

WIPRO LTD  
Form 6-K  
November 04, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 6-K  
Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 OR 15d-16 of the Securities Exchange Act of 1934  
November, 2009  
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)  
Karnataka, India  
(Jurisdiction of incorporation or organization)  
Doddakannelli, Sarjapur Road  
Bangalore 560035, Karnataka, India  
+91-80-2844-0055  
(Address of principal executive offices)**

Indicate by check mark if registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1)

Yes  No

**Note:** Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7)

Yes  No

**Note:** Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

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### **Currency of Presentation and Certain Defined Terms**

In this Quarterly Report 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 Sterling are to the legal currency of the United Kingdom and references to Rs. or Rupees or Indian rupees are 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 and are prepared in accordance with International Financial Reporting Standards and its interpretations ( IFRS ), as issued by International Accounting Standard Board ( IASB ). References to Indian GAAP are to Indian Generally Accepted Accounting Principles. References to U.S. GAAP are to United States 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 Quarterly Report on Form 6K are the property of the respective owners.

Except as otherwise stated in this Quarterly 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 September 30, 2009, which was Rs. 48.09 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 Quarterly Report.

### **Forward-Looking Statements May Prove Inaccurate**

In addition to historical information, this Quarterly Report on Form 6-K 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 Company 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 , will terms and phrases. Such forward-looking statements include, but are not limited to, statements concerning:

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

- our expectations regarding the outcome of on-going legal proceedings and disputes with Indian tax authorities and the impact of such proceedings and disputes on our liquidity, results of operations, financial condition and cash flows;

- our exposure to market risks, including the effect of foreign currency exchange rates and interest rates on our financial results;

- the future impact of our acquisitions;

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

- the effect of future tax laws on our business.

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, as noted above, 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 factors discussed in 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

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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 Quarterly Report and in the Company's periodic reports and other documents filed with the Securities and Exchange Commission (SEC) from time to time.

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## Part I Financial Information

**Item 1. Financial Statements****WIPRO LIMITED AND SUBSIDIARIES****Unaudited Condensed Consolidated Interim Statements of Financial Position  
(Rupees in millions, except share and per share data, unless otherwise stated)**

		As at March 31, 2009	As at September 30, 2009	Convenience Translation into US \$ in millions
	Notes			
<b>ASSETS</b>				
Goodwill	5	56,143	54,548	1,134
Intangible assets	5	3,493	3,253	68
Property, plant and equipment	4	49,794	50,293	1,046
Investment in equity accounted investees	16	1,670	1,863	39
Deferred tax assets	18	4,355	2,437	51
Other non-current assets	11	6,791	7,863	164
<b>Total non-current assets</b>		<b>122,246</b>	<b>120,257</b>	<b>2,501</b>
Inventories	9	7,586	6,735	140
Trade receivables	8	48,612	45,632	949
Other current assets	11	16,173	10,798	225
Unbilled revenues		14,108	16,723	348
Available for sale investments	7	16,543	42,779	890
Current tax assets		9,825	11,304	235
Cash and cash equivalents	10	49,117	31,159	648
<b>Total current assets</b>		<b>161,964</b>	<b>165,130</b>	<b>3,434</b>
<b>TOTAL ASSETS</b>		<b>284,210</b>	<b>285,387</b>	<b>5,935</b>
<b>EQUITY</b>				
Share capital		2,930	2,933	61
Share premium		27,280	28,053	583
Retained earnings		126,646	141,633	2,945
Share based payment reserve		3,745	3,608	75
Other components of equity		(12,915)	(8,900)	(185)
Shares held by controlled trust		(542)	(542)	(11)
Equity attributable to the equity holders of the Company		147,144	166,785	3,468
Minority interest		237	373	8

<b>Total equity</b>		147,381	167,158	3,476
<b>LIABILITIES</b>				
Loans and borrowings	12	19,681	20,404	424
Employee benefit obligations	22	3,111	2,818	59
Derivative liabilities	15	8,767	5,913	123
Deferred tax liabilities	18	460	420	9
Other non-current liabilities and provisions	14	2,361	1,427	30
<b>Total non-current liabilities</b>		34,380	30,982	645
Loans and borrowings and bank overdrafts	12	37,211	23,052	479
Trade payables and accrued expenses	13	42,051	43,510	905
Unearned revenues		6,734	4,258	89
Current tax liabilities		6,492	7,104	148
Derivative liabilities	15	3,255	976	20
Other current liabilities and provisions	14	6,706	8,347	174
<b>Total current liabilities</b>		102,449	87,247	1,815
<b>TOTAL LIABILITIES</b>		136,829	118,229	2,460
<b>TOTAL EQUITY AND LIABILITIES</b>		284,210	285,387	5,935

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.



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**WIPRO LIMITED AND SUBSIDIARIES**  
**Unaudited Condensed Consolidated Interim Statements of Income**  
(Rupees in millions, except share and per share data, unless otherwise stated)

	Notes	Three months ended September 30, 2009			Six months ended September 30, 2009		
		2008	2009	Convenience Translation into US \$ in millions	2008	2009	Convenience Translation into US \$ in millions
Revenues		65,303	68,937	1,433	125,718	132,805	2,762
Cost of revenues		(46,140)	(47,522)	(988)	(88,441)	(90,769)	(1,887)
<b>Gross profit</b>		<b>19,163</b>	<b>21,415</b>	<b>445</b>	<b>37,277</b>	<b>42,036</b>	<b>874</b>
Selling and marketing expenses		(4,422)	(4,490)	(93)	(8,632)	(8,730)	(182)
General and administrative expenses		(3,514)	(3,976)	(83)	(6,742)	(7,528)	(157)
Foreign exchange gains/(losses), net		(281)	240	5	(978)	(1,166)	(24)
<b>Results from operating activities</b>		<b>10,946</b>	<b>13,189</b>	<b>274</b>	<b>20,925</b>	<b>24,612</b>	<b>512</b>
Finance and other income/(expense), net	19	233	681	14	549	1,036	22
Share of profits of equity accounted investees	16	106	112	2	213	226	5
<b>Profit before tax</b>		<b>11,285</b>	<b>13,982</b>	<b>291</b>	<b>21,687</b>	<b>25,874</b>	<b>538</b>
Income tax expense	18	(1,559)	(2,217)	(46)	(3,002)	(3,957)	(82)
<b>Profit for the period</b>		<b>9,726</b>	<b>11,765</b>	<b>245</b>	<b>18,685</b>	<b>21,917</b>	<b>456</b>
<b>Attributable to:</b>							
		9,704	11,707	244	18,651	21,810	454

Equity holders of the Company							
Minority interest		22	58	1	34	107	2
<b>Profit for the period</b>		<b>9,726</b>	<b>11,765</b>	<b>245</b>	<b>18,685</b>	<b>21,917</b>	<b>456</b>
<b>Earnings per equity share:</b>	20						
Basic		6.68	8.04	0.17	12.84	14.97	0.31
Diluted		6.63	7.97	0.17	12.75	14.86	0.31
Weighted average number of equity shares used in computing earnings per equity share							
Basic		1,453,493,031	1,456,868,080	1,456,868,080	1,453,130,377	1,456,539,693	1,456,539,693
Diluted		1,463,732,182	1,468,243,743	1,468,243,743	1,462,368,363	1,467,911,787	1,467,911,787

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

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**WIPRO LIMITED AND SUBSIDIARIES**  
**Unaudited Condensed Consolidated Interim Statements of Comprehensive Income**  
**(Rupees in millions, except share and per share data, unless otherwise stated)**

	Notes	Three months ended September 30, 2009			Six months ended September 30, 2009		
		2008	2009	Convenience Translation into US \$ in millions	2008	2009	Convenience Translation into US \$ in millions
Profit for the period		9,726	11,765	245	18,685	21,917	456
Other comprehensive income, net of taxes:							
Foreign currency translation differences	17	2,384	553	12	2,570	384	8
Effective portion of changes in fair value of cash flow hedges	15	(3,986)	1,139	24	(11,205)	3,677	76
Net changes in fair value of available for sale investments	7	(123)	(268)	(6)	(111)	(64)	(1)
Total other comprehensive income, net of taxes		(1,725)	1,424	30	(8,746)	3,997	83
Total comprehensive income for the period		8,001	13,189	274	9,939	25,914	539
Attributable to:							
Equity holders of the Company		7,964	13,129	273	9,886	25,825	537
Minority interest		37	60	1	53	89	2
		8,001	13,189	274	9,939	25,914	539

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

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**WIPRO LIMITED AND SUBSIDIARIES**  
**Unaudited Condensed Consolidated Interim Statements of Changes in Equity**  
**(Rupees in millions, except share and per share data, unless otherwise stated)**

	Attributable to equity holders of the Company				Other components of equity			Share held attributable to the equity holders		Minority interest	Total equity	
	Share based	Share premium	Retained earnings	payment reserve	Foreign currency reserve	Cash flow hedging reserve	Other controlled	Trust	Company			
No. of shares	capital						reserve					
As at April 1, 2008	1,461,453,320	2,923	25,373	94,728	3,148	(10)	(1,097)	404		125,469	116	125,585
Cash dividend paid (including tax thereon)				(6,842)						(6,842)		(6,842)
Issue of equity shares on exercise of options	1,549,888	3	763		(676)					90		90
Profit for the period				18,651						18,651	34	18,685
Other comprehensive income						2,551	(11,205)	(111)		(8,765)	19	(8,746)
Compensation cost related to employee share based payment					1,040					1,040		1,040
As at September 30, 2008	1,463,003,208	2,926	26,136	106,537	3,512	2,541	(12,302)	293		129,643	169	129,812
As at April 1, 2009	1,464,980,746	2,930	27,280	126,646	3,745	797	(13,797)	85	(542)	147,144	237	147,381
Cash dividend paid (including tax thereon)				(6,823)						(6,823)		(6,823)
Issue of equity shares on exercise of options	1,296,680	3	773		(773)					3		3

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Profit for the period					21,810						21,810	107	21,917
Other comprehensive income						402	3,677	(64)			4,015	(18)	3,997
Infusion of capital, net												47	47
Compensation cost related to employee share based payment					636						636		636
As at September 30, 2009	1,466,277,426	2,933	28,053	141,633	3,608	1,199	(10,120)	21	(542)	166,785	373		167,158
Convenience translation into US \$ in millions		61	583	2,945	75	25	(210)		(11)	3,468	8		3,476

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

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**WIPRO LIMITED AND SUBSIDIARIES**  
**Unaudited Condensed Consolidated Interim Statements of Cash Flows**  
**(Rupees in millions, except share and per share date, unless otherwise stated)**

	Six months ended September 30,		
	2008		2009
	Convenience Translation into US \$ in millions		
Cash flows from operating activities:			
Profit for the period attributable to equity holders of the Company	18,651	21,810	454
Adjustments to reconcile profit for the period to net cash generated from operating activities:			
Gain on sale of property, plant and equipment	(9)	(12)	
Depreciation and amortization	3,237	3,959	82
Unrealized exchange (gain) / loss	1,902	(465)	(10)
Impact of cash flow hedging activities	(2,046)	2,735	57
Gain on sale of investments	(570)	(314)	(7)
Share based compensation	1,040	636	13
Income tax expense	3,002	3,957	82
Share of profits of equity accounted investees	(213)	(226)	(5)
Minority interest	34	107	2
Interest (income)/expenses, net	(742)	(1,094)	(23)
<i>Changes in operating assets and liabilities:</i>			
Trade and other receivable	(8,124)	2,004	42
Unbilled revenues	(4,289)	(2,615)	(54)
Inventories	(2,005)	851	18
Other assets	(3,631)	776	16
Trade payables and accrued expenses	8,885	2,182	45
Unearned revenues	1,577	(2,476)	(51)
Other liabilities	903	1,807	38
Cash generated from operating activities before taxes	17,602	33,622	699
Income taxes (paid) / refund, net	(796)	(4,325)	(90)
Net cash generated from operating activities	16,806	29,297	609
Cash flows from investing activities:			
Expenditure on property, plant and equipment and intangible assets	(8,552)	(5,236)	(109)
Proceeds from sale of property, plant and equipment	163	180	4
Purchase of available for sale investments	(208,640)	(192,534)	(4,004)
Proceeds from sale of available for sale investments	183,997	166,547	3,463
Investment in inter-corporate deposits	(250)	(500)	(10)
Refund of inter-corporate deposits		4,750	98
Payment for business acquisitions, net of cash acquired	(1,192)	(461)	(10)
Interest received	747	1,521	32

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Dividend received	1,194	670	14
Net cash used in investing activities	(32,533)	(25,063)	(521)
Cash flows from financing activities:			
Proceeds from issuance of equity shares	71	4	
Proceeds from issuance of equity shares by a subsidiary		64	1
Repayment of loans and borrowings	(33,227)	(35,560)	(739)
Proceeds from loans and borrowings	37,208	21,941	456
Payment of cash dividend	(6,828)	(6,822)	(142)
Interest paid on loans and borrowings	(1,248)	(746)	(16)
Net cash used in financing activities	(4,024)	(21,119)	(439)
Net decrease in cash and cash equivalents during the period			
	(19,751)	(16,885)	(351)
Effect of exchange rate changes on cash and cash equivalents	472	(404)	(8)
Cash and cash equivalents at the beginning of the period	38,912	48,232	1,003
Cash and cash equivalents at the end of the period (Note 10)	19,633	30,943	643

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

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**WIPRO LIMITED AND SUBSIDIARIES**

**Notes to the Unaudited Condensed Consolidated Interim Financial Statements  
(Rupees in millions, except share and per share data, unless otherwise stated)**

**1. The Company overview:**

Wipro Limited ( Wipro or the Parent Company ); together with its subsidiaries and equity accounted investees (collectively, the Company or the Group ) 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 a public limited company incorporated and domiciled in India. The address of its registered office is Wipro Limited, Doddakannelli, Sarjapur Road, Bangalore 560 035, Karnataka, India. Wipro has its primary listing with Bombay Stock Exchange and National Stock Exchange in India. The Company s American Depository Shares representing equity shares are also listed on the New York Stock Exchange. These condensed consolidated interim financial statements were authorized for issue by Audit Committee on November 04, 2009.

**2. Basis of preparation of financial statements**

**(i) Statement of compliance:**

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations ( IFRS ), as issued by the International Accounting Standards Board ( IASB ).

**(ii) Basis of preparation**

These condensed consolidated interim financial statements are covered by *IFRS 1, First Time Adoption of IFRS* , as they are part of the period covered by the Company s first IFRS financial statements for the year ending March 31, 2010 and are prepared in accordance with *International Accounting Standard (IAS) 34, Interim Financial Reporting* .

The condensed consolidated interim financial statements corresponds to the classification provisions contained in *IAS 1(revised), Presentation of Financial Statements* . For clarity, various items are aggregated in the statements of income and statements of financial position. These items are disaggregated separately in the Notes, where applicable.

Until the adoption of IFRS, the financial statements included in the Company s Annual Report on Form 20-F and Quarterly Reports on Form 6-K were prepared in accordance with accounting principles generally accepted in the United States of America ( U.S. GAAP ). However, the transition to IFRS has been carried out from the accounting principles generally accepted in India (Indian GAAP), which is considered as Previous GAAP , for purposes of IFRS 1. An explanation of the effect of the transition from Previous GAAP to IFRS on the Company s equity and profit is provided in Note 3 (xviii). In addition, a reconciliation of the Company s equity and profit between Previous GAAP and U.S. GAAP is provided in Note 25.

The preparation of these condensed consolidated interim financial statements resulted in changes to the Company s accounting policies as compared to most recent annual financial statements prepared under Previous GAAP. Accounting policies have been applied consistently to all periods presented in the condensed consolidated interim financial statements including the preparation of the IFRS opening statement of financial position as at April 1, 2008 for the purpose of the transition to IFRS and as required by IFRS 1. These accounting policies have been applied consistently by all entities within the Group.



**(iii) Basis of measurement**

The condensed consolidated interim financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial instruments that have been measured at fair value as required by relevant IFRS.

**(iv) Convenience translation**

The accompanying condensed consolidated interim financial statements have been prepared and reported in Indian rupees, the national currency of India. Solely for the convenience of the readers, the condensed consolidated financial statements as of and for the six months ended September 30, 2009, have been translated into United States dollars at the certified foreign exchange rate of \$1 = Rs. 48.09, as published by Federal Reserve Board of New York on September 30, 2009. 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.

**(v) Use of estimates and judgment**

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The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the condensed consolidated financial statements is included in the following notes:

- a) **Revenue recognition:** The Company uses 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. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating 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, the Company has not incurred a material loss on any fixed-price and fixed-timeframe contract.
- b) **Goodwill:** Goodwill is tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The calculation involves 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.
- c) **Income taxes:** The major tax jurisdictions for the Company are India and the U.S. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. Though, the Company considers all these issues in estimating income taxes, there could be an unfavorable resolution of such issues.
- d) **Other estimates:** The preparation of financial statements involves 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, the Company estimates the uncollectability of 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.

Similarly, the Company provides for inventory obsolescence, excess inventory and inventories with carrying values in excess of net realizable value based on assessment of the future demands, market conditions and specific inventory management initiatives. If market conditions and actual demands are less favorable than the Company's estimates, additional inventory write-downs may be required. In all cases inventory is carried at the lower of historical cost and net realizable value. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

**3. Significant accounting policies:**

**(i) Basis of consolidation:**

*Subsidiaries*

The condensed consolidated interim financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company (its subsidiaries). Control is achieved where a company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account.

All intra-company balances, transactions, income and expenses including unrealized income or expenses are eliminated in full on consolidation.

*Equity accounted investees*

Equity accounted investees are entities in respect of which, the Company has significant influence, but not control, over the financial and operating policies. Generally a Company has a significant influence if it holds

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between 20 and 50 percent of equity of another company. Investments in such entities are accounted for using the equity method (equity accounted investees) and are initially recognized at cost.

**(ii) Functional and presentation currency:**

Items included in the condensed consolidated interim financial statements of each of the Company's subsidiaries and equity accounted investees are measured using the currency of the primary economic environment in which those entities operate (the functional currency). These condensed consolidated interim financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of Wipro Limited and its domestic subsidiaries and equity accounted investees.

**(iii) Foreign currency transactions and translation:**

**a) Transactions and balances**

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income and reported within foreign exchange gains/(losses), net under operating income. Gains/losses relating to translation or settlement of debt denominated in foreign currency are reported in finance and other income / (expense), net.

**b) Foreign operations**

For the purpose of presenting condensed consolidated interim financial statements, the assets and liabilities of the Company's foreign operations that have local functional currency are translated into Indian Rupee using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income, a component of equity in foreign currency translation reserve (FCTR). When a foreign operation is disposed of, the relevant amount recognized in FCTR is transferred to the statement of income as part of the profit or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the reporting date.

**c) Others**

Foreign currency differences arising on the translation or settlement of a financial liability designated and effective as a hedge of a net investment in a foreign operation is recognized in other comprehensive income, a component of equity in the FCTR. When the hedged part of a net investment is disposed of, the relevant amount recognized in FCTR is transferred to the statement of income as part of the profit or loss on disposal. Foreign currency differences arising from translation of intercompany receivables or payables relating to foreign operations, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of net investment in foreign operation and are recognized in other comprehensive income, a component of equity in the FCTR.

**(iv) Financial Instruments**

**a) Non-derivative financial instruments**

Non derivative financial instruments consist of:

financial assets, which include cash and cash equivalents, trade receivables, unbilled revenues, finance lease receivables, employee and other advances, investments in equity and debt securities and eligible current and non-current assets;

financial liabilities, which include long and short-term loans and borrowings, bank overdrafts, trade payable, eligible current liabilities and non-current liabilities.

Non derivative financial instruments are recognized initially at fair value including any directly attributable transaction costs. Financial assets are derecognized when all of the risks and rewards of ownership have been transferred.

Subsequent to initial recognition, non derivative financial instruments are measured as described below:

**A. Cash and cash equivalents**

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The Company's cash and cash equivalents consist of cash on hand and in banks and demand deposits with bank. For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts.

### **B. Available-for-sale financial assets**

The Company has classified investments in liquid mutual funds and equity securities, other than equity accounted investees and certain debt securities as available-for-sale financial assets. These investments are measured at fair value and changes therein are recognized in other comprehensive income, a component of equity in other reserve. The impairment losses, if any, are reclassified from equity into statement of income. When an available for sale financial asset is derecognized, the related cumulative gain or loss in other comprehensive income is transferred to statement of income.

### **C. Others**

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

#### **b) Derivative financial instruments**

The Company is exposed to foreign currency fluctuations on foreign currency assets, liabilities, net investment in foreign operations and forecasted cash flows denominated in foreign currency.

The Company limits the effect of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into derivative financial instruments where the counterparty is a bank.

Derivatives are recognized and measured at fair value.

### **A. Cash flow hedges**

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income, a component of equity in the cash flow hedging reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of income. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in cash flow hedging reserve is transferred to the statement of income upon the occurrence of the related forecasted transaction.

### **B. Hedges of net investment in foreign operations**

The Company designates derivative financial instruments as hedges of net investment in foreign operations. The Company has also designated a combination of foreign currency denominated borrowings and related cross-currency swaps as hedge of net investment in foreign operations. Changes in the fair value of the derivative hedging instruments and gains/losses on translation or settlement of foreign currency denominated borrowings designated as hedge of net investment in foreign operations are recognized in other comprehensive income, a component of equity in the FCTR to the extent that the hedge is effective.

### **C. Others**

Changes in fair value of derivatives not designated as cash flow hedges or hedges of net investment in foreign operations and ineffective portion of cash flow hedges are recognized in the statement of income and reported within foreign exchange gains/(losses), net under operating income.

Changes in fair value and gain/(losses) on settlement of derivatives relating to borrowings, which have been not designated as hedges are recorded in finance and other income/(expense), net.

#### **(v) Equity and share capital**

##### **a) Share capital and share premium**

The Company has only one class of equity shares. The authorized share capital of the Company is 1,650,000,000 equity shares, par value Rs. 2 per share. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as share premium.



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Every holder of the equity shares, as reflected in the records of the Company as of the date of the shareholder meeting shall have one vote in respect of each share held for all matters submitted to vote in the shareholder meeting.

**b) Shares held by controlled trust (Treasury shares):**

The Company's equity shares held by the controlled trust are classified as Treasury Shares. The Company has 8,930,563 treasury shares as of March 31, 2009 and September 30, 2009. Treasury shares are recorded at acquisition cost. During the year ended March 31, 2009, the Company completed the merger of a few of its subsidiaries with itself. Pursuant to the terms of merger approved by the courts in India, the Company issued 968,803 fully paid equity shares of Rs 542 to a controlled trust.

**c) Retained earnings**

Retained earnings contain the Company's prior year's undistributed profit after taxes. A portion of these earnings amounting to Rs. 1,144 is not freely available for distribution.

**d) Share based payment reserve**

The share based payment reserve is used to record the value of equity-settled share based payments provided to employees. The amounts recorded in share based payment reserve are transferred to share premium upon exercise of stock options by employees.

**e) Cash flow hedging reserve**

Changes in fair value of derivative hedging instruments designated and effective as a cash flow hedge are recognized in other comprehensive income (net of taxes), a component of equity in the cash flow hedging reserve.

**f) Foreign currency translation reserve**

The exchange difference arising from the translation of financial statements of foreign subsidiaries and changes in fair value of hedging instruments designated and effective as hedge of net investment in foreign operations (net of taxes) is recognized in other comprehensive income, a component of equity in the FCTR.

**g) Other reserve**

Changes in the fair value of available for sale financial assets is recognized in other comprehensive income (net of taxes), a component of equity in other reserve.

**h) Dividend**

Final dividend including tax thereon on the common stock is recorded as a liability on the date of approval by the shareholders. Interim dividend including tax thereon are recorded as a liability on the date of declaration by the board of directors.

**(vi) Property, plant and equipment:**

**a) Recognition and measurement**



Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. Borrowing costs directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost.

**b) Depreciation**

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. Assets acquired under finance 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:

<b>Category</b>	<b>Useful life</b>
Buildings	30 to 60 years
Plant and machinery	2 to 21 years
Computer equipment and software	2 to 6 years
Furniture, fixtures and equipment	3 to 10 years
Vehicles	4 years

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When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Deposits and advances paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not available for use before such date are disclosed under capital work- in-progress.

**(vii) Business combination, Goodwill and Intangible assets:**

Business combinations consummated subsequent to the Transition date are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Contingent consideration is recorded when it is probable that such consideration would be paid and can be measured reliably.

**a) Goodwill**

The excess of the cost of acquisition over the Company's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the cost of acquisition is less than the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in the statement of income.

**b) Intangible assets**

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment losses, if any.

The amortization of an intangible asset with a finite useful life reflects the manner in which the economic benefit is expected to be generated and consumed.

