



Macpower CNC Machines Limited

Q2 & H1FY22 Investor Presentation



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Industry Overview

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

Highest ever **REVENUE**
for any quarter

 **145.5% YoY**

Highest ever **EBITDA**
for any quarter

 **226.7% YoY**

Highest ever **PROFIT**
for any quarter

 **392.9% YoY**

Highest ever **EBITDA**
MARGIN for any quarter

12.08%

Highest ever **PAT**
MARGIN for any quarter

8.25%

Order book: Revenues

1.3x FY21

1.6x H1FY22



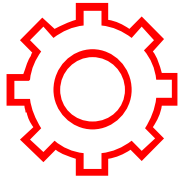
Highest ever Revenue, EBITDA, PAT

Company has declared highest ever Revenue, EBITDA and PAT at Rs 527.5 mn / Rs 63.7 mn and Rs 43.5 mn respectively.
Company has declared highest ever EBITDA Margins, PBT Margins & PAT Margins at 12.08% / 10.89% & 8.25% respectively.



Growing Order Book

Unexecuted order book as of September 30, 2021 stood at Rs 1,367.6 mn, which is 1.6 times H1FY22 & 1.3x H1FY21 sales.

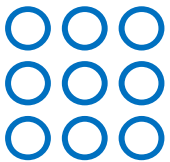


Backward integration (BI): BI efforts taken in FY20 have started to bear fruit with **improvement in EBITDA margin** and with further upside potential (operating leverage) with growing execution.

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



“NEXA” Vertical for premium products: Framed a separate sales & business development vertical called “NEXA” for import substitution of high end premium products such as HMC, VTL etc. To despatch first new generation machine this week.



Company has proposed and Board of Directors have approved Interim Dividend of Rs 0.50 per share amounting to 5% of Face Value (Rs 10 per share).

Quarter Financial Performance

PARTICULARS (INR Mn)	2QFY22	1QFY22	2QFY21	YoY%	1HFY22	1HFY21	YoY%
Revenue From Operations	527.5	345.2	214.9	145.5	872.7	282.5	208.9
Total Expenditure	463.8	310.1	195.4	137.4	773.9	262.0	195.4
EBITDA	63.7	35.2	19.5	226.7	98.9	20.5	383.2
<i>EBITDA Margin</i>	<i>12.08%</i>	<i>10.19%</i>	<i>9.07%</i>	<i>+300 bps</i>	<i>11.33%</i>	<i>7.26%</i>	<i>+407 bps</i>
Other Income	1.2	2.0	-0.1	-	3.1	0.4	678.8
Depreciation	6.9	6.6	6.7	2.9	13.5	13.3	1.3
PBIT	58.0	30.5	12.7	356.4	88.5	7.6	1064.6
Interest	0.5	0.2	0.8	-35.8	0.7	1.1	-37.4
PBT	57.5	30.4	11.9	382.8	87.8	6.5	1251.0
Tax	13.9	16.7	3.1	353.5	30.6	-6.9	-
PAT	43.5	13.7	8.8	392.9	57.2	13.4	326.7
<i>PAT Margin</i>	<i>8.25%</i>	<i>3.96%</i>	<i>4.11%</i>	<i>414 bps</i>	<i>6.55%</i>	<i>4.74%</i>	<i>+181 bps</i>
EPS	4.35	1.37	0.88	392.9	5.72	1.34	326.7

145%
REVENUE
GROWTH

226%
EBITDA
GROWTH

393%
PAT
GROWTH

Description	Q2FY22	
	No. of Units	Value (INR Mn)
Opening order book	721	1,262.0
Private orders received	318	554.7
Private orders executed	280	449.4
Govt. Order Received	11	58.98
Govt. Orders Executed	12	67.13
Unexecuted order book (30.06.21)	758	1,367.55
Bids Submitted		
Domestic	1,525	2600.0
Tender	235	1,524.3
Total Bids Submitted	1,760	4,124.3
N-95 Masks	720,000	5.3

Type	Status	Number of Machines (Nos)	Total Value of Orders (Rs)	Advance received against orders (Rs)
Domestic				
Turning Center	Order Received	600	91,29,66,972	4,76,54,281
VMC	Order Received	133	32,70,76,000	1,27,77,983
HMC	Order Received	1	87,00,000	5,00,000
VTL	Order Received	3	1,00,01,000	13,11,200
Tender	Order Received	21	10,88,06,232	-
Total Orders Book		758	1,36,75,50,204	6,22,43,464
Tenders & Bids Submitted				
Domestic	Bids Submitted	1,525	2,60,00,00,000	-
Tender	Bid Under Evaluation	235	1,52,42,55,988	-
Total Bids Submitted		1,760	4,12,42,55,988	

