

Jyoti Resins and Adhesives Ltd

Q3FY22
Investor Presentation

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CORE TOPICS

Company background

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

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Business Model

Business Model | Our
competitive edge

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Way forward

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Diversified product portfolio | New
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Shareholding & Price performance

Shareholding pattern | Relative
Price Performance





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, 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 25 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

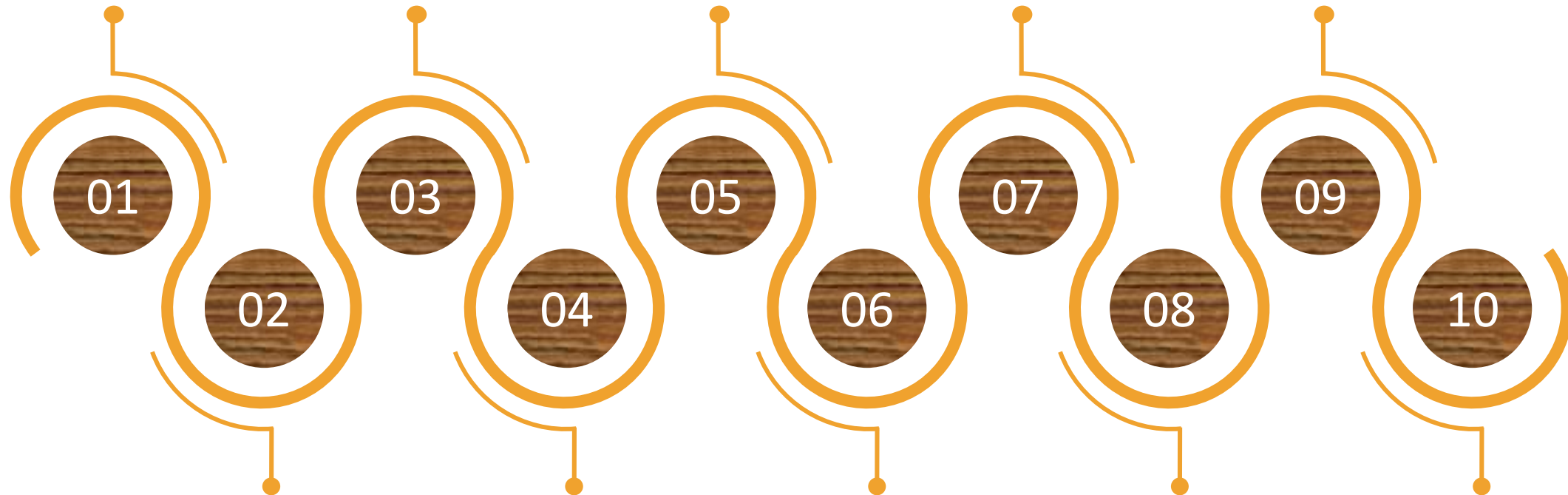
Established in **1994** by Chairman and first generation entrepreneur Mr.Jagdish Patel

2005 – Mr Utkarsh Patel, ED joins the business after completing Chemical Engineering; and Masters courses in Marketing and International Business Management

2007 company expand capacity to 250 TPM and enters new markets outside Gujarat

2012 Company forays into Maharashtra and other key markets

2018-2019 Company presence grows to 12 states & expands capacity to 1000 TPM



2006 - Euro 7000 brand launched – white glue – premium adhesive for retail

IPO in the year **1994-95**. Manufacturing setup at Santej, Ahmedabad over an area 8000 square yard

