

*Ecological Sustainability*  
*A defining force*



Annual Report 2007-08



# Our Ecological Sustainability Vision

*Business cannot be built at the cost of ecology.  
It is not sustainable.*

*Ecological Sustainability will increasingly be the  
defining force for society and business globally.*

*Wipro believes Ecological Sustainability is the  
right thing to do - in fact is the only way forward.*

*Eco Eye is our comprehensive program that  
drives increasing ecological sustainability in all  
our operations, as also areas of our influence.*

*We work on dimensions of carbon neutrality,  
water balance, waste management  
and bio-diversity.*


*The initiative attempts to engage with increasing  
levels of intensity with all stakeholders - our own  
employees, partners, suppliers, customers and  
immediate communities...*



*Eco Eye is the "eye" through which  
we attempt to see everything,  
and act for ecological sustainability.*



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Our Annual Report consists of two booklets. This booklet contains a summarized version of Financial Statements and Corporate Governance Report. Please refer to the other booklet for the detailed Financial Statements in both Indian GAAP & US GAAP and the Corporate Governance Report.

## Contents

<i>Our Ecological Sustainability Vision</i>	2
<i>Who we are</i>	4
<i>Financial Highlights</i>	5
<i>Our Combined IT Business</i>	6 - 7
<i>Letter to Stakeholders</i>	8 - 13
<i>Business Overview</i>	
<i>Growth Drivers</i>	14 - 15
<i>People Leadership</i>	16 - 17
<i>Innovation Leadership</i>	18 - 19
<i>Process Leadership</i>	20 - 21
<i>Infrastructure and Information Systems</i>	22 - 23
<i>Responsible Citizenship</i>	24 - 25
<i>Business Unit Performance</i>	26
<i>Global IT Business</i>	27
<i>Corporate Governance</i>	28
<i>Risk Management</i>	29
<i>Auditors' Report</i>	30
<i>Consolidated Balance Sheet</i>	31
<i>Consolidated Profit and Loss Account</i>	32
<i>Consolidated Cash flow Statement</i>	33
<i>Certificate on effectiveness of internal control over financial reporting</i>	34
<i>Reconciliation of profits between US GAAP and Indian GAAP</i>	35
<i>Historical performance</i>	36 - 37
<i>Spirit of Wipro</i>	38
<i>Glossary</i>	39

*Certain statements in this Annual Report are based on management's current expectation & forecasts and may be considered as forward-looking statements. There are a number of risks, uncertainties and other factors that could cause actual results to be materially different from management's current expectation and forecasts.*



## Who we are

*We are a leading provider of Information Technology, Business Process Outsourcing and Product Engineering Services to customers globally. We provide integrated business, technology and process solutions on a global delivery platform. We employ over 94,000 people across 56 nationalities.*

### **Services we offer:**

- Consulting
- Package Implementation
- Application Development & Maintenance
- Testing Services
- Technology Infrastructure
- Business Process Outsourcing
- Product Engineering

### **Industries we provide solutions to**

- Telecom Service Providers
- Financial Services
- Retail
- Energy & Utilities
- Manufacturing
- Technology, Media & Transportation Services

### **Geographies we operate in**

- Americas
- Europe
- Japan
- India
- Middle East
- Asia Pacific

### **Our Leadership Status**

- We are partner to industry leaders with 743 active global clients as on March 2008 and 184 Global 500 / Fortune 1000 clients
- Our global footprint spans across 35 countries
- 25 near shore development centres
- Among the top IT Outsourcing firms in the Global Outsourcing 100 rankings conducted by The International Association of Outsourcing Professionals

*In addition, we are also leaders in Consumer Care and Lighting and Infrastructure Engineering businesses.*

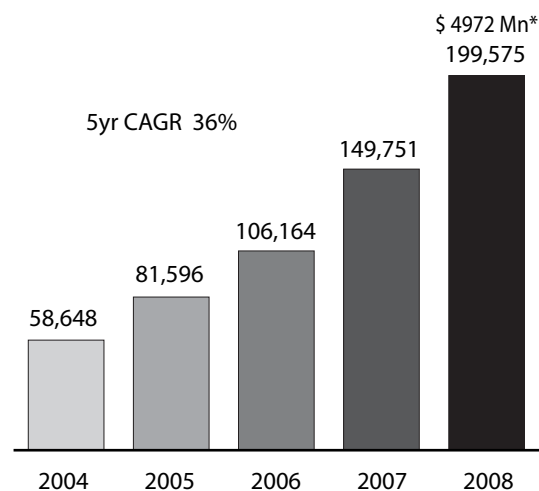
# Our Financial Highlights

(Rs. Mn except per share data)

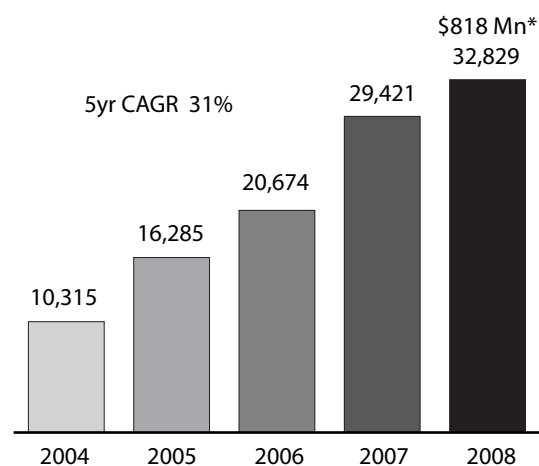
	March 31st	
	2008	2007
<b>Financial Performance</b>		
Revenue	<b>199,575</b>	<b>149,751</b>
Profit Before tax	<b>37,070</b>	<b>32,988</b>
Provision for tax	4,550	3,868
Profit after tax before minority interest / share in earnings of associates	<b>32,520</b>	<b>29,120</b>
Profit after tax	<b>32,829</b>	<b>29,421</b>
Earnings per share		
Basic	22.62	20.62
Diluted	22.51	20.41
Operating Cashflows	23,059	28,053
Capital expenditures, net	(13,747)	(12,856)
Dividend payout (including distribution tax)	10,254	9,965
Rate of dividend	300%	300%
<b>Financial Position</b>		
Cash and Investments	53,949	52,028
Goodwill	42,209	9,477
Net Fixed Assets (including CWIP)	41,583	28,485
Net Working Capital	61,577	28,050
Capital Employed	<b>161,920</b>	<b>99,852</b>
Networth	<b>116,914</b>	<b>95,960</b>
Debt	44,850	3,827
Market Capitalization as on March 31	773,255*	816,164

