

# Jyoti Resins and Adhesives Ltd

## Investor Presentation

Refer to Disclaimer

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# CORE TOPICS



## 01 Company background

About Us | Our Journey | Our Network  
Our strengths & commitment | Management Team

## 02 Business Model

Business Model | Our competitive edge

## 03 Way forward

Way forward

## 04 Financial highlights

Financial snapshot | Financial highlights

## 05 Product Portfolio

Diversified product portfolio | Applications | Events

# 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

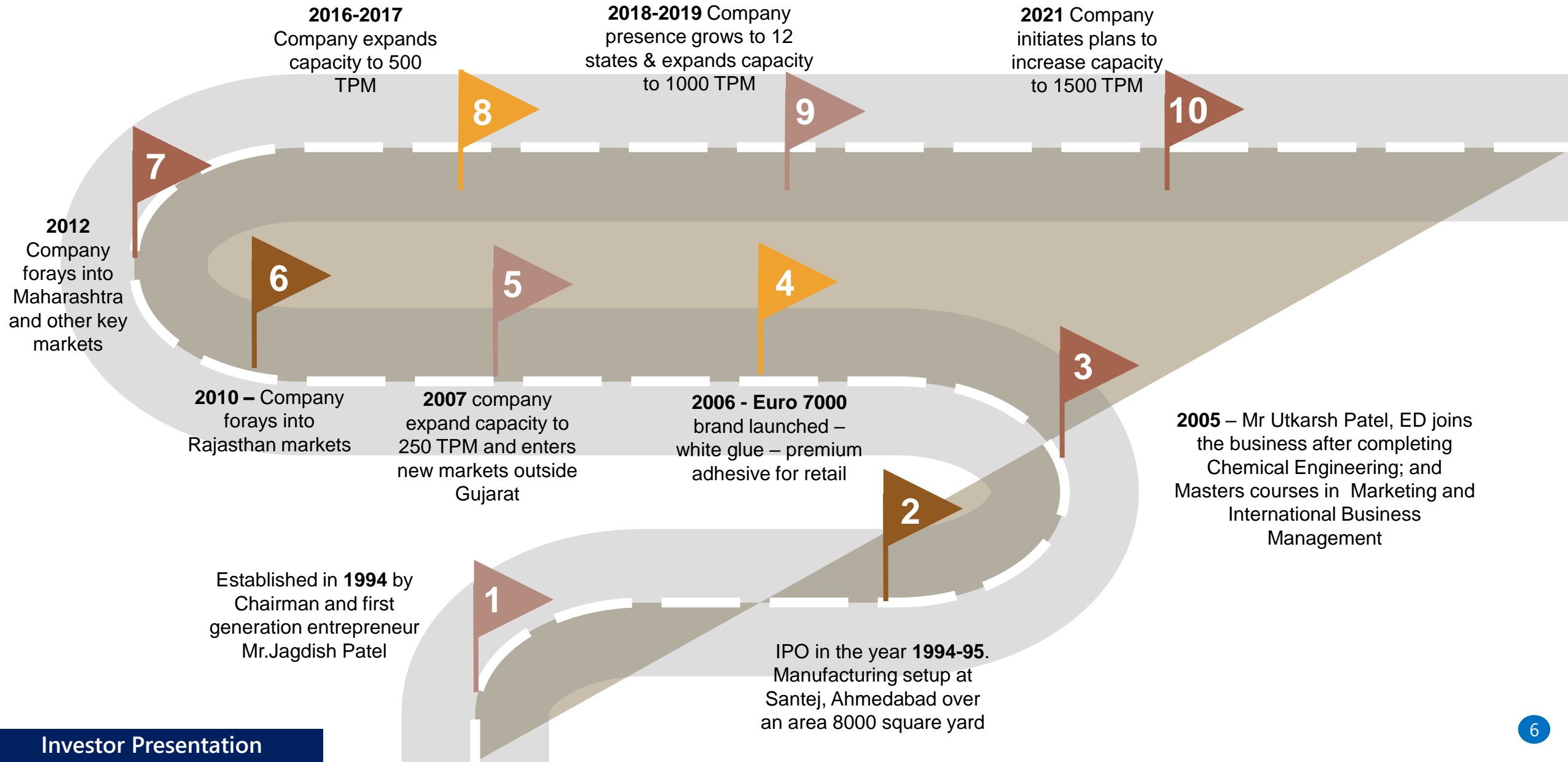
To Acquire National Leadership Position in Wood Adhesives Field In Retail Segment.

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** 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, and is **currently expanding its capacity by 50% to 1500 TPM to meet growing demand for its product.**
- 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 12 states in India through 20 branches and 50 distributors, catering to 10,000 retailers and 3 lac carpenters across India. A 300 strong sales force plays a key role in this process.

