

**WIPRO LIMITED - STANDALONE**  
**AUDITED FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTH ENDED SEPTEMBER 30, 2010**

(₹. in Million except share data)

|           | Particulars                                                                                | Quarter ended September 30, |                      | Six months ended September 30, |                      | Year ended March 31,   |
|-----------|--------------------------------------------------------------------------------------------|-----------------------------|----------------------|--------------------------------|----------------------|------------------------|
|           |                                                                                            | 2010                        | 2009                 | 2010                           | 2009                 | 2010                   |
| <b>1</b>  | <b>Net Income from Sales/Services</b>                                                      | <b>65,569</b>               | <b>58,578</b>        | <b>125,392</b>                 | <b>111,458</b>       | <b>231,776</b>         |
| 2         | Cost of Sales / Services                                                                   |                             |                      |                                |                      |                        |
|           | a) (Increase)/Decrease in stock in trade and work in progress                              | <b>883</b>                  | <b>70</b>            | <b>666</b>                     | <b>15</b>            | <b>(1,110)</b>         |
|           | b) Consumption of raw materials                                                            | <b>2,880</b>                | <b>2,672</b>         | <b>5,251</b>                   | <b>4,734</b>         | <b>9,892</b>           |
|           | c) Purchase of traded goods                                                                | <b>6,343</b>                | <b>7,664</b>         | <b>12,280</b>                  | <b>12,851</b>        | <b>27,412</b>          |
|           | b) Other expenditure                                                                       | <b>34,160</b>               | <b>27,073</b>        | <b>64,999</b>                  | <b>53,556</b>        | <b>112,772</b>         |
| <b>3</b>  | <b>Gross Profit (1-2)</b>                                                                  | <b>21,303</b>               | <b>21,099</b>        | <b>42,196</b>                  | <b>40,302</b>        | <b>82,810</b>          |
| 4         | General and Administrative expenses                                                        | <b>3,542</b>                | <b>3,096</b>         | <b>6,662</b>                   | <b>5,642</b>         | <b>11,413</b>          |
| 5         | Selling and Distribution expenses                                                          | <b>4,132</b>                | <b>3,330</b>         | <b>7,998</b>                   | <b>6,424</b>         | <b>13,827</b>          |
| 6         | Depreciation                                                                               | <b>1,394</b>                | <b>1,580</b>         | <b>2,755</b>                   | <b>2,979</b>         | <b>5,796</b>           |
| <b>7</b>  | <b>Operating Profit before interest (3) - (4+5+6)</b>                                      | <b>12,235</b>               | <b>13,093</b>        | <b>24,781</b>                  | <b>25,257</b>        | <b>51,774</b>          |
| 8         | Interest expense                                                                           | <b>(16)</b>                 | <b>430</b>           | <b>739</b>                     | <b>(13)</b>          | <b>(826)</b>           |
| 9         | Exceptional Items                                                                          | <b>-</b>                    | <b>-</b>             | <b>-</b>                       | <b>-</b>             | <b>-</b>               |
| <b>10</b> | <b>Operating Profit after interest and Exceptional Items (7-8-9)</b>                       | <b>12,251</b>               | <b>12,663</b>        | <b>24,042</b>                  | <b>25,270</b>        | <b>52,600</b>          |
| 11        | Other investment income                                                                    | <b>1,368</b>                | <b>1,214</b>         | <b>2,656</b>                   | <b>2,169</b>         | <b>4,287</b>           |
| <b>12</b> | <b>Profit from Ordinary Activities before tax (10+11)</b>                                  | <b>13,619</b>               | <b>13,877</b>        | <b>26,698</b>                  | <b>27,439</b>        | <b>56,887</b>          |
| 13        | Tax expense (including Fringe Benefits Tax)                                                | <b>1,898</b>                | <b>1,556</b>         | <b>3,877</b>                   | <b>3,139</b>         | <b>7,908</b>           |
| <b>14</b> | <b>Net Profit from Ordinary Activities after tax (12-13)</b>                               | <b>11,721</b>               | <b>12,321</b>        | <b>22,821</b>                  | <b>24,300</b>        | <b>48,979</b>          |
| 15        | Extraordinary items (net of tax expense)                                                   | <b>-</b>                    | <b>-</b>             | <b>-</b>                       | <b>-</b>             | <b>-</b>               |
| <b>16</b> | <b>Net Profit for the period (14-15)</b>                                                   | <b>11,721</b>               | <b>12,321</b>        | <b>22,821</b>                  | <b>24,300</b>        | <b>48,979</b>          |
