

Jyoti Resins & Adhesives Ltd.

No. of shares (m)	12
Mkt cap (Rs crs/\$m)	1646/184.6
Current price (Rs/\$)	1371/15.6
Price target (Rs/\$)	1764/20.1
52 W H/L (Rs.)	1635/1010
Book Value (Rs/\$)	182/2.1
Beta	0.6
Daily volume BSE (avg. monthly)	18590
P/BV (FY26e/27e)	5.7/4.4
EV/EBITDA (FY26e/27e)	13.5/11.4
P/E (FY26e/27e)	20.2/17.1
EPS growth (FY25/26e/27e)	10.2/10.0/18.4
OPM (FY25/26e/27e)	31.5/28.0/27.0
ROE (FY25/26e/27e)	39.5/32.0/29.1
ROCE (FY25/26e/27e)	39.5/32.1/29.1
D/E ratio (FY25/26e/27e)	0.0/0.0/0.0
BSE Code	514448
NSE Code	-
Bloomberg	JRA IN
Reuters	JYRA.IN

Shareholding pattern

	%
Promoters	50.8
MFs / Banks / FIs/Others	1.2
FPIs	0.1
Govt. Holding	0.0
Public & Others	47.9
Total	100.0

As on June 30, 2025

Recommendation

BUY

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Company Brief

Jyoti Resins & Adhesives is one of the leading manufacturers of white glue adhesives in the Indian retail market. It operates in the brand name of 'Euro 7000' which it launched in 2006 and has currently presence in 14 Indian states.

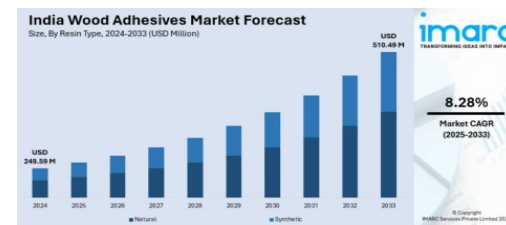
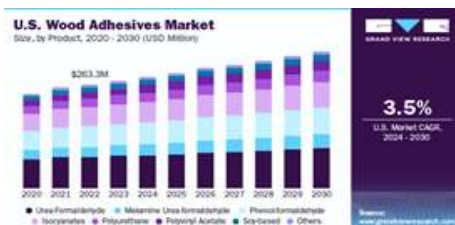
Highlights

- Increasing Government support through projects like 'Pradhan Mantri Awas Yojana' under the scheme 'Housing for All' and projects related to promote smart cities have bolstered demand for woodworking in India in the past few years. Consumers' inclination towards high quality and appealing wooden aesthetics have also helped accelerate growth in wood adhesives market. Rising demand for both commercial and residential projects (supported by growing urbanization) too has buoyed demand for wood adhesives.
- With industry's second largest adhesive manufacturing capacity of 2000 tpm, Jyoti Resins is well positioned to gain economies of scale, thus lending it a distinct competitive advantage. Further, enhancement in capacity by 1500 tpm is underway. Scaling of business through greater availability of products holds key for optimal utilization for its installed capacities.
- Through its presence in 14 states, Jyoti Resins has built a distribution network of 12,000 retailers and connection with over 3.5 lakh carpenters. Greater carpenter enrollment coupled with favourable credit terms would all but spark 'repeat purchases' by carpenters.
- The stock currently trades at 20.2x FY26e EPS of Rs 67.75 and 17.1x FY27e EPS of Rs 80.20. With expansion in production capacity, increasing market share in existing states and by expanding its distribution network, we believe that Jyoti Resins is poised to strengthen its competitive advantage. Singular focus on white glue market would enhance value addition. Earnings are estimated to grow by some 18.4% next fiscal after 10% this year. Yet, threat of increasing competition is barely seen waning. Balancing odds, we assign a 'buy' rating on the stock with a target of Rs 1764 based on 22x FY27e earnings, over a period of 9-12 months.

