

HUMAN QUOTIENT

AT WIPRO



Annual Report 2009-10



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**Certain statements in this Annual Report are based on the management's current expectation & forecasts and may be considered as forward-looking statements. There are a number of risks, uncertainties and other factors that could cause actual results to be materially different from management's current expectation and forecasts.*



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About us



Wipro Limited (NYSE:WIT) provides comprehensive IT Solutions and Services, including Systems Integration, Information Systems Outsourcing, IT Enabled Services, Package Implementation, Software Application development and maintenance, and Research and Development Services to corporations globally. Wipro Limited is the first PCMM Level 5 and SEI CMM Level 5 certified IT Services Company globally. In the Indian market, Wipro is a leader in providing IT Solutions and Services for the corporate segment in India, offering System Integration, Network Integration, Software Solutions and IT Services. In the Asia Pacific and Middle East markets, Wipro provides IT Solutions and Services for global corporations. Wipro also has a profitable presence in niche market segments of Consumer Products, Lighting, Furniture, Eco Energy, Water treatment and Hydraulic business.

Business success is an evolving science.

It involves analyzing the unpredictable, anticipating change and deciding in real-time to act with flexibility and purpose.

For Wipro, it amounts to doing all these on a global scale.

And while one can measure an organization's success by various indicators, very rarely is it measured by its most fundamental driver: the energy and intellectual capital of its people.

Or as we would like to describe it: The Human Quotient or HQ.

The Human Quotient is not a number. It's a value.

At the heart of this value is the insight that given the opportunity, people treat work less as a job, and more as an inner calling.

That if empowered, they would lead far more than they would choose to follow.

So, more than a workspace, we built a place for people to play. And created channels that encourage them to share ideas and collaborate.

We created a culture of openness that celebrates and thrives in diversity. 'Glocalisation' isn't a term we invented, but it certainly describes our practice.

We created a seamlessness that integrates our various businesses and aligns it to the shared organization goal – to deliver greater customer value.

A shared purpose that believes sustainability is at the core of profitability. And translates this through solutions that benefit our customers.

Even as it transforms the community.

It's a HQ that finds its finest expression in our people taking ownership of the success and growth of our customers' business.

And leaves no stone unturned to achieve it.

Business success is an evolving science.

At Wipro, we believe, by nature, it is really a human one.

Financial Highlights

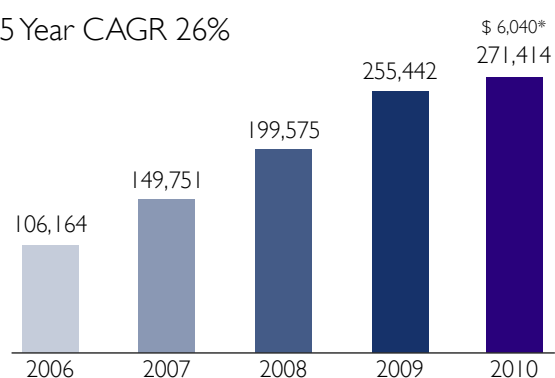
(Rs. in Mn except per share data)

	March 31 st	
	2010	2009
Financial Performance		
Revenue	271,414	255,442
Profit Before Tax	55,095	45,196
Provision for Tax	9,163	6,460
Profit After Tax before minority interest/share in earnings of associates	45,932	38,736
Profit After Tax	46,310	38,999
Earnings Per Share		
Basic	31.78	26.81
Diluted	31.56	26.72
Operating Cashflows	50,998	36,099
Capital Expenditures, net	(10,632)	(16,388)
Dividends payout (including distribution tax)	10,092	6,856
Rate of Dividend	300%	200%
Financial Position		
Cash and Investments	106,610	69,793
Goodwill	53,346	56,521
Net Fixed Assets (including CWIP)	56,294	52,563
Net Working Capital	91,389	61,313
Capital Employed	245,393	193,427
Networth	182,425	136,284
Debt	62,513	56,892
Market Capitalization*	966,523	600,245

