

Corrected version
(Contains corrected figures in Consolidated Statements of Income)

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

Six Months Ended September 30,

As of March 31,

1999 2000 2000 1999 2000 2000

(unaudited)

ASSETS

Current assets:

Cash and cash equivalents (Note 4).....	Rs. 637,253	Rs. 783,603	\$ 17,952	492,464	982,944	21,322
Accounts receivable, net of allowances (Note 5).....	3,602,884	4,431,360	101,520	3,844,854	4,966,273	107,728
Inventories (Note 6).....	1,443,728	1,215,160	27,839	1,367,356	1,074,533	23,309
Deferred income taxes (Note 22).....	73,741	11,678	268	63,834	11,678	253
Other current assets (Note 7).....	909,456	981,661	22,489	879,414	2,581,791	56,004
Total current assets.....	6,667,062	7,423,462	170,068	6,647,923	9,617,219	208,616

Investment securities (Note 8).....	9,791	297,150	6,808	373,585	348,460	7,559
Property, plant and equipment, net (Note 9).....	3,254,425	3,603,681	82,559	3,441,135	4,156,064	90,153
Investments in affiliates (Note 14).....	310,250	704,885	16,149	331,450	761,057	16,509
Deferred income taxes (Note 22).....	202,536	256,073	5,867	131,984	256,073	5,555
Intangible assets, net (Note 10).....	7,230	10,795	247	7,935	9,800	213
Other assets (Note 7).....	250,303	382,307	8,758	349,921	283,357	6,146
Total assets.....	Rs.10,701,597	Rs.12,678,353	\$ 290,455	11,283,933	154,32,030	334,751

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Borrowings from banks (Note 16).....	Rs. 1,780,792	Rs. 92,748	\$ 2,125	2,019,137	151,495	3,286
Current portion of long term debt (Note 17).....	454,467	1,249,570	28,627	242,458	1,322,729	28,693
Accounts payable.....	1,959,930	1,387,606	31,789	1,469,902	1,438,257	31,199
Accrued expenses.....	867,722	1,490,250	34,141	1,064,997	1,643,565	35,652
Advances from customers.....	538,004	754,825	17,293	512,865	705,529	15,304
Net liabilities of discontinued business (Note 3).....	855,793	-	-	742,858	-	-
Other current liabilities (Note 11).....	420,330	435,561	9,978	785,223	502,851	10,908
Redeemable preferred stock (Note 20).....	-	250,000	5,727	-	-	-
Total current liabilities.....	6,877,038	5,660,560	129,681	6,837,440	5,764,426	125,042
Long-term debt, excluding current portion (Note 17).....	767,102	211,144	4,837	369,468	139,571	3,027
Deferred income taxes (Note 22).....	62,593	17,974	412	62,551	17,687	384
Other liabilities (Note 12).....	42,800	101,735	2,331	37,165	85,697	1,859
Preferred stock (Note 20).....	250,000	-	-	262,667	250,000	5,423
Total liabilities.....	7,999,533	5,991,413	137,260	7,569,291	6,257,381	135,735

Minority interest.....	53,840	-	-	57,501	-	-
Stockholders' equity.....	-	-	-	-	-	-

Equity shares at Rs. 2 par value: 230,000,000 shares authorized as of March 31, 1999, 235,000,000 shares authorized as of March 31, 2000 and 375,000,000 shares authorized as of September 30, 2000 ; Issued and outstanding 229,156,350 shares (Note 18)	458,313	458,313	10,500	458,313	458,313	9,942
Additional paid-in capital (Note 23).....	182,562	800,238	18,333	345,618	788,718	17,109
Deferred stock compensation (Note 23).....	(154,348)	(208,358)	(4,773)	(258,941)	(150,784)	(3,271)
Accumulated other comprehensive income (Note 8).....	2,796	1,772	41	1,587	1,721	37
Retained earnings (Note 19).....	2,158,969	5,635,050	129,096	3,110,632	8,076,756	175,201

Equity shares held by a controlled Trust: 1,409,485, 1,216,460, 1,409,485 and 1,252,235 shares as of March 31, 1999, 2000, September 30, 1999 and September 30, 2000 (Note 23).....	(68)	(75)	(2)	(68)	(75)	(2)
---	------	------	-----	------	------	-----

Total stockholders' equity.....	2,648,224	6,686,940	153,195	3,714,642	9,174,649	199,016
Total liabilities and stockholders' equity.....	Rs.10,701,597	Rs.12,678,353	\$ 290,455	11,283,933	15,432,030	334,751