2010 – Company forays into Rajasthan markets

2016-2017 Company expands production capacity to 500 TPM

2021 Company expands capacity to 1500 TPM. Planning to go to 2000 TPM

Our Network today



12
STATES

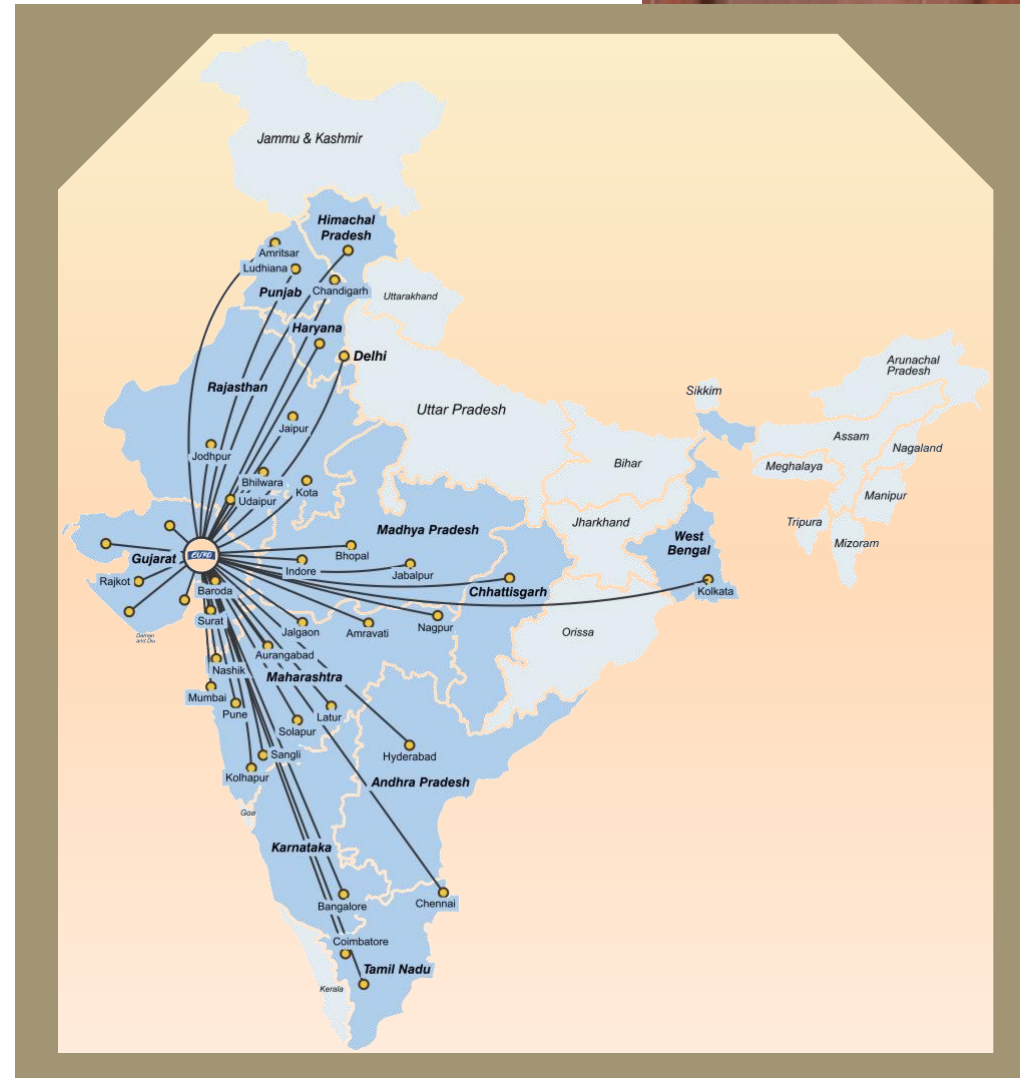
300
SALES
FORCE

25
BRANCHES

10,000
RETAILERS

50
DISTRIBUT-
ORS

300,000
CARPEN-
TERS



Manufacturing & operations

Manufacturing Plant

Our manufacturing plant at Santej, Ahmedabad, Gujarat is currently a 1500 TPM manufacturing facility and is being expanded to 2000 TPM by Q1FY23

Administrative Offices

Our corporate office is at Ahmedabad, Gujarat. We also have a Head Office in Mumbai. Other than this we have 25 branch offices & warehouses across key cities & states.



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

Business Model



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 60 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.

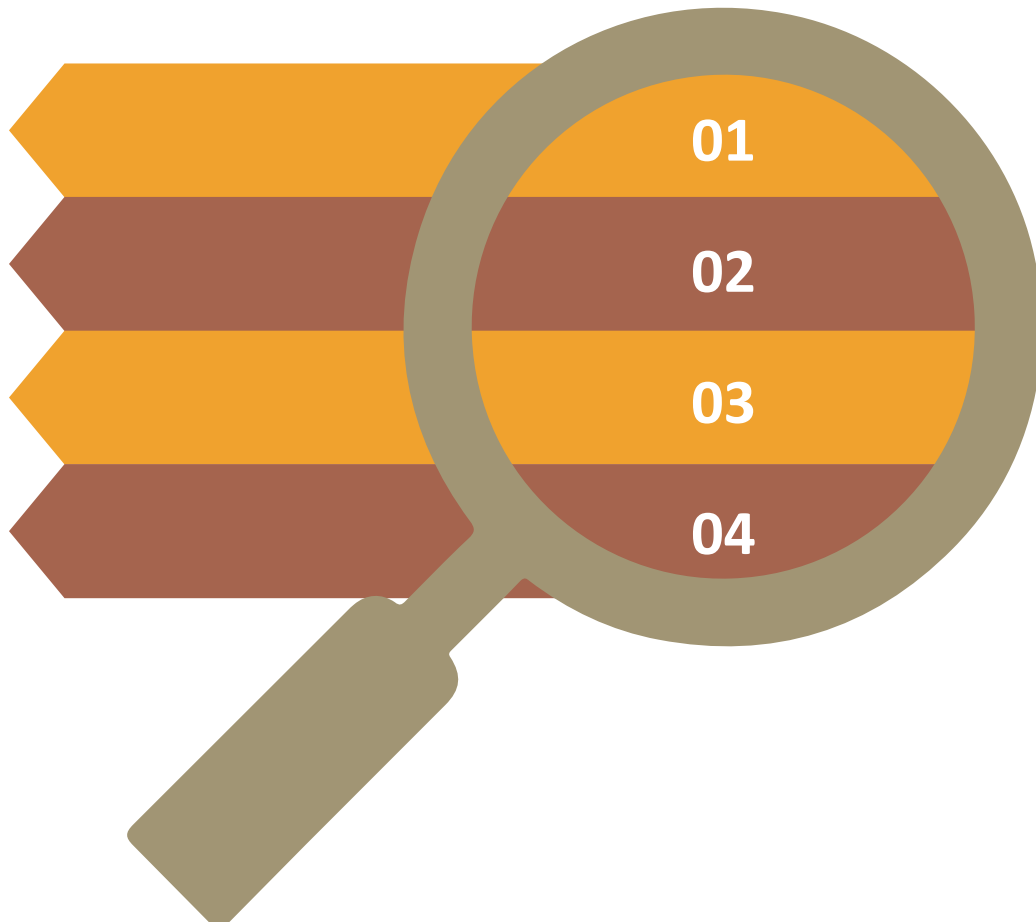
03

- 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 12 states
- Operating through 50 distributors for smaller cities
- Operating through 25 branches for bigger cities (metros)
- Selling to 10,000 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
 - Wider coverage
 - Weather proof
 - Cold and hot press applications
 - Multi purpose uses for Wood, PVC and Acrylic,
 - Water proof
 - Fungal resistance
 - High fixing strength
 - Fast drying
 - Heat resistance

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



Q3FY22 Performance Highlights

Performance Snapshot

51.8%
Growth in
Revenue

13.52%
EBITDA
Margin

178.7%
Growth in
EBITDA

35.2%
Growth in
Net Profit

In 9MFY22 the company has crossed full year FY21 performance on all thresholds of Revenue, EBITDA and Net Profit.

