Contents

DIRECTORS' REPORT

Dear Shareholders,

I am happy to present on behalf of the Board of Directors, the Directors' Report for the year ended March 31, 2007, along with the Balance Sheet and Profit and Loss Account for the year.

Financial Performance

Key aspects of your Company's financial performance for the year 2006-07 are tabulated below :

(Rs. in Million)

	Consolidated		Parent	
	2007	2006	**2007**	2006
Sales and other income (net of excise duty)	**152,945**	107,566	**139,726**	103,795
Profit before tax	**32,988**	23,779	**31,762**	23,404
Provision for tax	**3,868**	3,391	**3,341**	3,199
Minority interest and equity in earnings/ (losses) of affiliates	**301**	287	**-**	-
Profit for the year	**29,421**	20,674	**28,421**	20,205
Appropriations :				
Interim dividend	**-**	-	**7,278**	-
Proposed dividend on equity shares	**-**	-	**1,459**	7,129
Corporate tax on distributed dividend	**-**	-	**1,268**	1,000
Transfer to general reserve	**-**	-	**18,416**	12,076

Subsidiary Companies

Your Company today is a global corporation having operations in 29 countries through more than 50 subsidiary companies, a few joint ventures and associate companies. Section 212 of the Companies Act, 1956, requires that we attach the Directors' Report, Balance Sheet and Profit and Loss Account of our subsidiary companies.

We believe that the Consolidated Financial Statements present a more comprehensive picture rather than the standalone financial statements. We therefore applied to the Ministry of Corporate Affairs, Government of India and sought exemption from the requirement to present detailed financial statements of each subsidiary. The Ministry of Corporate Affairs, Government of India has granted the exemption.

In compliance with the terms of the exemption we have presented in page 112, summary financial information for each subsidiary. Summary financial information includes Share Capital, Reserves and Surplus, Total Assets, Total Liabilities, our holding in the subsidiary, Sales and other income, profit before taxation, provision for taxation, profit after taxation and proposed dividend.

As permitted by SEBI guidelines and Companies Act, 1956, we have included the abridged financial statements of Wipro Limited in this annual report. The detailed financial statements and audit reports of Wipro Limited and each of the subsidiaries are available for inspection at the registered office of the Company and upon written request from a shareholder, we will arrange to send the full balance sheet, profit and loss account and auditors report to the said shareholder.

Consolidated Results

Our Sales for the current year grew by 41% to Rs. 149,982 million and our Profit for the year was Rs. 29,421 million, an increase of 42% over the previous year. Over the last 10 years, our Sales have grown at a Compounded Annual Growth Rate (CAGR) of 25% and Profit after Tax at 46%.

Dividend

Your Directors declared an Interim Dividend of Rs. 5/- per equity share of Rs. 2/- each on March 23, 2007. The record date for the purpose of payment of Interim Dividend was fixed as March 28, 2007 and was paid to our shareholders who were on the Register of Members of our Company as at the closing hours of March 28, 2007.

Your Directors recommend a final Dividend of Re. 1/- per equity share of Rs. 2/- each to be appropriated from the profits of the year 2006-07 subject to the approval of the shareholders at the ensuing Annual General Meeting. Subsequent to the approval of the shareholders at the Annual General Meeting, the Dividend will be paid in compliance with applicable regulations.

During the year 2006-07, unclaimed dividend of Rs. 43,043/- was transferred to the Investor Eduction and Protection Fund, as required by the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001.

Acquisitions and Joint Ventures

We have continued to pursue the strategy of acquiring businesses which complement our service offerings, provide access to niche skill sets and expand our presence in select geographies. We have a dedicated team of professionals who identify businesses which meet our strategic requirements and are cultural fit to Wipro. The following businesses have joined the Wipro family during the year:

1. US based Quantech Global Services LLC and the India based Quantech Global Services Ltd. for a cash consideration, which includes upfront payment of approximately USD 3 million.
2. CMango – Transactions consummated in April 2006 – US based CMango Inc and India based CMango India Private Limited for cash consideration which includes upfront payment of USD 20 Mn.
3. Europe based Retail Solutions Provider, Enabler. The consideration included upfront cash payment of approximatley Euros 41 million.
4. Finland based Saraware Oy. for a cash consideration of approximately Euro 25 million.
5. Middle East and SAARC operations of 3D Networks and Planet PSG for a cash consideration of approximately USD 23 million.
6. In our Consumer Care and Lighting business we acquired North-West Switches business from North-West Switchgear Ltd., a company in the business of switches, sockets, MCBs etc. for an upfront cash consideration of Rs. 1,022 million.
7. In our Infrastructure Engineering business, we acquired Hydrauto Group AB ("Hydrauto") for a cash consideration of USD 31 million.

We partnered with Motorola, a global leader in Wireless Communications, to form a joint venture namely WMNETSERV Limited to deliver world-class Managed Services to telecom operators in the area of network operations.

Wipro's R&D Activities: 2006-07

Wipro's R&D focus has been in strengthening the portfolio of Centers of Excellence (CoE) and Innovation projects. As part of this focus, over 500 people have been engaged across 55 CoEs and 30 Innovation projects. Our R&D efforts have contributed nearly 8.5% of total revenues.

At Wipro, we have institutionalized the spirit of Innovation through our corporate Innovation initiative launched in year 2000. We are now deriving business value from these investments. Over the last 7 year period, we have been able to:

- Develop a rigorous Innovation management framework & process comprising of Idea generation, Idea Incubation and Idea Execution
- Develop point solutions for specific industry verticals like Retail, Manufacturing as well as Intellectual Property (IP) components for Product Engineering business
- Build portfolio of solutions that span across Process, Delivery, Business and Technology domains

Process Innovation

We have pioneered in the art of adopting Lean & Six Sigma principles for end to end software development life cycle.

Lean techniques have been applied to over 700 projects. This has resulted in 20-30% savings in efforts and better schedule adherence.

Delivery Innovation

Global Delivery model and Software Factory model for standardized delivery are good examples of our Delivery Innovations. Typical benefits of Software Factory model to our customers are: 10 -15% reduction in cycle time from demand to delivery of solution, 15 – 20% cost reduction in capital and operational expenditure and 10% increase in productivity through reusable components, tools and knowledge banks

Business Innovation

Innovations under this portfolio include solution frameworks and methodologies to develop industry specific solutions. Sample examples in this portfolio are Vendor Managed Inventory, Retail Pharmacy, Integrated Publishing Platform, Clinical Data Management, Data Privacy and Master Data Management.

Technology Innovation

Innovations under this portfolio include solutions with high IP component, which can be delivered as a service thus giving the time to market benefit. Examples include IP components for IEEE 1394/Fire wire, Wireless LAN, Bluetooth, Ultra Wide Band (UWB) and DTV middleware.

Apart from solutions in above Innovation portfolio, Wipro has also developed various collaboration and productivity platforms & tools such as iGrid, PRISM, Deep Check and Accelerator.

We have also initiated 4 projects under the theme of Quantum Innovation. These projects are currently in different stages of prototype.

Centers of Excellence (CoE)

The goal of a CoE is to create competencies in emerging areas of technologies & industry and incubate new practices for business growth. We currently manage 55 CoE's across different technologies and industry verticals. Some examples of the CoE's are SOA, Virtualization, Grid Computing, Data Privacy & Protection, IMS (IP multimedia subsystem), Remote Patient Monitoring, Image Processing, Supply Chain, Retail In-Store, Retail Pharmacy, Automotive, Open Source and Second Life.

Patents:

In 2006-07, we have filed for 13 patents and additional 11 are in pipeline. These patents span across Product Engineering, Enterprise business and Quality.

Awards and Recognition:

Wipro is the only Indian company in Business Week's IN25 Champions of Innovation listings for 2006. Wipro's Global Command Centre was awarded Innovation for India awards under the category of Business Model Innovation. Wipro's Factory Model is included as a case study in the course curriculum at Harvard Business School.

Corporate Governance

We believe Corporate Governance is at the heart of Shareholder value creation. Our governance practices are described separately in page 51 of this annual report. We have obtained a certification from a practising Company Secretary on our compliance with clause 49 of the listing agreement with Indian Stock Exchanges. This certificate is given in page 69.

Personnel

The particulars of employees as required by Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employee) Rules, 1975, is included in pages 29 through 34 of this annual report.

Wipro Employee Stock Option Plans (WESOP)

Information relating to stock options progam of the Company are provided in page 26. The information is being provided 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.

No employee was issued Stock Option, during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant.

Foreign Exchange Earnings and Outgoings

During the year our Company earned foreign exchange of Rs. 109,546 million and the outgoings in foreign exchange were Rs. 43,829 million, including outgoings on materials imported.

Conservation of Energy

The information on Conservation of Energy 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 provided in page 25 of this annual report.

Directors' Re-appointment

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.

Mr. Narayanan Vaghul and **Mr. B.C. Prabhakar**, retire by rotation and being eligible offer themselves for re-appointment at this Annual General Meeting. The Board Governance and Compensation Commmittee have recommended their re-appointment for consideration of the Shareholders.

Board of Directors vide circular resolution of June 6, 2007 re-appointed Mr Azim H Premji as Chairman and Managing Director of the Company (designed as "Chairman") for a further period of two years with effect from July 31, 2007. This re-appointment is subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

Management's Discussion and Analysis Report

The Management's Discussion and Analysis on Company's performance – industry trends and other material changes with respect to the Company and its subsidiaries, wherever applicable are presented on pages 35 through 44 of this annual report.

Re-appointment of Statutory Auditor

The auditors, M/s. BSR & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

Re-appointment of Cost Auditor

Pursuant to the direction from the Department of Corporate Affairs for appointment of Cost Auditors, your Board of Directors has re-appointed M/s. P.D. Dani & Co., as the Cost Auditor for the year ended March 31, 2008.

Fixed Deposits

We have not accepted any fixed deposits. Hence, there is no outstanding amount as on the Balance Sheet date.

Acknowledgements and Appreciation

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, financial institutions and Central and State Governments for their consistent support to the Company. The Directors also wish to place on record their appreciation of the hard work, dedication and commitment of the employees. The enthusiasm and unstinting efforts of the employees has enabled the Company to continue to be a leading player in the IT services industry.

Directors' Responsibility Statement

On behalf of the Directors I confirm that as required under Section 217 (2AA) of the Companies Act, 1956.

a) In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures is made from the same;

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 the 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.

For and on behalf of the Board of Directors

Azim H. Premji
Chairman

Bangalore, June 20, 2007

ANNEXURE - 'A' FORMING PART OF THE DIRECTORS' REPORT

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

FORM A

A. DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		2006-2007	2005-2006
Electricity			
a. Purchased			
Unit	KWH	**13,682,879**	9,365,492
Total amount	Rs.	**42,554,346**	38,277,825
Rate/Unit	Rs.	**3.11**	4.09
b. Own generation			
Through Diesel generator			
Unit	KWH	**968,276.00**	642,596.00
Unit/Litre of Diesel	Units	**2.84**	6,224.51
Cost per unit	Rs.	**13.18**	15.45
Coal (including coconut shells)			
Quantity	Tonnes	**7,085**	7,107
Total cost	Rs.	**19,108,561**	17,422,382
Average rate	Rs.	**2,697.10**	2,451.27
Furnace oil			
Quantity LDO	Lts.	**1,148,266**	773,567
Total cost	Rs.	**24,402,718**	13,502,348
Average rate	Rs.	**21.25**	17.45
Furnace oil			
Quantity HSD	Lts.	**661,677**	1,100,561
Total cost	Rs.	**12,211,424**	23,754,317
Average rate	Rs.	**18.46**	21.58
LPG			
Quantity	Kgs.	**577,609**	513,339
Total cost	Rs.	**17,851,664**	14,008,992
Average rate	Rs.	**30.91**	27.29
H2 GAS			
Quantity	Kgs.	**197,330.29**	-
Total cost	Rs.	**7,313,726.60**	-
Average rate	Rs.	**37.06**	-

B. CONSUMPTION PER UNIT PRODUCTION

Vanaspati	**Electricity (kwh/tonne)**	**Liquid diesel oil (litres/tonne)**
2006/07	128.00	11.59
2005/06	119.26	15.19

General Lighting System	**Electricity (kwh/tonne)**	**Liquid diesel oil (litres/tonne)**
2006/07	16.65	0.50
2005/06	26.31	0.46

Fluorescent Tube Light	**Electricity (kwh/tonne)**	**Liquid diesel oil (litres/tonne)**
2006/07	149.62	2.61
2005/06	137.77	3.33

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.

Sl. No.	Description	WESOP 1999	WESOP 2000	ADS 2000 Stock Option Plan	Wipro Restricted Stock Unit Plan 2004	ADS Restricted Stock Unit Plan 2004	Wipro Restricted Stock Unit Plan 2005
1.	Total number of options under the Plan	30,000,000 (adjusted for the issue of bonus shares in the years 2004 and 2005)	150,000,000 (adjusted for the issue of bonus shares in the years 2004 and 2005)	9,000,000 ADS representing 9,000,000 underlying equity shares (adjusted for the issue of bonus shares in the years 2004 and 2005)	12,000,000 (Adjusted for the issue of bonus shares in the years 2004 and 2005)	12,000,000 (Adjusted for the issue of bonus shares in the year 2004 and 2005)	12,000,000 (Adjusted for the issue of bonus shares in the year 2005)
2.	Options granted during the year	-	-	-	2,492,560	918,130	3,640,076
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	Exercise price being not less than 90% of the fair market value on the date of grant	Face value of the share	Face value of the share	Face value of the share
4.	Options vested (as of March 31, 2007)	-	449,586	372,953	195,982	122,980	-
5.	Options exercised during the year	3,902,518	26,217,674	891,653	2,036,918	196,620	-
6.	Total number of shares arising as a result of exercise of option (as of March 31, 2007)	3,902,518	26,217,674	891,653	2,036,918	196,620	-
7.	Options lapsed/forfeited during the year *	75,795	1,165,807	-	553,836	170,900	193,192
8.	Variation of terms of options upto March 31, 2007	-	-	-	-	-	-

Sl. No.	Description	WESOP 1999	WESOP 2000	ADS 2000 Stock Option Plan	Wipro Restricted Stock Unit Plan 2004	ADS Restricted Stock Unit Plan 2004	Wipro Restricted Stock Unit Plan 2005
9.	Money realised by exercise of options during the year (Rs. in Million)	1,205	8,005	244	4	0.4	-
10.	Total number of options in force at the end of the year	-	2,955,319	556,089	7,499,980	1,551,330	3,446,884
11.	Employee wise details of options granted to :						
	i. Senior Management during the year						
	Mr. Suresh C. Senapaty				14,000		
	Mr. Pratik Kumar				14,000		
	Mr. Suresh Vaswani				14,000		
	Mr. Sudip Banerjee				14,000		
	Mr. Vineet Agrawal				14,000		
	Dr. A.L. Rao				7,000		
	Mr. Ranjan Acharya				9,000		
	Mr. Ramesh Emani				14,000		
	Mr. Girish S. Paranjpe				14,000		
	ii. Employees holding 5% or more of the total number of options granted during the year	-	-	-	-	-	-
	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	-	-	-	-	-	-
12.	Diluted Earnings per Share pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20	19.72	19.72	19.72	19.72	19.72	19.72

Sl. No.	Description	WESOP 1999	WESOP 2000	ADS 2000 Stock Option Plan	Wipro Restricted Stock Unit Plan 2004	ADS Restricted Stock Unit Plan 2004	Wipro Restricted Stock Unit Plan 2005
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			Since these options were granted at a nominal exercise price, intrinsic value on the date of grant approximates the fair value of the options.		
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			Exercise price Rs. 2/- per option. Fair value Rs. 557.40 (as on March 31, 2007)	Exercise price $ equivalent of Rs. 2/- per option. Fair value $ 15.70 (Rs. 699.12) (as on March 31, 2007)	Exercise price Rs. 2/- per option. Fair value Rs. 557.40 (as on March 31, 2007)
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 : 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	Not applicable as these pertain to options granted prior to June 30, 2003			Since these options were granted at a nominal exercise price, intrinsic value on the date of grant approximates the fair value of the options.		

* As per the Plan, Options/RSUs lapse only on termination of the Plan. If an Option/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.

ANNEXURE 'C' FORMING PART OF THE DIRECTORS' REPORT

Particulars of Employees forming part of the Directors' Report for the year ended March 31, 2007
Information pursuant to Section 217(2A)(b)(ii) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules,1975

Sr. No.	Name	Designation	Remu-neration (Rs.)	Qualification	Date of Employment (DOJ)	Experience	Age	Last Employment
1	Achuthan Nair	Vice - President, Wipro Technologies	4210328	BE, PGDBM	4/29/1991	16	42	Hindustan Petroleum
2	Agrawal Vineet	President, Wipro Consumer Care & Lighting	9132432	B Tech., MMS	12/4/1985	21	45	First Employment
3	Alok Jain	Vice President - Operations, Wipro BPO	2935117	BSc, PGDSM	4/24/2002	19	41	NIIT
4	Amitava Sharma	General Manager, Wipro Technologies	2524582	BE, MBA	5/17/1999	17	39	Pricewaterhouse Coop
5	Anand Padmanabhan	Vice President - TIS, Wipro Infotech	6312260	BE	5/2/1994	17	41	Almoayed Data Group
6	Anand Prakash	Head, Wipro Technologies	2509489	BE	1/30/2003	22	44	Ericsson India
7	Anand Sankaran	Vice President - TOS, Wipro Technologies	5993473	BE	6/26/1989	18	40	Pertech Computers
8	Anand Valavi	Group Head, Wipro Technologies	2478067	BE, MTech	2/7/2005	13	38	Microsoft
9	Anandkumar V	Vice President, Wipro Technologies	3191833	BE	9/15/2005	13	38	Sun Microsystems Ind
10	Anant C D	General Manager, Wipro Technologies	2636091	BE	5/25/1992	20	42	Digital Equipment (I) Ltd
11	Anil K Jain	Vice President - Corporate Business Unit, Wipro Infotech	4600413	BE, MBA	4/10/1989	18	43	Org Systems
12	Anil Raibagi	General Manager - Sales & Opr, Wipro Infotech	4693143	B Com, MTech	4/1/2003	14	37	Rentworks India P Lt
13	Aniruddha Ganguly	Associate Chief Operating Officer, Wipro BPO	3759963	BE, MBA	1/4/2006	25	48	Vcustomer
14	Anup Kumar Sureka	General Manager, Wipro Technologies	2677765	BE	11/27/1996	21	42	ITI Ltd.
15	Anurag Mehrotra	Vice President û UBER Accounts, Wipro Infotech	4139404	BE	1/2/2001	21	45	Informix International
16	Anurag Srivastava Dr.	Vice President - Consulting Division, Wipro Infotech	5143929	BTech, MTech, PHD	12/15/2000	16	41	Evizeon
17	Appa Rao G	General Manager, Wipro Technologies	2941221	BTech, MTech	5/29/1996	26	51	Omc Computers Ltd
18	Aravindan Ramamoorthy	Delivery Manager, Wipro Technologies	3697140	BE, MBA	2/1/2006	12	36	Mascon US
19	Arjun R	General Manager, Wipro Technologies	2542072	BE	11/8/1994	13	34	First Employment
20	Arun Kumar Raja Raman	General Manager, Wipro Technologies	2428453	B.Sc	9/30/1989	18	43	International Data Management
21	Arvind Gautam	Head - Regional Business Operations, Wipro Infotech	3754794	BE	4/1/2006	13	39	Global Tele Systems
22	Ashish Kumar Srivastava	General Manager, Wipro Technologies	2510401	B Tech	2/27/1995	18	40	TISCO
23	Ashok Tripathy	General Manager - Enterprise Platforms, Wipro Infotech	2807770	BE, MBA	5/17/1993	14	39	BHEL
24	Ashutosh Vaidya	Vice President, Wipro Infotech	4462173	BE	4/28/2006	22	45	HP Globalsoft Ltd
25	Ayush Mittal	General Manager, Wipro Technologies	2674329	MSc	4/1/2003	13	36	DCM Computers
26	Azim H Premji	Chairman and Managing Director	35813851	General Engg (Stanford)	8/17/1966	40	61	First Employment
27	Badiga L K	Vice President & CIO, Wipro Technologies	7126450	BE, MTech	10/29/1990	28	52	Alghmin Communicatin Services, Kuwait
28	Balaji N R	General Manager, Wipro Technologies	2733461	MSc, PGDBM	11/7/1994	17	40	NIIT
29	Balakrishnan Ramani	General Manager, Wipro Technologies	2503027	BE	2/1/2002	19	43	24/7 Customer.Com
30	Balasubramanian N S	Senior Vice President, Wipro Technologies	7020704	BE, PGDM	4/12/1989	18	42	First Employment
31	Balasubramaniyan S M	General Manager, Wipro Technologies	2549214	BE, MTech	7/3/1995	28	53	ITI
32	Basole Dilip	Vice President-Commercial, Wipro Consumer Care & Lighting	2682438	BE, MMS	5/19/1992	27	49	Videocon
33	Bhanumurthy B M	Senior Vice President, Wipro Technologies	5684282	B Tech, PGDM	9/3/1992	21	44	CMC
34	Chander Kumar	Vice President - Marketing, Wipro Consumer Care & Lighting	4163275	B.A(Hons), PGDM	10/1/1992	17	39	Brooke Bond
35	Chandra Reddy K	General Manager, Wipro Technologies	2463364	BE, ME	4/22/1996	13	37	Blue Star
36	Chandramouli E R	Global Delivery Head, Wipro Technologies	2845188	BE	2/4/1991	26	49	ICIM
37	Chandrasekar Dharuman Dr.	Vice President - Optical Network, Wipro Technologies	3759931	MSc, Ph D	7/14/1999	17	45	CMC
38	Charan Bhalla	VICE PRESIDENT, Wipro BPO	3838333	MBA	11/18/2002	20	51	Praxair
39	Chidambaram N	General Manager, Wipro Technologies	2879203	BE	1/13/1993	17	38	BEL
40	Chugh Anil	Vice President - Sales, Wipro Consumer Care & Lighting	3892682	B Tech, MMS	4/19/1999	17	43	Gillette
41	Coumarane P	Regional Manager, Wipro Technologies	2532739	B Tech, MBA	5/2/1994	13	37	First Employment
42	Davis M C	General manager, Wipro Technologies	2666900	MTech	5/27/1996	20	44	Sarup Information Systems Pvt. Ltd.
43	Dayapatra Nevatia	Vice - President, Wipro Technologies	2925739	B Tech, MTech	2/15/1993	14	39	First Employment
44	Debashis Mukherjee	Practice Head, Wipro Technologies	2406084	BE, MTech	12/3/2001	17	46	Robert Bosch
45	Deepak Jain	Vice President - Managed Services, Wipro Infotech	4887366	BE	3/21/1986	21	43	Raba Contel (P) Ltd/
46	Denny John	National Sales Manager - Metro, Wipro Infotech	2407616	BE	4/1/2003	17	38	Modi Olivetti Ltd
47	Devaraj M.Srinivasan	General Manager, Wipro Technologies	2470221	BE	7/1/1991	19	40	Aurelec Data Process
48	Dipankar Banerjee	General Manager, Wipro Technologies	2803183	BE, ME	4/2/1994	19	43	C Dot
49	Divakaran M	Chief Executive - E-Enabling & CTO, Wipro Technologies	5274718	B.Sc	3/10/1981	35	58	ECIL
50	Durga Prasad Yenigalla	General Manager-Operations & Customer satisfaction, Wipro Infotech	2796526	BE	4/1/2003	16	40	Ngda Computers
51	Ganesh K	General Manager, Wipro Technologies	3175236	BE, MTech	4/1/1997	18	42	First Employment
52	Ganesh Prabhu	General Manager, Wipro Technologies	2463602	BE, PGDBM	5/1/1999	17	40	First Employment
53	Ganeshan K	Technical Manager, Wipro Technologies	2404013	BE, M.S.	11/10/1993	14	38	First Employment
54	Gangadharaiah C P	Senior Vice President, Wipro Technologies	5315675	BE, ME, M.S.	2/16/1995	30	54	ITI
55	Gaurav Chadha	General Manager, Wipro Infotech	2504758	BE, PG Diploma	4/1/2003	11	34	First Employment

Particulars of Employees forming part of the Directors' Report for the year ended March 31, 2007
Information pursuant to Section 217(2A)(b)(ii) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules,1975

Sr. No.	Name	Designation	Remuneration (Rs.)	Qualification	Date of Employment (DOJ)	Experience	Age	Last Employment
56	Geetha Anathraman	General Manager - Ops, Wipro BPO	3076770	ACA	2/17/2006	17	41	E Serve International
57	Giri K K	Group Head, Wipro Technologies	2462117	BE, MBA	12/11/1997	15	39	Electrocare Systems Pvt. Ltd.
58	Girish Nagardevlekar	Head - Regional Business Operations, Wipro Infotech	3684917	BE, MBA	4/1/2006	17	42	3D Networks
59	Girish S Paranjpe	President - Finance Solutions, Wipro Technologies	10436441	B Com, AICWA, ACA	7/23/1990	23	49	Wimco Ltd
60	Gopala Krishna	General Manager, Wipro Technologies	2492022	BE	1/23/1995	13	36	Microcon Instruments
61	Gopalakrishnan P K	Vice President - Govt & Defence, Wipro Infotech	2477220	BE, MBA	4/1/2003	23	47	Badrachalam Paper Boards
62	Gupta Sanjay	Vice President - Trade Sales, Wipro Consumer Care & Lighting	2473363	B.A, MBA	6/1/1993	21	45	TTK Pharma Ltd
63	Gururaj L	General Manager, Wipro Technologies	2615778	B.Sc, MSc	9/5/1994	16	41	Bae HAL P LTD
64	Harbir Singh Sawhney	General Manager, Wipro Technologies	2440023	BE	8/5/2002	23	47	Cadcam
65	Hari Menon	General Manager, Wipro Technologies	2970613	B.Sc, MCA	6/27/1994	13	37	Sonata
66	Harsh Bhatia	Vice President-Operations, Wipro BPO	2919507	BSc	11/7/2002	20	41	IBM Daksh
67	Hoshedar Contractor	Vice president, Wipro BPO	3331883	B Com	8/12/2002	21	46	KCM
68	Isaac George V	General Manager - Business Operations, Wipro Infotech	3197435	BE, MBA	4/1/2003	14	38	Relind Constructions
69	Ishwar B Hemrajani	Chief Risk Officer, Wipro Corporate	5303372	BE, MTech, PG Diploma	5/21/1992	23	48	Modi Xerox Ltd
70	Jagdish Ramaswamy	Vice - President, Wipro Corporate	3925458	BE, Diploma, Others	2/28/2003	22	43	Tyco Health Care
71	Jayakrishnan S	General Manager, Wipro Technologies	2924770	B Tech	1/12/1998	16	38	TCS
72	Jayanta Dey	General Manager, Wipro Technologies	2844675	BE	10/13/1988	19	42	First Employment
73	Jayashree Joglekar	Vice - President, Wipro Technologies	4253545	BE, M.S.	8/1/2000	26	50	Persistent Sys Ltd
74	Jyotirmayi Naga Banda	Head - Sales, Manage IT Services, Wipro Technologies	2411399	B.Sc, MBA	4/1/2003	13	35	Xavier Institute Of
75	Kamath C V	General Manager - IS and Workplace Management, Wipro Infotech	2552705	BE, MEM	4/1/2003	24	47	First Employment
76	Kannan A S	General Manager, Wipro Technologies	2404930	BE	2/10/1997	21	42	L-Cube Innovative Solutions Pvt Ltd.
77	Keerthi K Chandrashekhar	General Manager, Wipro Technologies	2809112	BE, PGDM	8/25/2003	14	38	Dell International
78	Kesava Moorthy G	General Manager, Wipro Technologies	2591468	BE	10/25/1999	19	45	Eaglestar Intl Uk
79	Kesavan V	Vice President - Business Finance, Wipro Infotech	2997559	B.Sc, ICWA, ACA	4/1/1992	16	41	Sharp & Tannan Chatm
80	Kiran Sitaram	General Manager, Wipro Technologies	3273155	BE	1/2/1995	16	39	GKW
81	Kishen Kumar M A	Vertical Solutions Head, Wipro Infotech	2541538	BE	4/1/2003	15	39	BNP Paribas
82	Kochhar Rajesh	Chief Executive - C&I Business, Wipro Consumer Care & Lighting	3535729	BE	12/16/1991	27	49	Crompton Greaves
83	Krishnakumar N	General Manager, Wipro Technologies	2830898	B.Sc, MSc	9/5/1994	16	39	DRDO
84	Krishnamurthy B	Vice President - Tele & Inter Group, Wipro Technologies	3946448	MSc, PGDM, MTech	10/16/1997	21	49	C Dot
85	Krishnan A S	General Manager, Wipro Technologies	2676843	AC A	11/1/2000	15	39	L-Cube Innovative Solutions Private Ltd.
86	Kumar Gururajan	Delivery Manager, Wipro Technologies	2714623	C-DAC, BE	2/1/2006	16	37	Mascon
87	Kumudha Sridharan	General Manager - Optical Networks (CNU), Wipro Technologies	2927077	BE	5/31/1995	21	44	ITI
88	Kunapuli Venkateswarlu	General Manager, Wipro Technologies	2981718	BE, MTech	8/14/1987	18	42	Digital
89	Kurien T K	Chief Executive - Business Optimization Shared Ser, Wipro Technologies	8632608	BE, C A	2/11/2000	25	47	Wipro Net Limited
90	Lakshminarayana K R	Chief Financial Officer, Wipro Technologies	3746818	B Com, ICWA, PGDBA	7/3/1995	11	41	Wipro Finance Ltd
91	Lilian Jessie Paul	Chief Marketing Officer, Wipro Technologies	4391357	BE, PG Diploma	5/30/2005	12	37	Igate Global Solutions
92	Madhav N Rao	Technical Manager, Wipro Technologies	2673281	BE, MTech	5/23/1994	14	37	HCL-HewlettPackard
93	Madhavan S	Vice - President, Wipro Technologies	4202448	B.Sc, B Tech,	9/15/1994	20	44	CMC
94	Madhu Khatri	Corporate Vice President & General Counsel, Wipro Corporate	6151220	B.A, LLB, LLM	3/15/2005	18	44	General Electric
95	Madhwesh K Kulkarni	General Manager, Wipro Technologies	2476565	BE	12/1/2000	15	37	First Employment
96	Mahadevan Srinivasan	Delivery Manager, Wipro Technologies	3593751	BE	2/1/2006	13	34	Mascon
97	Mahatme Pramod	General Manager- Employee Relations, Wipro Consumer Care & Lighting	2745880	B.Sc, MPM	12/5/2003	26	49	Hindustan Lever
98	Mahesh V	General Manager, Wipro Technologies	2665712	B Tech	12/7/1992	18	41	TVSE
99	Mallinath Sengupta	General Manager - Engagement Initiation Group, Wipro Technologies	2863043	BE, PGDM	6/3/2002	17	46	Tarang S/W
100	Manish Dugar	Vice President-Finance, Wipro BPO	2845573	CA, MBA	2/1/2004	15	34	L&T
101	Manoj Punja	Senior Vice President, Wipro Technologies	5637388	BE, MBA	8/1/1991	22	46	Org Systems
102	Mansoor Ahmad Syed	General Manager - Business Development, Wipro Technologies	2823497	BE,	12/9/1991	16	39	IDM
103	Mohan R	General Manager- Bharti Account, Wipro Infotech	2445579	BE, MBA	4/1/2003	18	39	Org Systems
104	Mohan Rao S	Vice President - Infrastructure & Operations, Wipro Technologies	3669763	BE, PGDM	11/16/1988	32	53	Shriram Honda
105	Mohanakrishnan G	General Manager, Wipro Technologies	2934933	BTech, MTech	1/18/1988	19	43	First Employment
106	Mohit Shenoy	General Manager, Wipro Technologies	2404388	AC A	2/5/2001	14	41	Indian Infoline Pvt Ltd
107	Moiz H Vaswadawala	General Manager & Head - Program Management Office, Wipro Technologies	3438775	Diploma	3/6/1993	19	41	Tamimi Adv/Technology
108	Mudit Mathur	Group Head, Wipro Technologies	2490352	B Tech, MTech	2/20/1989	18	43	First Employment
109	Muralikrishnan S	Vice - President, Wipro Technologies	3560962	BE	8/1/1991	19	44	Keonics Magnavision
110	Murugavel V R	General Manager, Wipro Technologies	2494408	BE	4/5/1993	21	44	Oman Computer Services
111	Mythily Ramesh	Vice - President, Wipro Technologies	5129994	BE, MBA	4/29/1988	19	42	First Employment
112	Nagamani Murthy	Vice President - VNGN, Wipro Technologies	4564108	BE	7/1/1991	22	46	Texas Instruments
113	Nagaraja G	General Manager, Wipro Technologies	2493953	BE, MTech	1/10/1996	14	41	Tul
114	Nanda Kishore N	Technical Manager, Wipro Technologies	2457833	BE, PG Diploma	8/1/1994	13	35	Hypermedia Info Syst

Particulars of Employees forming part of the Directors' Report for the year ended March 31, 2007
Information pursuant to Section 217(2A)(b)(ii) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules,1975

Sr. No.	Name	Designation	Remu-neration (Rs.)	Qualification	Date of Employment (DOJ)	Experience	Age	Last Employment
115	Narayana Shenoy	General Manager, Wipro Technologies	2769883	BE	12/24/1990	17	38	First Employment
116	Navneet Bhushan	Principal Consultant, Wipro Technologies	2604813	MTech, M.S.	11/22/2004	17	40	Creax Information Tech
117	Neeraj Jaitley	General Manager, Wipro Technologies	3402119	BE	3/19/1987	20	42	First Employment
118	Padam Vijayvergia	Head - Telecom (SBI), Wipro Infotech	2499727	BE	4/1/2006	13	39	GTL Limited
119	Padmanabhan A	General Manager - Legal, Wipro Infotech	2472575	B Com, LLB	13/11/1997	25	45	Reliance Industries
120	Padmanabhan V S	Vice President - Corporate Internal Audit, Wipro Corporate	4429149	B Com, FCA	11/9/1994	30	54	Union Carbide
121	Pankaj Gupta	Regional Business Manager - TIS, Wipro Infotech	2422158	BE, PG Diploma	4/1/2003	13	37	Acer India Limited
122	Pavan Kumar Goyal	Vice - President, Wipro Technologies	3113499	B.Sc	1/4/1991	16	41	First Employment
123	Pawan Kumar S	General Manager, Wipro Technologies	2619068	BE	8/18/1994	15	38	BEML
124	Pazhamalai J	General Manager, Wipro Technologies	2611629	PGDCA, MSc	12/9/1996	16	41	Vysya Bank Ltd ltd
125	Pradeep Bahirwani	General Manager, Wipro Technologies	3030605	BE	6/19/1997	17	41	Ramco Systems
126	Pramod Idiculla	General Manager, Wipro Technologies	3762305	BTech,	12/1/1994	12	39	TVSE
127	Prasad V Bhatt	Vice - President, Wipro Technologies	3535613	BE, MTech	3/2/1989	18	42	Org Systems
128	Prasad Vinayak Taiwade	General Manager, Wipro Technologies	2458112	BE	4/13/1998	13	36	Tisco Jamshedpur
129	Prasanna G.K.	Senior Vice President, Wipro Technologies	6884341	B Tech, PGDM	12/2/1999	23	48	Microland
130	Prasenjit Mazumder	General Manager, Wipro Technologies	2873706	B.Sc, MCA, MBA	7/16/1990	16	41	First Employment
131	Prasenjit Saha	General Manager - Enterprise Security Services, Wipro Technologies	3049872	B Tech	6/5/1997	15	37	ABB
132	Prashant Kulkarni	General Manager - Operations, Wipro BPO	2513249	BE	8/4/2005	19	41	24/7 Customer
133	Pratik Kumar	Executive Vice President - Human Resources, Wipro Corporate	8862032	B.A, MBA	11/4/1991	19	41	TVS Electronics Limited
134	Pravin Jain	Vice - President, Wipro Technologies	4911269	BE, M S	4/1/2006	15	39	Decide.Com
135	Pravin Shinde	Head - Service Delivery, Wipro Infotech	2941776	Diploma	4/1/2006	9	35	GTL Limited
136	Puneet Chandra	VP- Global Back Office Operations. & COE, Wipro BPO	3142983	ACA	9/1/2000	24	45	M/S Khanna & Annadhanam CA
137	Raina Anil Kumar	Vice President - Manufacturing, Wipro Consumer Care & Lighting	2640317	BE	10/31/1995	24	46	EILL
138	Rajan Sampath	GM - Storage, Wipro Infotech	2410993	B Tech	4/1/2003	19	43	Nucleus Software
139	Rajat Mathur	Senior Vice President, Wipro Infotech	4492634	BE, MBA	11/15/1985	22	46	Horizon Mktg & Serv
140	Rajeev Kumar Pathak	General Manager, Wipro Technologies	2786801	B Tech, MBA, M.S.	3/10/1997	16	38	ISRO
141	Rajeev V S	General Manager, Wipro Technologies	3232035	B Tech, PGDM	1/16/1992	21	46	TCS
142	Rajendra H B	General Manager, Wipro Technologies	2557934	DIP, BE	4/11/1988	22	49	TVS Suzuki
143	Rajesh Kumar M R	Technical Manager, Wipro Technologies	2583286	BE	6/30/1992	14	36	First Employment
144	Rajesh Ram Mishra	Vice President - SBU 2, Wipro Technologies	4115017	BTech, MTech	5/6/1988	22	45	International Sw Ind
145	Rajiv H K	General Manager, Wipro Technologies	3149243	BE	7/22/1996	15	40	PSI Data Systems
146	Ramachandra Prabhu K V S	General Manager, Wipro Technologies	2599296	MSc,	12/15/1997	23	49	ISRO
147	Ramakanth Desai	Senior Vice President, Wipro Technologies	6071260	B Tech	8/12/1992	20	44	Tata Unisys
148	Ramakrishnan K K	General Manager, Wipro Technologies	2744341	BE, MTech	2/1/1989	18	41	First Employment
149	Ramakrishnan R	Vice - President, Wipro Technologies	3193284	B Com, ICWA	11/29/1990	21	43	EID Parry
150	Ramanath L	General Manager - Consulting Sales, Wipro Infotech	2808460	BE, Others	9/18/1989	18	44	VSS Computers
151	Ramdev Gottipaty	Senior Consultant, Wipro Technologies	2438072	BE	2/7/2005	24	51	Catalytic Software
152	Ramesh A N	General Manager, Wipro Technologies	2716283	BE, MTech	9/16/1988	20	44	TVS Electronics Ltd.
153	Ramesh Emani	President, Wipro Technologies	9442754	B Tech, MTech	26/15/1983	27	51	Tata Burroughs Ltd
154	Ramesh N R	General Manager, Wipro Technologies	2801160	BE, ME	2/14/1990	17	40	First Employment
155	Ramesh Nagarajan	Vice President - Office of Productivity, Wipro Technologies	4710276	ME	1/25/1991	19	42	Wipro Infotech
156	Ramesh P	Vice - President, Wipro Technologies	3267963	B Tech	8/19/1994	27	52	Digital
157	Ramesh S Srinivasan	General Manager - Civil Infrastructure, Wipro Technologies	2576621	B Tech	2/21/2001	26	51	Galfar Pembinaan
158	Ramit Sethi	Sr. VP - Operations UBS, Wipro BPO	2630592	ACA	10/23/2006	19	45	Progeon
159	Ranjan Acharya	Corporate Senior Vice President, Wipro Corporate	6490742	B.Sc, MBA	7/18/1994	27	49	National Inst Of Comp Education & Business Training
160	Rao A L Dr.	Chief Operating Officer, Wipro Technologies	9927602	B.Sc, MSc, Ph D	8/14/1980	35	59	ECIL
161	Rao A N	Vice - President, Wipro Technologies	5485736	MBA	11/7/2005	22	47	HP Global Soft
162	Ravi Shankar A V	General Manager, Wipro Technologies	3495182	B.A, LLB	12/13/2004	23	48	HCL Technologies
163	Ravikanth V V	Principal Consultant, Wipro Technologies	2585141	BE, MTech	2/21/1992	15	38	First Employment
164	Ravishankar GS	Vice - President, Wipro Technologies	3778069	B.Sc, BE, ME,	1/28/2003	26	52	Ericsson India
165	Renuka Prasad S	General Manager, Wipro Technologies	2795277	BE, MTech	3/1/1999	22	47	Robert Bosch India Ltd
166	Richa Tripathi	Vice President - TED, Wipro BPO	3234207	MBA	3/1/2001	14	41	Dusk Valley
167	Saikrishna Darbha	General Manager, Wipro Technologies	2819929	B Tech, MTech	1/5/1998	19	47	Novell Software
168	Sairam Jagannathan	Vice President - Service Delivery, BSD, Wipro Infotech	3960616	BE	8/29/2001	24	49	Mascot Systems

