

**Jyoti Resins and Adhesive Limited**

30<sup>th</sup> Annual Report 2022-23

# EXPANDING FOOTPRINT

CUSTOMER-CENTRIC | INNOVATIVE | SUSTAINABLE





For more information,  
please, visit our website

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# Key highlights

**Revenue**  
₹ **26,125 lakhs**  
YoY growth of revenue  
**43.6%**  
**38%**  
5-years CAGR of revenue

**EBITDA**  
₹ **6,603 lakhs**  
YoY growth of EBITDA  
**155.1%**  
**103%**  
5-years CAGR of EBITDA

**PAT**  
₹ **4,646 lakhs**  
YoY growth of PAT  
**135%**  
**113%**  
5-years CAGR of PAT

**Return on net worth**  
**43.82%**  
**Return on capital employed**  
**57.82%**

**EPS**  
₹ **38.70**

### Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

As we expand our market footprint, our commitment to being customer- centric, innovative, and sustainable remains at the core of everything we do. With a focus on delivering stellar results, we have witnessed significant growth in our market presence, backed by our robust operational efficiencies and strong liquidity.

As we navigate the dynamic business landscape, we remain steadfast in our pursuit of margin growth. Our continuous efforts to optimize processes and streamline operations have yielded remarkable results, enabling us to deliver value to our stakeholders and achieve sustainable profitability.

Embracing sustainability, we strive to create innovative adhesive solutions that not only meet the evolving needs of our customers but also contribute to a greener and more sustainable future. With our customer-centric approach, innovative mindset, and focus on sustainability, we are set to redefine industry standards and leave a positive impact for all our stakeholders.



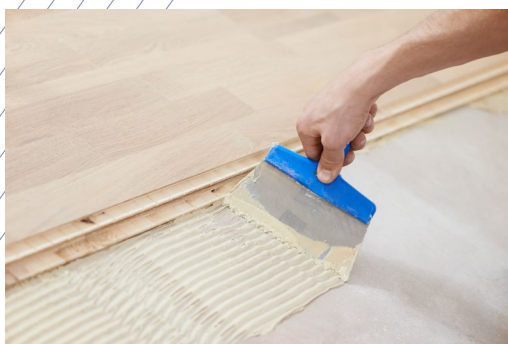
## About Us

Jyoti Resins & Adhesives is one of the leading manufacturers of synthetic resin adhesives in India, engaged in manufacturing various types of wood adhesives.



### 2<sup>nd</sup>

Largest wood adhesive brand in India



### 2000 TPM

Manufacturing capacity

### 2x

Capacity growth in last 2-3 years

Established in 2006, Jyoti Resins & Adhesives (hereinafter referred as 'JRA') launched the wood adhesive under the brand 'Euro 7000'. With a single manufacturing unit in Santej, Gandhinagar, we continue to serve customers across 13 states in the country today.

Our adhesive manufacturing units are equipped with state-of-the-art machinery, ensuring the production of superior quality adhesives. We adhere to stringent quality standards and conduct rigorous testing at every stage of the manufacturing process. Our advanced machinery not only guarantees quality but also contributes to operational efficiency, enabling us to meet growing demands while maintaining cost-effectiveness.

### Values that drives us



Trust



Performance



Learning



Speed and agility



Team work



EURO 7000 has established itself as the second largest wood adhesive (white glue) brand in India in the retail segment.

With its unparalleled quality and performance, EURO 7000 has gained a strong reputation among consumers, contractors, and woodworking professionals (carpenters) alike. Its exceptional bonding properties, versatility, and durability make it the 'adhesive of choice' for a wide range of wood-based applications.

### #2

Largest wood adhesive brand in India (retail segment)



