

October 22, 2023

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

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MANAGING DIRECTOR
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**Macpower
CNC
Machines
Limited**

**Investor Presentation
October 2023**



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This document contains statements about future events and expectations that are forward-looking statements. These statements typically contain words such as "expects" and "anticipates" and words of similar import. Any statement in this document that is not a statement of historical fact is a forward looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the document. The Company assumes no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

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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Business Highlights

Q2FY2024



65

Nos

High Value Machines sales and order inflows continue to grow

The company has manufactured and sold **65 high value machines** during the quarter. Against this the company has received orders for **81 high value machines** during the quarter

332

Nos

Highest ever Machines sold during the quarter

The company has manufactured and sold **332** machines during the quarter, which is the highest ever for the company in any quarter. Against this the company has received orders for **393** machines during the quarter.

1908

Rs million

Highest ever Unexecuted order book

Highest ever unexecuted order book as of September 30, 2023 stood at Rs **1907.94 Mn**

285

Nos.

Machine orders under “NEXA” Vertical for premium products see strong traction

As of 30th Sep'23 company has **285** machine order (combined for VMC, HMC and VTL) as a part of the NEXA vertical for premium products. This constitutes **28%** of order book from premium products in unexecuted order book

Key Performance Highlights for Q2FY24

Revenue Rs 631 mn

+18% YoY , +56% QoQ

Highest ever revenue for Q2 and for any quarter

Order book Rs 1908 mn

Rs 762 mn received in Q2

393 machine orders received in Q2. Total orders for 1032 machines in hand. Highest ever

Net Profit Rs 61.6 mn

+60% YoY, +203% QoQ

Highest ever net profit for Q2 and for any quarter

EBITDA Rs 90.4 mn

+52% YoY, +168% QoQ

Highest ever EBITDA for Q2 and for any quarter

EBITDA Margin 14.3%

+322 bps YoY, +600 bps QoQ

Highest ever EBITDA Margin driven by increasing share of premium products and operating leverage owing to higher

Net Profit Margin 9.8%

+258 bps YoY, +475 bps QoQ

Highest ever PAT Margin led by strong revenue growth and EBITDA. **Company continues to be debt free**

Our Increasing focus on Defence & Aerospace Sectors

Catering to 35 Factories of Defence

supplied to 35
Defence Factories
including DRDO & Ordnance
factories

Catering to 6 Factories for Aviation

supplied to
6 factories in Aviation and
Aerospace
including HAL & ISRO

Machine for T90 Battle Tank parts

HMC supplied to Engine
Factory AVADI for
T90-BHISM Battle Tank
Engine parts.
Proven and approved
solution awarded by
Finance Minister

Participating with Defence

- DRDO-Brahmos Project,
- ISRO-Chandrayan 3 Project
- Heavy Vehicle Factory
- T90 Tank Modernization Project
- BSF-MMG Gun Manufacturers

Rs 176 Crore

**Bids submitted which are under
evaluation for Defence and
Aerospace Sector**



Management Commentary

Mr Rupesh Mehta, CMD

“The performance for the quarter ended September 2023 is our best ever and sets the tone for where we are headed. Our timely capacity expansion to 1500 machines per annum (which is being further enhanced by 25%), increase in manpower (backed by proper training), building key teams, focus on products and verticals have all started coming together to aid us in our growth and delivering this performance. A combination of higher value machines as well as increase in capacity utilization has been the key to improvement in our Gross margins, EBITDA margin and overall profitability. We expect this to be sustainable in the ensuing quarters.

Our company has continued to focus on sustainable and profitable growth thereby ensuring that growth continues on the back of a strong balance sheet and efficient working capital management. Our zero debt and cost efficient model continues to be our strong forte.

We have significantly increased our focus in the defence and aerospace sectors which have seen the increasing need for our higher configuration machines. This has enabled us to deliver and execute some marquee orders like the supply of VMC machines to ISRO for the development of Chandrayan3, supply of machines for the development of T90 Tanks, and supply of machines to defence shipyards, amongst others.

We are aiming to grow at 18-20% CAGR for the next 3-5 years on the base of FY23 backed by an increasing order book, increasing manufacturing capacity, Increasing import substitution opportunity through our Nexa vertical, growth in manufacturing led by the government’s “Make in India” programme and increasing opportunity in the defence and aerospace sectors. We are more confident than ever before in what lies ahead for us.”

Quarterly Financial Performance



PARTICULARS (INR mn)	Q2FY24	Q1FY24	Q2FY23	YoY%	QoQ%	H1FY24	H1FY23	YoY%
Revenue from Operations	631.0	404.6	534.8	18.0	56.0	1,035.6	945.6	9.5
Total Expenditure	540.6	370.9	475.4	13.7	45.8	911.5	845.5	7.8
EBITDA	90.4	33.7	59.4	52.1	168.2	124.1	100.1	24.0
<i>EBITDA Margin (%)</i>	<i>14.3</i>	<i>8.3</i>	<i>11.1</i>	<i>322 bps</i>	<i>600 bps</i>	<i>12.0</i>	<i>10.6</i>	<i>140 bps</i>
Other Income	2.0	2.6	1.5	33.3	-23.1	4.6	2.7	70.4
Depreciation	9.5	9.1	8.4	13.1	4.4	18.6	15.9	17.0
PBIT	82.9	27.2	52.5	57.8	204.8	110.1	86.9	26.7
Interest	0.4	0.4	1.0	-60.0	-	0.8	1.3	-38.5
Profit Before Tax	82.5	26.8	51.5	60.1	207.8	109.3	85.6	27.7
Tax	20.9	6.5	13.1	59.5	221.5	27.4	21.6	26.9
Net Profit	61.6	20.3	38.4	60.3	203.4	81.9	64.0	28.0
<i>PAT Margin (%)</i>	<i>9.8</i>	<i>5.0</i>	<i>7.2</i>	<i>258 bps</i>	<i>475 bps</i>	<i>7.9</i>	<i>6.8</i>	<i>114 bps</i>
Earnings Per Share (Rs)	6.2	2.0	3.8	60.3	203.4	8.2	6.4	28.0

