

**WIPRO LIMITED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED**  
**INTERIM FINANCIAL**  
**STATEMENTS UNDER IFRS**

AS OF AND FOR THE QUARTER AND YEAR ENDED MARCH 31, 2011

**WIPRO LIMITED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(₹ in millions, except share and per share data, unless otherwise stated)

	Notes	As of March 31,		As of March 31,
		2010	2011	2011
<b>ASSETS</b>				
Goodwill.....	4	53,802	54,818	1,231
Intangible assets.....	4	4,011	3,551	80
Property, plant and equipment.....	3	53,458	55,094	1,237
Investment in equity accounted investee .....	12	2,345	2,993	67
Derivative assets.....	11	1,201	2,984	67
Non-current tax assets.....		3,464	9,239	207
Deferred tax assets.....		1,686	1,467	33
Other non-current assets.....	8	8,784	8,983	202
<b>Total non-current assets.....</b>		<b>128,751</b>	<b>139,129</b>	<b>3,124</b>
Inventories.....	6	7,926	9,707	218
Trade receivables.....		50,928	61,627	1,384
Other current assets.....	8	21,106	19,744	443
Unbilled revenues.....		16,708	24,149	542
Available for sale investments.....	5	30,420	49,282	1,106
Current tax assets.....		6,596	4,955	111
Derivative assets.....	11	2,615	1,709	38
Cash and cash equivalents.....	7	64,878	61,141	1,373
<b>Total current assets.....</b>		<b>201,177</b>	<b>232,314</b>	<b>5,216</b>
<b>TOTAL ASSETS.....</b>		<b>329,928</b>	<b>371,443</b>	<b>8,340</b>
<b>EQUITY</b>				
Share capital.....		2,936	4,908	110
Share premium.....		29,188	30,124	676
Retained earnings.....		165,789	203,250	4,563
Share based payment reserve.....		3,140	1,360	31
Other components of equity.....		(4,399)	580	13
Shares held by controlled trust.....		(542)	(542)	(12)
Equity attributable to the equity holders of the company.....		196,112	239,680	5,381
Non-controlling Interest.....		437	691	16
<b>Total equity.....</b>		<b>196,549</b>	<b>240,371</b>	<b>5,397</b>
<b>LIABILITIES</b>				
Long - term loans and borrowings.....	9	18,107	19,759	444
Deferred tax liabilities.....		380	301	7
Derivative liabilities.....	11	2,882	2,586	58
Non-current tax liability.....		3,065	5,021	113
Other non-current liabilities.....	10	3,233	2,706	61
Provisions.....	10	100	81	2
<b>Total non-current liabilities.....</b>		<b>27,767</b>	<b>30,454</b>	<b>684</b>
Loans and borrowings and bank overdrafts.....	9	44,404	33,043	742
Trade payables and accrued expenses.....		38,748	44,052	989
Unearned revenues.....		7,462	6,595	148
Current tax liabilities.....		4,850	7,340	165
Derivative liabilities.....	11	1,375	1,358	30
Other current liabilities.....	10	6,499	5,906	133
Provisions.....	10	2,274	2,324	52
<b>Total current liabilities.....</b>		<b>105,612</b>	<b>100,618</b>	<b>2,259</b>
<b>TOTAL LIABILITIES.....</b>		<b>133,379</b>	<b>131,072</b>	<b>2,943</b>
<b>TOTAL EQUITY AND LIABILITIES.....</b>		<b>329,928</b>	<b>371,443</b>	<b>8,340</b>

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

As per our report attached

For and on behalf of the Board of Directors:

for **BSR & Co.**  
Chartered Accountants  
Firm Registration No:101248W

**Azim Premji**  
Chairman

**B C Prabhakar**  
Director

**T K Kurien**  
CEO, IT Business &  
Executive Director

**Dr. Jagdish N Seth**  
Director

**Natraj Ramakrishna**  
Partner  
Membership No. 032815  
Bangalore  
April 27, 2011

**Suresh C Senapaty**  
Chief Financial Officer  
& Director

**V Ramachandran**  
Company Secretary

**WIPRO LIMITED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME**  
(₹ in millions, except share and per share data, unless otherwise stated)

	Notes	Three months ended March 31,			Year ended March 31,		
		2010	2011	2011 Convenience translation into US \$ in millions (Unaudited) Refer note 2 (iv)	2010	2011	2011 Convenience translation into US \$ in millions (Unaudited) Refer note 2 (iv)
Gross revenues.....	15	69,772	82,715	1,857	271,957	310,542	6,972
Cost of revenues.....	16	(47,765)	(57,403)	(1,289)	(186,299)	(212,808)	(4,778)
<b>Gross profit.....</b>		<b>22,007</b>	<b>25,312</b>	<b>568</b>	<b>85,658</b>	<b>97,734</b>	<b>2,194</b>
Selling and marketing expenses.....	16	(5,108)	(5,550)	(125)	(18,608)	(22,172)	(498)
General and administrative expenses.....	16	(3,593)	(5,284)	(119)	(14,823)	(18,339)	(412)
Foreign exchange gains/(losses), net.....		389	309	7	(383)	445	10
<b>Results from operating activities.....</b>		<b>13,695</b>	<b>14,787</b>	<b>332</b>	<b>51,844</b>	<b>57,668</b>	<b>1,295</b>
Finance expenses.....	17	10	(636)	(14)	(1,324)	(1,933)	(43)
Finance and other income.....	18	1,269	2,127	48	4,360	6,652	149
Share of profits of equity accounted investee.....	12	176	139	3	530	648	15
<b>Profit before tax.....</b>		<b>15,150</b>	<b>16,417</b>	<b>369</b>	<b>55,410</b>	<b>63,035</b>	<b>1,415</b>
Income tax expense.....	14	(3,015)	(2,604)	(58)	(9,294)	(9,714)	(218)
<b>Profit for the period.....</b>		<b>12,135</b>	<b>13,813</b>	<b>310</b>	<b>46,116</b>	<b>53,321</b>	<b>1,197</b>
<b>Attributable to:</b>							
Equity holders of the company.....		12,089	13,754	309	45,931	52,977	1,189
Non-controlling interest.....		46	59	1	185	344	8
<b>Profit for the period.....</b>		<b>12,135</b>	<b>13,813</b>	<b>310</b>	<b>46,116</b>	<b>53,321</b>	<b>1,197</b>
<b>Earnings per equity share:</b>	<b>19</b>						
Basic.....		4.97	5.64	0.13	18.91	21.74	0.49
Diluted.....		4.93	5.60	0.13	18.75	21.61	0.49
Weighted average number of equity shares used in computing earnings per equity share:							
Basic.....		2,431,434,923	2,438,996,963	2,438,996,963	2,429,025,243	2,436,440,633	2,436,440,633
Diluted.....		2,449,711,788	2,454,119,878	2,454,119,878	2,449,658,532	2,451,154,154	2,451,154,154

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

As per our report attached

For and on behalf of the Board of Directors

for B S R & Co.  
Chartered Accountants  
Firm Registration No:101248W

Azim Premji      B C Prabhakar      T K Kurien      Dr. Jagdish N Seth  
Chairman      Director      CEO, IT Business &      Director  
Executive Director

Natraj Ramakrishna  
Partner  
Membership No. 032815  
Bangalore  
April 27, 2011

Suresh C Senapaty      V Ramachandran  
Chief Financial Officer      Company Secretary  
& Director

**WIPRO LIMITED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**  
(₹ in millions, except share and per share data, unless otherwise stated)

Notes	Three months ended March 31,			Year ended March 31,			
	2010	2011	2011	2010	2011	2011	
			Convenience Translation into US \$ in millions (Unaudited) Refer note 2(iv)			Convenience Translation into US \$ in millions (Unaudited) Refer note 2(iv)	
Profit for the period.....	12,135	13,813	310	46,116	53,321	1,197	
Other comprehensive income, net of taxes:							
Foreign currency translation differences.....	13	(1,202)	371	8	(1,320)	1,242	28
Net change in fair value of cash flow hedges.....	11,14	3,391	1,021	23	9,841	3,684	83
Net change in fair value of available for sale investments.....	5, 14	21	12	0	(50)	29	1
<b>Total other comprehensive income, net of taxes.....</b>	<b>2,210</b>	<b>1,404</b>	<b>32</b>	<b>8,471</b>	<b>4,955</b>	<b>111</b>	
<b>Total comprehensive income for the period.....</b>	<b>14,345</b>	<b>15,217</b>	<b>342</b>	<b>54,587</b>	<b>58,276</b>	<b>1,308</b>	
Attributable to:							
Equity holders of the company.....	14,315	15,170	341	54,447	57,956	1,301	
Non-controlling interest.....	30	47	1	140	320	7	
	<b>14,345</b>	<b>15,217</b>	<b>342</b>	<b>54,587</b>	<b>58,276</b>	<b>1,308</b>	

