

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

		(Rs. in Million)	
		As of March 31,	
		2008	2007
CONSOLIDATED BALANCE SHEET			
	Schedule		
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	2,923	2,918
Shares issuable (Refer Note 19(6)(ii))	540		
Shares issuable to controlled trust (Refer Note 19(6)(ii))	(540)	-	-
Share application money pending allotment		40	35
Reserves and surplus	2	113,991	93,042
		116,954	95,995
LOAN FUNDS			
Secured loans	3	2,072	1,489
Unsecured loans	4	42,778	2,338
		44,850	3,827
Minority Interest		116	30
		161,920	99,852
APPLICATION OF FUNDS			
FIXED ASSETS			
Goodwill [Refer Note 19{5 & 6(i),(ii),(iii)}]		42,209	9,477
Gross block	5	56,280	37,287
Less: Accumulated depreciation		28,067	18,993
<i>Net block</i>		28,213	18,294
Capital work-in-progress and advances		13,370	10,191
		83,792	37,962
INVESTMENTS	6	16,022	33,249
DEFERRED TAX ASSET (NET)		529	591
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	6,664	4,150
Sundry debtors	8	40,453	29,007
Cash and bank balances	9	39,270	19,822
Loans and advances	10	29,610	17,454
		115,997	70,433
LESS: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	11	39,890	34,350
Provisions	12	14,530	8,033
		54,420	42,383
NET CURRENT ASSETS		61,577	28,050
		161,920	99,852

Notes to Accounts

19

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

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

Dr Jagdish N Sheth
Director

Zubin Shekary
Partner
Membership No. 48814

Suresh C Senapaty
Director
& Chief Financial Officer

V Ramachandran
Company Secretary

Bangalore
April 18, 2008

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in Million except share data)

	Schedule	Quarter ended March 31,		Year ended March 31,	
		2008	2007	2008	2007
INCOME					
Gross sales and services		57,555	43,621	201,451	151,330
Less: Excise duty		399	397	1,655	1,348
Net sales and services		57,156	43,224	199,796	149,982
Other income	13	616	735	4,174	2,732
		57,772	43,959	203,970	152,714
EXPENDITURE					
Cost of sales and services	14	39,810	29,534	140,244	102,420
Selling and marketing expenses	15	4,149	2,839	14,216	9,547
General and administrative expenses	16	3,229	2,289	10,750	7,635
Interest	17	469	40	1,690	124
		47,657	34,702	166,900	119,726
PROFIT BEFORE TAXATION					
		10,115	9,257	37,070	32,988
Provision for taxation including fringe benefit tax		1,399	746	4,550	3,868
Profit before minority interest / share in earnings of associates		8,716	8,511	32,520	29,120
Minority interest		(16)	2	(24)	6
Share in earnings of associates		100	48	333	295
PROFIT FOR THE PERIOD		8,800	8,561	32,829	29,421
Appropriations					
Interim dividend		-	-	2,919	7,238
Proposed dividend		-	-	5,846	1,459
Tax on dividend		-	-	1,489	1,268
TRANSFER TO GENERAL RESERVE		8,800	8,561	22,575	19,456
EARNINGS PER SHARE - EPS					
Equity shares of par value Rs. 2/- each					
Basic (in Rs.)		6.06	5.97	22.62	20.62
Diluted (in Rs.)		6.03	5.91	22.51	20.41
Number of shares for calculating EPS					
Basic (Refer Note 19(14))		1,452,855,432	1,434,072,614	1,451,127,719	1,426,966,318
Diluted (Refer Note 19(14))		1,458,285,808	1,448,900,406	1,458,239,060	1,441,469,652

Notes to Accounts

19

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

As per our report attached

for and on behalf of the Board of Directors

for BSR & Co.
Chartered Accountants

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Bangalore
April 18, 2008

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT

	Quarter Ended March 31,		Year ended March 31,	
	2008	2007	2008	2007
A. Cash flows from operating activities:				
Profit before tax	10,115	9,256	37,070	32,988
<i>Adjustments:</i>				
Depreciation and amortization	1,509	1,090	5,359	3,978
Amortisation of stock compensation	288	42	1,166	1,078
Unrealised exchange differences - net	678	274	(595)	457
Interest on borrowings	469	40	1,690	125
Dividend / interest - net	(537)	(657)	(2,802)	(2,118)
(Profit) / Loss on sale of investments	(176)	(233)	(771)	(588)
Gain on sale of fixed assets	(2)	(2)	(174)	(10)
Working capital changes :				
Trade and other receivable	(2,796)	(1,409)	(11,885)	(7,358)
Loans and advances	(2,001)	64	(5,157)	(283)
Inventories	(478)	(291)	(1,565)	(1,120)
Trade and other payables	1,057	754	6,182	5,156
Net cash generated from operations	8,126	8,928	28,518	32,305
Direct taxes paid	(1,221)	(1,016)	(5,459)	(4,252)
Net cash generated by operating activities	6,905	7,912	23,059	28,053
B. Cash flows from investing activities:				
Acquisition of property, fixed assets plant and equipment (including advances)	(4,849)	(3,644)	(14,226)	(13,005)
Proceeds from sale of fixed assets	88	31	479	149
Purchase of investments	(50,863)	(39,633)	(231,684)	(123,579)
Proceeds on sale / from maturities on investments	53,940	44,959	250,013	122,042
Intercompany deposit	100	(650)	150	(650)
Net payment for acquisition of businesses	(462)	(87)	(32,790)	(6,608)
Dividend / interest income received	464	657	2,490	2,118
Net cash generated by / (used in) investing activities	(1,582)	1,633	(25,568)	(19,533)
C. Cash flows from financing activities:				
Proceeds from exercise of employee stock option	149	5,552	541	9,458
Share application money pending allotment	(12)	3	40	35
Interest paid on borrowings	(469)	(40)	(1,690)	(125)
Dividends paid (including distribution tax)	0	(750)	(12,632)	(8,875)
Repayment of borrowings / loans	(18,940)	370	(74,970)	(5,915)
Proceeds of borrowings / loans	36,766	235	110,641	7,882
Proceeds from issuance of shares by subsidiary	0	(1)	55	35
Net cash generated by / (used in) financing activities	17,494	5,369	21,985	2,495
Net (decrease) / increase in cash and cash equivalents during the period	22,817	14,914	19,476	11,015
Cash and cash equivalents at the beginning of the period	16,508	4,929	19,822	8,858
Effect of translation of cash balance	(55)	(21)	(28)	(51)
Cash and cash equivalents at the end of the period	39,270	19,822	39,270	19,822

As per our report attached

for and on behalf of the Board of Directors

for BSR & Co.
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Bangalore
April 18, 2008

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(Rs. in Million except share data)

