



## Press Release

**High Spirit Commercial Ventures Private Limited**

**July 03<sup>rd</sup>, 2025**

### Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long term Bank Facilities	77.15 (Enhanced from Rs.70.00 crore)	IVR BBB-/ Stable [IVR Triple B Minus with Stable Outlook]	IVR BBB-/ Stable [IVR Triple B Minus with Stable Outlook]	Rating Reaffirmed	<a href="#">Simple</a>
<b>Total</b>	<b>Rs.77.15 crore (Rupees seventy seven crore and fifteen lakhs Only)</b>				

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

### Detailed Rationale

Infomerics has reaffirmed the rating assigned to the bank facilities of High Spirit Commercial Ventures Private Limited (HSCVPL) reflects stable operating performance during FY24-25. Further rating reaffirmation also reflects moderate capital structure and debt protection metrics, diversified product and a moderate distribution network and experienced promoters with established track record in the business. The rating strengths are, however, constrained by elongated working capital cycle and highly fragmented and competitive industry.

The Stable Outlook reflects stable growth in revenue and profitability with expectations of comfortable capital structure and debt protection metrics over FY26-FY28.

### Key Rating Sensitivities:

#### Upward Factors

- Sustained improvement in working capital cycle along with expected revenue growth while maintaining current profitability with improved capital structure.

#### Downward Factors

- Sustained declined in total operating income and/or declined in EBITDA margins.



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- Any further deterioration in working capital cycle and/or any unplanned debt led capex leading to deterioration in credit profile.

### List of Key Rating Drivers with Detailed Description

#### A. Key Rating Strengths

##### Improved operating performance during FY24-25

HSCVPL's revenue has increased from Rs.250.61 crore in FY24 to Rs.274.86 crore in FY25 (Provisional) (period refers from April 01st, 2024 to March 31st, 2025), led by higher capacity utilisation, product diversification along with higher volume sold. Infomerics expects this growth remain stable in the future due to HSCVPL is having moderate order book of Rs.108 crore by May 31<sup>st</sup>, 2025, which is expected to dispatch by August 31st, 2025, along with continuous orders from their existing clients. HSCVPL's EBITDA margin improved to 10.72% in FY25, up from 8.40% in FY24, mainly driven by growth in its modern trade business, which offers higher margins compared to other segments. Infomerics expects EBITDA margins are expected to remain stable over FY26-FY28, supported by stable demand for the products, as well as strategic shifts in product offerings and geographic focus which will enhance product turnover and gross profitability in the future.

##### Moderate capital structure and debt protection metrics

The capital structure as indicated by overall gearing ratio and TOL/TNW has remained moderate with overall gearing at 1.36x and 3x as of March 31st, 2025 (March 31st, 2024: 1.30x and 3.13x respectively), due to stable accretion of profits to reserve, despite increase in working capital limits. Infomerics expects gearing to improve further from FY26 onwards due to schedule repayment of long-term debt and no significant increase in long term debt in absence of capex plans. HSCVPL debt protection metrics remained moderate as per FY25 as the interest coverage ratio stood at 2.13x as of March 31st, 2025 (improved from 1.98x as of March 31st, 2024) due to improvement in gross profitability. Total debt / NCA has improved marginally but remain high at 6.32x as of March 31st 2025 (March 31st, 2024: 7.51x).

##### Diversified product and a moderate distribution network

HSCVPL is the backpack manufacturer in the Indian backpack market. The company has a diversified product mix with around 65.99% of FY25 revenues coming from backpacks,



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followed by duffle (20.29%), hard luggage (9.16%), soft luggage & travelling bags and remaining are other accessories accounts for 4.56%. HSCVPL's sells its product under the brand name of "Priority" and "Traworld". In addition, HSCVPL has around 12,000 retail touchpoints across general trade and over 3,500 touchpoints in modern trade and the company is emerging player in E Commerce. The Company has 48 distributors across the India and it is also selling its goods to Modern trade players like D-Mart, Reliance, Vishal Mega Mart, Vmart etc.

### **Experienced promoters with established track record in the business**

HSCVPL's promoters have relevant and vast experience respectively in bag manufacturing industry. The longstanding track record of the HSCVPL with experience of the management has also resulted in established its brand and relationship with customers resulting in repeat orders.