Hardening of raw material prices due to supply disruptions and sharp increase in freight rates led to compression in Gross Margins.

9% Price increase taken in Jan 2022 will help reduce impact of raw material price increase.

Capacity expansion from 1000 TPM to 1500 TPM completed during the quarter and plans taken up to expand further to 2000 TPM.

Company continues to be debt free.

Company has forayed into Assam, being a new state for their products and has appointed a large distributor for the same.

Quarterly Financial highlights

	Q3FY22	Q2FY22	Q3FY21	YoY%	9MFY22	9MFY21	YoY%
Net Sales	488.6	486.2	322.0	51.8	1,244.9	654.0	90.4
Expenditure	422.5	430.0	298.3	41.7	1,082.9	576.2	88.0
EBITDA	66.1	56.2	23.7	178.7	162.0	77.8	108.2
<i>EBITDA Margin (%)</i>	13.52	11.57	7.36	616.08	13.01	11.90	1.12
Other Income	4.5	4.1	24.1	- 81.3	16.8	47.6	- 64.8
Depreciation	1.6	1.9	1.5	6.2	5.2	4.7	10.9
Interest	0.1	0.0	0.1	- 25.0	0.2	0.4	- 51.7
PBT (excl. extra ordinary)	68.9	58.4	46.2	49.2	173.4	120.4	44.1
Tax	20.0	15.0	10.0	100.0	45.0	25.0	80.0
PAT (excl. extra ordinary)	48.9	43.4	36.2	35.2	128.4	95.4	34.7
<i>PAT Margin (%)</i>	10.00	8.92	11.23	- 122.64	10.32	14.58	- 4.27
Extra Ordinary items	-	0	2.9	-	-	-	-
Reported PAT	48.9	43.4	39.0	25.3	128.4	95.4	34.7
EPS (excl extra ordinary)	12.22	10.85	9.04	35.18	32.10	23.84	34.65
Reported EPS	12.22	10.85	9.75	-	32.10	23.84	-



Way Forward



Way forward

ENHANCE PRODUCTION CAPACITY FURTHER

Owing to sharp demand and growth in our products, we have undertaken the process to increase our production capacity further from 1500 TPM to 2000 TPM. Company is also planning to setup a warehouse for enhancing storage of raw materials and finished goods.

01

EXPAND DISTRIBUTION NETWORK AND OUR BRANCHES

We are looking to expand our reach in a few more states as well as increase our penetration in existing states with increase in branches and distributors. During the quarter company has forayed into Assam.

02

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 +25-30% CAGR over the next 3-5 years.

03

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.

Foray into new states & increase margins in established states.

04



Annual Performance Highlights

+75%

Return on Capital
Employed for FY21

Revenue crossed
important milestone of
Rs 100 cr in FY21

**2nd Largest
brand in India**

2nd largest selling Wood
Adhesive brand
in India (retail segment)

Consistent growth
in Operating & Net
Profits & Margin.
Both have increased by
4x in last three years

Debt Free

Continues to be Net Debt
negative since FY18

Net worth increased by
70% YoY

Dividend

30% Dividend
declared in FY21

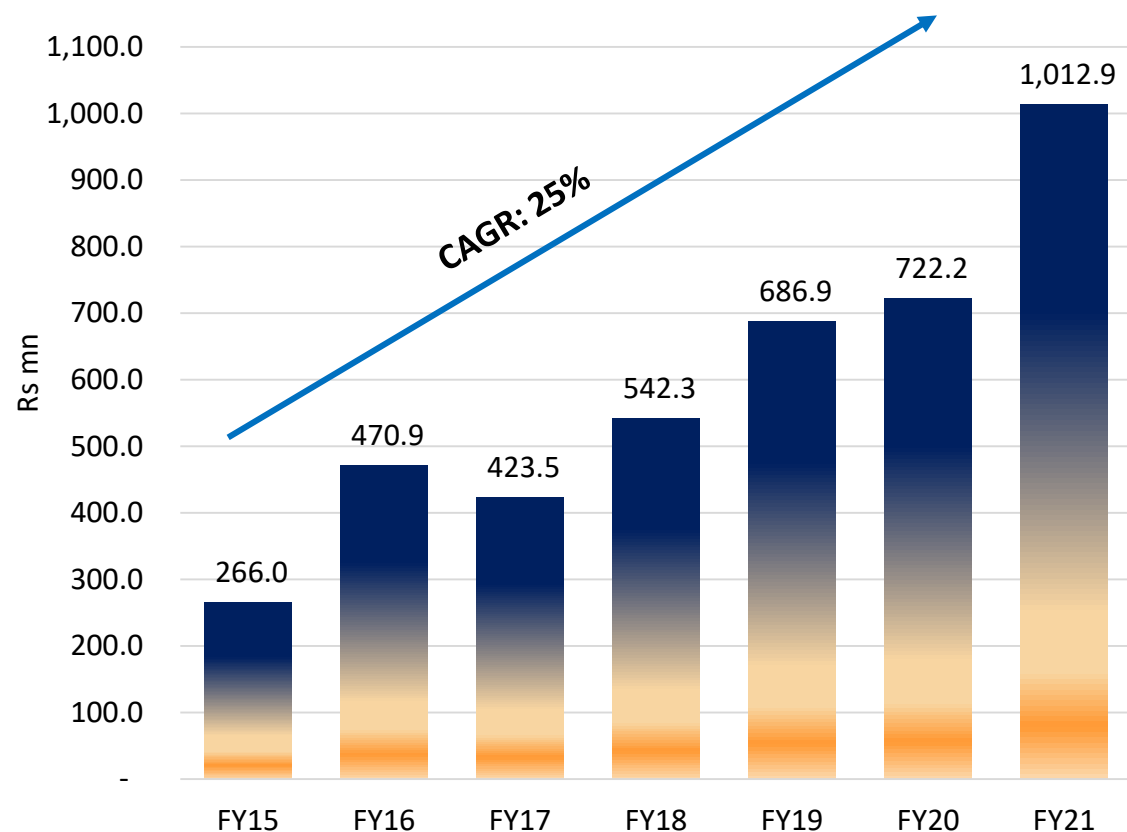
Promoter holding
increased to 49.60% in
Dec 2021 vs 48.98% as
on 31 Mar 2021

