

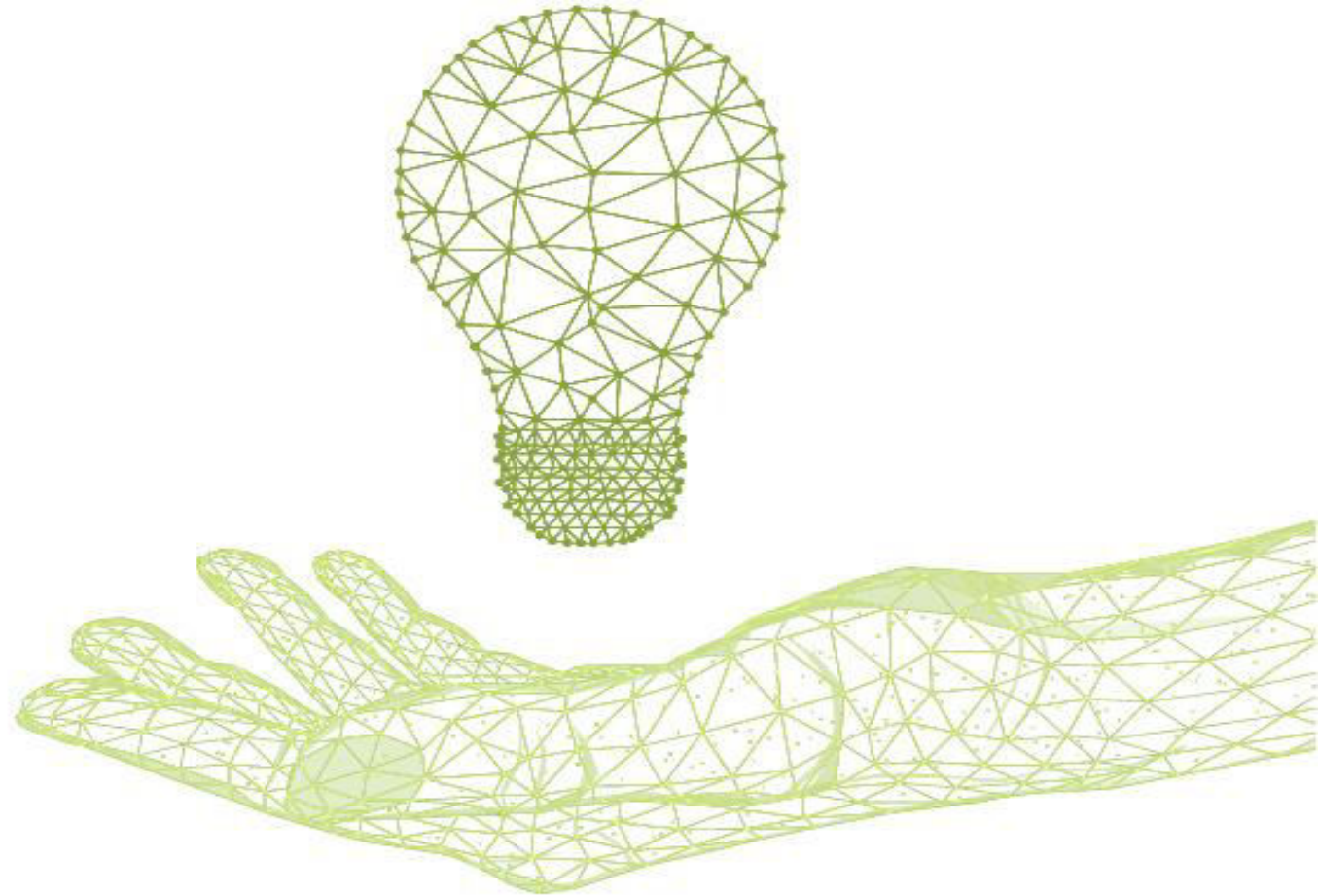
Calcom Vision Ltd.

Towards Bright Future



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The road ahead..

- The purpose of saving or investment is to secure future. **Investment in stock market is risky.** It may reduce savings of an investor or may increase to an immense level. **Renowned investors believe to invest in companies after fundamental or technical analysis.** They also suggest to check company's future prospects also.
- The **company with government support and positive industry outlook always grows rapidly.** Today, **the government supports many industries** to develop and be independent in many products. Under the **Make in India drive** many small scale or medium scale companies have emerged and outperformed in past few years.
- **One such industry is Electricals industry** which is on a path of growth. In more specification, LED bulb and battens is a new emerging business. The government schemes are supporting manufacturing of LED Bulbs and products in India. Here, **Calcom Vision Ltd. Is a company, manufacturing LED Bulbs, battens and drivers, etc.**
- The company is **in the business since 46 years.** The company started with manufacturing calculators and then televisions and now it is into the business of LED Bulb and products.
- The company is **chosen for PLI scheme of Government** and also has received an investment from two marquee investors.
- The company is **selling products to other major players of the industry. It is selling through D2D model only.**
- Under the guidance of the **experienced management** the company has reached to a distinct level in the industry and it is **expected that the company will outperform the market in future. It is the opportunity to invest in the company for future growth.**