See accompanying notes to the consolidated financial statements

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

	Year Ended March 31,			Six Months Ended September 30,			
	1998	1999	2000	2000	1999	2000	
	(unaudited)						
Revenues :							
Global IT Services.....	Rs. 4,017,406	Rs. 6,359,305	Rs.10,206,078	\$ 233,816	4,592,827	7,754,562	\$ 168,212
Indian IT Services and Products.....							
Indian IT Services	691,758	1,074,167	1,423,283	32,607	652,150	851,816	18,477
Indian IT Products	4,992,082	6,188,182	6,758,344	154,830	2,824,736	3,297,123	71,521
Consumer Care and Lighting.....	3,195,002	3,464,806	3,222,316	73,822	1,520,297	1,571,684	34,093
Others.....	804,211	805,649	1,380,583	31,628	431,686	534,922	11,604
Total.....	13,700,459	17,892,109	22,990,604	526,703	10,021,696	14,010,107	303,907
Cost of revenues :							
Global IT Services.....	Rs. 2,695,856	Rs. 4,056,996	Rs.6,173,724	141,437	3,166,077	4,139,181	89,787
Indian IT Services and Products.....							
Indian IT Services	254,159	456,944	609,574	13,965	278,135	342,568	7,431
Indian IT Products	3,946,403	4,901,200	5,573,518	127,687	2,240,479	2,680,908	58,154
Consumer Care and Lighting.....	2,505,791	2,585,403	2,251,238	51,575	1,159,963	1,099,529	23,851
Others.....	533,830	581,558	1,070,031	24,513	362,317	400,401	8,685
Total.....	9,936,039	12,582,101	15,678,085	359,177	7,206,971	8,662,587	187,908
Gross profit.....	3,764,420	5,310,008	7,312,519	167,526	2,814,726	5,347,520	115,999
Operating expenses :							
Selling, general, and administrative expenses.....	2,266,734	3,502,436	3,820,154	87,518	1,603,908	2,540,110	55,100
Operating income.....	1,497,686	1,807,572	3,492,365	80,008	1,210,818	2,807,410	60,899
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)	(60,920)	28,896	627
Income taxes(Note22).....	(102,388)	(179,213)	(525,298)	(12,034)	(149,000)	(327,899)	(7,113)
Income before share of equity in earnings of affiliates and minority interest.....	843,333	1,493,534	3,224,067	73,862	1,000,898	2,508,407	54,413
Equity in earnings of affiliates (Note 14)...	78,338	95,632	112,590	2,579	31,000	8,922	193
Minority interest	6,558	(9,602)	(3,661)	(84)	(3,661)		
Income from continuing operations.....	928,229	1,579,564	3,332,996	76,357	1,028,237	2,517,329	54,606
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	1,028,237	2,517,329	\$ 54,606
Earnings per equity share: Basic							
Continuing Operations.....	4.09	6.94	14.63	0.34	4.51	11.04	0.24
Discontinued operations.....	(2.76)	(3.03)	0.96	0.02			
Net income.....	1.33	3.91	15.59	0.36	4.51	11.04	0.24
Earnings per equity share: Diluted							
Continuing operations.....	4.09	6.94	14.58	0.33	4.51	10.94	0.24
Discontinued operations.....	(2.76)	(3.03)	0.96	0.02			
Net Income.....	1.33	3.91	15.54	0.35	4.51	10.94	0.24
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	227,746,865	227,922,003	227,922,003
Diluted.....	227,215,683	227,479,728	228,648,134	228,648,134	227,746,865	230,055,507	230,055,507

See accompanying notes to the consolidated financial statements

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

	Equity Shares		Additional Paid in Capital	Deferred Stock Compensation	Comprehensive Income	Accumulated other Comprehensive Income	Retained Earnings	Equity Shares held by a Controlled Trust		Total Stockholders' Equity
	No. of shares	Amount						No. of shares	Amount	
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 issued 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 Plan	-	-	-	-	-	-	-	-	-	-
Net income.....	-	-	-	-	302,013	-	302,013	-	-	302,013
Other comprehensive income.....	-	-	-	-	(8,102)	(8,102)	-	-	-	(8,102)
Unrealized gain/(loss) on investments, net.....	-	-	-	-	-	-	-	-	-	-
Comprehensive income.....	-	-	-	-	Rs. 293,911	-	-	-	-	-
Balance as of March 31, 1998	229,156,350	458,313	13,947	(10,435)	-	(16,273)	1,345,247	(1,943,760)	(93)	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.....	-	-	-	-	-	19,069	-	-	-	19,069
Unrealized gain/(loss) on investments, net.....	-	-	-	-	-	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 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.....	-	-	-	-	-	(1,024)	-	-	-	(1,024)
Unrealized gain/(loss) on investments, net.....	-	-	-	-	-	(1,024)	-	-	-	(1,024)
Comprehensive income.....	-	-	-	-	Rs. 3,550,679	-	-	-	-	-

