

**WIPRO LIMITED AND SUBSIDIARIES**

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
PREPARED IN ACCORDANCE WITH U.S. GAAP  
AS OF AND FOR THE  
THREE MONTHS ENDED JUNE 30, 2003 AND 2004**

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

	As of June 30,		
	2003	2004	2004
	(unaudited)	(unaudited)	Convenience translation into US\$ (unaudited)
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents .....	Rs. 2,381,937	Rs. 3,080,271	\$ 66,977
Accounts receivable, net of allowances .....	7,633,729	11,768,913	255,902
Costs and earnings in excess of billings on contracts in progress .....	2,070,133	2,745,766	59,704
Inventories .....	1,778,122	1,430,078	31,095
Investments in liquid and short-term mutual funds.....	12,789,847	13,238,257	287,851
Other investment securities .....	48,073	-	-
Other current assets .....	<u>3,249,979</u>	<u>3,183,123</u>	<u>69,213</u>
Total current assets.....	29,951,820	35,446,408	770,742
Property, plant and equipment, net .....	7,667,834	10,089,997	219,395
Investments in affiliates (Note 4).....	480,128	640,755	13,932
Intangible assets, net .....	463,487	427,311	9,291
Goodwill (Note 3).....	5,522,078	5,508,936	119,786
Other assets .....	<u>771,289</u>	<u>923,701</u>	<u>20,085</u>
Total assets.....	<u>Rs. 44,856,636</u>	<u>Rs. 53,037,108</u>	<u>\$ 1,153,231</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Borrowings from banks .....	Rs. 124,578	Rs. 219,912	\$ 4,782
Current portion of long-term debt .....	28,200	-	-
Accounts payable .....	1,801,463	2,734,405	59,457
Accrued expenses .....	1,698,715	3,142,844	68,338
Accrued employee costs .....	1,718,736	2,598,060	56,492
Advances from customers .....	928,679	1,048,001	22,788
Other current liabilities .....	<u>857,395</u>	<u>3,466,689</u>	<u>75,379</u>
Total current liabilities .....	7,157,766	13,209,911	287,234
Other liabilities .....	<u>210,450</u>	<u>322,136</u>	<u>7,004</u>
Total liabilities .....	<u>7,368,216</u>	<u>13,532,047</u>	<u>294,239</u>
Minority interest .....	276,898	363,319	7,900
Stockholders' equity:			
Equity shares at Rs. 2 par value: 750,000,000			
shares authorized; Issued and outstanding: 697,691,976 and 698,446,890 shares as of June 30, 2003 and 2004 (Note 5).....	465,134	1,396,893	30,374
Additional paid-in capital .....	6,949,328	7,239,085	157,406
Deferred stock compensation .....	(35,136)	(5,760)	(125)
Accumulated other comprehensive income / (loss).....	(31,474)	(2,048,392)	(44,540)
Retained earnings .....	29,863,745	32,559,991	707,980
Equity shares held by a controlled Trust: 3,910,830 and 3,943,530 shares as of June 30, 2003 and 2004 .....	<u>(75)</u>	<u>(75)</u>	<u>(2)</u>
Total stockholders' equity .....	37,211,522	39,141,742	851,092
Total liabilities and stockholders' equity .....	<u>Rs. 44,856,636</u>	<u>Rs. 53,037,108</u>	<u>\$ 1,153,231</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Three months ended June 30,		
	2003	2004	2004
	(unaudited)	(unaudited)	(unaudited) Convenience translation into US\$
<b>Revenues:</b>			
Global IT Services and Products.....			
Services.....	Rs. 9,186,974	Rs. 13,537,868	\$ 294,365
Products.....	36,055	-	-
India and AsiaPac IT Services and Products.....			
Services.....	586,021	938,427	20,405
Products.....	734,267	1,616,850	35,157
Consumer Care and Lighting.....	781,543	1,026,520	22,321
Others.....	<u>367,642</u>	<u>576,535</u>	<u>12,536</u>
Total.....	<u>11,692,502</u>	<u>17,696,200</u>	<u>384,784</u>
<b>Cost of revenues:</b>			
Global IT Services and Products.....			
Services.....	5,752,301	8,335,580	181,248
Products.....	20,213	-	-
India and AsiaPac IT Services and Products.....			
Services.....	364,970	547,396	11,903
Products.....	595,897	1,475,705	32,088
Consumer Care and Lighting.....	495,424	640,018	13,916
Others.....	<u>263,505</u>	<u>389,731</u>	<u>8,474</u>
Total.....	<u>7,492,310</u>	<u>11,388,430</u>	<u>247,628</u>
Gross profit.....	4,200,192	6,307,770	137,155
<b>Operating expenses:</b>			
Selling and marketing expenses.....	(1,312,686)	(1,301,143)	(28,292)
General and administrative expenses.....	(786,362)	(855,833)	(18,609)
Research and development expenses.....	(57,760)	(58,153)	(1,264)
Amortization of intangible assets.....	(76,129)	(49,627)	(1,079)
Foreign exchange gains/(losses), net.....	50,271	(467,924)	(10,174)
Others, net.....	<u>31,139</u>	<u>6,864</u>	<u>149</u>
Operating income.....	2,048,665	3,581,954	77,885
Loss on direct issue of stock by subsidiary.....	(175,999)	-	-
Other income, net.....	166,046	262,255	5,702
Equity in earnings/(losses) of affiliates (Note 4).....	<u>(53,941)</u>	<u>29,596</u>	<u>644</u>
Income before income taxes and minority interest.....	1,984,771	3,873,805	84,231
Income taxes.....	(201,108)	(597,821)	(12,999)
Minority interest.....	<u>(3,114)</u>	<u>(21,612)</u>	<u>(470)</u>
Net income.....	<u>Rs. 1,780,549</u>	<u>Rs. 3,254,372</u>	<u>\$ 70,763</u>
<b>Earnings per equity share:</b>			
Basic.....	2.57	4.69	0.10
Diluted.....	2.56	4.67	0.10
<b>Weighted average number of equity shares used in computing earnings per equity share:</b>			
Basic.....	693,788,616	694,372,496	694,372,496
Diluted.....	693,788,616	695,652,503	695,652,503

