

**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**

Date: 11/11/2022

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 Q2 & FY23** of the Company.

This is for your information and record.

Thanks & Regards,

For Sirca Paints India Limited

**SURAJ
SINGH** Digitally signed by
SURAJ SINGH
Date: 2022.11.11
21:54:44 +05'30'

**Suraj Singh
Company secretary & Compliance officer**

Place: Delhi

Encl: As above

Q2FY23

**Earnings
Presentation**

NOVEMBER 2022



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Company Profile



01

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 €180+ 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



€180+
Turnover

SPIL AT A GLANCE



EXCLUSIVE LICENSEE

Of Globally Established 'Sirca' brand for India, Nepal, Bangladesh and Sri Lanka



495

Team Strength



26

Sirca Studios

* Including OEM's



MARKET LEADER

Among the Top 3 Premium wood coatings brand in India
Market Leader in North India



2,323

Nodes* in Distribution Network



02

Manufacturing Facilities



OEM VENDOR

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



13

Branches & Depots



623

OEM's Clientele

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)



COMPANY PROFILE

BRAND PORTFOLIO

Sirca

- Luxury Italian Wood Coatings
- High-end Wall Paints

Unico

- Mass-market Wood Coatings products

San Marco

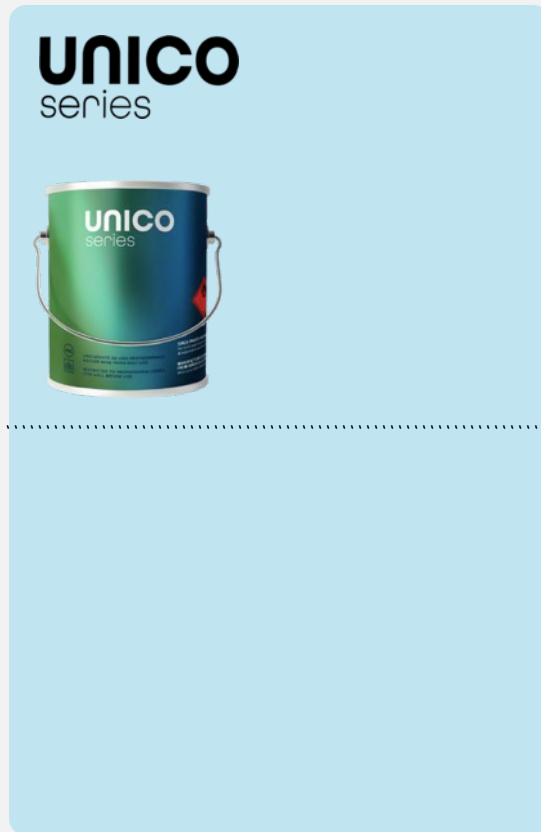
- High-end Decorative, Solid Colour Finishes and Texture Coatings

