



Annual Report 1999-2000



WIPRO LIMITED

BOARD OF DIRECTORS

Azim H Premji

(Chairman & Managing Director)

Dr. Ashok Ganguly (Director)

Chairman ICI India Ltd., former Director of Unilever Plc.

Dr. Nachiket Mor (Director)

Head of Treasury at ICICI Ltd.

P S Pai

Vice Chairman & Executive Officer

Vivek Paul

Vice Chairman & Executive Officer

B C Prabhakar (Director)

Senior Counsel

Dr. Jagdish N. Sheth (Director)

Professor in Marketing at Emory University, USA

Arun K Thiagarajan

Vice Chairman & Executive Officer

N Vaghul (Director)

Chairman of ICICI Ltd.

Hamir K Vissanji (Director)

Industrialist

COMMITTEES OF THE BOARD

COMPENSATION & BENEFITS COMMITTEE

N Vaghul (Chairman)

Hamir K Vissanji

B C Prabhakar

AUDIT COMMITTEE

Hamir K Vissanji (Chairman)

N Vaghul

Dr. Nachiket Mor

ADMINISTRATIVE COMMITTEE

Azim H Premji (Chairman)

B C Prabhakar

CORPORATE EXECUTIVE COUNCIL

Azim H Premji (Chairman)

Ram Agarwal

P S Pai

Vivek Paul

D A Prasanna

Dileep Ranjekar

M S Rao

Suresh C Senapaty

Arun K Thiagarajan

CORPORATE OFFICE

Doddakannelli, Sarjapur Road, Bangalore - 560 035.

Tel: 91-80-8440011 Fax: 91-80-8440056

Azim H Premji (Chairman)

Ram Agarwal (Corporate Executive Vice President, Mission: Quality & Information Management)

Dileep Ranjekar (Corporate Executive Vice President, Human Resources)

Suresh C Senapaty (Corporate Executive, Vice President, Finance)

WIPRO TECHNOLOGIES

1995, El Camino Real, Santa Clara,

CA-95050 USA.

Tel: 001-408-5574414 Fax: 001-408-6157174

Vivek Paul (Vice Chairman)

WIPRO INFOTECH

Doddakannelli, Sarjapur Road, Bangalore - 560 035.

Tel: 91-80-8440011 Fax: 91-80-8440057

Arun K Thiagarajan (Vice Chairman)

WIPRO CONSUMER CARE & LIGHTING GROUP

Doddakannelli, Sarjapur Road, Bangalore - 560 035.

Tel: 91-80-8440011 Fax: 91-80-8440057.

P S Pai (Vice Chairman)

HEALTHCARE TECHNOLOGY SERVICES

WIPRO GE MEDICAL SYSTEMS LIMITED

4, Kadugodi Industrial Area

Sadaramangala, Bangalore - 560 067.

Tel: 91-80-8452923 Fax: 91-80-8452924.

WIPRO BIOMED

903, Prakash Deep,

7, Tolstoy Marg, New Delhi - 110 001

Tel: 91-11-3325677 Fax: 91-11-3738675.

D A Prasanna (Chief Executive Officer)

WIPRO FLUID POWER

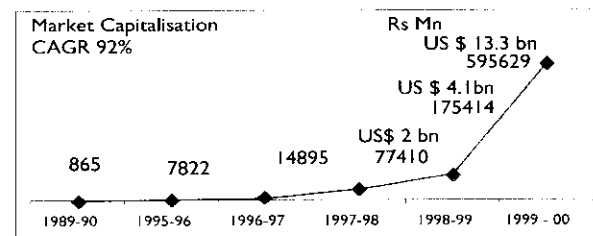
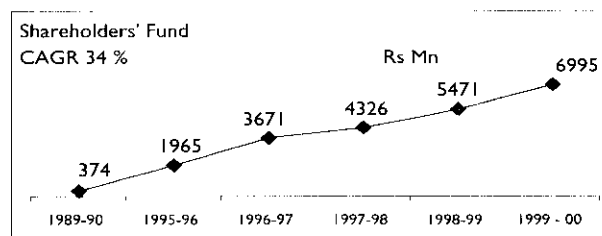
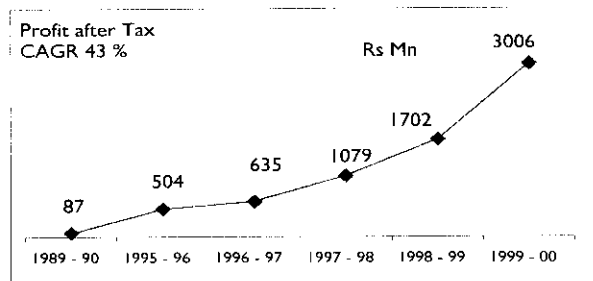
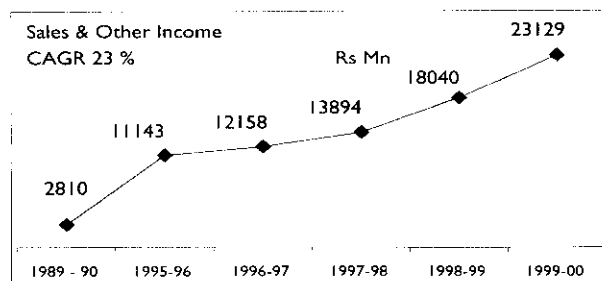
9B/10A, Peenya Industrial Area,

