HASBRO INC
Form 4
October 02, 2009

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
GREENBERG JACK M

(Last) (First) (Middle)

(Street)

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
HASBRO INC [HAS]

3. Date of Earliest Transaction (Month/Day/Year)
09/30/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)

Derivative Security						Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)						
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Phantom Stock Units (1)	$ 0 (2)	09/30/2009	A		67		(3)	(3)	Common Stock	67	$ 27.75

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GREENBERG JACK M	X			

Signatures

Tarrant Sibley, p/o/a for Jack M. Greenberg	10/02/2009
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) All of the phantom stock units were acquired pursuant to the Hasbro, Inc. Deferred Compensation Plan for Non-Employee Directors in accordance with Section 16b-3.

(2) Units correspond 1-for-1 with common stock.

(3) Units are settled only in cash and are payable after the reporting person ceases to be a director.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. sp;

Net carrying value as at March 31, 2009
Rs. 1,538 Rs. 1,955 Rs. 3,493

Gross carrying value:

As at April 1, 2009
Rs. 1,629 Rs. 2,911 Rs. 4,540
Translation adjustment
(19) (174) (193)

Acquisition through business combination
322 691 1,013
Additions
36 36

As at March 31, 2010
Rs. 1,932 Rs. 3,464 Rs. 5,396

Accumulated amortization and impairment:

As at April 1, 2009
Rs. 91 Rs. 956 Rs. 1,047
Translation adjustment
(48) (48)
Amortization
301 85 386

As at March 31, 2010
Rs. 392 Rs. 993 Rs. 1,385

Net carrying value as at March 31, 2010
Rs. 1,540 Rs. 2,471 Rs. 4,011

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Net carrying value of marketing-related intangibles includes indefinite life intangible assets (brands and trade-marks) of Rs. nil, Rs. nil and Rs. 691 as of April 1, 2008, March 31, 2009 and 2010, respectively.

The assessment of marketing-related intangibles (brands and trade-marks) that have an indefinite life were based on a number of factors, including the competitive environment, market share, brand history, product life cycles, operating plan and macroeconomic environment of the geographies in which these brands operate. As of March 31, 2010, no impairment loss was recognized on the indefinite life intangibles.

Amortization expense on intangible assets is included in selling and marketing expenses in the statement of income.

As of March 31, 2010, the estimated remaining amortization period for customer-related intangibles acquired on acquisition of Citi Technology Services Limited is approximately 4.75 years.

6. Business combination

Citi Technology Services Limited:

On January 1, 2009, the Company acquired 100% of the equity of Citi Technology Services Limited (Subsequently renamed as Wipro Technology Services Limited WTS). WTS is an India based provider of information technology services and solutions to Citi Group worldwide. WTS was acquired for cash consideration (including direct acquisition costs) amounting to Rs. 6,205. The Company believes that the acquisition will enhance Wipro s capabilities to address Technology Infrastructure Services (TIS) and Application Development and Maintenance Services (ADM) in the financial services industry. Factors that contributed to the recognition of goodwill were expected synergies from combining the activities of the Company and acquired entity, as well as intangible assets which cannot be recognized separately apart from goodwill such as skilled workforce.

The following table presents the allocation of purchase price:

Descriptions		**Pre acquisition carrying amount**		**Fair value adjustments**		**Purchase price allocated**
Cash and cash equivalents	Rs.	1,342	Rs.		Rs.	1,342
Property, plant and equipment		403				403
Customer related intangibles				1,413		1,413
Other assets		1,150				1,150
Loans and borrowings		(23)				(23)
Deferred income taxes, net		19		(480)		(461)
Other liabilities		(1,200)				(1,200)
Total	**Rs.**	**1,691**	**Rs.**	**933**	**Rs.**	**2,624**
Goodwill						3,581
Total purchase price					**Rs.**	**6,205**

None of the goodwill is expected to be deductible for income tax purposes.

Lornamead

On December 9, 2009, the Company acquired 100% of the equity of Lornamead FZE (an entity incorporated in Dubai) and Lornamead Personal Care Private Limited (an entity incorporated in India, subsequently known as Wipro Yardley Consumer Case Private Limited) from UK-based Lornamead Group Limited. Yardley is a strong heritage global brand that was established in approximately 1770 and operates in the personal care category marketing fragrance products, bath and shower products and skin care products. Lornamead FZE and Lornamead Personal Care Private Limited were acquired for cash consideration (including direct acquisition costs) of Rs. 2,161 and contingent consideration based on annual revenue targets of Rs. 179. The Company believes that the

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acquisition will enhance Wipro s strong brand portfolio of personal care products and would result in synergy benefit, and have contributed to the recognition of goodwill.

