



Rating Rationale

Azim Premji Foundation for Development

28 Sep 2018

Brickwork Ratings reaffirms BWR AAA for the Bank Loan Facilities of Rs. 20.00 crs of Azim Premji Foundation for Development ('the Company').

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating [^]	
	Previous	Present		Previous (Sep 2017)	Present
Fund Based					
Overdraft	20.00	20.00	Long Term	BWR AAA (Pronounced BWR Triple A) Outlook: Stable	BWR AAA (Pronounced BWR Triple A) Outlook: Stable (Reaffirmed)
Total	20.00	Rs. 20.00 Crores (Rupees Twenty Crores Only)			

[^]Please refer to BWR website www.brickworkratings.com for definition of the ratings

Rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of Company up to FY18, publicly available information and information/clarifications provided by the management.

The rating continues to draw strength from the funding model, regular infusion of funds from Azim Premji Trust and Pioneer Independent Trust, social objectives of the Company and consistent increase in student intake as well as faculty strength at the Azim Premji University. The rating is constrained by regulatory risks in the Education sector.

The ability of the Company to further increase student and faculty strength, add new courses and manage regulatory risks associated with the operations of the Company would be the key rating sensitivities.



Rating Outlook: Stable

BWR believes the **Azim Premji Foundation for Development's** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

Company Background

The Company is a not-for-profit organization incorporated under Section 25 of the Companies Act, 1956 (now u/s 8 of the Companies Act, 2013) with a view to facilitate a just, equitable, humane and sustainable society. The Company was established in the year 2009 and it is deeply engaged in improving the public education system in India. The organization has established Azim Premji University and Field Institutes as the institutional anchors of its work.

The directors of the Company are Mr Azim Hasham Premji, Mrs Yasmeen Azim Premji, and Mr Tariq Azim Hasham Premji.

Key Risk drivers:

Strengths

- **Financial support:** Donations from Azim Premji Trust and Pioneer Independent Trust, being one of the direct beneficiaries of both the Trusts.
- **Social objective of the Company:** The Company is a not-for profit organization and working since 2009 to improve the quality and equity in public education system in the country.
- **Consistent improvement in the operations:** Current field presence across 40 districts in 6 states and 1 union territory and over 1,000 students at Azim Premji University supported by around 130 faculty staffs.

Weaknesses

- The regulatory risks associated with operations of the Company.

Analytical approach

BWR has applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale).

Financial Performance

The Company has reported operating receipts of Rs. 20.18 crs and net deficit of Rs. 136.80 Crs in FY 18 as against operating receipts of Rs. 22.77 crs and net deficit of Rs. 113.94 Crs in FY17. The Company had a corpus fund and other funds of Rs. 772.10 crs as on 31st March 2018.



Status of non-cooperation with previous CRA (if applicable) : Nil

Any other information : NA

Rating History for the last three years

Sl. No.	Facility	Current Rating (Sep 2018)			Rating History		
		Type	Amount (Rs. Crs)	Rating	15 Sep 2017	20 Oct 2016	12 Oct 2015
1)	Overdraft	Long term	20.00	BWR AAA Outlook: Stable (Reaffirmed)	BWR AAA Outlook: Stable (Reaffirmed)	BWR AAA Outlook: Stable (Reaffirmed)	BWR AAA Outlook: Stable (Reaffirmed)
Total		Rs. 20.00 Crores (Rupees Twenty Crores Only)					

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)

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**Azim Premji Foundation for Development
Annexure I: Details of bank loan facilities**

Bank	Facilities	Tenure	Amount (Rs. Crores)
HDFC Bank	Overdraft	Long Term	20.00
Total			20.00

Annexure II: Key Financial Indicators

Particulars	Units	31 March 2017 (Audited)	31 March 2018 (Audited)
Net Receipts	Rs. Crores	22.77	20.18
EBITDA	Rs. Crores	(107.64)	(129.10)
Surplus	Rs. Crores	(113.94)	(136.80)
Corpus and other funds	Rs. Crores	606.23	772.10

For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial



Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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