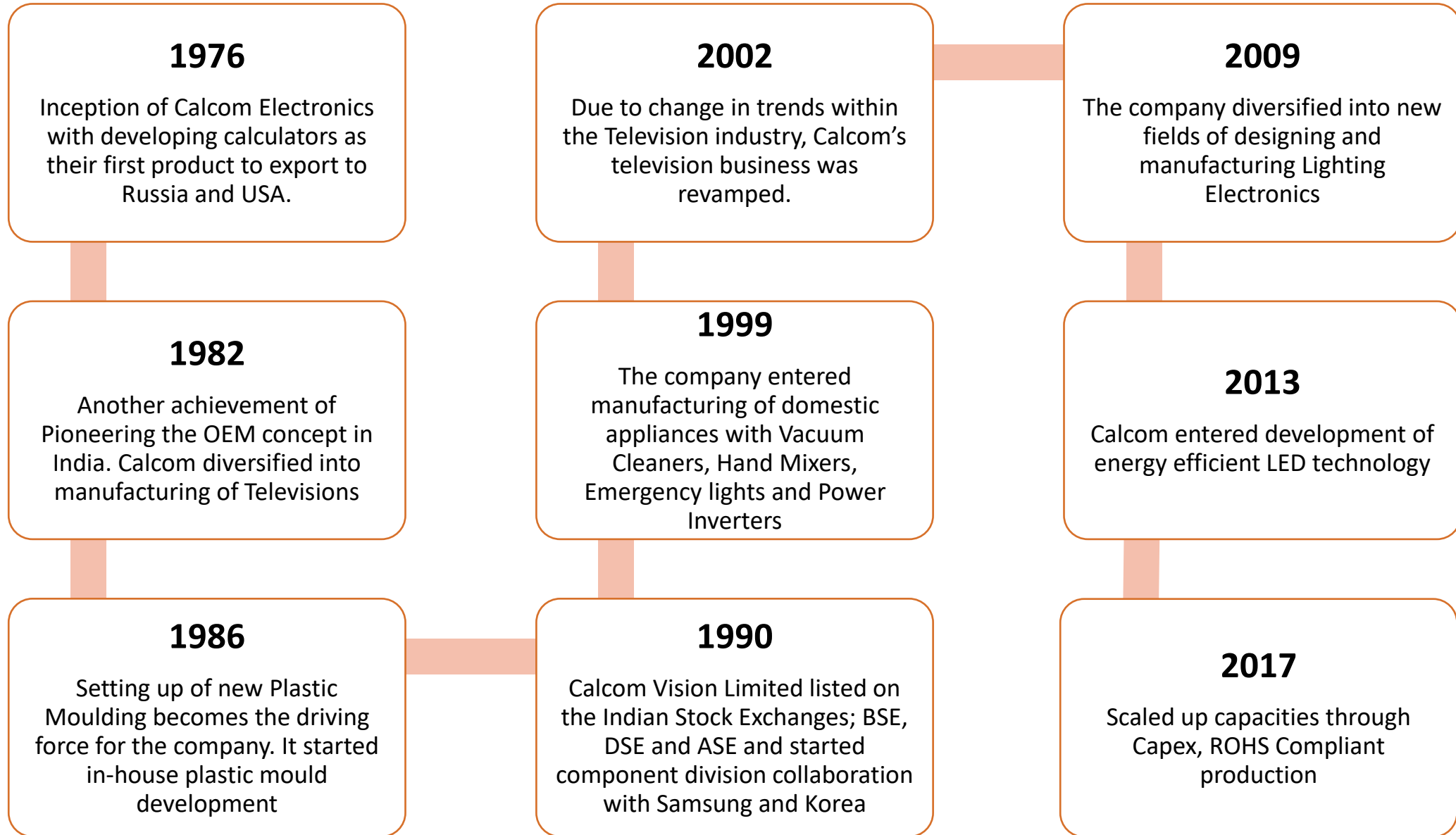
Company Snapshot

- **Single Phase Buying Strategy = Buy between INR 125-135 (CMP = 126)**
- **Price Target = INR 250+ in next 12 months & INR 1000+ in next 5 years. It can deliver ~40-50% CAGR over the period of 5 years.**
- **Calcom is a 46-year-old Electronics Manufacturing Service Provider with a rich history in the Electronics space. Calcom has always led the way to produce Electronics such as Calculators, Televisions, Home Appliances and is now a well-known and reputed LED Lighting Manufacturer.**
- **With a deep-rooted legacy, Calcom pioneered the B2B model of business in India and is known for its experience and reliability. Mr. Sushil Kumar Malik is the founder, Chairman and Managing Director. The company got listed on BSE since 2005.**



Market Cap :175 Cr.	Current Price : ₹ 126	52 weeks high/low : ₹ 192/46
ROE : 1.72%	Stock P/E : 62.8	Dividend Yield : 0.00%
ROCE : 5.28%	Debt to Equity : 0.32	Dividend Pay-out : 0.00
Face Value : ₹10	Promoter Holding : 67.3%	Pledged Percentage : 0%
Sales growth (5Y) : 48.2%	Profit Growth (5Y) : 3.96%	Cash Conversion Cycle : 79.8
Market Cap to sales : 1.37	Asset Turnover : 1.13	Enterprise Value : 184 Cr.
Debt : 18.3 Cr.	Book Value : ₹ 45.4	Price to book value : 2.91

Journey so far..



