SIRCA: Strong Execution Reinforces Long-term Growth Outlook

November 09, 2026 | CMP: INR 407 | Target Price: INR 560

Expected Share Price Return: 37.6% | Dividend Yield: 0.4% | Expected Total Return: 38.0%

Choice Institutional Equities

BUY

Sector View: Positive

Q2FY27 Result Update

Change in Estimates	✓
Target Price Change	✗
Recommendation	✗

Company Info	
BB Code	SIRCA IN EQUITY
Face Value (INR)	10.0
52-wk High/Low (INR)	539/386
Mkt Cap (Bn)	INR 23.1 / $ 0.25
Shares o/s (Mn)	56.8
3M Avg. Daily Volume	408,326

Change in Estimates

	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	6.1	6.2	(1.4%)	7.3	7.4	(1.4%)
EBITDA	1.2	1.2	(1.8%)	1.4	1.5	(2.7%)
EBITDAM %	18.9	19.0	(7) bps	19.5	19.8	(25) bps
PAT	0.8	0.8	(0.2%)	1.0	1.0	(2.9%)

Actual vs CIE Estimates

INR Mn	Q2FY27A	CIE Est.	Dev.%
Revenue	1,602	1,522	5.3
EBITDA	292	289	0.8
EBITDAM %	18.2	19.0	(80) bps
PAT	203	201	0.8

Key Financials

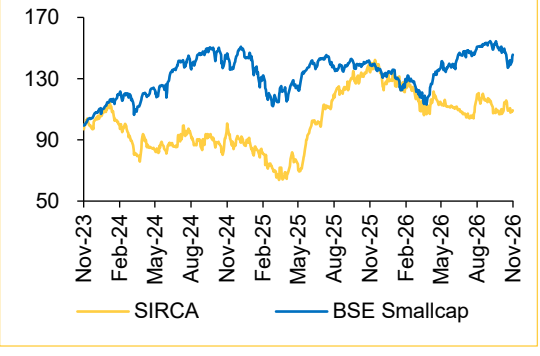
INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	3,737	4,925	6,123	7,288	8,680
YoY (%)	19.9	31.8	24.3	19.0	19.1
EBITDA	674	988	1,159	1,425	1,781
EBITDAM %	18.0	20.1	18.9	19.5	20.5
PAT	491	650	797	994	1,275
EPS (INR)	9.0	11.4	14.0	17.5	22.4
ROE %	14.0	13.7	14.7	15.7	17.1
ROCE %	15.1	17.4	18.1	19.6	21.1
PE (x)	27.0	35.1	28.9	23.2	18.1
EV/EBITDA (x)	19.6	22.8	19.4	15.5	11.9

Shareholding Pattern (%)

	Sep-26	Jun-26	Mar-26
Promoters	65.19	65.19	65.19
FII	4.64	6.08	6.29
DII	3.99	3.53	0.00
Public	26.19	25.21	28.52

Relative Performance (%)

	3Y	2Y	1Y
BSE Small Cap	46.6	1.3	3.3
SIRCA IN	12.6	11.9	(18.9)



Click to read Q2FY27_Building Material Result Preview

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Note: Sector coverage transitioned to new analyst, estimates and ratings carried forward

Healthy Growth Momentum Continues

In Q2FY27, SIRCA delivered a strong operating performance, with revenue growing 22.1% YoY, supported by the Wembley range, continued traction in acrylic and PU systems and steady OEM demand. However, EBITDA margin declined by 269bps YoY to 18.2% due to higher input cost, despite calibrated price increases partly offsetting the impact. The company continued to advance its localisation strategy through the scaling up of acrylic and polyester formulations, which is expected to support cost-optimisation and reduce import dependence. The management remains focussed on expanding Wembley's pan-India presence, strengthening distribution and driving margin recovery. We anticipate a gradual improvement in earnings, as pricing actions flow through in H2FY27E.

We forecast SIRCA's **Revenue/EBITDA/PAT** to respectively expand at **20.8% / 21.7% / 25.2% CAGR** over FY26–29E.

Valuation & View

We retain our **'BUY'** rating on SIRCA, valuing the company on a P/E-based framework: we apply a target multiple of **32.0x on FY28E core EPS of INR 17.5/share to arrive at a target price of INR 560/share (maintained).** Our TP implies a PEG of 1.27x, given an earnings CAGR of 25.2% over FY26–FY29E.

Key Risks

A possible slowdown in the real estate market, furniture, renovation, interior fit-outs and probable predatory pricing could affect SIRCA's business.

