



BLA 301: Corporate Governance

Term Paper: Wipro

By:

Devanshi Yadav

IM20HMG043

Preface

This project of term paper of Wipro covering the real life application of corporate governance was carried out as an assignment for the subject Corporate Governance.

I would like to express my gratitude and appreciation to the professor for his guidance. This project was carried out under the guidance of Professor Ajay M. Goel.

I would like to acknowledge the various aspect of corporate governance applied in real life other term paper and research study of Wipro.

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Introduction

Wipro Limited is a leading technology services and consulting company focused on building innovative solutions that address clients' most complex digital transformation needs. They leverage a holistic portfolio capabilities in the field of consulting, design, engineering & operations.

Wipro initially started off as a small company in a small town in western India. During the early 1980's they entered the IT sector of India by selling microcomputers. With time they emerged and leveraged hardware products as computer parts and developed software expertise to offer it globally.

Wipro's IT services offerings are organised through two services-Integrated Digital, Engineering & Application Services and. Cloud Infrastructure, Digital Operations, Risk & Enterprise Cyber Security service (iCORE).

In today's time they focus entirely on the global IT business with over 240,000 employees and business partners across 66 countries. The size of the company is worth \$10 billion. Wipro is a listed company on the National Stock Exchange of India Limited, BSE limited in India and New York Exchange in the US.

The third-largest company in India, Bangalore-based Wipro Limited is an ever-growing and ever-diversifying global company that manufactures and sells products and services ranging from cooking oil and soaps to healthcare instruments and information technology (IT) consulting.

Wipro was also awarded the '*gold employer*' by India Workplace Employee Index. The gold employer is the highest of 3 levels, where an organization is credited with 'embedding inclusion in the workplace.'

History

Comment:

Wipro Limited is a leading technology services and consulting company focused on building innovative solutions. But an unknowing fact about Wipro is that it stands for Western India Palm Refined Oils Limited.

Many of us would be unaware that this company was initially started in a small town in the western India as a vegetable oil manufacturer. Later they moved towards the manufacturing of soaps and other consumer care products. In the early 1980's Wipro has entered the Indian technology industry with the help of manufacturing minicomputers. Later with time they managed to leverage their research and development for their products and software and began offering expedited the same field.

That is how Wipro is now the third largest IT & consulting firm offering services to their clientele with help of IoT and cloud infrastructure.

Corporate Governance Philosophy

Wipro's governance framework is driven by the objective of enhancing long term stakeholder value without compromising on ethical standards and corporate social responsibilities.

Their values encapsulate the Spirit of Wipro, which lies at their core which are:

- Being respectful
- Being responsive
- Always communicating
- Demonstrating stewardship
- Building trust

So far, over 21,000 employees globally have been part of 75 immersive and interactive sessions hosted by their senior leadership team on the Five Habits.

Corporate governance at Wipro is implemented through robust board governance processes, internal control systems and processes, and strong audit mechanisms.

Wipro's corporate governance practices can be described through the following four layers:

- a) Governance by Shareholder's
- b) Governance by Board of Directors
- c) Governance by Sub-committees of Board
- d) Governance through management process

Comment: The corporate philosophy adopted by Wipro is quite impressive which demonstrates a framework of transparency & dedication towards the business. The encapsulated values positively impact towards the working environment, morale, & ethical conduct of work within the organization. The employment engagement towards this initiative has tremendously grown globally. A fact to be highlighted here is that we can see the adoptive policies / values are globally accepted & followed by the core of the organisation.

Constitution of Board of Directors

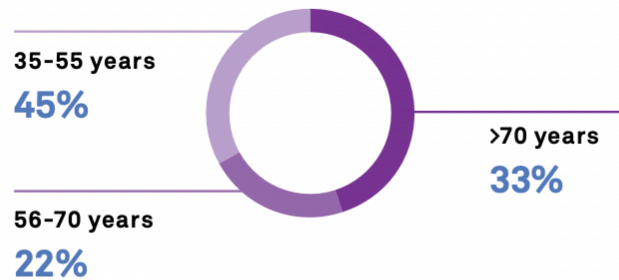
The Board at Wipro has two executive directors, six non-executive independent directors and one non-executive non-independent director. The executive chairman and whole time director, and the non-executive non-independent director are promoter directors. The chief executive officer and managing director is a professional CEO who is responsible for the day to day operations of the Company.