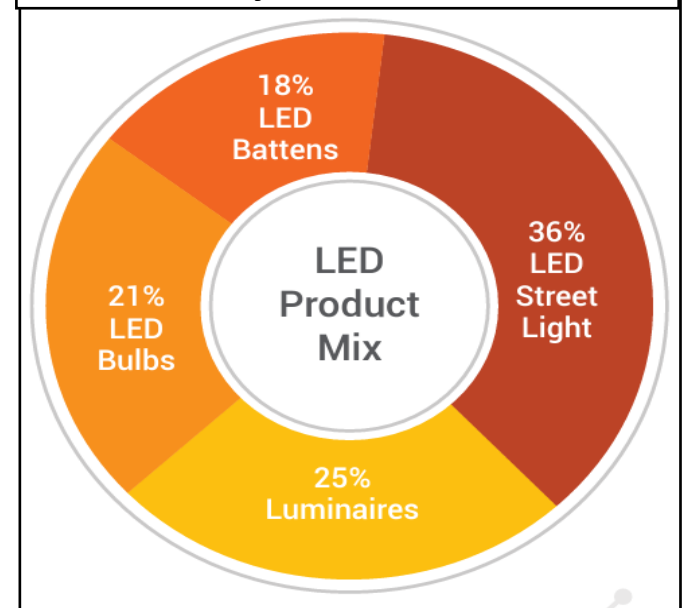
Industry Overview

- ❑ The **world's fastest-growing industry**, Electronics System Design and Manufacturing (ESDM) continues to transform lives, businesses, and economies across the globe.
- ❑ **Increasing access to Electricity across the country, affordability, and sustainability of the consumer lighting industry has resulted in a sharp increase in the demand for lighting products.**
- ❑ Additionally, the consumer lighting industry is also witnessing a demand for value accretive products such as Panels, Battens and Downlighters. Rising disposable incomes and aspirations have resulted in a rapid growth of a demand for these product segments as well.
- ❑ Technology transitions such as the rollout of 5G networks and IoT are driving the accelerated adoption of electronics products. **Initiatives such as 'Digital India' and 'Smart City' projects have raised the demand for IoT in the electronics devices market** and will undoubtedly usher in a new era for electronic products.
- ❑ **In reality, LED lighting has vast potential in India owing to power shortages and high electricity costs.**

- ❑ Rising government initiatives, increasing awareness among customers regarding lower power consumption of LED lighting products, and innovative product offerings to drive LED lighting sales.
- ❑ **Lighting Industry is estimated to be INR 28,000 Cr and expected to grow at a CAGR of 25%. The total market size of Bulbs is 1.35 Billion out of which 670 Million are LED and rest is the traditional bulbs which will get replaced by LED.**
- ❑ Calcom entered the Lighting industry in 2009 and has been steadily growing its revenue and customer portfolio.
- ❑ Riding the wave of these developments, **Calcom has positioned itself as one of the leading players in this segment. We have large capacities for LED Bulb and Batten production, which are the major contributors to the residential and commercial lighting segment.**
- ❑ Calcom's entry into lighting was well timed. With growing demands Calcom's LED bulb business has seen a big leap. **This will also catapult Calcom into the league of big players in the lighting industry.**
- ❑ **Current Annual Installed capacity at Calcom is : 84 Million LED bulbs & 12 Million LED Battens**
- ❑ The positive outlook of industry and strong capability of the company will lead to growth of Calcom.



Industry LED Product Mix



Business Overview

Products Offered

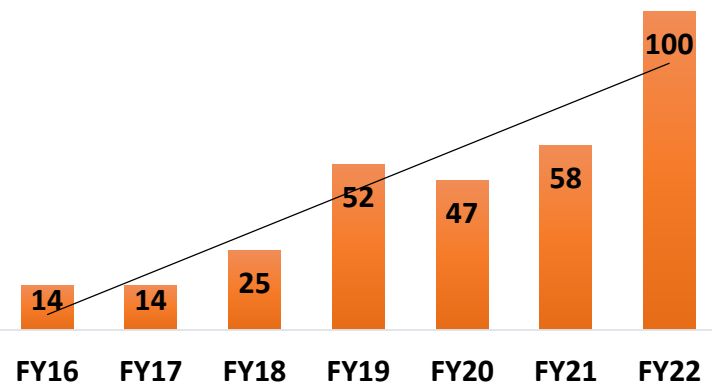
LED Bulbs, LED Battens, LED Drivers & Others

- The majority of the Sales in FY 22 came from the LED Bulbs segment.
- Calcom manufactures a **complete range of LED Bulbs** ranging from 0.5W to 50W. In addition, they also offer **LED Bulbs with a built-in Power Backup and IoT powered Smart Bulbs**.
- The company has **forayed into Outdoor Segment** with Initial trials completed for **Flood Lights, Street Lights etc.**
- In FY22 the company is **setting up an In - house plastic extrusion plant** which is in process.
- In FY22, Calcom has **increased capacity of LED Bulbs from 3 Million to 7 Million bulbs per month**. Also expecting to increase the capacity to 10 Million bulbs per month in future.

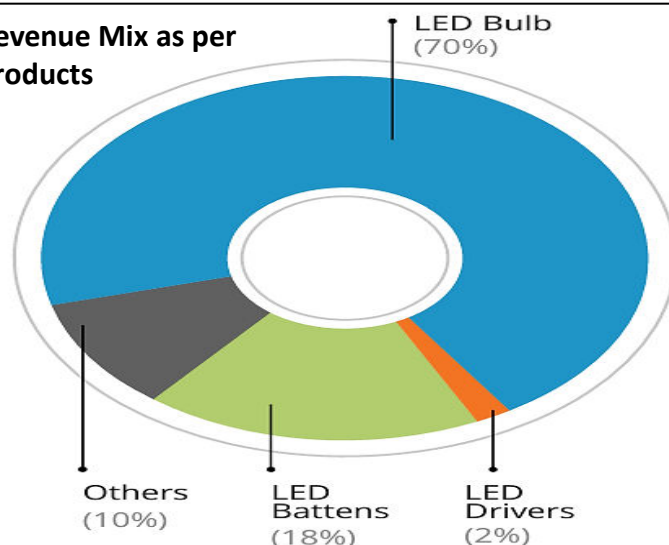
- In FY22, Calcom has secured an Initial round of equity funding from marquee investors that included: **Massachusetts Institute of Technology and Old Bridge Capital**.
- The company will utilize this funding to add **new production capacities, hire new employees and acquire new machineries**.
- The company is also exporting its products to **China, Germany, USA, Malaysia, Singapore**.