The following table presents the allocation of purchase price:

Descriptions	Pre acquisition carrying amount		Fair value adjustments	Purchase price allocated	
Cash and cash equivalents	Rs.	55	Rs.	Rs.	55
Property, plant and equipment		17			17
Marketing related intangibles			691		691
Customer related intangibles			322		322
Other assets		390	30		420
Other liabilities		(184)			(184)
Total	**Rs.**	**278**	**1,043**	**Rs.**	**1,321**
Goodwill					1,019
Total purchase price				**Rs.**	**2,340**

None of the goodwill is expected to be deductible for income tax purposes.

Others

The Company has re-estimated the earn-out consideration (contingent consideration) payable in respect of a previous acquisition consummated in fiscal year 2006 comprising of computer aided design and engineering services business. Consequently, the Company has recognized additional goodwill of Rs. 761 and Rs. 1,624 during the year ended March 31, 2009 and 2010, respectively.

7. Available for sale investments

Available for sale investments consists of the following:

	As at April 1, 2008							
	Cost		Gross gain recognized directly in equity		Gross loss recognized directly in equity		Fair Value	
Investment in liquid and short-term mutual funds and others	Rs.	14,679	Rs.	568	Rs.		Rs.	15,247

As at March 31, 2009		As at March 31, 2010	
Gross gain recognized	Gross loss recognized	Gross gain recognized	Gross loss recognized

	Cost	directly in equity	directly in equity	Fair Value	Cost	directly in equity	directly in equity	Fair Value
Investment in liquid and short-term mutual funds and others	Rs. 15,225	Rs. 320	Rs. (220)	Rs. 15,325	Rs. 19,279	Rs. 52	Rs. (4)	Rs. 19,327
Certificate of deposits	947	21		968	11,088	5		11,093
Total	Rs. 16,172	Rs. 341	Rs. (220)	Rs. 16,293	Rs. 30,367	Rs. 57	Rs. (4)	Rs. 30,420

8. Trade receivables

	As at April 1, 2008	As at March 31, 2009	2010
Trade receivables	Rs. 41,449	Rs. 52,042	Rs. 53,255
Allowance for doubtful accounts receivable	(1,096)	(1,919)	(2,327)
	Rs. 40,353	Rs. 50,123	Rs. 50,928

The activity in the allowance for doubtful accounts receivable is given below:

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	Year ended March 31, 2009	2010
Balance at the beginning of the year	Rs. 1,096	Rs. 1,919
Additions during the year, net	939	566
Uncollectable receivables charged against allowance	(116)	(158)
Balance at the end of the year	Rs. 1,919	Rs. 2,327

9. Inventories

Inventories consist of the following:

	As at April 1, 2008	As at March 31, 2009	2010
Stores and spare parts	Rs. 455	Rs. 748	Rs. 1,001
Raw materials and components	2,761	2,448	2,212
Work in progress	1,078	695	776
Finished goods	2,370	3,696	3,937
	Rs. 6,664	Rs. 7.587	Rs. 7,926

10. Cash and cash equivalents

Cash and cash equivalents as of April 1, 2008, March 31, 2009 and 2010 consist of cash and balances on deposit with banks. Cash and cash equivalents consist of the following:

	As at April 1, 2008	As at March 31, 2009	2010
Cash and bank balances	Rs. 11,166	Rs. 22,944	Rs. 24,155
Demand deposits with banks(1)	28,104	26,173	40,723
	Rs. 39,270	Rs. 49,117	Rs. 64,878

(1) These deposits can be withdrawn by the Company at any time without prior notice and without any penalty on the principal.

