

WIPRO LTD  
Form 20-F  
May 18, 2009

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 20-F**

(Mark One)

- Registration statement pursuant to section 12(b) or (g) of the Securities Exchange Act of 1934**
- Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the fiscal year ended March 31, 2009**

- Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

- Shell Company Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
Commission File Number 001-16139**

**WIPRO LIMITED**

(Exact name of Registrant as specified in its charter)

**Not Applicable**

(Translation of Registrant's name into English)

**Bangalore, Karnataka, India**

(Jurisdiction of incorporation or organization)

**Doddakannelli**

**Sarjapur Road**

**Bangalore, Karnataka 560035, India**

**+91-80-2844-0055**

(Address of principal executive offices)

**Suresh C Senapaty, Chief Financial Officer and Director**

**Phone: +91 80 28440055; Fax: +91 80 28440104**

(Name, telephone, email and/or facsimile number and address of contact person)

**Securities registered or to be registered pursuant to Section 12(b) of the Act:**

<p>Title of each class</p> <p><b>American Depositary Shares, each represented by one Equity Share, par value Rs. 2 per share.</b></p>	<p>Name of each exchange on which registered</p> <p><b>New York Stock Exchange</b></p>
---	--

**Securities registered or to be registered pursuant to Section 12(g) of the Act:**

**None**

(Title of Class)

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:**

**Not Applicable**

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 1,464,980,746 **Equity Shares.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act  
Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act, 1934 Yes  No

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes  No

**Table of Contents****Currency of Presentation and Certain Defined Terms**

In this Annual Report on Form 20-F, references to U.S. , or United States are to the United States of America, its territories and its possessions. References to India are to the Republic of India. References to U.K. are to the United Kingdom. Reference to \$ or US\$ or dollars or U.S. dollars are to the legal currency of the United States, references to £ or Pound Sterling are to the legal currency of United Kingdom and references to Rs. or Rupees or Indian rupees to the legal currency of India. All amounts are in Rs. or in U.S. dollars unless stated otherwise. Our financial statements are presented in Indian rupees and translated into U.S. dollars solely for the convenience of the readers and are prepared in accordance with United States Generally Accepted Accounting Principles ( U.S. GAAP ). References to Indian GAAP are to Indian Generally Accepted Accounting Principles. References to a particular fiscal year are to our fiscal year ended March 31 of such year.

All references to we , us , our , Wipro or the Company shall mean Wipro Limited and, unless specifically indicated otherwise or the context indicates otherwise, our consolidated subsidiaries. Wipro is our registered trademark in the United States and India. All other trademarks or trade names used in this Annual Report on Form 20-F are the property of the respective owners.

Except as otherwise stated in this Annual Report, all translations from Indian rupees to U.S. dollars are based on the certified foreign exchange rates published by Federal Reserve Board of New York on March 31, 2009, which was Rs. 50.87 per \$1.00. No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollars at such a rate or any other rate. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding. Information contained in our website, www.wipro.com, is not part of this Annual Report.

**Forward-Looking Statements May Prove Inaccurate**

In addition to historical information, this Annual Report on Form 20-F contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act ), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act ). Forward-looking statements are not historical facts but instead represent our beliefs regarding future events, many of which are, by their nature, inherently uncertain and outside our control. As a result, the forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements, and reported results should not be viewed as an indication of future performance. For a discussion of some of the risks and important factors that could affect the firm s future results and financial condition, please see the sections entitled Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations.

The forward-looking statements contained herein are identified by the use of terms and phrases such as anticipate , believe , could , estimate , expect , intend , may , plan , objectives , outlook , probably , project , wi terms and phrases. Such forward-looking statements include, but are not limited to, statements concerning:

our strategy to finance our operations, including our planned construction and expansion;

future marketing efforts, advertising campaigns, and promotional efforts;

future growth and market share projections, including projections regarding developments in technology and the effect of growth on our management and other resources;

the effect of facility expansion on our fixed costs;

our future expansion plans, including our intention to establish new development facilities in Southeast Asia and Europe;

our future acquisition strategy, including plans to acquire or make investments in complementary businesses, technologies, services or products, or enter into strategic partnerships with parties who can provide access to those assets;

the future impact of our acquisition;

our strategy and intentions regarding new product branding, including intentions to introduce acquired personal care product brands to establish our presence in the markets for personal care products in India;

the future competitive landscape and the effects of different pricing strategies;

the effect of current tax laws, including the branch profit tax;

the effect of future tax laws on our business;

the outcome of any legal proceeding, hearing, or dispute (including tax hearings) and the resulting effects on our business;

projections that the legal proceedings and claims that have arisen in the ordinary course of our business will not have a material and adverse effect on the results of operations or the financial position of the Company;

expectations of future a dividend payout;

projections that our cash and cash equivalent along with cash generated from operations will be sufficient to meet certain of our obligations;

our compensation strategy;

projections regarding currency transactions, including the effect of exchange rates on the Indian rupee and the U.S. dollar;

the nature of our revenue streams, including the portion of our IT Services revenue generated from a limited number of corporate clients;

the effect of a strategically located network of software development centers, and whether it will provide us with cost advantages;

our ability to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology;

projections regarding future economic policy, legislation, foreign investment, currency exchange and other policy matters that may affect our business;

the nature and flexibility of our business model;

expectations as to our future revenue, margins, expenses and capital requirements; and

market risk in the section titled **Quantitative and Qualitative Disclosure About Market Risk** under Item 11 of this Annual Report on Form 20-F.

We wish to ensure that all forward-looking statements are accompanied by meaningful cautionary statements, so as to ensure to the fullest extent possible the protections of the safe harbor established in the Private Securities Litigation Reform Act of 1995. Accordingly, all forward-looking statements are qualified in their entirety by reference to, and are accompanied by, the discussion of certain important factors that could cause actual results to differ materially from those projected in such forward-looking statements in this report, including the sections entitled **Risk Factors** and **Management's Discussion and Analysis of Financial Condition and Results of Operations**. We caution the reader that

this list of important factors may not be exhaustive. We operate in rapidly changing businesses, and new risk factors emerge from time to time. We cannot predict every risk factor, nor can we assess the impact, if any, of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. In addition, readers should carefully review the other information in this Annual Report on Form 20-F and in the Company's periodic reports and other documents filed with the Securities and Exchange Commission (SEC) from time to time.

**TABLE OF CONTENTS**

<u>Part I -</u>	4
<u>Item 1. Identity of Directors, Senior Management and Advisers</u>	4
<u>Item 2. Offer Statistics and Expected Timetable</u>	4
<u>Item 3. Key Information</u>	5
<u>Item 4. Information on the Company</u>	21
<u>Item 4A Unresolved Staff Comments</u>	39
<u>Item 5. Operating and Financial Review and Prospects</u>	39
<u>Item 6. Directors, Senior Management and Employees</u>	59
<u>Item 7. Major Shareholders and Related Party Transactions</u>	68
<u>Item 8. Financial Information</u>	69
<u>Item 9. The Offer and Listing</u>	69
<u>Item 10. Additional Information</u>	72
<u>Item 11. Quantitative and Qualitative Disclosure About Market Risk</u>	85
<u>Item 12. Description of Securities Other than Equity Securities</u>	87
 <u>Part II -</u>	 87
<u>Item 13. Defaults, Dividend Arrearages and Delinquencies</u>	87
<u>Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds</u>	87
<u>Item 15. Controls and Procedures</u>	87
<u>Item 16 A. Audit Committee Financial Expert</u>	90
<u>Item 16 B. Code of Ethics</u>	90
<u>Item 16 C. Principal Accountant Fees and Services</u>	90
<u>Item 16 D. Exemptions from the Listing Standards for Audit Committees</u>	91
<u>Item 16 E. Purchase of Equity Securities by the Issuer and Affiliated Purchasers</u>	91
<u>Item 16 F. Changes in registrant's Certifying Accountant</u>	91
<u>Item 16 G. Corporate Governance</u>	91
 <u>Part III -</u>	 91
<u>Item 17. Financial Statements</u>	91
<u>Item 18. Financial Statements</u>	92
<u>Item 19. Exhibits</u>	128
<u>EX-12.1</u>	
<u>EX-12.2</u>	
<u>EX-13</u>	
<u>EX-15.1</u>	

**Table of Contents**

PART I

**Item 1. Identity of Directors, Senior Management and Advisers**

Not applicable.

**Item 2. Offer Statistics and Expected Timetable**

Not applicable

4

---



**Table of Contents****Item 3. Key Information****Summary of Selected Consolidated Financial Data**

The selected consolidated financial data should be read in conjunction with the consolidated financial statements, the related notes and operating and financial review and prospects which are included elsewhere in this Annual Report. The selected consolidated statements of income data for the five years ended March 31, 2009 and selected consolidated balance sheet data as of March 31, 2005, 2006, 2007, 2008 and 2009 in Indian rupees have been prepared and presented in accordance with U.S. GAAP and have been derived from our audited consolidated financial statements and related notes.

(In millions, except per equity share data)

	2005	2006	2007	2008	2009	2009 Convenience translation into US\$
Consolidated statements of income data:						
Revenues:						
Services	65,398	86,610	117,819	146,170	193,924	3,812
Products	15,955	19,287	31,612	51,258	60,640	1,192
Total	81,353	106,107	149,431	197,428	254,564	5,004
Cost of revenues:						
Services	(41,473)	(56,546)	(76,488)	(98,606)	129,769	2,551
Products	(12,655)	(15,303)	(25,980)	(40,630)	48,407	952
Total	(54,128)	(71,849)	(102,468)	(139,236)	(178,176)	3,503
Gross profit	27,225	34,258	46,963	58,192	76,388	1,502
Operating expenses:						
Selling and marketing expenses	(5,466)	(6,764)	(9,173)	(13,807)	(17,762)	(349)
General and administrative expenses	(3,744)	(5,239)	(7,639)	(10,820)	(14,696)	(289)
Amortization of intangible assets	(140)	(64)	(269)	(616)	(1,488)	(29)
Other operating income/ (expenses)	(18)	(138)	24	765	(1,052)	(21)
Operating income	17,857	22,053	29,906	33,714	41,390	814
Gain/ (loss) on sale of stock by affiliates, including direct issue of stock by affiliate	(207)					
Other income/ (expense), (net)	800	1,196	2,628	2,167	(1,816)	(36)
Equity in earnings / (losses) of affiliates	158	288	318	257	362	7
Income before income taxes, minority interest and cumulative effect of changes in accounting policy						
	18,608	23,537	32,852	36,138	39,936	785
Income taxes	(2,694)	(3,265)	(3,723)	(3,873)	(5,422)	(107)
Minority interest	(81)	(1)		(24)	(99)	(2)
Income before cumulative effect of change in accounting principle						
	15,833	20,271	29,129	32,241	34,415	677

Cumulative effect of change in accounting principle						39
Net income	Rs. 15,833	Rs. 20,271	Rs. 29,168	Rs. 32,241	Rs. 34,415	\$ 677
Earnings per share:						
Basic						
Income before cumulative effect of change in accounting principle	11.38	14.41	20.42	22.23	23.67	0.47
Cumulative effect of change in accounting principle			0.03			
Net income	11.38	14.41	20.45	22.23	23.67	0.47
Diluted						
Income before cumulative effect of change in accounting principle	11.29	14.24	20.17	22.16	23.63	0.46
Cumulative effect of change in accounting principle			0.03			
Net income	11.29	14.24	20.20	22.16	23.63	0.46
Cash dividend per equity share	4.84	2.50	10.00	3.00	4.00	

**Table of Contents**

	2005	2006	2007	2008	2009	2009 Convenience translation into US\$
Additional data:						
Revenue by segment						
IT Services	Rs. 65,398	Rs. 86,610	Rs. 117,640	Rs. 146,260	Rs. 191,193	\$ 3,758
IT Products	8,686	10,378	16,965	24,619	33,424	657
Consumer Care and Lighting	4,555	5,625	7,563	14,619	19,243	378
Others	2,674	3,285	7,066	12,055	8,958	176
Reconciling items	40	209	197	(125)	1,746	34
Total	Rs. 81,353	Rs. 106,107	Rs. 149,431	Rs. 197,428	Rs. 254,564	\$ 5,004
Operating income by segment						
IT Services	Rs. 16,363	Rs. 20,238	Rs. 27,927	Rs. 30,488	Rs. 38,810	\$ 763
IT Products	432	575	639	869	1,218	24
Consumer Care and Lighting	671	799	1,067	1,842	2,294	45
Others	466	487	384	878	(326)	(6)
Reconciling items	(75)	(46)	(111)	(363)	(606)	(12)
Total	Rs. 17,857	Rs. 22,053	Rs. 29,906	Rs. 33,714	Rs. 41,390	\$ 814
<b>Consolidated Balance Sheet Data:</b>						
Cash and cash equivalents	Rs. 5,671	Rs. 8,858	Rs. 12,412	Rs. 39,270	Rs. 49,117	\$ 966
Restricted cash			7,238			
Short-term Investments	22,958	30,315	32,410	14,808	16,180	318
Working capital <sup>(1)</sup>	36,449	50,691	57,444	53,643	52,154	1,025
Total assets	72,075	102,827	146,084	224,502	291,087	5,722
Total debt (excluding capital lease obligation)	564	705	3,757	43,732	55,388	1,089
Total stockholders equity	56,729	78,764	101,468	129,354	150,182	2,952

**Notes:**

- Working capital equals current assets minus current liabilities.

**Table of Contents****Exchange Rates**

Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar will affect the U.S. dollar equivalent of the Indian rupee price of our equity shares on the Indian stock exchanges and, as a result, will likely affect the market price of our American Depositary Shares, or ADSs, listed on the New York Stock Exchange, and vice versa. Such fluctuations will also affect the U.S. dollar conversion by our depository for the ADSs, Morgan Guaranty Trust Company of New York, or Depository, of any cash dividends paid in Indian rupees on our equity shares represented by the ADSs.

The following table sets forth, for the fiscal years indicated, information concerning the amount of Indian rupees for which one U.S. dollar could be exchanged based on the certified foreign exchange rates published by Federal Reserve Board of New York. The column titled **Average** in the table below is the average of the certified foreign exchange rates on the last business day of each month during the year.

<b>Fiscal Year Ended March 31,</b>	<b>Period</b>			
	<b>End</b>	<b>Average</b>	<b>High</b>	<b>Low</b>
	Rs.	Rs.	Rs.	Rs.
2009	50.87	46.32	51.96	39.73
2008	40.02	40.13	43.05	38.48
2007	43.10	45.06	46.83	42.78
2006	44.48	44.21	46.26	43.05
2005	43.62	44.87	46.45	43.27

On May 8, 2009, the certified foreign exchange rates published by Federal Reserve Board of New York was Rs. 49.13

The following table sets forth the high and low exchange rates for the previous six months and are based on the certified foreign exchange rates published by Federal Reserve Board of New York on each business day during the period:

<b>Month</b>	<b>High</b>	<b>Low</b>
April 2009	50.48	49.55
March 2009	51.96	50.21
February 2009	50.88	48.37
January 2009	49.07	48.25
December 2008	50.05	46.74
November 2008	50.12	47.25

**Capitalization and Indebtedness**

Not applicable.

**Reasons for the Offer and Use of Proceeds**

Not applicable.

**Table of Contents**

**RISK FACTORS**

This Annual Report contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth in the following risk factors and elsewhere in this Annual Report. The following risk factors should be considered carefully in evaluating us and our business.

**Risks Related to our Company and our Industry**

**Our revenues and expenses are difficult to predict because they can fluctuate significantly given the nature of the markets in which we operate. This increases the likelihood that our results could fall below the expectation of market analysts, which could cause the price of our equity shares and ADSs to decline.**

Our revenue historically has fluctuated and may fluctuate in the future depending on a number of factors, including:

the size, complexity, timing, pricing terms and profitability of significant projects or product orders;

changes in our pricing policies or those of our competitors;

the proportion of services we perform at our clients' sites rather than at our offshore facilities;

seasonal changes that affect the mix of services we provide to our clients or the relative proportion of services and product revenue;

seasonal changes that affect purchasing patterns among our consumers of desktops, notebooks, servers, communication devices, consumer care and other products;

unanticipated cancellations, contract terminations or deferral of projects or those occurring as a result of our clients reorganizing their operations;

the duration of tax holidays or exemptions and the availability of other Government of India incentives;

the effect of seasonal hiring patterns and the time we require to train and productively utilize our new employees;

unanticipated variations in the duration, size and scope of our projects, as well as changes in the corporate decision-making process of our clients;

currency exchange fluctuations; and

other economic and political factors.

A significant portion of our total operating expenses in our IT Services and IT Products business, particularly personnel and facilities, are fixed in advance of any particular quarter. As a result, unanticipated variations in the number and timing of our projects or employee utilization rates, in our IT Services business excluding BPO Services, Indian IT Services and Infocrossing, may cause significant variations in operating results in any particular quarter. (Utilization is the proportion of billed resources to total resources. Our total resources for the purpose of computing utilization include resources in administration and general support function excluding corporate activities)

Therefore, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indications of future performance. Thus, it is possible that in the future some of our periodic results of operations may be below the expectations of public market analysts and investors, and the market price of our equity shares and ADSs could decline.

Our net income increased by 7% in the year ended March 31, 2009, as compared to the year ended March 31, 2008. We continue to face increasing competition, pricing pressures for our products and services and reduced demand for

IT Services. We are investing in developing capabilities in new technology areas and deepening our domain expertise. While we believe that we have a flexible business model which can mitigate this impact, we may not be able to sustain historical levels of profitability. In our Business Process Outsourcing, or BPO, business, we are diversifying our service offerings to reduce the proportion of revenues from customer interaction services. Continued attrition levels in our customer interaction services could adversely impact our operating margins. As a result, there can be no assurance that we will be able to sustain our historic levels of profitability.

**Table of Contents**

**If we do not continue to improve our administrative, operational and financial personnel and systems to manage our growth, the value of our shareholders investment may be harmed.**

Until fiscal 2009, we had experienced significant growth in all our businesses. In fiscal 2009, we experienced lower growth rates. However we expect our growth to continue to place significant demands on our management and other resources. This will require us to continue to develop and improve our operational, financial and other internal controls, both in India and elsewhere. In particular, our continued growth will increase the challenges involved in:

recruiting and retaining sufficiently skilled technical, marketing and management personnel;

adhering to our high quality standards;

maintaining high levels of client satisfaction;

developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems; and

preserving our culture, values and entrepreneurial environment.

If we are unable to manage our growth effectively, the quality of our services and products may decline, and our ability to attract clients and skilled personnel may be negatively affected. These factors in turn could negatively affect the growth of our Global IT Services and Products business and harm the value of our shareholders investment.

**Intense competition in the market for IT and ITES services could adversely affect our cost advantages, and, as a result, decrease our revenues.**

The market for IT services is highly competitive. Our competitors include software companies, IT companies, systems consulting and integration firms, other technology companies and client in-house information services departments. We may also face competition from IT and ITES companies operating from China and the Philippines. Many of our competitors command significantly greater financial, technical and marketing resources and generate greater revenue than we do. We cannot be reasonably certain that we will be able to compete successfully against such competitors or that we will not lose our key employees or clients to such competitors. Additionally, we believe that our ability to compete also depends in part on factors outside our control, such as the availability of skilled resources, the price at which our competitors offer comparable services, and the extent of our competitors responsiveness to their clients needs.

**We may face difficulties in providing end-to-end business solutions for our clients that could cause clients to discontinue their work with us, which in turn could harm our business.**

We have been expanding the nature and scope of our engagements and have added new service offerings, such as IT consulting, business process management, systems integration and outsourcing of entire portions of IT infrastructure. The success of these service offerings is dependent, in part, upon continued demand for such services by our existing and new clients and our ability to meet this demand in a cost-competitive and effective manner. In addition, our ability to effectively offer a wider breadth of end-to-end business solutions depends on our ability to attract existing or new clients to these service offerings. To obtain engagements for such end-to-end solutions, we also are more likely to compete with large, well-established international consulting firms, resulting in increased compensation and marketing costs. Accordingly, we cannot be certain that our new service offerings will effectively meet client needs or that we will be able to attract existing and new clients to these service offerings.

The increased breadth of our service offerings may result in larger and more complex projects with our clients. This will require us to establish closer relationships with our clients and a thorough understanding of their operations. Our ability to establish such relationships will depend on a number of factors, including the proficiency of our IT professionals and our management personnel. Our failure to understand our client requirements or our failure to deliver services which meet the requirements specified by our clients could result in termination of client contracts, and we could be liable to our clients for significant penalties or damages.

Larger projects may involve multiple engagements or stages, and there is a risk that a client may choose not to retain us for additional stages or may cancel or delay additional planned engagements. These terminations,

cancellations or delays may result from the business or financial condition of our clients or the economy generally, as opposed to factors related to the quality of our services. Such cancellations or delays make it difficult to plan for project resource requirements, and inaccuracies in such resource planning may have a negative impact on our profitability.



**Table of Contents**

**Our success depends in large part upon the ability of our management team and other highly skilled professionals. If we fail to retain and attract these personnel, our business may be unable to grow and our revenue could decline, which may decrease the value of our shareholders' investment.**

We are highly dependent on the senior members of our management team, including the continued efforts of our Chairman and Managing Director. Our ability to execute project engagements and to obtain new clients depends in large part on our ability to attract, train, motivate and retain highly skilled professionals, especially project managers, software engineers and other senior technical personnel. If we cannot hire and retain additional qualified personnel, our ability to bid on and obtain new projects and to continue to expand our business will be impaired and our revenue could decline. We believe that there is significant competition for professionals with the skills necessary to perform the services we offer. We may not be able to hire and retain enough skilled and experienced employees to replace those who leave. Additionally, we may not be able to re-deploy and retain our employees to keep pace with continuing changes in technology, evolving standards and changing client preferences. We are experiencing high employee attrition rates, in line with the industry, in customer interaction service offering in our BPO services business. Continued employee attrition rates in this business may adversely affect our revenues and profitability.

Changes in government policies affect our ability to hire, attract and retain personnel. For instance, the Finance Act, 2007 has imposed a fringe benefit tax (FBT) on companies in respect of specified securities or equity shares allotted or transferred, directly or indirectly, by the company free of cost or at a concessional rate to its employees reducing our ability to use stock option grants to attract, hire and retain qualified personnel.

**Currency exchange rate fluctuations in various currencies in which we do business, could negatively impact our revenue and operating results.**

Our IT Services business is approximately 75% of our revenues. Our revenues from this business are derived in major currencies of the world while a significant portion of its costs are in Indian rupees. The exchange rate between the rupee and major currencies of the world has fluctuated significantly in recent years and may continue to fluctuate in the future. Appreciation of the rupee against the major currencies of the world can adversely affect our revenues and competitive positioning, and can adversely impact our gross margins. We derive 26% of our IT services revenue from Europe. Exchange rate fluctuations between Euro and Pound sterling against the U.S. dollars can effect our revenues and growth expressed in USD terms. We enter into forward exchange contracts to minimize the impact of currency fluctuations on our revenues. However, volatility in exchange rate movement and/or sustained rupee appreciation will negatively impact our revenue and operating results.

A significant portion of our debt is in various foreign currencies. We also undertake hedging strategies to mitigate exposure of exchange rate risk relating to foreign currency borrowing including entering into cross-currency interest rate swaps. As mentioned above, the exchange rate between the rupee and major currencies of the world has fluctuated significantly in recent years and will likely continue to fluctuate in the future. Volatility in exchange rate movement and/or rupee depreciation may negatively impact our operating results.

**Our revenues are highly dependent on clients primarily located in the United States and Europe, as well as on clients concentrated in certain industries, and economic slowdowns or factors that affect the economic health of the United States, Europe or these industries may affect our business.**

We derive approximately 60% of our IT Services revenues from United States and 26% of our IT Services revenues from Europe. The recent crisis in the financial and credit markets in the United States, Europe and Asia have contributed significantly to a global economic slowdown, with the economies of the United States and Europe showing significant signs of weakness. Over the past few months there has been a significant reduction in consumer spending in the United States.

According to World Economic Outlook Update published by International Monetary Fund in April 2009, GDP of United States is projected to contract by 2.8% in calendar 2009 and during the same period GDP of Euro area is projected to contract by 4.2%. In an economic slowdown, our clients may reduce or postpone their technology spending significantly. Reduction in spending on IT services may lower the demand for our services and negatively affect our revenues and profitability. Forrester Global IT 2009 Market Outlook, predicts that U.S. IT purchases will slowdown from 4.05% growth in 2008 to 1.6% growth in 2009.

Further, any significant decrease in the growth of the industries on which we focus, or a significant consolidation in any such industry, may reduce the demand for our services and negatively affect our revenues and profitability. For instance we derive about 26% of our revenues in IT Services from clients in financial services sector. The recent crisis in the mortgage-backed securities markets has impacted companies in the financial services sector, which could result in reduction or postponement of their IT spending and thus may adversely affect our business.

**Table of Contents****Our IT Services revenue depends to a large extent on a small number of clients, and our revenue could decline if we lose a major client.**

We currently derive, and believe that we will continue to derive, a significant portion of our IT Services revenue from a limited number of corporate clients. The loss of a major client or a significant reduction in the service performed for a major client could result in a reduction of our revenue. Our largest client for the years ended March 31, 2007, March 31, 2008 and March 31, 2009, accounted for 3% of our IT Services revenue. For the same periods, our ten largest clients accounted for 25%, 21% and 20 % of our IT Services revenue. The volume of work we perform for specific clients may vary from year to year, particularly since we typically are not the sole outside service provider for our clients. Thus, any major client of one year may not provide the same level of revenue in a subsequent year.

There are a number of factors, other than our performance, that could cause the loss of a client and that may not be predictable. In certain cases, clients have reduced their spending on IT services due to challenging economic environment and consequently have reduced the volume of business with us. If we were to lose one of our major clients or have significantly lower volume of business with them, our revenue and profitability could be reduced. We continually strive to reduce our dependence on the revenue earned from services rendered to any one client.

**Restrictions on immigration in the U.S. may affect our ability to compete for and provide services to clients in the United States, which could hamper our growth and cause our revenue to decline.**

If U.S. immigration laws change and make it more difficult for us to obtain H-1B and L-1 visas for our employees, our ability to compete for and provide services to our clients in the United States could be impaired. In response to terrorist attacks in the United States, the U.S. Citizenship and Immigration Services has increased the level of scrutiny in granting visas and has decreased the number of its grants. These restrictions and any other changes in turn could hamper our growth and cause our revenue to decline. Our employees who work onsite at client facilities or at our facilities in the United States on temporary or extended assignments typically must obtain visas.

A majority of our personnel in the United States hold H-1B visas or L-1 visas. An H-1B visa is a temporary work visa, which allows the employee to remain in the United States while he or she remains an employee of the sponsoring firm, and the L-1 visa is an intra-company transfer visa, which only allows the employee to remain in the United States temporarily. Although there is no limit to new L-1 petitions, there is a limit to the aggregate number of new H-1B petitions that the U.S. Citizenship and Immigration Services may approve in any government fiscal year. The U.S. Citizenship and Immigration Services have limited the number of H-1B visas that may be granted from 2005 fiscal year to 65,000 per year, from 195,000 in each of the three years prior to 2004. Although the U.S. government has approved the grant of approximately 20,000 additional H-1B visas, these visas are only available to skilled workers who possess a Master's or higher degree from educational institutions in the United States.

The L-1 and H-1B Visa Reform Act of 2004 further proposes to preclude foreign companies from obtaining L-1 visas for employees with specialized knowledge: (1) if such employees will be stationed primarily at the worksite of another company in the U.S. and the employee will not be controlled and supervised by his employer, or (2) if the placement is essentially an arrangement to provide labor for hire rather than in connection with the employee's specialized knowledge. The L1 Reforms Act provisions became effective in June 2005.

Immigration laws in the United States may also require us to meet certain levels of compensation, and to comply with other legal requirements, including labor certifications, as a condition to obtaining or maintaining work visas for our technology professionals working in the United States.

Immigration laws in the United States and in other countries are subject to legislative changes, as well as to variations in standards of application and enforcement due to political forces and economic conditions. It is difficult to predict the political and economic events that could affect immigration laws, or the restrictive impact they could have on obtaining or monitoring work visas for our technology professionals.

Although we currently have sufficient personnel with valid H-1B visas, we cannot assure you that we will continue to be able to obtain any or a sufficient number of H-1B visas on the same time schedule as we have previously obtained, or at all.

**Our global operations expose us to numerous and sometimes conflicting legal and regulatory requirements, and violation of these regulations could harm our business**

Because we provide services to clients throughout the world, we are subject to numerous, and sometimes conflicting, legal rules on matters as diverse as import/export controls, content requirements, trade restrictions, tariffs, taxation, sanctions, government affairs, internal and disclosure control obligations, data privacy and labor relations. Violations of these regulations in the conduct of our business could result in fines, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these regulations in connection with

**Table of Contents**

the performance of our obligations to our clients also could result in liability for monetary damages, fines and/or criminal prosecution, unfavorable publicity, restrictions on our ability to process information and allegations by our clients that we have not performed our contractual obligations. Due to the varying degree of development of the legal systems of the countries in which we operate, local laws might be insufficient to protect our rights.

We have approximately 13,000 employees located outside India. We are subject to risks relating to compliance with a variety of national and local laws including multiple tax regimes, labour laws, employee health safety and wages and benefits. We may from time to time be subject to litigation or administrative actions resulting from claims against us by current or former employees individually or as part of class actions, including claims of wrongful terminations, discrimination, misclassification or other violation of labour law or other alleged conduct. Our failure to comply with applicable regulatory requirements could have a material adverse effect on our business, results of operations and financial condition.

**Legislation in certain countries, in which we operate, including the United States may restrict companies in those countries from outsourcing work to us.**

Recently, some countries and organizations have expressed concerns about a perceived association between offshore outsourcing and the loss of jobs. With the growth of offshore outsourcing receiving increasing political and media attention there have been concerted efforts to enact new legislation to restrict offshore outsourcing or impose disincentives on companies which have been outsourcing. This may adversely impact our ability to do business in these jurisdictions and could adversely affect our revenues and operating profitability.

The recent credit crisis in the United States has also resulted in the United States federal government and governments in Europe acquiring or proposing to acquire equity positions in leading financial institutions and banks. If either the United States federal government or a government in Europe acquires equity positions in any of our clients, any resulting changes in management or reorganizations may result in deferrals or cancellations of projects or delays in purchase decisions, which may adversely affect our business, results of operations or financial condition.

Moreover, equity holdings by governmental entities in our clients may increase the ability of the respective governments to influence the decisions of these financial institutions to outsource or obtain services from outside of United States which may in turn affect our business with these entities.

In addition, from time to time there has been publicity about negative experiences associated with offshore outsourcing, such as theft and misappropriation of sensitive client data (including reports involving service providers in India). Our current or prospective clients may elect to perform certain services themselves or may be discouraged from transferring services from onshore to offshore providers to avoid negative perceptions that may be associated with using an offshore provider. Any slowdown or reversal of existing industry trends toward offshore outsourcing would seriously harm our ability to compete effectively with competitors that provide services from within the country in which our clients operate.

**We focus on high-growth industries, such as networking and communications. Any decrease in demand for technology in such industries may significantly decrease the demand for our services, which may impair our growth and cause our revenue to decline.**

Approximately 29% of our IT Services business is derived from clients in high growth industries who use our IT services for networking and communications equipment. These industries have experienced periods of above normal growth and periods of contraction. Any significant decrease in the growth of these industries will decrease the demand for our services and could reduce our revenue.

**Our failure to complete fixed-price, fixed-timeframe contracts on budget and on time may negatively affect our profitability, which could decrease the value of our shareholders investment.**

We offer a portion of our services on a fixed-price, fixed-timeframe basis, rather than on a time-and-materials basis. Although we use specified software engineering processes and our past project experience to reduce the risks associated with estimating, planning and performing fixed-price, fixed-timeframe projects, we bear the risk of cost overruns, completion delays and wage inflation in connection with these projects. If we fail to accurately estimate the resources and time required for a project, future rates of wage inflation and currency exchange rates, or if we fail to complete our contractual obligations within the contracted timeframe, our profitability may suffer.

**Disruptions in telecommunications could harm our service model, which could result in a reduction of our revenue.**

**Table of Contents**

A significant element of our business strategy is to continue to leverage and expand our software development centers at Bangalore, Chennai, Hyderabad and Pune in India, as well as overseas. We believe that the use of a strategically located network of software development centers will provide us with cost advantages, the ability to attract highly skilled personnel in various regions of the country and the world, the ability to service clients on a regional and global basis and the ability to provide services to our clients 24 hours a day, seven days a week. Part of our service model is to maintain active voice and data communications between our main offices in Bangalore, our clients' offices, and our other software development and support facilities. Although we maintain redundancy facilities and satellite communications links, any significant loss in our ability to transmit voice and data through satellite and telephone communications could result in a disruption in business, thereby hindering our performance or our ability to complete client projects on time. This, in turn, could lead to a reduction of our revenue.

**We may be liable to our clients for damages caused by disclosure of confidential information or system failures.**

We often have access to or are required to collect and store confidential client and customer data. Many of our client agreements do not limit our potential liability for breaches of confidentiality. If any person, including any of our employees, penetrates our network security or misappropriates sensitive data, we could be subject to significant liability from our clients or from our clients' customers for breaching contractual confidentiality provisions or privacy laws. Unauthorized disclosure of sensitive or confidential client and customer data, whether through breach of our computer systems, systems failure or otherwise, could damage our reputation and cause us to lose clients.

**Disclosure about our vendor status with World Bank could adversely affect our business and results of operations**

On January 13, 2009, we filed on Form 6-K our press release clarifying our vendor status with the World Bank. The World Bank had determined Wipro to be ineligible to contest direct contracts from the World Bank for the period 2007-2011. Even though our revenue from the World Bank is insignificant and our inability to contract future business from the World Bank will not adversely affect our business and results of operations, the negative publicity resulting from this disclosure could cause existing and potential customers to alter their relationship with Wipro in a manner, which could adversely affect our business and results of operations.

**We are investing substantial cash assets in new facilities and physical infrastructures and our profitability could be reduced if our business does not grow proportionately.**

We have invested substantially on construction or expansion of new software development facilities and physical infrastructure during fiscal 2009 in anticipation of growth in our business. The total amount of investment made to purchase property, plant and equipment in fiscal 2009 was Rs. 16,592 million (\$ 326 million). Additionally, as of March 31, 2009, we had contractual commitments of approximately Rs. 5,371 million (\$ 106 million) related to capital expenditures on construction or expansion of our software development facilities. We may encounter cost overruns or project delays in connection with new facilities. These expansions may increase our fixed costs. If we are unable to grow our business and revenues proportionately, our profitability will be reduced.

**Our international operations subject us to risks inherent in doing business on an international level that could harm our operating results.**

Currently, we have software development facilities in several countries around the world. The majority of our software development facilities are located in India. We intend to establish new development facilities in Southeast Asia and Europe. We have not yet made substantial contractual commitments to establish any new facilities and we cannot assure you that we will not significantly alter our proposed expansion plans. Because of our limited experience with facilities outside of India, we are subject to additional risks related to our international expansion strategy, including risks related to complying with a wide variety of national and local laws, restrictions on the import and export of certain technologies and multiple and possibly overlapping tax structures. In addition, we may face competition in other countries from companies that may have more experience with operations in such countries or with international operations in general. We may also face difficulties integrating new facilities in different countries into our existing operations, as well as integrating employees that we hire in different countries into our existing corporate culture. Our international expansion plans may not be successful and we may not be able to compete effectively in other countries.

**Our business will suffer if we fail to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology and the industries on which we focus.**

The IT services market is characterized by rapid technological changes, evolving industry standards, changing client preferences and new product and service introductions. Our future success will depend on our ability to anticipate these advances and develop new product and service offerings to meet client needs. We may not be successful in anticipating or responding to these advances on a timely basis, or, if we do respond, the services or technologies we develop may not be successful in the marketplace. Further, products, services or technologies that are developed by our competitors may render our services non-competitive or obsolete.



**Table of Contents**

**Most of our client contracts can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenue and profitability.**

Our clients typically retain us on a non-exclusive, project-by-project basis. Most of our client contracts, including those that are on a fixed-price, fixed-timeframe basis, can be terminated with or without cause, in as few as ninety days' notice and without termination-related penalties. Additionally, most of our contracts with clients are typically limited to discrete projects without any commitment to a specific volume of business or future work. Our business is dependent on the decisions and actions of our clients, and there are a number of factors relating to our clients that are outside our control that might result in the termination of a project or the loss of a client, including:

financial difficulties for a client;

a change in strategic priorities, resulting in a reduced level of IT spending;

a demand for price reductions; and

a change in outsourcing strategy by moving more work to client in-house IT departments or to our competitors.

**We may engage in future acquisitions, investments, strategic partnerships or other ventures that may harm our performance, dilute our shareholders' ownership and cause us to incur debt or assume contingent liabilities.**

We have acquired and in the future may acquire or make investments in complementary businesses, technologies, services or products, or enter into strategic partnerships with parties who can provide access to those assets. For example, in January 2009, we acquired 100% of equity of the Citi Technology Services Limited, an India based company engaged in providing Technology Infrastructure Services (TIS), application development and maintenance services for cards, capital markets and corporate banking. In the future, we may not identify suitable acquisition, investment or strategic partnership candidates, or if we do identify suitable candidates, we may not complete those transactions on terms commercially acceptable to us. We could have difficulty in assimilating the personnel, operations, technology and software of the acquired companies. In addition, the key personnel of an acquired company may decide not to work for us. If we make other types of acquisitions, we could have difficulty in integrating the acquired products, services or technologies into our operations. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses. Changes in competition laws in India and abroad could also impact our acquisition plans.

**Some of our long-term client contracts contain benchmarking provisions which, if triggered could result in lower contractual revenues and profitability in the future.**

As the size and complexity of our client engagements increase, our clients may require further benchmarking provisions in our contracts with them. Benchmarking provisions allow a customer in certain circumstances to request a benchmark study prepared by an agreed upon third-party comparing our pricing, performance and efficiency gains for delivered contract services to that of an agreed upon list of other service providers for comparable services. Based on the results of the benchmark study and depending on the reasons for any unfavorable variance, we may be required to reduce the pricing for future services to be performed under the balance of the contract, which could have an adverse impact on our revenues and profitability.

**We may be liable to our clients for damages caused by system failures, which could damage our reputation and cause us to lose customers.**

Many of our contracts involve projects that are critical to the operations of our clients' businesses and provide benefits that may be difficult to quantify. Any failure in a client's system could result in a claim for substantial damages against us, regardless of our responsibility for such failure. Although we attempt to limit our contractual liability for consequential damages in rendering our services, we cannot be assured that such limitations on liability will be enforceable in all cases, or that they will otherwise protect us from liability for damages. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a large deductible or co-insurance requirement, could adversely affect our operating results.

**Customers may subject us to litigation to seek damages for deficient services or for violating intellectual property rights**

Our customers may subject us to litigation and seek damages for the loss caused by alleged deficient services. Customers may also subject us to litigation and seek damages for violating or misusing intellectual property rights. Our inability to provide services at the contractually agreed service levels or inability to prevent violation or misuse of intellectual property of the customer could cause significant damage to our reputation and adversely affect our results of operations.

**Table of Contents**

**Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance.**

Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new SEC regulations, NYSE rules, Securities and Exchange Board of India rules and Indian stock market listing regulations, are creating uncertainty for companies like ours. These new or changed laws, regulations and standards may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards.

In particular, continuing compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and the related regulations regarding our required assessment of our internal controls over financial reporting requires the commitment of significant financial and managerial resources. With respect to our Form 20-F for the year ended March 31, 2009, our management has performed an assessment of the effectiveness of the internal control over financial reporting. We have determined that the internal controls are effective.

We are committed to maintaining high standards of corporate governance and public disclosure, and our efforts to comply with evolving laws, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. In addition, the new laws, regulations and standards regarding corporate governance may make it more difficult for us to obtain director and officer liability insurance. Further, our board members, chief executive officer and chief financial officer could face an increased risk of personal liability in connection with their performance of duties. As a result, we may face difficulties attracting and retaining qualified board members and executive officers, which could harm our business. If we fail to comply with new or changed laws or regulations and standards differ, our business and reputation may be harmed.

**If we are unable to collect our receivables from or invoice our unbilled services to our clients, our results of operations and cash flows could be adversely affected.**

Our business depends on our ability to successfully obtain payment from our clients of the amounts they owe us for work performed. We evaluate the financial condition of our clients and usually bill and collect on relatively short cycles. We maintain provisions against receivables and unbilled services. Actual losses on client balances could differ from those that we currently anticipate and as a result we might need to adjust our provisions. There is no guarantee that we will accurately assess the creditworthiness of our clients. Macroeconomic conditions, such as the continued credit crisis and related turmoil in the global financial system, could also result in financial difficulties, including limited access to the credit markets, insolvency or bankruptcy, for our clients, and as a result could cause clients to delay payments to us, request modifications to their payment arrangements that could increase our receivables balance, or default on their payment obligations to us. Timely collection of client balances also depends on our ability to complete our contractual commitments and bill and collect our contracted revenues. If we are unable to meet our contractual requirements, we might experience delays in collection of and/or be unable to collect our client balances, and if this occurs, our results of operations and cash flows could be adversely affected. In addition, if we experience an increase in the time to bill and collect for our services, our cash flows could be adversely affected.

**If our pricing structures do not accurately anticipate the cost and complexity of performing our work, then our contracts could be unprofitable.**

We negotiate pricing terms with our clients utilizing a range of pricing structures and conditions. Depending on the particular contract, these include time-and-materials pricing, fixed-price pricing, and contracts with features of both of these pricing models. Our pricing is highly dependent on our internal forecasts and predictions about our projects and the marketplace, which might be based on limited data and could turn out to be inaccurate. If we do not accurately estimate the costs and timing for completing projects, our contracts could prove unprofitable for us or yield lower profit margins than anticipated. We could face greater risk when pricing our outsourcing contracts, as many of our outsourcing projects entail the coordination of operations and workforces in multiple locations, utilizing workforces with different skill sets and competencies and geographically distributed service centers. Furthermore, on outsourcing work we occasionally hire employees from our clients and assume responsibility for one or more of our clients

business processes. Our pricing, cost and profit margin estimates on outsourcing work frequently include anticipated long-term cost savings from transformational and other initiatives that we expect to achieve and sustain over the life of the outsourcing contract. There is a risk that we will under price our contracts, fail to accurately estimate the costs of performing the work or fail to accurately assess the risks associated with potential contracts. In particular, any increased or unexpected costs, delays or failures to achieve anticipated cost savings, or unexpected risks we encounter in connection with the performance of this work, including those caused by factors outside our control, could make these contracts less profitable or unprofitable, which could have an adverse effect on our profit margin.

**Table of Contents**

**Our profitability could suffer if we are not able to maintain favorable utilization rates.**

The cost of providing our services, including the utilization rate of our professionals, affects our profitability. If we are not able to maintain an appropriate utilization rate for our professionals, our profit margin and our profitability may suffer. Our utilization rates are affected by a number of factors, including:

our ability to transition employees from completed projects to new assignments and to hire and assimilate new employees,

our ability to forecast demand for our services and thereby maintain an appropriate headcount in each of our geographies and workforces,

our ability to manage attrition; and

our need to devote time and resources to training, professional development and other non-chargeable activities.

**We are exposed to fluctuations in the market values of our investment portfolio.**

Recent turmoil in the financial markets has adversely affected economic activity in the United States and other regions of the world in which we do business. Continued deterioration of the credit and capital markets could result in volatility of our investment earnings and impairments to our investment portfolio, which could negatively impact our financial condition and reported income.

**Risks Related to Investments in Indian Companies and International Operations generally.**

We are incorporated in India, and a substantial portion of our assets and our employees are located in India. Consequently, our financial performance and the market price of our ADSs will be affected by political, social and economic developments affecting India, Government of India policies, including taxation and foreign investment policies, Government currency exchange control, as well as changes in exchange rates and interest rates.

**Wages in India have historically been lower than wages in the United States and Europe, which has been one of our competitive advantages. Wage increases in India may prevent us from sustaining this competitive advantage and may reduce our profit margins.**

Our wage costs in India have historically been significantly lower than wage costs in the United States and Europe for comparably skilled professionals, and this has been one of our competitive advantages. However, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. We may need to increase the levels of our employee compensation more rapidly than in the past to retain talent. Unless we are able to continue to increase the efficiency and productivity of our employees, increase in proportion of employees with lower experience, or source talent from other low cost locations, like Eastern Europe, China or South-East Asia; wage increases in the long term may reduce our profit margins.

**We would realize lower tax benefits if the special tax holiday scheme for units set up in special economic zones is substantially modified.**

The Government of India introduced a separate tax holiday scheme for units set up in special economic zones. Under this scheme, units in designated special economic zones which began providing services on or after April 1, 2005 will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits or gains for a further five years.

Recently there have been demands by legislators and various political parties in India that the Government of India should actively regulate the development of special economic zones by private entities. There have been demands to impose strict conditions which need to be complied with before an economic zone developed by a private entity is designated as special economic zone. If such regulations or conditions are imposed it would adversely impact our ability to set up new units in such designated special economic zones and avail ourselves of tax benefits.

**Our net income would decrease if the Government of India imposes additional taxes or withdraws or reduces tax benefits or other incentives**

**Table of Contents**

Currently, we benefit from certain tax incentives under Indian tax laws. As a result of these incentives, our operations have not been subject to significant Indian tax liabilities. These tax incentives currently include a tax holiday from payment of Indian corporate income taxes for our Global IT Services and Products business operated from specially designated Software Technology Parks and Special Economic Zones in India and an income tax deduction of 100% for profits derived from exporting information technology services. As a result, a substantial portion of our pre-tax income has not been subject to significant tax in India in recent years.

The Finance Act, 2000 phases out the 10-year tax holiday available to Companies that export software from specially designated software technology parks in India, or STPs, such that it is available only until the earlier of fiscal year 2009 or 10 years after the commencement of a Company's undertaking. On May 10, 2008, the Finance Minister of India announced that the Government of India has extended the availability of the 10-year tax holiday by a period of one year such that the tax holiday will be available until the earlier of fiscal year 2010 or 10 years after the commencement of a Company's undertaking.

The Finance Act, 2007 has included income eligible for deductions under sections 10A and 10B of the Indian Income Tax Act (sections that provide tax holiday benefits) in the computation of book profits for the levy of a Minimum Alternative Tax, or MAT. The rate of MAT, effective April 1, 2007, would be 11.33% (including a surcharge and education cess) on our book profits determined after including income eligible for deductions under Sections 10A and 10B of the Indian Income Tax Act. The Income Tax Act provides that the MAT paid over normal tax payable that could be carried forward can be adjusted against our tax liability over the next seven years. Although MAT paid by us can be set off against our future income tax liability, our cash flows could be adversely affected.

**In the event that the Government of India or the government of another country changes its tax policies in a manner that is adverse to us, our tax expense may materially increase, reducing our profitability.**

In the recent years, the Government of India has introduced tax on various services provided within India including the maintenance and repair of software. The Government of India has in the Finance Act, 2008, included services provided in relation to information technology software under the ambit of service tax, if it is in the course or furtherance of the business. Under this tax, service providers are required to pay a tax of 10% (excluding applicable education cess) on the value of services provided to customers. The Government of India may expand the services covered under the ambit of this tax to include various services provided by us. This tax, if expanded, could increase our expenses, and could adversely affect our operating margins and revenues. Although currently there is no material pending or threatened claims against us for service taxes, such claims may be asserted against us in the future. Defending these claims would be expensive and divert our attention and resources from operating our company.

We are subject to a 15% Branch Profit Tax, or BPT, in the United States to the extent that the after-tax net profits of our United States branch during a fiscal year exceeds the increase in the United States branch net assets, the net profits and net assets being calculated in accordance with the Internal Revenue Code. Based on the net profits of our United States branch for fiscal 2009 and the net assets held as of March 31, 2009 and March 31, 2008, we are not currently subject to BPT. In the event that BPT is triggered, then such after-tax net profits not represented by an increase in net assets would be treated as a deemed distribution of accumulated profits and we would be liable to pay additional taxes on all such deemed distributions, thereby increasing our income tax expenses and affecting our profits negatively.

