

April 21, 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: INE155201011**

**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.

For and on behalf of  
**Macpower CNC Machines Limited**



**Sagar Rajyaguru**  
**Company Secretary & Compliance officer**  
Place: Metoda, Rajkot  
Encl: a/a





# Macpower CNC Machines Limited

## Investor Presentation



Refer to disclaimer

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## Annual Performance highlights

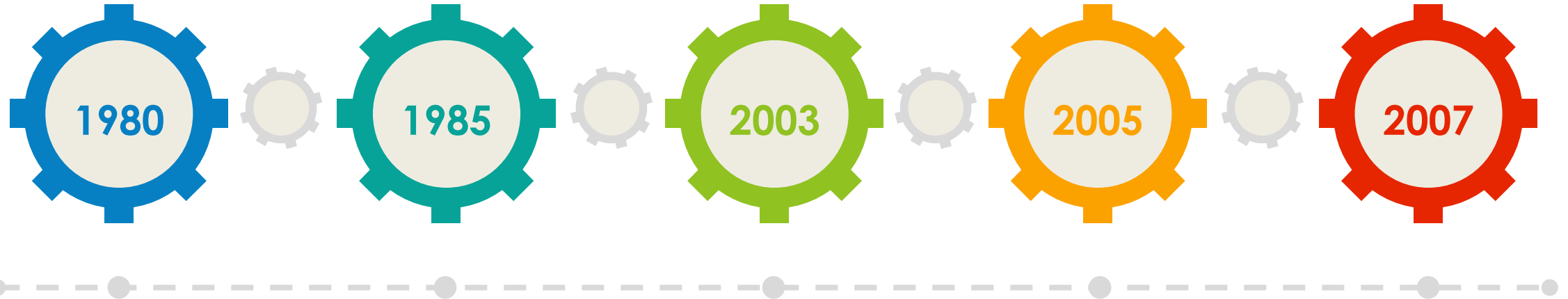
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# About Us

**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 with **27** versions and **60+** different models serving **27** industry segment 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 1200 machine per annum and is **further debottlenecking 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



**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 1200 machines pa.  
**Company migrated to NSE main board platform.**