Rs crs	FY23	FY24	FY25	FY26e	FY27e
Income from operations	261.25	257.30	284.12	343.73	412.47
Other Income	2.26	6.82	10.97	14.30	19.52
EBITDA (other income included)	62.89	90.76	100.45	110.55	130.88
PAT after EO (adjusted)	46.44	67.04	73.88	81.29	96.24
EPS (Rs)	38.70	55.87	61.57	67.75	80.20
EPS growth (%)	135.0	44.4	10.2	10.0	18.4

Wood Adhesives Industry

According to a report by Grand View Research, the global wood adhesive market was estimated at USD 7.03 billion in 2023 and is expected to grow at a CAGR of 8.6% from 2024 to 2030. The market is majorly dominated by the Asia-Pacific region (revenue share of more than 46.8% in 2022) due to growing population in countries in the region. High demand for affordable housing and schemes launched by government that promote basic amenities such as food and shelter have led to the expansion of construction. China is one of the largest producers of wood-based panels in the region. The well-established wood panel industry along with the steady supply of wood products will propel the growth of wood adhesives market in the region. Wood adhesives market is fragmented with the presence of numerous global and regional players. Strong distribution network and good knowledge about suppliers and regulations in a particular geography rises competition amongst existing players.



According to a report by IMARC, the Indian wood adhesives market is estimated to grow at a CAGR of 8.28% during 2025-2033. This robust growth is supported by rising urbanization which has led to higher construction demand of commercial projects (hotels, shopping malls, corporate offices, co-working spaces, etc.) and residential projects. Government initiatives such as Pradhan Mantri Awas Yojana has also boosted infrastructure led development in the country. These factors support the offtake of high quality wood adhesives to build long lasting furniture. Modular furniture and ready to assemble wooden footings are in great demand nowadays. This augments the need for superior quality wood adhesives in order to maintain the structural strength of the furniture. Consumer preference towards high quality wooden furniture has increased the requirement for innovative adhesives with enhanced bonding strength, water resistance, and environmental friendliness.

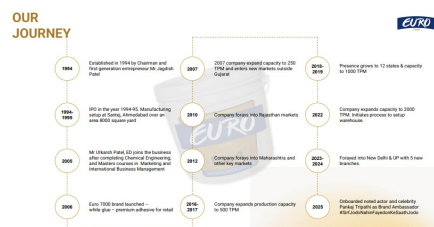
Government schemes like 'Housing for All' and smart cities projects are giving boost to urbanization in India. Rise in consumers' disposable income, advancing lifestyle and a bend towards high-quality wooden interiors in India contribute significantly to the rising demand of wood adhesives. Hence, requirement for adhesives in construction market is seeing great momentum. According to a report by Ken Research, substantial demand arises from the western region of the country. Major challenges in the wood adhesive industry are instability of raw material (VAM) prices which depends on crude oil prices and high capital expenditure. Carpenters and personnel associated with general home maintenance account for majority demand for wood adhesives in the country. Higher necessity for wood working has led to dominance of water based adhesives in the consumer adhesives market in India.

With increasing awareness around environmental pollution, consumers are demanding more of sustainable solutions. Hence, adhesive manufacturing companies are being compelled to produce sustainable products. Traditional adhesives contain volatile organic compounds (VOC) and formaldehyde which is harmful for environment as well as human health. Significant investments are being made towards manufacturing of adhesives that is water-based, bio-based, and have low VOC content. Adhesives with low chemical emissions are being promoted by various government initiatives like National Action Plan on Climate Change (NAPCC). Certification of Leadership in Energy and Environmental Design (LEED) is being opted by builders and manufacturers which mandate use of eco-friendly materials.

Company Profile

Established in the year 1993 by Mr. Jagdish Patel in the state of Gujarat, Jyoti Resins & Adhesives started its journey with manufacturing of varieties of synthetic resin adhesives primarily for wood application. The Company launched its flagship brand, Euro 7000, in the year 2006 and has secured position of being second largest wood adhesive brand in the Indian retail sector with a market share of 5%. It has a single manufacturing plant at Santej, Gandhinagar with the current capacity of 2000 TPM (tonnes per month). After reaching at a capacity of 250 TPM in 2007, the Company moderately expanded its capacity to 500 TPM in 2016-17, 1000 TPM in 2018-19, and 2000 TPM in 2022. The Company is known for its white glue product with the brand name 'Euro 7000' that contains 8 product categories. These products address solutions like anti-termite, water resistance and fast drying amongst others.