Note: All values are excluding Taxes

Annual Income Statement

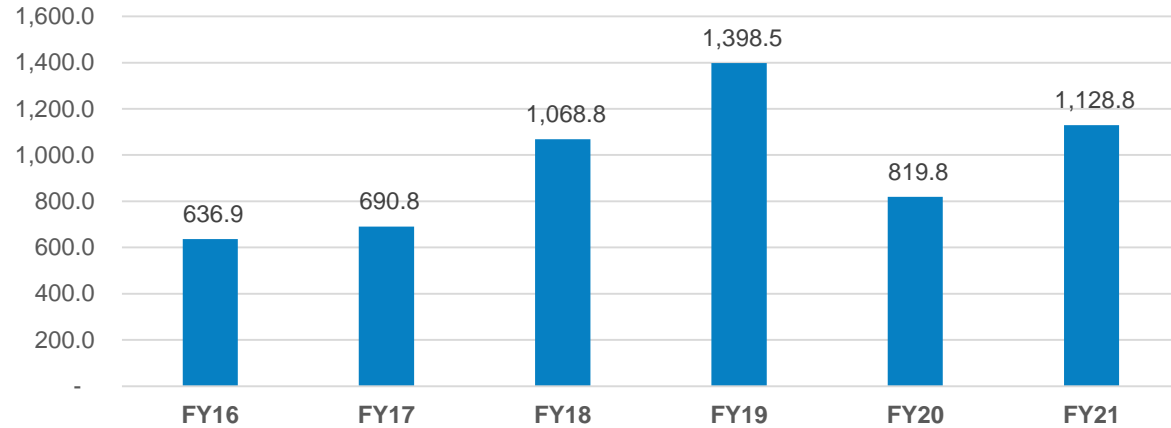
PARTICULARS (INR Mn)	FY17	FY18 (IPO)	FY19	FY20	FY21
Revenue From Operations	690.8	1068.8	1398.5	819.8	1128.8
Total Expenses	675.7	954.9	1,236.4	771.7	1037.0
EBITDA	15.1	113.8	162.0	48.1	91.8
<i>EBITDA Margin</i>	<i>3.0%</i>	<i>10.7%</i>	<i>11.6%</i>	<i>5.87%</i>	<i>8.13%</i>
Other Income	5.3	6.0	33.0	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

