CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

BALANCE SHEET	Schedule	As of March 31, 2007	2006
		(Rs. in Million)	
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	2,918	2,852
Share application money pending allotment		35	75
Reserves and surplus	2	93,042	63,202
		95,995	66,129
LOAN FUNDS			
Secured loans	3	1,489	451
Unsecured loans	4	2,338	307
		3,827	758
Minority Interest		29	-
		99,851	66,887
APPLICATION OF FUNDS			
FIXED ASSETS			
Goodwill		9,477	3,528
Gross block	5	37,287	24,816
Less: Accumulated depreciation		18,993	12,911
Net block		18,294	11,905
Capital work-in-progress and advances		10,191	6,250
		37,962	21,683
INVESTMENTS	6	33,249	30,812
DEFERRED TAX ASSET (NET)	7	590	594
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	8	4,150	2,065
Sundry debtors	9	29,391	21,272
Cash and bank balances	10	19,822	8,858
Loans and advances	11	16,387	12,818
		69,750	45,013
Less: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	12	33,667	18,527
Provisions	13	8,033	12,688
		41,700	31,215
NET CURRENT ASSETS		28,050	13,798
		99,851	66,887
Notes to Accounts	21		

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

As per our report attached

for and on behalf of the Board of Directors

for **BSR & Co.**
Chartered Accountants

Azim Premji
Chairman

Jagdish Sheth
Director

B C Prabhakar
Director

Zubin Shekary
Partner
Membership No. 48814

Suresh C Senapaty
Executive Vice President
& Chief Financial Officer

V Ramachandran
Company Secretary

Bangalore
April 20, 2007

CONSOLIDATED FINANCIAL STATEMENTS OF WIPRO LIMITED AND SUBSIDIARIES

PROFIT AND LOSS ACCOUNT

	Schedule	Year ended March 31, 2007	2006
		(Rs. in Million except share data)	
INCOME			
Gross sales and services		**151,330**	106,805
Less: Excise duty		**1,348**	775
Net sales and services		**149,982**	106,030
Other income	**14**	**2,963**	1,536
		152,945	107,566
EXPENDITURE			
Cost of sales and services	**15**	**102,420**	71,484
Selling and marketing expenses	**16**	**9,547**	7,003
General and administrative expenses	**17**	**7,866**	5,265
Interest	**18**	**124**	35
		119,957	83,787
PROFIT BEFORE TAXATION		**32,988**	23,779
Provision for taxation including fringe benefit tax	**20**	**3,868**	3,391
Profit before minority interest / share in earnings of associates:		**29,120**	20,388
Minority interest		**6**	(1)
Share in earnings of associates		**295**	288
PROFIT FOR THE PERIOD		**29,421**	20,674
Appropriations			
Interim dividend		**7,238**	-
Proposed dividend		**1,459**	7,129
Tax on dividend		**1,268**	1,000
TRANSFER TO GENERAL RESERVE		**19,456**	**12,545**
EARNINGS PER SHARE - EPS			
Equity shares of par value Rs. 2/- each			
Basic *(in Rs.)*		**20.62**	14.70
Diluted *(in Rs.)*		**20.41**	14.48
Number of shares for calculating EPS [Refer Note 21(13)]			
Basic		**1,426,966,318**	1,406,505,974
Diluted		**1,441,469,652**	1,427,915,724
Notes to Accounts	**21**		

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

As per our report attached

for and on behalf of the Board of Directors

for **BSR & Co.**
Chartered Accountants

Azim Premji
Chairman

Jagdish Sheth
Director

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Partner
Membership No. 48814

Suresh C Senapaty
Executive Vice President
& Chief Financial Officer

V Ramachandran
Company Secretary

Bangalore
April 20, 2007

(Rs. in Million)

	Year ended March 31	
	2007	**2006**
A. Cash flows from operating activities:		
Profit before tax	**32,988**	23,778
Adjustments:		
Depreciation and amortization	**3,978**	3,096
Amortisation of stock compensation	**1,078**	633
Unrealised exchange differences - net	**457**	65
Interest on borrowings	**125**	35
Dividend / interest - net	**(2,118)**	(1,069)
(Profit) / Loss on sale of investments	**(588)**	(238)
Gain on sale of fixed assets	**(10)**	(8)
Working capital changes :		
Trade and other receivable	**(7,633)**	(6,991)
Loans and advances	**(299)**	(1,033)
Inventories	**(1,120)**	(317)
Trade and other payables	**5,445**	6,150
Net cash generated from operations	**32,303**	24,102
Direct taxes paid	**(4,252)**	(4,543)
Net cash generated by operating activities	**28,051**	19,559
B. Cash flows from investing activities:		
Acquisition of property, fixed assets plant and equipment (including advances)	**(13,005)**	(7,927)
Proceeds from sale of fixed assets	**149**	113
Purchase of investments	**(123,579)**	(59,047)
Proceeds on sale / from maturities on investments	**122,042**	52,043
Intercorporate deposit	**(650)**	-
Net payment for acquisition of businesses	**(6,608)**	(2,777)
Dividend / interest income received	**2,118**	923
Net cash generated by / (used in) investing activities	**(19,533)**	(16,672)
C. Cash flows from financing activities:		
Proceeds from exercise of employee stock option	**9,458**	4,704
Share application money pending allotment	**35**	63
Interest paid on borrowings	**(125)**	(35)
Dividends paid (including distribution tax)	**(8,875)**	(3,998)
(Repayment)/proceeds of long term borrowings - net	**142**	(268)
Proceeds/(repayment) of short term borrowings - net	**1,825**	(200)
Proceeds from issuance of shares by subsidiary	**35**	
Net cash generated by / (used in) financing activities	**2,495**	266
Net (decrease) / increase in cash and cash equivalents during the period	**11,013**	3,154
Cash and cash equivalents at the beginning of the period	**8,858**	5,714
Effect of translation of cash balance	**(49)**	(10)
Cash and cash equivalents at the end of the period *	**19,822**	8,858

* Includes Rs. 7,278 Million in a restricted designated bank account for payment of interim dividend

As per our report attached

for and on behalf of the Board of Directors

for **BSR & Co.**
Chartered Accountants

Azim Premji
Chairman

Jagdish Sheth
Director

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Partner
Membership No. 48814

