

## 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
<b>Total</b>	<b>17.03</b>	

ICRA has reaffirmed the long-term rating of [ICRA]B+ (pronounced ICRA B plus) to Rs 3.97 crore<sup>1</sup> working capital limits, Rs 4.52 crore term loan limits and Rs 8.54 crore unallocated limits of Vignan Vidyalayas Limited (VVL/ the Company)<sup>†</sup>.

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.

**July 2016**

*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

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



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**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: +91 9871221122

Email: [vivek@icraindia.com](mailto: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: +91 9821086490

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

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,

Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto: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: +91 9845022459

Email: [jayantac@icraindia.com](mailto: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: +91 9845022459

Email: [jayantac@icraindia.com](mailto: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: +91 9821086490

Email: [shivakumar@icraindia.com](mailto: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: +91 9821086490

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

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020

Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083

Tel:- +91-40-40676500