	As of March 31,	
	2008	2007
SCHEDULE 1 SHARE CAPITAL		
Authorised capital		
1,650,000,000 (2007: 1,650,000,000) equity shares of Rs. 2 each	3,300	3,300
25,000,000 (2007: 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		
1,461,453,320 (2007: 1,458,999,650) equity shares of Rs. 2 each [Refer Note 19 (2)]	2,923	2,918
	2,923	2,918

	As of March 31,	
	2008	2007
SCHEDULE 2 RESERVES AND SURPLUS		
Capital reserve		
Balance brought forward from previous period	47	47
Additions during the year (Refer Note 19(6)(i))	1,097	
	1,144	47
Securities premium account		
Balance brought forward from previous period	24,530	14,378
Add: Exercise of stock options by employees	843	10,152
	25,373	24,530
Translation reserve		
Balance brought forward from previous period	(247)	(111)
Movement during the period	237	(136)
	(10)	(247)
Restricted stock units reserve		
Employee Stock Options Outstanding	5,023	5,273
Less: Deferred Employee Compensation Expense	3,206	4,351
	1,817	922
General reserve		
Balance brought forward from previous period	67,790	48,357
Additions [Refer note 19 (3)]	18,974	19,433
	86,764	67,790
Unrealised gains/(losses) on cash flow hedges, net	(1,097)	-
Summary of reserves and surplus		
Balance brought forward from previous period	93,042	63,202
Additions	22,046	29,976
Deletions	(1,097)	(136)
	113,991	93,042

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(Rs. in Million)

As of March 31,

2008 2007

SCHEDULE 3 SECURED LOANS

Term loans ¹	513	674
Cash credit facilities ¹	535	791
Finance lease obligation	1,024	24
	2,072	1,489

¹ Term loans and cash credit facility are secured by hypothecation of stock-in-trade, book debts, immovable/movable properties and other assets

SCHEDULE 4 UNSECURED LOANS

External Commercial Borrowings	14,070	-
Borrowing from banks	28,368	2,240
Loan from financial institutions	245	52
Interest free loan from State Governments	41	46
Others	54	-
	42,778	2,338

SCHEDULE 5 FIXED ASSETS

(Rs. in Million)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION			NET BLOCK		
	As of April 1, 2007	Additions ²	Deductions/adjustments ³	As of March 31, 2008	As of April 1, 2007	Depreciation for the period	Deductions / adjustments ²	As of March 31, 2008	As of March 31, 2008	As of March 31, 2008
(a) Tangible fixed assets										
Land (including leasehold)	2,170	614	40	2,744	2	1	5	8	2,736	2,168
Buildings	6,198	3,865	63	10,000	669	181	388	1,238	8,762	5,529
Plant & machinery ⁴	21,125	10,100	196	31,029	14,072	3,929	2,161	20,162	10,867	7,053
Furniture, fixture and equipments	4,180	3,216	94	7,302	2,806	695	867	4,368	2,934	1,374
Vehicles	1,830	996	260	2,566	989	456	(29)	1,416	1,150	841
(b) Intangible fixed assets										
Technical know-how	330	29	-	359	329	2	14	345	14	1
Patents, trade marks and rights	1,454	909	83	2,280	126	95	309	530	1,750	1,328
	37,287	19,729	736	56,280	18,993	5,359	3,715	28,067	28,213	18,294
Previous year - 31 March 2007	24,816	12,743	272	37,287	12,910	3,979	2,104	18,993	18,294	

² - Additions include Gross Block of Rs. 8,106 Million and adjustments include Accumulated depreciation of Rs. 3,951 Million in respect of assets of entities acquired during the period

³ - Adjustments include effect of foreign exchange translation

⁴ - Plant and machinery includes computers and computer software.

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

SCHEDULE 6 INVESTMENTS

(Rs. in Million)

	As of March 31,	
	2008	2007
Investments- Long Term - unquoted		
Investment in Associates		
Wipro GE Medical Systems Private Ltd ⁵	1,343	1,043
	<u>1,343</u>	<u>1,043</u>
Other Investments - unquoted	362	364
Current Investments - quoted		
Investments in Indian money market mutual funds	14,317	31,842
	<u>14,317</u>	<u>31,842</u>
	<u><u>16,022</u></u>	<u><u>33,249</u></u>

⁵ Equity investments in this company carry certain restrictions on transfer of shares that are normally provided for in shareholders' agreements

SCHEDULE 7 INVENTORIES

Finished goods	2,181	1,777
Raw materials	2,950	1,584
Stock in process	1,078	491
Stores and spares	455	298
	<u>6,664</u>	<u>4,150</u>

SCHEDULE 8 SUNDRY DEBTORS

(Unsecured)

Debts outstanding for a period exceeding six months

Considered good	3,109	919
Considered doubtful	1,096	1,388
	<u>4,205</u>	<u>2,307</u>
Other debts		
Considered good	37,344	28,088
Considered doubtful	-	-
	<u>41,549</u>	<u>30,395</u>
Less: Provision for doubtful debts	1,096	1,388
	<u><u>40,453</u></u>	<u><u>29,007</u></u>

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(Rs. in Million)

As of March 31,
2008 2007

SCHEDULE 9 CASH AND BANK BALANCES

Balances with bank:		
In current account ⁶	10,209	16,784
In deposit account	28,078	2,355
Cash and cheques on hand	983	683
	<u>39,270</u>	<u>19,822</u>

⁶ Balance as on March 31, 2007 includes Rs. 7,278 Million in a restricted designated bank account for payment of interim dividend for the period ended March 31, 2007.

SCHEDULE 10 LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received

Considered good

- Prepaid expenses	2,800	1,739
- Advance to suppliers / expenses	1,402	753
- Employee travel & other advances	1,503	885
- Others	5,316	1,781
	<u>11,021</u>	<u>5,158</u>
Considered doubtful	169	194
	<u>11,190</u>	<u>5,352</u>
Less: Provision for doubtful advances	169	194
	<u>11,021</u>	<u>5,158</u>

Other deposits	1,911	1,613
Advance income tax	7,116	4,730
Inter corporate deposit	500	650
Balances with excise and customs	548	207
Unbilled revenue	8,514	5,096
	<u>29,610</u>	<u>17,454</u>

SCHEDULE 11 LIABILITIES

Acquisition related liabilities	207	-
Accrued expenses and statutory liabilities	20,686	13,776
Sundry creditors	13,082	10,202
Unearned revenues	4,269	1,761
Advances from customers	1,642	1,369
Unclaimed dividends	4	4
Unpaid interim dividends	-	7,238
	<u>39,890</u>	<u>34,350</u>

