CIN No.: L30009GJ2003PLC043419 | MSME PART-II No.: 24-009-12-01046

MACPOWER CNC MACHINES LIMITED

Converted from MACPOWER CNC MACHINES PRIVATE LIMITED to MACPOWER CNC MACHINES LIMITED (W.E.F. 16th NOVEMBER, 2017)

December 06, 2018

To,

Listing Compliance Department,

National Stock Exchange of India Limited

'Exchange Plaza', Block – G,

Bandra Kurla Complex, Bandra [East],

Mumbai – 400 051, Maharashtra, India.

Symbol: MACPOWER
Series: SM

Sub: Investor Presentation – December 2018

Ref: Regulation 30 of SEBI [Listing Obligation and Disclosure Requirements] Regulations, 2015

Respected Sir/Ma'am,

Please refer to the captioned subject we, Macpower CNC Machines Limited [the 'Company'] are hereby submitting Investor Presentation for the Month of December 2018.

Kindly take the same on your record.

Thanking You.

Yours Faithfully,

For and on behalf of
Macpower CNC Machines Limited

Macpower CNC Machines Limited Metoda

[Rajnikant Raja]
CFO

Plot No. 2234, Near Kranti Gate, GIDC, Metoda - 360021. Rajkot, Gujarat. (INDIA)
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F. +91 2827 287933
info@macpowercnc.com
www.macpowercnc.com

MACPOWER CNC MACHINES LIMITED

INVESTOR PRESENTATION – DECEMBER 2018

EXECUTIVE SUMMARY

Company Overview:

- Macpower CNC Machines Ltd. (Macpower), incorporated in 2003, has more than one decade of experience in competitive manufacturing solutions.
- It has become India's fastest growing CNC Machines Manufacturing Company.
- Macpower provides 'Competitive Manufacturing Solutions' to meet the exact requirements of their customers.
- MSE – 1 Highest Financial Strength in SME Segment certified by CRISIL.
- Macpower is manufacturing Special Purpose Machines [SPM] for Defense sectors like DRDO and for Aeronautics segments like HAL.

Business Mix:

Manufacturing range includes CNC Turning Centre, VMC, HMC, Turn Mill Centre, VTL, Twin Spindle Turning & VMC, Drill Tap Centre, Cylindrical Grinder along with Robotic Automation solutions.

Manufacturing and Distribution Network:

With more than 5,000 installation bases across India, the company has sales & service teams present in 31 cities that boasts of 107 qualified sales and service engineers.

Macpower also has 6 business associates across India, 4 regional offices and 4 Tech Centers.

Financials FY18

Total Revenue
INR 1,075 Mn
3 Year CAGR 19%

EBITDA
INR 120 Mn
3 Year CAGR 81%

PAT
INR 70 Mn
3 Year CAGR 21%

Financials H1-FY19

Total Revenue
INR 696 Mn
Y-o-Y Growth 50%

EBITDA
INR 102 Mn
Y-o-Y Growth 141%

PAT
INR 66 Mn
Y-o-Y Growth 161%

COMPANY OVERVIEW

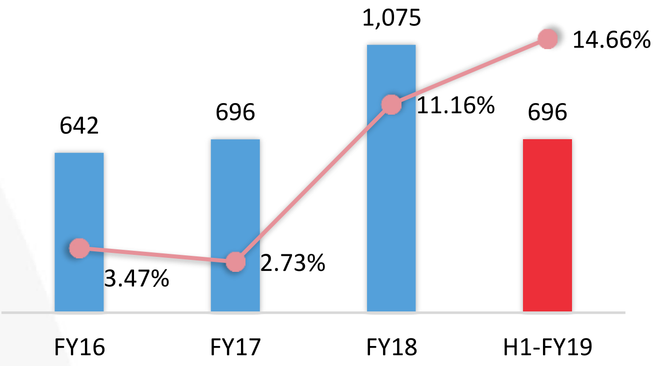
COMPANY OVERVIEW

- Incorporated in 2003, Macpower CNC Machines Limited (Macpower) has a vision to provide the best possible solution in CNC machine industry thereby unleashing value for end users.
- Led by highly experienced promoters and management team, Macpower adopts an innovation driven approach, which makes the company successful in all its operations.
- Macpower's manufacturing range includes CNC Turning Centre, VMC, HMC, Turn Mill Centre, VTL, Twin Spindle Turning & VMC, Drill Tap Centre, Cylindrical Grinder along with robotic automation solution.
- Macpower has successfully executed projects across India for sectors like Automobile, Railways, Aerospace, Defense, Power, Medical, Agriculture, Government Education Sector and General Engineering.
- Macpower has its manufacturing unit in an area of around 4 acres which is situated at Metoda G. I. D. C. , Rajkot (India).
- It exports to companies in countries like the USA, UK, Turkey, Thailand, UAE, South Africa and many more.

