

June 28, 2021

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 for the quarter and year ended on March 31,
2021**

Respected sir/ Madam,

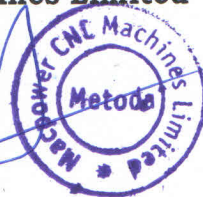
With reference to the captioned subject we, Macpower CNC Machines Limited [the “company”] are submitting herewith Investor Presentation for the quarter and year ended on March 31, 2021 for all the stakeholders of the company.

Kindly take the same in your record.

Thanking you.

For and on behalf of
Macpower CNC Machines Limited


Rupesh Mehta
Managing Director
DIN: 01474523
Encl: A/a





Macpower CNC Machines Limited

Q4&FY21 Investor Presentation



Refer to disclaimer

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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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Industry Overview

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



The company witnessed a sharp jump in Revenues, EBITDA and Net Profit during the quarter, growing at 101.65% / 86.94% / 858.33% YoY respectively after a dull H1 due to the national lockdown.



Backward integration efforts taken in FY20 have started to bear fruit with improvement in EBITDA margins to ~9% levels and poised to move higher (operating leverage) with growing execution on the back of strong visibility in order book.



Government sector and Private sector orders seeing steady demand. Unexecuted order book at the end of Q4FY21 from the private sector stood at Rs.1120 mn. Total order book is 1.1x FY21 Revenues