Sales

₹ In Cr.



Revenue Mix as per products



Investment Rationale

3C Capitals



1. Infrastructural Facility

2. Strong Client base

3. Government Initiatives (PLI Scheme)

4. Investment by Marquee investors

5. Experienced and dedicated management

6. Global Presence

7. Robust revenue growth in FY22

Infrastructure facility

- Calcom have a fully integrated manufacturing set up, all under one roof. With an in-House R&D Team, a Qualified Tool Room for making their own Dyes and Moulds and an In-house Plastic Moulding and Extrusion Setup, they are a one stop shop for their customers.
- Calcom provide end to end solutions, starting from Product Design to Final Assembly.
- The **backward integration** ensures high quality standards while the **automation** keeps the manufacturing costs competitive.
- Calcom's in-house, highly qualified Research and Development team of 10 engineers works relentlessly to design and develop world-class electronic and lighting solutions. With a strong focus on Innovation in Design and developing Cost Efficient yet Highly Reliable products, the R&D team has come out as a strong pillar of the organization.
- Calcom has a dedicated Automation team with over 50 years of combined automation experience. They develop solutions, improve on existing systems and bring in new ideas and new technology to catapult us into being one of the most automated set-ups in the industry.
- In addition, they have a fully integrated **Approbation Lab** with the latest Testing and Validation Equipment's which Include: High Voltage Tester, Integrating Sphere, Vibration Tester, Surge Tester, Environment Chamber
- Calcom's current infrastructure facility is located at Noida and Covered in Area of 12,000 sq m which is expandable upto 25,000 sq m. It gives cushion to the company for further expansion fesibility.
- The management has already indicated that they are planning to expand capacity of LED bulb to 10 Million LED Bulbs per month.
- With Hi-tech technology and focus on automation the company will progress rapidly. Their updated infrastructural facility will help the company to fight with the competition in the market and stand out as an outperformer in the market.



Government initiatives

- While the **industry relies on imports of some raw materials**, there is a **push to become more self-sufficient and to make in India**. These policies have helped our country and industry become less reliant on external forces while being able to cater to the growing demand for electronic products.

- **PRODUCTION LINKED INCENTIVE (PLI) SCHEME:** The Govt. of India has announced a **Production Linked Incentive (PLI) Scheme for the manufacturing of LED Drivers and bulbs**. PLI Scheme offers a production linked incentive to boost domestic manufacturing and attract large investments. Under this scheme **for white goods - Air Conditioners and LED Lights - will get a budgetary outlay of Rs 6,238 crore**.
- "The PLI scheme for white goods shall extend an **incentive of 4% to 6% on incremental sales of goods manufactured in India for a period of five years** to companies engaged in manufacturing of Air Conditioners and LED Lights," an official statement said.
- **In FY 22, Calcom was also chosen as one of the recipients of the Production Linked Incentive (PLI) Scheme**. The PLI Scheme was conceptualized to boost Domestic Manufacturing while attracting foreign investments in the Electronics Industry. In keeping with this, Calcom has been constantly investing towards capacity expansion, automation and upgradation.
- This PLI Scheme **will enable Calcom to expand its growth in it's primary segment of LED bulbs and drivers, both in the Domestic as well as the Export market**.

➤ **THE UNNAT JYOTI BY AFFORDABLE LEDS FOR ALL (UJALA)**

- All industries will be compelled to move towards a smaller carbon footprint, and to cater to a more energy conscious world. With this in mind, **the government has launched the UJALA scheme**. The Unnat Jyoti by **Affordable LEDs for All (UJALA) was launched in 2015** with a target to replace 77 cr incandescent lamps with LED bulbs. **This will enable a higher demand and procurement of LED bulbs by residential users**. Calcom's entry into lighting was well timed. **With growing demands Calcom's LED bulb business has seen a big leap**. This will also catapult Calcom into the league of big players in the lighting industry.



Investment by FII

- **Investments by FIIs** is always gives positive outlook for the company. FIIs do invests in country and companies which they expects will grow in future.
- The company has **received an investment from two marquee investors: Massachusetts Institute of Technology and Old Bridge Capital.**
- The board has approved issue and allotment of equity shares of face value of Rs.10/- (Rupees Ten Only) each, **on preferential basis, aggregating up to Rs. 10,00,00,000 (Rupees Ten Crore Only), at such issue price to MIT** as may be determined by the Board / a Committee of Directors in accordance with SEBI Regulations.
- This will comprise **4% of equity holdings in the company for MIT.**
- The board also approved issue and **allotment of equity shares, pursuant to conversion of loan**, of face value of Rs.10/- (Rupees Ten Only) each, on preferential basis, aggregating up to **Rs. 5,00,00,000 (Rupees Five Crore Only), at such issue price as may be determined by the Board / a Committee of Directors to the Mr. Sushil Kumar Malik and Calcom Electronics Limited.** persons belonging to the Promoter and Promoter Group Category.
- The management **will utilized this funding to add new production capacities, hire new employees and acquire new machineries.**
- Investment by renowned and reputed investors and promoters **increases confidence over the company.**
- Such events **lead the company to development and gives many opportunities in the market to grow further.**
- It is a positive outlook for an investor who wishes to invest in a company that is on the path of growth. Confidence over the company becomes more strong.
- **It is expected that the experienced management of the company will utilise the fund received from investors efficiently for the growth of the company.**