SCHEDULE 12 PROVISIONS

Employee retirement benefits	2,737	2,118
Warranty provision	941	831
Provision for tax	4,013	3,106
Proposed dividend	5,846	1,459
Tax on dividend	993	519
	<u>14,530</u>	<u>8,033</u>

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in Million)

	Quarter ended March 31,		Year ended March 31,	
	2008	2007	2008	2007
SCHEDULE 13 OTHER INCOME				
Dividend on mutual fund units	231	579	1,428	1,686
Profit on sale of investments	176	233	771	588
Interest on debt instruments and others	446	79	1,576	432
Exchange differences - net	(355)	(32)	(423)	(231)
Miscellaneous income	118	(124)	822	257
	616	735	4,174	2,732

SCHEDULE 14 COST OF SALES AND SERVICES

Employee compensation costs	19,567	14,767	70,655	54,239
Raw materials, finished and process stocks (refer Schedule 18)	10,471	7,750	36,263	23,182
Sub contracting / technical fees / third party application	3,416	1,863	10,911	6,677
Travel	1,394	1,604	5,010	5,084
Depreciation	1,404	1,000	4,965	3,696
Communication	540	443	1,970	1,620
Repairs	685	760	2,686	2,645
Power and fuel	423	252	1,532	1,062
Outsourced technical services	331	227	1,109	842
Rent	369	268	1,286	1,009
Stores and spares	247	217	946	676
Insurance	78	39	238	186
Rates and taxes	47	56	137	198
Miscellaneous	839	288	2,536	1,304
	39,810	29,534	140,244	102,420

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in Million)

	Quarter ended March 31,		Year ended March 31,	
	2008	2007	2008	2007
SCHEDULE 15 SELLING AND MARKETING EXPENSES				
Employee compensation costs	2,148	1,364	7,045	4,728
Advertisement and sales promotion	702	395	2,385	1,400
Travel	293	240	1,023	790
Carriage and freight	282	330	1,137	885
Commission on sales	194	70	585	275
Rent	111	90	470	326
Communication	92	96	349	294
Conveyance	32	31	136	111
Depreciation	39	63	245	190
Repairs to buildings	24	12	79	60
Insurance	9	7	35	25
Rates and taxes	9	4	34	26
Miscellaneous expenses	214	137	693	437
	4,149	2,839	14,216	9,547

SCHEDULE 16 GENERAL AND ADMINISTRATIVE EXPENSES

Employee compensation costs	1,483	1,075	5,026	3,430
Travel	363	252	1,198	909
Repairs and maintainance	170	103	565	321
Provision for bad debts	63	88	289	294
Manpower outside services	59	44	223	142
Depreciation	65	26	148	93
Rates and taxes	13	7	57	63
Insurance	26	20	81	57
Rent	58	36	124	77
Auditors' remuneration				
Audit fees	14	3	24	13
For certification including tax audit	1	-	2	1
Out of pocket expenses	1	-	2	1
Miscellaneous expenses	913	635	3,011	2,234
	3,229	2,289	10,750	7,635

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in Million)

Quarter ended March 31,		Year ended March 31,	
2008	2007	2008	2007

SCHEDULE 17 INTEREST

Cash credit and others ⁷	469	40	1,690	124
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⁷ Includes Rs.79 Million and Rs.365 Million for the quarter ended and year ended March 31, 2008 (2007: Nil) of interest borne by Wipro Equity Reward Trust in respect of loans availed by employees from third party financial institutions/bank in March 2007 for the exercise of vested employee stock options.

SCHEDULE 18

RAW MATERIALS, FINISHED AND PROCESSED STOCKS

Consumption of raw materials and bought out components :

Opening stocks	2,777	1,589	1,584	692
Add: Stock taken over on acquisition	-	-	380	651
Add: Purchases	4,958	4,167	18,076	11,701
Less: Closing stocks	2,950	1,584	2,950	1,584
	4,785	4,172	17,090	11,460

Purchase of finished products for sale	5,956	3,793	19,576	12,471
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(Increase) / Decrease in finished and process stocks :

Opening stock				
: In process	773	532	491	289
: Finished products	2,198	1,521	1,777	886
Stock taken over on acquisition				
: In process	-	-	8	194
: Finished products	18	-	580	150
Less: Closing stock				
: In process	1,078	491	1,078	491
: Finished products	2,181	1,777	2,181	1,777
	(270)	(215)	(403)	(749)
	10,471	7,750	36,263	23,182

SCHEDULE 19 – 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 the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under section 211(3C) of the Companies Act, 1956, other pronouncements of the Institute of Chartered Accountants of India, 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 unrealized 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 utilized for qualifying 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.

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

vi. Investments

Long term investments (other than investment in associate) 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.

Investment in associate is accounted under the equity method.

vii. 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.

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 is recognised as related services are performed. Revenue from fixed-price, fixed-time frame contracts is generally 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 application maintenance services is recognized 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 as 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 realizable values/ benefits from special import licenses and advance licenses.

Other income is recognised on accrual basis.

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 accounts 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 realized 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.

Derivative instruments and Hedge accounting:

The Company is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange and option contracts, where the counterparty is a bank.

Since March 2004, based on the principles set out in International Accounting Standard (IAS 39) on Financial Instruments' the Company has designated forward contracts and options to hedge highly probable forecasted transactions as cash flow hedges. The exchange differences relating to these forward contracts and gains/losses on such options were being recognised in the period in which the forecasted transactions were expected to occur. The exchange differences relating to forward contracts / options, other than designated forward contracts/ options, were recognised in the profit and loss account as they arose.

Effective April 1, 2007, based on the recognition and measurement principles set out in the Accounting Standard (AS) 30 on Financial Instruments: Recognition and Measurement, the changes in the fair values of forward contracts and options designated as cash flow hedges are recognised directly in shareholders' funds and are reclassified into the profit and loss account upon the occurrence of the hedged transaction. The gains/losses on forward contracts and options designated as cash flow hedges are included along with the underlying hedged forecasted transactions. The changes in fair value relating to the ineffective portion of the cash flow hedges and forward contracts / options not designated as cash flow hedges are recognised in the profit and loss account as they arise. The Company has also designated forward contracts and options as hedges of net investment in non-integral foreign operation. The portion of the changes in fair value of forward contracts and options that is determined to be an effective hedge is recognized in

shareholders' fund and would be recognized in profit and loss account on the disposal of foreign operation. The portion of the changes in fair value of forward contracts and options that is determined to be an ineffective hedge is recognized in the profit and loss account.

The Institute of Chartered Accountants of India (ICAI) has recently issued an announcement "Accounting for Derivatives" on accounting for derivatives and early adoption of AS 30. The Company has already been applying the principles of AS 30 in accounting for derivative instruments and the announcement did not have any impact on the Company.

