WIPRO LIMITED AND SUBSIDIARIES

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH U.S. GAAP
AS OF AND FOR THE
THREE MONTHS ENDED JUNE 30, 2002 AND 2003

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

	As of June 30,			As of March 31,
	2002	2003	2003	2003
	(unaudited)	(unaudited)	Convenience translation into US$ (unaudited)	
ASSETS				
Current assets:				
Cash and cash equivalents (Note 6)……………………………….	Rs. 5,503,491	Rs. 2,381,937	$ 51,335	Rs. 6,283,014
Investments in liquid and short-term mutual funds …………..	5,405,010	12,789,847	275,643	7,813,400
Accounts receivable, net of allowances (Note 7)………………..	6,109,595	7,633,729	164,520	7,930,847
Costs and earnings in excess of billings on contracts in progress ……………………………………………	1,294,624	2,070,133	44,615	1,379,273
Inventories (Note 8) ………………………………………………	1,429,159	1,778,122	38,322	1,449,498
Other investment securities (Note 10)………………………….	4,190,258	48,073	1,036	526,969
Deferred income taxes (Note 23) ……………………………….	167,618	222,103	4,787	215,299
Property, plant and equipment held for sale (Note 5)………….	34,186	-	-	12,667
Other current assets (Note 9)………………………………….	2,219,744	3,027,876	65,256	3,015,817
Total current assets………………………………………….	26,353,685	29,951,820	645,513	28,626,784
Other investment securities (Note 10)………………………….	530,344	-	-	-
Property, plant and equipment, net (Note 11)…………………	6,014,178	7,667,834	165,255	7,309,784
Investments in affiliates (Note 15) ………………………………..	683,009	480,128	10,348	534,069
Deferred income taxes (Note 23)…………………………………	336,045	112,851	2,432	65,488
Intangible assets, net (Note 3, 12)………………………………	200	463,487	9,989	450,362
Goodwill (Note 3, 12) ………………………………………..…	656,240	5,522,078	119,010	5,186,617
Other assets (Note 9) …………………………………………….	725,597	658,438	14,190	607,787
Total assets………………………………………………….	Rs. 35,299,298	Rs. 44,856,636	$ 966,738	Rs. 42,780,891
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Borrowings from banks (Note 17) ……………………………….	Rs. 442,913	Rs. 124,578	$ 2,685	Rs. 508,519
Current portion of long-term debt (Note 18) ……………………	20,000	28,200	608	28,200
Accounts payable…………………………………………………	1,626,105	1,801,463	38,825	2,236,060
Accrued expenses ………………………………………………	1,180,936	1,698,715	36,610	1,427,447
Accrued employee costs …………………………………………	1,016,600	1,718,736	37,042	1,261,015
Advances from customers………………………………………	932,914	928,679	20,015	896,989
Other current liabilities (Note 13)……………………………..	756,900	857,395	18,478	795,273
Total current liabilities ………………………………………	5,976,368	7,157,766	154,262	7,153,503
Long-term debt, excluding current portion (Note 18)………….	28,200	-	-	-
Other liabilities …………………………………………………	149,878	210,450	4,536	195,827
Total liabilities ………………………………………………	6,154,446	7,368,216	158,798	7,349,330
Minority interest ……………………………………………………	-	276,898	5,968	-
Stockholders' equity:				
Equity shares at Rs. 2 par value: 375,000,000 shares authorized; Issued and outstanding: 232,563,992, 232,492,943 and 232,566,482 shares as of March 31, 2003, June 30, 2002 and 2003 (Note 19)…………………………….	464,987	465,134	10,024	465,129
Additional paid-in capital (Note 24)………………………………	6,846,715	6,949,328	149,770	6,946,629
Deferred stock compensation (Note 24)………………………….	(76,240)	(35,136)	(757)	(64,008)
Accumulated other comprehensive income/(loss)…………….....	(2,902)	(31,474)	(678)	690
Retained earnings (Note 20) ………………………………………	21,912,367	29,863,745	643,615	28,083,196
Equity shares held by a controlled Trust: 1,303,610, 1,321,460 and 1,303,610 shares as of March 31, 2003, June 30, 2002 and 2003 (Note 24)…………………………………………..	(75)	(75)	(2)	(75)
Total stockholders' equity………………………………..	29,144,852	37,211,522	801,972	35,431,561
Total liabilities and stockholders' equity…………………	Rs. 35,299,298	Rs. 44,856,636	$ 966,738	Rs. 42,780,891

See accompanying notes to the unaudited consolidated financial statements.

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

	Three months ended June 30, 2002	Three months ended June 30, 2003	2003 Convenience translation into US$
	(unaudited)	(unaudited)	(unaudited)
Revenues:			
Global IT Services and Products…………………………			
Services……………………………………………….	Rs. 6,309,467	Rs. 9,186,974	$ 197,995
Products………………………………………………	34,605	36,055	777
India and AsiaPac IT Services and Products…………….			
Services…………………………………………………	468,128	586,021	12,630
Products………………………………………………	1,282,304	734,267	15,825
Consumer Care and Lighting……………………………..	715,650	781,543	16,844
Others……………………………………………………	338,982	367,642	7,923
Total………………………………………………………	9,149,136	11,692,502	251,994
Cost of revenues:			
Global IT Services and Products…………………………			
Services ……………………………………………….	3,636,379	5,752,301	123,972
Products …………………………………………….	31,942	20,213	436
India and AsiaPac IT Services and Products……………..			
Services………………………………………………....	251,661	364,970	7,866
Products………………………………………………	1,140,286	595,897	12,843
Consumer Care and Lighting………………………………	474,659	495,424	10,677
Others………………………………………………………	273,034	263,505	5,679
Total…………………………………………………..	5,807,961	7,492,310	161,472
Gross profit……………………………………………………	3,341,175	4,200,192	90,521
Operating expenses:			
Selling, general and administrative expenses……………………………….. ………….	(1,256,010)	(2,099,048)	(45,238)
Research and development expenses…………………	(39,300)	(57,760)	(1,245)
Amortization of intangible assets (Note 12)…………	(50)	(76,129)	(1,641)
Foreign exchange gains, net……………………...	202,037	50,271	1,083
Others, net……………………………………………	36,261	31,139	671
Operating income ……………………………………………	2,284,113	2,048,665	44,152
Loss on direct issue of stock by subsidiary (Note 4)………..	-	(175,999)	(3,793)
Other income, net (Note 21)…………………………………	260,443	166,046	3,579
Equity in losses of affiliates (Note 15)……………………….	(206,310)	(53,941)	(1,163)
Income before income taxes and minority interest …………	2,338,246	1,984,771	42,775
Income taxes (Note 23)………………………………………	(253,797)	(201,108)	(4,334)
Minority interest…………………………………………	-	(3,114)	(67)
Income from continuing operations………………………	2,084,449	1,780,549	38,374
Discontinued operations			
Loss from operations of the discontinued corporate Internet services division (including loss on disposal of Rs. 274,780 for the period ended June 30, 2002) (Note 5) …………………………………	(540,839)	-	-
Income tax benefit (Note 5, 23)………………………	152,170	-	-
Net income ………………………………………	Rs. 1,695,780	Rs. 1,780,549	$ 38,374
Earnings per equity share: Basic			
Continuing operations……………………………………	9.02	7.70	0.17
Discontinued operations………………………………	(1.68)	-	-
Net income………………………………………………	7.34	7.70	0.17
Earnings per equity share: Diluted			
Continuing operations…………………………………	9.00	7.68	0.17
Discontinued operations………………………………	(1.68)	-	-
Net income ………………………………………………	7.32	7.68	0.17
Weighted average number of equity shares used in computing earnings per equity share:			
Basic…………………………………………………	231,161,319	231,262,872	231,262,872
Diluted………………………………………………….	231,678,987	231,262,872	231,262,872

See accompanying notes to the unaudited consolidated financial statements.

