CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(Rs. in Million)

	Schedule	As of March 31, 2006	As of March 31, 2005
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	**2,851.51**	1,407.14
Share application money pending allotment		**74.86**	12.05
Reserves and surplus	2	**63,200.82**	51,407.11
		66,127.19	52,826.30
LOAN FUNDS			
Secured loans	3	**450.58**	215.89
Unsecured loans	4	**306.68**	405.03
		757.26	620.92
Minority interest			265.33
		66,884.45	53,712.55
APPLICATION OF FUNDS			
FIXED ASSETS			
Goodwill [refer note 19 (3)]		**3,528.34**	5,663.16
Gross block	5	**24,815.60**	20,899.63
Less : Accumulated depreciation		**12,910.14**	9,951.77
Net block		**11,905.46**	10,947.86
Capital work-in-progress and advances		**6,248.52**	2,603.85
		21,682.32	19,214.87
INVESTMENTS	**6**	**30,812.31**	23,504.93
DEFERRED TAX ASSETS		**593.50**	495.00
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	**2,064.61**	1,747.25
Sundry debtors	8	**21,271.58**	15,518.30
Cash and bank balances	9	**8,857.70**	5,713.57
Loans and advances	10	**10,372.87**	5,562.85
		42,566.76	28,541.97
Less : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	11	**18,526.94**	12,742.08
Provisions	12	**10,243.50**	5,302.14
		28,770.44	18,044.22
NET CURRENT ASSETS		**13,796.32**	10,497.75
		66,884.45	53,712.55

Significant accounting policies and notes to accounts 19

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

for BSR & Co.	Azim Premji	B C Prabhakar
Chartered Accountants	*Chairman*	*Director*

Jamil Khatri	Suresh C Senapaty	V Ramachandaran
Partner	*Executive Vice President*	*Company Secretary*
Membership No.102527	*& Chief Financial Officer*	

Bangalore

May 06, 2006

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in Million)

		Quarter ended March 31,		Year ended March 31,	
		2006	**2005**	**2006**	**2005**
INCOME					
Gross sales & services		**30,923.29**	23,178.25	**106,804.56**	82,330.25
Less : Excise duty		**204.50**	166.94	**775.36**	724.70
Net sales and services		**30,718.79**	23,011.31	**106,029.20**	81,605.55
Other income	13	**821.82**	313.29	**1,535.52**	944.79
		31,540.61	23,324.60	**107,564.72**	82,550.34
EXPENDITURE					
Cost of sales and services	14	**21,088.05**	15,722.89	**71,484.05**	54,081.41
Selling and marketing expenses	15	**1,910.89**	1,483.29	**7,002.66**	5,638.13
General and administrative expenses	16	**1,427.34**	1,093.53	**5,264.75**	3,826.91
Interest	17	**7.07**	6.09	**34.95**	56.12
		24,433.35	18,305.80	**83,786.41**	63,602.57
PROFIT BEFORE TAXATION		**7,107.26**	5,018.80	**23,778.31**	18,947.77
Provision for taxation including FBT		**983.42**	714.74	**3,390.98**	2,749.59
PROFIT AFTER TAXATION		**6,123.84**	4,304.06	**20,387.33**	16,198.18
Profit before minority interest / share in earnings of affiliates		**6,123.84**	4,304.06	**20,387.33**	16,198.18
Minority interest			(16.02)	**(1.40)**	(88.12)
Share in earnings of Affiliates		**54.81**	42.36	**287.97**	175.33
PROFIT FOR THE PERIOD		**6,178.65**	4,330.40	**20,673.90**	16,285.39
Appropriations					
Proposed dividend				**7,128.77**	3,478.84
Tax on dividend				**999.81**	493.38
TRANSFER TO GENERAL RESERVE		**6,178.65**	4,330.40	**12,545.32**	12,313.17
EARNINGS PER SHARE - EPS (PY: Adjusted EPS for bonus issue in ratio of 1:1)					
Equity shares of par value Rs. 2/- each					
Basic (in Rs.)		**4.37**	3.10	**14.70**	11.70
Diluted (in Rs.)		**4.29**	3.05	**14.48**	11.60
Number of shares for calculating EPS (PY: Adjusted for bonus issue in ratio of 1:1)					
Basic		**1,414,449,258**	1,397,466,896	**1,406,505,974**	1,391,554,372
Diluted		**1,439,160,585**	1,418,374,046	**1,427,915,724**	1,404,334,256

Significant accounting policies and notes to accounts (Schedule 19)
The schedules referred above form an integral part of the consolidated profit and loss account