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Bangalore

April 27, 2011

**Suresh C Senapaty**

Chief Financial Officer  
& Director

**V Ramachandran**

Company Secretary

**WIPRO LIMITED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
(₹ in millions, except share and per share data, unless otherwise stated)

Particulars	No. of Shares	Share Capital	Share premium	Retained earnings	Share based payment reserve	Other components of equity			Shares held by controlled trust	Equity attributable to the equity holders of the company	Non-controlling Interest	Total equity
						Foreign currency translation reserve	Cash flow hedging reserve	Other reserves				
As at April 1, 2009.....	1,464,980,746	2,930	27,280	126,646	3,745	1,533	(14,533)	85	(542)	147,144	237	147,381
Cash dividend paid (Including dividend tax thereon).....				(6,788)						(6,788)		(6,788)
Issue of equity shares on exercise of options .....	3,230,443	6	1,908		(1,908)					6		6
Profit for the period.....				45,931						45,931	185	46,116
Other Comprehensive Income.....						(1,275)	9,841	(50)		8,516	(45)	8,471
Infusion of capital, net.....										-	60	60
Compensation cost related to employee share based payment transactions.....					1,302					1,302		1,302
<b>As at March 31, 2010.....</b>	<b>1,468,211,189</b>	<b>2,936</b>	<b>29,188</b>	<b>165,789</b>	<b>3,140</b>	<b>258</b>	<b>(4,692)</b>	<b>35</b>	<b>(542)</b>	<b>196,112</b>	<b>437</b>	<b>196,549</b>
As at April 1, 2010.....	1,468,211,189	2,936	29,188	165,789	3,140	258	(4,692)	35	(542)	196,112	437	196,549
Cash dividend paid (Including dividend tax thereon).....				(15,516)						(15,516)	(66)	(15,582)
Issue of shares in form of stock dividend .....	979,765,124	1,960	(1,960)							-	-	-
Issue of equity shares on exercise of options .....	6,432,832	12	2,896		(2,872)					36	-	36
Profit for the period.....				52,977						52,977	344	53,321
Other Comprehensive Income.....						1,266	3,684	29		4,979	(24)	4,955
Compensation cost related to employee share based payment transactions.....					1,092					1,092		1,092
<b>As at March 31, 2011.....</b>	<b>2,454,409,145</b>	<b>4,908</b>	<b>30,124</b>	<b>203,250</b>	<b>1,360</b>	<b>1,524</b>	<b>(1,008)</b>	<b>64</b>	<b>(542)</b>	<b>239,680</b>	<b>691</b>	<b>240,371</b>
<b>Convenience translation into US \$ in million (Unaudited)</b>												
<b>Refer note 2(iv)</b>		<b>110</b>	<b>676</b>	<b>4,563</b>	<b>31</b>	<b>34</b>	<b>(23)</b>	<b>1</b>	<b>(12)</b>	<b>5,381</b>	<b>16</b>	<b>5,397</b>

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for **B S R & Co.**  
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April 27, 2011

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Chief Financial Officer                      Company Secretary  
& Director

**WIPRO LIMITED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(₹ in millions, except share and per share data, unless otherwise stated)

	Year ended March 31,		
	2010	2011	2011
			Convience Translation into US\$ in millions (Unaudited) Refer note 2(iv)
<b>Cash flows from operating activities:</b>			
Profit for the period.....	46,116	53,321	1,197
<b>Adjustments to reconcile profit for the period to net cash generated from operating activities:</b>			
Gain on sale of property, plant and equipment.....	(43)	(131)	(3)
Depreciation and amortization.....	7,831	8,211	184
Exchange (gain) / loss.....	(1,462)	1,036	23
Impact of cash flow / net investment hedging activities.....	6,017	4,389	99
Gain on sale of investments.....	(308)	(192)	(4)
Share based compensation.....	1,302	1,092	25
Income tax expense.....	9,294	9,714	218
Share of profits of equity accounted investees.....	(530)	(648)	(15)
Dividend and interest (income)/expenses, net.....	(2,820)	(5,684)	(128)
<b>Changes in operating assets and liabilities:</b>			
Trade receivables.....	(2,150)	(10,699)	(240)
Unbilled revenue.....	(2,600)	(7,441)	(167)
Inventories.....	(218)	(1,781)	(40)
Other assets.....	(2,203)	(5,451)	(122)
Trade payables and accrued expenses.....	(66)	5,840	131
Unearned revenue.....	(1,272)	(867)	(19)
Other liabilities and provisions.....	2,024	(979)	(22)
<b>Cash generated from operating activities before taxes.....</b>	<b>58,912</b>	<b>49,730</b>	<b>1,117</b>
Income taxes paid, net.....	(7,914)	(9,293)	(209)
<b>Net cash generated from operating activities.....</b>	<b>50,998</b>	<b>40,437</b>	<b>908</b>
<b>Cash flows from investing activities:</b>			
Expenditure on property, plant and equipment and intangible assets.....	(12,631)	(12,211)	(274)
Proceeds from sale of property, plant and equipment.....	397	521	12
Purchase of investments.....	(340,891)	(474,476)	(10,653)
Proceeds from sale of investments.....	325,770	456,894	10,258
Investment in inter-corporate deposits.....	(10,750)	(14,290)	(321)
Refund of inter-corporate deposits.....	4,950	20,100	451
Payment for business acquisitions, net of cash acquired.....	(4,399)	(140)	(3)
Interest received.....	2,297	3,960	89
Dividend received.....	1,442	2,403	54
<b>Net cash used in investing activities.....</b>	<b>(33,815)</b>	<b>(17,239)</b>	<b>(387)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of equity shares/pending allotment.....	6	25	1
Proceeds from issuance of equity shares by a subsidiary.....	60	-	-
Repayment of loans and borrowings.....	(55,661)	(82,718)	(1,857)
Proceeds from loans and borrowings.....	63,011	72,596	1,630
Interest paid on loans and borrowings.....	(1,194)	(696)	(16)
Payment of cash dividend (including dividend tax thereon).....	(6,823)	(15,585)	(350)
<b>Net cash used in financing activities.....</b>	<b>(601)</b>	<b>(26,378)</b>	<b>(592)</b>
Net decrease in cash and cash equivalents during the period.....	16,582	(3,180)	(71)
Effect of exchange rate changes on cash and cash equivalents.....	(1,258)	523	12
Cash and cash equivalents at the beginning of the period.....	48,232	63,556	1,427
<b>Cash and cash equivalents at the end of the period (Note 7).....</b>	<b>63,556</b>	<b>60,899</b>	<b>1,367</b>

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As per our report attached

For and on behalf of the Board of Directors

for **B S R & Co.**  
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**V Ramachandran**  
Company Secretary

Bangalore  
April 27, 2011

**WIPRO LIMITED AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(₹ 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 the Company's Board of Directors on April 27, 2011.

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

**(i) Statement of compliance:**

These 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 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. The accounting policies have been consistently applied to all periods presented in these condensed consolidated interim financial statements.

All amounts included in the condensed consolidated interim financial statements are reported in millions of Indian rupees (₹ in millions) except share and per share data, unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

**(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 the following material items that have been measured at fair value as required by relevant IFRS:-

- a. Derivative financial instruments;
- b. Available-for-sale financial assets; and
- c. Share based payment transactions.

