

The ICFAI University Jharkhand

July 09, 2018

Summary of rated instruments

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Overdraft	1.65	[ICRA]A(SO)(Stable); Assigned
Short-term Loan	10.00	[ICRA]A1(SO); Assigned
Total	11.65	

*Instrument details are provided in Annexure-1

Rating action

ICRA has assigned a long-term rating of [ICRA]A(SO) (pronounced ICRA A Structured Obligation) to the Rs. 1.65 crore overdraft facility of The ICFAI University, Jharkhand. ICRA has also assigned a short-term rating of [ICRA]A1(SO) (pronounced ICRA A one Structured Obligation) to the Rs. 10.00 crore¹ short-term loan facility of The ICFAI University, Jharkhand (IUJ or the company)². The outlook on the long-term rating is Stable. The letters SO in parenthesis suffixed to the rating symbol stand for Structured Obligation. An SO rating is specific to the rated issue, its terms, and its structure. SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned

Rationale

The ratings are principally based on an unconditional and irrevocable corporate guarantee provided by the ICFAI Society (ICFAI/ the guarantor, rated [ICRA]A(Stable)) for the Rs. 11.65 crore bank facilities of IUJ and an undertaking from the guarantor to ensure that the debt obligations are serviced on or prior to the due date, irrespective of the invocation of the guarantee by the beneficiary. It is to be noted that in the event that the Guarantor revokes or discontinues the guarantee, the captioned rating for the above-mentioned facility will not apply. In that event, the rating on the facility will have to be reviewed.

Outlook: Stable

The outlook may be revised if there is a change in the outlook of the corporate guarantee provider, The ICFAI Society.

Key rating drivers

Credit strengths

Guarantee and undertaking from the ICFAI Society – The rated bank facilities of IUJ are backed by an unconditional and irrevocable guarantee provided by the ICFAI Society (ICFAI) for its due payment and an undertaking provided by the guarantor that it would ensure that the related debt obligations are serviced on or prior to the due date, irrespective of the invocation of the guarantee by the beneficiary.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

Links to applicable criteria:

[Corporate Credit Rating Methodology](#)

[Rating methodology for Higher Education Sector](#)

About the company:

The ICFAI University, Jharkhand was established under the provisions of the Institute of Chartered Financial Analysts of India University Act, 2006 (Jharkhand Act No. 08 of 2007). The University conducts its operations from a leased campus at Ranchi, Jharkhand. The University commenced its operations from the Academic Year 2009-10. It offers part time PhD in Management, two year MBA, three year BBA and B.Com (Hons.) under Faculty Management Studies (FMS). The Faculty of Science & Technology (FST) offers four year Bachelor of Technology (B.Tech), three year Bachelor of Computer Application (BCA) and B Sc (Hons) in Computer Science Program and Diploma in Technology Program.

About the Guarantor (The ICFAI Society)

The ICFAI society (erstwhile The Institute of Chartered Financial Analysts of India Society (ICFAI)) was established as a not-for-profit society in 1984. It commenced operations with the launch of the Chartered Financial Analyst (CFA) programme in 1985. Over the years, ICFAI added several courses under different institutions and universities. Subsequently, the three key not-for-profit entities, namely, ICFAIAN Foundation, ICFAI Academy and ICFAI Foundation for Higher Education (IFHE) started offering these courses at undergraduate and post-graduate levels. ICFAI Academy ceased operations from FY2011.

The IFHE governs the IBS (ICFAI Business School), Hyderabad campus. Having been awarded the Deemed-to-be-University status in December 2008, the foundation confers its own degree for various courses. The ICFAIAN Foundation covers operations of five IBS centres (IBS Bangalore transferred to The ICFAI Society from FY2016) that are located across India. In addition, the society has other private state universities offering various courses.

Ten "ICFAI Universities" were established as State Private Universities by the respective state legislature acts in Uttarakhand, Tripura, Sikkim, Meghalaya, Mizoram, Nagaland, Jharkhand, Jaipur, Raipur and Himachal Pradesh. Some of these universities that are self-sufficient in funding their own operating expenses, receive financial support from ICFAI towards infrastructure/campus development. For others, ICFAI supports funding shortfall to meet both operating expenses and capital expenditure requirements in case of newly-established universities.

Key financial indicators (audited)

	FY2016	FY2017
Revenue Receipts (RR, Rs. crore)	1.98	2.67
Net Surplus (Rs. crore)	-2.34	-1.70
Operating Surplus (OS)/RR (%)	-103.1%	-65.0%
RoCE (%)	-51.6%	-39.9%
Total Debt/Corpus and Surplus Fund (times)	-1.3	-1.2
Total Debt/OS (times)	-10.3	-12.9
Interest coverage (times)	-	-509.4

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

		Current Rating (FY2019)			Chronology of Rating History for the Past 3 Years		
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating July 2018	Date & Rating in FY2018	Date & Rating in FY2017	Date & Rating in FY2016
1 Overdraft	Long Term	1.65	-	[ICRA]A(SO) (Stable)	-	-	-
2 Short Term Loan	Short Term	10.00	10.00	[ICRA]A1(SO)	-	-	-

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Overdraft	NA	NA	NA	1.65	[ICRA]A(SO)(Stable)
NA	Short term Loan	27-Mar-18	9.25%	31-Dec-18	10.00	[ICRA]A1(SO)

Source: The ICFAI Entities

ANALYST CONTACTS

Vuda Anurag Naveen Theja

+91 44 4297 4335

vuda.theja@icraindia.com

Mona Agrawal

+91 40 4067 6531

mona.agrawal@icraindia.com

Balaji M

+91 44 4596 4317

balajim@icraindia.com

Jayanta Roy

+91 33 7150 1120

jayanta@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee

+91 80 4332 6401

jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries:

+91-124-2866928 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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For more information, visit www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 6606 9999

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