
Depreciation	6.6	10.2	11.8	10.8	26.0	27.9
Profit before Tax	9.7	107.5	180.8	39.1	67.6	183.9
Tax	1.8	37.1	54.4	11.8	7.3	55.5
Profit after Tax	7.8	70.4	126.5	27.3	60.3	128.4
<i>PAT Margin</i>	<i>1.1%</i>	<i>6.6%</i>	<i>9.0%</i>	<i>3.3%</i>	<i>5.34%</i>	<i>6.74%</i>
Earnings per share (Rs)	13.1	7.2	12.9	2.78	6.03	12.84
Dividend per share (Rs)	-	1.40	0.80	-	-	1.50

22.5%
REVENUE
5 Yr CAGR

69%
EBITDA
5 Yr CAGR

75%
PAT
5 Yr CAGR

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.

Increasing Capacities

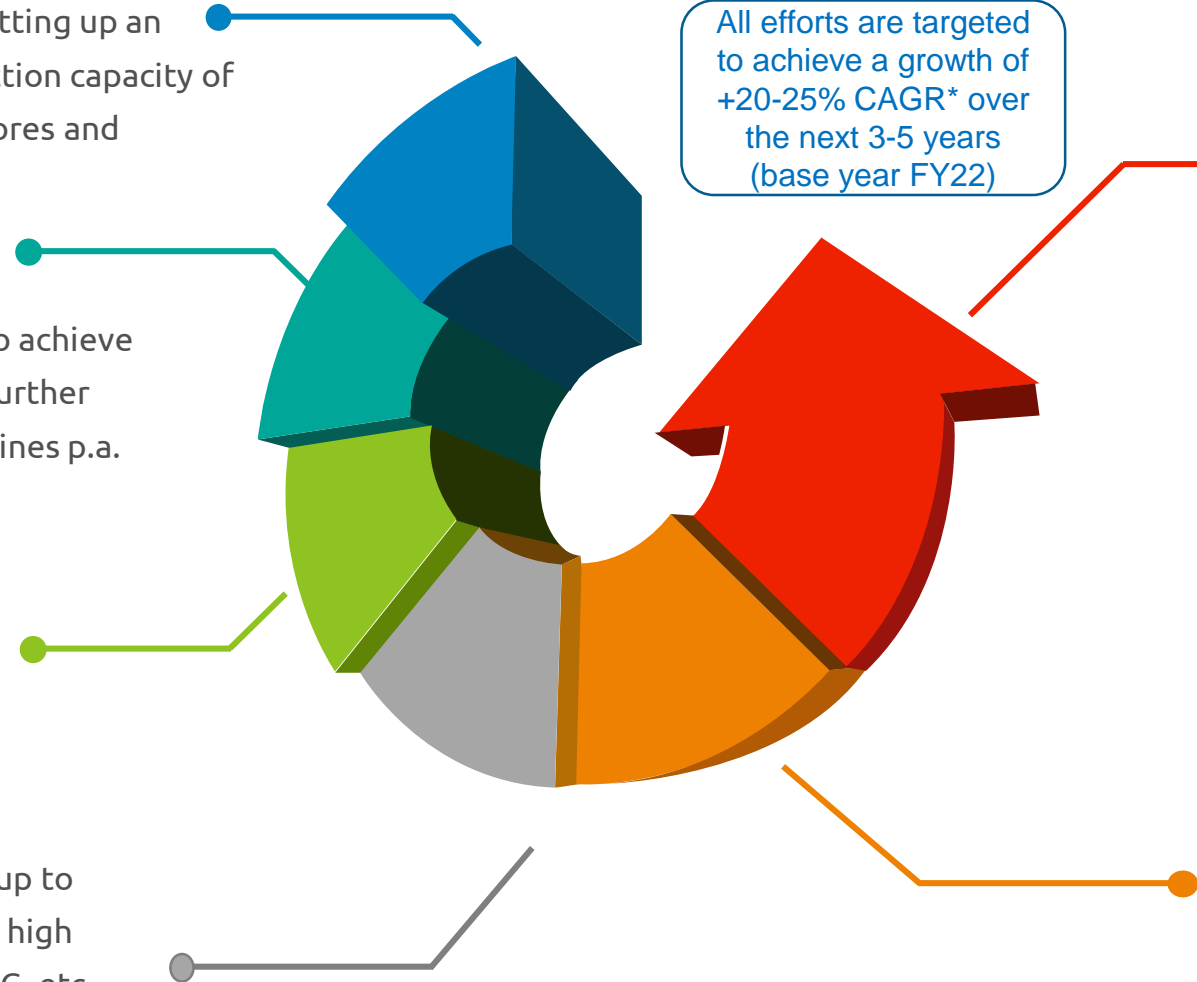
The company has debottlenecked to achieve 1300 machines p.a. in Jul'22 and is further working to increase it to 1500 machines p.a.