**(iv) Convenience translation (unaudited)**

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 interim financial statements as of and for the three months and year ended March 31, 2011, have been translated into United States dollars at the certified foreign exchange rate of \$ 1 = ₹ 44.54, as published by Federal Reserve Board of New York on March 31, 2011. 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

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

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods 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 amounts recognized in the condensed consolidated interim financial statements is included in the following notes:

- a) **Revenue recognition:** The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. 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 probable. 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 United States of America. 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) **Deferred taxes:** Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.
- e) **Business combination:** In accounting for business combination, judgment is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets acquired and liabilities assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations.
- f) **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 demand, market conditions and specific inventory management initiatives. If market conditions and actual demands are less favorable than the Company's estimates, additional inventory provisions 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 the 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 between 20 and 50 percent of the voting power of another entity. 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 these entities operate (i.e. 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 respective functional currencies 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 within results of operating activities. Gains/losses relating to translation or settlement of borrowings denominated in foreign currency are reported in finance expense except foreign exchange gains/losses on short-term borrowings which are considered as a natural economic hedge for the foreign currency monetary assets are classified as foreign exchange gains/losses, net within results from operating activities. Non monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

##### **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 and held in foreign currency translation reserve (FCTR), a component of equity. 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 as a hedge of a net investment in a foreign operation are recognized in other comprehensive income and presented within equity in the FCTR to the extent the hedge is effective. To the extent the hedge is ineffective, such differences are recognized in statement of income. 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 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**

The Company's cash and cash equivalent consist of cash on hand and in banks and demand deposits with banks, which can be withdrawn at anytime, without prior notice or penalty on the principal.

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 that are repayable on demand and are considered part of the Company's cash management system.

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

The Company has classified investments in liquid mutual funds, equity securities, other than equity accounted investees and certain debt securities (primarily certificate of deposits with banks) as available-for-sale financial assets. These investments are measured at fair value and changes therein are recognized in other comprehensive income and presented within equity. 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. Attributable transaction cost are recognized in statement of income as cost.

## **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 and presented within 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 the cash flow hedging reserve is transferred to the statement of income upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, such cumulative balance is immediately recognized in the statement of income.

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

The Company designates derivative financial instruments as hedges of net investments in foreign operations. The Company has also designated a combination of foreign currency denominated borrowings and related cross-currency swaps as a 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 a hedge of net investment in foreign operations are recognized in other comprehensive income and within equity in the FCTR to the extent that the hedge is effective.

## **C. Others**

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

Changes in fair value and gains/(losses) on settlement of foreign currency derivative instruments relating to borrowings, which have not been designated as hedges are recorded in finance expense.

## **(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 2,650,000,000 equity shares, par value ₹ 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.

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, which is consolidated as a part of the Group are classified as Treasury Shares. The Company has 8,930,563 and 14,884,272 treasury shares as of March 31, 2010 and 2011, respectively. Treasury shares are recorded at acquisition cost.

### **c) Retained earnings**

Retained earnings comprises of the Company's prior years' undistributed earnings after taxes. A portion of these earnings amounting to ₹ 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 payment transactions with 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), and presented within 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, changes in 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, and presented within 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), and presented within equity in other reserve.

**h) Dividend**

A final dividend, including tax thereon, on common stock is recorded as a liability on the date of approval by the shareholders. An interim dividend, including tax thereon, is 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 expenditure 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 of the asset or the related lease term. The estimated useful life of assets are reviewed and where appropriate are adjusted, annually. The estimated useful lives of assets for the current and comparative period are as follows:

Category	Useful life
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

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. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

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 are accounted for using the purchase (acquisition) 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. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction cost incurred in connection with a business combination are expensed as incurred.

**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 excess is negative, a bargain purchase gain 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. Intangible assets with indefinite lives comprising of brands are not amortized, but instead tested for impairment at least annually and written down to the recoverable amount as required.

The estimated useful life of finite useful life intangibles are reviewed and where appropriate are adjusted, annually. The estimated useful lives of the amortizable intangible assets for the current and comparative periods are as follows:

<u>Category</u>	<u>Useful life</u>
Customer-related intangibles.....	2 to 11 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 the 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 the 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 the 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:**

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) 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. Such reversals are recognized in other comprehensive income.

**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. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost to sell (FVLCTS) and its value-in-use (VIU). 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.

Intangible assets with indefinite lives comprising of brands are not amortized, but instead tested for impairment at least annually at the same time and written down to the recoverable amount as required.

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. An impairment in respect of goodwill is not reversed.

**(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 expenditure for defined contribution plans is recognized as expense 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. The Company is generally liable for any shortfall in the fund assets based on the government specified minimum rates of return or pension and recognizes such shortfall, if any, as an expense in the year it is incurred.

**B. Superannuation**

Superannuation plan, a defined contribution scheme 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.

## **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 gratuity fund is managed by the Life Insurance Corporation of India (LIC), HDFC Standard Life, TATA AIG and Birla Sun-life. 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. The Company recognizes actuarial gains and losses immediately in the statement of income.

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

Employees of the Company receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are 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 recognized in the statement of income with 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.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous

contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

**(xiv) Revenue:**

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

**a) Services:**

The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been 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 are presented 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 or on the residual method. Fair values are determined based on sale prices for the components when it is regularly sold separately, third-party prices for similar components or cost plus, an appropriate business-specific profit margin related to the relevant component.

**d) Others**

The Company accounts for volume discounts and pricing incentives to customers by reducing 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 expense**

Finance expense comprise interest cost on borrowings, impairment losses recognized on financial assets, gains / losses on translation or settlement of foreign currency borrowings and changes in fair value and gains / losses on settlement of related derivative instruments except foreign exchange gains/losses on short-term borrowings which are considered as a natural economic hedge for the foreign currency monetary assets which are classified as foreign exchange gains/losses, net within results from operating activities. Borrowing costs that are not directly attributable to a qualifying asset are recognized in the statement of income using the effective interest method.

**(xvi) Finance and other income**

Finance and other income comprises interest income on deposits, dividend income and gains / losses on 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.

**(xvii) Income tax:**

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of income except to the extent it relates to a business combination, or items directly recognized in equity or in other comprehensive income.

**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, associates and foreign branches 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.

### **(xviii) Earnings per share**

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

#### **New Accounting standards adopted by the Company:**

The Company adopted *IFRS 3, "Business Combinations"* ("*IFRS 3, (2008)*") and *IAS 27, "Consolidated and Separate Financial Statements"* ("*IAS 27, (2008)*") effective April 1, 2010. The revisions result in several changes in the accounting for business combinations. 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 re-measured to its acquisition date fair value. Any changes to contingent consideration classified as a liability at the acquisition date are recognized in the statement of income. Acquisition-related costs are expensed in the period incurred. Adoption of *IFRS 3 (2008)* and *IAS 27, (2008)*, did not have a material effect on these condensed consolidated interim financial statements.

The Company adopted an amendment to *IAS 39, "Financial Instruments: Recognition and Measurement: Eligible Hedged Items"* ("*amendment to IAS 39*") effective April 1, 2010. 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*. Adoption of this amendment did not have a material effect on these condensed consolidated interim financial statements.

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

In November 2009, the IASB issued an amendment to *IAS 24 (revised 2009) "Related Party Disclosures"* ("*IAS 24*"). The purpose of the revision is to simplify the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The revision is effective for fiscal years beginning on or after January 1, 2011. Earlier application is permitted. The Company is evaluating the impact, these amendments will have on the Company's financial statements.

In November 2009, the IASB issued *IFRS 9 "Financial Instruments on the classification and measurement of financial assets"*. The new standard represents the first part of a three-part project to replace *IAS 39 Financial Instruments: Recognition and Measurement (IAS 39)* with *IFRS 9 Financial Instruments (IFRS 9)*. *IFRS 9* uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in *IAS 39*. The approach in *IFRS 9* is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. *IFRS 9* is effective for fiscal years beginning on or after January 1, 2013. Earlier application is permitted. The Company is evaluating the impact, these amendments will have on the Company's financial statements.

In October, 2010, the IASB issued an amendment to *IFRS 7 "Disclosures – Transfers of financial assets"*. The purpose of the amendment is to enhance the existing disclosures in *IFRS 7* when an asset is transferred but is not derecognized and introduce new disclosures for assets that are derecognized but the entity continues to have a continuing exposure to the asset after the sale. The amendment is effective for fiscal years beginning on or after July 1, 2011. Earlier application is permitted. The Company is evaluating the impact, these amendment will have on the Company's financial statements.

