

WIPRO LTD
Form 6-K
July 07, 2005

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of the Securities Exchange Act of 1934

For the year ended March 31, 2005

Commission File Number 001-16139

WIPRO LIMITED

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

Bangalore, Karnataka, India

(Jurisdiction of incorporation or organization)

**Doddakannelli
Sarjapur Road
Bangalore, Karnataka 560035, India
+91-80-2844-0011**

(Address of principal executive offices)

Indicate by check mark if registrant files or will file annual reports under cover Form 20-F or Form 40-F.

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Form 20-F

Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g- 3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If Yes is marked, indicate below the file number assigned to registrant in connection with Rule 12g 3-2(b)

Not applicable.

TABLE OF CONTENTS

VALUE IN NUMBERS

LETTER TO STAKEHOLDERS

WIPRO BUSINESSES

PRACTICING VALUES TO CREATE VALUE

DIRECTORS REPORT

REPORT ON CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

ANNUAL REPORT FILED WITH SECURITIES AND EXCHANGE COMMISSION (FORM 20-F)

SIGNATURES

INDEX TO EXHIBITS

EXHIBIT 99.1

EXHIBIT 99.2

EXHIBIT 99.3

EXHIBIT 99.4

Table of Contents

This Form 6-K contains our Annual Report for the fiscal year ended March 31, 2005 that we mailed to holders of our Equity Shares and our American Depository Shares, or ADSs, on or about June 27, 2005.

We have attached the notice for our Annual General Meeting and related Proxy Forms that we mailed to holders of our Equity Shares and holders of our ADSs as Exhibit 99.1 to this Form 6-K. We have also attached the notice and proxy card for amendment to the objects clause of the memorandum of association of our Company that is required by Indian law to be mailed to holders of our Equity Shares and holders of our ADSs as Exhibit 99.2 to this Form 6-K. In addition, we have also attached the notices and proxy cards for the merger of Spectramind Limited, Mauritius and Spectramind Limited, Bermuda with Wipro Limited and the merger of Wipro BPO Solutions Limited with Wipro Limited, as required by Indian law to be mailed to holders of our Equity Shares and holders of our ADSs as Exhibit 99.3 and Exhibit 99.4, respectively, to this Form 6-K.

The information contained in this Form 6-K shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Table of Contents

Table of Contents

Our Promise with utmost respect to Human Values, we promise to serve our Customer with Integrity, through Innovative, Value for Money Solutions, by Applying Thought, day after day.

Table of Contents

CONTENTS

Value in numbers	02
Letter to stakeholders	04
Wipro businesses	08
Practicing values to create value	10
Directors report	33
Report on corporate governance	46
Financial statements	71
Annual Report filed with United States Securities and Exchange Commission (Form 20F)	132
Board of Directors	Inside back cover

Table of Contents

Value in numbers Sales and Other Income* Profit after Tax* 8210 year CAGR 25% 10 year CAGR 47% Rs. Bn Rs
. Bn 5916431099.41 1994-95 2002-03 2003-04 2004-05 1994-95 2002-03 2003-04 2004-05 * From Continuing Operations* Fro
m Continuing Operations Operating Cash Flows Market Capitalization 18 Rs. Bn 10 year CAGR 57% Rs. Bn (US\$ 14 B
n**) 466* 1030472685 1994-95 2002-03 2003-04 2004-05 2002-03 2003-04 2004-05 * Based on market price as on Marc
h 31, 2005 of Rs. 663** Based on ADR price of \$20.41 Revenues from Global IT Global IT Services Service
s & Products Service line composition 2004-05 \$ Mn 1,353 10 year CAGR 57% Infrastructure Application o
utsourcing Development & 943 R & D Services 6% Maintenance 28% 32% 62528 Consulting BPO Services Pac
kage Testing 5% 11% Implementation Services 1994-95 2002-03 2003-04 2004-05 11% 7% 2

Table of Contents**WIPRO LIMITED CONSOLIDATED****SEGMENT WISE BUSINESS PERFORMANCE**

Rs. in Million

Particulars	Year ended March 31,			% Growth over 2004
	2003	2004	2005	
Segment Revenue*				
Global IT Services and Products	30,487	43,575	60,753	39
India & AsiaPac IT Services and Products	8,395	9,762	13,964	43
Consumer Care and Lighting	2,991	3,649	4,723	29
Others	1,468	1,826	2,258	24
TOTAL	43,341	58,812	81,698	39
Profit before Interest and Tax PBIT *				
Global IT Services and Products	8,451	9,539	16,041	68
India & AsiaPac IT Services and Products	557	792	1,042	32
Consumer Care and Lighting	436	551	672	22
Others	240	277	397	43
TOTAL	9,684	11,159	18,152	63
Interest (Net) and Other Income	634	873	796	
Profit Before Tax*	10,318	12,032	18,948	57
Income Tax expense	(1,343)	(1,681)	(2,750)	
Profit for the period*	8,975	10,351	16,198	56
Net Loss on discontinuance of ISP business	(378)			
Profit before Share in earnings /(losses) of affiliates and minority interest	8,597	10,351	16,198	56
Share in earnings of affiliates	(355)	23	175	
Minority interest	(37)	(59)	(88)	
PROFIT AFTER TAX	8,205	10,315	16,285	58
Earnings per share EPS				
(PY: Adjusted for bonus issue in ration of 2:1)				
Basic (In Rs.)	11.83	14.87	23.41	
Diluted (In Rs.)	11.81	14.85	23.19	
Operating Margin*				
Global IT Services and Products	28%	22%	26%	
India & AsiaPac IT Services and Products	7%	8%	7%	
Consumer Care and Lighting	15%	15%	14%	
TOTAL	22%	19%	22%	
Return on average capital employed*				
Global IT Services and Products	62%	47%	62%	

India & AsiaPac IT Services and Products	54%	53%	63%
Consumer Care and Lighting	60%	86%	89%
TOTAL	31%	30%	39%

* From Continuing Operations

Composition of Business Verticals 2004-05 * Geography wise Active Customers * Retail composition

of revenues * Financial 12% 421 Services Nos. Energy & Utilities 18% North Europe 11% America 30

% 65% 339 Telecom Service Manufacturing 288 Providers 5% 12% Embedded Corporate / Govt Systems & 9% P

roduct Japan Engineering Health Care 4% Telecom & 14% 1% Internet working Rest of world 18% 1% 2002-03 2003-04 2004-05

* For Global IT Services & Products

Table of Contents

Azim H Premji, Chairman

Dear Stakeholder,

Wipro is in good shape. Over the last few years, we have systematically nurtured growth. We have invested in new growth areas and simultaneously restructured existing growth engines. Both these strategic initiatives have helped in sustaining our value creation potential for customers and shareholders alike. In the 59 years of existence, we have learnt that to build sustainable value, we need to stay close to our customers and constantly reinvent ourselves. The only way to manage the future is by anticipating it well before it happens. This means remaining alert to changing customer needs, emerging market trends and quickly aligning ourselves to them. After all, if the saw is not regularly sharpened, it loses its edge.

The net result of all our initiatives is that we now have a strong portfolio of

businesses and services that can lead industry growth and create superior value over time. And the good news is that some of the benefits of the initiatives are beginning to reflect in our operations and operating results. If you look at the results of the past year for Wipro, you can be proud that your company:

Posted strong results in all its businesses Revenues grew 39%, fuelled by strong growth in all businesses. Revenue in Dollar terms in our Global IT business grew 43%, while all other businesses delivered Revenue growth that were at the top of industry growth rate.

Delivered broad-based growth across geographies, verticals and services lines in its Global IT business Every single vertical posted good growth. More importantly, our differentiated Services such as Technology Infrastructure Services and

Table of Contents

Testing Services grew ahead of the overall growth rate, as did our Europe geography where we invested early.

Grew profits ahead of its Revenues as Operating Margins expanded in a year of Offshore cost pressure and significant Rupee appreciation.

Translated strategic initiatives into operating results growth rate of our differentiated services in our Global IT business and the strong growth in newer services and geographies in our India, Middle East and Asia Pac IT business indicating the success.

continue to live amidst dire poverty and amongst other ills. But with relentless hard work and focused energy in the right direction, I am convinced that things can only change for the better. Change will not be easy, but will be achieved.

I am no economist or sociologist, but I do see clear trends around me. Some of these are :

The recognition that human resources, complete with human endeavor, intelligence and spirit are the greatest drivers of societal growth and development. Large populations, poverty and scarcity do not represent only

Benefited from the fundamental faith you had in your other businesses Wipro Consumer Care and Lighting is among the fastest growing FMCG companies in India for the second consecutive year and Wipro's infrastructure engineering business leveraged the opportunities in the increased spends on infrastructure in India.

As I look ahead, to any time horizon, I feel very enthused about the future. The forces shaping our society are fundamental and seek to not only improve our lot economically but also make the world a better place to live in.

It is not as if there are no dark clouds we have all lived through September 11, and

a problem, but an immense opportunity as well. For this opportunity to be utilized to its fullest potential, education, healthcare, infrastructure and other social investments are essential. This realization has given a fresh impetus to these initiatives. At the individual level, this will drive equality and at the aggregate level, it will drive economic and social progress.

Technology has a great role to play in creating a momentum for progress. Technology can improve productivity at every level and thereby multiply gains in a systematic and pervasive manner. Sometimes, when I look back, I wonder what we ever did without the cell phones and the computers! Life may have been

Table of Contents

Table of Contents

simpler then. But such changes occur only in one direction. The truth is once we know there is a better way of doing things, few people would want to go back to the old ways.

A deep and abiding faith that people and organizations can be successful only by sticking to Values. This is a heartening reversal of the view held by some people, that ethical behavior was an obstacle to business success. Over the last few years, there is an increasing conviction in the minds of people that doing the right thing is good for the business, good for the individual and good for society. Ethical behavior cannot be mandated. It has to spring from within. By practicing Values, sincerely and consistently, one creates Value.

To us in Wipro, our primary satisfaction comes not only from the robust financial results but from the fact that this success has been built upon a strong foundation of Values. The future looks so exciting to us, because in a very real sense Wipro is fully aligned with the three important forces or vectors I mentioned before : People, Technology and Values.

It is the endeavour, intelligence and commitment of each Wiproite that has driven the success of Wipro. Wipro truly respects its talent. This talent continues to grow, as Wipro spans the globe across 26 countries, with employees from over 15 nations.

Our technology expertise is another core pillar of our success in all our businesses and particularly in getting the global stature for our IT business. Our Quality process,

continually improved by Six Sigma and Lean techniques, are sharply focused on making our customers successful in their endeavors. We are at the very tip of the technology driven productivity vector.

Our unyielding commitment to Wipro Values, has been, I believe the core reason of our success. This is reflected in the theme of this year's annual write-up. We in Wipro believe that we are Creating Value by Practicing Values.

I thank you for your confidence in Wipro. As long term partners, many of you have stood by us through periods of transformation. Even though our journey of transformation is not complete and our dream of leadership far from fulfillment, the essential elements Value, Vision, Strategy, Execution are all there. Wipro is in good shape, more than ever before.

Very sincerely

Azim H Premji
Chairman
April 30, 2005

Table of Contents

Wipro Businesses

Wipro Technologies Global IT Services & Products business

Wipro Technologies is the global consulting, technology and business process services business of Wipro Limited. We provide a complete range of technology-based business services ranging from integrated business, technology and process solutions including systems integration, package implementation, software application development and maintenance, transaction processing to knowledge based services, to Global 2000 customers on a global services delivery platform.

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

Our 360° service portfolio covers Enterprise Applications, Infrastructure Services, BPO 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 are the largest third-party R&D service provider in the world, have among the world's largest technology infrastructure management practices and are among the Top 3 offshore BPO service providers by revenue.

Wipro Technologies is committed to creating technology-driven solutions which realize clients' business aspirations. We are the first global services company to adopt an industry-driven market facing structure and have over 20 industry facing Centers of Excellence, which create solutions and build expertise for the specific needs of individual industries.

We currently engage with over 421 clients (with 151 Forbes 2000 and 89 Global 500 clients) across 4 continents in 35 countries through global delivery centers in 38 locations including 10 near shore centers in the US, UK, Germany, China, Japan, Finland and Sweden. We are the world's 1st PCMM, CMM, CMMi Level 5 Software Services Company and are the first company outside USA to receive the IEEE Software Process Award.

Wipro Infotech India and Asia Pac IT Services and Products business

Wipro Infotech is the leading IT Services, Solutions & Products business of Wipro Limited with operations in India, Asia Pacific and the Middle East.

Our portfolio of IT services include IT consulting, personal computing and enterprise products, IT infrastructure management and systems integration services, software application development, package implementation and total outsourcing services. We deliver and deploy large complex projects which span multiple service lines and manage the entire IT lifecycle of our customers. We do this through best of breed partnerships with leading technology providers, with wide geographic reach for our support services, our strong focus on operations excellence, quality, and innovation. People are our strongest asset and we have one of the best consultants, technical experts and domain skills in the country today, enabling us to demonstrate direct benefits on business needs to customers.

A panoramic view of Wipro Campus in Bangalore India

Table of Contents

Wipro Consumer Care and Lighting -FMCG business

Wipro Consumer Care and Lighting is a leading player in the branded consumer products market with presence in personal care, baby care, wellness products and domestic & institutional Lighting. Our flagship brand Santoor is India's second largest popular soap brand, and is ranked 19th in personal care in India. The business grew across all brands. Acquired brands Chandrika Ayurvedic soap and Glucovita glucose powder, new launches such as Wipro Sanjeevani Honey, Wipro Sanjeevani Isabgol and Wipro Safewash liquid detergents, our existing businesses in Lighting and modular furniture in the institutional segment, recorded excellent growth.

Table of Contents

Traditional management thought and practice holds that a business is essentially a robust economic engine to drive shareholder wealth. For years companies have rested their survival mantra on growth in revenues and profitability.

At Wipro, philosophically and in practice, we regard this as a key tenet, but not the only one. Value creation for shareholders is necessary absolutely necessary but not the sole purpose of our existence.

Also, as conventional management suggests, is Wipro an instrument of wealth creation? Does Wipro exist to help its customers do better business? Is Wipro an attempt to realize the promise of technology? Is Wipro a force helping in changing the social and economic aspirations of the common man? Or, is Wipro a social organization that gives people an opportunity to find meaning in life?

We believe Wipro is an idea. An idea that economic progress and social development can go hand in hand. An idea that transparency and integrity can not only co-exist with business success, but actually drive it. An idea that a corporation is not a machine, but a thriving social system of people coming together to make life better, for themselves and for the world around.

The power of an idea rests in its realization. All things are conceived twice first in the mind and then in reality. It is true of the Taj Mahal, the Pyramids, or the Great Wall where the ideas conceived in mind were realized through action. So we looked at

Wipro's history for illustrations of this idea. Not just in Wipro's community initiatives, but also in the way our core business is conducted. And realized that the idea is not an idea with a tinge of finality, but a continuous journey.

All ideas are outcomes of our deepest beliefs. We were amongst the earliest corporations to explicitly state what we believed in and crystallized them as Wipro Beliefs. Since then it has evolved and is evolving with the environment, while remaining steadfast in intent and practice, which now manifests as Values.

At Wipro, Values are what we have held sacrosanct, all through our existence as an organization. Over the last six decades, it has been our constant attempt to build Wipro on a strong foundation of Values. Values that act as a guiding

beacon in all our thoughts and actions.

We have learnt that practicing our Values makes immense business sense. For instance, good talent approaches us, because we respect individuals and offer opportunities for growth. Fine organizations partner with us because we are fair to them and believe in growing with them. And we find the best customers because we offer the best value, and deliver on commitments that we make to them.

In the next few pages we present a glimpse of how we have attempted to practice each of our four Values to create value for our stakeholders – community, employees, customers and shareholders.

Table of Contents

*Creating Value for
the Community*

Over the years, Wipro has reached a position from which it can contribute significantly to community development. For us, this is reason enough to engage meaningfully with the world around us. For two fundamental beliefs have guided our engagement with society: One, that Wipro is a socio-economic citizen. Two, if you can do good, you must.

This led us to the next debate: what should Wipro do? We decided to rally our

need to drastically improve quality. Hence the mandate we have given ourselves is to contribute significantly to improving the quality of Indian school education. We think this focus will lead to a large multiplier effect on human development.

That is practicing Human Values for us – being sensitive to the individual needs, and then going ahead and creating a win for them. That is practicing Innovation for us. Consistently offering novel and superior

resources around one big idea, an idea with leverage for significant social impact. Also, we decided against creating external support structures – roads, hospitals, institutions – for no amount of brick can surrogate the ability of an individual to support himself. In contrast, education is a fundamental enabler of progress – for an individual and for a nation. Good education empowers us to shape our future, to understand our role in society and contribute to social progress.

Given the state of Indian education, we feel strongly that there is an urgent and critical

solutions to satisfy the needs of individual stake holder; in this case the community. What gives us satisfaction is that several Wiproites have taken up this initiative on their own, too.

Wipro's contribution to the community is carried through two initiatives – Wipro Applying Thought in Schools and Wipro Cares. The former is a structured initiative with active participation of all stake holders in the area of education with Wipro being the rallying point. The latter is an employee driven initiative which provides a channel for employees to contribute to the society.

Table of Contents

Table of Contents

Wipro Applying Thought in Schools

The Wipro Applying Thought in Schools initiative was triggered when Wipro realized that even the best people leaving our education system do not necessarily bring life-skills to the workplace. Education, with its focus on memorization and doing well in exams is strongly disconnected from the needs of the student and society. Through this initiative, we strive to rekindle the spirit of curiosity in our children, and allow them

spearhead change through action research and advocacy.

For example, our Teachers Programme spread over two years, aims to transform the teacher into a reflective practitioner through workshops and school based support. It helps teachers appreciate that knowledge is built through an evolving process of interpreting experience. The role of a teacher is to create right experiences and to guide the learner in

Human Values

We respect the unique needs of Customers and employees. We are sensitive to their differing needs in our interactions with them.

to develop into critical, creative, and caring citizens.

Since its initiation in early 2001, Wipro Applying Thought in Schools has reached out to over 4,500 teachers and principals from 241 schools in 14 states across the country. Our projects range from training programs for teachers and principals to concerted efforts for transforming entire schools. Today, Wipro is among the largest providers of long-term developmental training to Indian schools.

All of our work is implemented through a partner network containing over a dozen of India's leading social organizations. Together, we hope to reach a critical mass to

building knowledge. The Leadership Program works with school leaders to prepare them for their role in leading this transformation. The Parent Program helps parents appreciate the purpose of education and the process of learning. It also gets them to reflect on their part in their child's education and development. Current research includes developing internationally benchmarked Learning Standards, curricular support material, and models for whole school

transformation.

Table of Contents

Wipro Cares

Another unique way in which we are creating value for the community is through our volunteering initiative Wipro Cares. It is a unique corporate experiment to channelise the contributions of Wiproites matched by Wipro, and the desires of Wiproites to make meaningful contribution to society, on a continuous basis.

Wipro Cares contributes through two pronged strategy: providing rehabilitation to the survivors of natural calamities and enhancing learning abilities of children from the under privileged sections of the society

Wipro Cares philosophy is to utilize the collective wisdom of volunteers to bring

Most survivors had broken a limb or back and needed medical help. We first provided a mobile X-ray and physiotherapy unit and later, set up a paraplegic centre at Nagarpal to accommodate 50 patients. Apart from this, we helped re-construct several school buildings that were damaged by the quake.

In the tsunami affected areas, Wipro Cares has adopted Pushpavanam village in Nagapattinam district in the state of Tamil Nadu where we are working to make it a better place to live than what it was before. We are providing livelihood means, working towards reclaiming agricultural land, creating self help groups to help women become economically independent and rebuilding schools in the village.

long term benefits and satisfaction to the community, as we believe that providing funding alone will not help the community.

Wipro Cares contributions in the Indian states that were hit by calamities are testimony to its philosophy where Wipro Cares worked on the ground to contribute where the need was felt.

In the cyclone hit Orissa, after detailed discussions with the survivors, we constructed a cyclone-proof school-cum-shelter at the Ramatara village in Erasama. The shelter is equipped with facilities such as bore wells, HAM radio set and life jackets. It functions as a well equipped school when there is no calamity.

When the Wipro Cares team visited Gujarat after the earthquake in 2001, the most glaring need was treatment for bone injuries.

Our efforts are always linked to the needs of the survivors and are executed along with the community.

Wipro Cares volunteers focus towards enhancing learning abilities of children in schools for children from the under privileged sections of urban areas. They work with children to teach them, to build confidence in them and to ignite curiosity and broaden their awareness levels.

Volunteers continue to engage with the community around us, with activities such as adult literacy, providing training for livelihood means, and helping them start their own initiatives to make them self sufficient.

Table of Contents

Table of Contents

Employee Initiatives

The community initiatives taken by Wipro have been furthered by employees who have taken their own steps towards adding value to the community.

When Robert Gabriel, Client Engagement Manager, (name changed due to the nature of his contribution) based out of Wipro France, realized that several people are pushed to depression and possible suicide because they did not have any one to talk

are among several Wiproites who are making a difference to the society. Both believe in education as a great enabler for a bright future and have focused on providing financial help to the needy.

Constant motivation, guidance, financial and emotional support from Ashok, helped little Kiran complete tenth grade from a government school in remote, rural India. She would now study for a Diploma in Electronics and Communication Engineering

to, he made up his mind to help such people. For the last year, he has been an active volunteer with SOS Amitié, which aims to prevent suicide by counseling on phone. SOS Amitié is available for people in distress 24x7, for 365 days a year. It also handles calls on drugs, alcohol and physical abuse and loneliness, depression, divorce, illness, etc.

SOS Amitié receives about 800,000 calls a year from people who need a listening ear, in France alone. Robert, as one of the volunteers who has decided to use his spare time counseling those in need, helps the callers talk about their problem, to lower their anxiety levels, and helps them clarify their situation so that they find better ways of accepting their problems or start to find solutions.

I am glad that I could make a difference to at least few people around me, he says, about his passion.

Ashok Herur, Principal Consultant - Talent Transformation and Durga Prasad Kancherla, Technical Manager for EAS Oracle Practice

at the Government Polytechnic College, which enables her to become a technically qualified professional.

While Ashok's is a story of how an individual can make a difference, Durga Prasad's efforts are in scaling the activities with the help of more like minded people.

When Durga met his four childhood friends after a gap of 16 years in the US, their discussions focused on what good education could do to millions of under privileged children back home in India. With this blossomed Big Help for Education, a non profit organization. Big Help is helping 100 students through Sponsor a Child program, touches 2800 students through Adopt a School program, is helping another 3500 students through Merit Awards program.

What is unique is that this band of friends decided to try out a pilot project to make a difference in a government school in a rural area by utilizing the seed money contributed by all five of them. They set out collecting funds for more activities only

16

Table of Contents

after they succeeded in this pilot project. They work with project committee over seeing each project with 4 designated volunteers working closely with the children and Government schools.

Azim Premji Foundation is a not-for-profit organization launched by Wipro Chairman Azim Premji. Its Vision is to significantly contribute to achieving quality universal education to facilitate a just, equitable and humane society. The Foundation believes that Quality Education is fundamental for India becoming a developed country.

It is committed to contributing to large scale systemic reforms to achieve the quality of education through a three pronged strategy of Advocacy, Interventions and Networking.

To achieve its Vision, the Foundation develops proof of concept in partnership with the state governments. Among its key programs are Learning Guarantee Program, Accelerated Learning Program, Computer Aided Learning Center and Education Management. Through these, the Foundation

touches 1.8 million children in 11,000 schools with 30,000 teachers.

These are but a few illustrations of Wiproites contributions to the Community.

Table of Contents

Table of Contents

Creating Value for Wiproites

The manifestations of the Values can be in different ways for different stake holders. While we believe that working towards providing quality education in schools is necessary to build a talented pool of citizens, we are also making efforts to train and provide opportunities for development for the employees within.

We believe that the worth of an organization is measured by the people who work for it. The challenge is to make sure that our people use their energies, desires and potentials to make their lives and the lives of others whom they touch more complete; thus enriching the environment around us.

Wipro's strong people processes are a bench mark for best-of-breed people- engagement. We recognized the need to create leaders who go beyond managing the tasks and people and these leaders help people find a new meaning in what they do; energizing them to think beyond what they have been doing and encouraging them to discover their true potential. This voyage continues down the line.

An enquiring mind is constantly in quest of knowledge and feels restless in a closed environment. Hence we engage Wiproites in enhancing their skills and knowledge levels, through higher education and technical training to acquire new skills. This, coupled with leadership building program that we have initiated through life cycle leadership development programs have built strong leadership for the company.

Competency building

People Development in Wipro is not about programs. It is a way of life. As new employees join, they go through a carefully crafted induction program that sets them up for success in their careers. The participants go through an elaborate technical program depending on the streams they select. The technical skills are rounded off with behavioral skills and understanding of various processes. Most important, they

learn how to breathe and live Wipro Values, how to choose instinctively what is right over what is wrong and act consistently according to it.

The induction program is only the end of the beginning. After that, there are many need based programs. There are programs to sharpen domain skills in Transportation, Manufacturing, etc, creating solution architects through solution readiness programs, project management programs including PMI to develop top class Project Managers, consulting capabilities through programs such as Power Consulting, Account Management Programs and customer leadership interface programs (CLIP). There are avenues for higher education including the mini-MBA programs and other longer post graduate programs in management education. Programs are offered at various classrooms both in India and overseas. Online courses like Campus Abroad and comprehensive courses such as Wipro Online Consulting Academy (WOCA) and Wipro Online Leadership Academy (WOLA) are available to onsite employees to learn at their own place at their own pace. These programs are backed by mentoring and contact sessions to create blended learning opportunities.

Leadership Lifecycle Training

Winning organizations go beyond this. They build leaders at every level. Thinking on these lines, we provide Leadership Lifecycle Training, which aims to provide the necessary skills at each stage of growth in Wipro, by mapping the competencies to specific roles so as to transform a local leader to a global leader. If it is the New Leaders Program for the first time managers, for the second rung leaders it is the Wipro Leaders Program. For business managers, it is the Business Leader Program and finally the Strategic Leaders Program takes care of the need of the top management. We have had the best programs going with best of

Table of Contents

the best of business schools such as the London Business School and the Wharton Business School and with the best of minds globally.

All this adds up to over 200,000 plus person days of training imparted to our employees in a year. A mammoth effort going into building technical, behavioral and leadership competencies. Competencies in turn translate into people capabilities that are needed to utilize the opportunities ahead.

Future always favors the prepared mind. The task of people development in Wipro is to keep our employees fully prepared to grasp the opportunities that lie ahead.

Does career begin only after engineering ends? Wipro decided that the development initiative can be more pro-active. In 1995, Wipro pioneered a bold initiative of targeting brilliant, fresh Science graduates who had somehow missed the engineering bus. And a unique program called WASE or Wipro Academy of Software Excellence was born. The program prepares these graduates to work with applications programming in a growing Software company like Wipro. WASE students have another great advantage. They imbibe Wipro's culture of ethics right from the infancy of their careers.

Bringing value to WASE students, is a formal post graduate degree in computer science from India's leading deemed university, Birla Institute of Technology & Science. This is a reflection of the success that Wipro has ensured for these students. In turn, each WASE student is an ambassador for Wipro, spreading its message of excellence in education and a culture of ethics.

People policies

Wipro's People Policies are dynamic. They are always tuned to the changing environment. We have launched several initiatives to address the changing aspirations of our employees.

Career Mosaic takes care of people's desire to have all round experience, to help them move up in the organization and helps keep their excitement high. It is a job rotation process aimed at development of business leaders by grooming quality professionals and providing them multiplicity of roles across Wipro. All representative roles have been classified under 3 distinct Career Streams - Project, Specialist and Functional. Career Mosaic maps the roles in different streams at different levels and helps an individual trace a career path. This also helps to address concerns of employees regarding career planning by providing more visibility to opportunities that exist across the organization. The emphasis is laid on continuous learning and development of competencies with a wider variety of assignments that will be made available.

Talent Review Planning is a very intense career and succession review program. This exercise, done annually at every business unit of Wipro, enables us to have a snapshot of managerial talent in the organization, Talent Review Planning inputs are used to enhance the leadership pipeline, retain key talent and build capability for future - identify development needs of talent across levels, Identify talent pipeline for critical roles in Delivery, Technical and Sales stream.

Table of Contents

Creating value really starts with understanding the stakeholder need, and then going ahead to create a win for the stakeholder. We do the same for our customers. We prioritize focus and resource guided by this Value. This is the basis of making Innovation deliberate in the organization by emphasizing it at every level to enable all of us to deliver value to our stakeholders.

It was exactly 25 years ago that we started investing in R&D to develop a technology base in IT. Our efforts saw the launch of home-grown products for the first time, including India's first mini computer and packaged software.

Lab on Hire was an idea that was born out of this effort and which later paved way for Offshore Development Centers. This was the model that made possible off shoring of Software Services, creating enormous value for our customers.

As we started providing Software Services to diverse global customers, we understood that customers are on one hand looking for a single Service Provider who can supply the full range of IT Services from BPO to IT Consulting and on the other hand they also wanted the Service Provider to know his business as well as he does.

Our attempt thereafter has been to continuously expand our service offerings and develop domain expertise. Wherever it made sense, we have taken the route of inorganic growth. For instance, we acquired Spectramind (now Wipro BPO) to add BPO services, and Nervewire to bring in high-end expertise in Financial Securities domain.

Our India, AsiaPac & Middle East IT business, which markets IT products and services, realized early on that customer would welcome one stop shop; for all his IT related needs instead of interacting with several vendors. Wipro Infotech now supplies full range of IT hardware, system integration, hardware maintenance, application development and other professional services.

Our Consumer Care & Lighting division has taken the similar route for Baby products. Its portfolio now ranges from baby oil and baby soap to diapers.

Table of Contents

Wipro Development Center at Electronics City, Bangalore India

Table of Contents

While these are only a few instances of creating value for customers, the perpetual cycle of value creation at Wipro takes place through the Quality and Innovation engines. While Quality delivers value for money to the customer, Innovation strives for breakthroughs in value creation.

Glimpses of Quality for Customer

1. Project based customer satisfaction score at 4.37 on a scale of 5.
2. 92% projects delivered on schedule.
3. Defect rates of 140 ppm - on per million lines of code delivered to the client.
4. 99.9% of the calls closed in personal computer business closed within the customer set service norms.

Delivering value through Innovation

At Wipro, we view Innovation as yet another means to provide value to our stakeholders. It is one of the Values that we have articulated.

We launched the Innovation initiative in a structured way to provide this value to ourselves and to our customers. This initiative has resulted in a basket of solutions for each business unit and serves customers in a variety of ways. The Innovation initiative has well defined processes to identify, incubate, develop and market ideas.

The Innovation initiative focuses on innovative solutions that benefit our customers. Such innovative solutions either

strategically fit into customer products, or a suite of components acting as rapid application building tools, thus giving time to market advantage to our customers, or niche solutions addressing a market for a particular domain, giving deep domain

oriented solutions to our customers.

Here is a sample of solutions that touch the customers business in several ways.

Wipro's Test Management and Automation solution for mobile devices - WITMAS

With ever increasing functionalities in mobile devices and the convergence of many applications and standards, along with the product life cycle getting shorter, we felt a need to provide a good quality readily available Test Cases for the service providers. Wipro's Test Management and Automation solution - WITMAS provides the apt solution for service providers to validate the ever increasing number of new phones that are getting launched.

Witmas provides over 21,000 test cases for all the mobile application areas like Messaging, Multimedia, Connectivity, MMI (Standard Applications) and WAP. The test cases can be managed by test management system, which is also developed by Wipro. The management platform provides the customers with an easy way to manage both manual and

automated test cases. The test cases are further automated for faster turn around times for service providers, by partnering with a leading automation engine in the embedded domain.

Our customers are benefited by the set of readily available validated and automated test cases in the application areas that helps them to get started quickly in their Testing

Table of Contents

journey. Wipro's solution with all three components of test management, automation and test cases is of great value to our customers who haven't invested on a Test Management system.

Radio Frequency Identification (RFID)

RFID has been in use for the last two decades by several industries especially the aeronautics and space industry. The technology has gained prominence in recent times due to several factors one of the key ones being the compliance mandates from retail majors and the Department of Defence, FDA and other agencies. RFID is also gaining significant traction in the manufacturing industry worldwide.

RFID is an emerging technology market. RFID solutions involve a mix of components including hardware, software and the domain expertise. For the same pain area the solutions that can be envisaged for two manufacturers may be very different. Thus the solution had to be modular which can be broken into pieces and yet based on the requirement can be assembled to demonstrate a solution that truly meets customer needs. We saw a clear opportunity to serve our customers in the RFID market in terms of technology and its applicability (to both closed and open loop applications).

We have built solutions in both the spaces that have enabled us to build business and technical capability. We have the ability and confidence to partner with prospects/customers to build and implement a sound RFID strategy that would give tangible business benefits. Our solution is agnostic in terms of RFID hardware and software. Our solution can plug and play easily with either proprietary systems or other enterprise software like SAP, Oracle etc. Our reusable components would reduce the time to deploy and also provide significant cost advantages to our customers.

Global Data Synchronization (GDS)

Sales lost each year due to supply chain inefficiencies are estimated to be \$40 billion annually. GDS offering from Wipro has worked its way through retailers and manufacturers in greatly reducing their overheads in supply chain. Our customers were confident of posting savings to the tune of one million for every one billion by adapting to Wipro GDS strategy. The reduction in costs were spread across merchandising time, logistics cost reduction, shelf tag and scan errors reduction by 100s of hours, out of stock reduction by 24%. Both manufactures and retailers saw increase in speed to market, inventory reduction

Innovative Solutions

We consistently offer novel and superior solutions to satisfy the needs of the Customer.

Wipro Development Center at Reading, UK

Table of Contents

improvement in warehouse deliverables, improvements in invoice reconciliation.

Wipro QuickStart

Wipro QuickStart is the ready-to-use templated SAP solution for the Consumer Products Industry based on mySAP All-in-one Methodology. The Wipro QuickStart template addresses the specific needs of all the major functions of a Consumer Products company including those in financials, control, sales & distribution, materials management purchase & warehouse management, production planning, quality management and plant maintenance. Specifically focused on the small and medium Business segment, the Wipro QuickStart template leverages on Wipro's domain knowledge and the Industry Best Practices from SAP. With more than 100 man months of effort gone into building the template, this feature-rich solution helps reduce the cycle time for implementation of SAP for the CPG industry by less than half.