Read more about our brand and products on page 18 of the Annual Report



# Operational and Market Presence



## Operational presence

1

Manufacturing unit at Santej, Gujarat

2000 TPM

Capacity



## Market presence

13

States in India

28

Branches

50

Distributors

10,000

Active Retailers

3 Lakhs

Carpenters catered

300

Salesforce

10000

Retailers

12

States

28

Branches

50

Distributors

300

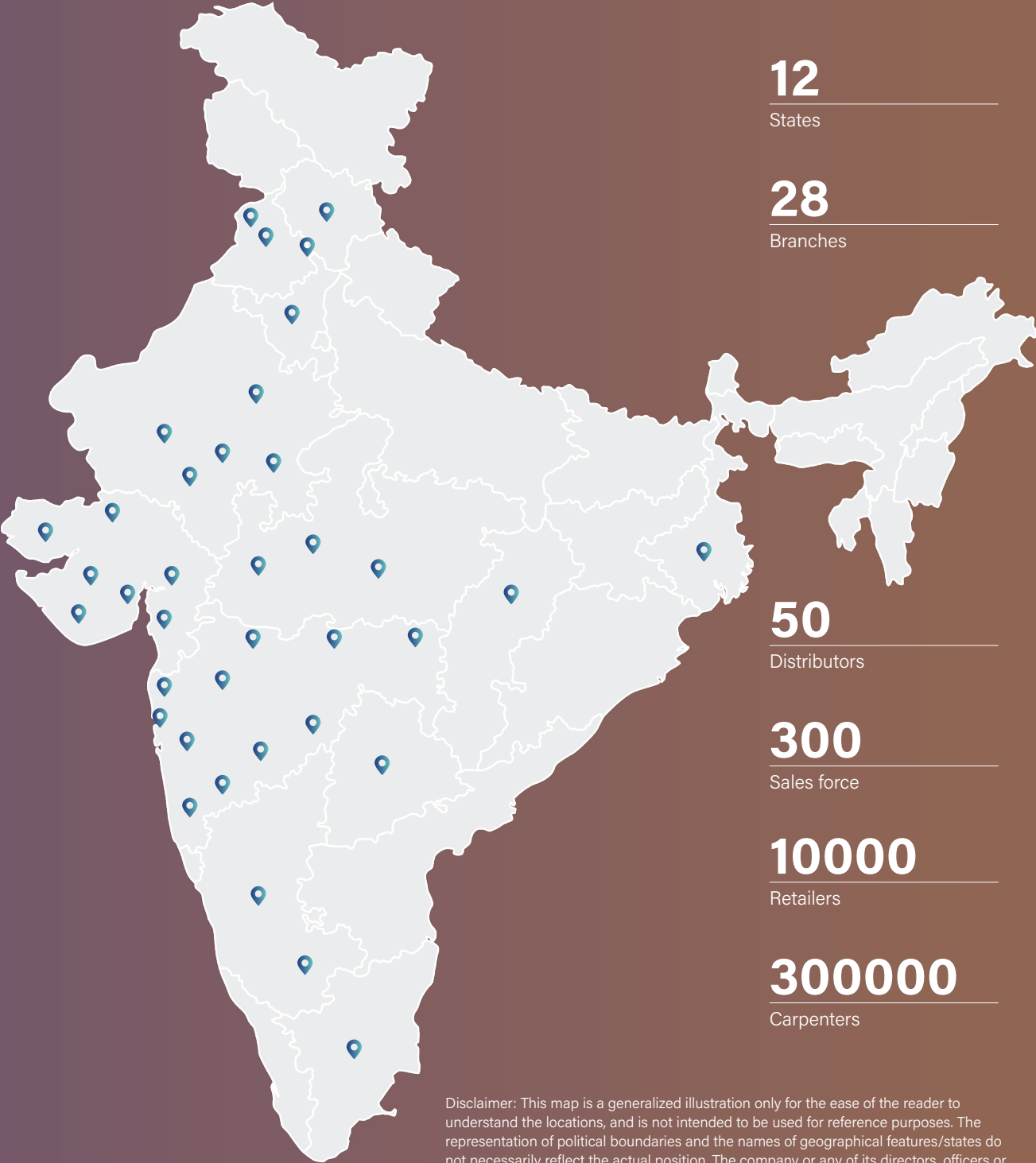
Sales force

10000

Retailers

300000

Carpenters



Disclaimer: This map is a generalized illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The company or any of its directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The company does not warrant or represent any kind in connection to its accuracy or completeness.