**Growth**

Debottlenecking to 1500 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**

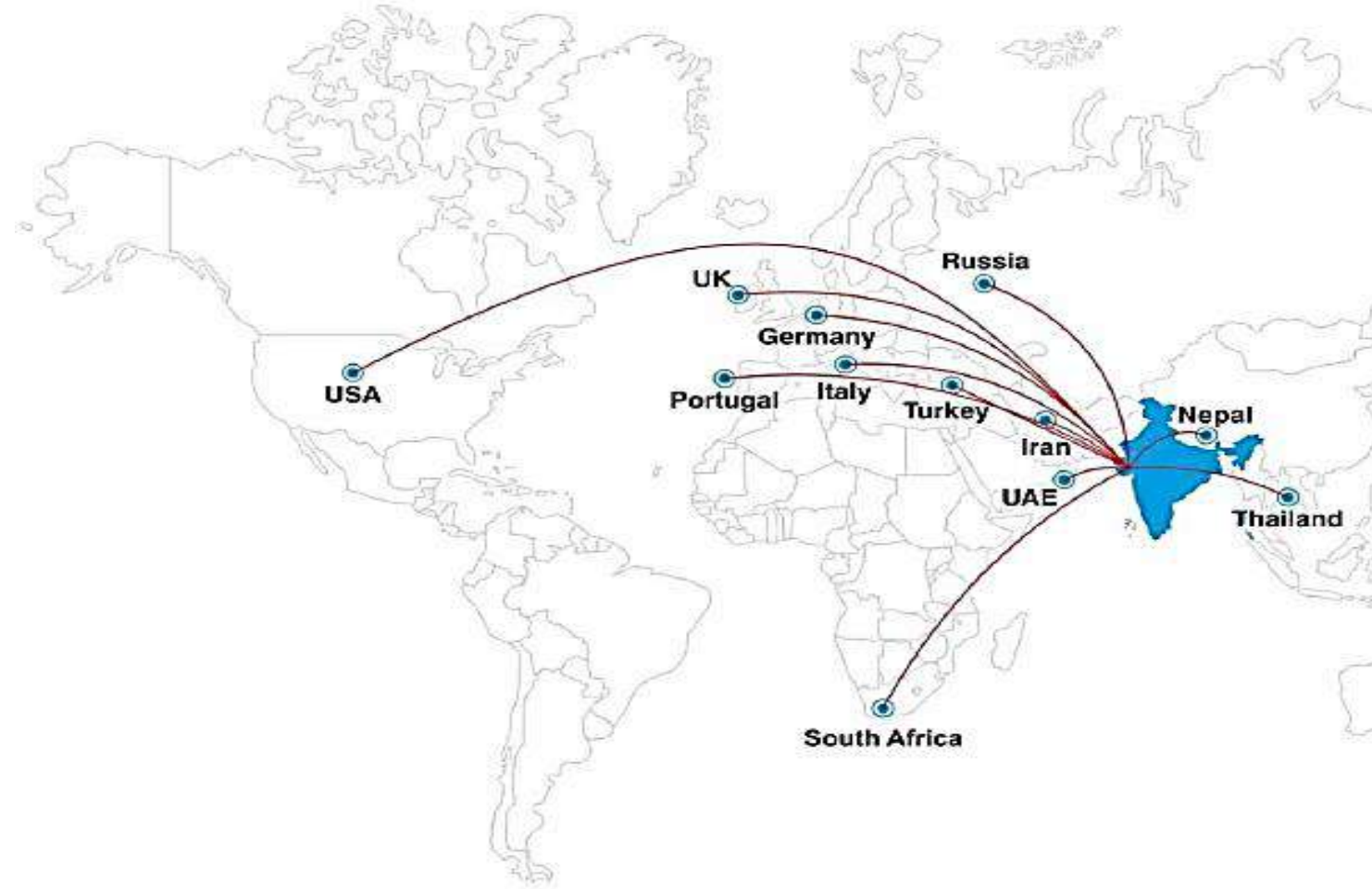
## Promoter & Whole-Time Director

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

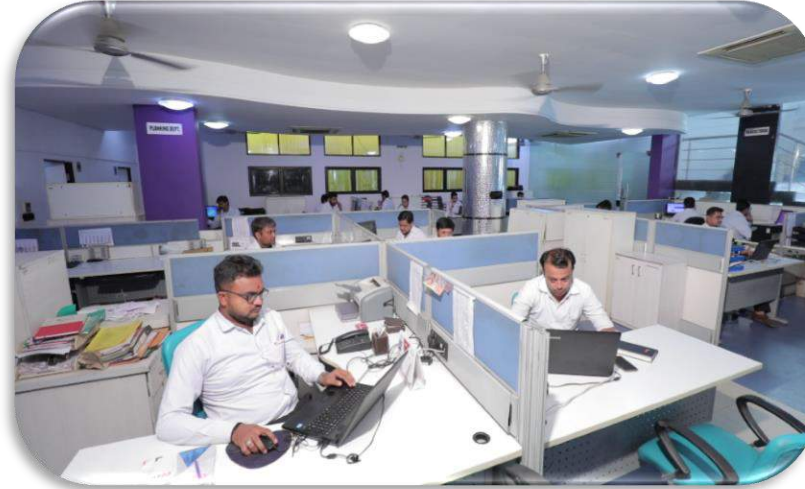
10 Business Associates

4 Branch Offices

107 Sales & Service Engineers



Head Office & Plant



Corporate office



Manufacturing plant



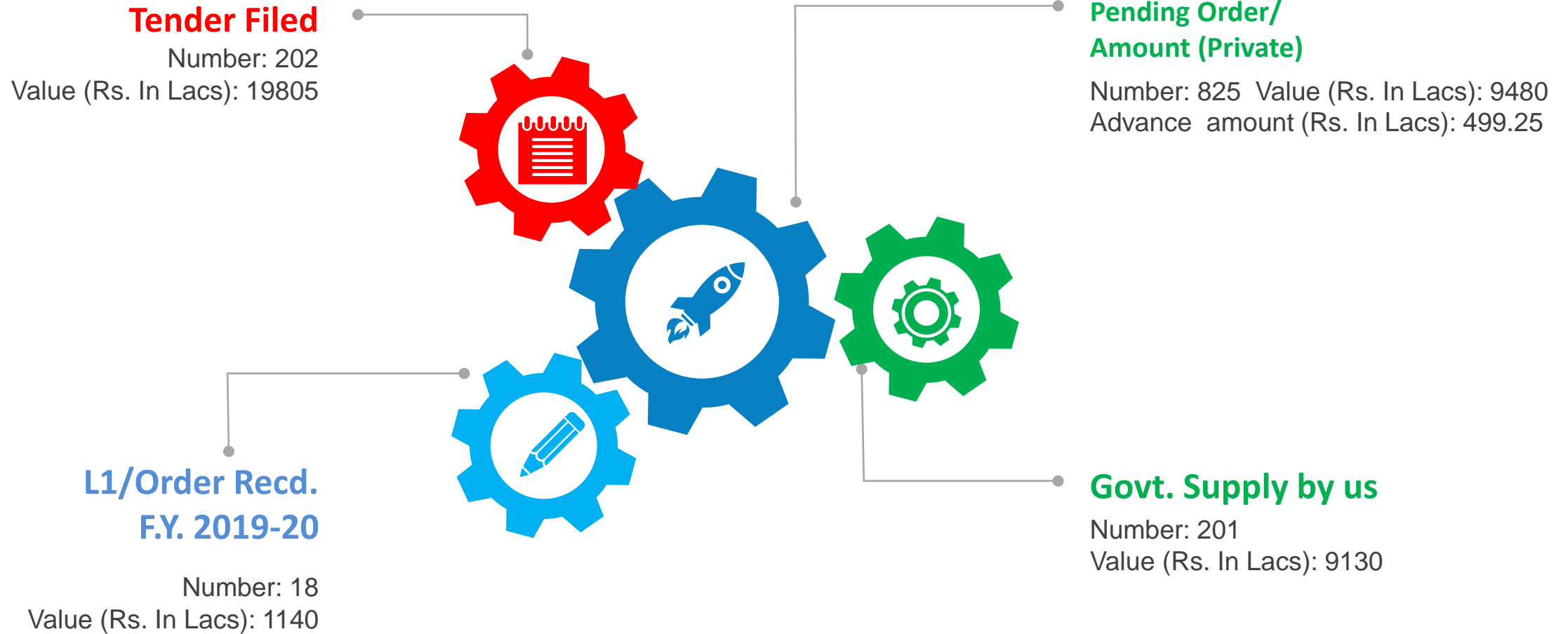
R&D Centre



Hyderabad Tech Centre



Ahmedabad Tech Centre





- Total capacity of plant at 1200 machines per year. **Further de-bottlenecking to make approximately 1500 machines per annum.**
- Anti-Dust U CRETE flooring
- Technologically advanced fabrication shop.
- **All new in-house pattern shop** adopting latest techniques to make series of patterns suitable to our entire product range.
- State of the art imported mother machines and equipment.
- In-house spindle manufacturing - high end machines & assembly facilities.
- Standard room with new age calibration and measuring instruments.
- Ultra modern Powder Coating plant with 11 tank pre-treatment process followed by conveyerised backing and powder coating booth.
- In-house full fledged R & D centre to meet future market aspirations and requirements.
- Constructed Plant Area (Existing) = 50814 sq.ft.

