

WIPRO LIMITED AND SUBSIDIARIES

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH U.S. GAAP
AS OF AND FOR THE
YEAR ENDED MARCH 31, 2005 AND 2006**

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

	As of March 31,		
	2005	2006	2006
		(unaudited)	Convenience translation into US\$ (unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	Rs. 5,670.76	Rs. 8,857.70	\$ 199.14
Investments in liquid and short-term mutual funds	22,957.59	30,328.42	681.84
Accounts receivable, net of allowances	14,806.36	20,593.11	462.97
Costs and earnings in excess of billings on contracts in progress	2,739.65	4,336.06	97.48
Inventories	1,769.16	2,064.61	46.42
Deferred income taxes	242.17	193.78	4.36
Other current assets	2,950.58	5,463.04	123.62
Total current assets.....	51,136.27	71,836.72	1615.03
Property, plant and equipment, net	13,201.28	17,777.40	399.67
Investments in affiliates (Note 4).....	769.24	1,043.09	23.45
Deferred income taxes.....	209.31	29.95	0.67
Intangible assets, net.....	363.11	854.33	19.21
Goodwill (Note 3)	5,614.98	7,480.85	168.18
Other assets	780.92	1,243.98	27.97
Total assets.....	<u>Rs. 72,075.11</u>	<u>Rs. 100,266.32</u>	<u>\$ 2,254.19</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Borrowings from banks	Rs. 563.97	Rs. 704.55	\$ 15.84
Accounts payable	3,713.22	4,145.96	93.21
Accrued expenses	3,882.00	6,600.63	148.4
Accrued employee costs	3,112.94	4,425.12	99.49
Advances from customers	1,279.64	1,616.26	36.34
Other current liabilities	2,135.16	3,614.42	81.26
Total current liabilities	14,686.93	21,106.94	474.53
Other liabilities	126.20	395.04	8.88
Total liabilities	<u>14,813.13</u>	<u>21,501.98</u>	<u>483.41</u>
Minority interest	533.03	-	-
Stockholders' equity:			
Equity shares at Rs. 2 par value: 1,650,000,000 shares authorized; Issued and outstanding: 1,407,141,044 and 1,425,754,267 and shares as of March 31, 2005 and 2006.....	1,407.14	2,851.51	64.11
Additional paid-in capital	13,272.57	16,521.07	371.43
Deferred stock compensation.....	(3,185.14)	(2,202.42)	(49.51)
Accumulated other comprehensive income.....	96.09	433.70	9.75
Retained earnings	45,138.37	61,160.56	1,375.01
Equity shares held by a controlled Trust: 7,893,060 and 7,869,060 shares as of March 31, 2005 and 2006.....	(0.08)	(0.08)	-
Total stockholders' equity	56,728.95	78,764.34	1,770.78
Total liabilities and stockholders' equity.....	<u>Rs. 72,075.11</u>	<u>Rs. 100,266.32</u>	<u>\$ 2,254.19</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Year ended March 31,		
	2005	2006	2006
		(unaudited)	Convenience translation into US\$ (unaudited)
Revenues:			
Global IT Services and Products			
IT Services.....	Rs. 54,280.19	Rs. 73,061.33	\$ 1,642.57
BPO Services.....	6,433.03	7,664.23	172.31
India and AsiaPac IT Services and Products			
Services.....	4,709.07	6,096.68	137.07
Products.....	8,694.10	10,380.40	233.37
Consumer Care and Lighting.....	4,555.38	5,625.04	126.46
Others.....	<u>2,680.73</u>	<u>3,279.20</u>	<u>73.72</u>
Total.....	<u>81,352.50</u>	<u>106,106.88</u>	<u>2,385.50</u>
Cost of revenues:			
Global IT Services and Products			
IT Services.....	33,780.07	46,986.13	1,056.34
BPO Services.....	4,740.25	5,809.54	130.61
India and AsiaPac IT Services and Products			
Services.....	2,679.35	3,548.82	79.78
Products.....	7,814.82	9,285.88	208.77
Consumer Care and Lighting.....	2,926.22	3,556.43	79.96
Others.....	<u>1,914.06</u>	<u>2,459.93</u>	<u>55.30</u>
Total.....	<u>53,854.77</u>	<u>71,646.73</u>	<u>1,610.76</u>
Gross profit.....	27,497.73	34,460.15	774.73
Operating expenses:			
Selling and marketing expenses.....	(5,466.26)	(6,764.35)	(152.08)
General and administrative expenses.....	(3,743.60)	(5,238.97)	(117.78)
Research and development expenses.....	(273.54)	(202.26)	(4.55)
Amortization of intangible assets.....	(140.29)	(63.95)	(1.44)
Foreign exchange gains/(losses), net.....	(92.12)	(288.49)	(6.49)
Others, net.....	<u>75.29</u>	<u>70.14</u>	<u>1.58</u>
Operating income.....	17,857.21	21,972.27	493.98
Loss on direct issue of stock by subsidiary.....	(206.58)	-	-
Other income, net.....	798.82	1,275.86	28.68
Equity in earnings/(losses) of affiliates (Note 4).....	<u>158.08</u>	<u>287.97</u>	<u>6.47</u>
Income before income taxes and minority interest.....	18,607.53	23,536.10	529.14
Income taxes.....	(2,693.57)	(3,264.73)	(73.40)
Minority interest.....	<u>(81.21)</u>	<u>(1.40)</u>	<u>(0.03)</u>
Net income.....	<u>Rs. 15,832.75</u>	<u>Rs. 20,269.97</u>	<u>\$ 455.71</u>
Earnings per equity share:			
Basic.....	11.38	14.41	0.32
Diluted.....	11.29	14.24	0.32
Weighted-average number of equity shares used in computing earnings per equity share:			
Basic.....	1,391,554,372	1,406,505,974	1,406,505,974
Diluted.....	1,399,846,782	1,423,679,230	1,423,679,230