See accompanying notes to the unaudited condensed consolidated financial statements.

**WIPRO LIMITED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME**  
**(in thousands, except share data)**

	Equity Shares		Additional	Deferred	Comprehensive	Accumulated	Retained	Equity Shares held by a		Total	
	No. of Shares	Amount	Paid in	Stock		Comprehensive		Earnings	Controlled Trust		Stockholders'
			Capital	Compensation		Income			Income / (loss)	No. of Shares	
Balance as of March 31, 2004 .....	<u>698,277,456</u>	<u>Rs. 465,520</u>	<u>Rs. 7,176,679</u>	<u>Rs. (9,884)</u>	-	<u>Rs. 918,640</u>	<u>Rs. 37,812,872</u>	<u>(3,943,530)</u>	<u>Rs. (75)</u>	<u>Rs. 46,363,752</u>	
Cash dividends paid (unaudited) .....	-	-	-	-	-	-	(7,575,993)	-	-	(7,575,993)	
Issuance of equity shares on exercise of options (unaudited) .....	169,434	111	62,406	-	-	-	-	-	-	62,517	
Stock split effected in the form of stock dividend (unaudited) (Note 5) .....	-	931,262	-	-	-	-	(931,262)	-	-	-	
Amortization of compensation related to employee stock incentive plan, net of reversals (unaudited) .....	-	-	-	4,124	-	-	-	-	-	4,124	
Comprehensive income											
Net income (unaudited) .....	-	-	-	-	Rs.3,254,372	-	3,254,374	-	-	3,254,374	
Other comprehensive income / (loss)											
Translation adjustments (unaudited) .....	-	-	-	-	85,411	-	-	-	-	-	
Unrealized loss on cashflow hedging derivatives (unaudited) .....	-	-	-	-	(3,052,443)	-	-	-	-	-	
Total other comprehensive income / (loss) (unaudited) .....	-	-	-	-	<u>(2,967,032)</u>	(2,967,032)	-	-	-	(2,967,032)	
Comprehensive income (unaudited) .....					<u>Rs. 287,340</u>						
Balance as of June 30, 2004 (unaudited).	<u>698,446,890</u>	<u>Rs. 1,396,893</u>	<u>Rs. 7,239,085</u>	<u>Rs. (5,760)</u>		<u>Rs. (2,048,392)</u>	<u>Rs. 32,559,991</u>	<u>(3,943,530)</u>	<u>Rs. (75)</u>	<u>Rs. 39,141,742</u>	
Balance as of June 30, 2004 (\$) (unaudited) .....		<u>\$ 30,374</u>	<u>\$ 157,406</u>	<u>\$ (125)</u>		<u>\$ (44,450)</u>	<u>\$ 707,980</u>		<u>\$ (2)</u>	<u>\$ 851,092</u>	