The Company majorly caters to domestic retail market. It currently operates in 14 Indian states with major volume contributors being Gujarat, Maharashtra, Rajasthan, Madhya Pradesh and Karnataka. Distribution network of Jyoti Resins works through two models. One is its direct sales team comprising of over 400 sales personnel across 48 branches in major metropolitan areas and the other is of 65 distributors in smaller cities. Together this helps in building connection with over 12,000 retailers and 3.5 lakh carpenters. With this wide network the Company has been able to build a moat for itself to impede competition from new entrants. In order to retain customers, the Company has deployed a 'carpenter reward model' wherein reward points are added to carpenters' account on every purchase of drum/bucket. After achieving a certain number of points, the carpenters can redeem them in return for gifts in several forms. This incentive system encourages repeat purchases. Around 2 lakh carpenters are registered on its loyalty program.



Source: Jyoti Resins and Adhesives

Product Profile

'Euro 7000' is the flagship brand of the Company which includes eight product categories like Euro Xtra, Euro WP 2in1, Euro Extreme3, Euro Ultra 5in1, Euro Extreme 3 Hi Strong, Euro PVC Glue, Euro 2in1 and Euro EWR. Each product has its own unique property. With its wide range of product portfolio, Jyoti Resins has come up with comprehensive solutions like anti-termite, water resistance, fast drying, extensive coverage, fungal resistance, heat resistance, weather proofing, high fixing strength, and its products are suitable for both cold and hot press applications. These products find high acceptance among carpenters, the target customers of the Company. These adhesives find application in industrial, commercial and residential spaces and serves the needs of surfaces like PVC, wood and acrylic. The pack size of these products range from 500gms to 70kgs.

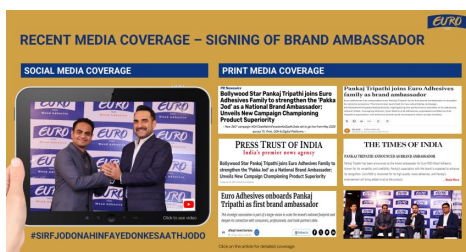


Source: Jyoti Resins and Adhesives

Investment Thesis

Brand Development

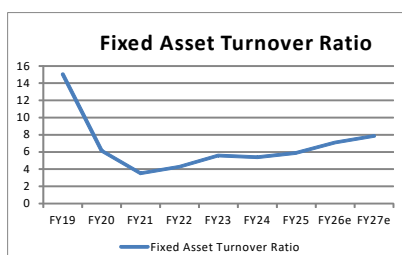
In order to enhance national visibility and trade confidence, the Company has signed Pankaj Tripathi, an Indian actor, as their national brand ambassador for Euro Adhesives in April. This association is aimed at scaling the brand's national footprint and enhancing product acceptance with customers, trade partners, etc. Put differently, the Company aims to accelerate brand recall and expand product reach nationally, though we reckon that most of the gains would accrue from urban markets. This is one of its kind tie-ups for the Company that may help it fight ever increasing competition in white glue market. After giving a face to its brand, Jyoti Resins is now poised to build connectivity with masses for its product. It also launched new 360 degree campaign #SirfJodoNahiFayedonKeSaathJodo which went live across TV, print, OOH and digital platforms recently.



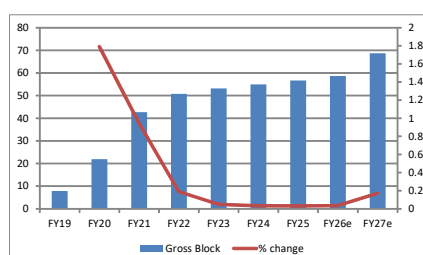
Source: Jyoti Resins

Capacity Expansion

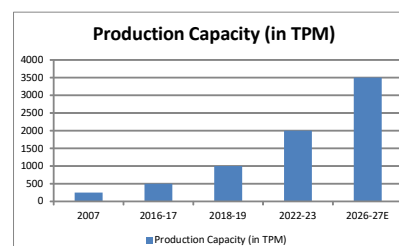
The Company has steadily increased its production capacity from 250 TPM in 2007 to 2000 TPM. It is looking forward to enhance the capacity at its existing plant by 1,500 TPM over the next 1-1.5 years. This will lead to a production capacity of some 42,000 TPA. Capacity utilization at optimum level may help Jyoti Resins generate revenue of INR 650-700 crs. Plans are afoot to build warehouse for storing of raw materials and finished goods near Ahmedabad. This capex would be funded by internal accruals.



