

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

	As at March 31, 2009	As at December 31, 2009	2009 Convenience Translation into US \$ in millions
<b>ASSETS</b>			
Goodwill.....	56,143	54,254	1,169
Intangible assets.....	3,493	4,152	89
Property, plant and equipment.....	49,794	53,074	1,144
Investment in equity accounted investees.....	1,670	1,991	43
Other non-current assets.....	10,675	9,021	194
<b>Total non-current assets.....</b>	<b>121,775</b>	<b>122,492</b>	<b>2,640</b>
Inventories.....	7,587	7,880	170
Trade receivables.....	48,652	50,035	1,078
Other current assets.....	15,083	18,334	395
Unbilled revenues.....	14,108	16,385	353
Available for sale investments.....	16,543	39,855	859
Derivative assets.....	1,162	2,559	55
Current tax assets.....	9,826	11,883	256
Cash and cash equivalents.....	49,117	42,563	917
<b>Total current assets.....</b>	<b>162,078</b>	<b>189,494</b>	<b>4,084</b>
<b>TOTAL ASSETS.....</b>	<b>283,853</b>	<b>311,986</b>	<b>6,724</b>
<b>EQUITY</b>			
Share capital.....	2,930	2,935	63
Share premium.....	27,280	28,810	621
Retained earnings.....	126,646	153,664	3,312
Share based payment reserve.....	3,745	3,178	68
Other components of equity.....	(12,915)	(6,623)	(143)
Shares held by controlled trust.....	(542)	(542)	(12)
Equity attributable to the equity holders of the Company.....	147,144	181,422	3,910
Minority interest.....	237	393	8
<b>Total equity.....</b>	<b>147,381</b>	<b>181,815</b>	<b>3,918</b>
<b>LIABILITIES</b>			
Loans and borrowings.....	19,681	19,079	411
Employee benefit obligations.....	3,111	2,907	63
Other non-current liabilities and provisions.....	1,668	757	16
<b>Total non-current liabilities.....</b>	<b>24,460</b>	<b>22,743</b>	<b>490</b>
Loans and borrowings and bank overdrafts.....	37,211	35,849	773
Trade payables and accrued expenses.....	41,650	44,548	960
Unearned revenues.....	8,453	8,423	182
Current tax liabilities.....	6,492	7,666	165
Derivative liabilities.....	12,022	5,047	109
Other current liabilities and provisions.....	6,184	5,895	127
<b>Total current liabilities.....</b>	<b>112,012</b>	<b>107,428</b>	<b>2,315</b>
<b>TOTAL LIABILITIES.....</b>	<b>136,472</b>	<b>130,171</b>	<b>2,805</b>
<b>TOTAL EQUITY AND LIABILITIES .....</b>	<b>283,853</b>	<b>311,986</b>	<b>6,724</b>

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

	Three months ended December 31,			Nine months ended December 31,		
	2008	2009	2009 Convenience Translation into US \$ in millions	2008	2009	2009 Convenience Translation into US \$ in millions
Revenues.....	65,898	69,380	1,495	191,616	202,185	4,357
Cost of revenues.....	(46,409)	(47,766)	(1,029)	(134,850)	(138,534)	(2,986)
<b>Gross profit.....</b>	<b>19,489</b>	<b>21,614</b>	<b>466</b>	<b>56,766</b>	<b>63,651</b>	<b>1,372</b>
Selling and marketing expenses.....	(4,364)	(4,817)	(104)	(12,996)	(13,547)	(292)
General and administrative expenses....	(4,191)	(3,655)	(79)	(10,933)	(11,183)	(241)
Foreign exchange gains/(losses), net...	186	394	8	(792)	(772)	(17)
<b>Results from operating activities.....</b>	<b>11,120</b>	<b>13,536</b>	<b>292</b>	<b>32,045</b>	<b>38,149</b>	<b>822</b>
Finance and other income/(expense), net.	452	721	16	1,001	1,757	38
Share of profits of equity accounted investees.....	114	128	3	327	354	8
<b>Profit before tax.....</b>	<b>11,686</b>	<b>14,385</b>	<b>310</b>	<b>33,373</b>	<b>40,260</b>	<b>868</b>
Income tax expense.....	(1,572)	(2,321)	(50)	(4,574)	(6,279)	(135)
<b>Profit for the period.....</b>	<b>10,114</b>	<b>12,063</b>	<b>260</b>	<b>28,799</b>	<b>33,981</b>	<b>732</b>
<b>Attributable to:</b>						
Equity holders of the Company.....	10,098	12,032	259	28,749	33,842	729
Minority interest.....	16	31	1	50	139	3
<b>Profit for the period.....</b>	<b>10,114</b>	<b>12,063</b>	<b>260</b>	<b>28,799</b>	<b>33,981</b>	<b>732</b>
<b>Earnings per equity share:</b>						
Basic.....	6.94	8.25	0.18	19.78	23.23	0.50
Diluted.....	6.91	8.19	0.18	19.66	23.04	0.50
Weighted average number of equity shares used in computing earnings per equity share						
Basic.....	1,454,578,545	1,457,758,937	1,457,758,937	1,453,654,904	1,456,931,312	1,456,931,312
Diluted.....	1,461,046,302	1,469,303,689	1,469,303,689	1,462,331,122	1,469,028,352	1,469,028,352

