

WIPRO LTD  
Form 20-F  
May 30, 2008

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 20-F**

(Mark One)

☐ **Registration statement pursuant to section 12(b) or (g) of the Securities Exchange Act of 1934**

☐ **Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
**For the fiscal year ended March 31, 2008**

☐ **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

☐ **Shell Company Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
**Commission File Number 001-16139**

**WIPRO LIMITED**

(Exact name of Registrant as specified in its charter)

**Not Applicable**

(Translation of Registrant's name into English)

**Karnataka, India**

(Jurisdiction of incorporation or organization)

**Doddakannelli**

**Sarjapur Road**

**Bangalore, Karnataka 560035, India**

**+91-80-2844-0011**

(Address of principal executive offices)

**Suresh C Senapaty, Chief Financial Officer and Director**

**Phone: +91 80 28440055; Fax: +91 80 28440104**

(Name, telephone and facsimile of the contact person)

**Securities registered or to be registered pursuant to Section 12(b) of the Act:**

Title of Each Class

Name of Each Exchange on Which Registered

None

Not applicable

**Securities registered pursuant to Section 12(g) of the Act:**

**American Depositary Shares,**

**each represented by one Equity Share, par value Rs. 2 per share.**

(Title of Class)

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:**

**Not Applicable**

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 1,461,453,320 **Equity Shares.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act: Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act, 1934: Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ International Financial reporting Standards ☐ Others ☐  
as used by the International Accounting Standards Board

If this is an annual report, indicate by check mark whether the registrant is a shell company (As defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

## **Table of Contents**

### **Currency of Presentation and Certain Defined Terms**

In this Annual Report on Form 20-F, references to U.S. , or United States are to the United States of America, its territories and its possessions. References to India are to the Republic of India. References to U.K. are to United Kingdom. Reference to \$ or US\$ or dollars or U.S. dollars are to the legal currency of the United States, references to £ or Pound Sterling are to the legal currency of United Kingdom and references to Rs. or Rupees or Indian rupees are to the legal currency of India. All amounts are in Rs. unless otherwise stated. Our financial statements are presented in Indian rupees and translated into U.S. dollars solely for the convenience of the readers and are prepared in accordance with United States Generally Accepted Accounting Principles ( U.S. GAAP ). References to Indian GAAP are to Indian Generally Accepted Accounting Principles. References to a particular fiscal year are to our fiscal year ended March 31 of such year.

All references to we , us , our , Wipro or the Company shall mean Wipro Limited and, unless specifically indicated otherwise or the context indicates otherwise, our consolidated subsidiaries. Wipro is a registered trademark of Wipro in the United States and India. All other trademarks or trade names used in this Annual Report on Form 20-F is the property of the respective owners.

Except as otherwise stated in this Annual Report, all translations from Indian rupees to U.S. dollars are based on the noon buying rate in the City of New York on March 31, 2008, for cable transfers in Indian rupees as certified for customs purposes by the Federal Reserve Bank of New York which was Rs. 40.02 per \$1.00. 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. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding. Information contained in our website, [www.wipro.com](http://www.wipro.com), is not part of this Annual Report.

### **Forward-Looking Statements May Prove Inaccurate**

IN ADDITION TO HISTORICAL INFORMATION, THIS ANNUAL REPORT CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT ), AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE EXCHANGE ACT ). THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE REFLECTED IN THE FORWARD-LOOKING STATEMENTS. FACTORS THAT MIGHT CAUSE SUCH A DIFFERENCE INCLUDE, BUT ARE NOT LIMITED TO, THOSE DISCUSSED IN THE SECTIONS ENTITLED RISK FACTORS AND MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATION AND ELSEWHERE IN THIS REPORT. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH REFLECT MANAGEMENT'S ANALYSIS ONLY AS OF THE DATE HEREOF. IN ADDITION, READERS SHOULD CAREFULLY REVIEW THE OTHER INFORMATION IN THIS ANNUAL REPORT AND IN THE COMPANY'S PERIODIC REPORTS AND OTHER DOCUMENTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ( SEC ) FROM TIME TO TIME.