Particulars of Employees forming part of the Directors' Report for the year ended March 31, 2007
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Sr. No.	Name	Designation	Remu-neration (Rs.)	Qualification	Date of Employment (DOJ)	Experience	Age	Last Employment
169	Sambuddha Deb	Chief Quality Officer, Wipro Technologies	6110610	B Tech, PGDM	6/29/1982	24	49	First Employment
170	Samir Dhir	General Manager, Wipro Technologies	2580544	BE	6/24/2003	13	36	Avaya
171	Sangita Singh	Senior Vice President, Wipro Technologies	5321971	BE	1/8/1992	15	38	HCL Limited
172	Sanjay K	General Manager, Wipro Technologies	3233762	BE, M.S.	2/1/1991	16	38	First Employment
173	Sanjay Madhukar Tapas	General Manager, Wipro Technologies	2605101	MTech, BE	9/28/2000	19	45	Hughes Software
174	Sanjay Verma	Principal Consultant, Wipro Technologies	2851601	BE	6/9/2005	21	43	Mphasis BFL
175	Sanjeev Bhatia	GM, Customer Advocacy, Wipro BPO	3740038	BCom	5/24/2005	20	43	HSBC
176	Sanjeev Patel	Technical Manager, Wipro Technologies	2522090	BE, MTech	3/1/1995	12	36	First Employment
177	Sanjeev S Verma	General Manager, Wipro Infotech	3018739	BA, PGDM	6/1/2006	14	40	Netproactive Service
178	Sanjesh K Gupta	General Manager - Systems Integration, Wipro Infotech	3041523	AMIE, Diploma	12/4/1984	24	44	Televista Electronics Pvt Ltd
179	Sanjiv K R	Vice President - E-Biz & Data Warehousing Solution, Wipro Technologies	5126386	MMS	11/16/1988	20	43	DCM Daewoo
180	Santhosh Kumar M	Group Head, Wipro Technologies	2472471	BTech, M.S.	2/10/1997	16	37	Max India Ltd
181	Saragur Srihari	General Manager - Operations, Wipro BPO	2677987	M.S. in Industrial Engg.	12/26/2005	12	43	Avery Dennison
182	Satya K Jha	Vice President, Wipro Infotech	8839959	BE	4/1/2006	13	38	GTL Limited
183	Satyanath S	General Manager, Wipro Technologies	2403699	BE, MTech	1/22/1990	17	41	First Employment
184	Selvan D	Senior Vice President, Wipro Technologies	4369009	B Tech, PGDM	9/5/1992	21	46	NIIT Ltd
185	Senapaty S C	Executive Vice President - Finance and CFO, Wipro Corporate	11314926	B Com, FC A	4/10/1980	28	50	Lovelock & Lewis
186	Senthil M	General Manager, Wipro Technologies	2603256	BE, MTech	2/20/1989	18	41	First Employment
187	Sethumadhava Rao T V	Vice president and Principal Consultant, Wipro Technologies	2611820	BE	8/6/1981	31	56	Electronics Corp Of
188	Shankar Narayanan S	Head - ISSS Delivery, Wipro Infotech	2434568	Diploma	4/1/2006	11	37	Ramco Systems Ltd
189	Shivakumar T	Vice President, Wipro Technologies	3564272	BE, MTech	4/6/1988	19	46	Lecturer, Vijayanagar College of Engg.
190	Shridhar Rajgopalan	Principal Consultant/General Manager, Wipro Technologies	2590627	BE, MTech	12/6/1999	13	36	Prosoft Technologies
191	Siby Abraham	Vice President - Semiconductor, Wipro Technologies	4705329	B Tech, MTech	2/16/1987	20	43	First Employment
192	Simon Johney	General Manager, Wipro Technologies	3094508	BE	2/21/1994	19	42	DRDO
193	Snehal B Oza	Group Head, Wipro Technologies	2428702	BE	2/1/1994	15	39	Org Systems
194	Somjit Amrit	General Manager, Wipro Technologies	2670789	BE, PGDM	12/2/2005	16	41	Satyam
195	Soumitro Ghosh	Senior Vice President, Wipro Technologies	8067249	B Tech, MBA	11/26/1988	24	47	Blue Star Ltd
196	Sridhar S	General Manager, Wipro Technologies	2978910	BE, MTech	4/15/1994	14	38	Campus/Asea
197	Srijit Rajappan	Vice President -Operations, Wipro BPO	3645368	B Com	8/16/2002	15	41	Silicon Chip
198	Srinivas Kishan Anapu	General Manager, Wipro Technologies	2470145	MS	6/16/2003	19	39	Addar Infotech
199	Srinivas Rao R	General Manager, Wipro Technologies	2450898	B.Sc, MCA	5/27/1996	19	44	Riyam Computer Ser
200	Srinivasa Murthy	General Manager, Wipro Technologies	2524642	BE	9/14/1999	24	46	County Of Chester
201	Srinivasa Raghavan P	General Manager, Wipro Technologies	2457483	B.SC., MCA	7/19/1989	18	42	First Employment
202	Srinivasa Rao P	General Manager, Wipro Technologies	2452706	BE, MTech	5/2/1994	14	38	Tisco
203	Srinivasan G	Solution Delivery Head, Wipro Technologies	2661650	BE	4/14/1999	15	38	Indchem Electronics
204	Srinivasan P V	Vice President - Corporate Taxation, Wipro Corporate	4454946	AC A	2/6/1997	23	47	Sundaram Fasteners Ltd
205	Sriram S	Practice Head, Wipro Technologies	2425132	BE	7/2/1997	14	36	TCS
206	Sriram Srinivasan	Vice - President, Wipro Technologies	3403627	MBA	4/10/1989	21	43	Wipro Finance/Reckit
207	Subba Rao P	General Manager, Wipro Technologies	2446634	B.Sc	12/1/1982	33	52	ECIL
208	Subhash Khare	Vice - President, Wipro Technologies	3977823	BE	10/3/1990	24	46	Telco
209	Subir Bhatnagar	Head - Solutions Design, Wipro Infotech	2946453		4/1/2006	16	42	Net Proactive Services
210	Subrahmanyam P	Senior Vice President, Wipro Technologies	5326958	B.Sc, M.Sc, M Phil	11/8/1983	23	47	First Employment
211	Subramanyam V	General Manager and SDH, Wipro Technologies	3423632	BE, MTech	12/2/1996	20	55	ADE
212	Suchira Iyer	Vertical Head - IT and ITES, Wipro Technologies	2740849	BE	4/1/2003	14	35	First Employment
213	Sudhakar Siripurapu	Principal Consultant, Wipro Technologies	2452596	B Tech	6/10/2005	17	42	I GATE
214	Sudip Banerjee	President - Enterprise Solutions, Wipro Technologies	9059398	DIP, B.A	11/2/1983	25	47	HCL Infosystems
215	Sudip Nandy	Chief Strategy Officer, Wipro Technologies	7491913	B.Sc, BE, PGDM	5/28/1983	24	49	First Employment
216	Sudipto Mukherjee	Head - Regional Business Operations, Wipro Infotech	2767012	B.Sc, PGDBM	4/1/2006	10	35	GTL Limited
217	Sujeeth Joseph	Technical Manager, Wipro Technologies	2973030	BE	3/1/1994	15	38	Godrej & Boyce Pvt. Ltd.
218	Suman Das	General Manager, Wipro Infotech	5675256	BE, MBA	4/1/2006	14	40	GTL Limited
219	Sunil Thumma	General Manager, Wipro Technologies	2922910	BE, MTech	7/6/1991	15	39	First Employment
220	Suresh B	Vice - President, Wipro Technologies	3515933	BE, ME	5/22/1989	20	44	First Employment
221	Suresh Vaswani	President, Wipro Infotech	10098120	B Tech, PG Diploma	5/2/1985	22	47	Skefco
222	Suryanarayana Valluri	Vice President - Telecom Service Providers, Wipro Technologies	4498477	BE, PGDBM	3/1/2000	18	42	RPG Cellular Services Ltd.
223	Syamala L	General Manager, Wipro Technologies	2616021	MSc	7/4/1991	15	37	First Employment
224	Tamal Das Gupta	Senior Vice President, Wipro Technologies	6776750	B Com, ACA, CPA	3/1/2000	24	56	Indian Aluminium Co
225	Tapan D Bhat	Vice President - HR, Resourcing & TT, Wipro Infotech	3708269	BE, MBA	11/2/1989	17	41	First Employment
226	Thakur D K	Vice President - Technology Development, Wipro Technologies	2403468	B.Sc, BE	10/7/1985	24	49	ISRO
227	Thandava Murthy T D	Senior Vice President, Wipro Infotech	5434853	BE	7/5/2002	27	52	Compaq

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Sr. No.	Name	Designation	Remuneration (Rs.)	Qualification	Date of Employment (DOJ)	Experience	Age	Last Employment
228	Uday Ramachandran	Group Head, Wipro Technologies	2556077	BE, M.S.	2/2/1998	16	45	AirTouch Cellular
229	Udaya Bhaskar Vemulapati	General Manager - Consulting Practice, Wipro Technologies	2754227	BTech, Ph D	9/6/1999	9	46	Univ Of Cntl Florida
230	Uma Mahesh	General Manager, Wipro Technologies	2417524	BE	5/27/2002	21	43	Vintron Informatics
231	Varsha Anand	Vice President, Wipro Infotech	3246578	BE, MMS	6/6/2000	16	40	3 Com
232	Vasudevan A	Vice President - VLSI/Systems Design, Wipro Technologies	5758221	BE, MTech	3/31/1986	21	45	First Employment
233	Venkataraman K N K	Vice - President, Wipro Technologies	3319221	BE, MTech	7/3/1989	17	40	First Employment
234	Venkatesh H R	Vice President, Wipro Technologies	3814595	BE, PGDM	12/21/1992	21	45	Suri Computers Private Limited
235	Venkatesh V R	Senior Vice President, Wipro Technologies	6065552	B.Sc, M.Sc, MTech,	3/22/1984	23	48	Vikrant
236	Venugopal R	General Manager, Wipro Technologies	2539110	BE	9/20/1988	19	41	First Employment
237	Vijay G K	Vice - President, Wipro Technologies	3739131	BE, MBA	6/8/1995	17	40	First Employment
238	Vijay Gupta	Vice President - Corporate Communication & Brand, Wipro Corporate	3372435	B Tech, PGDM	4/1/1991	22	49	Electronic Components Industries Assn.
239	Vijay K Chavali	General Manager, Wipro Technologies	2428680	BE	4/1/2003	21	43	Indian Communication
240	Vijayakumar I	Vice President - Wireless Business, Wipro Technologies	3821659	B.Sc, BE	7/16/1990	19	42	Indchem
241	Vijayakumar Kabbin	General Manager, Wipro Technologies	2874208	BE	8/21/1987	19	43	Wipro Peripherals
242	Vikas Srivastava	General Manager - Networking, Wipro Infotech	2641482	BE	4/1/2003	18	42	Pertech Computers Lt
243	Vikram Singh	Technical Consultant -Database, Wipro Infotech	2443058	MTech	4/1/2003	8	34	R A Technologies
244	Vinay Stephen Devadatta	Technical Manager, Wipro Technologies	2467487	B Tech, MTech	1/28/2003	15	38	Ericsson India
245	Vinod Kumar T V	General Manager - Solution Delivery, Wipro Technologies	2770565	B.Sc, M.Sc	1/13/1988	22	47	Usha Microprocessors
246	Vishwas Deep	General Manager, Wipro Technologies	2462761	BE, MTech	3/1/1992	15	39	Campus
247	Vishwas Santurkar	Vice - President, Wipro Technologies	3426363	BE	11/6/1991	21	44	Unicad Technologies Pvt Ltd
248	Viswanathan K.S.	Senior Vice President, Wipro Infotech	5551556	M.A, MBA	10/11/2003	25	49	Dell Computersindia
249	Viswanathan R	General Manager, Wipro Technologies	3003868	BE, M.S.	3/6/2000	19	41	AT & T Comn Services
250	Vittal N Vashist	General Manager, Wipro Technologies	3320768	BE, MTech	2/26/2001	16	46	IBM India Ltd
251	Vivek Bhasin	Vice President, Wipro Technologies	4264704	BE, MBA	4/20/1999	17	44	HCL Deluxe
252	Vivek Wandile G	Group Head, Wipro Technologies	2594713	BE, MTech	11/16/1992	17	39	IIT Mumbai
253	Willem Jan De Graaff	Program Manager, Wipro Technologies	4023266	MBA, MS	1/1/2003	14	39	AMS
	PART OF THE YEAR							
254	Sudhendar Hanumantharao	Senior Manager, Wipro Technologies	97084	BE, Ph D	3/14/2007	14	43	Proxis Business Solutions
255	Shirish P Patil	General Manager, Wipro Technologies	250604	MTech, Ph D	3/1/2007	22	54	Ford Motor Co
256	Balachandar Sundararajan	Senior Delivery Manager, Wipro Technologies	309411	BE	2/12/2007	14	37	Infosys Technologies
257	Srinivas Subbarao Cherukumilli	Program Manager, Wipro Technologies	313689	BE, PG Diploma	2/5/2007	8	38	Sonata Software Limited
258	Ravi C Musuku	Program Manager, Wipro Technologies	338963	BE	1/17/2005	14	39	Long View Media
259	Kenny Kesar	Vice - President, Wipro Technologies	614092	BE	12/27/2006	16	39	GE Healthcare
260	Sameer Dania	Head - Telecom Accounts, Wipro Infotech	686211	B.Sc, BE, MBA	12/28/2006	13	38	Nuance Comm Inc
261	Sai Babu	VP-Strategic Sourcing, Wipro BPO	697692	BE	1/4/2007	15	42	WeP Peripherals
262	Bipin Paracha	Practice Head, Wipro Technologies	711220	B Tech, MS	12/11/2006	12	33	Hewlett Packard
263	Suryaprakash K Viswanath	General Manager, Wipro Technologies	872778	BE	12/13/2006	16	42	Infosys Technologies
264	Balamurali Radhakrishnan Bindiganavilae	General Manager, Wipro Technologies	917573	MBA	11/27/2006	14	37	Satyam Computers
265	Harsha Lal	Vice President - Wipro BioMed, Wipro Biomed	919450	B Tech, PGDM	1/8/2007	20	47	Sun Microsystems Inc
266	Satish Ranade	General Manager, Wipro Technologies	1186441	BE	10/30/2006	24	46	Kpit Cummins
267	Sandeep Kumar	Group Head, Wipro Technologies	1300736	BE, MTech	4/1/1998	16	40	First Employment
268	Manoj Parekh	Client Engagement Manager, Wipro Infotech	1303855	BE	8/7/2006	9	40	Xansa India Ltd
269	Gouthaman Parassinikatavu Koramethu	Lead Architect, Wipro Technologies	1311715	B Tech	9/4/2006	17	43	Etisalat
270	Sandeep Bhatnagar	General Manager - Business Operations, Wipro Infotech	1323394	MSc	9/25/2006	18	42	HCL Technologies
271	Ramanujam Komanduri	General Manager, Wipro Technologies	1405935	B.Sc, MBA	10/23/2006	15	38	Sun Microsystems
272	Kanwaljeet Jawanda	Group Head, Wipro Technologies	1470720	BE, MSc	8/28/2006	26	53	Alcatel
273	Anil Samant	General Manager, Wipro Technologies	1635930	PG Diploma	9/25/2006	17	41	Fidelity
274	Bhanuprakash Ranganath Magadi	Senior Consultant, Wipro Technologies	1802423	MSc, BE	8/7/2006	14	45	Aztec Soft
275	Surbhi Sinha	Consultant, Wipro Technologies	1815220	BE	2/27/1995	15	36	Tisco
276	Ravi Dhanpal Kadabi	Practice Head, Wipro Technologies	1954167	BE	6/14/2006	16	42	Philips
277	Umesh Vyas	Vice President-Quality, Wipro BPO	2017645	B Tech	10/4/2006	25	47	Genpact

Particulars of Employees forming part of the Directors' Report for the year ended March 31, 2007
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)	Experience	Age	Last Employment
278	Deepak Rana	Vice - President, Wipro Technologies	2023550	BS, MS, Ph D,	10/2/2006	21	46	Eyris Global
279	Sunil Bhargava	Vice president - Operations, Wipro BPO	2109652	BE, PGDBM,	8/17/2006	16	42	Tata Teleservices
280	Kuldeep Razdan	General Manager, Wipro Technologies	2148925	B Tech, MBA	4/26/2006	27	51	Sutherland Global
281	Narasimham R V	General Manager, Wipro Technologies	268263	BE, M.S.	3/1/1999	12	37	Deloitte & Touche
282	Ganesh V	National Manager - Business Finance, Wipro Technologies	255777	B Com, CS, ICWA,	4/1/2003	17	41	Titan Industries
283	Akash Jain	General Manager, Wipro Technologies	1094838	BE	2/1/2006	1	41	MPACT Technology Services
284	Balakrishnan V	Senior Vice President, Wipro Technologies	1175106	B Com, CS, ICWA	10/1/2000	22	47	Larsen & Toubro Ltd
285	Sunil P Rangreji	General Manager - Global IT Infrastructure, Wipro Technologies	1102851	BE	1/16/1995	19	41	Network Solutions
286	Sumit Ray	Group Head, Wipro Technologies	740854	BE, MTech	1/30/2003	22	46	Ericsson India
287	Harish Shah	Vice President & Corporate Controller, Wipro Technologies	1082358	B Com, ICWA	2/18/1991	29	49	National Textile Corporation (M N Ltd.)
288	Rema Kandaramath	General Manager, Wipro Technologies	2387647	B.Sc, MSc,	2/1/2006	25	50	Isc
289	Rajaram S Kanyamadugu	General Manager, Wipro Technologies	1071066	BE	10/3/2000	20	43	Mantra Broadband Ltd
290	Suresh S	Group Head, Wipro Technologies	1011609	BTech, ME	3/9/1998	19	42	
291	Ravishankar K	Technical Manager, Wipro Technologies	1277957	BE, ME	2/6/1995	13	38	
292	Tony Raviraj Ponniah	Practice Head, Wipro Technologies	1502070	AMIE, Ph D	9/1/2003	17	43	DSL Software
293	Arup Dutta	General Manager, Wipro Technologies	209120	B.Sc, LLB	8/28/2006	16	40	IGATE Global Solutions
294	Selvam P	Lead Consultant, Wipro Technologies	1104343	BE	10/14/1985	21	43	
295	Ramamalini Govindharajan	Vice - President, Wipro Technologies	1768940	PGD, B Tech	4/22/2002	22	46	Satyam Computers
296	Atul Mathur	Principal Consultant, Wipro Technologies	631421	BE	8/7/2006	12	33	GE Consumer Finance
297	Satyanarayana Srinivas	Principal Consultant, Wipro Technologies	336743	M.S., BE	9/11/2006	16	40	Accenture Services
298	Vinaya Chandran S	General Manager, Wipro Technologies	1393423	BE, PGDM	5/17/1993	15	40	
299	Sudhir Jha	General Manager, Wipro Technologies	2091578	PGDM	4/29/2002	16	39	Price Waterhouse Coopers
300	Subodh Sarangi	General Manager, Wipro Technologies	1926060	BE, M.S.	10/1/2000	18	39	
301	Anil Jalali	MANAGER - TALENT ENGAGEMENT & DEVELOPMENT, Wipro Technologies	1867012	BE, PGDBM	12/11/2000	11	36	Reliance Infocom
302	Shirish Kanetkar	General Manager - Business Operations, Wipro Infotech	4168931	Diploma, B.Sc, B.Sc.(Hons.)	4/1/2003	17	46	Cisco
303	Krishnaswamy Rajagopal	Principal Consultant, Wipro Technologies	3086877	B.Sc, Others	2/10/2005	36	57	Metlife
304	Narayan Bharadwaj	Senior Consultant, Wipro Technologies	2900121	B Com, C A,	12/5/2005	13	36	GE Money India
305	Saxena R L	Vice President, Wipro BPO	3659823	BE, MBA	9/4/2002	20	50	Hindustan Times
306	Padmini Mishra	VP - Training, Wipro BPO	4394733	Certified Faculty for Hospitality Education and Administration (AH & MA, USA); Master Practitioner - Neurolinguistic Programming (USA); Diploma in Hotel Management	9/11/2000	20	45	Gecis

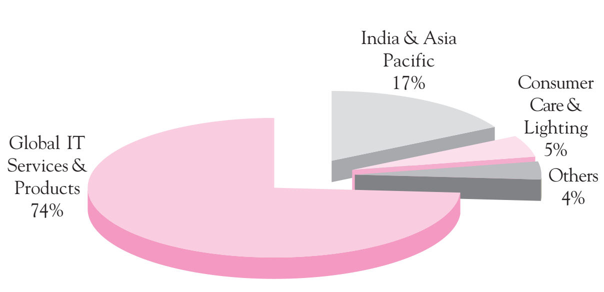
Notes :
1. Remuneration comprises of salary, commission, allowance, medical, perquisites and Company's contribution to PF and Superannuation Funds.
2. None of the employees listed is a relative of any director.
3. The nature of employment is contractual in all the above cases.
4. In terms of the Notification dated March 24, 2004 issued by the then Department of Company Affairs, employees posted and working in a country outside India, not being directors or their relatives, has not been icnluded in the above statement.
5. The USD to INR conversion rate used is Rs.43.10 per US Dollar.
6. None of the employees holds 2% or more of the paid up equity share capital of the Company except the Chairman.

Management's Discussion and Analysis of Financial Condition and Results of Operation

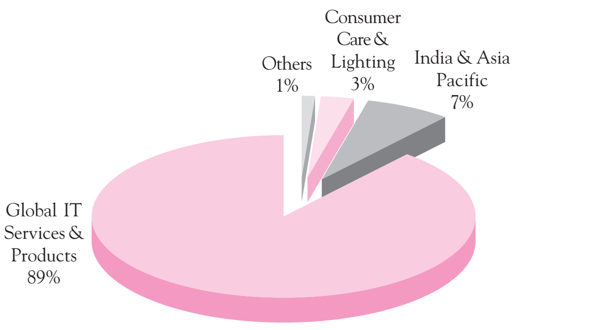
I Segment-wise performance

Graph 1: Segment-wise contributions in 2006-07

Segment-wise contribution to Revenue



Segment-wise contribution to EBIT



We are a leading India based IT and BPO service provider to companies across the globe. We are also a leading IT services provider in the Indian markets. A substantial portion of our revenues and profits are derived from these businesses.

We began our Information Technology (IT) business in 1980. Prior to this, we commenced operations in 1946 as a Vanaspati manufacturer. Vanaspati product line seeded our Consumer Care and Lighting business segment by providing us with an extensive retail distribution reach. Today our Consumer Care and Lighting business with 36% annual revenue growth is among the fastest growing businesses in this industry segment.

Our first horizontal expansion was into Hydraulics engineering in 1975. Today we are the second largest third party manufacturer of hydraulics cylinders globally. The results of this business are reported under 'Others' Segment.

Over the last six decades, we have emerged as a multi-business entity with leadership position in every business we are in.

In the subsequent sections of this report, the industry structure and developments, opportunities and threats, and risks and concerns, we will report for each of our business Segment separately.

II Industry structure and developments

Information Technology (IT) services industry

Technology, especially information technology has transformed business by creating productivity gains and new business models in the last two decades. This has resulted in the increased importance of IT to the success of companies worldwide. The ability to design, develop, implement, and maintain advanced technology platforms and solutions to address business and customer needs has become a competitive advantage and a priority for corporations worldwide.

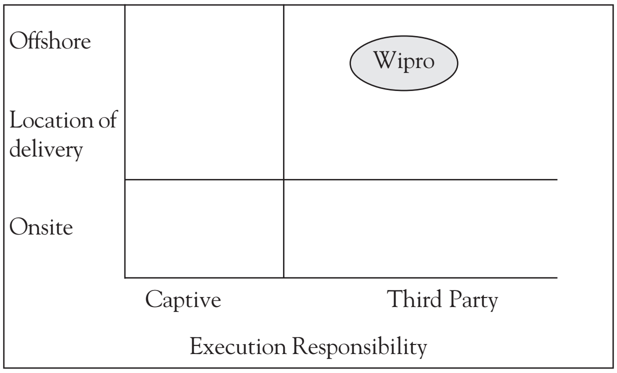
We find that companies are now focused on moving data residing in disparate IT systems to the decision makers within the company in real-time and in a seamless manner. Companies have recognized the transformational capabilities of real-time data and have started integrating IT processes with core business activities, with their clients and with their suppliers. Concurrently, the prevalence of multiple technology platforms and a greater emphasis on network security and redundancy have increased the complexity and cost of IT systems, and have resulted in greater technology-related risks.

The need for more dynamic technology solutions and the increased complexity, cost and risk associated with these technology platforms has created a growing need for specialists with experience in leveraging technology to help drive business strategy.

IT Services market structure

IT Services market can be segmented based on execution responsibility into Outsourced Services and Captive Units providing IT Services. Independent service providers provide Outsourced services, undertaking delivery responsibility for a price. The trend towards Outsourced services continues. Outsourced services grew at 7.3% in fiscal 2006, compared to 5.9% growth in IT services.

Figure 1: Classification of IT Services



Considering the location from where service is provided, the market can be classified into Onsite services and Off-shore services. Offshore locations leverage their strengths in availability of skilled talent and technology infrastructure to provide cost effective services leveraging the telecom infrastructure.

India has been and remains the most favoured offshore location for Technology Services. AT Kearny in their Global Services Location Index 2007, ranked India at the top, ahead of China, Czech Republic and Philippines for offshore IT services.

NASSCOM segments Indian IT Services market into five categories. Tier 1 companies, Tier 2 companies, Offshore Global

Service Companies, Multinational Captive Units and Emerging companies. The contribution of these five segments to the Indian IT/ES and BPO market is tabulated below :

Table 1: Segment wise break up of Indian IT/ES and BPO market for the year 2006-07

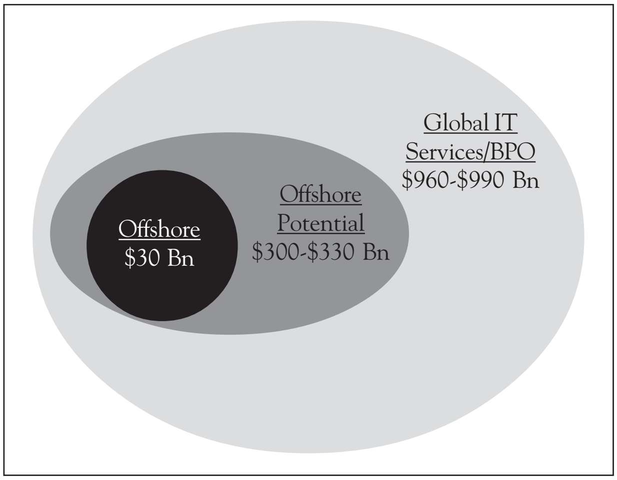
Category	% of IT/ES	% of BPO
Tier 1 Players	45-48%	5-8%
Tier 2 Players	20-25%	4-5%
Offshore Global Service Providers	15%	12-15%
MNC Captives	2-3%	45-50%
Emerging Companies	15%	8%

Source: Nasscom Strategic Review 2007

IT Services market size

The size of global IT and related services market exceeded 1.5 trillion US dollars in 2006. NASSCOM's strategic review 2007, estimates this market to grow to 2.1 trillion US dollars by 2010, a compounded growth rate of 7% at around twice the current global GDP growth rates.

Graph 2: Global IT Services/BPO market for the year.



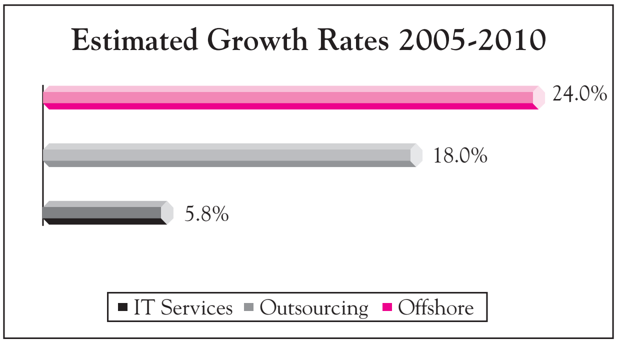
Source: Mckinsey-Nasscom report 2005

IT services

Worldwide spend on IT services was 470 billion US dollars in fiscal 2006, a growth of 5.9% over fiscal 2005. Outsourced Services accounted for 36% of this spend. By 2010, Indian IT-BPO exports are expected to grow to USD 60 billion.

Significant growth in IT Services market is contributed by Offshore locations, of which India is dominant.

Graph 3: Growth rate of different segments in IT Services market



Source: Nasscom Strategic Review 2007

R&D and product engineering services

Global R&D and engineering spends in 2006 is estimated at 783 billion US dollars. Engineering spends are projected to grow across sectors, with worldwide aggregate estimated to grow to about USD 1.1 trillion by 2020.

BPO services

Global BPO spend in 2006 is estimated at 422 billion US dollars, growing at 10%. The offshore component of worldwide IT-BPO market is estimated at 42 billion US dollar.

Indian IT products market

In our Indian, Middle East and Asia Pacific IT Services and Products segment (Wipro Infotech), we manufacture Personal Computers (PCs) and laptop computers. The market for Desktops grew 21% to 4 million units in 2006, while that for laptops grew 167% to 0.6 million units.

We also sell servers and other high-end products as part of the solutions that we configure for our customers. Some of these products are manufactured by us while the rest are sourced from our partners.

Wipro Desktops ranked second in the Desktop Vendor Ranking - CSA (Customer Satisfaction Audit) 2007, a DQ-IDC survey of 584 large enterprise CIO's, January 2007.

Wipro Infotech is also the leading strategic IT partner for companies across the regions - offering integrated IT solutions. We plan, deploy, sustain and maintain customers' IT lifecycle through our total outsourcing, consulting services, business solutions and professional services. India has a strong and vibrant market for IT products.

Consumer care and Lighting

Wipro Consumer Care and Lighting has a profitable presence in the branded retail market of toilet soaps, hair care soaps, baby care products and lighting products. It is also a leader in institutional lighting in specified segments like software, pharma and retail.

We have been one of the fastest growing FMCG companies as reflected by the organizational performance in the last three years. We have grown both organically and through acquisitions.

Our growth has been lead by growth in toilet soaps (led by Santoor), domestic and institutional lighting and our recent foray into modular furniture. We have also gained from new launches in fabric wash (Wipro Safewash) and the wellness segment (Wipro Sanjeevini - honey and Isabgol).

In India, the growth rates of the segments we operate in have averaged around 14%, while we have grown at twice the market growth rates in the last three years.

Our Lighting business has also seen a surge in domestic lighting in Fluorescent tubular lamps and Compact Fluorescent Lamps (CFL) segment. The institutional lighting business is a clear leader in a variety of segments like software, pharma and retail besides having significant success in outdoor lighting and energy saving lighting devices.

Our strengths are in manufacturing efficiencies, which are comparable to the Global Best-In-Class, Use of Six-Sigma tools to constantly understand and improve business processes, and Strong business and managerial practices.

Others

In the 'Others' segment, Wipro Infrastructure Engineering (WIN) is the key business. We sell hydraulic cylinders and truck tipping systems that are used in variety of earth moving, material handling, mining and construction equipments.

India, in the recent years, is witnessing significantly higher investments in infrastructure activities. This has contributed to WIN growing revenue organically at CAGR of 39% over the last 3 years.

III Opportunities and threats

Global IT services and products

Global companies are increasingly turning to offshore technology service providers to meet their need for high quality, cost competitive technology solutions.

Technology companies are increasingly outsourcing their software development and research activities to reduce the cycle time for introducing new products and services. These companies are now outsourcing a larger portion of their IT activities, including core software research and development activities, to offshore locations to access skilled resources at lower costs.

We believe that India is a premier destination for outsourcing IT services. According to NASSCOM's strategic review 2007, the Indian IT-BPO sector would achieve USD 60 billion in export revenues by FY 2010. Key factors supporting this projection are the growing impact of technology led innovation, the increasing demand for global sourcing and gradually evolving socio-political attitudes.

We believe our strong brand, our robust quality process and our access to skilled talent base at lower costs of providing services places us in a unique position to take advantage of the trend towards outsourcing IT services.

We have the most comprehensive service range amongst all IT service providers in India. We are the pioneers in quality journey, being amongst the first globally to be certified at level 5 of CMMI Ver.1.2 including for our onsite development centers.

Intense competition for the limited 'quality' talent and skilled professionals required to perform the services we offer is a significant threat, looking ahead.

Ability to attract and retain skilled professionals in the face of increasing demand for these resources, coupled with wage increases locally may affect our existing cost structure and impact our growth prospects.

We manage mission critical IT infrastructure/applications and therefore maintaining stable communication links with our clients is imperative. Breakdown in telecommunication links, geo-political disturbances or natural disaster could temporarily impact our ability to service customers. This could adversely affect the customer decision to procure IT services from India or increase the nature and scope of services sourced from India.

These risks are broadly country risks. At an organizational level, we have a well-defined business contingency plan and disaster recovery plan to address these unforeseen events and minimize the impact on services delivered from our development centers based in India or abroad.

Indian IT Services

For the last several years, India has achieved healthy economic growth rates in the range 7.5-8%. The growth has been contributed by robust services sector performance as well as cyclically strong manufacturing output. Increased revenue and profitability growth has created opportunities for companies to invest in IT infrastructure and related services. Some sectors such as Telecom service providers, Banking, Retail and IT/ITES require significantly higher per capita IT investment, which has further enhanced the acceleration in the market for these services and products.

Similarly, the customers in Middle East, where IT investments hitherto were in the nascent stage, have increasingly stepped up their spend on harnessing higher automation and digitization.

As the leading system integration company we are uniquely positioned to benefit from the enhanced traction in the market place. More than 25 years of experience in the domestic IT market, quality processes, scalable resourcing engine and best-in-class technical knowledge create for us a unique differentiation in the industry.

Our track record of selling and servicing high-end IT products give us an additional edge in undertaking setting up of Greenfield IT infrastructure and then maintaining it over its life-cycle.

Going forward, the key risk in our products business is in our partners directly accessing the customers, if our value add in the distribution chain gets diluted.

In the services segment, the key risk is the inability to source right-skilled employee and retaining them. Aggressive Indian expansion plans of global players could also impact our ability to grow at present pace and maintain our profitability.

Consumer care and lighting

We are among the top 5 companies in India as regards Pan-India Sales and Distribution Infrastructure, which allows us to effectively penetrate our target markets.

We have constantly expanded our brand portfolio by entering newer categories. We have successfully built brands both organically and through acquisition. Each brand in our Brand basket has a distinctive positioning, catered to and addressing a specific consumer need.

India has been going through a virtuous cycle over the past several years in which increased consumer urban per-capita income and aspiration levels/standard of living have among other things, led to increased propensity to consumer spends. Any slowdown in economic growth rates or saturation of urban demand coupled with a volatile monsoon could hamper our ability to grow and maintain profitability.

Others

One of the biggest beneficiaries of the current uptrend in the Indian economy has been the physical infrastructure sector. Increased focus by the Government to invest and rectify inadequate roads, railways and other physical infrastructure has led to higher planned spends on these fronts. We, as one of the largest player in this segment are well positioned to take advantage of the growth driven by infrastructure spends.

Through our acquisition of Hydrauto in Sweden, we are also well placed to participate in the increased refresh spending on infrastructure in Europe and adjoining regions.

While we believe the secular trend of increased spending on infrastructure in India is well in place, any slowdown in Indian economic growth rates or slowdown due to excess supply of commercial or residential real estate could indirectly translate in to lower growth for our customers and in turn reduce our growth prospects.

IV Outlook

During the financial year ending March 2007, we grew our Revenues by 41% to Rs. 149,982 million and Profit After Tax (PAT) by Rs. 42% to Rs. 29,421 million. Over the last decade, we have grown our Revenues at the Compounded Annual Growth Rate (CAGR) of 25% and PAT at the CAGR of 46%.

We have followed a practice of providing only revenue guidance for our largest business segment, namely, Global IT Services and Products. The guidance is provided at the release of every quarterly earnings when detailed Revenue outlook for the succeeding quarter is shared. Over the years, the Company has consistently exceeded its quarterly Revenue guidance.

Along with our Annual result announcement, on April 20, 2007, we provided our most recent quarterly guidance. Revenue from our Global IT Services and Products business segment for the quarter ending June 30, 2007 is likely to around $711 million.

On a more generic note, given the current economic and industry environment, prospects in all our business segments look attractive and we look forward to 2007-08 and beyond with sustained excitement.

V Risks and Concerns

These have been discussed in detail in the Risk management report in this annual report and in our various filings with Securities and Exchange Commission, USA.

VI Internal Control systems and their adequacy

We have presence in locations spread across multiple countries with a large number of employees, suppliers and other partners collaborating to provide solutions to our customer needs. Robust internal controls and scalable processes are imperative to manage global scale of operations.

Our listing on the New York Stock Exchange (NYSE) provided us with an opportunity this year to get our independent auditors assess and certify our internal controls primarily in the areas impacting financial reporting. For the companies listed in the United States of America, the Public Company Accounting Reform and Investor Protection Act of 2002, more popularly known as the Sarbanes–Oxley Act requires:

(1) Management to establish, maintain, assess and report on effectiveness of internal controls over financial reporting and;

(2) Independent auditors to attest the management's report and opine on effectiveness of internal controls over financial reporting.

We adopted the COSO framework (Framework suggested by Company of Sponsoring Trade way Organization) for evaluating internal controls. COSO identifies five layers of internal controls, namely, Control Environment, Risk Assessment, Control Activity, Information and Communication and Monitoring. Information Technology controls were documented, assessed and tested under the COBIT framework. Segregation of duties conflicts in the IT application systems was resolved across the corporation.

The entire evaluation of internal controls was carried out by a central team reporting into the Chief Financial Officer.

We have obtained a clean and unqualified report from our independent auditors on the effectiveness of our internal controls. The report is included in page 50.

VII Discussion on financial performance with respect to operational performance

1. Authorised share capital

The Company has an authorized share capital of Rs. 3,550 million comprising 1,650 million equity shares of Rs. 2/- each and 25 million 10.25% redeemable cumulative preference shares of Rs. 10/- each as of March 31, 2007.

2. Paid up share capital

The Company has a paid up capital of Rs. 2,918 million, an increase of Rs. 66 million during this year.

3. Equity Shares

The Company has instituted various Employee Stock Option Plans (ESOP). These options vest with the employees over a specified period subject to employee fulfilling certain conditions. Upon vesting, the employees are eligible to apply and secure allotment of the Company's equity shares at a price determined on the date of grant of options. During the year, 33 million shares were allotted on exercise of the options under various Employee Stock Option Plans instituted by the Company.

4. Reserves and Surplus

A . *Securities premium account*

Addition to securities premium account comprises of premium received on exercise of stock options, amounting to Rs. 10,152 million.

B. *Restricted Stock Units*

The Company has granted total 13 million (including 3 million shares during this fiscal year) restricted stock units under the Wipro Restricted Stock Unit Plan, 2004, 4 million restricted stock units under the Wipro Restricted Stock Unit Plan, 2005 and 3 million (including 1 million shares during this fiscal year) restricted stock units under the Wipro ADS Restricted Stock Unit Plan, 2004.

During the year ended March 31, 2007 the Company has charged to profit and loss account Rs. 1,078 million of deferred compensation cost as employee compensation. The cumulative charge to profit and loss account would be treated as share premium on allotment of shares.

5. Secured Loans

Secured loans have increased by Rs. 1,038 million. The increase is primarily due to inclusion of secured loans of the entities acquired during the year.

6. Unsecured Loans

The Company utilizes financing facilities under multiple banking arrangements for effective cash management.

7. Fixed Assets

A. *Goodwill on consolidation*

The excess of consideration paid over the book value of assets acquired has been recognized as goodwill in accordance with Accounting Standard 21 on 'Consolidated Financial Statements'. Goodwill arising on account of acquisition of subsidiaries and affiliates is not being amortized but is reviewed periodically for impairment. If the carrying value of the goodwill exceeds its fair value, goodwill is considered to be impaired and the impairment is charged to the income statement for the year.

Goodwill has increased by Rs. 5,949 million during the year mainly arising from acquisitions in Global IT Services and Products and India & AsiaPac IT Services & Products segment.

B. *Additions to Fixed Assets*

During the year, the Company invested Rs. 16,684 million on Fixed Assets. The unit-wise spends are outlined below :

(Rs. in million)

Business Unit	2007
IT Services	11,297
BPO Services	385
Global IT Services & Products	**11,682**
India & Asia Pac IT Services & Products	305
Consumer Care & Lighting	1,776
Others	2,921
	16,684

C. *Depreciation*

The Company has provided depreciation either at the rates specified in Schedule XIV of the Companies Act, 1956, or at commercial rates which are higher than the rates specified in Schedule XIV. Depreciation as a percentage of sales remained at 3% in fiscal year 2007.

8. Investments

Purchase of Investments during the year

Surplus cash generated by operations are invested in short term mutual fund units. The internal investment norms restrict investments to only those mutual funds which have corpus in excess of a specific threshold and the investment is limited to 10% of the corpus of the fund. Investments in units of liquid mutual funds have increased from Rs 29,814 million in fiscal 2006 to Rs. 31,839 million in fiscal 2007.

9. Inventories

Inventories mainly comprise computers, upgrades and spares of India and AsiaPac IT Services and Products and raw material and finished stocks of Wipro Consumer Care & Lighting and Wipro Infrastructure Engineering (WIN). Inventories have increased from Rs. 2,065 million as on March 31, 2006 to Rs. 4,150 million as on March 31, 2007.

Inventory of India and AsiaPac IT Services increased by Rs. 769 million, primarily due to inventory procured towards the end of the year for delivery against specific pending orders. Inventory in Wipro Infrastructure Engineering Limited increased by Rs. 1,084 million mainly due to inclusion of Rs. 853 million of inventories of Hydrauto, the entity acquired in November 2006.

10. Sundry Debtors

Sundry Debtors (net of provision) for the current year is at Rs. 29,391 million against 21,272 million in the previous year. Segment-wise break-up of sundry debtors is outlined below :

(Rs. in million)

Business Unit	2007	2006	Increase (%)
Global IT Services and Products	21,488	15,956	35%
India and AsiaPac IT Services and Products	5,958	4,029	48%
Consumer Care and Lighting	723	564	28%
Others	1,222	723	69%
Total	**29,391**	**21,272**	**38%**

In Global IT Services and Products, revenues for the quarter ended March, 31, 2007 have increased by 32% over the revenues for the corresponding quarter in the previous year. Sundry debtors represent 69 days of sales against 65 days in previous year.

In India and AsiaPac IT Services and Products, sundry debtors have increased primarily due to 38% increase in revenues for the quarter ended March 31, 2007 over corresponding quarter in the previous year and increase in days of sales outstanding from 64 days in fiscal 2006 to 74 days in fiscal 2007.

In Consumer Care and Lighting, sundry debtors have increased primarily due to 37% increase in revenues during the quarter ended March 31, 2007 over corresponding quarter in previous year.

Provision for doubtful debts has increased from Rs 1,116 million to Rs. 1,245 million in fiscal 2007.

11. Cash and Bank Balances

Cash and bank balances have increased from Rs. 8,858 million to Rs. 19,822 million, an increase by Rs. 10,964 million. Cash and bank balances include Rs. 7,278 million in a designated bank account for payment of interim dividend.

12. Loans and advances

(Rs. in million)

Particulars	2007	2006	Increase (%)
Advances recoverable	4,091	3,258	26%
Unbilled revenue	5,096	4,336	18%
Others	7,200	5,224	38%
Total	**16,387**	**12,818**	**28%**

- Increase in 'advances recoverable in cash or in kind' is primarily due to increase in prepaid expenses by Rs. 255 million, increase in advance to suppliers by Rs. 278 million and increase in employee advances by Rs. 131 million.
- Unbilled revenue has increased on account of increase in revenues from Fixed Price Projects in IT Services and 32% increase in revenues from BPO services where certain customers are billed after the end of the month.
- Increase of Rs. 1,976 million in 'Others' is mainly due to Rs. 387 million of payment of advance tax, Rs. 106 million of deposits for land, Rs. 500 million of deposits with financial institutions and Rs. 107 million of advances recorded in acquisitions.

13. Current Liabilities and Provisions

A. *Current Liabilities*

(Rs. in million)

Particulars	2007	2006	Increase (%)
Sundry Creditors	7,060	4,146	70%
Advances from customers	1,369	969	41%
Unearned revenues	1,761	601	-
Other Liabilities	16,239	12,811	27%
Unpaid interim dividends	7,238	-	-
Total	**33,667**	**18,527**	**82%**

Sundry Creditors represent the amount payable to vendors for supply of goods and services. Increase in Global IT Services and Products by Rs. 1,010 million was primarily on account of acquisitions - Rs. 111 million and purchase of capital items for new facilities and software to be used for various software projects - Rs. 899 million.

Sundry creditors of India & AsiaPac IT Services & Products, Consumer Care and Lighting and WIN have increased by Rs. 397 million, Rs. 364 million and Rs. 309 million respectively.

Advances from customers increased in India and AsiaPac IT Services and Products by Rs. 400 million mainly due to advances received against new orders.

Other liabilities comprise of amounts due for operational expenses. Other liabilities have increased by Rs. 3,428 million from Rs. 12,811 million to Rs. 16,239 million. Other liabilities of Global IT Services and Products have increased by Rs. 2,244 million in fiscal 2007. The increase in other liabilities is mainly towards subcontracting expenses, pass through costs, administrative expenses, withholding taxes, incentives, quarterly linked performance bonus, onsite reimbursements etc. This increase is in line with increase in employee base, infrastructure and business.

Unpaid dividend of Rs. 7,278 million is reported under current liabilities.

B. Provisions

(Rs. in million)

Particulars	**2007**	**2006**	**Increase %**
Employee retirement benefits	2,118	1,395	52
Warranty provision	831	719	16
Provision for tax	3,106	2,445	27
Proposed Dividend	1,459	7,129	-
Tax on proposed dividend	519	1,000	-
Total	**8,033**	**12,688**	-

- Provisions of Rs. 2,118 million for employee retirement benefit represent Company's liability towards employee leave encashment and gratuity. The Company provides a contribution defined pension scheme for senior officers of the Company. The contribution is funded into a pension scheme.
- Warranty provision increased by Rs. 112 million primarily in India & AsiaPac Services and Products, in line with the growth in revenues.
- For fiscal 2007, the Directors of the Company have proposed a cash dividend of Rs. 1/- per share on equity shares. Provisions include Rs. 1,459 million towards proposed dividend and Rs. 519 million towards tax payable on distribution of dividends.

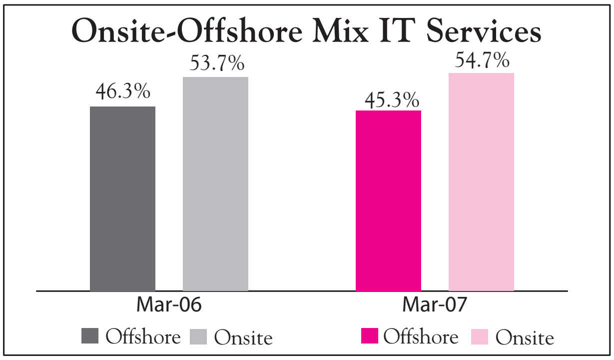
Revenue

Global IT Services and Products segment

Our Global IT Services and Products Segment Revenue was Rs. 110,945 million. Rs. 101,554 million was from IT Services and the balance Rs. 9,391 million from BPO Services.

We generated Rs. 97,420 million or 95.9% of IT Services revenue, from services provided by our employees to our customers. Of this, we realized 54.7% of revenue from work done in locations outside India ("Onsite") and remaining 45.3% of revenue was realized from the work performed from our development centers in India ("Offshore").

Graph 4: Onsite-Offshore mix



Increase in work performed Onsite increased primarily on account of our business acquisitions completed during the current year, that had significantly higher proportion of Onsite Revenues as compared to Wipro.

Remaining IT Services Revenues of Rs. 4,134 million or 4.1% were generated by selling Intellectual Property Products and niche services performed by our partners as part of larger Wipro engagement.

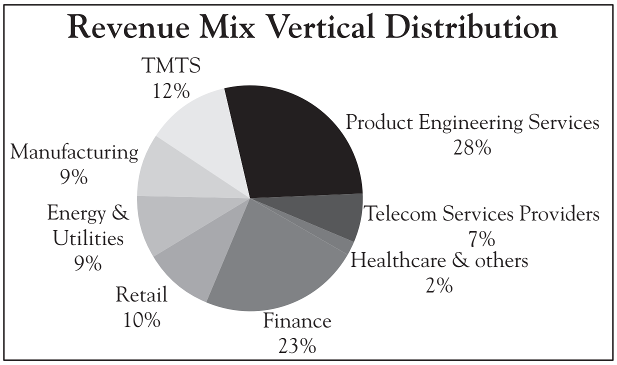
Approximately 22.3% of our IT Services Revenues were from Fixed Priced Projects ("FPP"). In FPP, we undertake to complete project within agreed timeline for a given scope of work. The economic gains or losses realized from completing the project earlier or later than initially projected timelines accrues to us. Percentage of FPP in the previous year was lower at 21%.