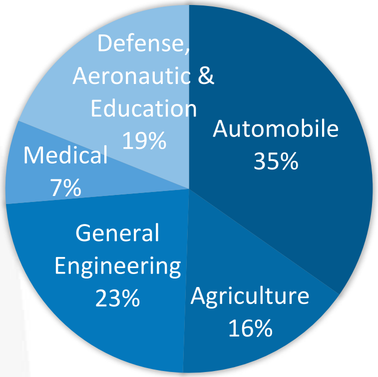
65
Different Models

1,000
Application Solutions

Total Income (In Mn) and EBITDA Margins



Industry Segment wise Revenue H1-FY19



KEY MANAGERIAL PERSONNEL

Rupesh Mehta, Promoter, Chairman & Managing Director

- Has more than 25 years of experience in the Machine Tool Industry, out of which 14 years of experience in Macpower as a Management Personnel.
- Guiding force behind all the corporate decisions and is responsible for the entire business operations of the Company.
- Areas of expertise includes Accounts, General Administration, Sales, Service, IT, HMC, VMC R & D and CNC R & D.
- Was the Former President of Rajkot Machine Tools, Former Treasurer of Rajkot Chamber of Commerce, Former Director of Rajkot Engineering Association, Former Executive Director of Indian Machine Tool Manufacturers of Association.

Nikesh Mehta, Promoter & Whole-Time Director

- Has been on the Board of the Company since inception and has around 14 years of experience in the Machine Tool Industry.
- Has expertise In Techno - Commercial Management and the scope of work includes looking after Machine Shop, Application and Purchase department of the Company.

Rajnikant Raja, Chief Financial Officer

- One of the most experienced employees of the company.
- Entrusted with the responsibility of handling financial activities of the Company.

Riya Mehta, Director

- Has been on the Board of the Company since 1st April, 2004.
- Associated with the responsibilities pertaining to the Human Resources department of the company.
- Has 13 years of experience in the field of Human Resource Management.

Rajubhai Bhanderi, Independent Director

- Has 30 years of experience in the Machine Tools Manufacturing Industry.
- Is the Managing Director of Dharti Co-operative Bank, Rajkot and also the President of Machine Tools Manufacturers Association, Rajkot.

Maulik Mokaria, Independent Director

- Holds Master of Science Degree in Finance Management from Middlesex University, London.
- Is the CEO of Shree Maruti Courier Services Pvt. Ltd. and has experience of 5 years in Courier and Logistic Services industry.
- Has expertise in areas of Finance, Operation & Management.

Deven Doshi, Independent Director

- Has an experience of 10 years in the Finance Service Industry.
- Has expertise in the Finance Sector including financial system in general and stock market and is a member of the Audit Committee and NRC.

KEY MILESTONES

2003
Incorporation of the company

2005
Partial In-house Machining capability developed

2007
Developed models with USP advantages

2011
Covered maximum industry segments

2013
Launched multi-tasking machines in EMO - Germany

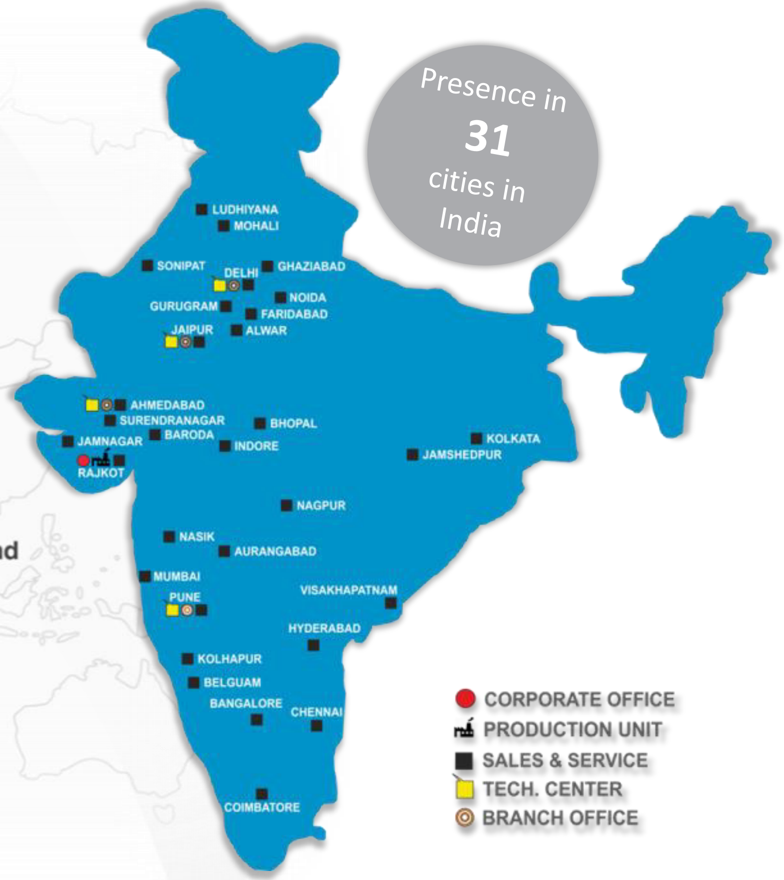
2014
Commencing operations in the Defense sector