Source: CD Research, Jyoti Resins



Source: CD Research, Jyoti Resins



Source: CD Research, Jyoti Resins

Singular focus on white glue

Jyoti Resins manufactures (intentionally though) a single product, i.e., white glue adhesive. Its entrenched focus on white glue market may help it better adapt to changing customer preferences. Product offerings are continually expanded and improved not least due to its singular focus on white glue market. Value addition takes center stage too for a third of Company's turnover comes from premium products. Needless to mention, that with greater focus comes greater product knowledge and better cost optimization initiatives. With its unflinching focus on white glue, Jyoti Resins also seems well placed to offer customized solutions to industrial clients, though it is still a small portion of its overall business.

Distribution Network

Jyoti Resins' presence across key Indian states, particularly in Western India, has lent it a no small competitive advantage for the white glue market, much like other consumer goods, is affected by "availability bias". With growing competition the Company has pulled out all stops to enhance market share by expanding its distribution network. After gaining foothold in key Indian states of Gujarat, Rajasthan (2010) and Maharashtra (2012), the Company intensified efforts to expand in other states.

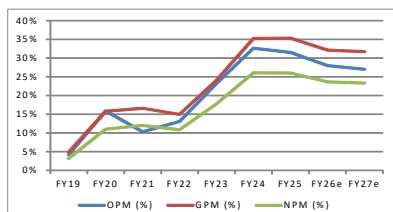
Out of the 14 states in which it operates, the Company is currently focusing to expand its market share in the states of UP, Delhi (entered UP and Delhi in 2024), Chhattisgarh, West Bengal and Telangana. Deeper penetration into the newly entered states is essential for the Company to scale its business in the wood adhesives market. Yet 75-80% of the revenues are accounted by five states namely Gujarat, Maharashtra, Rajasthan, Madhya Pradesh and Karnataka with the Company treating Gujarat, Rajasthan and Maharashtra as matured markets.



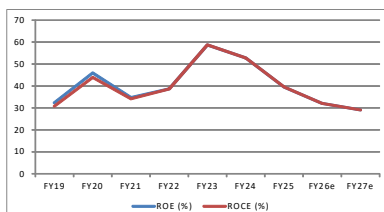
Source: Jyoti Resins

Financials and Valuation

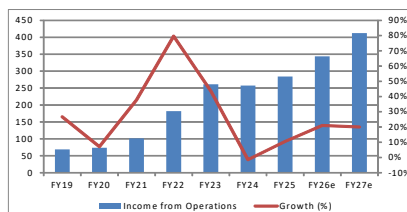
Volumes account for much of the growth in revenues (12% volume growth; volumes some 12,400 tons) last fiscal, thus precipitating need for greater engagement with carpenters and dealers alike. Efficient carpenter reward model coupled with higher margins to retailers (400 bps to 600 bps higher than competition) has helped galvanize volume growth in the last few years, though FY23's 27.5% growth was an outlier and on a low base. Yet growth has slowed down in the last two years presumably triggered by stress in consumer spending in both rural and urban markets.



