

Jyoti Resins and Adhesives Ltd

Q1 FY2024
Investor Presentation

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CORE TOPICS

Quarter Performance highlights

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Stronger Balance Sheet; Improving
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Performance Highlights



Performance Snapshot

62.5% Gross Margin Vs 41.4% in Q1FY23	33.9% EBITDA Margin Vs 17.0% in Q1FY23	25.7% PAT Margin vs 14.2% in Q1FY23
90.6% Growth in EBITDA YoY	94.4 % Growth in PBT YoY	73.5% Growth in Net Profit & EPS YoY

Gross Margin improvement to 62.5% led by easing of supply side constraints. This has led to **highest ever EBITDA and PBT Margin for any quarter at 33.9% and 25.7% respectively.**

Volume growth was marginally lower YoY due to unseasonal cyclone and heavy rains in certain key states. Company has **forayed into new States/UT namely New Delhi & Uttar Pradesh** with 5 branches.

As on 30 June 2023, company has **Cash & Cash Equivalents to the tune of Rs 700+ mn**, thereby continuing to be debt free.

Company has initiated the process of **appointment of RB Kabra & Co LLP as statutory auditors** for approval at the upcoming AGM.

RB Kabra & Co LLP is now in partnership with Ecovis, which is a European global consulting firm with core competencies in tax, audit and legal.

Quarterly Financial highlights

(All values in Rs mn)	Q1FY24	Q4FY23	Q1FY23	YoY%	FY23	FY22	YoY%
Net Sales	611.8	650.8	639.1	-4.3	2,612.5	1,819.6	43.6
Expenditure	404.4	450.3	530.2	-23.7	2,006.3	1,581.9	26.8
EBITDA	207.5	200.5	108.9	90.6	606.3	237.6	155.1
<i>EBITDA Margin (%)</i>	<i>33.91%</i>	<i>30.81%</i>	<i>17.04%</i>	<i>+1,688 bps</i>	<i>23.21%</i>	<i>13.06%</i>	<i>+1,015 bps</i>
Other Income	5.6	17.5	2.1	171.9	22.6	34.5	-34.4
Depreciation	2.7	4.0	2.7	-1.2	14.5	7.1	104.6
Interest	0.0	0.3	0.0	-100.0	0.3	0.5	-32.8
Profit Before Tax	210.4	213.7	108.2	94.4	614.1	264.6	132.1
Tax	53.0	49.7	17.5	202.9	149.7	66.9	123.6
Profit After Tax	157.4	164.1	90.7	73.5	464.4	197.6	135.0
<i>PAT Margin (%)</i>	<i>25.73%</i>	<i>25.21%</i>	<i>14.2%</i>	<i>+ 1,153 bps</i>	<i>17.8%</i>	<i>10.9%</i>	<i>+692 bps</i>
Earnings Per Share (Rs)	13.12	13.67	7.56	73.5	38.70	16.47	135.0

Business Model & Our Edge

Business Model



01

- The company imports raw materials from several countries. The raw materials are then processed and white glue is manufactured in their plant at Santej. The finished product is then packaged into different sizes starting from 500 gm upto 70 kgs. The products are then sold through a mix of Distributors and Consignee & Sales Agents into the retail market (sold to dealers).

02

- At a team level, the company has zonal managers, area managers, sales executives and business development executives. The whole chain works cohesively towards the visibility, promotions, training of carpenters, use and applications, resolving customer issues, sales orders and processing, and other related activities.

