WIPRO LIMITED AND SUBSIDIARIES

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

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

	As of September 30,			As of March 31,
	2002	2003	2003	2003
			Convenience translation into US$	
	(unaudited)	(unaudited)	(unaudited)	
ASSETS				
Current assets:				
Cash and cash equivalents (Note 6)	Rs. 5,036,279	Rs. 2,154,612	$ 47,064	Rs. 6,283,014
Accounts receivable, net of allowances (Note 7)	7,075,111	7,836,746	171,183	7,930,847
Costs and earnings in excess of billings on contracts in progress	1,286,893	2,195,411	47,956	1,379,273
Inventories (Note 8)	1,372,230	1,933,536	42,235	1,449,498
Investments in liquid and short-term mutual funds (Note 10)	6,773,775	15,299,868	334,204	7,813,400
Other investment securities (Note 10)	1,360,977	-	-	526,969
Deferred income taxes (Note 23)	126,247	241,275	5,270	215,299
Property, plant and equipment held for sale (Note 5)	34,186	-	-	12,667
Other current assets (Note 9)	2,349,436	3,085,601	67,401	3,015,817
Total current assets	25,415,134	32,747,049	715,313	28,626,784
Property, plant and equipment, net (Note 11)	6,707,175	8,211,985	179,379	7,309,784
Investments in affiliates (Note 15)	678,386	481,186	10,511	534,069
Deferred income taxes (Note 23)	219,951	198,113	4,328	65,488
Intangible assets, net (Note 3, 12)	413,150	384,480	8,398	450,362
Goodwill (Note 3, 12)	4,015,143	5,432,737	118,671	5,186,617
Other assets (Note 9)	758,951	678,236	14,815	607,787
Total assets	Rs. 38,207,890	Rs. 48,133,786	$ 1,051,415	Rs. 42,780,891
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Borrowings from banks (Note 17)	Rs. 474,335	Rs. 403,625	$ 8,817	Rs. 508,519
Current portion of long-term debt (Note 18)	20,000	28,200	616	28,200
Accounts payable	2,087,795	2,166,059	47,315	2,236,060
Accrued expenses	1,499,954	2,148,663	46,935	1,427,447
Accrued employee costs	1,006,786	1,632,822	35,667	1,261,015
Advances from customers	1,001,944	1,027,236	22,439	896,989
Other current liabilities (Note 13)	737,126	981,098	21,431	795,273
Total current liabilities	6,827,940	8,387,703	183,218	7,153,503
Long-term debt, excluding current portion (Note 18)	28,200	-	-	-
Other liabilities	190,685	216,122	4,721	195,827
Total liabilities	7,046,825	8,603,825	187,939	7,349,330
Minority interest	101,275	289,141	6,316	-
Stockholders' equity:				
Equity shares at Rs. 2 par value: 375,000,000 shares authorized; Issued and outstanding: 232,563,992, 232,496,246 and 232,567,137 shares as of March 31, 2003, September 30, 2002 and 2003 (Note 19)	464,993	465,135	10,160	465,129
Additional paid-in capital (Note 24)	6,875,019	6,950,038	151,814	6,946,629
Deferred stock compensation (Note 24)	(84,003)	(25,072)	(548)	(64,008)
Accumulated other comprehensive income/(loss)	(4,090)	(44,497)	(972)	690
Retained earnings (Note 20)	23,807,946	31,895,291	696,708	28,083,196
Equity shares held by a controlled Trust: 1,303,610, 1,302,410 and 1,303,610 shares as of March 31, 2003, September 30, 2002 and 2003 (Note 24)	(75)	(75)	-	(75)
Total stockholders' equity	31,059,790	39,240,820	857,161	35,431,561
Total liabilities and stockholders' equity	Rs. 38,207,890	Rs. 48,133,786	$ 1,051,415	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 September 30,			Six months ended September 30,		
	2002	2003	2003	2002	2003	2003
			Convenience translation into US$			Convenience translation into US$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues:						
Global IT Services and Products						
Services	Rs. 7,181,416	Rs. 10,196,056	$ 222,719	Rs. 13,490,883	Rs. 19,383,031	$ 423,395
Products	91,657	26,349	576	126,262	62,404	1,363
India and AsiaPac IT Services and Products						
Services	553,219	672,205	14,683	1,021,347	1,258,226	27,484
Products	1,633,683	1,258,766	27,496	2,915,987	1,993,033	43,535
Consumer Care and Lighting	719,681	862,609	18,842	1,435,331	1,644,152	35,914
Others	374,180	489,642	10,696	713,162	857,283	18,726
Total	10,553,836	13,505,627	295,012	19,702,972	25,198,129	550,418
Cost of revenues:						
Global IT Services and Products						
Services	4,195,536	6,608,384	144,351	7,831,915	12,360,685	270,002
Products	54,128	21,727	475	86,070	41,940	916
India and AsiaPac IT Services and Products						
Services	277,868	360,192	7,868	529,529	669,816	14,631
Products	1,458,785	1,106,495	24,170	2,599,071	1,757,737	38,395
Consumer Care and Lighting	493,710	563,208	12,302	968,369	1,058,631	23,124
Others	274,818	347,799	7,597	547,852	611,306	13,353
Total	6,754,845	9,007,805	196,763	12,562,806	16,500,115	360,422
Gross profit	3,798,991	4,497,822	98,249	7,140,166	8,698,014	189,996
Operating expenses:						
Selling, general and administrative expenses	(1,479,078)	(2,076,138)	(45,350)	(2,735,088)	(4,175,186)	(91,201)
Research and development expenses	(38,332)	(53,877)	(1,177)	(77,632)	(111,636)	(2,439)
Amortization of intangible assets (Note 12)	(47,050)	(79,762)	(1,742)	(47,100)	(155,891)	(3,405)
Foreign exchange gains, net	37,920	125,568	2,743	239,957	175,838	3,841
Others, net	32,905	21,164	462	69,166	52,303	1,142
Operating income	2,305,356	2,434,777	53,184	4,589,469	4,483,442	97,935
Loss on direct issue of stock by subsidiary (Note 4)	-	-	-	-	(175,999)	(3,844)
Other income, net (Note 21)	131,837	181,323	3,961	392,280	347,370	7,588
Equity in earnings/(losses) of affiliates (Note 15)	(4,623)	6,000	131	(210,933)	(47,941)	(1,047)
Income before income taxes and minority interest	2,432,570	2,622,100	57,276	4,770,816	4,606,872	100,631
Income taxes (Note 23)	(285,876)	(315,951)	(6,902)	(539,673)	(517,059)	(11,294)
Minority interest	(12,053)	(12,243)	(267)	(12,053)	(15,357)	(335)
Income from continuing operations	2,134,641	2,293,906	50,107	4,219,090	4,074,456	89,001
Discontinued operations						
Loss from operations of the discontinued corporate Internet services division (including loss on disposal of Rs. 249,220 for the six months ended September 30, 2002 and gain on disposal of Rs. 25,560 for the three months ended September 30, 2002) (Note 5)	(10,428)	-	-	(551,267)	-	-
Income tax benefit (Note 5, 23)	3,832	-	-	156,002	-	-
Net income	Rs. 2,128,045	Rs. 2,293,906	$ 50,107	Rs. 3,823,825	Rs. 4,074,456	$ 89,001
Earnings per equity share: Basic						
Continuing operations	9.23	9.92	0.22	18.25	17.62	0.38
Discontinued operations	(0.03)	-	-	(1.71)	-	-
Net income	9.20	9.92	0.22	16.54	17.62	0.38
Earnings per equity share: Diluted						
Continuing operations	9.23	9.87	0.22	18.22	17.55	0.38
Discontinued operations	(0.03)	-	-	(1.71)	-	-
Net income	9.20	9.87	0.22	16.51	17.55	0.38
Weighted average number of equity shares used in computing earnings per equity share:						
Basic	231,181,364	231,259,015	231,259,015	231,171,372	231,260,944	231,260,944
Diluted	231,374,562	231,259,015	231,259,015	231,526,775	231,260,944	231,260,944