2015
Introduction of high-end machines like HMC & Robotic Automation

2017
Expanding Horizons by supplying to Aeronautics & PSUs

2018
Listed on NSE Emerge

GEOGRAPHICAL PRESENCE



MANUFACTURING FACILITIES

- More than 150,000 Sq. Ft. of enclosed land area
- In-house manufacturing capacity for all heavy structural / critical components
- Precision Double Column Machining facility
- Precision HMC, VMC & CNC Machining cell facilities
- In-house sheet metal designing and manufacturing facility
- Proposed powder coating facility
- Proposed Spindle manufacturing facility
- Total product process / admin process / engineering process backed-up with latest IT tools

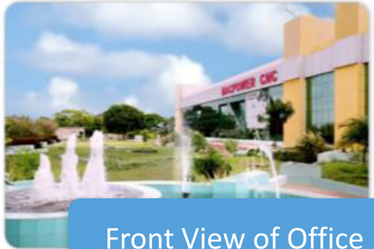

Corporate Office


Final Assembly Shop


Aerial View of the Plant

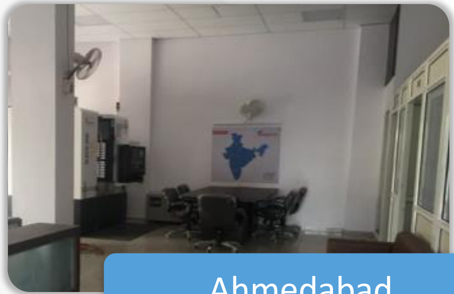

VMC Assembly Shop


Sub Assembly Shop


Front View of Office

TECH CENTERS

- A Tech Center is an in-house demo of Macpower's machines.
- It is a one stop solution regarding machines, tooling, fixture options, part development, machine applications and trading and arranging of open house.
- To achieve this objective, these tech centers have a selection of CNC Lathes, Machining centres for customers to get hands on experience about these machines.



Ahmedabad

Pune

Jaipur

Delhi

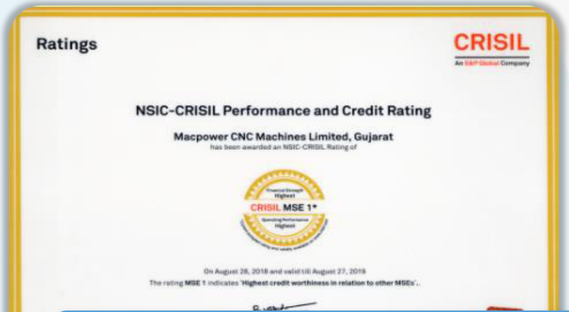
RESEARCH AND DEVELOPMENT

- R&D Department is the backbone of any manufacturing activity and therefore Macpower believes in investing in R&D for product innovation.
- The Company has an in-house Research and Development center establishment with a team of highly qualified 15 experienced design engineers headed by the President of R & D, who has core experience of 40 years in Machine tool Design. This has resulted in new models being implemented into latest machines. The R&D Team focuses on:
  - New Product Research
  - New Product Development
  - Modernizing Existing Products
  - New Process development
  - Innovation
- At Macpower, CREO 4 of PTC- 3 D Modelling and Finite Element Analysis (FEA) digital design tools allow their designers to achieve maximum accuracy and flexibility.
- The R&D department also provides technical support to the marketing staff, creating a coherent team of professionals that are there to serve every need.

AWARDS AND CERTIFICATION

FIE Foundation Award at IMTEX 2017 for Twin Head VMC

FIE Foundation Award at IMTEX 2015 for Turn Mill Centre with Y Axis and sub Spindle


Ratings

CRISIL

NSIC-CRISIL Performance and Credit Rating

Macpower CNC Machines Limited, Gujarat

has been awarded an NSIC-CRISIL Rating of

Highest

CRISIL MSE 1*

Highest

On August 28, 2018 and valid till August 27, 2019

The rating MSE 1 indicates 'Highest credit worthiness in relation to other MSEs'.

MSE – 1 Highest Financial Strength in SME Segment certified by CRISIL.

FIE Foundation Award at IMTEX 2013 for designing excellence Model Turn ‘O’ MILL 200

KEY STRENGTHS

1

Experienced Promoters and Management Team

First Generation Entrepreneurs

Personal Approach and Flat Hierarchy

2

Diversified Customer Base

Large range of Domestic and International Customers

Helps the Government to promote the 'Make In India' Movement

3

Research and Development

Intelligent minds with diverse backgrounds to develop technology

CAD tools allow our designers to achieve maximum accuracy and flexibility, while applying practical experience and knowledge to all of our new products.

4

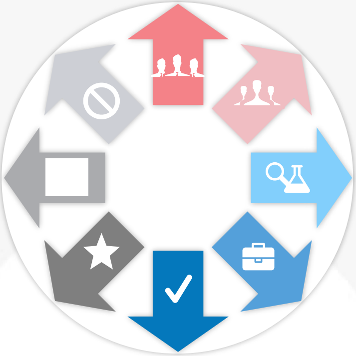
Sales and Service

Sales & Service Team has presence in 31 cities across the country with 107 qualified engineers and 6 business associates; establishment of 4 region office and 4 technology centres across the country.