Phase I, Bangalore - 560 058.

Tel: 91-80-8394982 Fax: 91-80-8396450.

M S Rao (President)

WIPRO LIMITED



WIPRO LIMITED BUSINESS PERFORMANCE FOR THE YEAR ENDED MARCH 2000

PARTICULARS	Wipro Limited	Information Technology		Wipro Consumer Care & Lighting	Others / Eliminations
		Wipro Technologies	Wipro Infotech		
Sales & Other Income (net of excise duty)	23129	10420	8251	3292	1166
Growth over previous year	28%	65%	20%	-13%	
Profit before depreciation Interest and Taxes	4492	3374	506	605	7
Growth over previous year	62%	67%	9%	17%	
Profit before Interest and Taxes	3793	2887	438	519	-51
Growth over previous year	79%	75%	27%	13%	
Operating Margin	16%	28%	5%	16%	
Profit before Tax	3507				
Growth over previous year	99%				
Profit After Tax (before extraordinary / nonrecurring items)	3006				
Growth over previous year	77%				
Extraordinary / nonrecurring items	523				
Profit for the year	2483				
Growth over previous year	121%				
Return on average capital employed	53%	89%	40%	73%	
Return on average revalued capital employed	46%				
Return on network	55%				
Return on revalued network	45%				
Operating cash flow (Rs Mn)	4,666				
Free cash flow (Rs Mn)	3,535				

Note: Market Capitalisation for 1999 - 2000 based on market price on June 15, 2000 of Rs 2,601

- In 1995, the company converted a fixed asset (consisting of land) into stock-in-trade at the then fair market value. The surplus arising on such conversion was credited to Capital reserve. During the year, there is a reduction of Rs. 52 mn in the value of the land compared to its carrying value at the beginning of the year. The reduction in value is recognised in the Profit and Loss account and an equivalent amount is drawn from capital reserve created on such conversion, to off-set the impact of such reduction on the Profit and Loss account for the year. The auditors have given their opinion on the true and fair view of the Profits for the year subject to this accounting treatment.
- Pursuant to the scheme of amalgamation of Wipro Computers Limited (WCL) with the Company approved by the Honourable High Court of Karnataka on February 16, 2000, the entire undertaking including all assets and liabilities of WCL were transferred to the Company with effect from April 1, 1999. Figures for the year ended March 31, 2000 are not strictly comparable with corresponding figures for previous year.
- During the period, the company sold 4,694,795 shares of Wipro Net Limited (WNL) resulting in an extraordinary income of Rs. 1,095 mn. Consequent to this sale, holding in WNL has dropped to 47%. Of the total shares sold, on 1,791,385 shares, the buyer has a put option and the Company has a call option for a specific period within a price band of Rs. 555 to Rs. 700 per share.
- During the year, the Company carried out a comprehensive review of the financial position of Wipro Finance Limited. On the basis of its review, the Company infused an additional equity of Rs. 450 mn, convertible preference shares of Rs. 200 mn and redeemable preference shares of Rs. 300 mn, to discharge all its obligations.
 - To focus on its core business, the Company divested significant portion of its holding in Wipro Finance Limited, resulting in an extraordinary loss of Rs. 810 mn. Following the disinvestment, Wipro Finance Limited ceases to be a subsidiary of the Company. Further, based on its review of the Financial position of Wipro Finance Limited, the Company estimates the value of remaining investments to be negligible and has therefore provided for diminution in the value of such investments aggregating to Rs. 701 mn.
 - The Company has also made an extraordinary provision of Rs. 108 mn for diminution in value investment in Wipro Inc. a subsidiary incorporated in USA.
- Others / eliminations:
 - Represent Wipro Fluid Power, Software Products, Wipro Biomed and Corporate Services.
 - Includes spend on Wipro Brand Identity promotion & Six Sigma Quality initiative.
- Operating cash flow is Profit After Tax as increased by interest and depreciation and increased / decreased by change in net working capital.
- Free cash flow represents operating cash flow as decreased by net outflows on acquisition of Fixed Assets.



