DIRECTORS' REPORT

Dear Shareholders,

I am happy to present on behalf of the Board of Directors, the 63rd Directors' Report for the year ended March 31, 2009, along with the Balance Sheet and Profit and Loss Account for the year.

Financial Performance

Key aspects of your Company's consolidated financial performance for Wipro and its group companies and standalone financial results for Wipro Limited for the year 2008-09 are tabulated below: (Rs. in Million)

	Consolidated Results		Standalone Results	
	2009	2008	2009	2008
Sales and Other Income	259,616	203,970	210,269	178,195
Profit before Tax	45,196	37,070	35,479	34,697
Provision for Tax	6,460	4,550	5,741	4,064
Minority interest and equity in earnings/ (losses) in affiliates	263	309	-	-
Profit for the year*	38,999	32,829	29,738	30,633
Appropriations				
Interim Dividend	-	2,919	-	2,919
Proposed Dividend on equity shares	5,860	5,846	5,860	5,846
Corporate Tax on distributed dividend	996	1,489	996	1,489
Transfer to General Reserve	32,143	22,575	22,882	20,379

*Profit for the year in Standalone Results is after Rs. 7,454 million of losses relating to translation of foreign currency borrowings and mark to market losses of related cross currency swaps. In the Consolidated accounts, these are considered as hedges of net investment in overseas operations and are recognized directly in shareholders' funds. (Refer note 1 on page 49).

Global Economy

The ongoing economic crisis has significantly impacted global economic growth. According to World Economic Outlook Update published by the International Monetary Fund in January 2009, the GDP of United States is projected to contract by 1.6% in fiscal 2009 and during the same period the GDP of Euro area is projected to contract by 2%. A significant portion of our exports are to these economies.

Subsidiary Companies

Wipro today is a global corporation having operations in more than 31 countries through 76 subsidiary companies, a few joint ventures and associate companies. Section 212 of the Companies Act, 1956, requires that we attach the Directors' Report, Balance Sheet and Profit and Loss Account of our subsidiary companies. We believe that the Consolidated Financial Statements present a more comprehensive picture rather than the standalone financial statements of Wipro Limited and each of its subsidiaries. We, therefore, applied to the Ministry of Corporate Affairs, Government of India and sought an exemption from the requirement to present detailed financial statements of each subsidiary. The Ministry of Corporate Affairs, Government of India has granted the exemption. In compliance with the terms of the exemption, we have presented in page 87 - 88 summary financial information for each subsidiary. As permitted by SEBI guidelines and Companies Act, 1956, we have included the abridged financial statements of Wipro Limited in this annual report. The detailed financial statements and audit reports of Wipro Limited and each of the subsidiaries are available for inspection at the registered office of the Company and upon written request from a shareholder, we will arrange to send the unabridged financial statements to the said shareholder.

Consolidated Results

Our Sales and Other Income for the current year grew by 27% to Rs. 259,616 million and our Profit for the year was Rs. 38,999 million, increase of 19% over the previous year. Over the last 10 years, our Sales have grown at a compounded annual growth rate (CAGR) of 30% and Profit after Tax at 37%.

Dividend

Your Directors recommend a final Dividend of 200% (Rs.4 per equity share of Rs. 2/- each) to be appropriated from the profits of the year 2008-09 subject to the approval of the shareholders at the ensuing Annual General Meeting. The Dividend will be paid in compliance with applicable regulations.

During the year 2008-09, unclaimed dividend of Rs.88,824/- was transferred to the Investor Eduction and Protection Fund, as required by the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001.

Preferential issue

On March 26, 2009, the Company allotted 968,803 equity shares of Rs.2/- each to Wipro Inc Benefit Trust pursuant to the orders of the Hon'ble High Court of Karnataka and Hon'ble High Court of Bombay and in terms of the approval by National Stock Exchange and Bombay Stock Exchange approving the scheme of amalgamation for merger of Mpact Technology Services Private Limited, Mpower Software Services (India) Private Limited and Cmango India Private Limited with Wipro Limited.