Collaborative Manufacturing Framework (CME)

To be agile in a dynamic and disruptive business environment, it is increasingly becoming important for organizations to have access to information on realtime basis across the value chain of an enterprise. Thus IT is increasingly being mandated to deliver on the vision of Realtime Enterprise. To facilitate this vision we have developed a framework which we call as the CME. It is a framework for not just integrating IT applications but also integrating realtime systems at the shop floor with IT applications and thus helping our customers realize the vision of sensor to boardroom integration. We have used this framework to help one of our customers in Oil & Gas Industry to overcome the problem of data consistency and accuracy in his realtime systems at the refinery enabling informed decision making. We have also used this framework in Utilities and are now expanding this initiative to Metals and the CPG Industry.

Table of Contents

Creating Value for Investors

Integrity

We deliver what we commit. With honesty, fairness, reliability and uprightness in whatever we do.

Our approach to shareholder value creation is simple. Deliver value for all other stakeholders – customers, employees and community – and shareholder value creation will be a natural outcome. The result is evident. Over the last 59 years of our existence, our Revenues have grown by a Compounded Annual Growth Rate (CAGR) of 21%; our profits have grown by a CAGR of 31% and our market capitalization has grown by a CAGR of 24%.

Our investors have seen value in this approach and have encouraged us to pursue it.

Integrity at the core

The simple truth is that all business revolves around Integrity. Integrity in the core of all thoughts and actions. As a broader idea, Integrity includes following the law of the land both in spirit and in letter; doing the right things and not just strive to pass the legal muster, delivering on commitment and claims, sharing information and upholding propriety. No regulatory or legal body can ever ensure Integrity and no act by itself can guarantee ethical behavior. It can only be addressed through effective leadership code that permeates the organization.

We have adopted a six-dimensional Governance framework that includes ethical business practice, ownership of corporate action, independence of board and auditors, treating business partners fairly and putting the stake holders interest first and foremost always.

We have a well articulated Code of Business Conduct and a robust Ombuds Process to address the ethical dilemmas we may face.

Ombuds Process

Actions should demonstrate the intent. We have put in place systems and processes to ensure that the culture of integrity embeds deeper into the organization. We believe that this would happen with constant dialogue with Wiproites. Our Ombuds Process is one of the ways to encourage the dialogue. Wiproites can raise their concerns with full confidence that the concerns will be addressed. It provides an avenue to those who are in an ethical dilemma, to discuss that dilemma, or to bring a failure to comply to the notice of Wipro Ombuds Person.

In Wipro, ownership goes hand-in-hand with authority for all key management positions to ensure management ownership of corporate actions. The CEO/CFO certification has been a formal process right from the bottom of the pyramids. To reduce chances of individual errors of judgment in key business restructuring decisions and acquisitions, we have devised a democratic approach where a committee of Wipro leaders evaluates all proposals. There is an ongoing balancing of entrepreneurship thrust for which Wipro is known and is accompanied with vigilant management monitoring. In 2002, when we voluntarily started complying with Sarbanes Oxley 302 certification, we were amongst the first.

Even as we built a strong internal audit system, the first Indian Internal Audit Function to be ISO 9002 certified, we set up an independent Audit Committee of the board in 1986, probably among the first in India to do so. The Audit Committee is made up entirely of independent directors and the external auditors/internal auditors report directly to Audit Committee. Today, the majority of our board is constituted by independent directors, who are among the best business leaders in the world. In 2002 the Wipro Internal Audit Function became the first Indian Internal Audit Function

Table of Contents

Table of Contents

to win the International Award from Institute of Internal Auditors, USA. In 2004, we were recognized by the National Award for Excellence in Corporate Governance by the Institution of Company Secretaries of India.

The Investor Relations Function which acts as the primary interface for all investor interactions & information-exchange, won the Alexander Gold Award for Excellence in Investor Relations in 1998 and in 1999. When we published the Corporate Governance report, we were among the first to voluntarily publish such a report. In 2001, we were among the first Indian Companies to voluntarily publish MD&A under Indian GAAP. In 2003, we were awarded the Golden Peacock Award for Corporate Governance. In 2004 we were ranked No. 1 by Institutional Investors Survey in Investor Relations and Corporate Governance.

We were awarded the SVGA 1 (highest) rating by ICRA (an Associate of Moody's in India) on Shareholder Value Creation & Governance. The rating uses Treatment of Business Partners as one of the key criteria and a vindication that we have put the stakeholders' interests first. There is an organizational code of conduct on insider trading, the compensation committee of Board is made up entirely of independent directors, the disclosure of related party transaction is mandatorily published in the Annual Report and the Company Secretarial Function acts as single channel to receive and resolve shareholders queries. Its performance is tracked as part of quarterly financials.

This Governance framework has ensured that every aspect of our work can measure up to the yardstick of propriety. For instance, we have consciously tried to make our business operations more environmentally sustainable by using as little of natural resources as possible.

Wipro's Experience of Sustainable Living

Wipro Technologies was the First Software Services business to be awarded ISO 14001 certification way back in 2000. Our efforts at sustainable living have so far focused on water conservation, energy conservation and waste management.

We have set aggressive targets to manage the above three parameters. We have initiated and implemented a number of measures towards achieving our set targets. A sample of results:

Water conservation achieved a 53% reduction in consumption in 2004-05 compared to the previous year. Energy achieved a 5% reduction year on year. Waste management evolved a robust waste handling and disposal process.

We believe that the challenge of sustainable living is never ending and there is scope for continuous improvement using emerging technologies. Plans for improving our rain water harvesting system, setting up of a captive power plant and a biogas plant using waste are in various stages of implementation.

Transparency with stakeholders

The guiding principle for us has been to share not only what is required by law, but also whatever is important for stakeholders to know. To ensure that we serve the interests of our stakeholders by disclosing relevant information within a specific time frame, we have in place a Disclosure Committee that monitors the information flow within and outside the organization and a Corporate Controllability Organization that constantly benchmarks with Global Reporting Standards. This ensures that all our stakeholders have complete information on how we are conducting the business.

In 1985, Wipro became the first Indian corporate to present Segment-wise & Consolidated Results, years before it became a regulatory requirement.

Table of Contents

Table of Contents

Value for Money

Delivering higher Value to the Customer through continuous improvement in quality, cost and speed.

Delivering on commitment

Perhaps what builds trust with the stakeholders the most is delivering on commitment. We believe that we must constantly deliver Value for what the Customer pays. The Customer must always feel that he or she gets continuous improvement in quality, cost and delivery of our products and services rendered.

For instance, Wipro's claim that the lamp life of our GLS incandescent lamp is 30% higher than the BIS specified limit, must be met unambiguously, for the customers to trust the company. Similarly, a commitment to the employees, that the company would be fair in assessing their performance, has to live up to their actual experience for them to trust the organisation.

Extending our values to business associates

When we speak of practicing values, it is not only by Wipro alone but also by all its business associates who contribute in its operations. Our stakeholders do not distinguish between Wipro and our business associates as far as reposing trust on Wipro is concerned, and therefore it is incumbent on us that this trust is not short-changed.

At Wipro we spend as much effort and time on ensuring that our business associates have a similar sense of what is right as we do. With a clear perception that if any one of them fails, it is the failure of the company. The Wipro Code of Business Conduct is equally applicable to our business associates.

In India, we have a strong partner network for IT service delivery. We ensure that we build a relationship based on shared values with our business partners to create a win for our customers.

Table of Contents

Value in teaming at wipro

Table of Contents

We believe that our 40,000 plus-strong team will be the torch bearers of this culture in the society they live. We believe that our culture of ethics and integrity will go beyond the boundaries of our offices, to the friends and families of our employees, their acquaintances, our vendors, partners, any one who is touched by us. This is, perhaps our most significant contribution. A small step towards creating a wider group which will standup to its values and make this world a better place to live in.

As we grow quickly, there will be a challenge of scale at three levels. One, to ensure that Wiproites and our associates practice the Values to maintain the trust reposed on us by our stakeholders. Two, to continuously help develop our people as the organization doubles in size every few years. **Three, to continuously adapt our values to the environment and make it relevant while remaining strong at the core.**

At another level, there is the challenge of sustaining the rapid growth rate year after year. For this, we will need to constantly develop newer services, upgrade skill-sets and reinvent our business model to ensure that it creates value for our customers. Our Quality and Innovation engines must continue to work effectively to create incremental as well as breakthrough value for our customers.

Lastly, the transformation of the education system would continue to challenge us as we constantly improve our understanding of how such large systems change.

We are acutely aware that as we grapple with these challenges, our understanding

of the essence of business itself will continue to change. But our quest for creating a business with a soul will remain steadfast in the years ahead.

Our efforts at practicing values and creating value for our stakeholders are a never ending journey. In this journey to build a great organization, we have but taken the first few steps. And we know the next steps will be as challenging as the journey so far. And just as fulfilling. This is Wipro's journey into the soul of its business.....

Table of Contents**WIPRO LIMITED****DIRECTORS REPORT**

Dear Shareholders,

The Directors present the Annual Report together with the audited Balance Sheet and Profit and Loss Account of Wipro Limited for the year ended March 31, 2005.

PERFORMANCE OF THE COMPANY

Your Company's performance during 2004-05 is summarised below:

Financial Results

	<i>(Rs. in Million)</i>	
	2005	2004
Sales and other income (net of excise duty)	73,267	52,597
Profit before tax	17,570	10,823
Provision for tax	2,622	1,674
Profit after tax	14,948	9,149
Appropriations :		
Proposed dividend on equity shares	3,518	6,750
Corporate Tax on distributed dividend	493	865
Transfer to General Reserve	10,937	1,534

Sales of the Company for the year ended March 31, 2005 were Rs. 73,267 millions up by 39% and Profit after Tax was Rs.14,948 millions increased by 63% over the previous year. Over the last 10 years, the sales have grown at an average annual rate of 25% and Profit after Tax at 47%. The Company's earnings in Foreign Exchange stood at Rs.53,736 millions and have registered a growth of 40% compared to the previous year.

Financial Results-Consolidated

	<i>(Rs. in Million)</i>	
	2005	2004
Sales and other income (net of excise duty)	82,550	59,716
Profit before tax	18,948	12,032
Provision for tax	2,750	1,681
Profit for the year before minority interest/equity in losses of affiliates	16,198	10,351
Minority interest and equity in earnings/(losses) of affiliates	87.00	(37)
Profit for the period	16,285	10,315

Dividend

The Directors recommend a final dividend of Rs. 5 per equity share of Rs. 2/- each to be appropriated from the profits of the year 2004-05 subject to the approval by the shareholders at the ensuing Annual General Meeting. After the approval of the shareholders at the ensuing Annual General Meeting, the dividend will be paid in line with the applicable regulations.

In terms of the provisions of Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001, an amount of Rs. 8,180/- of unpaid/unclaimed dividends was transferred during the year to the Investor Education and Protection Fund.

Table of Contents

WIPRO LIMITED

Issue of Bonus equity shares/American Depository Shares

Pursuant to the approval of the shareholders at the last Annual General Meeting held on June 11, 2004, the Company had allotted Bonus equity shares of Rs. 2/- each in the ratio of 2:1 (two bonus shares for every one share held) to the shareholders of the Company who were on the Register of Members of the Company as at closing hours of June 28, 2004, being the Record Date fixed by the Board of the Directors of the Company for this purpose.

Re-appointment of Directors

The Board of Directors at their meeting held on January 21, 2005 re-appointed Mr. Azim H. Premji as Chairman and Managing Director of the Company (designated as Chairman) for a further period of two years and seven months with effect from December 31, 2004. This appointment is subject to the approval of the shareholders at the ensuing Annual General Meeting.

In compliance with the provisions of Section 302 of the Companies Act, 1956, the Company had circulated an abstract of the terms and conditions of the said re-appointment to the shareholders on January 25, 2005.

Articles of Association of the Company provide that at least two-thirds of our directors shall be subject to retirement by rotation. One third of these retiring directors must retire from office at each Annual General Meeting of the shareholders. A retiring director is eligible for re-election.

As per the provisions of the Articles of Association of the Company, Prof. Eisuke Sakakibara and Dr Ashok S Ganguly, retire by rotation and being eligible offer themselves for re-appointment at this Annual General Meeting.

Statutory Auditors

Pursuant to the recommendation of the Audit Committee at their meeting held on April 20, 2005 for appointment of M/s. BSR & Co. as the Statutory Auditors of the Company for the financial year 2005-06 to hold office till the conclusion of the next Annual General Meeting of the Company scheduled to be held in 2006, the Board of Directors have, at their meeting held on April 22, 2005, approved the appointment of M/s. BSR & Co. as the Statutory Auditors of the Company for the financial year 2005-06 and to hold office till the conclusion of the next Annual General Meeting scheduled to be held in 2006. This is subject to the approval of the shareholders of the Company scheduled to be held on July 21, 2005.

The existing Statutory Auditors M/s. N.M. Raiji & Co., shall retire at the conclusion of the ensuing Annual General Meeting scheduled to be held on July 21, 2005 and do not intend to seek re-election at the ensuing Annual General Meeting. The retiring auditors have informed the Company that they have no representation to make for notification to the members of the Company in terms of Section 190 of the Companies Act, 1956.

The Board of Directors records its deepest sense of appreciation over long years of fruitful association with M/s N M Raiji & Co. as the statutory auditors of the Company since incorporation of the Company.

Cost Auditor

Pursuant to directions from the Department of Company Affairs for appointment of Cost Auditors, your Company has appointed M/s. P.D. Dani & Co. as the Cost Auditor for the year ended March 31, 2006 for the Soaps and Vanaspati business.

Disclosure of Particulars under Section 217(1)(e) of the Companies Act, 1956

Energy conservation is a consistent focus area for Wipro both from a cost control and a social responsibility perspective. Strict control and monitoring of usage and maintaining quality standards resulted in efficient power consumption.

Information as required under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure A forming part of this report.

Technology Absorption, Research & Development and Innovation

The Company's Research & Development investments are directed towards enabling technologies and solutions that have broad applications across different business units and verticals. Such investments are on a multi year plan that will see in-depth solutions, frameworks and applications in identified areas.

Two key Research & Development initiatives undertaken are Centers of Excellence (CoE) and Innovation Initiative. Primary objective of CoE is to develop competency and create differentiator to address market potential. CoE also serve as a fertile ground for idea generations which are incubated by Innovation Initiative. Innovation Initiative identifies and incubates new ideas through different stages, closely monitoring and aligning the projects to the business opportunities.

Table of Contents

WIPRO LIMITED

Your Company has invested in about 38 CoEs. A total of 75 person years of efforts have been invested in year 2004-05 with dedicated and leveraged set of resources. Attributable revenue of \$ 30 M is realised from CoE operations for the same financial year. For the financial year 2004-05, Innovation Initiative realised a revenue \$ 20 M.

Your Company has also invested in building competencies in Wireless domain like Global Standards for Mobile (GSM), Code Device Multiple Access (CDMA) and General Packet Radio Service (GPRS). We have developed solution frameworks for verification and validation for wireless products. Investment in Mobile Handset space has resulted in a solution framework that spans the entire spectrum of handset development. Wireless expertise includes Wireless LAN (IEEE 802.11 and its extension) and Ultra Wide Band (UWB), Signal Processing Algorithms for Wireless communication protocol, Hardware implementation of Signal Processing Algorithms etc. Your Company has invested in building components like GigE Mac Core, Ethernet software solution (802.1 series), and Residential Gateway solutions for Customer Premise Equipment (CPE).

Your Company continues to focus on building ready made solution that provides majority of the software components needed to build a hands free telephony product. The solution is standards based implementation that seamlessly integrates with Bluetooth, Voice Recognition, Acoustic echo cancellation and Noise suppression.

We focus on understanding the impact of SNIA SMI-S (Storage Management Initiative) standard on storage management products. We build SMI-S reference implementations using open source infrastructure like Pegasus software. These reference implementations form part of building larger solutions in Storage converters space.

On the Enterprise Services front, your Company has invested in CoE to build expertise in wide array of standard and emerging tools in achieving Service Oriented Architecture (SOA). Our expertise spans across standards from various standard bodies like W3C, OASIS, WS-I, Liberty, IETF and JCP. Key standards are Choreography standards (CDL4WS), Orchestration standards (BPEL4WS), Reliability and Security standards. Our expertise spans across tools in this area like Webmethods, IBM, SUN, Microsoft, BEAConfluent, Collaxa, Amberpoint, Itelix, Actional.

Business Intelligence and Data warehousing CoE has developed expertise in Data warehousing tools and has developed reusable templates and frameworks. ATL Tools, Data migration techniques, Data Quality assurance, data profiling, Real Time Data warehousing, Business Activity Monitoring (BAM), Enterprise Information Integration (EII), OLAP and Reporting, Data mining are some of the key focus areas on technology front. On the functional front, the CoE has built expertise in areas such as Analytic Customer Relationship Management, Supply chain intelligence and Corporate Performance Management.

Enterprise Portal The CoE focuses on latest versions of the portal technologies and generate a library of re-usable assets. This includes standard portlets, components, algorithms and implementation best practices. These artifacts not only facilitate rapid development (thus reducing the effort involved) but also ensure the highest standards in the quality of deliverables. Our Rapid Enterprise Portal Framework (REPF) is a cutting edge technology framework for portals and is designed based on the years of research done on the technology trends of the portals market.

Mobility Platform CoE act as the unified front for mobile technology areas like wireless PAN, LAN and WAN, Cellular and handheld devices, mobile operating systems and application / UI frameworks, end-to-end RFID solutions, Location Based Services, Telematics etc.

Innovation Initiative

Innovation is one of the 9 attributes on which the World's most admired company ranking is based (source Fortune, March 7, 2005). Your Company's innovation initiative in a systemic way is in 4th year of operation. Innovation Initiative has well defined processes to Identify, Incubate, Develop and Market the Ideas. Your Company focuses on three types of ideas.

High IP Solutions are solutions with high Intellectual Property (IP) content, which can be strategically fitted to products, thus giving the time to market advantage for product companies. We have semi conductor IPs like Wireless LAN, IEEE 1394 which are High IP solutions.

Medium IP solutions are suite of components that act as rapid application building tools. Repeatability, re-use are primary drivers in identifying solutions that constitute Medium IPs. They are often generic software stacks that can be plugged into a bigger solution. Business Process Management frameworks such as Flow-briX, Self Service Framework such as i-Desk are examples of medium IP solutions.

Low IPs or point solutions are generally niche solutions with less solution turn-around time. These solutions could be Business frameworks, technology frameworks, niche solutions addressing a market for a particular domain and as such. The Low IP initiative will help make the Innovation initiative inclusive. Retail solutions like Global Data synchronization, Sarbanes Oxley Compliance (SOX) consultancy framework are Low IP solutions catering to specific domain and practice and technology.

Table of Contents**WIPRO LIMITED**

The innovation initiative has resulted in basket of solutions that are aligned to different verticals of the Company. The different solutions that can be represented in this basket are given below.

Enterprise Solutions	Banking, Finance and Systems Integration	Telecom	Embedded and Product Engineering Solutions
Global Data synchronization	Sarbanes Oxley compliance solution	Advanced Telecom Computing Architecture (ATCA) solution	Mobile Test Solutions Linux Solutions Storage Simulators
Reverse Logistics Solution	Risk Management	Order Management Solution	VOIP Solutions IEEE 1394 solutions
Internet booking engine	Asset management	Mobile workforce solution	Ultra Wide Band (UWB)
Gas Distribution solution (Pioneer)	Underwriting Transformation solutions	Sarbanes Oxley compliance solution	solutions Ethernet MAC solution Wireless LAN
Customer analytics	Managed security services	BPM & Flow-briX	Hands Free Telephony Video Over Wireless solution
Contract management	DB Migration solutions	i-Desk	Set Top Box Solution H.264 Compression solutions
FDA validation	Platform migration solution		
Clinical Data management	BPM & Flow-briX		
Global radiology solutions	i-Desk		
Flow-briX & BPM			
RFID solution			

The total expenditure for R&D last year has been Rs. 296 million including capital expenditure of Rs.22 million.

Foreign Exchange Earnings and Outgoings

The foreign exchange earnings of the Company during the year were Rs. 53,736 million while the outgoings were Rs. 36,549 million (including materials imported).

Wipro Employee Stock Option Plans (WESOP)

Disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, are provided in the Annexure B forming part of this report.

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 C forming part of this report.

Report on Corporate Governance

Your Company has been practicing the principles of good corporate governance over the years and it is an ongoing process. A detailed report on Corporate Governance is given at page No.46 of the Annual Report as Annexure D .

Certificate of the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with Indian Stock Exchanges is also given in the detailed report on Corporate Governance.

Subsidiary Companies

Pursuant to the exemption granted by the Department of Company Affairs, Government of India, vide letter No.47/34/2005-CL-III dated March 2, 2005, the Company undertakes that annual accounts of the subsidiary companies and the related detailed information for the year ended March 31, 2005 will be made available to Wipro Limited's investors and subsidiary company's investors seeking such information at any point of time. The annual accounts of the subsidiary companies are also kept for inspection by any investor at the registered office of the Company. The statements required pursuant to the above referred approval letter is disclosed as part of the Notes to Consolidated Accounts of the Company at Sl.No. 19.

Table of Contents

WIPRO LIMITED

Directors Responsibility Statement

As required under Section 217 (2AA) of the Companies Act, 1956, it is hereby stated that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) we have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) we have prepared the annual accounts on a going concern basis.

Acknowledgements and Appreciation

The Directors take this opportunity to thank Company's customers, shareholders, suppliers, bankers, financial institutions and Central & State Governments for their consistent support to the Company. The Directors also wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the top of the industry despite increased competition.

On behalf of the Board

Azim H. Premji
Chairman

Bangalore, April 22, 2005

Table of Contents**WIPRO LIMITED****ANNEXURE A FORMING PART OF THE DIRECTORS REPORT****FORM A****DISCLOSURE OF PARTICULARS WITH RESPECT****TO CONSERVATION OF ENERGY****A. DISCLOSURE OF PARTICULARS WITH RESPECT****TO CONSERVATION OF ENERGY**

		2004-2005	2003-2004
1 Electricity			
a. Purchased			
Unit	KWH	8,913,708	8,470,899
Total amount	Rs.	36,079,941	35,298,553
Rate/Unit	Rs.	4.05	4.17
b. Own generation			
Through diesel generator			
Unit	KWH	158,651	135,196
Unit/litre of diesel	Units	2.42	1.97
Cost per unit	Rs.	26.59	9.09
2 Coal (including coconut shells)			
Quantity	Tonnes	7,027	6,563
Total cost	Rs.	15,146,938	12,212,542
Average rate	Rs.	2,155.46	1,860.76
3 Furnace oil			
Quantity LDO	Ltrs.	634,653	589,797
Total cost	Rs.	9,440,563	8,253,738
Average rate	Rs.	14.88	13.99
4 Furnace oil			
Quantity HSD	Ltrs.	635,819	547,895
Total cost	Rs.	9,018,016	6,613,482
Average rate	Rs.	14.18	12.07
5 LPG			
Quantity kgs	kgs.	555,877	507,894
Total cost	Rs.	11,959,499	9,636,616
Average rate	Rs.	21.51	18.97

B. CONSUMPTION PER UNIT PRODUCTION

Vanaspati	Electricity (KWH/Tonne)	Liquid diesel oil (Litres/Tonne)	Coal (Tonnes/Tonne)
2004-05	120.02		15.29
2003-04	119.92	16.12	0.15

38

Table of Contents**WIPRO LIMITED****ANNEXURE B FORMING PART OF THE DIRECTORS REPORT**

Disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, are set below. The figures have been adjusted to reflect the issue of bonus shares in the ratio of 2:1 during June 2004.

Sl. No.	Description	WESOP 1999	WESOP 2000
1.	Total number of options under the Plan	15,000,000 (Adjusted for the issue of bonus shares in the ratio of 2:1 approved in June 2004; Pre-Bonus : 5,000,000)	75,000,000 (Adjusted for the issue of bonus shares in the ratio of 2:1 approved in June 2004; Pre-Bonus : 25,000,000)
2.	Options granted during the year		
3.	Pricing formula	Fair Market Value i.e., the market price as defined by Securities and Exchange Board of India from time to time.	Fair Market Value i.e., the market price as defined by Securities and Exchange Board of India from time to time.
4.	Options vested (as of March 31, 2005)	4,955,703	12,379,249
5.	Options exercised during the year	3,071,615	1,558,415
6.	Total number of shares arising as a result of exercise of option (till March 31, 2005)	4,243,097	1,569,950
7.	Options lapsed during the year *	338,299	1,462,791
8.	Variation of terms of options		
9.	Money realised by exercise of options during the year	Rs. 1,373,236,853	Rs. 815,065,104
10.	Total number of options in force at the end of the year	6,445,537	19,617,271
11.	Employee wise details of options granted to:		

i.	Senior Management during the year	Nil	Nil
ii.	Employees holding 5% or more of the total number of options granted during the year	Nil	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	Nil

Table of Contents

WIPRO LIMITED

12.	Diluted Earnings Per Share pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20	Rs. 21.29
13.	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company.	Not applicable as these pertain to Options granted before June 30, 2003.
14.	Weighted average exercise prices and weighted average fair values of options separately for options whose exercise either equals or exceeds or is less than the market price of the stock.	Not applicable as these pertain to Options granted before June 30, 2003
15.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information :	Not applicable as these pertain to Options granted before June 30, 2003
	a. risk free interest rate	
	b. expected life	
	c. expected volatility	
	d. expected dividends and	
	e. the price of the underlying share in market at the time of option grant	

* As per the Plan, options lapse only on termination of the Plan. If an Option expires or becomes unexercisable without having been exercised in full, the unpurchased shares, which were subject thereto, shall become available for future grant or sale under the Plan.

ADS 2000 Stock Option Plan

Sl. No.	Description	ADS 2000 Stock Option Plan
1.	Total number of options under the Plan	

		4,500,000 ADS representing 4,500,000 underlying equity shares (Adjusted for the stock dividend in the ratio of 2:1 approved in June 2004) (Pre-bonus; 1,500,000)
2.	Options granted during the year	
3.	Pricing formula	Exercise price being not less than 90% of the fair market value on the date of grant.
4.	Options vested (as of March 31, 2005)	872,128
5.	Options exercised during the year	663,036
6.	Total number of shares arising as a result of exercise of options (till March 31, 2005)	800,925

Table of Contents**WIPRO LIMITED**

Sl. No.	Description	ADS 2000 Stock Option Plan
7.	Options lapsed during the year *	30,000
8.	Variation of terms of options	
9.	Money realised by exercise of options	\$8,361,246
10.	Total number of options in force	1,217,625
11.	Employee wise details of options granted to :	
	i. Senior Management during the year	Nil
	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
12.	Diluted Earnings Per Share pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20	Rs. 21.29
13.	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company.	Not applicable as these pertain to Options granted prior to June 30, 2003
14.	Weighted average exercise prices and weighted average fair values of options separately for options whose exercise either equals or exceeds or is less than the market price of the stock.	Not applicable as these pertain to Options granted prior to June 30, 2003
15.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information :	Not applicable as these pertain to Options granted prior to June 30, 2003
	a. risk free interest rate	

- b. expected life
- c. expected volatility
- d. expected dividends and
- e. the price of the underlying share in market at the time of option grant

* As per the Plan, options lapse only on termination of the Plan. If an Option expires or becomes unexercisable without having been exercised in full, the unpurchased shares, which were subject thereto, shall become available for future grant or sale under the Plan.

Table of Contents**WIPRO LIMITED****Restricted Stock Units (RSUs)**

Sl. No.	Description	Wipro Employee Restricted Stock Unit Plan 2004	ADS Restricted Stock Unit Plan 2004
1.	Total number of RSUs under the Plan	6,000,000 (Adjusted for the issue of bonus shares in the ratio of 2:1 approved in June 2004; Pre-Bonus : 2,000,000)	6,000,000 (Adjusted for the issue of bonus shares in the ratio of 2:1 approved in June 2004; Pre-Bonus : 2,000,000)
2.	RSUs granted during the year	4,896,298	791,800
3.	Pricing formula	As determined by the Administrator and such price being not less than the face value of the share	As determined by the Administrator and such price being not less than the face value of the share
4.	RSUs vested (as of March 31, 2005)		
5.	RSUs exercised during the year		
6.	Total number of shares arising as a result of exercise of option (as of March 31, 2005)		
7.	RSUs lapsed *	136,470	23,750
8.	Variation of terms of options		
9.	Money realised by exercise of options during the year		
10.	Total number of options in force at the end of the year	4,759,828	768,050
11.	Employee wise details of RSUs granted to :		
	i. Senior Management during the year		
	Vivek Paul		75,000

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Pratik Kumar	12,000	
Suresh C. Senapaty	12,000	
Suresh Vaswani	14,000	
Vineet Agrawal	12,000	
Ranjan Acharya	10,000	
Sudip Banerjee	14,000	
Tamal Das Gupta	8,000	
Girish S. Paranjpe	14,000	
A.L. Rao	14,000	
Ramesh Emani	14,000	
Anurag Behar	10,000	
ii. Employees holding 5% or more of the total number of RSUs granted during the year	Nil	75,000

Table of Contents**WIPRO LIMITED**

Sl. No	Description	Wipro Employee Restricted Stock Unit Plan 2004	ADS Restricted Stock Unit Plan 2004
	iii. Identified employees who were granted RSU, 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	Nil
12.	Diluted Earnings Per Share pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20	Rs. 21.29	Rs. 21.29
13.	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company.	Exercise price Rs. 2 per RSU Fair value Rs. 600.78 per RSU	Exercise price \$ equivalent (of about 0.04) to Rs. 2 per share Fair value \$ equivalent 19.04 to Rs. 871.68 per ADS RSU
14.	Weighted average exercise prices and weighted average fair values of options separately for options whose exercise either equals or exceeds or is less than the market price of the stock.	Exercise price Rs. 2 per RSU Fair value Rs. 600.78 per RSU	Exercise price \$ equivalent (of about 0.04) to Rs. 2 per share Fair value \$ equivalent 19.04 to Rs. 871.68 per ADS RSU
15.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average	Since these options have been granted at a nominal exercise price, the intrinsic value on the date of grant approximates the fair value of the options.	Since these options have been granted at a nominal exercise price, the intrinsic value on the date of grant approximates the fair value of the options.

information :

- a. risk free interest rate
- b. expected life
- c. expected volatility
- d. expected dividends and
- e. the price of the underlying
share in market at the time of
option grant

* As per the Plan, RSUs lapse only on termination of the Plan. If an RSU expires or becomes unexercisable without having been exercised in full, the unpurchased shares, which were subject thereto, shall become available for future grant or sale under the Plan.

