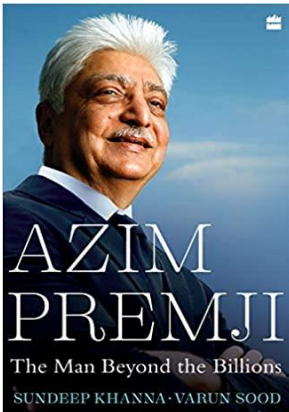


Guest blog + Book extract

An unusual Indian billionaire has a new doctrine of inheritance for its richest

In this guest blog Sundeep Khanna and Varun Sood, joint authors of Azim Premji: The Man Beyond the Billions, focus on the one facet that has overshadowed even his business achievements - his altruism. Premji's commitment to the Azim Premji Foundation, a non-profit focused on education, totals around US\$21 billion, making him one of the world's more important philanthropists. The book extract describes the dilemma Azim Premji faced when wanting to buy a second-hand fiat 118-NE - his 'lucky car,' from his company.



Most people in India and outside may not be aware that Wipro completed 75 years in business in December last year. But they would have certainly heard of Azim Hasham Premji, the man who has presided over its fortunes for 53 of those years. He too turned 75 last year which is quite appropriate since the two are virtually synonymous even if the company that was among the leaders of India's IT outsourcing juggernaut lost its way somewhat even as Premji himself found his true calling.

Once listed as India's richest man but now merely its most generous, Azim Premji has over his lifetime already given away some \$21 billion to philanthropy. That's a little over 92% of his wealth. In December last year, Azim Premji Foundation's endowment totalled \$29.7 billion, making it the world's fourth-largest private endowment which has for the last 20 years been working to improve the appalling standards of primary education in the country.

It isn't what he started off with. The untimely death of his father in 1966, when he was in his senior year at Stanford forced him to rush back home to run what was a bare bone vegetable oils family business. The more valuable inheritance came from his mother, Gulbanoo, who regularly volunteered at an orthopaedic hospital in Mumbai for children afflicted by polio, devoting her time and money with equal generosity. Though the youngest of two brothers and two sisters, a concatenation of events meant that Western India Vegetable Products Ltd, to give the company his father had set up in 1945 its proper name, was now the Stanford dropout's legacy. His elder brother Farooq had chosen to marry and migrate to Pakistan and in 1966, as much as today, cross border business between the two subcontinental twins was not a possibility.

So it was up to the 21-year-old Azim Premji to take the family fortunes forward. The oil mill set in the unremarkable little town of Amalner in the Western state of Maharashtra grew rapidly under his watch but soon it proved too limited for his growing aspirations. Thus began the five-decade long diversification into businesses ranging from consumer products to medical equipment eventually leading to one of India's largest software services

companies, the \$8.1 billion Wipro Ltd, whose 2000 listing on the New York Stock Exchange turned Premji into a multi-billionaire and briefly India's richest man.

Somewhere along the way he also started forging his own doctrine of corporate behavior. Refusing to bow to the inevitable demands of inspectors and bureaucrats, he insisted on running his business as per a set of values he had penned as early as 1971. Oldtimers who worked with him at the time, say that he would refuse to pay a bribe for phone lines that his oil trading business desperately needed. It couldn't have been easy staying ethical in a country where corruption was rampant then and even now is bad enough for it to be ranked 80 on the global Corruption Perceptions Index (CPI-2019). Add to that the difficulties of doing business in an economy ranked a lowly 63 on the World Bank's Ease of Doing Business index. Soon however Wipro's value system became the Indian IT industry's norm with companies like Infosys and TCS joining Wipro in raising the bar on corporate governance standards. Corporate governance entails how companies should be led, how they should communicate with their shareholders, and how they should fulfil their own responsibilities.

Since Premji joined Wipro in 1966 as managing director, the company has set benchmarks on each of these metrics. Sifting through the annual reports of Wipro in the 1960s, it is heartening to see how the company shared details of some of the highest-paid executives, even when there was no obligation or regulation for it to do so. When Premji succeeded his mother to take over as chairman in 1983, he brought in professionals as independent directors. Over the last few decades, what has emerged is that these independent directors are not merely just another assembly of dim bulbs who serve as an appendage to the Board but play a critical role in the working of the company. Long before India made it a law under which large companies were asked to spend 2% of their net profits on corporate social responsibility, Wipro had started contributing meaningfully to the social sector.

Book extract

Within the company, he has tried hard to break the mould of the traditional owner, something that is very much a part of Indian business culture. Thus, there are no imperious commands or diktats, and he makes sure he follows the rules of the company often to the point of being a stickler about them. N. Vaghul, who was then on Wipro's board, has a famous story about Premji and a car he bought.

For a long time, Premji drove a Fiat 118 NE. Some time post 2000 he decided he needed a new vehicle and, true to his self, started evaluating cars like he would potential CEOs, consulting half a dozen people on which model he should buy.

Says Vaghul, 'Azim is a very austere person. When I was on the audit committee some time post 2000, he called and said that he needed two favours. One was to choose a car.' Eventually he settled on an Innova.

But that wasn't the end of the matter. He then called Vaghul and asked him for another favour.

The Fiat, he said, had brought him good luck, so now he wanted to buy it. Vaghul couldn't understand what the problem was. Premji explained that since the car was owned by the company, he wanted to follow the proper procedure. Vaghul explained that all companies

took it at book value, which Premji pointed out would be zero. Vaghul then told him, 'Why are you making such a big fuss about it? Nobody is going to bother.' But Premji was firm that he had to do the right thing. Later, Suresh Senapaty, then the CFO of the company, came and asked, 'What are we supposed to do with this thing?' Vaghul asked him to convince his boss 'and tell him not to be silly'. Premji by then had decided that he wanted to place an advertisement and, whatever was the price quoted, he would up it and buy the car.

That's when it occurred to Vaghul that if people come to know that it was Premji's car they would pay a premium and buy it as a memento.

Vaghul says he doesn't remember what eventually happened, but he told Senapaty to sort it out with the chairman. 'Azim was that kind of person,' he concludes.

What happened eventually was that the Fiat remained with Wipro, with Premji unable to buy it in his name, the task made more difficult by the complex government rules which did not encourage any assets of the company being bought by the promoter.

A few years after he bought the Innova, Kiran Mazumdar-Shaw called Vaghul and told him, 'Azim has bought a Mercedes.' Vaghul was surprised, but the next instant Mazumdar-Shaw clarified that it was second-hand.

The exchange shows the high levels of integrity and corporate governance standards he set for others.



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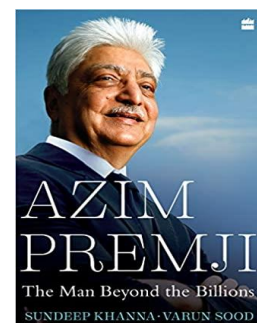
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Azim Premji: The Man Beyond the Billions, published by HarperCollins in October 2020.

You can use the following link to buy the book:

<https://www.amazon.in/Azim-Premji-Man-Beyond-Billions-ebook/dp/B08JPNJ7RM>



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This article contains the authors opinions and excerpts of their book. It is a commentary on the general trends and developments witnessed in the securities market.

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