Annual Income Statement

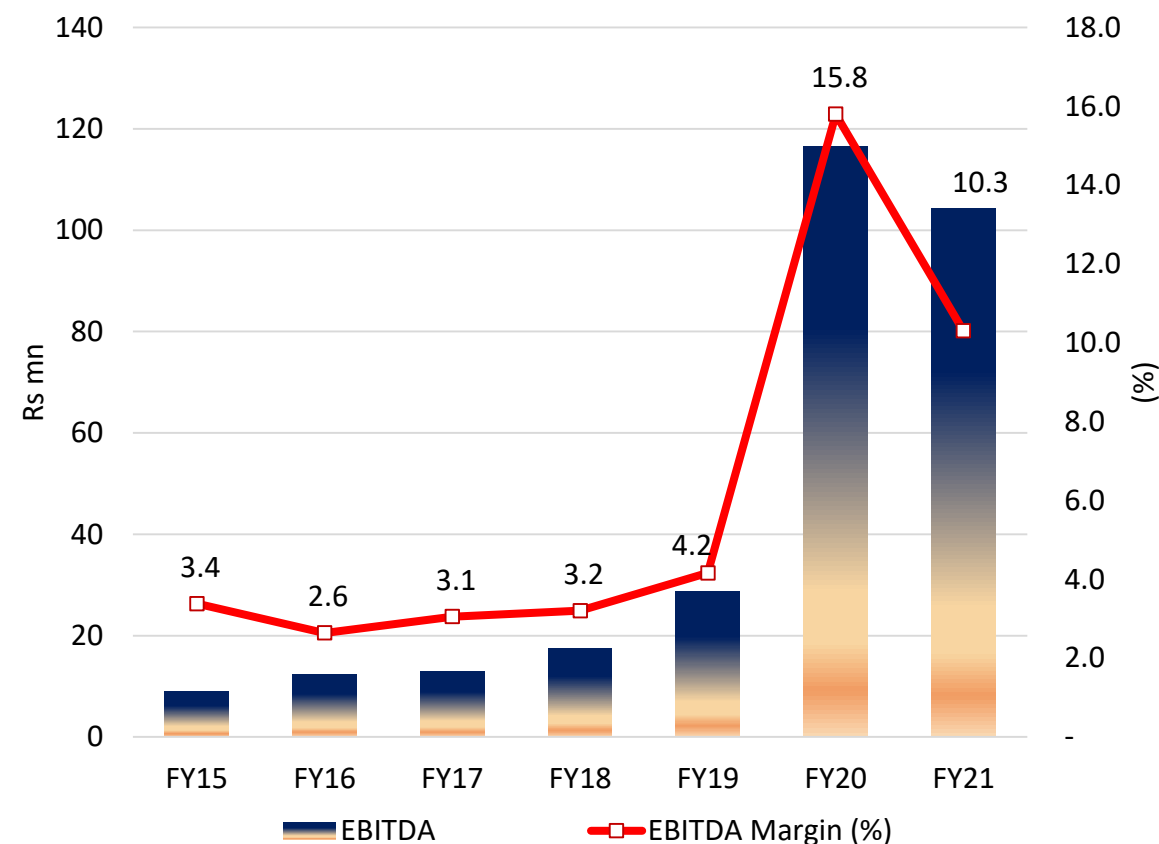
	Q2FY22	Q1FY22	Q2FY21	YoY%	H1FY22	H1FY21	YoY%
Net Sales	423.5	542.3	686.9	735.4	1012.9	423.5	542.3
Expenditure	410.6	525.0	658.3	618.9	908.6	410.6	525.0
EBITDA	12.9	17.4	28.6	116.5	104.4	12.9	17.4
<i>EBITDA Margin (%)</i>	<i>3.1%</i>	<i>3.2%</i>	<i>4.2%</i>	<i>15.8%</i>	<i>10.3%</i>	<i>3.1%</i>	<i>3.2%</i>
Other Income	0.2	0.1	5.3	13.5	46.3	0.2	0.1
Depreciation	0.8	1.1	2.5	4.8	6.2	0.8	1.1
Interest	6.0	1.4	0.2	0.7	0.7	6.0	1.4
PBT (excl. extra ordinary)	6.3	15.0	31.2	124.6	143.8	6.3	15.0
Tax	1.9	4.4	8.7	30.4	40.1	1.9	4.4
PAT (excl. extra ordinary)	4.4	10.6	22.5	94.2	103.7	4.4	10.6
<i>PAT Margin (%)</i>	<i>1.0</i>	<i>1.9</i>	<i>3.3</i>	<i>12.81</i>	<i>10.24</i>	<i>1.0</i>	<i>1.9</i>
Extra Ordinary items	-	-	-	-13.2	17.9	-	-
Reported PAT	4.4	10.6	22.5	81.0	121.7	4.4	10.6
EPS (excl extra ordinary)	1.0	2.6	5.5	23.55	25.94	1.0	2.6
Reported EPS	1.0	2.6	5.5	20.25	30.41	1.0	2.6