18%
REVENUE
Growth YoY

52%
EBITDA
Growth YoY

60%
PAT
Growth YoY

Order Book



Order book (as on 30 th Sep 2023)	As on Q2FY24	
Description	No. of Units	Value (INR Mn)
Opening order book (01.07.23)	971	1,769.50
Private orders received	387	697.50
Private orders executed	326	589.96
Govt. Order Received	6	64.51
Govt. Orders Executed	6	33.63
Unexecuted order book (30.09.23)	1,032	1,907.94
Tenders & Bids Submitted		
Domestic	2,535	3,840.39
Tender	165	1,700.00
Total Bids Submitted	2,700	5,540.39

Order Book Break up (As on 30th Sep, 2023)

Type	Status	Number of Machines (Nos)	Total Value of Orders (INR Mn)	Advance received against orders (INR Mn)
				Domestic
Turning Center	Order Received	745	1,137.25	59.34
VMC	Order Received	261	600.54	31.53
HMC	Order Received	-	-	-
VTL	Order Received	7	31.91	2.89
Tender + L1 (17 nos for "Nexa" vertical)	Order Received	19	138.24	-
Total Order Book		1,032	1,907.94	93.76
Domestic	Bids Submitted	2,535	3,840.39	-
Tender	Bid Under Evaluation	165	1,700.00	-
Total Bids Submitted		2,700	5,540.39	-

Note: All values are excluding Taxes

Annual Income Statement



PARTICULARS (INR Mn)	FY18 (IPO)	FY19	FY20	FY21	FY22	FY23
Revenue From Operations	1068.8	1398.5	819.8	1128.7	1901.2	2018.9
Total Expenses	954.9	1236.4	771.7	1036.9	1696.1	1812.2
EBITDA	113.8	162	48.1	91.8	205.1	206.7
<i>EBITDA Margin</i>	<i>11.60%</i>	<i>5.90%</i>	<i>8.10%</i>	<i>11.00%</i>	<i>10.79%</i>	<i>10.24%</i>
Other Income	6.0	33.0	5.5	3.5	8.3	2.5
Finance Cost	2.1	2.4	3.7	1.7	1.5	2.3
Depreciation	10.2	11.8	10.8	26	27.9	33.6
Profit before Tax	107.5	180.8	39.1	67.6	183.9	175.6
Tax	37.1	54.4	11.8	7.3	55.5	44.4
Profit after Tax	70.4	126.5	27.3	60.3	128.4	128.9
<i>PAT Margin</i>	<i>6.60%</i>	<i>9.00%</i>	<i>3.30%</i>	<i>5.30%</i>	<i>6.74%</i>	<i>6.38%</i>
Earnings per share (Rs)	7.0	12.9	2.8	6	12.8	12.9

14%
REVENUE
5 Yr CAGR

13%
EBITDA
5 Yr CAGR

13%
PAT
5 Yr CAGR

Way Forward

- Competitive advantage
- Our **ESG** efforts

Way forward



01

Plant Expansion

The company is in the process of setting up an adjoining unit for increasing production capacity and further backward integration (Turret for turning machine and ATC for vertical machining centre).

03

Growing order book

Import replacement & growing domestic demand auger well for a growing order book.

02

Expand Capacity by 25%

The company has planned to expand capacity from 1500 machines to 2000 machines per annum by FY25.

04

NEXA Group

The company has setup a NEXA group to focus on the sales and marketing of high value machines comprising VTL, HMC, DCM and high end VMC machines with automation.

05

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.

06

Strategic partnerships

Taking efforts to establish strategic partnerships with global companies for domestic and global markets.

Competitive advantage



Lowest cost producer

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



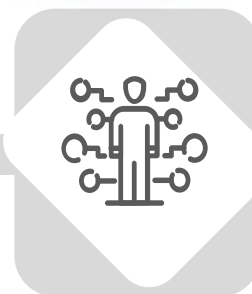
Zero Debt, FCF Positive

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 and ROCE 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 73.17% as on Sep'23, up from 73.11% as of Jun'23. In the past, promoter has been averse to taking dividend, even as minority shareholders were allotted the dividend



Widest range of products

With over **27+** different product segments, **315+** models & variants, the company has the widest range of offering amongst peers.

Our ESG efforts



- 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



- Meal is provided to all plant employees, everyday.
- Spent Rs. 2.52 lacs towards promoting health care
- Spent Rs. 17 lacs towards Gaushala maintenance and Cattle welfare



- 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

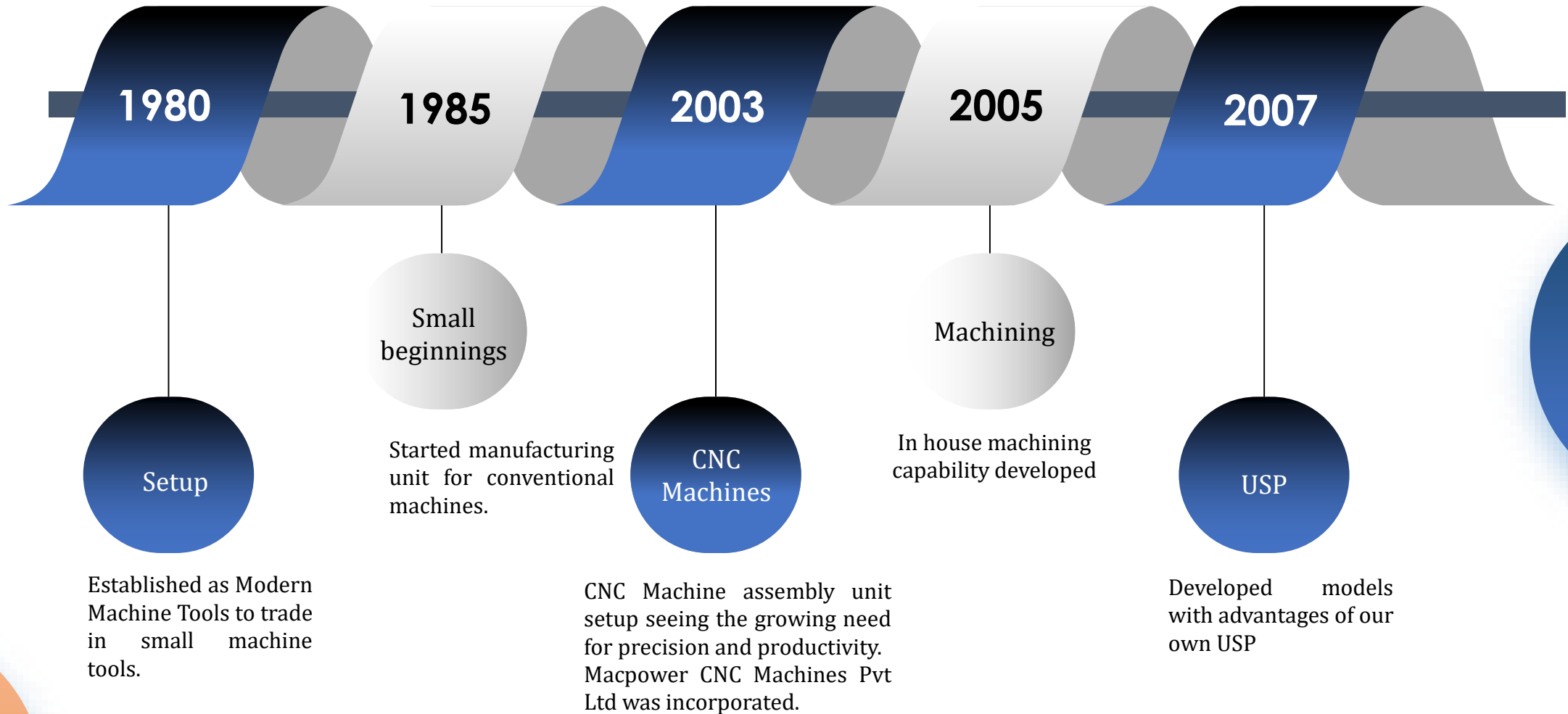
Corporate Video
[Corporate video](#) (click)