5

Quality Check

Macpower was registered as an ISO 9001 (Design) in June 2012 and renewed in June 2018



6

Debt Free Company

The Management has successfully managed to keep the Debt - Equity ratio to 0.01 times

7

Growth Prospects

Overall Machine tool industry growth is 25% while Macpower growth is 50%

8

Entry Barrier

As the industry is highly technological driven, entry of new companies is difficult

KEY CUSTOMERS

AUTOMOBILE SECTOR

GENERAL ENGINEERING SECTOR

DEFENCE SECTOR

GOVERMENT PSU

GOVT. EDUCATION SECTOR

AGRICULTURE SECTOR

DIE MOULD SECTOR

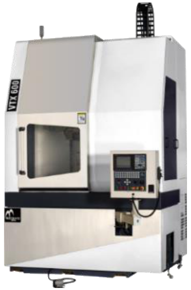
EXPORT SECTOR

BUSINESS OVERVIEW

PRODUCT PROFILE

Machine	Turning Centre	Vertical Machining Centre	Turn Mill Centre
			
Applications	Bearing, Valve, Pump industry, Tool room, Automobile, Process plant components, Agriculture, Textile and the Piping industry	Tool room, Die and mould, Automobile Components, Pattern Making, Defence, Power and Railways	Special purpose components, Aeronautics Components, Defence, Agriculture Components, Medical Components
No. of Models	26	18	3
Output			

PRODUCT PROFILE

Machine	Vertical Turret Lathe	Horizontal Machining Centre	Drill Tap Centre
			
Applications	Valve body, Motor body, Engine liner and Railways	Automobile Components, Die and mould, Defence Parts, Aeronautics Components, Textile Components, Medical and Railways	Electronics Components, Small Automobile Components and Textile Components
No. of Models	4	3	1
Output			

PRODUCT PROFILE

Machine	Twin Spindle	Cylindrical Grinder	Multi-tasking Machine
			
Applications	Automobile Components & Textile Components	Special purpose components, Agriculture Components and Railway Components	Precision Aeronautics Components, Precision Defence Components and Precision Medical Components
No. of Models	3	3	4
Output			

PRIME EXHIBITIONS

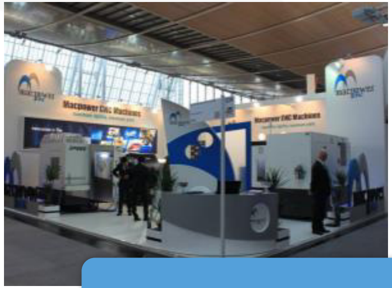
DIE MOULD 2018 - MUMBAI

ENGIMACH 2017 - AHMEDABAD

IMTEX 2017 - BANGALORE

PMTS 2016 - PUNE

MAKTEK EURASIA 2012 - ISTANBUL (TURKEY)



EMO 2013 – GERMANY

ORDER FLOW PROCESS (FOR SPECIAL PURPOSE MACHINE)

macpower

Step 1

Production Plan and Design

Depending on the order, the design of the machine is prepared and verified with the customer and components required for manufacturing are decided.

Step 2

Procurement of Materials

Materials required are procured and then inspected for quality and finally only the ones that pass the quality standard are approved for use.

Step 3

Processing of Raw Material

The materials then pass through various fabrication and machining processes.

Step 4

In-process Inspection

The materials are subjected to In-process Inspection on various parameters to identify deviations from the specifications, if any and take corrective actions wherever needed.

Step 5

Calibration of Test Instruments

The gauges and measuring instruments are calibrated periodically to ensure that they are as per pre-set standards.

Step 6

Final Inspection

The components are then subjected to final inspection before passing them for assembly.

Step 7

Assembly

The components produced in-house, along with the components bought out, are then assembled to produce the machinery.

Step 8

Testing and Trials

The machines are then subjected to Testing and Trials to ensure that they satisfy the specified parameters of performance.