Cash and cash equivalent consists of the following for the purpose of the cash flow statement:

	As at April 1, 2008	As at March 31, 2009	2010
Cash and cash equivalents (as per above)	Rs. 39,270	Rs. 49,117	Rs. 64,878
Bank overdrafts	(358)	(885)	(1,322)

	Rs.	38,912	Rs.	48,232	Rs.	63,556

11. Other assets

	As at April 1,		As at March 31,			
	2008		2009		2010	
Current						
Interest bearing deposits with corporates[(1)]	Rs.	500	Rs.	4,250	Rs.	10,050
Prepaid expenses		2,203		2,197		2,923
Due from officers and employees		1,288		1,085		1,244
Finance lease receivables		214		967		632
Advance to suppliers		1,545		736		1,194
Deferred contract costs		1,526		1,094		943
Interest receivable		592		540		822
Deposits		644		712		1,057
Balance with excise and customs		548		854		917
Non-convertible debentures				250		155
Others		2,209		1,979		1,169
	Rs.	11,269	Rs.	14,664	Rs.	21.106
Non current						
Prepaid expenses including rentals for leasehold land	Rs.	1,791	Rs.	3,085	Rs.	3,059
Due from officers and employees		766		741		
Finance lease receivables		451		2,638		3,810
Deposits		565		874		724
Non-convertible debentures						1,159
Others		477		40		32
	Rs.	4,050	Rs.	7,378	Rs.	8,784
Total	Rs.	15,319	Rs.	22,042	Rs.	29,890

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(1) Such deposits earn a fixed rate of interest and will be liquidated within 12 months.

Finance lease receivables:

Finance lease receivables consist of assets that are leased to customers, with lease payments due in monthly, quarterly or semi-annual installments for periods ranging from 3 to 5 years. Details of finance lease receivables are given below:

		Minimum lease payment			Present value of minimum lease payment	
	As at April 1,	As at March 31,		As at April 1,	As at March 31,	
	2008	2009	2010	2008	2009	2010
Not later than one year	Rs. 197	Rs. 1,024	Rs. 774	Rs. 181	Rs. 960	Rs. 608
Later than one year but not later than five years	555	3,180	4,652	423	2,522	3,675
Unguaranteed residual values	84	172	190	61	123	159
Gross investment in lease	836	4,376	5,616			
Less: Unearned finance income	(171)	(771)	(1,174)			
Present value of minimum lease payment receivable	Rs. 665	Rs. 3,605	Rs. 4,442	Rs. 665	Rs. 3,605	Rs. 4,442
Included in the financial statements as follows:						
Current finance lease receivables				Rs. 214	Rs. 967	Rs. 632
Non-current finance lease receivables				451	2,638	3,810

12. Loans and borrowings

Short-term loans and borrowings

The Company had short-term borrowings including bank overdrafts amounting to Rs. 28,804, Rs. 36,472 and Rs. 43,836 as at April 1, 2008, March 31, 2009 and 2010, respectively. Short-term borrowings from banks as of March 31, 2010 primarily consist of lines of credit of approximately Rs. 56,893, US $1,824 million, SEK 85 million, SAR 90 million, Euro 20 million, GBP 14 million, IDR (Indonesian Rupee) 5,000 million, MYR (Malaysian Ringgit) 27 million and RM (Chinese Yuan) 22 million from bankers primarily for working capital requirements. As of March 31, 2010, the Company has unutilized lines of credit aggregating Rs. 49,945, US $1,060 million, SEK 7 million, SAR 90 million, GBP 9 million, and IDR 4,992 million, respectively. To utilize these unused lines of credit, the Company requires consent of the lender and compliance with the certain financial covenants. Significant portion of these lines of credit are revolving credit facilities and floating rate foreign currency loans, renewable on a periodic basis. Significant portion of these facilities bear floating rates of interest, referenced to LIBOR and a spread, determined based on market conditions.

The Company has non-fund based revolving credit facilities in various currencies equivalent to Rs. 26,448 for operational requirements that can be used for the issuance of letters of credit and bank guarantees. As of March 31, 2010, an amount of Rs. 11,922 was unutilized out of these non-fund based facilities.

Long-term loans and borrowings

A summary of long- term loans and borrowings is as follows:

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Currency	As at April 1, 2008 Foreign currency in millions	As at April 1, 2008 Indian Rupee	As at March 31, 2009 Foreign currency in millions	As at March 31, 2009 Indian Rupee	As at March 31, 2010 Foreign currency in millions	As at March 31, 2010 Indian Rupee	As at March 31, 2010 Interest rate	As at March 31, 2010 Final maturity
Unsecured external commercial borrowing								
Japanese Yen	35,016	Rs. 14,070	35,016	Rs. 18,052	35,016	Rs. 16,844	1.93%	2013
Unsecured term loan								
Indian Rupee	NA	245	NA	631	NA	509	6.05%	2014
Others		280		523		445	0 - 2%	2010 2017
Other secured term loans		427		232		165	1.46 - 4.5%	2010 2016
		Rs. 15,022		Rs. 19,438		Rs. 17,963		
Obligations under finance leases		1,024		982		712		
		Rs. 16,046		Rs. 20,420		Rs. 18,675		
Current portion of long term loans and borrowings		Rs. 729		Rs. 739		Rs. 568		
Non-current portion of long term loans and borrowings		15,317		19,681		18,107		

The Company has entered into cross-currency interest rate swap (CCIRS) in connection with the unsecured external commercial borrowing and has designated a portion of these as hedge of net investment in foreign operation.