WIPRO LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
(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, 2002………..	232,465,689	Rs. 464,932	Rs. 6,817,163	Rs. (93,201)		Rs. 51,861	Rs. 20,216,587	(1,321,335)	Rs. (75)	Rs. 27,457,267
Issuance of equity shares on exercise of options (unaudited)…..………..……	27,254	55	29,552	-	-	-	-	-	-	29,607
Equity shares forfeited, net of issuances by Trust (unaudited)…………………	-	-	-	-	-	-	-	(125)	-	-
Amortization of compensation related to employee stock incentive plan , net of reversals (unaudited)…..……..……..	-	-	-	16,961	-	-	-	-	-	16,961
Comprehensive income										
Net income (unaudited)……………...	-	-	-	-	Rs. 1,695,780	-	1,695,780	-	-	1,695,780
Other comprehensive income										
Unrealized gain/(loss) on other investment securities, net (unaudited)	-	-	-	-	(54,763)	(54,763)	-	-	-	(54,763)
Comprehensive income (unaudited)……					Rs. 1,641,017					
Balance as of June 30, 2002 (unaudited)	232,492,943	Rs. 464,987	Rs. 6,846,715	Rs. (76,240)		Rs. (2,902)	Rs. 21,912,367	(1,321,460)	Rs. (75)	Rs. 29,144,852
Cash dividends paid………………....	-	-	-	-	-	-	(232,466)	-	-	(232,466)
Issuance of equity shares on exercise of options (un audited)…..………..……	71,049	142	77,060	-	-	-	-	-	-	77,202
Equity shares forfeited, net of issuances by Trust (unaudited)…………………	-	-	-	-	-	-	-	17,850	-	-
Compensation related to employee stock incentive plan, net of reversals (unaudited)	-	-	22,854	(23,049)	-	-	-	-	-	(195)
Amortization of compensation related to employee stock incentive plan , net of reversals (unaudited)…..……..……..	-	-	-	35,281	-	-	-	-	-	35,281
Comprehensive income										
Net income (unaudited)……………...	-	-	-	-	Rs. 6,403,295	-	6,403,295	-	-	6,403,295
Other comprehensive income										
Translation adjustments (unaudited)…..……………………	-	-	-	-	(568)	-	-	-	-	-
Unrealized gain/(loss) on other investment securities, net (unaudited)……………………..	-	-	-	-	4,160	-	-	-	-	-
Total other comprehensive income (unaudited)……………………..……					3,592	3,592	-	-	-	3,592
Comprehensive income (unaudited)……					Rs. 6,406,887					
Balance as of March 31, 2003………..	232,563,992	Rs. 465,129	Rs. 6,946,629	Rs. (64,008)		Rs. 690	Rs. 28,083,196	(1,303,610)	Rs. (75)	Rs. 35,431,561
Issuance of equity shares on exercise of options (unaudited)……….………	2,490	5	2,699	-	-	-	-	-	-	2,704
Amortization of compensation related to employee stock incentive plan , net of reversals (unaudited)…..…………...	-	-	-	28,872	-	-	-	-	-	28,872
Comprehensive income										
Net income (unaudited)……………...	-	-	-	-	Rs. 1,780,549		1,780,549			1,780,549

	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	
Other comprehensive income										
Translation adjustments (unaudited)…...………………….	-	-	-	-	(30,905)	-	-	-	-	-
Unrealized gain/(loss) on other investment securities, net (unaudited)	-	-	-	-	(1,259)	-	-	-	-	-
Total other comprehensive income (unaudited)……………………..……	-	-	-	-	(32,164)	(32,164)	-	-	-	(32,164)
Comprehensive income (unaudited)……					Rs. 1,748,385					
Balance as of June 30, 2003 (unaudited)	232,566,482	Rs. 465,134	Rs. 6,949,328	Rs. (35,136)		Rs. (31,474)	Rs. 29,863,745	(1,303,610)	Rs. (75)	Rs. 37,211,522
Balance as of June 30, 2003 (unaudited) ($		$ 10,024	$ 149,770	$ (757)		$ (678)	$ 643,615		$ (2)	$ 801,972

See accompanying notes to the unaudited consolidated financial statements.

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

	Three months ended June 30, 2002	Three months ended June 30, 2003	2003 Convenience translation into US$
	(unaudited)	(unaudited)	(unaudited)
Cash flows from operating activities:			
Net income	Rs. 1,695,780	Rs. 1,780,549	$ 38,374
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss from discontinued operations	388,669	-	-
(Gain)/loss on sale of property, plant and equipment	(1,118)	4,887	105
Depreciation and amortization	323,718	481,629	10,380
Deferred tax benefit	(42,298)	(31,737)	(684)
Gain on sale of investment securities	(81,867)	-	-
Loss on direct issue of stock by subsidiary	-	175,999	3,793
Amortization of deferred stock compensation	16,961	28,872	622
Equity in losses of affiliates	206,310	53,941	1,163
Minority interest	-	3,114	67
Changes in operating assets and liabilities:			
Accounts receivable	(208,730)	428,543	9,236
Costs and earnings in excess of billings on contracts in progress	(284,829)	(611,171)	(13,172)
Inventories	(27,013)	(328,624)	(7,082)
Other assets	71,269	(249,910)	(5,386)
Accounts payable	(672,042)	(448,068)	(9,657)
Accrued expenses and employee costs	486,445	547,805	11,806
Advances from customers	(172,348)	-	-
Other liabilities	(42,637)	74,270	1,601
Net cash provided by continuing operations	1,656,270	1,910,099	41,166
Net cash provided by discontinued operations	57,832	-	-
Net cash provided by operating activities	1,714,102	1,910,099	41,166
Cash flows from investing activities:			
Expenditure on property, plant and equipment	(449,959)	(802,870)	(17,303)
Proceeds from sale of property, plant and equipment	18,931	62,277	1,342
Dividends received from affiliates	49,000	-	-
Purchase of investments in liquid and short-term mutual funds	(5,962,627)	(8,102,521)	(174,623)
Purchase of other investment securities	(4,683,659)	-	-
Proceeds from sale of liquid and short-term mutual funds	4,683,659	3,126,074	67,372
Proceeds from sale and maturities of other investment securities	5,412,376	477,494	10,291
Redemption/maturity of inter-corporate deposits	1,180,250	214,300	4,619
Purchase of intangible assets	-	(50,000)	(1,078)
Payment for acquisitions, net of cash acquired	-	(458,250)	(9,876)
Net cash provided by/(used) in continuing operations	247,971	(5,533,496)	(119,256)
Net cash provided by discontinued operations	-	12,667	273
Net cash provided by/(used) in investing activities	247,971	(5,520,829)	(118,983)
Cash flows from financing activities:			
Proceeds from issuance of equity shares	29,607	2,704	58
Proceeds from issuance of equity shares by a subsidiary	-	97,785	2,107
Proceeds from / (repayments of) short-term borrowing from banks, net	260,653	(383,941)	(8,275)
Net cash provided by/(used in) financing activities	290,260	(283,452)	(6,109)
Net increase in cash and cash equivalents during the period	2,252,333	(3,894,182)	(83,926)
Effect of exchange rate changes on cash	-	(6,895)	(149)
Cash and cash equivalents at the beginning of the period	3,251,158	6,283,014	135,410
Cash and cash equivalents at the end of the period	Rs. 5,503,491	Rs. 2,381,937	$ 51,335
Supplementary information:			
Cash paid for interest	Rs. 8,378	Rs. 5,776	$ 124
Cash paid for taxes	251,442	170,902	3,683

Non-cash investing transactions :

During the three months ended June 30, 2002, the Company acquired a 5.9% equity interest in WeP Peripherals through conversion of debentures with a carrying value of Rs. 40,000.

See accompanying notes to the unaudited consolidated financial statements.

WIPRO LIMITED AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share data and where otherwise stated)

1. Overview

Wipro Limited (Wipro), together with its subsidiaries Wipro Inc., Wipro Holdings (Mauritius) Limited, Wipro Prosper Limited, Wipro Welfare Limited, Wipro Trademarks Holdings Limited, Wipro Japan KK, Wipro Fluid Power Limited, Wipro Spectramind Services Private Limited, Wipro HealthCare IT Limited, Nervewire Inc. and affiliates WeP Peripherals Limited and Wipro GE Medical Systems Limited (collectively, the Company) is a leading India based provider of IT Services and Products, including Business Process Outsourcing (BPO) services, globally. Further, Wipro has other businesses such as India and AsiaPac IT Services and Products and Consumer Care and Lighting. Wipro is headquartered in Bangalore, India.

2. Significant Accounting Policies

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States 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 accounting principles generally accepted in the United States.

Functional currency and exchange rate translation. The functional currency of the Company, including its consolidated foreign subsidiaries, except Wipro Inc., Wipro Holdings (Mauritius) Limited and Nervewire Inc. is the Indian rupee. The functional currency of Wipro Inc., Wipro Holdings (Mauritius) Limited and Nervewire Inc. is the US dollar. The translation of the functional currency of these foreign subsidiaries into Indian rupee is performed for balance sheet accounts using the exchange rate in effect at the balance sheet date and for revenue and expense accounts using an appropriate monthly weighted average exchange rate for the respective periods. The gains or losses resulting from such translation are reported as a separate component of stockholders' equity.

Foreign currency transactions are translated into the functional currency at the rates of exchange prevailing on the date of respective transactions. Monetary assets and liabilities in foreign currency are translated into functional currency at the exchange rates prevailing on the balance sheet date. The resulting exchange gains/losses are included in the statement of income.

Convenience translation. The accompanying consolidated financial statements have been reported in Indian rupees, the national currency of India. Solely for the convenience of the readers, the financial statements as of and for the three months ended June 30, 2003, have been translated into US dollars at the noon buying rate in New York City on June 30, 2003, for cable transfers in Indian rupees, as certified for customs purposes by the Federal Reserve Bank of New York of $1=Rs. 46.40. 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.

