

July 18, 2025

## Viva Books Private Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Overdraft	30.00	30.00	[ICRA]BB+ (Stable); reaffirmed
Long-term – Fund-based – Term loan	0.45	0.00	-
Long-term – Unallocated	4.55	0.00	-
Proposed Long-term – Fund-based – Overdraft	-	5.00	[ICRA]BB+ (Stable); reaffirmed
<b>Total</b>	<b>35.00</b>	<b>35.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating reaffirmation of Viva Books Private Limited (VBPL) factors in the marginal revenue growth recorded in FY2025, which is expected to sustain in the near-to-medium term on the back of stable demand and established market position of the company in the textbook publishing industry amid intense competition. The rating further considers the extensive experience of its promoters in the book publishing domain. ICRA also notes the moderately comfortable coverage metrics with an interest coverage of 3.2 times and debt service coverage of 2.3 times in FY2025 (provisional). The rating also considers VBPL's pan-India distributor network, established relationships with schools and tie-ups with various authors and teachers, which have strengthened VBPL's foothold in the market.

The rating is, however, constrained by the company's working capital intensive operations on account of stretched receivable days, leveraged capital structure with TOL/TNW of 3.5 times in FY2025 and inherent seasonality of operations. The receivable cycle remains elongated with high receivable days of 425 as on March 31, 2025, of which Rs. 22.5 crore (~44% of net worth) was outstanding for over 180 days. Any material write-offs could adversely impact its profitability and leverage metrics and hence remains a key monitorable. VBPL has relied on extended credit from suppliers and need-based unsecured loans from promoters to fund the working capital requirements. ICRA also notes VBPL's moderate scale of operations, which is expected to gradually expand on the back of fresh customer acquisition by penetrating further into the target markets. The rating is also constrained by the susceptibility of the business to volatile raw material prices and the intensely competitive and fragmented industry structure.

The Stable outlook on the long-term rating reflects ICRA's opinion that VBPL is likely to improve its scale gradually, and subsequently its financial risk profile, on the back of its established presence in the industry.

### Key rating drivers and their description

#### Credit strengths

**Established track record and brand name of promoters in publishing business** – The company has been involved in the publishing business since the last three decades. This led to development of strong relationship with dealers and schools across its operating market. Over the years, the company has exhibited strong content development capabilities. VBPL primarily

caters to the academic books for the K-12 segment. It has an extensive track record of catering to books of different school boards.

**Extensive pan-India sales and distribution network** – The company has an established presence across India, supported by a strong dealership network and strategically located warehouses in multiple regions. It has a widespread sales and marketing team to drive operations across geographies. VBPL's established relationship with dealers and schools and royalty-based tie-ups with authors as well as the extensive distribution network lend competitive advantage to this segment.

**Moderate debt coverage metrics** – The company's debt coverage indicators remain satisfactory, with a moderately comfortable interest coverage ratio of 3.2 times and debt service coverage ratio (DSCR) of 2.3 times on a provisional basis in FY2025. These metrics are expected to sustain in the near term, supported by stable demand in the market. VBPL's coverage indicators witnessed a marginal improvement in FY2025, driven by a slight expansion in the operating margins (by approximately 40 basis points) and limited reliance on external borrowings.

### Credit challenges

**High working capital intensive business due to stretched receivables and inherent seasonality of operations** – VBPL's working capital cycle remains elongated, as reflected by NWC/OI of ~61%, which is unlikely to improve significantly in the near term. The high working capital intensity is attributed to stretched receivable days (425 days as on March 31, 2025) and inherent seasonality of operations associated with the business. The major part of the company's sales is derived in Q4 of the financial year, which is then realised by December of next fiscal. The inventory peaks from September to January when the major portion of the overall paper is procured, and books are printed for the next academic year. VBPL has relied on extended credit from suppliers and need-based unsecured loans from the promoters to fund its working capital requirements. This has resulted in a leveraged capital structure with TOL/TNW of 3.5 times as on March 31, 2025.