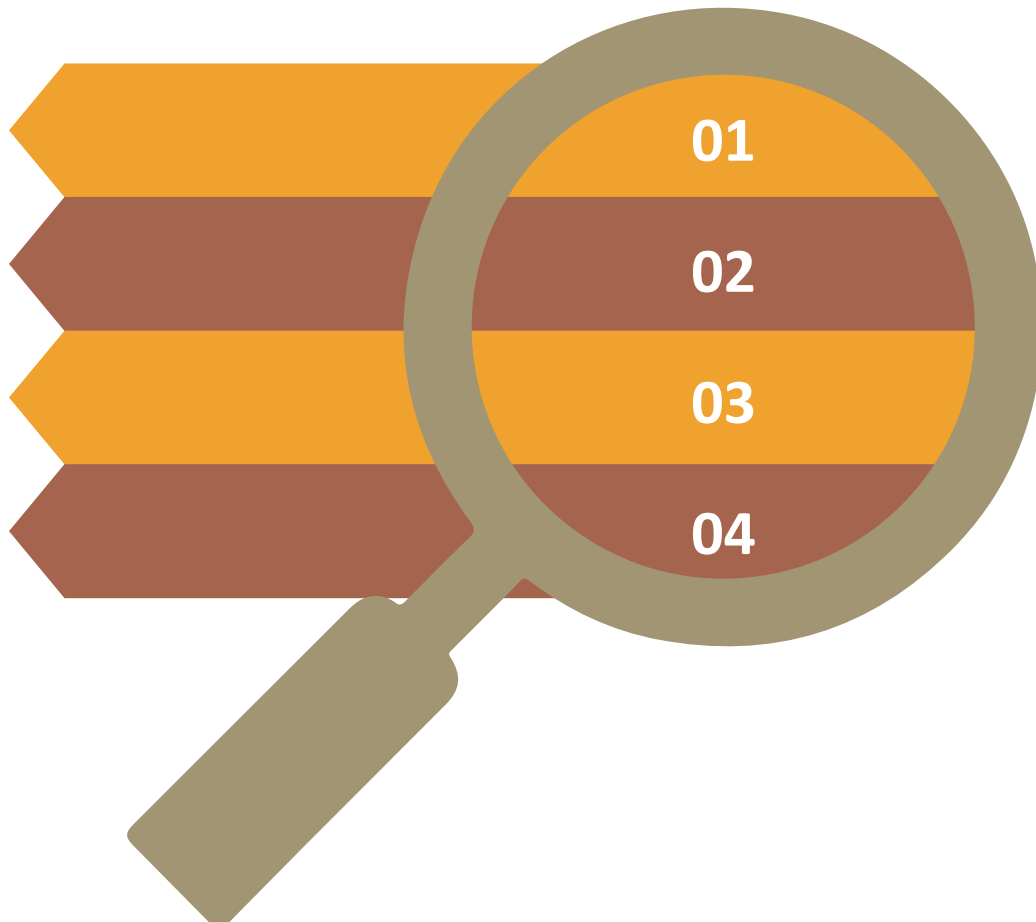
03

- The company also has an efficient carpenter reward model system which is a loyalty program for carpenters. On every bucket / drums purchased by carpenters, they receive certain amount of points, which are then recorded by downloading and logging into the app designed by the company. Post a certain threshold, the carpenters can then redeem these points in return for gifts in several forms / modes of awards.

04

- The company has a well established and customised ERP software, which integrates its sales, purchases, distributor and consignee agent ordering, billing inventory, receivables as well as the carpenter loyalty programme.

Our competitive edge



Low cost manufacturing; Asset light

- Overall manpower costs is limited to 15-16% of revenues
- Selling and Distribution expenses maintained under 12%
- Asset turnover is at 8x
- Amongst the highest EBITDA per tonne vis-à-vis peers
- Working capital efficient hence No Debt and OCF & FCF positive

Our network

- Presence in 14 states
- Operating through 50 distributors for smaller cities
- Operating through 35 branches for bigger cities (metros)
- Selling to 10,000 active retailers & working with 3 lac carpenters
- 300 sales executives & business development executives

Diversified product portfolio

- The company offers a wide range of products with several features and catering to different substrates such as :
 - Anti Termite
 - Water proof
 - Fast drying
 - Wider coverage
 - Fungal resistance
 - Heat resistance
 - Weather proof
 - High fixing strength
 - Cold and hot press applications
 - Multi purpose uses for Wood, PVC and Acrylic.