Name of Director	Position Held
Azim H. Premji	<ul style="list-style-type: none">• Founder Chairman• Non- Executive, Non- Independent Director
Rishad A. Premji	<ul style="list-style-type: none">• Chairman• Stakeholders Relationship Committee
Thierry Delaporte	Chief Executive Officer & Managing Director
William Arthur Owens	<ul style="list-style-type: none">• Independent Director• Board of Governance• Nomination & Compensation Committee
Deepak m. Satwalekar	<ul style="list-style-type: none">• Independent Director• Audi, Risk & Compliance committee• Stakeholders Relationship Committee
Dr. Patrick J. Ennis	<ul style="list-style-type: none">• Independent Director• Stakeholders Relationship Committee
Tulsi Naidu	<ul style="list-style-type: none">• Independent Director• Audi, Risk & Compliance Committee
Patrick Dupuis	<ul style="list-style-type: none">• Independent Director• Board of Governance• Nomination & Compensation Committee
Ireena Vittal	<ul style="list-style-type: none">• Lead Independent Director• Audi, Risk & Compliance committee• Nomination & Compensation Committee

The Board is well diversified and consists of a woman Independent Director and three Directors who are foreign nationals.

Board Demographics

Board age profile



Board gender diversity



Board nationality



Wipro has been globally recognised as a comprehensive portfolio various services, dedicated commitment towards clients and sustainability & good corporate citizenship. They have over 2,50,000 committed employees serving clients over 66 countries.

As we talk about the size of the company it is on the top 5 IT companies list. The total assets if added for Wipro account to US \$13 billion. The financials over the FY22 crossed \$10.4 billion as the IT revenue marking an important milestone. The reported growth year-on-year basis has been 27.3%.

They have been able to achieve and deliver the desired goal by accelerating growth by being focused and scaling strategy, strengthening their clientele and partnerships, leading with business solutions, building talent and simplified operating model.

Comment: As per the observation of the board of Wipro is well constituted of male and female ratio, experienced members. As we can see the board is quite diversified in terms of the countries and backgrounds they come from. The annual general meeting are attended on a regular basis as conducted and attended by the members of the board.

The financial growth of Wipro is quite impressive in terms of number as FY 22 has marked a milestone for the company by crossing \$10 billion as IT revenues. This shows how their strengths have been put to proper utilisation of the provided resources. And the unique service offerings along with the values across the globe is a reason for their success.

Working and Effectiveness of Committees

At Wipro the board has constituted sub-committees to focus on specific areas and make informed decisions. Each committee held has a charter which is guided by its charter, that guides & defines the scope, framework, power and composition of committees and the decisions to be made.

Therefore for the ease, smooth, fair & ethical working of the organization there are four sub-committees:

- 1) Audit, Risk and Compliance committee it acts as the Risk Management Committee
- 2) Board Governance, Nomination & compensation committee
- 3) Administrative and shareholder/Investor Grievance Committee
- 4) Strategy Committee

Comment: The various sub-committees under the Board of Wipro has its unique process for ensuring that appropriate procedures are being followed, which are abiding by the rules for the company, stakeholders & clients. The committees take unbiased decision in favour of the growth and development of the organization. The effectiveness has been seen as the track record of Wipro has a whole has been impeccable. The Chairman and founder chairman are involved in solving all important complaints filled under the administrative and Shareholders/Investors Grievance Committee. As per exact numbers there were around 1383 complaints received regarding the buy back of equity shared and 989 were clarified and solved. Reviewing the grievance redressal of the stakeholders has been the utmost priority for the company.

Considering the changing industry dynamics and evolving complexity the sub-committees have experienced members of the Board who have brought diversity in terms of strategies, perspectives and ideas to implement and enhance the situations in hand. Developing and recommending assessments to evaluate the effectiveness has been taken into account by the heads and leads of the committee. The major issue of risk management and reviewing the identified and forecasted risk management policy on a regular basis keeping in mind the evolving environment and complexities in the dynamics of the organization. Establishing criteria for management to evaluate potential strategic investments has been imperative. Monitoring the Company performance against measurable targets are used to be prepared beforehand of the forecasted complexities the business world.