**We operate in jurisdictions that impose transfer pricing and other tax-related regulations on us, and any failure to comply could materially and adversely affect our profitability.**

We are required to comply with various transfer pricing regulations in India and other countries. Failure to comply with such regulations may impact our effective tax rates and consequently affect our net margins. Additionally, we operate in several countries and our failure to comply with the local tax regime may result in additional taxes, penalties and enforcement actions from such authorities. In the event that we do not properly comply with transfer pricing and tax-related regulations, our profitability may be adversely affected.

**Terrorist attacks or a war could adversely affect our business, results of operations and financial condition.**

Terrorist attacks, such as the attacks of September 11, 2001 in the United States, the attacks of July 7, 2005 in London, the attacks of June 30, 2007 in Glasgow, the attacks in November 2008 in Mumbai and other acts of violence or war, such as the continuing conflict in Iraq and Afghanistan, have the potential to have a direct impact on our

clients. To the extent that such attacks affect or involve the United States or Europe, our business may be significantly impacted, as the majority of our revenues are derived from clients located in the United States and Europe. In addition, such attacks may make travel more difficult, may make it more difficult to obtain work visas for many of our technology professionals who are required to work in the United States or Europe, and may effectively curtail our ability to deliver our services to our clients. Such obstacles to business may increase our expenses and negatively affect the results of our operations. Furthermore, any attacks in India could cause a disruption in the delivery of our services to our clients, and could have a negative impact on our business, personnel, assets and results of operations, and could cause our clients or potential clients to choose other vendors for the services we provide. Terrorist threats, attacks or war could also delay, postpone or cancel our clients' decisions to use our services.

**Table of Contents****The markets in which we operate are subject to the risk of earthquakes, floods and other natural disasters.**

Some of the regions that we operate in are prone to earthquakes, flooding and other natural disasters. In the event that any of our business centers are affected by any such disasters, we may sustain damage to our operations and properties, suffer significant financial losses and be unable to complete our client engagements in a timely manner, if at all. Further, in the event of a natural disaster, we may also incur costs in redeploying personnel and property. In addition if there is a major earthquake, flood or other natural disaster in any of the locations in which our significant customers are located, we face the risk that our customers may incur losses, or sustained business interruption and/or loss which may materially impair their ability to continue their purchase of products or services from us. A major earthquake, flood or other natural disaster in the markets in which we operate could have a material adverse effect on our business, financial condition, results of operations and cash flows.

**Regional conflicts in South Asia could adversely affect the Indian economy, disrupt our operations and cause our business to suffer.**

South Asia has from time to time experienced instances of civil unrest and hostilities among neighboring countries, including between India and Pakistan. In recent years there have been military confrontations between India and Pakistan that have occurred in the region of Kashmir and along the India-Pakistan border. The potential for hostilities between the two countries are high due to terrorist incidents in India and the aggravated geopolitical situation in the region. Both countries have initiated active measures to reduce hostilities. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our equity shares and our ADSs, and on the market for our services.

**Political considerations in the Indian Government could delay the liberalization of the Indian economy and adversely affect economic conditions in India in general, which could in return impact our financial results and prospects.**

Since 1991, successive Indian Governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian Central and State Governments in the Indian economy as producers, consumers and regulators has remained significant. Although we believe that the process of economic liberalization will continue, the rate of economic liberalization could change, and specific laws and policies affecting technology companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular.

For instance in April 2007, the Government of India announced a number of changes in its policy relating to the Special Economic Zones (SEZs) including specifying a cap on land available for SEZs. The Government is also considering making changes in its SEZ policy. We currently have several facilities operating within SEZs and any adverse change in policy relating to SEZs could affect our profitability.

**Indian law limits our ability to raise capital outside India and may limit the ability of others to acquire us, which could prevent us from operating our business or entering into a transaction that is in the best interests of our shareholders.**

Indian law constrains our ability to raise capital outside India through the issuance of equity or convertible debt securities. Generally, any foreign investment in, or an acquisition of, an Indian company requires approval from relevant Government authorities in India, including the Reserve Bank of India. However, subject to certain exceptions, the Government of India currently does not require prior approvals for IT companies like us. If we are required to seek the approval of the Government of India and the Government of India does not approve the investment or implements a limit on the foreign equity ownership of IT companies, our ability to seek and obtain additional equity investment by foreign investors will be limited. In addition, these restrictions, if applied to us, may prevent us from entering into a transaction, such as an acquisition by a non-Indian company, which would otherwise be beneficial for our company and the holders of our equity shares and ADSs.



**Our ability to acquire companies organized outside India depends on the approval of the Government of India. Our failure to obtain approval from the Government of India for acquisition of companies organized outside India may restrict our international growth, which could negatively affect our revenue.**

## **Table of Contents**

The Ministry of Finance of the Government of India and/or the Reserve Bank of India must approve our acquisition of any company organized outside of India or grant general or special permission for such acquisition. The Reserve Bank of India permits acquisitions of companies organized outside of India by an Indian party without approval in the following circumstances:

if the transaction consideration is paid in cash, up to 400% of the networth of the acquiring Company;

Acquisition is funded with cash from the acquiring company's existing foreign currency accounts or with cash proceeds from the issue of ADRs/GDRs; or

if the transaction consideration is paid in stock (i.e., by issue of ADRs/GDRs), up to ten times the acquiring company's previous fiscal year's export earnings.

We cannot assure you that any required approval from the Reserve Bank of India and or the Ministry of Finance or any other Government agency can be obtained. Our failure to obtain such approvals from the Government of India for acquisitions of companies organized outside India may restrict our international growth, which could negatively affect our revenue.

### **It may be difficult for you to enforce any judgment obtained in the United States against us, the selling shareholders or our affiliates.**

We are incorporated under the laws of India and many of our directors and executive officers, reside outside the United States. A substantial portion of our assets and the assets of many of these persons are located outside the United States. As a result, you may be unable to effect service of process upon us outside India or upon such persons outside their jurisdiction of residence. In addition, you may be unable to enforce against us in courts outside of India, or against these persons outside the jurisdiction of their residence, judgments obtained in courts of the United States, including judgments predicated solely upon the federal securities laws of the United States.

We have been advised by our Indian counsel that the United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States on civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be enforceable in India. However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India under the Foreign Exchange Management Act, 1999, to execute such a judgment or to repatriate any amount recovered.

### **The laws of India do not protect intellectual property rights to the same extent as those of the United States, and we may be unsuccessful in protecting our intellectual property rights. Unauthorized use of our intellectual property may result in development of technology, products or services which compete with our products. We may also be subject to third-party claims of intellectual property infringement.**

Our intellectual property rights are important to our business. We rely on a combination of copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property. However, the laws of India do not protect proprietary rights to the same extent as laws in the United States. Therefore, our efforts to protect our intellectual property may not be adequate. Our competitors may independently develop similar technology or duplicate our products or services. Unauthorized parties may infringe upon or misappropriate our products, services or proprietary information.

The misappropriation or duplication of our intellectual property could disrupt our ongoing business, distract our management and employees, reduce our revenue and increase our expenses. We may need to litigate to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time-consuming and costly. As the number of patents, copyrights and other intellectual property

rights in our industry increases, and as the coverage of these rights increases, we believe that companies in our industry will face more frequent infringement claims. Defending against these claims, even if not meritorious, could be expensive and divert our attention and resources from operating our company.

**Table of Contents**

Although we believe that our intellectual property rights do not infringe on the intellectual property rights of any other party, infringement claims may be asserted against us in the future. If we become liable to third parties for infringing their intellectual property rights, we could be required to pay a substantial damage award and be forced to develop non-infringing technology, obtain a license or cease selling the applications or products that contain the infringing technology. We may be unable to develop non-infringing technology or to obtain a license on commercially reasonable terms, or at all.

**Risks Related to the ADSs****Sales of our equity shares may adversely affect the prices of our equity shares and the ADSs.**

Sales of substantial amounts of our equity shares, including sales by insiders, in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of our equity shares or our ADSs or our ability to raise capital through an offering of our securities. In the future, we may also sponsor the sale of shares currently held by some of our shareholders, or issue new shares. We can make no prediction as to the timing of any such sales or the effect, if any, that future sales of our equity shares, or the availability of our equity shares for future sale, will have on the market price of our equity shares or ADSs prevailing from time to time.

**An active or liquid trading market for our ADSs is not assured.**

An active, liquid trading market for our ADSs may not be maintained in the long term. Loss of liquidity could increase the price volatility of our ADSs.

**Indian law imposes foreign investment restrictions that limit a holder's ability to convert equity shares into ADSs, which may cause our ADSs to trade at a premium or discount to the market price of our equity shares.**

Under certain circumstances, the Reserve Bank of India must approve the sale of equity shares underlying ADSs by a non-resident of India to a resident of India. The Reserve Bank of India has given general permission to effect sales of existing shares or convertible debentures of an Indian company by a resident to a non-resident, subject to certain conditions, including the price at which the shares may be sold. Additionally, except under certain limited circumstances, if an investor seeks to convert the rupee proceeds from a sale of equity shares in India into foreign currency and then repatriate that foreign currency from India, he or she will have to obtain an additional Reserve Bank of India approval for each transaction. Required approval from the Reserve Bank of India or any other Government agency may not be obtained on terms which are favorable to a non-resident investor or at all.

Investors who exchange ADSs for the underlying equity shares and are not holders of record will be required to declare to us details of the holder of record, and the holder of record will be required to disclose the details of the beneficial owner. Any investor who fails to comply with this requirement may be liable for a fine of up to Rs. 1,000 for each day such failure continues. Such restrictions on foreign ownership of the underlying equity shares may cause our ADSs to trade at a premium or discount to the equity shares.

**An investor in our ADSs may not be able to exercise preemptive rights for additional shares and may thereby suffer dilution of his or her equity interest in us.**

Under the Indian Companies Act, a company incorporated in India must offer its holders of equity shares preemptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless such preemptive rights have been waived by three-fourths of the shares voting on the resolution to waive such rights. Holders of ADSs may be unable to exercise preemptive rights for equity shares underlying ADSs unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. We are not obligated to prepare and file such a registration statement and our decision to do so will depend on the costs and potential liabilities associated with any such registration statement, as well as the perceived benefits of enabling the holders of ADSs to exercise their preemptive rights, and any other factors we consider appropriate at the time. No assurance can be given that we would file a registration statement under these circumstances. If we issue any such securities in the future, such securities may be issued to the Depository, which may sell such securities for the benefit of the holders of the ADSs. There can be no assurance as to the value, if any; the Depository would receive upon the sale of such securities. To the extent that holders of ADSs are unable to exercise preemptive rights granted in respect of the equity shares represented by their ADSs, their proportional interests in us would be reduced.

**ADS holders may be restricted in their ability to exercise voting rights.**

At our request, the Depositary will mail to you any notice of shareholders meeting received from us along with information explaining how to instruct the Depositary to exercise the voting rights of the securities represented by ADSs. If the Depositary receives voting instructions from you in time, relating to matters that have been forwarded to you, it will endeavor to vote the securities represented by your ADSs in accordance with such voting instructions. However, the ability of the Depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure that you will receive voting materials in time to enable you to return voting

**Table of Contents**

instructions to the Depository in a timely manner. Securities for which no voting instructions have been received will not be voted. There may be other communications, notices or offerings that we only make to holders of our equity shares, which will not be forwarded to holders of ADSs. Accordingly, you may not be able to participate in all offerings, transactions or votes that are made available to holders of our equity shares.

**Item 4. Information on the Company****History and Development of the Company**

Wipro Limited was incorporated in 1945 as Western India Vegetable Products Limited under the Indian Companies Act, VII of 1913, which is now superseded by the Companies Act, 1956. We are deemed to be registered under the Companies Act, 1956, or the Companies Act. We are registered with the Registrar of Companies, Karnataka, Bangalore, India as Company No. 20800. Our registered office is located at Doddakannelli, Sarjapur Road, Bangalore 560 035, and the telephone number of our registered office is +91-80-2844-0011. In October 2000, we raised gross aggregate proceeds of approximately \$ 131 million in our initial U.S. public offering of our ADSs on the New York Stock Exchange. The name and address of our registered agent in the United States is CT Corporation, located at 1350 Treat Blvd., Suite 100, Walnut Creek, California 94596.

Wipro Limited was initially engaged in the manufacture of hydrogenated vegetable oil. Over the years, we have diversified into the areas of Information Technology, or IT, services, IT products and Consumer Care and Lighting Products. We are headquartered in Bangalore, India and have operations in North America, Europe and Asia. For the fiscal year ended March 31, 2009, 94% of our operating income was generated from our IT Services. For the same period, IT Products represented 3% of our operating income and Consumer Care and Lighting and Others represented 3% of our operating income.

We incurred capital expenditure of Rs. 11,392 million, Rs. 14,674 million and Rs. 16,592 million during the fiscal years ended March 31, 2007, 2008 and 2009, respectively. These capital expenditures were primarily incurred on new software development facilities in India for our IT Services and IT Products business segment. As of March 31, 2009, we had contractual commitments of Rs. 5,371 million (\$106 million) related to capital expenditures on construction or expansion of software development facilities. We currently intend to finance our planned construction and expansion entirely through our operating cash flows and through cash and investments as of March 31, 2009.

**Industry Overview***IT Services*

According to the NASSCOM Strategic Review Report 2009, IDC estimates total spending of \$ 557 billion on IT services in 2008, a increase of 5.5% over last year. Within the IT services market, outsourcing was the fastest growing segment in 2008, estimated to have grown by 21%.

IDC forecasts worldwide IT services spending of approximately \$672 billion by 2012, reflecting a compound annual growth rate, or CAGR, of 4.8%. However, Forrester Global IT 2009 Market Outlook, predicts that U.S. IT purchases will slowdown from 4.05% growth in 2008 to 1.6% growth in 2009.

*Increasing Trend Towards Offshore Technology Services.* Companies are increasingly turning to offshore technology service providers in order to meet their need for high quality, cost competitive technology solutions. Technology companies have been outsourcing software research and development and related support functions to offshore technology service providers to reduce cycle time for introducing new products and services.

According to NASSCOM Strategic Review Report 2009, IDC forecasts a cumulative annual growth rate (CAGR) of over 6.21% in worldwide IT services and IT enabled services (IT-ITeS) spending and a CAGR of over 18.79% in offshore IT spending, for the period 2007-12. The combined market for Indian IT-ITeS exports in fiscal 2009 was nearly \$ 60 billion. Key factors supporting this projection are the growing impact of technology led innovation, the increasing demand for global sourcing and gradually evolving socio-political attitudes.

Following are key factors contributing to the growth of India-based IT services:

India based sourcing offers significant cost advantages in terms of accessing highly skilled talent at lower wage costs and productivity gains that can be derived from having a very competent employee base. According to NASSCOM's Strategic Review Report 2009, the cost advantage achievable from outsourcing to India is unlikely to go away due to an absolute cost advantage vis-à-vis other key markets and the prospect of further reductions in infrastructure and overhead costs.



## **Table of Contents**

India-based IT companies have proven their ability to deliver IT services that satisfy the requirements of international clients who expect the highest quality standards. According to NASSCOM's Strategic Review Report 2009, India based centers (both Indian firms as well as MNC owned captives) have earned more quality certifications than any other country, over 498 India based centers (both Indian firms as well as MNC owned captives) had acquired quality certifications with 85 companies certified SEI CMM Level 5.

India has a large, highly skilled English-speaking labor pool that is available at a relatively low labor cost. According to NASSCOM Strategic Review Report 2009, the Indian IT industry employed nearly 2,230,000 software professionals as of 2008-09, making it one of the largest employers in the IT services industry. According to the same report, India has the largest pool of suitable off-shore talent accounting for over 28% of the suitable pool available across all offshore destinations.

With the time differential between India and its largest market, the United States, Indian companies are able to provide a combination of onsite and offshore services on a 24-hour basis on specific projects.

The Indian IT industry has been the primary beneficiary of the rapid transformation of the telecom sector since it was deregulated to allow private participation, with the cost of international connectivity declining rapidly and service level quality improving significantly. This cost advantage is likely to continue due to lower penetration levels and a growing consumer base.

India is also a leading destination for IT enabled services. The proven track record and client relationships of established Indian IT services companies, favorable wage differentials, availability of a large, high quality, English speaking talent pool and a regulatory environment more friendly to investment are facilitating India's emergence as a global outsourcing hub. According to NASSCOM Strategic Review Report 2009, the worldwide BPO market is expected to touch \$ 181 billion by 2012, representing a compounded annual growth rate, or CAGR, of 11.9%.

According to IDC's report India domestic IT/ITeS market top 10 predictions for 2009, the India domestic IT/ITeS market growth rate will come down from an average of 24.3% recorded during 2003-08 to 16.4% over the next five years.

In India, the IT services market is estimated to account for 34% of the domestic IT industry. The growth in the IT services market is estimated to be around 14% in US\$ terms. The key verticals driving the growth of the IT services market are Retail, BFSI, Telecom and Manufacturing.

### *IT Products*

According to NASSCOM Strategic Review Report 2009, IDC forecasts that worldwide hardware spending will increase from \$570 billion in 2007 to \$683 billion in 2012, representing a compounded annual growth rate, or CAGR, of 3.68%

According to NASSCOM Strategic Review Report 2009, the hardware market in India is estimated to account for 49% of the domestic IT industry, growing at about 3% in 2009. Personal computers (including desktops and notebooks) continue to be purchased at higher rates than other products in the hardware market. As prices come down, notebooks are increasingly being adopted as the computing device of choice. For the desktop segment, consumers are showing an increasing trend of moving away from locally assembled items towards branded products with relatively higher end configurations.

### *Consumer Care and Lighting*

The consumer care market includes personal care products, soaps, toiletries, infant care products, modular switch lights and modular office furniture. Our Santoor brand is the third biggest soap brand in India. The market for soaps in India is dominated by established players like Hindustan Unilever (a subsidiary of Unilever). We have a strong brand presence in a niche segment and have significant market share in select regions in India. In addition, we have a strong presence in the market for personal care products in south-east Asia.

AC Nielsen estimates that India is amongst the fastest growing geographies for FMCG, with a 2008 growth rate of 15.8% for the non-food segment, largely led by price increases. This market is estimated to grow at a CAGR of 10.0% 12% for the period 2009-2012. The household and personal care FMCG market in the other Asian countries in which



we operate including Malaysia, Vietnam and Indonesia, are expected to grow at a CAGR of 6% for the period 2009-2013.

**Table of Contents**

The Indian domestic market for institutional lighting and office modular furniture is estimated at U.S. \$ 675 million and is expected to grow at the rate of 10% for the period 2009-2010. Key sectors contributing to the growth are expected to be modern work spaces, IT-ITeS, Retail, Healthcare and Government Infrastructure spending.

We expect to increase our market share organically in our identified geographies. In addition we continue to look at acquiring established brands which complement our brand presence and distribution strengths.

**Business Overview**

We are a leading global IT services company. We also provide outsourced research and development, infrastructure outsourcing and business consulting services. We have been acknowledged among leading offshore providers of technology services by Gartner Inc, Forrester Research Inc and other leading research and advisory firms. In April 2009, Forrester ranked Wipro as the leader in Global IT Infrastructure Outsourcing services based on an evaluation of various criteria including client references.

We provide a comprehensive range of IT services, software solutions, IT consulting, business process outsourcing, or BPO, services and research and development services in the areas of hardware and software design to leading companies worldwide. We combine the business knowledge and industry expertise of our domain specialists and the technical knowledge and implementation skills of our delivery team in our development centers located in India and around the world, to develop and integrate solutions which enable our clients to leverage IT for achieving their business objectives. We use our quality processes and global talent pool for delivering time to development advantage, cost savings and productivity improvements.

Our objective is to be a world leader in providing a comprehensive range of IT services to our clients. The markets we address are undergoing rapid change due to the pace of developments in technology, changes in business models and changes in the sourcing strategies of clients. We believe that these trends provide us with significant growth opportunities.

**Our overall business strategy*****Aggressively build awareness of the Wipro brand name***

We continue to aggressively build awareness among clients and consumers both domestically and internationally of the Wipro brand name. We believe we can leverage the strength of an international brand name across all of our businesses by ensuring that our brand name is associated with Wipro's position as a market leader that is committed to high quality standards. And to achieve this objective, we intend to expand our marketing efforts with advertising campaigns and promotional efforts that are targeted at specific groups.

***Pursue selective acquisition of IT companies***

An active acquisition program is an important element of our corporate strategy. In the last three fiscal years, we have made several acquisitions, including the acquisition of Infocrossing Inc and its subsidiaries ( Infocrossing ) and Unza Holding Limited ( Unza ). In January 2009, we acquired Citi Technology Services Limited, an India based provider of information technology services and solutions to CITI Group worldwide. We believe our acquisition program supports our long-term strategic direction, strengthens our competitive position, particularly in acquiring new domain expertise, expands our customer base, increases our ability to expand our service offerings and provides greater scale to grow our earnings and increase stockholder value. In pursuing acquisitions, we also focus on companies where we can leverage domain expertise and specific skill sets, and where a significant portion of the work can be moved offshore to India to leverage our low cost offshore delivery model and realize higher margins.

***Sustain growth in operating income and cash flow of our traditional businesses***

We have been in the consumer care business since 1945 and the lighting business since 1992. The consumer care business has historically generated surplus cash for us to be able to grow our other businesses. Our strategy is to maintain a steady growth in operating income for these businesses through efficient capital utilization, strong brand name recognition and expanding our nationwide distribution network. We have invested in brands which complement our brand and distribution strengths.

***Continue development of our deep industry knowledge***

We continue to build specialized industry expertise in the IT service industry. We combine deep industry knowledge with an understanding of our clients' needs and technologies to provide high value, quality services. Our industry expertise can be leveraged to assist other clients in the same industries, thereby improving quality and

reducing the cost of services to our clients. We will continue to build on our extensive industry expertise and enter into new industries.

## **Table of Contents**

### ***Innovate new service models***

We have developed a new service model PACE to facilitate performance optimization and improve efficiency of IT assets. We offer new service delivery models that minimize risks and improves efficiency of processes and productivity of IT infrastructure. We deliver these benefits through process / application optimization and infrastructure consolidation.

### **Segment overview**

#### **IT Services**

Our IT Services segment provide a range of IT and IT enabled services which includes IT consulting, custom application design, development, re-engineering and maintenance, systems integration, package implementation, technology infrastructure outsourcing, BPO services and research and development services in the areas of hardware and software design.

Our IT Services segment accounted for 79%, 74% and 75% of our total revenues for the years ended March 31, 2007, 2008 and 2009, respectively. Our IT Services segment accounted for 94%, 90% and 94% of our total operating income for the years ended March 31, 2007, 2008 and 2009, respectively.

### **Our strategy**

#### ***Significantly expand our IT Services business***

We expect to continue to grow our IT Services business and the percentage of our total revenues and profits contributed by this business over the next few years. We believe that we can achieve this objective through the following means:

Identify and develop service offerings in emerging growth areas as separate business opportunities. Currently we are focusing on areas such as business intelligence services, package implementation, niche consulting, data warehousing and network storage;

Increase our share of the total IT spending by our large customers through focused account management and more effective selling of all service lines to our existing customers;

Develop industry specific point solutions and use them as entry strategies by demonstrating industry knowledge and understanding of customer businesses and the benefits of outsourcing;

Offer new pricing models, sharing the risks and rewards of the impact of IT solutions on business, productivity improvements and timeliness of delivery;

Use efficient global sourcing models to source IT services from various geographies and develop methodologies to develop and integrate solutions from around the globe;

Leverage our experience in providing IT infrastructure management services in the Indian market and data center capabilities of Infocrossing Inc. to expand our technology infrastructure support services;

Grow our research and development services by focusing on high growth markets such as telecommunications, mobile communications and the Internet, and high growth technologies such as embedded software;

Expand our market presence by providing enterprise application integration and system integration services;

Expand our service line by investing in eBusiness solutions around information security, business intelligence and information system, service oriented architecture and web based applications; and

Expand our business consulting services and position consulting services as strategic differentiator over other competing entities.



**Table of Contents*****Increase the number of clients and penetration with such clients of our IT Services business***

We intend to increase the number of our clients through a dedicated sales team focused on new client acquisition and increasing our presence in Europe and Asia. Our goal is to make new client accounts generate at least \$ 1 million in annual revenues within twelve months of opening each account. Through our MEGA and GAMA account initiative our dedicated key account management team focuses on growing identified customers to over \$ 100 million and \$ 50 million of annualized revenues, respectively. The number of customers from whom we derived annualized revenues in excess of \$ 50 million increased to 17 as of March 31, 2009.

**Service offering**

Our IT Services business segment is a leader in providing IT services to companies across the globe. We provide our clients customized IT solutions to improve their business competitiveness. We offer these services globally through a team of over 61,190 professionals excluding associates in BPO Services, Indian IT Services and Infocrossing. This business segment accounted for 75% of our revenue and 94% of our operating income for the year ended March 31, 2009. Our service offerings include

***Enterprise Solutions Offerings***

We provide a comprehensive range of enterprise solutions primarily to Fortune 1000 and Global 500 companies to meet their business needs. Our services range from Enterprise Application Services (CRM, ERP, e-Procurement and SCM), to e-Business solutions. Our enterprise solutions have served clients from a range of industries including Energy and Utilities, Retail, Financial Services, Technology, Media and Entertainment and Healthcare. Our delivery capabilities are supplemented by a holistic quality approach that integrates quality processes like Six Sigma, SEI CMM Level 5 and CMM to eliminate defects in execution.

Our enterprise solutions division accounted for 65%, 67% and 71% of our IT services revenues for the fiscal years ended March 31, 2007, 2008 and 2009, respectively.

Our services include:

*Customised applications.* We enable our clients to leverage IT to achieve business goals and to align their IT systems with their business strategy by creating customized solutions, selecting appropriate technologies, implementing systems on a fast-track basis, and ensuring overall quality.

*Development.* We offer well-defined and mature application development processes over a broad spectrum of technology areas that include client or server applications, object-oriented software, Internet or intranet applications and mainframe applications. For example, we were engaged by a gaming company to develop one of the world's first physics processing solutions targeted at PC-based games market. We were involved in physics ASIC designing, deployment and functional validation of the hardware, prototype. We facilitate manufacture, test and delivery in compliance with global certification standards. This enabled our client to focus on developing user market while we focused on delivering the solution in accordance with the overall business strategy.

*Re-engineering and maintenance.* We study a client's business processes and existing systems and convert or redevelop them to improve efficiency and reduce costs. For example, we were engaged by a utility company in U.K. for streamlining and reducing manual components in the business process of providing gas connections to customers. We reviewed the entire process of planning, scheduling and the final execution of the requests of customers. Through our BPA/I expertise and our standard methodologies (six sigma / lean analysis, process modeling simulation), we were able to achieve significant reduction in delivery costs, reduce handoffs and provide visibility on bottlenecks and resource utilization.

To meet the needs of a changing business environment with limited internal resource utilization, we maintain legacy software applications that require frequent upgrades. Our maintenance services also support a distributed delivery environment wherein work responsibilities can be effectively divided between the various organizations depending on the criticality of the requests.

*Enterprise business integration (EBI) services.* We implement EBI solutions for the world's leading fortune 500 companies across various domains addressing complex integration needs spanning geographies. Our service offerings

in EBI help to maximize benefits from investments in existing systems, enable business change through flexible underlying information technology systems, provide global enterprise visibility of information and business processes, extend supply chain visibility and reduce systems/IT total cost of ownership.

For example, a leading cleaning and hygiene products and solutions company had expanded its operations across the world through acquisitions and organic growth. Diverse business applications, duplicative IT infrastructure and dissimilar processes across geographies presented significant challenge resulting in lack of consistency, higher costs and stifled collaboration. We rationalized the IT applications and infrastructure with more efficient applications that were aligned to business needs. This resulted in significant reduction in overall IT expenditures, improved productivity of the business teams which relied on these applications and reduced maintenance costs.

## **Table of Contents**

*Business technology services.* We perform application management services through innovative factory model and unified security solutions for the complete lifecycle of audit, legal compliance, security management services and managed services for technology domain, business intelligence portals and content management. For example, we are engaged by a leading energy and utility company to configure, integrate and monitor business critical database servers with an existing SIM solution to comply with Sarbanes Oxley (SOX) requirements, enable auditing / logging functions monitor security events, and provide database security and operational reports.

*Business intelligence and data warehousing.* We develop strategies and implement solutions for our clients to manage multiple sources of data for use in their decision-making processes.

*Package implementation.* We use our expertise in package software to design, implement and maintain client specific solutions.

*Consulting.* We leverage our domain expertise and knowledge base in specific areas to provide consulting services. For example, for a large semiconductor manufacturer, we improved the global supply chain and related governance processes and rationalized information flow leading to significant reduction in lead times and improved customer loyalty.

For a Hi Tech manufacturer, we standardized the business process for global logistics. This has significantly reduced the carton handling cost and reduced the number of track and trace cases due to improved shipment visibility.

*Testing Services.* We are one of the largest Offshore Testing Services providers in the world with annual revenues aggregating to approximately \$ 490 million. We have 8,100 dedicated employees and over 250 customers across the globe, including engagements with many Fortune 500 companies. We have been operating our Independent Testing Services division since 1997. Our service portfolio in testing covers many user needs from product concept to deployment, and across the stages of the product/ application life cycle.

### ***Research and Development Services***

We have been in the Product Engineering space for more than 25 years now. We are one of the world's largest third party research and development services provider. This group works with the Engineering and Research departments of many Fortune 500 companies to help them design and develop innovative, high quality, cost effective and safe products.

We have the technical capability and domain knowledge to quickly turn around a product design from requirements to proof of concept or prototypes. The group has dedicated product development teams for Telecom (Equipment makers, device makers, service providers), Computing (Hardware, software, storage vendors), Embedded (Consumer Electronics, Automotive Electronics, Medical Devices, Aerospace, Industrial Automation etc.) and Semiconductors.

We have the unique strength amongst service providers to be able to provide not only supplement services for the high-tech clients and ISVs but can help them reduce the total cost of ownership of their products and get them faster to the end-consumers. Our research and development services division accounted for 35%, 33% and 29% of our IT services revenue for the fiscal years ended March 31, 2007, 2008 and 2009, respectively. Our services include:

*Engineering Design Services.* Our experience in complex project management coupled with technological expertise enables us to provide engineering design solutions that help in reducing time to market and cost while complying with quality standards. For example, for a leading software product vendor, we reduced development lead time from 12 months to 4 months resulting in faster release of new products. We undertook complete ownership of security and systems utilities product suite and lowered development lead time.

*Hardware design and development.* We design and develop various types of integrated electronic circuits, or ICs, including application specific integrated circuits, or ASICs and field programmable gate arrays, or FPGAs. We offer our services over a broad spectrum of technology areas, and are able to provide our clients complete subsystems or entire products.

*Product Strategy & Architecture (PSA).* Our PSA practice has wide experience in researching, analyzing, and documenting the business value of technology solutions and helps technology vendors and enterprises develop innovative and effective product and IT strategies that have had proven value in achieving business success. Integrating market-specific knowledge and experience in emerging technologies and standards, the PSA practice provides a unique combination that can meet the complex demands of the industry.





**Table of Contents**

*Multimedia.* Our multimedia team works actively on multimedia product realization and provides re-usable Audio, Video and Speech codecs optimized on different platforms suitable for different application areas and end-to-end HW development of video codec solutions.

*Telecommunications and service providers.* We provide software application integration, network integration and maintenance services to telecommunications service providers, Internet service providers, application service providers and Internet data centers.

*Semiconductor IP.* We offer an industry leading portfolio of semiconductor Intellectual Property (IP) cores for complex wireless and wireline applications including Wireless LAN, Bluetooth, Ultra wideband, Wireless USB and Firewire. Our portfolio of IP cores also contains software, silicon proven Wireless LAN, multiband radio module and analog / mixed-signal / digital blocks such as AFEs, synthesizers, PLLs and LVDS driver / receiver.

***Technology Infrastructure Support Services***

Our service offerings include help desk management, systems management and migration, network management and messaging services. We are able to provide our IT Services and Products clients with high quality, 24-hour, seven-day-a-week support services by leveraging our expertise in managing IT infrastructures for our clients in India. Our offerings are powered by over 7,300 technical specialists and one of the world's first BS 15000 and ISO 20000 certified infrastructures for operations support. This is service line which serves customer across Enterprise Solution Offerings and Research and Development Services.

For example, we were engaged by a utility company in the U.K. to overhaul its legacy applications without impacting its day-to-day operations. We created resilient and scalable network structures, created single interface for all network services and defined a clear technology roadmap for wide area acceleration, IP etc. This network transformation was carried out without any impact on the service levels to end users and led to a significant reduction in operational expenses.

We formed the Technology Infrastructure Support Services division at the end of 1998, and it accounted for 14%, 17% and 20% of our IT Services revenues for the year ended March 31, 2007, 2008 and 2009, respectively.

***Business Process Outsourcing (BPO) Services***

Wipro BPO is one of India's leading offshore BPO providers. Wipro BPO enables clients to improve the quality of their processes, reduce costs and realize benefits of scale. Wipro BPO is uniquely positioned to service customer requirements by leveraging its quality and innovation, talented employees, self sustaining process framework and domain knowledge. We offer customized service offerings; that translate into flexible and cost effective services of the highest quality for our customers. For a leading online mortgage lender, we transitioned the loan approval process and re-engineered the process applying six sigma methodologies to reduce cycle time for processing and ensure the highest level of accuracy. We segregated the entire processing into three phases to ensure smoother workflow, improved efficiency and minimal processing lead time.

Our service offerings include:

customer interaction services, such as IT-enabled customer services, marketing services, technical support services and IT helpdesks;

finance and accounting services, such as accounts payable and accounts receivable processing;

process improvement services that provide benefits of scale for repetitive processes like claims processing, mortgage processing and document management; and

knowledge process outsourcing services which involve high-end knowledge work on intellectual property, equity and finance, analytics, market research and data management.

For BPO projects, we have a defined framework to manage the complete BPO process migration and transition. The process has been developed based on our experience over the past several years in migrating remote business processes to India. This defined framework is designed to ensure process integrity and minimize inherent migration risks. The framework includes a proprietary transition toolkit, which ensures that there is a documented methodology with formats, tools, guidelines and a repository of past experiences to aid the transition team during the transition

phase.

In BPO Services, we primarily compete against the in-house business process outsourcing units of international companies, other Indian IT service providers, global competitors and competitors from other offshore locations like the Philippines and Ireland. In many large outsourcing deals, BPO services are an integral part of the total services outsourced. Integrating BPO services into our portfolio of service offerings has provided us with a strong competitive advantage over other IT services providers. We had over 22,800 employees in our BPO Services as of March 31, 2009.

**Table of Contents**

Our BPO services business accounted for 8% of our IT Services revenues for the years ended March 31, 2007, 2008 and 2009, respectively. This is a service line which serves customer across Enterprise Solution Offerings and Research and Development services.

**Our Global Delivery Model**

In our IT service offerings, we assume primary project management responsibility for all stages of implementation of a project. Typically, a project team consists of a small number of IT professionals based at the client's location, who define the scope of the project, track changes to specifications and requirements during project implementation, assist in installing the software or system at the client's site and ensure its continued operation. A large proportion of the development work on a project is performed at one of our dedicated offshore development centers, or ODCs, located in India. Our project management techniques, risk management processes and quality control measures enable us to complete projects on time, seamlessly and qualitatively across multiple locations.

*The Offshore Development Center.* We are among the few IT services companies in India which pioneered the offshore development model for delivering high-quality services at a relatively low cost to our international clients. Our ODC is a virtual extension of the client's working environment with a dedicated facility and dedicated hardware and software infrastructure that replicates the client's facilities. This is further enhanced by a dedicated high-speed telecommunication link with the client's onsite facilities and a secure working environment. In all our projects, we endeavor to increase the proportion of work performed at the ODCs in order to be able to take advantage of the various benefits associated with this approach, including higher gross margins and increased process control. Due to the level of investment required by our clients in an ODC and the quality of services we provide, the ODC model has provided us a high percentage of repeat business and a stable revenue stream.

*The Nearshore Development Center.* Based on specific client needs, we have established dedicated development centers in close proximity to our clients' business locations, which we call nearshore development centers. These nearshore development centers have employees with specialized functional expertise and provide on-call support to our customers. We currently have nearshore development centers in Atlanta in USA, Monterrey in Mexico, Cairo in Egypt, Curitiba in Brazil, Reading, in the U.K., Windsor and Ontario in Canada, Kiel in Germany, Tampere in Finland, Shanghai in China, Cebu in Philippines, Bucharest in Romania, Sydney in Australia and Yokohama in Japan. In addition to providing software development services, these centers, with their significant local talent, also provide a local customer interface.

**Our Clients**

We provide IT software solutions to clients from a broad array of industry sectors. Several of our clients purchase our services across several of our business divisions. We seek to expand the level of business with our existing clients by increasing the type and range of services we provide to them. The table below illustrates the size of our client project engagement size as measured by revenues.

	<b>Number of clients in</b>		
	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2008</b>	<b>Year ended March 31, 2009</b>
<b>Per client revenue(\$)</b>			
1-3 million	119	169	207
3-5 million	36	64	67
>5 million	100	129	153
Total >1 million	255	362	427

The largest client of our IT Services segment accounted for 3% of the total revenues from such segment for the fiscal years ended March 31, 2007, 2008 and 2009, respectively. For the same periods, the five largest clients of our IT Services segment accounted for 11% of total IT Services revenues.

**Sales and Marketing**

Our headquarters are located in Bangalore, India. We sell and market our IT Services primarily through our direct sales force, across several, locations worldwide, including in the United States, France, Germany, Holland, Japan, Sweden and the United Kingdom. Our sales teams are organized in three ways:

by the vertical market segment of our client's business;

28

---

## **Table of Contents**

by the geographic region in which our client is located; and

by the specific practice specialization or skill set that our client requires.

We use an integrated team sales approach that allows our sales teams to pass a client over to an execution team once the sale is completed. Our sales personnel work together with the appropriate software professionals and technical managers in analyzing potential projects and selling our expertise to potential clients. Through our MEGA and GAMA account initiatives our dedicated key account management team focuses on growing identified customers to over U.S. \$ 100 million and U.S. \$ 50 million of annualized revenues, respectively. Our IT Services also gets support from our corporate marketing team to assist in brand building and other corporate level marketing efforts. Our sales and marketing team in IT Services excluding Indian IT Services and Infocrossing has increased from 425 to 498 personnel from March 31, 2008 to March 31, 2009. We intend to expand our global marketing efforts through increased presence in targeted geographical regions. In addition, we have a global programs team which is focussed on identifying and winning large outsourcing engagements across verticals.

## **Competition**

The market for IT services is highly competitive and rapidly changing. Our competitors in this market include consulting firms, big four accounting firms, global IT services companies, such as Accenture, IBM Global Services and India based IT services companies such as Cognizant, Infosys and Tata Consultancy Services.

These competitors are located internationally as well as in India. We expect that competition will further increase and will potentially include companies from other countries that have lower personnel costs than those currently in India. A significant part of our competitive advantage has historically been a wage cost advantage relative to companies in the United States and Europe. Because wage costs in India are presently increasing at a faster rate than those in the United States our ability to compete effectively will increasingly become dependent on our ability to provide high quality, on-time, complex deliverables that depend on increased expertise in certain technical areas. We also believe that our ability to compete will depend on a number of factors not within our control, including:

the ability of our competitors to attract, retain and motivate highly skilled IT services professionals;

the extent to which our international competitors expand their operations in India and benefit from the favorable wage differential;

the price at which our competitors offer their services; and

the extent to which our competitors can respond to a client's needs.

We believe we compete favorably with respect to each of these factors and believe our success has been driven by quality leadership, our ability to create client loyalty and our expertise in targeted select markets.

## **IT Products**

Our IT Products segment provides a range of IT products encompassing computing, storage, networking, security, and software products. Under this segment, we sell IT products manufactured by us and third-party IT products. Our IT Products segment accounted for 11%, 13%, 13% of our total revenues for the year ended March 31, 2007, 2008 and 2009, respectively. Our IT Products segment accounted for 2%, 3% and 3% of our operating income for the year ended March 31, 2007, 2008 and 2009, respectively.

## **Our Strategy**

We plan to grow in the IT Products market by focusing on:

Positioning – build enhanced solution capabilities to position ourselves as a Valued Added System Integrator;

Geo expansion – we are expanding our market address into newer geographies;

Product-line expansion

o new form factors and functionalities to address a broader spectrum of users branded under e.GO

o high-end Itanium servers and modular storage



## **Table of Contents**

New Alliances partner with emerging technology providers to improve market address and develop new streams of revenue.

## **Products**

Our range of IT Product comprises the following:

*Wipro Manufactured Products.* Our manufactured range of products comprises of desktops, notebooks, NetPower servers and super computers. To cater to a wider range of customer, under the personal computing category, we have launched a new series branded as e.GO . We now offer form, factors and functionalities that cater to the entire spectrum of users individuals to high-end corporate users.

*Enterprise Platform.* Our products under this category comprise design and deployment services for RISC servers, Application servers, Databases, Unix OS, Server computing resource management software

*Networking Solutions.* Our products under this category comprise design, deployment and audit of enterprise wide area network (WAN), wireless LAN, unified communication systems

*Software Products.* Our products in this category comprise enterprise application, datawarehousing and business intelligence softwares from world s leading software product companies.

*Data Storage.* Our products under this category comprise network storage, secondary and near line storage, backup and storage fabrics

*Contact Centre Infrastructure.* Our offerings include Switch Integration, Voice Response Solutions, Computer Telephony Interface (CTI), Customized Agent Desktop Application, Predictive Dialer, Customer Relationship Management, Multiple Host Integration, Voice Logger interface

*Enterprise Information Security.* Security products include single signon, firewalls

*Emerging Technologies.* Technology optimization in web and WAN acceleration, virtual computing in data centre, IP video solutions

## **Our Clients**

The clients for our IT Products segment range from single users to large enterprises. We provide our offerings to enterprises in the Government, defence, IT and IT- enabled services, telecommunications, manufacturing, and banking sectors. We have a diverse range of clients, none of whom account for more than 10% of our IT Products business segment revenues.

## **Sales and Marketing**

We sell and market our manufactured products through our direct sales force, national distributor network and resellers. The direct and indirect teams are distributed geographically. We resell the enterprise products through our direct sales force.

Our direct sales teams are organized in three ways:

by customer segment Mega, Enterprise and Mid-market;

by geography region in which our client is located; and

by specific practice specialization or skill set that our client requires.

We use an integrated team sales approach that allows our sales teams to pass a client over to an execution team once the sale is completed. Global Products gets support from our corporate marketing team to assist in brand building and other corporate level marketing efforts for various market segments.

## **Competition**

The IT products market is a dynamic and highly competitive market. In the marketplace, we compete with both international and local providers. Our local competition comes from HCL, TCS, CMC and Redington. The international competitors are IBM, Esys, Ingram, Dell, HP, Lenovo, Acer, Sony, and Toshiba.



## **Table of Contents**

We are witnessing higher pricing pressures due to:  
commoditization of manufactured products business; and

higher focus on Indian markets by all leading IT companies

We are favorably positioned due to our quality leadership, our ability to create client loyalty and our expertise in targeted select markets.

### **Consumer Care and Lighting**

We leverage our brand name and distribution strengths to sustain a profitable presence in niche markets in the areas of soaps, toiletries, lighting products including modular switches and modular furniture for the Indian market. Our Santoor brand is the third largest brand in India in the soap category. With the acquisition of Unza group, we are increasing our presence in personal care products sector in South-East Asia. Our Consumer Care and Lighting segment accounted for 5%, 7% and 8% of our total revenue for the years ended March 31, 2007, 2008 and 2009, respectively. Our Consumer Care and Lighting segment accounted for 3%, 5% and 5% of our operating income for the year ended March 31, 2007, 2008 and 2009, respectively.

Our Consumer Care and Lighting business segment focuses on niche profitable market segments. We began with the hydrogenated oil business in 1945, and have continued to expand our business, currently offering a mix of consumer products including hydrogenated cooking oil, soaps and toiletries, wellness products, light bulbs and fluorescent tubes, and lighting accessories.

### **Products**

*Personal care products.* Our range of personal care products include deodorants and fragrances, hair care, bath and shower, skin care and other personal care products. We have about 48 brands including brands like Enchanteur, Safi, Eversoft and Romano.

*Soaps and toiletries.* Our product lines include soaps and toiletries, as well as baby products, using ethnic ingredients. Our umbrella brands include Santoor, Chandrika, Wipro Active, Wipro Baby Soft line of infant and child care products, which includes soap, talcum powder, oil, diapers and feeding bottles and the Wipro Sanjeevani line of wellness products.

*Lighting.* Our product line includes modular switches, incandescent light bulbs, compact fluorescent lamps and luminaries. We operate both in commercial and retail markets. We have also developed commercial lighting solutions for pharmaceutical production centers, retail stores, software development centers and other industries.

*Office Modular Furniture.* Our product line modular furniture for office use like workstations, storage and chairs. We operate both in commercial and retail markets. We sell our products to software development centre, banks and financial institutions, insurance companies and manufacturing companies who are in the process of setting up new facilities or expanding their current workspaces.

### **Sales and Marketing**

We market and sell our personal care products through a host of distribution channels which include modern retail outlets, hypermarkets, supermarkets, traditional retailers, van operators and wholesalers. We sell and market our consumer care products primarily through our distribution network in India, which has access to 3,500 distributors and 2.1 million retail outlets throughout the country. We sell significant portion of our lighting products to major industrial and commercial customers through our direct sales force, from 31 sales offices located throughout India.

In our other geographies, led by Malaysia, Vietnam, Indonesia and Greater China, we have direct access to over 60,000 retail outlets, with a significant presence in the fast growing modern trade.

In India, we leverage our brand recognition by successfully incorporating the Wipro identity with our consumer brands. We intend to expand our marketing efforts with the aid of advertising campaigns and promotional efforts targeted to specific regions of India. We intend to introduce acquired personal care product brands to establish our presence in the markets for personal care products in India.

### **Competition**

We face competition primarily from multinational companies like Unilever, Procter and Gamble, Johnson & Johnson, L'Oréal in the personal care products market. Our competitors in the consumer care and lighting are located primarily in India, and include multinational and Indian companies such as Hindustan Unilever for soaps, toiletries

and

31

---

**Table of Contents**

Philips for lighting. Certain competitors have recently focused on sales strategies designed to increase sales volumes through lower prices. Sustained price pressures by competitors may require us to respond with similar or different pricing strategies. We cannot be reasonably certain that we will be able to compete successfully against such competitors or that continued competition may not adversely affect our gross and operating profits.

**Raw Materials and Manufacturing**

The primary raw materials for our soap and personal care products are agricultural commodities, such as vegetable oils. We purchase these raw materials domestically and internationally through various supplier contracts. Prices of vegetable oils and other agricultural commodities tend to fluctuate due to seasonal, climatic and economic factors.

Our lighting products are manufactured from glass and industrialized parts. We purchase these parts from various domestic and foreign distributors and manufacturers, pursuant to a combination of requirement and other supply contracts.

Our furniture products are manufactured from Wood in form of particle or medium density fiber boards, steel, aluminum, fabric, plastics and glass. We purchase these items from various domestic and foreign distributors and manufacturers, pursuant to a combination of requirement and other supply contracts.

We have 13 manufacturing locations with 8 factories in India, 2 in Malaysia and 1 each in Vietnam, Indonesia and China, and deal with over 60 third party manufacturers to source our extensive product range.