Company Profile

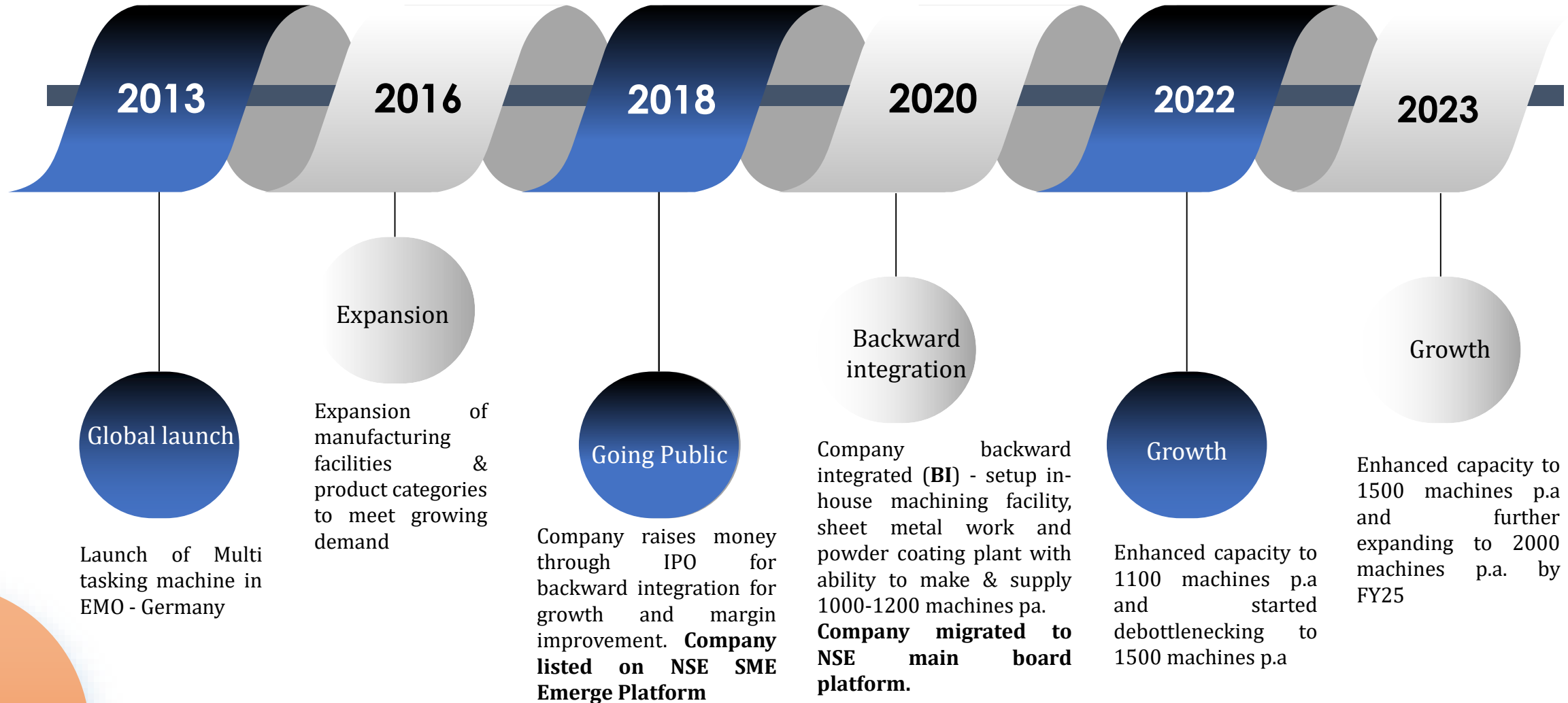


- Established in 2003, Macpower CNC Machines Limited is engaged in the manufacture of Computerised Numerically Controlled (CNC) machines.
- It has a CNC Machine manufacturing unit in an area of around 8 acres at Metoda G.I.D.C., Rajkot, Gujarat (India).
- The company listed **(IPO) in 2018**. Proceeds 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 **27** different series/product segments namely Turning Center, Twin Spindle Turning Center, VMC, Twin Spindle VMC, Turn Mill Center, HMC, VTL, DTC, Grinder, Pro Turning, Pro Milling, VMC with APC, **315+** variants and models serving **27+** product segments with **9601+** installations to date
- It has sales and service in **39** cities serviced through **131** qualified engineers and **9** business associates.
- The company today has a capacity to manufacture 1500 machine per annum and being further expanded to 2000 machines per annum available from FY25.