Source: CD Research, Jyoti Resins



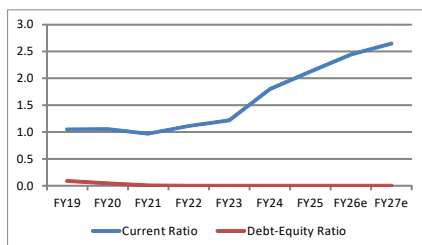
Source: CD Research, Jyoti Resins



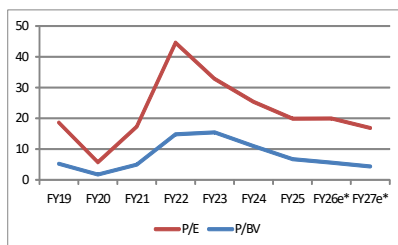
Source: CD Research, Jyoti Resins

Yet margins (OPM) have been hardly weakish not least due to fall in raw material prices – 31.5% in FY25 vs 23.2% in FY23. Its strategy of 'exhausting out' existing markets like Gujarat, Maharashtra, Rajasthan, Madhya Pradesh and Karnataka (together accounts for 75-80% of total revenues) – much like Walmart and Home Depot – before moving to newer markets have help corner larger market shares in Gujarat (35% market share) and Maharashtra (15% market share), for instance, through greater carpenter loyalty and extensive dealer network. Still, higher carpenter rewards and dealer commissions have stymied margins when compared to that of Pidilite.

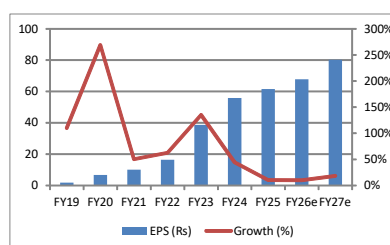
With competition gearing up in white glue market with entry of new players, Jyoti Resins would leverage its existing distribution network to scale its business through 'repeat purchases'. Self-reliance roosts for Jyoti Resins relies on its own network (depot/branches) to generate over 80% of revenues. Though premium products account for nearly a third of total revenues, risk of product replication looms.



Source: CD Research, Jyoti Resins

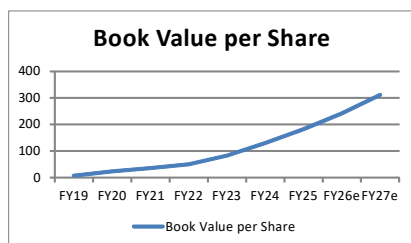


*forward multiple; Source: CD Research

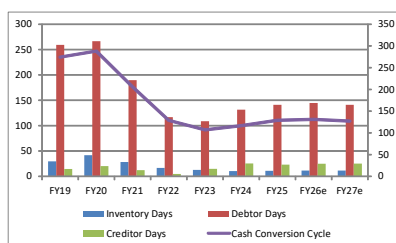


Source: CD Research, Jyoti Resins

With no small gestation period in newer markets like UP and Delhi, Jyoti Resins reckons existing market penetration as on the keystones of its business scaling over the next two years – annual volume growth of 20% is estimated. With little by way of product differentiation, Jyoti Resins would have to boost offtake in states like Chhattisgarh, Telangana and Andhra Pradesh to stay relevant. Further, high volume growth from Gujarat, Rajasthan and Maharashtra are hard to come by for the Company now considers these markets as ‘matured’ markets.



Source: CD Research, Jyoti Resins



Source: CD Research, Jyoti Resins

The stock currently trades at 20.2x FY26e EPS of Rs 67.75 and 17.1x FY27e EPS of Rs 80.20. With capacity availability barely a concern, as yet business scaling would largely be a function of deeper penetration in newer states. With anticipated volume growth of 20% in FY26 and FY27, we expect the Company to generate revenue over Rs 400 crs in FY27. Though, earnings growth may revive threat of rising competition (gap in market share with industry giant is huge) rising competition may further hinder margins, which already may see moderation due to higher ad spends. With rising volumes capacity utilization may improve, aptly reflected in rising fixed asset turnover – 7.9 in FY27 from 5.9 in FY25. Rising pile of liquid assets would all but suppress ROE from 39.5% in FY25 to nearly 29.1% in FY27. Earnings are estimated to grow by some 18.4% next fiscal 10% this year. Balancing odds, we assign a ‘buy’ rating on the stock with a target of Rs 1764 based on 22x FY27e earnings, over a period of 9-12 months.

Risks and Concerns

Volatility in prices of raw materials

Fluctuation in prices of its key raw materials will negatively impact bottom line. Its major (95%) raw material is VAM (vinyl acetate monomer) which is imported by the Company. Therefore, it is prone to volatility in global oil prices. Oil prices have been highly volatile in recent times due to pandemic and political unrest in Middle East. Hence, any increase in its price will have an adverse impact on the Company’s margins.