# Our Journey

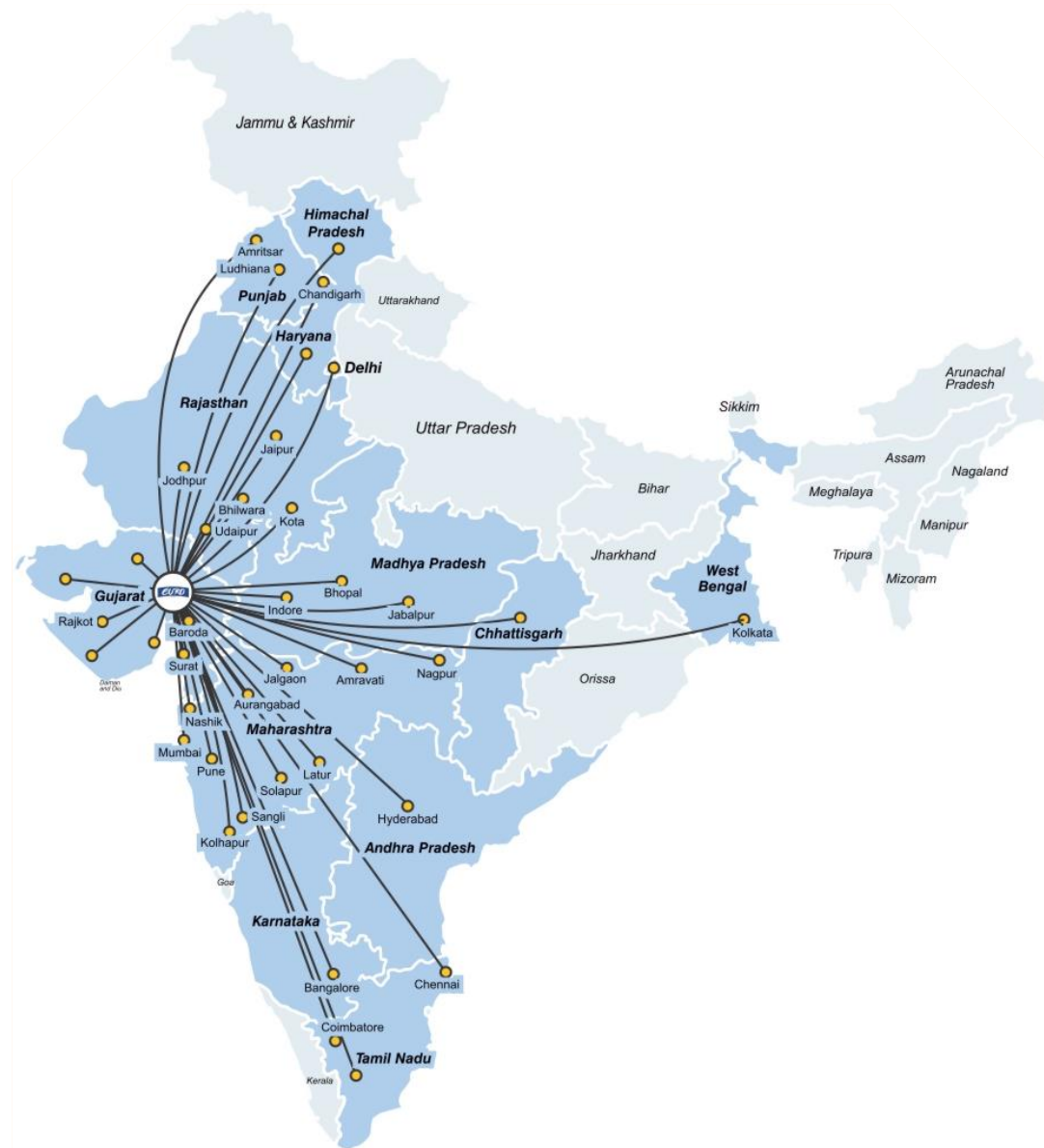


# Our Network today

12  
STATES

20  
BRANCHES

50  
DISTRIBUT-  
ORS



300  
SALES  
FORCE

10,000  
RETAILERS

300,000  
CARPEN-  
TERS

# Our strength & commitment



# Management Team



## Jagdish N Patel

Chairman and Managing Director

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

Executive 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.



# Business Model & Our Edge

- ❑ 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 60 kgs. The products are then sold through a mix of Distributors and Consignee & Sales Agents into the retail market (sold to dealers).
- ❑ 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.
- ❑ The company also has an efficient carpenter reward model system which is a royalty 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.
- ❑ 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 royalty programme.