# Our Journey

## 1994

Established by Chairman and first generation entrepreneur Mr. Jagdish Patel

## 1994-95

- Initial Public Offering
- Manufacturing setup at Santej, Ahmedabad over 8000 square yard

## 2005

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

## 2006

Euro 7000 brand launched, a premium white glue adhesive for retail segment

## 2007

Expanded capacity and market presence outside Gujarat

## 2022

- Doubles the production capacity to 2000 TPM.
- Initiates process to setup warehouse for storage of raw materials and finished goods

## 2018-19

- Company expands market presence to 12 states
- Manufacturing capacity expanded to 1000 TPM

## 2016-17

Expands production capacity to 500 TPM

## 2012

Expands presence in Maharashtra and other key markets

## 2010

Expands presence into the state of Rajasthan



# Chairman's Message



## Dear Shareholders,

As we take this opportunity to share our thoughts, we extend our heartfelt gratitude for your trust and support. It has not only propelled our growth journey but, has also contributed to our continued success.

Despite the prevailing macroeconomic backdrop, we are witnessing green shoots of recovery with the easing of inflationary pressures and supply chain constraints. It continues to bolster our confidence to improve profitability, generate robust cash flows and create shared value for our stakeholders.

With the government's emphasis on encouraging indigenous manufacturing within the country and a favourable policy environment for business growth, we stand at an opportune moment to capitalise on the overall economic growth. Taking advantage of lower freight charges and softening of raw material prices, we have successfully sustained margins in a



Our financial performance during FY 2023 has been nothing short of exceptional. We achieved the highest-ever net sales of ₹ 261.2 crores in the fiscal year, reflecting an impressive growth rate of 43.6% compared to the previous year.



competitive environment. Besides, the emergence of more substrates, apart from laminates, and increasing need for features such as anti-termite, water proof, quick drying, heat resistance, fungal resistance and hot and cold press, presents new opportunities for us to evolve our offerings and meet diverse customer requirements.

## Stellar financial performance

Our financial performance during FY 2023 has been nothing short of exceptional. We achieved the highest-ever net sales of ₹ 261.2 crores in the fiscal year, reflecting an impressive growth rate of 43.6% compared to the previous year. This remarkable revenue growth is mirrored in our EBITDA, PBT

and PAT which have grown at 155%, 132% and 135% respectively. We also achieved best ever EBITDA Margin of 23.21% versus 13.06% in FY22 and our best ever PAT Margin of 17.78%. This further enabled us to declare a dividend of ₹ 6 per share which is 60% of Face Value of ₹ 10 each and equivalent to 15% Dividend Payout.

Efficient management of working capital has led to a reduction in debtor days (to 109 days from 190/117 days in FY20/21) which has further enhanced our operational efficiency. Additionally, we have made significant strides to reduce our financial liabilities as well to 32% of revenue from 96%/42% of revenue in FY21/22 respectively. During FY2022-23 on a reconciliation basis we generated Operating Cash Flow of ₹ 37.7 Crores during the year while Cash and Cash Equivalents + Fixed Deposit + Bank Balance collectively stood at ₹ 58.5 Crores at the end of the year.

## Enhanced operational efficiency

Leveraging the strength of our manufacturing facility and our emphasis on cost-efficient methods, we have increased our production capacity to 2000 TPM, in line with the growing demand for our products. To ensure supply chain efficiency, we are also setting up a well-equipped warehouse for the storage of raw materials and finished goods. Besides, to streamline our internal operations, sales, purchase, distributor and consignee agent ordering, billing, inventory, and receivables, we are utilising a customised ERP software to digitise our processes.

## Expanding reach

Our strategic vision for the future revolves around expanding our presence and market share. To enhance our reach and cater to the diverse needs of customers, we have adopted a two-pronged strategy. We have strategically placed distributors in small cities and consignee agents/ own branches in large cities thereby removing any hurdles for growth in large markets. It has enabled us to increase penetration in existing states through branch expansions and growth of the distribution network. Simultaneously, we continue to explore opportunities for foraying into new states. We are further evaluating foray into 2 or 3 more states in the coming year to increase our presence and tap into the available opportunity.

## Customer-driven initiatives

Quality and excellence remain at the core of our operations. It drives us to promptly address issues and increase engagement with customers. We have embraced digital marketing campaigns and branding initiatives to benefit carpenters. Additionally, the carpenter loyalty programme has proved to be extremely successful, allowing us to build long-term partnerships with our valued patrons. Today we are proud to say that more than 3 lac carpenters have placed their trust on us and continue to be a part of our loyalty programme. These efforts are also expected to create greater brand value and strengthen our position in the market. Moreover, our dealer reward system plays a pivotal role

in incentivising distribution partners, fostering stronger networks, and ensuring customer loyalty.