Macpower has grown multifold by developing on the latest technological advancements along with developing state of the art INFRASTRUCTURE facilities like –

- An Ultra modern machine shop which has the latest range of mother machineries
- Well planned assembly lines with Ucrete flooring
- Array of the latest measuring and testing equipment

All these factors enable Macpower to delivery world class products through total in-house manufacturing facilities.



# Business Overview





Industry Segments Serviced

27

1000+

Application Solutions



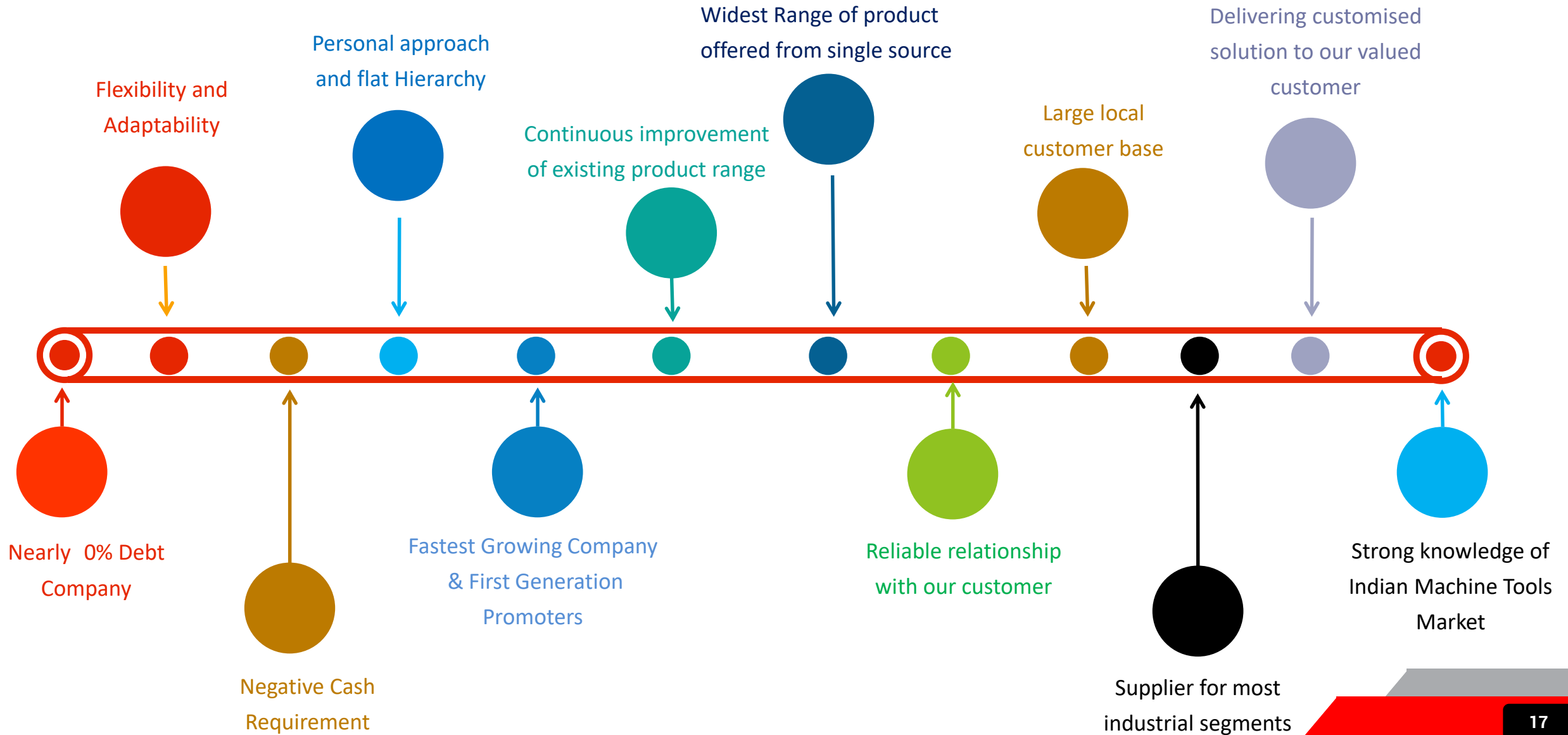
Product Models

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



J Pan  
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



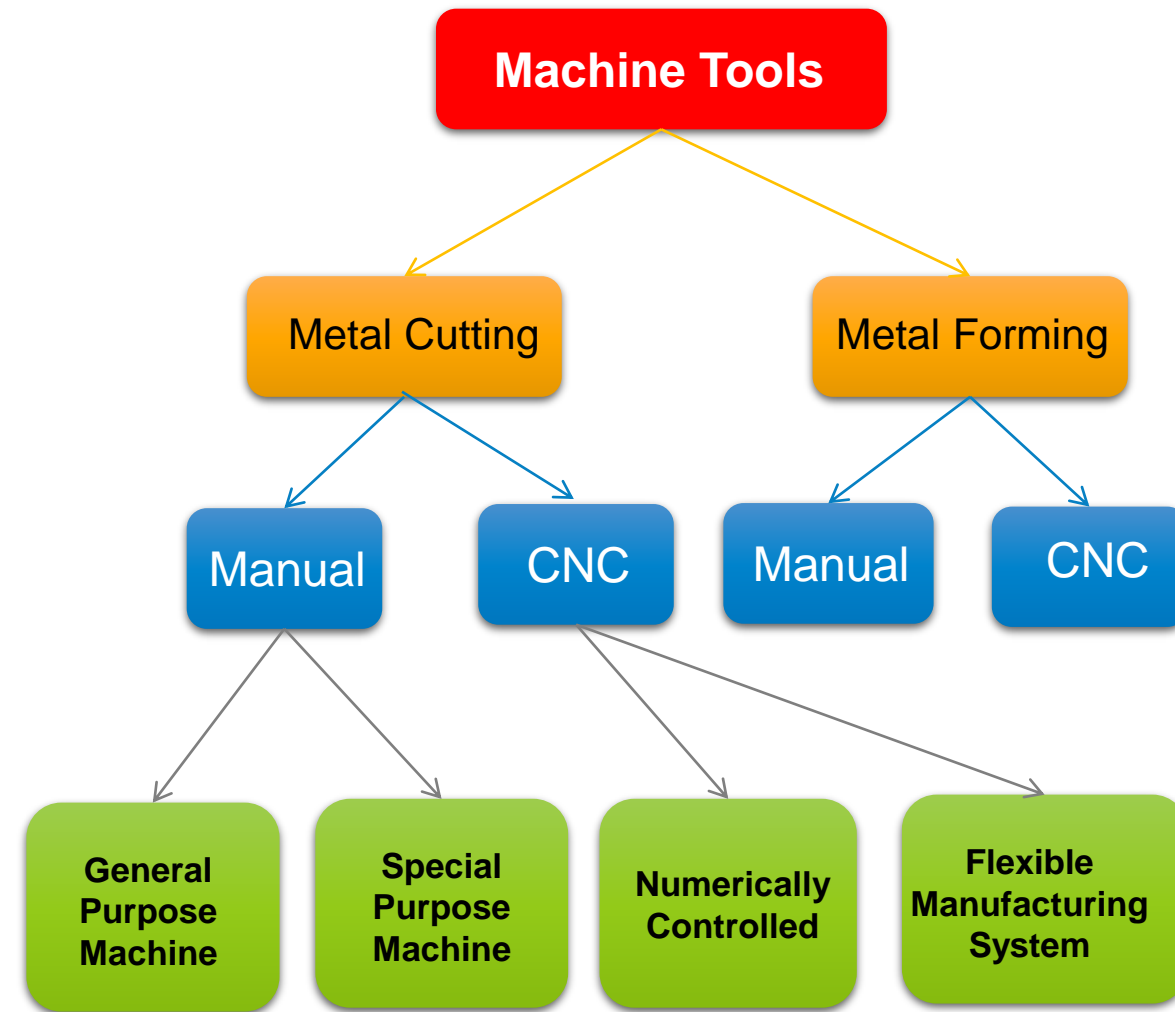
# CNC Machines?

**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.

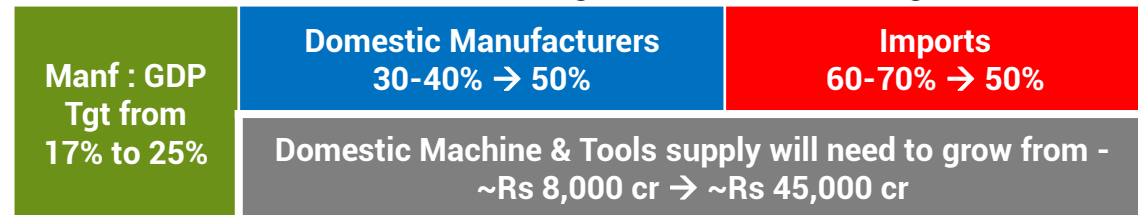


- Globally, India stands 10<sup>th</sup> in terms of production and 8<sup>th</sup> in terms of consumption of machine tools.
- **Consumption (demand)** of machine tools in India is estimated to grow from approx Rs 12,000 cr in FY2016-17 to ~Rs 18,000-20,000 cr in FY2020-21.
- Against this domestic **production (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



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



Source: Indian Machine Tool Manufacturers' Association





## 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.



## Highest Asset Turnover

Asset turnover for the company currently stands at 3x and can go up to 5x in the current plant - **highest amongst all 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

Way  
Forward



## In House Foundry

The company is setting up 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 1200 machine per annum to 1500 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

# Financial Performance

Quarterly  
Performance  
highlights





The company witnessed a sharp jump in Revenues, EBITDA and Net Profit during the quarter after a dull Q1 due to the national lockdown. Steady increase in demand and a growing order book helped operate at 70% capacity utilization.



Backward integration efforts taken in FY20 have started to bear fruit with improvement in EBITDA margins to ~9% levels and poised to move to 10% and higher 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 Q3FY21 from the private sector stood at Rs.1092 mn which is 1.7x 9MFY21 Revenues

