

**NOT  
RATED**
**CALCOM VISION**

| Consumer Durables

| 30 June 2022

## An upcoming ODM player in LEDs and fans

- Calcom Vision Ltd, an ODM player, specializes in LED manufacturing and is expanding its competencies in BLDC fans
- Opportunity size remains huge in LED, as ~50% of bulbs are still incandescent. Panasonic to remain as major customer for Calcom
- Given the attractive proposition of high RoI, adoption of BLDC fans is anticipated to be faster. Calcom's first launch is expected by Q4FY23

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### We visited the Calcom Vision Ltd to gain perspective on industry insights pertaining to LEDs/ BLDC fans. Key takeaways include:

**Calcom Vision Ltd, an ODM player, specializes in LED** - Calcom is into LED manufacturing and is expanding its capabilities in the fast-growing BLDC fan segment. Management has maintained that it aims to be a pure B2B player and that it will "not compete with customers." Lighting business remains the mainstay of the company, with Panasonic as a major customer. A foray into BLDC fans (B2B segment) is planned, with a launch date of the end of Q4FY23. The company's revenue has grown at a CAGR of 41% over FY18-22 to Rs1bn, while EBITDA has grown at a CAGR of 27% over the same period. EBITDA margin has been broadly in the range of 5-9% over FY18-22.

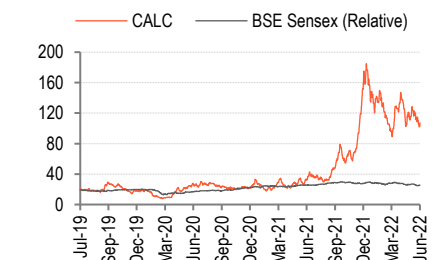
**Huge opportunity still exists in LEDs** – Management stated that there is still a significant opportunity for LED bulbs, as total bulb demand is around 1350 mn per year, of which 650 mn are LED bulbs and the rest are incandescent bulbs. Calcom, in particular, has entered the LED business post-GST, with revenue increasing from Rs250 mn to Rs500 mn. In 2020, the company gained traction due to multiple orders with company consistently delivering 2mn shipment per month. Also, Calcom has been selected under PLI scheme. Management plans to scale its offering in LED segment through IoT based smart lighting and home automation.

**BLDC fans foray to strengthen offerings** – To replicate its success of the LED segment, management has planned foray into BLDC fans manufacturing with first launch expected by end of Q4FY23. Particularly, Calcom is currently handling the electronics portion, while it is looking for a collaboration through Japanese or Korean player for the motor. Calcom, like LED segment, intends to enter the BLDC market primarily through B2B. Management plans to scale BLDC offerings through existing Lighting customers. Having said that, our interaction with experts suggests that BLDC fans are poised for long-term growth due to recent climate change, which is causing a shift from cyclical to year-round product. Furthermore, given the high ROI due to the shorter payback period, faster adoption is expected.

Ticker/Price	CALC IN/Rs 105
Market cap	US\$ 17.1mn
Free float	32%
52wk high/low	Rs 192/Rs 28.5
Promoter/FPI/DII	68%/7%/4%