See accompanying notes to the consolidated financial statements

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
Cash dividends paid (unaudited).....						(75,622)			(75,622)
Shares forfeited, net of issued by trust.....							(35,775)		-
Compensation related to employee stock incentive plan (unaudited)			(11,520)	11,520					-
Amortization of compensation related to employee stock incentive plan (unaudited).....				46,054					46,054
Comprehensive income.....									
Net income.....						2,517,329			2,517,329
Other comprehensive income.....									
Unrealized gain/(loss) on investments, net (unaudited)					(51)				(51)
Comprehensive income (unaudited)									
Balance as of September 30, 2000 (unaudited)	229,156,350	Rs 458,313	Rs 788,718	Rs (150,784)	Rs 1,721	Rs 8,076,757	(1,252,235)	Rs (75)	9,174,649
Balance as of September 30, 2000 (unaudited) \$		\$ 9,942	\$ 17109	\$ (3,271)	\$ 37	\$ 175,201		\$(2)	\$ 199,016

See accompanying notes to the consolidated financial statements

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

	Years ended March 31,			Six Months ended September 30,			
	1998	1999	2000	2000	1999	2000	
					(unaudited)		
Cash flows from operating activities:							
Income from continuing operations.....	Rs. 928,229	Rs. 1,579,564	Rs. 3,332,996	\$ 76,357	1,027,284	2,517,329	\$ 54,606
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	(446)	(19,757)	(429)
Depreciation and amortization.....	409,969	631,149	738,723	16,924	307,873	406,637	8,821
Deferred tax charge / (benefit).....	33,186	(35,292)	182,553	4,182	80,460		
Loss / (Gain) on sale of short-term investments.....		-	(681)	(16)	(410)		
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	58,463	46,054	999
Undistributed equity in earnings of affiliates.....	(63,638)	(76,032)	(97,890)	(2,243)	(21,200)	(1,572)	(34)
Minority interest.....	(6,558)	9,602	3,661	84	3,661	-	-
Changes in operating assets and liabilities :							
Accounts receivable.....	(772,086)	(589,577)	(858,439)	(19,666)	(241,971)	(534,913)	(11,603)
Inventories.....	165,079	(27,765)	228,569	5,236	76,372	140,627	3,050
Other assets.....	(6,270)	(58,329)	(237,449)	(5,440)	(69,576)	(1,501,180)	(32,564)
Accounts payable.....	257,513	620,086	(523,951)	(12,003)	(490,027)	50,651	1,099
Accrued expenses.....	148,990	249,727	622,528	14,262	272,147	153,314	3,326
Advances from customers.....	48,314	89,529	216,820	4,967	(25,140)	(49,296)	(1,069)
Other liabilities.....	77,391	(30,778)	165,972	3,802	297,055	51,252	1,112
Net cash provided by continuing operations.....	1,258,784	2,381,951	3,481,110	79,750	1,274,545	1,259,146	27,314
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	1,274,545	1,259,146	27,314
Cash flows from investing activities:							
Expenditure on property, plant and equipment.....	(1,064,215)	(1,720,645)	(1,317,958)	(30,194)	(504,144)	(1,068,051)	(23,168)
Proceeds from sale of property, plant and equipment.....	29,737	206,415	32,333	741	9,302	129,783	2,815
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	(112,934)	(54,600)	(1,184)
Purchase of investments.....		-	(833,622)	(19,098)	4,376	(147,952)	(3,209)
Proceeds from sales and maturities of investments.....		-	95,974	2,199	(369,013)	96,304	2,089
Net cash used in continuing operations.....	(1,007,914)	(2,450,040)	(2,793,438)	(63,996)	(972,413)	(1,044,516)	(22,657)
Net cash provided by/(used in) discontinued operations.....	47,709	168,050	-	-			
Net cash used in investing activities.....	(960,205)	(2,281,990)	(2,793,438)	(63,996)	(972,413)	(1,044,516)	(22,657)
Cash flows from financing activities:							
Proceeds from /(repayments of) short term borrowing from banks, net.....	316,030	(229,678)	(1,688,043)	(38,672)	238,345	58,747	1,274
Proceeds from issuance of long term debt.....	180,000	500,000	1,010,219	23,144	(609,643)	1,586	34
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)	(75,622)	(75,622)	(1,640)
Net cash provided by/(used in) continuing operations.....	221,093	(18,491)	(539,379)	(12,357)	(446,920)	(15,289)	(332)
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)	(446,920)	(15,289)	(332)
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	(144,788)	199,341	4,324
Cash and cash equivalents at the beginning of the year.....	288,012	743,109	637,253	14,599	637,252	783,603	16,998
Cash and cash equivalents at the end of the year.....	Rs. 743,109	Rs. 644,725	Rs. 783,603	\$ 17,952	492,464	982,944	\$ 21,322
Supplementary information:							
Cash paid for interest.....	Rs. 459,658	Rs. 344,886	Rs. 335,545	\$ 7,687	182,390	(36,172)	\$ (785)
Cash paid for taxes.....	36,308	121,815	221,233	\$ 5,068	41,679	(467,306)	\$ (10,137)

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

WIPRO LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Information as of and for the six months ended September 30, 1999 and 2000 is unaudited
(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 six months ended September 30, 2000 and 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 October 2, 2000 and March 31, 2000 are for cable transfers in Indian rupees, as certified for customs purposes by the Federal Reserve Bank of New York of \$1 = Rs. 46.10 and \$1 = Rs. 43.65, respectively. 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 and losses arising on revaluation are recognized as offsets to gains and losses resulting from the transactions being hedged. Premium or discount on such forward exchange contracts are recognized over the life of the contract. The Company has entered into interest rate swap agreements which hedge interest rate risk on underlying debt. These contracts qualify as hedge transactions and are accounted for under the accrual method.

