

## Anabond Limited

November 04, 2022

### Ratings

| Facilities/Instruments                 | Amount (₹ crore)   | Rating <sup>1</sup>  | Rating Action  |
|--|--|--|--|
| Long Term Bank Facilities              | 19.83  | CARE BB+; Stable; ISSUER NOT COOPERATING*<br>(Double B Plus; Outlook: Stable ISSUER NOT COOPERATING*)                          | Rating continues to remain under ISSUER NOT COOPERATING category |
| Long Term / Short Term Bank Facilities | 5.00   | CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*<br>(Double B Plus ; Outlook: Stable/ A Four Plus ISSUER NOT COOPERATING*) | Rating continues to remain under ISSUER NOT COOPERATING category |
| Short Term Bank Facilities             | 5.00   | CARE A4+; ISSUER NOT COOPERATING*<br>(A Four Plus ISSUER NOT COOPERATING*)   | Rating continues to remain under ISSUER NOT COOPERATING category |
| <b>Total Bank Facilities</b>           | <b>29.83</b><br><b>(₹ Twenty-Nine Crore and Eighty-Three Lakhs Only)</b> |  |  |

Details of instruments/facilities in Annexure-1.

### Detailed rationale and key rating drivers

CARE had, vide its press release dated October 19, 2021, placed the rating(s) of Anabond Limited (ABL) under the 'issuer non-cooperating' category as ABL had failed to provide information for monitoring of the rating. ABL continues to be non-cooperative despite repeated requests for submission of information through phone call and e-mail dated September 14, 2022, September 19, 2022 and September 24, 2022. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

***Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).***

### Detailed description of the key rating drivers

At the time of last rating on October 19, 2021 the following were the rating strengths and weaknesses (Updated with FY21 financials obtained from registrar of companies)

#### Key Rating Strengths

##### **Vast experience of the promoter and the top management**

The promoter, Mr J Vijayakumar, has been in this line of business for more than three decades and is supported by a highly experienced and well-qualified management team. The promoters are assisted by a well-experienced professional management team.

##### **Established track record and strong presence in the industrial A&S space**

ABL is an established player in the industrial adhesives & sealants segment, with presence in the industry since 1979. ABL's products have a wide range of applications as intermediates across different industries (such as automobiles, electrical & electronic appliances, aero-space & defense, machine building, construction, earth moving equipment and others) and principally serve as a replacement for costlier imports available in the market. Despite the stiff competition in the largely unorganized domestic market, ABL has been able to retain the existing customers and attract new clients, resulting in consistent sales growth over the past few years.

##### **Strong in-house research & development capabilities**

The in-house Research & Development (R&D) centre of ABL situated at Chennai is engaged in continuous research towards new product development. With several years of experience and skilled manpower, the centre has acquired the technical know-how of chemical compositions, allowing ABL to manufacture customized products with variation in terms of product attributes like curing time, viscosity, shelf life, etc. The R&D centre remains to be pivotal for ABL in achieving commercial competitiveness of their products and allows the company to supply customized products and deliver in small volumes.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

### Established relationship with reputed client base

ABL has been supplying its products to a well-diversified clientele that includes reputed Government organizations as well. The company enters into two year contacts for supply of products and in the development stage works closely with the clients and their R&D departments, to localize the imported products. This gives a fair amount of revenue visibility to the company.

### Comfortable capital structure and coverage ratios

The capital structure of ABL continues to be comfortable with overall gearing of 0.01x as on March 31, 2021. The interest coverage ratio stood at 174.25x in FY21 as against 37.30x in FY20.

### Key Rating Weaknesses

#### Relatively medium size of operations and moderate market size of the segments in which ABL operates

ABL's operations are limited to the adhesives segment and ABL enjoys strong market position in the business segments it operates. ABL has been able to grow its income over the past several years on account of its cost advantage over the competitors, long track record of operations as well as limited number of local players due to technology barriers. ABL has a wide range of products with varying profit margins under the ASL segment.

#### Profitability exposed to volatility in raw material prices and foreign exchange rates

Profitability margins remain susceptible to volatility in raw material prices in view of the linkages with crude. The major raw materials are polymers and many of this is imported, the company is also exposed to the risk of volatility in forex rates. The company does not have an active hedging policy, and with limited exports natural hedge is also limited.

