

BONANZA WEALTH MANAGEMENT RESEARCH

6 May 2026

Macpower CNC Ltd. – BUY

CMP : Rs. 1,189
Target Price : Rs. 1,476
Upside : 21%
Stop Loss : Rs. 1,000.0 (Closing basis)

Investment Thesis

- Macpower CNC Machines Limited is a Rajkot based, zero debt Indian manufacturer of CNC machines, undergoing a pivotal structural transformation from a commodity turning center supplier to a technology led, high value precision engineering platform. The company is one of the most backward integrated domestic CNC manufacturers, produces 85% of its machine components in house, and has built an institutional moat through pre-qualification with HAL, DRDO, and ISRO.
- Macpower has scaled capacity from c.1,000–1,200 machines in FY22 to 2,500 machines by Q3 FY26, with current installed capacity supporting c.Rs. 460–475 crore annual production at full utilization.
- Macpower is strategically moving up the value chain, mirroring global CNC leaders by focusing on high value complex machines. Its NEXA premium portfolio (HMC, VTL, DCM, 5-Axis) delivers Rs. 70–80 lakh ASPs which is 3.5–4x higher than standard Turning Centers, while defense grade machines command c.Rs. 1.5 crore per unit. This premiumization is already visible, with NEXA's share of the order book rising from 27% (June 2024) to 39% of pending orders by Q3 FY26, with management targeting 35%+ revenue contribution.
- Macpower entered exports in Q3 FY25, with international revenues starting from FY26 across markets, this expanding global footprint, supported by technology transfer access, creates long term optionality for Macpower to compete internationally using India's cost advantage, potentially supporting stronger margins over time.
- Management is guiding for Rs. 430–450 crore revenue in FY27 (c.40% YoY growth), supported by a strong Rs. 375 crore unexecuted order book (4.4x quarterly revenue). With daily dispatches and fresh order inflows both running at Rs. 1–3 crore, Macpower has unusually strong near-term demand visibility, making growth execution relatively de-risked for a company at this stage.
- The 30-acre Greenfield facility will scale total capacity to 5,000 machines in Year 1 of commissioning, targeting 10,000 machines within 5 years, with 50% dedicated to defense and aerospace manufacturing. Management guides for 50–60% revenue growth acceleration once operational

Financials

Macpower CNC's Q3FY26 revenue grew 42.6% YoY and increased 0.5% QoQ to Rs.86.15 crore, driven by strong execution across core CNC demand, rising premium product contribution, and healthy order conversion, while sequential growth remained stable amid existing capacity constraints.

Consol. (Rs. Cr)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	241.2	261.8	329.9	422.3	548.9
EBITDA	35.5	41.5	56.1	76.0	104.3
EBITDA Margin (%)	15	16	17	18	19
Adj. PAT	24.1	25.4	34.8	47.6	65.9
EPS (Rs.)	52.1	75.3	98.8	116.1	146.1
P/E (x)	49.3	46.8	34.2	25.0	18.0
RoE (%)	20	18	20	21	23

Stock Data

Market Cap (Rs. Mn)	11,820
Market Cap (\$ Mn)	125.1
Shares O/S (in Mn)	1,000,416
Avg. Volume (3 month)	33,034
52-Week Range (Rs.)	1,245 / 761

Shareholding Pattern

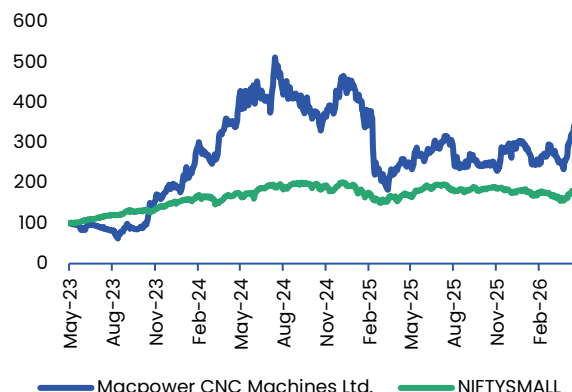
Promoters	73.17%
FII's	1.11%
Institutions	0.52%
Public	25.20%

Key Ratios

Div Yield	0.12%
TTM PE	36x
ROE	19.8%
TTM EPS (Rs.)	32.33/-

Stock Performance

Performance (%)	1M	6M	1Yr
Absolute	41.5%	54.6%	48.4%
NIFTYSMALLCAP	25.4%	54.1%	36.1%



- Gross margin expanded meaningfully on the back of premium product mix and operating leverage, while profitability remained supported despite near-term execution constraints and growth investments.
- EBITDA expected to rise from Rs. 35.5 crore to Rs. 104.3 crore as margins improve from 15% to 19% through premiumization, backward integration, and scale benefits. PAT is estimated to grow from Rs. 24.1 crore in FY24 to Rs. 65.9 crore by FY28E, with EPS rising from Rs. 52.1 to Rs. 146.1, while valuation multiples moderate from 49.3x to 18.0x as earnings compound and RoE strengthens from 20% to 23%.

