

WIPRO LIMITED

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH U.S. GAAP
AS OF AND FOR THE
THREE AND NINE MONTHS ENDED DECEMBER 31, 2002**

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

	As of December 31,			As of March 31,
	2001	2002	2002	2002
	(unaudited)	(unaudited)	Convenience translation into US\$ (unaudited)	
ASSETS				
Current assets:				
Cash and cash equivalents (Note 5).....	Rs. 7,519,850	Rs. 13,794,103	\$ 287,377	Rs. 7,377,200
Accounts receivable, net of allowances (Note 6).....	5,069,243	6,863,680	142,993	5,980,903
Costs and earnings in excess of billings on contracts in progress	900,145	1,235,186	25,733	1,009,795
Inventories (Note 7).....	1,461,623	1,463,127	30,482	1,402,146
Investment securities (Note 9).....	4,728,553	529,841	11,038	5,043,334
Deferred income taxes (Note 22).....	147,962	164,332	3,424	179,088
Property, plant and equipment held for sale (Note 4).....	-	34,186	712	-
Other current assets (Note 8).....	2,420,539	2,096,457	43,676	3,481,308
Total current assets.....	22,247,915	26,180,912	545,436	24,473,774
Investment securities (Note 9).....	357,289	-	-	450,833
Property, plant and equipment, net (Note 10).....	6,291,373	6,825,451	142,197	6,261,857
Investments in affiliates (Note 14).....	854,659	630,689	13,139	898,319
Deferred income taxes (Note 22).....	136,909	323,435	6,738	265,149
Intangible assets, net (Note 3,11).....	300	390,213	8,129	250
Goodwill (Note 3, 11).....	699,548	4,069,222	84,775	656,240
Purchase price pending allocation (Note 3).....	-	1,038,222	21,630	-
Other assets (Note 8).....	746,152	923,110	19,231	748,165
Total assets.....	Rs. 31,334,145	Rs. 40,381,254	841,276	Rs. 33,754,587
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Borrowings from banks (Note 16).....	Rs. 97,319	Rs. 60,544	\$ 1,261	Rs. 182,260
Current portion of long-term debt (Note 17).....	136,350	81,500	1,698	78,993
Accounts payable.....	1,825,395	1,763,326	36,736	2,238,900
Accrued expenses.....	2,525,112	3,313,374	69,029	1,943,647
Advances from customers.....	750,896	915,124	19,065	1,121,107
Deferred income taxes (Note 22).....	14,022	-	-	29,392
Other current liabilities (Note 12).....	516,115	636,640	13,263	493,950
Total current liabilities.....	5,865,209	6,770,508	141,052	6,088,249
Long-term debt, excluding current portion (Note 17).....	29,770	9,770	204	29,770
Deferred income taxes (Note 22).....	106,982	127,036	2,647	86,061
Other liabilities.....	63,924	82,385	1,716	93,240
Total liabilities.....	6,065,885	6,989,699	145,619	6,297,320
Minority interest.....	-	84,228	1,755	-
Stockholders' equity:				
Equity shares at Rs. 2 par value: 375,000,000 shares authorized;				
Issued and outstanding: 232,465,689, 232,439,524 and				
232,547,145 shares as of March 31, 2002, December 31, 2001 and				
2002 (Note 18).....	464,879	465,095	9,689	464,932
Additional paid-in capital (Note 23).....	6,791,050	6,930,238	144,380	6,817,163
Deferred stock compensation (Note 23).....	(114,686)	(74,842)	(1,559)	(93,201)
Accumulated other comprehensive income/(loss) (Note 9).....	25,780	(1,652)	(34)	51,861
Retained earnings (Note 19).....	18,101,312	25,988,563	541,428	20,216,587
Equity shares held by a controlled Trust: 1,321,335, 1,315,085 and				
1,302,410 shares as of March 31, 2002, December 31, 2001 and				
2002 (Note 23).....	(75)	(75)	(2)	(75)
Total stockholders' equity.....	25,268,260	33,307,327	693,903	27,457,267
Total liabilities and stockholders' equity.....	Rs. 31,334,145	Rs. 40,381,254	\$ 841,276	Rs. 33,754,587

See accompanying notes to the unaudited consolidated financial statements.

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

	Three months ended December 31,			Nine months ended December 31,		
	2001	2002	2002	2001	2002	2002
			Convenience translation into US\$			Convenience translation into US\$
Revenues:						
Global IT Services and Products.....						
Services.....	Rs. 5,512,572	Rs. 7,379,257	\$ 153,735	Rs. 15,780,117	Rs. 20,326,306	\$ 423,465
Products.....	493,204	-	-	899,871	80,343	1,674
IT Enabled Services.....	-	539,817	11,246	-	950,321	19,798
India and AsiaPac IT Services and Products...						
Services.....	401,432	563,653	11,743	1,380,039	1,585,000	33,021
Products.....	1,089,455	1,125,397	23,446	3,203,487	4,041,384	84,196
Consumer Care and Lighting.....	737,608	739,403	15,404	2,205,532	2,174,734	45,307
HealthScience.....						
Services.....	58,932	150,009	3,125	181,544	318,769	6,641
Products.....	111,365	99,741	2,078	295,076	345,450	7,197
Others.....	197,558	273,631	5,701	481,703	751,573	15,658
Total.....	<u>8,602,126</u>	<u>10,870,908</u>	<u>226,477</u>	<u>24,427,369</u>	<u>30,573,880</u>	<u>636,956</u>
Cost of revenues:						
Global IT Services and Products.....						
Services.....	2,927,116	4,334,240	90,297	8,437,735	11,824,570	246,345
Products.....	468,427	-	-	826,055	76,430	1,592
IT Enabled Services.....	-	333,324	6,944	-	594,130	12,378
India and AsiaPac IT Services and Products...						
Services.....	259,770	290,013	6,042	904,292	819,542	17,074
Products.....	914,415	1,030,238	21,463	2,623,448	3,629,309	75,611
Consumer Care and Lighting.....	516,325	520,937	10,853	1,551,000	1,489,306	31,027
HealthScience.....						
Services.....	36,533	75,791	1,579	109,402	169,972	3,541
Products.....	73,586	79,625	1,659	198,917	259,475	5,406
Others.....	171,860	190,436	3,967	417,720	554,676	11,556
Total.....	<u>5,368,032</u>	<u>6,854,604</u>	<u>142,804</u>	<u>15,068,569</u>	<u>19,417,410</u>	<u>404,529</u>
Gross profit.....	3,234,094	4,016,304	83,673	9,358,800	11,156,470	232,426
Operating expenses:						
Selling, general and administrative expenses.....	(984,744)	(1,660,710)	(34,598)	(3,111,919)	(4,395,797)	(91,579)
Research and development expenses.....	(41,809)	(42,147)	(878)	(109,207)	(119,779)	(2,495)
Amortization of goodwill (Note 11).....	(42,141)	-	-	(129,923)	-	-
Amortization of intangible assets (Note 11).....	(100)	(48,220)	(1,005)	(250)	(95,170)	(1,983)
Foreign exchange gains, net.....	5,540	81,278	1,693	172,692	321,235	6,692
Others, net.....	1,701	12,208	254	16,720	81,223	1,692
Operating income.....	2,172,541	2,358,713	49,140	6,196,913	6,948,182	144,754
Other income, net (Note 20).....	269,247	233,641	4,868	626,402	625,921	13,040
Income taxes (Note 22).....	(231,422)	(337,051)	(7,022)	(691,344)	(876,724)	(18,265)
Income before share of equity in earnings/(losses) of affiliates and minority interest.....	2,210,366	2,255,303	46,985	6,131,971	6,697,379	139,529
Equity in earnings/(losses) of affiliates (Note 14).....	83,718	(47,697)	(994)	139,310	(258,630)	(5,388)
Minority interest.....	-	(18,046)	(376)	-	(30,101)	(627)
Income from continuing operations.....	2,294,084	2,189,560	45,616	6,271,281	6,408,648	133,514
Discontinued operations						
Loss from operations of the discontinued corporate Internet services division (including loss on disposal of Rs. 246,120 for the nine months ended December 31, 2002 and gain on disposal of Rs. 3,100 for the three months ended December 31, 2002) (Note 4).....	(44,301)	(11,918)	(248)	(87,992)	(563,185)	(11,733)
Income tax benefit (Note 4, 22).....	15,815	2,977	62	31,413	158,979	3,312
Net income.....	<u>Rs. 2,265,598</u>	<u>Rs. 2,180,619</u>	<u>\$ 45,430</u>	<u>Rs. 6,214,702</u>	<u>Rs. 6,004,442</u>	<u>\$ 125,093</u>
Earnings per equity share: Basic						
Continuing operations.....	9.93	9.47	0.20	27.13	27.72	0.58
Discontinued operations.....	(0.12)	(0.04)	-	(0.24)	(1.75)	(0.04)
Net income.....	9.81	9.43	0.20	26.89	25.97	0.54
Earnings per equity share: Diluted						
Continuing operations.....	9.91	9.45	0.20	27.10	27.68	0.58
Discontinued operations.....	(0.12)	(0.04)	-	(0.24)	(1.75)	(0.04)
Net income.....	9.79	9.41	0.20	26.86	25.93	0.54
Weighted average number of equity shares used in computing earnings per equity share:						
Basic.....	231,126,150	231,217,558	231,217,558	231,132,818	231,186,761	231,186,761
Diluted.....	231,405,863	231,649,013	231,649,013	231,430,057	231,567,521	231,567,521