*Based on closing price in NSE as on June 1, 2010

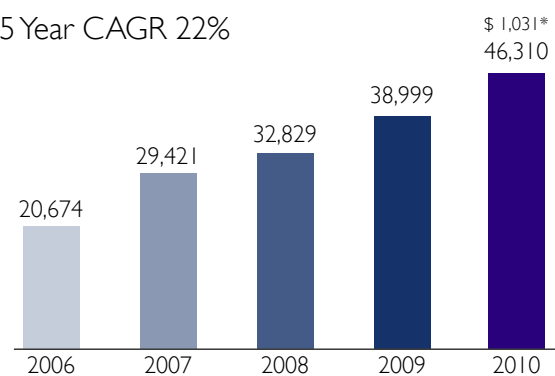
Revenue in Rs. Mn

5 Year CAGR 26%



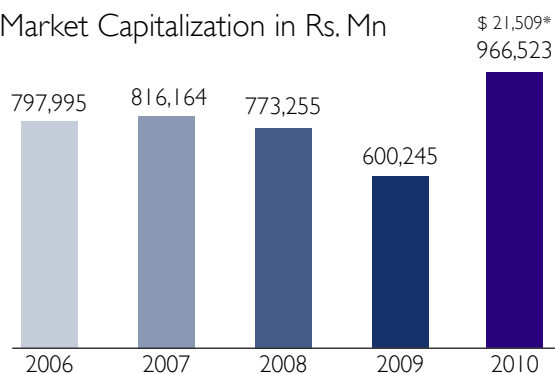
Profit After Tax in Rs. Mn

5 Year CAGR 22%



Market Capitalization in Rs. Mn

Market Capitalization in Rs. Mn



* Based on exchange rate as on March 31, 2010 - Rs. 44.935/USD



A CONVERSATION WITH OUR CHAIRMAN

Investor Relations:

Thank you very much for talking to us today in your first ever internal interview.

Let me start off with your recent trip. You have just come back from the US, the Europe and the Middle East. How is the environment looking now compared to what you had seen three months ago in your last trip or even a year ago?

Azim Premji:

Europe is doing a slow turnaround. One expects it to be slow, irrespective of the crisis which is being faced in Greece. It will settle in. We should be able to see a one to two percent growth rate varying from country to country.

The US to me was surprisingly bullish. I met a lot of people there. It turned out more bullish than what I thought it to be. The CEO is confident. Her organisation is far more leaner, far more efficient and far more focused. They have a pent up demand of the previous year in terms of CAPEX investments and decisions are getting made. And unlike the previous year, specifically for IT and IT services where even budgets were not getting released, budgets are getting released. We are seeing the first signs of discretionary investments taking place. So all in all, the mood is positive.



I think there is a huge opportunity for global partnering. There is a huge opportunity for leading Indian Services companies and it is upto us to be able to meet those opportunities.

Investor Relations:

It's great that the mood has turned around. If I were to take you back by 18 months when the world was falling apart it was a very humbling experience for many organizations including Wipro. What do you think are some of the key learnings for Wipro as an organization and personally for you?

Azim Premji:

I have been through cycles before. It seems to be happening in a periodicity of 5 to 10 years. But this was not just a recession cycle, it was a reset cycle. It is of an intensity far deeper, far more widespread across the globe than one has ever experienced in the past. I think the smart thing we did at Wipro is we saw it coming earlier than our competition. That was very fortunate. So we started putting actions in place three to six months before most of our competitors did.

The major take aways were, I think it has resulted in a new set of revised, realistic expectations created among young people, that stable and good leadership companies who look after people are very valuable to work for and build a career.

There is a huge opportunity for leading Indian Services companies and it is upto us to be able to meet those opportunities.

We want to be leaders in growth rate with quality, with value and with value addition to the customer.

