Herald Publications Private Limited
July 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	39.30	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	0.70	CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE A4+ and moved to 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. has been seeking information from Herald Publications Private Limited (HPPL) to monitor the rating vide e-mail communications dated May 26, 2025, May 19, 2025, May 12, 2205 and numerous phone calls. However, despite our repeated requests, it has not provided the requisite information for monitoring the ratings. 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. The rating on HPPL's bank facilities will now be denoted as CARE BB; Stable; ISSUER NOT COOPERATING*

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.
The rating takes into account the growing but small scale of operations, leveraged capital structure & moderate debt coverage indicators and working capital intensive nature of operations, limited geographical reach in newspaper distribution segment, long track record of operations with experienced promoters, healthy profit margins and reputed albeit concentrated customers and suppliers.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating and subsequent review, the following were the rating strengths and weaknesses:

Key weaknesses

Growing but small scale of operations: Despite constant growth, HPPL's scale of operations remained small marked by total operating income (TOI) remained in the range of Rs.44.13 crore to Rs.77.69 crore during FY21 to FY24 owing to increase demand from packaging segment on the back of increase in the orders from existing customers across packaging division. The same was also assisted by the continuous capacity additions and modernization of the machines in packaging division. The Gross Cash Accruals (GCA) also stood relatively low in the range of Rs.4.24 crore to Rs.11.26 crore during the given period. The small size deprives it from the benefits of economies of scale and restricts the financial flexibility of the company in times of stress. Further, the TOI is expected to grow over the medium term on the back of continuous capacity additions undertaken during past and as envisaged in the near term.

Leveraged capital structure and moderate debt coverage indicators: The overall gearing remains leveraged at 2.26 times as on March 31, 2024 (vis-à-vis 1.78 times as on March 31, 2023) on account of higher reliance on external debt. The same has deteriorated owing to term loans additions during the year along with higher utilization of working capital limits as on balance sheet date.
The debt coverage indicators remained moderate marked by total debt to GCA at 4.02 times as on March 31, 2024 (vis-à-vis at 3.94 times as on March 31, 2023). Further, PBILDT interest coverage ratio remained healthy at 4.78x in FY24 (vis-à-vis at 5.38x in FY23). While the same deteriorated marginally owing to higher interest cost incurred during the year. The capital structure is expected to gradually improve in the near to medium term on the back of scheduled debt repayments and no major debt funded capex envisaged in the near to medium terms.

Working capital intensive nature of operation: The operations of the company remained working capital intensive marked by higher Gross Current Assets (GCA) period of 149 days in FY24 (vis-à-vis 175 days in FY23) primarily on account of higher inventory period of 68 days (55 days) and collection period of 63 days (76 days). The same leads to higher utilization of the

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

working capital limits. On the other hand, company receives moderate credit from its suppliers leading to creditors period of 51 days (46 days). Thus, the operating cycle also remained high at 80 days (86 days).

Limited geographical reach of newspaper distribution with print media challenges
The company's revenue from the newspaper segment has regionally concentrated with major revenue coming from Goa and followed with Maharashtra. This exposes the company revenues to risks due to high competition in the region. The newspaper industry impacted significantly in COVID, and the physical print business is yet to revert to the pre-COVID levels impacted by structural factors such as shift of preference among readers to read news in electronic/digital form through mobile applications or website has resulted in some decline in circulation. Growing popularity of digital platforms, in line with changing media consumption habits, is likely to be a major challenge to the print media industry.

Key strengths

Long track record of operations with experienced promoters: HPPL has an established track record of more than three decades in the publication industry. Mr. Raul Francisco Antonio Fernandes, the managing director, has more than four decades of experience in the same line of business. The company also established track record in packaging division through its two decades of existence. Mr. Boaventura Ferrao is dealing with all day-to-day functions of the business and majorly looks after Production and logistics. Moreover, HPPL has a well-qualified & experienced second-tier management for handling plant operations and finance functions. Furthermore, promoters of HPPL have constantly shown support to the company's operations by way of infusion of funds from time to time. During last four years the promotors have infused Rs.4.04 crore through unsecured loans.