Investments in affiliated companies. The Company's equity in the earnings of affiliates is included in the statement of income and the Company's share of net assets of affiliates is included in the balance sheet.

Shares issued by subsidiary/affiliate. The issuance of stock by a subsidiary/affiliate to third parties reduces the proportionate ownership interest in the investee. Unless the issuance of such stock is part of a broader corporate reorganization, the Company recognizes a gain or loss, equal to the difference between the issuance price per share and the Company's carrying amount per share. Such gain or loss, is recognized in the statement of income when the transaction occurs.

Property, Plant and Equipment. Property, plant and equipment are stated at cost. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method. Assets under capital leases are amortized over their estimated useful life or the lease term, as appropriate. The estimated useful lives of assets are as follows:

Buildings	30 to 60 years
Plant and machinery	2 to 21 years
Furniture, fixtures and equipment	2 to 5 years
Vehicles	4 years
Computer and software	2 years

Software for internal use is primarily acquired from third-party vendors and is in ready to use condition. Costs for acquiring this software are capitalized and subsequent costs are charged to revenue. The capitalized costs are amortized on a straight-line basis over the estimated useful life of the software. Deposits paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date and the cost of property, plant and equipment not put to use before such date are disclosed under capital work-in-progress. The interest cost incurred for funding an asset during its construction period is capitalized based on the actual investment in the asset and the average cost of funds. The capitalized interest is included in the cost of the relevant asset and is depreciated over the estimated useful life of the asset.

Intangible Assets. The Company records as assets, costs incurred on assets which are of enduring value at the consideration paid for it and amortizes the cost by systematic charges to income over the period estimated to be benefited. Cost of acquisition that result in a goodwill is reported as an intangible asset and amortized over a period of five years.

Start-up costs. Cost of start-up activities including organization costs are expensed as incurred.

Research and Development. Revenue expenditure on research and development is expensed as incurred. Capital expenditure incurred on equipment and facilities that are acquired or constructed for research and development activities and having alternative future uses, is capitalized as tangible assets when acquired or constructed. Software product development costs are expensed as incurred until technological feasibility is achieved.

Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of. The Company has adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. SFAS No. 121 requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell.

Foreign Currency Transactions The functional and reporting currency of the Company is the Indian rupee. Foreign currency transactions are translated into Indian rupees at the rates of exchange prevailing on the date of the respective transactions. Assets and liabilities in foreign currency are translated into Indian rupees at the exchange rate prevailing on the balance sheet date. The resulting exchange gains/losses are included in the statement of income.

Earnings Per Share. The Company has adopted SFAS No. 128, Earnings Per Share. In accordance with SFAS No.128, basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be antidilutive.

Income Taxes. Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits of which future realization is uncertain.

Retirement Benefits to Employees. **Gratuity:** In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of 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 SFASNo. 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:

	<u>As of</u> <u>March 31, 1999</u>
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.....	<u>1,614,628</u>
Liabilities:	
Long term debt.....	2,141,844
Accounts payable.....	33,058
Preferred stock.....	286,000
Other liabilities.....	9,519
Total liabilities.....	<u>2,470,421</u>
Net liabilities of discontinued business.....	<u>Rs. 855,793</u>

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

	Year Ended March 31	
	1999	
Revenue.....	Rs.	469,582
Operating expenses.....		(930,399)
Loss from operations of discontinued finance division.....	Rs.	(460,817)

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 year ended March 31, 2000 and six months ended September 30, 1999 and 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, 2000 and September 30, 2000 comprise of cash and cash on deposit with banks. Cash and cash equivalents include deposits of Rs. 2,008 , Rs. 2,108 and Rs 6,709 as of March 31, 1999, 2000 and September 30, 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, 2000 and September 30 , 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,		Six months ended
	1999	2000	September 30
			2000
			(unaudited)
Balance at the beginning of the period...	Rs.191,473	Rs.277,841	196,602
Additional provision during the period...	123,039	299,122	148,924
Bad debts charged to provision.....	(36,671)	(380,361)	(21,402)
Balance at the end of the period.....	Rs.277,841	Rs.196,602	324,124

6 Inventories

Inventories consist of the following:

	As of March 31,		Six months ended
	1999	2000	September 30
			2000
			(unaudited)
Stores and spare parts.....	Rs. 68,592	Rs. 42,914	46,166
Raw materials and components.....	606,034	497,545	474,902
Work-in-process.....	143,301	92,970	166,081
Finished goods.....	625,801	581,731	387,384
	Rs. 1,443,728	Rs..1,215,160	1,074,533