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 +20-25% CAGR* over the next 3-5 years (base year FY22)

Strategic partnerships

Exploratory discussions with international manufacturers to establish footprint in overseas markets, pursue global branding, new technologies, products and increase penetration in core sectors.

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.
- Industry 4.0 to drive automation and growth in engineering & automation.

*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**



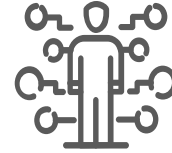
Zero Debt, FCF Positive

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



Improving Return Ratios

With increasing capacity utilization we aim to get back to **ROE of >20% and ROCE of >25%**. Company continues to be working capital efficient.



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 **73.11%** as on Sep'22 vs **73.09%** as on Mar'22 and **72.91%** as of Sep'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
- Spent Rs 19.25 lacs towards CSR initiative for conducting vocational training in education sector such as art and craft, computer hardware, mobile repairing and tailoring & embroidery which will contribute knowledge and skills to the general public for improving their livelihood.

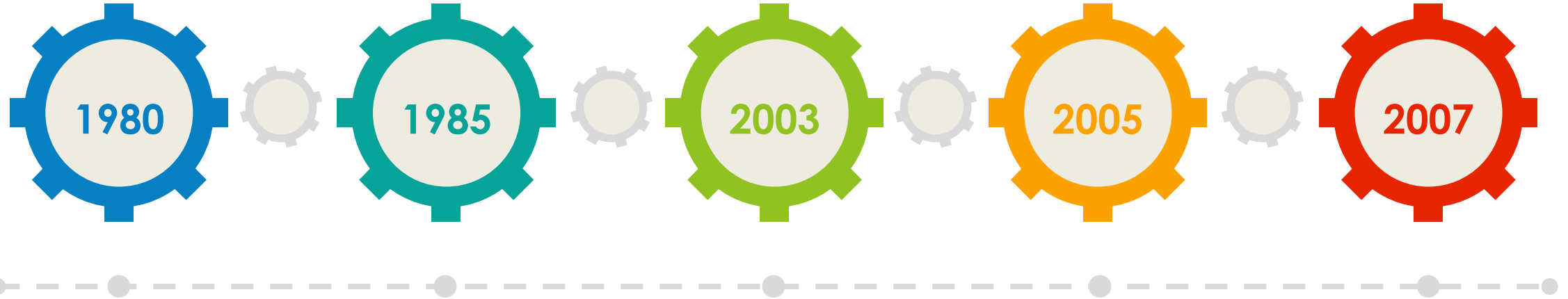
G overnance

- 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 **8500+** installations to date.
- It has sales and service in **39** cities serviced through **112** qualified engineers and **9** business associates.
- The company today has a capacity to manufacture 1300 machine per annum and is **further expanding to manufacture 1500 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 1300-1500 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:

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



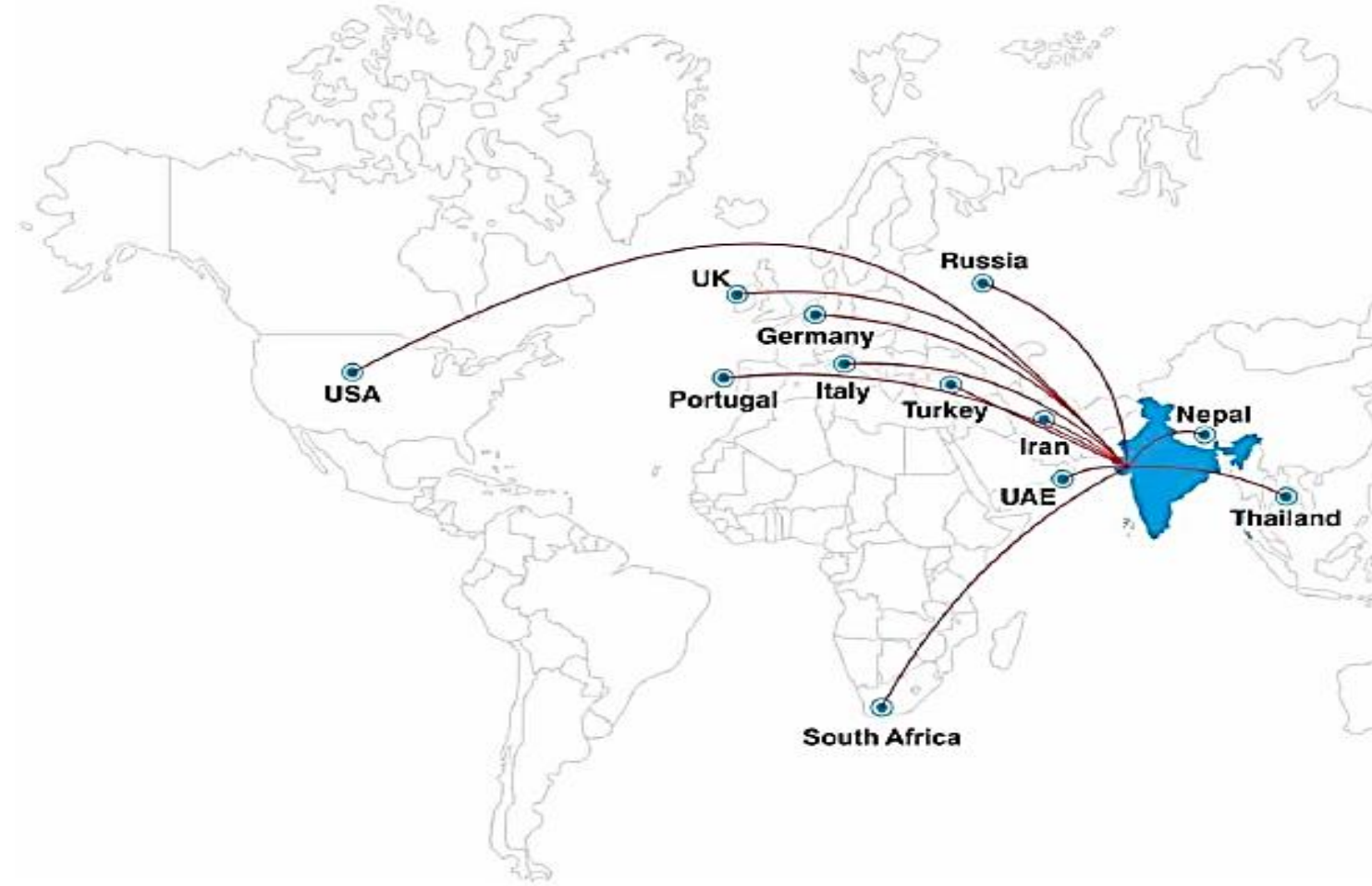
Mr. Nikesh Mehta

Promoter, Whole-Time Director & CEO

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.



