

Rating Rationale

Brickwork Ratings Reaffirms ‘BWR AAA’ for Bank Loan Facilities of ₹20 Cr to Azim Premji Foundation & ₹20 Cr to Azim Premji Foundation for Development

Brickwork Ratings (BWR) *reaffirms* ‘BWR AAA’ (BWR Triple A) **Ratings¹ (Outlook: Stable)** 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 results of APF and APFD upto FY15, publicly available information and information/clarifications provided by the management.

The rating reflects the funding model for APF and APFD, strong credit profile of Wipro Limited, social objectives of the two organisations and 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 that exist in the Education sector.

Background:

APF and APFD are not-for-profit organizations incorporated under Section 8 of the Companies Act, 2013 (formerly u/s 25 of the Companies Act, 1956) with a view to facilitate a just, equitable, humane and sustainable society. The organizations work through a network of institutions such as Azim Premji University, Azim Premji State & District Institutes, and Demonstration Schools.

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

Azim Premji Foundation (APF) was established in the year 2001. It shares the same social objectives of APFD. The directors of the organization are Mr Azim Premji, Mrs Yasmeen Premji, Mr Rishad Premji, Mr Sharad Chandra Behar and Mr Priya Mohan Sinha.

Financial Information:

Azim Premji Trust (APT) holds 17.42% of shares and Azim Premji Philanthropic Initiatives Private Limited (APPIPL) (formerly known as “Azim Premji Foundation (I) Private Limited) holds 0.44% of shares in Wipro Limited as on 31st March 2015. APFD and APFPL are the sole beneficiaries of APT and PIT (Pioneer Independent Trust). APFD receives funds from APT and PIT, while APF receives funds from APFPL to fund their operations. As per audited financial statements of FY15, APF had a Corpus Fund of Rs. 68.50 Crs and APFD had a Corpus Fund of Rs. 390.71 Crs as on 31st March 2015.

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

Rating Outlook:

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

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