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Equity shares		Additional paid in Capital	Deferred stock Compensation	Comprehensive Income	Accumulated other Comprehensive income / (loss)	Retained Earnings	Equity shares held by a		Total stockholders' Equity
	Controlled Trust							No. of shares	Amount	
	No. of shares	Amount								
Balance as of March 31, 2005	<u>1,407,141,044</u>	<u>Rs. 1,407.14</u>	<u>Rs.13,272.57</u>	<u>Rs. (3,185.14)</u>		<u>Rs. 96.09</u>	<u>Rs. 45,138.37</u>	<u>(7,893.060)</u>	<u>Rs.(0.08)</u>	<u>Rs. 56,728.95</u>
Cash dividends (unaudited).....	-	-	-	-	-	-	(3,997.74)	-	-	(3,997.74)
Issuance of equity shares on exercise of options (unaudited).....	18,613,223	32.58	4,671.40	-	-	-	-	-	-	4,703.98
Stock split effected in the form of stock dividend (unaudited).....	-	1,411.79	(1,161.75)	-	-	-	(250.04)	-	-	-
Equity shares granted by Trust (unaudited). Reversals related to employee stock incentive plan, net of issuances (Note 6) (unaudited).....	-	-	-	-	-	-	-	24,000	-	-
Amortization of compensation related to employee stock incentive plan (unaudited).....	-	-	(330.49)	298.94	-	-	-	-	-	(31.55)
Income tax benefit related to employee stock incentive plan, in excess of compensation cost recognized (unaudited).....	-	-	69.34	-	-	-	-	-	-	69.34
Comprehensive income Net income (unaudited).....	-	-	-	-	Rs.20,269.97	-	20,269.97	-	-	20,269.97
Other comprehensive income / (loss) Translation adjustments (unaudited).....	-	-	-	-	19.97	-	-	-	-	-
Unrealised gain on investment securities, net (unaudited).....	-	-	-	-	229.11	-	-	-	-	-
Unrealized gain on cash flow hedging derivatives, net (unaudited).....	-	-	-	-	<u>88.53</u>	-	-	-	-	-
Total other comprehensive income / (loss) (unaudited).....	-	-	-	-	<u>337.61</u>	337.61	-	-	-	337.61
Comprehensive income (unaudited).....					<u>Rs. 20,607.58</u>					
Balance as of March 31, 2006 (unaudited).....	<u>1,425,754,267</u>	<u>Rs. 2,851.51</u>	<u>Rs.16,521.07</u>	<u>Rs. (2,202.42)</u>		<u>Rs. 433.70</u>	<u>Rs. 61,160.56</u>	<u>(7,869.060)</u>	<u>Rs.(0.08)</u>	<u>Rs. 78,764.34</u>
Balance as of March 31, 2006 (unaudited) (\$).....		<u>\$ 64.11</u>	<u>\$ 371.43</u>	<u>\$ (49.51)</u>		<u>\$ 9.75</u>	<u>\$ 1,375.01</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,770.78</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

