



SIRCA PAINTS  
INDIA LIMITED



Q1 & FY22  
EARNINGS  
PRESENTATION  
July 2021

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Industry			

# 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

# SPIIL 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



390+

Team Strength



1930+ Nodes\* in Distribution Network

13 Branches & Depots

9 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

(Wood Coatings) :

### Mass Market Range

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



## RECENT ADDITIONS

(Wall Paints & others):

- **San Marco Portfolio**  
(decorative & solid colour finishes)
- **DuranteVivan Portfolio**  
(adhesives)



## PORTFOLIO EXPANSION : Wall Paints Range

# 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

- DuranteVivan**
- Adhesives Product Portfolio

\*includes India, Bangladesh, Nepal and Sri Lanka



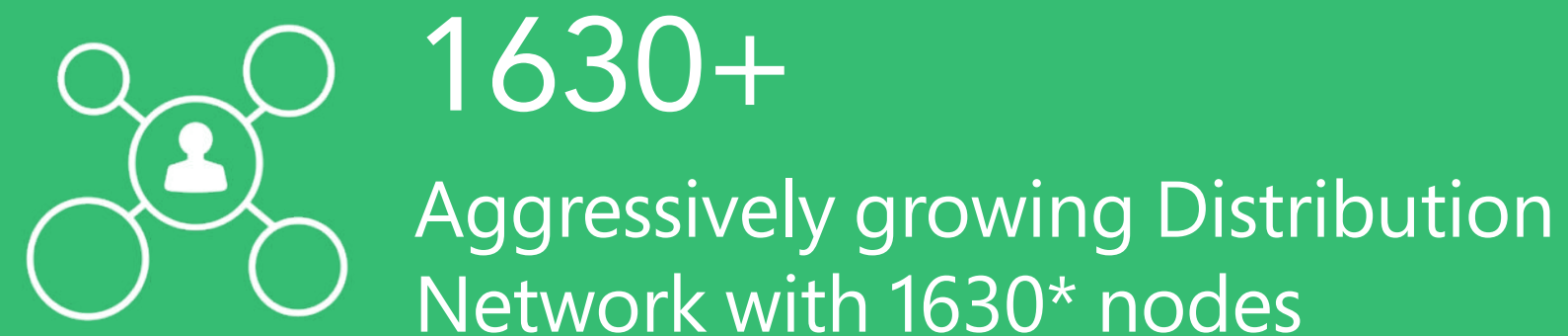
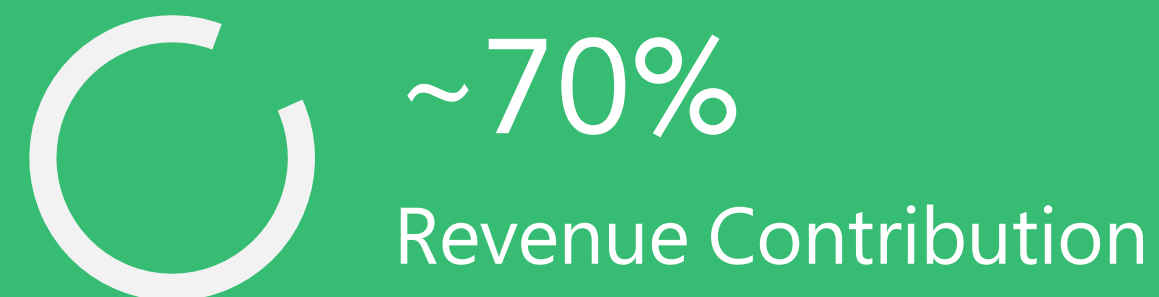


-  SIRCA STUDIOS
-  BRANCHES & DEPOTS
-  PLANT LOCATIONS
-  EXCLUSIVE DISTRIBUTION & MANUFACTURING RIGHTS APART FROM INDIA

# SIRCA'S FOOTPRINT

# CUSTOMER SEGMENTS

## Retail



### GROWTH STRATEGY

- Chain of studios being opened across India, currently 9 studios & 13 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 (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.



~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.



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.

In addition, the company also added wall putty to its product portfolio in Q1FY21, which is manufactured at this site.