Financial highlights (1/3)

Revenues (Rs mn)

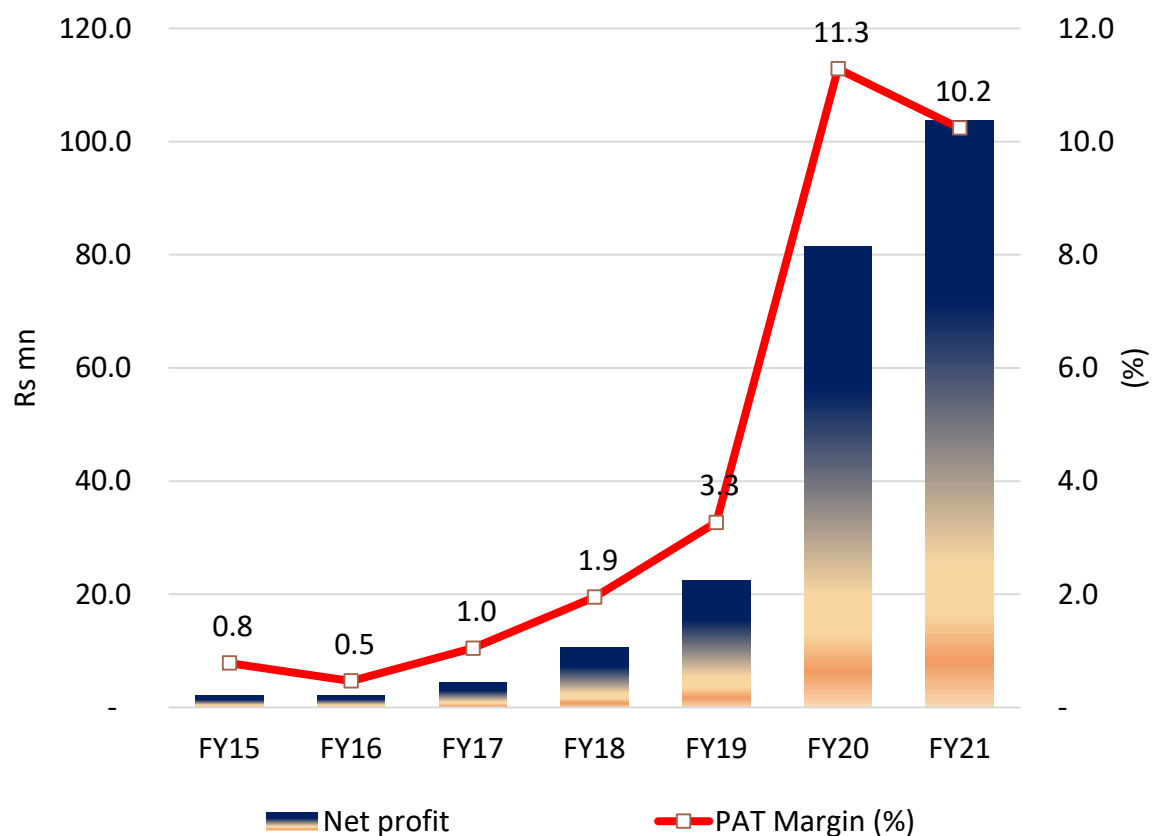


EBITDA (Rs mn) & EBITDA Margins (%)