Mergers and Acquisitions

We have continued to pursue the strategy of "string of pearls acquisitions" by acquiring businesses which complement our service offerings, provide access to niche skill sets and expand our presence in select geographies. We have a dedicated team of professionals who identify businesses which meet our strategic requirements and are cultural fit to Wipro.

In January 2009, your Company acquired Wipro Technology Services Limited (formerly called as Citi Technology Services Limited "CTS") for US $ 127 million. CTS is an India based captive provider of information technology services and solutions to Citi Group worldwide. CTS has a strong competency in Technology Infrastructure Services and application development and maintenance for cards, capital markets and corporate banking. The acquisition is expected to enhance Wipro's capabilities to address Technology Infrastructure Services business in the financial service industry.

During the year, the Company also re-structured a few of its overseas subsidiaries and merged them with their holding company in the US.

All the subsidiaries of the Company are unlisted and none of them are material unlisted subsidiaries as per Clause 49 of the Listing Agreement.

Investments in direct subsidiaries

During the year under review, your Company had invested an aggregate of US $ 432 million as equity, in its direct subsidiaries Wipro Cyprus Private Limited, Wipro Holdings (Mauritius) Limited, Wipro Inc and Wipro Technology Services Limited.

Corporate Governance

We believe Corporate Governance is at the heart of Shareholder value creation. Our governance practices are described separately in pages 17 through 40 of this annual report. We have obtained a certification from a practising Company Secretary on our compliance with clause 49 of the listing agreement with Indian Stock Exchanges. This certificate is given in page 40 of this Annual Report.

Personnel

We present the abridged accounts under Section 219 of the Companies Act, 1956. Pursuant to the Rules and Forms read with Section 219 of the Companies Act, 1956, the particulars of employees as required by Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employee) Rules, 1975) have not been provided. However, these particulars are available for inspection at the Registered Office of the Company and upon written request from a shareholder, we will arrange to mail these details.

Wipro Employee Stock Option Plans (WESOP)

Information relating to stock options program of the Company is provided in pages 6 through 8. The information is being provided in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme) and (Employee Stock Purchase Scheme) Guidelines, 1999, as amended. No employee was issued Stock Option, during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant.

Foreign Exchange Earnings and Outgoings

During the year we earned foreign exchange of Rs. 166,229 million and the outgoings in foreign exchange were Rs. 70,256 million, including outgoings on materials imported and dividend.

Research & Development

Requirement under Rule 2 of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Technical Absorption and Research & Development in Form B is given in page 4 to the extent applicable.

Conservation of Energy

The Company has taken several steps to conserve energy through its "Eco Eye" initiatives disclosed separately as part of this Annual Report. The information on Conservation of Energy required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is provided in page 4 of this annual report.

Directors' Re-appointment

Articles of Association of the Company provide that at least two-thirds of our Directors shall be subject to retirement by rotation. One third of these retiring Directors must retire from office at each Annual General Meeting of the shareholders. A retiring Director is eligible for reelection. Mr B C Prabhakar, Dr Jagdish N Sheth and Mr William Arthur Owens, retire by rotation and being eligible offer themselves for reappointment at this Annual General Meeting. The Board Governance and Compensation Committee have recommended their re-appointment for consideration of the Shareholders.

Board of Directors vide circular resolution of June 16, 2009 re-appointed Mr Azim H Premji as Chairman and Managing Director of the Company (designated as "Chairman") for a further period of 2 years with effect from July 31, 2009. This re-appointment is subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

Group

The names of the Promoters and entities comprising "group" as defined under the Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 read with Section 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 are disclosed below:

Sl. No.	Name	No. of Shares
1	Azim H Premji	56,043,060
2	Yasmeen A Premji	637,600
3	Rishad Azim Premji	618,000
4	Tariq Azim Premji	159,000
5	Mr Azim H Premji partner representing Hasham Traders	326,259,000
6	Mr Azim H Premji partner representing Prazim Traders	325,017,000
7	Mr Azim H Premji partner representing Zash Traders	324,244,800
8	Regal Investment Trading Company Pvt. Ltd.	51,014,200
9	Vidya Investment Trading Company Pvt. Ltd.	38,860,600
10	Napean Trading Investment Company Pvt. Ltd.	38,263,000

Management's Discussion and Analysis Report

The Management's Discussion and Analysis on Company's performance – industry trends and other material changes with respect to the Company and its subsidiaries, wherever applicable are presented on pages 9 through 16 of this annual report.