\*Based on Closing Price in NSE on June 5, 2008

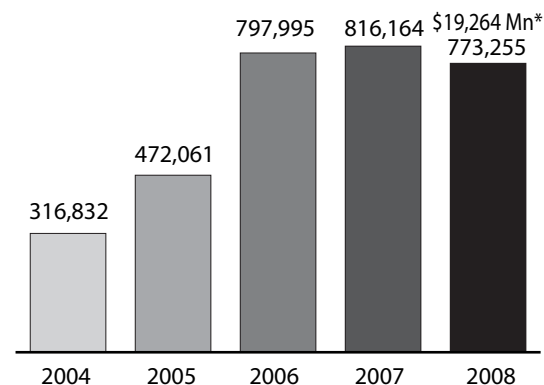
## Revenue in Rs. Mn



## Profit after tax in Rs. Mn



## Market Capitalization in Rs. Mn

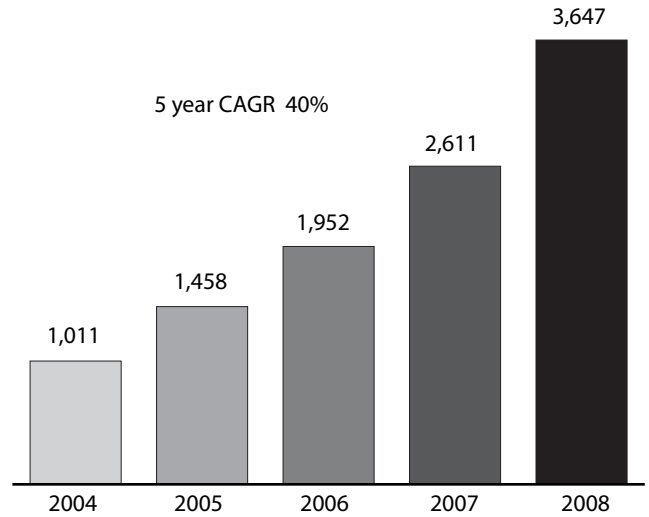


\*Based on exchange rate as on March 31, 2008 - Rs.40.14/USD

# Our Combined IT Business

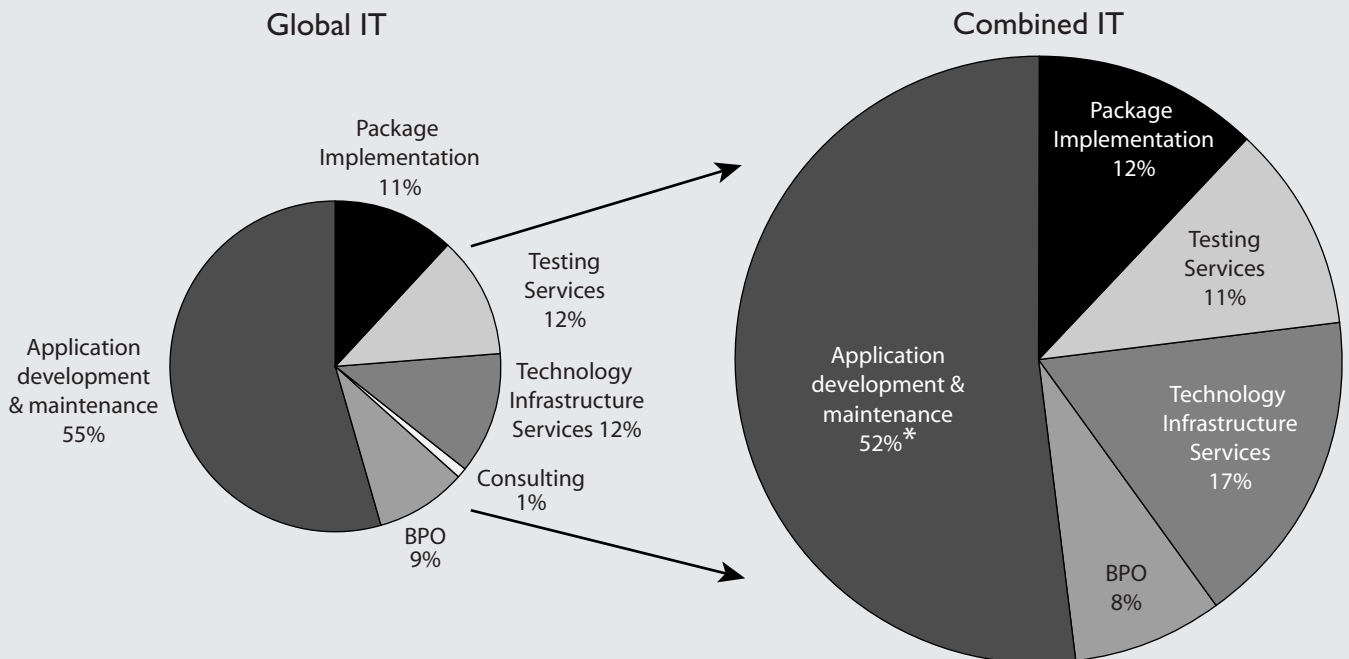
Effective April, 2008, we will report on the basis of Combined IT business – i.e. combining Wipro Technologies, our Global IT business, and Wipro Infotech, our India & Middle East IT business. This reporting reflects the way our customers are increasingly seeing us. Our Global customers have significant plans in India. Our Indian customers are becoming increasingly Global. Our Global customers look to us for IT solutions in India as much as in any other part of the world. Our Indian customers expect us to continue to be the trusted partner in their global journey as well. This metamorphosis in our customer environment requires us to change. Wipro Technologies and Wipro Infotech significantly leverage each other to deliver customer value. We believe this will only increase and accelerate. Therefore, the time is now ripe to reflect the results from these complementary businesses together.

Combined IT Services in USD Mn



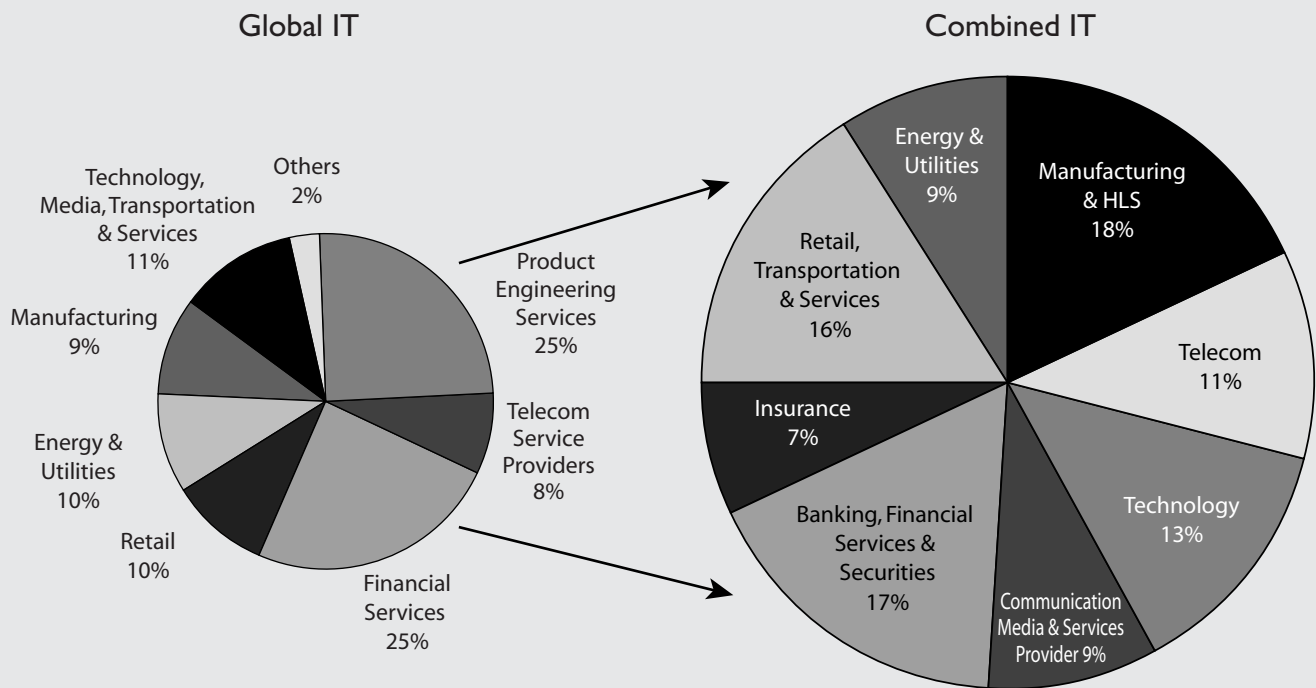
## Revenue Mix

Service line distribution for 2007 - 08

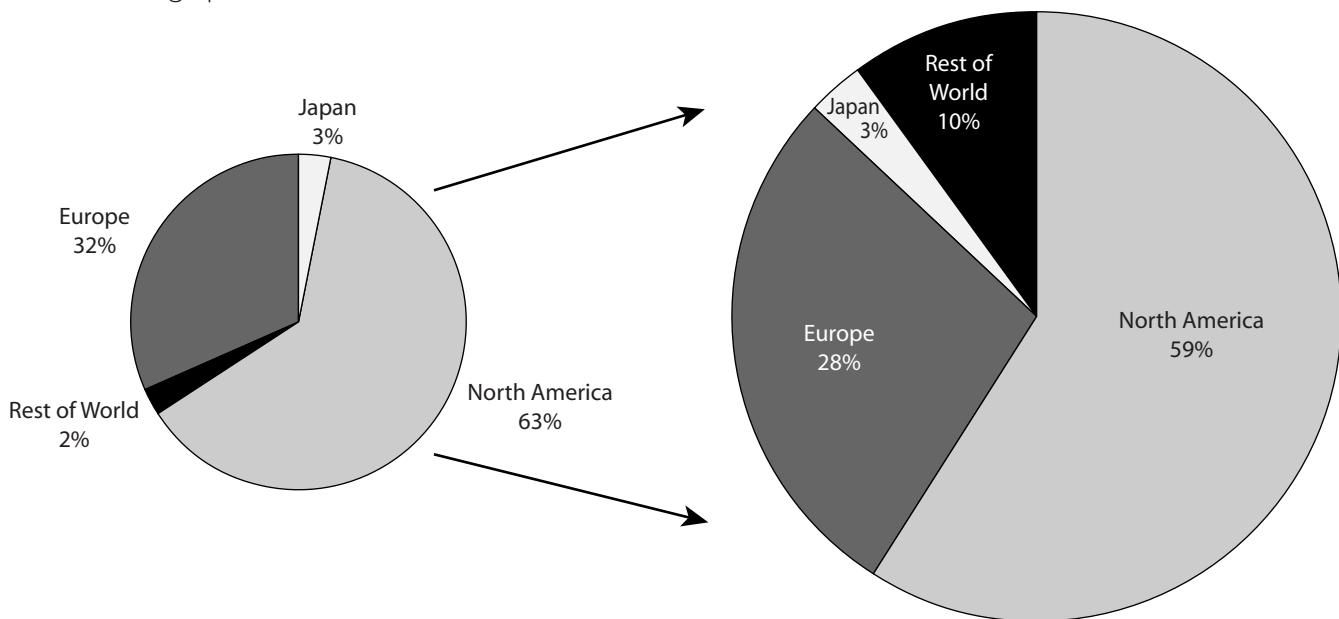


\* Total revenues of Consulting including those embedded in Practices forms 2% of Combined IT revenues. It is included in Application development and maintenance.

