

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 **Earnings Presentation of Q3FY21** of the Company.

This is for your information and record.

Thanks & Regards,
SIRCA PAINTS INDIA LIMITED
(Formerly Known as Sircolor Woods Coating Pvt. Ltd.)

For SIRCA PAINTS INDIA LIMITED
(Formerly Known as Sircolor Wood Coatings Pvt. Ltd.)

Chahat Mahajan Company Secretary
Company Secretary & Compliance Officer
M.No. 51255

Place: Delhi
Date: 01/02/2021



SIRCA PAINTS
INDIA LIMITED



Q3FY21 EARNINGS PRESENTATION January 2021

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

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Q3FY21 RESULT DISCUSSION

PROFIT & LOSS SUMMARY

CONSOLIDATED

(₹ in crores)

PARTICULARS	Q3FY21	Q2FY21	Q3FY20	Y-O-Y%
REVENUE FROM OPERATIONS	45.81	38.10	33.47	36.9%
TOTAL INCOME	46.67	38.77	34.29	36.1%
TOTAL OPERATING EXPENSES	37.23	32.98*	24.68	50.8%
EBIDTA (Excluding OI)	8.57	5.11*	8.78	-2.4%
EBIDTA (Excluding OI) %	18.7%	13.4%	26.2%	-754 BPS
INTEREST COST	0.02	0.04	0.02	4.4%
DEPRECIATION & AMMORTISATION	0.83	0.85	0.64	28.4%
PROFIT BEFORE TAXES	8.57	(5.67)	8.93	-4.0%
PROFIT AFTER TAXES	6.37	(4.31)	6.64	-4.0%

36.9% ▲

Q3FY21 Revenue from Operations at 45.81 Crores compared to 33.47 Crores in Q3FY20

-2.4% ▼

Q3FY21 EBITDA at 8.57 Crores compared to 8.78 Crores in Q3FY20

-4.0% ▼

Q3FY21 PAT at 6.37 Crores compared to 6.64 Crores in Q3FY20

*Q2FY21 EBITDA (Excluding OI) & Total Operating Expenses adjusted for one-time fire incident loss of 10.57 crores.

Link to Financial Results - https://www1.nseindia.com/corporate/SIRCA_30012021155537_Outcome.pdf

MANAGEMENT COMMENTARY

Q3FY21 Result Discussion

As guided earlier, the company has successfully surpassed pre-COVID sales benchmark with **highest ever quarterly Revenue from Operations in Q3FY21**, delivering a 36.9% growth on y-o-y basis. This was supported by strong volume growth in both 'Wood Coatings & Others' and 'Wall Paints' category. The growth in 'Wall Paints' has especially been very impressive albeit a smaller base.

EBITDA margins have recovered on q-o-q basis from 13.4% to 18.7% supported by recovery in Gross Profit margins. On y-o-y basis EBITDA margins stands lower due to a higher base of Q3FY20, however the company expects margins to improve further in Q4FY21. *EBITDA margins have been suppressed in Q3FY21 due to:*

- a) Imports of Containers up till December at higher Euro rates (EUR €), hence increased cost of procurement for imported wood coatings. Containers as per the revised discount scheme (temporary relief from Sirca Italy) have been booked December onwards.

- b) Increased RM costs; mainly solvents such as Butyl Acetate.

The company has taken a second price-hike from 1st January to partially set-off the impact of higher RM costs, this follows the first price-hike (post COVID) initiated in 1st October to pass-on the increased input cost due to Euro appreciation.

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

The company is yet to receive the insurance payment against the loss of 10.57 Crores booked in Q2FY21, nonetheless **the management is confident of recovering the full-amount.**

Business Update

- a) Northern markets continue to perform well.

- b) Western & Southern markets recovering well, hence leading to a geographically-balanced Revenue growth, unlike earlier two quarters since the onset of COVID.

Product Launches

- a) Durante & Vivan SpA - the Company has marked its entry into the Indian Adhesives Market through the launch of Durante & Vivan - a 60-year-old brand and part of The Durante Group, that is present in more than 100 countries and has more than €160 million in turnover. **The company will be first focusing on its flagship hot-melt glue, through its OEM channel.**
- b) San Marco Group SpA - launching their flagship, high-end brand San Marco which specializes in **Decorative Finishes & Solid Colour Finishes**. San Marco products will prove to be a very valuable addition to SPIL's Wall Paints product category.