7. Other Assets

Other assets consist of the following:

	As of March 31,		Six months ended
	1999	2000	September 30
			2000
			(Unaudited)
Prepaid expenses.....	Rs. 270,462	Rs. 377,911	318,032
Advances to suppliers.....	43,956	35,510	81,763
Balances with statutory authorities.....	134,202	224,215	108,378
Deposits.....	255,930	382,307	575,415
ICD Placed			1,498,213
Advance income taxes.....	273,501	125,000	4,065
Others.....	181,708	219,025	279,282
	1,159,759	1,363,968	2,865,148
Less: Current assets.....	909,456	981,661	2,581,791
	Rs. 250,303	Rs. 382,307	283,357

8. Investment Securities

Investment securities consist of the following:

	As of March, 31, 1999				As of March, 31, 2000				As of Six months ended September, 30, 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	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	Rs. 233	Rs. 1,969	Rs. (35)	Rs. 2,167
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	Rs. 233	Rs. 1,969	Rs. (35)	Rs. 2,167
Held-to-maturity:												
Treasury securities.....	Rs. 2500	Rs. -	Rs. -	Rs. 2500	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 47,952			Rs. 47,952
Bonds and Debentures....	24			24	Rs. 294,646	-	-	Rs. 294,646	Rs. 2,98,341	-	-	Rs. 298,341
	Rs. 2,524	Rs. -	Rs. -	Rs. 2,524	Rs. 294,646	Rs. -	Rs. -	Rs. 294,646	Rs. 346,293			Rs. 346,293
Total	Rs. 6,550	Rs. 3,271	Rs. (30)	Rs. 9,791	Rs. 294,879	Rs. 2,298	Rs. (27)	Rs. 297,150	Rs. 346,526	Rs. 1,969	Rs. (35)	Rs. 348,460

Debt securities, held to maturity as of September 30, 2000 mature between one through five years.

Dividends from securities available for sale, during the years ended March 31, 1999 and 2000 Rs. 131, 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,		Six months ended
	1999	2000	September 30 2000
			(unaudited)
Land.....	Rs. 195,590	Rs. 273,804	Rs 389,517
Buildings.....	396,408	701,839	894,508
Plant and machinery.....	2,901,546	3,202,434	3,569,786
Furniture, fixtures, and equipment.....	455,609	647,590	769,523
Vehicles.....	158,448	217,729	250,337
Computer software for internal use.....	169,452	298,105	422,933
Capital work-in-progress.....	860,063	709,146	570,177
	5,137,116	6,050,647	6,866,781
Accumulated depreciation and amortization	(1,882,691)	(2,446,966)	(2,710,717)
Property, plant and equipment, net.....	Rs. 3,254,425	Rs. 3,603,681	4,156,064

Depreciation expense for the years ended March 31, 1999, 2000 and six months ended September 30, 2000 is Rs. 630,543 Rs. 734,473, and Rs 405,405 respectively. This includes Rs. 29,871, Rs. 53,261, and Rs 79,070 being amortization of capitalized internal use software during the years ended March 31, 1999, 2000 and Six months ended September 30, 2000 respectively.

10. Intangible Assets

Intangible assets consisting of technical know-how and goodwill, are stated net of accumulated amortization of Rs. 1,397, Rs. 5,647 and Rs 1,952 as of March 31, 1999, 2000 and Six months ended September 30, 2000 respectively. Technical know-how is amortized over six years. Amortization expenses for the years ended March 31, 1999, 2000 and Six months ended September 30, 2000 are Rs. 606, Rs. 4,250 and Rs 1,232 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,		Six months ended
	1999	2000	September 30 2000
			(unaudited)
Inter-corporate deposits.....	Rs. -	Rs. 49,692	-
Statutory dues payable.....	69,707	154,958	327,938
Sundry deposits			143,545
Taxes payable.....	303,295	195,497	17,024
Others.....	47,328	35,414	14,344
	Rs. 420,330	Rs. 435,561	Rs 502,851

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 , Rs. 237,693 and Rs 134,269 for the years ended March 31,1999, 2000 and Six months ended September 30, 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, 2000 and September 30, 2000 was Rs. 310,250 , Rs. 434,299 and Rs 525,929 respectively. The Company's equity in the income of Wipro GE for the year ended March 31, 1999 , 2000 and six months ended September 30, 2000 was Rs. 95,632 , Rs. 138,749 and Rs 98,980 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. 70 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 and September 30, 2000 was Rs. 270,586 and Rs. 175,010 respectively. 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 for the year ended March 31, 2000 and the six months ended September 30, 2000 was Rs. 26,159 and Rs. 95,577 respectively.