The estimated useful lives of the amortizable intangibles assets are as follows:

<b>Category</b>	<b>Useful life</b>
Customer-related intangibles	2 to 5 years
Marketing related intangibles	20 to 30 years

**(viii) Leases****a) Arrangements where the Company is the lessee**

Leases of property, plant and equipment, where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased property and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in statement of income on a straight-line basis over the lease term.

**b) Arrangements where the Company is the lessor**

In certain arrangements, the Company recognizes revenue from sale of products given under finance leases. The Company records gross finance receivables, unearned income and the estimated residual value of the leased equipment on consummation of such leases. Unearned income represents the excess of the gross finance lease receivable plus the estimated residual value over the sales price of the equipment. The Company recognises unearned income as financing revenue over the lease term using effective interest method.

**(ix) Inventories**

Inventories are valued at lower of cost and net realizable value, including necessary provision for obsolescence. Cost is determined using the weighted average method.

**(x) Impairment**

**a) Financial assets:**

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The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

**A. Loans and receivables**

Impairment losses on trade and other receivables are recognized using separate allowance accounts. Refer Note 2 (v) (d) for further information regarding the determination of impairment.

**B. Available for sale financial asset**

When the fair value of available-for-sale financial assets declines below acquisition cost and there is objective evidence that the asset is impaired, the cumulative loss that has been recognized in other comprehensive income, a component of equity in other reserve is transferred to the statement of income. An impairment loss may be reversed in subsequent periods, if the indicators for the impairment no longer exist.

**b) Non financial assets**

The Company assesses long-lived assets, such as property, plant, equipment and acquired intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. At each reporting date the Company determines whether there are any indicators of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset. If the recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of income. If at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

**c) Goodwill**

Goodwill is tested for impairment at least annually at the same time and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The goodwill impairment test is performed at the level of cash-generating unit or groups of cash-generating units which represent the lowest level at which goodwill is monitored for internal management purposes.

**(xi) Employee Benefit**

**a) Post-employment and pension plans**

The Group participates in various employee benefit plans. Pensions and other post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditures for defined contribution plans are recognized as expenses during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is

calculated using the projected unit credit method.

The company has the following employee benefit plans:

**A. Provident fund**

Employees receive benefits from a provident fund. The employer and employees each make periodic contributions to the plan. A portion of the contribution is made to the approved provident fund trust managed by the Company; while the remainder of the contribution is made to the government administered pension fund.

**B. Superannuation**

Superannuation plan is administered by Life Insurance Corporation of India and ICICI Prudential Insurance Company Limited. The Company makes annual contributions based on a specified percentage of each eligible employee's salary.

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**C. Gratuity**

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method.

The Company recognizes actuarial gains and losses immediately in the statement of income.

**b) Termination benefits**

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefit as a result of an offer made to encourage voluntary redundancy.

**c) Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**d) Compensated absences**

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation.

Non-accumulating compensated absences are recognized in the period in which the absences occur.

**(xii) Share based payment transaction:**

Employees of the Company receive remuneration in the form of equity instruments, for rendering services over a defined vesting period. Equity instruments granted is measured by reference to the fair value of the instrument at the date of grant. In cases, where equity instruments are granted at a nominal exercise price, the intrinsic value on the date of grant approximates the fair value. The expense is recorded by a corresponding increase to the share based payment reserve, a component of equity.

The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortization). The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

**(xiii) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**(xiv) Revenue:**

The Company derives revenue primarily from software development and related services, BPO services, sale of IT and other products.

**a) Services:**

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The Company recognizes revenue when the significant terms of the arrangement are enforceable, services are being delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

**A. Time and materials contracts**

Revenues and costs relating to time and materials contracts are recognized as the related services are rendered.

**B. Fixed-price contracts**

Revenues from fixed-price contracts, including systems development and integration contracts are recognized using the percentage-of-completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of income in the period in which such losses become probable based on the current contract estimates.

Unbilled revenues represent cost and earnings in excess of billings as at the end of the reporting period.

Unearned revenues represent billing in excess of revenue recognized. Advance payments received from customers for which no services are rendered is recognized as Advance from customers .

**C. Maintenance contract**

Revenue from maintenance contracts is recognized ratably over the period of the contract using the percentage of completion method.

**b) Products**

Revenue from products are recognized when the significant risks and rewards of ownership have transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**c) Multiple element arrangements**

Revenue from contracts with multiple-element arrangements are recognized using the guidance in IAS 18, Revenue. The Company allocates the arrangement consideration to separately identifiable components based on their relative fair values.

**d) Others**

The Company accounts for volume discounts and pricing incentives to customers by reducing the amount of discount from the amount of revenue recognized at the time of sale.



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

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.

**(xv) Finance and other income/(expense), net:**

Finance income comprises interest income on deposits, dividend income, and gains on the disposal of available-for-sale financial assets. Interest income is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established.

Finance expense comprise interest expense on borrowings, impairment losses recognized on financial assets and changes in fair value and gain / losses on settlement of derivatives relating to borrowings.

Borrowing costs are recognized in the statement of income using the effective interest method.

**(xvi) Income tax:**

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Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of income except to the extent it relates to items directly recognized in equity, in which case it is recognized in equity.

**a) Current income tax**

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

**b) Deferred income tax**

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**(xvii) Earnings per share**

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury share method for options and warrants, except where the results would be anti-dilutive.

**(xviii) Transition to IFRS**

As stated in Note 2 (ii), the Company's consolidated financial statements for the year ending March 31, 2010 will be the first annual consolidated financial statements prepared in compliance with IFRS. All interim financial statements during the year ending March 31, 2010 will also be prepared in compliance with IFRS.

The adoption of IFRS was carried out in accordance with IFRS 1, using April 1, 2008 as the transition date (the Transition Date ). IFRS 1 requires that all IFRS standards and interpretations that are effective for the first IFRS Consolidated Financial Statements for the year ended March 31, 2010, be applied consistently and retrospectively for all fiscal years presented.

Until the adoption of IFRS, the financial statements included in the Annual Reports on Form 20-F and Quarterly Reports on Form 6-K were prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). However, for the purposes of the transition, such transition was carried out from Indian GAAP, which has been considered as the Previous GAAP as per IFRS 1.

All applicable IFRS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the consolidated financial statements under both IFRS and Previous GAAP as of the Transition Date are recognized directly in equity at the Transition Date.

In preparing these consolidated financial statements, the Company has availed itself of certain exemptions and exceptions in accordance with IFRS 1 as explained below:

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**a) Exemptions from retrospective application:**

**A. Business combination exemption**

The Company has applied the exemption as provided in IFRS 1 on non-application of *IFRS 3, Business Combinations* to business combinations consummated prior to the date of Transition. Pursuant to this, exemption, goodwill arising from business combination has been stated at the carrying amount under Previous GAAP. Further, intangible assets net of related taxes, which were subsumed in goodwill under Previous GAAP, were not recognized in the opening statement of financial position as at April 1, 2008 since these did not qualify for recognition in the separate statement of financial position of the acquired entities. The Company has adjusted goodwill relating to past business combinations, for contingent consideration, if it is probable that such consideration would be paid and can be measured reliably as of the Transition Date.

**B. Share based payment exemption**

The Company has elected to apply the share based payment exemption available under IFRS 1 on application of *IFRS 2, Share Based Payment*, to only grants made after November 7, 2002, which remained unvested as of the Transition date.

**C. Borrowing costs**

The Company had the policy of capitalizing borrowing costs under its Previous GAAP for all qualifying assets. Accordingly, the Company has capitalized borrowing cost in respect of qualifying costs prior to the Transition date. However, there is a difference in the bases of capitalizing such costs between IFRS and Previous GAAP, which has been recorded as a reconciling item as a part of the transition.

**b) Exceptions from full retrospective application**

**A. Hedge accounting exception**

The Company had followed hedge accounting under Previous GAAP which is aligned to IFRS. Accordingly, this exception of not reflecting in its opening IFRS statement of financial position a hedging relationship of a type that does not qualify for hedge accounting under IAS 39, is not applicable to the Company.

**B. Estimates exception**

Upon an assessment of the estimates made under Previous GAAP, the Company has concluded that there was no necessity to revise such estimates under IFRS, except where estimates were required by IFRS and not required by Previous GAAP.

**Reconciliations**

The following reconciliations provide a quantification of the effect of the transition to IFRS from Previous GAAP in accordance with IFRS 1:

equity as at April 1, 2008;

equity as at September 30, 2008;

equity as at March 31, 2009;

profit for the three months ended September 30, 2008;

profit for the six months ended September 30, 2008;

profit for the year ended March 31, 2009; and

explanation of material adjustments to cash flow statements.

In the reconciliations mentioned above, certain immaterial reclassifications in Previous GAAP have been made to align with the IFRS requirements.

**Table of Contents****Reconciliation of Equity as at April 1, 2008**

Particulars	Amount as per		Effect of Transition to	Amount as per		Relevant Notes for adjustments
	Previous	GAAP		IFRS	IFRS	
Goodwill	Rs. 42,209		Rs. 426		Rs. 42,635	8
Property, plant and equipment and intangible assets	41,583		(239)		41,344	1,2
Available for sale investments	14,679		568		15,247	3
Investment in equity accounted investees	1,343				1,343	
Inventories	6,664				6,664	
Trade receivables	40,453		(100)		40,353	4
Unbilled revenues	8,514				8,514	
Cash and cash equivalents	39,270				39,270	
Net tax assets (including deferred taxes)	3,632		854		4,486	5
Other assets	13,980		1,399		15,379	2(a),4,9,10,13
<b>TOTAL ASSETS</b>	<b>Rs. 212,327</b>		<b>Rs. 2,908</b>		<b>Rs. 215,235</b>	
Share capital and share premium (net of shares issued to controlled trust)	Rs. 28,296		Rs.		Rs. 28,296	
Share application money pending allotment	40		(40)			12
Retained earnings	87,908		6,820		94,728	
Cash flow hedging reserve	(1,097)				(1,097)	
Other reserves	1,807		1,851		3,658	3,7,11
<b>Total equity (A)</b>	<b>116,954</b>		<b>8,631</b>		<b>125,585</b>	
Minority interest	116		(116)			11
Loans and borrowings	44,850				44,850	
Trade payables, accrued expenses and liabilities	28,675				28,675	
Unearned revenues	4,269				4,269	
Employee benefit obligations	2,737				2,737	
Other liabilities and provisions	14,726		(5,607)		9,119	6,8,10,12
<b>Total liabilities (B)</b>	<b>95,373</b>		<b>(5,723)</b>		<b>89,650</b>	
<b>TOTAL LIABILITIES AND EQUITY (A)+(B)</b>	<b>Rs. 212,327</b>		<b>Rs. 2,908</b>		<b>Rs. 215,235</b>	

Notes:

1)

Under IFRS, the amortization charge in respect of finite life intangible assets is recorded in proportion of economic benefits consumed during the period to the expected total economic benefits from the intangible asset. Under Previous GAAP, finite life intangible assets are amortized usually on a straight line basis over their useful life. As a result, the accumulated amortization under IFRS is lower by Rs 101 as at April 1, 2008.

- 2) Listed below are the key differences in property, plant and equipment between IFRS and Previous GAAP:
- a) Under IFRS, leases of land are classified as operating leases unless the title to the leasehold land is expected to be transferred to the Company at the end of the lease term. Lease rentals paid in advance and lease deposits are recognized as other assets. Under Previous GAAP, the lease rentals paid in advance and lease deposits are recognized in property, plant and equipment. Under IFRS, Rs. 645 of such payments towards lease of land has been reclassified from property, plant and equipment to other assets. This adjustment has no impact on equity.
  - b) Difference in the basis of interest capitalization between Previous GAAP and IFRS resulted in higher interest capitalization by Rs 305 under IFRS, net of related depreciation impact.

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- 3) Under IFRS, available for sale investments are measured at fair value at each reporting date. The changes in fair value of such investments, net of taxes, are recognized directly in equity. Under Previous GAAP, short-term investments are measured at lower of cost or fair value. Consequently, carrying value of the available for sale investments under IFRS is higher by Rs. 568 (tax effect Rs. 165).
- 4) Under IFRS an entity is required to allocate revenue to separately identifiable components of a multiple deliverable customer arrangement. The revenue relating to these components are recognized when the appropriate revenue recognition criteria is met. Under IFRS, the Company has deferred revenues primarily relating to installation services. Under Previous GAAP, installation services are considered to be incidental / perfunctory to product delivery. Entire revenue is recognized, when the products are delivered in accordance with the contractual terms, and expected cost of installation services is also recognized.

Consequently, under IFRS the Company has deferred revenue of Rs. 100 and reversed Rs. 78 of cost accrued for installation services. The deferred revenues are recognized when the related installation services is performed.

- 5) Under IFRS, tax benefits from carry forward tax losses is recognized if it is probable that sufficient taxable profits would be available in the future to realize the tax benefits. Under Previous GAAP, deferred tax asset in respect of carry forward tax losses is recognized if it is virtually certain that sufficient future taxable income would be available in the future to realize the tax benefits.

Further, Previous GAAP requires an entity to follow the income statement approach for recognizing deferred taxes, while IFRS mandates the balance sheet approach in recognizing deferred taxes.

As a result, net deferred tax assets under IFRS are higher by Rs. 854.

- 6) Under Previous GAAP, liability is recognized in respect of proposed dividend, even-though the dividend is expected to be approved by the shareholders subsequent to the reporting date. Under IFRS, liability for dividend is recognized only when it is approved by shareholders. Accordingly, provisions under IFRS is lower by Rs. 6,839.
- 7) The Company grants share options to its employees. These share options vest in a graded manner over the vesting period. Under IFRS, each tranche of vesting is treated as a separate award and the stock compensation expense relating to that tranche is amortized over the vesting period of the underlying tranche. This results in accelerated amortization of stock compensation expense in the initial years following the grant of share options.

Previous GAAP permits an entity to recognize the stock compensation expense, relating to share options which vest in a graded manner, on a straight-line basis over the requisite vesting period for the entire award. However, the amount of compensation cost recognized at any date must at least equal the portion of the grant-date value of the award that is vested at that date.

Accordingly, the stock compensation expense recognized under IFRS is higher by Rs. 1,332 as at April 1, 2008 in respect of the unvested awards.

- 8) Under IFRS, contingent consideration relating to acquisitions is recognized if it is probable that such consideration would be paid and can be measured reliably. Under Previous GAAP, contingent consideration is recognized only after the contingency is resolved and additional consideration becomes payable. As a result, under IFRS, the Company has recognized Rs 426 of contingent consideration as additional goodwill and liability.
- 9) Under IFRS, loans and receivables are recognized at amortized cost. As a result, the carrying value of such loans and receivables under IFRS is lower by Rs. 154.



- 10) Indian tax laws, levies Fringe benefit Tax (FBT) on all stock options exercised on or after April 1, 2007. The Company has modified share options plan to recover FBT from the employees. Under IFRS 2, Share based payment, the FBT paid to the tax authorities is recorded as a liability over the period that the employee renders services. Recovery of the FBT from the employee is accounted as a reimbursement right under IAS 37, Provisions, contingent liabilities and contingent assets, as it is virtually certain that the Company will recover the FBT from the employee. Accordingly, under IFRS, the Company has recognized the reimbursement right as a separate asset, not to exceed the FBT liability recognized at each reporting period.

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Under Previous GAAP, FBT liability and the related FBT recovery from the employee is recorded at the time of exercise of stock option by the employee. Accordingly, under IFRS the Company has recognized Rs. 766 as provision and reimbursement right in respect of outstanding stock options. This adjustment has no impact on equity.

- 11) Under IFRS, minority interest is reported as a separate item within equity whereas Previous GAAP requires minority interest to be presented separately from equity. This presentation difference between IFRS and Previous GAAP has resulted in an increase in equity under IFRS by Rs.116 as at April 1, 2008.
- 12) Under IFRS, share application money pending allotment is reported under other liabilities whereas Previous GAAP requires share application money pending allotment to be presented as a separate item within equity. This presentation difference between IFRS and Previous GAAP has resulted in a decrease in equity under IFRS by Rs. 40 as at April 1, 2008.
- 13) Difference in accounting for certain forward contract has resulted in a increase in other assets by Rs. 64 under IFRS as of April 1, 2008.

Table of Contents**Reconciliation of Equity as at September 30, 2008**

Particulars	Amount as per		Effect of Transition to	Amount as per		Relevant Notes for adjustments
	Previous	GAAP		IFRS	IFRS	
Goodwill	Rs. 48,977		Rs. 296		Rs. 49,273	1,9
Property, plant and equipment and intangible assets	48,585		(513)		48,072	1,2,3
Available for sale investments	39,930		401		40,331	4
Investment in equity accounted investees	1,521				1,521	
Inventories	8,669				8,669	
Trade receivables	50,343		(228)		50,115	5
Unbilled revenues	12,803				12,803	
Cash and cash equivalents	20,157				20,157	
Net tax assets (including deferred taxes)	1,284		2,565		3,849	6 3(a),5, 8,12
Other assets	19,916		1,768		21,684	
<b>TOTAL ASSETS</b>	<b>Rs. 252,185</b>		<b>Rs. 4,289</b>		<b>Rs. 256,474</b>	
Share capital and share premium (net of shares issued to controlled trust)	Rs. 29,062		Rs.		Rs. 29,062	
Share application money pending allotment	21		(21)			11
Retained earnings	106,674		(136)		106,538	
Cash flow hedging reserve	(13,823)		1,520		(12,303)	6
Other reserves	4,349		2,165		6,514	4,6,7,10
<b>Total equity (A)</b>	<b>126,283</b>		<b>3,528</b>		<b>129,811</b>	
Minority interest	169		(169)			10
Loans and borrowings	53,777				53,777	
Trade payables, accrued expenses and liabilities	39,926				39,926	
Unearned revenues	5,846				5,846	
Employee benefit obligations	2,848				2,848	
Other liabilities and provision	23,336		930		24,266	8,9,11,12
<b>Total liabilities (B)</b>	<b>125,902</b>		<b>761</b>		<b>126,663</b>	
<b>TOTAL LIABILITIES AND EQUITY (A)+(B)</b>	<b>Rs. 252,185</b>		<b>Rs. 4,289</b>		<b>Rs. 256,474</b>	

Notes:

- 1) Under IFRS, all the assets and liabilities arising from a business combination are identified and recorded at fair value. Accordingly, a portion of purchase price was allocated towards customer related intangible in respect of business combination consummated subsequent to the Transition date. Under Previous GAAP, assets and liabilities arising from a business combination are recognized at carrying value in the books of the acquired entity. Internally generated intangible assets would not have been recognized by the acquired entity and therefore customer related intangible arising from the business combination is not recognized under Previous GAAP. Accordingly, goodwill under

IFRS is lower by Rs. 130 (net of deferred taxes) and intangible assets are higher by Rs 205 (net of amortization of Rs 11).

- 2) Under IFRS, the amortization charge in respect of finite life intangible assets is recorded in the proportion of economic benefits consumed during the period to the expected total economic benefits from the intangible asset. Under Previous GAAP, finite life intangible assets are amortized usually on a straight line basis over their useful life. As a result the accumulated amortization under IFRS is lower by Rs. 124 as at September 30, 2008.
- 3) Listed below are the key differences in property, plant and equipment

between IFRS  
and Previous  
GAAP:

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- a) Under IFRS, leases of land are classified as operating leases unless the title to the leasehold land is expected to be transferred to the Company at the end of the lease term. Lease rentals paid in advance and lease deposits are recognized as other assets. Under Previous GAAP, the lease rentals paid in advance and lease deposits are recognized in property, plant and equipment. Under IFRS, Rs. 1,187 of such payments towards lease of land has been reclassified from property, plant and equipment to other assets. This adjustment has no impact on equity.
  - b) Difference in the basis of interest capitalization between Previous GAAP and IFRS resulted in higher interest capitalization by Rs. 344 under IFRS.
- 4) Under IFRS, available for sale investments are measured at fair value at each reporting date. The changes in fair value of such investments net of taxes, are recognized directly in equity. Under Previous GAAP, short-term investments are measured at lower of cost or fair value. Consequently, available for sale investments under IFRS is higher by Rs. 401 (tax effect Rs. 116).
- 5) Under IFRS, an entity is required to allocate revenue to separately identifiable components of a multiple deliverable customer

arrangement.

The revenue relating to these components are recognized when the appropriate revenue recognition criteria is met.

Under IFRS, the Company has deferred revenues primarily relating to installation services. Under Previous GAAP, installation services are considered to be incidental / perfunctory to product delivery. Entire revenue is recognized, when the products are delivered in accordance with the contractual terms, and expected cost of installation services is also recognized.

Consequently, under IFRS the Company has deferred revenue of Rs. 228 and reversed Rs. 186 of cost accrued for installation services. The deferred



revenues are recognized when the related installation services is performed.

- 6) Under IFRS, tax benefits from carry forward tax losses is recognized if it is probable that sufficient taxable profits would be available in the future to realize the tax benefits. Under Previous GAAP, deferred tax asset in respect of carry forward tax losses is recognized if it is virtually certain that sufficient future taxable income would be available in the future to realize the tax benefits.

Further, Previous GAAP requires an entity to follow the income statement approach for recognizing deferred taxes, while IFRS mandates balance sheet approach in recognizing deferred taxes.

As a result, net deferred tax assets under IFRS are higher by Rs. 2,565, including impact of foreign currency translation adjustment where necessary.

- 7) The Company grants share options to its employees. These share options vest in a graded manner over the vesting period. Under IFRS, each tranche of vesting is treated as a separate award and the stock compensation expense relating to that tranche is amortized over the vesting period of the underlying tranche. This results in accelerated amortization of stock compensation expense in the initial years following grant of share options.

Previous GAAP permits an entity to recognize the stock

compensation expense, relating to share options which vest in a graded manner, on a straight-line basis over the requisite vesting period for the entire award. However, the amount of compensation cost recognized at any date must at least equal the portion of the grant-date value of the award that is vested at that date.

Accordingly, the stock compensation expense recognized under IFRS is higher by Rs. 1,485 as at September 30, 2008, in respect of unvested awards.

- 8) Indian tax laws levy Fringe Benefit Tax (FBT) on all stock options exercised on or after April 1, 2007. The Company has modified share options plan to recover FBT from the employees. Under IFRS 2,

Share based payment, the FBT paid to the tax authorities is recorded as a liability over the period that the employee renders services. Recovery of the FBT from the employee is accounted as a reimbursement right under IAS 37, Provisions, contingent liabilities and contingent assets, as it is virtually certain that the Company will recover the FBT from the employee. Accordingly, under IFRS, the Company has recognized the reimbursement right as a separate asset, not to exceed the FBT liability recognized at each reporting period.

Under Previous GAAP, FBT liability and the related FBT recovery from the employee is recorded at the time of exercise of stock option by the employee. Accordingly,

under IFRS, the Company has recognized Rs. 851 as provision and reimbursement right in respect of outstanding stock options. This adjustment has no impact on equity.

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- 9) Under IFRS, contingent consideration relating to acquisitions is recognized if it is probable that such consideration will be paid and can be measured reliably. Under Previous GAAP, contingent consideration is recognized only after the contingency is resolved and additional consideration becomes payable. As a result, under IFRS, the Company has recognized Rs. 426 of contingent consideration as additional goodwill and liability.
- 10) Under IFRS, minority interest is reported as a separate item within equity, whereas Previous GAAP requires minority interest to be presented separately from equity. This presentation difference

between IFRS and Previous GAAP has resulted in an increase in equity under IFRS by Rs. 169 as at September 30, 2008.

- 11) Under IFRS, share application money pending allotment is reported under other liabilities whereas Previous GAAP requires share application money pending allotment to be presented as a separate item within equity. This presentation difference between IFRS and Previous GAAP has resulted in a decrease in equity under IFRS by Rs. 21 as at September 30, 2008.

- 12) Difference in accounting for certain forward contract has resulted in a decrease in other assets by Rs. 456 and other liabilities by Rs. 368

under IFRS as  
of September  
30, 2008.



**Table of Contents****Reconciliation of Equity as at March 31, 2009**

<b>Particulars</b>	<b>Amount as per Previous GAAP</b>	<b>Effect of Transition to IFRS</b>	<b>Amount as per IFRS</b>	<b>Relevant Notes for adjustments</b>
Goodwill	Rs. 56,521	Rs. (378)	Rs. 56,143	1,10
Property, plant and equipment and intangible assets	52,563	724	53,287	1,2,3
Available for sale investments	16,426	117	16,543	4
Investment in equity accounted investees	1,670		1,670	
Inventories	7,586		7,586	
Trade receivables	48,859	(247)	48,612	5
Unbilled revenues	14,108		14,108	
Cash and cash equivalents	49,117		49,117	
Net tax assets (including deferred taxes)	4,143	3,085	7,228	6
Other assets	20,995	1,969	22,964	3(a),5, 9,13
<b>TOTAL ASSETS</b>	<b>Rs. 271,988</b>	<b>Rs. 5,270</b>	<b>Rs. 277,258</b>	
Share capital and share premium (net of shares issued to controlled trust)	Rs. 29,668	Rs.	Rs. 29,668	
Share application money pending allotment	15	(15)		12
Retained earnings	119,957	6,689	126,646	
Cash flow hedging reserve	(16,150)	2,353	(13,797)	6
Other reserves	2,809	2,055	4,864	4,6,8,11
<b>Total equity (A)</b>	<b>136,299</b>	<b>11,082</b>	<b>147,381</b>	
Minority interest	237	(237)		11
Loans and borrowings	56,892		56,892	
Trade payables, accrued expenses and liabilities	42,051		42,051	
Unearned revenues	6,734		6,734	
Employee benefit obligations	3,111		3,111	
Other liabilities and provisions	26,664	(5,575)	21,089	7,9,10,12,13
<b>Total liabilities (B)</b>	<b>135,689</b>	<b>(5,812)</b>	<b>129,877</b>	
<b>TOTAL LIABILITIES AND EQUITY (A)+(B)</b>	<b>Rs. 271,988</b>	<b>Rs. 5,270</b>	<b>Rs. 277,258</b>	

Notes:

- Under IFRS, all the assets and

liabilities arising from a business combination are identified and recorded at fair value.