Revenues in our BPO services have different commercial terms. The predominant commercial term was 'per seat or per agent' basis or 'per transaction' basis.

In early 2005, we had announced a strategic shift in BPO business by focusing on more transaction-based work, in preference to voice-based work. Our strategy was based on reducing the proportion of work facing lower entry-barrier and increased threat of commoditization.

We are happy to report that we have made significant progress in this strategic shift. Our Revenue generated from transaction-based services has nearly doubled since we embarked on the initiatives and Revenue share from out-bound voice-based call center work is close to negligible.

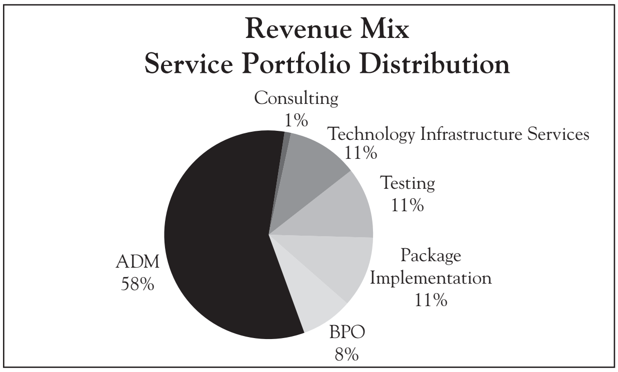
Graph 5



In the current year, 43% of our Global IT Services & Products Revenues is derived from our Enterprise Solutions Business an increase of 1% over the previous year, 34% from Technology Business a reduction of 3% over the previous year and 23% of Revenues from Financial Solutions Business an increase of 2% over the previous year.

Our Technology Business provides product engineering services to product companies across the globe. It also provides enterprise IT services offering to Telecom Service Providers industry. Our Financial Solutions Business provides IT services to customers in Financial Services industry - namely, Banking, Securities and Insurance. Our Enterprise Solutions Business serves customers in all the other industry segments, principal being Retail, Manufacturing, Energy & Utilities, Technology, Media, Transportation (TMTS) and Healthcare Services.

Graph 6



We continued to expand and grow our Services portfolio. For the current financial year, we derived 11% of Revenues from Technology Infrastructure Services an increase of 3% from previous year, 11% from Testing Services an increase of 2% from previous year, 11% from Package Implementation Services at the same level as previous year, 8% from BPO a reduction of 2% from the previous year, 58% from Application Development & Maintenance (ADM) a reduction of 3% over the previous year and 1% Consulting Services, which was at the same level in the previous year.

Growth in BPO Services was lower than the company average due to the planned strategic shift initiated in that business.

Based on geographical destination, 64% of our revenue came from the Americas an increase of 1% over the previous year, 31% from Europe a reduction of 1% over the previous year. Revenue from Japan at 3% was a reduction of 1% over the previous year. Rest of the World contributed 2% of revenue, an increase of 1% over the previous year.

Revenue from Europe grew ahead of the company average.

The contribution of our top customer and top 5 customers was at the same level as in the previous year. Our top customer contributed 3% of revenue, top 5 customers 14% of revenue and the top 10 customers accounted for 25% of the revenue.

Revenue contributed by the customers added during the year was at 3%. This compared with 4% during the previous year.

Indian IT Services and Products segment

During the current year we grew our Indian IT Services and Products segment Revenues by 46%.

Growth was across the board. Revenue from Wipro Personal Computers was 52% higher than in the previous year, Enterprise Products grew 35% and our Services grew 37%. We created strong foundation in key accounts with 41% growth.

We were identified by IDC as Number 2 IT Services company in India. Magazine 'Voice & Data' identified us as the 'Largest System Integrator' based in India.

Consumer Care and Lighting segment

Revenues of our Consumer Care & Lighting segment grew by 36% in the current year over the previous year.

Our revenue CAGR during last 3 years in this business has been 31%, nearly twice that of industry growth rate. Our flagship brand 'Santoor' is now India's 3rd largest soap brand by value.

Others segment

In this segment, Wipro Infrastructure Engineering (WIN) is the largest contributor. Revenues from WIN grew 148% during the current year over the previous year.

During the year, we acquired Sweden-based Hydrauto Group AB ("Hydrauto"), a leading provider of Hydraulic components and solutions in Europe. Hydrauto is a Tier 1 supplier to OEMs of Material Handling Equipment, Forestry Equipment, Construction and Earth Moving Machinery amongst others. Excluding this acquisition, we grew by 47% during the year.

Acquisitions

Details of the acquisitions made by your company during the year ended March 31 2007 and 2006 are as follows:

Sr. No.	Acquired entity	Acquired during	Nature of business
Global IT Services & Products			
1	Quantech Global Services LLC and Quantech Global Services (Quantech)	Jul 06	Engaged in Computer Aided Design and Engineering services
2	Saraware Oy	Jun 06	Engaged in providing design and engineering services to telecom companies
3	RetailBox BV and subsidiaries (Enabler)	Jun 06	Leading specialist in the development, implementation and support of IS systems for retail industry
4	cMango Inc and subsidiaries (cMango)	Apr 06	Engaged in providing business management service solutions
5	mPower Software Services Inc. and its subsidiaries	Dec 05	Engaged in providing IT services in payments service sector
6	BVPENTE Beteiligungsverwaltung GmbH and its subsidiaries (New Logic)	Dec 05	Engaged in semiconductor Intellectual Property (IP) cores and complete system on chip solutions with digital, analog mixed signal and Radio Frequency (RF) design services
India & AsiaPac IT Services and Products			
7	India, Middle East and SAARC operations of 3D Networks and Planet PSG	Nov 06	Engaged in the business of communication solutions that include consulting voice, data and converged solutions and managed services
Consumer Care & Lighting			
8	Trademark/brand "North-West" and assets of North-West Switchgear Limited	May 06	The Company acquired a substantial portion of the business and brand of North West Switchgear Limited, a manufacturer and distributor of switches, sockets and miniature circuit breakers
Others			
9	Hydrauto Group AB (Hydrauto)	Nov 06	Engaged in production, marketing and development of customised hydraulic cylinders solution for mobile applications.

Costs

Global IT Services and Products segment

In our Global IT Services & Products Business Segment, manpower cost accounts for approximately 52% of the Revenues. Other major costs included Sub-contracted manpower cost, depreciation and employee-travel cost, each accounting for about 4% of the Revenues.

The operational drivers for these costs are Utilization of employees, Onsite: Offshore composition and the composition of experience profile of employees called 'Bulge-mix'.

During the current year gross Utilization was 64% compared to 65% an year ago. Our Offshore mix decreased from 46% in the previous year to 45% in the current year. As of March 31, 2007 approximately 45% of our employees had less than 3 years of work-experience, as compared to 41% as of March 31, 2006.

Indian IT Services and Product segment

In our India and Asia-Pac Service and Products segment, material cost as a percentage of revenue was at approximately 66%, employee cost constituted approximately 16% and Sub-contracted manpower cost constitutes approximately 1%.

Consumer Care and Lighting segment

In our Consumer Care & Lighting segment, the largest cost is material and manufacturing cost, accounting for 60% of the Revenues. Other key costs include advertising and sales promotion at 9% of Revenues and manpower cost at 6% of the Revenues.

Others segment

In this segment WIN is the largest component. For WIN the largest cost component is raw materials, accounting for approximately 54% of the Revenues, Material and manufacturing cost taken together accounts for 59% of the Revenues. Other key costs include manpower cost at 14% of Revenues and cost of sub-contracted processes at 6% of the Revenues.

Margins

Global IT Services and Products segment

The gross margin was 34% for the current year, a drop of 0.5% from the previous year. The gross margins declined primarily due to lower utilization of IT professionals, compensation increase to offshore and onsite resources and acquisitions consummated in the last 15 months which had lower gross margins.

At the Operating Margin (Profit before interest and tax) level the margins declined by 0.3% in the current year to 24.3%.

Indian IT Services and Products segment

In this segment our gross margins for the current year was 22.4% an increase of 0.2% compared to the earlier year. This increase was primarily due to increase in gross margins from services partially offset by decline in gross margins from products. Operating Margins during the year were at 8.6%, the same level as in the previous year. .

Consumer Care and Lighting segment

Our gross margin for this year was at 35.1% for this segment compared to 37.2% in the previous year. The decrease was on account of change in product mix and increase in proportion of revenues from product lines which have lower gross margins. Operating Margins for the current year was at 12% lower by 1% compared to the previous year.

Others segment

Operating Margins of our Wipro Infrastructure Engineering business for the current year was 8% a drop of 6% compared to the previous year. This reduction in margins was primarily due to lower margins in Hydrauto, the business we acquired in November 2006.

VIII Liquidity and interest rate risk

As of March 31, 2007, we had cash and bank balances of Rs. 12,544 million, investments in liquid and short-term mutual funds of Rs.31,839 million and unused lines of credit of approximately Rs. 3,204 million, US$ 25 million and GBP 6 million from our bankers for working capital requirements.

This cash is retained in the business for strategic initiatives and acquisitions. Our investment policy is to protect capital and focus on liquidity while determining the class of instruments to invest in. We primarily invest in debt mutual funds and bank deposits.

We expect to fund our acquisitions, capital expenditures and working capital requirements primarily from the cash flow from our operations and the cash surplus as of March 31, 2007.

IX Material developments in Human resources/Industrial Relations front, including number of people employed

We had 75,052 employees as of March 31 2007, a net addition of 21,698 employees.

In our Global IT services & Products Business Segment, we had 67,818 employees, comprising 50,354 employees in IT Services and 17,464 employees in BPO. We added 14,076 employees, comprised of 12,699 additions in IT services and 1,377 additions in BPO.

Attrition for the year in our Global IT services & Products Business Segment was 17.4% compared with 14.6% last year. Voluntary attrition stood at 15.8% compared with 13.1% last year, while involuntary attrition was 1.6% compared with 1.4% last year. The increase in attrition was in-line with the industry-wide trends, primarily due to increased demand for skilled resources.

Compensation/People practices

We revised salaries for employees in our IT Services business in September for Junior level bands and in November for Middle and Senior level managers. Our salary structure consists of a variable pay packet, which is linked to the performance of the individual business unit to which the employee belongs, and also the performance of the organization.

In addition to the salary increases, we also periodically award some of the high performers with Restricted Stock Units (RSU), which are a long term incentive and provide focused alignment and powerful retention mechanism.

Spirit of Wipro

We launched in April 2006, Spirit of Wipro. It is a re-articulation of the earlier premise of 'Human Values'.

Values and a staunch belief system have been an integral part of the Wipro fabric since inception. These values have been now re-articulated to make them more relevant to the current scenario; we see it more as the third generation of articulation of values. In the first generation articulation, we spelt out the values and in the second generation articulation we related it to our external stakeholders. In this third generation articulation we have built on the first two and made it more attractive to the younger Wiproite.

A series of activities have been initiated to make it attractive to enable effective reach. This is particularly required as the young Wiproite, more than 70% of whom are below 30 years of age.

RISK MANAGEMENT INITIATIVES

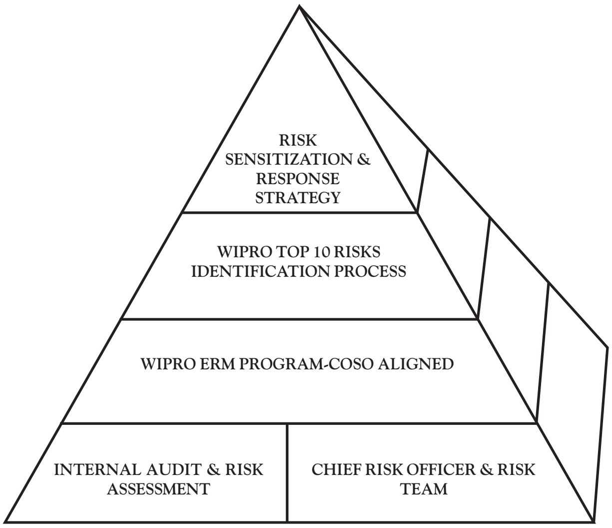
Peter Bernstein in his book "Against the Gods, The remarkable story of Risk" describes the word risk as a derivative of the early Italian word *risicare*, which means "to dare". In that sense, risk is a choice rather than fate.

True to this thought, successful businesses seek to promote a culture of entrepreneurship. Entrepreneurs are not risk-averse. Risk is a product of ambition, competence and the environment.

Our business culture is captured in The Spirit of Wipro. We cushion this spirit of entrepreneurship by investing in Enterprise Risk Management to anticipate potential downsides and build mitigation plans.

In Wipro, Risk Management is the pursuit of "*finding the risk, before the risk finds us*". We instituted a formal system of Enterprise Risk Management in 2005. This system is in its evolution stages.

Enterprise risk management: The Wipro Way…..



Risk Management Team

Our Risk Management team is led by the Chief Risk Officer based in our Corporate Office and our risk leaders are based in our Strategic Business Units. The team works closely with the Internal Audit, Controllership and Legal teams in strategizing and implementing effective Enterprise Risk Management.

Risk Management has been our area of strength carried out by functional experts in the fields of Quality, Treasury, Taxation and Information Security.

Wipro Enterprise Risk Management System (ERM)

Wipro ERM is guided by the following Vision:

"Corporate-wide Integrated approach to continuously assess Risks, execute mitigation plans to support Growth & Business Strategies, aligned to Customer expectations, Legal, Regulatory environment and Business cycles"

Our ERM program is aligned to COSO Risk management framework. We have defined the following key risk management activities:

- *Risk identification and assessment*
- *Risk mitigation initiatives*
- *Risk reporting and monitoring*

Wipro Risk Management Activities & Alignment to the COSO Framework

COSO Framework	Risk Management Activity at Wipro
Internal control environment	Internal audit risk assessments & health of Internal control (SoX)
Objective setting	Strategic & Operations Plans
Event identification	"Top 10 Risks"
Risk assessment	- Risk Identification and roll up
Risk response	- Risk Prioritization
Control activities	- Mitigation Action - Quarterly Risk Report & Dashboards
Information & communication	Risk reviews
Monitoring	Functioning Risk Council, Audit of Risk function

Internal Audit: Our Risk management has a strong lineage in Internal Audit. Internal audit as a core in-house function started over two decades ago.

In 1986, an Audit Committee of the Board of Directors was set up to provide internal audit team with autonomy and direction. Audit Committee has an oversight role of risk management activities on behalf of the Board of Directors.

Our Corporate audit team pioneered the "risk based" audit approach. In this approach, business plans are analyzed to assess risk levels based on growth planned, maturity of the processes and availability of trained and experienced personnel. Audit plan for the year is drawn up based on risk assessment in each business and functional units.

Internal control assessment: Our listing in NYSE requires us to assess internal control every year as prescribed in the US statute more popularly known as Sarbanes Oxley Act (SoX). We include the results of this exercise as a critical input to Enterprise Risk Management.

Strategic and Operations planning: Our mature business planning process has significantly evolved over the last four decades. We de-linked strategic plan from operations plan a decade back recognizing the different approaches required for each of them.

The exploratory mindset required for a Strategic plan contrasted with the execution excellence mindset that is demanded by the operating plan. This separation, we believe is critical to Enterprise Risk Management as it enables us to target 'ambitiously' while investing to eliminate the risks involved in execution.

Top 10 Risks: At the core of Wipro Enterprise Risk Management is the 'Wipro Top 10 Risks Approach'. The Risk management team facilitates the business leaders in capturing the top 10 risks for the company following the six step process.

Six Steps to Wipro Top 10 Risks

1. Risk inventory is generated by Business/Vertical unit teams.
2. Every Risk identified is brainstormed for a mitigation plan. Owners for the mitigation plan along with time frames for action are discussed.
3. The Top 10 Risks for the Business Unit is identified based on a scoring system that builds in probability and impact.
4. Business Unit leaders deliberate and debate the result of the scoring system to arrive at the Business Level top 10 Risks.
5. Consolidated Risk Register is developed for the Company to arrive at Company Top 10 Risks.
6. Company management focus on action plan for mitigating the Top 10 Risks that the Company is exposed.

Risk Reviews: Every quarter, the top 10 risks along with the progress on mitigation plan is reported to the Audit Committee of the Board of Directors for their inputs and future direction.

Audit of Risk Management activity: Internal audit will audit the risk management activity to ensure compliance with the stated policies. As the program of Enterprise Risk Management gained momentum only in 2006-07, Internal Audit of Risk Management was not conducted.

Reporting and Monitoring

Exposure to a risk may have multiple impact points. For the purpose of classification, we have categorized risk into five categories based on their primary impact areas:

- **Strategic risks**: are exposures that fundamentally impacts the competitive position of the industry in general or a company in particular.
- **Financial risks**: are exposures that primarily and directly impact the profitability.
- **Operational risks**: are exposures that primarily impact customer satisfaction & operational efficiency.
- **Compliance risks**: are exposures that initially attract penalties and subsequently restrict flexibility of operations.
- **Reporting risks**: are exposures that affect the credibility of the organization with stakeholders.

Risk measures

For each of the top 10 risks identified by us we have identified one or more Risk indicators. An effort has been made to keep these indicators quantifiable.

For measures of probability, we have classified risk under four categories, High, Medium, Low and Very Low, in descending order of probability.

Chance of occurrence is a judgment that is made by the management considering the past events and its likely future occurrence. The relative probability of events is a factor considered in prioritizing mitigation plan review.

Classification of impact is based on judgment, which considers the quantum of earnings lost over a multi-year period. Higher weightage is provided for events that are likely to impact the entire industry or our geographical segment or our business model segment of the industry.

Spirit of Wipro ERM system

Risk Management driving Assurance & Peace of Mind

- ***For the Customer***
- ***For the Management***
- ***For Other Stakeholders***

Going beyond Statutory & Regulatory requirements.

TOP 10 RISKS

Sl. No.	Risk Factor	Risk Type	Risk Measure			Mitigation plan
			Risk Indicators	Probability#	Impact#	
1	Talent supply chain management : Attracting, recruiting and retaining quality talent for growth	Strategic, Operational	• Mindshare during campus recruitment - Day 1 slots • Employee satisfaction - Employee surveys • Attrition of the Top 10/Top 25 percentile employees • Integrity based Employee separation	M	H	• Talent Review & Planning/People Pulse Initiatives • Compensation and benefits based on Market, merit and special skills • Rigorous Background verification • Excellence in resourcing & supply chain process
2	Business continuity and disaster management to provide continuing service to customers	Operational	• Business impact analysis • Scenario planning drills • Development center preparedness • Customer contracts	M	H	• Central Business Continuity Plan Framework, resources and tool inventory • Location based Business Continuity Plan assessment and actions for Gaps
3	Challenge of handling increasingly larger, more complex and newer technology projects	Financial	• Large deal execution overruns • Penalties/customer concerns	M	H	• Contract Compliance dashboard • Contract Management Process - Preventive & Corrective actions based on root cause analysis
4	Risks arising from foreign exchange and interest rate volatility	Financial	• Average foreign exchange rate realised • Yield on investment	M	H	• Hedging strategy formulated to mitigate volatile exchange rate movements • Investment policy approved by the Board of Directors/Audit Committee with emphasis on safety, liquidity and return in that order
5	Strategic risk capture and scenario risk planning : Alternate Plan readiness	Strategic, Operational	• Customer dependencies • Changes in customer organisation • Changes in competitors & their portfolio	L-M	H	• Feedback from Risk review meetings • Alternate Plan brainstorming • Increased touch time with Customers top management
6	Challenge of Data Privacy and Intellectual Property (IP) non-infringement	Operational	• IP/Customer data leakages • Awareness levels • Compliance with country specific regulations	M	H	• Data privacy awareness training • IP reviewer for Knowledge Net uploads • Data Protection/privacy audits
7	Risk of regulatory compliance with respect to work permit, visa and other country specific travel requirements	Operational	• Non-availability of visa for contracted work • Non-compliance with country acts/regulations	L-M	M	• Audit of Work permit/Visa process • Additional controls implemented

Sl. No.	Risk Factor	Risk Type	Risk Measure			Mitigation plan
			Risk Indicators	Probability#	Impact#	
8	Implementing M&A strategy for accelerating growth	Strategic	• Realization of identified strategic objectives • Realization of financial objectives set	M	M	• String of Pearl strategy to diversify risk • Integration reviews at 30 day, 90 day and 180 day milestones & close monitoring in the first year before complete integration • Proactive corrections based on increased frequency of reviews in the initial part of integration
9.	Regulatory compliance with all the applicable laws in the countries of operations	Regulatory	• Number of show cause notices/ proceedings • Employee/Customer litigation • Adverse media exposure	M	M	• Increased awareness at all decision making levels on regulatory provisions specific or peculiar to a new country • Defined, documented and up to date information for each process/location/ country
10	Impact of taxation in the various countries that we operate in, includes VAT, ESOP taxation and direct taxes among others	Financial	• Regulatory demand/non-compliance notice • Effective tax ratio	M	M	• Tax planning centralised, staffed by a dedicated, specialist team • Domicile tax expert panel consulted on a need basis • Represent on unfavourable tax provisions through industry associations like NASSCOM

L – LOW, M – MEDIUM, H – HIGH

INTERNAL CONTROL OVER FINANCIAL REPORTING

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting of the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of March 31, 2007.

Management's assessment does not include an assessment of the internal control over financial reporting of two entities acquired during the year ended March 31, 2007, Hydrauto Group AB and subsidiaries and Retailbox B.V and subsidiaries with total assets of Rs. 3,842 million and net revenues of Rs. 4,244 million included in the consolidated financial statements of the Company as of and for the year ended March 31, 2007.

Our independent registered public accounting firm, KPMG, has audited the consolidated financial statements in this annual report on Form 20-F, and as part of their audit, has issued their report, included herein, on (1) our management's assessment of the effectiveness of our internal control over financial reporting and (2) the effectiveness of our internal control over financial reporting as of March 31, 2007.

	Azim H. Premji	S.C. Senapaty
Bangalore, India	*Chairman and Chief Executive Officer*	*Executive Vice President – Finance*
May 21, 2007		*Chief Financial Officer*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Wipro Limited

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Wipro Limited and subsidiaries (the Company) maintained effective internal control over financial reporting as of March 31, 2007, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The management of the Company is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of March 31, 2007, is fairly stated, in all material respects, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2007, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Company acquired Hydrauto Group AB and subsidiaries (Hydrauto) and RetailBox BV and subsidiaries (RetailBox) during the year ended March 31, 2007 and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of March 31, 2007, Hydrauto and RetailBox's internal control over financial reporting associated with total assets of Rs 3,842.01 million and net revenues of Rs 4,243.85 million included in the consolidated financial statements of the Company as of and for the year ended March 31, 2007. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Hydrauto and RetailBox.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of March 31, 2007 and 2006, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended March 31, 2007, and our report dated May 21, 2007 expressed an unqualified opinion on those consolidated financial statements.

KPMG
Bangalore, India
May 21, 2007

REPORT OF CORPORATE GOVERNANCE 2006-07

We believe good governance is an essential ingredient of good business. Good governance and good business have many things in common; Participatory decision making, accountability, responsiveness, transparency, effectiveness and efficiency among others. Our Corporate performance over the last six decades vindicates this belief.

We were pioneers/early adopters of some of the key governance practices in India. We instituted stock ownership in 1984, constituted in 1986, the sub-committees of the Board of Directors for Audit, and Compensation and benefits. On the disclosure front, we presented consolidated financial statements in 1983, the first year in which we established subsidiary company for carrying on our business, and followed it up with reporting on Segmental Business Results.

For us good governance and good business is not a destination but a continuing journey.

Corporate Governance in Wipro has four layers, namely,

1. Governance by Shareholders,
2. Governance by Board of Directors,
3. Governance by Sub-committee of Board of Directors, and
4. Governance of the management process

FIRST LAYER: GOVERNANCE BY SHAREHOLDERS

Annual General Meeting

Annual General Meeting for the 2006-07 is scheduled on **July 18, 2007, at 4.30 PM**. The meeting will be conducted at **Wipro Campus, Cafetaria Hall, EC-3, Ground Floor, Opp. Tower 8, No. 72, Keonics Electronics city, Hosur Road, Bangalore.**

For shareholders convenience, transport arrangement is made from central points in the city to reach the venue. After the meeting, shareholders will be dropped back at their pick up location.

For those of you, who cannot make it to the meeting, please remember that you can appoint a proxy to represent you in the meeting. For this you need to fill in a proxy form and send it to us. The last date for receipt of proxy forms by us is July 16, 2007, before 4.30 PM.

Annual General Meetings and other General Body Meeting of earlier years

For the year **2003-04**, we had our Annual General Meeting on June 11, 2004 at 4.30 PM. The venue for the meeting was Doddakannelli, Sarjapur Road, Bangalore-560 035. In that meeting the following Special resolutions were passed :

- Amendment to the Articles of Association of the Company pursuant to increase in the Authorised Share Capital
- Capitalization of General Reserve and Issue of Bonus Shares
- Approval for delisting from certain Stock Exchanges in India
- Approval for issue of shares pursuant to an ADS Restricted Stock Unit Plan 2004 linked to ADRs.
- Approval for issue of shares pursuant to Restricted Stock Unit Plan 2004 linked to Equity Shares

For the year **2004-05**, we had our Annual General Meeting on July 21, 2005, at 4.30 PM. The meeting was held at Doddakannelli, Sarjapur Road, Bangalore. The following four resolutions were passed (last three being special resolutions) :

- Appointment of BSR & Co. as Auditors in place of N M Raiji & Co.
- Amendment to the Articles of Association of the Company pursuant to increase in the Authorised Share Capital
- Approval for issue of shares pursuant to Restricted Stock Unit Plan 2005 linked to Equity Shares
- Capitalisation of General Reserve and Issue of Bonus Shares

On the same date at the same venue we had a **Court Convened Extraordinary General Meeting**. In this meeting the scheme of Amalgamation of Wipro BPO Solutions Limited with Wipro Limited; Spectramind Limited, Berumda and Spectramind Limited, Mauritius, with Wipro Limited was taken up.

For the year **2005-06,** we had our Annual General Meeting on July 18, 2006, at 4.30 PM. The meeting was held at Wipro's Campus, Cafeteria Hall EC-3, Ground Floor, Opp. Tower 8, No. 72, Keonics Electronic City, Hosur Road, Bangalore - 561 229. The following two resolutions were passed :

- Appointment of Mr. Bill Owens as the Director of the Company
- Authorisation for payment of remuneration to Non-Executive Directors by way of commission for a period of five years commencing from April 01, 2007 (special resolution)

Financial Year

Our tentative calendar for declaration of results for the financial year April 01, 2007 to March 31, 2008 is as given below:

Table 01: Calendar for Reporting

Quarter ending	Release of results
For the quarter ending June 30, 2007	Third week of July 2007
For the quarter and half year ending September 30, 2007	Third week of October 2007
For the quarter and nine months ending December 31, 2007	Third week of January 2008
For the Quarter and year ending March 31, 2008	Third week of April 2008

Interim Dividend

Your Board of Directors declared an Interim Dividend of Rs. 5/- per share on equity shares of Rs. 2 each on March 23, 2007.

Record date for Interim Dividend

The record date for the purpose of payment of Interim Dividend was fixed as March 28, 2007, and the Dividend was paid to our shareholders who were on the Register of Members of our Company and Register of National Securities Depositories Limited (NSDL) and Central Depository Securities Limited (CDSL) as at the closing hours of March 28, 2007.

Final Dividend

Your Board of Directors has recommended a Final Dividend of Rs. 1/- per share on equity shares of Rs. 2 each

Date of Book closure

Our Register of members and share transfer books will remain closed from July 1, 2007 to July 18, 2007 (both days inclusive) to determine the entitlement of shareholders to receive the final Dividend as may be declared for the year ended March 31, 2007.

Final Dividend Payment Date

Final Dividend on equity shares as recommended by the Directors for the year ended March 31, 2007, when declared at the meeting, will be paid on or before August 17, 2007;

(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, 2007.

(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, 2007.

Special Resolution passed during the Financial Year 2006-07 through the Postal Ballot Procedure

There was no Special Resolution passed through postal ballot procedure. For the financial year 2007-08, if any resolution needs to be conducted through the Postal Ballot mechanism, we will take it up at the appropriate time.

Awards and Rating

The Company has been awarded the highest rating of Stakeholder Value and Corporate Governance Rating Practices 1 (called SVG 1) by ICRA Limited, a rating agency in India being an associate of Moody's. This rating implies that the Company belongs to the Highest Category on the composite parameters of stakeholder value creation and management as also Corporate Governance practices.

Shareholders' Satisfaction Survey

We conducted a Shareholders' Satisfaction survey in July 2006. Out of 1,55,959 shareholders, 5,095 shareholders responded to the survey. The analysis of the responses reflects that at an aggregate level, around 65% of the shareholders indicated that the services rendered by the Company were good/excellent and were satisfied.

We are constantly in the process of enhancing our service levels to further improve the satisfaction levels based on the feedback received from our shareholders.

Means of Communication with Shareholders/Analysts

We have established procedures to disseminate, in a planned manner, relevant information to our shareholders, analysts, employees and the society at large.

Our Audit Committee reviews the earnings press releases, SEC filings and annual and quarterly reports of the Company, before they are presented to the Board of Directors for their approval for release.

Our news releases and presentations made at investor conferences and to analysts are posted on the Company's website at www.wipro.com/investors

Our quarterly results are published in widely circulated national newspapers such as The Business Standard and the local daily Kannada Prabha.

Table 02: Communication of Results

Means of communications	Number of times
Earnings Calls	10
Publication of results	5
Analysts meet	2

Listing on Stock Exchanges, Stock Codes, International Securities Identification Number (ISIN) and Cusip Number for ADRs

Your Company's shares are listed in the following exchanges as of March 31, 2007 and the stock codes are :

Table 03: Stock codes

Equity shares	Stock Codes
Bombay Stock Exchange Limited (BSE)	Wipro
National Stock Exchange of India Limited (NSE)	Wipro
American Depository Receipts	
New York Stock Exchange (NYSE)	WIT

Notes :

1. Listing fees for the year 2007-08 has been paid to the Indian Stock Exchanges.
2. Listing fees to NYSE for the calendar year 2007 has been paid.
3. The stock code on Reuters is WPRO@IN and on Bloomberg is WIPR.BO.

International Securities Identification Number (ISIN)

ISIN is an identification number for traded shares. This number needs to be quoted in each transaction relating to the dematerialized equity shares of the Company. Our ISIN number for our equity shares is **INE075A01022.**

CUSIP Number for American Depository Shares

The Committee on Uniform Security Identification Procedures (CUSIP) of the American Bankers Association has developed a unique numbering system for American Depository Shares. This number identifies a security and its issuer and is recognised globally by organisations adhering to standards issued by the International Securities Organisation. Cusip number for our American Depository Shares is 97651M109.

Corporate Identity Number (CIN)

Our Corporate Identity Number (CIN), allotted by Ministry of Corporate Affairs, Government of India is **L99999KA1945PLC020800,** and our Company Registration Number is 20800. Our Company is Registered in the State of Karnataka, India.

Share Transfer System

Your Board has delegated the power of share transfer to Registrar and Share Transfer Agents - M/s. Karvy Computershare Private Ltd. 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 within 7 days.

Address for correspondence

All correspondence relating to the shares of the Company should be addressed to Karvy at the address given below :

Karvy Computershare Private Ltd.

Karvy House
Karvy Computer Share Private Limited,

Unit : Wipro Limited,
Plot no : 17-24, Vittal Rao Nagar,
Madhapur,
Hyderabad : 500 081.
Tel : 040 23420815
Fax : 040 23420814
Email id : mahender@karvy.com
Contact person : Mr. V K Jayaraman and Mr. R Mahender Reddy.

Overseas depository for ADSs

JP Morgan Chase Bank
60, Wall Street
New York, NY 10260
Tel : 001 212 648 3208
Fax : 001 212 648 5576

Indian custodian for ADSs
ICICI Bank Limited
Bandra Kurla Complex,
Mumbai 400 051
Tel : 91 22 26531414
Fax : 91 22 26531165

Description of voting rights

All our shares carry voting rights on a pari-passu basis.

Table 04: Distribution of Shareholding and categories of Shareholders

Category	March 31, 2007				March 31, 2006			
	No. of share-holders	% to shares	No. of shares	% to total equity	No. of share-holders	% to shares	No. of shares	% to total equity
0-5000	192,819	97.49	18,452,463	1.26	152,849	98.09	16,689,042	1.17
5001 - 10000	2,034	1.03	7,445,172	0.51	1,182	0.76	4,201,523	0.29
10001 - 20000	1,343	0.68	9,450,277	0.65	760	0.49	5,403,388	0.38
20001 - 30000	490	0.25	6,037,207	0.41	255	0.16	3,175,502	0.22
30001 - 40000	283	0.14	4,967,361	0.34	148	0.09	2,592,386	0.18
40001 - 50000	139	0.07	3,110,493	0.21	79	0.05	1,793,378	0.13
50001 - 100000	227	0.11	7,611,466	0.52	159	0.10	5,519,007	0.39
100001 and above	439	0.23	1,401,925,211	96.10	400	0.26	1,386,380,041	97.24
Total	**197,774**	**100.00**	1,458,999,650	**100.00**	**155,832**	**100.00**	1,425,754,267	**100.00**

Table 05: Categories of Shareholders

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(A)	**Shareholding of Promoter and Promoter Group**					
(1)	**Indian**					
(a)	Individuals/Hindu Undivided Family	4	57,477,660	57,158,460	4.00	3.94
(b)	Central Government/State Government(s)	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate (Promoter in his capacity as Director of Private Limited Companies)	3	128,137,800	128,137,800	8.92	8.78
(d)	Financial Institutions/Banks	Nil	Nil	Nil	Nil	Nil
(e)	Any Other — Partnership firms (Promoter in his capacity as partner of Partnership firms)	3	975,520,800	975,520,800	67.91	66.86
	Sub-Total (A)(1)	**10**	**1,161,136,260**	**1,160,817,060**	**80.83**	**79.58**
(2)	**Foreign**					
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	Nil	Nil	Nil	Nil	Nil
(b)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil	Nil
(d)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A)(2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	**10**	**1,161,136,260**	**1,160,817,060**	**80.83**	**79.58**
(B)	**Public Shareholding**					
(1)	**Institutions**					
(a)	Mutual Funds/UTI	96	15,700,725	15,700,725	1.09	1.08
(b)	Financial Institutions/Banks	28	285,598	285,598	0.02	0.02
(c)	Central Government/State Government(s)	Nil	Nil	Nil	Nil	
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	
(e)	Insurance Companies	3	13,141,939	13,141,939	0.91	0.90
(f)	Foreign Institutional Investors (exclusive of ADR)	176	75,049,890	75,049,890	5.22	5.14
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	
(h)	Any Other (specify)	Nil	Nil	Nil	Nil	
	Sub-Total (B)(1)	**303**	**104,178,152**	**104,178,152**	**7.25**	**7.14**
(2)	**Non-institutions**					
(a)	Bodies Corporate	2009	34,827,317	24,382,986	2.42	2.39
(b)	Individuals -					
(c)	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	191,617	49,448,205	44,992,859	3.44	3.39
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	233	61,194,748	39,623,068	4.26	4.19
	Any Other (specify)					
	(i) Non resident Indians	3,324	16,886,541	6,452,661	1.18	1.16
	(ii) Trusts	26	8,001,278	8,001,278	0.56	0.55
	(iii) Non-Executive Directors and Relatives	2	23,000	23,000	0.00	0.00
	(iv) Clearing Members	234	750,379	750,379	0.05	0.05
	Sub-Total (B)(2)	**197,445**	**171,131,468**	**124,226,231**	**11.91**	**11.73**
	Total Public Shareholding (B) = (B)(1)+(B)(2)	**197,748**	**275,309,620**	**228,404,383**	**19.17**	**18.87**
	TOTAL (A)+(B)	**197,758**	**1,436,445,880**	**1,389,221,443**	**100.00**	**98.45**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	1	22,553,770	22,553,770	1.57	1.55
	GRAND TOTAL (A)+(B)+(C)	**197,759**	**1,458,999,650**	**1,411,775,213**		**100**

Dematerialization of shares and liquidity

About 97% of outstanding equity has been dematerialized upto March 31, 2007.

SECOND LAYER: GOVERNANCE BY THE BOARD OF DIRECTORS

Six non-executive members and the executive Chairman constitute our Board of Directors. All the six non-executive directors are independent directors i.e. independent of management and free from any business or other relationship that could materially influence their judgement. All the independent directors satisfy the criteria of independence as defined under listing agreement with Indian Stock Exchanges and New York Stock Exchange Corporate Governance standards. The profile of our Directors is given below :

Azim H. Premji is the Chairman of the Board. Mr. Premji holds a Bachelor of Science degree in Electrical Engineering from Stanford University.

Dr Ashok Ganguly has served as a Director on our Board since 1999. He is currently the Chairman of Firstsource Solutions Ltd (formerly ICICI OneSource Ltd) and ABP Pvt Ltd (Ananda Bazar Patrika Group) and has been a Director on the Central Board of the Reserve Bank of India, since November 2000. Dr Ganguly also currently serves as a non-executive director of Mahindra & Mahindra, ICICI Knowledge Park and Tata AIG Life Insurance Co Ltd and a Director on the Advisory Board of Microsoft Corporation (India) Pvt Ltd. He is a member of the Prime Minister's Council on Trade and Industry as well as the Investment Commission and the India-USA CEO Council, set up by the Prime Minister of India and the President of the USA. He is also a member of the National Knowledge Commission to the Prime Minister. He is a former member of the Board of British Airways Plc (1996-2005).

B.C. Prabhakar has served as a Director on our Board since February 1997. He is a practicing lawyer since April 1970. Mr. Prabhakar holds a B.A. in Political Science and Sociology and an LL.B. from Mysore University. Mr. B.C. Prabhakar serves as a non-executive Director of Automotive Axles Limited and 3M India Limited.

Dr. Jagdish N. Sheth has served as a Director on our Board since January 1999. He is a professor at Emory University since July 1991. Dr. Sheth is also on the Boards of Cryo-Cell International Inc., Adayana Inc., Shasun Chemicals and Drugs Limited and Manipal AcuNova Private Limited. Dr. Sheth holds a B. Com. from Madras University, an M.B.A. and a Ph.D. in Behavioral Sciences from the University of Pittsburgh.

Narayanan Vaghul has served as a Director on our Board since June 1997. He was the Chairman of the Board of ICICI Limited since September 1985 and after its merger with ICICI Bank Limited continues to be the Chairman of the combined entity. Mr. Vaghul is also on the Boards of Mahindra and Mahindra Ltd., Mahindra World City Developers Limited, Nicholas Piramal India, Ltd., Hemogenomics Pvt. Ltd., Himatsingka Seide Limited, Asset Reconstruction Company India Limited, Air India Engineering Services Limited, Azim Premji Foundation, Air Transport Services Limited, Apollo Hospitals Enterprise Limited and Air India Limited. Mr. Vaghul is also the Chairman of the Compensation Committee of Mahindra and Mahindra Limited, Apollo Hospitals and Nicholas Piramal India Ltd. Mr. N Vaghul is also a member of the Audit Committee in Arcelor Mittal, Air India Limited, Nicholas Piramal India Limited and Mahindra World City Developers Limited. Mr N. Vaghul is also the lead independent Director of our Company. Mr. Vaghul holds Bachelor (Honors) degree in Commerce from Madras University.

Priya Mohan Sinha was appointed as a Director of our Company on January 1, 2002. He has served as the 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 (Currently Hindustan Unilever Limited). From 1981 to 1985 he also served as Sales Director of Hindustan Lever Limited (Currently Hindustan Unilever Limited). Currently, he is also on the Boards of ICICI Bank Limited, Bata India Limited, Indian Oil Corporation Limited, Lafarge India Pvt. Limited and Azim Premji Foundation. Mr. Sinha holds a Bachelor of Arts from Patna University and he has also attended Advanced Management Program in the Sloan School of Management, Massachusetts Institute of Technology.

Mr. Bill Owens has held senior leadership positions at large multinational corporations. From April 2004 to November 2005, Mr. Owens served as Chief Executive Officer and Vice Chairman of the Board of Directors of Nortel Networks Corporation, a networking communications company. From August 1998 to April 2004, Mr. Owens served as Chairman of the Board of Directors and Chief Executive Officer of Teledesic LLC, a satellite communications company. From June 1996 to August 1998, Mr. Owens served as President, Chief Operating Officer and Vice Chairman of the Board of Directors of Science Applications International Corporation (SAIC), a research and engineering firm. Presently, Mr. Owens serves as a member of the Board of Directors of Polycom Inc., a media communications company; Daimler Chrysler AG, an automotive company; Embarq, Intelius and Force 10. Mr. Owens holds a M.B.A. (Honors) degree from George Washington University, a B.S. in Mathematics from the U.S. Naval Academy and a B.A. and M.A. in Politics, Philosophy and Economics from Oxford University. Mr Owens is a Director in our Company from July 1, 2006.

All our Directors inform the Company Secretary of our Board every year about the Board membership and Board Committee membership the Directors occupy in other companies including Chairmanships. They notify us of any change as and when they take place. Our Company Secretary places these disclosures before the board.

Information flow to the Board Members

We present our annual Strategic Plan and Operating Plans of our businesses to the Board for their review, inputs and approval. Likewise, our quarterly financial statements and annual financial statements are first presented to the audit committee of the Board of Directors, and subsequently to the Board of Directors for their approval. In addition specific cases of acquisitions, important managerial decisions, and statutory matters are presented to the Board and Committees of the Board for their approval.

As a system in most cases information to Directors is submitted along with the agenda papers well in advance of the Board meeting. In some instances documents are tabled during the course of the Board meetings or the appropriate Committees of the Board.

We schedule meetings of our business heads and functional heads with the Directors prior to the Board meeting dates. These meetings facilitate Directors to provide their inputs and suggestions on various strategic and operational matters directly to the business and functional heads. Meeting with Directors enthuse and motivate our business leaders.

Board Meetings

We decide on the board meeting dates in consultation with all our directors, considering the practices of earlier years. Once decided the schedule of the Board meeting and Board Committee meetings is communicated in advance to the Directors to enable them to schedule their meetings.

Our Board met five times in the financial year 2006-07, on April 19, May 6, July 19, October 18 and January 17. Maximum interval between any two meetings was three months and one day.

Our Board meetings are normally scheduled for two days.

Post-meeting follow-up system

After the board meetings, we have a formal system of follow up, review and reporting on actions taken by the management on the decisions of the Board and sub-committees of the Board.

Disclosure of materially significant related party transactions

During the year 2006-07, no transactions of material nature had been entered into by the Company with the Management or their relatives that may have a potential conflict with interest of the Company. None of the Non-Executive Directors have any pecuniary material relationship or transaction with the Company for the year ended March 31, 2007, and have given undertakings to that effect.

Details of non-compliance by the Company, penalties, and 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 and have responded to queries and clarifications from time to time.

Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee

The Company has adopted an Ombudsprocess which is a channel for receiving and redressing of employees' complaints. The details are provided in the section titled compliance with non-mandatory requirements of this report. No personnel of the Company were denied access to the Audit Committee.

Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause

Your Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. The details of these compliances have been given in the relevant sections of this Report. The status on compliance with the Non-mandatory requirements are given at the end of the Report.

Directors' shareholding in the Company

Table 06: Provides details of shares held by each of the Directors as on March 31, 2007

Name	No. of Shares held
Azim H. Premji	56,043,060
N. Vaghul	Nil
Ashok S. Ganguly	Nil
P. M. Sinha	20,000
Jagdish N. Sheth	Nil
B. C. Prabhakar	3,000
Bill Owens	Nil

Particulars of Directors proposed for re-appointment

Mr. N. Vaghul and Mr. B. C. Prabhakar, retire by rotation and being eligible offer themselves for re-appointment at this Annual General Meeting. The Board Governance and Compensation Committee have recommended their re-appointment for consideration of the shareholders.

Brief resume of the Directors proposed for re-appointment at the ensuing Annual General Meeting is provided as an Annexure to the Notice convening the Annual General Meeting.

Remuneration Policy and Criteria of making payments to Directors

Board Governance and Compensation Committee recommends the remuneration, including the commission based on the net profits of the Company for the Chairman and Managing Director. This is then approved by the Board. Prior approval of shareholders are obtained in case of remuneration to Non-Executive Directors.

The remuneration paid to Chairman and Managing Director is determined keeping in view the industry benchmark, the relative performance of the Company to the industry performance, and macro economic review on remuneration packages of CEOs of other organisations.

Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as independent professionals/Business Executives. Independent Non-Executive Directors receive sitting fees for attending the meeting of the Board and Board Committees and commission as approved by the Board and shareholders. This remuneration is limited to a sum payable as approved by the Board subject to the condition that cumulatively it shall not exceed 1% of the net profits of the Company for all Independent Non-Executive Directors in aggregate for one financial year.