### **B. Key Rating Weaknesses.**

#### **Elongated working capital cycle**

HSCVPL's net operating cycle remained elongated at 107 days in FY25 due to high inventory and collection days. Inventory days were high at 113 at the end of FY25 due to bulk procurement of raw materials to maintain order supply during peak season. Collection days were high at 106 at the end of FY25 due to diverse customer relationships, including modern trade, distributors, and retailers. As the majority of the FY25 revenue comes from modern trade, with varying payment terms from different customers which resulted into high collection days. Creditors days also high at 112 at the end of FY25, contributing to working capital mismatches. As a result, the company utilized around 91.04% of its working capital limits over the past 12 months ended as on April 2025.

#### **Highly fragmented and competitive industry**

HSCVPL operates in a highly fragmented bag manufacturing industry, with two-third of the market by the unorganized players with major shares of market due to low entry barriers and less capital intensity. HSCVPL has stiff competition from reputed brands like Wildcraft, VIP Industries, American Tourister, Delsey etc. and also from unorganized players, which might



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impact on the profit margins in the retail segment. However, long relationship with reputed customers will mitigate the risk to the extent.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Manufacturing companies](#)

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

[Criteria on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity: Adequate**

HSCVPL liquidity is expected to remain adequate given the expected cash accruals in the range of Rs.18 crore to Rs.27 crore in the period of FY26 to FY28 as against the repayments of Rs.2 to Rs.6 crore for the same period. The free cash and cash equivalents balance stood at Rs.1.83 crore as on March 31, 2025, while average working capital utilisation for the 12 months ended March 2025 remained high at ~91%. Current ratio stood at 1.15x as on March 31, 2025.

### **About the company**

HSCVPL was incorporated in the year 2012, under the leadership of Mr. Tushar Jain. HSCVPL is the manufacturer of the bags and the product range includes backpacks for school/college, office, travel, hiking, duffle bags, Lunch bag, file bag, soft luggage etc and hard luggage. HSCVPL sells its product under the brand name of "Priority" and "Traworld". The Brand is available at HSCVPL has around 12,000 retail touchpoints across general trade and over 3,500 touchpoints in modern trade and the company is emerging player in E-Commerce. The Company has 48 distributors across the India and it is also selling its goods to Modern trade players like D-Mart, Reliance, Vishal Mega Mart, Vmart etc



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**Financials (Standalone):**

**(Rs. crore)**

For the year ended / As On*	31-03-2024 (Audited)	31-03-2025 (Provisional)
Total Operating Income	250.61	274.86
EBITDA	21.06	29.46
PAT	5.80	10.22
Total Debt	61.94	78.87
Tangible Net Worth	47.76	57.99
EBITDA Margin (%)	8.40	10.72
PAT Margin (%)	2.31	3.71
Overall Gearing Ratio (x)	1.30	1.36
Interest Coverage (x)	1.98	2.13

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** None.

**Any other information:** Nil

**Rating History for last three years:**

Sr. No	Name of Instrument/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Long term Bank Facilities	Long term	77.15	IVR BBB-/ Stable	(June 20 <sup>th</sup> , 2024) IVR BBB-/ Stable	--	--

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### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd ] 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).





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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan - I	--	--	March 15, 2030	1.79	IVR BBB-/ Stable
Long Term Bank Facilities – Term Loan - II	--	--	October 15, 2027	0.84	IVR BBB-/ Stable
Long Term Bank Facilities – Term Loan - III	--	--	July 31, 2025	0.01	IVR BBB-/ Stable
Long Term Bank Facilities – GECL	--	--	October 31, 2027	6.83	IVR BBB-/ Stable
Long Term Bank Facilities – GECL	--	--	March 15, 2028	1.25	IVR BBB-/ Stable
Long Term Bank Facilities – Machinery loan	--	--	October 10, 2027	0.62	IVR BBB-/ Stable
Long Term Bank Facilities – Machinery loan	--	--	October 18, 2028	0.81	IVR BBB-/ Stable



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Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Cash Credit	--	--	Revolving	16.00	IVR BBB-/ Stable
Long Term Bank Facilities – Cash Credit	--	--	Revolving	30.00	IVR BBB-/ Stable
Long Term Bank Facilities – Overdraft	--	--	Revolving	19.00	IVR BBB-/ Stable

**Annexure 2: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-HighSpirit-jul25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated analysis:** 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).