Supply chain disruption

As most of the raw materials used by the Company in manufacturing of its products are imported, any disruption in supply chain can lead to slowing down of production. With Pidilite also raising alarm bells on supply chain disruption, it appears to be more of an industry wide event.

Threat of competition

Though the Company stands as the second largest player in the domestic white glue adhesives retail market, its overall market share is just 5%. Companies in other sectors are diversifying their portfolios to enter the wood adhesives market which may lead to unhealthy competition. With already vast distribution network, these players might ace the race in capturing market share. Additionally, threat of competition from local players in respective states remains intact.

Financials

Quarterly Results

Figures in Rs crs

	Q4FY25	Q4FY24	% chg.	FY25	FY24	% chg.
Income From Operations	78.61	71.24	10.3	284.12	257.30	10.4
Other Income	3.37	4.20	-19.8	10.97	6.82	60.8
Total Income	81.98	75.44	8.7	295.09	264.12	11.7
Total Expenditure	54.45	50.01	8.9	194.64	173.36	12.3
EBITDA (other income included)	27.53	25.43	8.3	100.45	90.76	10.7
Interest	0.07	0.05	40.0	0.07	0.07	-2.6
Depreciation	0.42	0.26	61.5	1.59	1.09	45.6
PBT	27.04	25.12	7.6	98.79	89.60	10.3
Tax	7.26	6.35	14.3	24.91	22.48	10.8
PAT	19.78	18.77	5.4	73.88	67.12	10.1
Extraordinary Items	-	-	-	-	0.08	-100.0
Adjusted Net Profit	19.78	18.77	5.4	73.88	67.04	10.2
EPS(Rs)	16.48	15.64	5.4	61.57	55.87	10.2

Income Statement

Figures in Rs crs

	FY23	FY24	FY25	FY26e	FY27e
Income From Operations	261.25	257.30	284.12	343.73	412.47
Other Income	2.26	6.82	10.97	14.30	19.52
Total Income	263.52	264.12	295.09	358.03	431.99
Total Expenditure	200.63	173.36	194.64	247.48	301.11
EBITDA (other income included)	62.89	90.76	100.45	110.55	130.88
Interest	0.03	0.07	0.07	0.07	0.07
Depreciation	1.45	1.09	1.59	1.79	2.15
PBT	61.41	89.60	98.79	108.68	128.66
Tax	14.97	22.48	24.91	27.39	32.42
PAT	46.44	67.12	73.88	81.29	96.24
Extraordinary Items	-	0.08	-	-	-
Adjusted Net Profit	46.44	67.04	73.88	81.29	96.24
EPS (Rs)	38.70	55.87	61.57	67.75	80.20

Balance Sheet

Figures in Rs crs

	FY23	FY24	FY25	FY26e	FY27e
Sources of Funds					
Share Capital	12.00	12.00	12.00	12.00	12.00
Reserves	93.98	154.24	217.26	287.75	373.19
Total Shareholders' Funds	105.98	166.24	229.26	299.75	385.19
Long Term Debt	-	-	-	-	-
Total Liabilities	105.98	166.24	229.26	299.75	385.19
Application of Funds					
Gross Block	53.18	54.93	56.67*	58.67	68.67
Less: Accumulated Depreciation	5.93	6.70	8.29	10.08	12.24
Net Block	47.26	48.23	48.38	48.59	56.43
Capital Work in Progress	-	-	-	5.00	-
Investments	0.02	0.04	1.54	1.50	1.50
Current Assets, Loans & Advances					
Inventory	5.03	4.97	6.85	8.59	10.31
Trade receivables	91.46	93.99	125.54	146.88	171.85
Cash and Bank	30.88	110.59	152.95	204.59	283.33
Short term loans (inc. OCA)	8.01	32.23	28.66	32.02	36.80
Total CA	135.39	241.78	314.00	392.09	502.29
Current Liabilities	102.29	123.23	137.03	149.67	177.73
Provisions-Short term	1.66	0.59	0.10	0.10	0.10
Total Current Liabilities	103.96	123.82	137.13	149.77	177.83
Net Current Assets	31.43	117.96	176.87	242.32	324.46
Net Deferred Tax Liability	-0.28	-0.54	-0.60	-0.65	-0.70
Net long term assets (net of liabilities)	27.55	0.55	3.07	3.00	3.50
Total Assets	105.98	166.24	229.26	299.75	385.19