Suresh C Senapaty
Executive Vice President
& Chief Financial Officer

V Ramachandran
Company Secretary

Bangalore
April 20, 2007

BALANCE SHEET

SCHEDULE 1 SHARE CAPITAL	As of March 31, 2007	2006
	(Rs. in Million except share data)	
Authorised capital		
1,650,000,000 (2006: 1,650,000,000) equity shares of Rs. 2 each	**3,300**	3,300
25,000,000 (2006: 25,000,000) 10.25 % redeemable cumulative preference shares of Rs. 10 each	**250**	250
	3,550	3,550
Issued, subscribed and paid-up capital		
1,458,999,650 (2006: 1,425,754,267) equity shares of Rs. 2 each [refer note 21 (2)]	**2,918**	2,852
	2,918	2,852

SCHEDULE 2 RESERVES AND SURPLUS	As of March 31, 2007	2006
Capital reserve		
Balance brought forward from previous period	**48**	10
Add: Acquisition of minority interest in Wipro Infrastructure Engineering Limited	**-**	38
	48	48
Capital redemption reserve		
Balance brought forward from previous period	**-**	250
Less: Amount utilised for bonus shares	**-**	250
	-	-
Securities premium account		
Balance brought forward from previous period	**14,378**	9,299
Add: Exercise of stock options by employees	**10,152**	5,121
Add: Amalgamation adjustment	**-**	1,120
Less : Amount utilised for bonus shares	**-**	1,162
	24,530	14,378
Translation reserve		
Balance brought forward from previous period	**(111)**	(131)
Addition / (deletion)	**(137)**	20
	(248)	(111)
Restricted stock units reserve		
Employee Stock Options Outstanding	**5,273**	2,732
Less: Deferred Employee Compensation Expense	**4,351**	2,202
	922	530
General reserve		
Balance brought forward from previous period	**48,357**	41,634
Additions [refer note 21 (3)]	**19,433**	6,723
	67,790	48,357
Summary of reserves and surplus		
Balance brought forward from previous period	**63,202**	51,408
Additions	**29,977**	13,206
Deletions	**137**	1,412
	93,042	63,202

BALANCE SHEET

(Rs. in Million)

	As of March 31, 2007	As of March 31, 2006
SCHEDULE 3 SECURED LOANS		
Term loans	**698**	-
Cash credit facility	**791**	449
Development loan from Karnataka State Government	**-**	2
	1,489	451

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

	2007	2006
SCHEDULE 4 UNSECURED LOANS		
Borrowing from banks	**2,240**	256
Loan from financial institutions	**52**	-
Interest free loan from State Governments	**46**	50
Others	**-**	1
	2,338	307

SCHEDULE 5 FIXED ASSETS

(Rs. in Million)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As of April 1 2006	Additions	Deductions/ adjustments	**As of March 31 2007**	As of April 1 2006	Depreciation for the period	Deductions / adjustments	**As of March 31 2007**	**As of March 31 2007**	**As of March 31 2006**
(a) Tangible fixed assets										
Land (including leasehold)	1,345	825	-	**2,170**	-	2	-	**2**	**2,168**	1,345
Buildings	4,504	1,694	-	**6,198**	394	86	189	**669**	**5,529**	4,110
Plant & machinery	14,235	6,979	90	**21,124**	9,770	2,904	1,398	**14,072**	**7,052**	4,465
Furniture, fixture and equipments	3,007	1,203	30	**4,180**	1,992	587	227	**2,806**	**1,374**	1,015
Vehicles	1,324	652	146	**1,830**	668	319	2	**989**	**841**	657
(b) Intangible fixed assets										
Technical know-how	45	291	6	**330**	34	7	288	**329**	**1**	11
Software Licenses	-	-	-	**-**	-	-	-	**-**	**-**	-
Patents, trade marks and rights	356	1,098	-	**1,454**	52	74	-	**126**	**1,328**	303
	24,816	**12,742**	**272**	**37,287**	**12,910**	**3,979**	**2,104**	**18,993**	**18,294**	**11,905**
Previous year - 31 March 2006	20,900	4,160	244	24,816	9,952	3,096	138	12,910	**11,905**	

Notes:

1. Additions in gross block and adjustments in accumulated depreciation include balances relating to fixed assets of entities acquired during the period [refer note 21(4)].
2. Plant and machinery includes computers and computer software.

SCHEDULE 6 INVESTMENTS

(Rs. in Million)

	As of March 31, 2007	2006
Investments Long Term - unquoted		
Investment in Associates		
Wipro GE Medical Systems private Ltd (refer Note below)	**1,043**	766
WeP Peripherals Ltd	**-**	216
	1,043	982
Other Investments - unquoted	**364**	13
Current Investments - quoted		
Investments in Indian money market mutual funds	**31,839**	29,814
Investments - others	**3**	3
	31,842	29,817
	33,249	30,812
Aggregate market value of quoted investments and mutual funds	**32,411**	30,315

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

SCHEDULE 7 DEFERRED TAX ASSET (NET)

	2007	2006
Accrued expenses	**295**	224
Business loss carried forward	**210**	284
Allowance for doubtful debts	**217**	105
Amortisable goodwill	**(85)**	(64)
Property plant and equipment – Depreciation differential	**(47)**	45
	590	594

SCHEDULE 8 INVENTORIES

	2007	2006
Finished goods	**1,777**	886
Raw materials	**1,584**	692
Stock in process	**491**	289
Stores and spares	**298**	198
	4,150	2,065

SCHEDULE 9 SUNDRY DEBTORS

	2007	2006
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	**919**	816
Considered doubtful	**1,245**	1,116
	2,164	1,932
Other debts		
Considered good	**28,472**	20,456
	30,636	22,388
Less: Provision for doubtful debts	**1,245**	1,116
	29,391	21,272

BALANCE SHEET

(Rs. in Million)

SCHEDULE 10 CASH AND BANK BALANCES	As of March 31, 2007	2006
Balances with bank:		
In current account (refer Note below)	**16,784**	8,437
In deposit account	**2,355**	21
Cash and cheques on hand	**683**	400
	19,822	8,858

Note: includes Rs. 7,278 Million in a restricted designated bank account for payment of interim dividend

SCHEDULE 11 LOANS AND ADVANCES	2007	2006
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered good		
- Prepaid expenses	**1,366**	1,111
- Advance to suppliers / expenses	**753**	475
- Employee travel & other advances	**885**	754
- Others	**1,087**	918
	4,091	3,258
Considered doubtful	**194**	118
	4,285	3,376
Less: Provision for doubtful advances	**194**	118
	4,091	3,258
Other deposits	**1,613**	1,411
Advance income tax	**4,730**	3,682
Inter corporate deposit	**650**	-
Balances with excise and customs	**207**	131
Unbilled revenue	**5,096**	4,336
	16,387	12,818

