



## Press Release

### Swift Financial Results Limited

February 09, 2024

#### Ratings

Facilities	Amount (Rs. Crore)	Current Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	30.93 (enhanced from Rs. 24.50 crore) (includes proposed facility of Rs 10.00 crore)	IVR BB-/ Stable (IVR double B minus with Stable outlook)	Upgraded from IVR B+/ Negative ISSUER NOT COOPERATING* and removed from Issuer Not Cooperating category	Simple
Short Term Bank Facilities	0.50	IVR A4 (IVR A Four)	Reaffirmed and removed from Issuer Not cooperating category	Simple
<b>Total</b>	<b>31.43 (Rs. Thirty- one crore and forty-three lakhs only)</b>			

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

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

Infomerics had moved the rating of Swift Financial Results Limited (SFRL) to Issuer Not Cooperating category vide its press release dated August 29, 2023, because of non-submission of required information. However, the entity has started cooperating and submitted the required information. Consequently, the ratings have been removed from 'ISSUER NOT COOPERATING' category and revised.

The revision in the ratings assigned to the bank facilities of Swift Financial Results Limited (SFRL) considers extensive experience of promoters in the hotel industry, improvement in financial performance in FY23 and 9MFY24 (provisional), strong support of established brand, locational advantage, satisfactory occupancy ratio with improvement in yield and entitlement for subsidy. The rating strengths are offset by weak financial risk profile, limited track record



## Press Release

with small scale of operations, geographical concentration risk and inherently seasonal and fragmented nature associated with the Hotel Industry

### **Key Rating Sensitivities:**

#### **Upward factors**

- Significant growth in scale of operations with improvement in profitability and cash accruals on a sustained basis driven by improvement in occupancy, RevPar and consequent improvement in liquidity on a sustained basis.
- Improvement in debt protection metrics.

#### **Downward factors**

- More than expected moderation in scale of operations and/or profitability on a sustained basis.
- Withdrawal of subordinated unsecured loans and/or moderation in the capital structure with deterioration in overall gearing and DSCR.
- Significant delay in receipt of subsidy.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

- **Extensive experience of promoters in the hotel industry**

Mr. Pawan Kumar Agarwal, promoter cum director, has over three decades of business experience in diverse fields of business. This apart, other directors, Mr. Sushil Kumar Agarwal and Mr. Amit Agarwal, are also having adequate business experience. The promoters of the company are engaged in real estate like commercial & residential projects, road construction, warehousing, cement industry, road equipment manufacturing, logistics, rural electrification and education related business in and around North Bengal and are quite resourceful. Further, the promoters have supported the company by infusing subordinated unsecured loans as and when required and are committed to support going forward.



## Press Release

- **Improvement in financial performance in FY23 albeit marginal decline in performance in 9MFY24 (provisional)**

The company's total operating income (TOI) increased y-o-y by 88.95% in FY23 to Rs. 15.72 crore on the back of increase in occupancy levels during the period. Overall hotel occupancy increased from ~50% in FY22 to ~73% in FY23. EBITDA and PAT at absolute levels improved by ~120% and ~258% respectively and stood at Rs 6.84 crore and Rs 2.13 crore respectively. However, margin wise EBITDA witnessed an improvement by ~600 basis points and stood at 43.49% in FY23 (PY:37.53%). As most of the costs of the company, are fixed in nature, growing scale of operations resulted in more absorption of fixed costs resulting in better margins, both at EBITDA and PAT levels. However, in 9MFY24 (provisional), revenue moderated to ~12% and stood at Rs 10.61 crore in comparison to Rs 12.04 crore in 9MFY23 (provisional), on account of floods in Sikkim. EBITDA and PAT stood at Rs 4.90 crore (9MFY23:Rs 5.28 crore) and Rs 1.62 crore (9MFY23:RS 1.70 crore) respectively.

- **Strong support of established brand**

During 2014, the company made a licensing agreement with Wyndham Hotel Asia Pacific CO Ltd. of Hong Kong, a renowned and one of the largest hotel chains in the world, for setting up a deluxe hotel in Darjeeling. Subsequently, during March 2018, a 62-room deluxe hotel, under the brand name of RAMADA Darjeeling, has started operation with other related facilities like banquet, Tea lounge, restaurant and bar, pool, etc. The licensing agreement is of 20 years. Wydenham Hotels has a stellar reputation among the international business and leisure travelers. In consideration, Wydenham charges from SFRL ~5% of revenue as franchisee and management fees. The agreement with Wydenham is valid till 2037.