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Three months ended June 30,		
	2003	2004	2004 Convenience translation into US\$
	(unaudited)	(unaudited)	(unaudited)
Cash flows from operating activities:			
Net income.....	Rs. 1,780,549	Rs. 3,254,372	\$ 70,763
Adjustments to reconcile net income to net cash provided by operating activities:			
(Gain)/loss on sale of property, plant and equipment.....	4,887	(88,270)	(1,919)
Depreciation and amortization.....	481,629	563,840	12,260
Deferred tax charge / (benefit).....	(31,737)	(32,558)	(708)
Loss on direct issue of stock by affiliate.....	175,999	-	-
Amortization of deferred stock compensation.....	28,872	4,124	90
Equity in losses / (earnings) of affiliates.....	53,941	(29,596)	(644)
Minority interest.....	3,114	21,612	470
Changes in operating assets and liabilities:			
Accounts receivable.....	428,543	(795,977)	(17,308)
Costs and earnings in excess of billings on contracts in progress	(611,171)	(645,931)	(14,045)
Inventories.....	(328,624)	8,115	176
Other assets.....	(249,910)	269,546	5,861
Accounts payable.....	(448,068)	1,822	40
Accrued expenses and employee costs.....	547,805	1,063,268	23,120
Advances from customers.....	-	85,250	1,854
Other liabilities.....	74,270	718,812	15,630
Net cash provided by operating activities.....	<u>1,910,099</u>	<u>4,398,429</u>	<u>95,639</u>
Cash flows from investing activities:			
Expenditure on property, plant and equipment.....	(802,870)	(1,468,421)	(31,929)
Proceeds from sale of property, plant and equipment.....	62,277	219,922	4,782
Dividends received from affiliates.....	-	8,400	183
Purchase of investments in liquid and short-term mutual funds.....	(8,102,521)	(18,952,294)	(412,096)
Proceeds from sale of liquid and short-term mutual funds.....	-	24,193,418	526,058
Purchase of other investment securities.....	3,126,074	-	-
Proceeds from sale and maturities of other investment securities.....	477,494	-	-
Redemption/maturity of inter-corporate deposits.....	214,300	-	-
Purchase of intangible assets.....	(50,000)	(271,660)	(5,907)
Payment for acquisitions, net of cash acquired.....	(458,250)	(83,995)	(1,826)
Net cash provided by / (used in) continuing operations.....	(5,533,496)	3,645,370	79,264
Net cash provided by discontinued operations.....	12,667	-	-
Net cash provided by / (used in) investing activities.....	<u>(5,520,829)</u>	<u>3,645,370</u>	<u>79,264</u>
Cash flows from financing activities:			
Proceeds from issuance of equity shares.....	2,704	62,517	1,359
Proceeds from issuance of equity shares by a subsidiary.....	97,785	-	-
Proceeds from / (repayments of) short-term borrowing from banks, net	(383,941)	(749,138)	(16,289)
Payment of cash dividends.....	-	(7,575,993)	(164,731)
Net cash provided by/(used in) financing activities.....	<u>(283,452)</u>	<u>(8,262,614)</u>	<u>(179,661)</u>
Net increase/ (decrease) in cash and cash equivalents during the period...	(3,894,182)	(218,815)	(4,758)
Effect of exchange rate changes on cash.....	(6,895)	1,922	42
Cash and cash equivalents at the beginning of the period.....	6,283,014	3,297,164	71,693
Cash and cash equivalents at the end of the period.....	<u>Rs. 2,381,937</u>	<u>Rs. 3,080,271</u>	<u>\$ 66,977</u>
Supplementary information:			
Cash paid for interest.....	Rs. 5,776	Rs. 11,474	\$ 249
Cash paid for taxes.....	170,902	401,948	8,740

See accompanying notes to the unaudited condensed consolidated financial statements.

**WIPRO LIMITED AND SUBSIDIARIES**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(in thousands, except share data and where otherwise stated)**

**NOTE 1: BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated financial statements of Wipro Limited ("Wipro" or the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information. In the opinion of management, all adjustments, which are of a normal recurring nature and necessary for a fair presentation, have been included. These financial statements should be read in conjunction with the consolidated financial statements and the related notes included in the Company's annual report on Form 20F for the year ended March 31, 2004.

The accompanying consolidated financial statements have been prepared 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, 2004 have been translated into United States dollars at the noon buying rate in New York City on June 30, 2004, for cable transfers in Indian rupees, as certified for customs purposes by the Federal Reserve Bank of New York of \$1= Rs.45.99. 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.

