

Macpower CNC Machines Ltd

Update on the

Revised Guidelines under PMEGP (Pradhan Mantri Employment Generation Programme) and subsequent benefits to CNC Machine Industry including Our company

Contours of the PMEGP scheme

- PMEGP is a central sector scheme being administered by the Ministry of MSMEs.
- The scheme is being implemented by Khadi and Village Industries Commission (KVIC) as the single nodal agency at the National Level.
- The Government subsidy under the scheme is routed by KVIC through the nodal bank to the Financing Bank branches and subsequently transferred to the beneficiary account after completion of lock-in period based on the outcome of the physical verification report.

Objectives of the scheme

- To generate employment opportunities through setting up of new self-employment ventures / projects / micro enterprises.
- To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural and urban unemployed youth in the country, so as to help arrest migration of rural youth to urban areas.
- To increase the wage-earning capacity of workers and artisans and contribute to increase in the growth rate of rural and urban employment.

Levels of support under PMEGP scheme

(i) For setting up of new micro enterprise (units)

Categories of beneficiaries (for setting up new enterprises)	Beneficiary's contribution (of project cost)	Rate of Subsidy (of project cost)	
		Urban	Rural
General Category	10%	15%	25%
Special Category (incl SC/ST, OBC, Minorities, Women, Ex Servicemen, Transgenders, etc)	5%	25%	35%

- Maximum cost admissible for Margin Money subsidy under Manufacturing sector is Rs 50 lacs
- Maximum cost admissible for Margin Money subsidy under Business/Service sector is Rs 20 lacs
- Balance amount, excluding own contribution, of the total project cost will be provided by the Banks.
- For project cost exceeding above amounts, balance money may be provided by banks without any Government subsidy.

1. Was previously
Rs 25 lacs

MACPOWER CNC MACHINES LIMITED

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Rajkot, Gujarat. (INDIA).

Website: www.macpowercnc.com || CIN: L30009GJ2003PLC043419

(ii) 2nd Loan for upgradation of existing PMEGP / REGP / MUDRA units

Categories of beneficiaries under PMEGP (for upgradation of existing units)	Beneficiary contribution (of project cost)	Rate of subsidy (of project cost)
All Categories	10%	15% (20% in NER and Hill Areas)

- The maximum cost of the project/unit admissible for Margin Money subsidy under Manufacturing sector for upgradation is Rs. 1.00 crore. Maximum subsidy would be Rs.15 lakh (Rs.20 lakh for NER and Hill States).
- The maximum cost of the project/unit admissible for Margin Money subsidy under Business /Service sector for upgradation is Rs. 25 lakh. Maximum subsidy would be Rs.3.75 lakh (Rs.5 lakh for NER and Hill States).
- The balance amount (excluding the own contribution) of the total project cost will be provided by Banks.
- If the total project cost exceeds Rs. 1.00 Crore or Rs.25.00 lakhs for Manufacturing and Service /Business sector respectively, the balance amount maybe provided by banks without any Government subsidy.

Note: this is only a key extract of the full scheme. The rest can be accessed on the Ministry / Nodal agencies websites at the link below

https://www.kviconline.gov.in/pmegpeportal/pmegphome/PMEGPNEWGUIDELINE_010622.pdf

WHAT THIS IMPLIES FOR MACPOWER CNC MACHINES LTD in particular and the industry as a whole?

- The maximum admissible project cost admissible under the scheme has been increased from Rs 25 lacs to Rs 50 lacs for manufacturing sector.
This implies that new businesses being setup, who could previously buy only 1 CNC machine (MSMEs), can now buy 2 CNC machines, thereby enhancing the manufacturing ability of the MSME sector. Effectively, this has potential for increased CNC machine orders for setting up new facilities.
- The new option added has further given a boost to allow existing manufacturers to upgrade their capacities at a subsidy of 15% with an additional subsidy of Rs 15 / 20 lacs depending on the area.
This implies that existing players who have already claimed subsidy under the scheme once before, can now again claim subsidy on 1 additional machines as a part of their upgradation plans. This will effectively create additional demand from existing MSME companies who have already availed this benefit in the past, to get further subsidy and buy more CNC machines to increase their capacity

2x demand from MSMEs for new manufacturing subsidy

Additional (1x) demand from expansion subsidy

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

“This development is very positive for our industry as a whole and our company in particular. This will give a significant boost to local manufacturing and in line with the governments’ “Make in India” programme. For Macpower – this will push up the demand for our CNC machines as existing customers will be able to buy additional machines to boost their capacities while new MSMEs looking to setup manufacturing will now get financing support to buy 2 machines, which was previously restricted to 1 machine due to the limitation of the size scheme. This will help generate incremental demand for machines which in turn will improve the capacity utilisation of our augmented capacities, which are expected to be available to us by end of June’22 or early July’22.

Our existing import substitution plans by introducing high value machines through our NEXA vertical coupled with the incremental demand from this programme is expected to hold us in good stead in the medium to long term to deliver 25% CAGR over the next 3 to 5 years (base year FY22)”.

For and on behalf of
Macpower CNC Machines Limited

Sd/-
Kishor Kikani
Company Secretary & Compliance Officer

For more information contact:

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