**Others**

Our Others segment includes our infrastructure engineering business. We are the world's second largest third-party manufacturer of hydraulic cylinders. The Others segment is centered on our mobile construction equipment business and our material handling business. We manufacture and sell cylinders and truck hydraulics, and we also distribute hydraulic steering equipment and pumps, motors and valves for international companies. We have a global footprint in terms of manufacturing facilities in Europe and India and sell to customers across the globe. Our main competitors include, UT Limited (India), Dongyong, Sundaram Hydraulics and Dantal and overseas suppliers such as the Kayaba, Precision Hydraulics Company, Hyva (in tipping business).

While the current financial year has seen a decline in global sales volumes, we believe that the fundamentals of infrastructure engineering business remain intact. Our strategy is to gain share globally through:

strengthening relationship with global original equipment manufacturers (OEMs) who are likely to seek stable suppliers like Wipro in the current economic environment; and

diversification into newer segments organically and/or inorganically.

We are also in the water solutions business, which addresses the entire spectrum of treatment solutions, systems and plants for water and waste water for industries.

We also provide consulting on comprehensive renewable energy and efficiency solutions.

Our Others, including reconciling items segment accounted for 5%, 6% and 4% of our total revenues for the year ended March 31 2007, 2008 and 2009, respectively. Our Others, including reconciling items segment accounted for 1%, 2% and (2)% of our operating income for the year ended March 31 2007, 2008 and 2009, respectively.

**Raw Materials and Manufacturing**

The primary raw material for our hydraulic cylinder products are steel tubes, rods, casting and cylinder bottom. We purchase these raw materials domestically and internationally through various supplier contracts. Prices of most raw material vary due to various economic factors.

We have 8 manufacturing facilities across Asia and Europe with 3 facilities in India, 4 in Sweden and 1 in Finland. We also have sales office in china.

**Investment in Affiliates**

In 1990, we formed a joint venture with General Electric called Wipro GE Medical Systems Private Limited to learn new technologies and management processes from world class companies like General Electric and to enter new markets. General Electric currently holds 51% of the equity in the joint venture and we hold 49%. The joint venture partners have equal representation on the board of directors and the chairman of the joint venture is the chairman of Wipro



**Table of Contents**

Limited. The joint venture provides customers in the South Asian markets after-sales services for all GE Medical Systems products sold to them. Products offered in this market consist of GE Medical Systems products manufactured world wide and portable ultrasound equipment manufactured in India by this joint venture for the global markets. This venture also leverages our strength in software development to develop embedded software for medical equipment designed and developed by General Electric for their global product portfolio. The main competitors of Wipro GE Medical Systems Private Limited include Siemens and Philips.

**Our Competitive Strengths**

We believe that the following are our principal competitive strengths:

***Comprehensive range of IT services***

We provide a comprehensive and integrated suite of IT solutions, ranging from consulting to application development and maintenance and take end-to-end responsibility for project execution and delivery. We have more than two decades of experience in product engineering, software development, re-engineering and maintenance for our corporate customers and provide managed IT support services at the client's site through our offshore development centers in India and several near shore development centers located in countries closer to our clients' offices. We believe that this integrated approach positions us to take advantage of key growth areas in enterprise solutions, including IT services data warehousing, implementation of enterprise package application software such as enterprise resource planning, or ERP, supply chain management or SCM and customer relationship management or CRM. In many large outsourcing deals, BPO services are an integral part of the total services outsourced. Integrating BPO services into our portfolio of service offerings has provided us with a strong competitive advantage over other IT services providers.

***World-class quality as measured by SEI-CMM and Six Sigma initiatives***

One of the crucial factors in our success has been our commitment to pursue the highest quality standards in all aspects of our business. We were assessed at SEI-CMM Level 5, the highest level of quality certification, in January 1999, making us the first IT services provider in the world to achieve this standard. SEI-CMM is widely accepted in the software industry as a standard to measure the maturity and effectiveness of software processes. Our SEI-CMM Level 5 rating is supported by our Six Sigma initiative, which is an internationally recognized program focusing on defect reduction and cycle time reduction. Our Six Sigma program was launched in 1998. Six Sigma represents a quality standard of less than 3.4 defects per million opportunities in which a defect may arise. In our continuous quest to do more with less, we pioneered the application of LEAN thinking in software services and support transactions. We believe that LEAN is a proven manufacturing philosophy that has been sustained over several decades. The focus is on streamlining activities solely from the customer's viewpoint, eliminating waste, and a collaborative way of working and have found that this enhances productivity. We believe that our approach of continuous enrichment through effective experimentation has proven fruitful.

***Service offerings in emerging growth areas***

We focus on identifying emerging growth areas and developing service offerings in these areas. For example, we identified technology infrastructure outsourcing as an emerging growth area in 1998. We developed service offerings in this area and familiarized customers with the concept of remote network management. Today this comprises 20% of our revenues from IT Services. We have recently been ranked by Forrester as the leader in providing IT infrastructure outsourcing services. We have established centers of excellence in emerging growth areas. These centers focus on understanding technology and developing customized business solutions for our customers.

**Table of Contents*****Broad range of research and development services***

Due to our strengths in research and development services we are well positioned to benefit from the recovery in global research and development spending. We are one of a few major IT services companies in the world capable of providing an entire range of research and development services from concept to product realization. According to NASSCOM's Strategic Review Report 2009, Indian Research and Development and Engineering services comprising embedded systems/solution as well as other product engineering development services is estimated to reach U.S. \$ 4.9 billion in revenues in 2009. The recurring nature of revenues from research and development services helps in mitigating the cyclic nature of IT services. We provide IT services for designing, enhancing and maintaining platform technologies including servers and operating systems, communication subsystems, local area and wide area network protocols, optical networking systems, Internet protocol based switches, routers and embedded software, including software used in mobile phones, home or office appliances, industrial automation and automobiles.

***Global delivery model***

One of our strengths is our global delivery model, which includes our offshore development centers, or ODCs, and our nearshore development centers. We were among the first India-based IT services companies to implement the offshore development model as a method for delivering high-quality services at a relatively low cost to international clients. Our global delivery model has many features that are attractive to our clients, including:

- a time difference between the client site and the ODC which allows a 24-hour work schedule for specific projects;

- the ability to quickly increase the scale of development operations;

- increased access to our large pool of highly skilled IT professionals located in India; and

- physical and operational separation from all other client projects, providing enhanced security for a client's intellectual property.

***Established track record with premier international customer base***

As of March 31, 2009, our IT Services segment had 863 active clients and 76% of our revenues from IT Services segment was derived from Fortune 1000 and Global 500 clients.

We have approximately 153 customers from whom we derived annualized revenues in excess of \$5 million in the fiscal year ended March 31, 2009. We believe that having an established base of high quality, high technology clients provides us with the following competitive advantages:

- the type of clients we target are likely to maintain or increase their IT outsourcing budgets;

- our ODCs support critical IT applications of our large clients, so the clients are therefore likely to provide a high level of repeat business; and

- our IT professionals are consistently exposed to the latest technologies that we are then able to leverage to procure business from other clients.

***Ability to access, attract and retain skilled IT professionals***

We have continued to develop innovative methods for accessing and attracting skilled IT professionals. We partnered with a leading Indian university to establish a program for on the job training and a Masters degree in software engineering. We believe that our ability to retain highly skilled personnel is enhanced by our leadership position, opportunities to work with leading edge technologies and focus on training and compensation. In February 2007, we were awarded Dale Carnegie Global Leadership Award in recognition of our emphasis on development of human resources, innovation and organizational creativity. As of March 31, 2009, in our IT Services business excluding BPO business, Indian IT Services and Infocrossing we had over 61,190 professionals. In our BPO business we had over 22,800 employees. We expect to grow these numbers in the foreseeable future. One of the keys to attracting and retaining qualified personnel is our variable and performance linked compensation programs. We have had an employee stock purchase program since 1984 and an employee stock option plan and a productivity

bonus plan since October 1999.

**Table of Contents*****Robust systems and processes to support growth in business***

We have proactively invested in systems, processes and infrastructure to support growth in our business. We have developed systems and processes to ensure that we have adequate infrastructure, robust recruitment systems and processes to maintain our culture of ethical behavior, openness and transparency. We calibrate our recruitment strategies based on the demand outlook. This has resulted in industry leading resource utilization levels. Our employee base in our IT Services segment excluding BPO Services, Indian IT Services and Infocrossing, grew from approximately 9,900 employees as of March 31, 2001 to approximately 61,190 employees as of March 31, 2009. During the same period, our revenues from our IT Services segment have grown from Rs. 17,816 million to Rs. 191,193 million.

***Broad distribution network and strong sales force in India***

We have a large and growing distribution network for our domestic businesses. For our Indian IT Services and Products business segment, our direct sales force targets large corporate clients and over 190 channel partners throughout India, and focuses on medium and small enterprises. For our Consumer Care and Lighting products segment, we have access to more than 2.1 million retail outlets in India. This distribution reach provides us with a significant competitive advantage and allows us to grow our business with minimal increases in personnel.

***Strong brand recognition in the Indian market***

We believe that our brands are some of the most well recognized brands in the Indian market. We have been operating in the Indian market for over 60 years and believe that customers equate our brand with high quality standards and a commitment to customer service. We enhance the value of our brands through aggressive and selective advertising and promotions.

**Markets and Sales Revenue**

Our revenues for the last three fiscal years by geographic areas are as follows:

	<b>(In millions)</b>		
	<b>Year ended March 31,</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>
India	Rs. 30,650	Rs. 46,891	Rs. 52,908
United States	72,846	87,552	116,281
Europe	36,972	48,259	57,109
Rest of the world	8,963	14,726	28,266
	Rs. 149,431	Rs. 197,428	Rs. 254,564

**Intellectual Property**

Our intellectual property rights are important to our business. We rely on a combination of patent, copyright, trademark and design laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property. We require employees, independent contractors and, whenever possible, vendors to enter into confidentiality agreements upon the commencement of their relationships with us. These confidentiality agreements generally provide that any confidential or proprietary information being developed by us or on our behalf be kept confidential. These agreements also provide that any confidential or proprietary information disclosed to third parties in the course of our business be kept confidential by such third parties. However, our clients usually own the intellectual property in the software we develop for them.

Our efforts to protect our intellectual property may not be adequate. Our competitors may independently develop similar technology or duplicate our products and/or services. Unauthorized parties may infringe upon or misappropriate our products, services or proprietary information. In addition, India has now complied with all World Trade Organization, or WTO, requirements, which means, that India meets the international mandatory and statutory requirements regarding the protection of intellectual property rights.

We could be subject to intellectual property infringement claims as the number of our competitors grows and our product or service offerings overlap with competitive offerings. In addition, we may become subject to such claims



since we may not always be able to verify the intellectual property rights of third parties from which we license a variety of technologies. Defending against these claims, even if not meritorious, could be expensive and divert our attention from operating our company. If we become liable to third parties for infringing their intellectual property rights, we could be required to pay substantial damage awards and be forced to develop non-infringing technology, obtain a license or cease

**Table of Contents**

selling the applications that contain the infringing technology. The loss of some of our existing licenses could delay the introduction of software enhancements, interactive tools and other new products and services until equivalent technology could be licensed or developed. We may be unable to develop non-infringing technology or obtain a license on commercially reasonable terms, if at all.

As of March 31, 2009, we hold more than 1100 registered trademarks including registered community trademarks in India, Japan, U.S., Malaysia and the British Virgin Islands. We also have 18 registered copy rights and 11 registered Designs. We have about 12 applications and 5 applications pending for registration of Designs and Copyrights respectively.

We have 115 registrations completed with respect to WIPRO and Flower logo trade marks in 80 territories across the world (including Madrid protocol countries) and more than 200 trademark applications pending registration. These overseas registrations also include our applications in the EU (via the Community Trade Mark). We have also more than 200 trademark applications pending in India, Iran, Vietnam, Iraq, Malaysia, Singapore, Nepal, Sri Lanka, etc. We have been granted 80 registered patents (including patents granted to our subsidiaries) and have about 15 pending patent applications. We cannot guarantee that we will obtain registration for trademarks including service marks, patent, design and copyright registration for any of our pending applications.

**Effect of Government Regulation on our Business**

Regulation of our business by the Indian Government affects our business in several ways. We benefit from certain tax incentives promulgated by the Government of India, including a ten-year tax holiday from Indian corporate income taxes for the operation of most of our Indian facilities and a partial taxable income deduction for profits derived from exported IT services under Indian tax laws and tax holiday for operations in notified economic zones. The tax holiday for our facilities located in STPs is due to expire in fiscal 2010. As a result of these incentives, our operations have been subject to relatively insignificant Indian tax liabilities. We have also benefited from the liberalization and deregulation of the Indian economy by the successive Indian Governments since 1991, including the current Indian Government. Further, there are restrictive parts of the Indian law that affect our business, including the fact that we are generally required to obtain approval under the Factories Act and the Shops and Establishment Act, from the Reserve Bank of India and/or the Ministry of Finance of the Government of India to acquire companies organized outside India, and we are generally required, subject to some exceptions, to obtain approval from relevant Government authorities in India in order to raise capital outside India. The conversion of our equity shares into ADSs is governed by guidelines issued by the Reserve Bank of India.

Finally, we are subject to several legislative provisions relating to the Prevention of Food Adulteration, Weights and Measures, Drugs and Cosmetics, Storage of Explosives, Environmental Protection, Pollution Control, Essential Commodities and operation of manufacturing facilities. Non-compliance with these provisions may lead to civil and criminal liability. We are and generally have been in compliance with these provisions.

Please see the section titled **Risk Factors** in Item 3, Key Information, as well as the section titled **Additional Information** in Item 10, for more information on the effects of Governmental regulation of our business.

**Organizational Structure**

Our subsidiaries as of March 31, 2009 are provided in the table below.

<b>Direct Subsidiaries</b>	<b>Step Subsidiaries</b>	<b>Country of Incorporation</b>
Wipro Inc.		U.S.
	Wipro Gallagher Solutions Inc	U.S.
	Enthink Inc.	U.S.
	Infocrossing Inc.	U.S.
	Infocrossing, LLC,	U.S.
cMango Pte Limited		Singapore

Wipro Japan KK			Japan
Wipro Shanghai Limited			China
Wipro Trademarks Holding Limited			India
	Cygnus Negri Investments Private Limited		India
Wipro Travel Services Limited			India
Wipro Consumer Care Limited			India
Wipro Holdings (Mauritius) Limited			Mauritius
	Wipro Holdings UK Limited		U.K.
		Wipro Technologies UK Limited	U.K.
		BVPENTE	Austria

**Table of Contents**

<b>Direct Subsidiaries</b>	<b>Step Subsidiaries</b>	<b>Country of Incorporation</b>
	Beteiligungsverwaltung GmbH <sup>(A)</sup>	
	3D Networks FZ-LLC	Dubai
	3D Networks (UK) Limited	U.K.
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 Technologies Argentina SA	Argentina
	Wipro Information Technology Egypt SAE	Egypt
	Wipro Arabia Limited	Dubai
	Wipro Poland Sp Zoo	Poland
	Wipro Information Technology Netherlands BV (formerly RetailBox BV)	Netherland
	Enabler Informatica SA <sup>(A)</sup>	Portugal
	Wipro Technologies Limited, Russia	Russia
	Wipro Technologies Oy (formerly Saraware Oy)	Finland
	Wipro Infrastructure Engineering AB	Sweden
	Wipro Infrastructure Engineering Oy	Finland
	Hydrauto Celka San ve Tic	Turkey
	Wipro Technologies SRL	Romania
	Wipro Singapore Pte Limited	Singapore
	Unza Holdings Limited <sup>(A)</sup>	Singapore
	Wipro Technocentre (Singapore) Pte Limited	Singapore

Wipro (Thailand) Co  
Limited Thailand

Wipro Australia Pty Limited Australia

Wipro Networks Pte Limited  
(formerly 3D Networks Pte  
Limited) Singapore

Planet PSG Pte Limited Planet PSG SDN BHD Singapore  
Malaysia

Wipro Chengdu Limited China

Wipro Chandrika Limited India

WMNETSERV Limited WMNETSERV (U.K.)  
Limited. U.K.  
WMNETSERV INC U.S.

Wipro Technology Services  
Limited India

All the above direct subsidiaries are 100% held by the Company except that we hold 66.67% of the equity securities of Wipro Arabia Limited and 90% of the equity securities of Wipro Chandrika Limited.

As of March 31, 2009, we also held 49% of the equity securities of Wipro GE Medical Systems Private Limited that is accounted for as an equity method investment.

(A) Step Subsidiary details of Unza Holdings Limited, BVPENTE Beteiligungsverwaltung GmbH and Enabler Informatica SA are as follows :

<b>Step Subsidiaries</b>	<b>Step Subsidiaries</b>	<b>Country of Incorporation</b>
Unza Company Pte Limited		Singapore
Unza Indochina Pte Limited		Singapore
	Unza Vietnam Co., Limited	Vietnam
Unza Cathay Limited		Hong Kong
Unza China Limited		Hong Kong

**Table of Contents**

<b>Step Subsidiaries</b>	<b>Step Subsidiaries</b>	<b>Country of Incorporation</b>
	Dongguan Unza Consumer Products Limited.	China
PT Unza Vitalis		Indonesia
Unza Thailand Limited		Thailand
Unza Overseas Limited		British virgin islands
Unza Africa Limited		Nigeria
Unza Middle East Limited		British virgin islands
Unza International Limited		British virgin islands
Positive Equity Sdn Bhd		Malaysia
Unza Nusantara Sdn Bhd		Malaysia
	Unza Holdings Sdn Bhd	Malaysia
	Unza Malaysia Sdn Bhd	Malaysia
	UAA (M) Sdn Bhd	Malaysia
	Manufacturing Services Sdn Bhd	Malaysia
	Shubido Pacific Sdn Bhd <sup>(a)</sup>	Malaysia
	Gervas Corporation Sdn Bhd	Malaysia
	Gervas (B) Sdn Bhd	Malaysia
	Formapac Sdn Bhd	Malaysia
BVPENTE		Austria
Beteiligungsverwaltung GmbH	New Logic Technologies GmbH	Austria
	New Logic Technologies SARL	France
Enabler Informatica SA	Enabler France SAS	France
	Enabler UK Limited	U.K.
	Wipro do Brasil	Brazil
	Technologia Ltda	
	Wipro Technologies GmbH (formerly Enabler & Retail Consult GmbH)	Germany

a) All the above subsidiaries are 100% held by the Company except Shubido Pacific Sdn Bhd in which the Company holds 62.55% of the equity

securities.

### **Property, Plant and Equipment**

Our headquarters and corporate offices are located at Doddakannelli, Sarjapur Road, Bangalore, India. The offices are approximately 300,000 square feet. We have approximately 1.3 million square feet of land adjoining our corporate offices for future expansion plans.

In addition we have approximately 40 million square feet of land and approximately 9.6 million square feet of owned software development facilities in India and approximately 1 million square feet of leased software development premises in India. We have approximately 1,100,000 square feet of leased software development facilities in 11 countries outside India. We have approximately 313,000 square feet of leased data center facilities at various locations in United States of America.

We have one sales and marketing office located in each of the following countries: Canada, France, Germany, Japan, Sweden, Italy, Switzerland, Finland, the Netherlands, the United Kingdom and China. In addition, we have eleven sales and marketing offices in the United States.

We operate fifteen manufacturing sites, aggregating approximately 1.4 million square feet and approximately 4.2 million square feet of land. We own eight of these facilities, located in Amalner, Tumkur, Bangalore, Mysore, Hindupur, Mumbai, Chennai and Pondicherry, India. We have leased on a long-term basis three facilities located in Waluj, Haridwar and Baddi, India. We own approximately 946,090 square feet of production and warehousing facilities in Indonesia, Vietnam and Malaysia. We also own approximately 344,000 square feet of production facilities in Sweden.

**Table of Contents**

Our software development and manufacturing facilities are equipped with a world class technology infrastructure that includes networked workstations, servers, data communication links, captive power generators and other plants and machinery.

We believe that our facilities are optimally utilized and that appropriate expansion plans are being planned and undertaken to meet our future growth.

**Material Plans to Construct, Expand and Improve Facilities**

As of March 31, 2009, we have capital commitments of Rs. 5,371 million (\$106 million) related to the construction or expansion of our software development facilities. We currently intend to finance our additional expansion plans entirely through our cash and cash equivalents and investments in liquid and short term mutual funds as of March 31, 2009.

**Legal Proceedings**

In the ordinary course of business, we may from time to time become involved in certain legal proceedings. As of the date of this Annual Report on Form 20-F, we are not party to any pending legal proceedings whose resolution could have a material impact on our financial position. Please see the description of our tax proceedings, under the section titled *Income Taxes* under Item 5 of this Annual Report.

**Item 4A. Unresolved Staff Comments**

None.

**Item 5. Operating and Financial Review and Prospects**

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

\*\*\*

**Management's Discussion and Analysis of Financial Condition and Results of Operations**

As discussed elsewhere in this report, in addition to historical information, this Annual Report on Form 20-F contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the *Securities Act*), and Section 21E of the Securities Exchange Act of 1934, as amended (the *Exchange Act*).

Forward-looking statements are not historical facts but instead represent our beliefs regarding future events, many of which are, by their nature, inherently uncertain and outside our control. As a result, the forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements, and reported results should not be viewed as an indication of future performance. For a discussion of some of the risks and important factors that could affect the firm's future results and financial condition, please see the sections entitled *Risk Factors*.

The forward-looking statements contained herein are identified by the use of terms and phrases such as *anticipate*, *believe*, *could*, *estimate*, *expect*, *intend*, *may*, *plan*, *objectives*, *outlook*, *probably*, *project*, *will*, and other similar terms and phrases. Such forward-looking statements include, but are not limited to, all of the statements set forth above under the heading *Forward-Looking Statements May Prove Inaccurate*.

We wish to ensure that all forward-looking statements are accompanied by meaningful cautionary statements, so as to ensure to the fullest extent possible the protections of the safe harbor established in the Private Securities Litigation Reform Act of 1995. Accordingly, all forward-looking statements are qualified in their entirety by reference to, and are accompanied by, the discussion of certain important factors that could cause actual results to differ materially from those projected in such forward-looking statements in this report, including the section entitled *Risk Factors* and this section. We caution the reader that this list of important factors may not be exhaustive. We operate in rapidly changing businesses, and new risk factors emerge from time to time. We cannot predict every risk factor, nor can we assess the impact, if any, of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements.

**Overview**

We are a leading global information technology, or IT, services company, headquartered in Bangalore, India. We provide a comprehensive range of IT services, software solutions and research and development services in the areas of hardware and software design to leading companies worldwide. We use our development centers located in India and around the world, quality processes and global resource pool to provide cost effective IT solutions and deliver time-to-market and time-to-development advantages to our clients. We also provide business process outsourcing, or



BPO, services.

Our IT Products segment is a leader in the Indian IT market and focuses primarily on meeting requirements for IT products of companies in India and the Middle East region.

We also have a notable presence in the markets for consumer products and lighting and infrastructure engineering.

Until March 31, 2008, our reportable segments, were Global IT Services and Products (comprising of IT Services and BPO Services segments), India and AsiaPac IT Services and Products, Consumer Care and Lighting and Others. The Chairman of the Company has been identified as the Chief Operating Decision Maker ( CODM ) as defined by SFAS No. 131, Disclosure about Segments of an Enterprise and Related Information. The Chairman of the Company evaluates the segments based on their revenue growth, operating income and return on capital employed.

**Table of Contents**

In April 2008, we re-organized our IT businesses by combining the Global IT Services and Products business and the India and AsiaPac IT Services and Products business and appointed joint Segment Chief Executive Officers for the combined IT businesses. Consequent to the reorganization, we identified IT Services and IT Products as the new operating and reportable segments within our IT business. There was no change in the reportable segments for our other businesses.

Our revenue and net income for the years ended March 31, 2007, 2008 and 2009 are provided below.

<b>Wipro Limited and subsidiaries</b>					
<b>Years ended March 31,</b>					
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>Year on Year change</b>	
	<b>(in millions except earnings per share data)</b>			<b>2009-08</b>	<b>2008-07</b>
Revenue	Rs. 254,564	Rs. 197,428	Rs. 149,431	29%	32%
Cost of revenue	(178,176)	(139,236)	(102,468)	28%	36%
Gross profit	76,388	58,192	46,963	31%	24%
Selling and marketing expenses	(17,762)	(13,807)	(9,173)	29%	51%
General and administrative expenses	(14,696)	(10,820)	(7,639)	36%	42%
Operating income	41,390	33,714	29,906	23%	13%
Net income	34,415	32,241	29,168	7% <sup>(1)</sup>	11% <sup>(1)</sup>
As a Percentage of Revenue:					
Selling and marketing expenses	6.98%	6.99%	6.14%	1 bps	(85) bps
General and administrative expenses	5.77%	5.48%	5.11%	(29) bps	(37) bps
Gross margins	30.01%	29.48%	31.43%	53 bps	(195) bps
Operating Margin	16.26%	17.08%	20.01%	(82) bps	(293) bps
Earnings per share					
Basic	23.67	22.23	20.45		
Diluted	23.63	22.16	20.20		

<sup>(1)</sup> Our adjusted non-GAAP net income for the year ended March 31, 2009, 2008, 2007 is Rs. 37,656, Rs. 32,322 and Rs. 29,168, respectively, a growth of 17% and 11% over the year ended March 31, 2008 and 2007, respectively. See discussion below.

Our revenue and operating income by business segment expressed in terms of percentages are provided below for the years ended March 31, 2007, 2008 and 2009:

	<b>Year ended March 31,</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>(In Percentage)</b>		
<b>Revenue:</b>			
IT Services and Products			
IT Services	75	74	79
IT Products	13	13	11
Total	88	87	90
Consumer Care and Lighting	8	7	5
Others	4	6	5
	100	100	100

**Operating Income:**

IT Services and Products			
IT Services	94	90	94
IT Products	3	3	2
Total	97	93	96
Consumer Care and Lighting	5	5	3
Others	(2)	2	1
	100	100	100

The following table provides our adjusted non-GAAP net income, excluding the impact of translating specific foreign currency borrowings and the impact of periodic fair value measurement of related cross-currency interest rate swaps, used in combination, to mitigate exchange fluctuations arising from translation of investments in foreign operations,

**Table of Contents**

(which did not qualify as hedging of net investments, under GAAP), and certain stock-related fringe benefit tax expenses paid in India. This non GAAP net income is a measure defined by the SEC as a non-GAAP financial measure. This non-GAAP financial measure is not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP measures used by other companies. In addition to this non-GAAP measure, the financial statements prepared in accordance with GAAP and reconciliations of our GAAP financial statements to such non-GAAP measure should be carefully evaluated.

A reconciliation of net income as reported and adjusted non-GAAP net income, excluding impact of currency translation on foreign currency loan, related cross-currency interest rate swaps and certain stock-related fringe benefit tax, is as follows:

	<b>Year ended March</b>		
	<b>2009</b>	<b>31, 2008</b>	<b>2007</b>
Net income as per GAAP	Rs. 34,415	Rs. 32,241	Rs. 29,168
Adjustments:			
Translation loss on a foreign currency loan and changes in fair value of cross-currency interest rate swap	3,044		
Stock-related fringe benefit tax expense paid in India <sup>(1)</sup>	197	81	
Adjusted Non-GAAP net income	Rs. 37,656	Rs. 32,322	Rs. 29,168

<sup>(1)</sup> Relates to stock options granted prior to April 1, 2007, where application of GAAP results in a permanent mismatch between the fringe benefit tax expense recorded through the income statement and the related recovery of the fringe benefit tax from the employees by modifying the grants outstanding as of April 1, 2007, which is recorded

through equity.

The Company believes that the presentation of this non-GAAP adjusted net income, when shown in conjunction with the corresponding GAAP measures, provides useful information to investors and management regarding financial and business trends relating to its net income. The Company believes that foreign currency borrowing in combination with related cross-currency interest rate swap are in substance, economic hedges of net investment in foreign operations, though for GAAP reporting the impact of translation and fair value measurements are recorded in the income statement. In addition, certain stock-based fringe benefit tax expenses are fully reimbursed by our employees, but for GAAP reporting the reimbursement is recorded in stockholders' equity. Therefore, we believe that making available an adjusted net income number that excludes the impact of these items from net income provides useful supplemental information to both management and investors about our financial and business trends.

For our internal budgeting process, our management also uses financial statements that do not include the impact of periodic translation of such specific foreign currency borrowings and fair value re-measurement of related cross-currency interest rate swaps and certain stock-based fringe benefit tax expenses. The management of the Company also uses non-GAAP adjusted net income, in addition to the corresponding GAAP measures, in reviewing our financial results.

A material limitation associated with the use of non-GAAP net income as compared to the GAAP measures of net income is that it does not include costs which are recurring in nature and may not be comparable with the calculation of net income for other companies in our industry. The Company compensates for these limitations by providing full disclosure of the effects of non-GAAP measures, by presenting the corresponding GAAP financial measures and by providing a reconciliation to the corresponding GAAP measure.

**Analysis of years ended March 31, 2009 and 2008**

- § Our total revenues increased by 29%. This was driven primarily by a 31%, 36% and 32% increase in revenue from our IT Services, IT Products and Consumer Care and Lighting business segments respectively. This increased revenue was partially offset by a decline of 10% in revenue from our Others, including reconciling items segment.
- § Our gross profit as percentage of our total revenue increased by 53 basis points (bps). This was primarily on account of an increase in gross profit as a percentage of revenue from our Consumer Care and Lighting business segment by 333 bps and increase in gross profit as a percentage of revenue from our IT Services segment by 29 bps. This increase was partially offset by a decline in gross profit as a percentage of revenue from our IT Products segment by 77 bps and a decline in gross profit as a percentage of revenue from our Others segment, including reconciling items, by 51 bps.
- § Our selling and marketing expenses as a percentage of revenue has almost remained constant for the year ended March 31, 2009 and 2008, respectively. In absolute terms selling and marketing expenses have increased by 29%, primarily due to an increase in the IT Services segment.

**Table of Contents**

- § Our general and administrative expenses as a percentage of revenue has increased from 5.48% for the year ended March 31, 2008 to 5.77% for the year ended March 31, 2009. In absolute terms the general and administrative expenses have increased by 36%, primarily due to an increase in the IT Services segment.
- § The increase of Rs. 872 in the amortization of intangible assets was primarily due to an increase in the amortization of intangibles of our IT Services segment by Rs. 620 and an increase in the amortization of intangibles of our Consumer Care and Lighting segment by Rs. 254. This increase is primarily attributable to the amortization of determinable life intangibles of Infocrossing and Unza which were acquired in fiscal 2008.
- § As a result of the foregoing factors, our operating income increased by 23% from Rs. 33,714 for the year ended March 31, 2008 to Rs. 41,390 for the year ended March 31, 2009.
- § Our Other income, net, decreased from Rs. 2,167 for the year ended March 31, 2008 to Rs. (1,816) for the year ended March 31, 2009. This decrease is primarily on account of an increase in foreign exchange loss attributable to restatement of debt denominated in foreign currency and change in the fair value of cross-currency interest rate swaps of Rs. 3,973. Excluding this impact, other income decreased from Rs. 2,167 for the year ended March 31, 2008 to Rs. 2,157 for the year ended March 31, 2009.
- § Our income taxes increased by Rs. 1,549, from Rs. 3,873 for the year ended March 31, 2008 to Rs. 5,422 for the year ended March 31, 2009. Our effective tax rate increased from 10.7% for the year ended March 31, 2008 to 13.6% for the year ended March 31, 2009. This increase is primarily due to expiry of tax holiday period in respect of certain units and increase in the proportion of income subject to taxation in foreign jurisdictions. The translation loss on foreign currency loan and change in fair value of cross-currency interest rate swap is not deductible for tax purposes. Adjusted for the impact of translation loss on a foreign currency loan and changes in fair value of cross-currency interest rate swap and tax write-backs, our effective tax rate was 13.5% for the year ended March 31, 2009 as compared to 12.2% for the year ended March 31, 2008.
- § Our equity in earnings of affiliates for the year ended March 31, 2008 and 2009 was Rs. 257 and Rs. 362 respectively. Equity in earnings of affiliates primarily relates to the equity in earnings of Wipro GE.
- § As a result of the foregoing factors, our net income increased by Rs. 2,174 or 7%, from Rs. 32,241 for the year ended March 31, 2008 to Rs. 34,415 for the year ended March 31, 2009.

**Analysis of years ended March 31, 2008 and 2007**

- § Our total revenues increased by 32%. This increase was driven primarily by an increase of 24%, 45% and 93% in revenues from our IT Services, IT Products and Consumer Care and Lighting business segments respectively.
- § Our gross profit as a percentage of our total revenue declined by 195 bps. This was primarily on account of a decline in gross profit as a percentage of revenue from our IT Services segment by 226 bps. This was partially offset by an increase in gross profit as a percentage of revenue from our IT Products segment by 82 bps and an increase in gross profit as a percentage of revenue from our Consumer Care and Lighting segment by 548 bps.
- § Our selling and marketing expenses as a percentage of revenue has increased from 6.14% for the year ended March 31, 2007 to 6.99% for the year ended March 31, 2008. In absolute terms selling and marketing expense have increased by 51%, primarily due to increase in the IT Services and Consumer Care and Lighting segments.
- § Our general and administrative expenses as a percentage of revenue has increased from 5.11% for the year ended March 31, 2007 to 5.48% for the year ended March 31, 2008. In absolute terms general and administrative expenses have increased by 42%, primarily due to increase in the IT Services and Consumer

Care and Lighting segments.

- § As a result of the foregoing factors, our operating income increased by 13% from Rs. 29,906 for the year ended March 31, 2007 to Rs. 33,714 for the year ended March 31, 2008.
- § Our other income, net, decreased from Rs. 2,628 for the year ended March 31, 2007 to Rs. 2,167 for the year ended March 31, 2008. The decrease is primarily on account of an increase in foreign exchange loss attributable to restatement of debt denominated in foreign currency of Rs. 457. Further, interest expense increased by Rs. 803 on account of the increase in average outstanding debt during the year ended March 31, 2008. This was partially offset by an increase in income from investments in liquid and short-term instruments by Rs. 222.

**Table of Contents**

§ Our income taxes increased by Rs. 150 from Rs. 3,723 for the year ended March 31, 2007 to Rs. 3,873 for the year ended March 31, 2008. Our effective tax rate decreased from 11.3% for the year ended March 31, 2007 to 10.7% for the year ended March 31, 2008. Adjusted for tax write-backs our effective tax rate declined from 13.5% for the year ended March 31, 2007 to 12.2% for the year ended March 31, 2008. This decline was primarily due to decrease in proportion of income subject to taxation in foreign jurisdictions.

§ Our equity in earnings of affiliates for the year ended March 31, 2007 and 2008 was Rs. 318 and Rs. 257, respectively. Equity in earnings of affiliates of Rs. 318 for the year ended March 31, 2007 comprises equity in earnings of Wipro GE of Rs. 302, net gain on sale of a portion of the interest in WeP Peripherals of Rs. 40 and equity in loss of WM Net Serv of Rs. 24. Equity in earnings of affiliates of Rs. 257 for the year ended March 31, 2008 comprises equity in earnings of Wipro GE.

§ As a result of the foregoing factors, our net income increased by Rs. 3,072 or 11% from Rs. 29,169 for the year ended March 31, 2007 to Rs. 32,241 for the year ended March 31, 2008.

**Segment Analysis***IT Services*

We provide IT services to our customers located in various markets around the world. The range of IT services we provide includes IT consulting, custom application design, development, re-engineering and maintenance, systems integration, package implementation, technology infrastructure total outsourcing, testing services and research and development services in the areas of hardware and software design. We also provide business process outsourcing services, or BPO, services. Our services offerings within the business process outsourcing area include customer interaction services, finance and accounting services and business process improvement services for repetitive processes.

Our IT Services segment accounted for 79%, 74% and 75% of our total revenue for the years ended March 31, 2007, 2008 and 2009, respectively. Our IT Services segment accounted for 94%, 90% and 94% of our total operating income for the years ended March 31, 2007, 2008 and 2009, respectively.

	Year ended March 31,			Year on Year change	
	2009	2008	2007	2009-08	2008-07
		(in millions)			
Revenue	Rs. 191,193	Rs. 146,260	Rs. 117,640	31%	24%
Gross profit	63,104	47,853	41,152	32%	16%
Selling and marketing expenses	(11,270)	(9,013)	(6,587)	25%	37%
General and administrative expenses	(12,234)	(8,312)	(6,487)	47%	28%
Amortization of intangibles	(1,061)	(441)	(244)	141%	81%
Others, net	271	401	93	no	no
Operating income	38,810	30,488	27,927	27%	9%
As a Percentage of Revenue:					
Selling and marketing expenses	5.89%	6.16%	5.60%	27 bps	(56) bps
General and administrative expenses	6.40%	5.68%	5.51%	(72) bps	(17) bps
Gross margin	33.01%	32.72%	34.98%	29 bps	(226) bps
Operating margin	20.30%	20.85%	23.74%	(55) bps	(289) bps

In our segment reporting only, management has included the impact of exchange rate fluctuations in revenue. Excluding the impact of exchange rate fluctuations, revenue, as reported in our statements of income, is Rs. 117,819, Rs. 146,170 and Rs. 192,635 for the years ended March 31, 2007, 2008 and 2009, respectively.

**Analysis of years ended March 31, 2009 and 2008**



Our revenue from IT Services segment grew by 31%. In USD terms our revenue grew by 19% from \$3,647 to \$4,323. Our average USD/INR realization increased from Rs. 40.1 for the year ended March 31, 2008 to Rs 44.2 for the year ended March 31, 2009.

This growth of 19% was primarily due to a 30% increase in revenue from retail and transportation services, a 27% increase in revenues from financial services, a 26% increase in revenues from manufacturing and

**Table of Contents**

healthcare services, a 9% increase in revenue from energy and utility services and a 6% increase in revenue from technology, media and telecom services. Our price realization increased by 3.8% and 3.2% on a year on year basis for our offshore and onsite services respectively. In our IT Services segment, we added 110 new clients during the year ended March 31, 2009. The total number of clients that individually accounted for over US \$1 million run rate in revenue increased from 362 as of March 31, 2008 to 427 as of March 31, 2009. Our gross profit as a percentage of our revenue from our IT Services segment increased by 29 bps. The improvement in gross margin as percentage of revenue is primarily on account of improvement in utilization rates and better exchange rate realization. Our average utilization of billable employees improved from 67% for the year ended March 31, 2008 to 69% for the year ended March 31, 2009. These improvements were offset by the increase in personnel costs due to increased compensation based on promotions.

Selling and marketing expenses as a percentage of revenue from our IT Services segment decreased marginally from 6.16% for the year ended March 31, 2008 to 5.89% for the year ended March 31, 2009. However in absolute terms, selling and marketing expenses have increased by 25%. This increase was primarily due to an increase in personnel costs, certain employees being classified as sales and marketing personnel during the year, an increase in compensation costs as part of our compensation review and grant of additional stock options.

General and administrative expenses as a percentage of revenue from our IT Services segment has increased from 5.68% for the year ended March 31, 2008 to 6.40% for the year ended March 31, 2009. This increase was primarily due to an increase in personnel costs by Rs. 1,451 and an increase in the provision for doubtful debts by Rs 658. Personnel costs have increased from Rs. 3,509 for the year ended March 31, 2008 to Rs. 4,960 for the year ended March 31, 2009, which is attributable to the increase in the support staff consistent with the increase in volume and operations and increase in compensation cost as part of our compensation review, grant of additional stock options and acquisition of Infocrossing. The increase in the provision for doubtful debts was primarily due to additional reserve recorded upon a major customer opting for bankruptcy protection.

Increase in amortization of intangibles is primarily attributable to amortization of customer-related intangible arising on acquisition of Infocrossing.

As a result of the above, operating income from our IT Services segment increased by 27%.

**Analysis of years ended March 31, 2008 and 2007**

§ Our revenue from the IT Services segment grew by 24%. In USD terms our revenue grew by 40% from \$ 2,601 to \$3,647. Our average USD/INR realization decreased from Rs. 45.2 for the year ended March 31, 2007 to Rs. 40.1 for the year ended March 31, 2008.

This growth of 40% was primarily due to the acquisition of Infocrossing in September 2007, about 38% increase in revenues from retail and transportation business and about 50% increase in revenues from financial services and manufacturing & healthcare services. Integration of acquisitions during the year contributed to a 4% increase in the revenues. Our price realization increased by 1.2% and 2.6% on a year on year basis for our offshore and onsite services respectively. In our IT Services segment, we added 185 new clients during the year ended March 31, 2008. The total number of clients that individually accounted for over US \$ 1 million run rate in revenue increased from 255 as of March 31, 2007 to 362 as of March 31, 2008.

§ Our gross profit as a percentage of our revenue from our IT Services segment declined by 226 bps. The decline in gross margin as a percentage of revenue is primarily due to adverse impact of appreciation of the Indian rupee against the US dollar, an increase in compensation costs for offshore and onsite employees as a part of our compensation review and lower gross margins in Infocrossing. Based on average exchange rates in fiscal 2007 and 2008, the Indian rupee has appreciated by over 10.9% against the U.S. dollar in fiscal 2008. This is

partially offset by improvement in the average utilization rates of billable employees from 64% for the year ended March 31, 2007 to 67% for the year ended March 31, 2008.

§ Selling and marketing expenses as a percentage of revenue from our IT Services segment increased marginally from 5.60% for the year ended March 31, 2007 to 6.16% for the year ended March 31, 2008. However in absolute terms selling and marketing expenses increased by 37% during the same period. This increase was primarily due to an increase in personnel cost by Rs. 1,757 from Rs. 4,004 for the year ended March 31, 2007 to Rs. 5,761 for the year ended March 31, 2008. This is attributable to the increase in number of sales and marketing personnel from 340 as of March 31, 2007 to 425 as of March 31, 2008 and an increase in compensation costs as a part of our compensation review.

**Table of Contents**

- § General and administrative expenses as a percentage of revenue from our IT Services segment has increased marginally from 5.51% for the year ended March 31, 2007 to 5.68% for the year ended March 31, 2008. This increase was primarily due to an increase in personnel cost by Rs. 862. Personnel cost increased from Rs. 2,647 for the year ended March 31, 2007 to Rs. 3,509 for the year ended March 31, 2008, which is attributable to the increase in our support staff consistent with the increase in volume and operations, increase in compensation cost as a part of our compensation review, grants of additional stock options and acquisition of Infocrossing.
- § Increase in amortization of intangibles is primarily attributable to amortization of customer-related intangible arising on acquisition of Infocrossing.
- § Others, net for the year ended March 31, 2008, include Rs. 269 of insurance recoveries relating to certain costs incurred by the Company.
- § As a result of the above, operating income from our IT Services segment increased by 9%.

**IT Products**

We leverage our strong distribution channel to sell a range of Wipro personal desktop computers, Wipro servers and Wipro notebooks. We are also a value added reseller of desktops, servers, notebooks, storage products, networking solution and packaged software. Our IT Products segment accounted for 11%, 13% and 13% of our total revenue for the years ended March 31, 2007, 2008 and 2009, respectively. Our IT Products segment accounted for 2%, 3% and 3% of our operating income for the years ended March 31, 2007, 2008 and 2009, respectively.

	Year ended March 31,			Year on Year change		
	2009	2008	2007	2009-08	2008-07	
		(in millions)				
Revenue	Rs.33,424	Rs.24,619	Rs.16,965	36%	45%	
Gross profit	3,249	2,583	1,640	26%	58%	
Selling and marketing expenses	(1,335)	(852)	(581)	57%	47%	
General and administrative expenses	(717)	(894)	(436)	(20)%	105%	
Amortization of intangibles	(23)	(30)	(13)	(23)%	131%	
Others, net	44	62	29	No	no	
Operating income	1,218	869	639	40%	36%	
As a Percentage of Revenue:						
Selling and marketing expenses	3.99%	3.46%	3.42%	(53) bps	(4) bps	
General and administrative expenses	2.15%	3.63%	2.57%	148 bps	(106) bps	
Gross margin	9.72%	10.49%	9.67%	(77) bps	82 bps	
Operating margin	3.64%	3.53%	3.77%	11 bps	(24) bps	

In our segment reporting only, management has included the impact of exchange rate fluctuations in revenue. Excluding the impact of exchange rate fluctuations, revenue, as reported in our statements of income, is Rs. 16,990, Rs. 24,545 and Rs. 33,519 for the years ended March 31, 2007, 2008 and 2009, respectively.

**Analysis of years ended March 31, 2009 and 2008**

Our revenue from the IT Products segment grew by 36%. This increase is primarily due to growth in revenues across all product lines.

Our gross profit as a percentage of our revenue from our IT Products segment decreased by 77 bps. This decline is primarily attributable to increase in the procurement cost of imported items due to depreciation of the Indian Rupee against U.S. Dollar during the year ended March 31, 2009.

Selling and marketing expenses as a percentage of revenue from our IT Products segment has increased marginally from 3.46% for the year ended March 31, 2008 to 3.99% for the year ended March 31, 2009. In absolute terms selling and marketing expenses increased by 483. The increase in selling and marketing expenses in absolute terms was primarily due to focus on our increasing presence in select geographies.

**Table of Contents**

General and administrative expenses as a percentage of revenue from our IT Products segment has decreased from 3.63% for the year ended March 31, 2008 to 2.15% for the year ended March 31, 2009. This decline of Rs. 177 is primarily due to certain cost containment measures.

As a result of the above, operating income from our IT Products segment increased by 40%.

**Analysis of years ended March 31, 2008 and 2007**

§ Our revenue from the IT Products segment grew by 45%. This increase is primarily due to growth in revenues across all product lines and integration of our acquisition of 3D Networks.

§ Our gross profits as a percentage of our revenues from our IT Products segment increased by 82 bps. The improvement is primarily attributable to an increase in proportion of revenues from traded products, which typically have higher gross margins.

§ Selling and marketing expenses as a percentage of revenue from our IT Products segment has increased marginally from 3.42% for the year ended March 31, 2007 to 3.46% for the year ended March 31, 2008. However, in absolute terms our selling and marketing expenses have increased by 47%, primarily due to increase in the number of sales and marketing personnel for this business segment.

§ General and administrative expenses as a percentage of revenue from our IT Products segment increased from 2.57% for the year ended March 31, 2007 to 3.63% for the year ended March 31, 2008. This was primarily due to an increase in the volume of operations and integration of our acquisition of 3D Networks.

§ As a result of the above, operating income from our IT Products segment increased by 36%.

**Consumer Care and Lighting**

We leverage our brand name and distribution strengths to sustain a profitable presence in niche markets in the areas of soaps, toiletries and lighting products. With the acquisitions of Unza group, we are increasing our presence in personal care products sector in south-east Asia. Our Consumer Care and Lighting segment accounted for 5%, 7% and 8% of our revenue for the years ended March 31, 2007, 2008 and 2009, respectively. Our Consumer Care and Lighting segment accounted for 3%, 5% and 5% of our operating income for the years ended March 31, 2007, 2008 and 2009, respectively.

	Year ended March 31,			Year on Year change	
	2009	2008	2007	2009-08	2008-07
		(in millions)			
Revenue	Rs. 19,243	Rs. 14,619	Rs. 7,563	32%	93%
Gross profit	8,458	5,938	2,658	42%	123%
Selling and marketing expenses	(4,660)	(3,222)	(1,483)	45%	117%
General and administrative expenses	(1,203)	(816)	(120)	47%	580%
Amortization of intangibles	(365)	(111)	(5)	229%	
Others, net	64	53	17	No	no
Operating income	2,294	1,842	1,067	25%	73%
As a Percentage of Revenue:					
Selling and marketing expenses	24.22%	22.04%	19.61%	(218) bps	(243) bps
General and administrative expenses	6.25%	5.58%	1.59%	(67) bps	(399) bps
Gross margin	43.95%	40.62%	35.14%	333 bps	548 bps
Operating margin	11.92%	12.60%	14.11%	(68) bps	(151) bps

We have been in the consumer care business since 1945 and the lighting business since 1992. The consumer care business has historically generated surplus cash. Our strategy is to sustain operating margins, continue generating positive operating cash flows and increase the proportion of revenues from high margin products. With the acquisition of Unza, our strategy is to sustain and expand our market share in south-east Asia and introduce premium personal care products of Unza in the Indian markets.