43

Table of Contents**WIPRO LIMITED**

ANNEXURE C

**Particulars of Employees forming part of the Directors Report for the year ended March 31, 2005
Information pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of
Employees) Rules, 1975**

Sr. No.	Name	Designation	Remuneration (Rs.)	Qualification	Date of Employment (DOJ)	Total Experience (in Yrs)	Age	Last Employment
1	Dr. A L Rao	President Telecom Solutions, Wipro Technologies	6,685,525	BSc, MSc, PhD	14-Aug-80	31	56	ECIL
2	Alex G Manappurathu	General Manager Consumer Electronics, Wipro Technologies	2,473,054	BTech, MTech	18-Jan-86	19	43	First Employment
3	Anand Padmanabhan	Vice President TIS, Wipro Infotech	3,400,895	BE, MBA	2-May-94	17	39	Almoayed Data Group
4	Anand Sankaran	Vice President TOS, Wipro Infotech	3,422,388	BE	26-Jun-89	16	37	Pertech Computers
5	Anil Chugh	Vice President Sales, Wipro Consumer Care & Lighting	2,652,787	BE, MMS	19-Apr-99	15	41	Gillette
6	Anil K Jain	Vice President Personal Computing Divn., Wipro Infotech	2,891,630	BE, MBA	10-Apr-89	17	41	ORG Systems
7	Anurag Mehrotra	General Manager Enterprise Vertical, Wipro Infotech	2,835,230	BE	2-Jan-01	19	42	Informix International
8	Anurag Seth	General Manager TMTS, Wipro Technologies	2,453,557	BE	3-May-90	15	38	First Employment
9	Azim H Premji	Chairman Wipro Limited	24,571,492	Gen.Engg. (Stanford)	17-Aug-66	38	59	
10	Badiga L K	Chief Executive Talent Transformation & Staffing, Wipro Technologies	4,924,022	BE, MTech	29-Oct-90	26	50	Alghmin Communication Services, Kuwait
11	Balakrishnan V		5,270,691		19-Feb-92	20	45	

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		Vice President Finance, Wipro Technologies		B Com, AICWA, ACS				Larsen & Toubro Ltd.
12	Balasubramanian N S	Vice President Manufacturing Vertical, Wipro Technologies	3,300,103	BE, PGDM	12-Apr-89	16	39	First Employment
13	Bhanumurthy B M	Vertical Head Retail, Wipro Technologies	3,611,171	BTech, PGDM	3-Sep-92	17	41	CMC
14	Bijay Kumar Sahoo	Vice President Talent Engagement & Development, Wipro Technologies	4,769,383	BA, MA (PM & LW), CAIIB-I	2-Jun-00	17	38	Pricewaterhouse Coopers
15	Chandar N	General Manager TIS Group, Wipro Technologies	2,499,601	MSc	2-Apr-90	25	48	Modi Xerox Ltd.
16	Chandramouli E R	Global Delivery Head Utilities, Wipro Technologies	2,514,080	BE	4-Feb-91	24	47	ICIM
17	Dr. Chandrashekar Dharuman	Vice President Optical Network, Wipro Technologies	3,135,315	MSc, PhD	14-Jul-99	15	42	CMC
18	Deepak Jain	General Manager MIT & Business Head, Wipro Infotech	3,146,717	BE	21-Mar-86	18	41	Raba Contel Pvt. Ltd.
19	Divakaran M	Chief Executive E-Enabling & CTO, Wipro Technologies	4,686,937	BSc	10-Mar-81	32	56	ECIL
20	Dr.Anurag Srivastava	General Manager-Consulting, Wipro Infotech	3,461,479	BTech, MTech, PhD	15-Dec-00	14	38	eVizeion
21	Gangadharaiah C P	Vice President Interops, Wipro Technologies	3,013,365	BE, ME, MS	16-Feb-95	28	52	ITI
22	Girish S Paranjpe	President Finance Solutions, Wipro Technologies	6,541,985	B Com, ICWA, ACA	23-Jul-90	21	47	Wimco Ltd.
23	Harish Shah	Vice President & Corporate Controller, Wipro Limited	2,709,594	B Com, AICWA	18-Feb-91	27	47	National Textile Corporation (M N Ltd.)
24	Ishwar B Hemrajani	Chief Executive Talent Transformation, Knowledge Mgmt. & Staffing Productivity, Wipro Infotech	3,797,334	BE, MTech, PG Diploma	21-May-92	20	45	Modi Xerox Ltd.
25	Jagdish Ramaswamy	Vice President Mission : Quality, Wipro Limited	2,703,122	BE, PGD in SQC	28-Feb-03	20	41	TYCO Health Care
26	Jayashree Joglekar	Chief Operating Officer Securities	2,458,223	BE, MS	1-Aug-00	24	48	Persistent Sys Ltd

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27	Krishnamurthy B	Solutions, Wipro Technologies Vice President Tele & Inter Group, Wipro Technologies	2,653,969	MSc, MTech, PGDM	16-Oct-97	19	46	C DOT
28	Kumar Chander	Vice President Marketing, Wipro Consumer Care & Lighting	2,719,819	BA, PGDM	1-Oct-92	15	37	Brooke Bond India
29	Kurien T K	Chief Executive Business Optimization Shared Services, Wipro Technologies	6,020,471	BE, C A	11-Feb-00	23	45	Wipro Net Limited
30	Madhavan S	General Manager Solution Definition, Wipro Technologies	2,971,511	BSc, BTech	15-Sep-94	18	41	CMC
31	Manohar Arcot	General Manager CHRD, Wipro Limited	2,557,372	MBA	2-Jan-04	16	42	ABCL Ltd.
32	Manoj Punja	Vice President TMTS, Wipro Technologies	4,118,652	BE, MBA	1-Aug-91	20	43	ORG Systems
33	Mohan Rao S	Vice President Infrastructure & Operations, Wipro Technologies	2,879,883	BE, PGDM	16-Nov-88	30	51	Shriram Honda
34	Muralikrishnan S	General Manager Mobile Devices & Applications, Wipro Technologies	2,561,985	BE	1-Aug-91	17	41	Keonics Magnavision
35	Mythily Ramesh	Vice President Business Development, Marketing & Innovation, Wipro Infotech	3,113,642	BE, MBA	29-Apr-88	16	40	First Employment
36	Nagamani Murthy	Vice President VNGN, Wipro Technologies	3,222,615	BE	1-Jul-91	20	44	Texas Instruments
37	Padmanabhan V S	Vice President Finance & Accounts, Wipro Infotech	2,907,131	BCom, ACA	9-Nov-94	28	52	Union Carbide
38	Prasad V Bhatt	General Manager VLSI/System Design, Wipro Technologies	2,884,048	BE, MTech	2-Mar-89	16	40	ORG Systems
39	Prasanna G.K.	Vice President Technology Infrastructure Service, Wipro Technologies	4,310,625	BTech, PGDiploma	2-Dec-99	21	45	Microland

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40	Pratik Kumar	Corporate Vice President HR, Wipro Limited	4,891,325	BA, MBA	4-Nov-91	17	39	TVS Electronics Ltd.
41	Rajat Mathur	Vice President International Operations & BSD, Wipro Infotech	2,829,330	BE, MBA	15-Nov-85	19	44	Horizon Mktg. & Serv.
42	Rajeev V S	General Manager BOSS, Wipro Technologies	2,600,685	BTech, PGDM	16-Jan-92	19	44	TCS
43	Rajesh Kochhar	Chief Executive Business, Wipro Consumer Care & Lighting C&I	2,571,931	BE (Hons)	16-Dec-91	25	47	Crompton Greates Ltd
44	Rajesh Ram Mishra	Vice President 2, Wipro Technologies SBU	3,387,081	BTech, MTech	6-May-88	19	42	International S/W Ind.
45	Ramakanth Desai	Vice President Strategic Clients, Wipro Technologies	3,650,105	BTech	12-Aug-92	20	41	Tata Unisys

Table of Contents**WIPRO LIMITED**

Sr. No.	Name	Designation	Remuneration	Qualification	Date of Total Experience (in DOJ) Yrs		Age	Last Employment
					Employment	Yrs		
46	Ramesh A N	General Manager V&NGN, Wipro Technologies	2,495,218	BE, MTech	16-Sep-88	18	42	TVS Electronics Ltd.
47	Ramesh Emani	President E&PE, Wipro Technologies	7,034,147	BTech, MTech	15-Nov-83	24	48	Tata Burroughs Ltd
48	Ramesh Nagarajan	Vice President Office of Productivity, Wipro Technologies	3,171,616	ME	24-Oct-00	17	39	Wipro Infotech
49	Ranjan Acharya	Corporate Vice President HRD, Corporate Office, Wipro Limited	5,005,809	BSc, MBA	18-Jul-94	25	47	National Institute of Comp Edn. & Business Trg.
50	Ravishankar G S	General Manager BNBU, Wipro Technologies	3,040,528	BSc, BE, ME	28-Jan-03	24	50	Ericsson India
51	Rohit Kumar	Vice President Utilities Vertical, Wipro Technologies	4,443,601	BE, MBA	5-Mar-02	12	37	Oracle Corporation
52	Sairaman Jagannathan	General Manager Solutions Delivery, Wipro Infotech	2,642,689	BE	29-Aug-01	23	47	Mascot Systems
53	Sambuddha Deb	Chief Quality Officer, Wipro Technologies	4,260,921	BTech, PGDM	29-Jun-82	22	47	First Employment
54	Sangita Singh	Vice President Strategic Marketing, Wipro Technologies	3,728,252	BE	1-Aug-92	13	35	HCL Limited
55	Sanjiv K R	Vice President E-Biz & Data Warehousing Solution, Wipro Technologies	3,335,685	MMS	16-Nov-88	19	41	DCM DAEWOO
56	Selvan D	Vice President Talent	2,747,782	BTech, PGDM	5-Sep-92	19	43	NIIT Ltd.

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57	Senapaty S C	Transformation, Wipro Technologies Corporate Executive Vice President Finance, Wipro Limited	7,609,925	BCom, ACA	10-Apr-80	26	48	Lovelock & Lewes
58	Sethumadhava Rao T V	Vice president and Principal Consultant, Wipro Technologies	2,603,184	BE	6-Aug-81	29	54	ECIL
59	Shirish Kanetkar	General Manager Business Operations ROM, Wipro Infotech	3,038,113	BSc, Diploma	10-Sep-02	18	44	Cisco
60	Siby Abraham	Vice President Semiconductor, Wipro Technologies	3,602,906	BTech, MTech	16-Feb-87	18	41	First Employment
61	Soumitro Ghosh	Vice President Banking & Insurance Practice, Wipro Technologies	4,194,752	BTech, MBA	26-Nov-88	21	45	Blue Star Ltd.
62	Srinivasan P V	Vice President Corporate Taxation, Wipro Limited	3,091,153	ACA	6-Feb-97	21	45	Sundaram Fastners Ltd.
63	Subhash Khare	Head PMO, Wipro Technologies	2,653,145	BE	3-Oct-90	20	44	Telco
64	Subrahmanyam P	Vice President Broadband, Wipro Technologies	3,459,741	BSc, MSc, MPHIL	8-Nov-83	21	45	First Employment
65	Sudhir Jha	General Manager PeopleSoft Practice, Wipro Technologies	2,774,196	PGDiploma	29-Apr-02	14	37	Pricewaterhouse Coopers
66	Sudip Banerjee	President Enterprise Solutions, Wipro Technologies	6,506,154	BA, PG Diploma in Bus Mgmt.	2-Nov-83	23	45	HCL Infosystems
67	Sudip Nandy	Chief Strategy Officer, Wipro Technologies	5,110,563	BSc, BE, PGDM	28-May-83	22	47	First Employment
68	Sumit Ray	Group Head Telecom Solutions, Wipro Technologies	3,166,447	BE, MTech	30-Jan-03	20	44	Ericsson India
69	Suresh Vaswani	President, Wipro Infotech	6,961,602	BE, MBA	2-May-85	20	45	SKEFCO
70			3,159,973	BE, PGDBM	1-Mar-00	16	40	

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	Suryanarayana Valluri	Vice President Telecom Service Providers, Wipro Technologies						RPG Cellular Services Ltd.
71	Tamal Dasgupta	Corporate Vice President & CIO, Wipro Technologies	4,862,354	B Com, CA, CPA	1-Mar-00	22	54	Indian Aluminium Co
72	Thandava Murthy T D	Chief Executive Professional Services Division, Wipro Infotech	3,805,881	BE	5-Jul-02	24	49	Compaq
73	Vasudevan A	Vice President VLSI / Systems Design, Wipro Technologies	3,980,858	BE, MTech	31-Mar-86	19	43	First Employment
74	Venkatesh V R	Vice President SBU 1, Wipro Technologies	4,072,716	BSc, MSc, MTech	22-Mar-84	21	45	Vikrant Tyres
75	Vijay K Gupta	Vice President Corporate Communication, Brand & Community Initiatives, Wipro Limited	2,848,946	BTech, PGDM	1-Apr-91	20	47	Electronic Components Industries Association
76	Vijayakumar I	Vice President Wireless Business, Wipro Technologies	3,021,523	BSc, BE	16-Jul-90	17	40	INDCHEM
77	Vineet Agrawal	President Wipro Consumer Care & Lighting	6,571,887	BTech, MMS	4-Dec-85	19	43	First Employment
78	Vinod Wahi	Head Wipro Biomed	3,594,648	BSc, PGDM	1-Mar-90	29	57	Boehringer Knoll Ltd.
79	Vishwas Santurkar	General Manager HP ODC, Wipro Technologies	2,573,715	BE	6-Nov-91	19	42	Unicad Technologies Pvt Ltd
80	Viswanathan K S	Vice President Strategic Sales, Wipro Infotech	3,495,082	MA	11-Oct-03	22	47	Dell Computers
81	Vittal N Vashist	General Manager PLM Strategy, Wipro Technologies	2,749,426	BE, MTech	26-Feb-01	14	43	IBM India Ltd
82	Vivek Bhasin	Vice President ES-e-Enabling, Wipro Technologies	3,051,226	BE, MBA	20-Apr-99	15	42	HCL Deluxe
83	Vivek Paul	Vice Chairman Wipro Limited	71,512,442	BE, MBA	26-Jul-99	23	46	GE Medical Systems

Part of the year :								
84	Deepak Rao	General Manager IT Solutions-Finance, Banking & Insurance, Wipro Technologies	2,960,895	BE, PGDiploma	22-Jan-02	16	41	Infosys Technologies
85	Kayomarz Shroff	General Manager CHRD, Wipro Limited	1,609,934	BA, MA, LLB	10-Nov-97	19	43	U B Group
86	Madhavan Ganesan	Vice President Business Finance Manager, Wipro Technologies	2,492,952	CA	1-Oct-02	18	40	Sepectramind
87	Madhu Khatri	Corporate Vice President & General Counsel, Wipro Limited	195,907	BA, LLB, LLM	15-Mar-05	16	41	General Electric
88	Sundar Rajan R	Corporate Vice President Legal & General Counsel, Wipro Limited	1,688,572	BA, LLB	2-Nov-95	15	39	(Brooke Bond Lipton India) Ltd.
89	Umesh Nanda	Chief Executive Manufacturing, Wipro Consumer Care & Lighting	4,281,191	BE	10-Oct-88	38	60	Eastern Circuits Ltd.

- Notes:**
1. Remuneration comprises of salary, commission, allowance, medical, perquisites & Company's contribution to PF and Superannuation Funds.
 2. None of the employees listed is a relative of any director.
 3. The nature of employment is contractual in all the above cases.
 4. In terms of the Notification dated March 24, 2004 issued by the Department of Company Affairs employees posted and working in a country outside India, not being directors or their relatives, has not been included in the above statement.
 5. The USD to INR conversion used is Rs. 43.62 per USD.

Table of Contents**WIPRO LIMITED****CORPORATE GOVERNANCE REPORT 2004-05****ANNEXURE D****I CORPORATE GOVERNANCE**

Corporate Governance is the mechanism by which the principles, values, philosophy and practices of a Company manifest in the real world. Good transparent Corporate Governance ensures that the Company is managed and monitored in a responsible manner geared to value creation. Corporate Governance is concerned with both the internal aspects of the Company, such as internal controls, and the external aspects such as an organisation's relationship with all its stakeholders.

The Board of Directors represents the interests of the Company's stakeholders, in optimising long-term value by providing the Company necessary guidance and strategic vision on stakeholders' behalf. The Board is also responsible for ensuring that the Company's management and employees operate with the highest degree of ethical standards.

Effective Corporate Governance programs include the institution of corporate ombudsperson and encourage whistleblowers to dissent when the interests of the Company are compromised. Good Corporate Governance is the responsibility and privilege of each and every stakeholder.

At Wipro Limited, our pursuit towards achieving good Corporate Governance is an ongoing process, thereby ensuring integrity, transparency and accountability in all our dealings with our employees, shareholders, customers and the community at large. We believe that the constant effort to improve operational performance, guided by our values, forms the basis for good Corporate Governance. Corporate Governance is strongly driven by our values such as quality, commitment, customer orientation and integrity.

During the course of the year, Securities and Exchange Board of India made certain significant amendments to the Corporate Governance requirements under Indian Stock Exchange Listing Agreement, inter alia, widening the definition of Independent Director, prior approval of the shareholders for payment of Non-Executive Directors fees/remuneration including determination of criteria for making such payments, affirmation of Code Conduct by Senior Management, widening the disclosure with respect to related party transactions, internal controls, risk management, tenure of independent directors, etc. These amendments have now been deferred till December 31, 2005.

Your Board of Directors present the Corporate Governance Report for the year 2004-05 based on the disclosure requirements under Clause 49 of the Listing Agreement existing as of March 31, 2005.

II BOARD OF DIRECTORS**A Composition**

The details of the Directors on the Board of your Company as on March 31, 2005 are given below:

Name	Category	Designation	Date of appointment	Directorship in other Companies	Chairmanship in Committees of Boards of	Membership in Committees of Boards
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				(*)	other companies	of other companies
Azim H. Premji	Promoter Director	Chairman and Managing Director (designated as Chairman)	01.09.1968	11	Nil	Nil
Vivek Paul	Whole-time Director	Vice Chairman and Wholetime Director	26.07.1999	3	Nil	Nil
N. Vaghul	Independent Non-Executive Director	Director	09.06.1997	12	3	5
B.C. Prabhakar	Independent Non-Executive Director	Director	20.02.1997	Nil	Nil	Nil
Jagdish N. Sheth	Independent Non-Executive Director	Director	01.01.1999	2	Nil	2
Ashok Ganguly	Independent Non-Executive Director	Director	01.01.1999	9	3	5
Eisuke Sakakibara	Independent Non-Executive Director	Director	01.01.2002	Nil	Nil	Nil
P.M. Sinha	Independent Non-Executive Director	Director	01.01.2002	4	2	3

(*) This does not include unlimited companies, foreign companies and companies under Section 25 of the Companies Act, 1956.

Table of Contents

WIPRO LIMITED

The Chairman is an Executive Director and the number of Independent Non-Executive Directors on the Board is more than 50% of the Board strength at any point of time. All Independent Non-Executive Directors comply with the legal requirements for being independent .

Independent Director means a Director who, apart from receiving a Director's remuneration, does not have any other material pecuniary relationship or transactions with the Company, its promoters, its management, or its subsidiaries which in the judgement of the Board may affect the independence of judgement of the Director.

Brief resumes of the Board of Directors

Azim H. Premji has served as our Chief Executive Officer, Chairman of the Board and Managing Director (designated as Chairman) since September 1968. Mr. Premji holds a B.S. in Electrical Engineering from Stanford University, USA.

Dr. Ashok Ganguly has served as one of our Directors since January 1999. Since April 2003, Dr. Ganguly has served as the Chairman of ICICI OneSource Ltd., a business process outsourcing company, and, since September 2003, as the Chairman of ABP Pvt. Ltd., a media and publishing company. From August 1996 to March 2003, he served as the Chairman of ICI India Limited, a manufacturing company. Dr. Ganguly also currently serves as a Director on the Central Board of the Reserve Bank of India and Homogenomics Pvt. Ltd. He is also a Non-Executive Director of British Airways plc., Mahindra & Mahindra Ltd., ICICI Knowledge Park Ltd. and Tata AIG Life Insurance Co. Ltd. More recently, Dr. Ganguly was appointed as a member of India's Prime Minister's Council for Trade and Industry as well as a member of the Government of India's Investment Commission. Dr. Ganguly holds a B.Sc. in Chemistry from Bombay University and an M.S. and Ph.D. from the University of Illinois, USA.

B.C. Prabhakar has served as one of our Directors since February 1997. He has practiced law in his own firm since April 1970. Mr. Prabhakar holds a B.A. in Political Science and Sociology and an LL.B. from Mysore University.

Dr. Jagdish N. Sheth has served as one of our Director since January 1999. He has been a professor at Emory University since July 1991. Dr. Sheth has also been a Director of Norstan, Inc., a manufacturing company, since September 1995, and of Pac West Telecomm, a telecommunication company, since July 1999. Dr. Sheth is also on the boards of Cryo-Cell International Inc., a blood stem cell bank, and Shasun Chemicals & Drugs Limited, a pharmaceutical company. Dr. Sheth holds a B. Com. from Madras University in India, and an M.B.A. and a Ph.D in Behavioral Sciences from the University of Pittsburgh, USA.

Vivek Paul has served as one of our Directors, Vice Chairman of the Board and Executive Officer of Wipro Technologies since July 1999. From January 1996 to July 1999, Mr. Paul was General Manager of Global CT Business at General Electric, Medical Systems Division. From March 1993 to December 1995, he served as President and Chief Executive Officer of Wipro GE Medical Systems Limited. Mr. Paul holds a B.E. from the Birla Institute of Technology and Science, Pilani in India, and an M.B.A. from the University of Massachusetts, Amherst, USA.

Narayanan Vaghul has served as one of our Directors since June 1997. He has been Chairman of the Board of ICICI Bank Limited since September 1985. Mr. Vaghul is also on the Boards of Mahindra and Mahindra Ltd.,

Mahindra Industrial Park Limited, Air India Limited, Air India Transport Services Limited, Air India Engineering Services Limited, Nicholas Piramal India Ltd., Apollo Hospitals Enterprise Limited, Technology Network (India) Pvt. Ltd., Himatsingka Seide Limited and Asset Reconstruction Company (India) Limited. Mr. Vaghul is also the Chairman of the Compensation Committee of Mahindra and Mahindra Limited and Nicholas Piramal India Ltd. Mr. Vaghul holds a B. Com. in Banking from Madras University in India.

Prof. Eisuke Sakakibara has served as one of our Directors since January 1, 2002. He has been a Professor of Economics in Keio University of Japan since 1999. After working with the Ministry of Finance, Government of Japan since 1965, he was posted as Economist, International Monetary Fund in 1971, and was a visiting Associate Professor of Economics at Harvard University. He has also served as Director-General, International Finance Bureau, Japan between 1995 and 1997. In 1997, he became the Vice Minister of Finance for International Affairs, Japan. Prof. Sakakibara holds a B.A. in Economics from the University of Tokyo and a Ph.D. in Economics from the University of Michigan, USA.

Priya Mohan Sinha became a Director of our Company on January 1, 2002. He has served as the President of PepsiCo International South Asia, since 1995 and as Chairman of PepsiCo India Holdings Limited and President of Pepsi Foods Limited since July 1992. From October 1981 to November 1992, he was on the Executive Board of Directors of Hindustan Lever Limited. From 1981 to 1985 he also served as Sales Director of Hindustan Lever. Mr. Sinha was also Chairman of Stepan Chemicals Limited between 1988 and November 1992 and on the Boards of Brooke Bond India Limited, Lipton India Limited, Indexport Limited and Lever Nepal Limited. Currently, he is also on the Boards of ICICI Bank Limited, Lafarge India, Indian Oil Corporation Limited, Azim Premji Foundation Pvt. Ltd. and is Chairman, Bata India Limited. Mr. Sinha holds a B.A. from Patna University and he has also attended Advanced Management Program in the Sloan School of Management, Massachusetts Institute of Technology, USA.

Table of Contents

WIPRO LIMITED

Lead Independent Director

Mr. N. Vaghul has been designated as the Lead Independent Director. The basis for his selection is as laid down in our corporate governance guidelines.

Board membership criteria

The Nominating and Corporate Governance Committee comprise entirely of Independent Directors which works closely with the Board in identifying, screening, recruiting and recommending Directors for nomination by the Board for election as members of the Board.

Board members are expected to possess strong management experience, ideally with major public companies with successful multinational operations, other areas of expertise or experience that are desirable, given the Company's business and the current make-up of the Board, such as expertise or experience in Information Technology businesses, manufacturing, international, financial or investment banking, scientific research and development, senior level government experience and academic administration, personal characteristics matching with the Company's values, such as integrity, accountability, financial literacy, and high performance standards.

Materially significant related party transactions

None of the Non-Executive Directors have any pecuniary material relationship with the Company for the year ended March 31, 2005.

In the opinion of the Board, the transactions during the year 2004-05 between the holding Company and its subsidiaries are not material and have been done at arms length and are duly recorded in the Register of Contracts maintained by the Company pursuant to Section 301 of the Companies Act, 1956.

During the year 2004-05, Mr. Azim H. Premji, Chairman of the Company expressed his intention to buy back certain assets like car and furniture & equipment provided to him as part of perquisites as per policy of the Company. The Board of Directors at their meeting held on October 15, 2004 approved the above proposal and accordingly an application has been made to the Central Government as required under Section 297 of the Companies Act, 1956 for approval of the above transaction. Approval of the Central Government is awaited.

B Board Meetings

As per the Listing Agreement, the Board of Directors must meet at least four times a year, with a maximum time gap of four months between any two meetings.

During the last financial year, our Board met four times, on April 15, 2004, July 22, 2004, October 14, 2004 and January 20, 2005. All the Board meetings were held at the Company's registered office at Bangalore, India. The gap between two board meetings did not exceed four months.

The agenda for the Board meetings is always sent to the Directors at least two weeks prior to the Board meeting to invite suggestions from each Board member for their views and for inclusion of items on the agenda, if any.

Information supplied to the Board

The Board of Directors of Wipro Limited is presented with various issues affecting the business and environment including the following whenever applicable and materially significant.

- review of annual operating plans, capital budgets and any updates.
- quarterly results of the Company and its operating divisions or business segments.
- minutes of meetings of audit committee and other committees of the Board.
- information on recruitment and remuneration of senior officers just below the board level.
- materially important litigations, show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- details of any joint venture or collaboration agreement.
- transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- significant labour problems and their proposed solutions.

Table of Contents**WIPRO LIMITED**

- significant development in Human Resources/Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
- quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, and
- non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

The above information along with all other relevant materials to be considered at the meeting is circulated to the Board before the Board meeting.

The Board is also given presentations covering Finance, Sales and Marketing and the major business segments and operations of the Company, before taking on record the results of the Company for the preceding financial quarter at each of the scheduled Board meetings.

The Guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the decisions taken by the Board of Directors.

The attendance of the Directors at the Board Meetings held during the year is given below :

Director	Number of meetings held	Number of meetings attended
Azim H. Premji	4	4
Vivek Paul	4	4
N. Vaghul	4	4
B.C. Prabhakar	4	4
Jagdish N. Sheth	4	4
Ashok Ganguly	4	4(*)
Eisuke Sakakibara	4	2
P.M. Sinha	4	4

* - one meeting attended through Teleconferencing.

C Directors membership in Board committees

As per the Listing Agreement, no director can be a member in more than 10 committees or act as chairman of more than five committees across all companies in which he is a director.

In terms of the Listing Agreement, none of the Directors of our Company were members in more than 10 committees nor acted as chairman of more than five committees across all companies in which they were

directors.

D Selection, Remuneration, and Tenure of Directors

Selection

The selection of new Directors is done by the Nomination & Corporate Governance Committee of the Board. The process of nomination and selection of prospective Directors are detailed in Company's charter of Nomination and Corporate Governance Committee. The charter is posted on Company's website at www.wipro.com/Investors/Corpinfo. No new Directors were appointed during the year.

Subject to the approval of the shareholders at the ensuing Annual General Meeting, Mr. Azim H. Premji, was re-appointed as Chairman and Managing Director (designated as Chairman) of the Company with effect from December 31, 2004 for a further period of two years and seven months. Other than the Chairman, two of the existing directors, who retire by rotation, are proposed to be re-appointed as Directors at the ensuing Annual General Meeting.

Remuneration

Executive Directors are paid remuneration within the limits envisaged under Schedule XIII of the Companies Act, 1956. The remuneration payable is always recommended by the Compensation & Benefits Committee to the Board and is approved by the Board as well as the Shareholders of the Company.

Non-Executive Independent Directors are paid remuneration by way of a commission as may be recommended by the Compensation & Benefits Committee and approved by the Board/Shareholders subject however to the condition that the commission shall not cumulatively exceed 1% of the net profits of the Company for all Non-Executive Independent Directors in the aggregate in one financial year. In case of commission payable to the members of the Compensation & Benefits Committee, the same shall be decided and approved by the Board.

Table of Contents

WIPRO LIMITED

Tenure

The age limit for retirement of the Executive and Non Executive Independent Directors is being decided by the Nomination and Corporate Governance Committee.

III BOARD COMMITTEES

As of March 31, 2005, your Company has four Board committees. These are:

- Audit Committee
- Compensation & Benefits Committee
- Nomination & Corporate Governance Committee
- Shareholders/Investors Grievance & Administrative Committee

A AUDIT COMMITTEE

1 Brief description of terms of reference:

The Audit Committee reviews, acts and reports to the Board of Directors, inter alia, with respect to :

- auditing and accounting matters, including the recommendation for appointment of our independent auditors;
- company's compliance with legal and statutory requirements;
- integrity of the Company's financial statements, the scope of the annual audits, and fees to be paid to the independent auditors;
- performance of the Company's Internal Audit function, independent auditors and accounting practices.

Though the financial results are sent to the Audit Committee and the Board at the same time, the Audit Committee reviews the audited quarterly, half-yearly and yearly financial results and places a report on the same to the Board for its consideration and approval. The Chairman of the Audit Committee is always present at the Annual General Meeting. However, due to health reasons, Mr. N. Vaghul, Chairman of the Audit Committee could not attend the last Annual General Meeting and Mr. P.M. Sinha who was appointed to act as the Chairman in Mr. Vaghul's absence, was present at the meeting.

The detailed charter of the Audit Committee is posted on the Company's website at:
www.wipro.com/Investors/Corpinfo.

2 Composition & Qualifications

The Audit Committee comprises of the three independent, Non-Executive directors. All the members including the Chairman have adequate financial and accounting knowledge. None of the members receive directly or indirectly any consulting, advisory or compensatory fees from the Company other than their remuneration by way of commission as a Director.

Mr. N. Vaghul	-	Chairman
Mr. B.C. Prabhakar	-	Member
Mr. P.M. Sinha	-	Member

3 Meetings and attendance during the year

The Audit Committee met four times during the year, each time on the day preceding the Board Meetings. Minutes of each Audit Committee meeting are placed before, and discussed at, the following Board meeting.

Name	Number of meetings held during the year	Number of meetings attended during the year
N. Vaghul	4	4
B.C. Prabhakar	4	4
P.M. Sinha	4	4

B COMPENSATION AND BENEFITS COMMITTEE

1 Brief description of terms of reference of the Compensation & Benefits Committee

The Compensation and Benefits Committee determines salaries, benefits and stock option grants to employees and directors of your Company. The Committee also administers your Company's Employee Stock Option Plan (ESOP). The detailed charter of the Committee is posted on the Company's website at www.wipro.com/Investors/Corpinfo. The Company's Compensation & Benefits Committee has the necessary powers and authority to ensure appropriate disclosure on the remuneration of Whole-time Directors. Since the appointment of the Whole-time Directors are by virtue of their employment with the Company, their other service conditions are governed by the policy of the Company.

Table of Contents**WIPRO LIMITED*****2 Composition, name of members and the Chairperson***

The Compensation & Benefits Committee comprises of the following three Independent Non-Executive Directors :

Mr. N. Vaghul - Chairman

Mr. B.C. Prabhakar - Member

Mr. P.M. Sinha - Member

3 Meetings and attendance during the year

The Compensation & Benefits Committee met four times in the year, usually on the day preceding the Board meetings. All the members were present at each of the meetings.

Minutes of each of the Compensation & Benefits Committee meeting is placed before the Board.

Name	Number of meetings held during the year	Number of meetings attended during the year
N. Vaghul	4	4
B.C. Prabhakar	4	4
P.M. Sinha	4	4

C NOMINATION AND CORPORATE GOVERNANCE COMMITTEE***1 Brief description of terms of reference***

The Nomination and Corporate Governance Committee has the following key deliverables :

- develop and recommend to the Board corporate governance guidelines applicable to the Company by taking a leadership role in shaping the corporate governance of the Company
- implement policies and processes relating to corporate governance principles
- lay down policies and procedures to assess the requirements for induction of new members on the Board

2 Composition

The Nomination and Corporate Governance Committee comprise of the following three independent non-executive members of the Board.

Mr. Ashok Ganguly - Chairman

Mr. N. Vaghul - Member

Mr. P.M. Sinha - Member

3 Meetings

The Nomination and Corporate Governance Committee met once in the financial year 2004-05. All the members were present at the meeting.

Name	Number of meetings held during the year	Number of meetings attended during the year
Ashok Ganguly	1	1
N. Vaghul	1	1
P.M. Sinha	1	1

4 Particulars of Directors appointed/re-appointed

Mr. Azim H. Premji, was re-appointed as Chairman and Managing Director (designated as Chairman) of the Company for a further period of two years and seven months with effect from December 31, 2004. This appointment is subject to the approval of the shareholders at the ensuing Annual General Meeting.

In compliance with the provisions of Section 302 of the Companies Act, 1956, the Company had circulated an abstract of the terms and conditions of the said re-appointment to the shareholders on January 25, 2005.

Table of Contents

WIPRO LIMITED

As per the provisions of the Companies Act, 1956, Prof. Eisuke Sakakibara and Dr. Ashok S. Ganguly, retire by rotation and being eligible offer themselves for re-appointment.

Brief resumes of each of the Directors proposed to be re-appointed at the ensuing Annual General Meeting is provided as an annexure to the Notice convening the Annual General Meeting.

The notice for the Annual General Meeting scheduled to be held on July 21, 2005 complies with this requirement.

D SHAREHOLDERS /INVESTORS GRIEVANCE AND ADMINISTRATIVE COMMITTEE

1 Brief description of terms of reference

The Shareholders/Investors Grievance & Administrative Committee administers the following :

- to effect transfer of shares
- to effect transmission of shares
- to issue duplicate share certificates as and when required
- to monitor Shareholder/Investor s Grievance issues from time to time and provide redressal for the same
- to open and close Bank accounts
- to grant, revoke general, specific and banking powers of attorney

Apart from the above, the Committee is also delegated by the Board to administer the following :

- to consider and approve allotment of equity shares pursuant to exercise of stock options
- such other activities resulting from statutory amendments/modifications from time to time

2 Composition

The composition of the Shareholders/Investors & Administrative Grievances Committee is as follows :

Mr. B.C. Prabhakar - Chairman

Mr. Azim H. Premji - Member

All the members were present at each of the meetings.

3 Name and designation of Compliance Officer

The Compliance Officer as per the requirements under the Listing Agreement is Mr. V. Ramachandran, Company Secretary.

4 Details of complaints/requests received and resolved during the year 2004-05**COMPLAINTS :**

Sl. No.	Nature of Complaints	Received	Replied	Pending
1	Non receipt of Share certificates lodged for transfer	1	1	0
2	Non receipt of Dividend warrants	343	343	0
3	Non receipt of Dividend warrant after revalidation	0	0	0
4	Non receipt of Share certificates lodged for split/Bonus shares	4	4	0
5	Non receipt of Duplicate share certificates	0	0	0
6	Letters from SEBI/ Stock Exchanges	3	3	0
7	Letters from Department of Company Affairs/Other Statutory Bodies	2	2	0
	Total	353	353	0

52

Table of Contents**WIPRO LIMITED****REQUESTS :**

Sl. No.	Nature of Requests*	Received	Replied	Pending
1	Receipt of Dividend warrants for revalidation	455	455	0
2	Request for mandate correction on Dividend warrants	214	214	0
3	Request for duplicate Dividend warrant	27	27	0
4	Request for copy of Annual Report	98	98	0
5	Request for TDS certificate	0	0	0
6	Request for exchange of split Share Certificates	12	12	0
	Total	806	806	0

* The Company has complied with submission of its responses to the queries/ clarifications sought by the Stock Exchanges on various market related information like clarifications on market rumours, etc from time to time. These responses have not been included in the information furnished in the above table.

IV DISCLOSURE ON THE REMUNERATION OF DIRECTORS

Given below are the details of remuneration paid for the financial year 2004-05 to the Directors of the Company. The remuneration of the Executive Directors which is approved by the Compensation & Benefits Committee consists of fixed pay, commission based on percentage of profits of the Company as approved by the shareholders and stock options.

Commission payable to each of the Independent Non-Executive Directors is limited to a fixed sum payable as approved by the Board subject to a maximum of 1% of the net profits of the Company for the year, cumulatively for all the Directors. The commission payable to Independent Non-Executive Directors was originally approved by the shareholders on July 18, 2002.