# 3Q & 9MFY21 Financial Overview



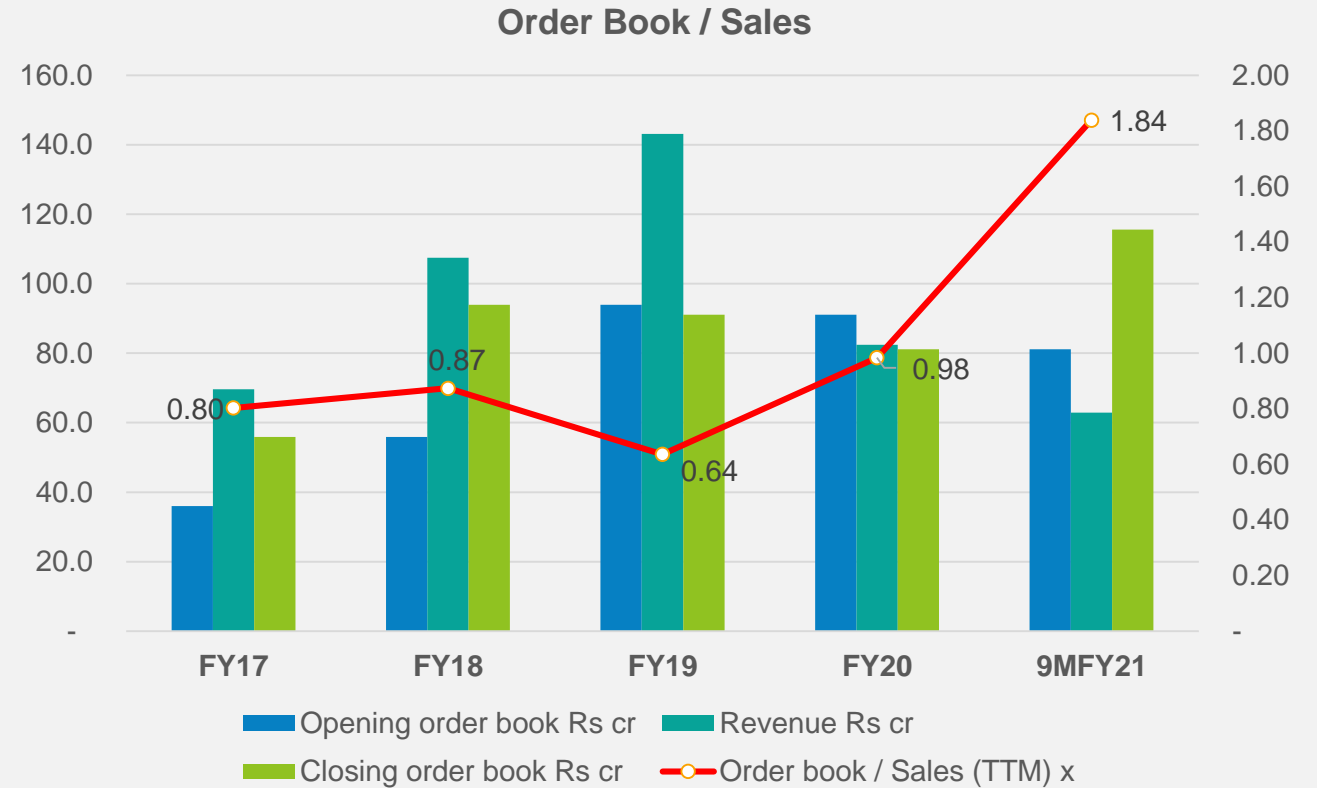
PARTICULARS (INR Mn)	3QFY21	3QFY20	YoY(%)*	9MFY21	9MFY20	YoY(%)
Revenue From Operations	346.4	138.1	150.8%	628.8	571.9	9.9%
Total Expenses	316.6	139.7	126.6%	578.6	546.0	6.0%
<b>EBITDA</b>	<b>29.8</b>	<b>-1.6</b>	100%*	<b>50.2</b>	<b>25.9</b>	93.8%
<i>EBITDA Margin</i>	<i>8.60%</i>	<i>-1.16%</i>	<i>+976 bps</i>	<i>7.98%</i>	<i>4.53%</i>	<i>+345 bps</i>
Other Income	1.6	4.8	100%*	2.1	8.0	-73.8%
Depreciation	6.5	2.5	160%	19.8	7.4	167.6%
<b>PBIT</b>	<b>24.9</b>	<b>0.7</b>	3457%	<b>32.5</b>	<b>26.5</b>	22.6%
Interest	0.3	1.2	100%*	1.4	3.0	-53.3%
<b>PBT</b>	<b>24.6</b>	<b>-0.5</b>	100%*	<b>31.1</b>	<b>23.5</b>	32.3%
<b>PAT</b>	<b>12.4</b>	<b>-0.8</b>	100%*	<b>25.8</b>	<b>23.7</b>	8.9%
<i>PAT Margin</i>	<i>4.09%</i>	<i>-0.58%</i>	<i>+416 bps</i>	<i>4.10%</i>	<i>4.14%</i>	<i>-4 bps</i>
<b>EPS (INR)</b>	<b>1.24</b>	<b>-0.8</b>	100%*	<b>2.58</b>	<b>2.37</b>	8.9%

\*since the base is negative, rounded off to 100%

# Order Book (As on 31<sup>st</sup> December, 2020)



Description	No. of Units	Value (INR Mn)
Pending Order/Advance (Private)	825	1076.3
Govt. Supplied	4	19.9
Govt. Order Received	16	100.3
L1 Orders	57	52.0
Tenders bid (No of tenders)	120	1270