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	Deferred Stock	Comprehensive	Accumulated Other Comprehensive	Retained	Equity Shares held by a Controlled Trust		Total Stockholders'
	No. of Shares	Amount	Capital	Compensation	Income	Income/(Loss)	Earnings	No. of Shares	Amount	Equity
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
Cash dividends paid (unaudited) ….…....	-	-	-	-	-	-	(232,466)	-	-	(232,466)
Issuance of equity shares on exercise of options (unaudited)...…………...…..	30,557	61	33,133	-	-	-	-	-	-	33,194
Equity shares issued by trust, net of forfeitures (unaudited) …..……….....	-	-	-	-	-	-	-	18,925	-	-
Compensation related to employee stock incentive plan, net of reversals (unaudited)…………………………..	-	-	24,723	(24,723)	-	-	-	-	-	-
Amortization of compensation related to employee stock incentive plan, net of reversals (unaudited)…..…………….	-	-	-	33,921	-	-	-	-	-	33,921
Comprehensive income										
Net income (unaudited)…………….......	-	-	-	-	Rs. 3,823,825	-	3,823,825	-	-	3,823,825
Other comprehensive income										
Unrealized gain/(loss) on investment securities, net (unaudited)…………	-	-	-	-	(55,951)	(55,951)	-	-	-	(55,951)
Comprehensive income(unaudited)……..					Rs. 3,767,874					
Balance as of September 30, 2002 (unaudited)……………………..	232,496,246	Rs. 464,993	Rs. 6,875,019	Rs. (84,003)		Rs. (4,090)	Rs. 23,807,946	(1,302,410)	Rs. (75)	Rs. 31,059,790
Issuance of equity shares on exercise of options (unaudited)…..………………	67,746	136	73,479	-	-	-	-	-	-	73,615
Equity shares forfeited, net of issuances by Trust (unaudited)………………..	-	-	-	-	-	-	-	(1,200)	-	-
Compensation related to employee stock incentive plan, net of reversals (unaudited)…………………………..	-	-	(1,869)	1,674	-	-	-	-	-	(195)
Amortization of compensation related to employee stock incentive plan, net of reversals (unaudited)…..…………….	-	-	-	18,321	-	-	-	-	-	18,321
Comprehensive income										
Net income (unaudited)…………….......	-	-	-	-	Rs. 4,275,250	-	4,275,250	-	-	4,275,250
Other comprehensive income										
Translation adjustments (unaudited)	-	-	-	-	(568)	-	-	-	-	-
Unrealized gain/(loss) on investment securities, net (unaudited)…………	-	-	-	-	5,348	-	-	-	-	-
Total other comprehensive income (unaudited)…………………………..	-	-	-	-	4,780	4,780	-	-	-	4,780
Comprehensive income (unaudited)……					Rs.4,280,030					
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
Cash dividends paid (unaudited)………..	-	-	-	-	-	-	(262,361)	-	-	(262,361)
Issuance of equity shares on exercise of options (unaudited)…..………………	3,145	6	3,409	-	-	-	-	-	-	3,415

