REPORT OF MANAGEMENT

Management of Wipro is responsible for the integrity and objectivity of the Consolidated financial statements and related notes. The consolidated financial statement have been prepared in accordance with United States generally accepted accounting principles (US GAAP) and include amounts based on judgements and estimates by management. The management is also responsible for the accuracy of the related data in the annual report and its consistency with the financial statements.

Management maintains internal control systems designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with managements authorisation and properly recorded and accounting records are adequate for preparation of financial statements and other financial informations. These are reviewed at regular intervals to ascertain their adequacy and effectiveness.

In addition to the system of internal controls, the company has articulated it's vision and core values which permeate all its activities. It also has corporate policies to ensure highest standards of integrity in all business transactions, eliminate possible conflicts of interest, ensure compliance with laws and protect confidentiality of proprietary information. These are reviewed at periodic intervals.

The consolidated financial statements have been audited by the Company's independent auditors, KPMG. Their responsibility is to examine these statements in accordance with Generally Accepted Auditing standards and express their opinion on the fairness of presentation of the statements.

The Audit Committee of the board comprising entirely of independent directors conducts an ongoing appraisal of the independence and performance of the Company's internal and external auditors and monitors the integrity of Company's financial statements. The Audit Committee meets several times during the year with the management, the internal auditors and the independent auditors to discuss audit activities, internal controls and financial reporting matters.

Bangalore
May 4, 2000

Azim H Premji
Chairman and Chief Executive Officer

S.C. Senapaty
Corporate Executive Vice President - Finance
and Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders,
Wipro Limited

We have audited the accompanying consolidated balance sheets of Wipro Limited and its subsidiaries as of March 31, 1999 and 2000, and the related consolidated statements of income, stockholders' equity and cashflows for each of the years in the three year period ended March 31, 2000. These consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wipro Limited and its subsidiaries as of March 31, 1999 and 2000, and the results of their operations and their cashflows for each of the years in the three year period ended March 31, 2000, in conformity with accounting principles generally accepted in the United States.

The United States Dollars amounts are presented in the accompanying financial statements solely for the convenience of the readers and are arithmetically correct on the basis disclosed in foot note 2.

KPMG

Bangalore, India

May 4, 2000

WIPRO LIMITED
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	As of March 31, 1999	As of March 31, 2000	As of March 31, 2000
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4)	Rs. 637,253	Rs. 783,603	$ 17,952
Accounts receivable, net of allowances (Note 5)	3,602,884	4,431,360	101,520
Inventories (Note 6)	1,443,728	1,215,160	27,839
Deferred income taxes (Note 22)	73,741	11,678	268
Other current assets (Note 7)	909,456	981,661	22,489
Total current assets	6,667,062	7,423,462	170,068
Investment securities (Note 8)	9,791	297,150	6,808
Property, plant and equipment, net (Note 9)	3,254,425	3,603,681	82,559
Investments in affiliates (Note 14)	310,250	704,885	16,149
Deferred income taxes (Note 22)	202,536	256,073	5,867
Intangible assets, net (Note 10)	7,230	10,795	247
Other assets (Note 7)	250,303	382,307	8,758
Total assets	Rs. 10,701,597	Rs. 12,678,353	$ 290,455
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Borrowings from banks (Note 16)	Rs. 1,780,792	Rs. 92,748	$ 2,125
Current portion of long term debt (Note 17)	454,467	1,249,570	28,627
Accounts payable	1,959,930	1,387,606	31,789
Accrued expenses	867,722	1,490,250	34,141
Advances from customers	538,004	754,825	17,293
Net liabilities of discontinued business (Note 3)	855,793	-	-
Other current liabilities (Note 11)	420,330	435,561	9,978
Redeemable Preferred Stock (Note 20)	-	250,000	5,727
Total current liabilities	6,877,038	5,660,560	129,681
Long-term debt, excluding current portion (Note 17)	767,102	211,144	4,837
Deferred income taxes (Note 22)	62,593	17,974	412
Other liabilities (Note 12)	42,800	101,735	2,331
Redeemable Preferred Stock (Note 20)	250,000	-	-
Total liabilities	7,999,533	5,991,413	137,260
Minority interest	53,840	-	-
Stockholders' equity			
Equity shares at Rs 2 par value: 230,000,000 shares authorized as of March 31, 1999 and 235,000,000 shares authorized as of March 31, 2000; Issued and outstanding: 229,156,350 shares (Note 18)	458,313	458,313	10,500
Additional paid-in capital (Note 23)	182,562	800,238	18,333
Deferred stock compensation (Note 23)	(154,348)	(208,358)	(4,773)
Accumulated other comprehensive income (Note 8)	2,796	1,772	41
Retained earnings (Note 19)	2,158,969	5,635,050	129,096
Equity shares held by a controlled Trust: 1,409,485 and 1,216,460 shares as of March 31, 1999 and 2000 (Note 23)	(68)	(75)	(2)
Total stockholders' equity	2,648,224	6,686,940	153,195
Total liabilities and stockholders' equity	Rs. 10,701,597	Rs. 12,678,353	$ 290,455

See accompanying notes to the consolidated financial statements

WIPRO LIMITED
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except share data)

	Year Ended March 31,			
	1998	1999	2000	2000
Revenues :				
Global IT Services	Rs. 4,017,406	Rs. 6,359,305	Rs. 10,206,078	$ 233,816
Indian IT Services and Products	5,683,840	7,262,349	8,181,627	187,437
Consumer Care and Lighting	3,195,002	3,464,806	3,222,316	73,822
Others	804,211	805,649	1,380,583	31,628
Total	13,700,459	17,892,109	22,990,604	526,703
Cost of revenues:				
Global IT Services	Rs. 2,695,856	Rs. 4,056,996	Rs. 6,173,724	$ 141,437
Indian IT Services and Products	4,200,562	5,358,144	6,183,092	141,652
Consumer Care and Lighting	2,505,791	2,585,403	2,251,238	51,575
Others	533,830	581,558	1,070,031	24,514
Total	9,936,039	12,582,101	15,678,085	359,177
Gross profit	3,764,420	5,310,008	7,312,519	167,526
Operating expenses:				
Selling, general, and administrative expenses.	2,266,734	3,502,436	3,820,154	87,518
Operating income	1,497,686	1,807,572	3,492,365	80,008
Gain/(loss) on sale of stock of affiliates, including direct issue of stock by affiliate (Note 14)	(36,438)	-	412,144	9,442
Other expense, net (Note 21)	(515,527)	(134,825)	(155,144)	(3,554)
Income taxes (Note 22)	(102,388)	(179,213)	(525,298)	(12,034)
Income before share of equity in earnings of affiliates and minority interest	843,333	1,493,534	3,224,067	73,862
Equity in earnings of affiliates (Note 14)	78,338	95,632	112,590	2,579
Minority interest	6,558	(9,602)	(3,661)	(84)
Income from continuing operations	928,229	1,579,564	3,332,996	76,357
Discontinued operations (Note 3):				
Loss from operations of discontinued finance division ...	626,216	460,817	-	-
Provision for operating losses during phase out period -	229,298	-	-	
Income tax benefit on sale of 50% interest	-	-	218,707	5,011
Net income	Rs. 302,013	Rs. 889,449	Rs. 3,551,703	$ 81,368
Earnings per Equity Share: Basic				
Continuing operations	4.09	6.94	14.63	0.34
Discontinued operations	(2.76)	(3.03)	0.96	0.02
Net income	1.33	3.91	15.59	0.36
Earnings per Equity Share: Diluted				
Continuing operations	4.09	6.94	14.58	0.33
Discontinued operations	(2.76)	(3.03)	0.96	0.02
Net income	1.33	3.91	15.54	0.35
Weighted average number of equity shares used in computing earnings per equity share :				
Basic	227,215,683	227,479,728	227,843,378	227,843,378
Diluted	227,215,683	227,479,728	228,648,134	228,648,134