SCHEDULE 12 LIABILITIES	2007	2006
Accrued expenses and statutory liabilities	**16,235**	12,807
Sundry creditors	**7,060**	4,146
Unearned revenues	**1,761**	601
Advances from customers	**1,369**	969
Unclaimed dividends	**4**	4
Unpaid interim dividends	**7,238**	-
	33,667	18,527

SCHEDULE 13 PROVISIONS	2007	2006
Employee retirement benefits	**2,118**	1,395
Warranty provision	**831**	719
Provsion for tax	**3,106**	2,445
Proposed dividend	**1,459**	7,129
Tax on dividend	**519**	1,000
	8,033	12,688

PROFIT & LOSS ACCOUNT

		(Rs. in Million)
	For the Year ended March 31,	
	2007	**2006**
SCHEDULE 14 OTHER INCOME		
Dividend on mutual fund units	1,686	871
Profit on sale of investments	588	238
Interest on debt instruments and others	432	198
Exchange differences - net	-	135
Miscellaneous income	257	94
	2,963	1,536

SCHEDULE 15 COST OF SALES AND SERVICES		
Employee compensation costs	54,239	38,184
Raw materials, finished and process stocks (refer Schedule 19)	23,182	14,819
Sub contracting / technical fees	6,677	4,317
Travel	5,084	3,688
Depreciation	3,696	2,910
Communication	1,620	1,593
Repairs	2,645	1,959
Power and fuel	1,062	890
Outsourced technical services	842	587
Rent	1,009	599
Stores and spares	676	480
Insurance	186	161
Rates and taxes	198	172
Miscellaneous	1,304	1,125
	102,420	**71,484**

PROFIT & LOSS ACCOUNT

		(Rs. in Million)
	For the Year ended March 31,	
	2007	**2006**

SCHEDULE 16 SELLING AND MARKETING EXPENSES

	2007	2006
Employee compensation costs	**4,728**	3,508
Advertisement and sales promotion	**1,400**	972
Travel	**790**	647
Carriage and freight	**885**	555
Commission on sales	**275**	254
Rent	**326**	212
Communication	**294**	234
Conveyance	**111**	103
Depreciation	**190**	99
Repairs to buildings	**60**	54
Insurance	**25**	30
Rates and taxes	**26**	16
Miscellaneous expenses	**437**	318
	9,547	7,003

SCHEDULE 17 GENERAL AND ADMINISTRATIVE EXPENSES

	2007	2006
Employee compensation costs	**3,430**	2,155
Travel	**909**	637
Repairs and mantainance	**321**	378
Provision / write off of bad debts	**294**	304
Exchange differences - net	**231**	-
Manpower outside services	**142**	98
Depreciation	**93**	88
Rates and taxes	**63**	77
Insurance	**57**	20
Rent	**77**	38
Auditors' remuneration		
Audit fees	**13**	12
For certification including tax audit	**1**	-
Out of pocket expenses	**1**	1
Miscellaneous expenses	**2,234**	1,457
	7,866	5,265

PROFIT & LOSS ACCOUNT

(Rs. in Million)

	For the Year ended March 31, 2007	2006
SCHEDULE 18 INTEREST		
Cash credit and others	**124**	35

SCHEDULE 19

RAW MATERIALS, FINISHED AND PROCESSED STOCKS

		2007	2006
Consumption of raw materials and bought out components :			
Opening stocks		**692**	689
Add: Stock taken over on acquisition		**651**	-
Add: Purchases		**11,701**	**7,011**
Less: Closing stocks		**1,584**	692
		11,460	7,008
Purchase of finished products for sale		**12,471**	8,107
(Increase) / Decrease in finished and process stocks :			
Opening stock	: In process	**289**	213
	: Finished products	**886**	667
Stock taken over	: In process	**194**	-
	: Finished products	**150**	-
Less: Closing stock	: In process	**491**	289
	: Finished products	**1,777**	886
		(749)	(296)
		23,182	14,819

SCHEDULE 20

PROVISION FOR TAXATION INCLUDING FRINGE BENEFIT TAX

	2007	2006
Current Taxes		
Indian taxes	**1,406**	1,605
Foreign taxes	**2,127**	1,575
Fringe benefit tax	**245**	231
Deferred Taxes	**90**	(20)
	3,868	3,391

Note: Indian taxes includes a net write back of tax provision for earlier years of Rs. 930 (2006: Rs. 338) and foreign taxes includes a net tax provision for earlier years of Rs. 83 (2006: Nil)

SCHEDULE 21 – NOTES TO ACCOUNTS

Company overview

Wipro Limited (Wipro), together with its subsidiaries and associates (collectively, the Company or the group) is a leading India based provider of IT Services and Products, including Business Process Outsourcing (BPO) services, globally. Further, Wipro has other businesses such as India and AsiaPac IT Services and Products and Consumer Care and Lighting. Wipro is headquartered in Bangalore, India.

1. Significant accounting policies

i. Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprise pronouncements of the Institute of Chartered Accountants of India (ICAI), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

ii. Principles of consolidation

The consolidated financial statements include the financial statements of Wipro and all its subsidiaries, which are more than 50% owned or controlled.

The financial statements of the parent company and its majority owned / controlled subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-company balances / transactions and resulting unrealized gain / loss.

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

iii. Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates.

iv. Goodwill

Goodwill arising on consolidation / acquisition of assets is not amortised. It is tested for impairment on a periodic basis and written-off if found impaired.

v. Fixed assets, intangible assets and work-in-progress

Fixed assets are stated at historical cost less accumulated depreciation.

Interest on borrowed money allocated to and utilized for qualifying fixed assets, pertaining to the period up to the date of capitalization is capitalized. Assets acquired on direct finance lease are capitalized at the gross value and interest thereon is charged to profit and loss account.

Intangible assets are stated at the consideration paid for acquisition less accumulated amortization.

Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date and the cost of fixed assets not ready for use before such date are disclosed under capital work-in-progress.

Lease payments under operating lease are recognised as an expense in the profit and loss account.

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

vi. Investments

Long term investments (other than investments in affiliates) are stated at cost less provision for diminution in the value of such investments. Diminution in value is provided for where the management is of the opinion that the diminution is of other than temporary nature. Short term investments are valued at lower of cost and net realizable value.