See accompanying notes to the unaudited consolidated financial statements.

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

	Equity Shares		Additional	Deferred	Comprehensive	Accumulated	Retained	Equity Shares held by a		Total	
	No. of Shares	Amount	Paid in	Stock		Other		Controlled Trust	No. of Shares	Amount	Stockholders'
			Capital	Compensation		Comprehensive					
Balance as of March 31, 2001	<u>232,433,019</u>	<u>Rs. 464,866</u>	<u>Rs. 6,785,652</u>	<u>Rs. (186,404)</u>		<u>Rs. 1,431</u>	<u>Rs. 12,015,143</u>	<u>(1,280,885)</u>	<u>Rs. (75)</u>	<u>Rs. 19,080,613</u>	
Cash dividends paid (Unaudited).....	-	-	-	-	-	-	(128,533)	-	-	(128,533)	
Shares forfeited, net of issuances by Trust (Unaudited).....	-	-	-	-	-	-	-	(34,200)	-	-	
Issuance of equity shares on exercise of options (Unaudited).....	6,505	13	7,051	-	-	-	-	-	-	7,064	
Net reversal of compensation related to employee stock incentive plan (Unaudited).....	-	-	(12,230)	2,804	-	-	-	-	-	(9,426)	
Amortization of compensation related to employee stock incentive plan, (Unaudited).....	-	-	-	68,914	-	-	-	-	-	68,914	
Income tax benefit arising on exercise of stock options (Unaudited).....	-	-	10,577	-	-	-	-	-	-	10,577	
Comprehensive income											
Net income (Unaudited).....	-	-	-	-	Rs. 6,214,702	-	6,214,702	-	-	6,214,702	
Other comprehensive income											
Unrealized gain/(loss) on investment securities, net (Unaudited).....	-	-	-	-	24,349	24,349	-	-	-	24,349	
Comprehensive income (Unaudited)					<u>Rs. 6,239,051</u>						
Balance as of December 31, 2001 (Unaudited).....	<u>232,439,524</u>	<u>Rs. 464,879</u>	<u>Rs. 6,791,050</u>	<u>Rs. (114,686)</u>		<u>Rs. 25,780</u>	<u>Rs. 18,101,312</u>	<u>(1,315,085)</u>	<u>Rs. (75)</u>	<u>Rs. 25,268,260</u>	
Cash dividends paid (Unaudited).....	-	-	-	-	-	-	-	-	-	-	
Shares forfeited, net of issuances by Trust (Unaudited).....	-	-	-	-	-	-	-	(6,250)	-	-	
Issuance of equity shares on exercise of options (Unaudited).....	26,165	53	28,363	-	-	-	-	-	-	28,416	
Net reversal of compensation related to employee stock incentive plan (Unaudited).....	-	-	(2,250)	(442)	-	-	-	-	-	(2,692)	
Amortization of compensation related to employee stock incentive plan (Unaudited).....	-	-	-	21,927	-	-	-	-	-	21,927	
Comprehensive income											
Net income (Unaudited).....	-	-	-	-	Rs. 2,115,275	-	2,115,275	-	-	2,115,275	
Other comprehensive income											
Unrealized gain/(loss) on investment securities, net (Unaudited).....	-	-	-	-	26,081	26,081	-	-	-	26,081	
Comprehensive income (Unaudited)..					<u>Rs. 2,141,356</u>						
Balance as of March 31, 2002.....	<u>232,465,689</u>	<u>Rs. 464,932</u>	<u>Rs. 6,817,163</u>	<u>Rs. (93,201)</u>		<u>Rs. 51,861</u>	<u>Rs. 20,216,587</u>	<u>(1,321,335)</u>	<u>Rs. (75)</u>	<u>Rs. 27,457,267</u>	

	Equity Shares		Additional	Deferred	Comprehensive	Accumulated	Retained	Equity Shares held by a		Total
	No. of	Amount	Paid in	Stock		Comprehensive		Other	Controlled Trust	
	Shares		Capital	Compensation	Income	Income	Earnings	No. of Shares	Amount	Equity
Cash dividends paid (Unaudited).....	-	-	-	-	-	-	(232,466)	-	-	(232,466)
Shares issued by Trust, net of forfeitures (Unaudited).....	-	-	-	-	-	-	-	18,925	-	-
Issuance of equity shares on exercise of options (Unaudited).....	81,456	163	88,352	-	-	-	-	-	-	88,515
Net reversal of compensation related to employee stock incentive plan (Unaudited).....	-	-	24,723	(24,723)	-	-	-	-	-	-
Amortization of compensation related to employee stock incentive plan (Unaudited).....	-	-	-	43,082	-	-	-	-	-	43,082
Comprehensive income	-	-	-	-	-	-	-	-	-	-
Net income (Unaudited).....	-	-	-	-	Rs. 6,004,442	-	6,004,442	-	-	6,004,442
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Unrealized gain/(loss) on investment securities, net (Unaudited).....	-	-	-	-	(53,513)	(53,513)	-	-	-	(53,513)
Comprehensive income (Unaudited)..					<u>Rs. 5,950,929</u>					
Balance as of December 31, 2002 (Unaudited).....	<u>232,547,145</u>	<u>Rs. 465,095</u>	<u>Rs. 6,930,238</u>	<u>Rs. (74,842)</u>		<u>Rs. (1,652)</u>	<u>Rs. 25,988,563</u>	<u>(1,302,410)</u>	<u>Rs. (75)</u>	<u>Rs. 33,307,327</u>
Balance as of December 31, 2002 (Unaudited) (\$)..		<u>\$ 9,689</u>	<u>\$ 144,380</u>	<u>\$ (1,559)</u>		<u>\$ (34)</u>	<u>\$ 541,428</u>	<u>\$ (2)</u>	<u>\$ 693,903</u>	

See accompanying notes to the unaudited consolidated financial statements.