Our carpenter reward model

- We have one of the best and highest rewarding carpenter rewarding model in the industry
- Reward & loyalty programs are devised state wise
- Company app provided to carpenters for claiming and redeeming points. Slab systems created on usage basis
- 3 lac carpenters currently registered under this programme



Way Forward



Way forward

ENHANCE PRODUCTION CAPACITY FURTHER

Owing to sharp demand and growth in our market share, **we completed the process of increasing our production capacity further to 2000 TPM.** Company is in the process of setting up a warehouse for enhancing storage of raw materials and finished goods.

01

EXPAND DISTRIBUTION NETWORK AND OUR BRANCHES

We are looking to expand and increase our penetration in existing states with increase in branches and distributors with an eye on improving our market share. **Foray into new states & increase efficiencies in established states.**

02

GROWTH OVER NEXT 3-5 YEARS

Over the last 5 years, we have grown at CAGR of 38%, 103%, 113% on Revenue, EBIDTA, PAT.

We are targeting 25% CAGR for Revenues over the next 3 years (Base Year: FY2023)

03

RETURN RATIOS; DEBT FREE; IMPROVE WORKING CAPITAL EFFICIENCY

Continue to maintain +30% ROE and +40% ROCE.

Stay debt free and generate positive operating cash flows and free cash flows.

Reduce liabilities for expenses (for redemption points) further from current 31% of revenue

04



Company background



About Us

The company launched its brand “Euro 7000” in 2006, and is now the second largest (No 2) selling wood adhesive (white glue) brand in India in the retail segment.



Vision & Mission

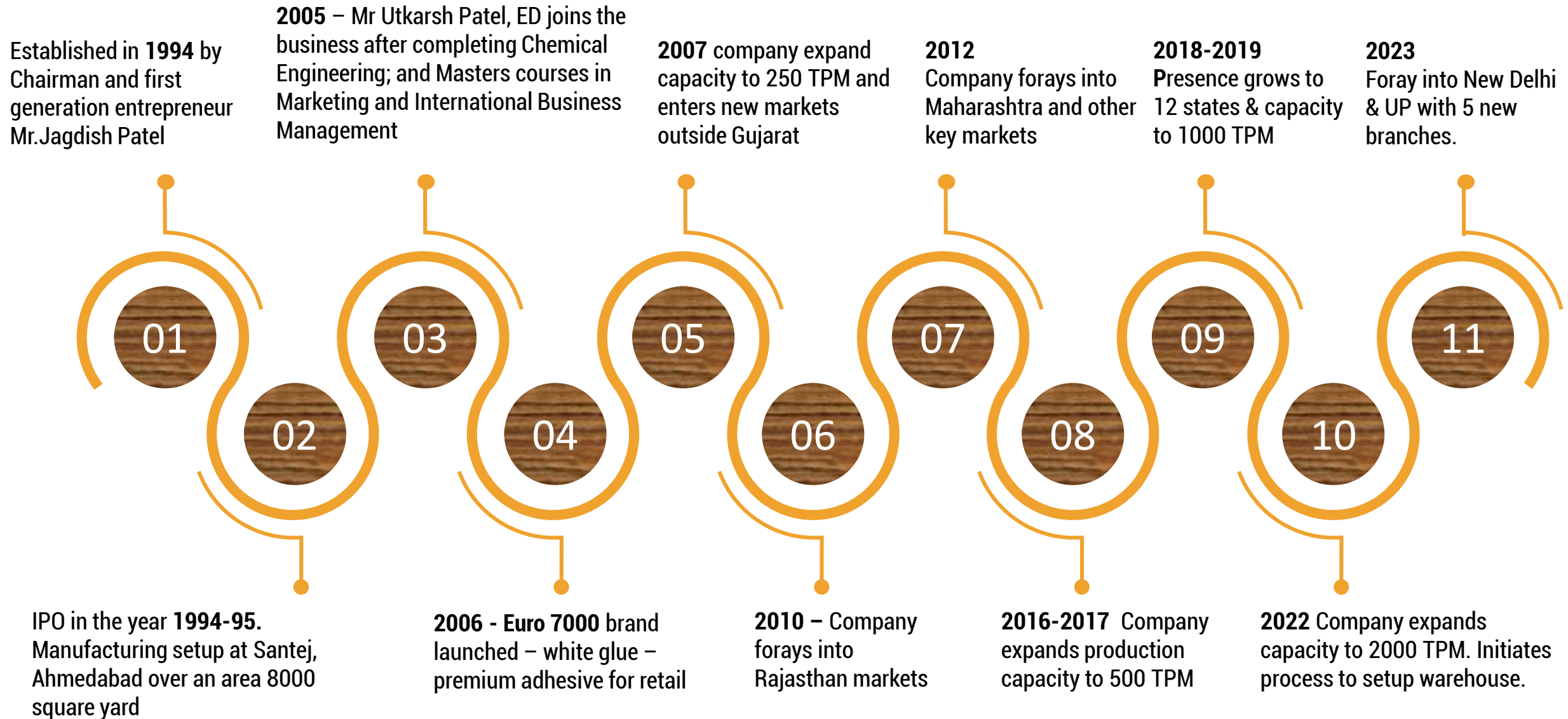
To Acquire National Leadership Position in Wood Adhesives Field In Retail Segment.