Investment in associate is accounted under the equity method.

vii. Inventories

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

viii. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the outflow.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

ix. Revenue recognition

Services:

Revenue from Software development services comprises revenue from time and material and fixed-price contracts. Revenue from time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed-time frame contracts is recognized in accordance with the “Percentage of Completion” method.

Revenues from BPO services are derived from both time-based and unit-priced contracts. Revenue is recognized as the related services are performed, in accordance with the specific terms of the contract with the customers.

Revenue from maintenance services is accrued over the period of the contract.

Revenue from customer training, support and other services is recognised as the related services are performed.

Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

‘Unbilled revenues’ included in loans and advances represent cost and earnings in excess of billings as at the balance sheet date. ‘unearned revenues’ included in current liabilities represent billing in excess of revenue recognised.

Products:

Revenue from sale of products is recognised, in accordance with the sales contract, on dispatch from the factories/ warehouse of the Company. Revenues from product sales are shown as net of excise duty, sales tax separately charged and applicable discounts.

Others:

Agency commission is accrued when shipment of consignment is dispatched by the principal.

Profit on sale of investments is recorded upon transfer of title by the Company. It is determined as the difference between the sales price and the then carrying amount of the investment.

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

Dividend income is recognized where the Company's right to receive dividend is established.

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

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

x. Warranty cost

The Company accrues the estimated cost of warranties at the time when the revenue is recognized. The accruals are based on the Company's historical experience of material usage and service delivery costs.

xi. Foreign currency transactions

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of accounts at the average rate for the month.

Transaction:

The difference between the rate at which foreign currency transactions are accounted and the rate at which they are realized is recognized in the profit and loss account.

Translation:

Monetary foreign currency assets and liabilities at period-end are translated at the closing rate. The difference arising from the translation is recognized in the profit and loss account.

Hedge:

As part of the Risk Management Policies, the forward contracts are designated as hedges of highly probable forecasted transactions. The Accounting Standard (AS 11) on "The Effects of Changes on Foreign Exchange Rates", amended with effect from April 1, 2004 provides guidance on accounting for forward contracts. In respect of forward contracts entered into to hedge foreign exchange risk of highly probable forecasted transaction, the ICAI has clarified that AS 11 is currently not applicable to exchange differences arising from such forward contracts. The premium or discount of such contracts is amortized over the life of the contract in accordance with AS 11 (revised).

In respect of forward contracts / option contracts assigned to the foreign currency assets and liabilities as on the balance sheet date the exchange difference, being the difference between (a) the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and (b) the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date, is accounted in the profit and loss account.

Exchange differences of forward contracts / option contracts designated as hedge of highly probable forecasted transactions are recognised in the profit and loss account only in the period in which the forecasted transaction occurs.

Forward contracts and options not designated as hedges of forecasted transactions are marked to their current market value as at the balance sheet date and accounted in the profit and loss account for the period.

Integral operations:

In respect of integral operations, monetary assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. Non-monetary items are translated at the historical rate. The items in the profit & loss account are translated at the average exchange rate during the period. The differences arising out of the translation is recognised in the profit and loss account.

Non-integral operations:

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

xii. Depreciation and amortisation

Depreciation is provided on straight line method at rates not lower than rates specified in Schedule XIV to the Companies Act, 1956. In some cases, assets are depreciated at the rates which are higher than Schedule XIV rates to reflect the economic life of asset. Management estimates the useful life of various assets as follows:

Nature of asset	Life of asset
Building	30 – 60 years
Plant and machinery	5 – 21 years
Office equipment	5 years
Vehicles	4 years
Furniture and fixtures	5 – 6 years
Data processing equipment and software	2 – 3 years

Fixed assets individually costing Rs. 5,000/- or less are depreciated at 100%.

Assets under capital lease are amortized over their estimated useful life or the lease term, whichever is lower. Intangible assets are amortized over their estimated useful life, as the assets economic benefits are consumed by the Company. Estimated useful life is usually less than 10 years. For certain brands acquired by the Company, based on the performance of various comparable brands in the market, the Company estimated the useful life of those brands to be 20 to 22 years. Accordingly, such intangible assets are being amortized over 20 to 22 years.

xiii. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset including goodwill may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In respect of goodwill the impairment loss will be reversed only when it was caused by specific external events and their effects have been reversed by subsequent external events.

xiv. Provision for retirement benefits

Provident fund:

Employees receive benefits from a provident fund, a defined contribution plan. The employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's salary. A portion of the contribution is made to the provident fund trust managed by the Company, while the remainder of the contribution is made to the Government's provident fund.

Compensated absences:

The employees of the Company are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Gratuity:

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. Liability with regard to gratuity plan is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. Actuarial gain or loss is recognised immediately in the statement of profit and loss as income or expense. The Company has an employees' gratuity fund managed by the Life Insurance Corporation of India (LIC).

Superannuation:

Apart from being covered under the Gratuity Plan described above, the employees of the Company also participate in a defined contribution plan maintained by the Company. This plan is administered by the LIC & ICICI. The Company makes annual contributions based on a specified percentage of each covered employee's salary.

xv. Employee stock options

The Company determines the compensation cost based on the intrinsic value method. The compensation cost is amortised on a straight line basis over the vesting period.

xvi. Research and development

Revenue expenditure on research and development is charged to Profit and Loss account and capital expenditure is shown as addition to fixed assets.

xvii. Income tax & Fringe benefit tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements by each entity in the Company.

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

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment / substantial enactment date.

Deferred tax assets on timing differences are recognised only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets are reassessed for the appropriateness of their respective carrying amounts at each balance sheet date.

Fringe benefit tax:

The Fringe Benefit Tax (FBT) is accounted for in accordance with the guidance note on accounting for fringe benefits tax issued by the ICAI. The provision for FBT is reported under income taxes.

xviii. Earnings per share

Basic:

The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

Diluted:

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issued.

xix. Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

NOTES TO ACCOUNTS

2. The following are the significant breakup for 1,458,999,650 (2006: 1,425,754,267) equity shares as of March 31, 2007

   i) 1,398,430,659 Equity shares / American Depository Receipts (ADRs) (2006: 1,398,430,659) have been allotted as fully paid bonus shares / ADRs by capitalisation of Securities premium account and Capital redemption reserve.

   ii) 1,325,525 Equity shares (2006: 1,325,525) have been allotted as fully paid-up, pursuant to a scheme of amalgamation, without payment being received in cash.

   iii) 3,162,500 Equity shares (2006: 3,162,500) representing American Depository Receipts issued during 2000-2001 pursuant to American Depository offering by the Company.

   iv) 55,155,966 Equity shares (2006: 21,910,583) issued pursuant to Employee Stock Option Plan.