*estimated

Key Financial Ratios

	FY23	FY24	FY25	FY26e	FY27e
Growth Ratios (%)					
Revenue	43.6	-1.5	10.4	21.0	20.0
EBITDA	131.0	44.2	10.8	10.1	18.4
Net Profit	135.0	44.4	10.2	10.0	18.4
EPS	135.0	44.4	10.2	10.0	18.4
Margins (%)					
Operating Profit Margin	23.2	32.6	31.5	28.0	27.0
Gross profit Margin	24.1	35.2	35.3	32.1	31.7
Net Profit Margin	17.8	26.1	26.0	23.7	23.3
Return (%)					
ROCE	58.7	52.8	39.5	32.1	29.1
ROE	58.7	52.7	39.5	32.0	29.1
Valuations					
Market Cap/ Sales	5.8	6.6	5.2	4.8	4.0
EV/EBITDA	23.3	17.5	13.1	13.5	11.4
P/E	32.8	25.4	19.9	20.2	17.1
P/BV	15.4	10.9	6.7	5.7	4.4
Other Ratios					
Interest Coverage	1938.3	1245.7	1412.3	1553.6	1839.0
Debt Equity	0.0	0.0	0.0	0.0	0.0
Current Ratio	1.2	1.8	2.1	2.4	2.6
Turnover Ratios					
Fixed Asset Turnover	5.6	5.4	5.9	7.1	7.9
Total Asset Turnover	3.3	2.0	1.5	1.4	1.2
Inventory Turnover	28.6	34.7	32.9	32.1	31.9
Debtors Turnover	3.4	2.8	2.6	2.5	2.6
Creditors Turnover	24.7	14.4	15.8	14.7	14.5
WC Ratios					
Inventory Days	12.8	10.5	11.1	11.4	11.5
Debtors Days	108.8	131.5	141.0	144.6	141.0
Creditors Days	14.8	25.4	23.2	24.8	25.2
Cash Conversion Cycle	106.8	116.7	128.9	131.2	127.3

Cumulative Financial Data

Rs crs	FY19-21	FY22-24	FY25-27e
Income from operations	244	701	1040
Operating profit	25	168	297
EBIT	31	178	336
PBT	30	177	336
PAT	22	133	251
Dividends	2	21	34
OPM (%)	10.3	24.0	28.6
NPM (%)	9.2	19.0	24.2
Interest coverage	122.8	1098.6	1601.6
ROE (%)	30.9	44.8	31.7
ROCE (%)	30.7	44.8	31.7
Debt-Equity ratio*	0.0	0.0	0.0
Fixed asset turnover	3.8	5.4	6.6
Inventory turnover	13.7	34.0	32.4
Debtors turnover	1.7	3.2	2.6
Creditors turnover	32.3	29.5	15.2
Inventory days	26.7	10.7	11.3
Debtor days	214.6	114.2	139.9
Creditor days	11.3	12.4	24.0
Cash conversion cycle	230.1	112.5	127.2
Dividend payout ratio (%)	9.8	15.8	13.4

FY19-21 implies three year period ending fiscal 21

*as on terminal year

Cumulative revenue from operations of Jyoti Resins is anticipated to increase by over 48% to Rs 1040 crs in the three year ending FY27 from Rs 701 crs during FY22-24 (see table). The growth will be backed by growing domestic demand of wood adhesives for construction of commercial and residential spaces. OPM gains would be somewhat constrained by higher ad spends to bolster the brand's national visibility.

Most of the planned capex, be it brownfield expansion of 1500 TPM or setting up a warehouse, will be incurred through internal accruals. With its high cash reserves, dividend payout ratio will be more or less maintained going forward. ROE is anticipated to drop to 31.7% during FY25-27e from 44.8% in FY22-24 not least due to low yielding cash reserves. Due to stress in consumer spending, the Company may see some moderation in volume growth when compared to brisk growth reported in FY22 and FY23.