Cash equivalents. The Company considers investments in 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 revenues from time-and-material and fixed-price contracts. Revenue on time-and-material contracts is recognized as the related services are performed. Revenue from fixed-price, fixed-time frame contracts is recognized in accordance with percentage of completion method. Guidance has been drawn from the Accounting Standards Executive Committee's conclusion in paragraph 95 of Statement of Position (SOP) 97-2, Software Revenue Recognition, to account for revenue from fixed price arrangements for software development and related services in conformity with SOP 81-1, Accounting for Performance of Construction-Type and Certain Production-Type Contracts. The input (cost expended) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. 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 sale of goods is recognized, in accordance with the sales contract, on dispatch from the factories/warehouses of the Company, except for contracts where a customer is not obligated to pay a portion of contract price allocable to the goods until installation or similar service has been completed. In these cases, revenue is recognized on completion of installation.

Arrangements involving multiple elements are evaluated to determine whether each deliverable represents the culmination of a separate earnings process. Revenues are allocated to individual elements based on fair values. Revenues on delivered elements are recognized only where the undelivered elements are not essential to the functionality of the delivered elements and there are no forfeiture provisions for default in delivering the undelivered elements.

Revenues from IT-Enabled Services are derived from both time-based and unit-priced contracts. Revenue is recognized as the related services are performed, in accordance with the specific terms of the contracts with the customer.

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. Revenues from product sales are shown net of excise duty, sales tax and applicable discounts and allowances.

Warranty costs. The Company accrues the estimated cost of warranties at the time when the revenue is recognized. The accruals are based on the Company’s historical experience of material usage and service delivery costs.

Shipping and handling costs. Shipping and handling costs are included in selling, general and administrative expenses.

Inventories. Inventories are stated at the lower of cost and market value. 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 income. Temporary unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from income and are reported as a part of other comprehensive income in stockholders’ equity until realized. Realized gains and losses from the sale of trading and available-for-sale securities are determined on a first-in-first out basis and are included in income. 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 with a charge to the income statement. Fair value is based on quoted market prices. Non-readily marketable equity securities for which there is no readily determinable fair value are recorded at cost, subject to an impairment charge to the income statement for any other than temporary decline in value.

Investments in affiliates. The Company's equity in the earnings/(losses) 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 or unless realization is not assured, 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 lease 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 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 the statement of income. 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 as of each balance sheet date and the cost of property, plant and equipment not ready for 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.

Business combinations, goodwill and intangible assets. In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations, which requires that the purchase method of accounting be used for all business combinations after June 30, 2001. SFAS No. 141 also specifies the criteria that intangible assets acquired in a purchase method business combination need to meet to be recognized and reported apart from goodwill, noting that any purchase price allocated to an assembled workforce may not be accounted separately.

On April 1, 2002, the Company adopted SFAS No. 142, Goodwill and Other Intangible Assets. Adoption of SFAS No. 142 did not result in reclassification of existing goodwill and intangible assets. As required by SFAS No. 142, the Company identified its reporting units and assigned assets and liabilities, including goodwill to the reporting units on the date of adoption. Subsequently, the Company compared the fair value of the reporting unit to its carrying value, to determine whether goodwill is impaired at the date of adoption. This transitional impairment evaluation did not indicate an impairment loss. The carrying value of the goodwill on the date of adoption was Rs. 656,240. Subsequent to the adoption of SFAS No. 142, the Company does not amortize goodwill but instead tests goodwill for impairment at least annually.

Intangible assets acquired individually, with a group of other assets or in a business combination are carried at cost less accumulated amortization. The intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. The estimated useful lives of the intangible assets are as follows:

Customer-related intangibles..………...	2 - 5 years
Marketing-related intangibles....……...	2 -20 years
Technology-based intangibles..…...……	5 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 or disposal of long-lived assets. Effective April 1, 2002, the Company adopted SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. While SFAS No. 144 supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of, it retains the fundamental provisions of SFAS No. 121.

SFAS No. 144 also supersedes the accounting and reporting provisions of Accounting Principles Board (APB) Opinion No. 30, Reporting the Results of Operations – Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, for the disposal of a segment of a business. However, SFAS No. 144 retains the requirement of APB Opinion No. 30 to separately report discontinued operations and extends that reporting to a component of an entity that an entity has disposed of, or classified as held-for-sale. SFAS No. 144 requires that the Company measures long-lived assets held-for-sale, at the lower of carrying amount or fair value, less costs to sell. Similarly, under SFAS No. 144, discontinued operations are no longer measured at net realizable value or include amounts for operating losses that have not yet been incurred.

Earnings per share. In accordance with SFAS No. 128, Earnings Per Share, 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 not more likely than not.

Stock-based compensation. The Company uses the intrinsic value based method of APB Opinion No. 25, Accounting for Stock Issued to Employees, 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 as amended by SFAS No. 148, Accounting for Stock-Based Compensation – Transition and Disclosure, an amendment of FASB Statement 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 earnings per share as reported would have been reduced to the pro forma amounts indicated below:

	Three months ended June 30,	
	2002	2003
	(unaudited)	(unaudited)
Net income, as reported	Rs. 1,695,780	Rs. 1,780,549
Add: Stock–based employee compensation expense included in reported net income, net of tax effects	16,961	28,872
Less: Stock-based employee compensation expense determined under fair value based method, net of tax effects	900,332	601,949
Pro forma net income	812,409	1,207,472
Earnings per share: Basic		
As reported	7.34	7.70
Pro forma	3.51	5.22
Earnings per share: Diluted		
As reported	7.32	7.68
Pro forma	3.51	5.22

	Three months ended June 30,
	2002
Dividend yield	0.03%
Expected life	24 – 72 months
Risk free interest rates	6.5% - 8.5%
Volatility	65%

Derivatives and hedge accounting. The Company enters into forward foreign exchange contracts where the counterparty is a bank. The Company purchases forward foreign exchange contracts to mitigate the risk of changes in foreign exchange rates on accounts receivable and forecasted cash flows denominated in certain foreign currencies. Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended. Any derivative that is either not designated as a hedge, or is so designated but is ineffective per SFAS No. 133, is marked to market and recognized in income immediately.

Recent accounting pronouncements. In August 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. SFAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. Adoption of SFAS No. 143, did not have a material impact on the consolidated financial statements of the Company.

In July 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. SFAS No. 146 requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. Adoption of SFAS No. 146 did not have a material impact on the consolidated financial statements of the Company.

In November 2002, the EITF issued Issue No. 00-21, Accounting for Revenue Arrangements with Multiple Deliverables. This issue addresses determination of whether an arrangement involving more than one deliverable contains more than one unit of accounting and how arrangement consideration should be measured and allocated to the separate units of accounting. Adoption of EITF Issue No. 00-21 will impact the Company's current revenue recognition policy relating to certain contracts for sale of goods, where a portion of the contract price allocable to the goods is not payable until installation or similar service is completed. The Company will adopt EITF Issue No. 00-21 effective July 1, 2003 and will report the change in accounting through a cumulative-effect adjustment which is not expected to be material.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure, an amendment of FASB Statement No. 123. SFAS No. 148 amends SFAS No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The disclosure provisions of SFAS No. 148 are applicable for fiscal periods beginning after December 15, 2002. The Company continues to use the intrinsic value based method of APB Opinion No. 25 to account for its employee stock based compensation plans. The disclosure provisions of SFAS No. 148 have been adopted by the Company.

In January 2003, the FASB issued FIN No. 46, Consolidation of Variable Interest Entities- an interpretation of Accounting Research Bulletin No. 51. FIN No. 46 is applicable to all variable interest entities created after January 31, 2003. In respect of variable interest entities created before February 1, 2003, FIN No. 46 will be applicable from fiscal periods beginning after June 15, 2003. Adoption of FIN No. 46 will not have a material impact on the consolidated financial statements of the Company.

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement No. 133 on Derivative Instruments and Hedging Activities. SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. Adoption of SFAS No.149 will not have a material impact on the consolidated financial statements of the Company.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. The statement requires issuers to classify as liabilities (or assets in some circumstance) three classes of freestanding financial instruments that embody obligations for the issuer. Generally, the statement is effective for financial instruments entered into or modified after May 31, 2003 and is otherwise effective at the beginning of the first interim period beginning after June 15, 2003. The Company is evaluating the impact of adoption of SFAS No. 150.

Reclassifications. As of June 30, 2002, and March 31, 2003, the Company held investments in liquid mutual funds aggregating Rs. 5,405,010 and Rs. 7,813,400 respectively, which were previously incorrectly reported as cash equivalents. During the current period, the Company has reclassified these investments as a component of investments in liquid and short-term mutual funds. The reclassification decreased the previously reported net cash provided by investing activities for the three months ended June 30, 2002, by Rs. 1,278,968. Certain other reclassifications have been made to confirm prior period data to current presentation. These reclassifications had no impact on reported net income or stockholders' equity.

