

Spirit of Wipro

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Annual Report 2005 - 06



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Spirit of Wipro

Intensity to Win

- Make customers successful
- Team, Innovate, Excel

Act with Sensitivity

- Respect for the individual
- Thoughtful and responsible

Unyielding Integrity

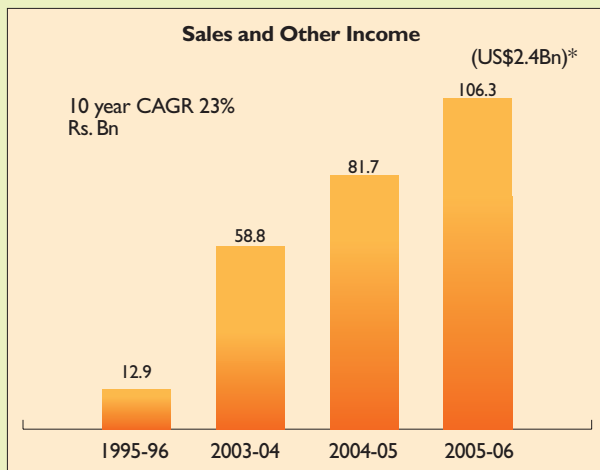
- Delivering on commitments
- Honesty and fairness in action

Spirit of Wipro is the core of Wipro. It is the contemporary articulation of the never changing Values that Wipro practices and is rooted in current reality. But, at the same time, it is aspirational.

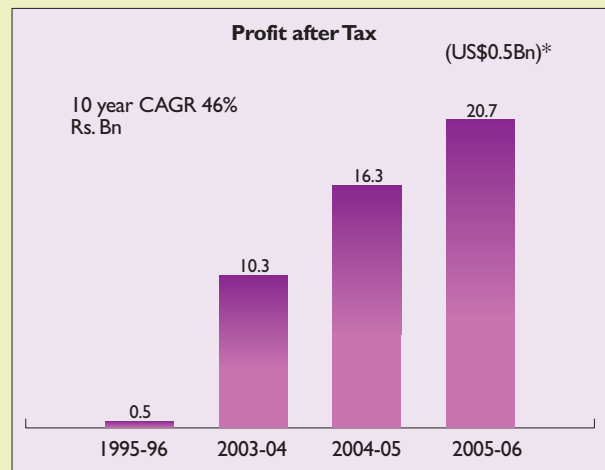
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Board of Directors	Inside back cover