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

Nine months ended December 31,

	2001	2002	2002 Convenience translation into US\$
Cash flows from operating activities:			
Net income.....	Rs. 6,214,702	Rs. 6,004,442	\$ 125,093
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss from operations of the discontinued corporate Internet services division.....	56,579	404,206	8,421
Gain on sale of property, plant and equipment.....	(16,720)	(2,959)	(62)
Depreciation and amortization.....	1,063,415	1,163,474	24,239
Deferred tax charge / (benefit).....	101,638	(21,415)	(446)
Gain on sale of investment securities.....	-	(331,098)	(6,898)
Amortization of deferred stock compensation.....	59,488	43,082	898
Equity in (earnings) / losses of affiliates.....	(137,490)	258,630	5,388
Income tax benefits arising from exercise of stock options	10,577	-	-
Minority interest.....	-	30,101	627
Changes in operating assets and liabilities:			
Accounts receivable.....	854,480	(573,004)	(11,938)
Costs and earnings in excess of billings on contracts in progress	(789,705)	(225,391)	(4,696)
Inventories.....	5,474	(60,981)	(1,270)
Other assets.....	(51,360)	(566,161)	(11,795)
Accounts payable.....	(23,211)	(570,567)	(11,887)
Accrued expenses.....	484,838	1,278,816	26,642
Advances from customers.....	(73,491)	(160,539)	(3,345)
Other liabilities.....	45,040	(180,007)	(3,750)
Net cash provided by continuing operations.....	7,804,254	6,490,629	135,221
Net cash provided by/(used in) discontinued operations.....	(38,560)	27,261	568
Net cash provided by operating activities.....	<u>7,765,694</u>	<u>6,517,890</u>	<u>135,789</u>
Cash flows from investing activities:			
Expenditure on property, plant and equipment.....	(1,869,639)	(1,555,405)	(32,404)
Proceeds from sale of property, plant and equipment.....	79,012	84,634	1,763
Dividends received from affiliates.....	-	49,000	1,021
Purchase of investment securities.....	(2,448,058)	(5,255,270)	(109,485)
Proceeds from sale and maturities of investment securities	77,037	10,066,301	209,715
Investment in inter-corporate deposits.....	(43,991)	-	-
Redemption/maturity of inter-corporate deposits.....	-	1,828,853	38,101
Payment for acquisitions, net of cash acquired.....	-	(5,035,940)	(104,915)
Net cash provided by/(used in) continuing operations.....	(4,205,639)	182,173	3,795
Net cash provided by/(used in) discontinued operations.....	(36,978)	-	-
Net cash provided by/(used in) investing activities.....	<u>(4,242,617)</u>	<u>182,173</u>	<u>3,795</u>
Cash flows from financing activities:			
Proceeds from issuance of common stock.....	7,064	88,515	1,844
Proceeds from / (repayments of) short-term borrowing from banks, net	(249,332)	(121,716)	(2,536)
Repayment of long-term debt.....	(1,255,107)	(17,493)	(364)
Payment of cash dividends.....	(128,533)	(232,466)	(4,843)
Net cash used in financing activities.....	<u>(1,625,908)</u>	<u>(283,160)</u>	<u>(5,899)</u>
Net increase in cash and cash equivalents during the period.....	1,897,169	6,416,903	133,685
Cash and cash equivalents at the beginning of the period.....	<u>5,622,681</u>	<u>7,377,200</u>	<u>153,692</u>
Cash and cash equivalents at the end of the period.....	<u>Rs. 7,519,850</u>	<u>Rs. 13,794,103</u>	<u>\$ 287,377</u>
Supplementary information:			
Cash paid for interest.....	Rs. 60,186	Rs. 18,232	\$ 380
Cash paid for taxes.....	896,443	1,141,075	23,772

During the nine months ended December 31, 2002, the Company acquired a 5.9% equity interest in WeP Peripherals through conversion of debentures with a carrying value of Rs. 40,000.

See accompanying notes to the unaudited consolidated financial statements.

WIPRO LIMITED
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 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, and IT Enabled Services globally. Further, Wipro has other businesses such as India and AsiaPac IT Services and Products, Consumer Care and Lighting and HealthScience. Wipro is headquartered in Bangalore, India.

2. Significant Accounting Policies

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Basis of preparation of financial statements. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States.

Functional currency. The functional and reporting currency of the Company is the Indian rupee as a significant portion of the Company's activities are conducted in India.

Convenience translation. The accompanying financial statements have been prepared in Indian rupees, the national currency of India. Solely for the convenience of the readers, the financial statements as of and for the period ended December 31, 2002 have been translated into United States dollars at the noon buying rate in New York City on December 31, 2002, for cable transfers in Indian rupees, as certified for customs purposes by the Federal Reserve Bank of New York of \$1=Rs. 48.00. 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 all highly liquid investments with remaining maturities, at the date of purchase/investment, of three months or less to be cash equivalents.

Revenue recognition. Revenues from software development services comprise income from time-and-material and fixed-price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue with respect to fixed-price contracts is recognized in accordance with the percentage of completion method of accounting. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. Maintenance revenue is deferred and recognized ratably over the term of the agreement. Revenue from customer training, support, and other services is recognized as the related service is performed. Revenue from sale of goods is recognized, in accordance with the sales contract, on dispatch from the factories/warehouses of the Company, except for contracts where a customer is not obligated to pay a portion of contract price allocable to the goods until installation or similar service has been completed. In these cases, revenue is recognized on completion of installation. Revenues from multiple-element arrangements are allocated among separate elements based on the fair value of each element.

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.

Effective April 1, 2001, the Company adopted Emerging Issues Task Force (EITF) Issue No. 00-14: Accounting for Certain Sales Incentives, EITF Issue No. 00-22: Accounting for "Points" and Certain Other Time-based or Volume-based Sales Incentive Offers, and Offers for Free Products or Services to be Delivered in the Future and EITF Issue No. 00-25: Vendor Income Statement Characterization of Consideration from a Vendor to a Retailer.

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 separate component of stockholders' equity until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a specific identification basis and are included in 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. 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 for any other than temporary decline in value. The impairment is charged to income.

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 July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141, which requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. SFAS No. 141 also specifies the criteria that intangible assets acquired in a purchase method business combination must 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.

Subsequent to the adoption of SFAS No. 142, the Company does not amortize goodwill but will instead test goodwill for impairment at least annually. The carrying value of the goodwill on the date of adoption was Rs. 656,240.

The following table discloses what reported income from continuing operations, net income and basic and diluted earnings per share would have been in all periods presented, excluding amortization of goodwill :

	Nine months ended December 31,	
	2001	2002
	(unaudited)	(unaudited)
Income from continuing operations, as reported	Rs. 6,271,281	Rs. 6,408,648
Add: Amortization of goodwill	<u>129,923</u>	<u>-</u>
Income from continuing operations, adjusted	<u><u>6,401,204</u></u>	<u><u>6,408,648</u></u>
 Earnings per share : Basic		
Continuing operations, as reported	27.13	27.72
Add: Amortization of goodwill	<u>0.56</u>	<u>-</u>
Continuing operations, adjusted	<u><u>27.69</u></u>	<u><u>27.72</u></u>
 Earnings per share : Diluted		
Continuing operations, as reported	27.10	27.68
Add: Amortization of goodwill	<u>0.56</u>	<u>-</u>
Continuing operations, adjusted	<u><u>27.66</u></u>	<u><u>27.68</u></u>

	Nine months ended December 31,	
	2001	2002
	(unaudited)	(unaudited)
Net income, as reported	Rs. 6,214,702	Rs. 6,004,442
Add: Amortization of goodwill	<u>129,923</u>	<u>-</u>
Net income, adjusted	<u><u>6,344,625</u></u>	<u><u>6,004,442</u></u>
Earnings per share : Basic		
Net income, as reported	26.89	25.97
Add: Amortization of goodwill	<u>0.56</u>	<u>-</u>
Net income, adjusted	<u><u>27.45</u></u>	<u><u>25.97</u></u>
Earnings per share : Diluted		
Net income, as reported	26.86	25.93
Add: Amortization of goodwill	<u>0.56</u>	<u>-</u>
Net income, adjusted	<u><u>27.42</u></u>	<u><u>25.93</u></u>

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.....	3 years
Marketing-related intangibles.....	2 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 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.

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

Earnings per share. 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 uncertain.

Stock-based compensation. The Company uses the intrinsic value based method of Accounting Principles Board (APB) Opinion No. 25 to account for its employee stock based compensation plans. The Company has therefore adopted the pro forma disclosure provisions of SFAS No. 123, Accounting for Stock-Based Compensation 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:

	<u>Nine months ended December 31,</u>	
	<u>2001</u>	<u>2002</u>
	(unaudited)	(unaudited)
Net income, as reported.....	Rs. 6,214,702	Rs. 6,004,442
Add: Stock-based employee compensation expense included in reported net income, net of tax effects.....	59,488	43,082
Less: Stock-based employee compensation expense determined under fair value based method, net of tax effects.....	1,416,741	2,602,662
Pro forma net income.....	4,857,449	3,444,862
Earnings per share: Basic		
As reported.....	26.89	25.97
Pro forma.....	21.02	14.90
Earnings per share: Diluted.....		
As reported.....	26.86	25.93
Pro forma.....	21.02	14.89

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

	<u>Nine months ended December 31,</u>	
	<u>2001</u>	<u>2002</u>
	(unaudited)	(unaudited)
Dividend yield	0.03%	0.03%
Expected life	42 months	42 months
Risk free interest rates	11%	8.5%
Volatility	45%	65%

Derivatives and hedge accounting. On April 1, 2001, Wipro adopted SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities as amended, when the rules became effective for companies with fiscal year ending March 31.