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 are 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.....	3 - 10 years
Vehicles.....	4 years
Furniture and fixtures.....	3 - 10 years
Data processing equipment and software	2 – 6 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 amortized over their estimated useful life. For various brands acquired by the Company, the estimated useful life has been determined ranging between 20 to 25 years based on expected life, performance, market share, niche focus and longevity of the brand. Accordingly, such intangible assets are being amortised over the determined useful life.

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. 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 unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized 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 Prudential Insurance Company Limited. 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

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

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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/ substantive 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 realized. 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 realized.

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 issued.

xix. Cash flow statement

Cash flows are reported using the 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 details for 1,461,453,320 (2007: 1,458,999,650) equity shares as of March 31, 2008.

<u>No. of shares</u>	<u>Description</u>
1,398,430,659	Equity shares / American Depository Receipts (ADRs) (2007: 1,398,430,659) have been allotted as fully paid bonus shares / ADRs by capitalization of Securities premium account and Capital redemption reserve
1,325,525	Equity shares (2007: 1,325,525) have been allotted as fully paid-up, pursuant to a scheme of amalgamation, without payment being received in cash
3,162,500	Equity shares (2007: 3,162,500) representing American Depository Receipts issued during 2000-2001 pursuant to American Depository offering by the Company
57,609,636	Equity shares (2007: 55,155,966) issued pursuant to Employee Stock Option Plan

3. Note on Reserves:

- i) Restricted stock units reserve includes 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:

Particulars	<i>(Rs. in Million)</i>	
	For the year ended March 31,	
	2008	2007
Transfer from Profit and Loss Account.....	22,575	19,456
Dividend distributed to Wipro Equity Reward Trust	-	40
Additional dividend paid for the previous year	-	(36)
Adjustment on account of amalgamation (refer Note 19[6(i),(ii),(iii)])	(3,601)	
Transition liability for employee benefits.....	-	(27)
	18,974	19,433

- 4. The Company designated forward contracts and options to hedge highly probable forecasted transactions based on the principles set out in International Accounting Standard (IAS 39) on Financial Instruments: Recognition and Measurement. Until March 31, 2007, the exchange differences on the forward contracts and gain / loss on such options were recognized in the profit and loss account in the periods in which the forecasted transactions were expected to occur.

Effective April 1, 2007, based on the recognition and measurement principles set out in the Accounting Standard (AS) 30 on Financial Instruments: Recognition and Measurement, the changes in the derivative fair values relating to forward contracts and options that are designated as effective cash flow hedges are recognised directly in shareholders' funds until the hedged transactions occur. Upon occurrence of the hedged transactions the amounts recognised in the shareholders' funds would be reclassified into the profit and loss account along with the underlying hedged forecasted transactions. During the year ended March 31, 2008 the Company has reclassified net exchange gains of Rs 951 Million along with the underlying hedged forecasted transaction. In addition, the Company also designates forward contracts as hedges of the net investment in non-integral foreign operations. The changes in the derivative fair values relating to forward contracts and options that are designated as net investments in non-integral foreign operations have been recognised directly in shareholders' funds within translation reserve. The gains / losses in shareholders' funds would be transferred to profit and loss account upon the disposal of non-integral foreign operations.

As of March 31, 2007, the Company had forward /option contracts to sell USD 87 Million and as of March 31, 2008, the Company had forward /option contracts to sell USD 2,497 Million, GBP 84 Million, 24 Million and JPY 7,682 Million relating to highly probable forecasted transactions. In addition, the Company had forward contracts to sell USD 281 Million and EUR 65 Million as of March 31, 2008 relating to net investments in non-integral foreign operations. As of March 31, 2008, the Company has recognised mark-to-market losses of Rs 1,097 Million relating to forward contracts/ options that are designated as effective cash flow hedges and mark-to-market losses of Rs 495 Million relating to forward contracts / options that are designated as net investments in non-integral foreign operations in shareholders' funds.

As of March 31, 2007, the Company had undesignated forward contracts/ option contracts to sell USD 165 Million, GBP 123 Million and EUR 23 Million and as of March 31, 2008, the Company had undesignated forward contracts/ option contracts to sell USD 414 Million, GBP 58 Million and EUR 39 Million. The mark-to-market gain/(losses) on such contracts have been recognised in the profit and loss account.

5. Acquisitions

- (i) In September 2007, the Company acquired Infocrossing, Inc. (Infocrossing), a US-based provider of IT infrastructure management, enterprise application and business process outsourcing services for a purchase consideration of USD 436 Million (including direct cost of acquisition of USD 5 Million). The acquisition was conducted by means of a tender offer for all of the outstanding shares of Infocrossing. This acquisition broadens the data center and mainframe capabilities to uniquely position the Company in the remote infrastructure management space.

The purchase consideration has been allocated on a preliminary basis based on managements' estimates and goodwill of Rs. 22,406 Million has been recorded. The Company is in the process of making final determination of the carrying value of assets and liabilities, which may result in changes in the carrying value of net assets recorded.

- (ii) In August 2007, the Company acquired Unza Holdings (Unza), a Singapore-based FMCG firm for a purchase consideration of USD 246 Million (including direct cost of acquisition of USD 1 Million). Unza is one of South East Asia's, largest independent manufacturer and marketer of personal care products, and has operations in over 40 countries. Unza has an excellent product range and a large portfolio of strong brands catering to Asian consumers. This acquisition would significantly increase the Company's market size and provide significant synergy in terms of access of common vendors, formulation and brands.

The purchase consideration has been allocated on a preliminary basis based on managements' estimates and goodwill of Rs. 10,338 Million has been recorded. The Company is in the process of making final determination of the carrying value of assets and liabilities, which may result in changes in the carrying value of net assets recorded.

The contribution of the subsidiaries acquired during the year is as under:

Name of the subsidiary	Revenue	Profit before tax	(Rs in Million)
			Net Assets
Infocrossing Inc.....	5,183	296	1,414
Unza Group.....	4,836	504	638
	10,019	800	2,327

6. Merger of certain subsidiaries

- (i) Pursuant to the scheme of amalgamation approved by the Honorable High Courts of Karnataka and Andhra Pradesh, Wipro Infrastructure Engineering Limited ('WIN'), Quantech Global Services Limited ('Quantech') and Wipro Healthcare IT Limited ('WHCIT'), wholly owned subsidiaries of the Company, have been merged with the Company with retrospective effect from 1 April 2007, the Appointed Date. In accordance with the scheme of amalgamation approved by the courts, the excess of net assets acquired over carrying value of investments in WIN of Rs 1,134 Million has been credited to capital reserves of Wipro Limited. In the consolidated financial statements, this resulted in a transfer of Rs 1,097 Million to capital reserves.