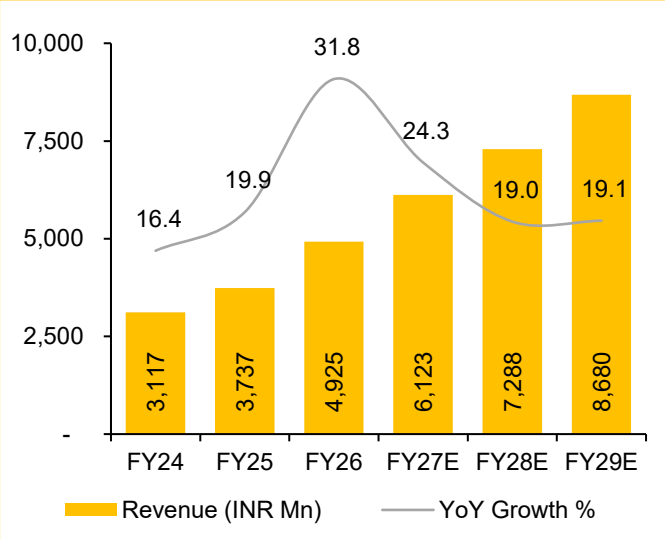
Revenue Growth Remains Strong, Margin Dips

- Revenue grew 22.1% YoY and 23.2% QoQ to INR 1,602 Mn (beating CIE estimate by 5.3%)
- EBITDA was up 6.4% YoY and 20.4% QoQ to INR 292 Mn. EBITDA margin declined 269/42 bps YoY/QoQ to 18.2% (missing CIE estimate by 80 bps)
- PAT grew 12.2% YoY and 25.4% QoQ to INR 203 Mn (in line with CIE estimate of INR 201 Mn)

INR Mn	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Net Sales (incl OOI)	1,602	1,312	22.1%	1,300	23.2%
Material Expenses	913	706	29.2%	708	28.8%
Gross Profit	689	605	13.8%	592	16.5%
Gross Margin (%)	43.0	46.2	(313) bps	45.5	(248) bps
EBITDA	292	274	6.4%	242	20.4%
EBITDA Margin (%)	18.2	20.9	(269) bps	18.6	(42) bps
Depreciation	28	26		27	
Interest Cost	10	14		10	
PBT	266	245	8.7%	221	20.1%
Tax	63	64		59	
PAT	203	181	12.2%	162	25.4%
EPS (INR)	3.6	3.2		2.9	

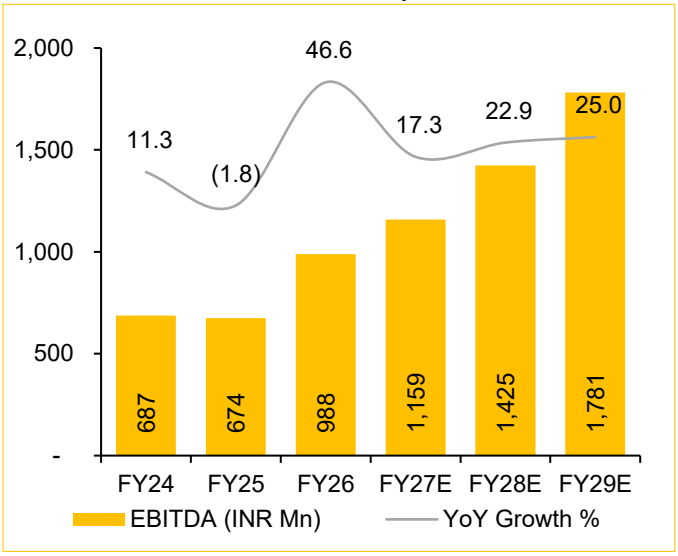
Source: SIRCA, Choice Institutional Equities

FY26–29E: Revenue expected to rise at 21% CAGR



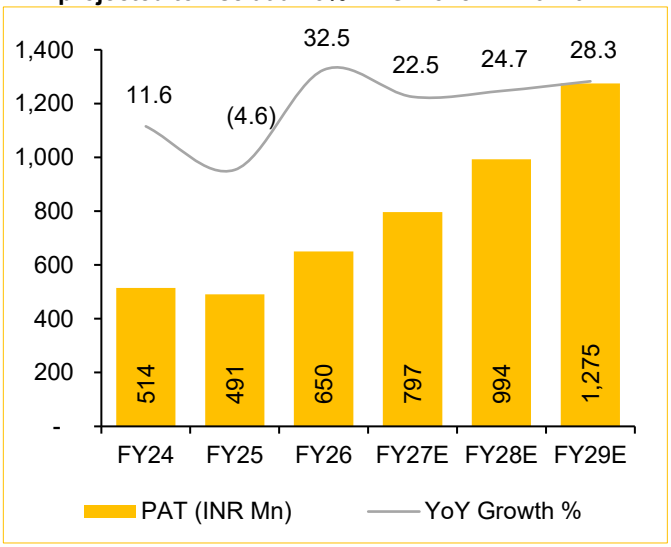
Source: SIRCA, Choice Institutional Equities