WIPRO LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year ended March 31,		
	2005	2006	2005
		(unaudited)	Convenience translation into US\$ (unaudited)
Cash flows from operating activities:			
Net income.....	Rs. 15,832.75	Rs. 20,269.97	\$ 455.71
Adjustments to reconcile net income to net cash provided by operating activities:			
(Gain)/loss on sale of property, plant and equipment.....	(108.82)	(7.75)	(0.17)
Depreciation and amortization.....	2,578.25	3,194.93	71.83
Deferred tax charge/(benefit).....	(83.05)	(14.97)	(0.34)
Unrealised exchange (gain) / loss.....	64.64	74.71	1.68
(Gain)/loss on sale of investment securities.....	(35.59)	(237.72)	(5.34)
Dividend income under re-investment schemes	(504.90)	(644.87)	(14.50)
Loss on direct issue of stock by subsidiary.....	206.58	-	-
Amortization of deferred stock compensation.....	353.86	652.23	14.66
Equity in losses/(earnings) of affiliates,	(158.08)	(287.97)	(6.47)
Minority interest.....	81.21	1.40	0.03
Changes in operating assets and liabilities:			
Accounts receivable.....	(3,870.77)	(5,362.82)	(120.57)
Costs and earnings in excess of billings on contracts in progress	(639.81)	(1,596.41)	(35.89)
Inventories.....	(330.97)	(295.45)	(6.64)
Other assets.....	840.67	(2,215.06)	(49.80)
Accounts payable.....	980.64	28.23	0.63
Accrued expenses and employee costs.....	2,317.30	3,990.98	89.73
Advances from customers.....	316.89	336.62	7.57
Other liabilities.....	636.76	1,660.75	37.34
Net cash provided by operating activities.....	<u>18,477.56</u>	<u>19,546.80</u>	<u>439.45</u>
Cash flows from investing activities:			
Expenditure on property, plant and equipment.....	(6,612.81)	(7,485.94)	(168.30)
Proceeds from sale of property, plant and equipment.....	322.00	113.25	2.55
Dividends received from affiliates.....	8.40	14.12	0.32
Purchase of investments in liquid and short-term mutual funds.....	(70,193.77)	(58,061.76)	(1,305.35)
Proceeds from sale of investments in liquid and short-term mutual funds	66,383.54	52,043.18	1,170.04
(Investments in)/redemption of inter-corporate deposits.....	-	(500.00)	(11.24)
Purchase of intangible assets.....	(280.54)	-	-
Payment for acquisitions, net of cash acquired	(617.99)	(2,777.03)	(62.43)
Net cash used in investing activities.....	<u>(10,991.17)</u>	<u>(16,654.18)</u>	<u>(374.42)</u>
Cash flows from financing activities:			
Proceeds from issuance of equity shares.....	2,577.13	4,766.79	107.17
Proceeds from issuance of equity shares by a subsidiary.....	266.25	-	-
Proceeds from/(repayments of) short-term borrowing from banks, net ...	(405.08)	(196.06)	(4.41)
Repayment of long-term debt.....	-	(268.36)	(6.03)
Payment of cash dividends.....	(7,575.99)	(3,997.74)	(89.88)
Net cash provided by/(used in) financing activities.....	<u>(5,137.69)</u>	<u>304.63</u>	<u>6.85</u>
Net increase/(decrease) in cash and cash equivalents during the period...	2,348.7	3,197.25	71.88
Effect of exchange rate changes on cash.....	24.90	(10.31)	(0.23)
Cash and cash equivalents at the beginning of the period.....	<u>3,297.16</u>	<u>5,670.76</u>	<u>127.49</u>
Cash and cash equivalents at the end of the period.....	<u>Rs. 5,670.76</u>	<u>Rs. 8,857.70</u>	<u>\$ 199.14</u>
Supplementary information:			
Cash paid for interest.....	Rs. 56.12	Rs. 34.95	\$ 0.79
Cash paid for taxes.....	2,354.70	4,542.59	102.13

See accompanying notes to the unaudited condensed consolidated financial statements.

WIPRO LIMITED AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in millions, 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 accounting principles generally accepted in the United States.