3. Note on Reserves:

   i) Restricted stock units reserve includes Deferred Employee Compensation, which represents future charge to profit and loss account and employee stock options outstanding to be treated as securities premium at the time of allotment of shares.

   ii) Additions to General Reserve include:

(Rs. in Million)

	Particulars	For the year ended March 31,	
		2007	**2006**
a)	Transfer from profit and loss account	19,456	12,545
b)	Dividend distributed to Wipro Equity Reward Trust	40	20
b)	Additional dividend paid for the previous year	(36)	(6)
d)	Adjustment on account of amalgamation of Wipro BPO Solutions Limited, Spectramind Limited-Bermuda & Spectramind Limited-Mauritius with the Company	-	(5,836)
e)	Transition liability for employee benefits	(27)	-
		19,433	**6,723**

4. The following are the details of acquisitions made by the Company during the year ended March 31, 2007 and 2006:

Sr. No.	Acquired entity	Acquired during	Nature of business
Global IT Services & Products			
1	Quantech Global Services LLC and Quantech Global Services Ltd (Quantech)	Jul 06	Engaged in Computer Aided Design and Engineering services
2	Saraware Oy	Jun 06	Engaged in providing design and engineering services to telecom companies
3	RetailBox BV and subsidiaries (Enabler)	Jun 06	Leading specialist in the development, implementation and support of IS systems for retail industry.
4	cMango Inc and subsidiaries (cMango)	Apr 06	Engaged in providing business management service solutions
5	mPower Software Services Inc. and its subsidiaries	Dec 05	Engaged in providing IT services in payments service sector
6	BVPENTE Beteiligungsverwaltung GmbH and its subsidiaries (New Logic)	Dec 05	Engaged in semiconductor Intellectual Property (IP) cores and complete system on chip solutions with digital, analog mixed signal and Radio Frequency (RF) design services.
India & AsiaPac IT Services and Products			
7	India, Middle East and SAARC operations of 3D Networks and Planet PSG	Nov 06	Engaged in the business of communication solutions that include consulting, voice, data and converged solutions, and managed services
Consumer Care & Lighting			
8	Trademark / brand “North-West” and assets of North-West Switchgear Limited	May 06	The Company acquired a substantial portion of the business and brand of North West Switch Gear Limited, a manufacturer and distributor of switches, sockets and miniature circuit breakers.
Others			
9	Hydrauto Group AB (Hydrauto)	Nov 06	Engaged in production, marketing and development of customized hydraulic cylinders solution for mobile applications.

Segments	Upfront purchase consideration [(a)]	Goodwill arising from acquisitions
Global IT Services & Products	6,947	6,310
India & AsiaPac IT Services & Products	904	384
Consumer Care & Lighting	1,053	-
Others	1,412	1,217

[(a)] Certain acquisition agreements include earn-outs, determined based on specific financial targets being achieved over the earn-out period and will be recorded as purchase consideration when paid.

5. In December 2006, the Company sold 4 million shares in WeP Peripherals and the Company's holding in WeP Peripherals is reduced from 39.6% as at March 31, 2006 to 15%. The Company has recorded a gain of Rs. 48 Million on the sale of these shares. The carrying amount of the remaining shares in WeP Peripherals is classified under long term investments.

6. As of March 31, 2007, forward contracts and options (including zero cost collars) to the extent of USD 93 Million have been assigned to the foreign currency assets as on the balance sheet date. The proportionate premium/discount on the forward contracts for the period upto the balance sheet date is recognized in the profit and loss account. The exchange difference measured by the change in exchange rate between inception of forward contract and the date of balance sheet is applied on the foreign currency amount of the forward contract and recognized in the profit and loss account.

   Additionally, the Company has designated forward contracts and options to hedge highly probable forecasted transactions. The Company also designates zero cost collars to hedge the exposure to variability in expected future foreign currency cash inflows due to exchange rate movements beyond a defined range. The range comprises an upper and lower strike price. At maturity, if the exchange rate remains within the range the Company realizes the cash inflows at spot rate, otherwise the Company realizes the inflows at the upper or lower strike price. The exchange differences on the forward contracts and gain / loss on such options are recognized in the profit and loss account in the period in which the forecasted transaction is expected to occur. As of March 31, 2007, the Company had forward / option contracts to sell USD 87 Million, relating to highly probable forecasted transactions. The effect of mark to market of the designated contracts is a gain of Rs. 105 Million. The premium / discount at inception of forward contracts is amortised over the life of the contract.

   Additionally, as at March 31, 2007, forward contracts to purchase USD 135 Million have been designated to hedge highly probable outflows. The effect of mark to market of the designated contract is a loss of Rs. 25 Million.

7. The Institute of Chartered Accountants of India issued Accounting Standard No. 15 (revised) (AS 15 R) on Employee Benefits, which supersedes the earlier accounting standard on retirement benefits. The Company has adopted the provisions of AS 15R effective 1 April 2006. The following table lists out disclosure requirements laid down under the revised standard:

   Employee Benefit Plans

   Gratuity: In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC). Under this plan, the settlement obligation remains with the Company, although the Life Insurance Corporation of India administers the plan and determines the contribution premium required to be paid by the Company.

(Rs. in Million)

Change in the benefit obligation	**31-Mar- 2007**
Projected Benefit Obligation (PBO) at the beginning of the year	757
Service cost	193
Interest cost	55
Benefits paid	(77)
Actuarial loss/(gain)	193
PBO at the end of the year	**1,121**

Change in plan assets	**31-Mar- 2007**
Fair value of plan assets at the beginning of the year	656
Expected return on plan assets	51

Employer contributions	89
Benefits paid	(77)
Actuarial Loss / (Gain)	8
Fair value of plan assets at the end of the year	**727**
Present value of unfunded obligation	(394)
Unrecognized prior service cost	-
Recognised liability	(394)

The Company has invested the plan assets with the Life Insurance Corporation of India. Expected rate of return on the plan asset has been determined scientifically considering the current and expected plan asset allocation, historical rate of return earned by the company, current market trend and the expected return on the plan assets. Expected contribution to the fund during the year ending March 31, 2008 is Rs. 195 Million.

Net gratuity cost for the year ended March 31, 2007 included:

(Rs. in Million)

Service cost	193
Interest cost	55
Expected return on plan assets	(50)
Actuarial Loss / (Gain)	179
Net gratuity cost	**377**

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

	31-Mar-2007
Discount rate	8.10%
Rate of increase in compensation levels	7.00%
Rate of return on plan assets	7.50%

The company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply & demand factors in the employment market.