Key Business Highlights

- India still imports ~50-65% of advanced CNC machines (HMCs, VTLs, 5-Axis, Double Column) largely from China, Taiwan, Germany, and Japan. Macpower is positioning itself as a key domestic substitute through its Make in India manufacturing base, benefiting from PLI led localization, rising preference for indigenous capital goods, and a parallel push toward exports.
- Manpower's core business includes manufacturing and selling CNC machines for precision metal cutting, shaping, and machining across industries, with products spanning CNC Turning Centers, VMCs, and special purpose machines. It also provides after sales services, maintenance, repairs, and spare parts, supporting recurring customer engagement and machine lifecycle management.
- Macpower has built a strong pan-India manufacturing and distribution ecosystem with 7 branch offices, 8 tech centers, presence across 39 destinations, company has 12,887+ installations to date, 380+ product variants across 27+ product segments, and 3,000+ application solutions serving 27 industries.
- Macpower enters FY27 with strong business momentum, supported by a Rs.375 crore pending order book (+17%), a robust Rs.958 crore bidding pipeline (Rs.319 crore defense & aeronautics; Rs.639 crore domestic), rising premiumization with Nexa contributing 39% of orders, and growing export traction following dealer additions and EMO Germany participation.
- Management's long-term EBITDA margin vision of 25% is driven by backward integration, premium Nexa mix, defense exposure, exports (5-7% higher margins), and operating leverage. Strategically, Macpower is positioning itself among India's top CNC players through product basket completeness, Tier-1 customer penetration, technology-transfer discussions with European firms, and import substitution tailwinds as Chinese competition faces tightening BIS norms.

Valuation

Macpower is entering a visible scale up and premiumization inflection, driven by strong order book growth, rising Nexa mix, defense and export traction, and expanding import-substitution opportunities in high value CNC machines. While near-term execution remains constrained by existing plant capacity and delayed Greenfield expansion, robust demand visibility, premium product transition, and long-term margin levers through backward integration position Macpower as a credible structural growth story over the next 18-24 months. We assign a BUY rating to Macpower CNC Machines Ltd. and value it at 31x FY27E EPS to arrive at a target price of Rs. 1,476, implying a 24% upside from current levels.

Risk & Concern

- Macpower CNC's key risk is the delayed Gujarat Greenfield project, with no land allotment 26+ months after the MoU due to Gujarat's expired A&D policy and pending replacement. Management has missed multiple timelines.
- Scaling from 2,500 to 10,000 machines involves significant complexity; any delay in Phase 1 or cost overruns defers the 50-60% revenue growth acceleration.
- Debtor days rising to 47.8 days and inventory days have increased to 243 days for FY25 which needs monitoring; sustained deterioration could signal demand slowdown.
- Slowdown in automotive, defense, or general engineering capex cycles directly impacts order inflows.