The remuneration by way of commission paid to the Independent Non-Executive Directors is determined based on the industry benchmarks.

Details of Remuneration to all Directors

Table 07 provides the remuneration paid to the Directors for the services rendered during the financial year 2006-07.

No stock options were granted to any of the Directors during the year 2006-07. Executive Director is not entitled to any severance fee.

Table 07: Directors remuneration paid during the financial year 2006-07 (Rs.)

	Azim H. Premji	N. Vaghul	Dr. Ashok S. Ganguly	P. M. Sinha	Dr. Jagdish N. Sheth*	B. C. Prabhakar	Bill Owens*
Relationship with Directors	None	None	None	None	None	None	None
Salary	3,000,000	-	-	-	-	-	-
Allowances	1,310,184	-	-	-	-	-	-
Commission	24,000,000	1,400,000	1,200,000	1,000,000	2,115,000	600,000	2,568,000
Other Annual Compensation	2,787,415	-	-	-	-	-	-
Deferred Benefits	4,716,252	-	-	-	-	-	-
Sitting fees	-	140,000	80,000	140,000	40,000	150,000	30,000
Notice period	Upto 6 months	-	-	-	-	-	-

* Figures mentioned are rupee equivalent – as amounts payable in $

Table 08: Key Information pertaining to Directors

	Azim H. Premji	N. Vaghul	B. C. Prabhakar	Dr. Jagdish N. Sheth	Dr. Ashok S. Ganguly	P. M. Sinha	Bill Owens
Category	Promoter Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Date of appointment	01.09.1968	09.06.1997	20.02.1997	01.01.1999	01.01.1999	01.01.2002	01.07.2006
Directorship in other companies	12	11	2	2	8	4	-
Chairmanship in Committees of Board of other companies	-	4	-	1	3	2	-
Membership in Committees of Board of other companies	-	5	-	3	3	4	-
No. of Board meetings attended	5	4	5	4	4	4	3
Attendance at the last AGM held on July 18, 2006	Yes	Yes	Yes	Yes	Yes	Yes	Yes

- This does not include foreign companies and companies under Section 25 of the Companies Act, 1956
- 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.

THIRD LAYER: GOVERNANCE BY THE SUB-COMMITTEE OF THE BOARD OF DIRECTORS

Our Board has constituted sub-committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its Charter, which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees are placed before the Board either for information or approval. We have three sub-committees of the Board.

1. Audit Committee
2. Board Governance and Compensation Committee
3. Administrative/Shareholders' Grievance Committee

Audit Committee

Audit Committee reports to the Board of Directors and is primarily responsible for :

- Auditing and accounting matters, including recommending the appointment of our independent auditors to the shareholders
- 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.
- Review of related party transactions, functioning of Whistle Blower mechanism, and
- Implementation of the applicable provisions of the Sarbanes Oxley Act, 2002 including review on the progress of internal control mechanism to prepare for certification under Section 404 of the Sarbanes Oxley Act, 2002.

The Chairman of the Audit Committee is present at the Annual General Meeting. The detailed charter of the Committee is posted at our website and available at www.wipro.com/Investor/Corpinfo.

All members of our Audit Committee are independent Non-Executive Directors and financially literate. The Chairman of our Audit Committee has the accounting or related financial management expertise.

Statutory Auditors as well as Internal Auditors always have independent meetings with the Audit Committee and also participate in the Audit Committee meetings.

Our Executive Vice President-Finance & CFO and other Corporate Officers make periodic presentations to the Audit Committee on various issues.

Our Audit Committee met six times during the financial year on – April 17, May 31, July 17, October 16, January 15, and March 13. The Committee reviewed particularly the progress on internal control mechanisms to prepare for certification under Section 404 of the Sarbanes Oxley Act, 2002 in its meeting held on May 31, 2006, and March 13, 2007.

The composition the Audit Committee and their attendance is given in **Table 09.**

Table 09

Name	Position	Number of meetings attended
N. Vaghul	Chairman	6
P. M. Sinha	Member	5
B. C. Prabhakar	Member	6

Board Governance and Compensation Committee

The primary responsibilities of the Board Governance and Compensation Committee are**:**

- Determine and approve salaries, benefits and stock option grants to Senior Management employees and Directors of your Company
- Act as Administrator of the Company's Employee Stock Option Plans and Employee Stock Purchase Plans drawn up from time to time
- Develop and recommend to the Board Corporate Governance Guidelines applicable to the Company
- Evaluation of the Board on a continuing basis including an assessment of the effectiveness of the full Board, operations of the Board Committees and contributions of individual directors
- Lay down policies and procedures to assess the requirements for induction of new members on the Board

The detailed charter of this Committee is posted on our website and available at www.wipro.com/investors/corpinfo.

Our Executive Vice President-Human Resources makes periodic presentations to the Board Governance and Compensation Committee on compensation reviews and performance linked compensation recommendations.

All members of the Board Governance and Compensation Committee are Independent Non-Executive Directors. This Committee of the Board met four times on – April 17, July 17, October 16, and January 15, during the financial year 2006-07.

Table 10 provides the composition and attendance of the Board Governance and Compensation Committee.

Name	Position	Number of meetings attended
Dr. Ashok S. Ganguly	Chairman	4
P. M. Sinha	Member	4
N. Vaghul	Member	4

Shareholders' & Investors' Grievance Committee :

The Shareholders'/Investors' Grievance & Administrative Committee is responsible for resolving investor's complaints pertaining to share transfers, non receipt of annual reports, Dividend payments, issue of duplicate share certificates, transmission of shares and other related complaints.

In addition to above, this Committee is also empowered to oversee administrative matters like opening/closure of Company's Bank accounts, grant and revocation of general, specific and banking powers of attorney, consider and approve allotment of equity shares pursuant to exercise of stock options, setting up branch offices and other administrative matters as may be required from time to time, etc.

The Chairman of the Committee is an Independent Non-Executive Director.

The Administrative and Shareholders Grievance Committee met four times in the financial year on – April 16, July 17, October 18, 2006 and January 15, 2007. In addition, the Shareholders' Grievance Committee, once in 15 days, reviews the redressal of shareholders and investor complaints.

Table 11 provides the composition and attendance of the Shareholders'/Investors' Grievance Committee.

Table 11

Name	Position	Number of meetings attended
B. C. Prabhakar	Chairman	4
Azim H. Premji	Member	4

The status on the shareholder queries and complaints we received during the financial year, and our response to the complaints and the current status of pending queries, if any, is Tabulated in Table 12.

Table 12

Description	Received	Replied	Pending
Non receipt of Securities	41	41	0
Non receipt of annual reports	35	35	0
Correction/Revalidation of Dividend Warrants	663	663	0
SEBI/Stock Exchange Complaints	3	3	0
Non receipt of Dividend Warrant	367	367	0
Dematerialisation of shares	Nil	Nil	Nil
Surrender and exchange of new share certificates	Nil	Nil	Nil

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

Unclaimed Dividends

Under 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 1999-00 and the corresponding dates when unclaimed Dividends are due to be transferred to the Central Government. The unclaimed amount since 1999-00 as of March 31, 2007 is also provided in the table given below:

Table 13

Financial Year	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Unclaimed amount (Rs.)	Due date for transfer to Investor Education and Protection Fund
1999-2000 (Interim)	May 24, 2000	May 23, 2007	54,725	June 22, 2007
2000-2001	July 19, 2001	July 18, 2008	89,016	August 17, 2008
2001-2002	July 18, 2002	July 17, 2009	20,21,600	August 16, 2009
2002-2003	July 17, 2003	July 16, 2010	157,123	August 15, 2010
2003-2004	June 11, 2004	June 9, 2011	18,26,398	July 8, 2011
2004-2005	July 21, 2005	July 20, 2012	11,98,940	August 19, 2012
2005-2006	July 18, 2006	July 17, 2013	3,514,815	August 16, 2013
2006-2007 (Interim Dividend)	March 23, 2007	March 22, 2014	72,777,688,820	April 21, 2014

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 utilize this opportunity and get in touch with Company's Registrar and Share Transfer Agent, M/s Karvy Computershare Pvt. Limited, Hyderabad 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.

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, shares allotted & advised for demat credit but pending execution and the total number of dematerialised shares held with NSDL and CDSL.

Compliance

The certificate dated May 12, 2007 obtained from Mr. V. Sreedharan, Practicing Company Secretary is given at page 69 of this annual report.

FOURTH LAYER: GOVERNANCE OF THE MANAGEMENT PROCESS

Code of Business Conduct and Ethics

We were one of the earliest companies to articulate our Values. In 1983, we articulated 'Wipro Beliefs' consisting of six statements.

At the core of beliefs was integrity articulated as

- Our individual and Company relationship should be governed by the highest standard of conduct and integrity.

Over the years, this articulation has evolved in form but remained constant in substance. Today we articulate it as Code of Business Conduct and Ethics.

In our Company, the Board of Directors and all employees have a responsibility to understand and follow the Code of Business Conduct. All employees are expected to perform their work with honesty and integrity. Wipro's Code of Business Conduct reflects general principles to guide employees in making ethical decisions. This Code is also applicable to our representatives. The Code outlines fundamental ethical considerations as well as specific considerations that need to be maintained for professional conduct. This Code has been displayed on the Company's website www.wipro.com/investors/corpinfo

Further, compliance to Code of Business Conduct and Ethics (COBC) is monitored through the following:

a. Our employees are annually required to go through the training and awareness modules created on COBC and understand the principles of each of the Policies given under COBC.

b. Randomly selected employees are tested on the compliance effectiveness of the Policies covered under COBC. This primarily enables the Company to analyse the gaps and create training/awareness modules to address the same.

c. Annually group discussions are held with select employees to understand the grey areas in compliance to further refine the Code.

The Chairman has affirmed to the Board of Directors that this Code of Business Conduct and Ethics has been complied by the Board members and Senior Management and a declaration to this effect appears at the end of this Report.

Ombudsman process

We have adopted an Ombudsman process which is the channel for receiving and redressing employees' complaints. Under this policy, we encourage our employees to report any fraudulent financial or other information to the stakeholders, any conduct that results in violation of the Company's Code of Business Conduct and Ethics, to management (on an anonymous basis, if employees so desire).

Likewise, under this policy, we have prohibited discrimination, retaliation or harassment of any kind against any employees who, based on the employee's reasonable belief that such conduct or practice have occurred or are occurring, reports that information or participates in the investigation. No individual in the Company has been denied access to the Audit Committee or its Chairman.

Mechanism followed under Ombudsman process is appropriately communicated within the Company across all levels and has been displayed on Wipro's intranet and on Wipro's website at www.wipro.com.

The Audit Committee periodically reviews the functioning of this mechanism.

Compliance Committee

We have a Compliance Committee which considers, inter-alia, matters relating to Wipro's Code of Business Conduct and Ethics, Ombudsprocess and Code for Prevention of Insider Trading. The Compliance Committee consists of Chairman, Executive Vice President-Finance, Executive Vice President-Human Resources, Vice President-Legal and General Counsel, Chief Risk Officer and Vice President-Internal Audit. During the financial year 2006-07, the Compliance Committee met four times and submitted reports to the Audit Committee for its review and consideration.

Compliance with adoption of mandatory requirements

Your Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

Non Compliance on matters related to capital markets

Your Company has complied with the requirements of the Stock Exchange and SEBI on matters related to Capital Markets, as applicable.

Compliance report on Non-mandatory requirements under Clause 49

1. **The Board - Chairman's Office**

   The Chairman of Wipro is an Executive Director and this provision is not applicable to Wipro. Some of our independent directors have completed a tenure exceeding a period of nine years on the Board of Directors of the Company.

2. **Remuneration Committee**

   The Board of Directors constituted a Board Governance and Compensation Committee, which is entirely composed of independent directors. The Committee also discharges the duties and responsibilities as described under non-mandatory requirements of Clause 49. The details of the Board Governance and Compensation Committee and its powers have been discussed in this section of the Annual Report.

3. **Shareholders rights**

   We display our quarterly and half yearly results on our web site, www.wipro.com and also publish our results in widely circulated newspapers. We did not send half yearly results to each of the shareholders in the financial year 2006-07.

4. **Audit Qualifications**

   The Auditors have not qualified the financial statements of the Company.

5. **Training of Board Members**

   In line with our orientation program as detailed in our Corporate Governance guidelines, Mr. Bill Owens who has been appointed as Director of the Company with effect from July 1, 2006, was inducted into the board by

   a. Visit to Wipro's Software Development Centers and other facilities.

   b. Meeting with Senior Management team to familiarise with our business model, strategic and operational plans, Code of Business Conduct and Ethics, Risk Management, Compliance programs, overview of the Committees of the Board and its functions.

6. **Mechanism for evaluating non executive board members:**

   Independent Board members

   In line with our corporate governance guidelines, evaluation of all Board members is done on an annual basis. This evaluation is lead by the Chairman of the Board Governance and Compensation Committee with specific focus on the performance and effective functioning of the Board as a whole, Committees of the Board and report the recommendation to the Board. The evaluation process also considers the time spent by each of the Board members, core competencies, personal characteristics, accomplishment of specific responsibilities and expertise.

7. **Whistle Blower Policy**

   The details of the Ombuds process and its functions have been discussed earlier in this section.

Disclosures by the Management

During the year 2006-07, there have been no transactions of material nature entered into by the Company with the Management or their relatives that may have a potential conflict with interest of the Company. None of the Non-Executive Directors have any pecuniary material relationship or transaction with the Company for the year ended March 31, 2007 and have given undertakings to that effect.

Transactions with the companies in which Wipro's Directors are interested are recorded in the Register under Section 301 of the Companies Act, 1956.

Code for prevention of Insider Trading

We have comprehensive guidelines on preventing insider trading. Our guidelines are in compliance with the SEBI guidelines on prevention of Insider Trading.

NYSE Corporate Governance Listing Standards

The Company has made this disclosure in the website www.wipro.com/investors/corpinfo and has filed the same with the New York Stock Exchange (NYSE).

Declaration as required under Clause 49 (I)(D)(ii) of the Stock Exchange Listing Agreement

All Directors and senior management personnel of the Company have affirmed compliance with Wipro's Code of Business Conduct and Ethics for the financial year ended March 31, 2007.

Sd/-

Azim H. Premji

Date : June 20, 2007 Chairman

Share Data

The performance of our stock in the financial year is tabulated in Table 14. Monthly high and low price points and volume in National Stock Exchange, Bombay Stock Exchange and New York Stock Exchange is provided.

Table 14: Stock price in the financial year 2006-07

	Month											
	April	May	June	July	August	September	October	November	December	January	February	March
Volume traded NSE	25,051,813	24,809,716	28,901,949	35,210,580	22,112,108	16,244,428	23,528,223	19,849,806	17,454,171	17,678,248	16,652,390	23,732,901
Price in NSE during each Month :												
High	599.00	555.15	519.00	519.00	533.65	529.90	594.70	670.00	613.90	675.00	691.00	609.50
Date	19-Apr-06	5-May-06	30-Jun-06	13-Jul-06	30-Aug-06	29-Sep-06	17-Oct-06	30-Nov-06	29-Dec-06	25-Jan-07	19-Feb-07	23-Mar-07
Volume traded on that date	4,065,881	657,084	1,359,340	1,227,496	1,568,494	696,984	1,407,364	1,679,284	475,274	1,322,409	748,895	935,734
Low	461.00	400.00	381.25	442.30	484.20	489.00	505.10	449.50	521.65	561.35	549.75	527.15
Date	28-Apr-06	23-May-06	14-Jun-06	24-Jul-06	1-Aug-06	12-Sep-06	4-Oct-06	15-Nov-06	18-Dec-06	10-Jan-07	28-Feb-07	5-Mar-07
Volume traded on that date	686,889	1,678,221	2,233,524	2,276,270	697,978	1,123,260	912,816	742,941	753,704	1,374,429	2,287,608	1,431,910
S&P CNX Nifty Index during each Month :												
High	3598.95	3774.15	3134.15	3208.85	3452.30	3603.70	3782.85	3976.80	4046.85	4167.15	4245.30	3901.75
Low	3290.35	2896.40	2595.65	2878.25	3113.60	3328.45	3508.65	3737.00	3657.65	3833.60	3674.85	3554.50
Wipro Price Movement vis-a-vis Previous Month High/Low (%) :												
High %	102.24	92.68	93.49	100.00	102.82	99.30	112.23	112.66	91.63	109.95	102.37	88.21
Low %	95.32	86.77	95.31	116.01	109.47	100.99	103.29	88.99	116.05	107.61	97.93	95.89
S&P CNX Nifty Index movement vis-a-vis Previous Month (%) :												
High %	116.46	104.87	83.04	102.38	107.59	104.39	104.97	105.13	101.76	102.97	101.88	91.91
Low %	112.37	88.03	89.62	110.89	108.18	106.90	105.41	106.51	97.88	104.81	95.86	96.73

Graph 01: Wipro share price movements in NSE compared with S&P CNX Nifty

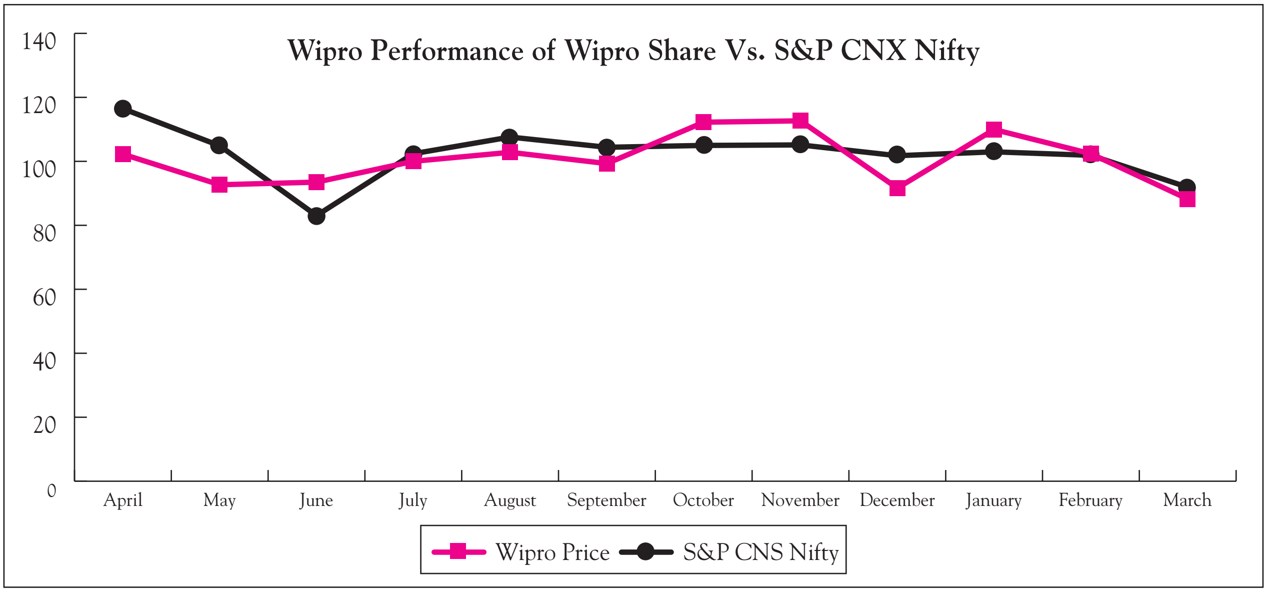
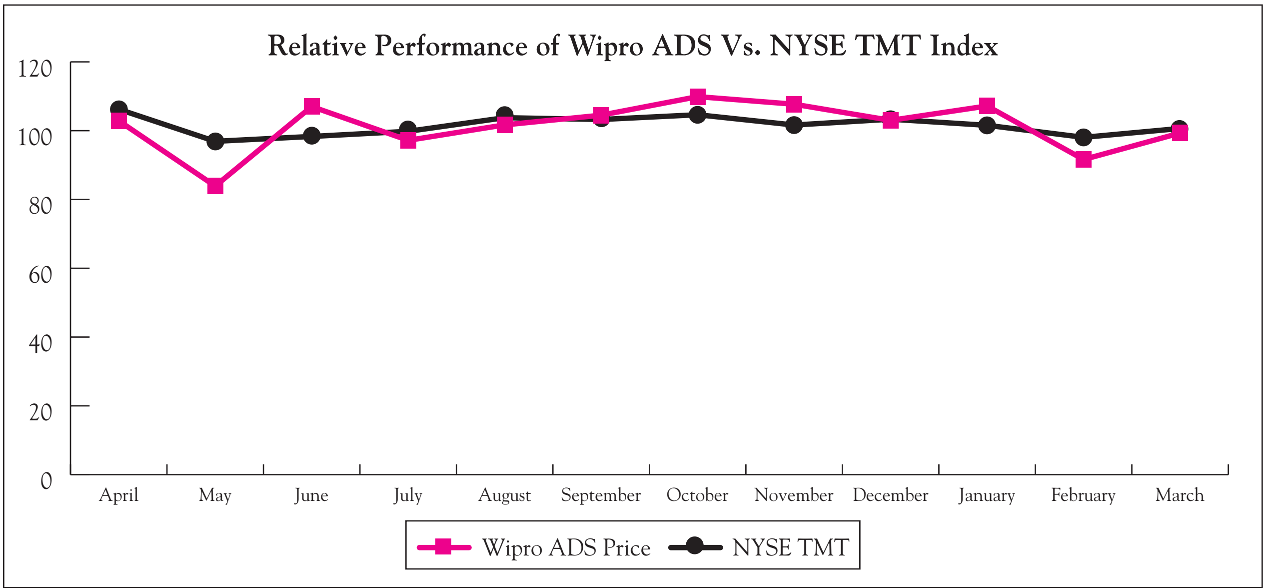


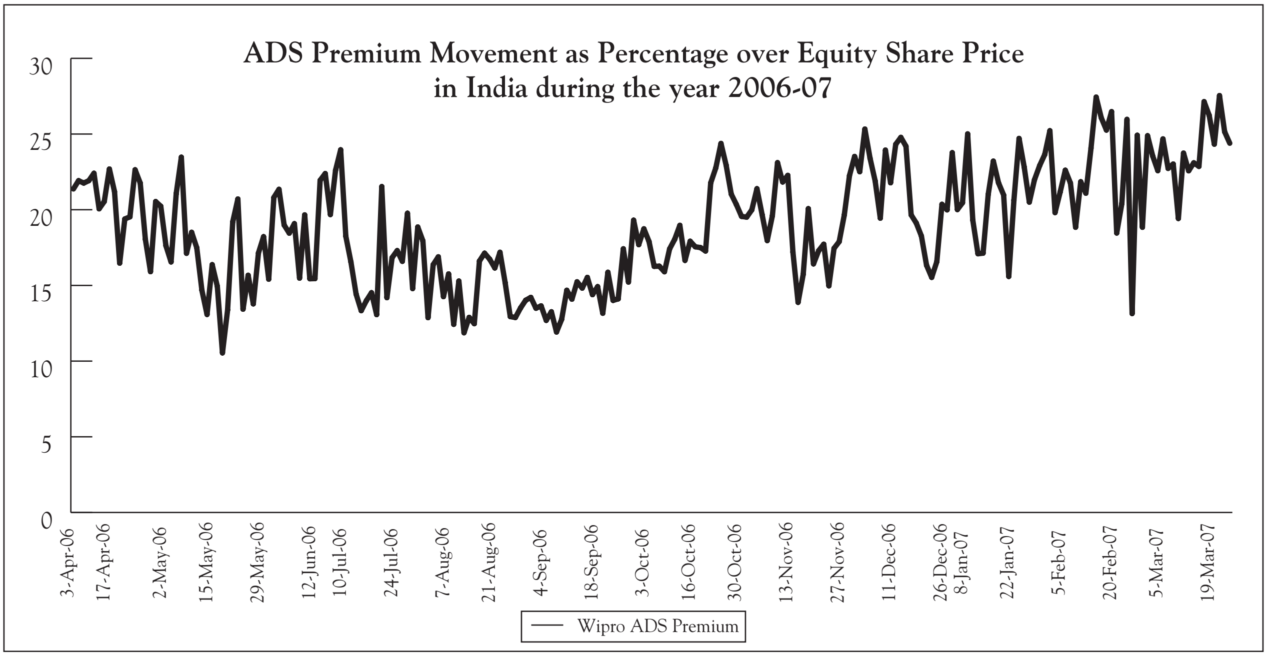
Table 15: ADS Share price during financial year 2006-07

	Month											
	April	May	June	July	August	September	October	November	December	January	February	March
Wipro ADS price in NYSE during each month closing ($) (*)	14.29	11.99	12.83	12.47	12.68	13.25	14.56	15.68	16.15	17.31	15.86	15.75
NYSE TMT Index during each month closing ($)	5702.59	5525.71	5432.89	5422.47	5627.03	5810.08	6078.83	6178.49	6384.08	6483.95	6358.11	6398.97
Wipro ADS Price Movement (%) vis-a-vis Previous month closing $ (*)	102.88	83.90	107.01	97.19	101.68	104.50	109.89	107.69	103.00	107.18	91.62	99.31
NYSE TMT Index Movement (%) vis-a-vis Previous month closing $ (*)	106.23	96.90	98.32	99.81	103.77	103.25	104.63	101.64	103.33	101.56	98.06	100.64

Graph 02: Wipro ADS price movements in NYSE compared with TMT Index



Graph 03: Wipro ADS premium over Equity share price in NSE during the year 2006-07



Other Information

Table 16: Share Capital History

History of IPO/Private Placement/Bonus Issues/Stock Split/Allotment of Shares pursuant to Exercise of Stock Options

Type of Issue	Year of Issue	Bonus Shares/ Stock split ratio	Face Value of Shares (Rs.)	Shares Allotted		No. of Shares Total	Total paid-up Capital (Rs.)
				Number	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
Issue of shares to Wipro Equity Reward Trust	1985		100/-	1,500	1,50,000	92,168	9,216,800
Bonus issue	1987	1:1	100/-	92,168	9,216,800	184,336	18,433,600
Stock split	1990	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	1995		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	$41.375	3,162,500	6,325,000	232,318,850	464,637,700

Type of Issue	Year of Issue	Bonus Shares/ Stock split ratio	Face Value of Shares (Rs.)	Shares Allotted		No. of Shares Total	Total paid up Capital (Rs.)
				Number	Nominal Value		
Allotment of equity shares pursuant to exercise of stock options	On various dates (Upto the record date for issue of bonus shares in the year 2004)		2/-	496,780	993,560	232,815,630	465,631,260
Bonus	2004	2:1	2/-	465,631,260	931,262,520	698,446,890	1,396,893,780
Allotment of equity shares pursuant to exercise of stock options	On various dates (Upto March 31, 2005)		2/-	5,123,632	10,247,264	703,570,522	1,407,141,044
Allotment of equity shares pursuant to exercise of stock options	On various dates (Upto the record date for issue of bonus shares in the year 2005)		2/-	2,323,052	4,646,104	705,893,574	1,411,787,148
Bonus	2005	1:1	2/-	705,893,574	1,411,787,148	1,411,787,148	2,823,574,296
Allotment of equity shares pursuant to exercise of stock options	On various dates (Upto March 31, 2006)		2/-	13,967,119	27,934,238	1,425,754,267	2,851,508,534
Allotment of equity shares pursuant to exercise of stock options	On various dates (Upto March 31, 2007)		2/-	33,245,383	66,490,766	1,458,999,650	2,917,999,300

Table 17 - Plant locations

S. No	Address	City
1	3rd, 4th, 5th and 6th Floor, S B Towers, 88, M G Road	Bangalore 560 001
2	4t Floor, Creater Block, Information Technology Park Limited, Whitefield	Bangalore 560 066
3	K-312, Koramangala Industrial Layout V Block, (K-1) Koramangala	Bangalore 560 095
4	No. 8, 7th Main, 1st Block, (K-2) Koramangala	Bangalore 560 095
5	271-271A, Sri Ganesh Complex Hosur Main Road, (M-1) Madiwala,	Bangalore 560 068
6	26, Sri Chamundi Complex, (M-2), Bommanahalli, Hosur Main Road	Bangalore 560 068
7	No.1,2,3,4 and 54/1, Survey No.201/C, (M-3) Madivala, Hosur Main Road	Bangalore 560 068
8	No.1,2,3,4 and 54/1, Survey No.201/C, (M-4) Madivala, Hosur Main Road	Bangalore 560 068
9	No.1,2,3,4 and 54/3, Survey No.201/C, (M-3) Research and Development, Madivala, Hosur Main Road	Bangalore 560 068
10	No. 319/1, (Adea Building) Bomanahalli, Hosur Main Road	Bangalore 560 068
11	2nd, 3rd, 4th Floor, Sigma Tech Park, Beta Towers, No. 7 Whitefield Main Road	Bangalore 560 066
12	Electronics City 1 - No.72, Keonics Electronic City, Hosur Road	Bangalore 560 100
13	Electronics City – 2, Keonics Electronic City, Hosur Road	Bangalore 560 100
14	Electronics City – 3, Keonics Electronic City, Hosur Road	Bangalore 560 100
15	Electronics City – 4, Keonics Electronic City, Hosur Road	Bangalore 560 100
16	No.92, (Siri Building) 2nd Main Road, Keonics Electronic City	Bangalore 560 100
17	3rd Floor, Ahmed Plaza, No.38/1&2, Bertenna Agrahara, Hosur Main Road	Bangalore 560 100
18	608-610, Carlton Towers, No. 1, Airport Road	Bangalore 560 001
19	1st Floor, (EMC) Subramanya Arcade, Tower B, Bennergatha Road	Bangalore 560 076
20	EC SEZ, Keonics, Electronic City	Bangalore 560 100
21	Sarjapur SEZ, Doddakannelli, Sarjapur Road	Bangalore 560 035
22	111, (CDC-1) Mount Road, Guindy	Chennai 600 032
23	105, (Sterling Building) Mount Road, Guindy	Chennai 600 032
24	475A, Shollinganallur, Old Mahabalipuram Road (CDC-2)	Chennai 600 019
25	475A, Shollinganallur, Old Mahabalipuram Road (WBPO)	Chennai 600 019
26	ETL SEZ, No. 12, Second Floor, Thuraipakkam	Chennai 600 119
27	Infotech Park, SDF Building, 4th Floor, Kusumagiri, Kakkanad	Cochin 682 030
28	Infotech Park, 4th Floor, Vismaya Building, Kakkanad	Cochin 682 030
29	Technopolis, CSEZ, 2nd Floor, Kakkanad	Cochin 682 037
30	1-8-448, Lakshmi Buildings, S P Road, Begumpet	Hyderabad 500 003

S. No	Address	City
31	Survey No.64, Serilingampali Mandal, Madhapur,	Hyderabad 500 033
32	3rd and 4th Floor, 1-8-343, Queens Plaza, S P Road	Hyderabad 500 003
33	S.No.203/1, Manikonda Jagir Village, Rajendranagar Mandal, RR District	Hyderabad 500 019
34	Wipro SEZ, S.No.203/1, Manikonda Jagir Village, Rajendranagar Mandal, RR District	Hyderabad 500 019
35	Plot No.2, MIDC, Rajeev Gandhi Infotech Park-1, Hingewadi	Pune 411 027
36	Plot No.2, MIDC, Rajeev Gandhi Infotech Park-1, Hingewadi (WBPO)	Pune 411 027
37	Wipro SEZ, Plot No.31, MIDC, Rajeev Gandhi Infotech Park-2, Hingewadi	Pune 411 027
38	146/147, Mettagalli Industrial Area, Mettagalli	Mysore 570 016
39	No. 480-481, Udyog Vihar, Phase-III, Gurgoan	Haryana-122 015
40	Plot No. 1, 7, 8 & 9, Block-DM, Sector-V, Saltlake,	Kolkata-700 091
41	Plot No. 2 (P), IDCO Info City, Industrial Estate Chandaka,	Bhubaneswar 751 022
42	2nd , 3rd, 4th Floor, Spectra Building, Hiranandani Garderns, Powai (WBPO)	Mumbai – 400 076
43	3rd Floor CIDCO Building, Belapur Railwaystation Complex (WBPO)	Navi Mumbai – 400 614
44	237, 238 and 239 Okhla Industrial Estate, Phase-III (WBPO)	New Delhi - 100 020
45	185, Kings Court, Kings Road, Reading RG 14 EX	United Kingdom
46	Chrysler Building, 6th Floor, 1 Riverside Drive West, WINDSOR ONN5A5K4	Canada
47	Web Campus, Kaistrasse, 101 Kiel 24114	Germany
48	Frykdalsbacken 12-14, Stockholm,	Sweden
49	C/o. Trust Corporation, Splaiul Independentei, nr 319C, Sector 6, Bucharest,	Romania
50	Yokohama Landmark Tower 9F # 911A, Minato-Mirai, Nishi-ku, Yokohama, Kanagawa	Japan
51	Unit 1518, Building 1, Shanghai Pudong Software Part, Shanghai	China
52	Unit A202, Information Center, Zhongguancun Software Park, Hai Dian District, Beijing	China

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the Members of Wipro Limited

I have examined all the relevant records of Wipro Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the financial year ended March 31, 2007. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the said Listing Agreement. However, with regards to Sl. No. (1) of Annexure 1D of Non-Mandatory requirement, some of the independent Directors have completed a tenure of 9 years and as regards Sl. No. (3), the Company has displayed its quarterly and half yearly results on its web site and published the results in widely circulated newspapers, instead of sending the half yearly results to each household of the shareholders in the financial year 2006-07.

(V. Sreedharan)
Practising Company Secretary
G.N.R. Complex, Wilson Garden
Bangalore - 560 027
FCS 2347; C.P. No. 833

Bangalore, May 12, 2007

AUDITORS' REPORT ON ABRIDGED FINANCIAL STATEMENTS
To the Members of WIPRO LIMITED

We have examined the abridged balance sheet of Wipro Limited ("the Company") as at 31 March 2007, the abridged profit and loss account and the cash flow statement for the year ended on that date, together with the notes thereon.

These abridged financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the accounts of the Company for the year ended 31 March 2007 prepared in accordance with Schedule VI to the Companies Act, 1956 and covered by our report dated 20 April 2007 to the members of the Company which report is attached. In our report dated 20 April 2007, without qualifying our opinion, we drew attention to Note 8 of the Notes to Accounts that has been reproduced as Note 1 of the Notes to the Abridged Accounts.

for **BSR & Co.**
Chartered Accountants

Zubin Shekary
Partner
Membership No.: 48814

Bangalore
6 June 2007

AUDITORS' REPORT

To the Members of WIPRO LIMITED

We have audited the attached balance sheet of Wipro Limited ("the Company") as at 31 March 2007 and the profit and loss account and 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.

We conducted our audit in accordance with the 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 misstatement. 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.

Without qualifying our opinion, we draw attention to Note 8 of the Notes to Accounts that relates to an alternative interpretation of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended. If the Company were to amortize the cost on an accelerated basis, profit before taxes for the year ended March 31, 2007 would have been lower by Rs. 348 million. Similarly, the profit before taxes for the year ended March 31, 2006 would have been lower by Rs. 490 million.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditors Report) Amendment Order, 2004 ("the Order"), issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 ("the Act"), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in paragraph 1 above, we report that:
   a) 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;
   b) 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;
   c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
   d) 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;
   e) on the basis of written representations received from the directors as on 31 March 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
   f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      i. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2007;
      ii. in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
      iii. in the case of cash flow statement, of the cash flows for the year ended on that date.

for **BSR & Co.**
Chartered Accountants

Zubin Shekary
Partner
Membership No.: 48814

Bangalore
20 April 2007

Annexure referred to in our report to the members of Wipro Limited ("the Company") for the year ended 31 March 2007

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the phased programme of verification, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

   c) The fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.

2. a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.

   b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   c) The Company maintains proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and the book records were not material.

3. As informed to us, the Company has neither taken nor given any loan secured or unsecured from/to parties listed under Section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regards to purchase of inventories and fixed assets and with regard to sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

5. a) In our opinion and according to the information and explanations given to us, the particulars of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.

   b) In our opinion and according to the information and explanations given to us, contracts and arrangements entered in the register maintained under Section 301 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. 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, Toilet soaps, Lighting products and Mini computers/Microprocessor based system and Data communication system 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.

9. a) According to the information and explanations given to us and on the basis of the examination of the records of the Company, the Company has been generally regular in depositing the undisputed statutory dues including Provident Fund, Income tax, Sales tax, Excise duty, Wealth tax, Investor Education and Protection Fund, Customs duty, Service tax, Entry tax, Cess and other applicable statutory dues with the appropriate authorities.

   According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Wealth tax, Sales tax, Excise duty, Customs duty, Service tax, Entry tax and other applicable statutory dues were outstanding as at 31 March 2007 for a period of more than six months from the date they became payable. There were no dues on account of cess under Section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

b) Following are the details of the disputed Income tax, Wealth tax, Excise duty, Customs duty and Sales tax that have not been paid to the concerned authorities :

Name of the Statute	Nature of dues	Amount unpaid (Rs. Mn)	Assessment year	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2,770	2004-05	Commissioner of Income Tax (Appeals).
Central Excise Act, 1944	Excise duty	30	1989-90 to 2004-05	Assistant Commissioner of Customs and Excise/Deputy Commissioner of Customs and Excise
	Excise duty	66	1986-87 to 2004-05	CESTAT (Tribunal)/Commissioner of Customs and Excise (Appeals)/ Settlement Commission
Customs Act, 1957	Customs duty	55	1992-93 to 2005-06	Assistant commissioner of Customs and Excise/CESTAT
	Customs Duty	40	1990-91 to 1998-99	Supreme Court
Sales Tax Act, 1956	Sales Tax	176	1986-87 to 2005-06	First Appellate Authority
	Sales Tax	38	1987-88 to 2005-06	Tribunal/Deputy Commissioner of Sales Tax/Assistant Commissioner of Sales Tax/Assistant Appellate Commissioner

In respect of income-tax demands aggregating Rs. 5,232 million for the financial years ended 31 March 2001 and 2002, primarily on account of denial of deduction claimed by the Company under Section 10A of the Income-tax Act, 1961, the Company has received favourable orders from the appellate authorities vacating the demands for these years. As of 31 March 2007, the income-tax authorities have preferred appeals against these orders.

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of any dues to any financial institution or bank.
12. In our opinion and according to the 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.
13. In our opinion and according to the explanations given to us, the Company is not a chit fund/nidhi/mutual benefit fund/ society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short term basis have not been used for long term investment.
18. The Company has not made any preferential allotment of shares to the companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money by public issues.
21. According to the information and explanations given to us, we report that no material fraud on or by the Company has been noticed or reported during the course of audit.

for **BSR & Co.**
Chartered Accountants

Zubin Shekary
Partner
Membership No.: 48814

Bangalore
20 April 2007

Statement Containing Salient Features of Balance Sheet and Profit and Loss Account etc., as per Section 219(1)(b)(iv)

ABRIDGED BALANCE SHEET

(Rs. in Million)

	As at March 31,	
	2007	2006
I. SOURCES OF FUNDS		
(1) Shareholders' funds		
(a) Capital		
Equity	**2,918**	2,852
(b) Share application money pending allotment	**35**	75
(c) Reserves and surplus		
(i) Capital reserve	**10**	10
(ii) Securities premium account	**24,530**	14,378
(iii) Restricted stock units reserve	**922**	529
(iv) Revenue reserves	**64,789**	46,436
(2) Loan funds		
(a) Secured loans (other than debentures)	**232**	451
(b) Unsecured loans	**2,148**	51
Total of (1) & (2)	**95,584**	64,782
II. APPLICATION OF FUNDS		
(1) Fixed Assets		
(a) Net block (Original cost less depreciation)	**16,459**	11,183
(b) Capital work-in-progress	**9,895**	6,123
(2) Investments		
(a) Investment in subsidiary companies - Unquoted	**11,988**	4,986
(b) Others		
(i) Quoted	**31,146**	29,449
(ii) Unquoted	**353**	157
(3) Deferred tax asset (Net)	**466**	381
(4) (I) Current assets, loans and advances		
(a) Inventories	**2,404**	1,487
(b) Sundry debtors	**25,823**	19,681
(c) Cash and bank balances	**18,492**	8,230
(d) Loans and advances		
(i) To subsidiary companies	**2,278**	1,018
(ii) To others	**13,921**	12,388
Less :		
(II) Current liabilities and provisions		
(a) Current liabilities	**29,989**	17,768
(b) Provisions	**7,652**	12,533
Net current assets (I-II)	**25,277**	12,503
Total of (1) to (4)	**95,584**	64,782

As per our report attached

for BSR & Co.,
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Bangalore, June 06, 2007

For and on behalf of the Board of Directors

Azim Premji
Chairman

B.C. Prabhakar
Director

Suresh C. Senapaty
Executive Vice President
& Chief Financial Officer

V. Ramachandran
Company Secretary

ABRIDGED PROFIT AND LOSS ACCOUNT

(Rs. in Million except share data)

		For the year ended March 31,	
		2007	2006
I.	**INCOME**		
	Sales/services rendered (refer Annexure)	**136,839**	102,271
	Dividend	**1,671**	868
	Interest	**402**	211
	Other income	**814**	445
	Total	**139,726**	103,795
II.	**EXPENDITURE**		
	Cost of goods consumed/sold		
	(i) Opening stock	**1,312**	1,112
	(ii) Purchases	**19,753**	13,464
	Less : Closing stock	**(2,175)**	(1,312)
	Manufacturing expenses	**1,205**	1,022
	Selling expenses	**4,274**	3,313
	Salaries, wages and other employee benefits	**57,645**	42,716
	Managerial remuneration	**37**	75
	Interest	**72**	31
	Depreciation	**3,598**	2,922
	Auditors' remuneration	**9**	9
	Provisions for doubtful debts	**267**	254
	Other expenses	**21,967**	16,785
	Total	**107,964**	80,391
III	**PROFIT BEFORE TAX (I-II)**	**31,762**	23,404
IV	**PROVISION FOR TAXATION**	**3,341**	3,199
V	**PROFIT AFTER TAX**	**28,421**	20,205
VI	**DIVIDEND ON EQUITY SHARES :**		
	- Interim dividend	**7,278**	-
	- Proposed dividend	**1,459**	7,129
	- Tax on dividend	**1,268**	1,000
VII	**TRANSFER TO RESERVES/SURPLUS**	**18,416**	12,076
	EARNINGS PER SHARE - EPS		
	Equity shares of par value Rs. 2/- each		
	Basic (in Rs.)	**19.92**	14.37
	Diluted (in Rs.)	**19.72**	14.15
	Number of shares for calculating EPS		
	Basic	**1,426,966,318**	1,406,505,974
	Diluted	**1,441,469,652**	1,427,915,724

As per our report attached

for BSR & Co.,
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Bangalore, June 06, 2007

For and on behalf of the Board of Directors

Azim Premji
Chairman

B.C. Prabhakar
Director

Suresh C. Senapaty
Executive Vice President
& Chief Financial Officer

V. Ramachandran
Company Secretary

CASH FLOW STATEMENT

(Rs. in Million)

		Year ended March 31,	
		2007	2006
A.	**Cash flows from operating activities :**		
	Profit before tax	31,762	23,404
	Adjustments :		
	Depreciation and amortisation	3,598	2,923
	Amortisation of stock compensation	1,005	622
	Unrealised exchange differences - Net	457	65
	Interest on borrowings	72	31
	Dividend/interest - Net	(2,073)	(1,079)
	Profit on sale of investments	(658)	(238)
	Gain on sale of fixed assets	(10)	(6)
	Working Capital Changes :		
	Trade and other receivable	(6,353)	(6,360)
	Loans and advances	(1,328)	(1,534)
	Inventories	(917)	(213)
	Trade and other payables	5,042	5,814
	Net cash generated from operations	30,597	23,429
	Direct taxes paid	(3,851)	(4,306)
	Net cash generated by operating activities	26,746	19,123
B.	**Cash flows from investing activities :**		
	Acquisition of property, fixed assets plant and equipment (including advances)	(12,247)	(7,343)
	Proceeds from sale of fixed assets	92	157
	Purchase of investments	(123,595)	(59,018)
	Proceeds on sale/from maturities on investments	122,360	51,641
	Inter-corporate deposit	(500)	-
	Investment in subsidiaries	(7,002)	(3,301)
	Dividend/interest income received	2,073	919
	Net cash generated by/(used in) investing activities	(18,819)	(16,945)
C.	**Cash flows from financing activities :**		
	Proceeds from exercise of Employee Stock Option	9,458	4,704
	Share application money pending allotment	35	63
	Interest paid	(72)	(31)
	Dividends paid (including distribution tax)	(8,914)	(4,019)
	Mobilisation/repayment of borrowings - Net	1,878	(119)
	Net cash generated by/(used in) by financing activities	2,385	598
	Net increase in cash and cash equivalents during the period	10,312	2,776
	Cash and cash equivalents at the beginning of the period	8,230	5,369
	Cash acquired on merger	-	90
	Effect of translation of cash balance	(50)	(5)
	Cash and cash equivalents at the end of the period *	18,492	8,230

* Includes Rs. 7,278 Million in a restricted designated bank account for payment of interim dividend

As per our report attached

for BSR & Co.,
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Bangalore, June 06, 2007

For and on behalf of the Board of Directors

Azim Premji
Chairman

B.C. Prabhakar
Director

Suresh C. Senapaty
Executive Vice President
& Chief Financial Officer

V. Ramachandran
Company Secretary

NOTES TO ABRIDGED ACCOUNTS

1. The Company has been granting restricted stock units (RSUs) since October 2004. The RSUs generally vest in a graded manner over a five year period. The stock compensation cost is computed under the intrinsic value method and amortised on a straight line basis over the total vesting period of five years.