## Driven by an empowered team

The success achieved thus far would not have been possible without the relentless dedication of our team. Their deep understanding of our operations has enabled us to use appropriate raw materials for delivering superior quality products. It is their efforts that have allowed us to forge stronger relationships with vendors. Our team's proactive approach to meet end-user preferences has also enabled us to develop multiple products for different customers.

## Acknowledgement

I remain deeply grateful to each one of our stakeholders for being an integral part of our journey. Together, we have overcome challenges, embraced opportunities, and achieved remarkable milestones.

As we look ahead with enthusiasm and determination, our vision is to strengthen our market position, remain debt-free, and continuously we improve corporate governance standards. We are committed to becoming a ₹ 1000 Crores brand by the next decade and aim for new benchmarks in the industry.

Best wishes  
**Jagdish N. Patel,**  
Chairman

# Managing Director's Message



## Dear Shareholders,

As we begin another financial year, it gives me immense pleasure to reflect upon our performance over the past year. Our emphasis on excellence, customer-centricity and innovation have always lend us a competitive edge over others. It has also empowered us to navigate challenges successfully and confidently move ahead.

Over the course of the past year, we have experienced a difficult macroeconomic environment. But, our ability to move past disruptions has enabled us to emerge stronger and become more resilient. Our strategic efforts have not only enabled us to retain our leadership position in the market but, has empowered us to consistently enhance shareholder returns. In the last fiscal year, we offered dividend of 15.5% and an impressive dividend payout per share of nearly 60% of face value.

A key aspect that sets us apart is our unwavering focus on financial stability. We have not only generated impressive net profits of ₹46.4 crores but have also



At Jyoti Resins, we always strive to remain attuned with evolving market demands. Accordingly, we are enhancing our manufacturing capabilities, expanding our branch network and creating an extensive dealer footprint across the country to efficiently meet customer requirements.



maintained a debt-free status. Our efficient working capital management and the ability to maintain a healthy cash flow has further strengthened our financial position.

### Deepening our reach

At Jyoti Resins, we always strive to remain attuned with evolving market demands. Accordingly, we

are enhancing our manufacturing capabilities, expanding our branch network and creating an extensive dealer footprint across the country to efficiently meet customer requirements. At present, we have 28 branches across the country and an extensive product portfolio, with 75% to 80% of our revenue being generated from states like Gujarat, Rajasthan, Madhya Pradesh, Maharashtra, and Karnataka.

## Financial performance

We have reported a healthy financial performance in FY2022-23 with a gross margin of 47.50% and an EBITDA Margin of 23.21%. The astounding numbers reflect our ability to capitalise on growth opportunities and ensure cost efficiency across our operations. Besides, a sharp drop in raw material prices have also allowed us to improve our profit margins. Our focus on strategic expansion and operational efficiency has resulted in a robust volume growth of 27.5%, which has increased our revenues to an impressive ₹ 261.2 Crores. Looking ahead, we are committed to sustaining the growth momentum and have set an ambitious target of achieving a 20%-25% revenue compounded annual growth rate (CAGR) over the next three years. We expect our earnings (profit) growth to outpace our revenue growth.

## Embracing digitalisation

With rapid changes in the business environment, we understand the importance of digitalisation in revolutionising business processes and enhancing customer experiences. We have embarked on an exciting journey of digital transformation, leveraging cutting-edge technologies to streamline operations and offer seamless digital solutions to our valued customers. Our Carpenter Reward App is just one example of our commitment to digital innovation, providing carpenters easy access to rewards and enabling us to maintain seamless channels of communication with our business partners. Going forward, we are dedicated to empower our workforce with digital tools, and leverage data-driven insights to take informed decisions and unlock new opportunities.

## Ensuring delivery of specialised products

At Jyoti Resins, we offer a comprehensive range of products that cater to various substrates and home improvement needs. From anti-termite solutions, waterproof coatings to heat and fume resistant products and adhesives for cold and hot glass applications, we produce different types of adhesives for varied requirements. We also manufacture specialised adhesives for PVC and acrylics and strive to provide comprehensive solutions that meet our customers' unique requirements.

Our product, Euro 7000 has experienced extraordinary growth and has now emerged as the second-largest selling wood adhesive brand in India's retail segment. The market is constantly evolving and we remain committed to staying ahead of the curve with an array of innovative products.