To be India's most Preferable Adhesive Brand For The Carpenters , where Our End Users Can find The Best Solution For Gluing The Furniture.

We Believe To Continuously Create New Opportunities For Our Team Members To Do Growth In Our Strategic Business.

- **JYOTI RESINS AND ADHESIVES LTD** is a manufacturer of synthetic resin adhesives. The Company manufactures various types of wood adhesives (white glue) under the brand name of EURO 7000.
- The company launched its brand “**Euro 7000**” in 2006.
- The company has steadily increased its plant (at Santej, Ahmedabad) capacity to 1000 Tonnes per month, expanded capacity **to 2000 TPM (24,000 TPA) in Aug'22.**
- Euro 7000 has today grown exponentially and is now **the second largest (No 2) selling wood adhesive (white glue) brand in India in the retail segment.**
- The company's success so far in this business is an outcome of its strategic vision focus on delivering world class products and services to its customers.
- Today it services 14 states in India through 35 branches and 50 distributors, catering to 10,000 active retailers and 3 lac carpenters across India. A 300 strong sales force plays a key role in this process.

Our Journey



Our Network today



14
STATES

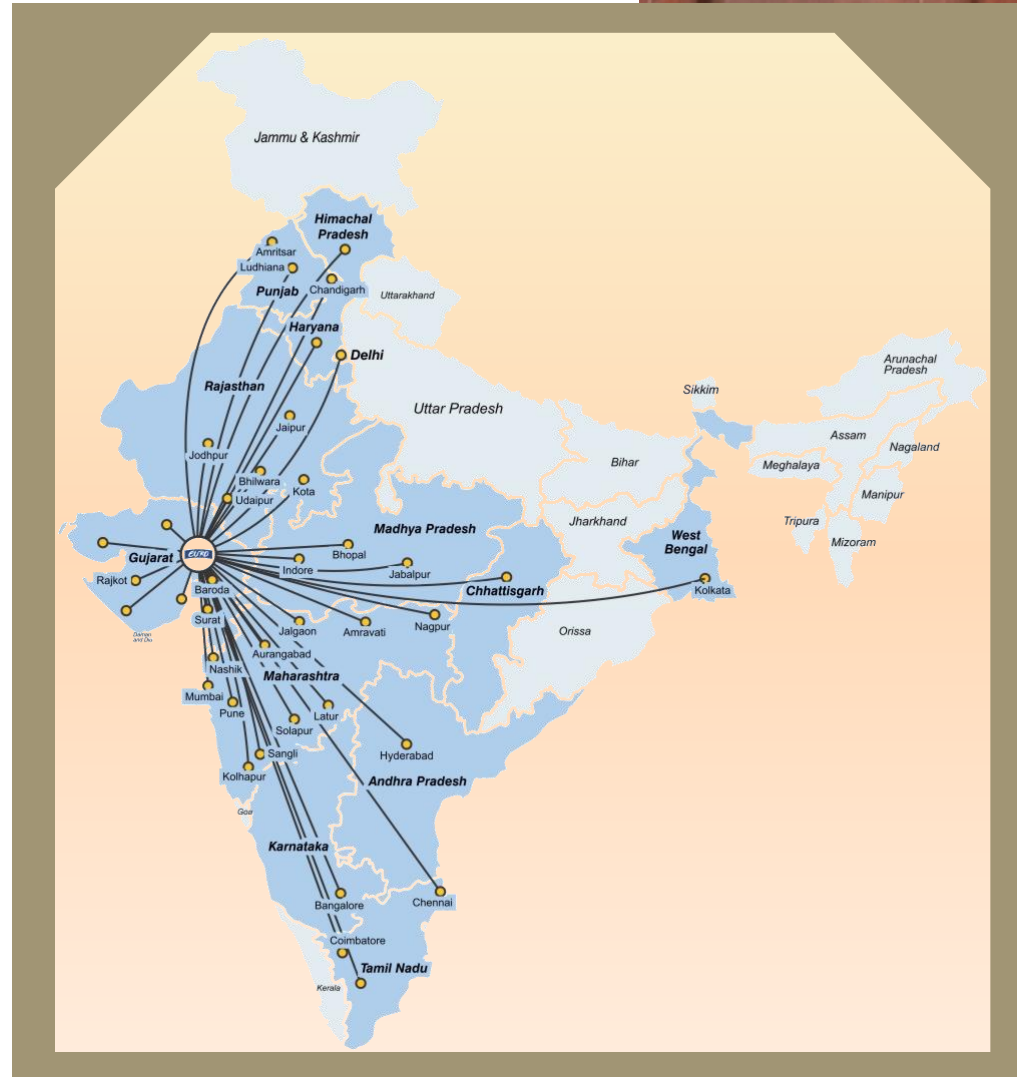
300
SALES
FORCE

35
BRANCHES

10,000
ACTIVE
RETAILERS

50
DISTRIBUT-
ORS

300,000
CARPEN-
TERS



Manufacturing & Operations

Manufacturing Plant

Our manufacturing plant at Santej, Ahmedabad, Gujarat is currently at 2000 TPM (24,000 TPA).



Administrative Offices