Vertical distribution for 2007 - 08



Geographical distribution



# Letter to the Stakeholders

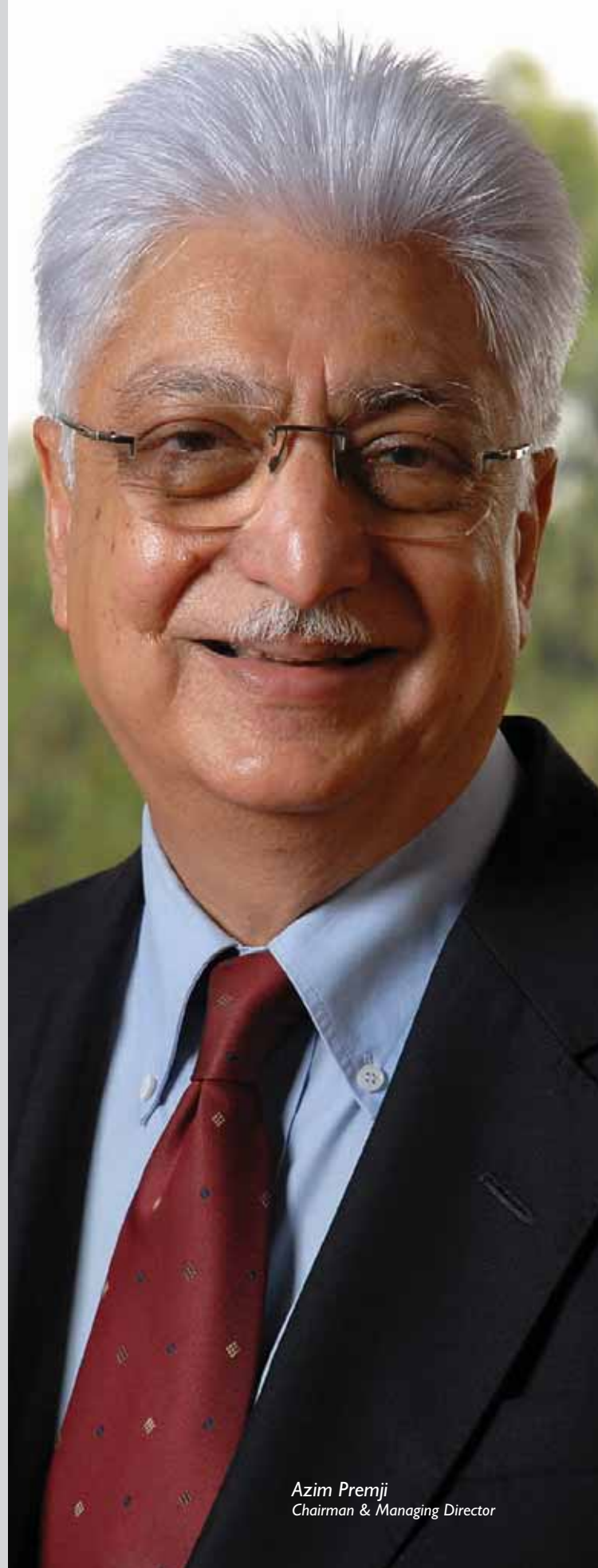
*Dear Fellow Stakeholder,*

Milestones are an important part of a journey. They reflect the distance traveled and show the road ahead. Milestones are also occasions to pause and celebrate, regroup and refuel for the journey ahead.

In Wipro, we look at milestones that reflect value as seen by our customers. 2007-08 saw another year of impressive performance by Wiproites. We delivered all-round growth, built and sustained leadership while continuing to invest for future.

- *Growth* - Our combined IT businesses grew 43% to cross \$4.3 billion in Revenue. Our Global IT business delivered 38% growth (in dollar terms) and our India, Middle East and Asia Pac IT business grew by 51%. Our Consumer Care and Lighting as well as Infrastructure Engineering business too delivered growth rates well ahead of industry.
- *Leadership* - Our IT revenues from US exceeded \$2 billion and from Europe it exceeded \$1 billion. Our India, Middle East and APAC IT business crossed \$1 billion annualized revenue, based on our quarter IV run rate. 'Santoor' our flagship toilet soap brand is among the top 3 brands by value in India. We are now globally among the top 2 "non-captive" manufacturer of precision-engineered Hydraulic Cylinders.
- *Investments* - We made organic investments in customer facing areas, Global Programs and a 360 degree engagement model with our Mega Partners. On the inorganic front, we completed the acquisition of Infocrossing\*, which strengthens our offerings in IT Infrastructure Services and delivers a compelling Total Outsourcing Customer proposition. We also completed the acquisition of Unza in our Consumer Care business. We believe these investments will provide the platform for growth and leadership in future.

Achieving these landmarks, in a tough environment for our Technology business and unprecedented currency appreciation of the Indian rupee, was satisfying. Extending our track record set over the six decades was particularly rewarding.



**Azim Premji**  
Chairman & Managing Director



Board of Directors



**Dr. Ashok Ganguly**  
Chairman  
Firstsource Solutions Limited  
Former Director  
Unilever PLC & British Airways PLC



**B C Prabhakar**  
Practising Lawyer



**Bill Owens**  
Former CEO & Vice Chairman  
Nortel Networks Corporation



**Dr. Jagdish N Sheth**  
Professor in Marketing  
Emory University, USA



**N Vaghul**  
Chairman, ICICI Bank Ltd.



**P M Sinha**  
Chairman,  
Bata India Limited



**Girish S Paranjpe**  
Joint CEO, IT Business & Director



**Suresh Vaswani**  
Joint CEO, IT Business & Director



**Suresh Senapaty**  
Chief Financial Officer & Director



**Pratik Kumar**  
Executive Vice President  
Human Resources,  
Brand & Communication



**Vineet Agrawal**  
President, Wipro Consumer Care  
& Lighting



**Anurag Behar**  
Chief Executive  
Wipro Infrastructure Engineering  
& Corporate Vice President  
Community Initiatives

Leadership Team

This brings us to the key question. Can we continue to deliver just as well in future? We are confident we can. Our confidence stems from the six fundamental factors - the business environment, our strategic initiatives, our leadership depth, our ability to innovate, our business portfolio and our passion to look beyond business.

### *Environment - Opportunities in Challenge*

Achievements do not happen in vacuum. The business environment plays a critical role. Towards the end of the fiscal year, some dark clouds gathered on the horizon - the sub-prime crisis in the United States Financial Services industry, galloping crude oil prices and escalating global food prices fuelling inflation - leading to softer GDP growth prospects globally. This will challenge our customers to make their business models more resilient, efficient and effective. Use of Technology promotes this resilience, efficiency and effectiveness. This in turn drives total global Technology spends of \$1.7 trillion. Within this \$1.7 trillion Technology spend, it is the transformational and solution based global delivery services, which is growing the fastest because this model provides greater effectiveness and efficiency.

We believe that the best insulation to any possible global economic slowdown will be with those who like Wipro provide Offshore Services, have higher customer centricity and offer increasing value-add. Even in economic upswings, it will be these factors again that will propel accelerated growth.

### *Strategy - Enhancing customer centricity*

*Our strategy is simple* - make our customers successful. Executing this strategy successfully requires a "Systems" based approach, with action on multiple fronts. In our IT business, we are working on seven key dimensions:

- *Differentiated Service lines* - Our strategy is to incubate, expand and enhance service offerings that enhance value add to customers. Today we have five value-enhancing Service lines in IT Consulting, Enterprise Applications Services, Technology Infrastructure Services, Business Process Outsourcing and Testing services. Growing at an accelerating rate, these Services now contribute over 50% of our Combined IT Services revenue.



Our Product Engineering Services had been focused on Telecom and Technology Verticals. Now we are unleashing its full potential by reorganizing it as a Service line to address industry Verticals like Manufacturing, Healthcare, Energy, Utilities, Retail, Transportation and Services.

- *Acquisitions* - As we build our competence organically, we realize that customers do not wait indefinitely for us to complete our apprenticeship. If the same competence is available externally, in likeminded companies, we have found it prudent to buy the 'wheel' rather than reinvent it. Our experience over the last two years has reinforced our faith that buying a 'wheel' is more economical than reinventing it. This is an area in which we will continue to invest.
- *Leadership in Emerging Markets* - Our comprehensive portfolio and best of breed solution makes us the partner of choice for customers in India and the Middle East. On the one hand, we are able to leverage our global domain and industry expertise to enable Indian customers in their transformational efforts, while on the other hand, our Global customers are able to reap the benefits of the richness of innovation arising out of the growth in emerging markets.
- *Global Delivery* - Offshoring IT Services delivers value for money. As we expanded our Service offerings we moved from off-shoring to near-shoring to build customer confidence. Today we offer integrated Services covering a wide range of value offerings, using a combination of off-shore, near-shore and tap into specific expertise, located wherever in the world, to offer Services based on truly Global Delivery. As we evolve, our objective remains in offering our customers value for money.
- *Total Outsourcing Services* - We believe we have the expertise in handling the largest and the most complex deals in the Total Outsourcing space. We have won several large deals in excess of \$100M in US/Europe/Middle East and Indian markets. Our deep Infrastructure Services capability, our strong

partnerships with technology providers across the globe, our differentiated systems integration expertise along with our acquisition of Infocrossing has positioned us as a partner of choice for Total Outsourcing deals.

