

WIPRO LTD.**POLICY ON RELATED PARTY TRANSACTIONS AND DETERMINATION OF MATERIAL SUBSIDIARY****1. Background**

- A. Wipro Limited (the Company), given the size and scale of its operations and global presence, and the fact that its Promoter Group has other diverse businesses and interests, in the normal course of its business, has occasions to engage in Related Party Transactions (RPTs). As a part of the Company's philosophy of adhering to highest ethical standards, transparency and accountability in conduct of its business and in the interest of maintaining and adhering to an appropriate governance framework, the Company has historically mandated and ensured that such Related Party Transactions should be undertaken only in the ordinary and normal course of business and at arm's length such that relationship with the Related Party does not influence, in any manner whatsoever, the pricing and other terms and conditions of such transactions by the Company with Related Parties. This has, over time, been internalized by management personnel dealing with such decisions and has become a normal way of working within Wipro Ltd.
- B. The Related Party Transactions of Corporate India and the allied subject of "Transfer Pricing" to such Related Parties has, in recent times, attracted significant attention from Indian Tax and Regulatory Authorities as also public and institutional shareholders. What was until recently an aspect of good governance, RPTs are now sought to be expressly regulated and monitored to prevent / eliminate any abuse and / or seeking unfair advantage by corporates, promoters and managements through the mechanism of RPTs.
- C. With the aforesaid intent, following Regulatory changes have been carried out in recent past :
- (i) Section 188 of the Companies Act, 2013 classifies certain kinds of transactions as RPTs and Section 177 of the Companies Act, 2013 requires that such Related Party Transactions shall require approval of the Audit Committee of the Board.
 - (ii) Furthermore, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires each listed company to formulate a Policy to govern Related Party Transactions, apart from stipulating that Audit Committee should **pre-approve** such RPTs. In order to provide operational flexibility, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, envisage, subject to certain conditions, Omnibus Approval by Audit Committee instead of pre-approval of each and every transaction.
 - (iii) The Companies Act, 2013 and / or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, provides for certain kinds of Related Party Transactions to be pre-approved by shareholders. These are:
 - (i) **WRPT is not in the ordinary course of business** even though at arm's length;
 - (ii) When the RPT though in the ordinary course of business **is not at arm's length**;

- (iii) When the RPT is both in the ordinary course of business and at arm's length but **crosses the materiality threshold of value at 10% of consolidated turnover of the corporate.**
 - (iv) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires all listed entities to formulate a policy for determining material subsidiary.
- D. In the light of the above developments and regulatory changes, the Company has decided to formally document and articulate its Policy for entering into Related Party Transactions and for determining material subsidiary, by way of a formal document, which is essentially a reiteration of what the Company has historically practiced as a part of its governance framework, suitably adapted to meet specific Regulatory requirements.

2. Objective of the Policy on RPTs

- A. The primary objective of the Policy is to ensure highest standard of Corporate Governance, transparency, probity and ethical standards in all dealings of the Company with Related Parties such that its reputation is well protected and it continues to enjoy high levels of trust and confidence of investors, regulatory authorities and other stakeholders.
- B. To ensure compliance with legislative and regulatory provisions under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, governing RPTs, if any, both in letter and spirit
- C. An allied objective is to concurrently ensure compliance with domestic and international Transfer Pricing norms and meeting Accounting Standards AS 18*. [*Optional*]

3. Policy on RPTs

- A. The Company, its directors, promoters, KMPs, and operating management shall ensure that –
 - (i) All RPTs are at arm's length and are undertaken in the ordinary course of business i.e. the relationship with the transacting party should not confer on the Company or the transacting party any undue benefit / advantage or undue disadvantage / onerous obligations, that will be unacceptable if such transacting party was not a related party and / or the Company will not enter into a transaction which it will ordinarily not undertake.
 - (ii) There is no “conflict of interest” while negotiating and arriving at terms of such Related Party Transactions. For this purpose “Terms” will not be merely confined to ‘price’ or ‘consideration’ but also other terms such as payment terms, credit period, sale whether ex-factory, FOB, CIF etc.
- B. The Company believes that a fair and transparent mechanism to govern and regulate such RPTs is important and is an integral part of its overall governance framework and should never ever be compromised. The principles underlying this framework should be simple to understand / comprehend and easy to operationalize the Company's operating decisions. Record keeping in respect of RPTs should be such that it should be able to demonstrate adherence to prescribed statutory and regulatory norms and the Company's policy on RPTs at any stage, including any post facto scrutiny by tax and / or regulatory authorities.