	Equity Shares		Additional Paid in	Deferred Stock	Comprehensive	Accumulated Other Comprehensive	Retained	Equity Shares held by a Controlled Trust		Total Stockholders'
	No. of Shares	Amount	Capital	Compensation	Income	Income/(Loss)	Earnings	No. of Shares	Amount	Equity
Amortization of compensation related to employee stock incentive plan, net of reversals (unaudited)………………..	-	-	-	38,936	-	-	-	-	-	38,936
Comprehensive income										
Net income (unaudited)……………......	-	-	-	-	Rs. 4,074,456	-	4,074,456	-	-	4,074,456
Other comprehensive income										
Translation adjustments (unaudited)	-	-	-	-	(59,620)	-	-	-	-	-
Unrealized gain/(loss) on investment securities, net (unaudited)…………	-	-	-	-	14,433	-	-	-	-	-
Total other comprehensive income (unaudited)…………………………..	-	-	-	-	(45,187)	(45,187)	-	-	-	(45,187)
Comprehensive income (unaudited)…….					Rs. 4,029,269					
Balance as of September 30, 2003 (unaudited)…………………………..	232,567,137	Rs. 465,135	Rs. 6,950,038	Rs. (25,072)		Rs. (44,497)	Rs. 31,895,291	(1,303,610)	Rs. (75)	Rs. 39,240,820
Balance as of September 30, 2003 (unaudited) ($)……………………….		$ 10,160	$ 151,814	$ (548)		$ (972)	$ 696,708		$ (2)	$ 857,161

See accompanying notes to the unaudited consolidated financial statements.

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

	Six months ended September 30,		
	2002	2003	2003
			Convenience translation into US$
	(unaudited)	(unaudited)	(unaudited)
Cash flows from operating activities:			
Net income…………	Rs. 3,823,825	Rs. 4,074,456	$ 89,001
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss from discontinued operations…………	395,265	-	-
(Gain)/loss on sale of property, plant and equipment…………	(2,819)	5,250	115
Depreciation and amortization…………	702,677	1,025,799	22,407
Deferred tax charge / (benefit)…………	3,768	(79,942)	(1,746)
Gain on sale of investment securities…………	(214,774)	-	-
Loss on direct issue of stock by affiliate…………	-	175,999	3,844
Amortization of deferred stock compensation…………	33,921	38,936	851
Equity in losses of affiliates, net…………	210,933	47,941	1,047
Minority interest…………	12,053	15,357	335
Changes in operating assets and liabilities:			
Accounts receivable…………	(909,515)	228,024	4,981
Costs and earnings in excess of billings on contracts in progress	(277,098)	(736,449)	(16,087)
Inventories…………	29,916	(484,038)	(10,573)
Other assets…………	(312,853)	(371,861)	(8,123)
Accounts payable…………	(398,881)	(298,820)	(6,527)
Accrued expenses and employee costs…………	778,371	1,093,017	23,875
Advances from customers…………	(82,844)	130,247	2,845
Other liabilities…………	(22,647)	226,120	4,939
Net cash provided by continuing operations…………	3,769,298	5,090,036	111,185
Net cash provided by discontinued operations…………	95,303	-	-
Net cash provided by operating activities…………	3,864,601	5,090,036	111,185
Cash flows from investing activities:			
Expenditure on property, plant and equipment…………	(1,007,216)	(1,816,113)	(39,670)
Proceeds from sale of property, plant and equipment…………	46,658	55,664	1,216
Dividends received from affiliates…………	49,000	4,942	108
Purchase of investments in liquid and short-term mutual funds…………	(17,806,059)	(11,505,846)	(251,329)
Proceeds from sale of liquid and short-term mutual funds…………	15,158,326	4,043,010	88,314
Purchase of other investment securities…………	(5,013,220)	-	-
Proceeds from sale and maturities of other investment securities…………	8,872,937	526,969	11,511
Redemption/maturity of inter-corporate deposits…………	1,459,215	260,392	5,688
Purchase of intangible assets…………	-	(50,000)	(1,092)
Payment for acquisitions, net of cash acquired…………	(3,931,923)	(458,250)	(10,010)
Net cash used in continuing operations…………	(2,172,282)	(8,939,232)	(195,265)
Net cash provided by discontinued operations…………	-	12,667	277
Net cash used in investing activities…………	(2,172,282)	(8,926,565)	(194,988)
Cash flows from financing activities:			
Proceeds from issuance of equity shares…………	33,194	3,415	75
Proceeds from issuance of equity shares by a subsidiary…………	-	97,785	2,136
Proceeds from / (repayments of) short-term borrowing from banks, net	292,074	(104,894)	(2,291)
Repayment of long-term debt…………	-	(20,000)	(437)
Payment of cash dividends…………	(232,466)	(262,361)	(5,731)
Net cash provided by/(used in) financing activities…………	92,802	(286,055)	(6,248)
Net increase/ (decrease) in cash and cash equivalents during the period…	1,785,121	(4,122,584)	(90,052)
Effect of exchange rate changes on cash…………	-	(5,818)	(127)
Cash and cash equivalents at the beginning of the period…………	3,251,158	6,283,014	137,244
Cash and cash equivalents at the end of the period…………	Rs. 5,036,279	Rs. 2,154,612	$ 47,064
Supplementary information:			
Cash paid for interest…………	Rs. 13,962	Rs. 11,378	$ 249
Cash paid for taxes…………	782,251	527,077	11,513

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, Wipro 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. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's annual report on Form 20-F for the year ended March 31, 2003.