Step 9

Dispatch

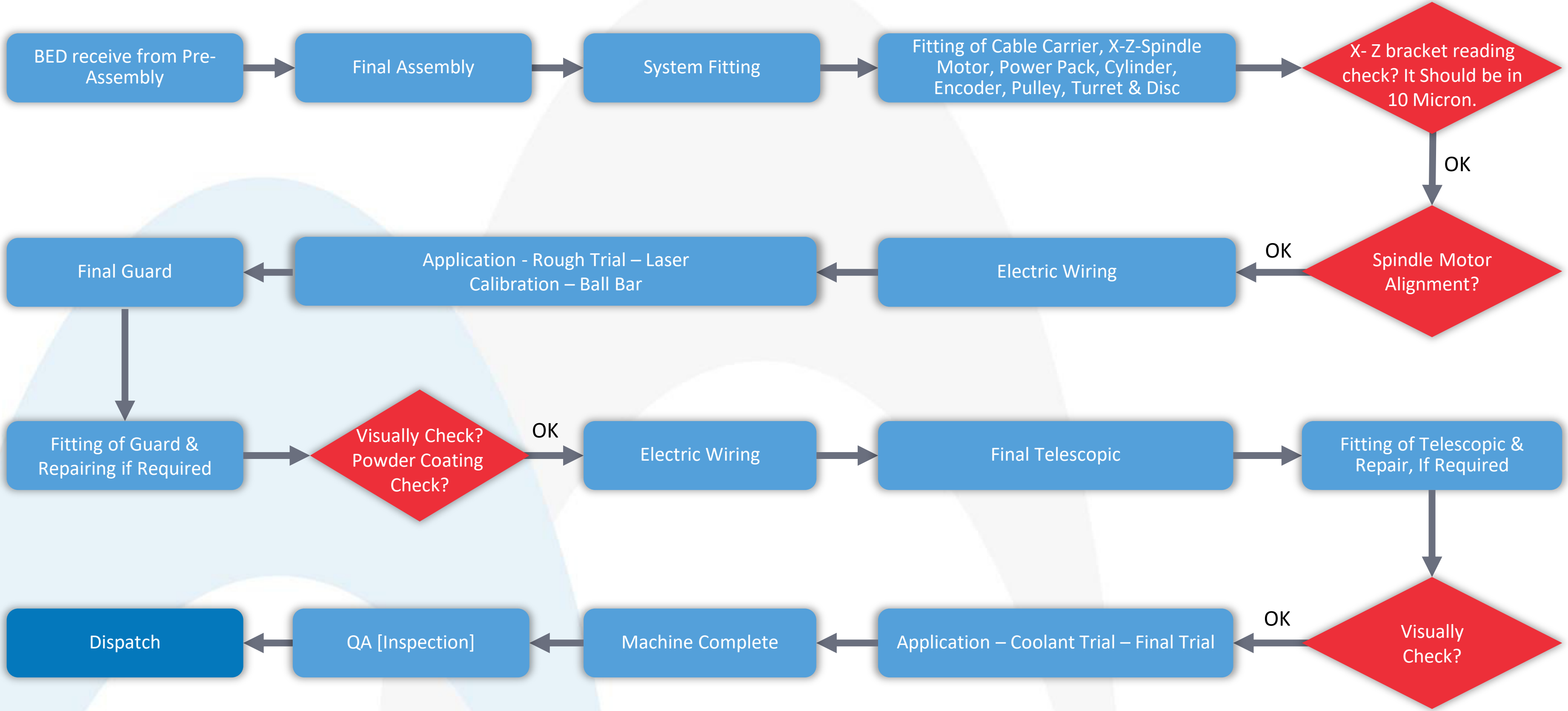
On successful completion of test runs and trials, the machines are then dispatched to the customer.

Step 10

Commissioning of Machine

On receipt of the machine by the customer, necessary supervision of its erection and commissioning is carried out by the Company's service personnel.

MANUFACTURING PROCESS



ORDER BOOK (As on 31st October 2018)

Description	Number	Value (INR Mn)
Pending Order/ Advance (Private)	**508**	**900/48**
Govt. Supplied	**165**	**702**
L1/Order Recd. (For FY19)	**11**	**66**
Tender Bidded	**377**	**2,050**

Order Book	Domestic	
Products	No of Units	Value (INR Mn)
Turning Centre	**402**	**602**
Vertical Turning Lathe	**1**	**4**
Vertical Machining Centre	**97**	**253**
Horizontal Machining Centre	**3**	**32**
Twin Spindle	**4**	**7**
Drill Tap Centre	**1**	**2**