Graphs & Charts

Figure 1: Revenue Trend

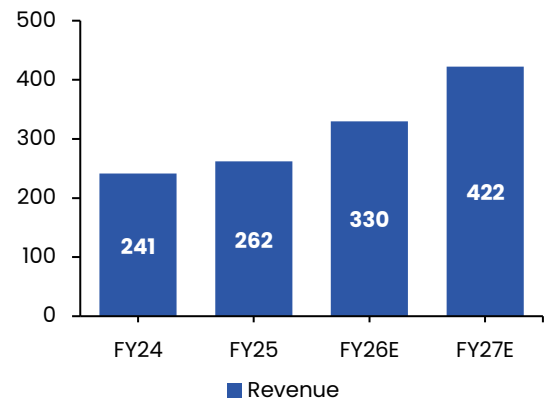


Figure 2: EBITDA & EBITDA Margin Trend

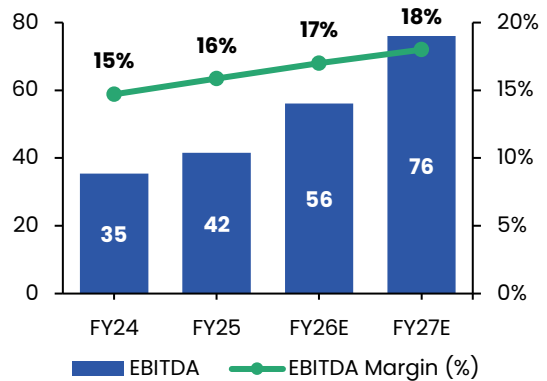


Figure 3: PAT & PAT Margin Trend

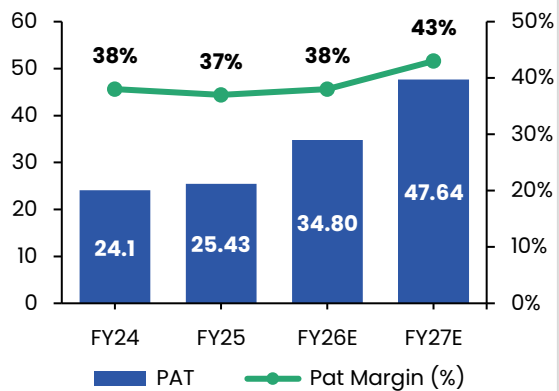
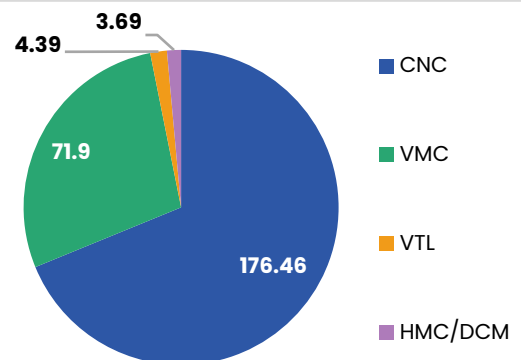


Figure 4: Geography Mix (Q3FY26)



Name	Designation
Jainam Doshi	Research Analyst

Disclosure: M/s. Bonanza Portfolio Ltd hereby declares that the views expressed in this report accurately reflect its viewpoint with respect to the subject companies/securities. M/s. Bonanza Portfolio Ltd has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. The analysts engaged in the preparation of this report or their relatives: (a) do not have any financial interests in the subject company mentioned in this report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the report. (d) have not received any compensation for products or services other than investment banking, merchant banking, or brokerage services from the subject company in the past twelve months; (e) have not received any compensation or other benefits from the subject company or any third party in connection with this report; (f) have not served as an officer, director, or employee of the subject company; (g) are not engaged in market-making activity for the subject company; (h) are not engaged in the use of artificial intelligence. M/s. Bonanza Portfolio Ltd is a registered Research Analyst under the SEBI (Research Analyst) Regulations, 2014. The registration number is INH100001666, and the research analysts engaged in preparing reports are qualified as per the provisions of the regulations.

Disclaimer: This research report has been published by M/s. Bonanza Portfolio Ltd and is meant solely for the use of the recipient and is not for circulation. This document is for information purposes only, and the information, opinions, and views are not meant to serve as a professional investment guide for the readers. Reasonable care has been taken to ensure that the information given is believed to be fair and correct at the time, and the opinions based there upon are reasonable. However, due to the nature of research, it cannot be warranted or represented that it is accurate or complete, and it should not be relied upon as such. If this report is inadvertently sent or has reached any individual, it may be ignored and brought to the attention of the sender. Preparation of this research report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Past performance is not a guide to future performance. This report has been prepared on the basis of publicly available information, internally developed data, and other sources believed by Bonanza Portfolio Ltd to be reliable. This report should not be taken as the only basis for any market transaction; however, this data represents one of the supporting documents among other market risk criteria. Market participants should be aware of the risks involved in using this information as the sole source for any market-related activity. **“Investments in securities markets are subject to market risks. Read all the related documents carefully before investing.” “Registration granted by SEBI, membership of BSE, and certification from NISM in no way guarantee the performance of the intermediary or provide any assurance of returns to investors.** “The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose custody this report comes should observe any such restrictions. The disclosures of interest statements included in this analysis are provided solely to improve transparency and should not be treated as an endorsement of the views expressed in the analysis. The price and value of the investments referred to in this report and the income from them may go down as well as up. Bonanza Portfolio Ltd or its directors, employees, affiliates, or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy, or reliability of such information, opinions, or views.

While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates, or representatives of M/s. Bonanza Portfolio Ltd shall be liable. Research reports may differ between M/s. Bonanza Portfolio Ltd Research Analysts and other entities on account of differences in personal judgment and time horizons for which recommendations are made. The research entity has not been engaged in market-making activity for the subject company. The research analyst has not served as an officer, director, or employee of the subject company and has not received any compensation or benefits from the subject company or any third party in connection with this research report.

Bonanza Portfolio Ltd.

Bonanza House, Plot No. M-2, Cama Industrial Estate, Walbhat Road, Goregaon (E), Mumbai – 400063 Phone: 022-68363794/708 Website: <https://www.bonanzaonline.com> SEBI Regn. No.: INZ000212137 BSE CM: INB 011110237 | BSE F&O: INF 011110237 | MSEI: INE 260637836 | CDSL: 120 33500
[NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186

Compliance Officer: Trupti Milind Khot, 022-62735507, compliance@bonanzaonline.com