Because companies that come in and go out or companies which are short term can get very ruthless and very knee jerk when it comes to a crisis, to be able to manage the crisis. Two, it forced us to look at fundamentals in terms of our training methods, intensifying more training to re-position people and re-calibrate them to the changing environment. Three, we intensified focus in innovation and prioritizing the right themes in innovation like Green and Cloud Computing both of which we have become industry leading in terms of thought.

And finally, focusing with renewed intensity on building pricing and delivery models which are much more non-linear in the sense that they have much more higher output of revenue, customer value, customer satisfaction as well as profits per person. So the constant dependence that if you increase sales 10% you will have to increase headcount 10%, that equation gets significantly changed going forward.

So as a company we have emerged far stronger as a result of this reset than we were at the beginning of it and we feel far more competent including our consulting business which we have built, the excellent domain understanding we have built... plus we used this opportunity to really recruit some outstanding global talent because global talent was available. And that talent has been inducted at top management level, at a senior management level, at middle management level as well as the sales level - good, solid sales people and above them very good, solid, broad-based profit-oriented customer engagement partners.

Investor Relations:

The new reset you talk about, what do you think will drive the growth this year?

Azim Premji:

Customers are looking for partners versus suppliers. Large companies who have a breadth of services and who have an approach on relationships make better partners than they make suppliers. Two is that customers are looking for companies which are end-to-end. They don't have to deal with a multiplicity of companies for their requirement. So companies like us which have a very integrated offering of IT and BPO, of IT and infrastructure, of consultancy, of specialization in various strategic business units offering deep domain solutions to customers are going to get preferred. I think customers are also looking for companies which have part solution to their problem and then are able to customize those solutions to their specialized requirements. This gives an opportunity for intellectual property, build solutions, take those to market, customize and system integrate those solutions and give a turnkey output of value. And customers are looking for models which are non-linear where a significant cost is people and you are able to reduce that percentage of cost through non-linearity and offer pricing which is outcome linked and share part of the benefit with the customer. Both sides end up in a win-win situation including employees because they start doing more higher value add work versus doing pure programming work.

Investor Relations:

Are there any targets or ambitions you can share with us on a three year vision? Something you aspire to be in each of these businesses?

Azim Premji:

One thing is very clear. In each of our businesses our target is to grow significantly ahead of competition. When I say competition, I am talking general industry and am talking about top three or four companies we benchmark with. We want to be leaders in growth rate with quality, with value and with value addition to the customer.

Second thing which we are very clear is in our IT Services business, we aim to be among the top five in terms of market capitalization.



As a matter of fact we are already in the top seven or eight in terms of revenue. I think a good, simple definition of leadership is that are we called on the table by leading clients as one of the top three, when they are looking for partners for complex solutions for their requirements. And we must get onto that table. In India we are on that table. There would be no large, complex systems integration where the customer has not proactively invited Wipro to be on the table to provide that solution in terms of a competitive bid. What we have done India, what we are now achieving in the Middle East, we have to achieve in all the markets we operate in. Then we are in a true leadership position.

Investor Relations:

We would like to talk about one of the diversifications Wipro has made into the EcoEnergy business. There is a new leadership heading that business. What is the rationale for diversifying into that business? Where do you see that business going?

Azim Premji:

We see it as a huge opportunity in terms of unfulfilled customer requirement. Maybe we are uniquely positioned compared to any other company, certainly any other company from India, to be able to offer solutions to customers. It is today a market which is about US \$ 1.5 Trillion and in ten years time it is a market which is going to be double that. What we are trying to do there is to combine our expertise in IT Services, our expertise in IT hardware manufacturing including complex equipment manufacturing and our expertise in discreet engineering because of our infrastructure business, our water company and our LED business in Lighting. We bring all the technologies, all the competencies required to give integrated solutions to customers. Our approach is selectively pick customers which have a very high energy and water requirement. Analyze their requirements through consultancy and give them a set of recommendations where we believe that they can save anywhere from 10% to 30% on the cost of energy and at the end of it have a more sustainable and greener organization. If they approve in principle...the next step...systems integrate a solution for them to be able to achieve the end objective. Implement that solution and then get managed services revenue from managing that solution partly onsite, but mostly on an offshore and remote basis.