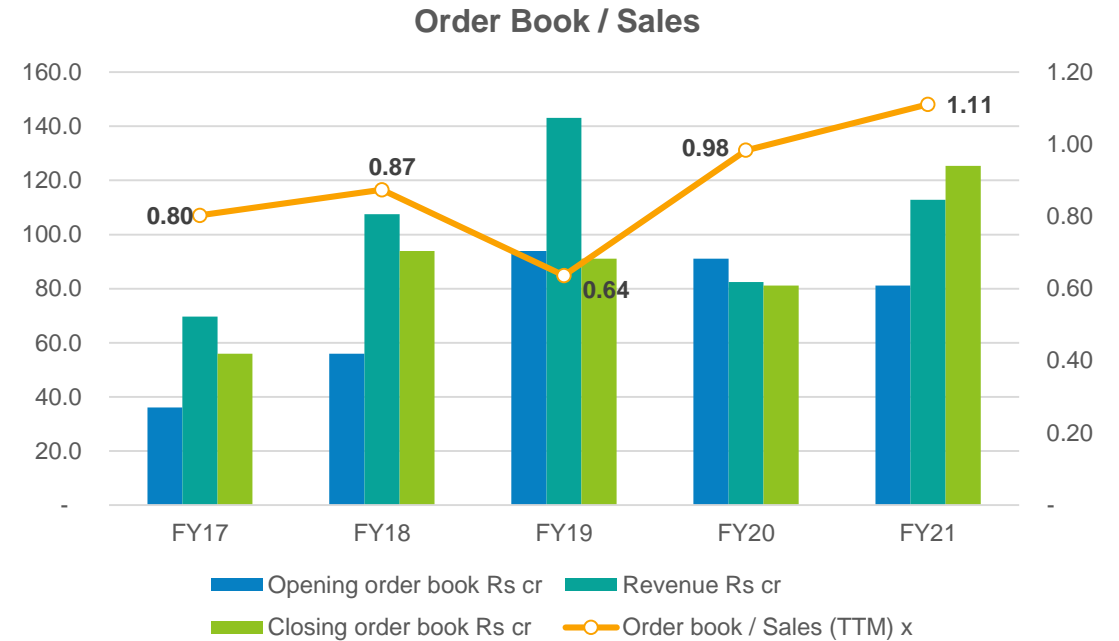


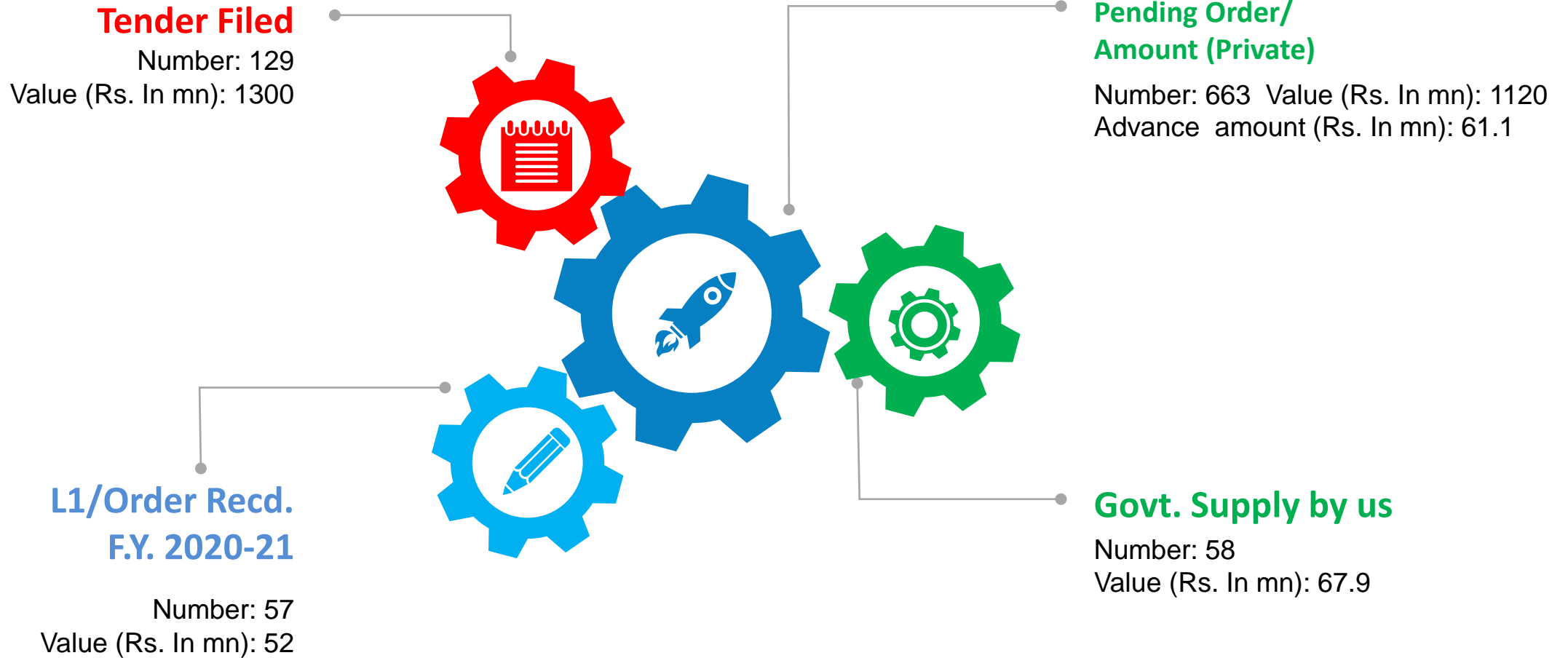
We are all set to frame a separate vertical called “NEXA” for the import substitution of high end premium products such as HMC, VTL etc. which have already been developed by our R&D Team

Order Book (As on 31st March, 2021)



Description	No. of Units	Value (INR Mn)
Pending Order/Advance (Private)	663	1120
Govt. Supplied	58	67.9
Govt. Order Received	17	91.2
L1 Orders	7	43.3
Tenders bid (No of tenders)	129	1300





4QFY21 Financial Performance

PARTICULARS (INR Mn)	4QFY21	3QFY21	4QFY20	YoY(%)	FY21	FY20	YoY(%)
Revenue From Operations	499.9	346.4	247.9	101.65	1128.8	819.8	37.7
Total Expenses	458.4	316.6	225.7	103.10	1037.9	771.7	34.4
EBITDA	41.5	29.8	22.2	86.94	91.8	48.1	90.9
<i>EBITDA Margin</i>	<i>8.30%</i>	<i>8.60%</i>	<i>8.96%</i>		<i>8.13%</i>	<i>5.87%</i>	
Other Income	1.5	1.6	-2.5	100.00	3.5	5.5	-36.4
Depreciation	6.2	6.5	3.4	82.35	26.0	10.8	140.7
PBIT	36.8	24.9	16.3	125.77	69.3	42.8	61.9
Interest	0.3	0.3	0.7	-57.1	1.7	3.7	-54.1
PBT	36.5	24.6	15.6	133.97	67.6	39.1	72.9
PAT	34.5	12.4	3.6	858.33	60.3	27.3	120.9
<i>PAT Margin</i>	<i>6.90%</i>	<i>4.09%</i>	<i>1.45%</i>		<i>5.34%</i>	<i>3.33%</i>	
EPS	3.44	1.24	3.6	858.33	6.03	2.78	120.9