PRODUCTION  
CAPACITY

This Company has a production capacity of:

- 8000 Tonnes for NC, Melamine and Economical PU products
- 4000 Tonnes for PU Thinner and above mentioned products

# 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.



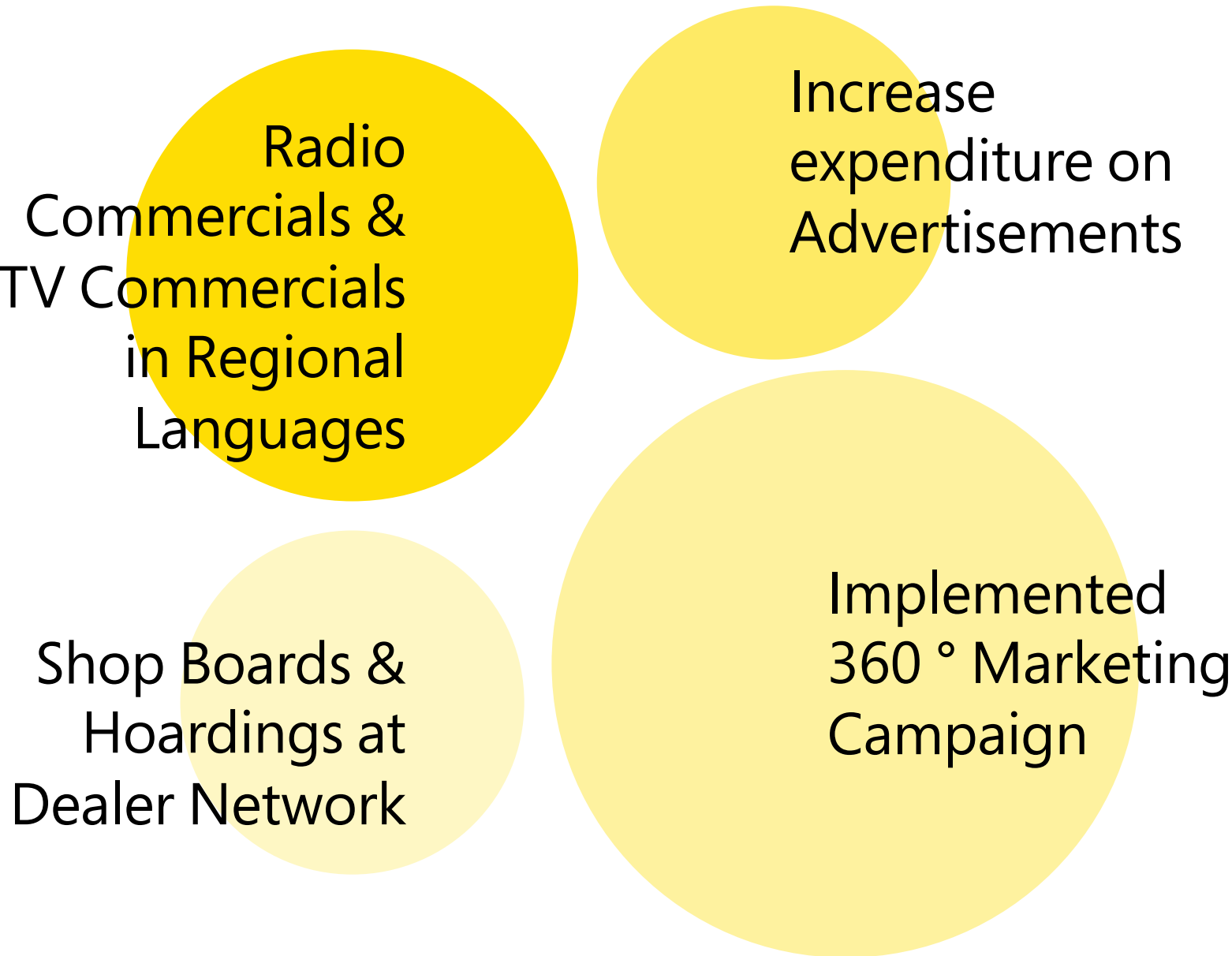
## TV COMMERCIALS IN REGIONAL LANGUAGES

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.

