

Rating Rationale

Brickwork Ratings Reaffirms 'BWR AAA' for the Bank Loan Facilities of ₹ 20 Cr for Azim Premji Foundation and ₹ 20 Cr for Azim Premji Foundation for Development

Brickwork Ratings (BWR) reaffirms 'BWR AAA' (BWR Triple A) **Outlook: Stable Rating¹** for the Bank Loan Facilities of Azim Premji Foundation (APF) and Azim Premji Foundation for Development (APFD)

BWR has essentially relied upon the audited financial statements of Azim Premji Foundation (APF), Azim Premji Foundation for Development (APFD), and Azim Premji Foundation (I) Pvt. Ltd. (APFI) up to FY13, publicly available information and information/clarification provided by the Company management.

The rating reflects the funding model for APF and APFD, the strong credit profile of Wipro Ltd, the social objectives of APF and APFD and increasing students & faculty strength indicating greater acceptance of the education model. The rating is also constrained by regulation risks which can impact the way these foundations work as they are operating schools in different states.

Background

APFD and APF are not-for-profit organizations incorporated under Section 25 of the Companies Act (1956) with a view to facilitate a just, equitable, humane and sustainable society. The organizations works through a network of institutions including Azim Premji University, Azim Premji State and District Institutes, Institute for Assessment and Accreditation, and Demonstration Schools.

Azim Premji Foundation for Development (APFD) established in the year 2009, the organization is engaged in the activity of social service in the field of education. The directors of the organization are Mr. Azim Hasham Premji and Mrs. Yasmeen Premji.

Azim Premji Foundation (APF) established in the year 2001, handles all back office support functions for Azim Premji Foundation for Development (APFD). Shares the same social objectives of APFD. The directors of the organization are Mr. Azim Hasham Premji, Mrs. Yasmeen Premji, Mr. Rishad Azim Premji, Mr. Sharad Chandra Behar, Mr. Narayanan Vaghul and Ms. Priya Mohan Sinha.

Projects

Azim Premji University was established as a private autonomous university under the Azim Premji University Act 2010 of the Karnataka Legislature. The University offers full-time, 2-year postgraduate M. A. programmes in Education.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

The first batch of 86 students who joined in July 2011 completed their two year program in May 2013. At present, the university has 372 students and 120 faculty members. Plans of scaling up to 3500 students by 2016.

State and District Institutes are permanent institutions which have been established at the state and district level across India. They manage and develop programs in the field, addressing the specific needs of that state or district.

Institute for Assessment and Accreditation (IAA) is involved in developing holistic standards of excellence for various institutions involved in the educational system, assessing/accrediting institutions against these standards and facilitating their ongoing improvement.

Azim Premji Schools: A limited number of demonstration schools have been established for the specific and limited purposes of providing learning spaces for the University. As of June 2013, the Demonstration Schools are operational in the following states (districts): Uttarakhand (Uddham Singh Nagar, Uttarkashi), Rajasthan (Tonk, Sirohi), Karnataka (Yadgir) and Chattisgarh (Dhamtari).

Financial Performance:

Azim Premji Trust (APT) holds 19.92% and APFPL holds 0.44% of shares in Wipro Ltd as on 31st March, 2013. APFD and APFPL are the sole beneficiaries of APT. APFD receives funds from APT while APF receives funds from APFPL to fund their operations in fulfilling social objectives.

Financials

APF had a corpus of Rs. 68.50 Cr in FY13. APFD had a corpus of Rs. 158.65 Cr and internal loans of Rs. 1.79 Cr in FY13.

Rating Outlook

The outlook is expected to be stable over the current year. Going forward, the ability of the institutions to increase student & faculty strength, completion of construction of Azim Premji University within scheduled time and regulatory risks associated with the operations of the school would be the key rating sensitivities.

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