Massachusetts Institute of Technology



Old Bridge Capital



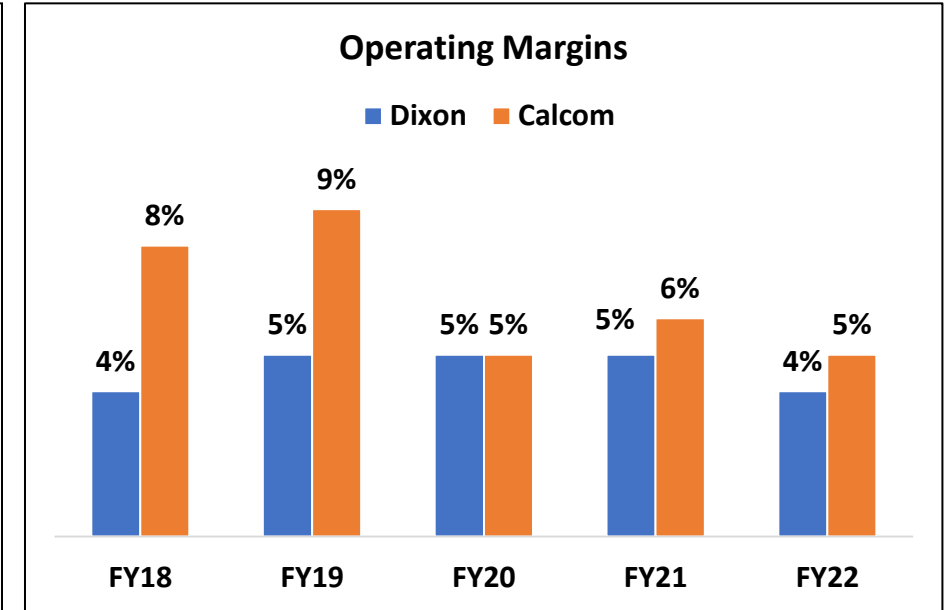
Strong Client base

- Calcom is **in the electronics business since last 46 years**. The company has evolved in every challenges. The company has **worked with many renowned and reputed domestic and international brands** since its inception. The company has developed a health relations with its clients which are still working for the company.
- The company is **catering in B2B business model**. Calcom **sales its products to the major players of the lighting industry in India** and some international brands also. The company does not sale any products directly to end user.
- **In the year 2016, The company has developed specialty lighting products for OSRAM Germany. OSRAM is still a client of the company which indicates client satisfaction.**
- **Jaquar** has recently started its lighting business and has huge room for the company to grow. **With their growth the growth of the company is assured.**
- **The major players in lighting industry are Havells, USHA, Bajaj Electricals Ltd, etc. are clients of the company.**
- All these players have shown growth in the market in past few years. This also has enabled the growth of Calcom. **It can also be said that Calcom's growth is directly related with these major player's growth in the market.**
- **In B2B model, the margins are always restricted.** But the growth in revenue increases profits for the company. **In such cases, the strong client base plays important role as continuous long term clients helps to get bigger order for the company.**



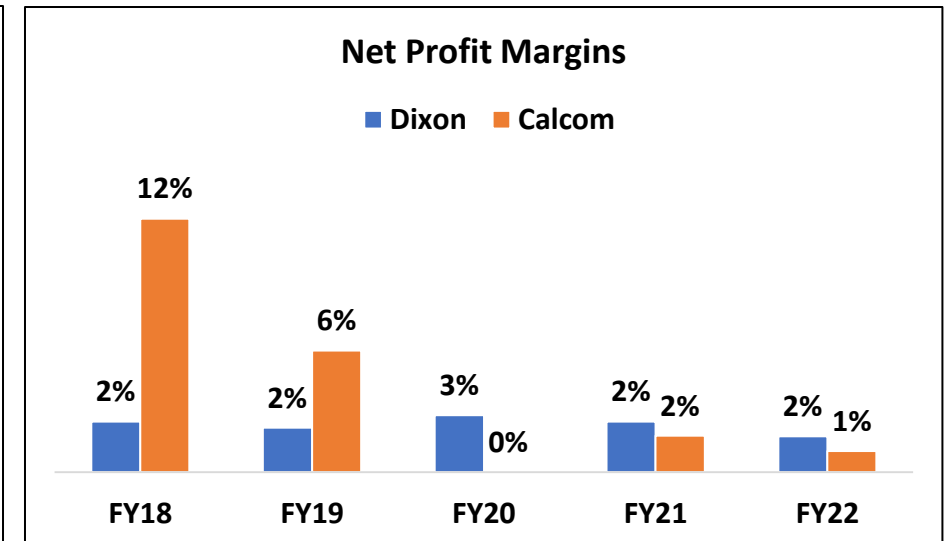
Competition

- According to the market cap there is no listed competitor of the company. But as per product wise Dixon Technologies Ltd. Can be considered as a competitor of the company.
- Dixon Technologies Ltd. Manufactures products like LED Televisions, Home appliances, Lighting system, mobile phone, security system. Around 26% of revenue contribution of the company is from lighting system. It includes manufacturing of LED Bulbs.
- Dixon manufactures lighting products for clients like Philips, Havells, Bajaj, Syska, Wipro, Orient, etc. Due to their renowned client base it can be a tough competition for Calcom. The company is also catering into B2B segment.
- Though the company is large, still its operating profit margins are lower than Calcom. Net profit margins are also at par with Calcom.
- Calcom is emerging entity in the lighting market and expected that the company will give a tough competition to large players like Dixon in Lighting segment.