STRATEGIC OVERVIEW

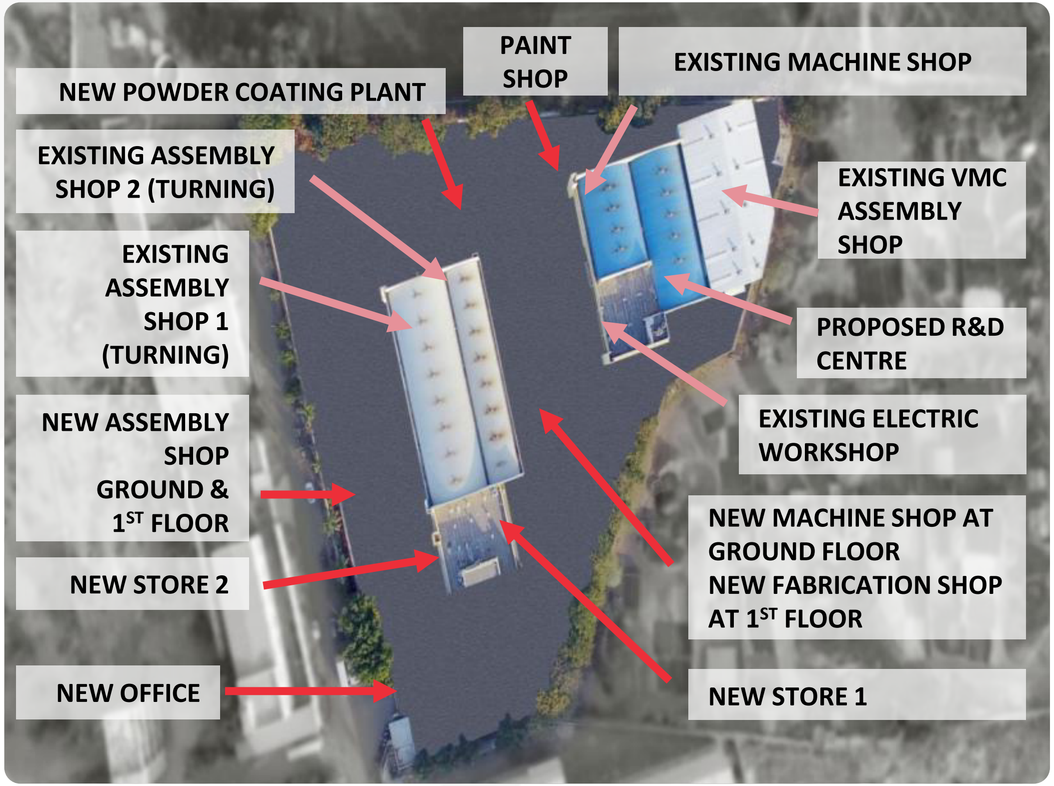
NEW PLANT DETAILS

FACILITY

- Multi-Storeyed Assembly Area.
- Assembly capacity of additional 600 Machines per year (Existing capacity 600 machines per year), hence total capacity of plant is 1,200 Machines per year
- State-of-the-art temperature controlled Assembly Shop.
- Imported state-of-the-art mother machines and equipment.
- In-house spindle manufacturing with high-end machines and assembly facilities.

BENEFITS

- Constructed Plant Area (Existing) = 50,814 sq. ft. and New Constructed Plant Area around 60,000 sq. ft. Total Constructed area will be 1,10,814 sq. ft.
- Increase in Productivity
- Decrease in Production Cost and Increase in Profitability
- Decrease in Logistic Cost
- Through backward integration, Macpower will be able to meet increased market demand on a timely basis
- 4% to 5% cost reduction after expansion with double production capacity



FUTURE GROWTH STRATEGY

Set Up Facility for In-house Machining
- The Company is planning for integrated operation of its products by in-house machine shop and sheet metal manufacturing facility.
- The management believes that the integrated operations will reduce its dependence on third party supplies of products, services and quality, enabling it to streamline its production process and achieve timely delivery of quality products at competitive costs.

New Entrants
- Due to several initiatives being taken by GoI and GoG [Government of Gujarat], new entrepreneurs are eager to start new industries in many segments. Lathe & CNC Machines, being Mother Machines, would attract most of the new entrepreneurs in becoming prospective customers for the Company.

Government Supplies
- The Company is firmly establishing its footholds in Ordnance Factories, PSUs, Educational Institutes of State and Central Government, and Research centres with multi-fold planning to supply various machines in order to cater to these verticals.

Domestic Business
- The Company has around 508 orders in line valuing INR 900 Mn for which they have already received INR 48 Mn as an advance against the orders.

Tech Centers are in close vicinities
- In-house live demo of Macpower CNC Machines.
- These centres have a selection of CNC Lathes, Machining centres for Customers to get hands-on experience with these machines.

Augmenting manufacturing capacity to meet the growing industry demand
- The consumption of machine tools in India was ~INR 118 Bn in 2012 and is expected to reach INR 293 Bn in 2020.
- The continued increase in domestic and foreign investment into the industry will translate into a higher demand for machine tools. It is considered the ‘Mother Industry’ for all manufacturing activities.

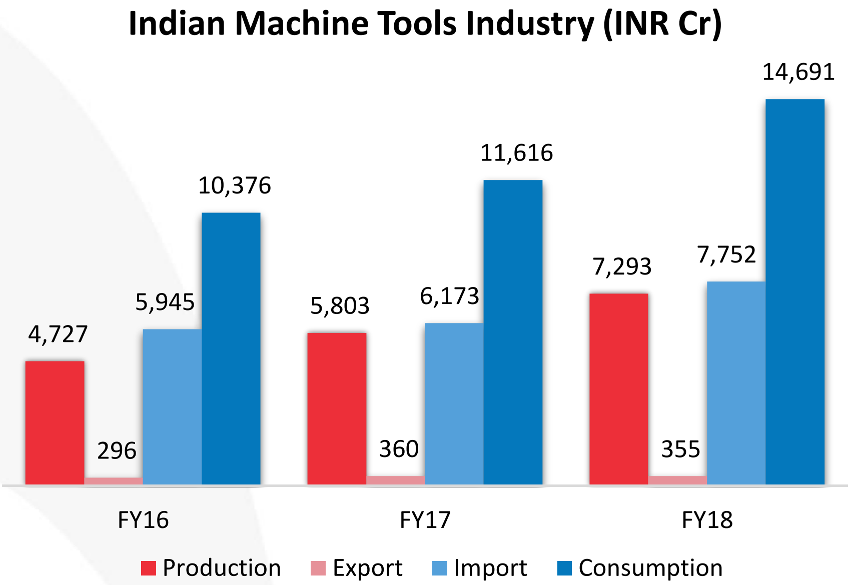
Import Substitute
- Due to import becoming costlier poses good opportunity for Indian Machine tools market to grow for which the company has also enormous potential to have their presence respect to imported machine tools.

Conversion of Conventional User to CNC
- Conventional users are changing over to CNC technology where the company sees huge growth potential. By replacing conventional Lather into CNC lathe, its saves 8 worker, sizable space, improve quality and increase the production capacity.

