

Anabond Limited

October 08, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	19.83	CARE BB+; 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*	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	5.00	CARE A4+; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. had, vide its press release dated October 10, 2023, placed the ratings 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 e-mails dated August 25, 2024, September 04, 2024, September 14, 2024 and phone calls.

In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'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 ratings.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on October 10, 2023 the following were the rating strengths and weaknesses (updated with FY23 financials obtained from Registrar of Companies)

Key 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 Adhesives, Sealants & Lubricants (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.

Key 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.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

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, aerospace & 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.

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 contracts 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, 2023. The interest coverage ratio stood at 402.48x in FY23 as against 1774.55x in FY22.

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals & Petrochemicals	Commodity Chemicals

Incorporated in 1984, ABL was promoted by Mr J Vijayakumar and Mr A V Ramanujam (former Director), ex-employees 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 PolyButadiene (HTPB). The company has manufacturing units located at Pondicherry, Tamil Nadu and Assam

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	155.99	180.39	230.31
PBILDT	34.30	42.06	51.32
PAT	26.87	47.89	43.07
Overall gearing (times)	0.01	0.01	0.01
Interest coverage (times)	174.25	1,774.55	402.48

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

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 and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	16.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	31-12-2019	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*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for 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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	3.83	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (10-Oct-23)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (04-Nov-22)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (19-Oct-21)
2	Fund-based - LT-Cash Credit	LT	16.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (10-Oct-23)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (04-Nov-22)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (19-Oct-21)
3	Non-fund-based - ST-Letter of credit	ST	5.00	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A4+; ISSUER NOT COOPERATING* (10-Oct-23)	1)CARE A4+; ISSUER NOT COOPERATING* (04-Nov-22)	1)CARE A4+; ISSUER NOT COOPERATING* (19-Oct-21)
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* (10-Oct-23)	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (04-Nov-22)	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (19-Oct-21)

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the 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: Lender details

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

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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