Wipro ePeripherals Ltd . On September 1, 2000 , The Peripherals Sales Division (PSD) of Wipro Ltd which was engaged in the business of manufacture, sales and trading of computer peripherals was spun off into a separate legal entity Wipro ePeripherals Ltd (W eP) . All the assets and liabilities of PSD were transferred to the new entity , at fair value of Rs 270,888 , for cash of Rs 116,288 , 1,000,000 12.5% unsecured debentures of Rs 100 each repayable at par in fiscal 2005 and 5,460,000 equity shares of Rs 10 each in W eP . W eP has also sought equity participation from certain strategic investors and employees of Wipro Limited. Strategic investors and employees hold 61% equity interest in W eP. Our share in income of W eP is accrued in proportion to our equity interest of 39% in W eP. The carrying value of the investment in W eP as of September 30, 2000 was Rs 60,119 . The Company's equity in the income of W eP for the six months ended September 30, 2000 was Rs 5,519.

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 , 2000 and September 30, 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,		As of September 30,
	1999	2000	2000
			(unaudited)
Forward contracts.....	\$ 7,863,403 (sell)	\$48,487,662(sell)	\$54,903,630
Interest rate swaps.....	\$ 9,750,000	\$6,500,000	\$4,875,000

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, and 12.8% in the six months ended September 30, 2000. The facilities are secured by inventories, accounts receivable and certain property and contain financial covenants and restrictions on indebtedness.

17. Long-term Debt

Long-term debt consists of the following:

	As of March 31,		As of
	1999	2000	September 30, 2000 (Unaudited)
Debentures and bonds.....	Rs. 13,333	Rs. -	Rs. -
Foreign currency borrowings.....	413,227	269,453	194,698
Rupee term loans from banks and financial institutions...	709,858	1,153,495	1,225,412
Foreign currency term loans from financial institutions...	57,877	-	-
Others.....	27,274	37,766	42,190
	1,221,569	1,460,714	1,462,300
Less: Current portion.....	454,467	1,249,570	1,322,729
	Rs. 767,102	Rs. 211,144	Rs. 139,571

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 September 30, 2000, the rupee term loans include Rs. 1,100,312 representing such a borrowing. The call and put option can be exercised 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 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,		As of
	1999	2000	September 30, 2000 (unaudited)
Debentures and bonds.....	14.0 to 18.5%	-%	-%
Foreign currency borrowings.....	6.7%	6.7%	6.7%
Rupee term loans from banks and financial institutions.....	13.5 to 15.0%	13.9%	12.8%
Foreign currency term loans from financial institutions.....	7.5%	-%	-%

A maturity profile of long term debt outstanding as of September 30, 2000 is set out below :

Maturing in:

2001.....	1,322,730
2002.....	90,793
2003.....	20,105
2004.....	28,305
Thereafter.....	367
Total.....	<u>1,462,300</u>

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. 75,727 and Rs. 75,622 and Rs. 75,622 during the years ended March 31, 1999, 2000 and the Six months ended September 30, 2000 respectively. The dividend per share was Rs. 0.30 during the years ended March 31, 1999, 2000 and the six months ended September 30, 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, 2000 and September 30, 2000 include restricted retained earnings of Rs. 30,773, Rs. 23,585 and Rs. 24,335 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, 2000 and September 30, 2000 also include Rs. 261,250, Rs. 532,885 and Rs. 534,298 respectively of undistributed earnings in equity of affiliates.

20. Redeemable Preferred stock

Preferred stock issued by companies incorporated in India carries a preferential right to be paid 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 sheets.

Redeemable preferred stock of Wipro. The Company has issued 25,000,000 preferred shares 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 are redeemable at the option of the holder at par value in December 2000.

Redeemable preferred stock of Wipro Finance. On March 31, 1998, Wipro Finance issued 2,500,000 preferred shares 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 as a 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			Six months ended September 30,	
	1998	1999	2000	1999	2000
	(Unaudited)				
Interest expense, net of					
Capitalized interest.....	Rs. (433,051)	Rs.(271,830)	Rs.(283,627)	(154,090)	(59,519)
Foreign exchange					
gain/(loss).....	(129,860)	34,008	51,603	43,608	19,214
Others.....	47,384	102,997	76,880	49,562	69,201
Total.....	Rs. (515,527)	Rs.(134,825)	Rs.(155,144)	Rs (60,920)	Rs 28,896

Rs. 85,220, Rs. 53,980 and Rs 10,000 of interest has been capitalized during the years ended March 31, 1999, 2000, and six months ended September 30 2000 respectively.