The Company enters into forward foreign exchange contracts where the counterparty is generally 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, as amended. Any derivative that is either not designated as a hedge, or is so designated but is ineffective per SFAS No. 133, is marked to market and recognized in income immediately. No initial transition adjustments were required to adopt SFAS No. 133.

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, will not have a significant impact on the consolidated financial statements of the Company.

In April 2002, the FASB issued SFAS No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections. SFAS No. 145 provides for the rescission of several previously issued accounting standards, new accounting guidance for the accounting for certain lease modifications and various technical corrections that are not substantive in nature to existing pronouncements. SFAS No. 145 will be adopted beginning January 1, 2003, except for the provisions relating to the amendment of SFAS No.13, which were adopted for transactions occurring subsequent to May 15, 2002. Adoption of SFAS No. 145 will not have a material impact on the consolidated financial statements.

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 will not have a material impact on the consolidated financial statements.

In November 2002, the FASB issued FASB Interpretation (FIN) No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others. FIN No. 45 requires a guarantor to include disclosure of certain obligations, and if applicable, at the inception of the guarantee, recognize a liability for the fair value of certain other obligations undertaken in issuing a guarantee. The recognition requirements are effective for guarantees issued or modified after December 31, 2002. Adoption of FIN No. 45 will not have a material impact on the consolidated financial statements.

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. EITF Issue No. 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. Alternatively, the Company may elect to report the change in accounting as a cumulative-effect adjustment. The Company is evaluating the impact of adoption of EITF Issue No. 00-21 on its consolidated financial statements.

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 for the nine months ended December 31, 2002.

In January 2003, the FASB issued FIN No. 46, Consolidation of Variable Interest Entities- an interpretation of Accounting Research Bulletin No. 51. FIN No. 46 is applicable to all variable interest entities created after January 31, 2003. In respect of variable interest entities created before February 1, 2003, FIN No. 46 will be applicable from fiscal periods beginning after June 15, 2003. The Company is evaluating the impact of adoption of FIN No. 46 on its consolidated financial statements.

Reclassifications. The Company has reclassified certain costs for nine months ended December 31, 2001, from selling, general and administrative expenses to cost of revenues to conform to the current presentation. The impact of this reclassification on reported gross profit is Rs. 249,746 which is not material. Certain other reclassifications have been made to conform prior period data to the current presentation. The above reclassifications had no impact on reported net income or stockholders' equity.

3. Acquisitions

Wipro Spectramind Services Private Limited (Spectramind)

As of June 30, 2002, the Company held a 15% equity interest in 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 Spectramind, the investment was recorded at cost.

In July 2002, the Company acquired a controlling equity interest in Spectramind at an additional cost of Rs. 3,696,552. Consequent to this acquisition, the Company held 89% of the outstanding equity shares of Spectramind. Subsequently, the Company acquired an additional 3% of the outstanding equity shares for Rs. 158,126. The results of operations of Spectramind are consolidated in the Company's financial statements with effect from July 1, 2002.

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 Business Process Outsourcing (BPO) services segment, 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 on a preliminary basis to the acquired assets and assumed liabilities as follows :

Description	Fair value
	(Unaudited)
Net tangible assets	Rs. 633,913
Customer-related intangibles.....	356,000
Marketing-related intangibles.....	32,000
Goodwill.....	<u>3,312,765</u>
Total	<u>Rs. 4,334,678</u>

The purchase consideration has been allocated on a preliminary basis to the assets acquired and liabilities assumed 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.

In January 2003, the Company acquired the balance 8% of the outstanding equity shares for a consideration of Rs. 264,534.

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 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 preliminarily allocated to the acquired assets and assumed liabilities as follows:

<u>Description</u>	<u>Fair value</u>
	(Unaudited)
Net tangible assets	Rs. 80,406
Technology-based intangibles....	34,000
Customer-related intangibles...	63,133
Goodwill.....	<u>100,217</u>
Total	<u>Rs. 277,756</u>

The purchase consideration has been allocated on a preliminary basis to the assets acquired and liabilities assumed based on management's estimates. However, management is in the process of evaluating the impact of certain pre-acquisition contingencies on the purchase price allocation. 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.

Global energy practice (GEP)

On December 31, 2002, Wipro acquired the global energy practice of American Management Systems for an aggregate consideration of Rs. 1,180,415. GEP has a team of domain experts and IT consultants providing specialized IT services to clients in the energy and utilities sector. This acquisition enhances Wipro's 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.

Of the total consideration of Rs. 1,180,415, the Company has allocated, on a preliminary basis, Rs. 142,193 to the net tangible assets acquired. The balance consideration has been reported as purchase price pending allocation. The Company is in the process of obtaining appraisal reports and related information to finalize the allocation of the purchase price. This process is expected to be completed in the next 3 months.

4. 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. Under the plan, the Company will sell the customer contracts and the related long-lived assets. Trade receivables relating to the division will be recovered by the Company and the Company will settle all outstanding vendor obligations. The Company currently expects to complete the disposal by March 31, 2003.

The long-lived assets of the division have been reported as held-for-sale and are measured at their fair value, less cost to sell, which is lower than their carrying amount. The loss of Rs. 274,780 resulting from the write-down is reported as loss on disposal. The estimated liabilities with respect to settlement of vendor obligations aggregate Rs. 113,490 and have been reported as other exit costs.

The operations of the ISP division qualify as a component of an entity, being an asset group. As the operations and cash flows of the component will be eliminated from the ongoing operations as a result of the disposal transaction and the Company will not have any significant continuing involvement in the operations of the component after the disposal, the results of operations of the ISP division are reported in discontinued operations for the current and prior periods.

The result of operations of the discontinued component comprise:

	Nine months ended December 31	
	2001	2002
	(Unaudited)	(Unaudited)
Revenue.....	Rs. 386,508	Rs. 67,259
Operating costs.....	(474,500)	(270,834)
Other exit costs.....	-	(113,490)
Loss on disposal.....	-	(246,120)
Income tax benefit.....	<u>31,413</u>	<u>158,979</u>
Loss on discontinued operations.....	<u>Rs. 56,579</u>	<u>Rs. 404,206</u>

5. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2002, December 31, 2001 and 2002 comprise of cash, cash on deposit with banks and highly liquid money market instruments.

6. Accounts Receivable

Accounts receivable as of March 31, 2002, December 31, 2001 and 2002 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:

	Nine months ended December 31,		Year ended March 31,
	2001	2002	2002
	(unaudited)	(unaudited)	
Balance at the beginning of the period.....	Rs. 297,884	Rs. 491,644	Rs. 297,884
Additional provision during the period...	216,966	128,185	250,867
Bad debts charged to provision.....	<u>(2,243)</u>	<u>(4,533)</u>	<u>(57,107)</u>
Balance at the end of the period.....	<u>Rs. 512,607</u>	<u>Rs. 615,296</u>	<u>Rs. 491,644</u>

7. Inventories

Inventories consist of the following:

	As of December 31,		As of March 31,
	2001	2002	2002
	(unaudited)	(unaudited)	
Stores and spare parts.....	Rs. 34,860	Rs. 32,706	Rs. 31,425
Raw materials and components.....	365,544	368,049	453,018
Work-in-process.....	100,633	138,729	84,722
Finished goods.....	<u>960,586</u>	<u>923,643</u>	<u>832,981</u>
	<u>Rs. 1,461,623</u>	<u>Rs. 1,463,127</u>	<u>Rs. 1,402,146</u>

Finished goods as of March 31, 2002, December 31, 2001 and 2002 include inventory of Rs. 467,546, Rs. 589,441 and Rs. 506,363 respectively, with customers pending installation.