Healthy and improvement in profit margins: Operating margin of the company remained healthy and the same has improved in FY24 to 19.35% from 14.51% in FY23 on the back of better yields from packaging division along with reduction in the fixed cost led by increase in the scale of operations. The same was also supported by periodic capex incurred for automation of its packaging division leading to reduction in various costs. The PAT margin also improved in line with PBILDT margin during the year from 4.94% in FY23 to 6.24% in FY24.

Reputed but concentrated customers and suppliers: HPPL's shares healthy relationship with its clients owing to long track record of operations, it has long-term relationships with its reputed customers majorly from the pharmaceutical and electrical sectors and entails repeat orders from them. Although, the customer base is concentrated with top five clients contributed around 58.82% of its total revenue in FY24 (vis-à-vis 41.60% of its total revenue in FY23), nevertheless the counter party risk is mitigated due to dealing with reputed customers. Also, the company majorly procures paper domestically. The supplier base is reputed although concentrated with top 5 suppliers contributing around 68.54% of its total purchases in FY24 (vis-à-vis 56.28% of its total purchases in FY23).

Liquidity: Adequate
The company's liquidity is adequate characterized by sufficient cushion in accruals vis-à-vis around Rs.5.66 crore and Rs.5.69 crore of repayment obligations during FY25 and FY26. HPPL has free cash and bank balance of Rs.4.15 crore as on March 31, 2024 (vis-à-vis Rs.0.41 crore as on March 31, 2023). During FY25, the company is planning to incur a capex of Rs.10 crore which will be equally funded through bank borrowing and internal accruals. The liquidity ratios of the company stood relatively low with current ratio and quick ratio of 1.27 times and 0.93 times respectively as on March 31, 2024. Further, the average maximum utilization of its fund based working capital limits stood at 86.77% and average utilization at 79.84% during last 12 months ended March 2023. Its cash flow from operations stood positive at Rs.11.14 crore in FY24 (compared to negative Rs.1.89 crore in FY23).

Applicable criteria

Information Adequacy Risk and Issuer Non-Cooperation
Policy on Default Recognition
Liquidity Analysis of Non-financial sector entities
Assigning 'Outlook' or 'Rating Watch' to Credit Ratings
Manufacturing Companies
Financial Ratios – Non financial Sector
Rating of Short Term Instruments

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Capital Goods	Industrial Products	Packaging

Herald Publications Private Limited (HPPL) was established in 1989 as a newspaper publication house by Mr. Raul Francisco Antonio Fernandes. Later, the company diversified its operations into manufacturing of cartons and cardboard boxes. It publishes an English daily newspaper named Herald which is majorly distributed across Goa and Maharashtra. The company also publishes a Marathi weekly named Dainik Herald. It also operates a 24-hour, free-to-air English news and entertainment channel, HCN.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	65.96	77.69
PBILDT	9.57	15.03
PAT	3.26	4.85
Overall gearing (times)	2.03	2.26
Interest coverage (times)	5.38	4.78

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

Status of non-cooperation with previous CRA: CRISIL has reviewed the ratings assigned to the bank facilities of HPPL under Issuer Not Cooperating category due to non-submission of requisite information or non-submission of No default statement (NDS) for the last three months, vide its press release dated April 28, 2025.

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		-	-	-	20.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	March 2028	11.26	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based- Long Term		-	-	-	8.04	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	0.70	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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	11.26	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (26-Jun-24)	-	-
2	Fund-based - LT-Cash Credit	LT	20.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (26-Jun-24)	-	-
3	Non-fund-based - ST-BG/LC	ST	0.70	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+ (26-Jun-24)	-	-
4	Fund-based-Long Term	LT	8.04	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (26-Jun-24)	-	-

*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	Fund-based-Long Term	Simple
4	Non-fund-based - ST-BG/LC	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.

Contact us

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About us:
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