(Rs. 000s)

Name	Relationship with other Directors	Salary	Commission/ Incentives	Other annual compensation*	Deferred benefits	Sitting fees	Notice period and Severance payment	No. of stock options granted during the year
Azim H. Premji	None	2,333	17,648	2,743	3,091		Upto six months	
Vivek Paul**	None	20,065	51,717	519	3,009		Three months. For severance payment, see note below	75,000 ADS Restricted Stock Units
Ashok Ganguly	None		800			8		
B.C. Prabhakar	None		400			32		

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N. Vaghul	None	800	24
P.M. Sinha	None	1,000	24
Dr. Jagdish	None	1,125	8
N. Sheth **			
Prof. Eisuke Sakakibara	None	1,800	4

* The above figure includes cost of rent free furnished residential accommodation or house rent allowance, leave travel concession, reimbursement of medical expenses, personal accident insurance, and fully maintained Company car with driver, interest subsidy on housing finance, gardener, watchman, electricity, servant and gratuity as per Company Policy.

Table of Contents**WIPRO LIMITED**

Deferred benefits in the case of Mr. Vivek Paul were Company's contribution to Deferred Compensation Plan. The Company has a Deferred Compensation Plan in place, and a Participant Agreement with Mr. Vivek Paul. Contributions made by the Company under this Deferred Compensation Plan are managed by an irrevocable Trust whose trustees are appointed by the Company under a Trust Agreement. Wells Fargo NA., has been appointed as a Trustee of the Trust. Company makes a contribution of 15% of the base salary to the Trust and the employee is also eligible to contribute upto 15% of the base salary and upto 100% of the commission under the Deferred Compensation Plan to the Trust. The Trust will make payouts upon compliance with the conditions prescribed in the Plan and the relevant agreements.

Severance payment is payable to Mr. Vivek Paul subject to fulfillment of certain conditions. For further details, please refer to our disclosure in section titled "Terms of Employment Arrangements and Indemnification Agreement" in the Annual Report on Form 20F filed with Securities and Exchange Commission (SEC).

** Figures mentioned are rupee equivalent as amounts payable in USD.

*** Figures mentioned are rupee equivalent as amounts payable in Yen.

V GENERAL BODY MEETINGS**A Annual General Meetings (AGM) :**

The location and time of the last three AGMs are as follows :

Year	Location	Date	Time
2001-02	Doddakannelli, Sarjapur Road, Bangalore	July 18, 2002	4.30 pm
2002-03	Doddakannelli, Sarjapur Road, Bangalore	July 17, 2003	4.30 pm
2003-04	Doddakannelli, Sarjapur Road, Bangalore	June 11, 2004	4.30 pm

Generally, all the resolutions in the Annual General Meeting are passed by show of hands.

Two Executive Directors and Three Independent Non-Executive Directors of the Company attended the Annual General Meeting held on June 11, 2004.

B Details on Extraordinary General Meetings (EGM)

No EGMs were held during the year. The date, location and time, of the last three EGMs held are as follows :

Year	Location	Date	Time
1998-99	Ganesha Complex, Madiavala, Hosur Main, Bangalore	December 13, 1999	11.00 am

1999-00	Taj Residency, Bangalore	April 26, 2000	4.30 pm
2000-01	Doddakannelli, Sarjapur Road, Bangalore	July 19, 2001	5.30 pm

No special resolutions were put through postal ballot during the year.

VI DISCLOSURES

A Disclosures on materially significant related party transactions that may have a potential conflict of interest with the interests of Company at large

During the year 2004-05, no transactions of material nature had been entered into by the Company with the Promoters or Directors or Management, their subsidiaries or their relatives that may have a potential conflict with interest of the Company.

We have disclosed the related party transactions with the subsidiary companies in Note No .15 at Page No.89 of Annual Report.

B Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to Capital Markets, during the last three years

The Company has complied with the requirements of the Stock Exchange or SEBI on matters related to Capital Markets, as applicable from time to time.

Table of Contents

WIPRO LIMITED

VII MEANS OF COMMUNICATION

A The Company's Quarterly, Half yearly and Annual results as well as copies of the Press Releases and Company Presentations are displayed on the following web-sites at www.wiproindia.com and www.wipro.com/Investors.

B The financial results are published in the following newspapers:

The Business Standard

Kannada Prabha

C *Management Discussion and Analysis Report*

The Company has provided a detailed Management Discussion and Analysis report in its Annual Report for the year 2004-05. Please refer pages 122 to 131 of the Annual Report.

VIII GENERAL SHAREHOLDER INFORMATION

A *Forthcoming AGM*

The next Annual General Meeting of the Company will be held on July 21, 2005 at 4.30 pm at the registered office of the Company at Doddakannelli, Sarjapur Road, Bangalore 560 035.

B *Financial Calendar for 2005-06*

Tentative schedule

Financial reporting for the quarter ending June 30, 2005
Financial reporting for the half-year ending September 30, 2005
Financial reporting for the quarter ending December 31, 2005
Financial reporting for the year ending March 31, 2006
Annual General Meeting for the year ending March 31, 2006

Likly Board Meeting Schedule

Second fortnight of July 2005
Second fortnight of October 2005
Second fortnight of January 2006
Second fortnight of April 2006
Second fortnight of July 2006

C *Book closure dates for the purpose of dividend*

The Company's register of members and share transfer books will remain closed from July 1, 2005 to July 11, 2005 (both days inclusive) to determine the entitlement of shareholders to receive the final dividend as may be declared for the year ended March 31, 2005.

D *Dividend payment*

Dividend on equity shares as recommended by the directors for the year ended March 31, 2005, when declared at the meeting, will be paid on or before August 20, 2005 :

(i)

to those members whose names appear on the Company's register of members, after giving effect to all valid share transfers in physical form lodged with M/s. Karvy Computershare Private Limited, Registrar and Share Transfer Agent of the Company on or before June 30, 2005.

- (ii) In respect of shares held in electronic form, to those deemed members whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the opening hours on July 1, 2005.

E Listing on Stock Exchanges

Your Company's securities are listed on the following stock exchanges as of March 31, 2005 :

Equity Shares

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai 400 023
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor, Plot No.C/1, G Block
Bandra East, Mumbai 400 051

American Depository Receipts (ADRs)

New York Stock Exchange
60 Wall Street
New York

Listing fees for the year 2004-05 have been paid to the Indian Stock Exchanges and the listing fees to New York Stock Exchange for listing of ADRs has been paid for the calendar year 2005.

Table of Contents**WIPRO LIMITED**

During the year, pursuant to the approval by the members of the Company at the last Annual General Meeting held on June 11, 2004, the Company has received approvals from the following stock exchanges and de-listed its equity shares from these exchanges.

- a. Bangalore Stock Exchange Limited, Bangalore
- b. Stock Exchange-Ahmedabad, Ahmedabad
- c. Cochin Stock Exchange Limited, Cochin
- d. Delhi Stock Exchange Association Limited, New Delhi

The formalities for de-listing from the Calcutta Stock Exchange Association Limited have been duly completed and confirmation of de-listing is awaited from the Exchange.

F Stock Code :

Stock Exchange	Code
The Stock Exchange, Mumbai	Wipro
National Stock Exchange of India Ltd.	Wipro
New York Stock Exchange (ADRs)	WIT
ISIN number for equity shares	INE 075A01022
ADR Cusip No.	97651M109

G Stock Market Data relating to equity shares listed in India**Table 1**

Month (2004-05)	Price in NSE		Volumes Traded Volumes	S&P CNX Nifty Index during each month		Wipro price movement vis-a-vis previous month High/Low		S&P CNX Nifty Index movement vis-a-vis previous months	
	High	Low		High	Low	High %	Low %	High %	Low %
April	558.30	442.30	9,415,191	1,912	1,771	109.11	98.22	100.68	106.05
May	550.00	396.60	9,050,908	1,837	1,292	98.51	89.67	96.08	72.95
June	570.00	476.00	13,843,862	1,567	1,438	103.64	120.02	83.30	111.30
July	555.00	470.00	25,594,505	1,639	1,473	97.37	98.74	104.59	102.43
August	585.00	527.00	31,593,473	1,659	1,574	105.41	112.13	101.22	106.86
September	611.80	470.00	19,577,467	1,761	1,620	104.58	89.18	106.15	102.92
October	728.00	593.10	19,669,191	1,829	1,738	118.99	126.19	103.86	107.28

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November	770.00	649.00	13,938,541	1,964	1,777	105.77	109.43	107.38	102.24
December	774.80	733.00	13,905,784	2,088	1,945	100.62	112.94	106.31	109.45
January	760.00	610.35	15,751,188	2,120	1,894	98.09	83.27	101.53	97.38
February	728.00	661.90	11,012,290	2,110	2,037	95.79	108.45	99.53	107.55
March	734.95	624.15	11,940,035	2,183	2,007	100.95	94.30	103.46	98.53

(*) Price adjusted for 2 bonus shares for every 1 share made by the Company in June 2004.

56

Table of Contents**WIPRO LIMITED****Stock Market Data relating to American Depository Shares (ADS)***Table 2*

Month (2004-05)	Wipro ADS price in NYSE during each Month closing (\$) (*)	NYSE TMT Index during each month closing (\$)	Wipro ADS price movement (%) vis-a-vis previous month closing	NYSE TMT Index movement (%) vis-a-vis previous month closing
April	14.35	5,393.80	102.16	103.02
May	14.80	5,049.30	103.14	93.61
June	15.57	5,043.80	105.20	99.89
July	15.51	4,925.50	99.61	97.65
August	17.21	4,716.00	110.96	95.75
September	18.89	4,827.30	109.76	102.36
October	21.33	5,012.70	112.92	103.84
November	24.45	5,320.00	114.63	106.10
December	24.65	5,458.00	100.82	102.60
January	22.00	5,423.80	89.25	99.40
February	21.74	5,311.30	98.82	97.90
March	20.41	5,298.60	93.88	99.80

(*) Price adjusted for 2:1 stock dividend made by the Company in June 2004.

57

Table of Contents

WIPRO LIMITED

Table 3

ADS Premium movement during the year 2004-05

58

Table of Contents

WIPRO LIMITED

H Registrar and Share Transfer Agents

The Board has delegated the power of share transfer to Registrar and Share Transfer Agents for processing of share transfers to Karvy Computershare Pvt. Ltd. Their complete address is as follows:

Karvy Computershare Pvt. Ltd.
51/2, Vanivilas Road
T K N Complex
Basavangudi
Bangalore

Tel : 080 - 2661 3400
080 - 2662 1192 / 93
Fax : 080 - 2662 1169
Email : kannans@karvy.com

The turnaround time for completion of transfer of shares in physical form is generally less than 7 days from the date of receipt, if the documents are clear in all respects. We have internally fixed turnaround times for closing the queries/complaints received from the shareholders.

I ADS Depository & Custodian

The Depository for our ADS is JP Morgan Chase Bank, USA. Their address is :

JP Morgan Chase Bank
4 New York Plaza, Floor 13
New York, NY 10004
Tel: 001-(212) 623 0432
Fax: 001-(212) 623 0079

The Custodian for our ADS in India is ICICI Bank Limited. Their complete address is :

ICICI Bank Limited
Bandra Kurla Complex
Bandra East
Mumbai 400 051
Tel: 91-22-26531414
Fax: 91-22-26531165

J Distribution of Shareholding:

		<i>March 31, 2005</i>		<i>March 31, 2004</i>		
No. of	% to	No. of	% to	No. of	% to	No. of
share-	share-	share-	share-	share-	share-	share-

Category	holders	holders	shares	% to total equity	holders	holders	shares	% to total equity
0-500	93,674	95.39	4,601,710	0.65	47,046	95.96	1,459,951	0.63
501-1000	1,585	1.61	1,150,478	0.16	739	1.51	562,373	0.24
1001-2000	1,068	1.08	1,546,669	0.22	471	0.96	682,984	0.29
2001-3000	512	0.52	1,293,547	0.18	181	0.37	474,122	0.20
3001-4000	223	0.23	782,804	0.11	80	0.16	286,936	0.12
4001-5000	169	0.17	762,235	0.11	57	0.12	260,681	0.11
5001-10000	323	0.33	2,292,145	0.33	131	0.27	946,412	0.41
10001-50000	377	0.39	8,452,888	1.20	205	0.42	4,489,817	1.93
50001-100000	93	0.09	6,464,447	0.92	39	0.07	2,827,997	1.21
100001-5000000	157	0.17	82,025,252	11.66	69	0.14	26,094,269	11.22
Above 5000001	17	0.02	594,198,347	84.46	7	0.02	194,673,610	83.64
Total	98,198	100.00	703,570,522	100.00	49,025	100	232,759,152	100

Note: The above figures for 2005 reflect the issue of bonus shares made by the Company in the ratio 2:1 in June 2004.

Table of Contents**WIPRO LIMITED****K Categories of Shareholders**

Category	March 31, 2005		March 31, 2004	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
A PROMOTERS HOLDING				
Promoters				
Indian Promoters				
Promoter in his capacity as partner of Partnership Firms	487,760,400	69.33	162,586,800	69.85
Promoter in his capacity as director of Private Limited companies	68,238,900	9.70	22,746,300	9.77
Promoter in his individual capacity	28,021,530	3.98	9,340,510	4.10
Promoter Director's Relatives	717,300	0.10	239,100	0.01
Foreign Promoters	Nil		Nil	
Persons acting in concert	Nil		Nil	
Sub-total	584,738,130	83.11	194,912,710	83.73
B NON PROMOTER HOLDING				
INSTITUTIONAL INVESTORS				
Mutual funds and UTI	2,838,324	0.40	2,507,669	1.08
Banks, Financial Institutions, Insurance Companies (Central/ State Government Institutions/ Non Government Institutions)	7,104,093	1.01	2,521,761	1.08
FIIS	26,765,230	3.81	5,889,703	2.53
Sub-total	36,707,647	5.22	10,919,133	4.69
C OTHERS				
Private Corporate Bodies	12,243,732	1.74	4,135,547	1.78
Indian Public	48,184,857	6.86	15,424,107	6.63
NRIs	7,344,547	1.04	2,631,291	1.13
Directors and Relatives	26,700	0.00	176,850	0.08
Trusts	4,036,484	0.57	1,351,401	0.58
ADRs	10,288,425	1.46	3,208,113	1.38
Sub-total	82,124,745	11.67	26,927,309	11.58
GRAND TOTAL (A+B+C)	703,570,522	100.00	232,759,152	100.00

* The above figures for 2005 are after considering the effect of the issue of bonus shares made by the Company in the ratio 2:1 in June 2004.

L Dematerialisation of Shares and Liquidity

Over 96% of outstanding equity has been dematerialised upto March 31, 2005.

M Outstanding convertible instruments

As of March 31, 2005, there are no outstanding convertible instruments
60

Table of Contents**WIPRO LIMITED*****N Outstanding ADRs as of March 31, 2005***

Outstanding ADRs as of March 31, 2005 is : 10,288,425. Each ADR represents one underlying Equity Share.

O Plant locations

a. The addresses of the Company's Software Development Facilities are located at :

Sl. No.	Address	
1	S B Towers, 88, M G Road	Bangalore 560 001
2	Information Technology Park, Whitefield	Bangalore 560 066
3	8, 7th Main Block, Koramangala	Bangalore 560 095
4	K-312, Koramangala Industrial Layout V Block, Koramangala	Bangalore 560 095
5	271-271A, Sri Ganesh Complex Hosur Main Road, Madiwala I	Bangalore 560 068
6	26, Sri Chamundi Complex, Madiwala II, Bommanahalli, Hosur Main Road	Bangalore 560 068
7	No.1, 2, 3, 4 and 54/1, Survey No. 201/C, Madiwala III	Bangalore 560 068
8	No.1, 2, 3, 4 and 54/1, Survey No. 201/C, Madiwala III (Research & Development)	Bangalore 560 068
9	No.1, 2, 3, 4 and 54/3, Survey No. 201/C, Madiwala IV,	Bangalore
10	Sigma Infotech Park, Whitefield	Bangalore
11	Electronics City 1 No. 72, Keonics Electronic City, Hosur Road	Bangalore 561 229
12	Electronics City II, Tower IV, No. 72, Keonics Electronic City, Hosur Road	Bangalore 561 229
13	No.92, 2nd Main Road, KEONICS Electronic City SIRI	Bangalore 561 229
14	S.No.70/1, 2, 3, 4 (P) & 84/1, 2, 3, 4 (P) Doddathogur Village, Begur Hobli, Bangalore	Bangalore 561 229

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15	3rd Floor, Ahmed Plaza, No. 38/1&2, Bertenna Agrahara, Hosur Main Road	Bangalore
16	608-610, Carlton Towers, No. 1 Airport Road	Bangalore 560 001
17	111, Mount Road, Guindy	Chennai 600 032
18	475A, Shollinganallur, Old Mahabalipuram Road (CDC-III)	Chennai 600 019
19	Infotech Park, SDF Building, 4th Floor, Kusumagiri, Kakkanad	Cochin
20	1-8-448, Lakshmi Buildings, S.P. Road, Begumpet	Secunderabad 500 016
21	Survey Nos. 64, Serilingampali Mandal, Madhapur	Hyderabad 500 033
22	Queens Plaza, S.P. Road,	Hyderabad 500 033
23	S.No. 203/1, Manikonda Jagir Village, Rajendranagar Mandal, RR District	Hyderabad
24	Plot No.2, MIDC, Infotech Park, Hingewadi	Pune 411 027
25	Plot No.27/28, Phase IV, Udyog Vihar	Gurgaon 122 016
26	146/147, Mettagalli Industrial Area, Mettagalli	Mysore
27	Plot No 281,Phase II, Udyog Vihar, Gurgaon,	Haryana 122 106
28	Top Floor, Kings Court, 185, Kings Road Reading RG 14 EX,	United Kingdom
29	Chrysler Building, 6th Floor, 1 Riverside Drive West	Windsor ONN5A5K4, Canada
30	Web Campus, Kaistrasse, 101 Kiel 24114	Germany
31	Haninge Stockholm	Sweden
32	Room No.1064, Hatapankatu 1 (Kulma-Sarvis) Tampere	Finland

Table of Contents**WIPRO LIMITED**

b. The Company's manufacturing facilities are located at:

Sl. No.	Address	City
1	P O Box No.12, Dist. Jalgaon	Amalner 425 401
2	L-8, MIDC, Waluj	Aurangabad 431 136
3	105, Hootagalli Industrial Area	Mysore 571 186
4	A-28, Thattanchavady Industrial Estate	Pondicherry 560 058
5	120/1, Vellancheri,	Guduvanchery 603 202
6	Plot No.4, Anthrasanahalli Industrial Area	Tumkur 572 106
7	Baddi Industrial Area, Baddi	Himachal Pradesh

P Address for correspondence

The address for correspondence : Wipro Limited, Doddakannelli, Sarjapur Road, Bangalore 560 035, Karnataka, India.

Shareholders/ADR holders can contact the following officials for Company Secretarial matters relating to the Company.

Name	Telephone Number	Email id	Fax No.
V. Ramachandran	91-080-28440011-Extn 6185 91-080-28440229 (Direct)	ramachandran.venkatesan@wipro.com	91-080-28440051
G. Kothandaraman	91-080-28440011 Extn 6183 91-080-28440078 (Direct)	kothandaraman.gopal@wipro.com	91-080-28440051

As regards financial matters relating to the Company, investors/analysts can contact the following officials:

Name	Telephone Number	Email id	Fax No.
K.R. Lakshminarayana	91-080-28440011-Extn 6186 91-080-28440079 (Direct)	lakshminarayana.lan@wipro.com	91-080-28440051
R. Sridhar	001 408 242 6285	sridhar.ramasubbu@wipro.com	650 316 3467

Q Awards and Rating

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During the year 2004-05, Company has been awarded the National Award for Excellence in Corporate Governance for the year 2004 by the Institute of the Company Secretaries of India, New Delhi.

The Company has been assigned the highest rating of Shareholder Value Creation and Governance Rating 1 (called SVG 1), by ICRA Limited, a rating agency in India being an associate of Moody's.

62

Table of Contents**WIPRO LIMITED****IX OTHER INFORMATION****A Share capital history since 1946****History of IPO/Private placement/Bonus issues/Stock split/Allotment of shares pursuant to exercise of stock options**

Type of Issue	Year of Issue	Ratio	Face Value of Shares (Rs.)	Shares Allotted		No. of Shares Total (Cumulative)	Total paid up Capital (Cumulative) (Rs.)
				No.	Nominal Value		
IPO	1946		100/-	17,000	1,700,000	17,000	1,700,000
Bonus issue	1971		100/-	5,667	566,700	22,667	2,266,700
Bonus issue	1980	1:1	100/-	22,667	2,266,700	45,334	4,533,400
Bonus issue	1985	1:1	100/-	45,334	4,533,400	90,668	9,066,800
Private Placement	1985		100/-	1,500	4,683,400	92,168	9,216,800
Bonus issue	1987	1:1	100/-	92,168	9,216,800	184,336	18,433,600
Stock split		10:1	10/-			1,843,360	18,433,600
Bonus issue	1990	1:1	10/-	1,843,360	18,433,600	3,686,720	36,867,200
Bonus issue	1992	1:1	10/-	3,686,720	36,867,200	7,373,440	73,734,400
Issue of shares pursuant to merger of Wipro Infotech Limited and Wipro Systems Limited with the Company							
Share swap	1995	1:1	10/-	265,105	2,651,050	7,638,545	76,385,450
Bonus issue	1995	1:1	10/-	7,638,545	76,385,450	15,277,090	152,770,900
Bonus issue	1997	2:1	10/-	30,554,180	305,541,800	45,831,270	458,312,700
Stock split	1999	5:1	2/-			229,156,350	458,312,700
ADR	2000	1:1	2/-	3,162,500	6,325,000	232,318,850	464,637,700
Allotment of equity shares pursuant to exercise of stock options	On various dates (Upto the record		2/-	496,780	993,560	232,815,630	465,631,260

	date for issue of bonus shares in the year 2004)						
Bonus Allotment of equity shares pursuant to exercise of stock options	2004 On various dates (After the record date upto March 31, 2005)	2:1	2/-	465,631,260	931,262,520	698,446,980	1396,893,780
			2/-	5,123,542	10,247,084	703,570,522	1407,141,044

B Electronic Clearing Service/mandates/bank details

The members may please note that Electronic Clearing Service details contained in the Benpos data downloaded from the Depositories would be reckoned for payment of dividend. Shareholders desirous of modifying those instructions may write to the Company's Registrar and Share Transfer Agent, M/s. Karvy Computershare Pvt. Ltd., Bangalore (for shares held in physical form) or to their respective Depository Participants (for shares held in electronic form).

C Nomination in respect of shares

The Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his/her nominee without having to go through the time consuming process of obtaining Succession Certificate/Probate of the Will, etc. It would, therefore, be in the best interest of the shareholders holding shares in physical form registered as sole holder to make such nominations.

Shareholders holding shares in demat form are advised to contact their Depository Participant for making nominations.

Table of Contents**WIPRO LIMITED*****D Other investor services***

As part of investor friendly services, for the benefit of shareholders, Company has put in its website (http://www.wipro.com/investors/ppt_files/Wipro_Investor_FAQ.pdf) certain procedural formalities/requirements on various topics related to transfers and transmission of shares, dematerialization, change of address, nomination, issue of duplicate share certificates and dividend.

E Unclaimed dividends

Under the provisions of the Companies Act, 1956, dividends that are unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund administered by the Central Government.

We give below a table providing the dates of declaration of dividend since 1997-98 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government. The unclaimed amount since 1997-98 as of March 31, 2005 is also provided in the table given below:

Financial Year	Date of declaration of dividend	Last date for claiming unpaid dividend	Unclaimed amount	Date for transfer to Investor Education and Protection Fund
1997-98	July 2, 1998	July 1, 2005	Rs.21,52,511	August 17, 2005
1998-99	July 29, 1999	July 28, 2006	Rs.41,02,311	August 27, 2006
1999-2000 (Interim)	May 24, 2000	May 23, 2007	Rs.51,92,222	July 22, 2007
2000-2001	July 19, 2001	July 18, 2008	Rs.10,49,691	August 17, 2008
2001-2002	July 18, 2002	July 17, 2009	Rs.20,21,606	August 06, 2009
2002-2003	July 17, 2003	July 16, 2010	Rs.15,71,231	August 15, 2010
2003-2004	June 11, 2004	June 9, 2011	Rs.20,95,812	July 15, 2011

Separate letters will be sent to the Shareholders who are yet to encash the dividend indicating that dividend yet to be encashed by the concerned shareholder and the amount remaining unpaid will be transferred as per the above dates. Members are requested to utilise this opportunity and get in touch with Company's Registrar and Share Transfer Agent, M/s. Karvy Computershare Pvt. Limited, Bangalore for encashing the unclaimed dividend standing to the credit of their account.

After completion of seven years as per the above table, no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims.

F Secretarial Audit

A qualified practicing Company Secretary has carried out secretarial audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

It is also confirmed that the Company has :

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- i. filed all the forms and returns and furnished all the necessary particulars to the Registrar of Companies and/or authorities as required by the Act
- ii. issued all notices required to be given for convening of board meetings and general meeting, within the time limit prescribed by law
- iii. conducted the board meetings and annual general meeting as per the provisions of the Companies Act, 1956
- iv. complied with all the requirements relating to the minutes of the proceedings of the meetings of the directors and the shareholders
- v. made due disclosures to the Board and Shareholders required under the Act in pursuance of the disclosures made by the directors
- vi. obtained all the necessary approvals of directors, shareholders as per the requirements wherever required
- vii. effected share transfers and dispatched the certificates within the prescribed limit
- viii. paid dividend amounts to the shareholders and transferred unpaid dividend amounts, to the Investor Education and Protection Fund within the time limit prescribed

64

Table of Contents

WIPRO LIMITED

X COMPLIANCE

The certificate dated April 22, 2005 obtained from our Statutory Auditors M/s. N.M. Raiji & Co. is given at the end of this page of this Report.

XI COMPLIANCE REPORT ON NON-MANDATORY REQUIREMENTS

A *Non-Executive Chairman of the Board*

Our Chief Executive is the Chairman of the Company and hence this provision is not applicable.

B *Remuneration Committee*

All the requirements of Compensation & Benefits Committee have been complied with and the details are included in item III B of this Report. However, the Chairman of the Compensation & Benefits Committee was unable to attend the Annual General Meeting held on June 11, 2004 due to health reasons.

C *Shareholder Rights*

The quarterly, half-yearly declaration of financial performance including summary of the significant events on a periodic basis, are posted on the Company's website www.wipro.com/Investors/Corpinfo.

D *Postal Ballot*

There were no items for approval through Postal Ballot during the year and hence this item is not applicable.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Wipro Limited

We have examined the compliance of conditions of Corporate Governance by Wipro Limited (the Company) for the year ended on 31st March, 2005, as stipulated in Clause 49 of the Listing Agreements of the Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expressions of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We have been explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state the such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For N.M. Raiji & Co.,
Chartered Accountants

Mumbai, April 22, 2005

J.M. Gandhi
Partner
Membership No. 37924

Table of Contents

WIPRO LIMITED

COMPLIANCE REPORT WITH THE FINAL CORPORATE GOVERNANCE RULES OF THE NEW YORK STOCK EXCHANGE (the NYSE) AS APPROVED BY THE SECURITIES & EXCHANGE COMMISSION ON NOVEMBER 4, 2003 AND CODIFIED IN SECTION 303A OF THE NYSE LISTED COMPANY MANUAL

The NYSE's Board of Directors approved significant changes in its listing standards in 2002, aimed at restoring investor confidence by strengthening corporate governance practices. Companies listed on the NYSE must comply with these Corporate Governance standards which are codified in Section 303A of the NYSE Listed Companies Manual. Though some of the requirements are not applicable, Wipro Limited (the Company) presently complies with all the practices.

Listed companies that are foreign private issuers (as such term is defined in Rule 3b-4 of the Securities Exchange Act, 1934, as amended (the Exchange Act)) are permitted to follow their home country practice in lieu of the provisions of Section 303A, except that such companies are required to comply with the requirements of Sections 303A.06, 303A.11 and 303A.12(b) and (c).

A compliance report on the Corporate Governance Standards as codified in Section 303A of the NYSE Listed Company Manual is presented below :

1 Listed companies must have a majority of independent directors (303A.01)

The Board of Directors of our Company (the Board) is comprised of six Independent Non-Executive Directors, out of a total of eight directors.

2(a) No director qualifies as independent unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company). Companies must identify which directors are independent and disclose the basis for that determination. (303A.02(a))

Six directors on the Board are independent directors as defined by this clause.

2(b) A director is or has been within the last three years, an employee of the listed company, or an immediate family member is, or has been within the last three years, an executive officer, of the listed company. (303A.02(b)(i))

None of our existing independent directors has held an office of employment in the Company at any point of time. None of the immediate family members of the independent directors is, or has been within the last three years, employed as an executive officer of the Company.

2(c) A director has received, or has an immediate family member who has received, during any 12 months period within the last three years, more than \$100,000 in direct compensation from the listed company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service). (303A.02(b)(ii))

None of our independent directors or their immediate family members receives any other direct compensation apart from their directorship and committee fees, pension, or any form of deferred compensation or has ever received such compensation at any point of time.

- 2(d) A director or an immediate family member is a current partner of a firm that is the company's internal or external auditor; a director is a current employee of such a firm; a director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice or; a director or an immediately family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the company's audit within that time. (303A.029(b)(iii))**

None of our directors or their immediate family members have ever been affiliated or employed in any capacity by a present or former internal or external auditor of the Company at any point of time and have ever participated in the firm's audit or assurance or tax compliance practice.

- 2(e) A director or an immediate family member, is or has been within the last three years, employed as an executive officer of another company where any of the listed company's present executive officers at the same time serves or served on that company's compensation committee. (303A.02(b)(iv))**

None of our directors or their immediate family members is or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee.

- 2(f) A director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the listed company for property or services in an amount, which, in any of the last three fiscal years, exceeds the greater of \$1 Million or 2% of such other company's consolidated gross revenues. (303A.02(b)(v))**

None of the directors is a current employee, nor any of their immediate family members is a current executive officer of a company that has made payments to, or received payments from, the Company for property or services in an amount, which, in any of the last three fiscal years, exceeds the greater of \$1 Million or 2% of such other company's consolidated gross revenues.

- 3 To empower non-management directors to serve as a more effective check on management, the non-management directors of each listed company must meet at regularly scheduled executive sessions without management. (303A.03)**

Non-management directors regularly meet at scheduled executive sessions without management prior to every meeting of the Board of Directors held during the year. All executive sessions were presided over by Mr. N. Vaghul, the lead independent director.

Table of Contents

WIPRO LIMITED

4(a) Listed companies must have a nominating/corporate governance committee composed entirely of independent directors. (303A.04(a))

4(b) The nominating/corporate governance committee must have a written charter that addresses: (303A.04(b)(i) & (ii))

- i. the committee's purpose and responsibilities which, at minimum, must be to: identify individuals qualified to become board members, consistent with criteria approved by the board, and to select, or to recommend that the board select, the director nominees for the next annual meeting of shareholders; develop and recommend to the board a set of corporate governance principles applicable to the corporation; and oversee the evaluation of the board and management; and**
- ii. an annual performance evaluation of the committee.**

These requirements have been complied with. Our Nomination and Corporate Governance Committee was formed in October 2002 and is comprised entirely of three independent directors. The Nomination and Corporate Governance Committee's responsibilities include:

- developing, updating and recommending to the Board a set of corporate governance guidelines applicable to the Company;
- implementing policies and processes relating to corporate governance principles; and
- forming policies and procedures to assess the requirements for the induction of new members on the Board and to make recommendations for the same.

Board membership criteria

The Nomination and Corporate Governance Committee is comprised entirely of independent directors and works closely with the Board in identifying, screening, recruiting and recommending directors for nomination by the Board for election as members of the Board.

Board members are expected to possess strong management experience, ideally with major public companies with successful multinational operations, other areas of expertise or experience that are desirable, given the Company's business and the current membership of the Board, such as expertise or experience in Information Technology businesses, manufacturing, international, financial or investment banking, scientific research and development, senior level government experience and academic administration, personal characteristics matching with the Company's values, such as integrity, accountability, financial literacy, and high performance standards.

Re-appointment of Directors in the Annual General Meeting

Our Articles of Association provide that at least two-thirds of the directors shall be subject to retirement by rotation. One third of these directors must retire from office at each annual general meeting of the shareholders. A retiring director is eligible for re-election.

Pursuant to the above provisions, during the year 2004-05, the Nomination and Corporate Governance Committee has recommended for re-appointment, Dr. Ashok Ganguly and Professor Eisuke Sakakibara, both of whom must retire by rotation this year.

Performance evaluation

The Nomination and Corporate Governance Committee of the Board evaluates the performance of the members of the Board and its Committees.

5(a) Listed companies must have a compensation committee composed entirely of independent directors. (303A.05(a))

5(b) The compensation committee must have a written charter that addresses: (303A.05(b))

- (i) the committee's purpose which, at minimum, must be to have direct responsibility to: (303A.05(b)(i))**
 - (A) review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the board), determine and approve the CEO's compensation level based on this evaluation; and**
 - (B) make recommendations to the board with respect to non-CEO executive officer compensation and incentive- compensation and equity based plans that are subject to board approval; and**
 - (C) produce a compensation committee report on executive officer compensation as required by the SEC to be included in the listed company's annual proxy statement or annual report on Form 10K filed with the SEC;**
- (ii) an annual performance evaluation of the compensation committee. (303A.05(b)(ii))**

These requirements have been complied with. The charter of the Compensation and Benefits Committee of the Board is approved and modified by the Board from time to time. The disclosure with respect to executive officer compensation is provided in the Company's Annual Report on Form 20-F. The performance evaluation of this committee is done by the Nomination and Corporate Governance Committee of the Board.

The Board also gives appropriate direction to this committee from time to time.

6 Listed companies must have an audit committee that satisfies the requirements of Rule 10A-3 under the Exchange Act. (303A.06)

This requirement has been complied with. The Company has an Audit Committee that satisfies the requirements of Rule 10A-3 under the Exchange Act.

Table of Contents

WIPRO LIMITED

7(a) The audit committee must have a minimum of three members. (303A.07(a))

The Company's Audit Committee is comprised of three independent directors.