- *Transformational Outsourcing* - As we grow bigger, so do our customers. Their needs change from solving specific challenges to transforming their business - identifying challenges, finding solutions and implementing it across their global organization. This requires industry knowledge, process transformation capabilities, change management, ability to rollout global programs and provide assurances on timelines. Last year, we won our largest transformational deal valued in excess of half a billion in India. We have shown excellent results in this area and will continue to invest in scaling this capability.
- *MEGA Partnership* - As the world converges to eco-system based solutions to meet customer's requirements, Wipro is well positioned to take its key relationships with technology partners to the next level by creating a sustainable ecosystem for the future. The focus of our five Mega partnerships - Cisco, EMC, Microsoft, Oracle and SAP, is in co-innovation and development of joint solutions for customers across the world including the emerging markets.

## *Leadership - The Power of Two*

*Enhancing Leadership Bandwidth* - Over the next few years, we will see unprecedented challenges and unparalleled opportunities in our IT business. We will have to manage scale, broaden scope and transform our business model to solve unique customer problems - and do all this while sustaining growth. This will call for extraordinary leadership bandwidth. To spearhead the next generation of growth and further strengthen the Leadership position in the IT Business, we have moved to a Joint-CEO structure. We believe that this is the best way forward to leverage the depth of our Leadership and maximize the opportunities ahead of us.

## *Innovation - The Dream of Ten*

In the past I have spoken about our unwavering commitment to Innovation - both on Applied Innovation for customer benefit, creation of Wipro Way and our focus on developing technology IPs and business solution frameworks. I will dwell this time on a new dimension.

*Enhancing Talent Supply - Mission: 10x* - The main challenge for the IT industry on the supply side is to improve the quality of graduates passing out. We believe that significant responsibility of this rests with industry leaders. We have rolled out the 'Mission 10x' program. The objective is to improve the quality of education for our engineering graduates. Eight years of deep engagement in the effort to improve school education in India, which today reaches out to over a 1000 schools and a number of other education related organizations, has helped us think through this challenge. As a first step in a comprehensive approach, we are working on capacity and competency building of teachers. Our program in the next two years will address 10,000 faculty members from around 1500 engineering colleges.

## *Our Business Portfolio - Multiple Growth Engines*

Over the years, we have systematically built up a portfolio of successful businesses. While the opportunities and strengths in the IT business is well known, let me briefly spell out the uniqueness of our other businesses.

Today India is among the two fastest growing large economies in the world. The attraction of India as a market is twofold - the potential of the Indian consumers and the infrastructure investments required to sustain and enable socio - economic growth. Our Consumer Care and Lighting business addresses the first potential and our Infrastructure Engineering business addresses the second.

The Consumer Care and Lighting business recorded its 9th consecutive quarter of 25% plus Year on Year revenue growth making it the fastest growing Consumer Care business in India. Likewise, in the Infrastructure Engineering business, we continue to have a dominant market share in hydraulic cylinders. In both these segments, we have built on the strong fundamentals of our organic business by adding strategic acquisitions to them.

## *Ecology and Society*

We believe strongly that large successful organizations have a proportionate responsibility to lead in areas beyond business that are critical for development and sustenance of society. We are therefore deeply committed to initiatives that can help nurture a humane, equitable and sustainable world.

We continue our initiatives in improvement of Quality of Education through Wipro Applying Thought in Schools (and now Mission 10x) and community improvement through Wipro Cares.

We have an ambitious 5 year road map to make Wipro a leader in Ecological Sustainability - by driving fundamental changes. For this we will work on our own ecological footprint and also work with those whom we can help and influence - employees, partners, customers and immediate communities. The road map has clear annual goals on its key dimensions:

- Carbon footprint
- Water balance
- Facilitating preservation and spread of biodiversity
- New standards in waste management

## *To conclude*

Over the years, we have built a strong Wipro. We have expanded our global reach, added an impressive list of valued customers and built a strong Wipro team, which we are extremely proud of. We have built a great business model that reinvents itself constantly and delivers business results consistently. We have also nurtured a culture that promotes creativity and shuns complacency. We have been able to do all this because of your support and encouragement. Thank you for this.

Our journey ahead is challenging and exciting. Team Wipro is ready and raring to go!

Regards,



Azim Premji  
Chairman

April 30, 2008





**WIPRO**  
Spirit of Wipro  
Integrity • Act with Sensitivity • Unyielding



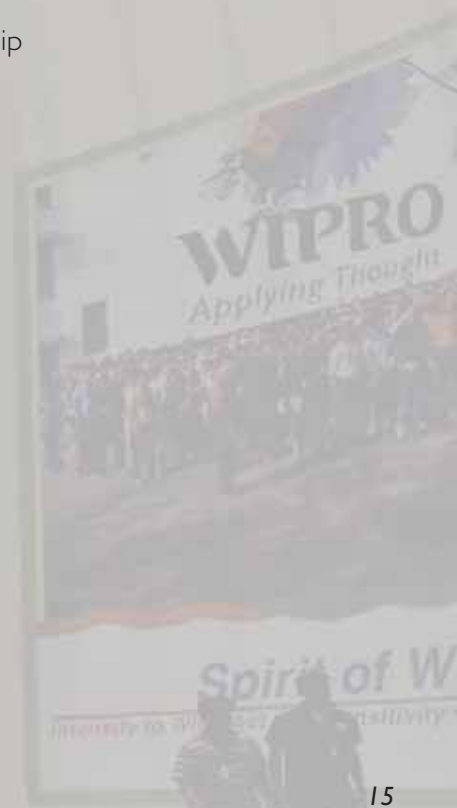
## *Growth Drivers*

We are growing our business and transforming it to leverage opportunities. We are able to sustain organic growth and adopt game changing inorganic initiatives simultaneously.

Consistent investments in newer Services lines and in inorganic growth have provided us broad-based revenue growth across - Verticals, Geographies and Services lines.

Key drivers for our growth and transformation are:

- People Leadership
- Innovation Leadership
- Process Leadership
- Infrastructure and Information Systems
- Responsible Citizenship







# People Leadership

We are one of the most preferred employers for top class talent. Our resourcing process is based on Equal Opportunity, Workplace Diversity, Meritocracy and Integrity. Our rigorous Talent Engagement and Development programme nurtures talent and builds leaders assiduously.

We have partnered with the academia through Mission 10x to increase employability of engineering graduates. Mission 10x enables a faculty to help students gain higher levels of understanding of a subject taught in classrooms along with developing key behavioral skills in parallel.

We have also signed up with colleges for periodic interventions with students, faculty and the management for faculty development programmes and student workshops.

We view learning as a never ending opportunity. Employees explore multiple ways of learning including self-learning through a host of online web-based courses we offer.

- Over 94,000 employees across 56 nationalities
- Ranked among the top companies for leaders globally by Fortune and Hewitt Consulting
- More than 350 Trainers including 10 Doctorates
- Capacity to train 7000 employees every day
- 1000 faculty equipped through Mission 10x in 2007-08
- Campus Arena, India's first Campus Blog launched for continued interaction with students across colleges



## *Innovation Leadership*

Innovation is a key enabler and differentiator for Wipro. It is aimed at working collaboratively with clients for cost take outs, speed to market and new business opportunities.

We institutionalized the spirit of Innovation through a corporation wide initiative in the year 2000.

We have built a portfolio of solutions that span across Process, Delivery, Business and Technology domains.

Over the last 8 years, we have been able to develop industry specific point solutions as well as Intellectual Property (IP) components for Product Engineering business.

We have also added Quantum Innovation projects to our portfolio. Quantum Innovation projects are aimed at creating breakthrough solutions for industry challenges.

As part of Innovation initiative we have created Centres of Excellence (CoE). The goal of a CoE is to create competencies in emerging areas of technology and industry and incubate new practices

- Innovation initiative contributed to 10% of total revenue in 2007-08
- Filed for 17 patents. Current portfolio consists of 101 filed patents and 38 granted patents.
- 60 CoE's across different technologies and industry verticals





## Process Leadership

Our quality journey continues. With global delivery becoming more complex and the breadth of services that need to be delivered from multiple locations increasing, Wipro has been investing significantly in perfecting the global delivery model. Innovations like applying Lean and Six Sigma principles to software engineering and the Factory Model have been the building blocks for Wipro Way - our proprietary delivery methodology that integrates the best of CMM, ISO, Lean and Agile Computing to a seamlessly scalable delivery engine. It guarantees best in class productivity and industry grade efficiency. Wipro Way aligns customer deliverables and internal business processes tightly.

Wipro has implemented the Service Excellence Initiative with the primary goal of creating positive perceptions along the complete service life cycle. This encourages customer centric behaviour and ensures the experience is one of delight. The initiative utilizes a proven and successful framework and set of concepts that have been used in product and service industries for many decades. Wipro has trained Service Champions who work with teams across the organization to identify value creation opportunities and implement ongoing changes.