Apart from being a compliance requirement, this will also ensure adherence to the Company's values of transparency, honesty, integrity, ethical conduct, which have been the foundation of the Company's reputation and the trust and confidence that it enjoys in the society.

- C. Bearing in mind the provisions of the Companies Act, 2013 and the obligations cast by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of RPTs, the Company proposes to follow the policy of adhering to stricter of the two or more onerous requirements prescribed by the legislation or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, from time to time.
- D. For the purpose of this Policy:
- (a) The expression "Arm's length transaction" shall mean 'a transaction between two related parties that is conducted as if they were unrelated and that there is no conflict of interest' (Exp. (b) to Section 188, Companies Act, 2013).
 - (b) To understand the expression "ordinary course of business", which is not a defined term under the statute, amongst other relevant considerations, due regard shall be had to –
 - (i) Frequency of the activity, whether the activity is considered normal / incidental in common business parlance in I.T. Industry, financial scale of the transaction, resources committed to the transaction, willingness to offer similar transactions to others, adherence of custom and practices that are considered normal for industry etc.;
 - (ii) It need not be restricted to the Company's core business; and
 - (iii) It should not be unusual for business in the same industry or of an extraordinary nature.

If in doubt, management shall seek advice on both these aspects - "arm's length" and "ordinary course of business" - from General Counsel of the Company and / or the Audit Committee, as appropriate. Audit Committee's decision on these aspects shall be final. Audit Committee, could seek external advice to assist in decision making on these aspects or for that matter in dealing with any issues connected with RPTs.

4. Determination of material subsidiary

A subsidiary shall be determined as material, if its income or net worth exceeds ten percent of the consolidated income or net worth respectively of Wipro Ltd and its subsidiaries in the immediately preceding accounting year.

Further, at least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not, whose income or net worth exceeds 20% of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

5. Responsibility for compliance

Adherence to this Policy will be a shared responsibility of the Board, Audit Committee and the Management including, in particular, CEO and CFO.

6. Framework for adherence to the Policy

The following framework will be used to operationalize and monitor compliance with the Policy.

A. List of Related Parties

The Company Secretary shall maintain a list of Related Parties as defined in Section 2(76) of the Companies Act, 2013 read with Companies (Specification of Definitions Details) Rules, 2014. The List will be promptly updated upon receipt of intimation / communication about addition / deletion in status from the CFO/Company Secretary/General Counsel in case of Subsidiaries, JVs and Associate of the Company and in the case of promoters, directors, KMPs upon receipt of intimation from concerned persons.

The List will specifically include:

- (i) Domestic and overseas subsidiaries of the Company;
- (ii) Promoter Group Companies / Firms / Trusts etc.;
- (iii) Companies / Firms in which Wipro Directors are directors / partners;
- (iv) Wipro Directors, Wipro KMPs and their respective relatives as defined by the Companies Act or the SEBI (Listing Obligations and Disclosure Requirements) Regulations.

B. Categorization of Transactions

The Related Party Transactions typically will fall in following categories:-

- (i) IT Products & Software Services from Wipro Limited to other entities within Wipro Group;
- (ii) Purchase of Furniture and Lighting or other manufactured products from Wipro Enterprises by Wipro Limited and its subsidiaries and associates;
- (iii) Shared Servicers of a common nature housed in one of the Group entities with a view to harness synergies, build expertise, manage talent and optimize costs; including lease of offices, godowns, residential apartments or any other assets from Related Parties.
- (iv) Sale of goods or services or procurement of goods or services from companies / firms where Wipro Directors are directors / partners;
- (v) Others which meet the definition and criteria of RPT but do not fall in any of the above specific categories e.g. sale / purchase of real estate from Related Parties.