# Financial Performance

Annual  
Financial  
highlights





# Annual Income Statement



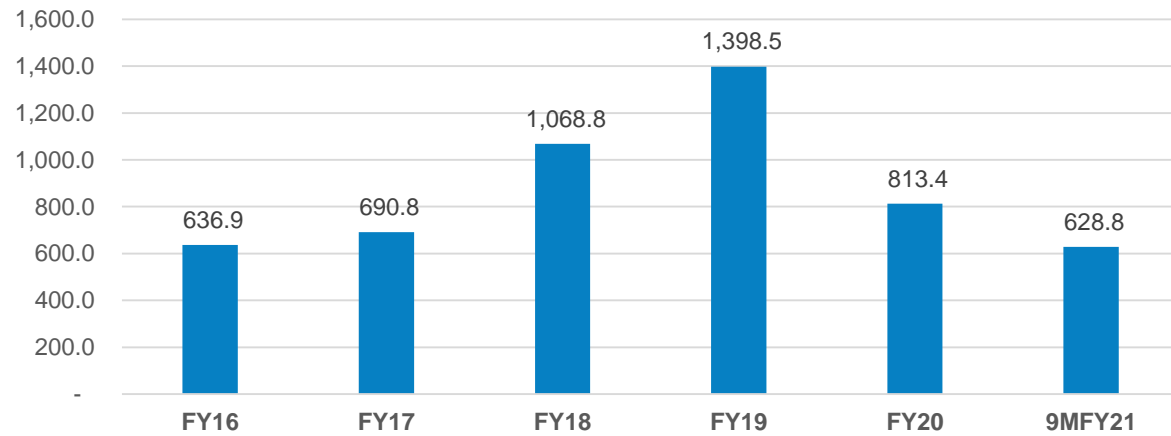
PARTICULARS (INR Mn)	FY17	FY18 (IPO)	FY19	FY20	9MFY21
Revenue From Operations	690.8	1068.8	1398.5	813.4	628.8
Total Expenses	675.7	954.9	1,236.4	778.5	578.6
<b>EBITDA</b>	<b>15.1</b>	<b>113.8</b>	<b>162.0</b>	<b>34.8</b>	<b>50.2</b>
<i>EBITDA Margin</i>	<i>3.0%</i>	<i>10.7%</i>	<i>11.6%</i>	<i>4.3%</i>	<i>7.98%</i>
Other Income	5.3	6.0	33.0	11.2	2.1
Finance Cost	4.0	2.1	2.4	2.9	1.4
Depreciation	6.6	10.2	11.8	9.9	19.8
<b>PBT (before extraordinary)</b>	<b>9.7</b>	<b>107.5</b>	<b>180.8</b>	<b>33.2</b>	<b>31.1</b>
Tax	1.8	37.1	54.4	16.5	5.3
<b>PAT (before extraordinary)</b>	<b>7.8</b>	<b>70.4</b>	<b>126.5</b>	<b>16.7</b>	<b>25.8</b>
<i>PAT Margin</i>	<i>1.1%</i>	<i>6.6%</i>	<i>9.0%</i>	<i>2.06%</i>	<i>4.1%</i>
EPS (before extraordinary)	13.1	7.2	12.9	1.7	2.58
Extra Ordinary	-	-	-	24.5	-
Reported PAT	7.8	70.4	126.5	41.2	25.8
Reported EPS	13.1	7.2	12.9	4.2	2.58
<b>Adjusted EPS</b>	<b>13.1</b>	<b>7.2</b>	<b>12.9</b>	<b>1.7</b>	<b>2.58</b>

FY20 revenue growth was impacted due to an industry wide phenomena with respect to the capex cycle and sharp jump seen in ordering base effect over the last 10 years. This however normalised in 2HFY21 (post pandemic lockdown)

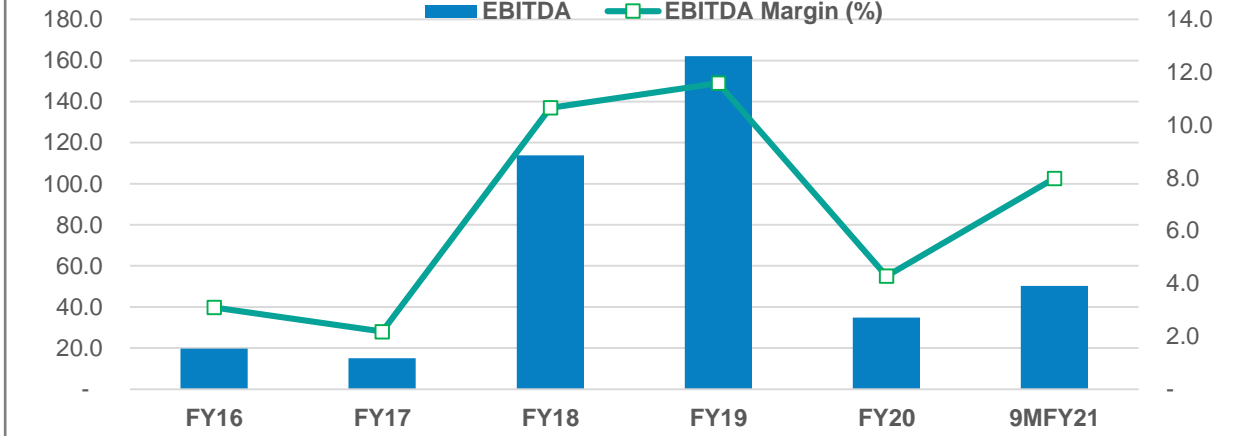
Including deferred tax of Rs.13.80 mn w.r.t. depreciation

Surplus due to change in depreciation method from Written Down Value (WDV) to Straight Line Method (SLM), net of tax

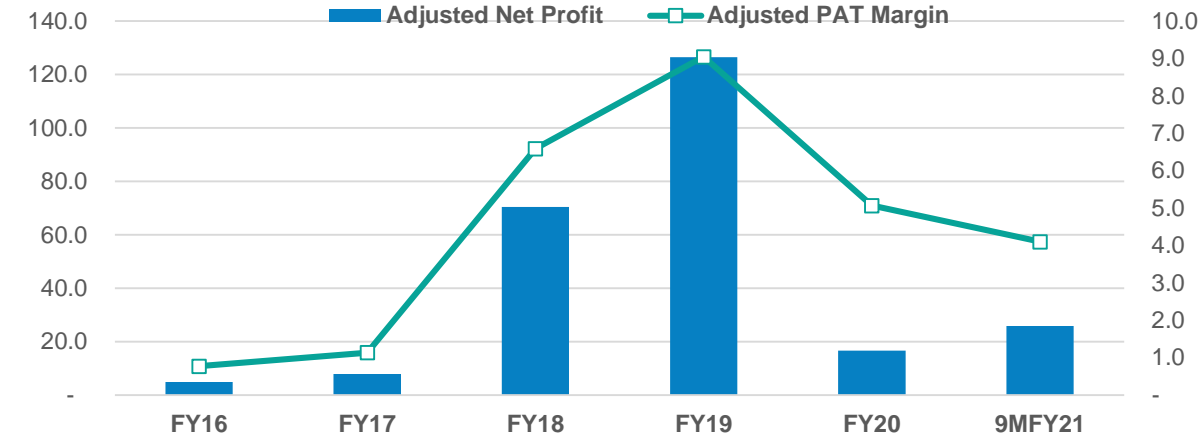
### Revenue from Operations (INR Mn)