3. Acquisitions

Wipro Spectramind Services Private Limited (*Wipro Spectramind*)

As of June 30, 2002, the Company held a 15% equity interest in Wipro Spectramind, acquired for a consideration of Rs. 192,000. Additionally, the Company held non-voting convertible preference shares acquired for a consideration of Rs. 288,000, which were convertible into equity shares, on occurrence of events specified in the shareholders agreement. As this voting equity interest did not give Wipro the ability to exercise significant influence over the operating and financial policies of Wipro Spectramind, the investment was recorded at cost.

In July 2002, the Company acquired a controlling equity interest in Wipro Spectramind at an additional cost of Rs. 3,696,552. Consequent to this acquisition, the Company held 89% of the outstanding equity shares of Wipro Spectramind. Subsequently, the Company acquired the balance 11% of the outstanding equity shares for Rs. 440,591. Consequently the Company held 100% of the outstanding equity shares of Wipro Spectramind as of March 31, 2003. The results of operations of Wipro Spectramind are consolidated in the Company's financial statements with effect from July 1, 2002.

Wipro Spectramind is a leading IT-Enabled Service provider in India providing remote processing services to large global corporations in the US, UK, Australia and other developed markets. The acquisition is intended to provide a time to market advantage to the Company in addressing the BPO services market, strengthen the value proposition of being an end-to-end outsourcing solution provider to large corporations and provide synergistic benefits of being able to address the remote processing services requirements of the existing customer base of the Company.

The total purchase price has been allocated, based on management's estimates and independent appraisals, to the acquired assets and liabilities as follows:

Description	Fair value	
Net tangible assets	Rs.	705,904
Customer-related intangibles		387,000
Marketing-related intangibles		34,300
Goodwill		3,489,939
Total	Rs.	4,617,143

Wipro Healthcare IT Limited (Wipro Healthcare IT)

In August 2002, Wipro acquired a 60% equity interest in Wipro Healthcare IT, an India-based company engaged in the development of health care related software, and the technology rights in the business of Wipro Healthcare IT for an aggregate consideration of Rs. 180,776. On December 31, 2002, the Company acquired the balance 40% equity interest in Wipro Healthcare IT for an aggregate consideration of Rs. 96,980.

The Company intends to address the market for healthcare information systems in India and South Asia through Wipro Healthcare IT. Further, the Company intends to leverage the domain expertise of Wipro Healthcare IT in addressing the outsourcing requirements of large corporations engaged in the design, development and integration of healthcare information systems.

The total purchase price has been allocated, based on management's estimates and independent appraisals, to the acquired assets and liabilities as follows:

Description	Fair value (unaudited)	
Net tangible assets	Rs.	80,406
Technology-based intangibles		34,300
Customer-related intangibles...		62,833
Goodwill		100,217
Total	Rs.	277,756

Global energy practice (GEP)

On December 31, 2002, Wipro acquired the global energy practice of American Management Systems for an aggregate consideration of Rs. 1,165,161.

The Company intends to leverage the domain expertise of the GEP team engaged in providing specialized IT services to clients in the energy and utilities sector. The Company believes that this acquisition enhances its ability to deliver end-to-end IT solutions primarily in the areas of design and maintenance of complex billing and settlement systems for energy markets and systems and enterprise application integration services.

The total purchase price has been preliminarily allocated to the acquired assets and liabilities as follows:

Description	Fair value	
Net tangible assets	Rs.	126,940
Customer-related intangibles		98,000
Goodwill		940,221
Total	Rs.	1,165,161

The purchase consideration has been allocated on a preliminary basis based on management's estimates and independent appraisals. However, certain independent appraiser's reports are yet to be received by the Company. Finalization of the purchase price allocation, which is expected to be completed in the next 3 months, may result in certain adjustments to the above allocation.

Nervewire Inc. (Nervewire)

In May 2003, Wipro acquired Nervewire, a Massachusetts-based business and IT consulting company serving customers in the financial services sector, for a consideration of Rs. 877,679 million. Through this acquisition, the Company intends to enhance its IT consulting capabilities by leveraging the domain expertise of Nervewire in providing strategy and business case development, business requirements definition, IT strategy and program management and systems development and integration services to customers in the financial services sector.

The total purchase price has been preliminarily allocated to the acquired assets and liabilities as follows:

Description	Fair value (unaudited)	
Net tangible assets	Rs.	464,375
Customer-related intangibles		40,000
Goodwill		373,304
Total	Rs.	877,679

The purchase consideration has been allocated on a preliminary basis based on management's estimates and independent appraisals. However, certain independent appraiser's reports are yet to be received by the Company. Further, the Company is evaluating the realization of certain tax benefits resulting from the acquisition. Finalization of the purchase price allocation, which is expected to be completed in the next 6 months, may result in certain adjustments to the above allocation.

4. Dilution of Ownership Interest in a Subsidiary

As of March 31, 2003, the Company held 100% of the outstanding equity shares of Wipro Spectramind. As of March 31, 2003, Wipro Spectramind had 9,329,762 employee stock options outstanding under the Wipro Spectramind option plan. During the three months ended June 30, 2003, 3,325,490 options were exercised at a weighted average exercise price of Rs. 29.41.

As a result of the option exercise, the Company's ownership interest in Wipro Spectramind reduced from 100% to 94.5%. As the exercise price per option was less than the Company's carrying value per share, the exercise resulted in a decline in the carrying value of the Company's ownership interest by Rs. 175,999. In accordance with the accounting policy adopted by the Company, this decline in carrying value has been included in the statement of income as a loss on direct issue of stock by subsidiary.

Of the 3,325,490 shares arising out of these option exercises, 3,157,372 shares are covered by a share purchase feature that entitles the Company to repurchase these shares at fair value and also gives the employee the right to sell the shares back to the Company at fair value. The Company and the employee can exercise this repurchase right after six months from the date of option exercise.

5. Discontinued Operations

The Company was involved in the corporate Internet services (ISP) business since 1999. For strategic reasons, the Company decided to concentrate on its core businesses and as a result in June 2002, the Company decided to exit this division and approved a formal plan of disposal. In accordance with the plan, the Company has sold the customer contracts, disposed the long-lived assets, settled the trade receivables and settled all outstanding vendor obligations, except certain claims relating to a particular vendor. The Company is in negotiations with this vendor for settling these claims.

Upon approval of the plan of disposal, the related long-lived assets were reported as held-for-sale and were measured at their fair value, less cost to sell, which was lower than their carrying amount. During the three months ended June 30, 2002, the loss of Rs. 274,780 resulting from the write-down/sale of the long-lived assets was reported as a loss on disposal. The estimated liabilities with respect to settlement of the vendor obligations aggregating to Rs. 113,490 were reported as other exit costs.

The operations of the ISP division qualified as a component of an entity, being an asset group. As the operations and cash flows of the component were eliminated from the ongoing operations as a result of the disposal transaction and the Company did not have any significant continuing involvement in the operations of the component after the disposal, the results of operations of the ISP division were reported in discontinued operations during the three months ended June 30, 2002.

The result of operations of the discontinued component comprise:

		Three months ended June 30, 2002 (unaudited)
Revenue	Rs.	38,047
Operating costs		(190,616)
Other exit costs		(113,490)
Loss on disposal		(274,780)
Income tax benefit		152,170
Loss on discontinued operations	Rs.	(388,669)

6. Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2002 and 2003 comprise of cash, cash on deposit with banks and highly liquid investments.

7. Accounts Receivable

Accounts receivable as of June 30, 2002 and 2003 are stated net of allowance for doubtful accounts. The Company maintains an allowance for doubtful accounts based on present and prospective financial condition of its customers and aging of the accounts receivable. Accounts receivable are generally not collateralized.

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

	Three months ended June 30,		As of March 31,
	2002	2003	2003
	(unaudited)	(unaudited)	
Balance at the beginning of the period…..	Rs. 491,644	Rs. 598,887	Rs. 491,644
Additional provision during the period…	35,766	103,693	153,190
Bad debts charged to provision…………	(3,182)	-	(45,947)
Balance at the end of the period…………	Rs. 524,228	Rs. 702,580	Rs. 598,887

8. Inventories

Inventories consist of the following:

	As of June 30,		As of March 31,
	2002	2003	2003
	(unaudited)	(unaudited)	
Stores and spare parts………………..	Rs. 37,197	Rs. 32,618	Rs. 25,951
Raw materials and components………	380,214	420,739	398,216
Work-in-process……………………..	112,745	137,412	119,028
Finished goods………………………	899,003	1,187,353	906,303
	Rs. 1,429,159	Rs. 1,778,122	Rs. 1,449,498

Finished goods as of March 31, 2003, June 30, 2002 and 2003 include inventory of Rs. 438,972, Rs. 538,388 and Rs. 601,205 respectively, with customers pending installation.