As per our report attached — for and on behalf of Board of Directors

for BSR & Co.
Chartered Accountants

Azim Premji
Chairman

B C Prabhakar
Director

Jamil Khatri
Partner
Membership No.102527
Bangalore
May 06, 2006

Suresh C Senapaty
Executive Vice President & Chief Financial Officer

V Ramachandaran
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	(Rs. in Million)	
	As of March 31,	
	2006	**2005**
SCHEDULE 1 SHARE CAPITAL		
Authorised capital		
1,650,000,000 (2005: 750,000,000)		
equity shares of Rs. 2 each	**3,300.00**	1,500.00
25,000,000 (2005: 25,000,000) 10.25 % redeemable		
cumulative preference shares of Rs. 10 each	**250.00**	250.00
	3,550.00	1,750.00
Issued, subscribed and paid-up capital		
1,425,754,267 (2005 : 703,570,522)		
equity Shares of Rs. 2 each [refer note 19 (1)]	**2,851.51**	1,407.14
	2,851.51	1,407.14
SCHEDULE 2 RESERVES AND SURPLUS		
Capital reserve		
Balance brought forward from previous period	**9.50**	9.50
Add : Acquisition of minority interest in	**37.59**	
Wipro Infrastructure Engineering Limited		
(formerly known as Wipro Fluid Power Limited)		
	47.09	9.50
Capital redemption reserve		
Balance brought forward from previous period	**250.04**	250.04
Less : Amount utilised for bonus shares	**250.04**	
		250.04
Securities premium account		
Balance brought forward from previous period	**9,299.05**	6,732.28
Add : Exercise of stock options by employees	**5,120.88**	2,566.77
Add : Amalgamation of Wipro BPO Solutions Limited,	**1,120.21**	
Spectramind Bermuda and Spectramind Mauritius		
Less : Amount utilised for bonus shares	**1,161.75**	
	14,378.39	9,299.05
Translation reserve	**(111.21)**	(130.91)
Restricted stock units reserve		
Employees Stock Options Outstanding	**2,731.75**	3,529.12
Less : Deferred Employee Compensation Expense	**2,202.42**	3,183.50
	529.33	345.62
General reserve		
Balance brought forward from the previous period	**41,633.81**	30,251.90
Additions [refer Note 19 (2)]	**6,723.41**	12,313.17
Less : Amount utilised for bonus shares		931.26
	48,357.22	41,633.81
Summary of reserves and surplus		
Balance brought forward from previous period	**51,407.11**	37,083.97
Additions	**13,205.50**	15,254.40
Deletions	**1,411.79**	931.26
	63,200.82	51,407.11

CONSOLIDATED BALANCE SHEET

(Rs. in Million)

	As of March 31,	
	2006	**2005**
SCHEDULE 3 SECURED LOANS		
Cash credit facility from banks	**448.90**	214.21
Development loan from Karnataka Government	**1.68**	1.68
	450.58	215.89

	As of March 31,	
	2006	**2005**
SCHEDULE 4 UNSECURED LOANS		
Cash credit facility - overseas	**255.65**	349.76
Other loans		
Interest free loan from State Governments	**49.78**	54.02
Others	**1.25**	1.25
	306.68	405.03

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	(Rs. in Million)	
	As of March 31,	
	2006	2005
SCHEDULE 6 INVESTMENTS		
Investment - Long Term		
Investment in Affiliates		
Wipro GE Medical Systems Private Limited (refer note below)	**765.91**	506.75
WeP Peripherals Ltd.	**216.41**	201.72
	982.32	708.47
Other Investment - unquoted	**13.05**	12.60
Current investments		
Investments in Indian money market mutual funds	**29,814.24**	22,627.69
Investment overseas - trust funds / others		156.17
Investment - Others	**2.70**	
	29,816.94	22,783.86
	30,812.31	23,504.93

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

SCHEDULE 7 INVENTORIES

Raw materials	**692.01**	688.91
Stock in process	**288.73**	212.51
Finished goods	**885.85**	666.56
Stores and spares	**198.02**	179.21
	2,064.61	1,747.25

Basis of stock valuations :

i) Raw materials, stock in process and stores & spares at or below cost.

ii) Finished goods at cost or net realizable value, whichever is lower.

SCHEDULE 8 SUNDRY DEBTORS

(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	**815.63**	654.35
Considered doubtful	**1,115.78**	846.54
	1,931.41	1,500.89
Others		
Considered good	**20,455.95**	14,863.95
	20,455.95	14,863.95
Less : Provision for doubtful debts	**1,115.78**	846.54
	21,271.58	15,518.30

SCHEDULE 9 CASH AND BANK BALANCES

Cash and cheques on hand	**399.82**	109.14
Bank balances (including Deposits)	**8,457.88**	5,604.43
	8,857.70	5,713.57

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(Rs. in Million)

	As of March 31,	
	2006	**2005**
SCHEDULE 10 LOAN AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advance recoverable in cash or in kind or for value to be received		
Considered good	**3,257.70**	1,794.83
Considered doubtful	**118.05**	89.33
	3,375.75	1,884.16
Less : Provision for doubtful advances	**118.05**	89.33
	3,257.70	1,794.83
Other deposits	**1,411.02**	889.06
Advance tax (net of provision)	**1,237.33**	184.07
Balances with excise and customs	**130.76**	20.20
Unbilled revenue	**4,336.06**	2,674.69
	10,372.87	5,562.85

SCHEDULE 11 LIABILITIES

Sundry creditors	**4,145.96**	3,742.85
Unclaimed dividend	**4.50**	4.50
Advances from customers	**969.10**	637.50
Unearned revenues	**600.51**	639.64
Other liabilites	**12,806.87**	7,717.59
	18,526.94	12,742.08

SCHEDULE 12 PROVISIONS

Employee retirement benefits	**1,395.75**	828.58
Warranty provision	**719.17**	462.33
Proposed dividend	**7,128.77**	3,517.85
Tax on proposed dividend	**999.81**	493.38
	10,243.50	5,302.14

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in Million)

	Quarter ended March 31,		Year ended March 31,	
	2006	**2005**	**2006**	**2005**
SCHEDULE 13 OTHER INCOME				
Dividend on mutual fund units	**275.46**	162.60	**871.02**	679.36
Interest on debt instruments and others	**59.39**	18.72	**198.09**	35.79
Rental income	**5.38**	5.64	**21.03**	22.63
Profit on sale of mutual fund units	**74.05**	23.22	**237.72**	35.59
Profit on disposal of fixed assets	**2.38**	2.32	**13.37**	109.80
Exchange differences - net	**377.80**	63.24	**135.07**	(9.14)
Miscellaneous income	**27.36**	37.55	**59.22**	70.76
	821.82	313.29	**1,535.52**	944.79
SCHEDULE 14 COST OF SALES AND SERVICES				
Raw materials, finished and process stock	**4,783.12**	4,133.22	**14,818.72**	12,182.72
Stores & spares	**142.62**	122.64	**480.17**	370.84
Power and fuel	**201.43**	166.90	**889.94**	626.52
Employee compensation cost	**10,671.44**	8,013.38	**38,183.51**	29,139.86
Insurance	**43.00**	33.25	**160.99**	131.52
Repairs	**454.29**	316.53	**1,192.30**	1,118.60
Rent	**182.10**	133.50	**599.29**	455.28
Rates & taxes	**94.01**	19.95	**172.20**	57.54
Packing & freight inward	**2.66**	6.86	**24.01**	18.71
Travel	**1,070.08**	622.71	**3,688.06**	2,372.46
Communication	**322.55**	329.74	**1,342.85**	1,202.55
Depreciation	**797.44**	671.69	**2,909.68**	2,281.70
Sub contracting / Technical fees	**1,509.69**	555.24	**4,317.42**	2,130.33
Miscellaneous	**813.62**	597.28	**2,704.91**	1,992.78
	21,088.05	15,722.89	**71,484.05**	54,081.41

