

## SIRCA PAINTS INDIA LIMITED

(Formerly known as Sircolor Wood Coatings Pvt. Ltd.)

📍 **Regd. office :** Plot No-50, Badli Industrial Area, Phase-2, New Delhi-110042

☎ **011-42083083 / 47533213**

✉ **info@sircapaints.com** 🌐 **www.sircapaints.com**

**CIN NO : L24219DL2006PLC145092**



**TO,**

**LISTING DEPARTMENT**

**NATIONAL STOCK EXCHANGE OF INDIA LTD.**

**EXCHANGE PLAZA , 5TH FLOOR, PLOT NO. C/1**

**G-BLOCK, BANDRA-KURLA COMPLEX, BANDRA (E)**

**MUMBAI – 400051.**

**SUB: SUBMISSION OF INVESTOR PRESENTATION**

**SYMBOL-SIRCA**

**Dear Sir/Ma'am,**

Pursuant to **Regulation 30 of the SEBI (Listing Obligations & Disclosures Requirements) Regulation, 2015**, please find enclosed herewith **earning Presentation of Q2FY21** of the Company.

This is for your information and record.

**Thanks & Regards,**

**SIRCA PAINTS INDIA LIMITED**

**(Formerly known as Sircolor Woods Coating Pvt. Ltd.)**

**(Formerly known as Sircolor Wood Coatings Pvt. Ltd.)**

**Company Secretary**

**ChahatMahajan**

**Company Secretary & Compliance Officer**

**M.No. 51255**

**Place: Delhi**

**Date: 11/11/2020**



SIRCA PAINTS  
INDIA LIMITED



## Q2FY21 EARNINGS PRESENTATION November 2020

NSE: SIRCA | Bloomberg: SIRCA:IN  
CIN: L24219DL2006PLC145092

# CONTENTS

<b>Q2FY21 Result Discussion</b>	<b>01</b>
Introduction & Business Model	08
Sirca at a Glance	09
Sirca’s Value Proposition	10
Sirca’s Footprint & Distribution	12
Customer Segments	13
Recently Commercialized: Manufacturing Facility	14
Marketing & Promotional Activity Industry	15

Indian Paints Industry	18
Wood Coatings & Finishes	19
Board of Directors	20
Financial Summary	22
Get in touch	24
Disclaimer	25

# Q2FY21 RESULT DISCUSSION

# PROFIT & LOSS SUMMARY

CONSOLIDATED

(₹ in crores)

PARTICULARS	Q2FY21	Q1FY21	Q2FY20	Y-O-Y%
REVENUE FROM OPERATIONS	38.10	11.69	37.58	1.4%
TOTAL INCOME	38.77	12.22	40.05	(3.2%)
TOTAL OPERATING EXPENSES	32.98	11.94	26.49	24.5%
EBIDTA (Excluding OI)	5.11*	(0.25)	11.09	(53.9%)
EBIDTA (Excluding OI) %	13.4%	(2.2%)	29.5%	-1,610 BPS
INTEREST COST	0.04	0.02	0.01	300.0%
DEPRECIATION & AMMORTISATION	0.85	1.17	0.33	158.4%
PROFIT BEFORE TAXES	(5.67)	(0.92)	13.21	-142.9%
PROFIT AFTER TAXES	(4.31)	(0.69)	9.76	-144.2%

\*Q2FY21 EBITDA (Excluding OI) adjusted for one-time fire incident loss of 10.57 crores.

Link to Financial Results - <https://www.sircapaints.com/wp-content/uploads/2020/11/OUTCOME.pdf>

1.4% ▲

Q2FY21 Revenue from Operations at 38.10 Crores compared to 37.58 Crores in Q2FY20

53.9% ▼

Q2FY21 EBITDA at 5.11 Crores compared to 11.09 Crores in Q2FY20

144.2% ▼

Q2FY21 PAT at (4.31) Crores compared to 9.76 Crores in Q2FY20



# BALANCE SHEET SUMMARY

CONSOLIDATED

(₹ in crores)

PARTICULARS	H1FY21	H2FY20	% change
SHAREHOLDERS FUND	179.64	184.65	(2.7%)
NON CURRENT LIABILITIES	0.20	0.18	11.9%
CURRENT LIABILITIES	37.07	24.98	48.3%
TOTAL	216.92	209.82	3.3%
NON CURRENT ASSETS	46.12	52.83	(12.7%)
CURRENT ASSETS	168.21	154.13	9.1%
NON CURRENT ASSETS HELD FOR SALE	2.58	2.84	(9.0%)
TOTAL	216.92	209.82	3.3%