Our corporate office is at Ahmedabad, Gujarat. We also have an Administrative Office in Mumbai. Other than this we have 35 branch offices & warehouses across key cities & states.



Our strength & commitment



+40%

Return on Equity

+50%

Return on Capital Employed

**Second Largest
brand in India**

Clear lead as 2nd largest
Wood Adhesive brand in India
(retail segment)

Debt Free

Continues to be Net Debt
negative since FY18

Dividend

60% Dividend Per Share
15.5% Dividend Payout
for FY23

Shareholders Funds
increased by
70% YoY in FY23 to
Rs 1,060 mn

Consistent growth
in Operating Profit & Net Profit.

Both have increased by
1.5x & 1.35x in FY23 (YoY)

Revenue touched
Rs 262 cr in FY23

Current production capacity
stands at 2000 TPM

Promoter holding
Increased from
49.97% in Mar 2022
to
50.82% as on Mar 2023



Management Team



Jagdish N Patel

Chairman

Mr Jagdish N Patel is the first generation entrepreneur and started this company in 1994 eyeing the huge opportunity he saw in the market for organized players in adhesives.

With his financial prowess and effective team management capabilities, he built the strong foundation on which Euro7000 stand today.

Utkarsh J Patel

Managing Director

In 2005, Mr. Utkarsh Patel, Executive Director, joined the business, after completing his Chemical Engineering and Management courses in the field of Marketing and International Business Management.

He is currently driving the business on all fronts and has been instrumental in the operational turnaround of the business, with a vision to be the next big participant in the adhesives industry in India.