DuranteVivan

- Adhesives Product Portfolio

INDIAN SUBCONTINENT*

INDIA



ENTRY-LEVEL

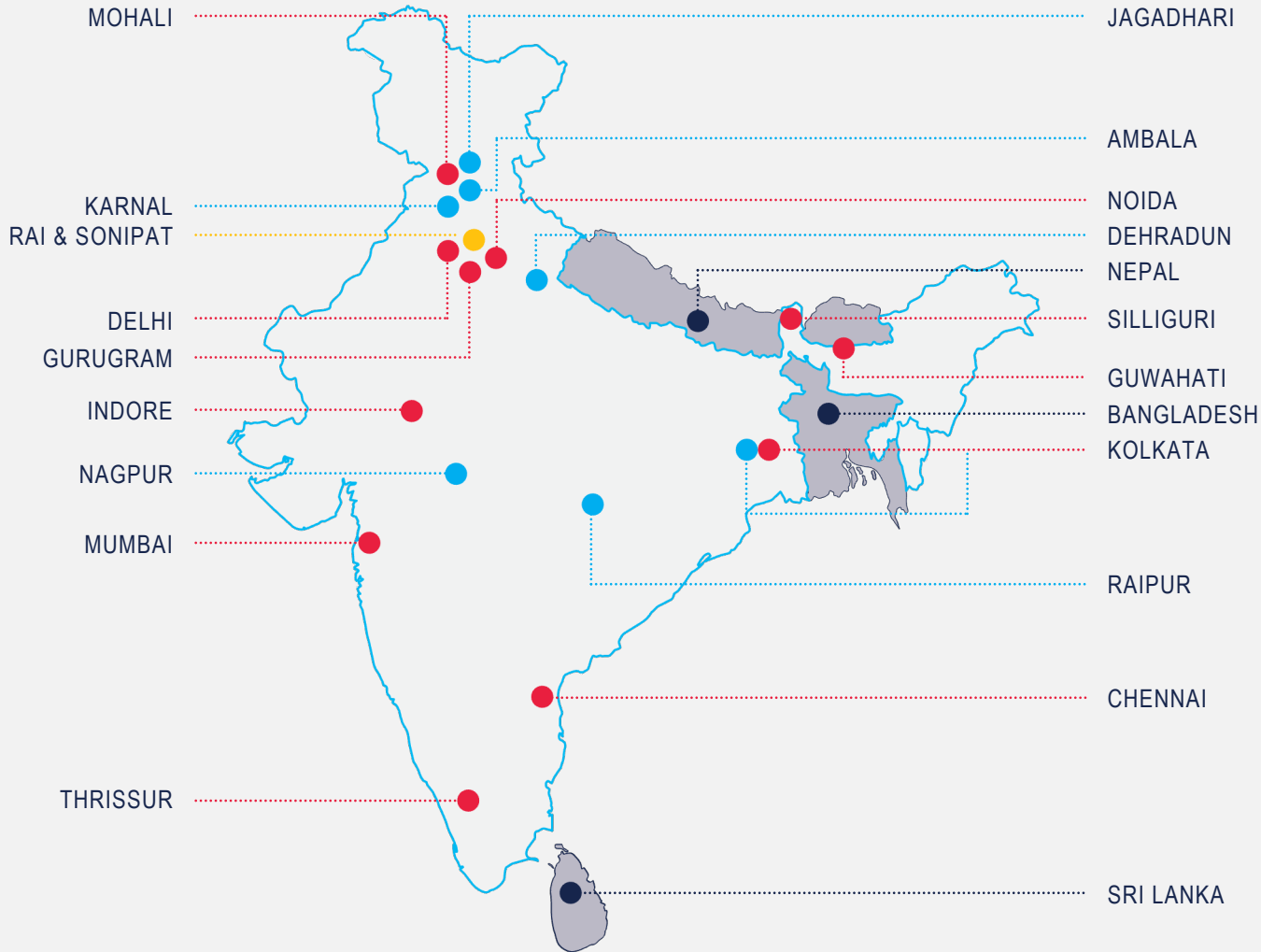
ECONOMIC

LUXURY

PRICING

* Includes India, Bangladesh, Nepal and Sri Lanka

SIRCA'S FOOTPRINT



1,700
Dealers & Distributors



13
Branches & Depots



26
Sirca Studios



02
Manufacturing Facilities

Key



BRANCHES



MANUFACTURING FACILITIES




SIRCA STUDIOS



EXPORT MARKETS

CUSTOMER SEGMENTS

Retail

 ~70%
Revenue Contribution

 **1,700**
Aggressively growing Distribution
Network with 1,700* nodes

Growth Strategy

- Chain of studios being opened across India, currently 26 studios & 13 branches are operational.
- Creating a wider and self-sufficient product portfolio to expand & strengthen distribution network.

* Excluding OEM's



OEMs

 ~30%
Revenue Contribution

APPROACH

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

Clientele (of 623 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).



~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.



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.**



IMPLEMENTED 360° MARKETING CAMPAIGN

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



INCREASED DEALER NETWORK

To strengthen Sirca's outdoor presence, the company is installing shop boards at its dealer network. At present, a total of **~1,230 shop boards** have been installed.