The excess of the investment carrying value over net asset acquired for WHCIT and Quantech of Rs. 256 Million has been debited to general reserve of Wipro Limited. In the consolidated financial statements, goodwill relating to WHCIT and Quantech of Rs. 227 Million has been debited to general reserve, consequent to the amalgamation.

- (ii) Pursuant to the scheme of amalgamation approved by the Honorable High Court of Karnataka and High Court of Judicature at Bombay, the Company has merged mPower Software Services India Private Limited ('mPower'), mPact Technology Service Private Limited ('mPact') and cMango India Private Limited ('cMango') with the Company retrospectively from 1 April 2007, the Appointed Date. mPower, mPact and cMango were fully held by Wipro Inc, which in turn is a

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wholly owned subsidiary of the Company. Pursuant to the scheme of amalgamation, the Company will issue 968,803 fully-paid equity shares with a market value as on April 1, 2007 of Rs. 540 Million as consideration to a controlled trust for the benefit of Wipro Inc. The excess of net assets acquired over consideration paid amounting to Rs. 91 Million has been recognized in general reserve of Wipro Limited. In the consolidated financial statements, the goodwill arising on consolidation of the amalgamated companies amounting to Rs. 993 Million has been adjusted against general reserves, consequent to the merger.

- (iii) In the terms of the scheme of amalgamation filed with and endorsed by the State of Delaware, USA, cMango Inc. and Quantech Global Services LLC amalgamated with Wipro Inc. with effect from June 1, 2007 and May 1, 2007 respectively. These amalgamations have been accounted as 'amalgamation in the nature of merger' in accordance with Accounting Standard 14, Accounting for Amalgamations and goodwill amounting to Rs 1,376 Million has been adjusted against the general reserve of the Company.
- (iv) The Company has merged its following, fully owned subsidiaries into Hydraulto Group AB with retrospective effect from April 1, 2007.
- a) Hydraulto Medium cylinders Skellefteas AB
 - b) Hydraulto Engineering AB
 - c) Hydraulto Light Cylinders Bispgarden AB
 - d) Hydraulto Light Cylinders Ostersund AB
 - e) Hydraulto Big Cylinders Ljungby AB
 - f) Hydraulto Logistics AB

7. Assets given on finance leases

The Company provides lease financing for the traded and manufactured products primarily through finance leases. The finance lease portfolio contains only the normal collection risk with no important uncertainties with respect to future costs. These receivables are generally due in monthly, quarterly or semi-annual installments over periods ranging from 3 to 5 years.

The components of finance lease receivables are as follows:

(Rs in Million)

Particulars	As of March 31,	
	2008	2007
Gross investment in lease.....	836	465
Not later than one year.....	197	125
Later than one year and not later than five years.....	555	307
Unguaranteed residual values.....	84	33
Unearned finance income.....	(171)	(81)
Net investment in finance receivables.....	665	384

Present value of minimum lease receivables for each of the five succeeding fiscal years and thereafter are as follows:

(Rs in Million)

Particulars	As of March 31,	
	2008	2007
Present value of minimum lease payments receivables.....	604	350
Not later than one year.....	181	113
Later than one year and not later than five years.....	423	237

8. Assets taken on lease

Finance leases:

The following is a schedule by year of present value of future minimum lease payments under capital leases, together with the value of the minimum lease payments as of March 31, 2008

Particulars	<i>(Rs in Million)</i>
	As of March 31, 2008
Present value of minimum lease payments:	
Not later than one year.....	323
Later than one year and not later than five years.....	629
Thereafter.....	72
Total present value of minimum lease payments.....	1024
Add: Amount representing interest.....	199
Total value of minimum lease payments.....	1,223

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 are Rs.1,880 Million and Rs 1,412 Million during the years ended March 31, 2008 and 2007 respectively.

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

Particulars	<i>(Rs in Million)</i>	
	As of March 31,	
	2008	2007
Not later than one year.....	773	395
Later than one year and not later than five years.....	2,433	1,270
Thereafter.....	2,826	906
Total.....	6,032	2,571

9. The Company has a 49% equity interest in Wipro GE Healthcare 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 Interests in Joint Ventures”. Consequently, Wipro GE is not considered as a joint venture and consolidation of financial statements is carried out as per the equity method in terms of Accounting Standard 23 “Accounting for Investments in Associates in Consolidated Financial statements”.

10. 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.

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Change in the benefit obligation	<i>(Rs. in Million)</i>	
	As of March 31,	
	2008	2007
Projected Benefit Obligation (PBO) at the beginning of the year.....	1,121	757
Service cost.....	281	193
Interest cost.....	83	55
Benefits paid.....	(135)	(77)
Actuarial loss/(gain).....	165	193
PBO at the end of the year	1,515	1,121

Change in plan assets	<i>(Rs in Million)</i>	
	As of March 31,	
	2008	2007
Fair value of plan assets at the beginning of the year.....	727	656
Expected return on plan assets	52	51
Employer contributions.....	550	89
Benefits paid.....	(135)	(77)
Actuarial Loss / (Gain).....	50	8
Fair value of plan assets at the end of the year	1244	727
<i>Present value of unfunded obligation.....</i>	<i>(271)</i>	<i>(394)</i>
<i>Recognised liability.....</i>	<i>(271)</i>	<i>(394)</i>

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, 2009 is Rs 127 Million.

Net gratuity cost for the year ended March 31, 2008 and 2007 are as follows:

Particulars	<i>(Rs. in Million)</i>	
	For the year ended March 31,	
	2008	2007
Service cost.....	282	193
Interest cost.....	82	55
Expected return on plan assets	(52)	(50)
Actuarial Loss / (Gain).....	115	179
Net gratuity cost	427	377

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

Assumptions	As of March 31,	
	2008	2007
	Discount rate.....	7.75%
Rate of increase in compensation levels.....	7%	7%
Rate of return on plan assets.....	7.50%	7.5%

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, all employees receive benefits from a provident fund. 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. For the year ended March 31, 2008, the Company contributed Rs. 1,326 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.

The Guidance on implementing AS 15, Employee Benefits issued by the Accounting Standards Board (ASB) provides that exempt provident funds which require employers to meet the interest shortfall are in effect defined benefit plans. The Company's actuary has informed that it is currently not practicable to actuarially determine the interest shortfall obligation. The computation of liability and disclosure in accordance with the provisions of AS 15 cannot be implemented due to the inability on the part of the actuary to measure it.

11. Employee stock option

- (i) 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.

For the year ended March 31, 2008 the Company has recorded stock compensation expense of Rs. 1,166 Million.

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 of the SEBI guidelines could result in amortization of the cost on an accelerated basis. If the Company were to amortize the cost on an accelerated basis, profit after taxation for the quarter and year March 31, 2008 would have been lower by Rs.41 Million and Rs.231 Million respectively. Similarly, profit after taxation for the quarter and year ended March 31, 2007 would have been lower by Rs 83 Million and Rs 348 Million respectively. This would effectively increase/ decrease, as the case may be, the profit after taxation in later periods by similar amounts.