Dixon[®]
The brand behind brands

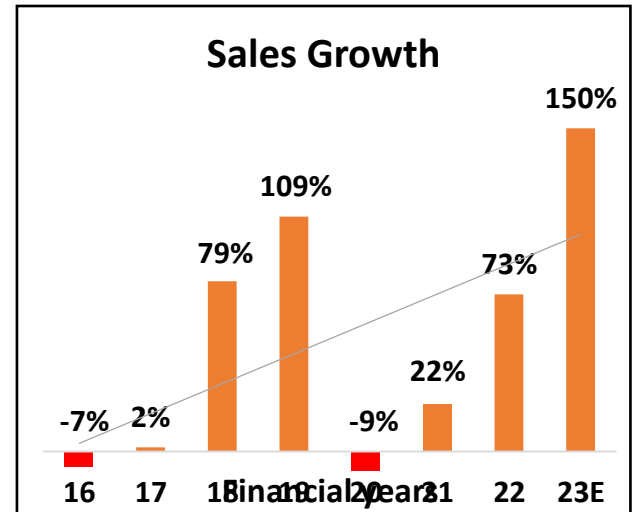
Calcom



Financial Analysis

Particulars	Actual								Projected
	FY16	FY17	FY18	FY19	FY20	FY21	FY22	Q1 FY23	FY23
Revenue (INR Cr.)	14	14	25	52	47	58	100	30.08	250
Operating Profit (INR Cr.)	0	1	2	5	3	4	5	2.07	13
Operating Margin (%)	1%	7%	8%	9%	5%	6%	5%	6.88%	5%
Net Profit (INR Cr.)	0	1	3	3	0	1	1	0.79	2.5
Net Profit Margin (%)	0%	7%	12%	5.76%	0%	1.72%	1%	2.62%	1%

- During the year under review, the **total Sales of the Company was INR 100 Cr.** as against INR 58 Cr. for the previous year.
- The **Net Profit for the year was INR 85.38 Lacs** as compared to Net Profit INR 75.83 Lacs during previous year.
- **The sales for the FY22 are increased by 73.47%** as compared to the previous FY21. Compound Annual Growth Rate (CAGR) **48.2%** over last six years.
- **Expenses have increased as material cost is increased in FY22.**
- In such businesses margins are always lower. **As the volume increases margins will improve further.**
- **Depreciation in FY22 is doubled** compared to FY21 as the company **has increased capacity and started operating at expanded capacity.**
- The **lighting business has a seasonality factor with 60% sales in Q3 & Q4.**
- Here, the **management is expecting that the revenue will grow by 150%** as they are focusing on automation and also acquired new clients. It is expected that net profit will improve as revenue will increase.



The company has invested INR 250 Lacs in FY22 towards Capital Expenditure. This may be used for capacity expansion.

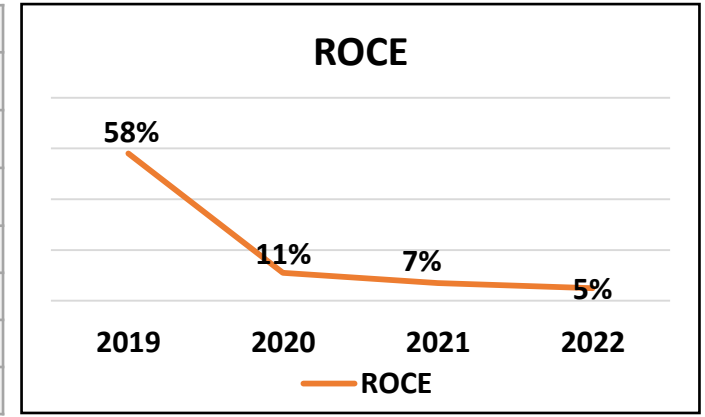
Balance Sheet Analysis

	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022
Share Capital -	3	6	8	11	11	11	13
Equity Capital	3.25	5.68	8.11	10.54	10.54	10.54	12.67
Reserves	-22	-16	-9	-1	-0	31	45
Borrowings +	22	-0	-0	5	11	19	18
Other Liabilities +	5	31	25	15	16	17	24
Total Liabilities	8	21	25	30	37	77	99
Fixed Assets +	3	9	9	11	13	44	48
CWIP	-0	-0	0	0	-0	0	0
Investments	-0	-0	-0	-0	-0	-0	-0
Other Assets -	5	12	15	19	24	33	51
Inventories	1.89	5.70	9.10	11.11	15.43	15.11	21.95
Trade receivables	2.12	3.03	2.99	5.73	4.87	12.79	20.84
Cash Equivalents	0.29	0.96	0.50	0.54	0.60	1.93	2.59
Loans n Advances	0.64	2.20	2.44	1.70	3.06	3.70	5.91
Other asset items	0.07	0.11	0.33	0.14	0.25	-0.59	0.04
Total Assets	8	21	25	30	37	77	99