In our segment reporting only, management has included the impact of exchange rate fluctuations in revenue. Excluding the impact of exchange rate fluctuations, revenue, as reported in our statements of income, is Rs. 7,559, Rs. 14,639 and Rs. 19,302 for the years ended March 31, 2007, 2008 and 2009, respectively.

**Table of Contents****Analysis of years ended March 31, 2009 and 2008**

Our Consumer Care and Lighting revenue increased by 32%. The increase in revenue is attributable to an increase in the volume of our soap, lighting, furniture products and Personal Care Products of Unza.

Our gross profit as a percentage of our revenues from the Consumer Care and Lighting segment increased by 333 bps. This increase was primarily due to an increase in the proportion of revenue from the range of products manufactured by Unza, which typically have higher gross margins.

Selling and marketing expense as percentage of revenue from our Consumer Care and Lighting segment has increased from 22.04% for the year ended March 31, 2008 to 24.22% for the year ended March 31, 2009. This increase is primarily due to increase in proportion of revenues from Unza. Selling and distribution expense as a percentage of our revenue is typically higher in Unza products. Further in fiscal 2009, we incurred higher brand promotion and advertisement spends in Indian market.

General and administrative expense as percentage of revenue from our Consumer Care and Lighting segment has increased from 5.58% for the year ended March 31, 2008 to 6.25% for the year ended March 31, 2009.

This increase is primarily due to Unza. General and administrative expense as a percentage of our revenue is typically higher in Unza products.

As a result of the above, operating income from our Consumer Care and Lighting segment increased by 25%.

**Analysis of years ended March 31, 2008 and 2007**

§ Our Consumer Care and Lighting revenue increased by 93%. This increase in revenue is attributable to an increase in sales volume of our soap, lighting and furniture products, an increase in prices of certain products and the integration of Unza from August 2007, which contributed additional revenues of Rs 4,823.

§ Our gross profits as a percentage of our revenues from the Consumer Care and Lighting segment increased by 548 bps. This increase was primarily due to an increase in the proportion of revenues from the range of products manufactured by Unza, which typically have higher gross margins.

§ Selling and marketing expenses of our Consumer Care and Lighting segment increased by 117%. This was primarily due to the increase in sales promotion expenses for building brands and expanding market share in select geographies and the integration of our acquisition of Unza group from August 2007 which resulted in additional selling and marketing expenses of Rs. 1,630.

§ General and administrative expenses of our Consumer Care and Lighting segment increased by 580%. This is primarily attributable to integration of our acquisition of Unza group from August 2007 which resulted in additional general and administrative expenses of Rs. 600.

§ As a result of the above, operating income of our Consumer Care and Lighting business increased by 73%.

**Others, including reconciling items****Analysis of year ended March 31, 2009 and 2008**

Revenue from our Others segment, including reconciling items, decreased by 10%, from Rs. 11,930 for the year ended March 31, 2008 to Rs. 10,704 for the year ended March 31, 2009. This decrease was primarily driven by a decrease in revenue from our hydraulic cylinders and tipping gear systems business. The decline in the revenues is attributable to slowdown in the global markets which has impacted the market for infrastructure engineering products in Indian and European markets.

Operating income from our Others segment, including reconciling items, decreased from Rs. 515 for the year ended March 31, 2008 to Rs. (932) for the year ended March 31, 2009. This is primarily due to loss Rs. 281 in our hydraulic cylinders and tipping gear systems business as against income of Rs. 1,006 in the corresponding previous year. This loss is attributable to the contraction in the sales volume of infrastructure engineering business due to the slowdown in the global market.

**Analysis of year ended March 31, 2008 and 2007**

Revenue from our Others segment, including reconciling items, increased by 64%, from Rs. 7,263 for the year ended March 31, 2007 to Rs. 11,930 for the year ended March 31, 2008. This was primarily due to



**Table of Contents**

integration of our acquisition of Hydrauto Group for the full year in fiscal 2008 as compared to a part of the year in fiscal 2007, and an increase in revenue from the sale of hydraulic cylinders and tipping gear systems. As a result of the above, operating income of Others, including reconciling items, increased from Rs. 273 for the year ended March 31, 2007 to Rs. 515 for the year ended March 31, 2008. This increase in operating income was primarily due to increase in profits of our infrastructure engineering business on account of increase in the volume of operations. This increase was partially offset by the fringe benefit tax payment of Rs. 375.

**Acquisitions**

An active acquisition program is an important element of our corporate strategy. In the last three fiscal years, we have invested over Rs. 47,268 in the aggregate, to acquire companies including the acquisitions of Infocrossing and Unza. In January 2009, we acquired Citi Technology Services Limited (Subsequently renamed as Wipro Technology Services Limited - WTS), an India based provider of information technology services and solutions. WTS has a strong competency in Technology Infrastructure Services (TIS), application development and maintenance services (ADM) for cards, capital markets and corporate banking. Typically, the significant majority of our integration activities related to an acquisition are substantially completed within three to six months after the closing of the acquisition.

We believe our acquisition program supports our long-term strategic direction, strengthens our competitive position, particularly in acquiring new domain expertise, expands our customer base, increases our ability to expand our service offerings and greater scale to grow our earnings and increase stockholders' value. See Note 3 of our Notes to Consolidated Financial Statements for additional information related to our acquisitions.

We routinely review potential acquisitions. We currently expect to finance our acquisitions through cash generated from operations, cash and cash equivalents and investments in liquid and short-term mutual funds as of March 31, 2009. However, for strategic acquisitions, we could decide to or be required to obtain additional debt or equity financing. We cannot be certain that additional financing, if needed, will be available on favorable terms, or if at all.

**Stock compensation expense**

Effective April 1, 2006, we adopted SFAS No. 123 (revised 2004), Share-Based Payment, (SFAS No. 123 (R)), which requires the measurement and recognition of compensation expense for all stock-based payment awards based on the grant-date fair value of those awards. Previously, we used the intrinsic value based method, permitted by Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock issued to Employees, to account for our employee stock-based compensation plans and had adopted the pro-forma disclosure provisions of SFAS No. 123, Accounting for Stock-Based Compensation.

We have adopted SFAS No. 123(R) using the modified prospective application method. Under this approach we have recognized compensation expenses for share-based payment awards granted prior to, but not yet vested as of April 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123. Pursuant to adoption of SFAS No. 123(R), we recognized an additional compensation expense of Rs. 165 million for the year ended March 31, 2007.

As of March 31, 2009, 122,746 options are outstanding under our stock option plan and 16,270,226 options are outstanding under our restricted stock unit option plan. The compensation cost arising from such grants is being amortized over the relevant vesting period. As a result of the above, we have amortized stock compensation expenses of Rs. 1,336, Rs. 1,076 and Rs. 1,636 for the years ended March 31, 2007, 2008 and 2009, respectively.

The stock compensation charge has been allocated to cost of revenue and selling and marketing expenses and general and administrative expenses in line with the nature of the service rendered by the employee who received the benefit.

The allocation is as follows:

	<b>Year ended March 31,</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>(in millions)</b>		
Cost of revenue	Rs. 1,232	Rs. 840	Rs. 1,044

Edgar Filing: WIPRO LTD - Form 20-F

Selling and marketing expenses	197	137	169
General and administrative expenses	166	99	122
	Rs. 1,595	Rs. 1,076	Rs. 1,336

**Table of Contents**

The Indian Finance Act, 2005 imposes an additional income tax on companies called a Fringe Benefits Tax, or FBT. Pursuant to this Act, companies are deemed to have provided fringe benefits to their employees if certain defined expenses and employee stock option expenses are incurred. These expenses, or a portion thereof, are deemed to be a fringe benefit to the employees and subjects a company to tax at a rate of 30%, exclusive of applicable surcharge and cess. FBT on all stock options is assessed that are exercised on or after April 1, 2007, and is based on the intrinsic value of the stock options on the vesting date. We record the FBT liability for employee stock options at the time of exercise of employee stock options. The FBT and other similar taxes enacted in the future by the Government of India could adversely affect our profitability. In our income statement, the FBT is allocated as cost of revenues, selling and marketing expenses and general and administrative expenses on the basis of its nature.

The Indian tax laws permit the employer to recover the FBT from the employee as the tax relates to benefits accruing to the employees. Pursuant to such law, we have amended our stock option plans to recover the amount from the employees relating to employee stock options. For options granted prior to March 31, 2007, although the FBT expense will be recorded through our income statement, the corresponding recovery, which is directly linked to exercise of stock options, will be recorded as additional exercise price. The FBT liability for outstanding options as of March 31, 2009, based on market price of our shares is approximately Rs. 1,281.

**Amortization of Intangible Assets**

Intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. We have amortized intangible assets of Rs. 379, Rs. 724 and Rs. 1,535 for the years ended March 31, 2007, 2008 and 2009, respectively. The increase is due to amortization of intangibles of Infocrossing, Unza and CTS.

**Foreign Exchange Gains/(Losses), net**

Foreign exchange gains/ (losses), net, comprise:

Exchange differences arising from the translation or settlement of transactions in foreign currency, except for exchange differences on debt denominated in foreign currency (which are reported within Other income, net); and

The changes in fair value for derivatives not designated as hedging derivatives and ineffective portion of the hedging instruments. For forward foreign exchange contracts which are designated and effective as accounting hedges, the marked to market gains and losses are deferred and reported as a component of other comprehensive income in stockholder's equity and subsequently recorded in the income statement when the hedged transaction occurs, along with the hedged item. Changes in the fair value of derivative instruments which are economic hedges in respect of debt denominated in foreign currency are reported in Other income, net.

**Other Income, net**

Our other income, net includes interest income on liquid and short-term investments, interest and related expense on short-term borrowings from banks, short-term and long-term debt, dividend income, exchange differences arising from the translation or settlement of debt denominated in foreign currency and changes in fair value of related derivative instruments and realized gains/losses on the sale of investment securities.

**Equity in Earnings/Losses of Affiliates**

*Wipro GE Medical Systems Private Limited. (Wipro GE).* We hold a 49% equity interest in Wipro GE Medical Systems Private Limited, a venture where General Electric, USA holds the balance of 51%.

**Income Taxes**

Our net income earned from providing services at client premises outside India is subject to tax in the country where we perform the work. Most of our tax paid in countries other than India can be applied as a credit against our Indian tax liability to the extent that the same income is liable to tax in India.

Currently, we benefit from certain tax incentives under Indian tax laws. As a result of these incentives, our operations have not been subject to significant Indian tax liabilities. These tax incentives currently include a tax holiday from payment of Indian corporate income taxes for our businesses operating from specially designated Software Technology and Hardware Technology Parks and Special Economic Zones. We are currently also eligible for exemptions from other taxes, including customs duties.



**Table of Contents**

*Software Technology and Hardware Technology Parks.* Under this scheme there is provision for an income tax deduction of 100 percent for profits derived from exporting information technology services for the first ten years from the commencement of provision of services. Previously, the tax holiday for these parks was scheduled to expire in stages with a mandated maximum expiry period of March 31, 2009. The Finance Act, 2008 has extended the availability of the ten year tax holiday by period of one year such that the tax holiday will be available until the earlier of fiscal year 2010 or ten years.

*Special Economic Zone.* Under this scheme, units in designated special economic zones which begin providing services on or after April 1, 2005 will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits or gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions.

As a result, a substantial portion of our pre-tax income has not been subject to a significant tax in India in recent years. When our tax holiday and income tax deduction exemptions expire or terminate, our costs will increase. Additionally, the Government of India could enact laws in the future, which could impair the tax incentives which benefit our business.

Profits from certain other undertakings are also eligible for preferential tax treatment. In addition, dividend income from certain category of investments is exempt from tax.

For the years ended March 31, 2007, 2008 and 2009 our tax benefits were Rs. 7,948, Rs. 8,450 and Rs. 10,368, respectively, from such tax incentives.

The Company received tax demands from the Indian income tax authorities for the financial years ended March 31, 2001, 2002, 2003 and 2004, respectively aggregating to Rs. 11,127 (including interest of Rs. 1,503). 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 appeals filed by the Company for the above years to the first appellate authority were allowed in favor of the Company, thus deleting substantial portion of the demand raised by the Income tax authorities. On further appeal filed by the income tax authorities, the second appellate authority upheld the claim of the company for the years ended March 31, 2001, 2002, 2003 and 2004. In December 2008, the Company received, on similar grounds, an additional tax demand of Rs. 5,388 (including interest of Rs. 1,615) for the financial year ended March 31, 2005. The Company has filed an appeal against the said demand within the time limits permitted under the statute.

Considering the facts and nature of disallowance and the order of the appellate authorities upholding our claims for earlier years, we believe that the final outcome of the above disputes should be in our favor and there should not be any material impact on the financial statements. The range of loss relating to these contingencies is between zero and the amount of the demand.

Although we currently believe we will ultimately prevail in our appeals, the result of such appeals, and any subsequent appeals, cannot be predicted with certainty. Should we fail to prevail in our appeal, or any subsequent appeals, in any reporting period, the operating results of such reporting period could be materially adversely affected.

Pursuant to the changes in the Indian income tax laws, Minimum Alternate Tax (MAT) has been extended to income in respect of which a deduction is claimed under section 10A and 10B; consequently, we have calculated our domestic tax liability for fiscal 2009 after considering MAT. The excess tax paid under MAT provisions over and above normal tax liability can be carried forward and set-off against future tax liabilities computed under normal tax provisions.

The unrecognized tax benefits has increased by Rs. 2,429 during the year ended March 31, 2009 primarily due to certain additional tax credit carryforward of Rs. 918 reported in the income tax filings for the year ended March 31, 2008 and on account of additional impact in the current year in relation to uncertain tax positions taken in the current year.

**Liquidity and Capital Resources**

The Company's cash flow from operating, investing and financing activities, as reflected in the Consolidated Statement of Cash Flows on page 99, is summarized in the table below:



**Table of Contents**

	Year ended March 31,			Year on Year Change	
	2009	2008	2007	2009-08	2008-07
Net cash provided by/(used in) continuing operations:					
Operating activities	Rs. 36,832	Rs. 24,595	Rs. 30,161	Rs. 12,237	Rs. (5,566)
Investing activities	(27,693)	(28,505)	(21,377)	812	(7,128)
Financing activities	44	30,798	(5,180)	(30,754)	35,978
Net change in cash and cash equivalents	9,184	26,888	3,604	(17,704)	23,284
Effect of exchange rate changes on cash and cash equivalent	663	(30)	(50)	693	20

As of March 31, 2009, we had cash and cash equivalent, short-term investments, and short-term deposits of Rs. 69,547. Cash and cash equivalent, short-term investments and short-term deposits, net of debt was Rs. 12,741. In addition we have unused credit lines of Rs. 19,160. To utilize these lines of credit we require the consent of the lender and compliance with certain financial covenants. We have historically financed our working capital and capital expenditure through our operating cash flows and through bank debt, as required.

Cash provided by operating activities increased by Rs. 12,237, while net income increased by Rs. 2,174 during the same period. The increase in cash provided by operating activities was primarily due to reduction in receivable days in the IT Services segment from 67 days in March 2008 to 60 days in March 2009 and greater focus on strengthening our working capital position resulting in increase in accounts payable and accrued expenses. Receivable days as of a reporting date is the proportion of receivables, including unbilled and unearned revenue to the revenues for the respective fiscal quarter multiplied by 90.

Further, our net income included Rs. 3,973 of non-cash charge relating to reinstatement of foreign currency loan and mark to market gains/losses on related cross-currency interest rate swaps. These were offset by Rs. 12,196 of cash losses on roll-over of cash flow hedges and hedge of net investment in foreign operation.

Cash provided by operating activities decreased from Rs. 30,161 for the year ended March 31, 2007 to Rs. 24,595 for the year ended March 31, 2008. Our net income increased by 11% during the year ended March 31, 2008. The decline was primarily due to increases in our accounts receivable, unbilled revenues, deferred contract costs and inventories. Increase in accounts receivable was primarily due to an increase in receivable days in IT Services and Products. Unbilled revenues increased due to an increase in the proportion of revenues from fixed price projects. This is partially offset by the increase in unearned revenue and advance from customers. Inventories in our infrastructure engineering products business increased due to our strategy to reduce impact of procurement lead time.

Cash used in investing activities for the year ended March 31, 2009 was Rs. (27,693). Cash provided by operating activities was utilized for the net purchase of investments amounting to Rs. (1,030), the purchase of property, plant and equipment amounting to Rs. (16,234) and payments made in connection with acquisitions of Rs. (6,679).

Cash used in investing activities for the year ended March 31, 2008 was Rs. (28,505) against Rs. (21,377) in the year ended March 31, 2007. Cash provided by operating activities, net proceeds from sale/maturity of investments and net proceeds from short-term borrowings/long-term debt were utilized to finance the acquisitions amounting to Rs. (32,789) and purchase of property, plant and equipment amounting to Rs. (14,674) which is primarily driven by the growth strategy of the Company.

Cash provided by financing activities for the year ended March 31, 2009 was Rs. 44.

Cash provided by financing activities for the year ended March 31, 2008 was Rs. 30,798 against Rs. (5,180) of cash used in financing activities during the year ended March 31, 2007. This increase is primarily due to increase in net proceeds from short-term borrowings/long-term debt partially offset by lower proceeds from issuance of equity shares. The funds were utilized to fund the acquisitions.

We have proposed to pay a cash dividend of Rs. 4 per share on our equity shares and AD Rs. This proposal is subject to approval by the shareholders of the Company. We expect a dividend payout (excluding corporate dividend

tax) of approximately Rs. 5,860 million.

We maintain debt/borrowing level that we have established through consideration of a number of factors including cash flow expectations, cash required for operations and investment plans. We continually monitor our funding requirement and strategies are executed to maintain sufficient flexibility to access global funding sources, as needed. The increase in our outstanding debt and borrowings is primarily due to depreciation of Indian rupee against the U.S. dollars and Japanese Yen (JPY). Please refer to Note 16 of our Notes to the Consolidated Financial Statements for more details on borrowings.

As discussed above, cash generated from operations is our primary source of liquidity. We believe that our cash and cash equivalent along with cash generated from operations would be sufficient to meet the repayment obligations in respect of debt / borrowings.



**Table of Contents**

As of March 31, 2009, we had contractual commitments of Rs. 5,371 (\$ 106) related to capital expenditures on construction or expansion of software development facilities, Rs. 7,091 (\$ 139) related to non-cancelable operating lease obligations and Rs. 3,255 (\$ 64) related to other purchase obligations. Plans to construct or expand our software development facilities are dictated by business requirements.

In relation to our acquisitions, a portion of the purchase consideration is payable upon achievement of specified earnings targets in future. We expect that our cash and cash equivalents, investments in liquid and short-term mutual funds and the cash flows expected to be generated from our operations in future would generally be sufficient to fund the earn-out payments and our expansion plans.

In the normal course of business, we transfer accounts receivables, net investment in sale-type finance receivable and employee advances (financial assets). These transfers can be with or without recourse. As at March 31, 2009, we had transferred financial assets of Rs. 539 without recourse.

Our liquidity and capital requirements are affected by many factors, some of which are based on the normal ongoing operations of our businesses and some of which arise from uncertainties related to global economies and the markets that we target for our services. We cannot be certain that additional financing, if needed, will be available on favorable terms, if at all.

**Off-Balance Sheet Arrangements**

We have not entered into any off-balance sheet arrangements as defined by SEC Final Rule 67 (FR-67), Disclosure in Management's Discussion and Analysis about Off-Balance Sheet Arrangements and Aggregate Contractual Obligations .

**Contractual obligations**

The table of future payments due under known contractual commitments as of March 31, 2009, aggregated by type of contractual obligation, is given below:

Particulars	Total contractual payment	Payments due in			2014-15 onwards
		2009-10	2010-12	2012-14	
Short-term borrowings	36,472	36,472			
Long-term debt	18,916	235	411	18,270	
Obligations under capital leases	1,418	504	513	334	67
Estimated interest payment <sup>(1)</sup>	2,277	511	1,132	634	
Capital commitments	5,371	5,371			
Non-cancelable operating lease obligation	7,901	1,064	2,020	1,649	3,168
Purchase obligations	3,255	3,255			
Other long-term liabilities <sup>(2)</sup>	932	786	41	10	95

Our purchase obligations include all commitments to purchase goods or services of either a fixed or minimum quantity that meet any of the following criteria: (1) they are non-cancelable, or (2) we would incur a penalty if the agreement was terminated. If the obligation to purchase goods or services is non-cancelable, the entire value of the contract has been included in the above table. If the obligation is cancelable, but we would incur a penalty if cancelled, the amount of the penalty is included as a purchase obligation.

- (1) Interest payments for long-term fixed rate debts have been calculated based on applicable rates and payment dates. Interest payments on floating rate debt have been calculated based on the payment dates and interest rates as of March 31, 2009 for each relevant debt instrument.
- (2) In accordance with SFAS No. 87, Employers' Accounting for Pensions, and SFAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions, as amended by SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R), the net accrued benefit liability for defined benefit recognized as of March 31, 2009, was Rs. 269, which is reported as a component of other liabilities in the balance sheet. Other liabilities in the

balance sheet also include amount of Rs. 2,321 towards uncertain tax positions. For these amounts, the extent of the amount and timing of payment/cash settlement is not reliably estimable or determinable, at present, and accordingly have not been disclosed in the table above.

**Table of Contents****Research and Development**

Research and Development investments in IT Services and Products business is directed towards developing solutions that have broad applications across various industry segments and developing expertise in emerging technologies. Over a period of two to three years Research and Development efforts in identified areas are focused on developing in-depth solutions, frameworks and applications.

Research and Development initiatives are executed through Centers of Excellence or CoE and Innovation Initiative.

CoEs are designed to enable growth of existing practice and/or create a new practice. CoEs focus on creating competencies in specific existing and emerging technologies and domains. CoEs create thought leadership by publishing white papers and participating in industry forums. Currently, we have CoEs focusing on Wireless and Broadband Communication, Computing Platforms like Grid Computing, e-Biz technologies like Web services, Retail Supply chain management and other similar areas.

Innovation initiative is directed towards creating new solutions and intellectual property which potentially expand our service offerings. Innovation initiative covers the entire cycle of Idea Generation, Incubation and Successful Execution. We focus on Process Innovations, Delivery Innovations, Technology Innovations, Product Innovations and Business Innovations.

**Trend Information**

*IT Services.* The shift in role of Information and Technology (IT) from merely supporting business to transforming business, is driving productivity gains and helping create new business models. This has led to an increase in the importance of IT. The increasing acceptance of outsourcing and off-shoring of activities as an economic necessity has contributed to the continued growth in our revenue.

However the recent crisis in the financial and credit markets in the United States, Europe and Asia have resulted in global economic slowdown. According to World Economic Outlook Update published by the International Monetary Fund in January 2009, the GDP of United States is projected to contract by 1.6% in fiscal 2009 and during the same period the GDP of Euro area is projected to contract by 2%.

In an economic slowdown our value proposition of delivering significant cost benefits through superior execution, delivery of services through optimal mix of low cost and nearshore centers and assuming responsibility for delivering targeted savings from defined baseline costs is very compelling to our customers. However, in an economic slowdown, our clients could reduce, postpone or defer decisions on IT spending and outsourcing. This could result in lower IT spending in the near term. Our outlook on revenues for the IT Services segment for the three months ending June 30, 2009 in some measure reflects these factors.

Further, we expect increased competition among IT companies, which may limit our ability to increase prices. We continually strive to differentiate ourselves from the competition by innovating service delivery models, adopting new pricing strategies and demonstrating our value proposition to clients to sustain prices and profits. We have also acquired businesses to augment our existing services and capabilities.

Gross profit as a percentage of revenues in our IT Services segment for the year ended March 31, 2009 is 33%. We anticipate difficulties in significantly improving our gross profits, among other things, due to the following reasons:

- Our limited ability to increase prices;

- Increases in the proportion of services performed at client location; and

- The impact of exchange rate fluctuations on our rupee realizations

In response to the possible reduction in demand for IT services, pressure on gross margins and the increased competition from other IT services companies, we are focusing on;

- Performance And Capital Efficiency (PACE) program- reduce capex spends, deliver process and application optimization and assume ownership of specific IT areas to reduce baseline IT spends for the client;

- strengthening our delivery model;

- cost containment initiatives and driving higher employee productivity;

- aligning our resources to expected demand; and

**Table of Contents**

increasing the utilization of our IT professionals.

*IT Products.* In our IT Products business segment, we have experienced pricing pressures due to increased competition among IT companies. Large multinational corporations like IBM, HP and Dell have identified India as a key focus area. Our gross margin in this business segment is also impacted by the proportion of our business derived from the sale of traded and manufactured products.

Our IT Products business segment is also subject to seasonal fluctuations. Our revenue in this business segment is driven by the capital expenditure budgets and spending patterns of our clients, who often delay or accelerate purchases in reaction to tax depreciation benefits on capital equipment. As a result revenue from our IT Product business segment for the quarters ended March 31 and December 31 are typically higher than other quarters of the year.

*Consumer Care and Lighting.* Our Consumer Care and Lighting business segment is also subject to seasonal fluctuations. Our revenues in this segment are also subject to commodity price fluctuations.

Our quarterly revenue, operating income and net income have varied significantly in the past and we expect that they are likely to vary in the future. You should not rely on our quarterly operating results as an indication of future performance. Such quarterly fluctuations may have an impact on the price of our equity shares and ADSs.

*Dividends.* Final dividends on common stock are recorded as a liability on the date of declaration by the stockholders and interim dividends are recorded as a liability on the date of declaration by the board of directors.

**Recent accounting pronouncements**

**SFAS No. 141R.** In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS No. 141R), which is a revision of SFAS No. 141, *Business Combinations*. This statement establishes principles and requirements for how an acquirer: recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. We are required to apply this new standard prospectively to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after December 15, 2008. Early adoption is prohibited. We will adopt this statement effective April 1, 2009 and its effects on future periods will depend on the nature and significance of business combinations subject to SFAS No. 141R.

On April 1, 2009, the Financial Accounting Standards Board (FASB) issued FASB Staff Position No. FAS 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* (the FSP), to amend and clarify the initial recognition and measurement, subsequent measurement and accounting, and related disclosures arising from contingencies in a business combination under SFAS No. 141R. The effects of this FSP on future periods will depend on the nature and specific facts of business combinations subject to SFAS No. 141R.

**SFAS No. 160.** In December 2007, the FASB issued SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements* (SFAS No. 160 an amendment of ARB No. 51). SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the non-controlling interest, changes in a parent's ownership interest and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. We are required to adopt this new standard for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. We do not expect the adoption of this statement to have a material effect on the Consolidated Financial Statements.

**SFAS No. 161.** In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities - An Amendment of FASB Statement No. 133* (SFAS No. 161). SFAS No. 161 requires enhanced disclosures on derivative and hedging activities by requiring objectives to be disclosed for using derivative instruments in terms of underlying risk and accounting designation. This statement requires disclosures on the need of using derivative instruments, accounting of derivative instruments and related hedged items, if any, under SFAS No. 133 and the effect of such instruments and related hedge items, if any, on the financial position, financial performance and cash flows. We are required to adopt this new statement for fiscal years beginning after November 15, 2008. Pursuant to the transition provisions of the statement, we will adopt SFAS No. 161 in fiscal year

2009 and will present the required disclosures in the prescribed format on a prospective basis. This statement does not impact the consolidated financial results as it is disclosure-only in nature.

**Table of Contents**

**FSP SFAS 142-3** In April 2008, the FASB issued FSP SFAS 142-3, *Determination of the Useful Life of Intangible Assets* (FSP 142-3). This guidance is intended to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS 142), and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R when the underlying arrangement includes renewal or extension of terms that would require substantial costs or result in a material modification to the asset upon renewal or extension. Companies estimating the useful life of a recognized intangible asset must now consider their historical experience in renewing or extending similar arrangements or, in the absence of historical experience, must consider assumptions that market participants would use about renewal or extension as adjusted for SFAS 142's entity-specific factors. FSP 142-3 is effective for us beginning April 1, 2009. We would be required to adopt this FSP prospectively for all assets acquired after April 1, 2009 and early adoption is prohibited. Its effects on future periods will depend on the nature and specific facts of assets acquired subject to SFAS No. 142.

**FSP 132 (R)-1** In December 2008, the FASB issued FSP SFAS 132(R)-1, *Employers Disclosures about Postretirement Benefit Plan Assets* (FSP 132(R)-1). This guidance amends SFAS No. 132(R), *Employers Disclosures about Pensions and Other Postretirement Benefits*, to require more detailed disclosures about the fair value measurements of employers' plan assets including (a) investment policies and strategies; (b) major categories of plan assets; (c) information about valuation techniques and inputs to those techniques, including the fair value hierarchy classifications (as defined by SFAS No. 157) of the major categories of plan assets; (d) the effects of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets; and (e) significant concentrations of risk within plan assets. The disclosures required by the FSP is effective for us beginning April 1, 2009. This statement does not impact the consolidated financial results as it is disclosure-only in nature.

**Critical accounting policies**

Critical accounting policies are defined as those that in our view are the most important for portrayal of the Company's financial condition and results and which place the most significant demands on management's judgment. For a detailed discussion on the application of these and other accounting policies, please refer to Note 2 to the Notes to Consolidated Financial Statements.

*Revenue Recognition*

We derive our revenues primarily from two sources: (i) product revenue and (ii) service revenue.

*Product Revenue*

Product revenue is recognized when there is persuasive evidence of an arrangement, the product has been delivered in accordance with the sales contract, the sales price is fixed or determinable, and collectability is reasonably assured.

We generally consider a binding purchase order or a signed contract as persuasive evidence of an arrangement. Persuasive evidence of an arrangement may take different forms depending upon the customary practices of a specific class of customers.

We provide lease financing for our products primarily through sales-type leases. We classify our leases in accordance with SFAS No. 13, Accounting for Leases. The vast majority of our leases qualify as sales-type leases using the present value of minimum lease payments classification criteria outlined in SFAS No. 13. We believe that our sales-type lease portfolio contains only normal collection risk with no important uncertainties with respect to future costs. Accordingly, we record the fair value of equipment as sales revenue, the cost of equipment as cost of sales and the minimum lease payments plus the estimated residual value as gross finance receivables. The difference between the gross finance receivable and the equipment fair value is recorded as unearned income and is amortized as income over the lease term using the interest rate implicit in the lease. Equipment residual values are determined at inception of the lease using estimates of equipment fair value at the end of the lease term.

Revenue from sale of software products is recognized in accordance with SOP 97-2, Software Revenue Recognition. In multiple element software arrangements, revenue is allocated to each element based on fair value. The fair value of elements within the scope of SOP 97-2 is determined using Vendor-Specific Objective Evidence (VSOE). In the absence of VSOE for all elements, the residual method is used where VSOE exists for all the undelivered elements. Where VSOE of the undelivered element cannot be determined, revenue for the delivered elements is deferred until the undelivered elements are delivered. If sufficient VSOE does not exist to allocate revenue to the elements and Post-Contract Customer Support (PCS) is the only undelivered element, the entire arrangement fee

is recognized ratably over the PCS term. Since there is no reasonable basis of separating the license revenue from PCS, the entire revenue is classified as product revenues.

**Table of Contents***Service Revenue*

Service revenue is recognized when there is persuasive evidence of an arrangement, the sales price is fixed or determinable, and collectability is reasonably assured. Time-and-materials service contract revenue is recognized as the services are rendered. Revenue from fixed-price, fixed-timeframe contracts that involve significant production, modification or customization of the software is accounted for in conformity with ARB No. 45, using the guidance in Statement of Position (SOP) 81-1, and the Accounting Standards Executive Committee's conclusion in paragraph 95 of SOP 97-2, Software Revenue Recognition. Fixed-price, fixed-timeframe contracts, which are similar to contracts to design, develop, manufacture, or modify complex aerospace or electronic equipment to a buyer's specification or to provide services related to the performance of such contracts and contracts for services performed by architects, engineers, or architectural or engineering design firms as laid out in paragraph 13 of SOP 81-1, are also accounted for in conformity with SOP 81-1. In these fixed-price, fixed-timeframe contracts revenue is recognized using the percentage-of-completion method.

We use the input (cost expended) method to measure progress towards completion. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. We follow this method when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors we review to estimate the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes evident. To date, we have not had any fixed-price, fixed-timeframe contracts that resulted in a material loss.

We evaluate change orders to determine whether such change orders are normal element and form part of the original scope of the contract. If the change orders are part of the original scope of the contract, no changes are made to the contract price. For other change orders, contract revenue and costs are adjusted only after the approval of the changes to the scope and price by us and the client.

Maintenance revenue is recognized ratably over the term of the agreement. Revenue from certain service arrangement involving defined but dissimilar acts is generally recognized using the proportional performance method. We defer certain upfront non-recurring costs incurred in the initial phases of outsourcing contracts to the extent that such costs represent costs of initial set-up activities or customer acquisition costs. The deferred costs are specific internal costs or external costs directly related to set-up activities necessary to execute the outsourced services. Deferred amounts are protected in the event of early termination of the contract and are monitored regularly for impairment. Impairment is evaluated for a particular contract by comparing the estimated undiscounted cash flows from the arrangement with the unamortized costs. If the unamortized costs exceed the undiscounted cash-flow, a loss is recognized.

Revenues from BPO Services are derived from both time-based and unit-priced contracts. Revenue is recognized as services are performed, under specific terms of the contracts with the customers. We have determined that certain process transition activities performed in the initial phases of certain BPO service contracts do not represent the culmination of a separate earning process. Revenue and related costs of such activities are deferred and recognized ratably over the period in which the subsequent BPO services are performed. Deferred costs are limited to the amount of deferred revenues.

*Revenue Arrangements with Multiple Deliverables*

For all revenue arrangements with multiple deliverables, based on the guidance in EITF Issue No. 00-21 we recognizes revenues on the delivered products or services only if:

The revenue recognition criteria applicable to the unit of accounting is met;

The delivered element has value to the customer on a standalone basis. The delivered unit will have value on a standalone basis if it is being sold separately by other vendors or the customer could resell the deliverable on a standalone basis;

There is objective and reliable evidence of the fair value of the undelivered item(s); and



If the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item(s) is considered probable and substantially in our control.

The arrangement consideration is allocated to the units of accounting based on their fair values. The revenue recognized for the delivered items is limited to the amount that is not contingent upon the delivery or performance of the undelivered items. In certain cases, the application of the contingent revenue provisions of EITF Issue No. 00-21 could result in recognizing a loss on the delivered element. In such cases, the cost recognized is limited to the amount of non-contingent revenues recognized and the balance of costs are recorded as an asset and are reviewed for impairment based on the estimated net cash flows to be received for future deliverables under the contract. These costs are subsequently recognized on recognition of the revenue allocable to the balance of deliverables.

**Table of Contents**

Assessments about whether the delivered units have a value to the customer on a standalone basis, impact of returns and similar contractual provisions, and determination of fair value of each unit would affect the timing of revenue recognition and would impact our results of operations.

*Accounting Estimates*

While preparing financial statements we make estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, we make estimates of the uncollectability of our accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

In accounting for amortization of stock compensation, we estimate stock option forfeitures. Any revisions of our estimates could impact our results of operations and our financial position.

We provide for inventory obsolescence, excess inventory and inventories with carrying values in excess of market values based on our assessment of the future demands, market conditions and our specific inventory management initiatives. If market conditions and actual demands are less favorable than our estimates, additional inventory write-downs may be required. In all cases inventory is carried at the lower of historical cost or market value.

*Accounting for Income taxes*

As part of the process of preparing our consolidated financial statements we are required to estimate our income taxes in each of the jurisdictions in which we operate. We are subject to tax assessments in each of these jurisdictions. A tax assessment can involve complex issues, which can only be resolved over extended time periods. Though we have considered all these issues in estimating our income taxes, there could be an unfavorable resolution of such issues that may affect results of our operations.

We also assess the temporary differences resulting from differential treatment of certain items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are recognized in our consolidated financial statements. We assess our deferred tax assets on an ongoing basis by assessing our valuation allowance and adjusting the valuation allowance appropriately. In calculating our valuation allowance we consider the future taxable incomes and the feasibility of tax planning initiatives. If we estimate that the deferred tax asset cannot be realized at the recorded value, a valuation allowance is created with a charge to the statement of income in the period in which such assessment is made. We have not created a deferred tax liability in respect of the basis difference in the carrying value of investments in domestic subsidiaries, since we expect to realize this in a tax-free manner and the current tax laws in India provide means by which we can realize our investment in a tax-free manner.

We are subject to a 15% branch profit tax in the United States to the extent the net profit attributable to our U.S. branch for the fiscal year is greater than the increase in the net assets of the U.S. branch for the fiscal year, as computed in accordance with the Internal Revenue Code. We have not triggered the branch profit tax and, consistent with our business plan, we intend to maintain the current level of our net assets in the United States. Accordingly, we did not record a provision for branch profit tax as of March 31, 2009.

We account for uncertainty in income taxes in the financial statements in accordance with Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109 (FIN 48). The accounting and disclosure of tax positions taken or expected to be taken on a tax return are based on the recognition threshold and measurement attribute as prescribed by FIN 48. We recognize penalties and interest related to unrecognized tax benefits as a component of other income, net.

*Derivatives and Hedge Accounting, and Exchange Rate Risk*

Although our functional currency is the Indian rupee, we transact a significant portion of our business in foreign currencies, particularly the U.S. dollar. The exchange rate between the rupee and the dollar has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of our operations are affected as the rupee fluctuates against the U.S. dollar. Our exchange rate risk primarily arises from our foreign currency revenues, cash balances, payables and debt. We enter into derivative instruments to primarily hedge our forecasted cash flows denominated in certain foreign currencies, foreign currency debt and net investment in overseas operations. The derivative instruments also include short term forward foreign exchange contracts pursuant to a roll-over hedging strategy which are replaced with successive new contracts up to the period in which the forecasted transactions are

expected to occur. We also designate zero-cost collars, which qualify as net purchased options, to hedge the exposure to variability in expected future foreign currency cash inflows due to exchange rate movements.

**Table of Contents**

We designate the derivatives in respect of forecasted transactions, which meet the hedging criteria, as cash flow hedges. Changes in the derivative fair values that are designated, effective and qualify as cash flow hedges, under SFAS No. 133 Accounting for Derivative Instruments and Hedging Activities, are deferred and recorded as a component of accumulated other comprehensive income until the hedged transactions occur. On occurrence of the hedge transaction, these amounts are reclassified to the consolidated statements of income and reported along with the hedged item. With respect to derivatives acquired pursuant to the roll-over hedging strategy, the changes in the fair value of discount or forward premium points are recognized in consolidated statements of income of each period.

Gains and losses upon roll-over of derivatives acquired pursuant to the roll-over hedging strategy are deferred and recorded as a component of accumulated other comprehensive income until the hedged transactions occur and are reclassified to the consolidated statements of income and reported along with the hedged item.

We have also hedged the foreign currency risk relating to a portion of our investment in overseas operations through foreign exchange derivative contracts and net purchased options. The entire mark to market and realized gains/losses relating to the effective portion of the hedges is recognized in other comprehensive income to offset the translation gains/losses relating to the hedged investments. This would be transferred to the income statement upon sale or disposal of foreign operation.

Changes in fair value for derivatives not designated as hedging derivatives and ineffective portion of the hedging instruments are recognized in consolidated statements of income of each period. We assess the hedge effectiveness at the end of each reporting period generally using the dollar offset method.

Hedge ineffectiveness could result from forecasted transactions not happening in the same amounts or in the same periods as forecasted or changes in the counterparty credit rating. Further, change in the basis of designating derivatives as hedges of forecasted transactions could alter the proportion of derivatives which are ineffective as hedges. Hedge ineffectiveness increases volatility of the consolidated statements of income since the changes in fair value of an ineffective portion of derivatives is immediately recognized in the consolidated statements of income.

As of March 31, 2009, there were no significant gains or losses on derivative transactions or portions thereof that have become ineffective as hedges, or associated with an underlying exposure that did not occur.

*Business Combinations, Goodwill and Intangible Assets*

We allocate the purchase price of acquired companies to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. We may engage third-party appraisal firms to assist us in determining the fair values of certain assets acquired and liabilities assumed. Such valuations require us to make significant estimates and assumptions, especially with respect to intangible assets. Acquired intangible assets may represent indefinite-life intangibles (e.g., certain brands), determinable life intangibles (e.g., customer-related intangibles) or residual goodwill. Of these, only the costs of determinable life intangibles are amortized to expense over their estimated useful life. The estimated useful life determined based on a number of factors, ranges from two to thirty years. The value of indefinite life intangible assets and residual goodwill is not amortized, but is tested at least annually for impairment.

In accordance with SFAS No. 142, Goodwill and Other Intangible Assets, we have assigned all the assets and liabilities, including goodwill, to the reporting units. We review goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. The provisions of SFAS No. 142 require that a two-step impairment test be performed on goodwill. In the first step, we compare the fair value of the reporting unit to its carrying value. We determine the fair value of our reporting units using the income approach. Under the income approach, we calculate the fair value of a reporting unit based on measurement techniques such as discounted cash flow analyses. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired and we are not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then we must perform the second step in order to determine the implied fair value of the reporting unit's goodwill and compare it to the carrying value of the reporting unit's goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. That is, the fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to

acquire the reporting unit. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then we must record an impairment loss equal to the difference.

To assist in the process of determining goodwill impairment, we perform internal valuation analyses and consider other market information that is publicly available. We may also obtain appraisals from independent valuation firms in certain cases. The discounted cash flow approach and the income approach, which we use to estimate the fair value of our

**Table of Contents**

reporting units, are dependent on a number of factors including estimates of future market growth and trends, forecasted revenue and costs, appropriate discount rates and other variables. We base our fair value estimates on assumptions we believe to be reasonable, but which are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

*Goodwill Impairment Testing*

We test goodwill for impairment at least on an annual basis. In accordance with the guidance in paragraph 20 of SFAS No. 142, Goodwill and Other Intangible Assets we also evaluate goodwill for impairment, if there are events and conditions which require evaluation for impairment. Determining whether an impairment has occurred requires valuation of the respective reporting unit, which we estimate using the discounted cash flow method. Valuation of reporting unit is judgmental in nature and involves the use of significant estimates and assumptions which includes revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions. The results of our evaluation showed that the fair value of all our reporting units exceeded their book values.

**Item 6. Directors, Senior Management and Employees****Directors and Senior Management**

Our directors and executive officers, their respective ages and positions as of March 31, 2009 were as follows:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Azim H. Premji	63	Chief Executive Officer, Chairman of the Board and Managing Director (designated as Chairman )
Dr. Ashok S Ganguly	73	Director
B.C. Prabhakar	65	Director
Dr. Jagdish N. Sheth	70	Director
Narayanan Vaghul	72	Director
William Arthur Owens	69	Director
P.M. Sinha	68	Director
Suresh C. Senapaty	52	CFO and Director
Suresh Vaswani	49	Joint CEO, IT Business and Director
Girish S Paranjpe	51	Joint CEO, IT Business and Director
Anurag Behar	40	Chief Executive, Wipro Infrastructure Engineering
Vineet Agrawal	47	President, Wipro Consumer Care and Lighting
Pratik Kumar	43	Executive Vice President HR, Brand and Corp. Communication
T K Kurien	49	President, Global Programs, Consulting Practice and New Initiatives, Wipro Limited
Ranjan Acharya	48	Senior Vice President, Human Resources Development, Wipro Limited
S Deb	51	Chief Global Delivery Officer, Wipro Technologies

**Azim H. Premji** has served as our Chief Executive Officer, Chairman of our Board of Directors and Managing Director (designated as Chairman) since September 1968. Mr. Premji holds a Bachelor of Science, or B.S. in Electrical Engineering from Stanford University, U.S.A.

**Dr Ashok Ganguly** has served as a Director on our Board since 1999. He is currently the Chairman of Firstsource Solutions Limited and ABP Private Limited (Ananda Bazar Patrika Group) and has been a Director on the Central Board of Reserve Bank of India, since November 2000. Dr Ganguly also currently serves as a non-executive director of Mahindra & Mahindra, ICICI Knowledge Park and Tata AIG Life Insurance Co Limited and a Director on the

Advisory Board of Microsoft Corporation (India) Private Limited and Hemogenomics Private Limited. He is a member of the Prime Minister's Council on Trade and Industry as well as the Investment Commission and the India-USA CEO Council, set up by the Prime Minister of India and the President of the U.S.A. He is also a member of the National Knowledge Commission to the Prime Minister of India. He is a former member of the Board of British Airways Plc (1996-

**Table of Contents**

2005) and Unilever Plc/NV (1990-97). Dr Ganguly was formerly Chairman of Hindustan Unilever Limited (1980-90). In 2006, Dr Ganguly was awarded the CBE (Hon) by the United Kingdom. In 2008, Dr Ganguly received the Economic Times Lifetime Achievement Award and, more recently, he was the recipient of the Padma Vibhushan, India's second highest civilian award.

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

**Dr. Jagdish N. Sheth** has served as a Director on our Board since January 1999. He has been a professor at Emory University since July 1991. Dr Sheth is also on the Boards of Innovolt Inc., Adayana Inc, Shasun Chemicals and Drugs Limited and Shasun Pharma Solutions Limited (UK). Dr. Sheth holds a B. Com (Honors) from Madras University, India, a M.B.A. and a Ph.D in Behavioral Sciences from the University of Pittsburgh, U.S.A.

**Narayanan Vaghul** has served as a Director on our Board since June 1997. He was the Chairman of the Board of ICICI Bank Limited from September 1985 till April 2009. Mr. Vaghul is also on the Boards of Mahindra and Mahindra Ltd., Mahindra World City Developers Limited, Piramal Healthcare Limited, National Aviation Company of India Limited, IAL Airport Services Limited, Air India Air Transport Services Limited, Air India Engineering Services Limited and Apollo Hospitals Enterprise Limited. Mr. Vaghul is the Chairman of the Compensation Committee of Mahindra and Mahindra Limited and Nicholas Piramal India Limited. Mr. N Vaghul is also a member of the Audit Committee in Nicholas Piramal India Limited. Mr. N. Vaghul is also the lead independent Director of our Company. Mr. Vaghul holds Bachelor (Honors) degree in Commerce from Madras University

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

**Priya Mohan Sinha** became a Director of our Company on January 1, 2002. He has served as the Chairman of PepsiCo India Holdings Limited and President of Pepsi Foods Limited since July 1992. From October 1981 to November 1992, he was on the Executive Board of Directors of Hindustan Lever Limited. From 1981 to 1985 he also served as Sales Director of Hindustan Lever. Currently, he is also on the Boards of ICICI Bank Limited, Bata India Limited, Lafarge India Pvt. Limited and Azim Premji Foundation. Mr. Sinha holds a Bachelor of Arts from Patna University and he has also attended Advanced Management Program in the Sloan School of Management, Massachusetts Institute of Technology, U.S.A. Mr Sinha is also the Chairman of the Nomination, Governance and Compensation Committee of Bata India Limited. Mr. Sinha is also on the Advisory Board of Rieter.

**Suresh C. Senapaty** has served as our Chief Financial Officer and Executive Director since April 2008 and served with us in other positions since April 1980. Mr. Senapaty holds a B. Com. from Utkal University in India, and is a Fellow Member of the Institute of Chartered Accountants of India.

**Suresh Vaswani** has served as Joint CEO, IT Business and Executive Director since April 2008 and has served with us in other positions since June 1987. Mr. Vaswani holds a Bachelor of Technology, or B.Tech. from the Indian Institute of Technology, or IIT, Kharagpur, India and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad, India.

**Girish S Paranjpe** has served as Joint CEO, IT Business and Executive Director since April 2008 and has served with us in other positions since July 1990. Mr. Paranjpe holds a B.Com. from Bombay University, India and is a Fellow Member of Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India.