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

	Nine months ended December 31,		
	2008	2009	2009 Convenience Translation into US \$ in millions
Cash flows from operating activities:			
Profit for the period attributable to equity holders of the Company.....	28,749	33,842	729
Adjustments to reconcile profit for the period to net cash provided by operating activities:			
Gain on sale of property, plant and equipment.....	(19)	(27)	(1)
Depreciation and amortization.....	4,998	5,944	128
Unrealized exchange (gain) / loss.....	2,170	(920)	(20)
Impact of cash flow hedges.....	(7,529)	4,397	95
Gain on sale of available for sale financial investments.....	(668)	(306)	(7)
Share based compensation.....	1,483	961	21
Income tax expense.....	4,574	6,279	135
Share of profits of equity accounted investees.....	(327)	(354)	(8)
Minority interest.....	50	139	3
Dividend and interest (income)/expenses, net.....	(1,477)	(1,789)	(39)
<i>Changes in operating assets and liabilities:</i>			
Trade and other receivable.....	(8,776)	(1,918)	(41)
Unbilled revenues.....	(5,602)	(2,631)	(57)
Inventories.....	(1,110)	(142)	(3)
Other assets.....	(3,451)	(575)	(12)
Trade payables and accrued expenses .....	10,920	3,563	77
Unearned revenues.....	2,346	(30)	(1)
Other liabilities.....	3,485	59	1
Cash generated from operating activities before taxes.....	29,815	46,492	1,002
Income taxes (paid) / refund, net.....	(3,441)	(6,520)	(141)
Net cash generated from operating activities.....	<u>26,374</u>	<u>39,972</u>	<u>861</u>
Cash flows from investing activities:			
Expenditure on property, plant and equipment and intangible assets.....	(12,248)	(8,298)	(179)
Proceeds from sale of property, plant and equipment.....	183	208	4
Advance - lease transaction.....	-	(1,950)	(42)
Purchase of available for sale investments.....	(268,762)	(255,471)	(5,506)
Proceeds from sale of available for sale investments.....	263,876	232,392	5,008
Investments in inter-corporate deposits.....	(250)	(9000)	(194)
Refund of inter-corporate deposits.....	250	4,750	102
Payment for business acquisitions, net of cash acquired.....	(1,192)	(2,207)	(48)
Interest received.....	1,290	1,743	38
Dividend received.....	1,939	1,096	24
Net cash used in investing activities.....	<u>(14,914)</u>	<u>(36,737)</u>	<u>(792)</u>
Cash flows from financing activities:			
Proceeds from issuance of equity shares.....	59	7	-
Share application money pending allotment.....	17	2	-
Proceeds from issuance of equity shares by a subsidiary.....	-	64	1
Repayment of loans and borrowings.....	(51,908)	(45,315)	(977)
Proceeds from loans and borrowings.....	47,425	43,103	929
Payment of cash dividend.....	(6,828)	(6,823)	(147)
Interest paid on loans and borrowings.....	(1,816)	(896)	(19)
Net cash used in financing activities.....	<u>(13,051)</u>	<u>(9,858)</u>	<u>(212)</u>
Net decrease in cash and cash equivalents during the period.....	(1,592)	(6,623)	(143)
Effect of exchange rate changes on cash and cash equivalents.....	487	(619)	(13)
Cash and cash equivalents at the beginning of the period.....	<u>38,912</u>	<u>48,232</u>	<u>1,039</u>
Cash and cash equivalents at the end of the period .....	<u>37,807</u>	<u>40,990</u>	<u>883</u>

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

	Three months ended December 31,		Nine months ended December 31,	
	2009	2009	2009	2009
		Convenience Translation into US \$ in millions		Convenience Translation into US \$ in millions
Profit for the period.....	12,063	260	33,981	732
Other comprehensive income, net of taxes:				
Foreign currency translation differences.....	(502)	(11)	(117)	(3)
Effective portion of changes in fair value of cash flow hedges.....	2,772	60	6,450	139
Net changes in fair value of available for sale investments.....	(7)	-	(71)	(2)
Total other comprehensive income, net of taxes.....	<u>2,263</u>	<u>49</u>	<u>6,262</u>	<u>135</u>
Total comprehensive income.....	<u>14,326</u>	<u>309</u>	<u>40,243</u>	<u>867</u>
Attributable to:				
Equity holders of the Company.....	14,306	309	40,134	865
Minority interest.....	<u>20</u>	<u>-</u>	<u>109</u>	<u>2</u>
	<u>14,326</u>	<u>309</u>	<u>40,243</u>	<u>867</u>

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

	Attributable to equity holders of the Company											
						Other components of equity						
	No. of shares	Share capital	Share premium	Retained earnings	Share based payment reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserve	Share held by controlled Trust	Equity attributable to the equity holders of the Company	Minority interest	Total equity
As at April 1, 2008.....	1,461,453,320	2,923	25,373	94,728	3,149	(10)	(1,097)	404	-	125,469	116	125,585
Cash dividend paid.....				(6,842)						(6,842)		(6,842)
Issue of equity shares on exercise of options.....	2,271,518	4	1,198		(1,102)					100		100
Profit for the period.....				28,749						28,749	50	28,799
Other comprehensive income.....						1,840	(12,896)	(114)		(11,170)	27	(11,144)
Compensation cost related to employee share based payment.....					1,483					1,483		1,483
As at December 31, 2008.....	<u>1,463,724,838</u>	<u>2,927</u>	<u>26,571</u>	<u>116,635</u>	<u>3,530</u>	<u>1,830</u>	<u>(13,993)</u>	<u>290</u>	<u>-</u>	<u>137,790</u>	<u>192</u>	<u>137,983</u>
As at April 1, 2009.....	1,464,980,746	2,930	27,280	126,646	3,745	1,533	(14,533)	85	(542)	147,144	237	147,381
Cash dividend paid.....				(6,823)						(6,823)		(6,823)
Issue of equity shares on exercise of options.....	2,591,336	5	1,530		(1,528)					7	-	7
Profit for the period.....				33,842						33,842	139	33,981
Other comprehensive income.....						(87)	6,450	(71)		6,292	(30)	6,262
Infusion of capital, net.....										-	47	47
Compensation cost related to employee share based payment.....					961					961	-	961
As at December 31, 2009.....	<u>1,467,572,082</u>	<u>2,935</u>	<u>28,810</u>	<u>153,664</u>	<u>3,178</u>	<u>1,446</u>	<u>(8,083)</u>	<u>14</u>	<u>(542)</u>	<u>181,422</u>	<u>393</u>	<u>181,815</u>
Convenience translation into US \$ in millions.....		63	621	3,312	68	31	(174)	-	(12)	3,910	8	3,918

## **A. Company overview:**

Wipro Limited (“Wipro” or the “Parent Company”); together with its subsidiaries and equity accounted investees (collectively, “the Company” or the “Group”) is a leading India based provider of IT Services, including Business Process Outsourcing (“BPO”) services, globally. Further, Wipro has other businesses such as IT Products, Consumer Care and Lighting and Infrastructure engineering.

Wipro is a public limited company incorporated and domiciled in India. The address of its registered office is Wipro Limited, Doddakannelli, Sarjapur Road, Bangalore - 560 035, Karnataka, India. Wipro has its primary listing with Bombay Stock Exchange and National Stock exchange in India. The Company's American Depositary Shares representing equity shares are also listed on the New York Stock Exchange.

