

Rating Report

Brickwork Ratings reaffirms 'BWR AAA' rating for Bank Loan facilities of ₹20.00 Crs for Azim Premji Foundation (APF) and ₹20.00 Crs for Azim Premji Foundation for Development (APFD).

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 results of APF and APFD upto FY16, publicly available information and information/clarifications provided by the management.

The rating reflects the funding model and regular infusion of funds for APF and APFD, financial support from financial support from Azim Premji Philanthropic Initiatives Private Limited, Azim Premji Trust and Pioneer Independent Trust, social objectives of the two organisations and consistent 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 Field 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 Hasham Premji, Mrs Yasmeen Azim Premji and Mr Tariq Azim 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 Hasham Premji, Mrs Yasmeen Azim Premji, Mr Rishad Azim Premji, Mr Sharad Chandra Behar, Mr Priya Mohan Sinha and Mr Tariq Azim Premji.

¹ Please refer to BWR website www.brickworkratings.com for definition of the ratings assigned.

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, Development, Public Policy and Governance, 3-years undergraduate B.A and B.Sc. programmes and 1-year Masters in Law and Development (LLM) to prepare professionals for fulfilling careers in the social sector.

Field Institutes are permanent institutions which have been established at the state and district level across India. These Field institutes are currently operational at Chhattisgarh, Uttarakhand, Karnataka, Rajasthan, Madhya Pradesh, Bihar, Telangana and Puducherry. Within these States, Foundation has presence in 45 districts.

Azim Premji Schools are demonstration schools that have been established with a key purpose to demonstrate good quality education at reasonable cost serve as a place of learning for the stakeholder's viz., teachers, school leaders etc. that Foundation intensely works with. As of September 2016, the Demonstration Schools are operational in the following states (districts): Uttarakhand (Udham Singh Nagar, Uttarkashi), Rajasthan (Tonk, Sirohi), Karnataka (Yadgir) and Chhattisgarh (Dhamtari). The total student strength in these schools is about 1130.

Sources of Income:

Azim Premji Trust (APT) holds 17.39% 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 2016.

The operating and capital expenditure requirements of Azim Premji Foundation are funded out of the income from its own investments and distributions from Azim Premji Philanthropic Initiatives Private Limited (APPIPL).

The operating and capital expenditure requirements of Azim Premji Foundation for Development are funded out of income from the corpus of Azim Premji Trust and Pioneer Independent Trust.

Azim Premji Trust is a private trust established on April 21, 2010 with two beneficiaries - Azim Premji Foundation for Development and Azim Premji Philanthropic Initiatives Private Limited. 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 the shareholders.

Pioneer Independent Trust is also a private trust established on May 23, 2013 with same beneficiaries as Azim Premji Trust i.e., Azim Premji Foundation for Development and Azim Premji Philanthropic Initiatives Private Limited. The trustee for Pioneer Independent Trust is L&T Infrastructure Finance Company Limited.

Financial Information:

As per audited financial statements of FY16, APF had a Corpus Fund of Rs. 68.50 Crs and APFD had a Corpus Fund of Rs. 529.57 Crs as on 31st March 2016.

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.