Re-appointment of Statutory Auditor

The auditors, M/s. BSR & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. The proposal for their re-appointment is included in the notice for Annual General Meeting sent herewith.

Re-appointment of Cost Auditor

Pursuant to the direction from the Department of Corporate Affairs for appointment of Cost Auditors, your Board of Directors has re-appointed M/s. P.D. Dani & Co., as the Cost Auditor for the year ended March 31, 2010.

Fixed Deposits

We have not accepted any fixed deposits. Hence, there is no outstanding amount as on the Balance Sheet date.

Directors' Responsibility Statement

On behalf of the Directors I confirm that as required under Section 217 (2AA) of the Companies Act, 1956.

a) In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures are made from the same;

b) We have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for the period;

c) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

d) We have prepared the annual accounts on a going concern basis.

Acknowledgements and Appreciation

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company. I am sure you will join our Directors in conveying our sincere appreciation to all employees of the Company for their hard work and commitment. Their dedication and competence has ensured that the Company continues be a significant and leading player in the IT services industry.

For and on behalf of the Board of Directors

Azim H. Premji,
Chairman

Bangalore, June 19, 2009

ANNEXURE 'A' FORMING PART OF THE DIRECTORS' REPORT

A. DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY
(Wipro Consumer Care and Lighting)

			2008-2009	2007-2008
Electricity				
a)	Purchased			
	Unit	KWH	**14,848,463**	13,095,941
	Total Amount	Rs.	**65,068,207**	56,338,693
	Rate/unit	Rs.	**4.38**	4.30
b)	Own generation			
	Through Diesel Generator			
	Unit	KWH	**859,456**	906,745
	Unit/litre of diesel	Units	**3.04**	3.02
	Cost per unit	Rs.	**11.27**	10.38
Coal				
	Quantity	Tones	**3,187**	3,333
	Total Cost	Rs.	**15,909,865**	13,141,189
	Av. Rate	Rs.	**4,992**	3,943
Furnace Oil				
	Quantity FO	Ltrs.	**3,903,204**	3,101,420
	Total Cost	Rs.	**113,006,503**	68,855,390
	Av. Rate	Rs.	**28.95**	22.20
LPG & Propane				
	Quantity	Kgs.	**594,221**	659,601
	Total Cost	Rs.	**24,718,033**	23,416,392
	Av. Rate	Rs.	**41.60**	35.50
H2 Gas				
	Quantity	CMT	**109,981**	169,622
	Total Cost	Rs.	**3,672,356**	5,510,025
	Av. Rate	Rs.	**33.39**	32.48

B. DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY
(Wipro Infrastructure Engineering)

ELECTRICITY			2008-09	2007-08
a.	Purchased			
	Unit	KWH	4,872,613	7,568,441
	Total Amount	Rs.	23,746,108	35,467,862
	Rate/Unit	Rs.	4.87	4.69
b.	Own Generation through DG			
	Unit	KWH	398,638	431,734
	Unit/Ltr. of Diesel	Units	2.17	2.64
	Cost per unit	Rs.	16.68	12.45