# Our competitive edge

## 01 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

## 03 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 strenght
- Cold and hot press applications
- Multi purpose uses for Wood, PVC and Acrylic,

## 02 Our network

- Presence in 12 states
- Operating through 50 distributors for smaller cities
- Operating through 20 branches for bigger cities (metros)
- Selling to 10,000 retailers & working with 3 lac carpenters
- 300 sales executives & business development executives

## 04 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

1

## **ENHANCE PRODUCTION CAPACITY BY 50%**

Owing to sharp demand and growth in our products, we have undertaken the process to increase our production capacity from 1000 TPM to 1500 TPM

2

## **EXPAND DISTRIBUTION NETWORK AND OUR BRANCHES**

We are looking to expand our reach in a few more states as well as our penetration in existing states with increase in branches and distributors

3

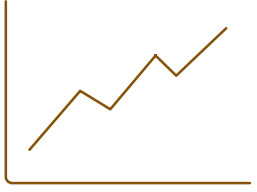
## **GROWTH OVER NEXT 3-5 YEARS**

Over the last 10 years, we have grown at CAGR of 38%/43%/55% on Revenue/Ebitda/PAT  
We are targeting a growth of +30% CAGR over the next 3-5 years

4

## **RETURN RATIOS; DEBT FREE; IMPROVE WORKING CAPITAL EFFICIENCY**

Continue to maintain +25 – 30% average ROE and ROCE;  
Stay debt free and generate positive operating cash flows and free cash flows.  
The company has entered new states recently – as the brand gets established, debtors (days) should improve over the next 2-3 years



# Annual Financial Highlights

# Financial Snapshot



**+35%**

Return on Capital Employed



**2<sup>nd</sup> Largest brand in India**

Selling Wood Adhesive brand in India (retail segment)