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 Wipro Nervewire Inc. is the Indian rupee. The functional currency of Wipro Inc., Wipro Holdings (Mauritius) Limited and Wipro 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 six months ended September 30, 2003, have been translated into US dollars at the noon buying rate in New York City on September 30, 2003, for cable transfers in Indian rupees, as certified for customs purposes by the Federal Reserve Bank of New York of $1=Rs. 45.78. 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.

In revenue arrangements involving delivery of multiple elements, the units of accounting are determined based on whether the delivered items have a value to the customer on a stand alone basis, whether there is objective and reliable evidence of fair value of the undelivered elements and if the arrangement includes a general right of return relative to the delivered item, whether delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Company. The arrangement consideration is allocated to the units of accounting based on their fair values. Revenue on delivered items is recognized when the revenue recognition criteria applicable to that unit of accounting is met. However, the revenue recognized for the delivered items is limited to the amount that is not contingent upon the delivery or performance of the undelivered item(s). In cases where existence of a contingent revenue provision results in recognizing a loss on the delivered item, the Company defers the costs related to the delivered item.

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. The provision for income taxes for the interim periods is based on the best estimate of the effective tax rate expected to be applicable for the full fiscal year.

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:

	Six months ended September 30, 2002 (unaudited)	Six months ended September 30, 2003 (unaudited)
Net income, as reported	Rs. 3,823,825	Rs. 4,074,456
Add: Stock–based employee compensation expense included in reported net income, net of tax effects	33,921	38,936
Less: Stock-based employee compensation expense determined under fair value based method, net of tax effects	1,785,230	1,164,401
Pro forma net income	2,072,516	2,948,991
Earnings per share: Basic		
As reported	16.54	17.62
Pro forma	8.95	12.75
Earnings per share: Diluted		
As reported	16.51	17.55
Pro forma	8.94	12.75

	Six months ended September 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 statement as a component of foreign exchange gains, net.

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. The Company adopted EITF Issue No. 00-21 in respect of all revenue arrangements entered into on or after July 1, 2003. The adoption of EITF Issue No. 00-21 did not have a material impact on the consolidated financial statements of the Company.

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 ending after December 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 did 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. SFAS No. 150 requires issuers to classify as liabilities (or assets in some circumstance) three classes of freestanding financial instruments that embody obligations for the issuer. Generally, SFAS No. 150 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. Adoption of SFAS No. 150 did not have a material impact on the consolidated financial statements of the Company.

Reclassifications. As of September 30, 2002, and March 31, 2003, the Company held investments in liquid and short-term mutual funds aggregating Rs. 6,773,775 and Rs. 7,813,400 respectively, which were previously 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 six months ended September 30, 2002, by Rs. 2,647,733. Certain other reclassifications have been made to confirm prior period data to current presentation. The 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
		(unaudited)
Net tangible assets	Rs.	126,940
Customer-related intangibles...		98,000
Goodwill		940,221
Total		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. (Wipro Nervewire)

In May 2003, Wipro acquired Wipro 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 Wipro 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.	544,608
Customer-related intangibles...		40,000
Goodwill		293,071
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. 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 six months ended Septmebr 30, 2003, 3,339,279 option vested and 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 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 3,339,279 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 November 2003, which is 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 six months ended September 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. Proceeds from sale of customer contracts aggregating Rs. 25,560 were reduced from the 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 six months ended September 30, 2002.

The result of operations of the discontinued component comprise:

	Six months ended September 30, 2002 (unaudited)
Revenue	Rs. 49,780
Operating costs	(238,337)
Other exit costs	(113,490)
Loss on disposal	(249,220)
Income tax benefit	156,002
Loss on discontinued operations	Rs. (395,265)

6. Cash and Cash Equivalents

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

7. Accounts Receivable

Accounts receivable as of March 31, 2003, September 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:

	Six months ended September 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…	56,596	126,633	153,190
Bad debts charged to provision…………	(4,533)	(1,116)	(45,947)
Balance at the end of the period…………	Rs. 543,707	Rs. 724,404	Rs. 598,887

8. Inventories

Inventories consist of the following:

	As of September 30,		As of March 31,
	2002	2003	2003
	(unaudited)	(unaudited)	
Stores and spare parts………………..	Rs. 34,484	Rs. 32,239	Rs. 25,951
Raw materials and components………	356,960	411,069	398,216
Work-in-process……………………..	137,569	144,250	119,028
Finished goods………………………	843,217	1,345,978	906,303
	Rs. 1,372,230	Rs. 1,933,536	Rs. 1,449,498

Finished goods as of March 31, 2003, September 30, 2002 and 2003 include inventory of Rs. 438,972, Rs. 474,582 and Rs. 779,127 respectively, with customers pending installation.

9. Other Assets

Other assets consist of the following:

	As of September 30,		As of March 31,
	2002	2003	2003
	(unaudited)	(unaudited)	
Prepaid expenses…………………………	Rs. 954,947	Rs. 1,526,213	Rs. 1,276,650
Advances to suppliers……………………	116,932	157,602	94,741
Balances with statutory authorities………	70,268	15,279	16,699
Deposits………………………………….	511,232	676,123	638,472
Inter–corporate deposits			
GE Capital Services India…………….	570,540	67,806	258,803
Citicorp Financial Services Limited….	35,336	-	27,000
Advance income taxes………………..….	525,731	739,854	872,974
Others……………………………………	323,401	580,960	438,265
	3,108,387	3,763,837	3,623,604
Less: Current assets……………………...	(2,349,436)	(3,085,601)	(3,015,817)
	Rs. 758,951	Rs. 678,236	Rs. 607,787