RECENT PROMOTIONAL ACTIVITIES



Dealer Meets Organized at:

- Dharamshala
- Gurdaspur
- Hamirpur
- Phagera
- Shikohabad
- Kashipur
- Lucknow
- Dehradun
- Delhi

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



350+

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



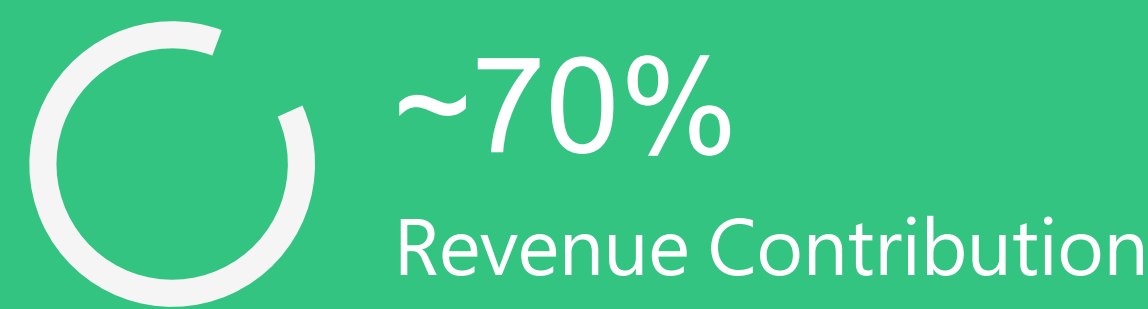
PORTFOLIO EXPANSION : Wall Paints Range



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

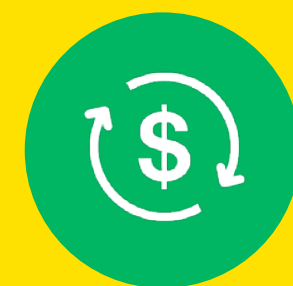
The company has recently, in **November 2019**, commissioned a manufacturing facility for Nitrocellulose, Melamine, Economical PU products, and PU thinner at **Rai, Sonipat (NCR)**.

- 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.



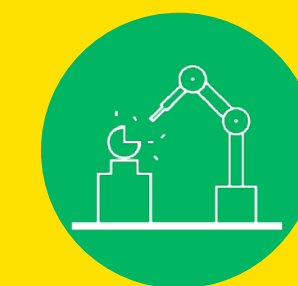
COMMISSIONED
WALL PAINT
MANUFACTURING

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.