See accompanying notes to the consolidated financial statements

WIPRO LIMITED
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)

	Equity Shares No. of Shares	Equity Shares Amount	Additional Paid in Capital	Deferred Stock Compensation	Comprehensive Income	Accumulated Other Comprehensive Income	Retained Earnings	Equity Shares held by a Controlled Trust No. of shares	Equity Shares held by a Controlled Trust Amount	Total Stockholders' Equity
Balance as of March 31, 1997	**229,156,350**	**Rs.458,313**	**Rs.4,131**	**Rs. (2,846)**	**Rs. -**	**Rs. (8,171)**	**Rs. 1,085,246**	**(1,937,575)**	**Rs.(72)**	**Rs. 1,536,601**
Cash dividends paid	-	-	-	-	-	-	(42,012)	-	-	(42,012)
Shares forfeited, net of issues by Trust	-	-	-	-	-	-	-	(6,185)	(21)	(21)
Compensation related to employee stock incentive plan	-	-	9,816	(9,816)	-	-	-	-	-	-
Amortization of compensation related to employee stock incentive plan	-	-	-	2,227	-	-	-	-	-	2,227
Comprehensive income										
Net income	-	-	-	-	302,013	-	302,013	-	-	302,013
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Unrealized gain/(loss) on investments, net	-	-	-	-	(8,102)	(8,102)	-	-	-	(8,102)
Comprehensive income	-	-	-	-	Rs. 293,911	-	-	-	-	-
Balance as of March 31, 1998	**229,156,350**	**Rs. 458,313**	**Rs. 13,947**	**Rs. (10,435)**		**Rs.(16,273)**	**Rs.1,345,247**	**(1,943,760)**	**Rs. (93)**	**Rs. 1,790,706**
Cash dividends paid	-	-	-	-	-	-	(75,727)	-	-	(75,727)
Shares issued by Trust, net of forfeitures	-	-	-	-	-	-	-	534,275	25	25
Compensation related to employee stock incentive plan	-	-	168,615	(168,615)	-	-	-	-	-	-
Amortization of compensation related to employee stock incentive plan	-	-	-	24,702	-	-	-	-	-	24,702
Comprehensive income										
Net income	-	-	-	-	889,449	-	889,449	-	-	889,449
Other comprehensive income										
Unrealized gain/(loss) on investments, net	-	-	-	-	19,069	19,069	-	-	-	19,069
Comprehensive income					Rs. 908,518					
Balance as of March 31, 1999	**229,156,350**	**Rs. 458,313**	**Rs. 182,562**	**Rs. (154,348)**		**Rs. 2,796**	**Rs. 2,158,969**	**(1,409,485)**	**Rs. (68)**	**Rs. 2,648,224**
Cash dividends paid	-	-	-	-	-	-	(75,622)	-	-	(75,622)
Shares issued by Trust, net of forfeitures	-	-	-	-	-	-	-	138,280	(10)	(10)
Sale of shares held by trust	-	-	466,768	-	-	-	-	54,745	3	466,771
Compensation related to employee stock incentive plan	-	-	150,908	(150,908)	-	-	-	-	-	-
Amortization of compensation related to employee stock incentive plan	-	-	-	96,898	-	-	-	-	-	96,898
Comprehensive income										
Net income	-	-	-	-	3,551,703	-	3,551,703	-	-	3,551,703
Other comprehensive income										
Unrealized gain/(loss) on investments, net	-	-	-	-	(1,024)	(1,024)	-	-	-	(1,024)
Comprehensive income					Rs. 3,550,679					
Balance as of March 31, 2000	229,156,350	Rs. 458,313	Rs.800,238	Rs.(208,358)		Rs. 1,772	Rs. 5,635,050	(1,216,460)	Rs. (75)	Rs. 6,686,940
Balance as of March 31, 2000 ($)	-	$ 10,500	$ 18,333	$ (4,773)		$ 41	$ 129,096	-	$ (2)	$ 153,195

See accompanying notes to the consolidated financial statements

WIPRO LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, except share data)

	Years ended March 31, 1998	1999	2000	2000
Cash flows from operating activities:				
Income from continuing operations	Rs. 928,229	Rs. 1,579,564	Rs. 3,332,996	$ 76,357
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:				
Loss / (Gain) on sale of property, plant and equipment	-	(4,635)	22,944	526
Depreciation and amortization	409,969	631,149	738,723	16,924
Deferred tax charge / (benefit)	33,186	(35,292)	182,553	4,182
Loss / (Gain) on sale of short-term investments	-	-	(681)	(16)
Loss / (Gain) on sale of stock of affiliates, including direct issue of stock by affiliate	36,438	-	(412,144)	(9,442)
Amortization of deferred stock compensation	2,227	24,702	96,898	2,220
Undistributed equity in earnings of affiliates	(63,638)	(76,032)	(97,890)	(2,243)
Minority interest	(6,558)	9,602	3,661	84
Changes in operating assets and liabilities :				
Accounts receivable	(772,086)	(589,577)	(858,439)	(19,666)
Inventories	165,079	(27,765)	228,569	5,236
Other assets	(6,270)	(58,329)	(237,449)	(5,440)
Accounts payable	257,513	620,086	(523,951)	(12,003)
Accrued expenses	148,990	249,727	622,528	14,262
Advances from customers	48,314	89,529	216,820	4,967
Other liabilities	77,391	(30,778)	165,972	3,802
Net cash provided by continuing operations	1,258,784	2,381,951	3,481,110	79,750
Net cash provided by/(used in) discontinued operations	148,071	(21,432)	-	-
Net cash provided by operating activities	1,406,855	2,360,519	3,481,110	79,750
Cash flows from investing activities:				
Expenditure on property, plant and equipment	(1,064,215)	(1,720,645)	(1,317,958)	(30,194)
Proceeds from sale of property, plant and equipment	29,737	206,415	32,333	741
Funding of discontinued operations	-	(935,810)	(855,793)	(19,606)
Purchase of minority interest in subsidiary	-	-	(67,500)	(1,546)
Proceeds from sale of investments in affiliates	26,564	-	153,128	3,508
Purchase of investments	-	-	(833,622)	(19,098)
Proceeds from sales and Maturities of investments	-	-	95,974	2,199
Net cash used in continuing operations	(1,007,914)	(2,450,040)	(2,793,438)	(63,996)
Net cash provided by discontinued operations	47,709	168,050	-	-
Net cash used in investing activities	(960,205)	(2,281,990)	(2,793,438)	(63,996)
Cash flows from financing activities:				
Proceeds from /(repayments of) short term borrowing from banks, net	316,030	(229,678)	(1,688,043)	(38,672)
Proceeds from issuance of long term debt	180,000	500,000	1,010,219	23,144
Sale of shares by Trust	-	-	466,771	10,693
Repayment of long-term debt	(273,425)	(463,086)	(755,049)	(17,298)
Proceeds from issuance of preferred stock	-	250,000	-	-
Proceeds from issuance of common stock by a subsidiary/ affiliate	40,500	-	502,345	11,508
Payment of cash dividends	(42,012)	(75,727)	(75,622)	(1,732)
Net cash provided by/(used in) continuing operations	221,093	(18,491)	(539,379)	(12,357)
Net cash used in discontinued operations	(212,646)	(158,422)	-	-
Net cash provided by/(used in) financing activities	8,447	(176,913)	(539,379)	(12,357)
Effect of de-consolidation of a subsidiary on cash and cash equivalents (Note 14)	-	-	(1,943)	(45)
Net increase/ (decrease) in cash and cash equivalents during the year	455,097	(98,384)	146,350	3,353
Cash and cash equivalents at the beginning of the year	288,012	743,109	637,253	14,599
Cash and cash equivalents at the end of the year	Rs. 743,109	Rs. 644,725	Rs. 783,603	$ 17,952
Supplementary information:				
Cash paid for interest	Rs. 459,658	Rs. 344,886	Rs. 335,545	$ 7,687
Cash paid for taxes	36,308	121,815	221,233	5,068

