

**WIPRO LIMITED AND SUBSIDIARIES**

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
PREPARED IN ACCORDANCE WITH U.S. GAAP  
AS OF AND FOR THE  
QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2007 AND 2008**

**WIPRO LIMITED AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**  
(in millions, except share data)

ASSETS	NOTE	As of September 30,			As of March 31,	
		2007	2008	2008	2008	
		(unaudited)	(unaudited)	Convenience translation into US\$ (unaudited)		
<b>Current assets:</b>						
Cash and cash equivalents	Rs.	20,266	20,157	\$ 434	Rs.	39,270.00
Restricted cash		33	-	-		
Investments in liquid and short-term mutual funds		23,060	39,888	859		14,808.00
Accounts receivable, net of allowances		32,130	48,008	1,034		38,908.00
Unbilled revenue		7,800	12,523	270		8,305.00
Inventories		6,296	9,790	211		7,172.00
Deferred income taxes		506	1,836	40		790.00
Other current assets		13,797	23,878	514		19,092.00
<b>Total current assets</b>		<b>103,888</b>	<b>156,080</b>	<b>3,360</b>		<b>128,345</b>
Property, plant and equipment, net		33,626	46,270	996		39,822
Investments in affiliates		1,379	1,521	33		1,343
Investments securities		358	356	8		355
Deferred income taxes		230	377	8		-
Intangible assets, net		12,296	15,679	338		12,480
Goodwill		37,589	43,773	942		38,943
Other assets		5,591	4,571	98		3,214
<b>Total assets</b>	Rs.	<b>194,957</b>	<b>268,627</b>	<b>\$ 5,783</b>	Rs.	<b>224,502</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
<b>Current liabilities</b>						
Short term borrowings from banks	Rs.	24,762	36,259	\$ 781	Rs.	28,804
Current portion of long-term debt		981	411	9		406
Current portion of obligations under capital leases		320	331	7		323
Accounts payable		14,226	18,142	391		13,082
Accrued expenses		8,786	12,202	263		8,110
Accrued employee costs		4,611	5,870	126		5,160
Advances from customers		1,620	3,009	65		2,136
Unearned revenue		2,485	5,846	126		4,162
Other current liabilities		14,391	30,011	646		12,519
<b>Total current liabilities</b>		<b>72,182</b>	<b>112,081</b>	<b>2,413</b>		<b>74,702</b>
Long-term debt, excluding current portion		2,335	15,893	342		14,522
Obligations under capital leases, excluding current portion		806	795	17		701
Deferred income taxes		1,843	3,136	68		2,098
Other liabilities		2,290	3,474	75		3,011
<b>Total liabilities</b>		<b>79,456</b>	<b>135,379</b>	<b>2,915</b>		<b>95,034</b>
Minority interest		97	169	4		114
<b>Stockholders' equity:</b>						
Equity shares at Rs. 2 par value: 1,650,000,000 shares authorized; Issued and outstanding: 1,461,453,320, 1,434,563,895 and 1,463,003,208 shares as of March 31, 2008, September 30, 2007 and 2008		2,919	2,926	63		2,923
Additional paid-in capital		25,223	27,502	592		26,441
Accumulated other comprehensive income		(237)	(7,939)	(171)		(1,076)
Retained earnings		87,499	110,590	2,381		101,066
Equity shares held by a controlled Trust: 7,961,760, 7,961,760 and 7,961,760 shares as of March 31, 2008, September 30, 2007 and 2008		-	-	-		-
<b>Total stockholders' equity</b>		<b>115,404</b>	<b>133,079</b>	<b>2,865</b>		<b>129,354</b>
<b>Total liabilities and stockholder's equity</b>	Rs.	<b>194,957</b>	<b>268,627</b>	<b>\$ 5,783</b>	Rs.	<b>224,502</b>

See accompanying notes to the unaudited condensed consolidated financial statements.