- More than 15,000 employees trained in Six Sigma methodologies
- Over 700 PMI certified consultants
- Pioneers among IT Services Companies from India in establishing Agile capability
- Best in class delivery matrices of over 93.4 % schedule adherence, highest in the Industry\*

*\*Source - Wipro audits, industry data*





## *Infrastructure and Information Systems*

A global organization delivering Services remotely and onsite requires robust infrastructure that is scalable yet secure. It provides on time performance continuously and consistently.

Wipro's more than 40 development centres in India and 25 near shore centres across the globe have a secure infrastructure built on two enterprise class data centres in two cities doubling up as primary and secondary disaster recovery centres. Our round the clock remote support provides instant solutions to end user IT issues.

Some of the leading edge, global practices and certifications we have are:

- Information Technology Infrastructure Library (ITIL) practice to manage infrastructure
- ISO 2000 certified IT Service Management standards
- ISO 27001 certified for information security practices including physical safety and security
- Our Gurgaon Development Centre and Kochi Development Centre are Platinum and Gold rated Green Buildings respectively certified by LEED









## Responsible Citizenship

Our values, the Spirit of Wipro drive our pursuit of Responsible Citizenship.

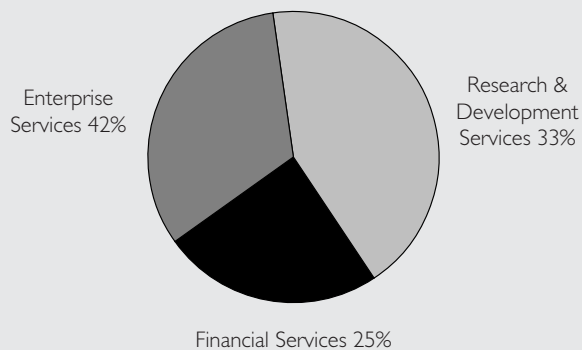
Responsible Citizenship is manifested on three dimensions:

- 1) *Business with Integrity:* We must conduct business ethically and fairly. Wipro has tried to lead in the practice of Business with integrity. This is the core Value on which Wipro is built. This has multiple manifestations e.g. clearly articulated and practiced Code of Business Conduct in the form of Wipro Beliefs, annual Chairman communication with employees, annual employee surveys and 360° appraisal of the Wipro leadership.
- 2) *Social and Community Initiatives:* We must contribute to societal development and to our immediate communities. Through Wipro Applying Thought in Schools we are involved in school education (in India) as it is the fundamental enabler of economic and social development and sustainable change. We reach out to over 10,000 educators and 1000 schools in 17 states. Our network includes over 30 of India's foremost educational organizations. Through Mission 10x we are involved in improving the employability of Engineering Graduates. Through Wipro Cares we work with communities on certain specific projects and Rehabilitation work post natural disasters.
- 3) *Ecological Sustainability:* This is a defining force for business and society. Through Eco Eye we are driving a self transformation to create an ecologically sustainable organization and business. We would like to continuously try to influence our stakeholders and communities, to move towards ecological sustainability.

# Business Unit Performance

## Business Composition

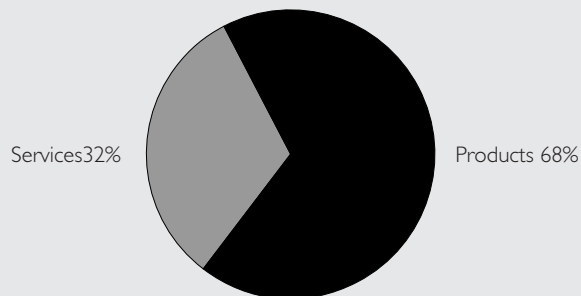
Our Global IT Services Business



(in Rs. Mn)

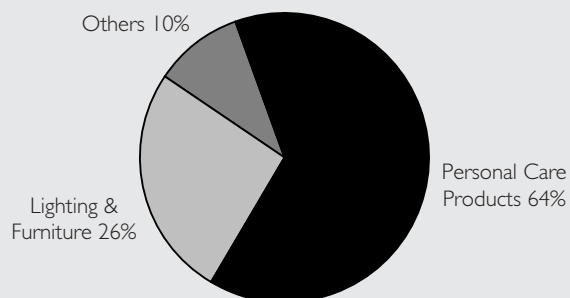
Description	2008	2007
Revenue	136,417	110,843
PBIT	29,402	26,939
Operating Margin	21.6%	24.3%
Capital Employed	83,724	48,947
ROCE	44%	63%

Our India Middle East & Asia Pacific IT Services & Product Business



Description	2008	2007
Revenue	37,456	24,783
PBIT	3,115	2,139
Operating Margin	8.3%	8.6%
Capital Employed	10,245	5,363
ROCE	40%	55%

Our Consumer Care & Lighting Business

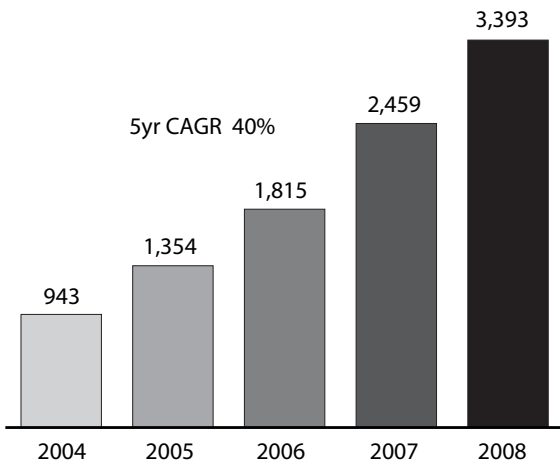


Description	2008	2007
Revenue	15,207	8,160
PBIT	1,900	1,006
Operating Margin	12.5%	12.3%
Capital Employed	17,292	2,957
ROCE	19%	48%

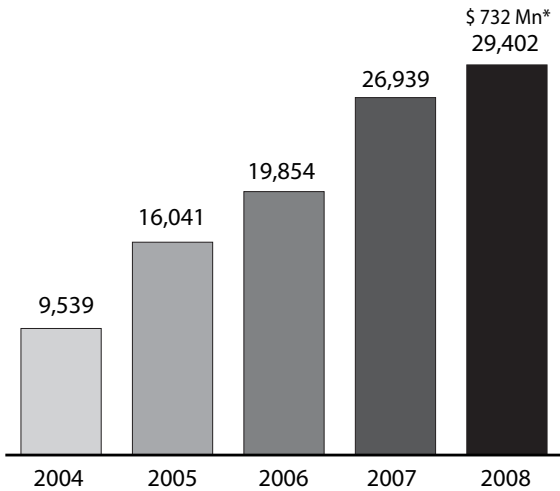
# Global IT Business

## Performance Highlights

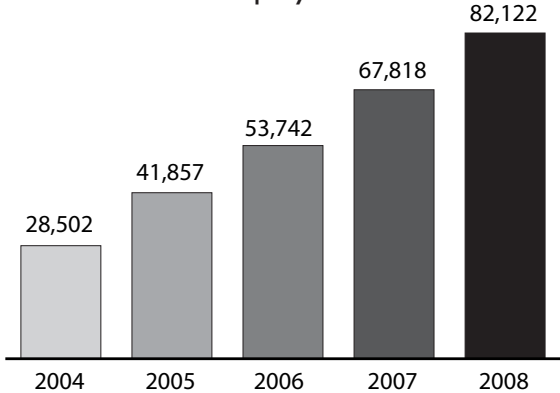
Revenue in USD Mn



PBIT in Rs. Mn



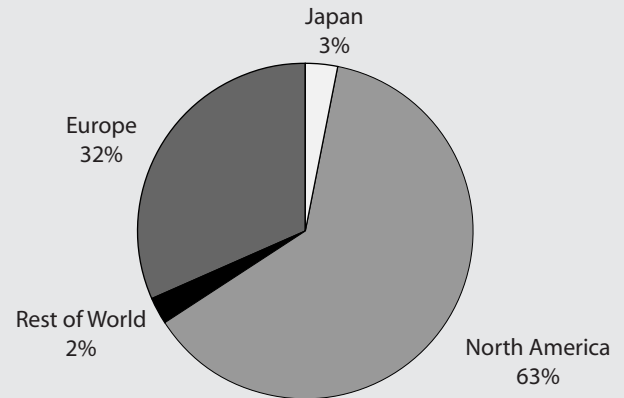
Employees



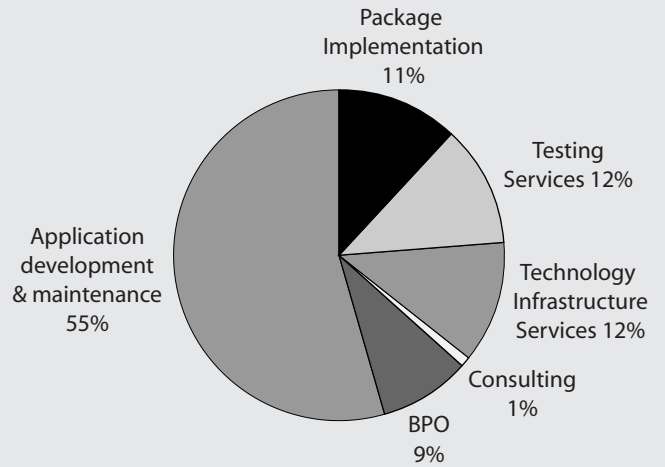
\*Based on exchange rate as on March 31, 2008 - Rs.40.14/USD

## Revenue Mix

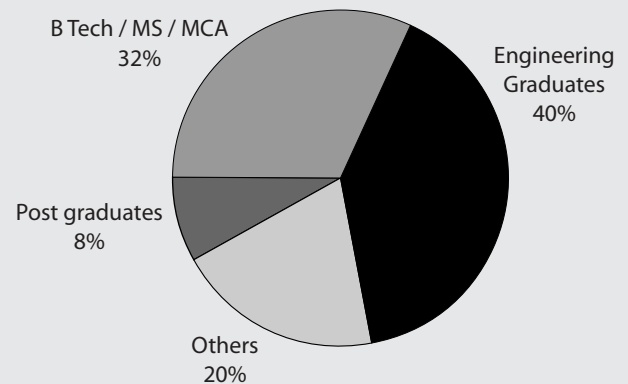
Geographical distribution



Service line wise distribution



## Employee Mix - IT Services\*



\*Total IT Services employees is 61815. Excludes BPO employees of 20307.

