

## DIRECTORS' REPORT

The Directors present the Annual Report of Wipro Limited for the year ended March 31, 2000.

The Scheme of Amalgamation of Wipro Computers Limited (formerly Wipro Acer Limited) with our Company has been approved by the Hon'ble High Court of Karnataka on February 16, 2000. The erstwhile Wipro Computers Limited stands merged with our Company with retrospective effect from April 1, 1999. The Annual Report of Wipro Limited for the year 1999-2000 has been prepared after giving effect to the amalgamation.

### Financial results

	(Rs. in mns)	
	2000	1999
<b>Sales and other income</b> (net of excise duty)	<b>23,129</b>	18,040
Profit before tax from ordinary activities	<b>3,507</b>	1,764
Provision for tax	<b>501</b>	62
<b>Profit after tax from ordinary activities</b>	<b>3,006</b>	1,702
Non-recurring/prior period items	<b>(523)</b>	(581)
Profit for the year	<b>2,483</b>	1,121
Appropriations :		
Interim dividend on preference shares	<b>26</b>	6
Interim / Proposed dividend on equity shares	<b>69</b>	69
Corporate Tax on distributed dividend	<b>10</b>	8

Sales of the Company in the year ended March 31, 2000, were Rs. 23,129 mns, up by 28% and Profit after Tax was Rs.3006 mns, up by 77% over the previous year. Over the last 10 years, Sales have grown at an average annual rate of 23% and Profit after tax at 43%. The Company's export at Rs.10,506 mns has registered a growth of 61% as compared to the previous year.

### Dividend

The Directors recommend that the interim dividend of fifteen percent per equity share be considered as the final dividend to be appropriated from the profits for the year 1999-2000 subject to approval by the members at the Annual General Meeting.

### Directors

Mr A Soota, resigned as a Director of the Company with effect from August 7, 1999. The Directors place on record their appreciation of the valuable advice and guidance given by him while he was a Director of the Company.

Mr Vivek Paul, was appointed as Vice Chairman of the Company with effect from July 27, 1999 as approved by the members at the last Annual General Meeting held on July 29, 1999.

Mr Hamir K Vissanji, Mr N Vaghul and Mr B C Prabhakar, retire by rotation and being eligible offer themselves for re-appointment.

### Fixed deposits

Fixed deposits from the public as at March 31, 2000, were Rs.0.89 mns, and the unclaimed deposits as at that date were Rs 0.89 mns.

### Subsidiary companies

As required under Section 212 of the Companies Act, 1956, the Annual Reports for the year 1999-2000 and Accounts for the year ended on March 31, 2000, of the subsidiary companies Wipro Welfare Limited (formerly Wipro Factors Limited), Wipro Net Limited, Wipro Trademarks Holding Limited (formerly Wipro Investment Limited), Wipro Prosper Limited (formerly Inlec Investment Limited), Wipro Inc., Enthink Inc., and Wipro Japan KK are attached.

With a view to reassure our investors, your Company has desubsidiarised Wipro Finance Limited to ensure accountability and derisk the Company by disposing off 48.69% of its holding of equity shares in Wipro Finance Ltd.

### Auditors

The auditors, M/s. N M Rajji & Co., retire at the conclusion of the ensuing Annual General Meeting and offer themselves for re-appointment. Members are requested to appoint them as auditors and fix their remuneration.

### Qualification to Auditor's report

Auditor's comments in their report under para 5(b) read along with note to accounts no.2 is self explanatory.

## Personnel

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is given in the Annexure forming part of this report.

### Wipro Employee Stock Option Plan (WESOP)

The Wipro Employee Stock Option Plan 1999 (WESOP 1999) was successful in enhancing employee commitment. As on March 31, 2000, 2325 employees have become beneficiaries under this WESOP and a total of 25,58,150 options were granted to them. The details of the options granted under the WESOP 1999 are given below:

Options granted : 25,58,150, Pricing formula : Market value on the date of grant not being less than 90% of the average closing price of the shares during the 15 trading days preceding the date of grant on the Stock Exchange on which the shares of the Company are listed; Options vested :NIL, Options exercised : NIL, Total number of shares arising as a result of exercise of option : NIL, Options lapsed : 1,46,500, Variation of terms of options : NIL, Money realised by exercise of options : NIL, Total number of options in force : 24,11,650,

Employee wise details of options granted to;	Name	Options	Name	Options
(i) Senior Management	Vivek Paul	25,000	Suresh C Senapaty	8,000
	P S Pai	15,000	Ram N Agarwal	5,000
	Dileep K Ranjekar	8,000	M Seethapathy Rao	4,000
(ii) Employees holding 5% or more of the total number of options granted during the year		NIL		
(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant		NIL		

The Board of Directors have obtained a certificate from the Auditors of the Company dated April 18, 2000 certifying that WESOP 1999 has been implemented in accordance with the guidelines and in accordance with the resolution passed by the members in the Annual General Meeting of the Company held on July 29, 1999.

The original certificate would be placed before the members of the Company at the Annual General Meeting to be held on July 27, 2000.

### Research and Development

We continued our R&D efforts to build competence in the emerging Internet, Telecom and Embedded Technology areas. We developed products and Intellectual Property components which enable us to offer a wide variety of high value design services. Some of the products / components developed through our R&D efforts include Protocol Stacks for wireless applications, components for Voice over IP applications and security software for web applications (WebSecure), Unix to Windows migration tools (UWIN) and Software for inverse multiplexing architecture (WIP-IMA).

The total expenditure on R&D during the year was Rs.87.35 mns including capital expenditure of Rs.6.89 mns.

### Foreign exchange earnings and outgoings

The foreign exchange earnings of the Company during the year were Rs10506 mns while the outgoings were Rs.8274 mns (including materials imported).

### Report on Corporate Governance

A detailed report on Corporate Governance has been included in pages 14 through 19 of the Annual Report.

### Status of Dematerialisation of shares as well as Reduction in par value of shares

The Company has achieved over 95% dematerialisation of its shares. As approved by the members in the last Annual General Meeting held on July 29, 1999, the Company had reduced the par value of shares from Rs.10/- to Rs.2/- effective from October 14, 1999. The Company has also kept ready new share certificates in lieu of old share certificates for exchange.

### Acknowledgements

The Directors thank the Company's customers, suppliers, bankers, financial institutions, Central and State Governments and shareholders for their consistent support to the Company. The Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company.

On behalf of the Board

Bangalore  
April 26, 2000

**Azim H Premji**  
Chairman