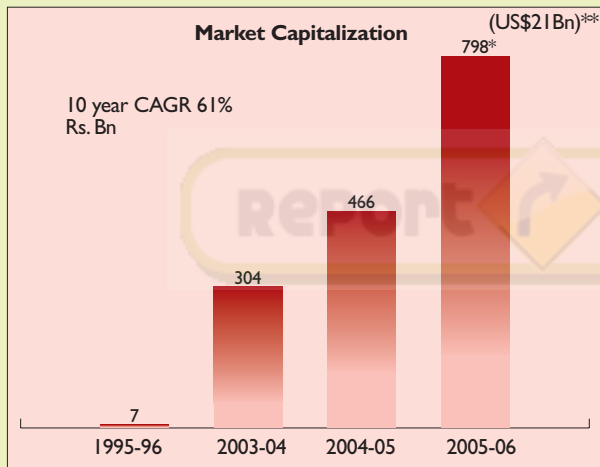
Winning Performance



*Translated at \$1=44.48

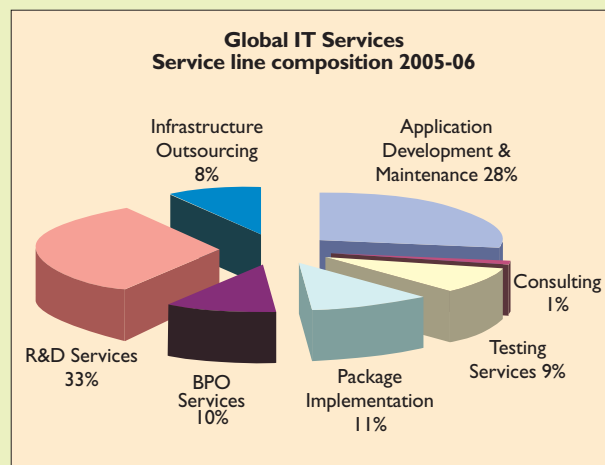
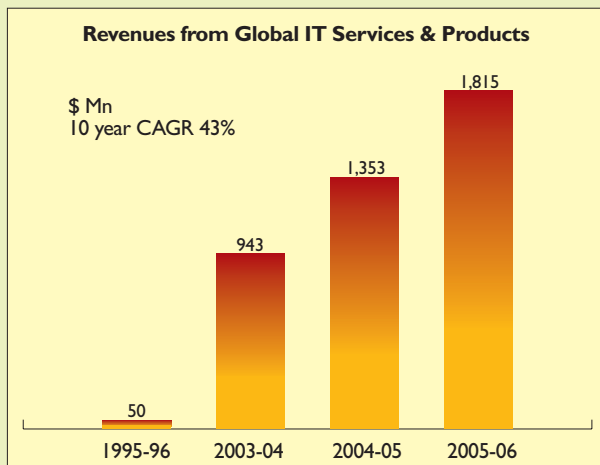
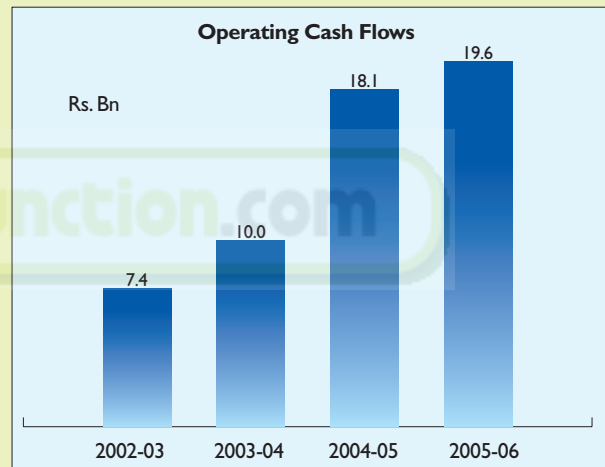