101.6%
REVENUE
GROWTH

86.9%
EBITDA
GROWTH

858%
PAT
GROWTH

Annual Income Statement

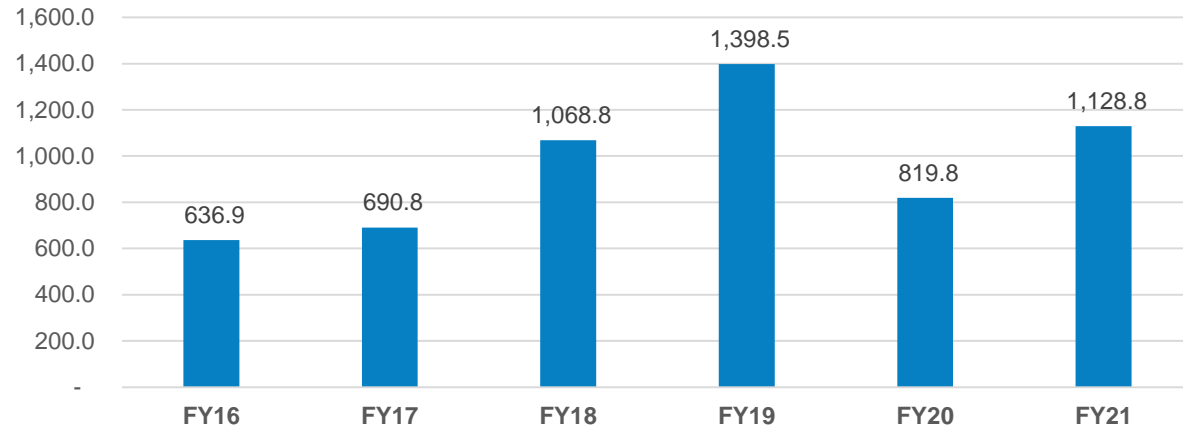
PARTICULARS (INR Mn)	FY17	FY18 (IPO)	FY19	FY20	FY21
Revenue From Operations	690.8	1068.8	1398.5	819.8	1128.8
Total Expenses	675.7	954.9	1,236.4	771.7	1037.0
EBITDA	15.1	113.8	162.0	48.1	91.8
<i>EBITDA Margin</i>	<i>3.0%</i>	<i>10.7%</i>	<i>11.6%</i>	<i>5.87%</i>	<i>8.13%</i>
Other Income	5.3	6.0	33.0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