Azim H Premji
Chairman and Managing Director

April 26, 2000

Dear Stakeholder,

Fiscal Year 2000 was a year of immense satisfaction for what we have achieved. And of cautious optimism for the challenge of the next decade, the challenge provided by the dotcom revolution and the knowledge economy. In 1995, we set for ourselves the target of measuring our success through the value add and profitability we create for our stakeholders. We quantified an ambitious target of Rs.3,000 million in Profit After Tax for fiscal 2000. This was when our profit base was just Rs.322 million. It is with a sense of achievement that we present the annual report for fiscal year 2000 when our Profit After Tax exceeds our target and is Rs.3,006 million.

The credit for having achieved this milestone goes to the enthusiasm, vigour, purpose and hard work of every person in Team Wipro who met our customers' requirements. That credit is shared by our growing number of customers who have trusted the Wipro brand and provided us the opportunity to serve them, and by our expanding number of shareholders who have recognized and rewarded our efforts in creating shareholder value.

While we have achieved our goal set in 1995, with hindsight one can say that the goal should have been more ambitious. Again, with hindsight, we could have grown revenues faster, achieved better profitability and built more value for the future.

We have grown, and intend to grow, focusing on the three key business enablers of Quality, People, and Strategic Direction. We will leverage the knowledge economy in today's dotcom environment.

Quality

We believe Quality levels cannot be a lasting competitive advantage, but attitude to Quality can and will be. In our Software Services business, we were the first service provider to achieve SEI-CMM Level 5, the highest global

recognition for Software Quality excellence. The trend towards seeking the SEI-CMM rating is becoming a standard across the globe. We launched our Six Sigma Quality initiative in 1997, a corporation-wide Quality initiative focusing on defect reduction and cycle time reduction in all our key business processes.

Today, we have, over 250 teams working on Six Sigma projects, led by over 30 Black Belts who are technical experts in Quality processes and measurement techniques. We have achieved Four Sigma level in all our key business processes. We believe that Quality should reduce cost. We measure our progress on Six Sigma Quality initiatives through financial benefits that these Quality projects deliver to our business. For the fiscal year 2000, we have realized Rs.162 million as savings resulting from Six Sigma Quality projects. A parallel gain that we have consciously focused on is the benefit of teamwork. A large number of teams are working across the corporation, building bonds and enhancing the concept of teamwork.

For Quality processes to be internalized, these processes need to be person independent. We have internalized these processes through documented and periodically audited Quality systems of ISO certifications. While our Software development processes and manufacturing processes have been ISO certified since the nineties, we have initiated the ISO certification process across our management practices, with Internal Audit, warehouse operations and regional accounting processes being the leaders.

People

If there is one thing unique about Wipro, it is undoubtedly the People in Wipro. At Wipro, we sincerely believe that it is People who create a world class organisation.



During 1999-2000, Wiproites contributed to making Wipro the third most admired corporation in India, and we have been rated 7th in terms of quality of people, as per independent surveys made by reputed business journals. We have some of the strongest processes to attract, retain and excite talent in the organisation. The Succession Planning process provides for focusing on high potential individuals who are groomed to provide smooth transitions at the senior management level. Identifying exceptional performers, tracking them closely, building high stretches in the performance objectives for people, focusing on the bottom 10% performers and providing a compensation and benefits design which significantly differentiates among people based on performance, potential, criticality, contribute to our continuously raising the performance bar. Whereas processes such as the 360 degree feedback for people in leadership position, personal guiding and coaching of employees by leaders, and availability of a dedicated high calibre team of training and development professionals, provide a tremendous learning environment. The newly built development centre with residential facility of 100 single rooms will form the crucible for learning in the organisation.

The focus for the future is to establish people processes based on competencies already identified for the organisation as well as for all the People Capability Maturity Model launched this year, which is aimed at leveraging the people strengths and aligning them to the overall goals of the organisation.