FY26–29E: EBITDA estimated to expand at 22% CAGR



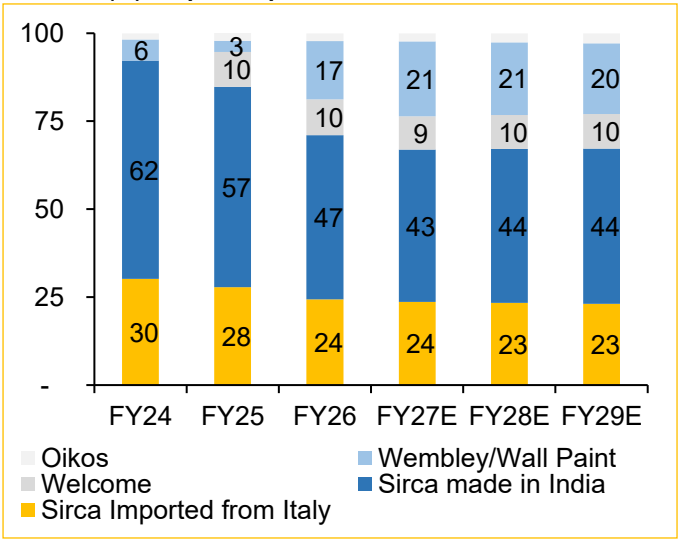
Source: SIRCA, Choice Institutional Equities

PAT projected to rise at a 25% CAGR over FY26–29E



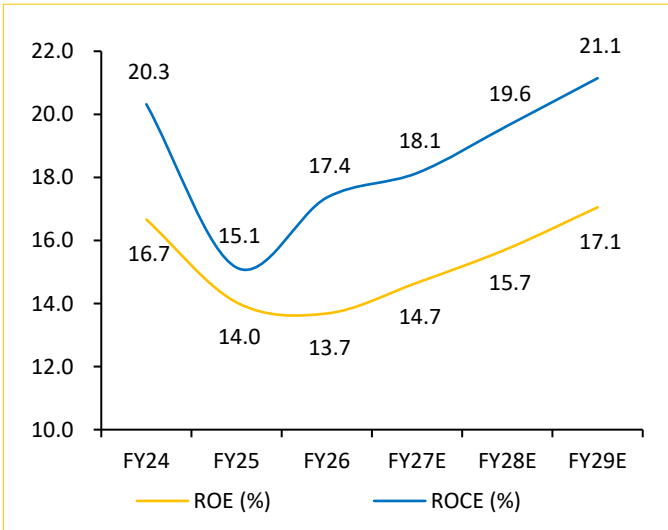
Source: SIRCA, Choice Institutional Equities

Rev. mix (%): Imported products' share forecast to decline



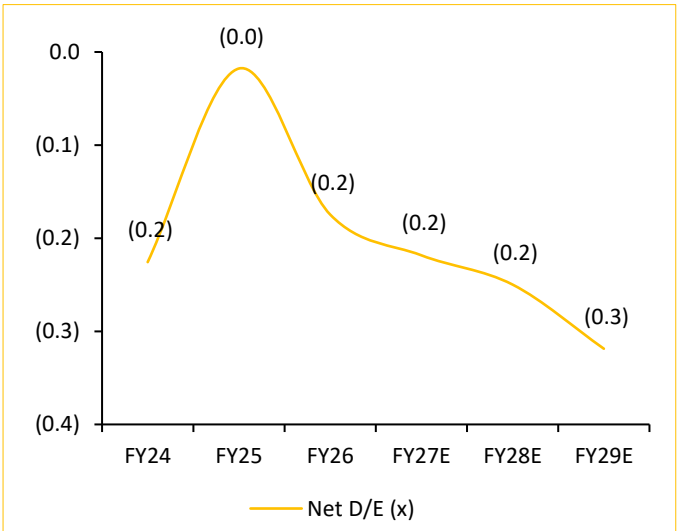
Source: SIRCA, Choice Institutional Equities

Improving ROE and ROCE trends



Source: SIRCA, Choice Institutional Equities

Net cash position to widen



Source: SIRCA, Choice Institutional Equities

Income Statement (Consolidated in INR Mn)

Particular (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	3,737	4,925	6,123	7,288	8,680
Gross Profit	1,742	2,258	2,701	3,319	4,031
EBITDA	674	988	1,159	1,425	1,781
Depreciation	70	107	115	121	132
EBIT	605	881	1,044	1,303	1,649
Other Income	52	39	44	63	92
Interest Expense	2	49	42	42	42
PBT	655	871	1,047	1,325	1,699
PAT	491	650	797	994	1,275
EPS (INR)	9.0	11.4	14.0	17.5	22.4