Accordingly, a portion of purchase price was allocated towards customer related intangible in respect of business combination consummated subsequent to the Transition date. Under Previous GAAP, assets and liabilities arising from a business combination are recognized at carrying value in the books of the acquired entity. Internally generated intangible assets would not have been recognized by the acquired entity and therefore customer related intangible arising from the business combination is not recognized under Previous GAAP.

Accordingly, goodwill under IFRS is lower by Rs. 1,139 (net of deferred

taxes) and intangible assets are higher by Rs 1,535 (net of amortization of Rs 91).

- 2) Under IFRS, the amortization charge in respect of finite life intangible assets is recorded in the proportion of economic benefits consumed during the period to the expected total economic benefits from the intangible

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asset. Under Previous GAAP, finite life intangible assets are amortized usually on a straight line basis over their useful life. As a result the accumulated amortization under IFRS is lower by Rs. 149 as at March 31, 2009.

- 3) Listed below are the key differences in property, plant and equipment between IFRS and Previous GAAP:
- c) Under IFRS, leases of land are classified as operating leases unless the title to the leasehold land is expected to be transferred to the Company at the end of the lease term. Lease rentals paid in advance and lease deposits are recognized as other assets. Under Previous GAAP, the lease rentals paid in advance and lease deposits are recognized in property, plant and equipment. Under IFRS, Rs. 1,293 of such payments towards lease of land has been reclassified from property, plant and equipment to other assets. This adjustment has no impact on equity.
  - d) Difference in the basis of interest capitalization between Previous GAAP and IFRS resulted in higher interest capitalization by Rs. 331 under IFRS.
- 4) Under IFRS, available for sale investments are measured at fair value at each reporting date. The changes in fair value of such investments net of taxes, are recognized directly in

equity. Under Previous GAAP, short-term investments are measured at lower of cost or fair value. Consequently, available for sale investments under IFRS is higher by Rs. 117 (tax effect Rs. 33).

- 5) Under IFRS, an entity is required to allocate revenue to separately identifiable components of a multiple deliverable customer arrangement. The revenue relating to these components are recognized when the appropriate revenue recognition criteria is met. Under IFRS, the Company has deferred revenues primarily relating to installation services. Under Previous GAAP, installation services are considered to be incidental / perfunctory to

product delivery. Entire revenue is recognized, when the products are delivered in accordance with the contractual terms, and expected cost of installation services is also recognized.

Consequently, under IFRS the Company has deferred revenue of Rs. 247 and reversed Rs. 195 of cost accrued for installation services. The deferred revenues are recognized when the related installation services is performed.

- 6) Under IFRS, tax benefits from carry forward tax losses is recognized if it is probable that sufficient taxable profits would be available in the future to realize the tax benefits. Under Previous GAAP, deferred tax asset in respect of carry forward tax losses is

recognized if it is virtually certain that sufficient future taxable income would be available in the future to realize the tax benefits.

Further, Previous GAAP requires an entity to follow the income statement approach for recognizing deferred taxes, while IFRS mandates balance sheet approach in recognizing deferred taxes.

As a result, net deferred tax assets under IFRS are higher by Rs. 3,085, including impact of foreign currency translation adjustment where necessary.

- 7) Under Previous GAAP, liability is recognized in respect of proposed dividends, even though the dividend is expected to be approved by the shareholders subsequent to

the reporting date. Under IFRS, liability for dividends is recognized only when the dividends are approved by shareholders. Accordingly, provisions under IFRS are lower by Rs. 6,856.

- 8) The Company grants share options to its employees. These share options vest in a graded manner over the vesting period. Under IFRS, each tranche of vesting is treated as a separate award and the stock compensation expense relating to that tranche is amortized over the vesting period of the underlying tranche. This results in accelerated amortization of stock compensation expense in the initial years following grant of share options.

Previous GAAP permits an entity to recognize the



stock compensation expense, relating to share options which vest in a graded manner, on a straight-line basis over the requisite vesting period for the entire award. However, the amount of compensation cost recognized at any date must at least equal the portion of the grant-date value of the award that is vested at that date.

Accordingly, the stock compensation expense recognized under IFRS is higher by Rs. 1,432 as at March 31, 2009, in respect of unvested awards.

- 9) Indian tax laws levy Fringe Benefit Tax (FBT) on all stock options exercised on or after April 1, 2007. The Company has modified share options plan to recover FBT from the employees.

Under IFRS 2,  
Share based  
payment, the  
FBT paid to the  
tax authorities is  
recorded as a  
liability over the  
period that the  
employee  
renders services.  
Recovery of the  
FBT from the  
employee is  
accounted as a  
reimbursement  
right under IAS  
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Provisions, contingent liabilities and contingent assets, as it is virtually certain that the Company will recover the FBT from the employee. Accordingly, under IFRS, the Company has recognized the reimbursement right as a separate asset, not to exceed the FBT liability recognized at each reporting period.

Under Previous GAAP, FBT liability and the related FBT recovery from the employee is recorded at the time of exercise of stock option by the employee. Accordingly, under IFRS, the Company has recognized Rs. 741 as provision and reimbursement right in respect of outstanding stock options. This adjustment has no impact on equity.

- 10) Under IFRS, contingent consideration relating to acquisitions is recognized if it is probable that such consideration will be paid and can be measured reliably. Under Previous GAAP, contingent consideration is recognized only after the contingency is resolved and additional consideration becomes payable. As a result, under IFRS, the Company has recognized Rs. 761 of contingent consideration as additional goodwill and liability.
- 11) Under IFRS, minority interest is reported as a separate item within equity, whereas Previous GAAP requires minority interest to be presented separately from equity. This presentation difference between IFRS and Previous

GAAP has resulted in an increase in equity under IFRS by Rs. 237 as at March 31, 2009.

- 12) Under IFRS, share application money pending allotment is reported under other liabilities whereas Previous GAAP requires share application money pending allotment to be presented as a separate item within equity. This presentation difference between IFRS and Previous GAAP has resulted in a decrease in equity under IFRS by Rs. 15 as at March 31, 2009.
- 13) Difference in accounting for certain forward contract has resulted in a decrease in other assets by Rs. 260 and other liabilities by Rs. 236 under IFRS as of March 31, 2009.



**Table of Contents****Reconciliation of Profit for the three months ended September 30, 2008**

Particulars	Amount as per		Effect of Transition to IFRS	Amount as per IFRS		Relevant Notes for adjustments
	Previous GAAP					
Revenues	Rs. 65,354		Rs. (51)	Rs. 65,303		1
Cost of revenues	(45,947)		(193)	(46,140)		1,2, 5
<b>Gross profit</b>	<b>19,407</b>		<b>(244)</b>	<b>19,163</b>		
Selling and marketing expenses	(4,582)		160	(4,422)		1(c),2,3,5
General and administrative expenses	(3,490)		(24)	(3,514)		2,5
Foreign exchange (gains)/losses, net	(281)			(281)		
<b>Results from operating activities</b>	<b>11,054</b>		<b>(108)</b>	<b>10,946</b>		
Finance and other income/(expenses), net	301		(68)	233		4
Share of profits of equity accounted investees	106			106		
<b>Profit before tax</b>	<b>11,461</b>		<b>(176)</b>	<b>11,285</b>		
Income tax expense	(1,659)		100	(1,559)		5
<b>Profit for the period</b>	<b>Rs. 9,802</b>		<b>Rs. (76)</b>	<b>Rs. 9,726</b>		
<b>Attributable to:</b>						
Equity holders of the Company	Rs. 9,780			Rs. 9,704		
Minority Interest	22			22		

Notes:

- The following are the primary differences in revenue between IFRS and Previous GAAP:

- a) Under Previous GAAP, revenue is reported net of excise duty charged to customers. Under IFRS, revenue includes excise duty charged to customers. As a result, revenues and cost of revenues under IFRS is higher by Rs. 301.
  - b) Under IFRS, revenue relating to product installation services is recognized when the installation services are performed. Under Previous GAAP, the entire revenue relating to the supply and installation of products is recognized when products are delivered in accordance with the terms of contract. Installation services are considered to be incidental / perfunctory to product delivery and the cost of installation services is recognized upon delivery of the product. Accordingly, revenue and cost of revenue under IFRS is lower by Rs. 84 and Rs. 59, respectively.
  - c) Under IFRS, generally cash payments to customers pursuant to sales promotional activities are considered as sales discounts and reduced from revenue. Under Previous GAAP, they are considered as cost of revenue and selling and marketing expense. As a result, under IFRS, revenue is lower by Rs. 270 and cost of revenues and selling and marketing expenses are lower by Rs. 83 and Rs. 187, respectively.
- 2) Under IFRS, the Company amortizes stock compensation expense, relating to share options, which vest in a graded manner, on an accelerated basis. Under Previous GAAP, the stock compensation expense is recorded on a straight-line basis. As a result, under IFRS the Company has recognized lower stock compensation expense for the three months amounting to Rs. 1 in cost of revenue, Rs. 1 in selling and marketing expenses and Rs. 1 in general and



administrative expenses.

- 3) Under IFRS, the amortization charge in respect of finite life intangible assets is recorded in the proportion of economic benefits consumed during the period to the expected total economic benefits from the intangible asset. Under Previous GAAP, such finite life intangible assets are amortized on a straight-line basis over the life of the asset.

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Further, the Company recorded additional amortization in respect of customer related intangible arising out of business combination consummated subsequent to the Transition date. Accordingly, amortization under IFRS is higher by Rs. 2.

- 4) This includes difference in accounting for certain forward contracts and basis of interest capitalizing interest expense under IFRS and Previous GAAP.
- 5) Under Indian tax laws, the Company is required to pay Fringe Benefit Tax (FBT) on certain expenses incurred by the Company. Under Previous GAAP, FBT is reported in the income statement as a separate component of income tax

expense. Under IFRS, FBT does not meet the definition of income tax expense and is recognized in the related expense line items.

Accordingly, the cost of revenue, selling and marketing expenses and general and administrative expenses under IFRS are higher by Rs. 33, Rs. 25 and Rs. 25, respectively.

**Table of Contents****Reconciliation of Profit for the six months ended September 30, 2008**

Particulars	Amount as per		Effect of Transition to IFRS	Amount as per IFRS		Relevant Notes for adjustments
	Previous GAAP					
Revenues	Rs. 125,718		Rs.		Rs. 125,718	1
Cost of revenues	(87,924)			(517)	( 88,441)	1,2, 5
<b>Gross profit</b>	<b>37,794</b>			<b>(517)</b>	<b>37,277</b>	
Selling and marketing expenses	(8,896)			264	(8,632)	1(c),2,3,5
General and administrative expenses	(6,641)			(101)	(6,742)	2,5
Foreign exchange (gains)/losses, net	(978)				(978)	
<b>Results from operating activities</b>	<b>21,279</b>			<b>(354)</b>	<b>20,925</b>	
Finance and other income/(expenses), net	586			(37)	549	4
Share of profits of equity accounted investees	213				213	
<b>Profit before tax</b>	<b>22,078</b>			<b>(391)</b>	<b>21,687</b>	
Income tax expense	(3,185)			183	(3,002)	5
<b>Profit for the period</b>	<b>Rs. 18,893</b>		<b>Rs.</b>	<b>(208)</b>	<b>Rs. 18,685</b>	
<b>Attributable to:</b>						
Equity holders of the Company	Rs. 18,859				Rs. 18,651	
Minority Interest	34				34	

## Notes:

- 1) The following are the primary differences in revenue between IFRS and Previous GAAP:
  - a) Under Previous GAAP, revenue is reported net of excise duty charged to customers. Under IFRS, revenue includes excise duty charged to customers. As a result, revenues and cost of revenues under IFRS is higher by Rs. 635.

- b) Under IFRS, revenue relating to product installation services is recognized when the installation services are performed. Under Previous GAAP, the entire revenue relating to the supply and installation of products is recognized when products are delivered in accordance with the terms of contract. Installation services are considered to be incidental / perfunctory to product delivery and the cost of installation services is recognized upon delivery of the product. Accordingly, revenue and cost of revenue under IFRS is lower by Rs. 128 and Rs. 108, respectively.
- c) Under IFRS, generally cash payments to customers pursuant to sales promotional activities are considered as sales discounts and reduced from revenue. Under Previous GAAP, they are considered as cost of revenue and selling and marketing expense. As a result, under IFRS, revenue is lower by Rs. 507 and cost of revenues and selling and marketing expenses are lower by Rs. 154 and Rs. 353, respectively.
- 2) Under IFRS, the Company amortizes stock compensation expense, relating to share options, which vest in a graded manner, on an accelerated basis. Under Previous GAAP, the stock compensation expense is recorded on a straight-line basis. As a result, under IFRS the Company has recognized additional stock compensation expense of Rs. 61 in cost of revenue, Rs. 46 in selling and marketing expenses and Rs. 46 in general and administrative expenses.
- 3) Under IFRS, the amortization

charge in respect of finite life intangible assets is recorded in the proportion of economic benefits consumed during the period to the expected total economic benefits from the intangible asset. Under Previous GAAP, such finite life intangible assets are amortized on a straight-line basis over the life of the asset.

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Further, the Company recorded additional amortization in respect of customer related intangible arising out of business combination consummated subsequent to the Transition date. Accordingly, amortization under IFRS is higher by Rs. 12.

- 4) This includes difference in accounting for certain forward contracts and basis of interest capitalizing interest expense under IFRS and Previous GAAP.
- 5) Under Indian tax laws, the Company is required to pay Fringe Benefit Tax (FBT) on certain expenses incurred by the Company. Under Previous GAAP, FBT is reported in the income statement as a separate component of

income tax expense. Under IFRS, FBT does not meet the definition of income tax expense and is recognized in the related expense line items.

Accordingly, the cost of revenue, selling and marketing expenses and general and administrative expenses under IFRS are higher by Rs. 73, Rs. 55 and Rs. 55, respectively.



**Table of Contents****Reconciliation of Profit for the Year Ended March 31, 2009**

Particulars	Amount as per Previous GAAP	Effect of Transition to IFRS	Amount as per IFRS	Relevant Notes for adjustments
Revenues	Rs. 256,995	Rs. (104)	Rs. 256,891	1
Cost of revenues	(179,195)	(985)	(180,180)	1,2,5
<b>Gross profit</b>	<b>77,800</b>	<b>(1,089)</b>	<b>76,711</b>	
Selling and marketing expenses	(17,853)	539	(17,314)	1(c),2,3,5
General and administrative expenses	(14,390)	(154)	(14,544)	2,5
Foreign exchange gains/(losses), net	(1,553)		(1,553)	
<b>Results from operating activities</b>	<b>44,004</b>	<b>(704)</b>	<b>43,300</b>	
Finance and other income/(expense), net	1,192	41	1,233	4
Share of profits of equity accounted investees	362		362	
<b>Profit before tax</b>	<b>45,558</b>	<b>(663)</b>	<b>44,895</b>	
Income tax expense	(6,460)	425	(6,035)	5
<b>Profit for the period</b>	<b>Rs. 39,098</b>	<b>Rs. (238)</b>	<b>Rs. 38,860</b>	
<b>Attributable to:</b>				
Equity holders of the Company	Rs. 38,999		Rs. 38,761	
Minority Interest	99		99	

## Notes:

1) The following are the primary differences in revenue between IFRS and Previous GAAP:

- a) Under Previous GAAP, revenue is reported net of excise duty charged to customers. Under IFRS, revenue includes excise duty charged to customers. As a result, revenues and cost of revenues under IFRS is higher by Rs. 1,055.
- b) Under IFRS, revenue relating to product installation services is recognized when the installation services are performed. Under Previous GAAP, the entire revenue relating to the supply and installation of products is recognized when products are delivered in accordance with the terms of contract. Installation services are considered to be incidental / perfunctory to product delivery and the cost of installation services is recognized upon delivery of the product. Accordingly, revenue and cost of revenue under IFRS is lower by Rs. 147 and Rs. 117, respectively.

- c) Under IFRS, generally cash payments to customers pursuant to sales promotional activities are considered as sales discounts and reduced from revenue. Under Previous GAAP, they are considered as cost of revenue and selling and marketing expense. As a result, under IFRS, revenue is lower by Rs. 1,011 and cost of revenues and selling and marketing expenses are lower by Rs. 275 and Rs. 736, respectively.
- 2) Under IFRS, the Company amortizes stock compensation expense, relating to share options, which vest in a graded manner, on an accelerated basis. Under Previous GAAP, the stock compensation expense is recorded on a straight-line basis. As a result, under IFRS the Company has recognized additional stock compensation expense of Rs. 40 in cost of revenue, Rs. 30 in selling and marketing expenses and Rs. 30 in general and administrative expenses.
- 3) Under IFRS, the amortization charge in respect of finite life intangible assets is recorded in the proportion of economic benefits consumed during the period to the expected total economic benefits from the intangible

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asset. Under Previous GAAP, such finite life intangible assets are amortized on a straight-line basis over the life of the asset.

Further, the Company recorded additional amortization in respect of customer related intangible arising out of business combination consummated subsequent to the Transition date. Accordingly, amortization under IFRS is higher by Rs. 43.

- 4) This includes difference in accounting for certain forward contracts and basis of interest capitalizing interest expense under IFRS and Previous GAAP.
- 5) Under Indian tax laws, the Company is required to pay Fringe Benefit Tax (FBT) on certain expenses incurred by the Company. Under Previous GAAP, FBT is reported in the income statement as a separate component of income tax expense. Under IFRS, FBT does not meet the definition of income tax expense and is recognized in the related expense line items. Accordingly, the cost of revenue, selling and marketing expenses and general and administrative expenses under IFRS are higher by Rs. 165, Rs. 124 and Rs. 124, respectively.

**Explanation of material adjustments to the cash flow statements**

Under Previous GAAP, changes in amount of bank overdraft balances are reported as financing activity. Under IFRS, bank overdraft is included in cash and cash equivalent and consequently the cash flow from financing activities are reported on a different basis.

**New Accounting Standards Adopted:**

The Company adopted *IAS 23(revised), Borrowing Costs (IAS 23)* effective April 1, 2009. The amendment to IAS 23 mainly relates to the elimination of the option to immediately recognize borrowing costs as an expense attributable to the acquisition, construction, or production of a qualifying asset. An entity is, therefore, required to capitalize borrowing costs as part of the cost of such qualifying assets defined as assets that take a substantial period of time to get ready for use or sale. The Company has historically capitalized borrowing costs for qualifying assets. Therefore, the amendment to IAS 23 did not have a material impact on the Company's condensed consolidated interim financial statements.

The Company adopted *IFRIC Interpretation 13, Customer Loyalty Programmes (IFRIC 13)* effective April 1, 2009. The interpretation addresses accounting by entities that grant loyalty award credits to customers who buy goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits. Adoption of IFRIC 13 did not have a material impact on the Company's condensed consolidated interim financial statements.

The Company adopted *IAS 1 (revised), Presentation of Financial Statements*, effective April 1, 2009. The revision aims to improve users' ability to analyze and compare the information given in financial statements. IAS 1 sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The revisions include non-mandatory changes in the titles of some of the financial statements to reflect their function more clearly (for example, the balance sheet is renamed as statement of financial position). The revised IAS 1 resulted in consequential amendments to other standards and interpretations.

The Company adopted *IFRIC Interpretation 16, Hedges of a Net Investment in a Foreign Operation (IFRIC 16)* effective April 1, 2009. IFRIC 16 provides interpretative guidance on several aspects of hedge accounting. Adoption of IFRIC 16 did not have a significant impact on the Company's condensed consolidated interim financial statements.

The Company adopted *IAS 39(revised), Financial Instruments: Recognition and Measurement: Reclassification of Financial Instruments*, effective April 1, 2009. The amendment permits reclassification of some financial instruments out of the fair-value-through-profit-or-loss category (FVTPL) and out of the available-for-sale category. In the event of reclassification, additional disclosures are required under IFRS 7. Adoption of the amendment of IAS 39 did not have a significant impact on the Company's condensed consolidated interim financial statements.

The Company adopted *IFRS 8, Operating Segments*, effective April 1, 2009. IFRS 8 which replaces *IAS 14, Segment Reporting*, requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are components of an entity or aggregations of operating segments that meet specified criteria

and for which separate financial information is available that is evaluated regularly by the entity's chief operating decision maker in allocating resources and in assessing performance. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. Adoption of IFRS 8 did not significantly change the Company's presentation of segment information.

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In January 2009, the IFRIC issued *IFRIC Interpretation 18, Transfers of Assets from Customers* ( *IFRIC 18* ), which clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to supply of goods or services. IFRIC 18 is applicable for all transfers of assets from customers received on or after July 1, 2009, with early adoption permitted. The Company has adopted IFRIC 18 commencing July 1, 2009. Adoption of IFRIC 18 did not have a significant impact on the Company's condensed consolidated interim financial statements.

**New Accounting standards not yet adopted by the Company:**

In January 2008, the IASB issued the revised standards *IFRS 3, Business Combinations* ( *IFRS 3,( 2008)* ) and *IAS 27, Consolidated and Separate Financial Statements* ( *IAS 27, (2008)* ). The revisions result in several changes in the accounting for business combinations. IFRS 3 and IAS 27 will be effective for fiscal years beginning on or after July 1, 2009, with early adoption permitted. Major changes relate to the measurement of non-controlling interests, the accounting for business combinations achieved in stages as well as the treatment of contingent consideration and acquisition-related costs. Based on the new standard, non- controlling interests may be measured at their fair value (full-goodwill-methodology) or at the proportional fair value of assets acquired and liabilities assumed. In respect of business combinations achieved in stages, any previously held equity interest in the acquiree is remeasured to its acquisition date fair value. Any changes to contingent consideration classified as a liability at the acquisition date are recognized in statements of income. Acquisition-related costs are expensed in the period incurred. The Company will adopt IFRS 3, (2008) and IAS 27, (2008) from fiscal year beginning April 1, 2010.

In July 2008, the IASB issued an amendment to *IAS 39, Financial Instruments: Recognition and Measurement: Eligible Hedged Items* ( *amendment to IAS 39* ). The amendment addresses the designation of a one-sided risk in a hedged item in particular situations. The amendment applies to hedging relationships in the scope of IAS 39. The amendment is effective for fiscal years beginning on or after July 1, 2009. Earlier application is permitted. The Company is evaluating the impact, these amendments will have on the Company's consolidated financial statements. The Company will adopt amendment to IAS 39 from fiscal year beginning April 1, 2010.

In April 2009, the IASB issued *Improvements to IFRSs* a collection of amendments to twelve International Financial Reporting Standards as part of its program of annual improvements to its standards, which is intended to make necessary, but non-urgent, amendments to standards that will not be included as part of another major project. The latest amendments were included in exposure drafts of proposed amendments to IFRS published in October 2007, August 2008, and January 2009. The amendments resulting from this standard are mainly applicable to the Company from fiscal year beginning April 1, 2010. The Company is evaluating the impact, these amendments will have on the Company's condensed consolidated interim financial statements.