The accompanying unaudited condensed 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 year ended March 31, 2006 have been translated into United States dollars at the noon buying rate in New York City on March 31, 2006, for cable transfers in Indian rupees, as certified for customs purposes by the Federal Reserve Bank of New York of \$1= Rs. 44.48. 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 and option contracts, where the counterparty is a bank. The Company considers the risks of non-performance by the counterparty as remote.

Forward contracts/options 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.

The Company also acquires short-term contracts as part of a plan to replace/roll-over maturing contracts with successive new contracts upto the period in which forecasted transaction is expected to occur. The effectiveness of the hedge is evaluated on the basis of changes in spot rate and accordingly the changes in the fair value of forward premium/discount is recognized in a manner similar to ineffective portion of a hedge. The gains/losses on the maturing contracts, arising from changes in the underlying spot rates, is 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 Company also designates zero-cost collars, which qualify as net purchased options, to hedge the exposure to variability in expected future foreign currency cash inflows due to exchange rate movements beyond a defined range. The range comprises an upper and lower strike price. At maturity, if the exchange rate remains within the range the Company realizes the cash inflows at spot rate, otherwise the Company realizes the inflows at the upper or lower strike price.

As of March 31, 2006, a gain of Rs. 202.34 relating to changes in fair value of forward contracts/options, designated as hedge of forecasted transactions, is included as a component of other comprehensive income/loss within stockholders' equity.

NOTE 3: ACQUISITIONS

Acquisition of ownership interest in a subsidiary

As of March 31, 2005, the Company held approximately 93% of the outstanding equity shares of Wipro BPO Solutions Limited ("Wipro BPO"). The remaining shares were held by the employee shareholders.

During the year months ended March 31, 2006, the Company acquired the balance 7% of the equity shares from the employee shareholders at fair value for an aggregate consideration of Rs. 852.00. The step-acquisition resulted in goodwill of Rs. 304.14.

mPower Software Services Inc. and subsidiaries

Effective December 1, 2005, the Company acquired 100% equity of mPower Software Services Inc. and subsidiaries (mPower) including the minority shareholding held by MasterCard International in MPact India, a joint venture between MasterCard International and mPower Inc, for an aggregate cash consideration of Rs.1,274.57. mPower Software Services Inc. is a US based Company engaged in providing IT services in the payments space.

As a part of this acquisition, Wipro aims to provide MasterCard a wide range of services including application development and maintenance, infrastructure services, package implementation, BPO and testing. Wipro believes that through this acquisition, it will be able to expand domain expertise in the payment space and increase the addressable market for IT services.

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

Description	Fair value
Net tangible assets	Rs. 60.29
Customer related intangibles.....	356.96
Goodwill.....	857.32
Total	<u>Rs. 1,274.57</u>

The purchase consideration has been allocated on a preliminary basis based on management's estimates. The Company is in the process of making a final determination of the carrying value of assets and liabilities, which may result in changes in the carrying value of net assets recorded. Finalization of the purchase price allocation may result in certain adjustments to the above allocation.

BVPENTE Beteiligungsverwaltung GmbH and subsidiaries

On December 28, 2005, the Company acquired 100% equity of BVPENTE Beteiligungsverwaltung GmbH and subsidiaries (New Logic). New Logic is a European system-on-chip design company. The consideration includes cash payment of Rs. 1,156.54 and an earn-out of Euro 26.00 million to be determined and paid in the future based on financial targets being achieved over a 3 year period. The Company has determined that a portion of this earn-out, up to a maximum of Euro 2.50 million is linked to the continuing employment of one of the selling shareholders. The balance earn-out will be recorded as additional purchase price when the contingency is resolved.

Wipro believes that through this acquisition, it has acquired strong domain expertise in semiconductor Intellectual Property (IP) cores and complete system-on-chip solutions with digital, analog mixed signal and Radio Frequency (RF) design services. The acquisition also enables the Company to access over 20 customers in the product engineering space.

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

Description	Fair value
Net tangible assets	Rs. 253.87
Customer-related intangibles.....	146.52
Technology-related intangibles.....	66.60
Goodwill	689.55
Total	<u>Rs. 1,156.54</u>

The purchase consideration has been allocated on a preliminary basis based on management's estimates. The Company is in the process of making a final determination of the carrying value of assets and liabilities which may result in changes in the carrying value of net assets recorded. Finalization of the purchase price allocation may result in certain adjustments to the above allocation.