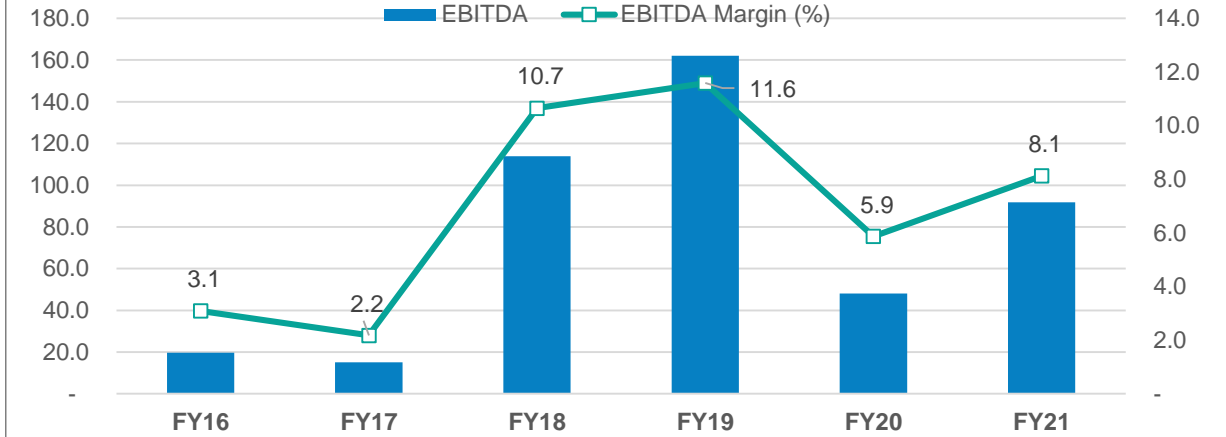
91%
EBITDA
GROWTH

120%
PAT
GROWTH

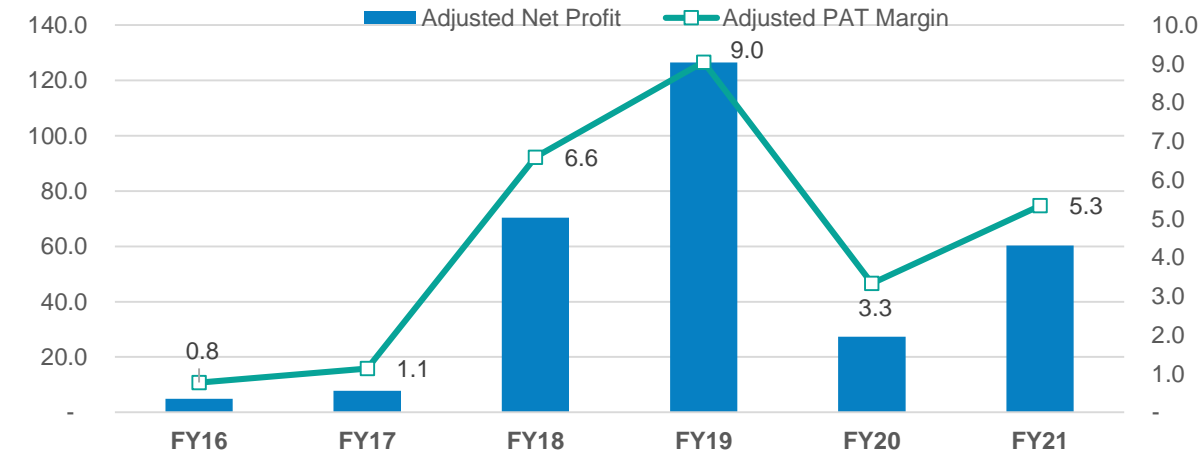
Revenue from Operations (INR Mn)



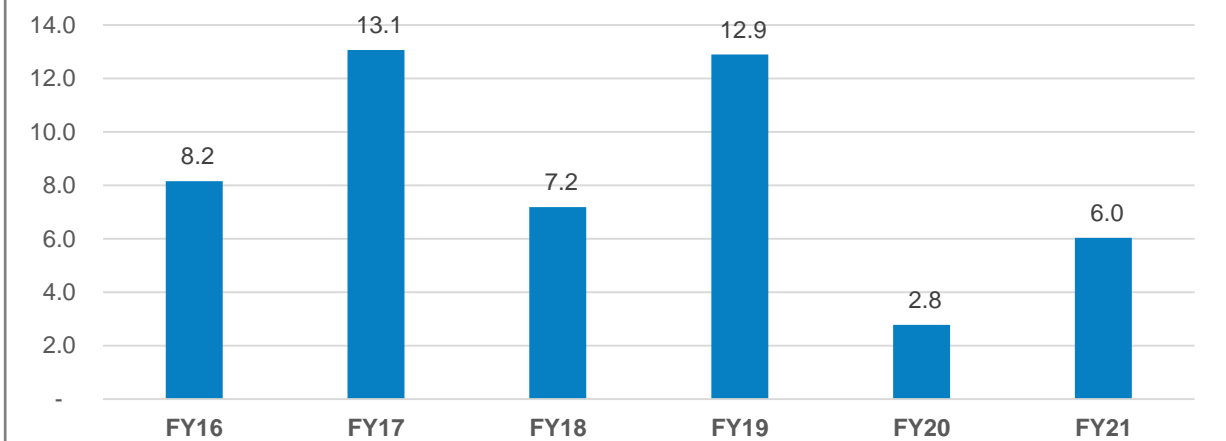
EBITDA (INR Mn) and EBITDA Margins (%)