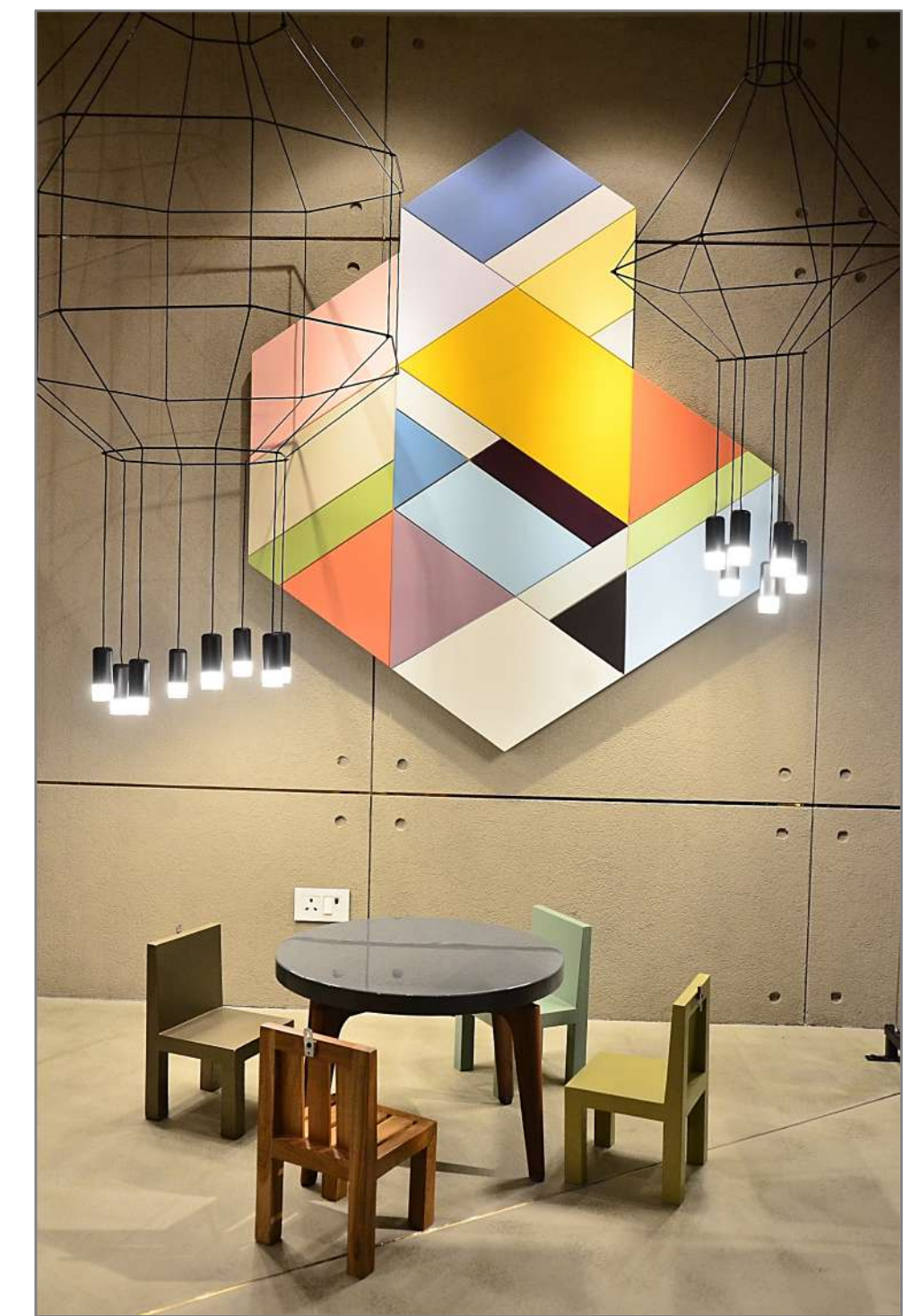


## INCREASED DEALER NETWORK

To strengthen Sirca's outdoor presence, the company is installing shop boards at its dealer network. At present, a total of ~920 shop boards have been installed.