Cash and cash equivalents as of March 31, 1999 include cash balances of Rs 7,472 relating to Wipro Finance. This balance is reflected as a component of "net liabilities of discontinued business" in the consolidated balance sheet as of March 31, 1999.

See accompanying notes to the consolidated financial statements.

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WIPRO LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data and where otherwise stated)

1. Overview

Wipro Limited (Wipro), together with its subsidiaries Wipro Inc., En Think Inc., Wipro Prosper Limited, Wipro Factors Limited, Wipro Trademarks Holdings Limited, Wipro Japan KK and affiliates Wipro Net Limited and Wipro GE Medical Systems Limited (collectively, "the Company") is a leading India based provider of IT services globally. Further, Wipro is in other businesses such as Indian IT services and products, Consumer Care and Lighting and healthcare systems. Wipro is headquartered in Bangalore, India.

2. Significant Accounting Policies

The preparation of consolidated financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Basis of preparation of financial statements. The accompanying consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles.

Functional currency. The functional and reporting currency of the Company is the Indian rupee as a significant portion of the Company's activities are conducted in India.

Convenience translation. The accompanying financial statements have been prepared in Indian rupee, the national currency of India. Solely for the convenience of the reader, the financial statements as of and for the year ended March 31, 2000 have been translated into United States dollars at the noon buying rate in New York City on March 31, 2000 for cable transfers in Indian Rupees, as certified for customs purposes by the Federal Reserve Bank of New York of US$ 1 = Rs 43.65. 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.

Principles of consolidation. The consolidated financial statements include the financial statements of Wipro and all of its subsidiaries, which are more than 50% owned and controlled. All material inter-company accounts and transactions are eliminated on consolidation. The Company accounts for investments by the equity method where its investment in the voting stock gives it the ability to exercise significant influence over the investee.

Pursuant to a joint venture agreement, effective December 27, 1999, the shareholding of the Company in Wipro Net Limited (Wipro Net) was reduced from 100% to 55%. The minority shareholder, KPN Group, holds 45% of the voting stock and has certain significant participating rights which provide for its effective involvement in significant decisions in the ordinary course of business. Accordingly, the financial statements of Wipro Net, subsequent to December 27, 1999 have not been consolidated.

The financial statements of Wipro Finance Limited (Wipro Finance), a majority owned subsidiary, were consolidated with Wipro in fiscal 1998 and 1999. In December 1999, Wipro reduced its shareholding in Wipro Finance to 50%. Wipro has no financial obligations or commitments to Wipro Finance and does not intend to provide Wipro Finance with further financial support. Accordingly, Wipro has not provided for any losses beyond its equity investment and net advances, and the financial statements of Wipro Finance have not been consolidated since April 1, 1999.

Cash equivalents. The Company considers all highly liquid investments with remaining maturities, at the date of purchase/investment, of three months or less to be cash equivalents.

Revenue recognition. Revenues from software development services comprise income from time-and-material and fixed-price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue with respect to fixed-price contracts is recognized in accordance with the percentage of completion method of accounting. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. Maintenance revenue is deferred and recognized ratably over the term of the agreement. Revenue from customer training, support, and other services is recognized as the related service is performed. Revenue from the sales of goods is recognized, in accordance with the sales contract, on despatch from the factories/warehouses of the Company. When the Company receives advance payments from customers for sale of products or provision of services, such payments are reported as advances from customers. Until all conditions for revenue recognition are met.

Inventories. Inventories are stated at the lower of cost and market. Cost is determined using the weighted average method for all categories of inventories.

Investment Securities. The Company classifies its debt and equity securities in one of the three categories: trading, held-to-maturity or available-for-sale, at the time of purchase and re-evaluates such classifications as of each balance sheet date. Trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Unrealized holding gains and losses on trading securities are included in earnings. Temporary unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of stockholders' equity until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a specific identification basis and are included in earnings. A decline in the fair value of any available-for-sale or held-to-maturity security below cost that is deemed to be other than temporary results in a reduction in carrying amount to fair value. Fair value is based on quoted market prices. The impairment is charged to earnings.

Derivative Financial Instruments. The Company uses short-term forward foreign exchange contracts to cover foreign exchange risk. These contracts qualify as hedges, as changes in their fair value offset the effect of a change in the fair value of the underlying exposure. Such contracts are revalued based on the spot rates at the date of the balance sheet and the spot rates at the inception of the contract. Gains

employment with the Company. The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India. Under this Scheme, the settlement obligation remains with the company, although the Life Insurance Corporation of India administers the scheme and determines the contribution premium required to be paid by the company. The impact of the scheme is not material or expected to become material to the financial condition or operations of the company.

Superannuation: Apart from being covered under the Gratuity Plan described above, the senior officers of the Company also participate in a defined contribution plan maintained by the Company. This plan is administered by the Life Insurance Corporation of India. The Company makes annual contributions based on a specified percentage of each covered employee's salary. The Company has no further obligations under the plan beyond its annual contributions.

Provident fund: In addition to the above benefits, all employees receive benefits from a provident fund, a defined contribution plan. The employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's salary. Until fiscal 1981, the Company contributed to the employees' provident fund maintained by the Government of India. Effective fiscal 1982, the Company established a provident fund trust to which a part of the contributions are made each month. The remainder of the contributions are made to the Government's provident fund. The Company has no further obligations under the plan beyond its monthly contributions.

Stock-based Compensation. The Company uses the intrinsic value based method of Accounting Principles Board (APB) Opinion No.25 to account for its employee stock based compensation plans. The Company has therefore adopted the pro forma disclosure provisions of SFAS No. 123, Accounting for Stock-based Compensation.