Disclosures of Financial Reporting

In line with requirements under Regulation 30 of the Listing Regulations, the Company has framed a policy on disclosure of material events and information as per the Listing Regulations. The objective of this policy is to have uniform disclosure practices and ensure timely, adequate and accurate disclosure of information on an ongoing basis. The Company has constituted a Disclosure Committee consisting of senior officials, which approves all disclosures required to be made by the Company. Parity in disclosures are maintained through simultaneous disclosure on National Stock Exchange of India Limited, the BSE Limited and the New York Stock Exchange.

All related party transactions entered during the financial year were at an arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The information that are required to be filed under the requirements of Securities Exchange Act, 1934 shall be accumulated and communicated to the Company's management including its principal finance officers and Financial Disclosure Committee to allow timely decisions regarding required disclosure.

Comment: *In my opinion Wipro in all materials aspects have maintained the required transparency of information the concerning parties. As per the law they have disclosed all the financial controls & financial reporting done by the organization. The statutory auditors for Wipro as per the 76th Annual General Meeting is Deloitte Haskins & Sells LLP, Chartered Accountants. The cashflow*

The adult committee overlooks the process of disclosures of all related financials & other required document to be disclosed to maintain transparency, share information to the interested parties such as the shareholder's, investors, clients. Documents regarding the cashflows, result of operations, balance sheets, related risks are important to be shared to make timely decisions. Disclosing and abiding by the rules has been done by Wipro for years now and has never been in news for wrong practices.

Compensation Structure

The Independent Directors are entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board/Committee meetings and commission. Sitting fees for each meeting of the Board or Committee of the Board attended by him or her, of such sum as may be approved by the Board within the overall limits prescribed under the Companies Act, 2013.

Commission on a quarterly basis, of such sum as may be approved by the Board and Members on the recommendation of the Board Governance, Nomination and Compensation Committee. Independent Directors and Promoter Directors are not entitled to participate in the stock option schemes of the Company.

The remuneration to **Mr. Azim H. Premji**, who is the chairman and a Non-Executive, Non-Independent Director is:

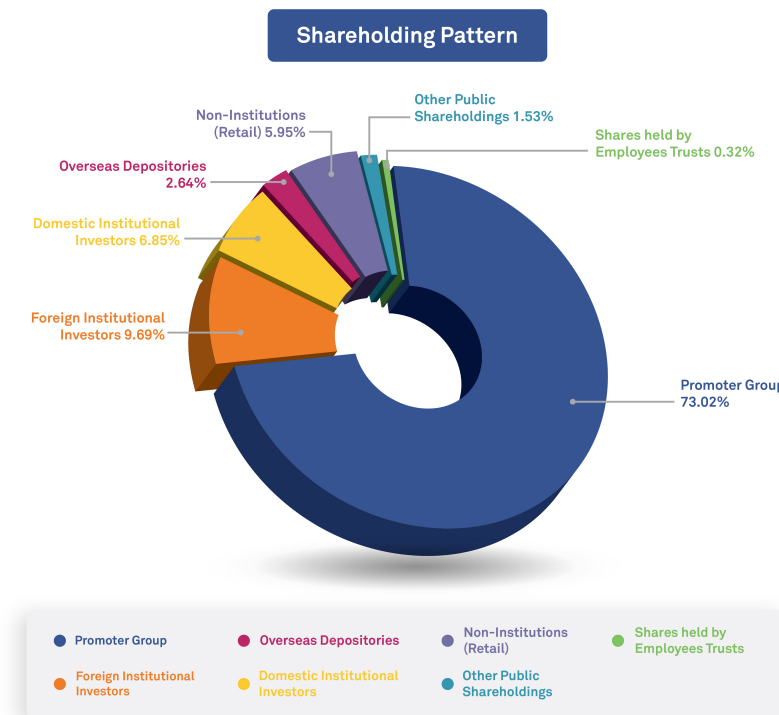
- a) Remuneration as applicable to other Non-Executive Directors of the Company, in addition to the sitting fees for attending the meetings of the Board thereof, as may be determined by the Board, provided however that the aggregate remuneration
- b) Maintenance of Founder Chairman's office including executive assistant at Company's expense.
- c) Reimbursement of travel, stay and entertainment expenses actually and properly incurred in the course of business as per the Company's policy.