We pioneered the concept of sharing wealth in India through our Wipro Stock Award program in 1984 and with the launch of Wipro Stock Option Programs 1999 and 2000, we will continue to create and share wealth with people who will be pivotal in building Wipro in the coming years.

Strategic Direction

Strategic Direction is a key driver in pursuit of a

goal, and along with People and processes, is synonymous with the result that is achieved. We believe the opportunities provided by the knowledge economy and dotcom revolution is large and significant, of a scale not seen before. It is often during a state of flux, the kind we see today, that we need to look at fundamentals more closely, and need to anchor on to them.

In this sense, we see two fundamental anchors to our business. One, we are aware that competitive advantage is at the core of enduring business success. Our competitive strengths are in our Quality processes and in People, the two key differentiators in the Services business. We will continue to aggressively grow the Services portion of our business and use our products to enhance our Service offerings for providing greater value to the Customer. Two, we believe that any significant growth requires investment, and, very often, the growth that we see is linked to the level of investment that we make. A challenge, though a tough one, is to manage the conflict of investing to build the future without diluting the current results. We will measure our business progress through profitability and cash flow generations, and invest for the future keeping the same parameters to measure our success.

We thank you for the confidence you have reposed in Wipro, and for making us the premier market capitalized company in India. We are aware that this recognition is based on our future potential. I, on behalf of Team Wipro and my own behalf, reiterate our Promise to the Customer:

“With utmost respect to **Human Values**,
We promise to serve our
Customer with **Integrity**,
Through a variety of **Innovative**,
Value for Money Products and Services,
By **Applying Thought**, day after day.”

Yours sincerely,

Azim H Premji
Chairman and Managing Director



Wipro Technologies, our Global IT Services Business

Business Overview

The year gone by was in many ways a coming of age for the Indian Software Services industry. As technology shot up to number one on the agenda for many global CEO's, increasingly they noticed the contributions made by Indian companies like Wipro. India shattered the perception of being a source of low skilled talent and metamorphosized from Legacy / Y2K to E-Commerce/ Telecom.

In line with this shift, Wipro Technologies maintained a leadership position with strong growth in revenues, earnings and margins. Wipro entered the Software Services market in the early 1990's, and has the distinction of being the largest listed Software Services exporter in the country for a decade now, making us the second largest Software Services exporter from the country.

