



## Rating Rationale

### Azim Premji Foundation for Development

18<sup>th</sup> September 2017

Brickwork Ratings reaffirms the ratings 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 <sup>^</sup>	
	Previous	Present		Previous (October 2016)	Present
<b>Fund Based</b>					
Overdraft	20.00	20.00	<b>Long Term</b>	<b>BWR AAA</b> (Pronounced BWR Triple A) <b>Outlook: Stable</b>	<b>BWR AAA</b> (Pronounced BWR Triple A) <b>Outlook: Stable</b> <b>(Reaffirmed)</b>
<b>Total</b>	<b>20.00</b>	<b>Rs. 20.00 Crores (Rupees Twenty Crores Only)</b>			

<sup>^</sup>Please refer to BWR website [www.brickworkratings.com](http://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 FY17, publicly available information and information/clarifications provided by the management.

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

The ability of the Company to further increase student & 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

Azim Premji Foundation for Development 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. Company was established in the year 2009 and it is deeply engaged in improving the public education system in India. The organization works through a network of institutions such as Azim Premji University, Field Institutes and Demonstration Schools.

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 beneficiaries of both the Trust.
- **Social objective of the Company:** The Company is a not-for profit organisation and working since 2009 to improve the quality and equity in public education system in the country.
- **Consistent improvement in the operations:** Year on year increase in student intake as well as faculty strength at the Azim Premji University as well as Azim Premji Schools.

#### Weaknesses

- The regulatory risks associated with operations of the Company.

### Financial Performance

Company has reported operating receipts of Rs. 11.88 crs and net deficit of Rs. 113.94 Crs in FY 17 as against operating receipts of Rs. 9.14 crs and net deficit of Rs. 106.84 Crs in FY16. Company had a corpus fund and endowment fund of Rs. 606.23 crs as on 31<sup>st</sup> March 2017.

### Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	20 October 2016	12 October 2015	27 October 2014
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)
	<b>Total</b>		<b>Rs. 20.00 Crores (Rupees Twenty Crores Only)</b>				



## Hyperlink/Reference to applicable Criteria

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

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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

## About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

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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