- **Locational advantage**

The hotel, "Ramada Darjeeling" is located at heart of Darjeeling in West Bengal. Darjeeling is well known in the world as a hill station since long and is called Queen of Hills. It is well connected through North – East Frontier Railway with nearest railway station being Jalpaiguri. The site is also well connected through airways with the nearest airport being Bagdogra (which is about 80 Kms from Darjeeling). Furthermore, the hotel is also located at a very strategic place in Darjeeling and is nearby to all the major tourist attractions of the place.



## Press Release

- **Satisfactory occupancy ratio with improvement in yield**

The hotel despite its short track record witnessed steady increase in its occupancy rates from 48.31% in FY22 to 76.01% in FY23. Further, there was a steady increase in RevPAR from Rs.3732 in FY22 to Rs.7064 in FY23. Going forward, Infomerics expects consistent improvement in occupancy ratio on the back of favourable demand outlook of the industry

- **Entitlement for subsidy**

The hotel unit is entitled to get a subsidy from West Bengal Tourism Development Corporation Limited under “West Bengal Incentive Scheme 2008” (vide letter dated, February 05, 2020). Under the said scheme the company is entitled to receive state capital subsidy of Rs.2.75 crore and interest subsidy - Rs.1.75 crore (50% of annual liability subject to a maximum of Rs.25 lacs annually). Timely receipt of subsidy is a key rating monitorable.

### Key Rating Weaknesses

- **Weak Financial Risk Profile**

The company has a weak financial risk profile characterized by high leverage and upcoming high capex to renovate the property and plan to raise further debt that will deteriorate the debt profile further. SFRL's cash accruals from hotel operations is expected to be tightly matched with debt obligations and ~Rs 10 crore required capex. Overall gearing ratio although improved to 2.17x as on March 31, 2023, from 2.61x as on March 31, 2022, it overall remains leveraged. Other solvency indicators like Long Term Debt to Equity and Total Debt to GCA ratios stood at 2.10x (PY:2.53x) and 5.34x (PY: 25.05x) respectively. Total debt of the company mainly consists of term loans and cash credit facility from Indian Bank. Total debt moderated from Rs 25.37 crore as on March 31, 2022 to Rs 24.04 crore as on March 31, 2023 on account of repayment of term loans. Furthermore, tangible net worth of the company increased from Rs 9.72 crore in FY22 to Rs 11.07 crore in FY23, due to accretion of reserves on account of profits earned. Other coverage indicators like DSCR and interest coverage ratio stood at 2.12x (PY: 0.91x) and 2.97x (PY:1.45x) respectively.

- **Limited track record with small scale of operations**

The hotel unit started operations in April 2018, hence FY19 was the first full year of operation and accordingly its ability to ramp up scale and occupancy is yet to be seen. The scale of operation of the company is small with a revenue of Rs.15.72 crore in FY23 and Rs. 10.61



## Press Release

crore in 9MFY24, though improved from Rs.8.30 crore in FY22. Small scale of operations restricts the financial risk profile of the company.

- **Geographical concentration in revenue**

SFRL derives its entire revenue from a single hotel in Darjeeling and is highly reliant on growth of the tourism industry in Darjeeling. However, association with the Wyndham International group and the Ramada brand will benefit the hotel.

- **Inherently seasonal and fragmented nature associated with the Hotel Industry**

The hotel industry is cyclical and inherently seasonal in nature as the demand for the hotel rooms varies with the business cycle. The most significant aspect of tourism seasonality is that it involves the concentration of tourist inflows during particular months. The Indian hotel industry normally experiences high demand during October-May, followed which the monsoon entails low demand. During the lean period, hotels offer lucrative packages to improve occupancy. The hotel industry is highly fragmented with a large no. of organized and unorganized players as well as many local and international players operate across different hotel segments. Further, SFRL faces intense competition as Darjeeling, in West Bengal is a major tourist destination and has many hotels and resorts. Further, presence of many small & medium players in the vicinity of the tourist places intensifies the already prevailing competition in the industry.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Service Sector Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

**Liquidity – Adequate**

The liquidity position of the company is expected to remain adequate in the near term marked by sufficient gross cash accruals as against its debt repayment obligations. Overall utilization of working capital limits remains at ~80%, thus indicating sufficient cushion.