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



Adjusted EPS (INR)



Way
Forward



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



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

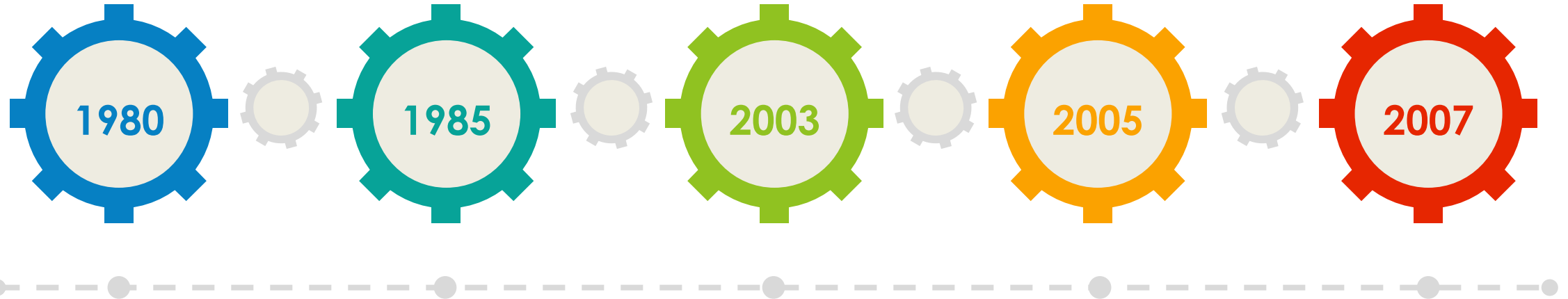
With 9 product categories, 27 variations and 60+ different models, the company has the widest range of offering amongst peers