## Building stronger bonds

Our marketing strategy remains laser-focused on capturing the attention of key influencers in our industry - the carpenters. Recognising their crucial role in our growth, we prioritise their needs and requirements through targeted marketing, branding, and rewards programmes. It has enabled us to successfully engage over 3 lakhs carpenters and earn their trust and loyalty for our brand. Additionally, our dealer reward programme and engaging promotional events have led to the recognition of dealer performances and they have been duly rewarded for their partnership with us. By nurturing strong relationships with our dealers, we foster mutually

beneficial bonds that play an integral role in our growth and development.

## Sustainability

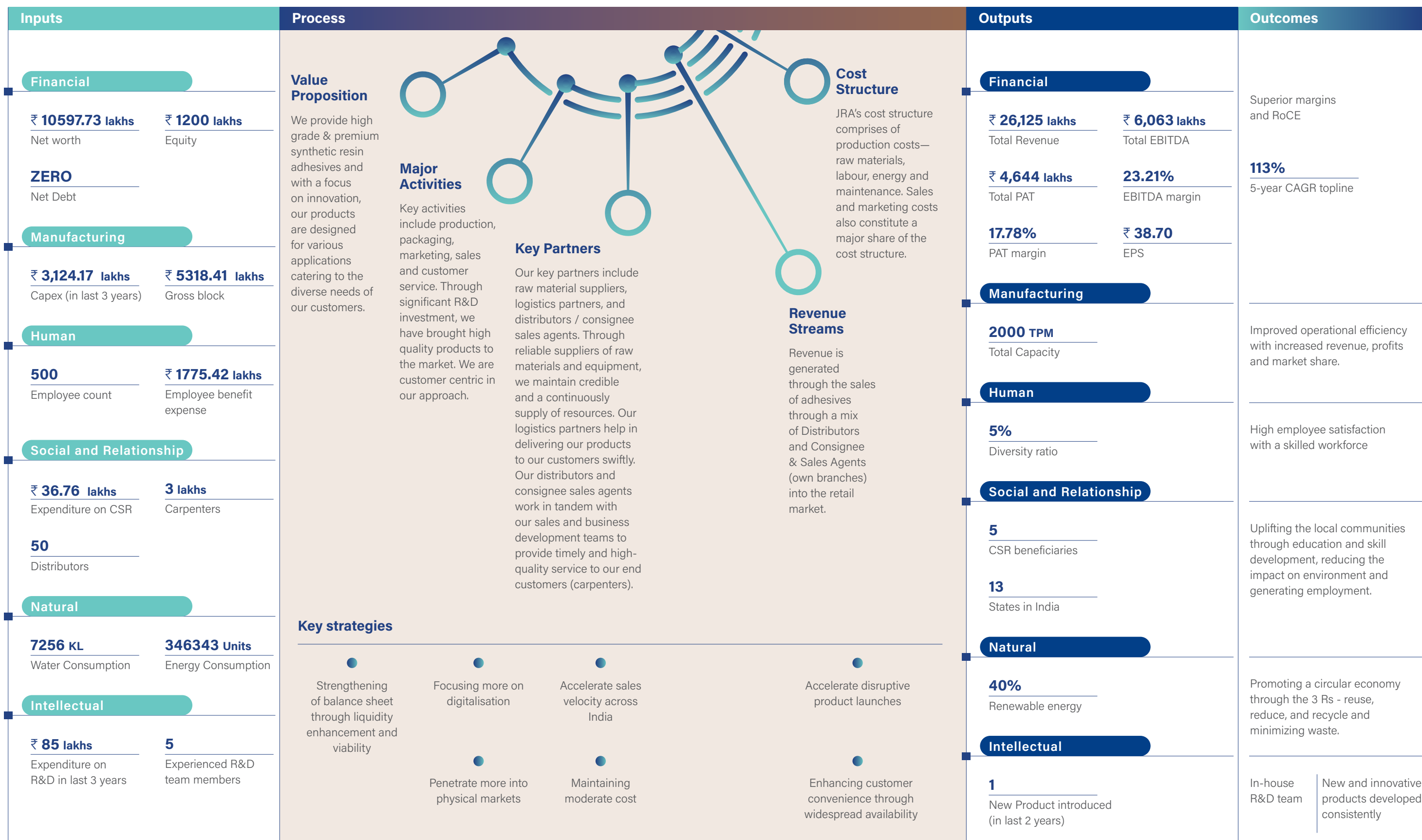
We firmly believe in the responsibility we bear towards the environment and the communities we serve. Our commitment to sustainability is evident in our efforts to reduce our carbon footprint, optimise resource utilisation, and promote eco-friendly practices throughout our value chain. We actively invest in research and development to develop innovative, environment-friendly products that align with our vision of a greener future. Additionally, we prioritise ethical sourcing, engage in responsible waste management, and strive for continuous improvement in our environmental performance.