Details are given in Schedule 18 for Raw material, finished and process stocks

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in Million)

	Quarter ended March 31,		Year ended March 31,	
	2006	**2005**	**2006**	**2005**
SCHEDULE 17 INTEREST				
Cash credit and others	**7.07**	6.09	**34.95**	56.12
	7.07	6.09	**34.95**	56.12

	Quarter ended March 31,		Year ended March 31,	
	2006	**2005**	**2006**	**2005**
SCHEDULE 18 RAW MATERIAL, FINISHED AND PROCESSED STOCKS				
Consumption of raw materials and bought out components				
Opening stocks	**824.23**	669.18	**829.77**	551.40
Add : Purchases	**1,118.23**	1,043.88	**6,869.74**	6,874.85
Less : Closing Stock	**692.01**	688.91	**692.01**	688.91
	1,250.45	1,024.15	**7,007.50**	6,737.34
Purchase of finished products for sale	**3,679.23**	3,097.37	**8,106.73**	5,615.34
(Increase) / Decrease in finished and process stocks :				
Opening stock : In process	**322.91**	259.16	**212.51**	159.52
: Finished products	**705.11**	631.61	**666.56**	549.59
Less : Closing stock : In process	**288.73**	212.51	**288.73**	212.51
: Finished products	**885.85**	666.56	**885.85**	666.56
	(146.56)	11.70	**(295.51)**	(169.96)
	4,783.12	4,133.22	**14,818.72**	12,182.72

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

(Rs. in Million)

	Quarter ended March 31		Year ended March 31	
	2006	**2005**	**2006**	**2005**
A. Cash flows from operating activities:				
Profit before tax	**7,107.31**	5,018.56	**23,778.29**	18,947.77
Adjustments:				
Depreciation and amortization	**844.60**	715.33	**3,096.43**	2,456.24
Amortisation of stock compensation	**154.28**	176.70	**633.27**	345.62
Unrealised exchange differences - net	**(446.14)**	(92.45)	**65.00**	(92.45)
Interest on borrowings	**7.07**	6.09	**34.95**	56.12
Dividend / interest - net	**(334.85)**	(304.33)	**(1,069.11)**	(715.15)
(Profit) / Loss on sale of mutual fund units	**(74.05)**	(23.22)	**(237.72)**	(35.59)
Gain on sale of fixed assets	**3.24**	(2.33)	**(7.75)**	(109.80)
Working capital changes :	-			
Trade and other receivable	**(2,053.12)**	(1,630.18)	**(6,990.70)**	(4,433.69)
Loans and advances	**319.37**	591.73	**(1,033.14)**	311.74
Inventories	**(155.72)**	(149.24)	**(317.36)**	(455.23)
Trade and other payables	**1,548.96**	524.98	**6,150.37**	4,180.42
Net cash generated from operations	**6,920.96**	4,831.64	**24,102.54**	20,456.00
Direct taxes paid	**(1,420.80)**	(557.76)	**(4,542.74)**	(2,354.70)
Net cash generated by operating activities	**5,500.16**	4,273.88	**19,559.80**	18,101.30
B. Cash flows from investing activities:				
Acquisition of property, fixed assets plant and equipment (including advances)	**(2,355.63)**	(1,616.08)	**(7,927.28)**	(6,465.43)
Proceeds from sale of fixed assets	**(1.56)**	14.74	**113.26**	168.98
Purchase of investments	**(17,887.62)**	(19,319.96)	**(59,046.79)**	(70,145.11)
Proceeds on sale / from maturities on investments	**18,497.81**	18,486.00	**52,043.18**	66,383.54
Net payment for acquisition of businesses	**(200.32)**	(20.22)	**(2,777.03)**	(617.99)
Dividend / interest income received	**189.10**	81.49	**923.38**	254.15
Net cash generated by / (used in) investing activities	**(1,758.22)**	(2,374.03)	**(16,671.28)**	(10,421.86)
C. Cash flows from financing activities:				
Proceeds from exercise of employee stock option	**1,537.71**	701.11	**4,704.46**	2,576.58
Share application money pending allotment	**(52.18)**	(26.25)	**62.81**	12.05
Dividends paid (including distribution tax)	-	-	**(3,997.74)**	(7,575.76)
Interest paid on borrowings	**(7.07)**	(6.09)	**(34.95)**	(56.12)
Proceeds / (repayments) of short-term borrowings - net	**(390.30)**	4.92	**(200.30)**	(432.43)
Repayment of long term borrowings	**(268.36)**	-	**(268.36)**	-
Proceeds from issuance shares by subsidiary	-	-	-	266.19
Net cash generated by / (used in) financing activities	**819.80**	673.69	**265.92**	(5,209.49)
Net (decrease) / increase in cash and cash equivalents during the period	**4,561.74**	2,573.54	**3,154.44**	2,469.95
Cash and cash equivalents at the beginning of the period	**4,279.48**	3,141.10	**5,713.57**	3,242.70
Effect of translation of cash balance	**16.48**	(1.07)	**(10.31)**	0.92
Cash and cash equivalents at the end of the period	**8,857.70**	5,713.57	**8,857.70**	5,713.57

As per our report attached

for and on behalf of the Board of Directors

for **BSR & Co.**
Chartered Accountants

Azim Premji
Chairman

B C Prabhakar
Director

Jamil Khatri
Partner
Membership No. 102527

Suresh C Senapaty
Executive Vice President
& Chief Financial Officer

V Ramachandran
Company Secretary

Bangalore
May 06, 2006

SCHEDULE – 19 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Company overview

Wipro Limited (Wipro), together with its subsidiaries and affiliates (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.