9. Other Assets

Other assets consist of the following:

	As of June 30,		As of March 31,
	2002	2003	2003
	(unaudited)	(unaudited)	
Prepaid expenses…………………………	Rs. 866,940	Rs. 1,460,227	Rs. 1,276,650
Advances to suppliers……………………	76,698	92,463	94,741
Balances with statutory authorities………	24,745	20,726	16,699
Deposits………………………………….	536,047	659,373	638,472
Inter–corporate deposits			
GE Capital Services India…………….	884,841	44,503	258,803
Citicorp Financial Services Limited….	-	30,500	27,000
Advance income taxes………………..….	242,335	828,163	872,974
Others……………………………………	313,735	550,359	438,265
	2,945,341	3,686,314	3,623,604
Less: Current assets……………………...	(2,219,744)	(3,027,876)	(3,015,817)
	Rs. 725,597	Rs. 658,438	Rs. 607,787

10. Other Investment Securities

Other investment securities consist of the following:

	As of June 30, 2002 (unaudited)				As of June 30, 2003 (unaudited)				As of March 31, 2003			
	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. 1,623	Rs. -	Rs. 1,856	Rs. 121	Rs. -	Rs. -	Rs. 121	Rs. 207	Rs. 1,400	Rs. -	Rs. 1,607
Debt securities....................	4,195,295	-	(6,893)	4,188,402	-	-	-	-	492,478	-	(15,068)	477,410
	4,195,528	1,623	(6,893)	4,190,258	121	-	-	121	492,685	1,400	(15,068)	479,017
Held-to-maturity:												
Debt securities....................	50,344	1,648	-	51,992	47,952	-	-	47,952	47,952	-	-	47,952
	50,344	1,648	-	51,992	47,952	-	-	47,952	47,952	-	-	47,952
Unquoted:												
Equity securities..................	192,000	-	-	192,000	-	-	-	-	-	-	-	-
Convertible preference shares................................	288,000	-	-	288,000	-	-	-	-	-	-	-	-
	480,000	-	-	480,000	-	-	-	-	-	-	-	-
	Rs. 4,725,872	Rs. 3,271	Rs. (6,893)	Rs. 4,722,250	Rs. 48,073	Rs. -	Rs. -	Rs. 48,073	Rs. 540,637	Rs. 1,400	Rs. (15,068)	Rs. 526,969

Held-to-maturity debt securities as of June 30, 2003, mature within a year.

Dividends from available for sale securities during the three months ended June 30, 2002 and 2003 were Rs. Nil and Rs. 17 respectively, and are included in other income.

11. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	As of June 30, 2002 (unaudited)	As of June 30, 2003 (unaudited)	As of March 31, 2003
Land……………………………….	Rs. 396,386	Rs. 530,037	Rs. 530,037
Buildings…………………….......…….	1,584,997	2,228,422	2,210,427
Plant and machinery……………………..	5,615,056	6,977,357	6,569,392
Furniture, fixtures and equipment……….	1,289,344	1,560,016	1,551,629
Vehicles…………………………….…....	441,663	604,148	566,714
Computer software for internal use….….	763,556	1,131,805	1,053,065
Capital work-in-progress……………..….	1,323,022	1,242,963	1,006,892
	11,414,024	14,274,748	13,488,156
Accumulated depreciation and amortization……………………….….	(5,399,846)	(6,606,914)	(6,178,372)
	Rs. 6,014,178	Rs. 7,667,834	Rs. 7,309,784

Depreciation expense for the three months ended June 30, 2002 and 2003, is Rs. 323,668 and Rs. 405,500 respectively. This includes Rs.26,132 and Rs. 64,843 as amortization of capitalized internal use software, during the three months ended June 30, 2002 and 2003, respectively.

12. Goodwill and Intangible Assets

Information regarding the Company's intangible assets acquired either individually or in a business combination consist of the following:

	As of June 30, 2002 (unaudited)			As of June 30, 2003 (unaudited)			As of March 31, 2003		
	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
Technology-based intangibles..	Rs. -	Rs. -	Rs. -	Rs. 34,300	Rs. 5,790	Rs. 28,510	Rs. 34,300	Rs. 4,790	Rs. 29,510
Customer-related intangibles…	-	-	-	587,833	219,780	368,053	547,833	149,651	398,182
Marketing-related intangibles...	-	-	-	83,554	16,630	66,924	34,300	11,630	22,670
Others………………………....	950	750	200	950	950	-	950	950	-
	Rs. 950	Rs. 750	Rs. 200	Rs. 706,637	Rs.243,150	Rs. 463,487	Rs. 617,383	Rs.167,021	Rs. 450,362

The movement in goodwill balance is given below:

	Three months ended June 30, 2002 (unaudited)	Three months ended June 30, 2003 (unaudited)	Year ended March 31, 2003
Balance at the beginning of the period..…………………………..….	Rs. 656,240	Rs. 5,186,617	Rs. 656,240
Goodwill relating to acquisitions consummated during the period…	-	373,304	4,530,377
Effect of translation adjustments………………………………….	-	(37,843)	-
Balance at the end of the period……………………………….....	Rs. 656,240	Rs. 5,522,078	Rs. 5,186,617

Goodwill as of June 30, 2003 has been allocated to the following reporting units:

Reporting unit	Segment	As of June 30, 2003 (unaudited)
Wipro Infotech Services	India and AsiaPac IT Services and Products	Rs. 656,240
IT-Enabled Services	Global IT Services and Products	3,489,939
HealthScience	Global IT Services and Products	100,217
Enterprise Solutions	Global IT Services and Products	909,394
Nervewire	Global IT Services and Products	366,288
		Rs. 5,522,078

13. Other Current Liabilities

Other current liabilities consist of the following:

	As of June 30,		As of March 31,
	2002	2003	2003
	(unaudited)	(unaudited)	
Statutory dues payable	Rs. 383,552	Rs. 416,222	Rs. 406,013
Taxes payable	42,665	54,139	48,134
Warranty obligations	283,803	253,274	293,260
Others	46,880	133,760	47,866
	Rs. 756,900	Rs. 857,395	Rs. 795,273

The activity in warranty obligations is given below:

	Three months ended June 30, 2003	Year ended March 31, 2003
	(unaudited)	
Balance at the beginning of the period…..	Rs. 293,260	Rs. 292,052
Additional provision during the period…..	41,398	299,154
Reduction due to payments…...…………	(81,384)	(297,946)
Balance at the end of the period………..	Rs. 253,274	Rs. 293,260

14. Operating Leases

The Company leases office and residential facilities under cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental expense under such leases was Rs. 68,609 and Rs. 93,676 for the three months ended June 30, 2002 and 2003, respectively.

Prepaid expenses as of March 31, 2003 , June 30, 2002 and 2003 include Rs. 211,331, Rs. 213,960 and Rs. 210,454 respectively, being prepa id operating lease rentals for land obtained on lease for a period of 60 years. The prepaid expense is being charged over the lease term.

15. 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, 2003, June 30, 2002 and 2003, was Rs. 400,599, Rs.567,849 and Rs. 346,268 respectively. The Company's equity in the losses of Wipro GE for three months ended June 30, 2002 and 2003 was Rs. 204,000 and was Rs. 54,331 respectively.

WeP Peripherals

The Company has accounted for its 39.7% interest in WeP Peripherals by the equity method. The carrying value of the equity investment in WeP Peripherals as of March 31, 2003, June 30, 2002 and 2003, was Rs. 133,470, Rs.115,160 and Rs. 133,860 respectively. The Company's equity in the losses of WeP Peripherals for the three months ended June 30, 2002 was Rs. 2,310. The Company's equity in the income of WeP Peripherals for the three months ended June 30, 2003 was Rs. 390.

16. 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 and cash equivalents, investments in liquid and short-term mutual funds and other investments securities, accounts receivable and inter-corporate deposits. 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 the revenues/accounts receivable as of/for the three months ended June 30, 2002 and 2003.

Derivative financial instruments. The Company enters into forward foreign exchange contracts, where the counterparty is 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 June 30, 2002 (unaudited)	As of June 30, 2003 (unaudited)	As of March 31, 2003
Forward contracts...................	$ 69.7 million (sell)	$ 148.45 million (sell)	$ 113.5 million (sell)
	-	£ 6.25 million (sell)	£ 2.5 million (sell)

The foreign forward exchange contracts mature between one to twelve months.

17. 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 12.2% and 12.7% in the three months ended June 30, 2002 and 2003, respectively. The facilities are secured by inventories, accounts receivable and certain property and contain financial covenants and restrictions on indebtedness.

18. Long-term Debt

Long-term debt consist of the following:

	As of June 30, 2002 (unaudited)	As of June 30, 2003 (unaudited)	As of March 31, 2003
Rupee term loans from banks and financial institutions...........................	Rs. 48,200	Rs. 28,200	Rs. 28,200
Less: Current portion..........................	(20,000)	(28,200)	(28,200)
	Rs. 28,200	Rs. -	Rs. -

All 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.