   In July 2006, the Company granted 7 Million RSUs. 2.5 Million RSUs were granted under WRSUP 2004, 0.9 Million under WARSUP 2004 and 3.6 Million under WRSUP 2005.

   The accounting policy of the Company is to amortise stock compensation cost on a straight line basis. However, pursuant to the Guidance Note on Employee Share-based Payments issued by ICAI, which is applicable to all stock option grants made on or after April 1, 2005, the Company amortised the stock compensation cost relating to the July 2006 stock option grants on an accelerated amortisation basis. In March 2007, the ICAI announced a limited revision to the guidance note. The guidance note now permits a choice of straight line and accelerated basis of amortisation of stock compensation cost.

   Subsequent to this revision, the Company has opted to amortise the cost relating to stock option grants on a straight line basis and has retroactively applied the policy for grants made during the year ended March 31, 2007.

   For the year ended March 31, 2007, the Company has recorded stock compensation expense of Rs. 1,078 Million.

   The Company has been advised by external counsel that the straight line amortisation over the total vesting period also complies with the SEBI Employee Stock Option Scheme Guidelines 1999, as amended. However, an alternative interpretation of the SEBI guidelines could result in amortisation of the cost on an accelerated basis. If the Company were to amortise cost on an accelerated basis, profit before taxes for the year ended March 31, 2006 and 2007 would have been lower by Rs. 490 Million and Rs. 348 Million respectively. This would effectively increase the profit before tax in later years by similar amounts. (Note No. 8 in the Notes to Accounts of the annual parent financial statements)

2. The Company had received tax demands from the Indian income tax authorities for the financial years ended March 31, 2001, 2002 and 2003 aggregating to Rs. 8,100 Million (including interest of Rs. 750 Million). The tax demand was primarily on account of denial 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. The Company had appealed against these demands. In March 2006, the first appellate authority vacated the tax demands for the years ended March 31, 2001 and 2002. The income tax authorities have filed an appeal against the above order.

   In March 2007, the first Income tax appellate authority upheld the deductions claimed by the Company under Section 10A of the Act, which vacates a substantial portion of the demand for the year ended March 31, 2003.

   In December 2006, the Company received additional tax demand of Rs. 3,027 Million (including interest of Rs. 753 Million) for the financial year ended March 31, 2004 on similar grounds as earlier years. The Company has filed an appeal against this demand. Considering the facts and nature of disallowance and the order of the appellate authority upholding the claims of the Company for earlier years, the Company believes that the final outcome of the above disputes should be in favour of the Company and there should not be any material impact on the financial statements. (Note 10 in the Notes to Accounts of the annual parent financial statements)

3. The following are the details of acquisitions made directly by the Company and through its subsidiaries during the year ended March 31, 2007 and 2006 for an upfront purchase consideration of Rs. 10,316 Million. (Note No. 4 in the Notes to Accounts in the annual parent financial statements)

Sr. No.	Acquired entity	Acquired during	Nature of business
a.	Quantech Global Services LLC and Quantech Global Services Ltd. (Quantech)	Jul 06	Engaged in Computer Aided Design and Engineering services
b.	Saraware Oy	Jun 06	Engaged in providing design and engineering services to telecom companies
c.	RetailBox BV and subsidiaries (Enabler)	Jun 06	Leading specialist in the development, implementation and support of IS systems for retail industry.
d.	cMango Inc. and subsidiaries (cMango)	Apr 06	Engaged in providing business management service solutions
e.	mPower Software Services Inc. and its subsidiaries	Dec 05	Engaged in providing IT services in payments service sector
f.	BVPENTE Beteiligungsverwaltung GmbH and its subsidiaries (New Logic)	Dec 05	Engaged in semiconductor Intellectual Property (IP) cores and complete system on chip solutions with digital, analog mixed signal and Radio Frequency (RF) design services.
g.	India, Middle East and SAARC operations of 3D Networks and Planet PSG	Nov 06	Engaged in the business of communication solutions that include consulting, voice, data and converged solutions, and managed services
h.	Trademark/brand North-West and assets of North-West Switchgear Limited	May 06	The Company acquired a substantial portion of the business and brand of North-West Switchgear Limited, a manufacturer and distributor of switches, sockets and miniature circuit breakers.
i.	Hydrauto Group AB (Hydrauto)	Nov 06	Engaged in production, marketing and development of customised hydraulic cylinders solution for mobile applications.

[a] Certain acquisition agreements include earn-outs, determined based on specific financial targets being achieved over the earn-out period and will be recorded as purchase consideration when paid.

4. Estimated amount of contracts remaining to be executed on capital accounts and contingent liabilities : (Note No. 14 in the Notes to Accounts of the annual parent financial statements)

Particulars	As at March 31,	
	2007	2006
Estimated amount of contracts remaining to be executed on Capital account and not provided for	**3,432**	1,714
Contingent liabilities in respect of		
a) Disputed demands for excise duty, customs duty, sales tax and other matters	**171**	964
b) Performance and financial guarantees given by the Banks on behalf of the Company	**3,013**	2,941

5. In December 2006, the Company sold 4 Million shares in WeP Peripherals and the Company's holding in WeP Peripherals is reduced from 39.6% as at March 31, 2006 to 15%. The Company has recorded a gain of Rs. 106 Million on the sale of these shares. The carrying amount of the remaining shares in WeP Peripherals is classified under long-term investments. (Note 5 in the Notes to Accounts of the annual parent financial statements)

6. The list of subsidiaries, associates, trust and entities controlled by Directors is given below : (Note No. 21 in the Notes to Accounts of the annual parent financial statements)

Direct Subsidiaries	Step Subsidiaries		Country of Incorporation
Wipro Infrastructure Engineering Ltd.			India
Wipro Inc.			USA
	Enthink Inc.		USA
	mPower Software Services (India) Private Limited		India
	MPact Technologies Services Private Limited		India
	cMango Inc.		USA
		cMango India Private Limited	India
	Quantech Global Services LLC		USA
cMango Pte Limited			Singapore
Wipro Japan KK			Japan
Wipro Shanghai Limited			China
Wipro Trademarks Holding Limited			India
	Cygnus Negri Investments Private Limited		India
Wipro Travel Services Limited			India
Wipro HealthCare IT Limited			India
Wipro Consumer Care Limited			India
Wipro Chandrika Limited (a)			India

Direct Subsidiaries	Step Subsidiaries		Country of Incorporation
Wipro Holdings (Mauritius) Limited			Mauritius
	Wipro Holdings UK Limited		UK
		Wipro Technologies UK Limited	UK
		BVPENTE Beteiligungsverwaltung GmbH	Austria
		New Logic Technologies GmbH	Austria
		New Logic Technologies SARL	France
		New Logic Technologies S.A.	Switzerland
		3D Networks FZ-LLC	Dubai
		3D Networks (UK) Limited	UK
Wipro Cyprus Private Limited			Cyprus
	RetailBox BV		Netherlands
		Enabler Informatica SA	Portugal
		Enabler France SAS	France
		Enabler UK Ltd.	UK
		Enabler Brazil Ltd.	Brazil
		Enabler & Retail Consult GmbH	Germany
	Saraware Oy		Finland
	Hydrauto Group AB		Sweden
		Hydrauto Medium Cylinders Skelleftteas AB	Sweden
		Hydrauto Engineering AB	Sweden
		Hydrauto Light Cylinders Bispgarden AB	Sweden
		Hydrauto Light Cylinders Ostersund AB	Sweden
		Hydrauto Big Cylinders Ljungby AB	Sweden
		Hydrauto Logistics AB	Sweden
		Hydrauto Oy Ab Pernion	Finland
		Hydrauto Celka Hidrolic San ve Tic a.s	Turkey
	Wipro Technologies SRL		Romania

Direct Subsidiaries	Step Subsidiaries		Country of Incorporation
WMNETSERV Limited (a)			Cyprus
	WMNETSERV Inc.		USA
	WMNETSERV U.K. Limited		UK
Quantech Global Services Limited			India
Wipro Australia Pty Limited			Australia
3D Networks Pte Limited			Singapore
Planet PSG Pte Limited			Singapore
	Planet PSG Pte Limited		Malaysia
Spectramind Inc.			USA

All the above direct subsidiaries are 100% held by the Company except the following :

(a) 90% held in Wipro Chandrika Limited

(b) 81.1% held in WMNETSERV Limited

Name of the entity	Nature	% of holding	Country of Incorporation
Wipro Equity Reward Trust	Trust	Fully controlled trust	India
Wipro GE Medical Systems Private Limited	Associate	49%	India
WeP Peripherals Limited	Associate till Dec 06	Less than 15%	India
Azim Premji Foundation	Entity controlled by Director		
Hasham Premji (parternship firm)	Entity controlled by Director		
Azim Premji	Chairman and Managing Director		

The Company has the following related party transactions :

Sr. No.	Transaction/Balances	Subsidiaries/ Trust		Associates		Entities controlled by Directors		Non-Executive Directors	
		2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
1.	Sale of services	**2,576**	936						
2.	Sale of goods	**19**	16	**34**	134	**3**	4		
3.	Purchase of services	**621**	463		2	**1**	1		
4.	Purchase of fixed assets			**194**	119				
5.	Others	**7**	2						
6.	**Payments to Non-Executive Directors :**								
	Dr. Ashok Ganguly							**1**	1
	Narayan Vaghul							**2**	2
	Prof. Eisuke Sakakibara								Yen 2.40
	Dr. Jagdish N. Sheth							**US$ 0.05**	US$ 0.04
	P.M. Sinha							**1**	1
	B.C. Prabhakar							**1**	1
	Bill Owens							**US$ 0.06**	-
7.	**Balances as on March 31,**								
	Receivables	**2,092**	1,060	**5**	52		1		
	Payables	**87**	377	**40**	35				

The following are the significant transactions during the year ended March 31, 2007 and 2006 :

Name of the entity	Sale of services		Sale of goods		Purchase of services		Purchase of fixed assets	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
Wipro Inc.	**2,449**	880			**107**			
Wipro Infrastructure Engineering Limited			**15**	12				
Wipro Japan KK					**200**	159		
Wipro Shanghai					**96**			
Wipro Technologies UK Limited					**166**			
3D Technologies			**4**					
Wipro GE Medical Systems Private Limited			**29**	114				
WeP Peripherals Limited *			**5**	20		2	**194**	119
Azim Premji Foundation			**3**	4	**1**	1		

* Transactions with WeP Peripherals are given above till the date the same ceased to be an associate

7. As at March 31, 2007 and 2006, the aggregate market value of quoted investments are Rs. 31,715 Million and Rs. 29,569 Million respectively.

8. The following are the details on licensed and installed capacity (Note (i) in additional information pursuant to the provisions of Part II of Schedule VI in the Notes to Accounts of the annual parent financial statements).

		Licensed Capacity		Installed capacity @	
	Unit	**March 31, 2007**	March 31, 2006	**March 31, 2007**	March 31, 2006
Vanaspati/Hydrogenated oils	T P A *	**144,000**	144,000	**45,000**	45,000
Toilet Soaps	T P A *	**83,000**	64,000	**66,930**	47,930
Leather shoe uppers	Pairs/Nos. (1000s) p.a. in lakhs	**750**	750	**750**	750
Fatty acids	T P A *	**20,000**	20,000	**20,000**	20,000
Glycerine	T P A *	**2,000**	2,000	**1,800**	1,800
GLS lamps	000s	**80,000**	50,000	**50,000**	50,000
TL Shells	000s	**12,694**	12,694	**12,694**	12,694
Fluorescent tube lights	000s	**20,694**	10,694	**10,694**	10,694
CFL	Nos. in 000s	**13,658**	6,658	**6,658**	6,658
Mini computers/micro processor based systems and data communication systems	N P A #	**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

The details of production are given below :

		March 31, 2007	March 31, 2006
Particulars	**Unit**	**Quantity**	**Quantity**
Mini computers/micro processor based systems and data communication systems	Nos.	**162,007**	104,748
Toilet soaps	Tons	**40,414**	38,404
Vanaspati/hydrogenated oils	Tons	**5,721**	5,257
Shoe uppers	000s	**206**	375
Fluorescent tube lights	-	**9,753**	9,283
Fatty acids	Tons	**22,834**	20,767
Glycerine	Tons	**882**	919

9. Important ratios :

Ratios	2007	2006
Sales to total assets ratio	1.03	1.08
Operating profit/capital employed ratio	30%	34%
Return on net worth	30%	31%
PAT to sales ratio	21%	20%

Annexure

Salient features of additional information on the Profit and Loss Account for the year ended March 31, 2007 and 2006

The details of sales in quantity and value are given below :

		March 31, 2007		March 31, 2006	
Particulars	**Unit**	**Quantity**	**Rs. in Mn.**	**Quantity**	**Rs. in Mn.**
Software services		-	99,284	-	73,891
Mini computers/micro processor based systems and data communication systems	Nos.	155,363	15,283	100,140	10,370
IT enabled services		-	9,391	-	7,627
Toilet soaps [(a)]	Tons	42,437	4,000	38,246	3,181
Lighting products [(b)]		-	2,709	-	1,957
Others			6,918		5,615
Total			137,585		102,641
Less : Excise Duty			746		370
Total			136,839		102,271

(a) Includes samples and shortages

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

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 2007		
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	8,652.50		
	American Depository Offering	241.94		
III	**Position of mobilisation of and deployment of funds**	(Rs. in Million)		
	Total Liabilities	95,584	**Total Assets**	95,584
	Sources of funds		**Application of Funds**	
	Paid-up capital	2,918	Goodwill	86
	Share application money pending allotment	35	Net Fixed Assets	26,268
	Reserves and Surplus	90,251	Investments	43,487
	Secured Loans	232	Deferred tax assets	466
	Unsecured Loans	2,148	Net Current Assets	25,277
IV	**Performance of the Company**	(Rs. in Million)		
	Turnover	139,726		
	Total Expenditure	107,964		
	Profit before Tax	31,762		
	Profit after Tax	28,421		
	Earnings per share (basic)	19.92		
	Dividend	550%		

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)

As per our report attached

for BSR & Co.,
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Bangalore, June 06, 2007

For and on behalf of the Board of Directors

Azim Premji
Chairman

B.C. Prabhakar
Director

Suresh C. Senapaty
Executive Vice President & Chief Financial Officer

V. Ramachandran
Company Secretary

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND ITS SUBSIDIARIES

We have audited the attached consolidated balance sheet of Wipro Limited ('the Company') and subsidiaries (collectively called 'the Wipro Group') as at 31 March 2007, the consolidated profit and loss account and the consolidated 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.

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 misstatement. 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.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

Without qualifying our opinion, we draw attention to Note 9 of the Notes to Accounts that relates to an alternative interpretation of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended. If the Company were to amortize the cost on an accelerated basis, profit before taxes for the year ended March 31, 2007 would have been lower by Rs. 348 million. Similarly, the profit before taxes for the year ended March 31, 2006 would have been lower by Rs. 490 million.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the consolidated balance sheet, of the state of affairs of the Wipro Group as at 31 March 2007;

b) in the case of the consolidated profit and loss account, of the profit of the Wipro Group for the year ended on that date; and

c) in the case of the consolidated cash flow statement, of the cash flows of the Wipro Group for the year ended on that date.

for **BSR & Co.**
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Bangalore
20 April 2007

BALANCE SHEET

(Rs. in Million)

		As of March 31,	
SOURCES OF FUNDS	**Schedule**	**2007**	**2006**
Shareholders' Funds			
Share capital	1	2,918	2,852
Share application money pending allotment		35	75
Reserves and surplus	2	93,042	63,202
		95,995	66,129
Loan Funds			
Secured loans	3	1,489	451
Unsecured loans	4	2,338	307
		3,827	758
Minority Interest		29	-
		99,851	66,887
APPLICATION OF FUNDS			
Fixed Assets			
Goodwill		9,477	3,528
Gross block	5	37,287	24,816
Less : Accumulated depreciation		18,993	12,911
Net block		18,294	11,905
Capital work-in-progress and advances		10,191	6,250
		37,962	21,683
Investments	6	33,249	30,812
Deferred Tax Assets (Net)	7	590	594
Current Assets, Loans and Advances			
Inventories	8	4,150	2,065
Sundry debtors	9	29,391	21,272
Cash and bank balances	10	19,822	8,858
Loans and advances	11	16,387	12,818
		69,750	45,013
Less : Current Liabilities and Provisions			
Liabilities	12	33,667	18,527
Provisions	13	8,033	12,688
		41,700	31,215
Net Current Assets		28,050	13,798
		99,851	66,887
Notes to Accounts	21		

The schedules referred to above form an integral part of the consolidated balance sheet

As per our report attached

for BSR & Co.,
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Bangalore
April 20, 2007

For and on behalf of the Board of Directors

Azim Premji
Chairman

Jagdish Sheth
Director

B.C. Prabhakar
Director

Suresh C. Senapaty
Executive Vice President
& Chief Financial Officer

V. Ramachandran
Company Secretary

PROFIT AND LOSS ACCOUNT

(Rs. in Million, except share data)

	Schedule	Year ended March 31, 2007	2006
INCOME			
Gross sales and services		151,330	106,805
Less : Excise duty		1,348	775
Net sales and services		149,982	106,030
Other income	14	2,963	1,536
		152,945	107,566
EXPENDITURE			
Cost of sales and services	15	102,420	71,484
Selling and marketing expenses	16	9,547	7,003
General and administrative expenses	17	7,866	5,265
Interest	18	124	35
		119,957	83,787
PROFIT BEFORE TAXATION		32,988	23,779
Provision for taxation including FBT	20	3,868	3,391
PROFIT BEFORE MINORITY INTEREST/ SHARE IN EARNINGS OF ASSOCIATES		29,120	20,388
Minority interest		6	(1)
Share in earnings of Associates		295	288
PROFIT FOR THE PERIOD		29,421	20,674
Appropriations			
Interim dividend		7,238	-
Proposed dividend		1,459	7,129
Tax on dividend		1,268	1,000
TRANSFER TO GENERAL RESERVE		19,456	12,545
EARNINGS PER SHARE - EPS			
Equity shares of par value Rs. 2/- each			
Basic (in Rs.)		20.62	14.70
Diluted (in Rs.)		20.41	14.48
Number of shares for calculating EPS [Refer Note 21(13)]			
Basic		1,426,966,318	1,406,505,974
Diluted		1,441,469,652	1,427,915,724

Notes to Accounts 21

The schedules referred to above form an integral part of the consolidated profit and loss account

As per our report attached

for BSR & Co.,
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Bangalore
April 20, 2007

For and on behalf of the Board of Directors

Azim Premji
Chairman

Jagdish Sheth
Director

B.C. Prabhakar
Director

Suresh C. Senapaty
Executive Vice President & Chief Financial Officer

V. Ramachandran
Company Secretary

CASH FLOW STATEMENT

(Rs. in Million)

		Year ended March 31,	
		2007	2006
A.	**Cash flows from operating activities :**		
	Profit before tax	32,988	23,778
	Adjustments:		
	Depreciation and amortisation	3,978	3,096
	Amortisation of stock compensation	1,078	633
	Unrealised exchange differences - Net	457	65
	Interest on borrowings	125	35
	Dividend/interest - Net	(2,118)	(1,069)
	(Profit)/Loss on sale of investments	(588)	(238)
	Gain on sale of fixed assets	(10)	(8)
	Working Capital Changes :		
	Trade and other receivable	(7,633)	(6,991)
	Loans and advances	(299)	(1,033)
	Inventories	(1,120)	(317)
	Trade and other payables	5,445	6,150
	Net cash generated from operations	32,303	24,102
	Direct taxes paid	(4,252)	(4,543)
	Net cash generated by operating activities	28,051	19,559
B.	**Cash flows from investing activities :**		
	Acquisition of property, fixed assets plant and equipment (including advances)	(13,005)	(7,927)
	Proceeds from sale of fixed assets	149	113
	Purchase of investments	(123,579)	(59,047)
	Proceeds on sale/from maturities on investments	122,042	52,043
	Inter-corporate deposit	(650)	-
	Net payment for acquisition of businesses	(6,608)	(2,777)
	Dividend/interest income received	2,118	923
	Net cash generated by/(used in) investing activities	(19,533)	(16,672)
C.	**Cash flows from financing activities :**		
	Proceeds from exercise of Employee Stock Option	9,458	4,704
	Share application money pending allotment	35	63
	Interest paid on borrowings	(125)	(35)
	Dividends paid (including distribution tax)	(8,875)	(3,998)
	Proceeds/(repayment) of long term borrowings - net	142	(268)
	Proceeds/(repayment) of short term borrowings - net	1,825	(200)
	Proceeds from issuance of shares by subsidiary	35	-
	Net cash generated by financing activities	2,495	266
	Net increase in cash and cash equivalents during the period	11,013	3,154
	Cash and cash equivalents at the beginning of the period	8,858	5,714
	Effect of translation of cash balance	(49)	(10)
	Cash and cash equivalents at the end of the period *	19,822	8,858

* Includes Rs. 7,278 Million in a restricted designated bank account for payment of interim dividend

As per our report attached

for BSR & Co.,
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Bangalore
April 20, 2007

For and on behalf of the Board of Directors

Azim Premji
Chairman

Jagdish Sheth
Director

B.C. Prabhakar
Director

Suresh C. Senapaty
Executive Vice President & Chief Financial Officer

V. Ramachandran
Company Secretary

(Rs. in Million, except share data)

	As of March 31,	
	2007	2006
SCHEDULE 1 SHARE CAPITAL		
Authorised capital		
1,650,000,000 (2006: 1,650,000,000) equity shares of Rs. 2 each	3,300	3,300
25,000,000 (2006: 25,000,000) 10.25% redeemable cumulative preference shares of Rs. 10 each	250	250
	3,550	3,550
Issued, subscribed and paid-up capital		
1,458,999,650 (2006: 1,425,754,267) equity shares of Rs. 2 each [refer note 21 (2)]	2,918	2,852
	2,918	2,852

	As of March 31,	
	2007	2006
SCHEDULE 2 RESERVES AND SURPLUS		
Capital reserve		
Balance brought forward from previous period	48	10
Add : Acquisition of minority interest in Wipro Infrastructure Engineering Limited	-	38
	48	48
Capital redemption reserve		
Balance brought forward from previous period	-	250
Less : Amount utilised for bonus shares	-	250
	-	-
Securities premium account		
Balance brought forward from previous period	14,378	9,299
Add : Exercise of stock options by employees	10,152	5,121
Add : Amalgamation adjustment	-	1,120
Less : Amount utilised for bonus shares	-	1,162
	24,530	14,378
Translation reserve		
Balance brought forward from previous period	(111)	(131)
Addition/(deletion)	(137)	20
	(248)	(111)
Restricted stock units reserve		
Employee Stock Options Outstanding	5,273	2,732
Less : Deferred Employee Compensation Expense	4,351	2,202
	922	530
General reserve		
Balance brought forward from previous period	48,357	41,634
Additions [refer Note 21 (3)]	19,433	6,723
	67,790	48,357
Summary of reserves and surplus		
Balance brought forward from previous period	63,202	51,408
Additions	29,977	13,206
Deletions	137	1,412
	93,042	63,202

(*Rs. in Million*)

	As of March 31,	
	2007	2006
SCHEDULE 3 SECURED LOANS		
Term loans	698	-
Cash credit facility	791	449
Development loan from Karnataka State Government	-	2
	1,489	451

Note : Term loans and cash credit facility are secured by hypothecation of stock-in-trade, book debts and immovable/movable properties

(*Rs. in Million*)

	As of March 31,	
	2007	2006
SCHEDULE 4 UNSECURED LOANS		
Borrowing from banks	2,240	256
Loan from financial institutions	52	-
Interest free loan from State Governments	46	50
Others	-	1
	2,338	307

SCHEDULE 5 FIXED ASSETS

(Rs. in Million)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As on April 1, 2006	Additions	Deductions/ Adjustments	**As on March 31, 2007**	As on April 1, 2006	Depreciation for the period	Deductions/ Adjustments	**As on March 31, 2007**	**As on March 31, 2007**	As on March 31, 2006
(a) Tangible fixed assets										
Land (including leasehold)	1,345	825	-	**2,170**	-	2	-	**2**	**2,168**	1,345
Buildings	4,504	1,694	-	**6,198**	394	86	189	**669**	**5,529**	4,110
Plant & machinery	14,235	6,979	90	**21,124**	9,770	2,904	1,398	**14,072**	**7,052**	4,465
Furniture, fixture and equipments	3,007	1,203	30	**4,180**	1,992	587	227	**2,806**	**1,374**	1,015
Vehicles	1,324	652	146	**1,830**	668	319	2	**989**	**841**	657
(b) Intangible fixed assets										
Technical know-how	45	291	6	**330**	34	7	288	**329**	**1**	11
Patents, trade marks and rights	356	1,098	-	**1,454**	52	74	-	**126**	**1,328**	303
	24,816	12,742	272	**37,287**	12,911	3,979	2,104	**18,993**	**18,294**	11,905
Previous year - 31 March, 2006	20,900	4,160	244	24,816	9,952	3,096	138	**12,911**	**11,905**	

Notes :

1. Additions in gross block and adjustments in accumulated depreciation include balances relating to fixed assets of entities acquired during the period [refer note 21(4)].
2. Plant and machinery includes computers and computer software.

(Rs. in Million)

	As of March 31, 2007	2006
SCHEDULE 6 INVESTMENTS		
Investments Long Term - unquoted		
Investment in Associates		
Wipro GE Medical Systems Private Limited (refer note below)	1,043	766
WeP Peripherals Limited	-	216
	1,043	982
Other Investments - unquoted	364	13
Current Investments - quoted		
Investments in Indian money market mutual funds	31,839	29,814
Investments - others	3	3
	31,842	29,817
	33,249	30,812
Aggregate market value of quoted investments and mutual funds	32,411	30,315

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

	2007	2006
SCHEDULE 7 DEFERRED TAX ASSET (NET)		
Accrued expenses	295	224
Business loss carried forward	210	284
Allowance for doubtful debts	217	105
Amortisable goodwill	(85)	(64)
Property plant and equipment – Depreciation differential	(47)	45
	590	594
SCHEDULE 8 INVENTORIES		
Finished goods	1,777	886
Raw materials	1,584	692
Stock in process	491	289
Stores and spares	298	198
	4,150	2,065
SCHEDULE 9 SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	919	816
Considered doubtful	1,245	1,116
	2,164	1,932
Other debts		
Considered good	28,472	20,456
	30,636	22,388
Less : Provision for doubtful debts	1,245	1,116
	29,391	21,272

(Rs. in Million)

	As of March 31,	
	2007	2006
SCHEDULE 10 CASH AND BANK BALANCES		
Balances with bank :		
In current account (refer note below)	16,784	8,437
In deposit account	2,355	21
Cash and cheques on hand	683	400
	19,822	8,858
Note : includes Rs. 7,278 Million in a restricted designated bank account for payment of interim dividend		
SCHEDULE 11 LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered good		
- Prepaid expenses	1,366	1,111
- Advance to suppliers	753	475
- Employee travel & other advances	885	754
- Others	1,087	918
	4,091	3,258
Considered doubtful	194	118
	4,285	3,376
Less : Provision for doubtful advances	194	118
	4,091	3,258
Other deposits	1,613	1,411
Advance income tax	4,730	3,682
Inter corporate deposit	650	-
Balances with excise and customs	207	131
Unbilled revenue	5,096	4,336
	16,387	12,818
SCHEDULE 12 LIABILITIES		
Accrued expenses and statutory liabilities	16,235	12,807
Sundry creditors	7,060	4,146
Unearned revenues	1,761	601
Advances from customers	1,369	969
Unclaimed dividends	4	4
Unpaid interim dividends	7,238	-
	33,667	18,527
SCHEDULE 13 PROVISIONS		
Employee retirement benefits	2,118	1,395
Warranty provision	831	719
Provision for tax	3,106	2,445
Proposed dividend	1,459	7,129
Tax on dividend	519	1,000
	8,033	12,688

PROFIT & LOSS ACCOUNT

(*Rs. in Million*)

	For the Year ended March 31,	
	2007	2006
SCHEDULE 14 OTHER INCOME		
Dividend on mutual fund units	1,686	871
Profit on sale of investments	588	238
Exchange differences - net	-	135
Miscellaneous income	257	94
	2,963	1,536

	For the Year ended March 31,	
	2007	2006
SCHEDULE 15 COST OF SALES AND SERVICES		
Employee compensation costs	54,239	38,184
Raw materials, finished and process stocks (refer Schedule 19)	23,182	14,819
Sub contracting/technical fees	6,677	4,317
Travel	5,084	3,688
Depreciation	3,696	2,910
Communication	1,620	1,593
Repairs	2,645	1,959
Power and fuel	1,062	890
Outsourced technical services	842	587
Rent	1,009	599
Stores and spares	676	480
Insurance	186	161
Rates and taxes	198	172
Miscellaneous expenses	1,304	1,125
	102,420	71,484

PROFIT & LOSS ACCOUNT

(Rs. in Million)

	For the Year ended March 31,	
	2007	2006
SCHEDULE 16 SELLING & MARKETING EXPENSES		
Employee compensation costs	4,728	3,508
Advertisement and sales promotion	1,400	972
Travel	790	647
Carriage and freight	885	555
Commission on sales	275	254
Rent	326	212
Communication	294	234
Conveyance	111	103
Depreciation	190	99
Repairs to buildings	60	54
Insurance	25	30
Rates and taxes	26	16
Miscellaneous expenses	437	318
	9,547	7,003
SCHEDULE 17 GENERAL AND ADMINISTRATIVE EXPENSES		
Employee compensation costs	3,430	2,155
Travel	909	637
Repairs and mantainance	321	378
Provision/write off of bad debts	294	304
Exchange differences - net	231	-
Manpower outside services	142	98
Depreciation	93	88
Rates and taxes	63	77
Insurance	57	20
Rent	77	38
Auditors' remuneration		
Audit fees	13	12
For certification including tax audit	1	-
Out of pocket expenses	1	1
Loss on disposal of fixed assets	-	6
Miscellaneous expenses	2,234	1,457
	7,866	5,265

(Rs. in Million)

			For the Year ended March 31,	
			2007	2006
SCHEDULE 18 INTEREST				
Cash credit and others			**124**	35
			124	35
SCHEDULE 19 RAW MATERIALS, FINISHED AND PROCESSED STOCKS				
Consumption of raw materials and bought out components :				
Opening stocks			**692**	689
Add : Stock taken over on acquisition			**651**	-
Add : Purchases			**11,701**	7,011
Less : Closing stocks			**1,584**	692
			11,460	7,008
Purchase of finished products for sale			**12,471**	8,107
(Increase)/Decrease in finished and process stocks :				
Opening Stock	:	In process	**289**	213
	:	Finished products	**886**	667
Stock taken over	:	In process	**194**	-
	:	Finished products	**150**	-
Less : Closing Stock	:	In process	**491**	289
	:	Finished products	**1,777**	886
			(749)	(296)
			23,182	14,819
SCHEDULE 20 PROVISION FOR TAXATION INCLUDING FRINGE BENEFIT TAX				
Current Taxes				
Indian taxes			**1,406**	1,605
Foreign taxes			**2,127**	1,575
Fringe benefit tax			**245**	231
Deferred Taxes			**90**	(20)
			3,868	3,391

Note : Indian taxes includes a net write back of tax provision for earlier years of Rs. 930 (2006 : Rs. 338) and foreign taxes includes a net tax provision for earlier years of Rs. 83 (2006 : Nil)

SCHEDULE 21 – NOTES TO ACCOUNTS

Company overview

Wipro Limited (Wipro), together with its subsidiaries and associates (collectively, the Company or the group) is a leading India based provider of IT Services and Products, including Business Process Outsourcing (BPO) services, globally. Further, Wipro has other businesses such as India and AsiaPac IT Services and Products and Consumer Care and Lighting. Wipro is headquartered in Bangalore, India.

1. Significant accounting policies

i. Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accruals basis. GAAP comprise pronouncements of the Institute of Charted Accountants of India (ICAI), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

ii. Principles of consolidation

The consolidated financial statements include the financial statements of Wipro and all its subsidiaries, which are more than 50% owned or controlled.

The financial statements of the parent company and its majority owned/controlled subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-company balances/transactions and resulting unrealised gain/loss.

The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

iii. Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates.

iv. Goodwill

Goodwill arising on consolidation/acquisition of assets is not amortised. It is tested for impairment on a periodic basis and written-off if found impaired.

v. Fixed assets, intangible assets and work-in-progress

Fixed assets are stated at historical cost less accumulated depreciation.

Interest on borrowed money allocated to and utilised for qualifying fixed assets, pertaining to the period up to the date of capitalisation is capitalised. Assets acquired on direct finance lease are capitalised at the gross value and interest thereon is charged to Profit and Loss Account.

Intangible assets are stated at the consideration paid for acquisition less accumulated amortisation.

Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date and the cost of fixed assets not ready for use before such date are disclosed under capital work-in-progress.

Lease payments under operating lease are recognised as an expense in the Profit and Loss Account.

Payments for leasehold land is amortised over the period of lease.

vi. Investments

Long term investments (other than investments in affiliates) are stated at cost less provision for diminution in the value of such investments. Diminution in value is provided for where the management is of the opinion that the diminution is of other than temporary nature. Short term investments are valued at lower of cost and net realisable value.

Investment in associate is accounted under the equity method.

vii. Inventories

Finished goods are valued at cost or net realisable 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. Cost is determined using weighted average method.

viii. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the outflow.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

ix. Revenue recognition

Services:

Revenue from Software development services comprises revenue from time and material and fixed-price contracts. Revenue from time and material contracts are recognised as related services are performed. Revenue from fixed-price, fixed-time frame contracts is recognised in accordance with the "Percentage of Completion" method.

Revenues from BPO services are derived from both time-based and unit-priced contracts. Revenue is recognised as the related services are performed, in accordance with the specific terms of the contract with the customers.

Revenue from maintenance services is accrued over the period of the contract.

Revenue from customer training, support and other services is recognised as the related services are performed.

Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

'Unbilled revenues' included in loans and advances represent cost and earnings in excess of billings as at the balance sheet date. 'unearned revenues' included in current liabilities represent billing in excess of revenue recognised.

Products:

Revenue from sale of products is recognised, in accordance with the sales contract, on dispatch from the factories/ warehouse of the Company. Revenues from product sales are shown net of excise duty, sales tax separately charged and applicable discounts.

Others:

Agency commission is accrued when shipment of consignment is dispatched by the principal.

Profit on sale of investments is recorded upon transfer of title by the Company. It is determined as the difference between the sales price and the then carrying amount of the investment.

Interest is recognised using the time-proportion method, based on rates implicit in the transaction.

Dividend income is recognised where the Company's right to receive dividend is established.

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

Other income is recognised on accrual basis. Other income includes unrealised losses on short-term investments.

x. Warranty cost

The Company accrues the estimated cost of warranties at the time when the revenue is recognised. The accruals are based on the Company's historical experience of material usage and service delivery costs.

xi. Foreign currency transactions

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of account at the average rate for the month.

Transaction:

The difference between the rate at which foreign currency transactions are accounted and the rate at which they are realised is recognised in the Profit and Loss Account.

Translation:

Monetary foreign currency assets and liabilities at period-end are translated at the closing rate. The difference arising from the translation is recognised in the Profit and Loss Account.

Hedge:

As part of the Risk Management Policies, the forward contracts are designated as hedges of highly probable forecasted transactions. The Accounting Standard (AS 11) on "The Effects of Changes on Foreign Exchange Rates", amended with effect from April 1, 2004 provides guidance on accounting for forward contracts. In respect of forward contracts entered into to hedge foreign exchange risk of highly probable forecasted transaction, the ICAI has clarified that AS 11 is currently not applicable to exchange differences arising from such forward contracts. The premium or discount of such contracts is amortised over the life of the contract in accordance with AS 11 (revised).

In respect of forward contracts/option contracts assigned to the foreign currency assets and liabilities as on the balance sheet date the exchange difference, being the difference between (a) the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and (b) the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date, is accounted in the Profit and Loss Account.

Exchange differences of forward contracts/option contracts designated as hedge of highly probable forecasted transactions are recognised in the Profit and Loss Account only in the period in which the forecasted transaction occurs.

Forward contracts and options not designated as hedges of forecasted transactions are marked to their current market value as at the balance sheet date and accounted in the Profit and Loss Account for the period.

Integral operations:

In respect of integral operations, monetary assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. Non-monetary items are translated at the historical rate. The items in the Profit and Loss Account are translated at the average exchange rate during the period. The differences arising out of the translation is recognised in the Profit and Loss Account.

Non-integral operations:

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 and Loss Account are translated at the average exchange rate during the period. The differences arising out of the translation are transferred to translation reserve.

xii. Depreciation and amortisation

Depreciation is provided on straight line method at rates not lower than rates specified in Schedule XIV to the Companies Act, 1956. In some cases, assets are depreciated at the rates which are higher than Schedule XIV rates to reflect the economic life of asset. Management estimates the useful life of various assets as follows :

Nature of asset	Life of asset
Building	30 – 60 years
Plant and machinery	5 – 21 years
Office equipment	5 years
Vehicles	4 years
Furniture and fixtures	5 – 6 years
Data processing equipment and software	2 – 3 years

Fixed assets individually costing Rs. 5,000/- or less are depreciated at 100%.

Assets under capital lease are amortised over their estimated useful life or the lease term, whichever is lower. Intangible assets are amortised over their estimated useful life, as the assets economic benefits are consumed by the Company. Estimated useful life is usually less than 10 years. For certain brands acquired by the Company, based on the performance of various comparable brands in the market, the Company estimated the useful life of those brands to be 20 years. Accordingly, such intangible assets are being amortised over 20 years.

xiii. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset including goodwill may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In respect of goodwill the impairment loss will be reversed only when it was caused by specific external events and their effects have been reversed by subsequent external events.

xiv. Provision for retirement benefits

Provident fund:

Employees receive benefits from a provident fund, a defined contribution plan. The employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's salary. A portion of the contribution is made to the provident fund trust managed by the Company, while the remainder of the contribution is made to the Government's provident fund.

Compensated absences:

The employees of the Company are entitled to compensated absence. The employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Gratuity:

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. Liability with regard to gratuity plan is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. Actuarial gain or loss is recognised immediately in the statement of profit and loss as income or expense. The Company has an employees' gratuity fund managed by the Life Insurance Corporation of India (LIC).

Superannuation:

Apart from being covered under the Gratuity Plan described above, the employees of the Company also participate in a defined contribution plan maintained by the Company. This plan is administered by the LIC & ICICI. The Company makes annual contributions based on a specified percentage of each covered employee's salary.

xv. Employee stock options

The Company determines the compensation cost based on the intrinsic value method. The compensation cost is amortised on a straight line basis over the vesting period.

xvi. 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.

xvii. Income tax & Fringe benefit tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements by each entity in the Company.

Deferred tax in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period is recognised in the period in which the timing differences originate. For this purpose, reversal of timing difference is determined using FIFO method.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment/substantial enactment date.

Deferred tax assets on timing differences are recognised only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets are reassessed for the appropriateness of their respective carrying amounts at each balance sheet date.

Fringe benefit tax:

The Fringe Benefit Tax (FBT) is accounted for in accordance with the guidance note on accounting for fringe benefits tax issued by the ICAI. The provision for FBT is reported under income taxes.

xviii. Earnings per share

Basic:

The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

Diluted:

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.

xix. Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

NOTES TO ACCOUNTS

2. The following are the significant breakup for 1,458,999,650 (2006 : 1,425,754,267) equity shares as of March 31, 2007

i) 1,398,430,659 Equity Shares/American Depository Receipts (ADRs) (2006 : 1,398,430,659) have been allotted as fully paid bonus shares/ADRs by capitalisation of Securities premium account and Capital redemption reserve.

ii) 1,325,525 Equity Shares (2006 : 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 Equity Shares (2006 : 3,162,500) representing American Depository Receipts issued during 2000-2001 pursuant to American Depository offering by the Company.

iv) 55,155,966 Equity Shares (2006 : 21,910,583) issued pursuant to Employee Stock Option Plan.

3. Note on Reserves :

i) Restricted stock units reserve include Deferred Employee Compensation, which represents future charge to profit and loss account and employee stock options outstanding to be treated as securities premium at the time of allotment of shares.

ii) Additions to General Reserve include :

(Rs. in Million)

Particulars	For the year ended March 31, 2007	2006
a) Transfer from Profit and Loss Account	19,456	12,545
b) Dividend distributed to Wipro Equity Reward Trust	40	20
c) Additional dividend paid for the previous year	(36)	(6)
d) Adjustment on account of amalgamation of Wipro BPO Solutions Limited, Spectramind Limited-Bermuda & Spectramind Limited-Mauritius with the Company.	-	(5,836)
e) Transition liability for employee benefits	(27)	-
	19,433	6,723

4. The following are the details of acquisitions made by the Company during the year ended March 31, 2007 and 2006 :

Sr. No.	Acquired entity	Acquired during	Nature of business
Global IT Services & Products			
1	Quantech Global Services LLC and Quantech Global Services Ltd. (Quantech)	Jul 06	Engaged in Computer Aided Design and Engineering services
2	Saraware Oy	Jun 06	Engaged in providing design and engineering services to telecom companies
3	RetailBox BV and subsidiaries (Enabler)	Jun 06	Leading specialist in the development, implementation and support of IS systems for retail industry.
4	cMango Inc and subsidiaries (cMango)	Apr 06	Engaged in providing business management service solutions
5	mPower Software Services Inc. and its subsidiaries	Dec 05	Engaged in providing IT services in payments service sector
6	BVPENTE Beteiligungsverwaltung GmbH and its subsidiaries (New Logic)	Dec 05	Engaged in semiconductor Intellectual Property (IP) cores and complete system on chip solutions with digital, analog mixed signal and Radio Frequency (RF) design services.
India & AsiaPac IT Services and Products			
7	India, Middle East and SAARC operations of 3D Networks and Planet PSG	Nov 06	Engaged in the business of communication solutions that include consulting, voice, data and converged solutions, and managed services
Consumer Care & Lighting			
8	Trademark/brand “North-West” and assets of North-West Switchgear Limited	May 06	The Company acquired a substantial portion of the business and brand of North-West Switchgear Limited, a manufacturer and distributor of switches, sockets and miniature circuit breakers.
Others			
9	Hydrauto Group AB (Hydrauto)	Nov 06	Engaged in production, marketing and development of customized hydraulic cylinders solution for mobile applications.

Segments	Upfront purchase consideration [a]	Goodwill arising from acquisitions
Global IT Services & Products	6,947	6,310
India & AsiaPac IT Services & Products	904	384
Consumer Care & Lighting	1,053	-
Others	1,412	1,217

[a] Certain acquisition agreements include earn-outs, determined based on specific financial targets being achieved over the earn-out period and will be recorded as purchase consideration when paid.

5. In December 2006, the Company sold 4 Million shares in WeP Peripherals and the Company's holding in WeP Peripherals is reduced from 39.6% as at March 31, 2006 to 15%. The Company has recorded a gain of Rs. 48 Million on the sale of these shares. The carrying amount of the remaining shares in WeP Peripherals is classified under long term investments.

6. As of March 31, 2007, forward contracts and options (including zero cost collars) to the extent of USD 93 Million have been assigned to the foreign currency assets as on the balance sheet date. The proportionate premium/discount on the forward contracts for the period upto the balance sheet date is recognised in the Profit and Loss Account. The exchange difference measured by the change in exchange rate between inception of forward contract and the date of balance sheet is applied on the foreign currency amount of the forward contract and recognised in the Profit and Loss Account.

   Additionally, the Company has designated forward contracts and options to hedge highly probable forecasted transactions. The Company also designates zero cost collars to hedge the exposure to variability in expected future foreign currency cash inflows due to exchange rate movements beyond a defined range. The range comprises an upper and lower strike price. At maturity, if the exchange rate remains within the range the Company realises the cash inflows at spot rate, otherwise the Company realises the inflows at the upper or lower strike price. The exchange differences on the forward contracts and gain/loss on such options are recognised in the Profit and Loss Account in the period in which the forecasted transaction is expected to occur. As of March 31, 2007, the Company had forward/option contracts to sell USD 87 Million, relating to highly probable forecasted transactions. The effect of mark to market of the designated contracts is a gain of Rs. 105 Million. The premium/discount at inception of forward contracts is amortised over the life of the contract.

