

May 28, 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



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Macpower CNC machines Limited

Q4 & FY22 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

 **68.8% YoY**

EBITDA

growth

 **127.4% YoY**

PROFIT

growth

 **113.2% YoY**

EBITDA MARGIN

10.95%

 **283 bps YoY**

PAT MARGIN

6.74%

 **141 bps YoY**

ORDER BOOK

146.8

Rs crore

1046

Nos

Highest ever machine sales in a year

The company has manufactured and sold 1046 machine, which is the highest ever machines sold in any year. This has led to strong Revenue, EBITDA, PAT growth of 68.8%, 127.4%, 113.2% for FY2022

1468

Rs million

Highest ever unexecuted order book

Highest ever unexecuted order book as of March 31, 2021 stood at Rs 1468 mn which is 1.3x of order book at the beginning of the year (Rs 1120 mn) with execution cycle of 4-6 months.

~12

%

Dividend Payout

Company has declared Total Dividend of Rs 1.50 per share (15% of FV of Rs 10 each) including Rs 1.0 as Final Dividend*

214

Nos

Machine orders executed under "NEXA" Vertical for premium products

During the year company has received 214 machines combined for VMC, VTL and HMC as a part of the NEXA vertical for premium products. 193 machines orders for premium products in unexecuted order book

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

“The quarter has been a blockbuster quarter for our organisation. Exemplary performance by all our teams across production, sales, marketing, accounts, finance and the overall support of all our employees has made this a record year for us on all fronts namely number of machines manufactured and sold during the year, Revenue, EBITDA and PAT. **The strong sales and execution capabilities has now pushed us to complete our expansion to manufacture 125 machines per month by June 2022 which will enable us to meet our growth plans for the coming year/s.**

Our team is also focused on increase the share of high value machines and import replacement. Our focused “NEXA” vertical continues to win us new orders in VMC, HMC and VTL. **During the year, since starting our NEXA vertical, we have received 300 number of order for high value machines and have executed 214 number of orders for the same.**

The company continues to focus on Sustainable and Profitable Growth.

We continue to plan for our next leg of growth, which will allow us to achieve our targeted above industry standard CAGR over the next 5 years. Man management, Material management, Resources management and New Products developments (read: import substitution) continue to be our mantra for growth as we aim to achieve 25% Revenue CAGR over the next 3 years.

We have also declared a final dividend of Rs 1 per share over and above the interim dividend of Rs 0.50 per share, thereby taking our total dividend per share of Rs 1.50 for FY2021-22 (15% of FV of Rs 10 per share). This equates to a **dividend payout of ~12% for the year.**”

| PARTICULARS (INR mn) | 4QY22 | 3QY22 | 4QFY21 | YoY% | FY22 | FY21 | YoY% |
|--------------------------------|----------------|----------------|--------------|------------------|--|--------------|-----------------|
| Revenue from Operations | 551.6 | 480.5 | 499.9 | 10.3 | 1904.8 | 1,128.7 | 68.8 |
| Total Expenditure | 495.6 | 426.7 | 458.4 | 8.1 | 1696.1 | 1,037.0 | 63.6 |
| EBITDA | 56.0 | 53.8 | 41.5 | 34.9 | 208.6 | 91.7 | 127.4 |
| <i>EBITDA Margin</i> | <i>10.15%</i> | <i>11.20%</i> | <i>8.30%</i> | <i>+185 bps</i> | <i>10.95%</i> | <i>8.12%</i> | <i>+283 bps</i> |
| Other Income | 0.9 | 0.7 | 1.5 | -41.7 | 4.7 | 3.6 | 36.3 |
| Depreciation | 7.2 | 7.2 | 6.2 | 16.9 | 27.9 | 26.0 | 7.2 |
| PBIT | 49.6 | 47.3 | 36.8 | 34.8 | 185.4 | 69.3 | 168.1 |
| Interest | 0.3 | 0.5 | 0.3 | 9.3 | 1.5 | 1.7 | -8.8 |
| PBT | 49.3 | 46.8 | 36.5 | 35.0 | 183.9 | 67.6 | 172.6 |
| Tax | 12.9 | 11.9 | 2.0 | 545.8 | 55.5 | 7.3 | 664.0 |
| PAT | 36.4 | 34.8 | 34.5 | 5.4 | 128.4 | 60.3 | 113.2 |
| <i>PAT Margin</i> | <i>6.59%</i> | <i>7.25%</i> | <i>6.90%</i> | <i>-30.6 bps</i> | <i>6.74%</i> | <i>5.99%</i> | <i>+141 bps</i> |
| Earnings Per Share (Rs) | 3.64 | 3.48 | 3.45 | 5.4 | 12.8 | 6.03 | 113.2 |
| Dividend per share (Rs) | Rs 1.00 | Rs 0.50 | - | | Interim: Rs 0.50 Final: Rs 1.00 | - | |