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 March 31, 2005 and 2006, was Rs. 582.41 and Rs. 841.57, respectively. The Company's equity in the income of Wipro GE for years ended March 31, 2005 and 2006 was Rs. 125.95 and Rs. 259.16, respectively.

Wipro GE had received tax demands including interest from the Indian income tax authorities for the financial years 2000-01 & 2001-02 aggregating to Rs. 714.19. The tax demands were primarily on account of transfer pricing adjustments and denial of export benefits and tax holiday benefits claimed by Wipro GE under the Indian Income Tax Act 1961 (Act). Wipro GE has appealed against the said demands before the first appellate authority. Considering the facts and nature of disallowance and based on the opinion of the external legal counsel, Wipro GE believes that the final outcome of the dispute should be in favor of Wipro GE and there should not be any material impact on the financial statements.

In March 2006, Wipro GE received intimation from the Indian income tax authorities for the financial year 2002-03 proposing transfer pricing adjustments resulting in additional tax exposure of Rs. 421.46. Wipro GE has objected to the proposed transfer pricing adjustments and made further submissions in this regard. The final assessment order is awaited. Considering the facts and nature of adjustments proposed Wipro GE believes that there should not be any material impact on the financial statements.

WeP Peripherals

The Company has accounted for its 37.7% and 36.9% interest as of March 31, 2005 and 2006, respectively in WeP Peripherals by the equity method. The carrying value of the equity investment in WeP Peripherals as of March 31, 2005 and 2006, was Rs. 186.83 and Rs. 201.52 respectively. The Company's equity in the income of WeP Peripherals for the years ended March 31, 2005 and 2006 was Rs. 32.13 and Rs. 28.81 respectively. During the years ended March 31, 2005 and 2006 the Company received dividends of Rs. 8.40 and Rs. 14.12, respectively from WeP Peripherals.

NOTE 5: STOCK DIVIDEND

In July 2005, the members of the Company approved a stock dividend, effective August 24, 2005, in the ratio of 1 additional equity share or ADS for every equity share or ADS held. Accordingly, the Company issued 705,893,574 additional shares and has transferred an amount of Rs. 1,161.75 from additional paid in capital and Rs. 250.04 from retained earnings, to equity shares. The allocation between additional paid in capital and retained earnings is in line with the local statutory accounts. Share and per share data for all periods reported have been adjusted to reflect the stock split effected in the form of stock dividend. Capitalization of additional paid in capital and retained earnings aggregating Rs. 1,411.79 has been recorded in the year ended March 31, 2006.

NOTE 6 : RESTRICTED STOCK UNIT PLAN

In June 2004, the Company established a rupee stock option plan titled Wipro Restricted Stock Unit Plan (WRSUP 2004) and a dollar stock option plan titled Wipro ADS Restricted Stock Unit Plan (WARSUP 2004). The Company is authorized to issue up to 12 million options to eligible employees under each plan. Options under the plan will be granted at a nominal exercise price (par value of the equity shares).

These options generally vest ratably at the end of each year over a period of five years from the date of grant. Upon vesting the employees can acquire one equity share for every option. The options are subject to forfeiture if the employee terminates employment before vesting. The excess of market price on the date of grant over the exercise price payable by the employees is recognized as deferred compensation cost. The Company has elected to amortize the deferred compensation cost on a straight-line basis over the vesting period.

As of March 31, 2006, the Company has 7,598,174 RSUs under the WRSUP 2004 plan and 1,000,720 RSUs outstanding under the WARSUP 2004 Plan. The deferred compensation cost arising from such grants is being amortized over the vesting period of five years.

During the year ended March 31, 2006 the Company has amortized Rs. 624.69 of deferred compensation cost, net of reversals relating to these plans.

NOTE 7: CONTINGENCIES

The Company had received tax demands from the Indian income tax authorities for the financial years 2000-01 & 2001-02 aggregating to Rs. 5,231.72. The tax demands were primarily on account of denial of deduction claimed by the Company under Section 10A of the Indian Income Tax Act 1961 (Act), in respect of profits earned by its undertakings in Software Technology Park at Bangalore. The Company had appealed against the said demands. In March 2006, the first Income tax appellate authority substantially upheld the deductions claimed by the Company under Section 10A of the Act, which will vacate a substantial portion of the demands for these years.