- (ii) 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 numbers of shares in the table below are adjusted for any stock splits and bonus shares issues).

Activity under Stock Option plans

Particulars	Year Ended March 31, 2008	
	Shares	Wt. average exercise price
Outstanding at the beginning of the year.....	3,511,408	317
Granted.....	-	-
Exercised.....	1,712,077	332
Forfeited and lapsed.....	570,699	367
Outstanding at the end of the year.....	1,228,632	264
Exercisable at the end of the year.....	1,228,632	264

Activity under Restricted Stock Option plans

Particulars	Year Ended March 31, 2008	
	Shares	Wt. average exercise price
Outstanding at the beginning of the year.....	12,498,194	2
Granted.....	746,686	2
Exercised.....	741,591	2
Forfeited and lapsed.....	917,890	2
Outstanding at the end of the year.....	11,585,399	2
Exercisable at the end of the year.....	1,330,107	2

The following table provides details in respect of range of exercise price and weighted average remaining contractual life (in months) for the options outstanding as at March 31, 2008

Range of exercise price	Shares	Wt. average remaining life
Rs. 2.....	11,585,399	43.11
Rs. 172 – 255.....	12,840	10.49
Rs. 265 – 396.....	1,207,087	13.91
\$ 3.46 – 5.01.....	6,006	14.89
\$ 5.82 – 6.90.....	2,699	11.93

- (iii) The Finance Act, 2007 has introduced Fringe Benefit Tax (FBT) on employee stock options. The difference between the fair value of the underlying share on the date of vesting and the exercise price paid by the employee is subject to FBT. The Company recovers such tax from the employee. During the year ended March 31, 2008 the Company has recognised FBT liability and related recovery of Rs 81 Million arising from the exercise of stock options. The Company's obligation to pay FBT arises only upon the exercise of stock options

12. The Company had received tax demands from the Indian income tax authorities for the financial years ended March 31, 2001, 2002, 2003 and 2004 aggregating to Rs. 11,127 Million (including interest of Rs. 1,503 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.

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In March 2007 and July 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 years ended March 31, 2003 and 2004.

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.

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

Particulars	<i>(Rs in Million)</i>	
	For the year ended March 31,	
	2008	2007
Provision at the beginning of the year.....	831	719
Additions during the year	944	862
Utilised during the year	(834)	(750)
Provision at the end of the year	941	831

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

Particulars	For the year ended March 31,	
	2008	2007
Weighted average equity shares outstanding	1,459,089,479	1,434,928,078
Share held by a controlled trust.....	(7,961,760)	(7,961,760)
Weighted average equity shares for computing basic EPS	1,451,127,719	1,426,966,318
Dilutive impact of employee stock options	7,111,341	14,503,334
Weighted average equity shares for computing diluted EPS.....	1,458,239,060	1,441,469,652
Net income considered for computing diluted EPS (Rs. in Million).....	32,829	29,421

15. The list of subsidiaries is given below :

Direct Subsidiaries	Step Subsidiaries	Country of Incorporation
Wipro Inc.	Enthink Inc. Infocrossing Inc	USA
		USA
		USA
		USA
		USA
		USA
		USA
		USA
cMango Pte Limited		Singapore
Wipro Japan KK		Japan

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Wipro Shanghai Limited			China
Wipro Trademarks Holding Limited			India
	Cygnus Negri Investments Private Limited		India
Wipro Travel Services Limited			India
Wipro Consumer Care Limited			India
Wipro Holdings (Mauritius) Limited			Mauritius
	Wipro Holdings UK Limited	Wipro Technologies UK Limited	UK
		BVPENTE Beteiligungsverwaltung GmbH	Austria
		New Logic Technologies GmbH	Austria
		NewLogic Technologies SARL	France
		3D Networks FZ-LLC	Dubai
		3D Networks (UK) Limited	UK
Wipro Cyprus Private Limited			Cyprus
	Wipro Technologies S.A DE C.V		Mexico
	Wipro BPO Philippines LTD. Inc		Philippines
	Wipro Holdings Hungary Korlátolt Felelősségű Társaság		Hungary
	Wipro Arabia Limited ^(a)		Dubai
	RetailBox BV		Netherlands
		Enabler Informatica SA	Portugal
		Enabler France SAS	France
		Enabler UK Ltd	UK
		Enabler Brasil Ltd	Brazil
		Enabler & Retail Consult GmbH	Germany
		Wipro Technologies Limited, Russia	Russia
	Wipro Technologies OY (formerly Saraware OY)		Finland
	Wipro Infrastructure Engineering AB (formerly Hydrauto Group AB)		Sweden
		Wipro Infrastructure Engineering OY (formerly Hydrauto OY Ab Pernion)	Finland
		Hydrauto Celka San ve Tic	Turkey
	Wipro Technologies SRL		Romania
	Wipro Singapore Pte Limited		Singapore
		Unza Holdings Limited ^(A)	Singapore
		Wipro Technocentre (Singapore) Pte Limited	Singapore
Wipro Australia Pty Limited			Australia
3D Networks Pte Limited			Singapore
Planet PSG Pte Limited			Singapore

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Spectramind Inc Wipro Chandrika Limited ^(b) WMNETSERV Limited	Planet PSG SDN BHD	Malaysia
		USA
		India
		Cyprus
	WMNETSERV (UK) Ltd. WMNETSERV INC.	UK USA

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

- a) 66.67% held in Wipro Arabia Limited
- b) 90% held in Wipro Chandrika Limited

(A) Step Subsidiary details of Infocrossing West, Inc., Infocrossing, LLC, and Unza Holdings Limited are as follows :

Step subsidiaries	Step subsidiaries	Country of Incorporation
Infocrossing West, Inc.	Infocrossing Services West, Inc.	USA
Infocrossing, LLC,	Infocrossing Services Southeast, Inc.	USA
Unza Company Pte Ltd	Unza Vietnam Co., Ltd	USA
Unza Indochina Pte Ltd		Singapore
Unza Cathay Ltd		Singapore
Unza China Ltd	Dongguan Unza Consumer Products Ltd.	Vietnam
PT Unza Vitalis		Hong Kong
Unza Thailand Limited		Hong Kong
Unza Overseas Ltd		China
Unza Africa Limited		Indonesia
Unza Middle East Ltd		Thailand
Unza International Limited		British virgin islands
Positive Equity Sdn Bhd		Nigeria
Unza Nusantara Sdn Bhd		British virgin islands
	Unza Holdings Sdn Bhd	Malaysia
	Unza Malaysia Sdn Bhd	Malaysia
	Manufacturing Services Sdn Bhd	Malaysia
	Gervas Corporation Sdn Bhd	Malaysia
	Formapac Sdn Bhd	Malaysia
	UAA Sdn Bhd	Malaysia
	Shubido Pacific Sdn Bhd	Malaysia
	Gervas (B) Sdn Bhd	Malaysia

16. Related party relationships and transactions

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 Healthcare Private Limited	Associate	49%	India
Azim Premji Foundation	Entity controlled by director		
Hasham Premji (partnership firm)	Entity controlled by director		
Azim Premji	Chairman and Managing Director		
Rishad Premji	Relative of the director		

During the year ended March 31, 2008 a relative of the Chairman of the Company, has been appointed to an office or place of profit after obtaining special resolution of the shareholders. The Company has obtained the approval of the Central Government under section 314(1B) of the Companies act, 1957.