69%
REVENUE
GROWTH

127%
EBITDA
GROWTH

113%
PAT
GROWTH

| Order book (as on 31 March 2022) | As on Q4FY22 | |
|---|--------------|----------------|
| Description | No. of Units | Value (INR Mn) |
| Opening order book (01.01.22) | 796 | 1449.42 |
| Private orders received | 304 | 560.95 |
| Private orders executed | 285 | 517.13 |
| Govt. Order Received | 1 | 3.39 |
| Govt. Orders Executed | 6 | 28.01 |
| Unexecuted order book (31.03.22) | 810 | 1468.63 |
| Tenders & Bids Submitted | | |
| Domestic | 2240 | 3388.00 |
| Tender | 293 | 916.53 |
| Total Bids Submitted | 2533 | 4304.53 |
| N-95 Masks | 700,000 | 5.15 |

| Type | Status | Number of Machines (Nos) | Total Value of Orders (Rs) | Advance received against orders (Rs) |
|-------------------------------------|----------------------|--------------------------|----------------------------|--------------------------------------|
| | | | | Domestic |
| Turning Center | Order Received | 592 | 893,924,721 | 42,345,097 |
| VMC | Order Received | 190 | 470,797,025 | 20,434,083 |
| HMC | Order Received | 1 | 8,700,000 | 500,000 |
| VTL | Order Received | 2 | 7,670,000 | 351,000 |
| Tender | Order Received | 25 | 87,539,792 | - |
| Total Order Book | | 810 | 1,468,631,538 | 63,630,180 |
| Tenders & Bids Submitted | | | | |
| Domestic | Bids Submitted | 2,240 | 3,388,000,000 | - |
| Tender | Bid Under Evaluation | 293 | 916,531,969 | - |
| Total Bids Submitted | | 2,533 | 4,304,531,969 | - |

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.