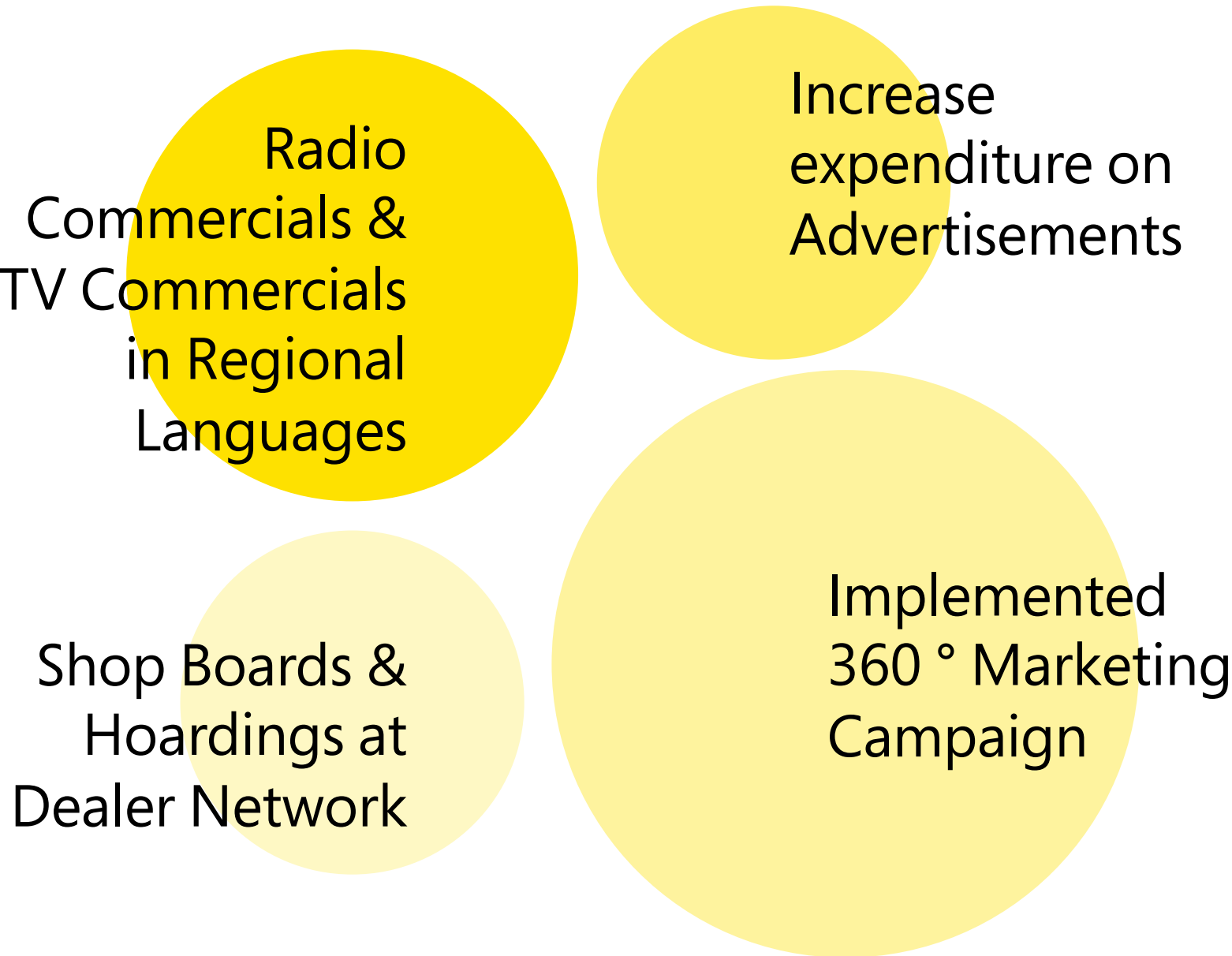
TV COMMERCIALS IN REGIONAL LANGUAGES

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

INVESTOR PRESENTATION



INDIA PAINT INDUSTRY

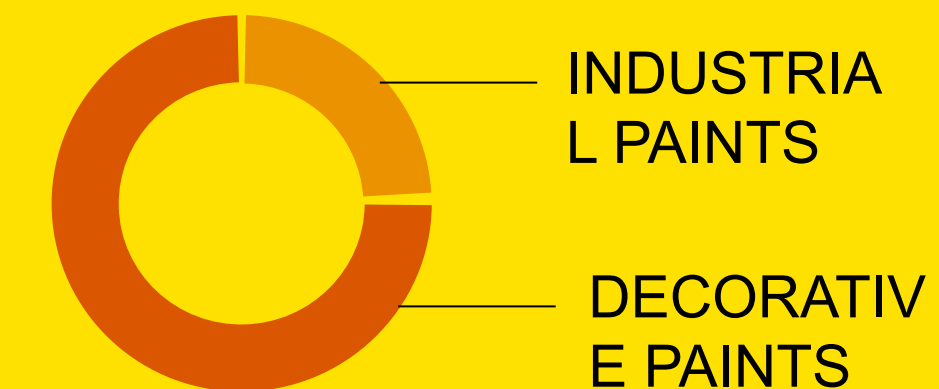
50,000
CRORE MARKET

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

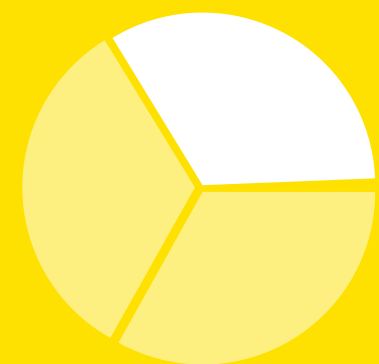
PAINT INDUSTRY IS DIVIDED INTO

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.



2/3rd
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



Mr. Sayam Pokharna

Integrated Reporting Advisor
The Investment Lab
sayam@theinvestmentlab.in



Investor Relations Advisor
contact@kaptify.in
Tel: +91-845 288 6099



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