

Vignan Vidyalayas Limited

Instrument	Amount In Rs crore	Rating Action
Cash Credit	3.97	[ICRA]B+ reaffirmed
Term Loan	4.52	[ICRA]B+ reaffirmed
Unallocated limits	8.54	[ICRA]B+ reaffirmed
Total	17.03	

ICRA has reaffirmed the long-term rating of [ICRA]B+ (pronounced ICRA B plus) to Rs 3.97 crore¹ working capital limits, Rs 4.52 crore term loan limits and Rs 8.54 crore unallocated limits of Vignan Vidyalayas Limited (VVL/ the Company)[†].

The rating reaffirmation continues to be constrained by modest scale of operations with revenues of Rs 14.59 crore for FY2016; decline in VVL's student enrolments for hostel and mess facilities during the past 3 years owing to increased competition in the High school and intermediate education; and dip in operating margins from 35.28% in FY2014 to 31.35% in FY2016 on account of increased employee costs. Further the revenues have been stagnant at around Rs.14.00 crore for the past 2 years owing to increased fee per student despite decline in enrollments. The rating, however, derives comfort from long experience of promoters of over three decades in the field of education; established presence of the Vignan group of institutions run by Lavu Educational Society (LES, rated [ICRA]BB(Stable)) in the states of Andhra Pradesh and Telangana; and agreement with LES for providing mess and hostel facilities to LES students of Hyderabad and Vizag campuses.

Going forward, the ability of the company to increase revenues and improve margins would be the key rating sensitivities from the credit perspective.

Company Profile

Vignan Vidyalayas Limited (VVL) was incorporated in 1993 as a limited company by Dr.Lavu Rathaiah and his family members. VVL provides hostel and mess facilities in Hyderabad and Vizag exclusively for the students of LES, apart from leasing buildings for schools and junior colleges of LES. VVL collects establishment charges from the students of LES for the facilities leased out to High school and Junior colleges.

Recent Results

For FY2016 (provisional), VVL has reported an operating income of Rs.14.59 crore and net profit of Rs.1.85 crore as against an operating income of Rs.14.11 crore and net profit of Rs.0.93 crore in FY2015.

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¹ 100 lakh = 1 crore = 10 million

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



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