Incr. capacity by 25%

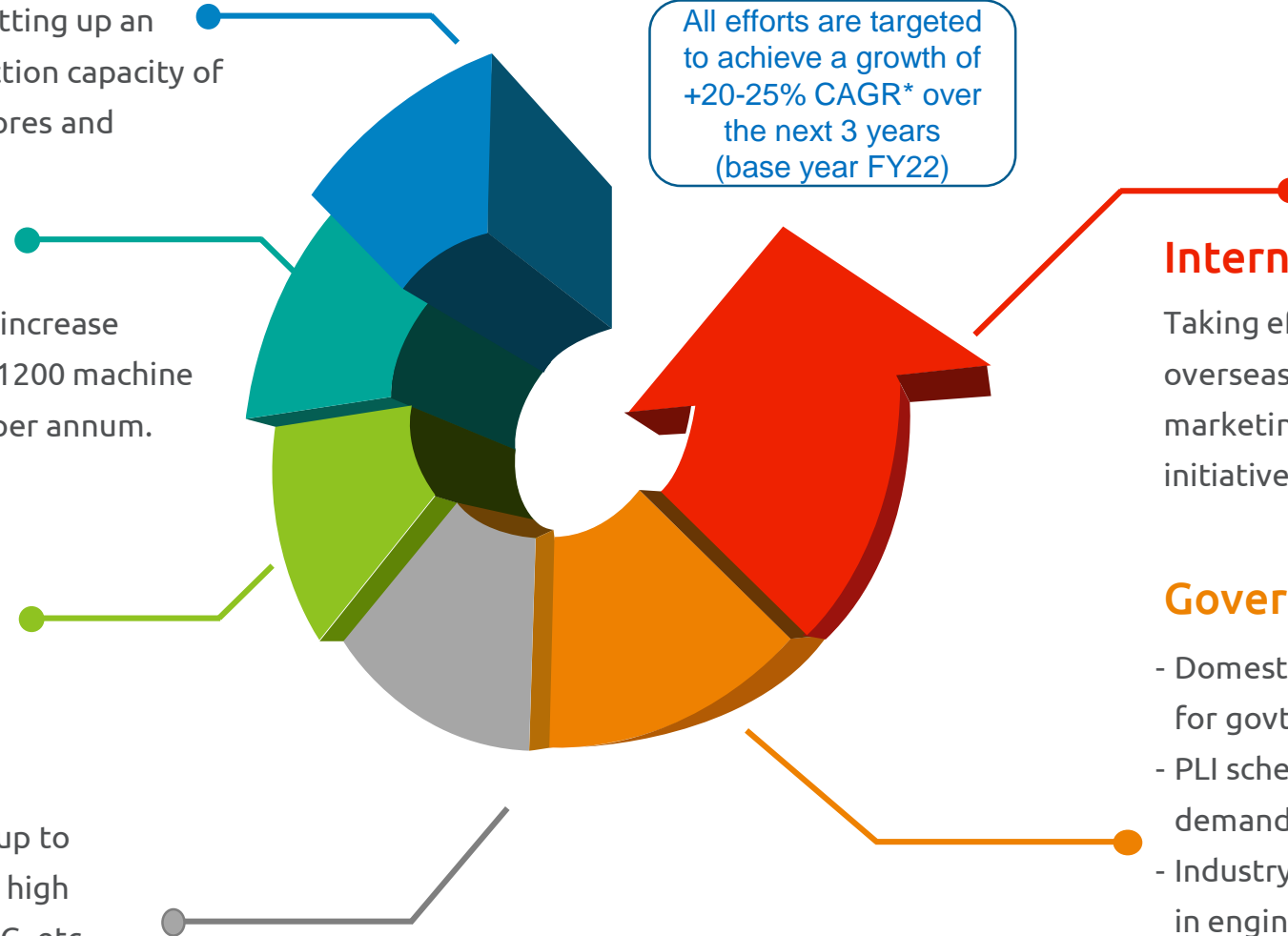
The company is debottlenecking to increase machine manufacturing from 1000-1200 machine per annum to 1300-1500 machines per annum.

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.



International markets

Taking efforts to establish footprint in overseas markets pursuing global branding, marketing and business development initiatives.

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**



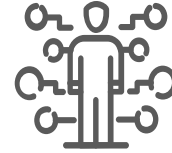
Zero Debt, FCF Positive

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



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 **73.09%** as on Mar'22, up from **73.0%** as of Dec'21 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
- 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.

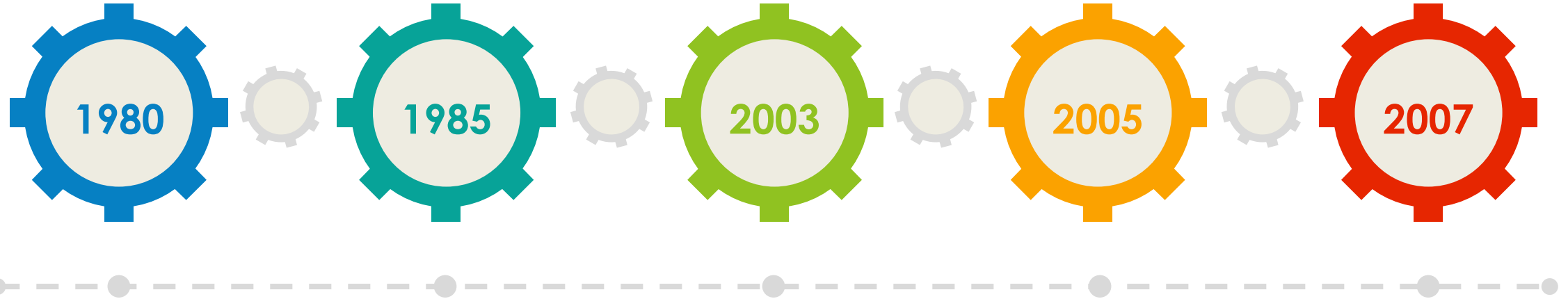
G overnance

- 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 **8000+** 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 1000-1200 machine per annum and is **further debottlenecking to manufacture 1300-1500 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:

- 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

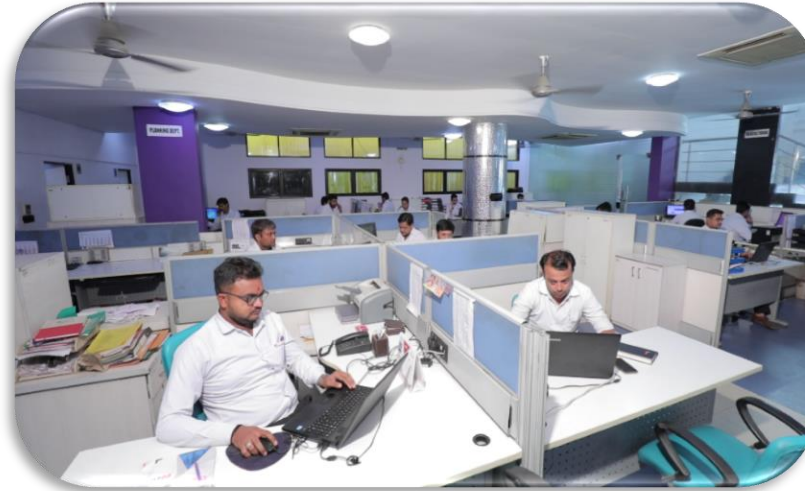
9 Business Associates

4 Branch Offices

107 Sales & Service Engineers



Head Office & Plant



Corporate office



Manufacturing plant