# CASH FLOW SUMMARY

CONSOLIDATED

(₹ in crores)

PARTICULARS	H1FY21	H1FY20	% change
CASH FLOW FROM OPERATING ACTIVITIES	1.61	7.36	(78.0%)
CASH FLOW FROM INVESTING ACTIVITIES	(2.16)	0.36	(687.0%)
CASH FLOW FROM FINANCING ACTIVITIES	17.39	(3.28)	(630.2%)
NET INCREASE/DECREASE IN CASH & CASH EQUIVALENTS	16.84	4.45	278.0%
CASH AND CASH EQUIVALENTS AT BEGINGING OF YEAR	4.58	15.79	(71.0%)
CASH AND CASH EQUIVALENTS AT END OF YEAR	21.42	20.25	5.8%

# MANAGEMENT COMMENTARY

## Q2FY21 Result Discussion

As guided earlier, the company has successfully achieved the pre-covid sales benchmark with a 1.4% growth in Revenue from Operations in Q2FY21, y-o-y basis. On y-o-y basis, the company has recorded a 8% volume growth in 'Wood Coatings & Others' category and a 703% increase (on a small-base) in 'Wall Paints' category; per unit realization in wood coatings is much higher, hence wood coatings still contributes to major sales in value terms.

EBITDA margins have taken a hit in the period under review due to two reasons:

- a) Appreciation of Euro (EUR €), hence increasing the cost of procurement for imported wood coatings, the same was not passed on immediately to end-customers keeping in mind the tepid & recovering demand at the time. However, the company has taken a price-hike from 1<sup>st</sup> October to pass-on the increased input cost, additionally, the company has also availed a special discount from Sirca S.p.A for the time being.

- b) A range of trade discounts, schemes and limited-time offers that were introduced for inducing demand in the trade channels. These temporary offers have been rolled-back, the effect of which will be visible from Q3FY21.

The company is focusing on reducing its Working Capital cycle through a) reduction in Receivables days and b) efficient management of Inventories.

The short-term borrowings of 17.46 crores as on 30<sup>th</sup> September 2020 represents Buyers Credit for imports from Italy.

## Business Update

- a) Western & Southern markets – although the demand pick-up has been better than previous quarter, it is still below its potential. The company expects better performance from these markets in Q3FY21.