This Annual Report includes statistical data about the IT industry that comes from information published by sources including International Data Corporation (IDC), Gartner Inc. (Gartner), National Association of Software and Service Companies (NASSCOM), and Dataquest India (Dataquest). This type of data represents only the estimates of IDC, Gartner, NASSCOM, Dataquest and other sources of industry data. In addition, although we believe that data from these companies is generally reliable, this type of data is inherently imprecise. We caution you not to place undue reliance on this data.

## **TABLE OF CONTENTS**

<u>Part I -</u>		4
<u>Item 1.</u>	<u>Identity of Directors, Senior Management and Advisers</u>	4
<u>Item 2.</u>	<u>Offer Statistics and Expected Timetable</u>	4
<u>Item 3.</u>	<u>Key Information</u>	5
<u>Item 4.</u>	<u>Information on the Company</u>	20
<u>Item 4A</u>	<u>Unresolved Staff Comments</u>	39
<u>Item 5.</u>	<u>Operating and Financial Review and Prospects</u>	39
<u>Item 6.</u>	<u>Directors, Senior Management and Employees</u>	61
<u>Item 7.</u>	<u>Major Shareholders and Related Party Transactions</u>	69
<u>Item 8.</u>	<u>Financial Information</u>	70
<u>Item 9.</u>	<u>The Offer and Listing</u>	71
<u>Item 10.</u>	<u>Additional Information</u>	75
<u>Item 11.</u>	<u>Quantitative and Qualitative Disclosure About Market Risk</u>	94
<u>Item 12.</u>	<u>Description of Securities Other than Equity Securities</u>	95
 <u>Part II -</u>		95
<u>Item 13.</u>	<u>Defaults, Dividend Arrearages and Delinquencies</u>	95
<u>Item 14.</u>	<u>Material Modifications to the Rights of Security Holders and Use of Proceeds</u>	95
<u>Item 15.</u>	<u>Controls and Procedures</u>	95
<u>Item 16</u>	<u>Audit Committee Financial Expert</u>	
<u>A.</u>		98
<u>Item 16</u>	<u>Code of Ethics</u>	
<u>B.</u>		98
<u>Item 16</u>	<u>Principal Accountant Fees and Services</u>	
<u>C.</u>		98
<u>Item 16</u>	<u>Exemptions from the Listing Standards for Audit Committees</u>	
<u>D.</u>		100
<u>Item 16</u>	<u>Purchase of Equity Securities by the Issuer and Affiliated Purchasers</u>	
<u>E.</u>		100
 <u>Part III -</u>		100
<u>Item 17.</u>	<u>Financial Statements</u>	100
<u>Item 18.</u>	<u>Financial Statements</u>	101
<u>Item 19.</u>	<u>Exhibits</u>	139
<u>EXHIBIT 4.11</u>		
<u>EXHIBIT 12.1</u>		
<u>EXHIBIT 12.2</u>		
<u>EXHIBIT 13</u>		
<u>EXHIBIT 23.1</u>		
<u>EXHIBIT 99.5</u>		
<u>EXHIBIT 99.6</u>		
<u>EXHIBIT 99.7</u>		
<u>EXHIBIT 99.8</u>		
<u>EXHIBIT 99.9</u>		

**Table of Contents**

**PART I**

**Item 1. Identity of Directors, Senior Management and Advisers**

Not applicable.

**Item 2. Offer Statistics and Expected Timetable**

Not applicable

4

---

**Table of Contents****Item 3. Key Information****Summary of Selected Consolidated Financial Data**

The selected consolidated financial data should be read in conjunction with the consolidated financial statements, the related notes and operating and financial review and prospects which are included elsewhere in this Annual Report. The selected consolidated statements of income data for the five years ended March 31, 2008 and selected consolidated balance sheet data as of March 31, 2004, 2005, 2006, 2007 and 2008 in Indian rupees have been prepared and presented in accordance with U.S. GAAP and have been derived from our audited consolidated financial statements and related notes.