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



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

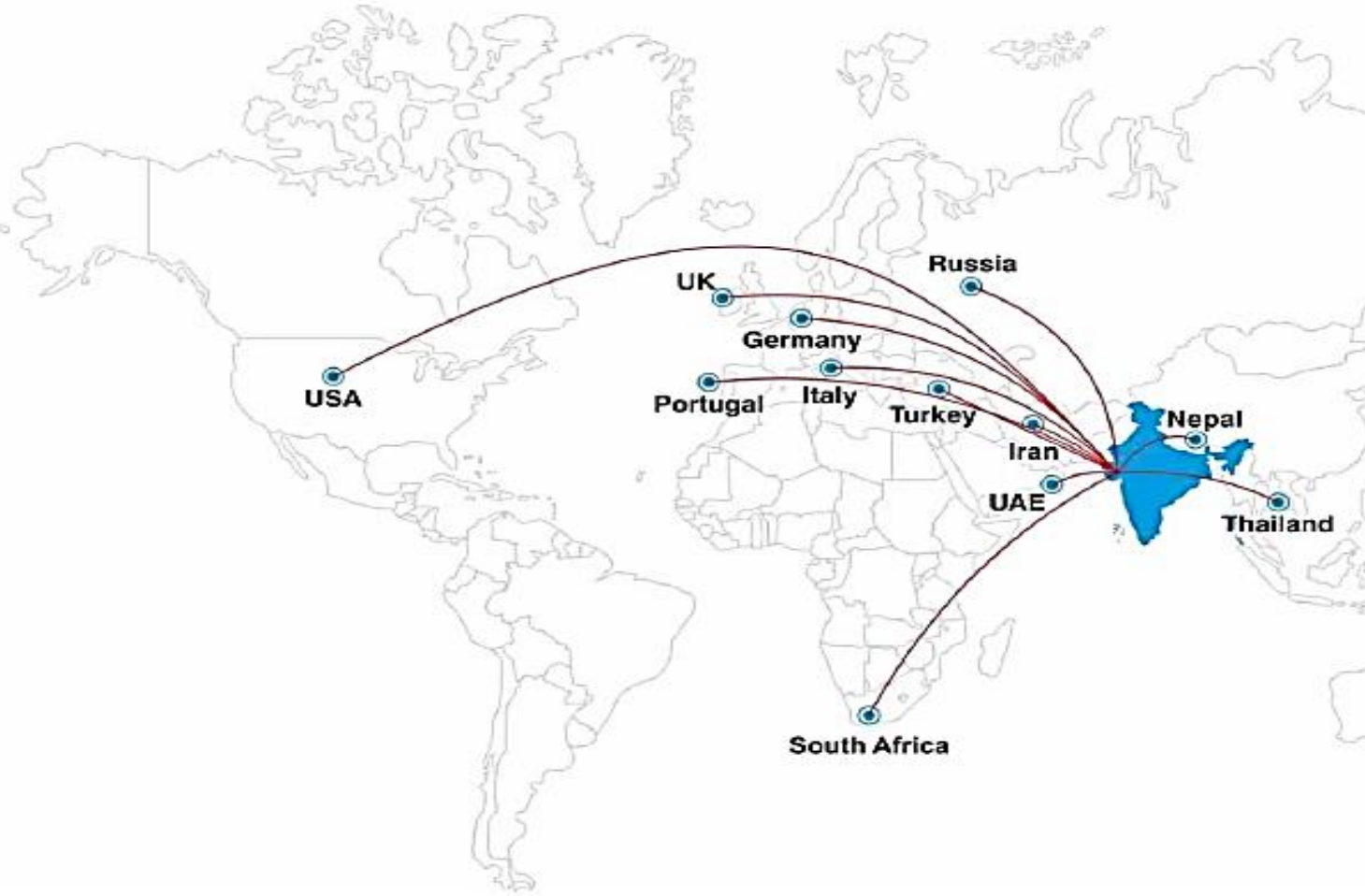
Promoter & Whole-Time Director

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.

