

Each of these initiatives is being nurtured carefully to transform the company further and to provide avenues for growth and profitability. Our business plan calls for a sustained operating margin of 10% in the next three years (currently 5.8 %) with ROCE and ROE significantly ahead of the industry.

In the last Annual Report, we talked about a target of 25% of our sales/value add coming from new products and services. We now state that during the coming year, we will achieve this in every quarter of the year.

Shareholder Value - Our People:

In addition to ensuring that our business portfolio is continuously transformed to enhance the shareholder value, we are also investing in recruiting and retaining the best human talent available in the country. We are the first to launch an unique and innovative "Ideation" Programme for all premier management campuses in the country. Also, our recruitment at all levels is cadre based.

Shareholder Value - Our Process:

We are upgrading our processes to make them more enhanced to meet changing customer requirements. Processes are e-enabled and getting automated. However, we need to focus more in this area to achieve a Six Sigma business enterprise status.

Shareholder Value - Our Corporate Governance:

Shareholder value creation also requires adherence to highest standards of corporate governance norms. Though we are unlisted, we believe in full disclosure and utmost transparency. Our Board has the required independence, outstanding talent and professional competence. Your company is grateful to the Board for their guidance and directions.

Shareholder Value - How we fared:

First, compare your Company's wealth creation since September 2000 with the Indian stock market and with listed companies in the IT industry. While the Sensex depreciated during this period and while listed IT companies have lost significant wealth, WeP has continued to grow your wealth and provide bank rate financial returns. During this period, your company has given a tax-free return of 5%, 6% and 7% per annum (proposed dividend, subject to your approval). Additionally, one share of Rs. 10/- has grown to Rs. 26/- (proposed buy back price, subject to your approval). This indicates a growth of more than 30% per annum of your investment. We are really proud.

Preference shareholders have earned a return of 40% over 3 years and their investment is redeemed on the due date. (by September 2003)

Your Company has the benefit of the highest standard of corporate governance, efficient investor administration, continuously upgraded product portfolio, growth and profitability. We have created these in the last 30 months of our existence. Whenever market conditions are conducive and when we have accomplished our transformational objectives, we would be ready to provide market-based opportunities to all our shareholders. I am certain you will enjoy fruits of your investment risks in WeP with abundant appreciation.

With a view to provide liquidity and in view of uncertainty of IPO timings, we are providing buy-back options to the shareholders. Details of this offer are in the notice sent to you.

Appreciation:

We thank Wipro Limited, for their support. We also thank our business partners who helped us in our difficult times with commitment and loyalty. We also thank our employees for their passion and commitment and spirit of sharing which made us a truly 'employee owned company.'

Yours Sincerely,

Ram N Agarwal
Managing Director and CEO
Date: April 23, 2003