In May 2010, the IASB issued "*Improvements to IFRSs (2010 Improvements)*" — a collection of eleven amendments to six International Financial Reporting Standards and to one interpretation — 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 amendments resulting from this standard are mainly applicable to the Company from fiscal year beginning on or after January 1, 2011. The Company is evaluating the impact, these amendments will have on the Company's financial statements.

### 3. Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Plant and machinery*</u>	<u>Furniture fixtures and equipment</u>	<u>Vehicles</u>	<u>Total</u>
<b>Gross carrying value:</b>						
As at April 1, 2009	₹ 2,740	₹ 15,384	₹ 41,623	₹ 8,113	₹ 2,853	₹ 70,713
Translation adjustment.....	(6)	(130)	(1,126)	(49)	(4)	(1,315)
Additions .....	60	4,160	6,744	1,959	459	13,382
Acquisition through business combination.....	-	-	6	9	2	17
Disposal / adjustments.....	-	(55)	(590)	(177)	(381)	(1,203)
As at March 31, 2010	<u>₹ 2,794</u>	<u>₹ 19,359</u>	<u>₹ 46,657</u>	<u>₹ 9,855</u>	<u>₹ 2,929</u>	<u>₹ 81,594</u>
<b>Accumulated depreciation/impairment:</b>						
As at April 1, 2009	₹ -	₹ 1,631	₹ 26,728	₹ 4,539	₹ 1,748	₹ 34,646
Translation adjustment.....	-	(58)	(716)	(30)	7	(797)
Depreciation.....	-	426	5,329	1,106	512	7,373
Disposal / adjustments.....	-	(1)	(346)	(118)	(263)	(728)
As at March 31, 2010	<u>₹ -</u>	<u>₹ 1,998</u>	<u>₹ 30,995</u>	<u>₹ 5,497</u>	<u>₹ 2,004</u>	<u>₹ 40,494</u>
Capital work-in-progress.....						12,358
<b>Net carrying value as at March 31, 2010</b>						<u><b>₹ 53,458</b></u>
<b>Gross carrying value:</b>						
As at April 1, 2010	₹ 2,794	₹ 19,359	₹ 46,657	₹ 9,855	₹ 2,929	₹ 81,594
Translation adjustment.....	17	117	337	68	11	550
Additions .....	943	3,533	8,360	1,692	117	14,645
Disposal / adjustments.....	-	(41)	(1,145)	(591)	(458)	(2,235)
As at March 31, 2011	<u>₹ 3,754</u>	<u>₹ 22,968</u>	<u>₹ 54,209</u>	<u>₹ 11,024</u>	<u>₹ 2,599</u>	<u>₹ 94,554</u>
<b>Accumulated depreciation/impairment:</b>						
As at April 1, 2010	₹ -	₹ 1,998	₹ 30,995	₹ 5,497	₹ 2,004	₹ 40,494
Translation adjustment.....	-	50	231	45	14	340
Depreciation.....	-	493	5,500	1,271	455	7,719
Disposal / adjustments.....	-	(39)	(1,077)	(375)	(354)	(1,845)
As at March 31, 2011	<u>₹ -</u>	<u>₹ 2,502</u>	<u>₹ 35,649</u>	<u>₹ 6,438</u>	<u>₹ 2,119</u>	<u>₹ 46,708</u>
Capital work-in-progress.....						7,248
<b>Net carrying value as at March 31, 2011</b>						<u><b>₹ 55,094</b></u>

\*Including computer equipment and software.

### 4. Goodwill and Intangible assets

The movement in goodwill balance is given below:

	<b>Year ended March 31,</b>	
	<u>2010</u>	<u>2011</u>
Balance at the beginning of the period.....	₹ 56,143	₹ 53,802
Translation adjustment.....	(4,917)	962
Acquisition through business combination, net.....	2,576	54
Balance at the end of the period.....	<u>₹ 53,802</u>	<u>₹ 54,818</u>

Goodwill as at March 31, 2010 and 2011 has been allocated to the following reportable segments:

<u>Segment</u>	<b>As at March 31,</b>	
	<u>2010</u>	<u>2011</u>
IT Services.....	₹ 39,056	₹ 39,098
IT Products.....	476	472
Consumer Care and Lighting.....	12,670	13,475
Others.....	1,600	1,773
Total.....	<u>₹ 53,802</u>	<u>₹ 54,818</u>

<b>Intangible assets</b>			
	<b>Customer related</b>	<b>Marketing related</b>	<b>Total</b>
<b>Gross carrying value:</b>			
As at April 1, 2009	₹ 1,629	₹ 2,911	₹ 4,540
Translation adjustment.....	(19)	(174)	(193)
Acquisition through business combination.....	322	691	1,013
Additions.....	-	36	36
As at March 31, 2010	<u>₹ 1,932</u>	<u>₹ 3,464</u>	<u>₹ 5,396</u>
<b>Accumulated amortization and impairment:</b>			
As at April 1, 2009	₹ 91	₹ 956	₹ 1,047
Translation adjustment.....	-	(48)	(48)
Amortization.....	301	85	386
As at March 31, 2010	<u>₹ 392</u>	<u>₹ 993</u>	<u>₹ 1,385</u>
<b>Net carrying value as at March 31, 2010.....</b>	<b>₹ 1,540</b>	<b>₹ 2,471</b>	<b>₹ 4,011</b>
<b>Gross carrying value:</b>			
As at April 1, 2010	₹ 1,932	₹ 3,464	₹ 5,396
Translation adjustment.....	11	(105)	(94)
Additions.....	-	36	36
As at March 31, 2011	<u>₹ 1,943</u>	<u>₹ 3,395</u>	<u>₹ 5,338</u>
<b>Accumulated amortization and impairment:</b>			
As at April 1, 2010	₹ 392	₹ 993	₹ 1,385
Translation adjustment.....	-	(48)	(48)
Amortization.....	341	109	450
As at March 31, 2011	<u>₹ 733</u>	<u>₹ 1,054</u>	<u>₹ 1,787</u>
<b>Net carrying value as at March 31, 2011.....</b>	<b>₹ 1,210</b>	<b>₹ 2,341</b>	<b>₹ 3,551</b>

Net carrying value of marketing-related intangibles includes indefinite life intangible assets (brands and trademarks) of ₹ 691 and ₹ 660 as of March 31, 2010 and 2011, respectively.

Amortization expense on intangible assets is included in selling and marketing expenses in the statement of income.

## 5. Available for sale investments

Available for sale investments consists of the following:

	<b>As at March 31, 2010</b>				<b>As at March 31, 2011</b>			
	<b>Cost</b>	<b>Gross gain recognized directly in equity</b>	<b>Gross loss recognized directly in equity</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Gross gain recognized directly in equity</b>	<b>Gross loss recognized directly in equity</b>	<b>Fair Value</b>
Investment in liquid and short-term mutual funds, marketable bonds and others.....	₹ 19,279	₹ 52	₹ (4)	₹ 19,327	₹ 37,013	₹ 126	₹ (49)	₹ 37,090
Certificate of deposits.....	<u>11,088</u>	<u>5</u>	<u>-</u>	<u>11,093</u>	<u>12,189</u>	<u>17</u>	<u>(14)</u>	<u>12,192</u>
<b>Total</b>	<b><u>₹ 30,367</u></b>	<b><u>₹ 57</u></b>	<b><u>₹ (4)</u></b>	<b><u>₹ 30,420</u></b>	<b><u>₹ 49,202</u></b>	<b><u>₹ 143</u></b>	<b><u>₹ (63)</u></b>	<b><u>₹ 49,282</u></b>

## 6. Inventories

Inventories consist of the following:

	As at March 31,	
	2010	2011
Stores and spare parts.....	₹ 1,001	₹ 1,125
Raw materials and components.....	2,212	3,217
Work in progress.....	776	1,109
Finished goods.....	3,937	4,256
	<u>₹ 7,926</u>	<u>₹ 9,707</u>

## 7. Cash and cash equivalents

Cash and cash equivalents as of March 31, 2010 and 2011 consist of cash and balances on deposit with banks. Cash and cash equivalents consist of the following:

	As at March 31,	
	2010	2011
Cash and bank balances.....	₹ 24,155	₹ 27,628
Demand deposits with banks <sup>(1)</sup> .....	40,723	33,513
	<u>₹ 64,878</u>	<u>₹ 61,141</u>

<sup>(1)</sup>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:

	As at March 31,	
	2010	2011
Cash and cash equivalents.....	₹ 64,878	₹ 61,141
Bank overdrafts.....	(1,322)	(242)
	<u>₹ 63,556</u>	<u>₹ 60,899</u>

## 8. Other assets

	As at March 31,	
	2010	2011
<i>Current</i>		
Interest bearing deposits with corporate <sup>(1)</sup> .....	₹ 10,050	₹ 4,240
Prepaid expenses .....	2,923	4,620
Due from officers and employees.....	1,244	1,110
Finance lease receivables.....	632	2,411
Advance to suppliers.....	1,194	1,407
Deferred contract costs.....	943	1,503
Interest receivable.....	822	393
Deposits.....	1,057	603
Balance with excise and customs.....	917	1,570
Non-convertible debenture.....	155	815
Others.....	1,169	1,072
	<u>₹ 21,106</u>	<u>₹ 19,744</u>
<i>Non current</i>		
Prepaid expenses including rentals for leasehold land.....	₹ 3,059	₹ 2,423
Finance lease receivables.....	3,810	4,839
Deposits.....	724	1,680
Non-convertible debenture.....	1,159	-
Others.....	32	41
	<u>₹ 8,784</u>	<u>₹ 8,983</u>
Total.....	<u>₹ 29,890</u>	<u>₹ 28,727</u>

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

## 9. Loans and borrowings

A summary of loans and borrowings is as follows:

	As at March 31,	
	2010	2011
Short-term borrowings from bank.....	₹ 41,840	₹ 31,167
External commercial borrowing .....	16,843	18,861
Obligations under finance leases.....	712	634
Term loans.....	3,116	2,140
Total loans and borrowings.....	<u>₹ 62,511</u>	<u>₹ 52,802</u>

## 10. Other liabilities and provisions

	As at March 31,	
	2010	2011
<b>Other liabilities:</b>		
<b>Current:</b>		
Statutory and other liabilities.....	₹ 4,001	₹ 4,046
Advance from customers.....	1,786	1,049
Others.....	712	811
	<u>₹ 6,499</u>	<u>₹ 5,906</u>
<b>Non-current:</b>		
Employee benefit obligations.....	₹ 2,967	₹ 2,633
Others.....	266	73
	<u>₹ 3,233</u>	<u>₹ 2,706</u>
Total.....	<u>₹ 9,732</u>	<u>₹ 8,612</u>

	As at March 31,	
	2010	2011
<b>Provisions:</b>		
<b>Current:</b>		
Provision for warranty.....	₹ 511	₹ 467
Others.....	1,763	1,857
	<u>₹ 2,274</u>	<u>₹ 2,324</u>
<b>Non-current:</b>		
Provision for warranty.....	<u>₹ 100</u>	<u>₹ 81</u>
Total.....	<u>₹ 2,374</u>	<u>₹ 2,405</u>

Provision for warranty represents cost associated with providing sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of 1 to 2 year. Other provisions primarily include provisions for tax related contingencies and litigations. The timing of cash outflows in respect of such provision cannot be reasonably determined.

## 11. Financial instruments

### Derivative 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 investment 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 investment 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,	
	2010	2011
<b>Designated derivative instruments</b>		
Sell	\$ 1,518	\$ 901
	£ 31	£ 21
	¥ 4,578	¥ 3,026
	€ -	€ 2
	AUD 7	AUD 4
	CHF -	CHF 6
<b>Net investment hedges in foreign operations</b>		
Cross-currency swaps	¥ 26,014	¥ 24,511
Others	\$ 262	\$ 262
	€ 40	€ 40
<b>Non designated derivative instruments</b>		
Sell	\$ 45	\$ 526
	£ 38	£ 40
	€ 29	€ 48
	AUD -	AUD 13
Buy	\$ 492	\$ 617
	-	-
Cross currency swaps	¥ 7,000	¥ 7,000

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

	As at March 31,	
	2010	2011
Balance as at the beginning of the period.....	₹ (16,886)	₹ (4,954)
Net (gain)/loss reclassified into statement of income on occurrence of hedged transactions <sup>(1)</sup> .....	5,201	4,041
Deferred cancellation gains/(losses) relating to roll - over hedging.....	551	222
Changes in fair value of effective portion of derivatives.....	6,180	(535)
Gain/ (losses) on cash flow hedging derivatives, net.....	₹ 11,932	₹ 3,728
Balance as at the end of the period.....	₹ (4,954)	₹ (1,226)

<sup>(1)</sup> On occurrence of hedge transactions, net (gain)/loss was included as part of revenues.

As at March 31, 2010 and 2011, 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.

## 12. 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, 2010 and 2011 was ₹ 2,345 and ₹ 2,933, respectively. The Company's share of profits of Wipro GE for the three months ended March 31, 2010 and 2011 was ₹ 176 and ₹ 139, respectively and for the year ended March 31, 2010 and 2011 was ₹ 530 and ₹ 648, respectively.

In April 2010, Wipro GE acquired medical equipment and related businesses from General Electric for a cash consideration of approximately ₹ 3,728.

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 ₹ 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 ₹ 552 (including interest) for the financial year ended March 31, 2005. Wipro GE had filed an appeal against the said demand and in the month of February 2011, the appellate order has been received, setting aside the entire TP adjustment and reducing the overall

demand of ₹ 552 (including interest) to ₹ 220 (including interest). Wipro GE would be seeking further relief in this regard.

In December 2009, Wipro GE received a draft assessment order, on similar grounds, with a demand of ₹ 317 (including interest) for the financial year ended March 31, 2006. The final assessment order was issued in this regard demanding the same amount, plus interest and Wipro GE has filed an appeal against the said demand before the Income Tax Appellate Tribunal within the time limit permitted under the statute.

In February 2011, Wipro GE received an assessment order, on similar grounds, with a demand of ₹ 843 (including interest) for the financial year ended March 31, 2007. In this regard, Wipro GE has filed an appeal with the first appellate authority against the said demand within the time limit 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.

### 13. Foreign currency translation reserve

The movement in foreign currency translation reserve attributable to equity holders of the Company is summarized below:

	As at March 31,	
	2010	2011
Balance at the beginning of the period.....	₹ 1,533	₹ 258
Translation difference related to foreign operations.....	(5,477)	1,246
Change in effective portion of hedges of net investment in foreign operations.....	4,202	20
Total change during the period.....	₹ (1,275)	₹ 1,266
Balance at the end of the period.....	₹ 258	₹ 1,524

### 14. Income taxes

Income tax expense/(credit) have been allocated as follows:

	Three months ended March 31,		Year ended March 31,	
	2010	2011	2010	2011
Tax on Profit for the year.....	₹ 3,015	₹ 2,604	₹ 9,294	₹ 9,714
Other comprehensive income:				
unrealized gain / (loss) on investment securities.....	14	(3)	(14)	2
unrealized gain / (loss) on cash flow hedging derivatives.....	172	(52)	2,091	44
Total income taxes.....	₹ 3,201	₹ 2,549	₹ 11,371	₹ 9,760

Income tax expense/(credit) from continuing operations consist of the following:

	Three months ended March 31,		Year ended March 31,	
	2010	2011	2010	2011
Current taxes				
Domestic.....	₹ 1,790	₹ 1,373	₹ 5,461	₹ 5,573
Foreign.....	1,088	983	3,403	3,895
	₹ 2,878	₹ 2,356	₹ 8,864	₹ 9,468
Deferred taxes				
Domestic.....	₹ (76)	₹ 266	₹ 40	₹ 292
Foreign.....	213	(18)	390	(46)
	137	₹ 248	₹ 430	₹ 246
Total income tax expense.....	₹ 3,015	₹ 2,604	₹ 9,294	₹ 9,714

Current taxes includes reversal of tax provision in respect of earlier periods no longer required amounting to ₹ 30 and ₹ (51) for the three months ended March 31, 2010 and 2011 respectively, and ₹ 476 and ₹ 590 for the year ended March 31, 2010 and 2011, respectively.

