

## Press Release

### THE AKSHAYA NIDHI FOUNDATION

December 07, 2017

#### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 5.00 Cr.
<b>Long Term Rating</b>	SMERA BB- / Outlook: Stable

\* Refer Annexure for details

#### Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB-**' (**read as SMERA BB minus**) on the Rs. 5.00 crore bank facilities of THE AKSHAYA NIDHI FOUNDATION. The outlook is '**Stable**'.

The Akshaya Nidhi Foundation (TANF) was established in May 2014 to serve as a sustainability vehicle for the Akshaya Patra Foundation. The Akshaya Patra Foundation (TAPF) is a charitable trust founded in 2000 under public private partnership model to implement the Mid-Day Meal program of the Central Government. Started in Bangalore, it reaches 1.6 million children across 26 locations in 12 states. The large fleet reaches around 13,000 schools every day. The local recipes serve vegetarian food (without garlic or onion). The trustees are full time missionaries of ISKCON movement and include Mr. T. V. Mohandas Pai, Ms. Sangita Jindal, Mr. Rajendra Hinduja etc who hold key positions in the organisation. TANF uses spare capacities of Akshaya Patra kitchens to serve the labour class categories of entities such as Bruhat Bengaluru Mahanagara Palike (BBMP), L&T Construction, TexPort Industries, E-Land Apparel, IRCTC among others at a nominal cost. Akshaya Nidhi plans to set up an independent Social Enterprise trust and has no common trustees with Akshaya Patra. Akshaya Nidhi pays fair value rentals to Akshaya Patra for use of its fixed infrastructure on lease. The Akshaya Nidhi Foundation (TANF) operates out of Bangalore (35,000 persons per day) and Gurgaon (15000 persons per day). The Akshaya Nidhi Foundation (TANF) has about 45 employees on its payroll. The flagship programme of Akshaya Nidhi is the lunch programme for the poura-karmikas (civic workers) of the Bruhat Bengaluru Mahanagara Palike (BBMP). About 32,000 hot meals are served daily under this programme. Besides, the entity has tied up with corporates like Cisco, Genpact, Nutanix as part of the 'eat-for-a-cause' initiative.

#### Key Rating Drivers

##### Strengths

- **Benefits derived from linkages with The Akshaya Patra Foundation**

The trustees of TANF, Mr. Amith Chhabra, Mr. Nagabhushana Sheshadri Yagaty, Mr. Vishal Kumar Agarwal are the full time missionaries of the ISKCON movement. TANF uses the large kitchen of The Akshaya Patra Foundation for supply of meals against payment of rentals.

##### Weaknesses

- **Limited track record of operations**

The trust was established in May 2014 to serve as a sustainability vehicle for the Akshaya Patra Foundation. Hence the organisation has limited track record of three years of operations. However, within a short span of time TANF has achieved comfortable net cash accruals of Rs.1.51 crore as on 31 March, 2017 (Provisional) as against Rs.0.16 crore in the previous year.

- **Customer concentration risk**

TANF is exposed to customer concentration risk as the trust derived significant revenue from a single customer - BBMP in FY2017.

- **Low tangible networth**

The networth of the trust has been low at Rs.1.38 crore as on 31 March, 2017 (Provisional) as against Rs.0.11 crore in the previous year.

### Analytical Approach

SMERA has considered the standalone business and financial risk profiles of TANF to arrive at the rating.

### Outlook: Stable

SMERA believes that TANF will maintain a Stable outlook over the medium term and derive benefits from its experienced management and relations with reputed customers. The outlook maybe revised to 'Positive' in case of significant growth in revenue and profitability while effectively decreasing its customer concentration risk towards BBMP. Conversely, the outlook maybe revised to 'Negative' in case of significant deterioration in the financial risk profile and over dependence on BBMP receivables.

### About the Rated Entity - Key Financials

For FY2016-17 (Provisional), TANF reported net profit of Rs.1.22 crore (Provisional) on operating income of Rs.14.89 crore as against net profit of Rs.0.13 crore on operating income of Rs.10.13 crore in the previous year. The net worth stood at Rs.1.38 crore (Provisional) as on March 31, 2017 as against Rs.0.11 crore in the previous year.

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

None

### Any other information

None

### Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Entities In Services Sector - <https://www.smerra.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>

### Note on complexity levels of the rated instrument

<https://www.smerra.in/criteria-complexity-levels.htm>

### Rating History (Upto last three years)

Not Applicable

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed Bills Discounting	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA BB- / Stable

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## ABOUT SMERA

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