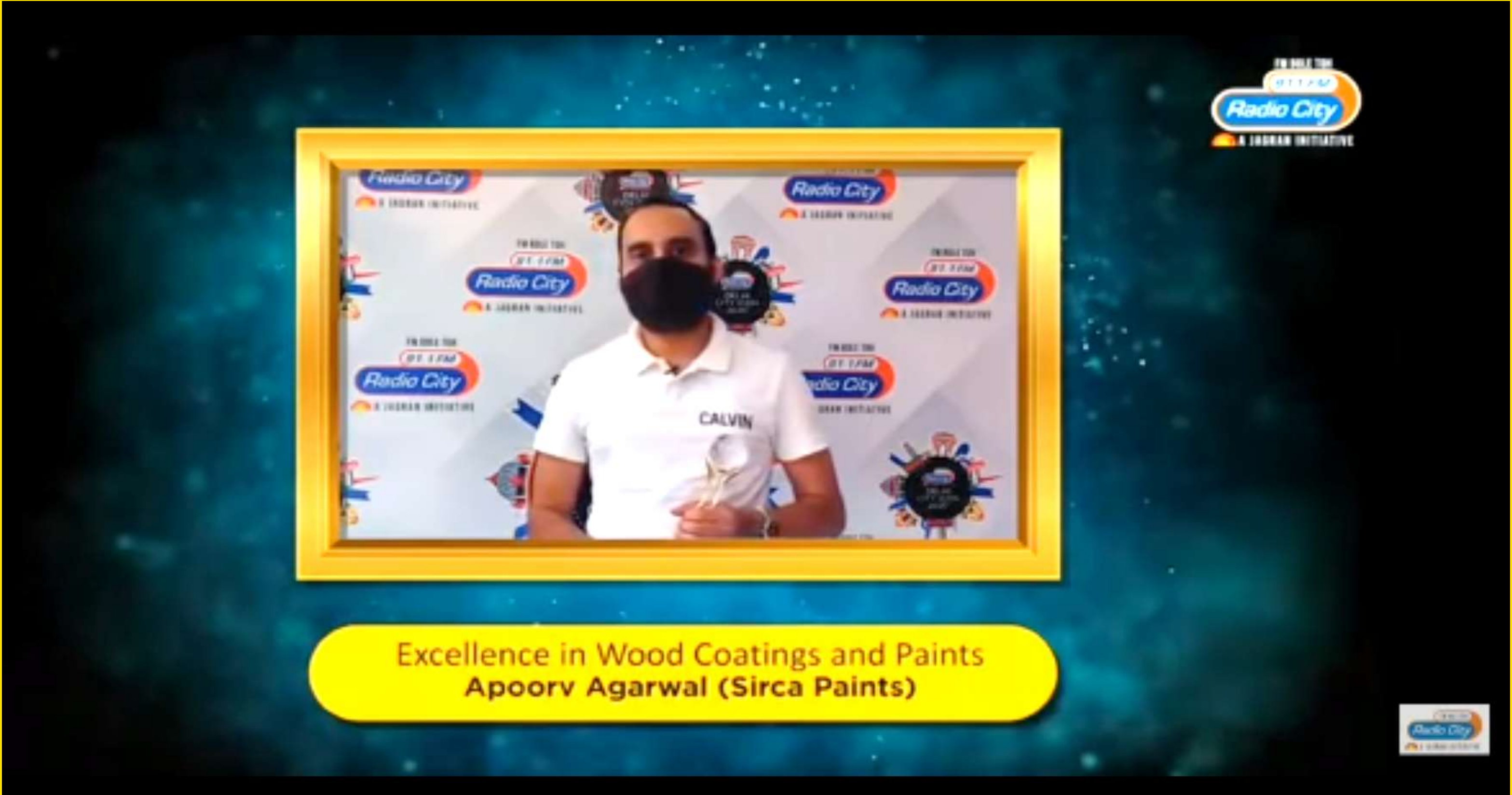
- b) Northern & Eastern markets – northern markets are still at the forefront driving sales, demand pick-up has been fairly impressive. Eastern markets are also showing good signs of demand growth.

- c) Demand for manufactured wood coatings is seeing an upswing. Although the company has shifted production to original site – operations are still not at desired levels due to the ongoing construction of shed structure. The company is confident of completing the same by December 2020 along with the finalization of Insurance Claim against the loss of fire incident.

- d) The company is witnessing good response for Wall Putty, which is primarily launched in the northern markets as of now. The company has also enhanced the production capacity of Wall Paints to cater to the increasing demand of this range.



# RECENT PROMOTIONAL ACTIVITIES



SIRCA Paints India Limited has been awarded as 'Excellence in Wood Coatings and Paints' by Radio City 98.3



# RECENT PROMOTIONAL ACTIVITIES









**DesignMatters**

WITH  
SUMANT  
JAYAKRISHNAN

COMING SOON




DESIGN PEOPLE HOMES TRENDS LIFESTYLE MAGAZINE EDIDA

Design

Give your home a makeover with Sirca Paints’ corsage of shades and surface coatings

JUL 2, 2020 | By Pashini Agarwal



SIRCA Paints India Limited has partnered with ELLE Décor with an aim to create engagement on social media platforms with the design community that is exclusive to the brand, and also have select architects & designers to communicate with the brand in impactful ways.





# COMPANY PROFILE

# INTRODUCTION

## ABOUT SIRCA PAINTS INDIA LIMITED

- Sirca Paints India Limited (SPIL) is among the country's **leading manufacturers** of wood coating products. With its history dating back to more than 2 decades, today the company fulfils **emerging aesthetic wood finishes needs of lakhs** and adds extra mileage to India's growing furnishing market.
- The company is engaged in the manufacturing, sales and exports of wood coatings and other decorative paints under the brand 'Sirca'.

- With its newly commissioned manufacturing facility, SPIL is progressing on its journey to become a leading brand in the Indian wood coatings & paints market.
- The company is recognized for its hallmark of **superior quality wood finishes**. With a vision to have a global footprint, the company is **working towards exporting** its products to neighboring countries i.e. Nepal, Bangladesh and Sri Lanka catered by its state of the art manufacturing facility at Sonipat.