**Table of Contents****4. Property, plant and equipment**

	<b>Land</b>	<b>Buildings</b>	<b>Plant and machinery*</b>	<b>Furniture fixtures and equipment</b>	<b>Vehicles</b>	<b>Total</b>
<b>Gross carrying value:</b>						
As at April 1, 2008	Rs. 2,091	Rs.10,067	Rs. 31,065	Rs. 7,329	Rs. 2,566	Rs. 53,118
Translation adjustment	18	250	1,347	271	10	1,896
Additions		1,724	3,854	885	349	6,812
Disposal / adjustments	(11)	(18)	(169)	(30)	(129)	(357)
Acquisition through business combination			3			3
As at September 30, 2008	Rs. 2,098	Rs.12,023	Rs. 36,100	Rs. 8,455	Rs. 2,796	Rs. 61,472
<b>Accumulated depreciation/impairment:</b>						
As at April 1, 2008	Rs.	Rs. 1,238	Rs. 20,930	Rs. 3,600	Rs. 1,416	Rs. 27,184
Translation adjustment		101	942	232	13	1,288
Depreciation		146	2,406	372	258	3,182
Disposal / adjustments		(16)	(153)	(30)	(77)	(276)
As at September 30, 2008	Rs.	Rs. 1,469	Rs. 24,125	Rs. 4,174	Rs. 1,610	Rs. 31,378
Capital work-in-progress						15,866
<b>Net carrying value as at September 30, 2008</b>						<b>Rs. 45,960</b>
<b>Gross carrying value:</b>						
As at April 1, 2008	Rs. 2,091	Rs.10,067	Rs. 31,065	Rs. 7,329	Rs. 2,566	Rs. 53,118
Translation adjustment	21	293	1,459	309	32	2,114
Additions	636	5,019	9,138	514	567	15,874
Disposal / adjustments	(8)	(82)	(213)	(163)	(333)	(799)
Acquisition through business combination		87	174	124	21	406
As at March 31, 2009	Rs. 2,740	Rs.15,384	Rs. 41,623	Rs. 8,113	Rs. 2,853	Rs. 70,713
<b>Accumulated depreciation/impairment:</b>						
As at April 1, 2008	Rs.	Rs. 1,238	Rs. 20,930	Rs. 3,600	Rs. 1,416	Rs. 27,184
Translation adjustment		97	850	168	11	1,126
Depreciation		330	5,078	824	531	6,763
Disposal / adjustments		(34)	(130)	(53)	(210)	(427)

As at March 31, 2009	Rs.	Rs. 1,631	Rs. 26,728	Rs. 4,539	Rs. 1,748	Rs. 34,646
Capital work-in-progress						13,727
<b>Net carrying value as at March 31, 2009</b>						<b>Rs. 49,794</b>
<b>Gross carrying value:</b>						
As at April 1, 2009	Rs. 2,740	Rs. 15,384	Rs. 41,623	Rs. 8,113	Rs. 2,853	Rs. 70,713
Translation adjustment	1	9	(130)	27	4	(89)
Additions	66	2,780	3,295	1,194	241	7,576
Disposal / adjustments		(1)	(304)	(108)	(179)	(592)
As at September 30, 2009	Rs. 2,807	Rs. 18,172	Rs. 44,484	Rs. 9,226	Rs. 2,919	Rs. 77,608
<b>Accumulated depreciation/impairment:</b>						
As at April 1, 2009	Rs.	Rs. 1,631	Rs. 26,728	Rs. 4,539	Rs. 1,748	Rs. 34,646
Translation adjustment		9	(32)	17	4	(2)
Depreciation		199	2,710	529	262	3,700
Disposal / adjustments			(193)	(91)	(113)	(397)
As at September 30, 2009	Rs.	Rs. 1,839	Rs. 29,213	Rs. 4,994	Rs. 1,901	Rs. 37,947
Capital work-in-progress						10,632
<b>Net carrying value as at September 30, 2009</b>						<b>Rs. 50,293</b>

\* Including computer equipment and software.

Depreciation expenses for three months ended September 30, 2008 and 2009 were Rs. 1,642 and Rs. 1,937 respectively.

**Table of Contents****5. Goodwill and Intangible assets**

The movement in goodwill balance is given below:

	<b>Year ended</b>	<b>Six months ended</b>
	<b>March 31,</b>	<b>September</b>
	<b>2009</b>	<b>30,</b>
		<b>2009</b>
Balance at the beginning of the period	Rs. 42,635	Rs. 56,143
Translation adjustment	8,071	(1,864)
Acquisition through business combination,	5,437	269
Balance at the end of the period	Rs. 56,143	Rs. 54,548

Goodwill as at March 31, 2009 and September 30, 2009 has been allocated to the following reportable segments:

		<b>As at</b>
	<b>Segment</b>	<b>March</b>
		<b>31,</b>
		<b>2009</b>
		<b>September</b>
		<b>30,</b>
		<b>2009</b>
IT Services		Rs. 41,769
IT Products		544
Consumer Care and Lighting		12,242
Others		1,588
Total		Rs. 56,143
		Rs. 54,548

	<b>Customer related</b>	<b>Intangible assets Marketing related</b>	<b>Total</b>
<b>Gross carrying value:</b>			
As at April 1, 2008	Rs.	Rs. 2,639	Rs. 2,639
Translation adjustment		129	129
Acquisition through business combination Additions	216		216
As at September 30, 2008	Rs. 216	Rs. 2,768	Rs. 2,984
<b>Accumulated amortization and impairment:</b>			
As at April 1, 2008	Rs.	Rs. 773	Rs. 773
Translation adjustment		45	45
Amortization	11	44	55
As at September 30, 2008	Rs. 11	Rs. 862	Rs. 873
<b>Net carrying value as at September 30, 2008</b>	<b>Rs. 205</b>	<b>Rs. 1,906</b>	<b>Rs. 2,111</b>



**Gross carrying value:**

As at April 1, 2008	Rs.	Rs. 2,639	Rs. 2,639
Translation adjustment		148	148
Acquisition through business combination	1,629		1,629
Additions		124	124
As at March 31, 2009	Rs. 1,629	Rs. 2,911	Rs. 4,540

**Accumulated amortization and impairment:**

As at April 1, 2008	Rs.	Rs. 773	Rs. 773
Translation adjustment		101	101
Amortization	91	82	173
As at March 31, 2009	Rs. 91	Rs. 956	Rs. 1,047

**Net carrying value as at March 31, 2009**

Rs. 1,538	Rs. 1,955	Rs. 3,493
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**Gross carrying value:**

As at April 1, 2009	Rs. 1,629	Rs. 2,911	Rs. 4,540
Translation adjustment	18	(135)	(117)
Acquisition through business combination			
Additions		28	28
As at September 30, 2009	Rs. 1,647	Rs. 2,804	Rs. 4,451

**Accumulated amortization and impairment:**

As at April 1, 2009	Rs. 91	Rs. 956	Rs. 1,047
Translation adjustment		(56)	(56)
Amortization	139	68	207
As at September 30, 2009	Rs. 230	Rs. 968	Rs. 1,198

**Net carrying value as at September 30, 2009**

Rs. 1,417	Rs. 1,836	Rs. 3,253
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Amortization expenses for three months ended September 30, 2008 and 2009 were Rs. 31 and Rs. 102 respectively.

**Table of Contents****6. Business combination***Citi Technology Services Limited:*

In January 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. WTS was acquired for a consideration (including direct acquisition costs) 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 following table presents the allocation of purchase price:

Descriptions	Purchase price allocated
Cash and cash equivalents	Rs. 1,342
Property, plant and equipment	403
Customer related intangibles	1,413
Other assets	1,150
Loan and borrowings	(23)
Deferred income taxes, net	(461)
Other liabilities	(1,200)
<b>Total</b>	<b>Rs. 2,624</b>
Goodwill	3,581
<b>Total purchase price</b>	<b>Rs. 6,205</b>

*Others*

The Company has estimated the earn-out consideration payable in respect of an acquisition of an entity providing computer aided design and engineering services consummated in fiscal 2006. Consequently the Company has recognized additional goodwill of Rs. 761 and Rs. 336 during the year ended March 31, 2009 and six months ended September 30, 2009, respectively.

**7. Available for sale investments**

Available for sale investments consists of the following:

	March 31, 2009			September 30, 2009		
	Cost	Gain / (loss) recognized directly in equity	Fair value	Cost	Gain / (loss) recognized directly in equity	Fair value
Investment in liquid and short-term mutual funds	Rs. 15,132	Rs. 80	Rs. 15,212	Rs. 41,386	Rs. (3)	Rs. 41,383
Certificate of deposits	947	21	968	780	4	784
Others	343	20	363	592	20	612
<b>Total</b>	<b>Rs. 16,422</b>	<b>Rs. 121</b>	<b>Rs. 16,543</b>	<b>Rs. 42,758</b>	<b>Rs. 21</b>	<b>Rs. 42,779</b>

Fair value of available for sale financial assets is determined based on quoted prices in an active market or using observable market inputs.

### 8. Trade receivables

	<b>March 31, 2009</b>	<b>As at September 30, 2009</b>
Trade receivables	Rs. 50,531	Rs. 47,932
Allowance for doubtful accounts receivable	(1,919)	(2,300)
	<b>Rs. 48,612</b>	<b>Rs. 45,632</b>

The activity in the allowance for doubtful accounts receivable is given below:

	<b>Year ended March 31, 2009</b>	<b>Six months ended September 30, 2009</b>
Balance at the beginning of the period	Rs. 1,096	Rs. 1,919
Additions during the period, net of collections	939	482
Uncollectable receivables charged against allowance	(116)	(101)
Balance at the end of the period	<b>Rs. 1,919</b>	<b>Rs. 2,300</b>

**Table of Contents****9. Inventories**

Inventories consist of the following:

	<b>March 31, 2009</b>	<b>As at September 30, 2009</b>
Stores and spare parts	Rs. 774	Rs. 883
Raw materials and components	2,440	2,359
Work in progress	694	674
Finished goods	3,678	2,819
	<b>Rs. 7,586</b>	<b>Rs. 6,735</b>

**10. Cash and cash equivalents**

Cash and cash equivalents as of March 31, 2009, September 30, 2008 and September 30, 2009 consist of cash and balances on deposit with banks. Cash and cash equivalents consist of the following:

	<b>As at March 31, 2009</b>	<b>As at September 30, 2008</b>	<b>2009</b>
Cash and bank balances	Rs. 22,944	Rs. 8,474	Rs. 15,642
Short-term deposits with banks <sup>(1)</sup>	26,173	11,683	15,517
	<b>Rs. 49,117</b>	<b>Rs. 20,157</b>	<b>Rs. 31,159</b>

- (1) These deposits can be withdrawn by the Company at any time without prior notice and without any penalty on the principal.

Cash and cash equivalent consists of the following for the purpose of the cash flow statement:

	<b>As at September 30, 2008</b>	<b>2009</b>
Cash and cash equivalents (as per above)	Rs. 20,157	Rs. 31,159
Bank overdrafts	(524)	(216)
	<b>Rs. 19,633</b>	<b>Rs. 30,943</b>

**Table of Contents****11. Other assets**

	<b>March 31, 2009</b>	<b>As at September 30, 2009</b>
<i>Current</i>		
Interest bearing deposits with corporate <sup>(1)</sup>	Rs. 4,250	Rs.
Prepaid expenses including rentals for leasehold land	4,068	3,995
Due from officers and employees	1,359	1,159
Finance lease receivables	967	752
Advance to suppliers	736	543
Deferred contract costs	1,094	1,132
Interest receivable	540	202
Deposits	82	177
Derivative assets	619	840
Others	2,458	1,998
	Rs. 16,173	Rs. 10,798
<i>Non current</i>		
Prepaid expenses including rentals for leasehold land	Rs. 1,284	Rs. 1,784
Due from officers and employees	741	
Finance lease receivables	2,638	2,852
Deposits	1,544	1,439
Derivative assets	543	1,735
Others	41	53
	Rs. 6,791	Rs. 7,863
<b>Total</b>	<b>Rs. 22,964</b>	<b>Rs. 18,661</b>

<sup>(1)</sup> Such deposits earn a fixed rate of interest and will be liquidated within 12 months.

**Finance lease receivables:**

Finance lease receivables consist of assets that are leased to third parties, with lease payments due in monthly, quarterly or semi-annual installments for periods ranging from 3 to 5 years. Details of finance lease receivables are given below:

	<b>Minimum lease payment</b>		<b>Present value of minimum lease payment</b>	
	<b>As at</b>			
	<b>March 31, 2009</b>	<b>September 30, 2009</b>	<b>March 31, 2009</b>	<b>September 30, 2009</b>
Not later than one year	Rs. 1,024	Rs. 817	Rs. 960	Rs. 747
Later than one year but not later than five years	3,180	3,474	2,522	2,703

Unguaranteed residual values	172	180	123	154
Gross investment in lease	4,376	4,471		
Less: Unearned finance income	(771)	(867)		
Present value of minimum lease payment receivable	3,605	3,604	3,605	3,604

Included in the financial statements as follows:

Current finance lease receivables		Rs. 967	Rs. 752
Non-current finance lease receivables		2,638	2,852

## 12. Loans and borrowings

### *Short-term loans and borrowings*

The Company had short-term borrowings including bank overdrafts amounting to Rs. 36,472 and Rs. 22,321 as at March 31, 2009 and September 30, 2009, respectively. Short-term borrowings from banks as of September 30, 2009 primarily consist of lines of credit of approximately Rs. 23,161, US\$704 millions, SEK 155 millions, SAR 90 millions, Euro 8 millions, GBP 9 millions, IDR (Indonesian Rupee) 123,000 millions and RM (Malaysian Ringgit) 276 millions from bankers primarily for working capital requirements. Out of these, as of September 30, 2009, the Company has unutilized lines of credit aggregating Rs. 19,433, US\$379 millions, SEK 23 millions, SAR 45 millions, Euro 3 millions, GBP 9 millions, IDR 108,000 millions and RM 208 millions, respectively. To utilize these unused lines of credit, the Company require consent of the lender and compliance with the certain financial covenants. Significant portion of the aforementioned lines of credit are revolving credit facilities and floating rate foreign currency loans, renewable quarterly. These facilities bear floating rates of interest, referenced to LIBOR and a spread, determined based on market conditions.

The Company has non-fund based revolving credit facilities in various currencies equivalent to Rs. 17,927 for operational requirements that can be used for the issuance of letters of credit and bank guarantees. As of September 30, 2009, an amount of Rs. 4,758 was unutilized out of these non-fund based facilities.

### *Long-term loans and borrowings*

A summary of long- term loans and borrowings is as follows:

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Currency	As at March 31, 2009			As at September 30, 2009		
	Foreign currency in millions	Indian Rupee	Foreign currency in millions	Indian Rupee	Interest rate	Final maturity
Unsecured external commercial borrowing Japanese Yen	35,016	Rs. 18,052	35,016	Rs. 18,716	1.87%	2013
Unsecured term loan Indian Rupee	NA	631	NA	574	6.05%	2014
Others		87		83	0-2%	2010 2017
Other secured term loans		232		611	1.55 - 5.1%	2009 2016
		Rs. 19,002		Rs. 19,984		
Obligations under finance leases		1,418		1,151		
		Rs. 20,420		Rs. 21,135		
Current portion of long term loans and borrowings		Rs 739		Rs. 731		

The Company has entered into cross-currency interest rate swap (CCIRS) in connection with the unsecured external commercial borrowing and has designated these as hedge of net investment in foreign operation.

The contract governing the Company's unsecured external commercial borrowing contain certain covenants that limit future borrowings and payments towards acquisitions in a financial year. The terms of the other secured and unsecured loans and borrowings also contain certain restrictive covenants primarily requiring the Company to maintain certain financial ratios. As of September 30, 2009, the Company has met the relevant covenants.

A portion of the above short-term loans and borrowings, other secured long-term loans and obligations under finance leases aggregating to Rs. 1,858 and Rs. 2,434 as at March 31, 2009 and September 30, 2009, respectively, are secured by inventories, accounts receivable and certain property, plant and equipment.

Interest expense was Rs. 742 and Rs. 162 for the three months ended September 30, 2008 and 2009, respectively and Rs. 1,284 and Rs. 723 for the six months ended September 30, 2008 and 2009, respectively. Interest capitalized by the Company was Rs. 86 and Rs. 7 for the three months ended September 30, 2008 and 2009 respectively and Rs. 179 and Rs. 42 for the six months ended September 30, 2008 and 2009, respectively.

**13. Trade payables and accrued expenses**

Trade payables and accrued expenses consist of the following:

As at	As at
March 31,	September 30,

	<b>2009</b>	<b>2009</b>
Trade payables	Rs. 19,437	Rs. 20,955
Accrued expenses	22,614	22,555
	Rs. 42,051	Rs. 43,510



**Table of Contents****14. Other liabilities and provisions**

	<b>March 31, 2009</b>	<b>As at September 30, 2009</b>
<b>Current:</b>		
Statutory and other liabilities	Rs. 3,455	Rs. 3,708
Advance from customers	2,428	2,981
Unclaimed dividend	17	18
Warranty and other provision	541	1,554
Others	265	876
	Rs. 6,706	Rs. 8,347
<b>Non-current:</b>		
Statutory liabilities	Rs. 741	Rs.
Warranty and other provision	1,141	1,133
Sundry deposits	68	68
Others	411	226
	Rs. 2,361	Rs. 1,427
Total	Rs. 9,067	Rs. 9,774

**15. Financial instruments**

Financial assets and liabilities:

	<b>March 31, 2009</b>	<b>As at September 30, 2009</b>
<b>Assets:</b>		
Trade receivables	Rs. 48,612	Rs. 45,632
Unbilled revenues	14,108	16,723
Cash and cash equivalents	49,117	31,159
Available for sale financial investments	16,543	42,779
Derivative assets	1,162	2,575
Other assets	12,831	6,878
Total	Rs. 142,373	Rs. 145,746
<b>Liabilities:</b>		
Loans and borrowings	Rs. 56,892	Rs. 43,456
Trade payables and accrued expenses	42,779	45,759
Derivative liabilities	12,022	6,889
Other liabilities	876	110

Total	Rs. 112,569	Rs. 96,214
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By Category:

	As at	
	March 31, 2009	September 30, 2009
<b>Assets:</b>		
Loans and receivables	Rs. 124,668	Rs. 100,392
Derivative assets	1,162	2,575
Available for sale financial assets	16,543	42,779
<b>Total</b>	<b>Rs. 142,373</b>	<b>Rs. 145,746</b>
<b>Liabilities:</b>		
Financial liabilities at amortized cost	Rs. 56,892	Rs. 43,456
Trade and other payables	43,655	45,869
Derivative liabilities	12,022	6,889
<b>Total</b>	<b>Rs. 112,569</b>	<b>Rs. 96,214</b>

**Sale of financial assets**

From time to time, in the normal course of business, the Company transfers accounts receivables, net investment in finance lease receivables and employee advances (financials assets) to banks. Under the terms of the arrangements, the Company surrenders control over the financial assets and accordingly the transfers are recorded as sale of financial assets. The sale of financial assets may be with or without recourse. Under arrangements with recourse, the Company is obligated to repurchase the uncollected financial assets, subject to limits specified in the agreement with the banks. Additionally, the Company retains servicing responsibility for the transferred financial assets. Gains and losses on sale of financial assets are recorded at the time of sale based on the carrying value of the financial assets, fair value of servicing liability and recourse obligations. During the three months ended September 30, 2008 and

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2009, the Company transferred financial assets of Rs. 182 and Rs. 780, respectively and during the six months ended September 30, 2008 and 2009, the Company transferred financial assets of Rs. 813 and Rs. 1,955, respectively, under such arrangements and has included the proceeds from transfer of financial assets that have been derecognized in net cash provided by operating activities. Remaining proceeds are included in financing activities in the condensed consolidated interim statements of cash flows. These transfers resulted in gain/(loss) of Rs. 30 and Rs. (8) for the three months ended September 30, 2008 and 2009, respectively and Rs. 19 and Rs. 20 for the six months ended September 30, 2008 and 2009, respectively. As at March 31, 2009 and September 30, 2009, the maximum amounts of recourse obligation in respect of the transferred financial assets are Rs. Nil and Rs. 484 respectively.

**Derivatives assets and liabilities:**

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

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

	As at	
	March 31, 2009	September 30, 2009
Forward contracts		
Sell	\$ 1,374	\$ 1,064
	79	58
	£ 53	£ 28
	AUD	AUD 23
Buy	\$ 438	\$ 325
	¥23,170	¥ -
Net purchased options (to sell)	\$ 562	\$ 386
	£ 54	£ 46
	¥ 6,130	¥ 5,354
Cross currency swaps	¥35,016	¥35,016

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges during the year ended March 31, 2009 and six months ended September 30, 2009.

	As at	
	March 31, 2009	September 30, 2009
Balance as at the beginning of the period	Rs. (1,097)	Rs. (16,150)
Net (gain)/loss reclassified into statement of income on occurrence of hedged transactions	1,019	2,768
Deferred cancellation gains/(losses) relating to roll over hedging	(11,357)	444
Changes in fair value of effective portion of outstanding derivatives	(4,715)	2,289
Unrealized gain/ (losses) on cash flow hedging derivatives, net	Rs. (15,053)	Rs. 5,501
Balance as at the end of the period	Rs. (16,150)	Rs. (10,649)

As at March 31, 2009 and September 30, 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.

Fair value of derivative financial instruments has been determined based on prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace

**Financial risk management**

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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 loans and borrowings.

The Company's exposure to market risk is a function of investment and borrowing activities and revenue generating activities in foreign currency. The objective of market risk management is to avoid excessive exposure of the Company's earnings and equity to losses.

*Risk Management Procedures*

The Company manages market risk through a corporate treasury department, which evaluates and exercises independent control over the entire process of market risk management. The corporate treasury department recommends risk management objectives and policies, which are approved by senior management and 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*

The Company's 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.** The exchange rate risk primarily arises from foreign exchange revenue, receivables, cash balances, forecasted cash flows, payables and foreign currency loans and borrowings. A significant portion of revenue is in U.S. dollars, euro and pound sterling, while a significant portion of 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 the Company's results of operations.

The Company evaluates exchange rate exposure arising from these transactions and enter into foreign currency derivative instruments to mitigate such exposure. The Company follows established risk management policies, including the use of derivatives like foreign exchange forward / option contracts to hedge forecasted cash flows denominated in foreign currency.

All derivative instruments are recognized in the statement of financial position and measured at fair value. Changes in fair value of foreign currency derivative instruments that do not qualify as hedges and/ or any ineffective portion of hedges are recognized in the condensed consolidated interim statements of income. In connection with cash flow hedges, the Company has recorded losses of (16,150) and Rs. (10,649) as a component of cash flow hedging reserve within equity as at March 31, 2009 and September 30, 2009, respectively.

As at September 30, 2009, Rs.1 increase / decrease in the spot rate for exchange of Indian Rupee with U.S. dollar would result in approximately Rs. 1,125 decrease / increase in the fair value of the Company's foreign currency dollar denominated derivative instruments.

As at September 30, 2009, 1% movement in the exchange rate between U.S. Dollar and Yen would result in approximately Rs. 187 increase/decrease in the fair value of cross-currency interest rate swaps.

**Interest rate risk:** Interest rate risk primarily arises from investment in debt securities and floating rate borrowing, including various revolving and other lines of credit. The Company's investments are primarily in short-term investments, which do not expose it to significant interest rate risk. The Company manages its 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 portfolio mix, the Company may enter into interest rate swap agreements, which allows the Company to exchange periodic payments based on a notional amount and agreed upon fixed and floating interest rates. As of September 30, 2009, substantially all of the Company borrowing was subject to floating interest rates, which reset at short intervals. Accordingly, the carrying value of such borrowing approximates fair values. If interest rates were to increase by 100 bps from September 30, 2009, an additional annual interest expense on the Company's floating rate borrowing would amount to approximately Rs. 422.

Credit risk: Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. To manage this, The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable, Individual risk limits are set accordingly. No single customer accounted for more than 5% of the

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accounts receivable as at March 31, 2009 and September 30, 2009, respectively and revenues for the three and six months ended September 30, 2008 and 2009, respectively. There is no significant concentration of credit risk.

**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 banks or financial institutions with acceptable credit ratings. Exposure to these risks are closely monitored and maintained within predetermined parameters. There are limits on 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 the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows. As of September 30, 2009, our cash and cash equivalents are held with major financial institutions.

**Fair value.** The fair value of market rate risk sensitive instruments, closely approximates their carrying value

**16. Investment in equity accounted investees***Wipro GE Medical Systems (Wipro GE)*

The Company holds 49% interest in Wipro GE. Wipro GE is a private entity that is not listed on any public exchange. The carrying value of the investment in Wipro GE as at March 31, 2009 and September 30, 2009 was Rs. 1,670 and Rs. 1,863, respectively. The Company's share of profits of Wipro GE for the three months ended September 30, 2008 and 2009 was Rs. 106 and Rs. 112, respectively and for the six months ended September 30, 2008 and 2009 was Rs. 213 and Rs. 226, respectively.

Wipro GE had received tax demands from the Indian income tax authorities for the financial years ended March 31, 2001, 2002, 2003 and 2004 aggregating to Rs. 903, including interest. The tax demands were primarily on account of transfer pricing adjustments and the 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 has 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, 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 will not have any material adverse effect on its financial position and results of operations.