## **B. Basis of preparation of financial statements**

### **1) Statement of compliance:**

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

### **2) Basis of preparation**

These condensed consolidated interim financial statements are covered by IFRS 1, First time adoption of IFRS, as they are part of the period covered by the Company’s first IFRS financial statements for the year ending March 31, 2010 and are prepared in accordance with International Accounting Standard (IAS) 34, “Interim financial reporting”.

The transition was carried out from the accounting principles generally accepted in India (Indian GAAP) which is considered as previous GAAP, as defined in IFRS 1. An explanation of how the transition to IFRS has impacted the Company’s equity and profits is provided in Note 13.

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

The Consolidated Statement of financial position corresponds to the classification provisions contained in IAS 1 Presentation of Financial Statements. For clarity, various items are aggregated in the Income statements and Statement of financial position. These items are disaggregated separately in the Notes, where applicable.

### **3) Basis of measurement**

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

#### **4) Convenience translation**

The accompanying condensed consolidated interim financial statements have been prepared and reported in Indian rupees, the national currency of India. Solely for the convenience of the readers, the condensed consolidated financial statements as of and for the nine months ended December 31, 2009, have been translated into United States dollars at the certified foreign exchange rate of \$ 1 = Rs. 46.40, as published by Federal Reserve Board of New York on December 31, 2009. No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollars at such a rate or any other rate.

### **C. SIGNIFICANT ACCOUNTING POLICIES:**

#### **1) Basis of Consolidation:**

##### *Subsidiaries*

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

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

##### *Associates (equity accounted investees)*

Equity accounted investees are entities in respect of which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Investments in such entities are accounted for using the equity method (equity accounted investees) and are initially recognized at cost.

#### **2) Functional and presentation currency:**

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

#### **3) Foreign currency transactions and translation:**

##### **(i) Transactions in foreign currency**

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

**(ii) Foreign operations**

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

**(iii) Others**

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

**4) Financial Instruments:**

**a) Non-derivative financial instruments**

Non derivative financial instruments consist of:

- financial assets, which include cash and cash equivalents, trade receivables, unbilled revenues, finance lease receivables, employee and other advances, investments in equity and debt securities and other current and non-current assets;
- financial liabilities, which include long and short-term loans and borrowings, bank overdrafts, trade payable, other current liabilities and non-current liabilities.

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

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

**A. Cash and cash equivalents**

The Company's cash and cash equivalent consist of cash on hand and in banks and demand deposits with bank.

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

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

The Company has currently classified its investment in liquid mutual funds, equity and certain debt securities other than equity accounted investee and certain debt securities as available-for-sale financial assets. These investments are measured at fair value and changes therein are



recognized directly in equity. The impairment losses, if any, are reclassified from equity into statement of income. When an available for sale financial asset is derecognized, the cumulative gain or loss in equity is transferred to statement of income.

**C. Others**

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

**b) Derivative financial instruments**

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

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

Derivatives are recognized and measured at fair value.

**A. Cash flow hedges**

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

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

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

**C. Others**

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

Changes in fair value and gain/(losses) on settlement of derivatives relating to borrowings are recorded in finance and other income/(expense), net.

**5) Property, plant and equipment:****(i) Recognition and measurement**

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

**(ii) Depreciation**

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. Assets acquired under finance lease and leasehold improvements are amortized over the shorter of estimated useful life or the related lease term. The estimated useful lives of assets are as follows:

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

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

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

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

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

**(i) Goodwill**

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

**(ii) Intangible**

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

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

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

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

**7) Inventories:**

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

**8) Share based payment transaction:**

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

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

**9) Revenue:**

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

**(i) Services:**

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

**A. Time and materials contracts**

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

**B. Fixed-price contracts**

Revenues from fixed-price contracts, including systems development and integration contracts are recognized using the "percentage-of-completion" method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project

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

‘Unbilled revenues’ represent cost and earnings in excess of billings as at the end of the reporting period. ‘Unearned revenues’ represent billing in excess of revenue recognized. Advance payments received from customers for which no services are rendered is recognized as ‘Unearned revenues’.

### **C. Maintenance contract**

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

#### **(ii) Products**

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

#### **(iii) Multiple element arrangements**

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

#### **(iv) Others**

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

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

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.

### **10) Income tax:**

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

#### **(i) Current income tax**

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

offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously

**(ii) Deferred income tax**

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

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

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

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

## 11) Segment report:

The Company is currently organized by segments, which includes IT Services (comprising of IT Services and BPO Services segments), IT Products, Consumer Care and Lighting and 'Others'.

The Chairman of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by IFRS 8, Operating Segments. The Chairman of the Company evaluates the segments based on their revenue growth, operating income and return on capital employed. The management believes that return on capital employed is considered appropriate for evaluating the performance of its operating segments. Return on capital employed is calculated as operating income divided by the average of the capital employed at the beginning and at the end of the period. Capital employed includes total assets of the respective segments less all liabilities, excluding loans and borrowings.

The IT Services segment provides IT and IT enabled services to customers. Key service offering includes software application development, application maintenance, research and development services for hardware and software design, data center outsourcing services and business process outsourcing services.

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

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

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

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

Revenues include excise duty of Rs. 878 and Rs 604 for the nine months ended December 31, 2008 and 2009, respectively. For the purpose of segment reporting, the segment revenues are net of excise duty. Excise duty are reported in reconciling items.

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

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

Information on reportable segments is as follows:

Wipro Limited and Subsidiaries  
Quarter ended December 31, 2009

Three months ended December 31, 2009 (unaudited)

	IT Services & Products			Consumer Care and Lighting	Others	Reconciling Items	Entity Total
	IT Services	IT Products	Total				
Revenue.....	Rs. 51,648	Rs. 10,114	Rs. 61,762	Rs. 5,743	Rs. 1,896	Rs. 373	Rs. 69,774
Cost of revenues.....	(33,610)	(8,956)	(42,566)	(3,048)	(1,921)	(231)	(47,766)
Selling and marketing expenses.....	(2,744)	(324)	(3,068)	(1,630)	(85)	(34)	(4,817)
General and administrative expenses.....	(3,113)	(232)	(3,343)	(317)	(38)	45	(3,655)
Operating margin.....	<b>Rs. 12,182</b>	<b>Rs. 603</b>	<b>Rs. 12,785</b>	<b>Rs. 747</b>	<b>Rs. (148)</b>	<b>Rs. 153</b>	<b>Rs. 13,536</b>
Average capital employed.....			Rs. 112,365	Rs. 18,823	Rs. 5,562	Rs. 86,927	Rs. 223,679
Return on capital employed.....			46%	16%	-11%		24%