10. Investment Securities

Investment securities consist of the following:

	As of September 30, 2002 (unaudited)				As of September 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:												
Investments in liquid and short-term mutual funds	Rs. 6,773,775	Rs. -	Rs. -	Rs. 6,773,775	Rs. 15,276,092	Rs. 26,237	Rs. (2,461)	Rs. 15,299,868	Rs. 7,813,400	Rs. -	Rs. -	Rs. 7,813,400
Equity securities....................	207	1,400	-	1,607	-	-	-	-	207	1,400	-	1,607
Debt securities......................	1,317,372	-	(8,454)	1,308,918	-	-	-	-	492,478	-	(15,068)	477,410
	8,091,354	1,400	(8,454)	8,084,300	15,276,092	23,776	-	15,299,868	8,306,085	1,400	(15,068)	8,292,417
Held-to-maturity:												
Debt securities......................	50,452	1,428	-	51,880	-	-	-	-	47,952	-	-	47,952
	50,452	1,428	-	51,880	-	-	-	-	47,952	-	-	47,952
	Rs. 8,141,806	Rs. 2,828	Rs. (8,454)	Rs. 8,136,180	Rs. 15,276,092	Rs. 23,776	Rs. -	Rs. 15,299,868	Rs. 8,354,037	Rs. 1,400	Rs. (15,068)	Rs. 8,340,369

Dividends from available for sale securities during the six months ended September 30, 2003 was Rs. 320,518, and included in other income.

11. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	As of September 30, 2002 (unaudited)	As of September 30, 2003 (unaudited)	As of March 31, 2003
Land……	Rs. 399,224	Rs. 530,037	Rs. 530,037
Buildings……	1,830,112	2,738,283	2,210,427
Plant and machinery……	6,050,872	7,385,229	6,569,392
Furniture, fixtures and equipment……	1,344,734	1,750,884	1,551,629
Vehicles……	489,484	668,486	566,714
Computer software for internal use……	878,516	1,213,131	1,053,065
Capital work-in-progress……	1,359,328	988,953	1,006,892
	12,352,270	15,275,003	13,488,156
Accumulated depreciation and amortization……	(5,645,095)	(7,063,018)	(6,178,372)
	Rs. 6,707,175	Rs. 8,211,985	Rs. 7,309,784

Depreciation expense for the six months ended September 30, 2002 and 2003, is Rs. 655,577 and Rs. 869,908 respectively. This includes Rs. 96,142 and Rs. 111,556 as amortization of capitalized internal use software, during the six months ended September 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 September 30 2002 (unaudited)			As of September 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. 34,000	Rs. 2,000	Rs. 32,000	Rs. 34,300	Rs. 6,790	Rs. 28,510	Rs. 34,300	Rs. 4,790	Rs. 29,510
Customer-related intangibles…	394,000	42,000	352,000	587,833	293,542	294,291	547,833	149,651	398,182
Marketing-related intangibles...	32,000	3,000	29,000	84,309	21,630	62,679	34,300	11,630	22,670
Others……	950	800	150	950	950	-	950	950	-
	Rs. 460,950	Rs. 47,800	Rs. 413,150	Rs. 707,392	Rs. 322,912	Rs. 384,480	Rs. 617,383	Rs. 167,021	Rs. 450,362

The movement in goodwill balance is given below:

	Six months ended September 30, 2002 (unaudited)	Six months ended September 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…	3,358,903	293,071	4,530,377
Effect of translation adjustments……	-	(46,951)	-
Balance at the end of the period……	Rs. 4,015,143	Rs. 5,432,737	Rs. 5,186,617

Goodwill as of September 30, 2003 has been allocated to the following segments:

Segment	As of September 30, 2003
	(unaudited)
India and AsiaPac IT Services and Products	Rs. 656,240
Global IT Services and Products	4,776,497
	Rs. 5,432,737

13. Other Current Liabilities

Other current liabilities consist of the following:

	As of September 30,		As of March 31,
	2002	2003	2003
	(unaudited)	(unaudited)	
Statutory dues payable	Rs. 368,109	Rs. 526,597	Rs. 406,013
Taxes payable	42,128	55,193	48,134
Warranty obligations	291,963	246,243	293,260
Others	34,926	153,065	47,866
	Rs. 737,126	Rs. 981,098	Rs. 795,273

The activity in warranty obligations is given below:

	Six months ended September 30,	Year ended March 31,
	2003	2003
	(unaudited)	
Balance at the beginning of the period…..	Rs. 293,260	Rs. 292,052
Additional provision during the period…..	80,443	299,154
Reduction due to payments…...…………	(127,460)	(297,946)
Balance at the end of the period…………	Rs. 246,243	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. 169,860 and Rs. 188,569 for the six months ended September 30, 2002 and 2003, respectively.

Prepaid expenses as of March 31, 2003 , September 30, 2002 and 2003 include Rs. 211,331, Rs. 213,032 and Rs. 209,577 respectively, being prepaid operating lease rentals for lands 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, September 30, 2002 and 2003, was Rs. 400,599, Rs. 559,671 and Rs. 344,268 respectively. The Company's equity in the losses of Wipro GE for six months ended September 30, 2002 and 2003 was Rs. 212,178 and Rs. 56,331 respectively. During the six months ended September 30, 2002 the Company received dividends of Rs. 49,000 from Wipro GE.

WeP Peripherals

The Company has accounted for its 39.7% and 40.5% interest as of September 30, 2002 and 2003 respectively, in WeP Peripherals by the equity method.