Product Portfolio



Diversified Product Portfolio



Anti termite
applications



Water proof,
Anti termite,
Heat & fungal resistant



Cold & Hot press applications



Waterproof,
Anti termite,
Fast drying (2-3 hours)



Waterproof,
Anti termite,
Heat & fungal resistance



For PVC and Acrylic sheet
bonding to wood; pre edge
bending taps



Waterproof,
Anti termite,
Fast drying (2-3 hours)



Waterproof, Anti termite,
Fast drying (2-3 hours),
Weather Proof

Product Launches (last 12 months)

Extreme 3 Hi-Strong



THREE BENEFITS IN ONE

- Fast Drying Adhesive with 2-3 hours handling strength
- Waterproof adhesive
- Anti termite formula

EURO EWR



COLD PRESS EXPERT

- Suitable for cold press
- Economy grade with extra strength
- Use for furniture industry
- Packing: 50 kgs drum

Anti Termite formula water resistant adhesive

EWR D2+



HOT PRESS EXPERT

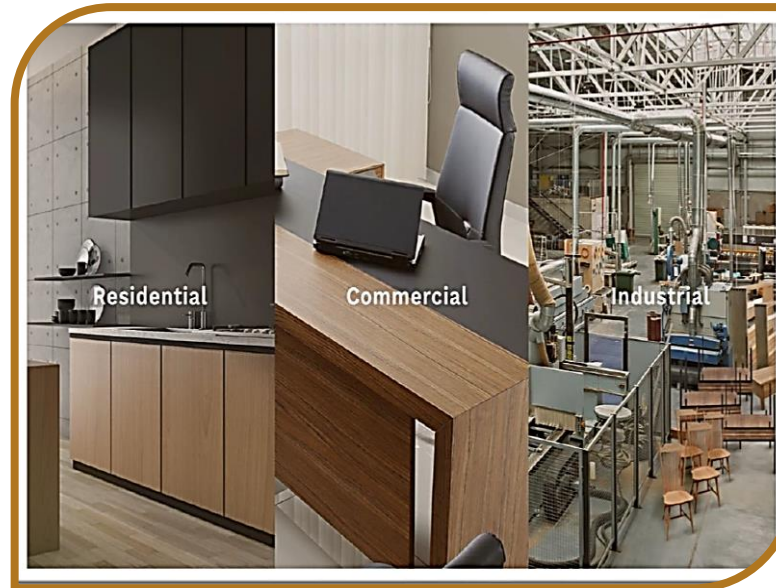
- Suitable for Hot & Cold Press
- D2+ Formula
- Fast Drying
- Powerful strength
- Packing : 50 kgs drum pack

D2+ Grade Adhesive with Fast Drying Formula

Applications



USAGE OF OUR PRODUCT



PAKKA JOD, HAMESHA



Digital Advertisements



#SachiMein - EURO 7000
Ultra 5in1

22K views



#SachiMein - EURO 7000 WP
2in1

57K views



#SachiMein - EURO 7000
Extreme 3

83K views



Navratri Mein EURO 7000 Ka
Pakka Jod

16K views

Recent Dealer Events



Dealer (500+) Meet – Ahmedabad, Gujarat



Dealer (200+) Meet – Jodhpur, Rajasthan



Dealer (200+) Meet – Vadodara, Gujarat



Dealer (300+) Meet – Rajkot, Gujarat



Dealer (550+) Meet – Mumbai, Maharashtra



Dealer (175+) Meet – Nashik, Maharashtra

Connecting users & dealers digitally

मजबूत जोड़
हमारे रिश्तों का...

EURO
7000
An ISO 9001:2008 certified company

PASSBOOK FORM

कॉन्ट्राक्टर
Points Offer

Token
+
Points

तारीख : _____ Sr. No. : _____

कॉन्ट्राक्टर नाम : _____

मोबाइल : _____

शहर : _____

कॉन्ट्राक्टर साईन

यूरो एक्जिक्यूटिव साईन

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