39 Destinations

2 Tech Centers

9 Business Associates

4 Branch Offices

112 Sales & Service Engineers



Head Office & Plant



Corporate office



Manufacturing plant



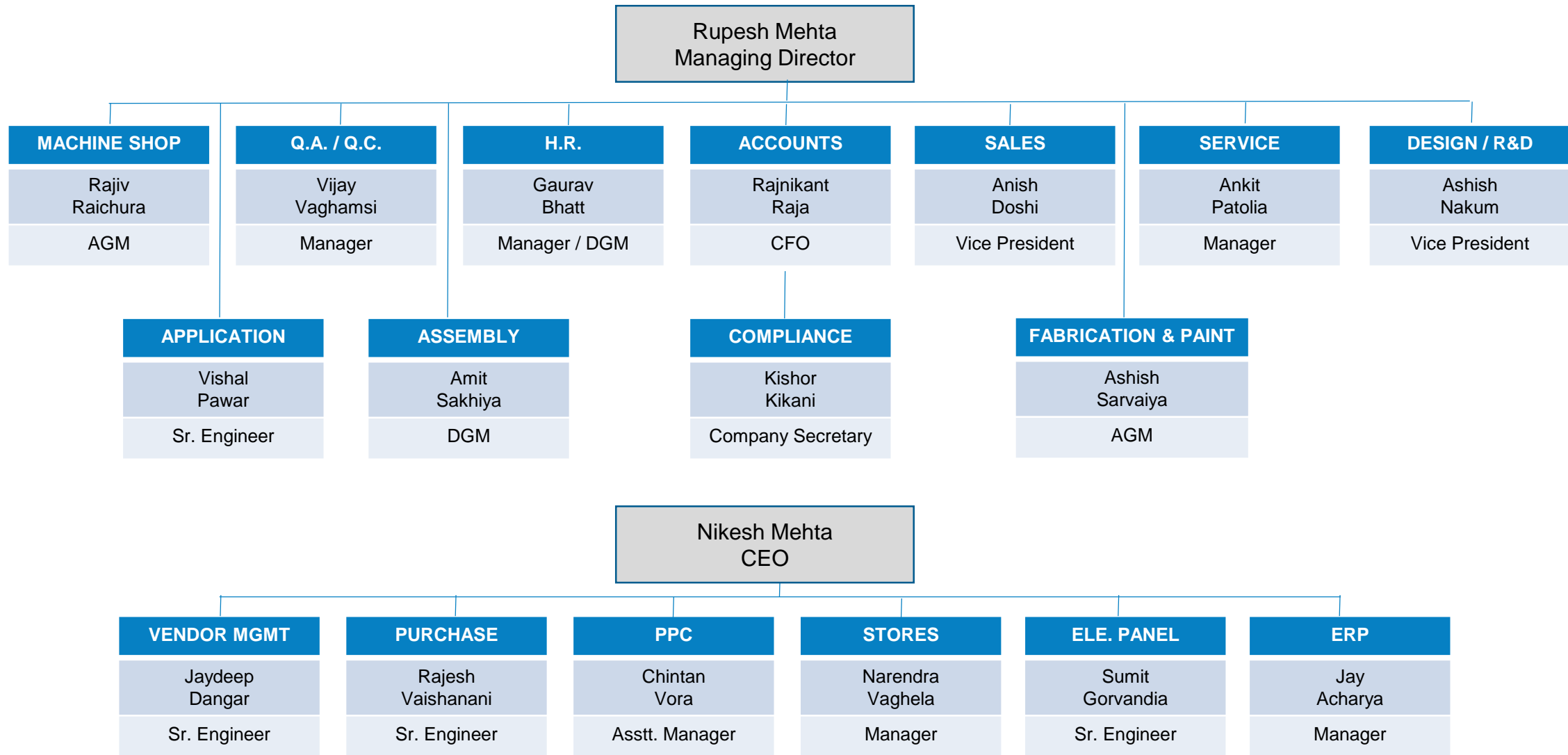
R&D Centre



Hyderabad Tech Centre



Ahmedabad Tech Centre



Business Overview



Industry Segments Serviced

27

1000+

Application Solutions

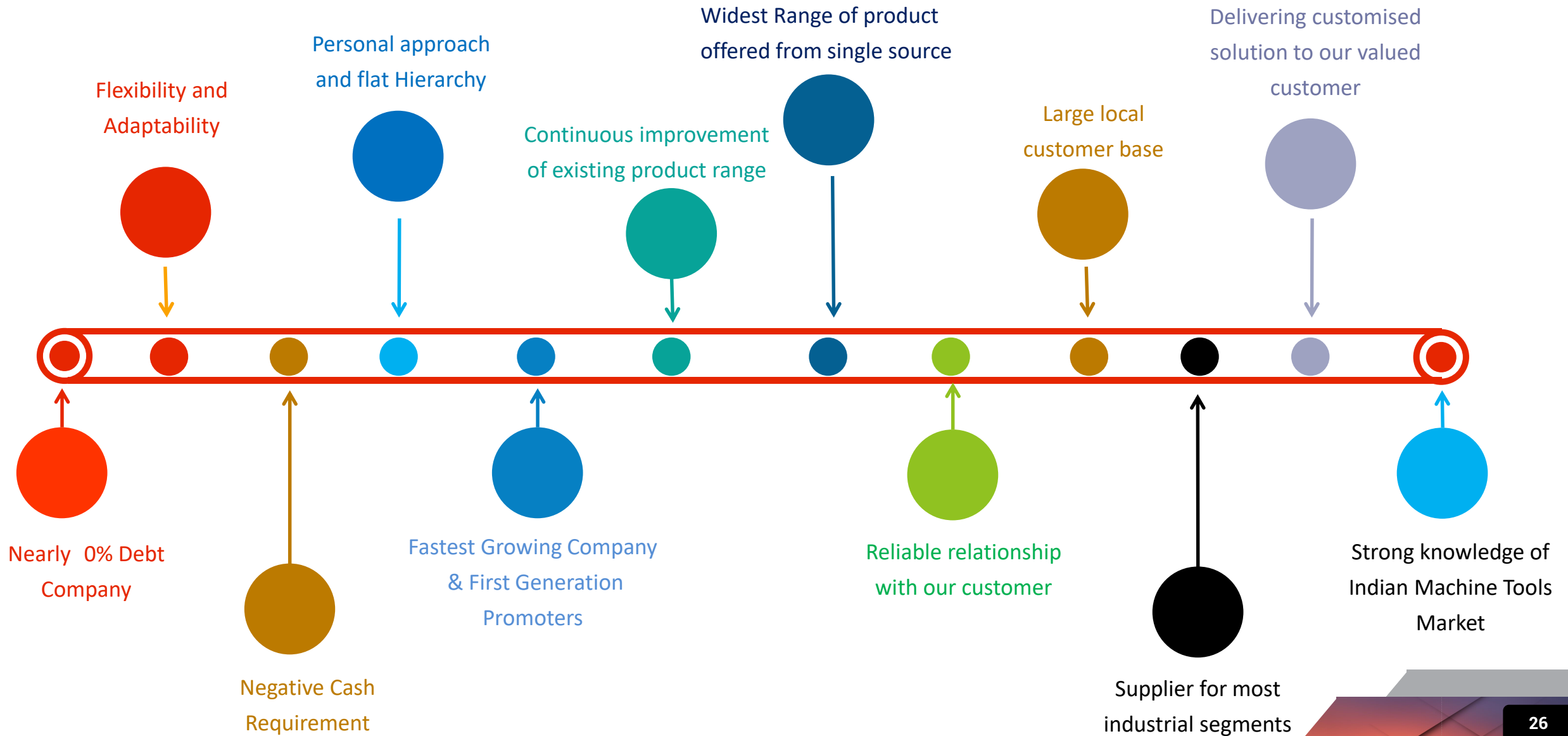


Product Models

60+

9

Product Categories



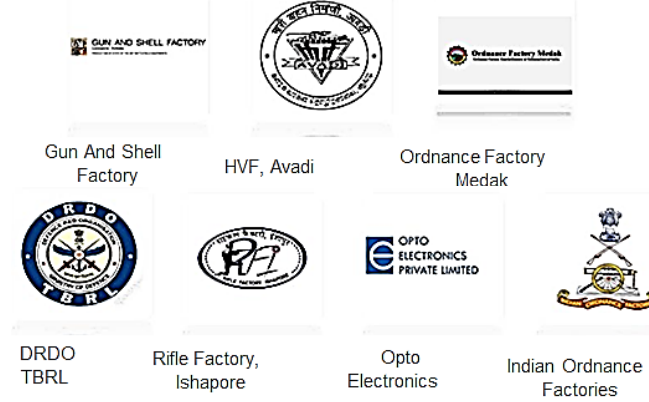
Key Clientele at a Glance

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

