

SIRCA PAINTS INDIA LIMITED

Regd. office : G-82, Kirti Nagar, Delhi-110015
011-42083083 / 47533213
info@sircapaints.com www.sircapaints.com
CIN NO : L24219DL2006PLC145092



TO,
LISTING DEPARTMENT
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
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 Q3 FY22 of the Company.

This is for your information and record.

Thanks & Regards,
For Sirca Paints India Limited

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


Company Secretary

Suraj Singh
Company secretary & Compliance officer
Membership No: 61649

Place: Delhi
Date: 05/02/2022

Q3FY22

Earnings Presentation

F E B R U A R Y 2 0 2 2

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





INSIDE

Introduction	04
Sirca at a Glance	05
Sirca's Value Proposition	06
Brand Portfolio	08
Sirca's Footprint & Distribution	09
Customer Segments	10
Manufacturing Facilities	11
Marketing & Promotional Activity Industry	13
Contractor Loyalty Program	15
Indian Paints Industry	16
Wood Coatings & Finishes	17
Board of Directors	18
5Y Financial Summary	21
Q3FY22 Result Discussion	25
Get in Touch	29
Disclaimer	30

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 brands 'Sirca', 'Unico, and others.
- 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

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



380+

Team Strength



2,000+

Nodes* in Distribution Network



12

Branches & Depots



12

Sirca Studios



02

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 Coatings



Metal Coatings



Glass Coatings



VALUE PROPOSITION

Portfolio Expansion



Wall Paints Range



Recent Additions



Wood Coatings

MASS MARKET RANGE

- Nitrocellulose (NC), Melamine, PU Coatings and Thinners
- Hygiene Plus Additives



Wall Paints & others

- **San Marco Portfolio**
(Decorative, Solid Colour Finishes, and Texture Coatings)
- **DuranteVivan Portfolio**
(Adhesives)