C. CONSUMPTION PER UNIT PRODUCTION
(Wipro Consumer Care and lighting)

Vanaspati	**Electricity** (KWH/Tone)		**Liquid Diesel Oil** (Litres/Tonne)	
	Standard		Standard	
2008/09	109	138.42	-	NA
2007-08	-	135.51	-	NA
2006-07	-	128	-	NA
General Lighting System	**Electricity KWH/000 nos)**		**Liquid Diesel Oil (Litres/000 nos)**	
	Standard		Standard	
2008/09	16	15.41	-	0.44
2007/08	-	19.00	-	0.53
2006/07	-	16.65	-	0.5
Flourescent Tube Light	**Electricity (KWH/000 nos)**		**Liquid Diesel Oil (Litres/000 nos)**	
	Standard		Standard	
2008/09	138	144.67	-	2.74
2007/08	-	160.83	-	3.71
2006/07	-	149.62	-	2.61

D. CONSUMPTION PER UNIT PRODUCTION
(Wipro Infrastructure Engineering)

Hydraulic Cylinder	Standard	Electricity (kwh/cyl.)	Standard	Diesel (Lts/Cyl.)
2008-09	17 kwh	19.05	0.40 ltrs	0.66
2007-08	-	17.39		0.36

FORM B

Wipro's R&D Activities: 2008-09

A. Specific areas in which R&D is being carried out in the Company

Wipro's R&D focus is to strengthen the portfolio of Centers of Excellence (CoE), Solution Accelerators and Software Engineering Tools & Methodologies. In financial year 2008-09, your Company incubated Applied Research group to investigate & analyze potential impact and business prospect of technologies which are in the early stage of adoption.

B. Benefits derived as a result of R&D, Technology Absorption, Adaptation and Innovation

Centers of Excellence (CoE)

The goal of CoE is to create competencies in emerging areas of technologies & industry and incubate new practices for business growth. In order to enhance focus, few technologies are driven centrally as Theme initiatives. The technology themes identified are SOA (Service Oriented Architecture), SaaS (Software as a Service), Virtualization, Unified Communication, Next Gen Web, Mobility, Business Analytics and Green IT.

Solution Accelerators

Industry solution accelerators are specific to a particular industry segment whereas functional and technology solution accelerators can be used across industry segments.

Sample list of solution accelerators incubated in Financial Year 08-09:

- Order to Bill solution for mobile operators in emerging markets
- Business Analytics solution for Retail and Healthcare Industry
- Reference Data Management solution for Securities Industry
- Intuitive Customer Experience solution for Banking Industry
- Identity and Access Management solution
- Document Management Solution
- SaaS enablement solution

We have also invested in innovative delivery models targeted towards outcome based (and not head count based) service delivery & pricing. Examples include: Flex Delivery for applications like SAP and CIGMA for Integrated Application Management.

Software Engineering Tools & Methodologies:

We developed a unique approach with a blend of tools, frameworks and methodologies to provide value engineering services to clients and built capability to do deep structural analysis of an application and provide insights on Scalability, Maintainability, Complexity etc. and aid retain/ sunset decisions.

We continued to study the interplay between Software delivery and team composition. Unique insights from the study have been incorporated into our resourcing model to maximize performance and optimize costs. Our joint work with Harvard business school in this area has been published in Management science - a leading management journal.

Patents:

During the financial year 2008-09, Wipro has filed for 13 patents, during the year we were granted 1 patent in respect of prior patent applications. Process innovations in SOA and BPO domains, in respect of which patent applications have been filed, have already been deployed in various customer engagements.

C. Future plan of action

We will continue to invest in in-house development of Software Engineering Tools to improve productivity and Quality; Examples include Wipro style, Deep Check, Wipro Accelerator, Wipro Unit Test and Wipro code checker, reusable IP's/assets (components, tools, frameworks) which help in accelerating the implementation of solutions in customer engagements.

We have chosen Enterprise Information Management as one of the areas of focus in Applied Research.

D. Expenditure on R&D

During the year under review, we have incurred an expenditure of Rs.492 million including capital expenditure in continued developement of R&D activities.