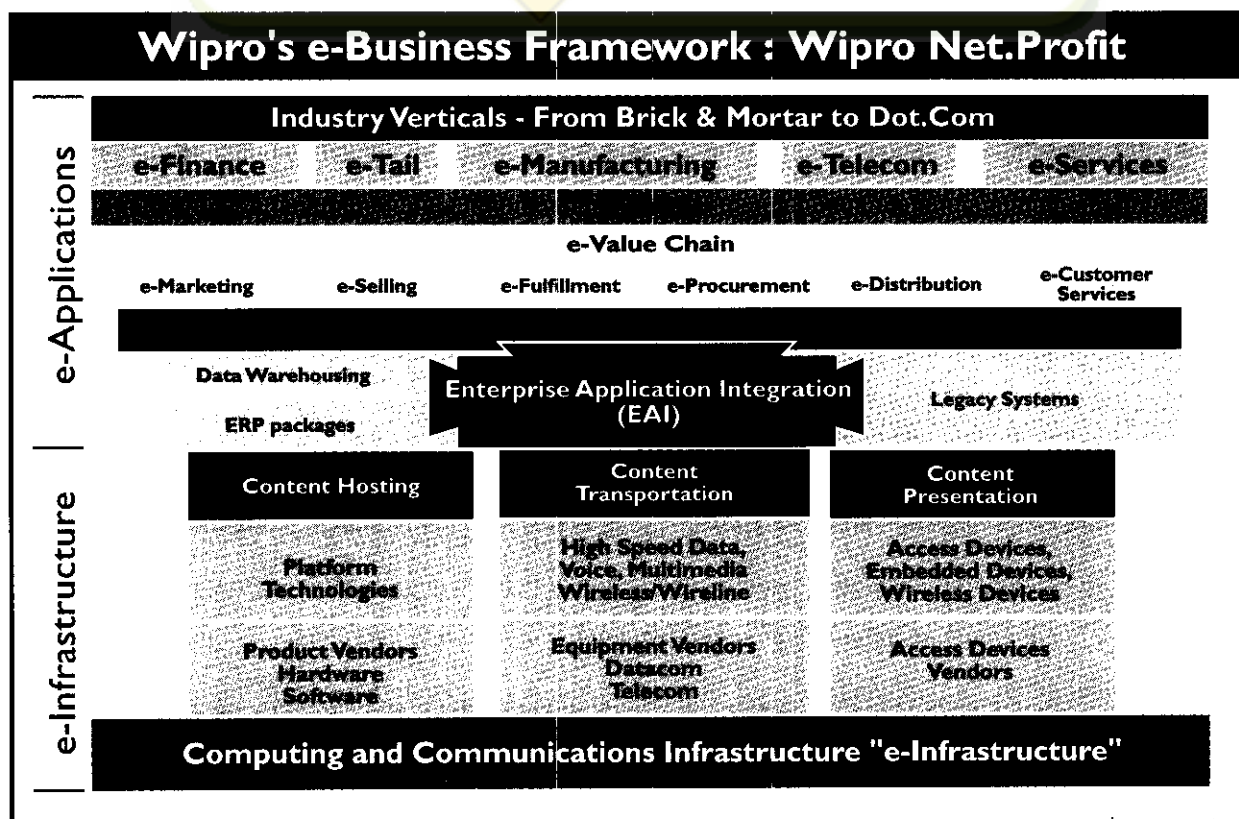
What We Do at Wipro Technologies

We are a global provider of Information Technology solutions for the

enterprise (**e-enabling**) and technology (**e-infrastructure**) markets. This technological breadth makes us unique in the industry, in fact in the world, and gives us many avenues for growth.

Our solutions for the enterprise are focussed on 'e-enabling' the corporation in the areas of Electronic Commerce, Business Intelligence, Extended Enterprise, Application Integration, and Network Management / Systems Administration. These solutions are offered to specific industries like Finance, Manufacturing, Telecom, Retail, Utilities, and Healthcare. Our e-business framework, "net.profit," addresses all the challenges a company has to face in the transition from a brick and mortar enterprise to a click and mortar enterprise. To fill out this framework, this year we entered into strategic alliances with best of breed technology vendors like Ariba, Open Market, Vignette and Forte, as we grew expertise in the latest tools and technologies.

Some of the projects we executed this year were





Wipro Technologies, our Global IT Services Business

for Home Depot in USA: we developed and deployed the security framework needed by them to deploy their applications on the web. We developed a solution for Reforms to Gas Trading Agreement for a utility company in United Kingdom. This effort won the award for "Best Initiative of the Year 1999" from the UK Utility Industry Association. We designed and developed Internet based securities trading system for a Japanese customer, which won the award for "Significant Business Benefits" from the Ministry of International Trade and Industry (MITI), Japan.

In the 'e-infrastructure' market, we addressed the explosion of Software needs in communication products, computing products and embedded systems. In this market we provide a time to market advantage by undertaking product development services in technology areas like Intelligent Networks, Wireless Applications, Embedded Systems, System on Chip design, Board Design and Kernel / Operating System Software. Our alliances with ARM and Symbian expanded our footprint.