Recent accounting pronouncements. In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded on the balance sheet either as an asset or as a liability and be measured at its fair value. The Statement requires that changes in a derivative's fair value be recognised in the current period unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that the Company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. SFAS No.133 is effective for all fiscal periods beginning after June 15, 1999. Application of the Statement will not have a significant impact on the financial statements of the Company.

3. Discontinued Operations

The Company was involved in the financial services business through Wipro Finance, a majority owned subsidiary. The Company, for strategic reasons, decided to concentrate on its core businesses and as a result, in March 1999, the Company decided to exit the financial services business and approved a formal plan for winding down the operations of this business. Under the plan, Wipro Finance will not accept any new business and the existing assets and liabilities would be liquidated as per their contractual terms. The Company estimated the shortfall in servicing liabilities of Wipro Finance through its assets and decided to fund the shortfall through a fresh infusion of equity and preferred stock amounting to Rs 950,000.

The results of operations of Wipro Finance for all periods have been reported separately as "loss from operations of discontinued finance division". Similarly, the obligation of the Company to fund losses under the plan, in excess of recognized losses as of March 31, 1999, has been accrued as "provision for operating losses during phase-out period".

The assets and liabilities of Wipro Finance as of March 31, 1999 have been aggregated and reported separately as "net liabilities of discontinued business" as given below:

	As of March 31, 1999
Assets:	
Cash and cash equivalents	Rs. 7,472
Loans, net of allowances	1,278,533
Investment securities	116,855
Property, plant and equipment, net	64,705
Other assets	147,063
Total assets	1,614,628
Liabilities:	
Long term debt	2,141,844
Accounts payable	33,058
Preferred stock	286,000
Other liabilities	9,519
Total liabilities	2,470,421
Net liabilities of discontinued business	Rs. 855,793

The summarized information on results of operations of the discontinued business is given below:

	Year Ended March 31, 1998	Year Ended March 31, 1999
Revenue	Rs. 809,902	Rs. 469,582
Operating expenses	(1,436,118)	(930,399)
Loss from operations of discontinued finance division	Rs. (626,216)	Rs. (460,817)

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In December 1999, the Company sold 50% of the interest in Wipro Finance to certain investors for a nominal amount. As a result of the sale, the Company does not have a controlling interest in Wipro Finance. The financial statements of Wipro Finance have not been consolidated for the period ended March 31, 2000. The tax benefit of Rs 218,707 arising on the sale has been reported separately as a component of discontinued operations.

4. Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents as of March 31, 1999 and 2000 comprise of cash and cash on deposit with banks. Cash and cash equivalents include deposits of Rs 2,008 and Rs 2,108 as of March 31, 1999 and 2000 respectively placed with banks as margin money in the normal course of business operations.

5. Accounts Receivable

The accounts receivable as of March 31, 1999 and 2000 are stated net of allowance for doubtful accounts. The Company maintains an allowance for doubtful accounts based on present and prospective financial condition of the customer and aging of the accounts receivable. Accounts receivable are generally not collateralized.

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

	Year Ended March 31,	
	1999	2000
Balance at the beginning of the period	Rs. 191,473	Rs. 277,841
Additional provision during the period	123,039	299,122
Bad debts charged to provision	(36,671)	(380,361)
Balance at the end of the period	Rs. 277,841	Rs. 196,602

6. Inventories

Inventories consist of the following:

	As of March 31,	
	1999	2000
Stores and spare parts	Rs. 68,592	Rs. 42,914
Raw materials and components	606,034	497,545
Work-in-process	143,301	92,970
Finished goods	625,801	581,731
	Rs. 1,443,728	Rs. 1,215,160

7. Other Assets

Other assets consist of the following:

	As of March 31,	
	1999	2000
Prepaid expenses	Rs. 270,462	Rs. 377,911
Advances to suppliers	43,956	35,510
Balances with statutory authorities	134,202	224,215
Deposits	255,930	382,307
Advance income taxes	273,501	125,000
Others	181,708	219,025
	1,159,759	1,363,968
Less: Current assets	909,456	981,661
	Rs. 250,303	Rs. 382,307

8. Investment Securities

Investment securities consist of the following:

	As of March 31, 1999				As of March 31, 2000			
	Carrying Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Carrying Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Available-for-sale:								
Equity securities	Rs. 233	Rs. 2,230	Rs. (30)	Rs 2,433	Rs. 233	Rs. 2,298	Rs. (27)	Rs. 2,504
Mutual fund units	3,793	1,041	-	4,834				
	Rs. 4,026	Rs. 3,271	Rs. (30)	Rs. 7,267	Rs. 233	Rs. 2,298	Rs. (27)	Rs. 2,504
Held-to-maturity:								
Treasury Securities	Rs. 2,500	Rs. -	Rs. -	Rs. 2,500	-	-	-	-
Bonds and Debentures	Rs. 24	Rs. -	Rs. -	Rs. 24	Rs. 294,646	Rs. -	Rs. -	Rs. 294,646
	Rs. 2,524	Rs. -	Rs. -	Rs. 2,524	Rs. 294,646	Rs. -	Rs. -	Rs. 294,646
Total	Rs. 6,550	Rs. 3,271	Rs. (30)	Rs. 9,791	Rs. 294,879	Rs. 2,298	Rs. (27)	Rs. 297,150

Debt securities, held to maturity as of March 31, 2000 mature between one through five years.

Dividends from securities available for sale, during the years ended March 31, 1999 and 2000 was Rs 131 and Rs 22 respectively and is included in other income. Proceeds from the sale of securities, available for sale were Rs 4,474 during the year ended March 31, 2000.

9. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	As of March 31,	
	1999	2000
Land	Rs. 195,590	Rs. 273,804
Buildings	396,408	701,839
Plant and machinery	2,901,546	3,202,434
Furniture, fixtures and equipment	455,609	647,590
Vehicles	158,448	217,729
Computer software for internal use	169,452	298,105
Capital work-in-progress	860,063	709,146
	5,137,116	6,050,647
Accumulated depreciation and amortization	(1,882,691)	(2,446,966)
Property, plant and equipment, net	Rs. 3,254,425	Rs. 3,603,681

Depreciation expense for the years ended March 31, 1998, 1999 and 2000 is Rs 409,447, Rs 630,543 and Rs 734,473 respectively. This includes Rs 6,484, Rs 29,871 and Rs 53,261 being amortization of capitalized internal use software during the years ended March 31, 1998, 1999 and 2000 respectively.

10. Intangible Assets

Intangible assets consisting of technical know-how and goodwill, are stated net of accumulated amortization of Rs 1,397 and Rs 5,647 as of March 31, 1999 and 2000 respectively. Technical know-how is amortized over six years. Amortization expenses for the years ended March 31, 1998, 1999 and 2000 are Rs 522, Rs 606 and Rs 4,250 respectively.

In October 1999, the Company acquired the 45% minority interest in Wipro Computers Limited for a consideration of Rs 67,500. The acquisition resulted in a goodwill of Rs 10,500 which is reported as an intangible asset. The goodwill is being amortized over a period of 5 years.

11. Other Current Liabilities

Other current liabilities consist of the following:

	As of March 31,	
	1999	2000
Inter-corporate deposits	Rs. -	Rs. 49,692
Statutory dues payable	69,707	154,958
Taxes payable	303,295	195,497
Others	47,328	35,414
	Rs. 420,330	Rs. 435,561

12. Other Liabilities

Other liabilities consist of security deposits collected from the Company's dealers.