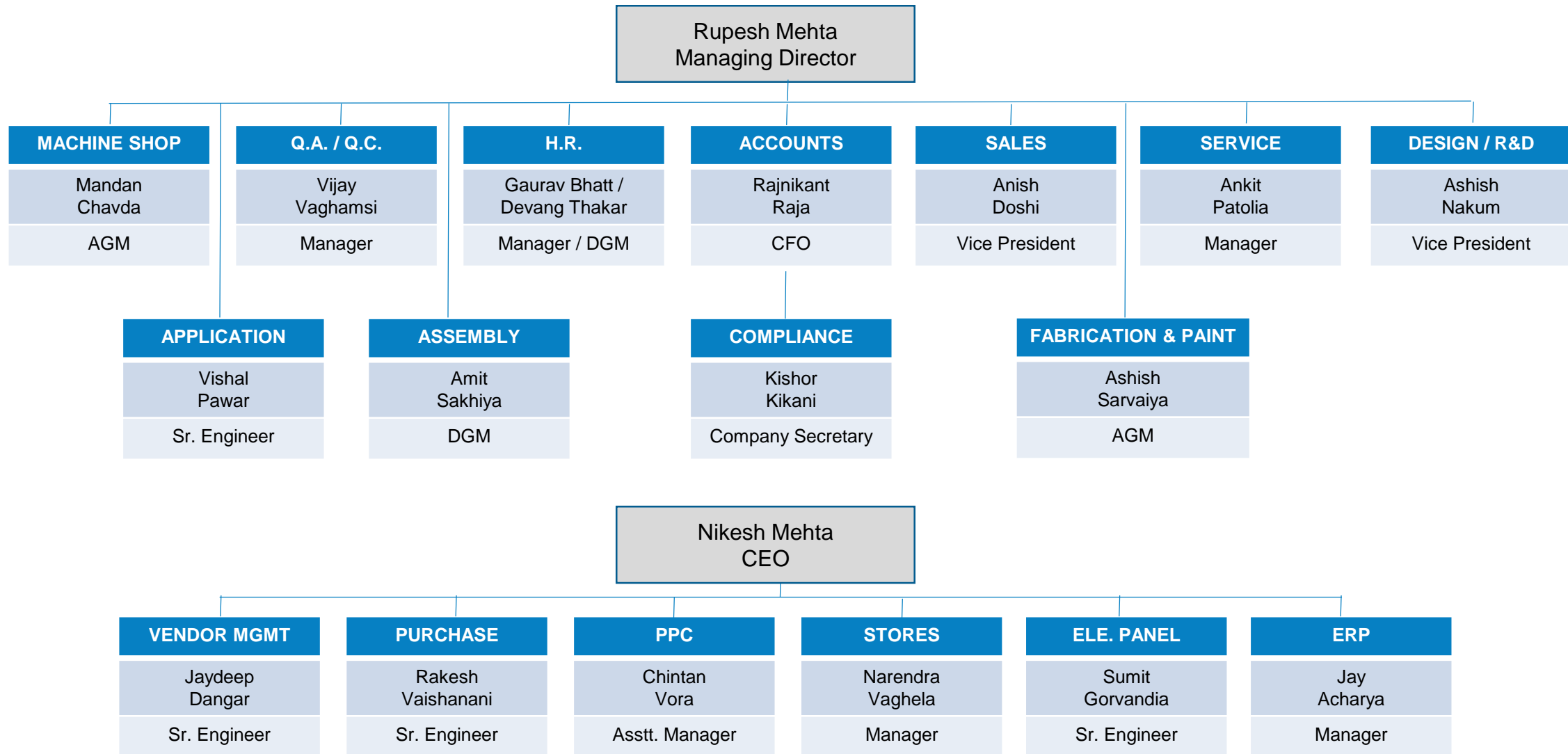
R&D Centre



Hyderabad Tech Centre



Ahmedabad Tech Centre



Business Overview



Industry Segments Serviced

27

1000+

Application Solutions

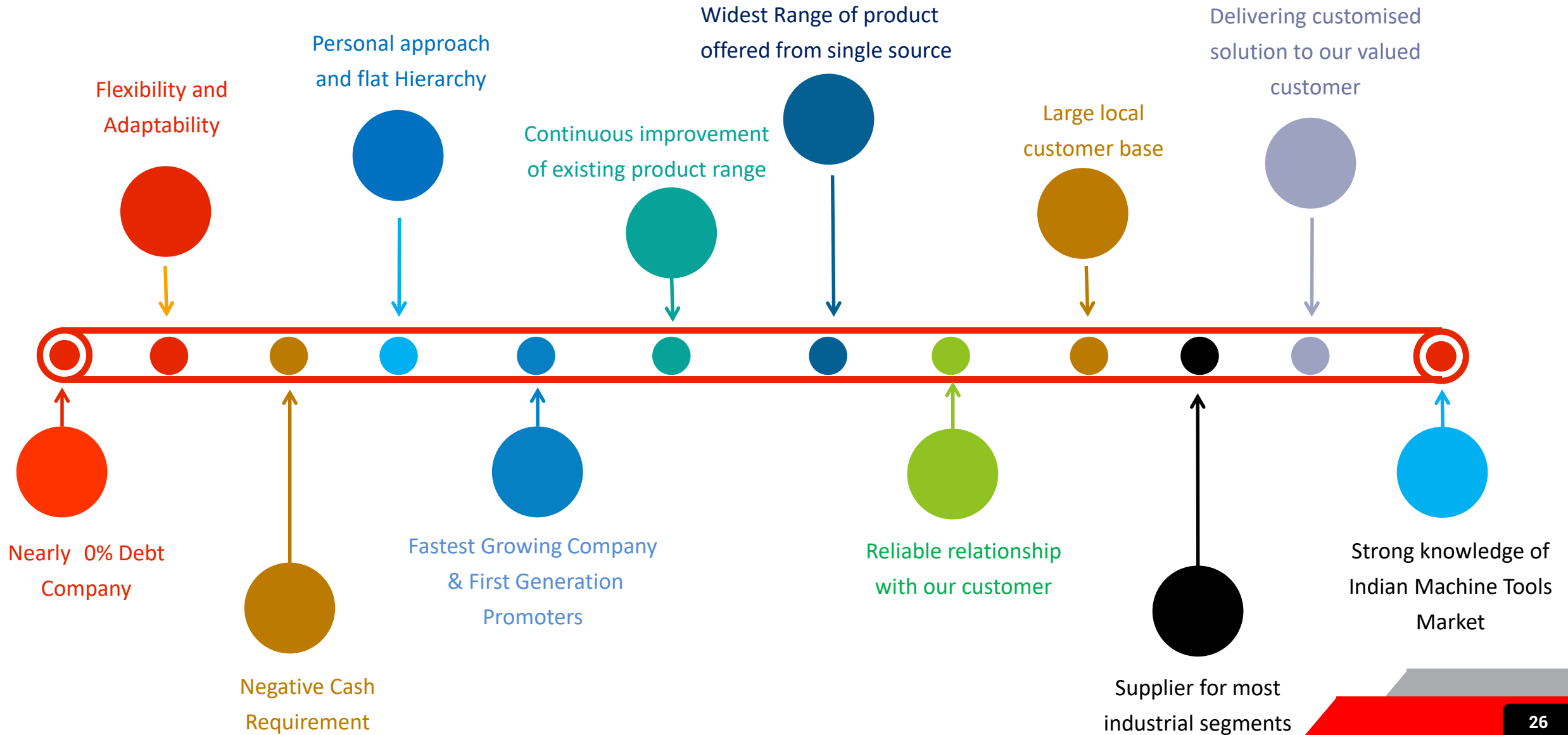


Product Models

60+

9