| 17        | Paid up equity share capital (Face value Rs. 2 per share)                                  | <b>4,904</b>                | <b>2,933</b>         | <b>4,904</b>                   | <b>2,933</b>         | <b>2,936</b>           |
| 18        | Reserves excluding Revaluation Reserves (as per balance sheet) of previous accounting year | <b>-</b>                    | <b>-</b>             | <b>-</b>                       | <b>-</b>             | <b>173,968</b>         |
| <b>19</b> | <b>EARNINGS PER SHARE (EPS)</b>                                                            |                             |                      |                                |                      |                        |
|           | <i>Before extraordinary items (not annualised)</i>                                         |                             |                      |                                |                      |                        |
|           | Basic (in Rs.)                                                                             | <b>4.81</b>                 | <b>5.07</b>          | <b>9.37</b>                    | <b>10.01</b>         | <b>20.16</b>           |
|           | Diluted (in Rs.)                                                                           | <b>4.80</b>                 | <b>5.04</b>          | <b>9.35</b>                    | <b>9.95</b>          | <b>20.11</b>           |
|           | <i>After extraordinary items (not annualised)</i>                                          |                             |                      |                                |                      |                        |
|           | Basic (in Rs.)                                                                             | <b>4.81</b>                 | <b>5.07</b>          | <b>9.37</b>                    | <b>10.01</b>         | <b>20.16</b>           |
|           | Diluted (in Rs.)                                                                           | <b>4.80</b>                 | <b>5.04</b>          | <b>9.35</b>                    | <b>9.95</b>          | <b>20.11</b>           |
| <b>20</b> | <b>Public shareholding *</b>                                                               |                             |                      |                                |                      |                        |
|           | Number of shares                                                                           | <b>464,958,818</b>          | <b>274,009,094</b>   | <b>464,958,818</b>             | <b>274,009,094</b>   | <b>276,454,859</b>     |
|           | Percentage of holding                                                                      | <b>18.96%</b>               | <b>18.69%</b>        | <b>18.96%</b>                  | <b>18.69%</b>        | <b>18.83%</b>          |
| <b>21</b> | <b>Promoters and promoter group shareholding</b>                                           |                             |                      |                                |                      |                        |
|           | <b>a) Pledged/Encumbered</b>                                                               |                             |                      |                                |                      |                        |
|           | -Number of shares                                                                          | <b>Nil</b>                  | <b>Nil</b>           | <b>Nil</b>                     | <b>Nil</b>           | <b>Nil</b>             |
|           | -Percentage of shares (as a % of the total shareholding of promoter and promoter group)    | <b>Nil</b>                  | <b>Nil</b>           | <b>Nil</b>                     | <b>Nil</b>           | <b>Nil</b>             |
|           | -Percentage of shares (as a % of the total share capital of the company)                   | <b>Nil</b>                  | <b>Nil</b>           | <b>Nil</b>                     | <b>Nil</b>           | <b>Nil</b>             |
|           | <b>b) Non-encumbered</b>                                                                   |                             |                      |                                |                      |                        |
|           | -Number of shares                                                                          | <b>1,945,953,763**</b>      | <b>1,168,382,260</b> | <b>1,945,953,763**</b>         | <b>1,168,382,260</b> | <b>1,167,572,260**</b> |
|           | -Percentage of shares (as a % of the total shareholding of promoter and promoter group)    | <b>100%</b>                 | <b>100%</b>          | <b>100%</b>                    | <b>100%</b>          | <b>100%</b>            |
|           | -Percentage of shares (as a % of the total share capital of the company)                   | <b>79.36%</b>               | <b>79.68%</b>        | <b>79.36%</b>                  | <b>79.68%</b>        | <b>79.52%</b>          |
|           | <b>Details of expenditure</b>                                                              |                             |                      |                                |                      |                        |
|           | Items exceeding 10% of total expenditure                                                   |                             |                      |                                |                      |                        |
|           | Employee Cost                                                                              | <b>27,577</b>               | <b>22,378</b>        | <b>52,937</b>                  | <b>44,615</b>        | <b>90,628</b>          |