In conclusion, I extend my heartfelt gratitude to every member of the Jyoti Resins family, from our dedicated employees to our loyal customers and esteemed business partners. Your unwavering support and trust in our brand have been instrumental in guiding our journey. As we reflect on our achievements and set our sights on the future, I am confident that the values of integrity, innovation, and sustainability will continue to guide us on our journey to greatness. Together, let us embrace change with enthusiasm, overcome challenges with resilience, and celebrate success with humility.

Warm regards,  
**Utkarsh J. Patel**  
Managing Director

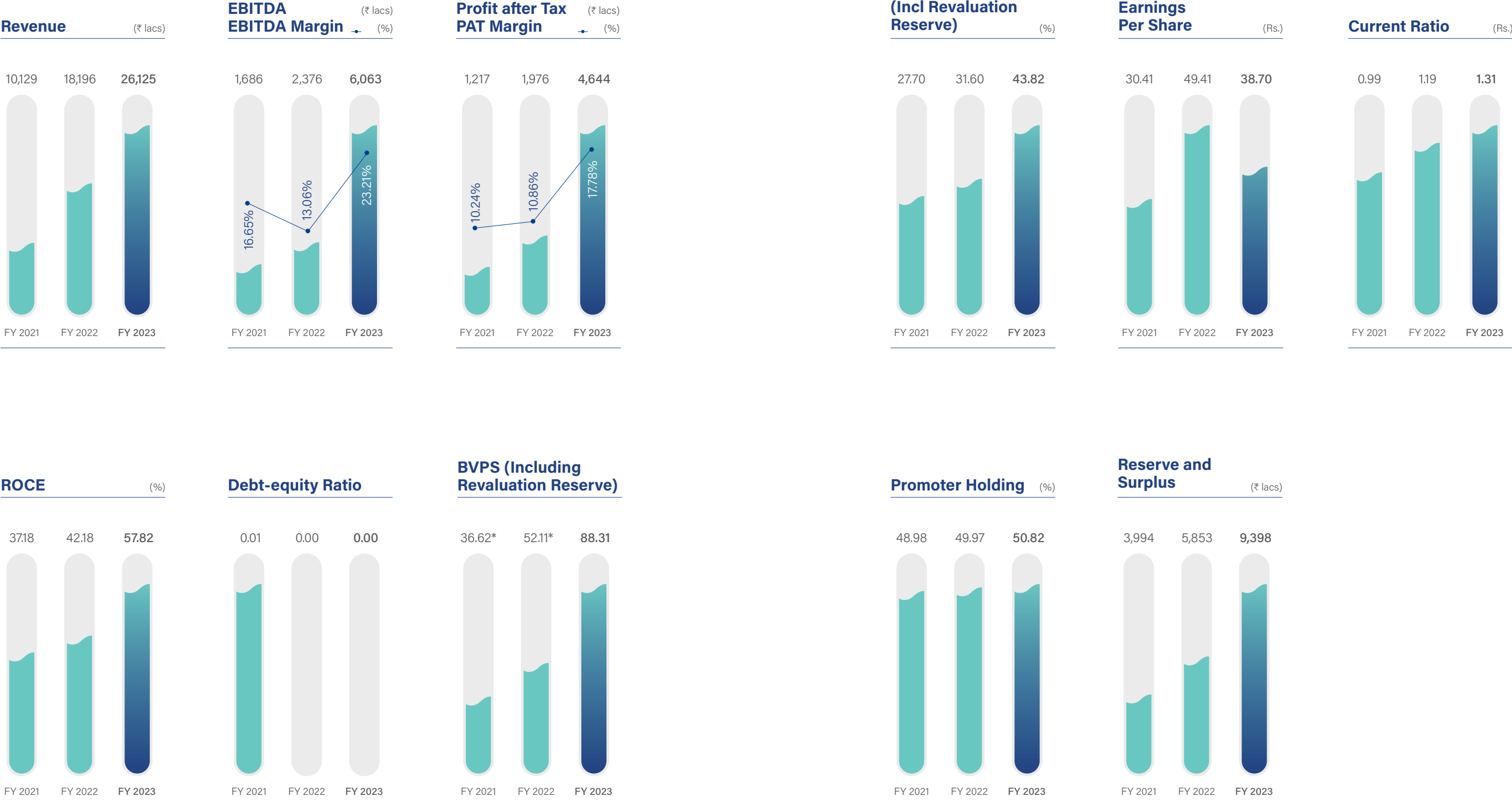


# Our Value Creation Model





# Financial Highlights



\*Diluted book value per share after considering bonus share issue of 80,00,000 shares in September 2022



# Our Competitive Strengths

In today's dynamic and competitive marketplace, our unique competitive attributes have propelled us to the second position in an industry dominated by one large player and other smaller players. These competitive strengths serve as pillars of distinction, guiding us towards sustained growth.



## Manufacturing Excellence

Our cost-effective manufacturing strategy, along with a streamlined approach, enhance our competitive advantages. With just 15-16% of revenues allocated to manpower costs and keeping selling and distribution expenses between 12-14%, we ensure efficient operations while maintaining profitability and competitiveness in the market. Furthermore, achieving a high asset turnover of 8x signifies our effective utilization of resources.



## Growing market presence

Our strong market presence across key states and extensive network has contributed significantly to our competitive advantage. We have a broad reach, operating in 13 states, with 50 distributors in smaller cities and 28 branches in major metropolitan areas. This enables us to efficiently distribute our products and reach a wide customer base. We serve around 10,000 active retailers and collaborate with over 300 sales and business development executives. Additionally, we have established robust relationships with approximately 300,000 registered carpenters, tapping into a vast network of skilled professionals in the industry. We are aiming to increase our width / reach and penetration in these 13 states with an eye towards our targeted 20-25% CAGR over the next 3-5 years. We will continue evaluating new states as we go along over the next 3-5 years as well.