ANNEXURE 'B' FORMING PART OF THE CORPORATE GOVERNANCE REPORT

Disclosure in compliance with Clause 12 of the SEBI (Employee Stock Option Scheme) and (Employee Stock Purchase Scheme) Guidelines, 1999, as amended

Sl. No.	Description	WESOP 1999	WESOP 2000	ADS 2000 Stock Option Plan	Wipro Restricted Stock Unit Plan 2004	Wipro Restricted Stock Unit Plan 2005	ADS Restricted Stock Unit Plan 2004	Wipro Restricted Stock Unit Plan 2007
1.	Total number of options under the Plan	30,000,000 (adjusted for the issue of bonus shares in the years 2004 and 2005)	150,000,000 (adjusted for the issue of bonus shares in the years 2004 and 2005)	9,000,000 ADS representing 9,000,000 underlying equity shares (adjusted for the issue of bonus shares of the years 2004 and 2005)	12,000,000 (Adjusted for the issue of bonus shares of the years 2004 and 2005)	12,000,000 (Adjusted for the issue of bonus shares of the year 2005)	12,000,000 ADS representing 12,000,000 underlying equity shares (adjusted for the issue of bonus shares of the years 2004 and 2005)	10,000,000
2.	Options/RSUs grants approved during the year	-	120,000	-	1,100,950	5,781,465	1,484,261	-
3.	Pricing formula	Fair market value i.e., the market price as defined by the Securities and Exchange Board of India	Fair market value i.e., the market price as defined by the Securities and Exchange Board of India	Exercise price being not less than 90% of the market price on the date of grant	Face value of the share	Face value of the share	Face value of the share	Face value of the share
4.	Options vested during the year	-	-	-	2,293,960	1,243,804	525,653	-
5.	Options exercised during the year	-	345,099	4,400	1,284,450	477,833	446,841	-
6.	Total number of shares arising as a result of exercise of option (as of March 31, 2009)	-	345,099	4,400	1,284,450	477,833	446,841	-
7.	Options lapsed/forfeited during the year *	-	873,687	2,700	412,415	608,295	452,015	-
8.	Variation in terms of options during the year ended March 31, 2009	-	-	-	-	-	-	-

Sl. No.	Description	WESOP 1999	WESOP 2000	ADS 2000 Stock Option Plan	Wipro Restricted Stock Unit Plan 2004	Wipro Restricted Stock Unit Plan 2005	ADS Restricted Stock Unit Plan 2004	Wipro Restricted Stock Unit Plan 2007
9.	Money realised by exercise of options during the year (Rs.)	-	92,523,633	910,694	2,568,900	955,666	893,682	-
10.	Total number of options in force at the end of the year (granted, vested and unexercised/unvested and unexercised)	-	121,140	1,606	5,970,309	7,829,276	2,470,641	-
11.	Employee wise details of options granted to :							
	i. Senior Management during the year							
	a. Suresh C. Senapaty	Nil	Nil	Nil	Nil	50,000	Nil	Nil
	b. Suresh Vaswani	Nil	60,000	Nil	Nil	50,000	Nil	Nil
	c. Girish Paranjpe	Nil	60,000	Nil	Nil	50,000	Nil	Nil
	d. Pratik Kumar	Nil	Nil	Nil	Nil	30,000	Nil	Nil
	e. Ranjan Acharya	Nil	Nil	Nil	Nil	9,000	Nil	Nil
	f. T.K. Kurien	Nil	Nil	Nil	Nil	50,000	Nil	Nil
	g. S. Deb	Nil	Nil	Nil	Nil	18,000	Nil	Nil
	h. Vineet Agrawal	Nil	Nil	Nil	Nil	40,000	Nil	Nil
	i. Anurag Behar	Nil	Nil	Nil	Nil	20,000	Nil	Nil
	ii. Employees holding 5% or more of the aggregate total number of options granted during the year under all Plans	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	iii. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil	Nil	Nil	Nil	Nil	Nil
12.	Diluted Earnings per Share pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20	20.38	20.38	20.38	20.38	20.38	20.38	20.38