Balance Sheet (Consolidated in INR Mn)

Particular (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	3,496	4,751	5,434	6,314	7,475
Total Debt	500	323	323	323	323
Other Non-current Liabilities	11	136	136	136	136
Total Net Worth & Liabilities	**4,006**	**5,210**	**5,893**	**6,773**	**7,934**
Net Block	568	669	857	988	1,059
Capital WIP	2	103	103	103	103
Intangible Assets	1,067	1,067	1,067	1,067	1,067
Investments	20	573	573	573	573
Cash & Bank Balance	542	580	937	1,328	2,133
Other Non-current Asset	83	105	105	105	105
Net Current Assets	1,724	2,114	2,252	2,610	2,896
Total Assets	**4,006**	**5,210**	**5,893**	**6,773**	**7,934**

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenues	19.9	31.8	24.3	19.0	19.1
EBITDA	(1.8)	46.6	17.3	22.9	25.0
PAT	(4.6)	32.5	22.5	24.7	28.3
Margins (%)					
Gross Profit Margin	46.6	45.8	44.1	45.5	46.4
EBITDA Margin	18.0	20.1	18.9	19.5	20.5
Tax Rate	25.1	25.3	23.9	25.0	25.0
PAT Margin	12.9	13.1	12.9	13.5	14.5
Profitability (%)					
Return On Equity	14.0	13.7	14.7	15.7	17.1
Return On Invested Capital	14.2	14.8	16.9	19.1	22.9
Return On Capital Employed	15.1	17.4	18.1	19.6	21.1
Financial leverage (x)					
OCF/EBITDA	1.0	0.7	0.9	0.8	0.9
OCF / Net Profit	1.4	1.0	1.3	1.1	1.2
Debt to Equity	0.1	0.1	0.1	0.1	0.0
Working Capital (x)					
Inventory Days	106	82	82	80	80
Receivable Days	91	115	112	110	100
Creditor Days	38	40	40	40	40
Working Capital Days	159	157	154	150	140
Valuation Metrics					
PE (x)	27.0	35.1	28.9	23.2	18.1
P/BV (x)	3.8	4.8	4.2	3.7	3.1
EV/EBITDA (x)	19.6	22.8	19.4	15.5	11.9
EV/Sales (x)	3.5	4.6	3.7	3.0	2.4

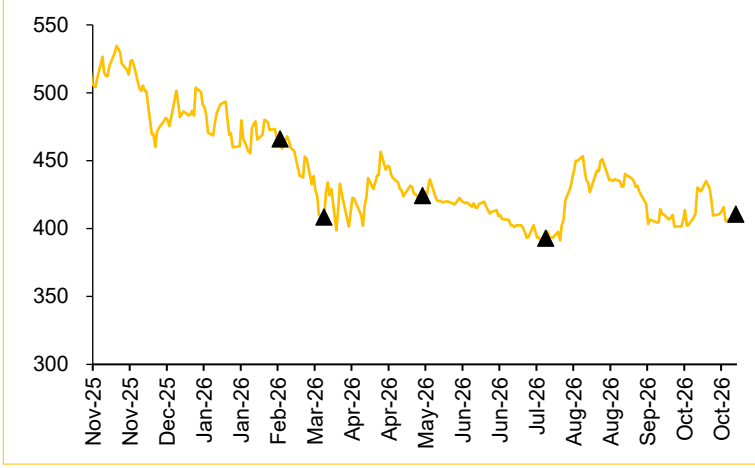
Source: SIRCA, Choice Institutional Equities

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	706	661	1,065	1,130	1,588
Cash Flows from Investing	(453)	(697)	(303)	(253)	(203)
Cash Flows from Financing	(84)	388	(156)	(156)	(156)

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Tax Burden (%)	74.9%	74.7%	76.1%	75.0%	75.0%
Interest Burden (%)	108.2%	98.8%	100.2%	101.6%	103.1%
EBIT Margin (%)	16.2%	17.9%	17.1%	17.9%	19.0%
Asset Turnover (x)	0.9	0.9	1.0	1.1	1.1
Equity Multiplier (x)	1.1	1.1	1.1	1.1	1.1
ROE (%)	**14.0**	**13.7**	**14.7**	**15.7**	**17.1**

Source: SIRCA, Choice Institutional Equities

Historical share price chart: Sirca Paints India Limited



Date	Rating	Target Price
February 01, 2026	BUY	625
March 16, 2026	BUY	625
May 17, 2026	BUY	625
July 29, 2026	BUY	560
November 09, 2026	BUY	560

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CHOICE RATING DISTRIBUTION & METHODOLOGY	
Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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KARAN KAMDAR

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