Radio commercials & tv commercials in regional languages

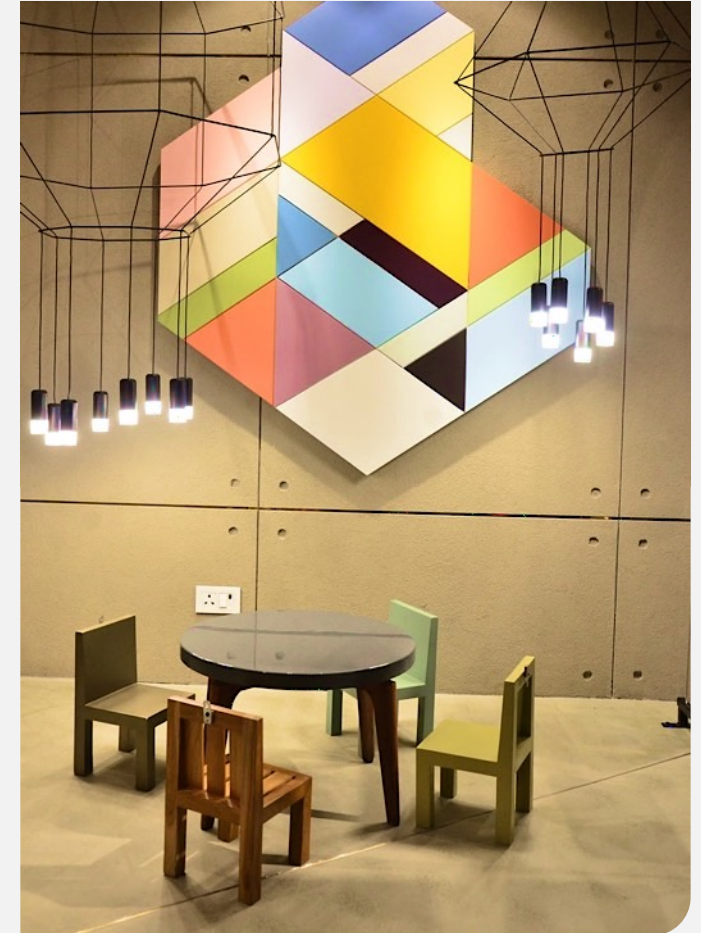
Increase expenditure on Advertisements

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

~1,230 shop board installed for enhanced visibility. Refreshed brand positioning as “Your Italian Autograph”.



CONTRACTOR LOYALTY PROGRAM

Sirca Parivar App Highlights

 **11,000+**
Contractors
Registered

 **5,000+**
Average Daily
Scans

 **12,000+**
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**



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.



Decorative Paints & Coatings

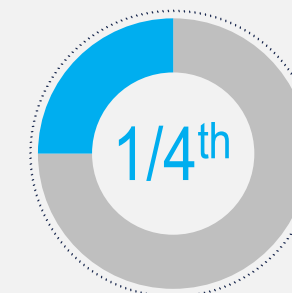
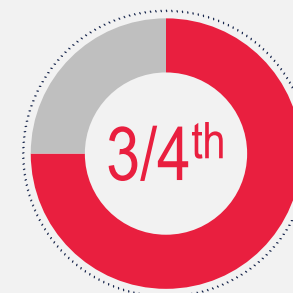
Industrial Paints & Coatings



~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.



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



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	FY22	FY21	FY20	FY19	FY18
Revenue from Operations	200.02	143.18	135.05	125.34	89.22
Total Income	204.43	157.32	140.66	131.46	93.57
Total Operating Expenses	162.27	121.37	103.26	93.81	63.26
EBITDA (Excluding OI)	37.76	21.81	31.78	31.53	25.96
EBITDA (Excluding OI) %	18.9%	15.2%	23.5%	25.2%	29.1%
Interest Cost	0.08	0.10	0.08	0.11	0.18
Depreciation & Ammortisation	4.13	3.65	2.39	0.93	0.59
Profit Before Taxes	37.95	22.58	34.18	31.97	29.54
Profit After Taxes	27.73	16.61	25.15	22.23	19.38

Note:

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

5Y BALANCE SHEET SUMMARY

(₹ in crores)

PARTICULARS	FY22	FY21	FY20	FY19	FY18
Shareholders Fund	225.15	201.60	184.65	167.84	67.63
Non Current Liabilities	0.05	0.28	0.18	0.48	0.33
Current Liabilities	37.16	52.88	24.98	22.45	26.57
- Trade Payables	31.40	34.84	20.29	17.02	6.93
Total	262.37	254.75	209.82	190.79	94.56
Non Current Assets	57.47	45.89	52.83	36.74	22.43
Current Assets	204.90	208.86	154.13	154.04	72.11
- Inventories	69.69	64.95	51.44	26.77	14.85
- Trade Receivables	45.63	43.05	45.59	39.7	33.53
Total	262.37	254.75	209.82	190.79	94.56

Note:

1. Figures up till FY18 and not as per Ind AS

5Y CASH FLOW SUMMARY

(₹ in crores)