7(b) In addition to any requirement of Rule 10A-3(b)(1), all audit committee members must satisfy the requirements for independence set out in Section 303A.02. (303A.07(b))

This requirement has been complied with. The members of the Company's Audit Committee satisfy all the requirements for independence set forth in Rule 10A-3(B)(1) of the Exchange Act and Section 303A.02 of the NYSE Listed Company Manual.

7(c) The audit committee must have a written charter that addresses: (303A.07(c))

(i) the committee's purpose which, at minimum, must be to:

(A) assist board oversight of (1) the integrity of the company's financial statements, (2) the listed company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the company's internal audit function and independent auditors; and

(B) prepare an audit committee report as required by the SEC to be included in the company's annual proxy statement.

(ii) an annual performance evaluation of the audit committee; and

The above requirements have been complied with. The reports of the Audit Committee, Management and Independent Auditors have been included in the Company's Annual Report on Form 20-F.

(iii) the duties and responsibilities of the audit committee which, at minimum, must include those set out in Rule 10A-3(b)(2), (3), (4) and (5) of the Exchange Act, as well as to:

The duties and responsibilities of the Company's Audit Committee include among other things, those set forth in Rule 10A-3(b)(2), (3), (4) and (5) of the Exchange Act.

(A) at least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the listed company. (303A.07(c)(iii)(A))

The Company's Audit Committee obtains and reviews a report of the Company's independent auditor that describes the issues set forth above on a quarterly basis.

(B) meet to review and discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor, including reviewing the company's

disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations. (303A.07(c)(iii)(B))

This requirement has been complied with. The Company's Audit Committee regularly meets to review and discuss the annual audited and quarterly financial statements with management and the Company's independent auditor, including a review of the Company's disclosure under Management's Discussion and Analysis of Financial Condition and Results of Operations as provided in its Quarterly Report on Form 6-K and Annual Report on Form 20-F.

(C) discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. (303A.07(c)(iii)(C))

This requirement has been complied with. The Audit Committee reviews and discusses all earnings press releases, financial information and earnings guidance on a quarterly and annual basis.

(D) discuss policies with respect to risk assessment and risk management.

The policies with respect to risk assessment and risk management relating to various aspects of the Company's business as adopted by the Company are reviewed and discussed by the Audit Committee and the Board from time to time.

(E) meet separately, periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with independent auditors. (303A.07(c)(iii)(E))

The Company's Audit Committee meets separately with the Management, the Company's Head of Internal Audit and the independent auditors of the Company on a quarterly basis.

(F) review with the independent auditor any audit problems or difficulties and management's response. (303A.07(c)(iii)(F))

This requirement has been complied with. The Audit Committee reviews the independent auditor's functions, problems or difficulties including discussions of the responsibilities, on a quarterly basis.

(G) set clear hiring policies for employees or former employees of the independent auditors. (303A.07(c)(iii)(G))

This requirement has been complied with. The Company has not employed any of the employees or former employees of the independent auditors.

Table of Contents

WIPRO LIMITED

(H) report regularly to the board of directors. (303A.07(c)(iii)(H))

This requirement has been complied with. The Audit Committee and the Board review on a quarterly basis the performance and independence of the Company's independent auditors, the performance of the Company's internal audit team, the quality or integrity of the Company's financial statements, and the Company's compliance with legal or regulatory requirements.

7(d) Each listed company must have an internal audit function. (303A.07(d))

The Company's Internal Audit is an ISO 9001:2000 certified function. The Audit Committee reviews the audit observations of the Company's Internal Audit department pertaining to various business units and discusses these observations with Management.

8 Shareholders must be given the opportunity to vote on all equity compensation plans and material revisions thereto, with limited exemptions explained below: (303A.08)

All of the Company's equity compensation plans have been approved by the Company's shareholders.

9 Listed companies must adopt and disclose corporate governance guidelines (303A.09)

A detailed report on corporate governance as well as a brief summary of the charters of the various committees of the Board is made available as part of the Company's Annual Report and is also available on the Company's website (www.wipro.com/Investors/Corpinfo). In addition, the charters of the Audit Committee, Compensation and Benefits Committee, Nomination and Corporate Governance Committee and detailed corporate governance guidelines of the Company are also available on the same website. (www.wipro.com/Investors/Corpinfo).

10 Listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees and promptly disclose any waivers of the code for directors or executive officers. (303A.10)

The Company has adopted a Code of Business Conduct and Ethics and makes it available generally on the Company's website (www.wipro.com/Investors/Corpinfo). There have been no waivers of the Code to date.

11 Listed foreign private issuers must disclose any significant ways in which their corporate governance practices differ from those followed by domestic companies under NYSE listing standards. (303A.11)

Although the Company's required home country standards on corporate governance may differ from the NYSE listing standards, the Company's actual corporate governance policies and practices are in compliance with the NYSE listing standards applicable to domestic companies.

12 Certification requirements

(a) Each listed company CEO must certify to the NYSE each year that he or she is not aware of any violation by the company of NYSE corporate governance listing standards, qualifying the certification to the extent necessary (303A.12(a))

This requirement has been complied with. The certificate from the CEO is reproduced at the end of this report.

- (b) **Each listed company CEO must promptly notify the NYSE in writing after any executive officer of the listed company becomes aware of any material non-compliance with any applicable provisions of this Section 303A. (303A.12(b))**

This requirement has been incorporated into the Company's policies and procedures and would trigger such a notification in the event any executive officer becomes aware of material non-compliance with the applicable provisions of Section 303A. Through the date hereof, no event has occurred in the Company that would necessitate any notification to the NYSE pursuant to this requirement.

- (c) **Each listed company must submit an executed Written Affirmation annually to the NYSE. In addition, each listed company must submit an interim Written Affirmation each time a change occurs to the Board or any of the committees subject to Section 303A. The annual and interim Written Affirmations must be in the form specified by the NYSE. (303A.12(c))**

The Company will file its Annual Written Affirmation pursuant to Section 303A.12(c) with the NYSE on or before August 20, 2005.

ANNUAL CERTIFICATION BY CEO PURSUANT TO SECTION 303A.12(a) OF THE NEW YORK STOCK EXCHANGE (NYSE) LISTED COMPANY MANUAL

As the Chief Executive Officer of Wipro Limited and as required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual, I hereby certify that as of the date hereof I am not aware of any violation by the Company of NYSE's Corporate Governance Listing Standards, other than has been notified to the Exchange pursuant to Section 303A.12(b) and disclosed as an attachment hereto.

Sd/-

Azim H. Premji
Chief Executive Officer

Date : April 22, 2005

Table of Contents

WIPRO LIMITED

INDEX TO FINANCIAL STATEMENTS

	Pages
Financial Statements - Wipro Limited	
<u>Auditors Report</u>	71-73
Financial Statements	74-98
Financial Statements - Wipro Limited Consolidated	
<u>Auditors Report</u>	99
Financial Statements	100-121
<u>Management Discussion & Analysis</u>	122-130
Reconciliation of Profits between	
<u>Indian GAAP and US GAAP</u>	131
70	

Table of Contents

WIPRO LIMITED

AUDITORS' REPORT

To the Members of WIPRO LIMITED

1. We have audited the attached Balance Sheet of Wipro Limited, as at March 31, 2005 and also the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (the Order) duly amended by the Notification issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the Directors as on March 31, 2005 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2005 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (v) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached there to give the information required by the Companies Act, 1956, and give a true and fair view in conformity with the accounting principles generally accepted in India.

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- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
- (b) in the case of Profit and Loss Account, of the Profit for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For N.M. Raiji & Co.,
Chartered Accountants

J.M. Gandhi
Partner
Membership No. 37924

Mumbai, April 22, 2005

71

Table of Contents

WIPRO LIMITED

Annexure to the Auditor's report of even date for the Members of WIPRO LIMITED

[Referred to in paragraph 3 of the Auditor's Report of even date to the Members of Wipro Limited on the financial statements for the year ended March 31, 2005]

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and the situation of its fixed assets;
- (b) A major portion of fixed assets has been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed have been properly dealt with in the books of account;
- (c) The assets disposed off during the year are not significant and therefore do not affect the going concern assumption;
- (ii) (a) The inventory other than that with third parties have been physically verified by the management at reasonable intervals. There is a process of obtaining confirmation in respect of inventory with the third parties;
- (b) In our opinion and according to the information and explanations given to us, the procedure for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) In our opinion, the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account;
- (iii) (a) During the year, the Company has granted one Inter Corporate Deposits (ICD) of Rs. 273 million to its subsidiary;
- (b) The rate of interest and other terms and conditions of the said ICD are prima-facie not prejudicial to the interest of the Company;
- (c) During the year, neither the principal amount nor the interest has become due, as per the terms of said deposit hence there is no overdue amount as on the Balance Sheet date;
- (d) As informed to us the Company has not taken any loan secured or unsecured from parties listed under Section 301 of the Companies Act, 1956;
- (iv) In our opinion and according to the information and explanations provided to us there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system;

- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the contracts and arrangements that need to be entered into the register maintained under Section 301 have been properly entered in the said register;
- (b) According to the information and explanations given to us, in our opinion contracts and arrangements entered in the registers maintained under Section 301 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time;
- (vi) The Company has not accepted any deposits from the public;
- (vii) In our opinion, the Company has a system of internal audit, which is commensurate with its size and nature of its business;
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for maintenance of Cost records in respect of Vanaspati, Soaps, Lighting and Electronic products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete;
- (ix) (a) As per the records of the Company and information and explanations provided to us, the Company is generally regular in depositing with appropriate undisputed amount of provident fund, investor education protection fund, employees state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other applicable statutory dues. No undisputed amounts were outstanding as at 31st March, 2005 for a period of more than six months from the date they became payable;
- (b) The following are the details of disputed income-tax, excise duty, customs duty, service tax, sales-tax, cess that have not been paid to the concerned authorities;

Table of Contents
WIPRO LIMITED

Sl. No.	Nature of the Statutory dues	Relevant Financial Year	Forum where dispute is pending	Unpaid amount (Rs. in Million)
1	Income Tax	1985-86 1999-00	Assessing Officer The Company is in the process of filing appeal before - IT Appellate Tribunal	2.93 42.54
	Wealth Tax	2000-01 & 2001-02 2001-02	CIT (Appeals) The Company is in the process of filing appeal before CIT (Appeals)	3,717.18 0.65
2				
3	Central Excise	1991-92 to 2003-04	Assessing officer/First Appellate Authority CESTAT (Tribunal)	33.40 30.55
4	Customs Duty	1998-99 to 2003-04	Assessing Officer/First Appellate Authority CESTAT (Tribunal)	3.37 20.11
5	Sales Tax	1985-86 to 2004-05	Assessing Officer/First Appellate Authority Sales Tax Tribunal High Courts	94.76 23.12 0.82

- (x) The Company has neither accumulated losses at the end of the financial year nor incurred cash losses during the year and in the year immediately preceding it;
- (xi) Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of dues to any financial institution or bank;
- (xii) Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- (xiii) The Company is not a chit/nidhi/mutual benefit fund/society and clause xiii of the Order is not applicable;
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments;
- (xv) On the basis of the information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions;
- (xvi) The Company had not taken any term loans during the year and there were no outstanding term loans;
- (xvii) On the basis of our examination of the books of account and the information and explanation given to us, in our opinion, the funds raised on short-term basis by the Company have not been used for long-term investment;
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act;
- (xix) The Company did not have any outstanding debentures during the year;

- (xx) The Company has not raised any money by public issues during the year;
- (xxi) Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For N.M. Raiji & Co.,
Chartered Accountants

J.M. Gandhi
Partner
Membership No. 37924

Mumbai, April 22, 2005

Table of Contents**WIPRO LIMITED****BALANCE SHEET**

		<i>(Rs. in Million)</i>	
	Schedule	As of March 31,	
		2005	2004
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	1,407.14	465.52
Share application money pending allotment		12.05	
Reserves and Surplus	2	47,517.29	34,610.39
		48,936.48	35,075.91
Loan Funds			
Secured loans	3	215.89	947.47
Unsecured loans	4	405.03	59.41
		620.92	1,006.88
Total		49,557.40	36,082.79
APPLICATION OF FUNDS			
Fixed Assets			
Goodwill		85.54	85.54
Gross block	5	17,549.33	13,251.22
Less : Depreciation		8,555.26	6,786.59
<i>Net Block</i>		8,994.07	6,464.63
Capital work-in-progress and advances		2,502.39	1,397.12
		11,582.00	7,947.29
Investments	6	28,595.11	24,560.33
Deferred Tax Assets (refer Note 11)		318.56	315.53
Current Assets, Loans and Advances			
Inventories	7	1,273.74	1,020.79
Sundry Debtors	8	14,065.14	10,592.61
Cash and Bank balances	9	5,368.96	2,900.94
Loans and advances	10	5,675.19	5,523.44

		26,383.03	20,037.78
Less : Current Liabilities and Provisions			
Liabilities	11	12,084.35	8,175.06
Provisions	12	5,236.95	8,603.08
		17,321.30	16,778.14
Net Current Assets		9,061.73	3,259.64
Total		49,557.40	36,082.79

SIGNIFICANT ACCOUNTING POLICIES } **19**
AND NOTES TO ACCOUNTS }

As per our report attached For and on behalf of the Board of Directors

for N.M. Raiji & Co.,
Chartered Accountants

Azim Hasham Premji
Chairman

Vivek Paul
Vice Chairman

N. Vaghul
Director

J.M. Gandhi
Partner
Membership No. 37924

Suresh C. Senapaty
*Corporate Executive Vice President
& Chief Financial Officer*

V. Ramachandran
Company Secretary

P.M. Sinha
Director

Mumbai, April 22,
2005

Bangalore, April 22, 2005

Table of Contents

WIPRO LIMITED

PROFIT AND LOSS ACCOUNT

	Schedule	<i>(Rs. in Million, except share data)</i>	
		Year ended March 31,	
		2005	2004
INCOME			
Gross Sales and Services		72,761.80	51,881.93
Less: Excise Duty		430.19	555.13
Net Sales and Services		72,331.61	51,326.80
Other Income	13	935.34	1,269.92
Total		73,266.95	52,596.72
EXPENDITURE			
Cost of goods sold	14	47,532.40	34,711.37
Selling and Marketing Expenses	15	5,105.43	4,618.46
General and Administration Expenses	16	3,003.21	2,409.25
Interest	17	55.68	35.17
Total		55,696.72	41,774.25
PROFIT BEFORE TAXATION		17,570.23	10,822.47
Provision for Taxation (refer Note 10)		2,622.02	1,673.67
PROFIT FOR THE YEAR		14,948.21	9,148.80
Appropriations			
Proposed Dividend		3,517.85	931.04
Proposed One-Time Dividend			5,818.98
Total Dividend		3,517.85	6,750.02
Tax on distribution of Dividend		493.38	864.85
TRANSFER TO GENERAL RESERVE		10,936.98	1,533.93
Earnings per Share EPS			
(PY : Adjusted EPS for bonus issue in ratio of 2:1)			
Basic (in Rs.)		21.48	13.19
Diluted (in Rs.)		21.29	13.17
Number of shares for calculating EPS			
(PY : Adjusted for bonus issue in ratio of 2:1)			
Basic		695,777,186	693,870,390

Diluted **702,167,128** 694,545,321

SIGNIFICANT ACCOUNTING POLICIES }
AND NOTES TO ACCOUNTS } **19**

<p>As per our report attached for N.M. Raiji & Co., <i>Chartered Accountants</i></p> <p>J.M. Gandhi <i>Partner</i> Membership No. 37924</p> <p>Mumbai, April 22, 2005</p>	<p>For and on behalf of the Board of Directors</p> <p>Azim Hasham Premji <i>Chairman</i></p> <p>Suresh C. Senapaty <i>Corporate Executive Vice President</i> <i>& Chief Financial Officer</i></p>	<p>Vivek Paul <i>Vice Chairman</i></p> <p>V. Ramachandran <i>Company Secretary</i></p> <p>Bangalore, April 22, 2005</p>	<p>N. Vaghul <i>Director</i></p> <p>P.M. Sinha <i>Director</i></p>
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Table of Contents**WIPRO LIMITED**

	<i>(Rs. in Million, except share data)</i>	
	As of March 31,	
	2005	2004
SCHEDULE 1 SHARE CAPITAL		
Authorised		
750,000,000 (2004: 375,000,000) Equity shares of Rs. 2 each	1,500.00	750.00
25,000,000 (2004: 25,000,000) 10.25% Redeemable Cumulative Preference Shares of Rs. 10 each	250.00	250.00
	1,750.00	1,000.00
Issued, subscribed and paid-up		
703,570,522 (2004: 232,759,152) equity shares of Rs. 2 each	1,407.14	465.52
Total	1,407.14	465.52

Notes :

Of the above equity shares :

- i) 692,537,085 equity shares/American Depository Receipts (ADRs) (2004 : 226,905,825), have been allotted as fully paid bonus shares/ADRs by capitalization of Share Premium of Rs. 32.64 and General Reserves of Rs. 1,352.44.
- ii) 1,325,525 equity shares (2004 : 1,325,525) have been allotted as fully paid-up, pursuant to a scheme of amalgamation, without payment being received in cash.
- iii) 3,162,500 shares representing 3,162,500 American Depository Receipts issued during 2000-2001 pursuant to American Depository offering by the Company.
- iv) 5,620,412 (2004 : 440,302) equity share issued pursuant to Employee Stock Option Plan.

	As of March 31,	
	2005	2004
SCHEDULE 2 RESERVES AND SURPLUS		
Capital Reserve	9.50	9.50
Capital Redemption Reserve	250.04	250.04
Share Premium		

As at April 1,	6,732.28	6,492.85
Add : Received on exercise of stock options by employees	2,566.77	239.43
	9,299.05	6,732.28
Restricted Stock Units Reserve (a)		
Cumulative charge to Profit and Loss Account	334.41	
General Reserve		
As at April 1,	27,618.57	26,084.64
Add : Transfer from Profit and Loss Account	10,936.98	1,533.93
Less : Amount utilised for Bonus shares	931.26	
	37,624.29	27,618.57
Summary		
As at April 1, 2004	34,610.39	32,837.03
As at March 31, 2005	47,517.29	34,610.39

(a) Represents cumulative charge to profit and loss account to be treated as share premium at the time of allotment of shares.

Table of Contents**WIPRO LIMITED**

	Note Reference	<i>(Rs. in Million)</i>	
		As of March 31,	
SCHEDULE 3 SECURED LOANS		2005	2004
From Banks			
Cash credit facility	(a)	214.21	945.79
Development loan from Karnataka Government	(b)	1.68	1.68
Total		215.89	947.47

Notes :

- (a) Secured by hypothecation of stock-in-trade, book debts, stores and spares, and secured / to be secured by a second mortgage over certain immovable properties.
- (b) Secured by a *pari-passu* second mortgage over immovable properties at Mysore and hypothecation of movable properties other than inventories, book debts and specific equipments referred to in Note (a) above.

	As of March 31,	
	2005	2004
SCHEDULE 4 UNSECURED LOANS		
Cash credit facility Overseas	349.76	
Other Loans and Advances		
Interest free loan from state government	54.02	58.16
Interest free loan from state financial institutions	1.25	1.25
Total	405.03	59.41

77

Table of Contents**WIPRO LIMITED****SCHEDULE 5 FIXED ASSETS***(Rs. in Million)*

PARTICULARS	GROSS BLOCK			As on March 31, 2005	PROVISION FOR DEPRECIATION			NET BLOCK		
	As on April 1, 2004	Additions	Deductions/ adjustments		As on April 1, 2004	Depreciated for the period	Deductions/ adjustments	As on March 31, 2005	As on March 31, 2004	
Land	741.52	529.83	5.57	1,265.78	12.58	0.52	11.00	2.10	1,263.68	728.94
Buildings	2,553.99	860.38	1.80	3,412.57	159.37	53.64	0.79	212.22	3,200.35	2,394.62
Railway siding	0.01			0.01	0.01			0.01		
Plant & Machinery	7,318.57	2,209.07	25.10	9,502.54	5,200.16	1,291.49	11.36	6,480.29	3,022.25	2,118.41
Furniture, Fixture and Equipments }	1,815.14	475.93	23.43	2,267.64	1,036.16	316.67	11.69	1,341.14	926.50	778.98
Vehicles	759.92	349.45	90.65	1,018.72	361.84	183.57	56.16	489.25	529.47	398.08
Technical Know-how	10.38			10.38	10.38			10.38		
Patents, Trademarks & Rights }	51.69	20.00		71.69	6.09	13.78		19.87	51.82	45.60
Total	13,251.22	4,444.66	146.55	17,549.33	6,786.59	1,859.67	91.00	8,555.26	8,994.07	6,464.63

Table of Contents**WIPRO LIMITED**(Rs. in Million except share data)
As of March 31,

	Number		Face value	2005	2004
SCHEDULE 6 INVESTMENTS					
<i>All shares are fully paid up unless otherwise stated</i>					
Investments Long Term (at cost)					
Investments in subsidiary companies					
Unquoted					
Equity Shares					
Wipro Consumer Care Limited	50,000	Rs.	10	0.50	0.50
Wipro Chandrika Limited	900,000	Rs.	10	6.79	0.50
<i>(Additional shares acquired - 629,173 Nos. & Bonus shares allotted - 220,827 Nos.)</i>					
Wipro Trademarks Holding Limited	94,000	Rs.	10	22.13	0.50
Wipro Travel Services Limited	66,171	Rs.	10	0.66	0.66
Wipro HealthCare IT Limited	3,410,002	Rs.	10	243.88	243.88
Wipro BPO Solutions Limited	26,569,139	Rs.	10	1,833.96	1,234.64
<i>(formerly Wipro Spectramind Services Limited)</i>					
Wipro Fluid Power Limited	9,047,600	Rs.	10	102.97	102.97
Wipro Holding Mauritius Limited	2,760,000	\$	1	132.44	132.44
Wipro Inc., USA	15,111	\$	2,500	1,672.51	1,040.89
Wipro Japan KK, Japan	650	JPY	50,000	9.74	9.74
Wipro Shanghai Limited, China	<i>not applicable</i>			9.29	
				4,034.87	2,766.72
Preference Shares					
<i>9% cumulative redeemable preference shares held in</i>					
Wipro Trademarks Holding Limited	1,800	Rs.	10	0.02	0.02
<i>Spectramind Limited, Bermuda (zero coupon,</i>					
<i>non-redeemable convertible series A preferred shares)</i>	963,092,931	\$	0.01	3,384.17	3,384.17
<i>1% cumulative redeemable preference shares in Wipro</i>					
Fluid Power Limited	3,600,000	Rs.	10	360.00	360.00
				3,744.19	3,744.19
Investments in equity shares of other companies -					
Unquoted					
	4,900,000	Rs.	10	49.00	49.00

Wipro GE Medical Systems Private Ltd. (refer Note below)

WeP Peripherals Ltd.	7,060,000	Rs.	10	94.60	94.60
				143.60	143.60

Other Investments Unquoted

Investments in Debentures of Paradyne Infotech	126,000			12.60	
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Quoted

Investments - short term :

In money market mutual funds

UTI MF (346,057 units purchased during the year)	759,669			815.30	562.63
Alliance Capital Mutual Fund (50,143,931 units purchased/ 35,694,601 redeemed during the year)					505.19
Prudential ICICI Mutual Fund (196,837,250 units purchased/ 209,635,911 units redeemed during the year)	114,165,589			1,551.22	2,260.39
HDFC Mutual Fund	141,244,155			1,735.61	2,602.87
Standard Chartered Mutual Fund (41,090,000 units purchased/ 130,152,327 units redeemed during the year)	166,729,514			1,673.24	2,066.53
Reliance Mutual Fund (200,800,036 units purchased/ 202,638,921 units during the year)	212,008,193			2,349.60	1,765.38
Franklin Templeton Floating Fund (98,883,661 units purchased/ 52,727,509 units redeemed during the year)	121,408,763			1,216.25	157.79
Franklin Templeton India Mutual Fund					100.85
Deutsche MF (29,893,579 units redeemed during the year)	105,340,142			1,070.87	577.80
ING MF (10,078,972 units redeemed during the year)	39,308,562			400.00	367.94
Can Liquid MF (21,155,167 units purchased during the year)	63,252,568			750.00	499.25
Sundaram MF (10,508,207 redeemed during the year)	51,937,149			672.40	172.34
Cholamandalam Mutual Fund	43,830,542			524.57	176.57
Kotak Mutual Fund (43,227,664 units purchased during the year)	156,576,993			1,837.04	1,317.54
J M Mutual Fund (14,597,516 units purchased/23,950,024 units redeemed during the year)	101,065,101			1,012.21	1,406.29

Table of Contents**WIPRO LIMITED**

		<i>(Rs. in Million except share data)</i>	
		As of March 31,	
	Number	Face value	
		2005	2004
DSP Merrill Lynch Mutual Fund	67,294,739	673.62	459.33
SBI Insta Cash (23,950,024 units purchased during the year)	32,597,065	331.31	
HSBC Cash fund (73,881,276 units purchased / 36,488,276 redeemed during the year)	126,214,854	1,165.01	
Birla Mutual Fund (185,335,620 units purchased / 79,842,212 units redeemed during the year)	106,192,909	1,063.04	1,438.91
Tata Mutual Fund (82,821,449 units purchased / 171,017,578 units redeemed during the year)	1,313,524	1,512.51	
Principal AMC Mutual Fund (90,234,457 units purchased/75,644,750 units redeemed during year)	40,789,669	414.25	
		20,768.05	18,014.02
Total		28,703.31	24,668.53
Less : Provision for diminution in value of long term investments		108.20	108.20
Total		28,595.11	24,560.33
Aggregate book value of quoted investments		20,768.05	18,014.02
Aggregate book value of unquoted investments (net of provision)		7,827.06	6,546.31
Aggregate market value of quoted investments and investments in mutual funds		20,887.05	18,038.44

Note : Equity investments in this company carry certain restrictions on transfer of shares that is normally provided for in joint venture agreement.

(Rs. in Million)
As of March 31,
2005 **2004**

SCHEDULE 7 INVENTORIES

Stores and Spares	20.22	21.19
Raw Materials	619.37	458.35
Stock in Process	27.44	38.01

Finished Goods	606.71	503.24
Total	1,273.74	1,020.79

Basis of stock valuation :

- i) Raw materials, stock in process and Stores & Spares at or below cost.
- ii) Finished Goods at cost or net realisable value, whichever is lower.

(Rs. in Million)
As of March 31,
2005 **2004**

SCHEDULE 8 SUNDRY DEBTORS

(Unsecured)

Over Six Months

Considered Good	494.38	480.67
Considered Doubtful	785.38	687.04

1,279.76 1,167.71

Others

Considered Good	13,570.76	10,111.94
Considered Doubtful		30.76

13,570.76 10,142.70

Less : Provision for Doubtful Debts	785.38	717.80
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Total	14,065.14	10,592.61
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80

Table of Contents**WIPRO LIMITED**

(Rs. in Million)
As of March 31,
2005 2004

SCHEDULE 9 CASH AND BANK BALANCES

Cash and Cheques on hand	108.08	207.84
Balance with scheduled banks		
On Current Account	2,404.42	539.41
In Deposit Account	0.08	0.08
Balance with other banks in Current Account		
Bank of America, USA	65.12	84.96
Bank of Montreal, Canada	0.29	(3.81)
RABO Bank, Netherlands		1.68
Midland Bank, UK	392.64	437.76
Nations Bank, UK		5.65
Saudi British Bank, Saudi Arabia	17.96	24.17
Standard Chartered Bank, UAE	1.16	0.97
Wells Fargo, USA	2,354.35	1,602.23
CCF Paris AG Centrale, France	5.89	
Chase Manhattan, USA	7.50	
Uni Credit Banca Italy	11.47	
Total	5,368.96	2,900.94
Maximum balances during the year		
Bank of America, USA	120.36	183.99
Bank of Montreal, Canada	8.99	39.18
RABO Bank, Netherlands	1.68	1.68
Midland Bank, UK	453.87	437.76
Nations Bank, UK	5.65	5.65
Saudi British Bank, Saudi Arabia	17.96	24.17
Standard Chartered Bank, UAE	1.16	6.34
Wells Fargo, USA	2,443.41	3,567.80
CCF Paris AG Centrale, France	5.89	
Chase Manhattan, USA	7.50	
Uni Credit Banca Italy	11.47	

SCHEDULE 10 LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received		
Considered Good	2,277.99	2,680.88
Considered Doubtful	91.18	74.82

	2,369.17	2,755.70
Less : Provision for Doubtful Advances	91.18	74.82
	2,277.99	2,680.88
Inter Corporate Deposits with subsidiary	273.01	
Share application money pending allotment	113.75	
Other Deposits	699.14	683.03
Advance Income Tax (net of provision)	205.10	587.74
Balances with Excise and Customs	8.07	25.25
Unbilled Revenues	2,098.13	1,546.54
Total	5,675.19	5,523.44

Table of Contents**WIPRO LIMITED**

(Rs. in Million)
As of March 31,
2005 2004

SCHEDULE 11 LIABILITIES

Sundry Creditors	3,239.82	2,525.66
Unclaimed Dividends	4.50	1.49
Advances from customers	652.72	534.83
Unearned Revenues	639.64	363.33
Other Deposits	340.98	340.98
Other Liabilities	7,206.69	4,408.77
Total	12,084.35	8,175.06

SCHEDULE 12 PROVISIONS

Employee retirement benefits	773.28	630.85
Warranty Provision	452.44	357.36
Proposed dividend	3,517.85	931.04
Proposed one-time dividend		5,818.98
Tax on proposed dividend	493.38	864.85
Total	5,236.95	8,603.08

Year ended March 31,
2005 2004

SCHEDULE 13 OTHER INCOME

Dividend on Mutual Fund Units	643.90	783.13
Interest on debt instruments and others	30.70	20.30
Rental income	22.63	45.03
Profit on sale of Mutual Fund Units	35.59	
Profit on disposal of Fixed Assets	108.90	108.25
Exchange differences Net	36.49	229.01
Miscellaneous Income	57.13	84.20
Total	935.34	1,269.92

Tax deducted at source Rs. 132.84 Million (2004 : Rs. 74.75 Million)

SCHEDULE 14 COST OF GOODS SOLD

Raw materials, Finished and Process Stocks *	11,476.82	8,208.67
Stores & Spares	308.79	159.30
Power and Fuel	465.38	359.06
Employee Compensation including onsite allowance	25,762.62	18,712.46
Contribution to provident and other funds	367.38	248.26
Gratuity and pension	392.79	271.89
Workmen and Staff welfare	306.88	215.02
Insurance	113.04	76.44
Repairs to factory buildings	21.81	12.92
Repairs to Plant & Machinery	996.51	431.24
Rent	248.61	197.54
Rates & Taxes	52.67	7.62
Packing & Freight Inward	69.15	35.09
Travelling	1,480.33	1,208.54
Communication	552.43	404.77
Depreciation	1,722.00	1,347.62
Sub contracting/technical fees	1,711.09	1,532.99
Miscellaneous	1,855.28	1,421.89
Less : Capitalised (refer Note 9)	(371.18)	(139.95)
Total	47,532.40	34,711.37

* For details refer Schedule 18

82

Table of Contents**WIPRO LIMITED**

	<i>(Rs. in Million)</i>	
	Year ended March 31,	
	2005	2004
SCHEDULE 15 SELLING AND MARKETING EXPENSES		
Employee compensation	628.41	480.53
Contribution to provident and other funds	19.54	16.38
Gratuity and pension	26.48	26.81
Workmen and Staff welfare	41.40	30.26
Insurance	4.43	5.33
Repairs to buildings	2.10	6.56
Rent	87.90	58.16
Rates and Taxes	15.79	21.46
Carriage and Freight	241.42	174.16
Commission on sales	83.01	89.94
Advertisement and sales promotion	747.09	570.05
Depreciation	45.09	50.90
Travelling	2,953.27	2,827.80
Communication	44.12	38.35
Miscellaneous Expenses	165.38	221.77
Total	5,105.43	4,618.46
SCHEDULE 16 GENERAL AND ADMINISTRATIVE EXPENSES		
Employee compensation	947.96	743.49
Contribution to provident and other funds	36.77	26.18
Gratuity and pension	40.04	33.89
Workmen and Staff welfare	215.07	156.87
Insurance	15.74	14.13
Repairs to buildings	5.30	3.94
Rent	24.30	34.94
Rates and taxes	19.64	24.90
Auditors remuneration and expenses		
Audit fees	4.22	4.22
For certification including tax audit	0.96	0.96
Reimbursement of expenses	0.59	0.28
Loss on disposal of Fixed Assets	2.22	6.77
Depreciation	92.57	117.45
Travelling	330.94	284.66
Communication	49.21	62.42
Provision / write off of bad debts	120.02	118.16
Miscellaneous Expenses	1,097.66	775.99
Total	3,003.21	2,409.25

SCHEDULE 17 INTEREST

On fixed loans		8.77
Others	55.68	26.40
Total	55.68	35.17

**SCHEDULE 18 RAW MATERIALS,
FINISHED AND PROCESSED STOCKS****Consumption of raw materials and bought out components :**

Opening Stocks	458.35	331.57
Add : Purchases	6,135.71	5,011.45
Less : Closing Stocks	619.37	458.35
	5,974.69	4,884.67
Purchase of finished products for sale	5,595.03	3,441.88
<i>(Increase)/Decrease in finished and process stocks :</i>		
Opening Stock : In process	38.01	14.92
: Finished products	503.24	408.45
Less : Closing Stock : In process	27.44	38.01
: Finished products	606.71	503.24
	(92.90)	(117.88)
Total	11,476.82	8,208.67

Table of Contents

WIPRO LIMITED

SCHEDULE 19 SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

Accounts are maintained on an accrual basis under the historical cost convention.

Revenue recognition

Sales include applicable sales tax unless separately charged, and are net of discounts.

Sales are recognised on despatch, except in the following cases :

Consignment sales are recognized on receipt of statement of account from the agent.

Sales, which are subject to detailed acceptance tests, revenue is reckoned based on milestones for billing, as provided in the contracts.

Revenue from software development services includes revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognised as related services are performed. Revenue on fixed price contracts is recognised in accordance with percentage of completion method of accounting.

Export incentives are accounted on accrual basis and include estimated realisable values/benefits from special import licenses and Advance licenses.