13. Operating Leases

The Company leases office and residential facilities under cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental expense under those leases was Rs 209,830 and Rs 237,693 for the years ended March 31,1999 and 2000 respectively.

14. Investments in Affiliates

Wipro GE Medical Systems (Wipro GE). The Company has accounted for its 49% interest in Wipro GE by the equity method. The carrying value of the investment in Wipro GE as of March 31, 1999 and 2000 was Rs 310,250 and Rs 434,299 respectively. The Company's equity in the income of Wipro GE for the year ended March 31, 1999 and 2000 was Rs 95,632 and Rs 138,749 respectively.

Wipro Net. As of March 31, 1999, the Company held a 100% interest in Wipro Net represented by 15,219,180 equity shares of Rs 10 each. Wipro Net is engaged in value added networking and communication services. The financial statements of Wipro Net were consolidated in fiscal 1999. In fiscal 2000, the Company sold 2,903,410 equity shares to a minority shareholder for a consideration of Rs 203,000 pursuant to a joint venture agreement. The gain on sale of Rs 146,144 is included in the statement of income. Additionally, Wipro Net directly issued 7,173,132 shares to the joint venture partner at a price of Rs 80 per share. As a result of the transactions, the Company's interest in Wipro Net reduced to 55%. The shareholders' agreement provides the minority shareholder in the joint venture with significant participating rights, which provide for its effective involvement in significant decisions in the ordinary course of business. Further, the shareholders' agreement requires the Company to reduce its interest from 55% to 45% within 2 to 3 years. Therefore, subsequent to the dilution, the Company has accounted for its 55% interest by the equity method. The carrying value of the investment in Wipro Net as of March 31, 2000 was Rs 270,586. The carrying value has increased by Rs 266,000 due to the direct issue of shares to the minority shareholder. As the direct issue of shares by Wipro Net is not part of a broader corporate reorganization, the gain due to the change in the carrying value of the investment has been included in the statement of income. The Company's equity in the loss of Wipro Net subsequent to the dilution was Rs 26,159.

Wipro BT (Wipro BT). During the year ended March 31, 1998, the Company sold its 50% interest in Wipro BT for a consideration of Rs 26,500. The loss on sale is included in the statement of income.

15. Financial Instruments and Concentration of Risk

Concentration of risk. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, investment securities and accounts receivable. The Company's cash resources are invested with financial institutions and commercial corporations with high investment grade credit ratings. Limits have been established by the Company as to the maximum amount of cash that may be invested with any such single entity. To reduce its credit risk, the Company performs ongoing credit evaluations of customers. No single customer accounted for 10% or more of accounts receivable as of March 31, 1999 and 2000.

Derivative financial instruments. The Company enters into foreign exchange forward contracts and interest rate swap agreements where the counterparty is generally a bank. 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 financial instruments outstanding :

	As of March 31,	
	1999	2000
Forward contracts	$ 7,863,403 (sell)	$ 48,487,662 (sell)
Interest rate swaps	$ 9,750,000	$ 6,500,000

The foreign forward exchange contracts mature between one to six months. Interest rate swap agreements mature between one to five years.

16. Borrowings from Banks

The Company has a line of credit of Rs 2,650,000 from its bankers for working capital requirements. The line of credit is renewable annually. The credit bears interest at the prime rate of the bank, which averaged 13.12% in fiscal 1999 and 2000. The facilities are secured by inventories, accounts receivable and certain properties and contain financial covenants and restrictions on indebtedness.

17. Long-term Debt

Long-term debt consists of the following:

	As of March 31,	
	1999	2000
Debentures and bonds	Rs. 13,333	Rs. -
Foreign currency borrowings	413,227	269,453
Rupee term loans from banks and financial institutions	709,858	1,153,495
Foreign currency term loans from financial institutions	57,877	-
Others	27,274	37,766
	1,221,569	1,460,714
Less: Current portion	454,467	1,249,570
	Rs. 767,102	Rs. 211,144

In December 1999, the Company has transferred an 8% interest in Wipro Net to a financial institution. Under the terms of the transfer, the Company has a call option to repurchase the transferred shares at a pre-determined consideration. Additionally, the financial institution has a put option to sell the shares to the Company at a pre-determined consideration. The financial institution cannot transfer the shares to a third party within the period of the call option. The Company has recorded the transfer as a secured borrowing with pledge of collateral. As of March 31, 2000, the rupee term loans include Rs 994,218 representing such a borrowing. The call and put option can be exercised

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between 13 months to 18 months from the date of transfer. The principal shareholder of the Company has pledged certain shares held in Wipro to further secure the borrowing.

All other long term debt is secured by a specific charge over the property, plant and equipment of the Company and contains certain financial covenants and restrictions on indebtedness.

Foreign currency borrowing represents a fixed rate U.S. dollar borrowing. In order to hedge the foreign exchange risk on the borrowing, Wipro entered into a structured swap agreement with a bank in September 1999. Under this agreement, the bank would assume all responsibilities to repay the borrowing and interest thereon in foreign currency as per the scheduled maturity of the borrowing. In exchange, the Company would pay the bank a fixed amount in Indian rupees as per an agreed schedule. In order to secure the Indian rupee payment streams to the bank, Wipro made an investment in certain discount bonds, the proceeds of which have been assigned as security to the bank. The swap agreement has been accounted as a hedge with the hedge cost amortized to income over the life of the contract. The discount bonds are classified as "held to maturity" investment securities.

An interest rate profile of long term debt is given below:

	As of March 31,	
	1999	2000
Debentures and bonds	14.0 to 18.5%	-%
Foreign currency borrowings	6.7%	6.7%
Rupee term loans from banks and financial institutions	13.5 to 15.0%	13.9%
Foreign currency term loans from financial institutions	7.5%	-%

A maturity profile of long term debt outstanding as of March 31, 2000 is set out below:

Maturing in:

2001	Rs. 1,249,570
2002	161,480
2003	20,105
2004	28,305
Thereafter	1,254
Total	Rs. 1,460,714

18. Equity Shares and Dividends

The Company presently has only one class of equity shares. For all matters submitted to vote in the shareholders meeting, every holder of equity shares, as reflected in the records of the Company on the date of the shareholders meeting shall have one vote in respect of each share held by him or her.

Indian statutes mandate that dividends shall be declared out of distributable profits only after the transfer of up to 10% of net income computed in accordance with current regulations to a general reserve. Should the Company declare and pay dividends, such dividends will be paid in Indian rupees to each holder of equity shares in proportion to the number of shares held by him to the total equity shares outstanding as on that date. Indian statutes on foreign exchange govern the remittance of dividend outside India. Such dividend payments are subject to withholding taxes applicable at the time of payment.

In the event of liquidation of the affairs of the Company, all preferential amounts, if any, shall be discharged by the Company. The remaining assets of the Company, after such discharge, shall be distributed to the holders of equity shares in proportion to the number of shares held by them.

The Company paid cash dividends of Rs 42,012, Rs 75,727 and Rs 75,622 during the years ended March 31, 1998, 1999 and 2000 respectively. The dividend per share was Rs 0.50, Rs 0.30 and Rs 0.30 during the years ended March 31,1998, 1999 and 2000.