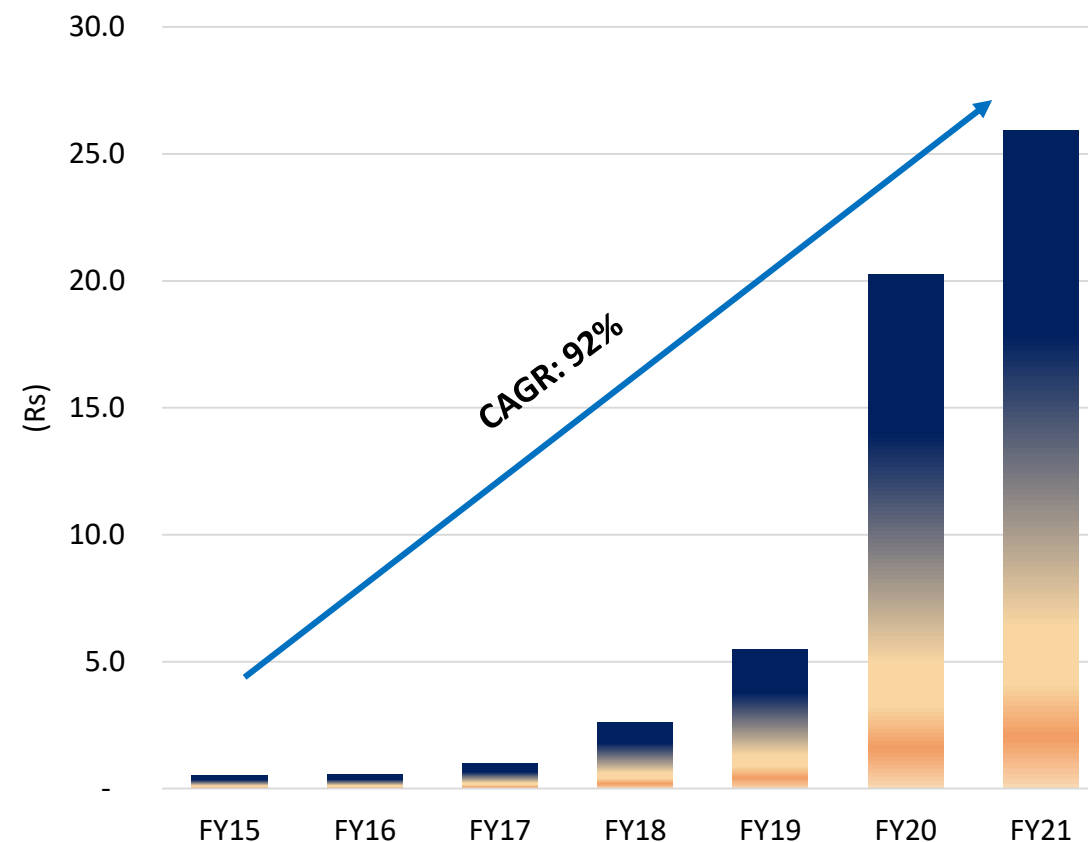


Financial highlights (3/3)

Net Profit (Rs mn) & PAT Margin (%) (excl exceptional

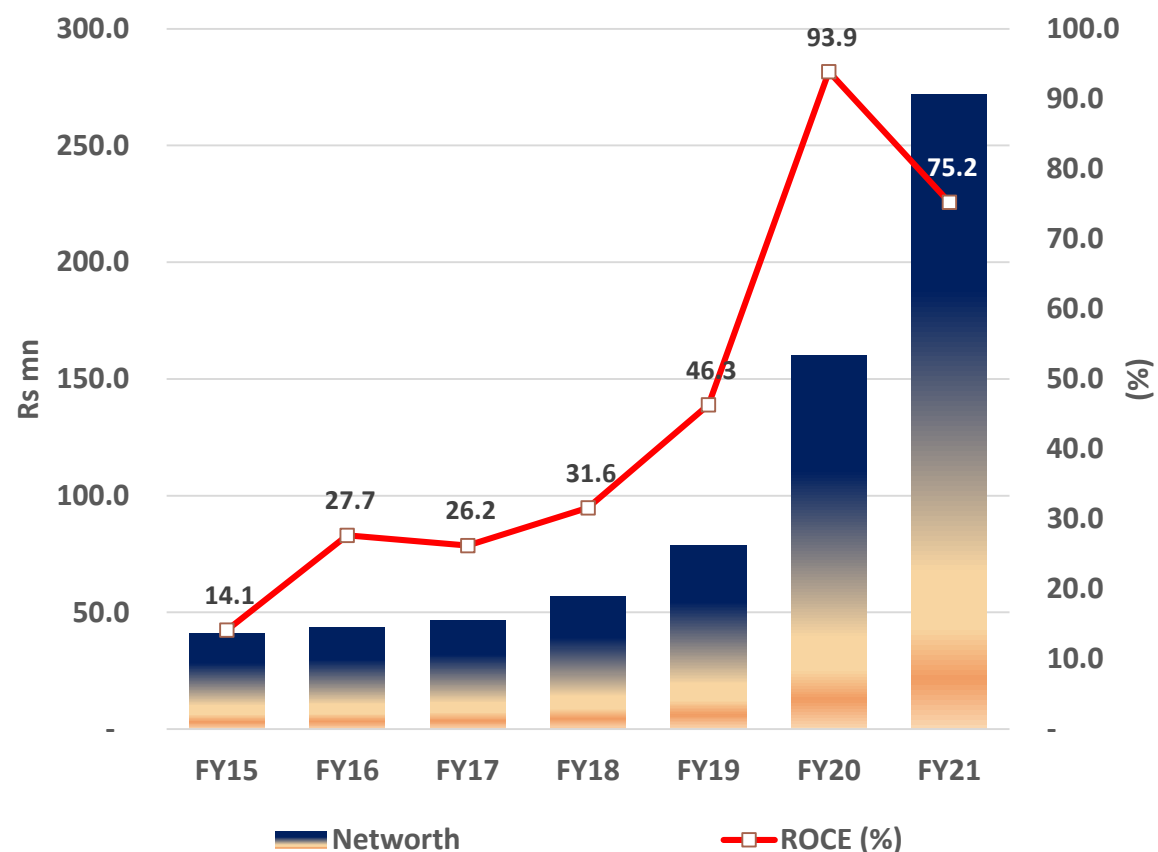


Earnings per share (Rs)