**17. Foreign currency translation reserve**

The movement in foreign currency translation reserve is shown below:

	As at	
	March 31, 2009	September 30, 2009
Balance at the beginning of the period	Rs. (10)	Rs. 797
Translation difference related to foreign operations	8,970	(1,677)
Movement in effective portion of hedges of net investment in foreign operations	(8,163)	2,079
Movement during the period	Rs. 807	Rs. 402

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Balance at the end of the period	Rs	797	Rs.	1,199
Movement during the period attributable to:				
Equity holders of the Company	Rs.	785	Rs.	420
Minority interest		22		(18)
		46		

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Income taxes have been allocated as follows:

	<b>Three months ended September 30,</b>		<b>Six months ended September 30,</b>	
	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
Profit for the period	Rs. 1,559	Rs. 2,217	Rs. 3,002	Rs. 3,957
Other comprehensive income for unrealized gain / (loss) on cash flow hedging derivatives and investment securities	(556)	923	(1,577)	1,791
Total income taxes	Rs. 1,003	Rs. 3,140	Rs. 1,425	Rs. 5,748

Income taxes from operations consist of the following:

	<b>Three months ended September, 30</b>		<b>Six months ended September, 30</b>	
	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
Current taxes				
Domestic	Rs. 925	Rs. 1,235	Rs. 1,744	Rs. 2,360
Foreign	731	776	1,368	1,479
	Rs. 1,656	Rs. 2,011	Rs. 3,112	Rs. 3,839
Deferred taxes				
Domestic	Rs. (75)	Rs. 10	Rs. (88)	Rs. (47)
Foreign	(22)	196	(22)	165
	Rs. (97)	Rs. 206	Rs. (110)	Rs. 118
Total income tax expense	Rs. 1,559	Rs. 2,217	Rs. 3,002	Rs. 3,957

The components of deferred tax assets and liabilities are as follows:

	<b>March 31, 2009</b>	<b>As at September 30, 2009</b>
Carry-forward business losses	Rs. 2,185	Rs. 2,147
Accrued expenses and liabilities	715	695
Allowances for doubtful accounts receivable	260	285
Cash flow hedges	2,353	529
Minimum alternate tax	126	156
Others	11	59
	5,650	3,871

Property, plant and equipment	Rs. (421)	Rs.	(440)
Amortizable goodwill	(213)		(280)
Intangible assets	(789)		(758)
Investment in equity accounted investee	(332)		(376)
	(1,755)		(1,854)
Net deferred tax assets	Rs. 3,895	Rs.	2,017
Amounts presented in Statement of financial position:			
Deferred tax assets	Rs. 4,355	Rs.	2,437
Deferred tax liabilities	Rs. (460)	Rs.	(420)

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

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Technology Parks were scheduled to expire in stages with mandated maximum expiry period of March 31, 2010. However, the Finance (No. 2) Act, 2009 has extended the availability of the 10-year tax holiday by a period of one year such that the tax holiday will now be available until the earlier of fiscal year 2011 or ten years after the commencement of a tax holiday for an individual undertaking. Further fringe benefit tax has also been abolished. Additionally, under the Special Economic Zone Act, 2005 scheme, units in designated special economic zones providing service 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 difference between the reported income tax expense and income tax computed at statutory tax rate is primarily attributable to income exempt from tax.

The Company is subject to a 15% branch profit tax in the United States to the extent the net profit attributable to 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. The Company has not triggered the branch profit tax and, consistent with business plan, the Company intend to maintain the current level of net assets in the United States. Accordingly, the Company did not record a provision for branch profit tax.

**19. Finance and other income/(expense), net**

	Three months ended September 30,		Six months ended September 30,	
	2008	2009	2008	2009
Interest income	Rs. 403	Rs. 443	Rs. 747	Rs. 1,183
Interest expense	(679)	(162)	(1,284)	(723)
Exchange fluctuations on foreign exchange borrowings, net	(539)	(330)	(678)	(408)
Dividend income	620	410	1,194	670
Gain on sale of investments	428	320	570	314
Total	Rs. 233	Rs. 681	Rs. 549	Rs. 1,036

**20. Earnings per equity share**

A reconciliation of profit for the period and equity shares used in the computation of basic and diluted earnings per equity share is set out below:

*Basic:* Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period, excluding equity shares purchased by the Company and held as treasury shares. Equity shares exercised through a non-recourse loan by the WERT, have been reduced from the equity shares outstanding for computing basic earnings per share.

	Three months ended September 30,		Six months ended September 30,	
	2008	2009	2008	2009
Profit attributable to equity holders of the Company	Rs. 9,704	Rs. 11,707	Rs. 18,651	Rs. 21,810
Weighted average number of equity shares outstanding	1,453,493,031	1,456,868,080	1,453,130,377	1,456,539,693
Basic earnings per share	Rs. 6.68	Rs. 8.04	Rs. 12.84	Rs. 14.97

*Diluted:* Diluted earnings per share is calculated adjusting the weighted average number of equity shares outstanding during the period for assumed conversion of all dilutive potential equity shares. Shares exercised through a non-recourse loan by the WERT and share options are dilutive potential equity shares for the Company.

The calculation is performed in respect of share options to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the period). The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

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	<b>Three months ended September 30,</b>		<b>Six months ended September 30,</b>	
	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
Profit attributable to equity holders of the Company	Rs. 9,704	Rs. 11,707	Rs. 18,651	Rs. 21,810
Weighted average number of equity shares outstanding	1,453,493,031	1,456,868,080	1,453,130,377	1,456,539,693
Effect of dilutive equivalent share-stock option	10,239,151	11,375,663	9,237,986	11,372,094
Weighted average number of equity shares for diluted earnings per share	1,463,732,182	1,468,243,743	1,462,368,363	1,467,911,787
Diluted earnings per share	Rs. 6.63	Rs. 7.97	Rs. 12.75	Rs. 14.86

**21. Employee stock incentive plans**

The stock compensation expense recognized for employee services received during the three months ended September 30, 2008 and 2009 is Rs. 452 and 277 and during the six months ended September 30, 2008 and 2009 is Rs. 1,040 and Rs. 636, respectively.

**Wipro Equity Reward Trust (WERT)**

In 1984, the Company established a controlled trust called the Wipro Equity Reward Trust ( WERT ). The WERT purchases shares of the Company out of funds borrowed from the Company. The Company's compensation committee recommends to the WERT certain officers and key employees, to whom the WERT grants shares from its holdings at nominal price. Such shares are then held by the employees subject to vesting conditions. The shares held by the WERT are reported as a reduction in stockholders' equity.

The movement in the shares held by the WERT is given below:

	<b>Year ended March 31, 2009</b>	<b>Six months ended September 30, 2009</b>
Shares held at the beginning of the period	7,961,760	7,961,760
Shares granted to employees		
Grants forfeited by employees		
Shares held at the end of the period	7,961,760	7,961,760

**Wipro Employee Stock Option Plan and Restricted Stock Unit Option Plan**

A summary of the 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 Plan (WARSUP 2004 plan)	12,000,000	\$	0.04
Wipro Employee Restricted Stock Unit Plan 2005 (WSRUP 2005 plan)	12,000,000	Rs.	2
Wipro Employee Restricted Stock Unit Plan 2007 (WSRUP 2007 plan)	10,000,000	Rs.	2

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 the aforementioned stock option plans is generally ten years.

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	For the year ended March 31, 2009			For the six months ended September 30, 2009		
	Range of Exercise Prices	Number	Weighted Average Exercise Price	Range of Exercise Prices	Number	Weighted Average Exercise Price
Outstanding at the beginning of the period	Rs. 229 265 Rs. 489 \$ 4 6 Rs. 2 \$ 0.04	1,219,926  8,706 9,700,163 1,885,236	Rs. 264 Rs. \$ 5 Rs. 2 \$ 0.04	Rs. 229 265 Rs. 489 \$ 4 6 Rs. 2 \$ 0.04	1,140 120,000 1,606 13,799,549 2,470,641	Rs. 254 Rs. 489 \$ 4.7 Rs. 2 \$ 0.04
Granted	Rs. 229 265 Rs. 489 \$ 4 6 Rs. 2 \$ 0.04	 120,000  6,882,415 1,484,261	Rs. Rs. 489 \$ Rs. 2 \$ 0.04	Rs. 229 265 Rs. 489 \$ 4 6 Rs. 2 \$ 0.04	   5,000  	Rs. Rs. \$ Rs. 2 \$
Exercised	Rs. 229 265 Rs. 489 \$ 4 6 Rs. 2 \$ 0.04	(345,099)  (4,400) (1,762,283) (446,841)	Rs. 263 Rs. \$ 4.7 Rs. 2 \$ 0.04	Rs. 229 265 Rs. 489 \$ 4 6 Rs. 2 \$ 0.04	   (1,102,659) (194,021)	Rs. Rs. \$ Rs. 2 \$ 0.04
Forfeited and lapsed	Rs. 229 265 Rs. 489 \$ 4 6 Rs. 2 \$ 0.04	(873,687)  (2,700) (1,020,746) (452,015)	Rs. 264 Rs. \$ 5.82 Rs. 2 \$ 0.04	Rs. 229 265 Rs. 489 \$ 4 6 Rs. 2 \$ 0.04	(1,140)   (478,413) (195,302)	Rs. 254 Rs. \$ Rs. 2 \$ 0.04
Outstanding at the end of the period	Rs. 229 265 Rs. 489 \$ 4 6 Rs 2 \$ 0.04	1,140 120,000 1,606 13,799,549 2,470,641	Rs. 254 Rs. 489 \$ 4.7 Rs. 2 \$ 0.04	Rs. 229 265 Rs. 489 \$ 4 6 Rs 2 \$ 0.04	1,140 120,000 1,606 12,223,477 2,081,318	Rs. Rs. 489 \$ 4.7 Rs. 2 \$ 0.04
Exercisable at the end of the period	Rs. 229 265 Rs. 489 \$ 4 6 Rs. 2 \$ 0.04	1,140  1,606 2,975,987 208,412	Rs. 254 Rs. \$ 4.7 Rs. 2 \$ 0.04	Rs. 229 265 Rs. 489 \$ 4 6 Rs 2 \$ 0.04	1,140  1,606 2,832,691 321,242	Rs. Rs. \$ 4.7 Rs. 2 \$ 0.04

The following table summarizes information about stock options outstanding as at September 30, 2009.

Range of Exercise price	Numbers	Options outstanding	
		Weighted average remaining life (Months)	Weighted Average Exercise Price
Rs. 489	120,000	55	Rs. 489
\$4 6	1,606	6	\$ 4.70
Rs. 2	12,223,477	39	Rs. 2
\$0.04	2,081,318	47	\$ 0.04

The weighted-average grant-date fair value of options granted during the year ended March 31, 2009 and the six months ended September 30, 2009 was Rs. 319 and Rs. 436 for each option respectively.

## 22. Employee benefits

a) Employee costs include:

	Three months ended September 30,		Six months ended September 30,	
	2008	2009	2008	2009
Salaries and bonus	Rs. 25,006	Rs. 25,650	Rs. 49,068	Rs. 51,467
Employee benefit plans	688	624	1,293	1,387
Share based compensation	452	277	1,040	636
	Rs. 26,146	Rs. 26,551	Rs. 51,401	Rs. 53,490

b) Defined benefit plans:

Amount recognized in the statement of income in respect of gratuity cost is as follows:

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	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
Interest on obligation	Rs. 36	Rs. 33	Rs. 67	Rs. 66
Expected return on plan assets	(24)	(30)	(44)	(60)
Actuarial losses/(gains) recognized during the period	46	(5)	(59)	9
Current service cost	91	96	184	191
Net gratuity cost/(benefit)	Rs. 149	Rs. 94	Rs. 148	Rs. 206

The principal assumptions used for the purpose of actuarial valuation are as follows:

	<b>March 31,</b>	<b>As at</b>
	<b>2009</b>	<b>September 30,</b>
		<b>2009</b>
Discount rate	6.75%	6.90%
Expected return on plan assets	8%	8%
Expected rate of salary increase	5%	5%
Movement in present value of defined benefit obligation		
		<b>As at</b>
		<b>September</b>
		<b>30,</b>
	<b>March</b>	<b>2009</b>
	<b>31, 2009</b>	
Opening defined benefit obligation	Rs. 1,515	Rs. 1,824
Current service cost	369	191
Interest on obligation	135	66
Benefits paid	(117)	(109)
Actuarial losses/(gains) recognized during the period	(78)	(6)
Closing defined benefit obligation	Rs. 1,824	Rs. 1,966
Change in plan assets		
		<b>As at</b>
		<b>September</b>
		<b>30,</b>
	<b>March</b>	<b>2009</b>
	<b>31, 2009</b>	
Fair value of plan assets at the beginning of the period	Rs. 1,244	Rs. 1,397
Expected return on plan assets	92	60
Employer contributions	153	506
Benefits paid	(117)	(109)
Actuarial gain/(losses)	25	(15)
Fair value of plan assets at the end of the period	1,397	1,839

Present value of unfunded obligation	Rs. (427)	Rs. (127)
Recognized liability	Rs. (427)	Rs. (127)

### 23. Commitments and contingencies

*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. 612 and Rs. 700, for the three months ended September 30, 2008 and 2009, respectively and Rs. 1,178 and Rs. 1,511, for the six months ended September 30, 2008 and 2009, respectively.

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

	<b>March 31, 2009</b>	<b>As at September 30, 2009</b>
Not later than one year	Rs. 1,064	Rs. 1,138
Later than one year but not later than five years	3,670	3,963
Later than five years	3,168	2,585
	Rs. 7,902	Rs. 7,686

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*Capital commitments:* As at March 31, 2009 and September 30, 2009, the Company had committed to spend approximately Rs. 5,371 and Rs. 4,065, respectively, under agreements to purchase property and equipment. These amounts are net of capital advances paid in respect of these purchases.

*Guarantees:* As at March 31, 2009 and September 30, 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. 6,103 and Rs. 13,169, respectively, as part of the bank line of credit.

*Contingencies and lawsuits:* The Company had received tax demands from the Indian income tax authorities for the financial years ended March 31, 2001, 2002, 2003 and 2004 aggregating to Rs. 11,127 (including interest of Rs. 1,503). The tax demands were primarily on account of the Indian income tax authority's denial of deductions claimed by the Company under Section 10A of the Income Tax Act 1961, in respect of profits earned by the company's 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 favour of the Company, thus deleting a substantial portion of the demands raised by the Income tax authorities. On further appeal filed by the income tax authorities, the second appellate authority upheld the claims 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 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 condensed consolidated interim financial statements.

The Company is subject to legal proceedings and claims which have arisen in the ordinary course of its business. The resolution of these legal proceedings is not likely to have a material and adverse effect on the results of operations or the financial position of the Company.

*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 duties on certain computer hardware previously imported duty free. As at September 30, 2009, the Company has met all commitments required under the plan.

**24. Segment Information**

The Company is currently organized by segments, which includes IT Services (comprising of IT Services and BPO Services segments), IT 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 IFRS 8, Operating Segments. 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, excluding loans and borrowings.

The 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.

The IT Products segment sells a range of Wipro personal desktop computers, Wipro servers and Wipro notebooks. The Company is also a value added reseller of desktops, servers, notebooks, storage products, networking solutions and packaged software for leading international brands. In certain total outsourcing contracts of the IT Services segment, the Company delivers hardware, software and other related deliverables. Revenue relating to these items is reported as revenue from the sale of IT Products.

The Consumer Care and Lighting segment manufactures, distributes and sells personal care products, baby care products, lighting products and hydrogenated cooking oils in the Indian and Asian markets.

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The Others segment consists of business segments that do not meet the requirements individually for a reportable segment as defined in IFRS 8.

Corporate activities such as treasury, legal and accounting, which do not qualify as operating segments under IFRS 8, have been considered as reconciling items.

Revenues include excise duty of Rs. 303 and Rs. 201 for the three months ended September 30, 2008 and 2009, respectively and Rs. 635 and Rs. 384 for the six months ended September 30, 2008 and 2009, respectively. For the purpose of segment reporting, the segment revenues are net of excise duty. Excise duty are reported in reconciling items.

For the purpose of segment reporting only, the Company has included the impact of foreign exchange gains / (losses), net in revenues.

For evaluating performance of the individual business segments, stock compensation expense is allocated on the basis of straight line amortization. The incremental impact of accelerated amortization of stock compensation expense over stock compensation expense allocated to the individual business segments is reported in reconciling items.

The Company generally offers multi-year payment terms in certain total outsourcing contracts. These payment terms primarily relate to IT hardware, software and certain transformation services in Outsourcing contracts. Corporate Treasury provides internal financing to the business units offering multi-year payments terms and accordingly such receivables are reflected in Capital Employed of Reconciling items. As of September 30, 2008 and 2009, Capital Employed of Reconciling items includes Rs. 2,273 and Rs. 5,323 respectively, of such receivables on extended collection terms

Information on reportable segments is as follows:

	<b>Three months ended September 30, 2008</b>						
	<b>IT Services and Products</b>			<b>Consumer</b>	<b>Reconciling</b>		<b>Entity</b>
	<b>IT</b>	<b>IT</b>	<b>Total</b>	<b>Care and</b>	<b>Others</b>	<b>Items</b>	
	<b>Services</b>	<b>Products</b>		<b>Lighting</b>			<b>Total</b>
Revenues	47,491	9,925	57,416	4,833	2,472	301	65,022
Cost of revenues	(31,829)	(8,931)	(40,760)	(2,753)	(2,294)	(333)	(46,140)
Selling and marketing expenses	(2,863)	(329)	(3,192)	(1,120)	(79)	(31)	(4,422)
General and administrative expenses	(2,863)	(252)	(3,115)	(308)	(69)	(22)	(3,514)
Operating income of segment <sup>(1)</sup>	9,936	413	10,349	652	30	(85)	10,946
Average capital employed			92,475	18,423	6,114	64,219	181,231
Return on capital employed			45%	14%	2%		24%-

	<b>Three months ended September 30, 2009</b>						
	<b>IT Services and Products</b>			<b>Consumer</b>	<b>Reconciling</b>		<b>Entity</b>
	<b>IT</b>	<b>IT</b>	<b>Total</b>	<b>Care and</b>	<b>Others</b>	<b>Items</b>	
	<b>Services</b>	<b>Products</b>		<b>Lighting</b>			<b>Total</b>
Revenues	49,981	11,854	61,835	5,559	1,477	306	69,177

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Cost of revenues	(32,349)	(10,639)	(42,988)	(2,862)	(1,558)	(114)	(47,522)
Selling and marketing expenses	(2,450)	(360)	(2,810)	(1,638)	(69)	27	(4,490)
General and administrative expenses	(3,387)	(243)	(3,630)	(327)	(58)	39	(3,976)
Operating income of segment <sup>(1)</sup>	11,795	612	12,407	732	(208)	258	13,189
Average capital employed			108,817	17,912	5,081	77,723	209,533
Return on capital employed			46%	16%	(16)%		25%-

Six months ended September 30, 2008

	IT Services and Products			Consumer Care and		Reconciling	Entity
	IT Services	IT Products	Total	Lighting	Others	Items	Total
Revenues	91,519	17,247	108,766	9,583	5,756	635	124,740
Cost of revenues	(61,357)	(15,653)	(77,010)	(5,409)	(5,212)	(810)	(88,441)
Selling and marketing expenses	(5,451)	(593)	(6,044)	(2,305)	(171)	(112)	(8,632)
General and administrative expenses	(5,607)	(331)	(5,938)	(594)	(105)	(105)	(6,742)
Operating income of segment <sup>(1)</sup>	19,104	670	19,774	1,275	268	(392)	20,925
Average capital employed			94,235	18,191	5,757	58,827	177,010
Return on capital employed			42%	14%	9%		24%-
			53				

**Table of Contents****Six months ended September 30, 2009**

	IT Services and Products			Consumer	Reconciling	Entity	
	IT	IT	Total	Care and			
	Services	Products		Lighting	Others	Items	Total
Revenues	98,246	19,191	117,437	10,757	2,962	483	131,639
Cost of revenues	(64,713)	(17,078)	(81,791)	(5,460)	(3,190)	(328)	(90,769)
Selling and marketing expenses	(4,786)	(692)	(5,478)	(3,111)	(132)	(9)	(8,730)
General and administrative expenses	(6,254)	(517)	(6,771)	(662)	(110)	15	(7,528)
Operating income of segment <sup>(1)</sup>	22,493	904	23,397	1,524	(470)	161	24,612
Average capital employed			113,578	18,305	5,241	70,319	207,443
Return on capital employed			41%	17%	(18)%		24%-

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

Segments	Three months ended September 30,		Six months ended September 30,	
	2008	2009	2008	2009
IT Services	Rs. 391	Rs. 338	Rs. 764	Rs. 669
IT Products	29	25	57	50
Consumer Care and Lighting	20	16	39	32
Others	6	5	11	9
Reconciling items	6	(107)	169	(124)
Total	Rs. 452	Rs. 277	Rs. 1,040	Rs. 636

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:

**Three months ended**

**Six months ended**

	<b>September 30,</b>		<b>September 30,</b>	
	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
India	Rs. 15,230	Rs. 17,133	Rs. 28,082	Rs. 29,867
United States	28,133	30,175	54,300	59,311
Europe	14,638	13,765	29,111	27,035
Rest of the world	7,021	8,104	13,247	15,426
	Rs. 65,022	Rs. 69,177	Rs. 124,740	Rs. 131,639



**Table of Contents****25. Reconciliation between Previous GAAP and US GAAP**

The following reconciliations provide a quantification of the reconciliation items between U.S. GAAP and previous GAAP:

equity as at April 1, 2008;

equity as at September 30, 2008;

equity as at March 31, 2009;

profit for the three months ended September 30, 2008;

profit for the six months ended September 30, 2008; and

profit for the year ended March 31, 2009.

**Reconciliation of equity as at April 1, 2008**

Particulars	Amount as per Previous GAAP	Reconciliation adjustment	Amount as per US GAAP	Relevant Notes for adjustments
Goodwill	Rs. 42,209	\$ (3,266)	Rs. 38,943	1
Property, plant and equipment and intangible assets	41,583	10,719	52,302	1(b),2
Available for sale investments	14,679	484	15,163	3
Investment in equity accounted investees	1,343		1,343	
Inventories	6,664	508	7,172	4
Trade receivables	40,453	(1,545)	38,908	4
Unbilled revenues	8,514	(209)	8,305	4
Cash and cash equivalents	39,270		39,270	
Net tax assets (including deferred taxes)	3,632	(1,963)	1,669	5
Other assets	13,980	1,336	15,316	2(a),4
<b>TOTAL ASSETS</b>	<b>Rs. 212,327</b>	<b>Rs. 6,064</b>	<b>Rs. 218,391</b>	
Share capital	Rs. 2,923		Rs. 2,923	
Retained earnings	87,908	13,158	101,066	
Other components of equity	26,123	(758)	25,365	
<b>Total equity (A)</b>	<b>116,954</b>	<b>12,400</b>	<b>129,354</b>	
Minority interest	116		116	
Loans and borrowings	44,850	(94)	44,756	6(b)
Trade payables and accrued expenses	28,675		28,675	
Unearned revenues	4,269	(107)	4,162	
Employee benefit obligations	2,737	(124)	2,613	7
Other liabilities	14,726	(6,011)	8,715	4,6
<b>Total liabilities (B)</b>	<b>95,373</b>	<b>(6,336)</b>	<b>89,037</b>	

**TOTAL LIABILITIES AND EQUITY**

**(A)+(B)**

**Rs. 212,327**

**Rs. 6,064**

**Rs. 218,391**

Notes:

1) The key differences in goodwill between U.S. GAAP and Previous GAAP are as follows:

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- a) Under Previous GAAP, prior to the Transition Date, the Company merged certain wholly owned subsidiaries and adjusted the goodwill relating to acquisition of such entities against the retained earnings, whereas this adjustment was not recorded under U.S. GAAP.
  - b) Under U.S. GAAP, all the assets and liabilities arising from a business combination are identified and recorded at fair values. Accordingly, in respect of all business combinations a portion of purchase price was allocated towards acquired intangibles, net of related deferred taxes. Under Previous GAAP, assets and liabilities arising from a business combination are recognized at carrying value in the books of the acquired entity. This resulted in difference between the carrying amount of goodwill, intangible assets and deferred tax liabilities between U.S.GAAP and Previous GAAP
- 2) The key differences in property, plant and equipment and intangibles between U.S. GAAP and Previous GAAP are as follows:
- a) Under U.S. GAAP, lease of land is classified as an operating lease unless the title to the leasehold land is expected to be transferred to the Company at the end of the lease term. Lease rentals paid in advance and lease deposits are recognized as other assets under U.S.GAAP. Under Previous GAAP, the lease rentals paid in advance and lease deposits are recognized in property, plant and equipment. This is a presentation difference between line items within statement of financial position and has no impact on equity.
  - b) Difference in the basis of interest capitalization between Previous GAAP and US GAAP.
  - c) Under U.S. GAAP, finite life intangible assets are amortized in the proportion of economic benefits consumed during the period to the expected total economic benefits. Under Previous GAAP, such intangible assets are usually amortized on a straight line basis over the estimated useful life.
- 3) Under US GAAP, available for sale investments are measured at fair value at each reporting date. The changes in fair value of such investments, net of related deferred taxes, are recognized directly in equity. Under Previous GAAP, short-term investments are measured at lower of cost or fair value.
- 4) The key differences in revenue recognition principles between Previous GAAP and U.S. GAAP are as follows:
- a) Under U.S. GAAP, in respect of certain multiple element arrangements, revenue recognition in respect of products/services delivered is limited to the amount of consideration that is not contingent upon delivery of additional items or meeting other specified performance conditions. Under Previous GAAP, revenue for products/services delivered is recognized in full, if the delivery of additional items or meeting other specified performance conditions is considered probable at the time of delivery.
  - b) Differences in revenue recognition principles between Previous GAAP and U.S. GAAP in respect of revenue arrangements involving delivery of third-party software products and related services.
- The above adjustments consequently impact trade receivables, unbilled revenues, inventory, other assets, unearned revenues and other liabilities balances.
- 5) The key difference in net tax assets between Previous GAAP and U.S. GAAP are as follows:
- a) Under U.S. GAAP, deferred tax assets in respect of carry forward tax losses are recognized if it is more likely than not that, sufficient taxable profits would be available in the future to realize the tax benefits. Under Previous GAAP, deferred tax assets in respect of carry forward tax losses is recognized only if it is virtually certain that sufficient future taxable income would be available in the future to realize the tax benefits.
  - b) Previous GAAP requires an entity to follow the income statement approach for recognizing deferred taxes, while U.S. GAAP requires balance sheet approach in recognizing deferred taxes.
  - c) Consequential tax impact of the reconciliation items between Previous GAAP and U.S. GAAP discussed herein.