**Anurag Behar** has served as CEO of Wipro Infrastructure Engineering since March 20, 2008 and has served with us in other positions since May 20, 2002. Mr. Anurag Behar holds a Masters Degree in Business Administration



(MBA) from XLRI-Jamshedpur and Bachelors degree in Engineering from Regional Engineering College, Trichy.

**Vineet Agrawal** has served as President of Wipro Consumer Care and Lighting since July 2002 and has served with us in other positions since December 1985. Mr. Agrawal holds a B.Tech. from IIT, New Delhi, India and an M.B.A from Bajaj Institute of Management Studies, Mumbai, India.

**Table of Contents**

**Pratik Kumar** has served as our Executive Vice-President, Human Resources, since April 2002, and has served with us in other positions since November 1991. Mr. Pratik Kumar holds a B. A. from Delhi University and an M.B.A. from Xavier Labour Relations Institute (XLRI), Jamshedpur, India.

**T K Kurien** has served as President WCS, Global Programs & Strategic Initiative of Wipro since 23<sup>rd</sup> June, 2008 and has served with us in other positions since February 11, 2000. Mr. Kurien is a Chartered Accountant and holds a B. Com.

**Ranjan Acharya** has served as Senior Vice-President-Human Resources Development since April 2002, and has served with us in other positions since July 1994. Mr. Acharya holds a B.S. from Pune University, India and an M.B.A. from Symbiosis Institute of Business Management, Pune, India.

**S. Deb** has served as Chief Global Delivery Officer of Wipro since April 30, 2008 and has served with us in other positions since June 29, 1982. Mr. S Deb is a Management Graduate and holds MBA Degree from IIM Ahmedabad and B.Tech from IIT Kharagpur.

**Compensation****Director Compensation**

Our Board Governance and Compensation Committee determines and recommends to our Board of Directors the compensation payable to our directors. All board-level compensation is subject to approval by our shareholders. Each of our non-employee directors receive an attendance fee per meeting of \$393 (Rs. 20,000 wef August 1, 2008 and prior to that Rs 10,000) during the current year for every Board and Committee meeting they attend. Our directors are reimbursed for travel and out-of-pocket expenses in connection with their attendance at Board and Committee meetings. Additionally, we also compensate non-employee directors by way of commission, which is limited to a fixed sum payable as approved by the Board subject to a maximum of 1% of the net profits of the Company as approved by the shareholders.

In the fiscal year ended March 31, 2009, we paid an aggregate of \$ 0.28 million (Rs. 14.6 million) as commission to our non-employee directors.

**Executive Compensation**

The annual compensation of our executive directors is approved by our Board Governance and Compensation Committee, within the parameters set by the shareholders at the shareholders meetings, and the annual compensation of our other executive officers is approved by our Board Governance and Compensation Committee. Remuneration of our executive officers, including our employee directors, consists of a fixed component, performance bonus and a variable performance linked incentive. The following two tables present the annual and long-term compensation earned, awarded or paid for services rendered to us for the fiscal year 2009 by our Executive Directors and members of our administrative, supervisory or management bodies.

Name	Annual Compensation (\$)				Long-term compensation (Deferred Benefit) (3)&(4)
	Salary and allowances	Commission/ Incentives (1)	Housing (2)	Others	
Azim H. Premji	\$ 84,729	\$105,710	\$58,974	\$12,947	\$ 33,782
Suresh C. Senapaty	215,388	119,443	29,486	433	33,496
Pratik Kumar	183,234	86,914		770	19,283
Vineet Agrawal	190,562	58,097		4,682	27,740
Suresh Vaswani	209,035	161,979	10,967	2,327	36,299
Ranjan Acharya	141,485	50,413		95	11,877
Girish S. Paranjpe	202,368	150,944	10,084	159	35,097
S Deb	106,280	91,808		1,067	19,013
Anurag Behar	100,181	56,229		1,165	14,142
T K Kurien	169,679	151,182	10,615	1,286	19,446

1. Azim H. Premji was paid commissions at the rate of 0.3% on incremental net profits of the Company over the previous year computed based on the method approved by the Board Governance and Compensation Committee and in accordance with the provisions of the Indian Companies Act, 1956. All other executives were paid incentives under a Quarterly Performance Linked Scheme based on achievement of pre-defined profit targets.

**Table of Contents**

2. The value of housing perquisite accounts for more than 25% of the total value of all perquisites and personal benefits received in fiscal 2009.
3. Deferred benefits are payable to employees by way of our contribution to the Provident Fund and Pension Fund. The Provided Fund is a statutory fund to which Wipro and our employees contribute every month. A lump sum payment on separation and a pension payment on attaining the age of superannuation are payable from the balance standing to the credit of the Fund, as per the Employee Provident Fund and Miscellaneous Provisions Act, 1952.
4. Under our pension plans, any pension that is payable to an employee is not computed on the basis of final compensation, but on the accumulated pension fund to the credit of the employee as the date of separation, death, disability or retirement. We annually contribute 15% of Mr. Premji's base salary and commission earned for that year to our pension fund for the benefit of Mr. Premji. For all other employees, we contribute 15% of their respective base salaries to our pension for their benefit. These contributions are included in this column.  
We operate in numerous countries and compensation for our officers and employees may vary significantly from country to country. As a general matter, we seek to pay competitive salaries in all the countries in which we operate.

**Board Composition**

Our Articles of Association provide that the minimum number of directors on our board of directors shall be four and the maximum number shall be fifteen. As of March 31, 2009, we had ten directors on our Board. Our Articles of Association provide that at least two-thirds of our directors shall be subject to retirement by rotation. One third of these directors must retire from office at the Annual General meeting of the shareholders. Mr. B C Prabhakar, Dr Jagdish N Sheth and Mr. William Arthur Owens, the three directors who will retire by rotation at the next annual General meeting of shareholders, are eligible for reelection. It has been proposed that they be reappointed at the forthcoming Annual General meeting of the Company to be held in July, 2009. A retiring director is eligible for re-election. Up to one-third of our directors can be appointed as non-retiring directors. Currently, Azim H. Premji is a non-retiring director. The term of the non-retiring director expires on July 30, 2009. The terms of each of our directors and their expiration dates are:

Name	Expiration of current term of office	Term of office
Azim H. Premji	July 30, 2009	2 years
Dr. Jagdish Sheth	Annual General Meeting 2009	Retirement by rotation
Dr. Ashok S Ganguly	Annual General Meeting 2010	Retirement by rotation
B. C. Prabhakar	Annual General Meeting 2009	Retirement by rotation
N. Vaghul	Annual General Meeting 2010	Retirement by rotation
P. M. Sinha	Annual General Meeting 2010	Retirement by rotation
William Arthur Owens	Annual General Meeting 2009	Retirement by rotation
Suresh C Senapaty	April 17, 2013	5 years from the date of appointment
Girish S Paranjpe	April 17, 2013	5 years from the date of appointment
Suresh Vaswani	April 17, 2013	5 years from the date of appointment

**Option Grants**

There were no option grants to our Chief Executive Officer, Chairman and Managing Director (designated as Chairman) in the fiscal years 2008 and 2009. Details of options granted to other senior management executives till March 31, 2009 are reported elsewhere in this Item 6 under the section titled Share Ownership.

**Option Exercises and Holdings**

Our Chairman did not exercise or hold any options during the fiscal year ended March 31, 2009. The details of stock options held and exercised till March 31, 2009 with respect to other senior management executives are reported elsewhere in this Item 6 under the section titled Share Ownership.

**Terms of Employment Arrangements and Indemnification Agreements**

Under the Companies Act, our shareholders must approve the salary, bonus and benefits of all employee directors at a General Meeting of Shareholders. Each of our employee directors have signed an agreement containing the terms

and conditions of employment, including a monthly salary, performance bonus and benefits including vacation, medical reimbursement and pension fund contributions. These agreements have varying terms ranging from a two to five year period, but either we or the employee director may generally terminate the agreement upon six months notice to the other party.

**Table of Contents**

The terms of our employment arrangements with Azim H. Premji, Pratik Kumar, Suresh C. Senapaty, Ranjan Acharya, Suresh Vaswani, Anurag Behar, Girish S Paranjpe, T K Kurien, S Deb and Vineet Agrawal provide for up to a 180-day notice period, up to 21 days of leave per year in addition to statutory holidays, and an annual compensation review. Additionally, employees are required to relocate as we may determine, and to comply with confidentiality provisions.

We also have entered into agreements to indemnify our directors and officers for claims brought under any rule of law to the fullest extent permitted by applicable law. These agreements, among other things, indemnify our directors and officers for certain expenses, judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of Wipro Limited, arising out of such person's services as our director or officer, including claims which are covered by the Insurance Policy on Director's and Officer's Liability Insurance taken by the Company.

**Board Committee Information*****Audit/Risk and Compliance Committee***

The Audit Committee of our Board of Directors, which was formed in 1987, reviews, acts on and reports to our Board of Directors with respect to various auditing and accounting matters. This Committee was renamed as Audit/Risk and Compliance Committee with effect from April 22, 2009. The primary responsibilities are:

Auditing and accounting matters, including recommending the appointment of our independent auditors to the shareholders,

Compliance with legal and statutory requirements,

Integrity of the Company's financial statements, discussing with the independent auditors the scope of the annual audits, and fees to be paid to the independent auditors,

Performance of the Company's Internal Audit function, Independent Auditors and accounting practices, Review of related party transactions, functioning of Whistle Blower mechanism, and

Implementation of the applicable provisions of the Sarbanes Oxley Act, 2002 including review on the progress of internal control mechanisms to prepare for certification under Section 404 of the Sarbanes Oxley Act, 2002.

All members of our Audit/Risk and Compliance Committee are independent non-executive directors and financially literate. The Chairman of our Audit/Risk and Compliance Committee has the accounting or related financial management expertise.

Independent Auditors as well as Internal Auditors always have independent meetings with the Audit/Risk and Compliance Committee and also participate in the Audit/Risk and Compliance Committee meetings.

Our CFO & Director and other Corporate Officers make periodic presentations to the Audit/Risk and Compliance Committee on various issues.

The Audit/Risk and Compliance Committee is comprised of the following three non-executive directors:

Mr. N. Vaghul Chairman of the Audit Committee

Mr. P. M. Sinha and B. C. Prabhakar Members of the Audit Committee

Our Audit/Risk and Compliance Committee held five meetings during our 2009 fiscal year. Our Audit/Risk and Compliance Committee has adopted an amended charter in April 2009. The amended charter of the Audit/Risk and Compliance Committee is available under the investor relations section on our website at [www.wipro.com](http://www.wipro.com).

***Board Governance and Nomination Committee***

In April 2009, the Board Governance and Compensation Committee was split into two separate committees and reconstituted as Board Governance & Nomination Committee and Compensation Committee. The amended charters of these two Committees were approved by the Board in April 2009 and this reconstitution is with effect from April 22, 2009. These charters committees are available on our website under [www.wipro.com](http://www.wipro.com). After this reconstitution, the members of the Board Governance & Nomination Committee are as follows:

**Table of Contents**

Dr. Ashok S Ganguly Chairman of the Board Governance and Nomination Committee  
Mr. N. Vaghul, P.M. Sinha and Bill Owens Members of the Board Governance and Nomination Committee  
All members of the Board Governance and Nomination Committee are independent non-executive directors

The primary responsibilities of the Board Governance and Nomination Committee are:

- Develop and recommend to the Board Corporate Governance Guidelines applicable to the Company,
- Evaluation of the Board on a continuing basis including an assessment of the effectiveness of the full Board, operations of the Board Committees and contributions of individual directors, and
- Lay down policies and procedures to assess the requirements for induction of new members on the Board.
- Implementing policies and processes relating to corporate governance principles
- Ensuring that appropriate procedures are in place to assess Board membership needs and Board effectiveness
- Reviewing the Company's policies that relate to matters of Corporate Social Responsibility, including public issues of significance to the Company and its stakeholders
- Developing and recommending to the Board of Directors for its approval an annual evaluation process of the Board and its Committees.
- Formulating the Disclosure Policy, its review and approval of disclosures; Overseeing

***Compensation Committee***

The members of the Compensation Committee are as under:

Dr. Ashok S Ganguly Chairman of the Board Governance and Compensation Committee  
Mr. N. Vaghul and P.M. Sinha Members of the Board Governance and Compensation Committee

The primary responsibilities of the Compensation Committee are:

- Determine and approve salaries, benefits and stock option grants to senior management employees and Directors of our Company.
- Approve and evaluate the compensation plans, policies and programs for Whole-time Directors and Senior Management.
- Act as Administrator of the Company's Employee Stock Option Plans and Employee Stock Purchase Plans drawn up from time to time,

Our Executive Vice President-Human Resources makes periodic presentations to the Compensation Committee on compensation reviews and performance linked compensation recommendations. All members of the Compensation Committee are independent non-executive directors. During the year 2008-09, our erstwhile Board Governance and Compensation Committee held four meetings.

**Employees**

As of March 31, 2009, we had over 100,000 employees, including over 70,000 IT professionals. Highly trained and motivated people are critical to the success of our business. To achieve this, we focus on attracting and retaining the best people possible. A combination of strong brand name, a congenial working environment and competitive compensation programs enables us to attract and retain these talented people.

**Table of Contents**

Our human resources department is centralized at our corporate headquarters in Bangalore and functions across all of our business segments. We have implemented corporate-wide recruiting, training, performance evaluation, compensation and benefit programs that are tailored to address the needs of each of our business segments.

***Recruiting***

We hire entry level graduates from both the top engineering and management universities in India, as well as more experienced lateral hires through employee referral programs, advertisements, placement consultants, our website postings and walk-ins. To facilitate employee growth within Wipro Limited, all new openings are first offered to our employees. The nature of work, skill sets requirements and experience levels are highlighted to the employees. Applicants undergo the regular recruitment process and, if selected, get assigned to their new roles.

***Training***

Each of our new recruits must attend an intensive training program when they begin working with us. New or recent graduates must also attend additional training programs that are tailored to their area of technology. We also have a mandatory continuing education program that requires each IT professional to attend at least 40 hours of continuing education classes to improve their understanding and competency of new technologies, as well as to develop leadership and personal self-development skills. We supplement our continuing education program for existing employees by sponsoring special programs at leading educational institutions, such as the Indian Institute of Management, Bangalore, Birla Institute of Technology and Science, Pilani, Symbiosis Institute of Business Management, Pune and others, to provide special skill set training in areas such as Business Skills and Project management to any of our IT professionals who choose to enroll and meet the eligibility criteria of these Institutes.

***Performance Evaluations***

Employees receive written performance objectives that they develop in cooperation with their respective managers. They are measured against these criteria annually in a formal review process which includes self-reviews and reviews from peers, managers and subordinates.

***Compensation***

We continually strive to provide our employees with competitive and innovative compensation packages. Our compensation packages include a combination of salary, stock options, pension, and health and disability insurance. We measure our compensation packages against industry standards and seek to match or exceed them. We adopted an employee stock purchase plan in 1984, employee stock option plan in 1999 and 2000 and restricted stock unit option plan in 2004, 2005 and 2007. We have devised both business segment performance and individual performance linked incentive programs that we believe more accurately link performance to compensation for each employee. For example, we link cash compensation to a business segment's quarterly operating margin objectives. We have started an in-house wellness program called Fit for Life aimed at increasing health quotient of employees.

***Share Ownership***

The following table sets forth, as of March 31, 2009, for each director and executive officer, the total number of equity shares, ADSs and vested and unexercised options to purchase equity shares and ADSs. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. All information with respect to the beneficial ownership of any principal shareholder has been furnished by such shareholder and, unless otherwise indicated below, we believe that persons named in the table have sole voting and sole investment power with respect to all the shares shown as beneficially owned, subject to community property laws, where applicable. The shares beneficially owned by the directors include the equity shares owned by their family members to which such directors disclaim beneficial ownership. The number of shares beneficially owned includes equity shares, equity shares underlying ADSs and the shares subject to vested options that are currently exercisable. For the convenience of the readers, the stock option grant price has been translated into U.S. dollars based on the certified foreign exchange rates published by Federal Reserve Board of New York on March 31, 2009, which was Rs. 50.87 per \$ 1.00. The share numbers and percentages listed below are based on 1,464,980,746 equity shares outstanding as of March 31, 2009.



**Table of Contents**

<b>Name</b>	<b>Equity Shares beneficially owned</b>	<b>Percentage of Total Equity Shares Outstanding</b>	<b>Equity Shares Underlying Options Granted</b>	<b>Exercise Price(\$)</b>	<b>Date of expiration</b>
Azim H. Premji <sup>(1)</sup>	1,161,116,260	79.25			
B. C. Prabhakar <sup>(2)</sup>	3,000	*			
Dr. Jagdish Sheth					
Dr. Ashok S Ganguly	1,000	*			
N. Vaghul					
P. M. Sinha <sup>(3)</sup>	20,000	*			
Suresh C. Senapaty	115,250	*	4,800	0.05	October 2010
			8,400	0.05	July 2011
			50,000	0.05	May 2013
					October 2010
Pratik Kumar	32,800	*	4,800	0.05	October 2010
			8,400	0.05	July 2011
			30,000	0.05	May 2013
					October 2010
Vineet Agrawal	141,020	*	4,800	0.05	October 2010
			8,400	0.05	July 2011
			40,000	0.05	May 2013
					October 2010
Suresh Vaswani	57,168	*	5,600	0.05	October 2010
			8,400	0.05	July 2011
			50,000	0.05	May 2013
			60,000	9.61	May 2013
					October 2010
S Deb	72,000	*	4,000	0.05	October 2010
			7,200	0.05	July 2011
			18,000	0.05	May 2013
					October 2010
Girish S. Paranjpe	28,800	*	5,600	0.05	October 2010
			8,400	0.05	July 2011
			50,000	0.05	May 2013
			60,000	9.61	May 2013
					October 2010
T K Kurien	64,808	*	3,200	0.05	October 2010
			7,200	0.05	July 2011
			50,000	0.05	May 2013
					October 2010
Ranjan Acharya	21,100	*	4,000	0.05	October 2010
			5,400	0.05	July 2011
			9,000	0.05	May 2013
					October 2010
Anurag Behar	30,866	*	4,000	0.05	October 2010

6,000	0.05	July 2011
20,000	0.05	May 2013

\* Represents less than 1% of the total equity shares outstanding as of March 31, 2009.

(1) Includes 326,259,000 shares held by Hasham Traders (a partnership), of which Mr. Premji is a partner, 325,017,000 shares held by Prazim Traders (a partnership), of which Mr. Premji is a partner, 324,244,800 shares held by Zash Traders (a partnership), of which Mr. Premji is a partner, 38,263,000 shares held by Napean Trading Investment Co. Pvt. Ltd., of which Mr. Premji is a director, 51,014,200 shares held by Regal Investments Trading Co. Pvt. Ltd., of which Mr. Premji is a director, 38,860,600 shares held by

Vidya  
Investment  
Trading Co. Pvt.  
Ltd., of which  
Mr. Premji is a  
director,  
1,414,600  
shares held  
jointly by  
Mr. Premji and  
members of his  
immediately  
family. In  
addition  
8,316,000  
shares are held  
by Azim Premji  
Foundation  
(I) Pvt. Ltd.  
Mr. Premji  
disclaims  
beneficial  
ownership of  
8,316,000  
shares held by  
Azim Premji  
Foundation (I)  
Pvt. Ltd.

(2) The shares are  
jointly held with  
an immediate  
family member  
of  
Mr. Prabhakar.

(3) The shares are  
jointly held with  
an immediate  
family member  
of Mr. P M  
Sinha.

#### **EMPLOYEE STOCK OPTION PLANS**

We have various employee stock options and restricted stock unit option plans (collectively referred to as stock option plans ). Our stock option plans provides for grant of options to eligible employees and directors. Our stock option plans are administered by our Board Governance and Compensation Committee (by the Compensation Committee wef April 22, 2009) ( the Committee ) appointed by our Board of Directors. The committee has the sole power to determine the

**Table of Contents**

terms of the units granted, including the exercise price, selection of eligible employees and directors, the number of equity shares to be covered by each option, the vesting and exercise periods, and the form of consideration payable upon such exercise. In addition, the committee has the authority to amend, suspend or terminate the stock plan with the approval of the shareholders, provided that no such action may adversely affect the rights of any participant under the plan.

Our stock option plan generally does not allow for the transfer of options and only the optionee may exercise an option during his or her lifetime. The vesting period for the options under the plan(s) range from 12 months to not more than 84 months. An optionee generally must exercise any vested options within a prescribed period as per the respective stock option plans generally before termination date of the stock option plan. A participant must exercise any vested options prior to termination of the services with us and within a specified post-separation period generally within three months from date of the separation. If an optionee's termination is due to death, disability or retirement, his or her option will fully vest and become exercisable.

The salient features of our stock plans are as follows:

<b>Name of Plan</b>	<b>Authorized Shares <sup>(1)</sup></b>	<b>Range of exercise prices</b>	<b>Effective date</b>	<b>Termination date</b>	<b>Other remarks</b>
1999 Employee Stock option Plan	30,000,000	Rs. 171 - 490	July 29, 1999	July 28, 2009	There are no stock options outstanding under this plan
Wipro Employee Stock Option Plan 2000 (2000 Plan)	150,000,000	Rs. 171 - 490	September 15, 2000	September 15, 2010	In the event of our merger with or into another corporation or a sale of substantially all of our assets, each option under this plan, shall be proportionately adjusted to give effect to the merger or asset sale.  There are no stock options outstanding under this plan.
Stock Option Plan (2000 ADS Plan)	9,000,000	\$ 3 - 7	September, 2000	September, 2010	In event of merger of the Company with other corporation or sale of substantially of all our assets, the successor corporation shall either assume the outstanding units or
Wipro Restricted Stock Unit Plan (WRSUP 2004 plan)	12,000,000	Rs. 2	June 11, 2004	June 10, 2014	
Wipro ADS Restricted Stock	12,000,000	\$ 0.04	June 11, 2004	June 10, 2014	

Unit Plan (WARSUP 2004 plan)						grant equivalent units to the holders. If the successor corporation neither assumes the outstanding units nor grants equivalent units, such outstanding units shall vest immediately, and become exercisable in full.
Wipro employee Restricted Stock Unit Plan 2005 (WSRUP 2005 plan)	12,000,000	Rs.	2	July 21, 2005	July 20, 2015	
Wipro employee Restricted Stock Unit PI 2007 (WSRUP 2007 plan)	10,000,000	Rs.	2	July 18, 2007	July 17, 2017	

- (1) Subject to  
adjustment for  
corporate action  
from time to  
time.

#### **Wipro Equity Reward Trust**

We established the Wipro Equity Reward Trust, or WERT, in 1984 to allow our employees to acquire a greater proprietary stake in our success and growth, and to encourage our employees to continue their association with us. The WERT, which is administered by a Board of Trustees is designed to give eligible employees the right to receive restricted shares and other compensation benefits at the times and on the conditions that we specify. Such compensation benefits include voluntary contributions, loans, interest and dividends on investments in the WERT and other similar benefits.

Shares from the WERT are issued in the joint names of the WERT and the employee until such restrictions and obligations are fulfilled by the employee. After the four-year period, complete ownership of the shares is transferred to the employee.

If employment is terminated by death, disability or retirement, his or her restricted shares are transferred to the employee's legal heirs or continue to be held by the employee, as the case may be, and such individuals may exercise any rights to those shares for up to ninety days after employment has ceased. The Trustees of the WERT have the authority to amend or terminate the WERT at any time and for any reason.

**Table of Contents****Item 7. Major Shareholders and Related Party Transactions****Major Shareholders**

The following table sets forth certain information regarding the beneficial ownership of our equity shares as of March 31, 2009, of each person or group known by us to own beneficially 5% or more of our outstanding equity shares.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to such shares. Shares subject to vested options that are currently exercisable are deemed to be outstanding or to be beneficially owned by the person holding such options for the purpose of computing the percentage ownership of such person, but are not deemed to be outstanding or to be beneficially owned for the purpose of computing the percentage ownership of any other person. All information with respect to the beneficial ownership of any principal shareholder has been furnished by such shareholder and, unless otherwise indicated below, we believe that persons named in the table have sole voting and sole investment power with respect to all the shares shown as beneficially owned, subject to community property laws, where applicable. The number of shares and percentage ownership are based on 1,464,980,746 equity shares outstanding as of March 31, 2009.

<b>Name of Beneficial Owner</b>	<b>Class of Security</b>	<b>Number of Shares beneficially held as of March 31, 2009</b>	<b>% of Class</b>
Azim H. Premji (1)	Equity	1,161,116,260	79.25
Hasham Traders	Equity	326,259,000	22.27
Prazim Traders	Equity	325,017,000	22.18
Zash Traders	Equity	324,244,800	22.13

(1) Includes 326,259,000 shares held by Hasham Traders (a partnership), of which Mr. Premji is a partner, 325,017,000 shares held by Prazim Traders (a partnership), of which Mr. Premji is a partner, 324,244,800 shares held by Zash Traders (a partnership), of which Mr. Premji is a partner,

38,263,000  
shares held by  
Napean Trading  
Investment Co.  
Pvt. Ltd., of  
which  
Mr. Premji is a  
director,  
51,014,200  
shares held by  
Regal  
Investments  
Trading Co. Pvt.  
Ltd., of which  
Mr. Premji is a  
director,  
38,860,600  
shares held by  
Vidya  
Investment  
Trading Co. Pvt.  
Ltd., of which  
Mr. Premji is a  
director,  
1,414,600  
shares held  
jointly by  
Mr. Premji and  
members of his  
immediately  
family. In  
addition  
8,316,000  
shares are held  
by Azim Premji  
Foundation  
(I) Pvt. Ltd.  
Mr. Premji  
disclaims  
beneficial  
ownership of  
8,316,000  
shares held by  
Azim Premji  
Foundation (I)  
Pvt. Ltd.

Our American Depositary Shares are listed on the New York Stock Exchange. Each ADS represents one equity share of par value Rs. 2 per share. Our ADSs are registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 and, as of March 31, 2009, are held by approximately 14,945 holders of record in the United States.

Our equity shares can be held by Foreign Institutional Investors, or FIIs, and Non-resident Indians, or NRIs, who are registered with the Securities and Exchange Board of India, or SEBI, and the Reserve Bank of India, or RBI.

Currently, 7.53% of the Company's equity shares are held by these FIIs, and NRIs, some of which may be residents or corporate entities registered in the United States and elsewhere. We are unaware of whether FIIs, and/or NRIs hold our equity shares as residents or as corporate entities registered in the United States.

Our major shareholders do not have a differential voting right with respect to their equity shares. To the best of our knowledge, we are not owned or controlled directly or indirectly by any Government or by any other corporation. We are not aware of any arrangement, the operation of which may at a subsequent date result in a change in control, of our Company.

**Related Party Transactions**

*Terms of Employment Arrangements and Indemnification Agreements.* We are a party to various employment and indemnification agreements with our directors and executive officers. See *Terms of Employment Arrangements and Indemnification Agreements* under Item 6 of this Annual Report for a description of the agreements that we have entered into with our directors and executive officers.



## **Table of Contents**

### **Item 8. Financial Information**

#### **Consolidated Statements and Other Financial Information**

Please refer the following financial statements and the Auditor's Report under item 18 in this Annual Report for the fiscal year ended March 31, 2009:

- Report of the independent registered public accounting firm;
- Consolidated Balance Sheets as of March 31, 2008 and 2009;
- Consolidated Statements of Income for the years ended March 31, 2007, 2008 and 2009;
- Consolidated Statements of Stockholders' Equity and Comprehensive income for the years ended March 31, 2007, 2008 and 2009;
- Consolidated Statements of Cash Flows for the years ended March 31, 2007, 2008 and 2009; and
- Notes to the Consolidated Financial Statements.

#### **Legal Proceedings**

Please see the section titled "Legal Proceedings" under Item 4 of this Annual Report for this information.

#### **Dividends**

The public companies in India typically pay cash dividends even though the amount of such dividends varies from company to company. Under Indian law, a corporation can pay dividends upon a recommendation by the Board of Directors and approval by a majority of the shareholders, who have the right to decrease but not increase the amount of the dividend recommended by the Board of Directors. Under the Indian Companies Act, 1956, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years.

During fiscal 2007, we paid an interim cash dividend of Rs. 5 per share and a final cash dividend of Rs. 5 per share. During fiscal 2008, we paid an interim cash dividend of Rs. 2 per share and a final dividend of Rs. 1 per share. During fiscal 2009, we paid a final cash dividend of Rs. 4 per share.

We have proposed to pay a cash dividend of Rs. 4 per share on our equity shares and ADRs. This proposal is subject to approval by the shareholders of the Company. We expect a dividend payout (excluding corporate dividend tax) of approximately Rs. 5,860 million.

Although we have no current intention to discontinue dividend payments, we cannot assure you that any future dividends will be declared or paid or that the amount thereof will not be decreased. Holders of ADSs will be entitled to receive dividends payable on equity shares represented by such ADSs. Cash dividends on equity shares represented by ADSs are paid to the Depository in rupees and are generally converted by the Depository into U.S. dollars and distributed, net of depository fees, taxes, if any, and expenses, to the holders of such ADSs.

#### **Significant Changes**

None.

### **Item 9. The Offer and Listing**

#### **Price History**

Our equity shares are traded on The Stock Exchange, Mumbai or BSE and The National Stock Exchange of India Limited, or NSE. During the year we have obtained approval for de-listing our equity shares from the Kolkata Stock Exchange Association Limited. Our American Depositary Shares, as evidenced by American Depositary Receipts, or ADRs, are traded in the U.S. on the New York Stock Exchange, or NYSE, under the ticker symbol "WIT". Each ADS represents one equity share. Our ADSs began trading on the NYSE on October 19, 2000.

**Table of Contents**

As of March 31, 2009, we had 1,464,980,746 issued and outstanding equity shares. As of March 31, 2009, there were approximately 14,945 record holders of ADRs evidencing 23,692,051 ADSs (equivalent to 23,692,051 equity shares). As of March 31, 2009, there were approximately 228,457 record holders of our equity shares listed and traded on the Indian Stock Exchanges.

The following tables set forth for the periods indicated the price history of our equity shares and ADSs on the BSE, NSE and the NYSE. The stock prices for the prior periods are restated to reflect stock dividend issued by the Company from time to time.

Fiscal Year ended	BSE				NSE				NYSE	
	Price per equity share				Price per equity share				Price per ADS	
	High (Rs.)	Low (Rs.)	High (\$)	Low (\$)	High (Rs.)	Low (Rs.)	High (\$)	Low (\$)	High (\$)	Low (\$)
<b>March 31,</b>										
2009	537.90	181.70	10.57	3.57	535.00	180.40	10.52	3.55	14.53	5.04
2008	600.00	325.00	14.99	8.12	635.00	324.00	15.87	8.10	17.24	9.85
2007	690.00	383.00	16.01	8.89	691.00	381.25	16.03	8.80	18.44	10.18
2006	573.00	285.55	12.88	6.41	585.90	272.00	13.17	8.65	22.38	9.62
2005	389.00	200.00	8.91	4.59	387.50	198.00	8.88	4.54	12.85	5.81
<b>Quarter Ended</b>										
March 31, 2009	261.40	195.00	5.14	3.83	263.8	196.50	5.19	3.86	8.75	5.04
December 31, 2008	351.70	181.70	6.91	3.57	364.40	180.40	7.16	3.55	9.98	5.66
September 30, 2008	460.90	317.00	9.06	6.23	465.00	320.10	9.14	6.29	12.18	8.88
June 30, 2008	537.90	402.00	10.57	7.90	535.00	401.10	10.52	7.88	14.53	10.89
March 31, 2008	528.00	325.00	13.19	8.12	529.05	324.00	13.22	8.10	14.99	9.85
December 31, 2007	552.00	428.00	13.79	10.69	552.00	426.15	13.79	10.65	16.49	12.81
September 30, 2007	530.50	425.00	13.26	10.62	532.00	425.00	13.29	10.62	16.40	12.49
June 30, 2007	600.00	507.10	14.99	12.67	635.00	505.00	15.89	12.62	17.24	15.13
<b>Six Months Ended</b>										
April 30, 2009	332.00	240.00	6.53	4.72	333.45	240.15	6.55	4.72	9.60	6.90
March 31, 2009	261.40	195.00	5.14	3.83	263.80	196.50	5.19	3.86	7.82	5.04
February 28, 2009	231.90	204.25	4.56	4.02	232.00	204.05	4.56	4.01	7.33	5.69
January 31, 2009	255.00	200.00	5.01	3.93	255.00	201.00	5.01	3.95	8.75	6.09
December 31, 2008	264.25	214.20	5.19	4.21	265.00	214.00	5.21	4.21	8.49	6.1
November 30, 2008	289.90	208.00	5.70	4.09	286.00	206.80	5.62	4.07	8.74	5.66

The \$ figure under BSE and NSE columns denote the share price in rupees converted to US \$ at the rate of exchange of 1 US\$ = Rs. 50.87

- (1) Source: BSE data was obtained from [www.bseindia.com](http://www.bseindia.com) and NSE data was obtained from [www.nseindia.com](http://www.nseindia.com). NYSE data was obtained from [www.finance.yahoo.com](http://www.finance.yahoo.com).

**Plan of Distribution**

Not applicable.

**Markets**

**Trading Practices and Procedures on the Indian Stock Exchanges**

BSE and NSE (Exchanges) together account for more than 90% of the total trading volume on the Indian Stock Exchanges. Trading on both of these exchanges is accomplished on electronic trading platforms. Trading is done on a two-day fixed settlement basis on all of the exchanges. Any outstanding amount at the end of the settlement period is settled by delivery and payment. However, institutional investors are not permitted to net out their transactions and must trade on a delivery basis.

**Table of Contents**

Orders can be entered with a specified term of validity that may last until the end of the session, day or settlement period. Dealers must specify whether orders are for a proprietary account or for a client. Exchanges specify certain margin requirements for trades executed on the exchange, including margins based on the volume or quantity of exposure that the broker has on the market, as well as market-to-market margins payable on a daily basis for all outstanding trades. Trading on Exchanges normally takes place from 10:00 a.m. to 3:30 p.m. on all weekdays, except holidays. Exchanges do not permit carry forward trades. They have separate margin requirements based on the net exposure of the broker on the exchange. Exchanges also have separate online trading systems and separate clearing houses.

BSE and NSE were closed on a few occasions, in the interest of protection of investor interests, due to fluctuation in prices caused by various events from time to time. On January 22, 2008, the market tumbled in opening trade due to panic selling triggering the market wide circuit filter after the intra-day 10% fall. On November 27, 2008, due to terrorist attack in the city of Mumbai, the BSE and NSE were closed.

The stock exchanges in India now operate on a trading day plus two, or T+2 rolling settlement systems. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. The SEBI has moved to a T+2 settlement system, and is subsequently planning to move to a T+1 settlement system.

In order to contain the risk arising out of the transactions entered into by the members in various securities either on their own account or on behalf of their clients, the largest exchanges have designed risk management procedures, which include compulsory prescribed margins on the individual broker members, based on their outstanding exposure in the market, as well as stock specific margins from the members. There are generally no restrictions on price movements of any security on any given day. In order to restrict abnormal price volatility, SEBI has instructed the stock exchanges to apply the following price bands, calculated at the previous day's closing price as follows:

Market-wide circuit breakers are applied to the market for movements by 10%, 15% and 20% for two prescribed market indices; the SENSEX for the BSE and the Nifty for the NSE. If any of these circuit breaker thresholds are reached, trading on all equity and equity derivatives markets nationwide is halted. This circuit breaker brings about a coordinated trading halt in all equity and equity derivative markets nationwide. The market wide circuit breakers would be triggered by movement of either SENSEX or the NSE S&P CNX Nifty whichever is breached earlier. In case of a 10% movement of either of these indices, there would be a 1-hour market halt if the movement takes place before 1 p.m. In case the movement takes place at or after 1 p.m. but before 2.30 p.m. there will be a trading halt for half an hour. In case the movement takes place at or after 2.30 p.m. there will be no trading halt at the 10% level and the market will continue trading. If there is a 15% movement of either index, there will be a 2-hour market halt if the movement takes place before 1 p.m. If the 15% trigger is reached on or after 1 p.m. but before 2 p.m., there will be a 1 hour halt. If the 15% trigger is reached on or after 2 p.m. the trading will halt for the remainder of the day. In case of a 20% movement of the index, the trading will be halted for the remainder of the day. The percentages are calculated on the closing index value of the quarter. These percentages are translated into absolute points of index variations (rounded off to the nearest 25 points in case of SENSEX). At the end of each quarter, these absolute points of index variations are revised and made applicable for the next quarter.

**Index based market wide circuit breaker**

The Exchange implements on a quarterly basis, the index based market wide circuit breaker system. The system is applicable at three stages of the index movement either way at 10%, 15% and 20%.

**Listing**

The SEBI has promulgated regulations for listing and is governed through circulars issued from time to time by amending the Listing Agreement entered into by listed companies with stock exchanges. The Stock Exchanges monitor the listed companies under the supervision of SEBI.

**The National Stock Exchange of India Limited**

The market capitalization of the capital markets (equities) segment of the NSE as of March 31, 2009 was approximately Rs. 28.96 trillion or approximately \$ 569 billion. The clearing and settlement operations of the NSE are managed by its wholly-owned subsidiary, the National Securities Clearing Corporation Limited. Funds settlement takes place through designated clearing banks. The National Securities Clearing Corporation Limited interfaces with

the depositaries on the one hand and the clearing banks on the other to provide delivery versus payment settlement for depositary-enabled trades.

As of March 31, 2009, the NSE had 117 members comprised of 96 corporate members, 11 individual members and 10 firms.

**Table of Contents****Bombay Stock Exchange Limited**

The estimated aggregate market capitalization of stocks trading on the BSE as of March 31, 2009 was approximately Rs. 30.86 trillion or approximately \$ 606 billion. The BSE began allowing online trading in May 1995. As of March 31, 2009, the BSE had 1,007 members, comprised of 175 individual members, 809 Indian companies and 23 Foreign Institutional Investors. Only a member of the stock exchange has the right to trade in the stocks listed on the stock exchange.

**Derivatives**

Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivative exchange or derivative segment of a stock exchange functions as a self-regulatory organization under the supervision of the SEBI.

**Depositories**

The National Securities Depository Limited and Central Depository Services (India) Limited are the two depositories that provide electronic depository facilities for trading in equity and debt securities in India. The SEBI mandates that a company making a public or rights issue or an offer for sale to enter into an agreement with a depository for dematerialization of securities already issued or proposed to be issued to the public or existing shareholders. The SEBI has also provided that the issue and allotment of shares in initial public offerings and/or the trading of shares shall only be in electronic form.

**Securities Transaction Tax**

A brief description of the securities transaction tax and capital gains treatment under India law is provided under the section Taxation .

**Item 10. Additional Information****Share Capital**

Our authorized share capital is Rs. 3,300,000,000 divided into 1,650,000,000 equity shares of Rs. 2/- each and 25,000,000 preference shares of Rs. 10/- each. As of March 31, 2009, 1,464,980,746 equity shares, par value Rs. 2 per share were issued, outstanding and fully paid. We currently have no convertible debentures or warrants outstanding, except options outstanding under our employee stock option plans.

**Memorandum and Articles Of Association**

Set forth below is a brief summary of the material provisions of our Articles of Association and the Indian Companies Act, 1956 all as currently in effect. Wipro Limited is registered under the Companies Act, with the Registrar of Companies, Karnataka, Bangalore, India, with Company No. 20800. The following description of our Articles of Association does not purport to be complete and is qualified in its entirety by the Articles of Association, and Memorandum of Association, of Wipro Limited that are included as exhibits to our registration statement on Form F-1 filed with the Securities and Exchange Commission on September 26, 2000.

Our Articles of Association provide that the minimum number of directors shall be four and the maximum number of directors shall be fifteen. As of March 31, 2009, we have 10 directors. Our Articles of Association provide that at least two-thirds of our directors shall be subject to retirement by rotation. One third of these directors must retire from office at each Annual General meeting of the shareholders. A retiring director is eligible for re-election. Up to one-third of our directors can be appointed as permanent directors. Currently, Azim H. Premji is a non-retiring director. The term of the office of our non-retiring director expires on July 30, 2009. Our Articles of Association do not mandate the retirement of our directors under an age limit requirement. Our Articles of Association do not require our Board members to be shareholders in our company.

Our Articles of Association provide that any director who has a personal interest in a transaction must disclose such interest, must abstain from voting on such transaction and may not be counted for purposes of determining whether a quorum is present at the meeting.

The remuneration payable to our directors may be fixed by our Board of Directors in accordance with provisions of the Indian Companies Act, 1956, and the rules and regulations prescribed by the Government of India.

## **Table of Contents**

### **Objects and Purposes of Our Memorandum of Association**

The following is a summary of our existing Objects as set forth in Section 3 of our Memorandum of Association:

To undertake and carry on the business of providing all kinds of information technology based and enabled services in India and internationally, electronic remote processing services, eServices, including all types of Internet-based/ Web enabled services, transaction processing, fulfillment services, business support services including but not limited to providing financial and related services of all kinds and description including billing services, processing services, database services, data entry business-marketing services, business information and management services, training and consultancy services to businesses, organizations, concerns, firms, corporations, trusts, local bodies, states, governments and other entities; to establish and operate service processing centers for providing services for back office and processing requirements, marketing, sales, credit collection services for companies engaged in the business of remote processing and IT enabled services from a place of business in India or elsewhere, contacting and communicating to and on behalf of overseas customers by voice, data image, letters using dedicated international private lines to handle business process management, remote help desk management; remote management.

To carry on business in India and elsewhere as manufacturer, assembler, designer, builder, seller, buyer, exporter, importer, factors, agents, hirers and dealers of computer hardware and software and any related aspects thereof.

To carry on all or any of the business of soap and candle makers, tallow merchants, chemists, druggists, dry salters, oil-merchants, manufacturers of dyes, paints, chemicals and explosives and manufacturers of and dealers in pharmaceutical, chemical, medicinal and other preparations or compounds, perfumery and proprietary articles and photographic materials and derivatives and other similar articles of every description.

To carry on business as manufacturers, sellers, buyers, exporters, importers, and dealers of fluid power products.

To carry on the business of extracting vegetable oil, manufacture and deal in hydrogenated vegetable oil.

To carry on any other trade or business whatsoever as can in the opinion of us be advantageously or conveniently carried on by us.

To carry on the business of solutions for water treatment including but not limited to ultra pure water, waste water treatment, water reuse and desalination and related activities.

To carry on the business of renewable energy systems and food and agricultural product processing and related industries,

### **Borrowings Power Exercisable by the Directors**

The Board of Directors have the authority to make borrowings upto a limit of one time the Companies paid-up capital and free reserves. Borrowings beyond this limit will require the approval of the shareholders of the Company.

### **Description of Equity Shares**

#### **Dividends**

Under the Indian Companies Act, 1956, unless our Board of Directors recommends the payment of a dividend, we may not declare a dividend. Similarly, under our Articles of Association, although the shareholders may, at the Annual General meeting, approve a dividend in an amount less than that recommended by the Board of Directors, they cannot increase the amount of the dividend. In India, dividends are declared as a fixed sum per share on the company's equity shares. The dividend recommended by the Board, if any, and subject to the limitations described above, is distributed and paid to shareholders in proportion to the paid up value of their shares within 30 days of the approval by the shareholders at the Annual General meeting. Pursuant to our Articles of Association, our Board of Directors has discretion to declare and pay interim dividends without shareholder approval. Under the Indian Companies Act, 1956, read with the listing agreements entered into with Indian stock exchanges, dividends can only be paid in cash to the registered shareholder at a record date fixed on or prior to the Annual General meeting or to his order or his banker's order.

The Companies Act provides that any dividends that remain unpaid or unclaimed are to be transferred to the Investor Education and Protection Fund created by the Indian Government after the stipulated time. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out

of the undistributed profits of previous fiscal years subject to transfer of a portion. Before declaring a dividend greater than 10% of the par value of its equity shares, a company is required under the Companies Act to transfer to its reserves a minimum percentage of its profits for that year, ranging from 2.5% to 10%, depending upon the dividend percentage to be declared in such year.



## **Table of Contents**

The Companies Act further provides that, in the event of an inadequacy or absence of profits in any year, a dividend may be declared for such year out of the company's accumulated profits, subject to the fulfillment of certain conditions.

We are subject to taxation for each dividend declared, distributed or paid for a relevant period by our company.

### **Bonus Shares**

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits a company to distribute an amount transferred from the general reserve or other permitted reserves, including share premium account and surplus in the company's profit and loss account, to its shareholders in the form of bonus shares (similar to a stock dividend). Bonus shares are distributed to shareholders in the proportion recommended by the Board of Directors to such shareholders on a fixed record date when they are entitled to receive such bonus shares.

### **Audit and Annual Report**

At least 21 days before the Annual General Meeting of shareholders (excluding the days of mailing and date of the meeting.), we must distribute to our shareholders audited Indian GAAP balance sheet and profit and loss account and the related reports of our Board of Directors and the Auditors, together with a notice convening the general meeting. SEBI has permitted dispatch of abridged financial statements to shareholders in India in lieu of detailed version of financial statements. Under the Companies Act, a company must file the balance sheet and annual profit and loss account presented to the shareholders within 30 days of the conclusion of the Annual General Meeting with the Registrar of Companies.

A company must also file an annual return containing a list of the company's shareholders and other company information within 60 days of the conclusion of the meeting.

### **Consolidation and Subdivision of Shares**

The Indian Companies Act permits a company to split or combine the par value of its shares, provided such split or combination is not made in fractions. Shareholders of record on a fixed record date are entitled to receive the split or combination.

### **Preemptive Rights, Issue of Additional Shares and Distribution of Rights**

The Companies Act gives shareholders the right to subscribe for new shares in proportion to their respective existing shareholdings (unless otherwise determined by a special resolution passed by a General Meeting of the shareholders.) and the right, to renounce such subscription right in favor of any other person; Holders of ADSs may not be permitted to participate in any such offer.

If we ever plan to distribute additional rights to purchase our equity shares, we will give prior written notice to the depository bank and we will assist the depository bank in determining whether it is lawful and reasonably practicable to distribute rights to purchase additional ADSs to holders.

The depository bank will establish procedures to distribute rights to purchase additional ADSs to holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to holders of ADSs, subject to all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights. The depository bank is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to purchase new equity shares directly, rather than new ADSs.

The depository bank will not distribute the rights to you if:

- we do not timely request that the rights be distributed to you or we request that the rights not be distributed to you;
- we fail to deliver satisfactory documents to the depository bank; or
- it is not reasonably practicable to distribute the rights.

## **Table of Contents**

The depositary bank will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depositary bank is unable to sell the rights, it will allow the rights to lapse.

## **Voting Rights**

At any General Meeting, voting is by show of hands unless a poll is demanded by a shareholder or shareholders present in person or by proxy holding at least 10% of the total shares entitled to vote on the resolution or by those holding shares with an aggregate paid up capital of at least Rs. 50,000. Upon a show of hands, every shareholder entitled to vote and present in person has one vote and, on a poll, every shareholder entitled to vote and present in person or by proxy has voting rights in proportion to the paid up capital held by such shareholders. The Chairman of the Board has a deciding vote in the case of any tie. Any shareholder of the company may appoint a proxy. The instrument appointing a proxy must be delivered to the company at least 48 hours prior to the meeting. A proxy may not vote except on a poll. A corporate shareholder may appoint an authorized representative who can vote on behalf of the shareholder, both upon a show of hands and upon a poll.

Ordinary resolutions may be passed by simple majority of those present and voting at any General Meeting for which the required period of notice has been given. However, certain resolutions called special resolutions in many instances like for example amendments to the Articles of Association and changes to certain clauses in the Memorandum of Association, the commencement of a new line of business, etc require that votes cast in favor of the resolution (whether by show of hands or poll) are not less than three times the number of votes, if any, cast against the resolution.