The contract governing the Company s unsecured external commercial borrowing contain certain covenants that limit future borrowings and payments towards acquisitions in a financial year. The terms of the other secured and unsecured loans and borrowings also contain certain restrictive covenants primarily requiring the Company to maintain certain financial ratios. As of March 31, 2010, the Company has met the covenants under these arrangements.

A portion of the above short-term loans and borrowings, other secured term loans and obligation under finance leases aggregating to Rs. 2,072, Rs. 1,858 and Rs. 2,119 as at April 1, 2008, March 31, 2009 and 2010, respectively, are secured by inventories, accounts receivable, certain property, plant and equipment and underlying assets.

Interest expense was Rs. 2,333 and Rs. 1,232 for the year ended March 31, 2009 and 2010, respectively.

The following is a schedule of future minimum lease payments under finance leases, together with the present value of minimum lease payments as of April 1, 2008, March 31, 2009 and 2010:

	Minimum lease payment			Present value of minimum lease payment		
	As at			As at		
	April 1, 2008	March 31, 2009	March 31, 2010	April 1, 2008	March 31, 2009	March 31, 2010
Not later than one year	Rs. 401	Rs. 420	Rs. 257	Rs. 323	Rs. 396	Rs. 228
Later than one year but not later than five year	709	619	461	629	515	425
Later than five years	113	70	62	72	71	59
Total minimum lease payments	1,223	1,109	780			
Less: Amount representing interest	(199)	(127)	(68)			
Present value of minimum lease payments	Rs. 1,024	Rs. 982	Rs. 712	Rs. 1,024	Rs. 982	Rs. 712
Included in the financial statements as follows:						
Current finance lease payables				Rs. 323	Rs. 396	Rs. 228
Non-current finance lease payables				701	586	484

13. Trade payables and accrued expenses

Trade payables and accrued expenses consist of the following:

	As at April 1,	As at March 31,	
	2008	2009	2010
Trade payables	Rs. 13,082	Rs. 19,081	Rs. 19,133
Accrued expenses	14,791	21,110	19,615
	Rs. 27,873	Rs. 40,191	Rs. 38,748

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14. Other liabilities and provisions

	As at April 1, 2008	As at March 31, 2009	As at March 31, 2010
Other liabilities:			
Current:			
Statutory and other liabilities	Rs. 2,522	Rs. 3,455	Rs. 4,001
Advance from customers	954	824	1,786
Others	1,082	1,303	712
	Rs. 4,558	Rs. 5,582	Rs. 6,499
Non-current:			
Statutory liabilities	Rs. 766	Rs. 741	Rs.
Employee benefit obligations	2,737	3,111	2,967
Others	286	480	266
	Rs. 3,789	Rs. 4,332	Rs. 3,233
Total	Rs. 8,347	Rs. 9,914	Rs. 9,732

	As at April 1, 2008	As at March 31, 2009	As at March 31, 2010
Provisions:			
Current:			
Provision for warranty	Rs. 446	Rs. 491	Rs. 511
Others	802	1,388	1,763
	Rs. 1,248	Rs. 1,879	Rs. 2,274
Non-current:			
Provision for warranty	Rs. 261	Rs. 277	Rs. 100
Total	Rs. 1,509	Rs. 2,156	Rs. 2,374

Provision for warranty represents cost associated with providing sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of 1 to 2 year. Other provisions primarily include provisions for tax related contingencies and litigations. The timing of cash outflows in respect of such provision cannot be reasonably determined.