Product Categories



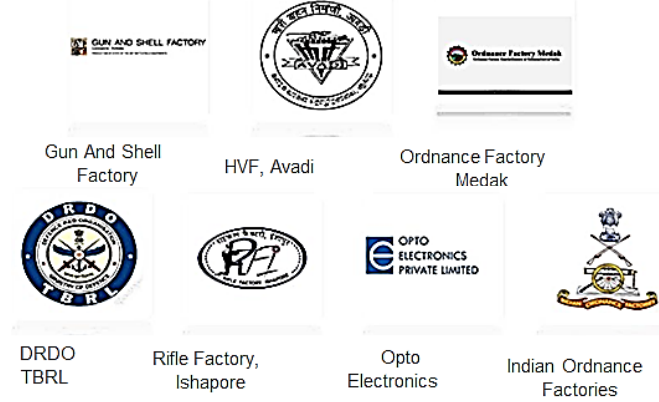
Key Clientele at a Glance

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

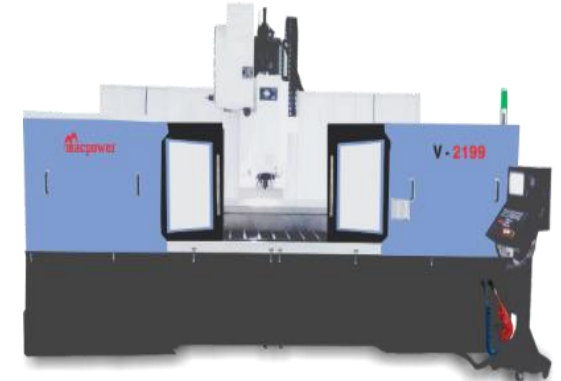
Turning Centre

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.