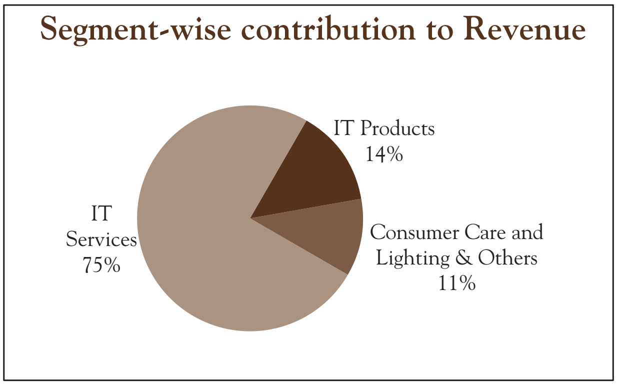
Sl. No.	Description	WESOP 1999	WESOP 2000	ADS 2000 Stock Option Plan	Wipro Restricted Stock Unit Plan 2004	Wipro Restricted Stock Unit Plan 2005	ADS Restricted Stock Unit Plan 2004	Wipro Restricted Stock Unit Plan 2007
13.	Where the Company has calculated the employees compensation cost using the instrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company	Not applicable as these pertain to options granted prior to June 2003	Difference between cost as per fair value and intrinsic value method is Rs. 5,136,895/-. Impact on EPS would be negligible	Not applicable as these pertain to options granted prior to June 2003	Since these options were granted at a nominal exercise price, intrinsic value on the date of grant approximates the fair value of options	Since these options were granted at a nominal exercise price, intrinsic value on the date of grant approximates the fair value of options	Since these options were granted at a nominal exercise price, intrinsic value on the date of grant approximates the fair value of options	Not applicable as no options are granted under this Plan
14.	Weighted average exercise prices and weighted average fair values of options separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Not applicable as these pertain to options granted before June 30, 2003	Exercise price Rs. 489/- per option. Market price was lower than the exercise price as on March 31, 2009	Not applicable as these pertain to options granted before June 30, 2003	Exercise price Rs. 2/- per option. Fair value Rs. 243.90 as on March 31, 2009	Exercise price Rs. 2/- per option. Fair value Rs. 243.90 as on March 31, 2009	Exercise price $ equivalent of Rs. 2/- per option. Fair value $ 7.11 as on March 31, 2009	Not applicable as no options are granted under this plan
15.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information : (a) risk free interest rate (b) expected life (c) expected volatility (d) expected dividends and (e) the price of the underlying share in market at the time of option grant	Not applicable as these pertain to options granted before June 30, 2003	 7.36% 6 years 36.21 - Rs. 489/-	Not applicable as these pertain to options granted before June 30, 2003	Since these options were granted at a nominal exercise price, intrinsic value on the date of grant approximates the fair value of options	Since these options were granted at a nominal exercise price, intrinsic value on the date of grant approximates the fair value of options	Since these options were granted at a nominal exercise price, intrinsic value on the date of grant approximates the fair value of options	Not applicable as no options are granted under this plan

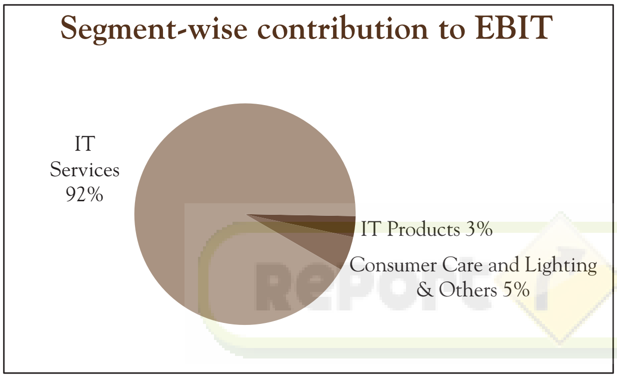
* As per the Plan, Options/RSUs lapse only on termination of the Plan. If an Option/RSU expires or becomes unexercisable without having been exercised in full, such options shall become available for future grant under the Plan.