Significant accounting policies

Basis of preparation of financial statements

The accompanying financial statements are prepared and presented under historical cost convention on accrual basis of accounting, in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP) and accounting standards issued by the Institute of Chartered Accountants of India (ICAI).

Principle 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 and 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 inter-company balances / transactions and resulting unrealized gain / loss.

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

Use of estimates

The preparation of consolidated 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 consolidated financial statements and reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates.

Revenue recognition

Revenue from software development services comprises revenue from time and material and fixed-price contracts. Revenue from time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed-time frame contracts is recognized in accordance with the percentage of completion method.

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.

Maintenance revenue is considered on acceptance of the contract and 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.

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 as net of excise duty, sales tax separately charged and applicable discounts.

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 and is determined as the difference between the sales price and the then carrying value of the investment.

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

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

Other income is recognized on accrual basis. Other income includes unrealized losses on short-term investments.

Warranty cost

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.

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 utilized for fixed assets, pertaining to the period up to the date of capitalization is capitalized. Assets acquired on direct finance lease are capitalized 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 amortization.

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.

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.

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. Assets under capital lease are amortized over their estimated useful life or the lease term, whichever is lower.

Intangible assets are amortized over their estimated useful life. 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 to 25 years. Accordingly, such intangible assets are being amortized over 20 to 25 years.

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 realizable value.

Investments in affiliates are accounted under the equity method.

Inventories

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

Provision for retirement benefits

Gratuity - In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan). 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 contributes to the group gratuity scheme of Life Insurance Corporation of India (LIC).

Superannuation - Apart from being covered under the Gratuity Plan described above, the senior officers of the Company also participate in a defined contribution plan maintained by the Company. This plan is administered by the LIC. The Company makes annual contributions based on a specified percentage of each covered employee's salary. The Company has no further obligations under the plan beyond its annual contributions.

Provident fund - In addition to the above benefits, 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. 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.

Foreign currency transactions

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

As a part of the Risk Management Policies, the forward contracts are designated as hedge 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 transactions, the ICAI has clarified that AS 11 is 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).

Foreign currency transactions are recorded at the average rate for the month. Period-end balances of monetary foreign currency assets and liabilities are restated at the closing rate. The exchange difference arising from restatement or settlement is recognized in the profit and loss account.

In respect of forward contracts assigned to the foreign currency assets as on the balance sheet date, the proportionate premium / discount for the period upto the date of balance sheet is recognized 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 recognized in the profit and loss account.

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

Realised / unrealised gains and losses on forward contracts and options not designated as hedges of forecasted transactions are accounted in the profit and loss account for the period.

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

Employee stock options

The Company measures the compensation cost relating to employee stock options using the intrinsic value method. The compensation cost is amortized on a straight line basis over the total vesting period of the stock options.

Fringe benefit tax

Consequent to the introduction of Fringe Benefit Tax (FBT) effective 1 April 2005, in accordance with the guidance note on accounting for fringe benefits tax issued by the ICAI, the Company has made provision for FBT under income taxes.

Income 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 the timing difference which originates first is considered to reverse first. 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 values at each balance sheet dates.

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.

Earnings per share

The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. 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. The dilution is determined using the treasury stock method. 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.

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.

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 obligation. 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.

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.

NOTES TO ACCOUNTS

1. The following are the breakup for 1,425,754,267 (2005: 703,570,522) shares as at March 31, 2006
   i) 1,398,430,659 equity shares / American Depository Receipts (ADRs) (2005: 692,537,085) 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 (2005: 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 (2005: 3,162,500) representing 3,162,500 American Depository Receipts issued during 2000-2001 pursuant to American Depository offering by the Company.
   iv) 21,910,583 (2005: 5,620,412) equity share issued pursuant to Employee Stock Option Plan.
2. Note on Reserves:
   i) Restricted stock units reserve represents charge to profit and loss account to be treated as securities premium at the time of allotment of shares.
   ii) Additions to General Reserve include:

(Rs. in Million)

	For the year ended March 31,	
	2006	**2005**
a) Transfer from profit and loss account	12,545.32	12,313.17
b) Dividend distributed to Wipro Equity Reward Trust (WERT)	19.73	
b) Additional dividend paid for the previous year	(6.29)	-
d) Adjustment on account of amalgamation [Refer note 19 (8)]	(5,835.35)	-
	6,723.41	12,313.17

3. Goodwill on consolidation as at March 31, 2006 comprises of the following:

(Rs. in Million)

	For the year ended March 31,	
	2006	**2005**
Wipro Infrastructure Engineering Limited *(formerly Wipro Fluid Power Limited)*	18.27	18.27
Wipro Healthcare IT Limited	175.01	175.01
Cygnus Negri Investments Private Limited	16.26	16.26
Wipro Inc.	1,264.74	1,249.84
Wipro Technology UK Limited	115.49	112.87
Wipro BPO Solutions Limited	-	4090.91
mPower Software Services Inc. *(refer Note 5)*	1,089.18	-
New Logic Technologies AG *(refer Note 6)*	849.39	-
	3,528.34	**5,663.16**

4. As of March 31, 2006, forward contracts and options (including zero cost collars) to the extent of US$ 226 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 date of balance sheet is recognized 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 recognized 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 realizes the cash inflows at spot rate, otherwise the Company realizes the inflows at the upper or lower strike price.