Wipro Limited and Subsidiaries  
Quarter ended December 31, 2009

Three months ended December 31, 2008 (unaudited)

	IT Services & Products													
				Consumer Care and Lighting		Others		Reconciling Items		Entity Total				
	IT Services		IT Products		Total									
Revenue.....	Rs.	50,787	Rs.	8,269	Rs.	59,056	Rs.	4,864	Rs.	1,919	Rs.	245	Rs.	66,084
Cost of revenues.....		(34,117)		(7,274)		(41,391)		(2,779)		(1,965)		(274)		(46,409)
Selling and marketing expenses.....		(2,612)		(407)		(3,019)		(1,207)		(64)		(74)		(4,364)
General and administrative expenses.....		(3,636)		(187)		(3,823)		(257)		(118)		7		(4,191)
Operating margin.....	<b>Rs.</b>	<b>10,422</b>	<b>Rs.</b>	<b>401</b>	<b>Rs.</b>	<b>10,823</b>	<b>Rs.</b>	<b>621</b>	<b>Rs.</b>	<b>(228)</b>	<b>Rs.</b>	<b>(96)</b>	<b>Rs.</b>	<b>11,120</b>
Average capital employed.....					Rs.	94,965	Rs.	18,980	Rs.	6,031	Rs.	64,600	Rs.	184,576
Return on capital employed.....						46%		13%		-15%				24%



Wipro Limited and Subsidiaries  
Quarter ended December 31, 2009

Nine months ended December 31, 2009 (unaudited)

	IT Services & Products				Consumer Care and Lighting		Reconciling Items		Entity Total
	IT Services	IT Products	Total			Others			
Revenue.....	Rs. 149,894	Rs. 29,305	Rs. 179,199	Rs. 16,500	Rs. 4,858	Rs. 856	Rs. 201,413		
Cost of revenues.....	(98,316)	(26,035)	(124,351)	(8,508)	(5,111)	(564)	(138,534)		
Selling and marketing expenses.....	(7,526)	(1,017)	(8,543)	(4,741)	(217)	(46)	(13,547)		
General and administrative expenses.....	(9,361)	(749)	(10,110)	(979)	(149)	56	(11,183)		
Operating margin.....	<b>Rs. 34,691</b>	<b>Rs. 1,504</b>	<b>Rs. 36,195</b>	<b>Rs. 2,272</b>	<b>Rs. (619)</b>	<b>Rs. 301</b>	<b>Rs. 38,149</b>		
Average capital employed.....			Rs. 114,890	Rs. 19,300	Rs. 5,701	Rs. 80,616	Rs. 220,507		
Return on capital employed.....			42%	16%	-14%		23%		

Wipro Limited and Subsidiaries  
Quarter ended December 31, 2009

Nine months ended December 31, 2008 (unaudited)

IT Services & Products								
	IT Services	IT Products	Total	Consumer Care and Lighting	Others	Reconciling Items	Entity Total	
Revenue.....	Rs. 142,306	Rs. 25,516	Rs. 167,822	Rs. 14,447	Rs. 7,675	Rs. 880	Rs. 190,824	
Cost of revenues.....	(95,474)	(22,927)	(118,401)	(8,188)	(7,178)	(1,083)	(134,850)	
Selling and marketing expenses.....	(8,062)	(1,000)	(9,062)	(3,512)	(234)	(188)	(12,996)	
General and administrative expenses.....	(9,243)	(518)	(9,761)	(851)	(223)	(98)	(10,933)	
Operating margin.....	<b>Rs. 29,527</b>	<b>Rs. 1,071</b>	<b>Rs. 30,598</b>	<b>Rs. 1,896</b>	<b>Rs. 40</b>	<b>Rs. (489)</b>	<b>Rs. 32,045</b>	
Average capital employed.....			Rs. 94,574	Rs. 18,147	Rs. 5,929	Rs. 59,348	Rs. 177,998	
Return on capital employed.....			43%	14%	1%		24%	

## Wipro Limited and Subsidiaries

Quarter ended December 31, 2009

Operating income of segments is after amortization of stock compensation expense arising from the grant of options:

Segments	Three months ended December 31,		Nine months ended December 31,	
	2008	2009	2008	2009
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
IT Services.....	Rs. 390	Rs. 250	Rs. 1,154	Rs. 902
IT Products .....	28	20	85	73
Consumer Care and Lighting ...	20	19	59	51
Others.....	5	4	16	14
Reconciling.....	(1)	34	169	(79)
Total.....	<u>Rs. 442</u>	<u>Rs. 327</u>	<u>Rs. 1,483</u>	<u>Rs. 961</u>

Return on capital employed is computed based on the average of the capital employed at the beginning and at the end of the period.

The Company has four geographic segments: India, United States, Europe and Rest of the world. Revenues from the geographic segments based on domicile of the customer are as follows:

Segments	Three months ended December 31,		Nine months ended December 31,	
	2008	2009	2008	2009
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
India.....	Rs. 13,392	Rs. 15,661	Rs. 41,474	Rs. 45,528
United States.....	30,690	29,879	84,990	89,190
Europe.....	14,663	14,543	43,776	41,578
Rest of the world.....	7,339	9,691	20,584	25,117
Total.....	<u>Rs. 66,084</u>	<u>Rs. 69,774</u>	<u>Rs. 190,824</u>	<u>Rs. 201,413</u>

### 12) Acquisitions

In December 2009, the Company has acquired Yardley business in Asia, Middle East, Australasia and certain African markets for \$45.5 million, from UK-based Lornamead Group. Yardley is a strong heritage global brand established since 1770 in the personal care category with fragrance products, bath & shower products and skin care. Acquisition of Yardley adds to the Company's strong brand portfolio of personal care products and would increase its presence in the Middle East and other Asean markets. The Company has recorded a goodwill of Rs. 1,018 Million in respect of this acquisition.

### 13) Transition to IFRS

As stated in Note 2, the Company's consolidated financial statements for the year ending March 31, 2010 would be the first annual consolidated financial statements prepared to comply with IFRS. All interim financial statements are also prepared in compliance with IFRS.

The adoption of IFRS was carried out in accordance with IFRS 1, using April 1, 2008 (the "Transition date") as the transition date. The transition was carried out from Indian GAAP, which was considered as the Previous GAAP. The effect of adopting IFRS has been summarized in the reconciliations provided below.