	<b>(In millions, except per equity share data)</b>					
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2008</b>
						Convenience translation into US\$
Consolidated statements of income data:						
Revenues:						
Global IT Services and Products						
IT Services and Products	Rs. 39,102	Rs. 54,280	Rs. 73,061	Rs. 101,509	Rs. 124,599	\$ 3,113
BPO Services	4,363	6,433	7,664	9,413	11,588	290
India and AsiaPac IT Services and Products						
Services	3,109	4,709	6,097	8,368	12,031	301
Products	6,305	8,694	10,380	15,520	22,497	562
Consumer Care and Lighting	3,567	4,555	5,625	7,558	14,639	366
Others	1,987	2,681	3,280	7,063	12,074	302
Total	58,433	81,353	106,107	149,431	197,428	4,933
Cost of revenues:						
Global IT Services and Products						
IT Services and Products	25,047	33,780	46,986	66,818	85,865	2,146
BPO Services	2,884	4,740	5,810	6,173	7,674	192
India and AsiaPac IT Services and Products						
Services	1,661	2,679	3,549	4,612	6,749	169
Products	5,643	7,815	9,286	13,943	19,864	496
Consumer Care and Lighting	2,355	2,926	3,556	4,905	8,683	217
Others	1,410	1,914	2,460	5,749	9,996	249

Edgar Filing: WIPRO LTD - Form 20-F

Total	39,000	53,855	71,647	102,200	138,831	3,469
Gross profit	19,433	27,498	34,460	47,231	58,597	1,464
Operating expenses:						
Selling and marketing expenses	(5,278)	(5,466)	(6,764)	(9,173)	(13,807)	(345)
General and administrative expenses	(3,172)	(3,744)	(5,239)	(7,639)	(10,820)	(270)
Amortization of intangible assets	(308)	(140)	(64)	(269)	(616)	(15)
Other operating income/ (expenses)	226	(291)	(340)	(244)	360	9
Operating income	10,901	17,857	22,053	29,906	33,714	842
Gain/ (loss) on sale of stock by affiliates, including direct issue of stock by affiliate	(206)	(207)				
Other income/ (expense), (net)	868	800	1,196	2,628	2,167	54
Equity in earnings / (losses) of affiliates	96	158	288	318	257	6
Income before income taxes, minority interest and cumulative effect of changes in accounting policy	11,659	18,608	23,537	32,852	36,138	903
Income taxes	(1,611)	(2,694)	(3,265)	(3,723)	(3,873)	(97)
Minority interest	(56)	(81)	(1)		(24)	(1)
Income before cumulative effect of change in accounting principle	9,992	15,833	20,271	29,129	32,241	806
Cumulative effect of change in accounting principle				39		
Net income	Rs. 9,992	Rs. 15,833	Rs. 20,271	Rs. 29,168	Rs. 32,241	\$ 806
Earnings per share:						
Basic						
Income before cumulative effect of change in accounting principle	7.20	11.38	14.41	20.42	22.23	0.56
Cumulative effect of change in accounting principle				0.03		



principle

5

---

**Table of Contents**

	<b>(In millions, except per equity share data)</b>					
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2008</b> Convenience translation into US\$
Net income	7.20	11.38	14.41	20.45	22.23	0.56
Diluted						
Income before						
cumulative effect of						
change in accounting						
principle	7.20	11.29	14.24	20.17	22.16	0.55
Cumulative effect of						
change in accounting				0.03		
principle						
Net income	7.20	11.29	14.24	20.20	22.16	0.55
Cash dividend per						
equity share	0.17	4.84	2.50	10.00	3.00	0.07
Additional data:						
Revenue by segment						
IT Services and						
Products	Rs. 39,412	Rs. 54,256	Rs. 72,887	Rs. 101,353	Rs. 124,707	\$ 3,116
BPO Services	4,363	6,433	7,626	9,389	11,570	289
Global IT Services						
and Products	Rs. 43,775	Rs. 60,689	Rs. 80,513	Rs. 110,742	136,277	3,405
India and AsiaPac IT						
Services and Products	9,445	13,395	16,475	23,863	34,602	865
Consumer Care and						
Lighting	3,567	4,555	5,625	7,563	14,619	365
Others	1,985	2,674	3,285	7,066	12,055	301
Reconciling items	(339)	40	209	197	(125)	(3)
Total	Rs. 58,433	Rs. 81,353	Rs. 106,107	Rs. 149,431	Rs. 197,428	\$ 4,993
Operating income by						
segment						
IT Services and						
Products	Rs. 8,505	Rs. 14,817	Rs. 18,399	Rs. 24,399	Rs. 26,059	\$ 651
BPO Services	795	1,008	1,010	2,128	2,558	64
Global IT Services						
and Products	Rs. 9,300	Rs. 15,825	Rs. 19,409	Rs. 26,527	Rs. 28,617	\$ 715
India and AsiaPac IT						
Services and Products	761	970	1,404	2,039	2,740	68
Consumer Care and						
Lighting	546	671	799	1,067	1,841	46
Others	308	466	487	384	877	22