**Moderate scale of operations** – The company is a medium scale player in the intensely competitive industry, as reflected by the top line of ~Rs. 172 crore in FY2025. The muted revenue growth of 2% in FY2025 on a YoY basis was largely due to subdued demand and limited increase in prices. Nonetheless, ICRA expects VBPL's revenues to grow steadily over the medium term, supported by deeper market penetration and customer acquisition initiatives.

**Exposed to paper price volatility, competition from other publishing houses** – The profit margins remain susceptible to volatility in prices of paper, the key raw material. However, the company has been able to negotiate on bulk purchases from the suppliers or pass on the increase in raw material cost through rise in price of books. ICRA notes that the academic publishing segment is diverse and intensely competitive, given the presence of multiple school boards and numerous players operating in the same domain. While VBPL faces competition from several established publishers with strong market presence and brand acceptability, its long operational track record and established brand equity continue to support its competitive positioning in the industry.

### Liquidity position: Adequate

VBPL's liquidity position is adequate, supported by cash flow from operations of more than Rs. 7 crore in FY2025 and cushion in the working capital limits. The average working capital utilisation in the past 14 months ending in May 2025 stood at ~73%, resulting in an average cushion of Rs. 8 crore during the same period. VBPL has annual term debt repayment of Rs. 0.48 crore, which is expected to be serviced comfortably through internal cash accruals. Further, the promoters supported the working capital requirement through unsecured loans, on a need basis, which is also expected to remain in the books of the company. Given the seasonality associated with cash flows in business, the company's ability to judiciously manage its cash conversion cycle remains crucial to maintain adequate liquidity.

## Rating sensitivities

**Positive factors** – ICRA could upgrade VBPL’s rating if there is a substantial growth in revenues and profitability, along with a material improvement in the working capital intensity and net worth on a sustained basis.

**Negative factors** – Pressure on VBPL’s rating could arise if there is a decline in its revenue and earnings, resulting in lower cash flows on a sustained basis. Any further stretch in the working capital cycle, impacting the company’s liquidity position, could also be a trigger for a rating downgrade. Specific credit metrics that could lead to a rating downgrade include OPBDITA/Interest of less than 2.5 times on a consistent basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the standalone financial profile of the company

## About the company

Viva Books Private Limited (VBPL) was incorporated in FY1991. It mainly publishes academic books for the K-12 segment (school education). The major portion of the revenue (~85%) is generated from schoolbooks of class I to VIII, while the rest of the revenue is generated from books of class IX-XII. The major part of the content is generated through in-house authors while some is produced by external authors. The company procures paper from the local suppliers and outsources the printing job (selected based on the pricing). VBPL mainly sells its books through dealers and sometimes directly to the schools as well. Further, VBPL derives a small portion of its revenue from trading of books, which are imported and sold in India based on market demand. The company has its own sales team spread across major states in India. The Vasishat family has a cumulative shareholding of more than 85%. Mr. Vinod Kumar Vasishat, the key promoter, individually holds approximately 83% of the total shares of the company as on March 31, 2025.

## Key financial indicators (audited)

	FY2023	FY2024	FY2025*
Operating income	147.5	170.3	172.7
PAT	3.3	7.7	8.3
OPBDIT/OI	8.8%	10.6%	11.0%
PAT/OI	2.3%	4.5%	4.8%
Total outside liabilities/Tangible net worth (times)	4.4	4.1	3.5
Total debt/OPBDIT (times)	5.1	4.2	3.5
Interest coverage (times)	2.3	3.3	3.2

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA’s calculations; Amount in Rs. crore  
 PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