**EXCLUSIVE LICENSEE  
PRODUCTS TO NEPAL,  
BANGLADESH & SRI LANKA**

**NEWLY COMMISSIONED  
MANUFACTURING FACILITY**

## ABOUT SIRCA S.P.A (ITALY)

Founded in the 1973, Sirca is an integral part of the Durante Group. It is among the leaders in the field of Italian wood paints, with a widespread presence in 85+ countries, 300+ employees, 4 production plants, and a turnover of €120+ million. Sirca is a research and development oriented organization, employing more than 20% of its personnel in technical areas, such as analysts, testers, colorists, and applicators.

Sirca's value proposition revolves around premium Italian wood coatings & finishes, which are developed in collaboration with Italy's most prestigious furniture brands.



**85+**  
Countries



**300+**  
Employees



**4**  
Production  
Plant



**€120+**  
Turnover

# SPIL AT A GLANCE



## EXCLUSIVE LICENSEE

Exclusive Licensee of Globally Established 'Sirca' brand for India, Nepal, Bangladesh, and Sri Lanka



## MARKET LEADER

Among the Top 3 Premium wood coatings brand in India

Market Leader in North India



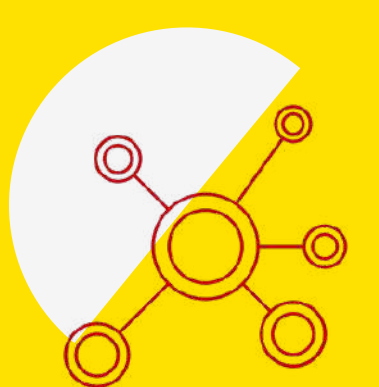
## OEM VENDOR

Preferred OEM Vendor on its way to become a Dominating Retail Brand



325+

Team Strength



1930+

Nodes\* in Distribution Network

15

Branches & Depots

8

Sirca Studios

2

Manufacturing Facilities

~300

OEM's Clientele

\*including OEM's



# VALUE PROPOSITION

The promise and quality of 'Made in Italy' blended with innovation, research and development to provide the most sophisticated and customized products and services in the paints industry.



## CORE OFFERING :

**Premium Italian** Wood, Metal and Glass Coatings



# VALUE PROPOSITION



RECENT ADDITIONS  
(in Wood Coatings) :  
**Mass Market** Nitrocellulose (NC) & Melamine Coatings and Thinners

RECENT ADDITIONS :

- White Cement Wall Putty
- Hygiene Plus Additives
- Sanitizers & Cleansers



PORTFOLIO EXPANSION : Wall Paints Range

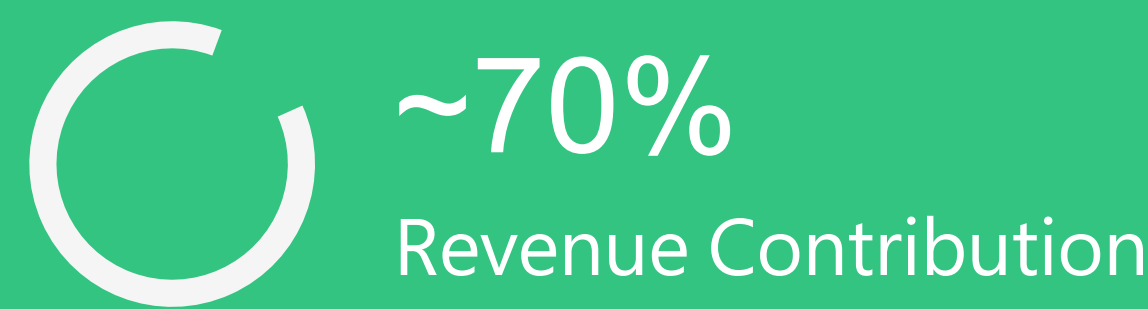




# SIRCA'S FOOTPRINT

# CUSTOMER SEGMENTS

## Retail



### GROWTH STRATEGY

- Chain of studios being opened across India, currently 8 studios & 15 branches are operational.
- Creating a wider and self-sufficient product portfolio to expand & strengthen distribution network.

\*excluding OEM's

## OEM



### APPROACH

- Dealing in Premium products.
- Providing strong technical support and after sales services to OEM's.