Our Network



37 Destinations

2 Tech Centers

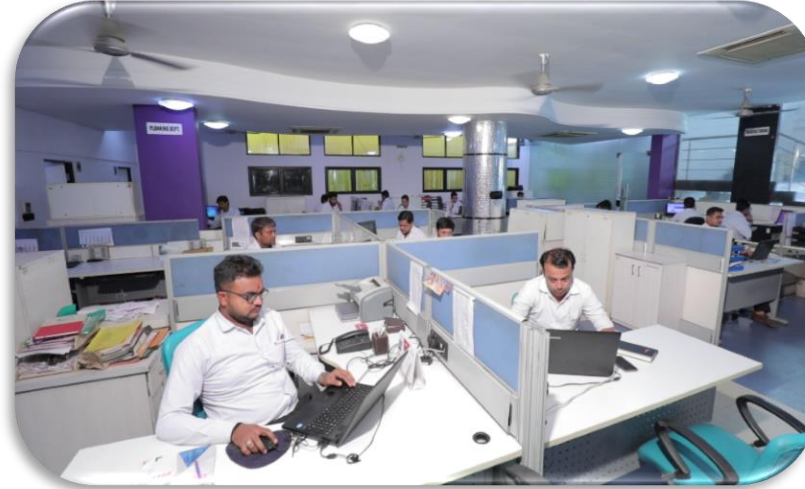
10 Business Associates

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



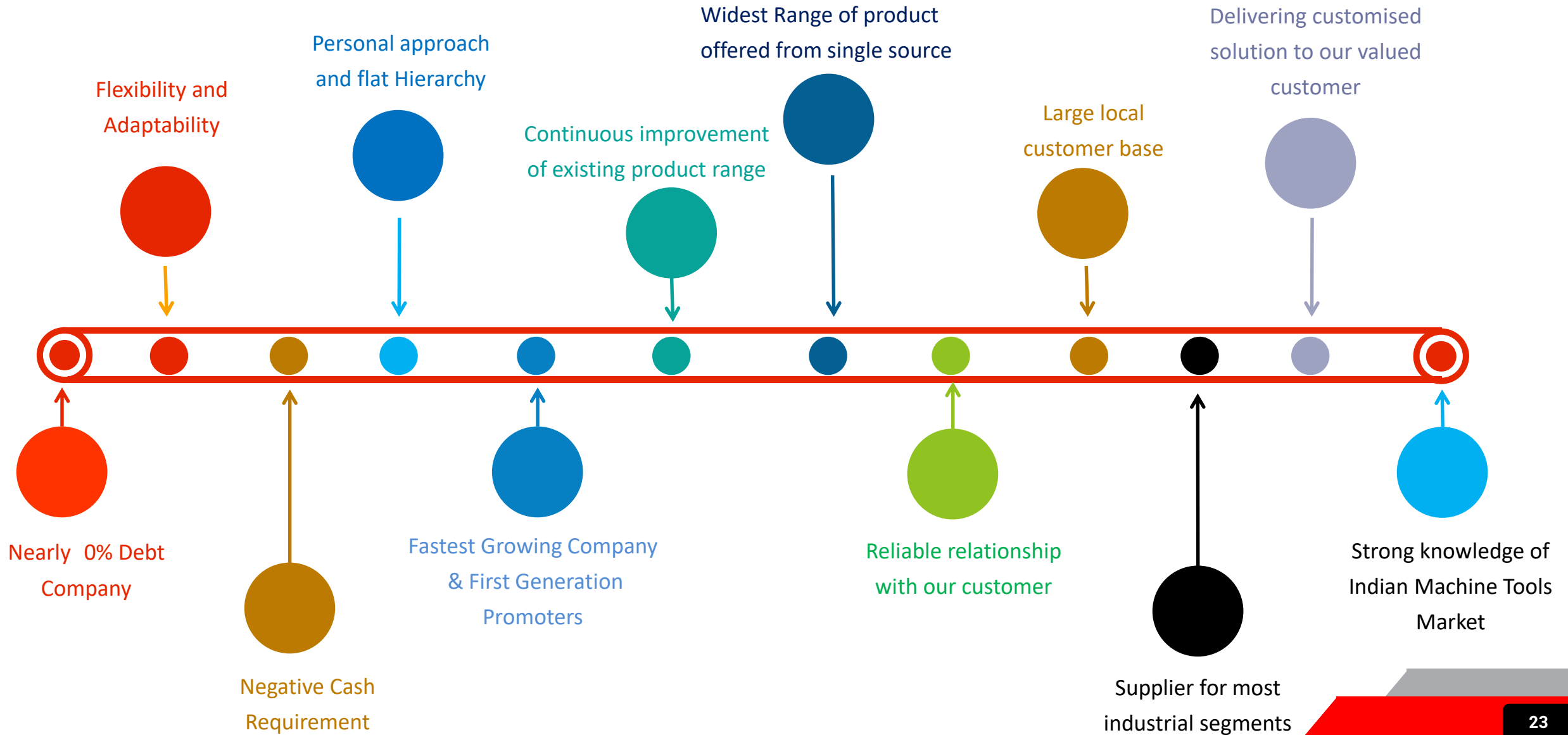
Product Models

60+

9

Product Categories

Competitive Strengths



AUTOMOBILE SECTOR



Kalyani Forge



Varroc



Seinumero Nirman



Kanemitsu



TRW Fuji Serina,
Thailand



SSB Engineers



Vinayak
Engineers

1025 More...

GENERAL ENGINEERING SECTOR



Graphite
India



Nirlep



Eneroil
Offshore



JPan
Tubular



Supreme
Industries



Chemtron Science
Laboratories



CEASE FIRE



Kone Cranes

775 More....

DEFENCE SECTOR



Gun And Shell
Factory



HVF, Avadi



Ordnance Factory