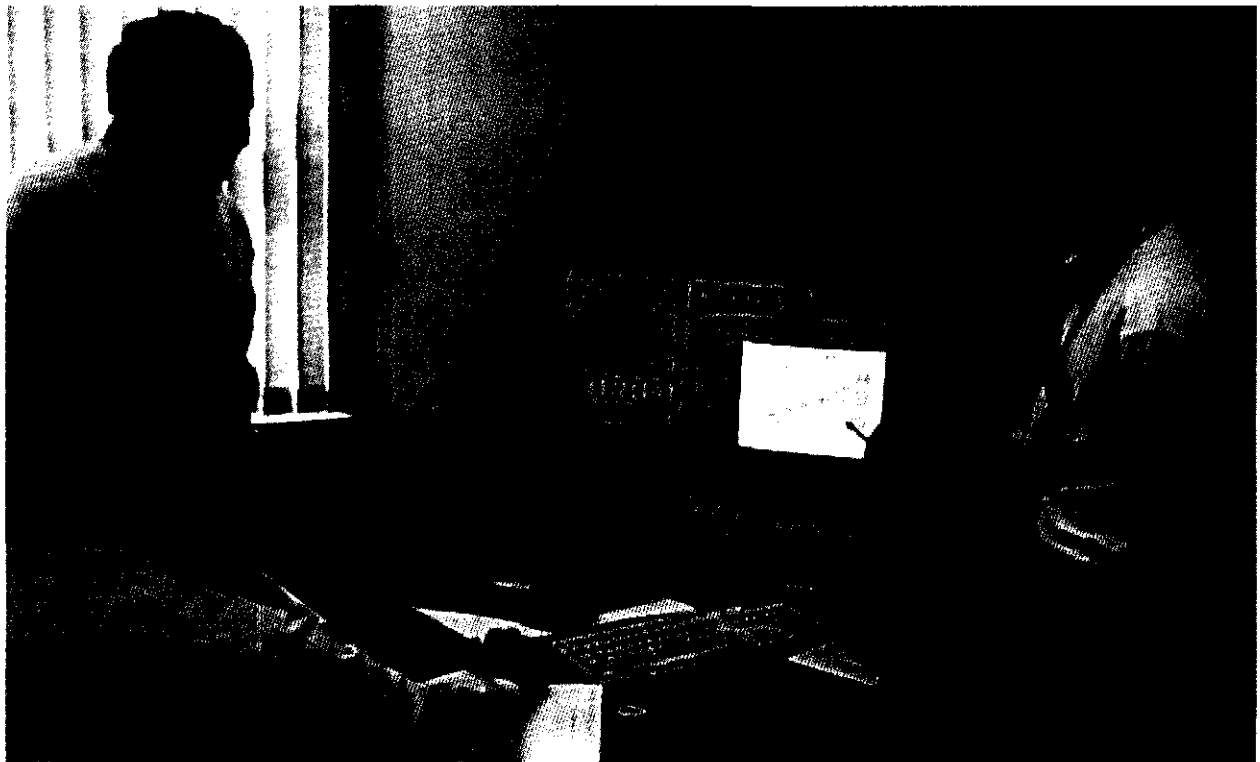
Some of the projects we executed this year

include a project for a Japanese consumer electronics company for developing a device with a Bluetooth core stack using the ARM platform. The work included fabrication of a board to provide an interface between a baseband controller and a RF module using Altera's FPGA, and demonstrating successful communication with third party Bluetooth compatible devices.

For one of the largest communications equipment manufacturers in the world, we developed a Software subsystem to provide a SONET communication protocol that enabled a narrow band switch system to have broadband functionality. For another big communications equipment manufacturer, we developed several proprietary features to expand their wireless messaging platforms.

Quality Leadership and Benefits to Customer

Underpinning all new business initiatives was a sustained focus on Quality. Having achieved the privilege of being the first Software services

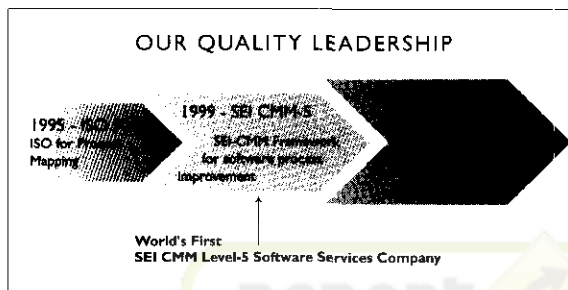


Integrating People Process and Technology to deliver Innovative Solutions



Wipro Technologies, our Global IT Services Business

company in the world to achieve Level 5 under the Software Engineering Institute's Capability Maturity Model, we ensured that all operating divisions reached that level. We reached beyond the SEI model to Six Sigma as a means for continuous defect reduction and cycle time reduction. To our Customers, this focus on excellence in Quality processes has resulted in better project schedule adherence, reduced error rates, better estimation capabilities and minimization of rejections. The net result is on time, on budget deliveries, in full conformance with specifications.



All in all, across the e-enabling and e-infrastructure space, we added 106 clients this year and had 39 clients grow to over \$1 mn in annual billing.

People - Our Key Resource

Our business is about people. With all the exciting opportunities, the year also marked a declaration of a war for talent. We stepped up our recruiting engine, hiring 2,500+ talented engineers. A broad based stock option program was rolled out covering 30% of our employee base, many for the first time. The work culture in Wipro continued to emphasize learning opportunities, job rotation and a world class work environment, thus ensuring continuous development of employees. We continued to foster an open culture, where every employee can express his or her ideas and have their voices heard.