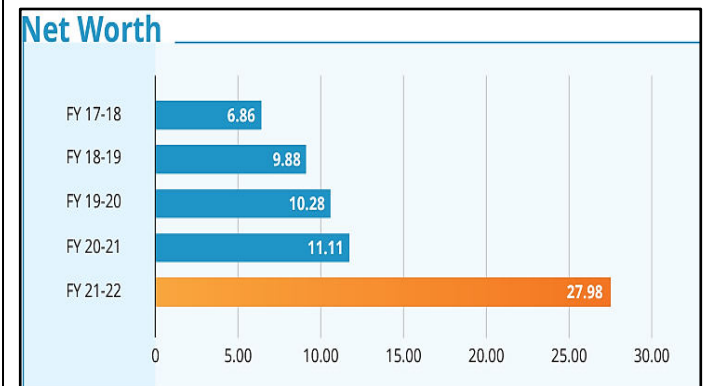
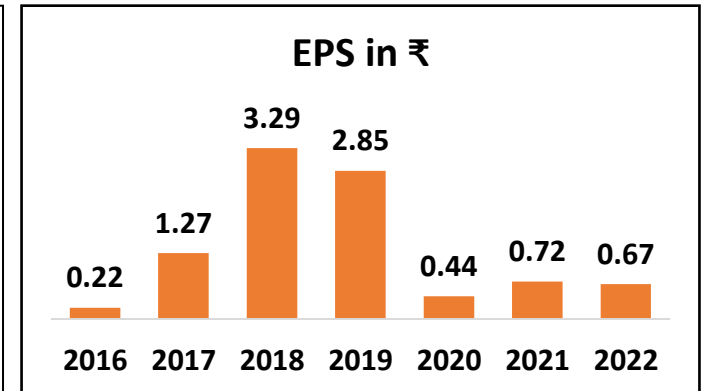
- In FY22 the promoters sold **6% of their personal holding in the open market by way of an Offer For Sale ("OFS")**, to comply with the MPS (Minimum Public Shareholding) guideline of SEBI. The OFS was a big success and got oversubscribed 5 times.
- The company has also **received an investment from two marquee investors** which are: Massachusetts Institute of Technology and Old Bridge Capital. **The company has issued equity shares to MIT on a preferential basis. Currently MIT holds 4% of equity capital in the company.**
- The company have introduced ESOPs (Employee Stock Option Plan) in 2019, and so far they have distributed a total of 516,443 stock options to employees at various levels in the organization. **These stock options represent 4.06% of Total Paid Up Capital.**
- Borrowings of the company consist **maximum short term borrowings which may be used for day to day requirement of the company.**
- **Trade payables have also increased.** Fixed asset was increased in FY22.
- The company has **bought land for 17.63 Cr.** And invested **16.90 Cr. For building on that land.** Recently the company has also expanded its capacity for LED Bulbs and also introduced new products. Eventually it will lead to more revenue and profits.
- Such expanses are as the company has **increased capacity and setting up an plastic extrusion plant in company premises.**

Ratio Analysis

Particulars	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Debtor Days	57	79	44	40	38	81	76
Cash Conversion Cycle	-25	-18	115	53	82	83	80
Working Capital Days	14	7	2	26	55	94	94
ROCE %	8%	-	-	58%	11%	7%	5%
EPS in ₹	0.22	1.27	3.29	2.85	0.44	0.72	0.67
Asset Turnover Ratio	1.75	0.96	1.08	1.9	1.4	1.0	1.16
Dividend payout %	-0%	-0%	-0%	-0%	-0%	-0%	-0%

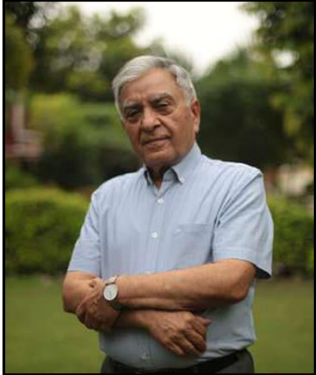


- Debtor days and Inventory days are improved as the capacity is increased.
- **ROCE is reduced to 5%.** It is due to high expenses.
- **D/E ratio is 0.32. The asst turnover ratio is 1.16.** improved ratios indicate management's efficiency in utilizing assets.
- The company is **not paying dividend as the company wants to focus on development in the company.**
- Cash from operating activity turned negative as increase in working capital changes. Here, profit from operating activity is increased as sales is also increased in FY22.
- The company has **purchased fixed assets of 5.81 Cr. In FY22.**
- The company has received 15.16 Cr. From proceed of shares as the **management has sold 6% of shares through OFS.**
- The **company has also repaid borrowed funds which will reduce interest cost as well as D/E ratio.**
- It is expected that ratios will improve further once the company's revenue will increase in upcoming years.



Management Analysis & Shareholding %

An Original designer and manufacturer (ODM), Calcom Group started its operations manufacturing **Calculators in 1976**. Within a few years they ventured into the manufacturing of Televisions. This expansion led to them becoming **one of India's largest Television manufacturer with an annual volume touching 1 million TV sets per year, catering to leading brands such as Philips, Thomson, BPL, LG, Samsung etc.**



MR. SUSHIL KUMAR MALIK CHAIRMAN & MANAGING DIRECTOR

Mr. Sushil Kumar Malik is the **founder, Chairman and Managing Director**. An **Electronics Engineer from Delhi College of Engineering and an M.B.A. from FMS, Delhi**. Over **four decades of rich experience** in the electronics and lighting industry. He has led Calcom since its inception. Besides overseeing all the operational functions, his primary focus is the company's vision & **strategic planning, business development of large corporate accounts, and research and development.**

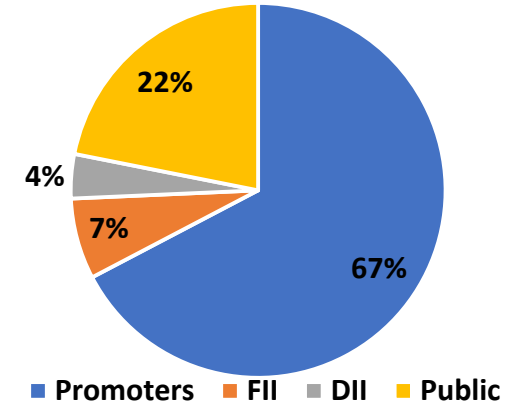


MR. ABHISHEK MALIK EXECUTIVE DIRECTOR

Mr. Abhishek Malik **graduated from Macquarie University, Sydney, Australia followed by an MBA from IE Business School, Madrid**. His **12 years of experience** comes from the professional as well as the entrepreneurial world. **Starting with KPMG, his own startup in the automotive industry and finally at calcom** - he brings in fresh ideas and a new chapter in the life of Calcom. He is looking after the **Strategy, Marketing and Investor Relations at Calcom.**

Experienced and dedicated management of the company has enabled the company to achieve new milestones and evolve the company today from its inception. The management has improved the capabilities of the company every year. **It is expected that under the leadership of experience and new ideas the company will achieve new targets every year.**

Shareholding % as on June 2022



➤ *In FY22, we secured an Initial round of equity funding from marquee investors that included:*

1. *Massachusetts Institute of Technology (Holds 7% of equity)*
2. *Old Bridge Capital*

Risk and Concern

Low profit margins

- The company is **operating in B2B model**. The company sells its products to major players of the industry. It is not operating in B2C model. **This keeps the profit margins low**. To earn sufficient profit the revenue needs to be increased in significant amount. **It may restricts to earn profit to certain extent**.