Superannuation: Apart from being covered under the gratuity plan, the employees of the Company also participate in a defined contribution plan maintained by the Company. This plan is administered by the LIC & ICICI. The Company makes annual contributions based on a specified percentage of each covered employee's salary.

Provident fund (PF): In addition to the above benefits, all employees receive benefits from a provident fund, a defined contribution plan. The employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's salary. A portion of the contribution is made to the provident fund trust established by the Company, while the remainder of the contribution is made to the Government's provident fund. For the year ended March 31, 2007, the Company contributed Rs. 1,283 Million to PF and other employee welfare funds.

The interest rate payable by the trust to the beneficiaries is regulated by the statutory authorities. The company has an obligation to make good the shortfall, if any, between the returns from its investments and the administered rate.

8. The Company has a 49% equity interest in Wipro GE Medical Systems Private Limited (Wipro GE), an entity in which General Electric, USA holds the majority equity interest. The shareholders agreement provides specific rights to the two shareholders. Management believes that these specific rights do not confer joint control as defined in Accounting Standard 27 “Financial Reporting of Interest in Joint Venture”. Consequently, Wipro GE is not considered as a joint venture and

consolidation of financial statements are carried out as per equity method in terms of Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial statements".

9. The Company has been granting restricted stock units (RSUs) since October 2004. The RSUs generally vest in a graded manner over a five year period. The stock compensation cost is computed under the intrinsic value method and amortized on a straight line basis over the total vesting period of five years.

   In July 2006, the Company granted 7 Million RSUs. 2.5 Million RSU s were granted under WRSUP 2004, 0.9 Million under WARSUP 2004 and 3.6 Million under WRSUP 2005.

   The accounting policy of the Company is to amortize stock compensation cost on a straight line basis. However, pursuant to the Guidance Note on Employee Share-based Payments issued by ICAI, which is applicable to all stock option grants made on or after April 1, 2005, the Company amortized the stock compensation cost relating to the July 2006 stock option grants on an accelerated amortization basis. In March 2007, the ICAI announced a limited revision to the guidance note. The guidance note now permits a choice of straight line and accelerated basis of amortization of stock compensation cost.

   Subsequent to this revision, the Company has opted to amortize the cost relating to stock option grants on a straight line basis and has retroactively applied the policy for grants made during the year ended March 31, 2007.

   For the year ended March 31, 2007, the Company has recorded stock compensation expense of Rs. 1,078 Million.

   The Company has been advised by external counsel that the straight line amortization over the total vesting period also complies with the SEBI Employee Stock Option Scheme Guidelines 1999, as amended. However, an alternative interpretation of the SEBI guidelines could result in amortization of the cost on an accelerated basis. If the Company were to amortize cost on an accelerated basis, profit before taxes for the year ended March 31, 2006 and 2007 would have been lower by Rs.490 million and Rs. 348 million respectively. This would effectively increase the profit before tax in later years by similar amounts.

10. The Company has instituted various Employee Stock Option Plans. The compensation committee of the board evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options. The particulars of options granted under various plans are tabulated below. (The number of shares in the table below are adjusted for any stock splits and bonus shares issues).

    Stock option activity under the ***1999 Plan*** is as follows:

	Year ended March 31, 2007			
	Shares arising out of options	**Range of exercise prices (Rs.)**	**Weighted-average exercise price (Rs.)**	**Weighted-average remaining contractual life (months)**
Outstanding at the beginning of the period	3,978,313	309 – 421	312	3 months
Granted during the period				
Forfeited during the period	(10,500)	309 – 421	309	-
Exercised during the period	(3,902,518)	309 – 421	312	-
Lapsed	(65,295)	309 – 421	312	-
Outstanding at the end of the period	-		-	-
Exercisable at the end of the period	-		-	-

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

	Year ended March 31, 2007			
	Shares arising out of options	**Range of exercise prices (Rs.)**	**Weighted-average exercise price (Rs.)**	**Weighted-average remaining contractual life**
Outstanding at the beginning of the period	281,776	172-255	233	37 Months
	19,325,225	265-396	266	35 Months
	7,987,640	397-458	399	19 Months
Forfeited during the period	(55,920)	172-255	220	
	(865,461)	265-396	266	
	(1,800)	397-458	442	
Exercised during the period	(175,802)	172-255	228	
	(18,329,437)	265-396	266	
	(7,712,435)	397-458	400	
Lapsed during the period	(4,200)	397-458	397	
Outstanding at the end of the period	50,054	172-255	235	24 Months
	130,327	265-396	273	22 Months
	269,205	397-458	404	7 Months
	50,054	172-255	235	24 Months
Exercisable at the end of the period	130,327	265-396	273	22 Months
	269,205	397-458	404	7 Months

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

	Year ended March 31, 2007			
	Shares arising out of options	**Range of exercise prices $**	**Weighted-average exercise price $**	**Weighted-average remaining contractual life (months)**
Outstanding at the beginning of the period	126,250	$3.46 – 5.01	$ 4.49	30 Months
	1,138,356	$ 5.82 – 6.90	$ 6.39	21 Months
Exercised during the period	(122,250)	$3.46 – 5.01	$ 4.41	
	(769,403)	$ 5.82 – 6.90	$ 6.51	
Outstanding at the end of the period	4,000	$3.46 – 5.01	$ 4.55	17 Months
	368,953	$ 5.82 – 6.90	$ 6.14	11 Months
Exercisable at the end of the period	4,000	$3.46 – 5.01	$ 4.55	17 Months
	368,953	$ 5.82 – 6.90	$ 6.14	11 Months

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

	Year ended March 31, 2007		
	Shares arising out of options	**Exercise prices (Rs.)**	**Weighted-average remaining contractual life (months)**
Outstanding at the beginning of the period	7,598,174	2	54
Granted during the year	2,492,560	2	72
Forfeited during the period	(553,836)	2	
Exercised during the period	(2,036,918)	2	
Outstanding at the end of the period	7,499,980	2	49
Exercisable at the end of the period	195,982	2	43

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

	Year ended March 31, 2007		
	Shares arising out of options	**Exercise prices $**	**Weighted-average remaining contractual life (months)**
Outstanding at the beginning of the period	1,000,720	$ 0.04	54
Granted during the year	918,130	$ 0.04	72
Forfeited during the period	(170,900)	$ 0.04	
Exercised during the period	(196,620)	$ 0.04	
Outstanding at the end of the period	1,551,330	$ 0.04	54
Exercisable at the end of the period	122,980	$ 0.04	42

Stock option activity under WSRUP 2005 plan is as follows:

	Year ended March 31, 2007		
	Shares arising out of options	**Exercise prices (Rs.)**	**Weighted-average remaining contractual life (months)**
Outstanding at the beginning of the period	-	2	-
Granted during the year	3,640,076	2	72
Forfeited during the period	(193,192)	2	
Exercised during the period	-	2	-
Outstanding at the end of the period	3,446,884	2	63
Exercisable at the end of the period	-	2	-

Options under the Restricted Stock Unit Plan are granted at a nominal exercise price (par value of the shares). Since these options have been granted at a nominal exercise price, the intrinsic value on the date of grant approximates the grant date fair value of the options.