The exchange differences on the forward contracts and gain / loss on options are recognized in the profit and loss account in the period in which the forecasted transaction is expected to occur. The premium / discount at inception of forward contracts is amortised over the life of the contract.

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

In respect of option / forward contracts which are not designated as hedge of highly probable forecasted transactions, realized / unrealized gain or loss are recognized in the profit and loss account of the respective periods.

As at March 31, 2006, the Company had forward / option contracts to sell US$ 438 Million in respect of highly probable forecasted transactions. The effect of mark to market of the said forward contracts is a gain of Rs. 131 Million. The final impact of such contracts will be recognized in the profit and loss account of the respective periods in which the forecasted transactions are expected to occur.

5. Effective December 1, 2005, the Company acquired 100% equity of mPower Software Services Inc. and its 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 Million. mPower Software Services Inc. is a US based Company engaged in providing IT services in the payments space.

   As a part of this acquisition, Wipro aims to provide MasterCard a wide range of services including application development and maintenance, infrastructure services, package implementation, BPO and testing. Through this acquisition, Wipro is able to expand domain expertise in payment space and increase the addressable market for IT services.

   This acquisition resulted in goodwill of Rs. 1,089.18 Million.

6. On December 28, 2005, the Company acquired 100% equity of BVPENTE and its subsidiaries (New Logic). New Logic is a European system on chip design company. The consideration includes cash consideration of Rs. 1,156.54 Million and earn outs of Euro 26 Million to be determined and paid in future based on financial targets being achieved over a 3 year period.

   Through this acquisition, the Company has acquired strong domain expertise in semiconductor IP cores and complete system-on-chip solutions with digital, analog mixed signal and RF design services. The acquisition also enables the Company to access over 20 customers in the product engineering space.

   This acquisition resulted in goodwill of Rs. 849.39 Million.

7. During the year ended March 31, 2006, the Company acquired 4,619,614 shares from the employee shareholders of Wipro BPO Solutions Limited for a total consideration of Rs. 852.00 Million. The excess of consideration paid over the carrying value of minority interest of

Rs. 623.12 Million was recognized as goodwill. With this acquisition, the Company held 100% equity of Wipro BPO Solutions Limited [refer note 19(8)].

8. In terms of the scheme of amalgamation approved by the Reserve Bank of India on February 11, 2006, the High Court of Karnataka on April 5, 2006, the Registrar of Companies, Mauritius on January 6, 2006 and the Ministry of Finance, Bermuda on March 28, 2006, Wipro BPO Solutions Limited, India, Spectramind Limited, Mauritius and Spectramind Limited, Bermuda amalgamated with the Company with effect from April 1, 2005. The Company has accounted for the amalgamation as amalgamation in the nature of merger under AS 14 – Accounting for amalgamations

   Following are the salient features of the scheme

   a) Spectramind Limited, Bermuda is the wholly owned subsidiary of the Company. Spectramind Limited, Mauritius, a wholly owned subsidiary of Spectramind Limited, Bermuda is therefore a wholly owned subsidiary of the Company. All shares held in Spectramind Limited, Mauritius and Spectramind Limited, Bermuda were cancelled and extinguished.

   b) From the effective date of the scheme, the entire share capital of Wipro BPO Solutions Limited comprising of 31,023,567 shares of Rs. 10/- each held by the Company, 1 equity share of Rs. 10/- held by Spectramind Limited, Bermuda and 34,904,102 equity shares of Rs. 10/- each held by Spectramind Limited, Mauritius were cancelled and extinguished.

   c) All the assets and liabilities of Wipro BPO Solutions Limited, Spectramind Limited, Bermuda and Spectramind Limited, Mauritius are recorded in the books of the Company at their carrying amounts as on April 1, 2005.

   d) Pursuant to the scheme of amalgamation, the following amounts, being the balances in the Share Premium and General reserves has been recorded as an addition to the Share Premium and adjustment to General reserves of the Company:

(Rs in Million)

Share Premium	1,120.21
General Reserve	(3,257.30)
Total	**(2,137.09)**

   If amalgamation in the nature of merger had not been effected, goodwill arising on consolidation would have been higher by Rs. 4,715.14 Million.

9. 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”.

   Investments in WeP Peripherals Ltd have been accounted for by the equity method.

10. In June 2004, the Company established Wipro Restricted Stock Unit Plan (WRSUP 2004) and Wipro ADS Restricted Stock Unit Plan (WARSUP 2004). The Company is authorized to issue up to 12,000,000 Restricted Stock Units (RSUs) under each plan to eligible employees.

   The Company has been granting restricted stock units (RSUs) since October 2004. The RSUs generally vest equally at annual intervals over a five year period. The stock compensation cost is computed under the intrinsic value method and amortized on a straight line basis over the total vesting period of five years. As permitted by generally accepted accounting principles in the United States (US GAAP), the Company applies a similar straight line amortization method for financial reporting under US GAAP. The Company has been advised by external counsel that the straight line amortization over the total vesting period complies with the SEBI Employee Stock Option Scheme Guidelines 1999, as amended.

However, an alternative interpretation could result in amortization of the cost on an accelerated basis. Under this approach, the amortization in the initial years would be higher with a lower charge in subsequent periods (though the overall charge over the full vesting period will remain the same). If the Company were to amortize the cost on an accelerated basis, profit before taxes and profit after tax for three months ended March 31, 2006 would have been lower by Rs. 28 Million & Rs. 24 Million and for the year ended March 31, 2006 would have been lower by Rs. 490 Million & Rs. 449 Million respectively. Similarly, the profit before taxes and profit after tax for the year ended March 31, 2005 would have been lower by Rs. 443 Million and Rs. 409 Million respectively. This would effectively increase the profit before and after tax in later years by similar amounts.

