BUSINESS UPDATE

SIRCA STARTS FINANCIAL YEAR 2018-2019 WITH POSITIVE MOMENTUM.

- **Quarter-1 Financials Year 2018-2019 revenue from operations up 31% Year to Year led by expansion into newer geographies and more product variety,**
- **Quarter-1 Financial Year 2018-2019 volume stood at 6.5 lakh litres in a seasonally weak quarter,**
- **The Company has Raised Sufficient Growth Capital from its recently concluded (Initial Public Offer) IPO, which is being deployed to commence its manufacturing operations in India,**

On 13th July, 2018, Sirca Paints India Limited having Registered Office at 504, NDM-II, Netaji Subhash Place, Wazirpur, New Delhi, announced its 1st Quarter Financial Year 2018-2019, sales updates:-

Key highlights

- Quarter-1 Financial Year 2018-2019 revenue from operations stood at INR 26.26 cr, registering a growth of 31% Year to Year. Note that the underlying, like for like growth, adjusting for the GST transition is much higher than 31%
- The Company stepped up Investment in working capital as it looks to capture the growth opportunity in the market through expansion in newer products and geographies
    - Note that there were some GST related disruptions which led to a one-off increase in receivables in Quarter-1 Financial Year 2018-2019. Receivables have already stabilised in Quarter-1 Financial Year 2018-2019, and should gradually normalise as distributors acclimatise with the GST
- The Company Continues to remain largely debt free
- ROCE was 43.46% in Financial Year 2018-2019.

Outlook

- The company expects its core, niche market of premium wood coatings to grow by 15-20%in the years ahead. Sirca aims to grow faster than the market, but without compromising on ROCE and margins

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- The company's India manufacturing unit will open an entirely new avenue for growth. The trial operations will begin in Quarter-4 Financial Year 2018-2019, with commercial operations commencing soon thereafter. The construction work is going as per plan, with constant guidance and feedback from Sirca S.p.A IItaly to ensure quality control and best-in-class standards
- The India manufacturing unit will help the company capture a part of the market that it does not already serve
    - The broader wood coatings market is roughly 10x the size of the niche premium market and is expected to grow at double digits
    - The company will also be able to serve the fast-growing Bangladesh, Sri Lanka and Nepal markets through its India operations. Sirca Spa Italy cannot serve this market directly with Italian manufactured products due to onerous import duties. However, products manufactured in India attract a significantly lower import duty and thus presents Sirca Paints India with an attractive export market opportunity
- The company has planned its manufacturing unit carefully and believes this is a compelling market opportunity and offers an attractive and reliable return on the invested capital of approximately 35-40 crore.

Management comments

Commenting on the developments, Mr. Sanjay Agarwal, Chairman Cum Managing Director said, "Financial Year 2018-2019 has begun with significant positive business momentum for Sirca. We look forward to the exciting growth path ahead. We thank all our stakeholders for their continued support. We would also like to thank our new shareholders for putting their faith in us and we would like to assure them of our best efforts to create long term sustainable value for them as we embark on our journey as a public company."

About Sirca Paints India Ltd.

Sirca is a leading player in the premium Indian wood coatings market. The company has a 15 year old relationship with Sirca S.p.A Italy to distribute its products in India. The company has a particularly strong presence in North India and is actively expanding its pan India foot print. The company currently markets its products through both distributors and directly to marquee OEM clients. The company is in the process of setting up manufacturing facilities in India to tap into the wider wood paint market in India and South Asia whilst continuing to grow in its core niche business of distributing premium wood coatings in the Indian market.

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LAYOUT OF THE MANUFACTURING SITE:-