8. Other Assets

Other assets consist of the following:

	<u>As of December 31,</u>		<u>As of March 31,</u>
	<u>2001</u>	<u>2002</u>	<u>2002</u>
	(unaudited)	(unaudited)	
Prepaid expenses.....	Rs. 793,949	Rs. 1,188,385	Rs. 748,142
Advances to suppliers.....	130,216	113,568	68,917
Balances with statutory authorities.....	23,378	12,711	38,821
Deposits.....	528,638	606,606	533,247
Inter-corporate deposits			
GE Capital Services India.....	719,191	200,741	819,891
ICICI Limited.....	376,800	-	1,245,200
Citicorp Financial Services Limited....	-	35,497	-
Advance income taxes.....	387,339	554,193	311,257
Others.....	<u>207,180</u>	<u>307,866</u>	<u>463,998</u>
	3,166,691	3,019,567	4,229,473
Less: Current assets.....	<u>2,420,539</u>	<u>2,096,457</u>	<u>3,481,308</u>
	<u>Rs. 746,152</u>	<u>Rs. 923,110</u>	<u>Rs. 748,165</u>

9. Investment Securities

Investment securities consist of the following:

	As of December 31, 2001				As of December 31, 2002				As of March 31, 2002		
	(unaudited)				(unaudited)						
	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	Fair Value
Available-for-sale:											
Equity securities.....	Rs. 233	Rs. 1,522	Rs. -	Rs. 1,755	Rs. 207	Rs. 1,400	Rs. -	Rs. 1,607	Rs. 233	Rs. 1,623	Rs. 1,856
Debt securities.....	<u>4,622,581</u>	<u>39,276</u>	<u>(3,498)</u>	<u>4,658,359</u>	<u>482,382</u>	<u>-</u>	<u>(4,600)</u>	<u>477,782</u>	<u>4,962,102</u>	<u>79,376</u>	<u>5,041,478</u>
	<u>4,622,814</u>	<u>40,798</u>	<u>(3,498)</u>	<u>4,660,114</u>	<u>482,589</u>	<u>1,400</u>	<u>Rs. (4,600)</u>	<u>Rs. 479,389</u>	<u>4,962,335</u>	<u>80,999</u>	<u>5,043,334</u>
Held-to-maturity:											
Debt securities.....	<u>158,874</u>	<u>53,146</u>	<u>-</u>	<u>212,020</u>	<u>50,452</u>	<u>975</u>	<u>-</u>	<u>51,427</u>	<u>90,833</u>	<u>3,108</u>	<u>93,941</u>
	<u>158,874</u>	<u>53,146</u>	<u>-</u>	<u>212,020</u>	<u>50,452</u>	<u>975</u>	<u>-</u>	<u>51,427</u>	<u>90,833</u>	<u>3,108</u>	<u>93,941</u>
Unquoted:											
Equity securities.....	96,200	-	-	96,200	-	-	-	-	144,300	-	144,300
Convertible preference shares.....	<u>170,654</u>	<u>-</u>	<u>-</u>	<u>170,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,700</u>	<u>-</u>	<u>215,700</u>
	<u>266,854</u>	<u>-</u>	<u>-</u>	<u>266,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,000</u>	<u>-</u>	<u>360,000</u>
	<u>Rs. 5,048,542</u>	<u>Rs. 93,944</u>	<u>Rs. (3,498)</u>	<u>Rs. 5,138,988</u>	<u>Rs. 533,041</u>	<u>Rs. 2,375</u>	<u>Rs. (4,600)</u>	<u>Rs. 530,816</u>	<u>Rs. 5,413,168</u>	<u>Rs. 84,107</u>	<u>Rs. 5,497,275</u>

Held-to-maturity debt securities as of December 31, 2002, mature within a year.

Dividends from available for sale securities during the nine months ended December 31, 2001 and 2002 were Rs. 33 and Rs. 30 respectively, and are included in other income.

10. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	As of December 31,		As of March 31,
	2001	2002	2002
	(unaudited)	(unaudited)	
Land.....	Rs. 356,579	Rs. 399,374	Rs. 370,079
Buildings.....	1,437,320	1,985,295	1,585,515
Plant and machinery.....	5,363,516	6,314,417	5,469,300
Furniture, fixtures, and equipment....	1,226,384	1,409,432	1,264,870
Vehicles.....	397,589	529,244	420,843
Computer software for internal use....	701,919	963,528	742,305
Capital work-in-progress.....	<u>1,178,382</u>	<u>1,266,854</u>	<u>1,116,082</u>
	10,661,689	12,868,144	10,968,994
Accumulated depreciation and amortization.....	<u>(4,370,316)</u>	<u>(6,042,693)</u>	<u>(4,707,137)</u>
	<u>Rs. 6,291,373</u>	<u>Rs. 6,825,451</u>	<u>Rs. 6,261,857</u>

Depreciation expense for the nine months ended December 31, 2001 and 2002, is Rs. 933,242 and Rs. 1,068,304 respectively. This includes Rs. 153,048 and Rs. 143,118 as amortization of capitalized internal use software, during the nine months ended December 31, 2001 and 2002, respectively.

11. Goodwill and Intangible Assets

Information regarding the Company's intangible assets acquired either individually or in a business combination is as follows:

	As of December 31,						As of March 31,		
	2001			2002			2002		
	(unaudited)		Net	(unaudited)		Net	Gross carrying amount	Accumulated amortization	Net
	Gross carrying amount	Accumulated amortization		Gross carrying amount	Accumulated amortization				
Technology-based intangibles..	Rs. -	Rs. -	Rs. -	Rs. 34,000	Rs. 2,790	Rs. 31,210	Rs. -	Rs. -	Rs. -
Customer-related intangibles...	-	-	-	419,133	85,600	333,533	-	-	-
Marketing-related intangibles...	-	-	-	32,000	6,630	25,370	-	-	-
Others.....	950	650	300	950	850	100	950	700	250
	<u>Rs. 950</u>	<u>Rs. 650</u>	<u>Rs. 300</u>	<u>Rs. 486,083</u>	<u>Rs. 95,870</u>	<u>Rs. 390,213</u>	<u>Rs. 950</u>	<u>Rs. 700</u>	<u>Rs. 250</u>

The following table presents the changes in goodwill during the nine months ended December 31, 2002.

	Nine months ended December 31, 2002
	(unaudited)
Balance as of March 31, 2002.....	Rs. 656,240
Goodwill relating to acquisitions consummated during the period.....	<u>3,412,982</u>
Balance as of December 31, 2002.....	<u>Rs. 4,069,222</u>

12. Other Current Liabilities

Other current liabilities consist of the following:

	As of December 31,		As of March 31,
	2001	2002	2002
	(unaudited)	(unaudited)	
Statutory dues payable.....	Rs. 407,712	Rs. 373,649	Rs. 357,822
Taxes payable.....	3,125	43,658	72,707
Others.....	105,278	219,333	63,421
	<u>Rs. 516,115</u>	<u>Rs. 636,640</u>	<u>Rs. 493,950</u>

13. 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. 249,066 and Rs. 261,136 for the nine months ended December 31, 2001 and 2002, respectively.

Prepaid expenses as of March 31, 2002, December 31, 2001 and 2002 include Rs. 214,838, Rs. 216,860 and Rs. 212,208, respectively, being prepaid operating lease rentals for land obtained on lease for a period of 60 years. The prepaid expense is being charged over the lease term.

14. Investments in Affiliates

Wipro GE Medical Systems (Wipro GE)

The Company has accounted for its 49% interest in Wipro GE by the equity method. The carrying value of the investment in Wipro GE as of March 31, 2002, December 31, 2001 and 2002, was Rs. 820,849, Rs.787,121 and Rs. 511,059 respectively. The Company's equity in the income of Wipro GE for the nine months ended December 31, 2001 was Rs. 200,372 and the Company's equity in the losses of Wipro GE for the nine months ended December 31, 2002 was Rs. 260,790.

WeP Peripherals

The Company has accounted for its 39.7% interest in WeP Peripherals by the equity method. The carrying value of the equity investment in WeP Peripherals as of March 31, 2002, December 31, 2001 and 2002, was Rs. 77,470, Rs. 67,538 and Rs. 119,630 respectively. The Company's equity in the income of WeP Peripherals for the nine months ended December 31, 2001 and 2002 was Rs. 10,468 and Rs. 2,160 respectively.