We launched the business about 14-15 months back. We believe we have a first mover advantage. We have an extremely strong brand in Middle East and India, and will select high energy customers globally including telecom customers. We have had order wins, we have had implementation track record to our success. We are broad-basing this business and we are putting together a world class team.

Investor Relations:

The focus today is in having a diverse and multinational work force and Wipro has been ahead of the curve. What is the rationale for this and how are you promoting it? Secondly, when will we see a woman CEO or a woman director on our board?

Azim Premji:

We today have over a 100,000 people globally, out of that little over 20,000 people are based overseas. Of the people based overseas about 40% are locals. When I say locals I'm just not talking about foot soldiers, I'm talking about top to bottom - top management, senior management, middle management, customer engagement managers.

Our objective is this: 40% people we will take to 50 to 60%, certainly 50% in the next 12 to 18 months. This is country by country. We are also globalizing our delivery centres because customers want geographical risk distribution, customers want language flexibility, and customers want localization requirements. So we now have multiple centres all over the world whether it be in China, Philippines, Brazil, Portugal, Mexico, Eastern Europe, Saudi Arabia, UAE or Egypt.

We bring all the technologies, all the competencies required to give integrated solutions to customers.





I think the important thing is the Spirit of Wipro. It is something which we expect everyone to follow in letter and in spirit and we have been reasonably successful in doing this.

In terms of leadership I think we have moved very well in the past 18 months in either promoting from within like we just did with our Head of Europe or selectively going into the market and hiring the best talent in leadership. We also see more women in senior leadership positions at Wipro and this will only continue to grow. We have also been very sensitive to the fact that wherever we have organized in a country, we want local leadership. As an example, if you look at Britain our leadership is British, if you look at Germany our leadership is German, if you look at France our leadership is French, if you look at Japan our leadership is Japanese.

Investor Relations:

Our theme for the Annual Report this year is Human Quotient which in essence is celebrating the spirit of people. One of the elements of that theme is really the ownership mindset that people bring to their jobs whether it be running a Profit Centre or performing their function. Wipro quite uniquely has had people at all levels who take a very ownership oriented approach to their jobs. Why do you think it is so?

Azim Premji:

One is because all our middle management and above have stock awards in the company. They are part of the destiny and significant part of their wealth creation has come from the appreciation of the stock. They have held on to it. They have encashed it and bought homes and they have bought homes for their children. That is an important element.

I think more important than that we have seen to it that the whole company we have broken into individual businesses and they work as a whole. At the same time there is complete responsibility for the heads of each of these businesses to run each of these like an independent unit, and therefore people take ownership like mini CEOs would take. We are trying to do the same with our customer engagement managers, where we already now have about 55 of them. We will very soon have 75 of them. We want to make them empowered to be mini-CEOs. So concurrent with this is the fact that we empower people when they are in these positions. We are trying to keep the bureaucracy at a minimum. I am not saying it works perfectly. But it is getting there because our information systems are getting more and more sophisticated to be able to give this empowerment to people with accountability.

I think the important thing is the Spirit of Wipro. It is something which we expect everyone to follow in letter and in spirit and we have been reasonably successful in doing this and we take feedback on this in leadership feedbacks and employee perception surveys. Leadership feedback once a year and employee perception survey once in 12 to 24 months. So we measure it. If there are areas of the organization where the enculturation has not taken place we coach leadership or we change leadership so that it becomes part of what gets transferred from top down as a matter of how the organization is built.

Net-net, I think it is a combination of everything which creates an environment where people feel that they own the company and people feel that they are very much a part of the company. But interestingly what is unique about our company is unlike some of our competitors is that the culture is very porous – porous with the result we are able to induct non-Indians, we are able to induct people from different nationalities, people even at a very senior management into this culture.

Investor Relations:

Talking of ownership and the amount of leadership you have created inside the organization, what does Wipro as an organization, and you personally, think about succession and succession planning?