INDUSTRY OVERVIEW

INDIAN MACHINE TOOLS INDUSTRY

- The Indian Machine tool Industry has around 1,000 units in the production of machine tools, accessories/attachments, subsystems and parts. Of these, around 25 in the large scale sector account for about 70% of the turnover and the rest are in the MSME sector of the industry.
- Metal cutting machine tools constitute about 80% of the total demand for metal working machine tools in India. About 52% of metal cutting machines consumed in India are imported.
- India's capital good sector is expected to triple in size to INR 7.5 Tn (USD 116 Bn) and add 21 Mn jobs by 2025.
- About 55% of the metal cutting machines consumed in India are imported and about 45% of the machines are imported from Japan & Germany so there is a lot of opportunity for domestic companies.



Indian Machine Tool Industry (INR Cr)	CNC	Conventional
Forming	**137**	**456**
Cutting	**4,854**	**356**

MANUFACTURING SECTOR IN INDIA

- Under the **'Make in India'** initiative, the Government of India aims to increase the share of the manufacturing sector for the gross domestic product (GDP) to 25% by 2022, from 16%, and create 100 Mn new jobs as well.
- India stands 12th in production and 8th in the consumption of machine tools in the world as per the 2017 Gardner Business Media survey.
- India has become one of the most attractive destinations for investments in the manufacturing sector. Cumulative Foreign Direct Investment (FDI) in India's manufacturing sector reached USD 76.82 Bn by June 2018.
- The manufacturing sector of India has the potential to reach USD 1 Tn by 2025 and India is expected to rank amongst the top three growth economies and manufacturing destinations of the world by the year 2020.

New Industrial Policy, 2015 and Assistance to Micro, Small and Medium Enterprise (MSME)

- Capital Investment Subsidy
- Interest subsidy
- Assistance to venture Capital

Enterprise	Investment in Plant and Machinery (Manufacturing Industry)	Investment in Equipment (Service Industry)
Micro	Up to 25 Lakhs	Up to 10 Lakhs
Small	Above 25 Lakhs to 5 Cr	Above 10 Lakhs to 2 Cr
Medium	Above 5 Cr to 10 Cr	Above 2 Cr to 5 Cr

References: Media reports, Press releases, EEPC India, Press Information Bureau (PIB), Department of Industrial Policy and Promotion (DIPP), The Confederation of Indian Industry (CII)

(Source: Indian Engineering Industry Analysis-India Brand Equity Foundation www.ibef.org)

FINANCIAL OVERVIEW

INCOME STATEMENT

PARTICULARS (INR Mn)	FY16	FY17	FY18	H1- FY19
Total Income*	**642**	**696**	**1,075**	**696**
Total Expenses	619	677	955	594
EBITDA	**23**	**19**	**120**	**102**
EBITDA Margin	***3.47%***	***2.73%***	***11.16%***	***14.66%***
Finance Cost	7	3	2	1
Depreciation	13	7	10	6
PBT	**3**	**9**	**108**	**95**
Tax	(3)	2	37	29
PAT	**6**	**7**	**71**	**66**
PAT Margin	***0.93%***	***1.01%***	***6.61%***	***9.48%***
Basic EPS (INR)	12.63	15.68	22.79	6.74

