



Lavu Educational Society

Instrument	Amount (Rs. crore)	Rating Action
Fund based limits	72.49	[ICRA]BB(Stable) Upgraded

ICRA has upgraded the long term rating assigned to Rs.72.49 crore* fund based limits of Lavu Educational Society(LES)[†] from [ICRA]BB- (pronounced ICRA Double B Minus) to [ICRA]BB (pronounced ICRA Double B). The outlook on the long term rating is stable.

The revision in rating factors in improvement in the financial profile of the society characterised by increase in profitability, owing to lower employee and administrative expenses as a percentage of operating income, leading to improved coverage indicators and healthy capital structure as reflected by the gearing of 0.36 times as on 31st March 2015. The rating continues to derive comfort from the long experience of the promoters of over three decades in the field of education, established presence of the Vignan Group of Institutions run by the society across different geographies – Hyderabad, Visakhapatnam and Guntur, and a diversified portfolio of institutions comprising junior colleges, schools, engineering colleges, pharmacy colleges etc. The rating also considers the stable fee based income from academic courses with more than 85% of the revenue derived from fees for the various courses being offered.

The rating, however, continues to be constrained by susceptibility to liquidity pressures arising from delays in reimbursements from Telangana and Andhra Pradesh state governments, which is annulled to an extent by the increase in sanctioned working capital facilities with the bank in January 2015 from Rs. 12.00 crore to Rs. 14.00 crore. The rating also factors in the challenges involved in attracting high quality students and faculty and the continuous need to add fresh programs and infrastructure given the intense competition in the sector. The society will also remain exposed to regulatory challenges in the educational sector in India such as restrictions on fee collections, student intake etc.

Profile of the society

Lavu Educational Society was established in 1990 with the objective of providing technical and nontechnical education through establishment of schools and other educational institutions. The institutions run by the society are commonly known by the name of Vignan Group of Educational Institutions and have been in the field of education for over 30 years. LES society has institutions spread across three districts in Andhra Pradesh and Telangana - Visakhapatnam, Guntur and Hyderabad.

Recent Results

LES reported an operating income and a net profit of Rs.114.14 crore and Rs. 35.81 crore respectively in FY2015 as against an operating income and a net profit of Rs.103.04 crore and Rs.25.97 crore respectively in FY2014.

September 2015

For further details please contact:

Analyst Contacts:

Mr. K. Ravichandran, (Tel. No. +91-44-45964301)
ravichandran@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

* 1 crore = 10 million = 100 lakhs

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



© Copyright, 2015, ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax: +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: 9821086490

Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai 400013,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: 989986490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-
79-25569231

Pune**Mr. L. Shivakumar**

Mobile: 989986490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500