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

	As of June 30, 2002 (unaudited)	As of June 30, 2003 (unaudited)
Rupee term loans from banks and financial institutions......	14.25%	13.25%

A maturity profile of the long-term debt outstanding as of June 30, 2003, is set out below:

Maturing in the year ending June 30:	(unaudited)
2004………………………………	Rs. 28,200
	Rs. 28,200

19. 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.

In October 2000, the Company made a public offering of its American Depositary Shares, or ADSs, to international investors. The offering consisted of 3,162,500 ADSs representing 3,162,500 equity shares, at an offering price of $41.375 per ADS. The equity shares represented by the ADS carry similar rights as to voting and dividends as the other equity shares.

Should the Company declare and pay dividend, such dividend will be paid in Indian rupees. Indian law mandates that any dividend, exceeding 10% of the equity shares, can be declared out of distributable profits only after the transfer of upto 10% of net income computed in accordance with current regulations to a general reserve. Also, the remittance of dividends outside India is governed by Indian law on foreign exchange. Dividend payments are also subject to applicable taxes.

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.

20. Retained Earnings

The Company's retained earnings as of March 31, 2003, June 30, 2002 and 2003, include restricted retained earnings of Rs. 259,538, which is not distributable as dividends under Indian company laws. These relate to requirements regarding earmarking a part of the retained earnings on redemption of preference shares.

Retained earnings as of March 31, 2003, June 30, 2002 and 2003, also include Rs. 390,469, Rs. 539,409 and Rs. 336,528, respectively, of undistributed earnings in equity of affiliates.

21. Other Income, Net

Other income consists of the following:

	Three months ended June 30,	
	2002	2003
	(unaudited)	(unaudited)
Interest income, net	Rs. 165,188	Rs. 13,926
Dividend income	-	152,120
Gain on sale of investment securities, net....................	81,867	-
Others..	13,388	-
	Rs. 260,443	Rs. 166,046

22. Shipping and Handling Costs

Selling general and administrative expenses for the three months ended June 30, 2002 and 2003, include shipping and handling costs of Rs. 14,487 and Rs. 9,699 respectively.

23. Income Taxes

Income taxes have been allocated as follows:

	Three months ended June 30, 2002 (unaudited)	Three months ended June 30, 2003 (unaudited)
Continuing operations	Rs. 253,797	Rs. 201,108
Discontinued operations	(152,170)	-
Stockholders equity for:		
Cumulative translation adjustments	-	(15,921)
Unrealized gains/loss on investment securities, net	(29,249)	(143)
Total income taxes	Rs. 72,378	Rs. 185,044

Income taxes relating to continuing operations consist of the following:

	Three months ended June 30, 2002 (unaudited)	Three months ended June 30, 2003 (unaudited)
Current taxes		
Domestic	Rs. 185,861	Rs. 94,884
Foreign	110,234	137,961
	296,095	232,845
Deferred taxes		
Domestic	(42,298)	(7,790)
Foreign	-	(23,947)
	(42,298)	(31,737)
Total income tax expense	Rs. 253,797	Rs. 201,108

Income taxes relating to discontinued division consist of the following:

	Three months ended June 30, 2002 (unaudited)
Current taxes	Rs. (51,188)
Deferred taxes	(100,982)
Total income tax benefit	Rs. (152,170)

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. Profits from certain other undertakings are also eligible for preferential tax treatment. The aggregate rupee and per share (basic) effects of these tax exemptions are Rs. 742,723 and Rs. 3.21 per share for the three months ended June 30, 2002 and Rs. 772,243 and Rs. 3.34 per share for the three months ended June 30, 2003. For the year ended March 31, 2003, Indian tax laws were amended to restrict the exempt income from an export oriented undertaking from 100% to 90% of its aggregate income.

The components of the net deferred tax asset are as follows:

	As of June 30, 2002 (unaudited)	As of June 30, 2003 (unaudited)	As of March 31, 2003
Deferred tax assets			
Property, plant and equipment…………………	Rs. 110,229	Rs. 4,653	Rs. -
Allowance for doubtful accounts	63,291	95,798	89,143
Investments in mutual funds……………………	55,148	-	-
Accrued expenses and liabilities…....…………	45,315	87,412	105,635
Carry-forward capital losses	128,951	123,412	126,422
Carry-forward business losses	178,491	182,586	175,296
Others..	87,177	93,716	59,566
Total gross deferred tax assets..........................	668,602	587,577	556,062
Less: valuation allowance.................................	(128,951)	(139,162)	(142,172)
Net deferred tax assets......................................	539,651	448,415	413,890
Deferred tax liabilities			
Property, plant and equipment	Rs. -	Rs. -	Rs. 16,927
Intangible assets..	-	67,717	83,184
Unrealized gains on investment securities	12,957	-	143
Undistributed earnings of affiliates	23,031	45,744	32,849
Total gross deferred tax liability	35,988	113,461	133,103
Net deferred tax assets	Rs. 503,663	Rs. 334,954	Rs. 280,787

Management believes that based on a number of factors, the available objective evidence creates sufficient uncertainties regarding the generation of future capital gains and realizability of the carry-forward capital losses. Accordingly, the Company has established a valuation allowance for the carry-forward capital losses. These losses expire after eight years succeeding the year in which they were first incurred. The carry-forward capital losses will expire by 2009.

Based on historical taxable income, projections of future taxable income and tax planning strategies management believes that it is more likely than not that the Company will be able to realize the benefit on the carry-forward business losses arising out of its Indian and foreign operations, except certain foreign operations of a subsidiary for which a valuation allowance has been established.

The carry-forward business losses as of June 30, 2003, expire as follows:

Year ending June 30:	(unaudited)
2009…………………………………….	Rs. 18,086
2010…………………………………….	129,149
2020…………………………………….	61,421
2021…………………………………….	79,515
2022…………………………………….	46,324
2023…………………………………….	39,691
2024……………………………………	116,182
Thereafter………………………………	41,111
	Rs. 531,478

Although realization of the net deferred tax assets is not assured, management believes that it is more likely than not that all of the net deferred tax assets will be realized. The amount of net deferred tax assets considered realizable, however could be reduced in the near term based on changing conditions.

The Company is subject to a 15% branch profit tax in the US to the extent the net profit during the fiscal year attributable to its US branch are greater than the increase in the net assets of the US branch during the fiscal year, computed in accordance with the Internal Revenue Code. As of March 31, 2003, the US branch's net assets amounted to $22.3 million. The Company has not triggered the branch profit tax and intends to maintain the current level of its net assets in the US as is consistent with its business plan. Accordingly, branch profit tax provision has not been recorded.

24. Employee Stock Incentive Plans

Wipro Equity Reward Trust (WERT). In 1984, the Company established a controlled trust called the 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. 229,755, 551,535 and 224,880 shares held by employees as of March 31, 2003, June 30, 2002 and 2003 respectively, subject to vesting conditions are included in the outstanding equity shares.

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

	Three months ended June 30,		Year ended March 31,
	2002	2003	2003
	(unaudited)	(unaudited)	
Shares held at the beginning of the period..............	1,321,335	1,303,610	1,321,335
Shares granted to employees	-	-	(19,300)
Grants forfeited by employees................................	125	-	1,575
Shares held at the end of the period........................	1,321,460	1,303,610	1,303,610

Deferred compensation is amortized on a straight-line basis over the vesting period of the shares which ranges from 42 to 60 months. The amortization of deferred stock compensation, net of reversals, for the three months ended June 30, 2002 and 2003, was Rs. 16,961 and Rs. 28,872 respectively. The stock-based compensation has been allocated to cost of revenues and selling, general and administrative expenses as follows:

	Three months ended June 30,	
	2002	2003
	(unaudited)	(unaudited)
Cost of revenues	Rs. 7,712	Rs. 7,218
Selling, general and administrative expenses	9,249	21,654
	Rs. 16,961	Rs. 28,872

Wipro Employee Stock Option Plan 1999 (1999 Plan). In July 1999, the Company established the 1999 Plan. Under the 1999 Plan, the Company is authorized to issue up to 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 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:

	Three month period ended June 30, 2002 (unaudited)			
	Shares arising out of options	Range of exercise prices	Weighted-average exercise price	Weighted-average remaining contractual life(months)
Outstanding at the beginning of the period.......................	3,885,958	Rs. 1,024 – 2,522	Rs. 1,550	47 months
Forfeited during the period..	(37,824)	1,086 – 1,853	1,515	-
Exercised during the period...	(27,204)	1,086	1,086	-
Outstanding at the end of the period................................	3,820,930	1,024 – 2,522	1,553	45 months
Exercisable at the end of the period................................	955,208	Rs. 1,024 – 2,522	Rs. 1,546	45 months