A summary of activity for provision for warranty and other provisions is as follows:

Year ended March 31, 2010

	Provision for warranty	Others	Total
Balance at the beginning of the year	Rs. 768	Rs. 1,388	Rs. 2,156
Additional provision during the year, net	477	393	870
Provision used during the year	(634)	(18)	(652)
Balance at the end of the year	Rs. 611	Rs. 1,763	Rs. 2,374

15. Financial instruments

Financial assets and liabilities (Carrying value/Fair value):

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	As at April 1,		As at March 31,			
	2008		2009		2010	
Assets:						
Trade receivables	Rs.	40,353	Rs.	50,123	Rs.	50,928
Unbilled revenues		8,514		14,108		16,708
Cash and cash equivalents		39,270		49,117		64,878
Available for sale financial investments		15,247		16,293		30,420
Derivative assets		64		1,162		3,816
Other assets		8,175		13,081		20,124
Total	Rs.	111,623	Rs.	143,884	Rs.	186,874
Liabilities:						
Loans and borrowings	Rs.	44,850	Rs.	56,892	Rs.	62,511
Trade payables and accrued expenses		27,873		40,191		38,748
Derivative liabilities		2,571		12,022		4,257
Other liabilities		1,232		876		126
Total	Rs.	76,526	Rs.	109,981	Rs.	105,642

By Category (Carrying value/Fair value):

	As at April 1,		As at March 31,			
	2008		2009		2010	
Assets:						
Loans and receivables	Rs.	96,312	Rs.	126,429	Rs.	152,638
Derivative assets		64		1,162		3,816
Available for sale financial assets		15,247		16,293		30,420
Total	Rs.	111,623	Rs.	143,884	Rs.	186,874
Liabilities:						
Financial liabilities at amortized cost	Rs.	44,850	Rs.	56,892	Rs.	62,511
Trade and other payables		29,105		41,067		38,874
Derivative liabilities		2,571		12,022		4,257
Total	Rs.	76,526	Rs.	109,981	Rs.	105,642

Fair Value

The fair value of cash and cash equivalents, trade receivables, unbilled revenues, trade payables, current financial liabilities and borrowings approximate their carrying amount largely due to the short-term nature of these instruments. A substantial portion of the Company s long-term debt has been contracted at floating rates of interest, which are reset at short intervals. Accordingly, the carrying value of such long-term debt approximates fair value. Further, finance lease receivables are periodically evaluated based on individual credit worthiness of customers. Based on this evaluation, Company records allowances for expected losses on these receivables. As of April 1, 2008, March 31, 2009 and 2010, the carrying value of such receivables, net of allowances approximates the fair value.

Investments in liquid and short-term mutual funds, which are classified as available-for-sale are measured using quoted market prices at the reporting date multiplied by the quantity held. Fair value of investments in certificate of deposits, classified as available for sale is determined using observable market inputs.

The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc.

Fair value hierarchy

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2010[#]:

		Fair value measurements at reporting date using		
Particulars	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets				
Derivative instruments				
- Cash flow hedges	Rs. 2,684	Rs.	Rs. 2,684	Rs.
- Net investment hedges	702		702	
- Others	430		430	
Available for sale financial assets:				
- Investment in liquid and short-term mutual funds	19,157	19,157		
- Investment in certificate of deposits and other investments	11,263		11,263	
Liabilities				
Derivative instruments				
- Cash flow hedges	1,818		1,818	
- Net investment hedges	1.578		1.578	
- Others	861		861	

[#] In accordance with the transition provisions of *Improving Disclosures about Financial Instruments* (Amendment in IFRS 7), the Company has applied these amendments for annual periods beginning April 1, 2009.

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Derivatives assets and liabilities:

The Company is exposed to foreign currency fluctuations on foreign currency assets / liabilities, forecasted cash flows denominated in foreign currency and net investment in foreign operations. The Company follows established risk management policies, including the use of derivatives to hedge foreign currency assets / liabilities, foreign currency forecasted cash flows and net investment in foreign operations. The counter party in these derivative instruments is a bank and the Company considers the risks of non-performance by the counterparty as non-material.

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

	As at April 1,		As at March 31,			
	2008		2009		2010	
Designated derivative instruments						
Sell	$	2,930	$	1,060	$	1,518
		24				
	£	84	£	54	£	31
	¥	7,682	¥	6,130	¥	4,578
	AUD		AUD	3	AUD	7
	CHF		CHF	2	CHF	
	SGD		SGD	1	SGD	
Net investment hedges in foreign operations						
Cross-currency swaps	¥		¥	35,016	¥	26,014
Others	$	281	$	267	$	262
		65		40		40
Non designated derivative instruments						
Sell	$	205	$	612	$	45
	£	61	£	53	£	38
		40		39		29
Buy	$	435	$	438	$	492
	¥	7,580	¥	23,170	¥	
Cross currency swaps	¥		¥		¥	7,000

