



RATING RATIONALE

07 Sep 2023

AZIM PREMJI FOUNDATION

Brickwork Ratings reaffirms the rating for the Bank Loan Facility of Rs. 10.00 Crs. of Azim Premji Foundation

Particulars

Facility**	Amount (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous (14 Sep 2022)	Present
Fund Based Overdraft	10.00	10.00	Long Term	BWR AAA/Stable Reaffirmation	BWR AAA/Stable Reaffirmation
Total	10.00	10.00	Rupees Ten Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings

** Details of the instrument and rated bank loan facilities are provided in Annexure-I

Rating Action/Outlook:

The reaffirmation of bank loan rating of Azim Premji Foundation (the Foundation) continues to reflect the strong promoter profile, the Foundation's overarching purpose of societal change, the identified goal of the development of public education systems and allied areas in India, and the consistency and regularity in the distribution of funds from Azim Premji Philanthropic Initiatives Private Limited (APPIPL), one of the direct beneficiaries of Azim Premji Trust and Pioneer Independent Trust. The rating also factors the group's financial flexibility arising from a significant direct shareholding in and an indirect beneficial ownership of Wipro Ltd.'s shares. The rating, however, remains constrained by the challenges and exposure to regulatory risks in the education sector.

The Stable outlook indicates a low likelihood of a rating change over the medium term. BWR expects that Azim Premji Foundation's credit risk profile will be maintained over the medium term. The outlook may be revised to Negative if the support from APPIPL, being a beneficiary of Azim Premji Trust and Pioneer Independent Trust, significantly declines, leading to impaired ability of the Foundation to support its initiatives.



KEY RATING DRIVERS

Credit Strengths:-

- **Strong parentage:** Azim Premji Foundation is a not-for-profit organisation that has been working since 2001 with the elementary education system in rural government schools. Azim Premji Foundation receives donations from APPIPL, one of the direct beneficiaries of Azim Premji Trust and Pioneer Independent Trust. The Trustee for Azim Premji Trust is Azim Premji Trustee Company Private Limited, a private company in which Mr. Azim Hasham Premji and Mrs. Yasmeen Azim Premji are among the directors and shareholders with a 99.99% and 0.01% holding, respectively. APPIPL and Azim Premji Trust held a 0.27% and 10.18% stake, respectively, in Wipro Ltd. as on 30 June 2023. The board of directors of Azim Premji Foundation includes Mr. Azim Premji and his family. The sound promoter profile, strategic importance of the Foundation to the Azim Premji group of philanthropic institutions as it is one of the companies through which Mr. Azim Premji and his family undertake philanthropic activities, and the presence of a shared name with Mr. Azim Premji underscore the importance of the Foundation to the group. The Foundation receives funds from APPIPL on a regular and consistent basis. The Foundation received funds worth Rs. 11.98 Crs. (PY Rs. 11.80 Crs.) from APPIPL during FY23.
- **Operating principles with focus on education and allied domains:** Foundation is an organization with a vision to facilitate a just, equitable, humane and sustainable society with its work spanning from education to other important areas of equity and human well-being. The charitable activities of the group (Azim Premji Foundation and other entities engaged in philanthropic causes) cover around 50 districts across 7 states across India. The Group continues to be engaged in improving the school education system in India by working on teacher capacity development, matters of policy and curriculum etc. The Group also has its own Universities to contribute to capacity development and research for the social sector. In addition, the Group supports over 550 other not-for-profit organizations (NPOs) across the country, with multi-year financial grants, which do deep 'on-the-ground' work across a range of issues. The Group has also started its work on health with the aim to improve the health outcome of the most vulnerable households in India.

Credit Challenges:-

- **Inherent challenges in the education sector:** Equity and quality in education still remain a challenge, resulting in poor learning outcomes and reduced confidence in the public education system. The quality of academic support, both pre-service and in-service, provided to teachers, is constrained due to poor inputs, the lack of resources and other professional constraints. The Foundation's ability to ensure the efficient and effective continuation of its activities in this field would remain a significant monitorable.