## **Liquidation Rights**

Subject to the rights of creditors, employees and the holders of any shares entitled by their terms to preferential repayment over the equity shares, if any, in the event of our winding-up, the holders of the equity shares are entitled to be repaid the amounts of paid up capital or credited as paid up on those equity shares. All surplus assets after payments to the holders of any preference shares at the commencement of the winding-up shall be paid to holders of equity shares in proportion to their shareholdings.

## **Preference Shares**

Preference shares have preferential dividend and liquidation rights. Preference shares may be redeemed if they are fully paid, and only out of our profits, or out of the proceeds of the sale of shares issued for purposes of such redemption. Holders of preference shares do not have the right to vote at shareholder meetings, except on resolutions which directly affect the rights of their preference shares. However, holders of cumulative preference shares have the right to vote on every resolution at any meeting of the shareholders if the dividends due on the preference shares have not been paid, in whole or in part, for a period of at least two years prior to the date of the meeting. Currently, we have no preference shares issued and outstanding.

## **Redemption of Equity Shares**

Under the Companies Act, unlike preference shares, equity shares are not redeemable.

## **Liability on Calls**

Not applicable.

## **Discriminatory Provisions in Articles**

There are no provisions in our Articles of Association discriminating against any existing or prospective holder of such securities as a result of such shareholder owning a substantial number of shares.

## **Alteration of Shareholder Rights**

Under the Companies Act, the rights of any class of shareholders can be altered or varied with the consent in writing of the holder of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class if the provisions with respect to such variation are contained in the Memorandum of Association or Articles of Association of the Company, or in the absence of any such provision in the Memorandum of Association or Articles of Association, if such variation is not prohibited by the terms of issue of the shares of that class.

Under the Companies Act, the Articles of Association may be altered only by way of a special resolution.

**Table of Contents****Meetings of Shareholders**

We must convene an Annual General meeting of shareholders within six months after the end of each fiscal year and may convene an extraordinary general meeting of shareholders when necessary or at the request of a shareholder or shareholders holding at least 10% of our paid up capital carrying voting rights. The Annual General meeting of the shareholders is generally convened by our Secretary pursuant to a resolution of our Board of Directors. Written notice setting out the agenda of the meeting must be given at least 21 days, excluding the days of mailing and date of the meeting, prior to the date of the general meeting to the shareholders of record. Shareholders who are registered as shareholders on a pre-determined date are entitled to such notice or their proxies and have a right to attend or vote at such meeting. The Annual General meeting of shareholders must be held at our registered office or at such other place within the city in which the registered office is located. Meetings other than the Annual General meeting may be held at any other place if so determined by our Board of Directors. Our Articles of Association provide that a quorum for a general meeting is the presence of at least five shareholders in person.

Additionally, shareholder consent for certain items or special business is required to be obtained by a postal ballot. In order to obtain the shareholders' consent, our Board of Directors appoints a scrutinizer, who is not in our employment, who, in the opinion of the Board, can conduct the postal ballot voting process in a fair and transparent manner in accordance with the provisions of Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

**Limitations on the Rights to Own Securities**

The limitations on the rights to own securities, including the rights of non-resident or foreign shareholders to hold the securities, imposed by Indian law are discussed in Item 10 of this Annual Report, under the section titled "Currency Exchange Controls" and is incorporated herein by reference.

**Voting Rights of Deposited Equity Shares Represented by ADSs**

As soon as practicable after receipt of notice of any meetings or solicitation of consents or proxies of holders of shares or other deposited securities, our Depository shall fix a record date for determining the holders entitled to give instructions for the exercise of voting rights. The Depository shall then mail to the holders of ADSs a notice stating (a) such information as is contained in such notice of meeting and any solicitation materials, (b) that each holder on the record date set by the Depository therefore will be entitled to instruct the Depository as to the exercise of the voting rights, if any, pertaining to the deposited securities represented by the ADSs evidenced by such holders of ADRs, and (c) the manner in which such instruction may be given, including instructions to give discretionary proxy to a person designated by us.

On receipt of the aforesaid notice from the Depository, our ADS holders may instruct the Depository on how to exercise the voting rights for the shares that underlie their ADSs. For such instructions to be valid, the Depository must receive them on or before a specified date.

The Depository will try, as far as is practicable, and subject to the provisions of Indian law and our Memorandum of Association and our Articles of Association, to vote or to have its agents vote the shares or other deposited securities as per our ADS holders' instructions. The Depository will only vote or attempt to vote as per an ADS holder's instructions. The Depository will not itself exercise any voting discretion.

Neither the Depository nor its agents are responsible for any failure to carry out any voting instructions, for the manner in which any vote is cast, or for the effect of any vote. There is no guarantee that our shareholders will receive voting materials in time to instruct the Depository to vote and it is possible that ADS holders, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

**Register of Shareholders; Record Dates; Transfer of Shares**

We maintain a register of our shareholders in electronic form through the National Securities Depository Limited and the Central Depository Services (India) Ltd. For the purpose of determining the shares entitled to annual dividends, the register is closed for a specified period prior to the Annual General meeting. The date on which this period begins is the record date. To determine which shareholders are entitled to specified shareholder rights, we may close the register of shareholders. The Companies Act requires us to give at least seven days' prior notice to the public before such closure. We may not close the register of shareholders for more than thirty consecutive days, and in no event for more than forty-five days in a year. Trading of our equity shares, however, may continue while the register of shareholders is closed.

Shares held through depositaries are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. The requirement to hold the equity shares in book-entry form will apply to the ADS holders when the equity shares are withdrawn from the depository facility upon surrender of the ADSs. In order to trade the equity shares in the Indian market, the withdrawing ADS holder will be required to comply with the procedures described above.

**Table of Contents**

Following the introduction of the Depositories Act, 1996, and the repeal of Section 22A of the Securities Contracts (Regulation) Act, 1956, which enabled companies to refuse to register transfers of shares in some circumstances, the equity shares of a public company are freely transferable, subject only to the provisions of Section 111A of the Companies Act. Since we are a public company, the provisions of Section 111A will apply to us. Our Articles of Association currently contain provisions which give our directors discretion to refuse to register a transfer of shares in some circumstances. Furthermore, in accordance with the provisions of Section 111A(2) of the Companies Act, our directors may refuse to register a transfer of shares if they have sufficient cause to do so. If our directors refuse to register a transfer of shares, the shareholder wishing to transfer his, her or its shares may file a civil suit or an appeal with the Company Law Board or National Company Law Tribunal.

Pursuant to Section 111A(3), if a transfer of shares contravenes any of the provisions of the Indian Securities and Exchange Board of India Act, 1992, or the regulations issued thereunder, or the Indian Sick Industrial Companies (Special Provisions) Act, 1985, or any other Indian laws, the Company Law Board or National Company Law Tribunal may, on application made by the Company, a depository incorporated in India, an investor, the Securities and Exchange Board of India or other parties, direct the rectification of the register of records. Under the Companies Act, unless the shares of a company are held in a dematerialized form, a transfer of shares is effected by an instrument of transfer in the form prescribed by the Companies Act and the rules thereunder together with delivery of the share certificates. Our transfer agent for our equity shares is Karvy Computershare Pvt. Limited located in Hyderabad, India.

**Company Acquisition of Equity Shares**

Under the Companies Act, the Company can reduce its Company's share capital subject to fulfillment of conditions. A company is not permitted to acquire its own shares for treasury operations.

**Disclosure of Ownership Interest**

Section 187C of the Indian Companies Act requires beneficial owners of shares of Indian companies who are not holders of record to declare to the company details of the beneficial owner.

**Provisions on Changes in Capital**

Our authorized capital can be altered by an ordinary resolution of the shareholders in a General Meeting. The additional issue of shares is subject to the preemptive rights of the shareholders and provisions governing the issue of additional shares are discussed in Item 10 of this Annual Report. In addition, a company may increase its share capital, consolidate its share capital into shares of larger face value than its existing shares or sub-divide its shares by reducing their par value, subject to an ordinary resolution of the shareholders in a General Meeting.

**Takeover Code and Listing Agreements**

Under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, or Takeover Code, upon the acquisition of more than 5%, 10%, 14%, 54% or 74% of the outstanding shares or voting rights of a publicly-listed Indian company, a purchaser is required to notify the company and the company and the purchaser is required to notify all the stock exchanges on which the shares of such company are listed. An ADS holder would be subject to these notification requirements.

Upon the acquisition of 15% or more of such shares or voting rights, or a change in control of the company, the purchaser is required to make an open offer to the other shareholders, offering to purchase 20% of all the outstanding shares of the company or such number of shares that will result in the public shareholding not falling below the minimum public holding requirement, whichever is lower. SEBI has recently amended the Takeover Code to relax any of the provisions of the Takeover Code if the Directors of the Company have been removed by the Government or statutory authority and new Directors appointed by the Government or statutory authority provided the new Directors have devised a plan providing for transparent, open and competitive process of bidding for continued operations of the Company and for smooth takeover by an acquirer. Since we are a listed company in India, the provisions of the Takeover Code will apply to us. However, the Takeover Code provides for a specific exemption from this provision to an ADS holder and states that this provision will apply to an ADS holder only once he or she converts the ADSs into the underlying equity shares. However, the acquisition of ADSs (irrespective of conversion into underlying equity shares) is subject to disclosure and reporting requirements under the Takeover Code.

A listed company can be delisted under the provisions of the SEBI (Delisting of Securities) Guidelines, 2003, which govern voluntary and compulsory delisting of shares of Indian companies from the stock exchanges.



**Table of Contents****Material Contracts**

We are a party to various employment arrangements and indemnification agreements with our directors and executive officers. See **Terms of Employment Arrangements and Indemnification Agreements** under Item 6 of this Annual Report for a further description of the employment arrangements and indemnification agreements that we have entered into with our directors and executive officers.

**Currency Exchange Controls**

Foreign Investments in India are governed by the provisions the Foreign Exchange Management Act (FEMA) 1999 and are subject to the Regulations issued by the Reserve Bank of India from time to time. The Foreign Direct Investment Scheme under the Reserve Bank's Automatic Route enables Indian Companies (other than those specifically excluded in the scheme) to issue shares to persons resident outside India without prior permission from the RBI, subject to certain conditions. General permission has been granted for the transfer of shares and convertible debentures by a person resident outside India as follows: (i) for transfers of shares or convertible debentures held by a person resident outside India other than NRI, to any person resident outside India and (ii) NRIs are permitted to transfer shares or convertible debentures of Indian company to other NRIs. General permission has also been given for transfers between a person resident in India and a person resident outside India subject to stipulated conditions.

In cases where such conditions are not met, approval of the Central Government and the Reserve Bank of India may be also required.

Banks in India may now allow remittance from India by a person resident in India up to USD 200,000, per financial year, for any permitted current or capital account transaction or a combination of both.

**General**

Shares of Indian companies represented by ADSs may be approved for issuance to foreign investors by the Government of India under the Issue of Foreign Currency Convertible Bonds and Equity Shares (through Depository Receipt Mechanism) Scheme, 1993, or the 1993 Regulation, as modified from time to time, promulgated by the Government of India. The 1993 Regulation is distinct from other policies or facilities, as described below, relating to investments in Indian companies by foreign investors. The issuance of ADSs pursuant to the 1993 Regulation also affords to holders of the ADSs the benefits of Section 115AC of the Indian Income Tax Act, 1961 for purposes of the application of Indian tax law.

A registered broker is permitted to purchase shares of an Indian company on behalf of a person resident outside of India for the purpose of converting those shares into ADSs/GDSs. However, such conversion is subject to compliance with the provisions of the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme 1993 and the periodic guidelines issued by the Central Government. This would mean that ADSs converted into Indian shares may be converted back into ADSs, subject to the limits of sectoral caps.

The Operative Guidelines for the limited two-way fungibility under the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme 1993 has also been approved by the Government of India.

These guidelines provide that a re-issuance of ADSs/GDSs is permitted to the extent of ADSs/GDSs, have been redeemed for underlying shares and sold in the domestic market. The re-issuance must be within the specified limits. The conditions to be satisfied in this regard are: (i) the shares are purchased on a recognized stock exchange; (ii) the Indian company has issued ADS/GDS, (iii) the shares are purchased with the permission of the custodian of the ADSs/GDSs of the Indian company and are deposited with the custodian; (iv) the number of shares so purchased shall not exceed the number of ADSs/GDSs converted into underlying shares pursuant to conversion of ADS into equity shares under the Depository Agreement and (v) investor and other intermediaries comply with the provisions of 1993 Scheme and related guidelines issued from time to time.

**Transfer of ADSs and Surrender of ADSs**

A person resident outside India may transfer the ADSs held in Indian companies to another person resident outside India without any permission. An ADS holder is permitted to surrender the ADSs held by him in an Indian company and to receive the underlying equity shares under the terms of the Deposit Agreement. Under Indian regulations, the re-deposit of these equity shares with the depository to ADSs may not be permitted.





**Table of Contents****Sponsored ADS**

The amendment to the FEMA regulations permit an issuer in India to sponsor the issue of ADSs through an overseas depository against underlying equity shares accepted from holders of its equity shares in India for offering outside of India. The sponsored issue of ADSs was possible only if the following conditions are satisfied:

- There have been amendments to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism), Scheme 1993 and primarily the amendments were on the Eligibility of Issuer, Eligibility of Subscriber, Pricing of the offerings, and Voting Rights, the ADS offering is approved by the FIPB;
- the ADS offering is approved by a special resolution of the shareholders of the issuer in a general meeting;
- the facility is made available to all the equity shareholders of the issuer;
- the proceeds of the offering are repatriated into India within one month of the closing of the offering;
- the sales of the existing equity shares are made in compliance with the Foreign Direct Investment Policy in India;
- the number of shares offered by selling shareholders are subject to limits in proportion to the existing holdings of the selling shareholders when the offer is oversubscribed; and
- the offering expenses do not exceed 7% of the offering proceeds and are paid by shareholders on a pro-rata basis.

The issuer is also required to furnish a report to the RBI specifying the details of the offering, including the amount raised through the offering, the number of ADSs issued, the underlying shares offered and the percentage of equity in the issuer represented by the ADSs.

**Conditions for issuance of ADS/GDS outside India by Indian Companies**

**Eligibility of issuer:** An Indian Company, which is not eligible to raise funds from the Indian Capital Market including a company which has been restrained from accessing the securities market by the Securities and Exchange Board of India (SEBI) will not be eligible to issue ADS/GDS apart from Foreign Currency Convertible Bonds.

**Eligibility of subscriber:** Erstwhile Overseas Corporate Bodies (OCBs) who are not eligible to invest in India through the portfolio route and entities prohibited to buy, sell or deal in securities by SEBI will not be eligible to subscribe to (i) Foreign Currency Convertible Bonds and (ii) ADS/GDS

**Pricing:** The pricing of ADS/GDS and Foreign Currency Convertible Bonds should be made at a price not less than the higher of the following two averages:

- (i) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange in India during the six months preceding the relevant date; or
- (ii) The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange in India during the two weeks preceding the relevant date.

The relevant date means the date thirty days prior to the date on which the meeting of the general body of shareholders is held, in terms of section 81 (IA) of the Companies Act, 1956, to consider the proposed issue.

**Foreign Direct Investment**

Over a period of time particularly since 1991, the Government of India has relaxed the restrictions on foreign investment and most industry sectors does not require prior approval of the FIPB or RBI, if the percentage of equity holding by all foreign investors do not exceed specified industry specific thresholds. Purchases by foreign investors of ADSs are treated as direct foreign investment in the equity issued by Indian companies for such offerings. Foreign investment up to 100% of company's share capital is currently permitted in the IT industry. Government of India has recently clarified about the calculation of foreign investment in an Indian Company through direct or indirect routes for such investment.

**Table of Contents****Investment by Non-Resident Indians**

A variety of facilities for making investments in shares of Indian companies is available to individuals of Indian nationality or origin residing outside India, or NRIs. These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis that is not generally available to other foreign investors. A Non-Resident Indian (NRI) or a Person of Indian Origin (PIO) resident outside India may invest by way of contribution to the capital of a firm or a proprietary concern in India on a non-repatriation basis. These facilities are different and distinct from investments by Foreign Direct Investors described above. Indian companies are now allowed, without prior Government of India approval, to invest in joint ventures or wholly-owned subsidiaries outside India. The amount invested may not exceed four times the net worth of the company or its equivalent in a financial year. RBI no longer recognizes Overseas Corporate Bodies, or OCBs as an eligible class of investment vehicle under various routes and schemes under the foreign exchange regulations.

NRIs are permitted to make investments through a stock exchange, or Portfolio Investments on favorable tax and other terms under India's Portfolio Investment Scheme. Under the scheme, an NRI can purchase up to 5% of the paid up value of the shares issued by a company, subject to the condition that the aggregate paid up value of shares purchased by all NRIs does not exceed 10% of the paid up capital of the company. The 10% ceiling may be exceeded if a special resolution is passed in a general meeting of the shareholders of a company, subject to the overall ceiling of Foreign Direct Investment limit.

In terms of Schedule 1 of the Notification No. FEMA 20/2000-RB dated May 3, 2000, a person resident outside India can purchase equity shares / compulsorily convertible preference shares and compulsorily convertible debentures (equity instruments) issued by an Indian company under the FDI policy and the Indian company is allowed to receive the amount of consideration in advance towards issue of such equity instruments, subject to the terms and conditions laid down therein. Further, general permission is available to Indian companies to refund the amounts received towards purchase of shares under Regulation 5 (1) of Notification No. FEMA 20/2000-RB dated May 3, 2000, as amended from time to time. Reserve Bank of India vide circular No. 20 dated December 14, 2007 decided that with effect from November 29, 2007, the equity instruments should be issued within 180 days of the receipt of the inward remittance. In case, the equity instruments are not issued within 180 days from the date of receipt of the inward remittance or date of debit to the NRE/FCNR (B) account, the amount of consideration so received should be refunded immediately to the non-resident investor by outward remittance through normal banking channels or by credit to the NRE/FCNR (B) account, as the case may be or approach Reserve Bank of India with an action plan for allotment of equity shares.

It is also clarified that the advances against equity instruments may be received only where the FDI is allowed under the automatic route.

**Investment by Foreign Institutional Investors**

In September 1992, the Government of India issued guidelines which enable foreign institutional investors or FIIs, including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated/institutional portfolio managers, to invest in all the securities traded on the primary and secondary markets in India. Under the guidelines, FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI Foreign Institutional Investors Regulations, 1995.

**Ownership Restrictions**

The limit of FII investment in a company has been linked to sectoral caps/statutory ceiling as applicable to the concerned industry subject to obtaining the approval of the shareholders by a special resolution. NRIs in aggregate may hold no more than 24% of a company's equity shares, (subject to obtaining the approval of the shareholders by a special resolution) excluding the equity shares underlying the ADSs. Furthermore, SEBI regulations provide that no single FII may hold more than 10% of a company's total equity shares and no single NRI may hold more than 5% of a company's total equity shares. There is uncertainty under Indian law about the tax regime applicable to FIIs which hold and trade ADSs. FIIs are urged to consult with their Indian legal and tax advisers about the relationship between the FII guidelines and the ADSs and any equity shares withdrawn upon surrender of ADSs.

**Overseas investment Liberalization**

Regulation 6 of the Notification No.FEMA.120/RB-2004 dated July 7, 2004 to read with Circular No. 42 dated May 12, 2005 and dated Sep 26, 2007 of Reserve Bank of India in terms of which an Indian entity was permitted to invest up to 400 per cent of their net worth in overseas Joint Ventures and/or Wholly Owned Subsidiaries (JV/WOS) in any bonafide business activity under automatic route.

It was further clarified by the Reserve Bank of India that the ceiling is not applicable to the investments made out of balances held in EEFC accounts and out of the proceeds of ADR / GDR issue, as hitherto. This enables Authorized Dealers to allow remittances under automatic route up to 400 per cent of the net worth as on the date of the last audited balance sheet of the investing companies, after considering the proposals received from such companies.

**Table of Contents****Taxation**

The following summary is based on the law and practice of the Indian Income-tax Act, 1961, or Income-Tax Act, including the special tax regime contained in Sections 115AC and 115ACA of the Income-tax Act read with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended on, January 19, 2000, or the Issue of Foreign Currency Convertible bonds and Ordinary Shares Scheme. The Income-tax Act is amended every year by the Finance Act of the relevant year. Some or all of the tax consequences of Sections 115AC and 115ACA may be amended or changed by future amendments to the Income-tax Act.

We believe this information is materially complete as of the date hereof, however, this summary is not intended to constitute a complete analysis of the individual tax consequences to non-resident holders or employees under Indian law for the acquisition, ownership and sale of ADSs and equity shares.

*Residence.* For purposes of the Income-tax Act, an individual is considered to be a resident of India during any fiscal year if he or she is in India in that year for:

- a period or periods amounting to 182 days or more; or
- 60 days or more and, within the four preceding years has been in India for a period or periods amounting to 365 days or more.

The period of 60 days referred to above shall be read as 182 days (i) in case of a citizen of India who leaves India in a fiscal year for the purposes of employment outside of India or (ii) in case of a citizen of India or a person of Indian origin living abroad who visits India and within the four preceding years has been in India for a period or periods amounting to 365 days or more.

A company is a resident of India if it is incorporated in India or the control and the management of its affairs is situated wholly in India. Companies that are not residents of India would be treated as non-residents for purposes of the Income-tax Act.

*Taxation of Distributions.* As per Section 10(34) of the Income Tax Act, dividends paid by Indian Companies on or after April 1, 2003 to their shareholders (whether resident in India or not) are not subject to tax. However, the Company paying the dividend is currently subject to a dividend distribution tax of 15% on the total amount it distributes, declares or pays as a dividend, in addition to the normal corporate tax. Additionally, the Finance Act, 2006 levies a surcharge of 10% on such tax and an additional surcharge namely education cess of 3% on such tax and surcharge, after which the dividend distribution tax payable would be 17%.

Any distributions of additional ADSs or equity shares to resident or non-resident holders will not be subject to Indian tax.

*Taxation of Capital Gains.* The following is a brief summary of capital gains taxation of non-resident holders and resident employees in respect of the sale of ADSs and equity shares received upon redemption of ADSs. The relevant provisions are contained mainly in sections 45, 47(vii)(a), 115AC and 115ACA, of the Income Tax Act, in conjunction with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme.

Gains realized upon the sale of ADSs and shares that have been held for a period of more than thirty-six months and twelve months, respectively, are considered long-term capital gains. Gains realized upon the sale of ADSs and shares that have been held for a period of thirty six months or less and twelve months or less, respectively, are considered short term capital gains. Capital gains are taxed as follows:

Gains from a sale of ADSs outside India, by a non-resident to another non-resident are not taxable in India.

Long-term capital gains realized by a resident employee from the transfer of the ADSs will be subject to tax at the rate of 10%. Short-term capital gains on such a transfer will be taxed at graduated rates with a maximum of 30%.

Long-term capital gains realized by non-resident upon the sale of equity shares obtained through the redemption of ADSs, settlement of such sale being made off a recognized stock exchange, are subject to tax at a rate of 10%. Short-term capital gains on such transfer will be taxed at graduated rates with a maximum of 30%.

**Table of Contents**

Long-term capital gains realized by a non-resident upon the sale of equity shares obtained through the redemption of ADSs, settlement of such sale being made on a recognized stock exchange, is exempt from tax and the Short-term capital gains on such sale will be taxed at 15%. An additional tax called Securities Transaction Tax, or STT (described in detail below) will be levied at the time of settlement.

In addition to the above rates, a surcharge of 10% will be levied on the above taxes, in the case of resident employees and 2.5% in the case of non-resident individuals, in case their aggregate taxable income exceeds Rs. 10,00,000 during the relevant financial year and an additional surcharge called education cess of 3% on the above tax and surcharge.

The above rates may be reduced by the applicable tax treaty in case of non-residents. The capital gains tax is computed by applying the appropriate tax rates to the difference between the sale price and the purchase price of the equity shares or ADSs. In 1992, the Government allowed established Indian Companies to issue foreign currency convertible bonds (FCCB). Effective April 2008, the conversion of FCCBs into shares or debentures of any company shall not be treated as a transfer and consequently will not be subject to capital gains tax upon conversion. Further, the cost of acquisition of the shares received upon conversion of the bond shall be the price at which the corresponding bond was acquired. Prior to this amendment, the price of the shares received on conversion was arrived by using the stepped up basis.

According to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme, a non-resident holder's holding period for the purposes of determining the applicable Indian capital gains tax rate in respect of equity shares received in exchange for ADSs commences on the date of the notice of the redemption by the depository to the custodian. However, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme does not address this issue in the case of resident employees, and it is therefore unclear as to when the holding period for the purposes of determining capital gains tax commences for such a resident employee.

The Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme provides that if the equity shares are sold on a recognized stock exchange in India against payment in Indian rupees, they will no longer be eligible for the preferential tax treatment.

It is unclear as to whether section 115AC and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme are applicable to a non-resident who acquires equity shares outside India from a non-resident holder of equity shares after receipt of the equity shares upon redemption of the ADSs.

It is unclear as to whether capital gains derived from the sale of subscription rights or other rights by a non-resident holder not entitled to an exemption under a tax treaty will be subject to Indian capital gains tax. If such subscription rights or other rights are deemed by the Indian tax authorities to be situated within India, the gains realized on the sale of such subscription rights or other rights will be subject to Indian taxation. The capital gains realized on the sale of such subscription rights or other rights, which will generally be in the nature of short term capital gains, will be subject to tax at variable rates with a maximum rate of 40% in case of a foreign company and at graduated rate with a maximum of 30%, in case of resident employees and non-resident individuals. In addition to this, there will be a surcharge of 2.5% in the case of all corporate holders and in the case of non-corporate holders with an aggregate taxable income exceeding Rs. 1,000,000 and an additional surcharge called education cess of 3% on the above tax and surcharge.

As per Section 55(2) of the Income Tax Act, the cost of any share (commonly called a bonus share) allotted to any shareholder without any payment and on the basis of such shareholder's share holdings, shall be nil. The holding period of bonus shares for the purpose of determining the nature of capital gains shall commence on the date of allotment of such shares by the company.

*Securities Transaction Tax:* The Finance Act, 2004 has introduced certain new provisions with regard to taxes on the sale and purchase of securities, including equity shares. On and after October 1, 2004, in respect of a sale and purchase of equity shares entered into on a recognized stock exchange, (i) both the buyer and seller are required to pay each a Securities Transaction Tax, or STT at the rate of 0.125% of the transaction value of the securities, if a transaction is a delivery based transaction i.e. the transaction involves actual delivery or transfer of shares; (ii) the seller of the shares is required to pay a STT at the rate of 0.025% of the transaction value of the securities, if the transaction is a non-delivery based transaction, i.e. a transaction settled without taking delivery of the shares.

*Withholding Tax on Capital Gains.* Any gain realized by a non-resident or resident employee on the sale of equity shares is subject to Indian capital gains tax, which, in the case of a non-resident is to be withheld at the source by the buyer. However, as per the provisions of Section 196D(2) of the Income Tax Act, no withholding tax is required to be deducted by way of capital gains arising to Foreign Institutional Investors as defined in Section 115AD of the Income Tax Act on the transfer of securities defined in Section 115AD of the Income Tax Act.

**Table of Contents**

*Buy-back of Securities.* Indian companies are not subject to any tax on the buy-back of their shares. However, the shareholders will be taxed on any resulting gains. Our company would be required to deduct tax at source according to the capital gains tax liability of a non-resident shareholder.

*Stamp Duty and Transfer Tax.* Upon issuance of the equity shares underlying our ADSs, companies will be required to pay a stamp duty of 0.1% per share of the issue price of the underlying equity shares. A transfer of ADSs is not subject to Indian stamp duty. However, upon the acquisition of equity shares from the depository in exchange for ADSs, the non-resident holder will be liable for Indian stamp duty at the rate of 0.25% of the market value of the ADSs or equity shares exchanged. A sale of equity shares by a non-resident holder will also be subject to Indian stamp duty at the rate of 0.25% of the market value of the equity shares on the trade date, although customarily such tax is borne by the transferee. Shares must be traded in dematerialized form. The transfer of shares in dematerialized form is currently not subject to stamp duty.

*Wealth Tax.* The holding of the ADSs and the holding of underlying equity shares by resident and non-resident holders will be exempt from Indian wealth tax. Non-resident holders are advised to consult their own tax advisors regarding this issue.

*Gift Tax and Estate Duty.* Indian gift tax was abolished as of October 1998. Indian Estate Duty was abolished as of March 1985. On and after September 1, 2004, a sum of money exceeding Rs. 25,000 (approx \$ 570), received by an individual without consideration will be subject to tax at graduated rates with a maximum of 30% (excluding applicable surcharge and education cess), unless the same was received from a relative as defined in Explanation under Section 56(v), or on the occasion of the marriage of the Individual or under a will or by way of inheritance or in contemplation of death of the payer. The Taxation Laws Amendment Bill, 2005 introduced in the Parliament on May 12, 2005 proposes to levy the above tax in case the sum of money exceeds in aggregate Rs. 50,000 in a fiscal year. We cannot assure that these provisions will not be amended further in future. Non-resident holders are advised to consult their own tax advisors regarding this issue.

*Service Tax.* Brokerage or commission paid to stock brokers in connection with the sale or purchase of shares is subject to a service tax of 10% excluding surcharges and education cess. The stock broker is responsible for collecting the service tax from the shareholder and paying it to the relevant authority.

**PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE INDIAN AND THEIR LOCAL TAX CONSEQUENCES OF ACQUIRING, OWNING OR DISPOSING OF EQUITY SHARES OR ADSs.**

**Material United States Federal Tax Consequences**

The following is a summary of the material U.S. federal income and estate tax consequences that may be relevant with respect to the acquisition, ownership and disposition of equity shares or ADSs and is for general information only. This summary addresses the U.S. federal income and estate tax considerations of holders that are U.S. persons. U.S. persons are citizens or residents of the United States, or corporations (or other entities treated as corporations for United States federal income tax purposes) created in or under the laws of the United States or any political subdivision thereof or therein, estates, the income of which is subject to U.S. federal income taxation regardless of its source and trusts for which a U.S. court exercises primary supervision and a U.S. person has the authority to control all substantial decisions. This summary is limited to U.S. persons who will hold equity shares or ADSs as capital assets.

This summary is limited to U.S. persons who will hold equity shares or ADSs as capital assets. In addition, this summary is limited to U.S. persons who are not residents in India for purposes of the Convention between the Government of the United States of America and the Government of the Republic of India for the avoidance of Double Taxation and the prevention of Fiscal Evasion with respect to taxes on income. If a partnership holds the equity shares or ADSs, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. A partner in a partnership holding equity shares or ADSs should consult his/her/its own tax advisor.

This summary does not address tax considerations applicable to holders that may be subject to special tax rules, such as banks, insurance companies, financial institutions, dealers in securities or currencies, tax-exempt entities, persons that will hold equity shares or ADSs as a position in a straddle or as part of a hedging or conversion

transaction for tax purposes, persons that have a functional currency other than the U.S. dollar or holders of 10% or more, by voting power or value, of the shares of our company. This summary is based on the tax laws of the United States as in effect on the date of this document and on United States Treasury Regulations in effect or, in some cases, proposed, as of the date of this document, as well as judicial and administrative interpretations thereof available on or before such date and is based in part on the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below.



**Table of Contents**

***Each prospective investor should consult his, her or its own tax advisor with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning or disposing of equity shares or ADSs.***

***Ownership of ADSs.*** For U.S. federal income tax purposes, holders of ADSs will be treated as the owners of equity shares represented by such ADSs.

***Dividends.*** Except for equity shares, if any, distributed pro rata to all shareholders of our company, including holders of ADSs, the gross amount of any distributions of cash or property with respect to equity shares or ADSs will generally be included in income by a U.S. holder as foreign source dividend income at the time of receipt, which in the case of a U.S. holder of ADSs generally should be the date of receipt by the depository, to the extent such distributions are made from the current or accumulated earnings and profits (as determined under U.S. federal income tax principles) of our company. Such dividends will not be eligible for the dividends received deduction generally allowed to corporate U.S. holders. To the extent, if any, that the amount of any distribution by our company exceeds our company's current and accumulated earnings and profits as determined under U.S. federal income tax principles, such excess will be treated first as a tax-free return of the U.S. holder's tax basis in the equity shares or ADSs and thereafter as capital gain.

Subject to certain conditions and limitations, dividends paid to non-corporate U.S. holders, including individuals, may be eligible for a reduced rate of taxation if we are deemed to be a qualified foreign corporation for United States federal income tax purposes. A qualified foreign corporation includes a foreign corporation if (1) its shares (or, according to legislative history, its ADSs) are readily tradable on an established securities market in the United States, or (2) it is eligible for the benefits under a comprehensive income tax treaty with the United States. In addition, a corporation is not a qualified foreign corporation if it is a passive foreign investment company (as discussed below). The ADSs are traded on the New York Stock Exchange. Due to the absence of specific statutory provisions addressing ADSs, however, there can be no assurance that we are qualified foreign corporation solely as a result of our listing on New York Stock Exchange. Nonetheless, we may be eligible for benefits under the comprehensive income tax treaty between India and the United States. The reduced rate of taxation will not apply to dividends received in taxable years beginning after December 31, 2010. Each U.S. holder should consult its own tax advisor regarding the treatment of dividends and such holder's eligibility for reduced rate of taxation.

Subject to certain conditions and limitations, any Indian dividend withholding tax imposed upon distributions paid to a U.S. holder should be eligible for credit against the U.S. holder's federal income tax liability. Alternatively, a U.S. holder may claim a deduction for such amount, but only for a year in which a U.S. holder does not claim a credit with respect to any foreign income taxes. The overall limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, distributions on equity shares or ADSs will be income from sources outside the United States, and, for tax years beginning before January 1, 2007, will generally be passive income, or financial services income, and for tax years beginning after December 31, 2006, will generally be passive category income or general category income for purposes of computing the United States foreign tax credit allowable to a U.S. holder.

If dividends are paid in Indian rupees, the amount of the dividend distribution included in the income of a U.S. holder will be in the U.S. dollar value of the payments made in Indian rupees, determined at a spot exchange rate between Indian rupees and U.S. dollars applicable to the date such dividend is included in the income of the U.S. holder, regardless of whether the payment is in fact converted into U.S. dollars. Generally, gain or loss, if any, resulting from currency exchange fluctuations during the period from the date the dividend is paid to the date such payment is converted into U.S. dollars will be treated as U.S. source ordinary income or loss.

***Sale or Exchange of Equity Shares or ADSs.*** A U.S. holder generally will recognize gain or loss on the sale or exchange of equity shares or ADSs equal to the difference between the amount realized on such sale or exchange and the U.S. holder's tax basis in the equity shares or ADSs, as the case may be. Such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the equity shares or ADSs, as the case may be, were held for more than one year. Gain or loss, if any, recognized by a U.S. holder generally will be treated as U.S. source passive category income or loss for U.S. foreign tax credit purposes. Capital gains realized by a U.S. holder upon sale of equity shares (but not ADSs) may be subject to certain tax in India. See taxation Taxation of Distributions Taxation of Capital Gains. Due to limitations on foreign tax credits, however, a U.S. holder may not be able to utilize any such

taxes as a credit against the U.S. holder's federal income tax liability.

*Estate Taxes.* An individual shareholder who is a citizen or resident of the United States for U.S. federal estate tax purposes will have the value of the equity shares or ADSs held by such holder included in his or her gross estate for U.S. federal estate tax purposes. An individual holder who actually pays Indian estate tax with respect to the equity shares will, however, be entitled to credit the amount of such tax against his or her U.S. federal estate tax liability, subject to a number of conditions and limitations.

## **Table of Contents**

*Backup Withholding Tax and Information Reporting.* Any dividends paid, or proceeds on a sale of, equity shares or ADSs to or by a U.S. holder may be subject to U.S. information reporting, and a backup withholding tax (currently at a rate of 28%) may apply unless the holder is an exempt recipient or provides a U.S. taxpayer identification number, certifies that such holder is not subject to backup withholding and otherwise complies with any applicable backup withholding requirements. Any amount withheld under the backup withholding rules will be allowed as a refund or credit against the holder's U.S. federal income tax, provided that the required information is furnished to the Internal Revenue Service.

*Passive Foreign Investment Company.* A non-U.S. corporation will be classified as a passive foreign investment company for U.S. Federal income tax purposes if either:

75% or more of its gross income for the taxable year is passive income; or

on average for the taxable year by value, or, if it is not a publicly traded corporation and so elects, by adjusted basis, if 50% or more of its assets produce or are held for the production of passive income.

We do not believe that we satisfy either of the tests for passive foreign investment company status for 2005. Since this determination is made on an annual basis, however, no assurance can be given that we will not be considered a passive foreign investment company in future taxable years. If we were to be a passive foreign investment company for any taxable year, U.S. holders would be required to either:

pay an interest charge together with tax calculated at an ordinary income rates on excess distributions, as the term is defined in relevant provisions of U.S. tax laws, and on any gain on a sale or other disposition of equity shares;

if an election is made, a qualified electing fund (as the term is defined in relevant provisions of the U.S. tax laws), include in their taxable income their pro rata share of undistributed amounts of our income; or

if the equity shares are marketable and a mark-to-market election is made, mark-to-market the equity shares each taxable year and recognize ordinary gain and, to the extent of prior ordinary gain, ordinary loss for the increase or decrease in market value for such taxable year.

If we are treated as a passive foreign investment company, we do not plan to provide information necessary for the qualified electing fund election.

The above summary is not intended to constitute a complete analysis of all tax consequences relating to ownership of equity shares or ADSs. You should consult your own tax advisor concerning the tax consequences of your particular situation.

### **Documents on Display**

This report and other information filed or to be filed by Wipro Limited can be inspected and copied at the public reference facilities maintained by the SEC at:

100 F Street, NE  
Washington D.C, 20549

Northwestern Atrium Center  
500 West Madison Street  
Suite 1400  
Chicago, Illinois 60661-2511

Copies of these materials can also be obtained from the Public Reference Section of the SEC, 100 F Street, NE., Washington, DC 20549, at prescribed rates.

The SEC maintains a website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

Additionally, documents referred to in this Form 20-F may be inspected at our corporate offices which are located at Doddakannelli, Sarjapur Road, Bangalore, Karnataka, 560035, India.

### **Item 11. Quantitative and Qualitative Disclosures About Market Risk**

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

*General*

85

---

**Table of Contents**

Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, foreign currency receivables, payables and debt.

Our exposure to market risk is a function of our investment and borrowing activities and our revenue generating activities in foreign currency. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss.

*Risk Management Procedures*

We manage market risk through a corporate treasury department, which evaluates and exercises independent control over the entire process of market risk management. Our corporate treasury department recommends risk management objectives and policies which are approved by senior management and our Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies on a daily basis.

*Components of Market Risk*

Our exposure to market risk arises principally from exchange rate risk and Interest rate risk. Other sources of risk include credit risk, counter-party risk and liquidity risk.

**Exchange rate risk.** Our exchange rate risk primarily arises from our foreign exchange revenue, receivables, cash balances, forecasted cash flows, payables and foreign currency debt. A significant portion of our revenue is in U.S. dollars, euro and pound sterling, while a significant portion of our costs are in Indian rupees. The exchange rate between the rupee and dollar, euro and pound sterling has fluctuated significantly in recent years and may continue to fluctuate in the future. Appreciation of the rupee against these currencies can adversely affect our results of operations.

We evaluate our exchange rate exposure arising from these transactions and enter into foreign currency derivative instruments to mitigate such exposure. We follow established risk management policies, including the use of derivatives like forward foreign exchange contracts to hedge forecasted cash flows denominated in foreign currency. See Note 14 of our Notes to the Audited Consolidated Financial Statements for information relating to outstanding derivative contracts as of March 31, 2009.

All derivative instruments are recognized in the balance sheet and measured at fair value. Changes in fair value for foreign currency derivative instruments that do not qualify as hedges and/ or any ineffective portion of hedges are recognized in our consolidated income statement in the current period. In connection with cash flow hedges, we have recorded Rs. 72, Rs. (1,097) and Rs. (16,859) of net gains/(losses) as a component of accumulated and other comprehensive income within stockholders' equity as of March 31, 2007, 2008 and 2009.

As of March 31, 2009, Rs. 1 increase / decrease in the spot rate for exchange of Indian Rupee with U.S. dollar would result in approximately Rs. 1,498 decrease / increase in the fair value of the Company's foreign currency dollar denominated derivative instruments.

As of March 31, 2009, 1% movement in the exchange rate between U.S. Dollar and Yen would result in approximately Rs. 183 increase/decrease in the fair value of cross-currency interest rate swaps.

**Interest rate risk.** Our interest rate risk primarily arises from our investment securities and floating rate debt, including various revolving and other lines of credit (refer note 16 to the financial statements). Our investments are primarily in short-term investments, which do not expose us to significant interest rate risk. We manage our net exposure to interest rate risk relating to borrowings, through the proportion of fixed rate borrowing and floating rate borrowing in its total borrowing portfolio. To manage this mix, we may enter into interest rate swap agreements, which allows us to exchange periodic payments based on a notional amount and agreed upon fixed and floating interest rates. As of March 31, 2009, substantially all of our debt was subject to floating interest rates, which reset at short intervals. Accordingly, the carrying value of such debt approximates fair values. If interest rates were to increase by 100 bps from March 31, 2009, an additional annual interest expenses on our floating rate debt would amount to approximately Rs. 2,276 on a pre-tax basis.

Credit risk. Our credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. To manage this, we periodically assess the financial reliability of customers, taking into account the financial position, past experience and other factors. Individual risk limits are set accordingly. No single customer accounted for 5% or more of the accounts receivable as of March 31, 2008 and 2009 and revenues for the years ended March 31, 2007, 2008 and 2009 and there is no significant concentration of credit risk.

**Table of Contents**

Counterparty risk. Counterparty risk encompasses issuer risk on marketable securities, settlement risk on derivative and money market contracts and credit risk on cash and time deposits. Issuer risk is minimized by only buying securities which are at least AA rated. Settlement and credit risk is reduced by the policy of entering into transactions with counterparties that are usually at highly rated banks or financial institutions. Exposure to these risks is closely monitored and kept within predetermined parameters. We have policies that limit the amount of credit exposure to any financial institution. The limits are regularly assessed and determined based upon credit analysis including financial statements and capital adequacy ratio reviews. In addition, net settlement agreements are contracted with significant counterparties.

Liquidity risk. Liquidity risk is defined as the risk that we would not be able to settle or meet our obligations on time or at a reasonable price. Our corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, liquidity and funding risks, related processes and policies are overseen by management. Management monitors our net liquidity position through rolling forecasts on the basis of expected cash flows. As on March 31, 2009, our cash and cash equivalents are held with major regulated financial institutions.

Fair value. The fair value of our market rate risk sensitive instruments, other than derivative instruments, closely approximates their carrying value.

**Item 12. Description of Securities Other Than Equity Securities**

Not applicable.

**PART II****Item 13. Defaults, Dividend Arrearages and Delinquencies**

Not applicable.

**Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds**

Not Applicable

**Item 15. Controls and Procedures**

*Disclosure controls and procedures.*

Based on their evaluation as of March 31, 2009, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

**MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

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

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

**Table of Contents**

Management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of internal control over financial reporting as of March 31, 2009. In conducting this assessment of internal control over financial reporting, management based its evaluation on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management concluded that the company's internal control over financial reporting was effective as of March 31, 2009.

Our independent registered public accounting firm, KPMG, has audited the consolidated financial statements in this Annual Report on Form 20-F, and as part of their audit, has issued their report, included herein, on the effectiveness of our internal control over financial reporting as of March 31, 2009.



**Table of Contents**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Stockholders

Wipro Limited

We have audited Wipro Limited and subsidiaries (the Company) internal control over financial reporting as of March 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The management of the Company is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of March 31, 2009 and 2008, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended March 31, 2009, and our report dated May 15, 2009 expressed an unqualified opinion on those consolidated financial statements.

KPMG

Bangalore, India

May 15, 2009

**Table of Contents***Change in internal controls over financial reporting.*

During the period covered by this Annual Report, there were no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

**Compliance with the New York Stock Exchange Corporate Governance Rules**

The Company presently complies with all the practices as described in the final Corporate Governance Rules and Listing standards of the New York Stock Exchange as approved by the Securities and Exchange Commission on November 4, 2003 and codified in Section 303A of the NYSE Listed Company Manual.

A detailed compliance report with the final Corporate Governance rules of the New York Stock Exchange will be separately filed with the New York Stock Exchange.

**Item 16 A. Audit Committee Financial Expert**

The Audit Committee is responsible for reviewing reports of our financial results, audits, internal controls, and compliance with federal procurement laws and regulations. The committee selects the independent registered public accounting firm and approves all related fees and compensation and reviews their selection with the Board of Directors. The committee also reviews the services proposed to be performed by the independent registered public accounting firm to ensure their independence with respect to such services.

Members of the committee are non-management directors who, in the opinion of the Company's Board of Directors, are independent as defined under the applicable rules of the New York Stock Exchange. The Board has determined that Mr. Narayan Vaghul qualifies as an Audit Committee Financial Expert as defined by the applicable rules of the SEC.

**Item 16 B. Code of Ethics**

Our Audit Committee has adopted a written Code of Ethics, as defined in Item 406 of Regulation S-K, applicable to our principal executive officer, principal financial officer, principal accounting officer and all officers working in our finance, accounting, treasury, internal audit, tax, legal, purchase, financial analyst, investor relations functions, disclosure committee members, and senior management, as well as members of the Audit Committee and the Board of Directors. Our Code of Ethics is available under the investor relations section on our website at [www.wipro.com](http://www.wipro.com). We will post any amendments to, or waivers from, our Code of Ethics at that location on our website.

Our Audit Committee has also adopted an Ombuds process policy wherein it has established procedures for receiving, retaining and treating complaints received, and procedures for the confidential, anonymous submission by employees of complaints regarding questionable accounting or auditing matters, conduct which results in a violation of law by Wipro or in a substantial mismanagement of Company resources. Under this policy, our employees are encouraged to report questionable accounting matters, any reporting of fraudulent financial information to our shareholders, the government or the financial markets any conduct that results in a violation of law by Wipro to our management (on an anonymous basis, if employees so desire). Likewise, under this policy, we have prohibited discrimination, retaliation or harassment of any kind against any employee who, based on the employee's reasonable belief that such conduct or practices have occurred or are occurring, reports that information or participates in an investigation. Our Ombuds process policy is available under the investor relations section on our website at [www.wipro.com](http://www.wipro.com).

We have also adopted an updated Code of Business Conduct and Ethics, applicable to all officers, directors and employees. Our updated Code of Business Conduct and Ethics is available under the investor relations section on our website at [www.wipro.com](http://www.wipro.com).

**Item 16 C. Principal Accountant Fees and Services**

Our Audit Committee charter requires us to obtain the prior approval of our audit committee on every occasion that we engage our principal accountants or their associated entities and on every occasion that they provide us with any non-audit services. At the beginning of each year, the Audit Committee reviews the proposed services, including the nature, type and scope of services contemplated and approves the related fees, to be rendered by these firms during the year. In addition, Audit Committee pre-approval is also required for those engagements that may arise during the course of the year that are outside the scope of the initial services and fees pre-approved by the Audit Committee.

The following table presents fee for professional audit services rendered by KPMG for the audit of the Company's annual financial statements and fees billed for other services rendered by KPMG.

90

---

**Table of Contents**

In millions

	Year ended March 31,		
	2007	2008	2009
Audit fees	Rs. 48.20	Rs. 62.21	Rs. 74.69
Audit related fees		6.07	
Tax fees	18.69	14.12	37.25
All other fees	2.04	2.20	3.36
Total	Rs. 68.93	Rs. 84.60	Rs. 115.30

*Audit services* comprise fees for professional services in connection with the audit of Company's annual consolidated financial statements and their attestation and report concerning internal control over financial reporting and reviews of interim financial statement.

*Audit related fees* relate to financial due diligence services provided in connection with the acquisition of Infocrossing Inc.