Our Journey



..... continuing on the growth path



Key Management



Mr. Rupesh Mehta
Promoter, Chairman & Managing Director

Rupesh Mehta has an experience of more than 26 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



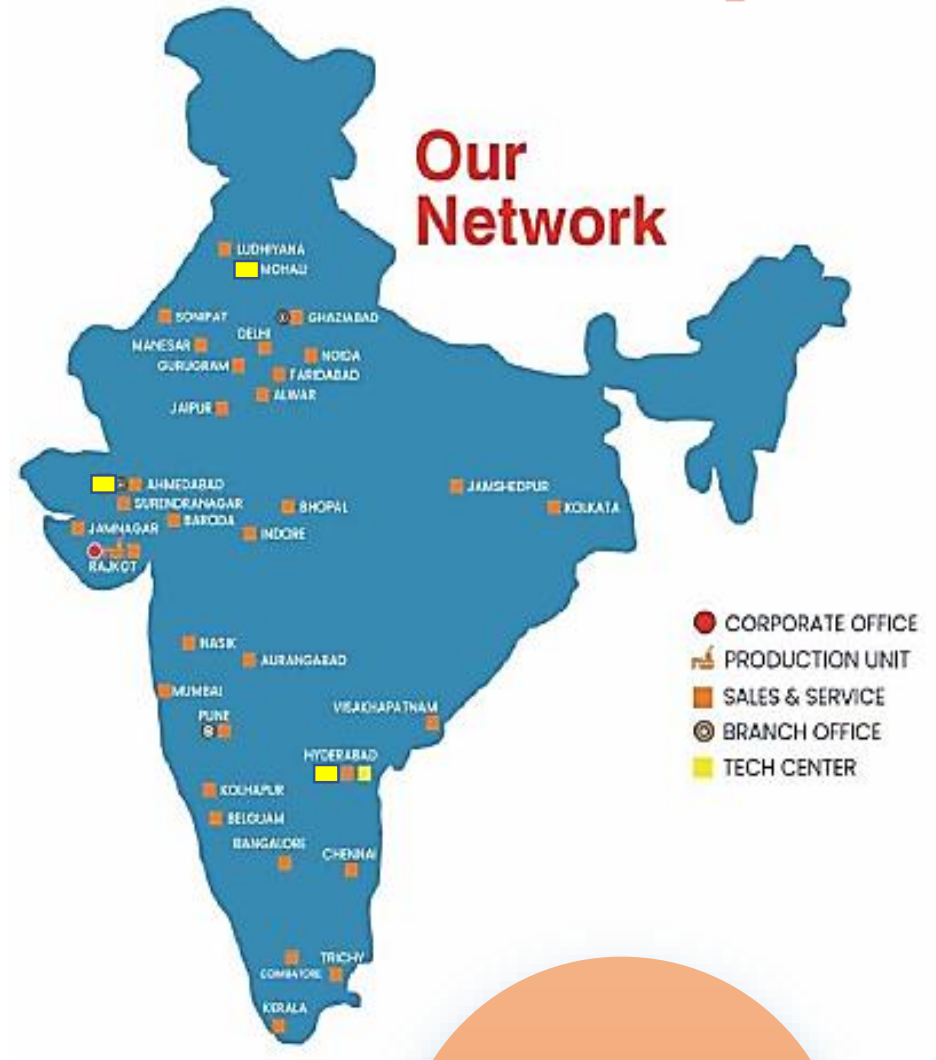
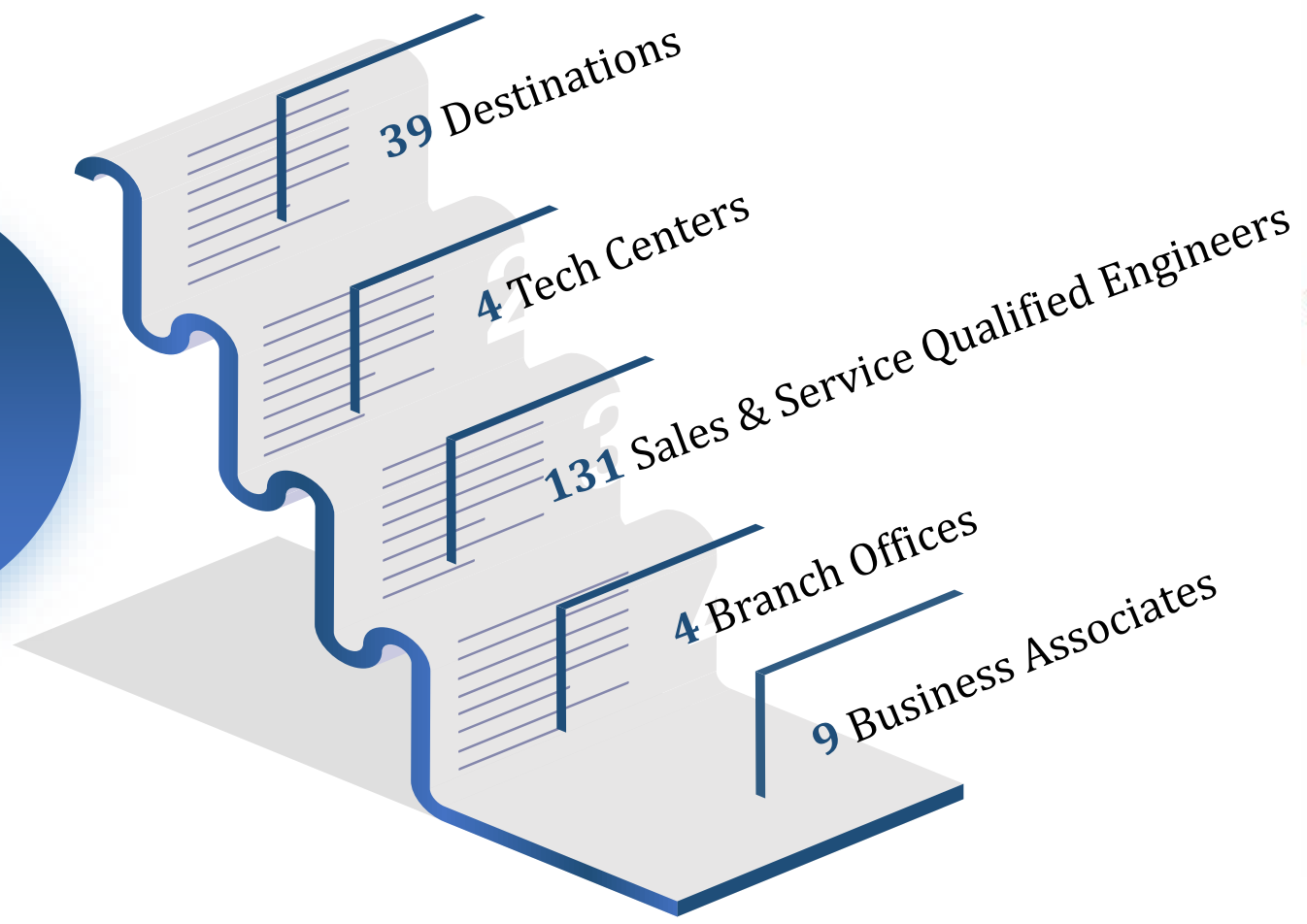
Mr. Nikesh Mehta
Promoter, Whole-Time Director & CEO