In November 1997, the company effected a two-for-one share split in the form of a share dividend. In September 1999, the company effected a five-for-one share split of the Company's equity shares. All references in the consolidated financial statements to number of shares and per share amounts of the Company's equity shares have been retroactively restated to reflect the increased number of equity shares outstanding resulting due to the share splits.

19. Retained Earnings

The Company's retained earnings as of March 31, 1999 and 2000 include restricted retained earnings of Rs 30,773 and Rs 23,585 respectively which are not distributable as dividends under Indian company and tax laws. These relate to requirements regarding earmarking a part of the retained earnings for redemption of debentures and to avail specific tax allowances.

Retained earnings as of March 31, 1999 and 2000 also include Rs 261,250 and Rs 532,885 respectively of undistributed earnings in equity of affiliates.

20. Redeemable Preferred stock

Preferred stock issued by companies incorporated in India carry a preferential right to be paid and on liquidation, and a preferential right to be repaid over the equity shares. The company has two series of redeemable preferred stock as detailed below that are reflected as a liability in the balance sheet.

Redeemable preferred Stock. The company has issued 25,000,000 shares of preferred stock aggregating Rs. 250,000 to a financial institution bearing dividend at 10.25% per annum. The preferred stock do not bear a conversion option and is redeemable at the holder at par value in December 2000.

Redeemable preferred stock of Wipro Finance. On March 31, 1998, Wipro Finance issued 2,500,000 shares of preferred stock aggregating Rs 250,000 to a financial institution. The preferred stock is convertible to equity shares of Wipro Finance at a formula price based on the net asset value of Wipro Finance on the conversion date. Alternatively, the investor has the option to seek redemption at a determinable price. The Company has accrued for dividends at the effective yield of 14.4% representing the difference between the par value and the redemption price. The dividend on the preferred stock has been treated as interest expense and reported to as component of "loss from operations of discontinued finance business". As of March 31, 1999, the preferred stock with a carrying value of Rs 286,000 has been reported as a component of "net liabilities of discontinued business".

21. Other Expense, Net

Other expense consists of the following:

	Year ended March 31,		
	1998	**1999**	**2000**
Interest expense, net of capitalized interest	Rs. (433,051)	Rs. (271,830)	Rs. (283,627)
Foreign exchange gain/(loss)	(129,680)	34,008	51,603
Others	(47,384)	102,997	76,880
Total	Rs. (515,527)	Rs. (134,825)	Rs. (155,144)

Rs 8,550, Rs 85,220 and Rs 53,980 of interest has been capitalized during the years ended March 31, 1998, 1999 and 2000 respectively.

22. Income Taxes

Income taxes consist of the following:

	Year ended March 31,		
	1998	**1999**	**2000**
Current Taxes			
Domestic	Rs. 13,702	Rs. 153,008	Rs. 167,825
Foreign	55,500	61,497	174,920
	Rs. 69,202	Rs. 214,505	Rs. 342,745
Deferred Taxes			
Domestic	Rs. 33,186	Rs. (35,292)	Rs. 182,553
	Rs. 33,186	Rs. (35,292)	Rs. 182,553
Total income tax expense	Rs. 102,388	Rs. 179,213	Rs. 525,298

The reported income tax expense differed from amounts computed by applying the enacted tax rates to income from continuing operations before income taxes as a result of the following:

	As of March 31,		
	1998	**1999**	**2000**
Income from continuing operations before taxes	Rs.1,030,617	Rs.1,758,777	Rs.3,858,294
Enacted tax rate in India	35%	35%	38.5%
Computed expected tax expense	360,716	615,572	1,485,443
Effect of:			
Income exempt from tax in India	(367,830)	(546,901)	(1,104,111)
Change in enacted tax rate	10,471	-	(22,385)
Others	43,531	49,045	(8,569)
Domestic income taxes	46,888	117,716	350,378
Effect of tax on foreign income	55,500	61,497	174,920
Total income tax expense	Rs. 102,388	Rs. 179,213	Rs. 525,298

A substantial portion of the profits of the Company's India operations are exempt from Indian income taxes being profits attributable to export operations and profits from undertakings situated in Software Technology and Hardware Technology Parks. Under the tax holiday, the taxpayer can utilize an exemption from income taxes for a period of any ten consecutive years. The Company has opted for this exemption from the year ended March 31, 1997 for undertakings situated in Software Technology and Hardware Technology Parks. The aggregate rupee and per share effects of the tax holiday are Rs. 367,830 and Rs. 1.62 per share for the year ented March 31, 1998, Rs. 546,901 and Rs. 2.40 for the year ended March 31, 1999 and Rs. 1,104,111 and Rs. 4.85 for the year ended March 31, 2000 respectively.

	As of March 31,	
	1999	2000
Deferred tax assets		
Allowance for doubtful accounts	Rs. 151,090	Rs. 37,366
Carry-forward business losses	43,264	-
Carry-forward capital losses	17,921	24,446
Transfer of stock of affiliate	-	194,261
Others	64,002	11,678
Total	Rs. 276,277	Rs. 267,751
Deferred tax liabilities		
Property, plant and equipment	Rs. 59,557	Rs. 16,610
Unrealized gain on available for sale securities	439	500
Borrowing costs	2,597	864
Total	Rs. 62,593	Rs. 17,974

Management is of the opinion that the realizability of the deferred tax assets recognized as of March 31, 1999 and 2000 is more likely than not. Management has considered estimated future taxable income and the impact of tax exemption currently available to the Company, while analyzing the realizability of the deferred tax asset.

23. Employee Stock Incentive Plans

In fiscal 1985, the Company established a controlled trust called The Wipro Equity Reward Trust (WERT). Under this plan, the WERT would purchase shares of Wipro out of funds borrowed from Wipro. The Company's Compensation Committee would recommend to the WERT, officers and key employees, to whom the WERT will grant shares from its holding. The shares have been granted at a nominal price. Such shares would be held by the employees subject to vesting conditions. The shares held by the WERT are reported as a reduction from stockholders' equity. 392,355 and 530,635 shares held by employees as of March 31, 1999 and 2000 respectively, subject to vesting conditions are included in outstanding equity shares.

In February 2000, the WERT sold 54,745 shares to third parties for a consideration of Rs 524,475. The gain on sale aggregating Rs 524,472, net of the realized tax impact of Rs 57,704 has been credited to additional paid-in capital.