- 6) The key differences between Previous GAAP and U.S. GAAP are as follows:
- a) Under Previous GAAP, liability is recognized in respect of proposed dividend even-though the dividend is expected to be approved by the shareholders subsequent to the reporting date. Under U.S. GAAP, liability for dividend is recognized only when it is approved by the shareholders.
  - b) Certain liabilities to state finance institutions are reflected as borrowings under Previous GAAP, while these amounts are classified as liabilities under U.S. GAAP. This is a presentation difference between line items within statement of financial position and has no impact on equity.

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- c) Under Previous GAAP, share application money pending allotment is reported as a separate item within equity whereas US GAAP requires the same to be presented under other liabilities. This presentation difference between US GAAP and Previous GAAP has resulted in an increase in equity under Previous GAAP as at April 01, 2008.
- 7) The key difference in defined employee benefit obligations between Previous GAAP and U.S. GAAP are as follows:
- a) Under Previous GAAP, the Company considers the yield on government securities as the discounting rate in determining such employee retirement benefit obligation. Under U.S. GAAP, the Company considers yield on corporate bonds as the discount rate.
  - b) Under U.S. GAAP, actuarial gains and losses relating to defined employee retirement obligation is recognized in equity, which is subsequently recycled into the income statement using the corridor approach. Under Previous GAAP, the actuarial gains and losses are recognized in the statement of income in the period in which they occur.

**Table of Contents****Reconciliation of equity as at September 30, 2008**

Particulars	Amount as		Reconciliation adjustment	Amount as per US		Relevant Notes for adjustments
	per Previous GAAP			GAAP		
Goodwill	Rs. 48,977		Rs. (5,204)	Rs. 43,773		1
Property, plant and equipment and intangible assets	48,585		13,362	61,947		1(b),2
Available for sale investments	39,930		315	40,245		3
Investment in equity accounted investees	1,521			1,521		
Inventories	8,669		1,121	9,790		4
Trade receivables	50,343		(2,335)	48,008		4
Unbilled revenues	12,803		(280)	12,523		4
Cash and cash equivalents	20,157			20,157		
Net tax assets / (liabilities) (including deferred taxes)	1,284		(1,687)	(403)		5
Other assets	19,916		1,785	21,701		2(a),4
<b>TOTAL ASSETS</b>	<b>Rs. 252,185</b>		<b>Rs. 7,077</b>	<b>Rs. 259,262</b>		
Share capital	Rs. 2,926			Rs. 2,926		
Retained earnings	106,674		3,916	110,590		
Other components of equity	16,683		2,875	19,558		
<b>Total equity (A)</b>	<b>126,283</b>		<b>6,791</b>	<b>133,074</b>		
Minority interest	169			169		
Loans and borrowings	53,777		(88)	53,689		6(a)
Trade payables and accrued expenses	39,926			39,926		
Unearned revenues	5,846			5,846		
Employee benefit obligations	2,848		(124)	2,724		7
Other liabilities	23,336		498	23,834		4,6
<b>Total liabilities (B)</b>	<b>125,902</b>		<b>286</b>	<b>126,188</b>		
<b>TOTAL LIABILITIES AND EQUITY (A)+(B)</b>	<b>Rs. 252,185</b>		<b>Rs. 7,077</b>	<b>Rs. 259,262</b>		

## Notes:

1) The key differences in goodwill between US GAAP and Previous GAAP are as follows:

- a) Under Previous GAAP, prior to the Transition Date, the Company merged certain wholly owned subsidiaries and adjusted the goodwill relating to acquisition of such entities against the retained earnings, whereas this adjustment was not recorded under U.S. GAAP.

b)

Under U.S. GAAP, all the assets and liabilities arising from a business combination are identified and recorded at fair values. Accordingly, in respect of all business combinations a portion of purchase price was allocated towards acquired intangibles, net of related deferred taxes. Under Previous GAAP, assets and liabilities arising from a business combination are recognized at carrying value in the books of the acquired entity. This resulted in difference between the carrying amount of goodwill, intangible assets and deferred tax liabilities between U.S.GAAP and Previous GAAP.

- 2) The key differences in property, plant and equipment and intangibles between U.S. GAAP and Previous GAAP are as follows:
- a) Under U.S. GAAP, lease of land is classified as an operating lease unless the title to the leasehold land is expected to be transferred to the Company at the end of the lease term. Lease rentals paid in advance and lease deposits are recognized as other assets under U.S.GAAP. Under Previous GAAP, the lease rentals

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paid in advance and lease deposits are recognized in property, plant and equipment. This is a presentation difference between line items within statement of financial position and has no impact on equity.

- b) Difference in the basis of interest capitalization between Previous GAAP and U.S. GAAP.
  - c) Under U.S. GAAP, finite life intangible assets are amortized in the proportion of economic benefits consumed during the period to the expected total economic benefits. Under Previous GAAP, such intangible assets are usually amortized on a straight line basis over the estimated useful life.
- 3) Under US GAAP, available for sale investments are measured at fair value at each reporting date. The changes in fair value of such investments, net of related deferred taxes, are recognized directly in equity. Under Previous GAAP, short-term investments are measured at lower of cost or fair value.
- 4) The key differences in revenue recognition principles between Previous GAAP and U.S. GAAP are as follows:
- a) Under U.S. GAAP, in respect of certain multiple element arrangements, revenue recognition in respect of products/services delivered is limited to the amount of consideration that is not contingent upon delivery of additional items or meeting other specified performance conditions. Under Previous GAAP, revenue for products/services delivered is recognized in full, if the delivery of additional items or meeting other specified performance conditions is considered probable at the time of delivery.
  - b) Differences in revenue recognition principles between Previous GAAP and U.S. GAAP in respect of revenue arrangements involving delivery of third-party software products and related services.

The above adjustments consequently impact trade receivables, unbilled revenues, inventory, other assets, unearned revenues and other liabilities balances.

- 5) The key difference in net tax assets between Previous GAAP and U.S. GAAP are as follows:
- a) Under U.S. GAAP, deferred tax assets in respect of carry forward tax losses are recognized if it is more likely than not that, sufficient taxable profits would be available in the future to realize the tax benefits. Under Previous GAAP, deferred tax assets in respect of carry forward tax losses is recognized only if it is virtually certain that sufficient future taxable income would be available in the future to realize the tax benefits.
  - b) Previous GAAP requires an entity to follow the income statement approach for recognizing deferred taxes, while U.S. GAAP requires balance sheet approach in recognizing deferred taxes.
  - c) Consequential tax impact of the reconciliation items between Previous GAAP and U.S. GAAP discussed herein.
- 6) The key difference between Previous GAAP and U.S. GAAP are as follows
- a) Certain liabilities to state finance institutions are reflected as borrowings under Previous GAAP, while these amounts are classified as liabilities under U.S. GAAP. This is a presentation difference between line items within statement of financial position and has no impact on equity.
  - b) Under Previous GAAP, share application money pending allotment is reported as a separate item within equity whereas US GAAP requires the same to be presented under other liabilities. This presentation difference between US GAAP and Previous GAAP has resulted in an increase in equity under Previous GAAP as at March 31, 2009.
- 7) The key difference in defined employee benefit obligations between Previous GAAP and U.S. GAAP are as follows:
- a) Under Previous GAAP, the Company considers the yield on government securities as the discounting rate in determining such employee retirement benefit obligation. Under U.S. GAAP, the Company considers yield on corporate bonds as the discount rate.



- b) Under U.S. GAAP, actuarial gains and losses relating to defined employee retirement obligation is recognized in equity, which is subsequently recycled into the income statement using the corridor approach. Under Previous GAAP, the actuarial gains and losses are recognized in the statement of income in the period in which they occur.

**Table of Contents****Reconciliation of Equity as at March 31, 2009**

Particulars	Amount as per Previous GAAP	Reconciliation adjustment	Amount as per US GAAP	Relevant Notes for adjustments
Goodwill	Rs. 56,521	Rs. (7,019)	Rs. 49,502	1
Property, plant and equipment and intangible assets	52,563	14,903	67,466	1(b),2
Available for sale investments	16,426	92	16,518	3
Investment in equity accounted investees	1,670		1,670	
Inventories	7,586	1,100	8,686	4
Trade receivables	48,859	(2,642)	46,217	4
Unbilled revenues	14,108	(265)	13,843	4
Cash and cash equivalents	49,117		49,117	
Net tax assets (including deferred taxes)	4,143	(1,151)	2,992	5
Other assets	20,995	2,408	23,403	2(a),4
<b>TOTAL ASSETS</b>	<b>Rs. 271,988</b>	<b>Rs. 7,426</b>	<b>Rs. 279,414</b>	
Share capital	Rs. 2,930		Rs. 2,930	
Retained earnings	119,957	8,685	128,642	
Other components of equity	13,412	5,198	18,610	
<b>Total equity (A)</b>	<b>136,299</b>	<b>13,883</b>	<b>150,182</b>	
Minority interest	237		237	
Loan and borrowings	56,892	(86)	56,806	6(b)
Trade payables and accrued expenses	42,051		42,051	
Unearned revenues	6,734	182	6,916	
Employee benefit obligations	3,111	(146)	2,965	7
Other liabilities	26,664	(6,407)	20,257	4,6
<b>Total liabilities (B)</b>	<b>135,689</b>	<b>(6,457)</b>	<b>129,232</b>	
<b>TOTAL LIABILITIES AND EQUITY (A)+(B)</b>	<b>Rs. 271,988</b>	<b>Rs. 7,426</b>	<b>Rs. 279,414</b>	

## Notes:

1) The key differences in goodwill between U.S. GAAP and Previous GAAP are as follows:

- a) Under Previous GAAP, prior to the Transition Date, the Company merged certain wholly owned subsidiaries and adjusted the goodwill relating to acquisition of such entities against the retained earnings, whereas this adjustment was not recorded under U.S. GAAP.
- b) Under U.S. GAAP, all the assets and liabilities arising from a business combination are identified and recorded at fair values. Accordingly, in respect of all business combinations a portion of purchase price was allocated towards acquired intangibles, net of related deferred taxes. Under Previous GAAP, assets and liabilities arising

from a business combination are recognized at carrying value in the books of the acquired entity. This resulted in difference between the carrying amount of goodwill, intangible assets and deferred tax liabilities between U.S.GAAP and Previous GAAP.

2) The key differences in property, plant and equipment and intangibles between U.S. GAAP and Previous GAAP are as follows:

- a) Under U.S. GAAP, lease of land is classified as an operating lease unless the title to the leasehold land is expected to be transferred to the Company at the end of the lease term. Lease rentals paid in advance and lease deposits are recognized as other assets under U.S.GAAP. Under Previous GAAP, the lease rentals paid in advance and lease deposits are recognized in property, plant and equipment. This is a presentation difference between line items within statement of financial position and has no impact on equity.

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- b) Difference in the basis of interest capitalization between Previous GAAP and U.S. GAAP.
- c) Under U.S. GAAP, finite life intangible assets are amortized in the proportion of economic benefits consumed during the period to the expected total economic benefits. Under Previous GAAP, such intangible assets are usually amortized on a straight line basis over the estimated useful life.
- 3) Under US GAAP, available for sale investments are measured at fair value at each reporting date. The changes in fair value of such investments, net of related deferred taxes, are recognized directly in equity. Under Previous GAAP, short-term investments are measured at lower of cost or fair value.
- 4) The key differences in revenue recognition principles between Previous GAAP and U.S. GAAP are as follows:
  - a) Under U.S. GAAP, in respect of certain multiple element arrangements, revenue recognition in respect of products/services delivered is limited to the amount of consideration that is not contingent upon delivery of additional items or meeting other specified performance conditions. Under Previous GAAP, revenue for products/services delivered is recognized in full, if the delivery of additional items or meeting other specified performance conditions is considered probable at the time of delivery.
  - b) Differences in revenue recognition principles between Previous GAAP and U.S. GAAP in respect of revenue arrangements involving delivery of third-party software products and related services.

The above adjustments consequently impact trade receivables, unbilled revenues, inventory, other assets, unearned revenues and other liabilities balances.

- 5) The key difference in net tax assets between Previous GAAP and U.S. GAAP are as follows:
  - a) Under U.S. GAAP, deferred tax assets in respect of carry forward tax losses are recognized if it is more likely than not that, sufficient taxable profits would be available in the future to realize the tax benefits. Under Previous GAAP, deferred tax assets in respect of carry forward tax losses is recognized only if it is virtually certain that sufficient future taxable income would be available in the future to realize the tax benefits.
  - b) Previous GAAP requires an entity to follow the income statement approach for recognizing deferred taxes, while U.S. GAAP requires balance sheet approach in recognizing deferred taxes.
  - c) Consequential tax impact of the reconciliation items between Previous GAAP and U.S. GAAP discussed herein.
- 6) The key differences between Previous GAAP and U.S. GAAP are as follows:
  - a) Under Previous GAAP, liability is recognized in respect of proposed dividend even-though the dividend is expected to be approved by the shareholders subsequent to the reporting date. Under U.S. GAAP, liability for dividend is recognized only when it is approved by the shareholders.
  - b) Certain liabilities to state finance institutions are reflected as borrowings under Previous GAAP, while these amounts are classified as liabilities under U.S. GAAP. This is a presentation difference between line items within statement of financial position and has no impact on equity.
  - c) Under Previous GAAP, share application money pending allotment is reported as a separate item within equity whereas US GAAP requires the same to be presented under other liabilities. This presentation difference between US GAAP and Previous GAAP has resulted in an increase in equity under Previous GAAP as at March 31, 2009.
- 7) The key difference in defined employee benefit obligations between Previous GAAP and U.S. GAAP are as follows:
  - a) Under Previous GAAP, the Company considers the yield on government securities as the discounting rate in determining such employee retirement benefit obligation. Under U.S. GAAP, the Company considers yield on corporate bonds as the discount rate.

- b) Under U.S. GAAP, actuarial gains and losses relating to defined employee retirement obligation is recognized in equity, which is subsequently recycled into the income statement using the corridor approach. Under Previous GAAP, the actuarial gains and losses are recognized in the statement of income in the period in which they occur.

**Table of Contents****Reconciliation of Profit for the three months ended September 30, 2008**

<b>Particulars</b>	<b>Amount as</b>		<b>Amount</b>	<b>Relevant Notes for adjustments</b>
	<b>per Previous GAAP</b>	<b>Reconciliation adjustment</b>	<b>as per US GAAP</b>	
Revenues	Rs. 65,354	Rs. (1,260)	Rs. 64,094	1
Operating profit	11,054	(885)	10,169	2
Finance and other income/(expense), net	301	(1,090)	(789)	3
Equity in earnings of equity-accounted investees	106		106	
<b>Profit before taxes</b>	<b>11,461</b>	<b>(1,975)</b>	<b>9,486</b>	
Income taxes	(1,659)	419	(1,240)	4
Minority interest	(22)		(22)	
<b>Net income</b>	<b>9,780</b>	<b>(1,556)</b>	<b>8,224</b>	

## Notes:

- 1) The key differences in revenue recognition principles between Previous GAAP and U.S. GAAP are as follows:
  - a) Under U.S. GAAP, in respect of certain multiple element arrangements, revenue recognition in respect of products/services delivered is limited to the amount of consideration that is not contingent upon delivery of additional items or meeting other specified performance conditions. Under Previous GAAP, revenue for products/services delivered is recognized in full, if the delivery of additional items or meeting other specified performance conditions is considered probable at the time of delivery.
  - b) Differences in revenue recognition principles between Previous GAAP and U.S. GAAP in respect of revenue arrangements involving delivery of third-party software products and related services.
  - c) Under U.S. GAAP, generally cash payments to customers pursuant to sales promotional activities are considered as sales discount and reduced from revenue. Under Previous GAAP, such payments are considered as cost of revenues and selling and marketing expenses. This is a presentation difference and has no impact on net income.
- 2) The key differences in operating profit between Previous GAAP and U.S. GAAP are as follows:
  - a) Impact of difference in revenue recognition principles described above.
  - b) Under U.S. GAAP, all the assets and liabilities arising from a business combination are identified and recorded at fair values. Under U.S. GAAP, finite life intangible assets are amortized in the proportion of economic benefits consumed during the period to the expected total economic benefits. Under Previous GAAP, such intangible assets are usually amortized on a straight line basis over the estimated useful. This has resulted in a difference in the underlying amortization expense between Previous GAAP and U.S. GAAP.
  - c) Indian tax laws levies fringe benefit tax ( FBT ) in respect of various fringe benefits provided to employees. Under Previous GAAP, such FBT is treated as income taxes, whereas under U.S. GAAP such FBT is treated as an operating expense. This is a presentation difference and has no impact on net income.
  - d) Indian tax laws levies FBT on all stock options exercised on or after April 1, 2007. The Company has modified its stock option plans to recover the FBT from employees. Under U.S. GAAP, FBT recovery is treated as an

additional exercise price and recorded in stockholders' equity. Under Previous GAAP, recovery of FBT from employees is offset against the related FBT expense.

- 3) The key differences in other income / (expense), net between Previous GAAP and U.S. GAAP are as follows:
- a) Foreign currency borrowings and related cross currency swap are considered as effective hedge of net investment in non-integral foreign operation. Consequently, the changes in the fair value of such derivative instrument and the impact of foreign currency translation adjustment on foreign currency borrowings that are determined to be an effective hedge are recognized in the equity. Under U.S. GAAP, combination of

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foreign currency borrowings and related cross currency swap do not qualify for hedge accounting, and consequently, the changes in fair value of such derivative instrument and the foreign currency translation adjustments on foreign currency borrowings are recognized in the statement of income.

- b) Difference in the basis of interest capitalization between Previous GAAP and U.S. GAAP.
- 4) The key differences in Income taxes between Previous GAAP and U.S. GAAP are as follows:
- a) Reclassification of FBT to operating expenses from income tax expense; refer note 2(c) above.
  - b) Under U.S. GAAP, deferred tax assets in respect of carry forward tax losses are recognized if it is more likely than not that, sufficient taxable profits would be available in the future to realize the tax benefits. Under Previous GAAP, deferred tax assets in respect of carry forward tax losses is recognized only if it is virtually certain that sufficient future taxable income would be available in the future to realize the tax benefits.
  - c) Previous GAAP requires an entity to follow the income statement approach for recognizing deferred taxes, while U.S. GAAP requires balance sheet approach in recognizing deferred taxes.
  - d) Consequential tax impact of the reconciliation items between Previous GAAP and U.S. GAAP discussed herein



**Table of Contents****Reconciliation of Profit for the six months ended September 30, 2008**

Particulars	Amount			Relevant Notes for adjustments
	Amount as per Previous GAAP	Reconciliation adjustment	as per US GAAP	
Revenues	Rs. 125,718	Rs. (2,001)	Rs. 123,717	1
Operating profit	21,279	(1,358)	19,921	2
Finance and other income/(expense), net	586	(1,647)	(1,061)	3
Equity in earnings of equity-accounted investees	213		213	
<b>Profit before taxes</b>	<b>22,078</b>	<b>(3,005)</b>	<b>19,073</b>	
Income taxes	(3,185)	509	(2,676)	4
Minority interest	(34)		(34)	
<b>Net income</b>	<b>18,859</b>	<b>(2,496)</b>	<b>16,363</b>	

## Notes:

- 1) The key differences in revenue recognition principles between Previous GAAP and U.S. GAAP are as follows:
  - a) Under U.S. GAAP, in respect of certain multiple element arrangements, revenue recognition in respect of products/services delivered is limited to the amount of consideration that is not contingent upon delivery of additional items or meeting other specified performance conditions. Under Previous GAAP, revenue for products/services delivered is recognized in full, if the delivery of additional items or meeting other specified performance conditions is considered probable at the time of delivery.
  - b) Differences in revenue recognition principles between Previous GAAP and U.S. GAAP in respect of revenue arrangements involving delivery of third-party software products and related services.
  - c) Under U.S. GAAP, generally cash payments to customers pursuant to sales promotional activities are considered as sales discount and reduced from revenue. Under Previous GAAP, such payments are considered as cost of revenues and selling and marketing expenses. This is a presentation difference and has no impact on net income.
- 2) The key differences in operating profit between Previous GAAP and U.S. GAAP are as follows:
  - a) Impact of difference in revenue recognition principles described above.
  - b) Under U.S. GAAP, all the assets and liabilities arising from a business combination are identified and recorded at fair values. Under U.S. GAAP, finite life intangible assets are amortized in the proportion of economic benefits consumed during the period to the expected total economic benefits. Under Previous GAAP, such intangible assets are usually amortized on a straight line basis over the estimated useful. This has resulted in a difference in the underlying amortization expense between Previous GAAP and U.S. GAAP.
  - c) Indian tax laws levies fringe benefit tax ( FBT ) in respect of various fringe benefits provided to employees. Under Previous GAAP, such FBT is treated as income taxes, whereas under U.S. GAAP such FBT is treated as an operating expense. This is a presentation difference and has no impact on net income.
  - d)

Indian tax laws levies FBT on all stock options exercised on or after April 1, 2007. The Company has modified its stock option plans to recover the FBT from employees. Under U.S. GAAP, FBT recovery is treated as an additional exercise price and recorded in stockholders' equity. Under Previous GAAP, recovery of FBT from employees is offset against the related FBT expense.

- 3) The key differences in other income / (expense), net between Previous GAAP and U.S. GAAP are as follows:
- a) Foreign currency borrowings and related cross currency swap are considered as effective hedge of net investment in non-integral foreign operation. Consequently, the changes in the fair value of such derivative instrument and the impact of foreign currency translation adjustment on foreign currency borrowings that are determined to be an effective hedge are recognized in the equity. Under U.S. GAAP, combination of

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foreign currency borrowings and related cross currency swap do not qualify for hedge accounting, and consequently, the changes in fair value of such derivative instrument and the foreign currency translation adjustments on foreign currency borrowings are recognized in the statement of income.