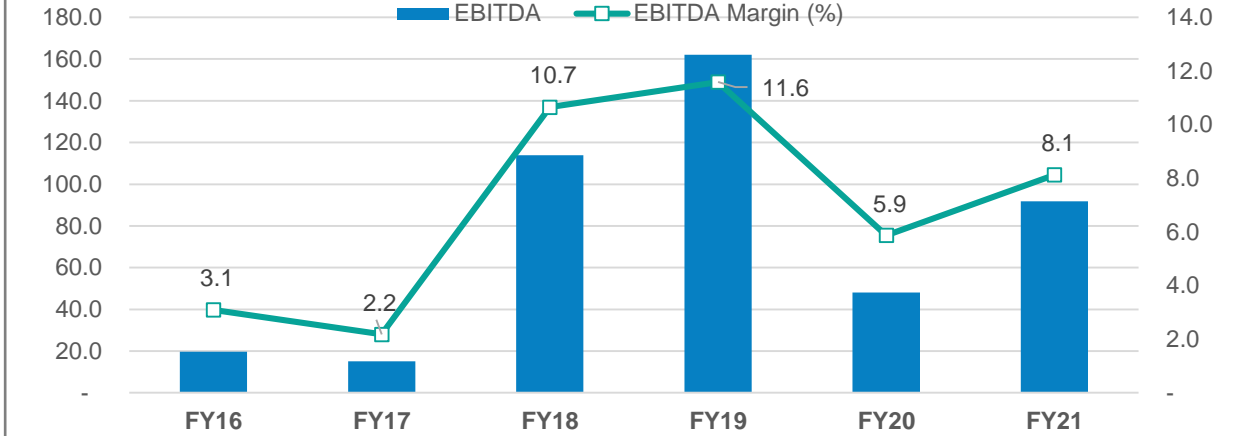
91%
EBITDA
GROWTH

120%
PAT
GROWTH

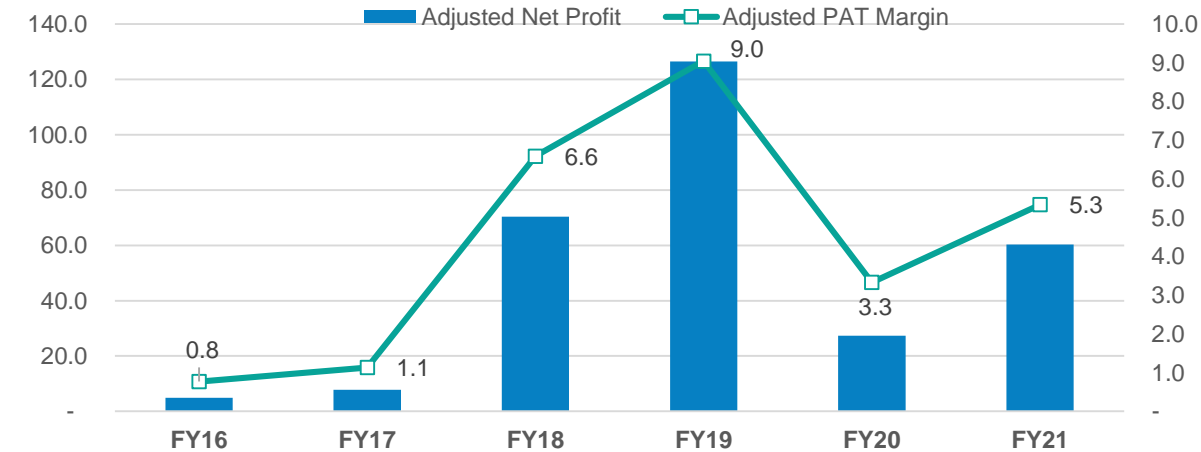
Revenue from Operations (INR Mn)



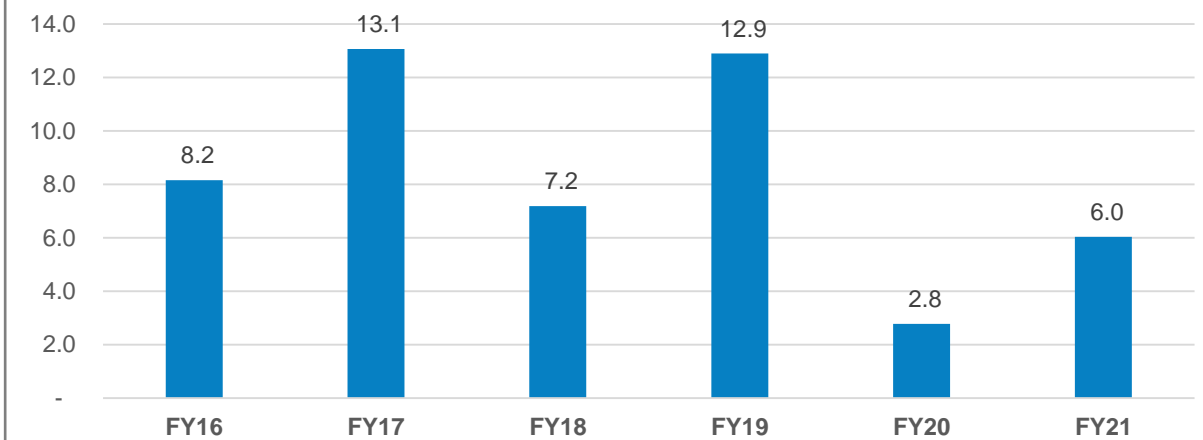
EBITDA (INR Mn) and EBITDA Margins (%)



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



Adjusted EPS (INR)



Way Forward

- Competitive advantage
- Our ESG efforts



In House Foundry

The company is considering to setup an in-house foundry to produce castings for cost optimisation and product quality improvement.

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

Plant COO

The company has hired a COO for the manufacturing unit to create impetus on improving productivity and operational efficiency of manufacturing operations



All efforts are targeted to achieve a growth of +25% CAGR over the next 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



Lowest cost producer

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



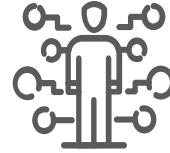
Zero Debt, FCF Positive

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 **72.56%** as on Mar'21(4QFY21), up from **70.07%** as of Dec'20 (3QFY21). 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, twice a day.
- Mask manufacturing setup to support India's fight against covid – several thousands of N95 masks (ISI marked) distributed free of cost to under privileged sections of the society as well as to our employees.
- India's FIRST PPE KIT manufacturing Seam Sealing Machine