*Translated at \$1=44.48



* Based on market price as on March 31, 2006 of Rs. 560

** Based on ADR price as on March 31, 2006 of \$ 14.87 - \$ 21Bn



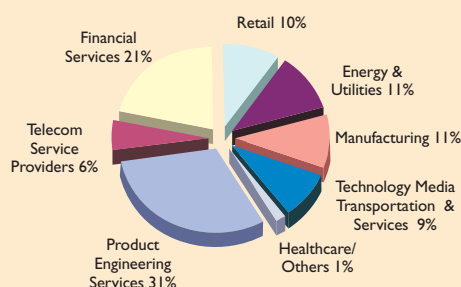
WIPRO LIMITED CONSOLIDATED SEGMENT WISE BUSINESS PERFORMANCE

Rs. in Million

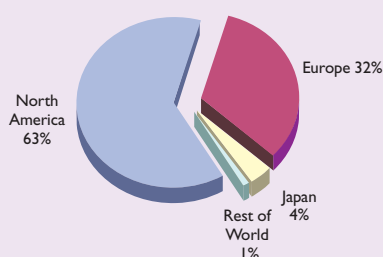
Particulars	Year ended March 31			
	2004	2005	2006	% Growth over 2005
Segment Revenue				
IT Services	39,201	54,230	72,531	34
Acquisitions	-	-	502	-
BPO Services	4,374	6,523	7,627	17
Global IT Services and Products	43,575	60,753	80,660	33
India & AsiaPac IT Services and Products	9,762	13,964	17,048	22
Consumer Care and Lighting	3,649	4,723	6,008	27
Others	1,826	2,258	2,542	13
TOTAL	58,812	81,698	106,258	30
Profit before Interest and Tax - PBIT				
IT Services	8,530	14,835	18,751	26
Acquisitions	-	-	45	-
BPO Services	1,009	1,206	1,058	(12)
Global IT Services and Products	9,539	16,041	19,854	24
India & AsiaPac IT Services and Products	792	1,042	1,459	40
Consumer Care and Lighting	551	672	805	20
Others	277	397	388	(2)
TOTAL	11,159	18,152	22,506	24
Interest (Net) and Other Income	873	796	1,272	
Profit Before Tax	12,032	18,948	23,778	25
Income Tax expense including Fringe Benefit Tax	(1,681)	(2,750)	(3,391)	
Profit before Share in earnings / (losses) of affiliates and minority interest	10,351	16,198	20,387	26
Share in earnings of affiliates	23	175	288	
Minority interest	(59)	(88)	(1)	
PROFIT AFTER TAX	10,315	16,285	20,674	27
Earnings per share - EPS				
(PY: Adjusted for bonus issue in ratio of 2:1)				
Basic (In Rs.)	14.87	11.70	14.70	
Diluted (In Rs.)	14.85	11.60	14.48	
Operating Margin				
IT Services	22%	27%	26%	
Acquisitions	0%	-	9%	
BPO Services	23%	18%	14%	
Global IT Services and Products	22%	26%	25%	
India & AsiaPac IT Services and Products	8%	7%	9%	
Consumer Care and Lighting	15%	14%	13%	
TOTAL	19%	22%	21%	
Return on average capital employed				
IT Services	59%	81%	76%	
Acquisitions	-	-	3%	
BPO Services	18%	16%	14%	
Global IT Services and Products	47%	62%	59%	
India & AsiaPac IT Services and Products	53%	63%	77%	
Consumer Care and Lighting	86%	89%	76%	
TOTAL	30%	39%	37%	

Notes: For notes to segmental report please refer page 104 of Annual Report - "Notes to Segment Report".

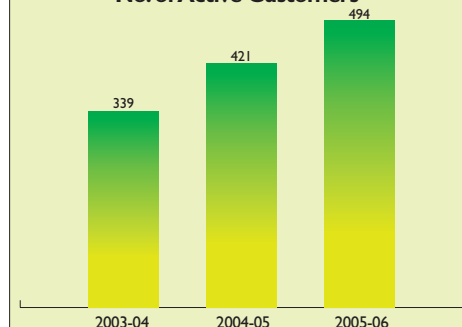
Composition of Business Verticals 2005-06*



Geography wise composition of revenues 2005-06*



No. of Active Customers*



* For IT Services only



Dear Stakeholder,

Wipro is 60 years old today. From its humble beginning as a company manufacturing vegetable oil to becoming one of World's leading technology service providers, the journey has been an exciting and deeply invigorating one. Along the way, we have created an enviable track record. Over a six decade period, our Revenues have grown by a compounded annual growth rate (CAGR) of 21%; our Net Income has grown by a CAGR of 31% and our Market Capitalization by a CAGR of 25%*. Importantly, in most of these years, we have led the industry growth in the segments we operate in. And all the time we have constantly invested, to conquer new frontiers and sustain future growth.

The results for 2005-06 are a continuation of this trend. During the year we made strategic acquisitions and several organic investments for accelerating growth, drew up an aggressive strategic plan, added highest ever number of people to our team and streamlined our organization structure. Through all this, we delivered industry-leading Revenue growth in all our businesses, recording strong profit growth and stabilized margins which crossed several landmarks in the process:

- Our Revenues crossed the Rs. 100 billion threshold
- Revenues in our combined IT businesses surpassed the \$2 billion landmark
- In our Global IT business, Product Engineering

Services business - one of our key differentiators - crossed half-billion US Dollars in annual Revenues, as did our Revenues from Europe

- Our Profit After Tax crossed Rs. 20 billion
- Our team size in Global IT business crossed 50,000

What has made this track record possible? I would attribute this to two aspects of Wipro - one that is ever changing and the other that is never changing.