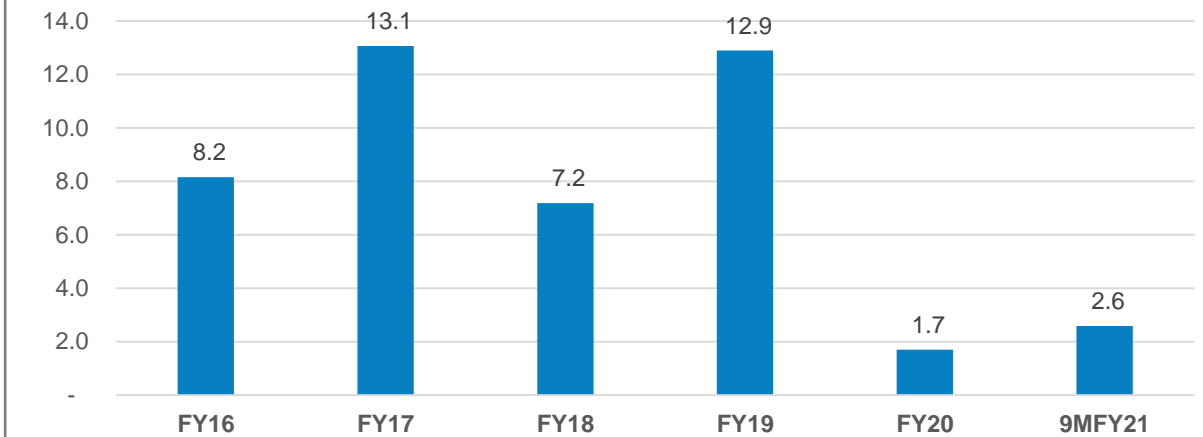
### EBITDA (INR Mn) and EBITDA Margins (%)