**WIPRO LIMITED AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(in millions, except share data)

	Three months ended September 30,			Six months ended September 30,		
	2007	2008	2008	2007	2008	2008
	(unaudited)	(unaudited)	Convenience translation into US\$ (unaudited)	(unaudited)	(unaudited)	Convenience translation into US\$ (unaudited)
<b>Revenues:</b>						
Services.....	Rs. 34,760	Rs. 47,523	\$ 1,023	Rs. 66,787	Rs. 92,127	\$ 1,983
Products.....	12,521	16,571	357	22,326	31,590	680
<b>Total.....</b>	<b>47,281</b>	<b>64,094</b>	<b>1,380</b>	<b>89,113</b>	<b>123,717</b>	<b>2,663</b>
<b>Cost of revenues:</b>						
Services.....	23,344	31,924	687	44,544	61,319	1,320
Products.....	9,822	13,299	286	17,891	25,304	545
<b>Total.....</b>	<b>33,166</b>	<b>45,223</b>	<b>974</b>	<b>62,435</b>	<b>86,623</b>	<b>1,865</b>
<b>Gross profit.....</b>	<b>14,115</b>	<b>18,871</b>	<b>406</b>	<b>26,678</b>	<b>37,094</b>	<b>799</b>
<b>Operating expenses:</b>						
Selling and marketing expenses.....	(3,288)	(4,552)	(98)	(6,049)	(8,985)	(193)
General and administrative expenses.....	(2,655)	(3,452)	(74)	(4,715)	(6,706)	(144)
Amortization of intangible assets.....	(99)	(495)	(11)	(204)	(722)	(16)
Foreign exchange gains/(losses), net.....	58	(321)	(7)	(794)	(1,010)	(22)
Others, net.....	32	118	3	112	250	5
<b>Operating income.....</b>	<b>8,163</b>	<b>10,169</b>	<b>219</b>	<b>15,028</b>	<b>19,921</b>	<b>429</b>
Other income, net.....	743	(789)	(17)	1,734	(1,061)	(23)
Equity in earnings of affiliates.....	84	106	2	171	213	5
<b>Income before income taxes and minority interest.....</b>	<b>8,990</b>	<b>9,486</b>	<b>204</b>	<b>16,933</b>	<b>19,073</b>	<b>411</b>
Income taxes.....	(865)	(1,240)	(27)	(1,704)	(2,676)	(58)
Minority interest.....	(3)	(22)	(0)	(3)	(34)	(1)
<b>Net income.....</b>	<b>Rs. 8,122</b>	<b>Rs. 8,224</b>	<b>\$ 177</b>	<b>Rs. 15,226</b>	<b>Rs. 16,363</b>	<b>\$ 352</b>
<b>Earnings per equity share</b>						
Basic.....						
Net income	5.60	5.66	0.12	10.50	11.26	0.24
Diluted.....						
Net income	5.57	5.65	0.12	10.45	11.23	0.24
Weighted average number of equity shares used in computing earnings per equity share:						
Basic.....	1,450,036,475	1,453,493,031		1,449,964,665	1,453,064,597	
Diluted.....	1,457,139,183	1,456,763,428		1,457,512,260	1,456,739,353	

See accompanying notes to the unaudited condensed consolidated financial statements.