### CLIENTELE (~300 OEM's)

**Key Clientele** includes: Godrej, Jindal Stainless, Indoline, Space Wood, Pyramid, MAS Furniture, Alsorg, Soundarya Decorators, etc.

# RECENTLY COMMISSIONED MANUFACTURING FACILITIES



## COMMISSIONED

The company has recently, in **November 2019**, commissioned a manufacturing facility for Nitrocellulose, Melamine, Economical PU products, and PU thinner at **Rai, Sonipat (NCR)**.

- **NITROCELLULOSE**
- **MELAMINE**
- **ECONOMICAL PU PRODUCTS**



**~33.20  
CRORES**

This unit has been established with a total CAPEX of ~33.20 Crores, as a primary 'object of issue' from our initial public offer in 2018.



**~225 CRORES  
MAXIMUM  
CAPACITY**

At peak capacity utilization this manufacturing facility has a capacity to generate ~225 Crores in revenue with an optimal product-mix.



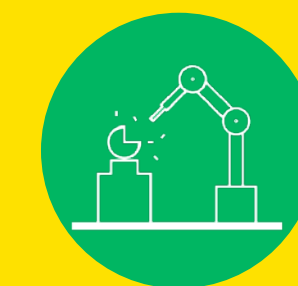
**COMMISSIONED  
WALL PAINT  
MANUFACTURING**

Recently in H1FY20 the company has also successfully commissioned its wall paint manufacturing unit with minimal CAPEX and an annual capacity of 24 Lakh Liters.



**50 PEOPLE  
EMPLOYED**

This facility will employ approximately **50 people** to handle its operations.



**PRODUCTION  
CAPACITY**

This unit has a production capacity of:

- **8000 Tonnes** for NC, Melamine and Economical PU products and
- **4000 Tonnes** for PU Thinner and above in further years.



# MARKETING AND PROMOTIONAL ACTIVITIES



## INCREASE EXPENDITURE ON ADVERTISEMENTS

To achieve a greater brand-recall for 'Sirca', the company is increasing its expenditure on advertisements, marketing, and sales promotion efforts.



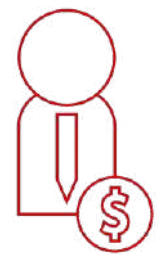
## IMPLEMENTED 360 ° MARKETING CAMPAIGN

The company has implemented a 360° marketing campaign in its target markets, especially in the newly tapped regions.