   Additionally, as at March 31, 2007 forward contracts to purchase USD 135 Million have been designated to hedge highly probable outflows. The effect of mark to market of the designated contract is a loss of Rs. 25 Million.

7. The Institute of Chartered Accountants of India issued Accounting Standard No. 15 (revised) (AS 15R) on Employee Benefits, which supersedes the earlier accounting standard on retirement benefits. The Company has adopted the provisions of AS 15R effective April 1, 2006. The following table lists out disclosure requirements laid down under the revised standard :

Employee Benefit Plans

Gratuity: In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC). Under this plan, the settlement obligation remains with the Company, although the Life Insurance Corporation of India administers the plan and determines the contribution premium required to be paid by the Company.

(Rs. in Million)

Change in the benefit obligation	**March 31, 2007**
Projected Benefit Obligation (PBO) at the beginning of the year	757
Service cost	193
Interest cost	55
Benefits paid	(77)
Actuarial loss/(gain)	193
PBO at the end of the year	**1,121**

Change in plan assets	**March 31, 2007**
Fair value of plan assets at the beginning of the year	656
Expected return on plan assets	51
Employer contributions	89
Benefits paid	(77)
Actuarial Loss/(Gain)	8
Fair value of plan assets at the end of the year	**727**
Present value of unfunded obligation	(394)
Unrecognised prior service cost	-
Liability recognised in financial statements	(394)

The Company has invested the plan assets with the Life Insurance Corporation of India. Expected rate of return on the plan asset has been determined scientifically considering the current and expected plan asset allocation, historical rate of return earned by the Company, current market trend and the expected return on the plan assets. Expected contribution to the fund during the year ending March 31, 2008 is Rs. 195 Million.

Net gratuity cost for the year ended March 31, 2007 included :

(Rs. in Million)

Service cost	193
Interest cost	55
Expected return on assets	(50)
Actuarial Loss/(Gain)	179
Net gratuity cost	**377**

The weighted average actuarial assumptions used to determine benefit obligations and net periodic gratuity cost are :

	March 31, 2007
Discount rate	8.10%
Rate of increase in compensation levels	7.00%
Rate of return on plan assets	7.50%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply & demand factors in the employment market.

Superannuation : Apart from being covered under the gratuity plan, the employees of the Company also participate in a defined contribution plan maintained by the Company. This plan is administered by the LIC & ICICI. The Company makes annual contributions based on a specified percentage of each covered employee's salary.

Provident fund (PF) : In addition to the above benefits, all employees receive benefits from a provident fund, a defined contribution plan. The employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's salary. A portion of the contribution is made to the provident fund trust established by the Company, while the reminder of the contribution is made to the Government's provident fund. For the year ended March 31, 2007, the Company contributed Rs. 1,283 Million to PF and other employee welfare funds.

The interest rate payable by the trust to the beneficiaries is regulated by the statutory authorities. The Company has an obligation to make good the shortfall, if any, between the returns from its investments and the administered rate.

8. The Company has a 49% equity interest in Wipro GE Medical Systems Private Limited (Wipro GE), an entity in which General Electric, USA holds the majority equity interest. The shareholders agreement provides specific rights to the two shareholders. Management believes that these specific rights do not confer joint control as defined in Accounting Standard 27 "Financial Reporting of Interest in Joint Venture". Consequently, Wipro GE is not considered as a joint venture and consolidation of financial statements are carried out as per equity method in terms of Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements".

9. The Company has been granting restricted stock units (RSUs) since October 2004. The RSUs generally vest in a graded manner over a five year period. The stock compensation cost is computed under the intrinsic value method and amortised on a straight line basis over the total vesting period of five years.

   In July 2006, the Company granted 7 Million RSUs. 2.5 Million RSUs were granted under WRSUP 2004, 0.9 Million under WARSUP 2004 and 3.6 Million under WRSUP 2005.

   The accounting policy of the Company is to amortise stock compensation cost on a straight line basis. However, pursuant to the Guidance Note on Employee Share-based Payments issued by ICAI, which is applicable to all stock option grants made on or after April 1, 2005, the Company amortised the stock compensation cost relating to the July 2006 stock option grants on an accelerated amortisation basis. In March 2007, the ICAI announced a limited revision to the guidance note. The guidance note now permits a choice of straight line and accelerated basis of amortisation of stock compensation cost.

   Subsequent to this revision, the Company has opted to amortise the cost relating to stock option grants on a straight line basis and has retroactively applied the policy for grants made during the year ended March 31, 2007.

   For the year ended March 31, 2007 the Company has recorded stock compensation expense of Rs. 1,078 Million.

   The Company has been advised by external counsel that the straight line amortisation over the total vesting period also complies with the SEBI Employee Stock Option Scheme Guidelines 1999, as amended. However, an alternative interpretation of the SEBI guidelines could result in amortisation of the cost on an accelerated basis. If the Company were to amortise cost on an accelerated basis, profit before taxes for the year ended March 31, 2007 and 2006 would have been lower by Rs. 348 Million and Rs. 490 Million respectively. This would effectively increase the profit before tax in later years by similar amounts.

10. 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. (The number of shares in the table below are adjusted for any stock splits and bonus shares issues).

Stock option activity under ***1999 Plan*** is as follows :

	Year ended March 31, 2007			
	Shares arising out of options	Range of exercise prices (Rs.)	Weighted-average exercise price (Rs.)	Weighted-average remaining contractual life
Outstanding at the beginning of the period	3,978,313	309-421	312	3 Months
Forfeited during the period	(75,795)	309-421	309	-
Exercised during the period	(3,902,518)	309-421	312	-
Outstanding at the end of the period	-	-	-	-
Exercisable at the end of the period	-	-	-	-

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

	Year ended March 31, 2007			
	Shares arising out of options	Range of exercise prices (Rs.)	Weighted-average exercise price (Rs.)	Weighted-average remaining contractual life
Outstanding at the beginning of the period	292,576	172-255	233	37 Months
	20,146,257	265-396	267	35 Months
	9,899,967	397-458	399	19 Months
Forfeited during the period	(91,924)	172-255	229	-
	(973,249)	265-396	274	-
	(100,634)	397-458	398	-
Exercised during the period	(175,802)	172-255	228	-
	(17,729,437)	265-396	266	-
	(8,312,435)	397-458	399	-
Outstanding at the end of the period	24,850	172-255	236	23 Months
	1,443,571	265-396	267	23 Months
	1,486,898	397-458	399	7 Months
Exercisable at the end of the period	24,850	172-255	235	23 Months
	1,443,571	265-396	267	23 Months
	1,486,898	397-458	399	7 Months

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

	Year ended March 31, 2007			
	Shares arising out of options	Range of exercise prices ($)	Weighted-average exercise price ($)	Weighted-average remaining contractual life
Outstanding at the beginning of the period	238,900	$3.46 – 5.01	$4.38	31 Months
	1,208,842	$5.82 – 6.90	$6.50	21 Months
Exercised during the period	(122,250)	$3.46 – 5.01	$4.41	-
	(769,403)	$5.82 – 6.90	$6.51	-
Outstanding at the end of the period	116,650	$3.46 – 5.01	$4.39	19 Months
	439,439	$5.82 – 6.90	$6.15	11 Months
Exercisable at the end of the period	116,650	$3.46 – 5.01	$4.39	19 Months
	439,439	$5.82 – 6.90	$6.15	11 Months

Stock option activity under ***WRSUP 2004 Plan*** is as follows :

	Year ended March 31, 2007		
	Shares arising out of options	Exercise price (Rs.)	Weighted-average remaining contractual life
Outstanding at the beginning of the period	7,598,174	2	54 Months
Granted during the year	2,492,560	2	72 Months
Forfeited during the period	(553,836)	2	-
Exercised during the period	(2,036,918)	2	-
Outstanding at the end of the period	7,499,980	2	49 Months
Exercisable at the end of the period	195,982	2	43 Months

Stock option activity under ***WARSUP 2004 Plan*** is as follows :

	Year ended March 31, 2007		
	Shares arising out of options	Exercise price ($)	Weighted-average remaining contractual life
Outstanding at the beginning of the period	1,000,720	$ 0.04	54 Months
Granted during the year	918,130	$ 0.04	72 Months
Forfeited during the period	(170,900)	$ 0.04	-
Exercised during the period	(196,620)	$ 0.04	-
Outstanding at the end of the period	1,551,330	$ 0.04	54 Months
Exercisable at the end of the period	122,980	$ 0.04	54 Months

Stock option activity under ***WRSUP 2005 Plan*** is as follows :

	Year ended March 31, 2007		
	Shares arising out of options	Exercise price (Rs.)	Weighted-average remaining contractual life
Outstanding at the beginning of the period	-	2	-
Granted during the year	3,640,076	2	72 Months
Forfeited during the period	(193,192)	2	-
Exercised during the period	-	2	-
Outstanding at the end of the period	3,446,884	2	63 Months
Exercisable at the end of the period	-	2	-

Options under the Restricted Stock Unit Plan are granted at a nominal exercise price (par value of the shares). Since these options have been granted at a nominal exercise price, the intrinsic value on the date of grant approximates the grant date fair value of the options.

In March 2007, employees exercised 13 Million vested options by availing funding from third party financial institutions and Wipro Equity Reward Trust (WERT), a controlled trust of the Company. In respect of loans availed from third party financial institutions, WERT has undertaken to bear the interest cost.

11. The Company had received tax demands from the Indian income tax authorities for the financial years ended March 31, 2001, 2002 and 2003 aggregating to Rs. 8,100 Million

(including interest of Rs. 750 Million). The tax demand was primarily on account of denial 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. The Company had appealed against these demands. In March 2006, the first appellate authority vacated the tax demands for the years ended March 31, 2001 and 2002. The income tax authorities have filed an appeal against the above order.

In March 2007, the first Income tax appellate authority upheld the deductions claimed by the Company under Section 10A of the Act, which vacates a substantial portion of the demand for the year ended March 31, 2003.

In December 2006, the Company received additional tax demand of Rs. 3,027 Million (including interest of Rs. 753 Million) for the financial year ended March 31, 2004 on similar grounds as earlier years. The Company has filed an appeal against this demand. Considering the facts and nature of disallowance and the order of the appellate authority upholding the claims of the Company for earlier years, the Company believes that the final outcome of the above disputes should be in favour of the Company and there should not be any material impact on the financial statements.

12. Product warranty expenses accrued based on the Company's historical experience of material usage and service delivery costs.

	FY 2006-07	FY 2005-06
Provision at the beginning of the year	719	462
Additions during the year	862	588
Utilised during the year	(750)	(331)
Provision at the end of the year	831	719

13. The working for computation of equity shares used in calculating basic & diluted earnings per share is set out below :

	Year ended March 31	
	2007	2006
Weighted average equity shares outstanding	1,434,928,078	1,414,378,034
Share held by a controlled trust	(7,961,760)	(7,872,060)
Weighted average equity shares for computing basic EPS	1,426,966,318	1,406,505,974
Dilutive impact of employee stock options	14,503,334	21,409,926
Weighted average equity shares for computing diluted EPS	1,441,469,652	1,427,915,724
Net income considered for computing diluted EPS (Rs. in Million)	29,421	20,674

14. The Company leases office and residential facilities under cancelable and non-cancelable operating and financial lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental payments under such leases are Rs. 1,412 Million during the year ended March 31, 2007.

Details of contractual payments under non-cancelable operating leases are given below :

(Rs. in Million)

Lease Rentals recognised during the period	444
Lease Obligation :	
Within one year of the balance sheet date	395
Due in a period between one year and five years	1,270
Due after five years	906

15. The list of subsidiaries is given below :

Direct Subsidiaries	Step Subsidiaries		Country of Incorporation
Wipro Infrastructure Engineering Ltd.			India
Wipro Inc.			USA
	Enthink Inc.		USA
	mPower Software Services (India) Private Limited		India
	MPact Technologies Services Private Limited		India
	cMango Inc.		USA
		cMango India Private Limited	India
	Quantech Global Services LLC		USA
cMango Pte Limited			Singapore
Wipro Japan KK			Japan
Wipro Shanghai Limited			China
Wipro Trademarks Holding Limited			India
	Cygnus Negri Investments Private Limited		India
Wipro Travel Services Limited			India
Wipro HealthCare IT Limited			India
Wipro Consumer Care Limited			India
Wipro Chandrika Limited (a)			India
Wipro Holdings (Mauritius) Limited			Mauritius
	Wipro Holdings UK Limited		UK
		Wipro Technologies UK Limited	UK
		BVPENTE Beteiligungsverwaltung GmbH	Austria
		New Logic Technologies GmbH	Austria
		New Logic Technologies SARL	France
		New Logic Technologies S.A.	Switzerland
		3D Networks FZ-LLC	Dubai
		3D Networks (UK) Limited	UK

Direct Subsidiaries	Step Subsidiaries		Country of Incorporation
Wipro Cyprus Private Limited			Cyprus
	RetailBox BV		Netherlands
		Enabler Informatica SA	Portugal
		Enabler France SAS	France
		Enabler UK Ltd.	UK
		Enabler Brazil Ltd.	Brazil
		Enabler & Retail Consult GmbH	Germany
	Saraware Oy		Finland
	Hydrauto Group AB		Sweden
		Hydrauto Medium Cylinders Skelleftteas AB	Sweden
		Hydrauto Engineering AB	Sweden
		Hydrauto Light Cylinders Bispgarden AB	Sweden
		Hydrauto Light Cylinders Ostersund AB	Sweden
		Hydrauto Big Cylinders Ljungby AB	Sweden
		Hydrauto Logistics AB	Sweden
		Hydrauto Oy Ab Pernion	Finland
		Hydrauto Celka Hidrolic San ve Tic a.s	Turkey
	Wipro Technologies SRL		Romania
WMNETSERV Limited (b)			Cyprus
	WMNETSERV Inc.		USA
	WMNETSERV U.K Limited		UK
Quantech Global Services Limited			India
Wipro Australia Pty Limited			Australia
3D Networks Pte Limited			Singapore
Planet PSG Pte Limited			Singapore
	Planet PSG Pte Limited		Malaysia
Spectramind Inc.			USA

All the above direct subsidiaries are 100% held by the Company except the following :

(a) 90% held in Wipro Chandrika Limited

(b) 81.1% held in WMNETSERV Limited

16. The related parties are :

Name of the entity	Nature	% of holding	Country of Incorporation
Wipro Equity Reward Trust	Trust	Fully controlled trust	India
Wipro GE Medical Systems Private Limited	Associate	49%	India
WeP Peripherals Limited	Associate till December, 2006	Less than 15%	India
Azim Premji Foundation	Entity controlled by director		
Hasham Premji (parternship firm)	Entity controlled by director		
Azim Premji	Chairman and Managing Director		

The Company has the following related party transactions :

(Rs. in Million)

Sr. No.	Transaction/Balances	Associates		Entities controlled by Directors		Non-Executive Directors	
		2007	2006	**2007**	2006	**2007**	2006
1	Sale of goods	**34**	134	**3**	4		
2	Purchase of services		2	**1**	1		
3	Purchase of fixed assets	**194**	119				
4	**Payments to non-executive directors :**						
	Dr. Ashok Ganguly					**1**	1
	Narayan Vaghul					**2**	2
	Prof. Eisuke Sakakibara						Yen 2.40
	Dr. Jagdish N. Sheth					**US$ 0.05**	US$ 0.04
	P.M. Sinha					**1**	1
	B.C. Prabhakar					**1**	1
	Bill Owens					**US$ 0.06**	-
5	**Balances as on March 31,**						
	Receivables	**5**	52		1		
	Payables	**40**	35				

The following are the significant transactions during the year ended March 31, 2007 :

	Sale of goods		Purchase of fixed assets	
	2007	2006	**2007**	2006
Wipro GE Medical Systems Private Limited	**29**	114	**-**	-
WeP Peripherals *	**5**	20	**194**	119

* Transactions with WeP Peripherals are given above till the date the same ceased to be an associate.

17. Estimated amount of contracts remaining to be executed on capital accounts and contingent liabilities :

Particulars	As at March 31, **2007**	2006
Estimated amount of contracts remaining to be executed on Capital account and not provided for	**3,432**	1,714
Contingent liabilities in respect of		
a) Disputed demands for excise duty, customs duty, sales tax and other matters	**171**	964
b) Performance and financial guarantees given by the Banks on behalf of the Company	**3,013**	2,941

18. The segment information for the quarter and year ended March 31, 2007 follows :

(Rs. in Million)

Particulars	Year ended March 31,		
	2007	2006	Growth %
<u>Revenues</u>			
IT Services	96,543	72,531	33%
Acquisitions	5,011	502	-
BPO Services	9,391	7,627	23%
Global IT Services and Products	**110,945**	**80,660**	**38%**
India & AsiaPac IT Services and Products	24,835	17,048	46%
Consumer Care and Lighting	8,182	6,008	36%
Others	7,130	3,323	115%
Eliminations	(1,084)	(781)	
TOTAL	150,008	106,258	41%
<u>Profit before Interest and Tax - PBIT</u>			
IT Services	24,570	18,751	31%
Acquisitions	212	45	-
BPO Services	2,157	1,058	104%
Global IT Services and Products	**26,939**	**19,854**	**36%**
India & AsiaPac IT Services and Products	2,139	1,459	47%
Consumer Care and Lighting	1,006	805	25%
Others	322	388	-17%
TOTAL	30,406	22,506	35%
Interest, Dividend & Profit on sale of investments - Net	2,582	1,272	103%
Profit Before Tax	32,988	23,778	39%
Income Tax expense including Fringe Benefit Tax	(3,868)	(3,391)	
Profit before Share in earnings of Associates and minority interest	**29,120**	**20,387**	**43%**
Share in earnings of associates	295	288	
Minority interest	6	(1)	
PROFIT AFTER TAX	29,421	20,674	42%
Operating Margin			
IT Services	25%	26%	
Acquisitions	4%	9%	
BPO Services	23%	14%	
Global IT Services and Products	**24%**	**25%**	
India & AsiaPac IT Services and Products	9%	9%	
Consumer Care and Lighting	12%	13%	
TOTAL	20%	21%	
<u>CAPITAL EMPLOYED</u>			
IT Services	38,050	27,952	
Acquisitions	8,404	2,692	
BPO Services	2,493	6,357	
Global IT Services and Products	**48,947**	**37,001**	
India & AsiaPac IT Services and Products	5,363	2,401	
Consumer Care and Lighting	2,957	1,210	
Others	44,584	26,272	
TOTAL	99,851	66,884	
<u>CAPITAL EMPLOYED COMPOSITION</u>			
IT Services	38%	42%	
Acquisitions	8%	4%	
BPO Services	2%	10%	
Global IT Services and Products	**48%**	**55%**	
India & AsiaPac IT Services and Products	5%	3%	
Consumer Care and Lighting	3%	2%	
Others	44%	39%	
TOTAL	100%	100%	
<u>RETURN ON AVERAGE CAPITAL EMPLOYED</u>			
IT Services	74%	76%	
Acquisitions	4%	3%	
BPO Services	49%	14%	
Global IT Services and Products	**63%**	**59%**	
India & AsiaPac IT Services and Products	55%	77%	
Consumer Care and Lighting	48%	76%	
TOTAL	36%	37%	

Notes to Segment Report

a) The segment report of Wipro Limited and its consolidated subsidiaries and associates has been prepared in accordance with the Accounting Standard 17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.

b) Segment revenue includes all allocable other income and exchange differences which are reported in other income/general & administrative expenses in the financial statements.

c) PBIT for the year ended March 31, 2007 is after considering restricted stock unit amortisation of Rs. 1,078 Million (2006 : Rs. 633 Million). PBIT of Global IT Services and Products for the year ended March 31, 2007 is after considering restricted stock unit amortisation of Rs. 936 Million (2006 : Rs. 544 Million).

d) The current liabilities included in Capital Employed is :

(Rs. in Million)

	As of March 31,	
Name of the Segment	**2007**	**2006**
Global IT Services and Products	**18,501**	13,510
India & AsiaPac IT Services and Products	**6,897**	5,314
Consumer Care and Lighting	**1,537**	1,080
Others	**14,765**	11,311
	41,700	31,215

e) Capital employed of 'Others' includes cash and cash equivalents including investments in liquid mutual funds of Rs. 44,423 Million (2006 : Rs. 38,671 Million).

f) The Company has four geographic segments: India, USA, Europe and Rest of the World. Significant portion of the segment assets are in India. Revenue from geographic segments based on domicile of the customers is outlined below:

(Rs. in Million)

	Year ended March 31,			
Geography	**2007**	%	2006	%
India	**31,371**	21%	22,438	21%
USA	**72,702**	48%	53,088	50%
Europe	**36,972**	25%	24,311	23%
Rest of the World	**8,963**	6%	6,421	6%
Total	**150,008**	**100%**	**106,258**	**100%**

g) For the purpose of reporting, business segments are considered as primary segments and geographic segments are considered as secondary segment.

h) As at March 31, 2007, revenues, operating profits and capital employed (including goodwill) of mPower, New Logic, cMango, Enabler, Saraware and Quantech are reported separately under '*Acquisitions*'.

i) Corresponding figures for previous periods presented have been regrouped, where necessary, to confirm to the current period classification.

19. Pursuant to the exemption granted by the Department of Company Affairs, Government of India, the Company is publishing the consolidated & standalone financial statements of Wipro Limited and its subsidiaries. The financial statements and auditors' report of the individual subsidiaries are available for inspection by the shareholders at the registered office. However, the information in aggregate on capital, reserves, total assets, total liabilities, details of investment (except in case of investment in subsidiaries), turnover, profit before taxation, provision for taxation, profit after taxation and proposed dividend for each subsidiary follows:

(Rs. in million)

Name of the Subsidiary (1)	Share Capital (2)	Reserves & Surplus (3)	Total Assets (4)	Total Liabilities [excl. (2) & (3)] (5)	% of Holding (6)	Sales & Other Income (7)	Profit before taxation (8)	Provision for taxation (9)	Profit after taxation (10)	Proposed Dividend (incl. dividend tax) (11)
Wipro Infrastructure Engineering Limited	452	1,146	1,624	26	100%	4,030	581	196	385	-
Wipro Inc.	3,848	(417)	3,574	143	100%	4,043	362	83	279	-
Enthink Inc. (a)	35	(27)	18	9	-	-	(0)	31	(31)	-
Wipro Japan KK	10	49	58	(0)	100%	199	26	1	25	-
Wipro Chandrika Limited	10	(85)	(31)	45	90%	0	(31)	-	(31)	-
Wipro Trademarks Holding Limited	22	2	24	0	100%	5	5	1	4	-
Wipro Travel Services Limited	1	14	14	(0)	100%	31	4	1	3	-
Wipro HealthCare IT Limited	37	(10)	46	18	100%	66	(29)	(10)	(19)	-
Spectramind Inc.	76	(39)	240	203	100%	(1)	12	5	7	-
Wipro Holdings (Mauritius) Limited	1,356	(3)	1,355	2	100%	0	(1)	-	(1)	-
Wipro Holdings (UK) Limited (b)	1,355	2	1,358	0	-	0	0	0	0	-
Wipro Technologies UK Limited (c)	132	(113)	78	59	-	161	113	34	79	-
Wipro Consumer Care Limited	2	(2)	1	0	100%	-	-	-	-	-
Cygnus Negri Investments Private Limited (d)	20	(16)	4	0	-	0	(0)	0	(0)	-
Wipro Shanghai Limited	9	(14)	125	130	100%	242	20	-	20	-
MPower Software Services (India) Private Limited (e)	1	79	79	(0)	100%	4	2	1	1	-
MPact Technologies Services Private Limited (f)	1	529	532	2	100%	756	368	1	367	-
New Logic Group	1,149	(1,280)	841	972	100%	879	(333)	81	(414)	-
cMango Inc.	30	(60)	68	99	100%	457	(11)	(4)	(6)	-
cMango India	0	(6)	40	46	100%	54	33	11	22	-
cMango Singapore	0	21	21	-	100%	26	13	3	11	-
Wipro Cyprus	4,912	1	4,913	0	100%	0	2	0	1	-
Wipro Technologies SRL	60	(21)	135	97	100%	0	(20)	-	(20)	-
Retail Box BV	4	(4)	331	332	100%	0	(4)	-	(4)	-
Enabler Infomatics SA	3	111	434	320	100%	1,043	151	39	111	-
Enabler Brazil Ltd.	10	3	27	15	100%	176	10	7	3	-
Enabler & Retail Consult Gmbh.	1	(24)	(22)	0	100%	83	(48)	(3)	(45)	-
Enabler France SAS	2	(17)	(14)	0	100%	128	(13)	(4)	(9)	-
Enbler UK Ltd.	0	68	180	112	100%	709	108	40	68	-
Quantech Global Services LLC	0	(262)	111	373	100%	337	(28)	(11)	(17)	-
Quantech Global Services Ltd.	1	20	20	-	100%	211	(21)	(6)	(15)	-
Saraware Oy	118	33	494	344	100%	573	46	13	33	-
Wipro Australia (l)	-	-	-	-	-	-	-	-	-	-
3D_Networks Group	857	(323)	534	-	100%	898	48	21	26	-
Hydrauto Group	48	(14)	959	925	100%	2,769	(19)	(6)	(14)	-

a) Majority owned by Wipro Inc.
b) Fully owned by Wipro Holdings (Mauritius) Limited
c) Fully owned by Wipro Holdings (UK) Limited
d) Fully owned by Wipro Trademarks Holding Limited
e) Fully owned by MPower Inc.
f) 51% held by MPower Inc. & 49% held by Wipro Inc.
g) Fully owned by Wipro Holdings (UK) Limited
h) Fully owned by BVPENTE Beteiligungsverwaltung GmbH
i) Fully owned by New Logic Technologies AG
j) Fully owned by New Logic Technologies AG
k) Fully owned by New Logic Technologies AG
l) Yet to commence operations

Reconciliation of Profits between Indian GAAP and US GAAP

(Rs. in millions)

Particulars	Notes	Year ended March 31,	
		2007	2006
Profit for the period as per Indian GAAP		**29,421**	**20,674**
Adjustments to reconcile profits for the period as per Indian GAAP with net income as per US GAAP			
Stock compensation expense	A	(223)	(19)
Intangible asset amortisation	B	(186)	(51)
Retirement benefits	C	230	-
Income taxes	D	(160)	(126)
Difference in revenue recognition norms	E	(18)	4
Forex gains/(losses)	F	13	(102)
Others		92	(110)
Total		(252)	(404)
Net Income as per US GAAP		**29,169**	**20,270**

Notes :

A. Effective April 1, 2006 the Company began to amortize in US GAAP the fair value of stock option grants through Profit and Loss Account. The unamortized portion of grant date fair value of stock option grants, as on April 1, 2006, of Rs. 165 million has been amortized during the year ended March 31, 2007. During the year ended March 31, 2007, through a controlled employee welfare trust, the Company facilitated the exercise of vested stock options by employees through third party funding and offered to bear the interest on the funding. This was considered as modification in US GAAP and the Company recorded an expense of Rs. 86.5 million.

B. In US GAAP, a portion of the purchase consideration in a business acquisition will be allocated to intangible assets meeting the criteria for being recognized as an asset apart from goodwill. The value assigned to the intangible assets will be amortised over the useful life of the intangible asset in proportion to the economic benefits consumed during each reporting period.

C. The actuarial gains/losses resulting from actuarial valuation of gratuity liability is recognized as an expense in Indian GAAP immediately. In US GAAP the actuarial gains/losses are amortized over a period of time. In addition the discount rate assumptions for valuing gratuity liability are different for Indian and US GAAP.

D. US tax benefits resulting from disqualified disposition of stock options by employees is recorded in stockholders' equity in US GAAP, in Indian GAAP the tax benefit is recognised in Profit and Loss Account. For the years ended March 31, 2006 and 2007 the Company recognized tax benefits of Rs. 69 million and Rs. 65 million respectively. In addition deferred tax liability is recognized in US GAAP on the undistributed profits of Wipro GE, a equity method investee.

E. The Company has adopted EITF 00-21, revenue is recognized on dispatch. However, where installation is a condition to the contract, zero or minimal margin is recognized in US GAAP and the balance is recognized upon completion of installation.

F. The difference on account of forex gains or losses is primarily on account of difference in the treatment of mark to market gains or losses on premium on forward contracts designated as hedges. As per the Indian GAAP, the contract date premium/discount on forward contracts designated for forecasted cash flows is amortised over the life of the forward contract. There is no such requirement under US GAAP.

REPORT OF AUDIT COMMITTEE

The Board of Directors and Stockholders of Wipro Limited

In connection with the March 31, 2007 consolidated financial statements prepared under United States Generally Accepted Accounting Principles, the Audit Committee :

(1) reviewed and discussed the consolidated financial statements with management;

(2) discussed with the auditors the matters required by Statement on Auditing Standards No. 61, as amended, and the Sarbanes-Oxley Act of 2002; and

(3) reviewed and discussed with the auditors the matters required by NYSE listing standards.

Based upon these reviews and discussions, the Audit Committee recommended to the board of directors that the audited consolidated financial statements be included in the Annual Report on Form 20-F filed with the Securities and Exchange Commission of the United States of America.

Bangalore, India	**N. Vaghul**	**P. M. Sinha**	**B. C. Prabhakar**
May 21, 2007	Chairman	Member	Member

REPORT OF MANAGEMENT

Management of Wipro is responsible for the integrity and objectivity of the consolidated financial statements and related notes. The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and include amounts based on judgments and estimates by management. Management is also responsible for the accuracy of the related data in the annual report and its consistency with the financial statements.

Management maintains internal control systems designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and properly recorded, and accounting records are adequate for preparation of financial statements and other financial information. These are reviewed at regular intervals to ascertain their adequacy and effectiveness.

In addition to the system of internal controls, the Company has articulated its vision and core values which permeate all its activities. It also has corporate policies to ensure highest standards of integrity in all business transactions, eliminate possible conflicts of interest, ensure compliance with laws, and protect confidentiality of proprietary information. These are reviewed at periodic intervals.

The consolidated financial statements have been audited by the Company's independent registered public accounting firm, KPMG. Their responsibility is to audit these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and express their opinion on the fairness of presentation of the statements.

The Audit Committee of the board comprising entirely of independent directors conducts an ongoing appraisal of the independence and performance of the Company's internal and external auditors and monitors the integrity of Company's financial statements. The Audit Committee meets several times during the year with management, internal auditors and the independent registered public accounting firm to discuss audit activities, internal controls and financial reporting matters.

	Azim H. Premji	S.C. Senapaty
Bangalore, India	*Chairman and Chief Executive Officer*	*Executive Vice President – Finance*
May 21, 2007		*Chief Financial Officer*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Wipro Limited

We have audited the accompanying consolidated balance sheets of Wipro Limited and subsidiaries (the Company) as of March 31, 2007 and 2006, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended March 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2007 and 2006, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2007, in conformity with US generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of March 31, 2007, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated May 21, 2007 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

KPMG
Bangalore, India
May 21, 2007

WIPRO LIMITED AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS
(in millions, except share data)

	As of March 31,		
	2006	2007	2007 Convenience translation into US $ (Unaudited)
ASSETS			
Current assets :			
Cash and cash equivalents (Note 4)	Rs. 8,857.70	12,412.17	287.98
Restricted cash (Note 17)	-	7,237.88	167.93
Investments in liquid and short-term mutual funds (Note 8)	30,315.25	32,410.43	751.98
Accounts receivable, net of allowances (Note 5)	20,593.11	28,466.58	660.47
Costs and earnings in excess of billings on contracts in progress	4,336.06	5,096.48	118.25
Inventories (Note 6)	2,064.61	4,150.37	96.30
Deferred income taxes (Note 21)	168.28	381.71	8.86
Other current assets (Note 7)	7,896.60	10,411.97	241.58
Total current assets	74,231.61	100,567.59	2,333.35
Property, plant and equipment, net (Note 9)	17,777.40	26,541.43	615.81
Investments in affiliates (Note 13)	1,043.09	1,241.79	28.81
Investment securities	13.17	357.32	8.29
Deferred income taxes (Note 21)	182.91	48.53	1.13
Intangible assets, net (Note 10)	854.33	2,670.84	61.97
Goodwill (Note 3,10)	7,480.85	12,697.71	294.61
Other assets (Note 7)	1,243.97	1,958.92	45.45
Total assets	Rs. 102,827.33	Rs.146,084.13	$ 3,389.42
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Borrowings from banks (Note 15)	Rs. 448.91	2,892.77	67.12
Current portion of long-term debt	135.70	327.79	7.61
Accounts payable	4,145.96	7,060.49	163.82
Accrued expenses	6,600.63	7,597.94	176.29
Accrued employee costs	4,425.13	5,186.57	120.34
Advances from customers	1,015.75	1,314.52	30.50
Billings in excess of costs and earnings on contracts in progress	600.51	1,818.48	42.19
Other current liabilities (Note 11)	6,047.95	16,623.16	385.68
Total current liabilities	23,420.54	42,821.72	993.55
Long-term debt, excluding current portion	119.95	560.46	13.00
Deferred income taxes (Note 21)	127.46	463.98	10.77
Other liabilities	395.04	769.91	17.86
Total liabilities	24,062.99	44,616.07	1,035.18
Stockholders' equity:			
Equity shares at Rs. 2 par value: 1,650,000,000 shares authorized; Issued and outstanding: 1,425,754,267 and 1,458,999,650 shares as of March 31, 2006 and 2007 (Note 16,17)	2,851.51	2,918.00	67.70
Additional paid-in capital (Note 22)	16,521.07	24,508.45	568.64
Deferred stock compensation	(2,202.42)	-	-
Accumulated other comprehensive income	433.70	93.77	2.18
Retained earnings (Note 18)	61,160.56	73,947.92	1,715.72
Equity shares held by a controlled Trust: 7,869,060 and 7,961,760 shares as of March 31, 2006 and 2007 (Note 22)	(0.08)	(0.08)	(0.00)
Total stockholders' equity	78,764.34	101,468.06	2,354.24
Total liabilities and stockholders' equity	Rs. 102,827.33	Rs.146,084.13	$ 3,389.42

See accompanying notes to the consolidated financial statements.

WIPRO LIMITED AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME

(in millions, except share and per share data)

	Year ended March 31,			
	2005	2006	2007	2007 Convenience translation into US $ (Unaudited)
Revenues :				
Global IT Services and Products				
IT Services	Rs. 54,280.19	Rs. 73,061.33	Rs. 101,508.81	2,355.19
BPO Services	6,433.03	7,664.23	9,412.80	218.39
India and AsiaPac IT Services and Products				
Services	4,709.07	6,096.68	8,368.81	194.17
Products	8,694.10	10,380.40	15,519.67	360.09
Consumer Care and Lighting	4,555.38	5,625.04	7,558.50	175.37
Others	2,680.73	3,279.20	7,062.74	163.87
Total	81,352.50	106,106.88	149,431.33	3,467.08
Cost of revenues :				
Global IT Services and Products				
IT Services	33,780.07	46,986.13	66,817.77	1,550.30
BPO Services	4,740.25	5,809.54	6,172.97	143.22
India and AsiaPac IT Services and Products				
Services	2,679.35	3,548.82	4,611.64	107.00
Products	7,814.82	9,285.88	13,943.47	323.51
Consumer Care and Lighting	2,926.22	3,556.43	4,905.14	113.81
Others	1,914.06	2,459.93	5,749.25	133.39
Total	53,854.77	71,646.73	102,200.24	2,371.23
Gross profit	27,497.73	34,460.15	47,231.09	1,095.85
Operating expenses:				
Selling and marketing expenses	(5,466.26)	(6,764.35)	(9,172.92)	(212.83)
General and administrative expenses	(3,743.60)	(5,238.97)	(7,639.23)	(177.24)
Research and development expenses	(273.54)	(202.26)	(267.71)	(6.21)
Amortization of intangible assets (Note 10)	(140.29)	(63.95)	(269.23)	(6.25)
Foreign exchange losses, net	(92.12)	(288.49)	(235.69)	(5.47)
Others, net	75.29	70.14	221.48	5.14
Operating income	17,857.21	21,972.27	29,867.79	692.99
Loss on direct issue of stock by subsidiary	(206.58)	-	-	-
Other income, net (Note 19)	798.82	1,275.86	2,666.84	61.87
Equity in earnings of affiliates (Note 13)	158.08	287.97	317.88	7.38
Income before income taxes , minority interest and cumulative effect of change in accounting principle	18,607.53	23,536.10	32,852.51	762.24
Income taxes (Note 21)	(2,693.57)	(3,264.73)	(3,722.61)	(86.37)
Minority interest	(81.21)	(1.40)	-	-
Income before cumulative effect of change in accounting principle	15,832.75	20,269.97	29,129.90	675.87
Cumulative effect of change in accounting principle (Note 2)	-	-	39.09	0.90
Net income	Rs. 15,832.75	Rs. 20,269.97	Rs. 29,168.99	676.77
Earnings per equity share: (Note 23)				
Basic				
Income before cumulative effect of change in accounting principle	11.38	14.41	20.42	0.47
Cumulative effect of change in accounting principle	-	-	0.03	0.00
Net income	11.38	14.41	20.45	0.47
Diluted				
Income before cumulative effect of change in accounting principle	11.29	14.24	20.17	0.47
Cumulative effect of change in accounting principle	-	-	0.03	0.00
Net income	11.29	14.24	20.20	0.47
Weighted-average number of equity shares used in computing earnings per equity share :				
Basic	1,391,554,372	1,406,505,974	1,426,709,163	
Diluted	1,399,846,782	1,423,679,230	1,444,467,557	

See accompanying notes to the consolidated financial statements

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

	Equity Shares		Additional			Accumulated Other		Equity Shares held by a Controlled Trust		Total
	No. of Shares	Amount	Paid in Capital	Deferred Stock Compensation	Comprehensive Income	Comprehensive Income/(loss)	Retained Earnings	No. of Shares	Amount	Stockholders' Equity
Balance as of March 31, 2004	1,396,554,912	Rs. 465.52	Rs. 7,176.68	Rs. (9.88)	-	Rs. 918.64	Rs. 37,812.87	(7,887,060)	Rs. (0.08)	Rs. 46,363.75
Cash dividends (Note 17)	-	-	-	-	-	-	(7,575.99)	-	-	(7,575.99)
Issuance of equity shares on exercise of options	10,586,132	10.36	2,566.77	-	-	-	-	-	-	2,577.13
Equity shares forfeited, net of issuance by Trust	-	-	-	-	-	-	-	(6,000)	-	-
Stock split effected in the form of stock dividend (Note 16)	-	931.26	-	-	-	-	(931.26)	-	-	-
Compensation related to employee stock incentive plan, net of reversals (Note 22)	-	-	3,529.12	(3,529.12)	-	-	-	-	-	-
Amortization of compensation related to employee stock incentive plan.	-	-	-	353.86	-	-	-	-	-	353.86
Comprehensive income										
Net income	-	-	-	-	Rs. 15,832.75	-	15,832.75	-	-	15,832.75
Other comprehensive income										
Translation adjustments	-	-	-	-	29.69	-	-	-	-	-
Unrealized gain on investment securities, net (net of tax effect of Rs. 59.59)	-	-	-	-	92.92	-	-	-	-	-
Unrealized loss on cash flow hedging derivatives, net	-	-	-	-	(945.16)	-	-	-	-	-
Total other comprehensive income/(loss)					(822.55)	(822.55)	-	-	-	(822.55)
Comprehensive income					Rs. 15,010.20					
Balance as of March 31, 2005	1,407,141,044	Rs. 1,407.14	Rs. 13,272.57	Rs. (3,185.14)	-	Rs. 96.09	Rs. 45,138.37	(7,893,060)	Rs. (0.08)	Rs. 56,728.95
Cash dividends (Note 17)	-	-	-	-	-	-	(3,997.74)	-	-	(3,997.74)
Issuance of equity shares on exercise of options	18,613,223	32.58	4,671.40	-	-	-	-	-	-	4,703.98
Stock split effected in the form of stock dividend (Note 16)	-	1,411.79	(1,161.75)	-	-	-	(250.04)	-	-	-
Equity shares granted to employees by Trust	-	-	-	-	-	-	-	24,000	-	-
Reversals related to employee stock incentive plan, net of issuances (Note 22)	-	-	(330.49)	298.94	-	-	-	-	-	(31.55)
Amortization of compensation related to employee stock incentive plan	-	-	-	683.78	-	-	-	-	-	683.78
Excess income tax benefit related to employee stock incentive plan.	-	-	69.34	-	-	-	-	-	-	69.34
Comprehensive income										
Net income	-	-	-	-	Rs. 20,269.97	-	20,269.97	-	-	20,269.97
Other comprehensive income										
Translation adjustments	-	-	-	-	19.97	-	-	-	-	-
Unrealized gain on investment securities, net (net of tax effect of Rs. 114.94)	-	-	-	-	229.11	-	-	-	-	-
Unrealized gain on cash flow hedging derivatives, net	-	-	-	-	88.53	-	-	-	-	-
Total other comprehensive income	-	-	-	-	337.61	337.61	-	-	-	337.61
Comprehensive income					Rs. 20,607.58					
Balance as of March 31, 2006	1,425,754,267	Rs. 2,851.51	Rs. 16,521.07	Rs. (2,202.42)	-	Rs. 433.70	Rs. 61,160.56	(7,869,060)	Rs. (0.08)	Rs. 78,764.34
Cash dividends (Note 17)	-	-	-	-	-	-	(16,381.63)	-	-	(16,381.63)
Elimination of deferred stock compensation balance on adoption of SFAS No. 123 (R)	-	-	(2,202.42)	2,202.42	-	-	-	-	-	-
Cumulative effect of change in accounting principle (Note 2)	-	-	(39.09)	-	-	-	-	-	-	(39.09)
Issuance of equity shares on exercise of options	32,095,328	64.19	8,830.25	-	-	-	-	-	-	8,894.44
Issuance of equity shares on exercise of options through non-recourse note (Note 22)	1,150,055	2.30	(2.30)	-	-	-	-	-	-	-
Equity shares forfeited, net of issuance by Trust	-	-	-	-	-	-	-	(92,700)	-	-
Compensation cost related to employee stock incentive plan	-	-	1,336.40	-	-	-	-	-	-	1,336.40
Excess income tax benefit related to employees stock incentive plan	-	-	64.54	-	-	-	-	-	-	64.53
Comprehensive income										
Net income	-	-	-	-	29,168.99	-	29,168.99	-	-	29,168.99
Other comprehensive loss										
Translation adjustments	-	-	-	-	(130.81)	-	-	-	-	-
Unrealized gain on investment securities, net (net of tax effect of Rs. 25.48)	-	-	-	-	45.06	-	-	-	-	-
Unrealized gain on cash flow hedging derivatives, net (Note 14)	-	-	-	-	(130.48)	-	-	-	-	-
Total other comprehensive loss	-	-	-	-	(216.23)	(216.23)	-	-	-	(216.23)
Comprehensive income	-	-	-	-	28,952.76	-	-	-	-	-
Adjustment to initially apply SFAS No. 158 (net of tax effect of Rs. 18.05)	-	-	-	-	-	(123.70)	-	-	-	(123.70)
Balance as of March 31, 2007	1,458,999,650	2,918.00	24,508.45	-	-	93.77	73,947.92	(7,961,760)	(0.08)	101,468.05
Balance as of March 31, 2007 ($) (Unaudited)	-	67.70	568.64	-	-	2.18	1,715.72	-	-	2,354.24

See accompanying notes to the consolidated financial statements

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

	Year ended March 31,			
	2005	2006	2007	2007 Convenience translation into US $ (Unauditd)
Cash flows from operating activities :				
Net income	Rs. 15,832.75	Rs. 20,269.97	Rs. 29,168.99	676.79
Adjustments to reconcile net income to net cash provided by operating activities :				
Gain on sale of property, plant and equipment	(108.82)	(7.75)	(9.98)	(0.23)
Cumulative effect of change in accounting principle	-	-	(39.09)	(0.91)
Depreciation and amortization	2,578.25	3,195.03	4,309.28	99.98
Deferred tax charge/(benefit)	(83.05)	14.97	(28.76)	(0.67)
Unrealized exchange gain	-	74.71	470.20	10.91
Gain on sale of investment securities, net	-	(237.72)	(549.27)	(12.74)
Loss on direct issue of stock by subsidiary	206.58	-	-	-
Stock based compensation	353.86	652.23	1,336.40	31.01
Excess income tax benefit related to employee stock incentive plan	-	69.34	-	-
Equity in earnings of affiliates	(158.08)	(287.97)	(317.88)	(7.38)
Minority interest	81.21	1.40	-	-
Changes in operating assets and liabilities :				
Accounts receivable	(3,833.42)	(5,362.82)	(6,551.18)	(152.00)
Costs and earnings in excess of billings on contracts in progress	(639.81)	(1,596.41)	(760.42)	(17.64)
Inventories	(330.97)	(295.45)	(1,060.34)	(24.60)
Other assets	856.35	(2,284.40)	(1,767.84)	(41.02)
Accounts payable	980.64	28.23	1,497.43	34.74
Accrued expenses and employee costs	2,317.30	3,990.98	892.79	20.71
Advances from customers	316.89	336.62	1,383.51	32.10
Other liabilities	636.76	1,630.71	2,187.77	50.76
Net cash provided by operating activities	19,006.44	20,191.67	30,161.61	699.81

	Year ended March 31,			
	2005	2006	2007	2007 Convenience translation into US $ (Unauditd)
Cash flows from investing activities :				
Expenditure on property, plant and equipment	(6,612.81)	(7,485.94)	(11,391.63)	(264.31)
Proceeds from sale of property, plant and equipment	322.00	113.25	148.87	3.45
Dividends received from affiliates	8.40	14.12	-	-
Purchase of investments	(70,698.67)	(58,706.63)	(123,725.63)	(2,870.66)
Proceeds from sale of investments	66,383.54	52,043.18	121,541.75	2,820.00
Investments in inter-corporate deposits	-	(500.00)	(250.00)	(5.80)
Redemption of inter-corporate deposits	-	-	100.00	2.32
Purchase of intangible assets	(280.54)	-	-	-
Payment for acquisitions, net of cash acquired	(617.99)	(2,777.03)	(7,800.14)	(180.98)
Net cash used in investing activities	(11,496.07)	(17,299.05)	(21,376.78)	(495.98)
Cash flows from financing activities :				
Proceeds from issuance of equity shares	2,577.13	4,766.79	8,894.44	206.37
Proceeds from issuance of equity shares by a subsidiary	266.25	-	-	-
Proceeds from/(repayments of) short-term borrowing from banks, net	(405.08)	(196.06)	1,825.19	42.35
Repayment of long-term debt	-	(268.36)	146.78	3.41
Payment of cash dividends	(7,575.99)	(3,997.74)	(8,873.30)	(205.89)
Movement in restricted cash relating to cash dividends	-	-	(7,237.88)	(167.93)
Excess income tax benefit related to employee stock incentive plan	-	-	64.54	1.50
Net cash provided by/(used in) financing activities	(5,137.69)	304.63	(5,180.23)	(120.19)
Net increase in cash and cash equivalents during the year	2,372.68	3,197.25	3,604.60	83.63
Effect of exchange rate changes on cash	0.92	(10.31)	(50.13)	(1.16)
Cash and cash equivalents at the beginning of the year	3,297.16	5,670.76	8,857.70	205.52
Cash and cash equivalents at the end of the year	Rs. 5,670.76	Rs. 8,857.70	Rs. 12,412.17	287.99
Supplementary information :				
Cash paid for interest	Rs. 56.12	Rs. 34.95	Rs. 124.63	2.89
Cash paid for taxes	2,354.70	4,542.59	4,251.82	98.65

See accompanying notes to the consolidated financial statements

WIPRO LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in millions, except share data and where otherwise stated)

1. Overview

Wipro Limited (Wipro), together with its subsidiaries (collectively, the Company) is a leading India based provider of IT Services and Products, including Business Process Outsourcing (BPO) services, globally. Further, Wipro has other businesses such as India and AsiaPac IT Services and Products and Consumer Care and Lighting. Wipro is headquartered in Bangalore, India.