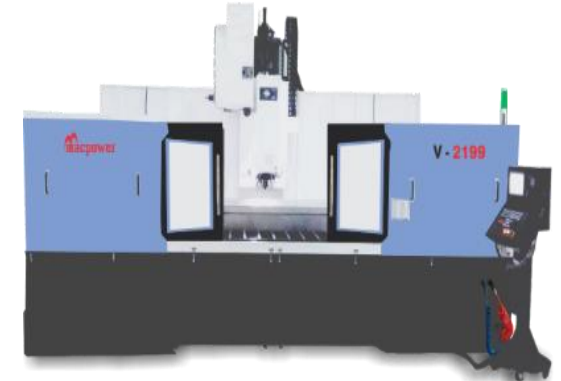
Turning Centre

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.



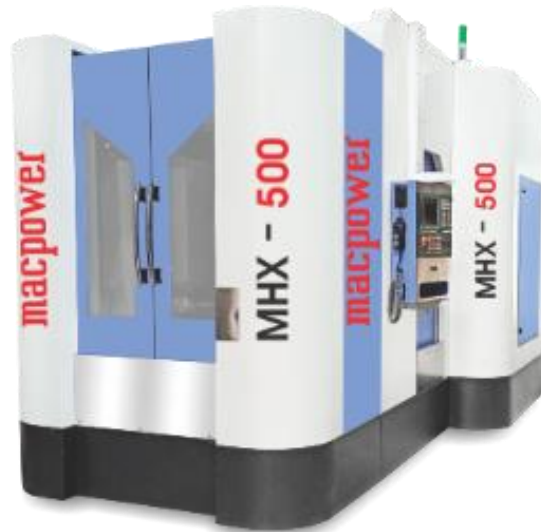
Vertical Machining Centre

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

A close-up photograph of a CNC machine's control panel. The panel is white and features a large color LCD screen displaying a software interface with various icons and data. Below the screen is a numeric keypad and several function buttons. A person's hand is visible, interacting with the panel. The machine's body is white and red, and the background is slightly blurred.

