

## Rating Rationale

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### **Brickwork Ratings assigns 'BWR AAA' for the Bank Loan Facilities of INR 20 Cr of Azim Premji Foundation for Development and INR 20 Cr of Azim Premji Foundation**

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**Bank Loan Rating: BWR AAA**

**Outlook : Stable**

Brickwork Ratings (BWR) has assigned '**BWR AAA**' (pronounced BWR Triple A) Outlook: Stable Rating for the Bank Loan Facilities of Rs 20 Cr of **Azim Premji Foundation (APF)** and Rs 20 Cr of **Azim Premji Foundation for Development (APFD)**. Instruments with this rating are considered to have **the highest degree** of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

BWR has essentially relied upon the audited financial statements of Azim Premji Foundation for Development (APFD), Azim Premji Foundation (APF) and Azim Premji Foundation (I) Pvt. Ltd. (APFI) up to FY11, provisional results of FY12, publicly available information and information/clarification provided by the Company management.

### **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.

### **Management Profile**

Mr. Azim Premji, Chairman of Wipro Ltd., Mrs. Yasmeen Premji, Mr. Rishad Premji are among the Directors of APF. Mr. Azim Premji and Mrs. Yasmeen Premji are the Directors of APFD.

### **Projects**

**Azim Premji University**, which is an integral part of the Foundation, offers Post Graduate Courses in Education and Development. It rolled out its first batch of Post Graduate programs in 2011. 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.

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**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 (Dhamtari), Uttarakhand (Dehradun, Uttarkashi, Uddham Singh Nagar), Karnataka (Bangalore, Yadgir), Rajasthan (Jaipur, Sirohi, Tonk) and Puducherry.

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

**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, the IAA and the Azim Premji Institutes and supporting specific elements of the Foundation's strategy and as "exemplars" in those specific areas. These schools are designed to provide quality education at costs and constraints similar to that of rural government schools. As of June 2012, the Demonstration Schools are operational in the following states (districts): Uttarakhand (Uddham Singh Nagar, Uttarkashi), Rajasthan (Tonk, Sirohi), Karnataka (Yadgir) and Chattisgarh (Dhamtari).

### **Source of Funds**

Azim Premji Trust (APT) holds 7.93% and APFI holds 0.44% of shares in Wipro Ltd as on 30<sup>th</sup> June, 2012. APFD and APFI are the sole beneficiaries of APT. APFD receives funds from APT while APF receives funds from APFI to fund their operations in fulfilling social objectives.

### **Bank Loan Facilities**

APFD and APF have availed Rs 10 cr each Overdraft facilities from Syndicate Bank and State Bank of India respectively. APF also have another Rs 10 cr facility sanctioned by HDFC Bank. In addition, APFD is currently in the process of obtaining additional overdraft facility from State Bank of India for Rs. 10 cr. These facilities are availed as a gap funding for working capital and day-to-day administrative expenses during the time APF and APFD receive their funding. The borrowings are secured by a corporate guarantee from APFI.

## Financials

Based on the unaudited / provisional numbers provided for FY12, APF had a corpus of Rs. 68.5 Cr in FY12 and secured loans of Rs. 5.56 Cr. APFD had a corpus of Rs. 31.5 Cr and largely internal loans of Rs. 22.92 Cr in FY12.

## Risk Factors

The liquidation of equity shares through capital market transactions entails market risk. The two Foundations are indirectly exposed to this risk.

## Rating Outlook

The rating has factored, inter alia, the funding model for APF and APFD, the credit profile of Wipro Ltd, and the social objectives of APF and APFD. There is a strong need for such programs beyond the usual initiatives under Corporate Social Responsibility. The performance of Wipro Ltd and its corporate image remain the key rating sensitivities.

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