In March 2007, employees exercised 13 Million vested options by availing funding from third party financial institutions and Wipro Equity Reward Trust (WERT), a controlled trust of the Company. In respect of loans availed from third party financial institutions, WERT has undertaken to bear the interest cost.

11. The Company had received tax demands from the Indian income tax authorities for the financial years ended March 31, 2001, 2002 and 2003 aggregating to Rs. 8,100 Million (including interest of Rs. 750 Million). The tax demand was primarily on account of denial of deduction claimed by the Company under Section 10A of the Income Tax Act 1961, in respect of profits earned by its undertakings in Software Technology Park at Bangalore. The Company had appealed against these demands. In March 2006, the first appellate authority vacated the tax demands for the years ended March 31, 2001 and 2002. The income tax authorities have filed an appeal against the above order.

    In March 2007, the first Income tax appellate authority upheld the deductions claimed by the Company under Section 10A of the Act, which vacates a substantial portion of the demand for the year ended March 31, 2003.

    In December 2006, the Company received additional tax demand of Rs. 3,027 Million (including interest of Rs. 753 Million) for the financial year ended March 31, 2004 on similar grounds as earlier years. The Company has filed an appeal against this demand. Considering the facts and nature of disallowance and the order of the appellate authority upholding the claims of the Company for earlier years, the Company believes that the final outcome of the above disputes should be in favour of the Company and there should not be any material impact on the financial statements.

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

	FY 2006-07	**FY 2005-06**
Provision at the beginning of the year	719	462
Additions during the year	862	588
Utilised during the year	(750)	(331)
Provision at the end of the year	831	719

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

	Year ended March 31	
	2007	**2006**
Weighted average equity shares outstanding	**1,434,928,078**	**1,414,378,034**
Share held by a controlled trust	(7,961,760)	(7,872,060)
Weighted average equity shares for computing basic EPS	**1,426,966,318**	**1,406,505,974**
Dilutive impact of employee stock options	14,503,334	21,409,926
Weighted average equity shares for computing diluted EPS	**1,441,469,652**	**1,427,915,724**
Net income considered for computing diluted EPS (Rs. in Million)	**29,421**	**20,674**

14. The Company leases office and residential facilities under cancelable and non-cancelable operating and financial lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental payments under such leases are Rs. 1,412 Million during the year ended March 31, 2007.

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

(Rs. in Million)

Lease Rentals recognized during the period	444
Lease Obligation :	
Within one year of the balance sheet date	395
Due in a period between one year and five years	1270
Due after five years	906

15. The list of subsidiaries is given below.

Direct Subsidiaries	**Step subsidiaries**		**Country of Incorporation**
Wipro Infrastructure Engineering Ltd			India
Wipro Inc.			USA
	Enthink Inc.		USA
	mPower Software Services (India) Private Limited		India
	MPact Technologies Services Private Limited		India
	cMango Inc.		USA
		cMango India Private Limited	India
		cMango Pte Limited	Singapore
	Quantech Global Services LLC		USA
Wipro Japan KK			Japan
Wipro Shanghai Limited			China
Wipro Trademarks Holding Limited			India
	Cygnus Negri Investments Private Limited		India
Wipro Travel Services Limited			India
Wipro HealthCare IT Limited			India
Wipro Consumer Care Limited			India
Wipro Chandrika Limited (a)			India
Wipro Holdings (Mauritius) Limited			Mauritius
	Wipro Holdings UK Limited		UK
		Wipro Technologies UK Limited	UK
		BVPENTE Beteiligungsverwaltung GmbH	Austria
		New Logic Technologies GmbH	Austria
		NewLogic Technologies Inc.	USA
		NewLogic Technologies SARL	France

Direct Subsidiaries	Step subsidiaries		Country of Incorporation
		NewLogic Technologies S.A.	Switzerland
		3D Networks (UK) Limited	UK
Wipro Cyprus Private Limited			Cyprus
	RetailBox BV		Netherlands
		Enabler Informatica SA	Portugal
		Enabler France SAS	France
		Enabler UK Ltd	UK
		Enabler Brazil Ltd	Brazil
		Enabler & Retail Consult GmbH	Germany
	Saraware Oy		Finland
	Hydrauto Group AB		Sweden
		Hydrauto Medium cylinders Skelleftteas AB	Sweden
		Hydrauto Engineering AB	Sweden
		Hydrauto Light Cylinders Bispgarden AB	Sweden
		Hydrauto Light Cylinders Ostersund AB	Sweden
		Hydrauto Big Cylinders Ljungby AB	Sweden
		Hydrauto Logistics AB	Sweden
		Hydrauto Oy Ab Pernion	Finland
		Hydrauto Celka Hidrolic San ve Tic a.s	Turkey
	3D Networks FZ-LLC		Dubai
	Wipro Technologies SRL		Romania
WMNETSERV Limited (b)			Cyprus
	WMNETSERV Inc.		USA
	WMNETSERV U.K Limited		UK
Quantech Global Services Limited			India
Wipro Australia Pty Limited			Australia
3D Networks Pte Limited			Singapore
Planet PSG Pte Limited			Singapore
	Planet PSG Pte Limited		Malaysia
Spectramind Inc.			USA

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

a) 90% held in Wipro Chandrika Limited
b) 81.1% held in WMNETSERV Limited

16. The related parties are:

Name of the entity	Nature	% of holding	Country of Incorporation
Wipro Equity Reward Trust	Trust	Fully controlled trust	India
Wipro GE Medical Systems Private Limited	Associate	49%	India
WeP Peripherals Limited	Associate till Dec 06	Less than 15%	India
Azim Premji Foundation	Entity controlled by director		
Hasham Premji (partnership firm)	Entity controlled by director		
Azim Premji	Chairman and Managing Director		