We continue to invest in training for Team Wipro. In line with growing demand, our in-house training institute retrained 650+ members in E Commerce. We initiated an MS Program in

Telecom and Software Engineering with the University of Illinois Institute of Technology in Chicago. We grew our current program to offer a Post Graduate Diploma in Software Management to our employees through Indian Institute of Management, Bangalore. Our MS program in Computer Science from Birla Institute of Technology and Science, Pilani, for students at Wipro Academy for Software Excellence remains a benchmark in the industry. Managing our rich human resources will be the key to sustained business leadership, and we will need to continuously climb the value chain, maintaining our Quality leadership as we grow our talent base and continuously upgrade skills.

Global Presence

Our operations and Customer base spreads across North America, Europe, and Japan. To facilitate business development and get closer to our Customers we established 25 offices around the world, as well as local subsidiaries in the US and Japan. Our client base includes some of the top Fortune 500 companies. We have established a reputation as a low risk partner with our blend of industry experience, proven technology expertise, global reach and a track record of delivering high Quality services to global clients. Our partnerships with world leaders in the enterprise segment like Farmers, Seagate, Daiwa, Transco and Thomas Cook and in the technology segment like Nortel, IBM, Compaq and Alcatel, have been growing stronger by the year.

In summary, we integrate **people, process and technology** to deliver **innovative solutions** that enable the effective implementation of IT strategies. Solutions are customized to individual client needs and delivered with consistency and reliability as a result of our **leadership in Quality**.

As we continue to see increasing demand for IT services, continue to earn the trust of our valued Customers and create an exciting and energizing work environment for Team Wipro, we see our momentum continuing unabated.



Wipro Infotech, our Indian IT Services and Products Business

Our Business

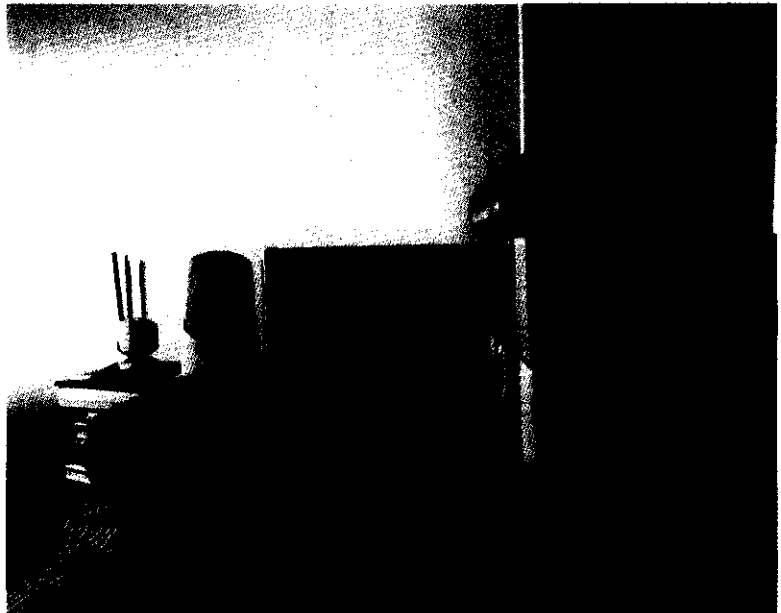
In the new millennium, Wipro Infotech has transformed itself from being a supplier of products and availability services, to being a truly global provider of Customer centric solutions. This is not new for us. We are, in essence, implanting the knowledge we have acquired this past decade serving our global customers, to provide our Customers in India with a wide array of solutions. For the Indian Customer this means that he/she is now part of the same global village with access to the same level of services we provide in any other part of the world. For investors this translates to higher levels of profitability, and the beginnings of an annuity business that would provide stable earnings growth. In 1999-2000 the services piece of the business contributed more than a third of our profits. Our ambition is to significantly take this percentage up in near future.

The market globally is changing. Disintermediation has become a reality, and CEOs cannot but sit up and take notice of the fast changing environment. Decision making that used to be centralized in the IS function is now being driven by CIOs and CEOs. Strategic value to business is now the core theme. Add to this the collapse of the distinction between the enterprise space and the Internet space, and you have a recipe that gets complex by the day. Customers are demanding solutions right across business functions, and are increasingly looking towards a single vendor to provide all these services.