G overnance

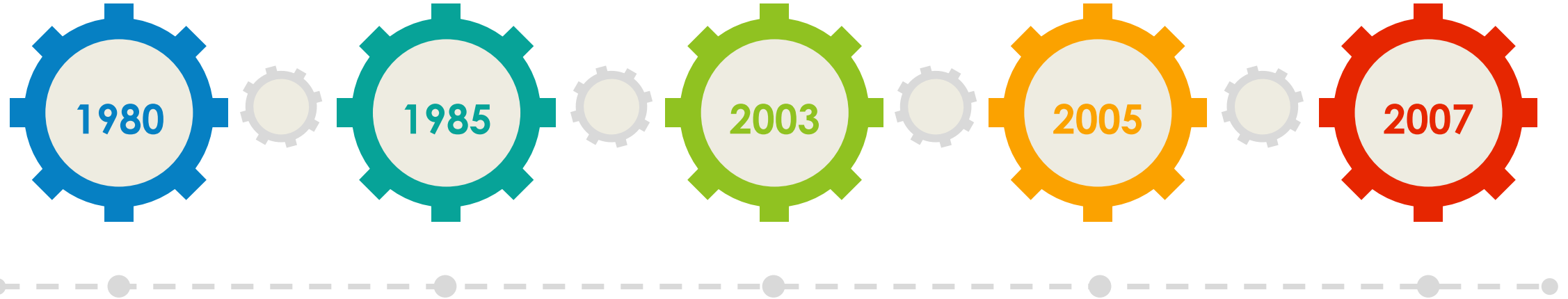
- Well diversified Board of Directors with 6 number of directors out of 3 being independent directors
- Promoters have strong techno commercial understanding of the business – ably supported by the Board of Directors for future growth and shareholder value creation
- Robust internal control and checks 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 manufacturing of castings and housing.
- The company is now looking to further backward integrate, using internal accruals, to develop state of the art patterns for different machine models. It is also looking to make castings in-house through a new foundry, 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 10 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 and further BI to setup in house foundry for cost efficiency & productivity