### 15. Revenues

	Three months ended March 31,		Year ended March 31,	
	2010	2011	2010	2011
Rendering of services.....	₹ 52,263	₹ 62,609	₹ 202,990	₹ 234,285
Sale of goods.....	17,509	20,106	68,967	76,257
Total revenues.....	<u>₹ 69,772</u>	<u>₹ 82,715</u>	<u>₹ 271,957</u>	<u>₹ 310,542</u>

#### 16. Expenses by nature

	Three months ended March 31,		Year ended March 31,	
	2010	2011	2010	2011
Employee compensation.....	₹ 27,912	₹ 33,830	₹ 107,230	₹ 126,867
Raw materials, finished goods, process stocks and stores and spares consumed.....	12,110	13,082	47,135	50,166
Sub contracting/technical fees/third party application.....	5,837	7,151	22,372	26,415
Travel.....	2,187	2,804	8,064	10,156
Depreciation and amortization.....	1,888	2,281	7,831	8,211
Repairs.....	1,013	1,732	4,853	5,253
Advertisement.....	1,201	1,204	4,534	5,114
Communication.....	737	1,000	3,157	3,492
Rent.....	834	930	3,062	3,230
Power and fuel.....	429	586	1,797	2,427
Legal and professional fees.....	363	524	1,593	1,629
Rates, taxes and insurance.....	263	598	1,023	1,324
Carriage and freight.....	261	329	950	1,181
Provision for doubtful debt.....	43	153	566	399
Sales commission.....	118	176	459	656
Miscellaneous expenses.....	1,270	1,857	5,104	6,799
<b>Total cost of revenues, selling and marketing and general and administrative expenses</b>	<u>₹ 56,466</u>	<u>₹ 68,237</u>	<u>₹ 219,730</u>	<u>₹ 253,319</u>

#### 17. Finance expense

	Three months ended March 31,		Year ended March 31,	
	2010	2011	2010	2011
Interest expense.....	₹ 238	₹ 299	₹ 1,232	₹ 776
Exchange fluctuation on foreign currency borrowings, net.....	(248)	337	92	1,157
Total.....	<u>₹ (10)</u>	<u>₹ 636</u>	<u>₹ 1,324</u>	<u>₹ 1,933</u>

#### 18. Finance and other income

	Three months ended March 31,		Year ended March 31,	
	2010	2011	2010	2011
Interest income.....	₹ 922	₹ 1,199	₹ 2,610	₹ 4,057
Dividend income.....	345	912	1,442	2,403
Gains/(losses) on sale of investments.....	2	16	308	192
Total.....	<u>₹ 1,269</u>	<u>₹ 2,127</u>	<u>₹ 4,360</u>	<u>₹ 6,652</u>

#### 19. 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

Wipro Equity Reward Trust ('WERT'), have been reduced from the equity shares outstanding for computing basic earnings per share. Earnings per share and number of share outstanding for the three months and year ended March 31, 2010 and 2011, have been adjusted for the two equity shares for every three equity shares stock dividend approved by the shareholders on June 4, 2010.

	Three months ended March 31,		Year ended March 31,	
	2010	2011	2010	2011
Profit attributable to equity holders of the Company...	₹ 12,089	₹ 13,754	₹ 45,931	₹ 52,977
Weighted average number of equity shares outstanding	2,431,434,923	2,438,996,963	2,429,025,243	2,436,440,633
Basic earnings per share.....	₹ 4.97	₹ 5.64	₹ 18.91	₹ 21.74

*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 employee 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.

	Three months ended March 31,		Year ended March 31,	
	2010	2011	2010	2011
Profit attributable to equity holders of the Company.....	₹ 12,089	₹ 13,754	₹ 45,931	₹ 52,977
Weighted average number of equity shares outstanding	2,431,434,923	2,438,996,963	2,429,025,243	2,436,440,633
Effect of dilutive equivalent share options.....	18,276,865	15,122,915	20,633,289	14,713,521
Weighted average number of equity shares for diluted earnings per share.....	2,449,711,788	2,454,119,878	2,449,658,532	2,451,154,154
Diluted earnings per share.....	₹ 4.93	₹ 5.60	₹ 18.75	₹ 21.61

## 20. Employee benefits

a) Employee costs include:

	Three months ended March 31,		Year ended March 31,	
	2010	2011	2010	2011
Salaries and bonus.....	₹ 26,908	₹ 32,548	₹ 103,194	₹ 122,399
Employee benefit plans				
Defined benefit plan.....	(26)	164	276	469
Contribution to provident and other funds..	691	786	2,458	2,907
Share based compensation .....	339	332	1,302	1,092
	₹ 27,912	₹ 33,830	₹ 107,230	₹ 126,867

The employee benefit cost is recognized in the following line items in the statement of income:

	Three months ended March 31,		Year ended March 31,	
	2010	2011	2010	2011
Cost of revenues.....	₹ 23,358	₹ 28,219	₹ 90,350	₹ 106,235
Selling and marketing expenses.....	2,507	2,737	9,126	10,860
General and administrative expenses.....	2,047	2,874	7,754	9,772
	₹ 27,912	₹ 33,830	₹ 107,230	₹ 126,867

b) Defined benefit plans:

Amount recognized in the statement of income in respect of gratuity cost (defined benefit plan) is as follows:

	Three months ended March 31,		Year ended March 31,	
	2010	2011	2010	2011
Interest on obligation.....	₹ 34	₹ 57	₹ 133	₹ 161
Expected return on plan assets.....	(32)	(61)	(122)	(164)
Actuarial losses/(gains) recognized.....	(70)	(11)	(63)	(168)
Past service cost.....	-	31	-	254
Current service cost.....	42	148	328	386

Net gratuity cost/(benefit)..... ₹ (26) ₹ 164 ₹ 276 ₹ 469

In May 2010, the Government of India has amended the Payment of Gratuity Act, 1972 to increase the limit of gratuity Payment from ₹ 0.35 to ₹ 1. Consequently, during the year ended March 31, 2011, the Company has recognized ₹ 254 of vested past service cost in the statement of income.

The Company has granted Nil options under RSU Options Plan during the three months ended March 31, 2010 and 2011, respectively and 5,000 and 6,661,180 options under RSU Options Plan during the year ended March 31, 2010 and 2011, respectively.

## 21. Commitments and contingencies

*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 ₹ 11,127 (including interest of ₹ 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 favor 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 ₹ 5,388 (including interest of ₹ 1,615) for the financial year ended March 31, 2005. The appeal filed before the first appellate authority against the said order has been allowed in favour of the Company thus deleting substantial demand raised by the Income tax authorities.

In December 2009, the Company received the draft assessment order, on similar grounds, with a demand of ₹ 6,757 (including interest of ₹ 2,050) for the financial year ended March 31, 2006. The Company filed an objection against the said demand before the Dispute Resolution Panel, which issued directions confirming the position of the assessing officer. Subsequently, the assessing officer passed the final assessment order raising a tax demand of ₹ 7,218 (including interest of ₹ 2,510). The Company has filed an appeal against the said order before the tribunal within the time limit permitted under the statute.

In December 2010, the Company received the draft assessment order, on similar grounds, with a demand of ₹ 7,747 (including interest of ₹ 2,264) for the financial year ended March 31, 2007. The Company has filed an objection against the said demand before the Dispute Resolution Panel, within the time limit 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.

## 22. Dividend

The Board of Directors, in their meeting on April 27, 2011, proposed a final dividend of ₹4 per equity share, which is subject to approval of shareholders at the Annual General Meeting.

## 23. Segment Information

The Company is currently organized by segments, which includes IT Services (comprising of IT Services and BPO Services), 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.