The Company is awaiting further clarification on the matter.

11. 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/Profit on sale is recorded at the time of sale.

    During the year ended March 31, 2006, the Company transferred financial assets of Rs. 223.04 Million under such arrangements. This transfer resulted in loss of Rs. 3.60 Million. The maximum amount of recourse obligation in respect of this transfer is limited to 10% of the value of financial assets transferred under the arrangement.

12. 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 the ***1999 Plan*** is as follows:

	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**
Outstanding at the beginning of the period	4,201,953	171 – 181	181	6 months
	9,939,724	309 – 421	311	14 months
Forfeited during the period	(40)	171 – 181	181	-
	(224,530)	309 – 421	309	-
Exercised during the period	(4,110,491)	171 – 181	181	-
	(5,056,811)	309 – 421	310	-
Lapsed during the period	(91,422)	309 – 421	181	-
Outstanding at the end of the period	-	171 – 181	-	-
	4,658,383	309 – 421	312	3 months
Exercisable at the end of the period	-	171 – 181	-	-
	4,658,383	309 – 421	312	3 months

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

	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**
Outstanding at the beginning of the period	392,896	172 – 256	231	33 months
	26,180,498	265 – 396	267	35 months
	12,661,148	397 – 458	399	18 months
Forfeited during the period	(18,000)	172 – 256	229	-
	(790,554)	265 – 396	267	-
	(831,625)	397 – 458	398	-
Exercised during the period	(82,320)	172 – 256	221	-
	(5,243,687)	265 – 396	266	-
	(1,929,556)	397 – 458	397	-
Outstanding at the end of the period	292,576	172 – 256	233	21 months
	20,146,257	265 – 396	267	23 months
	9,899,967	397 – 458	399	7 months
Exercisable at the end of the period	186,732	172 – 256	233	24 months
	16,165,662	265 – 396	267	26 months
	9,899,967	397 – 458	399	10 months

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

	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 period	404,550	3.46 – 5.01	4.35	30 months
	2,030,700	5.82 – 6.90	6.50	21 months
Forfeited during the period	(48,000)	3.46 – 5.01	4.00	–
	(180,000)	5.82 – 6.90	6.07	–
Exercised during the period	(117,650)	3.46 – 5.01	4.45	–
	(641,858)	5.82 – 6.90	6.53	–
Outstanding at the end of the period	238,900	3.46 – 5.01	4.38	19 months
	1,208,842	5.82 – 6.90	6.50	12 months
Exercisable at the end of the period	176,938	3.46 – 5.01	4.33	19 months
	911,621	5.82 – 6.90	6.45	12 months

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

	Year ended March 31, 2006		
	Shares arising out of options	**Exercise prices (Rs.)**	**Weighted-average remaining contractual life (months)**
Outstanding at the beginning of the period	9,519,656	2	66 months
Granted during the year	55,500	2	72 months
Forfeited during the period	(694,572)	2	–
Exercised during the period	(1,282,410)	2	–
Outstanding at the end of the period	7,598,174	2	54 months
Exercisable at the end of the period	518,321	2	54 months

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

	Year ended March 31, 2006		
	Shares arising out of options	**Exercise prices $**	**Weighted-average remaining contractual life (months)**
Outstanding at the beginning of the period	1,536,100	0.02	66 months
Exercised during the period	(148,440)	0.02	-
Forfeited during the period	(386,940)	0.02	-
Outstanding at the end of the period	1,000,720	0.02	54 months
Exercisable at the end of the period	116,400	0.02	54 months

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

(Rs. in Million)

	As at March 31,	
	2006	2005
Deferred tax assets:		
Allowance for doubtful debts	**105.43**	134.08
Property plant and equipment – Depreciation differential	**44.83**	(27.17)
Accrued expenses	**223.65**	210.96
Business losses carried forward	**219.59**	177.13
	593.50	**495.00**

14. The Company had received demands from the Indian income tax authorities for the financial years 2000-01 & 2001-02 aggregating to Rs. 5,231.72 Million. The tax demands were primarily on account of denial of deduction claimed by the Company under Section 10A of the Income Tax Act 1961 (Act), in respect of profits earned by its undertakings in Software Technology Park at Bangalore. The Company had appealed against the said demands. In March 2006, the first Income tax appellate authority substantially upheld the deductions claimed by the Company under Section 10A of the Act, which will vacate a substantial portion of the demands for these years.

    In March 2006, the Company received an assessment order for financial year 2002-03 on the similar lines of the earlier two financial years. The order has demanded a tax of Rs. 2,868.77 Million (including interest of Rs.750.38 Million). The Company will file an appeal against the assessment order within the prescribed statutory time.

    Considering the facts and nature of disallowance, the order of the appellate authority upholding the claims of the Company for financial years 2000-01 & 2001-02, the management believes that the final outcome of the dispute should be positive in favour of the Company and there should not be any material impact on the financial statements.

15. Provision for taxation comprises of following:
    (i) Rs. 1,605.27 Million (2005: Rs. 1,133.65 Million) in respect of foreign taxes including a Deferred tax charge of Rs. 30.03 Million.
    (ii) Rs. 1,547.35 Million (2005: Rs. 1,607.54 Million) in respect of Indian Income Tax, which includes write back of Rs. 338.48 Million (2004: Nil & 2005: provision of Rs. 70.55 Million) in respect of earlier years and a Deferred tax benefit of Rs. 49.52 Million.
    (iii) Rs. 7.5 Million (2005: Rs. 8.40 Million) in respect of Wealth Tax which includes provision of Rs. Nil (2005: Rs. 3.40 Million) in respect of earlier years.
    (iv) Rs. 230.86 Million (2005: Nil) on account of Fringe Benefit Tax.

16. In August 2005, the Company issued bonus shares in the ratio of one additional equity share for every equity share or ADS held.