# MARKETING AND PROMOTIONAL ACTIVITIES



Sirca studios for class-apart consumer experience

# MARKETING AND PROMOTIONAL ACTIVITIES



~920 shop board installed for enhanced visibility

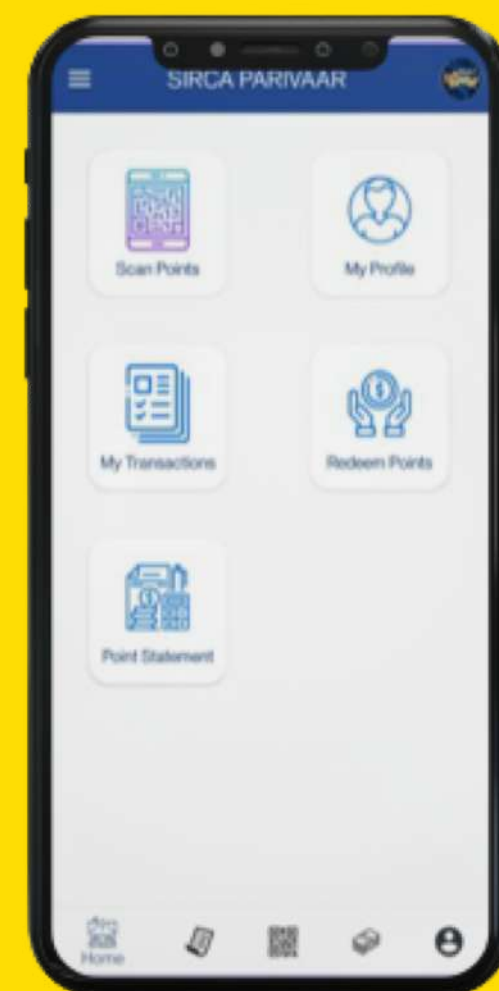
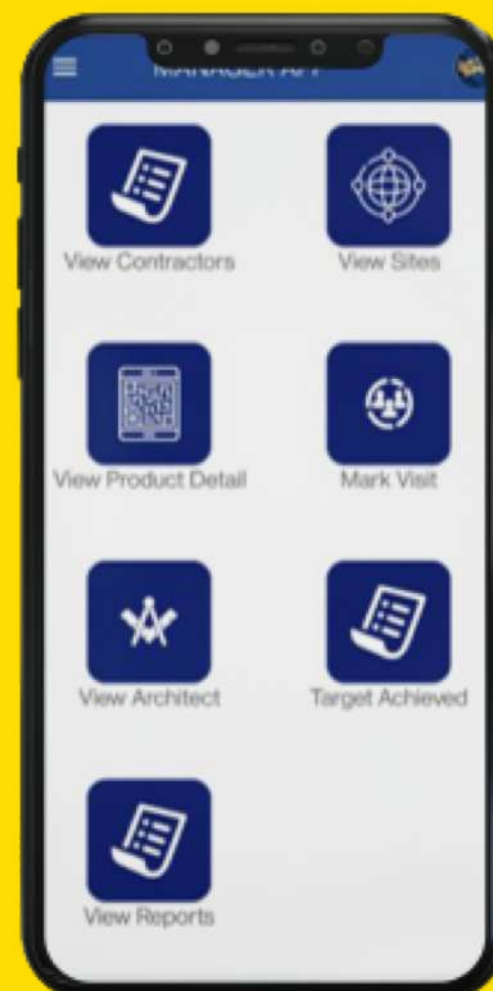
# CONTRACTOR LOYALTY PROGRAM

## Sirca Parivar App Highlights

8,000+ Contractors Registered

3,000+ Average Daily Scans

10,000+ Application Downloads



## Objective of the Application

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



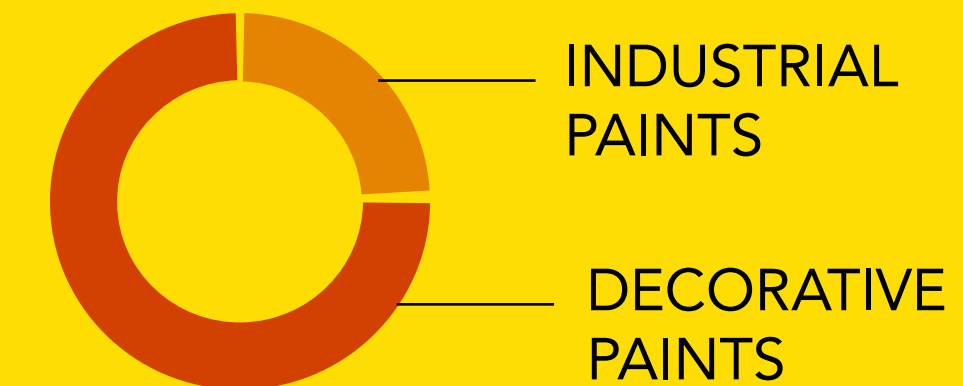
Scan the code on the box

# 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



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 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 (CONT.)



**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	FY17	FY18	FY19	FY20	FY21
REVENUE FROM OPERATIONS	82.51	89.22	125.34	135.05	143.18
TOTAL INCOME	84.34	93.57	131.46	140.66	157.32
TOTAL OPERATING EXPENSES	62.30	63.26	93.81	103.26	121.37
EBIDTA (Excluding OI)	20.21	25.96	31.53	31.78	21.81
EBIDTA (Excluding OI) %	24.5%	29.1%	25.2%	23.5%	15.2%
INTEREST COST	0.10	0.18	0.11	0.08	0.10
DEPRECIATION & AMMORTISATION	0.39	0.59	0.93	2.39	3.65
PROFIT BEFORE TAXES	21.55	29.54	31.97	34.18	22.55
PROFIT AFTER TAXES	13.70	19.38	22.23	25.15	16.58