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

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

#### **Exceptions from retrospective application:**

##### **(i) Business Combination Exemption**

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

##### **(ii) Share-based payment transaction exemption**

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

##### **(iii) Borrowing costs**

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

#### **Exceptions from full retrospective application:**

##### **(i) Hedge accounting exception**

The Company had followed hedge accounting under Previous GAAP which is aligned to IFRS. Accordingly, this exception of not reflecting in its opening IFRS statement of financial position

a hedging relationship of a type that does not qualify for hedge accounting under IAS 39, is not applicable to the Company.

**(ii) Estimates exception**

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

**Reconciliations:**

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

- equity at April 1, 2008
- equity at December 31, 2008
- equity at March 31, 2009
- Profits for the three months ended December 31, 2008
- Profits for the Nine months ended December 31, 2008
- Profits for the year ended March 31, 2009
- Explanation of material adjustments to cash flow statements.

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

# Wipro Limited and Subsidiaries

Quarter ended December 31, 2009

## Reconciliation of Equity as at April 1, 2008

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

Notes:

- Under IFRS, the amortization charge in respect of finite life intangible assets is recorded in proportion of economic benefits consumed during the period to the expected total economic benefits from the intangible asset. Under Previous GAAP, finite life intangible assets are amortized usually on a straight line basis over their useful life. As a result, the accumulated amortization under IFRS is lower by Rs 101 as at April 1, 2008.
- Listed below are the key differences in property, plant and equipment between IFRS and Previous GAAP:
  - Under IFRS, leases of land are classified as operating leases unless the title to the leasehold land is expected to be transferred to the Company at the end of the lease term. Lease rentals paid in

advance and lease deposits are recognized as other assets. Under Previous GAAP, the lease rentals paid in advance and lease deposits are recognized in property, plant and equipment. Under IFRS, Rs. 645 of such payments towards lease of land has been reclassified from property, plant and equipment to other assets. This adjustment has no impact on equity.

- b) Difference in the basis of interest capitalization between Previous GAAP and IFRS resulted in higher interest capitalization by Rs 305 under IFRS, net of related depreciation impact.
- 3) Under IFRS, available for sale investments are measured at fair value at each reporting date. The changes in fair value of such investments, net of taxes, are recognized directly in equity. Under Previous GAAP, short-term investments are measured at lower of cost or fair value. Consequently, carrying value of the available for sale investments under IFRS is higher by Rs. 568 (tax effect Rs. 165).
- 4) Under IFRS an entity is required to allocate revenue to separately identifiable components of a multiple deliverable customer arrangement. The revenue relating to these components are recognized when the appropriate revenue recognition criteria is met. Under IFRS, the Company has deferred revenues primarily relating to installation services. Under Previous GAAP, installation services are considered to be incidental / perfunctory to product delivery. Entire revenue is recognized, when the products are delivered in accordance with the contractual terms, and expected cost of installation services is also recognized.

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

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

Further, Previous GAAP requires an entity to follow the income statement approach for recognizing deferred taxes, while IFRS mandates the balance sheet approach in recognizing deferred taxes. As a result, net deferred tax assets under IFRS are higher by Rs. 854.

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

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

## Wipro Limited and Subsidiaries

Quarter ended December 31, 2009

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

- 8) Under IFRS, contingent consideration relating to acquisitions is recognized if it is probable that such consideration would be paid and can be measured reliably. Under Previous GAAP, contingent consideration is recognized only after the contingency is resolved and additional consideration becomes payable. As a result, under IFRS, the Company has recognized Rs 426 of contingent consideration as additional goodwill and liability.
- 9) Under IFRS, loans and receivables are recognized at amortized cost. As a result, the carrying value of such loans and receivables under IFRS is lower by Rs. 154.
- 10) Indian tax laws, levies Fringe benefit Tax (FBT) on all stock options exercised on or after April 1, 2007. The Company has modified share options plan to recover FBT from the employees. Under IFRS 2, Share based payment, the FBT paid to the tax authorities is recorded as a liability over the period that the employee renders services. Recovery of the FBT from the employee is accounted as a reimbursement right under IAS 37, Provisions, contingent liabilities and contingent assets, as it is virtually certain that the Company will recover the FBT from the employee. Accordingly, under IFRS, the Company has recognized the reimbursement right as a separate asset, not to exceed the FBT liability recognized at each reporting period.

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

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



## Reconciliation of Equity as at December 31, 2008

Particulars	Amount as per Previous GAAP	Effect of Transition to IFRS	Amount as per IFRS	Relevant Notes for adjustments
Goodwill.....	Rs. 50,252	Rs. (129)	Rs. 50,123	1
Property, plant and equipment and intangible assets....	49,661	(542)	49,119	1,2,3
Available for sale investments.....	20,260	397	20,657	4
Investment in equity accounted investees.....	1,635	-	1,635	
Inventories.....	7,774	-	7,774	
Trade receivables.....	49,664	(319)	49,345	5
Unbilled revenues.....	14,115	-	14,115	
Cash and cash equivalents.....	38,383	-	38,383	
Net tax assets (including deferred taxes).....	1,470	2,965	4,435	6
Other assets.....	20,769	1,982	22,751	3(a),5, 8, 11
<b>TOTAL ASSETS.....</b>	<b><u>Rs. 253,983</u></b>	<b><u>Rs. 4,354</u></b>	<b><u>Rs. 258,337</u></b>	
Share capital and share premium (net of shares issued to controlled trust).....	Rs. 29,498	Rs. -	Rs. 29,498	
Share application money pending allotment.....	17	(17)	-	10
Retained earnings.....	116,711	(76)	116,635	
Cash flow hedging reserve.....	(15,922)	1,929	(13,993)	6
Other reserves .....	3,608	2,233	5,841	4,6,7,9
<b>Total equity (A).....</b>	<b><u>133,912</u></b>	<b><u>4,069</u></b>	<b><u>137,981</u></b>	
Minority interest.....	192	(192)	-	9
Loans and borrowings.....	47,579	-	47,579	
Trade payables, accrued expenses and liabilities.....	41,649	-	41,649	
Unearned revenues.....	7,568	-	7,568	
Employee benefit obligations.....	3,185	-	3,185	
Other liabilities and provisions.....	19,898	477	20,375	8,10,11
<b>Total liabilities (B).....</b>	<b><u>120,071</u></b>	<b><u>285</u></b>	<b><u>120,356</u></b>	
<b>TOTAL LIABILITIES AND EQUITY (A)+(B).....</b>	<b><u>Rs. 253,983</u></b>	<b><u>Rs. 4,354</u></b>	<b><u>Rs. 258,337</u></b>	

## Notes:

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

intangible arising from the business combination is not recognized under Previous GAAP. Accordingly, goodwill under IFRS is lower by Rs. 129 (net of deferred taxes) and intangible assets are higher by Rs 195 (net of amortization of Rs 22).