17. A reconciliation of equity shares used in the computation of basic earnings per share is set out below:

	Quarter ended March 31		Year ended March 31	
	2006	2005	2006	2005
Weighted average equity shares outstanding	1,422,318,318	1,405,359,956	1,414,378,034	1,383,663,937
Share held by a controlled trust	7,869,060	7,893,060	7,872,060	7,890,435
Weighted average equity shares for computing basic EPS	1,414,449,258	1,397,466,896	1,406,505,974	1,391,554,372
Dilutive impact of employee stock options	24,711,326	20,907,150	21,409,926	12,779,884
Weighted average equity shares for computing diluted EPS	1,439,160,584	1,418,374,046	1,427,915,724	1,404,334,256
Net income considered for computing diluted EPS	6,178.65	4,330.40	20,673.90	16,285.39

18. 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 are Rs. 848.85 Million for the years ended March 31, 2006.

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

(Rs. in Million)

	Year ended March 31, 2006
Lease rentals recognised during the period	257.99

(Rs. in Million)

Lease obligations	**As at March 31,**
	2006
Within one year of the balance sheet date	395.61
Due in a period between one year and five years	1,346.00
Due after 5 years	1,254.27
	2,995.88

19. The movement in warranty obligations is given below:

	(Rs. in Million)
Balance as at March 31, 2005	462.33
Additional provision during the year	588.28
Utilised during the year	(331.44)
Balance as at March 31, 2006	**719.17**

20. The movement in provision for doubtful debts and advances is given below:

(Rs. in Million)

	As at March 31,	
	2006	**2005**
Balance as at the opening year	935.87	797.38
Additional provision during the year, net of collections	304.24	151.89
Bad debts charged to provision during the year	(6.27)	(13.40)
Balance as at the closing year	**1,233.83**	**935.87**

21. The details of subsidiaries and affiliates are as follows :–

i) Name of the subsidiary	**Country of Incorporation**	**% Holding**
Wipro Infrastructure Engineering Limited	India	100%
Wipro Inc.	USA	100%
Enthink Inc. (a)	USA	–
Wipro Japan KK	Japan	100%
Wipro Chandrika Limited	India	90%
Wipro Trademarks Holding Limited	India	100%
Wipro Travel Services Limited	India	100%
Wipro HealthCare IT Limited	India	100%
Spectramind Inc.	USA	100%
Wipro Holdings (Mauritius) Limited	Mauritius	100%
Wipro Holdings (UK) Limited (b)	UK	–
Wipro Technologies UK Limited (c)	UK	–
Wipro Consumer Care Limited	India	100%
Cygnus Negri Investments Private Limited (d)	India	–
Wipro Shanghai Limited	China	100%
mPower Software Services Inc., (e)	USA	–
mPower Software Services (India) Private Limited (f)	India	–
MPact Technologies Services Private Limited (g)	India	–
BVPENTE Beteiligungsverwaltung GmbH (h)	Austria	–
New Logic Technologies AG (i)	Austria	–
NewLogic Technologies Inc. (j)	USA	–
NewLogic Technologies SARL (k)	France	–
NewLogic Technologies S.A. (l)	Switzerland	–
ii) Wipro Equity Reward Trust	India	Fully controlled trust
iii) Name of the affiliates		
Wipro GE Medical Systems Private Limited	India	49%
WeP Peripherals Limited	India	36.93%

Note:

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 Wipro Inc.
f) Fully owned by mPower Inc.
g) 51% held by mPower Inc. & 49% held by Wipro Inc.
h) Fully owned by Wipro Holdings (UK) Limited
i) Fully owned by BVPENTE Beteiligungsverwaltung GmbH
j) Fully owned by New Logic Technologies AG
k) Fully owned by New Logic Technologies AG
l) Fully owned by New Logic Technologies AG

22. The Company has the following related party transactions:

Particulars	(Rs. in Million)	
	Year ended March 31,	
	2006	**2005**
Wipro GE Medical systems private Limited:		
Sale of computers & support services	**114.01**	111.68
Rent, travel and related expenses	**–**	1.61
Purchase of Software	**–**	0.45
WeP Peripherals Limited:		
Sale of computers & support services	**19.67**	10.48
Payments for services received	**2.37**	7.50
Purchase of printers	**118.88**	176.79
Azim Premji Foundation:		
Sale of computers & support services	**3.64**	6.71
Other charges recoverable	**–**	1.97
Chairman:		
Payment of lease rentals	**1.13**	1.13
Payment to non executive directors:		
Dr. Ashok Ganguly	**1.10**	0.8
Narayan Vaghul	**1.50**	0.8
Prof. Eisuke Sakakibara	**Yen 2.40**	Yen 4.8
Dr. Jagdish N Sheth	**$ 0.04**	$ 0.03
P M Sinha	**1.00**	1.00
B C Prabhakar	**0.55**	0.40

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

Receivables:		
WeP Peripherals Limited	**4.19**	1.09
Wipro GE Medical Systems private Limited	**51.70**	56.47
Azim Premji Foundation	**0.04**	0.04