In determining the remuneration of **Chairman, CEO and Managing Director**, and **Senior Management Employees** and **Key Managerial Personnel**, the **Board Governance, Nomination and Compensation Committee** and the **Board** shall ensure/consider the following:

- a) The balance between fixed and variable pay reflecting short and long-term performance objectives, appropriate to the working of the Company and its goals.
- b) Alignment of remuneration of Key Managerial Personnel and Directors with long-term interests of the Company.
- c) Company's performance vis-a-vis the annual achievement, individuals' performance vis-a-vis KPIs, industry benchmark and current compensation trends in the market.

Shareholders & Shareholding patterns

The Shareholding Pattern page of Wipro Ltd. presents the Promoter's holding, FII's holding, DII's Holding, and Share holding by general public etc.



Comment: As we can see the shareholding pattern of Wipro in the above figure. The major shareholder at Wipro are the promoter group holding 73.02% of shares, followed by the foreign institutional investors with 9.69% of shares. Similarly we have domestic institutional investors with 6.58% of shares, overseas depositories with 2.64% shares, non institutional (retail) 5.95%, other public shareholding with 1.53% shares and shares held by employee trusts 0.32%.

The stock of Wipro appears to be true the value they demonstrate. The financial condition is fair, strong and profitable. Wipro is among the top leading IT companies but the IT industry as a whole is been underperforming since post COVID. Therefore Wipro too has suffered a drop in 40% in its share price.

Note: The shareholding pattern details are not disclosed in the annual report of the organization

Risk Management Framework

Risk Management framework is based on globally recognised standards and is designed to be dynamic and flexible to adapt to the changing business environment. The objective of the ERM framework is to enable and support achievement of business objectives through risk-intelligent assessments, in addition to placing significant focus on constant identification and mitigation of all categories of risks within the business.

The framework has been benchmarked against best-in-class industry practices and is continuously strengthened. The framework has been digitised, enabling businesses to take faster, informed and quality risk based decisions and encourages a risk resilient culture. The ERM framework is administered by the Risk and Governance Committee and is supported by a multi-layered risk governance structure across the enterprise.

Comment: *The risk management framework at Wipro has observed to be dynamic and integrated. The framework is designed in a way to follow a process of diving possible risk factors into category. There are five categories under the framework namely the guiding pillars which includes the strategic decisions made by the board of directors. It then talks about the key risk categories that can be roughly identified for the organization which includes major risks like legal, economical, and carious technological risks etc. Mitigation strategy are therefor helpful in the these situation which creates a sense of preparedness and readiness to take on the risk and survive the damage with less consequences. Similarly, there are risk management process which is an outlined strategy towards the risks if any. The multilayered risk governance is an add-on to the organization. The various committees when overlook the entire working of the organization the key ares of lacking and problems are easily identifiable and helps to organization grow as a whole.*

After the analysis and research about Wipro, I could collect that Wipro hasn't been in a public eye for any negative incidents. This very well portrays the importance of this framework that they have managed to stabilise the organization .

Risk Identification & Mitigation Framework

1. Pandemic and COVID-19

The risk of COVID 19 outbreak within the company premises, impacting employee safety & well being.

Mitigation Plan

- Work from home policy – Implemented WFH policy wherein most employees continue to work from home, barring the absolute essential staff mandated by customer requirement
- Workplace safety measures – Availability of medical support within premises
- Wellness focus – physical and emotional well being, financial support.

2. Regulatory Compliance

It covers various federal state, local and foreign laws relating to various aspects of the business operations and non-compliances can result in substantial fines, sanctions, etc.