Agency commission is accrued on shipment of consignment by principal.

Maintenance revenue is considered on acceptance of the contract and is accrued over the period of the contract.

Other income is recognised on accrual basis.

Fixed Assets and Depreciation

Fixed assets are stated at historical cost less depreciation.

Interest on borrowed money allocated to and utilised for fixed assets, pertaining to the period up to the date of capitalization and other revenue expenditure incurred on new projects is capitalised. Assets acquired on hire purchase are capitalised at the gross value and interest thereon is charged to Profit and Loss account. Renewals and replacement are either capitalised or charged to revenue as appropriate, depending upon their nature and long term utility.

In respect of leased assets, lease rentals payable during the year is charged to Profit and Loss account.

Depreciation is provided on straight line method at rates specified in Schedule XIV to the Companies Act, 1956, except on data processing equipment and software, furniture and fixture, office equipment, electrical installations (other than those at factories) and vehicles for which commercial rates are applied. Technical know-how is amortised over six years.

Intangible Assets

Intangible assets are stated at cost less accumulated amortization. Intangible assets are amortised over their estimated useful life ranging between 5 years and 20 years.

Goodwill

The goodwill arising on acquisition is not being amortised. It is tested for impairment on a periodic basis and written off if found impaired.

Investments

Long term Investments are stated at cost and short term investments are valued at lower of cost and net realizable value. Diminution in value is provided for where the management is of the opinion that the diminution is of permanent nature.

Inventories

Finished goods are valued at cost or net realizable value, whichever is lower. Other inventories are valued at cost less provision for obsolescence. Small value tools and consumables are charged to consumption on purchase.

Provision for retirement benefits

For employees covered under group gratuity scheme of LIC, gratuity charged to Profit and Loss account is on the basis of premium demanded by LIC. Provision for gratuity (for certain category of employees) and leave benefit for employees is determined as per actuarial valuation at the year-end. Defined contributions for provident fund and pension are charged to the Profit and Loss account based on contributions made in terms of applicable schemes, after netting off the amounts rendered surplus on account of employees separated from the Company. Certain category of employees are entitled to pension benefits which are determined based on factors like years of services and cumulative basic salary. The Company has provided for the liability based on an actuarial valuation. The compensation paid if any, on voluntary retirement to the employees is charged off as an expense in the year of incurrence.

Deferred Tax

Tax expenses charged to Profit and Loss account is after considering deferred tax impact for the timing difference between accounting income and tax income. Deferred tax assets are recognised when there is a reasonable certainty that they will be realised. Deferred tax asset relating to unabsorbed business losses are recognised when there is a virtual certainty that there will be sufficient taxable profits to utilise them.

Table of Contents**WIPRO LIMITED****Foreign currency transactions**

The Company is exposed to currency fluctuations on foreign currency transactions. With a view to minimise the volatility in financial statements arising from fluctuations in the currency rates, the Company follows established risk management policies, including the use of foreign exchange forward contracts.

As a part of the Risk Management Policies, the forward contracts are designated as hedge of highly probable forecasted transactions. The accounting standard on The effects of changes on foreign exchange rates , which was amended with effect from April 1, 2004 provides guidance on accounting for forward contracts. Further to that, the Institute of Chartered Accountants of India has clarified that this accounting standard is not applicable to the forward contracts which are for hedging highly probable forecasted transactions. Foreign currency transactions are recorded at the spot rate at the beginning of the concerned month. Period-end balances of foreign currency assets and liabilities are restated at the closing rate/forward contract rate, as applicable. The exchange difference arising from restatement or settlement is recognised in the Profit and Loss account.

Gains/losses, including gains/losses on intermediary roll over/cancellation, of forward contracts designated as hedge of highly probable forecasted transactions are recognised in the profit and loss account in the period in which the forecasted transaction is expected to occur.

Other forward contracts, options etc. which are not designated as hedge of forecasted transaction, are marked to market on the balance sheet date and the resultant gain/loss is accounted in the profit and loss account for the period.

In respect of non-integral operations assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. The items in the profit & loss account are translated at the average exchange rate during the period. The differences arising out of the translation are transferred to translation reserve.

Research and Development

Revenue expenditure on research and development is charged to Profit and Loss account and capital expenditure is shown as addition to fixed assets.

NOTES TO ACCOUNTS

1. i) The Company has provided depreciation at the rates specified in Schedule XIV to the Companies Act, 1956, except in cases of the following assets, which are depreciated at commercial rates, which are higher than the rates specified in Schedule XIV. Depreciation over the years is provided up to total cost of assets.

Class of Asset	Depreciation rate applied %	As per Schedule XIV %
Data Processing Equipment & Software	50.00	16.21
Plant & Machinery of ISP business	20.00	16.21
Furniture and fixtures	19.00	6.33

Electrical Installations	19.00	4.75
Office equipment	19.00	4.75
Vehicles	24.00	9.50

- ii) Depreciation at 100% have been provided on assets costing less than Rs. 5000/-.
2. Estimated amount of contracts remaining to be executed on Capital account and not provided for is Rs. 1,118.68 Mn. (2004 : Rs. 529.11 Mn).
3. Contingent liabilities in respect of :
- i) Disputed demands for excise duty, customs duty, income tax, sales tax and other matters Rs. 5,647.80 Mn (2004 : Rs. 3,350.81 Mn).
- ii) Performance and financial guarantees given by the Banks on behalf of the Company is Rs. 2,238.12 Mn (2004 : Rs. 1,892.56 Mn).
4. In June 2004, a subsidiary of the company acquired trademark / brand Chandrika for an aggregate consideration of Rs. 238.00 Mn. The subsidiary is entitled to use the trademark / brand in manufacturing, selling and distributing products in India and other SAARC countries. Further, rights to use the brand in Nepal has been acquired at Rs. 30.00 Mn.

Pursuant to an agreement between the company and the subsidiary, the Company is licensed to use the trademark / brand Chandrika . The Company has also entered into a non-compete agreement with the sellers of Chandrika brand, for which it has paid certain amount as up-front fee. In addition, the Company will be paying an annual non-compete fee computed as a specified percentage of the revenues from products sold under Chandrika trade-name, subject to a minimum annual payment.

Table of Contents**WIPRO LIMITED**

The upfront non-compete fee is amortised over the period of agreement and the annual non-compete fee is recognised in the respective years.

5. In March 2004, the company received a demand from the income tax department of Rs. 2,614.57 Mn (including interest demand of Rs. 764.49 Mn) for one of its assessment years. The tax demand is mainly on account of disallowance of deduction claimed by the Company under Section 10A of the Income Tax Act, 1961, in respect of profits earned by its undertakings in Software Technology Park at Bangalore. On similar grounds the Company received, in March 2005, a demand from the income tax department of Rs. 2,616.60 Mn (including interest demand of Rs. 692.86 Mn) for another assessment year. Un-provided liability in respect of the said demands is Rs. 4,737.95 Mn.

In the opinion of the Company's legal counsel the said disallowance is not tenable. The management of the Company has filed an appeal against the demand received in March 2004 and is in the process of filing appeal against the demand received in March 2005. Considering the facts and nature of disallowance, the management believes that final outcome of the dispute shall be positive and there will not be any material impact on the financial statement.

6. In certain cases, the Company has sold its products by way of lease arrangements with the customers. The transaction is treated as finance lease in accordance with Accounting Standard 19 - Leases. The details of lease transactions as at March 31, 2005 is as follows :

Gross investments in Lease	Rs. 68.46 Mn (Receivable within 1 through 5 years)
Present value of minimum lease payment	Rs. 56.13 Mn
Unearned finance income	Rs. 12.33 Mn

7. As of March 31, 2005, forward contracts to the extent of USD 280 Mn have been assigned to the foreign currency assets as on the balance sheet date. These assets are valued at the forward contract rate, adjusted for premium / discount in respect of the expired period.

The Company has designated certain forward contracts to hedge highly probable forecasted transactions. The gain or loss on these forward contracts is recognised in the profit and loss account in the period in which the forecasted transaction is expected to occur. In certain cases, the Company has entered into forward contracts having a maturity earlier than the period in which the hedged transaction is forecasted to occur. The gain / loss on roll over / cancellation / expiry of such contracts is recognised in the profit and loss account in the period in which the forecasted transaction is expected to occur, till such time the same is accumulated and shown under Loans and Advances / Current liabilities.

The Company has also entered into option / forward contracts which are not designated as hedge of highly probable forecasted transactions. Gain or loss on such contracts is recognised in the profit and loss account of the respective periods. The outstanding contracts as at the balance sheet date are marked to market, the impact of which is taken to profit and loss account. Consequently, the Company has recognised marked to market loss of Rs. 1.03 Mn in the current period.

As at the balance sheet date, the Company had forward contracts to sell USD 503 Mn in respect of forecasted transactions. The effect of marked to market and of intermediary roll over / expiry of the said forward contracts is a gain of Rs. 275.31 Mn. The final impact of such contracts will be recognised in the profit and loss account of the

respective periods in which the forecasted transactions are expected to occur.

Had the Company continued to follow the earlier year's accounting policy, the profit for the year would have been higher by Rs. 83.22 Mn.

8. The Company has instituted various Employee Stock Option Plans. The compensation committee of the board evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options. The particulars of options granted under various plans are tabulated below.

86

Table of Contents**WIPRO LIMITED**

Stock option activity under the 1999 Plan is as follows :

	Year ended March 31, 2005			Weighted average remaining contractual life (months)
	Shares arising out of options	Range of exercise prices (Rs.)	Weighted average exercise price (Rs.)	
Outstanding at the beginning of the period	3,557,331	341 - 362	362	18
	6,298,110	618 - 841	621	26
Forfeited during the period	(38,220)	341 - 362	362	
	(300,069)	618 - 841	618	
Exercised during the period	(2,043,436)	341 - 362	361	
	(1,028,179)	618 - 841	618	
Outstanding at the end of the period	1,475,675	341 - 362	362	6
	4,969,862	618 - 841	622	14
Exercisable at the end of the period	1,475,675	341 - 362	362	6
	3,479,803	618 - 841	622	14

Stock option activity under the 2000 Plan is as follows :

	Year ended March 31, 2005			Weighted average remaining contractual life (months)
	Shares arising out of options	Range of exercise prices (Rs.)	Weighted average exercise price (Rs.)	
Outstanding at the beginning of the period	257,400	344 - 511	459	45
	15,567,528	529 - 792	532	47
	6,813,549	794 - 915	797	30

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Forfeited during the period	(33,525)	344 - 511	462	
	(946,291)	529 - 792	532	
	(482,975)	794 - 915	800	
Exercised during the period	(27,427)	344 - 511	451	
	(1,530,988)	529 - 792	529	
Outstanding at the end of the period	196,448	344 - 511	461	33
	13,090,249	529 - 792	533	35
	6,330,574	794 - 915	797	18
Exercisable at the end of the period	82,938	344 - 511	461	33
	7,864,909	529 - 792	533	35
	4,431,402	794 - 915	797	18

87

Table of Contents**WIPRO LIMITED**

Stock option activity under the 2000 ADS Plan is as follows :

	Year ended March 31, 2005			Weighted average remaining contractual life (months)
	Shares arising out of options	Range of exercise prices (Rs.)	Weighted average exercise price (Rs.)	
Outstanding at the beginning of the period	214,650	6.92 - 10.02	8.64	42
	1,696,011	11.63 - 13.79	12.77	33
Forfeited during the period	(30,000)	11.63 - 13.79	13.05	
Exercised during the period	(12,375)	11.63 - 13.79	7.54	
	(650,661)	25.90 - 29.03	12.69	
Outstanding at the end of the period	202,275	6.92 - 10.02	8.70	30
	1,015,350	11.63 - 13.79	12.99	21
Exercisable at the end of the period	98,978	6.92 - 10.02	8.73	30
	773,150	11.63 - 13.79	13.02	21

9. Amount capitalised comprises of the following revenue expenditure.

	<i>(Rs. in Million)</i>	
	Year ended March 31, 2005	2004
Raw material, finished goods (including manufactured products) and process stock	371.18	139.95

10. Provision for taxation comprises of the following :

- (i) Rs. 1,133.65 Mn (2004 : Rs. 849.51 Mn) in respect of foreign taxes, net of deferred tax expense of Rs. Nil (2004 : Rs. 29.51 Mn).
- (ii) Rs. 1,479.97 Mn (2004 : Rs. 821.16 Mn) in respect of Indian Income Tax, net of deferred tax benefit of Rs. 3.02 Mn (2004 : Rs. 42.04 Mn) and provision of Rs. 70.55 Mn (2004 : Rs. 261.19 Mn) in respect of earlier

years.

(iii) Rs. 8.40 Mn (2004 : Rs. 3.00 Mn) in respect of Wealth Tax, which includes a provision of Rs. 3.40 Mn in respect of earlier year.

11. The breakup of accumulated net deferred tax asset is given below :

	<i>(Rs. in Million)</i>	
	Year ended March 31,	
	2005	2004
Deferred tax assets :		
Allowance for doubtful debts	134.08	92.64
Property plant and equipment-Depreciation differential	(27.00)	46.69
Employee stock incentive plan	9.39	9.39
Accrued expenses	202.09	166.81
	318.56	315.53

12. Diluted EPS is calculated based on treasury stock method.

13. Sundry creditors include an amount of Rs. 45.67 Mn (2004 : Rs. 39.03 Mn) being amount payable to suppliers, who are Small Scale Industrial Undertakings (SSI) as defined under the Industrial (Development and Regulation) Act, 1951. List of amounts outstanding for a period in excess of 30 days as at the date of Balance Sheet is attached. The amounts are not due for payment as at the date of the balance sheet as per the credit terms with the supplier.

88

Table of Contents**WIPRO LIMITED**

14. (a) Computation of net profit in accordance with Section 198 read with Section 349 of the Companies Act, 1956.

	March 31, 2005	<i>(Rs.in Million)</i>		
		March 31, 2004		
Profit before taxation	17,570.23	10,822.47		
Add : Depreciation as per accounts *				
Managerial Remuneration	106.89	75.67		
Provision for doubtful debts / Advances	122.90	126.56		
Loss on sale of Investments	229.79	291.80		
		494.03		
Less : Bad debts written off	7.35	23.72		
Profit on sale of Investment	35.59			
Gain on sale of real estate property	108.90	151.84	107.00	
		130.72		
Net profit for Section 198 of the Companies Act, 1956	17,648.18	11,185.77		
Commission payable :				
@ 0.10% of the above profits to the Chairman	17.65	11.18		
@ 0.30% to Vice Chairman	52.94	33.56		
Total	70.59	44.74		
(b) Managerial remuneration comprises :				
Salaries and allowances	23.75	21.75		
Commission	70.59	44.74		
Pension Contribution	8.04	6.07		
Contribution to Provident Fund	0.30	0.25		
Perquisites	4.12	2.67		
Directors Fees	0.09	0.19		
Total	106.89	75.67		

· For the year 2004-05, net profit is computed considering book depreciation, which is lower than depreciation computed under Section 350 of the Companies Act, 1956.

15. Related Party Transactions

The following is the listing of related parties :

Subsidiaries	Affiliates	Entities controlled by Directors
<p>Wipro Japan KK Enthink Inc. Wipro Inc. Wipro Chandrika Limited Wipro Trademarks Holding Limited Wipro Travel Services Limited Wipro Fluid Power Limited Wipro HealthCare IT Limited Wipro BPO Solutions Limited Wipro Holdings (Mauritius) Limited Wipro Holdings UK Limited Wipro Technologies (UK) Limited Wipro Shanghai Limited Wipro Consumer Care Limited Cygnus Nigri Investments Private Limited</p>	<p>Wipro GE Medical Systems Private Ltd. WeP Peripherals Ltd.</p>	<p>Azim Premji Foundation * Hasham Premji (Partnership firm) *</p>

* Major shareholder or director has control over these entities.

Table of Contents**WIPRO LIMITED**

The Company has the following transactions with related parties.

	(Rs. in Million)	
	As of March 31,	
	2005	2004
<i>Wipro GE Medical Systems Private Ltd. :</i>		
Revenues from sale of computer equipment and administrative and management support services	111.68	116.49
Rent, travel and related expenses	1.61	
Purchase of Software	0.45	
<i>WeP Peripherals Ltd.</i>		
Revenues from sale of computer equipment and services	10.48	8.00
Fees for usage of Brand / trademark		22.04
Payments for services	7.50	4.05
Purchase of printers	176.79	79.89
<i>Wipro Trademarks Holdings Limited</i>		
License fee paid	0.05	
Charges recovered for accounting services	0.01	
<i>Azim Premji Foundation :</i>		
Revenues from sale of computer equipment and services	6.71	1.97
<i>Wipro Japan KK</i>		
Software development services provided	19.55	21.19
Remuneration paid for marketing services received	96.37	97.49
<i>Wipro Shanghai Limited</i>		
Software development services provided	15.91	
<i>Wipro Travel Services</i>		
Travel tickets purchased	643.27	228.65
<i>Wipro Inc.</i>		
Software development services provided	214.54	436.00
Services received	8.33	8.61
Sale of equity shares to Wipro Inc.		618.13
<i>Wipro HealthCare IT Ltd.</i>		
Management support services provided		8.28
Other services	1.78	3.43

<i>Wipro Chandrika Limited</i>		
Inter corporate deposit (loan) given	273.01	
Interest receivable	12.98	
Dues received	0.18	
 <i>Cygnus Negri Investments Private Limited</i>		
Payment of lease rentals	0.48	
 <i>Wipro Fluid Power Ltd.</i>		
Management support services provided	8.99	3.11
Interest paid on Interest Corporate Deposits		4.55
Sale of computers		3.36
Revenue from sale of furniture and lighting	3.70	
 <i>Wipro BPO Solutions Limited</i>		
Management support services provided	226.44	105.53
 <i>Chairman</i>		
Payment of lease rentals	1.13	1.43
Payment to Non-Executive Directors :		
Dr. Ashok Ganguly	0.80	0.80
Narayanan Vaghul	0.80	0.80

Table of Contents**WIPRO LIMITED**

	(Rs. in Million)	
	As of March 31,	
	2005	2004
	Yen	
Prof. Eisuke Sakakibara	4.80	Yen 4.80
Dr.. Jagdish N. Sheth	\$ 0.03	\$ 0.03
P.M. Sinha	1.00	1.00
B.C. Prabhakar	0.40	0.40

The following is the listing of receivables from and payables to related party as on the balance sheet date.

Receivables :

WeP Peripherals Limited	1.09	3.04
Wipro GE Medical Systems Private Limited	20.94	31.32
Azim Premji Foundation	6.71	0.04
Hasham Premji		25.00
Wipro HealthCare IT Limited	26.45	11.72
Wipro Fluid Power Limited		6.66
Wipro BPO Solutions Limited	574.99	64.16
Wipro Japan KK	14.91	13.40
Wipro Travel Services Limited		15.67
Wipro Inc.	158.16	723.96
Enthink Inc.	39.50	
Wipro Shanghai Limited	15.89	
Wipro Chandrika Limited	10.27	
Wipro Holdings (Mauritius) Limited	0.30	
Wipro Technology UK Limited	82.14	

Payables :

WeP Peripherals Limited		34.46
Wipro Inc.	16.12	153.46
Wipro Holdings (Mauritius) Limited		0.53
Wipro Holdings (UK) Limited		10.86
Wipro Japan KK		5.53
Enthink Inc.		39.98
Wipro HealthCare IT Limited	2.35	5.44
Wipro Travel Services Limited	23.99	3.61
Wipro Fluid Power Limited	1.26	

16. Corresponding figures for previous periods presented have been regrouped, where necessary, to confirm to this year classification.

Table of Contents**WIPRO LIMITED****Annexure 1****ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956****i) Licensed / registered / installed capacities**

	Unit	Registered Capacity		Installed Capacity @	
		March 31, 2005	March 31, 2004	March 31, 2005	March 31, 2004
Vanaspati/Hydrogenated oils	TPA *	144,000	144,000	45,000	45,000
Toilet Soaps	TPA *	64,000	48,000	47,930	28,000
Leather shoe uppers, leather shoes and allied articles	Pairs/Nos. (1000s) p.a. in lakhs	750	750	750	750
Fatty Acids	TPA *	20,000	20,000	20,000	20,000
Glycerine	TPA *	2,000	2,000	1,800	1,800
GLS Lamps	000s	50,000	50,000	50,000	50,000
TL Shells	000s	12,694	12,694	12,694	12,694
Fluorescent tube lights	000s	10,694	10,694	10,694	10,694
CFL	Nos. in 000 s	6,658		6,658	
Mini computers / micro processor based systems and data communication systems	NPA #	180,000	180,000	180,000	180,000

@ Installed capacities are as per certificate given by management on which auditors have relied.

* TPA indicates tons per annum

NPA indicates nos. per annum

ii) Production and Sales

Unit	Production #		Sales			
	March 31, 2005 Quantity #	March 31, 2004 Quantity #	March 31, 2005 Quantity	Rs. in Mn	March 31, 2004 Quantity	Rs. in Mn

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Software services					54,547.04		37,785.74
Mini computers/micro processor based Systems and data communication systems	Nos.	87,285	69,508	97,187	8,437.00	78,662	7,215.02
Toilet soaps	Tons	32,178	23,288	31,783	2,718.34	23,056	2,093.69
Toiletries (refer & below)					265.90		258.16
Vanaspati/hydrogenated oils	Tons	4,466	5,666	4,811	237.97	5,677	269.57
Lighting products (refer & below)					1,651.32		1,306.75
Shoe uppers and full shoes (pairs)	000s	293	123	289	91.93	131	36.29
Fluorescent tube lights		11,564	11,022				
Fatty acids (refer \$ below)	Tons	18,277	15,727				
Glycerine	Tons	753	519	748	24.26	526	29.89
Reagent kits/spares of analytical instruments	Nos.	129	3,518	58,056	552.57	49,652	458.65
Software products					3,851.27		2,127.56
Processing and service charges					21.95		22.25
Agency commission					292.02		233.26
Miscellaneous Sales					131.92		45.10
Total					71,901.40		51,881.93
Less : Excise Duty					430.19		555.13
Total					72,331.61		51,326.80

Includes samples and shortages

\$ Includes 18,286 (2004 : 15,702) used for own consumption

& It is not practicable to give quantitative information in the absence of common expressible unit.

92

Table of Contents
WIPRO LIMITED

iii) Closing Stocks

	Unit	March 31, 2005		March 31, 2004	
		Quantity	Rs. in Mn	Quantity	Rs. in Mn
Mini computers/micro processor based systems and data communication systems *	Nos.	3,620	75.09	2,911	76.99
Toilet Soaps	Tons	1,242	64.35	846	52.31
Vanaspati/hydrogenated oils	Tons	111	4.89	456	22.69
Lighting Products *	&		90.03		68.04
Shoe Uppers and full shoes (pairs)	000s	6	1.27	2	0.51
Fatty acids	Tons	125	1.94	134	2.15
Glycerine	Tons	27	0.60	23	0.92
Others					0.11
			238.17		223.72
Closing Stock of traded goods					
Reagent Kits/Spares of Analytical instruments	Nos.	20,535	114.84	12,478	82.98
Others			253.70		196.54
			606.71		503.24

* Includes traded products; bifurcation between manufactured and traded products not practicable.

& It is not practicable to give quantitative information in the absence of common expressible unit.

iv) Purchases for trading

	Unit	March 31, 2005		March 31, 2004	
		Quantity	Rs. in Mn	Quantity	Rs. in Mn
Computer units /printers	Nos.	10,611	3,973.78	10,490	2,126.47
Lighting Products *			801.92		616.65
Reagent kits/Spares of analytical instruments	Nos.	65,984	394.85	34,873	51.68
Others*			424.28		647.09
			5,594.83		3,441.89

* It is not practicable to give quantitative information in the absence of common expressible unit.

v) Raw materials consumed

	Unit	March 31, 2005		March 31, 2004	
		Quantity	Rs. in Mn	Quantity	Rs. in Mn
Peripherals/Components for computers	#		4,453.51		3,730.26
Oils and fats	Tons	27,588	732.81	20,553	643.29
Components for lighting products	#		234.68		212.26
	Sq.ft.				
Leather	(000s)	530	38.74	303	23.56
Others	#		514.35		275.30
			5,974.70		4,884.67

It is not practicable to give quantitative information in the absence of common expressible unit.

93

Table of Contents**WIPRO LIMITED****vi) Value of imported and indigenous materials consumed**

	March 31, 2005		March 31, 2004	
	%	Rs. in Mn	%	Rs. in Mn
Raw Materials				
Imported	51	3,070.89	58	2,844.79
Indigenous	49	2,903.81	42	2,039.88
		5,974.70		4,884.67
Stores and Spares				
Imported	5	15.42	1	0.54
Indigenous	95	293.37	99	158.77
		308.79		159.31

vii) Value of imports on CIF basis

(Does not include value of imported items locally purchased)

(Rs. in Mn)

	March 31, 2005	March 31, 2004
Raw materials, components and peripherals	2,466.93	2,706.48
Stores and spares	30.08	0.83
	2,497.01	2,707.31

viii) Expenditure in foreign currency

(Rs. in Mn)

* Amount remitted in foreign currency on account of payment of dividend

	March 31, 2005	March 31, 2004
Net amount remitted	98.16	2.86
Number of shares held by non-resident shareholders	3,384,813	2,864,294
Year to which Dividend relates	2003-2004	2002-2003

ix) Earnings in foreign exchange

		(Rs. in Mn)
	March 31, 2005	March 31, 2004
Export of goods on F.O.B. basis	102.47	40.88
Services	53,342.41	38,083.36
Agency commission	292.02	233.30
	53,736.90	38,357.49

Table of Contents**WIPRO LIMITED**

SSI dues outstanding for a period in excess of 30 days as on March 31, 2005 is given below :

Name of the Supplier	Total Dues (Rs. in Million)
Art Luminaries	0.20
Everlite Industries	0.71
Fabionix (India) Pvt. Ltd.	0.72
Hrishi Industries	2.08
Har-hal Plastic Engineering Pvt. Ltd.	0.02
Kay Pee Lighting Industries	0.67
Prospect Industries	0.69
R.C. Industries	0.51
Shantinath Industries	0.27
Ujas Elect. Pvt. Ltd.	0.46
Ujas Electricals Pvt. Limited Down Lighter	0.02
Tajpuriya Wood Works Pvt. Ltd.	0.34
Total	6.69

Table of Contents**WIPRO LIMITED****ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956****BALANCE SHEET ABSTRACT AND THE COMPANY S GENERAL BUSINESS PROFILE****I Registration Details**

Registration No.	20800	State Code	08
Balance Sheet Date	31st March 2005		

II Capital raised during the year

	(Rs. in Million)
Public issue	Nil
Rights issue	Nil
Bonus issue	Nil
Issue of shares on exercise of Employee Stock Options	2,188.30
American Depository Offering	30.00

III Position of mobilisation of and deployment of funds

	(Rs. in Million)		
Total Liabilities	49,557.40	Total Assets	49,557.40
Sources of funds		Application of Funds	
Paid-up capital	1,407.14	Goodwill	85.54
Share application money pending allotment	12.05	Net Fixed Assets	11,582.00
Reserves and Surplus	47,517.29	Investments	28,595.11
Secured Loans	215.89	Deferred tax assets	318.56
Unsecured Loans	405.03	Net Current Assets	9,061.73

IV Performance of the Company

	(Rs. in Million)
Turnover	73,266.95
Total Expenditure	55,696.72
Profit before Tax	17,570.23

Profit after Tax	14,948.21
Earnings per share (basic)	21.48
Dividend	250%

V Generic names of three principal products/services of the Company (as per monetary terms)

- | | | |
|------|-------------------------|--|
| i) | Item code no (ITC Code) | 84713010 |
| | Product description | Personal Computer |
| ii) | Item code no (ITC Code) | 85249113 |
| | Product description | I.T. Software |
| iii) | Item code no (ITC Code) | 15162011 |
| | Product description | Vegetable fats and oils (Edible Grade) |

For and on behalf of the Board of Directors

Azim Hasham Premji

Chairman

Vivek Paul

Vice Chairman

N. Vaghul
Director

Suresh C. Senapaty

*Corporate Executive Vice President
& Chief Financial Officer*

V. Ramachandran

Company Secretary

P.M. Sinha
Director

Bangalore, April 22, 2005

Table of Contents**WIPRO LIMITED****CASH FLOW STATEMENT**

	<i>(Rs. in Million)</i>	
	Year ended March 31,	
	2005	2004
A. Cash flows from operating activities :		
Profit before tax	17,570.23	10,822.47
<i>Adjustments :</i>		
Depreciation and amortization	1,859.00	1,515.98
Amortisation of stock compensation	334.41	
Exchange differences Net	(92.45)	(132.77)
Retirement benefits provision	142.43	161.60
Interest on borrowings	55.68	(735.61)
Dividend / Interest Net	(710.19)	
Loss on sale of investment in Wipro Nervewire		244.28
Loss/(Gain) on sale of property, plant and equipment	(107.47)	(107.00)
Working Capital Changes :		
Trade and other receivable	(3,951.12)	(3,032.70)
Loans and advances	24.14	(449.77)
Inventories	(252.95)	(247.07)
Trade and other payables	4,035.38	2,620.75
Net cash generated from operations	18,907.09	10,660.16
Direct taxes paid	(2,242.93)	(1,521.07)
Net cash generated from operations	16,664.16	9,139.09
B. Cash flows from investing activities :		
Acquisition of property, plant and equipment (including advances)	(5,541.10)	(3,124.12)
Proceeds from sale of property, plant and equipment	163.02	119.35
Purchase of investments	(63,019.03)	(10,200.61)
Inter Corporate deposits placed/matured		214.30
Certificate of Deposits with foreign banks		2,463.06
Proceeds on Sale/from maturities on Investments	60,265.00	47.95
Net Payment for acquisition of businesses	(1,268.15)	(876.39)
Dividend/interest income received	654.51	735.60
Net cash generated from investing activities	(8,745.75)	(10,620.86)
C. Cash flows from financing activities :		

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Proceeds from exercise of Employee Stock Option	2,577.38	238.60
Share application money pending allotment	12.05	
Dividends paid (including distribution tax)	(7,653.86)	(262.36)
Proceeds from (issuance)/repayment of borrowings	(385.96)	309.42
Net cash provided by/(used in) financing activities	(5,450.39)	285.66
Net increase/(decrease) in cash and cash equivalents during the year }	2,468.02	(1,196.11)
Cash and cash equivalents at the beginning of the period	2,900.94	4,097.05
Cash and cash equivalents at the end of the period	5,368.96	2,900.94

For and on behalf of the Board of Directors

Azim Hasham Premji

Chairman

Vivek Paul

Vice Chairman

**N.
Vaghul**
Director

Suresh C. Senapaty

*Corporate Executive Vice President
& Chief Financial Officer*

V. Ramachandran

Company Secretary

**P.M.
Sinha**
Director

Bangalore, April 22, 2005

Table of Contents

WIPRO LIMITED

AUDITOR S CERTIFICATE

We have examined the above cash flow statement of Wipro Limited for the year ended March 31, 2005. This statement has been prepared by the Company in accordance with the requirement under clause 32 of the listing Agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company for the year ended March 31, 2005.

for N.M. Raji & Co.,
Chartered Accountants

J.M. Gandhi
Partner
Membership No. 37924

Mumbai, April 22, 2005

Table of Contents

WIPRO LIMITED CONSOLIDATED

AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENT

The Board of Directors
Wipro Limited
Bangalore

1. We have examined the attached Consolidated Balance Sheet of Wipro Limited (the parent), its subsidiaries and its associates (entities together termed as the Wipro Group) as at March 31, 2005, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement of Wipro Group for the year ended on that date.
2. These financial statements are the responsibility of the management of Wipro Limited. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. a) Financial statements of certain subsidiaries with parent's share in net worth of Rs. 4,264.59 million as on March 31, 2005 and the parent's share in net profit of Rs. 1,184.09 million for the year then ended have been audited by other auditors whose reports have been furnished to us. We have placed reliance on the said reports for the purpose of our opinion on the consolidated financial statements.

b) The financial statement of one of the associates for the year ended March 31, 2005 have been audited by other auditors whose report has been furnished to us. The parent's share of such associate in its net worth as

on March 31, 2005, and in its net profit for the year then ended is Rs. 506.75 million and Rs. 125.95 million respectively. We have placed reliance on the said report for the purpose of our opinion on the consolidated financial statements.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, 23 and 27, issued by the Institute of Chartered Accountants of India and on the basis of separate financial statements of Wipro Limited, its subsidiaries and its associates.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of Wipro Limited, its subsidiaries and its associates, we are of the opinion that :
 - a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the group as at March 31, 2005;
 - b) the consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of the group for the year then ended;
 - c) the consolidated Cash Flow Statement gives a true and fair view of the consolidated Cash Flows of the group for the years then ended.