Our philosophy in running our business is one of embracing change. No matter how successful we were, no matter how secure we were, there was always this restless edge to do more, to achieve more. This has made us look beyond the present; it made us reach into the future. The challenge, however, is to do these strategic investments without diluting the focus on operational excellence that leads to flawless execution. That's where Wipro scores. Consequently, we have constantly reinvented ourselves and reinvested for future businesses, for we know that to reap benefits tomorrow, we need to sow the seeds today. And, more often than not, we have done this while improving our operational performance. For instance, our past investments in incubating newer services and geographies yielded fruits in 2005-06. It is very heartening to note that the strong growth in our Global IT business last year was driven by areas where we have invested proactively in the past - be it

* Based on closing share price of Rs. 559.70 on March 31, 2006 at the National Stock Exchange.

Technology Infrastructure or Testing in Service lines or Europe in geographies. Similarly, our investments in Innovation initiatives are beginning to pay off. Innovation initiatives contributed about 5% of our Revenues for the year and our plan is to make this 10% of our Revenue in three years. Many of our strategic customer wins were made possible because of our breadth of services and Innovation initiatives.

Our India, Middle East and AsiaPac IT business won 5 consecutive contracts in the Total Outsourcing space - which is a unique and specialized Service line - culminating in a Rs. 360 crore (\$80 million) multi-year Total Outsourcing Contract with HDFC Bank. I have already talked of the strategic initiatives we took during the year, so I will not labor that point. The good news is that we continue to make such proactive investments for the future to create the next set of sustainable differentiators.

Our philosophy in dealing with our stakeholders is based on the foundation of enduring Values. Over the years, our core Values have not changed, even though we have constantly rearticulated them to make them relevant to changing times. These Values guide us in all our transactions and relations. These Values define what Wipro is and what we mean to our stakeholders. We call this Spirit of Wipro.

Spirit of Wipro is the core of Wipro. It is rooted and it is aspirational... thus making it *future active*. Spirit of Wipro means manifesting **intensity to win, acting with sensitivity** and being **unyielding on integrity** all the time. Let me take a moment to expand on each of these statements.

First, **Intensity to Win**. This is the desire to stretch, to achieve that which seems beyond our grasp. This is aiming for maximum. This is the ardor to do our best, the hunger to be the best. It is about working

together to create synergy. It is realizing that I win when my team wins, my team wins when Wipro wins, and Wipro wins when its customers win, when its stakeholders win.

However, it is not about winning at any cost. It is not about winning every time. It is not about winning at the expense of others. When we play to win, it does not mean playing dirty. Playing to win brings out the best in us, in our teams, and in Wipro. It is about innovating all the time. It is a continuous endeavor to do better than last time. It is the Spirit of fortitude, the Spirit of never letting go... ever.

Second, **Acting with Sensitivity**. As I see it, the core of sensitivity is respect. And respect comes from equity, from trust and from harmony. Equity is knowing that all of us are equal - no matter what role we play in our lives. The other source of respect is trust. Trusting that every individual is driven by learning, that each individual would like to grow, that every individual strives for a meaningful life and is intrinsically driven to do the best. Therefore, true respect means creating conditions in which every individual grows to realize his or her promise and potential. Finally sensitivity means living in harmony with the world around us - with society, and with ecology. If we act with thoughtfulness, act responsibly, act with empathy... then we are acting with sensitivity.

Third, **Unyielding Integrity**. That integrity means delivering on the commitments we make is obvious. But integrity also has a higher meaning - and that is a commitment to searching for and acting on the truth. At Wipro we have always believed that there will be no compromise on integrity and that as Wiproites we must always establish the foremost standards of honesty and fairness. Each one of us is our own litmus test of integrity. For integrity is the manifestation of conscience.





I believe that it is the combination of Spirit of Wipro and our ability, desire and willingness to invest for the future, without letting up on execution, that has been the formula, if I may say so, for our success.