ANALYTICAL APPROACH - Standalone

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale). BWR has also factored the significant operational and financial interlinkages between Azim Premji Trust, Azim Premji



Foundation for Development, Azim Premji Foundation and its group entities, and the common management team for these entities.

RATING SENSITIVITIES

The Foundation’s ability to achieve scale in its various programmes and engage on a continuous basis with the public education system to facilitate change is key to its continued success. The continued ability of the Foundation to receive support from APPIPL and the effective management of the various regulatory challenges in the domain of education would be key rating sensitivities.

Upward: Not applicable

Downward :

- Significant weakening of linkage with the Azim Premji group
- Significant decline in funding from APPIPL

LIQUIDITY POSITION - Strong

The Foundation’s liquidity position is strong, with liquid investments of Rs. 10.50 Crs in mutual funds (market value at Rs. 12.67 Crs. as on 31 March 2023), and cash and bank balances (including term deposits) of Rs. 0.53 Cr. as on 31 March 2023. The Foundation does not have any debt on its books other than the rated short-term borrowing in the form of an overdraft facility. The utilisation of the overdraft facility is negligible at < 1% over the past six months. The overdraft is secured by a corporate guarantee from Azim Premji Philanthropic Initiatives Private Limited.

FOUNDATION BACKGROUND

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Consumer Services	Other Consumer Services	Education

Azim Premji Foundation is a not-for-profit organisation 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 Foundation was established in 2001 to make a significant and long-term contribution to the cause of education as a vehicle of social change in the country. The Foundation is registered under Section 12AA of the Income Act, 1961, vide letter no DIT(E)/12A/Vol-I/A-912/W-1/03-04 dated 14 May 2003. The income of the Foundation is exempt from tax subject to the compliance of terms and conditions specified under the Income Tax Act, 1961.

The directors are Mr. Azim Hasham Premji, Mrs. Yasmeen Azim Premji, Mr. Rishad Azim Premji, and Mr. Tariq Azim Hasham Premji.



KEY FINANCIAL INDICATORS (Standalone)

Particulars	Unit	31 Mar 2022 Audited	31 Mar 2023 Audited	30 Jun 2023 Unaudited
Total Operating Income	Rs. Crs.	11.91	12.02	NA
Excess of Income over Expenditure	Rs. Crs.	(0.19)	0.62	NA
Corpus Fund (Less Intangible assets)	Rs. Crs.	20.26	20.93	NA
Total Debt/Corpus Fund (Less Intangible assets)	Times	0.01	0.00	NA
Current Ratio	Times	6.51	12.78	NA

KEY COVENANTS OF THE FACILITY RATED: The terms of sanction include standard covenants normally stipulated for such facilities.

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY: Not applicable

ANY OTHER INFORMATION: Nil

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]:

Facility	Current Rating (2023)			2023 (History)		2022^^		2021^		2020^	
Type	Tenure	Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	Long Term	10.00	BWR AAA/ Stable Reaffirmation	NA	NA	14 Sep 2022	BWR AAA/ Stable Reaffirmation	20 Sep 2021	BWR AAA/ Stable Reaffirmation	22 Sep 2020	BWR AAA/ Stable Reaffirmation
Grand Total		10.00	Rupees Ten Crores Only								

Initial rating: BWR AAA/Stable for Rs. 20 Crs. of bank loan facility on 05 Sep 2012

^Rated amount of Rs.12.00 Crs; ^^ Rated amount of Rs.10.00 Crs.

COMPLEXITY LEVELS OF THE INSTRUMENTS: Simple

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

HYPERLINK/REFERENCE TO APPLICABLE CRITERIA

• General Criteria	• Approach to Financial Ratios
• Group Support	• Education Sector



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AZIM PREMJI FOUNDATION

ANNEXURE I

DETAILS OF RATED BANK LOAN FACILITIES

Sl. No.	Name of the Bank	Type of Facility	Long Term (Rs. Crs.)	Short Term (Rs. Crs.)	Total (Rs. Crs.)
1.	HDFC Bank	Overdraft	10.00	-	10.00
TOTAL - Rupees Ten Crores Only					10.00

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