- 2) Under IFRS, the amortization charge in respect of finite life intangible assets is recorded in the proportion of economic benefits consumed during the period to the expected total economic benefits from the intangible asset. Under Previous GAAP, finite life intangible assets are amortized usually on a straight line basis over their useful life. As a result the accumulated amortization under IFRS is lower by Rs. 133 as at December 31, 2008.
- 3) Listed below are the key differences in property, plant and equipment between IFRS and Previous GAAP:
  - a) Under IFRS, leases of land are classified as operating leases unless the title to the leasehold land is expected to be transferred to the Company at the end of the lease term. Lease rentals paid in advance and lease deposits are recognized as other assets. Under Previous GAAP, the lease rentals paid in advance and lease deposits are recognized in property, plant and equipment. Under IFRS, Rs. 1,222 of such payments towards lease of land has been reclassified from property, plant and equipment to other assets. This adjustment has no impact on equity.
  - b) Difference in the basis of interest capitalization between Previous GAAP and IFRS resulted in higher interest capitalization by Rs. 353 under IFRS.
- 4) Under IFRS, available for sale investments are measured at fair value at each reporting date. The changes in fair value of such investments net of taxes, are recognized directly in equity. Under Previous GAAP, short-term investments are measured at lower of cost or fair value. Consequently, available for sale investments under IFRS is higher by Rs. 397 (tax effect Rs. 116).
- 5) Under IFRS, an entity is required to allocate revenue to separately identifiable components of a multiple deliverable customer arrangement. The revenue relating to these components are recognized when the appropriate revenue recognition criteria is met. Under IFRS, the Company has deferred revenues primarily relating to installation services. Under Previous GAAP, installation services are considered to be incidental / perfunctory to product delivery. Entire revenue is recognized, when the products are delivered in accordance with the contractual terms, and expected cost of installation services is also recognized.

Consequently, under IFRS the Company has deferred revenue of Rs. 319 and reversed Rs. 245 of cost accrued for installation services. The deferred revenues are recognized when the related installation services is performed.

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

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

As a result, net deferred tax assets under IFRS are higher by Rs. 2,965, including impact of foreign currency translation adjustment where necessary.

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

underlying tranche. This results in accelerated amortization of stock compensation expense in the initial years following grant of share options.

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

Accordingly, the stock compensation expense recognized under IFRS is higher by Rs. 1,475 as at December 31, 2008, in respect of unvested awards.

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

Under Previous GAAP, FBT liability and the related FBT recovery from the employee is recorded at the time of exercise of stock option by the employee. Accordingly, under IFRS, the Company has recognized Rs. 736 as provision and reimbursement right in respect of outstanding stock options. This adjustment has no impact on equity.

- 9) Under IFRS, minority interest is reported as a separate item within equity, whereas Previous GAAP requires minority interest to be presented separately from equity. This presentation difference between IFRS and Previous GAAP has resulted in an increase in equity under IFRS by Rs. 192 as at December 31, 2008.
- 10) Under IFRS, share application money pending allotment is reported under other liabilities whereas Previous GAAP requires share application money pending allotment to be presented as a separate item within equity. This presentation difference between IFRS and Previous GAAP has resulted in a decrease in equity under IFRS by Rs. 17 as at December 31, 2008.
- 11) Difference in accounting for certain forward contract has resulted in decrease in other assets by Rs. 221 and other liabilities by Rs 276 under IFRS as of December 31, 2008.

## Reconciliation of Equity as at March 31, 2009

Particulars	Amount as per Previous GAAP	Effect of Transition to IFRS	Amount as per IFRS	Relevant Notes for adjustments
Goodwill.....	Rs. 56,521	Rs. (378)	Rs. 56,143	1,10
Property, plant and equipment and intangible assets....	52,563	724	53,287	1,2,3
Available for sale investments.....	16,426	117	16,543	4
Investment in equity accounted investees.....	1,670	-	1,670	
Inventories.....	7,587	-	7,587	
Trade receivables.....	48,899	(247)	48,652	5
Unbilled revenues.....	14,108	-	14,108	
Cash and cash equivalents.....	49,117	-	49,117	
Net tax assets (including deferred taxes).....	4,143	3,085	7,228	6
Other assets.....	21,057	1,969	23,026	3(a),5, 9,13
<b>TOTAL ASSETS.....</b>	<b><u>Rs. 272,091</u></b>	<b><u>Rs. 5,270</u></b>	<b><u>Rs. 277,361</u></b>	
Share capital and share premium (net of shares issued to controlled trust).....	Rs. 29,667	Rs. -	Rs. 29,667	
Share application money pending allotment.....	15	(15)	-	12
Retained earnings.....	119,957	6,689	126,646	
Cash flow hedging reserve.....	(16,886)	2,353	(14,533)	6
Other reserves .....	3,546	2,055	5,601	4,8,11
<b>Total equity (A).....</b>	<b><u>136,299</u></b>	<b><u>11,082</u></b>	<b><u>147,381</u></b>	
Minority interest.....	237	(237)	-	11
Loans and borrowings.....	56,892	-	56,892	
Trade payables, accrued expenses and liabilities.....	41,650	-	41,650	
Unearned revenues.....	8,453	-	8,453	
Employee benefit obligations.....	3,111	-	3,111	
Other liabilities and provisions.....	25,449	(5,575)	19,874	7,9,10,12,13
<b>Total liabilities (B).....</b>	<b><u>135,792</u></b>	<b><u>(5,812)</u></b>	<b><u>129,980</u></b>	
<b>TOTAL LIABILITIES AND EQUITY (A)+(B).....</b>	<b><u>Rs. 272,091</u></b>	<b><u>Rs. 5,270</u></b>	<b><u>Rs. 277,361</u></b>	

## Notes:

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

intangible arising from the business combination is not recognized under Previous GAAP. Accordingly, goodwill under IFRS is lower by Rs. 1,139 (net of deferred taxes) and intangible assets are higher by Rs 1,535 (net of amortization of Rs 91).