**WIPRO LIMITED AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME**  
(in millions, except share data)

	Equity Shares		Additional Paid in Capital	Deferred Stock Compensation	Comprehensive Income	Accumulated Other Comprehensive Income/(loss)	Retained Earnings	Equity Shares held by a Controlled Trust		Total Stockholders' Equity
	No of shares	Amount						No of shares	Amount	
Balance as of March 31, 2008	1,461,453,320	Rs. 2,923	Rs. 26,441	Rs. -		Rs. (1,076)	Rs. 101,066	(7,961,760)	Rs. (0)	Rs. 129,354
Cash dividends (unaudited)	-	-	-	-	-	-	(6,839)	-	-	(6,839)
Issuance of equity shares on exercise of options (unaudited)	1,549,888	3	272	-	-	-	-	-	-	275
Compensation cost related to employee stock incentive plan (note 5) (unaudited)	-	-	789	-	-	-	-	-	-	789
Comprehensive Income	-	-	-	-	16,363	-	16,363	-	-	16,363
Net income (unaudited)	-	-	-	-	-	-	-	-	-	-
Other comprehensive income/(loss)	-	-	-	-	4,454	-	-	-	-	-
Translation adjustments (unaudited)	-	-	-	-	-	-	-	-	-	-
Unrealised gain/loss on investment securities, net (net of tax effect of Rs. (56)) (unaudited)	-	-	-	-	(111)	-	-	-	-	-
Unrealised gain/loss on cash flow hedging derivatives( net of tax effect of Rs. (1520)) (unaudited)	-	-	-	-	(11,205)	-	-	-	-	-
Total other comprehensive income/(loss) (unaudited)	-	-	-	-	(6,862)	(6,862)	-	-	-	(6,862)
Comprehensive income (unaudited)	-	-	-	-	9,501	-	-	-	-	-
Balance as of September 30, 2008 (unaudited)	1,463,003,208	Rs. 2,926	Rs. 27,502	Rs. -		Rs. (7,938)	Rs. 110,590	(7,961,760)	Rs. (0)	Rs. 133,079
Balance as of September 30., 2008 (\$) (unaudited)		\$ 63	\$ 592	\$ -		\$ (171)	\$ 2,381		\$ (0)	\$ 2,865

**WIPRO LIMITED AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)

	Six months ended September 30,		
	2007	2008	2008
	(unaudited)	(unaudited)	Convenience translation into US\$ (unaudited)
Cash flows from operating activities:			
Net income.....	Rs. 15,226	Rs. 16,363	\$ 352
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sale of property, plant and equipment.....	(165)	(9)	(0)
Depreciation and amortization.....	2,646	3,975	86
Deferred tax charge/(benefit).....	(56)	(435)	(9)
Unrealised exchange (gain) / loss.....	(1,128)	1,586	34
Gain on sale of investments securities.....	(550)	(570)	(12)
Amortization of stock compensation.....	624	789	17
Equity in earnings of affiliates.....	(171)	(213)	(5)
Minority interest.....	-	34	1
Changes in operating assets and liabilities:			
Accounts receivable.....	(1,560)	(7,467)	(161)
Costs and earnings in excess of billings on contracts in progress.....	(2,703)	(4,218)	(91)
Inventories.....	(1,186)	(2,618)	(56)
Other assets.....	(3,107)	(3,595)	(77)
Accounts payable.....	3,571	3,980	86
Accrued expenses and employee costs.....	(1,628)	4,788	103
Advances from customers & Unearned revenue.....	949	2,414	52
Other liabilities.....	1,463	2,548	55
Net cash provided by operating activities.....	<u>12,225</u>	<u>17,353</u>	<u>374</u>
Cash flows from investing activities:			
Expenditure on property, plant and equipment.....	(6,315)	(8,601)	(185)
Proceeds from sale of property, plant and equipment.....	323	163	4
Purchase of investments.....	(99,845)	(208,640)	(4,492)
Proceeds from sale of investments.....	109,536	183,997	3,961
Investments in inter-corporate deposits.....	50	(250)	(5)
Payment for acquisitions, net of cash acquired.....	(26,421)	(1,192)	(26)
Net cash provided by/(used in) investing activities.....	<u>(22,672)</u>	<u>(34,523)</u>	<u>(743)</u>
Cash flows from financing activities:			
Proceeds from issuance of equity shares.....	92	256	6
Proceeds from issuance of equity shares by a subsidiary.....	55	-	-
Proceeds from/(repayments of) short-term borrowing, net.....	19,860	4,233	91
Repayment of long-term debt.....	(1,186)	(369)	(8)
Proceeds from long-term debt.....	1,441	291	6
Payment of cash dividend.....	(1,945)	(6,826)	(147)
Net cash provided by/(used in) financing activities.....	<u>18,317</u>	<u>(2,415)</u>	<u>(52)</u>
Net increase in cash and cash equivalents during the period.....	7,870	(19,585)	(422)
Effect of exchange rate changes on cash.....	(16)	472	10
Cash and cash equivalents at the beginning of the period.....	<u>12,412</u>	<u>39,270</u>	<u>845</u>
Cash and cash equivalents at the end of the period.....	<u>Rs. 20,266</u>	<u>Rs. 20,157</u>	<u>\$ 434</u>
Supplementary information:			
Cash paid for interest.....	Rs. 305	Rs. 1,248	\$ 27
Cash paid for taxes.....	2,674	(959)	(21)