- b) Difference in the basis of interest capitalization between Previous GAAP and U.S. GAAP.
- 4) The key differences in Income taxes between Previous GAAP and U.S. GAAP are as follows:
- a) Reclassification of FBT to operating expenses from income tax expense; refer note 2(c) above
  - b) Under U.S. GAAP, deferred tax assets in respect of carry forward tax losses are recognized if it is more likely than not that, sufficient taxable profits would be available in the future to realize the tax benefits. Under Previous GAAP, deferred tax assets in respect of carry forward tax losses is recognized only if it is virtually certain that sufficient future taxable income would be available in the future to realize the tax benefits.
  - c) Previous GAAP requires an entity to follow the income statement approach for recognizing deferred taxes, while U.S. GAAP requires balance sheet approach in recognizing deferred taxes.
  - d) Consequential tax impact of the reconciliation items between Previous GAAP and U.S. GAAP discussed herein

Table of Contents**Reconciliation of Profit for the year ended March 31, 2009**

Particulars	Amount			Relevant Notes for adjustments
	Amount as per Previous GAAP	Reconciliation adjustment	as per US GAAP	
Revenues	Rs. 256,995	Rs. (2,431)	Rs. 254,564	1
Operating profit	44,004	(2,614)	41,390	2
Finance and other income/(expense), net	1,192	(3,008)	(1,816)	3
Equity in earnings of equity-accounted investees	362		362	
<b>Profit before taxes</b>	<b>45,558</b>	<b>(5,622)</b>	<b>39,936</b>	
Income taxes	(6,460)	1,038	(5,422)	4
Minority interest	(99)		(99)	
<b>Net income</b>	<b>38,999</b>	<b>(4,584)</b>	<b>34,415</b>	

## Notes:

- 1) The key differences in revenue recognition principles between Previous GAAP and U.S. GAAP are as follows:
  - a) Under U.S. GAAP, in respect of certain multiple element arrangements, revenue recognition in respect of products/services delivered is limited to the amount of consideration that is not contingent upon delivery of additional items or meeting other specified performance conditions. Under Previous GAAP, revenue for products/services delivered is recognized in full, if the delivery of additional items or meeting other specified performance conditions is considered probable at the time of delivery.
  - b) Differences in revenue recognition principles between Previous GAAP and U.S. GAAP in respect of revenue arrangements involving delivery of third-party software products and related services.
  - c) Under U.S. GAAP, generally cash payments to customers pursuant to sales promotional activities are considered as sales discount and reduced from revenue. Under Previous GAAP, such payments are considered as cost of revenues and selling and marketing expenses. This is a presentation difference and has no impact on net income.
- 2) The key differences in operating profit between Previous GAAP and U.S. GAAP are as follows:
  - a) Impact of difference in revenue recognition principles described above.
  - b) Under U.S. GAAP, all the assets and liabilities arising from a business combination are identified and recorded at fair values. Under U.S. GAAP, finite life intangible assets are amortized in the proportion of economic benefits consumed during the period to the expected total economic benefits. Under Previous GAAP, such intangible assets are usually amortized on a straight line basis over the estimated useful. This has resulted in a difference in the underlying amortization expense between Previous GAAP and U.S. GAAP.
  - c) Indian tax laws levies fringe benefit tax ( FBT ) in respect of various fringe benefits provided to employees. Under Previous GAAP, such FBT is treated as income taxes, whereas under U.S. GAAP such FBT is treated as an operating expense. This is a presentation difference and has no impact on net income.
  - d)

Indian tax laws levies FBT on all stock options exercised on or after April 1, 2007. The Company has modified its stock option plans to recover the FBT from employees. Under U.S. GAAP, FBT recovery is treated as an additional exercise price and recorded in stockholders' equity. Under Previous GAAP, recovery of FBT from employees is offset against the related FBT expense.

- 3) The key differences in other income/(expense) , net between Previous GAAP and U.S. GAAP are as follows:
- a) Foreign currency borrowings and related cross currency swap are considered as effective hedge of net investment in non-integral foreign operation. Consequently, the changes in the fair value of such derivative instrument and the impact of foreign currency translation adjustment on foreign currency borrowings that are determined to be an effective hedge are recognized in the equity. Under U.S. GAAP, combination of foreign currency borrowings and related cross currency swap do not qualify for hedge accounting, and

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consequently, the changes in fair value of such derivative instrument and the foreign currency translation adjustments on foreign currency borrowings are recognized in the statement of income

- b) Difference in the basis of interest capitalization between Previous GAAP and U.S. GAAP
- 4) The key differences in income taxes between Previous GAAP and U.S. GAAP are as follows:
- a) Reclassification of FBT to operating expenses from income tax expense; refer note 2(c) above
  - b) Under U.S. GAAP, deferred tax assets in respect of carry forward tax losses are recognized if it is more likely than not that, sufficient taxable profits would be available in the future to realize the tax benefits. Under Previous GAAP, deferred tax assets in respect of carry forward tax losses is recognized only if it is virtually certain that sufficient future taxable income would be available in the future to realize the tax benefits.
  - c) Previous GAAP requires an entity to follow the income statement approach for recognizing deferred taxes, while U.S. GAAP requires balance sheet approach in recognizing deferred taxes.
  - d) Consequential tax impact of the reconciliation items between Previous GAAP and U.S. GAAP discussed herein

**Table of Contents****Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations***(in millions, except share data and where otherwise stated)*

As discussed elsewhere in this report, in addition to historical information, this Quarterly Report on Form 6-K 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, with terms and phrases. Such forward-looking statements include, but are not limited to, all of the statements 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, 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 Indian IT market and focuses primarily on meeting requirements for IT products of companies in India and Middle East region.

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

Our revenue and profit for the three month and six month periods ended September 30, 2008 and 2009 are provided below.

	<b>Wipro Limited and subsidiaries</b>					
	<b>Three months ended September 30,</b>			<b>Six months ended September 30,</b>		
	<b>2008</b>	<b>2009</b>	<b>Year on Year Change</b>	<b>2008</b>	<b>2009</b>	<b>Year on Year Change</b>
Revenue	65,022	69,177	6.39%	Rs. 124,740	Rs. 131,639	5.53%
Cost of revenue	(46,140)	(47,522)	3%	(88,441)	(90,769)	2.63%
Gross profit	18,882	21,655	14.69%	36,299	40,870	12.59%
Operating income	10,946	13,189	20.49%	20,925	24,612	17.62%
Profit attributable to equity holders	9,704	11,707	20.64% <sup>(1)</sup>	18,651	21,810	16.94% <sup>(1)</sup>

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As a percentage of  
Revenue:

Selling and marketing expenses	6.80%	6.49%	31 bps	6.92%	6.63%	29 bps
General and administrative expenses	5.40%	5.75%	(35) bps 68	5.40%	5.72%	(32) bps

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	<b>Wipro Limited and subsidiaries</b>					
	<b>Three months ended September 30,</b>			<b>Six months ended September 30,</b>		
	<b>2008</b>	<b>2009</b>	<b>Year on Year Change</b>	<b>2008</b>	<b>2009</b>	<b>Year on Year Change</b>
Gross margins	29.04%	31.30%	226 bps	29.10%	31.05%	195 bps
Operating margin	16.83%	19.07%	224 bps	16.77%	18.70%	193 bps
Earnings per share						
Basic	6.68	8.04		12.84	14.97	
Diluted	6.63	7.97		12.75	14.86	

(1) Our adjusted non-GAAP profit for the three months and six months ended September 30, 2009 is Rs. 11,635 and Rs. 21,680, an increase of 19.58% and 15.07% over the three months and six months ended September 30, 2008, respectively. See discussion below:

Our revenue and operating income by business segment expressed in terms of percentages are provided below for the three months and six months ended September 30, 2008 and 2009:

	<b>Three months ended September 30,</b>		<b>Six months ended September 30,</b>	
	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
	<b>(In Percentage)</b>		<b>(In Percentage)</b>	
<b>Revenue:</b>				
IT Services and Products				
IT Services	73	72	73	75
IT Products	15	17	14	14
Total	88	89	87	89
Consumer Care and Lighting	7	8	8	8

Others	5	3	5	3
	100	100	100	100

**Operating income:**

## IT Services and Products

IT Services	91	89	92	91
IT Products	4	5	3	4
Total	95	94	95	95
Consumer Care and Lighting	6	6	6	6
Others	(1)		(1)	(1)
	100	100	100	100

**Non-GAAP Financial Measures**

This Quarterly Report on Form 6-K contains, and future filings with the SEC may contain, non-GAAP financial measures within the meaning of Regulation G and Item 10(e) of Regulation S-K. Such non-GAAP financial measures are measures of our historical or future performance, financial position or cash flows that are adjusted to exclude or include amounts that are excluded or included, as the case may be, from the most directly comparable financial measure calculated and presented in accordance with IFRS.

The following table provides our adjusted profit for the period, which is a non-GAAP financial measure that excludes the impact of accelerated amortization in respect of stock options that vest in a graded manner. 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, the most directly comparable financial measure calculated in accordance with IFRS. In addition to this non-GAAP financial measure, readers should carefully review and evaluate our financial statements prepared in accordance with IFRS as well as the reconciliation of this non-GAAP financial measure with the most directly comparable IFRS financial measure.

A reconciliation of adjusted non-GAAP profit, which excludes the impact of accelerated amortization in respect of stock options that vest in a graded manner, with profit as calculated and presented in accordance with IFRS, is as follows:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
Profit for the period as per IFRS	Rs. 9,704	Rs. 11,707	Rs. 18,651	Rs. 21,810
Adjustments:				

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	<b>Three months ended September 30,</b>		<b>Six months ended September 30,</b>	
	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
Accelerated amortization of stock options that vest in a graded manner	26	(72)	190	(130)
Adjusted non-GAAP profit	Rs. 9,730	Rs. 11,635	Rs. 18,841	Rs. 21,680

The Company believes that the presentation of this non-GAAP adjusted profit, when shown in conjunction with the corresponding IFRS measure, provides useful information to investors and management regarding financial and business trends relating to the Company's profit for the period. The Company considers a stock option award with a graded vesting schedule to be a single award and not multiple stock option awards. Further, the Company considers the services of the employee in each year, covered by the stock option award to be equally valuable and accordingly believes that straight line amortization reflects the economic substance of the stock awards. However, under IFRS, the Company records the related stock compensation expenses on an accelerated basis. Therefore, we believe that making available an adjusted profit number that excludes the impact of accelerated amortization from profit 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 accelerated amortization relating to stock options that vest in a graded manner. The management of the Company also uses non-GAAP adjusted profit, in addition to the corresponding IFRS measures, in reviewing our financial results.

A material limitation associated with the use of non-GAAP profit as compared to the IFRS measure of profit is that it does not include costs which are recurring in nature and may not be comparable with the calculation of profit 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 IFRS financial measure and by providing a reconciliation to the corresponding IFRS measure.

**Results of operations for the three months ended September 30, 2009 and 2008**

Our total revenues increased by 6%. This was driven primarily by a 19%, 15% and 5% increase in revenue from our IT Products, Consumer Care and Lighting and IT Services business segments respectively. This increased revenue was partially offset by a decline of 36% in revenue from our Others segment, including reconciling items.

Our gross profit as percentage of our total revenue increased by 226 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 segment by 548 bps and an increase in gross profit as a percentage of revenue from our IT Services segment by 230 bps. This increase was partially offset by a decline in gross profit as a percentage of revenue from our Others segment, including reconciling items.

Our selling and marketing expenses as a percentage of revenue has declined from 6.80% for the three months ended September 30, 2008 to 6.49% for the three month period ended September 30, 2009. In absolute terms selling and marketing expenses have increased by 1.54%, primarily due to an increase in the Consumer Care and Lighting segment. This increase was partially offset by decline in the IT Services segment and Others segment, including reconciling items.

Our general and administrative expenses as a percentage of revenue has increased from 5.40% for the three months ended September 30, 2008 to 5.75% for the three months ended September 30, 2009. In absolute terms the general and administrative expenses increased by 13.15%, primarily due to increased expenses in the IT Services segment. This increase was partially offset by a decline in IT Products segment.

As a result of the foregoing factors, our operating income increased by 20.49%, from Rs. 10,946 for the three months ended September 30, 2008 to Rs. 13,189 for the three months period ended September 30, 2009.

Our finance (expenses)/income and other income, net, increased from Rs. 233 for the three months ended September 30, 2008 to Rs. 681 for the three months ended September 30, 2009.

Our income taxes increased by Rs. 658, from Rs. 1,559 for the three months ended September 30, 2008 to Rs. 2,217 for the three months ended September 30, 2009. Our effective tax rate increased from 13.8% for the three months ended September 30, 2008 to 15.9% for the three months ended September 30, 2009. The increase is primarily attributable to non-recognition of tax benefits in respect of losses incurred in certain overseas subsidiaries.

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Our equity in earnings of affiliates for the three months ended September 30, 2008 and 2009 was Rs. 106 and Rs. 112, respectively. Equity in earnings of affiliates primarily relates to the equity in earnings of Wipro GE.

As a result of the foregoing factors, our profit attributable to equity holders increased by Rs. 2,003 or 20.64%, from Rs. 9,704 for the three months ended September 30, 2008 to Rs. 11,707 for the three months ended September 30, 2009.

### **Results of operations for the six months ended September 30, 2009 and 2008**

Our total revenues increased by 6%. This was driven primarily by a 12%, 11% and 7% increase in revenue from our Consumer Care and Lighting, IT Products and IT Services business segments respectively. This increased revenue was partially offset by a decline of 46% in revenue from our Others, including reconciling items segment.

Our gross profit as percentage of our total revenue increased by 195 bps. This was primarily on account of an increase in gross profit as a percentage of revenue from our Consumer Care and Lighting segment by 569 bps, an increase in gross profit as a percentage of revenue from our IT Services segment by 117 bps and an increase in gross profit as a percentage of revenue from our IT Products segment by 177 bps. This increase was partially offset by a decline in gross profit as a percentage of revenue from our Others segment, including reconciling items.

Our selling and marketing expenses as a percentage of revenue has declined from 6.92% for the six months ended September 30, 2008 to 6.63% for the six months ended September 30, 2009. In absolute terms selling and marketing expenses have increased by 1.14%, primarily due to an increase in the Consumer Care and Lighting segment and IT Products segment. This increase was partially offset by a decline in the IT Services segment and Others, including reconciling items segment.

Our general and administrative expenses as a percentage of revenue has increased from 5.40% for the six months ended September 30, 2008 to 5.72% for the six months ended September 30, 2009. In absolute terms the general and administrative expenses increased by 11.66%, primarily due to increased expenses in the IT Services segment, IT Products segment and Consumer Care and Lighting segment. This increase was partially offset by a decline in Others, including reconciling items segment.

As a result of the foregoing factors, our operating income increased by 17.62%, from Rs. 20,925 for the six months ended September 30, 2008 to Rs. 24,612 for the six months ended September 30, 2009.

Our finance (expenses)/income and other income, net, increased from Rs. 549 for the six months ended September 30, 2008 to Rs. 1,036 for the six months ended September 30, 2009.

Our income taxes increased by Rs. 955, from Rs. 3,002 for the six months ended September 30, 2008 to Rs. 3,957 for the six months ended September 30, 2009. Our effective tax rate increased from 13.8% for the six months ended September 30, 2008 to 15.3% for the six months ended September 30, 2009. The increase is primarily attributable to non-recognition of tax benefits in respect of losses incurred in certain overseas subsidiaries and increase in proportion of income subject to income taxes.

Our equity in earnings of affiliates for the six months ended September 30, 2008 and 2009 was Rs. 213 and Rs. 226, respectively. Equity in earnings of affiliates primarily relates to the equity in earnings of Wipro GE.

As a result of the foregoing factors, our profit attributable to equity holders increased by Rs. 3,159 or 16.94%, from Rs. 18,651 for the six months ended September 30, 2008 to Rs. 21,810 for the six months ended September 30, 2009.

### **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 business process outsourcing area include customer interaction services, finance and accounting services and business process improvement services for repetitive processes.

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Our IT Services segment accounted for 73% and 72% of our revenue for the three months ended September 30, 2008 and 2009, respectively and 73% and 75% of our revenue for the six months ended September 30, 2008 and 2009, respectively. Our IT Services segment accounted for 91% and 89% of our operating income for the three months ended September 30, 2008 and 2009, respectively and 92% and 91% of our operating income for the six months ended September 30, 2008 and 2009, respectively.

	Three months ended September 30,		Year on Year Change	Six months ended September 30,		Year on Year Change
	2008	2009		2008	2009	
Revenue	Rs.47,491	Rs.49,981	5.24%	Rs.91,519	Rs.98,246	7.35%
Gross profit	15,662	17,632	12.58%	30,162	33,533	11.18%
Selling and marketing expenses	(2,863)	(2,450)	(14.43)%	(5,451)	(4,786)	(12.20)%
General and administrative expenses	(2,863)	(3,387)	18.30%	(5,607)	(6,254)	11.54%
Operating income	9,936	11,795	18.71%	19,104	22,493	17.74%
As a percentage of Revenue:						
Selling and marketing expenses	6.03%	4.90%	113 bps	5.96%	4.87%	109 bps
General and administrative expenses	6.03%	6.78%	(75) bps	6.13%	6.37%	(24) bps
Gross margin	32.98%	35.28%	230 bps	32.96%	34.13%	117 bps
Operating margin	20.92%	23.60%	268 bps	20.87%	22.89%	202 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. 47,679 and Rs. 49,762 for the three months ended September 30, 2008 and 2009 respectively and Rs. 92,378 and Rs. 99,264 for the six months ended September 30, 2008 and 2009, respectively.

**Results of operations for the three months ended September 30, 2009 and 2008**

Our revenue from IT Services increased by 5%. In USD terms our revenue decreased by 4% from \$1,110 millions to \$1,065 millions. Our average USD/INR realization increased from Rs. 42.79 for the three months ended September 30, 2008 to Rs. 46.92 for the three months ended September 30, 2009.

This decline of 4% was primarily due to a 13% decline in revenue from technology, media and telecom services, a 7% decline in revenue from financial services. This was partially offset by 8% increase in revenue from retail and transportation services and a 4% increase in revenue from energy and utilities services. In our IT Services segment, we added 37 new clients during the three months ended September 30, 2009.

Our gross profit as a percentage of our revenue from our IT Services segment increased by 230 bps. The improvement in gross margin as percentage of revenue is primarily on account of improvement in average USD/INR realization and higher onsite price realization during the three month ended September 2009 as compared to three month ended September 2008.

The onsite price realization improved by approximately 2.8% during the three month ended September 30, 2009. Further, our average utilization of billable employees improved from 70.3% for the three month ended September 30, 2008 to 70.8% for the three month ended September 30, 2009. This was partially offset by the higher increase in the personnel cost arising on account of compensation review in fiscal 2009 and decline in off-shore

price realization by approximately 0.7%.

Selling and marketing expenses as a percentage of revenue from our IT Services segment declined from 6.03% for the three months ended September 30, 2008 to 4.90% for the three months ended September 30, 2009. This is primarily attributable to cost rationalisation measures adopted by the company; for example we used video conferencing and virtual meeting tools to reduce our travel spends. Further, our integrated service offering approach also resulted in lower selling and marketing expense as a percentage of revenue from our IT Services segment.

General and administrative expenses as a percentage of revenue from our IT Services segment increased from 6.03% for the three months ended September 30, 2008 to 6.78% for the three months ended September 30, 2009. The increase in general and administrative expenses is primarily attributable to increase in the provision



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for doubtful debts during the three month September 2009. This was partially offset by the decline in other expenses, which is attributable to cost curtailment measures.

As a result of the above, operating income of our IT Services segment increased by 18.71%.

**Results of operations for the six months ended September 30, 2009 and 2008**

Our revenue from IT Services increased by 7%. In USD terms our revenue decreased by 4% from \$2,177 millions to \$2,098 millions. Our average USD/INR realization increased from Rs. 42.02 for the six months ended September 30, 2008 to Rs. 46.83 for the six months ended September 30, 2009.

This decline of 4% was primarily due to a 15% decline in revenue from technology, media and telecom services, a 3% decline in revenue from financial services. This was partially offset by 11% increase in revenue from retail and transportation services and a 3% increase in revenue from manufacturing services. In our IT Services segment, we added 63 new clients during the six months ended September 30, 2009.

Our gross profit as a percentage of our revenue from our IT Services segment increased by 117 bps. The improvement in gross margin as percentage of revenue is primarily on account of improvement in average USD/INR realization and higher onsite price realization during the six month ended September 2009 as compared to six month ended September 2008.

The onsite price realization improved by approximately 1.48% during the six month ended September 30, 2009. Further, our average utilization of billable employees improved from 69.1% for the six month ended September 30, 2008 to 70.4% for the six month ended September 30, 2009. This was partially offset by the higher increase in the personnel cost arising on account of compensation review in fiscal 2009 and decline in off-shore price realization by approximately 1.49%.

Selling and marketing expenses as a percentage of revenue from our IT Services segment declined from 5.96% for the six months ended September 30, 2008 to 4.87% for the six months ended September 30, 2009. This is primarily attributable to cost rationalisation measures adopted by the company; for example we used video conferencing and virtual meeting tools to reduce our travel spends. Further, our integrated service offering approach resulted in lower selling and marketing expense as a percentage of revenue from our IT Services segment.

General and administrative expenses as a percentage of revenue from our IT Services segment increased from 6.13% for the six months ended September 30, 2008 to 6.37% for the six months ended September 30, 2009. The increase in general and administrative expenses in absolute terms is primarily increase in the provision for doubtful debts. This was partially offset by the decline in other expenses, which is attributable to cost curtailment measures.

As a result of the above, operating income of our IT Services segment increased by 17.74%.

**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 15% and 17% of our revenue for the three months ended September 30, 2008 and 2009, respectively and 14% and 14 % of our revenue for each of the six months ended September 30, 2008 and 2009, respectively. Our IT Products segment accounted for 4% and 5% of our operating income for the three months ended September 30, 2008 and 2009, respectively and 3% and 4% of our operating income for the six months ended September 30, 2008 and 2009, respectively.

Three months ended		Year on Year Change	Six months ended		Year on Year Change
September 30, 2008	2009		September 30, 2008	2009	

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Revenue	Rs. 9,925	Rs. 11,854	19.44%	Rs. 17,247	Rs. 19,191	11.27%
Gross profit	994	1,215	22.23%	1,594	2,113	32.56%
Selling and marketing expenses	(329)	(360)	9.42%	(593)	(692)	16.69%

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	<b>Three months ended September 30,</b>		<b>Year on Year Change</b>	<b>Six months ended September 30,</b>		<b>Year on Year Change</b>
	<b>2008</b>	<b>2009</b>		<b>2008</b>	<b>2009</b>	
General and administrative expenses	(252)	(243)	(3.57%)	(331)	(517)	56.19%
Operating income	413	612	48.18%	670	904	34.93%
As a Percentage of Revenues:						
Selling and marketing expenses	3.31%	3.04%	27bps	3.44%	3.61%	(17)bps
General and administrative expenses	2.54%	2.05%	49bps	1.92%	2.69%	(77)bps
Gross margin	10.03%	10.25%	22bps	9.24%	11.01%	177bps
Operating margin	4.16%	5.16%	100bps	3.88%	4.71%	83bps

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. 10,005 and Rs. 11,948 for the three months ended September 30, 2008 and 2009, respectively and Rs. 17,340 and Rs. 19,447 for the six months ended September 30, 2008 and 2009, respectively.

**Results of operations for the three months ended September 30, 2009 and 2008**

Our revenue from the IT Products segment increased by 19.4% primarily due to higher demand for IT Products in India and Middle East markets.

Our gross profit as a percentage of our revenue of our IT products segment increased marginally by 22 bps.

Selling and marketing expenses as a percentage of revenue from our IT Products segment has declined marginally from 3.31% for the three months ended September 30, 2008 to 3.04% for the three months ended September 30, 2009. In absolute terms selling and marketing expenses increased by Rs. 31.

General and administrative expenses as a percentage of revenue from our IT Products segment has declined from 2.54% for the three months ended September 30, 2008 to 2.05% for the three months ended September 30, 2009. In absolute terms general and administrative expenses declined by Rs. 9.

As a result of the above, operating income of our IT products segment increased by 48.18%.

**Results of operations for the six months ended September 30, 2009 and 2008**

Our revenue from the IT Products segment increased by 11.3% primarily due to higher demand for IT Products in India and Middle East markets.

Our gross profit as a percentage of our revenue of our IT products segment increased marginally by 177 bps. This increase is primarily due to increase in proportion of revenues from outsourcing and system integration contracts, which are higher value added services.

Selling and marketing expenses as a percentage of revenue from our IT Products segment has increased marginally from 3.44% for the six months ended September 30, 2008 to 3.61% for the six months ended September 30, 2009. In absolute terms selling and marketing expenses increased by Rs. 99.

General and administrative expenses as a percentage of revenue from our IT Products segment has increased from 1.92% for the six months ended September 30, 2008 to 2.69% for the six months ended September 30, 2009. In absolute terms general and administrative expenses increased by Rs. 186.

As a result of the above, operating income of our IT products segment increased by 34.93%.

*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 7% and 8% of our revenue for the three months ended September 30, 2008 and 2009, respectively and 8% of our revenue for each of the six months ended September 30, 2008 and 2009, respectively. Our Consumer Care and Lighting segment accounted for 6% of our operating income for each of the three months ended September 30, 2008 and 2009, respectively and 6% of our operating income for each of the six months ended September 30, 2008 and 2009, respectively.

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	<b>Three months ended September 30,</b>		<b>Year on Year Change</b>	<b>Six months ended September 30,</b>		<b>Year on Year Change</b>
	<b>2008</b>	<b>2009</b>		<b>2008</b>	<b>2009</b>	
Revenue	Rs. 4,833	Rs. 5,559	15.02%	Rs. 9,583	Rs. 10,757	12.25%
Gross profit	2,080	2,697	29.66%	4,174	5,297	26.91%
Selling and marketing expenses	(1,120)	(1,638)	46.25%	(2,305)	(3,111)	34.97%
General and administrative expenses	(308)	(327)	6.17%	(594)	(662)	11.45%
Operating income	652	732	12.27%	1,275	1,524	19.53%
As a Percentage of Revenues:						
Selling and marketing expenses	23.17%	29.47%	(630) bps	24.05%	28.92%	(487) bps
General and administrative expenses	6.37%	5.88%	49bps	6.20%	6.15%	5bps
Gross margin	43.04%	48.52%	548bps	43.55%	49.24%	569bps
Operating margin	13.49%	13.17%	(32) bps	13.30%	14.17%	87bps

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. 4,832 and Rs. 5,555 for the three months ended September 30, 2008 and 2009, respectively and Rs. 9,590 and Rs. 10,761 for the six months ended September 30, 2008 and 2009, respectively.