*Tax services* comprise fees for tax compliance, tax assessment and tax planning services rendered by the independent registered public accounting firm. These services include corporate tax services like assistance with foreign income tax, value added tax, transfer pricing study, government sales tax and equivalent tax matters in local jurisdictions and assistance with local tax authority reporting requirements for tax compliance purposes.

Our Audit Committee charter requires us to take the prior approval of our Audit Committee on every occasion we engage our principal accountants or their associated entities to provide us any audit or non-audit services. We disclose to our Audit Committee the nature of services that are provided and the fees to be paid for the services. All of the audit or non-audit services provided by our principal accountants or their associated entities have been pre-approved by our Audit Committee.

**Item 16 D. Exemptions from the Listing Standards for Audit Committees**

We have not sought any exemption from the listing standards for Audit Committees applicable to us as foreign private issuer, pursuant to Rule 10(A)-3(d) of the Securities Exchange Act of 1934.

**Item 16 E. Purchase of Equity Securities by the Issuer and Affiliated Purchasers**

None.

**Item 16 F. Changes in registrant's Certifying Accountant**

None.

**Item 16 G. Corporate Governance**

Because our securities are listed on a national securities exchange, we are required to provide a concise summary of any significant ways in which our corporate governance practices differ from those followed by domestic companies under the listing standards of that exchange. Being a foreign private issuer, we are permitted to follow home country practice in lieu of the provisions of this Section 303A of the NYSE Listed Company Manual, except that we are required to comply with the requirements of Sections 303A.06, 303A.11 and 303A.12(b) and (c) thereof. With regard to Section 303A.11, although the Company's required home country standards on corporate governance may differ from the NYSE listing standards, the Company's actual corporate governance policies and practices are generally in compliance with the NYSE listing standards applicable to domestic companies. Some of the key practices followed in the home country as per home country laws are disclosed elsewhere in this report.

**Part III****Item 17. Financial Statements**

See Item 18.

**Table of Contents**

**Item 18. Financial Statements**

**CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION  
REPORT OF AUDIT COMMITTEE**

The Board of Directors and Stockholders of Wipro Limited

In connection with the March 31, 2009 consolidated financial statements prepared under United States Generally Accepted Accounting Principles, the Audit Committee: (1) reviewed and discussed the consolidated financial statements with management; (2) discussed with the auditors the matters required by Statement on Auditing Standards No. 114, and the Sarbanes-Oxley Act of 2002; and (3) reviewed and discussed with the auditors the matters required by NYSE Listing Standards. Based upon these reviews and discussions, the Audit Committee recommended to the board of directors that the audited consolidated financial statements be included in the Annual Report on Form 20-F to be filed with the Securities and Exchange Commission of the United States of America.

Bangalore, India  
May 15, 2009

**N. Vaghul**  
Chairman

**P. M. Sinha**  
Member

**B. C. Prabhakar**  
Member

92

---

**Table of Contents**

**REPORT OF MANAGEMENT**

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

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

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

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

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

**Azim H. Premji**

*Chairman and Chief Executive Officer*

**S.C. Senapaty**

*Chief Financial Officer and Director*

Bangalore, India  
May 15, 2009

**Table of Contents**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Stockholders

Wipro Limited

We have audited the accompanying consolidated balance sheets of Wipro Limited and subsidiaries (the Company) as of March 31, 2009 and 2008, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended March 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2009, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of March 31, 2009, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated May 15, 2009 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG

Bangalore, India

May 15, 2009

**Table of Contents**

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

	2008	As of March 31, 2009	2009 Convenience translation into US\$ (Unaudited)
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents (Note 4)	Rs. 39,270	Rs. 49,117	\$ 966
Short-term investments (Note 8)	14,808	16,180	318
Accounts receivable, net of allowances (Note 5)	38,908	46,217	909
Unbilled revenue	8,305	13,843	272
Inventories (Note 6)	7,172	8,686	171
Deferred income taxes (Note 21)	790	3,639	72
Other current assets (Note 7)	19,092	27,040	532
Total current assets	128,345	164,722	3,238
Property, plant and equipment, net (Note 9)	39,822	49,862	980
Investments in affiliates (Note 13)	1,343	1,670	33
Investment securities	355	338	7
Deferred income taxes (Note 21)		169	3
Intangible assets, net (Note 10)	12,480	17,604	346
Goodwill (Note 3,10)	38,943	49,502	973
Other assets (Note 7)	3,214	6,681	131
Total assets	Rs. 224,502	Rs. 290,548	\$ 5,712
 <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>			
Current liabilities:			
Short-term borrowings (Note 16)	Rs. 28,804	Rs. 36,472	\$ 717
Current portion of long-term debt (Note 16)	406	235	5
Current portion of obligations under capital leases (Note 9)	323	504	10
Accounts payable	13,082	18,017	354
Accrued expenses	8,110	14,452	284
Accrued employee costs	5,160	7,035	138
Advances from customers	2,136	3,127	61
Unearned revenue	4,162	6,918	136
Other current liabilities (Note 11)	12,519	26,121	513
Total current liabilities	74,702	112,881	2,220
Long-term debt, excluding current portion (Note 16)	14,522	18,681	367
Obligations under capital leases, excluding current portion (Note 9)	701	914	18
Deferred income taxes (Note 21)	2,098	4,023	79



Edgar Filing: WIPRO LTD - Form 20-F

Other liabilities (Note 11)	3,011	3,632	71
Total liabilities	95,034	140,131	2,755
Minority interest	114	235	5
Stockholders' equity:			
Equity shares at Rs. 2 par value: 1,650,000,000 shares authorized; Issued and outstanding: 1,461,453,320 and 1,464,980,746 shares as of March 31, 2008 and 2009 (Note 17)	2,923	2,930	58
Additional paid-in capital (Note 22)	26,441	29,025	571
Accumulated other comprehensive loss	(1,076)	(9,873)	(194)
Retained earnings (Note 18)	101,066	128,642	2,529
Equity shares held by controlled Trusts: 7,961,760 and 8,930,563 shares as of March 31, 2008 and 2009 (Note 22)		(542)	(11)
Total stockholders' equity	129,354	150,182	2,952
Total liabilities and stockholders' equity	Rs. 224,502	Rs. 290,548	\$ 5,712

See accompanying notes to the consolidated financial statements.

**Table of Contents**

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

	Year ended March 31,					
	2007		2008		2009	
					2009 Convenience translation into US\$ (Unaudited)	
Revenues:						
Services	Rs.	117,819	Rs.	146,170	Rs.	193,924
Products		31,612		51,258		60,640
					\$	3,787
Total		149,431		197,428		5,004
Cost of revenues:						
Services		(76,488)		(98,606)		(129,769)
Products		(25,980)		(40,630)		(48,407)
Total		(102,468)		(139,236)		(178,176)
Gross profit		46,963		58,192		76,388
Operating expenses:						
Selling and marketing expenses		(9,173)		(13,807)		(17,762)
General and administrative expenses		(7,639)		(10,820)		(14,696)
Amortization of intangible assets (Note 10)		(269)		(616)		(1,488)
Foreign exchange gains/(losses), net		(197)		125		(1,596)
Others, net		221		640		544
Operating income		29,906		33,714		41,390
Other income, net (Note 19)		2,628		2,167		(1,816)
Equity in earnings of affiliates (Note 13)		318		257		362
Income before income taxes, minority interest and cumulative effect of change in accounting principle		32,852		36,138		39,936
Income taxes (Note 21)		(3,723)		(3,873)		(5,422)
Minority interest				(24)		(99)
Income before cumulative effect of change in accounting principle		29,129		32,241		34,415
Cumulative effect of change in accounting principle (Note 2)		39				677

Net income	Rs.	29,168	Rs.	32,241	Rs.	34,415	\$	677
Earnings per equity share: (Note 23)								
Basic								
Income before cumulative effect of change in accounting principle		20.42		22.23		23.67		0.47
Cumulative effect of change in accounting principle		0.03						
Net income		20.45		22.23		23.67		0.47
Diluted								
Income before cumulative effect of change in accounting principle		20.17		22.16		23.63		0.46
Cumulative effect of change in accounting principle		0.03						
Net income		20.20		22.16		23.63		0.46
Weighted-average number of equity shares used in computing earnings per equity share:								
Basic		1,426,709,163		1,450,604,615		1,454,010,222		
Diluted		1,444,467,557		1,454,780,607		1,456,290,715		

See accompanying notes to the consolidated financial statements.

**Table of Contents**

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

	Equity Shares		Additional	Deferred	Accumulated	Other	Retained	Equity Shares	Total
	No. of Shares	Amount	Paid in	Stock Compensation	Comprehensive Income	Comprehensive Income/(loss)	Earnings	held by controlled Trusts	Stockholders' Equity
Balance as of March 31, 2006	1,425,754,267	Rs. 2,852	Rs. 16,521	Rs. (2,202)		Rs. 434	Rs. 61,161	(7,869,060)	Rs. 78,766
Cash dividends (Note 17)							(16,382)		(16,382)
Elimination of deferred stock compensation balance on adoption of FAS No. 123 (Note 2)			(2,202)	2,202					
Effect of change in accounting principle (Note 2)			(39)						(39)
Issuance of equity shares on exercise of options (Note 2)	32,095,328	64	8,830						8,894
Issuance of equity shares on exercise of options through non-recourse note (Note 22)	1,150,055	2	(2)						
Forfeited, net of issuance by trust								(92,700)	
Compensation cost related to employee stock incentive plan			1,336						1,336
Success income tax benefit related to			65						65

employees stock incentive plan comprehensive income										
Net income						29,169		29,169		29,169
Other comprehensive income / (loss)										
Translation adjustments (Note 15)						(131)				
Unrealized gain on investment securities, net of tax effect (Rs. 25)						45				
Unrealized gain on cash flow hedging derivatives, net (Note 14)						(130)				
Total other comprehensive loss						(216)	(216)			(216)
Comprehensive income						28,953				
Adjustment to initially apply IAS No. 158 net of tax effect (Rs. (18))							(124)			(124)
Balance as of March 31, 2007	1,458,999,650	Rs. 2,918	Rs. 24,508	Rs.		Rs. 94	Rs. 73,948	(7,961,760)	Rs.	Rs. 101,46
Cash dividends (Note 17)								(5,123)		(5,123)
Issuance of equity shares on exercise of options (Note ( ))	2,453,670	5	687							69
Compensation cost related to employee stock incentive plan			1,076							1,076
Gain on sale of long-lived assets during the			102							102

Controlling shareholder,(net tax effect of (s. 52) cess income k benefit ated to employees stock entive plan prehensive come	68	6
	97	

---

**Table of Contents**

	Equity Shares		Additional Deferred Paid in	Stock Compensation	Accumulated Other Comprehensive Income/(loss)	Retained Earnings	Equity Shares held by controlled Trusts		Total Stockhold Equity
	No. of Shares	Amount	Capital	Income	Income/(loss)	Earnings	No. of Shares	Amount	Equity
Income					32,241	32,241			32,241
Other									
Comprehensive Income / (loss)									
Translation Adjustments (Note 15)					110				
Recognized Actuarial loss, [net of tax effect of Rs. ( ) ]					(59)				
Realized loss on investment securities, net of tax effect of Rs. ( )]					(52)				
Realized loss on cash flow hedging instruments, net (Note 14 )					(1,169)				
Other Comprehensive Income					(1,170)	(1,170)			(1,170)
Comprehensive Income					31,071				31,071
Balance as of March 31, 2008	1,461,453,320	Rs. 2,923	Rs. 26,441	Rs.	Rs. (1,076)	Rs. 101,066	(7,961,760)	Rs.	Rs. 129,3
Cash dividend (Note 17)						(6,839)			(6,839)
Issuance of equity shares to publicly owned investor (Note 17)	968,803	2	540				(968,803)	(542)	
Issuance of equity shares	2,558,623	5	431						4

exercise of options (Note									
compensation related to employee stock incentive plan (Note 22)	1,595								1,595
income benefit related to employee stock incentive plan comprehensive income / (loss)	18								
income				34,415		34,415			34,415
comprehensive income / (loss) translation adjustments (Note 15)				4,771					
recognized curial gain, [net of tax effect of Rs.				101					
realized loss investment securities, net of tax effect of Rs. (Note 8)				(260)					
realized loss cash flow hedging derivatives, net of tax effect of Rs. (Note 353)) (Note				(13,409)					
all other comprehensive income				(8,797)	(8,797)				(8,797)
comprehensive income				25,618					
Balance as of March 31, 2009	1,464,980,746	Rs. 2,930	Rs. 29,025	Rs.	Rs. (9,873)	Rs. 128,642	(8,930,563)	Rs. (542)	Rs. 150,1



Balance as of  
March 31, 2009

\$ 58 \$ 571 \$ (194) \$ 2,529 \$ (11) \$ 2,9

See accompanying notes to the consolidated financial statements

98

---

**Table of Contents**

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

	2007	Year ended March 31,		2009	2009
		2008		2009	Convenience translation into US\$ (Unaudited)
	Rs.	Rs.	Rs.	\$	
Cash flows from operating activities:					
Net income	29,168	32,241	34,415		677
Adjustments to reconcile net income to net cash provided by operating activities:					
Gain on sale of property, plant and equipment	(10)	(20)	(28)		(1)
Cumulative effect of change in accounting principle	(39)				
Depreciation and amortization	4,309	6,067	8,357		164
Deferred tax expense/(benefit)	(29)	(409)	(799)		(16)
Unrealized exchange (gain) / loss	470	(596)	6,770		133
Deferred cancellation losses relating to roll-over cash flow hedges			(11,357)		(223)
Cancellation losses relating to net investment in foreign operations			(839)		(16)
Gain on sale of investment securities	(549)	(771)	(681)		(13)
Stock based compensation	1,336	1,076	1,595		31
Equity in earnings of affiliates	(318)	(257)	(362)		(7)
Minority interest		24	99		2
Changes in operating assets and liabilities:					
Accounts receivable, net of allowances	(6,167)	(7,720)	(6,460)		(127)
Unbilled revenue	(760)	(3,208)	(5,538)		(109)
Inventories	(1,060)	(1,842)	(1,513)		(30)
Other assets	(2,152)	(7,738)	(4,120)		(81)
Accounts payable	1,497	2,211	3,707		73
Accrued expenses and employee costs	893	4,157	8,204		161
Advances from customers and unearned revenue	1,384	3,153	3,604		71
Other liabilities	2,188	(1,773)	1,778		35
Net cash provided by operating activities	30,161	24,595	36,832		724
Cash flows from investing activities:					
Expenditure on property, plant and equipment	(11,392)	(14,674)	(16,592)		(326)
Proceeds from sale of property, plant and equipment	149	479	358		7
Purchase of investments	(123,726)	(231,684)	(342,717)		(6,737)
Proceeds from sale of investments	121,542	250,013	341,687		6,717

Edgar Filing: WIPRO LTD - Form 20-F

Investments in interest bearing deposits with corporates	(250)	(500)	(3,750)	(74)
Redemption of interest-bearing deposits with corporates	100	650		
Payment for acquisitions, net of cash acquired	(7,800)	(32,789)	(6,679)	(131)
Net cash provided by / (used in) investing activities	(21,377)	(28,505)	(27,693)	(544)
Cash flows from financing activities:				
Proceeds from issuance of equity shares	8,894	692	436	9
Proceeds from issuance of equity shares by a subsidiary		55		
Proceeds/(repayment) from/of short-term borrowings, net	1,825	21,370	6,454	127
Repayment of long-term debt and obligation under capital leases		(1,081)	(460)	(9)
Proceeds from long-term debt	147	15,087	425	8
Payment of cash dividends	(8,873)	(5,393)	(6,829)	(134)
Movement in restricted cash relating to cash dividends	(7,238)			
Excess income tax benefit related to employee stock incentive plan	65	68	18	
Net cash provided / (used in) financing activities	(5,180)	30,798	44	1
Net increase in cash and cash equivalents during the year	3,604	26,888	9,184	181
Effect of exchange rate changes on cash	(50)	(30)	663	13
Cash and cash equivalents at the beginning of the year	8,858	12,412	39,270	773
Cash and cash equivalents at the end of the year	Rs. 12,412	Rs. 39,270	Rs. 49,117	\$ 966
Supplementary information:				
Cash paid for interest	Rs. 125	Rs. 1,440	Rs. 2,400	\$ 47
Cash paid for income taxes	4,252	5,459	7,798	153

See accompanying notes to the consolidated financial statements

**Table of Contents**

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

**1. Overview**

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

**2. Significant Accounting Policies**

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

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

*Functional currency and exchange rate translation.* The functional currency of Wipro and its domestic subsidiaries is the Indian rupee, the national currency of India. The functional currency of Wipro's foreign subsidiaries is determined based on an evaluation of the individual and collective economic factors as discussed in Statement of Financial Accounting Standard (SFAS) No. 52, Foreign Currency Translation. The assets and liabilities of subsidiaries that have local functional currency are translated into Indian rupees at the exchange rate in effect at the balance sheet date. Revenue and expense accounts are translated at monthly weighted-average exchange rate for the respective periods. The gains or losses resulting from such translation are reported as a separate component of stockholders equity under accumulated other comprehensive income.

Foreign currency transactions are translated into the functional currency at the rates of exchange prevailing on the date of respective transactions. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rates prevailing on the balance sheet date. The resulting exchange gains/(losses) are included in the statement of income. Gains/(losses) relating to debt denominated in foreign currency are included in Other income, net. All other exchange gains/(losses) are reported in comprehensive income/(loss).

*Convenience translation.* The accompanying consolidated financial statements have been reported in Indian rupees, the national currency of India. Solely for the convenience of the readers, the financial statements as of and for the year ended March 31, 2009, have been translated into US dollars at the certified foreign exchange rates published by Federal Reserve Board of New York on March 31, 2009, of \$ 1 = Rs. 50.87. No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollars at such a rate or any other rate.

*Recently adopted accounting pronouncements.* In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. SFAS No. 157 defines fair value, establishes a framework for the measurement of fair value and enhances disclosures about fair value measurements. The statement does not require any new fair value measures but its provisions apply when fair value measurements are performed as required or permitted under other accounting pronouncements. In February 2008, the FASB approved FASB Staff Position No.157-2, Effective Date of FASB statement No. 157, which grants a one-year deferral of SFAS No. 157's fair-value measurement requirements for non-financial assets and liabilities, except for items that are measured or disclosed at fair value in the financial statements on a recurring basis.

Effective April 1, 2008, the Company adopted SFAS No. 157 for financial assets and liabilities recognized at fair value on a recurring basis. The partial adoption of SFAS No. 157 for financial assets and liabilities did not have a material impact on the Company's financial position and results of operations.

The valuation techniques required by SFAS No. 157 are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 Quoted prices for identical instruments in active markets.

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Significant inputs to the valuation model are unobservable

The Company adopted SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS No. 159) effective April 1, 2008. Adoption of SFAS No. 159 did not have a material effect on the Company's consolidated financial statements.

*Principles of consolidation.* The consolidated financial statements include the financial statements of Wipro and all of its subsidiaries, which are more than 50% owned and controlled. All inter-company accounts and transactions are eliminated on consolidation. The Company accounts for investments by the equity method where its investment in the voting stock gives it the ability to exercise significant influence over the investee.

**Table of Contents**

*Cash equivalents.* The Company considers investments in highly liquid instruments that are purchased with remaining maturities, of three months or less to be cash equivalents.

*Revenue recognition.*

*Services.* Revenue from services, as rendered, are recognized when persuasive evidence of an arrangement exists, the sales price is fixed or determinable and collectibility is reasonably assured. Revenues from software development services comprise revenues from time-and-material and fixed-price contracts. Revenue on time-and-material contracts is recognized as the related services are performed. Revenue from fixed-price, fixed-time frame contracts is recognized in accordance with the percentage of completion method. Guidance has been drawn from the Accounting Standards Executive Committee's conclusion in paragraph 95 of Statement of Position (SOP) 97-2, Software Revenue Recognition, to account for revenue from fixed price arrangements for software development and related services in conformity with SOP 81-1, Accounting for Performance of Construction-Type and Certain Production-Type Contracts. The input (cost expended) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. Maintenance revenue is recognized ratably over the term of the agreement. Revenue from certain service arrangement involving defined but dissimilar acts is generally recognized using the proportional performance 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. Revenue and costs attributable to certain process transition activities are deferred where such activities do not represent the culmination of a separate earnings process. Such revenue and related costs are recognized ratably over the period in which the related services are performed. Deferred costs are limited to the amount of deferred revenues.

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

Revenue from sales of equipment under sales-type lease is recorded at the inception of lease. The Company records the gross finance receivable, unearned income and the estimated residual value of the leased equipment on consummation of sales-type lease. Residual values are estimated based upon the average expected proceeds to be received at the end of the lease term. Unearned income represents the excess of the gross finance receivable plus the estimated residual value over the sales price of the equipment. The Company recognizes unearned income as financing revenue using the interest method over the lease term.

Revenue from sale of third-party software products is recognized in accordance with SOP 97-2, Software Revenue Recognition. In multiple element software arrangements, revenue is allocated to each element based on fair value. The fair value of elements within the scope of SOP 97-2 is determined using Vendor-Specific Objective Evidence (VSOE). In the absence of VSOE for all elements, the residual method is used where VSOE exists for all the undelivered elements. Where VSOE of the undelivered element cannot be determined, revenue for the delivered elements is deferred until the undelivered elements are delivered. If sufficient VSOE does not exist to allocate revenue to the elements and Post-Contract Customer Support (PCS) is the only undelivered element, the entire arrangement fee is recognized ratably over the PCS term. Since there is no reasonable basis of separating the license revenue from PCS, the entire revenue is classified as product revenues.

*Multiple Element.* For all revenue arrangements with multiple deliverables, based on the guidance in EITF Issue No. 00-21 the Company recognizes revenues on the delivered products or services only if:

The revenue recognition criteria applicable to the unit of accounting is met;

The delivered element has value to the customer on a standalone basis. The delivered unit will have value on a standalone basis if it is being sold separately by other vendors or the customer could resell the deliverable on a standalone basis;

There is objective and reliable evidence of the fair value of the undelivered item(s); and

If the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item(s) is considered probable and substantially in control of the Company.

**Table of Contents**

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

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

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

Recurring operating costs are expensed as incurred. Certain upfront non-recurring costs incurred in the initial phases of outsourcing contracts and contract acquisition costs, are deferred and amortized usually on a straight line basis over the term of the contract. The Company periodically estimates the undiscounted cash flows from the arrangement and compares it with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized. Costs that are incurred for a specific anticipated software development services contract and that will result in no future benefits unless the contract is obtained are not included in contract costs. However, such costs are deferred if the cost can be directly associated with a specific anticipated contract and the recoverability from that contract is deemed to be probable.

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

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

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

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

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

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

*Investments in affiliates.* The Company's equity in the earnings/(losses) of affiliates is included in the statement of income and the Company's share of net assets of affiliates is included in the balance sheet, subject to an impairment



charge to the income statement for any other than temporary decline in value.

102

---

**Table of Contents**

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

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

Buildings	30 to 60 years
Plant and machinery	2 to 21 years
Computer equipment	2 to 6 years
Furniture, fixtures and equipment	3 to 10 years
Vehicles	4 years
Computer software for internal use	2 to 6 years

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

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

*Business combinations, goodwill and intangible assets.* In accordance with SFAS No. 141, Business Combinations, the Company uses the purchase method of accounting for all business combinations consummated after June 30, 2001. Intangible assets acquired in a business combination are recognized and reported apart from goodwill if they meet the criteria specified in SFAS No. 141. Any purchase price allocated to an assembled workforce is not accounted separately.

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

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

The Company amortizes intangible assets over their estimated useful lives unless such lives are determined to be indefinite. Amortizable intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. Intangible assets with indefinite lives are tested at least annually for impairment and written down to the fair value as required. The estimated useful lives of the amortizable intangible assets are as follows:

Customer-related intangibles	2 to 5 years
Marketing-related intangibles	2 to 30 years

Technology-based intangibles

5 years

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

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

**Table of Contents**

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

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

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

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

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

The Company adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109 (FIN 48) on April 1, 2007. FIN 48 clarifies the accounting and reporting for uncertainties in income tax law. This Interpretation prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions considered or to be considered in income tax returns. Refer note 21 for additional information relating to impact of adoption of FIN 48.

*Stock-based compensation.* Effective April 1, 2006, the Company adopted SFAS No. 123 (revised 2004), Share-Based Payment, (SFAS No. 123 (R)), which requires the measurement and recognition of compensation expense for all stock-based payment awards based on the grant-date fair value of those awards. The Company adopted SFAS No. 123(R) using the modified prospective application method. Under this approach, the Company has recognized compensation expense for share-based payment awards granted prior to, but not yet vested as of April 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123.

Under APB Opinion No. 25, the Company had a policy of recognizing the effect of forfeitures only as they occurred. Accordingly, as required by SFAS No. 123 (R), on April 1, 2006, the Company estimated the number of outstanding instruments, which are not expected to vest and recognized a gain of Rs. 39 representing the reversal of compensation cost for such instruments previously recognized in statement of income as cumulative effect of changes in accounting principle. For awards with a graded-vesting schedule, if vesting is based only on a service condition, the Company recognizes the compensation cost on a straight-line basis over the requisite service period of the entire award.

The Company has granted 7,050,766, 746,686 and 8,366,676 options under Restricted Stock Unit Plans, at a nominal exercise price of Rs. 2 per share, during the years ended March 31, 2007, 2008 and 2009. Since these options have been granted at a nominal exercise price, the value on the date of grant approximates the fair value of the underlying stock.

*Derivatives and hedge accounting.* The Company purchases forward foreign exchange contracts/option contracts (derivatives) to mitigate the risk of changes in foreign exchange rates on forecasted cash flows denominated in certain foreign currencies. The strategy also includes purchase of series of short-term forward foreign exchange contracts

which are replaced with successive new contracts up to the period in which the forecasted transactions are expected to occur (roll-over hedging). The Company also designates zero-cost collars, which qualify as net purchased options, to hedge the exposure to variability in expected future foreign currency cash inflows.

**Table of Contents**

In accordance with SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended, the Company recognizes all derivatives as assets or liabilities measured at their fair value, regardless of the purpose or intent of holding them. In respect of derivatives designated and effective as cash flow hedges, gains or losses resulting from changes in the fair value are deferred and recorded as a component of accumulated other comprehensive income within stockholder's equity until the hedged transaction occurs and are then recognized in the consolidated statements of income along with the hedged item. The Company assesses hedge effectiveness based on overall change in fair value of derivative instrument. However, for derivatives acquired pursuant to roll-over hedging strategy, the forward premium/discount points are excluded from assessing hedge effectiveness.

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

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

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

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

***Recent accounting pronouncements***

**SFAS No. 141R.** In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS No. 141R), which is a revision of SFAS No. 141, *Business Combinations*. This statement establishes principles and requirements for how an acquirer: recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The Company will be required to apply this new standard prospectively to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after December 15, 2008. Early adoption is prohibited. The company will adopt this statement effective April 1, 2009 and its effects on future periods will depend on the nature and significance of business combinations subject to SFAS No. 141R.

On April 1, 2009, the Financial Accounting Standards Board (FASB) issued FASB Staff Position No. FAS 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* (the FSP), to amend and clarify the initial recognition and measurement, subsequent measurement and accounting, and related disclosures arising from contingencies in a business combination under SFAS No. 141R. The effects of this FSP on future periods will depend on the nature and specific facts of business combinations subject to SFAS No. 141R.

**SFAS No. 160.** In December 2007, the FASB issued SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements* (SFAS No. 160 an amendment of ARB No. 51). SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the non-controlling interest, changes in a parent's ownership interest and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. The Company will be required to adopt this new standard for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The company

does not expect the adoption of this statement to have a material effect on the Consolidated Financial Statements.

**SFAS No. 161.** In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities - An Amendment of FASB Statement No. 133* (SFAS No. 161). SFAS No. 161 requires enhanced disclosures on derivative and hedging activities by requiring objectives to be disclosed for using derivative instruments in terms of underlying risk and accounting designation. This statement requires disclosures on the need of using derivative instruments, accounting of derivative instruments and related hedged items, if any, under SFAS No. 133 and the effect of such instruments and related hedge items, if any, on the financial position, financial performance and cash flows. The Company will be required to adopt this new statement for fiscal years beginning after November 15, 2008. Pursuant to the transition provisions of the statement, the company will adopt SFAS No. 161 in fiscal year 2009 and will present the required disclosures in the prescribed format on a prospective basis. This statement does not impact the consolidated financial results as it is disclosure-only in nature.

**Table of Contents**

**FSP SFAS 142-3** In April 2008, the FASB issued FSP SFAS 142-3, *Determination of the Useful Life of Intangible Assets* (FSP 142-3). This guidance is intended to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS 142), and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R when the underlying arrangement includes renewal or extension of terms that would require substantial costs or result in a material modification to the asset upon renewal or extension. Companies estimating the useful life of a recognized intangible asset must now consider their historical experience in renewing or extending similar arrangements or, in the absence of historical experience, must consider assumptions that market participants would use about renewal or extension as adjusted for SFAS 142's entity-specific factors. FSP 142-3 is effective for the Company beginning April 1, 2009. The Company would be required to adopt this FSP prospectively for all assets acquired after April 1, 2009 and early adoption is prohibited. Its effects on future periods will depend on the nature and specific facts of assets acquired subject to SFAS No. 142.

**FSP 132 (R)-1** In December 2008, the FASB issued FSP SFAS 132(R)-1, *Employers Disclosures about Postretirement Benefit Plan Assets* (FSP 132(R)-1). This guidance amends SFAS No. 132(R), *Employers Disclosures about Pensions and Other Postretirement Benefits*, to require more detailed disclosures about the fair value measurements of employers' plan assets including (a) investment policies and strategies; (b) major categories of plan assets; (c) information about valuation techniques and inputs to those techniques, including the fair value hierarchy classifications (as defined by SFAS No. 157) of the major categories of plan assets; (d) the effects of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets; and (e) significant concentrations of risk within plan assets. The disclosures required by the FSP is effective for the Company beginning April 1, 2009. This statement does not impact the consolidated financial results as it is disclosure-only in nature.

**3. Acquisitions****Fiscal 2009***Citi Technology Services Limited*

On January 1, 2009, the Company acquired 100% of the equity of Citi Technology Services Limited (Subsequently renamed as Wipro Technology Services Limited - WTS). WTS is an India based provider of information technology services and solutions to Citi Group worldwide. The consideration (including direct acquisition costs) was comprised of a cash payment of Rs. 6,205. The Company believes that the acquisition will enhance Wipro's capabilities to address Technology Infrastructure Services (TIS) and Application Development and Maintenance Services (ADM) in the financial services industry.

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

Description	Fair value
Cash and cash equivalents	Rs. 1,342
Property, plant and equipment	403
Customer-related intangibles	1,948
Goodwill	3,186
Other assets	1,150
Short-term borrowings and long-term debt	(23)
Deferred income taxes, net	(545)
Other liabilities	(1,256)
Total	Rs. 6,205

The preliminary allocation of the purchase price included in the current period balance sheet is based on the best estimates of management. The completion of the purchase price allocation may result in adjustments to the carrying value of the WTS recorded assets and liabilities, revisions of the useful lives of intangible assets and the determination of any residual amount that will be allocated to goodwill. The related depreciation and amortization from the acquired assets is also subject to revision based on the final allocation.



*Others*

During the year ended March 31, 2009, the Company paid Rs. 656 towards other acquisitions and Rs. 816 in earn-out payments relating to acquisitions consumated in prior years.

106

---

**Table of Contents****Fiscal 2008 and 2007**

A summary of the acquisitions completed in the fiscal 2008 and 2007 is given below

<b>Name of entity and effective date of acquisition</b>	<b>Nature of business</b>	<b>Management's assessment of business rationale</b>
Unza Holdings Limited and subsidiaries ( Unza ) (August 2007)	Manufacturer and marketer of personal care products	Strengthen the Company's brand portfolio and market presence in South East Asia and provide synergy in terms of access to common vendors, formulation and brands
Infocrossing Inc. and subsidiaries ( Infocrossing ) (September 2007)	IT infrastructure management, enterprise application and business process outsourcing services provider	Broadens the Company's data center and mainframe capabilities and strengthens its competitive positioning in offering infrastructure management services
India, Middle East and SAARC operations of 3D Networks and Planet PSG ( 3D Group ) (November 2006)	Business communication solutions include consulting, voice, data and converged solutions, and managed services	Complements the Company's existing practice capabilities and differentiates the Company as a comprehensive IT Solutions provider across segments.
Hydrauto Group AB ( Hydrauto Group ) (November 2006)	Production, marketing and development of customized hydraulic cylinders solution	Provides an entry into European markets, access to customer base and complementary engineering skills.
Quantech Global Services LLC and Quantech Global Services Ltd ( Quantech ) (July 2006)	Computer Aided Design and Engineering services	Strengthens Company's presence in the mechanical engineering design and analysis services sector.
RetailBox BV and subsidiaries ( Enabler Group ) (June 2006)	Software development services, implementation and support of IS systems for retail industry.	Expansion of the Company's range of IT solution services (including Oracle retail implementation, digital supply chain, business optimization and integration.) and expand domain expertise.
Saraware Oy ( Saraware ) (June 2006)	Providing design and engineering services to telecom industry.	Expansion of presence in the engineering services space in Finland and the Nordic region.
Business of North-West Switchgear Limited ( North West ) (May 2006)	Manufacturer and distributor of switches, sockets and miniature circuit breakers	Expansion of the presence in electrical product segment

cMango Inc and subsidiaries ( cMango Group ) Business management service solutions Expansion of operations in the Business Management Services sector and access to customers in the Business Management services sector.  
(April 2006)

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

<b>Name of entity</b>	<b>Purchase consideration including earn-outs</b>	<b>Net assets</b>	<b>Deferred tax liabilities</b>	<b>Intangible assets</b>	<b>Goodwill</b>
Unza	Rs. 10,254	Rs. (514)	Rs. (812)	Rs. 4,720	Rs. 6,860
Infocrossing	17,640	(5,684)	(2,395)	7,618	18,101
3D Group	1,276	508	(46)	72	742
Hydrauto Group	1,412	498	(123)	136	901
Quantech	281	(230)	(16)	46	481
Enabler Group	2,968	389	(104)	284	2,399
Saraware	1,326	187	(89)	338	890
North-West	1,132	34		1,098	
cMango Group	884	(23)	(46)	78	875
<b>Total</b>	<b>Rs. 37,173</b>	<b>Rs. (4,835)</b>	<b>Rs. (3,631)</b>	<b>Rs. 14,390</b>	<b>Rs. 31,249</b>

**Table of Contents**

During the year ended March 31, 2009, the Company completed the purchase price allocation in respect of the acquisitions of Infocrossing and Unza. The following table presents the final allocation of purchase price for Infocrossing and Unza:

<b>Description</b>	<b>Infocrossing</b>	<b>Unza</b>
Cash and cash equivalents	Rs. 775	Rs. 619
Property, plant and equipment	2,038	1,310
Customer-related intangibles	7,618	1,318
Marketing-related intangibles		3,402
Goodwill	18,101	6,860
Other assets	1,987	2,275
Short-term borrowings and long-term debt	(5,326)	(2,747)
Deferred income taxes, net	(2,395)	(812)
Other liabilities	(5,158)	(1,971)
<b>Total</b>	<b>Rs. 17,640</b>	<b>Rs. 10,254</b>

The purchase price allocation to the identifiable intangible assets included in these financial statements is as follows:

	<b>Infocrossing</b>	<b>Unza</b>
<b>Intangible assets with determinable lives</b>		
Marketing-related intangibles	Rs.	Rs. 1,250
Customer-related intangibles	7,618	1,318
<b>Total</b>	<b>Rs. 7,618</b>	<b>Rs. 2,568</b>
<b>Intangible assets with indefinite lives</b>		
Marketing-related intangibles	Rs.	Rs. 2,152
<b>Total</b>	<b>Rs.</b>	<b>Rs. 2,152</b>
<b>Total intangible assets</b>	<b>Rs. 7,618</b>	<b>Rs. 4,720</b>

The assessment of marketing-related intangibles (brands) that have an indefinite life and those that have a determinable life were based on a number of factors, including the competitive environment, market share, brand history, product life cycles, operating plan and macroeconomic environment of the countries in which the brands operate.

**4. Cash and Cash Equivalents**

Cash and cash equivalents as of March 31, 2008 and 2009 are comprised of cash and cash on deposit with banks.

**5. Accounts Receivable**

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

	<b>Year ended March 31,</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>
Balance at the beginning of the year	Rs. 1,258	Rs. 1,388	Rs. 1,096
Additional provision during the year, net of collections	280	289	939
Uncollectable receivables charged against allowance	(150)	(581)	(116)
Balance at the end of the year	Rs. 1,388	Rs. 1,096	Rs. 1,919

**Table of Contents**

The increase in provision during the year is primarily attributable to additional reserves recorded by the Company, pursuant to filing of credit protection arrangement by one of the Customer in Canada, the United States and Europe.

**6. Inventories**

Inventories consist of the following:

	<b>As of March 31,</b>	
	<b>2008</b>	<b>2009</b>
Stores and spare parts	Rs. 455	Rs. 691
Raw materials and components	2,950	2,668
Work-in-process	1,078	694
Finished goods	2,689	4,633
	Rs. 7,172	Rs. 8,686

**7. Other Assets**

Other assets consist of the following:

	<b>As of March 31,</b>	
	<b>2008</b>	<b>2009</b>
Prepaid expenses	Rs. 2,800	Rs. 3,509
Prepaid rentals for leasehold land	645	1,293
Due from officers and employees	1,503	1,359
Advances to suppliers	1,373	753
Balances with statutory authorities	548	854
Deposits	1,889	2,274
Interest-bearing deposits with corporate <sup>(1)</sup>	500	4,250
Advance income taxes	6,990	9,933
Deferred contract costs	2,864	2,524
Derivative asset	1,002	1,165
Others	2,192	5,807
	22,306	33,721
Less: Current assets	(19,092)	(27,040)
	Rs. 3,214	Rs. 6,681

- (1) Such deposits earn a fixed rate of interest and will be liquidated within 12 months.

**Sales-type leases**

Others include receivables on account of sales-type leases and are generally due in monthly, quarterly or semiannual installments over periods ranging from 3 to 5 years

Details of sales-type leases are given below:

	<b>As of March 31,</b>	
	<b>2008</b>	<b>2009</b>
Gross finance receivables	Rs. 323	Rs. 4,017
Unguaranteed residual value	84	172
Unearned income	(79)	(765)
Net investment in finance receivables	Rs. 328	Rs. 3,424

As of March 31, 2009, minimum lease receivable for each of the five succeeding fiscal years are as follows:

	<b>Year ending March 31,</b>	<b>Amount</b>
2010		Rs. 1,024
2011		840
2012		1,022
2013		881
2014		250
Total		Rs. 4,017

**Table of Contents****8. Investments Securities**

Investments securities consist of the following:

	As of March 31, 2008				As of March 31, 2009			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Loss	Fair Value	Carrying Value	Gross Unrealized Gains	Gross Unrealized Loss	Fair Value
Available-for-sale:								
Investment in liquid and short-term mutual funds	Rs. 14,317	Rs. 491	Rs.	Rs. 14,808	Rs. 15,133	Rs. 300	Rs. (221)	Rs. 15,212
Certificate of deposits					947	21		968
<b>Total</b>	<b>Rs. 14,317</b>	<b>Rs. 491</b>	<b>Rs.</b>	<b>Rs. 14,808</b>	<b>Rs. 16,080</b>	<b>Rs. 321</b>	<b>Rs. (221)</b>	<b>Rs. 16,180</b>

Dividends from available-for-sale securities during the years ended March 31, 2007, 2008 and 2009 were Rs. 1,686, Rs. 1,428 and Rs. 2,265 respectively and are included in other income.

**9. Property, Plant and Equipment**

Property, plant and equipment consist of the following:

	As of March 31,	
	2008	2009
Land	Rs. 2,127	Rs. 2,775
Buildings	9,679	15,275
Plant and machinery	13,327	21,522
Furniture, fixtures and equipment	6,853	7,785
Computer equipment	10,518	12,621
Vehicles	2,417	2,715
Computer software for internal use	2,916	3,773
Capital work-in-progress	13,544	13,052
	61,381	79,518
Accumulated depreciation and amortization	(21,559)	(29,656)
	Rs. 39,822	Rs. 49,862

Depreciation expense for the years ended March 31, 2007, 2008 and 2009 is Rs. 3,931, Rs. 5,343 and Rs. 6,821 respectively. This includes Rs. 400, Rs. 752 and Rs. 913 as depreciation of capitalized internal use software, during the years ended March 31, 2007, 2008 and 2009, respectively.

Property, plant and equipment include assets acquired under capital leases which consist of the following:

	As of March 31,	
	2008	2009
Plant and machinery	Rs. 201	Rs. 307
Software		32
Furniture, fixtures and equipment		2
Computer equipment	2,045	2,492



	2,246	2,833
Accumulated depreciation and amortization	(1,145)	(1,769)
	Rs. 1,101	Rs. 1,064

Depreciation expense in respect of these assets was Rs. 5, Rs. 170 and Rs. 307 for the years ended March 31, 2007, 2008 and 2009 respectively.

**Table of Contents**

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of March 31, 2009.

	<b>Year ending March 31,</b>	<b>Amount</b>
2010		Rs. 547
2011		404
2012		277
2013		228
2014		135
Thereafter		70
Total minimum lease payments		1,661
Less: Amount representing interest		(243)
Present value of net minimum lease payments		Rs. 1,418
Less: Current portion of obligation under capital leases		(504)
Obligations under capital leases, excluding current portion		Rs. 914

**10. Goodwill and Other Intangible Assets**

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

	<b>As of March 31,</b>					
	<b>2008</b>			<b>2009</b>		
	<b>Gross carrying amount</b>	<b>Accumulated Amortization</b>	<b>Net</b>	<b>Gross carrying amount</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Technology-based intangibles	Rs. 130	Rs. 103	Rs. 27	Rs. 130	Rs. 127	Rs. 3
Customer-related intangibles	4,585	1,518	3,067	13,175	2,758	10,417
Marketing-related intangibles*	9,172	190	8,982	4,882	461	4,421
Effect of translation adjustment	464	60	404	3,371	608	2,763
	Rs. 14,351	Rs. 1,871	Rs. 12,480	Rs. 21,558	Rs. 3,954	Rs. 17,604

\* Gross carrying amount for marketing-related intangibles include indefinite life intangible asset of Rs. 4,873 and 2,152 as of March 31, 2008

and 2009  
respectively.

During the year ended March 31, 2009, the Company completed the purchase price allocation of Infocrossing and Unza. Please refer to the discussion on finalization of purchase price allocation in Note 3 of the Notes to Consolidated Financial Statements.

The estimated amortization expense for intangible assets for the five succeeding years is set out below:

	<b>Year ending March 31,</b>	<b>Amount</b>
2010		Rs. 1,524
2011		1,390
2012		1,267
2013		1,242
2014		1,229
Total		Rs. 6,652

The movement in goodwill balance is given below:

	<b>Year ended March 31,</b>	
	<b>2008</b>	<b>2009</b>
Balance at the beginning of the year	Rs. 12,706	Rs. 38,943
Goodwill relating to acquisitions including earn-out payments (Note 3, 13)	26,270	4,831
Adjustment relating to finalization of purchase price allocation	(215)	(635)
Tax benefit allocated to goodwill	(51)	
Effect of translation adjustments	233	6,363
Balance at the end of the year	Rs. 38,943	Rs. 49,502

**Table of Contents**

Goodwill as of March 31, 2008 and 2009 has been allocated to the following segments:

	Segment	As of March 31,	
		2008	2009
IT Services		Rs. 32,672	Rs. 39,724
IT Products		278	581
Consumer Care and Lighting		4,641	7,933
Others		1,352	1,264
Total		Rs. 38,943	Rs. 49,502

**11. Other Liabilities**

Other liabilities consist of the following:

	As of March 31,	
	2008	2009
Income taxes payable	Rs. 3,617	Rs. 5,852
Statutory dues and other taxes payable	5,663	8,370
Warranty obligations	924	969
Derivative liability	2,571	12,024
Liability for retirement benefits	479	652
Others	2,276	1,886
	15,530	29,753
Less: Current liabilities	12,519	26,121
	Rs. 3,011	Rs. 3,632

The activity in warranty obligations is given below:

	Year ended March 31,		
	2007	2008	2009
Balance at the beginning of the year	Rs. 665	Rs. 742	Rs. 924
Additional provision during the year	827	1,016	683
Reduction due to payments	(750)	(834)	(638)
Balance at the end of the year	Rs. 742	Rs. 924	Rs. 969

**12. Operating Leases**

The Company leases office and residential facilities under cancelable and non-cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental payments under such leases were Rs. 1,412, Rs. 1,880 and Rs. 2,526 for the years ended March 31, 2007, 2008 and 2009, respectively.

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

	Year ending March 31,	Amount
2010		Rs. 1,064
2011		1,018
2012		1,002

2013	820
2014	830
Thereafter	3,168
Total	Rs. 7,902

Prepaid rentals for leasehold land included under Other assets, represent leases obtained for a period ranging from 60 to 90 years. The prepaid expense is being charged over the lease term to the statement of income.

### **13. Investments in Affiliates**

#### *Wipro GE Medical Systems (Wipro GE)*

The Company has accounted for its 49% interest in Wipro GE by the equity method. The carrying value of the investment in Wipro GE as of March 31, 2008 and 2009 was Rs. 1,343 and Rs. 1,670 respectively. The Company's equity in the income of Wipro GE for year ended March 31, 2007, 2008 and 2009 was Rs. 302, Rs. 257 and Rs. 362 respectively.

**Table of Contents**

Wipro GE received tax demands for the financial years ended March 31, 2001, 2002, 2003 and 2004 aggregating to Rs 976, including interest. The tax demands were primarily on account of transfer pricing adjustments and denial of export benefits and tax holiday benefits claimed by Wipro GE under the Indian Income Tax Act, 1961 (the Act). Wipro GE appealed against the said demands before the first appellate authority. The first appellate authority vacated the tax demands for the years ended March 31, 2001, 2002, 2003 and 2004. The income tax authorities have filed an appeal for the years ended March 31, 2001, 2002, 2003 and 2004. In December 2008, Wipro GE received, on similar grounds, an additional tax demand of Rs. 552 (including interest) for the financial year ended March 31, 2005. Wipro GE has filed an appeal against the said demand within the time limits permitted under the statute.

Considering the facts and nature of disallowance and the order of the appellate authority upholding the claims of Wipro GE, Wipro GE believes that the final outcome of the disputes should be in favour of Wipro GE and the contingency will not have any material adverse effect on its financial position and results of operations. The range of loss due to this contingency is between zero and the amount to which the demand is raised.

**14. Financial Instruments and Concentration of Risk**

*Concentration of risk.* Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, investments in liquid and short-term mutual funds, other investments securities, derivative financial instruments, accounts receivable and corporate deposits. The Company's funds are invested with financial institutions and commercial corporations with high investment grade credit ratings. Limits have been established by the Company as to the maximum amount of cash that may be invested with any such single entity. To reduce its credit risk, the Company performs ongoing credit evaluations of customers. No single customer accounted for 5% or more of the accounts receivable as of March 31, 2008 and 2009 and revenues for the years ended March 31, 2007, 2008 and 2009.