15. Financial Instruments and Concentration of Risk

Concentration of risk. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, investment 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 period ended December 31, 2001 and 2002.

Derivative financial instruments. The Company enters into forward foreign exchange contracts and interest rate swap agreements, where the counterparty is generally a bank. The Company considers the risks of non-performance by the counterparty as non-material. The following table presents the aggregate contracted principal amounts of the Company's derivative financial instruments outstanding:

	As of December 31,		As of March 31,
	2001	2002	2002
	(unaudited)	(unaudited)	
Forward contracts.....	\$ 77.0 million (sell)	\$ 92.2 million (sell)	\$ 62.8 million (sell)
	-	£ 5.3 million (sell)	-
Interest rate swaps.....	\$ 1.6 million	-	-

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

16. Borrowings from Banks

The Company has a line of credit of Rs. 2,650,000 from its bankers for working capital requirements. The line of credit is renewable annually. The credit bears interest at the prime rate of the bank, which averaged 12.37% and 12.2% in the nine months ended December 31, 2001 and 2002, respectively. The facilities are secured by inventories, accounts receivable and certain property and contain financial covenants and restrictions on indebtedness.

17. Long-term Debt

Long-term debt consist of the following:

	As of December 31,		As of March 31,
	2001	2002	2002
	(unaudited)	(unaudited)	
Foreign currency borrowings	Rs. 60,899	Rs. -	Rs. -
Rupee term loans from banks and financial institutions.....	48,200	28,200	48,200
Others.....	<u>57,021</u>	<u>63,070</u>	<u>60,563</u>
	166,120	91,270	108,763
Less: Current portion.....	<u>136,350</u>	<u>81,500</u>	<u>78,993</u>
	<u>Rs. 29,770</u>	<u>Rs. 9,770</u>	<u>Rs. 29,770</u>

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 December 31,		As of March 31,
	2001	2002	2002
	(unaudited)	(unaudited)	
Foreign currency borrowings	6.7%	-	-
Rupee term loans from banks and financial institutions.....	14.8%	14.2%	14.2%

A maturity profile of the long-term debt outstanding as of December 31, 2002, is set out below:

Maturing in the year ending December 31:	
2003.....	Rs. 81,500
2004.....	8,305
2005.....	1,255
2006.....	105
Thereafter.....	<u>105</u>
	<u>Rs. 91,270</u>

18. Equity Shares and Dividends

The Company presently has only one class of equity shares. For all matters submitted to vote in the shareholders meeting, every holder of equity shares, as reflected in the records of the Company on the date of the shareholders meeting shall have one vote in respect of each share held.

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 common stock, 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.

The Company paid cash dividends of Rs. 128,533 and Rs. 232,466 during the nine months ended December 31, 2001 and 2002. The dividends per share were Rs. 0.50 during the nine months ended December 31, 2001 and Rs. 1 during the nine months ended December 31, 2002.

19. Retained Earnings

The Company's retained earnings as of March 31, 2002, December 31, 2001 and 2002, include restricted retained earnings of Rs. 259,538, Rs. 259,538 and Rs. 259,538, respectively, which are not distributable as dividends under Indian company and tax laws. These relate to requirements regarding earmarking a part of the retained earnings on redemption of preference shares and to avail specific tax allowances.

Retained earnings as of March 31, 2002, December 31, 2001 and 2002, also include Rs. 794,719, Rs.751,059 and Rs. 487,089, respectively, of undistributed earnings in equity of affiliates.

20. Other Income, Net

Other income consists of the following:

	<u>Nine months ended December 31,</u>	
	<u>2001</u>	<u>2002</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>
Interest income, net	Rs. 557,864	Rs. 261,560
Gain on sale of investment securities, net	-	331,098
Others.....	<u>68,538</u>	<u>33,263</u>
	<u>Rs. 626,402</u>	<u>Rs. 625,921</u>

21. Shipping and Handling Costs

Selling general and administrative expenses for the nine months ended December 31, 2001 and 2002, include shipping and handling costs of Rs. 32,840 and Rs. 44,786 respectively.

22. Income Taxes

Income taxes relating to continuing operations consist of the following:

	Nine months ended December 31,	
	2001	2002
	(unaudited)	(unaudited)
Current taxes		
Domestic.....	Rs. 338,555	Rs. 479,569
Foreign	234,740	418,570
	<u>573,295</u>	<u>898,139</u>
Deferred taxes	118,049	(21,415)
Total income tax expense.....	<u>Rs. 691,344</u>	<u>Rs. 876,724</u>

Income taxes relating to discontinued division consist of the following:

	Nine months ended December 31,	
	2001	2002
	(unaudited)	(unaudited)
Current taxes	Rs. (15,002)	Rs. (62,912)
Deferred taxes.....	(16,411)	(96,067)
Total income tax benefit.....	<u>Rs. (31,413)</u>	<u>Rs. (158,979)</u>

A substantial portion of the profits of the Company's India operations are exempt from Indian income taxes being profits attributable to export operations and profits from undertakings situated in Software Technology and Hardware Technology Parks. Under the tax holiday, the taxpayer can utilize an exemption from income taxes for a period of any ten consecutive years. The Company has opted for this exemption from the year ended March 31, 1997, for undertakings situated in Software Technology and Hardware Technology Parks. Profits from certain other undertakings are also eligible for preferential tax treatment. In addition, dividend income from certain category of investments is exempt from tax. The aggregate rupee and per share (basic) effects of these tax exemptions are Rs. 2,116,194 and Rs. 9.16 per share for the nine months ended December 31, 2001 and Rs. 2,161,437 and Rs. 9.35 per share for the nine months ended December 31, 2002. During the nine months ended December 31, 2002 Indian tax laws have been amended to restrict the exempt income from an export oriented undertaking from 100% to 90% of its aggregate income.

As of March 31, 2002, the accumulated undistributed earnings of the U. S. branch offices of the Company were \$ 18.02 million. These earnings may attract a 15% tax imposed by the United States Internal Revenue Service on their repatriation to India. The Company intends to reinvest such undistributed earnings within the United States and currently has no intent to repatriate such earnings in the foreseeable future.

	As of December 31,		As of March 31,
	2001	2002	2002
	(unaudited)	(unaudited)	
Deferred tax assets			
Property, plant and equipment.....	Rs. -	Rs. 139,674	Rs. 15,661
Allowance for doubtful accounts	56,318	84,617	57,329
Investments in mutual funds.....	-	-	58,333
Accrued expenses.....	73,893	43,629	48,842
Carry-forward capital losses	164,726	128,951	122,810
Carry-forward business losses	47,918	144,859	182,918
Others.....	<u>92,596</u>	<u>74,988</u>	<u>81,154</u>
Total gross deferred tax assets.....	435,451	616,718	567,047
Less: valuation allowance.....	<u>150,580</u>	<u>128,951</u>	<u>122,810</u>
Net deferred tax assets	<u>284,871</u>	<u>487,767</u>	<u>444,237</u>
Deferred tax liabilities			
Property, plant and equipment	Rs. 25,473	Rs. -	Rs. -
Intangible assets.....	-	95,947	-
Unrealized gains on available for sale securities.....	14,177	-	29,392
Undistributed earnings of affiliates..	<u>81,354</u>	<u>31,089</u>	<u>86,061</u>
Total gross deferred tax liability	<u>121,004</u>	<u>127,036</u>	<u>115,453</u>
Net deferred tax assets	<u>Rs. 163,867</u>	<u>Rs. 360,731</u>	<u>Rs. 328,784</u>

Management believes that based on a number of factors, the available objective evidence creates sufficient uncertainties regarding the generation of future capital gains and realizability of the carry-forward capital losses. Accordingly, the Company has established a valuation allowance for the carry-forward capital losses. These losses expire after eight years succeeding the year in which they were first incurred. The carry-forward capital losses as of December 31, 2002 will expire by March 31, 2009.

Based on historical taxable income, projections of future taxable income and tax planning strategies, management believes that it is more likely than not that the Company will realize the benefit of carry-forward business losses.