	Three month period ended June 30, 2003 (unaudited)			
	Shares arising out of options	Range of exercise prices	Weighted-average exercise price	Weighted-average remaining contractual life(months)
Outstanding at the beginning of the period	3,624,378	Rs. 1,024 – 2,522	Rs. 1,560	36 months
Exercised during the period	(2,490)	1,086	1,086	-
Outstanding at the end of the period	3,621,888	1,024 – 2,522	1,560	33 months
Exercisable at the end of the period	1,623,150	Rs. 1,024 – 2,522	Rs. 1,557	32 months

Wipro Employee Stock Option Plan 2000 (2000 Plan). In July 2000, the Company established the 2000 Plan. Under the 2000 Plan, the Company is authorized to issue up to 25 million equity shares to eligible employees. Employees covered by the 2000 Plan are granted an option to purchase equity shares of the Company subject to vesting. 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 2000 Plan is as follows:

	Three month period ended June 30, 2002 (unaudited)			
	Shares arising out of options	Range of exercise prices	Weighted-average exercise price	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period	8,472,514	Rs. 1,032 - 2,746	Rs. 1,846	58 months
Granted during the period	77,000	1,526 - 1,691	1,538	59 months
Forfeited during the period	(76,175)	1,032 – 2,651	1,951	-
Exercised during the period	(50)	1,086	1,086	-
Outstanding at the end of the period	8,473,289	1,032 – 2,746	1,853	56 months
Exercisable at the end of the period	408,378	Rs. 1,032 - 2,746	Rs. 2,391	52 months

	Three month period ended June 30, 2003 (unaudited)			
	Shares arising out of options	Range of exercise prices	Weighted-average exercise price	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period	8,100,514	Rs. 1,032 - 2,746	Rs. 1,839	46 months
Outstanding at the end of the period	8,100,514	1,032 – 2,746	1,839	43 months
Exercisable at the end of the period	1,738,749	Rs. 1,032 - 2,746	Rs. 1,882	40 months

Weighted average grant date fair values for options granted during the three months ended June 30, 2002 under the 2000 Plan, is Rs. 882.

Stock Option Plan (2000 ADS Plan). In April 2000, the Company established the 2000 ADS Plan. Under the 2000 ADS Plan, the Company is authorized to issue options to purchase up to 1.5 million American Depositary Shares (ADSs) to eligible employees. Employees covered by the 2000 ADS Plan are granted an option to purchase ADSs representing equity shares of the Company subject to the requirements of vesting. The Company has not recorded any deferred compensation as the exercise price was equal to the fair market value of the underlying ADS on the grant date.

Stock option activity under the 2000 ADS Plan is as follows:

	Three month period ended June 30, 2002 (unaudited)			
	Shares arising out of options	Range of exercise prices	Weighted-average exercise price	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period	647,450	$20.75 - 41.375	$ 37.66	55 months
Granted during the period	3,100	30.05	30.05	60 months
Forfeited during the period	(2,900)	36.40	36.40	-
Outstanding at the end of the period	647,650	20.75 - 41.375	37.63	51 months
Exercisable at the end of the period	47,744	$35.77 - 41.375	$ 39.97	45 months

	Three month period ended June 30, 2003 (unaudited)			
	Shares arising out of options	Range of exercise prices	Weighted-average exercise price	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period	700,350	$20.75 - 41.375	$ 36.84	43 months
Outstanding at the end of the period	700,350	20.75 - 41.375	36.84	40 months
Exercisable at the end of the period	157,163	$25.90 - 41.375	$ 38.04	38 months

Weighted average grant date fair values for options granted during the three months ended June 30, 2002 is $ 15.80.

Wipro Spectramind Option Plan (Wipro Spectramind Plan). Prior to its acquisition by the Company, Wipro Spectramind had established the Wipro Spectramind Plan. Employees covered by the Wipro Spectramind Plan were granted options to purchase shares of Wipro Spectramind.

As of the date of acquisition of Wipro Spectramind by the Company, options to purchase 17,462,520 shares were outstanding under the Wipro Spectramind Plan. As per the terms of the acquisition, the Company acquired/settled 7,960,704 options for cash. The cost of settlement of these options is included as a component of the purchase price of Wipro Spectramind. Out of the balance 9,501,816 outstanding options, the Company modified the vesting schedule/exercise period and increased the exercise price of 6,149,191 options. In accordance with FIN No. 44, Accounting for Certain Transactions involving Stock Compensation (an interpretation of APB Opinion No.25) and EITF Issue No. 00-23, Issues Related to the Accounting for Stock Compensation under APB Opinion No. 25 and FIN No. 44, the above modifications resulted in a new measurement of compensation cost at the date of modification. As the new exercise price was equal to the fair value of the underlying equity shares on the new measurement date, the Company has not recorded any additional compensation cost.

Stock option activity under the Wipro Spectramind Plan is as follows:

	Three month period ended June 30, 2003 (unaudited)			
	Shares arising out of options	Range of exercise prices	Weighted-average exercise price	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period	181,907	Rs. 1 - 13	Rs. 8	3 months
	3,157,372	31	31	6 months
	5,990,483	57	57	20 months
Forfeited during the period	(330,047)	57	57	-
Exercised during the period	(3,325,490)	1 - 31	29	-
Outstanding at the end of the period	5,660,436	57	57	17 months
	13,789	13	13	1 month
Outstanding at the end of the period	13,789	13	13	1 month

Out of the 5,674,225 options outstanding as at June 30, 2003, options to purchase 5,660,436 shares are covered by a share purchase feature that entitles the Company to repurchase the shares at fair value and gives the employee the right to sell the shares back to the Company at fair value. The Company and the employees can exercise this repurchase right only after six months of the date of option exercise. In accordance with FIN No. 44 and EITF Issue No. 00-23, this share repurchase feature does not result in variable accounting.

25. Earnings Per Share

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

	Three months ended June 30,	
	2002 (unaudited)	2003 (unaudited)
Earnings		
Income from continuing operations……………………………………….	Rs. 2,084,449	Rs. 1,780,549
Contingent issuances of subsidiaries………………………………………	-	(4,250)
Income from continuing operations (adjusted for full dilution) …………..	2,084,449	1,776,299
Losses of discontinued operations ……………………………………..	(388,699)	-
Net income (adjusted for full dilution) ……………………………………	Rs. 1,695,780	Rs. 1,776,299
Equity shares		
Weighted average number of equity shares outstanding …………………	231,161,319	231,262,872
Effect of dilutive equivalent shares-stock options outstanding……………	517,668	-
Weighted average number of equity shares and equivalent shares outstanding…………………………………………………………	231,678,987	231,262,872

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.

Options to purchase 5,716,275 and 12,422,752 equity shares were outstanding during the three months ended June 30, 2002 and 2003, respectively, but were not included in the computation of diluted earnings per share because the exercise price of the options was greater than the average market price of the equity shares.

26. Employee Benefit Plans

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 plan, the settlement obligation remains with the Company, although the Life Insurance Corporation of India administers the plan and determines the contribution premium required to be paid by 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. A portion of the contribution is made to the provident fund trust established by the Company, while the remainder of the contribution is made to the Government's provident fund. The Company has no further obligations under the plan beyond its monthly contributions.

The Company contributed Rs. 97,862 and Rs. 150,747 to various defined contribution and benefit plans during the nine months ended June 30, 2002 and 2003, respectively.

27. Related Party Transactions

The Company has the following transactions with related parties.

	Three months ended June 30, 2002 (unaudited)	Three months ended June 30, 2003 (unaudited)
Wipro GE:		
Revenues from sale of computer equipment and administrative and management support services	Rs. 2,606	Rs. 18,457
Fees received for usage of trade mark……………	5,000	-
WeP Peripherals:		
Revenues from sale of computer equipment and services……………………………………..……	3,304	1,604
Fees received for usage of trade mark..…………	13,254	13,254
Payment for services…………..…………………	2,038	2,374
Purchase of printers…………..………………..…	16,825	16,550
Azim Premji Foundation:		
Revenues from sale of computer equipment and services………………………………………	1,466	112
Principal shareholder:		
Payment of lease rentals………………………	300	300

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

	As of June 30, 2002 (unaudited)	As of June 30, 2003 (unaudited)	As of March 31, 2003
Wipro GE..	Rs. 58,261	Rs. 94,426	Rs. 87,410
WeP Peripherals...	20,021	14,067	14,472
Azim Premji Foundation..................................	-	158	158
Security deposit given to Hasham Premji, a firm under common control.................................	25,000	25,000	25,000
	Rs. 103,282	Rs. 133,651	Rs. 127,040

The Company has the following payables to related parties, which are reported as other current liabilities in the balance sheet.