## Corporate Governance

Progress is measured not by the distance travelled, but the distance travelled in the right direction.

The word governance is derived from the Greek word *kybernan* which means 'to steer or pilot a ship'.

Governance therefore has a critical role in determining the right direction.

In the corporate world, the primary responsibility for governance is in the hands of the Board of Directors, who set the direction for the company within the charter selected by the shareholders. The management in alignment with the Board of Directors accelerates the pace of progress, moving the company forward.

The main role of Wipro's Board of Directors is to oversee how management serves the interest of all stakeholders. To achieve its role, Wipro's Directors have enunciated Corporate Governance principles to ensure the independence of the Board and to be kept informed of key risks and strategic issues facing Wipro.

Our good governance practices started since inception in 1940s. We were among the early companies to have an Audit Committee way back in 1986. Our reporting practices too embraced the concept of presenting consolidated accounts when we formed the first subsidiary in 1983.

Our consistent performance over the last six decades is a result of our tangible value proposition combined with good corporate governance practices.

As on date of this report our Board of Directors consists of six non-executive independent Directors and four executive Directors including the Executive Chairman. Our Board met five times during the year. In these meetings our annual strategic / operating plan were presented to them for their review, inputs and approval. In addition specific cases of acquisitions, important

managerial decisions and statutory matters were presented to them from time to time for their perusal / review / approval.

The Board has an Audit committee and Board Governance and Compensation committee, both Committees consisting of three independent directors each.

The Audit Committee met six times and the Board Governance and Compensation Committee met four times during the year. The Shareholder and Investor grievance committee which has one independent non-executive director and the executive Chairman met six times during the year.

After the meeting we have a formal system of follow up, review and reporting on actions taken by the management on the decisions of the Board and Committees of the Board.

Our governance framework includes Whistle Blower policy and an Ombudsprocess that provide an avenue for redressing grievances.

## Awards and Rating

We have been awarded the highest rating of Stakeholder Value and Corporate Governance Rating Practices I (called SVG I) by ICRA Limited, a rating agency in India, an associate of Moody's.

We have also been assigned LAAA (pronounced as L Triple A) rating to Wipro's long term credit.

We were awarded the National Award for Excellence in Corporate Governance by the Institute of Company Secretaries of India in the year 2004.

We have complied with all the mandatory requirements of the Clause 49 of the Listing agreement with the Indian Stock Exchange.

# Risk Management

Every organization must ask itself these three questions:

1. What are the worst things that can happen to us?
2. How likely are they to happen?
3. Are we taking the right and adequate steps to prevent them?

In Wipro the answer to these questions follows a 6 step process:



This process results in the Wipro top 10 risk

Sl.No.	Top 5 BU Level Risks
1.	People Supply chain risk - including Loss of Talent or entry of non competent / non ethical workforce
2.	Large Project Delivery Risk - non adherence to contract commitments, SLA Penalties, Liquidated Damages
3.	Business Continuity Management risks - Disruption in Business due to unexpected disasters / Lack of preparedness
4.	Security Risks - including Physical Security threats, Information security threats, Data Privacy (DP) violations and Intellectual Property (IP) infringement
5.	Growth & Sales Risks - including Markets Strategy, Pricing Models or Deal sizing and recession
Top 5 Corporate Levels Risks	
6.	Integration and growth risk of Acquired companies
7.	Employee Safety, Health and environmental risks
8.	Currency & Interest rate fluctuation & its impact on operating margin
9.	Compliance Risk - Non adherence to local laws in the global operations scenario
10.	Taxation Impact in different countries - including VAT, ESOP taxation and direct taxes

Note: Sequence of risks is not in the order of importance.

We take a three dimensional view on risk management, through the eyes of

- Customer -re-assurance on governance & compliance
- Business - optimization and early warning triggers
- Employee - enhance risk-literacy

We engage, educate, enable and enforce as part of Risk Management. Engage with stakeholders, educate them through awareness and training, enable action through processes and tools and enforce control measures.



# *Auditors' Report to the Board of Directors on the Consolidated Financial Statements of Wipro Limited and its Subsidiaries*

We have audited the attached consolidated balance sheet of Wipro Limited ('the Company') and subsidiaries (collectively called 'the Wipro Group') as at March 31, 2008, the consolidated profit and loss account and the consolidated cash flow statement for the quarter and year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, as specified in Rule 3 of the Companies (Accounting Standards) Rule, 2006.

Without qualifying our opinion, we draw attention to Note 11 of the Notes to Accounts that relates to an alternative interpretation of the Securities

and Exchange Board of India (Employee Stock Option Scheme and employee Stock Purchase Scheme) Guidelines, 1999 as amended. If the Company were to amortize the cost on an accelerated basis, profit after taxation for the quarter and year ended March 31, 2008 would have been lower by Rs. 41 million and Rs. 231 million respectively. Similarly, profit after taxation for the quarter and year ended March 31, 2007 would have been lower by Rs. 83 million and Rs. 348 million respectively.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Wipro Group as at March 31, 2008
- (b) in the case of the consolidated profit and loss account, of the profit of the Wipro Group for the quarter and year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows of the Wipro Group for the quarter and year ended on that date.

For BSR & Co  
Chartered Accountants

Zubin Shekary  
Partner  
Membership No. 48814  
Bangalore  
April 18, 2008

# Consolidated Balance Sheet

(Rs. in Mn)

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

This is a summary financial statement. For the detailed financial information, refer to other booklet. Detailed financial statements are also available on [www.wipro.com/investors/index.htm](http://www.wipro.com/investors/index.htm)

# Consolidated Profit and Loss Account

(Rs. in Mn except share data)

	Year ended March 31,	
	2008	2007
<b>INCOME</b>		
Gross sales and services	201,451	151,330
Less: Excise duty	1,655	1,348
Net sales and services	199,796	149,982
Other income	4,174	2,732
	<b>203,970</b>	152,714
<b>EXPENDITURE</b>		
Cost of sales and services	140,244	102,420
Selling and marketing expenses	14,216	9,547
General and administrative expenses	10,750	7,635
Interest	1,690	124
	<b>166,900</b>	119,726
<b>PROFIT BEFORE TAXATION</b>	<b>37,070</b>	32,988
Provision for taxation including fringe benefit tax	4,550	3,868
Profit before minority interest / share in earnings of associates	<b>32,520</b>	29,120
Minority interest	(24)	6
Share in earnings of associates	333	295
<b>PROFIT FOR THE PERIOD</b>	<b>32,829</b>	29,421
Appropriations		
Interim dividend	2,919	7,238
Proposed dividend	5,846	1,459
Tax on dividend	1,489	1,268
<b>TRANSFER TO GENERAL RESERVE</b>	<b>22,575</b>	19,456
<b>EARNINGS PER SHARE - EPS</b>		
Equity shares of par value Rs. 2/- each		
Basic	22.62	20.62
Diluted	22.51	20.41
<b>Number of shares for calculating EPS</b>		
Basic	<b>1,451,127,719</b>	1,426,966,318
Diluted	<b>1,458,239,060</b>	1,441,469,652

This is a summary financial statement For the detailed financial information, refer to other booklet. Detailed financial statements are also available on [www.wipro.com\investors\index.htm](http://www.wipro.com\investors\index.htm)



# Consolidated Cash flow Statement

(Rs. in Mn)