With the strategic as well as operational success of past years behind us, we look to the future with more enthusiasm than ever before. The IT Services industry is evolving from a simple Service Provision mode to a more complex and higher Value Added Knowledge Creation mode. Delivering value to customers in the emerging scenario will require a comprehensive but tightly knit combination of domain expertise, integrated-service offerings, innovative solutions structuring and deep technical knowledge. We have identified and rolled out initiatives in our Strategic and Operational Plans in this direction. We are confident that this will be a significant differentiator for us that will enable us to continue to lead industry growth. Additionally, inorganic initiatives can help accelerate this process and supplement organic growth rate. Our experience with the acquisitions so far has been quite satisfactory. This has given us confidence to pursue this strategy more aggressively in future. We will similarly pursue strategic initiatives identified in our Strategic Plan to deliver strong growth in future in all our businesses.

Clearly, Wipro's businesses are all in the sweet spot of strong growth. We have the game-plan to leverage the opportunities and realize our growth potential. And Spirit of Wipro will ensure that our businesses are so run that our stakeholders win. This will help

Wipro deliver sustainable and profitable growth for many years to come.

I thank you for all the support and encouragement you have given us so far. Let me assure you that our hunger for growth is far from sated, our ambitions far from fulfilled and Vision far from achieved. Every Wiproite is charged to give her/his best.

After all, we have a track record to maintain and exceed.

Very Sincerely,

A handwritten signature in black ink, appearing to read 'A. Premji', is written over a horizontal line.

Azim H Premji
Chairman
April 30, 2006

Wipro Limited is a US \$ 2.4 Billion organization with over 55,000 employees and operations in 16 countries. Its businesses are:

Global IT Services & Products Business – Wipro Technologies

Wipro Technologies is a global provider of Consulting, IT Services, and Outsourced R & D, Infrastructure Outsourcing and Business Process Services. We deliver technology-driven business solutions that meet the strategic objectives of Global 2000 customers. With over 25 years in the Information Technology business, Wipro is the largest outsourced R & D Services provider and one of the pioneers in the remote delivery of services.

Our key differentiators include end-to-end services, an adaptive, value-driven engagement model and an obsessive focus on quality in every aspect of service delivery.

Our 360° service portfolio covers Enterprise Applications, Infrastructure Services, Testing, Business Process Outsourcing Services, R & D Services and Consulting across various domains. We combine a proven global services delivery model, with quality leadership based on a secure and reliable infrastructure in bringing significant value to our customers. We have among the World's largest remote technology infrastructure management practices and are among the Top 3 offshore BPO service providers by revenue.

We deliver unmatched business value to customers through a combination of process excellence, quality frameworks and service delivery innovation. Wipro is the World's first PCMM, CMM and CMMi Level 5 certified software services company and the first outside USA to receive the IEEE Software Process Award. We are the first services company to embrace Six Sigma, Lean manufacturing and factory model concepts to software engineering.

Wipro is also the first global services company to adopt an industry-driven market facing structure and have over 40 industry facing Centers of Excellence, which create solutions and build expertise for the specific needs of individual industries. A dedicated innovation council funds new projects within Wipro in the areas of product, service and delivery innovation and intellectual assets creation to help customers stay ahead of the obsolescence curve.

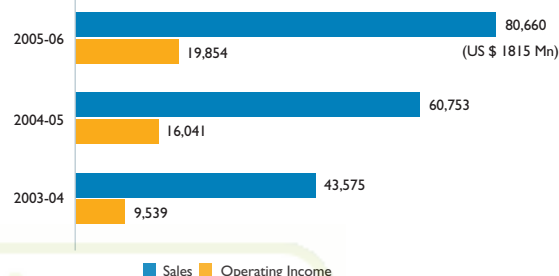
We have over 490 active clients, a wide geographical diversity of operations with over 40 development centers and 10 near shore centers spread across India, Japan, China, Eastern Europe, France, Austria, Sweden, Germany, UK and USA.