PARTICULARS	FY22	FY21	FY20	FY19	FY18
Cash from Operating Activities	35.16	19.24	-7.56	12.34	-18.28
Cash from Investing Activities	-11.06	14.74	4.81	-71.28	-12.87
Cash from Financing Activities	-17.38	-0.10	-8.45	68.36	15.5
Net Cash Flow	6.73	33.87	-11.21	9.42	1.31
Net Cash at Beginning of Year	38.46	4.59	15.79	6.37	13.33
Net Cash at End of Year	45.18	38.46	4.58	15.79	14.65

Note:

1. Figures up till FY18 and not as per Ind AS

Q2FY23 Result Discussion



PROFIT & LOSS SUMMARY

Standalone

(₹ in crores)

PARTICULARS	Q2FY23	Q1FY23	Q2FY22	YoY %	QoQ %
Revenue from Operations	72.92	61.35	60.60	20.3%	18.9%
Total Income	74.45	62.57	61.92	20.2%	19.0%
Total Operating Expenses	53.75	45.99	47.18	13.9%	16.9%
EBIDTA (Excluding OI)	19.17	15.35	13.42	42.8%	24.9%
EBIDTA (Excluding OI) %	26.3%	25.0%	22.1%	414 bps	126 bps
Interest Cost	0.01	0.01	0.02	-60.1%	-21.8%
Depreciation & Ammortisation	1.15	1.14	1.00	14.1%	0.3%
Profit Before Taxes	19.55	15.42	13.71	42.5%	26.8%
Profit After Taxes	14.42	11.67	10.16	41.9%	23.5%
Earnings Per Share (₹)	5.26	4.26	3.71	549.4%	23.5%

 **20.3%**

Q2FY23 Revenue from Operations at 72.92 Crores compared to 60.60 Crores in Q2FY22

 **42.8%**

Q2FY23 EBITDA at 19.17 Crores compared to 13.42 Crores in Q2FY22

 **41.9%**

Q2FY23 PAT at 14.42 Crores compared to 10.16 Crores in Q2FY22


[Link to Financial Results](#)

Note: Interest Cost figures have been rounded-off to 2 decimals. Interest Cost for Q2FY23 is 0.97 Lakhs, Q1FY23 is 1.24 Lakhs and Q2FY22 is 2.43 Lakhs.

MANAGEMENT COMMENTARY



Q2FY23 Result Discussion

Sirca Paints India continues to report a robust set of numbers on all fronts. To begin with, the Company reported its highest-ever quarterly topline of 72.92 Crores, up 20.3% YoY and 18.9% QoQ. Performance has been good on both the core Italian portfolio, and other emerging product categories. The Company witnessed higher contribution coming in from the Unico portfolio. On the profitability front, the Company reported EBITDA margin of 26.3% in Q2FY23, up 414 bps YoY and 126 bps QoQ. A depreciating Euro, coupled with price hikes of the previous quarter and cooling off of raw material prices have aided profitability. Profit after Tax for Q2FY23 stood at 14.42 Crores, reporting an increase of 41.9% YoY and 23.5% QoQ.

On the Balance Sheet front, the Company maintains a good liquidity position. Inventories continue to remain elevated, as the Company carries higher buffer inventories to avoid any supply disruption of imported products and due to increasing manufacturing activities. Debtor days remain under control.

MANAGEMENT COMMENTARY (Cont.)



Business Update

Product Portfolio Performance

- The Company has witnessed good performance across all product segments.
- Italian portfolio performance continue to be the core driver for the Company.
- Unico's scale of operations is improving and contribution to overall sales increasing.
- Keeping in mind the exceptional response received by the San Marco portfolio, the Company is looking to launch 2 exclusive experience centres for San Marco. The first one will be started shortly in a shopping mall in NCR.
- The Company has placed a second container order of Durante Vivan products for sampling with its OEM customers.

Adding Resins Manufacturing at Sonipat Facility

In efforts to establish more control and achieve consistency in quality, the Company started resins manufacturing at its Sonipat facility. Initially resins are being manufactured for Unico range's melamine products, in the coming months the Company will also begin manufacturing resins for Unico's PU range.

Other Updates

- The Company has postponed its South India wood coatings facility by a couple of quarters. Once better on-ground marketing & distribution is achieved the Company will go ahead with this. In the interim, North India facility is catering to the South India markets.

RECENT BRANDING & PROMOTIONAL ACTIVITIES



GET IN TOUCH



Mr. Suraj Singh

COMPANY SECRETARY AND COMPLIANCE
OFFICER

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