- 2) Under IFRS, the amortization charge in respect of finite life intangible assets is recorded in the proportion of economic benefits consumed during the period to the expected total economic benefits from the intangible asset. Under Previous GAAP, finite life intangible assets are amortized usually on a straight line basis over their useful life. As a result the accumulated amortization under IFRS is lower by Rs. 149 as at March 31, 2009.
- 3) Listed below are the key differences in property, plant and equipment between IFRS and Previous GAAP:
  - c) Under IFRS, leases of land are classified as operating leases unless the title to the leasehold land is expected to be transferred to the Company at the end of the lease term. Lease rentals paid in advance and lease deposits are recognized as other assets. Under Previous GAAP, the lease rentals paid in advance and lease deposits are recognized in property, plant and equipment. Under IFRS, Rs. 1,293 of such payments towards lease of land has been reclassified from property, plant and equipment to other assets. This adjustment has no impact on equity.
  - d) Difference in the basis of interest capitalization between Previous GAAP and IFRS resulted in higher interest capitalization by Rs. 331 under IFRS.
- 4) Under IFRS, available for sale investments are measured at fair value at each reporting date. The changes in fair value of such investments net of taxes, are recognized directly in equity. Under Previous GAAP, short-term investments are measured at lower of cost or fair value. Consequently, available for sale investments under IFRS is higher by Rs. 117 (tax effect Rs. 33).
- 5) Under IFRS, an entity is required to allocate revenue to separately identifiable components of a multiple deliverable customer arrangement. The revenue relating to these components are recognized when the appropriate revenue recognition criteria is met. Under IFRS, the Company has deferred revenues primarily relating to installation services. Under Previous GAAP, installation services are considered to be incidental / perfunctory to product delivery. Entire revenue is recognized, when the products are delivered in accordance with the contractual terms, and expected cost of installation services is also recognized.

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

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

Further, Previous GAAP requires an entity to follow the income statement approach for recognizing deferred taxes, while IFRS mandates balance sheet approach in recognizing deferred taxes. As a result, net deferred tax assets under IFRS are higher by Rs. 3,085, including impact of foreign currency translation adjustment where necessary.

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

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

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

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

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

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

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

- 10) Under IFRS, contingent consideration relating to acquisitions is recognized if it is probable that such consideration will be paid and can be measured reliably. Under Previous GAAP, contingent consideration is recognized only after the contingency is resolved and additional consideration becomes payable. As a result, under IFRS, the Company has recognized Rs. 761 of contingent consideration as additional goodwill and liability.
- 11) Under IFRS, minority interest is reported as a separate item within equity, whereas Previous GAAP requires minority interest to be presented separately from equity. This presentation difference between IFRS and Previous GAAP has resulted in an increase in equity under IFRS by Rs. 237 as at March 31, 2009.
- 12) Under IFRS, share application money pending allotment is reported under other liabilities whereas Previous GAAP requires share application money pending allotment to be presented as a separate item within equity. This presentation difference between IFRS and Previous GAAP has resulted in an increase in equity under Previous GAAP by Rs. 15 as at March 31, 2009.
- 13) Difference in accounting for certain forward contract has resulted in a decrease in other assets by Rs. 260 and other liabilities by Rs. 236 under IFRS as of March 31, 2009.

**Reconciliation of Profit for the three months ended December 31, 2008**

<b>Particulars</b>	<b>Amount as per Previous GAAP</b>	<b>Effect of Transition to IFRS</b>	<b>Amount as per IFRS</b>	<b>Relevant Notes for adjustments</b>
Revenues.....	Rs. 65,997	Rs. (99)	Rs. 65,898	1
Cost of revenues.....	(46,250)	(159)	(46,409)	1,2, 5
<b>Gross profit.....</b>	<b><u>19,747</u></b>	<b><u>(258)</u></b>	<b><u>19,489</u></b>	
Selling and marketing expenses.....	(4,519)	155	(4,364)	1(c ),2,3,5 2,5
General and administrative expenses.....	(4,163)	(27)	(4,190)	
Foreign exchange (gains)/losses, net.....	<u>186</u>	-	<u>186</u>	
<b>Results from operating activities.....</b>	<b><u>11,251</u></b>	<b><u>(131)</u></b>	<b><u>11,220</u></b>	
Finance and other income/(expenses), net.....	295	157	452	4
Share of profits of equity accounted investees....	<u>114</u>	-	<u>114</u>	
<b>Profit before tax.....</b>	<b><u>11,661</u></b>	<b><u>26</u></b>	<b><u>11,686</u></b>	
Income tax expense.....	(1,607)	35	(1,572)	5
<b>Profit for the period.....</b>	<b><u>Rs. 10,054</u></b>	<b><u>Rs. 61</u></b>	<b><u>Rs. 10,114</u></b>	
<b>Attributable to:</b>				
Equity holders of the Company.....	Rs. 10,038		Rs. 10,098	
Minority Interest.....	<u>16</u>		<u>16</u>	

Notes:

- 1) The following are the primary differences in revenue between IFRS and Previous GAAP:
  - a) Under Previous GAAP, revenue is reported net of excise duty charged to customers. Under IFRS, revenue includes excise duty charged to customers. As a result, revenues and cost of revenues under IFRS is higher by Rs. 244.
  - b) Under IFRS, revenue relating to product installation services is recognized when the installation services are performed. Under Previous GAAP, the entire revenue relating to the supply and installation of products is recognized when products are delivered in accordance with the terms of contract. Installation services are considered to be incidental / perfunctory to product delivery and the cost of installation services is recognized upon delivery of the product. Accordingly, revenue and cost of revenue under IFRS is lower by Rs. 91 and Rs. 59, respectively.
  - c) Under IFRS, generally cash payments to customers pursuant to sales promotional activities are considered as sales discounts and reduced from revenue. Under Previous GAAP, they are considered as cost of revenue and selling and marketing expense. As a result, under IFRS, revenue is lower by Rs. 251 and cost of revenues and selling and marketing expenses are lower by Rs. 68 and Rs. 183, respectively.



## Wipro Limited and Subsidiaries

Quarter ended December 31, 2009

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- 2) Under IFRS, the Company amortizes stock compensation expense, relating to share options, which vest in a graded manner, on an accelerated basis. Under Previous GAAP, the stock compensation expense is recorded on a straight-line basis. As a result, under IFRS the Company has recognized lower stock compensation expense of Rs. 4 in cost of revenue, Rs. 3 in selling and marketing expenses and Rs. 3 in general and administrative expenses.
- 3) Under IFRS, the amortization charge in respect of finite life intangible assets is recorded in the proportion of economic benefits consumed during the period to the expected total economic benefits from the intangible asset. Under Previous GAAP, such finite life intangible assets are amortized on a straight-line basis over the life of the asset.