The carrying value of the equity investment in WeP Peripherals as of March 31, 2003, September 30, 2002 and 2003, was Rs. 133,470, Rs.118,715 and Rs. 136,918 respectively. The Company's equity in the income of WeP Peripherals for the six months ended September 30, 2002 and 2003 was Rs. 1,245 and Rs. 8,390 respectively. During the six months ended September 30, 2003 the Company received dividends of Rs. 4,942 from WeP Peripherals.

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 six months ended September 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 September 30,		As of March 31,
	2002	2003	2003
	(unaudited)	(unaudited)	
Forward contracts..................	$ 77.8 million (sell) £ 2.5 million (sell)	$ 195.79 million (sell) £ 4.75 million (sell)	$ 113.5 million (sell) £ 2.5 million (sell)

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

17. Borrowings from Banks

The Company has an Indian line of credit of Rs. 850,000 and a US line of credit of $ 9 million from its bankers for working capital requirements. Both the lines of credit are renewable annually. The Indian line of credit bears interest at the prime rate of the bank, which averaged 12.2% and 12.7% in the six months ended September 30, 2002 and 2003, respectively. The US line of credit bears interest at 60 basis points over the London Inter-Bank Offered Rate. 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 September 30,		As of March 31,
	2002	2003	2003
	(unaudited)	(unaudited)	
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 September 30,	
	2002	2003
	(unaudited)	(unaudited)
Rupee term loans from banks and financial institutions	14.25%	13.25%

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

Maturing in the year ending September 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.

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, September 30, 2002 and 2003, include restricted retained earnings of Rs. 259,538, which are 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, September 30, 2002 and 2003, also include Rs. 390,469, Rs. 583,786 and Rs. 337,586, respectively, of undistributed earnings in equity of affiliates.

21. Other Income, Net

Other income consists of the following:

	Six months ended September 30,	
	2002	2003
	(unaudited)	(unaudited)
Interest income, net	Rs. 160,409	Rs. 26,852
Dividend income	-	320,518
Gain on sale of investment securities, net........................	214,774	-
Others...	17,097	-
	Rs. 392,280	Rs. 347,370

22. Shipping and Handling Costs

Selling general and administrative expenses for the six months ended September 30, 2002 and 2003, include shipping and handling costs of Rs. 32,516 and Rs. 25,334 respectively.

23. Income Taxes

Income taxes have been allocated as follows:

	Six months ended September 30, 2002 (unaudited)	Six months ended September 30, 2003 (unaudited)
Continuing operations	Rs. 539,673	Rs. 517,059
Discontinued operations	(156,002)	-
Stockholders equity for:		
Unrealized gains/loss on investment securities, net	(29,249)	7,941
Total income taxes	Rs. 354,422	Rs. 525,000

Income taxes relating to continuing operations consist of the following:

	Six months ended September 30, 2002 (unaudited)	Six months ended September 30, 2003 (unaudited)
Current taxes		
Domestic	Rs. 318,198	Rs. 228,765
Foreign	217,707	368,236
	535,905	597,001
Deferred taxes		
Domestic	3,768	(19,062)
Foreign	-	(60,880)
	3,768	(79,942)
Total income tax expense	Rs. 539,673	Rs. 517,059

Income taxes relating to discontinued division consist of the following:

	Six months ended September 30, 2002 (unaudited)
Current taxes	Rs. (58,796)
Deferred taxes	(97,206)
Total income tax benefit	Rs. (156,002)

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, 511,080 and 213,700 shares held by employees as of March 31, 2003, September 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:

	Six months ended September 30, 2002 (unaudited)	Six months ended September 30, 2003 (unaudited)	Year ended March 31, 2003
Shares held at the beginning of the period	1,321,335	1,303,610	1,321,335
Shares granted to employees	(19,300)	-	(19,300)
Grants forfeited by employees	375	-	1,575
Shares held at the end of the period	1,302,140	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 six months ended September 30, 2002 and 2003, was Rs. 33,921 and Rs. 38,936 respectively. The stock-based compensation has been allocated to cost of revenues and selling, general and administrative expenses as follows:

	Six months ended September 30, 2002 (unaudited)	Six months ended September 30, 2003 (unaudited)
Cost of revenues	Rs. 15,423	Rs. 12,844
Selling, general and administrative expenses	18,498	26,092
	Rs. 33,921	Rs. 38,936

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:

Six month period ended September 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	1,563,708	Rs. 1,024 – 1,086	Rs. 1,085	43 months
	2,322,250	1,853 – 2,522	1,863	51 months
Forfeited during the period	(32,772)	1,086	1,086	-
	(62,950)	1,853	1,853	-
Exercised during the period	(30,507)	1,086	1,086	-
Outstanding at the end of the period	1,500,429	1,024 – 1,806	1,085	37 months
	2,259,300	1,853 – 2,522	1,863	45 months
Exercisable at the end of the period	380,107	1,024 – 1,086	1,084	37 months
	564,825	Rs. 1,853 – 2,522	Rs. 1,863	45 months

	Six month period ended September 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	1,411,358	Rs. 1,024 – 1,086	Rs. 1,085	31 months
	2,213,020	1,853 – 2,522	1,863	39 months
Forfeited during the period	(49,978)	1,086	1,086	-
	(59,450)	1,853	1,853	-
Exercised during the period	(3,145)	1,086	1,086	-
Outstanding at the end of the period	1,358,235	1,024 – 1,086	1,085	25 months
	2,153,570	1,853 – 2,522	1,863	33 months
Exercisable at the end of the period	611,206	1,024 – 1,086	1,085	25 months
	969,107	Rs. 1,853 – 2,522	Rs. 1,863	33 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:

	Six month period ended September 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	76,250	Rs. 1,032 – 1,532	Rs. 1,341	66 months
	5,726,331	1,586 – 2,375	1,596	60 months
	2,669,933	2,382 – 2,746	2,397	55 months
Granted during the period	86,300	1,268 – 1,531	1,501	57 months
	4,000	1,691	1,691	55 months
Forfeited during the period	(9,500)	1,032 – 1,418	1,377	-
	(92,450)	1,586 – 2,375	1,617	-
	(106,725)	2,382 – 2,651	2,394	-
Exercised during the period	(50)	1,269	1,269	-
Outstanding at the end of the period	153,000	1,032 – 1,532	1,429	58 months
	5,637,881	1,586 – 2,375	1,596	54 months
	2,563,208	2,382 – 2,746	2,397	49 months
Exercisable at the end of the period	5,693	1,032 – 1,418	1,380	59 months
	11,369	1,666 – 2,375	2,295	53 months
	384,481	Rs. 2,382 - 2,746	Rs. 2,397	49 months

	Six month period ended September 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	94,950	Rs. 1,032 – 1,532	Rs. 1,374	53 months
	5,519,481	1,586 – 2,375	1,596	48 months
	2,486,083	2,382 – 2,746	2,396	43 months
Forfeited during the period	(2,750)	1,032 – 1,418	1,324	-
	(179,050)	1,586 – 2,375	1,603	-
	(106,350)	2,382 - 2,651	2,399	-
Outstanding at the end of the period	92,200	1,032 – 1,532	1,375	47 months
	5,340,431	1,586 – 2,375	1,596	43 months
	2,379,733	2,382 – 2,746	2,396	37 months
Exercisable at the end of the period	17,513	1,032 – 1,532	1,392	47 months
	1,070,965	1,586 – 2,375	1,598	43 months
	594,933	Rs. 2,382 - 2,746	Rs. 2,396	37 months

Weighted average grant date fair values for options granted during the six months ended September 30, 2002 under the 2000 Plan, is Rs. 770.

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:

	Six month period ended September 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	26,000	$20.75 - 25.90	$ 22.44	68 months
	621,450	34.90 - 41.375	38.29	54 months
Granted during the period	39,600	26.10 - 30.05	28.86	58 months
Forfeited during the period	(1,500)	29.30	29.30	-
	(2,900)	36.40	36.40	-
Outstanding at the end of the period	64,100	20.75 - 30.05	26.25	59 months
	618,550	34.90 - 41.375	38.30	47 months
Exercisable at the end of the period	450	25.90	25.90	58 months
	35,938	$ 35.77 - 41.375	$ 41.34	37 months

	Six month period ended September 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	83,800	$20.75 - 30.05	$ 25.98	55 months
	616,550	34.90 - 41.375	38.31	41 months
Forfeited during the period	(5,300)	$36.40 - 41.375	38.28	-
Outstanding at the end of the period	83,800	20.75 - 30.05	25.98	49 months
	611,250	34.90 - 41.375	38.31	35 months
Exercisable at the end of the period	7,025	20.75 - 30.05	25.78	47 months
	152,663	$34.90 - 41.375	$ 38.32	35 months

Weighted average grant date fair values for options granted during the six months ended Septemebr 30, 2002 is $ 15.17.

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:

	Six month period ended September 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	443,182	Rs. 1 - 13	Rs. 8	9 months
	3,228,548	31	31	15 months
	6,149,191	57	57	29 months
Forfeited during the period	(19,338)	57	57	-
Outstanding at the end of the period	443,182	1 - 13	8	6 months
	3,228,548	31	31	12 months
	6,129,853	1 - 57	57	26 months
Exercisable at the end of the period	443,182	1 - 13	8	6 months

	Six month period ended September 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	(3,339,279)	1 - 31	29	-
Outstanding at the end of the period	5,660,436	57	57	14 months
Exercisable at the end of the period	812,031	57	57	14 months

Options outstanding as at September 30, 2003, 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:

	Six months ended September 30,	
	2002	2003
	(unaudited)	(unaudited)
Earnings		
Income from continuing operations	Rs. 4,219,090	Rs. 4,074,456
Contingent issuances of subsidiaries	-	(16,025)
Income from continuing operations (adjusted for full dilution)	4,219,090	4,058,431
Losses of discontinued operations	(395,265)	-
Net income (adjusted for full dilution)	Rs. 3,823,825	Rs. 4,058,431
Equity shares		
Weighted average number of equity shares outstanding	231,171,372	231,260,944
Effect of dilutive equivalent shares-stock options outstanding	355,403	-
Weighted average number of equity shares and equivalent shares outstanding	231,526,775	231,260,944

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 5,852,444 and 11,985,819 equity shares were outstanding during the six months ended September 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. 224,862 and Rs. 311,652 to various defined contribution and benefit plans during the six months ended September 30, 2002 and 2003, respectively.

27. Related Party Transactions

The Company has the following transactions with related parties.