**NOTE 2: DERIVATIVE AND HEDGE ACCOUNTING**

The Company is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange contracts, where the counterparty is a bank. The Company considers the risks of non-performance by the counterparty as non-material.

Forward contracts in respect of forecasted transactions, which meet the hedging criteria, are designated as cash flow hedges. Changes in the derivative fair values that are designated as effective cash flow hedges, under SFAS No. 133 Accounting for Derivative Instruments and Hedging Activities, are deferred and recorded as a component of accumulated other comprehensive income until the hedged transactions occur and are then recognized in the consolidated statements of income. The ineffective portion of a hedging derivative is immediately recognized in the consolidated statements of income.

As of June 30, 2004, a loss of Rs 1,993,476 relating to changes in fair value of forward contracts, designated as hedge of forecasted transactions, is included as a component of other comprehensive income/loss within stockholders' equity.

**NOTE 3: ACQUISITION OF OWNERSHIP INTEREST IN A SUBSIDIARY**

As of March 31, 2003, the Company held 100% of the outstanding equity shares of Wipro Spectramind Services Private Limited (Wipro Spectramind). As of March 31, 2003, Wipro Spectramind had 9,329,762 employee stock options outstanding under the Wipro Spectramind option plan. In the year ended March 31, 2004, 4,178,294 options vested and were exercised. 3,339,279 options were exercised at a weighted average exercise price of Rs. 29.41 and 839,015 options were exercised at a weighted average exercise price of Rs. 57.

As a result of the option exercise, the Company's ownership interest in Wipro Spectramind reduced from 100% to 93%. 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. 206,000. 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 4,178,294 shares arising out of these option exercises, 3,996,387 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.

In the three months ended June 30, 2004 the Company acquired 653,807 shares at Rs 83,995, pursuant to the exercise of the repurchase right by the employees. The excess of consideration paid over the carrying value of minority interest acquired of Rs 17,783 has been recorded as goodwill.

#### **NOTE 4: 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 June 30, 2003 and 2004, was Rs. 346,248 and Rs. 478,055 respectively. The Company's equity in the losses of Wipro GE for three months ended June 30, 2003 was Rs.54,331 and the Company's equity in the income of Wipro GE for the three months ended June 30, 2004 was Rs. 21,596.

##### *WeP Peripherals*

The Company has accounted for its 38.1% and 40.5% interest as of June 30, 2003 and 2004 respectively, in WeP Peripherals by the equity method. The carrying value of the equity investment in WeP Peripherals as of June 30, 2003 and 2004, was Rs.133,860 and Rs.162,700 respectively. The Company's equity in the income of WeP Peripherals for the three months ended June 30, 2003 and 2004 was Rs. 390 and Rs. 8,000 respectively.

#### **NOTE 5: STOCK DIVIDEND**

In June 2004, the members of the Company approved a stock dividend in the ratio of 2 additional equity shares or ADS for every equity share or ADS held. Accordingly, the Company has issued 465,631,260 additional shares and has transferred an amount of Rs 931,262 from retained earnings to equity shares. Share and per share data for all periods reported have been adjusted to reflect the stock dividend. Capitalisation of retained earnings aggregating Rs. 931,262 has been recorded in the quarter ended June 30, 2004.

#### **NOTE 6: CONTINGENCIES**

In March 2004, the Company received a demand from the tax authorities of Rs. 2,614,569, including interest, upon completion of their tax review for the financial year ended March 31, 2001. The tax demand is mainly on account of disallowances of deduction claimed by Company under section 10A of the Income Tax Act of India, 1961, which allows a tax holiday in respect of profits earned on some of the undertakings of the Company. As of March 31, 2004, the net exposure of the Company was Rs. 2,315,569. Management, including external counsel have concluded that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position or overall trends in results of operations.

#### **NOTE 7: 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.

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.