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



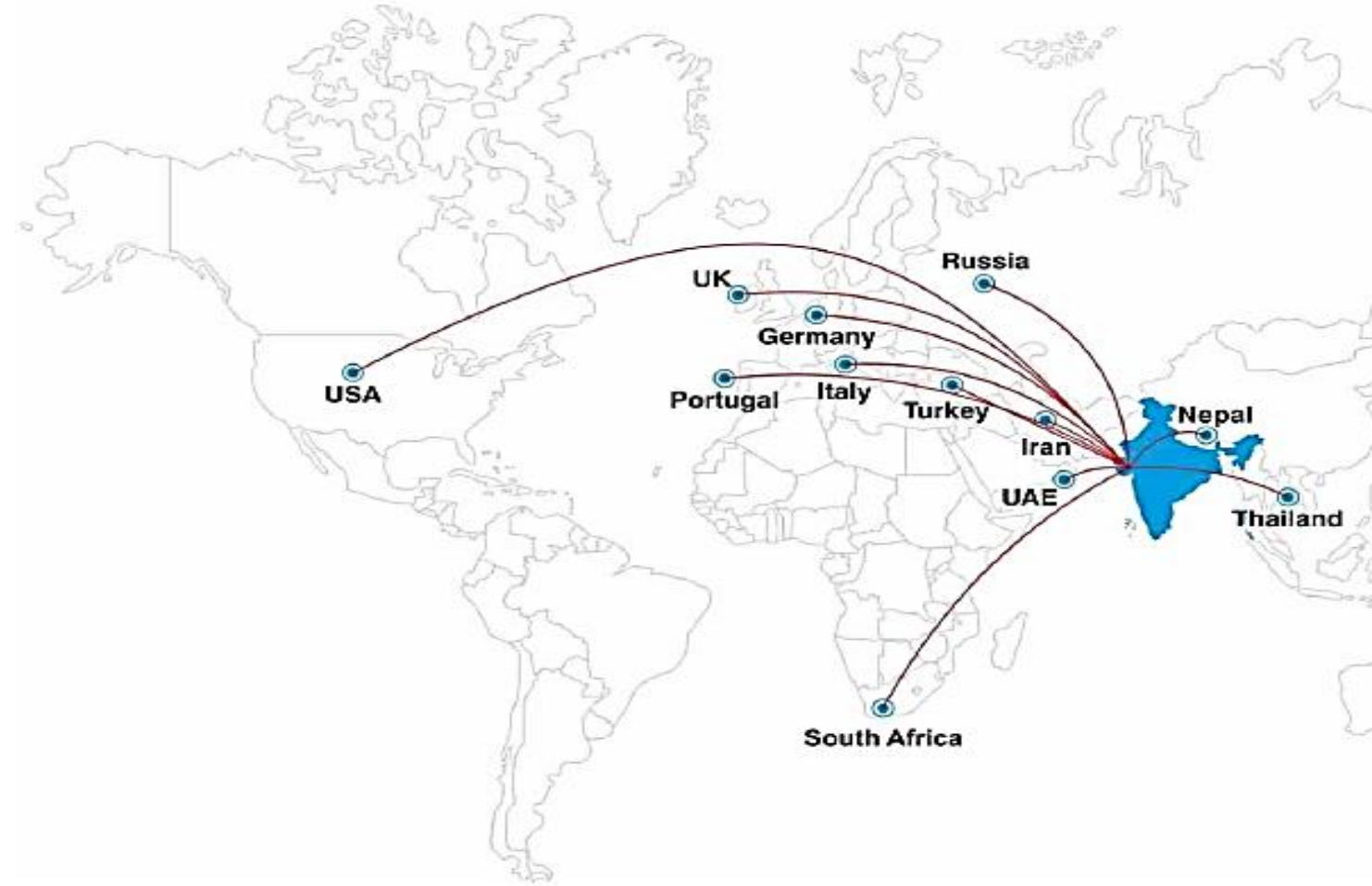
Mr. Nikesh Mehta

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

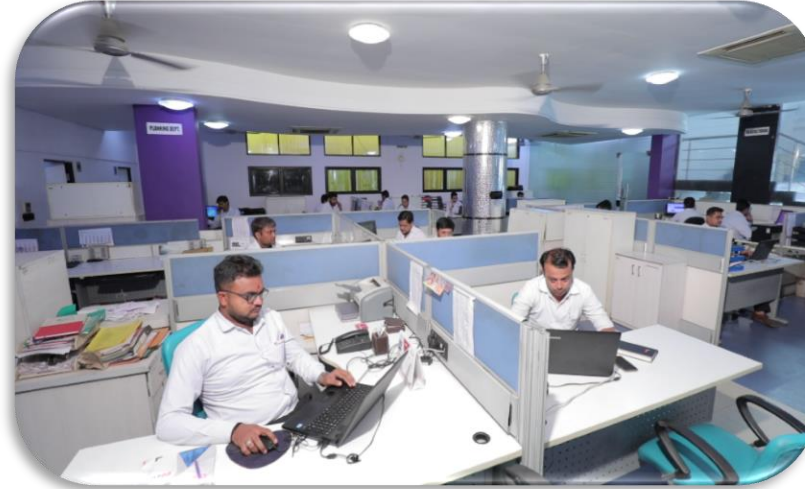
10 Business Associates

4 Branch Offices

87 Sales & Service Engineers