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

	As at April 1,		As at March 31,			
	2008		2009		2010	
Balance as at the beginning of the period	Rs.	72	Rs.	(1,097)	Rs.	(16,886)
Net (gain)/loss reclassified into statement of income on occurrence of hedged transactions[1]		(72)		1,019		5,201
Deferred cancellation gains/(losses) relating to roll over hedging				(11,357)		551
Changes in fair value of effective portion of derivatives		(1,097)		(5,451)		6,180
Gains/ (losses) on cash flow hedging derivatives, net	Rs.	(1,169)	Rs.	(15,789)	Rs.	11,932
Balance as at the end of the period	Rs.	(1,097)	Rs.	(16,886)	Rs.	(4,954)

(1) On occurrence of hedge transactions, net (gain)/loss was included as part of revenues.

As at April 1, 2008, March 31, 2009 and 2010, there were no significant gains or losses on derivative transactions or portions thereof that have become ineffective as hedges, or associated with an underlying exposure that did not occur.

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Sale of financial assets

From time to time, in the normal course of business, the Company transfers accounts receivables, net investment in finance lease receivables and employee advances (financials assets) to banks. Under the terms of the arrangements, the Company surrenders control over the financial assets and transfer is without recourse. Accordingly, such transfers are recorded as sale of financial assets. Gains and losses on sale of financial assets without recourse are recorded at the time of sale based on the carrying value of the financial assets and fair value of servicing liability. In certain cases, transfer of financial assets may be with recourse. Under arrangements with recourse, the Company is obligated to repurchase the uncollected financial assets, subject to limits specified in the agreement with the banks. Accordingly, in such cases the amounts received are recorded as borrowings in the statement of financial position and cash flows from financing activities.

During the year ended March 31, 2009 and 2010, the Company transferred and recorded as sale of financial assets of Rs. 539 and Rs. 3,552, respectively, under arrangements without recourse and has included the proceeds from such sale in net cash provided by operating activities. These transfers resulted in gain/(loss) of Rs. (35) and Rs. 13 for the year ended March 31, 2009 and 2010, respectively.

As at March 31, 2009 and 2010, the maximum amount of recourse obligation in respect of the transferred financial assets (recorded as borrowings) are Rs. Nil and Rs. 657, respectively.

Financial risk management

General

Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, foreign currency receivables, payables and loans and borrowings.

The Company s exposure to market risk is a function of investment and borrowing activities and revenue generating activities in foreign currency. The objective of market risk management is to avoid excessive exposure of the Company s earnings and equity to losses.

Risk Management Procedures

The Company manages market risk through a corporate treasury department, which evaluates and exercises independent control over the entire process of market risk management. The corporate treasury department recommends risk management objectives and policies, which are approved by senior management and Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

Foreign currency risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. The exchange rate risk primarily arises from foreign exchange revenue, receivables, cash balances, forecasted cash flows, payables and foreign currency loans and borrowings. A significant portion of revenue is in U.S. dollars, euro and pound sterling, while a significant portion of costs are in Indian rupees. The exchange rate between the rupee and U.S. dollar, euro and pound sterling has fluctuated significantly in recent years and may continue to fluctuate in the future. Appreciation of the rupee against these currencies can adversely affect the Company s results of operations.

The Company evaluates exchange rate exposure arising from these transactions and enter into foreign currency derivative instruments to mitigate such exposure. The Company follows established risk management policies, including the use of derivatives like foreign exchange forward / option contracts to hedge forecasted cash flows denominated in foreign currency.

The Company has designated certain derivative instruments as cash flow hedge to mitigate the foreign exchange exposure of forecasted highly probable cash flows. The Company has also designated a combination of foreign currency borrowings and related cross-currency swaps and other foreign currency derivative instruments as hedge of its net investment in foreign operations.

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As at March 31, 2010, Rs.1 increase / decrease in the exchange rate of Indian Rupee with U.S. dollar would result in approximately Rs. 1,071 decrease / increase in the fair value of the Company s foreign currency dollar denominated derivative instruments.

As at March 31, 2010, 1% change in the exchange rate between U.S. Dollar and Yen would result in approximately Rs. 160 increase/decrease in the fair value of cross-currency interest rate swaps.

