Date: 28th February, 2022

To,

The Listing Compliance Department,
National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra [East], Mumbai – 400 051,
Maharashtra, India

Symbol: MACPOWER
Series: EQUITY
ISIN: INE155Z01011

Subject: Information under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear sir/ Madam,

This is to inform that Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Spokesperson of the company has been interviewed by **Dalal Street Investment Journal (DSIJ)** and the article has featured in their magazine and magazine article of the said interview is attached herewith for the reference of all the stakeholders of the company

This is for the purpose of dissemination of information widely to the Members of the Company.

Request you to kindly take note of the same.

Thanking you.

Yours Faithfully,
For MACPOWER CNC MACHINES LIMITED

Macpower CNC Machines Limited Metoda

KISHOR KIKANI
Company Secretary

Rupesh Mehta

Promoter, Chairman and Managing Director
Macpower CNC Machines Limited

"We Expect Margins To Keep Improving Year On Year"

The quarter ended September 30, 2021 was the company's best ever quarter on all fronts. Q3 also witnessed good growth YoY. What factors have contributed the most to help you outperform?

Macpower CNC Machines is in the business of manufacturing and selling CNC machines i.e. computerised numerically controlled machines. These machines are used across industries for metal-cutting. Hence, our products are majorly used in key sectors such as automobiles, engineering, aerospace, defence, pump and valves manufacturing, agriculture, die mould and general engineering, amongst others. Post the second wave of the pandemic subsiding, the business momentum came back to normalised levels. Our revenue jump in Q2 was led by two key factors: (1) a strong order book at ₹126 crore at the beginning of the quarter and (2) spill-over effect of Q1 in Q2 due to lower shop floor activity at our and customers' end due to high infection rates. So, the right measure would be to look at H1FY22 as a whole as we aim to better our performance in H2FY22 versus H1FY22 on the back of unexecuted order book of ₹145 crore as on December 31, 2021.

As you would have already seen, in our 9M performance for FY22 we have achieved revenue of ₹135 crore, which is close to our highest ever revenue of ₹140 crore achieved in the past. We are confident of achieving new milestones every year on all fronts. From a longer term perspective, our past efforts for backward integration, continued efforts for better allocation of resources and enhancing our capacities has not only been instrumental in our revenue growth but has also allowed better operating leverage in our business which will hold us in good stead for the next 3-5 years. This is also backed by strong demand in the market, growing traction of companies' products, the NEXA initiative, new higher value defence and government sector orders.

The company has witnessed robust order inflows over the last few months. Can you share your outlook on the overall order book and execution?

Our order book as on December 31, 2021 stood at ₹145 crore, which is 1.7 times of H1FY22 revenue and 1.1 times of 9MFY22 revenue. Our NEXA group has also been instrumental in helping us get regular large orders (in value terms) for our new HMC and VTL machines. We have continued to witness 10-20 per cent higher order inflows versus our execution and we hope to achieve our highest ever machine execution in FY22 versus any other year in the past. A strong order book, led by industry growth and demand, as well as gradually increasing capacities from 100 machines per month to 125 machines per month by end of FY23 will also translate into good growth. However, the only dampener to our expectation could be any further wave of the pandemic impacting businesses and availability of manpower on our and customers' shop floors.

With the spike in commodity inflation, input costs are surging for companies across the board. Are you implementing any cost rationalisation measures to safeguard profit margins?

We already have 3-4 months' inventory of major components to balance out any input cost increase. Moreover, rate contracts with major suppliers have also helped us to rationalise input cost increase. Also, increased prices of machines in a balanced way without hampering sales growth has been done by major machine tool manufacturers across the board. Further, our cost structure is one of the most efficient versus any of our competitors due to our location advantage as well as our focus on continuously working on shop floor efficiencies. This has allowed us to generate strong cash flows in our business and keeps it debt-free since long years. We intend that the company should continue as debt-free in the coming years also.

As you continue working towards de-bottlenecking existing capacities along with a burgeoning order book, when do you expect significant operating leverage to play out?

We cannot comment on future events as it is price-sensitive information. However, we can say that backward integration will play a pivotal role to leverage cost-effectiveness through which higher profitability can be achieved. We expect margins to keep improving year on year as we keep growing. Gradually increasing our capacities, improvement in our capacity utilisation, higher execution of machines, increasing mix of high-end machines and developing skilled manpower will play a significant role in our growth strategy. We are looking for sustainable and profitable growth.