'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, 2003 (unaudited)						
	Gobal IT Services and Products	India and AsiaPac IT Services and Products	Consumer Care and Lighting	Others	Reconciling Items	Entity Total
Revenues .....	Rs. 9,223,029	Rs. 1,320,288	Rs. 781,543	Rs. 367,642	-	Rs. 11,692,502
Exchange rate fluctuations .....	38,045	8,709	-	3,517	(50,271)	-
Total revenues .....	9,261,074	1,328,997	781,543	371,159	(50,271)	11,692,502
Cost of revenues .....	(5,772,514)	(960,867)	(495,424)	(263,505)	-	(7,492,310)
Selling and marketing expenses.....	(957,393)	(180,718)	(135,945)	(30,899)	(7,731)	(1,312,686)
General and administrative expenses .....	(587,965)	(137,791)	(17,050)	(22,622)	(20,934)	(786,362)
Research and development expenses .....	(57,760)	-	-	-	-	(57,760)
Amortization of intangible assets .....	(76,129)	-	-	-	-	(76,129)
Exchange rate fluctuations .....	-	-	-	-	50,271	50,271
Others, net.....	1,336	14,408	2,958	3,856	8581	31,139
Operating income of segment	<u>Rs. 1,810,649</u>	<u>Rs. 64,029</u>	<u>Rs. 136,082</u>	<u>Rs. 57,989</u>	<u>(20,084)</u>	<u>Rs. 2,048,665</u>
Total assets of segment (2) .....	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 (2).....	20,115,458	1,387,740	565,404	822,627	14,960,419	37,851,648
Return on capital employed (1),(2) .....	37%	21%	89%	-	-	-
Accounts receivable .....	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 .....	1,648,592	305,223	181,620	61,373	12,974,976	15,171,784
Depreciation.....	338,932	29,986	16,032	8,906	11,644	405,500

Three months ended June 30, 2004 (unaudited)						
	Gobal IT Services and Products	India and AsiaPac IT Services and Products	Consumer Care and Lighting	Others	Reconciling Items	Entity Total
Revenues .....	Rs. 13,537,868	Rs. 2,555,277	Rs. 1,026,520	Rs. 576,535	-	17,696,200
Exchange rate fluctuations .....	(343,924)	(12,771)	(501)	(3,014)	360,210	-
Total revenues .....	13,193,944	2,542,506	1,026,019	573,521	360,210	17,696,200
Cost of revenues .....	(8335,580)	(2,023,101)	(640,018)	(389,731)	-	(11,388,430)
Selling and marketing expenses.....	(789,115)	(255,278)	(213,635)	(39,815)	(3,300)	(1,301,143)
General and administrative expenses .....	(635,503)	(161,066)	(21,751)	(32,246)	(5,267)	(855,833)
Research and development expenses .....	(58,153)	-	-	-	-	(58,153)
Amortization of intangible assets .....	(48,000)	-	(1,627)	-	-	(49,627)
Exchange rate fluctuations .....	-	-	-	-	(467,924)	(467,924)
Others, net.....	(2,198)	1,457	2,964	(357)	4,998	6,864
Operating income of segment	<u>Rs. 3,325,395</u>	<u>Rs. 104,518</u>	<u>Rs. 151,952</u>	<u>Rs. 111,372</u>	<u>Rs. (111,283)</u>	<u>Rs. 3,581,954</u>
Total assets of segment (2) .....	Rs. 29,378,722	Rs. 5,092,291	Rs. 1,594,765	Rs. 1,738,558	Rs. 15,232,772	Rs. 53,037,108
Capital employed (2).....	20,028,524	2,188,142	858,360	1,210,097	15,762,269	40,047,392



**Three months ended June 30, 2004 (unaudited)**

	<b>Gobal IT Services and Products</b>	<b>India and AsiaPac IT Services and Products</b>	<b>Consumer Care and Lighting</b>	<b>Others</b>	<b>Reconciling Items</b>	<b>Entity Total</b>
Return on capital employed (1),(2) .....	62%	19%	82%	-	-	-
Accounts receivable.....	8,653,411	2,506,249	235,640	373,613	-	11,768,913
Cash and cash equivalents and investments in liquid and short-term mutual funds .....	1,829,654	385,232	193,281	620,827	13,289,533	16,318,528
Depreciation.....	449,478	26,052	17,010	9,696	11,977	514,213

(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) The total assets, capital employed and return on capital employed 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, 2003 and 2004 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:

	<b>Three months ended June 30,</b>	
	<b>2003</b>	<b>2004</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
India.....	Rs. 2,333,018	Rs. 3,897,583
United States.....	6,507,840	9,415,250
Europe.....	2,383,088	3,464,606
Rest of the world.....	468,556	918,761
	<u>Rs. 11,692,502</u>	<u>Rs. 17,696,200</u>

## **NOTE 8: RECLASSIFICATIONS**

In March 31, 2004, the Company reported an aggregate amount of selling, general and administrative expenses. During the current period, the Company has reported separately selling and marketing expenses and general and administrative expenses. Amounts reported in prior periods have been reclassified to conform to the current period presentation.