MANAGEMENT'S DISCUSSION AND ANALYSIS

I. *Segment-wise performance*

Segment-wise contributions in 2008-09





We are a leading global information technology, or IT, services company, headquartered in Bangalore, India. We provide a comprehensive range of IT services, software solutions and research and development services in the areas of hardware and software design to leading companies worldwide. We use our development centers located in India and around the world, quality processes and global resource pool to provide cost effective IT solutions and deliver time-to-market and time-to-development advantages to our clients. We also provide business process outsourcing, or BPO, services.

Our IT Products segment is a leader in the Indian IT market and focuses primarily on meeting requirements for IT products of companies in India and the Middle East region.

We also have a notable presence in the markets for consumer products and lighting and infrastructure engineering.

Until March 31, 2008, our reportable segments, were Global IT Services and Products (comprising of IT Services and BPO Services segments), India and AsiaPac IT Services and Products, Consumer Care and Lighting and 'Others'.

In April 2008, we re-organized our IT business by combining the Global IT Services and Products business and the India and AsiaPac IT Services and Products business and appointed joint Segment Chief Executive Officers for the combined IT business. Consequent to the reorganization, we identified IT Services and IT Products as the new operating and reportable segments within our IT business. There was no change in the reportable segments for our other businesses.

In the subsequent section of this report, we will report for each of our business segment separately, the industry structure and developments, opportunities and threats, and risk and concerns.

II. Industry Overview

IT Services

The shift in the role of Information and Technology (IT) from merely supporting business to transforming business, is driving productivity gains and helping create new business models. This has led to an increase in the importance of IT. The increasing acceptance of outsourcing and off-shoring of activities as an economic necessity has contributed to the continued growth in our revenue.

According to NASSCOM Strategic Review Report 2009, IDC estimates total spending of $ 557 billion on IT services in 2008, an increase of 5.5% over last year. Within the IT services market, outsourcing was the fastest growing segment in 2008, estimated to have grown by 21%.

IDC forecasts worldwide IT services spending of approximately $672 billion by 2012, reflecting a compound annual growth rate, or CAGR, of 4.8%. However, Forrester Global IT 2009 Market Outlook, predicts that U.S. IT purchases will slowdown from 4.05% growth in 2008 to 1.6% growth in 2009.

According to NASSCOM Strategic Review Report 2009, IDC forecasts a cumulative annual growth rate (CAGR) of over 6.21% in worldwide IT services and IT enabled services (IT-ITeS) spending and a CAGR of over 18.79% in offshore IT spending, for the period 2007-12. The combined market for Indian IT-ITeS exports in fiscal 2009 was nearly $ 60 billion. Key factors supporting this projection are the growing impact of technology led innovation, the increasing demand for global sourcing and gradually evolving socio-political attitudes. Key factors contributing to the growth of India-based IT services are:

- India based sourcing offers significant cost advantages in terms of accessing highly skilled talent at lower wage costs and productivity gains that can be derived from having a very competent employee base. According to NASSCOM's Strategic Review Report 2009, the cost advantage achievable from outsourcing to India is unlikely to go away due to an absolute cost advantage vis-à-vis other key markets and the prospect of further reductions in infrastructure and overhead costs.
- India-based IT companies have proven their ability to deliver IT services that satisfy the requirements of international clients who expect the highest quality standards. According to NASSCOM's Strategic Review Report 2009, India based centers (both Indian firms as well as MNC owned captives) have earned more quality certifications than any other country, over 498 India based

centers (both Indian firms as well as MNC owned captives) had acquired quality certifications with 85 companies certified SEI CMM Level 5.

- India has a large, highly skilled english-speaking labour pool that is available at a relatively low labor cost. According to NASSCOM Strategic Review Report 2009, the Indian IT industry employed nearly 2,230,000 software professionals as of 2008-09, making it one of the largest employers in the IT services industry. According to the same report, India has the largest pool of suitable off-shore talent – accounting for over 28% of the suitable pool available across all offshore destinations.
- With the time differential between India and its largest market, the United States, Indian companies are able to provide a combination of onsite and offshore services on a 24-hour basis on specific projects.
- The Indian IT industry has been the primary beneficiary of the rapid transformation of the telecom sector since it was deregulated to allow private participation, with the cost of international connectivity declining rapidly and service level quality improving significantly. This cost advantage is likely to continue due to lower penetration levels and a growing consumer base.