The internal organization within Wipro Infotech has been streamlined to reflect the new realities. As of April 2000 there are three groups that focus on the Customer. The Enterprise Products team focus on hardware. The Solutions and Services team

focuses on providing Applications and Systems Integration services from the enterprise layer into the Internet layer. The Peripherals team manufactures and distributes computer peripherals. To improve Customer response we have streamlined our front office to make sure the Customer sees a single Wipro face, and the value of our relationship is exploited for all our key accounts. To maximize reach we have expanded the channel we pioneered 15 years ago, and now serve Customers across the country through 180 dealers spread over 100 towns.

For Customer Services we have 100 franchisees with 900 engineers who address Customer requirements from 165 locations across the country. On the Infrastructure side we now have six call centres spread across the country to make sure that Customer satisfaction issues are addressed on priority. Our Internet subsidiary, Wipro Net Ltd, addresses the E-Enablement needs of over 800 corporate Customers. When we leverage the breadth of our business we get unparalleled cross – selling opportunities that no single company in India can match.



Learning with Wipro Voyager, the versatile home computer



Wipro Infotech, our Indian IT Services and Products Business

A clear example is our relationship with HDFC Bank started with the Bank's inception in 1994. We have been their IT partners since then, working with them to strategize, plan and implement their IT infrastructure, and assisting them in leveraging our IT skill set. Wipro today maintains HDFC Bank's wide area network covering 111 branches in over 37 cities with over 2000 PCs, 200 Intel and Unix servers, 100 routers and other peripherals. Our contribution in this relationship include: Supply of Hardware equipment and Software products, Availability Service for their wide area network of system uptime, monitoring of traffic on network, participating in, and implementing, design changes for their network and Facilities Management for their state-of-the-art data centre in Mumbai. We are implementing the largest Unicenter TNG site in the country for them, an Enterprise Management Software, that will facilitate management of all IT devices connected to their wide area network from a single location.

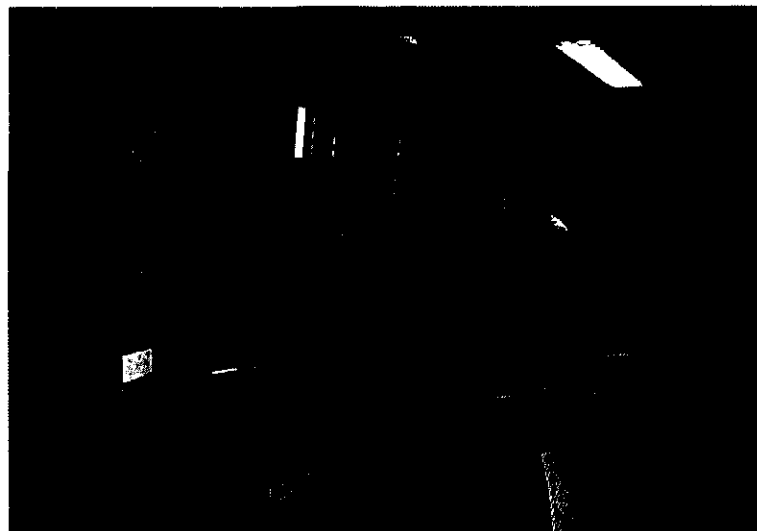
Quality Leadership

Our position of leadership in this business is built on Quality and innovative services. Our thrust on Quality under the Six Sigma initiative has taken deep roots in the organization. We have completed 60 projects during the year. The major pay offs have been in projects involving order to remittance cycle, reflected in lower receivables and inventory. Concurrently, we have documented most key processes through ISO 9000 certifications. Our System Integration practices, our manufacturing facilities and warehousing operation are all ISO certified. With a documented process in place, it is easier to implement Six Sigma projects to realize tangible benefits.

People - Our Key Resource

People make the difference in the Services business, more so if the Services are technology intensive. We have been leaders in this business for the last two decades. Our innovative approach to marketing is exemplified in our introducing channel sales in 1985, using franchisees for services in 1991, and, since 1995, partnering global suppliers for meeting customer needs. Leveraging on the team which executes the Customer service business in India, we extended the concept of Global Support in 1999 by offering network management and implementation of Call Centers for international clients. To execute this service offering, we leverage the marketing network of our Global IT services team. We have grown this service to a significant size, and are poised to grow this business significantly.

The journey we have embarked upon will change the fundamental structure of the organization and the way we do business. At the end of the day, all strategic shifts have to result in significantly higher market shares, with continued performance on financial parameters. We are confident that we will do exactly that.



Wipro's Network Management Centre for providing Internet Services