	As of June 30, 2002 (unaudited)	As of June 30, 2003 (unaudited)	As of March 31, 2003
WeP Peripherals………………………………	Rs. 3,766	Rs. 12,452	Rs. 22,186
	Rs. 3,766	Rs. 12,452	Rs. 22,186

28. Commitments and Contingencies

Capital commitments. As of March 31, 2003, June 30, 2002 and 2003, the Company had committed to spend approximately Rs. 321,410, Rs. 213,370 and Rs. 411,500 respectively, under agreements to purchase property and equipment. These amounts are net of capital advances paid in respect of these purchases.

Guarantees. As of March 31, 2003, June 30, 2002 and 2003 performance and financial guarantees provided by banks on behalf of the Company to the Indian Government, customers, and certain other agencies amount to Rs. 1,883,338, Rs. 548,792 and Rs. 1,392,844 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 5 times 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 June 30, 2003, the Company has met all commitments required under the plan.

Contingencies and lawsuits. Certain income-tax related legal proceedings are pending against the Company. Potential liabilities, if any, have been adequately provided for, and the Company does not currently estimate any incremental liability in respect of these proceedings.

Additionally, 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 the Company expects to be material in relation to its business.

29. Segment Information

The Company is organized by segments, including Global IT Services and Products, India and AsiaPac IT Services and Products, Consumer Care and Lighting and 'Others'. 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 (CODM) as defined by SFAS No. 131, Disclosure about Segments of an Enterprise and Related Information. The Chairman of the Company evaluates the segments based on their revenue growth, operating income and return on capital employed.

The Global IT Services and Products segment provides research and development services for hardware and software design to technology and telecommunication companies, software application development services to corporate enterprises and Business Process Outsourcing (BPO) services to large global corporations.

In July 2002, the Company acquired Wipro Spectramind. The operations of Wipro Spectramind were initially organized as a new business segment named IT Enabled Services. This segment provided BPO services to large global corporations in the US, UK, Australia and other developed markets. From April 2003, the CODM evaluates Wipro Spectramind as an integral component of the Global IT Services and Products business segment. Consequently, from April 2003, Wipro Spectramind is included in the Global IT Services and Products segment.

With effect from April 1, 2003, the CODM will evaluate all critical acquisitions separately for a period of time ranging from two to four quarters.

In May 2003, the Company acquired Nervewire, which provides business and IT consulting services to customers in the financial services sector. The operations of Nervewire, which is a component of Global IT Services and Products, are currently reviewed by the CODM separately and have accordingly been reported separately.

In April 2002, the Company established a new business segment named HealthScience, to address the IT requirements of the emerging healthcare and life sciences market. The healthcare and life sciences sector clients of the Global IT Services and Products segment were transferred to the newly established HealthScience segment. Further, Wipro Biomed, a business segment which was previously reported in 'Others', became a part of the HealthScience segment. In April 2003, the Company reorganized the HealthScience business segment, whereby all components of the HealthScience segment, except Wipro Biomed, were integrated with Global IT Services and Products business segment. Subsequent to the reorganization, Wipro Biomed is being reported in 'Others'. Similarly, during the year ended March 31, 2003, certain other business segments previously reported in 'Others' were integrated with India and AsiaPac IT Services and Products segment.

The India and AsiaPac IT Services and Products segment focuses primarily on addressing the IT and electronic commerce requirements of companies in India, MiddleEast and AsiaPacific region.

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

The results of operations for the discontinued ISP division were previously reported in 'Others'. The segment information presented excludes these results of operations, which are now reported outside of continuing operations.

'Others' consist of business segments that do not meet the requirements individually for a reportable segment as defined in SFAS No. 131. Corporate activities such as treasury, legal and accounting, which do not qualify as operating segments under SFAS No. 131 have been considered as reconciling items.

Segment data for previous periods has been reclassified on a comparable basis.

Information on reportable segments is as follows:

Three months ended June 30, 2002 (unaudited)

	Global IT Services and Products	India and AsiaPac IT Services and Products	Consumer Care and Lighting	Others	Reconciling Items (2)	Entity Total
Revenues	Rs. 6,344,072	Rs. 1,750,432	Rs. 715,650	Rs. 338,982	Rs. -	Rs. 9,149,136
Exchange rate fluctuations..........................	208,293	(395)	272	-	(208,170)	-
Total revenues	6,552,365	1,750,037	715,922	338,982	(208,170)	9,149,136
Cost of revenues	(3,668,321)	(1,391,947)	(474,659)	(273,034)	-	(5,807,961)
Selling, general and administrative expenses	(799,233)	(290,198)	(118,898)	(34,182)	(13,499)	(1,256,010)
Research and development expenses..............	(39,300)	-	-	-	-	(39,300)
Amortization of intangible assets	-	-	-	-	(50)	(50)
Exchange rate fluctuations..........................	-	-	-	-	202,037	202,037
Others, net...	497	14,366	1,837	6,696	12,865	36,261
Operating income of segment	Rs. 2,046,008	Rs. 82,258	Rs. 124,202	Rs. 38,462	Rs. (6,817)	Rs. 2,284,113
Total assets of segment (3)	Rs. 11,191,819	Rs. 3,601,368	Rs.1,076,383	Rs. 991,414	Rs. 18,438,314	Rs. 35,299,298
Capital employed (3)..................................	8,795,010	1,552,003	657,676	676,715	18,104,439	29,785,843
Return on capital employed (1), (3)...............	93%	26%	73%	-	-	-
Accounts receivable	3,996,668	1,639,406	141,470	309,851	22,200	6,109,595
Cash and cash equivalents and investments in liquid and short-term mutual funds	531,664	141,421	187,904	970,333	9,077,179	10,908,501
Depreciation	246,578	40,691	14,623	9,368	12,408	323,668

Three months ended June 30, 2003 (unaudited)

	Global IT Services and Products							
	IT Services and Products	Nervewire	Total	India and AsiaPac IT Services and Products	Consumer Care and Lighting	Others	Reconciling Items (2)	Entity Total
Revenues	Rs. 9,104,486	Rs. 118,543	Rs. 9,223,029	Rs. 1,320,288	Rs. 781,543	Rs. 367,642	-	Rs. 11,692,502
Exchange rate fluctuations..........	38,045	-	38,045	8,709	-	3,517	(50,271)	-
Total revenues	9,142,531	118,543	9,261,074	1,328,997	781,543	371,159	(50,271)	11,692,502
Cost of revenues	(5,666,052)	(106,462)	(5,772,514)	(960,867)	(495,424)	(263,505)	-	(7,492,310)
Selling, general and administrative expenses	(1,428,574)	(116,784)	(1,545,358)	(318,509)	(152,995)	(53,521)	(28,665)	(2,099,048)
Research and development expenses	(57,760)	-	(57,760)	-	-	-	-	(57,760)
Amortization of intangible assets	(70,971)	(5,158)	(76,129)	-	-	-	-	(76,129)
Exchange rate fluctuations..........	-	-	-	-	-	-	50,271	50,271
Others, net.........................	1,336	-	1,336	14,408	2,958	3,856	8,581	31,139
Operating income of segment	Rs. 1,920,510	Rs. (109,861)	Rs. 1,810,649	Rs. 64,029	Rs. 136,082	Rs. 57,989	(20,084)	Rs. 2,048,665
Total assets of segment (3)	Rs. 22,938,166	Rs. 1,003,730	Rs. 23,941,896	Rs. 3,651,611	Rs. 1,060,539	Rs. 1,157,843	Rs. 15,044,747	Rs. 44,856,636
Capital employed (3).................	19,323,719	791,739	20,115,458	1,387,740	565,404	822,627	14,960,419	37,851,648
Return on capital employed (1),(3)	40%	(57)%	37%	21%	89%	-	-	-
Accounts receivable	5,923,623	84,753	6,008,376	1,186,081	150,174	289,098	-	7,633,729
Cash and cash equivalents and investments in liquid and short-term mutual funds	1,273,909	374,683	1,648,592	305,223	181,620	61,373	12,974,976	15,171,784
Depreciation	331,960	6,972	338,932	29,986	16,032	8,906	11,644	405,500

(1) Return on capital employed is computed based on the average of the capital employed at the beginning and at the end of the period.

(2) Reconciling items include assets of the discontinued ISP division.

(3) The total assets, capital employed, return on capital employed and operating income for the India and AsiaPac IT Services and Products segment excludes the impact of certain acquisition-related goodwill relating to the segment. This goodwill of Rs. 656,240 as of June 30, 2002 and 2003 has been reported as a component of reconciling items.

The Company has four geographic segments: India, the United States, Europe and Rest of the world.

Revenues from the geographic segments based on domicile of the customer is as follows:

	Three months ended June 30,			
	2002		2003	
	(unaudited)		(unaudited)	
India…………………………….	Rs.	2,757,844	Rs.	2,333,018
United States…………………...		3,907,306		6,507,840
Europe…………………………		1,788,924		2,383,088
Rest of the world………………		695,062		468,556
	Rs.	9,149,136	Rs.	11,692,502

30. Fair Value of Financial Instruments

The fair values 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.