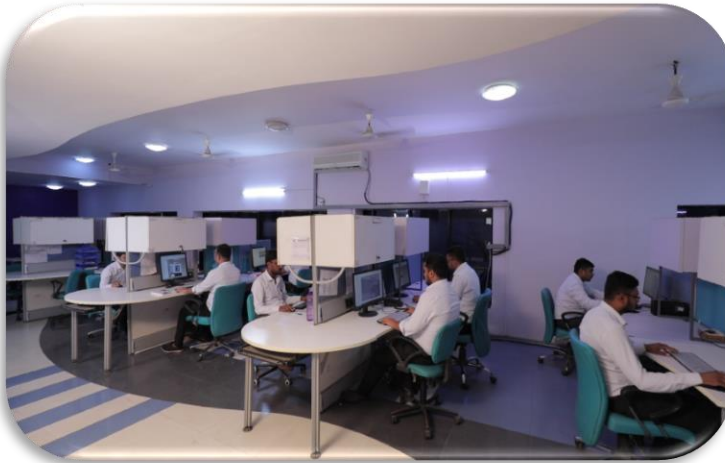
Head Office & Plant



Corporate office



Manufacturing plant



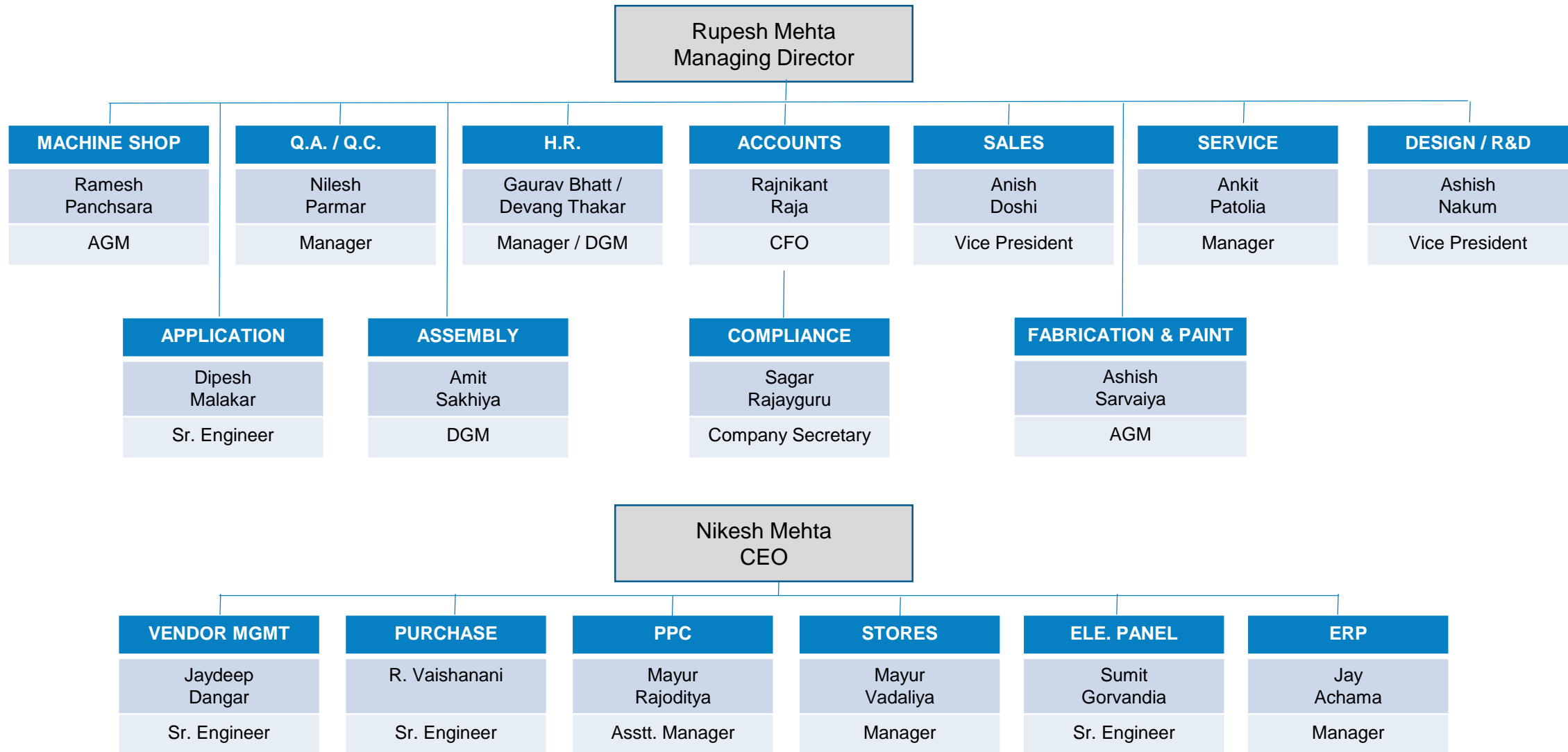
R&D Centre



Hyderabad Tech Centre



Ahmedabad Tech Centre



Business Overview



Industry Segments Serviced

27

1000+

Application Solutions

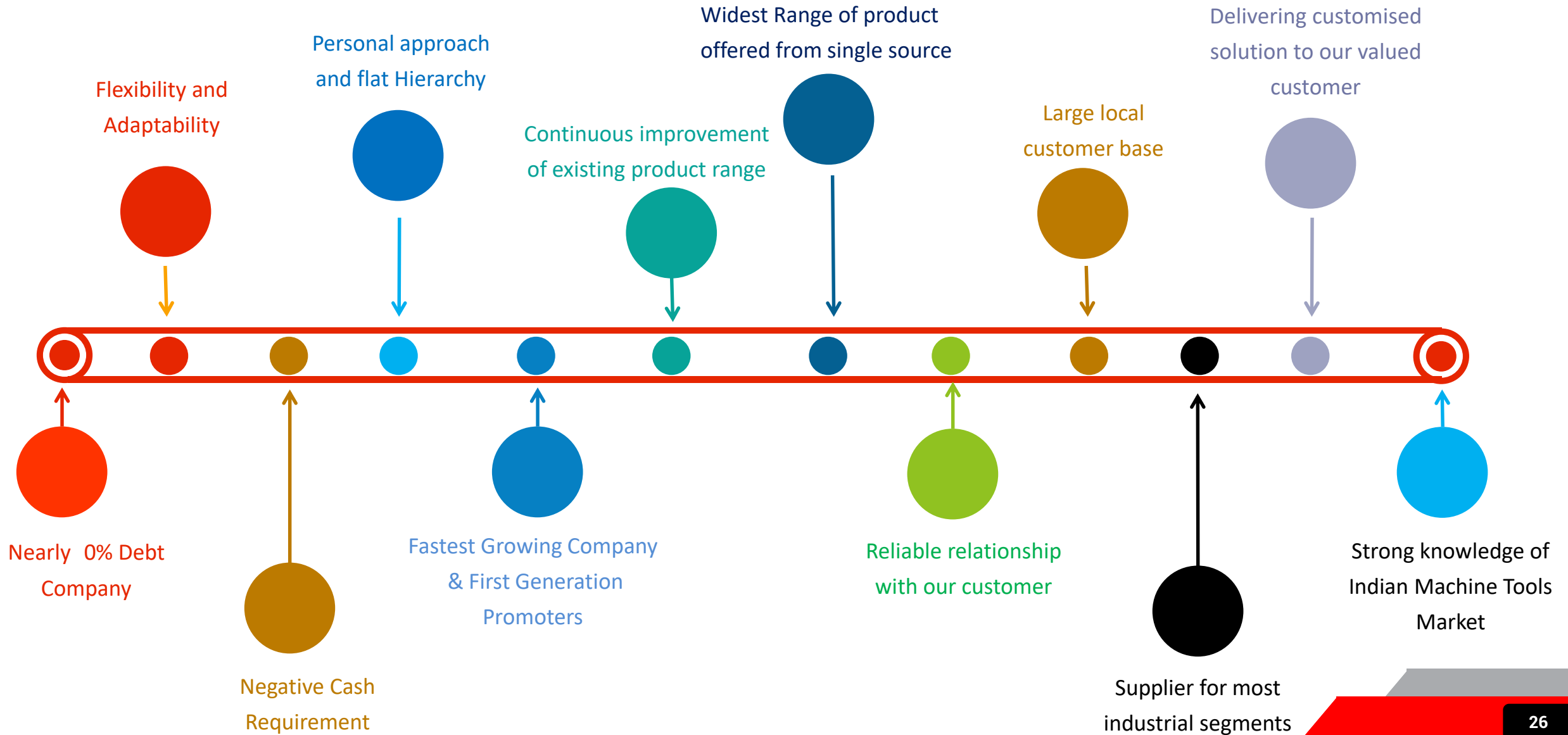