22. Income Taxes

Income taxes consist of the following:

	Year ended March 31,			Six months ended September 30,	
	1998	1999	2000	1999	2000
	(Unaudited)				
Current Taxes					
Domestic.....	Rs. 13,702	Rs.153,008	Rs.167,825	Rs 15,000	179,800
Foreign.....	55,500	61,497	174,920	53,540	148,099
	Rs. 69,202	Rs.214,505	Rs.342,745	68,540	327,899
Deferred Taxes					
Domestic.....	Rs. 33,186	Rs.(35,292)	Rs.182,553	Rs 80,460	0
	33,186	(35,292)	182,553	80,460	327,899
Total income tax expense.....	Rs. 102,388	Rs.179,213	Rs.525,298	149,000	327,899

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,			Six months ended September 30,	
	1998	1999	2000	1999	2000
	(Unaudited)				
Income from continuing operations before taxes..	Rs. 1,030,617	Rs.1,758,777	Rs.3,858,294	1,176,284	2,845,229
Enacted tax rate in India.....	35%	35%	38.5%	38.5%	38.5%
Computed expected tax expense.....	360,716	615,572	1,485,443	452,869	1,095,413
Effect of :					
Income exempt from tax in India.....	(367,830)	(546,901)	(1,104,111)	(401,808)	(944,154)
Change in enacted tax rate.....	10,471	-	(22,385)	(22,385)	-
Others.....	43,531	49,045	(8,569)	66,783	28,541
Domestic income taxes.....	46,888	117,716	350,378	95,460	179,800
Effect of tax on foreign income.....	55,500	61,497	174,920	53,540	148,099
Total income tax expense.....	Rs. 102,388	Rs. 179,213	Rs. 525,298	149,000	Rs 327,899

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. 546,901 and Rs. 2.40 per share for the year ended March 31, 1999 , Rs. 1,104,111 and Rs. 4.85 for the year ended March 31, 2000, and Rs 944,154 and Rs 4.14 per share for the six months ended September 30 2000 respectively.

	As of March 31,		Six months ended September 30,	
	1999	2000	2000	
	(Unaudited)			
Deferred tax assets				
Allowance for doubtful accounts.....	Rs. 151,090	Rs. 37,366	Rs. 37,366	
Carry-forward business losses.....	43,264	-	-	
Carry-forward capital losses.....	17,921	24,446	24,446	
Transfer of stock of affiliate.....	-	194,261	194,261	
Others.....	64,002	11,678	11,678	
Total.....	Rs. 276,277	Rs. 267,751	Rs. 267,751	
Deferred tax liabilities				
Property, plant and equipment.....	Rs. 59,557	Rs. 16,610	Rs. 16,610	
Unrealized gain on available for sale securities.....	439	500	213	
Borrowing costs.....	2,597	864	864	
Total.....	Rs. 62,593	Rs. 17,974	Rs. 17,687	

Management is of the opinion that the realizability of the deferred tax assets recognized as of March 31, 1999 , 2000 and September 30, 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 , 530,635 and 700,000 shares held by employees as of March 31 1999 , 2000 and September 30, 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 the 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,		Six months ended
	1999	2000	September 30, 2000 (Unaudited)
Shares held at the beginning of the period.....	1,943,760	1,409,485	1,216,460
Shares granted to employees.....	(558,125)	(254,100)	(2660)
Sale of Shares by the WERT	-	(54,745)	
Grants forfeited by employees.....	23,850	115,820	38,435
Shares held at the end of the period.....	1,409,485	1,216,460	1,252,235

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, 1999 and 2000, and the six months ended September 30, 2000, the Company has recorded deferred compensation of Rs. 168,615, Rs. 150,908 and Rs 4,373 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, 1999, 2000 and the six months ended September 30, 2000 are Rs. 360, Rs. 1,028 and Rs. 1,853 respectively. The amortization of deferred stock compensation for the year ended March 31, 1999, 2000 and the six months ended September 30, 2000 was Rs. 24,702, Rs. 96,898 and Rs. 46,054 respectively. The stock-based compensation has been allocated to cost of revenues and selling, general and administrative expenses as follows:

	Year ended March 31,			Six months ended
	1998	1999	2000	September 30, 2000 (Unaudited)
Cost of revenues.....	Rs. 925	Rs.16,087	Rs.36,299	16,458
Selling, general and administrative expenses....	1,302	8,615	60,599	29,596
Total.....	Rs. 2,227	Rs.24,702	Rs.96,898	Rs 46,054

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 of common stock 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 and six months ended September 30, 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 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 the period.....	-	-	-	-
Granted during the period.....	2,558,150	Rs. 1,024 to 2,522	Rs. 1,091	36 months
Forfeited during the period.....	(146,000)	1,086	1,086	39
Outstanding at the end of the period.....	2,412,150	1,024 to 2,522	1,091	36
Exercisable at end of the period.....	-	Rs. -	Rs. -	- months

	Six months ended September 30, 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 the period.....	2,412,150	Rs 1024 to 2522	1,091	36 months
Granted during the period.....	2,672,000	1853-2420	1,860	38 months
Forfeited during the period.....	(92,200)	1,086	1,086	33 months
Outstanding at the end of the period.....	4,991,950	1024-2522	1,503	34 months
Exercisable at end of the period.....	231,995	Rs 1024 -1086	Rs 1,085	-