The Company has the following related party transactions:

(Rs. in Million)

Sr. No.	Transaction / Balances	Associates		Entities controlled by Directors		Non-Executive Directors	
		2007	2006	2007	2006	2007	2006
1	Sale of goods	34	134	3	4		
2	Purchase of services		2	1	1		
3	Purchase of fixed assets	194	119				
4	**Payments to non-executive directors:**						
	Dr. Ashok Ganguly					1	1
	Narayan Vaghul					2	2
	Prof. Eisuke Sakakibara						Yen 2.40
	Dr. Jagdish N Sheth					US$ 0.05	US$ 0.04
	P.M. Sinha					1	1
	B.C. Prabhakar					1	1
	Bill Owens					US$ 0.06	-
5	**Balances as on March 31,**						
	Receivables	5	52		1		
	Payables	40	35				

The following are the significant transactions during the year ended March 31, 2007 and 2006:

	Sale of goods		Purchase of fixed assets	
	2007	2006	2007	2006
Wipro GE Medical Systems Private Limited	29	114	-	-
WeP Peripherals Limited *	5	20	194	119

* Transactions with WeP Peripherals are given above till the date the same ceased to be an associate

17. Estimated amount of contracts remaining to be executed on capital accounts and contingent liabilities:

Particulars	As at March 31,	
	2007	2006
Estimated amount of contracts remaining to be executed on Capital account and not provided for	2,854	1,714
Contingent liabilities in respect of a) Disputed demands for excise duty, customs duty, income tax, sales tax and other matters	2,942	3,378
b) Performance and financial guarantees given by the Banks on behalf of the Company	3,013	2,941

18. The segment information for the year ended March 31, 2007 and 2006 is as follows:

Rs. in Million

Particulars	**Year ended March 31**		
	2007	**2006**	**Growth %**
Revenues			
IT Services	96,543	72,531	33%
Acquisitions	5,011	502	-
BPO Services	9,391	7,627	23%
Global IT Services and Products	**110,945**	**80,660**	**38%**
India & AsiaPac IT Services and Products	24,835	17,048	46%
Consumer Care and Lighting	8,182	6,008	36%
Others	7,130	3,323	115%
Eliminations	(1,084)	(781)	
TOTAL	**150,008**	**106,258**	41%
Profit before Interest and Tax - PBIT			
IT Services	24,570	18,751	31%
Acquisitions	212	45	-
BPO Services	2,157	1,058	104%
Global IT Services and Products	**26,939**	**19,854**	**36%**
India & AsiaPac IT Services and Products	2,139	1,459	47%
Consumer Care and Lighting	1,006	805	25%
Others	322	388	-17%
TOTAL	**30,406**	**22,506**	**35%**
Interest, Dividend & Profit on sale of investments - Net	2,582	1,272	103%
Profit Before Tax	**32,988**	**23,778**	**39%**
Income Tax expense including Fringe Benefit Tax	(3,868)	(3,391)	14%
Profit before Share in earnings of Associates and minority interest	**29,120**	**20,387**	**43%**
Share in earnings of associates	295	288	
Minority interest	6	(1)	
PROFIT AFTER TAX	**29,421**	**20,674**	**42%**
Operating Margin			
IT Services	25%	26%	
Acquisitions	4%	9%	
BPO Services	23%	14%	
Global IT Services and Products	**24%**	**25%**	
India & AsiaPac IT Services and Products	9%	9%	
Consumer Care and Lighting	12%	13%	
TOTAL	**20%**	**21%**	
CAPITAL EMPLOYED			
IT Services	38,050	27,952	
Acquisitions	8,404	2,692	
BPO Services	2,493	6,357	
Global IT Services and Products	**48,947**	**37,001**	
India & AsiaPac IT Services and Products	5,363	2,401	
Consumer Care and Lighting	2,957	1,210	
Others	42,584	26,272	
TOTAL	**99,851**	**66,884**	
CAPITAL EMPLOYED COMPOSITION			
IT Services	38%	42%	
Acquisitions	8%	4%	
BPO Services	2%	10%	
Global IT Services and Products	**48%**	**55%**	
India & AsiaPac IT Services and Products	5%	3%	
Consumer Care and Lighting	3%	2%	
Others	44%	39%	
TOTAL	**100%**	**100%**	
RETURN ON AVERAGE CAPITAL EMPLOYED			
IT Services	74%	76%	
Acquisitions	4%	3%	
BPO Services	49%	14%	
Global IT Services and Products	63%	**59%**	
India & AsiaPac IT Services and Products	55%	77%	
Consumer Care and Lighting	48%	76%	
TOTAL	**36%**	**37%**	

Notes to Segment Report

1. The segment report of Wipro Limited and its consolidated subsidiaries and associates has been prepared in accordance with the Accounting Standard 17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.

2. Segment revenue includes all allocable other income and exchange differences which are reported in other income / general & administrative expenses in the financial statements.

3. PBIT for the year ended March 31, 2007 is after considering restricted stock unit amortisation of Rs. 1,078 Million (2006: Rs. 633 Million). PBIT of Global IT Services and Products for the year ended March 31, 2007 is after considering restricted stock unit amortisation of Rs. 936 Million (2006: Rs. 544 Million).

4. Capital employed of segments is net of current liabilities as follows :–

(Rs. in Million)

	As of March 31,	
Name of the Segment	**2007**	**2006**
Global IT Services and Products	18,501	13,510
India & AsiaPac IT Services and Products	6,897	5,314
Consumer Care and Lighting	1,537	1,080
Others	14,765	11,311
	41,700	**31,215**

5. Capital employed of 'Others' includes cash and cash equivalents including liquid mutual funds of Rs. 44,423 Million (2006: Rs. 38,671 Million).

6. The Company has four geographic segments: India, USA, Europe and Rest of the World. Significant portion of the segment assets are in India. Revenue from geographic segments based on domicile of the customers is outlined below:

(Rs. in Million)

	Year ended March 31,			
Geography	**2007**	**%**	**2006**	**%**
India	**31,371**	21%	22,438	21%
USA	**72,702**	48%	53,088	50%
Europe	**36,972**	25%	24,311	23%
Rest of the World	**8,963**	6%	6,421	6%
Total	**150,008**	**100%**	**106,258**	**100%**

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

8. As at March 31, 2007, revenues, operating profits and capital employed (including goodwill) of mPower, New Logic, cMango, Enabler, Saraware and Quantech are reported separately under '*Acquisitions*'.

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