In March 2006, the Company received an assessment order for financial year 2002-03 on the similar lines of the earlier two financial years. The order has demanded a tax of Rs. 2,868.77 (including interest of Rs.750.38). The Company will file an appeal against the assessment order within the prescribed statutory time. Considering the facts and nature of disallowance, the order of the appellate authority upholding the claims of the Company for financial years 2000-01 & 2001-02, the management believes that the final outcome of the dispute should be in favour of the Company and there should not be any material impact on the financial statements.

NOTE 8: SEGMENT INFORMATION

The Company is currently organized by segments, including Global IT Services and Products (comprising of IT Services and BPO Services segments), India and AsiaPac IT Services and Products, Consumer Care and Lighting and 'Others'.

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.

Until June 30, 2005, the Company reported Global IT Services and Products as an integrated business segment. Effective July 2005, the company reorganized the management structure of Global IT Services and Products Segment. Pursuant to this reorganization, the Company identified new operating segments. Operating segments with similar economic characteristics and complying with other aggregation criteria specified in SFAS No. 131 have been combined to form the Company's new reportable segments. Consequently, IT Services and BPO services now qualify as reportable segments. Segment data for previous periods have been reclassified to conform to the current period presentation.

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

In December 2005, the Company acquired mPower, a company engaged in providing IT services in the payments space and New Logic, a European system-on-chip design company. The operations of mPower and New Logic, which are a component of IT Services and Products, are currently reviewed by the CODM separately and have accordingly been reported separately as 'Acquisitions'.

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:

Year ended March 31, 2005								
	Global IT Services and Products			India and AsiaPac IT Services and Products	Consumer Care and Lighting	Others	Reconciling Items	Entity Total
	IT Services	BPO Services	Total					
Revenues.....	Rs. 54,236.07	Rs. 6,477.15	Rs. 60,713.22	Rs. 13,403.17	Rs. 4,555.38	Rs. 2,680.73	Rs. -	Rs. 81,352.50
Exchange rate fluctuations.....	20.01	(44.12)	(24.11)	(8.62)	(0.23)	(6.74)	39.70	-
Total revenues.....	54,256.08	6,433.03	60,689.11	13,394.55	4,555.15	2,673.99	39.70	81,352.50
Cost of revenues.....	(33,780.07)	(4,740.25)	(38,520.32)	(10,494.17)	(2,926.22)	(1,914.06)	-	(53,854.77)
Selling and marketing expenses ...	(3,121.70)	(101.77)	(3,223.47)	(1,150.26)	(876.68)	(184.10)	(31.75)	(5,466.26)
General and administrative expenses.....	(2,225.94)	(513.16)	(2,739.10)	(787.66)	(82.26)	(126.93)	(7.65)	(3,743.60)
Research and development expenses.....	(273.54)	-	(273.54)	-	-	-	-	(273.54)
Amortization of intangible assets.....	(52.00)	(70.00)	(122.00)	-	(18.29)	-	-	(140.29)
Exchange rate fluctuations.....	-	-	-	-	-	-	(92.12)	(92.12)
Others, net.....	14.56	-	14.56	7.21	19.11	17.54	16.87	75.29
Operating income of segment	<u>Rs. 14,817.39</u>	<u>Rs. 1,007.85</u>	<u>Rs. 15,825.24</u>	<u>Rs. 969.67</u>	<u>Rs. 670.81</u>	<u>Rs. 466.44</u>	<u>Rs. (74.95)</u>	<u>Rs. 17,857.21</u>
Total assets of segment (2).....	Rs. 29,297.05	Rs. 8,747.54	Rs. 38,044.59	Rs. 5,676.32	Rs. 1,670.62	Rs. 1,948.26	Rs. 24,735.32	Rs. 72,075.11
Capital employed (2).....	21,289.71	8,122.14	29,411.85	1,594.54	936.44	1,403.21	24,606.37	57,952.41
Return on capital employed (2),(3).....	78%	14%	60%	52%	86%			
Accounts receivable.....	10,765.92	977.11	11,743.03	2,292.42	263.66	507.25	-	14,806.36
Cash and cash equivalents and investments in liquid and short-term mutual funds.....	3,877.87	1,519.93	5,397.80	101.85	142.63	493.40	22,492.67	28,628.35
Depreciation.....	1,666.79	515.74	2,182.53	93.32	65.54	47.90	48.67	2,437.96

Year ended March 31, 2006 (unaudited)