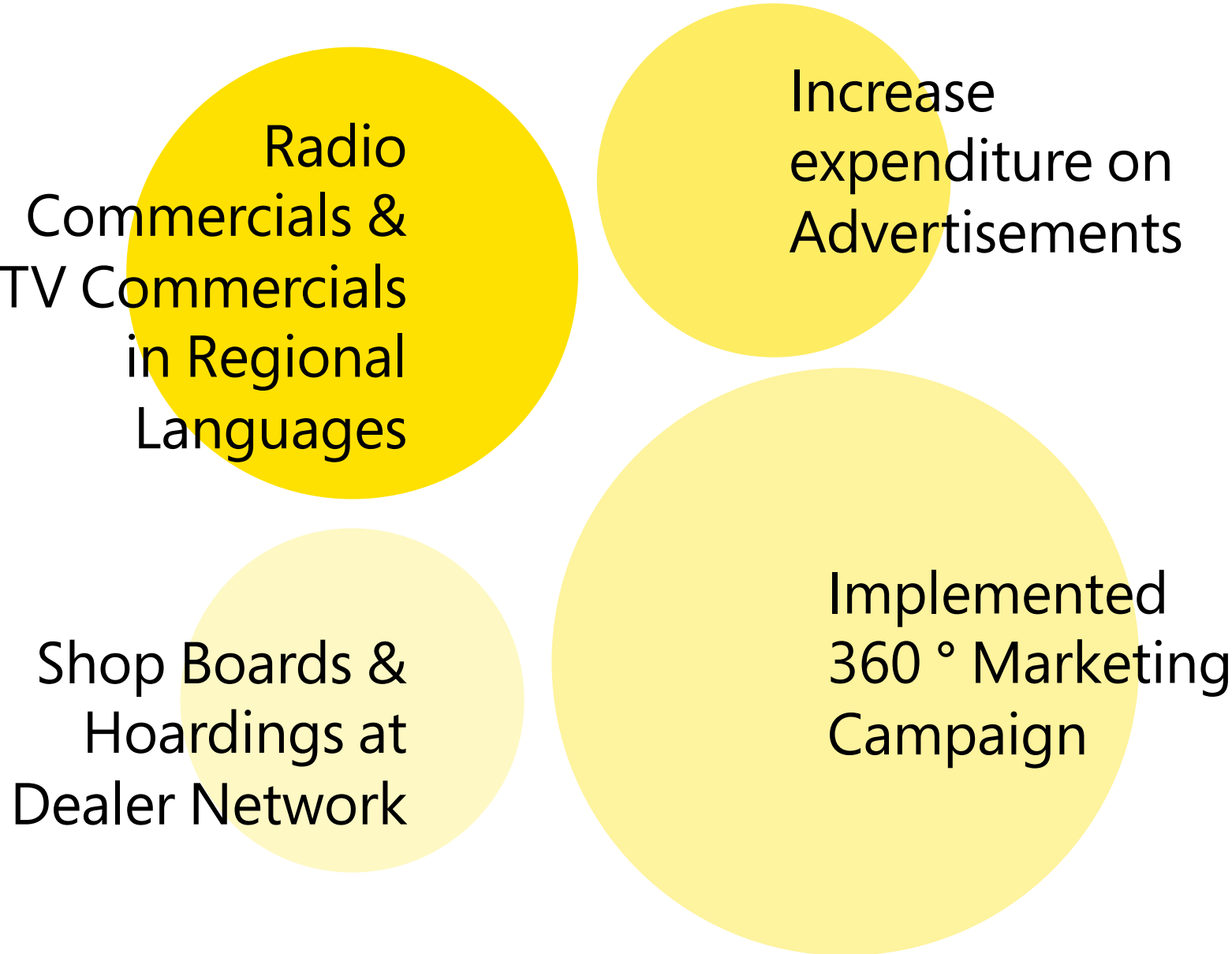
## TV COMMERCIALS IN REGIONAL LANGUAGES

TV commercials have been launched in Hindi and other regional languages, along with advertisements in movie theaters. **Recently also launched Radio City campaign in NCR.**



## INCREASED DEALER NETWORK

To strengthen Sirca's outdoor presence, the company is installing shop boards at its dealer network. At present, a total of **~750 shop boards** have been installed.





# MARKETING AND PROMOTIONAL ACTIVITIES



Sirca Studios



# MARKETING AND PROMOTIONAL ACTIVITIES



Shop Boards, at present ~750 installed.



# INDIA PAINT INDUSTRY

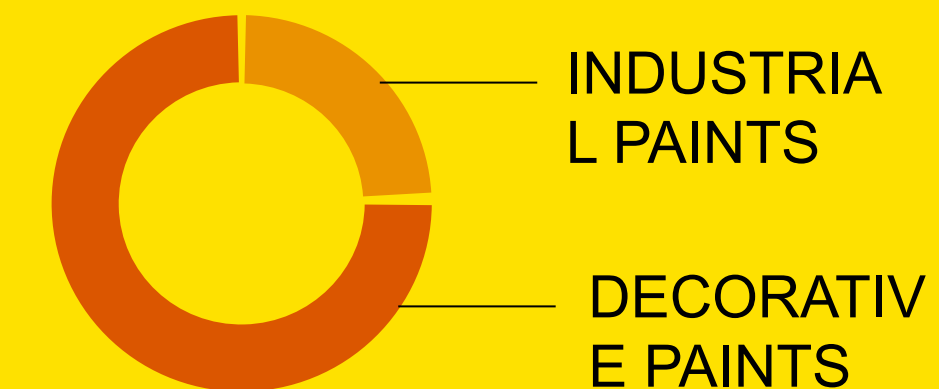
**50,000**  
CRORE MARKET

The Indian Paints industry is estimated to be a 50,000 crore market annually.

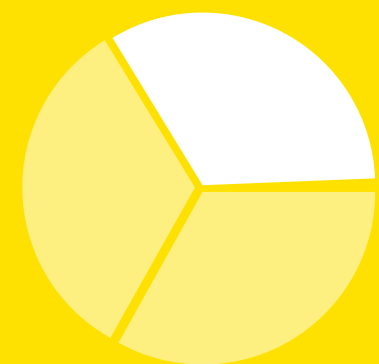
PAINT INDUSTRY IS DIVIDED INTO

Industrial  
Paints &  
Coatings

Decorative  
Paints &  
Coatings



Decorative Paints constitute almost 3/4th of the market share while the rest 1/4th lies with industrial paints.