Source: BSE | Price as of 30 Jun 2022

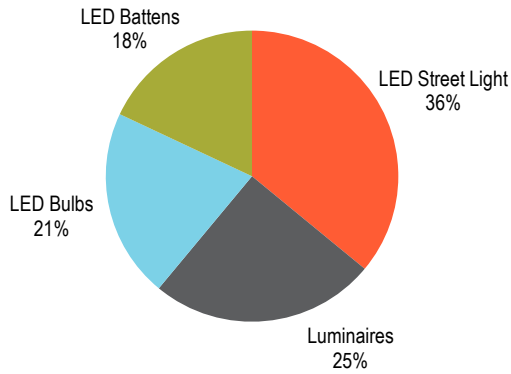
### Stock performance



Source: BSE

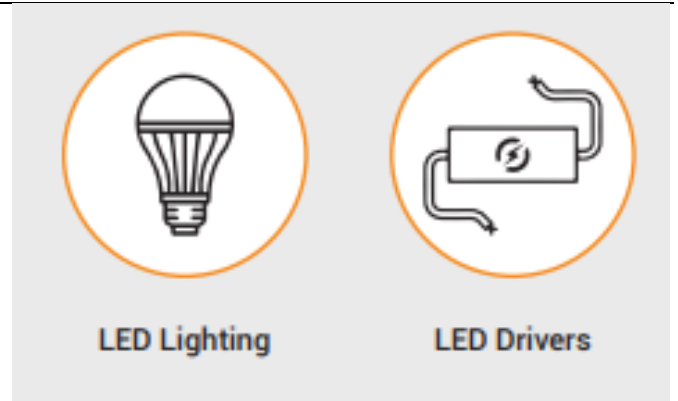


**Fig 1 – LED industry product mix**



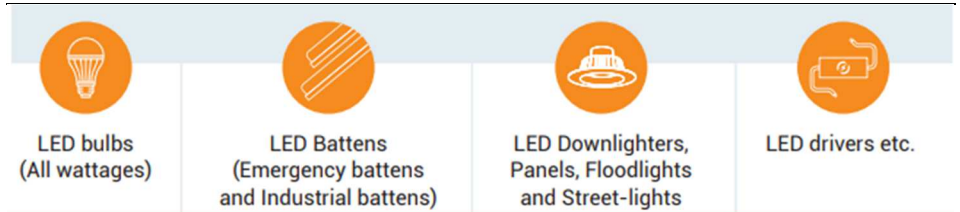
Source: Company, BOBCAPS Research

**Fig 2 – Calcom’s primary business segment**



Source: Company, BOBCAPS Research

**Fig 3 – Calcom's LED product portfolio**



Source: Company, BOBCAPS Research

**Fig 4 – Production capacity in single-shift (can be doubled with minimal modification)**

Product	Quantity (Per month)
LED Bulbs	30,00,000
Luminares	10,00,000
Electronic Ballasts & Drivers	10,00,000

Source: Company, BOBCAPS Research

**Fig 5 – Current Customers**

Clients



*\*We are in advanced stage of discussion with 2 other very large brands for potential supplies.*

Source: Company, BOBCAPS Research

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20A	FY21A	FY22A
<b>Total revenue</b>	<b>250</b>	<b>523</b>	<b>474</b>	<b>577</b>	<b>1001</b>
EBITDA	20	47	25	35	52
Depreciation	5	6	8	9	18
EBIT	15	41	18	26	34
Net interest inc./(exp.)	9	12	16	17	22
Other inc./(exp.)	21	1	1	1	2
Exceptional items	0	0	0	0	0
EBT	27	30	3	10	14
Income taxes	0	0	(2)	3	5
Extraordinary items	17	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>27</b>	<b>30</b>	<b>5</b>	<b>8</b>	<b>9</b>
Adjustments	17	0	0	0	0
<b>Adjusted net profit</b>	<b>10</b>	<b>30</b>	<b>5</b>	<b>8</b>	<b>9</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY18	FY19A	FY20A	FY21A	FY22A
Accounts payables	62	98	113	148	211
Other current liabilities	82	50	47	26	14
Provisions	0	0	0	1	0
Debt funds	0	46	102	178	183
Other liabilities	35	8	4	5	11
Equity capital	-	-	-	-	-
Reserves & surplus	81	105	105	105	127
Shareholders' fund	(12)	(7)	(3)	309	448
<b>Total liab. and equities</b>	<b>247</b>	<b>302</b>	<b>370</b>	<b>773</b>	<b>994</b>
Cash and cash eq.	5	5	6	10	3
Accounts receivables	30	57	49	128	208
Inventories	91	111	154	151	220
Other current assets	24	17	29	30	78
Investments	-	-	-	-	-
Net fixed assets	50	65	85	398	438
CWIP	0	0	0	3	1
Intangible assets	44	44	43	42	42
Deferred tax assets, net	0	0	2	0	0
Other assets	3	1	2	10	4
<b>Total assets</b>	<b>247</b>	<b>302</b>	<b>370</b>	<b>773</b>	<b>994</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20A	FY21A	FY22A
<b>Cash flow from operations</b>	<b>41</b>	<b>(5)</b>	<b>(28)</b>	<b>(35)</b>	<b>(54)</b>
Capital expenditures	(9)	(22)	(27)	(21)	(56)
Change in investments	-	-	-	-	-
Other investing cash flows	(28)	(22)	(5)	(8)	(14)
<b>Cash flow from investing</b>	<b>(38)</b>	<b>(44)</b>	<b>(31)</b>	<b>(28)</b>	<b>(70)</b>
Equities issued/Others	-	-	-	-	152
Debt raised/repaid	-	50	60	83	(9)
Interest expenses	(8)	-	-	(16)	(23)
Dividends paid	-	-	-	-	-
Other financing cash flows	-	-	-	-	-
<b>Cash flow from financing</b>	<b>(8)</b>	<b>50</b>	<b>60</b>	<b>67</b>	<b>119</b>
<b>Chg in cash &amp; cash eq.</b>	<b>(5)</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>(5)</b>
<b>Closing cash &amp; cash eq.</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>10</b>	<b>3</b>