## Press Release

### About the company

Swift Financial Results Ltd (SFRL) incorporated in 1992 by one Agarwal family of Darjeeling. After incorporation, the company was defunct for many a year since 2014. During 2014, the company made a licensing agreement with Wyndham Hotel Asia Pacific CO Ltd. of Hong Kong, a renowned and one of the largest hotel chains in the world, for setting up a deluxe hotel in Darjeeling. Subsequently, during March 2018, a 62-room deluxe hotel, under the brand name of RAMADA Darjeeling, has started operation with other related facilities like banquet, Tea lounge, restaurant and bar, pool, etc. The licensing agreement is of 20 years. Day to day affairs of the company is look after by Mr. Pawan Kumar Agarwal, Director, along with other two directors and a team of experienced personnel.

### **Financials (Standalone):**

(Rs. crore)

For the year ended* / As On	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	8.30	15.72
EBITDA	3.11	6.84
PAT	-1.34	2.13
Total Debt	25.37	24.04
Tangible Net worth (including quasi equity)	9.72	11.07
EBITDA Margin (%)	37.53	43.49
PAT Margin (%)	-16.10	13.52
Overall Gearing Ratio (x)	2.61	2.17

*\*As per Infomerics' Standards*

**Status of non-cooperation with previous CRA: Nil**

**Any other information: Nil**





## Press Release

### Rating History for last three years with Infomerics:

Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2023-24)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Rating (August 29, 2023)	Date(s) & Rating(s) assigned in 2022-23 (July 14, 2022)	Date(s) & Rating(s) assigned in 2021-22 (October 29, 2021)	Date(s) & Rating(s) assigned in 2020-21 (August 05, 2020)
1.	Term Loans	Long Term	13.17	IVR BB-/Stable	IVR B+/ Negative ISSUER NOT COOPERATING*	IVR BB-/Stable	IVR B+/ Negative ISSUER NOT COOPERATING*	IVR BB-/Stable
2.	GECL	Long Term	6.51	IVR BB-/Stable	IVR B+/ Negative ISSUER NOT COOPERATING*	IVR BB-/Stable	-	-
3.	Cash Credit	Long Term	0.80	IVR BB-/Stable	IVR B+/ Negative ISSUER NOT COOPERATING*	IVR BB-/Stable	IVR B+/ Negative ISSUER NOT COOPERATING*	IVR BB-/Stable
4.	FITL	Long Term	0.00	-	IVR B+/ Negative ISSUER NOT COOPERATING*	IVR BB-/Stable	IVR B+/ Negative ISSUER NOT COOPERATING*	IVR BB-/Stable
4.	WCTL	Long Term	0.45	IVR BB-/Stable	IVR B+/ Negative ISSUER NOT COOPERATING*	IVR BB-/Stable	IVR B+/ Negative ISSUER NOT COOPERATING*	IVR BB-/Stable
5.	Bank Guarantee	Short Term	0.50	IVR A4	IVR A4 ISSUER NOT COOPERATING*	IVR A4	IVR A4 ISSUER NOT	IVR A4



## Press Release

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2023-24)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Rating (August 29, 2023)	Date(s) & Rating(s) assigned in 2022-23 (July 14, 2022)	Date(s) & Rating(s) assigned in 2021-22 (October 29, 2021)	Date(s) & Rating(s) assigned in 2020-21 (August 05, 2020)
							COOPERATING*	
6.	Proposed Term Loan	Long Term	10.00	IVR BB-/Stable	IVR B+/Negative ISSUER NOT COOPERATING*	IVR BB-/Stable	-	-

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





## Press Release

### Name and Contact Details of the Rating Analyst:

Name: Mr. Sandeep Khaitan

Tel: (033) 46022266

Email: [sandeep.khaitan@infomerics.com](mailto:sandeep.khaitan@infomerics.com)





## Press Release

### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.



## Press Release

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan-1	-	-	FY28	9.61	IVR BB-/Stable
Term Loan-2	-	-	FY28	3.56	IVR BB-/Stable
WCTL	-	-	FY26	0.45	IVR BB-/Stable
GECL-1	-	-	FY27	0.85	IVR BB-/Stable
GECL-2	-	-	FY27	4.36	IVR BB-/Stable
GECL-3	-	-	FY27	1.30	IVR BB-/Stable
Cash Credit	-	-	-	0.80	IVR BB-/Stable
Bank Guarantee	-	-	-	0.50	IVR A4
Proposed Term Loan	-	-	-	10.00	IVR BB-/Stable

**Annexure 2: List of companies considered for consolidated analysis:** Not applicable

**Annexure 3: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-SwiftFinancial-feb24.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com)