Edgar Filing: WIPRO LTD - Form 20-F

Reconciling items	(14)	(75)	(46)	(111)	(363)	(9)
Total	Rs. 10,901	Rs. 17,857	Rs. 22,053	Rs. 29,906	Rs. 33,714	\$ 842

**Consolidated  
Balance Sheet Data:**

Cash and cash equivalents	Rs. 3,297	Rs. 5,671	Rs. 8,858	Rs. 12,412	Rs. 39,270	\$ 981
Restricted cash				7,238		
Investments in liquid and short-term mutual funds	18,479	22,958	30,315	32,410	14,808	370
Working capital <sup>(1)</sup>	30,649	36,449	50,691	57,444	53,643	1,340
Total assets	57,738	72,075	102,827	146,084	224,502	5,610
Total debt (excluding capital lease obligation)	969	564	705	3,757	43,732	1,093
Total stockholders equity	46,364	56,729	78,764	101,468	129,354	3,232

**Notes:**

1. Working capital equals current assets less current liabilities.

**Table of Contents****Exchange Rates**

Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar will affect the U.S. dollar equivalent of the Indian rupee price of our equity shares on the Indian stock exchanges and, as a result, will likely affect the market price of our American Depositary Shares, or ADSs, listed on the New York Stock Exchange, and vice versa. Such fluctuations will also affect the U.S. dollar conversion by our depository for the ADSs, Morgan Guaranty Trust Company of New York, or Depository, of any cash dividends paid in Indian rupees on our equity shares represented by the ADSs.

The following table sets forth, for the fiscal years indicated, information concerning the amount of Indian rupees for which one U.S. dollar could be exchanged based on the average of the noon buying rate in the City of New York on the last business day of each month during the period for cable transfers in Indian rupees as certified for customs purposes by the Federal Reserve Bank of New York. The column titled **Average** in the table below is the average of the daily noon buying rate on the last business day of each month during the year.

<b>Fiscal Year Ended March 31,</b>	<b>Period End</b>	<b>Average</b>	<b>High</b>	<b>Low</b>
2008	Rs. 40.02	Rs. 40.13	Rs. 43.05	Rs. 38.48
2007	43.10	45.06	46.83	42.78
2006	44.48	44.21	46.26	43.05
2005	43.62	44.87	46.45	43.27
2004	43.40	45.78	47.46	43.40

On May 29, 2008, the noon buying rate in the City of New York as certified for customs purposes by the Federal Reserve Bank of New York was Rs. 42.53

The following table sets forth the high and low exchange rates for the previous six months and are based on the noon buying rate in the City of New York on each business day during the period for cable transfers in Indian rupees as certified for customs purposes by the Federal Reserve Bank of New York:

<b>Month</b>	<b>High</b>	<b>Low</b>
April 2008	40.45	39.73
March 2008	40.46	39.76
February 2008	40.11	39.12
January 2008	39.55	39.13
December 2007	39.55	39.29
November 2007	39.68	39.11

**Capitalization and Indebtedness**

Not applicable.

**Reasons for the Offer and Use of Proceeds**

Not applicable.

**Table of Contents**

**RISK FACTORS**

This Annual Report contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth in the following risk factors and elsewhere in this Annual Report. The following risk factors should be considered carefully in evaluating us and our business.

**Risks Related to our Company and our Industry**

**Our revenues and expenses are difficult to predict because they can fluctuate significantly given the nature of the markets in which we operate. This increases the likelihood that our results could fall below the expectation of market analysts, which could cause the price of our equity shares and ADSs to decline.**

Our revenue historically has fluctuated and may fluctuate in the future depending on a number of factors, including:

the size, complexity, timing, pricing terms and profitability of significant projects or product orders;

changes in our pricing policies or those of our competitors;

the proportion of services we perform at our clients' sites rather than at our offshore facilities;

seasonal changes that affect the mix of services we provide to our clients or the relative proportion of services and product revenue;

seasonal changes that affect purchasing patterns among our consumers of desktops, notebooks, servers, communication devices, consumer care and other products;

unanticipated cancellations, contract terminations or deferral of projects or those occurring as a result of our clients reorganizing their operations;

the duration of tax holidays or exemptions and the availability of other Government of India incentives;

the effect of seasonal hiring patterns and the time we require to train and productively utilize our new employees;

unanticipated variations in the duration, size and scope of our projects, as well as changes in the corporate decision-making process of our clients;

currency exchange fluctuations; and

other economic and political factors.