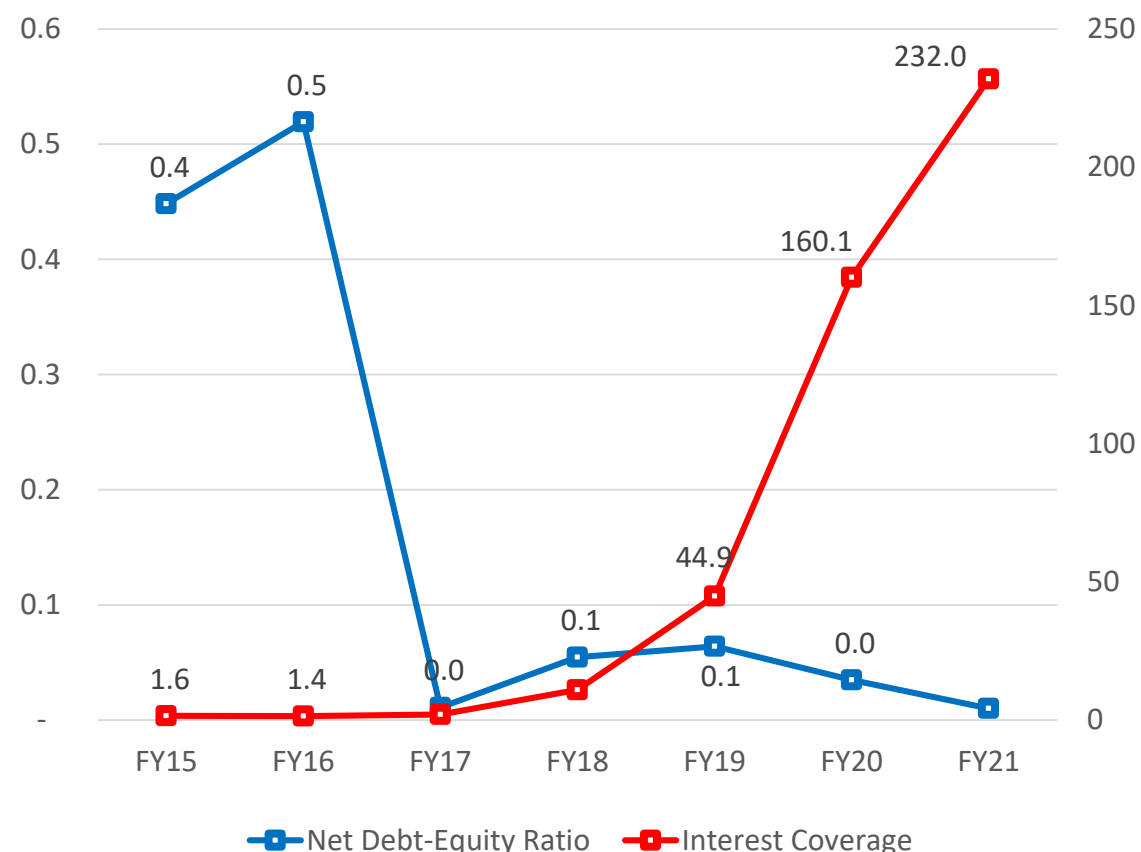


Financial highlights (2/3)

Networth (Rs mn) & ROCE (%)

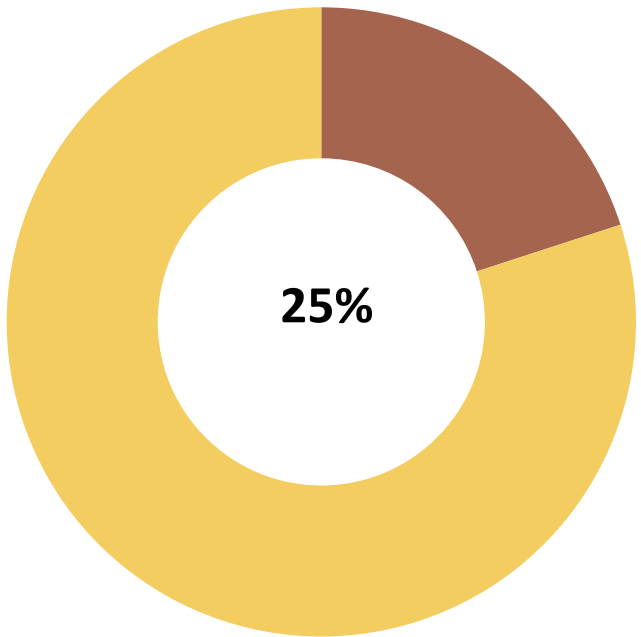


Net Debt (Rs mn) and Interest Coverage (x)

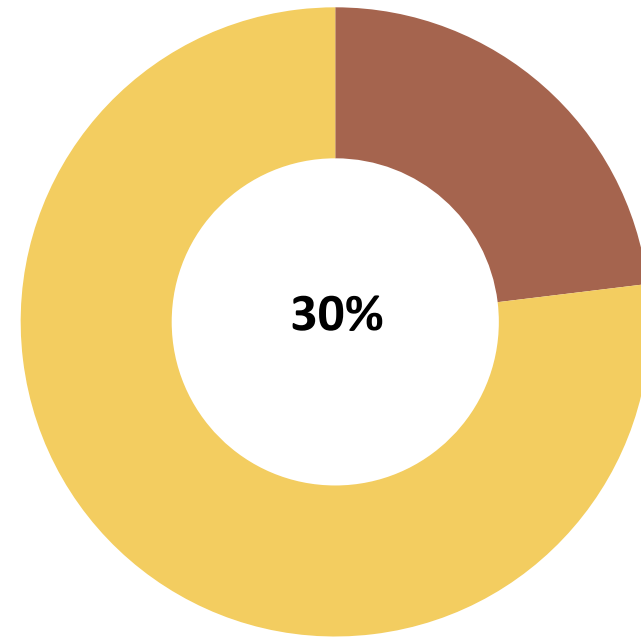


Dividend History

FY2019-20



FY2020-21



Dividend Paid (% of face value Rs 10)