Wipro is the only Indian IT services provider ranked among the Global Top 10 outsourcing companies in IAOP 'Global Outsourcing 100' rankings.

Wipro's remote infrastructure management solution, the Global Command Center won the 2006 NASSCOM Innovation Award and Wipro BPO was awarded the 'Company of the Year' in the 2006 India Times BPO awards and the 'Best Offshore Partner' in Everest Group's 'Outsourcing Excellence Awards'. Wipro's training and knowledge management excellence earned it the prestigious BEST award from ASTD for the third year in a row.

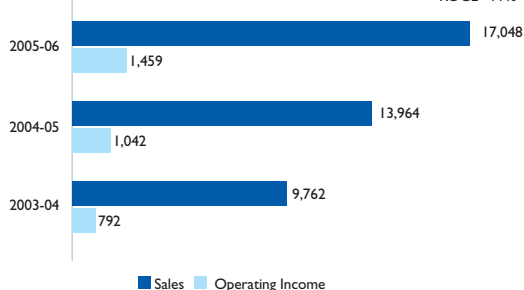
Global IT Services & Products

ROCE - 59%



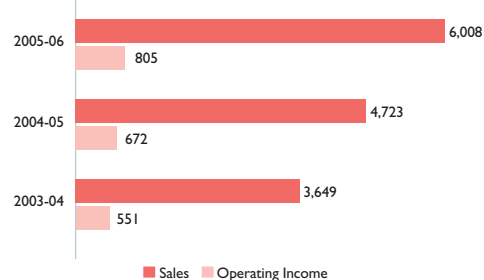
India & AsiaPac IT Services & Products

ROCE - 77%



Wipro Consumer Care and Lighting

ROCE - 76%



India, Middle East & AsiaPac IT Business – Wipro Infotech

Wipro Infotech provides enterprise customers with high value Information Technology Products, Services, Solutions and Consulting Services in India, and provides Technology & Software Services and Consulting Services in the Middle East and ASEAN. Our portfolio includes Consulting, Infrastructure Provisioning and Management Services, Package implementation and ground up application development, technology products and Management Services. We have the breadth of offerings and the necessary quality processes to become the customer's strategic IT partner. IDC has ranked Wipro Infotech No. 2 in the Domestic IT Services Market. We are the World's first Products, Services and Solutions Company to be certified, Enterprise wide at Level 5, Version 2.0 of PCMM.

Wipro Infotech serves customers in India through a network of 22 offices and 170 service locations across the country. We have business offices in the Middle East and Asia Pacific. We have more than 5,200 employees operating in these geographies.

We are a leading Total Outsourcing Services provider in India enabling enterprises to align IT and Processes to Business goals through consultancy services, program governance, provisioning of Information Architecture and Management. Our Total Outsourcing proposition received overwhelming response from major Banking, Energy and Manufacturing organizations. In 2005-06, Wipro Infotech won major contracts for Total Outsourcing services from Sanmar Group, OptiMix, and HDFC Bank and from a leading energy exploration company.

Through Global Service Management Centre (GSMC) based in Mysore, we offer customers an integrated service delivery facility for remote applications and infrastructure management and provide seamless IT lifecycle services leveraging knowledge, processes, tools and measured through business impact metrics. The GSMC assures highest levels of security using methods like Biometric Security Devices, Password Vaults and Data Encryption.

Wipro Consumer Care and Lighting

Wipro Consumer Care and Lighting is a leading player in the branded consumer products market with presence in personal care, baby care, wellness products as well as domestic and institutional lighting. Our presence in the office modular furniture market has grown significantly. We have entered the modular switches market through an acquisition, recently.

Our flagship brand Santoor, the fastest growing toilet soap brand in India, is India's second largest popular soap brand, with a consumer value of close to Rs. 4,000 Million. We are the leading players in commercial and institutional lighting. Our intelligent and aesthetic lighting systems have captured the imagination of architects and builders. In the wellness segment, we were the first company to launch value added Honey under the brand name Wipro Sanjeevani Honey.