The first four categories viz., (i) to (iv) above, are considered to be in the ordinary course of business. Transactions in category (v) will need case by case evaluation by management and, if necessary, by the Audit Committee on this aspect before these are approved.

C. Basis of arriving at Commercial Terms

- (i) In all cases where Wipro Ltd. is a Vendor of same or similar goods or services, the primacy shall be given to the price list for sale of similar goods and services in the open market on competitive terms. The quantum of permissible discounts and credit and payment terms to Related Parties shall be within the approved authorization matrix applicable for dealing with independent / unrelated parties in the ordinary course of business at arm's length and no special dispensation shall be made merely by virtue of the purchaser being a Related Party.
- (ii) In all cases where Wipro is a purchaser / procurer of goods and services from a Related Party, the purchase / procurement shall be based on competitive terms offered by such Related Party as compared to other vendors for same or similar goods and services and no

preference shall be shown on pricing or payment terms merely because the Vendor is a Related Party.

Appropriate records / documentation shall be maintained to substantiate adherence to the above principles. If any procurement is carried out from a Related Party without adherence to these principles due to smallness of size of procurement, speed required, reputation or confidentiality or issues related to quality or other similar germane reasons, by way of an exception, the person responsible for procurement shall record in writing his satisfaction that the price and other terms offered are in line with the market and procurement has not caused any prejudice to financial interest of the Company.

- (iii) Where, given the nature and character of goods and services envisaged for sale or procurement envisaged under (i) and (ii) above, a formal price list – discount matrix is not available, pricing can be based on cost plus a fair mark-up as circumstances may justify, which mark-up shall not be less than 5% and not more than 15%.
- (iv) In cases where shared services provided to other group entities which is / are a Related Party, the charge out to other entity shall be as under:
 - a) for subsidiaries, minimum at cost (since economic interest is with the holding company) b) for other entities in the group including promoters or promoter controlled entities at cost plus 5% as minimum and maximum as determined from time to time including mark up if any, to a cost not exceeding more than 15% Facilities Management Services viz. usage of guest house and other facilities shall be charged on standard recovery rates fixed by Wipro for its budgetary purposes or in proportion to total head count.

“Cost” for the purpose of this Policy shall mean “Standard Cost” or “Actual Cost”, whichever is applicable but to be applied consistently.

“Price” / “Cost” comparison for this purpose of RPT need not be for identical goods but it may be enough if such comparisons are made with price / cost of similar goods and services as near to the goods and services forming subject matter of RPT as circumstances may admit.

6. A. **Monitoring Compliance**

- (i) Related Party Transactions will be tracked on a continuous basis at Contract (PO) level for reporting to Audit Committee;
- (ii) Internal Audit will also review such RPTs periodically, minimum twice a year, to reconfirm adherence to the policy laid down in this document;
- (iii) Wherever such RPT exceeds a value of Rs.250 Mn. per contract, CFO, Company Secretary and Controller will review and vet the same. Wherever appropriate, they will also seek external certification.
- (iv) A process of certification will be instituted to take certification from business units executives of such group companies for compliance with the Policy with respect to RPTs to which they are parties.
- (v) Company secretary will ensure reporting of RPT in the Directors Report.
- (vi) Prior approval of the Audit Committee may be taken every year at the beginning by way of an omnibus approval. The proposal for such omnibus approval will indicate –

- i. the particulars of the Related Parties,

- ii. the generic nature of transaction(s),
- iii. the aggregate value of such transaction(s) in last Accounting Year with the concerned Related Party,
- iv. the aggregate value of such transactions during the year that are proposed / expected to be carried out, and
- v. the basis for fixing commercial terms e.g. Price List less approved discounts or cost + mark-up etc. to provide the Audit Committee a framework for granting such Omnibus Approval.

Validity of such approvals shall be till the end of each financial year and a list of all such transactions carried out pursuant to the Omnibus Approval will be placed before the Audit Committee at every Quarterly Meeting.