Information on reportable segments is as follows:

Three months ended March 31, 2010

	IT Services and Products			Consumer Care and Lighting	Others	Reconciling Items	Entity Total
	IT Services	IT Products	Total				
Revenues.....	52,596	8,900	61,496	6,084	2,285	296	70,161
Cost of revenues.....	(33,828)	(8,116)	(41,944)	(3,297)	(2,335)	(189)	(47,765)
Selling and marketing expenses.....	(2,943)	(258)	(3,201)	(1,729)	(106)	(72)	(5,108)
General and administrative expenses.....	(3,038)	(266)	(3,304)	(228)	(61)	-	(3,593)
Operating income of segment	<u>12,787</u>	<u>260</u>	<u>13,047</u>	<u>830</u>	<u>(217)</u>	<u>35</u>	<u>13,695</u>
Finance expense.....							10
Finance and other income.....							1,269
Share of profits of equity accounted investees							176
Profit before tax.....							15,150
Income tax expense.....							(3,015)
Profit for the period.....							<u>12,135</u>
Depreciation and amortization expense.....			1,630	81	82	95	1,888
Average capital employed.....			125,485	19,946	6,417	96,280	248,128
Return on capital employed.....			42%	17%	(14)%		22%

Three months ended March 31, 2011

	IT Services and Products			Consumer Care and Lighting	Others	Reconciling Items	Entity Total
	IT Services	IT Products	Total				
Revenues.....	62,891	9,105	71,996	7,244	3,519	265	83,024
Cost of revenues.....	(41,673)	(8,119)	(49,792)	(4,233)	(3,142)	(236)	(57,403)
Selling and marketing expenses.....	(3,187)	(304)	(3,491)	(1,856)	(136)	(67)	(5,550)
General and administrative expenses.....	(4,153)	(350)	(4,503)	(285)	(116)	(380)	(5,284)
Operating income of segment	<u>13,878</u>	<u>332</u>	<u>14,210</u>	<u>870</u>	<u>125</u>	<u>(418)</u>	<u>14,787</u>
Finance expense.....							(636)
Finance and other income.....							2,127
Share of profits of equity accounted investees							139
Profit before tax.....							16,417
Income tax expense.....							(2,604)
Profit for the period.....							<u>13,813</u>
Depreciation and amortization expense.....			1,987	113	89	92	2,281
Average capital employed.....			152,443	21,987	7,247	109,320	290,997
Return on capital employed.....			37%	16%	7%	-	20%

Year ended March 31, 2010

	IT Services and Products			Consumer Care and Lighting	Others	Reconciling Items	Entity Total
	IT Services	IT Products	Total				
Revenues.....	202,490	38,205	240,695	22,584	7,143	1,152	271,574
Cost of revenues.....	(132,144)	(34,151)	(166,295)	(11,805)	(7,446)	(753)	(186,299)
Selling and marketing expenses.....	(10,213)	(1,275)	(11,488)	(6,470)	(323)	(327)	(18,608)
General and administrative expenses.....	(12,446)	(1,015)	(13,461)	(1,207)	(210)	55	(14,823)
Operating income of segment	<u>47,687</u>	<u>1,764</u>	<u>49,451</u>	<u>3,102</u>	<u>(836)</u>	<u>127</u>	<u>51,844</u>
Finance expense.....							(1,324)
Finance and other income.....							4,360
Share of profits of equity accounted investees							530
Profit before tax.....							55,410
Income tax expense.....							(9,294)
Profit for the period.....							<u>46,116</u>
Depreciation and amortization expense.....			6,816	402	294	319	7,831
Average capital employed.....			125,459	19,428	6,353	80,427	231,667
Return on capital employed.....			39%	16%	(13)%	-	22%

**Year ended March 31, 2011**

	<b>IT Services and Products</b>			<b>Consumer Care and Lighting</b>	<b>Others</b>	<b>Reconciling Items</b>	<b>Entity Total</b>
	<b>IT Services</b>	<b>IT Products</b>	<b>Total</b>				
Revenues.....	234,850	36,910	271,760	27,258	10,896	1,073	310,987
Cost of revenues.....	(153,446)	(32,843)	(186,289)	(15,142)	(10,160)	(1,217)	(212,808)
Selling and marketing expenses.....	(12,642)	(1,284)	(13,926)	(7,514)	(491)	(241)	(22,172)
General and administrative expenses.....	(15,355)	(1,174)	(16,529)	(1,152)	(342)	(316)	(18,339)
Operating income of segment	<u>53,407</u>	<u>1,609</u>	<u>55,016</u>	<u>3,450</u>	<u>(97)</u>	<u>(701)</u>	<u>57,668</u>
Finance expense.....							(1,933)
Finance and other income.....							6,652
Share of profits of equity accounted investees							<u>648</u>
Profit before tax.....							63,035
Income tax expense.....							<u>(9,714)</u>
Profit for the period.....							<u>53,321</u>
Depreciation and amortization expense.....			7,088	433	328	362	8,211
Average capital employed.....			147,654	21,161	7,243	100,061	276,119
Return on capital employed.....			37%	16%	(1)%	-	21%

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:

	<b>Three months ended</b>		<b>.Year ended March 31,</b>	
	<b>March 31,</b>		<b>2010</b>	<b>2011</b>
	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>
India.....	₹ 16,652	₹ 19,126	₹ 62,179	₹ 67,904
United States.....	30,680	34,442	119,870	129,217
Europe.....	15,202	19,078	56,780	68,159
Rest of the world.....	<u>7,627</u>	<u>10,378</u>	<u>32,745</u>	<u>45,707</u>
	<u>₹ 70,161</u>	<u>₹ 83,024</u>	<u>₹ 271,574</u>	<u>₹ 310,987</u>

No client individually accounted for more than 10% of the revenues during the three months and year ended March 31, 2010 and 2011.

**Notes:**

a) The company has the following reportable segments:

- i) **IT Services:** 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.
- ii) **IT Products:** 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 products and other related deliverables. Revenue relating to these items is reported as revenue from the sale of IT Products.
- iii) **Consumer care and lighting:** 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.
- iv) **The Others' segment** consists of business segments that do not meet the requirements individually for a reportable segment as defined in IFRS 8.
- v) Corporate activities such as treasury, legal and accounting, which do not qualify as operating segments under IFRS 8, and elimination of inter-segment transactions have been considered as 'reconciling items'.

- b) Revenues include excise duty of ₹ 238 and ₹ 260 for the three months ended March 31, 2010 and 2011, respectively and ₹ 842 and ₹ 1,007 for the year ended March 31, 2010 and 2011, respectively. For the purpose of segment reporting, the segment revenues are net of excise duty. Excise duty is reported in reconciling items.
- c) For the purpose of segment reporting, the Company has included the impact of 'foreign exchange gains / (losses), net' in revenues (which is reported as a part of operating profit in the statement of income).
- d) 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.
- e) For evaluating the performance of the individual business segments, amortization of intangibles acquired through business combinations are reported in reconciling items. Accordingly, comparative period information has been reclassified.
- f) 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. Accordingly, such receivables are reflected in capital employed in reconciling items. As of March 31, 2010 and 2011, capital employed in reconciling items includes ₹ 8,516 and ₹ 12,255 respectively, of such receivables on extended collection terms.
- g) Operating income of segments is after recognition of stock compensation expense arising from the grant of options:

Segments	Three months ended		Year ended March 31,	
	March 31, 2010	March 31, 2011	2010	2011
IT Services .....	₹ 257	₹ 337	₹ 1,159	₹ 1,214
IT Products.....	20	23	93	90
Consumer Care and Lighting.....	20	26	71	112
Others.....	4	7	18	31
Reconciling items.....	38	(61)	(39)	(355)
Total.....	<u>₹ 339</u>	<u>₹ 332</u>	<u>₹ 1,302</u>	<u>₹ 1,092</u>

Management believes that it is currently not practicable to provide disclosure of geographical location wise assets, since the meaningful segregation of the available information is onerous

24. List of subsidiaries as of March 31, 2011 are provided in the table below.

Direct Subsidiaries	Step Subsidiaries	Country of Incorporation
Wipro Inc.	Wipro Gallagher Solutions Inc Enthink Inc. Infocrossing Inc.	U.S. U.S. U.S. U.S.
cMango Pte Limited		Singapore
Wipro Japan KK		Japan
Wipro Shanghai Limited		China
Wipro Trademarks Holding Limited	Cygnus Negri Investments Private Limited	India India
Wipro Travel Services Limited		India
Wipro Consumer Care Limited		India
Wipro Holdings (Mauritius) Limited	Wipro Holdings UK Limited	Mauritius U.K. U.K.
	Wipro Technologies UK Limited Wipro Holding Austria GmbH <sup>(A)</sup> 3D Networks (UK) Limited	Austria U.K.
Wipro Cyprus Private Limited	Wipro Technologies S.A DE C. V Wipro BPO Philippines LTD. Inc Wipro Holdings Hungary	Cyprus Mexico  Philippines  Hungary