Nikesh Mehta has an experience of around 15 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



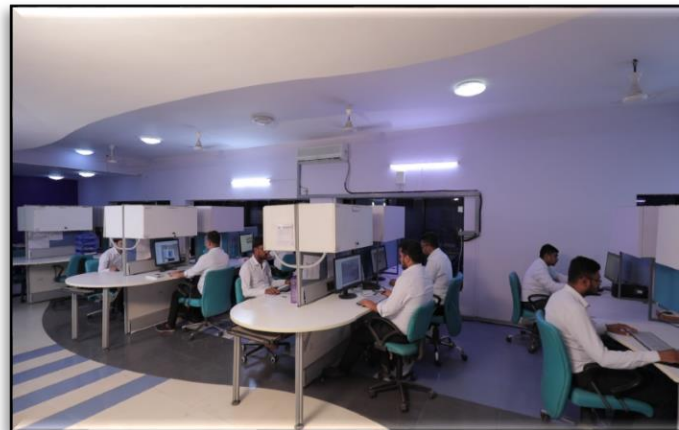
Infrastructure



Head Office & Plant



Corporate office



R&D Centre



Manufacturing plant

Tech Centres



Ahmedabad Tech Centre



Hyderabad Tech Centre

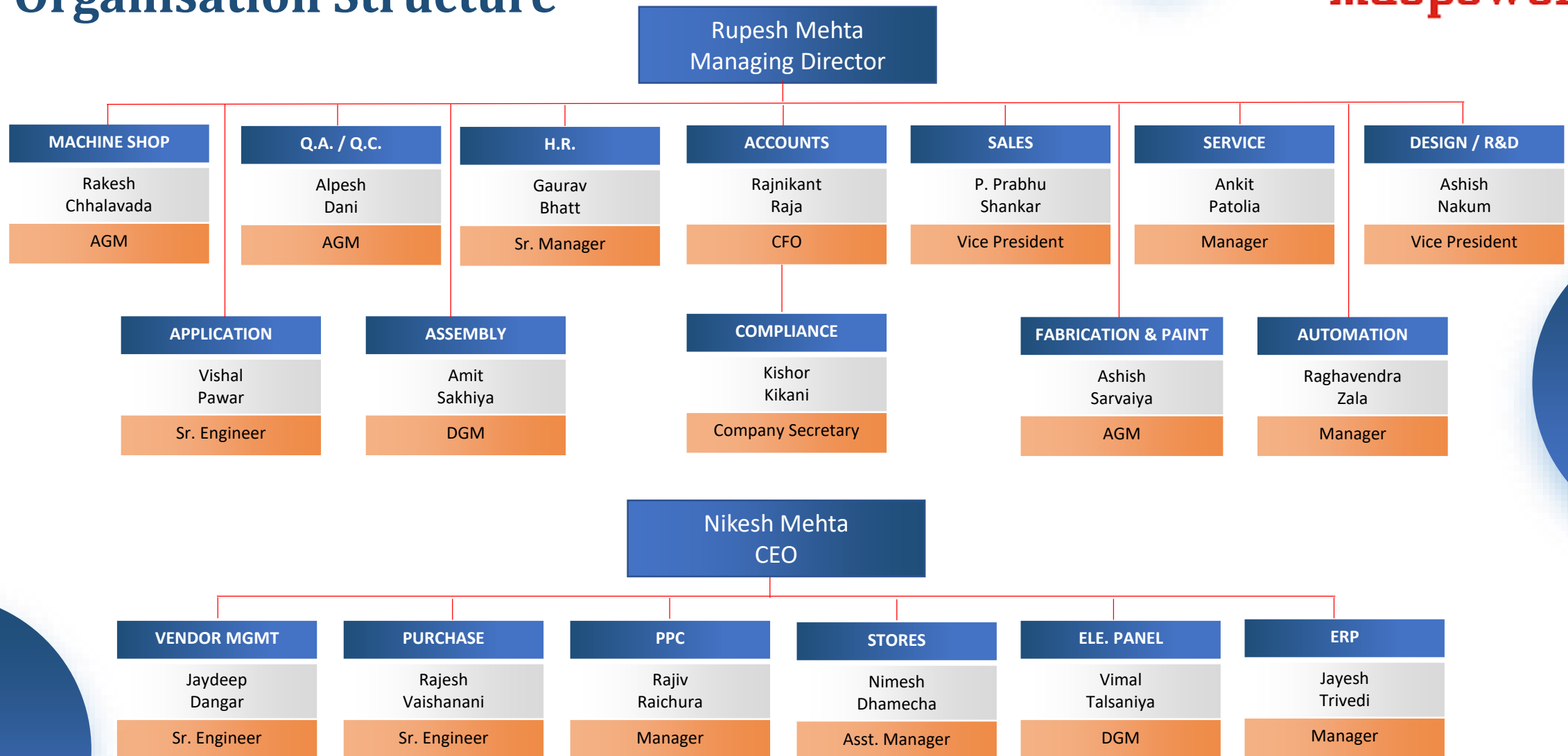


Mohali Tech Centre

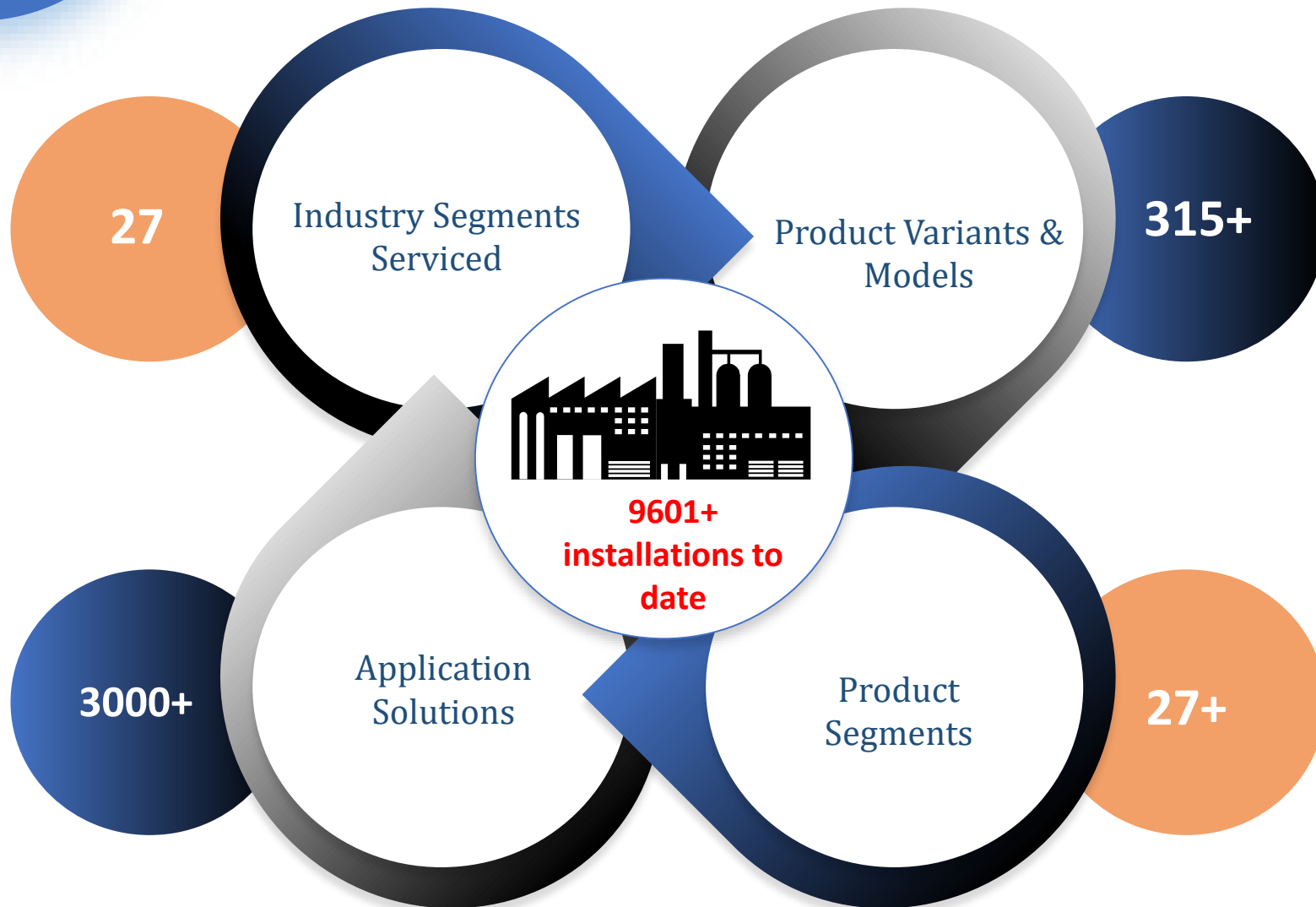


Jamnagar Tech Centre