Note:

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

# 5Y BALANCE SHEET SUMMARY

(₹ in crores)

PARTICULARS	FY17	FY18	FY19	FY20	FY21
SHAREHOLDERS FUND	34.12	67.63	167.84	184.65	201.57
NON CURRENT LIABILITIES	0.02	0.33	0.48	0.18	0.27
CURRENT LIABILITIES	27.14	26.57	22.45	24.98	52.87
- TRADE PAYABLES	9.36	6.93	17.02	20.29	34.84
TOTAL	61.31	94.56	190.79	209.82	254.73
NON CURRENT ASSETS	9.94	22.43	36.74	52.83	45.23
CURRENT ASSETS	51.33	72.11	154.04	154.13	209.49
- INVENTORIES	10.14	14.85	26.77	51.44	64.94
- TRADE RECEIVABLES	23.99	33.53	39.70	45.59	43.04
TOTAL	61.31	94.56	190.79	209.82	254.73

Note:

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

# 5Y CASH FLOW SUMMARY

(₹ in crores)

PARTICULARS	FY17	FY18	FY19	FY20	FY21
CASH FROM OPERATING ACTIVITIES	10.71	-18.28	12.34	-7.56	19.20
CASH FROM INVESTING ACTIVITIES	-5.38	-12.87	-71.28	4.81	14.83
CASH FROM FINANCING ACTIVITIES	-6.93	15.50	68.36	-8.45	-0.10
NET CASH FLOW	-1.59	1.31	9.42	-11.21	33.93
NET CASH AT BEGINNING OF YEAR	14.93	13.33	6.37	15.79	4.58
NET CASH AT END OF YEAR	13.33	14.65	15.79	4.58	38.52

Note:

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

# Q1FY22 RESULT DISCUSSION

# Q1FY22 PROFIT & LOSS SUMMARY

Consolidated

(₹ in crores)

PARTICULARS	Q1FY22	Q4FY21	Q1FY21	Y-O-Y%
REVENUE FROM OPERATIONS	32.12	47.58	11.69	174.8%
TOTAL INCOME	33.02	59.65	12.22	170.1%
TOTAL OPERATING EXPENSES	29.25	38.27	11.94	144.8%
EBIDTA (Excluding OI)	2.87	9.31	-0.25	1206.7%
EBIDTA (Excluding OI) %	8.9%	19.5%	-2.2%	+1115 BPS
INTEREST COST	0.01	0.00	0.02	-28.0%
DEPRECIATION & AMMORTISATION	0.77	0.79	1.17	-34.2%
PROFIT BEFORE TAXES	2.97	20.57	-0.92	421.3%
PROFIT AFTER TAXES	2.21	15.21	-0.69	417.2%

174.8% ▲

Q1FY22 Revenue from Operations at 32.12 Crores compared to 11.69 Crores in Q1FY21

1206.7% ▲

Q1FY22 EBITDA at 2.87 Crores compared to -0.25 Crores in Q1FY21

417.2% ▲

Q1FY22 PAT at 2.21 Crores compared to -0.69 Crores in Q1FY21

# MANAGEMENT COMMENTARY

## Q1FY22 Result Discussion

Q1FY22 began on a high note, but by mid-April, the industry had begun to feel the effects of the second wave of Coronavirus. This trend lasted until the end of May, while demand started to pick up in June as lockdowns relaxed. As a result, the Company recorded sales of 32.12 crores in the quarter, a 32% decrease Q-o-Q (albeit on a higher base) and a 175% percent growth Y-o-Y on a subdued Q1FY21 base.

On the profitability front, Gross Profit Margin & EBITDA Margin remained under pressure due to a) increase in Raw Material prices. To add to this, the Company provided special discounts to help demand recovery, resulting in lower Gross Profit margins. In the current month, the Company has undertaken another price hike to offset some increase on the input side.

## Business Update

The demand momentum was impacted with the 2<sup>nd</sup> wave of COVID-19 hitting all key markets. As a result, dealer shops, depots, and branch offices remained shut partially in April and the majority of May. However, June witnessed a recovery in demand.

In this challenging external environment, the Company is working extensively on managing its working capital cycle.

## Manufacturing Facility

Production at the manufacturing facility has picked up since June, and has been ramped-up further in July. As a result, the Company is starting to see significant incremental sales from manufactured products. Going forward, Unico products are expected to deliver meaningfully to Sirca's topline in FY22. As markets open up fully, the Company would be looking at aggressive Sales & Marketing activities for these products.

# RECENT PROMOTIONAL ACTIVITIES



# CONTACT US

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