*Derivative financial instruments.* The Company is exposed to foreign currency fluctuations on foreign currency assets / liabilities, forecasted revenues denominated in foreign currency and net investments in foreign operations. The Company follows established risk management policies, including the use of derivatives to hedge foreign currency assets / liabilities, foreign currency forecasted revenues and net investments in foreign operations. In these derivative instruments a bank is generally the counter party and the Company considers the risks of non-performance by such counterparty as non-material. The Company enters into master agreements with the counter parties. These master agreements contain netting-off provisions, which partially mitigate the credit exposure to counter-parties. The company closely monitors the credit worthiness of counterparties. A majority of the forward foreign exchange/option contracts mature between one to twelve months and the forecasted transactions are expected to occur during the same period. The balance portions of these forward foreign exchange / option contracts mature between twelve to sixty months.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

	As of March 31,	
	2008	2009
Forward contracts		
Sell	\$ 2,775	\$ 1,374
	105	79
	£ 61	£ 53
Buy	\$ 435	\$ 438
	¥7,580	¥23,170
Net purchased options (to sell)	\$ 641	\$ 562
	24	
	£ 84	£ 54
	¥7,682	¥ 6,130

Cross-currency interest rate swap ¥ 35,016

In connection with cash flow hedges, the Company has recorded Rs. 72, Rs. (1,097) and Rs. (16,859) of net gains/(losses) as a component of accumulated other comprehensive income within stockholders' equity as at March 31, 2007, 2008 and 2009, respectively. Out of net losses in connection with cash flow hedges accumulated in other comprehensive income within shareholders' equity Rs. 6,102 will be reclassified into earnings over the period of next 12 months. The Company has also recognized a mark to market loss of Rs. Nil, Rs. 495 and Rs. 4,410 for the period ended March 31, 2007, 2008 and 2009 respectively, relating to changes in fair value of derivative financial instruments, designated as hedges of net investment in non-integral foreign operations, in translation adjustments in other comprehensive income.

**Table of Contents**

The following table summarizes activity in the accumulated other comprehensive income/(loss) within stockholders' equity related to all derivatives classified as cash flow hedges during the years ended March 31, 2007, 2008 and 2009.

	<b>2007</b>	<b>As of March 31,</b>	
	<b>2008</b>	<b>2008</b>	<b>2009</b>
Balance as at the beginning of the year	Rs. 202	Rs. 72	Rs. (1,097)
Net (gain)/loss reclassified into net income on occurrence of hedged transactions	(202)	(72)	1,019
Deferred cancellation losses relating to roll-over hedging			(11,357)
Changes in fair value of effective portion of outstanding derivatives	72	(1,097)	(5,424)
Unrealized gain/ (loss) on cash flow hedging derivatives, net	(130)	(1,169)	(15,762)
Balance as at the end of the year	Rs. 72	Rs. (1,097)	Rs. (16,859)

As of March 31, 2008 and 2009 there were no significant gains or losses on derivative transactions or portions thereof that have become ineffective as hedges, or associated with an underlying exposure that did not occur.

**15. Accumulated Other Comprehensive Income**

The accumulated other comprehensive income also includes the translation reserve. The opening and closing balance in translation reserve is given below:

	<b>Year ended March 31,</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>
Balance at the beginning of the period	Rs. (89)	Rs. (220)	Rs. (110)
Translation adjustments	(131)	605	9,181
Movement in effective portion of hedges of net investment in foreign operations		(495)	(4,410)
Balance at the end of the period	Rs. (220)	Rs. (110)	Rs. 4,661

**16. Debt**

Short-term borrowings from banks primarily consist of lines of credit of approximately Rs. 9,387, US\$ 513, JPY 22,026, SEK 87, SAR 90 and RM (Malaysian Ringgit) 284 from bankers primarily for working capital requirements. Out of these, as of March 31, 2009, the Company has unutilized lines of credit aggregating Rs. 5,238, US\$ 171, SEK 7, SAR 15 and RM 167 respectively. To utilize these unused lines of credit, we require consent of the lender and compliance with the certain financial covenants. Additionally, the Company has lines of credit in various other currencies equivalent to Rs. 2,468, of which Rs. 2,265 is unutilized as of March 31, 2009. Significant portion of the aforementioned lines of credit are revolving credit facilities and floating rate foreign currency loans, renewable quarterly. These facilities bear floating rate of interest, referenced to LIBOR and a spread, determined based on market condition.

The Company has non-fund based revolving credit facilities in various currencies equivalent to Rs. 10,663 for operational requirements that can be used for the issuance of letters of credit and bank guarantees. As of March 31, 2009, an amount of Rs. 3,229 was unutilized out of these non-fund based facilities.

A summary of long- term debt is as follows:



	As of March 31, 2008		As of March 31, 2009		Interest rate	Final maturity
	Foreign currency	Indian Rupee	Foreign currency	Indian Rupee		
Unsecured external commercial borrowing						
Japanese Yen	35,016	Rs. 14,070	35,016	Rs. 18,052	3.56%	2013
Unsecured term loan						
Indian Rupee	NA	245	NA	631	6.05%	2014

114

**Table of Contents**

	As of March 31, 2008		As of March 31, 2009		Interest rate	Final maturity
	Foreign currency	Indian Rupee	Foreign currency	Indian Rupee		
Euro Secured term loan	3	186	0.05	3	3.70%	2010
Swedish Krona	63	427	37	230	2.25%	2013
		14,928		18,916		
Less: Current portion		406		235		
Long term debt, less current portion		Rs. 14,522		Rs. 18,681		

The company has entered into cross-currency interest rate swap (CCIRS) in connection with the unsecured external commercial borrowing. Please refer to the discussion on CCIRS in Note 19 of the Notes to Consolidated Financial Statements.

Principal payments required on long-term debt in each of the next five fiscal years ending March 31 are as follows

	Year ending March 31,	Amount
2010		Rs. 235
2011		227
2012		184
2013		18,210
2014		60
Total		Rs. 18,916

The unsecured external commercial borrowing contains certain covenants that limit future borrowings and payments towards acquisitions in a financial year. The terms of the other secured and unsecured debt and borrowings also contain certain restrictive covenants primarily requiring the Company to maintain certain financial ratios. As of March 31, 2009, the Company has met the relevant covenants.

A portion of the above short-term borrowings and long-term debt aggregating to Rs. 876 are secured by inventories, accounts receivable and certain property, plant and equipment.

Interest expense was Rs. 125, Rs. 1,440 and Rs. 2,691 for the year ended March 31, 2007, 2008 and 2009 respectively. Interest capitalized by the Company was Rs. Nil, Rs. 419 and Rs. 359 for the year ended March 31, 2007, 2008 and 2009 respectively.

### 17. Equity Shares and Dividends

Currently, the Company has only one class of equity shares. For all matters submitted to vote in the shareholders meeting, every holder of equity shares, as reflected in the records of the Company on the date of the shareholders meeting shall have one vote in respect of each share held.

The authorized capital of the company is 1,650,000,000 equity shares of Rs. 2 each at par value as of March 31, 2009. During the year ended March 31, 2009, the company issued 968,803 shares to its wholly owned trust (Wipro Inc Benefit Trust) pursuant to a common control transaction.

During the year ended March 31, 2009, the Company completed the merger of a few of its subsidiaries with Wipro Limited, the parent entity. Pursuant to the terms of merger approved by the courts in India, Company issued 968,803 fully paid equity shares of Rs 542 to a controlled trust. This transaction was determined to be a common control transfer, in accordance with the guidance in SFAS No. 141 and EITF 02-5, Definition of Common Control in relation

to FASB Statement No. 141, Accordingly, no adjustments were made to the carrying value of assets and liabilities.

The Company paid cash dividends of Rs. 16,111, Rs. 5,123 and Rs. 6,829 during the years ended March 31, 2007, 2008 and 2009 respectively. The dividends per share were Rs. 10, Rs. 3 and Rs. 4 during the years ended March 31, 2007, 2008 and 2009, respectively.

**18. Retained Earnings**

Retained earnings as of March 31, 2008 and 2009, include Rs. 1,294 and Rs. 1,621 respectively, of undistributed earnings in equity of affiliates.

**Table of Contents****19. Other Income, Net**

Other income consists of the following:

	Year ended March 31,		
	2007	2008	2009
Interest income	Rs. 683	Rs. 1,505	Rs. 1,930
Interest expense	(261)	(1,064)	(2,332)
Dividend income	1,686	1,428	2,265
Gain on sale of investment securities	549	771	681
Foreign exchange loss, net	(39)	(496)	(4,535)
Others	10	23	175
	Rs. 2,628	Rs. 2,167	Rs. (1,816)

Foreign exchange gain / (losses) relates to exchange gain/ (losses) on debt denominated in foreign currency and derivative financial instruments related to such foreign currency debt.

The Company purchased a CCIRS in conjunction with a Yen-denominated External Commercial Borrowing (ECB) to offset its U.S. Dollar denominated foreign currency exposure arising from its investment in Wipro Inc. (a subsidiary). While the CCIRS along with the Yen-denominated ECB, is an economic hedge of the net investment in the foreign operation, this combination does not qualify as a hedging instrument within SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities and its related guidance. Accordingly, the total mark to market losses on such CCIRS along with exchange loss on Yen-denominated ECB amounting to Rs 3,973 has been accounted for in the income statement within Other income, net above.

**20. Shipping and Handling Costs**

Selling and marketing expenses for the years ended March 31 2007, 2008 and 2009, include shipping and handling costs of Rs. 807, Rs. 1,039 and Rs. 885 respectively.

**21. Income Taxes**

Income taxes have been allocated as follows:

	Year ended March 31,		
	2007	2008	2009
Income from continuing operations	Rs. 3,723	Rs. 3,873	Rs. 5,422
Stockholders equity for:			
Income tax benefits relating to employee stock incentive plans	(65)	(68)	(18)
Gain on sale of long-lived asset to the controlling shareholder		52	
Adjustments to initially apply SFAS No. 158	(18)		
Unrecognized actuarial (gain)/loss, net		(17)	27
Unrealized gains / (loss) on investment securities, net	25	(25)	(131)
Unrealized gain / (loss) on cash flow hedging derivatives			(2,353)
Tax benefit allocated to goodwill	(14)	(51)	
Total income taxes	Rs. 3,651	Rs. 3,764	Rs. 2,947

Income taxes relating to continuing operations consist of the following:

	Year ended March 31,		
	2007	2008	2009
Current taxes			
Domestic	Rs. 1,575	Rs. 2,641	Rs. 3,683
Foreign	2,177	1,641	2,538

Edgar Filing: WIPRO LTD - Form 20-F

	Rs. 3,752	Rs. 4,282	Rs. 6,221
Deferred taxes			
Domestic	(1)	(319)	(291)
Foreign	(28)	(90)	(508)
	(29)	(409)	(799)
Total income tax expense	Rs. 3,723	Rs. 3,873	Rs. 5,422

**Table of Contents**

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate is as follows:

	<b>Year ended March 31,</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>
Income before taxes and minority interest	Rs. 32,852	Rs. 36,138	Rs. 39,936
Enacted income tax rate in India	33.66%	33.99%	33.99%
Computed expected tax expense	11,058	12,283	13,574
Effect of:			
Income exempt from tax	(7,948)	(8,450)	(10,368)
Basis differences that will reverse during a tax holiday period	526	(21)	350
Income taxed at higher/ (lower) rates	125	(50)	(229)
Income taxes relating to prior years	(702)	(530)	(369)
Effect of change in tax rates		5	
Changes in valuation allowances	7	138	314
Expenses disallowed for tax purposes	647	481	2150
Others, net	10	17	
Total income tax expense	Rs. 3,723	Rs. 3,873	Rs 5,422

A substantial portion of the profits of the Company's India operations are exempt from Indian income taxes being profits attributable to export operations and profits from undertakings situated in Software Technology and Hardware Technology Parks. Under the tax holiday, the taxpayer can utilize an exemption from income taxes for a period of any ten consecutive years. The tax holidays on all facilities under Software Technology and Hardware Technology Parks were scheduled to expire in stages with a mandated maximum expiry period of March 31, 2009. However, on May 10, 2008, the Finance Act, 2008 extended the availability of the ten year tax holiday by a period of one year such that the tax holiday will now be available until the earlier of fiscal year 2010 or ten years after the commencement of a tax holiday for an individual undertaking. Additionally, under the Special Economic Zone Act, 2005 scheme, units in designated special economic zones which being providing services on or after April 1, 2005 will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits and gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions. Profits from certain other undertakings are also eligible for preferential tax treatment. In addition, dividend income from certain category of investments is exempt from tax.

The aggregate rupee and per share (basic) effects of tax exemptions, are Rs. 7,948 and Rs. 5.57 per share for the year ended March 31, 2007, Rs. 8,450 and Rs. 5.82 per share for the year ended March 31, 2008 and Rs. 10,368 and Rs. 7.13 per share for the year ended March 31, 2009.

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

	<b>As of March 31,</b>	
	<b>2008</b>	<b>2009</b>
Deferred tax assets		
Allowance for doubtful accounts	Rs. 193	Rs. 260
Accrued expenses and liabilities	553	766
Carry-forward business losses	2,224	2,790
Minimum alternate tax	126	126
Loss on hedging derivatives		2,353
Deferred income	309	420

Others	35	7
Total gross deferred tax assets	3,440	6,722
Less: valuation allowance	(619)	(932)
Net deferred tax assets	Rs. 2,821	Rs. 5,790
Deferred tax liabilities		
Property, plant and equipment	Rs. 419	Rs. 533
Intangible assets	2,760	4,464
Amortizable tax goodwill	472	527
Unrealized gains on investments securities	175	42
Investment in affiliates	246	320
Others	57	119
Total gross deferred tax liabilities	Rs. 4,129	Rs. 6,005
Net deferred tax assets / (liabilities)	Rs. (1,308)	Rs. (215)

**Table of Contents**

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences and loss carry-forwards become deductible or utilizable. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences and loss carry-forwards, net of the existing valuation allowances at March 31, 2009. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

Pursuant to the changes in the Indian income tax laws in fiscal 2007, Minimum Alternate Tax (MAT) has been extended to income in respect of which deduction is claimed under section 10A and 10B of the Act; consequently, the Company has calculated its tax liability for current domestic taxes after considering MAT. The excess tax paid under MAT provisions over and above normal tax liability can be carried forward and set-off against future tax liabilities computed under normal tax provisions. The Company was required to pay MAT during fiscal 2008 and, accordingly, a deferred tax asset of Rs. 126 million has been recognized on the balance sheet as of March 31, 2008, which can be carried forward for a period of 7 years.

The tax loss carry-forwards of Rs. 7,735 as of March 31, 2009 relates to certain subsidiaries. Approximately, Rs. 4,765 of these tax loss carry-forwards is not currently subject to expiration dates. The remainder, approximately Rs. 2,970 expires in various years through fiscal 2029.

The income before income taxes, minority interest and cumulative effect of change in accounting principle for each of the fiscal years 2007, 2008 and 2009 is primarily from domestic entities.

The Company indefinitely reinvests all the accumulated undistributed earnings of foreign subsidiaries, and accordingly, has not recorded any deferred taxes in relation to such undistributed earnings of its foreign subsidiaries. It is impracticable to determine the undistributed earnings and the additional taxes payable when these earnings are remitted.

The Company is subject to a 15% branch profit tax in the U.S. to the extent the net profit during the fiscal year attributable to its U.S. branch are greater than the increase in the net assets of the U.S. branch during the fiscal year, computed in accordance with the Internal Revenue Code. As of March 31, 2009, the U.S. branch's net assets amounted to approximately \$ 249. The Company has not triggered the branch profit tax and intends to maintain the current level of its net assets in the U.S. as is consistent with its business plan. Accordingly, a provision for branch profit tax has not been recorded as of March 31, 2009.

Effective April 1, 2007, the Company adopted Financial Accounting Standards Board Interpretation 48, Accounting for Uncertainty in Income Taxes – An Interpretation of Statement of Financial Accounting Standards No. 109 (FIN 48). The adoption of FIN 48 did not have any impact on the retained earnings or provision for taxation as of April 1, 2007.

A reconciliation of the beginning and ending balance of unrecognized tax benefits is as follows:

<b>Particulars</b>	<b>Year ended March 31,</b>	
	<b>2008</b>	<b>2009</b>
Beginning balance	Rs. 3,378	Rs. 4,431
Increases related to current year tax positions	1,442	1,042
Increases related to prior year tax positions	135	1,387
Decreases related to prior year tax positions	(253)	(541)
Reductions related to lapsing of statutes of limitation	(162)	(144)
Impact of foreign currency translation	(109)	199
Ending balance	Rs. 4,431	Rs. 6,374



The unrecognized tax benefits has increased by Rs. 2,429 during the year ended March 31, 2009 primarily due to certain additional tax credit carry forward of Rs. 918 reported in the income tax filings for the year ended March 31, 2008 and on account of additional impact in the current year in relation to uncertain tax position taken in the current year. The unrecognized tax benefits decreased by Rs. 685 during the year ended March 31, 2009 due to reversal of tax provision upon completion of tax assessment by the tax authorities in a particular tax jurisdiction, expiry of statute of limitation and revision of tax accruals relating to transfer pricing.

118

---

**Table of Contents**

The Companies' total unrecognized tax benefits as of March 31, 2008 and March 31, 2009, if recognized, would reduce the tax provisions by Rs. 4,410 and Rs. 6,374, respectively and thereby would effect the Company's effective tax rate.

Although it is difficult to anticipate the final outcome on timing of resolution of any particular uncertain tax position, the Company believes that the total amount of unrecognized tax benefits will be decreased by Rs. 160 during the next 12 months due to expiry of statute of limitation.

The Company's policy is to include any penalties and interest related to unrecognized tax benefits as a component of other income, net. As of March 31, 2008 and as of March 31, 2009, the Company had provisions of Rs. 313 and Rs. 374 respectively on account of accrued interest and penalties related to unrecognized tax benefits. Interest and penalties included in other income, net were Rs. 199 and Rs. 61 for the year ended March 31, 2008 and 2009, respectively.

For each major jurisdiction, we have listed out the periods for which the income tax authorities can review/audit Company's income tax filings. Additionally, certain tax positions relate to earlier years, which are currently under appellate authorities and courts and have been included in Note 26.

<b>Jurisdiction</b>	<b>Open tax years</b>
India	2004-05 to 2008-09
United States - federal taxes	2004-05 to 2008-09
United States - state taxes	2002-03 to 2008-09
United Kingdom	2002-03 to 2008-09
Japan	2002-03 to 2008-09
Canada	2000-01 to 2008-09

**22. Employee Stock Incentive Plans**

*Wipro Equity Reward Trust (WERT)*. In 1984, the Company established a controlled trust called the WERT. Under this plan, the WERT would purchase shares of Wipro out of funds borrowed from Wipro. The Company's Compensation Committee would recommend to the WERT, officers and key employees, to whom the WERT will grant shares from its holding. The shares have been granted at a nominal price. Such shares would be held by the employees subject to vesting conditions. The shares held by the WERT are reported as a reduction from stockholders equity.

The movement in the shares held by the WERT is given below:

	<b>Year ended March 31,</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>
Shares held at the beginning of the year	7,869,060	7,961,760	7,961,760
Shares granted to employees			
Grants forfeited by employees	92,700		
Shares held at the end of the year	7,961,760	7,961,760	7,961,760

*Wipro Employee Stock Option plan and Restricted Stock Unit Option Plan*. A summary of general terms of grants under stock option plans and restricted stock unit plans are as follows:

<b>Name of Plan</b>	<b>Authorized Shares</b>	<b>Range of Exercise Prices</b>	
Wipro Employee Stock Option Plan 1999 (1999 Plan)	30,000,000	Rs. 171	490
Wipro Employee Stock Option Plan 2000 (2000 Plan)	150,000,000	Rs. 171	490
Stock Option Plan (2000 ADS Plan)	9,000,000	\$	3 7
Wipro Restricted Stock Unit Plan (WRSUP 2004 plan)	12,000,000	Rs.	2
Wipro ADS Restricted Stock Unit Option Plan (WARSUP 2004 plan)	12,000,000	\$	0.04
Wipro employee Restricted Stock Unit Option Plan 2005 (WSRUP 2005 plan)	12,000,000	Rs.	2
Wipro employee Restricted Stock Unit Option Plan 2007 (WSRUP 2007 plan)	10,000,000	Rs.	2

**Table of Contents**

Employees covered under the stock option plans and restricted stock unit option plans (collectively stock option plans) are granted an option to purchase shares of the Company at the respective exercise prices, subject to requirement of vesting conditions (generally service conditions). These options generally vests over a period of five years from the date of grant. Upon vesting, the employees can acquire one equity share for every option. The maximum contractual term for aforementioned stock option plans is generally ten years.

The following table summarizes stock option activity:

	Range of Exercise Prices		Year ended March 31,					
			2007		2008		2009	
			Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding at the beginning of the year	Rs. 171	490	34,317,113	Rs. 310	2,955,319	Rs. 333	1,219,926	Rs. 264
	\$	3 7	1,447,742	\$ 6	556,089	\$ 6	8,706	\$ 5
	Rs.	2	7,598,174	Rs. 2	10,946,864	Rs. 2	9,700,163	Rs. 2
	\$	0.04	1,000,720	\$ 0.04	1,551,330	\$ 0.04	1,885,236	\$ 0.04
Granted	Rs. 171	490		Rs.		Rs.	120,000	Rs. 489
	\$	3 7		\$		\$		\$
	Rs.	2	6,132,636	Rs. 2	81,300	Rs. 2	6,882,415	Rs. 2
	\$	0.04	918,130	\$ 0.04	665,386	\$ 0.04	1,484,261	\$ 0.04
Exercised	Rs. 171	490	(30,120,192)	Rs. 308	(1,211,880)	Rs. 374	345,099	Rs. 263
	\$	3 7	(891,653)	\$ 6	(500,199)	\$ 6	4,400	\$ 4.7
	Rs.	2	(2,036,918)	Rs. 2	(574,051)	Rs. 2	1,762,283	Rs. 2
	\$	0.04	(196,620)	\$ 0.04	(167,540)	\$ 0.04	446,841	\$ 0.04
Forfeited and lapsed	Rs. 171	490	(1,241,602)	Rs. 283	(523,513)	Rs. 400	873,687	Rs. 264
	\$	3 7		\$	(47,184)	\$ 7	2,700	\$ 5.82
	Rs.	2	(747,028)	Rs. 2	(753,950)	Rs. 2	1,020,710	Rs. 2
	\$	0.04	(170,900)	\$ 0.04	(163,940)	\$ 0.04	452,015	\$ 0.04
Outstanding at the end of the year	Rs. 171	490	2,955,319	Rs. 333	1,219,926	Rs. 264	121,140	Rs. 487
	\$	3 7	556,089	\$ 6	8,706	\$ 5	1,606	\$ 4.7
	Rs.	2	10,946,864	Rs. 2	9,700,163	Rs. 2	13,799,585	Rs. 2
	\$	0.04	1,551,330	\$ 0.04	1,885,236	\$ 0.04	2,470,641	\$ 0.04

The following table summarizes information about stock options outstanding as of March 31, 2009

Options Outstanding			Options Exercisable		
	Weighted Average Remaining	Weighted Average	Weighted Average Remaining	Weighted Average	

<b>Range of Exercise Prices</b>	<b>Numbers</b>	<b>Life (Months)</b>	<b>Exercise Price</b>	<b>Numbers</b>	<b>Life (Months)</b>	<b>Exercise Price</b>
Rs. 171 490	121,140	63.4	Rs. 487	1,140	2.93	254
\$ 3 7	1,606	11.9	\$ 4.70	1,606	11.9	4.70
Rs 2	13,799,585	44	Rs. 2	2,975,987	26	2
\$ 0.04	2,470,641	51	\$ 0.04	208,412	27	\$ 0.04

The weighted-average grant-date fair value of options granted during the years 2007, 2008 and 2009 was Rs. 512, Rs. 578 and Rs. 319, for each option respectively.

The total intrinsic value of stock options exercised during the years ended March 31, 2007, 2008, and 2009, was Rs. 9,578, Rs. 713 and Rs. 654 respectively. As of March 31, 2009 stock option outstanding and exercisable had an aggregate intrinsic value of Rs. 2,976 and Rs. 418 respectively. As of March 31, 2009, the unamortized stock compensation expense under the stock option plans is Rs. 3,327 and the same is expected to be amortized over a weighted average period of approximately 3 years.

An amendment to the Indian tax regulations levies a tax titled Fringe Benefit Tax (FBT) on all employee stock options, that are exercised on or after April 1, 2007, and is based on the intrinsic value of the stock options on the vesting date. The FBT liability is triggered only if the options are exercised. Consistent with the guidance in EITF Issue No. 00-16, Recognition and Measurement of Employer Payroll Taxes on Employee Stock Based Compensation, the Company

**Table of Contents**

records the FBT expense when the stock option is exercised since the FBT liability is triggered only subsequent to exercise. The tax laws permit the employer to recover the FBT from the employee as the tax relates to benefits that accrue to the employee. Consequent to the amendment in the tax regulations, the Company has modified its employee stock option plans to recover the FBT from the employees. The Company's recovery of FBT from the employees is directly linked to the exercise of the stock option by such employee and is recorded as an additional component of the exercise price of the options based on the guidance previously provided by Issue 15 of EITF Issue No. 00-23, Issues Related to the Accounting for Stock Compensation under APB Opinion No. 25 and FASB Interpretation No. 44.

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

The fair value of each option is estimated on the date of grant using the Binomial model with the following assumptions:

	<b>Year ended March 31, 2009</b>	
Expected term	5 - 7 years	
Risk free interest rates	7.36 - 7.42	
Volatility	35.81 - 36.21	
Dividend yield		

Total stock compensation cost recognized under the employee stock incentive plans is Rs. 1,336, Rs. 1,076 and Rs. 1,595 during the year ended March 31, 2007, 2008 and 2009 respectively. The compensation cost has been allocated to cost of revenues and operating expenses as follows:

	<b>Year ended March 31,</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>
Cost of revenues	Rs. 1,044	Rs. 840	Rs. 1,232
Selling and marketing expenses	169	137	197
General and administrative expenses	123	99	166
	Rs. 1,336	Rs. 1,076	Rs. 1,595

**Modification of Employee Stock Incentive Plan**

During the year ended March 31, 2007, through a short-term inducement offer, the Company agreed to an arrangement whereby if certain vested options were exercised within the offer period through financing by an independent third-party financial institution, the Company would bear the interest obligation relating to this financing. The loan by the third-party financial institution is with no recourse to the Company. 11,879,065 options were exercised during the offer period. The Company has accounted for this arrangement as a short-term inducement resulting in modification accounting. Accordingly, incremental compensation cost of Rs. 86 had been recorded during the year ended March 31, 2007. During the year ended March 31, 2008 and 2009, the Company has revised the estimates of its interest obligation relating to the non-recourse financing and has accordingly recorded an additional compensation expense of Rs. 261 and 14 respectively.

Additionally, as a part of this arrangement 1,150,055 other vested options were exercised by certain employees through a non-recourse interest free loan aggregating Rs. 326 by a controlled trust, during the year ended March 31, 2007. Even though this transaction does not represent an exercise for accounting purpose, to reflect the legal nature of

shares issued, an amount of Rs. 2, equivalent to the par value of shares issued has been transferred from additional paid-in capital to common stock. During the year ended March 31, 2008 and 2009, the employees have repaid Rs. 34 and Rs. 142, respectively of the interest free loan. These amounts have been recognized as additional paid in capital in shareholders equity.

**Table of Contents****23. Earnings Per Share**

A reconciliation of net income and equity shares used in the computation of basic and diluted earnings per equity share is set out below:

	Year ended March 31,					
	2007		2008		2009	
Earnings						
Net income	Rs.	29,168	Rs.	32,241	Rs.	34,415
Equity shares						
Weighted average number of equity shares outstanding		1,426,709,163		1,450,604,615		1,454,010,222
Effect of dilutive equivalent shares-stock options		17,758,394		4,175,992		2,280,493
Weighted average number of equity shares and equivalent shares outstanding		1,444,467,557		1,454,780,607		1,456,290,715

Shares held by the controlled WERT and Wipro Inc Benefit Trust (WIBT) have been reduced from the equity shares outstanding for computing basic and diluted earnings per share. Shares exercised through a non-recourse loan by the WERT, have been reduced from the equity shares outstanding for computing basic earnings per share.

**24. Employee Benefit Plans**

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

Effective March 31, 2007, the Company adopted SFAS No. 158, which required the recognition in pension obligations and accumulated other comprehensive income of actuarial gains or losses, prior service costs or credits and transition assets or obligations that had previously been deferred under the reporting requirements of SFAS No. 87, SFAS No. 106 and SFAS No. 132(R). As a result of the adoption, the Company recorded Rs. 124 as a reduction of the March 31, 2007 retained earnings.

***Obligations and Funded Status***

	As of March 31,	
	2008	2009
<b>Change in the benefit obligation</b>		
Projected Benefit Obligation (PBO) at the beginning of the year	Rs. 1,027	Rs. 1,381
Service cost	258	347
Interest cost	89	146
Benefits paid	(135)	(119)
Actuarial loss/(gain)	142	(89)
PBO at the end of the year	1,381	1,666

**Change in plan assets**



Fair value of plan assets at the beginning of the year	727	1,250
Actual return on plan assets	104	112
Employer contributions	554	154
Benefits paid	(135)	(119)
Plan assets at the end of the year	1,250	1,397

*Funded status* (131) (269)

Following is the summary of amounts in accumulated other comprehensive income / (loss) as of March 31, 2008 and 2009 that have not yet been recognized in the consolidated statements of income as components of net gratuity cost:

**Table of Contents**

	<b>Year ended March 31,</b>	
	<b>2008</b>	<b>2009</b>
Net actuarial loss	Rs. 217	Rs. 89
Net prior service cost		
Net transitional obligation		
<b>Total accumulated other comprehensive income</b>	<b>Rs. 217</b>	<b>Rs. 89</b>

Net gratuity cost for the years ended March 31, 2007, 2008 and 2009 included:

	<b>Year ended March 31,</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>
Service cost	Rs. 193	Rs. 258	Rs. 347
Interest cost	55	89	146
Expected return on assets	(42)	(54)	(89)
Amortization of transition liabilities/actuarial loss	(4)	13	17
Adjustments <sup>(1)</sup>	(78)		
<b>Net gratuity cost</b>	<b>Rs. 124</b>	<b>Rs. 306</b>	<b>Rs. 421</b>

(1) Through March 31, 2006, for a certain category of employees, the Company previously recorded and disclosed a defined benefit plan as a defined contribution plan. During the year ended March 31, 2007, the Company recorded an adjustment of Rs 78 as a credit to the income statement to record this plan as a defined benefit plan. The impact of this adjustment

is not material to the income statement, accrued liability/ (prepaid asset) and the overall financial statement presentation.

The weighted average actuarial assumptions used to determine benefit obligations are:

	As of March 31,	
	2008	2009
Discount rate	9.35%	8.85%
Rate of increase in compensation levels	7%	5%
Rate of return on plan assets	7.5%	8%

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

	Year ended March 31,		
	2007	2008	2009
Discount rate	8%	9.6%	8.85%
Rate of increase in compensation levels	7%	7%	5%
Rate of return on plan assets	7%	7.5%	8%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The Company estimates the long-term return on plan assets based on the average rate of return expected to prevail over the next 15 to 20 years in the types of investments held. As of March 31, 2007, 2008 and 2009, a significant portion of the plan assets were invested in debt securities.

Accumulated benefit obligation was Rs. 988 and Rs. 1,387 as of March 31, 2008 and 2009 respectively.

Expected contribution to the fund for the year ending March 31, 2010 Rs. 764

Expected benefit payments from the fund for the year ending March 31:	
2010	Rs. 494
2011	445
2012	451
2013	471
2014	459
Thereafter	1,645
Total	Rs. 3,965

The expected benefits are based on the same assumptions used to measure the Company's benefit obligations as of March 31, 2009.

*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 third-party agencies. 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.

**Table of Contents**

*Provident fund.* In addition to the above benefits, all employees receive benefits from a provident fund, a defined contribution plan. The employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's salary. A portion of the contribution is made to the provident fund trust established by the Company, while the remainder of the contribution is made to the Government's provident fund.

The Company recognized an expense of Rs. 1,407, Rs. 2,383 and Rs. 2,737 towards contribution to various defined contribution and benefit plans during the years ended March 31, 2007, 2008 and 2009 respectively.

**25. Sale of financial assets**

From time to time, in the normal course of business, the Company transfers accounts receivables, net investment in sales-type finance receivables and employee advances (financial 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 at the time of sale based on the carrying value of the financial assets, fair value of servicing liability and recourse obligations. During the years ended March 31, 2007, 2008 and 2009, the Company transferred financial assets of Rs. 480, Rs. 1,625 and Rs. 539 respectively, under such arrangements and has included the proceeds in net cash provided by operating activities in the consolidated statements of cash flows. This transfer resulted in loss of Rs. 9, Rs. 41 and Rs. 35 for the years ended March 31, 2007, 2008 and 2009 respectively, which is included in general and administrative expense. As at March 31, 2008 and 2009, the maximum amounts of recourse obligation in respect of the transferred financial assets are Rs. Nil and Rs. Nil respectively.

**26. Commitments and Contingencies**

*Capital commitments.* As of March 31, 2008 and 2009, the Company had committed to spend approximately Rs. Rs. 7,266 and Rs. 5,371 respectively, under agreements to purchase property and equipment. These amounts are net of capital advances paid in respect of these purchases.

*Other commitments.* The Company's Indian operations have been established as a Software Technology Park Unit under a plan formulated by the Government of India. As per the plan, the Company's India operations have export obligations to the extent of 1.5 times the employee costs for the year on an annual basis and 5 times the amount of foreign exchange released for capital goods imported, over a five year period. The consequence of not meeting this commitment in the future, would be a retroactive levy of import duty on certain computer hardware previously imported duty free. As of March 31, 2009, the Company has met commitments required under the plan.

As of March 31, 2008 and 2009, the Company had contractual obligations to spend approximately Rs 3,256 and Rs. 3,255 respectively; under purchase obligations which include commitments to purchase goods or services of either a fixed or minimum quantity that meet certain criteria.

*Guarantees.* As of March 31, 2008 and 2009, performance and financial guarantees provided by banks on behalf of the Company to the Indian Government, customers and certain other agencies amount to approximately Rs. 4,392 and Rs. 6,103 respectively, as part of the bank line of credit.

*Contingencies and lawsuits*

The Company 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 (including interest of Rs. 1,503). 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 the Software Technology Park at Bangalore. The appeals filed by the Company for the above years to the first appellate authority were allowed in favour of the Company, thus deleting substantial portion of the demand raised by the Income tax authorities. On further appeal filed by the income tax authorities, the second appellate authority upheld the claim of the Company for years ended March 31, 2001, 2002, 2003 and 2004. In December 2008, the Company received, on similar grounds, additional tax demand of Rs. 5,388 (including interest of Rs. 1,615) for the financial year ended March 31, 2005. The Company has filed an appeal against the said demand within the time limits permitted under the statute.



**Table of Contents**

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 favor of the Company and there should not be any material impact on the financial statements. The range of loss due to this contingency is between zero and the amount to which the demand is raised.

The company is subject to legal proceedings and claims which have arisen in the ordinary course of its business. The company's management does not reasonably expect that legal actions, when ultimately concluded and determined, will have a material and adverse effect on the results of operations or the financial position of the company.

**27. Segment Information**

The Chairman of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by SFAS No. 131, Disclosure about Segments of an Enterprise and Related Information. The Chairman of the Company evaluates the segments based on their revenue growth, operating income and return on capital employed. The management believes that return on capital employed is considered appropriate for evaluating the performance of its operating segments. Return on capital employed is calculated as operating income divided by the average of the capital employed at the beginning and at the end of the period. Capital employed includes total assets of the respective segments less all liabilities, except for short-term borrowings, long-term debt and obligations under capital leases.

In April 2008, the Company re-organized its IT businesses by combining the Global IT Services and Products business and the India and AsiaPac IT Services and Products business and appointed joint Segment Chief Executive Officers for the combined IT businesses. Consequent to the reorganization, the Company identified IT Services and IT Products as the new operating and reportable segments within its IT business. There is no change in the reportable segments for other businesses.

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

IT Products segment sells a range of Wipro personal desktop computers, Wipro servers and Wipro notebooks. We are also value added reseller of desktops, servers, notebooks, storage products, networking solutions and packaged software for leading international brands. In certain total outsourcing contracts of IT Services segment, the company delivers hardware, software and other related deliverables. Revenue relating to these items are reported in the IT Products segment.

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

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

Segment data for previous periods has been reclassified on a comparable basis. Information on reportable segments is as follows:

Information on reportable segments is as follows:

	Year ended March 31, 2007						
	IT Services and Products			Consumer Care and Lighting		Reconciling Items	Entity Total
	IT Services	IT Products	Total	Lighting	Others		
Revenues	117,819	16,990	134,809	7,559	7,063		149,431
Exchange rate fluctuations	(179)	(25)	(204)	4	3	197	

Edgar Filing: WIPRO LTD - Form 20-F

Total revenues	117,640	16,965	134,605	7,563	7,066	197	149,431
Cost of revenues	(76,488)	(15,325)	(91,813)	(4,905)	(5,748)		(102,468)
Selling and marketing expenses	(6,587)	(581)	(7,168)	(1,483)	(477)	(45)	(9,173)
General and administrative expenses	(6,487)	(436)	(6,923)	(120)	(501)	(95)	(7,639)
Amortization of intangible assets	(244)	(13)	(257)	(5)	(7)		(269)
Exchange rate fluctuations						(197)	(197)
Others, net	93	29	123	17	51	29	220

125

---

**Table of Contents**

	Year ended March 31, 2007							Entity Total
	IT Services and Products			Consumer Care and		Reconciling		
	IT			Lighting	Others	Items		
	IT Services	Products	Total					
Operating income of segment <sup>(1)</sup>	27,927	639	28,566	1,067	384	(111)	29,906	
Total assets of segment			85,905	4,677	7,742	48,443	146,767	
Capital employed opening			44,939	1,310	2,833	30,387	79,469	
Capital employed closing			59,835	3,094	5,659	36,662	105,250	
Average capital employed			52,387	2,202	4,246	33,524	92,359	
Return on capital employed			55%	49%			33%-	
Accounts receivable			26,139	723	1,221		28,083	
Cash and cash equivalents and investments securities			9,902	358	251	34,312	44,823	
Depreciation			3,673	103	139	16	3,931	

	Year ended March 31, 2008							Entity Total
	IT Services and Products			Consumer Care and		Reconciling		
	IT			Lighting	Others	Items		
	IT Services	Products	Total					
Revenues	146,170	24,545	170,715	14,639	12,074		197,428	
Exchange rate fluctuations	90	74	164	(20)	(19)	(125)		
Total revenues	146,260	24,619	170,879	14,619	12,055	(125)	197,428	
Cost of revenues	(98,407)	(22,036)	(120,443)	(8,681)	(9,913)	(199)	(139,236)	
Selling and marketing expenses	(9,013)	(852)	(9,865)	(3,222)	(632)	(88)	(13,807)	
General and administrative expenses	(8,312)	(894)	(9,206)	(816)	(704)	(94)	(10,820)	
Amortization of intangible assets	(441)	(30)	(471)	(111)	(34)		(616)	
Exchange rate fluctuations						125	125	
Others, net	401	62	463	53	106	18	640	
Operating income of segment <sup>(1)</sup>	30,488	869	31,357	1,842	878	(363)	33,714	
Total assets of segment			138,879	23,137	16,250	46,603	224,869	
Capital employed opening			59,835	3,094	5,659	36,662	105,250	
Capital employed closing			99,673	19,308	6,990	48,219	174,190	
Average capital employed			79,754	11,201	6,325	42,440	139,720	
Return on capital employed			39%	16%			24%	
Accounts receivable			35,241	2,246	1,421		38,908	
Cash and cash equivalents and investments securities			22,103	735	104	31,136	54,078	



Depreciation	4,818	198	308	19	5,343
--------------	-------	-----	-----	----	-------

## Year ended March 31, 2009

	IT Services and Products			Consumer	Reconciling		Entity
	IT Services	Products	Total	Care and	Others	Items	Total
Revenues	Rs. 192,635	Rs. 33,519	Rs. 226,154	Lighting	Rs. 9,108	Rs.	Rs. 254,564
Exchange rate fluctuations	(1,442)	(95)	(1,537)	(59)	(150)	1,746	
Total revenues	191,193	33,424	224,617	19,243	8,958	1,746	Rs. 254,564
Cost of revenues	(128,089)	(30,175)	(158,264)	(10,785)	(8,672)	(455)	(178,176)
Selling and marketing expenses	(11,270)	(1,335)	(12,605)	(4,660)	(293)	(204)	(17,762)
General and administrative expenses	(12,234)	(717)	(12,951)	(1,203)	(416)	(126)	(14,696)
Amortization of intangible assets	(1,061)	(23)	(1,084)	(365)	(39)		(1,488)
Exchange rate fluctuations						(1,596)	(1,596)
Others, net	271	44	315	64	136	29	544

**Table of Contents**

	Year ended March 31, 2009						
	IT Services and Products			Consumer Care and	Reconciling		Entity
	IT Services	IT Products	Total	Lighting	Others	Items	Total
Operating income of segment <sup>(1)</sup>	Rs. 38,810	Rs. 1,218	Rs. 40,028	Rs. 2,294	Rs. (326)	Rs. (606)	Rs. 41,390
Total assets of segment			Rs. 192,406	Rs. 22,574	Rs. 7,667	Rs. 68,440	Rs. 291,087
Capital employed opening			99,673	19,308	6,990	48,219	174,190
Capital employed closing			125,243	18,507	6,452	57,023	207,225
Average capital employed			112,458	18,908	6,721	52,621	190,708
Return on capital employed			36%	12%			22%
Accounts receivable			43,034	2,414	769		46,217
Cash and cash equivalents and investments securities			23,163	881	32	41,221	65,297
Depreciation			6,198	298	306	19	6,821

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

Segments	2007	2008	2009
IT Services	Rs. 1,218	Rs. 948	Rs. 1,368
IT Products	62	59	102
Consumer Care and Lighting	23	42	75
Others	13	5	18
Reconciling items	20	22	32
Total	1,336	1,076	1,595

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

	Year ended March 31,		
	2007	2008	2009
India	Rs. 30,650	Rs. 46,891	Rs. 52,908
United States	72,846	87,552	116,281
Europe	36,972	48,259	57,109
Rest of the world	8,963	14,726	28,266
	Rs. 149,431	Rs. 197,428	Rs. 254,564

**28. Fair Value Disclosures**

The Company measures certain financial assets and liabilities at fair value on a recurring basis, including derivative instruments and investment securities. The fair value measurements of these derivative instruments and investment securities using the following inputs as of March 31, 2009:

Particulars	Total	Fair value measurements at reporting date		Level 3
		Level 1	Level 2	
<b>Assets</b>				
Derivative instruments <sup>(a)</sup>	Rs. 1,165	Rs.	Rs. 1,165	Rs.
Investments in liquid and short-term mutual funds <sup>(b)</sup>	15,212	15,212		
Investments in Certificate of Deposits <sup>(b)</sup>	968		968	
<b>Liabilities</b>				
Derivative instruments <sup>(c)</sup>	12,024		12,024	

(a) Included in other current assets in the consolidated balance sheet

(b) Included in short term investments in the consolidated balance sheet

(c) Included in other current liabilities in the consolidated balance sheet

*Derivatives.* The Company involves independent appraisers to determine the fair value of derivative instruments. The fair value is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc.

*Investments.* Investments in liquid & short-term mutual funds which are classified as available-for-sale are measured using quoted market prices at the reporting date multiplied by the quantity held. Fair value of investments in certificate of deposits, classified as available for sale is determined by an independent appraiser using the market observable yields.

Further, the fair value of the Company's current assets and current liabilities approximate their carrying value because of their short term maturity. Such financial instruments are classified as current and are expected to be liquidated within the next twelve months. A substantial portion of the Company's long-term debt has been contracted at floating rate of interest which is reset at short intervals. Accordingly, carrying value of such debt approximates fair value as of March 31, 2009.

**Table of Contents**

## Item 19. Exhibits

<b>Exhibit Number</b>	<b>Description</b>
1.1	Articles of Association of Wipro Limited, as amended (1)
1.2	Memorandum of Association of Wipro Limited, as amended (1)
1.3	Certificate of Incorporation of Wipro Limited, as amended (1)
2.1	Form of Deposit Agreement (including as an exhibit, the form of American Depositary Receipt) (1)
2.2	Wipro s specimen certificate for equity shares (1)
4.1	1999 Employee Stock Option Plan (1999 plan) (1)
4.2	2000 Employee Stock Option Plan (2000 plan) (1)
4.3	Wipro Equity Reward Trust (1)
4.4	2000 ADS Option Plan (2000 ADS Plan) (3)
4.5	Wipro Employee ADS Restricted Stock Unit Plan 2004 (WARSUP 2004 plan) (4)
4.6	Wipro Employee Restricted Stock Unit Plan 2004 (WRSUP 2004 plan)(5)
4.7	Form of Indemnification Agreement, as amended (3)
4.8	Form of Agreement for Appointment/Re-appointment of Executive Directors (5)
4.9	Sample Letter of appointment to Non Executive Directors (5)
4.10	Wipro Employee Restricted Stock Unit Plan 2005 (WRSUP 2005 plan) (6)
4.11	Wipro Employee Restricted Stock Unit Plan 2007 (WRSUP 2007 Plan) (9)
4.12	Amendment No. 1 to 1999 plan, 2000 plan, 2000 ADS plan, WRSUP 2004 Plan, WARSUP 2004 Plan and WRSUP 2005 Plan (9)
4.13	Amendment No. 2 to 1999 plan, 2000 plan, WRSUP 2004 Plan and WRSUP 2005 Plan (9)
4.14	Amendment No. 3 to WRSUP 2004 Plan and WRSUP 2005 Plan (9)
4.15	Amendment No. 2 to WARSUP 2004 Plan (9)
4.16	Amendment No. 3 to 2000 Plan (9)
11.1	Code of Ethics for Principal and Finance Officers (2)

Edgar Filing: WIPRO LTD - Form 20-F

- 12.1 Certification of Chief Executive Officer under Section 302 of the Sarbanes Oxley Act
  - 12.2 Certification of Chief Financial Officer under Section 302 of the Sarbanes Oxley Act
  - 13 Certification of Chief Executive Officer and Chief Financial Officer under Section 906 of the Sarbanes Oxley Act
  - 15.1 Consent of Independent Registered Public Accounting Firm
  - 15.2 Wipro's Ombudsprocess (2)
  - 15.3 Code of Business Conduct and Ethics (7)
  - 15.4 Audit Committee Charter (8)
  - 15.5 Board Governance and Compensation Committee Charter (6)
- (1) Incorporated by reference to Exhibits filed with the Registrant's Registration Statement on Form F-1 (File No. 333-46278) in the form declared effective September 26, 2000, and amended exhibits filed with the Registrant's Form 6-K (File No. 001-16139) filed on July 30, 2008.
- (2) Incorporated by reference to Exhibits filed with the Registrant's Annual Report on Form 20-F filed on June 9, 2003.
- (3)

Incorporated by reference to Exhibits filed with the Registrant's Annual Report on Form 20-F filed on May 17, 2004.

(4) Incorporated by reference to Exhibits filed with the Registrant's Registration Statement on Form S-8 filed on February 28, 2005.

(5) Incorporated by reference to Exhibits filed with the Registrant's Annual Report on Form 20-F filed on June 13, 2005.

(6) Incorporated by reference to Exhibits filed with the Registrant's Annual Report on Form 20-F filed on June 22, 2006.

(7) Incorporated by reference to Exhibits filed with the Registrant's Annual Report on Form 20-F filed on May 30, 2007

- (8) Incorporated by reference to Exhibits filed with the Registrant's Annual Report on Form 20-F filed on June 13, 2005, as amended by Exhibit with the Registrant's Annual Report on Form 20-F filed on May 30, 2007
  
- (9) Incorporated by reference to Exhibits filed with the Registrant's Annual Report on Form 20-F filed on May 30, 2008

**Table of Contents**

**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

For Wipro Limited

Bangalore, India

/s/ Azim H. Premji

/s/ Suresh C. Senapaty

Date: May 18, 2009

Azim H. Premji,

Suresh C. Senapaty,

Chairman and Managing  
Director

Chief Financial Officer and  
Director

129