A significant portion of our total operating expenses in our IT Services and Products business, particularly personnel and facilities, are fixed in advance of any particular quarter. As a result, unanticipated variations in the number and timing of our projects or employee utilization rates may cause significant variations in operating results in any particular quarter. Therefore, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indications of future performance. Thus, it is possible that in the future some of our periodic results of operations may be below the expectations of public market analysts and investors, and the market price of our equity shares and ADSs could decline.

Our net income increased by 11% in the year ended March 31, 2008, as compared to the year ended March 31, 2007. We continue to face increasing competition, pricing pressures for our products and services and wage pressures for our work force in India primarily due to large U.S. multinational corporations establishing offshore operations in India. We are also investing in developing capabilities in new technology areas and deepening our domain expertise. While we believe that our global delivery model allows us to manage costs efficiently, as the proportion of our

services delivered at client sites increases, we may not be able to keep our operating costs as low in the future. In our Business Process Outsourcing, or BPO, business, we are diversifying our service offerings to include process transformation services. High attrition levels and higher proportion of revenues from customer interaction services could adversely impact our operating margins. As a result, there can be no assurance that we will be able to sustain our historic levels of profitability.

**Table of Contents**

**If we do not continue to improve our administrative, operational and financial personnel and systems to manage our growth, the value of our shareholders' investment may be harmed.**

We have experienced significant growth in all our businesses. We expect our growth to continue to place significant demands on our management and other resources. This will require us to continue to develop and improve our operational, financial and other internal controls, both in India and elsewhere. In particular, our continued growth will increase the challenges involved in:

recruiting and retaining sufficiently skilled technical, marketing and management personnel;

adhering to our high quality standards;

maintaining high levels of client satisfaction;

developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems; and

preserving our culture, values and entrepreneurial environment.

If we are unable to manage our growth effectively, the quality of our services and products may decline, and our ability to attract clients and skilled personnel may be negatively affected. These factors in turn could negatively affect the growth of our Global IT Services and Products business and harm the value of our shareholders' investment.

**Intense competition in the market for IT services could adversely affect our cost advantages, and, as a result, decrease our revenues.**

The market for IT services is highly competitive. Our competitors include software companies, IT companies, systems consulting and integration firms, other technology companies and client in-house information services departments. We may also face competition from IT companies operating from China and the Philippines. Many of our competitors command significantly greater financial, technical and marketing resources and generate greater revenue than we do. The proposed merger of HP and EDS would possibly increase the competition in the market for IT services. We cannot be reasonably certain that we will be able to compete successfully against such competitors or that we will not lose our key employees or clients to such competitors. Additionally, we believe that our ability to compete also depends in part on factors outside our control, such as the availability of skilled resources, the price at which our competitors offer comparable services, and the extent of our competitors' responsiveness to their clients' needs.

**We may face difficulties in providing end-to-end business solutions for our clients that could cause clients to discontinue their work with us, which in turn could harm our business.**

We have been expanding the nature and scope of our engagements and have added new service offerings, such as IT consulting, business process management, systems integration and outsourcing of entire portions of IT infrastructure. The success of these service offerings is dependent, in part, upon continued demand for such services by our existing and new clients and our ability to meet this demand in a cost-competitive and effective manner. In addition, our ability to effectively offer a wider breadth of end-to-end business solutions depends on our ability to attract existing or new clients to these service offerings. To obtain engagements for such end-to-end solutions, we also are more likely to compete with large, well-established international consulting firms, resulting in increased compensation and marketing costs. Accordingly, we cannot be certain that our new service offerings will effectively meet client needs or that we will be able to attract existing and new clients to these service offerings.

The increased breadth of our service offerings may result in larger and more complex projects with our clients. This will require us to establish closer relationship