According to IDC's report - India domestic IT/ITeS market top 10 predictions for 2009, the India domestic IT/ITeS market growth rate will come down from an average of 24.3% recorded during 2003-08 to 16.4% over the next five years.

In India, the IT services market is estimated to account for 34% of the domestic IT industry. The growth in the IT services market is estimated to be around 14% in US$ terms. The key verticals driving the growth of the IT services market are Retail, BFSI, Telecom and Manufacturing.

BPO Services

India is also a leading destination for IT enabled services. The proven track record and client relationships of established Indian IT services companies, favorable wage differentials, availability of a large, high quality, english speaking talent pool and a regulatory environment more friendly to investment are facilitating India's emergence as a global outsourcing hub. According to NASSCOM Strategic Review Report 2009, the worldwide BPO market is expected to touch $ 181 billion by 2012, representing a compounded annual growth rate, or CAGR, of 11.9%.

IT Products

According to NASSCOM Strategic Review Report 2009, IDC forecasts that worldwide hardware spending will increase from $570 billion in 2007 to $683 billion in 2012, representing a compounded annual growth rate, or CAGR, of 3.68%

According to NASSCOM Strategic Review Report 2009, the hardware market in India is estimated to account for 49% of the domestic IT industry, growing at about 3% in 2009. Personal computers (including desktops and notebooks) continue to be purchased at higher rates than other products in the hardware market. As prices come down, notebooks are increasingly being adopted as the computing device of choice. For the desktop segment, consumers are showing an increasing trend of moving away from locally assembled items towards branded products with relatively higher end configurations.

Consumer Care and Lighting

The consumer care market includes personal care products, soaps, toiletries, infant care products, modular switch lights and modular office furniture. Our Santoor brand is the third biggest soap brand in India. The market for soaps in India is dominated by established players like Hindustan Unilever (a subsidiary of Unilever). We have a strong brand presence in a niche segment and have significant market share in select regions in India. In addition, we have a strong presence in the market for personal care products in south-east Asia.

AC Nielsen estimates that India is amongst the fastest growing geographies for FMCG, with a 2008 growth rate of 15.8% for the non-food segment, largely led by price increases. This market is estimated to grow at a CAGR of 10% - 12% for the period 2009-2012. The household and personal care FMCG market in the other Asian countries in which we operate including Malaysia, Vietnam and Indonesia, are expected to grow at a CAGR of 6% for the period 2009-2013.

The Indian domestic market for institutional lighting and office modular furniture is estimated at $ 675 million and is expected to grow at the rate of 10% for the period 2009-2010. Key sectors contributing to the growth are expected to be modern work spaces, IT-ITeS, Retail, Healthcare and Government Infrastructure spending.

We expect to increase our market share organically in our identified geographies. In addition we continue to look at acquiring established brands which complement our brand presence and distribution strengths.

Others

In the other segment, Wipro Infrastructure Engineering (WIN) is the key business segment. We sell hydraulic cylinders and truck tipping systems that are used in variety of earth moving, material handling, mining and construction equipments.

III. Opportunity and Threats

IT Services

Global companies are increasingly turning to offshore technology service providers in order to meet their need for high quality, cost competitive technology solutions. Technology companies have been outsourcing software research and development and related support functions to offshore technology service providers to reduce cycle time for introducing new products and services. According to NASSCOM Strategic Review Report 2009, IDC forecasts CAGR of over 18.79% in offshore IT spending, for the period 2007-12.

As a de-risking strategy, companies have moved over to multi-vendor IT outsourcing from sole sourcing, this has opened up opportunities for Indian IT companies to participate in large multi-million dollar deals. Global companies are expanding their outsourcing activities to leverage the high quality, cost competitive IT services from India.