### Per Share

Y/E 31 Mar (Rs)	FY18	FY19A	FY20A	FY21A	FY22A
Reported EPS	2.1	2.4	0.4	0.6	0.7
Adjusted EPS	0.8	2.4	0.4	0.6	0.7
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	5.4	7.8	8.1	32.6	45.2

### Valuations Ratios

Y/E 31 Mar (x)	FY18	FY19A	FY20A	FY21A	FY22A
EV/Sales	6.1	2.9	3.2	2.6	1.5
EV/EBITDA	75.8	32.2	59.6	43.0	29.0
Adjusted P/E	139.1	44.5	290.3	175.7	156.4
P/BV	19.5	13.5	13.0	3.2	2.3

### DuPont Analysis

Y/E 31 Mar (%)	FY18	FY19A	FY20A	FY21A	FY22A
Tax burden (Net profit/PBT)	1.0	1.0	1.7	0.7	0.6
Interest burden (PBT/EBIT)	1.7	0.7	0.2	0.4	0.4
EBIT margin (EBIT/Revenue)	0.1	0.1	0.0	0.0	0.0
Asset turnover (Rev./Avg TA)	5.0	8.0	5.6	1.4	2.3
Leverage (Avg TA/Avg Equity)	0.7	0.7	0.8	1.0	0.8
<b>Adjusted ROAE</b>	<b>39.0</b>	<b>30.4</b>	<b>4.4</b>	<b>1.8</b>	<b>1.5</b>

### Ratio Analysis

Y/E 31 Mar	FY18	FY19A	FY20A	FY21A	FY22A
<b>YoY growth (%)</b>					
Revenue	78.6	109.4	(9.5)	21.8	73.5
EBITDA	106.2	135.5	(46.1)	38.6	48.6
Adjusted EPS	37.1	212.5	(84.7)	65.2	12.3

### Profitability & Return ratios (%)

EBITDA margin	8.0	9.0	5.4	6.1	5.2
EBIT margin	6.2	7.8	3.7	4.5	3.4
Adjusted profit margin	3.8	5.7	1.0	1.3	0.9
Adjusted ROAE	39.0	30.4	4.4	1.8	1.5
ROCE	22.4	28.2	8.5	4.4	4.5

### Working capital days (days)

Receivables	44	40	38	81	76
Inventory	133	77	119	96	80
Payables	90	69	87	94	77

### Ratios (x)

Gross asset turnover	5.0	8.0	5.6	1.4	2.3
Current ratio	1.0	1.3	1.5	1.8	2.3
Net interest coverage ratio	1.7	3.5	1.1	1.5	1.5
<b>Adjusted debt/equity</b>	<b>-</b>	<b>0.5</b>	<b>1.0</b>	<b>0.4</b>	<b>0.3</b>

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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**Note:** Recommendation structure changed with effect from 21 June 2021

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