For N.M. Rajji & Co.,
Chartered Accountants

J.M. Gandhi
Partner
Membership No. 37924

Mumbai, April 22, 2005

Table of Contents**WIPRO LIMITED CONSOLIDATED****CONSOLIDATED BALANCE SHEET**

		<i>(Rs. in Million)</i>	
	Schedule	As of March 31, 2005	2004
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	1,407.14	465.52
Share application money pending allotment		12.05	
Reserves and Surplus	2	51,407.11	37,083.97
		52,826.30	37,549.49
Loan Funds			
Secured loans	3	215.89	947.47
Unsecured loans	4	405.03	105.88
Minority Interest		265.33	163.84
		886.25	1,217.19
Total		53,712.55	38,766.68
APPLICATION OF FUNDS			
Fixed Assets			
Goodwill (refer Note 1)		5,663.16	5,252.36
Gross block	5	20,899.63	15,607.11
Less : Depreciation		9,951.77	7,599.48
<i>Net Block</i>		10,947.86	8,007.63
Capital work-in-progress and advances		2,603.85	1,427.28
		19,214.87	14,687.27
Investments	6	23,504.93	19,058.83
Deferred tax assets (refer Note 10)		495.00	486.30
Current assets, loans and advances			
Inventories	7	1,747.25	1,292.02
Sundry Debtors	8	15,717.05	11,865.56
Cash and Bank balances	9	5,713.57	3,242.70
Loans and advances	10	5,628.74	5,683.78

		28,806.61	22,084.06
Less : Current liabilities and provisions			
Liabilities	11	13,006.72	8,894.20
Provisions	12	5,302.14	8,655.58
		18,308.86	17,549.78
Net Current Assets		10,497.75	4,534.28
Total		53,712.55	38,766.68

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS } **19**

As per our Report attached

For and on behalf of the Board of Directors

for N.M. Raiji & Co.,
Chartered Accountants

Azim Hasham Premji
Chairman

Vivek Paul
Vice Chairman

N. Vaghul
Director

J.M. Gandhi
Partner
Membership No. 37924

Suresh C. Senapaty
*Corporate Executive Vice President
& Chief Financial Officer*

V. Ramachandran
Company Secretary

P.M. Sinha
Director

Mumbai, April 22, 2005

Bangalore, April 22, 2005

Table of Contents**WIPRO LIMITED CONSOLIDATED****CONSOLIDATED PROFIT AND LOSS ACCOUNT**

		<i>(Rs. in Million, except share data)</i>			
	Schedule	Quarter ended March 31,		Year ended March 31,	
		2005	2004	2005	2004
INCOME					
Gross Sales and Services		23,178.25	17,954.06	82,330.25	59,161.07
Less : Excise Duty		166.95	219.71	724.70	760.84
Net Sales and Services		23,011.30	17,734.35	81,605.55	58,400.23
Other Income	13	313.30	475.78	944.79	1,315.99
TOTAL		23,324.60	18,210.13	82,550.34	59,716.22
EXPENDITURE					
Cost of goods sold	14	15,791.86	12,126.57	54,316.34	39,150.53
Selling and Marketing Expenses	15	1,490.57	1,379.98	5,587.69	5,401.64
General and Administration Expenses	16	1,017.52	733.79	3,642.42	3,097.15
Interest	17	6.09	6.90	56.12	35.07
TOTAL		18,306.04	14,247.24	63,602.57	47,684.39
PROFIT BEFORE TAXATION		5,018.56	3,962.89	18,947.77	12,031.83
Provision for Taxation (refer Note 11)		714.74	758.40	2,749.59	1,680.56
PROFIT AFTER TAXATION		4,303.82	3,204.49	16,198.18	10,351.27
PROFIT BEFORE MINORITY INTEREST/ EQUITY IN EARNINGS OF AFFILIATES }		4,303.82	3,204.49	16,198.18	10,351.27
Minority Interest		(16.01)	(23.88)	(88.12)	(59.19)
Share in earnings of affiliates		42.35	27.42	175.33	22.92
PROFIT FOR THE PERIOD		4,330.16	3,208.03	16,285.39	10,315.00
Appropriations					
Proposed Dividend				3,517.85	931.04
Proposed One-Time Dividend				(39.01)	5,818.98
Total Dividend				3,478.84	6,750.02
Tax on distribution of Dividend				493.38	864.85

Transfer to general reserve	4,330.16	3,208.03	12,313.17	2,700.13
Earnings per Share EPS				
(PY : Adjusted EPS for bonus issue in ratio of 2:1)				
Basic (<i>in Rs.</i>)	6.20	4.62	23.41	14.87
Diluted (<i>in Rs.</i>)	6.11	4.61	23.19	14.85
Number of shares for calculating EPS				
(PY : Adjusted for bonus issue in ratio of 2:1)				
Basic	698,733,448	694,074,990	695,777,186	693,870,390
Diluted	709,187,023	695,643,642	702,167,128	694,545,321

SIGNIFICANT ACCOUNTING
POLICIES AND NOTES TO
ACCOUNTS }

19

As per our Report attached

For and on behalf of the Board of Directors

for N.M. Raiji & Co.,
Chartered Accountants

Azim Hasham Premji
Chairman

Vivek Paul
Vice Chairman

N. Vaghul
Director

J.M. Gandhi
Partner
Membership No. 37924

Suresh C. Senapaty
*Corporate Executive Vice President
& Chief Financial Officer*

V. Ramachandran
Company Secretary

P.M. Sinha
Director

Mumbai, April 22, 2005

Bangalore, April
22, 2005

101

Table of Contents**WIPRO LIMITED CONSOLIDATED***(Rs. in Million except share data)***As of March 31,
2005** 2004**SCHEDULE 1 SHARE CAPITAL****Authorised**

750,000,000 (2004: 375,000,000) Equity shares of Rs. 2 each	1,500.00	750.00
25,000,000 (2004: 25,000,000) 10.25% Redeemable Cumulative Preference Shares of Rs. 10 each	250.00	250.00
	1,750.00	1,000.00

Issued, subscribed and paid-up

703,570,522 (2004: 232,759,152) equity shares of Rs. 2 each	1,407.14	465.52
Total	1,407.14	465.52

Notes :

Of the above equity shares :

- i) 692,537,085 equity shares/American Depository Receipts (ADRs) (2004 : 226,905,825), have been allotted as fully paid bonus shares/ADRs by capitalisation of Share Premium of Rs. 32.64 and General Reserves of Rs. 1,352.44.
- ii) 1,325,525 equity shares (2004 : 1,325,525) have been allotted as fully paid-up, pursuant to a scheme of amalgamation, without payment being received in cash.
- iii) 3,162,500 shares representing 3,162,500 American Depository Receipts issued during 2000-2001 pursuant to American Depository offering by the Company.
- iv) 5,620,412 (2004 : 440,302) equity share issued pursuant to Employee Stock Option Plan.

**As of March 31,
2005** 2004**SCHEDULE 2 RESERVES AND SURPLUS**

Capital Reserve	9.50	9.50
Capital Redemption Reserve	250.04	250.04

Share Premium

As at April 1,	6,732.28	6,492.85
Add : Received on exercise of stock options to employees	2,566.77	239.43
	9,299.05	6,732.28

Translation Reserve

As at April 1,	(159.75)	(0.57)
Add : Translation of foreign subsidiaries with non-integral operations	28.84	
Less : Translation of foreign subsidiaries with non-integral operations		159.18
	(130.91)	(159.75)

Deferred Stock Compensation

Opening Balance		4.40
Additions		
Deletions		4.40

Restricted Stock Units Reserve (a)

Cumulative charge to Profit and Loss Account	345.62	
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General Reserve

As at April 1,	30,251.90	27,551.77
Add : Transfer from Profit and Loss Account	12,313.17	2,700.13
Less : Amount utilised for Bonus Shares	931.26	
	41,633.81	30,251.90

Summary

As at April 1, 2004	37,083.97	34,307.99
As at March 31, 2005	51,407.11	37,083.97

(a) Represents cumulative charge to profit and loss account to be treated as share premium at the time of allotment of shares.

Table of Contents**WIPRO LIMITED CONSOLIDATED**

	Note Reference	<i>(Rs. in Million)</i> As of March 31,	
		2005	2004
SCHEDULE 3 SECURED LOANS			
From Banks			
Cash Credit facility	(a)	214.21	945.79
Development Loan from Karnataka Government	(b)	1.68	1.68
Total		215.89	947.47

Notes :

- (a) Secured by hypothecation of stock-in-trade, book debts, stores and spares and secured/to be secured by a second mortgage over certain immovable properties.
- (b) Secured by a pari-passu mortgage over immovable properties at Mysore and hypothecation of movable properties other than inventories, book debts and specific equipments referred to in Note (a) above.

		<i>(Rs. in Million)</i> As of March 31,	
		2005	2004
SCHEDULE 4 UNSECURED LOANS			
Cash Credit facility Overseas		349.76	
Other Loans and Advances			
Interest free loan from state government		54.02	104.63
Interest free loan from state financial institutions		1.25	1.25
Total		405.03	105.88

103

Table of Contents**WIPRO LIMITED CONSOLIDATED****SCHEDULE 5 FIXED ASSETS***(Rs. in Million)*

PARTICULARS	GROSS BLOCK			As of March 31, 2005	PROVISION FOR DEPRECIATION			As of March 31, 2005	NET BLOCK	
	As of April 1, 2004	Additions	Deductions/ adjustments		As of April 1, 2004	Depreciation for the period	Deductions/ adjustments		As of March 31, 2005	As of March 31, 2005
Land	744.26	529.83	5.57	1,268.52	12.58	0.52	11.00	2.10	1,266.42	731.68
Buildings	3,034.44	860.82	1.80	3,893.46	273.08	54.10	0.79	326.39	3,567.07	2,761.36
Railway siding	0.01			0.01	0.01			0.01		
Plant & Machinery	9,088.79	2,747.17	29.91	11,806.05	5,850.47	1,752.89	21.00	7,582.36	4,223.69	3,238.32
Furniture, Fixture and Equipments }	1,895.61	651.72	33.48	2,513.85	1,079.90	432.74	14.30	1,498.34	1,015.51	815.71
Vehicles	781.93	363.72	92.37	1,053.28	366.97	190.91	56.86	501.02	552.26	414.96
Technical know-how	10.38			10.38	10.38			10.38		
Patents, Trademarks & Rights }	51.69	302.39		354.08	6.09	25.08		31.17	322.91	45.60
Total	15,607.11	5,455.65	163.13	20,899.63	7,599.48	2,456.24	103.95	9,951.77	10,947.86	8,007.63

Table of Contents**WIPRO LIMITED CONSOLIDATED**

		<i>(Rs. in Million except share data)</i>	
	Number	As of March 31, 2005	2004
SCHEDULE 6 INVESTMENTS			
<i>All shares are fully paid up unless otherwise stated</i>			
Investments Long Term (at cost)			
Investment in Affiliates			
Wipro GE Medical Systems Private Ltd. (refer Note below)	4,900,000	506.75	380.80
WeP Peripherals Ltd. <i>(includes goodwill of Rs. 27 Mn)</i>	7,059,580	201.72	160.74
		708.47	541.54
Other Investments Unquoted			
Investments in Debentures of Paradyne Infotech	126,000	12.60	
Investments Short Term			
Investments in Indian Money Market Mutual Funds		22,627.69	18,517.29
Investments Overseas Trust Funds/Others		156.17	
Total		23,504.93	19,058.83

Note : Equity investments in this company carry certain restrictions on transfer of shares that is normally provided for in joint venture agreements.

	<i>(Rs. in Million)</i>	
	As of March 31, 2005	2004
SCHEDULE 7 INVENTORIES		
Stores and Spares	38.41	31.51
Raw Materials	829.77	551.40
Stock in Process	212.51	159.52
Finished Goods	666.56	549.59
Total	1,747.25	1,292.02

Basis of stock valuation :

- i) Raw materials, stock in process and Stores & Spares at or below cost.
- ii) Finished Goods at cost or net realisable value, whichever is lower.

SCHEDULE 8 SUNDRY DEBTORS**(Unsecured)****Over Six Months**

Considered Good	654.35	459.41
Considered Doubtful	846.54	720.02
	1,500.89	1,179.43

Others

Considered Good	15,062.70	11,406.15
Considered Doubtful		30.76
	15,062.70	11,436.91

Less : Provision for Doubtful Debts	846.54	750.78
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Total	15,717.05	11,865.56
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105

Table of Contents**WIPRO LIMITED CONSOLIDATED**

(Rs. in Million)
As of March 31,
2005 2004

SCHEDULE 9 CASH AND BANK BALANCES

Cash and Cheques on hand	109.14			220.17
Balance with scheduled banks				
On Current Account				
CHANTEK	7,699			
MVI	2,586	2,218	593	18
ProMOS			1,245	38
	10,285	2,218	1,838	56
Other expenses				
Jesper	4,260	4,136		
ProMOS		1,027		
MVI		148	148	5
PlusMOS		88		
	4,260	5,399	148	5

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Other payables			
MVI	1,004	28	1
Mou-Fu	1,829	348	11
ProMOS		781	24
SPIL		79	2
	2,833	1,236	38

In April 2003, ChipMOS Taiwan purchased from third-party bondholders NT\$570 million worth of index bonds. MVI pledged approximately 52 million common shares of ProMOS as collateral for repayment of NT\$290 million worth of these index bonds. In May 2004, ChipMOS Taiwan sold NT\$110 million, NT\$90 million and NT\$80 million of the bonds to AMCT, Chantek International and PlusMOS, respectively. The interest revenue derived from these transactions amounted to NT\$6,188 thousand. In June 2003, ChipMOS Taiwan sold all the 52 million common shares of ProMOS for approximately NT\$426 million by exercising its

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

right to sell such shares pledged as collateral for the repayment of NT\$290 million worth of index bonds. On June 16, 2003, ChipMOS Taiwan retained approximately NT\$300 million (principal amount of NT\$290 million plus interest of NT\$10 million) in satisfaction of the index bonds held, and returned the remaining amount to MVI as excess collateral realization.

On August 10, 2000, ChipMOS Taiwan entered into a service agreement with MVI pursuant to which ChipMOS Taiwan is obligated to provide testing and assembly services to MVI (or its customers) whenever requested. This service agreement was amended on September 1, 2002 to change the terms of the storage services ChipMOS Taiwan provides to MVI.

In 2003, 2004 and 2005, 19%, 0.1% and almost nil%, respectively, of the Company's sales were made to MVI. In the period from July to December 2003, MVI transferred its DRAM business to ProMOS. As a result, 28% and 28% of the Company's 2004 and 2005 sales were made to ProMOS. The price was agreed upon quarterly, based on the then fair market price. Payments are made by remittance. The collection term for ProMOS is 75 days after month end, while other related parties have normal collection terms of 60 days after month end. The selling price is the same as for other customers.

On October 11, 2002, ChipMOS Taiwan signed an agreement with Best Home for the construction of a central kitchen in Taiwan and paid NT\$216,000 thousand as an advance to Best Home for the purpose of acquiring a suitable site. Best Home did not proceed in a timely manner and on December 17, 2003, the advance was assigned to Prudent, who agreed to pay NT\$216,000 thousand back to ChipMOS Taiwan by June 30, 2004. On June 25, 2004, a supplementary agreement was signed with Prudent whereby the payment date was extended to September 30, 2004 and on September 24, 2004, another supplementary agreement was signed with Prudent for the extension of the payment date to December 30, 2004. Prudent also entered into a pledge agreement on the same day whereby the advance of NT\$216,000 thousand has been secured by Prudent's shareholding in ChipMOS Bermuda to the extent of 2,360,000 common shares in favour of ChipMOS Taiwan. ChipMOS Taiwan received full refund of the prepayment from Prudent on November 19, 2004.

In 2004, ChipMOS Taiwan purchased machinery from ProMOS at a cost of NT\$46,284 thousand.

The payment terms for purchases from related parties are the same as those from other suppliers.

The Company consults its ROC counsel on certain related party transactions and obtains legal opinions, as appropriate, to ensure that such transactions do not violate relevant ROC legal provisions.

21. RESTRICTED CASH AND CASH EQUIVALENTS

	2004	December 31,	
	NT\$	2005	US\$
		NT\$	
		(in thousands)	
Current:			
Time deposits (maturing from January 2006 to February 2007)	87,041	96,091	2,930
Deposit for letters of credit		73,218	2,232
Non-current:			
Time deposits (matured in March 2006)	59,705	29,356	895
	146,746	198,665	6,057

Time deposits are pledged as collateral for the Company's customs duties payable, letters of credit and research and development subsidy loans.

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****22. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS**

a. Major non-cash transaction

In 2003, the Company received a land use right from the government in the People's Republic of China that had a value of NT\$178,262 thousand.

b. Acquisition of subsidiaries

	Year Ended December 31,			
	2003 NT\$	2004 NT\$	2005 NT\$	US\$
		(in thousands)		
Net assets acquired:				
Cash and bank balances	103,454	129,342		
Restricted cash and cash equivalent		1,000		
Short term investments	272,849	299,439		
Notes receivable	6,084	38,364		
Accounts receivable	238,928	319,648		
Other receivables	1,207	15,237		
Deferred income tax	15,103			
Inventories		245,114		
Prepayment and other assets	29,964	64,808		
Long-term investment	59,336	46,231		
Property, plant and equipment	1,718,442	1,999,717		
Intangible assets		600		
Refundable deposits	14	54,458		
Other assets		1,294		
Bank loans	(30,000)	(219,752)		
Long-term loans	(120,250)	(759,302)		
Capital lease payable		(13,933)		
Convertible notes	(551,505)			
Notes payable	(30,571)	(2,479)		
Accounts payable		(291,648)		
Payable to contractor	(79,448)	(1,650)		
Other payables		(650,000)		
Income tax payable		(3)		
Accrued and other liabilities	(60,376)	(105,791)		
Accrued pension		(25,709)		
Other non-current liabilities		(1,115)		
Minority interest	(915,935)	(833,878)		
	657,296	309,992		
Goodwill on acquisition		5,450		
	657,296	315,442		

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Cash		67,533
Reclassification to interest in subsidiary	657,296	247,909
	657,296	315,442

F-38

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	Year Ended December 31,			
	2003	2004	2005	US\$
	NT\$	NT\$	NT\$	
	(in thousands)			
Cash and bank balances acquired	103,454	129,342		
Less: cash consideration		(67,533)		
	103,454	61,809		

c. Disposal of a subsidiary

	Year Ended December 31,			
	2003	2004	2005	US\$
	NT\$	NT\$	NT\$	
	(in thousands)			
Net assets disposed:				
Cash and bank balances			46,674	1,423
Accounts receivable			7,115	217
Inventories			38	1
Prepayment and other assets			3,064	93
Property, plant and equipment			50,505	1,540
Intangible assets			2,099	64
Capital lease payable			(12,400)	(378)
Accounts payable			(794)	(24)
Accrued and other liabilities			(514)	(16)
Minority interest			(29,429)	(897)
			66,358	2,023
Loss on disposal of a subsidiary			(2,603)	(79)
			63,755	1,944
Cash consideration			63,755	1,944

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

Cash consideration	63,755	1,944
Less: cash and bank balances disposed	(46,674)	(1,423)
	17,081	521

23. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- a. As of December 31, 2005, ChipMOS Taiwan leased parcels of land from the Hsinchu and Tainan Science Park under several agreements expiring on various dates from 2008 to 2017, with renewal options.

Table of Contents

ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The future minimum lease payments under the above-mentioned leases as of December 31, 2005 are as follows:

Year	Amount	
	NT\$	US\$
	(in thousands)	
2006	16,226	495
2007	16,226	495
2008	16,226	495
2009	16,226	495
2010	16,226	495
Thereafter	113,580	3,463
Total minimum lease payments	194,710	5,938

b. As of December 31, 2005, ChipMOS USA leased its office under an agreement expiring in 2010.

The future minimum lease payments under the above-mentioned lease as of December 31, 2005 are as follows:

Year	Amount	
	NT\$	US\$
	(in thousands)	
2006	3,318	101
2007	3,482	106
2008	3,581	109
2009	3,679	112
2010	3,154	96
Total minimum lease payments	17,214	524

c. As of December 31, 2005, ChipMOS Shanghai leased land and buildings under an agreement expiring in August 2052.

The future minimum lease payments under the above-mentioned lease as of December 31, 2005 are as follows:

Year	Amount	
	NT\$	US\$
	(in thousands)	
2006	1,188	36
2007	1,188	36
2008	1,188	36
2009	1,188	36
2010	1,188	36
Thereafter	49,518	1,510

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Total minimum lease payments	55,458	1,690
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d. As of December 31, 2005, ChipMOS HK leased land and buildings under several agreements expiring from June 15, 2005 to June 14, 2010.

F-40

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The future minimum lease payments under the above-mentioned leases as of December 31, 2005 are as follows:

Year	Amount	
	NT\$	US\$
	(in thousands)	
2006	962	29
2007	1,775	54
2008	1,775	54
2009	1,775	54
2010	813	25
Total minimum lease payments	7,100	216

e. On April 20, 1999, ChipMOS Taiwan entered into a semiconductor packaging technology license agreement with Tessera Technologies, Inc. (Tessera). Under this agreement, ChipMOS Taiwan agreed to pay a license fee of US\$500 thousand and a royalty fee at a certain percentage of the net sales of certain products. ChipMOS Taiwan paid the total license fee of approximately US\$500 thousand (NT\$15,888 thousand) in 1999 and amortized the amount over 5 years using the straight-line method. ChipMOS Taiwan also paid approximately US\$500 thousand (NT\$16,708 thousand) in 2004 as the cumulative production and sales quantity of products bearing Tessera Compliant Chip packages did not meet the commitment schedule as set in the agreement. Subsequent to December 31, 2005, in February 2006, ChipMOS Taiwan and ChipMOS USA have received notice of a patent infringement lawsuit brought by Tessera, alleging infringement of several Tessera patents and breach of an existing license agreement with ChipMOS Taiwan. ChipMOS Taiwan and ChipMOS USA expect to vigorously defend themselves in the lawsuit. The Company's counsel has not formed an opinion as to the outcome of the case.

f. The Company has unused letters of credit aggregating approximately US\$18,933 thousand, Euro 68 thousand, JPY5,621,035 thousand and GBP212 thousand, as of December 31, 2005.

g. In 2004, tax authorities have assessed and adjusted by way of increase the income taxes of ChipMOS Taiwan for 2000 by NT\$30,526 thousand. The Company filed an appeal against the assessment and the tax authorities have not responded to the appeal.

h. As of December 31, 2005, Modern Mind had a capital commitment in relation to capital contribution to ChipMOS Shanghai of US\$137,500 thousand (NT\$4,510,000 thousand), which was due on June 6, 2005. On March 21, 2005, Modern Mind obtained approval from the Shanghai Foreign Investment Committee to extend the capital contribution due date to December 6, 2007.

i. As of December 31, 2005, ChipMOS Shanghai had capital commitments in relation to construction of factories, dormitories and purchase of plant and machinery in the amount of NT\$8,746 thousand (US\$267 thousand).

j. On November 27, 2005, ChipMOS Taiwan and Spansion LLC (Spansion) entered into an assembly and testing services agreement, pursuant to which the parties will enter into one or more statements of work, under which ChipMOS Taiwan will reserve capacity for Spansion for the assembly and testing services and Spansion will place purchase orders in accordance with the terms of the agreement. Pursuant to the first statement of work, effective from September 15, 2005, ChipMOS Taiwan is obligated to purchase and to install wafer sorting testers and probers in the agreed upon quantity and to provide the wafer sorting services to Spansion. Based on forecasts provided by Spansion, ChipMOS Taiwan is required to purchase wafer sorting testers and probers in an aggregate of approximately US\$110,000 thousand (NT\$3,608,000 thousand) in 2006.

Table of Contents

ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. POST BALANCE SHEET EVENTS

- a. In January 2006, ChipMOS Taiwan obtained a five-year floating-rate syndicated loan of NT\$6,000,000 thousand.
- b. In February 2006, ThaiLin obtained a six-year floating-rate syndicated loan of NT\$3,000,000 thousand.

25. DERIVATIVE FINANCIAL INSTRUMENTS

ChipMOS Taiwan has entered into forward exchange contracts and foreign currency options for the years ended December 31, 2003, 2004 and 2005 to hedge its exchange rate risk on foreign-currency assets or liabilities and anticipated transactions. Information on the derivative transactions is as follows:

a. Forward exchange contracts

As of December 31, 2004 and 2005, there were no outstanding forward contracts.

Net exchange gains on forward exchange contracts were nil, NT\$4,710 thousand and NT\$1,528 thousand for the years ended December 31, 2003, 2004 and 2005, respectively.

b. European Option

ChipMOS Taiwan expects to receive U.S. dollars from its export sales and to pay Japanese yen for its importation of materials, machinery and equipment. It has entered into European-style foreign currency option contracts with banks to hedge exchange rate risks. As of December 31, 2005, ChipMOS Taiwan had no outstanding foreign currency option contracts. For the years ended December 31, 2003, 2004 and 2005, ChipMOS Taiwan realized premium income of nil, nil and NT\$36 thousand, respectively.

c. Interest Rate Risks

ChipMOS Taiwan has entered into interest rate swap agreements to manage interest rate risk by exchanging a fixed quanto stepping interest rate for a floating rate and keeps records when transactions are settled. The difference in interest rates is calculated quarterly and is credited or charged to the income in the current period. The benefit of interest rate swaps recognized as non-operating income in 2004 was NT\$151 thousand and non-operating expenses in 2005 was NT\$11,190 thousand, respectively.

d. Transaction risks

- 1) Credit risk. The banks with which the Company has entered into the above contracts are reputable and, therefore, the Company is not expected to be exposed to significant credit risks.
- 2) Market risk and hedge strategy. The Company is exposed to market risks arising from changes in currency exchange rates due to U.S. dollar denominated accounts receivable, Yen denominated accounts payable and U.S. dollar denominated debt. In order to manage these exposures, the Company sometimes enters into forward contracts and option contracts.
- 3) Liquidity and cash requirements. The cash flow requirements with respect to the Company's forward contracts are limited to the periodic premium payments and the net differences of the contracted settlement rates. On the other hand, call/put options may not have to be exercised at all in cases where the strike price is higher/lower than the related market price at exercise dates.

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

e. The estimated fair values of the Company's financial instruments are as follows:

	2004		December 31,		2005
	Carrying Value NT\$	Fair Value NT\$	Carrying Value NT\$	Fair Value NT\$	
					US\$
(in thousands)					
<i>Non-derivative financial instruments</i>					
<i>Assets</i>					
Cash and cash equivalents	4,849,146	4,849,146	4,607,003	4,607,003	140,457
Restricted cash and cash equivalents	87,041	87,041	169,309	169,309	5,162
Short term investments	2,832,556	2,832,556	186,136	186,136	5,675
Notes receivable - Third parties	62,206	62,206	30,580	30,580	932
Accounts receivable:					
Related parties	1,411,038	1,411,038	1,418,422	1,418,422	43,245
Third parties	1,926,109	1,926,109	2,525,864	2,525,864	77,008
Other receivables:					
Related parties	6,649	6,649	4,343	4,343	132
Third parties	164,608	164,608	161,894	161,894	4,936
Long-term investments	642,351	642,351	404,124	404,124	12,321
Restricted cash and cash equivalents	59,705	59,705	29,356	29,356	895
Refundable deposits	16,273	16,273	18,290	18,290	558
<i>Liabilities</i>					
Bank loans	800,593	800,593	467,834	467,834	14,263
Commercial notes payable			149,413	149,413	4,555
Accounts payable:					
Third parties	607,806	607,806	728,709	728,709	22,217
Other payables:					
Related parties	2,833	2,833	1,236	1,236	38
Third parties	324,654	324,654	404,947	404,947	12,346
Payables to contractors and equipment suppliers	440,024	440,024	465,918	465,918	14,205
Long-term bonds/notes payable (including current portion)	4,206,380	3,984,169	2,769,288	2,546,494	77,637
Long-term loans (including current portion)	6,416,319	6,416,319	6,734,767	6,734,767	205,328
Capital lease payable (including current portion)	12,400	12,400			
Guarantee deposits	1,124	1,124	1,438	1,438	44

Fair values of financial instruments were determined as follows:

- 1) Short-term financial instruments - market values.
- 2) Short-term investments - market values.
- 3) Long-term investments - market value for listed companies and net equity value for the others.
- 4) Refundable deposits and guarantee deposits - future values.

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

5) Long-term liabilities based on forecasted cash flows discounted at current interest rates of similar long-term liabilities. Bonds/notes payable are discounted at present value, using an annual interest rate of 1.75%. Other long-term liabilities are their carrying values as they use floating interest rates.

The fair value of non-financial instruments was not included in the fair values disclosed above. Accordingly, the sum of the fair values of the financial instruments listed above does not equal the fair value of the Company.

26. SEGMENT AND GEOGRAPHIC INFORMATION

The Company engages mainly in the research and development, manufacturing, assembly, testing and turnkey of semiconductors. In accordance with Statement of Financial Accounting Standards (SFAS) No. 131, "Disclosure About Segments of an Enterprise and Related Information", the Company's chief operating decision maker has been identified as the Chief Executive Officer, who reviews these segment results by Testing, Assembly, Testing and Assembly for LCD and other Flat-Panel Display Driver Semiconductors and Turnkey when making decisions about allocating resources and assessing performance of the Company. Due to the increasing importance of our LCD and other flat-panel display driver semiconductor services and the fact that those services include a combination of testing and assembly, commencing from 2003, the Company views LCD and other flat-panel display driver semiconductor services as a separate, distinct segment of its business. Financial segment information required by SFAS No. 131 is as follows:

- a. Semiconductor testing, assembly, turnkey services and LCD and other flat-panel display driver semiconductors services.

	2003				Segment Totals NT\$	Corporate & Other Assets NT\$	Consolidated Totals NT\$
	Testing NT\$	Assembly NT\$	Turnkey NT\$	LCD NT\$ (in thousands)			
Revenue from customers	3,155,845	2,728,932	1,458,264	1,683,490	9,026,531		9,026,531
Cost of revenues	2,709,473	2,184,549	1,410,231	1,155,322	7,459,575		7,459,575
Segment gross profit	446,372	544,383	48,033	528,168	1,566,956		1,566,956
Depreciation and amortization	1,895,775	333,068		451,710	2,680,553	34,406	2,714,959
Segment assets	7,501,242	2,427,030		2,150,940	12,079,212	7,394,149	19,473,361
Expenditure for segment assets	1,439,226	554,972		387,929	2,382,127	19,698	2,401,825

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

b. Net revenue:

Area	2003 NT\$	Year Ended December 31,		2005 US\$
		2004 NT\$	NT\$	
			(in thousands)	
ROC	7,538,381	12,153,303	11,953,905	364,448
U.S.	495,803	1,686,641	1,702,629	51,909
Korea	70,641	126,971	535,134	16,315
Japan	414,422	541,747	482,587	14,713
Others	507,284	527,149	539,726	16,456
	9,026,531	15,035,811	15,213,981	463,841

c. Net sales to customers representing at least 10% of net total sales:

Customer	2003		Year Ended December 31,		2005		Amount US\$
	Amount NT\$	%	Amount NT\$	%	Amount NT\$	%	
							(in thousands)
ProMOS	1,748,326	19	4,231,658	28	4,332,058	28	132,075
MVI	1,680,986	19	14,273	0.1	6		
Ultima	1,126,689	12	453,698	3			
Powerchip	358,350	4	1,721,993	11	2,233,504	15	68,095

27. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN ACCOUNTING PRINCIPLES FOLLOWED BY THE COMPANY AND ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the Republic of China (ROC GAAP), which differ in the following respects from accounting principles generally accepted in the United States of America (U.S. GAAP):

a. Bonuses to employees, directors and supervisors

According to ROC regulations and the Articles of Incorporation of ChipMOS Taiwan, a portion of distributable earnings should be appropriated as bonuses to employees and remuneration to directors and supervisors of ChipMOS Taiwan. The remuneration to directors and supervisors is paid in cash, while bonuses to employees may be granted in cash or stock or both. ChipMOS Bermuda's portion of these appropriations is charged to earnings of ChipMOS Bermuda under ROC GAAP based on the amount to be paid as provided by ChipMOS Taiwan's Articles of Incorporation and is presented as a separate line item below minority interest in the accompanying consolidated statements of operations. No bonuses were paid to employees, directors and supervisors for the two years ended December 31, 2003 and 2004. During 2005, ChipMOS Taiwan and ThaiLin paid NT\$165,744 thousand and NT\$56,622 thousand, respectively, in bonuses to directors, supervisors and employees.

Under U.S. GAAP, such bonuses and remuneration are charged to income currently and included in operating expenses as compensation expenses. Since the amount and form of such bonuses and remuneration are not finally determinable until approved by the shareholders, the total

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amount of such bonuses and remuneration are initially accrued based on the amount to be paid as provided by ChipMOS Taiwan's Articles of Incorporation. The percentage to be paid in stock is determined at the next shareholders' meeting in the following

F-46

Table of Contents

ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

year. The number of shares to be issued is determined by dividing the amount to be paid in stock by the par value of the shares. Any differences between the initially accrued amount (the cash portion plus the par value of the shares) and the fair market value of the bonuses settled (the cash portion plus the fair value of the shares) is recognized in the year of approval by the shareholders.

b. Short-term investments

Under ROC GAAP, marketable equity securities are carried at the lower of aggregate cost or market value, and debt securities at cost, with only unrealized losses recognized when losses are irrecoverable. Under SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities, debt and equity securities that have readily determinable fair values are to be classified as either trading, available-for-sale or held-to-maturity securities. Debt securities that the Company has the positive intent and ability to hold-to-maturity are classified as held-to-maturity securities and reported at amortized cost. Debt and equity securities that are bought and traded for short-term profit are classified as trading securities and reported at fair value, with unrealized gains and losses included in earnings. Debt and equity securities not classified as either held-to-maturity or trading are classified as available-for-sale securities and reported at fair value, with unrealized gains and losses excluded from earnings and reported in a separate component of shareholders' equity; however, unrealized losses relating to declines in fair value deemed to be other than temporary are recorded in earnings. The adjustment below relates to the Company's equity securities that are classified as trading and available-for-sale securities under U.S. GAAP.

c. Long-term investments

Under both ROC and U.S. GAAP, investments in shares of companies wherein the Company owns over 20% but not more than 50% of the outstanding common stock and exercises significant influence over operating and financial policies of the investee companies are generally accounted for under the equity method. However, there are differences in applying equity accounting under ROC GAAP and U.S. GAAP. The Company's proportionate share of the income (loss) from an equity investee may differ if the equity investee's net income (loss) under ROC GAAP differs from that under U.S. GAAP. The differences between ROC GAAP and U.S. GAAP for the equity investees are nominal and thus do not appear in the reconciliations below.

Under the equity method, the Company's proportionate share of the income (loss) of the investee is generally recognized in the year the income (loss) is earned. However, in 2004, under ROC GAAP, if audited financial statements of an investee were not available for the Company to apply the equity method due to time constraints and such equity interests were below a certain materiality threshold, the Company was permitted to delay the recognition of income (loss) until 2005. Under U.S. GAAP, there are no provisions that allow the investor company to delay recognition of its equity in the investee's income or loss. The 2004 US GAAP adjustment represents the proportionate share of loss of long-term investment in 2004. In 2005, there was no such difference.

d. Technologies transferred in payment of capital stock

As discussed in Note 11, MVI and SPIL contributed, as payment for their subscription in the shares of stock of ChipMOS Taiwan, technologies relating to the testing and assembly of semiconductors at an agreed value of NT\$750,000 thousand. Under ROC GAAP, such technology transfers in payment of capital stock are recorded as an intangible asset, and amortized by systematic charges to income over the periods estimated to be benefited. As permitted under ROC GAAP, the Company uses a 5-year amortization period. Under U.S. GAAP, the technology contribution cannot be recognized due to the unavailability of a fair value for the technologies. Therefore, the carrying value of the technologies has been adjusted to zero under U.S. GAAP.

e. Start-up costs

ROC GAAP requires start-up costs to be deferred and amortized in a systematic manner over its estimated useful beneficial life. Start-up costs include all costs incurred prior to production readiness. On the other hand, U.S. GAAP primarily requires that start-up costs be expensed as incurred.