See accompanying notes to the unaudited condensed consolidated financial statements.

**WIPRO LIMITED AND SUBSIDIARIES**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions, except share data and where otherwise stated)**

**NOTE 1: BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated financial statements of Wipro Limited ("Wipro" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States.

Information presented in the consolidated financial statements has been prepared by the management without audit and, in the opinion of management, includes all adjustments of a normal recurring nature that are necessary for the fair presentation of the financial position, results of operations and cash flows for the periods shown, and is in accordance with U.S. GAAP. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's annual report on Form 20-F for the fiscal year ended March 31, 2008.

The accompanying unaudited condensed consolidated financial statements have been prepared in Indian rupees, the national currency of India. Solely for the convenience of the readers, the financial statements as of and for the six months ended September 30, 2008 have been translated into United States dollars at the noon buying rate in New York City on September 30, 2008 for cable transfers in Indian rupees, as certified for customs purposes by the Federal Reserve Bank of New York of \$1= Rs.46.45. No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollars at such a rate or any other rate.

**NOTE 2: DERIVATIVE AND HEDGE ACCOUNTING**

The Company is exposed to foreign currency fluctuations on foreign currency assets / liabilities, forecasted cash flows denominated in foreign currency and net investments in foreign operations. The Company follows established risk management policies, including the use of derivatives to hedge foreign currency assets / liabilities, foreign currency forecasted cash flows and net investments in foreign operations. The counter party in these derivative instruments is a bank and the Company considers the risks of non-performance by the counterparty as non-material.

In accordance with SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended, the Company recognizes all derivatives as assets or liabilities measured at their fair value, regardless of the purpose or intent of holding them. In respect of derivatives designated and effective as cash flow hedges, gains or losses resulting from changes in the fair value are deferred and recorded as a component of accumulated other comprehensive income within stockholder's equity until the hedged transaction occurs and are then recognized in the consolidated statements of income along with the hedged item.

The Company also designates foreign currency forward contracts and net purchased options as hedges of net investments in foreign operations. The effective portion of the hedge is recognized in translation adjustments in other comprehensive income and transferred to consolidated statement of income upon sale or disposal of the foreign operation.

As of September 30, 2008, the Company had foreign currency denominated borrowings and related Cross-Currency Swap (CCS), which are in substance hedge of net investment in foreign operations. However, this transaction does not qualify as a hedge under U.S. GAAP. Accordingly, the translation loss on foreign currency borrowings and the change in fair value of CCS aggregating to Rs. 1,156 million and Rs. 1,816 million respectively for the three and six months ended September 30, 2008 has been recorded in the profit and loss account.

As of September 30, 2008, a loss of Rs. 13,823 relating to changes in fair value of forward contracts/options, designated as hedge of forecasted transactions, is included as a component of other comprehensive income/loss within stockholders' equity. The Company has also recognised a mark to market loss of Rs. 2,494 relating to changes in fair value of derivative financial instruments, designated as hedges of net investment in non-integral foreign operations in translation adjustments in other comprehensive income.