Direct Subsidiaries	Step Subsidiaries	Country of Incorporation
	Korlátolt Felelősségű Társaság Wipro Technologies Argentina SA Wipro Information Technology Egypt SAE Wipro Arabia Limited* Wipro Poland Sp Zoo Wipro Outsourcing Services UK Limited Wipro Technologies (South Africa) Proprietary Limited Wipro Information Technology Netherlands BV (formerly RetailBox BV)	Argentina Egypt Saudi Arabia Poland U.K. South Africa Netherland
	Wipro Technologies Oy Wipro Infrastructure Engineering AB	Wipro Portugal S.A. (A) (Formerly Enabler Informatica SA) Russia Finland Sweden
	Wipro Technologies SRL Wipro Singapore Pte Limited	Wipro Infrastructure Engineering Oy Hydrauto Celka San ve Tic Finland Turkey Romania Singapore Indonesia Singapore
		PT WT Indonesia Wipro Unza Holdings Limited (A) Singapore Wipro Technocentre (Singapore) Pte Limited Wipro (Thailand) Co Limited Wipro Bahrain Limited WLL Singapore Thailand Bahrain
	Wipro Yardley FZE	Dubai
Wipro Australia Pty Limited		Australia
Wipro Networks Pte Limited (formerly 3D Networks Pte Limited)		Singapore
Planet PSG Pte Limited	Planet PSG SDN BHD	Singapore Malaysia
Wipro Chengdu Limited		China
Wipro Chandrika Limited*		India
WMNETSERV Limited	WMNETSERV (U.K.) Limited. WMNETSERV INC	Cyprus U.K. U.S.
Wipro Technology Services Limited		India
Wipro Airport IT Services Limited*		India
Wipro Infrastructure Engineering Machinery (Changzhou) Co., Ltd.		China

\*All the above direct subsidiaries are 100% held by the Company except that the Company hold 66.67% of the equity securities of Wipro Arabia Limited, 90% of the equity securities of Wipro Chandrika Limited and 74% of the equity securities of Wipro Airport IT Services Limited.

As of March 31, 2011, the Company also held 49% of the equity securities of Wipro GE Medical Systems Private Limited that is accounted for as an equity method investment.

(A) Step Subsidiary details of Wipro Unza Holdings Limited, Wipro Holding Austria GmbH and Wipro Portugal S.A, are as follows :

Step Subsidiaries	Step Subsidiaries	Country of Incorporation
Wipro Unza Singapore Pte Limited Wipro Unza Indochina Pte Limited		Singapore Singapore

Step Subsidiaries	Step Subsidiaries	Country of Incorporation
Wipro Unza Cathay Limited	Wipro Unza Vietnam Co., Limited	Vietnam
	Wipro Unza (China) Limited	Hong Kong
PT Unza Vitalis Wipro Unza (Thailand) Limited	Wipro Unza (Guangdong) Consumer Products Limited.	Hong Kong
		China
Unza Overseas Limited		Indonesia
Unzafrica Limited		Thailand
Wipro Unza Middle East Limited		British virgin islands
Unza International Limited		Nigeria
Unza Nusantara Sdn Bhd		British virgin islands
	Unza Holdings Sdn Bhd	Malaysia
	Unza (Malaysia) Sdn Bhd	Malaysia
	Manufacturing Services Sdn Bhd	Malaysia
	UAA (M) Sdn Bhd	Malaysia
	Shubido Pacific Sdn Bhd <sup>(a)</sup>	Malaysia
	Gervas Corporation Sdn Bhd	Malaysia
	Gervas (B) Sdn Bhd	Malaysia
	Formapac Sdn Bhd	Malaysia
Wipro Holding GmbH	New Logic Technologies GmbH	Austria
	New Logic Technologies SARL	Austria
		France
Wipro Portugal S.A.	SAS Wipro France (formerly Enabler France SAS)	France
	Wipro Retail UK Limited (formerly Enabler UK Limited)	U.K.
	Wipro do Brasil Tecnologia Ltda (formerly Enabler Brazil Ltda)	Brazil
	Wipro Technologies GmbH (formerly Enabler & Retail Consult GmbH)	Germany

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

25. Details of balances with banks as of March 31, 2011 are as follows:

Bank Name	In Current Account	In Deposit Account	Total
Wells Fargo Bank.....	₹ 17,248	₹ -	₹ 17,248
HSBC Bank.....	3,209	235	3,444
Citi Bank .....	1,970	1,240	3,210
HDFC Bank.....	1,100	490	1,590
Standard Chartered Bank.....	449	187	636
Lawyers Trust Account Germany.....	240	-	240
Rabo Bank.....	374	-	374
ING Vysya Bank.....	309	-	309
Saudi British Bank.....	211	952	1,163
Canara Bank .....	-	4,132	4,132
Oriental Bank of Commerce .....	-	1,270	1,270
Nordea Bank.....	135	-	135
Indian Overseas Bank.....	57	13,980	14,037
State Bank of India.....	123	120	243
Karur Vysya Bank.....	-	50	50

<b>Bank Name</b>	<b>In Current Account</b>	<b>In Deposit Account</b>	<b>Total</b>
Mitsubishi Tokyo Bank.....	136	-	136
Bank of India.....	-	1,570	1,570
South Indian Bank.....	-	1,000	1,000
Indus Ind Bank.....	-	1,890	1,890
Allahabad Bank.....	-	1,320	1,320
Industrial & Commercial bank of China.....	130	-	130
Axis Bank.....	100	-	100
Others including cash and cheques on hand.....	1,837	5,077	6,914
Total.....	<u>₹ 27,628</u>	<u>₹ 33,513</u>	<u>₹ 61,141</u>

**26. Available for sale investments**

- (a) Investments in liquid and short-term mutual funds/ marketable bonds/ other investments as of March 31, 2011:

<b>Fund House</b>	<b>As of March 31, 2011</b>
ICICI Prudential.....	₹ 6,142
IDFC MF.....	5,254
LIC Housing.....	4,118
Birla Sunlife.....	3,896
Templeton.....	3,683
TATA.....	2,709
National Housing Bank.....	2,333
ILFS.....	1,919
SBI.....	1,701
Kotak.....	1,696
UTI.....	1,066
L & T Finance Ltd.....	726
DSP Blackrock.....	502
Religare.....	302
Sundaram BNP.....	242
NABARD.....	240
J P Morgan.....	151
Franklin Templeton.....	101
HDFC.....	73
Reliance.....	67
Others.....	169
Total.....	<u>₹ 37,090</u>

(b) Investment in Certificates of Deposit as of March 31, 2011:

	<b>As of March 31, 2011</b>
Axis Bank.....	₹ 2,618
Bank of Baroda.....	1,184
ICICI Bank.....	984
Corporation Bank.....	950
Kotak Mahindra Bank.....	745
Federal Bank.....	733
Union Bank of India.....	730
HDFC Bank Ltd.....	496
State Bank of India.....	492
ING Vysya Bank.....	491
Indian Overseas Bank.....	485
State Bank of Hydrebad.....	481
State Bank of Patiala.....	480
IDBI Bank.....	246
State Bank of Travancore.....	245
Andhra Bank.....	245
Vijaya Bank.....	242
Bank of India.....	234
Others.....	111
Total.....	<u>₹ 12,192</u>

As per our report attached

**for B S R & Co.**  
*Chartered Accountants*  
*Firm Registration No:101248W*

**Natraj Ramakrishna**  
*Partner*  
Membership No. 032815  
Bangalore  
April 27, 2011

For and on behalf of the Board of Directors

**Azim Premji**                      **B C Prabhakar**                      **T K Kurien**                      **Dr. Jagdish N Seth**  
*Chairman*                      *Director*                      *CEO, IT Business &*                      *Director*  
*Executive Director*

**Suresh C Senapaty**                      **V Ramachandran**  
*Chief Financial Officer*                      *Company Secretary*  
*& Director*