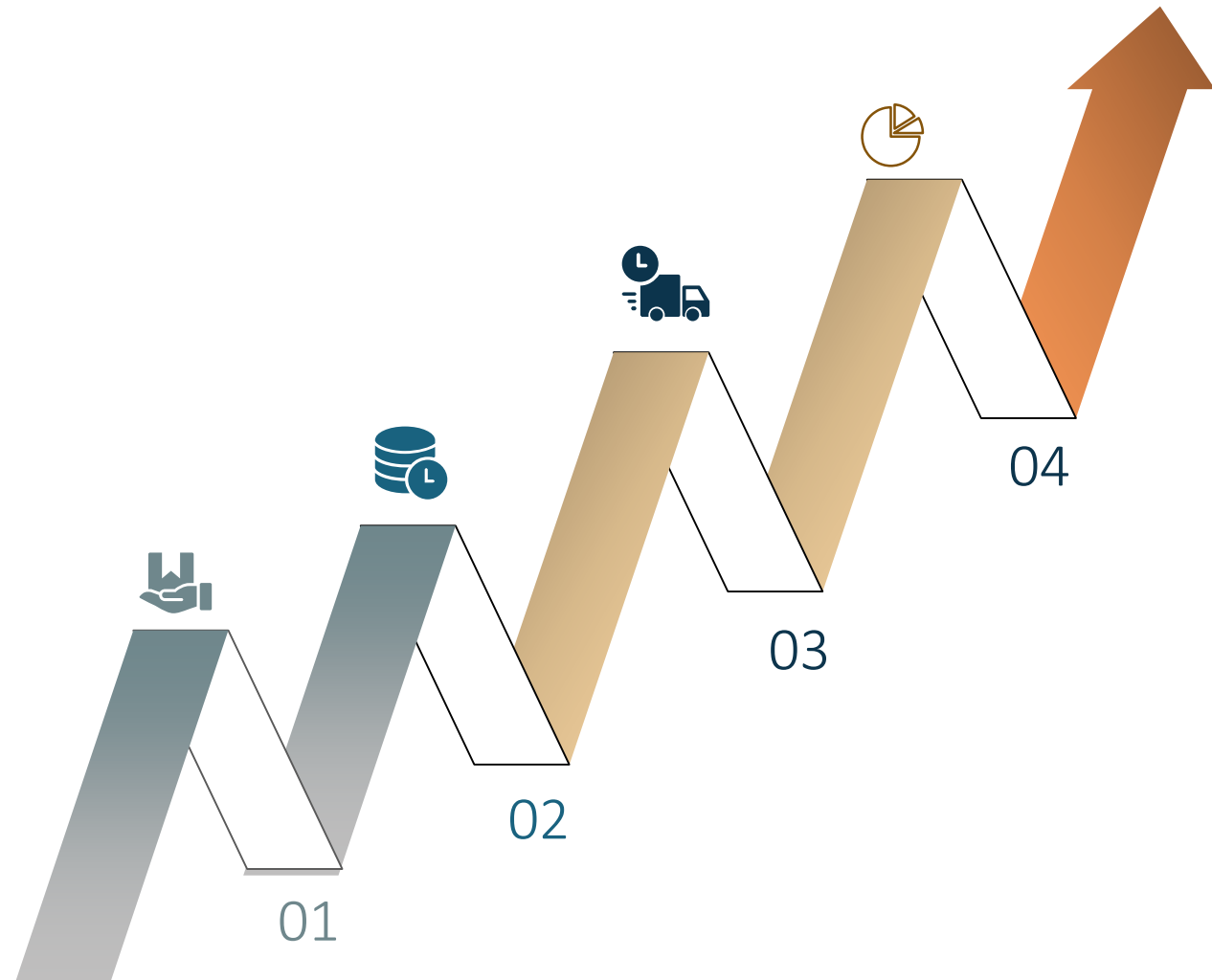
**Debt Free**

Net Debt negative since FY18



**Dividend**

25% Dividend in FY20

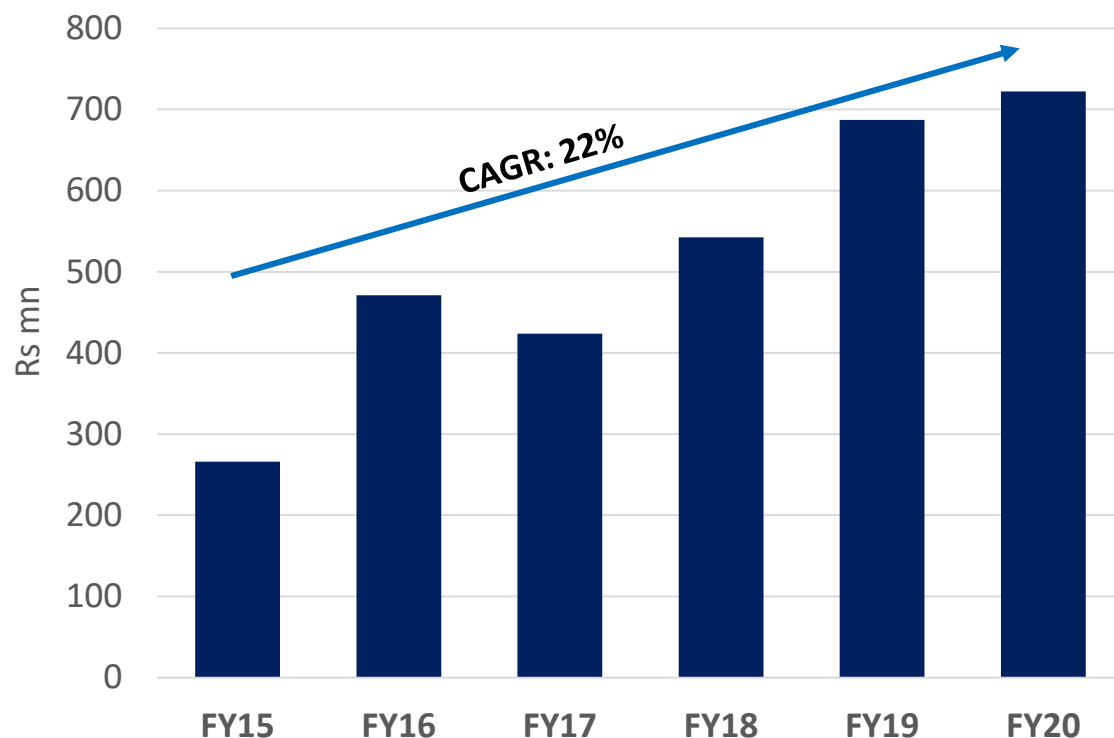


# Annual Income Statement

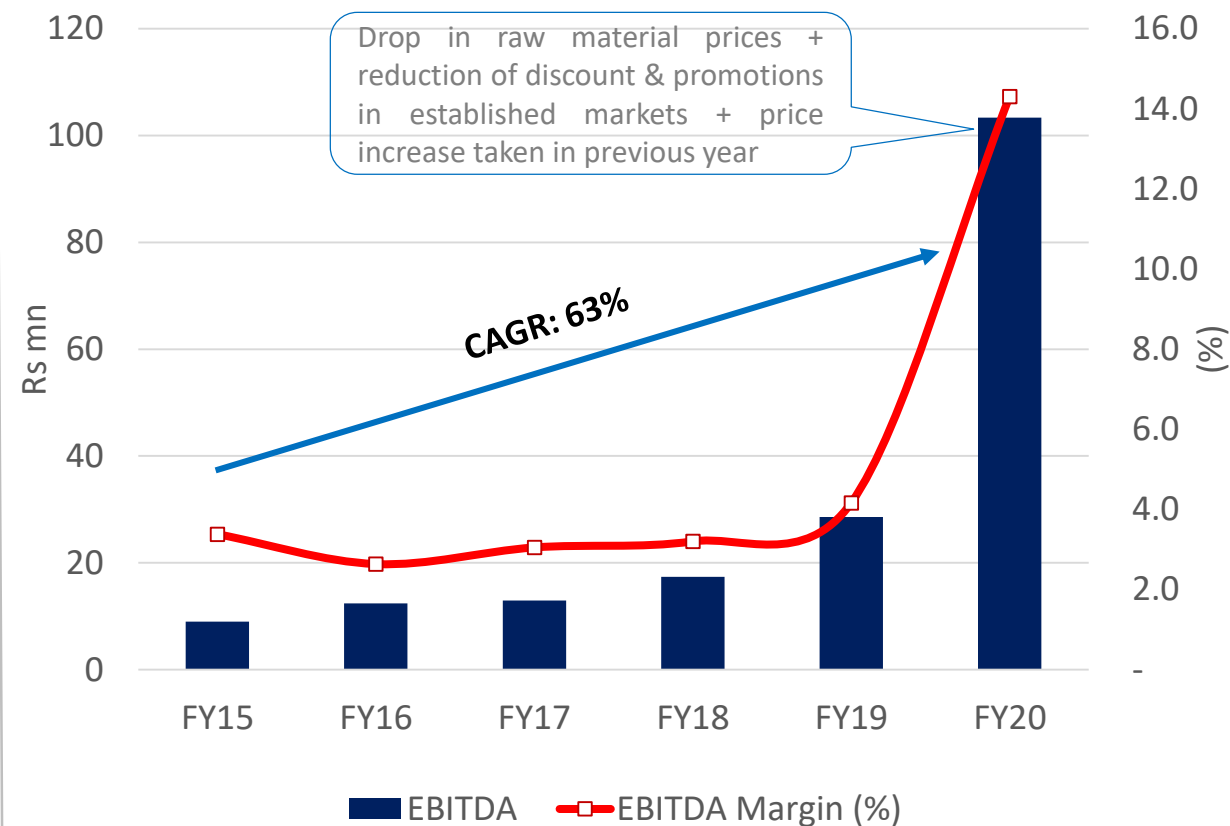
PARTICULARS (INR Mn)	FY17	FY18	FY19	FY20	9MFY21
Net Sales	423.5	542.3	686.9	722.2	654.0
Expenditure	410.6	525.0	658.3	618.9	576.2
<b>EBITDA</b>	<b>12.9</b>	<b>17.4</b>	<b>28.6</b>	<b>103.3</b>	<b>77.8</b>
<i>EBITDA Margin (%)</i>	<i>3.1%</i>	<i>3.2%</i>	<i>4.2%</i>	<i>14.3%</i>	<i>11.9%</i>
Other Income	0.2	0.1	5.3	13.5	47.6
Depreciation	0.8	1.1	2.5	4.8	4.7
Interest	6.0	1.4	0.2	0.2	0.4
<b>Profit before tax</b>	<b>6.3</b>	<b>15.0</b>	<b>31.2</b>	<b>111.9</b>	<b>120.4</b>
Tax	1.9	4.4	8.7	30.4	25.0
<b>Profit after tax</b>	<b>4.4</b>	<b>10.6</b>	<b>22.5</b>	<b>81.5</b>	<b>95.4</b>
<i>PAT Margin (%)</i>	<i>1.0</i>	<i>1.9</i>	<i>3.3</i>	<i>11.3</i>	<i>14.6</i>
<b>Earnings per share (Rs)</b>	<b>1.0</b>	<b>2.6</b>	<b>5.5</b>	<b>20.2</b>	<b>23.84</b>