The movement in the shares held by the WERT is given below:

	Year Ended March 31,	
	1999	2000
Shares held at the beginning of the period	1,943,760	1,409,485
Shares granted to employees	(558,125)	(254,100)
Grants forfeited by employees	23,850	115,820
Sale of shares by the WERT	-	(54,745)
Shares held at the end of the period	1,409,485	1,216,460

The Company has elected to use the intrinsic value-based method of APB Opinion No. 25 to account for its employee stock-based compensation plan. During the years ended March 31, 1998, 1999 and 2000, the Company has recorded deferred compensation of Rs 9,816, Rs. 168,615 and Rs. 150,908 respectively for the difference between the grant price and the fair value as determined by quoted market prices of the equity shares at the grant date. The deferred compensation is amortized on a straight-line basis over the vesting period of the shares which ranges from 6 to 60 months. The weighted-average-grant-date fair values of the shares granted during the years ended March 31, 1998, 1999 and 2000 are Rs. 93, Rs. 360 and Rs. 1,028 respectively. The amortization of deferred stock compensation for the years ended March 31, 1998, 1999 and 2000 was Rs. 2,227, Rs. 24,702 and Rs. 96,898 respectively. The stock-based compensation has been allocated to cost of revenues and selling, general and administrative expenses as follows:

	Year ended March 31,		
	1998	1999	2000
Cost of revenues	Rs. 925	Rs. 16,087	Rs. 36,299
Selling, general and administrative expenses	1,302	8,615	60,599
Total	Rs. 2,227	Rs. 24,702	Rs. 96,898

In July 1999, the Company established Wipro Employee Stock Option Plan 1999 (1999 Plan). Under the 1999 Plan, the Company is authorised to issue upto 5 million equity shares to eligible employees. Employees covered by the 1999 Plan are granted an option to purchase shares of the Company subject to the requirements of vesting. The Company has elected to use the intrinsic value-based method of APB Opinion No. 25 to account for the 1999 Plan. During the year ended March 31, 2000 the Company has not recorded any deferred compensation as the exercise price was equal to the fair market value of the underlying equity shares on the grant date.

Stock option activity under the 1999 Plan during the year ended March 31, 2000 is as follows:

	Year ended March 31, 2000			
	Shares arising out of options	**Range of exercise prices and grant date fair values**	**Weighted average exercise price and grant date fair values**	**Weighted-average remaining contractual life**
Outstanding at the beginning of period	-	-	-	
Granted during the period	2,558,150	Rs. 1,024 to Rs.2,522	Rs.1,091	36 months
Forfeited during the period	(146,000)	Rs 1,086	Rs 1,086	39 months
Outstanding at the end of the period	2,412,150	Rs. 1,024 to Rs.2,522	Rs.1,091	36 months
Exercisable at end of the period	-	Rs. -	Rs. -	- months

The Company has adopted the pro forma disclosure provisions of SFAS No. 123. Had compensation cost been determined in a manner consistent with the fair value approach described in SFAS No. 123, the Company's net income and basic earnings per share as reported would have been reduced to the pro forma amounts indicated below:

	Year ended March 31,		
	1998	**1999**	**2000**
Net income			
As reported	Rs. 302,013	Rs.889,449	Rs.3,551,703
Adjusted pro forma	302,013	889,449	3,317,287
Earnings per share: Basic			
As reported	1.33	3.91	15.59
Adjusted pro forma	1.33	3.91	14.56
Earnings per share: Diluted			
As reported	1.33	3.91	15.54
Adjusted pro forma	1.33	3.91	14.51

The fair value of each option is estimated on the date of grant using the Black-Scholes model with the following assumptions.

Dividend yield	0.03%
Expected life	42 months
Risk free interest rates	11.88%
Volatility	0.80

24. Earnings per share

A reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share is set out below.

	As of March 31,		
	1998	**1999**	**2000**
Basic earnings per equity share – weighted average number of equity shares outstanding	227,215,683	227,479,728	227,843,378
Effect of dilutive equivalent shares-stock options outstanding	-	-	804,756
Diluted earnings per equity share – weighted average number of equity shares and equivalent shares outstanding	227,215,683	227,479,728	228,648,134

Shares held by the controlled WERT have been reduced from the equity shares outstanding and shares held by employees subject to vesting conditions have been included in outstanding equity shares for computing basic and diluted earnings per share.

25. Employee Benefit Plans

The Company contributed Rs. 104,403, Rs. 121,427 and Rs. 161,723 to various defined contribution plans during the years ended March 31, 1998, 1999 and 2000 respectively.

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the Company's financial statements in fiscal 1999 and 2000. The Company adopted the provisions of SFAS No. 87 with effect from April 1, 1998. The impact of adopting SFAS No. 87 on prior periods was not material.

	As of March 31,	
	1999	**2000**
Change in the benefit obligation		
Projected Benefit Obligations (PBO) at the beginning of the year	Rs. 44,216	Rs. 52,047
Service Cost	3,218	4,049
Interest Cost	4,698	5,512

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	Year Ended March 31, 1999	2000
Benefits paid	(5,506)	(7,882)
Amortization of unrecognized net loss	5,421	57
PBO at the end of the year	52,047	53,783
Change in plan assets		
Fair value of plan assets at the beginning of the year	22,720	22,757
Actual return on plan assets	2,635	2,494
Employer contributions	2,908	7,133
Benefits paid	(5,506)	(7,882)
Plan assets at the end of the year	22,757	24,502
Funded status	(29,290)	(29,281)
Unrecognized acturial loss	5,129	4,936
Unrecognized transitional obligation	19,622	17,748
Accrued benefit	(4,539)	(6,597)

Net gratuity cost for the years ended March 31, 1999 and 2000 included:

	Year Ended March 31, 1999	2000
Service cost	Rs. 3,218	Rs. 4,049
Interest cost	4,698	5,512
Expected return on assets	(2,344)	(2,351)
Amortization of transition liabilities	1,874	1,874
Net gratuity cost	Rs. 7,446	Rs. 9,084

The actuarial assumptions used in accounting for the Gratuity Plan are:

	Year Ended March 31, 1999	2000
Discount rate	11%	11%
Rate of increase in compensation levels	10%	10%
Rate of return on plan assets	10.5%	10.5%

26. Related Party Transactions

During the years ended March 31, 1998, 1999 and 2000, the Company sold goods and provided services in the nature of administrative and management support for a consideration of Rs 10,139, Rs 15,079 and Rs 54,535 respectively to Wipro GE. The Company paid rental charges of Rs 1,041, Rs 1,198 and Rs 1,198 during the years ended March 31, 1998, 1999 and 2000 respectively to Wipro GE for use of office premises. During the year ended March 31, 2000, the Company provided consultancy services to Wipro Net for a consideration of Rs 12,186.

In April 1999, the Company entered into a cancellable agreement with the principal shareholder for lease of residential premises. Rs 1,200 has been paid to the principal shareholder as lease rentals for the year ended March 31, 2000.

The Company has the following receivables from related parties, which are reported as “other assets” in the balance sheet.

	As of March 31, 1999	2000
Wipro GE	Rs. 581	Rs. -
Wipro Net	-	12,186
Security deposit given to Hasham Premji, a firm under common control	25,000	25,000
	Rs. 25,581	Rs. 37,186

27. Commitments and Contingencies

Capital commitments. As of March 31, 1999 and 2000, the Company had committed to spend approximately Rs 478,061 and Rs 160,084 respectively under agreements to purchase property and equipment. This amount is net of capital advances paid in respect of these purchases.

Guarantees. As of March 31, 1999 and 2000 performance guarantees provided by banks on behalf of the Company to certain Indian Government and other agencies amount to approximately Rs 448,938 and Rs 880,557 respectively as part of the bank line of credit.