Medak



DRDO
TBRL



Rifle Factory,
Ishapore



Opto
Electronics



Indian Ordnance
Factories

54 More...

GOVERNMENT PSU



ISRO



Railway

5 More...

GOVT. EDUCATION SECTOR



CIPET



Government Tool Room

17 More...



AGRICULTURE SECTOR



Mitter Fasteners



Rinox Engineering

87 More...



DIE MOULD SECTOR



Sigmarq



Axis Tools



Plasma Alloys

157 More...



EXPORT SECTOR



Hinkell, UK



Marla Makina,
Turkey



TRW Fuji Serina,
Thailand

8 More...

CNC Machines

Industry, Sector
and Macpower

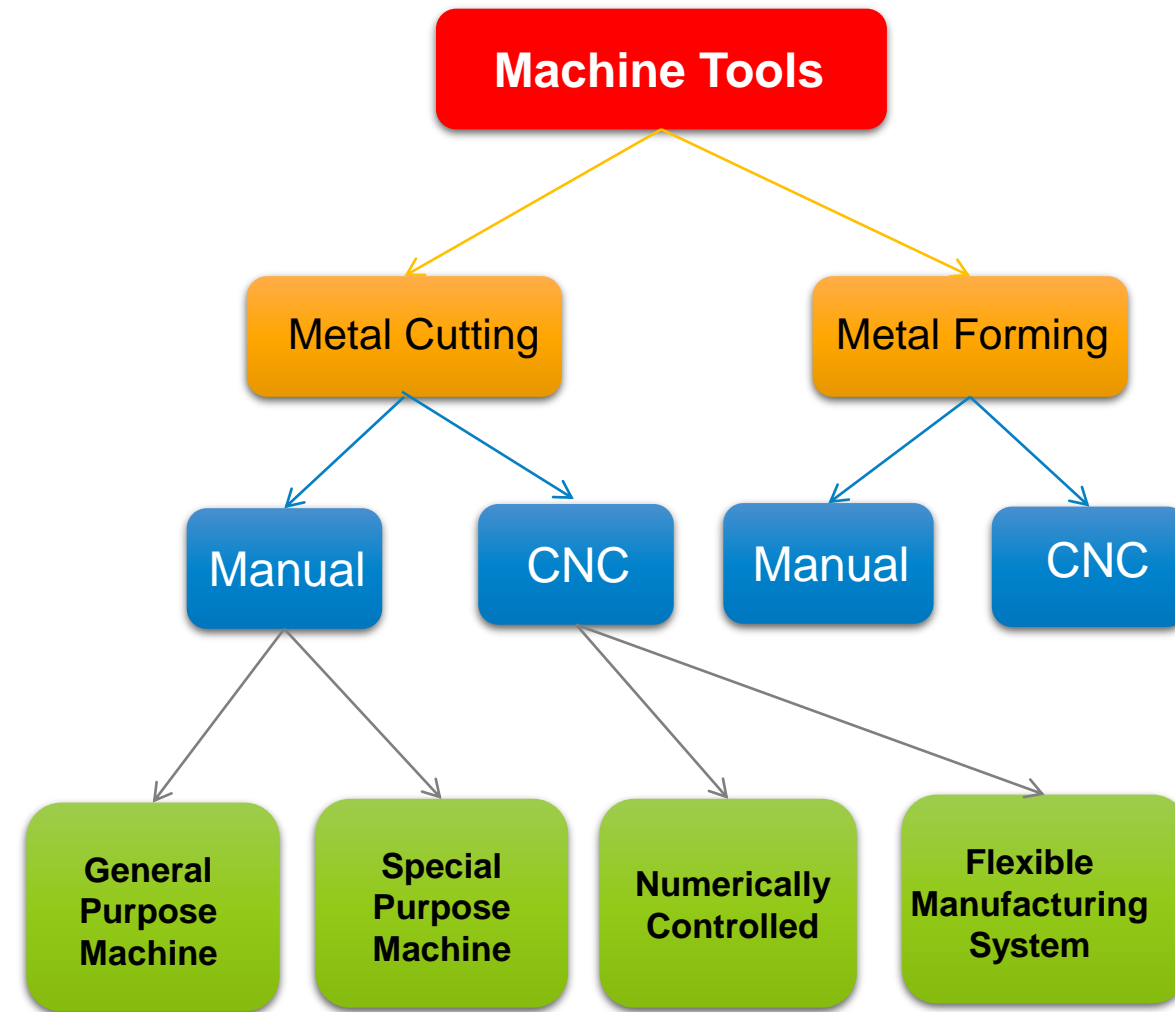


What are CNC Machines? (CNC machine in use – [video1](#) [video2](#) (click on link))

- 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