BRAND PORTFOLIO

Sirca

- Luxury Italian Wood Coatings
- High-end Wall Paints

Unico

- Mass-market Wood Coatings products

San Marco

- High-end Decorative, Solid Colour Finishes and Texture Coatings

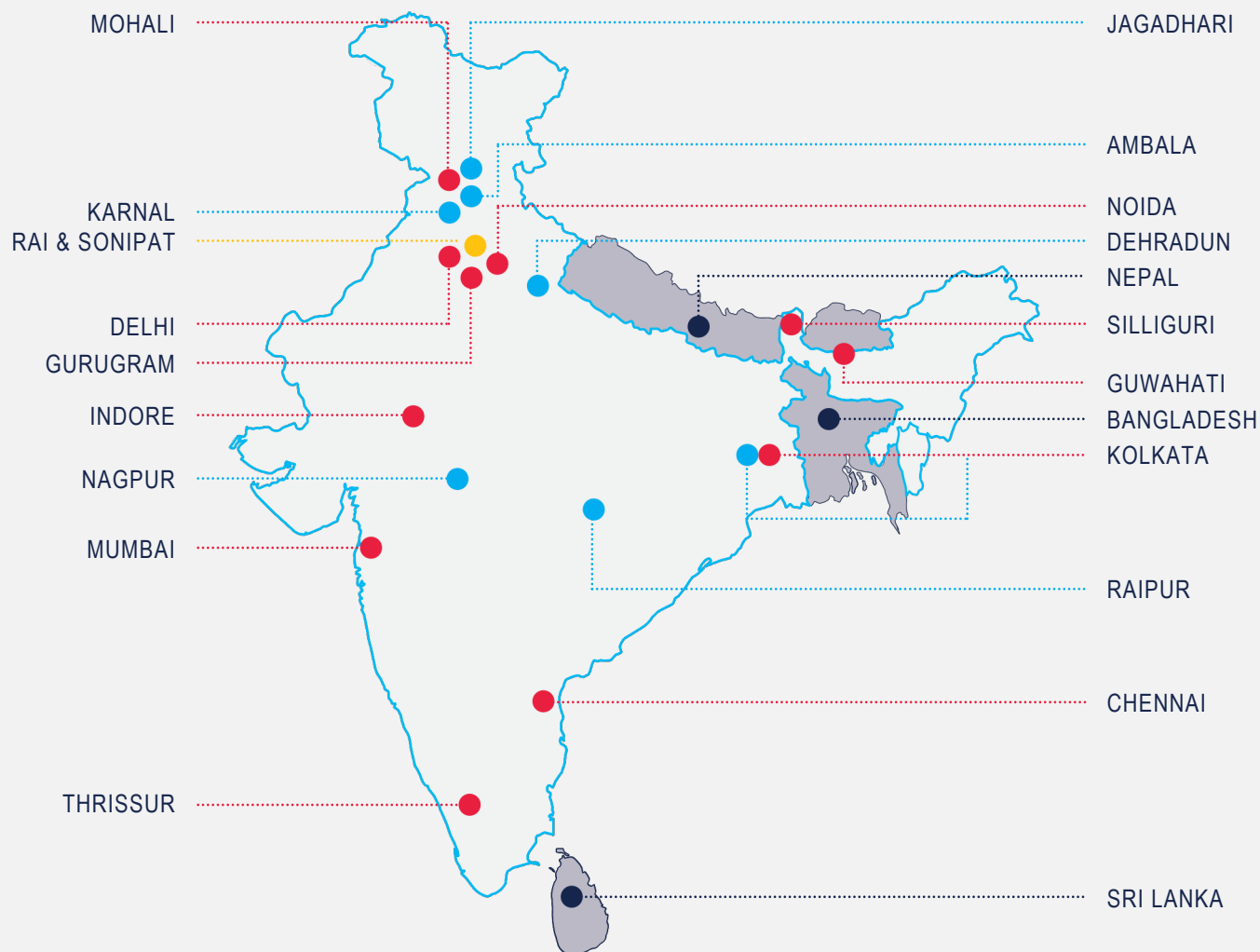
DuranteVivan

- Adhesives Product Portfolio



* Includes India, Bangladesh, Nepal and Sri Lanka

SIRCA'S FOOTPRINT



1,700+
Dealers



12
Branches
& Depots



12
Sirca Studios



02
Manufacturing
Facilities

Key



BRANCHES



MANUFACTURING
FACILITIES

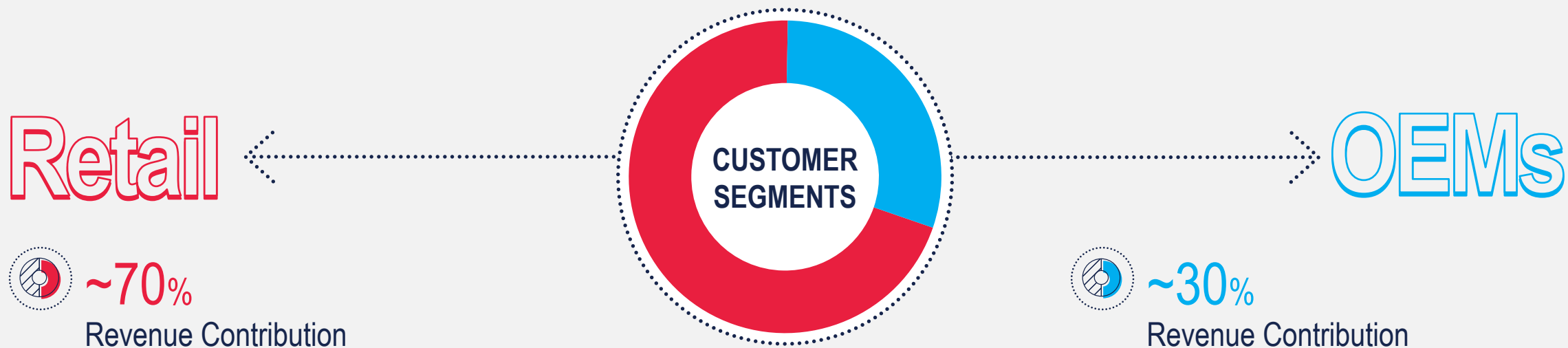


SIRCA STUDIOS



EXPORT MARKETS

CUSTOMER SEGMENTS



~70%

Revenue Contribution



1,700+

Aggressively growing Distribution
Network with 1,700* nodes

Growth Strategy

- Chain of studios being opened across India, currently 12 studios & 12 branches are operational.
- Creating a wider and self-sufficient product portfolio to expand & strengthen distribution network.

* Excluding OEM's



~30%

Revenue Contribution

APPROACH

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

Clientele (of ~300 OEM's)

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

MANUFACTURING FACILITIES



COMMISSIONED

In Nov'2019, Sirca commissioned a manufacturing facility for Nitrocellulose, Melamine, Economical PU products, and PU thinner at Rai, Sonipat (NCR).