2. Significant Accounting Policies

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Basis of preparation of financial statements. The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP.

Functional currency and exchange rate translation. The functional currency of Wipro and its domestic subsidiaries is the Indian rupee, the national currency of India. The functional currency of the foreign subsidiaries is determined based on an evaluation of the individual and collective economic factors as discussed in Statement of Financial Accounting Standard (SFAS) No. 52, Foreign Currency Translation. The translation of the functional currency of these foreign subsidiaries into Indian rupee is performed for balance sheet accounts using the exchange rate in effect at the balance sheet date and for revenue and expense accounts using an appropriate monthly weighted-average exchange rate for the respective periods. The gains or losses resulting from such translation are reported as a separate component of stockholders' equity.

Foreign currency transactions are translated into the functional currency at the rates of exchange prevailing on the date of respective transactions. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rates prevailing on the balance sheet date. The resulting exchange gains/(losses) are included in the statement of income.

Convenience translation. The accompanying consolidated financial statements have been reported in Indian rupees. Solely for the convenience of the readers, the financial statements as of and for the year ended March 31, 2007, have been translated into US dollars at the noon buying rate in New York City on March 30, 2007, for cable transfers in Indian rupees, as certified for customs purposes by the Federal Reserve Bank of New York of $ 1 = Rs. 43.10. 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.

Principles of consolidation. The consolidated financial statements include the financial statements of Wipro and all of its subsidiaries, which are more than 50% owned and controlled. All inter-company accounts and transactions are eliminated on consolidation. The Company accounts for investments by the equity method where its investment in the voting stock gives it the ability to exercise significant influence over the investee. The Company does not consolidate entities where the minority shareholders have certain significant participative rights which provide for effective involvement in significant decisions in the ordinary course of business. Such investments are accounted by the equity method of accounting.

Cash equivalents. The Company considers investments in highly liquid investments with remaining maturities, at the date of purchase/investment, of three months or less to be cash equivalents.

Revenue recognition. Revenue from services, as rendered, are recognized when persuasive evidence of an arrangement exists, the sales price is fixed or determinable and collectibility is reasonably assured. Revenues from software development services comprise revenues from time-and-material and fixed-price contracts. Revenue on time-and-material contracts is recognized as the related services are performed. Revenue from fixed-price, fixed-time frame contracts is recognized in accordance with the percentage of completion method. Guidance has been drawn from the Accounting Standards Executive Committee's conclusion in paragraph 95 of Statement of Position (SOP) 97-2, Software Revenue Recognition, to account for revenue from fixed price arrangements for software development and related services in conformity with SOP 81-1, Accounting for Performance of Construction-Type and Certain Production-Type Contracts. The input (cost expended) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. Maintenance revenue is deferred and recognized ratably over the term of the agreement. Revenue from customer training, support and other services is recognized as the related service is performed. Costs that are incurred for a specific anticipated contract and that will result in no future benefits unless the contract is obtained are not included in contract costs before the receipt of the contract. However, such costs are deferred only if the cost can be directly associated with a specific anticipated contract and the recoverability from that contract is deemed to be probable.

Revenue from sale of products is recognized when persuasive evidence of an arrangement exists, the product has been delivered in accordance with sales contract, the sales price is fixed or determinable and collectibility is reasonably assured.

The Company has adopted the guidance in EITF Issue No. 00-21 for all revenue arrangements with multiple deliverables.

Based on this guidance, the Company recognizes revenues on the delivered products or services only if:

- The revenue recognition criteria applicable to the unit of accounting is met;
- The delivered element has value to the customer on a standalone basis. The delivered unit will have value on a standalone basis if it is being sold separately by other vendors or the customer could resell the deliverable on a standalone basis;
- There is objective and reliable evidence of the fair value of the undelivered item(s); and
- If the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item(s) is considered probable and substantially in control of the Company.

The arrangement consideration is allocated to the units of accounting based on their fair values. The revenue recognized for the delivered items is limited to the amount that is not contingent upon the delivery or performance of the undelivered items.

In certain cases, the application of the contingent revenue provisions of EITF Issue No. 00-21 could result in recognizing a loss on the delivered element. In such cases, the cost recognized is limited to the amount of non-contingent revenues recognized and the balance costs are recorded as an asset and are reviewed for impairment based on the estimated net cash flows to be received for future deliverables under the contract. These costs are subsequently recognized on recognition of the revenue allocable to the balance deliverables.

Revenues from BPO Services are derived from both time-based and unit-priced contracts. Revenue is recognized as the related services are performed, in accordance with the specific terms of the contract with the customers.

Revenues are shown net of excise duty, sales tax, value added tax, service tax and applicable discounts and allowances.

When the Company receives advance payments from customers for sale of products or provision of services, such payments are reported as advances from customers until all conditions for revenue recognition are met.

Volume discount. The Company accounts for volume discounts and pricing incentives to customers using the guidance in EITF Issue 01-09, Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products). The discount terms in the Company's arrangements with customers generally entitle the customer to discounts, if the customer completes a specified level of revenue transactions. In some arrangements, the level of discount varies with increases in the levels of revenue transactions. The Company recognizes discount obligations as a reduction of revenue based on the ratable allocation of the discount to each of the underlying revenue transactions that result in progress by the customer toward earning the discount. The Company recognizes the liability based on its estimate of the customer's future purchases. If the Company cannot reasonably estimate the customer's future purchases, then the liability is recorded based on the maximum potential level of discount. The Company recognizes changes in the estimated amount of obligations for discounts using a cumulative catch-up adjustment.

Warranty costs. The Company accrues the estimated cost of warranties at the time when the revenue is recognized. The accruals are based on the Company's historical experience of material usage and service delivery costs.

Shipping and handling costs. Shipping and handling costs are included in selling and marketing expenses.

Inventories. Inventories are stated at the lower of cost and market value. Cost is determined using the weighted-average method for all categories of inventories.

Investment securities. The Company classifies its debt and equity securities in one of the three categories: trading, held-to-maturity or available-for-sale, at the time of purchase and re-evaluates such classifications as of each balance sheet date. Trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Unrealized holding gains and losses on trading securities are included in income. Temporary unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from income and are reported as a part of other comprehensive income in stockholders' equity until realized. Realized gains and losses from the sale of trading and available-for-sale securities are determined on a first-in-first out basis and are included in income. A decline in the fair value of any available-for-sale or held-to-maturity security below cost that is deemed to be other than temporary results in a reduction in carrying amount to fair value with a charge to the income statement. Fair value for mutual fund units is based on published per unit value, which is the basis for current transactions. Non-readily marketable equity securities for which there is no readily determinable fair value are recorded at cost, subject to an impairment charge to the income statement for any other than temporary decline in value.

Investments in affiliates. The Company's equity in the earnings/(losses) of affiliates is included in the statement of income and the Company's share of net assets of affiliates is included in the Balance Sheet.

Shares issued by subsidiary/affiliate. The issuance of stock by a subsidiary/affiliate to third parties reduces the proportionate ownership interest in the investee. Unless the issuance of such stock is part of a broader corporate reorganization or unless realization is not assured, the Company recognizes a gain or loss, equal to the difference between the issuance price per share and the Company's carrying amount per share. Such gain or loss is recognized in the statement of income when the transaction occurs.

Property, plant and equipment. Property, plant and equipment are stated at cost. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method. Assets under capital lease are amortized over their estimated useful life or the lease term, as appropriate. The estimated useful lives of assets are as follows:

Buildings	30 to 60 years
Plant and machinery	2 to 20 years
Computer equipment	2 to 3 years
Furniture, fixtures and equipment	5 years
Vehicles	4 years
Computer software	2 years

Software for internal use is primarily acquired from third-party vendors and is in ready to use condition. Costs for acquiring this software are capitalized and subsequent costs are charged to the statement of income. The capitalized costs are amortized on a straight-line basis over the estimated useful life of the software.

Deposits paid towards the acquisition of property, plant and equipment outstanding as of each balance sheet date and the cost of property, plant and equipment not ready for use before such date are disclosed under capital work-in-progress. The interest cost incurred for funding an asset during its construction period is capitalized based on the actual investment in the asset and the average cost of funds. The capitalized interest is included in the cost of the relevant asset and is depreciated over the estimated useful life of the asset.

Business combinations, goodwill and intangible assets. In accordance with SFAS No. 141, Business Combinations, the Company uses the purchase method of accounting for all business combinations. Intangible assets acquired in a business combination are recognized and reported apart from goodwill if they meet the criteria specified in SFAS No. 141. Any purchase price allocated to an assembled workforce is not accounted separately.

In accordance with SFAS No. 142, Goodwill and Other Intangible Assets, all assets and liabilities of the acquired business including goodwill are assigned to the reporting units. The Company does not amortize goodwill but instead tests goodwill for impairment at least annually, using a two step impairment process.

The fair value of the reporting unit is first compared to its carrying value. The fair value of reporting units is determined using the income approach based on measurement techniques such as discounted cash flow analyses. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the implied fair value of the reporting unit's goodwill is compared with the carrying value of the reporting unit's goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then an impairment loss equal to the difference is recorded.

Intangible assets acquired individually, with a group of other assets or in a business combination are carried at cost less accumulated amortization. The intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. The estimated useful lives of the intangible assets are as follows:

Customer-related intangibles	2 to 5 years
Marketing-related intangibles	2 to 20 years
Technology-based intangibles	5 years

Start-up costs. Cost of start-up activities including organization costs are expensed as incurred.

Research and development. Revenue expenditure on research and development is expensed as incurred. Capital expenditure incurred on equipment and facilities that are acquired or constructed for research and development activities and having alternative future uses, is capitalized as tangible assets when acquired or constructed. Software product development costs are expensed as incurred until technological feasibility is achieved.

Impairment or disposal of long-lived assets. Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

The Company measures long-lived assets held-for-sale, at the lower of carrying amount or fair value, less costs to sell.

Earnings per share. In accordance with SFAS No. 128, Earnings Per Share, basic earnings per share is computed using the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted-average number of common and dilutive common equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be anti-dilutive.

Dividends. Final dividend on the common stock is recorded as a liability on the date of declaration by the stockholders. Interim dividends are recorded as a liability on the date of declaration by the Board of Directors.

Income taxes. Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized. Excess income tax benefit on exercise of employee stock options is credited to additional paid-in capital.

Stock-based compensation. Effective April 1, 2006, the Company adopted SFAS No. 123 (revised 2004), Share-Based Payment, (SFAS No. 123 (R)), which requires the measurement and recognition of compensation expense for all stock-based payment awards based on the grant-date fair value of those awards.

Previously, the Company used the intrinsic value based method, permitted by Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock issued to Employees, to account for its employee stock-based compensation plans and had adopted the pro-forma disclosure provisions of SFAS No. 123, Accounting for Stock-Based Compensation (SFAS No. 123).

The Company adopted SFAS No. 123(R) using the modified prospective application method. Under this approach, the Company has recognized compensation expense for share-based payment awards granted prior to, but not yet vested as of April 1, 2006, based on the grant date fair value under Black-Scholes model estimated in accordance with the provisions of SFAS No. 123.

The impact of adoption of SFAS 123 (R) using the modified prospective approach on the Company's financial statement is given below :

Particulars	Year ended March 31, 2007
Operating Income	(165.00)
Income before income taxes, minority interest and cumulative effect of change in accounting principle	(165.00)
Income before cumulative effect of change in accounting principle	(165.00)
Net Income	(125.91)
Earnings per equity share	
Basic	(0.09)
Diluted	(0.09)
Cash provided by operating activities	(64.54)
Cash provided in financing activities	64.54

SFAS No. 123(R) requires that deferred stock-based compensation previously recorded under APB Opinion No. 25 and outstanding on the date of adoption be eliminated against additional paid-in capital. Accordingly, the deferred compensation balance of Rs. 2,202.42 was eliminated against additional paid-in capital on April 1, 2006.

Under APB Opinion No. 25, the Company had a policy of recognizing the effect of forfeitures only as they occurred. Accordingly, as required by SFAS No. 123 (R), on April 1, 2006, the Company estimated the number of outstanding instruments, which are not expected to vest and recognized a gain of Rs. 39.09 representing the reversal of compensation cost for such instruments previously recognized in statement of income as cumulative effect of changes in accounting principle.

Had compensation cost, for the year ended March 31, 2005 and 2006, been determined in a manner consistent with the fair value approach described in SFAS No. 123, the Company's net income and earnings per share as reported would have been reduced to the pro-forma amounts indicated below :

	Year ended March 31,			
		2005		2006
Net income, as reported	Rs.	15,832.75	Rs.	20,269.97
Add: Stock–based employee compensation expense included in reported net income, net of tax effects		353.86		619.43
Less : Stock-based employee compensation expense determined under fair value based method, net of tax effects		(1,598.10)		(1,190.50)
Pro-forma net income	Rs.	14,588.51	Rs.	19,698.90
Earnings per share : Basic				
As reported		11.38		14.41
Pro-forma		10.49		14.01
Earnings per share : Diluted				
As reported		11.29		14.24
Pro-forma		10.44		13.87

The Company has granted 11,376,196, 55,500 and 7,056,766 options under Restricted Stock Unit Plans, at a nominal exercise price of Rs. 2 per share, during the years ended March 31, 2005, 2006 and 2007. 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.

Derivatives and hedge accounting. The Company purchases forward foreign exchange contracts/option contracts (derivatives) to mitigate the risk of changes in foreign exchange rates on accounts receivable and forecasted cash flows denominated in certain foreign currencies. The strategy also includes purchase of series of short-term forward foreign exchange contracts which are replaced with successive new contracts up to the period in which the forecasted transactions are expected to occur (roll-over hedging). The Company also designates zero-cost collars, which qualify as net purchased options, to hedge the exposure to variability in expected future foreign currency cash inflows due to exchange rate movements beyond a defined range.

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 assesses hedge effectiveness based on overall change in fair value of derivative instrument. However, for derivatives acquired pursuant to roll-over hedging strategy, the forward premium/discount points are excluded from assessing hedge effectiveness.

Changes in fair value for derivatives not designated as hedging derivatives and ineffective portion of the hedging instruments are recognized in consolidated statements of income of each period and are reported within foreign exchange gains/ (losses), net under operating expenses.

In respect of derivatives designated as hedges, the Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also formally assesses both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. If it is determined that a derivative is not highly effective as a hedge, or if a derivative ceases to be a highly effective hedge, the Company, prospectively, discontinues hedge accounting with respect to that derivative.

Reclassifications. Certain amounts in the prior years' consolidated financial statements and notes have been reclassified to confirm to the current year's presentation.

Recent accounting pronouncements

FASB Interpretation No. 48. In July 2006, the FASB issued Interpretation (FIN) No. 48, Uncertainty in Income Taxes. FIN 48 applies to all tax positions within the scope of SFAS No. 109, Accounting for Income Taxes, and clarifies when and how to recognize tax benefits in the financial statements with a two-step approach of recognition and measurement. FIN 48 is effective for fiscal years beginning after December 15, 2006, and, as a result, is effective for the Company commencing April 1, 2007. FIN 48 also requires the enterprise to make explicit disclosures about uncertainties in their income tax positions, including a detailed roll-forward of tax benefits taken that do not qualify for financial statement recognition. The Company is currently evaluating the impact of FIN 48 on the consolidated financial statements.

SFAS No. 157. In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (SFAS No. 157). SFAS No. 157 defines 'fair value' as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 provides guidance on determination of fair value and lays down the fair value hierarchy to classify the source of information used in fair value measurement. The Company is currently evaluating the impact of SFAS No. 157 on its financial statements and will adopt the provisions of SFAS No. 157 for the fiscal year beginning April 1, 2008.

SFAS No. 159. In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS No. 159). This statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS No. 159 is effective for the fiscal year beginning April 1, 2008. The Company is currently evaluating the impact that the adoption of SFAS No. 159 will have on our consolidated financial statements

3. Acquisitions

The Company completed the following acquisitions during the year ended March 31, 2006.

mPower Software Services Inc. and subsidiaries

In December 2005, the Company acquired 100% of the equity of mPower Software Services Inc. and subsidiaries (mPower) including the minority shareholding held by MasterCard International in mPact India, a joint venture between MasterCard International and mPower Inc., for an aggregate cash consideration of Rs. 1,274.57 (including direct acquisition costs). mPower Software Services Inc. is a US based company engaged in providing IT services in the payments service sector.

As a part of this acquisition, the Company plans to provide MasterCard a wide range of services including application development and maintenance, infrastructure services, package implementation, BPO and testing. The Company believes that through this acquisition, it will be able to expand domain expertise in the payment service sector and increase the addressable market for IT services.

The total purchase price has been allocated to the acquired assets and liabilities as follows:

Description		Fair value
Net tangible assets	Rs.	185.39
Customer-related intangibles		513.13
Deferred tax liabilities		(177.50)
Goodwill		753.55
Total	Rs.	1,274.57

BVPENTE Beteiligungsverwaltung GmbH and subsidiaries

In December 2005, the Company acquired 100% of the equity of BVPENTE Beteiligungsverwaltung GmbH and subsidiaries (New Logic). New Logic is a European system-on-chip design company. The consideration included a upfront consideration of Rs. 1,156.54 (including direct acquisition costs), subject to working capital adjustments, and an earn-out of Euro 26.70 to be determined and paid in the future based on financial targets being achieved over a 3 year period. During the year ended March 31, 2007, the Company paid an additional consideration of Rs. 68.76 (Euro 1.18) towards the working capital adjustment. The Company has determined that a portion of the earn-out, up to a maximum of Euro 2.50 is linked to the continuing employment of one of the selling shareholders. The balance earn-out will be recorded as additional purchase price when the contingency is resolved.

The Company believes that through this acquisition, it has acquired strong domain expertise in semiconductor Intellectual Property (IP) cores and complete system-on-chip solutions with digital, analog mixed signal and Radio Frequency (RF) design services. The acquisition also enables the Company to access over 20 customers in the product engineering space.

The purchase price has been allocated to the acquired assets and liabilities as follows:

Description		Fair value
Net tangible assets	Rs.	307.15
Customer-related intangibles		117.40
Technology-related intangibles		95.72
Deferred tax liabilities		(53.00)
Goodwill		758.03
Total	Rs.	1,225.30

Wipro BPO

As of March 31, 2005, the Company's ownership interest in Wipro BPO was approximately 93%. During the year ended March 31, 2006, the Company acquired the balance 7% of the equity shares from the employee shareholders at fair value for an aggregate consideration of Rs. 852.00 million. The step-acquisition resulted in goodwill and intangibles of Rs. 304.14 million and Rs. 14.86 million respectively.

The Company completed the following acquisitions during the year ended March 31, 2007.

cMango Inc. and subsidiaries

In April 2006, the Company acquired 100% of the equity of cMango Inc. and subsidiaries (cMango). cMango is a provider of Business Service Management (BSM) solutions. The consideration (including direct acquisition costs) included a cash payment of Rs. 884.25 and an earn-out of USD 12.00 to be determined and paid in the future based on specific financial targets being achieved over a two year period. The earn-out will be recorded as additional purchase price when the contingency is resolved.

The Company believes that through this acquisition it will expand its operations in the Business Management Services sector. This acquisition also enables the Company to access over 20 customers in the Business Management services sector.

The purchase price has been preliminarily allocated to the acquired assets and liabilities as follows:

Description		Fair value
Net tangible assets/(liabilities)	Rs.	(23.08)
Customer-related intangibles		132.64
Deferred tax liabilities		(46.42)
Goodwill		821.11
Total	Rs.	884.25

RetailBox BV and subsidiaries

In June 2006, the Company acquired 100% of the equity of RetailBox BV and subsidiaries (Enabler). Enabler is in the business of providing comprehensive IT solutions and services. The consideration (including direct acquisition costs) included a cash payment of Rs. 2,442.12 and an earn-out of Euro 11.00 to be determined and paid in the future based on specific financial targets being achieved over a two year period. The earn-out will be recorded as additional purchase price when the contingency is resolved.

Through this acquisition the Company aims to provide a wide range of services including Oracle retail implementation, digital supply chain, business optimization and integration. Further, through this acquisition, the Company aims to expand domain expertise both in the retail and technology sectors and obtain a presence in five different geographical locations.

The purchase price has been preliminarily allocated to the acquired assets and liabilities as follows:

Description		**Fair value**
Net tangible assets	Rs.	388.88
Customer-related intangibles		297.92
Deferred tax liabilities		(104.27)
Goodwill		1,859.59
Total	Rs.	2,442.12

North-west Switchgear Limited

In May 2006, the Company acquired a substantial portion of the business of North-west Switchgear Limited, a manufacturer and distributor of switches, sockets and miniature circuit breakers (collectively 'the products') under the trademark/ brand name North-West. The consideration (including direct acquisition costs) included a cash payment of Rs 1,131.66 and an earn-out of Rs. 200.00 to be determined and paid in the future based on achievement of a specified revenue levels over a period of four years. Further, the Company has entered into a non-compete and manufacturing agreement with the sellers. Under the manufacturing agreement, the seller will manufacture the products for the Company based on certain assets and employee retained by the seller. The manufacturing agreement is for a period of five years. Amounts paid by the Company for such manufacturing services will be recorded through the income statement. The earn-outs which are not linked to any post-acquisition services by the seller will be recorded as additional purchase consideration when the contingency is resolved.

Based on the guidance in EITF Issue No. 98-3, Determining Whether a Non-monetary Transaction Involves Receipt of Productive Assets of a Business, the Company has accounted for this transaction as an acquisition of a business. A significant portion of the consideration has been allocated to the trademark/brand name North-West.

The purchase price has been preliminarily allocated to the acquired assets and liabilities as follows:

Description		**Fair value**
Net tangible assets	Rs.	33.75
Marketing-related intangibles		1,097.91
Total	Rs.	1,131.66

Saraware Oy

In June 2006, the Company acquired 100% of the equity of Saraware Oy (Saraware), a company involved in providing design and engineering services to telecom companies. The Company acquired Saraware for an aggregate consideration of Rs. 947.25 (including direct acquisition costs) and an earn-out of Euro 7 to be determined and paid in future based on financial targets being achieved over a period of 18 months. In addition, amounts collected against certain specific reward/incentive assets at the acquisition date are payable to the sellers. The Company has paid Rs. 148.92 against specific reward/incentives collected and Rs. 19.33 (Euro 0.33) as earn-out against targets achieved during the period ended March 31, 2007. The earn-out and the additional payments are recorded as additional purchase price when the related contingencies are resolved.

Through this acquisition the Company aims to expand its presence in the engineering services space in Finland and the Nordic region.

The purchase price has been preliminarily allocated to the acquired assets and liabilities as follows :

Description		Fair value
Net tangible assets/(liabilities)	Rs.	186.98
Customer-related intangibles		254.72
Deferred tax liabilities		(89.15)
Goodwill		762.95
Total	Rs.	1,115.50

Quantech Global Services

In July 2006, the Company acquired 100% of the equity of Quantech Global Services LLC and Quantech Global Services Ltd. (Quantech). Quantech provides computer aided design and engineering services. The consideration includes upfront cash payment of Rs. 142.00 (including direct acquisition costs), a deferred cash payment of USD 3.00 and an earn-out to be determined and paid in the future based on specific financial targets being achieved over a period of 36 months. The earn-out will be recorded as additional purchase price when the contingency is resolved.

Through this acquisition, the Company aims to strengthen its presence in the mechanical engineering design and analysis services sector.

The purchase price has been preliminarily allocated to the acquired assets and liabilities as follows :

Description		Fair value
Net tangible assets/(liabilities)	Rs.	(230.33)
Customer-related intangibles		45.92
Deferred tax liabilities		(16.07)
Goodwill		481.77
Total	Rs.	281.29

Hydrauto Group

In November 2006, the Company acquired 100% of the equity of Hydrauto Group AB (Hydrauto). Hydrauto is engaged in the production, marketing and development of customized hydraulic cylinders solution for mobile applications such as mobile cranes, excavator, dumpers and trucks. The consideration (including direct acquisition cost) included cash payment of Rs. 1,412.17. Through this acquisition the Company aims to gain an entry into Europe, access to a customer base built over the past few decades and complementary engineering skills.

The purchase price has been preliminarily allocated to the acquired assets and liabilities as follows :

Description		Fair value
Net tangible assets/(liabilities)	Rs.	201.81
Customer-related intangibles		73.57
Deferred tax liabilities		(24.76)
Goodwill		1,161.55
Total	Rs.	1,412.17

3D Networks

In November 2006, the Company acquired 100% of the equity of the India, Middle East and SAARC operations of 3D Networks and Planet PSG. 3D Networks provides business communication solutions that include consulting, voice, data and converged solutions and managed services. These specialized solutions are deployed in the ITES/IT, Telecom, Banking and Finance, Government and Service segments. Planet PSG provides professional services on voice and speech platforms in the Asia Pacific region. The consideration (including direct acquisition cost) included upfront cash payment of Rs. 903.95 and a maximum earn-out of USD 43.78 to be determined and paid in the future based on achieving certain agreed financial targets over a 24 months period. The earn-out will be recorded as additional purchase price when the contingency is resolved.

The Company believes that this acquisition is a strategic fit as it complements Wipro's existing practice capabilities and differentiates Wipro as the most comprehensive IT Solutions provider across segments.

The purchase price has been preliminarily allocated to the acquired assets and liabilities as follows :

Description		Fair value
Net tangible assets/(liabilities)	Rs.	507.77
Customer-related intangibles		136.24
Deferred tax liabilities		(45.86)
Goodwill		305.80
Total	Rs.	903.95

For all the above acquisitions except New Logic and mPower, the purchase consideration has been allocated on a preliminary basis based on management's estimates. The Company is in the process of making a final determination of the carrying value of assets and liabilities, which may result in changes in the carrying value of net assets recorded. Finalization of the purchase price allocation, which is expected to be completed during the period ending June 30, 2007 may result in certain adjustments to the above allocations.

4. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2006 and 2007 comprise of cash, cash on deposit with banks and highly liquid investments.

5. Accounts Receivable

Accounts receivable are stated net of allowance for doubtful accounts. The Company maintains an allowance for doubtful accounts based on financial condition of its customers and aging of the accounts receivable. Accounts receivable are generally not collateralized. The activity in the allowance for doubtful accounts receivable is given below :

	Year ended March 31,		
	2005 Rs.	2006 Rs.	2007 Rs.
Balance at the beginning of the year	720.02	846.54	**1,115.78**
Additional provision during the year, net of collections	151.89	275.24	**280.02**
Bad debts charged to provision	(25.37)	(6.00)	**(149.68)**
Balance at the end of the year	846.54	1,115.78	**1,246.12**

6. Inventories

Inventories consist of the following :

	As of March 31,	
	2006 Rs.	2007 Rs.
Stores and spare parts	198.02	**297.72**
Raw materials and components	692.01	**1,584.13**
Work-in-process	288.73	**491.21**
Finished goods	885.85	**1,777.31**
	2,064.61	**4,150.37**

7. Other Assets

Other assets consist of the following :

	As of March 31,	
	2006 Rs.	2007 Rs.
Prepaid expenses	1,107.18	**1,359.05**
Prepaid rentals for leasehold land	74.89	**596.53**
Due from officers and employees	753.68	**884.31**
Advances to suppliers	467.19	**711.45**
Balances with statutory authorities	130.76	**207.12**
Deposits	1,388.89	**1,591.01**
Interest-bearing corporate deposits	500.00	**650.00**
Advance income taxes	3,670.89	**4,844.25**
Deferred contract costs	339.59	**397.44**
Derivative asset	338.11	**378.51**
Others	369.39	**751.22**
	9,140.57	**12,370.89**
Less : Current assets	(7,896.60)	**(10,411.97)**
	1,243.97	**1,958.92**

8. Investment Securities

Investment securities consist of the following:

	As of March 31, 2006			As of March 31, 2007		
	Carrying Value	Gross Unrealized Holding Gains	Fair Value	Carrying Value	Gross Unrealized Holding Gains	Fair Value
Available-for-sale:						
Investments in liquid and short-term mutual funds	Rs. 29,816.83	Rs. 498.42	Rs. 30,315.25	Rs. 31,841.47	Rs. 568.96	Rs. 32,410.43

Dividends from available-for-sale securities during the years ended March 31, 2005, 2006 and 2007 were Rs. 679.36, Rs. 862.60 and Rs. 1,685.93 respectively and are included in other income.

9. Property, Plant and Equipment

Property, plant and equipment consist of the following :

	As of March 31,	
	2006 Rs.	2007 Rs.
Land	1,261.14	**1,571.07**
Buildings	4,590.53	**6,095.44**
Plant and machinery	5,545.08	**7,870.93**
Furniture, fixtures and equipment	2,996.87	**3,933.58**
Computer equipment	6,761.66	**8,732.29**
Vehicles	1,324.31	**1,821.38**
Computer software for internal use	1,793.37	**2,831.09**
Capital work-in-progress	6,248.52	**10,189.45**
	30,521.48	43,045.23
Accumulated depreciation	(12,744.08)	**(16,503.80)**
	17,777.40	**26,541.43**

Depreciation expense for the years ended March 31, 2005, 2006 and 2007, is Rs. 2,437.96, Rs. 3,101.23 and Rs. 3,930.56 respectively. This includes Rs. 194.91, Rs. 205.93 and Rs. 385.61 as depreciation of capitalized internal use software, during the years ended March 31, 2005, 2006 and 2007, respectively.

10. Goodwill and Intangible Assets

Information regarding the Company's intangible assets acquired either individually or in a business combination consists of the following :

	As of March 31, 2006		
	Gross carrying amount	Accumulated Amortisation	Net
Technology-based intangibles	Rs. 130.02	Rs. 34.07	Rs. 95.95
Customer-related intangibles	1,050.27	600.39	449.88
Marketing-related intangibles	382.43	73.93	308.50
	Rs. 1,562.72	Rs. 708.39	Rs. 854.33

	As of March 31, 2007		
	Gross carrying amount	Accumulated Amortisation	Net
Technology-based intangibles	Rs. 130.02	Rs. 71.40	Rs. 58.62
Customer-related intangibles	2,147.45	937.29	1,210.16
Marketing-related intangibles	1,480.48	78.42	1,402.06
	Rs. 3,757.95	Rs. 1,087.11	Rs. 2,670.84

The estimated amortization expense for intangible assets is set out below :

Year ending March 31,	Amount
2008	Rs. 492.02
2009	460.19
2010	350.57
2011	152.75
2012	55.57
Thereafter	1,159.74
Total	Rs. 2,670.84

The movement in goodwill balance is given below :

	Year ended March 31,	
	2006 Rs.	2007 Rs.
Balance at the beginning of the year	5,614.98	**7,480.85**
Goodwill relating to acquisitions (Note 3)	1,851.01	**5,392.77**
Adjustment relating to finalization of purchase price allocation	-	**(103.60)**
Tax benefit allocated to goodwill	-	**(14.40)**
Effect of translation adjustments	14.86	**(57.91)**
Balance at the end of the year	7,480.85	**12,697.71**

Goodwill as of March 31, 2006 and 2007 has been allocated to the following reportable segments :

Segment	As of March 31,	
	2006 Rs.	2007 Rs.
IT Services and Products	2,742.39	6,502.71
BPO Services	3,982.00	3,982.00
India and AsiaPac IT Services and Products	756.46	1,044.63
Others	-	1,168.37
Total	7,480.85	12,697.71

11. Other Current Liabilities

Other current liabilities consist of the following :

	As of March 31,	
	2006 Rs.	2007 Rs.
Statutory dues payable	1,820.99	2,634.92
Taxes payable	3,044.10	4,573.00
Dividends payable	-	7,237.88
Warranty obligations	664.86	742.03
Derivative liability	12.53	109.89
Others	505.47	1,325.44
	6,047.95	16,623.16

The activity in warranty obligations is given below :

	Year ended March 31,		
	2005 Rs.	2006 Rs.	2007 Rs.
Balance at the beginning of the year	357.36	361.08	664.86
Additional provision during the year	373.46	601.20	827.32
Reduction due to payments	(369.74)	(297.42)	(750.15)
Balance at the end of the year	361.08	664.86	742.03

12. Operating Leases

The Company leases office and residential facilities under cancelable and non-cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental payments under such leases were Rs. 566.85, Rs. 848.85 and Rs. 1,412.25 for the years ended March 31, 2005, 2006 and 2007, respectively.

Details of contractual payments under non-cancelable leases are given below:

Year ending March 31,	
2008	394.66
2009	358.07
2010	340.91
2011	279.35
2012	247.25
Thereafter	953.15
Total	Rs. 2,573.39

Prepaid rentals for leasehold land represent leases obtained for a period of 60 years and 90 years. The prepaid expense is being charged over the lease term and is included under other assets.

13. Investments in Affiliates

Wipro GE Medical Systems (Wipro GE)

The Company has accounted for its 49% interest in Wipro GE by the equity method. The carrying value of the investment in Wipro GE as of March 31, 2006 and 2007, was Rs. 841.57 and Rs. 1,119.65, respectively. The Company's equity in the income of Wipro GE for years ended March 31, 2005, 2006 and 2007 was Rs. 125.95, Rs. 259.16 and Rs. 302.22 respectively.

In March 2004, 2005 and 2006, Wipro GE had received tax demands aggregating Rs.843.81, including interest, from Indian income tax authorities for the financial years ended March 31, 2001, 2002 and 2003. The tax demands were primarily on account of transfer pricing adjustments and denial of export benefits and tax holiday benefits claimed by Wipro GE under Indian Income Tax Act, 1961 (the Act). Additionally, in December 2006, Wipro GE received tax demands aggregating Rs.132.42, including interest, from Indian income tax authorities for the financial years ended March 31, 2004 on similar grounds. Wipro GE has appealed against the said demands before the first appellate authority. The first appellate authority vacated the tax demands for the years ended March 31, 2001, 2002, 2003 and 2004. The income tax authorities have filed an appeal for the year ended March 31, 2001.

Considering the facts and nature of disallowance and the order of the appellate authority upholding the claims of Wipro GE, Wipro GE believes that the final outcome of the disputes should be in favour of Wipro GE and will not have any material adverse effect on the financial position and results of operations. The range of loss due to this contingency is between zero and the amount of demand raised.

WeP Peripherals (WeP)

The Company previously accounted for its 36.9% interest as of March 31, 2006 in WeP by the equity method. The carrying value of the equity investment in WeP Peripherals as of March 31, 2006 was Rs. 201.52.

In December 2006, the Company sold a portion of its interest in WeP Peripherals for a consideration of Rs. 160.00 and recorded a net gain of Rs. 40.16. Subsequent to this sale, the Company's ownership interest in WeP Peripherals is reduced to 15% and the Company does not have the ability to exercise significant influence over the operating and financial policies of WeP Peripherals. Accordingly, the Company has subsequently accounted for the balance investment of Rs. 79.86 under the cost method.

WM NetServ

The Company has accounted for its 80.1% ownership interest in WM NetServ by the equity method as the minority shareholder in the investee has substantive participative rights as specified in EITF Issue No. 96-16, Investor's Accounting for an Investee when the investor has a majority of the voting interest but the minority shareholder or shareholders have certain approval or veto rights. The carrying value of the equity investment in WM Net Serv as of March 31, 2007 was Rs. 122.14. The Company's equity in the loss of WM NetServ for year ended March 31, 2007 was Rs. 24.50.

14. Financial Instruments and Concentration of Risk

Concentration of risk. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, investments in liquid and short-term mutual funds, other investments securities, derivative financial instruments, accounts receivable and corporate deposits. The Company's cash resources are invested with financial institutions and commercial corporations with high investment grade credit ratings. Limits have been established by the Company as to the maximum amount of cash that may be invested with any such single entity. To reduce its credit risk, the Company performs ongoing credit evaluations of customers. No single customer accounted for 10% or more of the accounts receivable as of March 31, 2006 and 2007 and revenues for the years ended March 31, 2005, 2006 and 2007.

Derivative financial instruments. The Company is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company follows established risk management policies, including the use of derivatives to hedge foreign currency assets and foreign currency forecasted cash flows. The counter party is a bank and the Company considers the risks of non-performance by the counterparty as non-material. The forward foreign exchange/ option contracts mature between one to twelve months and the forecasted transactions are expected to occur during the same period.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding :

	As of March 31,	
	2006	2007
Forward contracts		
Sell	$ 592.23	$ 345.00
	£ 4.00	16.00
		£ 87.6
Buy	-	$ 184.56
Net purchased options (sell)	$ 254.00	$ 36.00
	£ 8.00	13.00
Net written options (sell)	$ 6.00	-
	£ 5.00	-

In connection with cash flow hedges, the Company has recorded Rs. 113.81, Rs. 202.34, and Rs. 71.86 of net gains/(losses) as a component of accumulated and other comprehensive income within stockholders' equity as at March 31, 2005, 2006 and 2007, respectively.

The following table summarizes activity in the accumulated and other comprehensive income within stockholders' equity related to all derivatives classified as cash flow hedges during the years ended March 31, 2005, 2006 and 2007.

	As of March 31,		
	2005 Rs.	2006 Rs.	2007 Rs.
Balance as at the beginning of the year	1,058.97	113.81	**202.34**
Net gains reclassified into net income on occurrence of hedged transactions	(1,058.97)	(113.81)	**(202.34)**
Deferred cancellation losses relating to roll-over hedging	(159.60)	-	**-**
Changes in fair value of effective portion of outstanding derivatives	273.41	202.34	**71.86**
Unrealized gain/(losses) on cash flow hedging derivatives, net	(945.16)	88.53	**(130.48)**
Balance as at the end of the year	113.81	202.34	**71.86**

As of March 31, 2006 and 2007 there were no significant gains or losses on derivative transactions or portions thereof that have become ineffective as hedges, or associated with an underlying exposure that did not occur.

15. Borrowings from Banks

The Company has an Indian line of credit of Rs. 6,985.50, a US line of credit of US$ 25.00 and a UK line of credit of GBP 6 from its bankers for working capital requirements. All the lines of credit are renewable annually. The Indian line of credit bears interest at the prime rate of the bank, which averaged 8.5% for the years ended March 31, 2006 and 2007. The US line of credit bears interest at 60 basis points over the US$ London Inter-Bank Offered Rate and UK line of credit bears interest at 70 basis points over the GBP London Inter-Bank Offered Rate. The facilities are secured by inventories, accounts receivable and certain property and contain financial covenants and restrictions on indebtedness. During the year ended March 31, 2007, as a part of its acquisition, the Company assumed bank borrowings amounting to Rs. 366 and Rs. 459 for Saraware and Hydrauto Group respectively.

16. Stock Dividend

In June 2004, the members of the Company approved a stock dividend in the ratio of 2 additional equity shares or ADS for every equity share or ADS held. Accordingly, the Company has issued 465,631,260 additional shares and has transferred an amount of Rs. 931.26 from retained earnings to equity shares. Share and per share data for all periods reported have been adjusted to reflect the stock dividend. In accordance with the shareholder's approval, capitalization of retained earnings aggregating Rs. 931.26 has been recorded during the year ended March 31, 2005.

In July 2005, the members of the Company approved a stock dividend, effective August 24, 2005, in the ratio of 1 additional equity shares or ADS for every equity share or ADS held. Accordingly, the Company issued 705,893,574 additional shares and has transferred an amount of Rs. 1,161.75 from additional paid in capital and Rs. 250.04 from retained earnings, to equity shares. The allocation between additional paid in capital and retained earnings is in line with the local statutory accounts. Share and per share data for all periods reported have been adjusted to reflect the stock split effected in the form of stock dividend. In accordance with the shareholder's approval, capitalization of additional paid in capital and retained earnings aggregating Rs. 1,411.79 has been recorded in the year ended March 31, 2006.

17. Equity Shares and Dividends

Currently, the Company has only one class of equity shares. For all matters submitted to vote in the shareholders meeting, every holder of equity shares, as reflected in the records of the Company on the date of the shareholders meeting shall have one vote in respect of each share held.

In October 2000, the Company made a public offering of its American Depositary Shares, or ADSs, to international investors. The equity shares represented by the ADS carry similar rights as to voting and dividends as the other equity shares.

In July 2005, the members of the company approved for increase in authorized capital of the Company from 750,000,000 to 1,650,000,000.

Dividends are paid in Indian rupees. Indian law mandates that any dividend, exceeding 10% of the equity shares, can be declared out of distributable profits only after the transfer of up to 10% of net income computed in accordance with current regulations to a general reserve. Also, the remittance of dividends outside India is governed by Indian law on foreign exchange. Dividend payments are also subject to applicable taxes.

In the event of liquidation of the affairs of the Company, all preferential amounts, if any, shall be discharged by the Company. The remaining assets of the Company, after such discharge, shall be distributed to the holders of equity shares in proportion to the number of shares held by them.

The Company paid cash dividends of Rs. 7,575.99, Rs. 3,997.74 and Rs. 8,128.58 during the years ended March 31, 2005, 2006 and 2007. The dividends per share were Rs. 4.84, Rs. 2.50 and Rs. 5 during the years ended March 31, 2005, 2006 and 2007, respectively. Additionally, in March 2007, the Board of Directors of the Company approved an additional cash dividend of Rs. 5 per share totaling Rs. 8,253.05. In accordance with Indian regulations, an amount equivalent to the additional cash dividend, net of taxes, amounting to Rs. 7,237.88 has been transferred to a specific bank account pending payment to the shareholders. The balance in this bank account can only be used to pay the specified dividend, is not available for general use and is accordingly reflected as restricted cash in the consolidated balance sheet.

18. Retained Earnings

Retained earnings as of March 31, 2006 and 2007, also include Rs. 922.01 and Rs. 1,084.49 respectively, of undistributed earnings in equity of affiliates.