Mitigation Plan

- A program on statutory compliance is in place with the objective to track all applicable regulations, obligations and corresponding action items that require to be adhered to ensure compliance along with necessary workflows enabled

3. Business Continuity Risk

It raised out of global disruption like pandemic, natural disasters, IT outages, cyber security, terror attacks and unrest, power disruptions.

Mitigation Plan

- Business Continuity Management System (BCMS) and a framework aligned across global locations, accounts and service functions .
- Core BCM team is a skilled cross-functional team comprising members from Delivery, Legal, Office Administration, HR, Procurement, IT enablement & IT security teams.

4. Business Continuity Risk

General Data Protection Regulation relating to personal information dealt with both by and on behalf of Wipro increases the risk of non-compliance .

Mitigation Plan

- Executed Data process/ Data transfer agreements with customers as well as vendors for flow down DTA/DPA to ensure governance
- Also strengthened Wipro systems to ensure personal data governance from controller perspective
- Adherence to privacy by design is a non- negotiable requirement incorporated in the application development and rollout process

5. Geo- political or Economic Situations

Risk of Protectionism policies impacting the business in that market.

Mitigation Plan

- Country Risk Assessment framework

Related Party Transactions

All related party transactions entered during the financial year were at an arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel, or other designated persons which may have a potential conflict with the interest of the Company at large.

The listed Related parties pursuant to SEBI's guidelines for Wipro are:

- 1) Azim Premji Foundation
- 2) Azim Premji Foundation for Development
- 3) Hasham Traders
- 4) Zash Traders
- 5) Hasham Investment and Trading Co. Pvt. Ltd
- 6) Azim Premji Philanthropic Initiatives Pvt. Ltd
- 7) Azim Premji Trust
- 8) Wipro Enterprises (P) Limited
- 9) Wipro GE Healthcare Private Limited

Responsibility Towards Community & Environment

Comment:

Wipro has been very cautious about the environments and what it does as a whole to the society. Therefore there have been focusing of agendas like energy efficiency, water efficiency, pollution and waste management, urban biodiversity and many such concerning aspects.

If we talk about the energy efficiency Wipro's new building in Bangalore and Hyderabad are setting benchmarks against the the global firms. These new buildings are avoiding UPS batteries and eliminates the environmental impact pertaining to battery manufacturing and disposal. This initiate has been started as an energy management system for their offices.

The water efficiency is taken into accounts with the increased usage of recycling freshwater for various other purposes. Sourcing is mainly ground water delivered by tanker water suppliers, municipal water, water supplied by industry associations, in-situ ground water and harvested rainwater.

Regular monitoring of air, water, and noise pollution to ensure they are well within regulatory and industry norms. Reducing materials impact on the environment through recycling and reuse. Arranging for safe disposal of waste that goes outside our organisational boundaries. To operationalise our strategy, they segregate and monitor waste processing across organisations.

This is how they are being responsible and accountable towards the environment and society as a whole. These initiatives are great to start on and once in action there are always capacity to grow and build.

Corporate Governance Standards

Parameters	1	2	3	4	5
Balance in board composition.					✓
Director independence.					✓
Auditor independence.					✓
Transparency					✓
Shareholder rights.				✓	
Aiming for long-term value creation.				✓	
Managing risk proactively.					✓

Comment:

1. The balance the composition of board fairly highlights the diversity across the board in reference to the male female ratios, directors backgrounds and foreign directors on boards.
2. The independence of the director broadly covers the idea of the independence in reference to the decision making and view points of an individual director.
3. The auditor independence similarly cover the idea of fairly assessing the working of the firms and putting across their opinion.
4. The transparency here means the disclosures of the documents relevance to interested parties like shareholder, investors, customers etc.
5. The shareholder's right here is their voting process ethically conducted, AGM's are regularly asses and decisions made are in agreements with all shareholders.
6. Wipro has grown tremendously and is aiming to do so. Therefore, it meaning they are among of long term value creation.
7. The risk management framework and mitigation strategies are proactively taken care of. This a major reason that the company is doing so well today.

References

For reference of the information stated please refer to the annual report of Wipro 2021-22.

1. <https://www.wipro.com/investors/annual-reports/>
2. <https://www.annualreports.com/Company/wipro-limited>