**2/3<sup>rd</sup>**  
SHARE IN INDIA  
WITH ORGANIZED  
INCUMBENTS

In between the organized and unorganized incumbents, the **former holds the majority of 2/3rd share** in the India paint industry, while the rest lies with unorganized incumbents.

**~12% CAGR**

DECORATIVE SEGMENT  
GROWTH IN BETWEEN FY09-19

The decorative segment is the relatively faster-growing segment of the paints industry. It had maintained a growth CAGR of ~12% between FY09- 19, this was led by strong demand from **the rural and tier-II, tier-III cities**, and reduced repainting cycle from the consumers.



PAINT INDUSTRY IS  
EXPECTED TO GROW  
AS:

- An increase in disposable income.
- Rising urbanization & rural economy.
- Increasing trend of nuclear families.
- Reduction in average repainting cycle on account of improvement in disposable income and improving lifestyles.

# WOOD COATINGS & FINISH SEGMENTS



## OVERVIEW

- Wood coatings are used for their adhesion, anti-corrosion, durability, appearance enhancing & aesthetics features on wooden furniture.
- In the last decade, India has shaped up to be one of the largest markets for wood coatings products in the Asia-Pacific region.
- Indian furniture industry, which happens to be a key demand driver of wood coatings products, is estimated to be a USD 5 billion market in 2018-19, with nearly USD 1.5 billion in exports and USD 0.6 billion in imports, respectively



## MARKET TRENDS

- The wood coatings product category is facing a shift in consumer preferences from toxic and environmentally harmful products to eco-friendly and non-toxic products.
- There is a shift underway from harmful products like Nitrocellulose (NC) and Melamine coating products to high-quality Polyurethane (PU) coatings on account of multiple factors such as:
  - Increasing health-consciousness and awareness about the harmful effects of these degrading wood coatings,
  - Growing awareness about environment-friendly products,
  - Greater artistic and aesthetic value,
  - Other factors include - lower emission of odour, increased durability and resistance which make these products more preferable.
- The increasing value of aesthetics and expenditure towards the furnishing segment is supporting this transition. In the long-run, an increase in disposable income and a shift towards higher-end wood coating products in the value chain will be the leading growth driver for the wood coatings market.



# BOARD OF DIRECTORS



**MR. SANJAY AGARWAL**  
Chairman and Managing  
Director

Mr. Agarwal is one of the co-founders of Sirca Paints India Limited, he has been working the Paints & Coatings industry for more than two decades. Under his able leadership, Sirca has risen the ranks as one of the most prominent brands of luxury wood coatings in the country. A Chartered Accountant by qualification, Mr. Agarwal currently looks after the finance and strategy functions of the organization.



**MR. APOORV AGARWAL**  
Joint Managing Director

Mr. Agarwal has holds a bachelor's degree from Delhi University and a masters degree in Finance & Marketing from IIPM. He has a decade of experience & training in the Italian furnishing and Italian wood coatings space. He has worked with prominent Italian furnishing brands like BEB Italia, Reflex, Laura Meroni, Simon Cenedese, and many others. At Sirca Paints India, he looks after the Sales and Marketing functions. He has also been bestowed with the responsibilities of establishing Sirca's presence through its distribution network across the country.



**MR. GURJIT SINGH BAINS**  
Non-Executive Director

Mr. Gurjit Singh Bains is one of the co-founders of Sirca Paints India, he has more than two decades of experience in wood coatings and the Italian furniture industry. He was among the early introducers & promoter of branded Italian furniture in India.



**MR. UGO PELOSIN**  
Non-Executive Director

Mr. Pelosin has more than two decades of experience in exporting wood coatings globally. Apart from being the Non-Executive Director of Sirca Paints India, he is also the Export Director of Sirca S.p.A (Italy). He was appointed as the Non-Executive Director of the company in 2018, nominated by Sirca S.p.A (Italy) as per the Shareholder Agreement entered between the companies.

# BOARD OF DIRECTORS



**MR. SHYAM LAL GOYAL**  
Non-Executive &  
Independent Director

Mr. Goyal was the Audit and Finance Advisor at Ghazanfar Bank. He leads each firm's lines of business - Banking Sector and FMCG industries in an expeditious manner. He holds experience of over 30 years and has held various senior positions in India and abroad. His experience in global financial operations, Corporate Governance, Enterprise-wide systems, and Financing is a proven asset.