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

New Product Launches (last 6 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

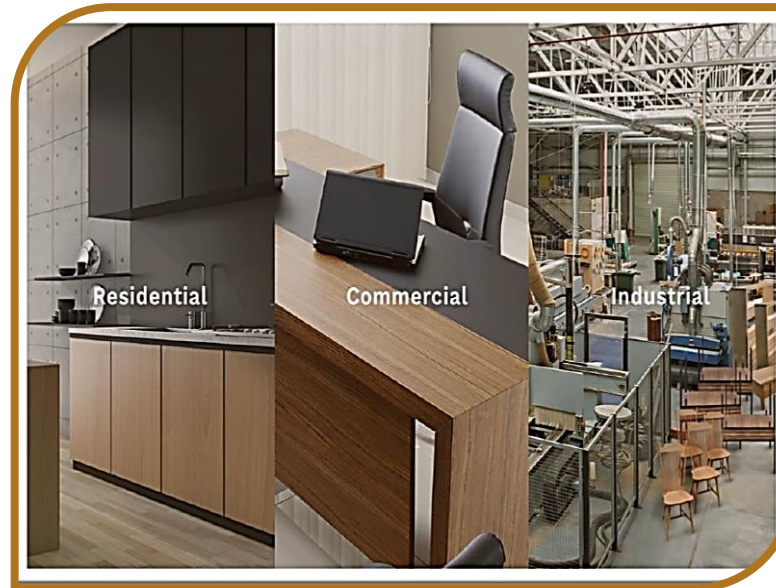
- Suitable for Hot & Cold Press
- D2+ Formula
- Fast Drying
- Powerful strength
- Packing : 50 kgs drum pack

D2+ Grade Adhesive with Fast Drying Formula

Applications



USAGE OF OUR PRODUCT



PAKKA JOD, HAMESHA



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

Connecting users & dealers digitally

मजबूत जोड़
हमारे रिश्तों का...

EURO
7000
An ISO 9001:2008 certified company

PASSBOOK FORM

कॉन्ट्रैक्टर
Points Offer

Token
+
Points

तारीख : _____ Sr. No. : _____

कॉन्ट्रैक्टर नाम : _____

मोबाइल : _____

शहर : _____

कॉन्ट्रैक्टर साईन

यूरो एक्जिक्यूटिव साईन

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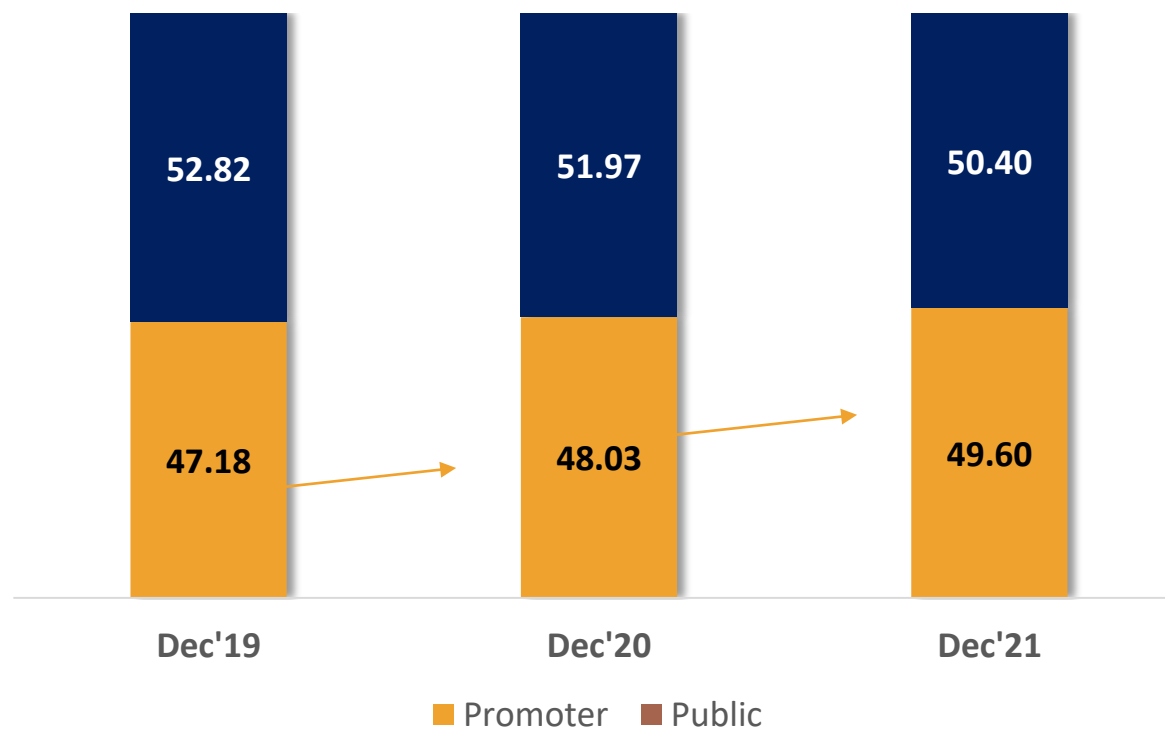


Shareholding Pattern



Shareholding Pattern

Shareholding pattern (%)



Thank You

FOR FURTHER INFORMATION PLEASE CONTACT



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