The below table presents foreign currency risk from non derivative financial instruments as of March 31, 2009 and 2010:

	As at March 31, 2009					
	USD	**Euro**	**Pound Sterling**	**Japanese Yen**	**Other currencies#**	**Total**
Trade receivables	Rs. 24,121	Rs. 3,338	Rs. 3,236	Rs. 415	Rs. 434	Rs. 31,544
Unbilled revenues	3,848	24	124		34	4,030
Cash and cash equivalents	13,584	326	623	458	85	15,076
Other assets	688	202	187	56	6	1,139
Loans and borrowings	Rs. (17,502)	Rs. (297)	Rs. (6)	Rs. (30,004)	Rs.	(47,809)
Trade payables and accrued expenses	(15,761)	(1,134)	(1,105)	(174)	(115)	(18,289)
Other liabilities	(199)				(21)	(220)
Net assets / (liabilities)	**Rs. 8,779**	**Rs. 2,459**	**Rs. 3,059**	**Rs. (29,249)**	**Rs. 423**	**Rs. (14,529)**

	As at March 31, 2010					
	USD	**Euro**	**Pound Sterling**	**Japanese Yen**	**Other currencies#**	**Total**
Trade receivables	Rs. 20,639	Rs. 4,607	Rs. 3,879	Rs. 269	Rs. 343	Rs. 29,737
Unbilled revenues	4,986	67	269		4	5,326
Cash and cash equivalents	14,709	346	446	175	77	15,753
Other assets	705	408	201	33	2	1,349
Loans and borrowings	Rs. (34,856)	Rs. (1,007)	Rs. (341)	Rs. (16,839)	Rs. (361)	(53,404)
Trade payables and accrued expenses	(14,442)	(1,940)	(1,530)	(227)	(196)	(18,335)
Other liabilities	(20)					(20)
Net assets / (liabilities)	**Rs. (8,279)**	**Rs. 2,481**	**Rs. 2,924**	**Rs. (16,589)**	**Rs. (131)**	**Rs. (19,594)**

Other currencies reflects currencies such as Singapore dollars, Saudi Arabian riyals etc.

For the year ended March 31, 2009 and 2010 respectively, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact our result from operating activities by approximately Rs. 145 and Rs. 196 respectively.

Interest rate risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. The Company s investments are primarily in short-term investments, which do not expose it to significant interest rate risk. The Company manages its net exposure to interest rate risk relating to borrowings, by balancing the proportion of fixed rate borrowing and floating rate borrowing in its total borrowing portfolio. To manage this portfolio mix, the Company may enter into interest rate swap agreements, which allows the Company to exchange periodic payments based on a notional amount and agreed upon fixed and floating interest rates. As of March 31, 2010, substantially all of the Company borrowings was subject to floating interest rates, which reset at short intervals. If interest rates were to increase by 100 bps from March 31, 2010, additional annual interest expense on the Company s floating rate borrowing would amount to approximately Rs. 584.

Credit risk

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. No single customer accounted for more than 10% of the accounts receivable as at April 1, 2008, March 31, 2009 and 2010, respectively and revenues for the year ended March 31, 2009 and 2010, respectively. There is no significant concentration of credit risk.

Financial assets that are neither past due nor impaired

Cash and cash equivalents, available-for-sale financial assets, investment in certificates of deposits and interest bearing deposits with corporates are neither past due nor impaired. Cash and cash equivalents with banks and interest-bearing deposits are placed with corporates, which have high credit-ratings assigned by international and domestic credit-rating agencies. Available-for-sale financial assets substantially include investment in liquid mutual fund units. Certificates of deposit represent funds deposited with banks or other financial institutions for a specified time period.

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired except for trade receivables and finance receivables of Rs. 1,919 and Rs. 2,327 as of March 31, 2009 and 2010, respectively. Of the total receivables, Rs. 33,499 and Rs. 34,608 as of March 31, 2009 and 2010, respectively, were neither past due nor impaired. The company s credit period generally ranges from 45-60 days. The aging analysis of the receivables have been considered from the date of the invoice. The age wise break up of receivables, net of allowances that are past due, is given below:

	As at March 31	
	2009	**2010**
Financial assets that are neither past due nor impaired	Rs. 33,499	Rs. 34,608
Financial assets that are past due but not impaired		
Past due 0 30 days	4,969	3,816
Past due 31 60 days	5,021	4,468
Past due 61 90 days	2,893	2,489
Past due over 90 days	8,117	11,163
Total past due and not impaired	Rs. 21,000	Rs. 21,936

Counterparty risk

Counterparty risk encompasses issuer risk on marketable securities, settlement risk on derivative and money market contracts and credit risk on demand and time deposits. Issuer risk is minimized by only buying securities which are at least AA rated. Settlement and credit risk is reduced by the policy of entering into transactions with counterparties that are usually banks or financial institutions with acceptable credit ratings. Exposure to these risks are closely monitored and maintained within predetermined parameters. There are limits on credit exposure to any financial institution. The limits are regularly assessed and determined based upon credit analysis including financial statements and capital adequacy ratio reviews. In addition, net settlement agreements are contracted with significant counterparties.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company s corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company s net liquidity position through rolling forecasts on the basis of expected cash flows. As of March 31, 2010, our cash and cash equivalents are held with major banks and financial institutions.