# Financial highlights (1/3)

## Revenues

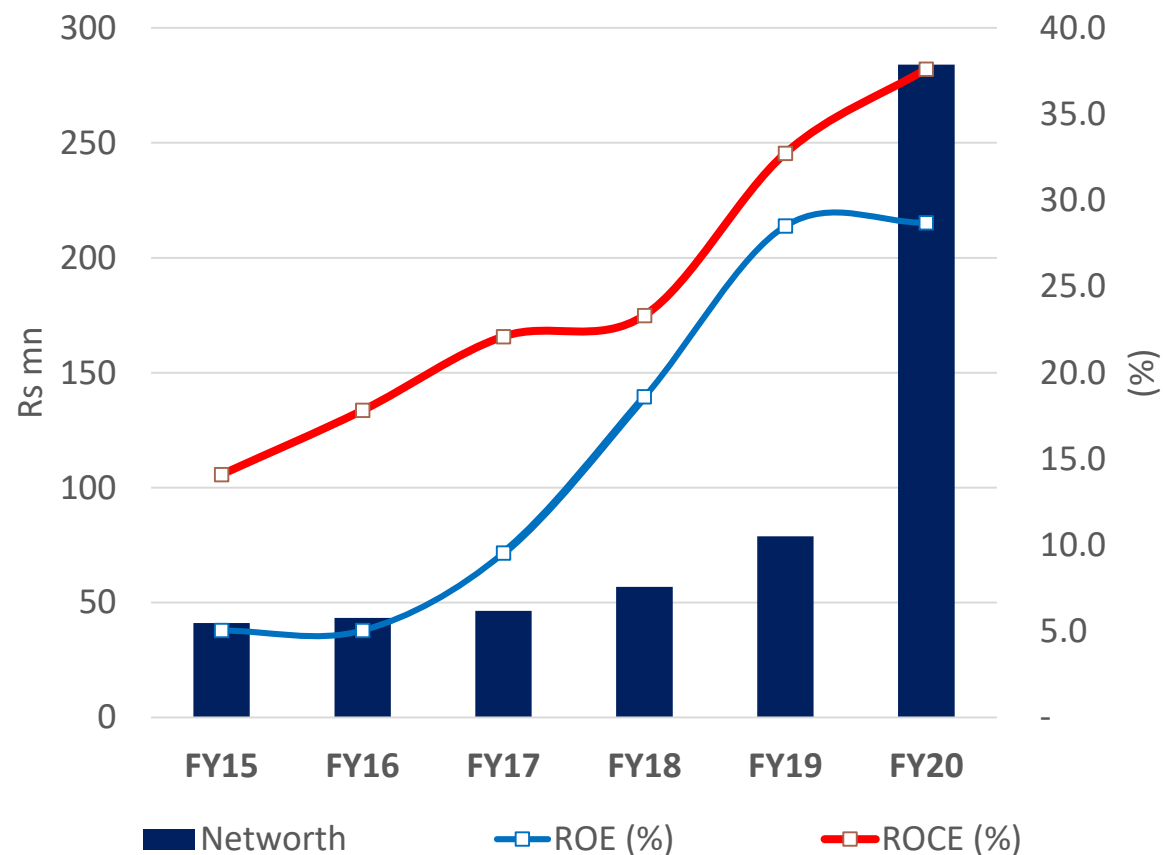


## EBITDA & EBITDA Margins

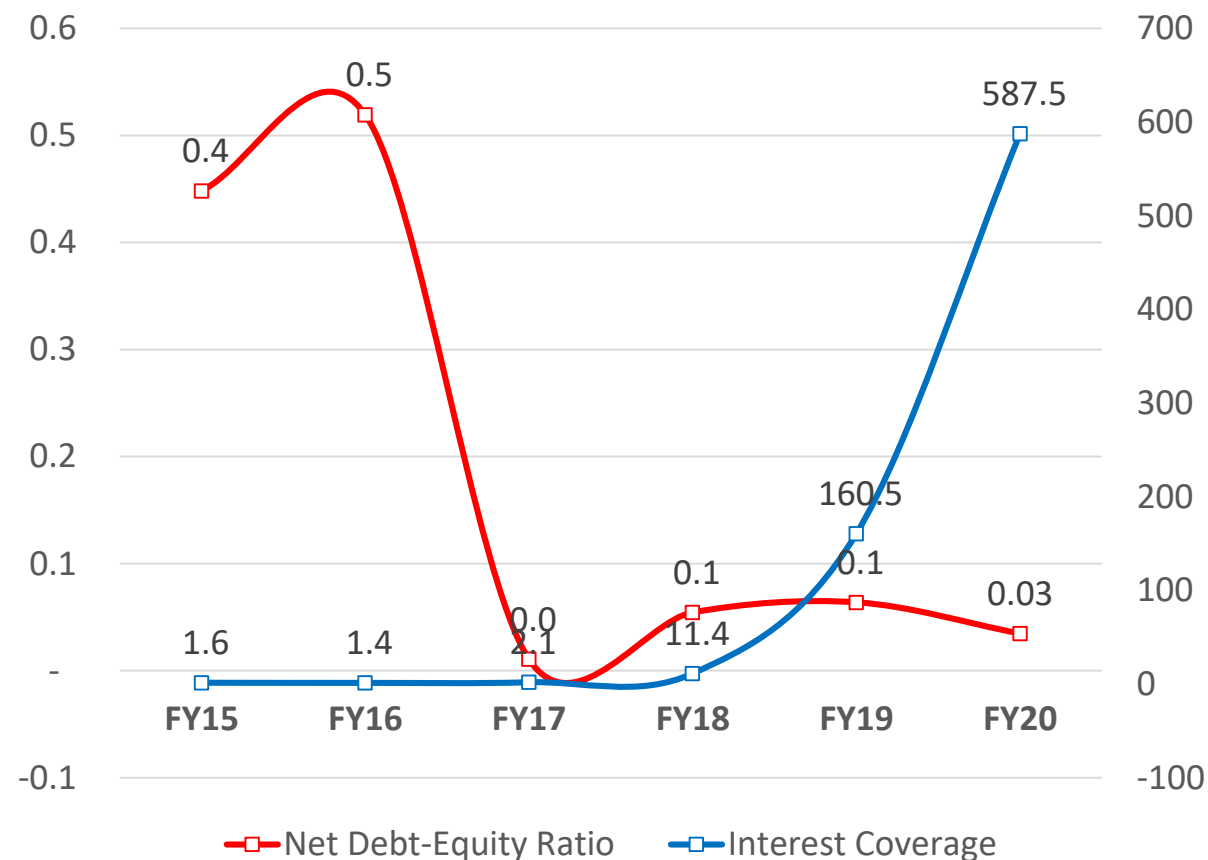


# Financial highlights (2/3)

## Net worth and Return Ratios

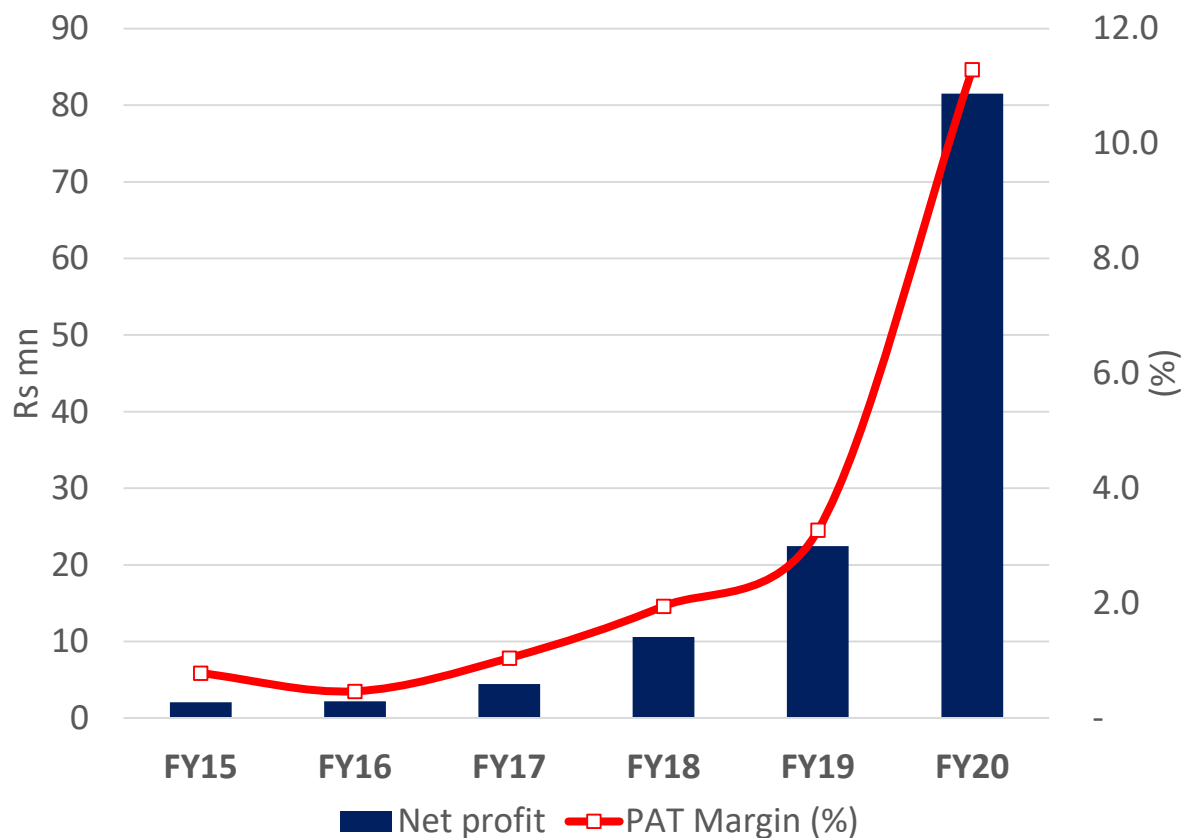


## Net Debt Equity ratio & Interest Coverage

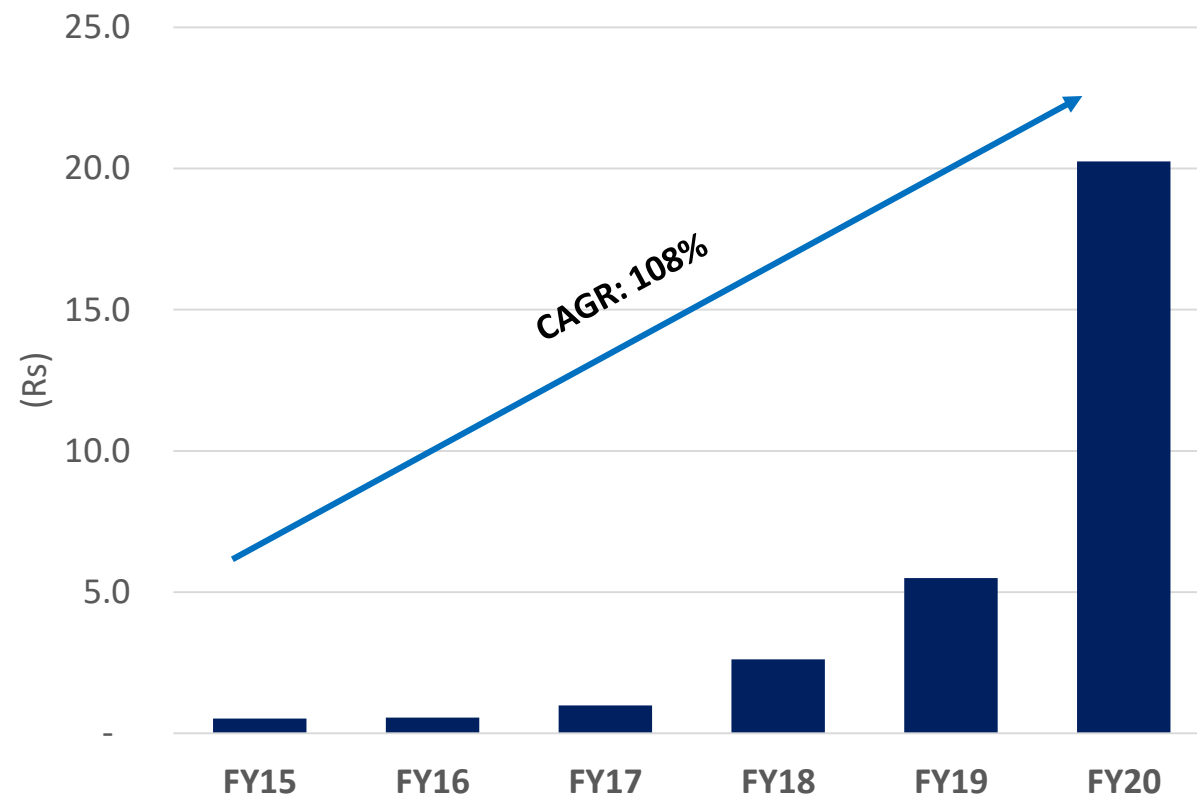