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

- 4) This includes difference in accounting for certain forward contracts and bases of interest capitalizing interest expenses under IFRS and Previous GAAP.
- 5) Under Indian tax laws, the Company is required to pay Fringe Benefit Tax (FBT) on certain expenses incurred by the Company. Under Previous GAAP, FBT is reported in the income statement as a separate component of income tax expense. Under IFRS, FBT does not meet the definition of income tax expense and is recognized in the related expense line items. Accordingly, the cost of revenue, selling and marketing expenses and general and administrative expenses under IFRS are higher by Rs. 41, Rs. 30 and Rs. 30, respectively.



## Reconciliation of Profit for the nine months ended December 31, 2008

Particulars	Amount as per Previous GAAP	Effect of Transition to IFRS	Amount as per IFRS	Relevant Notes for adjustments
Revenues.....	Rs. 191,715	Rs. (99)	Rs. 191,616	1
Cost of revenues.....	(134,174)	(676)	(134,850)	1,2, 5
<b>Gross profit.....</b>	<b><u>57,541</u></b>	<b><u>(775)</u></b>	<b><u>56,766</u></b>	
Selling and marketing expenses.....	(13,414)	418	(12,996)	1(c ),2,3,5 2,5
General and administrative expenses.....	(10,805)	(128)	(10,933)	
Foreign exchange (gains)/losses, net.....	<u>(792)</u>	<u>-</u>	<u>(792)</u>	
<b>Results from operating activities.....</b>	<b><u>32,530</u></b>	<b><u>(485)</u></b>	<b><u>32,045</u></b>	
Finance and other income/(expenses), net.....	881	120	1,001	4
Share of profits of equity accounted investees....	<u>327</u>	<u>-</u>	<u>327</u>	
<b>Profit before tax.....</b>	<b><u>33,739</u></b>	<b><u>(365)</u></b>	<b><u>33,373</u></b>	
Income tax expense.....	(4,792)	218	(4,574)	5
<b>Profit for the period.....</b>	<b><u>Rs. 28,947</u></b>	<b><u>Rs. (147)</u></b>	<b><u>Rs. 28,799</u></b>	
<b>Attributable to:</b>				
Equity holders of the Company.....	Rs. 28,897		Rs. 28,749	
Minority Interest.....	<u>50</u>		<u>50</u>	

## Notes:

- 1) The following are the primary differences in revenue between IFRS and Previous GAAP:
  - a) Under Previous GAAP, revenue is reported net of excise duty charged to customers. Under IFRS, revenue includes excise duty charged to customers. As a result, revenues and cost of revenues under IFRS is higher by Rs. 878.
  - b) Under IFRS, revenue relating to product installation services is recognized when the installation services are performed. Under Previous GAAP, the entire revenue relating to the supply and installation of products is recognized when products are delivered in accordance with the terms of contract. Installation services are considered to be incidental / perfunctory to product delivery and the cost of installation services is recognized upon delivery of the product. Accordingly, revenue and cost of revenue under IFRS is lower by Rs. 219 and Rs. 167, respectively.
  - c) Under IFRS, generally cash payments to customers pursuant to sales promotional activities are considered as sales discounts and reduced from revenue. Under Previous GAAP, they are considered as cost of revenue and selling and marketing expense. As a result, under IFRS, revenue is lower by Rs. 758 and cost of revenues and selling and marketing expenses are lower by Rs. 222 and Rs. 536, respectively.
- 2) Under IFRS, the Company amortizes stock compensation expense, relating to share options, which vest in a graded manner, on an accelerated basis. Under Previous GAAP, the stock compensation

expense is recorded on a straight-line basis. As a result, under IFRS the Company has recognized additional stock compensation expense of Rs. 57 in cost of revenue, Rs. 43 in selling and marketing expenses and Rs. 43 in general and administrative expenses.

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

Further, the Company recorded amortization in respect of customer related intangible arising out of business combination consummated subsequent to the Transition date. Accordingly, amortization under IFRS is lower by Rs. 10.

- 4) This includes difference in accounting for certain forward contracts and basis of interest capitalizing interest expenses under IFRS and Previous GAAP.
- 5) Under Indian tax laws, the Company is required to pay Fringe Benefit Tax (FBT) on certain expenses incurred by the Company. Under Previous GAAP, FBT is reported in the income statement as a separate component of income tax expense. Under IFRS, FBT does not meet the definition of income tax expense and is recognized in the related expense line items. Accordingly, the cost of revenue, selling and marketing expenses and general and administrative expenses under IFRS are higher by Rs. 114, Rs. 85 and Rs. 85, respectively.

# Wipro Limited and Subsidiaries

Quarter ended December 31, 2009

## Reconciliation of Profit for the Year Ended March 31, 2009

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

### Notes:

- 1) The following are the primary differences in revenue between IFRS and Previous GAAP:
  - a) Under Previous GAAP, revenue is reported net of excise duty charged to customers. Under IFRS, revenue includes excise duty charged to customers. As a result, revenues and cost of revenues under IFRS is higher by Rs. 1,055.
  - b) Under IFRS, revenue relating to product installation services is recognized when the installation services are performed. Under Previous GAAP, the entire revenue relating to the supply and installation of products is recognized when products are delivered in accordance with the terms of contract. Installation services are considered to be incidental / perfunctory to product delivery and the cost of installation services is recognized upon delivery of the product. Accordingly, revenue and cost of revenue under IFRS is lower by Rs. 147 and Rs. 117, respectively.
  - c) Under IFRS, generally cash payments to customers pursuant to sales promotional activities are considered as sales discounts and reduced from revenue. Under Previous GAAP, they are considered as cost of revenue and selling and marketing expense. As a result, under IFRS, revenue is lower by Rs. 1,011 and cost of revenues and selling and marketing expenses are lower by Rs. 275 and Rs. 736, respectively.
- 2) Under IFRS, the Company amortizes stock compensation expense, relating to share options, which vest in a graded manner, on an accelerated basis. Under Previous GAAP, the stock compensation

expense is recorded on a straight-line basis. As a result, the Company has recognized additional stock compensation expense of Rs. 40 in cost of revenue, Rs. 30 in selling and marketing expenses and Rs. 30 in general and administrative expenses, under IFRS.

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

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

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

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

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