The table below provided details regarding the contractual maturities of significant financial liabilities as of March 31, 2010#.

	As at March 31, 2010				
	Less than 1 year	**1-2 years**	**2-4 years**	**4-7 years**	**Total**

Loans and borrowings	Rs. 44,404	Rs. 17,769	Rs. 265	Rs. 73	Rs. 62,511
Trade payables and accrued expenses	38,748				38,748
Derivative liabilities	1,375	487	2,395		4,257

In accordance with the transition provisions of *Improving Disclosures about Financial Instruments* (Amendment in IFRS 7), the Company has applied these amendments for annual periods beginning April 1, 2009.

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The balanced view of liquidity and financial indebtedness is stated in the table below. This calculation of the net cash position is used by the management for external communication with investors, analysts and rating agencies:

	As at March 31, 2009	As at March 31, 2010
Cash and cash equivalents	Rs. 49,117	Rs. 64,878
Interest bearing deposits with corporates	4,250	10,050
Available for sale investments	16,293	30,420
Loans and borrowings	(56,892)	(62,511)
Net cash position	Rs. 12,768	Rs. 42,837

16. Investment in equity accounted investees

Wipro GE Medical Systems (Wipro GE)

The Company holds 49% interest in Wipro GE. Wipro GE is a private entity that is not listed on any public exchange. The carrying value of the investment in Wipro GE as at April 1, 2008, March 31, 2009 and 2010 was Rs. 1,343, Rs. 1,670 and Rs. 2,345, respectively. The Company s share of profits of Wipro GE for the year ended March 31, 2009 and 2010 was Rs. 362 and Rs. 530, respectively.

The aggregate summarized financial information of Wipro GE is as follows:

	Year ended March 31, 2009	Year ended March 31, 2010
Revenue	Rs. 10,611	Rs. 12,567
Gross profit	3,269	3,573
Profit for the year	875	934

	As at March 31, 2009	As at March 31, 2010
Total assets	Rs. 8,796	Rs. 11,518
Total liabilities	5,255	6,709
Total equity	Rs. 3,541	Rs. 4,809

In April 2010, Wipro GE acquired medical equipment and related businesses from General Electric for a cash consideration of approximately Rs. 3,728.

Wipro GE had received tax demands from the Indian income tax authorities for the financial years ended March 31, 2001, 2002, 2003 and 2004 aggregating to Rs. 903, including interest. The tax demands were primarily on account of transfer pricing adjustments and the denial of export benefits and tax holiday benefits claimed by Wipro GE under the Indian Income Tax Act, 1961 (the Act). Wipro GE appealed against the said demands before the first appellate authority. The first appellate authority has vacated the tax demands for the years ended March 31, 2001, 2002, 2003 and 2004. The income tax authorities have filed an appeal for the years ended March 31, 2001, 2002, 2003 and 2004. In December 2008, Wipro GE received, on similar grounds, additional tax demand of Rs. 552 (including interest) for the financial year ended March 31, 2005. Wipro GE has filed an appeal against the said demand within the time limits permitted under the statute.

In December 2009, Wipro GE received a draft assessment order, on similar grounds, with a demand of Rs. 299 (including interest) for the financial year ended March 31, 2006. Wipro GE has filed an objection against the said demand before the Dispute Resolution Panel and the Assessing officer within the time limit permitted under the statute.

Considering the facts and nature of disallowance and the order of the appellate authority upholding the claims of Wipro GE, Wipro GE believes that the final outcome of the disputes should be in its favour and will not have any material adverse effect on its financial position and results of operations.

17. Foreign currency translation reserve

The movement in foreign currency translation reserve attributable to equity holders of the Company is summarized below:

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	As at March 31,	
	2009	**2010**
Balance at the beginning of the year	Rs. (10)	Rs. 1,533
Translation difference related to foreign operations	8,970	(5,477)
Change in effective portion of hedges of net investment in foreign operations	(7,427)	4,202