Organisation Structure



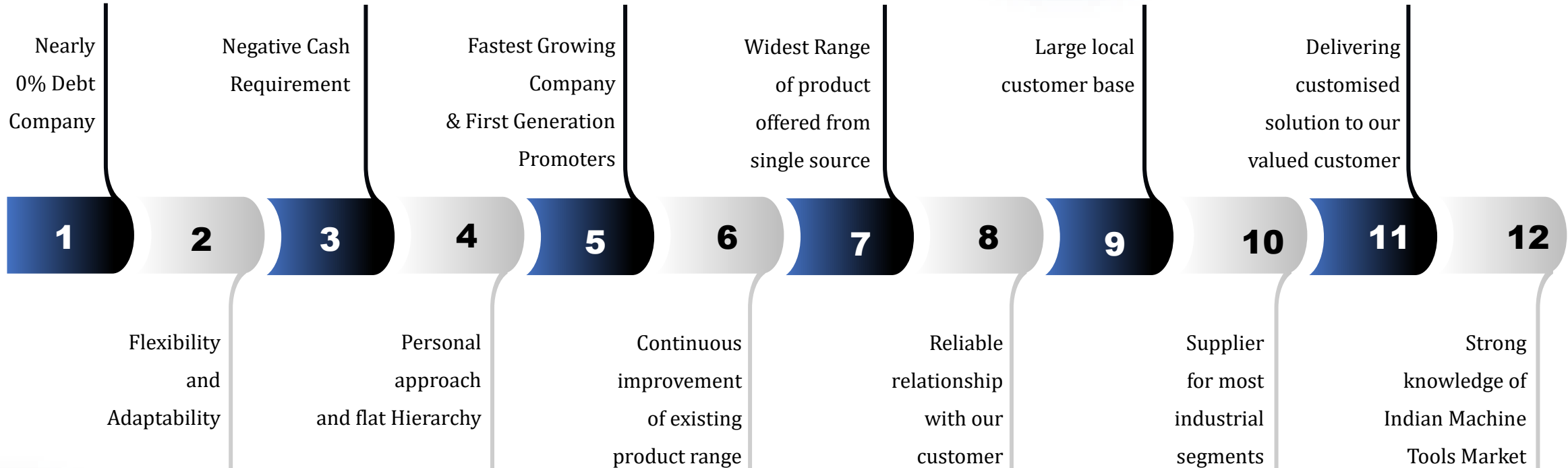
The text "Business Overview" is centered over the image. "Business" is in a large, white, bold, sans-serif font with a slight drop shadow. "Overview" is in a large, yellow, outlined, sans-serif font. The background is a close-up of a person's hand in a light blue shirt interacting with a control panel of a medical device, which has a screen and various buttons and knobs.



