

Rating Report

Brickwork Ratings reaffirms ‘BWR AAA’ for Bank Loan facilities of ₹20.00 Crs for Azim Premji Foundation and ₹20.00 Crs for Azim Premji Foundation for Development

Brickwork Ratings (BWR) reaffirms ‘BWR AAA’ (BWR Triple A) **Outlook: Stable Ratings¹** 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.

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 and Development to prepare professionals for fulfilling careers in the social sector. The University’s interim campus is located within the premises of the PES Institute of Technology on Hosur Road, Bangalore and plan to move to their own campus by 2018.

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

At present, Azim Premji University now has 777 students and 110 faculty members. There are plans of scaling up to 3500 students by 2018/19. As per the management, more than 200 students have graduated from the University over the last 2 years and most of them are working at grass root level institutions. The University has already launched UG programme in 2015 and further plans to add two new PG programmes. In addition to the Post Graduate Courses, the University operates a Research Centre to conduct research in Education and Development. The University Resource Center offers continuing education programs for professionals and institutions in the fields of education and development.

The University is also 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. It also spreads awareness of assessment / accreditation-driven quality improvements in the system.

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. These State and District level institutes are currently operational at Chhattisgarh (Raipur and Dhamtari), Uttarakhand (Dehradun, Uttarkashi, Udham Singh Nagar and Almora), Karnataka (Bangalore, Yadgir, Mandya, Gulbarga), Rajasthan (Jaipur, Sirohi, Tonk, Barmer and Rajsamand), Madhya Pradesh (Bhopal), Bihar (Patna), Andhra Pradesh (Medak) and Puducherry.

Azim Premji Schools are demonstration schools that have been established for the specific and limited purposes of providing learning spaces for the University. These schools are designed to provide quality education at costs and constraints similar to that of rural government schools. As of September 2015, the Demonstration Schools are operational in the following states (districts): Uttarakhand (Uddham Singh Nagar, Uttarkashi), Rajasthan (Tonk, Sirohi), Karnataka (Yadgir) and Chattisgarh (Dhamtari). The total student strength in these schools is about 938.

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.

Sources of Income:

For Azim Premji Foundation for Development

- Fee income from Students of Azim Premji University
- Income from endowment funds (regular withdrawals from the invested capital are used for ongoing operations)
- Donations from Azim Premji Trust and Pioneer Independent Trust, being the beneficiaries of the Trust

For Azim Premji Foundation

- Income from its investments
- Donations from Azim Premji Philanthropic Initiatives Private Limited (APPI) (formerly known as “Azim Premji Foundation (I) Private Limited).

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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