Unfortunately there was a fire-accident at this facility in Jun'2020 leading to production disturbances across FY21.

The facility is now available for commercial production.



~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.



COMISSIONED WALL PAINT & WALL PUTTY MANUFACTURING

In Q1FY21 the company shifted it's wall paint manufacturing unit to a new, bigger premises in response to higher than originally anticipated demand.



~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.



PRODUCTION CAPACITY

This Company has a production capacity of:



8,000 Tonnes

For NC, Melamine and Economical PU products



4,000 Tonnes

For PU Thinner and above-mentioned products



48 Lakh Liters

Wall Paints

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 **~1150 shop boards** have been installed.

Radio commercials & tv commercials in regional languages

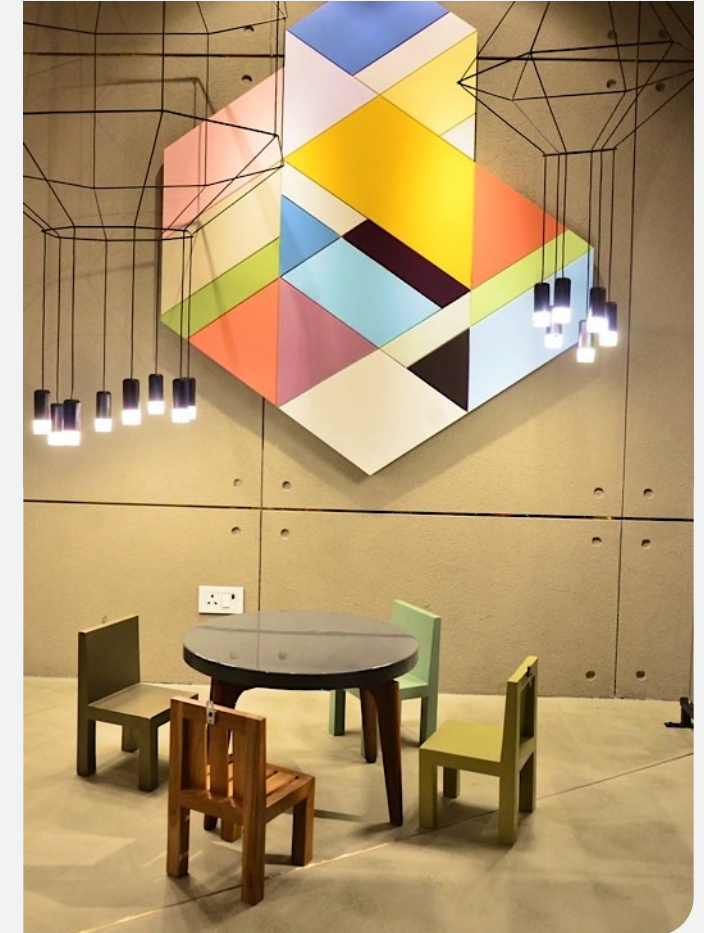
Increase expenditure on Advertisements

Implemented 360° Marketing Campaign

Shop Boards & Hoardings at Dealer Network

MARKETING AND PROMOTIONAL ACTIVITIES

Sirca studios for a class-apart consumer experience



MARKETING AND PROMOTIONAL ACTIVITIES

~1150 shop board installed for enhanced visibility. Refreshed brand positioning as “Your Italian Autograph”.



CONTRACTOR LOYALTY PROGRAM

Sirca Parivar App Highlights



8,000+
Contractors
Registered



3,000+
Average Daily
Scans



10,000+
Application
Downloads



Sirca Parivar App Highlights

The main objective of this app is to automate the process of contractor loyalty program and streamline the process of rewards and redemption.

How does it work?

- Contractor registration
- Respective details are added (like sites, architect, etcetera)
- Mapping material dispatch
- Product QR code scanned
- Points added to contractor's account
- Contractor claim requests
- Payments to contractors processed & approved by back-end team

INDIA PAINT INDUSTRY



55,000

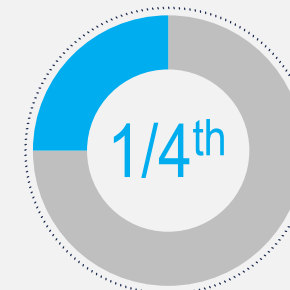
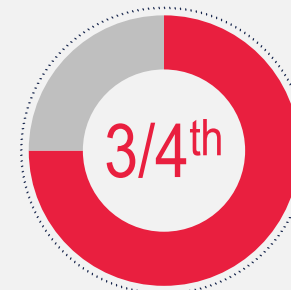
CRORE MARKET