Global IT Services and Products				
	IT Services	Acquisitions	BPO Services	Total
Revenues.....	Rs. 72,591.13	Rs. 470.20	Rs. 7,664.23	Rs. 80,725.56
Exchange rate fluctuations.....	(172.15)	(1.88)	(37.78)	(211.81)
Total revenues.....	72,418.98	468.32	7,626.45	80,513.75
Cost of revenues.....	(46,605.98)	(380.15)	(5,809.54)	(52,795.67)
Selling and marketing expenses.....	(3,863.85)	(28.92)	(49.45)	(3,942.22)
General and administrative expenses.....	(3,345.48)	(47.01)	(751.52)	(4,144.01)
Research and development expenses.....	(202.26)	-	-	(202.26)
Amortization of intangible assets.....	(8.00)	(17.76)	(4.94)	(30.70)
Exchange rate fluctuations.....	-	-	-	-
Others, net.....	7.09	3.47	-	10.56
Operating income of segment (1)	<u>Rs. 18,400.50</u>	<u>Rs. (2.05)</u>	<u>Rs. 1,011.00</u>	<u>Rs. 19,409.45</u>
Total assets of segment (2).....	Rs. 39,935.20	Rs. 3,341.01	Rs. 11,426.57	Rs. 54,702.78
Capital employed (3).....	27,777.90	3,049.94	10,337.07	41,164.91
Return on capital employed (2),(3).....	75%		11%	55%
Accounts receivable.....	14,674.20	432.35	849.12	15,955.67
Cash and cash equivalents and investments in liquid and short-term mutual funds.....	5,000.57	245.69	4,097.57	9,343.83
Depreciation.....	2,128.92	59.41	623.80	2,812.13

Year ended March 31, 2006 (unaudited)

	India and AsiaPac IT Services and Products	Consumer Care and Lighting	Others	Reconciling Items	Entity Total
Revenues	Rs. 16,477.08	Rs. 5,625.04	Rs. 3,279.20	Rs. -	Rs. 106,106.88
Exchange rate fluctuations.....	(2.34)	0.20	5.38	208.57	-
Total revenues	16,474.74	5,625.24	3,284.58	208.57	106,106.88
Cost of revenues	(12,834.70)	(3,556.43)	(2,459.93)	-	(71,646.73)
Selling and marketing expenses ...	(1,391.59)	(1,160.42)	(236.26)	(33.86)	(6,764.35)
General and administrative expenses.....	(841.24)	(102.22)	(112.02)	(39.48)	(5,238.97)
Research and development expenses.....	-	-	-	-	(202.26)
Amortization of intangible assets	(12.00)	(21.25)	-	-	(63.95)
Exchange rate fluctuations.....	-	-	-	(288.49)	(288.49)
Others, net.....	9.27	13.21	11.11	25.99	70.14
Operating income of segment (1)	<u>Rs. 1,404.48</u>	<u>Rs. 798.13</u>	<u>Rs. 487.48</u>	<u>Rs. (127.27)</u>	<u>Rs. 21,972.27</u>
Total assets of segment (2).....	Rs. 7,671.46	Rs. 2,344.75	Rs. 2,410.94	Rs. 33,136.39	Rs. 100,266.32
Capital employed (3).....	2,473.26	1,309.70	1,790.09	33,125.98	79,863.94
Return on capital employed (2),(3)	69%	71%			
Accounts receivable.....	3,350.62	563.75	723.07	-	20,593.11
Cash and cash equivalents and investments in liquid and short-term mutual funds.....	240.81	178.03	367.89	29,055.56	39,186.12
Depreciation.....	117.05	81.73	58.87	31.45	3,101.23

(1) Operating income of IT Services, BPO Services, India and AsiaPac IT Services and Products, Consumer Care and Lighting, Others and Reconciling Items is after Rs. 537.07, Rs. 22.77, Rs. 39.64, Rs. 9.02, Rs. 8.63 and Rs. 35.10 respectively, of amortization of deferred stock compensation cost arising from the grant of options.

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

(3) 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. 656.24 as of March 31, 2005 and 2006 has been reported as a component of reconciling items.

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

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

	Year ended March 31,	
	2005	2006
		(unaudited)
India.....	Rs. 19,349.64	Rs. 21,803.91
United States.....	41,811.59	53,481.07
Europe.....	16,602.35	24,310.22
Rest of the world.....	3,588.92	6,511.68
	<u>Rs. 81,352.50</u>	<u>Rs. 106,106.88</u>