Widest Range of Products



Competitive Strengths



Key Clientele at a Glance



Auto / Auto Ancs

Kalyani Forge Varroc Seinumero Nirman Kanemitsu

TRW Fuji Serina, Thailand SSB Engineers Vinayak Engineers

and 1250 more

Defence / Aerospace

Gun And Shell Factory HVF, Avadi Ordnance Factory Medak

DRDO TBRL Rifle Factory, Ishapore Opto Electronics Private Limited Indian Ordnance Factories

and 54 more

Engineering / Capital Goods

GI Nirlep Eneroil Offshore Drilling Ltd. J Pan Tubular Components Pvt. Ltd.

Graphite India Nirlep Eneroil Offshore JPan Tubular

Supreme Industrial Steels CSL CEASE FIRE KONECRANES

Supreme Chemtron Science Laboratories CEASE FIRE Kone Cranes

and 775 more

Government: PSUs & Education Sector

ISRO Railway

CIPET Government Tool Room

and 22 more

Die Mould Sector

Sigmarq Axis Tools Plasma Alloys Pvt. Ltd.

Sigmarq Axis Tools Plasma Alloys

and 157 more

Agriculture

Mitter Fasteners Rinox Engineering

Mitter Fasteners Rinox Engineering

and 87 more

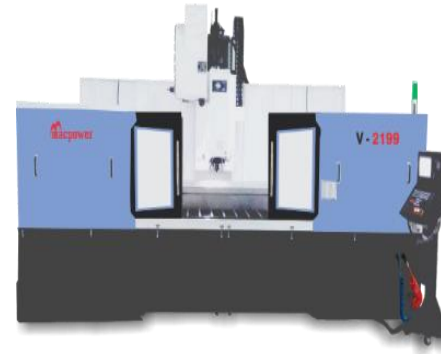
Key Products at a Glance (1/2)

Turning Centre



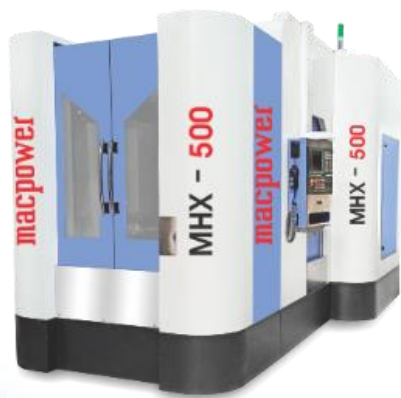
1 In today's competitive market, you need robust CNC turning centers with uncompromised performance and specifications to produce world class products quickly accurately and with minimum non productive time.

Vertical Machining Centre



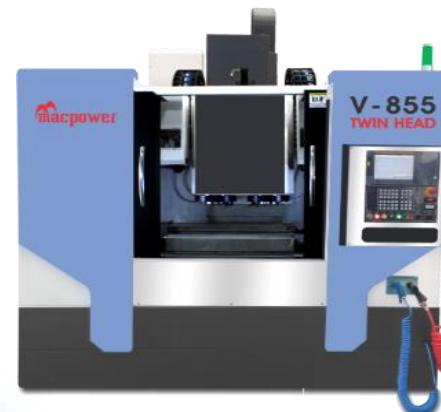
2 Our new generation Vertical Machining Centers incorporate a wide range of enhancements and sophisticated engineering knowledge that enables us to deliver optimized solutions with optimal performance

Horizontal Machining Centre



3 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



4 "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.

Key Products at a Glance (2/2)



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.

Double Column Machine



In today's competitive market, you need robust Double column machine with uncompromised performance and specifications to produce world class products quickly accurately and with minimum nonproductive time





CNC Machines

**Industry, Sector
and Macpower**

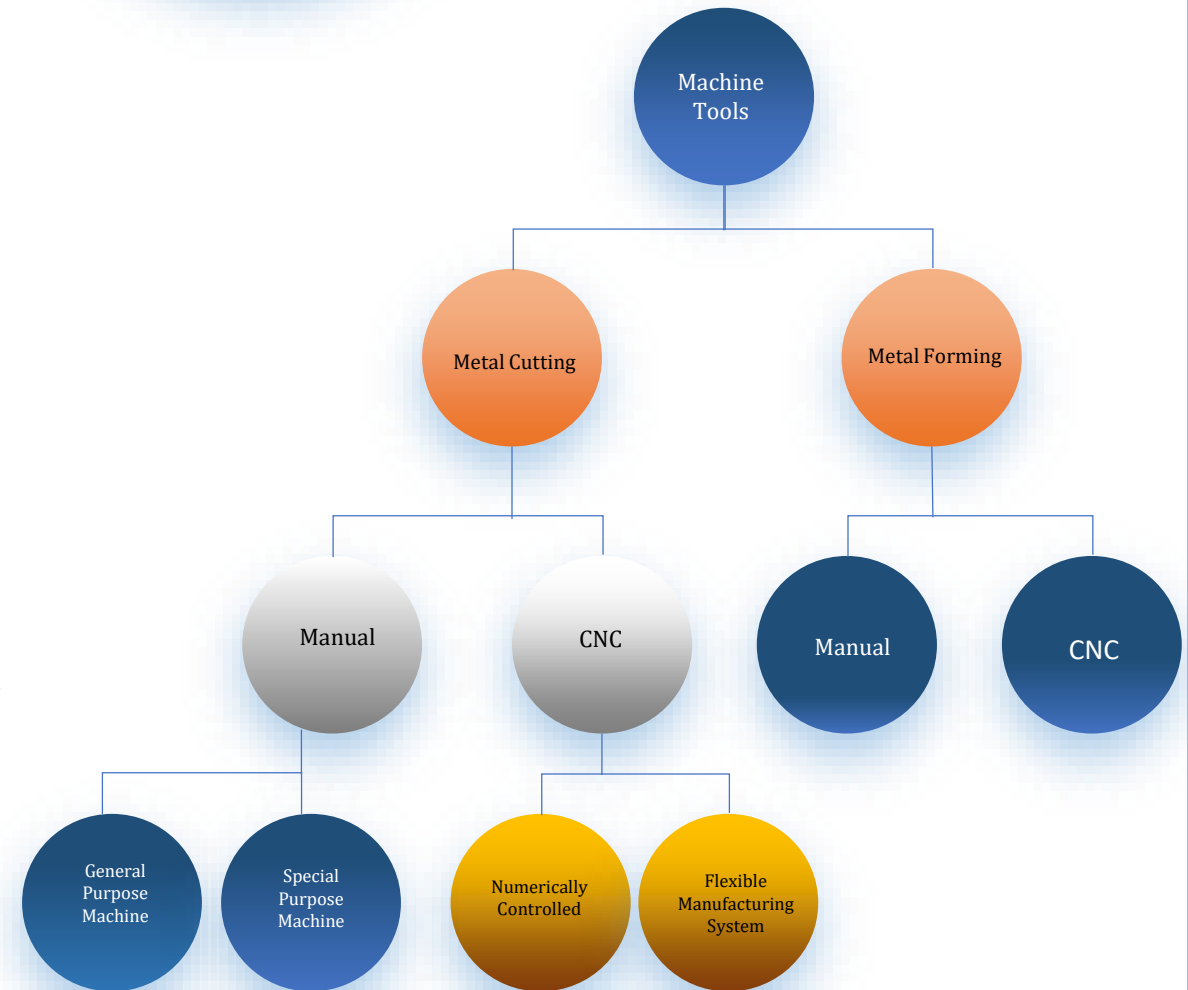
CNC Machines?