The carry-forward business losses as of December 31, 2002, expire as follows :

Year ending March 31:	
2009.....	Rs. 37,350
2010.....	45,202
2020.....	20,883
2021.....	27,035
Thereafter.....	<u>14,389</u>
	<u>Rs. 144,859</u>

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

23. Employee Stock Incentive Plans

Wipro Equity Reward Trust (WERT). In fiscal 1985, 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. 555,910, 645,250 and 262,330 shares held by employees as of March 31, 2002, December 31, 2001 and 2002 respectively, subject to vesting conditions are included in the outstanding equity shares.

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

	Nine months ended December 31,		Year ended March 31,
	2001	2002	2002
	(unaudited)		
Shares held at the beginning of the period.....	1,280,885	1,321,335	1,280,885
Shares granted to employees	-	(19,300)	-
Grants forfeited by employees.....	<u>34,200</u>	<u>375</u>	<u>40,450</u>
Shares held at the end of the period.....	<u>1,315,085</u>	<u>1,302,410</u>	<u>1,321,335</u>

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 nine months ended December 31, 2001 and 2002, was Rs.59,488 and Rs. 43,082, respectively. The stock-based compensation has been allocated to cost of revenues and selling, general and administrative expenses as follows:

	Nine months ended December 31,	
	2001	2002
	(unaudited)	
Cost of revenues	Rs. 22,249	Rs. 17,674
Selling, general and administrative expenses	<u>37,239</u>	<u>25,408</u>
	<u>Rs. 59,488</u>	<u>Rs. 43,082</u>

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 of common stock to eligible employees. Employees covered by the 1999 Plan are granted an option to purchase shares of the Company subject to the requirements of vesting. The Company has 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:

Nine month period ended December 31, 2001 (unaudited)				
	Shares arising out of options	Range of exercise prices and grant date fair values	Weighted-average exercise price and grant date fair values	Weighted-average remaining contractual life(months)
Outstanding at the beginning of the period.....	4,564,431	Rs. 1,024 - 2,522	Rs. 1,542	59 months
Forfeited during the period.....	(606,365)	1,086 - 1,853	1,503	-
Exercised during the period.....	(6,505)	1,086	1,086	-
Outstanding at the end of the period.....	<u>3,951,561</u>	<u>1,024 - 2,522</u>	<u>1,549</u>	<u>50 months</u>
Exercisable at the end of the period.....	<u>634,858</u>	<u>Rs. 1,024 - 2,522</u>	<u>Rs. 1,549</u>	<u>50 months</u>

Nine month period ended December 31, 2002 (unaudited)				
	Shares arising out of options	Range of exercise prices and grant date fair values	Weighted-average exercise price and grant date fair values	Weighted-average remaining contractual life(months)
Outstanding at the beginning of the period.....	3,885,958	Rs. 1,024 - 2,522	Rs. 1,550	47 months
Forfeited during the period.....	(134,349)	1,086 - 1,853	1,605	-
Exercised during the period.....	(81,106)	1,086	1,086	-
Outstanding at the end of the period.....	<u>3,670,503</u>	<u>1,024 - 2,522</u>	<u>1,558</u>	<u>39 months</u>
Exercisable at the end of the period.....	<u>1,205,402</u>	<u>Rs. 1,024 - 2,522</u>	<u>Rs. 1,445</u>	<u>38 months</u>

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:

Nine month period ended December 31, 2001(unaudited)				
	Shares arising out of options	Range of exercise prices and grant date fair values	Weighted-average exercise price and grant date fair values	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period.....	3,214,350	Rs. 2,382 - 2,746	Rs. 2,397	67 months
Granted during the period.....	108,744	1,032 - 1,670	1,388	66 months
Forfeited during the period.....	(446,225)	2,382	2,382	-
Outstanding at the end of the period.....	<u>2,876,869</u>	<u>1,032 - 2,746</u>	<u>2,359</u>	<u>58 months</u>
Exercisable at the end of the period.....	<u>276,993</u>	<u>Rs. 2,382 - 2,746</u>	<u>Rs. 2,397</u>	<u>58 months</u>

Nine month period ended December 31, 2002 (unaudited)

	Shares arising out of options	Range of exercise prices and grant date fair values	Weighted-average exercise price and grant date fair values	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period.....	8,472,514	Rs. 1,032 - 2,746	Rs. 1,846	55 months
Granted during the period.....	99,550	1,526 - 1,691	1,495	54 months
Forfeited during the period.....	(309,875)	1,032 - 2,651	1,995	-
Exercised during the period.....	(350)	1,032 - 1,338	1,241	-
Outstanding at the end of the period.....	<u>8,261,839</u>	<u>1,032 - 2,746</u>	<u>1,838</u>	<u>49 months</u>
Exercisable at the end of the period.....	<u>650,134</u>	<u>Rs. 1,032 - 2,746</u>	<u>Rs. 2,384</u>	<u>46 months</u>

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:

Nine month period ended December 31, 2001 (unaudited)

	Shares arising out of options	Range of exercise prices and grant date fair values	Weighted-average exercise price and grant date fair values	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period.....	264,750	\$ 41.38	\$ 41.38	67 months
Granted during the period.....	31,000	20.75 - 35.77	24.50	66 months
Forfeited during the period.....	(13,000)	41.38	41.38	-
Outstanding at the end of the period.....	<u>282,750</u>	<u>20.75 - 41.38</u>	<u>39.53</u>	<u>58 months</u>
Exercisable at the end of the period.....	<u>27,775</u>	<u>\$ 41.38</u>	<u>\$ 41.38</u>	<u>58 months</u>

Nine month period ended December 31, 2002 (unaudited)

	Shares arising out of options	Range of exercise prices and grant date fair values	Weighted-average exercise price and grant date fair values	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period.....	647,450	\$ 20.75 - 41.38	\$ 37.66	55 months
Granted during the period.....	86,300	26.10 - 30.05	27.94	57 months
Forfeited during the period.....	(4,400)	29.30 - 36.40	33.96	-
Outstanding at the end of the period.....	<u>729,350</u>	<u>20.75 - 41.38</u>	<u>36.53</u>	<u>46 months</u>
Exercisable at the end of the period.....	<u>62,663</u>	<u>\$ 25.90 - 41.38</u>	<u>\$ 40.54</u>	<u>35 months</u>

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

As of the date of acquisition of Spectramind by the Company, options to purchase 17,462,520 shares were outstanding under the Spectramind Plan. As per the terms of the acquisition, the Company acquired/settled 7,641,599 options for cash. The cost of settlement of these options is included as a component of the purchase price of Spectramind. Out of the balance 9,820,921 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 Spectramind Plan is as follows:

Nine month period ended December 31, 2002 (unaudited)						
	Shares arising out of options	Range of exercise prices	Weighted- average exercise price	Weighted- average measurement date fair value	Weighted- average remaining contractual life (months)	
Assumed at the date of acquisition	514,358	Rs. 1 – 13	Rs. 8	Rs. 20	9 months	
	3,157,372	31	31	31	15 months	
	6,149,191	57	57	57	29 months	
Forfeited during the period.....	(71,181)	57	57	-	-	
Exercised during the period.....	(49,346)	13 – 31	18	-	-	
Outstanding at the end of the period.....	465,012	1 – 13	11	22	3 months	
	3,157,372	31	31	31	9 months	
	<u>6,078,010</u>	<u>1 – 57</u>	<u>57</u>	<u>57</u>	<u>23 months</u>	
Exercisable at the end of the period.....	<u>465,012</u>	<u>Rs. 1 – 13</u>	<u>Rs. 11</u>	<u>Rs. 22</u>	<u>3 months</u>	

Out of the 9,700,394 options outstanding as at December 31, 2002, options to purchase 9,235,382 shares are covered by a share purchase feature that entitles the Company to repurchase the shares at fair value and gives the employee the right to sell the shares back to the Company at fair value. The Company and the employees can exercise this repurchase right only after six months of the date of option exercise. In accordance with FIN No. 44 and EITF Issue No. 00-23, this share repurchase feature does not result in variable accounting.

24. Earnings Per Share

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

	Nine months ended December 31,	
	2001	2002
	(unaudited)	(unaudited)
Basic earnings per equity share — weighted average number of equity shares outstanding.....	231,132,818	231,186,761
Effect of dilutive equivalent shares-stock options outstanding.....	<u>297,239</u>	<u>380,760</u>
Diluted earnings per equity share — weighted average number of equity shares and equivalent shares outstanding.....	<u>231,430,057</u>	<u>231,567,521</u>

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 5,513,169 and 11,030,059 equity shares were outstanding during the nine months ended December 31, 2001 and 2002, 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.