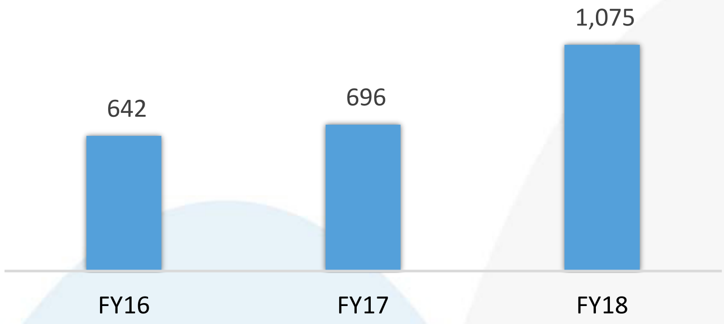
** Including Other Income*

BALANCE SHEET

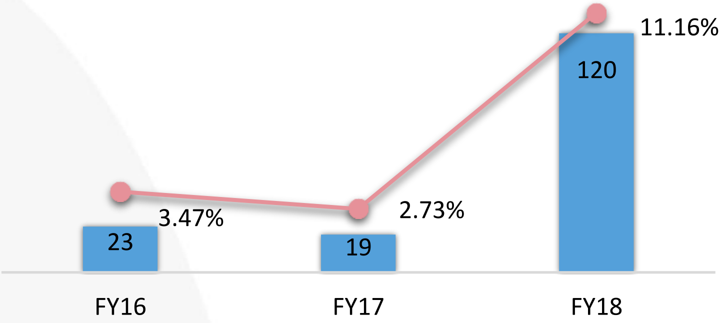
EQUITY AND LIABILITIES (INR Mn)	FY16	FY17	FY18	H1-FY19	ASSETS (INR Mn)	FY16	FY17	FY18	H1-FY19
1) SHARE HOLDERS' FUND					**1) NON CURRENT ASSETS**				
Share Capital	6	6	98	98	**Fixed Assets**				
Reserves and Surplus	22	30	435	497	Tangible	28	29	44	48
Total	**28**	**36**	**533**	**595**	Intangible	1	1	1	1
					Capital Work-in-progress	-	-	1	5
2) NON CURRENT LIABILITIES					Deferred Tax Asset (Net)	4	4	6	5
Long Term Borrowings	40	7	2	1	Long Term Loans & Advances	-	-	12	16
Long Term Provisions	-	-	5	6	Other Non Current Assets	-	-	16	17
Total	**40**	**7**	**7**	**7**	**Total**	**33**	**34**	**80**	**92**
3) CURRENT LIABILITIES					**2) CURRENT ASSETS**				
Short Term Borrowings	3	33	-	3	Current Investments	-	-	75	322
Trade Payables	175	240	358	357	Inventories	101	173	277	413
Other Current Liabilities	3	6	5	4	Trade Receivables	33	103	42	115
Short Term Provisions	1	3	44	33	Cash & Cash Equivalents	62	1	392	1
Total	**182**	**282**	**407**	**397**	Short Term Loans & Advances	21	14	81	56
					Total	**217**	**291**	**867**	**907**
Total	**250**	**325**	**947**	**999**	**Total**	**250**	**325**	**947**	**999**

FINANCIAL HIGHLIGHTS

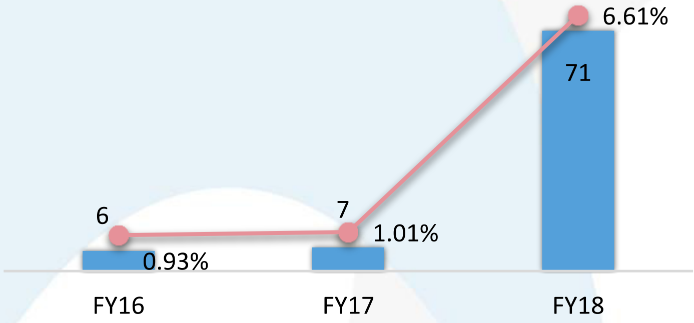
Total Revenue (INR Mn)



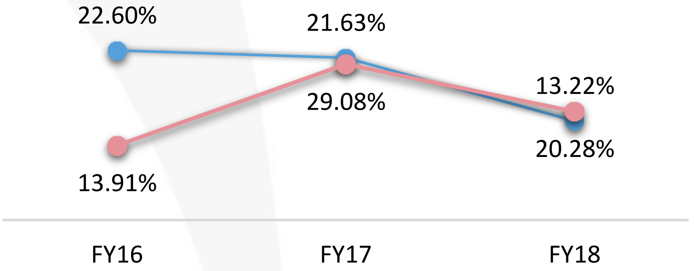
EBITDA (INR Mn) and EBITDA Margins (%)



PAT (INR Mn) and PAT Margins (%)



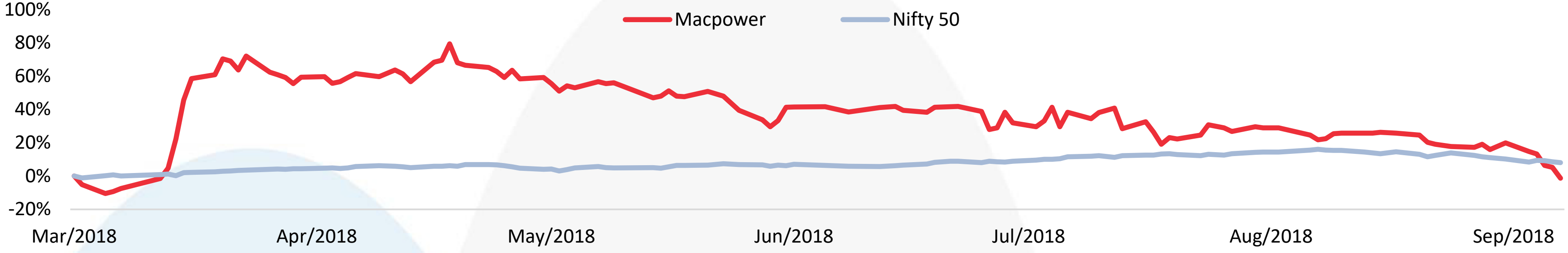
RoE and RoCE



** Including Other Income*

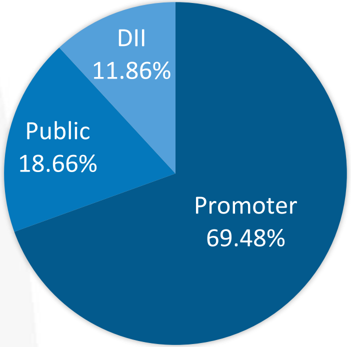
MARKET DATA

Share Price Performance (As on 30th September, 2018)



Price Data (As on 30th September, 2018)	
CMP	160
52 Week H/L	305.5/140
Avg. Trending Vol.	58.62
Avg. Net Turnover	12.39
Market Cap (In Mn)	1,569.30
Total No. of Shares (In Mn)	9.80

Shareholding Pattern (As on 30th September, 2018)



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