**Analytical approach:** Standalone

### Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Manufacturing Companies](#)

### About the company

Incorporated in 1984, ABL was promoted by Mr J Vijayakumar and Mr A V Ramanujam (former Director), exemployees of the then Reactor Research Centre of Atomic Energy at Kalpakkam, Tamil Nadu. The promoter commenced the business in the year 1979, as a sole proprietorship which was converted in 1984 to a private limited company and later, as a deemed public limited company in 1994. ABL manufactures industrial adhesives, Speciality coatings and paintings and Hydroxyl-Terminated Poly-Butadiene (HTPB). The company has manufacturing units located at Pondicherry, Tamil Nadu and Assam.

| Brief Financials (₹ crore) | March 31, 2021 (A) | March 31, 2022 (A) | H1 FY23 (A) |
|----------------------------|--------------------|--------------------|-------------|
| Total operating income     | 155.99             | NA                 | NA          |
| PBILDT                     | 34.30              | NA                 | NA          |
| PAT                        | 26.87              | NA                 | NA          |
| Overall gearing (times)    | 0.01               | NA                 | NA          |
| Interest coverage (times)  | 174.25             | NA                 | NA          |

A: Audited NA: Not Available

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for the last three years:** Please refer Annexure-2

**Covenants of the rated instruments/facilities:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this company:** Annexure-4

**Annexure-1: Details of instruments/facilities**

| Name of the Instrument                | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned along with Rating Outlook            |
|---------------------------------------|------|-------------------------------|-----------------|----------------------------|-----------------------------|--|
| Fund-based - LT-Cash Credit           |      | -                             | -               | -                          | 16.00                       | CARE BB+; Stable; ISSUER NOT COOPERATING*            |
| Fund-based - LT-Term Loan             |      | -                             | -               | Dec 2019                   | 3.83                        | CARE BB+; Stable; ISSUER NOT COOPERATING*            |
| Non-fund-based - LT/ST-Bank Guarantee |      | -                             | -               | -                          | 5.00                        | CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-Letter of credit  |      | -                             | -               | -                          | 5.00                        | CARE A4+; ISSUER NOT COOPERATING*                    |

**Annexure-2: Rating history for the last three years**

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings |                              |  | Rating History                              |  |  |   |
|---------|--|-----------------|------------------------------|--|---|--|--|---|
|         |  | Type            | Amount Outstanding (₹ crore) | Rating   | Date(s) and Rating(s) assigned in 2022-2023 | Date(s) and Rating(s) assigned in 2021-2022                        | Date(s) and Rating(s) assigned in 2020-2021                        | Date(s) and Rating(s) assigned in 2019-2020                       |
| 1       | Fund-based - LT-Term Loan              | LT              | 3.83                         | CARE BB+; Stable; ISSUER NOT COOPERATING*            | -   | 1)CARE BB+; Stable; ISSUER NOT COOPERATING* (19-Oct-21)            | 1)CARE BB+; Stable; ISSUER NOT COOPERATING* (04-Sep-20)            | 1)CARE A-; Stable; ISSUER NOT COOPERATING* (06-Mar-20)            |
| 2       | Fund-based - LT-Cash Credit            | LT              | 16.00                        | CARE BB+; Stable; ISSUER NOT COOPERATING*            | -   | 1)CARE BB+; Stable; ISSUER NOT COOPERATING* (19-Oct-21)            | 1)CARE BB+; Stable; ISSUER NOT COOPERATING* (04-Sep-20)            | 1)CARE A-; Stable; ISSUER NOT COOPERATING* (06-Mar-20)            |
| 3       | Non-fund-based - ST-Letter of credit   | ST              | 5.00                         | CARE A4+; ISSUER NOT COOPERATING*                    | -   | 1)CARE A4+; ISSUER NOT COOPERATING* (19-Oct-21)                    | 1)CARE A4+; ISSUER NOT COOPERATING* (04-Sep-20)                    | 1)CARE A2+; ISSUER NOT COOPERATING* (06-Mar-20)                   |
| 4       | Non-fund-based - LT/ST-Bank Guarantee  | LT/ST*          | 5.00                         | CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* | -   | 1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (19-Oct-21) | 1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (04-Sep-20) | 1)CARE A-; Stable / CARE A2+; ISSUER NOT COOPERATING* (06-Mar-20) |

\*Long term/Short term.

**Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities – Not Applicable****Annexure-4: Complexity level of various instruments rated for this company**

| Sr. No. | Name of Instrument                    | Complexity Level |
|---------|---------------------------------------|------------------|
| 1       | Fund-based - LT-Cash Credit           | Simple           |
| 2       | Fund-based - LT-Term Loan             | Simple           |
| 3       | Non-fund-based - LT/ST-Bank Guarantee | Simple           |
| 4       | Non-fund-based - ST-Letter of credit  | Simple           |

**Annexure-5: Bank lender details for this company**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

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