**MR. ANIL KUMAR MEHROTRA**  
Non-Executive &  
Independent Director

Mr. Mehrotra is an experienced professional who has worked as a CFO in the Automotive and FMCG industry for over 30 years in 4 different countries. His area of expertise includes - business strategy and financial planning, international operations, acquisitions, corporate governance controllership and taxation, business unit restructuring & integration systems.



**MRS. ANU CHAUHAN**  
Non-Executive &  
Independent Director

Mrs. Chauhan has a vast experience of over a decade in management and team leadership skills. She has a proven track record of running successful operations and nurturing & growing businesses. Her core area of expertise includes - business management, directing and planning, supervising multi-disciplinary teams, processes, documentation, business Control checks, audits, and vendor management.



**MR. SANJAY KAPOOR**  
Non-Executive &  
Independent Director

Mr. Kapoor is a doctor by profession, he has an MBBS and DCH (Diploma of Child Health) with over 20 years of experience in the pediatrics department. He was appointed on the Board of the company in 2017.

# PROFIT & LOSS SUMMARY

(₹ in crores)

PARTICULARS	2016	2017	2018	2019	2020
REVENUE FROM OPERATIONS	70.54	82.51	89.22	125.34	135.05
TOTAL INCOME	72.66	84.34	93.57	131.46	140.66
TOTAL OPERATING EXPENSES	60.91	62.30	63.26	93.81	103.26
EBIDTA (Excluding OI)	9.63	20.21	25.96	31.53	31.78
EBIDTA (Excluding OI) %	13.7%	24.5%	29.1%	25.2%	23.5%
INTEREST COST	0.10	0.10	0.18	0.11	0.08
DEPRECIATION & AMMORTISATION	0.51	0.39	0.59	0.93	2.39
PROFIT BEFORE TAXES	11.13	21.55	29.54	31.97	34.18
PROFIT AFTER TAXES	7.27	13.70	19.38	22.23	25.15

# BALANCE SHEET SUMMARY

(₹ in crores)

PARTICULARS	2016	2017	2018	2019	2020
SHAREHOLDERS FUND	20.42	34.12	67.63	167.78	184.65
NON CURRENT LIABILITIES	0.23	0.02	0.33	0.63	0.18
CURRENT LIABILITIES	24.41	27.14	26.57	32.29	24.98
TOTAL	45.07	61.31	94.56	200.72	209.82
NON CURRENT ASSETS	4.94	9.94	22.43	37.58	52.83
CURRENT ASSETS	40.13	51.33	72.11	163.13	154.13
TOTAL	45.07	61.31	94.56	200.72	209.82



# CONTACT US

## Mr. Chahat Mahajan

Company Secretary and Compliance Officer  
Sirca Paints India Limited  
[cs@sircapaints.com](mailto:cs@sircapaints.com)



## Mr. Sayam Pokharna

Integrated Reporting Advisor  
The Investment Lab  
[sayam@theinvestmentlab.in](mailto:sayam@theinvestmentlab.in)





# DISCLAIMER

No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Such information and opinions are in all events not current after the date of this presentation. Certain statements made in this presentation may not be based on historical information or facts and may be "forward looking statements" based on the currently held beliefs and assumptions of the management of Sirca Paints India Limited ("Company" or "Sirca"), which are expressed in good faith and in their opinion reasonable, including those relating to the Company's general business plans and strategy, its future financial condition and growth prospects and future developments in its industry and its competitive and regulatory environment. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance or achievements of the Company or industry results to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements, including future changes or developments in the Company's business, its competitive environment and political, economic, legal and social conditions. Further, past performance is not necessarily indicative of future results. Given these risks, uncertainties and other factors, viewers Of this presentation are cautioned not to place undue reliance on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements to reflect future events or developments. This presentation is for general information purposes only, without regard to any specific objectives, financial situations or informational needs of any particular person. This presentation does not constitute an offer or invitation to purchase or subscribe for any securities in any jurisdiction. No part of it should form the basis of or be relied upon in connection with any investment decision or any contract or commitment to purchase or subscribe for any securities. This presentation may not be copied or disseminated, in whole or in part, and in any manner.