The Company has the following related party transactions:

Sr. No.	Transaction / Balances	<i>(Rs. in Million)</i>					
		Associates		Entities controlled by Directors		Non-Executive Directors/ key management personnel	
		2008	2007	2008	2007	2008	2007
1	Sale of goods	19	34	4	3		
2	Purchase of services	1			1		
3	Purchase of fixed assets		194				
4	Payments to non-executive directors:						
	Dr. Ashok Ganguly					1	1
	Narayan Vaghul					1	2
	Dr. Jagdish N Sheth					2	2
	P.M. Sinha					1	1
	B.C. Prabhakar					1	1
	Bill Owens					3	3
5	Payments to key management personnel					18	37
6	Balances as on March 31,						
	Receivables	40	5				
	Payables		40				

The following are the significant transactions during the year ended March 31, 2008 and 2007:

	<i>(Rs in Million)</i>			
	Sale of goods		Purchase of fixed assets	
	2008	2007	2008	2007
Wipro GE Healthcare Private Limited	19	29		
WeP Peripherals Limited *		5		194

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* WeP Peripherals ceased to be an associate with effect from January 1, 2007. 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	<i>(Rs in Million)</i>	
	As of March 31,	
	2008	2007
Estimated amount of contracts remaining to be executed on Capital account and not provided for.....	7,266	2,854
Contingent liabilities in respect of:		
a) Disputed demands for excise duty, customs duty, income tax, sales tax and other matters.....	333	171
b) Performance and financial guarantees given by the Banks on behalf of the Company.....	4,392	3,013

18. Borrowings

During the year ended March 31, 2008, the Company entered into an arrangement with a consortium of banks to obtain External Commercial Borrowings (ECB). Pursuant to this arrangement the Company has availed ECB of approximately 35 billion Yen repayable in full in March 2013. The ECB is an unsecured borrowing and the Company is subject to certain customary restrictions on additional borrowings and quantum of payments for acquisitions in a financial year.

19. Income Tax

The provision for taxation includes tax liability in India on the company's worldwide income. The tax has been computed on the worldwide income as reduced by the various deductions and exemptions provided by the Income tax act in India (Act) and the tax credit in India for the tax liabilities payable in foreign countries.

Most of the company's operations are through units in Software Technology Parks ('STPs'). Income from STPs is eligible for 100% deduction for the earlier of 10 years commencing from the fiscal year in which the unit commences operations or March 31, 2009. The Company also has operations in Special Economic Zones (SEZ's). Income from SEZ's are eligible for 100% deduction for the first 5 years, 50% deduction for the next 5 years and 50% deduction for another 5 years subject to fulfilling certain conditions.

Pursuant to the amendments in the Act, the company has calculated its tax liability after considering the provisions of law relating to Minimum Alternate Tax (MAT). As per the Act, any excess of MAT paid over the normal tax payable can be carried forward and set off against the future tax liabilities and accordingly the same is disclosed under 'Loans and Advances' in the balance sheet as of March 31, 2008.

i) Provision for tax has been allocated as follows:

Particulars	<i>(Rs in Million)</i>	
	For the year ended March 31,	
	2008	2007
Net Current tax*.....	4,194	3,533
Deferred tax	62	90
Fringe benefit tax.....	294	245
Total income taxes.....	4,550	3,868

*- Current tax provision includes reversal of tax provision in respect of earlier periods no longer required amounting to Rs. 529 Million for the year ended March 31, 2008(2007: Rs. 847 Million) and Rs. (48) Million for the quarter ended March 31, 2008 (2007: Rs. 614 Million)

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

ii) The components of the net deferred tax asset are as follows:

(Rs in Million)

Particulars	As of March 31,	
	2008	2007
Fixed assets – depreciation differential.....	(375)	(47)
Accrued expenses and liabilities.....	514	295
Allowances for doubtful debts.....	194	217
Amortisable goodwill.....	(472)	(85)
Carry – forward business losses.....	164	210
Disqualified disposition of stock options.....	444	-
Others.....	60	-
Net – deferred tax assets.....	529	590

20. The segment information for the year ended March 31, 2008 and 2007 is as follows:

(Rs. in Million)

