

RESEARCH
Calcom Vision | NOT RATED

An upcoming ODM player in LEDs and fans

SUMMARY
Calcom Vision

- 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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Daily macro indicators

Indicator	28-Jun	29-Jun	Chg (%)
US 10Y yield (%)	3.17	3.09	(8bps)
India 10Y yield (%)	7.47	7.46	(1bps)
USD/INR	78.77	78.97	(0.2)
Brent Crude (US\$/bbl)	118	116.3	(1.5)
Dow	30,947	31,029	0.3
Hang Seng	22,419	21,997	(1.9)
Sensex	53,177	53,027	(0.3)
India FII (US\$ mn)	27-Jun	28-Jun	Chg (\$ mn)
FII-D	(120.4)	(134.6)	(14.2)
FII-E	(139.5)	(108.4)	31.1

Source: Bank of Baroda Economics Research

BOBCAPS Research

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CALCOM VISION

| Consumer Durables

| 30 June 2022

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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.

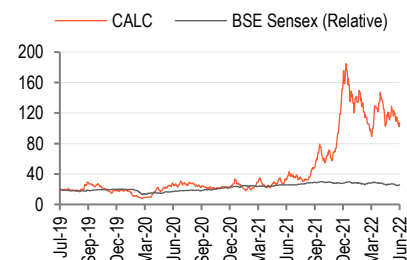
Huge opportunity still exists in LEDs – Management stated that there is still a significant opportunity for LED bulbs, as total bulb demand is around 1350 mn per year, of which 650 mn are LED bulbs and the rest are incandescent bulbs. Calcom, in particular, has entered the LED business post-GST, with 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



Disclaimer

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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