\* Public shareholding as defined under clause 40A of the listing agreement (excludes shares beneficially held by promoters and holders of American Depository Receipt)

\*\* Includes 10,843,333 (September 30, 2009 7,316,000 and March 31, 2010: 6,506,000) equity shares on which Promoter does not have beneficiary interest.

| Status of redressal of Complaints received for the period July 1, 2010 to September 30, 2010 |                                                           |           |                               |                                        |                                        |            |
|----------------------------------------------------------------------------------------------|-----------------------------------------------------------|-----------|-------------------------------|----------------------------------------|----------------------------------------|------------|
| Sl no.                                                                                       | Nature of the complaint                                   | Nature    | Opening balance<br>01.07.2010 | Complaints received during the quarter | Complaints disposed during the quarter | Unresolved |
| 1                                                                                            | Non-Receipt of Securities                                 | Complaint | -                             | 91                                     | 91                                     | -          |
| 2                                                                                            | Non Receipt of Annual Reports                             | Complaint | -                             | 48                                     | 48                                     | -          |
| 3                                                                                            | Correction / Duplicate/ Revalidation of dividend warrants | Request   | -                             | 84                                     | 84                                     | -          |
| 4                                                                                            | SEBI/Stock Exchange Complaints                            | Complaint | -                             | 0                                      | 0                                      | -          |
| 5                                                                                            | Non Receipt of Dividend warrants                          | Complaint | -                             | 199                                    | 199                                    | -          |
| 6                                                                                            | Others                                                    | Request   | -                             | -                                      | -                                      | -          |
|                                                                                              | <b>TOTAL</b>                                              |           | -                             | <b>422</b>                             | <b>422</b>                             | -          |

There are certain pending cases relating to disputes over title to shares in which the company has been made a party. However these cases are not material in nature.

#### Statement of assets and liabilities

in Million

| Particulars                                     | As of September 30, | As of September 30, |
|-------------------------------------------------|---------------------|---------------------|
|                                                 | 2010                | 2009                |
|                                                 |                     |                     |
| <b>Shareholders' funds</b>                      |                     |                     |
| (a) Capital                                     | 4,904               | 2,933               |
| (b) Share application money pending allotment   | 20                  | 16                  |
| (c) Reserves and Surplus                        | 196,645             | 152,587             |
| <b>Loan funds</b>                               | 46,172              | 36,953              |
| <b>Fixed assets (including goodwill)</b>        | 47,360              | 44,997              |
| <b>Investment</b>                               | 109,321             | 95,323              |
| <b>Deferred tax asset (net)</b>                 | 350                 | 642                 |
| <b>Current assets, loans and advances</b>       |                     |                     |
| (a) Inventories                                 | 6,095               | 4,662               |
| (b) Sundry Debtors                              | 51,281              | 42,088              |
| (c) Cash and Bank balances                      | 32,363              | 26,153              |
| (d) Loans and Advances                          | 65,947              | 41,140              |
| <b>Less: Current Liabilities and provisions</b> |                     |                     |
| (a) Liabilities                                 | 51,569              | 51,207              |
| (b) Provisions                                  | 13,407              | 11,309              |

#### Notes :

- The above audited interim financial results were approved by the Board of Directors of the Company at its meeting held on October 22, 2010.
- The audited interim financial results have been prepared from the audited condensed interim financial statements for the quarter ended September 30, 2010. The financial statements are prepared in accordance with

Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured on a fair value basis. GAAP comprises Accounting Standards specified in the Companies (Accounting Standards) Rules, 2006, Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and other generally accepted accounting principles in India.

The condensed interim financial statements have been prepared in accordance with the recognition, measurement and disclosure provisions of AS 25, Interim Financial Reporting issued pursuant to the Companies (Accounting Standards) Rules, 2006 and by the ICAI. The accounting policies followed in preparation of the condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements as of and for the year ended March 31, 2010. Further, there has been no change in the accounting policies during the quarter ended September 30, 2010.

3. The total revenues represent the aggregate revenue and includes all allocable other income and exchange differences, except exchange difference on foreign currency borrowing, which are reported under other income in the condensed interim financial statements. The exchange difference on foreign currency borrowing is included in interest expense above.
4. The Company has adopted AS 30, Financial Instruments – Recognition and Measurement and the limited revisions to other accounting standards which come into effect upon adoption of AS 30.

AS 30 states that particular sections of other accounting standards; AS 4, Contingencies and Events Occurring after Balance sheet date, to the extent it deals with contingencies, AS 11(revised 2003), The Effects of Changes in Foreign Exchange Rates, to the extent it deals with the ‘forward exchange contracts’ and AS 13 Accounting for Investments, except to the extent it relates to accounting for investment properties, would stand withdrawn only from the date AS-30 becomes mandatory (April 1, 2011 for the Company).

Accordingly, the Company continues to comply with the guidance under these accounting standards; AS 4-relating to Contingencies, AS 11- relating to Forward Contracts and AS 13- relating to Investments until AS 30 becomes mandatory.