**NOTE 3: STOCK BASED COMPENSATION**

The Company has granted 8,311,634 Options under RSU Options Plan and 120,000 options under Stock Options Plan during the six months ended September 30, 2008. A recent amendment to the Indian tax regulations requires the Company to pay a Fringe Benefit Tax (FBT) on exercise of employee stock options. The Fringe Benefit Tax is computed based on the fair market value of the underlying equity share on the date of vesting of an option as reduced by the amount actually paid by the employee for exercise of the options. The tax laws permit the employer to recover the FBT from the employee as the tax relates to benefits accruing to the employee. The Company has modified its employee stock option plans to recover the FBT from the employees. The recovery of FBT from the employees is directly linked to the exercise of the stock option and is recorded as an additional component of the exercise price of the options based on the guidance previously provided by Issue 15 of EITF Issue No. 00-23, Issues Related to the Accounting for Stock Compensation under APB Opinion No. 25 and FASB Interpretation No. 44.

The fair value of each option granted has been determined using the Binomial option pricing model. The Binomial model includes assumptions regarding dividend yields, expected volatility, expected terms, risk free interest rates and expected Fringe Benefit Tax recovery. These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of Company's control. As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Further, if management uses different assumptions in future periods, stock based compensation expense could be materially impacted in future years.

#### **NOTE 4: SEGMENT INFORMATION**

The Company is currently organized by segments, including Global IT Services and Products (comprising of IT Services and BPO Services segments), India and AsiaPac IT Services and Products, Consumer Care and Lighting and 'Others'. The Chairman of the Company has been identified as the Chief Operating Decision Maker ("CODM") as defined by SFAS No. 131, Disclosure about Segments of an Enterprise and Related Information. The Chairman of the Company evaluates the segments based on their revenue growth, operating income and return on capital employed.

In April 2008 the Company re-organized its IT businesses by combining the Global IT Services and products business and the India and AsiaPac IT Services business and appointed joint CEOs for the IT business. Consequent to the reorganization the Company identified IT Services and IT products as the new reportable segments. There is no change in the reportable segments for other businesses. Segment information in respect of earlier period has been revised to conform to the presentation as per new reportable segments.

IT Services segment provides IT and IT enabled services to the customers. Key service offering include software application development, application maintenance, research and development services for hardware and software design, data center outsourcing services and business process outsourcing services.

IT products segment sells range of Wipro personal desktop computers, Wipro servers and Wipro notebooks and is a value added reseller of desktops, servers, notebooks, storage products, networking solutions and packaged software for leading international brands.

The Consumer Care and Lighting segment manufactures, distributes and sells soaps, personal care products, lighting products and hydrogenated cooking oils for the Indian and Asian market.

'Others' consist of business segments that do not meet the requirements individually for a reportable segment as defined in SFAS No. 131. Corporate activities such as treasury, legal and accounting, which do not qualify as operating segments under SFAS No. 131 have been considered as reconciling items. Additionally, fringe benefit tax, which is an expenditure related tax, incurred by the Company is not allocated to individual segments and is reported as a reconciling item.

Segment data for previous periods has been reclassified on a comparable basis.

Information on reportable segments is as follows:

**Six months ended September 30, 2007 (unaudited)**

	<b>IT Services and Products</b>			<b>Consumer Care and Lighting</b>	<b>Others</b>	<b>Reconciling Items</b>	<b>Entity Total</b>
	<b>IT Services</b>	<b>IT Products</b>	<b>Total</b>				
Revenues.....	<b>Rs.</b> 66,787	Rs. 10,866	Rs. 77,653	Rs. 5,782	Rs. 5,678	Rs. -	Rs. 89,113
Exchange rate fluctuations.....	(448)	45	(403)	(12)	10	405	-
Total revenues.....	<u>66,339</u>	<u>10,911</u>	<u>77,250</u>	<u>5,770</u>	<u>5,688</u>	<u>405</u>	<u>89,113</u>
Cost of revenues.....	(44,440)	(9,720)	(54,160)	(3,539)	(4,632)	(104)	(62,435)
Selling and marketing expenses .....	(3,948)	(455)	(4,403)	(1,235)	(323)	(88)	(6,049)
General and administrative expenses.....	(3,693)	(404)	(4,097)	(243)	(355)	(21)	(4,715)
Amortization of intangible assets.....	(134)	(15)	(149)	(46)	(9)	-	(204)
Exchange rate fluctuations.....	-	-	-	-	-	(794)	(794)
Others, net.....	9	28	37	19	47	9	112
<b>Operating income of segment.....</b>	<b><u>Rs. 14,133</u></b>	<b><u>Rs. 345</u></b>	<b><u>Rs. 14,478</u></b>	<b><u>Rs. 726</u></b>	<b><u>Rs. 416</u></b>	<b><u>Rs. (593)</u></b>	<b><u>Rs. 15,028</u></b>
Capital employed closing.....			84,695	19,105	6,363	34,323	144,486
Capital employed opening .....			59,835	3,094	5,659	36,661	105,249
Average Capital employed.....			72,265	11,100	6,011	35,492	124,868
Return on capital employed.....			40%	13%			24%



Information on reportable segments is as follows:

Six months ended September 30, 2008 (unaudited)							
IT Services and Products							
	IT Services	IT Products	Total	Consumer Care and Lighting	Others	Reconciling Items	Entity Total
Revenues.....	Rs. 92,127	Rs. 16,225	Rs. 108,352	Rs. 9,590	Rs. 5,775	Rs. -	Rs. 123,717
Exchange rate fluctuations.....	(859)	(124)	(983)	(13)	(13)	1,009	-
Total revenues.....	91,268	16,101	107,369	9,577	5,762	1,009	123,717
Cost of revenues.....	(61,073)	(14,690)	(75,763)	(5,407)	(5,208)	(245)	(86,623)
Selling and marketing expenses .....	(5,866)	(628)	(6,494)	(2,254)	(170)	(68)	(8,985)
General and administrative expenses.....	(5,484)	(312)	(5,796)	(637)	(199)	(75)	(6,706)
Amortization of intangible assets.....	(500)	(8)	(508)	(191)	(23)	-	(722)
Exchange rate fluctuations.....	-	-	-	-	-	(1,010)	(1,010)
Others, net.....	66	43	109	35	90	15	250
<b>Operating income of segment (1).....</b>	<b>Rs. 18,411</b>	<b>Rs. 506</b>	<b>Rs. 18,917</b>	<b>Rs. 1,123</b>	<b>Rs. 252</b>	<b>Rs. (374)</b>	<b>Rs. 19,921</b>
Capital employed closing.....			102,086	18,840	7,034	58,977	186,936
Capital employed opening.....			99,673	19,308	6,990	48,219	174,190
Average capital employed.....			100,879	19,074	7,012	53,598	180,563
Return on capital employed.....			38%	12%	-	-	22%

Information on reportable segments is as follows:

- (1) Operating income of segments is after amortization of stock compensation expense arising from the grant of options:

Segments	Six months ended September 30,	
	2007	2008
	(unaudited)	(unaudited)
IT Services.....	Rs. 558	Rs. 678
IT Products .....	36	49
Consumer Care and Lighting .....	13	37
Others.....	7	8
Reconciling.....	10	17

- (2) Return on capital employed is computed based on the average of the capital employed at the beginning and at the end of the period.

The Company has four geographic segments: India, United States, Europe and Rest of the world. Revenues from the geographic segments based on domicile of the customer are as follows:

	Six months ended September 30,	
	2007	2008
	(unaudited)	(unaudited)
India.....	Rs. 20,926	Rs. 25,910
United States.....	40,164	55,279
Europe.....	22,262	29,112
Rest of the world.....	5,761	13,416
	<u>Rs. 89,113</u>	<u>Rs. 123,717</u>