Technological Changes

- The company has started with manufacturing of calculators, television and now into the business of LED bulb and LED product. **In today's fast changing technological environment the company may face challenges from competitors as technology changes**. It also increases cost of R&D for the company.

Competition

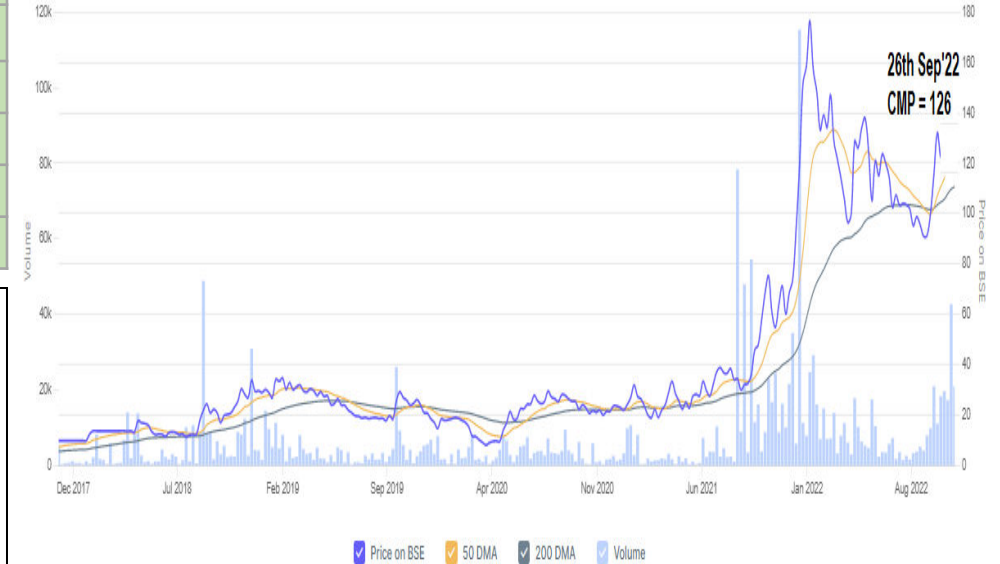
- As of now the company is facing competition from **only one competitor and that is Dixon Technologies Ltd**. The **government is supporting and encouraging players** in the electrical industry for development of the country. It will also **create competition** in the market as **many players may find it attractive to diversify their business in this industry due to government initiatives**.



Future Outlook

Particulars	Actual	Projected			
	FY22	FY23	FY24	FY25	FY26
Revenue (INR Cr.)	100	250	350	450	500
Operating Profit (INR Cr.)	5	13	21	27	35
Operating Margin (%)	5%	5%	6%	6%	7%
Net Profit (INR Cr.)	1	2.5	7	9	15
Net Profit Margin (%)	1%	1%	2%	2%	3%

- Here, the **management is expecting 150% revenue growth in FY23** and it is expected that with new products the company will grow at 100% growth rate in FY24. It is also expected that with **revenue growth profits and margins will improve in future.**
- Calcom has augmented its capacities from 1 million to 7 million LED Lamps with plans to **further grow it to 10 million lamps per month.** This year, the management is eyeing an enormous 150% growth by focusing on automation, Setting up an In-House Plastic Extrusion Plant (In Process). This year the Company is **intends to focus on LED Battens** to increase the business. They are also **diversifying the product portfolio** by developing solutions for **Brush Less Direct Current (BLDC) fans and drivers.**
- Calcom Vision Limited has signed a procurement agreement with M/s SUZHOU OPPLE LIGHTING CO., LTD, and M/S OPPLE LIGHTING INDIA PRIVATE LIMITED to supply of all types of LED products for a period of 5 years. M/s SUZHOU OPPLE LIGHTING Co., LTD, is a **large Multinational Company** having Global presence in the Lighting market. **The Current Order under the Contract is for initial supply till March 2022. The order size is Rs. 7 Crore approx.**



Strong market position of the company, Industry opportunity, government initiatives, exciting future plan and experienced management of the company encourages investment in the company and also assures future growth of investments by shareholders. One should bet on this opportunity for handsome returns in the next 5 years.

SEBI Research Analyst Registration No. : INH200006451

1. At the time of writing this article, the analyst have no position in the stock covered by this report.
2. The analyst has not traded in the recommended stock in the last 30 days.
3. The research analyst does not have any material conflict of interest at the time of publication of the research report.
4. The research analyst has not received any compensation from the subject company in the past twelve months.
5. The research analyst or its associates has not managed or co-managed public offering of securities, has not received any compensation for investment banking or merchant banking or brokerage services nor received any third party compensation. The subject company was not a client during twelve months preceding the date of distribution of the research report.
6. The research analyst has not served as an officer, director or employee of the subject company.
7. The research analyst or research entity has not been engaged in market making activity for the subject company.
8. The research analyst or research entity or its associates or relatives does not have actual/beneficial ownership of one per cent or more in the securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance.
9. The analyst does not own more than 1% equity in the said company.