19. Other Income, Net

Other income consists of the following :

	Year ended March 31,		
	2005 Rs.	2006 Rs.	2007 Rs.
Interest income	35.79	198.09	**682.51**
Interest expense	(56.12)	(34.95)	**(260.81)**
Dividend income	679.36	862.60	**1,685.93**
Gain on sale of investment securities, net	35.59	237.72	**549.27**
Others	104.20	12.40	**9.94**
	798.82	1,275.86	**2,666.84**

20. Shipping and Handling Costs

Selling and marketing expenses for the years ended March 31, 2005, 2006 and 2007, include shipping and handling costs of Rs. 356.96, Rs. 555.37 and Rs. 807.03 respectively.

21. Income Taxes

Income taxes have been allocated as follows :

	Year ended March 31,		
	2005 Rs.	2006 Rs.	2007 Rs.
Income from continuing operations	2,693.57	3,264.73	**3,722.61**
Stockholders equity for :			
Income tax benefits relating to employee stock options	-	(69.34)	**(64.54)**
Adjustments to initially apply SFAS No. 158	-	-	**(18.05)**
Unrealized gains on investment securities, net	59.59	114.94	**25.48**
Tax benefit allocated to goodwill	-	-	**(14.40)**
Total income taxes	2,753.16	3,310.33	**3,651.10**

Income taxes relating to continuing operations consist of the following :

	Year ended March 31,		
	2005 Rs.	2006 Rs.	2007 Rs.
Current taxes			
Domestic	1,642.97	1,605.19	**1,574.59**
Foreign	1,133.65	1,644.57	**2,176.78**
	2,776.62	3,249.76	**3,751.37**
Deferred taxes			
Domestic	(70.45)	(7.82)	**(0.95)**
Foreign	(12.60)	22.79	**(27.81)**
	(83.05)	14.97	**(28.76)**
Total income tax expense	2,693.57	3,264.73	**3,722.61**

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate is as follows :

	Year ended March 31,		
	2005 Rs.	2006 Rs.	2007 Rs.
Income before taxes and minority interest	18,607.53	23,536.10	**32,852.51**
Enacted income tax rate in India	36.59%	33.66%	**33.66%**
Computed expected tax expense	6,808.50	7,922.25	**11,058.15**
Effect of :			
Income exempt from tax	(4,706.64)	(5,129.26)	**(7,498.43)**
Basis differences that will reverse during the tax holiday period	245.03	291.24	**526.12**
Income taxed at higher rates	111.59	229.95	**124.56**
Loss on direct issue of stock by subsidiary	75.74	-	**-**
Income taxes relating to prior years	122.23	(175.15)	**(701.90)**
Effect of change in tax rates	(9.62)	17.14	**-**
Expenses disallowed for tax purposes	-	111.37	**197.31**
Others, net	46.74	(2.81)	**16.80**
Total income tax expense	2,693.57	3,264.73	**3,722.61**

A substantial portion of the profits of the Company's India operations are exempt from Indian income taxes being profits attributable to export operations and profits from undertakings situated in Software Technology and Hardware Technology Parks. Under the tax holiday, the taxpayer can utilize an exemption from income taxes for a period of any ten consecutive years. The Company has opted for this exemption from the year ended March 31, 1997, for undertakings situated in Software Technology and Hardware Technology Parks. Profits from certain other undertakings are also eligible for preferential tax treatment. In addition, dividend income from certain category of investments is exempt from tax. The aggregate rupee and per share (basic) effects of these tax exemptions, are Rs. 4,706.64 and Rs. 3.39 per share for the year ended March 31, 2005, Rs. 5,129.26 and Rs. 3.64 per share for the year ended March 31, 2006 and Rs. 7,498.43 and Rs. 5.26 per share for the year ended March 31, 2007.

The components of the net deferred tax asset are as follows :

	As of March 31,	
	2006 Rs.	2007 Rs.
Deferred tax assets		
Allowance for doubtful accounts	105.44	**217.14**
Accrued expenses and liabilities	224.28	**313.46**
Carry-forward capital losses	56.26	**-**
Carry-forward business losses	917.37	**1,019.20**
Others	60.91	**69.06**
Total gross deferred tax assets	1,364.26	**1,618.86**
Less : Valuation allowance	(524.55)	**(531.13)**
Net deferred tax assets	839.71	**1,087.73**
Deferred tax liabilities		
Property, plant and equipment	22.43	**79.88**
Intangible assets	202.01	**560.03**
Amortizable goodwill	63.60	**84.80**
Undistributed earnings of affiliates	153.49	**196.83**
Unrealized gains on investment securities, net	174.45	**199.93**
Total gross deferred tax liability	615.98	**1,121.47**
Net deferred tax assets/(liabilities)	223.73	**(33.74)**

In assessing the realizability of remaining deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences and loss carry-forwards become deductible or utilizable. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences and loss carry-forwards utilizable, net of the existing valuation allowances at March 31, 2007. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

Upon acquisition of Wipro Nervewire, New Logic, Saraware and Hydrauto, the Company was entitled to utilize tax benefits of Rs. 264.55, Rs. 280.75, Rs. 26.60 and 74.80 respectively, on pre-acquisition carry-forward business losses. Based on projections of future taxable income and tax planning strategies management believes that the Company will be able to realize tax benefits only to the extent of Rs. 172.36 on the pre-acquisition carry-forward losses. Consequently, the Company has recorded a valuation allowance for the remaining amount. Reversal, if any, of the valuation allowance would be recorded as a reduction of goodwill arising from the respective acquisitions.

The carry-forward business losses as of March 31, 2007, expire as follows:

Year ending March 31 :		
2013	Rs.	24.00
2014		28.00
2015		66.00
2024		315.00
2025		209.00
Thereafter		2,703.14
	Rs.	3,345.14

The increase in valuation allowance of Rs. 229.16 for the year ended March 31, 2006 is on account of valuation allowance of Rs. 199.76 recognized on the deferred tax assets on pre-acquisition carry-forward business losses of New Logic and valuation allowance of Rs. 29.40 recognized on operating losses of certain subsidiaries for the year ended March 31, 2006. The increase in valuation allowance of Rs. 6.58 for the year ended March 31, 2007 is on account of pre-acquisition losses/operating losses of subsidiaries of Rs. 62.84 offset by a reversal of valuation allowance, on realization, in respect of capital loss of Rs. 56.26.

A significant portion of income before income taxes is from Indian sources.

The Company permanently reinvests eligible earnings of foreign subsidiaries, and accordingly, has not recorded any deferred taxes in relation to such undistributed earning of its foreign subsidiaries. It is impracticable to determine the additional taxes payable when these earnings are remitted.

The Company is subject to a 15% branch profit tax in the US to the extent the net profit during the fiscal year attributable to its US branch are greater than the increase in the net assets of the US branch during the fiscal year, computed in accordance with the Internal Revenue Code. As of March 31, 2007, the US branch's net assets amounted to approximately $ 155. The Company has not triggered the branch profit tax and intends to maintain the current level of its net assets in the US as is consistent with its business plan. Accordingly, a provision for branch profit tax has not been recorded as of March 31, 2007.

22. Employee Stock Incentive Plans

Wipro Equity Reward Trust (WERT). In 1984, the Company established a controlled trust called the WERT. Under this plan, the WERT would purchase shares of Wipro out of funds borrowed from Wipro. The Company's Compensation Committee would recommend to the WERT, officers and key employees, to whom the WERT will grant shares from its holding. The shares have been granted at a nominal price. Such shares would be held by the employees subject to vesting conditions. The shares held by the WERT are reported as a reduction from stockholders' equity.

The movement in the shares held by the WERT is given below :

	Year ended March 31,		
	2005 Rs.	2006 Rs.	2007 Rs.
Shares held at the beginning of the year	7,887,060	7,893,060	**7,869,060**
Shares granted to employees	-	(24,000)	**-**
Grants forfeited by employees	6,000	-	**92,700**
Shares held at the end of the year	7,893,060	7,869,060	**7,961,760**

Wipro Employee Stock Option Plan 1999 (1999 Plan). In July 1999, the Company established the 1999 Plan. Under the 1999 Plan, the Company is authorized to issue up to 30 million equity shares to eligible employees. Employees covered by the 1999 Plan are granted an option to purchase shares of the Company subject to the requirements of vesting.

	Year ended March 31, 2005			
	Shares arising out of options	Range of exercise prices (Rs.)	Weighted-average exercise price (Rs.)	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	8,365,265	171-181	181	18 months
	11,916,150	309-421	311	26 months
Forfeited and lapsed during the year	(76,440)	171-181	181	-
	(600,138)	309-421	309	-
Exercised during the year	(4,086,872)	171-181	181	-
	(2,056,358)	309-421	309	-
Outstanding at the end of the year	4,201,953	171-181	181	6 months
	9,259,654	309-421	311	14 months
Exercisable at the end of the year	4,201,953	171-181	181	6 months
	6,959,606	309-421	311	14 months

	Year ended March 31, 2006			
	Shares arising out of options	Range of exercise prices (Rs.)	Weighted-average exercise price (Rs.)	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	4,201,953	171-181	181	6 months
	9,259,654	309-421	311	14 months
Forfeited and lapsed during the year	(91,462)	171-181	181	-
	(224,530)	309-421	309	-
Exercised during the year	(4,110,491)	171-181	181	-
	(5,056,811)	309-421	310	-
Outstanding at the end of the year	-	171-181	-	-
	3,978,313	309-421	312	3 months
Exercisable at the end of the year	-	171-181	-	-
	3,978,313	309-421	312	3 months

	Year ended March 31, 2007			
	Shares arising out of options	Range of exercise prices (Rs.)	Weighted-average exercise price (Rs.)	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	3,978,313	309-421	312	3 months
Forfeited and lapsed during the year	(75,795)	309-421	309	-
Exercised during the year	(3,902,518)	309-421	312	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

The total intrinsic value of options exercised during the years ended March 31, 2005, 2006, and 2007, was Rs. 702.25, Rs. 1,191.78, and Rs. 731.40, respectively. As of March 31, 2007 options outstanding and exercisable under the 1999 Plan had an intrinsic value of Rs. Nil and Rs. Nil, respectively. As of March 31, 2007, the unamortized stock compensation expense under the 1999 Plan is Rs. Nil.

Wipro Employee Stock Option Plan 2000 (2000 Plan). In July 2000, the Company established the 2000 Plan. Under the 2000 Plan, the Company is authorized to issue up to 150 million equity shares to eligible employees. Employees covered by the 2000 Plan are granted options to purchase equity shares of the Company subject to vesting.

Stock option activity under the 2000 Plan is as follows :

	Year ended March 31, 2005			
	Shares arising out of options	Range of exercise prices (Rs.)	Weighted-average exercise price (Rs.)	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	514,800	172-255	230	57 months
	31,135,056	264-396	266	59 months
	13,627,098	397-408	399	42 months
Forfeited and lapsed during the year	(67,050)	172-255	231	-
	(1,892,582)	264-396	266	-
	(965,950)	397-408	400	-
Exercised during the year	(54,854)	172-255	226	-
	(3,061,976)	264-396	264	-
Outstanding at the end of the year	392,896	172-255	231	45 months
	26,180,498	264-396	267	47 months
	12,661,148	397-408	399	30 months
Exercisable at the end of the year	165,876	172-255	231	45 months
	15,729,818	264-396	267	47 months
	8,862,804	397-408	399	30 months

	Year ended March 31, 2006			
	Shares arising out of options	Range of exercise prices (Rs.)	Weighted-average exercise price (Rs.)	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	392,896	172-255	231	45 months
	26,180,498	265-396	267	47 months
	12,661,148	397-458	399	30 months
Forfeited and lapsed during the year	(18,000)	172-255	229	-
	(790,554)	265-396	267	-
	(831,625)	397-458	398	-
Exercised during the year	(82,320)	172-255	221	-
	(5,243,687)	265-396	266	-
	(1,929,556)	397-458	397	-
Outstanding at the end of the year	292,576	172-255	233	37 months
	20,146,257	265-396	267	35 months
	9,899,967	397-458	399	19 months
Exercisable at the end of the year	186,732	172-255	233	36 months
	16,165,662	265-396	267	38 months
	9,899,967	397-458	399	19 months

	Year ended March 31, 2007			
	Shares arising out of options	Range of exercise prices (Rs.)	Weighted-average exercise price (Rs.)	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	292,576	172-255	233	37 months
	20,146,257	265-396	267	35 months
	9,899,967	397-458	399	19 months
Forfeited and lapsed during the year	(91,924)	172-255	229	-
	(973,249)	265-396	274	-
	(100,634)	397-458	398	-
Exercised during the year	(175,802)	172-255	228	-
	(17,729,437)	265-396	266	-
	(8,312,435)	397-458	399	-
Outstanding at the end of the year	24,850	172-255	236	23 months
	1,443,571	265-396	267	23 months
	1,486,898	397-458	399	7 months
Exercisable at the end of the year	24,850	172-255	235	22 months
	1,443,571	265-396	267	23 months
	1,486,898	397-458	399	7 months

The total intrinsic value of options exercised during the years ended March 31, 2005, 2006, and 2007, was Rs. 262.46, Rs. 985.69, and Rs. 7,240.43, respectively. As of March 31, 2007 options outstanding and exercisable under the 2000 Plan had an intrinsic value of Rs. 668.18 and Rs. 668.18, respectively. As of March 31, 2007, the unamortized stock compensation expense under the 2000 Plan is Rs. Nil.

Stock Option Plan (2000 ADS Plan). In April 2000, the Company established the 2000 ADS Plan. Under the 2000 ADS Plan, the Company is authorized to issue options to purchase up to 9 million American Depositary Shares (ADSs) to eligible employees. Employees covered by the 2000 ADS Plan are granted an option to purchase ADSs representing equity shares of the Company subject to the requirements of vesting.

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

	Year ended March 31, 2005			
	Shares arising out of options	Range of exercise prices $	Weighted-average exercise price $	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	429,300	3.46-5.01	4.32	54 months
	3,392,022	5.82-6.90	6.44	45 months
Forfeited and lapsed during the year	(60,000)	5.82-6.90	6.53	-
Exercised during the year	(24,750)	3.46-5.01	3.77	-
	(1,301,322)	5.82-6.90	6.35	-
Outstanding at the end of the year	404,550	3.46-5.01	4.35	42 months
	2,030,700	5.82-6.90	6.50	33 months
Exercisable at the end of the year	197,956	3.46-5.01	4.37	42 months
	1,546,300	5.82-6.90	6.51	33 months

	Year ended March 31, 2006			
	Shares arising out of options	Range of exercise prices $	Weighted-average exercise price $	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	404,550	3.46-5.01	4.35	42 months
	2,030,700	5.82-6.90	6.50	33 months
Forfeited and lapsed during the year	(48,000)	3.46-5.01	4.00	-
	(180,000)	5.82-6.90	6.07	-
Exercised during the year	(117,650)	3.46-5.01	4.45	-
	(641,858)	5.82-6.90	6.53	-
Outstanding at the end of the year	238,900	3.46-5.01	4.38	31 months
	1,208,842	5.82-6.90	6.50	21 months
Exercisable at the end of the year	176,938	3.46-5.01	4.33	31 months
	911,621	5.82-6.90	6.45	21 months

	Year ended March 31, 2007			
	Shares arising out of options	Range of exercise prices $	Weighted-average exercise price $	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	238,900	3.46-5.01	4.38	31 months
	1,208,842	5.82-6.90	6.50	21 months
Exercised during the year	122,250	3.46-5.01	4.41	-
	769,403	5.82-6.90	6.51	-
Outstanding at the end of the year	116,650	3.46-5.01	4.39	19 months
	439,439	5.82-6.90	6.15	11 months
Exercisable at the end of the year	116,650	3.46-5.01	4.39	19 months
	439,439	5.82-6.90	6.15	11 months

The total intrinsic value of options exercised during the years ended March 31, 2005, 2006, and 2007, was Rs. 232.55, Rs. 181.02, and Rs. 325.08, respectively. As of March 31, 2007 options outstanding and exercisable under the ADS Plan had an intrinsic value of Rs. 241.27 and Rs. 241.27, respectively. As of March 31, 2007, the unamortized stock compensation expense under the ADS Plan is Rs. Nil.

Restricted Stock Unit Plans: In June 2004, the Company established a rupee option plan titled Wipro Restricted Stock Unit Plan (WRSUP 2004) and a dollar option plan titled Wipro ADS Restricted Stock Unit Plan (WARSUP 2004). The Company is authorized to issue up to 12 million options to eligible employees under each plan. Options under the plan will be granted at a nominal exercise price (par value of the equity shares).

These options vest over a period of five years from the date of grant. Upon vesting the employees can acquire one equity share for every option. The options are subject to forfeiture if the employee terminates employment before vesting. The excess of market price on the date of grant over the exercise price payable by the employees is recognized as compensation cost. The Company has elected to amortize the compensation cost on a straight-line basis over the vesting period.

Stock option activity under WRSUP 2004 plan is as follows :

	Year ended March 31, 2005		
	Shares arising out of options	Exercise price (Rs.)	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	-	-	-
Granted during the year	9,792,596	2	72 months
Forfeited during the year	(272,940)	2	-
Outstanding at the end of the year	9,519,656	2	66 months
Exercisable at the end of the year	-	-	-

	Year ended March 31, 2006		
	Shares arising out of options	Exercise price (Rs.)	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	9,519,656	2	66 months
Granted during the year	55,500	2	72 months
Forfeited during the year	(694,572)	2	-
Exercised during the year	(1,282,410)	2	-
Outstanding at the end of the year	7,598,174	2	54 months
Exercisable at the end of the year	518,321	2	54 months

	Year ended March 31, 2007		
	Shares arising out of options	Exercise price (Rs.)	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	7,598,174	2	54
Granted during the year	2,492,560	2	72
Forfeited during the year	(553,836)	2	-
Exercised during the year	(2,036,918)	2	-
Outstanding at the end of the year	7,499,980	2	49
Exercisable at the end of the year	195,982	2	43

Stock option activity under WARSUP 2004 plan is as follows :

	Year ended March 31, 2005		
	Shares arising out of options	Exercise price $	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	-	-	-
Granted during the year	1,583,600	0.04	72 months
Forfeited during the year	(47,500)	0.04	-
Outstanding at the end of the year	1,536,100	0.04	66 months
Exercisable at the end of the year	-	-	-

	Year ended March 31, 2006		
	Shares arising out of options	Exercise price $	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	1,536,100	0.04	66 months
Exercised during the year	(148,440)	0.04	-
Forfeited during the year	(386,940)	0.04	-
Outstanding at the end of the year	1,000,720	0.04	54 months
Exercisable at the end of the year	116,400	0.04	54 months

	Year ended March 31, 2007		
	Shares arising out of options	Exercise price $	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	1,000,720	0.04	54 Months
Granted during the year	918,130	0.04	72 Months
Exercised during the year	(196,620)	0.04	-
Forfeited during the year	(170,900)	0.04	-
Outstanding at the end of the year	1,551,330	0.04	54 Months
Exercisable at the end of the year	122,980	0.04	54 Months

Restricted Stock Unit Plan 2005: In July 2005, the Company established a new option plan titled Wipro employee Restricted Stock Unit Plan 2005 (WRSUP 2005). The Company is authorized to issue up to 12 million options to eligible employees under the plan. Options under the plan will be granted at a nominal exercise price (par value of the equity shares).

These options vest over a period of five years from the date of grant. Upon vesting the employees can acquire one equity share for every option. The options are subject to forfeiture if the employee terminates employment before vesting. The excess of market price on the date of grant over the exercise price payable by the employees is recognized as compensation cost. The Company has elected to amortize the compensation cost on a straight-line basis over the vesting period.

Stock option activity under WSRUP 2005 plan is as follows :

	Year ended March 31, 2007		
	Shares arising out of options	Exercise price	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	-	-	-
Granted during the year	3,640,076	2	72
Exercised during the year	-	2	-
Forfeited during the year	(193,192)	2	
Outstanding at the end of the year	3,446,884	2	63
Exercisable at the end of the year	-	2	-

The weighted-average grant-date fair value of options granted during the years 2005, 2006, and 2007 was Rs. 319.23, Rs. 458.00 and Rs. 511.92, for each option respectively.

The total intrinsic value of options exercised during the years ended March 31, 2005, 2006, and 2007, was Rs. Nil, Rs. 632.22, and Rs. 1,282.41, respectively. As of March 31, 2007 options outstanding and exercisable under the RSU Plan had an intrinsic value of Rs. 7,162.67 and Rs. 193.34, respectively. As of March 31, 2007, the unamortized stock compensation expense under the RSU Plan is Rs. 4,198.59 and the same is expected to be amortized over a weighted average period of approximately 3.8 years.

Total stock compensation cost recognized under the employee stock incentive plans is Rs. 345.62, Rs. 652.23 and Rs. 1,336.40, respectively during the year ended March 31, 2005, 2006 and 2007 respectively. The compensation cost has been allocated to cost of revenues and operating expenses as follows :

	Year ended March 31,		
	2005 Rs.	2006 Rs.	2007 Rs.
Cost of revenues	246.51	437.20	**1,044.83**
Selling and marketing expenses	49.20	75.16	**168.95**
General and administrative expenses	58.15	139.87	**122.62**
	353.86	652.23	**1,336.40**

In the stock option activity table for 1999 Plan, 2000 Plan and 2000 ADS Plan, the Company previously had not reflected the impact of options lapsed. Additionally, the Company had not reported the correct weighted average contractual life for the 2000 Plan and 2000 ADS Plan. During the year ended March 31, 2007, the disclosures have been suitably amended. These matters had no impact on the amounts reported in the financial statements.

Modification of Employee Stock Incentive Plans

During the year ended March 31, 2007, through a short-term inducement offer, the Company agreed to an arrangement whereby if certain vested options were exercised within the offer period through financing by an independent third-party financial institution, the Company would bear the interest obligation relating to this financing. The loan by the third-party financial institution is with no recourse to the Company. 11,879,065 options were exercised during the offer period. The Company has accounted for this arrangement as a short-term inducement resulting in modification accounting. Accordingly, incremental compensation cost of Rs. 86.45 has been recorded.

Additionally as a part of this arrangement 1,150,055 other vested options were exercised by certain employees through a non-recourse interest free loan aggregating Rs. 326.17 by a controlled trust. Even though this transaction does not represent an exercise for accounting purpose, to reflect the legal nature of shares issued, an amount of Rs. 2.30, equivalent to the par value of shares issued has been transferred from additional paid-in capital to common stock.

23. Earnings Per Share

A reconciliation of net income and equity shares used in the computation of basic and diluted earnings per equity share is set out below :

	Year ended March 31,		
	2005 Rs.	2006 Rs.	2007 Rs.
Earnings			
Net income	15,832.75	20,269.97	**29,168.99**
Effect of dilutive instruments of subsidiary	(27.97)	-	-
Net income (adjusted for full dilution)	15,804.78	20,269.97	**29,168.99**
Equity shares			
Weighted average number of equity shares outstanding	1,391,554,372	1,406,505,974	**1,426,709,163**
Effect of dilutive equivalent shares-stock options	8,292,410	17,173,256	**17,758,394**
Weighted average number of equity shares and equivalent shares outstanding	1,399,846,782	1,423,679,230	**1,444,467,557**

Shares held by the controlled WERT have been reduced from the equity shares outstanding and shares held by employees subject to vesting conditions have been included in outstanding equity shares for computing basic and diluted earnings per share.

Options to purchase 12,661,148, Nil and Nil equity shares were outstanding during the year ended March 31, 2005, 2006 and 2007, respectively, but were not included in the computation of diluted earnings per share because the exercise price of the options was greater than the average market price of the equity shares.

24. Employee Benefit Plans

Gratuity. In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC). Under this plan, the settlement obligation remains with the Company, although the Life Insurance Corporation of India administers the plan and determines the contribution premium required to be paid by the Company.

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans (SFAS No. 158), which amends SFAS No. 87, 88, 106, and 132(R). This standard requires that companies record an asset or liability on the consolidated balance sheet equal to the over or under funded status of their defined benefit and other postretirement benefit plans effective for fiscal years ending after December 15, 2006. For each plan, the funded status is defined by SFAS No. 158 as the difference between the fair value of plan assets (for funded plans) and the respective plan's projected benefit obligation. The projected benefit obligation represents a liability based on the plan participant's service to date and their expected future compensation at their projected retirement date. Upon adoption of SFAS No. 158 and recognition of the funded status on the company's consolidated balance sheet, all previously unrecognized amounts (unrecognized gains or losses and prior service cost) as well as subsequent changes in funded status are reflected in accumulated other comprehensive income (loss), net of tax, in the stockholder's equity.

The incremental impact of applying SFAS No. 158 on individual line items in the consolidated balance sheet as of March 31, 2007 is given below :

	Before Application of SFAS No. 158	Adjustments	After Application of SFAS No. 158
Other current liabilities	16 481.41	141.75	16,623.16
Total current liabilities	42,679.97	141.75	42,821.72
Deferred income taxes	482.03	(18.05)	463.98
Total liabilities	44,492.37	123.70	44,616.07
Accumulated other comprehensive income	217.47	(123.70)	93.77
Total stockholder's equity	101,591.76	(123.70)	101,468.06
Total liabilities and stockholder's equity	146,084.13	-	146,084.13

	As of March 31,	
	2006 Rs.	2007 Rs.
Change in the benefit obligation		
Projected Benefit Obligation (PBO) at the beginning of the year	634.46	**755.93**
Service cost	163.52	**192.67**
Interest cost	45.66	**55.16**
Benefits paid	(47.08)	**(77.10)**
Actuarial loss/(gain)	(40.62)	**100.19**
PBO at the end of the year	755.93	**1,026.85**
Change in plan assets		
Fair value of plan assets at the beginning of the year	597.73	**656.16**
Actual return on plan assets	53.11	**58.82**
Employer contributions	52.40	**89.14**
Benefits paid	(47.08)	**(77.10)**
Plan assets at the end of the year	656.16	**727.03**
Funded status	(99.77)	**(299.82)**
Unrecognized actuarial loss/(gain)	58.67	-
Unrecognized transition obligation	1.67	-
Unrecognized actuarial cost	2.31	-
Accrued liability	(37.12)	**(299.82)**

Following is the summary of amounts in accumulated other comprehensive income/(loss) as of March 31, 2006 and 2007 that have not yet been recognized in the consolidated statements of income as components of net gratuity cost :

	Year ended March 31,	
	2006 Rs.	2007 Rs.
Net actuarial loss	-	**137.54**
Net prior service cost	-	**2.81**
Net transitional obligation	-	**1.40**
Total accumulated other comprehensive income	-	**141.75**

Net gratuity cost for the years ended March 31, 2004, 2005 and 2006 included :

	Year ended March 31,		
	2005 Rs.	2006 Rs.	2007 Rs.
Service cost	114.88	163.52	**192.67**
Interest cost	31.56	45.66	**55.16**
Expected return on assets	(29.49)	(30.58)	**(42.24)**
Amortization of transition liabilities	10.96	10.34	**(4.00)**
Adjustments [1]	-	-	**(77.55)**
Net gratuity cost	127.91	188.94	**124.04**

[1] Till March 31, 2006 for a certain category of employees, the Company previously recorded and disclosed a defined benefit plan as a defined contribution plan. During the year ended March 31, 2007, the Company recorded an adjustment of Rs 77.55 as a credit to the income statement to record this plan as a defined benefit plan. The impact of this adjustment is not material to the income statement, accrued liability/(prepaid asset) and the overall financial statement presentation.

The weighted average actuarial assumptions used to determine benefit obligations are :

	As of March 31,	
	2006	2007
Discount rate	8%	9.6%
Rate of increase in compensation levels	7%	7%
Rate of return on plan assets	7%	7.5%

The weighted average actuarial assumptions used to determine net periodic gratuity cost are :

	Year ended March 31,		
	2005	2006	2007
Discount rate	8%	8%	8%
Rate of increase in compensation levels	7%	7%	7%
Rate of return on plan assets	7%	7%	7%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The Company estimates the long-term return on plan assets based on the average rate of return expected to prevail over the next 15 to 20 years in the types of investments held. As of March 31, 2005, 2006 and 2007, a significant portion of the plan assets were invested in debt securities.

Accumulated benefit obligation was Rs. 458.41 and Rs. 737.63 as of March 31, 2006 and 2007 respectively.

Expected contribution to the fund for the year ending March 31, 2008	Rs. 195.01
Expected benefit payments from the fund for the year ending March 31 :	
2008	216.84
2009	200.11
2010	219.80
2011	270.31
2012	332.38
Thereafter	1,644.88
Total	2,884.32

The expected benefits are based on the same assumptions used to measure the Company's benefit obligations as of March 31, 2007.

Superannuation. Apart from being covered under the Gratuity Plan described above, the employees of the Company also participate in a defined contribution plan maintained by the Company. This plan is administered by the LIC and ICICI. The Company makes annual contributions based on a specified percentage of each covered employee's salary. From April 1, 2005, the Company discontinued superannuation contributions for certain category of employees and paid such contribution amounts as cash compensation to the employees. The Company has no further obligations under the plan beyond its annual contributions.

Provident fund. In addition to the above benefits, all employees receive benefits from a provident fund, a defined contribution plan. The employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's salary. A portion of the contribution is made to the provident fund trust established by the Company, while the remainder of the contribution is made to the Government's provident fund. The Government mandates the annual yield to be provided to the employees on their corpus. The Company has an obligation to make good the shortfall, if any, between the yield on the investments of trust and the yield mandated by the Government.

The Company contributed Rs. 995.93, Rs. 1,035.78 and Rs. 1,407.00 to various defined contribution and benefit plans during the years ended March 31, 2005, 2006 and 2007 respectively as follows :

	Year ended March 31,		
	2005 Rs.	**2006 Rs.**	**2007 Rs.**
Defined contribution	868.02	846.84	**1,282.96**
Defined benefit	127.91	188.94	**124.04**
Total	995.93	1,035.78	**1,407.00**

25. Related Party Transactions

The Company has the following transactions with related parties :

	Year ended March 31,		
	2005 Rs.	**2006 Rs.**	**2007 Rs.**
Wipro GE :			
Revenues from sale of computer equipment and administrative and management support services	111.68	114.01	**29.24**
Rent, travel and related expenses	1.61	-	**-**
Purchase of software	0.45	-	**-**
WeP Peripherals :			
Revenues from sale of computer equipment and services	10.48	19.67	**4.91**
Fees received for usage of trade mark	-	-	**-**
Payment for services	7.50	2.37	**-**
Purchase of printers	176.79	118.88	**193.76**
Azim Premji Foundation (entity controlled by principal shareholder of the Company) :			
Revenues from sale of computer equipment and services	6.71	3.64	**3.35**
Principal shareholder :			
Payment of lease rentals	1.13	1.13	**1.13**

The Company has the following receivables from related parties, which are reported as other assets/other current assets in the Balance Sheet :

	As of March 31,	
	2006 Rs.	2007 Rs.
Wipro GE	51.70	3.88
WeP Peripherals	4.19	-
Azim Premji Foundation	0.04	-
	55.93	4.86

The Company has the following payables to related parties, which are reported as other current liabilities in the Balance Sheet :

	As of March 31,	
	2006 Rs.	2007 Rs.
WeP Peripherals	38.85	-
	38.85	-

26. Sale of accounts receivable/employee advances

From time to time, in the normal course of business, the Company transfers accounts receivables and employee advances (financials assets) to banks. Under the terms of the arrangements, the Company surrenders control over the financial assets and accordingly the transfers are recorded as sale of financial assets. The sale of financial assets may be with or without recourse. Under arrangements with recourse, the Company is obligated to repurchase the uncollected financial assets, subject to limits specified in the agreement with the banks. Additionally, the Company retains servicing responsibility for the transferred financial assets. Gains and losses on sale of financial assets are recorded based on the carrying value of the financial assets, fair value of servicing liability and recourse obligations. Loss on sale is recorded at the time of sale.

During the years ended March 31, 2005, 2006 and 2007, the Company transferred financial assets of Rs. 737.80, Rs. 258.67 and Rs. 480.00 respectively, under such arrangements and has included the proceeds in net cash provided by operating activities in the consolidated statements of cash flows. This transfer resulted in loss of Rs. 42.03, Rs. 9.28 and Rs. 8.60 for the years ended March 31, 2005, 2006 and 2007 respectively, which is included in general and administrative expense. As at March 31, 2006 and 2007, the maximum amounts of recourse obligation in respect of the transferred financial assets are Rs. 20.40 and Rs. 48.00 respectively.

27. Commitments and Contingencies

Capital commitments. As of March 31, 2006 and 2007, the Company had committed to spend approximately Rs. 1,714.22 and Rs. 3,432.25 respectively, under agreements to purchase property and equipment. These amounts are net of capital advances paid in respect of these purchases.

Other commitments. The Company's Indian operations have been established as a Software Technology Park Unit under a plan formulated by the Government of India. As per the plan, the Company's India operations have export obligations to the extent of 1.5 times the employee costs for the year on an annual basis and 5 times the amount of foreign exchange released for capital goods imported, over a five year period. The consequence of not meeting this commitment in the future, would be a retroactive levy of import duty on certain computer hardware previously imported duty free. As of March 31, 2007, the Company has met all commitments required under the plan.

As of March 31, 2006 and 2007, the Company had contractual obligations to spend approximately Rs. 1,946 and Rs. 3,160.18 respectively; under purchase obligations which include commitments to purchase goods or services of either a fixed or minimum quantity that meet certain criteria.

Guarantees. As of March 31, 2006 and 2007, performance and financial guarantees provided by banks on behalf of the Company to the Indian Government, customers and certain other agencies amount to approximately Rs. 2,941.20 and Rs. 3,013.11 respectively, as part of the bank line of credit.

Contingencies and lawsuits. The Company had received tax demands from the Indian income tax authorities for the financial years ended March 31, 2001, 2002 and 2003 aggregating to Rs. 8,100.49 (including interest of Rs. 750.38). The tax demand was primarily on account of denial 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. The Company had appealed against these demands. The first appellate authority has vacated the tax demands for the years ended March 31, 2001, 2002 and 2003. The income tax authorities have filed an appeal for the year ended March 31, 2001 and 2002.

In December 2006, the Company received an additional tax demand of Rs. 3,027.20 (including interest of Rs. 753.09) for the financial year ended March 31, 2004 on similar grounds as earlier years. The Company has filed an appeal against this demand.

Considering the facts and nature of disallowance and the order of the appellate authority upholding the claims of the Company, the Company believes that the final outcome of the above disputes should be in favour of the Company and there will not be any material impact on the Company's financial position and results of operations. The range of loss relating to these contingencies is between zero and the amount of the demand raised.

Certain other income-tax related legal proceedings are pending against the Company. Potential liabilities, if any, have been adequately provided for, and the Company does not currently estimate any incremental liability in respect of these proceedings.

Additionally, the Company is also involved in lawsuits, claims, investigations and proceedings, including patent and commercial matters, which arise in the ordinary course of business. There are no such matters pending that the Company expects to be material in relation to its business.

28. Segment Information

The Company is currently organized by the following segments: (a) Global IT Services and Products (comprising of IT Services and BPO Services segments), (b) India and AsiaPac IT Services and Products, (c) Consumer Care and Lighting and (d) '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. The management believes that return on capital employed is considered appropriate for evaluating the performance of its operating segment. Return on capital employed is calculated as earnings from continuing operations before interest expenses, tax, minority interests and cumulative effect of change in accounting principle divided by the average of the capital employed at the beginning and at the end of the year.

Operating segments with similar economic characteristics and complying with other aggregation criteria specified in SFAS No. 131 have been combined to form the Company's reportable segments. Consequently, IT Services and BPO services qualify as reportable segments under Global IT Services and Products.

The IT Services segment provides research and development services for hardware and software design to technology and telecommunication companies and software application development services to corporate enterprises. The BPO services segment provides Business Process Outsourcing services to large global corporations.

As discussed in Note 3 on Acquisitions, between March 2006 and March 2007, the Company made several acquisitions. The operations of mPower, New Logic, cMango, Enabler, Saraware Oy and Quantech, which represent a component of IT Services and Products, are currently being reviewed by the CODM separately and have accordingly been reported separately as 'Acquisitions'.

The India and AsiaPac IT Services and Products segment focuses primarily on addressing the IT and electronic commerce requirements of companies in India, Middle East and Asia Pacific region.

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

Information on reportable segments is as follows :

	Year ended March 31, 2005							
	Global IT Services and Products			India and AsiaPac IT Services and Products	Consumer Care and Lighting	Others	Reconciling Items	Entity Total
	IT Services	BPO Services	Total					
Revenues	54,236.07	6,477.15	60,713.22	13,403.17	4,555.38	2,680.73	-	81,352.50
Exchange rate fluctuations	20.01	(44.12)	(24.11)	(8.62)	(0.23)	(6.74)	39.70	-
Total revenues	54,256.08	6,433.03	60,689.11	13,394.55	4,555.15	2,673.99	39.70	81,352.50
Cost of revenues	(33,780.07)	(4,740.25)	(38,520.32)	(10,494.17)	(2,926.22)	(1,914.06)	-	(53,854.77)
Selling and marketing expenses	(3,121.70)	(101.77)	(3,223.47)	(1,150.26)	(876.68)	(184.10)	(31.75)	(5,466.26)
General and administrative expenses	(2,225.94)	(513.16)	(2,739.10)	(787.66)	(82.26)	(126.93)	(7.65)	(3,743.60)
Research and development expenses	(273.54)	-	(273.54)	-	-	-	-	(273.54)
Amortization of intangible assets	(52.00)	(70.00)	(122.00)	-	(18.29)	-	-	(140.29)
Exchange rate fluctuations	-	-	-	-	-	-	(92.12)	(92.12)
Others, net	14.56	-	14.56	7.21	19.11	17.54	16.87	75.29
Operating income of segment (1)	14,817.39	1,007.85	15,825.24	969.67	670.81	466.44	(74.95)	17,857.21
Total assets of segment	29,297.05	8,747.54	38,044.59	5,676.32	1,670.62	1,948.26	24,735.32	72,075.11
Capital employed	21,289.71	8,122.14	29,411.85	1,594.54	936.44	1,403.21	24,479.91	57,825.95
Return on capital employed	78%	14%	60%	52%	86%			
Accounts receivable	10,765.92	977.11	11,743.03	2,292.42	263.66	507.25	-	14,806.36
Cash and cash equivalents and investments in liquid and short-term mutual funds	3,877.87	1,519.93	5,397.80	101.85	142.63	493.40	22,492.67	28,628.35
Depreciation	1,666.79	515.74	2,182.53	93.32	65.54	47.90	48.67	2,437.96

	Year ended March 31, 2006								
	Global IT Services and Products				India and AsiaPac IT Services and Products	Consumer Care and Lighting	Others	Reconciling Items	Entity Total
	IT Services	Acquisitions	BPO Services	Total					
Revenues	72,591.13	470.20	7,664.23	80,725.56	16,477.08	5,625.04	3,279.20	-	106,106.88
Exchange rate fluctuations	(172.15)	(1.88)	(37.78)	(211.81)	(2.34)	0.20	5.38	208.57	-
Total revenues	72,418.98	468.32	7,626.45	80,513.75	16,474.74	5,625.24	3,284.58	208.57	106,106.88
Cost of revenues	(46,605.98)	(380.15)	(5,809.54)	(52,795.67)	(12,834.70)	(3,556.43)	(2,459.93)	-	(71,646.73)
Selling and marketing expenses	(3,863.85)	(28.92)	(49.45)	(3,942.22)	(1,391.59)	(1,160.42)	(236.26)	(33.86)	(6,764.35)
General and administrative expenses	(3,345.48)	(47.01)	(751.52)	(4,144.01)	(841.24)	(102.22)	(112.02)	(39.48)	(5,238.97)
Research and development expenses	(202.26)	-	-	(202.26)	-	-	-	-	(202.26)
Amortization of intangible assets	(8.00)	(17.76)	(4.94)	(30.70)	(12.00)	(21.25)	-	-	(63.95)
Exchange rate fluctuations	-	-	-	-	-	-	-	(288.49)	(288.49)
Others, net	7.09	3.47	-	10.56	9.27	13.21	11.11	25.99	70.14
Operating income of segment (1)	18,400.50	(2.05)	1,011.00	19,409.45	1,404.48	798.13	487.48	(127.27)	21,972.27
Total assets of segment	40,062.66	3,341.01	11,426.57	54,830.24	8,322.33	2,344.75	2,410.94	34,919.08	102,827.34
Accounts receivable	14,674.20	432.35	849.12	15,955.67	3,350.62	563.75	723.07	-	20,593.11
Cash and cash equivalents and investments in liquid and short-term mutual funds	5,000.57	245.69	4,097.57	9,343.83	240.81	178.03	367.89	29,042.39	39,172.95
Depreciation	2,128.92	59.41	623.80	2,812.13	117.05	81.73	58.87	31.45	3,101.23
Capital employed opening	21,289.71	-	8,122.14	29,411.85	2,245.41	936.44	1,403.21	23,829.04	57,825.95
Capital employed closing	27,777.90	3,049.94	10,337.07	41,164.91	3,124.13	1,309.70	1,790.09	32,080.06	79,468.89
Average capital employed	24,533.81	1,524.97	9,229.61	35,288.38	2,684.77	1,123.07	1,596.65	27,954.55	68,647.42
Return on capital employed	75%		11%	55%	52%	71%	-	-	-

	Year ended March 31, 2007								
	Global IT Services and Products				India and AsiaPac IT Services and Products	Consumer Care and Lighting	Others	Reconciling Items	Entity Total
	IT Services	Acquisitions	BPO Services	Total					
Revenues	96,688.37	4,820.44	9,412.80	110,921.61	23,888.48	7,558.50	7,062.74	-	149,431.33
Exchange rate fluctuations	(140.57)	(15.03)	(23.85)	(179.45)	(25.07)	4.40	3.06	197.06	-
Total revenues	96,547.80	4,805.41	9,388.95	110,742.16	23,863.41	7,562.91	7,065.80	197.06	149,431.33
Cost of revenues	(62,671.33)	(4,146.44)	(6,172.97)	(72,990.74)	(18,555.11)	(4,905.14)	(5,749.25)	-	102,200.24
Selling and marketing expenses	(4,882.83)	(116.82)	(100.02)	(5,099.67)	(2,067.89)	(1,482.75)	(477.84)	(44.77)	(9,172.92)
General and administrative expenses	(4,230.46)	(511.59)	(982.52)	(5,724.57)	(1,198.32)	(120.04)	(500.35)	(95.95)	(7,639.23)
Research and development expenses	(267.71)	-	-	(267.71)	-	-	-	-	(267.71)
Amortization of intangible assets.	-	(220.11)	(5.09)	(225.20)	(32.04)	(4.33)	(7.66)	-	(269.23)
Exchange rate fluctuations	-	-	-	-	-	-	-	(235.69)	(235.69)
Others, net	12.92	80.61	0.10	93.63	29.08	18.74	50.54	29.49	221.48
Operating income of segment (1)	24,508.39	(108.94)	2,128.45	26,527.90	2,039.13	1,069.38	381.24	(149.86)	29,867.79
Total assets of segment	53,475.17	11,406.08	7,816.36	72,697.61	12,525.54	4,676.63	6,499.63	49,684.73	146,084.13
Accounts receivable	19,275.43	1,095.75	1,097.06	21,468.24	5,053.64	723.33	1,221.37	-	28,466.58
Cash and cash equivalents and investments in liquid and short-term mutual funds	6,137.25	2,455.60	420.78	9,013.63	887.81	357.98	251.24	34,311.94	44,822.60
Depreciation	2,710.70	176.84	616.66	3,504.20	168.03	103.76	139.05	15.52	3,930.56
Capital employed opening	27,777.90	3,049.94	10,337.07	41,164.91	3,124.13	1,309.70	1,790.09	32,080.06	79,468.89
Capital employed closing	37,403.64	10,257.15	6,456.04	54,116.83	5,717.95	3,093.82	4,417.08	37,903.41	105,249.09
Average capital employed	32,590.78	6,653.54	8,396.55	47,640.87	4,421.04	2,201.76	3,103.59	34,991.73	92,358.99
Return on capital employed	75%	-2%	25%	56%	46%	49%	-	-	-

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

Segments	2005	2006	2007
IT Services	Rs. 297.55	Rs. 539.71	**1,151.06**
BPO Services.	12.62	22.77	**48.89**
India and AsiaPac IT Services and Products	19.02	39.64	**79.56**
Consumer Care and Lighting	5.84	9.02	**23.29**
Others	4.49	16.63	**13.15**
Reconciling Items	14.34	35.10	**20.45**

The Company has four geographic segments: India, the United States, Europe and Rest of the world.

Revenues from the geographic segments based on domicile of the customer are as follows:

	Year ended March 31,		
	2005	2006	2007
India	Rs. 19,349.64	Rs. 21,803.91	**Rs. 30,650.06**
United States	41,811.59	53,481.07	**72,846.27**
Europe	16,602.35	24,310.22	**36,972.00**
Rest of the world	3,588.92	6,511.68	**8,963.00**
	Rs. 81,352.50	Rs. 106,106.88	**Rs. 149,431.33**

30. Fair Value of Financial Instruments

The fair value of the Company's current assets and current liabilities approximate their carrying value because of their short term maturity. Such financial instruments are classified as current and are expected to be liquidated within the next twelve months.