## Status of non-cooperation with previous CRA: Not applicable

Any other information: None

## Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	Jul 18, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
<b>Long-term – Fund-based – Overdraft</b>	Long Term	30.00	[ICRA]BB+ (Stable)	Jul 19, 2024	[ICRA]BB+ (Stable)	Jun 22, 2023	[ICRA]BB+ (Positive)	Jul 04, 2022	[ICRA]BB+ (Stable)
<b>Proposed Long-term – Fund-based – Overdraft</b>	Long Term	5.00	[ICRA]BB+ (Stable)	-	-	-	-	-	-
<b>Long Term-Fund Based-Term Loan</b>	Long Term	-	-	Jul 19, 2024	[ICRA]BB+ (Stable)	Jun 22, 2023	[ICRA]BB+ (Positive)	Jul 04, 2022	[ICRA]BB+ (Stable)
<b>Long Term-Unallocated</b>	Long Term	-	-	Jul 19, 2024	[ICRA]BB+ (Stable)	Jun 22, 2023	[ICRA]BB+ (Positive)	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
<b>Long-term – Fund-based – Overdraft</b>	Simple
<b>Proposed Long-term – Fund-based – Overdraft</b>	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term – Fund-based – Overdraft	NA	NA	NA	30.00	[ICRA]BB+ (Stable)
NA	Proposed Long-term – Fund-based – Overdraft	NA	NA	NA	5.00	[ICRA]BB+ (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis – Not Applicable**

## ANALYST CONTACTS

**Jitin Makkar**

+91 124 4545 368

[jitinm@icraindia.com](mailto:jitinm@icraindia.com)

**Nishant Misra**

+91 124 4545 862

[nishant.misra@icraindia.com](mailto:nishant.misra@icraindia.com)

**Lakhan Kumar Agarwal**

+91 124 4545 879

[lakhan.agarwal@icraindia.com](mailto:lakhan.agarwal@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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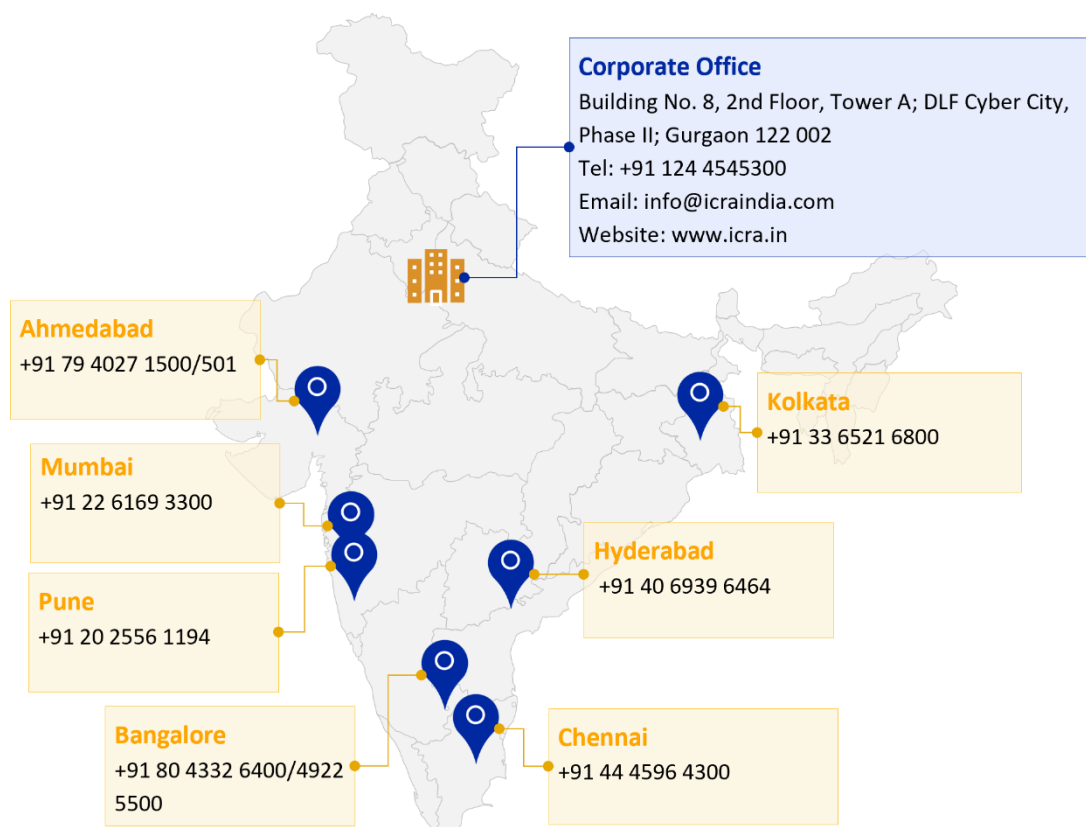
### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



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