**Results of operations for the three months ended September 30, 2009 and 2008**

Our Consumer Care and Lighting revenue increased by 15%. This increase is attributable to 17% growth in revenues in south-east Asian markets primarily from growth in revenues from personal care products and 13.5% growth in revenues in Indian markets.

The growth in revenues in Indian markets is primarily due to increase in revenue from toilet soap products partially offset by decline in revenues from lighting and furniture products.

Our gross profit as a percentage of our revenues from Consumer Care and Lighting segment increased by 548 bps. The expansion in gross margins is primarily due to decrease in input costs and increase in proportion of revenue from Unza products with higher gross margins. Unza products typically have higher gross margins.

Selling and marketing expense as percentage of revenue from our Consumer Care and Lighting segment has increased from 23.17% for the three months ended September 30, 2008 to 29.47% for the three months ended September 30, 2009. This increase is primarily due to higher brand promotion and advertisement spends in select geographies.

General and administrative expense as a percentage of revenue from our Consumer Care and Lighting segment has declined from 6.37% for the three months ended September 30, 2008 to 5.88% for the three month ended September 30, 2009. In absolute terms general and administrative expenses increased by Rs. 19.

As a result of the above, operating income of our Consumer Care and Lighting increased by 12.27%.

**Results of operations for the six months ended September 30, 2009 and 2008**

Our Consumer Care and Lighting revenue increased by 12%. This increase is attributable to approximately 15% increase in revenue from personal care products sold in south-east Asian markets and 10% increase in revenue from consumer products sold in Indian markets.

Our gross profit as a percentage of our revenues from Consumer Care and Lighting segment increased by 569 bps. The expansion in gross margins is primarily due to decrease in input costs and increase in proportion of revenue from Unza products. Unza products typically have higher gross margins.

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Selling and marketing expense as percentage of revenue from our Consumer Care and Lighting segment has increased from 24.05% for the six months ended September 30, 2008 to 28.92% for the six months ended September 30, 2009. This increase is primarily due to higher brand promotion and advertisement spends in select geographies and increase in proportion of revenues from Unza which has higher selling and marketing costs. Selling and distribution expense as a percentage of our revenues is typically higher in Unza products.

General and administrative expense as a percentage of revenue from our Consumer Care and Lighting segment has declined marginally from 6.20% for the six months ended September 30, 2008 to 6.15% for the six months ended September 30, 2009. In absolute terms general and administrative expenses increased by Rs. 68. This increase is primarily due to expenses incurred by Unza.

As a result of the above, operating income of our Consumer Care and Lighting increased by 19.53%.

*Others, including reconciling items***Results of operations for the three months ended September 30, 2009 and 2008**

Revenue from our Others segment, including reconciling items, decreased by 35.70%, from Rs. 2,773 for the three months ended September 30, 2008 to Rs. 1,783 for the three months ended September 30, 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, increased from a loss of Rs. 55 for the three months ended September 30, 2008 to a income of Rs. 50 for the three months ended September 30, 2009. This is primarily due to lower charge of Rs 113 being incremental impact of accelerated amortization of stock compensation expense recognised in reconciling items and reversal of fringe benefit tax of Rs. 100. This was partially offset by higher losses in our hydraulic cylinders and tipping gear systems business during the quarter ended September 30, 2009 primarily due to contraction in the sales volume of infrastructure engineering business due to the slowdown in the global market.

**Results of operations for the six months ended September 30, 2009 and 2008**

Revenue from our Others segment, including reconciling items, decreased by 46.10%, from Rs. 6,391 for the six months ended September 30, 2008 to Rs. 3,445 for the six months ended September 30, 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 India and Europe.

Operating income from our Others segment, including reconciling items, increased from Rs. (124) for the six months ended September 30, 2008 to Rs. (309) for the six months ended September 30, 2009. This is primarily due to higher losses in our hydraulic cylinders and tipping gear systems business during the period ended September 30, 2009 primarily due to contraction in the sales volume of infrastructure engineering business due to the slowdown in the global market. This was partially offset by incremental impact of accelerated amortization of stock compensation expense recognised in reconciling items and reversal of fringe benefit tax.

**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 finance and other income/(expense), 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 cash flow 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 transactions occur, along with the hedged items.

**Finance and other income/(expenses), net**

Our finance income/(expenses), net includes interest and related expense on short-term borrowings from banks, short-term and long-term debt, exchange differences arising from the translation or settlement of debt



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denominated in foreign currency and changes in fair value of related derivative instruments and interest income on short-term deposits.

Our other income/(expenses), net includes dividend income and realized gains/losses on available for sale investments.

**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 profit for the period 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 the 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.

*Software Technology and Hardware Technology Parks.* 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, 2010. The Finance (No. 2) Act, 2009 has extended the availability of the 10-year tax holiday by a period of one year such that the tax holiday will now be available until the earlier of fiscal year 2011 or ten years after the commencement of a tax holiday for an individual undertaking..

*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.

The Company had received tax demands from the Indian income tax authorities for the financial years ended March 31, 2001, 2002, 2003 and 2004 aggregating to Rs. 11,127 (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 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, 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 first appellate authority upholding our claims for earlier years, we believe that the final outcome of the above disputes should be in our favour and there should not be any material impact on the financial statements.

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 2008 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 for fiscal 2008 and, accordingly, a deferred tax asset of Rs.

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126 has been recognized on the statement of financial position as of March 31, 2009, which can be carried forward for a period of 7 years.

The Indian tax laws levy an additional income tax on companies called a Fringe Benefit Tax or FBT. Pursuant to this, 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 fringe benefits to the employees and subject a company to tax at a rate of 30%, exclusive of applicable surcharge and cess. The Finance Act (No.2), 2009 has abolished the levy of FBT. The perquisites provided to the employees are taxable as salaries in the hands of employees.

**Liquidity and Capital Resources**

The Company's cash flow from operating, investing and financing activities, as reflected in the Unaudited Condensed Consolidated interim Statement of Cash Flows on page 9, is summarized in the table below:

	<b>Six months ended September</b>		
	<b>30,</b>		
	<b>2008</b>	<b>2009</b>	<b>Change</b>
Net cash provided by/(used in) continuing operations:			
Operating activities	Rs. 16,806	Rs. 29,297	12,491
Investing activities	(32,533)	(25,063)	7,470
Financing activities	(4,024)	(21,119)	(17,095)
Net change in cash and cash equivalents	(19,751)	(16,885)	2,866
Effect of exchange rate changes on cash and cash equivalent	472	(404)	(876)

As of September 30, 2009, we had cash and cash equivalent and short-term investments of Rs. 73,938. Cash and cash equivalent and short-term investments, net of debt was Rs. 30,482. In addition we have unused credit lines of Rs. 42,214. 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. 12,491, while profit for the period increased by Rs. 3,232 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 September 2008 to 61 days in September 2009. This was offset by increase in receivables in IT products business primarily due to sales growth and higher receivable days. Receivable days as of a reporting date is the proportion of receivables, adjusted for unbilled and unearned revenue to the revenues for the respective fiscal quarter multiplied by 90. Further, the increase is also due to non-cash charge of Rs. 2,735 and securitisation of lease receivables of Rs. 1,471. Our focus on improving working capital has resulted in reduction in inventory holding and higher trade payables and accrued expenses.

During the six months ended September 30, 2008, cash provided by operating activities was Rs. 16,806. The cash from operating activities was higher due to a tax refund of Rs. 2,914 received during the six months ended September 30, 2008. In addition, an increase in accounts payable and accrued expenses resulting from better management of payable terms contributed to improvement in operating cash flows. This was partially offset by the increase in inventory of our IT products business attributable to strategic procurement for servicing large contracts and increase in inventory of Consumer Care and Lighting segment to mitigate the impact of anticipated price increases. This was also partially offset by increase in unbilled revenue attributable to the increase in proportion of revenues derived from fixed price projects and deferred payment arrangements in certain contracts.

Cash used in investing activities for the six months ended September 30, 2009 was Rs. 25,063. Cash provided by operating activities was utilized for the net purchase of investments and deposits amounting to Rs. 21,737. We also purchased property, plant and equipment amounting to Rs. 5,236, which was primarily driven by the growth strategy of the Company.

Cash used in investing activities for the six months ended September 30, 2008 was Rs. 32,533. Cash provided by operating activities was utilized for the net purchase of investments and deposits amounting to Rs. 24,893. We also purchased property, plant and equipment amounting to Rs. 8,552, this was primarily driven by the growth strategy of

the Company.

Cash used in financing activities for the six months ended September 30, 2009 was Rs. 21,119 as against Rs. 4,024 for the six months ended September 30, 2008. We have repaid loans and borrowings, net of Rs. 13,620 and paid dividend of Rs. 6,822.

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Cash used in financing activities for the six months ended September 30, 2008 was Rs. 4,024. Cash used in financing activities primarily for paying dividend of Rs. 6,828. This was partially offset by proceeds from loans and borrowings of Rs. 3,981.

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 requirements and strategies are executed to maintain sufficient flexibility to access global funding sources, as needed. Please refer to Note 12 of our Notes to the unaudited condensed consolidated interim financial statements for more details on our borrowings.

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

As of September 30, 2009, we had contractual commitments of Rs. 4,065 (\$85 millions) related to capital expenditures on construction or expansion of software development facilities, Rs. 7,686 (\$160 millions) related to non-cancelable operating lease obligations and Rs. 4,050 (\$84 millions) 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). Please refer Note 15 of our Notes to condensed consolidated financial statements.

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***

As of September 30, 2009, our purchase obligation increased by Rs. 795 and capital commitments and non-cancelable operating lease obligation decreased by Rs. 1,306 and Rs. 216, respectively when compared to the obligations reported in our Annual Report on Form 20-F for the fiscal year ended March 31, 2009 filed with the SEC on May 18, 2009. There have been no material change in the contractual obligation table relating to obligations under capital leases, estimated interest payment, other long-term liabilities and repayment schedules thereof during the six months ended September 30, 2009.

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 is cancelable, but we would incur a penalty on cancellation then the amount of the penalty is included as a purchase obligation.

For these amounts, the extent of the amount and timing of payment/cash settlement is not reliably estimable or determinable, at present.

**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.

The recent financial and credit crisis has resulted in an economic slowdown in US and Europe. In an economic slowdown, our clients could reduce, postpone or defer decisions on IT spending and outsourcing. However, the economic slowdown is gradually easing. According to advance estimates of Bureau of Economic Analysis, the US economy is estimated to have grown by 3.5% in third quarter of 2009. We anticipate that IT spends

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would stabilize over a period of time. According to a recent report IT spending 2010, Gartner Perspective worldwide IT spending is expected to increase by 3.3% in 2010 following a decline of 5.2% in 2009.

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 six months ended September 30, 2009 is 34.1%. 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

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 profit for the period 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.

**New accounting standards not yet adopted**

In January 2008, the IASB issued the revised standards *IFRS 3, Business Combinations* ( *IFRS 3, 2008* ) and *IAS 27 Consolidated and Separate Financial Statements* ( *IAS 27, 2008* ). The revisions result in several changes in the accounting for business combinations. IFRS 3 and IAS 27 will be effective for fiscal years beginning on or after July 1, 2009, with early adoption permitted. Historically, we have rarely entered into business combinations in which we did not fully acquire the target. Should this history continue, the main impacts from applying the revised IFRS 3 (2008) and IAS 27 (2008) should be those resulting from changes (if any) in acquired income tax risks in accordance with IAS 12 as well as additional expenses resulting from the new guidance in the revised IFRS 3 (2008), under which acquisition-related expenses are no longer to be recorded as part of the purchase price in a business combination. The amount of these expenses mainly depends on the number and size of our future business combinations as well as the

extent of use of third-party resources in the acquisition process.

In July 2008, the IASB issued an amendment to *IAS 39, Financial Instruments: Recognition and Measurement: Eligible Hedged Items ( IAS 39 )*. The amendment addresses the designation of a one-sided risk in a hedged item in particular situations. The amendment applies to hedging relationships in the scope of IAS 39. The



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amendment is effective for fiscal years beginning on or after July 1, 2009. Earlier application is permitted. We are evaluating the impact of these amendments on our condensed consolidated financial statements.

In April 2009, the IASB issued *Improvements to IFRSs* – a collection of amendments to twelve International Financial Reporting Standards – as part of its program of annual improvements to its standards, which is intended to make necessary, but non-urgent, amendments to standards that will not be included as part of another major project. The latest amendments were included in exposure drafts of proposed amendments to IFRS published in October 2007, August 2008, and January 2009. The amendments resulting from this standard mainly have effective dates for annual periods beginning on or after April 1, 2010, although entities are permitted to adopt them earlier. We are currently determining the impact these amendments will have on our condensed consolidated financial statements.

**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.

**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.

**Revenue:**

We derive revenue primarily from:

software development and maintenance services;

BPO services; and

Sale of IT and other products.

a) *Services:* We recognise revenue when the significant terms of the arrangement are enforceable, services are being delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

(i) *Time and materials contracts:* Revenues and costs relating to time and materials contracts are recognized as the related services are rendered.

(ii) *Fixed-price contracts:* Revenues from fixed-price contracts, including systems development and integration contracts are recognized using the percentage-of-completion method. Percentage of completion is determined based on direct labor costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. Costs which relate to future activity on the contract are recognized as contract work in progress. If we do not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the income statement in the period in which such losses become probable based on the current contract estimates.



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Unbilled revenues represent cost and earnings in excess of billings as at the end of the reporting period.  
Unearned revenues included in other current liabilities represent billing in excess of revenue recognized.

- (iii) Maintenance contract: Revenue from maintenance contracts is recognized ratably over the period of the contract.
- b) *Products*: Revenue from products are recognized when:  
we have transferred the significant risks and rewards of ownership to the buyer;  
  
continuing managerial involvement usually associated with ownership and effective control have ceased;  
  
amount of revenue can be measured reliably;  
  
it is probable that economic benefits associated with the transaction will flow to the Company; and  
  
costs incurred or to be incurred in respect of the transaction can be measured reliably.
- c) *Multiple element arrangements*: We allocate revenue to each separately identifiable component of the transaction based on the guidance in IAS 18. The total arrangement consideration is allocated to such components based on their relative fair values.
- d) *Others*: The company accounts for volume discounts and pricing incentives to customers by reducing the amount of discount from the amount of revenue recognized at the time of sale.

Revenues are shown net of sales tax, value added tax, service tax and applicable discounts and allowances.  
Revenue includes excise duty and shipping and handling costs.

**Income tax:**

Income tax comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent it relates to items directly recognized in equity, in which case it is recognized in equity.

- a) *Current income tax*: 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.

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

- b) *Deferred income tax*: We recognise deferred income tax using the balance sheet approach. Deferred tax is recognized on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. We recognise a deferred tax asset only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax loss carry forwards can be utilized.

The measurement of deferred tax assets involves judgment regarding the deductibility of costs not yet subject to taxation and estimates regarding sufficient future taxable income to enable utilization of unused tax losses in different tax jurisdictions. All deferred tax assets are subject to review of probable utilization.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or

substantively enacted at the reporting date.

- c) *Others:* 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.

We have not recognized a deferred tax liability on undistributed earnings of our subsidiaries because we plan to indefinitely reinvest those undistributed profit of our subsidiaries.

**Share based payment transaction:**

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Our employees receive remuneration in the form of equity instruments, for rendering services over a defined vesting period. Equity instruments granted is measured by reference to the fair value of the instrument at the date of grant. Since these are granted at a nominal exercise price, the intrinsic value on the date of grant approximates the fair value. The expense is recorded by a compensating increase to the share based payment reserve, a component of equity.

The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of respective tranches (accelerated amortization). The stock compensation expense is determined based on our estimate of equity instruments that will eventually vest.

**Derivative financial instruments**

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.

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 September 30, 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.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in statement of income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

- a) *Cash flow hedges:* Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in statement of income. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity is transferred to statement of income upon the occurrence of the forecasted transaction.
- b) *Hedges of net investment in foreign operations:* We designate derivative financial instruments as hedges of net investments in foreign operations. We have also designated a combination of foreign currency denominated borrowings and related cross currency swaps as hedge of net investment in foreign operations. Changes in the fair value of the derivative hedging instrument and gains/losses on translation or settlement of foreign currency denominated borrowings designated as hedge of net investment in foreign operations are recognized directly in equity to the extent that the hedge is effective. The cumulative gain or loss previously recognized in equity is transferred to statement of income upon sale or disposal of the related net investment in foreign operation. To the extent that the hedge is ineffective, changes in fair value are recognized in statement of income.
- c) *Others:* Changes in fair value for derivatives not designated as hedging derivatives are recognized in consolidated statements of income of each period.

**Business combination, goodwill and intangible assets:**

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange,

plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition.

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- a) *Goodwill*: Goodwill is initially measured at cost being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the business acquired, the difference is recognized immediately in the income statement.

Goodwill is tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The goodwill impairment test is performed at the level of cash-generating unit or groups of cash-generating units which represent the lowest level at which goodwill is monitored for internal management purposes.

We use market related information, estimates (generally risk adjusted discounted cash flows) to determine the fair values. Cash flow projection take into account past experience and represents management's best estimate about future developments. Key assumptions on which management has based its determination of fair value less costs to sell and value in use include estimated growth rates, weighted average cost of capital and tax rates. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any goodwill impairment

- b) *Intangible*: Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite lives are amortized over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization of an intangible asset with a finite useful life reflects the manner in which the economic benefit is expected to be generated and consumed. These estimates are reviewed at least at each financial year end.

The estimated useful lives of the amortizable intangibles assets are as follows:

<b>Category</b>	<b>Useful life</b>
Customer-related intangibles	2 to 5 years
Marketing related intangibles	20 to 30 years

**Item 3. Quantitative and Qualitative Disclosure about Market Risk.**

Please refer to Note 15 to our Notes to unaudited condensed consolidated financial statements for discussion on market risk.

**Item 4. Controls and Procedures.**

*Evaluation of disclosure controls and procedures.*

Based on their evaluation as of September 30, 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 and that material information related to us and our consolidated subsidiaries is accumulated and communicated to our management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions about required disclosure.

*Change in internal controls*

During the period covered by this Quarterly 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.

**PART II OTHER INFORMATION**

**Item 1. Legal Proceedings.**

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



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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 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 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 first 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.

**Item 1A. Risk Factors.**

This Quarterly 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 under the section Risk Factors and elsewhere in our Annual Report on Form 20-F for the fiscal year ended March 31, 2009. The information presented below updates and should be read in conjunction with the Risk Factors and information disclosed in our Annual Report on Form 20-F for the fiscal year ended March 31, 2009, which Risk Factors and Information are incorporated herein by reference. The Risk Factors included in our Annual Report on Form 20-F for the fiscal year ended March 31, 2009 have not materially changed.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None

**Item 3. Defaults Upon Senior Securities.**

None

**Item 4. Submission of Matters to a Vote of Security Holders.**

**Annual General Meeting**

We held our Annual General Meeting of shareholders (AGM) on July 21, 2009.

The following non executive directors retired by rotation at the AGM held on July 21, 2009 and, being eligible for re-election, offered themselves for re-election as directors of the Company.

Mr. B C Prabhakar Elected unanimously

Mr. William Arthur Owens Elected unanimously

Dr. Jagdish N Sheth Elected unanimously

The following other directors term of office continued:

Mr. Azim H Premji

Mr. N Vaghul

Dr. Ashok S Ganguly

Mr. Suresh C Senapaty

Mr. Girish S Paranjpe

Mr. Suresh Vaswani

Mr. P M Sinha

The following is a brief description of the matters voted upon at our AGM held on July 21, 2009, along with votes cast for, against or withheld, and the number of abstentions and broker non-votes as to each matter. The matters to be voted upon were notified to the shareholders on record.



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Sl. No.	Brief description of the matter put to vote	Votes for *	Votes	Abstentions/Broker
			Against/Withheld	Non-Votes
Ordinary Business				
1.	To receive, consider and adopt the Balance Sheet as at March 31, 2009 and the Profit and Loss Account for the year ended on that date and the Report of Directors and Auditors thereon	184	Nil	Nil
2.	To declare final dividend on equity shares	184	Nil	Nil
3.	To appoint Mr B C Prabhakar as Director to fill the vacancy left by his retirement by rotation.	184	Nil	Nil
4.	To appoint Mr William Arthur Owens as Director to fill the vacancy left by his retirement by rotation	184	Nil	Nil
5.	To appoint Dr Jagdish N Sheth as Director to fill the vacancy left by his retirement by rotation	184	Nil	Nil
6.	To re-appoint BSR & Co. Chartered Accountants, as auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration to be decided by the Audit Committee of the Board in consultation with the Auditors.	184	Nil	Nil
Special Business				
7.	To approve by way of Ordinary Resolution in terms of Sections 269, 309, 311 and other applicable provisions, if any of the Companies Act, 1956, the re-appointment of Mr. Azim H Premji, Chairman and Managing Director (designed as Chairman) with effect from July 31, 2009 until July 30, 2011 as well as payment of salary, commission and perquisites on the terms and conditions as provided in the explanatory statement.	184	Nil	Nil

\* Under the Indian Companies Act, 1956, voting is by show of hands unless a poll is demanded by a

member or  
members  
present in  
person, or by  
proxy holding at  
least one tenth  
of the total  
shares entitled  
to vote on the  
resolution or by  
those holding  
paid up capital  
of at least  
Rs.50,000.

Under our  
Articles of  
Association, a  
member present  
by proxy shall  
be entitled to  
vote only on a  
poll but not on a  
show of hands,  
unless such  
member is a  
body corporate  
present by a  
representative in  
which case such  
a proxy shall  
have a vote on  
the show of  
hands as if he  
were a member.

Under the Indian Companies Act and our Articles of Association, on a show of hands every member present in person have one vote and upon a poll the voting rights of every member whether present in person or by proxy, shall be in proportion to his share of the paid up capital of the Company.

The votes represent the number of votes in a show of hands. No poll was demanded during the AGM.

**B. APPROVAL OF SCHEME OF AMALGAMATION FOR THE MERGER OF INDIAN BRANCH OFFICES OF WIPRO NETWORKS PTE LIMITED, SINGAPORE, WMNETSERV LIMITED, CYPRUS WITH WIPRO LIMITED IN A COURT CONVENED EXTRAORDINARY GENERAL MEETING HELD ON JULY 21, 2009**

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A court convened Extraordinary General Meeting was held on July 21, 2009 at 5.00 pm for approval of the proposed merger of Indian branch offices of Wipro Networks Pte Limited, Singapore and WMNETSERV Limited, Cyprus with Wipro Limited.

The following is a brief description of the matters voted upon at our Extraordinary General Meeting held on July 21, 2009, along with votes cast for, against or withheld and the number of abstentions and broker non-votes as to each matter. The matters to be voted upon were notified to the shareholders on record.

The resolution was passed in favour of the proposed Scheme of Amalgamation of Indian branch offices of Wipro Networks Pte Limited, Singapore and WMNETSERV Limited, Cyprus with Wipro Limited as carried by 66 shareholders out of a total of 216 equity shareholders present in person or by representation or by proxy representing 99.99% in value of the Equity Shareholders present and voting either in person or by proxy.

<b>Sl. No.</b>	<b>Particulars</b>	<b>No. of votes in favour</b>	<b>No. of votes against</b>	<b>Invalid number of votes</b>	<b>Votes not cast partly</b>
1.	To approve the proposed merger and the Scheme of Amalgamation of Indian branch offices of Wipro Networks Pte Limited, Singapore and WMNETSERV Limited, Cyprus with Wipro Limited pursuant to sections 391 to 394 of the Companies act, 1956 (the Act) and Rules 67 to 87 of the Companies (Court) Rules, 1959(the Rules) and other applicable provisions, if any, of the Act and the Rules and subject to sanction by the Honorable High Court at Karnataka and other requisite concerns and approvals, if any, and subject to such terms and conditions and modification(s) as may be imposed, prescribed or suggested by the Honorable High Courts or other appropriate authorities	66	0	150	1

**Item 5. Other Information**

None

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**Item 6. Exhibits.**

<b>Exhibit Number</b>	<b>Description of Document</b>
*3.1	Articles of Association of Wipro Limited, as amended.
*3.2	Memorandum of Association of Wipro Limited, as amended.
*3.3	Certificate of Incorporation of Wipro Limited, as amended.
*4.1	Form of Deposit Agreement (including as an exhibit, the form of American Depositary Receipt).
*4.2	Wipro s specimen certificate for equity shares.
19.1	Wipro Quarterly report to the shareholders for the quarter ended September 30, 2009.
31.1	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
32.	Certification of Chief Executive Officer and Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.

\* 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 with the SEC on July 30, 2008.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 4, 2009

WIPRO LIMITED

/s/ Suresh C. Senapaty  
Suresh C. Senapaty  
*Chief Financial Officer and Director*

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