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

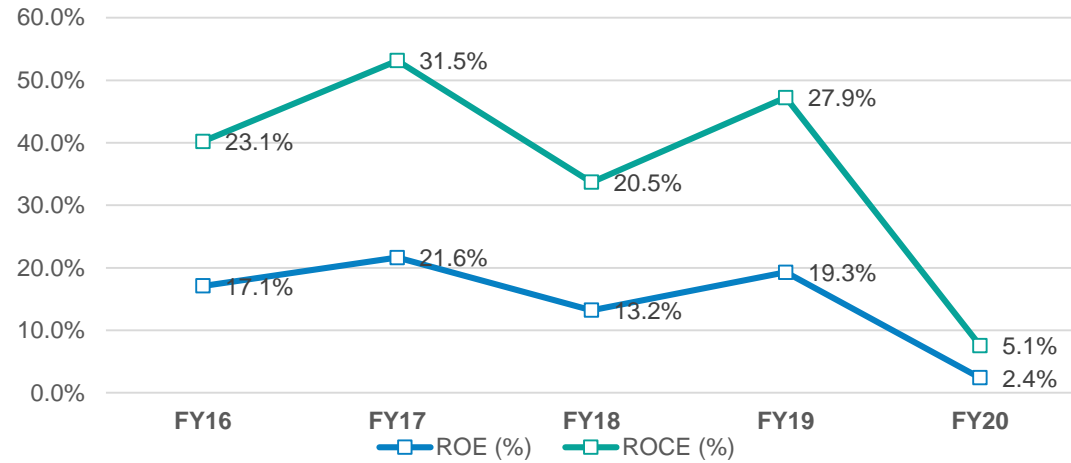


### Adjusted EPS (INR)

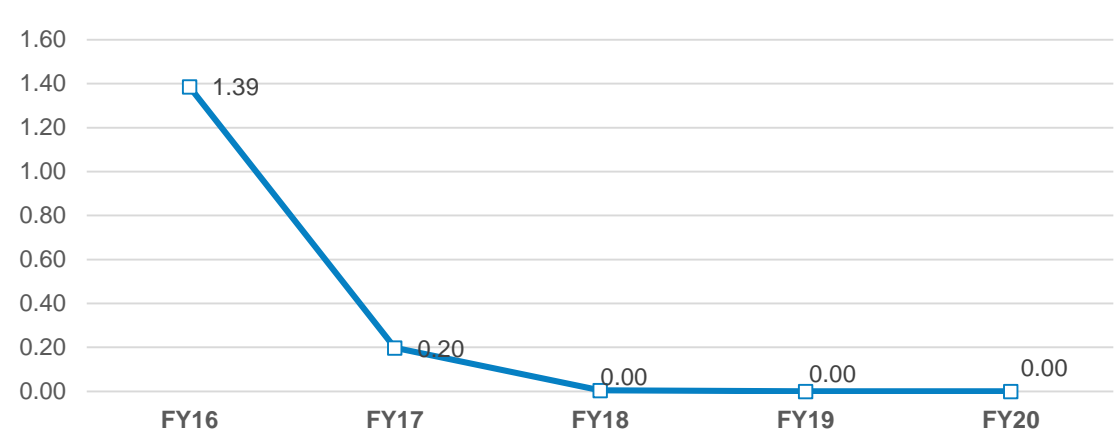


# Key Ratios

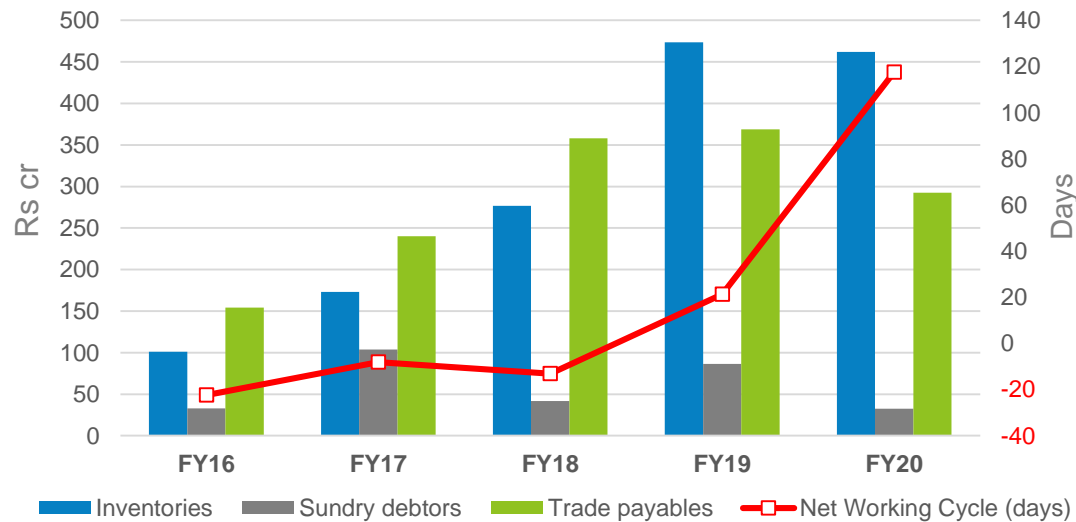
### RoE(%) and RoCE (%)



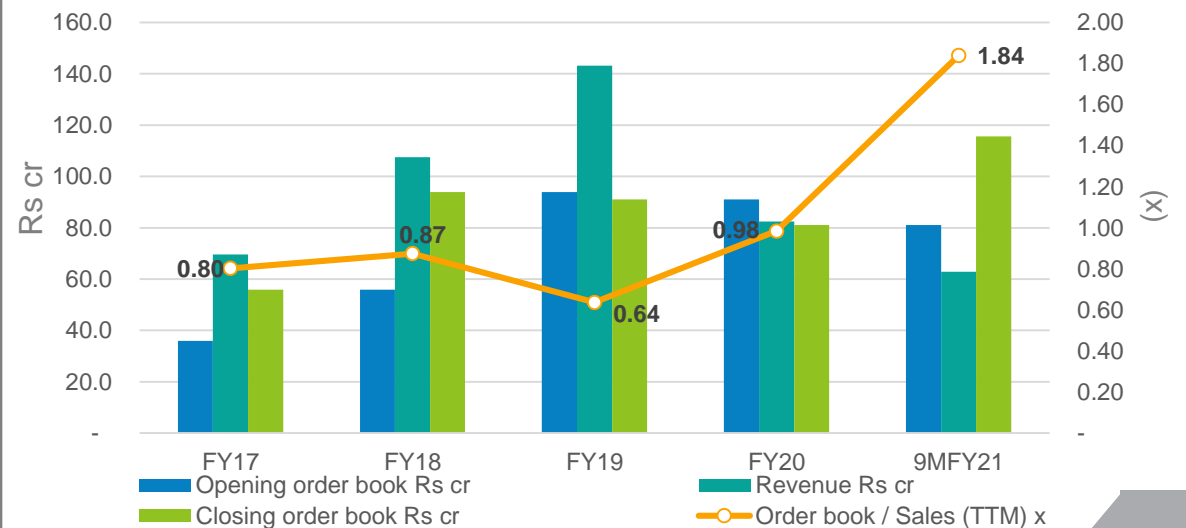
### Debt-Equity (x)



### Work Capital Efficiency



### Order Book to Sales



# Balance Sheet

EQUITY AND LIABILITIES (INR Mn)	FY18	FY19	FY20	ASSETS (INR Mn)	FY18	FY19	FY20
<b>1) SHARE HOLDERS' FUND</b>				<b>1) NON CURRENT ASSETS</b>			
Share Capital	98	98	98	Fixed Assets			
Reserves and Surplus	435	558	595	Tangible Assets	44	58	371
<b>Total</b>	<b>533</b>	<b>656</b>	<b>693</b>	Intangible Assets	1	1	2
				Capital Work-in-progress	1	55	7
<b>2) NON CURRENT LIABILITIES</b>				Deferred Tax Asset (Net)	6	5	-
Long Term Borrowings	2	-	-	Long Term Loans & Advances	12	10	8
Long Term Provisions	5	6	-	Other Non Current Assets	16	17	14
<b>Total</b>	<b>7</b>	<b>6</b>	<b>-</b>	<b>Total</b>	<b>80</b>	<b>146</b>	<b>402</b>
<b>3) CURRENT LIABILITIES</b>				<b>2) CURRENT ASSETS</b>			
Short Term Borrowings	-	-	-	Current Investments	75	10	12
Trade Payables	358	369	292	Inventories	277	474	462
Other Current Liabilities	5	4	1	Trade Receivables	42	87	33
Short Term Provisions	44	57	12	Cash & Cash Equivalents	392	279	58
<b>Total</b>	<b>407</b>	<b>430</b>	<b>305</b>	Short Term Loans & Advances	81	96	39
				<b>Total</b>	<b>867</b>	<b>946</b>	<b>605</b>
Deferred Tax Liability			9				
<b>Total</b>	<b>947</b>	<b>1,092</b>	<b>1007</b>	<b>Total</b>	<b>947</b>	<b>1,092</b>	<b>1007</b>



- ❑ 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:



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