25. 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. 251,916 and Rs. 347,604 to various defined contribution and benefit plans during the nine months ended December 31, 2001 and 2002, respectively.

26. Related Party Transactions

The Company has the following transactions with related parties.

	Nine months ended December 31,	
	2001	2002
	(unaudited)	(unaudited)
Wipro GE:		
Revenues from sale of computer equipment and administrative and management support services	Rs. 12,624	Rs. 12,958
Fees received for usage of trade mark.....	31,344	5,000
Wipro ePeripherals:		
Revenues from sale of computer equipment and services.....	29,783	5,036
Fees received for usage of trade mark.....	39,762	39,762
Interest received on debentures.....	3,750	-
Payment for services.....	311	9,617
Purchase of printers.....	96,066	61,582
Azim Premji Foundation:		
Revenues from sale of computer equipment and services.....	-	1,738
Principal shareholder:		
Payment of lease rentals.....	900	900

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

	As of December 31,		As of March 31,
	2001	2002	2002
	(unaudited)		
Wipro GE.....	Rs. 46,564	Rs. 78,972	Rs. 56,181
Wipro e Peripherals.....	22,365	16,657	17,037
Azim Premji Foundation.....	-	200	348
Security deposit given to Hasham Premji, a firm under common control.....	25,000	25,000	25,000
	<u>Rs. 93,929</u>	<u>Rs. 120,829</u>	<u>Rs. 98,566</u>

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

	As of December 31,		As of March 31,
	2001	2002	2002
	(unaudited)		
Wipro ePeripherals.....	Rs. 11,571	Rs. 12,647	Rs. 25,875
Wipro GE.....	-	17,665	-
	<u>Rs. 11,571</u>	<u>Rs. 30,312</u>	<u>Rs. 25,875</u>

27. Commitments and Contingencies

Capital commitments. As of March 31, 2002 and nine months ended December 31, 2001 and 2002, the Company had committed to spend approximately Rs. 241,338, Rs. 181,751 and Rs. 254,624 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, 2002 and nine months ended December 31, 2001 and 2002, performance guarantees provided by banks on behalf of the Company to certain Indian Government and other agencies amount to approximately Rs. 467,020, Rs. 781,394 and Rs. 1,210,387 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 December 31, 2002, the Company has met all commitments required under the plan.

Contingencies. The Company is involved in lawsuits, claims, investigations and proceedings, including patent and commercial matters, which arise in the ordinary course of business. There are no such matters pending that Wipro expects to be material in relation to its business.

28. Segment Information

The Company is organized by segments, including Global IT Services and Products, IT Enabled Services, India and AsiaPac IT Services and Products, Consumer Care and Lighting, HealthScience 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 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 and software application development services to corporate enterprises.

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

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. Similarly, during the nine months ended December 31, 2002, certain other business segments previously reported in 'Others' were integrated with India and AsiaPac IT Services and Products segment. Segment data for previous periods has been reclassified on a comparable basis.

In July 2002, the Company acquired Spectramind. The operations of Spectramind are organized as a new business segment named IT Enabled Services. This segment provides BPO services to large global corporations in the US, UK, Australia and other developed markets.

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

Others consist of various 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.

Information on reportable segments is as follows:

Nine months ended December 31, 2001 (Unaudited)

	Global IT Services and Products	India and AsiaPac IT Services and Products	Consumer Care and Lighting	HealthScience	Others (net of eliminations)	Reconciling Items (2)	Entity Total
Revenues	Rs. 16,679,988	Rs. 4,583,526	Rs. 2,205,532	Rs. 476,620	Rs. 481,703	Rs. -	Rs. 24,427,369
Exchange rate fluctuations.....	204,118	1,506	-	-	-	(205,624)	-
Total revenues ..	16,884,106	4,585,032	2,205,532	476,620	481,703	(205,624)	24,427,369
Cost of revenues	(9,263,790)	(3,527,740)	(1,551,000)	(308,319)	(417,720)	-	(15,068,569)
Selling, general and administrative expenses	(1,739,244)	(747,114)	(355,733)	(118,465)	(54,587)	(96,776)	(3,111,919)
Research and development expenses	(109,207)	-	-	-	-	-	(109,207)
Amortization of intangible assets	-	-	-	-	-	(250)	(250)
Exchange rate fluctuations.....	-	-	-	-	-	172,692	172,692
Others, net.....	-	(1,500)	1,985	-	-	(113,688)	(113,203)
Operating income of segment	<u>Rs. 5,771,865</u>	<u>Rs. 308,678</u>	<u>Rs. 300,784</u>	<u>Rs. 49,836</u>	<u>Rs. 9,396</u>	<u>Rs. (243,646)</u>	<u>Rs. 6,196,913</u>
Total assets of segment (3)	Rs. 9,807,589	Rs. 2,889,848	Rs. 1,054,505	Rs. 275,832	Rs. 614,985	Rs. 16,691,386	Rs.31,334,145
Capital employed (3).....	7,202,212	792,923	665,455	126,194	464,315	16,344,524	25,595,623
Return on capital employed (1), (3).....	107%	52%	60%	56%	-	-	-
Accounts receivable	3,345,056	1,082,788	145,241	126,292	187,403	182,463	5,069,243
Depreciation	728,783	101,411	46,383	4,027	20,903	31,735	933,242

Nine months ended December 31, 2002 (Unaudited)

	Global IT Services and Products	IT Enabled Services	India and AsiaPac IT Services and Products	Consumer Care and Lighting	HealthScience	Others (net of eliminations)	Reconciling Items (2)	Entity Total
Revenues	Rs. 20,406,649	Rs. 950,321	Rs. 5,626,384	Rs. 2,174,734	Rs. 664,219	Rs. 751,573	Rs. -	Rs. 30,573,880
Exchange rate fluctuations.....	326,055	11,481	(268)	783	(244)	-	(337,807)	-
Total revenues ..	20,732,704	961,802	5,626,116	2,175,517	663,975	751,573	(337,807)	Rs. 30,573,880
Cost of revenues	(11,901,000)	(594,130)	(4,448,851)	(1,489,306)	(429,447)	(554,676)	-	(19,417,410)
Selling, general and administrative expenses	(2,530,950)	(155,384)	(963,080)	(371,505)	(252,814)	(94,973)	(27,091)	(4,395,797)
Research and development expenses	(119,779)	-	-	-	-	-	-	(119,779)
Amortization of intangible assets	-	(81,000)	-	-	(14,170)	-	-	(95,170)
Exchange rate fluctuations.....	-	-	-	-	-	-	321,235	321,235
Others, net.....	3,672	-	49,269	6,004	4,650	12,746	4,882	81,223
Operating income of segment	<u>Rs. 6,184,647</u>	<u>Rs. 131,288</u>	<u>Rs. 263,454</u>	<u>Rs. 320,710</u>	<u>Rs. (27,806)</u>	<u>Rs. 114,670</u>	<u>Rs. (38,781)</u>	<u>Rs. 6,948,182</u>
Total assets of segment (3)	Rs. 13,196,852	Rs. 4,910,777	Rs. 3,233,843	Rs. 1,031,288	Rs. 763,465	Rs. 828,698	Rs. 16,416,331	Rs. 40,381,254
Capital employed (3).....	10,236,647	4,581,552	1,107,540	592,631	405,926	586,718	16,241,776	33,752,790
Return on capital employed (1),(3)	87%	6%	34%	66%	(13%)	-	-	-
Accounts receivable	4,573,150	229,982	1,396,401	162,213	277,652	224,282	-	6,863,680
Depreciation	732,996	90,887	130,045	47,125	7,082	23,000	37,169	1,068,304

(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. This goodwill of Rs. 656,240 is 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 are as follows:

	Nine months ended December 31,	
	2001	2002
	(unaudited)	(unaudited)
India.....	Rs. 7,373,763	Rs. 8,693,309
United States.....	9,382,923	14,257,272
Europe.....	6,465,217	6,107,150
Rest of the world.....	1,205,466	1,516,149
	<u>Rs. 24,427,369</u>	<u>Rs. 30,573,880</u>

29. 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.