	Year ended March 31,	
	2008	2007
<b>A. Cash flows from operating activities:</b>		
<b>Profit before tax</b>	<b>37,070</b>	<b>32,988</b>
<i>Adjustments:</i>		
Depreciation and amortization	5,359	3,978
Amortisation of stock compensation	1,166	1,078
Unrealised exchange differences - net	(595)	457
Interest on borrowings	1,690	125
Dividend / interest - net	(2,802)	(2,118)
(Profit) / Loss on sale of investments	(771)	(588)
Gain on sale of fixed assets	(174)	(10)
Working capital changes :		
Trade and other receivable	(11,885)	(7,358)
Loans and advances	(5,157)	(283)
Inventories	(1,565)	(1,120)
Trade and other payables	6,182	5,156
<b>Net cash generated from operations</b>	<b>28,518</b>	<b>32,305</b>
Direct taxes paid	(5,459)	(4,252)
<b>Net cash generated by operating activities</b>	<b>23,059</b>	<b>28,053</b>
<b>B. Cash flows from investing activities:</b>		
Acquisition of property, fixed assets plant and equipment (including advances)	(14,226)	(13,005)
Proceeds from sale of fixed assets	479	149
Purchase of investments	(231,684)	(123,579)
Proceeds on sale / from maturities on investments	250,013	122,042
Intercorporate deposit	150	(650)
Net payment for acquisition of businesses	(32,790)	(6,608)
Dividend / interest income received	2,490	2,118
<b>Net cash used in investing activities</b>	<b>(25,568)</b>	<b>(19,533)</b>
<b>C. Cash flows from financing activities:</b>		
Proceeds from exercise of employee stock option	541	9,458
Share application money pending allotment	40	35
Interest paid on borrowings	(1,690)	(125)
Dividends paid (including distribution tax)	(12,632)	(8,875)
Repayment of borrowings / loans	(74,970)	(5,915)
Proceeds of borrowings / loans	110,641	7,882
Proceeds from issuance of shares by subsidiary	55	35
<b>Net cash generated by financing activities</b>	<b>21,985</b>	<b>2,495</b>
Net increase in cash and cash equivalents during the period	19,476	11,015
Cash and cash equivalents at the beginning of the period	19,822	8,858
Effect of translation of cash balance	(28)	(51)
<b>Cash and cash equivalents at the end of the period</b>	<b>39,270</b>	<b>19,822</b>

This is a summary financial statement For the detailed financial information, refer to other booklet. Detailed financial statements are also available on [www.wipro.com\investors\index.htm](http://www.wipro.com\investors\index.htm)

# *Certificate on effectiveness of internal control over financial reporting*

## *Report of independent registered public accounting firm*

### *The Board of Directors and Stockholders Wipro Limited*

We have audited Wipro Limited and subsidiaries' (the "Company") internal control over financial reporting as of March 31, 2008, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The management of the Company is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made

only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2008, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Company acquired Infocrossing Inc. and subsidiaries (Infocrossing) and Unza Holdings Limited and subsidiaries (Unza) during the year ended March 31, 2008 and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of March 31, 2008, Infocrossing and Unza's internal control over financial reporting associated with total assets of Rs 10,604 million and total revenues of Rs. 9,986 million included in the consolidated financial statements of the Company as of and for the year ended March 31, 2008. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Infocrossing and Unza.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of March 31, 2008 and 2007, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended March 31, 2008, and our report dated May 27, 2008 expressed an unqualified opinion on those consolidated financial statements.

KPMG  
Bangalore, India  
May 27, 2008

# Reconciliation of profits between US GAAP and Indian GAAP

(Rs. in Mn)

		<b>Fiscal 2008</b>	<b>Fiscal 2007</b>
<b>Profit after tax as per Indian GAAP</b>	Notes	<b>32,829</b>	<b>29,421</b>
Intangible asset amortisation	A	(402)	<b>(186)</b>
Difference in revenue recognition norms	B	(351)	<b>(18)</b>
Stock Compensation Expense	C	101	<b>(223)</b>
Transfer of Real Estate Property	D	(154)	—
Retirement Benefits	E	122	<b>230</b>
Fringe Benefit Tax on Stock Compensation	F	(81)	—
Capitalization of interest Cost	G	304	—
Acquisitions - fair valuation	H	(83)	—
Others		(44)	(55)
<b>Net Income as per US GAAP</b>		<b>32,241</b>	<b>29,169</b>

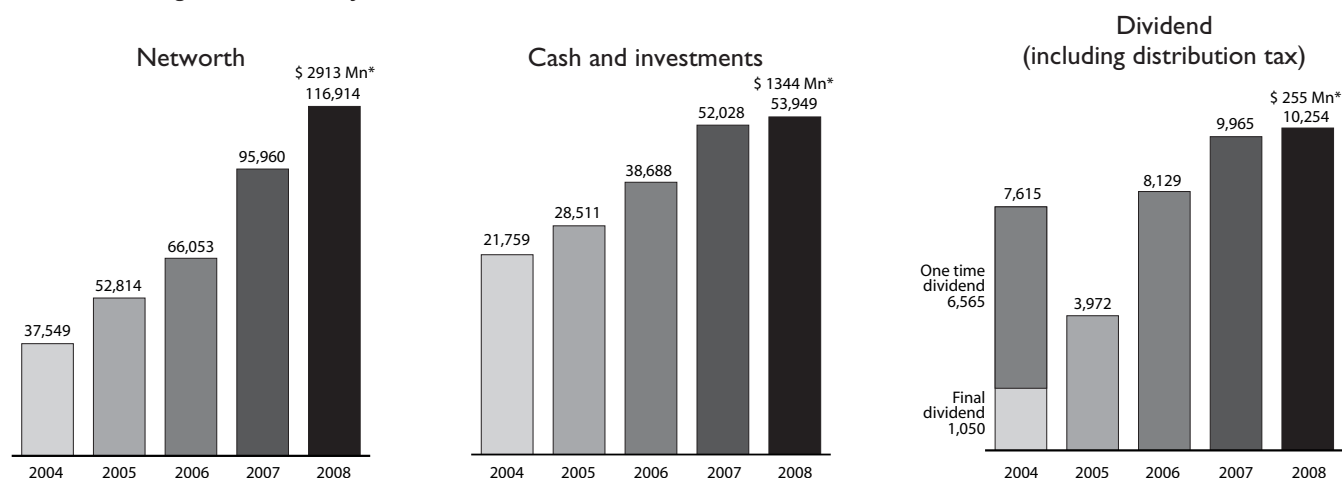
- A. In US GAAP, a portion of the purchase consideration in a business acquisition will be allocated to intangible assets meeting the criteria for being recognized as an asset apart from goodwill. The intangible assets are amortised over their useful life in proportion to the economic benefits consumed in each reporting period. The increase in intangible amortization is primarily due to acquisitions completed towards end of fiscal 2007 and acquisition of Infocrossing and UNZA during fiscal 2008.
- B. The company recognizes revenue on dispatch. However, in US GAAP where installation is a condition to the contract, revenue is limited to amount not related to completion of installation. Cost recognized in P&L is limited to amount of revenue recognized. Similarly in Indian GAAP certain types of long term contracts are accounted on a percentage of completion method while in US GAAP they are recognized on a straight line basis and costs expensed as incurred.
- C. In Indian GAAP stock compensation expense is reversed for options which do not vest due to attrition. In US GAAP the stock compensation expense is recognized net of expected attrition. In FY 07-08 Company revised it's estimates of expected attrition and reversed stock compensation expense of Rs. 100 Mn.
- D. In fiscal 2008 the net gains resulting from transfer of a real estate property to a related party, at it's fair value determined based on independent appraisals, is recognized in stockholders' equity in US GAAP.
- E. The actuarial gains/losses resulting from actuarial valuation of gratuity liability is recognized as an expense in India GAAP immediately. In US GAAP the actuarial gains/losses are amortized over a period of time.
- F. The Company has modified the stock options plans to recover from employees the Fringe Benefit Tax (FBT recovery). In US GAAP, FBT recovery is considered as additional exercise price and recognized in stockholders' equity. In Indian GAAP FBT recovery is net off against the FBT due.
- G. In Indian GAAP, portion of interest expense attributable to eligible capital expenditure incurred after the date of borrowing is capitalized, in US GAAP interest expense attributable to entire eligible capital expenditure is capitalized.
- H. Under US GAAP, in an acquisition, fixed assets are recorded at fair value and finished goods at fair value less profits relating to selling effort. In Indian GAAP assets and liabilities are recorded at their book values on the date of acquisition. Consequently depreciation and consumption in US GAAP is higher by Rs. 52 Mn and 31 Mn respectively.