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.

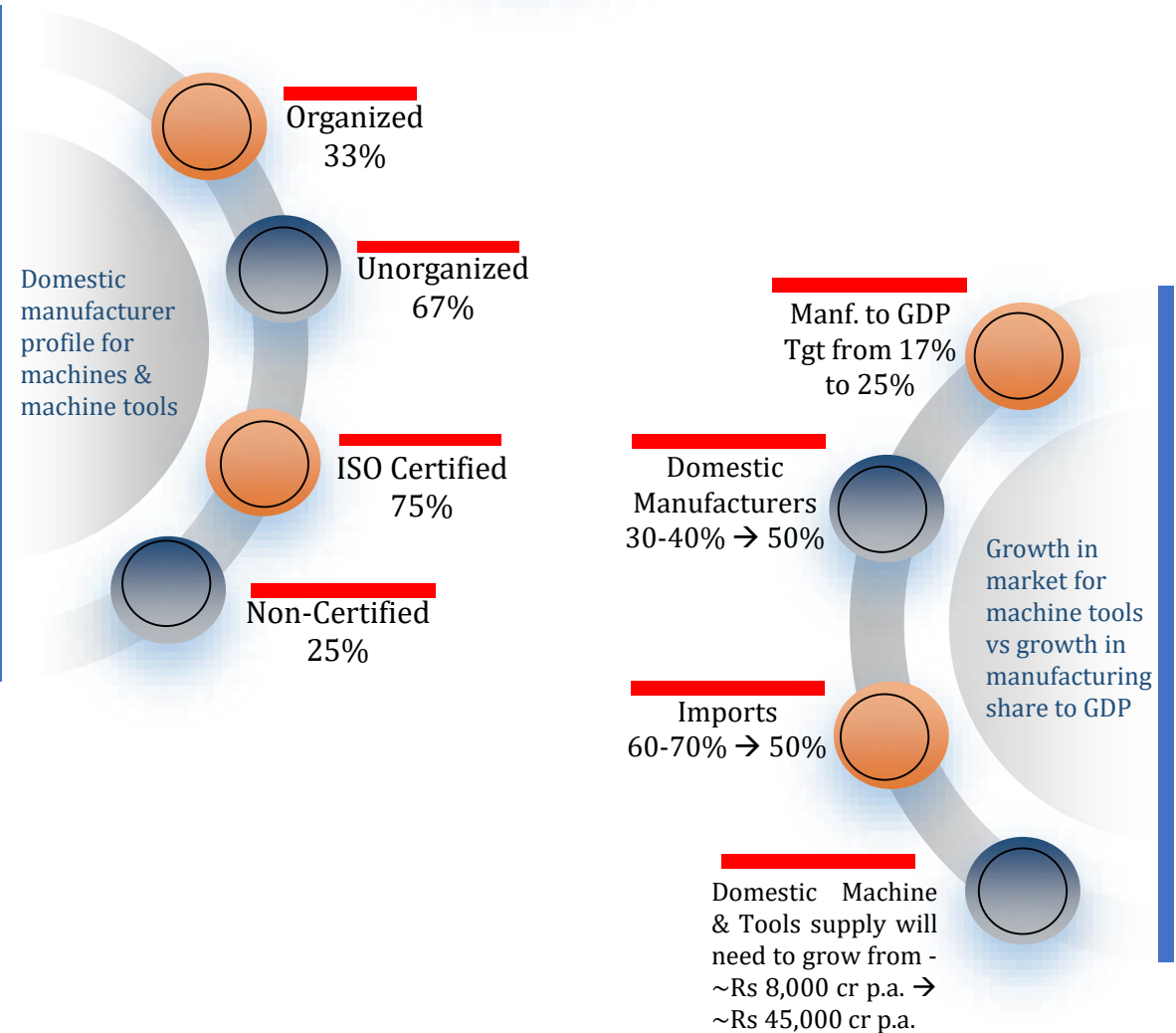
Industry 4.0

- 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.



Market Size & Opportunity

- Globally, India stands 10th in terms of production and 8th in terms of consumption of machine tools.
- **Consumption (demand)** of machine tools in India has grown from approx Rs 12,000 cr in FY2016-17 to approx. Rs 18,000-20,000 cr in FY22-23.
- Against this domestic **production (supply)** has grown from approx. Rs 8000 cr to approx. 9,000 cr during the same period.
- Domestic production accounts for around 40-50% of total consumption, thereby having significant dependence on imports.
- Government initiatives of “Make in India” and “China+1” is driving the change in 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 towards import substitution.*



Awards & Achievements



- ❑ 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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