Other commitments. The Company's Indian operations have been established as a Software Technology Park Unit under a plan formulated by the Government of India. As per the plan, the Company's India operations have export obligations to the extent of 1.5 times the employee costs for the year on an annual basis and 1.5 times (increased to 5 times during fiscal 2000) the amount of foreign exchange released for capital goods imported, over a five year period. The consequence of not meeting this commitment in the future, would be a retroactive levy of import duty on certain computer hardware previously imported duty free. As of March 31, 2000, the Company has met all commitments under the plan.

Contingencies. The Company is involved in lawsuits, claims, investigations and proceedings, including patent and commercial matters, which arise in the ordinary course of business. There are no such matters pending that Wipro expects to be material in relation to its business.

28. Segment Information

The Company has adopted SFAS No. 131, Disclosure about Segments of an Enterprise and Related Information, which establishes standards for reporting information about operating segments and related disclosures about products, geographic information and major customers.

The Company is organized by segments including Global IT Services, Indian IT Services and Products, Consumer Care and Lighting and other segments. Each of the segments has a Vice Chairman / Chief Executive Officer who reports to the Chairman of the Company. The Chairman of the Company has been identified as the Chief Operating Decision Maker as defined by SFAS No. 131. The Chairman of the Company evaluates the segments based on their revenue growth, operating income and return on capital employed. The accounting policies for the segment are the same as described in the summary of significant accounting policies and practices except that exchange rate fluctuations and interest income by lending to the other segments within the Company is considered as a component of total revenue and operating income for segment data. The company has three reportable segments:

Global IT Services (Wipro Technologies) segment provides research and development services for hardware and software design to technology and telecommunication companies and software application development services to corporate enterprises.

Indian IT Services and Products (Wipro Infotech) segment focuses primarily on meeting all the IT and electronic commerce requirements of Indian companies.

Consumer Care and Lighting segment manufactures, distributes and sells soaps, toiletries, lighting products and hydrogenated cooking oils for the Indian market.

The "Others" segment consists of various business segments that did not meet the requirements individually for a reportable segment as defined in SFAS No. 131.

Information on reportable segments is as follows:

Year ended March 31, 1998

	Global IT Services	Indian IT Services and Products	Consumer Care and Lighting	Others (net of eliminations)	Reconciling items	Entity Total
Revenues	Rs 4,017,406	Rs 5,683,840	Rs 3,195,002	Rs 804,211	Rs -	Rs 13,700,459
Exchange rate fluctuations	80,382	(52,726)	(4,327)	-	(23,329)	-
Interest income on funding other segments, net	99,000	-	33,804	-	(132,804)	-
Total revenues	4,196,788	5,631,114	3,224,479	804,211	(156,133)	13,700,459
Cost of revenues	(2,695,856)	(4,200,562)	(2,505,791)	(533,830)	-	(9,936,039)
Selling, general and administrative expenses	(404,568)	(1,215,977)	(452,295)	(193,894)	-	(2,266,734)
Operating income of segment	Rs 1,096,364	Rs 214,575	Rs 266,393	Rs 76,487	Rs(156,133)	Rs 1,497,686
Total assets of segment	Rs 3,945,899	Rs 2,854,680	Rs 1,284,118	Rs 3,309,855	-	Rs 11,394,552
Capital employed	2,971,511	1,220,033	744,562	3,334,323	-	8,270,429
Return on capital employed	37%	18%	36%	-	-	-
Accounts receivable	982,787	1,521,949	141,563	366,982	-	3,013,281

CMYK

Year ended March 31, 1999

	Global IT Services	Indian IT Services and Products	Consumer Care and Lighting	Others (net of eliminations)	Reconciling items	Entity Total
Revenues	Rs 6,359,305	Rs 7,262,349	Rs 3,464,806	Rs 805,649	Rs -	Rs 17,892,109
Exchange rate fluctuations	100,629	(30,881)	(5,747)	-	(64,001)	-
Interest income on funding other segments, net	141,467	-	36,100	-	(177,567)	-
Total revenues	6,601,401	7,231,468	3,495,159	805,649	(241,568)	17,892,109
Cost of revenues	(4,056,996)	(5,358,144)	(2,585,403)	(581,558)	-	(12,582,101)
Selling, general and administrative expenses	(1,076,692)	(1,602,839)	(503,817)	(319,088)	-	(3,502,436)
Operating income of segment	Rs 1,467,713	Rs 270,485	Rs 405,939	Rs (94,997)	Rs(241,568)	Rs 1,807,572
Total assets of segment	Rs 5,259,706	Rs 3,603,224	Rs1,240,716	Rs 597,951	-	Rs 10,701,597
Capital employed	3,612,051	1,360,772	714,330	372,665	-	6,059,818
Return on capital employed	41%	20%	57%	-	-	-
Accounts receivable	1,407,923	1,745,873	140,436	308,652	-	3,602,884

Year Ended March 31, 2000

	Global IT Services	Indian IT Services and Products	Consumer Care and Lighting	Others (net of eliminations)	Reconciling items	Entity Total
Revenues	Rs. 10,206,078	Rs. 8,181,627	Rs. 3,222,316	Rs. 1,380,583	Rs. -	Rs. 22,990,604
Exchange rate fluctuations	88,946	(13,923)	(2,090)	-	(72,933)	-
Interest income on funding other segments, net	163,500	-	43,000	-	(206,500)	-
Total revenues	10,458,524	8,167,704	3,263,226	1,380,583	(279,433)	22,990,604
Cost of revenues	(6,173,724)	(6,183,092)	(2,251,238)	(1,070,031)	-	(15,678,085)
Selling, general and administrative expenses	(1,391,265)	(1,549,302)	(533,023)	(346,564)	-	(3,820,154)
Operating income of segment	Rs. 2,893,535	Rs. 435,310	Rs. 478,965	Rs. (36,012)	Rs. (279,433)	Rs. 3,492,365
Total assets of segment	Rs. 5,116,501	Rs. 3,788,784	Rs. 1,282,676	Rs. 2,490,392	-	Rs. 12,678,353
Capital employed	2,711,042	1,474,491	678,549	3,569,708	-	8,433,790
Return on capital employed	107%	30%	71%	-	-	-
Accounts receivable	2,163,931	1,743,789	133,889	389,751	-	4,431,360

The Company has three geographic segments: India, United States and Rest of the world. Revenue from the geographic segments based on domicile of customer is as follows:

	Year ended March 31,		
	1998	1999	2000
India	Rs. 9,521,795	Rs.11,352,121	Rs. 12,407,632
United States	2,896,613	4,271,577	6,522,166
Rest of the world	1,282,051	2,268,411	4,060,806
Total	Rs. 13,700,459	Rs. 17,892,109	Rs. 22,990,604

29. Fair Value of Financial Instruments

The fair value of the Company's current assets and current liabilities approximate their carrying values because of their short-term maturity. Such financial instruments are classified as current and are expected to be liquidated within the next twelve months. The fair value of held to maturity investment securities and long term debt approximates their carrying value as the interest rates reflect prevailing market rates.

30. Year 2000

To date, the Company has not encountered any material Year 2000 issues concerning its respective computer programs. The Company's plan for the Year 2000 included replacing or updating existing systems (which were not Year 2000 compliant), assessing the Year 2000 preparedness of customers and counter-parties and formulating a contingency plan to ensure business continuity in the event of unforeseen circumstances. All costs associated with carrying out the Company's plan for the Year 2000 problem have been expensed as incurred.