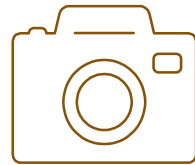
# Financial highlights (3/3)

## Net Profit & PAT Margin (%)



## Earnings per share (Rs)





# 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

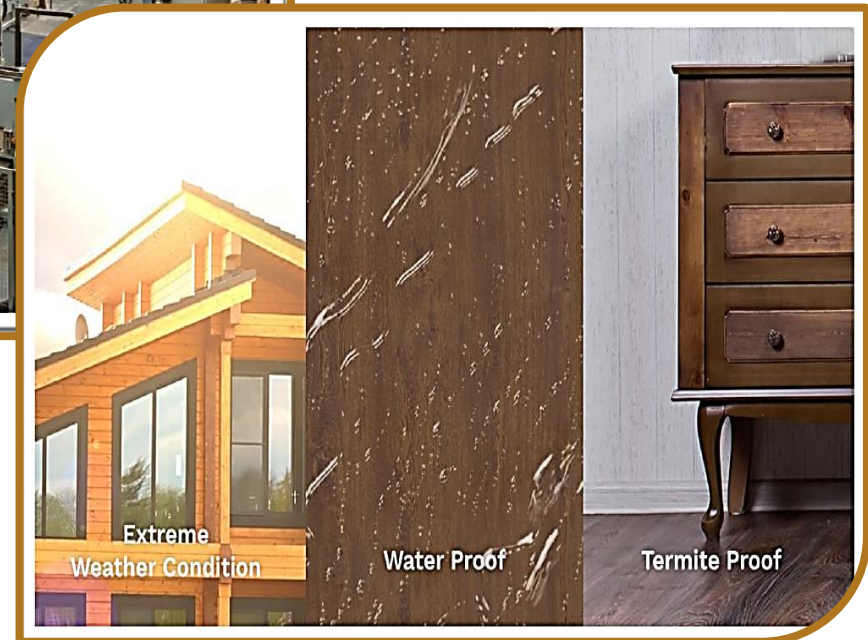
# Applications



## USAGE OF OUR PRODUCT



PAKKA JOD, HAMESHA



# Recent Events



Dealers meet – Ahmedabad - 2020



Contractor Meet – Mumbai - 2020



Contractor Meet – Nagpur - 2020



Contractor meet – Ahmd, Rajkot, Baroda - 2020



ACETECH Exhibition – 2019 - Mumbai



Sponsoring festivals and events

# Thank You

FOR FURTHER INFORMATION PLEASE CONTACT



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