



## Rating Rationale

19 May 2021

### Ankit Tandon Enterprises & Tollways Pvt Ltd

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 5.25 Crores of Ankit Tandon Enterprises & Tollways Pvt Ltd.**

#### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (September, 2020)	Present
<b>Fund based</b>	3.00 -	<b>3.00</b> -	Long Term	BWR B- Stable Downgraded Issuer Not Cooperating	<b>BWR B- (Stable) Reaffirmed</b>
<b>Non Fund Based</b>	2.25	<b>2.25</b>	Short Term	BWR A4 Reaffirmed Issuer Not Cooperating	<b>BWR A4 Reaffirmed</b>
<b>Total</b>	5.25	<b>5.25</b>	Rupees Five Crores Twenty Five Lakhs only		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
Complete details of Bank facilities is provided in Annexure-I

#### Ratings Outlook:

Brickwork Ratings reaffirms the Long Term and the Short Term Rating to BWR B-(Stable)/ A4 from BWR B-(Stable)/A4 Issuer Not Cooperating\* for the Bank Loan Facilities ₹ 5.25 crores of Ankit Tandon Enterprises & Tollways Pvt Ltd.

BWR has essentially relied upon the audited financial statements of Ankit Tandon Enterprises & Tollways Pvt Ltd and of FY18,FY19,FY20 and projected financial statements of FY21, revenues of FY20, publicly available information and information / clarifications provided by the entity's management. The rating draws strength from the vast business experience of the promoters, moderate coverage. The rating is constrained to risk related to Sub Contract, Risk related to susceptibility in nature of business, Weak networth marked by high gearing, Stretched liquidity position. Going forward, the ability of the entity to achieve projected revenue & profitability margins and manage liquidity would be key rating sensitivities

#### Outlook: Stable

The outlook is expected to be stable over medium term on account of its business growth along with its experienced management, moderate order book and moderate financial risk profile.



## Description of Key Rating Drivers

### Credit Strengths:

- **Experienced and qualified promoters-** The promoter Mr. Ankit Tandon is well qualified and have sufficient experience in the road construction industry. Mr. Ankit Tandon is qualified as Bachelors in Engineering and he has also pursued MSc in Real Estate Investments and Finance. Mr. Ankit Tandon prior to starting his own company has been Director in Infraashine Pvt Ltd since 2013 which is engaged in Govt Road Construction Projects, road maintenance work etc.
- **Moderate Debt Protection Metrics-** Moderate coverage with ISCR & DSCR standing at 2.13x and 3.70x in FY20 respectively as compared to 2.50x and 2.20x in FY19. ISCR further projects to improve at 4.15x in FY21.

### Credit Risks:

- **Risk related to Sub contract-** The company usually sub-Contracts in road construction projects. So the revenue of the company remains highly dependent on the tenders won by the main Contractor for govt road projects which further constrains the scale of operations. The revenue of the company stood modest at ₹8.20 Crs in FY20.
- **Risk related to susceptibility in the nature of business :-** The company earns a partial share of profit from a separately formed Joint Venture which is engaged in toll operations. The revenue from toll collection remains susceptible to various risks like change in traffic volume, lack of timely toll rate hikes which could have a negative impact on revenue and thereby its share of profitability.
- **Weak networth marked by high gearing:-** Low networth however TNW has increased to Rs.1.90crs in FY20 as compared to Rs. 0.37crs in FY19 due to increase in Share Capital due to ploughing back of profits marked by high gearing with Total Debt/ TNW and TOL/TNW standing at 1.84x and 1.97x respectively in FY20 and it shows improvement from 10.03x and 16.82x in FY19. Tangible Net Worth (A) has increased to Rs.1.96crs in FY20 as compared to Rs. 0.59crs in FY19 due to loan from promoter.
- **Stretched liquidity position-** The company has stretched liquidity position indicated by Current Ratio which stood at 1.28x in FY20 although it improved as compared to 0.96x in FY19, there shows further improvement in FY21 with current ratio improving to 1.53x.

### Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

### RATING SENSITIVITIES

Going forward, the Company's ability to improve its scale of operations and improvement in working capital cycle, including recoveries to manage its working capital efficiently, execute the orders in a timely manner would be the key rating sensitivities.



**Positive:** The rating may be upgraded if the company is able to achieve significant growth in revenue and profitability backed by favourable demand prospects, sustained improvement in capital structure and working capital management.

**Negative:** The rating may be downgraded, on account of lower than expected growth in revenues and profitability coupled with increase in the working-capital requirements of the company adversely impacting the liquidity position of the company.

### **Liquidity Position: Stretched**

The average CC utilization for the last 5 months stands at 84.25% . The cash and cash equivalents stand at Rs. 0.01 crs in FY20 as compared to Rs. 0.02crs in FY19 . The current ratio stands at 1.28x in FY20 as it improved against 0.96x in FY19 . The Net Cash Accruals to total debt stand at 0.50x in FY20 as compared to 0.15x in FY19. ISCR & DSCR standing at 2.13x and 3.70x in FY20 respectively as compared to 2.50x and 2.20x in FY19. ISCR further projects to improve at 4.15x in FY21

### **COMPANY PROFILE**

Ankit Tandon Enterprises & Tollways Pvt Ltd was incorporated on 7 July 2017. The directors of the company are Mr. Ankit Tandon and Mrs Shriya Kapoor . The company undertakes govt road construction projects and toll operating contracts. Ankit Tandon Enterprises & Tollways Pvt Ltd is the sub-contractor in the tender awarded for Construction of six different Rural Roads having the total length of 23.94 Kms The Tender is awarded by MP Rural Road Development Authority on 02 Jan 2018 to the Main Contractor Highway Infrastructure Ltd which has been sub contracted to Ankit Tandon Enterprises & Tollways Pvt Ltd.

### **Key Financial Indicator**

Key Parameters	Units	FY20	FY19
Result Type		Audited	Audited
Operating Revenue	₹ Cr	8.20	10.23
OPBDIT	₹ Cr	1.05	0.90
PAT	₹ Cr	1.53	0.34
Tangible Net worth	₹ Cr	1.90	0.37
Total Debt/Tangible Net worth	Times	1.84	10.03
Current Ratio	Times	1.28	0.96

**KEY COVENANTS OF THE FACILITY RATED: NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY: NA**

**Rating History for the last three years**

Facility	Current Rating			Rating History						
	Type	Amount (₹ Crs)	Rating	2020			2019			2018
Fund Based	Long Term	3.00	BWR B- (Stable) Reaffirmed	Long Term	3.00	BWR B- (Stable) Downgraded Issuer Not Cooperating	Long Term	3.00	BWR B (Stable)	-
Non Fund Based	Short term	2.25	BWR A4 Reaffirmed	Short term	2.25	BWR A4 Reaffirmed Issuer Not Cooperating	Short term	2.25	BWR A4	-
Total		5.25	INR Five Crores Twenty Five only							

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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**Ankit Tandon Enterprises & Tollways Pvt Ltd**  
**ANNEXURE-I**  
**Details of Bank Facilities rated by BWR**

Sr. No.	Type of Facilities	Tenure	Amount
1.	Cash Credit- Sanctioned	Long Term	3.00
2.	Bank Guarantee- Sanctioned	Short term	2.25
	Rupees Five Crores Twenty Five Lakhs only		5.25