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,			Six months ended September 30,
	1998	1999	2000	2000
				(Unaudited)
Net income.....				
As reported.....	Rs. 302,013	Rs.889,449	Rs.3,551,703	2,517,329
Adjusted pro forma.....	302,013	889,449	3,317,287	2,003,345
Earnings per share: Basic.....				
As reported.....	1.33	3.91	15.59	11.05
Adjusted pro forma.....	1.33	3.91	14.56	8.79
Earnings per share: Diluted....				
As reported.....	1.33	3.91	15.54	10.99
Adjusted pro forma.....	1.33	3.91	14.51	8.75

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

Dividend yield.....	.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			Six months ended September 30,
	1998	1999	2000	2000
				(unaudited)
Basic earnings per equity share – weighted average number of equity shares outstanding.....	227,215,683	227,479,728	227,843,378	227,922,003
Effect of dilutive equivalent shares-stock options Outstanding.....	-	-	804,756	2,133,504
Diluted earnings per equity share – weighted average number of equity shares and equivalent shares outstanding...	227,215,683	227,479,728	228,648,134	230,055,507

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. 121,427 and Rs. 161,723 and Rs. 117,501 to various defined contribution plans during the years ended March 31, 1999, 2000 and six months ended September 30, 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 Obligation (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
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 actuarial 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, 1999, 2000 and six months ended September 30, 2000, the Company sold goods and provided services in the nature of administrative and management support for a consideration of Rs. 15,079, Rs. 54,535 and Rs Nil respectively to Wipro GE and to Wipro Net for computer and network maintenance support of Rs 1,386 and to W ePeripherals Ltd for Rs 350 for the six months ended September 30, 2000. The Company paid rental charges of Rs. 1,198, Rs. 1,198 and Rs 600 during the years ended March 31, 1999, 2000 and six months ended September 30, 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 and Rs 600 has been paid to the principal shareholder as lease rentals for the year ended March 31, 2000 and six months ended September 30, 2000.

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

	As of March 31,		Six months ended	
	1999	2000	September 30, 2000	
			(Unaudited)	
Wipro GE.....	Rs. 581	Rs. -	Rs.	
Wipro Net	-	12,186		114,868
Wipro ePeripherals				(1,313)
Security deposit given to Hasham Premji, a firm under common control.....	25,000	25,000		25,000
	Rs. 25,581	Rs. 37,186	Rs.	138,555

27. Commitments and Contingencies

Capital commitments. As of March 31, 1999, 2000 and September 30, 2000, the Company had committed to spend approximately Rs. 478,061, Rs. 160,084 and Rs. 230,814 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, 2000 and September 30, 2000 performance guarantees provided by banks on behalf of the Company to certain Indian Government and other agencies amount to approximately Rs. 448,938, Rs. 880,557 and Rs. 395,706 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 Six months ended September 30, 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.

With effect from the quarter ended June 30, 2000 the chief operating decision maker evaluates revenue growth and operating income of the segments excluding interest income earned by the segment by lending to other segments within the company as a component of revenue and operating income of the segment.

Consequently from the quarter ended June 30, 2000, interest income earned by lending to other segments within the company is not considered as a component of 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. -	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

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	Rs.1,240,716	Rs. 597,951	Rs. -	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. -	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

Six months ended September 30, 2000 (Unaudited)

	Global IT Services	Indian IT Services and Products	Consumer Care and Lighting	Others (net of eliminations)	Reconciling Items	Entity Total
Revenues.....	7,754,562	4,148,939	1,571,684	534,922	-	14,010,107
Exchange rate Fluctuations.....	58,990	-	-	-	(58,990)	-
Total revenues.....	7,813,552	4,148,939	1,571,684	534,922	(58,990)	14,010,107
Cost of revenues.....	(4,139,181)	(3,023,476)	(1,099,529)	(400,401)	-	(8,662,587)
Selling, general and administrative expenses	(1,156,338)	(882,383)	(315,927)	(185,462)	-	(2,540,110)
Operating income of segment.....	2,518,033	243,080	156,228	(50,941)	(58,990)	2,807,410
Total assets of segment.....	7,025,502	2,594,928	1,084,420	4,709,706	-	15,414,557
Capital employed.....	5,786,393	443,918	668,658	4,205,386		11,124,354
Return on capital employed.....	87%	110%	45%			50%
Accounts receivable.....	3,009,045	1,452,154	130,301	373,362		4,964,862

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,			Six months ended September 30,
	1998	1999	2000	2000 (unaudited)
India.....	Rs. 9,521,795	Rs.11,352,121	Rs. 12,407,632	Rs. 6,092,581
United States.....	2,896,613	4,271,577	6,522,166	4,563,802
Rest of the world.....	1,282,051	2,268,411	4,060,806	3,353,724
Total.....	Rs. 13,700,459	Rs. 17,892,109	Rs. 22,990,604	14,010,107

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.