Particulars	Quarter ended March 31,			Year ended March 31,		
	2008	2007	Growth %	2008	2007	Growth %
Revenues						
IT Services	32,502	27,750	17%	119,556	101,454	18%
Acquisitions	2,609			5,291		
BPO Services	3,223	2,636	22%	11,570	9,389	23%
Global IT Services and Products	38,334	30,386	26%	136,417	110,843	23%
India & AsiaPac IT Services and Products	10,956	7,795	41%	37,456	24,783	51%
Consumer Care and Lighting	4,808	2,274	111%	15,207	8,160	86%
Others	3,272	3,035	8%	11,691	7,022	66%
Eliminations	(367)	(299)		(1,196)	(1,057)	
TOTAL	57,003	43,191	32%	199,575	149,751	33%
Profit before Interest and Tax - PBIT						
IT Services	7,109	6,666	7%	26,483	24,782	7%
Acquisitions	242			381		
BPO Services	684	650	5%	2,538	2,157	18%
Global IT Services and Products	8,035	7,316	10%	29,402	26,939	9%
India & AsiaPac IT Services and Products	982	731	34%	3,115	2,139	46%
Consumer Care and Lighting	631	267	136%	1,900	1,006	89%
Others	285	93	206%	770	322	139%
TOTAL	9,933	8,407	18%	35,187	30,406	16%
Interest (Net) and Other non-operating income	182	850		1,883	2,582	
Profit Before Tax	10,115	9,257	9%	37,070	32,988	12%
Income Tax expense including Fringe Benefit Tax	(1,399)	(746)	88%	(4,550)	(3,868)	18%
Profit before Share in earnings of associates and minority interest	8,716	8,511	2%	32,520	29,120	12%
Share in earnings of associates	100	48		333	295	
Minority interest	(16)	2		(24)	6	
PROFIT AFTER TAX	8,800	8,561	3%	32,829	29,421	12%
Operating Margin						
IT Services	22%	24%		22%	24%	
Acquisitions	9%	-		7%	-	
BPO Services	21%	25%		22%	23%	
Global IT Services and Products	21%	24%		22%	24%	
India & AsiaPac IT Services and Products	9%	9%		8%	9%	
Consumer Care and Lighting	13%	12%		12%	12%	
TOTAL	17%	19%		18%	20%	
CAPITAL EMPLOYED						
IT Services	54,532	46,454		54,532	46,454	
Acquisitions	26,395			26,395		
BPO Services	2,797	2,493		2,797	2,493	
Global IT Services and Products	83,724	48,947		83,724	48,947	
India & AsiaPac IT Services and Products	10,245	5,363		10,245	5,363	
Consumer Care and Lighting	17,292	2,957		17,292	2,957	
Others	50,659	42,582		50,659	42,582	
TOTAL	161,920	99,849		161,920	99,849	
CAPITAL EMPLOYED COMPOSITION						
IT Services	34%	47%		34%	47%	
Acquisitions	16%	-		16%	-	
BPO Services	2%	2%		2%	2%	
Global IT Services and Products	52%	49%		52%	49%	
India & AsiaPac IT Services and Products	6%	5%		6%	5%	
Consumer Care and Lighting	11%	3%		11%	3%	
Others	31%	43%		31%	43%	
TOTAL	100%	100%		100%	100%	
RETURN ON AVERAGE CAPITAL EMPLOYED						
IT Services	54%	62%		52%	64%	
Acquisitions	4%	-		3%	-	
BPO Services	91%	113%		96%	49%	
Global IT Services and Products	40%	65%		44%	63%	
India & AsiaPac IT Services and Products	41%	61%		40%	55%	
Consumer Care and Lighting	15%	39%		19%	48%	
TOTAL	26%	34%		27%	36%	

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 certain exchange differences which are reported in other income, in the financial statements. PBIT for the quarter and year ended March 31, 2008 includes certain operating other income of Rs. 38 Million and Rs. 409 Million in Global IT Services and Products, Rs. 20 Million and Rs. 63 Million in India and AsiaPac IT Services and Products, Rs. 26 Million and Rs. 71 Million in Consumer Care and Lighting and Rs. 35 Million and Rs. 281 Million in Others which is not included in segment revenue.
- c) Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.
- d) PBIT for the quarter and year ended March 31, 2008 is after considering restricted stock unit amortisation of Rs 291 Million and Rs 1,166 Million (2007: Rs 42 Million and 1078 Million). PBIT of Global IT Services and Products for the quarter and year ended March 31, 2008 is after considering restricted stock unit amortisation of Rs 243 Million and Rs 996 Million (2007: Rs 30 Million and Rs 936 Million).
- e) Capital employed of segments is net of current liabilities which is as follows :-

Name of the Segment	(Rs. in Million)	
	As of March 31,	
	2008	2007
Global IT Services and Products.....	20,705	18,656
India & AsiaPac IT Services and Products....	9,751	7,601
Consumer Care and Lighting.....	3,382	1,537
Others.....	20,582	14,589
	54,420	42,383

- f) Capital employed of 'Others' includes cash and cash equivalents including liquid mutual funds of Rs. 42,933 Million (2007 Rs. 42,652 Million).
- g) 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:

Geography	(Rs. in Million)							
	Quarter ended March 31,				Year ended March 31,			
	2008	%	2007	%	2008	%	2007	%
India.....	14,291	25%	9,749	22%	48,847	24%	31,115	21%
USA.....	24,510	43%	19,131	44%	87,439	44%	72,702	49%
Europe.....	13,555	24%	11,495	27%	48,259	24%	36,972	25%
Rest of the World..	4,647	8%	2,816	7%	15,030	8%	8,962	6%
Total	57,003	100%	43,191	100%	199,575	100%	149,751	100%

- h) For the purpose of reporting, business segments are considered as primary segments and geographic segments are considered as secondary segments.
- i) The acquisitions, made by Global IT Services and Products, consummated during the year ended March 31, 2006 and 2007 were reported separately in the segment report. The acquisitions have now been completely integrated into Global IT Services and Products and hence not reported separately in the segment report. Segment information for the previous periods has accordingly been reclassified on a comparable basis.
- j) The Company designated forward contracts and options to hedge highly probable forecasted transactions based on the principles set out in International Accounting Standard (IAS 39) on Financial Instruments: Recognition and Measurement. Until March 31, 2007, the exchange differences on the forward contracts and gain / loss on such options were recognized in the profit

and loss account in the periods in which the forecasted transactions were expected to occur.

Effective April 1, 2007, based on the recognition and measurement principles set out in the Accounting Standard (AS) 30 on Financial Instruments: Recognition and Measurement, the changes in the derivative fair values relating to forward contracts and options that are designated as effective cash flow hedges are recognised directly in shareholders' funds until the hedged transactions occur. Upon occurrence of the hedged transactions the amounts recognised in the shareholders' funds would be reclassified into the profit and loss account along with the underlying hedged forecasted transactions. During the year ended March 31, 2008 the Company has reclassified net exchange gains of Rs 951 Million along with the underlying hedged forecasted transaction. In addition, the Company also designates forward contracts as hedges of the net investment in non-integral foreign operations. The changes in the derivative fair values relating to forward contracts and options that are designated as net investments in non-integral foreign operations have been recognised directly in shareholders' funds within translation reserve. The gains / losses in shareholders' funds would be transferred to profit and loss account upon the disposal of non-integral foreign operations.

As of March 31, 2007, the Company had forward /option contracts to sell USD 87 Million and as of March 31, 2008, the Company had forward /option contracts to sell USD 2,497 Million, GBP 84 Million, 24 Million and JPY 7,682 Million relating to highly probable forecasted transactions. In addition, the Company had forward contracts to sell USD 281 Million and EUR 65 Million as of March 31, 2008 relating to net investments in non-integral foreign operations. As of March 31, 2008, the Company has recognised mark-to-market losses of Rs 1,097 Million relating to forward contracts/ options that are designated as effective cash flow hedges and mark-to-market losses of Rs 495 Million relating to forward contracts / options that are designated as net investments in non-integral foreign operations in shareholders' funds.

As of March 31, 2007, the Company had undesignated forward contracts/ option contracts to sell USD 165 Million, GBP 123 Million and EUR 23 Million and as of March 31, 2008, the Company had undesignated forward contracts/ option contracts to sell USD 414 Million, GBP 58 Million and EUR 39 Million. The mark-to-market gain/(losses) on such contracts have been recognised in the profit and loss account.

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