Product Models

60+

9

Product Categories



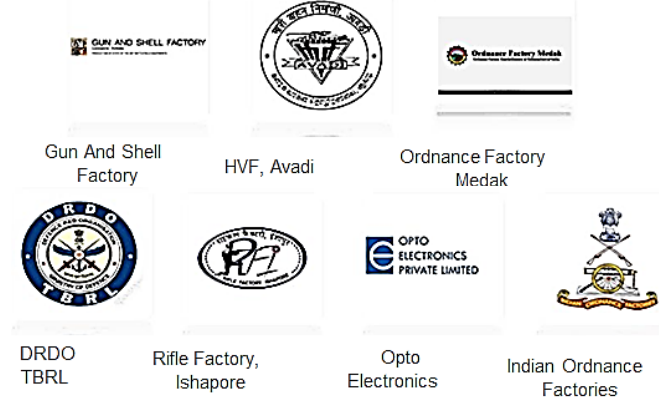
Key Clientele at a Glance

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

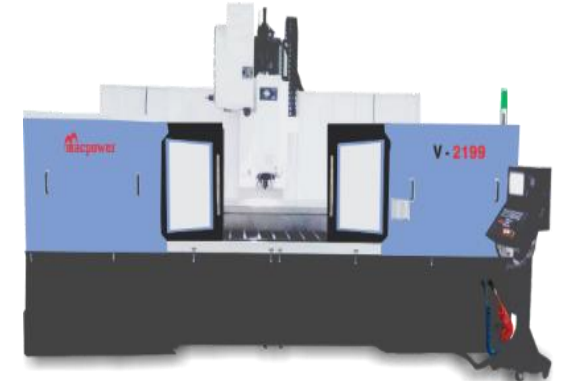
Turning Centre

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.