The Company has designated USD 272 Million (March 31, 2010: USD 262 Million) and Euro 40 Million (March 31, 2010: Euro 40 Million) of derivative contracts as hedges of its net investments in non- integral foreign operations. The Company has also designated a yen-denominated foreign currency borrowing amounting to JPY 16.5 Billion (March 31, 2010: JPY 18 Billion), along with a floating for floating Cross - Currency Interest Rate Swap (CCIRS), as a hedging instrument to hedge its net investment in a non-integral foreign operation. Further, the Company has also designated yen-denominated foreign currency borrowing amounting to JPY 8 Billion (March 31, 2010: JPY 8 Billion) along with floating for fixed CCIRS as cash flow hedge of the yen- denominated borrowing and also as a hedge of net investment in a non-integral foreign operation. As equity investments in non integral foreign subsidiaries/operations are stated at historical cost, in these standalone condensed interim financial statements, the changes in fair value of forward contracts, the yen-denominated foreign currency borrowing and the related CCIRS amounting to gain/ (loss) of ₹ 494 Million and ₹ (15) Million for the quarter and six months ended September 30, 2010 respectively has been recorded in the profit and loss account (quarter and six months ended September 30, 2009: ₹ 564 Million and ₹ 2,213Million respectively)

## **Derivatives**

As of September 30, 2010 the Company has recognised losses of ₹ 3,986 (March 31, 2010: ₹ 5,099 Million) relating to derivative financial instruments that are designated as effective cash flow hedges in the shareholders’ fund.

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

| <i>(In Million)</i>                                      |                                         |                                     |
|----------------------------------------------------------|-----------------------------------------|-------------------------------------|
| <b>Particulars</b>                                       | <b>As at<br/>September<br/>30, 2010</b> | <b>As at<br/>March<br/>31, 2010</b> |
| <b>Designated derivative instruments</b>                 |                                         |                                     |
| <i>Sell</i>                                              | \$1,257                                 | \$1,518                             |
|                                                          | £25                                     | £31                                 |
|                                                          | ¥3,802                                  | ¥4,578                              |
|                                                          | AUD 8                                   | AUD 7                               |
|                                                          | CHF 6                                   | -                                   |
| <i>Buy</i>                                               | -                                       | -                                   |
| <b>Non Designated Derivative Instruments</b>             |                                         |                                     |
| <i>Cross currency swaps</i>                              | ¥31,511                                 | ¥33,014                             |
| <i>Sell</i>                                              | \$80                                    | \$45                                |
|                                                          | £78                                     | £38                                 |
|                                                          | -                                       | -                                   |
|                                                          | €52                                     | €29                                 |
| <i>Buy</i>                                               | \$270                                   | \$492                               |
|                                                          | -                                       | -                                   |
| <i>Net Investment in Non Integral foreign operations</i> | \$272                                   | \$262                               |
|                                                          | €40                                     | €40                                 |

- Employees covered under Stock Option Plans and Restricted Stock Unit (RSU) Option Plans are granted an option to purchase shares of the Company at the respective exercise prices, subject to requirements of vesting conditions. These options generally vest over a period of five years from the date of grant. Upon vesting, the employees can acquire one equity share for every option. The maximum contractual term for aforementioned stock option plans is generally 10 years.

The stock compensation cost is computed under the intrinsic value method and amortised on a straight line basis over the total vesting period of five years. The Company has granted 6,661,180 options under RSU Options Plan during the quarter and six months ended September 30, 2010 (for the quarter and six months ended September 30, 2009: NIL and 5000 options respectively). For the quarter and six months ended September 30, 2010, the Company has recorded stock compensation expense of ₹ 380 Million and ₹ 626 Million respectively, (quarter and six months ended September 30, 2009: ₹ 365 Million, and ₹ 727 Million, respectively)

- In May 2010, the Government of India has amended the Payment of Gratuity Act, 1972 to increase the limit of gratuity payment from ₹ 0.35 Million to ₹ 1 Million. Consequently, during the six months ended September 30, 2010, the company has recognized ₹ 223 Million of vested past service cost in the profit and loss account.
- In December 2009, the Company discovered embezzlement by one of its junior employee during the period from November 2006 to December 2009. In response to the discovery of this embezzlement, the Company, together with its Audit Committee, conducted an investigation to determine, among other things the materiality of the amounts embezzled. Based on its review of the facts discovered during its investigation, the Company believes that the amounts embezzled were not material. The Company has since recovered substantially all of the embezzled amounts.

As a result of the investigation of the embezzlement matter, the Audit Committee commenced an investigation,

together with its independent counsel and accountants, to evaluate certain issues that arose out of that investigation, including the appropriateness of certain accounting entries. The investigation is in progress and after completion of the investigation; the Company will evaluate the findings to assess the impact, if any.

8. Earnings per share for the period, and number of shares outstanding as at, September 30, 2010, and corresponding previous period September 30, 2009 and year ended March 31, 2010, have been adjusted for bonus share issue.
9. Segment information has been disclosed in the consolidated financial results for the quarter ended September 30, 2010.
10. Corresponding figures for previous periods presented have been regrouped, where necessary, to conform to the current period classification.

Place: Bangalore

Date: October 22, 2010

By order of the board,

Azim H Premji  
*Chairman*