Financial Summary- US Dollar denominated

million \$	FY23	FY24	FY25	FY26e	FY27e
Equity capital	1.5	1.4	1.4	1.4	1.4
Shareholders' funds	12.0	18.6	25.5	33.0	42.6
Total debt	-	-	-	-	-
Net fixed assets (including CWIP)	5.7	5.8	5.7	6.1	6.4
Investments	0.0	0.0	0.2	0.2	0.2
Net current assets	2.9	12.9	19.4	26.4	35.6
Total assets	13.0	18.6	25.5	33.0	42.6
Revenues	32.5	31.1	33.6	39.2	47.0
EBITDA	7.8	11.0	11.9	12.6	14.9
EBDT	7.8	10.9	11.9	12.6	14.9
PBT	7.6	10.8	11.7	12.4	14.7
PAT	5.8	8.1	8.7	9.3	11.0
EPS(\$)	0.5	0.7	0.7	0.8	0.9
Book value (\$)	1.0	1.6	2.1	2.7	3.5

Income statement figures translated at average rates; balance sheet at year end rates; projections at current rates (Rs 87.69/\$). All dollar denominated figures are adjusted for extraordinary items.

Recommendation

Being the second largest white glue adhesive brand in the country, Jyoti Resins is steadily increasing its production capacity in order to compete with the industry giant, though the latter's brand equity in white glue market appears insurmountable for the time being. The potential for market growth is immense as the Company's market share is only 5% in the white glue retail market. Strong tailwinds prevalent in real estate sector (commercial and residential) will contribute towards increasing demand for white glue. Various schemes being implemented by Government of India such as Pradhan Mantri Awas Yojana and Smart Cities Mission are also expected to lead to higher demand for housing. This in turn will surge demand for adhesives in the country.

The Company's continued efforts towards marketing its products over the past eighteen years have helped establish strong relationship with carpenters. With its wide array of 48 branches in 14 states, the Company connects with over 3.5 lakh carpenters. Going forward, it is expected to build market leadership in its newer states of operations by way of opening new branches/depots and in turn connecting with large number of retailers and carpenters. In 2024, the Company entered Delhi and UP after assessing potential market for wood adhesives. Jyoti Resins currently reports a capacity 24,000 tpa which by the end of FY27 is expected to rise to 42,000 tpa after its brownfield expansion plans are executed. With higher capacity utilization, the Company will be able to successfully cater to the demand of its growing network of carpenters.

Yet risks cannot be undone. Large part (95%) of raw material, vinyl acetate monomer (VAM), required to manufacture white glue adhesive is imported by the Company. As there is no domestic supply source for the same, Jyoti Resins is highly vulnerable to fluctuation in the prices of VAM. Any disruption that may occur in supply chain might also play a spoil sport by hindering production of white glue. Apart from product differentiation, the major factor on which the growth of this industry is dependent upon is strong network with retailers and distributors. Large companies, who are market leaders in other home improvement sectors and have a wide network, are also entering the market for white glue. Competing against such players might prove to be a challenge for the company.

The stock currently trades at 20.2x FY26e EPS of Rs 67.75 and 17.1x FY27e EPS of Rs 80.20. With improving brand equity of Euro 7000, Jyoti Resins is well positioned to expand its reach in newer states of UP, Telangana and West Bengal. Though high cash reserves may provide immunity from external shocks, but it greatly impedes overall ROE; hence, there is a need for efficient deployment of capital. Earnings are estimated to grow by some 18.4% next fiscal after 10% this year. Balancing odds, we assign a 'Buy' rating on the stock with a target of Rs 1764 based on 22x FY27e earnings, over a period of 9-12 months.

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buy: >20% accumulate: >10% to ≤20% hold: ≥-10% to ≤10% reduce: ≥-20% to <-10% sell: <-20%

Rs/\$	FY21	FY22	FY23	FY24	FY25
Average	74.20	74.51	80.39	82.79	84.57
Year end	73.50	75.81	82.22	83.37	85.58

All \$ values mentioned in the write-up translated at the average rate of the respective quarter/ year as applicable. Projections converted at current exchange rate.