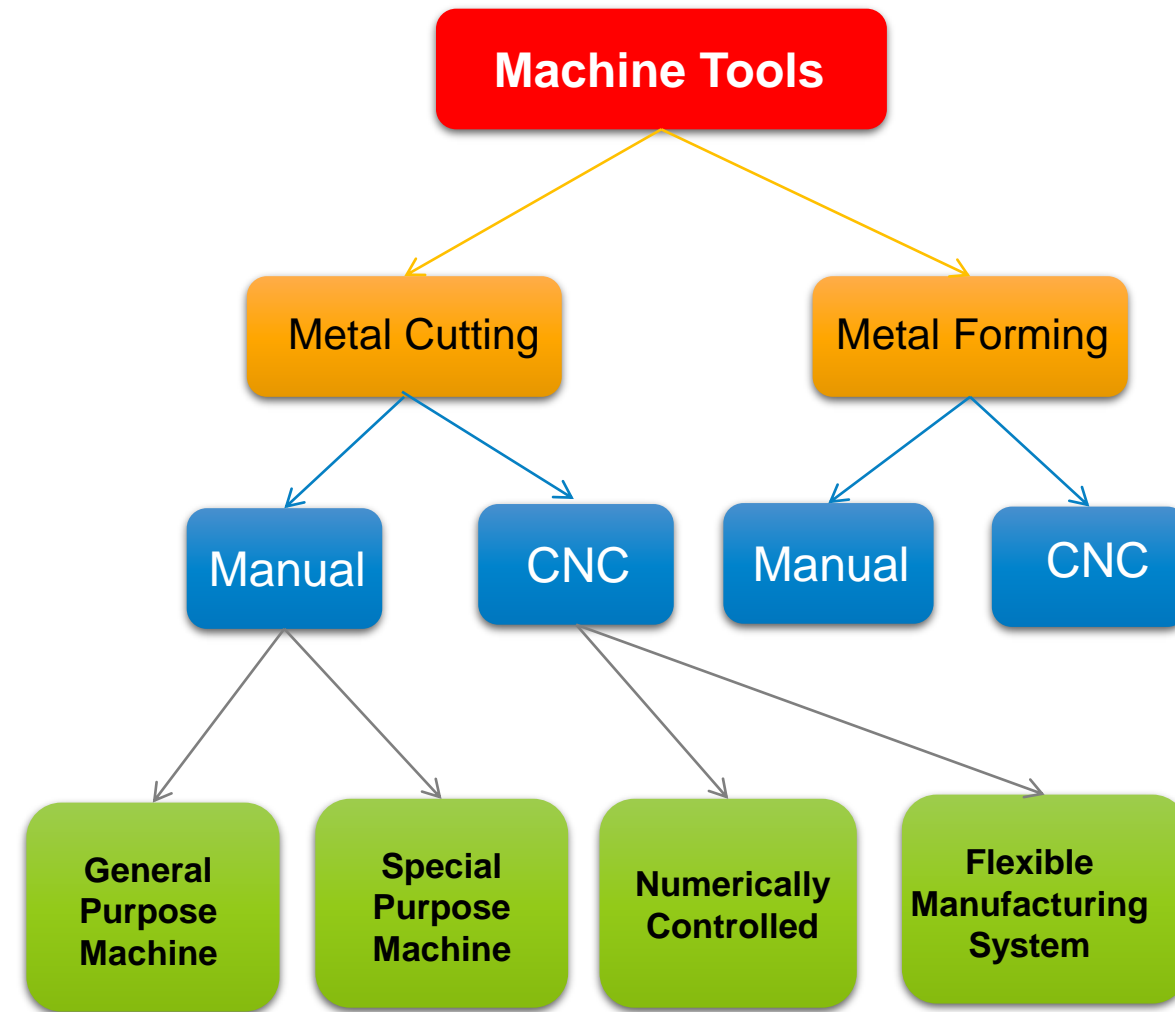
Industry, Sector
and Macpower

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

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