The Indian Paints industry is estimated to be a **55,000 Crore market annually**

PAINT INDUSTRY
IS BROADLY
DIVIDED INTO

Decorative Paints
& Coatings

Industrial 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 & FINISHES 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 harm-full 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 B&B 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

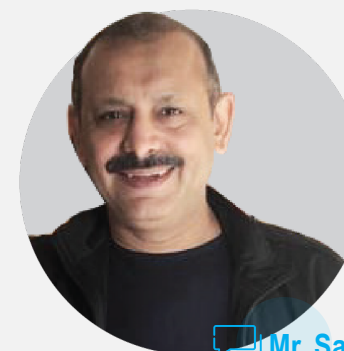
Mr. Goyal was the Audit and Finance Advisor at Ghazanfar Bank. He leads each firm's lines of business - Banking Sector and FMCG industries in an expeditious manner. He holds experience of over 30 years and has held various senior positions in India and abroad. His experience in global financial operations,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

5Y Financial Summary



5Y PROFIT & LOSS SUMMARY

(₹ in crores)

PARTICULARS	FY21	FY20	FY19	FY18	FY17
Revenue from Operations	143.18	135.05	125.34	89.22	82.51
Total Income	157.32	140.66	131.46	93.57	84.34
Total Operating Expenses	121.37	103.26	93.81	63.26	62.30
EBIDTA (Excluding OI)	21.81	31.78	31.53	25.96	20.21
EBIDTA (Excluding OI) %	15.2%	23.5%	25.2%	29.1%	24.5%
Interest Cost	0.10	0.08	0.11	0.18	0.10
Depreciation & Ammortisation	3.65	2.39	0.93	0.59	0.39
Profit Before Taxes	22.55	34.18	31.97	29.54	21.55
Profit After Taxes	16.58	25.15	22.23	19.38	13.70

Note:

- Figures up till FY18 and not as per Ind AS
- Only FY20 & FY21 figures are Consolidated
- FY20 EBITDA (Excluding OI) & Total Operating Expenses adjusted for one-time impairment loss of 0.76 crores
- FY21 EBITDA (Excluding OI) & Total Operating Expenses adjusted for net-loss of fire incident

5Y BALANCE SHEET SUMMARY

(₹ in crores)

PARTICULARS	FY21	FY20	FY19	FY18	FY17
Shareholders Fund	201.57	184.65	167.84	67.63	34.12
Non Current Liabilities	0.27	0.18	0.48	0.33	0.02
Current Liabilities	52.87	24.98	22.45	26.57	27.14
- Trade Payables	34.84	20.29	17.02	6.93	9.36
Total	254.73	209.82	190.79	94.56	61.31
Non Current Assets	45.23	52.83	36.74	22.43	9.94
Current Assets	209.49	154.13	154.04	72.11	51.33
- Inventories	64.94	51.44	26.77	14.85	10.14
- Trade Receivables	43.04	45.59	39.70	33.53	23.99
Total	254.73	209.82	190.79	94.56	61.31

Note:

- Figures up till FY18 and not as per Ind AS
- Only FY20 & FY21 figures are Consolidated

5Y CASH FLOW SUMMARY

(₹ in crores)

PARTICULARS	FY21	FY20	FY19	FY18	FY17
Cash from Operating Activities	19.20	(7.56)	12.34	(18.28)	10.71
Cash from Investing Activities	14.83	4.81	(71.28)	(12.87)	(5.38)
Cash from Financing Activities	(0.10)	(8.45)	68.36	15.50	(6.93)
Net Cash Flow	33.93	(11.21)	9.42	1.31	(1.59)
Net Cash at Beginning of Year	4.58	15.79	6.37	13.33	14.93
Net Cash at End of Year	38.52	4.58	15.79	14.65	13.33

Note:

1. Figures up till FY18 and not as per Ind AS
2. Only FY20 & FY21 figures are Consolidated

Q3FY22 Result Discussion



PROFIT & LOSS SUMMARY

Consolidated

(₹ in crores)