Table of Contents

ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

f. Depreciation of fixed assets and employee dormitory building

Under ROC GAAP, the estimated life of a building can be as long as 55 years based on the ROC Internal Revenue Code. For U.S. GAAP purposes, building lives are estimated to be 25 years.

g. Transfer of building and facilities from MVI

The Company purchased building and facilities from MVI in 1997. The costs of assets purchased from MVI were based on MVI's book value of such building and facilities on a specified cut-off date plus an additional payment of NT\$173,174 thousand representing compensation to MVI.

This additional payment of NT\$173,174 thousand was capitalized by the Company as allowed under ROC GAAP. Under U.S. GAAP, assets acquired are recorded at amounts that do not exceed their fair values. Also, generally under U.S. GAAP, the transferee should evaluate the assets transferred from related parties with significant influence at the predecessor's basis. Therefore, the transfer of assets from MVI was recorded at MVI's predecessor cost basis and NT\$173,174 thousand was deducted from the capital surplus and building and facilities for the purposes of U.S. GAAP.

h. Inventory

As discussed in paragraphs e., f. and g., the amortization of start-up costs, the depreciation of fixed assets and employee dormitory building, and depreciation on the assets transferred from MVI were reconciled for U.S. GAAP purposes. Some of such expenses were recorded in the manufacturing expenses and therefore affect ending inventory balances under U.S. GAAP.

i. Capital surplus

Under ROC GAAP, the following items are treated as capital surplus: (a) premium on issuance of common stock and (b) gain, net of applicable income tax, on disposal of properties. Under U.S. GAAP, item (a) is the same as in ROC GAAP; and item (b) is recorded as part of net income, which is then included as a component of retained earnings. However, starting in 2001, the treatment of item (b) under ROC GAAP has become the same as that under U.S. GAAP.

j. Impairment of long-lived assets

Under U.S. GAAP, impairment losses for assets to be held and used are recorded in current period earnings and create a new cost basis for related assets going forward, and cannot be reversed subsequently. Under U.S. GAAP, in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long-lived assets, the recoverability test is performed by comparing undiscounted net cash flows of the assets to the net book value of the assets. If the recoverability test indicates that impairment has occurred, the impairment loss is the amount of the asset's net book value in excess of the related fair value. Prior to January 1, 2005, there is no requirement to provide for impairment of long-lived assets under ROC GAAP. Therefore, the Company applied US GAAP to evaluate the long-lived assets for impairment purpose in 2004. In 2005, the adjustment for impairment of long-term investment represented the additional impairment to be recognized after the reversal of amortization of goodwill in respect of the long-term investment (see Note 27 o.).

k. Derivative financial instruments

Under ROC GAAP, there are no specific rules related to accounting for derivative financial instruments, nor any criteria for hedge accounting. Therefore, companies have the flexibility in choosing when to recognize derivative financial instruments and when to follow hedge accounting versus fair value accounting for such instruments. U.S. GAAP has restrictive rules on hedge accounting under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* and SFAS No. 138, *Accounting for Certain Derivative*

Table of Contents

ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Instruments and Hedging Activities . SFAS No. 133 and SFAS No. 138 are effective for fiscal years beginning after June 15, 2000, and establish accounting and reporting standards for all derivative financial instruments. The Company adopted those statements on January 1, 2001. The adoption of SFAS No. 133 and SFAS No. 138 had no material impact on the Company's financial statements. Under U.S. GAAP, the Company did not apply hedge accounting and derivatives have historically been, and continue to be, recorded on the balance sheets at fair value, with the changes in fair values recorded through current period earnings. The reconciling adjustments for all periods presented reflect those reconciliations from hedge accounting under ROC GAAP to non-hedge accounting under U.S. GAAP.

l. Stock bonus and dividend

Under ROC GAAP, stock bonus and dividends are recorded at par value with a charge to retained earnings. Under U.S. GAAP, if the ratio of distribution is less than 25 percent of the same class of shares outstanding, the fair value of the shares issued should be charged to retained earnings and capital surplus. Accordingly, an adjustment of NT\$61,632 thousand was included in the reconciliation, representing the difference between the fair value and the par value of ThaiLin stock.

m. Earnings per share (EPS)

In calculating the weighted average number of shares outstanding for EPS purposes under ROC GAAP, employee bonus shares have been treated as outstanding for all periods in a manner similar to a stock split or stock dividend. Under U.S. GAAP, employee bonus shares have been considered separately from the stock dividend or split and have been treated as outstanding from the date of shareholder approval.

n. Interest capitalization

Under ROC GAAP, interest on borrowings during construction conceptually should be capitalized in the assets that are constructed or produced for a company's own use. However, if equity capital is raised during a year, no capitalization interest is recorded for the amount of property acquired up to the equity capital raised in that year. Under U.S. GAAP, SFAS No. 34 Capitalization of Interest Cost interest is generally capitalized on assets until they are available and ready for use.

o. Goodwill and negative goodwill

Under ROC GAAP, goodwill arises as the difference between acquisition cost and the equity of the investee company and is amortized over a five-year period, whereas under U.S. GAAP such goodwill is not amortized, but is subject to impairment tests.

Negative goodwill arises when the fair values of the net assets acquired exceed the purchase price. Under ROC GAAP, negative goodwill is amortized over a five-year period whereas under U.S. GAAP, that negative goodwill is firstly allocated pro rata to reduce amounts assigned to acquired assets. If negative goodwill still remains, it is recognized as extraordinary gain in the period in which the business combination is initially recognized. The negative goodwill of NT\$20,275 thousand arising from the merger of CHANTEK into ChipMOS Taiwan was credited to property, plant and equipment under U.S. GAAP.

p. Pension expenses

SFAS No. 87, Accounting for Pensions , and SFAS No. 88, Employer's Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits , were effective no later than the beginning of the first period for which a U.S. GAAP reconciliation is required for foreign issuers. A portion of the unrecognized net transition obligation on the adoption date is to be allocated directly to equity. The Company adopted SFAS No. 87 and SFAS No. 88 in 1997 and 2002, respectively. ROC SFAS No. 18, which is similar in

Table of Contents

ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

many respects to SFAS No. 87 and SFAS No. 88, became effective in 1996. However, the treatment of certain expenses that comply with ROC SFAS No. 18 is different from SFAS No. 87 and SFAS No. 88.

q. Allowance for loss and scrap loss on inventories

ROC GAAP does not specify the classification of allowance for loss on inventories, therefore the recovery of allowance for loss on inventories of NT\$67,002 thousand and NT\$74,581 thousand (US\$2,274 thousand) for 2004 and 2005 has been classified under non-operating income.

Under U.S. GAAP, the allowance for loss on inventories should be classified in the income statement as a component of cost of revenue.

ROC GAAP does not specify the classification of scrap loss on inventories, therefore NT\$75,602 thousand (US\$2,305 thousand) has been classified under non-operating expense. Under U.S. GAAP, the scrap of inventories should be classified in the income statement as a component of cost of revenue.

r. Convertible notes

Under ROC GAAP, there is no requirement to account for the fair value of conversion feature embedded in convertible notes for the year ended December 31, 2005. Under U.S. GAAP, the Company accounts for the fair value of the conversion feature of its convertible notes in accordance with SFAS No. 133 Accounting For Derivative Instruments And Hedging Activities and Emerging Interpretation Task Force (EITF) Issue No. 00-19 Accounting For Derivative Financial Instruments Indexed To And Potentially Settled In A Company s Own Stock , which requires the Company to bifurcate and separately account for the conversion feature as embedded derivatives contained in the Company s convertible notes. The Company carried these embedded derivatives on its balance sheet at fair value and changes in fair values of these embedded derivatives are reflected in the consolidated statement of operations. (see Note 28 j.)

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following reconciles net income and shareholders' equity under ROC GAAP as reported in the accompanying consolidated financial statements to net income and shareholders' equity amounts determined under U.S. GAAP, giving effect to adjustments for the differences listed above.

	Year Ended December 31,			
	2003 NT\$	2004 NT\$	2005 NT\$	US\$
	(in thousands)			
<i>Net income</i>				
Net income based on ROC GAAP	482,385	1,675,882	928,203	28,299
Adjustments:				
Amortization of technology transfers in payment of capital stock	18,334			
Amortization of start-up costs	14,796	9,916	2,305	70
Depreciation of property, plant and equipment and employee dormitory building	(26,605)	(14,444)	(14,957)	(456)
Transfer of building and facilities from MVI	2,104	1,299	1,075	33
Marketable securities trading	1,916	10,567	(9,604)	(293)
Interest capitalization	3,411	(3,130)	(33,858)	(1,032)
Accrual for bonuses to employees, directors and supervisors			(269,003)	(8,201)
Reversal of goodwill amortization			62,362	1,901
Impairment loss on long-term investment			(79,363)	(2,419)
Stock bonus			(61,632)	(1,879)
Depreciation of interest capitalization	(6,009)	(5,728)		
Effect of U.S. GAAP adjustments on income taxes	(3,825)		13,598	415
Amortization of discount on convertible notes			(72,480)	(2,210)
Gain on embedded derivative liabilities			149,732	4,565
Minority interests	(1,223)	(6,508)	186,643	5,690
Equity accounting for long-term investment		(2,362)	2,362	71
Net increase (decrease) in net income	2,899	(10,390)	(122,820)	(3,745)
Net income based on U.S. GAAP	485,284	1,665,492	805,383	24,554
Earnings per share - basic	8.24	26.38	11.92	0.36
Earnings per share - diluted *	8.17	26.22	11.21	0.34
Number of weighted average shares outstanding - basic	58,908	63,141	67,546	67,546
Number of weighted average shares outstanding - diluted	59,429	63,517	82,572	82,572

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

* The following table reconciles the numerator to calculate basic and diluted earnings per share:-

	Year Ended December 31,			
	2003 NT\$	2004 NT\$	2005 NT\$	US\$
Net income based on U.S. GAAP	485,284	1,665,492	805,383	24,554
Add: amortization of discount on convertible notes			72,480	2,210
Interest expense (net of tax)			48,062	1,465
Income available to common stockholders adjusted for the effects of assumed exercise of options and conversion of notes	485,284	1,665,492	925,925	28,229

	Year Ended December 31,			
	2003 NT\$	2004 NT\$	2005 NT\$	US\$
<i>Shareholders equity</i>				
Shareholders equity based on ROC GAAP	7,248,238	10,160,619	11,213,838	341,885
Adjustments:				
Technology transfer in payment of capital stock				
Original cost	(750,000)	(750,000)	(750,000)	(22,866)
Accumulated amortization of technology transfer in payment of capital stocks	750,000	750,000	750,000	22,866
Start-up costs				
Original cost	(73,329)	(61,124)	(61,107)	(1,863)
Accumulated amortization of start- up costs	53,554	51,193	53,400	1,628
Net effect on inventories	(206)	(134)	(53)	(2)
Depreciation of fixed assets and employee dormitory building				
Depreciation of fixed assets and employee dormitory building	(96,263)	(85,648)	(100,710)	(3,070)
Net effect on inventories	252	217	322	10
Transfer of building and facilities from MVI				
Original cost	(173,174)	(173,174)	(173,174)	(5,280)
Depreciation and gain on disposal of building and facilities from MVI	166,789	168,076	169,155	5,157
Net effect on inventories	(34)	(22)	(26)	(1)
Unrealized holding gain on available-for- sale securities			5,648	172
Accrual for bonuses to employees, directors and supervisors			(269,003)	(8,201)
Pension expenses	(1,898)	(1,898)	(1,898)	(58)
Marketable securities trading	(3,576)	6,991	(2,613)	(79)
Long-term investments	(12,507)	(5,562)		
Reversal of goodwill amortization			62,362	1,901
Impairment loss on long-term investment			(79,363)	(2,419)
Interest capitalization	122,168	118,757	118,757	3,620
Amortization of interest capitalization	(12,464)	(42,935)	(76,793)	(2,341)
Effect of U.S. GAAP adjustments on income taxes	(2,297)	(2,297)	11,301	344
Amortization of discount on convertible notes			(72,480)	(2,210)
Gain on embedded derivative liabilities			149,732	4,565
Minority interests	6,073	(435)	137,403	4,189

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Net decrease in shareholders' equity	(26,912)	(27,995)	(129,140)	(3,938)
Shareholders' equity based on U.S. GAAP	7,221,326	10,132,624	11,084,698	337,947

F-52

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	Year Ended December 31,			
	2003 NT\$	2004 NT\$	2005 NT\$	US\$
(in thousands)				
<i>Changes in shareholders' equity based on U.S. GAAP</i>				
Balance, beginning of the year	6,760,185	7,221,326	10,132,624	308,921
Issuance of capital		1,154,444		
Issuance of option warrants	18,903	19,673		
Effect of merger			(39,768)	(1,212)
Exercise of option warrants	56,815	90,414	40,418	1,232
Forfeiture of option warrants			21,477	655
Adjustment arising from change in ownership percentage in subsidiaries			(26,046)	(794)
Reversal of unrealized loss (gain) on available-for-sale securities	(76,502)	12,507		
Unrealized gain on available-for-sale securities			5,648	172
Cumulative translation adjustments	(31,388)	(164,684)	186,313	5,680
Net income for the year	485,284	1,665,492	805,383	24,554
Adjustment of equity method for long-term Investment	8,029	133,452	(54,178)	(1,652)
Adjustment for stock bonus			12,827	391
Balance, end of the year	7,221,326	10,132,624	11,084,698	337,947

A reconciliation of the significant balance sheet accounts to the approximate amounts determined under U.S. GAAP is as follows:

	December 31,		
	2004 NT\$	2005 NT\$	US\$
(in thousands)			
<i>Current assets</i>			
As reported	12,707,711	10,046,913	306,308
U.S. GAAP adjustments			
Marketable securities trading	6,991	3,035	93
Effect of inventory adjustments:			
Start-up costs	(134)	(53)	(2)
Depreciation of fixed assets and employee dormitory building	217	322	10
Transfer of building and facilities from MVI	(22)	(26)	(1)
As adjusted	12,714,763	10,050,191	306,408
<i>Long-term investments</i>			
As reported	642,351	404,124	12,321
U.S. GAAP adjustments			
Reversal of goodwill amortization		62,362	1,901
Equity accounting for long-term investment	(5,562)		
Impairment loss on long-term investments		(79,363)	(2,419)
As adjusted	636,789	387,123	11,803

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	2004 NT\$	December 31, 2005 NT\$ (in thousands)	US\$
<i>Property, plant and equipment net</i>			
As reported	17,426,618	20,420,066	622,563
U.S. GAAP adjustments			
Start-up costs	(9,931)	(7,707)	(235)
Depreciation of fixed assets	(75,747)	(114,202)	(3,482)
Transfer of building and facilities from MVI	(5,098)	(4,019)	(122)
Interest capitalization	75,822	66,988	2,042
Negative goodwill		(20,275)	(618)
As adjusted	17,411,664	20,340,851	620,148
<i>Other assets</i>			
As reported	449,338	559,827	17,068
U.S. GAAP adjustments			
Depreciation of employee dormitory building	(9,901)	(11,532)	(352)
As adjusted	439,437	548,295	16,716
<i>Current liabilities</i>			
As reported	5,915,356	7,857,499	239,559
U.S. GAAP adjustments			
Fair value of embedded derivative liabilities		160,899	4,905
Discount on convertible notes		(310,631)	(9,471)
Amortization of discount on convertible notes		72,480	2,210
Accrual for bonuses to employees, directors and supervisors		269,003	8,201
As adjusted	5,915,356	8,049,250	245,404
<i>Other liabilities</i>			
As reported	768,468	374,719	11,424
U.S. GAAP adjustments			
Pension expense	1,898	1,898	59
Effect of U.S. GAAP adjustments on income taxes	2,297	(11,301)	(345)
Negative goodwill		(20,275)	(618)
As adjusted	772,663	345,041	10,520
<i>Minority interests</i>			
As reported	7,092,498	7,878,123	240,187
U.S. GAAP adjustments			
Shareholders equity	435	(137,403)	(4,189)
As adjusted	7,092,933	7,740,720	235,998

As a result of the adjustments presented above, the approximate amounts of total assets under U.S. GAAP were NT\$31,521,702 thousand and NT\$31,653,560 thousand as of December 31, 2004, and 2005, respectively.

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following U.S. GAAP condensed statements of operations for the years ended December 31, 2003, 2004 and 2005 have been derived from the audited financial statements and reflect the adjustments presented above. Certain accounts have been reclassified to conform to U.S. GAAP.

Reversal of allowance for inventories, scrap of inventories and bonuses to employees, directors and supervisors are included as operating expenses.

	2003 NT\$	Year Ended December 31,		
		2004 NT\$	2005 NT\$	US\$
(in thousands)				
Net revenue	9,026,531	15,035,811	15,213,981	463,841
Cost of revenue	7,472,279	10,792,445	11,273,617	343,708
Gross profit	1,554,252	4,243,366	3,940,364	120,133
Operating expenses	787,664	1,283,895	1,837,689	56,027
Income from operations	766,588	2,959,471	2,102,675	64,106
Non-operating income (expenses) net	(69,089)	(459,011)	(478,833)	(14,599)
Income before income tax	697,499	2,500,460	1,623,842	49,507
Net income	485,284	1,665,492	805,383	24,554

28. ADDITIONAL DISCLOSURES REQUIRED BY U.S. GAAP

a. Recent accounting pronouncements

The Company is required by SEC Staff Accounting Bulletin No. 74 to make certain disclosures about the effect that recently issued accounting standards will have on the financial statements adopted for future periods.

On December 16, 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 123R Share-Based Payment (SFAS 123R), which revises the previously effective SFAS No. 123 and supersedes APB No. 25, and on March 29, 2005, the SEC issued Staff Accounting Bulletin 107, Share-Based Payment. These pronouncements address the accounting for share-based payment transactions in which an enterprise receives employee services in exchange for either equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. The statement eliminates the ability to account for share-based compensation transactions using APB No. 25 and generally requires that such transactions be accounted for using a fair-value-based method and recognized as expenses in the consolidated statements of operations. The new standard became effective in the first interim period beginning after December 15, 2005. Had the Company adopted SFAS 123R in prior periods, the impact would have approximated the impact of SFAS 123 as described in the disclosure of pro forma net income (loss) and earnings (loss) per share of common stock in Note 28 i. The Company expects that the new standard will result in significant stock-based compensation expense.

Table of Contents

ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

b. Short-term investments

On December 31, 2004 and 2005, certain investments carried at cost under ROC GAAP were revalued for purposes of U.S. GAAP presentation:

	(ROC GAAP) Carrying Value		(U.S. GAAP) Fair Value		
	2004 NT\$	2005 NT\$	2004 NT\$	2005 NT\$	US\$
Investment in trading securities (Note 4)	2,832,556	186,136	2,839,547	189,171	5,767
Long-term investments available-for-sale securities (Note 7)		1,587		1,593	

The Company uses the weighted-average cost method for trading securities and available-for-sale securities when determining the cost basis.

The following table shows the gross unrealized losses and fair value of short-term investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category that individual securities have been in a continuous unrealized loss position, at December 31, 2005.

	December 31, 2005							
	Less than 12 months				12 months or greater			
	Fair value		Unrealized losses		Fair value		Unrealized losses	
	NT\$	US\$	NT\$	US\$	NT\$	US\$	NT\$	US\$
Stock					156,338	4,766	18,078	551
Open-ended funds	32,833	1,001	167	5				
	32,833	1,001	167	5	156,338	4,766	18,078	551

c. Goodwill

	December 31, 2005	
	NT\$	US\$
Balance, January 1, 2005	2,643	80
Arising from acquisition of additional interest in a subsidiary	124,924	3,809
Balance, December 31, 2005	127,567	3,889

d. Income tax expense (benefit)

Income (loss) before income tax, minority interest and interest in bonuses paid by subsidiaries consists of the following:

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	Year Ended December 31,			US\$
	2003 NT\$	2004 NT\$	2005 NT\$	
	(in thousands)			
Bermuda	(103,147)	(168,257)	(104,290)	(3,180)
ROC	898,232	2,766,458	1,995,544	60,840
Others	(97,586)	(97,741)	(267,412)	(8,153)
	697,499	2,500,460	1,623,842	49,507

F-56

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Income tax expense (benefit) consists of:-

	Year Ended December 31,			
	2003 NT\$	2004 NT\$	2005 NT\$	US\$
	(in thousands)			
Income tax for the current year				
Bermuda			81,909	2,497
ROC	2,009	46,671	90,756	2,767
Others	90	46	434	13
	2,099	46,717	173,099	5,277
Deferred income tax				
Bermuda				
ROC	(9,699)	(174,527)	(59,424)	(1,811)
Others	(20,945)	(11,239)	(15,647)	(477)
	(30,644)	(185,766)	(75,071)	(2,288)
Adjustment of prior years income taxes	3,364	(2,755)	323	10
Income tax expense (benefit)	(25,181)	(141,804)	98,351	2,999

Reconciliation between the income tax calculated on pre-tax financial statement income based on the statutory tax rate and the income tax expense (benefit) which conforms to U.S. GAAP is as follows:

	Year Ended December 31,			
	2003 NT\$	2004 NT\$	2005 NT\$	US\$
	(in thousands)			
Tax on pretax income at 0%				
Tax on pretax income at applicable statutory rates	196,833	677,744	637,616	19,440
Additional 10% on the unappropriate earnings			163,838	4,995
Other tax and assessed additional income tax	1,309	86	746	23
Tax paid by subsidiaries	90			
Tax effects of:				
Tax-exempt income	(1,469)	(174,756)	(175,422)	(5,348)
Permanent differences				
Non-taxable (gain)/loss on sales of investment	(22,571)	14,057	(11,106)	(339)
Non-deductible investment losses	6,613	(24,501)	104,639	3,190
Non-deductible expense			70,580	2,152
Temporary differences		(52,950)	(173,673)	(5,295)
Tax credits utilized	(187,700)	(355,923)	(218,672)	(6,667)
deferred	44,082	(82,277)	76,611	2,336
Valuation allowance	(65,772)	(461,529)	(405,487)	(12,362)
Loss carry forward	40	321,000	28,358	865
Adjustment of prior years income tax	3,364	(2,755)	323	9

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Income tax expense (benefit)	(25,181)	(141,804)	98,351	2,999
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F-57

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The components of net deferred income tax assets (liabilities) were as follows:

	2004 NT\$	December 31, 2005 NT\$ (in thousands)	US\$
<i>Deferred income tax assets</i>			
Current			
Unrealized foreign exchange loss	16,600	3,496	107
Pre-operating expenses	602		
Excess of book depreciation over tax depreciation	571		
Loss carry forward	506,267		
Tax credits	241,141	110,103	3,357
Loss of market price decline and obsolescence and slow-moving inventories	27,768	20,616	629
Unrealized loss on sale allowances	9,455	9,455	288
Others	74,416	95,532	2,912
	876,820	239,202	7,293
Valuation allowance	(286,344)		
	590,476	239,202	7,293
Non-current			
Unrealized impairment loss on idle fixed assets		12,586	384
Tax credits	763,336	801,450	24,434
Loss carry forward	756,420	147,132	4,486
Building	1,605	1,011	31
Start-up costs	4,995	1,940	59
Others	191,370	296,394	9,036
	1,717,726	1,260,513	38,430
Valuation allowances	(1,651,163)	(793,874)	(24,203)
	66,563	466,639	14,227
<i>Deferred income tax liabilities</i>			
Non-current			
Depreciation differences	(550,233)	(531,219)	(16,196)
Interest capitalization	(26,644)	(16,747)	(511)
	(576,877)	(547,966)	(16,707)
	80,162	157,875	4,813

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

e. Pension plans

In accordance with SFAS No. 132 Revised, Employers Disclosures about Pensions and Other Post-retirement Benefits, pension information is disclosed below:

	Year Ended December 31,			
	2003 NT\$	2004 NT\$	2005 NT\$	US\$
	(in thousands)			
Components of net periodic benefit cost				
Service cost	36,130	56,065	30,021	915
Interest cost	5,039	8,038	8,159	249
Project return on plan assets	(2,990)	(5,304)	(4,500)	(137)
Net amortization and deferral:				
Unrecognized net transition obligation	53	(143)	53	2
Curtailement gain	662	655	1,031	31
Net periodic benefit cost	38,894	59,311	34,764	1,060
Changes in benefit obligation				
Benefit obligation at beginning of year	122,148	187,657	314,124	9,577
Effect of merger			(63,064)	(1,923)
Acquisition of subsidiary		46,147		
Service cost	36,130	51,970	30,021	915
Interest cost	5,039	7,599	8,713	266
Actuarial loss	24,340	20,751	(6,541)	(199)
Benefit obligation at end of year	187,657	314,124	283,253	8,636
Changes in plan assets				
Fair value of plan assets at beginning of year	66,005	98,063	174,349	5,316
Effect of merger			(49,169)	(1,499)
Acquisition of subsidiary	10,235	42,330		
Actual return on plan assets	1,168	1,796	1,971	60
Employer contribution	20,655	32,160	29,892	911
	98,063	174,349	157,043	4,788
Funds status	(89,594)	(139,775)	(126,210)	(3,848)
Unrecognized actuarial loss	31,335	35,203	42,654	1,300
Net amount recognized (recognized as accrued pension cost)	(58,259)	(104,572)	(83,556)	(2,548)
Actuarial assumptions				
Discount rate	3.25%	3.25%	2.75%	2.75%
Rate of compensation increase	3.25%	3.25%	3.25%	3.25%
Expected return on plan assets	3.25%	3.25%	2.75%	2.75%

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The accumulated benefit obligation for all defined benefit pension plans was NT\$170,209 thousand and NT\$142,426 thousand at December 31, 2004 and 2005, respectively.

There were no pension plans with an accumulated benefit obligation in excess of plan assets as of December 31, 2004 and 2005.

F-59

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The plan assets are all invested in the Central Trust of China. The plan benefits are based on employees' years of service and compensation. The plan assets primarily consist of cash, government loan, equity securities, notes and bonds.

The fair value of the plan assets was NT\$125,127 thousand and NT\$156,990 thousand (US\$4,786 thousand) at December 31, 2004 and 2005. As of December 31, 2004 and 2005, these assets were allocated among asset categories as follows:

Asset category	2004	2005	Current minimum, target and maximum allocation policy
Equity securities	22%	20%	11%
Bonds	4%	11%	2%
Notes	15%	14%	2%
Government loan	7%	6%	2%
Cash	52%	49%	2%
Total	100%	100%	

Under ROC regulation, government authority will collect the fund as a Labor Retirement Fund and determine the assets allocation and investment policy.

ChipMOS Taiwan and ThaiLin anticipate contributing NT\$30,783 thousand to its pension plans during 2006.

The Company has no other post-retirement or post-employment benefit plans.

f. Statements of cash flows

ROC SFAS No. 17, Statement of Cash Flows has been applied. Its objectives and principles are similar to those set out in SFAS No. 95, Statement of Cash Flows. The principal differences between the standards relate to classification. Cash flows from changes in short-term investments, refundable deposits, other assets and guarantee deposits and bonus to directors and supervisors are included as operating activities under SFAS No. 95. Summarized cash flow data by operating, investing and financing activities in accordance with SFAS No. 95 are as follows:

	Year Ended December 31,			
	2003 NT\$	2004 NT\$	2005 NT\$	US\$
Net cash inflow (outflow) from:				
Operating activities	1,972,320	7,645,619	5,904,713	180,022
Investing activities	(1,381,786)	(10,155,947)	(4,963,293)	(151,320)
Financing activities	(1,843,742)	5,696,974	(1,261,258)	(38,453)
	(1,253,208)	3,186,646	(319,838)	(9,751)
Effect of changes in foreign exchange rate	(105,104)	(68,464)	77,695	2,368
Cash and cash equivalents at the beginning of year	3,089,276	1,730,964	4,849,146	147,840
Cash and cash equivalents at the end of year	1,730,964	4,849,146	4,607,003	140,457

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

g. Statements of comprehensive income

	2003 NT\$	Year Ended December 31,		US\$
		2004 NT\$	2005 NT\$	
		(in thousands)		
Net income based on U.S. GAAP	485,284	1,665,492	805,383	24,554
Other comprehensive income (loss):				
Unrealized gain on available-for-sale security			5,648	172
Realized gain due to change to short term investment	(55,763)			
Translation adjustment	(31,388)	(164,684)	186,313	5,680
Comprehensive income	398,133	1,500,808	997,344	30,406

Components in other comprehensive income refer to investments in MVI and ProMOS. Under ROC laws, those losses and gains are not subject to income tax. Therefore, no tax expense or benefit is allocated to such investments.

h. Statements of accumulated comprehensive income (loss)

	Unrealized Holding Gain on Available-for-sale Securities NT\$	Translation Adjustment NT\$	Accumulated
			Other Comprehensive Income (loss) NT\$
Balance, as of December 31, 2003		(31,900)	(31,900)
Addition in 2004		(164,684)	(164,684)
Balance, as of December 31, 2004		(196,584)	(196,584)
Addition in 2005	5,648	186,313	191,961
Balance, as of December 31, 2005	5,648	(10,271)	(4,623)

i. Shareholders' equity

Employee stock-based compensation has been accounted for under the intrinsic value based method as prescribed by Accounting Principles Board APB Opinion No. 25. The disclosure provisions of SFAS No. 123 Accounting for Stock-Based Compensation has been applied to employee stock-based compensation.

The Company has in place a Share Option Plan (2002 Plan). Under the terms of the plan, the exercise price set on the grant of share options may not be less than the par value of a Company Share on the date of grant of such option. As at December 31, 2005, the number of shares that may be issued under the plan is 9,000,000 shares and may consist in whole or part of authorized but unissued shares of the Company which are not

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reserved for any other purpose. No consideration is payable for the grant of an option.

Under the plan, options may be granted to all directors, officers, employees and consultants of the Company and its affiliates. Options are exercisable for a maximum of ten years from the date on which such option is granted and five years from the date on which such option is granted if the holder of the option owns more than 10% of the combined voting power of the Company at the time the option is granted.

F-61

Table of Contents

ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following summarizes the share option transactions relating to the share option plan:

	Shares (in thousand)	Weighted average exercise price US\$
Options outstanding at December 31, 2003	5,304	2.1597
Granted	2,810	5.2667
Exercised	(1,021)	4.2551
Forfeited	(310)	2.1321
Options outstanding at December 31, 2004	6,783	3.3550
Exercised	(441)	2.4455
Forfeited	(313)	5.0657
Options outstanding at December 31, 2005	6,029	3.3328
Options exercisable at December 31, 2004	1,170	2.0656
Options exercisable at December 31, 2005	2,696	2.8102

The weighted average fair value of options granted under the plan in the years ended December 31, 2004 and 2005 was US\$2.981 and US\$2.9508, respectively.

The fair value of each option grant has been estimated on the date of grant using the Black-Scholes option pricing model using the following weighted average assumptions.

	Risk free interest rate	Expected life	Expected volatility	Expected dividend yield
020403ESOP	4.75%	5 years	114.91%	0%
030613ESOP	4.75%	3 years	148.73%	0%
031001ESOP	4.75%	3 years	118.07%	0%
031103ESOP	4.75%	3 years	120.72%	0%
040430ESOPA	1.75%	3 years	123.07%	0%
040430ESOPB	1.75%	3 years	123.07%	0%
040813ESOP	1.75%	3 years	112.40%	0%

F-62

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In 2004 and 2005 the Company recorded compensation expense of NT\$36,383 thousand and NT\$28,006 thousand, respectively. Had the fair value method recommended in SFAS 123 been used, the Company's net income and earning per share would have been reduced to the following pro forma amounts in 2004 and 2005:

	Year Ended December 31,			
	2003 NT\$	2004 NT\$	2005 NT\$	US\$
	(in thousands)			
Net income based on US GAAP	485,284	1,665,492	805,383	24,554
Add: Compensation expenses as reported	27,985	36,383	28,006	854
Less: Compensation expenses determined under fair value based method	(188,534)	(149,278)	(171,377)	(5,225)
Adjusted net income, fair value based method	324,735	1,552,597	662,012	20,183
Basic earnings per share				
As reported	8.24	26.38	11.92	0.36
SFAS 123 adjusted	5.51	24.59	9.80	0.30
Diluted earnings per share				
As reported	8.17	26.22	11.21	0.34
SFAS 123 adjusted	5.46	24.44	9.48	0.29

j. Convertible notes

The Company accounts for the conversion option in the convertible notes as derivative liabilities in accordance with SFAS No. 133 Accounting For Derivative Instruments And Hedging Activities and Emerging Interpretation Task Force (EITF) Issue No. 00-19 Accounting For Derivative Financial Instruments Indexed To And Potentially Settled In A Company's Own Stock . The discount attributable to the issuance date aggregate fair value of the conversion option, totaling NT\$310,631 thousand (US\$9,471 thousand), is being amortized using the effective interest method over the term of the convertible notes.

The change in fair value on revaluation of the embedded derivative liabilities represents the difference between the fair value of the embedded derivative liabilities at their original issue date and their fair value on December 31, 2005 using an option pricing model. As of December 31, 2005, the fair value of the embedded derivative liabilities amounted to NT\$160,899 thousand (US\$4,905 thousand). The effect of the fair market value adjustment of NT\$149,732 (US\$4,565 thousand) was recorded in the consolidated statement of operations.

The following assumptions were applied to the convertible notes using the option pricing model:-

	December 31, 2005	
Market price	US\$	5.8
Conversion price	US\$	6.28
Term		5 years
Volatility		22.0942%
Risk-free interest rate		4.5%

Please refer to Note 15 for details of the terms of the convertible notes.