	Six months ended September 30, 2002 (unaudited)	Six months ended September 30, 2003 (unaudited)
Wipro GE:		
Revenues from sale of computer equipment and administrative and management support services	Rs. 9,574	Rs. 47,215
Fees received for usage of trade mark………….………	5,000	-
WeP Peripherals:		
Revenues from sale of computer equipment and services…………………………………..……..……	4,637	3,238
Fees received for usage of trade mark..…………………	26,508	22,040
Interest received on debentures…………………………	247	-
Payment for services……….……………………………	5,788	3,871
Purchase of printers……….……………………….….	45,160	38,481
Azim Premji Foundation:		
Revenues from sale of computer equipment and services…………………………………………………	1,522	328
Principal shareholder:		
Payment of lease rentals…………………………………	600	600

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

	As of September 30, 2002 (unaudited)	As of September 30, 2003 (unaudited)	As of March 31, 2003
Wipro GE	Rs. 63,728	Rs. 68,524	Rs. 87,410
WeP Peripherals	20,892	23,794	14,472
Azim Premji Foundation	-	-	158
Security deposit given to Hasham Premji, a firm under common control	25,000	25,000	25,000
	Rs. 109,620	Rs. 117,318	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 September 30, 2002 (unaudited)	As of September 30, 2003 (unaudited)	As of March 31, 2003
WeP Peripherals………………………………	Rs. 24,702	Rs. 11,043	Rs. 22,186
Wipro GE………………………………………	17,665	-	-
	Rs. 42,367	Rs. 11,043	Rs. 22,186

28. Commitments and Contingencies

Capital commitments. As of March 31, 2003, September 30, 2002 and 2003, the Company had committed to spend approximately Rs. 321,410, Rs. 315,830 and Rs. 607,900 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, September 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. 1,225,816 and Rs. 1,593,815 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 September 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 Wipro Nervewire, which provides business and IT consulting services to customers in the financial services sector. The operations of Wipro 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:

	Six months ended September 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	13,617,145	3,937,334	1,435,331	713,162		19,702,972
Exchange rate fluctuations	252,315	(515)	547	-	(252,347)	-
Total revenues	13,869,460	3,936,819	1,435,878	713,162	(252,347)	19,702,972
Cost of revenues	(7,917,985)	(3,128,600)	(968,369)	(547,852)	-	(12,562,806)
Selling, general and administrative expenses	(1,745,777)	(633,441)	(235,518)	(82,510)	(37,842)	(2,735,088)
Research and development expenses	(77,632)	-	-	-	-	(77,632)
Amortization of intangible assets	(47,000)	-	-	-	(100)	(47,100)
Exchange rate fluctuations	-	-	-	-	239,957	239,957
Others, net	112	32,772	4,380	8,022	23,880	69,166
Operating income of segment	4,081,178	207,550	236,371	90,822	(26,452)	4,589,469
Total assets of segment (3)	17,723,459	3,749,143	1,022,916	1,058,421	14,653,950	38,207,889
Capital employed (3)	14,690,608	1,296,395	625,074	726,614	14,535,593	31,874,284
Return on capital employed (1), (3)	70%	37%	71%	-	-	-
Accounts receivable	4,806,815	1,797,679	141,688	328,929	-	7,075,111
Cash and cash equivalents and investments in liquid and short-term mutual funds	1,183,601	96,616	175,685	48,652	10,305,500	11,810,054
Depreciation	504,868	77,849	30,233	17,838	24,789	655,577

	Six months ended September 30, 2003 (unaudited)							
	Global IT Services and Products							
	IT Services and Products	Wipro Nervewire	Total	India and AsiaPac IT Services and Products	Consumer Care and Lighting	Others	Reconciling Items (2)	Entity Total
Revenues	Rs. 19,206,894	Rs. 238,541	Rs. 19,445,435	Rs. 3,251,259	Rs. 1,644,152	Rs. 857,283	-	Rs. 25,198,129
Exchange rate fluctuations	161,288	-	161,288	15,512	(232)	(730)	(175,838)	-
Total revenues	19,368,182	238,541	19,606,723	3,266,771	1,643,920	856,553	(175,838)	25,198,129
Cost of revenues	(12,180,503)	(222,122)	(12,402,625)	(2,427,553)	(1,058,631)	(611,306)	-	(16,500,115)
Selling, general and administrative expenses	(2,798,267)	(222,869)	(3,021,136)	(669,892)	(307,344)	(120,123)	(56,691)	(4,175,186)
Research and development expenses	(111,636)	-	(111,636)	-	-	-	-	(111,636)
Amortization of intangible assets	(140,097)	(12,895)	(152,992)	-	(2,899)	-	-	(155,891)
Exchange rate fluctuations	-	-	-	-	-	-	175,838	175,838
Others, net	5,843	-	5,843	25,347	(1,002)	3,775	18,340	52,303
Operating income of segment	4,143,522	(219,345)	3,924,177	194,673	274,044	128,899	(38,351)	4,483,442
Total assets of segment (3)	23,164,700	887,703	24,052,403	3,885,648	1,043,783	1,353,427	17,798,525	48,133,786
Capital employed (3)	18,846,612	735,781	19,582,593	1,388,121	522,016	975,648	17,709,730	40,177,908
Return on capital employed (1),(3)	44%	(60)%	41%	32%	93%	-	-	-
Accounts receivable	6,048,681	105,461	6,154,142	1,147,545	199,713	335,346	-	7,836,746
Cash and cash equivalents and investments in liquid and short-term mutual funds	1,022,466	187,754	1,210,220	190,962	181,341	283,033	15,588,924	17,454,480
Depreciation	707,523	13,365	720,888	72,833	33,363	18,951	23,873	869,908

(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 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 September 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:

	Six months ended September 30,	
	2002	2003
	(unaudited)	(unaudited)
India	Rs. 5,858,922	Rs. 5,372,539
United States	9,057,003	13,871,951
Europe	3,776,232	4,944,662
Rest of the world	1,010,815	1,008,977
	Rs. 19,702,972	Rs. 25,198,129

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.