PARTICULARS	Q3FY22	Q2FY22	Q3FY21	YoY %	QoQ %
Revenue from Operations	53.20	60.59	45.81	16.1%	-12.2%
Total Income	54.56	61.92	46.67	16.9%	-11.9%
Total Operating Expenses	41.15	47.17	37.22	10.5%	-12.8%
EBIDTA (Excluding OI)	12.05	13.42	8.58	40.4%	-10.2%
EBIDTA (Excluding OI) %	22.7%	22.1%	18.7%	392 bps	50 bps
Interest Cost	0.02	0.02	0.02	-18.7%	-4.9%
Depreciation & Ammortisation	1.18	1.00	0.83	42.9%	18.4%
Profit Before Taxes	12.19	13.71	8.58	42.1%	-11.1%
Profit After Taxes	9.16	10.16	6.38	43.6%	-9.8%
Earnings Per Share (₹)	3.34	3.71	2.33	43.3%	-10.0%

↑ 16.1%

Q3FY22 Revenue from Operations at 53.20 Crores compared to 45.81 Crores in Q3FY21

↑ 40.4%

Q3FY22 EBITDA at 12.05 Crores compared to 8.58 Crores in Q3FY21

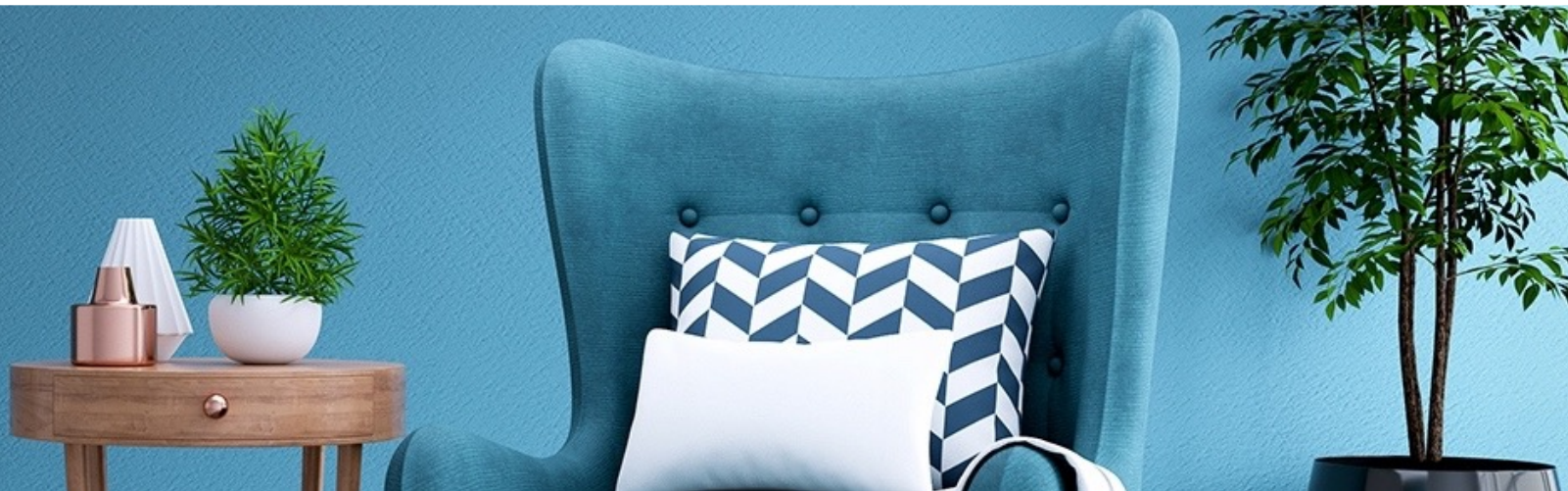
↑ 43.6%

Q3FY22 PAT at 9.16 Crores compared to 6.38 Crores in Q3FY21



[Link to Financial Results](#)