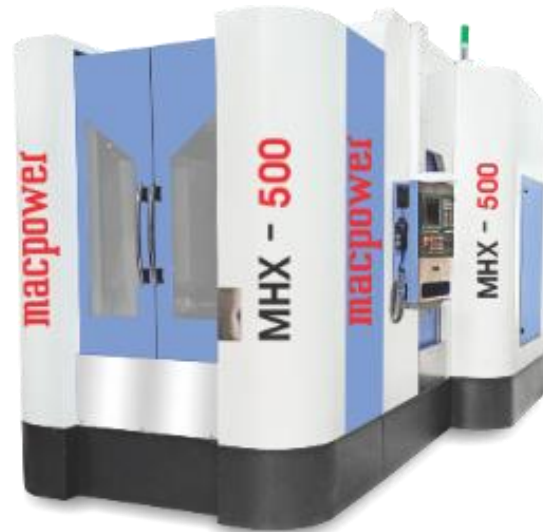
Vertical Machining Centre

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

Industry, Sector
and Macpower

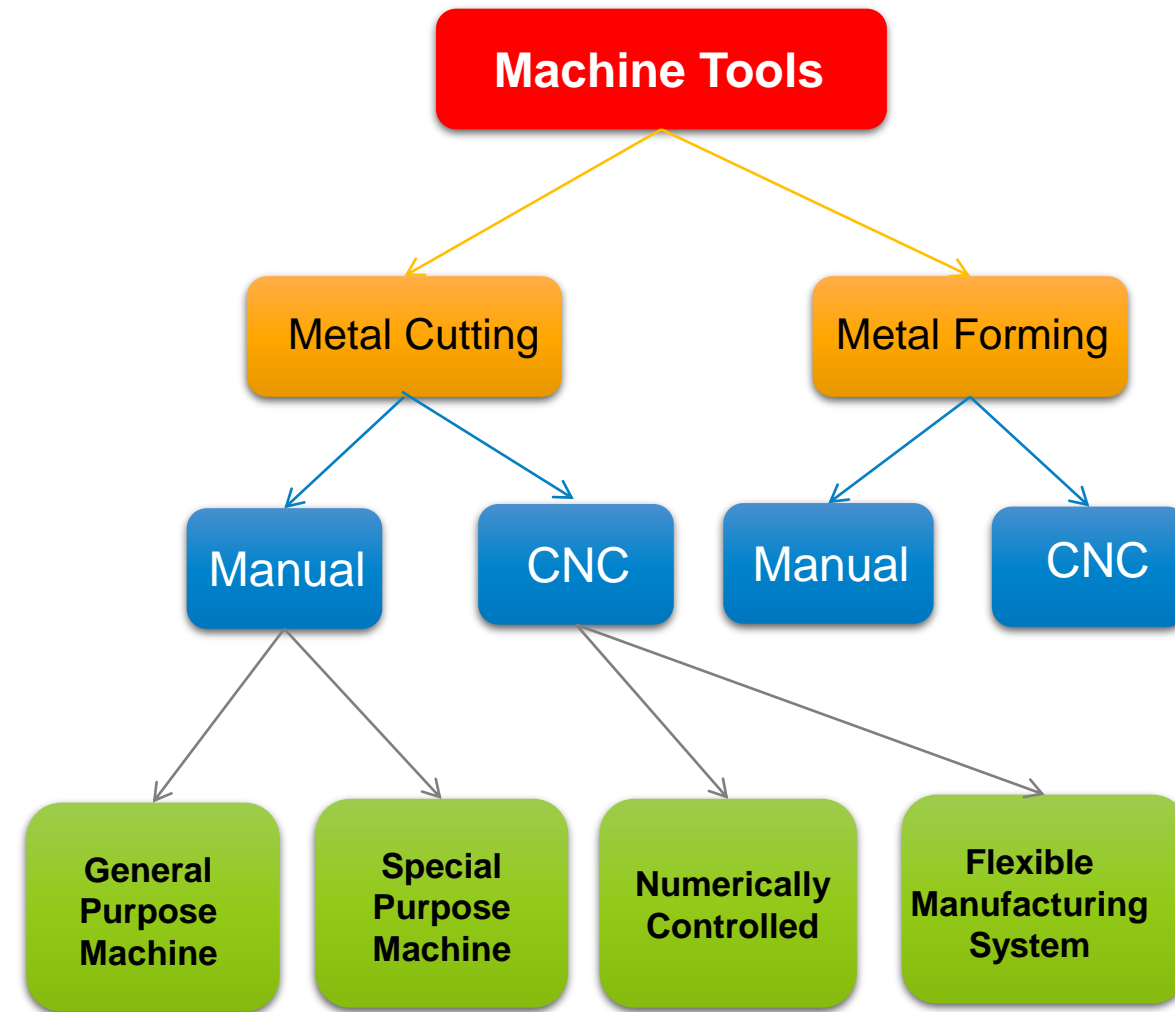


What are CNC Machines? (CNC machine in use – [video1](#) [video2](#) (click on link))

- 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