## Wide Product Portfolio

Our product portfolio is diverse, catering to different substrates and customer requirements. We provide a wide range of features including anti-termite properties, water resistance, fast drying, extensive coverage, fungal resistance, heat resistance, weatherproofing, high fixing strength, and suitability for both cold and hot press applications. This diversified range of adhesives enables us to meet specific customer needs and enhance our market presence.



## Dynamic marketing

Our marketing initiatives feature a highly rewarding carpenter loyalty program, setting industry standards. With state-wise programs and attractive incentives, we prioritize the loyalty and product usage of carpenters. Through our dedicated app, registered carpenters can effortlessly claim and redeem points based on their usage levels, thanks to our well-structured slab systems. This program has garnered significant participation, with carpenters benefiting from the initiative. By strengthening relationships, fostering brand loyalty, and building a robust support network, these initiatives enhance our market position.



## Expanded capacity

In response to increasing demand and to bolster our market share, we have successfully scaled up our production capacity to 2000 tons per month (TPM) (24,000 tonnes per annum). Additionally, we are actively establishing a warehouse facility to optimize storage for raw materials and finished goods, enabling smooth operations and effective supply chain management. These strategic measures will ensure our ability to meet market needs over the next 3 years efficiently.



## Singular Focus

Our core business strength revolves around maintaining a singular focus on our white glue business. To further strengthen our position in the market, we are committed to investing in enhancing our capabilities as well as offerings, and expanding our reach in existing as well as new states. By doing so, we aim to develop innovative products that effectively address the unmet needs of our valued customers. This strategic approach allows us to continually improve and expand our offerings, ensuring customer satisfaction and driving business growth.



## Building Strong Supplier Relationships

We prioritize establishing strong relationships with our vendors to optimize our material procurement processes. Our focus lies in sourcing materials efficiently while maintaining quality standards, being profitable and competitive in the market. Additionally, we aim to be efficient in our sourcing, ensuring cost efficiencies and maximize the value of our purchases.



## Robust financials

We are committed to maintaining a strong growth trajectory and achieving continuous expansion and success. With a focus on financial stability and flexibility, we have maintained a debt-free status and generated robust operating cash flows.