MANAGEMENT COMMENTARY

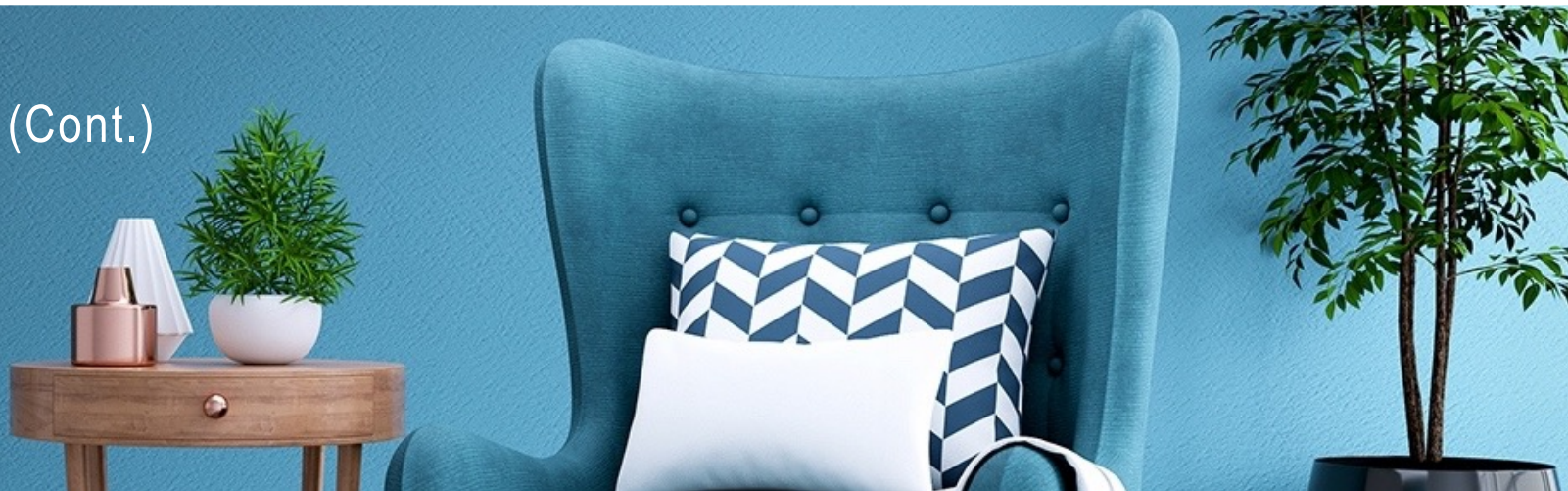


Q3FY22 Result Discussion

Sirca Paints continues to report strong performance. This quarter witnessed a good topline growth on a YoY basis. There is a slight decrease in revenue on a QoQ basis, which stood at INR 53.20 crores, as compared to our previous quarter which stood at INR 60.59 crores. This dip can be attributed to the restrictions imposed in the NCR (Delhi), our primary market, on account of growing pollution environment during the winter season. Local authorities imposed measures to curb pollution in the form of a ban on spray painting temporarily after Diwali. In addition, markets in Delhi witnessed lesser working days during the months of December and January due to the “odd-even” lockdown measures imposed by authorities. There were some restrictions on OEMs as well, citing pollution reasons, such as temporary ban on usage of DG sets, for around a month after the festival of Diwali. Working environment is back to normal Q4 onwards, and the Company expects a healthy growth in coming quarters.

On the profitability front the Company has done really well, gross margins are up marginally QoQ and EBITDA margin continued to remain steady in Q3FY22 at 22.7%, in comparison to 22.1% from the previous quarter. The Company also recorded PAT of INR 9.16 crores this quarter, slightly lower than the previous quarter’s PAT which stood at INR 10.16 crores.

MANAGEMENT COMMENTARY (Cont.)



Business Update

Q3FY22 was driven by the sales from the Italian PU segment, while UNICO continues to establish a footing in the market. Durante-Vivan product trials have been delayed further due to ongoing COVID disruptions, leaving the Italian team unable to travel to India. Furthermore, the Company continues to constantly evaluate price trends for both finished products and RM, and there seems to be a decent visibility for margins as well as a comfortable headroom to pass on an immediate increase in inputs costs. On the RM front, prices of solvents and resins have remained stable, causing no pressure on gross margins front.

Manufacturing Facility

Sirca continues with its initial work for the manufacturing facility in South India, due to COVID-19 restrictions travel has been a challenge, but local team has been scouting locations and doing the initial marketing and sales groundwork. The Company expects commercialisation of this facility in the coming few months.

RECENT PROMOTIONAL ACTIVITIES



GET IN TOUCH



Mr. Suraj Singh
COMPANY SECRETARY AND COMPLIANCE
OFFICER

[Sirca Paints India Limited](mailto:cs@sircapaints.com)
cs@sircapaints.com



Mr. Sayam Pokharna

[The Investment Lab](mailto:sayam@theinvestmentlab.in)
sayam@theinvestmentlab.in
+91 94266 60791

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.