23. The segment information for the quarter and year ended March 31, 2006 follows:

Rs. in Million

Particulars	Quarter ended March 31			Year ended March 31		
	2006	2005	Growth %	2006	2005	Growth %
Revenues						
IT Services	20,637	14,609	41%	72,531	54,230	34%
Acquisitions	443	-	-	502	-	-
BPO Services	2,091	1,800	16%	7,627	6,523	17%
Global IT Services and Products	**23,171**	**16,409**	**41%**	**80,660**	**60,753**	**33%**
India & AsiaPac IT Services and Products	5,695	4,842	18%	17,048	13,964	22%
Consumer Care and Lighting	1,658	1,228	35%	6,008	4,723	27%
Others	876	788	11%	3,323	2,604	28%
Eliminations	(268)	(146)		(781)	(346)	
TOTAL	**31,132**	**23,121**	35%	**106,258**	**81,698**	30%
Profit before Interest and Tax - PBIT						
IT Services	5,412	3,923	38%	18,751	14,835	26%
Acquisitions	29	-		45	-	
BPO Services	369	225	64%	1,058	1,206	-12%
Global IT Services and Products	**5,810**	**4,148**	**40%**	**19,854**	**16,041**	**24%**
India & AsiaPac IT Services and Products	566	415	36%	1,459	1,042	40%
Consumer Care and Lighting	214	177	21%	805	672	20%
Others	115	81	42%	388	397	-2%
TOTAL	**6,705**	**4,821**	**39%**	**22,506**	**18,152**	**24%**
Interest (Net) and Other Income	402	197		1,272	796	
Profit Before Tax	**7,107**	**5,018**	**42%**	**23,778**	**18,948**	**25%**
Income Tax expense including Fringe Benefit Tax	(983)	(715)		(3,391)	(2,750)	
Profit before Share in earnings / (losses) of Affiliates and minority interest	**6,124**	**4,303**	**42%**	**20,387**	**16,198**	**26%**
Share in earnings of affiliates	55	42		288	175	
Minority interest	-	(15)		(1)	(88)	
PROFIT AFTER TAX	**6,179**	**4,330**	**43%**	**20,674**	**16,285**	**27%**
Operating Margin						
IT Services	26%	27%		26%	27%	
Acquisitions	7%	-		9%	-	
BPO Services	18%	13%		14%	18%	
Global IT Services and Products	**25%**	**25%**		**25%**	**26%**	
India & AsiaPac IT Services and Products	10%	9%		9%	7%	
Consumer Care and Lighting	13%	14%		13%	14%	
TOTAL	**22%**	**21%**		**21%**	**22%**	
CAPITAL EMPLOYED						
IT Services	27,952	21,416		27,952	21,416	
Acquisitions	2,692	-		2,692	-	
BPO Services	6,357	8,472		6,357	8,472	
Global IT Services and Products	**37,001**	**29,888**		**37,001**	**29,888**	
India & AsiaPac IT Services and Products	2,401	1,370		2,401	1,370	
Consumer Care and Lighting	1,210	917		1,210	917	
Others	26,272	21,538		26,272	21,538	
TOTAL	**66,884**	**53,713**		**66,884**	**53,713**	
CAPITAL EMPLOYED COMPOSITION						
IT Services	42%	40%		42%	40%	
Acquisitions	4%	-		4%	-	
BPO Services	10%	16%		10%	16%	
Global IT Services and Products	**55%**	**56%**		**55%**	**56%**	
India & AsiaPac IT Services and Products	4%	3%		4%	3%	
Consumer Care and Lighting	2%	2%		2%	2%	
Others	39%	39%		39%	39%	
TOTAL	**100%**	**100%**		**100%**	**100%**	
RETURN ON AVERAGE CAPITAL EMPLOYED						
IT Services	87%	79%		76%	81%	
Acquisitions	5%	-		3%	-	
BPO Services	17%	11%		14%	16%	
Global IT Services and Products	**65%**	**59%**		**59%**	**62%**	
India & AsiaPac IT Services and Products	96%	119%		77%	63%	
Consumer Care and Lighting	76%	90%		76%	89%	
TOTAL	**38%**	**36%**		**37%**	**39%**	

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 exchange differences which are reported in other income in the financial statements.

c) PBIT for the quarter and year ended March 31, 2006 is after considering restricted stock unit amortisation of Rs. 154 Million (2005: Rs. 177 Million) & Rs. 633 Million (2005: Rs. 346 Million) respectively. PBIT of Global IT Services and Products for the quarter and year ended March 31, 2006 is after considering restricted stock unit amortisation of Rs. 131 Million (2005: Rs. 159 Million) and Rs. 544 Million (2005: Rs. 310 Million) respectively.

d) Capital employed of segments include current liabilities –

(Rs. in Million)

Name of the Segment	As at March 31, 2006	2005
Global IT Services and Products	13,510	8,338
India & AsiaPac IT Services and Products	5,314	4,233
Consumer Care and Lighting	1,080	764
Others	8,866	4,709
	28,770	**18,044**

e) Capital employed of 'Others' includes cash and cash equivalents including liquid mutual funds of Rs. 29,817 Million (2005: Rs. 28,497 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)

Geography	Quarter ended March 31, 2006	%	2005	%	Year ended March 31, 2006	%	2005	%
India	**7,042**	23%	5,876	25%	**22,438**	21%	19,513	24%
USA	**15,216**	49%	11,345	50%	**53,089**	50%	41,935	51%
Europe	**7,020**	23%	4,710	20%	**24,311**	23%	16,661	20%
Rest of the World	**1,855**	6%	1,190	5%	**6,421**	6%	3,589	5%
Total	**31,132**	**100%**	**23,121**	**100%**	**106,258**	**100%**	**81,698**	**100%**

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

h) Until June 30, 2005, the Company reported IT services and BPO services as an integrated business segment - Global IT Services and Products. Effective July 2005, the company reorganized the management structure of Global IT Services and Products Segment, the segment reporting format has been changed accordingly. Revenues, operating profits and capital employed of Global IT Services business are now segregated into IT Services and BPO services.

i) As at March 31, 2006, revenues, operating profits and capital employed (including goodwill) of mPower and New Logic are reported separately under '*Acquisitions*'.

j) In August 2005, the Company issued bonus shares in the ratio of one additional equity share for every equity share or ADS held.

The Company is awaiting further clarification on the matter.

k) a) In accordance with Accounting Standard 21 "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India, the consolidated financial statements of

Wipro Limited include the financial statements of all subsidiaries which are more than 50% owned and controlled.

b) 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, WGE 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".

c) In accordance with the guidance provided in Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" WeP Peripherals have been accounted for by equity method of accounting.

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