## Historical performance for 5 years

(Rs. in Mn except per share data)

	Mar - 08	Mar - 07	Mar - 06	Mar - 05	Mar - 04
<b>PERFORMANCE FOR THE YEAR</b>					
Sales and Other Income	199,575	149,751	106,164	81,596	58,648
<b>Revenue of Global IT (USD Mn)</b>	<b>3,393</b>	2,459	1,815	1,353	943
Profit before Depreciation, Interest and tax	40,546	34,384	25,602	20,608	13,131
Depreciation	5,359	3,978	3,096	2,456	1,972
Profit before Interest and tax	35,187	30,406	22,506	18,152	11,159
Effective tax rate (%)	12.3	11.7	14.3	14.5	14.0
Profit after tax	32,829	29,421	20,674	16,285	10,315
Dividend (including distribution tax)	10,254	9,965	8,129	3,972	7,615
Return on Average Networth (%)	30.8	36.3	34.8	36.0	28.5
ROCE (%)	26.9	36.4	37.3	39.4	30.1
<b>EARNINGS PER SHARE DATA</b>					
Basic	22.62	20.62	14.70	11.70	7.43
Diluted	22.51	20.41	14.48	11.60	7.42
<b>FINANCIAL POSITION</b>					
Share Capital	2,923	2,918	2,852	1,407	466
Networth	116,914	95,960	66,053	52,814	37,549
Total debt	44,850	3,827	757	621	1,054
Fixed assets, net	41,583	28,485	18,155	13,551	9,435
Cash and investments	53,949	52,028	38,688	28,511	21,759
Goodwill	42,209	9,477	3,528	5,664	5,252
Net Current Assets	61,577	28,050	13,796	10,498	4,534
Capital Employed	161,920	99,852	66,884	53,713	38,767
<b>SHAREHOLDING RELATED</b>					
Number of Shareholders (Nos.)	232,932	197,774	155,832	98,198	49,025
Market Capitalization as on March 31	773,255*	816,164	797,995	472,061	316,832

\*Based on Closing Price in NSE on June 5, 2008



\*Based on exchange rate as on March 31, 2008 - Rs.40.14/USD

## Ratios

	Mar - 08	Mar - 07	Mar - 06	Mar - 05	Mar - 04
<b>Financial Performance - Growth (%)</b>					
Revenue	33	41	30	39	36
Profit Before interest and tax	16	35	24	63	15
Profit after tax	12	42	27	58	26
<b>Financial Position</b>					
Cash and Investments to Capital Employed	33%	52%	58%	53%	56%
Current Ratio	2.13	1.67	1.44	1.58	1.26
Days Sales Outstanding (in days)	64	60	62	61	60
<b>Returns - (%)</b>					
Return on capital employed	27	36	37	39	30
Return on Average Network	31	36	35	36	29
Return on Invested Capital	45	80	84	86	55
Operating Cashflow to PBIT	66	92	87	99	90
<b>Per Share - Rs.</b>					
Book Value	80	66	46	38	27
Dividend Per Share	6	6	5	2.5	4.8
Market Price as on March 31	529*	559	560	335	227
PE Ratio	22	27	38	29	31
<b>Market Cap in Rs. Million</b>	<b>773,255</b>	816,164	797,995	472,061	316,832
<b>Segment Level</b>					
<b>Global IT Services and Products</b>					
Revenue growth (%)	23	37	33	39	43
Profit Before Interest and tax to revenue (%)	21.6	24.3	24.6	26.4	21.8
ROCE (%)	44	63	59	62	47
<b>India &amp; AsiaPac IT Services &amp; Products</b>					
Revenue growth (%)	51	46	22	43	16
Profit Before Interest and tax to revenue (%)	8.3	8.6	8.6	7.5	8.1
ROCE (%)	40	55	77	63	53
<b>Consumer Care &amp; Lighting</b>					
Revenue growth (%)	86	36	27	29	22
Profit Before Interest and tax to revenue (%)	12.5	12.2	13.4	14.2	15.1
ROCE (%)	19	48	76	89	86

\*Based on Closing Price in NSE on June 5, 2008

## Spirit of Wipro

### *Intensity to Win*

- ▶ Make customers successful
- ▶ Team, Innovate, Excel

### *Act with Sensitivity*

- ▶ Respect for the individual
- ▶ Thoughtful and responsible

### *Unyielding Integrity*

- ▶ Delivering on commitments
- ▶ Honesty and fairness in action

### *Intensity to Win*

*It is the desire to stretch, to challenge limits. It is working together to create synergy.*

*I win when my team wins; my team wins when Wipro wins; Wipro wins when its customers & stakeholders win.*

*It is innovating all the time. It is the continuous endeavour to do better than last time.*

*It is the Spirit of fortitude, of unrelenting excellence.*

### *Act with Sensitivity*

It is understanding that every human being, however different, is equal.

It is trusting that every individual is driven by learning, would like to grow in ability & competence, and strives for a meaningful life. It is living in harmony with ecology.

It is being a responsible citizen; it is acting with thoughtfulness and empathy.

### *Unyielding Integrity*

Integrity is the beacon that guides us. It is being ethical beyond doubt.

It is living the law of the land, in Spirit and action.

It is the commitment to searching for and acting on the truth.

It is delivering on the commitments we make.

Our word must become our deed. It is establishing the foremost standards of honesty & fairness, without compromise... ever.

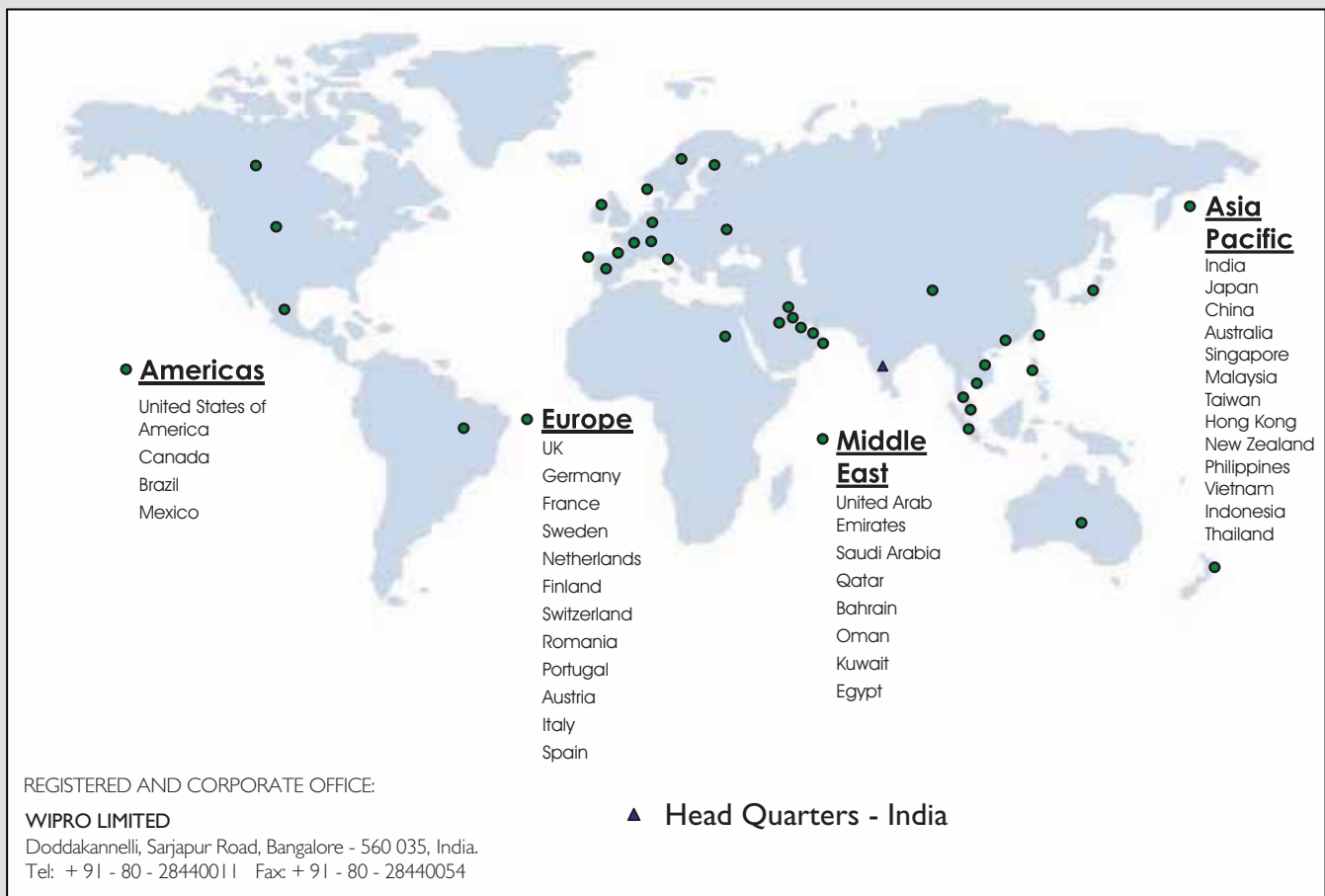
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*Wipro is built on a foundation of Values. We call our Values the Spirit of Wipro.*

# Glossary

ROCE	Return on Capital Employed; PBIT / Average capital employed
Effective Tax Rate	Income tax expense / Profit before tax
Networth	Share capital and reserves and surplus
Cash & Investments	Cash and cash equivalents and investments excluding investments in associates
Return on average Network	Profit after tax/Average network
Return on Invested Capital	PBIT / Average Capital employed (net of cash and investments)
Book Value	Networth/ outstanding equity shares
PE Ratio	Share price / Basic earnings per share
Days sales outstanding	Debtors / sales for Q4 of fiscal year x 90
Capital employed	Total assets less current liabilities
PBIT	Profit before interest and taxes
CAGR	Compounded annual growth rate

## Our Global Presence



Indicative Map, not to scale.

## Wipro Limited

*Doddakannelli, Sarjapur Road, Bangalore - 560 035, India.*  
[www.wiprocorporate.com](http://www.wiprocorporate.com)   [www.wipro.com](http://www.wipro.com)   [www.wipro.in](http://www.wipro.in)