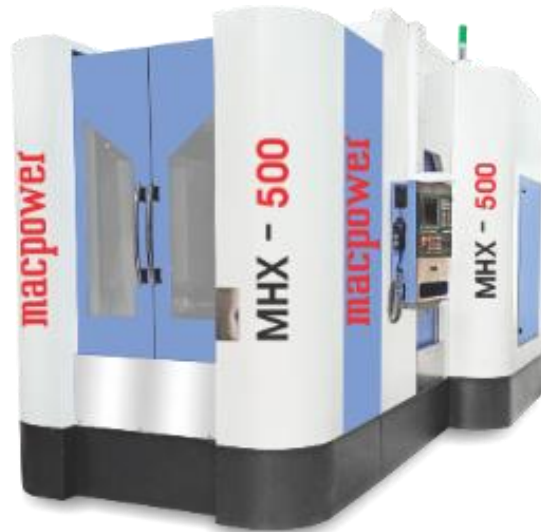
Vertical Machining Centre

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

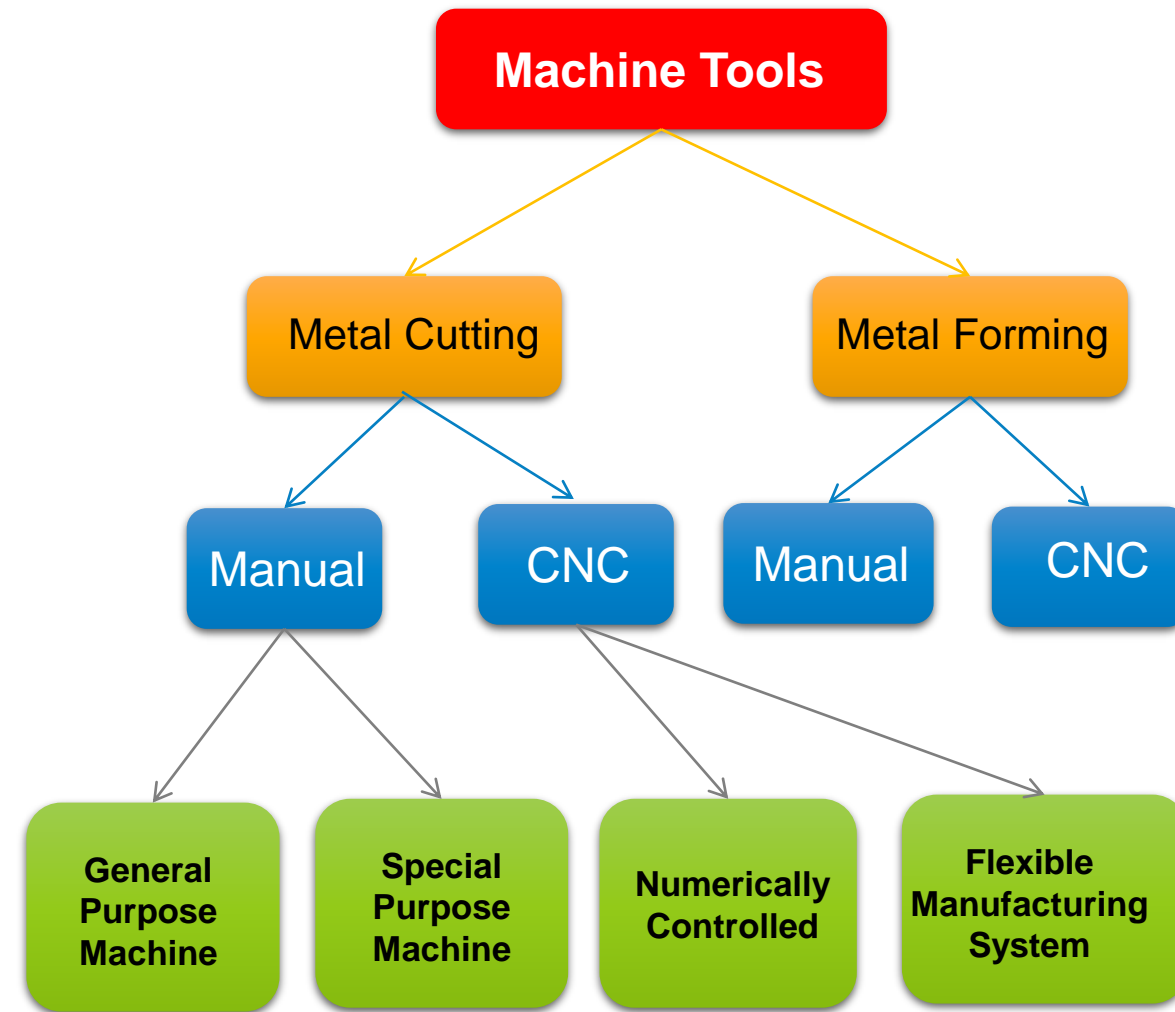


What are CNC Machines? (CNC machine in use – [video1](#) [video2](#) (click on link))

- 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

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